

Brickworks proposed combination with Soul Patts value potential for shareholders

Company/ASX Code	Brickworks Limited/BKW
AGM time and date	9:00 am, Wednesday, 10 September 2025
Location	The Fullerton Hotel, Sydney
Registry	Computershare – proxy deadline 9.00am, 8 September 2025
Type of meeting	In person with webcast (live via BKW meeting)*
Monitor	Peter Gregory
Pre-GM Meeting	No, BKW is not regularly monitored by ASA. A meeting was held with SOL

Monitor Shareholding: The individual involved in the preparation of this voting intention does not have a shareholding in this company.

*You can watch the meeting and submit questions online; however you must attend in person or submit a proxy (ahead of time) to vote.

See [ASA Voting guidelines](#) and [Investment Glossary](#) for definitions.

1. How we intend to vote

Two separate meetings will be held. Firstly, the BKW Scheme Meeting, immediately followed by a separate General Meeting:

BKW Scheme Meeting

No.	Resolution description	
1	Approve the BKW Share Scheme [for the Combination of Soul Patts and Brickworks]	For

General Meeting for grant of performance rights

No.	Resolution description	
1	Grant of performance rights to the proposed Managing Director & CEO of Topco	For

Summary of Issues and Voting Intentions for the SOL Scheme Meeting

In 1969 a cross shareholding was established between Soul Patts (SOL) and Brickworks (BKW) to strengthen diversification and provide takeover defence. Over time it has played an important role in the success of both companies. Currently SOL owns 49.92% of BKW and BKW owns 25.64% of SOL.

At this meeting shareholders are being asked to remove this cross shareholding by approving the BKW Share Scheme to combine BKW with SOL, forming a new ASX-listed company called TopCo (which will later revert to the name Washington H. Soul Pattinson and retain the ASX code: SOL).

BKW shareholders will receive .82 TopCo share for every BKW share held at the record date. For the proposal to succeed, it requires:

- 75% of votes cast in favour.
- More than 50% of voting shareholders supporting it.

On the same day a meeting of SOL shareholders will be asked to approve the SOL Share Scheme. A separate Voting Intention is available for the SOL meetings.

For the combination to proceed both companies must approve their Combination resolutions.

If approved the planned implementation date is 23 September 2025.

The [BKW Combination Booklet](#) contains all of the relevant information, including an Independent Expert Report and shareholders are encouraged to read this before voting. This [SOL, BKW Combination Investor Presentation](#) provides a brief summary of the proposal.

2. Why the Combination Matters

The Combination ends the long-standing cross-shareholding between SOL and BKW, creating a simpler, more transparent structure. This provides shareholders with:

- A clearer picture of the overall operations and strategy.
- An expansion by TopCo, of its directly controlled investment platform through the inclusion of BKW's building products and industrial property alongside the current SOL investment portfolio.
- Improved liquidity and free float, increasing institutional appeal and additional financial capacity.
- An expectation of value creation and growth opportunities for BKW shareholders through significantly increased scale and a simplified company structure by removing the BKW and SOL cross shareholding.

3. Matters Considered

Key considerations to support the combination

- Independent Expert (Kroll) concludes the merger is "fair and reasonable" for BKW shareholders.
- BKW independent directors unanimously recommend shareholders vote in favour.
- The BKW Share Scheme Consideration represents an attractive premium to the recent undisturbed trading price of BKW Shares and post-tax Net Asset Value
- Exposure to a larger, well diversified high quality investment portfolio spread across multiple asset classes

- If the BKW Scheme does not proceed and no superior proposal emerges the BKW share price may fall
- No brokerage, no stamp duty, and potential tax rollover relief for eligible shareholders.

Things to consider in not supporting the combination:

- Some shareholders may prefer the legacy structure and distinct identity of SOL and BKW.
- You may disagree with the BKW Independent Directors' unanimous recommendation or the Independent Expert's conclusion.
- The value of the BKW Share Scheme Consideration is not certain, as it will depend on the price at which Topco Shares trade on the ASX.
- You may wish to maintain your investment profile and exposure to a business with BKW's specific characteristics and not wish to have a greater exposure to the Combined Group's business or risk profile.
- You may consider that there are risks associated with the integration of BKW and SOL which exceed the benefits of the Combination.
- The tax consequences of the BKW Share Scheme may not suit your current financial situation.
- You are also a SOL Shareholder and intend to vote against the SOL Share Scheme.

Implications for BKW shareholders if the BKW Scheme is not implemented

- If the BKW Share Scheme is not implemented, each BKW Shareholder will retain their BKW Shares and will not receive any BKW Share Scheme Consideration.
- The cross shareholding between BKW and SOL would remain in place.
- BKW will remain listed on the ASX. BKW Shareholders will continue to be exposed to the risks and benefits of owning BKW Shares.

