Spain

Fletcher Building Limited

FBuShare Plan

Employee Tax Summary

This summary is general in nature and is based on the income tax laws of Spain as at 8 February 2017 and Spanish 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 its subsidiaries) and that you are, and remain, a resident of Spain for tax purposes from the commencement of your participation in the Plan to the eventual sale of any shares acquired under the Plan.

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.

February 2017

Spain

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 acquisition of the Purchased Shares.
Sale	You will be subject to tax on any realised gain upon sale of your Purchased Shares. Capital gains are taxed at rates from 19% to 23% (2017 rates), regardless of the holding period, based on the sale proceeds less the cost of acquisition of the Purchased 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 subject to tax on the fair market value (**FMV**) of the Award Shares at the date of Vesting.
Sale	You will be subject to tax on any realised gain upon sale of your Award Shares. Capital gains are taxed at rates from 19% to 23% (2017 rates), regardless of the holding period, based on the sale proceeds less the FMV of the Award Shares at Vesting (i.e., the amount previously subject to tax).

C. Dividend Shares

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

Event	Tax treatment
Dividend paid	You will be subject to tax on dividends from shares a rate of 19 % on the first €5,999.99, 21% for amounts between €6,000 and €59,999, and 23% on the excess (2017 rates). The previous exemption on the first €1,500 of dividends from shares has been removed from January 2015.
Sale	You will be subject to tax on any realised gain upon sale of your Dividend Shares. Capital gains are taxed at rates from 19% to 23% (2017 rates), regardless of the holding period, based on the sale proceeds less the cost of acquisition of Dividend Shares.

3. Detailed tax considerations

A. Purchased Shares

You will not be subject to income tax on acquisition of the Purchased Shares.

Sale of Purchased Shares

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

Sale proceeds

Less: the cost of acquisition of the Purchased shares (i.e., the price you paid to acquire the Purchased Shares).

The capital gain is taxed at rates ranging from 19% to 23% for 2017, regardless of the holding period. You must report the gain in your annual income tax return for the year of sale.

If a capital loss arises on the disposal of your Purchased Shares, this can be used to reduce other gains realised within the year. If the total value of losses is greater than the amount of gains, the excess will be deferred for future years (for a maximum of four years).

Note that in order to claim a capital loss on a disposal against a gain arising in a future year, the loss must be reported in the year it arises and a note should be made to ensure the losses are carried forward and utilised.

B. Award Shares

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

Vesting of Award Shares

You will be subject to income tax on the FMV of the Award Shares on the date the Rights to Award Shares Vest. The income will be subject to payment-on-account at your marginal rate of tax (top tax rate is 45% for the year 2017) and subject to social tax. Your employer will withhold and remit your income tax and social security contributions.

Fletcher Building may sell sufficient Fletcher Building Shares to satisfy any tax and social security liability that may arise. Subject to agreement with your employer, you may have the opportunity to satisfy any such liability from your own funds.

Note: It is possible that you may be exempt from income tax on your Award Shares if certain exemption conditions are met (including you do not sell your Award Shares for three years after they are allocated to you on Vesting). Your employer will provide further advice on this exemption prior to the Vesting of your Award Shares.

Sale of Award Shares

When you sell your shares, you may be subject to capital gains tax, which is calculated as follows:

Sale proceeds

Less: less FMV of the Award Shares at Vesting

The capital gain is taxed at rates from 19% to 23% in 2017 regardless of the holding period. You must report your gain in your annual income tax return. Please refer to "Sale of Purchased Shares" above on the relevant tax treatment for capital losses.

C. Dividend Shares

You will be entitled to receive dividends paid on your Purchased Shares. According to Spanish legislation, dividends from shares will be taxed at the rates from 19% to 23% for 2017. Where you have New Zealand (or Australian) tax withheld on your dividends received on your Fletcher Building shares, you may be able to claim a foreign tax credit to reduce any Spanish tax payable on the same amount.

You are required to participate in the Dividend Programme to acquire Dividend Shares. As noted above, even though your dividends are paid in the form of Dividend Shares, in certain circumstances you may have a tax liability at the time the dividends are paid / Dividend Shares allocated.

Sale of Dividend Shares

When you sell your Dividend Shares, you may be subject to capital gains tax, which is calculated as follows:

Sale proceeds

Less: less the cost of acquisition of the Dividend Shares (i.e., the price you paid to acquire the Dividend Shares at the time the dividend is paid).

The capital gain is taxed at rates from 19% to 23% for 2017, regardless of the holding period. You must report your gain in your annual income tax return. Please refer to "Sale of Purchased Shares" on the relevant tax treatment for capital losses.

4. Your Reporting Obligations

The acquisition, purchase or sale by a Spanish resident of shares listed abroad is subject to an ongoing reporting obligation (on an annual basis) to the Spanish foreign investment authorities.

If, once the Award Shares are allocated to you, you keep the shares on deposit abroad (which will likely be the case under FBuShare), you will have to submit official form D6 during January of each calendar year, disclosing the situation of the securities account held abroad as of 31 December of the preceding year.[1].

5. Employer Withholding Obligations

Payment on account is applicable for taxation of a "benefit in kind". "Payment-on-account" is a portion (19% to 45% for the year 2017, depending on the level of your income) of the FMV at Vesting (the value of the "benefit in kind").

If you bear the cost of the payment on account, it will not be added to your taxable base at the time of filing the annual tax return.

Your employer is also required to withhold social security if your annual contribution base has not already been met (via other employment income).

6. Employer Reporting Obligations

Your Spanish employer will provide you with an annual statement of earnings and withholdings (certificado anual de retenciones e ingresos a cuenta). Your employer is also required to file an annual summary return with the tax authorities (Form 190) following the year of vesting, which should include the remuneration, withholdings and payments-on-account for the preceding calendar year. For any payments on account (withholding taxes in respect of benefit in kind), it must be specifically stated whether the cost has been borne by the employee or by the company.

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[1] If, once the Award Shares are allocated to you, you deposit your shares in a securities account of a Spanish investment institution which qualifies as a securities entity ("sociedades y agencias de valores") or in a Spanish credit entity you will not have any reporting obligation.

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 an average cost of €4.45 (based on the appropriate €/A$ exchange rate at this time) that are held under nominee on your behalf. The cost base of the Purchased Shares is €1,335 (the total amount of contributions made during the year).R 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 FMV of a Fletcher Building share is €5.15. Your employer withholds the appropriate income tax as payment-on-account, and you bear the cost of the withholding.
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 €5.40 per share. Assume that there are no brokerages and associated sale costs. Let's also assume that your taxable income level is €39,000.

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

Event	Tax Treatment (€)
Year 1 (contributions towards Purchased Shares made)	
€1,335 contributed over the year to obtain 300 Purchased Shares	N/A
Rights to Award Shares granted	
Year 4 (Award Shares allocated)	
Market value of shares (150 x €5.15)	772.50
Taxable income (assuming income tax exemption does not apply)	772.50
Tax on income (45%)	(347.63)
Year 5 (Purchased Shares and Award Shares are sold)	
Net sale proceeds (450 x €5.40)	2,430.00
Less: Cost base of Purchased Shares	(1,335.00)
Less: Cost base of Award Shares (income reported in Year 4 for Award Shares)	(772.50)
Net gain	
Taxable capital gain	322.50
Tax payable (@19%)	322.50
	(61.28)
Summary of transactions	
Net sale proceeds	2,430.00
Less: Tax payable at allocation of Award Shares (Year 4)	(347.63)
Less: Tax payable upon sale (Year 5)	(61.28)
Net proceeds after tax*	2,021.09

** Not including the cost of the Purchased Shares*