



Merchant Securities Group

AIM: MERC

1 September 2011

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION IN WHOLE OR IN PART, IN OR INTO OR FROM, ANY JURISDICTION WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OF SUCH JURISDICTION.

THIS IS AN ANNOUNCEMENT FALLING UNDER RULE 2.4 OF THE TAKEOVER CODE (THE "CODE"). IT DOES NOT REPRESENT A FIRM INTENTION TO MAKE AN OFFER UNDER RULE 2.5 OF THE CODE. ACCORDINGLY, THERE CAN BE NO CERTAINTY THAT AN OFFER WILL BE MADE NOR AS TO THE TERMS ON WHICH ANY OFFER MIGHT BE MADE.

Merchant Securities Group Plc ("Merchant Securities" or the "Company") Update on possible offer

Further to the announcement made on 31 August 2011 concerning a possible offer for the Company by Sanlam UK Limited, the Board of Merchant Securities announces that Sanlam UK Limited has indicated to it that any offer, if made, will be satisfied entirely in cash and will not include shares in Sanlam Limited, the parent company of Sanlam UK Limited. It should be noted that discussions are at a preliminary stage and there can be no certainty that any offer will be made.

This announcement has been made with the consent of Sanlam UK Limited.

A copy of this announcement will be made available on www.merchantsecurities.co.uk.

Enquiries:

Merchant Securities Plc

Tel: +44 (0)20 7375 9022

Patrick Claridge, Chief Executive

Grant Thornton UK LLP

Tel: +44 (0)20 7383 5100

Philip Secrett / Salmaan Khawaja / Daniela Amihood

Biddicks

Tel: +44 (0)20 3178 6378

Katie Tzouliadis/Sophie McNulty

Disclosure requirements of the Takeover Code (the "Code")

Under Rule 8.3(a) of the Code, any person who is interested in 1% or more of any class of relevant securities of an offeree company or of any paper offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any paper offeror is first identified.



Merchant Securities Group

An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any paper offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 pm (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm (London time) on the 10th business day following the announcement in which any paper offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a paper offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1% or more of any class of relevant securities of the offeree company or of any paper offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any paper offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any paper offeror, save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 pm (London time) on the business day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a paper offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at www.thetakeoverpanel.org.uk, including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. If you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure, you should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129.