

BKI INVESTMENT COMPANY LIMITED

ABN: 23 106 719 868

4 March 2019

The Manager,
Company Announcements
Australian Stock Exchange Limited
Exchange Centre
20 Bridge Street
Sydney NSW 2000



Shareholder Update & Dividend Information

BKI Investment Company Limited (ASX: BKI) advises that the attached letter was issued to Shareholders accompanying the dividend statement for the 2019 Interim Ordinary and Special dividends.

Yours faithfully

A handwritten signature in black ink, appearing to be 'Jaime Pinto', written over a faint, stylized graphic element that resembles a large, thin-lined letter 'P'.

Jaime Pinto
Company Secretary

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BKI INVESTMENT COMPANY LIMITED

ABN: 23 106 719 868



Shareholder Update and Dividend Information

28 February 2019

Dear Shareholder,

It is a pleasure to be writing to you to provide a shareholder update and Dividend Information.

On the 23rd of January 2019, BKI announced that the Net Operating Result for the half, excluding special investment revenue, was \$25.5 million, an increase of 12% over the previous corresponding period.

The result was driven by higher dividends received from New Hope Corporation, AGL Energy, Woodside Petroleum, BHP Group, Sydney Airport, Macquarie Group, Transurban Group and APA Group. BKI also received a significant amount of special dividends during the half from Telstra Corporation, QUBE Logistics, IAG Insurance, Suncorp Group and Woolworths. We also received special dividend income from the BHP Off Market Buy-Back.

Ordinary Interim Dividend

A Fully Franked Interim Dividend of 3.625cps was declared on the 23rd January 2019. Today, we are pleased to enclose your dividend advice statement for your tax records.

Responding to a Possible Change in Franking Credit Policy

In recent months, we have been overwhelmed by the level of angst in the investment community regarding Labor's proposal to eliminate cash refunds of excess franking credits. In response to a possible change in franking credit policy, the Directors of BKI also declared a Fully Franked Special Dividend of 1.50cps.

Future Special Dividend

Following payment of these dividends, BKI will have approximately \$16.75m of imputation credits available for future dividends. It is therefore the intention of the BKI Directors to distribute to shareholders another Fully Franked Special Dividend of at least 1.00cps. It is the Directors intention to declare this dividend on or before the release of BKI's FY2019 Results, expected on Wednesday 17 July 2019.

Dividend Reinvestment Plan (DRP)

BKI's DRP offers shareholders the opportunity to acquire further ordinary shares in BKI. The DRP will not be offered at a discount. To obtain access to a DRP Form, please use the following link:
www.bkilimited.com.au/dividend-reinvestment-plan/

Dividend Payments via Direct Credit

We would like to remind shareholders that BKI will no longer pay dividends by cheque to shareholders with a registered address in Australia or New Zealand. BKI will only pay dividend payments into shareholders' nominated Australian (or New Zealand) bank or financial institution accounts by direct credit.

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Direct crediting is a much more secure and convenient way for you to receive your dividend payments and they are credited to your account on the payment date as cleared funds. This means you have immediate access to your funds, instead of first having to deposit your cheque and then wait for the funds to clear before being able to use your money. It also removes the risk of loss, fraud or theft of your dividend payment cheques.

For those shareholders who had not provided valid bank account details prior to finalisation of the 2019FY interim dividends, a Direct Credit Form and Reply Paid envelope have been enclosed with this letter. Please complete and sign the Direct Credit Form and return it to the Share Registry so that we may remit your dividends to you as soon as possible.

If you have already provided valid bank account details but would like to change them, please contact the share registry on 1300 113 258 or +61 8 9389 8033. Alternatively, please use the following link:
<https://www.advancedshare.com.au/investors/>

Outlook

BKI's Management Expense Ratio (MER) as at 31 December 2018 was 0.18%. The Board & Portfolio Managers are shareholders in BKI. We invest for the long term and do not charge excessive external portfolio management fees or any performance fees. We focus on creating wealth for all shareholders by keeping costs low and increasing fully franked dividends and capital growth. BKI's MER continues to compare very favourably to other externally-managed LICs, ETFs and managed funds in the domestic market that provide a similar broad-based exposure to Australian equities. We are proud to continue this approach on MER moving forward for our shareholders.

BKI reached the milestone of 15 years as a publically listed company during December. BKI's shareholder base has grown from 7,832 in 2003 to 17,540, Total Assets have increased from \$171m upon listing to \$1,117m in December 2018 and BKI has paid out approximately \$600m or 97.075cps in dividends and franking credits to Shareholders since listing. Total Shareholder Returns including franking credits for 15 years to 31 December 2018 was 9.9% per annum.

As we look forward into our 16th year, there are a number of interesting dynamics dominating our markets. Some macroeconomic concerns have been front of mind for many months now - yet these macro conditions are out of our control. We expect there will be several periods of opportunity for long-term investors in the year ahead and that patience will pay off. We have a healthy level of cash and the recent de-rating of the market has created more opportunities for BKI.

We believe that the BKI portfolio is well placed as we head into 2019 and we will continue our objective to buy high quality businesses.

Our aim is to generate an increasing income stream for distribution to shareholders in the form of fully franked dividends, through long-term investment in a portfolio of assets that are also able to deliver long-term capital growth to shareholders.

We wish you well for 2019 and appreciate your support as a shareholder of BKI.



Robert Millner
Chairman

Company or Trust in which the Investment is Held

Full Name(s) of Registered Holding

Registered Address

Securityholder Reference Number (SRN) or
Holder Identification Number (HIN)

All correspondence and enquiries to:

110 Stirling Highway, Nedlands Western Australia 6009
PO Box 1156, Nedlands Western Australia 6909
Telephone: (08) 9389 8033
Facsimile: (08) 9262 3723

Suite 8H, 325 Pitt Street, Sydney NSW 2000
PO Box Q1736, Queen Victoria Building, NSW 1230
Telephone: (02) 8096 3502

Website: www.advancedshare.com.au
Email: admin@advancedshare.com.au

DIRECT CREDIT FACILITY

Use a **black** pen. Print in **CAPITAL** letters inside the boxes.

A DIRECT CREDIT FACILITY

I/We hereby request that, until otherwise advised in writing, all dividends payable in cash in respect of my/our shareholding are to be redirected into the following Australian bank / building society account:

Name in which account is held (e.g. John Smith)

(Note: The name(s) must be the same as that/those printed above. Dividends cannot be credited to third party accounts).

BSB Number (must be 6 digits)

Account Number

Name of Bank/Financial Institution

Branch Suburb/Town

Shareholder's Contact Name

Telephone Number

Email

B SIGN HERE – This section must be signed for your instructions to be executed

Securityholder 1 (Individual)

Joint Securityholder 2 (Individual)

Joint Securityholder 3 (Individual)

Sole Director and Sole Company Secretary/
Director (delete one)

Director/Company Secretary (delete one)

Date

Signing Instructions

- Individual: This form is to be signed by the securityholder.
 Joint Holding: Where the holding is in more than one name, all of the securityholders must sign.
 Power of Attorney: To sign as Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form.
 Companies: Director, Company Secretary, Sole Director and Sole Company Secretary can sign. Please indicate the office held by signing in the appropriate space.