



PACIFIC STRATEGIC INVESTMENTS LIMITED

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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

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 access 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