

Fletcher Building Limited

FBuShare Plan

Employee Tax Summary

This summary is general in nature and is based on the income tax laws of Thailand as at 8 December 2017 and taxation obligations in Thailand 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 Thailand 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.

December 2017

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
Acquisition	You will not be subject to tax at the time you acquire the Purchased Shares.
Sale	If you sell your Purchased Shares at a gain, i.e., the sale proceeds received on the sale of Purchased Shares exceed the cost of acquiring those Purchased Shares, you will be subject to income tax in the year that you sell the Purchased Shares if the gain is remitted into Thailand in the same year as the year the Purchased Shares are sold. Therefore, if the gain is not remitted to Thailand in the same calendar year as the sale, then the gain will not be subject to tax.

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 at the time you acquire the shares.
Sale	If you realise a gain on the sale of your Award Shares, i.e., the net sale proceeds received on the sale your Award Shares exceed the fair market value of those Award Shares at the date of allocation, you will be subject to income tax in the year that you sell the Purchased Shares if the gain is remitted into Thailand in the same year as the year the Purchased Shares are sold. Therefore, if the gain is not remitted to Thailand in the same calendar year as the sale, then the gain will not be 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	<p>Dividends received from your Fletcher Building Shares is considered overseas sourced income and only subject to income tax if remitted into Thailand in the same year as the year of receipt of the dividend. If taxable, the dividends will be taxed at your progressive marginal rate of income tax.</p> <p>Where you have New Zealand tax withheld on dividends received from Fletcher Building shares, you may be able to claim a foreign tax credit to reduce any Thai tax payable on the same amount but not exceeding the tax payable in Thailand.</p>
Sale	<p>If you sell your Dividend Shares at a gain, you will be subject to income tax in the year that you sell the Dividend Shares if the gain is remitted into Thailand in the same year as the year the Dividend Shares are sold. Therefore, if the gain is not remitted to Thailand in the same calendar year as the sale, then the gain will not be subject to tax.</p>

3. Detailed tax considerations

A. Purchased Shares

You will not be subject to income tax on acquisition of the Purchased Shares, provided the Purchased Shares are purchased for fair market value.¹

Sale of Purchased Shares

You may be subject to income tax (at progressive income tax rates) on any gain realised when you sell your Purchased Shares, as calculated below:

Net sale proceeds
Less: the cost of acquisition of the Purchased Shares (i.e., the price you have paid to acquire the Purchased Shares).

Any gain realised on the sale of Purchased Shares is considered overseas sourced income and it will only be subject to personal income tax if it is remitted into Thailand in the year the Purchased Shares are sold by a Thai tax resident (which refer to any individual who is present in Thailand for an accumulated period or periods of 180 days or more in a calendar year).

Gains realised on the sale of shares are subject to personal income tax at progressive rates of tax (the highest of which is currently 35%) and are reportable on your annual tax return due by 31 March following the end of the tax year.

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.

Vesting of Rights to Award Shares

You will be taxed on at progressive rates of income tax (the highest of which is currently 35%):

Fair market value of the Award Shares at when your Rights to Awards Shares vest multiplied by the number of Award Shares acquired on vesting
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Sale of Award Shares

Any gain realised on the sale of Award Shares is considered overseas sourced income and it will only be subject to personal income tax if it is remitted into Thailand in the year the Award Shares are sold by a Thai tax resident.

¹ If the fair market value on the date of purchase is higher than the purchase price, the difference (i.e., spread) will be subject to tax at the time of the purchase as it is viewed that the participant obtained the benefits / income from work / employment in Thailand. The taxable amount is equal to the spread multiplied by the number of shares acquired.

Where tax applies, the amount subject to tax is calculated as follows:

Sale proceeds received on sale
Less: fair market value of the Award Shares at vesting (i.e., the amount previously subject to income tax)

Taxable gains realised on the sale of shares are subject to personal income tax at progressive rates of tax and are reportable on your annual tax return due by 31 March following the end of the relevant tax year.

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 may have a tax liability at the time the dividends are paid / Dividend Shares allocated.

You will be taxed at your progressive rate of income tax on dividends paid on your Purchased Shares if you remit / transfer such dividends into Thailand in the same year as receipt, and you are a Thai tax resident in that year.

Note: Where you have New Zealand tax withheld on your dividends received from Fletcher Building Shares, you may be able to claim a foreign tax credit to reduce any Thai tax payable on the same amount but not exceeding the tax payable in Thailand.

