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**BKI INVESTMENT
COMPANY LIMITED**

Entitlement Offer Booklet

BKI Investment Company Limited (ASX code: BKI)
ABN 23 106 719 868

Offer closes at 5:00pm (AEST) on Wednesday, 16 October 2013

**1 for 15 pro rata non-renounceable entitlement offer
of BKI Investment Company Limited ordinary shares
at an offer price of \$1.48 per share**

THIS OFFER BOOKLET IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are an Eligible Shareholder, this is an important document which is accompanied by a personalised Entitlement and Acceptance Form and both should be read in their entirety. This document is not a prospectus under the *Corporations Act 2001* (Cth) and has not been lodged with ASIC.

Please call your professional adviser or contact BKI's Entitlement Offer Information Line on: **1800 857 303 (in Australia)** or **+61 2 8256 3366 (outside of Australia)** from Monday to Friday between 9.00am and 5.00pm (AEST) during the Entitlement Offer Period if you have any questions.

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES OR TO U.S. PERSONS

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

Information

This Offer Booklet (including the enclosed personalised Entitlement and Acceptance Form) has been prepared by BKI. This Offer Booklet is dated 23 September 2013.

This Offer Booklet is important and requires your immediate attention.

You should read this Offer Booklet carefully and in its entirety before deciding how to deal with your Entitlement. In particular, you should consider the risk factors outlined in the "Key Risks" which are represented in Section 4 of this Offer Booklet, any of which could affect the operating and financial performance of BKI or the value of an investment in BKI.

You should consult your stockbroker, accountant or other professional adviser to evaluate whether or not to participate in the Entitlement Offer.

Definitions

Defined terms used in this Offer Booklet are contained in Section 6.

Disclaimer

This Offer Booklet may contain certain forward looking statements. Forward looking statements should or can generally be identified by the use of forward looking words such as "anticipate", "believe", "expect", "project", "forecast", "estimate", "likely", "intend", "should", "will", "could", "may", "target", "plan" and other similar expressions within the meaning of securities laws of applicable jurisdictions. Indications of, and guidance or outlook on, future earnings, distributions or financial position or performance are also forward looking statements. The forward looking statements contained in this Offer Booklet (if any) involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of BKI, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct.

Forward looking statements may also be based on estimates and assumptions which are subject to change. Actual results, performance or achievements may vary materially for many projections because events and actual circumstances frequently do not occur as forecast and these differences may be material. These statements may assume the success of BKI's business strategies. The success of any of these strategies is subject to uncertainties and contingencies beyond BKI's control (including uncertainties described in the "Key Risks" section of the Offer Booklet), and no assurance can be given that

any of the strategies will be effective or that the anticipated benefits from the strategies will be realised in the period for which the forward looking statements may have been prepared or otherwise. Readers are cautioned not to place undue reliance on forward looking statements and, except as required by law, BKI assumes no obligation to update or revise such information to reflect any change in expectations or assumptions. The inclusion of the forward looking statements in this Offer Booklet should not be regarded as a representation, warranty or guarantee with respect to its accuracy or the accuracy of the underlying assumptions or that BKI will achieve, or is likely to achieve, any particular results.

Investors should note that the past share price performance of BKI provides no guarantee or guidance as to future share price performance.

Not investment advice

This Offer Booklet is not a prospectus under the Corporations Act and has not been lodged with ASIC. It is also not financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs. BKI is not licensed to provide financial product advice in respect of the New Shares. This Offer Booklet does not purport to contain all the information that you may require to evaluate a possible application for New Shares, nor does it purport to contain all the information which would be required in a prospectus prepared in accordance with the requirements of the Corporations Act. It should be read in conjunction with BKI's other periodic statements and continuous disclosure announcements lodged with the ASX, which are available at www.bkilimited.com.au.

Before deciding whether to apply for New Shares, you should consider whether they are a suitable investment for you in light of your own investment objectives and financial circumstances and having regard to the merits or risks involved. If, after reading the Offer Booklet, you have any questions about the Entitlement Offer, you should contact your stockbroker, accountant or other professional adviser or contact BKI's Entitlement Offer Information Line on: **1800 857 303 (in Australia)** or **+61 2 8256 3366 (outside of Australia)** from Monday to Friday between 9.00am and 5.00pm (AEST) during the Entitlement Offer Period.

Time and dates

Time and dates in this Offer Booklet are indicative only and subject to change. All times and dates refer to AEST.

Currency

Unless otherwise stated, all dollar values in this Offer Booklet are in Australian dollars (\$ or AUD).

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23 September 2013

Chairman's Letter

Dear Shareholder,

On 5 September 2013, BKI announced an equity raising to raise up to \$107.1 million (before costs).

The equity raising comprises of:

- › a non-renounceable entitlement offer of 1 New Share for every 15 existing Shares held by Eligible Shareholders at an issue price of \$1.48 per New Share to raise approximately \$48.1 million (Entitlement Offer); and
- › a successful Placement to sophisticated and professional investors which completed on 5 September 2013 and raised approximately \$59 million at \$1.48 per New Share.

The Entitlement Offer and Placement price of \$1.48 per 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 Board of BKI invites you to participate in the Entitlement Offer. 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. New Shares issued under the Entitlement Offer will rank equally with all ordinary shares of the Company already on issue.

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 Facility¹. 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 are subject to the terms and conditions that are outlined in Section 1.5. The Board reserves the right to allocate New Shares under the Top-Up Facility in its absolute discretion.

¹ 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.

BKI's only substantial shareholder, Washington H. Soul Pattinson & Company Limited, which currently holds 11.87% 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 entered into Underwriting Agreements with the Company 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 Agreements are outlined in Section 1.4.

Your Shareholder Entitlements are set out in the accompanying Entitlement and Acceptance Form. The Closing Date for acceptance and payment is 5:00pm (AEST) on Wednesday, 16 October 2013 (unless extended).

You should consult your stockbroker, accountant or other professional adviser for advice in relation to the Entitlement Offer.

If you have any enquiries regarding the Entitlement Offer, please visit www.bkilimited.com.au or contact BKI's Entitlement Offer Information Line on: **1800 857 303 (in Australia)** or **+61 2 8256 3366 (outside of Australia)** from Monday to Friday between 9.00am and 5.00pm (AEST) during the Entitlement Offer Period.

On behalf of the Board of BKI, I am pleased to commend the Entitlement Offer to you and thank you for your ongoing support of the Company.



