



24 April 2017

Mortice Limited
("Mortice", the "Company" or the "Group")

Acquisition of second UK-based property services company for up to £4.5m
Further broadens client base and geographic coverage in the UK

Mortice Limited (AIM: MORT), the AIM listed security and facilities management company, announces that it, and its wholly-owned subsidiary, Tenon Facility Management UK Limited ("Tenon UK"), have agreed to pay up to £4.5m for Manchester-based Elite Cleaning & Environmental Services Ltd ("Elite") in cash and shares (the "Acquisition").

Acquisition Highlights

- Total consideration of up to £4.5m on a cash-free, debt-free basis (subject to certain potential adjustments) to be satisfied by:
 - £3.35m cash consideration, offset by £1.6m free cash in Elite;
 - the allotment of 1,458,333 new ordinary shares of no par value ("Ordinary Shares" and "Consideration Shares");
 - a conditional earn-out payment of up to £1.0m ("Earnout Consideration"), payable as to £700,000 in cash and £300,000 in new Ordinary Shares
- The new Ordinary Shares are subject to certain lock-in provisions

Acquisition Rationale

The Acquisition, which is expected to be immediately earnings enhancing, further expands the Company's UK footprint and is in line with its acquisitive and organic growth strategy, as outlined on 22 April 2015. Elite has a strong blue-chip client base, which is complementary to the Company's existing portfolio. In addition, once fully integrated with the Company's existing infrastructure, a number of operational savings are expected.

Elite, founded in 1994, has c.1,000 employees and offers a full range of cleaning services, as well as additional facilities management services and support services. The company achieved audited revenues of £12.3m and EBITDA of £1.0m for the financial year ended 31 December 2016. Its key services cover office, industrial, school and healthcare cleaning and its client base includes ITV, BMW, European Development Bank, Dorset and Wilts Fire Services, as well as a number of schools, colleges and medical centres and surgeries.

Acquisition Terms

Tenon UK and the Company have agreed to purchase with the consideration to be satisfied by the transfer of £3.35m in cash to the sellers ("Gerard McGrath, Kathleen McGrath and John McGrath")(subject to certain potential adjustments) offset against £1.6m of free cash in Elite, funded from new and existing debt facilities, and the issue of up to 1,458,333 Consideration Shares. The Consideration Shares have been allotted at 120p per new Ordinary Share. If the Consideration Shares are not admitted to trading on AIM within 60 days of 21 April 2017, a cash payment of £1,750,000 shall be paid to the Sellers by the Company in lieu of the allotment of such Consideration Shares to the Sellers.

The full Earnout Consideration is payable on pre-agreed targets, including annualised contracted revenue 12 months post completion of the Acquisition of at least £11.2m and an EBITDA in the earnout period of at least £1m being achieved and is payable up to £700k cash and £300k in Ordinary Shares.

Each Seller has undertaken that he will not sell, transfer or otherwise dispose of, or create an encumbrance over, the Consideration Shares (or any interest in them) prior to 31 March 2019 (the "Lock-In") subject to certain customary exceptions. In addition, an option has been granted, to the Sellers, to require the

Company to purchase the Consideration Shares for 120 pence per share in the period for three months following the expiry of the Lock-In period.

Total Voting Rights and Admission of Consideration Shares

The Company will apply to the London Stock Exchange for admission of the Consideration Shares to trading on AIM on 25 April 2017. Following admission, the total number of Ordinary Shares in issue will be 55,230,540 and the total number of voting rights in the Company will be 55,230,540. There will be no Ordinary Shares held in treasury. The above figure may be used by shareholders as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in the Company, under the Financial Conduct Authority's Disclosure Guidance and Transparency Rules.

Commenting, Manjit Rajain, Executive Chairman of Mortice, said: *"We are delighted to further strengthen our position within the UK market. Elite has a strong reputation and client base and it offers clear synergies with our existing operations and presents many cross-selling opportunities, as well as immediately enhancing the Group's earnings. We are very excited by the wider market opportunities and ability to further drive profitability."*

This announcement contains information which, prior to its disclosure, was considered inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 (MAR).

Enquiries:

Mortice Limited

Manjit Rajain, Executive Chairman

www.morticegroup.com

Tel: +91 981 800 0011

finnCap Ltd

Adrian Hargrave / Giles Rolls / Alex Price (Corporate Finance)

Tony Quirke (Corporate Broking)

Tel: 020 7220 0500

Walbrook PR

Paul McManus/ Sam Allen

Tel: 020 7933 8780 or mortice@walbrookpr.com

Mob: 07980 541 893 / 07884 664 686

About Mortice Limited

Mortice (AIM: MORT), is an AIM listed security and facilities management company, incorporated in Singapore and based in India with operation across India, Singapore and the UK.

Mortice operates under two brands, in India:

- **Peregrine** – provision of guarding and security services to a wide range of clients from blue-chip companies, smaller businesses, commercial and private properties, and individuals.
- **Tenon FM**– provision of a full range of facilities management services to corporate occupiers, owners and developers of real estate. Clients include respected blue-chip and home-grown companies. Within the Tenon group of companies Mortice also offers security surveillance services through its subsidiary Soteria and mechanical and engineering services via Rotopower.

The business is growing and profitable and is focused on expanding its geographical footprint and growing through targeted acquisitions, as well as organically.

In 2015, the Company established Tenon UK and through this wholly owned subsidiary acquired UK based Office & General Group Limited, an independent property service company specialising in cleaning and providing support services such as environmental solutions and built fabric maintenance in the UK. In

addition, the Company acquired a 51% majority stake in Singapore-based security company Frontline Security Pte. Ltd, and has an option to acquire an additional 25% within three years.

Learn more about Mortice through this video interview with Manjit Rajain, Executive Chairman of Mortice:

www.brrmedia.co.uk/broadcasts/57c94e8cd6c09fd74b0ae623/mortice-unlocking-potential