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This Document comprises an Admission Document drawn up in compliance with the requirements of the ISDX Rules and is being issued in connection with the proposed admission of Capital for Colleagues plc to the ISDX Growth Market. This Document does not constitute and the Company is not making an offer to the public within the meaning of sections 85 and 102B of FSMA. Therefore this Document is not an approved prospectus for the purposes of and as defined in section 85 of FSMA, has not been prepared in accordance with the Prospectus Rules and its contents have not been approved by the Financial Conduct Authority (“FCA”) or any other authority which could be a competent authority for the purposes of the Prospectus Directive.

Peterhouse Corporate Finance Limited of 31 Lombard Street, London, EC3V 9BQ is authorised to carry out investment business under FSMA. This Document is approved by Peterhouse Corporate Finance Limited on behalf of the Company as an investment promotion pursuant to Section 21 (2)(b) of FSMA. Peterhouse Corporate Finance Limited is acting for the Company and for no-one else and will not be responsible to any other person for providing the protections afforded to its customers or for advising any other person in connection with the proposals described in this Document.

The share capital of the Company is not presently listed or dealt in on any stock exchange. Application has been made for the issued and to be issued ordinary share capital of the Company to be traded on the ISDX Growth Market. It is expected that Admission will become effective and that dealings in the Ordinary Shares will commence on the ISDX Growth Market on 17 March 2014.

CAPITAL FOR COLLEAGUES PLC

(Incorporated in England and Wales under the Companies Act 2006 with registered number 8717989)

**Placing of 4,377,548 ordinary shares of 40p each at a price of 50p per ordinary share
and**

Admission to Trading on the ISDX Growth Market

**ISDX Corporate Adviser and Broker
PETERHOUSE CORPORATE FINANCE LIMITED**

ISSUED SHARE CAPITAL ON ADMISSION

ordinary shares of 40p each

Nominal Amount	Number
£2,596,574.80	6,491,437

The ISDX Growth Market, which is operated by ICAP Securities & Derivatives Exchange Limited, a recognised investment exchange, is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. It is not classified as a Regulated Market under EU financial services law and ISDX Growth Market securities are not admitted to the Official List of the United Kingdom Listing Authority. A prospective investor should be aware of the risks of investing in ISDX Growth Market securities and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser authorised under the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities.

Capital for Colleagues plc is required by ICAP Securities & Derivatives Exchange Limited to appoint an ISDX Corporate Adviser to apply on its behalf for admission to the ISDX Growth Market and must retain an ISDX Corporate Adviser at all times. The requirements for an ISDX Corporate Adviser are set out in the Corporate Adviser Handbook and the ISDX Corporate Adviser is required to make a declaration to ISDX in the form prescribed by Appendix D of the Corporate Adviser Handbook. ISDX does not approve the contents of admission documents.

Peterhouse Corporate Finance Limited, which is authorised and regulated by the Financial Conduct Authority, is the Company’s ISDX Corporate Adviser for the purposes of Admission. Peterhouse Corporate Finance Limited has not made its own enquiries except as to matters which have come to its attention and on which it considered it necessary to satisfy itself and accepts no liability whatsoever for the accuracy of any information or opinions contained in this Document, or for the omission of any material information, for which the Directors are solely responsible. Peterhouse Corporate Finance Limited is acting for the Company and no one else in relation to the arrangements proposed in this Document and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing advice to any other person on the content of this Document.

The distribution of this Document outside the UK may be restricted by laws of such other jurisdictions in which the Document is distributed and therefore persons outside the UK into whose possession this Document comes should inform themselves about and observe any restrictions in relation to the Ordinary Shares and the distribution of this Document. The Ordinary Shares have not been, nor will be, registered in the United States under the United States Securities Act of 1933, as amended, or under the securities laws of Canada, Australia, Japan, the Republic of South Africa or the Republic of Ireland and they may not be offered or sold directly or indirectly within the United States, Canada, Australia, Japan, the Republic of South Africa or the Republic of Ireland or to, or for the account or benefit of, US persons or any national, citizen or resident of the United States, Canada, Australia, Japan, the Republic of South Africa or the Republic of Ireland. This Document does not constitute an offer to sell or an invitation to subscribe for, or the solicitation of an offer to buy or subscribe for, Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful.

Any individual wishing to buy or sell securities which are traded on the ISDX Growth Market must trade through a stockbroker (being a member of the London Stock Exchange and regulated by the FCA) as the market's facilities are not available directly to the public.

FORWARD LOOKING STATEMENTS

This Document contains forward-looking statements. These statements relate to the Company's prospects, developments and business strategies.

Forward-looking statements are identified by their use of terms and phrases such as "believe", "could", "envisage", "estimate", "intend", "may", "plan", "shall", "will" and other cognate expressions or the negative of those, variations or comparable expressions, including references to assumptions. These statements are primarily contained in Part I of this Document.

The forward-looking statements in this Document are based on current expectations and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied by those statements. Certain risks to and uncertainties for the Company are specifically described in Part II of this Document headed "Risk Factors". If one or more of these risk factors or uncertainties materialises, or if the underlying assumptions prove incorrect, the Company's actual results may vary materially from those expected, estimated or projected by the Directors. Given these risks and uncertainties, potential investors should not place any reliance on forward-looking statements. It is emphasised that this Document does not contain any financial projections of the Company and that past performance is not to be treated as a guide to future performance.

These forward-looking statements speak only as at the date of this Document. Neither the Directors nor the Company undertake any obligation to update forward-looking statements or risk factors other than as required by the ISDX Rules whether as a result of new information, future events or otherwise.

The text of this Document should be read in its entirety. An investment in the Company involves a high degree of risk and, in particular, attention is drawn to the Risk Factors in Part II of this Document. All statements regarding the Company's business, financial position and prospects should be viewed in the light of such Risk Factors. An investment in the Company may not be suitable for all recipients of this Document. Prospective investors should consider carefully whether an investment in the Company is suitable for them in the light of their personal circumstances and the financial resources available to them.

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DEFINITIONS

The following definitions apply throughout this Document, unless the context requires otherwise:

“Act”	the Companies Act 2006
“Admission”	admission of the issued and to be issued ordinary share capital of the Company to trading on the ISDX Growth Market becoming effective in accordance with the ISDX Rules
“AIF”	an Alternative Investment Fund, as defined in the AIFM Directive
“AIFM”	an Alternative Investment Fund Manager, as defined in the AIFM Directive
“AIFM Directive”	the Alternative Investment Fund Managers Directive 2013
“AIM”	the AIM market of the London Stock Exchange
“Articles”	the articles of association of the Company
“Board”	the board of Directors of the Company as constituted from time to time
“C4C Management”	C4C Management (UK) Limited, a company incorporated in England and Wales with company registration number 8680836
“Capital for Colleagues” or the “Company”	Capital for Colleagues plc, a company incorporated in England and Wales with company registration number 8717989 and whose registered office is at National Self Build & Renovation Centre, Lydiard Fields, Great Western Way, Swindon, SN5 8UB, United Kingdom
“Castlefield Investment Partners”	Castlefield Investment Partners LLP, a limited liability partnership incorporated in England and Wales with registration number OC302833
“Castlefield Capital”	Castlefield Capital Limited, a company incorporated in England and Wales with company registration number 6942320, the owner of Castlefield Investment Partners
“City Code”	the City Code on Takeovers and Mergers
“CREST”	the Relevant System (as defined in the CREST Regulations) for paperless settlement of share transfers and the holding of shares in uncertified form which is administered by Euroclear UK & Ireland Limited
“Directors”	the directors of the Company, whose names are set out on page 8 of this Document
“Document”	this admission document
“DTR”	the FCA's Disclosure Rules and Transparency Rules
“Enlarged Issued Share Capital”	the issued ordinary share capital of the Company immediately

	following Admission, as enlarged by the issue of the Placing Shares
“EOB”	an Employee Owned Business, i.e. a commercial enterprise directly or indirectly owned to a significant extent by the people who work for it
“Existing Ordinary Shares”	the 2,113,889 Ordinary Shares in issue at the date of this Document
“FCA”	the Financial Conduct Authority
“FJ Holdings”	FJ Holdings Limited, a company incorporated in England and Wales with company registration number 04878424
“Framework Agreement”	the framework agreement entered into on 4 February 2014 between the Company, the LLP, the members of the LLP and the Directors
“FSMA”	the Financial Services and Markets Act 2000 (as amended)
“GDP”	gross domestic product, a measure of the value of a country's overall output of goods and services (typically during one fiscal year) at market prices, excluding net income from abroad
“Group”	the Company and its subsidiaries from time to time
“Hive Up Agreement”	the intra-group hive-up agreement entered into on 27 February 2014 between C4C Management and the Company
“HMRC”	HM Revenue and Customs
“Investment Vehicle”	as defined in the ISDX Rules, an issuer whose actual or intended principal activity is to invest in the securities of other businesses (whether publicly traded or not), or to acquire a particular business, in accordance with specific investment criteria
“ISDX ”	ICAP Securities & Derivatives Exchange Limited, a recognised investment exchange under section 290 of FSMA
“ISDX Growth Market”	the primary market for unlisted securities operated by ISDX
“ISDX Rules”	the ISDX Growth Market - Rules for Issuers, which set out the admission requirements and continuing obligations of companies seeking admission to and whose shares are admitted to trading on the ISDX Growth Market
“Issued Share Capital”	the issued ordinary share capital of the Company at the date of this Document
“LLP”	C4 Colleagues LLP (previously named Capital for Colleagues LLP), a limited liability partnership incorporated in England and Wales with registration number OC362357
“Lock-in Agreements”	the Lock-in agreements between the Directors, the Company and Peterhouse, further details of which are set out in paragraph 10 of Part IV of this Document
“London Stock Exchange”	the London Stock Exchange PLC

“Merkko”	Merkko Builders Merchants Limited, a company incorporated in England & Wales with company registration number 08495231
“Official List”	the Official List of the UK Listing Authority
“Ordinary Shares”	ordinary shares of 40p each in the capital of the Company
“Panel”	the Panel on Takeovers and Mergers
“Peterhouse”	Peterhouse Corporate Finance Limited, a company incorporated in England and Wales with company registration number 2075091, which is ISDX Corporate Adviser and Broker to the Company and which is authorised and regulated by the FCA
“Placing”	the conditional placing of the Placing Shares at the Placing Price by Peterhouse as agent for the Company pursuant to the terms of the Placing Agreement
“Placing Agreement”	the conditional agreement dated 27 February 2014 between the Company, the Directors and Peterhouse relating to the Placing, a summary of which is set out in paragraph 10.1 of Part IV of this Document
“Placing Price”	50 pence per Placing Share
“Placing Shares”	the 4,377,548 new Ordinary Shares to be issued pursuant to the Placing
“Prospectus Directive”	Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003
“Prospectus Rules”	the rules issued by the FCA which govern offers of transferable securities to the public in the UK or a request for the admission to trading of transferable securities on a regulated market in the UK
“QCA Code”	the Corporate Governance Code for Small and Mid-Size Quoted Companies 2013, published in May 2013 by the Quoted Companies Alliance
“Shareholders”	persons registered as the holders of any part of the share capital of the Company
“SRUKAIFM”	a Small Registered UK Alternative Investment Fund Manager, being an internally managed AIFM, with less than €100 million of funds under management
“subsidiary”	has the meaning given in section 1159 of the Act
“TPS”	TPS Investment Holdings Limited, a company incorporated in the Republic of Ireland with company registration number 534084
“UK”	the United Kingdom of Great Britain and Northern Ireland
“UK Listing Authority”	the Financial Conduct Authority acting in its capacity as the competent authority for listing in the UK

SHARE CAPITAL INFORMATION

Ordinary Shares in issue as at the date of this Document	2,113,889
Number of Placing Shares to be issued	4,377,548
Placing Price	50p
Gross proceeds of the Placing	£2.19 million
Estimated net proceeds of the Placing	£1.96 million
Issued share capital on Admission	6,491,437
Market capitalisation on Admission at the Placing Price	£3.25 million
ISDX Growth Market symbol	CFCP
ISIN Number	GB00BGCZ2V99

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this Document	3 March 2014
Dealings expected to commence on the ISDX Growth Market	17 March 2014
Ordinary Shares credited to CREST accounts (where applicable)	17 March 2014
Despatch of share certificates (where applicable)	26 March 2014

DIRECTORS, SECRETARY AND ADVISERS

Directors	Richard Charles Bailey (<i>Non-executive Chairman</i>) John Stephen Eckersley (<i>Chief Executive</i>) Alistair Malcolm Thomson Currie (<i>Executive Director</i>) Edmund George Jenkins (<i>Non-executive Director</i>)
Registered Office	National Self Build & Renovation Centre Lydiard Fields Great Western Way Swindon SN5 8UB
Company Secretary	John Arthur Lewis, ACA
ISDX Corporate Adviser and Broker	Peterhouse Corporate Finance Limited 31 Lombard Street London EC3V 9BQ
Solicitors to the Company	DAC Beachcroft LLP 100 Fetter Lane London EC4A 1BN
Auditors to the Company	haysmacintyre 26 Red Lion Square London WC1R 4AG
Registrar	Share Registrars Limited Suite E, First Floor 9 Lion and Lamb Yard Farnham Surrey GU9 7LL
Financial Public Relations	St Brides Media & Finance Ltd 3 St Michael's Alley London EC3V 9DS
Bankers	Adam & Company Old Bank House 25 St Ann Street Manchester M2 7LG
Website	www.capitalforcolleagues.com

PART I

INFORMATION ON CAPITAL FOR COLLEAGUES PLC

1. INTRODUCTION

Capital for Colleagues plc was incorporated on 3 October 2013 as an Investment Vehicle to focus on opportunities in the Employee Owned Business (“EOB”) sector. The Company’s investment strategy is driven by the Directors’ belief that co-ownership is a proven, successful business model which improves productivity, creates wealth and provides a stable employment environment, thereby generating the possibility of attractive commercial returns for investors.

UK companies with employees as significant stakeholders currently account for a combined annual turnover in excess of £30 billion, representing more than 3 per cent. of the UK’s GDP. The Employee Ownership Association (“EOA”) has set a target for EOBs to deliver 10 per cent. of UK GDP by 2020. The Directors believe that the scale of the EOB sector and the diversity of commercial and industrial companies within it, are such that there are many entities which could benefit from investment by the Company and which could create significant value for Shareholders.

The Directors intend in due course to focus primarily on investments in private EOBs, which, historically, have not been perceived as a distinct asset class, principally due to the lack of access for investors. However, the Directors believe that their collective skills, expertise and networks of contacts, particularly in the EOB sector, should assist or enable them to identify and execute suitable investment opportunities in line with the Company’s stated investment strategy.

The Company is registered with the FCA as a Small Registered UK Alternative Investment Fund Manager (“SRUKAIFM”) under the Alternative Investment Fund Managers Directive.

2. ISDX GROWTH MARKET INVESTMENT VEHICLES

An Investment Vehicle is defined in the ISDX Rules as:

“An issuer whose actual or intended principal activity is to invest in the securities of other businesses (whether publicly traded or not), or to acquire a particular business, in accordance with specific investment criteria.”

Capital for Colleagues’ principal activity will be to invest in the securities of other businesses, rather than to acquire a particular business.

Potential investors in the Company should be aware that an investment in an Investment Vehicle should be regarded as long term in nature, as it may take some time for such a company to fully implement its investment strategy.

3. BACKGROUND TO THE COMPANY

Capital for Colleagues LLP was established on 2 March 2011 as a vehicle for investing in private EOBs. Castlefield Capital, a company of which John Eckersley is a director and shareholder, was one of two initial members of the LLP. Castlefield Investment Partners, a Manchester based investment and advisory business of which John Eckersley is currently Managing Partner, was engaged to provide investment advisory services to the LLP. Castlefield Capital is the controlling party of Castlefield Investment Partners.

The LLP received funding commitments totalling £920,000 from its 13 members upon the signing of a new LLP members’ agreement on 4 April 2013. On 6 September 2013, the LLP established C4C

Management, as a wholly owned subsidiary of the LLP. Through C4C Management, the LLP subsequently acquired an investment in FJ Holdings, an independent specialist manufacturer and distributor of flow control products and sewage treatment equipment based in the West Midlands, and entered into a loan facility agreement with Merkko, a builder's merchant in Oxfordshire, and an investment agreement with TPS, a pipework specialist based in Ireland.

The Company was established in October 2013 (under the name "C4 Colleagues plc"), at the initiative of John Eckersley and Castlefield Investment Partners, to provide investors with access to the EOB sector via a publicly traded vehicle.

On 4 February 2014, in light of the formation of the Company and the possible impact of the AIFM Directive on the LLP's operations, the members of the LLP and the Company entered into the Framework Agreement. Under the Framework Agreement, the LLP transferred the cash and other assets then held by the LLP to the Company in consideration of the issue of 1,988,889 Ordinary Shares to the LLP. The Ordinary Shares issued to the LLP were subsequently transferred to the members of the LLP as a distribution in specie on a pro rata basis. As a result of the completion of the Framework Agreement on 27 February 2014, the Company received approximately £5,000 in cash and became the sole owner of C4C Management and, indirectly, the assets owned by that company.

