



CrowdBnk



PETERHOUSE  
CORPORATE FINANCE

# Capital for Colleagues plc

Crowdfunding by CrowdBnk

Placing by Peterhouse Corporate Finance Limited

[crowdbnk.com](http://crowdbnk.com)

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# 1.0 IMPORTANT NOTICE

**RELIANCE ON THIS PROMOTION FOR THE PURPOSE OF ENGAGING IN ANY INVESTMENT ACTIVITY MAY EXPOSE AN INDIVIDUAL TO A SIGNIFICANT RISK OF LOSING ALL OF THE PROPERTY OR OTHER ASSETS INVESTED.**

**If you are in any doubt about the contents of this Document or as to what action you should take, you should consult an independent professional adviser authorised under the Financial Services and Markets Act 2000 (“FSMA”) if you are in the UK, or, if not, another appropriately authorised independent financial adviser who specialises in advising on the acquisition of shares and other securities.**

This Document does not constitute and the Company is not making an offer to the public within the meaning of sections 85 and 102B of FSMA. Therefore this Document is not an approved prospectus for the purposes of and as defined in

section 85 of FSMA, has not been prepared in accordance with the Prospectus Rules and its contents have not been approved by the Financial Conduct Authority or any other authority which could be a competent authority for the purposes of the Prospectus Directive.

Peterhouse Corporate Finance Limited of New Liverpool House, 15 Eldon Street, London EC2M 7LD is authorised to carry out investment business under FSMA. This Document is approved by Peterhouse Corporate Finance Limited as at 5 February 2015 on behalf of the Company as an investment promotion pursuant to section 21(2)(b) of FSMA. Peterhouse Corporate Finance Limited is acting for the Company and no one else in relation to the arrangements proposed in this Document and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing advice to any other person on the content of this Document

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## CAPITAL FOR COLLEAGUES PLC

*(Incorporated in England and Wales under the Companies Act 2006 with registered number 8717989)*

**Crowdfunding to raise a minimum of £0.25 million through the issue of New Ordinary Shares at a price of 59p per share**

### **Crowdfunding by CrowdBnk Limited**

### **Placing by Peterhouse Corporate Finance Limited**

Application will be made for the New Ordinary Shares to be admitted to trading on the ISDX Growth Market. It is expected that Admission will become effective and that dealings in the New Ordinary Shares will commence on 11 March 2015.

**The ISDX Growth Market, which is operated by ICAP Securities & Derivatives Exchange Limited (“ISDX”), a recognised investment exchange, is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. It is not classified as a Regulated Market under EU financial services law and ISDX Growth Market securities are not admitted to the Official List of the United Kingdom Listing Authority. A prospective investor should be aware of the risks of investing in ISDX Growth Market securities and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser authorised under FSMA who specialises in advising on the acquisition of shares and other securities.**

**Capital for Colleagues plc is required by ISDX to retain an ISDX Corporate Adviser at all times. The requirements for an ISDX Corporate Adviser are set out in the Corporate Adviser Handbook. ISDX has not approved the contents of this Document.**

Peterhouse Corporate Finance Limited, which is authorised and regulated by the Financial Conduct Authority, is the

Company's ISDX Corporate Adviser. Peterhouse Corporate Finance Limited has not made its own enquiries except as to matters which have come to its attention and on which it considered it necessary to satisfy itself and accepts no liability whatsoever for the accuracy of any information or opinions contained in this Document, or for the omission of any material information, for which the Directors are solely responsible.

The distribution of this Document outside the UK may be restricted by laws of such other jurisdictions in which the Document is distributed and therefore persons outside the UK into whose possession this Document comes should inform themselves about and observe any restrictions in relation to the New Ordinary Shares and the distribution of this Document. The New Ordinary Shares have not been, nor will be, registered in the United States under the United States Securities Act of 1933, as amended, or under the securities laws of Canada, Australia, Japan, the Republic of South Africa or the Republic of Ireland and they may not be offered or sold directly or indirectly within the United States, Canada, Australia, Japan, the Republic of South Africa or the Republic of Ireland or to, or for the account or benefit of, US persons or any national, citizen or resident of the United States, Canada, Australia, Japan, the Republic of South Africa or the Republic of Ireland. This Document does not constitute an offer to sell or an invitation to subscribe for, or the solicitation of an offer to buy or subscribe for, New Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful.

## Forward-looking statements

This Document contains forward-looking statements. These statements relate to the Company's prospects, developments and business strategies.

Forward-looking statements are identified by their use of terms and phrases such as "believe", "could", "envisage", "estimate", "intend", "may", "plan", "shall", "will" and other cognate expressions or the negative of those, variations or comparable expressions, including references to assumptions. These statements are primarily contained in section 3.0 of this Document.

The forward-looking statements in this Document are based on current expectations and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied by those statements. Certain risks to and uncertainties for the Company are specifically described in section 5.0 of this Document headed "Risk Factors". If one or more of these risk factors or uncertainties materialises, or if the underlying assumptions prove incorrect, the Company's actual results may vary materially from those expected, estimated or projected by the Directors. Given these risks and uncertainties, potential investors should not place any

reliance on forward-looking statements. It is emphasised that this Document does not contain any financial projections of the Company and that past performance is not to be treated as a guide to future performance.

These forward-looking statements speak only as at the date of this Document. Neither the Directors nor the Company undertake any obligation to update forward-looking statements or risk factors other than as required by the ISDX Rules whether as a result of new information, future events or otherwise.

**The text of this Document should be read in its entirety. An investment in the Company involves a high degree of risk and, in particular, attention is drawn to the Risk Factors in section 5.0 of this Document. All statements regarding the Company's business, financial position and prospects should be viewed in the light of such Risk Factors. An investment in the Company may not be suitable for all recipients of this Document. Prospective investors should consider carefully whether an investment in the Company is suitable for them in the light of their personal circumstances and the financial resources available to them.**

## 2.0 SHARE CAPITAL INFORMATION AND TIMETABLE

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### 2.1 Share Capital Information

Ordinary Shares in issue as at the date of this Document	7,164,188
Minimum number of New Ordinary Shares to be issued in the Crowdfunding	423,729
Issue Price	59p
Gross proceeds of the Crowdfunding*	£0.25 million
Issued share capital on completion of the Crowdfunding*	7,587,917 Ordinary Shares
New Ordinary Shares as a percentage of Enlarged Issued Share Capital*	5.6%

*\*assuming that the Minimum Amount is raised*

### 2.2 Expected Timetable of Principal Events

Publication of this Document	5 February 2015
Latest time and date for receipt of applications in the Crowdfunding	23.59 on 5 March 2015
Latest time and date for receipt of Forms of Confirmation	17.00 on 9 March 2015
Dealings in the New Ordinary Shares expected to commence on the ISDX Growth Market	11 March 2015
New Ordinary Shares credited to CREST accounts (where applicable)	11 March 2015
Despatch of share certificates (where applicable)	by 18 March 2015

# 3.0 COMPANY INFORMATION

## SUMMARY

Capital for Colleagues, an investment vehicle traded on the ISDX Growth Market, is proposing to raise a minimum of £0.25 million via crowdfunding.

