

Brickworks Limited
ABN. 17 000 028 526

738 - 780 Wallgrove Road
Horsley Park NSW 2175

PO Box 6550
Wetherill Park NSW 1851

Tel +61 2 9830 7800

Fax +61 2 9620 1328

info@brickworks.com.au
www.brickworks.com.au

18 November 2013

SHAREHOLDER INFORMATION

The Independent Board Committee (IBC) of Brickworks Ltd has now received additional documents (attached) from Carnegie and Perpetual which they propose to send to shareholders.

The IBC is considering this information in addition to this morning's media release and will revert to shareholders.

Yours sincerely

BRICKWORKS LTD



IAIN THOMPSON
COMPANY SECRETARY

18 November 2013

Dear Shareholder

As you will be aware, from reading recent press articles and letters from the Independent Board Committee established by Brickworks to consider our proposals, we have been in discussions with the Committee regarding its request to us to defer the Brickworks shareholder meeting scheduled for 25 November 2013.

Over the past weeks, we have had productive discussions with the Committee regarding that request, and, last week, we had agreed, in principle, to the postponement of the meeting on certain terms. We had, however, sent a letter to Mr Millner, the Brickworks Chairman, and of course also the Soul Pattinson Chairman, about how he proposed to dispose of his conflict of interest with regard to the appointment of the independent director whom we have nominated to join the Brickworks Board, Ms Elizabeth Crouch. We believe that this is an important matter for all Brickworks shareholders.

At this time, we have had no substantive response to our letter to Mr Millner. We hope to progress that issue in a meeting with independent Soul Pattinson directors during the coming week.

Further, over the past week, at their request, we have had meetings to discuss our proposals with Grant Samuel, the independent expert appointed by the Independent Board Committee to review our proposals. We will continue to assist Grant Samuel in any way we can (without compromising their independence) to advance their consideration of our proposals as quickly as possible. However, at this time, Grant Samuel's work is not yet complete.

Finally, leading global independent governance analysis firm, CGI Glass Lewis, has now issued its report in relation to the Brickworks meeting. CGI Glass Lewis has also indicated that it would be desirable for Brickworks shareholders to be given more time to consider our proposals.

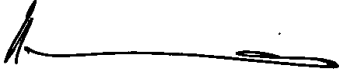
As a consequence of all these matters, we have now therefore formally decided to postpone the Brickworks shareholder meeting from 25 November 2013 to a later date not before 10 December 2013. The actual date of the meeting will be determined shortly, after further consultation with the Independent Board Committee, and notified to shareholders as soon as possible.

Against that background, you will have recently received a lengthy letter from the Independent Board Committee raising various concerns which the Committee apparently has with respect to our Shareholder Meeting Booklet, and our website www.howtounlockvalue.com. While we do not share those concerns, and indeed consider some of them to be alarmist, and in certain respects to proceed on incorrect understandings, in light of the broad publication of those concerns, Carnegie and Perpetual consider that further clarification to Brickworks' shareholders is warranted, particularly now that the meeting is to be postponed for at least several weeks.

Attached to this letter is that further clarification, addressing in turn each of the concerns raised by the Independent Board Committee in its recent letter to you. If you require further assistance regarding any of these matters, please call our dedicated Shareholder Information Line between 9.00 am and 5.00 pm (Sydney time) on: 1800 708 308; or +61 2 8256 3364.

M.H. Carnegie & Co. Pty Limited and Perpetual Investment Management Limited remain of the view that the passing of all of the resolutions proposed at the forthcoming Brickworks shareholder meeting is in the best interests of the Company, and they unanimously recommend that Brickworks' shareholders vote FOR all Resolutions proposed in the Notice of Meeting.

A Proxy Form accompanied the original Shareholder Meeting Booklet sent to you. A replacement Proxy Form can be obtained from our website www.howtounlockvalue.com. If you are unable to attend the meeting in person, please complete, sign and return a Proxy Form, supporting the resolutions, in accordance with the details contained in the Proxy Form.



Mark Carnegie
M.H. Carnegie & Co. Pty
Limited



Matthew Williams
Perpetual Investment Management
Limited

SUPPLEMENTARY INFORMATION DOCUMENT FOR SHAREHOLDERS OF BRICKWORKS LIMITED CONCERNING THE BUSINESS OF THE GENERAL MEETING CONVENED BY CARNEGIE & PERPETUAL INVESTMENTS

The purpose of this Supplementary Information Document is to provide clarification to Brickworks shareholders in relation to the Meeting convened by Carnegie & Perpetual Investments. This Document is supplementary to the Shareholder Meeting Booklet dated 23 October 2013 already provided to shareholders. Terms defined in the Shareholder Meeting Booklet have the same meaning when used in this Document.

