

31 March 2015

CAPITAL FOR COLLEAGUES PLC
(‘Capital for Colleagues’ or the ‘Company’)

QUARTERLY INVESTMENT UPDATE

Capital for Colleagues, the investment vehicle focused on opportunities in the Employee Owned Business (‘EOB’) sector, is pleased to announce an investment update in respect of the quarter ended 28 February 2015.

Key Statistics as at 28 February 2015:

- GBP 2,724,313 (30 November 2014: GBP 2,274,313) lent or invested in a portfolio of ten unquoted EOBs and 12 publicly traded investments with demonstrable employee engagement
- Net Asset Value (‘NAV’) of GBP 3,475,029 (30 November 2014: GBP 3,449,413)
- NAV per share of 48.51 pence (30 November 2014: 48.15 pence per share) (after IPO costs equivalent to approximately 2.6 pence per share)

John Eckersley, Chief Executive of Capital for Colleagues, said: “This has been a further successful period of implementing our investment strategy, supporting companies with attractive fundamentals which also show a genuine commitment to employee ownership. As one of the only companies offering both investment and advice to companies in the EOB space, we believe we are ideally positioned to capitalise on the sector’s potential. We now have a portfolio of 22 companies and recently completed a crowdfunding which raised over £300,000 to support future investments. We remain excited about the future and look forward to updating shareholders on the portfolio and our activities as we continue to seek out attractive returns for our investors.”

Further information on the Company’s investment portfolio is set out below.

UNQUOTED INVESTMENTS

Civils Store Limited (‘CSL’)

CSL is a UK specialist supplier of civil engineering and construction materials, currently operating from depots at Penrith, Redruth and Sittingbourne.

<i>Investment</i>	<i>Valuation as at 28 February 2015</i>
GBP 300,000 loan for a fixed term of 12 months with an interest rate of 15% per annum; convertible at the Company’s option into participating preference equity	GBP 300,000

CSM Site Supplies Limited ('CSM')

CSM, a subsidiary of CSL, supplies and distributes products to UK mainland construction sites.

<i>Investment</i>	<i>Valuation as at 28 February 2015</i>
GBP 100,000 loan for a fixed term of 12 months with an interest rate of 15% per annum; convertible at the Company's option into participating preference equity with a minimum interest rate of 15% per annum	GBP 100,000

<i>Investment</i>	<i>Cost</i>	<i>Valuation as at 28 February 2015</i>
50,000 15% participating preference shares	GBP 50,000	GBP 50,000

The Company has also agreed to provide CSM with a working capital facility of up to GBP 50,000 which will bear interest at the rate of 2% per month when drawn down by CSM.

Ecomerchant Natural Building Materials Ltd ('Ecomerchant')

Ecomerchant is a specialist supplier of natural and environmentally sustainable building materials to the UK housing market.

<i>Investment</i>	<i>Valuation as at 28 February 2015</i>
GBP 75,000 loan for a fixed term of 12 months with an interest rate of 15% per annum; convertible at the Company's option into participating preference equity	GBP 75,000

Figure Consulting Limited ('Figure Consulting')

Figure Consulting provides a comprehensive range of outsourced IT services to small businesses, including a number of Capital for Colleagues' investee companies.

<i>Investment</i>	<i>Valuation as at 28 February 2015</i>
GBP 100,000 loan for a fixed term of 12 months with an interest rate of 15% per annum; secured on the assets of Figure Consulting and convertible at the Company's option into participating preference equity	GBP 100,000

FJ Holdings Limited ('FJ Holdings')

FJ Holdings is an independent specialist manufacturer and distributor of flow control products and sewage treatment equipment. FJ Holdings has manufacturing facilities at Dudley, West Midlands, where it also has its headquarters, and at Ilkeston, Rochdale and Stoke. FJ Holdings also has a branch office in Abu Dhabi.

<i>Investment</i>	<i>Cost</i>	<i>Valuation as at 28 February 2015</i>
1,034 D Shares of GBP 0.01 each	GBP 399,313	GBP 399,313

<i>Investment</i>	<i>Valuation as at 28 February 2015</i>
GBP 250,000 amortising loan for a fixed term of 36 months with an effective interest rate of 19.2% per annum	GBP 250,000

Hire and Supplies Limited ('H&S')

H&S is engaged in tool and plant sale and rental from branches in the west of Scotland, at Dumfries and Oban.

<i>Investment</i>	<i>Valuation as at 28 February 2015</i>
GBP 200,000 loan for a fixed term of 5 years with an interest rate of 12% per annum;	GBP 200,000

<i>Investment</i>	<i>Valuation as at 28 February 2015</i>
100,000 20% convertible preference shares of GBP 1 each	GBP 100,000

The Homebuilding Centre Ltd ('HBC')

HBC owns the trade and certain assets of the National Self Build and Renovation Centre, which comprises a substantial permanent exhibition and trading hub, based at Swindon, and which promotes awareness of the opportunities available to consumers seeking to secure their own home and, increasingly, to local authorities and housing associations seeking to provide affordable housing.