On 27 February 2014, following completion of the Framework Agreement, the Company and C4C Management entered into the Hive-Up Agreement, pursuant to which the Company acquired the cash and other assets then owned by C4C Management, including the investment in FJ Holdings, the benefit of the loan made to Merkko and the investment in TPS, for a consideration of £0.97 million, which was left outstanding as an intra-group debt. As a result of the completion of the Hive-Up Agreement, the Company received approximately £44,500 in cash and became the direct owner of the assets (including the investments) which were formerly owned by C4C Management.

Following completion of the Framework Agreement, the Company changed its name to Capital for Colleagues plc on 28 February 2014.

4. EMPLOYEE OWNERSHIP

An Employee Owned Business is generally defined as a commercial enterprise directly or indirectly owned to a significant extent by the people who work for it. Employee ownership usually takes one of three forms:

Direct ownership: employees become registered individual shareholders of shares in the company they work for, using, where practicable, one or more tax advantaged share plans;

Indirect ownership: shares are held collectively on behalf of employees, normally through an employee trust. The best known example of this form of co-ownership in the UK is the John Lewis Partnership; or

Combined direct and indirect ownership: a combination of individual and collective share ownership.

Employee ownership of a business can arise in a number of ways. The most typical route into employee ownership is via business or ownership succession, where private owners of, for example, a family business, sell that business to the workforce. Alternatively, professional partnerships may broaden ownership to cover all the firm's employees; employee buy outs and company privatisations also represent opportunities for employees to take a significant stake in a business. Perhaps the most straight forward form of employee participation occurs when the founder of a business incorporates employee ownership from the outset.

UK companies with employees as significant stakeholders currently account for a combined annual turnover in excess of £30 billion, representing more than 3 per cent. of the UK's GDP. The EOA has set a

target for EOBs to deliver 10 per cent. of UK GDP by 2020. Many studies have underlined the importance of EOBs to the UK economy and successive governments, including the current one, have promoted employee ownership accordingly.

Independent research also shows that shared ownership and employee participation deliver superior business performance. The Directors believe that such performance is driven by a number of factors, including that:

- Staff in employee owned businesses tend to be more entrepreneurial and committed to the company's success;
- EOBs tend to be managed in a more open way, which can promote corporate social responsibility;
- The attraction of employee ownership allows EOBs to recruit and retain high calibre staff; and
- EOBs are better placed to be innovative, as information is more likely to be shared and responsibility devolved to employees.

[Sources: Matrix Evidence; Cass Business School]

The Directors believe that these EOB characteristics are reflected in data collected by the EOA, which demonstrate how EOBs perform relative to entities with more traditional ownership structures. In particular, the EOA data demonstrate that EOBs outperform more traditionally structured firms in times of recession, as evidenced by the growth rate of EOBs in 2012 being 50 per cent. higher than the overall UK economy.

The importance of EOBs and their distinct contribution to the UK economy was further recognised in January 2014 when FTSE International assumed responsibility for the calculation of the UK Employee Ownership Index (the "Index"). The Index, which has tracked the performance of EOBs since 1992, will track the total return generated by UK companies listed on the London Stock Exchange and AIM which have employee ownership (excluding directors) of more than 3 per cent.

The Index demonstrates that employee owned companies have outperformed FTSE All-Share companies by an average of almost 14 per cent. each year since the Employee Ownership Index began in 1992. In 2013, companies in the Index outperformed FTSE All-Share companies by more than 30 per cent.

[Source: The Employee Ownership Impact Report from The Employee Ownership Association; the UK Employee Ownership Index]

5. INVESTMENT OPPORTUNITY

The Directors believe that EOBs represent a significant, distinct and strongly performing asset class, the benefits of which have not always been fully appreciated by investors and funding providers. In the Directors' opinion, companies with employee ownership structures or employee ownership aspirations have historically found it difficult to secure traditional sources of funding, such as bank debt or equity capital. Moreover, to the extent that equity capital has been available, the Directors believe that the providers have typically regarded their period of ownership as short term and often linked to significant parallel debt financing.

The Directors therefore believe that an opportunity exists to provide EOBs with alternative, supportive finance. The Company intends to capitalise on this opportunity by providing dedicated finance to existing EOBs or to entities aspiring to become EOBs, whilst taking a longer term, patient approach where appropriate. The Directors believe that the performance characteristics of EOBs can provide attractive returns for investors as an alternative to those provided by traditional private equity investment.

The Directors believe that Capital for Colleagues is one of a very limited number of funders focused exclusively on the EOB sector, providing the Company with access to an extensive range of potential investee companies. The Directors are confident that this range will continue to expand and that EOBs will continue to deliver robust performance as the UK economic recovery strengthens.

6. INVESTMENT STRATEGY

The Company's investment strategy is to identify and invest in businesses in the UK and the Republic of Ireland which the Directors believe demonstrate a genuine commitment to employee ownership. Potential investee companies will be assessed by reference to defined criteria, including:

- The ability of employees to own (directly or indirectly) shares in the business;
- The actual level of employee ownership;
- The capacity for employees to influence corporate strategy; and
- The fair distribution of profits amongst shareholders.

The Directors will also look for a clear commitment from investee companies to increase and enhance these attributes.

The Company, which already owns three investments following completion of the Framework Agreement and the Hive-Up Agreement, intends to acquire a portfolio of publicly traded and private EOBs in the UK and the Republic of Ireland.

The Company's portfolio will not be restricted by reference to any particular sector or sectors, as EOBs operate across all commercial sectors; any business meeting the Company's investment criteria will be eligible for investment, regardless of its stage of development or profitability.

The Company's objective is to generate an attractive rate of return for Shareholders, predominantly through capital appreciation, by taking advantage of opportunities to invest in EOBs. The Company's core investment focus will be on private EOBs, which the Directors believe have historically found it difficult to attract the growth funding that they require. However, the majority of the Company's cash resources immediately following Admission are expected to be invested initially in publicly traded EOBs or fixed interest securities. The Directors believe that investing in publicly traded EOBs and/or fixed interest securities has the potential to deliver a better return for Shareholders than leaving the cash on deposit, whilst allowing the Company to realise cash relatively quickly if it is required for investment elsewhere.

The size of each investment made by the Company is likely to vary depending upon the nature of the opportunity and the resources then available to the Company. The proceeds of the Placing, together with the funds received by the Company following completion of the Framework Agreement and the Hive-Up Agreement, (amounting to approximately £2.0 million in aggregate, net of expenses) will be primarily used to identify, evaluate and select suitable investment opportunities and make investments in accordance with the Company's investment strategy.

The Directors intend to source and identify potential opportunities in line with the investment strategy through their own research, their existing networks and also potentially through strategic partnerships with third parties who may be able to assist the Company.

The Company intends to provide equity, equity related investment capital (such as convertible loans) or debt to employee owned companies which require capital for development and to businesses which intend to develop employee ownership. The Company's equity interest in investments will normally take

the form of minority shareholdings, investing alongside employees, although the Company intends to be an involved and active investor. Accordingly, where necessary, the Company may seek participation in the day to day management of investee companies through board representation. Investments may be made in combination with additional debt or equity related financing and, in appropriate circumstances, in collaboration with other financial and/or strategic investors.

It is envisaged that any EOBs in which the Company invests will also meet certain conditions which, the Directors believe, will best position the Company to maximise Shareholder value. These conditions generally include those where:

- The Company can enhance the prospects and the future value of the investee company via an injection of new finance;
- The investment target will be able to benefit from the Directors' existing network of contacts;
- The investment target has the potential for sustainable growth; and
- The investment target will have the potential to deliver significant returns for the Company.

The investment criteria set out in this Document are not intended to be exhaustive and the Directors may make an investment in an EOB which does not fulfil any or all of the investment criteria if they believe it is in the interests of Shareholders as a whole to proceed with such an investment.

The Directors' aim is that investments made by the Company will have a reasonable prospect of an exit, or be expected to return capital, and an attractive dividend or profit stream.

7. INVESTMENT PROCESS

The Directors believe that their broad collective experience together with their extensive network of contacts will assist them in the identification, evaluation and funding of appropriate investment opportunities. When necessary, other external professionals will be engaged to assist in the due diligence on prospective investee companies and their management teams. The Directors will also consider appointing additional directors or consultants with relevant experience if required.

As at the date of this Document, the Company has equity interests in or loan arrangements with three companies as described in more detail in paragraph 8 below. These assets were transferred to the Company from the LLP and C4C Management under the Framework Agreement and the Hive-Up Agreement. Following Admission, the Directors will commence the search for further suitable investment opportunities. Although the Directors are already aware of a number of potentially attractive opportunities, they have not at this stage carried out due diligence on any targets and no commitments have been entered into. Once a suitable opportunity has been identified, initial due diligence will be carried out by the Directors. All investments by the Company in private EOBs will be subject to approval by the Board.

The Directors intend to fund investments using a mixture of cash, equity and/or debt. The Directors believe that the status of the Company as a publicly traded Investment Vehicle will enable it to obtain favourable terms in providing capital investment for companies in which it invests. The Company may also borrow additional funds to the extent that the Directors believe it prudent to do so.

Cash held by the Company following Admission and completion of its initial investments will principally be used to cover costs incurred by the Company in identifying potential investments. Operating costs will be maintained at the minimum level consistent with the Company's status as a publicly quoted company

and the Company does not intend to acquire premises of its own or engage any full-time employees in the short term.

The Directors are confident that the investment strategy of the Company can be substantially implemented within 12 months from Admission. If, however, this is not achieved, the Directors intend to seek Shareholder approval at the Company's annual general meeting for the further pursuit of its investment strategy.

In the event that the Company has failed to substantially implement its investment strategy within two years from Admission, trading in the Ordinary Shares will be suspended pursuant to the ISDX Rules. If suspension occurs, the Directors will consider returning the Company's cash to Shareholders.

8. INFORMATION ON EXISTING EOB INVESTMENTS

As referred to above, following completion of the Framework Agreement and, subsequently, the Hive-Up Agreement, the Company has interests in three EOBs as set out below.

FJ Holdings

On 14 October 2013, C4C Management made a loan of £250,000 to FJ Holdings. £100,000 of this loan was subsequently repaid and the remainder was converted into an equity interest in FJ Holdings on 21 January 2014; this equity interest was acquired by the Company from C4C Management under the terms of the Hive-Up Agreement.

FJ Holdings is an independent specialist manufacturer and distributor of flow control products and sewage treatment equipment. FJ Holdings has manufacturing facilities at Dudley, West Midlands, where it also has its headquarters, and at Ilkeston, Rochdale and Stoke. The majority of FJ Holdings' revenue is derived from the UK, but the company also exports products to the Middle East (the company has a branch office in Abu Dhabi) and other overseas countries. During 2013, FJ Holdings broadened its capacity and product offering through the acquisition of Ham Baker Limited and Ham Baker Adams Limited.

FJ Holdings has informed the Company that in its financial year ended 31 December 2013, FJ Holdings generated revenues of more than £20.0 million. FJ Holdings currently has approximately 147 employees.

The Directors believe that FJ Holdings is committed to providing a secure and enjoyable working environment which recognises employees as its most valuable asset. Approximately 88 per cent. of FJ Holdings' issued share capital is currently held by its directors and employees and an employee benefit trust; the balance of approximately 12 per cent. is held by the Company and funds managed by Seneca Partners Limited.

Merkko

Merkko is a builder's merchant located in Kingston Bagpuize, Oxfordshire which supplies a broad range of materials and equipment, primarily to members of the construction industry.

On 4 December 2013, C4C Management made a loan of £75,000 to Merkko towards its general working capital requirements. On 24 January 2014, the original loan agreement was amended and restated and C4C Management made a further loan of £75,000 to Merkko, bringing the total investment to £150,000. The two loans were consolidated and were secured by a mortgage debenture in C4C Management's favour over the assets and undertaking of Merkko. The benefit of these loans and of the mortgage debenture securing them was subsequently assigned to the Company by C4C Management under the terms of the Hive-Up Agreement.

TPS

TPS (standing for “Total Pipeline Specialists”) is involved in the sourcing, marketing and distribution of a specialist range of pipes, valves, fittings and other associated products for the public utility markets throughout Ireland, with particular focus on the water market. TPS employs twenty-five people at its operations in Dublin and Lisburn.

On 19 December 2013, C4C Management invested a total of £300,000 in TPS. Of this amount, £200,000 was by way of loan notes bearing an interest rate of 15 per cent. per annum and the balance of £100,000 was used to acquire 100,000 preference shares with a fixed dividend right, together with rights to participate in ordinary dividends and distributions. This investment in preference shares was subsequently acquired by the Company and the loan notes were assigned to the Company under the terms of the Hive-Up Agreement. The ordinary shares of TPS are held by that company’s management (80 per cent.) and an Employee Benefit Trust (20 per cent.).

The investment opportunities summarised above all arose from the administration of the WTB Burden Group of companies, with which certain of the Directors and founder Shareholders were previously associated. The Directors are aware of further opportunities for advantageous investments that may yet become available as a result of that administration, but are equally aware of and actively considering potential investments from alternative sources.

9. INFORMATION ON THE PLACING

Conditional on Admission, the Company is raising £2.19 million (before expenses) pursuant to the Placing. The Placing Shares will represent approximately 67 per cent. of the issued share capital of the Company on Admission. Clients of Castlefield Investment Partners have committed to subscribe for Placing Shares with an aggregate value of approximately £2.0 million in the Placing.

The proceeds of the Placing, together with the funds received following completion of the Framework Agreement and the Hive-Up Agreement, less the expenses set out in paragraph 15.2 of Part IV of this Document, will be used to provide the funds needed by the Company to identify and carry out due diligence on potential acquisitions and investments and to provide working capital for the Company’s initial operations in line with its investment strategy.

10. DIRECTORS

Brief biographical details of the Directors are set out below:

Richard Bailey – Non-executive Chairman (aged 62)

Richard Bailey is a partner in Rothschild, the global investment bank. He is Executive Chairman of Rothschild’s Mid Cap business with offices in London, Manchester, Leeds and Birmingham. He has worked for the bank for over 30 years during which time he has been involved in a range of private and public company work with a focus on mergers, acquisitions, private equity and capital raising. Richard has been involved with the development of companies such as Peel Holdings Plc, Pets at Home Limited, Lookers Plc and Manchester United Plc. He is a Non-executive Director of Kier Group plc and is also Chair of that Company’s Audit Committee. Richard is a Governor of a music school and a trustee of the Halle Orchestra.

John Eckersley BA (Hons), MBA – Chief Executive (aged 47)

John has 25 years’ investment experience and co-founded Castlefield Investment Partners, of which he is Managing Partner, in 2002. He is a graduate in Accounting and Finance, with a financial services sector-specific MBA, and is a Chartered Fellow of the Chartered Institute for Securities & Investment. In late

2012, he became one of the UK's first Chartered Wealth Managers. John is a former director of Henry Cooke Group plc and executive director of the private bank, Brown Shipley. He is also an alumnus of the London Business School Private Equity Executive Programme. John was responsible for structuring and leading Castlefield Capital's own employee-ownership process and, as such, he is acutely aware of the challenges and rewards co-ownership offers. He sits as a member of Council of the Employee Ownership Association and in this capacity has been involved in a working group advising the UK Government on possible changes to taxation affecting employee-owned businesses. He has also provided evidence to the All-Party Parliamentary Group on employee ownership and to the Nuttall Review, on barriers to increasing co-ownership.

Alistair Currie B.Com (Hons), CA – Executive Director (aged 50)

Alistair has been a fund manager specialising in UK Smaller Companies for almost 25 years. He is a graduate in Business Studies and Accounting from the University of Edinburgh and subsequently qualified as a Chartered Accountant with KPMG in 1988. He was formerly a Director of Edinburgh Fund Managers plc and was the Head of UK Smaller Companies for that group. Under his management, the Edinburgh UK Smaller Companies Fund won several Micropal awards for performance and in 2000 he was the winner of the 'Investment Week UK Small Companies Fund Manager of the Year' award. He joined Castlefield Investment Partners in 2007, becoming a partner in September 2009 and has been the lead manager of the ConBrio UK Smaller Companies Fund since April 2007. He also manages a number of funds investing in companies quoted on the Alternative Investment Market (AIM) for the purpose of inheritance tax planning.

Edmund ("Ed") Jenkins LLB (Hons) – Non-executive Director (aged 51)

Ed is a consultant and a solicitor who has over 20 years' experience of advising on all aspects of business tax. He was a tax partner at Addleshaw Goddard LLP (and its predecessor firms) from 1996 to 2013 and during this time was Head of Tax for over 10 years. Ed specialised in advising upon mergers and acquisitions and private equity transactions. Ed has considerable experience of advising employee owned businesses and advising upon the direct and indirect acquisition of interests by employees in their employing companies. Ed retired from Addleshaw Goddard LLP with effect from 30 April 2013 and has recently taken up a part time role at a family and employee owned property company.

In addition, the Directors will be supported by a senior consultant, David Gorman, who will be responsible for undertaking due diligence on investee companies and for assessing their investment potential. David has an MBA from Manchester Business School (MBS) and has over 15 years' experience as an equity analyst, business owner and lecturer. He is a student mentor for the MBS MBA programme and is also an Associate Lecturer of the London School of Business & Finance, lecturing and supervising MBA and MSc students in accounting and finance. A former member of the corporate broking team of Henry Cooke Lumsden plc, he subsequently went on to establish his own London Stock Exchange member firm, with the help of close colleagues.