Shareholders will have recently received a lengthy letter from the Independent Board Committee established by Brickworks to review the proposals to be considered at the Meeting. That letter raises various concerns which the Committee apparently has with respect to the Shareholder Meeting Booklet, and the related website www.howtounlockvalue.com. While Carnegie & Perpetual Investments do not share those concerns, and indeed consider some of them to be alarmist, and in certain respects to proceed on incorrect understandings, in light of the broad publication of those concerns, Carnegie & Perpetual Investments consider that further clarification to Brickworks' shareholders is warranted.

This Document is that further clarification, addressing in turn each of the concerns raised by the Independent Board Committee in its recent letter.

Background

The Meeting has been convened to consider three proposals. They are, in short:

- (a) the receipt by Brickworks of its share of a distribution of TPG Shares by Soul Pattinson (the **Proposed Demerger Distribution Transaction**) (Resolution 1 in the Notice of Meeting);
- (b) the cancellation by Soul Pattinson of all shares held by Brickworks in Soul Pattinson and the receipt by Brickworks of consideration for the shares so cancelled (partly in cash and partly by way of promissory notes) in accordance with a stated formula (the **Proposed Cancellation of Shares Transaction**) (Resolution 2 in the Notice of Meeting); and
- (c) the appointment of a new independent Director to the Board of Brickworks, Ms Elizabeth Crouch (the **Proposed Director Appointment**) (Resolution 3 in the Notice of Meeting).

The clarification which follows addresses the concerns raised by the Independent Board Committee by reference to each of these proposals.

In fact, most of the concerns raised by the Independent Board Committee relate to the Proposed Cancellation of Shares Transaction. Fewer of the concerns raised relate to either the Proposed Demerger Distribution Transaction, or the Proposed Director Appointment.

Further Clarification

1. General Concerns

Committee Concern	Carnegie & Perpetual Investments Response
The Committee needs more time to consider the proposals and has asked Carnegie & Perpetual Investments to postpone the Meeting.	We have now decided to postpone the meeting from 25 November 2013 to a later date not before 10 December 2013. The actual date of the meeting will be determined shortly, after further consultation with the Independent Board Committee, and notified to shareholders as soon as possible. This will give the Committee, and shareholders, more time to consider our proposals.
Carnegie & Perpetual Investments “have repeatedly stated that the Proposed Transactions will unlock \$1 billion of additional value”. No details on the \$1b of trapped value have been provided in the Shareholder Meeting Booklet.	<p>It is true that Carnegie & Perpetual Investments believe that there is at least \$1b of value trapped within the Soul Pattinson/Brickworks structure which is not reflected in the market capitalisations of Soul Pattinson and Brickworks.</p> <p>This reference to at least \$1b of trapped value within the Soul Pattinson/Brickworks structure is a reference to the estimated difference between (on the one hand) the value of the shares held by the external shareholders in Soul Pattinson and Brickworks (excluding the cross-shareholdings) at current ASX prices, and (on the other hand) the value of the underlying assets held by Soul Pattinson and Brickworks (excluding the cross-shareholdings) at current market prices. An explanation of the calculation of this trapped value is set out in the Report from BDO Corporate Finance (the BDO Proposals Report), which can be found at www.howtounlockvalue.com.</p> <p>The reason that this information is not contained in the Shareholder Meeting Booklet is because the Shareholder Meeting Booklet focuses on the actual business of the Meeting as it is required to do. The information in the Shareholder Meeting Booklet addresses the specific proposals to be considered by Brickworks shareholders at the Meeting, which seek to unlock some of the trapped value, namely the Proposed Demerger Distribution Transaction (Resolution 1 in the Notice of Meeting) and the Proposed Cancellation of Shares Transaction (Resolution 2 in the Notice of Meeting).</p> <p>The economic effect of those Proposed Transactions is addressed in the Independent Expert's Report from Deloitte Corporate Finance, which is included in the Shareholder Meeting Booklet.</p>

