



LSE: CIN

24 January 2013

City of London Group plc (“COLG” or “the Company”)

Interim Management Statement

The Company announces its Interim Management Statement covering the period from 1 October to the date of this announcement and reports on events, transactions and trading during the period.

Highlights

- Trade Finance Partners is achieving strong growth and good levels of profitability
- Credit Asset Management Limited (“CAML”) selected as sole leasing provider to date to support the Government’s Business Finance Partnership Initiative
- BIS funds are expected to be available for investment by CAML in February/March 2013 and the platform is expected to achieve break-even within the first half of 2013/14
- Therium has completed a first closing of a new Jersey fund and subscriptions currently stand at £3.4m. Final close is expected before the financial year end. Legal investment results are taking longer to come through than expected. Good progress made in raising other funds

Trade Finance Partners Limited

This business is progressing strongly and with continued momentum is expected to achieve profits in line with management expectations. As already reported the first half results were impacted by the change in banking facilities with Macquarie but the additional facilities will enable growth in the longer term.

Credit Asset Management Limited (“CAML”)

It was announced before Christmas that CAML had been selected as the sole leasing provider to date to support the Government’s Business Finance Partnership Initiative. These funds are unlikely to flow to impact the current year’s results; however, we expect the combined effect of BIS funds and the growth of CAML’s existing business to enable break-even within the first half of 2013/14. We have been encouraged by the level of further interest from managed accounts and block funders following the BIS announcement.

The business is trading well and continues to benefit from the high demand within the SME asset finance sector.

Therium Capital Management Limited

New case flows for funding remain strong with deal flow up 63% on the previous calendar year. We are delighted to announce the first close of a new Jersey based fund. This fund has taken longer than expected to close. This delay, and the time taken to raise other funds which are progressing well, is expected to result in lower than expected management fees in the year. In addition, where legal investments are taking longer to resolve or obtain judgment this delays the receipt of both performance fees for Therium and case profits where COLG is directly invested in legal cases from seed investments. In particular, there are two investments which are approaching conclusion but not finalised. It is increasingly possible that neither of these situations will be determined before COLG's March year end which would result in Therium's performance fees and COLG returns in 2012/13 on seed investments being significantly less than management expectations. The results of these investments would then be reported in the next financial year.

Outlook

The sale proceeds from FX Capital, our small equity issue and the continued sale of our listed equity investment portfolio, are being used to support the businesses. We remain positive for the long term prospects in each of the platforms. Break-even for the Company, which we had hoped to achieve by March 2013, is unlikely until our trading year 2013/14 without one of the legal investments referred to above being resolved in our favour.

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Chief Executive

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Notes to Editors

City of London Group plc (COLG) is fully listed on the London Stock Exchange plc (LSE symbol CIN).

The Company's strategy is to build a quality Financial Services Group centred on Specialist Financing and Alternative Fund Management. The Company believes there are particular opportunities in the SME and professional services sectors as major national and foreign banks limit new lending to these borrowers. It therefore seeks to identify and exploit product niches and business models in these

sectors where they are supported by strong day to day management teams, providing initial equity, working capital and seed funding for those teams.

Since 2009, COLG has developed four specialist financing funds, pledging significant seed funds to Therium Capital Management Limited, a third party Litigation Funder, Credit Asset Management Limited and Professions Funding Limited, which respectively provide asset backed finance to SME's and working capital loans to professional practice firms and finally Trade Finance Partners Limited, a trade finance provider to the SME market.