

# BARONSMEAD

Baronsmead VCT 3 plc  
Quarterly update  
For the three month period from  
1 January 2010 to 31 March 2010

## Financial Headlines

- 1.2% increase in Net Asset Value (NAV) per ordinary share
- Sale of Active Assistance at 2.8 times cost
- We welcome 209 new shareholders and thank the 696 existing shareholders of Baronsmead VCT 3 and Baronsmead VCT 4 who subscribed £8m gross proceeds in the recent Joint Offer.

## Investment Objective and Dividend Policy

Baronsmead VCT 3 plc is a tax efficient listed company which aims to achieve long-term investment returns for private investors.

The Board of Baronsmead VCT 3 has the objective to maintain a minimum annual dividend level of around 4.5p per Ordinary Share if possible, but this depends primarily on the level of realisations achieved and cannot be guaranteed. There will be variations in the amount of dividends paid year on year.

## Performance Summary

	As at 31 March 2010	As at 31 December 2009	Movement
<b>Capital return</b>			
<b>Ordinary shares</b>			
Total net assets	£60.7m	£52.9m	
Net asset value per share	98.68p	97.50p	1.2%
Share price	88.25p	86.25p	2.3%
Discount to NAV	10.6%	11.5%	

	3 months to 31 March 2010 (%)	3 years to 31 March 2010 (%)	Since launch in January 2001 (%)
<b>Total return</b>			
<b>Ordinary shares</b>			
Net asset value <sup>1</sup>	1.2	(6.1)	61.8
Share price <sup>2</sup>	2.3	(3.9)	44.0
FTSE All-share <sup>3</sup>	6.4	(0.7)	31.0

<sup>1</sup> NAV total return = NAV + reinvested dividends; Source: ISIS EP LLP

<sup>2</sup> Share price total return = Mid to mid share price + reinvested dividends; Source: AIC

<sup>3</sup> FTSE All-share = FTSE All-share Index + reinvested dividends; Source: AIC

These total returns are stated before the inclusion of VCT tax reliefs which are designed to mitigate the higher risks and costs associated with investing in smaller companies and the constraints of the VCT legislation. The tax reliefs given at the time of subscription have been 20%, 40% and later 30%, so any adjusted performance measure including this relief will vary depending on the date of subscription. There is the additional benefit of receiving VCT dividends tax free.

## Investment Performance

The NAV per Ordinary share at 31 March 2010 was 98.68p giving a positive total return of 1.2% for the quarter. This compares to the FTSE All-Share Total Return Index increase of 6.4% over the same period. Since launch NAV Total Return is 61.8% which compares with a rise of 31.0% for the FTSE All-Share.

Despite the difficult economic outlook the Board and the Manager believe that the portfolio represents sound value at current prices and that the company is well financed to take advantage selectively of further investment opportunities. Unquoted valuations have increased by 4% in the period bringing an uplift to NAV per share.

## Top Ten Investment Holdings

Position as at 31 March 2010	Position as at 31 December 2009	Company	Percentage of NAV as at 31 March 2010
1	1	Reed & Mackay	5.5
2	3	Nexus Vehicle Holdings	4.4
3	2	Carnell Contractors	3.3
4	5	Cablecom Networking Holdings	3.1
5	4	Quantix	3.0
6	6	Fisher Outdoor Leisure Holdings	2.9
7	10	CSC (World)	2.7
8	7	Independent Living Services	2.7
9	8	Kafevend Holdings	2.6
10	9	Crew Clothing Company	2.2
<b>Total</b>			<b>32.4</b>



# BARONSMEAD

## Baronsmead VCT 3 plc Quarterly update

For the three month period from 1 January 2010 to 31 March 2010

### Analysis of Total Assets

	Percentage of total assets 31 March 2010	Percentage of total assets 31 December 2009
AIM, Listed & Collective Investments	22	23
Unquoted Investments	41	48
Interest Bearing Securities	29	25
Cash	8	4
Total Cash Portfolio	37	29
<b>Total Assets</b>	<b>100</b>	<b>100</b>

### Analysis of Investment Portfolio by Sector

(excluding cash and interest bearing securities)

	Percentage of total investments 31 March 2010	Percentage of total investments 31 December 2009
Business Services	36	36
Healthcare & Education	9	13
IT & Media	35	31
Financial Services	6	6
Consumer Markets	14	14
<b>Total</b>	<b>100</b>	<b>100</b>

### Investment Activity

During the period Active Assistance, an unquoted investment made in March 2008, was realised resulting in a 2.8x return.

Three AIM traded investments totalling £0.4m were completed in three existing portfolio companies.

Following the period end an investment of £4.4m (across the four Baronsmead generalist VCTs) was completed in Surgi-C, the UK's leading independent distributor of spinal implants.

### Investments

Company	Date	Cost (£'000)
Electric Word plc	Jan 10	4
Proactis Holdings plc	Feb 10	219
Jelf Group plc	Feb 10	210
<b>Total Investments</b>		<b>433</b>

### Realisations

In total two AIM investments were realised in full.

Company	Date	Cost (£'000)	Proceeds (£'000)	Multiple
Character Group plc	Feb 10	144	132	0.9X
INVU plc	Mar 10	35	1	0.0X
<b>Total Realisations</b>		<b>179</b>	<b>133</b>	<b>0.7X</b>

### Fundraising

The Joint Offer by Baronsmead VCT 3 and Baronsmead VCT 4 raised £8m gross proceeds for each VCT. The Offer closed fully subscribed within 8 weeks with approximately 70 per cent being subscribed by existing shareholders from across the five Baronsmead VCTs.

### Net Asset Value

The NAV per share at 30 April 2010 was 99.53p representing an increase of 0.9% since the quarter end driven largely by an increase in the value of the AIM portfolio.

### Events after the period end

Other than as discussed in this statement the Board is not aware of any significant events or transactions which have occurred between 31 March 2010 and the date of publication of this statement which would have a material impact on the financial position of the Company.

### Further information

Further information regarding the Company, including net asset values published since the end of the period and quarterly factsheets, can be found at the Company's website [www.baronsmeadvct3.co.uk](http://www.baronsmeadvct3.co.uk)

### Contact

For further information please contact:

Michael Probin, Investor Relations Manager,  
020 7506 5600 or [michael.probin@isisep.com](mailto:michael.probin@isisep.com)

Baronsmead VCT 3 plc is managed by ISIS EP LLP (ISIS Equity Partners), which is Authorised and regulated by the Financial Services Authority (FSA). ISIS EP LLP manages five Baronsmead VCTs. All information sources are provided by ISIS EP LLP and all figures are as at 31 March 2010 unless otherwise stated. ISIS EP LLP does not give investment advice. Past performance is not necessarily a guide to future performance. Stock markets and currency movements may cause the value of investments and the income from them to fall as well as rise and investors may not get back the amount they originally invested. Where investments are made in unquoted securities or smaller companies, their potential volatility may increase the risk to the value of, and income from, the investment. Investors should take their own financial and tax advice before investing, based on their own individual circumstances. VCTs should be regarded as a long term investment and are only suitable for private investors who are capable of evaluating the risks and merits of such investment and who have sufficient resources to bear any loss which might result.

**ISIS**  
EQUITY PARTNERS  
Investment Manager  
T: 020 7506 5600  
[www.isisep.com](http://www.isisep.com)