<p>Carnegie & Perpetual Investments “say that shareholders will benefit from Brickworks engaging in a range of alternative or further transactions”, but do not give full information concerning “the transactions that Perpetual Investments & Carnegie are seeking to implement”.</p>	<p>This statement by the Committee misrepresents the position of Carnegie & Perpetual Investments. The transactions that Carnegie & Perpetual Investments are seeking to implement are those which are the subject of the Resolutions (namely, the Proposed Demerger Distribution Transaction and the Proposed Cancellation of Shares Transaction). Full information has been provided in relation to those Proposed Transactions.</p> <p>The other transactions referred to at the website www.howtounlockvalue.com relate to proposals which have previously been submitted to the Boards of Brickworks and/or Soul Pattinson by or with the support of Carnegie & Perpetual Investments, but which have been dismissed by Brickworks and Soul Pattinson. There is some analysis of those other transactions set out in the BDO Proposals Report, and set out in the BDO Tax Opinion & Background Information (the BDO Tax Letter), both of which can be found at www.howtounlockvalue.com.</p> <p>The reason for including that information on the website was to provide interested Brickworks and Soul Pattinson shareholders with the detail and some analysis and background regarding some other transactions which have previously been proposed, and dismissed by Brickworks and Soul Pattinson, prior to Carnegie & Perpetual Investments acting recently to convene this general meeting of Brickworks, and to requisition the general meeting of Soul Pattinson, to consider the Proposed Transactions.</p>
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2. *Clarification of Concerns regarding Resolution 1 - the Proposed Demerger Distribution Transaction*

Committee Concern	Carnegie & Perpetual Investments Response
<p>There is uncertainty about who can vote on the Proposed Demerger Distribution Transaction. ASX has not yet clarified its position on this.</p>	<p>The Listing Rules expressly exclude parties to a Listing Rule 10.1 transaction, and their associates, from voting on the relevant Listing Rule 10.1 resolution. However, Brickworks has applied for a waiver of that Listing Rule in this case, to enable Soul Pattinson to vote on this Resolution at the Meeting. Carnegie & Perpetual Investments expect ASX to determine its position on this issue before the Meeting takes place.</p>
<p>Shareholders need an Independent Expert's Report about the Proposed Demerger Distribution Transaction. More time is needed to get this Report from Grant Samuel.</p>	<p>An Independent Expert's Report, from Deloitte Corporate Finance, is included in the Shareholder Meeting Booklet. Deloitte Corporate Finance concludes that the Proposed Demerger Distribution Transaction is fair and reasonable to the Brickworks shareholders who are not parties to the Transaction (ie. the shareholders other than Soul Pattinson), and their associates.</p> <p>Carnegie & Perpetual Investments do not consider that a second Independent Expert's Report is required. However, to facilitate the Committee's wishes, we have had meetings with Grant Samuel, and we will continue to assist Grant Samuel in any way we can (without compromising their independence) to advance their consideration of our proposals as quickly as possible.</p>

<p>The Shareholder Meeting Booklet, and related website www.howtounlockvalue.com, do not set out a full discussion of disadvantages and risks of the Proposed Demerger Distribution Transaction.</p>	<p>The Independent Expert's Report, from Deloitte Corporate Finance, included in the Shareholder Meeting Booklet, deals with disadvantages and risks of the Proposed Demerger Distribution Transaction. Shareholders should read that Report carefully. Carnegie & Perpetual Investments do not consider that any information additional to what is said by the Deloitte Corporate Finance is required.</p> <p>If the Committee has any different views as to the advantages, disadvantages and risks of the Proposed Transaction, it can and should indicate those advantages, disadvantages and risks to shareholders.</p>
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3. Clarification of Concerns regarding Resolution 2 - the Proposed Cancellation of Shares Transaction

