Fletcher Building Limited

FBuShare Plan

Employee Tax Summary

This summary is general in nature and is based on the income tax laws of Germany as at 9 December 2017 and the German taxation obligations in relation to the Fletcher Building Limited Fletcher Building Limited Global Employee Share Plan (**FBuShare** or the **Plan**).

The tax treatment of shares and rights to acquire shares (**Rights**) acquired under the Plan may change from time to time, so it is strongly recommended that you seek your own professional advice in relation to your personal circumstances. Fletcher Building Limited (**Fletcher Building** or the **Company**), its subsidiaries and advisors will not be held responsible for employees who rely on the advice provided in this employee tax summary.

This summary assumes that you are an employee of Fletcher Building (or one of its subsidiaries) and that you are, and remain, a resident of Germany for tax purposes from the commencement of your participation in the Plan to the eventual sale of any shares acquired under the Plan.

In addition, this summary assumes that the shares are privately held and that you did not hold 1% or more of the share capital of the Company during the last 5 years as of the date of sale.

This advice is confined to taxation issues and is only one of the matters you need to consider when making a decision about your investments.

December 2017

Germany

1. FBuShare plan summary

Under the Plan, you will be provided with the opportunity to contribute after-tax salary to purchase Company shares at market value (**Purchased Shares**); and, for shares purchased by you, Fletcher Building will grant you Rights to a number of free Fletcher Building shares (**Award Shares**). Subject to meeting the award conditions at the end of the Qualification Period (**Vesting**), your Rights to Awards Share will Vest and you will generally receive one Award Share for every two Purchased Shares held at the end of the Qualification Period.

As a Fletcher Building shareholder, you will have full voting rights and receive any dividends on the Purchased Shares during the time the shares are held by the Plan nominee. You are required to participate in the Dividend Programme in respect of the dividends you receive. Under the Dividend Programme, the dividends you receive, net of any New Zealand (or Australian) withholding tax paid on the dividends, will be used to acquire shares (**Dividend Shares**). Dividend Shares also have full voting rights and dividends, and provide you with the opportunity to receive Award Shares if the appropriate Award conditions are satisfied.

Under the Plan, the Purchased Shares, Award Shares and Dividend Shares will be held in the Plan, on your behalf, by the Plan nominee company.

2. Tax summary

A. Purchased Shares

Your tax obligations in respect of your Purchased Shares may be summarised as follows. Detailed tax considerations are in section 3 of this summary.

Event	Tax treatment for employees
Acquisition	You will not be subject to tax at the time you acquire the Purchased Shares.
Sale	Capital gains tax (**CGT**) will apply if the sale proceeds you receive on the sale of your Purchased Shares exceed the cost of acquisition and costs related to the sale of the shares.

B. Award Shares

Your tax obligations in respect of your Award Shares may be summarised as follows:

Event	Tax treatment
Grant of Rights to Award Shares	There are no tax implications for you.
Allocation of Award Shares	You will be taxed on the fair market value of the Award Shares, generally determined at vesting – i.e., when you have been allocated shares.
Sale	CGT will apply if the sale proceeds you receive on the sale of your Award Shares exceeds the fair market value of the Award Shares used for wage tax purposes (as stated above, this is generally the fair market value of the Award Shares at the time they were allocated to you) and costs related to the sale of the shares.

C. Dividend Shares

Your tax obligations in respect of your Dividend Shares may be summarised as follows:

Event	Tax treatment
Dividend paid	Dividends paid on Purchased Shares are taxed at a flat rate of 25% (although a credit may be available for any tax withheld in New Zealand), plus a solidarity surcharge (5.5%) and church tax (where applicable) at a rate of 8% or 9% (depending on your district of residence) on the flat tax due.
Sale	CGT will apply if the sale proceeds you receive on the sale of your Dividend Shares exceeds the fair market value of the Dividend Shares at the date of acquisition and the costs related to the sale of the shares.

