



FBUShare - Vanuatu - Employee Tax Summary

Fletcher Building Limited

December 2020

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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.

The comments in this summary assume that you remain tax resident in Vanuatu, working in Vanuatu, at all times during the holding period of the awards and the shares. The tax implications for individuals with periods of non-residence and/or periods of service outside Vanuatu are complex, and where this applies to you further specific tax advice should be sought.

2. Tax summary

2.1 Purchased Shares

Your tax obligations in respect of your Purchased Shares are 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	Vanuatu has no capital gains tax. Accordingly, there should be no tax on any gains from the sale of the Award Shares.

2.2 Award Shares

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

Event	Tax treatment
Grant of Rights to Award Shares	There are no tax implications for you.
Allocation of Award Shares	Vanuatu has no income tax. Accordingly, there should be no tax on allocation of the Award Shares.
Sale	Vanuatu has no capital gains tax. Accordingly, there should be no tax on allocation of the sale of the Award Shares.

2.3 Dividend Shares

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

Event	Tax treatment for employees
Dividend paid	There are no tax implications for you.
Sale	Vanuatu has no capital gains tax. Accordingly, there should be no tax on any gains from the sale of the Dividend Shares.

3. Overview of the Plan

Under the Plan, you will be provided with the opportunity to contribute after-tax salary for acquisition of the Company's shares at market value ("Purchased Shares"). Generally, you will receive one Award Share for every two Purchased Shares held at the end of the Qualifying 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 withholding tax paid on the dividends, will be used to acquire shares ("Dividend Shares"). Dividend Shares will provide you with the opportunity to receive Award Shares if the appropriate Award conditions are satisfied.

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

4. Detailed findings and recommendations

3.1 Purchased Shares

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

— Sale of Purchased Shares

There is no capital gains tax in Vanuatu. Accordingly, a gain on sale of the shares is not taxable to the holder of the shares.

3.2 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 not be subject to tax on the Award Shares at vesting.

— Sale of Award Shares

Similarly to the Purchased Shares, there is no capital gains tax in Vanuatu and as such, any gains on the sale of the shares are not taxable to you.

3.3 Dividend Shares

You will be entitled to receive any dividends paid on your Purchased Shares. You will not be subject to tax on any dividends paid/Dividend Shares allocated.

5. Your Reporting Obligations

There is no requirement.

6. Employer Withholding Obligations

There is no requirement.

7. Employer Reporting Obligations

There is no requirement.

8. 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:	<p>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 NZ\$8 that are held under nominee on your behalf. The cost base of the Purchased Shares is 186,498 VUV (i.e., the total amount of contributions made during the year).</p> <p>You are granted 150 Rights to receive Award Shares.</p>
Year 4:	<p>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 720 VUV.</p>
Year 5:	<p>After holding the Award Shares for more than 12 months, you sell all your 450 Fletcher Building shares (i.e., 300 Purchased Shares and 150 Award Shares) for 755 VUV per share. Assume that there are no brokerage and associated sale costs. Let’s also assume that your taxable income from other sources (e.g., salary or wages) is 3,500,000 VUV.</p>

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

Event	Tax Treatment (VUV)
Year 1 (contributions towards Purchased Shares made)	
186,000 VUV contributed over the year to acquire 300 Purchased Shares	N/A
Rights to Award Shares granted	
Year 4 (Award Shares allocated)	
Market value of shares (150 x 720 VUV)	108,000
Taxable income (no income tax in Vanuatu)	0
Tax on income (no income tax in Vanuatu)	0
Year 5 (Purchased Shares and Award Shares are sold)	
Net sale proceeds (450 x 755 VUV)	339,750
Less: Cost base of Purchased Shares	(186,000)
Less: Cost base of Award Shares (income reported in Year 4 for Award Shares)	(108,000)
Net gain	45,750
Taxable gain – Assumes shares acquired for investment purposes - no taxable gain	0
Tax payable	0

Summary of transactions

Net sale proceeds	339,750
Less: Tax payable at allocation of Award Shares (Year 4)	0
Less: Tax payable upon sale (Year 5)	0
Net proceeds after tax ¹	339,750

¹ Not including the cost of the Purchased Shares.

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