

ASX Announcement

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

Letter to Ineligible Shareholders – Entitlement Offer

Attached is a copy of a letter sent to those Shareholders who are not eligible to participate in 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 ineligible 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 ordinary shares of the Company already on issue.

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. The Offer is being undertaken under section 708AA of the *Corporations Act 2001* (“Act”), and BKI will not issue a prospectus for the Entitlement Offer.

This letter is to inform you about the Entitlement Offer, and to explain why you will not be able to subscribe for New Shares under the Entitlement Offer. This letter is not an offer to issue New Shares to you, nor an invitation for you to apply for New Shares. You are not required to do anything in response to this letter.

Use of proceeds

The net proceeds from the Entitlement Offer 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 BKI whilst also reducing its management expense ratio.

Eligibility Criteria

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 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.

Shareholders who are not Eligible Shareholders are “Ineligible Shareholders”. In certain circumstances, the Company may choose (but is not obliged) to treat an Ineligible Shareholder as an Eligible Shareholder.

The restrictions upon eligibility to participate in the Entitlement Offer arise because of the legal and regulatory requirements in countries other than Australia or New Zealand and the potential costs to BKI of complying with these legal and regulatory requirements compared with the relatively small number of shareholders in those countries, the relatively small number of existing BKI ordinary shares they hold and the relatively low value of New Shares to which they would otherwise be entitled. BKI has determined, pursuant to ASX Listing Rule 7.7.1(a) and section 9A(3)(a) of the Act, that it would be unreasonable to make or extend offers to shareholders in certain countries under the Entitlement Offer.


Unfortunately, according to our records, you do not satisfy the eligibility criteria for an Eligible Shareholder stated above. Accordingly, in compliance with ASX Listing Rule 7.7.1(b) and section 9A(3)(b) of the Act, BKI wishes to advise you that it will not be extending the Entitlement Offer to you and you will not be able to subscribe for New Shares under the Entitlement Offer. You will not be sent the documents relating to the Entitlement Offer.

As the Entitlement Offer is non-renounceable, you will not receive any payment or value for entitlements in respect of any New Shares that would have been offered to you if you were eligible.

You are not required to do anything in response to this letter.

For further information on the Entitlement Offer or if you believe that you are an Eligible Shareholder, you can contact the Company on +61 2 9238 0522 from 8.30am to 5.30pm (Sydney time) Monday to Friday. If you have any further questions, you should contact your stockbroker, accountant or other professional adviser.

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



Robert Millner
Chairman

For further information contact:

Tom Millner
Chief Executive Officer
02 9238 0522
0408 754 180

For share registry enquiries contact:

Advanced Share Registry Services
(08) 9389 8033