

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION.

IF YOU ARE IN ANY DOUBT AS TO HOW TO ACT, YOU SHOULD CONSULT YOUR FINANCIAL OR
LEGAL ADVISER AS SOON AS POSSIBLE.

Bidder's Statement

ACCEPT the Cash Offer

by

Network Investment Holdings Pty Limited (ACN 078 448 512)

a wholly owned subsidiary of

Seven Group Holdings Limited (ACN 142 003 469)

to acquire all of your shares in

Boral Limited (ACN 008 421 761)

for

A\$6.50 cash per share

Please call the SGH Offer Information Line on 1300 080 794 (toll-free within Australia) or +61 2 8023 5468 (from outside Australia) if you require assistance. For legal reasons calls to these numbers will be recorded.

Financial Adviser

Barrenjoey^o
Partnering with  **BARCLAYS**

Legal Adviser

Allens > Linklaters

Financiers

ANZ   **BARCLAYS** 

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Important information

This Bidder's Statement is given by Network Investment Holdings Pty Limited, a wholly owned subsidiary of Seven Group Holdings Limited, to Boral Limited under Part 6.5 of the Corporations Act and relates to the Offer.

Unless otherwise specified, in this document Network Investment Holdings Pty Limited is referred to as "SGH Bidder" and Seven Group Holdings Limited is referred to as "SGH".

You should read this Bidder's Statement in its entirety.

This Bidder's Statement is dated 10 May 2021 and includes an Offer dated [*] 2021 in section 7.

A copy of this Bidder's Statement was lodged with ASIC on 10 May 2021. Neither ASIC nor any of its officers takes any responsibility for the contents of this Bidder's Statement.

Investment advice

This Bidder's Statement does not take into account your individual investment objectives, financial situation or particular needs. You may wish to seek independent financial and taxation advice before deciding whether or not to accept the Offer.

You are advised to exercise caution in relation to the Offer. If you are in any doubt about any of the contents of this Bidder's Statement, you should obtain independent professional advice.

Forward-looking statements

This Bidder's Statement may contain forward-looking statements, which include statements other than statements of historical fact. Such statements are subject to inherent risks and uncertainties in that they may be affected by a variety of known and unknown risks, variables and other factors, many of which are beyond the control of SGH and SGH Bidder. Actual results, value, performance or achievements may differ materially from results, values, performance or achievements expressed or implied in any forward-looking statement.

None of SGH, SGH Bidder, any of their directors, officers or advisers, or any other person named in this Bidder's Statement with their consent or involved in preparation of this Bidder's Statement, gives

any representation, warranty, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this Bidder's Statement will actually occur. You are cautioned not to place undue reliance on any forward-looking statements.

The forward-looking statements in this Bidder's Statement only reflect views held as at the date of this Bidder's Statement.

Foreign jurisdictions

The distribution of this Bidder's Statement and the making of the Offer may be restricted by the laws of jurisdictions outside of Australia, and persons who come into possession of it should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities law. The Offer is not being made, directly or indirectly, in or into and will not be capable of acceptance from within any jurisdiction, if to do so would not be in compliance with the laws of that jurisdiction.

Effect of rounding

A number of figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Bidder's Statement are subject to the effect of rounding. The actual calculation of these figures, amounts, percentages, prices, estimates, calculations of value and fractions may differ from those set out in this Bidder's Statement. Any discrepancies between totals in tables or financial statements or in calculations graphs or charts are due to rounding.

Privacy

SGH Bidder and its Related Entities have collected your information from the register of members of Boral for the purposes of making the Offer and, if accepted, administering acceptances over your shareholding in Boral. The Corporations Act requires the name and address of shareholders to be held in a public register. SGH Bidder and its share registry may disclose your personal information to their related bodies corporate (and, in the case of SGH Bidder, its Related Entities) and external service providers and may be required to disclose such information to regulators, such as ASIC. If you would like details of information about you held by SGH Bidder, please contact SGH at the address set out in the Corporate Directory.

Websites

References in this Bidder's Statement to the website of SGH (<https://www.sevengroup.com.au>) and to Boral's website (<https://www.boral.com>) are for your reference only. Information contained in or otherwise accessible from those websites is not part of this Bidder's Statement.

Defined terms

A number of defined terms are used in this Bidder's Statement. These terms are explained in section 8 along with certain rules of interpretation which apply to this Bidder's Statement.

Enquiries and SGH Offer Information Line

If you have any questions in relation to the Offer, please call the SGH Offer Information Line on the following numbers:

Within Australia: 1300 080 794 (toll-free)
Outside Australia: +61 2 8023 5468

Please note that all calls to these numbers will be recorded.

Important Dates

Announcement Date	10 May 2021
Bidder's Statement lodged with ASIC	10 May 2021
Date of the Offer	[*] 2021
Offer scheduled to close (unless extended)	7.00pm (Sydney time) on [*] 2021

Note: The closing date for the Offer may change as permitted by the Corporations Act.

Chairman's Letter

10 May 2021

Dear Shareholder

SGH offer to acquire 100% of Boral for total consideration of \$6.50 cash per Share

On behalf of Seven Group Holdings Limited (**SGH**), I am pleased to enclose an Offer from SGH Bidder, a wholly owned subsidiary of SGH, to acquire some or all of your Shares in Boral at a price of \$6.50 per Share.

