

25 June 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 31 May 2015.

Key Statistics as at 31 May 2015:

- GBP 3,154,681 (28 February 2015: GBP 2,724,313) lent or invested in a portfolio of 11 unquoted EOBs and 12 publicly traded companies displaying demonstrable employee engagement
- Net Asset Value (‘NAV’) of GBP 3,757,625 (28 February 2015: GBP 3,475,029)
- NAV per share of 48.95 pence (28 February 2015: 48.51 pence per share) (after IPO costs equivalent to approximately 2.6 pence per share)

John Eckersley, Chief Executive of Capital for Colleagues, said: “We continue to evaluate and invest in the EOB sector where we see the potential for attractive returns both on a yield and capital growth basis. Our investee businesses operate across a number of sectors and have strong cash flow which translates into an attractive risk profile for us as the investor. We increased our monies lent and NAV during the period and continue to evaluate opportunities which fit our stringent investment criteria. I look forward to reporting on further investments as we look to build the portfolio and generate shareholder value.”

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

UNQUOTED INVESTMENTS

The Directors believe that the 11 unquoted EOBs in the Company’s portfolio currently generate total turnover of around GBP 58.0 million per annum and support approximately 320 jobs.

The loans and investments made by the Company to unquoted EOBs are aimed at delivering equity-like returns and bear interest at rates of between 12% and 24%. Each loan or investment is tailored to the individual investee companies’ operating performance and specific working capital needs.

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 31 May 2015</i>
GBP 300,000 loan for a fixed term expiring on 29 June 2015; 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 31 May 2015</i>
GBP 100,000 loan for a fixed term of 12 months; convertible at the Company's option into participating preference equity	GBP 100,000

<i>Investment</i>	<i>Cost</i>	<i>Valuation as at 31 May 2015</i>
50,000 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.

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 31 May 2015</i>
GBP 75,000 loan for a fixed term expiring on 30 July 2015; 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 31 May 2015</i>
GBP 100,000 loan for a fixed term of 12 months; 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 31 May 2015</i>
1,034 D Shares of GBP 0.01 each	GBP 399,313	GBP 399,313

<i>Investment</i>	<i>Valuation as at 31 May 2015</i>
GBP 250,000 amortising loan, repayable on demand	GBP 250,000

Ham Baker Adams Limited (“Ham Baker”)

Ham Baker, a subsidiary of FJ Holdings, is involved in the design and manufacture of innovative products for the water and waste water markets.

<i>Investment</i>	<i>Valuation as at 31 May 2015</i>
GBP 250,000 amortising loan for a fixed term expiring on or before 30 November 2015; secured by a cross guarantee from FJ Holdings	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 31 May 2015</i>
GBP 200,000 loan for a fixed term of 5 years	GBP 200,000

<i>Investment</i>	<i>Valuation as at 31 May 2015</i>
100,000 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 31 May 2015</i>
25 ordinary shares of GBP 1 each	GBP Nil	GBP Nil

<i>Investment</i>	<i>Valuation as at 31 May 2015</i>
GBP 250,000 loan for a fixed term of 12; 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 31 May 2015</i>
GBP 150,000 loan for a fixed term of 12 months repayable on demand	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 31 May 2015</i>
GBP 50,000 secured loan for a fixed term of 12 months; 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 31 May 2015</i>
200,000 preference shares of GBP 1 each	GBP 200,000	GBP 200,000

Total Unquoted Investments

Cost: GBP 2,534,646

Valuation as at 31 May 2015: GBP 2,534,646

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 displays demonstrable employee engagement, 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.

The Company's portfolio of publically traded investments currently 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.

Total Publically Traded Investments

Cost: GBP 500,000

Valuation as at 29 May 2015 GBP 589,265

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 29 May 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.