Alternative considered by BKW Independent Directors

After careful consideration, the BKW Independent Directors believe that the Combination is the preferred option to create long term value for BKW Shareholders. The main alternative transactions considered by the BKW Independent Directors were:

- Sale of the BKW interests in SOL and/or interests in the Joint Venture Property Trusts – this was expected to result in net proceeds arising from any sale significantly below pre-tax Net Asset Value. The remaining business would no longer receive the stable cash flows generated from its SOL dividends and/or distributions from BKW property trusts, and would therefore have reduced downside protection against the financial risks associated with fluctuations in the building cycle,
- Sale of Building Products – the valuation outcome would be uncertain and Brickworks may not have been able to achieve full value given the current point in the building cycle,
- Sale of the whole business – the BKW Independent Directors have not identified another company globally that exists with the same structure (building products, property

investments and an investment in a listed entity) that would be likely to make an offer for BKW as a whole.

Governance and culture

At the pre-Scheme meeting with SOL representatives, they offered these observations re the inclusion of BKW:

- SOL will have the right leadership mix to oversee the BKW's operational cadence.
- The Building Products business will be governed by a separate subsidiary board, while the BKW property portfolio will be combined with the SOL property portfolio.
- The current BKW CEO, Mark Ellenor, will lead the Building Products business.

Other relevant matters

Section 10 of the Combination Booklet describes Australian Taxation implications

And Section 11.10 provides information on ASIC Relief and ASX Waivers that will apply to the Combination.

4. Rationale for Voting Intentions

Resolution: Approve the BKW Share Scheme (for)

The Combination unlocks long-term value and addresses structural inefficiencies that have existed for decades. It positions the combined business for greater scale, simplicity, liquidity, and access to new growth opportunities.

It removes a complex cross shareholding between SOL and BKW that is no longer beneficial to either company.

Summary of Issues and Voting Intentions for the General Meeting

In normal circumstances the method of determining the value and number of performance rights to be issued and voted on by shareholders is relatively straight forward.

However, with the SOL/ BKW combination the issue of the FY26 performance rights (both number and value) has been a complex decision:

- The performance rights are for the CEO of TopCo, a company which is not currently operating. Todd Barlow is its CEO. If the combination proceeds TopCo will acquire the shares of both companies, with SOL and BKW being delisted, and TopCo, led by Todd Barlow will operate the combined business.
- If the combination proceeds the ASX has agreed that SOL and BKW will not be required to hold AGMs for FY25. These AGMs would be the normal venue for the issue of performance rights to be put to shareholders. TopCo (then named Soul Patts) plans to hold its first AGM in November 2026. As the issue of performance rights needs to be approved for the FY26 year this resolution is being put to shareholders in conjunction with the Scheme meetings.
- The combination will result in significant changes in TopCo shareholding arrangements. When and if the combination is implemented as planned on 23 September 2025 the shareholding structure will change as shown in the following table noting:
 - The numbers quoted for BKW have been adjusted by .82 to state those shares in entitlement to TopCo shares.
 - The cross held shares – 94.3m SOL and 53.8m BKW shares – will be cancelled on implementation resulting in the total number of TopCo shares held by other existing SOL and BKW shareholders being 344.4m.
 - In the lead up to the publication of the Combination Booklet, TopCo secured commitments from institutional investors for the purchase of 34m TopCo shares. This will pay down approx. of \$552m BKW debt, redeem SOL SGN Notes (approx. \$560m), provide some additional working capital and cover transaction costs of the combination. Given the conditional nature of the proposed equity raising, the timing required for commitments to be made, and that shares being offered were not discounted, it was deemed not practical to extend this offer to existing retail shareholders.
 - The expected TopCo market capitalisation is calculated at \$14b based on the 381m TopCo shares on the implementation date times the undisturbed SOL share price of \$36.93. This is the SOL closing price on 30 May 2025, the last day before the announcement of the proposed combination.
- The lack of a clear and pre defined pricing formulae, such as X day VWAP following prior year results presentation, caused by the proposed combination of SOL and BKW means that setting the share price on which to base the issue of performance rights is a judgment decision. In the opinion of the Board the selected price of \$36.93 was the fairest for all concerned.