SGH currently has an interest in 23.18%¹ of Boral's Shares². Given that its interest exceeds 20% and that it has recently utilised its "creep" capacity by acquiring an additional 3% interest, SGH is currently restricted from acquiring additional Boral Shares on market at this time. As a result, SGH Bidder is making a takeover offer to all Shareholders.

In making the Offer, SGH is seeking to increase its interest in Boral and would be satisfied for the Offer to result in it holding a total interest of around 30% of Boral.

SGH believes that the Offer delivers a premium relative to longer-term trading prices in Boral Shares, certain value in the form of cash consideration and an additional source of liquidity for Shareholders, without the need to incur brokerage costs that would otherwise be payable for any on-market sale.

The Offer is not subject to any minimum acceptance condition. The Offer is conditional upon: no material adverse change in relation to Boral or the S&P/ASX 200 index; the receipt of consent of the required majority of existing SGH lenders; no regulatory action and customary no prescribed occurrences in relation to Boral. The full terms and conditions of the Offer are set out in section 7 of this Bidder's Statement.

Offer to Shareholders

The consideration under the Offer of \$6.50 per Share is based on the last closing price of Boral Shares on ASX at the close of trading on the Announcement Date.

The Offer represents a premium of:

- 54 cents to the average purchase price of interests in Shares acquired pursuant to SGH Bidder's recent "creep" transaction on 8 April 2021, being \$5.96 per Share;
- 2.0% to the Boral five day VWAP as at the Announcement Date, being \$6.37 per Share;
- 18.4% premium to the last closing price of Boral Shares on ASX on 31 March 2021 of \$5.49, being the trading day prior to the announcement of Boral's current on-market Share buy-back on 1 April 2021;
- 5.3% to the Boral one month VWAP as at the Announcement Date, being \$6.17 per Share;
- 14.7% to the Boral three month VWAP as at the Announcement Date, being \$5.67 per Share; and
- 22.2% to the Boral six month VWAP as at the Announcement Date, being \$5.32 per Share.

The key attractions of the Offer are summarised below:

¹ On 9 April 2021, it was disclosed to ASX that SGH had an interest in 22.98% of Boral Shares on issue. Since that time, Boral has commenced an on-market Share buy-back. To the extent that the buy-back continues, SGH's interest in Boral will continue to increase slightly as a proportion of the total number of Boral Shares on issue. As at the Announcement Date, SGH's interest in Boral was approximately 23.18%, based on Boral's most recent ASX disclosure dated 10 May 2021.

² Comprised of a 20.15% holding of Shares (held by SGH Bidder) and a further interest in 3.03% of Shares on issue, acquired on 8 April 2021 under a physically settled equity swap, in each case based on Boral's most recent ASX disclosure dated 10 May 2021.

- the consideration under the Offer represents a premium to longer-term trading prices of the Shares;
- as a 100% cash offer, the Offer provides Shareholders with certain and immediate value, with no brokerage fees; and
- SGH considers that the likelihood of a competing proposal eventuating is low, given SGH's current interest in Boral, which it has no intention of selling.

Information on SGH and SGH Bidder

SGH Bidder is an investment holding company that is well capitalised through its parent entity, SGH. SGH is a leading Australian diversified operating and investment group with market leading businesses and investments in industrial services, media and energy.

Please refer to section 1 for more information on SGH and SGH Bidder.

Next Steps

I encourage you to read this Bidder's Statement in full for further details about the Offer.

The Offer is open for your acceptance until 7.00 pm (Sydney time) on [*] 2021, unless extended. If you wish to accept the Offer, please follow the instructions in the Bidder's Statement and the enclosed Acceptance Form.

If you have any questions about the Offer, please call the SGH Offer Information Line on 1300 080 794 (toll-free within Australia) or +61 2 8023 5468 (from outside Australia) or contact your legal, financial or other professional adviser.

Yours faithfully

Kerry Stokes AC

Executive Chairman

Seven Group Holdings Limited

How to Accept the Offer

Acceptances must be received before the end of the Offer Period (subject to the terms of the Offer).

For Issuer Sponsored Holdings of Shares (Securityholder Reference Number beginning with 'I')

To accept the Offer, complete the enclosed Acceptance Form in accordance with the instructions on it and return it in the enclosed envelope or to the address on the Acceptance Form.

For CHESS Holdings of Shares (Holder Identification Number beginning with 'X')

To accept the Offer, either contact your Controlling Participant (usually your broker) and instruct them to accept the Offer on your behalf, or complete the enclosed Acceptance Form in accordance with the instructions on it and return it in the enclosed envelope or to the address on the Acceptance Form.

Summary of the Offer and Other Important Information

The following is a summary only of the Offer and certain other important information and is qualified by the detailed information contained in the rest of this Bidder's Statement. You should read this Bidder's Statement in full before deciding how to deal with your Shares.

The terms of the Offer are contained in section 7.