11. REASONS FOR ADMISSION TO THE ISDX GROWTH MARKET

The Directors believe that Admission will offer the following benefits to the Company:

- access to funding — the Directors believe that Admission will enable the Company to access working capital at later dates more effectively than if it were an unquoted company;
- increased corporate profile – the Directors believe that the status of being a company whose shares are traded publicly could enhance the credibility of the Company in its attempts to secure investments; and
- ability to attract and retain key staff — the ability to motivate personnel through the future

grant of share options, will assist the Company to attract, retain and motivate high calibre personnel in due course.

12. FINANCIAL INFORMATION

The Company was incorporated on 3 October 2013. The Company has not yet fully commenced operations and has no material assets or liabilities other than those assets acquired pursuant to the Framework Agreement and the Hive-Up Agreement. Therefore, no financial statements have been prepared as at the date of this Document. The Company's financial year end is 31 August and its first audit report will be published by February 2015 for the period from incorporation to 31 August 2014.

Financial information on the Company is set out in Part III of this Document.

13. LOCK-IN AGREEMENTS

On Admission, the Directors, Palmiro Partners LLP and Castlefield Capital will, in aggregate, be interested in 365,397 Ordinary Shares, representing 5.63 per cent. of the Enlarged Issued Share Capital. The Directors, Palmiro Partners LLP and Castlefield Capital have agreed with the Company and Peterhouse, save for certain standard exceptions, not to dispose of any interest in the Ordinary Shares held by them for a period of 12 months following Admission.

A summary of the Lock-In Agreements is set out in paragraph 10.3 of Part IV of this Document.

14. DIVIDEND POLICY

The Company has not yet commenced trading and the Directors do not intend to pay a dividend for the foreseeable future until the Company has achieved sufficient profitability and requirements for working capital are such that it is prudent to do so.

15. CORPORATE GOVERNANCE

The Directors are committed to maintaining high standards of corporate governance, and propose, so far as is practicable given the Company's size and nature, to comply with the QCA Code.

Following Admission, due to the size and nature of the Company, audit and risk management issues will be addressed by the Directors as a whole, rather than by separate committees. As the Company develops, the Board will consider establishing separate audit and risk management committees and will consider developing further policies and procedures which reflect the principles of good governance.

The Company has adopted a share dealing code for the Directors and will take steps to ensure compliance by the Directors and any relevant employees with the terms of this code.

The Directors have established financial controls and reporting procedures which are considered appropriate given the size of and structure of the Company. These controls will be reviewed in the light of the Company's future development and adjusted accordingly.

16. APPLICATION TO THE ISDX GROWTH MARKET

Application has been made for the Enlarged Issued Share Capital to be admitted to trading on the ISDX Growth Market. Dealings in the Ordinary Shares are expected to commence on 17 March 2014. The Placing Shares will, on Admission, rank *pari passu* in all respects with the Existing Ordinary Shares and will rank in full for all dividends and other distributions hereafter declared, paid or made on the ordinary share capital of the Company.

17. CREST

The Company's Articles of Association are consistent with the transfer of Ordinary Shares in dematerialised form in CREST under the CREST Regulations. Application has been made for the Ordinary Shares to be admitted to CREST on Admission. Accordingly, settlement of transactions in the Ordinary Shares following Admission may take place within the CREST system if relevant Shareholders so wish.

CREST is a voluntary system and Shareholders who wish to receive and retain certificates in respect of their Ordinary Shares will be able to do so.

18. TAXATION

The Ordinary Shares do not rank as a qualifying investment for the purposes of the Enterprise Investment Scheme nor as a "qualifying holding" for the purposes of investment by Venture Capital Trusts.

Information regarding taxation in relation to the Ordinary Shares is set out in paragraph 13 of Part IV of this Document. That information is, however, intended only as a general guide to the current tax position under UK taxation law, which may be subject to change in the future. **If you are in any doubt as to your tax position you should consult your own independent financial adviser immediately.**

19. FURTHER INFORMATION AND RISK FACTORS

Your attention is drawn to the further information in this Document and particularly to the risk factors set out in Part II of this Document. Potential investors should carefully consider the risks described in Part II before making a decision to invest in the Company.

PART II

RISK FACTORS

In addition to all other information set out in this Document, the following specific factors should be considered carefully in evaluating whether to make an investment in the Company. If you are in any doubt about the action you should take, you should consult a professional adviser authorised under FSMA who specialises in advising on the acquisition of shares and other securities prior to making any investment.

In addition to the usual risks associated with an investment in a business which is a start-up or at an early stage of development, the Directors believe the following risks to be the most significant for potential investors. However, the risks listed do not necessarily comprise all those associated with an investment in the Company. In particular, the Company's performance may be affected by changes in market or economic conditions and in legal, regulatory and tax requirements.

If any of the following risks were to materialise, the Company's business, financial conditions, results or future operations could be materially adversely affected. Additional risks and uncertainties not presently known to the Directors, or which the Directors currently deem immaterial, may also have an adverse effect upon the Company. In that case, the market price of the Ordinary Shares could decline and all or part of an investment in the Ordinary Shares could be lost.

The list below is not exhaustive, nor is it an explanation of all the risk factors involved in investing in the Company and nor are the risks set out in any order of priority.

RISKS RELATING TO THE COMPANY'S STRATEGY

Identifying and acquiring suitable investment opportunities

The Company has recently been incorporated, has not yet made any investments itself and has no operating history upon which to evaluate its likely performance. The Company's ability to implement the investment strategy (as set out in this Document) will be limited by its ability to identify and acquire suitable investments. Suitable opportunities may not always be readily available. The Company's initial and future investments may be delayed or made at a relatively slow rate because, *inter alia*:

- the Company intends to conduct detailed due diligence prior to approving investments;
- the Company may conduct extensive negotiations in order to secure and facilitate an investment;
- it may be necessary to establish certain structures in order to facilitate an investment;
- competition from other investors, market conditions or other factors may mean that the Company cannot identify attractive investments or such investments may not be available at the rate the Company currently anticipates;
- the Company may be unable to raise bank finance on terms the Directors consider reasonable; and/or
- the Company may need to raise further capital to make investments and/or fund the assets or businesses invested in,

all of which may in turn have a material adverse effect on the business, financial condition, results of operations and prospects of the Company.

The Company cannot accurately predict how long it will take to deploy the capital available to it. Precise timing will depend on, amongst other things, the availability of suitable investments, due diligence, negotiations with counterparties and investment structuring conditions.

In addition, the Company may face significant competition from other investors in identifying and acquiring suitable investments, including from competitors who may have greater resources. Competition in the investment market may lead to prices for investments, identified by the Company as suitable, being driven up through competing bids of potential purchasers.

Accordingly, the existence and extent of such competition may have a material adverse effect on the Company's ability to acquire investments at satisfactory prices and otherwise on satisfactory terms, thereby reducing the Company's potential profits.

Success of the strategy not guaranteed

The Company's level of profit will be reliant upon the performance of the assets acquired and the strategy (in both its current form and as amended from time to time). The success of the strategy depends on the Directors' ability to identify investments in accordance with the Company's investment objectives. No assurance can be given that the strategy to be followed will be successful under all or any market conditions, that the Company will be able to identify opportunities meeting the Company's investment criteria, that the Company will be able to invest its capital on attractive terms or that the Company will be able to generate positive returns for Shareholders. If the strategy is not successfully implemented, this may have a material adverse effect on the business, financial condition, results of operations and prospects of the Company.

Potential loss on investments

The Company's strategy carries inherent risks and there can be no guarantee that any appreciation in the value of an investment will occur or that the objectives of the Company will be achieved. For example (i) trading difficulties may occur following investment by the Company; or (ii) the Company may not be able to conduct a full investigation of the target prior to investment and adverse matters may only come to light after an investment has been made.

Further issues of Ordinary Shares

It may be desirable for the Company to raise additional capital by way of further issues of Ordinary Shares to enable the Company to progress through further stages of development. Any additional equity financing may be dilutive to Shareholders. There can be no assurance that such funding, if required, will be available to the Company.

Borrowings

The Company may, from time to time, be required to raise capital (whether through the issue of debt or equity) to make investments. There is no guarantee that the Company will be able to obtain financing on appropriate terms and conditions or at all. The companies in which the Company invests may also have borrowings or otherwise be geared or leveraged. Although such facilities may increase investment returns, they also create greater potential for loss. This includes the risk that the borrower will be unable to service the interest repayments, or comply with other requirements, rendering the debt repayable, and the risk that available capital will be insufficient to meet any such required repayments. There is also the risk that existing borrowings will not be able to be refinanced or that the terms of such refinancing will not be as favourable as the terms of existing borrowings. A number of factors (including changes in interest rates, conditions in the banking market and general economic conditions, which are beyond the Company's control) may make it difficult for the Company to obtain new financing on attractive terms or even at all. An inability to obtain such facilities may have a material adverse effect on the business, financial condition, results of operations and prospects of the Company.

COMPANY SPECIFIC RISKS

Short operating history

The Company has limited operating history upon which prospective investors may base an evaluation of the likely performance of the Company. An investor in the Ordinary Shares must rely upon the ability of the Directors to identify and acquire suitable investments.

Dependence on key personnel

The future success of the Company is substantially dependent on the continued services and continuing contributions of its Directors. The loss of the services of any of its Directors or, in due course, other key employees could have a material adverse effect on the business, financial condition, results of operations and prospects of the Company.

Dependence on third party services

The Company may rely on products and services provided by third parties, such as due diligence and technical reviews, and the provision of general financial and strategic advice. If there is any interruption to the products or services provided, or failure to perform these services with due care and skill by such third parties, the Company's business could be adversely affected and the Company may be unable to find adequate replacement services on a timely basis, if at all, and/or on acceptable commercial terms. This may have a material adverse effect on the business, financial condition, results of operations and prospects of the Company.

Fluctuations of revenues, expenses and operating results

The revenues, expenses and operating results of the Company could vary significantly from period to period as a result of a variety of factors, some of which are outside of its control. These factors include general economic conditions, adverse movements in interest rates and conditions specific to individual investee companies.

RISK FACTORS RELATING TO INVESTMENTS

Investments in private companies by the Company are subject to a number of risks

The Company may invest in privately held companies or assets. These may (i) be highly leveraged and subject to significant debt service obligations, stringent operational and financial covenants and risks of default under financing and contractual arrangements, which may adversely affect their financial condition; (ii) have limited operating histories and smaller market shares than larger businesses making them more vulnerable to changes in market conditions or the activities of competitors; (iii) have limited financial resources; (iv) be more dependent on a limited number of management and operational personnel, increasing the impact of the loss of any one or more individuals; and (v) require additional capital. All or any of these factors may have a material adverse effect on the business, financial condition, results of operations and prospects of the Company.

Material facts or circumstances not revealed in the due diligence process

Prior to making or proposing any investment, the Company will undertake legal, financial and commercial due diligence on potential investments to a level considered reasonable and appropriate by the Company on a case by case basis. However, these efforts may not reveal all material facts or circumstances that would have a material adverse effect upon the value of the investment. In undertaking due diligence, the Company will need to utilise its own resources and may be required to rely upon third parties to conduct certain aspects of the due diligence process. Further, the Company may not have the ability to review all documents relating to the investee company and assets. Any due diligence process involves subjective analysis and there can be no assurance that due diligence will reveal all material issues related to a potential investment. Any failure to reveal all material facts or circumstances relating to a potential investment may have a material adverse effect on the business, financial condition, results of operations and prospects of the Company.

Aborted investments

There can be no guarantee that the Company will successfully effect an investment where there is an identified opportunity and, as a result, resources may be expended on investigative work and due diligence without the investment being completed.

Market growth and industry data

Information or other statements presented in this Document regarding the size and characteristics of the EOB market, the growth and development of the market and other industry data pertaining to EOBs and the Company's strategy, consist of estimates based on data and reports compiled by industry professionals and organisations or the Company's knowledge of the industry. Without prejudice to the responsibility statement on page 31 of this Document, the Directors take responsibility for compiling and extracting (but have not independently verified) market data provided by third parties or industry or general publications, although they consider such data and publications to be reliable.

Joint ventures

The Company or a business in which it invests may enter into joint ventures. There is a risk that a joint venture partner does not meet its obligations and the Company or a business in which it invests may therefore suffer additional costs or other losses. It is also possible that the interests of the Company or a business in which it invests and those of its joint venture partners are not aligned resulting in project delays or additional costs and losses. The Company may have minority interests in the companies, partnerships and ventures in which it invests and may be unable to exercise control over the operations of such companies.

RISKS RELATING TO THE ORDINARY SHARES AND THEIR TRADING ON THE ISDX GROWTH MARKET

Investment in unlisted securities

Investment in shares traded on the ISDX Growth Market is perceived to involve a higher degree of risk and be less liquid than investment in companies whose shares are listed on the Official List or AIM. An investment in Ordinary Shares may be difficult to realise. Prospective investors should be aware that the value of the Ordinary Shares may go down as well as up and that the market price of the Ordinary Shares may not reflect the underlying value of the Company. Investors may therefore realise less than, or lose all of, their investment.

Suitability

An investment in the Ordinary Shares may not be suitable for all recipients of this Document. Investors are accordingly advised to consult an appropriate person authorised under FSMA or that act's equivalent in another jurisdiction before making their decision.

Share price volatility and liquidity

The share price of early stage companies can be highly volatile and shareholdings can be illiquid. The price at which the Ordinary Shares are quoted and the price which investors may realise for their Ordinary Shares will be influenced by a large number of factors, some specific to the Company and its sphere of activity and some which may affect quoted companies generally. These factors could include the performance of the Company, large purchases or sales of the Ordinary Shares, legislative changes and general economic, political or regulatory conditions.

Market risks

Notwithstanding the fact that an application has been made for the Ordinary Shares to be traded on the ISDX Growth Market, this should not be taken as implying that there will be a "liquid" market in the Ordinary Shares. Continued admission to the ISDX Growth Market is entirely at the discretion of ISDX.

If the Company has not substantially implemented its investment strategy within two years from Admission, trading in the Ordinary Shares will be suspended pursuant to the ISDX Rules. There is no guarantee that trading in the Ordinary Shares will re-commence if such suspension occurs.

Any changes to the regulatory environment, in particular the ISDX Rules, could affect the ability of the Company to maintain a trading facility on the ISDX Growth Market.

The investment opportunity offered in this Document may not be suitable for all recipients of this Document. Investors are therefore strongly recommended to consult a professional adviser authorised under FSMA, who specialises in investments of this nature, before making their decision to invest.

PART III

FINANCIAL INFORMATION ON CAPITAL FOR COLLEAGUES PLC

SECTION A: ACCOUNTANT'S REPORT

The following is the text of a report prepared by haysmacintyre, reporting accountants:



The Directors
Capital for Colleagues plc
National Self Build & Renovation Centre
Lydiard Fields
Swindon
SN5 8UB

The Directors
Peterhouse Corporate Finance Limited ("PCF")
31 Lombard Street
London
EC3V 9BQ

3 March 2014

Dear Sirs

Capital for Colleagues plc (the "Company")

Introduction

We report on the financial information for the period ended 31 December 2013 set out in Section B of Part III of this document. This information has been prepared for inclusion in the ISDX Growth Market admission document dated 3 March 2014 (the "Admission Document") of the Company on the basis of the accounting policies set out in note 2 of the financial information. This report is required by the ISDX Growth Market Rules and is given for the purpose of complying with Paragraph 26 Appendix 1 to the ISDX Growth Market Rules and for no other purpose.

Responsibility

The directors of the Company ("the Directors") are responsible for preparing the financial information on the basis of preparation set out in note 2 to the financial information and in accordance with applicable United Kingdom accounting standards.

It is our responsibility to form an opinion as to whether the financial information gives a true and fair view, for the purposes of the Admission Document, and to report our opinion to you.

Save for any responsibility arising under Paragraph 26 Appendix 1 of the ISDX Growth Market Rules to any person as and to the extent provided, and save for any responsibility that we have expressly agreed in writing to assume, to the fullest extent permitted by law we do not assume responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Paragraph 26 Appendix 1 or the ISDX Growth Market Rules, consenting to its inclusion in the Admission Document.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information.

We planned and performed our work so as to obtain all the information and explanation we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions and accordingly should not be relied upon as if it has been carried out in accordance with those standards and practices.

Opinion

In our opinion, the financial information gives, for the purposes of the Admission Document a true and fair view of the state of affairs of the Company as at 31 December 2013 in accordance with the basis of preparation set out in note 1 and in accordance with UK GAAP.

Declaration

For the purpose of Paragraph 26 of Appendix 1 to the ISDX Growth Market Rules we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import.

