

ASX Announcement

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5 September 2013

BKI Announces Placement and Entitlement Offer

Placement

BKI Investment Company Limited (“BKI” or “Company”) today announced that it has received commitments for the placement of 39.9 million fully-paid ordinary shares in the Company to certain sophisticated and professional investors that will raise gross proceeds of approximately \$59 million at \$1.48 per share (“Placement”).

New shares taken up under the Placement are expected to be settled on Wednesday, 11 September 2013 and commence trading on the ASX on Thursday, 12 September 2013. Shares issued under the Placement will be entitled to participate in the Entitlement Offer described below.

Commencement of the Entitlement Offer

BKI will also provide eligible shareholders the opportunity to participate in a non-renounceable entitlement offer of 1 new share for every 15 existing shares they hold on the record date at an issue price of \$1.48 per new share (“Entitlement Offer”). If fully subscribed, the Entitlement Offer will raise up to \$48.1 million before costs of the Entitlement Offer. New shares issued under the Entitlement Offer (“New Shares”) will rank equally with all ordinary shares of the Company already on issue.

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 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.

For the avoidance of doubt, any BKI shares purchased by Eligible Shareholders during the cum-rights trading period from Thursday 5 September 2013 to Tuesday 10 September 2013 will qualify 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.

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 will be subject to the terms and conditions to be outlined in the offer booklet for the Entitlement Offer (“Offer Booklet”). 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 indicated that they will 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:

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

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.

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.

A copy of the Company's capital raising presentation and recent broker research on the Company can be found on the Company website: www.bkilimited.com.au.

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 and on the ASX website from the same day.

Baillieu Holst is Lead Manager to the Placement and Entitlement Offer with Pitt Capital Partners as Financial Adviser and Ashurst Australia as Legal Adviser.

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