What is the Offer?	SGH Bidder is offering to acquire all or any of your Shares in Boral, on the terms and Conditions set out in section 7.
Who is making the Offer?	The Offer is being made by SGH Bidder, a wholly owned subsidiary of SGH.
Why is the Offer being made?	<p>As at the date of this Bidder's Statement, SGH has an interest in 23.18% of Boral's Shares. Given that its interest exceeds 20% and that it has recently utilised its "creep" capacity by acquiring an additional 3% interest, SGH is currently restricted from acquiring additional Boral Shares on market at this time. As a result, SGH Bidder is making a takeover offer to all Shareholders.</p> <p>In making the Offer, SGH is seeking to increase its interest in Boral and would be satisfied for the Offer to result in it holding a total interest of around 30% of Boral.</p>
What is the Offer price?	<p>SGH Bidder is offering to acquire all or any of your Shares for \$6.50 cash per Share, on the terms and Conditions set out in section 7.</p> <p>The Offer price is based on the last closing price of Boral Shares on ASX at the close of trading on the Announcement Date.</p>
When does the Offer close?	The Offer is scheduled to close at 7.00pm (Sydney time) on [*] 2021. You should note that the Offer Period can be extended as permitted by the Corporations Act.
What are the conditions of the Offer?	<p>The Offer is subject to the Conditions which are set out in full in section 7.6. In summary, those Conditions include requirements that:</p> <ul style="list-style-type: none">• up to the end of the Offer Period, there is not in effect any order issued by a court or Public Authority and no action or investigation commenced or threatened by a Public Authority, which, in each case, impacts upon the Offer;• there is no material adverse change in relation to Boral or the S&P/ASX 200 index;• consent of the required majority of the lenders under the SGH Corporate Loan Facility is received; and• there are no Prescribed Occurrences. <p>If the Conditions are not satisfied or waived by the end of the Offer Period, then the Offer will lapse and your acceptance will be void. You will continue to hold your Shares and be free to deal with them as if the Offer had not been made.</p>
What interest does SGH and SGH Bidder have in Boral?	As at the date of this Bidder's Statement, each of SGH Bidder and SGH has an interest in 23.18% of Boral's Shares, via:

	<ul style="list-style-type: none"> • SGH Bidder being the registered holder and beneficial owner of 244,934,437 Boral Shares; and • a physically settled equity swap transaction to acquire up to 36,769,613 Boral Shares. <p>On 9 April 2021, it was disclosed to ASX that SGH had an interest in 22.98% of Boral Shares on issue. Since that time, Boral has commenced an on-market Share buy-back. To the extent that the buy-back continues, SGH's interest in Boral will continue to increase slightly as a proportion of the total number of Shares on issue.</p> <p>As at the Announcement Date, SGH's interest in Boral was approximately 23.18%, based on Boral's most recent ASX disclosure dated 10 May 2021.</p>
How do I accept the Offer?	See section 7.3 of this Bidder's Statement, as well as the instructions on the enclosed Acceptance Form.
If I accept the Offer, when will I be paid?	<p>If you accept the Offer in accordance with the instructions contained in the Offer and the Acceptance Form and the Offer becomes unconditional, you will be sent payment by the later of:</p> <ul style="list-style-type: none"> • 15 Business Days after the date that the Offer becomes unconditional; or • 10 Business Days after the date that you accept the Offer, but in any case not later than 21 calendar days after the end of the Offer Period.
What are the tax implications of acceptance?	You should consult your financial, tax or other professional adviser on the tax implications of acceptance. However, section 5 contains a general summary of the major likely Australian tax consequences for Shareholders who accept the Offer.
Do I pay brokerage or stamp duty if I accept?	<p>You will not pay stamp duty on the disposal of your Shares if you accept the Offer.</p> <p>If your Shares are registered in an Issuer Sponsored Holding in your name and you deliver them directly to SGH Bidder, you will not incur any brokerage in connection with your acceptance of the Offer.</p> <p>If your Shares are registered in a CHESS Holding, or if you are a beneficial owner whose Shares are registered in the name of a broker, bank, custodian or other nominee, you should ask your Controlling Participant (usually your broker) or that nominee whether it will charge any transaction fees or service charges in connection with acceptance of the Offer.</p>
What happens if I do not accept?	<p>You will remain a Shareholder and will not receive the consideration offered by SGH Bidder.</p> <p>If SGH Bidder were to acquire an interest in 90% or more of the Boral Shares on issue, it is intended that SGH Bidder would proceed with compulsory acquisition of the outstanding Shares in accordance with the Corporations Act. If your Shares are acquired compulsorily by SGH Bidder, it will be on the same terms as the Offer.</p>