3. Detailed tax considerations

A. Purchased Shares

You will not be subject to income tax on acquisition of the Purchased Shares on the basis you acquired the Purchased Shares at fair market value.

Sale of Purchased Shares

You may be subject to CGT on any gain realised when you sell your Purchased Shares, as calculated below:

Sale proceeds

Less: any costs of sale and the fair market value of the Purchased Shares at the date of purchase (i.e., the price you have paid to acquire the Purchased Shares).

Capital gains are taxed at a flat rate of 25%, plus solidarity surcharge at 5.5% on the CGT due and church tax (where applicable) at a rate of 8% or 9% (depending on your district of residence) on the CGT due, regardless of the length of time during which you held the Purchased Shares.

Note, that an annual tax-free allowance for investment income (including capital gains, dividends and interest) is available. The allowance amounts to EUR 801 for single taxpayers (or married taxpayers filing separately) and EUR 1,602 for married taxpayers filing jointly.

Tax is payable on the capital gain (being the difference between the sale proceeds and costs related to the sale of shares and the fair market value of the Purchased Shares at the date of purchase) where the annual tax free allowance has already been utilised on other investment income. Tax will be deducted at source if the trade is handled through a German bank or broker; otherwise, any gain should be reported and be taxed via your annual personal income tax return and tax assessment.

B. Award Shares

You will not be subject to tax when you receive your Rights to Award Shares upon the acquisition of Purchased Shares and Dividend Shares.

Acquisition of Award Shares

You will be subject to income tax (generally at your marginal income tax rate for employment income) on the fair market value of the Award Shares, usually at vesting of the Rights to Award Shares. In addition, a solidarity surcharge, church tax (where applicable) and social security contributions (unless your other income already exceeds the respective caps) are payable.

Sale of Award Shares

When you sell your Award Shares, you will be subject to capital gains tax if you realise a capital gain which is calculated as follows:

Sale proceeds

Less: any costs of sale and the fair market value of the Award Shares used for wage tax purposes, generally the fair market value of the Award Shares at vesting (i.e., the amount previously subject to income tax)

As previously noted, capital gains are taxed at a flat rate of 25%, plus a solidarity surcharge at 5.5% on the CGT due and church tax (where applicable) at rate of 8% or 9% (depending on your district of residence) on the CGT due, regardless of the length of time during which you held the Award Shares.

An annual tax-free allowance for investment income (including capital gains, dividends and interest) is available. The allowance amounts to EUR 801 for single taxpayers (or married taxpayers filing separately) and EUR 1,602 for married taxpayers filing jointly.

Tax is payable on the capital gain (being the difference between the sale proceeds and costs related to the sale of shares and the fair market value of the Award Shares which was used for wage tax purposes) where the annual tax free allowance has already been utilised on other investment income. Tax will be deducted at source if the trade is handled through a German bank or broker. Otherwise, any gain should be reported and be taxed via your annual personal income tax return and tax assessment.

C. Dividend Shares

You will be entitled to receive any dividends paid on your Purchased Shares, but you are required to participate in the Dividend Programme to acquire Dividend Shares. Even though your dividends are paid in the form of Dividend Shares, you will have a tax liability at the time the dividends are paid / Dividend Shares allocated.

Dividends are taxed at a flat rate of 25%, plus a solidarity surcharge at 5.5% on the flat tax due and church tax (where applicable) at a rate of 8% or 9% (depending on the district of residence) on the flat tax due.

New Zealand (or Australian) withholding tax may be withheld from the dividend payment in certain circumstances. As a shareholder, you may be entitled to a credit for any New Zealand withholding tax, which may reduce your German tax liability.

Sale of Dividend Shares

You will be subject to CGT on any gain realised when you sell your Dividend Shares, as calculated below:

Sale proceeds

Less: any costs of sale and the fair market value of the Dividend Shares at the date of acquisition (i.e., the after-tax dividends applied to acquire the Dividend Shares).

4. Your Reporting Obligations

You do not have any specific reporting requirements other than reporting the taxable income in your German annual income tax return.