Yours faithfully

haysmacintyre

REVIEW FOR THE PERIOD

As at 31 December 2013, the Company had carried out no trading and the only transactions during the period and to date are as follows:-

- C4 Colleagues plc was incorporated on 3 October 2013 and has an accounting reference date of 31 August.
- John Eckersley and Richard Bailey and Iain Hasdell were appointed as directors on the Company's incorporation on 3 October 2013. Iain Hasdell resigned as a director on 21 October 2013. Alistair Currie and Edmund Jenkins were appointed as directors on 21 November 2013 and on 19 December 2013 respectively.
- As at 31 December 2013, the Company had an issued share capital of 125,000 ordinary shares of £0.40 each, held by the following shareholders: John Eckersley 50,000, Richard Bailey 37,500 and Alistair Currie 37,500. The shares are fully paid up.
- On 4 February 2014, in light of the formation of the Company and the possible impact of the AIFM Directive on the LLP's operations, the members of the LLP and the Company entered into the Framework Agreement. Under the Framework Agreement, the LLP transferred the cash and other assets then held by the LLP to the Company in consideration of the issue of 1,988,889 Ordinary Shares to the LLP. The Ordinary Shares issued to the LLP were subsequently transferred to the members of the LLP as a distribution in specie on a pro rata basis. As a result of the completion of the Framework Agreement, the Company received £5,133 in cash and became the sole owner of C4C Management and, indirectly, the assets owned by that company.
- On 27 February 2014, following completion of the Framework Agreement, the Company and C4C Management entered into the Hive-Up Agreement, pursuant to which the Company acquired the cash and other assets then owned by C4C Management, including the investment in FJ Holdings, the benefit of the loan made to Merkko and the investment in TPS, for a consideration of £968,921 which was left outstanding as an intra-group debt. As a result of the completion of the Hive-Up Agreement, the Company received £44,608 in cash and became the direct owner of the assets (including the investments) which were formerly owned by C4C Management.
- Following completion of the Framework Agreement, the Company changed its name to Capital for Colleagues plc on 28 February 2014.

SECTION B: HISTORICAL FINANCIAL INFORMATION

BALANCE SHEET AS AT 31 DECEMBER 2013

	Note	£
Current assets		
Cash at bank and in hand		50,000
Creditors: Amounts falling due within one year		
Other creditors and accruals		-
		<hr/>
Net assets		50,000
		<hr/> <hr/>
Capital and reserves		
Ordinary share capital	2	50,000
Profit and loss account		-
		<hr/>
Total shareholders' funds		50,000
		<hr/> <hr/>

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. Introduction

The Company was incorporated as C4 Colleagues Plc in England and Wales on 3 October 2013 with registration number 08717989.

No audited financial statements have been prepared and no dividends have been declared or paid since the date of incorporation.

The financial information presented is the responsibility of the Company's directors who approved its issue.

2. Accounting policies and basis of preparation

The financial information has been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards, which have been applied consistently.

3. Share capital

	As at 31 December 2013 £
Allotted, issued and fully paid	
125,000 ordinary shares of £0.40 each	<u>50,000</u>

SECTION C: UNAUDITED PRO FORMA STATEMENT OF NET ASSETS

The following unaudited pro forma statement of net assets of the Company at 31 December 2013 is prepared for illustrative purposes only. Because of its nature, the pro forma statement of net assets addresses a hypothetical situation and, therefore, does not represent the Company's actual financial position.

The statement is prepared to illustrate the effect on the assets and liabilities of Capital for Colleagues of the Placing as if it had taken place on 31 December 2013.

The unaudited pro forma statement of net assets is compiled on the basis set out below from the unaudited financial information of the Company and Capital for Colleagues LLP, as set out in the accountant's report in this Document.

	C4 Colleagues Plc	Capital for Colleagues LLP	Adjustments	Unaudited pro forma of the Company on Admission
	£	(Note 1) £	(Note 2)	£
Fixed assets				
Investments	-	399,313	-	399,313
Current assets				
Other debtors	-	450,000	-	450,000
Cash at bank and in hand	50,000	49,741	1,961,774	2,061,515
Total current assets	50,000	499,741		2,511,515
Total assets	50,000	899,054		2,910,828
Creditors: Amounts falling due within one year				
Other creditors and accruals	-	(4,054)		(4,054)
Net assets	50,000	895,000		2,906,774

NOTES TO THE UNAUDITED PRO FORMA STATEMENT OF NET ASSETS

1. The net assets financial information for the Company as at 31 December 2013 has been extracted from the financial information set out in Section B of this Document. The net assets financial information for the LLP has been extracted from the LLP's management accounts at 24 January 2014 and the investments fair valued for the purpose of the transaction to show a total net assets position of £895,000.
2. The Placing adjustment reflects the net proceeds receivable by the Company through the Placing of 4,377,548 Ordinary Shares at a price of 50p per share totalling £2,188,774 less estimated expenses of £227,000.
3. No adjustment has been made to reflect trading results since 1 January 2014.

PART IV

ADDITIONAL INFORMATION

1. RESPONSIBILITY

- 1.1 The Company and the Directors (whose names appear on page 8 of this Document) accept responsibility, both individually and collectively, for the information contained in this document including individual and collective responsibility for compliance with the ISDX Rules. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Document is in accordance with the facts and makes no omission likely to affect the import of such information.
- 1.2 In connection with this Document and/or the Placing, no person is authorised to give any information or make any representations other than as contained in this Document and, if given or made, such information or representation must not be relied upon as having been so authorised.

2. INCORPORATION OF THE COMPANY

- 2.1 The Company was incorporated and registered in England and Wales on 3 October 2013 as a public limited company with the name C4 Colleagues plc with registered number 08717989. On 4 October 2013, the Company applied for and obtained its certificate to commence trading. On 28 February 2014, the Company changed its name to Capital for Colleagues plc.
- 2.2 The principal legislation under which the Company operates is the Act and the regulations made thereunder.
- 2.3 The liability of the members of the Company is limited.
- 2.4 The registered office of the Company is at National Self Build & Renovation Centre, Lydiard Fields, Great Western Way, Swindon SN5 8UB. The head office and principal place of business of the Company is at 1 Portland Street, Manchester, M1 3BE. The Company's telephone number is 0161 233 4891.
- 2.5 The principal activity of the Company is to invest in public and private EOBs, either itself or through subsidiaries.
- 2.6 The principal activity of the Company's only subsidiary, C4C Management, is to make investments directly into public and private EOBs. It is intended that C4C Management will be wound up shortly after Admission.
- 2.7 The accounting reference date of the Company is 31 August.

3. SHARE CAPITAL OF THE COMPANY

- 3.1 On Admission, the ordinary share capital of the Company will be in registered form and will be capable of transfer in both certificated form and uncertificated form. On Admission, the register of members for the Company will be maintained by Share Registrars Limited, Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey GU9 7LL.
- 3.2 As permitted under the Act, the Company does not have an authorised share capital.
- 3.3 On incorporation, 125,000 Ordinary Shares in the capital of the Company were issued at par to John Eckersley (50,000 ordinary shares), Richard Bailey (37,500 Ordinary Shares) and Iain Hasdell (37,500 Ordinary Shares).
- 3.4 On 13 November 2013, Iain Hasdell transferred his 37,500 Ordinary Shares to Alistair Currie, a Director of the Company, at a price per Ordinary Share of its nominal value.

- 3.5 On 27 February 2014, 1,988,889 Ordinary Shares in the capital of the Company were issued to the LLP at a price per share of 45 pence on completion of the Framework Agreement. The LLP then distributed these Ordinary Shares to its members in the following amounts:

LLP Member	Number of Ordinary Shares
BCF Capital Limited	108,096
Castlefield Capital	108,096
Crescent Trustees Limited	396,823
Rowanmoor Trustees Limited	264,522
Palmiro Partners LLP	132,301
AD Burden Limited	132,301
Sally Anne Schofield	185,245
Peter Derrick Savage	132,301
Jane Margaret Savage	132,301
Julia Ruth Kirkman	132,301
Kevin David Hancock	132,301
Carey Pension Trustees UK Limited	107,241
Timothy James Burden	25,060
TOTAL:	1,988,889

- 3.6 As at the date of this document, the Company's issued share capital is 2,113,889 Ordinary Shares, held as follows:

Shareholder	Number of Ordinary Shares
John Eckersley	50,000
Richard Bailey	37,500
Alistair Currie	37,500
BCF Capital Limited	108,096
Castlefield Capital	108,096
Crescent Trustees Limited	396,823
Rowanmoor Trustees Limited	264,522
Palmiro Partners LLP	132,301
AD Burden Limited	132,301
Sally Anne Schofield	185,245
Peter Derrick Savage	132,301
Jane Margaret Savage	132,301
Julia Ruth Kirkman	132,301
Kevin David Hancock	132,301
Carey Pension Trustees UK Limited	107,241
Timothy James Burden	25,060
TOTAL:	2,113,889

- 3.7 As at 27 February 2014 (the latest practicable date prior to the date of this Document), the issued and fully paid share capital of the Company was as follows:

	Number	Nominal Value (£)
Issued and Fully Paid		
Ordinary Shares	2,113,889	845,555.60

- 3.8 The issued share capital of the Company immediately following Admission, assuming that all of the Placing Shares are issued, will be as follows:

	Number	Nominal Value (£)
Issued and Fully Paid		
Ordinary Shares	6,491,437	2,596,574.80

- 3.9 The issued share capital of C4C Management at the date of this document is 450,100 ordinary shares of £1 each, all of which are held by the Company.

- 3.10 Save as set out in paragraphs 3.7 and 3.9 above and for the Ordinary Shares to be issued pursuant to the Placing:
- 3.10.1 no share or loan capital of the Company or C4C Management has been issued or been agreed to be issued fully or partly paid, either for cash or for a consideration other than cash and no issue is now proposed; and
- 3.10.2 neither the Company nor C4C Management has granted or issued any options, warrants or convertible loan notes over its shares or loan capital which remain outstanding or has agreed, conditionally or unconditionally, to grant or issue any such options, warrants or convertible loan notes.
- 3.11 The Placing Shares will be allotted fully paid in registered form and may be held in either certificated or in uncertificated form. Application has been made to ISDX for the Enlarged Issued Share Capital (including the Placing Shares) to be admitted to trading on the ISDX Growth Market. All the Ordinary Shares (including the Placing Shares) may be transferred into the CREST system for which there will be no charge to stamp duty or stamp duty reserve tax on the transfer (unless made for consideration).
- 3.12 The nominal value of the Placing Shares to be issued under the Placing is 40 pence. The issue price of the Placing Shares will be 50 pence which represents a premium of 25 per cent. over their nominal value. The difference between the issue price and the nominal value will be credited to the share premium account.
- 3.13 The Placing Shares were created under and are subject to the provisions of the Act and are issued in pound sterling.
- 3.14 The Placing Shares will, on issue, rank for all dividends and other distributions (if any) declared or made or paid in respect of Ordinary Shares after the date of issue and will otherwise rank *pari passu* in all respects with the Existing Ordinary Shares and no Shareholders in the Company enjoy different or enhanced voting rights.
- 3.15 The Company had 125,000 Ordinary Shares in issue on incorporation and has 2,113,889 Ordinary Shares in issue at the date of this Document. The Company has used approximately 94 per cent. of the current issued share capital for the purchase of assets other than cash since its incorporation.
- 3.16 Save as disclosed in this Document, there are no Ordinary Shares in the Company which are held by, or on behalf of, the Company and C4C Management does not hold any shares in the Company.
- 3.17 The International Security Identification Number for the Ordinary Shares to be admitted to trading on the ISDX Growth Market is GB00BGCZ2V99.
- 3.18 Save for the Placing Shares to be issued pursuant to the Placing, there is no present intention to issue any of the share capital of the Company and there are no agreements or undertakings pursuant to which the Company has agreed to issue Ordinary Shares.
- 3.19 On completion of the Placing the issued share capital of the Company shall be increased by 4,377,548 Ordinary Shares resulting in an immediate dilution of 207 per cent. in aggregate.
- 3.20 On 27 February 2014, the Company passed the necessary resolutions in general meeting to give the Directors the authority (under sections 551 and 570 of the Act) to allot Ordinary Shares on a non pre-emptive basis up to a maximum nominal amount of £2,546,574.80 in connection with the LLP Roll Up and the Placing, up to a maximum nominal amount of £100,062.40 in connection with the issue of Ordinary Shares expected to be made by the Company on its first day of trading on the ISDX Growth Market, and up to an aggregate nominal amount of £1,348,000 (in addition to the authorities mentioned above) representing approximately 50 per cent. of the Company's issued share capital following its admission to the ISDX Growth Market and the issue of shares on its first day of trading.

4. SUBSIDIARY UNDERTAKINGS

4.1 The Company has one subsidiary which it acquired pursuant to the Framework Agreement, as follows:

<i>Company</i>	<i>Country of Incorporation</i>	<i>Principal Activity</i>	<i>Shareholder</i>	<i>% of ownership interest</i>	<i>% of voting power</i>
C4C Management	England and Wales	To make investments directly into public and private EOBs	The Company	100	100

It is intended that C4C Management will be wound up shortly after Admission.

5. ARTICLES OF ASSOCIATION

The Articles contain provisions, *inter alia*, to the following effect:

5.1 Objects

The Articles contain no specific restriction on the Company's objects and therefore, by virtue of section 31(1) of the Act, the Company's objects are unlimited.

5.2 Appointment of directors

5.2.1 Unless and until otherwise determined by the Company by ordinary resolution, the number of directors (other than any alternate directors) shall not be subject to any maximum but shall be not less than two.

5.2.2 Subject to the provisions of the Articles, the Company may by ordinary resolution appoint a person who is willing to act to be a director, either to fill a vacancy or as an addition to the existing board, but the total number of directors shall not at any time exceed any maximum number fixed by or in accordance with the Articles from time to time.

5.2.3 Without prejudice to the power of the Company in general meeting under the Articles to appoint any person to be a director, the board shall have power at any time to appoint any person who is willing to act to be a director, either to fill a vacancy or as an addition to the existing board, but the total number of directors shall not exceed any maximum number fixed by or in accordance with the Articles. Any director so appointed shall retire at the first annual general meeting of the Company following his appointment and shall be eligible for re-appointment but is not taken into account in determining the number of directors who are to retire by rotation at that meeting.

5.3 Remuneration of directors

5.3.1 The directors (other than alternate directors) shall be entitled to receive by way of fees for their services as directors such sum as the board, or any committee authorised by the board, may from time to time determine (not exceeding £100,000 per annum in aggregate or such other sum as the Company in general meeting by ordinary resolution shall from time to time determine). Such sum (unless otherwise directed by the resolution of the Company by which it is voted) shall be divided among the directors in such proportions and in such manner as the board, or any committee authorised by the board, may determine or, in default of such determination, equally (except that in such event any director holding office for less than the whole of the relevant period in respect of which the fees are paid shall only rank in such division in proportion to the time during such period for which he holds office). Any fees payable pursuant to this paragraph 5.3.1 shall be distinct from any salary, remuneration or other amounts payable to a director pursuant to any other provisions of the Articles or otherwise and shall accrue from day to day.

5.3.2 Each director shall be entitled to be repaid all reasonable travelling, hotel and other expenses properly incurred by him in or about the performance of his duties as director,

including any expenses incurred in attending meetings of the board or any committee of the board or general meetings or separate meetings of the holders of any class of shares or of debentures of the Company.

- 5.3.3 If by arrangement with the board, or any committee authorised by the board, any director shall perform or render any special duties or services outside his ordinary duties as a director and not in his capacity as a holder of employment or executive office, he may be paid such reasonable additional remuneration (whether by way of salary, commission, participation in profits or otherwise) as the board, or any committee authorised by the board, may from time to time determine.
- 5.3.4 The salary or remuneration of any director appointed to hold any employment or executive office in accordance with the provisions of the Articles may be either a fixed sum of money, or may altogether or in part be governed by business done or profits made or otherwise determined by the board, or any committee authorised by the board, and may be in addition to or in lieu of any fee payable to him for his services as director pursuant to the Articles.
- 5.3.5 The board, or any committee authorised by the board, may provide pensions or other retirement or superannuation benefits and to provide death or disability benefits or other allowances or gratuities (whether by insurance or otherwise) for, or to institute and maintain any institution, association, society, club, trust, other establishment or profit-sharing, share incentive, share purchase or employees' share scheme calculated to advance the interests of the Company or to benefit, any person who is or has at any time been a director or employee of the Company and any member of his family (including a spouse or former spouse) and any person who is or was dependent on him.

5.4 **Retirement and removal of directors**

- 5.4.1 At each annual general meeting of the Company, one-third (or, if their number is not three or a multiple of three, the number nearest to but not exceeding one-third) of the directors, not including directors appointed pursuant to paragraph 5.2.3 above, shall retire from office by rotation. If there are fewer than three directors, one director shall retire from office.
- 5.4.2 Any director appointed pursuant to paragraph 5.2.3 above shall retire at the first annual general meeting of the Company following his appointment and shall not be taken into account in determining the number of directors who are to retire by rotation at that meeting.
- 5.4.3 At each annual general meeting, any director who was elected or last re-elected at or before the annual general meeting held in the third calendar year before the current year shall retire by rotation.
- 5.4.4 If the number of directors retiring pursuant to paragraph 5.4.3 is less than the minimum number of directors who are required by the Articles to retire by rotation, additional directors up to that number shall retire. The directors to retire under this paragraph 5.4.4 shall, first, be those directors who are subject to rotation but who wish to retire and not offer themselves for re-election and, secondly, those directors who have been directors longest since their appointment or last re-appointment. If there are directors who were appointed or last re-appointed on the same date, the director to retire shall, in default of agreement between them, be determined by lot. The directors to retire on each occasion (both as to number and identity) shall be determined by the composition of the board at the start of business on the date of the notice convening the annual general meeting notwithstanding any change in the number or identity of the directors after that time but before the close of the meeting.
- 5.4.5 Any director (other than the chairman and any director holding executive office) who would not otherwise be required to retire shall also retire if he has been with the Company for a continuous period of nine years or more at the date of the meeting and

shall not be taken into account when deciding which and how many directors should retire by rotation at the annual general meeting.