Can I accept for part of my Shares?	<p>You may accept this Offer for all or some of your Shares. If you accept this Offer for some of your Shares, you may still accept the Offer for all or part of the balance of your Shares at any time during the Offer Period, as if an offer in the form of this Offer had been made to you in respect of the balance of your Shares.</p>
What if I require further information?	<p>If you have any questions in relation to the Offer or how to accept it, or if you have lost your Acceptance Form and require a replacement, please call the SGH Offer Information Line on 1300 080 794 (toll-free within Australia) or +61 2 8023 5468 (from outside Australia).</p> <p>Please note that, as required by the Corporations Act, all calls to these numbers will be recorded.</p>
What arrangements will be put in place in respect of Ryan Stokes' Boral directorship and the Offer?	<p>We note that Mr Ryan Stokes, the Managing Director & Chief Executive Officer of SGH, is a director of Boral. Under the information sharing and conflict of interest protocol in place between SGH and Boral, Mr Stokes has advised Boral of his conflict of interest in respect of the Offer, and offered to recuse himself from all Boral board and committee meetings, other than those that all directors are required by law to attend to determine a particular matter, for the duration of the Offer.</p>
What is the status of Boral's current Share buy-back?	<p>We note that Boral is currently undertaking an on-market buy-back of up to 10% of its Shares, as announced by Boral to the ASX on 1 April 2021.</p> <p>According to ASX filings, as at the date of this Bidder's Statement, Boral has been buying back Shares regularly since 19 April 2021, with the most recent buy-back disclosed to ASX on 10 May 2021.</p> <p>As set out above, the Offer is subject to customary conditions relating to prescribed occurrences before the end of the Offer Period, including in relation to the occurrence of any buy-back of the Shares. However, this Condition does not apply to the current on-market buy-back.</p>

Why You Should Accept the Offer

SGH Bidder is offering to acquire up to 100% of Boral Shares for \$6.50 cash per Share.

SGH considers that, whilst the Offer price does not include a premium for control of Boral relative to the closing price of Boral Shares on ASX on the Announcement Date, the Offer nevertheless provides benefits to Shareholders. Reasons for accepting the Offer are set out below:

1. The consideration under the Offer represents a premium to longer-term trading prices in Boral Shares

SGH considers that the consideration under the Offer of \$6.50 per Share represents a premium in the context of the longer-term trading price performance of the Shares.

The Offer represents a premium of:

- 54 cents to the average purchase price of interests in Shares acquired pursuant to SGH Bidder's recent "creep" transaction on 8 April 2021, being \$5.96 per Share;
- 2.0% to the Boral five day VWAP as at the Announcement Date, being \$6.37 per Share;
- 18.4% premium to the last closing price of Boral Shares on ASX on 31 March 2021 of \$5.49, being the trading day prior to the announcement of Boral's current on-market Share buy-back on 1 April 2021;
- 5.3% to the Boral one month VWAP as at the Announcement Date, being \$6.17 per Share;
- 14.7% to the Boral three month VWAP as at the Announcement Date, being \$5.67 per Share; and
- 22.2% to the Boral six month VWAP as at the Announcement Date, being \$5.32 per Share.

2. The Offer provides cash certainty

The consideration offered to Shareholders is 100% cash. The Offer provides an opportunity for Shareholders to realise their investment for certain value.

If you accept the Offer in accordance with the instructions contained in the Offer and the Offer becomes unconditional, you will be sent payment by the later of:

- 15 Business Days after the date that the Offer becomes unconditional; or
- 10 Business Days after the date that you accept the Offer,

but in any case not later than 21 calendar days after the end of the Offer Period.

3. Limited conditionality

The Offer is not subject to any minimum acceptance condition. The Offer is conditional upon: no material adverse change in relation to Boral or the S&P/ASX 200 index; the receipt of consent of the required majority of existing SGH lenders; no regulatory action and customary no prescribed occurrences in relation to Boral.

SGH is not currently aware of any matter, and does not expect any matter to arise, that would result in a condition of the Offer not being satisfied.

4. Likelihood of a competing proposal is low

SGH currently has an interest in approximately 23.18% of Boral Shares and has no intention of selling its existing interest. As a consequence, SGH believes that the likelihood of a competing proposal emerging for Boral is low.

5. No stamp duty or brokerage fees in accepting the Offer

You will not be obliged to pay stamp duty if you accept the Offer.

If your Shares are registered in an Issuer Sponsored Holding in your name and you deliver them directly to SGH Bidder, you will not incur any brokerage in connection with your acceptance of the Offer.

If your Shares are registered in a CHESS Holding, or if you are a beneficial owner whose Shares are registered in the name of a broker, bank, custodian or other nominee, you should ask your Controlling Participant (usually your broker) or that nominee whether it will charge any transaction fees or service charges in connection with acceptance of the Offer.