Sale of Dividend Shares

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

Net sale proceeds less the cost of acquisition of the Dividend Shares (i.e., equivalent to the amount of after-tax dividends used to acquire the Dividend Shares).

Only 50% of the capital gain is included for the purposes of calculating the taxable capital gain, which will be taxed at your marginal tax rate. Any taxable capital gain realised from the sale of your Dividend Shares will need to be reported in your tax return for the year in which the sale occurs.

The gain is considered overseas sourced income and it will be subject to Thai tax only if it is remitted into Thailand in the year of the Dividend Shares are sold by a Thai tax resident (which refers to any individual who is present in Thailand for 180 days or more in the tax year). In this case, the gain is taxed at your progressive tax rate, the highest of which is currently 35%, and is reportable on your annual tax return due by 31 March following the end of the tax year.

4. Your Reporting Obligations

The taxable employment income from Award Shares must be recognised in your annual income tax return. Any withholding tax deducted and remitted by the local employer (i.e., the Thai entity) will be set off against your final tax liability on your annual personal tax return. Any taxes paid in excess of the final tax liability can be claimed for refund.

If the dividend or Dividend Shares allocated to you are brought / transferred into Thailand in the year of receipt and you are a Thai tax resident, you will have to declare such dividend income in your annual personal income tax return which is due to be submitted by 31 March the following the year in which dividends were received.

If any gain from the sale of your Fletcher Building Shares is brought / transferred into Thailand in the year it arises and in the same year you are a Thai tax resident, you will have to declare the gain in your annual personal income tax return which is due to be submitted by 31 March following the year in which the sale of Fletcher Building Shares occurred.

Your annual personal tax return needs to be filed with the Thai tax authorities no later than by end of March the following tax year-end.

The taxable share income is taxed on the progressive rates ranging from 5% to 35% depending on the level of your annualised income, in the same manner as your employment income.

5. Employer Withholding Obligations

Your local Thai employer is only required to withhold income tax when your Rights to Award Shares vest if the cost of the allocation of Award Shares is charged back to the local employer in Thailand.

6. Employer Reporting Obligations

If Fletcher Building recharges the cost of your Award Shares to your employer, your employer will have an obligation to submit a monthly payroll withholding tax return, Form Phor Ngor Dor 1, by the 7th day of the month following the date your Rights to Award Shares vest, and submit a summary of payroll withholding tax return to the Thai Revenue Department on Form Phor Ngor Dor 1 Kor by 28 February following the year in which Rights to Award Shares vested.

7. Taxation Illustration

The table below provides an example that illustrates the calculation of income tax 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 THB 180 (based on the THB/NZD exchange rates on the dates of purchase) that are held under nominee on your behalf. The cost base of the Purchased Shares is THB 54,000 (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 THB 209.
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 THB 219 per share. Assume that there are no brokerage and associated sale costs. Let's also assume that your taxable income level is THB 1,455,000.

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

Event	Tax Treatment (THB)
Year 1 (contributions towards Purchased Shares made)	
THB 54,000 contributed over the year to obtain 300 Purchased Shares	Note ²
Rights to Award Shares granted	
Year 4 (Award Shares allocated)	
Market value of shares (150 x THB 209)	31,350
Taxable income	31,350
Tax on income (total income exceeding THB 1,000,000 @25%) = 31,350 x 25%	(7,837.50)
Year 5 (Purchased Shares and Award Shares are sold)	
Net sale proceeds (A + B)	
(A) Purchased Shares (THB 219 x 300 shares)	65,700
(B) Award Shares (THB 219 x 150 shares)	<u>32,850</u>
(A) + (B)	98,550
Less: Cost base of Purchased Shares	(54,000)
Less: Cost base of Award Shares (taxable income reported in Year 4 for Award Shares)	(31,350)
Net gain	13,200
Taxable capital gain (25%)	13,200
Tax payable (13,200 @25%)³	(3,300)
Summary of transactions	
Net sale proceeds	98,550
Less: Tax payable at allocation of Award Shares (Year 4)	(7,837.50)
Less: Tax payable upon sale (Year 5)	(3,300)
Net proceeds after tax ⁴	87,412.50

² In relation to Purchased Shares, it is assumed the purchase price is no less than the fair market value of the Purchased Shares on the date of purchase.

³ It is assumed that the gain on sale of the Purchased and Award Shares is remitted back to Thailand in the tax year in which the shares are sold.

⁴ Not including the cost of the Purchased Shares

