PrimeStone

Mears Group PLC
1390 Montpellier Court
Gloucester Business Park
Brockworth
Gloucester
GL3 4AH

24th February 2021

Dear Chairman and Non-Executive Directors of Mears Group PLC ("Mears" or "the Company"),

1. INTRODUCTION TO PRIMESTONE

PrimeStone is a long-term investor in European listed companies founded in 2014 by three former partners from The Carlyle Group. We take substantial minority stakes in companies that we believe have significant potential for value creation. We work with management and stakeholders to create long-term enduring value.

We are writing to ask you, the board of Directors of Mears Group PLC, to organize a competitive sale process to take the company private. Despite good progress under difficult conditions in 2020, Mears share price performance has dramatically lagged the market and remains at a deep discount to its intrinsic value. We strongly believe the best solution for all stakeholders of Mears is for the company to be taken into private hands. We have made this letter public to enable you to discuss the matter openly with other shareholders and potential acquirers.

PrimeStone advises funds that own c.12.3% of the issued share capital of Mears. We have been shareholders since July 2016 and the largest shareholder since the start of 2017.

2. STRONG PROGRESS MADE IN 2020

Mears made excellent strategic progress last year, with encouragement and support from PrimeStone:

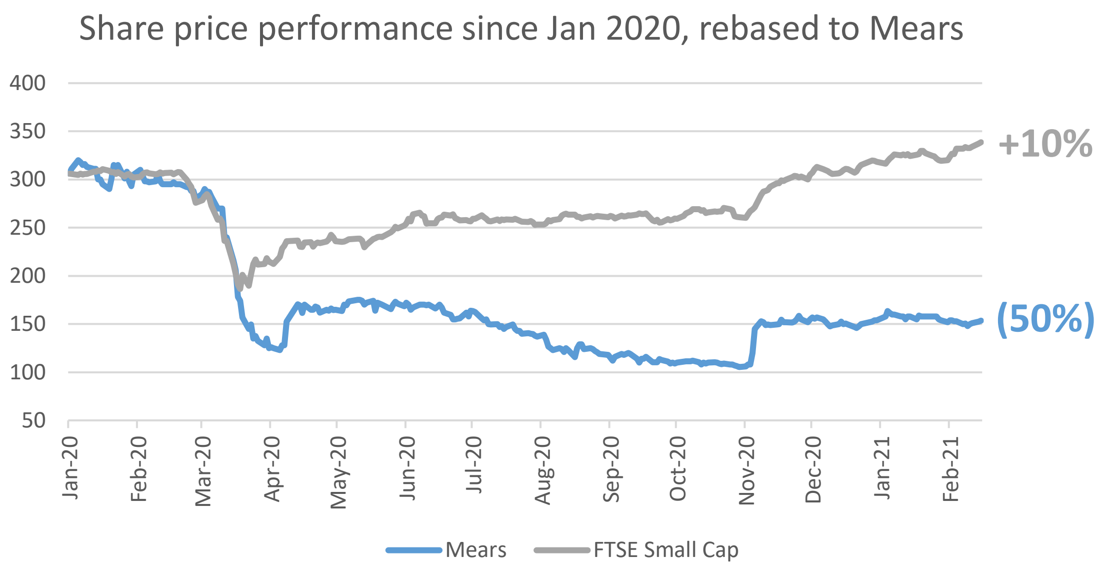
- The management took the decision to exit their domiciliary care business, a lower quality business with significant structural issues in the industry
- Non-core asset TerraQuest was sold for a maximum consideration of £72m and minimum cash proceeds of £62m, significantly improving the company's balance sheet
- The company has committed to a controlled wind up of their Housing Development assets that were generating a suboptimal return on capital
- The company has used the crisis as an opportunity to prune their contract portfolio, removing underperforming contracts

Mears starts 2021 as a business focused on the provision of Housing Maintenance and Housing Management. The company is by far the market leader in a defensive industry with good revenue visibility (long-term contracts of c.7 years), well-funded customers and strong ESG credentials.

The global pandemic created significant operational challenges for Mears with increased volumes in some Management contracts and significantly reduced volumes in some Maintenance contracts. The management team's deep relationships and reputation in the market as a trusted partner of many years enabled the company to navigate this storm admirably. The company was able to move certain contracts onto an interim basis where costs are being covered until the pandemic is over. This has meant the company has remained underlying cash neutral during the pandemic and did not need to ask shareholders for additional equity. This was all achieved while continuing to service their customers (many of whom are those of most in need in society) and keep their employees safe.

3. THE PUBLIC MARKET IS NOT WORKING FOR MEARS

Despite good strategic progress, a well-managed crisis and a strengthened balance sheet (Mears should be debt free on a normalised basis in the next 24 months), the share price performance has been poor.



Source: Bloomberg

The stock performance has not just been weak during the global pandemic. The shares have performed poorly over the last seven years (down over 70% from the peak in April 2014) and are now at levels not seen since 2004. The public markets are failing to attribute the appropriate valuation to a business of Mears's quality, ESG credentials and prospects.

Mears has a market capitalisation of £170m and normalised post COVID average net debt of £50m[1]. Before significant upcoming potential contract wins, the company post COVID should deliver c.£30m of EBITA and c.21p of EPS. This equates to an EV/EBITA multiple of 7x or a

[1] Pro forma for payment of deferred VAT, normalised working capital and £20m cash inflow from Development

PE multiple of 7x. These are low in absolute terms and when compared to an historic average EV/EBITA and PE of 11x and 12x, respectively.

The company has become orphaned in the public markets. Given our long private equity experience, we strongly believe that Mears will be better appreciated by private investors who will properly value its stable cash flows stemming from long-term contracts, ESG credentials and opportunities to accelerate growth and improve margins. This would also provide the company with access to long-term capital to further consolidate its industry and better serve its customers. Today, such a prospect is not likely to be available in the public markets.

In private hands the company will thrive without unnecessary distraction.

4. CONCLUSION

We hope you will agree with our diagnosis that the current share price is a reflection of how much of an orphan Mears has become and that its currently highly depressed level presents a unique opportunity for a potential transaction that would be beneficial to all parties concerned.

Given our private equity background, we are at your disposal to help you make your decision and navigate a take-private process. We look forward to continuing our constructive dialogue with you and management to secure the best future for Mears and all its stakeholders.

Yours sincerely,

Benoît Colas

PrimeStone Capital LLP. 17a Curzon Street. London W1J 5HS