1 Profile of SGH Bidder and SGH

1.1 Overview of SGH

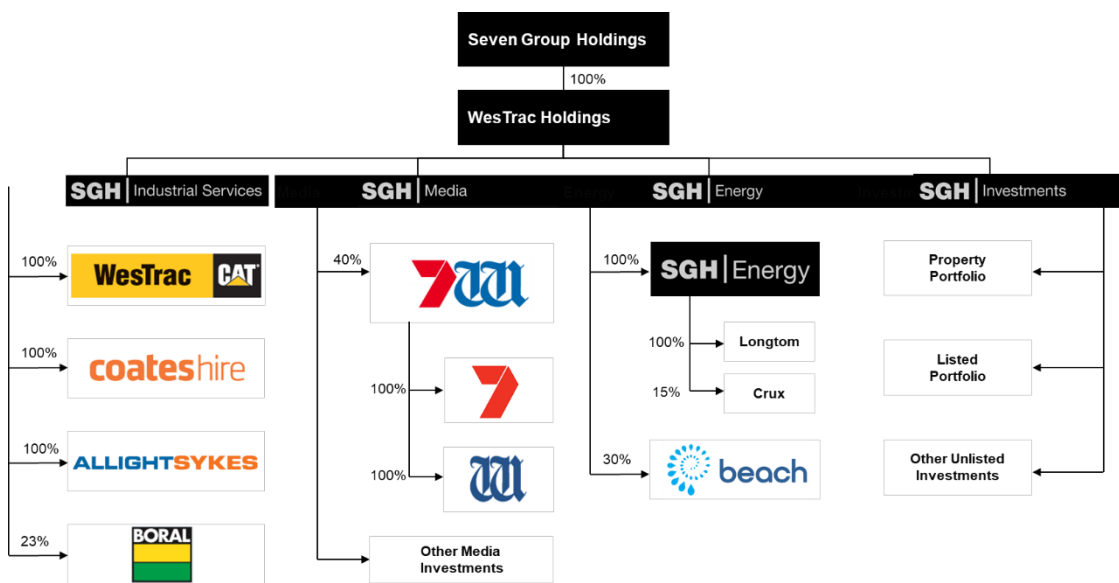
(a) Principal activities of SGH






SGH is a leading Australian diversified operating and investment group with market leading businesses and investments in industrial services, media and energy.

In industrial services, WesTrac Group is the sole authorised Caterpillar dealer in Western Australia, New South Wales and the Australian Capital Territory. WesTrac is one of Caterpillar's top dealers globally (by sales value). SGH owns Coates Hire, Australia's largest nationwide industrial and general equipment hire business. SGH also currently has an interest in 23.18% of the Shares of Boral, an international building products and construction materials group and the subject of the Offer.

In energy, SGH has a 30.0% shareholding in Beach Energy and has interests in oil and gas projects in Australia and the United States.

In media, SGH has a 40.2% shareholding in Seven West Media, one of Australia's largest multiple platform media companies, including the Seven Television Network and The West Australian Newspaper.



Industrials	Industrials	Industrials	Energy	Media
 <p>WesTrac (100% owned) is one of the largest CAT dealers globally (by sales) and supports customers in Australia's rich iron ore and thermal coal regions</p> <p>28 branches CY20 \$3.6 bn revenue</p> <p>Focus on parts supply, component rebuilds, parts exchange and autonomous mining</p> <p>Key customers: BHP, CIMIC, FMG, Glencore, Macmahon, Mineral Resources, Rio Tinto, Roy Hill</p>	 <p>Coates Hire (100% owned) is the largest nationwide industrial and general equipment hire company with complementary Specialist Services including engineering solutions for propping, shoring and dewatering.</p> <p>157 branches CY20 \$939m revenue</p> <p>Focus on large tier one customers, mid-tier and trade, engineering solutions</p> <p>Key customers: BMD, CIMIC, Downer, John Holland, Lendlease</p>	 <p>Boral (23% owned) is an international building products and construction materials group with two divisions: the leading integrated construction materials business of Boral Australia and Boral North America</p> <p>Over 783 sites CY20 \$5.4 bn revenue</p> <p>Focus on construction materials and building products for the infrastructure, commercial and residential construction markets.</p> <p>Key customers: BMD, CIMIC, John Holland, Lendlease, Seymour Whyte (VINCI Group)</p>	 <p>Beach Energy (30% owned) is a leading mid-cap E&P business and a key supplier to a growing East Coast gas market</p> <p>SGH Energy (100% owned) holds operated and non-operated oil and gas interests including 15% of the Crux LNG Project</p> <p>Key customers: Alinta, AGL, Adelaide Brighton, Origin Energy</p>	 <p>Seven West Media (40% owned) is a leading diversified media company in Australia</p> <p>Monthly Australia-wide audience reach of:</p> <ul style="list-style-type: none"> - 17.2m in Seven Network - 7.8m in 7Digital - 3.3m in WAN + digital <p>Other media investments include interests in China P/E funds</p>

(b) Key financial information

For the year ended 30 June 2020, SGH reported underlying earnings before tax of \$739.9 million, up 2% on the prior comparable period, and statutory Net Profit After Tax of \$231.6 million, down 25% on the prior comparable period.

For the half year ended 31 December 2020, SGH reported underlying earnings before tax of \$396.1 million, down 5% on the prior comparable period, and statutory Net Profit After Tax of \$362.1 million, up 855% on the prior comparable period.

SGH is listed on ASX with a market capitalisation of approximately \$7.6 billion as at the close of trading on 10 May 2021. SGH's largest shareholders are related parties of Australian Capital Equity Pty Ltd (**ACE**), which own 57.3% of SGH as at 10 May 2021. ACE is a private investment company chaired by Mr. Kerry Stokes AC, one of Australia's most prominent businessmen and the Executive Chairman of SGH.