Robert Millner
Chairman

Benefits of Investing in BKI Investment Company Limited



Strong Performance:

Delivering sound returns to shareholders over the short, medium and long term

- › **1 year:** Total Shareholder Return of 34.5% vs S&P/ASX 300 ACC Index return of 23.6% (Outperformance of 10.9%)²
- › **5 years (pa):** Total Shareholder Return of 8.9% vs S&P/ASX 300 ACC Index return of 4.5% (Outperformance of 4.4%)²
- › **9 years (pa):** Total Shareholder Return of 10.6% vs S&P/ASX 300 ACC Index return of 8.7% (Outperformance of 1.9%)²



Dividends:

Predictable fully franked income stream

- › In the last 8 years, BKI has increased Ordinary dividends by 55%
- › BKI has also paid 5 special dividends since listing



Franking Credits:

30% tax rate already paid on dividend income, tax credits passed on directly to shareholders

- › Grossed up yield of 6.6%²



High Value / Low Cost:

Opportunity to invest in an active, high conviction portfolio with a MER of only 0.19%

- › BKI does not charge external portfolio management fees or a performance fee



Diversification:

Exposure to most sectors of the market through well managed, dividend paying companies

- › BKI currently holds 52 companies within the portfolio²



Transparency:

High levels of transparency and compliance

- › ASX Listing Rules, continuous disclosure requirements



Simplicity:

An investment in BKI provides administration simplicity

- › Easy monitoring of one shareholding

Further information regarding the Company and its investments are set out in the Investor Presentation that was released to the ASX on Thursday, 5 September 2013 which is available for download at the Company's website: www.bkilimited.com.au or via the ASX website at: www.asx.com.au.

Key dates for the Entitlement Offer

Announcement of the Entitlement Offer	Thursday, 5 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 despatch of holding statements	Thursday, 24 October 2013
Trading of New Shares issued under the Entitlement Offer on a normal basis	Friday, 25 October 2013

The timetable above is indicative only and subject to change. BKI reserves the right to amend any or all of these events, dates and times subject to the *Corporations Act 2001* (Cth) (**Corporations Act**), the ASX Listing Rules and other applicable laws. In particular, BKI reserves the right to extend the closing date of the Entitlement Offer, to accept late applications either generally or in particular cases or to withdraw the Entitlement Offer without prior notice. The commencement of quotation of New Shares is subject to confirmation from ASX. All references in this Offer Booklet are to Australian Eastern Standard Time.

Cooling off rights do not apply to an investment in New Shares. You cannot withdraw your Application once it has been accepted.

Enquiries

If you have any questions, please visit the Company's website: www.bkilimited.com.au or contact BKI's Entitlement Offer Information Line on: **1800 857 303 (in Australia)** or **+61 2 8256 3366 (outside of Australia)** from Monday to Friday between 9.00am and 5.00pm (AEST) throughout the Entitlement Offer Period, or consult your stockbroker, accountant or other independent professional adviser.

continued...

Overview of the Entitlement Offer

1. OVERVIEW OF THE ENTITLEMENT OFFER

1.1 Entitlement Offer

The Entitlement Offer is an offer of up to approximately 32,510,324 New Shares at the Offer Price of \$1.48 per New Share. All Eligible Shareholders are entitled to subscribe for 1 New Share for every 15 Shares held at 7.00pm (AEST) on the Record Date. New Shares will be issued on a fully paid basis and will rank equally with existing Shares 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. 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.

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 Facility³. 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 that are outlined in Section 1.5. The Board reserves the right to allocate New Shares under the Top-Up Facility in its absolute discretion.

The capital structure of BKI following the issue of New Shares, assuming the maximum number of New Shares are issued under the Entitlement Offer, will be as follows:

Shares on issue at the date of this Offer Booklet	487,654,864
New Shares to be issued under the Entitlement Offer (if fully subscribed)	32,510,324
Shares on issue after completion of the Entitlement Offer (if fully subscribed)	520,165,188

³ 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.

1.2 Who is eligible to participate the Entitlement Offer?

Under the Entitlement Offer, Eligible Shareholders are being offered the opportunity to subscribe for 1 New Share for every 15 Shares held as at the Record Date (7:00pm AEST on 17 September 2013), at the Offer Price of \$1.48 per New Share.

Eligible Shareholders are those Shareholders who:

- (a) are registered as a holder of Shares as at the Record Date, being 7:00pm (AEST) on 17 September 2013;
- (b) as at the Record Date, have a registered address in Australia or New Zealand;
- (c) are not in the United States and are not acting for the account or benefit of a person in the United States (to the extent they are holding Shares for the account or benefit of such person in the United States); and
- (d) are eligible under all applicable securities laws to receive an offer under the Entitlement Offer without any requirement for a prospectus or offer document to be lodged or registered.

Nominees and custodians which hold Shares on behalf of other persons will have received or will shortly receive, a letter from BKI. Nominees and custodians should consider carefully the contents of that letter and note in particular that the Entitlement Offer is only being made to Eligible Shareholders and that when they are holding Shares on behalf of persons in a jurisdiction outside Australia and New Zealand they may participate on behalf of that person if that person is otherwise eligible under applicable securities laws to receive an offer, and be issued New Shares, under the Entitlement Offer without any requirement for a prospectus or offer document to be lodged or registered. Nominees and custodians should refer to "Foreign Jurisdictions" contained in the Section 5.9 of this Offer Booklet. Eligible Shareholders who are nominees, trustees or custodians are therefore advised to seek independent professional advice as to how to proceed.

1.3 What is your Entitlement?

Your Entitlement is set out on the accompanying personalised Entitlement and Acceptance Form and has been calculated as 1 New Share for every 15 Shares you held as at the Record Date, being 7:00pm (AEST) on 17 September 2013. If the result is not a whole number your Entitlement will be rounded down to the nearest whole number. If you have more than one registered holding of Shares, you will be sent more than one personalised Entitlement and Acceptance Form and you will have separate Entitlements for each separate holding.

The Entitlement stated on your personalised Entitlement and Acceptance Form may be in excess of the actual Entitlement you may be permitted to take up. For example, you are not permitted to take up an Entitlement to the extent you are holding Shares for the account or benefit of a person in the United States (see definition of Eligible Shareholders in Section 1.2 of this Offer Booklet).

1.4 Partial Underwriting

BKI Directors, Mr Robert Millner, Mr David Hall and Mr Alex Payne (each an **Underwriting Director**) have agreed to partially underwrite the Entitlement Offer up to a maximum aggregate amount of \$0.9 million.

Under the terms of the Underwriting Agreements, the Underwriting Directors will underwrite any shortfall remaining after acceptances under the Entitlement Offer and applications under the Top-Up Facility have been satisfied in full, up to their maximum respective underwriting commitments.

The table on the next page sets out the maximum underwriting commitments of the Underwriting Directors and illustrates the maximum potential increase in their shareholdings as a consequence of partially underwriting the Entitlement Offer.

Underwriting Director	Maximum underwriting commitment (in \$)	Maximum underwriting commitment (in New Shares)	No. of Shares currently held (directly or indirectly)	Max. potential shareholding following Entitlement Offer	Maximum potential percentage shareholding following Entitlement Offer ¹
Robert Millner ²	\$750,000	506,756	7,647,354	8,663,933	1.8%
David Hall	\$14,800	10,000	252,101	278,907	0.1%
Alex Payne	\$148,000	100,000	259,810	377,130	0.1%

1. The maximum shareholding of each Underwriting Director will occur in circumstances where no other person takes up New Shares under the Entitlement Offer and the Top-Up Facility. The percentages shown in this column will be lower to the extent other persons take up New Shares.
2. 6,265,424 shares are common to Messer's R. Millner and T. Millner and are held in related companies and trusts in which they both hold beneficial interests.

