

## ***ASX Announcement***

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10 September 2013  
Company Announcements Office  
ASX Limited  
20 Bridge Street  
Sydney NSW 2000

### **Letter to Eligible Shareholders – Entitlement Offer**

Attached is a copy of a letter sent to Eligible Shareholders in connection with the Entitlement Offer that was announced to the market on 5 September 2013.

Yours sincerely



Jaime Pinto  
Company Secretary

**9 September 2013**

Dear Shareholder,

**Letter to eligible shareholders – Entitlement Offer**

On 5 September 2013, BKI Investment Company Limited (“BKI” or “Company”) announced a 1 for 15 non-renounceable pro rata entitlement offer (“Entitlement Offer”) of up to 32,510,324 fully paid ordinary shares in BKI (“New Shares”) at an issue price of \$1.48 per New Share to raise up to \$48.1 million before costs and expenses. Fractional entitlements will be rounded down to the nearest number of whole New Shares. New shares issued under the Entitlement Offer will have the same terms as, and rank equally with, all existing fully paid ordinary shares in BKI.

The Entitlement Offer issue price of \$1.48 per New Share represents a discount of:

- Approximately 3.9% to the closing share price on 2 September 2013 of \$1.54 (being the last trading day prior to the announcement of the equity raising);
- Approximately 6.9% to the 31 August 2013 pre-tax NTA of \$1.59; and
- Approximately 5.1% to the FY2013 DRP price of \$1.56.

The net proceeds from the equity raising will be used by BKI to expand its investment portfolio in accordance with its investment policy. The BKI Directors consider that an expanded portfolio will increase the size and liquidity of the Company whilst also reducing its management expense ratio.

The Entitlement Offer will be open to shareholders of BKI (“Eligible Shareholders”) who:

- are registered as a holder of shares of BKI at 7:00pm (Sydney time) on Tuesday, 17 September 2013 (“Record Date”);
- have a registered address in Australia or New Zealand;
- are not in the United States and are not a US person or acting for the account of or on behalf of a person in the United States or a US person; and
- are eligible under all applicable securities laws to receive an offer under the Entitlement Offer.

The Entitlement Offer will not be made to any other shareholder (“Ineligible Shareholders”), and the Ineligible Shareholders will be notified by BKI separately of their ineligibility. In certain circumstances, the Company may choose (but is not obliged) to treat an Ineligible Shareholder as an Eligible Shareholder.

The Entitlement Offer is non-renounceable which means that the entitlements to participate in the offer are not transferable and therefore cannot be traded on the ASX or any other exchange or transferred privately. Eligible Shareholders who do not take up their entitlements under the Entitlement Offer in full or in part, will not receive any value in respect of those entitlements that they do not take up.

The Offer is being undertaken under section 708AA of the Corporations Act, meaning that BKI will not issue a prospectus for the Entitlement Offer. Instead, an offer document detailing the terms of the Entitlement Offer (“Offer Booklet”) will be sent to Eligible Shareholders on Monday, 23 September 2013, together with a personalised Entitlement and Acceptance Form.

Eligible Shareholders who wish to take up their entitlement under the Entitlement Offer in full may also apply for additional New Shares in excess of their pro-rata entitlement via a Top-Up Facility<sup>1</sup>. To participate in the Top-Up Facility shareholders must apply at the same time as they apply for their entitlements under the Entitlement Offer. Applications under the Top-Up Facility will only be satisfied to the extent there is a shortfall under the Entitlement Offer and will be subject to the terms and conditions to be outlined in the offer booklet for the Entitlement Offer. The Board reserves the right to allocate New Shares under the Top-Up Facility in its absolute discretion.

BKI’s only substantial shareholder, Washington H. Soul Pattinson & Company Limited which currently holds 13.68% of the Company’s issued capital, has indicated its intention to take up all of its entitlements under the Entitlement Offer.

BKI Directors, Mr Robert Millner, Mr David Hall and Mr Alex Payne, have agreed to partially underwrite the Entitlement Offer up to a maximum aggregate amount of \$0.9 million. No underwriting fee or commission is payable to the underwriters in respect of the Entitlement Offer. Details regarding the terms of the underwriting will be set out in the Offer Booklet.

Key dates for the Entitlement Offer are as follows:

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Cum-rights trading begins	Thursday, 5 September 2013
Cum-rights trading period ends	Tuesday, 10 September 2013
Ex-Date for the Entitlement Offer	Wednesday, 11 September 2013
Record Date for the Entitlement Offer (7.00pm AEST)	Tuesday 17 September 2013
Entitlement Offer opens	Monday, 23 September 2013
Entitlement Offer closes (5.00pm AEST)	Wednesday, 16 October 2013
New Shares under the Entitlement Offer quoted on a deferred settlement basis	Thursday, 17 October 2013
Announcement of Entitlement Offer shortfall	Monday, 21 October 2013
Settlement of New Shares issued under the Entitlement Offer	Thursday, 24 October 2013
Allotment of New Shares issued under the Entitlement Offer and dispatch of holding statements	Thursday, 24 October 2013
Trading of New Shares issued under the Entitlement Offer on a normal basis	Thursday, 24 October 2013

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*All dates and times are indicative only and subject to change at the discretion of the Company. All dates and times are references to Australian Eastern Standard Time*

<sup>1</sup> Provided that the issue of those New Shares will not result in a breach of the Corporations Act, ASX Listing Rules or other applicable law.

Further details regarding the Entitlement Offer will be provided in the Offer Booklet which BKI expects to lodge with ASX on Monday, 23 September 2013. Eligible Shareholders wishing to participate in the Entitlement Offer should carefully read the Offer Booklet and the accompanying personalised Entitlement and Acceptance Form, which are expected to be despatched on or around Monday, 23 September 2013. Copies of the Offer Booklet are also expected to be available on the Company's website at [www.bkilimited.com.au](http://www.bkilimited.com.au) and on the ASX website the same day.

### Capital Structure

The capital structure of BKI following the issue of New Shares, assuming that the maximum number of New Shares is issued under the Entitlement Offer (ignoring the effect of rounding entitlements), will be as follows:

Shares on issue on announcement of the Entitlement Offer	447,754,864
Shares on issue on the Record Date <sup>2</sup>	487,654,864
New Shares to be issued under the Entitlement Offer	Up to a maximum of 32,510,324
Shares on issue after completion of the Entitlement Offer (if fully subscribed)	520,165,188

### Participating in the Offer

Before making a decision whether to apply for New Shares under the Entitlement Offer, Eligible Shareholders should read the Offer Booklet carefully in its entirety when they receive it. If you are an Eligible Shareholder and you wish to participate in the Offer, please follow the instructions contained in the Offer Booklet.

On behalf of the Board and management of BKI, thank you for your continued support.



Robert Millner  
Chairman

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For further information contact:

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For share registry enquiries contact:

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<sup>2</sup> This includes the 39,900,000 shares that will be issued pursuant to the placement announced on 5 September 2013.