

ASX Announcement

7 September 2021

SNC announces 1-for-4 non-renounceable Entitlement Offer for shareholders

- **Issue price of \$1.01 per share represents attractive value for Shareholders**
- **New Shares will receive 3.75 cents per share in fully franked dividends by 20 December 2021¹**
- **Exceptional investment performance with further opportunities identified**
- **An equitable, pro-rata way to grow the Company**
- **Investment manager to reimburse all costs of the Offer**

The Directors of Sandon Capital Investments Ltd (SNC or the Company) are pleased to announce a 1-for-4 non-renounceable entitlement offer at an issue price of \$1.01 per share to raise up to \$27.9 million (**Entitlement Offer**). The Offer price represents attractive value for SNC shareholders, being a 2.9% discount to the market price immediately prior to the announcement of the Offer and an 11.3% discount to the 31 July 2021 reported pre-tax NTA of \$1.1390.

The Entitlement Offer will allow the Company to grow its capital base, improving liquidity and its relevance in a growing LIC market, as well as reducing its fixed expense ratio. The new capital will be deployed by the Investment Manager in accordance with its proven and successful investment approach.

New Shares will receive 3.75 cents per share of fully franked dividends by 20 December 2021¹

New Shares issued under the Entitlement Offer will receive 3.75 cents per share in fully franked dividends, comprising the 2.75 cents per share fully franked final dividend and the 1.0 cent per share fully franked special dividend to be paid in November and December 2021.¹ Further, the Board has indicated that it intends to pay a fully franked dividend of 2.75 cents per share for the period ended 31 December 2021. This amounts to a total of 6.5 cents per share in fully franked dividends to be paid before 30 June 2022, representing a yield of 6.4% (or 8.6% including the value of franking credits).

Exceptional investment performance with further opportunities identified

The performance of SNC's investment portfolio has been exceptional over the past 12 months and has significantly outperformed broader share market indices since inception. The Investment Manager has indicated that it has identified a number of investment opportunities with attractive return prospects into which it can deploy the new capital.

An equitable, pro-rata way to grow the Company

The Board of SNC has been examining a number of methods to grow the capital base to take advantage of the attractive investment opportunities on offer. The Entitlement Offer was determined to be the most equitable method for existing shareholders. Increasing the size of the Company is expected to help increase the liquidity of its shares and will also reduce the fixed expense ratio, to the benefit of all shareholders. It is also expected to increase SNC's relevance in the LIC sector.

In addition, the Investment Manager has agreed to reimburse the costs of the Entitlement Offer (including the Shortfall Facility), which will help maximise the amount of capital that is available to deploy for investment opportunities. These costs will be paid upfront by the Company and the Investment Manager will repay the offer costs to the Company in accordance with a manager loan. Further details of the manager

¹ Provided New Shares acquired are held on both record dates of 20 October 2021 and 1 December 2021.

loan will be disclosed in the offer booklet. The Investment Manager may repay some or all of the manager loan early in its absolute discretion.

Top-Up and Shortfall Facilities

Eligible Shareholders who exercise their Entitlements in full will be able to apply for additional shares in the Top-Up Facility at the Offer Price. If there remains any shortfall of New Shares taken up by Eligible Shareholders (including after New Shares are issued under the Top-up facility) the Directors reserve the right (in their absolute discretion) to issue all or any of the shortfall through a placement to eligible professional and sophisticated investors at the same price and on the same terms as the Entitlement Offer.

Directors and any entities in which they have a relevant interest intend to exercise all of their entitlements. Directors are not eligible to participate in the Shortfall Facility.

New Shares issued under the Top-up and Shortfall Facilities will receive the fully franked 2.75 cents per share final dividend and the fully franked 1.00 cent per share special dividend.²

If you are an eligible professional or sophisticated investor and have any questions about the Shortfall Facility, please contact Mr Hamish Nairn at Taylor Collison (Tel: 08 8217 3908, Email: hnairn@taylorcollison.com.au)

Investment Performance

SNC's investment portfolio return has significantly outperformed the broader share-market indices since inception.

Portfolio Returns to 31 July 2021 ³	1 Month	1 yr	2 yr (p.a.)	3 yr (p.a)	Since inception (p.a)
SNC	2.3%	68.1%	23.6%	15.8%	12.7%
All Ordinaries Accumulation Index	1.1%	30.4%	8.9%	10.2%	9.8%
Outperformance	1.3%	37.7%	14.7%	5.6%	2.9%

The Offer allows Eligible Shareholders to increase their exposure to Sandon Capital's proven investment approach, which has delivered significant outperformance.⁴

Opportunity to acquire SNC shares with no brokerage costs

The Entitlement Offer allows Eligible Shareholders to acquire 1 new SNC share for every 4 SNC Shares they own without having to pay any brokerage costs.

How to exercise your Entitlements

An Entitlement Offer Booklet will contain all necessary information, including the final timetable and instructions on how shareholders can exercise their Entitlements. Eligible Shareholders will receive a copy of the Entitlement Offer Booklet and a personalised Entitlement Acceptance Form.

² Provided New Shares acquired are held on both record dates of 20 October 2021 and 1 December 2021

³ Gross performance is calculated after investment management fees (1.25% p.a. plus GST less RITC) but before performance fees, corporate expenses and taxes. Performance figures are unaudited.

⁴ Past performance should not be taken as an indication of future performance.

Fully franked dividends of 3.75 cents per share to be paid before 31 December 2021

SNC will pay fully franked dividends totalling 3.75 cents per share before 31 December 2021, comprising the final dividend of 2.75 cents per share and the special dividend of 1.00 cent per share. The Board currently expects to pay a fully franked interim dividend of 2.75 cents per share in respect of the half year ending 31 December 2021, provided the Company has sufficient profit reserves, franking credits and it is within prudent business practice.

If all Entitlements are exercised, and after payment of the final and special dividends, SNC will have profit reserves of 21.9 cents per share and 6.4 cents per share in its franking account (before any tax that might be paid on FY21 profits). The reserves equate to nearly 4 years of dividends at the expected dividend rate.

Key Dates

Event	Date
Announcement of Entitlement Offer	Tuesday, 7 September 2021
Ex-date for Entitlement Offer	Thursday, 9 September 2021
Record Date for Entitlement Offer	Friday, 10 September 2021
Announcement of SNC August NTA (on or before)	Monday, 13 September 2021
Entitlement Offer opens	Monday, 13 September 2021
Offer Closes (Closing Date)	Friday, 24 September 2021
Sandon announces trading halt and intention to conduct placement	Monday, 27 September 2021
Notification of shortfall and commitments under Shortfall Facility	Wednesday, 29 September 2021
Issue of New Shares under Entitlement Offer	Friday, 1 October 2021
Issue of securities under the Shortfall Facility	Wednesday, 6 October 2021
Ex-dividend date (2.75cps final dividend)	Tuesday, 19 October 2021
Dividend payment date (2.75cps final dividend)	Friday, 5 November 2021
Ex-dividend date (1.0cps final dividend)	Tuesday, 30 November 2021
Dividend payment date (1.0cps final dividend)	Monday, 20 December 2021

Note: these dates are indicative and may change.

This Announcement has been authorised by the Board.

Further information:

Sandon Capital Investments Limited

Tel: 02 8014 1188

Fax: 02 8084 9918

Website: www.sandoncapital.com.au

Share registry:

Link Market Services

Tel: 1300 554 474 (toll free within Australia)

Email: registrars@linkmarketservices.com.au