

Friday, 14 August 2009

MARKET ANNOUNCEMENT

Proposed Off-Market Share Buy-Back

Bentley Capital Limited (**Bentley** or the **Company**) notes that a requisitioned shareholders' meeting held on 7 August for the removal of two out of the five Directors of Bentley was defeated.

In addition to seeking the removal of two directors, the requisitioners of this meeting had a stated ultimate objective of encouraging the Bentley Board to consider returning almost all of the Company's capital to shareholders, - which, if undertaken, would effectively be the end for Bentley as a viable listed investment company.

The Board was gratified by the show of support at the 7 August general meeting, which it considers as a further endorsement by shareholders of the Company's investment mandate which was approved in March this year.

The Board does however acknowledge that there are some shareholders who still favour a return of capital.

The Board has given consideration to the desire of these shareholders balanced with the desire of the majority of shareholders who wish to see the Company continue as a viable Listed Investment Company.

Taking a balanced position, the Board has accordingly determined that it will seek shareholder approval to undertake an off-market share buy-back at 35 cents per share (**Buy-Back Price**) of up to 25 million shares, at a total cost of up to \$8.75 million.

If approved by shareholders at a meeting to be held in September 2009, the Company proposes to invite all eligible shareholders to tender up to 100% of their fully paid ordinary shares in the Company through an off-market buy-back at a price of 35 cents per share, subject to a maximum buy-back of 25 million shares (out of a total share capital of 71,584,465 shares) (**Buy-Back Limit**) (the **Buy-Back**).

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Under the Buy-Back shares that are tendered by shareholders will be bought back (subject to the scale-back if required due to the Buy-Back Limit) and are then cancelled, with the result that the total number of the company's shares on issue is reduced by that number of shares bought back.

Terms of Proposed Off-Market Share Buy-Back

Under the terms of the Buy-Back, shareholders will be invited to tender up to 100% of their shares held at a record date to be determined by the Board in accordance with the ASX Listing Rules, subject to the Buy-Back Limit of 25 million shares. No brokerage is payable by shareholders for participation in the Buy-Back.

The Buy Back will be open to all eligible shareholders on an equal basis and participation by shareholders is entirely voluntary. Certain foreign shareholders for whom participation would be illegal will not be eligible to participate in the Buy-Back.

If the Company receives tenders in excess of the Buy-Back Limit, then a scale-back will operate. The scale back has been structured so shareholders with small holdings will not be disadvantaged. The scale-back for each participating shareholder will operate in the following manner:

$$\frac{\text{Buy-Back Limit}}{\text{Total shares tendered from all eligible shareholders}} \times \text{Shares tendered by the shareholder}$$

If after applying the scale-back a shareholder would be left holding an unmarketable parcel, the Company will buy-back all of that shareholder's shares. In this situation, the scale-back for other shareholders will be further adjusted on a pro rata basis so as to ensure the Buy-Back Limit is not exceeded.

Cost of the Buy-Back

The total cost of the Buy Back will be approximately \$8.75 million (assuming tenders are received up to the Buy-Back Limit) and will be funded out of the Company's cash reserves and liquid investments.

The Company's current net tangible asset position of ~\$28 million include:

- (a) ~\$25 million (as at 31 July 2009) invested in the FSP Equities Leaders Fund (which units will be redeemed to meet the cost of the Buy-Back); and
- (b) ~\$3 million in cash invested in bank deposit accounts.

Shareholder Approval and Buy-Back Booklet

The Buy-Back is subject to shareholder approval which will be sought at a general meeting that is anticipated will be held in September 2009 and to ASIC (and ASX if required) granting typical waivers to enable the Buy-Back to be conducted in the proposed manner.

If shareholders approve the Buy-Back, a separate Buy-Back booklet will be sent to all eligible shareholders after the General Meeting, which will set out the full terms and conditions and further details of the Buy-Back as well as a tender form.

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