

1 June 2015

MXC Capital Limited

("MXC", "The Company" or the "Group")

Acquisitions by investee company, Castleton Technology Plc

The Board of MXC draws the attention of shareholders to the announcement issued by investee company Castleton Technology Plc, issued this morning at 7am. A fully copy of the text of the announcement is reproduced below:

Castleton Technology Plc

("Castleton" or the "Group")

Acquisitions of Impact Applications Limited and Brixx Solutions Limited

Castleton, the software and managed services provider to the public and not for profit sectors, is pleased to announce two acquisitions for a total consideration of £10 million (the "Acquisitions"), representing the fifth and sixth acquisitions under the Group's strategy to build the pre-eminent IT business focused on the public and not for profit sectors.

Highlights

- £5 million acquisition of Impact Applications Limited ("Impact"), provider of business critical repairs management and scheduling tools to the social housing sector
 - Expected sales of £2.8 million and EBITDA of £0.8 million for the year to 31 August 2015
- £5 million acquisition of Brixx Solutions Limited ("Brixx"), provider of software enabling users to produce financial models and long-term forecasts
 - Expected sales of £1.3m and EBITDA of £0.8 million for the year to 31 December 2015
- Acquisitions further consolidate Castleton's strong position in its chosen markets; Group now supports c.400 of the UK's total 1,700 social housing associations
 - Significant cross selling opportunities
- Group run rate revenues including Impact and Brixx of c.£18 million, of which over 50% are recurring

Ian Smith, Chief Executive of Castleton, said, "Castleton is on its way to being the pre-eminent supplier of software and services to the social housing sector. These two further acquisitions reinforce that strategy. Nearly a third of all the social housing associations in the UK are now Castleton customers. The scope to provide multiple service lines to our customers, combined with the opportunity for cost saving synergies between our businesses, gives me great confidence that Castleton will continue to deliver for its shareholders.

The acquisitions of Brixx and Impact complete the initial steps in building our platform; our focus will now be on integrating our products and services."

Castleton offers a range of software and infrastructure services to the public and not for profit sectors, providing its customers with significant improvements in service, performance and insight. The acquisitions of Impact and Brixx add to the group of complementary businesses focused on the social housing sector comprising Montal, Documotive, Keylogic and Opus.

Impact, a provider of business critical repairs management software and scheduling tools to the social housing sector, has been acquired for £5 million. In the year to 31 August 2015, Impact expects to deliver sales of £2.8 million, of which £1 million are recurring, and EBITDA of £0.8 million, which would represent an increase on the previous year of 38% and 217% respectively. Impact has 22 housing association customers and private contractors using its product; the acquisition of Impact gives Castleton the opportunity to sell Impact's product into the existing Castleton customer base, which, with the addition of Brixx, numbers over 400 accounts.

Brixx, a provider of software enabling users to produce financial models and long-term forecasts, has also been acquired for £5 million, of which £0.5 million is deferred for 12 months. Brixx has developed a specific solution, HousingBrixx, in order to meet the needs of the social housing sector and this solution is currently used by over 300 UK social housing organisations. Organisations using Brixx's software are able to model the impact of improved service delivery thus enabling further investment. Brixx's broad customer base offers significant opportunities to cross-sell Castleton's suite of products and services.

Further details on the Acquisitions are set out below.

Castleton was advised on the Acquisitions by MXC Capital Advisory LLP, a subsidiary of MXC Capital Limited (AIM: MXCP). MXC Capital Limited is a core investor in Castleton, owning 24.3 per cent. of the issued share capital.

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Further details on the acquisition of Impact

Impact provides an IT based repairs and maintenance product called Impact Response. The software aids organisations, mainly housing associations and contractors, with repairs and maintenance service delivery and was developed in-house. Impact provides a complete in-house solution which includes product development, implementation, testing and customisation, through to training, hosting,

maintenance and support. The opportunity and capability exists to integrate Impact's software into Castleton's CRM solution for an end-to-end customer service. The business delivered sales of £2.0 million and profit before tax of £0.3 million in the year to 31 August 2014. Gross assets as at 31 August 2014 were £1.3 million.

Consideration for the acquisition of Impact is £5.0 million, of which £1.67 million will be satisfied via the issue of new ordinary shares of 0.1 pence each in the capital of Castleton ("Ordinary Shares") at a price of 2.25 pence per Ordinary Share. The remaining £3.3 million was paid in cash on completion.

Further details on the acquisition of Brixx

Brixx provides software which enables users to produce financial models and long-term forecasts. Brixx has a specific solution, HousingBrixx, which has been developed to meet the needs of the social housing sector where financial modelling is critical. HousingBrixx is a trusted brand with a business critical function which has led to a high level of customer loyalty; currently over 300 social housing organisations use this solution. The platform upon which HousingBrixx is based is owned by Brixx International Ltd to whom a licence fee will continue to be payable. Castleton has the right to buy the intellectual property for the underlying platform for use in the social housing market. The business expects to generate sales for the year to 31 December 2015 of £1.3m with an expected EBITDA margin of c.62%. Sales for the year to 31 December 2014 amounted to £1.2 million with profit before tax of £0.3 million. Gross assets as at 31 December 2014 were £0.9 million.

Total consideration for the acquisition of Brixx is £5 million, payable in cash. £4.0 million was paid on completion, with £0.5 million payable within 2 months and the remaining £0.5 million deferred for 12 months.

Financing of the Acquisitions

The Acquisitions will be financed by the Company's existing cash resources alongside a new bank facility with the Company's existing bankers, Barclays Plc, comprising a term loan of £5 million together with an overdraft of up to £2 million. The Company has also drawn down £1.5 million under its loan agreement with MXC Capital Limited ("MXC Capital") and has entered into a further loan facility with MXC Capital to provide up to £1 million (the "Facility"). Interest is payable on amounts drawn down under the Facility at a rate of 10 per cent. per annum, with a commitment fee of 4 per cent. payable on amounts undrawn. The Facility has a term of six months.

Related party transactions

The entering into of the Facility is considered a related party transaction under the AIM Rules for Companies on the basis that MXC Capital is a substantial shareholder in the Company and Ian Smith, CEO of Castleton, is a substantial shareholder of MXC Capital by virtue of his interest in MXC Holdings Limited (which is interested in 53 per cent. of the share capital of MXC Capital). In addition, the Company is paying corporate finance advisory fees of £250,000 to MXC Capital Advisory LLP ("MXCA") for advisory services in relation to the Acquisitions (the "Advisory Fees") under an existing engagement with MXCA which is retained as corporate finance adviser to the Company. The payment of the Advisory Fees is considered to be a related party transaction under the AIM Rules for Companies on the basis that MXC Capital is the ultimate controlling party of MXC Capital Advisory LLP.

The independent directors (being David Payne, Phil Kelly and Haywood Chapman) consider, having consulted with finnCap Ltd, that the terms of the Facility and the Advisory Fees are fair and reasonable insofar as shareholders of the Company are concerned.

Issue of Equity/ Total Voting Rights

In satisfaction of part of the consideration for Impact, 74,088,888 new Ordinary Shares have been allotted to the vendors of Impact ("Consideration Shares"). Application has been made for the Consideration Shares to be admitted to trading on AIM ("Admission"). Admission is expected to occur on 4 June 2015. Following Admission, the total number of Ordinary Shares in issue will be 1,229,624,426. There are no Ordinary Shares held in treasury and so the total number of voting rights in the Company is 1,229,624,426.

The above figure of 1,229,624,426 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 FCA's Disclosure and Transparency Rules.