

1 June 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 relating to certain of its existing investee companies.

FJ Holdings Limited (“FJ Holdings”)

The Company has made a loan of GBP 250,000 to Ham Baker Adams Limited (“Ham Baker”), a subsidiary of FJ Holdings (the “Ham Baker Loan”). Ham Baker is involved in the design and manufacture of innovative products for the water and waste water markets and the proceeds of the loan will form a key part of a funding package enabling Ham Baker to participate in the Strategic Tunnel Enhancement Programme (“STEP”) in Abu Dhabi. The STEP project is a USD 1.9 billion hydraulic wastewater network tunnel currently being constructed by the Abu Dhabi Sewerage Services Company.

The Ham Baker Loan bears interest at an appropriate commercial rate and is repayable in full on or before 30 November 2015. It is secured by a cross guarantee from FJ Holdings.

Capital for Colleagues has had an equity interest in FJ Holdings since February 2014 and in February 2015 also loaned that company GBP 250,000 (the “FJ Loan”). The terms of the FJ Loan have now been amended so that it is repayable on demand, rather than being for a fixed 36 month period. Whilst the Company continues to value its equity stake in FJ Holdings at its original cost, the Directors believe that demonstrable progress in the implementation of FJ Holdings’ business strategy, typified by Ham Baker’s involvement in the STEPS project, may render this valuation overly conservative. Accordingly, the valuation remains under constant review.

Ecomerchant Natural Building Materials Limited (“Ecomerchant”) and **Civils Store Limited** (“CSL”)

The Company has agreed to extend, to 30 July 2015 and 29 June 2015, respectively, the dates on which its loans to Ecomerchant and CSL are convertible into participating preference shares. This decision reflects satisfactory operating performances at both of these companies, linked to the provision of meaningful employee engagement.

John Eckersley, Chief Executive of Capital for Colleagues, said, ‘

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

****ENDS****

For further information please visit www.capitalforcolleagues.com or contact:

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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.