

ASX Announcement

17 June 2019

Sandon issue to Siblow

Sandon Capital Investments Limited (ASX:SNC) (**Sandon**) today announced the issue of 10,823,974 fully paid ordinary shares in Sandon (**Sandon Shares**) to Siblow Pty Limited (**Siblow**) as consideration for the acquisition of 52,980,782 fully paid ordinary shares in Mercantile Investment Company Limited (ASX: MVT) (**Mercantile**).

Listing Rule 7.1A information

The issue of Sandon Shares to Siblow was undertaken without shareholder approval using Sandon's capacity under Listing Rules 7.1 and 7.1A. In relation to the portion issued under Listing Rule 7.1A (being 4,843,542 of the Sandon Shares), Listing Rule 7.1A.3 requires the issue price of each Sandon Share to be not less than 75% of the VWAP over the 15 trading days on which trades in Sandon Shares were recorded immediately before the date of issue.

The Sandon Shares issued to Siblow were issued at a price equal to the 31 May 2019 pre-tax NTA of Sandon, being \$0.9507 per Sandon Share. This represents 114% of the VWAP of Sandon Shares over the relevant period (of \$0.8327). Given that the consideration for these Sandon Shares was non-cash consideration (comprising 4.8948 Mercantile shares for each Sandon Share), the Listing Rules also require evidence of value to demonstrate compliance with the Listing Rule. For these purposes and consistent with basis for valuing Sandon Shares provided in the Listing Rule, the independent non-executive directors consider the value of the Mercantile shares to be the VWAP of Mercantile shares over the same period (being \$0.1642), and accordingly the value provided for each Sandon Share to be \$0.8037 (being that VWAP multiplied by the exchange ratio of 4.8948 Mercantile shares for each Sandon Share). This value for each Sandon Share provided represents 97% of the VWAP of Sandon Shares over the relevant period.

Pursuant to the requirements of Listing Rule 3.10.5A, Sandon notes that the Sandon Shares issued under Listing Rule 7.1A represent 8.2% of the expanded ordinary shares in Sandon on issue on completion of the issue, resulting in a dilution to existing shareholders of that amount. The issue was not underwritten and, while Sandon has incurred transaction costs in connection with the acquisition, there were no fees or costs incurred in connection with the issue of the Sandon Shares to Siblow.

Appendix 3B and Cleansing Notice

An Appendix 3B and notice under section 708A(5)(e) of the Corporations Act relating to the issue of these Sandon Shares will be released today.

Contact

Enquiries regarding the acquisition of Mercantile shares from Siblow should be directed to Peter Velez, independent non-executive director, who can be reached at 02 8014 1188.

If you have any questions regarding the Company or its investments, please call Gabriel Radzyski on 02 8014 1188.

If you have questions regarding your shareholding, please contact Link, whose details appear below.

Further information:

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