



LSE: CIN

23 March 2010

City of London Group plc (“COLG”)

COLG takes a strategic interest in legal funding venture of St Helens Finance plc (“SHF”)

- COLG granted option to acquire a 20% equity stake in SHF Legal Funding Limited (“SHF Legal”) for £125,000
 - £1 million facility to be made available by COLG for new SHF Legal fund
 - Investment by COLG of £170,000 in SHF Convertible Loan Note
 - COLG’s new management team’s second strategic investment to provide funding for professional service firms
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COLG is pleased to announce that it has completed a joint venture agreement with SHF and others in relation to SHF Legal, a newly incorporated company formed by SHF. SHF Legal and its subsidiaries will fund working capital for law firms where cases have been won but collection is pending final agreement of quantum with cost draughtsmen.

COLG has invested £125,000 in a loan note issued by SHF which is exchangeable for 20% of SHF Legal’s equity at COLG’s option at any time up to 31 March 2011. The loan note will carry a 5% coupon. COLG has also been granted options to acquire a further 5% of SHF Legal for £132,000 at any time up to 31 March 2013. Alongside this, COLG has agreed to provide secured seed funding facilities to two special purpose subsidiaries of SHF Legal for up to a maximum of £1 million comprising a £900,000 facility carrying an interest rate at 12% per annum and a £100,000 facility carrying an interest rate of 10% per annum.

In addition, COLG has subscribed £170,000 for a convertible loan in SHF with a coupon of 5% per annum. The loan is convertible at COLG’s option up to 31 March 2011 into SHF shares at 8.5p per share. COLG has also been issued options to subscribe for 2,700,000 SHF shares of which 1,000,000 can be subscribed at a price of 8.5p and 1,700,000 can be subscribed at a price of 13p per share.

Eric Anstee, Chief Executive of COLG said, “This is our second strategic investment in support of our strategy to establish a group of fund management opportunities to finance professional service firms. It also brings with the transaction a partnership with St.Helens Finance plc, which has extensive leasing expertise and capability. I have known Rick Abbott, the Chairman of SHF, for a number of years and look forward to working with him again”.

For Further Information:

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