You may also be required to report your investment income in your annual income tax return. Where your personal income tax rate is below the flat tax of 25%, you can report the income in your tax return and claim application of your lower tax rate.

5. Employer Withholding Obligations

On the day the Award Shares are transferred to your account, your local employer will withhold income tax (including a solidarity surcharge and, if applicable, church tax) and social security contributions (unless your other income already exceeds the respective ceilings).

The withholding tax rates are based on marginal income tax rates up to 45.0% as at December 2017 as well as a 5.5% solidarity surcharge and church tax at 8% or 9% (if applicable) on the income tax.

You may be able to claim relief under section 34 of the German Income Tax Act, which mitigates the effect of progressive tax rates. If section 34 relief has not already been applied via payroll, you can claim relief in your tax return.

6. Employer Reporting Obligations

Your local employer is responsible for reporting the income when you are taxed at the date the Award Shares are transferred to your account. The benefits will be reported on the monthly payslips and will be included in your annual wage tax certificate (“Lohnsteuerbescheinigung”).

7. Taxation Illustration

The table below provides an example that illustrates the calculation of income tax and CGT as outlined in this summary. It does not provide any indication or assurance of the possible or likely share price. All figures and dates below are assumed; dividends and Dividend Shares have been disregarded for the purposes of this illustration. Different results may apply depending on the figures used and the timing of sale of shares. Your tax adviser will be able to advise you further.

Year 1:	You commence contributions to acquire Fletcher Building shares and are allocated Purchased Shares on a monthly basis. You acquire 300 Purchased Shares at a cost of EUR 6 (based on the EUR/NZ$ exchange rates on the dates of purchase) that are held under nominee on your behalf. The cost base of the Purchased Shares is EUR 1,800 (the total amount of contributions made during the year). You are granted 150 Rights to receive Award Shares.
Year 4:	At the beginning of the fourth Plan Year, all your Rights to Award Shares 'vest' and Award Shares are allocated to you when the market value of a Fletcher Building share is EUR 8.
Year 5:	After holding the Award Shares for more than 12 months you sell your 450 Fletcher Building shares (i.e., 300 Purchased Shares and 150 Award Shares) for EUR 9 per share. Assume that there are no brokerage and associated sale costs. Let's also assume that you taxable income level is EUR 100,000, your other remuneration already exceeds the social security earnings caps, your marginal tax rate is 44.31% (including solidarity surcharge, but ignoring church tax), investment income tax rate is 26.375% (including solidarity surcharge, but ignoring church tax), the Tax Free Amount pursuant to Section 3 para 39 German income tax law does not apply, and you have already used the annual tax-free allowance for investment income for other capital gains in Year 5.

The table below provides a detailed breakdown of the calculation of income tax and CGT.

Event	**Tax Treatment (EUR)**
Year 1 (contributions towards Purchased Shares made)	
EUR 1,800 contributed over the year to obtain 300 Purchased Shares	Note[1]
Rights to Award Shares granted	
Year 4 (Award Shares allocated)	
Market value of shares (150 x EUR 8)	1,200
Taxable income	1,200
Tax on income (@44.31%)	(531.72)
Year 5 (Purchased Shares and Award Shares are sold)	
Sale proceeds (450 x EUR 9)	4,050
Less: Cost base of Purchased Shares	(1,800)
Less: Cost base of Award Shares (income reported in Year 4 for Award Shares)	(1,200)
Taxable capital gain	1,050
Tax payable (@26.375%)	(276.94) (276.94)
Summary of transactions	
Net sale proceeds	4,050
Less: Tax payable at allocation of Award Shares (Year 4)	(531.72)
Less: Tax payable upon sale (Year 5)	(276.94)
Net proceeds after tax[2]	3,241.34

[1] Generally, you will not be subject to income tax on acquisition of the Purchased Shares on the basis the shares are purchased from after-tax salary and at fair market value.

[2] Not including the cost of the Purchased Shares.