- 5.4.6 In addition to any power of removal conferred by the Companies Acts, the Company may by ordinary resolution remove any director before the expiration of his period of office, but without prejudice to any claim for damages which he may have for breach of any contract of service between him and the Company, and may (subject to the Articles) by ordinary resolution appoint another person who is willing to act to be a director in his place. Any person so appointed shall be treated, for the purposes of determining the time at which he or any other director is to retire, as if he had become a director on the day on which the person in whose place he is appointed was last appointed or re-appointed a director.

5.5 **Directors' interests and conflicts**

- 5.5.1 The board may authorise any matter (as defined in paragraph 5.5.2) proposed to it in accordance with the Articles which would, if not so authorised, involve a breach by a director of his duty to avoid conflicts of interest under the Companies Acts.

- 5.5.2 A matter means any matter which relates to a situation (a **relevant situation**) in which a director has, or can have, an interest which conflicts, or possibly may conflict, with the interests of the Company (including the exploitation of any property, information or opportunity, whether or not the Company could take advantage of it, but excluding any situation which cannot reasonably be regarded as likely to give rise to a conflict of interest).

- 5.5.3 Any such authorisation will be effective only if:

- (a) the matter in question shall have been proposed in writing for consideration at a meeting of the directors in accordance with the directors' normal procedures or in any other manner as the directors may determine;
- (b) any requirement as to quorum at the meeting at which the matter is considered is met without counting the director in question or any other interested director; and
- (c) the matter was agreed to without their voting or would have been agreed to if their votes had not been counted.

- 5.5.4 Provided that paragraph 5.5.5 is complied with, a director, notwithstanding his office:

- (a) may be a party to or otherwise be interested in any transaction or arrangement with the Company or in which the Company is otherwise interested;
- (b) may hold any other office or place of profit under the Company (except that of auditor or of auditor of a subsidiary of the Company) in conjunction with the office of director and may act by himself or through his firm in a professional capacity for the Company, and in any such case on such terms as to remuneration and otherwise as the board may arrange, either in addition to or in lieu of any remuneration provided for by any other Article;
- (c) may be a director or other officer of, or employed by, or a party to any transaction or arrangement with or otherwise interested in, any company promoted by the Company or in which the Company is otherwise interested or as regards which the Company has any powers of appointment; and
- (d) shall not be liable to account to the Company for any profit, remuneration or other benefit realised by any office or employment or from any transaction or arrangement or from any interest in any body corporate, no such transaction or arrangement shall be liable to be avoided on the grounds of any such interest or benefit nor shall the receipt of any such profit, remuneration or any other

benefit constitute a breach of his duty under the Companies Acts or under the law not to accept benefits from third parties.

- 5.5.5 Subject to the Articles, a director shall declare the nature and extent of any interest permitted under paragraph 5.5.4 above at a meeting of the directors, or, in the case of a transaction or arrangement with the Company, in the manner set out in the Companies Acts.
- 5.5.6 A director shall not vote on, or be counted in the quorum in relation to, any resolution of the board or of a committee of the board concerning any transaction or arrangement in which he has an interest which is to his knowledge a material interest and, if he purports to do so, his vote shall not be counted, but this prohibition shall not apply if paragraph 5.5.7 applies.
- 5.5.7 Provided that the matter has been authorised pursuant to paragraph 5.5.1 or comes within paragraph 5.5.4 above, the director may vote (and be counted in the quorum) in respect of any resolution concerning one or more of the following matters:
- (a) any transaction or arrangement in which he is interested by means of an interest in shares, debentures or other securities or otherwise in or through the Company;
 - (b) the giving of any guarantee, security or indemnity in respect of money lent to, or obligations incurred by him or any other person at the request of or for the benefit of, the Company or any of its subsidiary undertakings;
 - (c) the giving of any guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
 - (d) the giving of any other indemnity where all other directors are also being offered indemnities on substantially the same terms;
 - (e) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiary undertakings in which offer he is, or may be, entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which he is to participate;
 - (f) any proposal concerning any other body corporate in which he does not to his knowledge have an interest (as the term is used in Part 22 CA 2006) in one per cent or more of the issued equity share capital of any class of such body corporate (calculated exclusive of any shares of that class in that company held as treasury shares) nor to his knowledge hold one per cent or more of the voting rights which he holds as shareholder or through his direct or indirect holding of financial instruments (within the meaning of the Disclosure and Transparency Rules) in such body corporate;
 - (g) any proposal relating to an arrangement for the benefit of the employees of the Company or any of its subsidiary undertakings which does not award him any privilege or benefit not generally awarded to the employees to whom such arrangement relates;
 - (h) any proposal concerning insurance which the Company proposes to maintain or purchase for the benefit of directors or for the benefit of persons who include directors;
 - (i) any proposal concerning the funding of expenditure for the purposes referred to in Article 155.2 (Indemnity) of the Articles or doing anything to enable such director or directors to avoid incurring such expenditure; or

- (j) any transaction or arrangement in respect of which his interest, or the interest of directors generally, has been authorised by ordinary resolution.

5.6 Powers of the directors

- 5.6.1 Subject to the provisions of the Companies Acts, the Articles and to any directions given by special resolution of the Company, the business of the Company shall be managed by the board, which may exercise all the powers of the Company, whether relating to the management of the business or not. No alteration of the Articles and no such direction given by the Company shall invalidate any prior act of the board which would have been valid if such alteration had not been made or such direction had not been given. Provisions contained elsewhere in the Articles as to any specific power of the board shall not be deemed to limit the general powers set out in this paragraph 5.6.
- 5.6.2 The board may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company and, subject to the provisions of the Companies Acts, to create and issue debenture and other loan stock, debentures, bonds and other securities, in each case whether secured or unsecured and whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

5.7 Classes of shares

The share capital of the Company is currently made up of Ordinary Shares which are voting shares and benefit from all of the rights attaching to those shares contained within the Articles and as summarised in paragraphs 5.8 to 5.15 of this Part IV.

5.8 Share rights

Subject to the provisions of the Companies Acts and to any rights for the time being attached to any existing shares, any shares may be allotted or issued with, or have attached to them, such preferred, deferred or other rights or restrictions, whether in regard to dividend, voting, transfer, return of capital or otherwise, as the Company may from time to time by ordinary resolution determine or, if no such resolution has been passed or so far as the resolution does not make specific provision, as the board may determine.

5.9 Suspension of rights

- 5.9.1 Where a member, or any other person interested in shares held by that member, has been issued with a notice pursuant to the Companies Acts requiring such person to provide information about his interests in the Company's shares (a **Section 793 Notice**) and has failed in relation to any shares (the **default shares**, which expression includes any shares issued after the date of such notice in respect of those shares) to give the Company the information required within the prescribed period from the service of the notice, the following sanctions shall apply unless the board otherwise determines:
 - (a) the member shall not be entitled (in respect of the default shares) to be present or to vote (either in person or by representative or by proxy) at any general meeting or at any separate meeting of the holders of any class of shares or on any poll, or to exercise any other right conferred by membership in relation to any such meeting or poll; and
 - (b) where the default shares represent at least 0.25 per cent in nominal value of the issued shares of their class (excluding any shares of that class held as treasury shares):
 - (i) any dividend or other money payable in respect of the shares shall be withheld by the Company, which shall not have any obligation to pay interest on it, and the member shall not be entitled to elect to receive shares instead of that dividend; and

- (ii) no transfer (other than an excepted transfer) of any shares held by the member shall be registered unless:
 - (A) the member is not himself in default as regards supplying the information required; and
 - (B) the member proves to the satisfaction of the Board that no person in default as regards supplying such information is interested in any of the shares the subject of the transfer.

5.9.2 Unless the board otherwise determines, no member shall be entitled to receive any dividend or to be present and vote at a general meeting or at any separate general meeting of the holders of any class of shares either in person or (save as proxy for another member) by proxy, or be reckoned in a quorum, or to exercise any other right or privilege as a member in respect of a share held by him unless and until he shall have paid all calls for the time being due and payable by him in respect of that share, whether alone or jointly with any other person, together with interest and expenses (if any) payable by such member to the Company.

5.10 **Voting rights**

Subject to the provisions of the Companies Acts, to any special terms as to voting on which any shares may have been issued or may for the time being be held and to any suspension or abrogation of voting rights pursuant to the Articles, at any general meeting, every member who is present in person shall, on a show of hands, have one vote and every member present in person shall, on a poll, have one vote for each share of which he is the holder.

5.11 **Variation of rights**

If at any time the share capital of the Company is divided into shares of different classes, any of the rights for the time being attached to any shares (whether or not the Company may be or is about to be wound up) may from time to time be varied or abrogated in such manner (if any) as may be provided in the Articles by such rights or, in the absence of any such provision, either with the consent in writing of the holders of not less than three-quarters in nominal value of the issued shares of the relevant class (excluding any shares of that class held as treasury shares) or with the sanction of a special resolution passed at a separate general meeting of the holders of shares of the class duly convened and held in accordance with the Companies Acts.

5.12 **Transfer of shares**

5.12.1 Subject to such of the restrictions of the Articles as may be applicable:

- (a) each member may transfer all or any of his shares which are in certificated form by instrument of transfer in writing in any usual form or in any form approved by the board. Such instrument shall be executed by or on behalf of the transferor and (in the case of a transfer of a share which is not fully paid up) by or on behalf of the transferee. The transferor shall be deemed to remain the holder of such share until the name of the transferee is entered in the Register in respect of it. All instruments of transfer which are registered may be retained by the Company;
- (b) each member may transfer all or any of his shares which are in uncertificated form by means of a relevant system in such manner provided for, and subject as provided in, the Regulations. No provision of the Articles shall apply in respect of an uncertificated share to the extent that it requires or contemplates the effecting of a transfer by an instrument in writing or the production of a certificate for the share to be transferred.

5.12.2 The board may, in its absolute discretion, refuse to register any transfer of a share (or renunciation of a renounceable letter of allotment) unless:

- (a) it is in respect of a share which is fully paid up;

- (b) it is in respect of only one class of shares;
- (c) it is in favour of a single transferee or not more than four joint transferees;
- (d) it is duly stamped (if so required); and
- (e) it is delivered for registration to the Office or such other place as the board may from time to time determine, accompanied (except in the case of (i) a transfer by a recognised person where a certificate has not been issued, (ii) a transfer of an uncertificated share or (iii) a renunciation) by the certificate for the share to which it relates and such other evidence as the board may reasonably require to prove the title of the transferor or person renouncing and the due execution of the transfer or renunciation by him or, if the transfer or renunciation is executed by some other person on his behalf, the authority of that person to do so,

provided that the board shall not refuse to register a transfer or renunciation of a partly paid share on the grounds that it is partly paid in circumstances where such refusal would prevent dealings in such share from taking place on an open and proper basis on the market on which such share is admitted to trading.

- 5.12.3 Without prejudice to paragraph 5.12.2, the board may refuse to register a transfer of an uncertificated share in such other circumstances as may be permitted or required by the Regulations and the relevant system.
- 5.12.4 If the board refuses to register a transfer of a share it shall, as soon as practicable and in any event within two months after the date on which the transfer was lodged with the Company, send notice of the refusal to the transferee. At the same time as it sends the transferee notice of the refusal to register a transfer, the board will provide the transferee with its reasons for the refusal. Any instrument of transfer which the board refuses to register shall (except in the case of suspected or actual fraud) be returned to the person depositing it.
- 5.12.5 The first sentence of paragraph 5.12.4 above applies to uncertificated shares as if the reference to the date on which the transfer was lodged with the Company were a reference to the date on which the appropriate instruction was received by or on behalf of the Company in accordance with the facilities and requirements of the relevant system. The second and third sentences of paragraph 5.12.4 above do not apply to uncertificated shares.

5.13 **General Meetings**

- 5.13.1 Subject to the provisions of the Companies Acts, annual general meetings shall be held at such time and place as the board may determine.
- 5.13.2 The board may convene a general meeting, other than an annual general meeting, whenever it thinks fit. If there are within the United Kingdom insufficient members of the board to convene such a general meeting, any director may call such a general meeting.
- 5.13.3 At any general meeting convened on a members' requisition or, in default of the board convening a general meeting on a members' requisition, by the requisitionists, no business shall be transacted except that stated by the requisition or proposed by the board.
- 5.13.4 A general meeting shall be convened by such notice as may be required by law from time to time.
- 5.13.5 Subject to the provisions of the Companies Acts, and notwithstanding that it is convened by shorter notice than that specified in paragraph 5.13.4, a meeting shall be deemed to have been duly convened if it is so agreed:

- (a) in the case of an annual general meeting, by all the members entitled to attend and vote at the meeting; and
 - (b) in the case of any other general meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95 per cent. in nominal value of the shares giving that right.
- 5.13.6 The accidental omission to give or send notice of any meeting or, in cases where it is intended that it be given or sent out with the notice, any other document relating to the meeting including an appointment of proxy to, or the non-receipt of either by, any person entitled to receive the same shall not invalidate the proceedings at that meeting.
- 5.13.7 No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business. If a quorum is not present a chairman of the meeting can still be chosen and this will not be treated as part of the business of the meeting. Save as otherwise provided in the Articles, two persons entitled to attend and to vote on the business to be transacted, each being a member so entitled or a proxy for a member so entitled or a duly authorised representative of a corporation which is a member so entitled, shall be a quorum.
- 5.13.8 If within fifteen minutes (or such longer interval as the chairman in his absolute discretion thinks fit) from the time appointed for the holding of a general meeting a quorum is not present, or if during a meeting such a quorum ceases to be present, the meeting, if convened by or upon the requisition of members, shall be dissolved. In any other case, the meeting shall stand adjourned to the same day in the next week at the same time and place, or to later on the same day or to such other day and at such time and place as the chairman (or, in default, the board) may determine. If at such adjourned meeting a quorum is not present within five minutes from the time appointed for holding the meeting, one person entitled to vote on the business to be transacted, being a member so entitled or a proxy for a member so entitled or a duly authorised representative of a corporation which is a member so entitled, shall be a quorum.
- 5.13.9 The board may, for the purpose of controlling the level of attendance and ensuring the safety of those attending at any place specified for the holding of a general meeting, from time to time make such arrangements as the board shall in its absolute discretion consider to be appropriate and may from time to time vary any such arrangements in place or make new arrangements therefore. The entitlement of any member or proxy to attend a general meeting at such place shall be subject to any such arrangements as may be for the time being approved by the board. In the case of any meeting to which such arrangements apply the board may, when specifying the place of the meeting:
- (a) direct that the meeting shall be held at a place specified in the notice at which the chairman of the meeting shall preside (the **Principal Place**); and
 - (b) make arrangements for simultaneous attendance and participation at satellite meeting places or by way of any other electronic means by members otherwise entitled to attend the general meeting but excluded from the Principal Place under the provisions of this paragraph 5.13.9(b), or who wish to attend at satellite meeting places or other places at which persons are participating via electronic means provided that persons attending at the Principal Place and at satellite meeting places or other places at which persons are participating via electronic means shall be able to see, hear and be seen and heard by, persons attending at the Principal Place and at such other places, by any means. Such arrangements for simultaneous attendance at any of such other places may include arrangements for controlling the level of attendance in any manner at any of such other places (as stated above), provided that they shall operate so that any members and proxies excluded from attending at the Principal Place are able to attend at one of the satellite meeting places or other places at which persons are participating via electronic means. For the purposes of all other

provisions of the Articles any such meeting shall be treated as taking place and being held at the Principal Place.

- 5.13.10 The board may direct that any person wishing to attend any meeting should provide evidence of identity and submit to such searches or other security arrangements or restrictions as the board shall consider appropriate in the circumstances. The board shall be entitled in its absolute discretion to refuse entry to, or eject from, any meeting any person who fails to provide such evidence of identity or to submit to such searches or to otherwise comply with such security arrangements or restrictions.
- 5.13.11 The chairman shall take such action or give such directions as he thinks fit to promote the orderly conduct of the business of the meeting as laid down in the notice of the meeting. The chairman's decision on matters of procedure or arising incidentally from the business of the meeting shall be final, as shall his determination as to whether any matter is of such a nature.

5.14 **Power to alter share capital**

The Company may exercise the powers conferred by the Companies Acts to:

- 5.14.1 increase its share capital by allotting new shares of such nominal value as the board may determine and unless otherwise prescribed in the appropriate resolution of the Company, all such shares shall be subject to the provisions of the Companies Acts and the Articles with reference to allotment, payment of calls, forfeiture, lien, transfer, transmission and otherwise;
- 5.14.2 reduce its share capital;
- 5.14.3 sub-divide or consolidate and divide all or any of its share capital;
- 5.14.4 reconvert stock into shares;
- 5.14.5 re-denominate all or any of its shares and reduce its share capital in connection with such re-denomination.

