

Mercantile Investment Company Limited

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The Manager
ASX Market Announcements

SNC takeover offer update

On 3 June 2019, Sandon Capital Investments Limited (**SNC**) announced its intention to make an off-market scrip takeover offer (**Offer**) to acquire all of the shares in Mercantile Investment Company Limited (**Mercantile**).

The committee of non-executive directors of Mercantile who are not associated with SNC (**Committee**) provide the following update:

- Sir Ron Brierley and Mercantile have agreed to extend the maturity date for repayment of the short term debt facility provided to Mercantile by Sir Ron to 31 December 2019. Sir Ron has also undertaken to Mercantile that he will not take any action to demand repayment of this facility prior to 31 December 2019.
- Mercantile does not presently intend to exercise any right to redeem or repurchase the unsecured notes (**Notes**) on issue in Mercantile (ASX code: MVTHA) during the Offer period.

SNC's Offer is for Mercantile shares only. The Notes will not be acquired by SNC if the Offer is successful. Mercantile intends to apply to ASX and request that ASX exercise its discretion to change Mercantile's admission category (to a debt listing) at completion of the Offer (conditional on the Offer being successful). This would enable the Notes to remain quoted on ASX if Mercantile becomes a wholly owned subsidiary of SNC following the Offer.

Mercantile Shareholders will be provided with full details of SNC's Offer, and Mercantile's response to the Offer, in the coming weeks. Shareholders are urged to carefully consider SNC's bidder's statement and Mercantile's target's statement (including the independent expert's report accompanying the target's statement) before taking any action with respect of the Offer.

Option transfer update

On 24 June 2019 SNC announced that it had entered into agreements to acquire the 50,000,000 unlisted options in Mercantile currently on issue (**Options**). The consideration payable for the Options was determined on the basis of an independent valuation prepared for the independent directors of SNC. The agreements to acquire the Options are conditional on, amongst other factors, Mercantile providing its written approval for the Options to be transferred to SNC. Having considered this condition and the Option agreements, Mercantile confirms that it intends to consent to the Option transfer if the Offer proceeds.

ENDS