The Underwriting Agreement will only be terminable by the Underwriting Directors in the event of a material breach of the agreement by BKI, at any time the S&P/ASX 300 Index published by ASX falls for at least two consecutive trading days by an amount that is 7% or more from the close of trading on 4 September 2013 (being the day immediately prior to the Announcement Date), insolvency of BKI, withdrawal of Entitlement Offer or BKI ceasing to be admitted to the official list of ASX.

No underwriting fees will be payable to the Underwriting Directors and BKI will not be under any obligation to reimburse the costs of the Underwriting Directors.

1.5 Top-Up Facility

ASX Listing Rule 7.11.4 and section 708AA(13)(a) of the Corporations Act (as modified by ASIC Class Order 08/35) permit the Company to make an additional offer of the New Shares that may be comprised in any shortfall. Accordingly, Eligible Shareholders are also able to participate in a further discretionary offer of New Shares, being the New Shares that have been initially offered to Eligible Shareholders under the Entitlement Offer (**Top-Up Facility**). It is a condition of participating in the Top-Up Facility that the New Shares being offered may only be issued to a successful applicant where an Offer of the New Shares has first been made to, but not accepted by, another Eligible Shareholder under the Entitlement Offer. New Shares that might otherwise have been offered to persons outside Australia and New Zealand will not be included in the Top-Up Facility.

In addition:

- (a) the Top-Up Facility is only made available to persons to whom Offers were made under the Entitlement Offer (i.e. to Eligible Shareholders);
- (b) there is no guarantee that any Application in the Top-Up Facility will be successful and the Directors reserve the right to allocate and satisfy Applications received under the Top-Up Facility at their sole discretion;
- (c) the Top-Up Facility has the same Closing Date; and
- (d) the issue price of New Shares under the Top-Up Facility is the same price as the New Shares offered under the Entitlement Offer.

If you wish to subscribe for New Shares in addition to your Entitlement then you should nominate the maximum number of New Shares you wish to subscribe for on the Entitlement and Acceptance Form and make corresponding payment for your full Entitlement plus the additional New Shares.

The Directors reserve their right to allot and issue New Shares under the Top-Up Facility at their discretion, having regard to the circumstances as at the close of the Entitlement Offer. Any scaleback of applications for New Shares under the Top-Up Facility will be at BKI's discretion and BKI's decision on the number of New Shares to be allocated to Eligible Shareholders will be final. No New Shares will be issued under the Top-Up Facility to a Shareholder which will result in them increasing their voting power in BKI above 20%.

The practical effect of Top-Up Facility is that an Eligible Shareholder can potentially increase its relevant interest in BKI, but no Eligible Shareholder can increase its relevant interest to more than 20% by way of application for additional New Shares under the Top-Up Facility.

Persons who are unsuccessful in their Application under the Top-Up Facility or whose Application is only part accepted will have their excess Application Monies returned by cheque within five days of the Closing Date, without interest. Please note it is not practical to refund amounts of less than \$2.00 and any refunds owing for this amount will be retained by BKI.

If there remain any unallocated New Shares following the issue of New Shares to the Underwriting Directors pursuant to their underwriting commitments, the remaining New Shares will be available to the Directors who, subject to the requirements of the ASX Listing Rules, reserve the right to issue those New Shares at their discretion.

1.6 ASX quotation

Subject to approval being granted, quotation of the New Shares is expected to commence on a normal basis on Friday 25 October 2013.

Holding statements will be despatched in accordance with the Listing Rules. It is the responsibility of each applicant to confirm their holding before trading in New Shares. Any applicant who sells New Shares before receiving confirmation of their holding in the form of a holding statement will do so at their own risk. BKI disclaims all liability (to the maximum extent permitted by law) to persons who trade New Shares before receiving their holding statements, whether on the basis of confirmation of the allocation provided by BKI or the BKI share Registry or otherwise.

1.7 Ineligible Shareholders

All Shareholders who are not Eligible Shareholders are ineligible Shareholders (**Ineligible Shareholders**). Ineligible Shareholders will not be entitled to participate in the Entitlement Offer.

BKI has determined that it would be unreasonable on this occasion to extend the Entitlement Offer to Ineligible Shareholders, having regard to the number of securities held by Ineligible Shareholders, the number and value of New Shares that they would be offered and the costs of complying with the legal and regulatory requirements which would apply to an offer of securities to Ineligible Shareholders in jurisdictions other than Australia and New Zealand.

continued...

How to apply

2. HOW TO APPLY

2.1 What you may do – choices available

Please consult with your stockbroker, accountant or other independent professional adviser if you have any queries or are uncertain about any aspect of the Entitlement Offer. You should also refer to the “Key Risks” section set out in Section 4 of this Offer Booklet.

If you are an Eligible Shareholder, you may do any one of the following:

- › take up all of your Entitlement (see Section 2.2 of this Offer Booklet);
- › take up all of your Entitlement and apply for additional New Shares in the Top-Up Facility (see Section 2.3 of this Offer Booklet);
- › take up part of your Entitlement (see Section 2.4 of this Offer Booklet); or
- › not take up your Entitlement (see Section 2.5 of this Offer Booklet).

You should note that if you do not take up all or part of your Entitlement, your percentage shareholding in BKI will be diluted.

2.2 If you wish to take up all of your Entitlement

If you decide to take up **all** of your Entitlement and you wish to pay by cheque, bank draft or money order you should:

- › complete the personalised Entitlement and Acceptance Form by following the instructions set out on the personalised Entitlement and Acceptance Form;
- › attach payment for the full amount payable (being the Offer Price multiplied by the number of New Shares comprising your Entitlement) to the form; and
- › return the Entitlement and Acceptance Form together with payment to the Registry so that it is received by 5:00pm (AEST) on 16 October 2013.

If you wish to take up **all** of your Entitlement and you wish to pay by BPAY® you should make your payment by BPAY® for the full amount payable (being the Offer Price multiplied by the number of New Shares comprising your Entitlement) so that it is received by 5:00pm (AEST) on 16 October 2013.

If you choose to pay by BPAY® you are not required to submit the personalised Entitlement and Acceptance Form but are taken to make the statements on that form.

If you take up and pay for your Entitlement before the closing date of the Entitlement Offer of 5:00pm (AEST), 16 October 2013, you will be allotted your New Shares on 24 October 2013. BKI’s decision on the number of New Shares allotted to you will be final.

2.3 If you wish to apply for additional New Shares in the Top-Up Facility

You may apply for additional New Shares in excess of your Entitlement under the Top-Up Facility by completing the relevant section on the Entitlement and Acceptance Form. You may only apply for additional New Shares under the Top-Up Facility if you decide to take up all of your Entitlements under the Entitlement Offer.

Your application for additional New Shares under the Top-Up Facility may not be successful (wholly or partially). The decision by the Directors in relation to the number of additional New Shares in excess of your Entitlement to be allocated to you under the Top-Up Facility will be final.

