

BARONSMEAD

Baronsmead VCT 3 plc
Quarterly update
For the three month period from
1 January 2011 to 31 March 2011

Financial Headlines

3.2% Increase in underlying Net Asset Value per share
£1.6 million Investment in Valldata Group Limited

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 2011	As at 31 December 2010	Movement	
Capital return				
Total net assets	£63.44m	£64.64m		
Net asset value per share	105.32p	102.10p*	3.2%	
Share price	93.13p	94.25p	(1.2%)	
Discount to NAV	(11.6%)	(7.7%)		
Total return	3 months (%)	1 year (%)	5 years (%)	Since launch (%)
Net asset value total return ¹	3.0	14.7	18.7	85.6
Share price total return ²	3.6	14.4	27.4	64.8
FTSE All-share total return ³	1.0	8.7	20.0	42.4

* Stated after allowing for 4.5p final dividend for comparative purposes. NAV at 31 December 2010 excluding effect of dividend was 106.60p.

¹ NAV total return = NAV + reinvested dividends; Source: ISIS EP LLP

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

³ 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

Unquoted valuations have increased by 5.0% in the period bringing an uplift to the NAV per share and AIM-traded valuations increased by 1.3%. This increase compares favourably with the FTSE All-Share Index which increased by 1.0%.

Top Ten Investment Holdings

Position as at 31 March 2011	Position as at 31 December 2010	Company	Percentage of NAV as at 31 March 2011
1	1	Reed & Mackay Limited	7.6
2	2	Nexus Vehicle Holdings Limited	7.1
3	4	CableCom Networking Holdings Limited	4.0
4	3	Crew Clothing Company Ltd	3.9
5	6	Quantix Limited	3.6
6	5	Kafevend Holdings Limited	3.2
7	11	IDOX plc	3.1
8	7	Independent Living Services Limited	3.0
9	9	CSC (World) Limited	2.9
10	8	Fisher Outdoor Leisure Holdings Ltd	2.8
Total			41.2



BARONSMEAD

Baronsmead VCT 3 plc Quarterly update

For the three month period from 1 January 2011 to 31 March 2011

Analysis of Total Assets

	Percentage of total assets 31 March 2011	Percentage of total assets 31 December 2010
Unquoted investments	53	48
AIM, Listed & Collective Investments	28	25
Interest Bearing Securities	16	25
Cash	3	2
Total cash portfolio	19	27
Total Assets	100	100

Analysis of Investment Portfolio by Sector

(excluding cash and interest bearing securities)

	Percentage of total investments 31 March 2011	Percentage of total investments 31 December 2010
Business Services	37	36
Consumer Markets	19	18
Financial Services	2	2
Healthcare & Education	11	12
IT & Media	31	32
Total	100	100

Investment Activity

During the quarter £1.62m was invested in a new unquoted company, Valldata Group Limited and further investment was made into three existing portfolio AIM-traded companies of £0.17m.

Wiltshire based Valldata is the UK's leading provider of outsourced donation processing and fulfilment services for the UK not-for-profit market. It uses its advanced technology and IT systems to handle large volumes of transactions covering paper based donations, donations via telephone and on-line services.

Investments made

Company	Date	Cost (£'000)
Driver Group plc*	Jan/Feb 2011	64
Netcall plc*	Mar 2011	80
STM Group plc*	Jan 2011	22
Valldata Group Ltd	Jan 2011	1,616
Wood Street Microcap Investment Fund	Jan 2011	700
Total Investments		2,482

*Follow on investments

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 2011 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.

Realisations

Company	Date	Cost (£'000)	Proceeds (£'000)	Multiple (x)
Craneware plc	Mar 2011	72	298	4.2
MLS*	Mar 2011	42	42	1.0
Reed & Mackay*	Mar 2011	182	182	1.0
Total Realisations		296	522	

* Loan repayment

Net Asset Value as at 30 April 2011

The NAV per share at 30 April 2011 was 106.38p representing an increase of 1.0% since the quarter end.

Events after the period end

In April 2011 the investment in Reed & Mackay was sold achieving a net profit of £3.8 million on cash proceeds of £5.0 million. Including previous loan repayments and interest this represents a return of 4.76 times original cost and adds considerably to Baronsmead VCT 3's capacity to continue paying dividends to its shareholders in line with the stated dividend policy.

Fundraising

It is likely that the Company will undertake a further fundraising during the 2011/12 tax year. Further details will be sent to shareholders when the half yearly accounts to 30 June are published in August 2011.

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

Contact

For further information please contact:

Michael Probin, Investor Relations Manager,
020 7506 5600 or michael.probin@isisep.com

ISIS
EQUITY PARTNERS
Investment Manager
T: 020 7506 5600
www.isisep.com