5.15 **Dividends**

- 5.15.1 Subject to the provisions of the Companies Acts and of the Articles, the Company may by ordinary resolution declare dividends to be paid to members according to their respective rights and interests in the profits of the Company. However, no dividend shall exceed the amount recommended by the board.
- 5.15.2 Subject to the provisions of the Companies Acts, the board may declare and pay such interim dividends (including any dividend payable at a fixed rate) as appears to the board to be justified by the profits of the Company available for distribution. If at any time the share capital of the Company is divided into different classes, the board may pay such interim dividends on shares which rank after shares conferring preferential rights with regard to dividend as well as on shares conferring preferential rights, unless at the time of payment any preferential dividend is in arrear. Provided that the board acts in good faith, it shall not incur any liability to the holders of shares conferring preferential rights for any loss that they may suffer by the lawful payment of any interim dividend on any shares ranking after those with preferential rights.
- 5.15.3 Except as otherwise provided by the rights attached to shares, all dividends shall be declared and paid according to the amounts paid up on the shares on which the dividend is paid but no amount paid up on a share in advance of the date on which a call is payable shall be treated for the purposes of this paragraph 5.15.3 as paid up on the share. Subject as aforesaid, all dividends shall be apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid, but if any share is issued on terms providing that it shall rank for dividend as from a particular date, it shall rank for dividend accordingly.

- 5.15.4 The board may deduct from any dividend or other money payable to any person on or in respect of a share all such sums as may be due from him to the Company on account of calls or otherwise in relation to the shares of the Company.
- 5.15.5 If cheques, warrants or orders for dividends or other sums payable in respect of a share sent by the Company to the person entitled thereto are returned to the Company or left uncashed on two consecutive occasions or, following one occasion, reasonable enquiries have failed to establish any new address to be used for the purpose, the Company shall not be obliged to send any dividends or other money payable in respect of that share due to that person until he notifies the Company of an address to be used for the purpose.
- 5.15.6 All dividends, interest or other sums payable and unclaimed for a period of 12 months after having become payable may be invested or otherwise made use of by the board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof and will not be liable to pay interest thereon. All dividends unclaimed for a period of 12 years after having become payable shall, if the board so resolves, be forfeited and shall cease to remain owing by, and shall become the property of, the Company.

5.16 **Pre-emption rights**

The provisions of section 561 of the Act (which confer on shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash other than by way of allotment to employees under an employee's share scheme as defined in section 1166 of the Act) will apply to the share capital of the Company to the extent not disapplied by a special resolution of the Company.

- 5.17 There is nothing contained in the Articles which would have an effect of delaying, deferring or preventing a change in control of the Company.
- 5.18 There is nothing contained in the Articles which governs the ownership threshold above which shareholder ownership must be disclosed.
- 5.19 There are no conditions in the Articles governing changes in capital which are more stringent than is required by law.
- 5.20 Save as set out in this paragraph 5, there are no provisions in the Articles or otherwise which give any person enhanced rights in the Company's profits.
- 5.21 There are no conversion rights attached to any of the shares in the Company pursuant to the Articles or otherwise.
- 5.22 Save as provided for in the Act or under any other applicable legislation, there are no specific restrictions relating to the shares in the Company and no restrictions on the free transferability of the Ordinary Shares.
- 5.23 In this paragraph 5, the following terms shall have the following meanings (as set out in the Articles):

"**Companies Acts**" means the Companies Act 2006 and, where the context requires, every other statute from time to time in force concerning companies and affecting the Company;

"**Office**" means the registered office for the time being of the Company;

"**Register**" means the register of members of the Company to be kept pursuant to the Companies Acts or, as the case may be, any overseas branch register; and

"**Regulations**" means The Uncertificated Securities Regulations 2001 (SI 2001 No 3755) as the same have been or may be amended from time to time and any provisions of or under the Companies Acts which supplement or replace such Regulations.

The above is a summary only.

6. DIRECTORS' AND OTHER INTERESTS

- 6.1 The interests of each of the Directors in the share capital of the Company which have been or will be required to be notified to the Company pursuant to section 5 of the DTR or which will be required to be entered into the register maintained under the provisions of section 808 of the Act (or which are interests of a person connected with a Director within the meaning of section 252 of the Act), which interests would be required to be disclosed pursuant to the DTR, and the existence of which is known to the Directors or could with reasonable diligence be ascertained by them as at 27 February 2014 (being the last practicable date prior to the date of this Document) are as set out below:

<i>Name</i>	<i>Number of Ordinary Shares as at the date of this Document</i>	<i>% of Issued Share Capital</i>	<i>Number of Ordinary Shares on Admission</i>	<i>% of Enlarged Issued Share Capital</i>
John Eckersley*	182,301	8.62	182,301	2.81
Richard Bailey	37,500	1.77	37,500	0.58
Alistair Currie	37,500	1.77	37,500	0.58
Edmund Jenkins	-	-	-	-

* Includes 132,301 Ordinary Shares held by Palmiro Partners LLP of which John Eckersley and his wife are the only members.

- 6.2 There are no outstanding loans granted or guarantees provided by the Company to or for the benefit of any of the Directors.
- 6.3 Save as disclosed in this Document, no Director is or has been interested in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company and which was effected by the Company and which remains in any respect outstanding or unperformed.

7. SUBSTANTIAL SHAREHOLDERS

- 7.1 As at 27 February 2014 (being the last practicable date prior to the date of this Document), save as set out below, the Company was not aware of any person, who, directly or indirectly, had, or will have immediately following Admission, an interest representing 3 per cent. or more of the issued ordinary share capital (being the threshold at or above which, in accordance with the provisions of section 5 of the DTR, any interest must be disclosed by the Company):

<i>Name</i>	<i>Number of Ordinary Shares as at the date of this Document</i>	<i>% of Issued Share Capital</i>	<i>Number of Ordinary Shares on Admission</i>	<i>% of Enlarged Issued Share Capital</i>
Crescent Trustees Limited	396,823	18.77	396,823	6.11
Rowanmoor Trustees Limited	264,522	12.51	264,522	4.07
Conbrio UK Smaller Companies Fund	-	-	250,000	3.85

- 7.2 Save as disclosed in this Document and in particular paragraphs 6.1 and 7.1, the Directors are not aware of any person who directly, or indirectly, jointly or severally, exercises or could exercise control over the Company.
- 7.3 On Admission, the Company's shareholders listed in paragraphs 6.1 and 7.1, will not have preferential voting rights to other holders of Ordinary Shares.
- 7.4 The Directors are not aware of any arrangements in place or under negotiation which may, at a subsequent date, result in a change of control of the Company.

8. ADDITIONAL INFORMATION ON THE DIRECTORS

8.1 Other than directorships of the Company, the Directors have held the following directorships or been partners in the following partnerships within the five years prior to the date of this Document:

Name	Current Directorships and Partnerships	Past Directorships and Partnerships
John Eckersley	BCF Capital Limited BCF Nominee Limited Castlefield Capital Limited Capital 4C Limited Castlefield Capital EBT Limited Castlefield Gaeia Limited Castlefield Investment Partners LLP Castlefield Wealth Management Limited Duncan and Son Limited Palmiro Partners LLP Peer Howe Investments Limited Takeparts Limited The Charity Service Limited Tools and Equipment (EBT) Limited WTB Employee Benefit Trust Limited W.T. Burden Limited (in administration)	Cateaton Investments LLP WTB Holdings Limited
Richard Bailey	Chetham's Hall Limited Kier Group plc N M Rothschild & Sons Limited The Devisdale Management Company Limited	Capital For Colleagues LLP Halle Concerts Society Manchester Business School Incubator Limited MBSI Portfolio Limited N M Rothschild Corporate Finance Limited
Alistair Currie	Castlefield Investment Partners LLP CKL Properties* KC Investment Properties* *These entities are unregistered partnerships	Edinburgh Fund Managers Plc East Kilbride Mail Limited Independent Media Scotland Limited Forth Independent Newspapers Limited
Edmund Jenkins	Arcahu LLP	Addleshaw Goddard LLP

8.2 Save as disclosed in paragraphs 8.3 8.4, 8.5 and 8.6 below, none of the Directors have

8.2.1 any unspent convictions in relation to indictable offences;

8.2.2 any bankruptcy order made against him or entered into any voluntary arrangements;

8.2.3 been a director of a company which has been placed in receivership, compulsory liquidation, administration, been subject to a voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors, whilst he was a director of that company or within the 12 months after he had ceased to be a director of that company;

8.2.4 been a partner in any partnership with has been placed in compulsory liquidation, administration or been the subject of a partnership voluntary arrangement, whilst he

- was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;
- 8.2.5 been the owner of any asset which has been placed in receivership or a partner in any partnership which has been placed in receivership whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;
- 8.2.6 been publicly criticised by any statutory or regulatory authority (including recognised professional bodies); or
- 8.2.7 been disqualified by a court from acting as a director of any company or from acting in the management or conduct of the affairs of a company.
- 8.3 John Eckersley is currently a director of W.T. Burden Limited and was a director on 5 December 2012 when an administrator was appointed to the company. The administration continues. The last progress report filed with the Registrar of Companies covers the period from 5 December 2012 to 4 June 2013.
- 8.4 Alistair Currie was appointed as a director of Forth Independent Newspapers Limited (company number SC235985) on 16 June 2004 and was a director on 30 June 2011 when a liquidator was appointed to the company. A winding up order was issued on 10 August 2011 and the company was dissolved on 10 December 2013.
- 8.5 Alistair Currie was appointed as a director of East Kilbride Mail Limited (company number SC262037) on 26 March 2008 and was a director on 28 June 2011 when a liquidator was appointed to the company. A winding up order was issued on 8 August 2011 and the company was dissolved on 19 May 2013.
- 8.6 Alistair Currie was appointed as a director of Independent Media Scotland Limited (company number SC259590) on 26 March 2008 and was a director on 20 April 2012 when the company was struck off the register and dissolved.
- 8.7 Save as disclosed in this Document, there are no potential conflicts of interest between any duties to the Company of the Directors and their private interests or their other duties.
- 8.8 The following potential conflicts of interest have been identified by the Company:
- 8.8.1 John Eckersley is a member of Castlefield Investment Partners, a director of and shareholder in Castlefield Capital and a director of BCF Capital Limited. John is a director of WTB Employee Benefit Trust Limited, W.T. Burden Limited (in administration), BCF Nominee Limited and Castlefield Capital EBT Limited. He is also a partner in Palmiro Partners LLP, together with his wife Alison. BCF Capital Limited, BCF Nominee Limited, WTB Employee Benefit Trust Limited, W.T. Burden Limited (in administration) and Castlefield Capital EBT Limited are all shareholders in Castlefield Capital. Castlefield Capital and BCF Capital Limited are the designated members of the LLP and became shareholders in the Company following completion of the Framework Agreement. Palmiro Partners LLP is a member of the LLP and also became a shareholder in the Company following completion of the Framework Agreement. John Eckersley is also a director of and shareholder in the Company personally. Castlefield Investment Partners is a party to an execution agreement with the Company, details of which are at paragraph 10.5 of this Part IV. Castlefield Capital and Palmiro Partners LLP are also parties to a Lock-In Agreement, a summary of the terms of which is at paragraph 10.3 of this Part IV.
- 8.8.2 Alistair Currie is a member of Castlefield Investment Partners and is a shareholder in Castlefield Capital. He is also a director of and shareholder in the Company personally. Castlefield Capital is one of the designated members of the LLP and became a shareholder in the Company following completion of the Framework Agreement. Castlefield Investment Partners is a party to an execution agreement with the Company, details of which are at paragraph 10.5 of this Part IV. Castlefield Capital is a party to a Lock-In Agreement, a summary of the terms of which is at paragraph 10.3 of this Part IV.

- 8.8.3 Richard Bailey is a shareholder in Castlefield Capital. He is also a director of and shareholder in the Company personally. Castlefield Capital is one of the designated members of the LLP and became a shareholder in the Company following completion of the Framework Agreement. Castlefield Capital is a party to a Lock-In Agreement, a summary of the terms of which is at paragraph 10.3 of this Part IV.
- 8.8.4 Castlefield Investment Partners has entered into an execution agreement with the Company, details of which are summarised in paragraph 10.5 of this Part IV.
- 8.8.5 Certain clients of Castlefield Investment Partners have conditionally agreed to subscribe for shares in the Company as part of the Placing. All dealings by Castlefield Investment Partners with such clients will be subject to Castlefield Investment Partners' formal Conflict of Interest Policy.
- 8.8.6 The board of directors of Castlefield Capital has given its approval in respect of John Eckersley and Alistair Currie taking up their positions as directors of the Company. In addition John Eckersley and Alistair Currie have obtained clearance from Castlefield Investment Partners to take up their positions as directors of the Company.
- 8.9 Save as disclosed in this Document, no Director has or has had any interest in any transaction which is or was significant in relation to the business of the Company and which was effected during the current or immediately preceding financial period or which was effected during an earlier financial period and remains outstanding or unperformed.

9. DIRECTORS' SERVICE AGREEMENTS

- 9.1 Save as disclosed below, there are no service agreement or letters of appointment, existing or proposed between any Director and the Company that have been entered into or varied within six months prior to the date of this Document. There are no existing or proposed service agreements or letters of appointment between the Company and any of the Directors which do not expire or are not determinable by the Company without payment of compensation within 12 months immediately preceding the date of this Document.
- 9.1.1 Richard Bailey has signed a non-executive letter of appointment with the Company, to be dated on Admission, pursuant to which his appointment as Non-executive Chairman will be confirmed. His appointment is terminable by and at the discretion of either party on 3 months' notice in writing. The fee payable to Richard is £15,000 per annum. His removal, cessation or retirement in accordance with the Articles of the Company will not give him any right to compensation or damages and no fee will be payable to him for any period after such removal, cessation or retirement. The Company may terminate Richard's appointment with immediate effect if he, inter alia, commits a material breach of the terms of his letter of appointment, is guilty of fraud, acts in a manner likely to bring the Company into disrepute or is convicted of a criminal offence, is declared bankrupt or is disqualified from acting as a director. On termination of Richard's appointment on any of the aforementioned grounds, Richard shall only be entitled to accrued fees as at the date of termination together with reimbursement of any expenses properly incurred prior to that date.
- 9.1.2 John Eckersley has signed a service agreement with the Company, to be dated on Admission, pursuant to which his appointment as Chief Executive will be confirmed. The agreement provides that John will faithfully and diligently serve the Company and will use his best endeavours to promote the interests of the Company. John is required to work such hours as are necessary for the proper performance of his duties as Chief Executive, but no specific contractual hours are stated. The agreement is terminable on not less than 6 months' written notice given by either party to the other. The agreement contains provisions for early termination, inter alia, in the event that John breaches any material term of the agreement. The basic salary payable to John is £30,000 per annum, which shall be reviewed by the board from time to time. There is no obligation on the Company to increase salary on review. The Company may at its sole and absolute discretion choose to pay to John a bonus from time to time. Such bonus is non-

contractual. The timing and amount of any bonus will be determined by the Non-Executive Directors of the Board in their sole and absolute discretion. If the Company decides to pay John a bonus then unless the Non-Executive Directors otherwise agree in writing, such bonus will not be payable unless John is still in employment with the Company or a Group Company on the last day of the relevant year and on the date payment of the bonus is due, and neither John nor the Company has given or received notice of termination of John's employment. The agreement contains restrictive covenants for a period of 12 months following the termination of John's employment. John shall be paid in lieu of any entitlement accrued but untaken at the date of termination of his employment. The Company may summarily terminate John's employment in certain circumstances and in such an event John would have claim for compensation in respect of such termination. The Company reserves the right to terminate John's employment with immediate effect at any time by making a payment in lieu of notice equivalent to salary for the notice period. Such payment would consist solely of an amount equivalent to salary in lieu of notice, and would not include any payment in respect of any bonus or other contractual benefits.

