



Capital for Colleagues PLC

24 January 2018

CAPITAL FOR COLLEAGUES PLC

(‘Capital for Colleagues’ or the ‘Company’)

PORTFOLIO UPDATE – COTSWOLD VALVES

Capital for Colleagues, the investment vehicle focused on opportunities in the Employee Owned Business (‘EOB’) sector, is pleased to announce an important corporate development at its existing portfolio company, Cotswold Valves Limited (‘CVL’).

CVL, based at Stonehouse near Stroud, is a long-established supplier of specialist valves for a range of process industries, predominantly in the UK, including food and paper production, water and waste treatment. Capital for Colleagues invested GBP 200,000 in CVL in 2015 and currently owns 49% of that company’s issued ordinary share capital.

On 22 January 2018, CVL acquired the entire issued share capital of Flow Control Company Limited (‘FCCL’). FCCL operates in the same sector as CVL, but has greater scale. The Directors of Capital for Colleagues believe that the acquisition will give CVL the critical mass required to further expand and diversify its business, thereby enhancing the value of the Company’s equity investment in CVL.

As part of the transaction, Capital for Colleagues has agreed to make a working capital loan of £300,000 to FCCL (the ‘FCCL Loan’), which is in addition to the Company’s existing £50,000 loan to CVL. The FCCL Loan bears interest at a commercial rate and is secured by a debenture over the assets of FCCL.

On completion of the acquisition, all employees of the enlarged business will be beneficiaries of the existing CVL Employee Ownership Trust (EOT), which holds 51% of the issued ordinary share capital of CVL.

The Company’s joint venture, Castlefield Corporate Advisory Partners, was responsible for identifying the acquisition, advising Capital for Colleagues on the terms of its additional finance and managing the transaction to completion.

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

****ENDS****

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Capital for Colleagues

Capital for Colleagues is an investment company focused on the UK EOB sector. The Company 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 capitalise on EOB-focused investment opportunities.

The Company's joint venture, Castlefield Corporate Advisory Partners, educates and assists companies which are looking to launch employee ownership schemes, advising them, amongst other things, on how to secure investment and achieve their objectives.

Market Abuse Regulation (MAR) Disclosure

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulation (EU) No. 596/2014. Upon the publication of this announcement via a Regulatory Information Service, this inside information is now considered to be in the public domain.