## CAPITAL FOR COLLEAGUES

Capital for Colleagues invests in, advises and supports companies that are, or want to become, employee owned businesses (“EOBs”). The Company is one of the few vehicles providing investors with exposure to the dynamic and rapidly growing EOB sector.

Employee ownership is a proven, successful business model, which is recognised to improve productivity and create wealth whilst providing a stable employment environment and the possibility of attractive commercial returns for investors.

The best known example of employee ownership in the UK is the John Lewis Partnership. The Directors of Capital for Colleagues are delighted to announce that the John Lewis Partnership is demonstrating its support for employee ownership and the Company’s activities in the EOB sector by facilitating the issue of John Lewis Vouchers to qualifying investors in the Crowdfunding.

Independent research shows that employee participation delivers superior business performance relative to more traditional ownership structures. Moreover, since the start of 2003, shares in quoted employee owned businesses have outperformed the FTSE All Share by an average of almost 13 per cent. per annum. Successive UK Governments have also pledged their support to the EOB sector, with specific tax incentives being made available to EOBs.

Since its formation in October 2013, Capital for Colleagues has invested in more than 20 EOBs, in sectors ranging from civil engineering to accountancy, establishing itself as a leading body within the EOB sector. The Directors’ aim is that investments made by the Company will have a reasonable prospect of an exit, or be expected to return capital, and an attractive dividend or profit stream.

Capital for Colleagues was admitted to trading on the ISDX Growth Market in March 2014; the Directors currently intend that the Company will move to AIM at an appropriate time.

## THE CROWDFUNDING

The Company is proposing to raise a minimum of £0.25 million through the issue of New Ordinary Shares at a price of 59 pence per share. The Issue Price represents a discount of 5.6 per cent. to the Company’s closing share price on 4 February 2015, the latest practicable date prior to the publication of this Document.

**Applications for New Ordinary Shares in the Crowdfunding may only be made via the CrowdBnk platform at [www.crowdbnk.com](http://www.crowdbnk.com).**

The proceeds of the Crowdfunding will be used to make further investments in line with the Company’s investment strategy and to provide working capital for the Company’s ongoing operations.

The New Ordinary Shares are expected to be admitted to trading on the ISDX Growth Market on 11 March 2015.

The Directors believe that the Crowdfunding represents an opportunity for investors to access the emerging and distinct EOB sector as Capital for Colleagues looks to advance its strategy and build its investment portfolio.



### 3.1 Introduction

Capital for Colleagues is an Investment Vehicle focused on opportunities in the Employee Owned Business (“EOB”) sector. The Company’s investment strategy is driven by the Directors’ belief that employee ownership is a proven, successful business model which improves productivity, creates wealth and provides a stable employment environment, thereby generating the possibility of attractive commercial returns for investors.



UK companies with employees as significant stakeholders currently account for a combined annual turnover in excess of £30 billion, representing around 4 per cent. of the UK’s GDP. The Employee Ownership Association (“EOA”) has set a target for EOBs to deliver 10 per cent. of UK GDP by 2020. The Directors believe that the scale of the EOB sector, and the diversity of commercial and industrial companies within it, are such that there are many entities which could benefit from investment by the Company and which could create significant value for Shareholders.

The Directors are focusing primarily on investments in private EOBs, which, historically, have not been perceived as a distinct asset class, principally due to the lack of access for investors. In September 2014, the Company co-founded C4C Ownership Partners, which provides early stage advice and support to EOBs or companies looking to become employee owned.

Capital for Colleagues is therefore able to provide a comprehensive service: advising clients on what needs to be done to become employee owned, managing the transition to employee owned status and providing the financial capital to achieve this.

The Company was admitted to trading on the ISDX Growth Market in March 2014; the Directors currently intend that the Company will move to AIM at an appropriate time.

The Company is registered with the FCA as a Small Registered UK Alternative Investment Fund Manager under the Alternative Investment Fund Managers Directive.

### 3.2 Employee Ownership

An Employee Owned Business is generally defined as a commercial enterprise directly or indirectly owned to a significant extent by the people who work for it. The best known example of employee ownership in the UK is the John Lewis Partnership.

Employee ownership usually takes one of three forms:

**Direct ownership:** employees become registered individual shareholders of shares in the company they work for, using, where practicable, one or more tax advantaged share plans;

**Indirect ownership:** shares are held collectively on behalf of employees, normally through an employee trust; or

**Combined direct and indirect ownership:** a combination of individual and collective share ownership.

Employee ownership of a business can arise in a number of ways. The most typical route into employee ownership is via business or ownership succession, where private owners of, for example, a family business, sell that business to the workforce. Alternatively, professional partnerships may broaden ownership to cover all the firm’s employees; employee buy outs and company privatisations also represent opportunities for employees to take a significant stake in a business. Perhaps the most straightforward form of employee participation occurs when the founder of a business incorporates employee ownership from the outset.

UK companies with employees as significant stakeholders currently account for a combined annual turnover in excess of £30 billion, representing approximately 4 per cent. of the UK’s GDP. This means that the UK EOB sector is currently larger than the UK agricultural sector and around the same size as the UK’s aerospace sector. The EOA has set a target for EOBs to deliver 10 per cent. of UK GDP by 2020. Many studies have underlined the importance of EOBs to the UK economy and successive governments, including the current one, have promoted employee ownership accordingly.

Independent research also shows that shared ownership and employee participation deliver superior business performance. The Directors believe that such performance is driven by a number of factors, including that:

- Staff in employee owned businesses tend to be more entrepreneurial and committed to the company’s success;
- EOBs tend to be managed in a more open way, which can promote corporate social responsibility;
- The attraction of employee ownership allows EOBs to recruit and retain high calibre staff; and
- EOBs are better placed to be innovative, as information is more likely to be shared and responsibility devolved to employees.

*Sources: Matrix Evidence; Cass Business School*

The Directors believe that these EOB characteristics are reflected in data collected by the EOA, which demonstrate how EOBs perform relative to entities with more traditional ownership structures. In particular, the EOA data demonstrate that EOBs outperform more traditionally structured firms in times of recession, as evidenced by the growth rate of EOBs in 2012 being 50 per cent. higher than the overall UK economy.



