



Marshall Monteagle Holdings Société Anonyme

(Incorporated in Luxembourg R.C. Luxembourg No. B19600)

("Monteagle" or "the Company")

JSE CODE: MTE ISIN: LU0035797272

Directors of Monteagle

J.M. Robotham, OBE, FCA, MSI (*Chairman*)

D.C. Marshall (*Executive Director*)

A.R.C. Barclay, FCA (*Non-executive Director*)

R.C. Kerr (*Non-executive Director*)

Registered Office:

58 rue Charles Martel
L-2134, Luxembourg

Group Secretaries

City Group P.L.C.
30 City Road
London EC1Y 2AG
U.K.

Merchant & Industrial Properties Limited

("Merchant")

Further to a joint cautionary announcement published on 9th September 2008 by Monteagle and Merchant, it was announced on 31st October 2008 that Monteagle would be making an offer ("the Offer") to acquire all of the issued shares of Merchant that it does not already own.

Shareholders will be aware from the circular dated 8th March 2007, and the Annual Report for the year ended 30th September 2007, that Merchant became a 69.7 per cent. owned subsidiary of the group on 18th April 2007 following the offer made by the Company in 2007.

Purpose of this letter

The purpose of this letter is to convene an Extraordinary General Meeting ("EGM") of the shareholders of Monteagle to seek approval for the issue of up to a maximum of 1,800,000 ordinary shares, in order that Monteagle can make the Offer to the shareholders of Merchant.

Rationale for the Offer

The boards on both companies are disappointed that not all Merchant shareholders accepted the 2007 offer to take Monteagle shares. The Directors of Monteagle and Merchant feel that the case for combining the companies is compelling, and that there are substantial benefits to be gained for shareholders of both companies in that both companies are investors in commercial property and both have exposure to the global equity markets. The two companies are parents of groups that also have common aspects of management and, in South Africa, operate from shared premises in Durban and Cape Town. The geographic overlap of the two companies provides a unique strategic fit that makes commercial sense. A merger of the two businesses will create a group with critical mass and an even broader asset base from which to operate. There will also be an opportunity to capitalise on synergies that arise from the combination of the two companies with achievable cost savings. The Directors of Monteagle and Merchant believe the merger will allow the combined group to have greater potential for capital growth than either company would have likely achieved on a stand-alone basis. The diverse nature of the combined group and its quality assets will continue to provide stable cash flows and increased dividends for shareholders. Improved market awareness of the enlarged company should provide better support for the shares and increase their marketability.

Currently Monteagle owns 12,111,646 shares in Merchant (69.7 per cent. of its issued share capital) and we have obtained an irrevocable undertaking from Share Legend (Pty) Limited, a 9.1 per cent. Merchant Shareholder, to accept the Offer subject to it becoming unconditional in all respects on or before 27th February 2009.

Terms of the Offer

Conditions precedent

The Offer will be subject to the fulfillment of the following conditions precedent:

- the approval of the Offer by Monteagle shareholders at the EGM;
- the approval of the Luxembourg Stock Exchange, the JSE Limited and the London Stock Exchange;
- the approval of the Exchange Control Authority of the South African Reserve Bank; and
- the approval of the Competition Commission and/or the Competition Tribunal, as the case may be, in South Africa.

If the conditions precedent to the Offer are not fulfilled, the Offer will lapse and all advance acceptances of the Offer will be null and void. Documents of title already surrendered will be returned to the relevant Merchant shareholders, by normal post, at the risk of the Merchant shareholders concerned.

The Offer consideration

The consideration payable for the Offer will be 33 Monteagle shares for every 100 Merchant shares held. The consideration shares issued in respect of the Offer will rank *pari passu* with existing Monteagle shares save that they will not be entitled to receive the dividend to be declared for the year ended 30th September 2008 and expected to be paid on or about 24th April 2009.

