

BARONSMEAD

Baronsmead VCT 3 plc
Quarterly update
For the three month period from
1 July 2014 to 30 September 2014



Headlines

- **0.5% increase in underlying Net Asset Value per share**
- **2.9% increase in the value of the unquoted portfolio**
- **0.4% decrease in the value of the quoted portfolio**
- **£3.9 million realised from the sale of investments**

Performance Summary

Capital return	As at 30 Sep 2014	As at 30 Jun 2014	Movement
Total net assets	£79.74m	£82.53m	
Net asset value per share	106.15p	110.15p	(3.6%)*
Share price	100.50p	105.00p	(4.3%)

Total Return	3 months (%)	1 year (%)	5 years (%)	10 years (%)
Net asset value ⁽¹⁾	0.5	9.3	63.5	115.2

* An interim dividend of 4.5p per share was paid on 19 September 2014. For comparative purposes, the NAV at 30 June 2014 adjusted for the 4.5p dividend was 105.65p per share.

⁽¹⁾ NAV total return = NAV + reinvested dividends; Source: ISIS VC 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 tax reliefs given at the time of subscription have varied between 20% and 40%, so any adjusted performance measure including this relief will vary depending on the date of subscription. There is also the additional benefit of receiving VCT dividends tax free.

Investment Performance

In the three months to 30 September 2014, Baronsmead VCT 3's underlying net asset value per share increased by 1.0%. Over the quarter, the unquoted portfolio valuation increased by 2.9%, the quoted portfolio (including Wood Street Microcap Fund) decreased by 0.4%.

The Company's net assets as at 30 September 2014 were £79.7 million. This figure takes into account the valuation of the Company's investments as at 30 September 2014 and is stated after the payment of the interim dividend of 4.5p per share paid on 19 September 2014 (£3.4m).

Top Ten Investment Holdings

Position at 30 Sep 2014	Position at 30 Jun 2014	Company	Percentage of NAV as at 30 Sep 2014
1	1	Nexus Vehicle Holding Limited	6.7
2	2	Netcall plc	3.8
3	3	IDOX plc	3.3
4	4	Crew Clothing Holdings Limited	3.1
5	7	Accumuli plc	2.1
6	8	Independent Community Care Management Limited	2.0
7	10	Jelf Group plc	1.9
8	9	Create Health Limited	1.9
9	13	Tasty plc	1.9
10	11	TLA Worldwide plc	1.7
Total			28.4

Analysis of Total Assets

	Percentage of total assets 30 Sep 2014	Percentage of total assets 30 Jun 2014
Unquoted investments	31	33
AIM, listed, ISDX & collective investments vehicle	42	45
Listed interest bearing securities	13	11
Net current assets	14	11
Total cash portfolio	27	22
Total Assets	100	100

Analysis of Investment Portfolio by Sector

(excluding cash and interest bearing securities)

	Percentage of total investments at 30 Sep 2014	Percentage of total investments at 30 Jun 2014
Business Services	42	43
Consumer Markets	15	12
Healthcare & Education	11	15
Technology, Media & Telecommunications	32	30
Total	100	100

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Investment Activity

In the three months to 30 September 2014, Baronsmead VCT 3 invested £1,254,000 in 2 new and 3 follow on investments as set out in the table below.

Company	Date	Cost (£'000)
CR7 Services Limited	Aug 2014	949
Crawshaw Group plc	Jul 2014	200
Daily Internet plc*	Aug 2014	90
Independent Community Care Management Limited*	Jul 2014	12
Pho Holdings Limited*	Sep 2014	3
Total investments		1,254

*Follow on investments.

Realisations

During the period under review Baronsmead VCT 3 received a total of £3.9 million in proceeds as set out in the table below.

Company	Date	Cost (£'000)	Proceeds (£'000)	Multiple (X)
Vectura Group plc	Jul 2014	771	2,271	2.9
Murgitroyd Group plc	Aug 2014	189	817	4.3
Chime Communications plc	Aug 2014	369	560	1.5
GB Group plc	Sep 2014	42	159	3.7
Inspired Energy plc	Sep 2014	13	49	3.9
Total realisations		1,384	3,856	

*Music Festivals Plc and Bglobal Plc were both written off within the period.

Three acquisition vehicles have also been dissolved within the period which resulted in a total payment of £3million to Baronsmead VCT 3.

Fundraising Update

The Company raised £9.7 million net of expenses earlier in the year and realised £12.1 million from the sale of investments and winding up of acquisition vehicles in the nine months to 30 September 2014. As a result, it is unlikely that the Company will seek to raise new funds in the current tax year, preferring to continue investing from the Company's currently available cash resources.

Net Asset Value as at 31 October 2014

The net asset value as at 31 October 2014 was 104.35p per share.

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 30 September 2014 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 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 VC LLP (ISIS Equity Partners), which is Authorised and regulated by the Financial Conduct Authority (FCA). ISIS VC LLP manages five Baronsmead VCTs.

All information sources are provided by ISIS VC LLP and all figures are as at 30 September 2014 unless otherwise stated. ISIS VC 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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