The importance of EOBs and their distinct contribution to the UK economy was further recognised in January 2014 when FTSE International assumed responsibility for the calculation of the UK Employee Ownership Index (the “**Index**”). The Index, which has tracked the performance of EOBs since 1992, tracks the total return generated by UK companies listed on the London Stock Exchange and AIM which have employee ownership (excluding directors) of more than 3 per cent.

The Index demonstrates that employee owned companies have outperformed FTSE All-Share companies by an average of almost 13 per cent. each year since 2003. In 2014, companies in the Index outperformed FTSE All-Share companies by almost 5 per cent.

*Source: The Employee Ownership Impact Report from the EOA; the UK Employee Ownership Index of companies estimated to be between 3 per cent. and 10 per cent. owned by employees*

### 3.3 Investment Opportunity

The Directors believe that EOBs represent a significant, distinct and strongly performing asset class, the benefits of which have not always been fully appreciated by investors and funding providers. In the Directors’ opinion, companies with employee ownership structures or employee ownership aspirations have, along with other early stage or smaller companies, historically found it difficult to secure traditional sources of funding, such as bank debt or equity capital. Moreover, to the extent that equity capital has been available, the Directors believe that the providers have typically regarded their period of ownership as short term and often linked to significant parallel debt financing.

The Directors therefore believe that an opportunity exists to provide EOBs with alternative, supportive finance. The Company is capitalising on this opportunity by providing dedicated finance to existing EOBs or to entities aspiring to become EOBs, whilst taking a longer term, patient approach where appropriate. The Directors believe that the performance characteristics of EOBs can provide attractive returns for investors as an alternative to those provided by traditional private equity investment.

The Directors believe that Capital for Colleagues is one of a very limited number of funders focused exclusively on the EOB sector, providing the Company with access to an extensive range of potential investee companies. The Directors are confident that this range will continue to expand and that EOBs will continue to deliver robust performance as the UK economic recovery strengthens.

### 3.4 Investment Strategy

The Company’s investment strategy is to identify and invest in businesses in the UK and the Republic of Ireland which the Directors believe demonstrate a genuine commitment to employee ownership. Potential investee companies are assessed by reference to defined criteria, including:

- The ability of employees to own (directly or indirectly) shares in the business;
- The actual level of employee ownership;
- The capacity for employees to influence corporate strategy; and

- The fair distribution of profits amongst shareholders.

The Directors also look for a clear commitment from investee companies to increase and enhance these attributes.

The Company’s portfolio is not restricted by reference to any particular sector or sectors, as EOBs operate across all commercial sectors; any business meeting the Company’s investment criteria is eligible for investment, regardless of its stage of development or profitability.

The Company’s objective is to generate an attractive rate of return for Shareholders, predominantly through capital appreciation, by taking advantage of opportunities to invest in EOBs.

The size and structure of each investment made by the Company varies, depending upon the nature of the opportunity and the requirements of the investee company. The Company provides equity, equity related investment capital (such as convertible loans) or debt to employee owned companies which require capital for development and to businesses which intend to develop employee ownership. The Directors intend that the Company’s equity interest in investments will take the form of minority shareholdings, investing alongside employees, although the Company intends to be an involved and active investor. Accordingly, where necessary, the Company will participate in the day to day management of investee companies through board representation. Investments may be made in combination with additional debt or equity related financing and, in appropriate circumstances, in collaboration with other financial and/or strategic investors.

The Directors expect that EOBs in which the Company invests will also meet certain conditions which, the Directors believe, will best position the Company to maximise Shareholder value. These conditions generally include those where:

- The Company can enhance the prospects and the future value of the investee company via an injection of new finance;
- The investment target is able to benefit from the Directors’ existing network of contacts;
- The investment target has the potential for sustainable growth; and
- The investment target has the potential to deliver significant returns for the Company.

The investment criteria set out above are not intended to be exhaustive and the Directors may make an investment in an EOB which does not fulfil any or all of the investment criteria if they believe it is in the interests of Shareholders as a whole to proceed with such an investment.

The Directors’ aim is that investments made by the Company will have a reasonable prospect of an exit, or be expected to return capital, and an attractive dividend or profit stream.

To date, the Company’s investments have been funded from the Company’s own resources, although the Company may

also borrow additional funds to the extent that the Directors believe it prudent to do so.

### 3.5 Current Portfolio

As at the date of this Document, the Company has investments in 21 EOBs. The Company's core investment focus is on private EOBs, which the Directors believe have historically found it difficult to attract the growth funding that they require. However, the Company has also invested in publicly traded EOBs, as the Directors believe that such investments have the potential to deliver a better return for Shareholders than leaving funds on deposit, whilst allowing the Company to realise cash relatively quickly if it is required for investment elsewhere.

The Directors believe that the unquoted companies in the Company's portfolio currently generate total turnover of around £50 million and support approximately 200 jobs. These investments are currently valued at their original cost, which the Directors believe to be conservative in light of the actual returns from these investments and the progress made by underlying investee companies since the Company's investment.

The Company's Investment Update for the quarter ended 30 November 2014 and information about recent changes to the Company's investment portfolio are set out in section 4.0 of this Document.

### 3.6 Financial Information

In the 11 months ended 31 August 2014, the Company generated income of £0.21 million; as at 31 August 2014 the Company had net assets of £3.45 million, equating to a NAV per share of 48.2p.

### 3.7 The Directors

The Directors believe that their broad collective experience together with their extensive network of contacts assists them in the identification, evaluation and funding of appropriate investment opportunities.

Brief biographical details of the Directors are set out below:

#### **Richard Bailey** – Non-executive Chairman (aged 63)

Richard Bailey is a partner in Rothschild, the global investment bank. He is Executive Chairman of Rothschild's Mid Cap business with offices in London, Manchester, Leeds and Birmingham. He has worked for the bank for over 30 years during which time he has been involved in a range of private and public company work with a focus on mergers, acquisitions, private equity and capital raising. Richard has been involved with the development of companies such as Peel Holdings Plc, Pets at Home Limited, Lookers Plc and Manchester United Plc. He is a Non-executive Director of Kier Group plc and is also Chair of that company's Audit Committee. Richard is a Governor of a music school and a trustee of the Halle Orchestra.