- 9.1.3 Alistair Currie has signed a service agreement with the Company, to be dated on Admission, pursuant to which his appointment as Executive Director will be confirmed. The agreement provides that Alistair will faithfully and diligently serve the Company and will use his best endeavours to promote the interests of the Company. Alistair is required to work such hours as are necessary for the proper performance of his duties as an Executive Director, but no specific contractual hours are stated. The agreement is terminable on not less than 6 months' written notice given by either party to the other. The agreement contains provisions for early termination, inter alia, in the event that Alistair breaches any material term of the agreement. The basic salary payable to Alistair is £20,000 per annum, which shall be reviewed by the board from time to time. There is no obligation on the Company to increase salary on review. The Company may at its sole and absolute discretion choose to pay to Alistair a bonus from time to time. Such bonus is non-contractual. The timing and amount of any bonus will be determined by the Non-Executive Directors of the Board in their sole and absolute discretion. If the Company decides to pay Alistair a bonus then unless the Non-Executive Directors otherwise agree in writing, such bonus will not be payable unless Alistair is still in employment with the Company or a Group Company on the last day of the relevant year and on the date payment of the bonus is due, and neither Alistair nor the Company has given or received notice of termination of Alistair's employment. The agreement contains restrictive covenants for a period of 12 months following the termination of Alistair's employment. Alistair shall be paid in lieu of any entitlement accrued but untaken at the date of termination of his employment. The Company may summarily terminate Alistair's employment in certain circumstances and in such an event Alistair would have claim for compensation in respect of such termination. The Company reserves the right to terminate Alistair's employment with immediate effect at any time by making a payment in lieu of notice equivalent to salary for the notice period. Such payment would consist solely of an amount equivalent to salary in lieu of notice, and would not include any payment in respect of any bonus or other contractual benefits.
- 9.1.4 Ed Jenkins has signed a non-executive letter of appointment with the Company, to be dated on Admission, pursuant to which his appointment as Non-executive Director will be confirmed. His appointment is terminable by and at the discretion of either party on 3 months' notice in writing. The fee payable to Ed is £12,000 per annum. His removal, cessation or retirement in accordance with the Articles of the Company will not give him any right to compensation or damages and no fee will be payable to him for any period after such removal, cessation or retirement. The Company may terminate Ed's appointment with immediate effect if he, inter alia, commits a material breach of the terms of his letter of appointment, is guilty of fraud, acts in a manner likely to bring the Company into disrepute or is convicted of a criminal offence, is declared bankrupt or is disqualified from acting as a director. On termination of Ed's appointment on any of the aforementioned grounds, Ed shall only be entitled to accrued fees as at the date of

termination together with reimbursement of any expenses properly incurred prior to that date.

- 9.2 The amounts payable to the Directors by the Company under the arrangements in force at the date of this Document in respect of the financial year ending 31 August 2014 are estimated to be £77,000 excluding benefits and any VAT payable thereon.

10. MATERIAL CONTRACTS

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company and/or, where expressly indicated, by C4C Management, within the period from the last two years to the date immediately preceding the date of this Document and are, or may be, material:

- 10.1 A placing agreement dated 27 February 2014 between the Company (1), the Directors (2) and Peterhouse (3) pursuant to which and conditional upon, inter alia, Admission taking place on or before 8.00 a.m. on 17 March 2014 or such later time and date (being not later than 8.00 a.m. on 30 April 2014) as Peterhouse and the Company may agree, Peterhouse have agreed to use reasonable endeavours to procure subscribers for the Placing Shares proposed to be issued by the Company at the Placing Price. The agreement contains indemnities from the Company and warranties from the Company and the Directors in favour of Peterhouse together with provisions which enable Peterhouse to terminate the agreement in certain circumstances prior to Admission. The liability of the Directors for breach of warranty is limited.

Under the terms of the placing agreement, the Company has agreed to pay Peterhouse, conditional on Admission, a corporate finance fee of £25,000 (plus VAT), together with an additional fee of £10,000 (plus VAT) in connection with Peterhouse's approval of this Document and other relevant Placing documents for the purposes of section 21 of FSMA. The Company has also agreed to pay Peterhouse a broking commission of 5 per cent. (plus VAT) of the aggregate value at the Placing Price of the Placing Shares which are placed with Placees introduced by Peterhouse, and a broking commission of 1 per cent. (plus VAT) of the aggregate value at the Placing Price of the Placing Shares which are placed with Placees introduced by any person other than (a) Peterhouse or (b) Castlefield Investment Partners LLP. In addition, the Company shall pay all reasonable and proper costs, charges and expenses of, or incidental to, the application for Admission and the Placing and the transactions and arrangements connected with them.

- 10.2 A corporate adviser and broker agreement, to be dated on Admission, between the Company (1) and Peterhouse (2) pursuant to which the Company has appointed Peterhouse to act as corporate adviser and broker to the Company following Admission to the ISDX Growth Market. The Company has agreed to pay Peterhouse, commencing on Admission, an annual retainer fee for its services as corporate adviser and broker of £10,000 (exclusive of VAT) for the 12 months following Admission, rising to £15,000 per annum (exclusive of VAT) thereafter, together with any reasonable expenses. The agreement is terminable by either party on giving to the other not less than 3 months' notice in writing such notice not to be given earlier than 12 months from the date of the agreement.
- 10.3 Lock-in agreements dated 27 February 2014 between Peterhouse (1), the Company (2) and the Directors, Castlefield Capital and Palmiro Partners LLP (3) pursuant to which the Directors, Castlefield Capital and Palmiro Partners LLP have agreed with Peterhouse not to dispose of any Ordinary Shares held by them for a period of 12 months from the date of Admission except in certain limited circumstances. The agreements also contain certain orderly market provisions which apply for a further 12 months after the expiry of the lock-in period.
- 10.4 A Framework Agreement dated 4 February 2014 between the Company (1), the LLP (2), BCF Capital Limited (3), Castlefield Capital Limited (4), Crescent Trustees Limited (5) and others, pursuant to which, inter alia, on 27 February 2014 the LLP transferred cash and other assets then held by the LLP (including the LLP's shareholding in C4C Management) to the Company for a consideration of the issue of 1,988,889 Ordinary Shares to the LLP. The Ordinary Shares issued to the LLP were subsequently transferred to the members of the LLP as a distribution in specie on a pro rata basis such that the members of the LLP became members of the Company.

- 10.5 An execution agreement, to be dated on Admission, between the Company and Castlefield Investment Partners and comprising Castlefield Investment Partners' standard terms of business and a client information form in respect of the Company. Castlefield Investment Partners' core business is the management of investment portfolios when it has its clients' general permission to buy and sell investments. It provides a range of services and in relation to the Company, the client information form specifies a "dealing only service". The execution agreement states that Castlefield Investment Partners has entered into an agreement with Pershing Securities Limited ("PSL") under which PSL provides clearing and settlement, safe custody and other associated services to Castlefield Investment Partners' clients to carry out the investment transactions. At Castlefield Investment Partners' request, PSL will open and maintain accounts on its books in the Company's name to provide services to the Company. Castlefield Investment Partners' charges will be in accordance with its schedule of charges in force at the time the charges are incurred. The Company may, at any time when there are no outstanding obligations owed by the Company to Castlefield Investment Partners or PSL, give notice in writing to Castlefield Investment Partners to stop receiving their services. The Company must give instructions regarding the future custody of its investments so that PSL can transfer its money and investments accordingly (after deducting any amounts owed to Castlefield Investment Partners or PSL). If Castlefield Investment Partners wishes to terminate the agreement, it will give the Company 28 days' notice.
- 10.6 A Letter of Engagement between the Company and Peterhouse dated 8 October 2013 appointing Peterhouse as the Company's ISDX Corporate Finance Adviser in connection with the Admission and the Placing. The Company also entered into a Supplemental Letter of Engagement with Peterhouse, on 12 November 2013, pursuant to which Peterhouse agreed to also provide services as broker to the Company in connection with the Placing and following Admission. Peterhouse has received an initial fee of £5,000 from the Company pursuant to the Letter of Engagement. The fees payable to Peterhouse under the Placing Agreement summarised at paragraph 10.1 above supersede and replace the further fees expressed to be payable to Peterhouse under the Letter of Engagement and the Supplemental Letter of Engagement and accordingly the Company has no further liability to Peterhouse for fees or commissions under the Letter of Engagement or the Supplemental Letter of Engagement.
- 10.7 A Letter of Engagement between the Company and Haysmacintyre dated 7 October 2013 appointing Haysmacintyre as the Company's reporting accountants in connection with the Admission. Under the terms of the Letter of Engagement, Haysmacintyre, *inter alia*, produced an Accountants' Report for the Company covering the period from its incorporation to 31 October 2013, reviewed projections and prepared a report for the Directors regarding the adequacy of working capital and produced a systems and controls summary for the Company's proposed asset safeguarding and management procedures. The fees for the services provided by Haysmacintyre under the Letter of Engagement are £12,500 plus VAT and disbursements.
- 10.8 A Letter of Engagement and standard terms and conditions between the Company and DAC Beachcroft LLP dated 18 October 2013 appointing DAC Beachcroft LLP as solicitors to the Company in connection with Admission. Under the terms of the Letter of Engagement, DAC Beachcroft LLP has worked with Peterhouse and the Company, *inter alia*, in connection with Admission, the Framework Agreement and the Company's registration as a SRUKAIFM. DAC Beachcroft LLP has received an initial fee of £33,000 (excluding VAT) from the Company pursuant to the Letter of Engagement. The further fees for the services provided by DAC Beachcroft LLP under the Letter of Engagement are £94,500 plus VAT and disbursements.
- 10.9 A Hive-Up Agreement dated 27 February 2014 between C4C Management and the Company pursuant to which C4C Management transferred its assets to the Company including its investment in FJ Holdings, the benefit of the loan made to Merkho and the benefit of the investment in TPS as well as the cash in hand or at the bank or at any other financial institution, all of C4C Management's intellectual property rights and C4C Management's business information. The consideration for the transfer of the assets was left outstanding as an unsecured inter-company interest-free debt owing to C4C Management from the Company in the amount of £968,920.80 repayable by the Company on C4C Management's demand.
- 10.10 A Loan Facility Letter dated 14 October 2013 between C4C Management and FJ Holdings, in

respect of a loan of £250,000 made available to FJ Holdings. Under the terms of the Loan Facility Letter, the loan was available for drawing in any number of drawdowns on any business day after 14 October 2013 upon FJ Holdings giving two days' notice in writing and provided there was no breach of the Loan Facility Letter or any security document then existing. Interest was payable on the loan at 12% per annum and accrued monthly on the outstanding balance of the loan. The loan was repayable by FJ Holdings on written demand by C4C Management and FJ Holdings was required to apply the proceeds of the loan towards its general working capital requirements. The loan was repayable in full on the occurrence of certain events of default such as a breach of the terms of the Loan Facility Letter or any security document or the insolvency of FJ Holdings. Under the Investment Agreement dated 21 January 2014, £100,000 of the loan was repaid to C4C Management, and the remaining £150,000 was converted into an equity stake in FJ Holdings (see paragraph 10.11 below).

- 10.11 A deed of adherence, dated 27 February 2014 and made between the Company, FJ Holdings, Andrew Williams and others, Robert Righton, WCS Nominees Limited, Seneca Capital No.1 L.P., Seneca Partners Limited and C4C Management, to an Investment Agreement in relation to FJ Holdings dated 21 January 2014 and originally made between FJ Holdings, Andrew Williams and others, Robert Righton, WCS Nominees Limited, Seneca Capital No.1 L.P., Seneca Partners Limited and C4C Management, together with the articles of association of FJ Holdings. Under the Investment Agreement, C4C Management agreed to subscribe for 1,034 D Shares of £0.01 each for an aggregate consideration of £150,000, which was satisfied by the capitalisation of the sum of £150,000 representing part of the principal amount then owing by FJ Holdings to C4C Management under the Loan Facility Letter described in paragraph 10.10 above. The remaining £100,000 of the loan was repaid to C4C Management under the terms of the Investment Agreement. Under the Investment Agreement, Seneca Capital No.1 L.P. paid £100,001.70 for the 345 F shares it subscribed for, and WCS Nominees Limited paid £400,006.80 for the 1,380 F shares it subscribed for, representing a significantly higher premium on the F shares than on the D shares subscribed for by C4C Management. C4C Management's equity interest in FJ Holdings was transferred to the Company pursuant to the Hive-Up Agreement and the Company subsequently became a party to the Investment Agreement in place of C4C Management by signing the deed of adherence. The new articles of association of FJ Holdings are based on the Model Articles under the Act (as amended or varied) and set out, among other things, the rights attaching to the different classes of shares in FJ Holdings. The D shares in FJ Holdings held by the Company have, among other rights, the right to receive 9.5% of any profits of FJ Holdings available for distribution and the right to receive notice of, and attend, speak and vote at, general meetings of FJ Holdings. In addition the D shares carry voting rights of approximately 7.69%, together with the right to a return of capital at 7.5%. Under the new articles of association of FJ Holdings, the Company is defined as an 'institutional investor' and has the right to transfer the shares it holds in FJ Holdings to certain permitted transferees including other members of the Group. The Investment Agreement sets out certain provisions relating to how FJ Holdings is to be governed including the right of the Company to appoint a director to the board of FJ Holdings, and certain matters that are reserved for the consent of the Company, WCS Nominees Limited and Seneca Capital No.1 L.P.
- 10.12 A Loan Facility Letter dated 4 December 2013 originally made between C4C Management (as lender) and Merkko (as borrower), amended and restated by an amendment and restatement agreement dated 24 January 2014 and assigned to the Company under the terms of the Hive-Up Agreement, for a total loan amount of £150,000. C4C Management raised the initial £75,000 of the necessary funds to make the loan to Merkko by allotting and issuing further shares to the LLP in return for subscription monies of £75,000, satisfied by the capitalisation of a loan of £75,000 made by the LLP to C4C Management. The remaining £75,000 of the loan was funded using part of the £100,000 repaid by FJ Holdings to C4C Management under the terms of the Investment Agreement described in paragraph 10.11 above. Under the Loan Facility Letter (as amended and restated), Merkko is obliged to apply the proceeds of the loan towards its general working capital requirements and interest on the principal amount for the time being owing to the Company will accrue monthly at 12% per annum. Merkko is obliged to repay the loan on written demand by the Company. Interest is payable in arrears on the last day of each anniversary of the date of the loan facility letter (which, for the avoidance of doubt, is 4 December 2013). Under the terms of the amendment and restatement agreement, the entire amount of the loan was secured by a Mortgage Debenture in favour of C4C Management dated 4 December 2013 over the assets and

undertaking of Merkko Builders Merchants Ltd, the benefit of which has been assigned to the Company under the Hive-Up Agreement.

- 10.13 A deed of adherence, dated 27 February 2014 and made between the Company, TPS, Keith Herbert, Barry Vize and Jeremy Burden, Crescent Trustees Limited, TPS-Burdens (EBT) Limited and C4C Management, to an Investment Agreement dated 19 December 2013 and originally made between TPS, Keith Herbert, Barry Vize and Jeremy Burden, Crescent Trustees Limited, TPS-Burdens (EBT) Limited and C4C Management. Under the terms of the Investment Agreement, C4C Management agreed to subscribe for 100,000 preference shares of £1 each in TPS for an aggregate subscription price of £100,000, and 200,000 loan notes for an aggregate subscription price of £200,000. C4C Management's equity interest in TPS and the benefit of the Loan Notes were transferred to the Company pursuant to the Hive-Up Agreement and the Company subsequently became a party to the Investment Agreement with TPS in place of C4C Management by signing the deed of adherence. The new articles of association of TPS are based on the regulations set out in the Irish Companies Acts and set out, *inter alia*, the rights attaching to the different classes of shares in TPS. The preference shares in TPS held by the Company have, *inter alia*, the right to receive a fixed cumulative dividend at the annual rate of 15% of the Issue Price (defined as £1) per preference share, which is to be paid in bi-annual instalments. The holders of preference shares are not entitled to receive notice of, or to attend and vote at, general meetings of TPS or vote on any proposed written resolutions of TPS. TPS shall redeem all preference shares on the 5th anniversary of the date of the adoption of the articles, or, unless directed to the contrary by the Company, on the occurrence of an exit (a sale or a listing). TPS may, on not less than 10 business days' notice in writing to the holders of preference shares, redeem, in multiples of not less than 500 preference shares, such total number of preference shares specified in such notice provided that no such redemption can be made within the first 12 months after the date of the adoption of the articles or within 6 months of an exit (a sale or a listing). The holders of preference shares may require TPS to redeem an amount of the preference shares by serving notice on TPS in certain circumstances. The Investment Agreement sets out certain provisions relating to how TPS is to be governed including the right of the Company to appoint a director to the board of TPS, and certain matters that are reserved for the consent of the Company. Under the Investment Agreement TPS is to pay to the Company an annual monitoring fee of 3% of the EBITDA of TPS subject to a minimum fee of £10,000 which shall be paid on a monthly basis on the last business day of each month irrespective of whether the Company has appointed a director to the board of TPS.
- 10.14 A Loan Note Instrument signed by TPS on 19 December 2013, pursuant to which TPS created up to £200,000 fixed rate convertible loan notes 2014. Under the terms of the Loan Note Instrument, TPS issued the entire principal amount of loan notes to C4C Management (as Noteholder under the Loan Note Instrument). The benefit of the loan notes was assigned to the Company under the terms of the Hive-Up Agreement. Under the Loan Note Instrument, the Company has the benefit of the loan notes which can be redeemed or converted into preference shares of £1 each in the capital of TPS on 19 June 2014 (if not before). Unless the Company and TPS agree otherwise, TPS shall redeem the loan notes at par value on 19 June 2014, together with any accrued interest on the loan notes. When the loan notes are redeemed, TPS shall pay the Company the principal amount of the loan notes to be redeemed at par together with any accrued interest at 15% per year (after tax) up to (but excluding) the date of the redemption. Until the loan notes are redeemed, TPS is obliged to pay the Company interest at 15% (after tax) on £200,000, being the principal amount. Any loan notes not redeemed on 19 June 2014 will be converted into convertible preference shares of £1 each in the capital of TPS. Pursuant to the Loan Note Instrument, if any loan notes are converted, the Company is entitled to such number of preference shares as is equal in value to such loan notes (on a £ for £ basis) with accrued but unpaid interest.
- 10.15 A Registrars Agreement between the Company and Share Registrars Limited dated 25 October 2013 in respect of Share Registrars Limited's appointment as the registrar of the Company with effect from 1 November 2013. Under the agreement, Share Registrars Limited agrees to provide a share registration service in accordance with the Companies Acts and any market on which the Company's shares may be traded. The fees for the provision of such services are fixed for a term of one year at the amounts set out in the schedule to the agreement, and will be subject to review

thereafter. On 12 November 2013 Share Registrars Limited were appointed as the Company's receiving agent in connection with Admission, for a basic fee of £2,000 and a fee per application of £5.

