

BARONSMEAD

Baronsmead VCT 3 plc
Quarterly update
For the three month period from
1 July 2013 to 30 September 2013.



Headlines

- 4.5p second interim dividend declared, payable on 20 December to shareholders on the register on 6 December 2013
- +5.1 per cent increase in Net Asset Value per share
- £1.1 million invested in two unquoted and two quoted investments

Performance Summary

	As at 30 September 2013	As at 30 June 2013	Movement
Capital return			
Total net assets	£74.61m	£73.00m	
Net asset value per share	112.99p	107.55p*	5.1%
Share price	105.50p	105.88p	(0.4%)
Discount to NAV	(6.6%)	(1.5%)	

Total return	3 months (%)	1 year (%)	5 years (%)	10 years (%)
Net asset value total return ¹	4.9	13.0	51.3	112.8

* Adjusted for 3p interim dividend for comparative purposes paid on 20 September 2013. NAV at 30 June 2013 excluding effect of dividend was 110.55p 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

In the three months to 30 September 2013, Baronsmead VCT 3's net asset value per share increased by 5.1 per cent. During the quarter, the unquoted portfolio valuation increased by 0.4 per cent and the AIM portfolio increased by 11.8 per cent.

The Company's net assets as at 30 September 2013 were £74.61 million. This figure takes account of the valuation of the Company's investments as at 30 September 2013 and is stated after the payment of the interim dividend of 3.0p per share paid on 20 September 2013 (£1.98 million).

Top Ten Investment Holdings

Position as at 30 September 2013	Position as at 30 June 2013	Company	Percentage of NAV as at 30 September 2013
1	1	CableCom Networking Holdings Limited	7.3
2	2	Nexus Vehicle Holdings Limited	6.4
3	3	CSC (World) Limited	3.8
4	4	Kafevend Holdings Limited	3.4
5	6	IDOX plc	3.3
6	5	Crew Clothing Holdings Limited	2.7
7	8	Netcall plc	2.6
8	9	Inspired Thinking Group Limited	2.5
9	12	Vectura Group plc	2.4
10	10	Fisher Outdoor Leisure Holdings Limited	2.3
Total			36.7

Analysis of Total Assets

	Percentage of total assets 30 September 2013	Percentage of total assets 30 June 2013
Unquoted investments	49	50
AIM, listed & collective investments vehicle	41	37
Listed interest bearing securities	4	7
Net current assets	<u>6</u>	<u>6</u>
Total cash portfolio	10	13
Total Assets	100	100

Analysis of Investment Portfolio by Sector

(excluding cash and interest bearing securities)

	Percentage of total investments at 30 September 2013	Percentage of total investments at 30 June 2013
Business Services	35	35
Consumer Markets	18	18
Financial Services	2	2
Healthcare & Education	13	13
Technology, Media & Telecommunications	32	32
Total	100	100

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Investment Activity

During the three months to 30 September 2013, Baronsmead VCT 3 invested a total of approximately £1.13 million in one new and three follow on investments as set out in the table below:

Investments made

Company	Date	Cost (£'000)
EG Solutions plc	Jul 2013	78
Key Travel Limited	Jul 2013	954
Paragon Entertainment Limited	Jul 2013	45
Valldata Group Limited	Aug 2013	54
Total Investments		1,131

During the quarter, a new unquoted investment of £0.95 million was made in Key Travel, a travel management company focused on the not-for profit sector. Follow-on investments were made in one unquoted company, Valldata Group Limited, and two quoted companies, EG Solutions plc and Paragon Entertainment Limited, totalling £0.2 million.

After the end of the period, Baronsmead VCT 3 invested £1.0 million in an unquoted investment, Carousel Logistics Limited, a provider of bespoke logistics and supply chain solutions.

Realisations

During the period under review Baronsmead VCT 3 received a total of £0.71 million in proceeds as set out in the table below:

Company	Date	Cost (£'000)	Proceeds (£'000)	Multiple (x)
Consumer Investment Partners Limited	Jul 2013	45	45	1.0
Valldata Group Limited	Aug 2013	450	540	1.2
Active Risk Group plc	Sep 2013	159	126	0.8
Total Realisations		654	711	

Since the period end, there has been a further significant realisation. Cablecom has been in the portfolio since 2007 and manages internet services to high density accommodation such as student accommodation. The business has been sold via a secondary management buy-out and the realisation has delivered 4.8 times the original cost of investment which is an excellent result. In addition, a £5m investment (£1.25k for BVCT 3) has been negotiated in the new transaction on the same terms as the lead private equity buyer as ISIS believes there is an opportunity for further growth.

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 30 September 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.

Dividend Declaration

Following recent profitable sales of investments, the Directors have declared a second interim dividend of 4.5p per share in lieu of a final dividend for the year to 31 December 2013. This dividend will be paid on 20 December to shareholders on the register as of 6 December 2013. Dividends totalling 7.5p per share for the year to 31 December 2013 have either been paid or declared.

Net Asset Value as at 31 October 2013

The net asset value as at 31 October 2013 was 115.52p per share. This is stated before taking account of the second interim dividend of 4.5p per share payable on 20 December 2013.

Fundraising Update

An offer for subscription is currently expected to be launched in early 2014 to raise gross proceeds of up to £10 million. The securities note, which will contain the subscription form and the full terms and conditions, will be sent to existing shareholders as soon as it is published.

Events after the period end

Other than the events described above, the Board is not aware of any significant events or transactions which have occurred between 1 July 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

For further information please contact:

The Company's Investment Manager, ISIS EP LLP as follows:

Email: baronsmeadvct3@isisep.com

Telephone: 020 7506 5717

Facsimile: 020 7506 5718

Post: 100 Wood Street, London EC2V 7AN

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