#### **John Eckersley** BA (Hons), MBA – Chief Executive (aged 48)

John has 25 years' investment experience and co-founded Castlefield Investment Partners LLP, of which he is Managing Partner, in 2002. He is a graduate in Accounting and Finance, with a financial services sector-specific MBA, and is a

Chartered Fellow of the Chartered Institute for Securities & Investment. In late 2012, he became one of the UK's first Chartered Wealth Managers. John is a former director of Henry Cooke Group plc and former executive director of the private bank, Brown Shipley. He is also an alumnus of the London Business School Private Equity Executive Programme. John was responsible for structuring and leading the employee-ownership process at Castlefield Capital Limited (which owns Castlefield Investment Partners LLP) and, as such, he is acutely aware of the challenges and rewards co-ownership offers. He sits as a member of Council of the Employee Ownership Association and in this capacity has been involved in a working group advising the UK Government on possible changes to taxation affecting employee-owned businesses. He has also provided evidence to the All-Party Parliamentary Group on employee ownership and to the Nuttall Review, on barriers to increasing co-ownership.

#### **Alistair Currie** B.Com (Hons), CA – Executive Director (aged 51)

Alistair has been a fund manager specialising in UK Smaller Companies for almost 25 years. He is a graduate in Business Studies and Accounting from the University of Edinburgh and subsequently qualified as a Chartered Accountant with KPMG in 1988. He was formerly a director of Edinburgh Fund Managers plc and was the Head of UK Smaller Companies for that group. Under his management, the Edinburgh UK Smaller Companies Fund won several Micropal awards for performance and in 2000 he was the winner of the 'Investment Week UK Small Companies Fund Manager of the Year' award. He joined Castlefield Investment Partners LLP in 2007, becoming a partner in September 2009 and has been the lead manager of the ConBrio UK Smaller Companies Fund since April 2007. He also manages a number of funds investing in companies quoted on AIM for the purpose of inheritance tax planning.

#### **Edmund ("Ed") Jenkins** LLB (Hons) – Non-executive Director (aged 51)

Ed is a consultant and a solicitor who has over 20 years' experience of advising on all aspects of business tax. He was a tax partner at Addleshaw Goddard LLP (and its predecessor firms) from 1996 to 2013 and during this time was Head of Tax for over 10 years. Ed specialised in advising upon mergers and acquisitions and private equity transactions. Ed has considerable experience of advising employee owned businesses and advising upon the direct and indirect acquisition of interests by employees in their employing companies. Ed retired from Addleshaw Goddard LLP with effect from 30 April 2013 and has recently taken up a part time role at a family and employee owned property company.

As at the date of this Document, the Directors had the following interests in the Existing Ordinary Shares:

Name	Number of Ordinary Shares	% of Issued Share Capital
John Eckersley	280,776	3.92
Richard Bailey	37,500	0.52
Alistair Currie	57,460	0.80
Edmund Jenkins	-	-

### 3.8 The Crowdfunding

The Company is proposing to raise a minimum of £0.25 million (before expenses) through the issue of New Ordinary Shares at a price of 59 pence per share. The Issue Price represents a discount of 5.6 per cent. to the Company's closing share price on 4 February 2015, the latest practicable date prior to the publication of this Document.

The proceeds of the Crowdfunding, less the expenses set out in paragraph 3.3 of section 6.0 of this Document, will be used to make further investments in line with the Company's investment strategy and to provide working capital for the Company's ongoing operations.

Applications in the Crowdfunding must be for a minimum of 425 New Ordinary Shares, at a cost of approximately £250.

**Applications for New Ordinary Shares in the Crowdfunding may only be made via the CrowdBnk platform at [www.crowdbnk.com](http://www.crowdbnk.com) which sets out full information about the application process, the terms and conditions of the Crowdfunding and associated risk warnings.**

Successful applicants via the CrowdBnk platform will receive a Placing Letter and Form of Confirmation from Peterhouse. Completion and return of the Form of Confirmation in accordance with its terms will constitute an irrevocable commitment to subscribe for New Ordinary Shares.

The Directors of Capital for Colleagues are delighted to announce that the John Lewis Partnership is demonstrating its support for employee ownership and the Company's activities in the EOB sector by facilitating the issue of John Lewis Vouchers to qualifying investors in the Crowdfunding.

John Lewis Vouchers are available in respect of the first £250,000 raised in the Crowdfunding and will be allocated on the basis of £1 worth of Vouchers for every £50 worth of New Ordinary Shares subscribed for, subject to a maximum allocation of £200 worth of Vouchers per investor.

For example:

Amount Invested	Value of Vouchers
£250	£5
£500	£10
£1,000	£20
£5,000	£100
£10,000	£200
£15,000	£200

Participation in the Crowdfunding is available to Existing Shareholders and to new investors, subject to the Articles of Association of the Company and the terms and conditions of the Crowdfunding. No fees are payable by investors participating in the Crowdfunding.

The Directors believe that Existing Shareholders should have the opportunity to participate in the Crowdfunding and that the Company should also endeavour to attract new Shareholders in order to raise the Company's profile and improve liquidity in the trading of the Ordinary Shares. The Directors believe that the Crowdfunding is the most appropriate way to target these aims.

The Crowdfunding is conditional upon the Minimum Amount being raised and on Admission becoming effective by no later than 11 March 2015. All monies received in respect of the New Ordinary Shares will be placed on deposit in a non-interest bearing, segregated client account pending satisfaction of these conditions. If the conditions are not satisfied, the Crowdfunding will not proceed and any sums received from investors will be returned to them.

The Crowdfunding is being undertaken by CrowdBnk and Peterhouse.

### 3.9 Application to the ISDX Growth Market

Application will be made for the New Ordinary Shares to be admitted to trading on the ISDX Growth Market. Dealings in the New Ordinary Shares are expected to commence on 11 March 2015.

The New Ordinary Shares will, on Admission, rank *pari passu* in all respects with the Existing Ordinary Shares and will rank in full for all dividends and other distributions hereafter declared, paid or made on the ordinary share capital of the Company.

### 3.10 Significant Shareholders

As at the date of this Document, so far as the Directors are aware, the following Shareholders are interested in 3 per cent. or more of the Issued Share Capital:

Shareholder	Number of Ordinary Shares	% of Issued Share Capital
Heygate Group Pension	538,422	7.52
Crescent Trustees Limited	396,823	5.54
WTB Holdings Ltd Corporate SIPP	330,168	4.61
Wm Kenyon Group Pension	273,238	3.81
Rowanmoor Trustees Limited	264,522	3.69
ConBrio UK Smaller Companies Fund	250,000	3.49
Transact Nominees Limited	250,000	3.49
Edward Holt Trust	229,882	3.21
Chetham's Hospital, School and Library	218,656	3.05

### 3.11 Dividend Policy

The Directors do not intend to pay a dividend until the Company has achieved sufficient profitability and its requirements for working capital are such that it is prudent to do so.