If you are unsuccessful in the Top-Up Facility or your Application in respect of the Top-Up Facility is only part accepted, any excess Application Monies will be returned to you by cheque within five days of the Closing Date, without interest. Please note it is not practical to refund amounts of less than \$2.00 and any refunds owing for this amount will be retained by BKI.

2.4 If you wish to take up part of your Entitlement

If you decide to take up **part** of your Entitlement and reject the balance and you wish to pay by cheque, bank draft or money order you should:

- › complete the personalised Entitlement and Acceptance Form by following the instructions set out on the personalised Entitlement and Acceptance Form indicating the number of New Shares you wish to take up. This will be less than your Entitlement as specified on the Entitlement and Acceptance Form;
- › attach payment for the full amount payable (being the Offer Price multiplied by the number of New Shares you are taking up – you will need to calculate this number yourself) to the form; and
- › return the Entitlement and Acceptance Form to the Registry so that it is received by 5:00pm (AEST) on 16 October 2013.

If you wish to take up **part** of your Entitlement and reject the balance and you wish to pay by BPAY® you should make your payment by BPAY® for the full amount payable (being the Offer Price multiplied by the number of New Shares you are taking up – you will need to calculate this number yourself).

If you choose to pay by BPAY® you are not required to submit the personalised Entitlement and Acceptance Form but are taken to make the statements on that form.

If you take up and pay for part of your Entitlement before the closing date of the Entitlement Offer of 5:00pm (AEST), 16 October 2013, you will be allotted your New Shares on 24 October 2013. BKI's decision on the number of New Shares allotted to you will be final.

2.5 If you do not wish to take up your Entitlement

If you do not wish to take up your Entitlement you should do nothing.

If you do not accept your Entitlements in accordance with the instructions set out above, any New Shares that you would have otherwise been entitled to under the Entitlement Offer (or New Shares that relate to the portion of your Entitlement that has not been accepted) may be sold under the Top-Up Facility or become part of the shortfall subscribed for by the Underwriting Directors under the Underwriting Agreements.

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2.6 Payment

If you wish to participate in the Entitlement Offer, you need to do one of the following:

Option 1: Pay by Cheque

Please complete the enclosed Entitlement and Acceptance Form and return it with your cheque made payable to “BKI Investment Company Limited”, drawn on an Australian financial institution and crossed “Not Negotiable” in an envelope to:

By mail:

Advanced Share Registry Services
PO Box 1156
Nedlands WA 6909

By hand:

Advanced Share Registry Services
Unit 2, 150 Stirling Hwy
Nedlands WA 6009

Your completed Application Form and cheque must be received by the Registry prior to the close of the Entitlement Offer at 5.00pm (AEST) on Wednesday, 16 October 2013. Shareholders in New Zealand will need to apply in Australian dollars and affix the appropriate postage to the reply paid envelope.

Personalised Entitlement and Acceptance Forms and Application Monies will not be accepted at BKI's registered or corporate office.

Option 2: Pay via BPAY®

To pay via BPAY® you will need to:

- › be an account holder with an Australian financial institution;
- › use the personalised reference number shown on your Entitlement and Acceptance Form which is required to identify your shareholding; and
- › ensure that your payment is received by the Registry before 5.00pm (AEST) on Wednesday, 16 October 2013.

You can only make payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions.

If you are paying via BPAY® there is no need to return the Entitlement and Acceptance Form but you will be taken to have made the statements and certifications that are set out in the Entitlement and Acceptance Form.

When making payment via BPAY®, please ensure that you enter the correct Biller Code and Reference Number information that is shown on your Personalised Entitlement and Acceptance Form. The Reference Number is used to identify your holding. If you have multiple holdings you will have multiple Reference Numbers. You must use the Reference Number shown on each personalised Entitlement and Acceptance Form when paying for any New Shares that you wish to apply for in respect of that holding. If you enter your BPAY® details incorrectly, BKI will not be able to issue you your New Shares under the Entitlement Offer.

Amounts received by BKI in excess of the Offer Price multiplied by your Entitlements (**Excess Amount**) may be treated as an Application to apply for as many additional New Shares as your Excess Amount will pay for in full under the Top-Up Facility.

2.7 Brokerage and stamp duty

No brokerage fee is payable by Eligible Shareholders who take up their Entitlements and receive New Shares issued by BKI. No stamp duty is payable for subscribing for New Shares under the Entitlement Offer.

2.8 Effect of Participating in Entitlement Offer

By completing and returning your personalised Entitlement and Acceptance Form or making a payment by BPAY®, or otherwise applying to participate in the Entitlement Offer, you will be deemed to have represented to BKI that you are an Eligible Shareholder and:

- (a) declare that:
 - (i) all details and statements made in the personalised Entitlement and Acceptance Form are complete and accurate;
 - (ii) you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Entitlement Offer;
 - (iii) you were the registered holder(s) at the Record Date of the Shares indicated on the personalised Entitlement and Acceptance Form as being held by you on the Record Date;
- (b) acknowledge that:
 - (i) once BKI receives the Entitlement and Acceptance Form with the requisite Application Monies or your payment by BPAY®, you may not withdraw it except as allowed by law;
 - (ii) you have read and understood this Offer Booklet and the personalised Entitlement and Acceptance Form in their entirety;
 - (iii) the information contained in this Offer Booklet is not investment advice or a recommendation that the New Shares are suitable for you, given your investment objectives, financial situation or particular needs;
 - (iv) the statement of risks in the “Key Risks” section that is included in Section 4 of this Offer Booklet;
 - (v) investments in BKI are subject to risks;
- (c) agree to:
 - (i) apply for, and be issued with up to, the number of New Shares that you apply for at the Offer Price of \$1.48 per New Share; and
 - (ii) be bound by the terms of this Offer Booklet and the provisions of BKI’s constitution;
- (d) authorise BKI to register you as the holder of New Shares and authorise BKI and its officers or agents to do anything on your behalf necessary for the New Shares to be issued to you, including to act on instruction of BKI’s Share Registry by using the contact details set out in the personalised Entitlement and Acceptance Form;
- (e) authorise BKI to correct any errors in your personalised Entitlement and Acceptance Form or other form provided by you;
- (f) represent and warrant that the law of any place (other than Australia and New Zealand) does not prohibit you from being given this Offer Booklet or making an application for New Shares;

continued...

