



Capital for Colleagues PLC

26 March 2018

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 28 February 2018.

Key Statistics for the quarter:

- Portfolio comprised of 17 unquoted EOBs at the end of the quarter (30 November 2017: 15)
- Net Asset Value (‘NAV’) of GBP 6,396,063 (30 November 2017: GBP 6,488,769)
- NAV per share of 41.52 pence (30 November 2017: 42.12 pence per share)

Material developments in the quarter:

- Existing investee company, Cotswold Valves Limited (‘CVL’), acquired the entire issued share capital of Flow Control Company Limited (‘FCCL’), giving CVL the critical mass required to further expand and diversify its business; as part of the transaction, Capital for Colleagues made a working capital loan of GBP 300,000 to FCCL. All employees of the enlarged business are now beneficiaries of the existing CVL Employee Ownership Trust (EOT), which holds 51% of the issued ordinary share capital of CVL.
- As announced in the previous quarter, the Company has invested GBP 23,800 in a joint venture company, Castlefield Corporate Advisory Partners Limited (‘CCAP’), which was responsible for identifying the acquisition of FCCL, advising Capital for Colleagues on the terms of the additional finance it provided and managing the transaction to completion.

Further information on the Company’s investment portfolio is set out below.

UNQUOTED INVESTMENTS

As at 28 February 2018, the Company’s portfolio of unquoted investments was valued at GBP 5,241,773 and comprised 17 companies operating across a range of sectors, as set out below:

Industrials (value: GBP 4,141,663; 79.01% of Portfolio)

Construction and Materials
Civils Store Limited

Support Services
Anthesis Consulting Group Limited

Ecomerchant Natural Building Materials Limited
Employee Owners Group Limited
Merkko Group Limited
TPS Investment Holdings Limited

Cotswold Valves Limited
CSM Site Supplies Limited
Hire and Supplies Limited
Office for Public Management Limited
Flow Control Company Limited
Castlefield Corporate Advisory Partners Limited

Industrial Transportation

Place 2 Place Logistics Limited

Retail (value: GBP 332,540; 6.34% of Portfolio)

General Retailers

The Homebuilding Centre (Holdings) Limited

Technology (value: GBP 767,570; 14.64% of Portfolio)

Software & Computer Services

2C Services Limited
Bright Ascension Limited
Computer Application Services Limited

The loans and investments made by the Company to unquoted EOBs are aimed at delivering equity-like returns. Each loan or investment is tailored to the individual investee company's operating performance and specific working capital needs.

The Directors believe that the unquoted EOBs in the Company's portfolio currently generate total turnover of around GBP 71 million per annum and support approximately 550 jobs.

Total Unquoted Investments (including short term loans) as at 28 February 2018

Cost: GBP 4,777,283

Valuation (including capitalised costs): GBP 5,241,773

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. Nevertheless, as a matter of prudence, the Directors have provided for a general provision equivalent to 2 per cent. of the value of the unquoted investments for possible impairment. The Directors do not, however, believe that any general provision impairment is necessary in respect of any of the Company's current unquoted investments.

Account is taken of any potential taxation liability in respect of the increase in value of investments on an annual basis, as at the Company's year-end.

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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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.