### 3.12 Corporate Governance

The Directors are committed to maintaining high standards of corporate governance, and, so far as is practicable given the Company's size and nature, the Company complies with the QCA Code.

Due to the current size and early stage nature of the Company, audit and risk management issues are addressed by the Directors as a whole, rather than by separate committees. As the Company develops, the Board will consider establishing separate audit and risk management committees and will consider developing further policies and procedures which reflect the principles of good governance.

### 3.13 CREST

The New Ordinary Shares may be held in dematerialised form in CREST under the CREST Regulations

### 3.14 Taxation

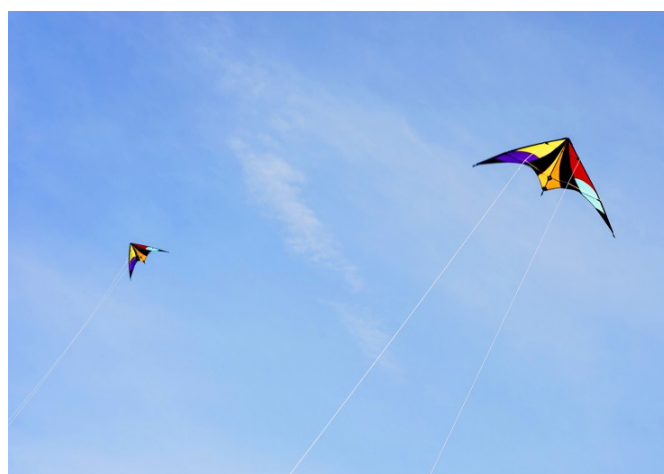
The New Ordinary Shares do not rank as a qualifying investment for the purposes of the Enterprise Investment Scheme nor as a "qualifying holding" for the purposes of investment by Venture Capital Trusts.

However, shares traded on the ISDX Growth Market are qualifying investments for stocks and shares Individual Savings Accounts ("ISAs") and trades in the New Ordinary Shares on the ISDX Growth Market will be exempt from Stamp Duty.

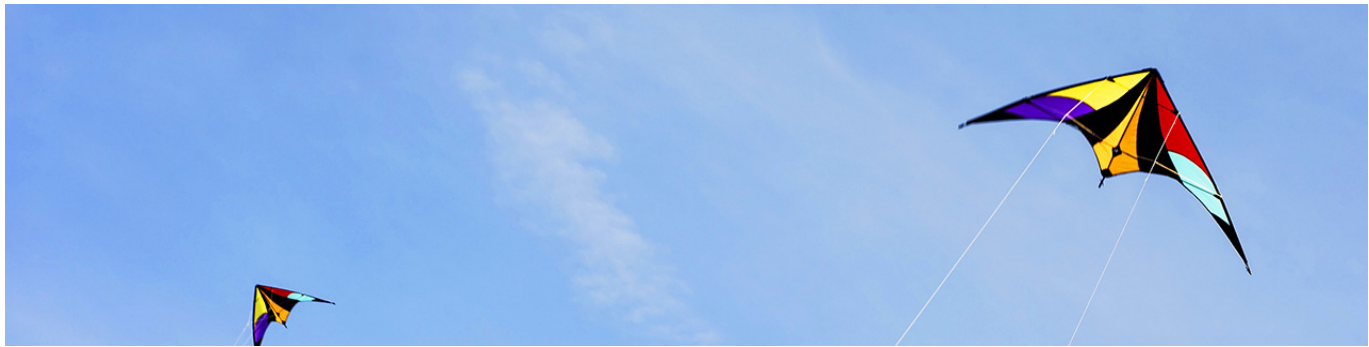
**The taxation treatment of holders of New Ordinary Shares depends on their individual circumstances and may be subject to change in the future. If you are in any doubt as to your tax position you should consult your own independent financial adviser immediately.**

### 3.15 Further Information and Risk Factors

Your attention is drawn to the further information in this Document and particularly to the risk factors set out in section 5.0 of this Document. Potential investors should carefully consider the risks described in section 5.0 before making a decision to invest in the Company.



# 4.0 THE COMPANY'S CURRENT INVESTMENTS



#### 4.1 Investment Update as at 30 November 2014

Set out below is the text of the Company's Investment Update for the quarter ended 30 November 2014.

"24 December 2014

#### 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 30 November 2014.

#### Key Statistics as at 30 November 2014:

- £2,274,313 (31 August 2014: £2,299,313) lent or invested in a portfolio of nine unquoted EOBs and 12 publicly traded EOBs
- Net Asset Value (‘NAV’) of £3,449,413 (31 August 2014: £3,423,298)
- NAV per share of 48.15 pence (31 August 2014: 47.78 pence per share) (after IPO costs equivalent to approximately 2.6 pence per share)

John Eckersley, Chief Executive of Capital for Colleagues, said: “Employee ownership continues to gain distinction as a proven, successful business model. Since listing on the ISDX in March this year we have invested in 22 companies, which show a proven commitment to employee ownership with attractive growth and value uplift potential. These companies span a wide range of sectors, including IT, manufacturing and insurance, highlighting the breadth of our offering and extensive investment opportunity available. All investments are strategically structured to benefit both the investee company and Capital for Colleagues and with a current NAV of £3,449,413, I am delighted with the portfolio we have established. We will continue to identify new strategic investment opportunities in line with our strategy of becoming a leading entity within the EOB sector and I look forward to updating shareholders on these developments in due course.”

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 30 November 2014</i>
£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	£300,000

##### 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 30 November 2014</i>
£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	£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 30 November 2014</i>
£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	£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 30 November 2014</i>
1,034 D Shares of £0.01 each	£399,313	£399,313

### 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 30 November 2014</i>
£200,000 loan for a fixed term of 5 years months with an interest rate of 12% per annum;	£200,000

<i>Investment</i>	<i>Valuation as at 30 November 2014</i>
100,000 20% convertible preference shares of £1 each	£100,000

### 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 30 November 2014</i>
£150,000 loan for a fixed term of 12 months repayable on demand with an interest rate of 12% per annum	£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 30 November 2014</i>
£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	£50,000

### Midland Construction Supplies Limited ('MCSL')

MCSL is a UK based company with a ten year track record in the supply of accessories for the construction industry.

