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20 October 2017

## **The Merchants Trust PLC**

### **Long term fixed rate borrowing**

The Merchants Trust PLC (the Company) has today priced an issue of a £35 million fixed rate 35 year secured private placement note at a coupon of 2.96% (the Notes).

The funding date, subject to final documentation, will be 18 December 2017, with interest payable semi-annually on 18 December and 18 June (first payment on 18 June 2018). The Notes shall be direct secured obligations of the Company and rank pari passu with all other secured indebtedness of the Company.

The purpose of the Notes is to take advantage of the Company's ability to use gearing which is expected to enhance long-term investment performance, and to provide fixed rate long dated financing at a pricing level the Company considers attractive.

The proceeds of the Notes will be used to repay borrowings of £34m (from First Debenture Finance PLC, taken out in 1987) which mature in early January 2018. Following this payment in January 2018, the Company's structural borrowings will be broadly unchanged and at that time the expected weighted average interest payable on the Company's structural borrowings will fall from 8.5% to approximately 6.1%. The lower cost of borrowing will benefit the Company's earnings per share.

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