

ASX RELEASE

15 July 2020

**IMPACT ON BRICKWORKS LIMITED (ASX:BKW) OF WASHINGTON H SOUL
PATTINSON LIMITED (WHSP) ANNOUNCEMENT (ASX:SOL)**

Washington H Soul Pattinson Limited (ASX:SOL)

This morning Washington H Soul Pattinson Limited (WHSP) provided updated information regarding its reassessed method of accounting for its investment in TPG Telecom Limited (TPG) following the completion of the merger of TPG with Vodafone Hutchison Australia on 29 June 2020 (Merger Date).

A copy of this announcement is attached. It states that:

“From the Merger Date, WHSP has concluded it no longer holds significant influence over its investment in TPG.”

“Consequently, WHSP will derecognise its investment in TPG as an associate and no longer apply the equity method of accounting.”

“As a result of this change, WHSP will have a material uplift in reported consolidated net profit after tax for its 2020 financial year.”

“The estimated financial impact of derecognising TPG as an associate is expected to be an after-tax profit to the consolidated entity in the range of \$1,120 million to \$1,170 million for the year ended 31 July 2020. The estimated gain reflects the initial recognition of the TPG investment at fair value, the TPG special dividend, the in-specie dividend for the Tuas Limited (TPG Singapore) demerger and WHSP’s share of the profit from equity accounted investment before the Merger Date.”

“These figures are preliminary and subject to audit.”

Impact on Brickworks Limited

Brickworks Limited (ASX: BKW) notes that this updated information from WHSP will have a flow on uplift in its reported consolidated net profit after tax for the 2020 financial year, through the equity accounted profit of its 39.4% shareholding in WHSP.

This uplift is expected to be an after-tax profit to the Brickworks consolidated entity in the range of \$323 million to \$337 million for the year ending 31 July 2020.

These figures are preliminary and subject to audit.

This update relates only to a single input into Brickworks reported consolidated financial statements for the financial year ending 31 July 2020 when published and investors should await publication of those financial statements or other whole of Company updates in assessing the Company's financial position.

As indicated in the WHSP announcement, in future financial periods, this change is likely to result in reduced reported earnings for WHSP from this investment and carrying values that may vary based on the quoted last share prices of TPG and Tuas Limited.

About Brickworks (ASX: BKW)

Brickworks has been building the Australian dream for over a century. Today, Brickworks is more than Australia's largest and most trusted brick manufacturer. It comprises a diversified portfolio of attractive assets, offering shareholders stability and long-term growth. The company has a proud track record, having paid a dividend every year since listing on the ASX in 1962. Brickworks comprises four divisions – Building Products Australia, Building Products North America, Industrial Property, and Investments.

Building Products Australia includes Austral Bricks, the country's largest bricks producer, and other leading brands such as Austral Masonry, Austral Precast and Bristle Roofing. Building Products North America is the leading brick producer in the North-east of the United States and includes the flagship brand of Glen-Gery.

On surplus land assets, Brickworks has developed extensive industry property assets in conjunction with Joint Venture partner the Goodman Group. These facilities help our customers to meet the supply chain needs of the growing digital economy.

Brickworks also has a long-standing investment in Washington H. Soul Pattinson, a diversified investment house and ASX100 company. This investment has delivered outstanding returns for the company and provides stability and growing cash dividends.

The Brickworks Managing Director has authorised the release of this announcement to the market.

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ASX Announcement – 15 July 2020

Accounting for the investment in TPG Telecom following the merger with Vodafone Hutchison Australia

Washington H. Soul Pattinson and Company Limited (WHSP) (ASX: SOL) advises that it has reassessed the method of accounting for its investment in TPG Telecom Limited (TPG) following the completion of the merger of TPG with Vodafone Hutchison Australia on 29 June 2020 (the Merger Date).

From the Merger Date, WHSP has concluded it no longer holds significant influence over its investment in TPG. The merger has reduced WHSP's percentage holding in TPG (now 12.6% of the merged entity, previously 25.3%) and WHSP has one director on the board of 10 (previously one director on a board of five).

Consequently, WHSP will derecognise its investment in TPG as an associate and no longer apply the equity method of accounting.

With effect from the Merger Date, WHSP's investment in TPG will be carried as a long-term equity investment, with an accounting designation as a financial asset held at fair value through other comprehensive income. Fair value will be determined using the quoted last sale price of TPG shares.

As a result of this change, WHSP will have a material uplift in reported consolidated net profit after tax for its 2020 financial year.

The estimated financial impact of derecognising TPG as an associate is expected to be an after-tax profit to the consolidated entity in the range of \$1,120 million to \$1,170 million for the year ended 31 July 2020. The estimated gain reflects the initial recognition of the TPG investment at fair value, the TPG special dividend, the in-specie dividend for the Tuas Limited (TPG Singapore) demerger and WHSP's share of the profit from equity accounted investment before the Merger Date.

These figures are preliminary and subject to audit.

WHSP has received the TPG special dividend of \$120.9 million or 51.6 cents per share and the 1 for 2 in-specie dividend arising from the demerger of Tuas Limited (TPG Singapore).

In future reporting periods, WHSP will book dividends from TPG as income rather than its equity share of TPG's net profit after tax. It is anticipated dividend income will be lower than an equity share of profits, as TPG has announced that it expects a dividend payout ratio of at least 50% of adjusted net profits after tax.

WHSP expects to equity account its 25.3% holding in Tuas Limited (TPG Singapore).

WHSP does not consider its earnings to be a key indicator of the Company's performance. As with any investment portfolio, the key drivers of success are growth in the capital value of the portfolio and a growing yield.

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About Washington H. Soul Pattinson and Company Limited

WHSP is Australia's second oldest listed company. Beginning as a pharmacy in Pitt Street, Sydney in 1872, the company listed on the Australian Securities Exchange 30 years later. Since listing, WHSP has paid a dividend every year, and grown into a diversified investor across a range of industries, including telecommunications, building products, mining, equities, pharmaceuticals, property and financial services.

WHSP is a long-term investor with a focus on providing its shareholders with capital growth and increasing fully franked dividends.

Washington H. Soul Pattinson and Company Limited (ASX: SOL)

www.whsp.com.au

This ASX announcement was authorised for release by Ian Bloodworth, Company Secretary.