- (g) if you are acting as a nominee or custodian, each beneficial holder on whose behalf you are submitting the Entitlement and Acceptance Form is resident in Australia or New Zealand and is not in the United States and is not acting for the account or benefit of a person in the United States, and you have not sent this Offer Booklet, the Entitlement and Acceptance Form or any information relating to the Entitlement Offer to any such person; and
- (h) will be treated as having represented and warranted:
 - (i) that you are not in the United States and are not applying for New Shares on behalf of, or for the account or benefit of, a person in the United States;
 - (ii) that you and each person on whose account you are acting are not engaged in the business of distributing securities;
 - (iii) that you and each person on whose account you are acting have not and will not send any materials relating to the Entitlement Offer, including this Offer Booklet and the Entitlement and Acceptance Form, to any person that is in the United States or that is acting for the account or benefit of a person in the United States; and
 - (iv) on your own behalf and on behalf of each person on whose account you are acting that (i) neither the Entitlements nor the New Shares offered in the Entitlement Offer have been, or will be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction of the United States, or in any other jurisdiction outside Australia or New Zealand, (ii) the Entitlements may not be taken up by, and the New Shares may not be offered or sold to, persons in the United States or persons who are acting for the account or benefit of a person in the United States (to the extent they are holding Shares for the account or benefit of a person in the United States), and (iii) the New Shares to be offered and sold in the Entitlement Offer may only be offered and sold outside the United States in “offshore transactions” (as defined in Rule 902(h) under the U.S. Securities Act) in compliance with Regulation S under the U.S. Securities Act.

Australian tax implications

3. AUSTRALIAN TAX IMPLICATIONS

You should be aware that there may be taxation implications in relation to the New Shares under the Entitlement Offer. These taxation implications will vary between different shareholders. Shareholders should consult their professional tax adviser.

You should seek, and rely, on your own taxation advice regarding an investment in the Company. Neither the Company, nor any of its officers, employees, agents and advisers accepts any liability or responsibility with respect to the taxation consequences connected with the Entitlement Offer.

Key Risks

4. KEY RISKS

The operations and financial performance and prospects of listed investment companies such as BKI are driven by a number of factors, including, but not limited to, domestic and international economic growth, the performance of domestic and international financial markets, domestic and international political events and relevant regulation in Australia and overseas. The risks set out below are not listed in order of importance and do not constitute an exhaustive list of the risks faced by BKI or by investors in BKI. If any of the following risks materialise, BKI's business, financial condition and operational results are likely to suffer.

Nothing in this Offer Booklet is financial product advice and this document has been prepared without taking into account your investment objectives or personal circumstances. You should also consider consulting your financial or legal adviser so as to ensure you understand fully the terms of the Entitlement Offer and the inherent risks.

4.1 General Investment Risks

(a) Economic Conditions

The future earnings of the Company and the value of the investments of the Company may be influenced by various general domestic and international economic factors including, but not limited to:

- › economic growth;
- › interest rates;
- › inflation;
- › currency exchange rates;
- › employment levels;
- › changes in commodity prices;
- › consumer and business sentiment; and
- › market volatility.

Material adverse changes to general economic conditions may have an adverse impact on the operations and financial performance and position of BKI.

(b) ASX market volatility

The ASX price of BKI securities will fluctuate due to various factors including general movements in interest rates, the Australian and international investment markets, international economic conditions, global geo-political events and hostilities, investor perceptions and other factors that may affect BKI's financial performance and position.

(c) Legal and regulatory environment

As a listed investment company, changes in laws, regulations and government policy may affect the Company and the attractiveness of an investment in the Company positively or negatively.

The Company cannot predict the impact of future legislative or regulatory change on its business. In addition, if the amount and complexity of new regulation increases, so too may the cost of compliance and the risk of non-compliance.

(d) Changes to tax or accounting policies

A change to the current taxation regime in Australia or overseas may affect the Company and its Shareholders. Personal tax liabilities are the responsibility of each individual investor. The Company is not responsible either for taxation or penalties incurred by investors.

Similarly, Australian accounting standards are set by the Australian Accounting Standards Board ("AASB") and are outside the Directors' and the Company's control. Changes to accounting standards issued by AASB could adversely affect the financial performance and position reported in the Company's financial statements.

4.2 Risks Specific to BKI

(a) Key personnel risk

The Company depends on the talent and experience of its personnel as its primary asset. There can be no guarantee that BKI will be able to retain their key directors and executives or, if those persons cease to be employed by BKI, that the Company will be able to attract and retain personnel of sufficient experience and expertise to manage its investments. Additionally, any key personnel of the Company who leave to work for a competitor may adversely impact the Company.

In summary, the Company's ability to attract, motivate and retain personnel will have a direct bearing upon its ability to deliver its commitments and achieve forecast revenues. Additionally, increases in recruitment and wage costs may adversely impact upon the financial performance of the Company.

(b) Litigation risk

Exposure to litigation brought by third parties such as investors, regulators, employees or business associates could negatively impact the Company's operations and financial performance and position through increased costs, payment of damages and damage to reputation.

(c) Investment risk

Some of the entities in which BKI may invest may have a limited trading history or small capital base. Investment in these entities involves risks that are greater than investment in larger capitalised entities or entities in other market sectors. While the development of sound risk management procedures and proper analysis of proposed investments can minimise the risks of investment in such companies, the risks are material and significant.

(d) Business risk

The profitability and success of BKI is highly dependent on the ability of their directors and/or the BKI investment committee to assess business risks and make appropriate investments. It cannot be expected nor is there any guarantee that an investment or investment decision of BKI and/or its investment committees will prove to be the correct decision or prove to be profitable. BKI may accordingly incur significant losses in carrying out their investment objectives and investment strategy. As a result, no guarantee can be given in respect of the future earnings of BKI or the earnings and capital appreciation of its investments.

continued...

4.3 Risks Relating to the Offer

(a) Market risk

The market price of BKI shares may rise or fall between the date that the Entitlement Offer opens and the date that the shares are issued to you under the Entitlement Offer. This means that the issue price that you pay for the new shares under the Entitlement Offer may be either higher or lower than the share price at the time you apply for the shares under the Entitlement Offer or at the time the new shares are issued to you pursuant to the Entitlement Offer.

No assurances can be given that the New Shares to be issued under the Entitlement Offer will trade at or above the offer price under the Entitlement Offer. None of BKI, its Board or any other person guarantees the market performance of the new shares to be issued under the Entitlement Offer.

(b) Dilution Risks

You should note that if you do not take up all or part of the Shares offered to you under the Entitlement Offer, then your percentage shareholding in BKI will be diluted. By not participating to the full extent in the Entitlement Offer you will not be exposed to future increases or decreases in BKI's share price in respect of those New Shares which would have been issued to you had you taken up all of your Entitlement.

Important Information

5. IMPORTANT INFORMATION

5.1 Responsibility for Offer Booklet

This Offer Booklet (including the enclosed personalised Entitlement and Acceptance Form) has been prepared by BKI. This Offer Booklet is dated 23 September 2013.

Information contained in this Offer Booklet remains subject to change without notice and BKI is not responsible for updating this Information.

There may be additional announcements made by BKI after the date of this Offer Booklet and throughout the period that the Entitlement Offer is open that may be relevant to your consideration of whether to take up or do nothing in respect of your Entitlement. Therefore, it is prudent that you check the Company's website: www.bkilimited.com.au or the ASX website: www.asx.com.au to see whether any further announcements have been made by BKI before submitting your application to take up your Entitlement.

No party other than BKI has authorised or caused the issue of this Offer Booklet, or takes any responsibility for, or makes any statements, representations or undertakings in this Offer Booklet.