<i>Investment</i>	<i>Valuation as at 30 November 2014</i>
£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 preference shares.	£100,000

## 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>Valuation as at 30 November 2014</i>
£200,000 of loan notes redeemable at par on or before 19 December 2014; any notes not redeemed will be converted into preference shares of £1 each in the capital of TPS on 19 December 2014; interest rate of 15% per annum until redeemed or converted	£200,000

<i>Investment</i>	<i>Cost</i>	<i>Valuation as at 30 November 2014</i>
100,000 preference shares of £1 each	£100,000	£100,000

Capital for Colleagues has also provided a trade finance facility of up to £200,000 to RUA Pipelines Limited, a subsidiary of TPS. Any amounts drawn down under this facility are guaranteed by TPS and bear interest at the rate of 2% per month.

## Total Unquoted Investments

<i>Cost</i>	<i>Valuation as at 30 November 2014</i>	<i>Estimated annual income</i>
£1,774,313	£1,774,313	£258,750*

\*comprising interest receivable and monitoring fees, but excluding arrangement fees which, in the period ended 30 November 2014, amounted to £89,500.

## PUBLICLY TRADED INVESTMENTS

Whilst the Company's core investment focus is on private EOBs, Capital for Colleagues currently has interests in 12 EOBs listed on the London Stock Exchange's main market or on AIM. The Company's Directors believe that investing in such publicly traded EOBs has 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 30 November 2014</i>	<i>Estimated annual income</i>
£500,000	£530,902	£19,700

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 28 November 2014.

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

For further information please visit [www.capitalforcolleagues.com](http://www.capitalforcolleagues.com) or contact:

### CAPITAL FOR COLLEAGUES PLC

Richard Bailey, Chairman

0161 233 4891

John Eckersley, Chief Executive

**PETERHOUSE CORPORATE FINANCE LIMITED** 020 7469 0930

Mark Anwyl

Duncan Vasey

**ST BRIDES MEDIA & FINANCE LTD** 020 7236 1177

Hugo de Salis

Charlotte Heap

## 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 established mainly UK-based EOBs as well as assisting companies which are looking to launch employee ownership schemes, providing the capital 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."

## 4.2 Investment Developments Since 30 November 2014

On 4 December 2014, the Company made a loan of £250,000 to The Homebuilding Centre Ltd ("HBC"). HBC owns the trade and certain assets of the National Self Build and Renovation Centre ("NSBRC"), which comprises a substantial permanent exhibition centre and trading hub, based at Swindon and 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. Importantly, NSBRC also generates trade with suppliers to the construction industry, including construction related businesses in which Capital for Colleagues is already a stakeholder.

On 8 December 2014, the Company made a loan of £250,000 to FJ Holdings Limited (information on which company is set out in section 4.1 above).

On 19 December 2014, £100,000 of the amount due under the loan notes issued to the Company by TPS (information on which company is set out in section 4.1 above) was repaid to the Company and the balance of £100,000 was converted into 100,000 preference shares in the capital of TPS.

# 5.0 RISK FACTORS

In addition to all other information set out in this Document, the following specific factors should be considered carefully in evaluating whether to make an investment in the Company. If you are in any doubt about the action you should take, you should consult a professional adviser authorised under FSMA who specialises in advising on the acquisition of shares and other securities prior to making any investment.

If any of the following risks were to materialise, the Company's business, financial conditions, results or future operations could be materially adversely affected. Additional risks and uncertainties not presently known to the Directors, or which the Directors currently deem immaterial, may also have an adverse effect upon the Company. In that case, the market price of the Ordinary Shares could decline and all or part of an investment in the Ordinary Shares could be lost.

The list below is not exhaustive, nor is it an explanation of all the risk factors involved in investing in the Company and nor are the risks set out in any order of priority.

## RISKS RELATING TO THE COMPANY'S STRATEGY

### Identifying and acquiring suitable investment opportunities

The Company has limited operating history upon which to evaluate its likely performance. The Company's ability to implement the investment strategy (as set out in this Document) will be limited by its ability to identify and acquire suitable investments. Suitable opportunities may not always be readily available. The Company's future investments may be delayed or made at a relatively slow rate because, *inter alia*:

- the Company intends to conduct detailed due diligence prior to approving investments;
- the Company may conduct extensive negotiations in order to secure and facilitate an investment;
- it may be necessary to establish certain structures in order to facilitate an investment;
- competition from other investors, market conditions or other factors may mean that the Company cannot identify attractive investments or such investments may not be available at the rate the Company currently anticipates;
- the Company may be unable to raise bank finance on terms the Directors consider reasonable; and/or
- the Company may need to raise further capital to make investments and/or fund the assets or businesses invested in,

all of which may in turn have a material adverse effect on the business, financial condition, results of operations and prospects of the Company.

The Company cannot accurately predict how long it will take to deploy the capital available to it. Precise timing will depend on, amongst other things, the availability of suitable investments, due diligence, negotiations with counterparties and investment structuring conditions.

In addition, the Company may face significant competition from other investors in identifying and acquiring suitable investments, including from competitors who may have greater resources. Competition in the investment market may lead to prices for investments, identified by the Company as suitable, being driven up through competing bids of potential purchasers.

Accordingly, the existence and extent of such competition may have a material adverse effect on the Company's ability to acquire investments at satisfactory prices and otherwise on satisfactory terms, thereby reducing the Company's potential profits.

### Success of the strategy not guaranteed

The Company's performance will be reliant upon the successful implementation of its investment strategy. No assurance can be given that the investment strategy will be successful under all or any market conditions, that the Company will be able to identify opportunities meeting the Company's investment criteria, that the Company will be able to invest its capital on attractive terms or that the Company will be able to generate positive returns for Shareholders. If the strategy is not successfully implemented, this may have a material adverse effect on the business, financial condition, results of operations and prospects of the Company.

### Potential loss on investments

The Company's strategy carries inherent risks and there can be no guarantee that any appreciation in the value of an investment will occur or that the objectives of the Company will be achieved. For example (i) trading difficulties may occur following investment by the Company; or (ii) the Company may not be able to conduct a full investigation of the target prior to investment and adverse matters may only come to light after an investment has been made.

### Further issues of Ordinary Shares

It may be desirable for the Company to raise additional capital by way of further issues of Ordinary Shares to enable the Company to progress through further stages of development.

Any additional equity financing may be dilutive to Shareholders. There can be no assurance that such funding, if required, will be available to the Company.