Compulsory acquisition in terms of Section 440K of the Companies Act of South Africa

In the event that the Offer is validly accepted in respect of 90 per cent. or more of the issued shares in Merchant, other than the shares already owned by Monteagle, Monteagle reserves the right to invoke the provisions of Section 440K of the South African Companies Act to compulsorily acquire all the shares in respect of which the Offer was not accepted. In the event of Monteagle acquiring all of the shares, application will be made to the JSE for the immediate suspension and subsequent termination of the listing of the shares in Merchant.

Authority to issue shares

Shareholders approved a resolution at the Annual General Meeting in March 2008 for the purpose of making a further offer to the shareholders of Merchant. However the limit in that resolution of 1,600,000 ordinary shares is insufficient for the number of shares proposed to be issued in terms of the Offer. Accordingly, the resolution will be proposed at the EGM to increase the number of shares to be used for the purposes of the Offer to a maximum of 1,800,000.

Extraordinary General Meeting

The notice convening the EGM is set out on page 3 of this letter. Shareholders who are unable to attend the meeting are requested to complete the enclosed form of proxy in accordance with the instructions and notes set out therein. Shareholders who have already dematerialised their ordinary shares through a CSDP or broker, other than with own name registration, must not complete this form of proxy and must provide their CSDP or broker with their voting instructions.

Yours faithfully

J.M. Robotham
Chairman

Marshall Monteagle Holdings Société Anonyme

(Incorporated in Luxembourg R.C. Luxembourg No. B19600)
("Monteagle" or "the Company")

Notice of Extraordinary General Meeting

Notice is hereby given of an Extraordinary General Meeting of the shareholders of the Company to be held at the registered office of the Company, 58 rue Charles Martel, L-2134, Luxembourg at 10.00 a.m. on 25th February 2009 to consider the following agenda:

1. To approve the issue from time to time by the Board of Directors of the Company, in accordance with Article 7.1 of the Articles of Incorporation of up to 1,800,000 ordinary shares (with a par value of US\$1.50 per share) in the share capital of the Company to the shareholders of Merchant & Industrial Properties Limited ("MIP") in exchange for shares in MIP on the basis of a swap ratio and record date to be:
 - approved by the JSE Limited ("JSE"); and
 - published by the Company 21 calendar days prior to the relevant issue,

which shares will be issued at a share premium per share to be determined by reference to the average JSE trading price over the 10 trading days preceding the day of the issue of the shares and in accordance with an independent valuation report prepared by the Independent and Statutory Auditors of the Company, provided that this resolution shall only be passed if 75 per cent. or more of the members voting in person or by proxy vote in favour of the resolution and that this authority shall lapse 15 months from the date of approval.

By order of the Board
City Group P.L.C.
Group Secretaries

58 rue Charles Martel,
L-2134 Luxembourg

3rd February 2009

Notes:

- (i) A proxy form is enclosed with this document. You are requested to complete and return the form whether or not you intend to attend the Extraordinary General Meeting. Shareholders who have already dematerialised their ordinary shares through a CSDP or broker, other than with own name registration, must not complete this form of proxy and must provide their CSDP or broker with their voting instructions.
- (ii) In terms of Article 24.4 of the Company's Articles, a shareholder may appoint a proxy who need not be a shareholder of the Company. Any company being a shareholder of the Company may execute a form of proxy under the hand of a duly authorised officer.
- (iii) To be effective, the form of proxy, duly completed, must arrive at the registered office of the Company not less than forty-eight hours before the time fixed for the meeting. Proxies sent to the office of a transfer agent for forwarding to the Company at shareholders' risk must be received by the transfer agent not less than seven days before the meeting.

CHANGE OF ADDRESS

Shareholders wishing to advise a change of address are requested to contact the European transfer agents, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, U.K., or the South African transfer agents, Computershare Investor Services (Pty) Limited, 70 Marshall Street, Johannesburg 2001, South Africa.