No person is authorised to give any information, or to make any representation, in connection with the Entitlement Offer that is not contained in this Offer Booklet. Any information or representation that is not in this Offer Booklet may not be relied on as having been authorised by BKI, or its related bodies corporate in connection with the Entitlement Offer.

5.2 Status of Offer Booklet

The Entitlement Offer is being made pursuant to provisions of the Corporations Act which allow rights issues to be offered without a prospectus.

Neither this Offer Booklet nor the Entitlement and Acceptance Form are required to be lodged or registered with ASIC. This Offer Booklet is not a prospectus under the Corporations Act and no prospectus for the Entitlement Offer will be prepared. These documents do not contain, or purport to contain, all of the information that a prospective investor may require in evaluating an investment in BKI. They do not contain all the information which would be required to be disclosed in a prospectus.

As a result, it is important for Eligible Shareholders to carefully read and understand the information on BKI and the Entitlement Offer made publicly available, prior to accepting all or part of their Entitlement. In particular, please refer to this Offer Booklet, the Investor Presentation and other announcements made available at www.asx.com.au or on BKI's website: www.bkilimited.com.au.

This Offer Booklet does not contain financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs. BKI is not licensed to provide financial product advice in respect of the New Shares. Before deciding whether to apply for New Shares, you should consider whether they are a suitable investment for you in light of your own investment objectives and financial circumstances and having regard to the merits or risks involved. If, after reading the Offer Booklet, you have any questions about the Entitlement Offer, you should contact your stockbroker, accountant or other independent professional adviser.

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5.3 Offer Booklet availability

Eligible Shareholders in Australia and New Zealand can obtain a copy of this Offer Booklet during the period of the Entitlement Offer by accessing the ASX website at www.asx.com.au or accessing the BKI website at www.bkiiimited.com.au. Persons who access the electronic version of this Offer Booklet should ensure that they download and read the entire Offer Booklet. The electronic version of this Offer Booklet on the ASX website and the BKI website will not include a personalised Entitlement and Acceptance Form.

A replacement personalised Entitlement and Acceptance Form can be requested by calling BKI's Entitlement Offer Information Line on **1800 857 303 (in Australia)** or **+61 2 8256 3366 (outside of Australia)** from Monday to Friday between 9.00am and 5.00pm (AEST) during the Entitlement Offer Period.

This Offer Booklet (including the accompanying personalised Entitlement and Acceptance Form) may not be distributed or released to, or relied upon by, persons in the United States or that are acting for the account or benefit of a person in the United States.

5.4 Ranking of New Shares

New Shares issued under the Entitlement Offer will be fully paid and rank equally in all respects with existing Shares. The rights and liabilities attaching to the New Shares are set out in BKI's constitution.

5.5 Rounding of Entitlements

Where fractions arise in the calculation of an Entitlement, they will be rounded down to the nearest whole number of New Shares.

5.6 Notice of nominees and custodians

If BKI believes you hold Shares as a nominee or custodian you will have received, or will shortly receive, a letter in respect of the Entitlement Offer. Nominees and custodians should consider carefully the contents of that letter and note in particular that persons acting as nominees for other persons must not purchase, take up or exercise any Entitlements on behalf of, or send any documents related to the Entitlement Offer to, any Ineligible Shareholder including person in the United States or any person that is acting for the account or benefit of a person in the United States.

BKI is not required to determine whether or not any registered holder or investor is acting as a nominee or custodian or the identity or residence of any beneficial owners of existing Shares or Entitlements. Where any person is acting as a nominee or custodian for a foreign person, that person, in dealing with its beneficiary, will need to assess whether indirect participation in the Entitlement Offer by the beneficiary complies with applicable foreign laws. BKI is not able to advise on foreign laws.

5.7 No cooling off

Cooling off rights do not apply to an investment in New Shares. You cannot withdraw your application once it has been made.

5.8 Privacy Policy

Chapter 2C of the Corporations Act requires information about you as a Shareholder (including your name, address and details of the securities you hold) to be included in the public register of the entity in which you hold securities. This information must continue to be included in the public register if you cease to be a Shareholder. The *Privacy Amendment (Private Sector) Act 2000* does not alter these statutory obligations.

BKI and the Registry may collect personal information to process your application, implement the Entitlement Offer and administer your BKI shareholding. The personal information contained in the Register is also used to facilitate payments and corporate communications (including financial results, annual reports and other information to be communicated to BKI shareholders) and to ensure compliance with legal and regulatory requirements, including Australian taxation laws and the Corporations Act.

Your personal information may be disclosed to joint investors, the Registry, to securities brokers, to third party service providers, including print and mail service providers, technology providers and professional advisers, to related entities of BKI and its agents and contractors, and to ASX and other regulatory authorities, and in any case, where disclosure is required or allowed by law (which may include disclosures to the Australian Taxation Office and other government or regulatory bodies or where you have consented to the disclosure). In some cases, the types of organisations referred to above to whom your personal information may be disclosed may be located overseas.

Advanced Share Registry Limited's privacy policy is available on their website: www.advancedshare.com.au.

5.9 Foreign Jurisdictions

This Offer Booklet has been prepared to comply with the requirements of the securities laws of Australia and New Zealand.

This Offer Booklet does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify the Entitlement Offer, the Entitlements or the New Shares or otherwise permit the public offering of the New Shares in any jurisdiction other than Australia and New Zealand.

The distribution of this Offer Booklet (including an electronic copy) outside Australia and New Zealand may be restricted by law. If you come into possession of this Offer Booklet, you should observe such restrictions and should seek your own advice on such restrictions. Any non-compliance with these restrictions may contravene applicable securities laws.

New Zealand

The Entitlements and the New Shares being offered under this Offer Booklet are not being offered or sold to the public in New Zealand other than to Shareholders with registered addresses in New Zealand in reliance on the Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand).

This Offer Booklet has not been registered, filed with or approved by any New Zealand regulatory authority under the Securities Act 1978 (New Zealand). This Offer Booklet is not an investment statement or prospectus under New Zealand law, and may not contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

United States

This Offer Booklet, and any accompanying ASX announcements and the Entitlement and Acceptance Form, do not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States. Neither this Offer Booklet nor the Entitlement and Acceptance Form may be distributed or released in the United States. Neither the Entitlements nor the New Shares offered in the Entitlement Offer have been, or will be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction of the United States. Accordingly, the Entitlements may not be taken up by, and the New Shares may not be offered or sold to, persons in the United States or persons who are acting for the account or benefit of a person in the United States.

Any non-compliance with these restrictions may contravene applicable securities laws.

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5.10 Underwriting

The Entitlement Offer is partially underwritten by the Underwriting Directors. A summary of the Underwriting Agreements is contained in Section 1.4 of this document.

5.11 Withdrawal of Entitlement Offer

BKI reserves the right to withdraw all or part of the Entitlement Offer and this Offer Booklet at any time, subject to applicable laws, in which case BKI will refund Application Monies in relation to New Shares not already issued in accordance with the Corporations Act and without payment of interest.