## **Borrowings**

The Company may, from time to time, be required to raise capital (whether through the issue of debt or equity) to make investments. There is no guarantee that the Company will be able to obtain financing on appropriate terms and conditions or at all. The companies in which the Company invests may also have borrowings or otherwise be geared or leveraged. Although such facilities may increase investment returns, they also create greater potential for loss. This includes the risk that the borrower will be unable to service the interest repayments, or comply with other requirements, rendering the debt repayable, and the risk that available capital will be insufficient to meet any such required repayments. There is also the risk that existing borrowings will not be able to be refinanced or that the terms of such refinancing will not be as favourable as the terms of existing borrowings. A number of factors (including changes in interest rates, conditions in the banking market and general economic conditions, which are beyond the Company's control) may make it difficult for the Company to obtain new financing on attractive terms or even at all. An inability to obtain such facilities may have a material adverse effect on the business, financial condition, results of operations and prospects of the Company.

## **COMPANY SPECIFIC RISKS**

### **Short operating history**

The Company has limited operating history upon which prospective investors may base an evaluation of the likely performance of the Company. An investor in the New Ordinary Shares must rely upon the ability of the Directors to identify and acquire suitable investments.

### **Dependence on key personnel**

The future success of the Company is substantially dependent on the continued services and continuing contributions of its Directors. The loss of the services of any of its Directors or other key employees could have a material adverse effect on the business, financial condition, results of operations and prospects of the Company.

### **Dependence on third party services**

The Company may rely on products and services provided by third parties, such as due diligence and technical reviews, and the provision of general financial and strategic advice. If there is any interruption to the products or services provided, or failure to perform these services with due care and skill by such third parties, the Company's business could be adversely affected and the Company may be unable to find adequate replacement services on a timely basis, if at all, and/or on acceptable commercial terms. This may have a material adverse effect on the business, financial condition, results of operations and prospects of the Company.

### **Fluctuations of revenues, expenses and operating results**

The revenues, expenses and operating results of the Company could vary significantly from period to period as a result of a variety of factors, some of which are outside of its control. These factors include general economic conditions,

adverse movements in interest rates and conditions specific to individual investee companies.

## **RISK FACTORS RELATING TO INVESTMENTS**

### **Investments in private companies by the Company are subject to a number of risks**

The Company may invest in privately held companies or assets. These may (i) be highly leveraged and subject to significant debt service obligations, stringent operational and financial covenants and risks of default under financing and contractual arrangements, which may adversely affect their financial condition; (ii) have limited operating histories and smaller market shares than larger businesses making them more vulnerable to changes in market conditions or the activities of competitors; (iii) have limited financial resources; (iv) be more dependent on a limited number of management and operational personnel, increasing the impact of the loss of any one or more individuals; and (v) require additional capital. All or any of these factors may have a material adverse effect on the business, financial condition, results of operations and prospects of the Company.

### **Material facts or circumstances not revealed in the due diligence process**

Prior to making or proposing any investment, the Company will undertake legal, financial and commercial due diligence on potential investments to a level considered reasonable and appropriate by the Company on a case by case basis. However, these efforts may not reveal all material facts or circumstances that would have a material adverse effect upon the value of the investment. In undertaking due diligence, the Company will need to utilise its own resources and may be required to rely upon third parties to conduct certain aspects of the due diligence process. Further, the Company may not have the ability to review all documents relating to the investee company and assets. Any due diligence process involves subjective analysis and there can be no assurance that due diligence will reveal all material issues related to a potential investment. Any failure to reveal all material facts or circumstances relating to a potential investment may have a material adverse effect on the business, financial condition, results of operations and prospects of the Company.

### **Aborted investments**

There can be no guarantee that the Company will successfully effect an investment where there is an identified opportunity and, as a result, resources may be expended on investigative work and due diligence without the investment being completed.

### **Market growth and industry data**

Information or other statements presented in this Document regarding the size and characteristics of the EOB market, the growth and development of the market and other industry data pertaining to EOBs and the Company's strategy, consist of estimates based on data and reports compiled by industry professionals and organisations or the Company's knowledge of the industry. Without prejudice to the responsibility statement on page 21 of this Document, the Directors take responsibility for compiling and extracting (but have not

independently verified) market data provided by third parties or industry or general publications, although they consider such data and publications to be reliable.

### **Joint ventures**

The Company or a business in which it invests may enter into joint ventures. There is a risk that a joint venture partner does not meet its obligations and the Company or a business in which it invests may therefore suffer additional costs or other losses. It is also possible that the interests of the Company or a business in which it invests and those of its joint venture partners are not aligned resulting in project delays or additional costs and losses. The Company may have minority interests in the companies, partnerships and ventures in which it invests and may be unable to exercise control over the operations of such companies.

### **RISKS RELATING TO THE ORDINARY SHARES AND THEIR TRADING ON THE ISDX GROWTH MARKET**

#### **Investment in unlisted securities**

Investment in shares traded on the ISDX Growth Market is perceived to involve a higher degree of risk and be less liquid than investment in companies whose shares are listed on the Official List of the United Kingdom Listing Authority or on AIM. An investment in Ordinary Shares may be difficult to realise. Prospective investors should be aware that the value of the Ordinary Shares may go down as well as up (including during the course of the Crowdfunding) and that the market price of the Ordinary Shares may not reflect the underlying value of the Company. Investors may therefore realise less than, or lose all of, their investment.

#### **Suitability**

An investment in the New Ordinary Shares may not be suitable for all recipients of this Document. Investors are accordingly advised to consult an appropriate person authorised under FSMA or that act's equivalent in another jurisdiction before making their decision.

#### **Share price volatility and liquidity**

The share price of early stage companies can be highly volatile and shareholdings can be illiquid. The price at which the Ordinary Shares are quoted and the price which investors may realise for their Ordinary Shares will be influenced by a large number of factors, some specific to the Company and its sphere of activity and some which may affect quoted companies generally. These factors could include the performance of the Company, large purchases or sales of the

Ordinary Shares, legislative changes and general economic, political or regulatory conditions.

### **Market risks**

Notwithstanding the fact that an application has been made for the New Ordinary Shares to be traded on the ISDX Growth Market, this should not be taken as implying that there will be a "liquid" market in the New Ordinary Shares. Continued admission to the ISDX Growth Market is entirely at the discretion of ISDX.

If the Company has not substantially implemented its investment strategy within two years from Admission, trading in the Ordinary Shares will be suspended pursuant to the ISDX Rules. There is no guarantee that trading in the Ordinary Shares will re-commence if such suspension occurs.

Any changes to the regulatory environment, in particular the ISDX Rules, could affect the ability of the Company to maintain a trading facility on the ISDX Growth Market.

