

9 October 2014

The Manager

ASX Market Announcements

NTA as at 30 September 2014

Net tangible assets per share for Sandon Capital Investments Limited (**SNC or the Company**) as at 30 September 2014 were:

Pre-tax:	\$1.0096
Post-tax:	\$1.0074

Manager's Investment Update

The Company's NTA per share declined by 1.1% (on a pre-tax basis) in September, largely due to a 100% impairment provision against its investment in van Eyk Research Pty Ltd (after administrators were appointed in early September). Other parts of the portfolio were relatively stable, despite the share market (as measured by the S&P/ASX 200 Accumulation Index) falling by 5.4%. The Small Ordinaries Accumulation Index, which is more representative of the size of companies in which the Company invests, fell 5.8%. Since the Company began investing on 18 December 2013 and 30 September 2014, gross investment return is approximately 6.7%¹ and the net investment return is approximately 5.6%².

There was little notable activity in individual positions to report during the month, other than the CEO of Onthehouse Holdings Limited (OTH) agreeing to stand down from his role. Subsequent to month end, the CEO resigned.

Also coming after the end of the month, Crowe Horwath Australasia Limited (CRH) announced a scheme of arrangement proposal with Findex Australia Pty Ltd (Findex) at 50 cents per share, which represents a 25% premium to the closing share price on 30 September and the ACCC gave its clearance to the Expedia takeover of Wotif.com Holdings Ltd (WTF). We will discuss these developments in the next monthly update.

During September, we continued to build onto established positions, and the Company ended the month with a cash weighting of approximately 26%. We anticipate that a number of existing positions (including Calliden Group Limited, CRH, WTF and others) will convert into cash over the coming months as corporate and capital management activities come to their conclusions. Together, these represent approximately 11% of the portfolio.

We remain cautious about the global macro outlook, as market conditions remain fertile for sentiment to overshoot value (both up and down). The consequences of the significant macro factors at play globally are difficult to predict or quantify. That said, we see such conditions are ultimately ideal for the Company's activist investment approach.

We are focused on investment opportunities that have high levels of tangible (or easily saleable) assets, marketable securities or cash that can be purchased well below our assessment of their intrinsic value and whose prospects are somewhat independent of market and economic conditions, as we believe these offer the best risk-adjusted returns in the current environment.

¹ Gross Investment returns are all investment returns after brokerage but before investment management and performance fees

² Net investment returns are all investment returns after brokerage and all investment management and performance fees

Dividend and DRP

As previously advised, the Directors have declared a full franked special dividend of 2.0 cents per share. You will by now have received correspondence outlining the details of the DRP and how to make an election to participate. SNC shares will trade ex-dividend on 14 October 2014 and the last day for DRP elections is 17 October 2014.

If you have any questions regarding the Company or its investments, please call Gabriel Radzynski on 02 8014 1188. If you have questions regarding your shareholding, please contact Link, whose details appear below.

Further information:

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