To the fullest extent permitted by law, you agree that any Application Monies paid by you to BKI will not entitle you to receive any interest and that any interest earned in respect of Application Monies will belong to BKI.

5.12 Disclaimer of representations

Except as required by law, and only to the extent so required, none of BKI, or any other person, warrants or guarantees the future performance of BKI or any return on any investment made pursuant to this Offer Booklet.

5.13 Governing Law

This Offer Booklet, the Entitlement Offer and the contracts formed on acceptance of the Entitlement Offers pursuant to the personalised Entitlement and Acceptance Forms are governed by the laws applicable in New South Wales, Australia. Each applicant for New Shares submits to the non-exclusive jurisdiction of the courts of New South Wales, Australia.

Glossary

ABN means Australian Business Number.

AEST means Australian Eastern Standard Time.

Announcement Date means 5 September 2013

Application means the submission of an Entitlement and Acceptance Form accompanied by the relevant Application Monies or arranging for payment of the relevant Application Monies through BPAY® in accordance with the instructions on the Entitlement and Acceptance Form.

Application Monies means the amount specified in the personalised Entitlement and Acceptance Form, being the consideration for New Shares under the Entitlement Offer or the Top-Up Facility.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited ACN 008 624 691 or, where the context requires, the financial market operated by it on which BKI Shares are quoted.

ASX Listing Rules means the official listing rules of the ASX as amended or replaced from time to time.

BKI or Company means BKI Investment Company Limited ABN 23 106 719 868.

Board means the board of directors of BKI.

Corporations Act means the Corporations Act 2001 (Cth).

Closing Date means 5:00pm (AEST), Wednesday 16 October 2013 (unless extended by the Company).

Director means a director of BKI.

DRP means dividend reinvestment plan.

Eligible Shareholders has the meaning given in Section 1.2 of the Offer Booklet.

Entitlement and Acceptance Form means the personalised form accompanying this Offer Booklet to be used to make an application in accordance with the instructions set out on that form.

Entitlement means the number of New Shares for which an Eligible Shareholder is entitled to subscribe under the Entitlement Offer, being 1 New Share for every 15 Shares held at the Record Date.

Entitlement Offer means the pro rata non-renounceable entitlement offer of 1 New Share for every 15 Shares held at the Record Date at an Offer Price of \$1.48 per New Share.

Entitlement Offer Period means the period commencing on Monday 23 September 2013 and ending on Wednesday 16 October 2013 at 5.00pm (AEST) (unless extended).

Investor Presentation means the BKI Investor Presentation released to ASX on Thursday, 5 September 2013 and available for download on BKI's website: www.bkilimited.com.au.

Listing Rules means the official listing rules of the ASX.

New Shares means the fully paid ordinary shares in BKI offered under Entitlement Offer.

NTA means net tangible assets.

Offer Booklet means this offer booklet in relation to the Entitlement Offer, including the personalised Entitlement and Acceptance Form accompanying this document.

Offer Price means \$1.48 being the price payable per New Share under the Entitlement Offer.

Placement means the placement to sophisticated and professional investors which completed on 5 September 2013 and raised \$59 million at \$1.48 per New Share.

Record Date means 7.00pm (AEST) on Tuesday, 17 September 2013.

Register means the register of Shareholders.

Registry means Advanced Share Registry Limited trading as Advanced Share Registry Services.

Share means a fully paid ordinary share in BKI.

continued...

Shareholder means a holder of a Share.

Top Up Facility means the facility described in Section 1.5 under which Eligible Shareholders may apply for additional New Shares in excess of their Entitlements.

Underwriting Agreement means each underwriting agreement between BKI and a Underwriting Director in which the Underwriting Director has partially underwritten the Entitlement Offer.

Underwriting Directors means each of Mr Robert Millner, Mr David Hall and Mr Alex Payne.

U.S. Securities Act means the United States Securities Act 1933 (as amended).

Corporate Directory

BKI Investment Company Limited

ABN 23 106 719 868

REGISTERED OFFICE

Level 2, 160 Pitt Street Mall
Sydney NSW 2000

Telephone: (02) 9210 7000
Facsimile: (02) 9210 7099

Postal Address

GPO Box 5015
Sydney NSW 2001
Australia

www.bkilimited.com.au

SHARE REGISTRY

Advanced Share Registry Services

PO Box 1156
Nedlands WA 6909

Telephone: (08) 9389 8033
Facsimile: (08) 9389 7871

www.advancedshare.com.au

CORPORATE ADVISOR

Pitt Capital Partners Limited

Level 2, 160 Pitt Street Mall
Sydney NSW 2000

Telephone: (02) 9210 7000
Facsimile: (02) 9210 7099

www.pcap.com.au

LEAD MANAGER

Baillieu Holst Limited

Level 26, 360 Collins Street
Melbourne Victoria 3000

Telephone: (03) 9602 9222
Facsimile: (03) 9602 2350

www.baillieuholst.com.au

LEGAL ADVISOR

Ashurst Australia

Level 36, Grosvenor Place
225 George Street
Sydney NSW 2000

Telephone: (02) 9258 6000
Facsimile: (02) 9258 6999

www.ashurst.com



BKI INVESTMENT
COMPANY LIMITED

Registered Office
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Sydney NSW 2000
Telephone: (02) 9210 7000
Facsimile: (02) 9210 7099

Postal Address
GPO Box 5015
Sydney NSW 2001

www.bkilimited.com.au

ENTITLEMENT AND ACCEPTANCE FORM



ABN 23 106 719 868

SHARE REGISTRY
Advanced Share Registry Ltd,
Unit 2, 150 Stirling Highway, NEDLANDS, WA 6009

REGISTERED OFFICE
BKI Investment Company Limited
Level 2, 160 Pitt Street Mall, Sydney NSW 2000

NON-RENOUCEABLE ENTITLEMENT OFFER CLOSING AT 5.00pm (AEST) ON 16 OCTOBER 2013

Pro-rata non-renounceable entitlement offer on the basis of 1 New Share for every 15 existing Shares held as at 7.00pm (AEST) on 17 September 2013, at an issue price of \$1.48 per New Share (**Entitlement Offer**).

Receipt of this form by 5.00pm (AEST) on 16 October 2013 with your payment utilising the payment options detailed on the reverse will constitute acceptance in accordance with the terms and conditions of the Entitlement Offer Booklet dated 23 September 2013.

Sub-Register	
HIN / SRN	
Number of Shares held as at Record Date, 7.00pm (AEST) 17 Sept 2013	

Entitlement to New Shares on 1 for 15 basis	
Amount payable on full acceptance at A\$1.48 per New Share	

ENTITLEMENT UNDER THE ENTITLEMENT OFFER

Under the terms of the Entitlement Offer, you have a pro-rata entitlement (**Entitlement**) to subscribe for New Shares at \$1.48 per New Share. The table above sets out your Entitlement. You may elect to subscribe for some or all of your Entitlement. Please follow the instructions on the reverse.