**The investment opportunity offered in this Document may not be suitable for all recipients of this Document. Investors are therefore strongly recommended to consult a professional adviser authorised under FSMA, who specialises in investments of this nature, before making their decision to invest.**

# 6.0 ADDITIONAL INFORMATION

## 1. Responsibility

1.1 The Company and the Directors (whose names appear in section 3.0 above) accept responsibility, both individually and collectively, for the information contained in this Document including individual and collective responsibility for compliance with the ISDX Rules. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Document is in accordance with the facts and makes no omission likely to affect the import of such information.

1.2 In connection with this Document and/or the Crowdfunding, no person is authorised to give any information or make any representations other than as contained in this Document and, if given or made, such information or representation must not be relied upon as having been so authorised.

## 2. Further Information on the Company

2.1 Investors should have regard to the following documents issued by the Company:

- the auditor's report and audited consolidated annual financial statements of the Company for the 11 months ended 31 August 2014;
- the admission document of the Company dated 3 March 2014; and
- all regulatory news announcements issued by the Company between 17 March 2014 (the date on which trading commenced in the Ordinary Shares on the ISDX Growth Market) and the date of this Document.

2.2 Copies of the documents referred to in paragraph 2.1 above can be obtained from the registered office of the Company and are published on the Company's website at [www.capitalforcolleagues.com](http://www.capitalforcolleagues.com).

## 3. General

3.1 The Crowdfunding is conditional on the Minimum Amount of £0.25 million (before expenses) being raised. In light of previous issues of Ordinary Shares by the Company and the provisions of the Prospectus Directive, the maximum amount that may be raised by the Company in the Crowdfunding is £1.3 million.

3.2 Save as disclosed in this Document, there has been no significant change in the financial or trading position of the Company since 24 December 2014, the date of publication of the Company's investment update in respect of the quarter ended 30 November 2014.

3.3 It is estimated that the total expenses payable by the Company in connection with the Crowdfunding (assuming that the Minimum Amount is raised) will amount to approximately £35,000 (excluding VAT). On that basis, the net proceeds of the Crowdfunding, assuming that the Minimum Amount is raised, will be £0.22 million.

3.4 Peterhouse has given and not withdrawn its written consent to the inclusion in this Document of its name and the references thereto in the form and context in which they appear.

## 4. Availability of this Document

Copies of this Document are available via the Company's website at [www.capitalforcolleagues.com](http://www.capitalforcolleagues.com), via CrowdBnk at [www.crowdbnk.com](http://www.crowdbnk.com) and at the offices of Peterhouse Corporate Finance Limited, New Liverpool House, 15 Eldon Street, London EC2M 7LD.

# 7.0 DEFINITIONS

The following definitions apply throughout this Document, unless the context requires otherwise:

<b>“Act”</b>	the Companies Act 2006
<b>“Admission”</b>	admission of the New Ordinary Shares to trading on the ISDX Growth Market becoming effective in accordance with the ISDX Rules
<b>“AIM”</b>	a market operated by the London Stock Exchange
<b>“Capital for Colleagues” or the “Company”</b>	Capital for Colleagues plc, a company incorporated in England and Wales with company registration number 8717989 and whose registered office is at 9 <sup>th</sup> Floor, 111 Piccadilly, Manchester M1 2HY
<b>“CREST”</b>	the Relevant System (as defined in the CREST Regulations) for paperless settlement of share transfers and the holding of shares in uncertificated form which is administered by Euroclear UK & Ireland Limited
<b>“CrowdBnk”</b>	CrowdBnk Limited, a company incorporated in England and Wales with company registration number 07706111
<b>“Crowdfunding”</b>	the fundraising by Peterhouse and CrowdBnk
<b>“Directors”</b>	the directors of the Company
<b>“Document”</b>	this document dated 5 February 2015
<b>“Enlarged Issued Share Capital”</b>	the issued ordinary share capital of the Company as enlarged by the issue of the New Ordinary Shares
<b>“EOB”</b>	an Employee Owned Business, i.e. a commercial enterprise directly or indirectly owned to a significant extent by the people who work for it
<b>“Existing Ordinary Shares”</b>	the 7,164,188 Ordinary Shares in issue at the date of this Document
<b>“Existing Shareholders”</b>	holders of Existing Ordinary Shares
<b>“FCA”</b>	the Financial Conduct Authority
<b>“FSMA”</b>	the Financial Services and Markets Act 2000 (as amended)
<b>“GDP”</b>	gross domestic product, a measure of the value of a country's overall output of goods and services (typically during one fiscal year) at market prices, excluding net income from abroad
<b>“Investment Vehicle”</b>	as defined in the ISDX Rules, an issuer whose actual or intended principal activity is to invest in the securities of other businesses (whether publicly traded or not), or to acquire a particular business, in accordance with specific investment criteria
<b>“ISDX”</b>	ICAP Securities & Derivatives Exchange Limited, a recognised investment exchange under section 290 of FSMA
<b>“ISDX Growth Market”</b>	the primary market for unlisted securities operated by ISDX

<b>“ISDX Rules”</b>	the ISDX Growth Market - Rules for Issuers, which set out the admission requirements and continuing obligations of companies seeking admission to and whose shares are admitted to trading on the ISDX Growth Market
<b>“Issue Price”</b>	59 pence per New Ordinary Share
<b>“Issued Share Capital”</b>	the issued ordinary share capital of the Company at the date of this Document
<b>“John Lewis Vouchers” or the “Vouchers”</b>	the vouchers to be allocated to investors in the Crowdfunding, subject to the terms and conditions of the Crowdfunding
<b>“London Stock Exchange”</b>	the London Stock Exchange PLC
<b>“Minimum Amount”</b>	£0.25 million
<b>“New Ordinary Shares”</b>	the new Ordinary Shares to be issued pursuant to the Crowdfunding
<b>“Ordinary Shares”</b>	ordinary shares of 40p each in the capital of the Company
<b>“Peterhouse”</b>	Peterhouse Corporate Finance Limited, a company incorporated in England and Wales with company registration number 2075091, which is ISDX Corporate Adviser and Broker to the Company and which is authorised and regulated by the FCA
<b>“Prospectus Directive”</b>	Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003
<b>“Prospectus Rules”</b>	the rules issued by the FCA which govern offers of transferable securities to the public in the UK or a request for the admission to trading of transferable securities on a regulated market in the UK
<b>“QCA Code”</b>	the Corporate Governance Code for Small and Mid-Size Quoted Companies 2013, published in May 2013 by the Quoted Companies Alliance
<b>“Shareholders”</b>	persons registered as the holders of any part of the share capital of the Company
<b>“UK”</b>	the United Kingdom of Great Britain and Northern Ireland
<b>“UK Listing Authority”</b>	the Financial Conduct Authority acting in its capacity as the competent authority for listing in the UK

5 February 2015



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CrowdBnk