

5 January 2016

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

PORTFOLIO UPDATE

Capital for Colleagues, the investment vehicle focused on opportunities in the Employee Owned Business (‘EOB’) sector, is pleased to announce an update regarding two of its existing investee companies, TPS Investment Holdings Limited and Civils Store Limited.

TPS Investment Holdings Limited (‘TPS’)

TPS sources, markets and distributes a specialist range of pipes, valves, fittings and other associated products for the public utility markets throughout the Republic of Ireland and Northern Ireland, with particular focus on the water market.

As part of a restructuring of TPS’ share capital, the 200,000 Preference Shares of GBP 1 each in TPS held by the Company have been re-designated as 200,000 ‘A’ Ordinary Shares of GBP 1 each, which have preferential rights with regard to, *inter alia*, dividends. In addition, TPS has been granted an option to acquire the ‘A’ Ordinary Shares from the Company on certain future specified dates, at a price to be determined by reference to the then prevailing value of TPS, subject to an agreed minimum holding period return to the Company. At the same time, Capital for Colleagues will also receive Ordinary Shares of GBP 1 each in TPS representing approximately 15.6 per cent. of the Ordinary Shares in issue. In return, the Company has agreed that approximately £40,000 due to the Company in respect of accrued income on the former Preference Shares, will be converted to a fixed term loan, repayable in equal monthly instalments by April 2017.

Civils Store Limited (‘CSL’)

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

The GBP 300,000 of ‘A’ Loan Notes and GBP 100,000 of ‘B’ Loan Notes held by Capital for Colleagues have been repaid in full and the Company has re-invested the proceeds by subscribing for 400,000 ‘A’ Ordinary Shares of GBP 1 each in CSL. The ‘A’ Ordinary Shares in CSL held by the Company have preferential rights with respect to ongoing dividends and with respect to capital value in the event of the occurrence of certain exit events.

The restructurings at TPS and CSL are designed to widen employee ownership at those companies whilst aligning Capital for Colleagues’ interest more directly with that of the companies’ employee owners. The restructurings reflect the Company’s ongoing implementation of the next phase of its investment strategy, focusing on direct equity participation in its investee companies.

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.