(c) Directors and senior management of SGH

As at the date of this Bidder's Statement, the directors of SGH are:

- (i) Mr Kerry Stokes, Executive Chairman;
- (ii) Mr Ryan Stokes, Managing Director and Chief Executive Officer;
- (iii) Ms Sally Chaplain, Independent Non-Executive Director;
- (iv) Mr Terry Davis, Independent Non-Executive Director;
- (v) Ms Katherine Farrar, Independent Non-Executive Director;
- (vi) Mr Christopher Mackay, Independent Non-Executive Director;
- (vii) Mr David McEvoy, Independent Non-Executive Director;
- (viii) Mr Warwick Smith, Non-Executive Director; and
- (ix) Mr Richard Uechtritz, Independent Non-Executive Director.

As at the date of this Bidder's Statement, the key management personnel of SGH Group are:

- (i) Mr Ryan Stokes, Managing Director and Chief Executive Officer;

- (ii) Mr Richard Richards, Chief Financial Officer;
- (iii) Ms Gitanjali Bhalla, Chief People Officer;
- (iv) Mr James Goth, Chief Operating Officer;
- (v) Mr Jarvas Croome, Chief Executive Officer – WesTrac;
- (vi) Mr Murray Vitlich, Chief Executive Officer – Coates Hire; and
- (vii) Mr Warren Coatsworth, Company Secretary and Legal Counsel.

Further information about SGH is available on its website, www.sevengroup.com.au.

1.2 Overview of SGH Bidder

SGH Bidder is a wholly owned subsidiary of SGH.

SGH Bidder was incorporated in Australia on 7 May 1997. The principal activities of SGH Bidder are those of a diversified investment entity, with equity interests in the industrial services, media and energy sectors. The directors of SGH Bidder are Ryan Stokes (Managing Director and Chief Executive Officer at SGH) and Richard Richards (Chief Financial Officer at SGH).

2 Profile of Boral Group

2.1 Disclaimer

The information in this section 2 (other than section 2.7) concerning the Boral Group has been prepared based on a review of publicly available information (which has not been independently verified). SGH Bidder does not make any representation or warranty, express or implied, as to the accuracy or completeness of such information.

The information on the Boral Group in this Bidder's Statement should not be considered comprehensive.

Further information relating to the Boral Group's businesses or Boral's securities may be included in Boral's target's statement in relation to the Offer, which will be sent to you directly by Boral.

2.2 Overview of Boral and its principal activities

Boral is an Australian public company listed on ASX. It was incorporated in 1946 and its head office is in North Sydney, NSW.

Boral is an international building products and construction materials group with two divisions: Boral Australia and Boral North America. Employing more than 17,000 employees and contractors, Boral's operations span 650 operating and distribution sites globally.

Boral Australia	Boral North America
Boral Australia is the largest construction materials and building products supplier in Australia with operations in all states and territories. In Australia, Boral supplies concrete, quarry products, asphalt, cement, roof tiles, timber and masonry to build infrastructure, residential construction and commercial buildings.	Boral North America comprises the Construction Materials and Building Products businesses of Boral USA and Headwaters Inc., following Boral's acquisition of Headwaters Inc. in May 2017. Boral has industry-leading positions in the US in fly ash processing and distribution, as well as a concrete block and construction materials business. In building products, Boral manufactures and supplies stone veneer, roof tiles, windows and light building products, including trim and shutters, for residential and commercial markets.

Boral reported a net profit after tax of \$177 million excluding significant items for the year ended 30 June 2020, compared to \$419 million in the prior period. Significant items, including a net non-cash impairment, totalled \$1,316 million, resulting in a statutory net loss after tax of \$1,139 million.

Boral has a market capitalisation of \$7.9 billion, as at the close of trade on 10 May 2021.

Further information about Boral is available on its website, www.boral.com.

2.3 Publicly available information

Boral has been listed on ASX since 2000 and is obliged to comply with the continuous disclosure requirements of ASX. A substantial amount of information concerning Boral has previously been notified to ASX.

Key ASX announcements made in relation to Boral between 27 October 2020 (being the date of the latest Annual General Meeting of Boral) and the date of this Bidder's Statement are listed below:

- (a) On 27 October 2020, Boral announced that it had agreed to sell its 50% share in USG Boral to Knauf for US\$1.015 billion, subject to typical conditions precedent including in relation to regulatory matters and provided a 1Q Trading and Portfolio review update at the Annual General Meeting.
- (b) On 18 December 2020, Boral announced it had agreed together with its joint venture partner to sell US Meridian Brick Joint Venture to Wienerberger for US\$250 million, subject to customary adjustments. The initial consideration equates to US\$125 million for Boral's 50% share, subject to customary adjustments.
- (c) On 9 February 2021, Boral announced its financial results for the half year ended 31 December 2020, reporting a net profit after tax of \$161 million and announced that it has set a \$300 million EBIT transformation target (net of inflation) to achieve return on funds employed above the cost of capital throughout the cycle.
- (d) On 22 February 2021, Boral announced that Moody Investors Services has affirmed the credit rating of 'Baa2' for Boral and has revised Boral's rating outlook from negative to stable.
- (e) On 1 April 2021, Boral announced the completion of the sale of its 50% interest in the USG Boral joint venture to Knauf for US\$1.015 billion, and that it expected a profit on the sale after tax of \$450 million. Boral also announced its intention to undertake an on-market buy-back of up to 10% of its Shares on issue, being approximately 122 million Shares, over 12 months, fully funded from the proceeds of the sale of its interest in USG Boral.
- (f) On 8 April 2021, Boral announced that S&P Global Ratings has affirmed the credit rating of 'BBB' for Boral and has revised Boral's rating outlook from negative to stable.
- (g) On 15 April 2021, Boral announced as part of the review of its North American Fly Ash business that it intends to explore value creation opportunities through a potential joint venture, strategic alliance or divestment to a third-party of continued ownership. Boral has appointed advisors to support the assessment.

