

BARONSMEAD

Baronsmead VCT 3 plc
Quarterly update
For the three month period from
1 January 2013 to 31 March 2013.



Headlines

- +4.4 per cent. increase in Net Asset Value per share
- £1.91 million invested in two unquoted and five quoted investments
- £3.59 million realised from the sale of one unquoted and two quoted investments

Performance Summary

	As at 31 March 2013	As at 31 December 2012	Movement
Capital return			
Total net assets	£74.47m	£71.56m*	
Net asset value per share	111.85p	107.12p*	4.4%
Share price	104.75p	105.38p	(0.6%)
Discount to NAV	6.3%	1.6%	

Total return	3 months (%)	1 year (%)	5 years (%)	10 years (%)
Net asset value total return ¹	4.32	13.48	39.60	114.39

* Adjusted for 4.5p (£3m) final dividend for comparative purposes paid on 15 April 2013. NAV at 31 December 2012 excluding effect of final dividend was 111.62p per share.

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

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 front end income tax reliefs available at the time of subscription were 20 per cent. prior to the end of the 2003/04 tax year, 40 per cent. in the 2004/05 and 2005/06 tax years and 30 per cent. since then, 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 net asset value of the company increased by 4.4 per cent. during the quarter. The unquoted portfolio valuation increased by 3.8 per cent. in the quarter and the AIM portfolio increased by 6.2 per cent.

The Company's net assets as at 31 March 2013 were £74.47 million. This figure takes account of the valuation of the Company's investments as at 31 March 2013 and an accrual for the payment of the final dividend of 4.5p per share payable on 15 April 2013 (£3 million).

Top Ten Investment Holdings

Position as at 31 March 2013	Position as at 31 December 2012	Company	Percentage of NAV as at 31 March 2013
1	3	CableCom Networking Holdings Limited	6.7
2	2	Nexus Vehicle Holdings Limited	6.7
3	4	Independent Living Services Limited	4.6
4	1	IDOX plc	4.3
5	5	Crew Clothing Holdings Limited	4.0
6	6	Kafevend Holdings Limited	3.8
7	7	CSC (World) Limited	3.5
8	8	Valldata Group Limited	2.9
9	13	Netcall plc	2.5
10	10	Inspired Thinking Group	2.4
Total			41.4

Analysis of Total Assets

	Percentage of total assets 31 March 2013	Percentage of total assets 31 December 2012
Unquoted investments	52	50
AIM, listed & collective investments vehicle	36	36
Listed interest bearing securities	6	3
Net current assets	<u>6</u>	<u>11</u>
Total cash portfolio	12	14
Total Assets	100	100

Analysis of Investment Portfolio by Sector

(excluding cash and interest bearing securities)

	Percentage of total investments at 31 March 2013	Percentage of total investments at 31 December 2012
Business Services	33	31
Consumer Markets	18	18
Financial Services	2	2
Healthcare & Education	17	16
Technology, Media & Telecommunications	30	33
Total	100	100

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Investment Activity

During the period under review Baronsmead VCT 3 invested a total of £1,909,000 in three new and four follow on investments.

The unquoted investments during the period consisted of a new investment of £1,065,000, in an internationally renowned fertility clinic, Create Health, and a further investment of £248,000 in Impetus.

New AIM investments were made in two companies: £225,000 was invested in Ideagen plc, a document management and compliance software provider, and £169,000 was invested in Pinnacle Technology Group plc, an SME focused telecoms and IT service provider.

A total of £202,000 was invested in three follow on investments in AIM traded companies: £39,000 invested in Accumuli plc, £50,000 invested in Green Compliance plc and £113,000 invested in TLA Worldwide plc.

Investments made

Company	Date	Cost (£'000)
Accumuli plc	Feb 2013	39
Create Health Limited	Mar 2013	1,065
Green Compliance plc	Jan 2013	50
Ideagen plc	Jan 2013	225
Impetus Holdings Limited	Mar 2013	248
Pinnacle Technology Group plc	Feb 2013	169
TLA Worldwide plc	Jan 2013	113
Total Investments		1,909

Realisations

During the period under review Baronsmead VCT 3 received £3,588,000 from the sale of an unquoted investment (MLS Limited) and two quoted investments (FFastFill plc and IDOX plc).

The sale of Baronsmead VCT 3's holding in MLS Limited to Capita plc in March 2013 realised a return of 2.8 times its original cost when the cash proceeds from the earlier repayments of the Company's investment are taken into account. FFastFill plc was sold to ION Group at 2.8 times return on original cost while the partial realisation of the Company's holding in IDOX plc through market sales yielded a 5.7 times return on original cost.

Company	Date	Cost (£'000)	Proceeds (£'000)	Multiple (x)
FFastFill plc (Full trade sale)	Mar 2013	314	874	2.8
IDOX plc (Market sale)	Jan 2013	306	1,752	5.7
MLS Limited (Full trade sale)	Jan/Mar 2013	93	962	2.8*
Total Realisations		713	3,588	

* Includes interest and loan redemption from prior periods.

Events after the period end

After the end of the period, Baronsmead VCT 3 invested £0.9 million in an unquoted investment Eque2 Limited, a provider of Enterprise Resource Planning solutions to the construction industry. In addition, Baronsmead VCT 3 sold its unquoted investment in ILS realising £3.4 million, representing a return of approximately 2.5 times the original cost of the investment.

Other than the events described above, the Board is not aware of any significant events or transactions which have occurred between 1 April 2013 and the date of publication of this statement which would have a material impact on the financial position of the Company.

Investment objective

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

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

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Baronsmead VCT 3 plc is managed by ISIS EP LLP (ISIS Equity Partners), which is Authorised and regulated by the Financial Conduct Authority (FCA). ISIS EP LLP manages the five Baronsmead VCTs.

All information sources are provided by ISIS EP LLP and all figures are as at 31 March 2013 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.

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