<i>Investment</i>	<i>Cost</i>	<i>Valuation as at 28 February 2015</i>
25 ordinary shares of GBP 1 each	GBP Nil	GBP Nil

<i>Investment</i>	<i>Valuation as at 28 February 2015</i>
GBP 250,000 loan for a fixed term of 12 months with an interest rate of 15% per annum; repayable, renewable or convertible into participating preference equity in HBC, at the Company's option	GBP 250,000

Merkko Builders Merchants Limited ('Merkko')

Merkko is a builder's merchant located in Kingston Bagpuize, Oxfordshire which supplies a broad range of materials and equipment, primarily to members of the construction industry.

<i>Investment</i>	<i>Valuation as at 28 February 2015</i>
GBP 150,000 loan for a fixed term of 12 months repayable on demand with an interest rate of 12% per annum	GBP 150,000

MIA Solutions Limited ('MIA')

MIA provides a cost effective accountancy service to small owner and employee managed businesses.

<i>Investment</i>	<i>Valuation as at 28 February 2015</i>
GBP 50,000 secured loan for a fixed term of 12 months with an interest rate of 15% per annum; convertible at the Company's option into participating preference shares	GBP 50,000

TPS Investment Holdings Limited ('TPS')

TPS (standing for "Total Pipeline Specialists") is involved in the sourcing, marketing and distribution of a specialist range of pipes, valves, fittings and other associated products for the public utility markets throughout Ireland, with particular focus on the water market.

<i>Investment</i>	<i>Cost</i>	<i>Valuation as at 28 February 2015</i>
200,000 preference shares of GBP 1 each	GBP 200,000	GBP 200,000

Total Unquoted Investments

<i>Cost</i>	<i>Valuation as at 28 February 2015</i>	<i>Estimated annual income</i>
GBP 2,224,313	GBP 2,224,313	GBP 323,417*

*comprising interest receivable and monitoring fees, but excluding arrangement fees which, in the 12 month period ended 28 February 2015, amounted to GBP 100,750.

PUBLICLY TRADED INVESTMENTS

Whilst the Company's core investment focus is on private EOBs, Capital for Colleagues currently has interests in 12 investments listed on the London Stock Exchange's main market or on AIM. The Company's Directors believe that investing in such publicly traded entities, each of which has demonstrable employee engagement policies, offers the potential to deliver a better return for shareholders than leaving the cash on deposit, whilst allowing the Company to realise cash relatively quickly if it is required for investment elsewhere.

Total Publicly Traded Investments

<i>Cost</i>	<i>Valuation as at 27 February 2015</i>	<i>Estimated annual income</i>
GBP 500,000	GBP 579,909	GBP 24,654

The Company's current portfolio of publicly traded investments comprises the following stocks:

AB Dynamics

AB Dynamics is involved in the design, manufacture and supply to the global automotive industry of advanced testing and measuring products for vehicle suspension, brakes and steering, both in the laboratory and on the test track.

Avon Rubber

Avon designs and manufactures chemical, biological, radiological and nuclear respiratory protection systems for defence, fire and industrial markets. It also designs and manufactures polymer based products for the defence and dairy industries

BT Group

BT provides communication services to customers in the UK and more than 170 countries worldwide.

Cello Group

Cello provides market research, consulting and direct marketing services to the pharmaceutical and health sectors as well as other high margin client industries.

City of London Investment Group

City of London Investment Group is a fund manager whose main focus is investing in emerging markets via closed end funds.

First Property

First Property is involved in property fund management and direct property investment in its own name in the UK and Eastern Europe.

Greggs

Greggs is the UK's leading bakery retailer trading from more than 1,650 shops throughout the UK specialising in making and selling sandwiches, savouries and other baker-fresh food on the go.

Interquest

Interquest is a group of specialist recruitment businesses providing contract and permanent recruitment services within niche disciplines in the analytics, financial and technology market sectors in the UK and Europe.

Lancashire Group

Lancashire is a global provider of specialty insurance products operating in Bermuda and London.

Mattioli Woods

Mattioli Woods is a provider of pension consultancy and administration, employee benefits and wealth management services.

Mitie Group

Mitie is a provider of a wide range of facilities management services across the UK, Ireland and Europe.

Personal Group

Personal Group is a leading provider of employee benefits, employee related insurance products and financial services.

BASIS OF VALUATION

Each of the unquoted investments is included at the Directors' assessment of fair value, in accordance with International Private Equity and Venture Capital Guidelines. Given the relatively recent acquisition date of each investment, each is included at original cost for the purpose of this valuation.

Each of the quoted investments is included at their closing mid-market valuation on 27 February 2015.

The Directors of the Company are responsible for the contents of this announcement.

****ENDS****

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Notes

Capital for Colleagues is an investment company focused on the Employee Owned Business ('EOB') sector. The Company has a clear strategy aimed at investing in, advising and growing established, mainly UK-based, EOBs as well as assisting companies which are looking to launch employee ownership schemes, providing the capital and advice to help them achieve their objectives.

Capital for Colleagues has a proven management team, with a wide network of contacts and affiliates, as well as established access to investment opportunities, enabling the Company to execute its strategy and identify and capitalise on EOB-focused investment opportunities.