A copy of each of these announcements can be obtained from ASX or from Boral's website, www.boral.com.

2.4 Boral directors

The following persons are directors of Boral as at the date of this Bidder's Statement:

- (a) Ms Kathryn Fagg, Non-Executive Chairman;
- (b) Mr Zlatko Todorovski, Chief Executive Officer and Managing Director;
- (c) Mr Peter Alexander, Independent Non-Executive Director;
- (d) Ms Deborah O'Toole, Independent Non-Executive Director;
- (e) Ms Karen Moses, Independent Non-Executive Director;
- (f) Mr Paul Rayner, Independent Non-Executive Director
- (g) Mr Rob Sindel, Independent Non-Executive Director; and
- (h) Mr Ryan Stokes (SGH Nominee), Non-Executive Director.

Under the information sharing and conflict of interest protocol in place between SGH and Boral, Mr Ryan Stokes has advised Boral of his conflict of interest in respect of the Offer, and offered to recuse himself from all Boral board and committee meetings, other than those that all directors are required by law to attend to determine a particular matter, for the duration of the Offer.

2.5 Boral securities on issue

According to documents lodged by Boral with ASX, as at the close of trading on the Last Practicable Date, Boral had 1,215,489,557 Shares on issue³ and 10,974,481 Boral Performance Rights on issue⁴.

2.6 Boral Performance Rights

Boral currently has in place an employee long-term incentive plan for senior executives of the company (***Boral Equity Incentive Plan***). Under the terms of the Boral Equity Incentive Plan, Boral may invite senior executives to participate in the plan and receive Boral Performance Rights.

As mentioned above, according to documents provided by Boral to ASX, as at the Last Practicable Date, Boral had 10,974,481 Boral Performance Rights on issue, as granted under the Boral Equity Incentive Plan.

Each Boral Performance Right issued under the Boral Equity Incentive Plan confers on its holder the right to acquire a fully paid Share or receive the cash equivalent value.

The Offer does not extend to Boral Performance Rights or Shares that are issued during the period from the Register Date to the end of the Offer Period in accordance with the terms of, or otherwise in connection with the vesting of, Boral Performance Rights.

2.7 Interests in Boral securities

(a) SGH Bidder's Relevant Interest in Boral securities and Voting Power in Boral

As at the date of this Bidder's Statement, each of SGH Bidder and SGH holds a Relevant Interest of up to 23.18%⁵ of Boral's Shares (being 281,704,050 Shares), via:

- (i) SGH Bidder being the registered holder and beneficial owner of 244,934,437 Boral Shares; and
- (ii) a physically settled equity swap transaction to acquire up to 36,769,613 Boral Shares.

Therefore, each of SGH's and SGH Bidder's Voting Power in Boral as at the date of this Bidder's Statement is up to 23.18%.

(b) Acquisitions of Shares by SGH Bidder or associates

Except as referred to below, neither SGH Bidder nor any of its associates has provided (or agreed to provide) consideration for a Share under a purchase or agreement to purchase during the four months before the date of this Bidder's Statement or in the period between the date of this Bidder's Statement and the date of the Offer:

- (i) On 8 April 2021, a related entity of SGH Bidder obtained a right to acquire up to 36,769,613 Shares under a physically settled equity swap transaction with Macquarie Bank Ltd, with a price per Share of \$5.9556 and a total amount of up to \$219,022,000.

³ Being the Appendix 3E (Daily share buy-back notice) released by Boral on the ASX Market Announcements Platform on 10 May 2021.

⁴ Being the Appendix 3G (Notification of issue, conversion or payment up of equity securities) released by Boral on the ASX Market Announcements Platform on 19 March 2021.

⁵ On 9 April 2021, it was disclosed to ASX that SGH had an interest in 22.98% of Boral Shares on issue. Since that time, Boral has commenced an on-market buy-back. To the extent that the buy-back continues, SGH's interest in Boral will continue to increase slightly as a proportion of the total number of Boral Shares on issue. As at the Announcement Date, SGH's interest in Boral was approximately 23.18%, based on Boral's most recent ASX disclosure dated 10 May 2021.

2.8 Recent and historical trading of Shares

The last recorded sale price of Shares on the ASX on 10 May 2021 was \$6.50.

In the 12 months preceding 10 May 2021, approximately 2.2 billion Shares representing approximately 180.5% of the Shares currently on issue were traded on the ASX at a VWAP of \$4.14, with a price range of \$2.43 to \$6.51.

3 SGH's Intentions

3.1 Introduction

This section 3 sets out the rationale for the Offer and SGH's intentions in relation to:

- (a) the continuation of the business of Boral;
- (b) any major changes to the business of Boral and any redeployment of the fixed assets of Boral; and
- (c) the future employment of the present employees of Boral.