Committee Concern	Carnegie & Perpetual Investments Response
<p>There is uncertainty about who can vote on the Proposed Cancellation of Shares Transaction. ASX has not yet clarified its position on this.</p>	<p>The Listing Rules expressly exclude parties to a Listing Rule 10.1 transaction, and their associates, from voting on the relevant Listing Rule 10.1 resolution. However, Brickworks has applied for a waiver of that Listing Rule in this case, to enable Soul Pattinson to vote on this Resolution at the Meeting. Carnegie & Perpetual Investments expect ASX to determine its position on this issue before the Meeting takes place.</p>
<p>Shareholders need an Independent Expert's Report about the Proposed Cancellation of Shares Transaction. More time is needed to get this Report from Grant Samuel.</p>	<p>An Independent Expert's Report, from Deloitte Corporate Finance, is included in the Shareholder Meeting Booklet. Deloitte Corporate Finance concludes that the Proposed Cancellation of Shares Transaction is fair and reasonable to the Brickworks shareholders who are not parties to the Transaction (ie. the shareholders other than Soul Pattinson), and their associates.</p> <p>Carnegie & Perpetual Investments do not consider that a second Independent Expert's Report is required. However, to facilitate the Committee's wishes, we have had meetings with Grant Samuel, and we will continue to assist Grant Samuel in any way we can (without compromising their independence) to advance their consideration of our proposals as quickly as possible.</p>
<p>The Shareholder Meeting Booklet, and related website www.howtounlockvalue.com, do not set out a full discussion of disadvantages and risks of the Proposed Cancellation of Shares Transaction.</p>	<p>The Independent Expert's Report, from Deloitte Corporate Finance, included in the Shareholder Meeting Booklet, deals with disadvantages and risks of the Proposed Cancellation of Shares Transaction. Shareholders should read that Report carefully. Carnegie & Perpetual Investments do not consider that any information additional to what is said by the Deloitte Corporate Finance is required.</p> <p>If the Committee has any different views as to the advantages, disadvantages and risks of the Proposed Transaction, it can and should indicate those advantages, disadvantages and risks to shareholders.</p>

<p>The Proposed Cancellation of Shares Transaction may result in a tax liability significantly in excess of the \$248m estimated by Carnegie & Perpetual Investments. Shareholders should know the outcome of an ATO ruling process before they vote. Carnegie & Perpetual Investments do not comment on whether favourable ATO rulings are likely to be obtained.</p>	<p>The consideration to be paid for the cancellation of the Brickworks shareholding in Soul Pattinson is to be calculated at the time of the cancellation, by reference to a stated formula. The cancellation is to take place 12 months after the approval of the Proposed Cancellation of Shares Transaction by Soul Pattinson shareholders. Accordingly, it is only possible to estimate what that consideration may be at this time.</p> <p>Using a share cancellation price of \$15.75 (the so-called floor price), tax of approximately \$178m is estimated. Using a share cancellation price of \$18.00 (the so-called indicative price), tax of approximately \$248m is estimated. Of course, if the share cancellation price differs from either the floor price or the indicative price, the amount of the tax liability will also differ. This is explained clearly in the Shareholder Meeting Booklet. Full details regarding the potential tax outcomes, depending on the final share cancellation price, and on the material assumptions and qualifications on which the conclusions are based, are readily accessible to shareholders in the BDO Tax Letter, which can be found at www.howtounlockvalue.com.</p> <p>Some ATO rulings are required to enable the Proposed Cancellation of Shares Transaction to proceed. Those rulings (which will likely take several months to obtain) can be sought and obtained after the Proposed Cancellation of Shares Transaction has been approved by Brickworks and Soul Pattinson shareholders, and before the scheduled time for completion of the cancellation (namely, 12 months after the approval of the share cancellation by Soul Pattinson shareholders). Carnegie & Perpetual Investments do not consider that these rulings are in any way extraordinary. As the tax advisers to Brickworks will be aware, there are numerous examples of similar share cancellation transactions in which these sorts of rulings have been obtained.</p>
<p>The Shareholder Meeting Booklet does not include the material assumptions and qualifications on which the conclusions in the BDO Tax Letter are based. Shareholders are entitled to have full copies of the BDO Proposals Report and the BDO Tax Letter.</p>	<p>Full copies of the BDO Proposals Report and the BDO Tax Letter are available to interested shareholders at the website www.howtounlockvalue.com.</p> <p>BDO Corporate Finance and BDO Tax have consented to those materials being made available to shareholders for the purpose of shareholders considering whether to vote in favour of the Resolutions at the Meeting.</p>
<p>The formula for calculating the consideration for the Proposed Cancellation of Shares Transaction is extremely complicated. The Shareholder Meeting Booklet should explain the formula in clear and concise terms.</p>	<p>The formula is expressed in clear terms at pages 47-51 of the Shareholder Meeting Booklet.</p> <p>There is a concise summary of the formula in the Independent Expert's Report from Deloitte Corporate Finance, at page 65 of the Shareholder Meeting Booklet,</p>
<p>The Shareholder Meeting Booklet should explain why it is reasonable to adopt an indicative price of \$18.00 per Soul Pattinson share to be cancelled.</p>	<p>The indicative price of \$18.00 per Soul Pattinson share to be cancelled approximates to the share cancellation price which Carnegie & Perpetual Investments consider would be calculated, using the stated formula for the calculation of the consideration to be paid for the cancellation of the Brickworks shareholding in Soul Pattinson, if undertaken applying valuations of Soul Pattinson and Brickworks prevailing at the time of issue of the Shareholder Meeting Booklet. This is clearly explained at page 30 of the Shareholder Meeting Booklet.</p>

