

6 October 2015

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 one of its existing investee companies, Merkko Builders Merchants Limited (‘MBML’), a builder’s merchant which supplies a broad range of materials and equipment, primarily to members of the construction industry.

As part of a restructuring, MBML is becoming a subsidiary of a newly formed company, Merkko Limited (‘Merkko’). Concurrently with this, other companies under similar ownership will be joining the new Merkko Group, namely Merkko Enterprises Limited and Merkko LED Lighting Limited.

In connection with the restructuring, Capital for Colleagues has subscribed GBP 200,000 for 200,000 redeemable, non-voting A Ordinary shares in Merkko, which 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 proceeds of the subscription have been used by Merkko to repay existing loans totaling GBP 190,000 made to MBML by the Company.

The restructuring at Merkko is designed to widen employee ownership at companies within the Merkko Group. Capital for Colleagues has re-structured its investment in MBML to align its interest more directly with those employee owners and to 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.