

AIM: MERC  
25 January 2012

## RECOMMENDED CASH OFFER

by

**SANLAM PRIVATE INVESTMENT HOLDINGS UK LIMITED ("SPIH")**

a direct subsidiary of Sanlam UK Limited and an indirect subsidiary of Sanlam Limited

to acquire the entire issued and to be issued ordinary share capital of

**MERCHANT SECURITIES GROUP PLC ("Merchant")**

other than those shares already owned by Principal Nominees Limited, a nominee of SPIH and those shares already contracted to be acquired by SPIH under the terms of the Acquisition Agreement

### COMPULSORY ACQUISITION OF OUTSTANDING MERCHANT SHARES

On 14 December 2011, it was announced that all the conditions of the Offer have been either satisfied or waived and, accordingly, the Offer was declared wholly unconditional.

On 17 January 2012, SPIH announced its intention to exercise its rights in accordance with sections 974 to 991 of the Companies Act to acquire compulsorily the remaining Merchant Shares on the same terms as the Offer as soon as reasonably practicable.

#### Level of acceptances

**As at 1:00 p.m. (London time) on 25 January 2012, SPIH had received valid acceptances in respect of 29,300,233 Offer Shares representing 95.43 per cent. of the Offer Shares and 52.87 per cent. of the ordinary shares in Merchant.**

This includes acceptances which were subject to irrevocable undertakings in respect of 15,976,616 Offer Shares representing 52.04 per cent. of the Offer Shares.

**In addition, SPIH owns a total of 24,106,358 ordinary shares in Merchant representing 43.50 per cent. of ordinary shares.**

**Accordingly, SPIH in total owns 53,406,591 of the ordinary shares and voting rights in Merchant representing 96.37 per cent. of ordinary shares in Merchant.**

#### Compulsory acquisition

SPIH announces that today, Wednesday 25 January 2012, it posted notices pursuant to sections 974 to 991 of the Companies Act to the owners of Offer Shares who have not yet validly

accepted the Offer, informing them that it proposes to acquire compulsorily their Merchant shares under the provisions of sections 974 to 991 of the Companies Act.

The compulsory acquisition procedure is expected to be completed on, or shortly after, 8 March 2012.

### **Acceptance of the Offer**

**Independent Shareholders who have not yet accepted and wish to accept the Offer should take action to accept the Offer as soon as possible.**

The Offer remains open for acceptances until further notice. Acceptances of the Offer should be received in accordance with the instructions contained in the Offer Document and (in the case of shares held in certificated form) the Form of Acceptance.

It was also announced on 17 January 2012 that Merchant has applied to the London Stock Exchange for the cancellation of admission to trading of its shares on AIM ("Cancellation") and Cancellation will take place at 7.00am on 14 February 2012.

Capitalised terms used but not defined in this announcement shall have the meaning given to them in the Offer Document.

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### **IMPORTANT NOTICE**

*Lincoln International, which is authorised and regulated in the UK by the FSA for investment business activities, is acting exclusively as financial adviser to Sanlam and no one else in connection with the Offer and will not be responsible to anyone other than Sanlam for providing the protections afforded to clients of Lincoln International or for providing advice in relation to the Offer or any other matters referred to in this announcement.*

*Grant Thornton, which is authorised and regulated in the UK by the FSA for investment business activities, is acting exclusively as financial adviser to Merchant and no one else in connection with the Offer and will not be responsible to anyone other than Merchant for providing the protections afforded to clients of Grant Thornton or for providing advice in relation to the Offer or any other matters referred to in this announcement.*

*This announcement is not intended to and does not constitute, or form any part of, an offer to sell or subscribe for or an invitation to purchase or subscribe for any securities or the solicitation of an offer to purchase or subscribe for any securities pursuant to the Offer or otherwise. The Offer is being made solely through the Offer Document and (in respect of Merchant Shares held in certificated form) the Form of Acceptance, which together contains the full terms and conditions of the Offer, including details of how to accept the Offer. Any acceptance or other response to the Offer should be made only on the basis of the information contained in the Offer Document and (in respect of Merchant Shares held in certificated form) the Form of Acceptance.*

#### **OVERSEAS SHAREHOLDERS**

*This announcement has been prepared for the purpose of complying with English law and the City Code and the information disclosed may not be the same as would have been disclosed if this announcement had been prepared in accordance with the laws of jurisdictions outside the UK. Unless otherwise determined by Sanlam or required by the City Code and permitted by applicable law and regulation, the Offer will not be made, directly or indirectly, in or into, or by use of the mails, or by any means or instrumentality (including, without limitation, by means of telephone, facsimile, internet or other forms of electronic communication) of interstate or foreign commerce of, or any facilities of a securities exchange of, any Restricted Jurisdiction, and the Offer will not be capable of acceptance by any such use, means, instrumentality or facility or from within any Restricted Jurisdiction. Accordingly, unless otherwise determined by SPIH or required by the City Code and permitted by applicable law and regulation, copies of this announcement and any other related document are not being, and must not be, directly or indirectly, mailed or otherwise distributed or sent in or into any Restricted Jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not distribute or send them in, into or from such jurisdictions as doing so may make invalid any purported acceptance of the Offer by persons in any such jurisdiction.*

*The availability of the Offer to persons not resident in the UK may be affected by the laws of the relevant jurisdiction. Persons who are subject to the laws of any jurisdiction other than the UK should obtain professional advice and observe any applicable requirements.*

#### **FORWARD-LOOKING STATEMENTS**

*This announcement contains certain forward-looking statements with respect to the financial condition, results of operations and businesses of SPIH and Merchant and certain plans and objectives of the boards of directors of SPIH and Merchant. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements often use words such as "anticipate", "target", "expect", "estimate", "intend", "plan", "goal", "believe", "will", "may", "should", "would", "could" or other words of similar meaning. These statements are based on assumptions and assessments made by the boards of directors of SPIH and Merchant in light of their experience and their perception of historical trends, current conditions, expected future developments and other factors they believe appropriate. By their nature, forward-looking statements involve risk and uncertainty, and the factors described in the context of such forward-looking statements in this announcement could cause actual results and developments to differ materially from those expressed in or implied by such forward-looking statements.*

*Should one or more of these risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary materially from those described in this announcement. Neither SPIH or Merchant nor their respective boards of directors assume any obligation to update or correct the information contained in this announcement, whether as a result of new information, future events or otherwise, except to the extent legally required.*

*The statements contained in this announcement are made as at the date of this announcement, unless some other time is specified in relation to them, and service of this announcement shall not give rise to any implication that there has been no change in the facts set out in this announcement since such date. Nothing contained in this announcement shall be deemed to be a forecast, projection or estimate of the future financial performance of SPIH or Merchant or any member of the Sanlam Group or Merchant Group except where expressly stated.*