- 10.16 A consultancy agreement, to be dated on Admission, and made between the Company and David Gorman pursuant to which Mr Gorman will be appointed as a consultant to the Company and, in particular, engaged to undertake certain agreed research work under the title 'Head of Research'. Mr Gorman agrees to provide certain services to the Company comprising research work and database maintenance, the identification of companies likely to require investment by the Company, assistance with the preparation and presentation of investment cases to the board of the Company and any other activities of a similar nature required to be undertaken by the Company. The consultancy agreement is for an initial term of 12 months and shall terminate thereafter unless renewed for further 12 month terms in accordance with its terms. Mr Gorman is entitled, on production of a valid invoice, to a consultancy fee of £150 (excluding VAT) for each agreed full working day of at least seven and one quarter hours duration (excluding lunch) and Mr Gorman shall undertake a minimum of 24 full working days for the Company during the initial 12 month term of the consultancy agreement. Under the agreement Mr Gorman assigns to the Company all intellectual property rights and other rights in the services created and delivered by him. The agreement shall terminate, inter alia, if Mr Gorman ceases to be an approved person under section 59 of FSMA or if a party commits a material breach of the agreement which they fail to remedy within 28 days of receiving notice to do so. Either party may also terminate the agreement without liability to the other by giving to the other party not less than one day's written notice.

11. RELATED PARTY TRANSACTIONS

Save as referred to below or elsewhere in this Part IV, there were no nor are there contemplated any related party transactions to which the Company was or will be a party:

- 11.1 On its incorporation on 3 October 2013, the Company allotted and issued the following Ordinary Shares to the then current Directors:
- 11.1.1 John Eckersley – 50,000 Ordinary Shares;
 - 11.1.2 Richard Bailey – 37,500 Ordinary Shares; and
 - 11.1.3 Iain Hasdell – 37,500 Ordinary Shares.
- 11.2 On 13 November 2013, Iain Hasdell (having resigned as a Director) transferred his 37,500 Ordinary Shares to Alistair Currie, a Director of the Company.
- 11.3 John Eckersley is a member of Castlefield Investment Partners, a director of and shareholder in Castlefield Capital and a director of BCF Capital Limited. John is a director of WTB Employee Benefit Trust Limited, W.T. Burden Limited (in administration), BCF Nominee Limited and Castlefield Capital EBT Limited. He is also a partner in Palmiro Partners LLP, together with his wife Alison. BCF Capital Limited, BCF Nominee Limited, WTB Employee Benefit Trust Limited, W.T. Burden Limited (in administration) and Castlefield Capital EBT Limited are all shareholders in Castlefield Capital. John Eckersley was a party to the Framework Agreement and is a party to the Placing Agreement and a Lock-In Agreement with the Company. Castlefield Capital and BCF Capital Limited are the designated members of the LLP and became shareholders in the Company following completion of the Framework Agreement. Castlefield Capital has also entered into a Lock-In Agreement with the Company and Peterhouse. Palmiro Partners LLP is a member of the LLP and also became a shareholder in the Company following completion of the Framework Agreement. Palmiro Partners LLP has entered into a Lock-In Agreement with the Company and Peterhouse. John Eckersley is also a director of and shareholder in the Company personally. Castlefield Investment Partners is a party to an execution agreement with the Company, details of which are at paragraph 10.5 of this Part IV.
- 11.4 Richard Bailey was a member of the LLP from 4 April 2013 until 10 October 2013, when his member's interest was transferred to Crescent Trustees Limited, as SIPP provider to John Lewis, and was subsequently, in effect, exchanged for a shareholding in the Company pursuant to the

Framework Agreement. Richard Bailey is a shareholder in Castlefield Capital. He was a party to the Framework Agreement and is a party to the Placing Agreement and a Lock-In Agreement with the Company. He is also a director of and shareholder in the Company personally. Castlefield Capital is one of the designated members of the LLP and became a shareholder in the Company following completion of the Framework Agreement. Castlefield Capital has also entered into a Lock-In Agreement with the Company and Peterhouse.

- 11.5 Alistair Currie is a member of Castlefield Investment Partners and is a shareholder in Castlefield Capital. Alistair Currie was also a party to the Framework Agreement and is a party to the Placing Agreement and a Lock-In Agreement with the Company. He is also a director of and shareholder in the Company personally. Castlefield Capital is one of the designated members of the LLP and became a shareholder in the Company following completion of the Framework Agreement. Castlefield Capital has also entered into a Lock-In Agreement with the Company and Peterhouse. Castlefield Investment Partners is a party to an execution agreement with the Company, details of which are at paragraph 10.5 of this Part IV.
- 11.6 Ed Jenkins is a party to the Placing Agreement and a Lock-In Agreement with the Company and Peterhouse. He is also a director of the Company.

12. LEGAL AND ARBITRATION PROCEEDINGS

- 12.1 There are no governmental, legal or arbitration proceedings in which the Company is involved or of which the Company is aware, pending or threatened by or against the Company which may have or have had in the 12 months preceding the date of this Document a significant effect on the Company's financial position.
- 12.2 There are no governmental, legal or arbitration proceedings in which C4C Management is involved or of which C4C Management is aware, pending or threatened by or against C4C Management which may have or have had in the 12 months preceding the date of this Document a significant effect on C4C Management's financial position.

13. UNITED KINGDOM TAXATION

13.1 Introduction

The information in this section is based on the Directors' understanding of current UK tax law and HMRC practice as at the date of this Document, both of which are subject to change at any time. It should be regarded as a summary of the tax treatment likely to be afforded UK resident investors holding their Ordinary Shares in the Company as investments. It does not constitute legal or tax advice and potential investors are, therefore, strongly recommended to consult a professional adviser regarding their own tax position and the consequences of making an investment in the Company.

13.2 Tax residence of the Company

The Company is considered to be resident for tax purposes in the UK. Accordingly, the information provided in this section reflects the taxation treatment appropriate to an investment in a UK tax resident company.

13.3 Taxation of chargeable gains made by shareholders

A sale or other disposal of the Ordinary Shares may, subject to any available reliefs and exemptions, give rise to a chargeable gain (or allowable loss) for the purposes of UK taxation of chargeable gains.

Individuals and Trustees

Chargeable gains realised on a disposal of Ordinary Shares by an individual or trustee resident and ordinarily resident in the UK will be subject to capital gains tax which is charged at a rate of 28 per cent. for those individuals whose total income and gains exceed the income tax basic rate limit,

and at a rate of 18 per cent. where total income and gains fall below the basic rate limit. A flat rate of 28 per cent. applies for trustees and personal representatives.

An individual shareholder who disposes of Ordinary Shares while only temporarily not resident in the UK for tax purposes, may, under anti-avoidance legislation, still be liable to UK tax on his or her return to the UK. A period of non residence of less than five whole tax years prior to the year in which the shareholder returns to the UK will be treated as a temporary period for these purposes. Shares of the same class acquired by the same person and in the same capacity are “pooled” and treated as a single asset growing or diminishing as shares of the same class are acquired or disposed. Accordingly on a part disposal of the relevant shareholding the gain (or loss) will be computed by reference to that proportionate part of the aggregate cost of the holding attributable to the shares disposed.

Companies

UK resident corporate shareholders are subject to corporation tax on their chargeable gains. Gains realised by such companies, as reduced by available indexation relief, are subject to corporation tax at the company’s relevant rate. Indexation relief is deductible in computing any gain arising on a disposal of, or out of, the holding and is computed by reference to the movement in the Retail Price Index over the period of ownership applied to the cost of the holding, or that part of the holding, disposed. As for individuals and trustees, shares of the same class held by a corporate shareholder are “pooled”.

Non residents

Shareholders who are not resident or ordinarily resident in the UK and who are not affected by the rules relating to temporary non residence will, save in limited circumstances, not be liable to UK taxation on chargeable gains realised on the disposal of their Ordinary Shares. Such shareholders may be subject to foreign taxation on any gain realised under the local law of their country of residence and should consult their own tax adviser concerning their tax liabilities on such gains.

13.4 *Taxation of dividends*

The taxation of dividends paid by the Company and received by an investor resident for tax purposes in the UK is summarised below.

Individuals

A UK resident individual shareholder in receipt of dividends is treated as receiving income of an amount equal to the sum of the dividend and its associated tax credit. The tax credit currently equates to 10 per cent. of the gross dividend, being the combined amount of the dividend and the tax credit (the tax credit therefore representing one-ninth of the net dividend). The gross dividend is subject to income tax as the top slice of the individual’s income and is taxed at the individual’s marginal rate of income tax. The tax credit is available to set against the resulting liability (if any) to income tax. An individual liable to income tax at the basic rate will be liable to tax on the gross dividend at a rate of 10 per cent. (“the dividend ordinary rate” which is a special rate of tax set for basic rate taxpayers in receipt of dividend income). Accordingly, the tax credit will satisfy the income tax liability of such an individual. An individual liable to income tax at the higher rate will pay tax on the gross dividend at a rate of 32.5 per cent. (“the dividend upper rate” which is a special rate of tax set for higher rate taxpayers in receipt of dividend income). After taking into account the tax credit of 10 per cent. a higher rate taxpayer will be liable to additional income tax of 22.5 per cent. of the gross dividend, which equates to 25 per cent. of the actual or net dividend. An individual liable to income tax at the additional rate will pay tax on the gross dividend at a rate of 37.5 per cent. (“the dividend additional rate” which is a special rate of tax set for additional rate taxpayers in receipt of dividend income). After taking into account the tax credit of 10 per cent., an additional rate taxpayer will be liable to additional income tax of 27.5 per cent. of the gross dividend, which equates to 30.56 per cent. of the actual or net dividend.

Trustees

UK resident trustees of a discretionary trust in receipt of dividends are liable to income tax at a rate of 37.5 per cent. ("the dividend trust rate") of the gross dividend. After giving effect to the tax credit of 10 per cent. the trustees will be liable to additional income tax of 27.5 per cent. of the gross dividend, which equates to 30.56 per cent. of the actual or net dividend.

Companies

Although a UK resident corporate shareholder is potentially liable to corporation tax on its dividend income, it is anticipated that the general exemption for dividends will be available to exempt from corporation tax corporate investors in receipt of dividends from the Company.

13.5 *Withholding tax and tax credit in UK*

The Company is not required to withhold tax when paying a dividend. Liability to tax on dividends will depend upon the individual circumstances of a Shareholder. Other UK resident Shareholders who are not liable to UK tax on dividends, including pension funds and charities, are not entitled to claim repayment of the tax credit. Shareholders who are resident outside the UK for tax purposes will not generally be able to claim repayment of any part of the tax credit attaching to dividends received from the Company, although this will depend on the existence and terms of any double taxation convention between the UK and the country in which such shareholder is resident. A Shareholder resident outside the UK may also be subject to taxation on dividend income under local law. A Shareholder who is resident outside the UK for tax purposes should consult his own tax adviser concerning his tax position on dividends received from the Company.

13.6 *Stamp Duty and Stamp Duty Reserve Tax ("SDRT")*

Transfers of Ordinary Shares may give rise to liabilities to stamp duty and SDRT. The paragraphs below summarise the current position and are intended as a general guide only to stamp duty and SDRT. Special rules apply to agreements made by brokers, dealers and market makers in the ordinary course of their business and to certain categories of person (such as depositaries and clearance services) who may be liable to stamp duty or SDRT at a higher rate. No liability to stamp duty or SDRT will generally arise on the allotment and issue of new Ordinary Shares by the Company.

Transfers outside CREST

An instrument (generally a stock transfer form) transferring Ordinary Shares outside CREST will be liable to ad valorem stamp duty broadly at a rate of 0.5 per cent. of the consideration paid (rounded up to the nearest multiple of £5). Stamp duty is normally paid by the purchaser. An unconditional agreement to transfer such shares, if not completed by a duly stamped stock transfer form by the seventh day of the month following the month in which the agreement becomes unconditional, will be subject to SDRT (payable by the purchaser and generally at a rate of 0.5 per cent. of the consideration paid). If within 6 years of the date of the agreement an instrument of transfer is executed pursuant to the agreement and on the instrument is duly stamped any liability to SDRT will be cancelled or repaid.

Transfers within CREST

Paperless transfers of Ordinary Shares within CREST will be charged to SDRT (rather than stamp duty) at a rate of 0.5 per cent. of the consideration paid. SDRT is payable by the purchaser. CREST is obliged to collect SDRT on relevant transactions settled within the system.

Income Tax

This paragraph applies to non-employee shareholders. Employee shareholders may be subject to an alternative tax regime and should consult their own professional adviser. There will be no charge to income tax on the purchase or sale of the Ordinary Shares. The tax treatment of dividends received on the Ordinary Shares is dealt with in paragraph 13.4 above.

13.7 Inheritance Tax

The Ordinary Shares are considered not to qualify for business property relief for the purposes of inheritance tax as the Company is considered to be carrying on an investment activity which is not a qualifying activity for these purposes. General

The above is a summary of certain aspects of current law and practice in the UK. A Shareholder who is in any doubt as to his tax position, on who is subject to tax in a jurisdiction other than the UK, should consult his or her professional adviser immediately.

14. WORKING CAPITAL

The Directors are of the opinion, having made due and careful enquiry, that taking into account the existing resources available to the Group and the net proceeds of the Placing receivable by the Company, the Group has sufficient working capital for its present requirements, that is for at least 12 months from the date of Admission.

15. GENERAL

15.1 Saved as disclosed in this Document, there has been no significant change in the financial or trading position of the Company and C4C Management since their incorporation.

15.2 It is estimated that the total expenses payable by the Company in connection with the Placing and Admission (including those fees and commissions referred to in paragraph 10 of this Part IV) amount to approximately £0.23 million (excluding VAT). The net proceeds of the Placing will be £1.96 million.

15.3 Peterhouse, which is authorised and regulated by the FCA, has given and not withdrawn its written consent to the inclusion in this Document of its name and the references thereto in the form and context in which they appear. Peterhouse is acting exclusively for the Company in connection with Admission and the Placing and not for any other persons. Peterhouse will not be responsible to any persons other than the Company for providing the protections afforded to customers of Peterhouse or for advising any such person in connection with Admission and the Placing.

15.4 Peterhouse is registered in England and Wales under number 02075091 and its registered office is at 31 Lombard Street, London EC3V 9BQ.

15.5 haysmacintyre has given and not withdrawn its written consent to the inclusion in this Document of its report set out in Part III of this Document and has authorised the contents of its report in the form and context in which it appears.

15.6 haysmacintyre, which is a member of the Institute of Chartered Accountants in England and Wales, and whose office is at 26 Red Lion Square, London WC1R 4AG were appointed as auditors to the Company on 27 February 2014.

15.7 Save for the Company's website at www.capitalforcolleagues.com and as set out in this Document, there are no patents or intellectual property rights, licences or particular contracts, which are of material importance to the Group's business or profitability.

15.8 Save as set out in this Document as far as the Directors are aware there are no environmental issues that may affect the Group's utilisation of its tangible fixed assets.

15.9 Save as disclosed in this Document, the Company has no principal investments for each financial year covered by the historical financial information and there are no principal investments in progress and there are no principal future investments on which the board has made a firm commitment.

15.10 The sum raised pursuant to the Placing is £2.19 million which will be applied in the following order of priority:

15.10.1 commissions and expenses in connection with the Placing and Admission: £0.23 million; and

15.10.2 working capital: £1.96 million.

The proceeds of the Placing are sufficient to fund the proposed uses stated above.

15.11 Save as disclosed in this Document no person (excluding professional advisers otherwise disclosed in this Document and trade suppliers) has:

15.11.1 received, directly or indirectly from the Company within the 12 months preceding the date of this Document; or

15.11.2 entered into contractual arrangements (not otherwise disclosed in this Document) to receive, directly or indirectly, from the Company on or after Admission,

any of the following:

(a) fees totalling £10,000 or more;

(b) securities of the Company where these have a value of £10,000 or more calculated by reference to the Admission Price; or

(c) any other benefit with the value of £10,000 or more at the date of this Document.

15.12 The Ordinary Shares have not been sold, nor are they available, in whole or in part, to the public in connection with the application for Admission.

15.13 The Directors accept responsibility for the financial information contained in Part III of this Document which has been prepared in accordance with the law applicable to the Company.

15.14 The Company complies with the recommendation at Guidance Note 69.1 of the ISDX Rules, which relates to the number of directorships held by the Directors.

16. AVAILABILITY FOR INSPECTION

Copies of this Document will be available free of charge to the public during normal business hours on any weekday (Saturdays and public holidays excepted) until the date following one month after the date of Admission at the registered office of the Company and at the offices of Peterhouse at 31 Lombard Street, London EC3V 9BQ.

3 March 2014