<p>The Shareholder Meeting Booklet should include a detailed discussion of how the proposed Promissory Notes (forming the major part of the consideration to be paid for the cancellation of the Brickworks shareholding in Soul Pattinson) can be satisfied by Soul Pattinson.</p>	<p>The Promissory Notes will only be issued on the date of the cancellation of the Soul Pattinson shares. That will be the date 12 months after the approval of the Transaction by Soul Pattinson shareholders. The obligation to pay out those Notes will only arise when they mature. The Notes will mature 12 months after the date of their issue (ie. 24 months after the approval of the Transaction by Soul Pattinson shareholders).</p> <p>Relevantly, the Soul Pattinson meeting is presently expected to be scheduled for February 2014. Therefore, the repayment date for the Promissory Notes will be a date more than 2 years from now. This gives Soul Pattinson ample time to take steps to ensure the repayment of the Promissory Notes in an orderly manner.</p> <p>Carnegie & Perpetual Investments have made several suggestions, at pages 33-34 of the Shareholder Meeting Booklet, as to how Soul Pattinson's obligations under the Promissory Notes may be reduced, repaid in part or in full, or otherwise extinguished. The Independent Expert, Deloitte Corporate Finance, has expressed the view, at page 67 of the Shareholder Meeting Booklet, that the most likely scenario would be that Soul Pattinson's obligations in respect of the Promissory Notes would be satisfied by an in-specie distribution of New Hope shares or other investments, or a cancellation of shares held in Brickworks. However, ultimately, how Soul Pattinson considers that it is best to deal with the Promissory Notes is a matter for Soul Pattinson.</p> <p>The Independent Expert has, in estimating the fair market value of the consideration for the share cancellation, applied a discount of 0% (at the high end) and 5% (at the low end) to reflect, among other things, the fact that the repayment of the Promissory Notes is unlikely to be satisfied by conventional means, such as operating cash flows or through obtaining other finance, and the method of repayment is dependent on decisions made by the Boards of Soul Pattinson and Brickworks. This appears at pages 66-67 of the Shareholder Meeting Booklet.</p>
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4. Clarification of Concerns regarding Resolution 3 - the Proposed Director Appointment

Committee Concern	Carnegie & Perpetual Investments Response
<p>There has been a lack of disclosure of the process surrounding the nomination of the new Director. There are no details of the independence of Ms Crouch from Carnegie & Perpetual Investments, or the skills that she has that are appropriate for the role.</p>	<p>Ms Crouch meets every known test of independence as regards both Carnegie & Perpetual Investments. Ms Crouch was identified as an appropriate candidate for the Board of Brickworks based on her industry experience, and Board experience (particularly around risk and compliance). Details of Ms Crouch's qualifications, experience and credentials are set out at page 37 of the Shareholder Meeting Booklet.</p> <p>CGI Glass Lewis has described Ms Crouch as a "qualified candidate", and has recommended that Brickworks shareholders approve her appointment to the Brickworks Board, among other things to provide a "fresh perspective" to the Board which will benefit all shareholders, in circumstances where the Brickworks Board presently suffers from a "significant lack of Board independence".</p>

5. Other Matters

Committee Concern	Carnegie & Perpetual Investments Response
The Shareholder Meeting Booklet says that Brickworks and Soul Pattinson have several Directors in common. This is incorrect.	This was an error. Only Robert Millner currently sits on both Boards. As shareholders are aware, Robert Millner is the Chairman of both Brickworks and Soul Pattinson. Michael Millner is on the Brickworks Board, and is the Deputy Chairman of Brickworks. He resigned from the Soul Pattinson Board in 2012. Thomas Millner is on the Soul Pattinson Board.
The Shareholder Meeting Booklet does not disclose that Carnegie & Perpetual Investments have a conflict of interest as regards the Brickworks Meeting because they are substantial shareholders in both Brickworks and Soul Pattinson.	It is well known, and in any event the Shareholder Meeting Booklet states, that Carnegie & Perpetual Investments are substantial shareholders in both Brickworks and Soul Pattinson. That does not give rise to any conflict of interest.