



PACIFIC STRATEGIC INVESTMENTS LIMITED

ABN 85 082 668 380

Level 2, 160 Pitt Street Mall,
Sydney, NSW, 2000.

GPO Box 5015
SYDNEY NSW 2000

Phone: 02-9210-7000

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9th August 2004

The Manager
Company Announcements Office
Australian Stock Exchange Limited
Exchange Centre
Level 6
20 Bridge Street
SYDNEY NSW 2000

Dear Sir

Re: Merger with BKI

Please be advised that the company is dispatching to shareholders this evening the attached correspondence regarding the proposed merger between Pacific Strategic Investments Limited and Brickworks Investment Company Limited.

Yours faithfully

John de Gouveia
Company Secretary



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Dear Shareholder,

Re: Merger with BKI

The Company today announced to the Australian Stock Exchange that the Board has reached agreement in principal to merge the company with Brickworks Investment Company Limited.

The basis for the merger consists of PSI shareholders receiving 2 shares in Brickworks Investment Company Limited (BKI) for every 7 shares held in Pacific Strategic Investments Limited (PSI).

Please find attached a copy of the ASX Announcement.

The company has not yet received formal documentation from Brickworks Investment Company Limited setting out the timing along with the full terms and conditions of the offer, which we expect to receive in due course.

Further information on the merger will be forwarded to shareholders when it becomes available.

Yours faithfully

John de Gouveia
Company Secretary



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Dear Sir

PSI Merger with Brickworks Investments

The Board of Pacific Strategic Investments Limited (PSI) wishes to advise that it has reached agreement in principal to merge the company with Brickworks Investment Company Limited (BKI) on the basis of **2 BKI shares for every 7 PSI shares**. The exchange ratio is based on the position of both groups at 30 June 2004.

BKI is an associate of W H Soul Pattinson and Company Limited (Souls) who are PSI's largest shareholder holding 24% of PSI's Issued Capital. Messrs Hall and Millner are Directors of both companies.

The Independent Directors of PSI, have appointed Grant Thornton to prepare an Independent Expert's Report to assess the proposed offer. PSI released its unaudited preliminary figures for the year ended 30 June 2004 a few days ago. N.T.A. was 28.7 cents.

Formal documentation setting out the timing and full terms of BKI's proposed takeover offer have not been received but are expected in the next 10 days.

The Board of PSI has been reviewing the strategic options of the Company for some time and looked at a number of alternatives. It has been apparent that the relatively small size of the Company and its relatively high management expense ratio (MER) has affected both the discount to asset backing and shareholder liquidity. Merging the group's portfolio and expanding the relative size of the company appeared to be the most logical option to pursue.



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Subject to receiving the Independent Expert's Report on the proposed offer and formal documentation, the Directors believe that the merger proposed by BKI should be attractive to our shareholders. This is in the absence of a higher offer and no significant changes in the share price and NTA's of both groups.

The Board of PSI will be writing to shareholders to advise them of the proposal and any further developments.

Yours faithfully

G G Hill

Chairman