APPLICATION FOR ADDITIONAL NEW SHARES UNDER THE TOP UP FACILITY

If you take up your Entitlement in full, you may apply for additional New Shares out of the shortfall (if any). Please follow the instructions on the reverse.

PLEASE COMPLETE BELOW (using block letters)

A.	B.	C.
Number of New Shares accepted (being not more than your Entitlement shown above)	Number of additional New Shares applied for under the Top Up Facility	Total number of New Shares applied for (add Boxes A and B)

I/We enclose my/our payment for the amount shown above being payment of \$1.48 per New Share. I/We hereby authorise you to register me/us as the holder(s) of the New Shares. I/we agree to be bound by the constitution of the Company.

D. PAYMENT AMOUNT

Amount enclosed, being application money of \$1.48 per New Share applied for in **Box C** (multiply **Box C** X \$1.48)

A\$

E. METHOD OF ACCEPTANCE

You can apply for New Shares and make your payment utilising one of the payment options detailed on the reverse.

Cheque/bank draft/money order:

PLEASE ENTER CHEQUE DETAILS THANK YOU	Drawer	Bank	Branch	Amount

	Biller Code:	When making payment via BPAY®, please ensure that you enter the correct Biller Code and Reference Number information that is shown on this Personalised Entitlement and Acceptance Form. If you enter your BPAY® details incorrectly, BKI will not be able to issue you your New Shares under the Entitlement Offer.
	Ref No:	

BPAY® You can pay by BPAY®. If you choose to pay by BPAY®, you do not need to return this form.

F. My/ Our contact numbers in the case of enquiry are:

Telephone: (.....)..... Email:

INSTRUCTIONS TO YOUR STOCKBROKER

I/We have accepted		New Shares
and attach a cheque/money order/bank draft for		being acceptance money at \$1.48 per New Share

How to Complete the Entitlement and Acceptance Form

Please complete all relevant sections of the Entitlement and Acceptance Form USING BLOCK LETTERS. These instructions are cross referenced to each section of the Entitlement and Acceptance Form.

A. Application for New Shares Under the Entitlement Offer

Details of your shareholding and Entitlement as at 7.00pm (AEST) on 17 September 2013 are shown on the reverse.

You can apply to accept either part of, or all of, your Entitlement. Please enter into Box A the number of New Shares you wish to accept from your Entitlement.

B. Application for additional New Shares under the Top Up Facility

You can apply for more New Shares than your Entitlement provided that you have accepted your full Entitlement. Please enter the number of additional New Shares above your Entitlement for which you wish to apply into Box B. You are not assured of receiving any additional New Shares applied for in excess of your Entitlement under the Top Up Facility. Any scale back of applications for New Shares under the Top Up Facility will be at the Company's discretion.

C. Total Number of New Shares applied For

To calculate the total number of New Shares applied for, add Box A and Box B and enter this number in Box C.

D. Payment Amount

Please enter into Box D the total amount of the cheque, money order or bank draft required for payment for the New Shares applied for in Box C. To calculate the total amount required for payment, multiply Box C by the issue price (\$1.48).

E. Method of Acceptance

By making your payment using either BPAY® or by cheque, bank draft or money order, you confirm that you agree to all of the terms and conditions of the Entitlement Offer contained in the Offer Booklet dated 23 September 2013 as enclosed with this form.

Payment by cheque, money order or bank draft

Please enter your cheque, money order or bank draft details in Section E. Cheques, money orders or bank drafts must be drawn on an Australian branch of a financial institution in Australian currency and made payable to "BKI Investment Company Limited" and crossed "Not Negotiable".

Cheques will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques returned unpaid may not be re-presented and may result in your Application being rejected. Paperclip (do not staple) your cheque(s) to the Entitlement and Acceptance Form. Cash will not be accepted. A receipt for payment will not be forwarded.

If the amount you pay is insufficient to pay for the number of New Shares you apply for, you will be taken to have applied for such lower number of New Shares as that amount will pay for, or your application will be rejected.

If the amount you pay is more than the amount payable for the number of New Shares you apply for, you will be taken to have applied for as many additional New Shares as that amount will pay for, including under the Top Up Facility.

The applications for additional New Shares will be dealt with pursuant to the terms contained in the Offer Booklet.

Payment by BPAY®

If you elect to make payment using BPAY® you must contact your bank or financial institution to make this payment from your cheque, savings, debit or transaction account. For more information on paying by BPAY®: www.bpay.com.au.

Refer to the reverse for the Biller Code and Reference Number. The Reference Number is used to identify your holding. If you have multiple holdings you will have multiple Reference Numbers. You must use the Reference Number shown on each personalised Entitlement and Acceptance Form when paying for any New Shares that you wish to apply for in respect of that holding.

When making payment via BPAY®, please ensure that you enter the correct Biller Code and Reference Number information that is shown on the reverse of this Personalised Entitlement and Acceptance Form. If you enter your BPAY® details incorrectly, BKI will not be able to issue you your New Shares under the Entitlement Offer.

You do NOT need to return the Entitlement and Acceptance Form if you elect to make payment by BPAY®. Payment must be received via BPAY® before 5:00pm (AEST) on 16 October 2013. You should check the processing cut off-time for BPAY® transactions with your bank, credit union or building society to ensure your payment will be received by the Registry in time. By paying by BPAY® you will have deemed to have completed an Application Form for the number of New Shares subject of your application payment.

F. Contact Details

Please enter your contact telephone numbers so we can contact you regarding your Application, if necessary.

Lodgement of Entitlement and Acceptance Form

The completed Entitlement and Acceptance Form with the accompanying payment may be mailed to the postal address, or delivered by hand to the address, set out below:

By Mail	By Hand
Advanced Share Registry Ltd PO Box 1156 Nedlands Western Australia 6909	Advanced Share Registry Ltd Unit 2, 150 Stirling Hwy Nedlands Western Australia 6009

Your completed Entitlement and Acceptance Form and accompanying payment must be received by Advanced Share Registry Ltd no later than 5.00pm (AEST) on 16 OCTOBER 2013. You should allow sufficient time for this to occur.

The Company reserves the right not to process any Applications and payments received after 5.00pm (AEST) on 16 October 2013. Neither Advanced Share Registry Ltd nor the Company accepts any responsibility if you lodge the Application Form at any other address or by any other means.

The Company reserves the right to reject any Entitlement and Acceptance Form which is not correctly completed.

Privacy Statement

If you complete an application for New Shares, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your application, service your need as a shareholder and to facilitate corporate communications to you as a shareholder. The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry. You can access, correct and update the personal information that is held about you. If you wish to do so please contact the Company's share registry at the relevant contact numbers set out in the Entitlement Offer document. Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if the information required on the application for New Shares is not provided, the Company may not be able to accept or process your application.

If you have any enquiries concerning this form or your Entitlement, please contact:

Advanced Share Registry Ltd

Telephone **+61 8 9389 8033**

Fax **+61 8 9389 7871**

CHESS holders must contact their Controlling Participant to notify a change of address