Overview of shareholding changes with combination					
	Before combination		Post combination		
	Number by source	% by total	Number by source	Basis of issue of TopCo shares	% age by source
SOL shares					
BKW shares in SOL	94,314,855	19.14%	cancelled		
Other SOL shareholders	273,226,189	55.46%	273,226,189	1 SOL for 1 TopCo	72.0%
Total SOL shares	367,541,044	74.61%			
BKW shares (adjusted by .82 to reflect TopCo share entitlement)					
SOL shares in BKW	53,829,015	10.93%	cancelled		
Other BKW shareholders	71,267,464	14.47%	71,267,464	1 BKW for .82 TopCo	19.0%
Total BKW shares	125,096,478	25.39%			
Additional equity raise			34,000,000	Newly issued TopCo shares	9.0%
Cross holding cancellation					
Total pre cancellation	492,637,522	100.00%			
Cross held shares cancelled	148,143,870	30.07%			
Total post cancellation and with equity raise	344,493,653	69.93%	381,038,801		100.0%
Expected TopCo market cap after combination			\$14,000,000,000		
Expected price per TopCo share after combination			\$36.93		

Note there are some minor considerations, such as vesting of performance rights, that have not been included in this table.

Rationale for Voting Intentions

Resolution: Grant of performance rights to the proposed Managing Director & CEO of Topco (for)

The price of \$36.93 is the TopCo share price being used to determine the proposed issue of 121,884 performance rights for the TopCo CEO's FY26 LTI in line with the maximum LTI of \$4.24m.

At the SOL pre Scheme and GM meeting we discussed at length whether this price, considering the need to appropriately reward the CEO, while also ensuring good use of shareholder funds, was the right base to use.

Some additional considerations taken into account by ASA:

- The 11 August 2025 closing prices were \$42.03 (SOL) and \$34.03 (BKW). If the market is already pricing in the cancellation of the cross held shares and the addition of equity raised shares this would result in a market cap of \$15.8b or a TopCo equivalent share price of \$41.63.
- The SOL provided Independent Expert Report from Lonergan, has assessed the underlying value of TopCo shares under the SOTP (summary of the parts) approach (paragraph 371 of that report) as being in the range of \$32.73 to \$34.86 per share.
- The BKW provided Independent Expert Report from Kroll, has concluded (paragraph 10.1 in that report) that based on their valuation range for the Combined Group, the Combined Group is expected to have a market capitalisation of approximately \$14.9b to \$16.8b. This would translate to a TopCo share price range of \$39.10 to \$44.09.
- Prior to the announcement of the Combination, TopCo sought to raise \$1.4b in an equity raise with institutional investors. Commitments for this have been received for 34m new TopCo shares at a price of \$42.26 less adjustment for dividends.

The range of TopCo share prices found above is from \$32.73 to \$44.09 per TopCo share, making it not possible for ASA to determine whether the proposed issue of performance rights is based on the most appropriate share price. In this situation of future uncertainty and in the absence of clear guidance to the contrary ASA will support this resolution.

Underlying our decision is this statement in the BKW Notice of Meeting

"The Topco Board retains the discretion to increase, reduce, defer or cancel variable awards in exceptional circumstances, including reducing LTI vesting outcomes to nil.

The Topco Board has the discretion to set the terms and conditions on which it will grant rights under the Topco Rights plan, including the vesting conditions and modification of the terms and conditions as appropriate to ensure the plan operates as intended."

which we believe provides reassurance that in the administration of the LTI outcome the Board will adjust the entitlement to performance rights if appropriate.

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Appendix 1

Remuneration framework detail

CEO rem. Framework for FY26	Target* \$m	% of Total	Max. Opportunity \$m	% of Total
Fixed Remuneration	2.070	33.3%	2.070	22.2%
STI	2.070	33.3%	3.105	33.7%
LTI	2.070	33.3%	4.140	44.1%
Total	6.210	100.0%	9.315	100%

The STI is a mix of cash (75%) and 1 year deferred rights (25%).

The equally weighted performance measures for the 3 year period of the LTI are:

- **Relative Total Shareholder Return (RTSR):** Retained from the current SOL incentive scheme with adjustments, measuring the sum of share price appreciation and dividends (assumed to be reinvested in shares) during the measurement period expressed as a growth percentage.
- **Net Asset Per Share Growth (NAPSG):** Retained from the current SOL incentive scheme, measuring absolute growth in pre-tax Net Asset Value per share.
- **Net Cash Flow from Investments Growth (NCFIG):** A new hurdle, aligned with Topco's focus on sustainable cash generation and dividend growth.

The Topco Board retains the discretion to increase, reduce, defer or cancel variable awards in exceptional circumstances, including reducing LTI vesting outcomes to nil.

The Topco Board has the discretion to set the terms and conditions on which it will grant rights under the Topco Rights plan, including the vesting conditions and modification of the terms and conditions as appropriate to ensure the plan operates as intended

The amounts in the table above are the amounts that are envisaged in the design of the remuneration plan.

*Target remuneration is sometimes called budgeted remuneration and is what the company expects to award the CEO in an ordinary year, with deferred amounts subject to hurdles in subsequent years before vesting. Some remuneration framework set a maximum opportunity amount, but not all.