

RECOMMENDED CASH OFFER

by

SANLAM PRIVATE INVESTMENT HOLDINGS UK LIMITED (“SPIH”)

a direct wholly-owned subsidiary of Sanlam UK Limited and an indirect wholly-owned 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, those shares already contracted to be acquired by SPIH under the terms of the Acquisition Agreement and any treasury shares in issue (except to the extent these cease to be held as treasury shares before the Offer becomes unconditional as to acceptances, or such earlier date as SPIH may, subject to the City Code, decide)

OFFER UPDATE - OFFER DECLARED WHOLLY UNCONDITIONAL

Introduction

On 31 October 2011, the Board of SPIH and the Board of Merchant announced the terms of a recommended cash offer (“the Offer”) to be made by SPIH, an indirect wholly-owned subsidiary of Sanlam Limited, for the entire issued and to be issued share capital of Merchant, which was subject to the terms and conditions set out in the Offer document (“the Offer Document”).

On 24 November 2011, it was announced that the Offer had been declared unconditional as to acceptances.

SPIH is pleased to announce that all of the conditions of the Offer have now been either satisfied or waived and the Offer is hereby declared wholly unconditional. This includes the receipt of approval from the Financial Services Authority to the change of control of Merchant consequent on the Offer becoming effective.

Level of acceptances

As at 1:00 p.m. (London time) on 13 December 2011, SPIH had received valid acceptances in respect of 28,971,985 Offer Shares representing 94.36 per cent. of the Offer Shares.

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.

The Offer will remain open for acceptance until further notice. All other terms and conditions as outlined in the Offer Document still apply.

Settlement of consideration

The consideration due to accepting Merchant Shareholders will be despatched either on or before 23 December 2011, in respect of valid acceptances received by 1.00 p.m. on 13 December 2011, or within 14 days of the date of receipt of further acceptances which are valid and complete in all respects.

Compulsory acquisition, delisting and cancellation of trading in Merchant Shares

As SPIH has received acceptances under the Offer in respect of 90 per cent. or more in value of Merchant Shares to which the Offer relates and 90 per cent. or more of the voting rights carried by those shares and all other conditions of the Offer have been satisfied or waived (if capable of being waived), SPIH intends 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.

In addition, as stated in the Offer Document and subject to any applicable requirements of the AIM Rules, SPIH intends to procure the making of an application by Merchant to the London Stock Exchange for the cancellation of the admission to trading of the Merchant Shares on AIM. A further announcement is expected to be made in due course regarding the proposed date for the cancellation of trading on AIM. Following such cancellation, SPIH intends to procure that Merchant re-registers from a public limited company to a private limited company. Delisting and the cancellation of the admission to trading of Merchant Shares will significantly reduce the liquidity and marketability of any Merchant Shares not acquired by SPIH.

Independent Shareholders who have not yet accepted the Offer are encouraged to do so without delay. 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.

If you are in any doubt about the action you should take, you are recommended to seek your own independent financial advice immediately from your stockbroker, solicitor, accountant or other independent financial adviser authorised under FSMA if you are resident in the UK or, if not, from another appropriately authorised financial adviser.

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.