Where applicable, final decisions regarding these matters will only be made by SGH in light of material information and circumstances at the relevant time. Accordingly, the statements set out in this section 3 are statements of current intention only, which may change as new information becomes available to SGH or as circumstances change.

SGH Bidder's intentions concerning the businesses, assets and employees of, and securities in, Boral are the same as the intentions of SGH set out in this section 3.

3.2 Rationale for the Offer

As at the date of this Bidder's Statement, as noted above, SGH has an interest in 23.18% of Boral's Shares.

Given that its interest exceeds 20% and that it has recently utilised its "creep" capacity by acquiring an additional 3% interest, SGH is currently restricted from acquiring additional Boral Shares on market at this time. As a result, SGH Bidder is making a takeover offer to all Shareholders.

In making the Offer, SGH is seeking to increase its interest in Boral and would be satisfied for the Offer to result in it holding a total interest of around 30% of Boral.

3.3 Intentions if SGH does not acquire at least 90% of Boral

This section 3.3 sets out the current intentions of SGH if the Offer closes and SGH has not acquired a Relevant Interest in at least 90% of the Boral Shares.

(a) **General strategic, operational and capital management matters**

SGH notes that Boral has recently completed a comprehensive portfolio review, which included a critical assessment of all of Boral's businesses and assets, an analysis of market outlook and a review of the company's future operating model.

SGH is supportive of the outcomes and proposed strategy following that review, which was announced to ASX on 27 October 2020 and included:

- (i) an intention to explore value creation opportunities for its North American building products businesses; and
- (ii) the sale of Boral's 50% share in USG Boral to Knauf for US\$1.015 billion.

In addition, SGH is supportive of the various strategic, operational and capital management initiatives that have been announced by Boral since 27 October 2020, including:

- (iii) the sale of Boral's US Meridian Brick Joint Venture to Wienerberger for US\$250 million (US\$125 million for Boral's 50% share), as announced to ASX on 18 December 2020;

- (iv) Boral's stated aim to achieve a \$300 million 'EBIT Transformation' target (net of inflation) to achieve return on funds employed above the cost of capital throughout the cycle, as announced to ASX on 9 February 2021;
- (v) Boral's intention to reduce its net debt position to approximately \$1.5 billion and undertake an on-market buy-back of up to 10% of its Shares on issue, being approximately 122 million Shares, over 12 months, fully funded from the proceeds of the sale of its interest in USG Boral, as announced to ASX on 1 April 2020 and commencing on 19 April 2021; and
- (vi) Boral's intention to explore value creation opportunities for its North American Fly Ash business, as announced to ASX on 15 April 2020.

SGH therefore intends that, following Completion of the Offer, it will continue to support the current publicly disclosed strategy of the Boral board.

Accordingly, neither SGH nor SGH Bidder have formed any current intentions that are inconsistent with the strategy proposed by the Boral board, and do not, following completion of the Offer, intend to conduct, or procure the commission of, any new strategic or operational review with respect to Boral.

(b) Employees

Other than to the extent noted in paragraph (a) above, SGH has not formed any intention with respect to the future employment of the present employees of Boral.

(c) Board representation

Subject to the size of the interest in Boral Shares held by SGH following completion of the Offer, SGH would review its representation on the Boral board and may seek additional representation that is reasonably proportionate to its interest in Boral Shares.

3.4 Intentions upon acquisition of 90% or more of the Shares

If SGH Bidder were to acquire a Relevant Interest in 90% or more of the Shares on issue, it is intended that SGH Bidder would, in addition to those intentions described in section 3.3:

- (a) proceed with compulsory acquisition of the outstanding Shares in accordance with the provisions of Chapter 6A of the Corporations Act; and
- (b) if a compulsory acquisition process is completed, procure the removal of Boral from the official list of ASX.

3.5 Limitations on intentions

The intentions and statements of future conduct set out in this section 3 must be read as being subject to:

- (a) the law (including the Corporations Act) and the ASX Listing Rules, including in particular the requirements of the Corporations Act and the ASX Listing Rules in relation to conflicts of interest and 'related party' transactions given that, if SGH Bidder obtains control of Boral but does not acquire all of the Shares, it and SGH will be treated as related parties of Boral for these purposes; and
- (b) the legal obligation of the directors of Boral at the time, including any nominees of SGH Bidder or SGH, to act in good faith in the best interests of Boral and for proper purposes and to have regard to the interests of all Shareholders.

4 Sources of Consideration

4.1 Consideration under the Offer

The consideration for the acquisition of the Shares to which the Offer relates will be satisfied by the payment of cash (in Australian dollars).

As at the close of trading on the Last Practicable Date, according to documents provided by Boral to the ASX, Boral had 1,215,489,557 Shares on issue.

In the event that acceptances are received for all Shares on issue as at the date of this Bidder's Statement (other than those Shares which SGH Bidder already owns, being 244,934,437 Shares), the aggregate amount of cash consideration that SGH Bidder would be required to pay would be \$6,288,627,796 (the **Offer Amount**) plus all associated transaction costs⁶.

4.2 Overview of SGH Bidder's funding arrangements

SGH Bidder and SGH have entered into a takeover funding deed (**Funding Deed**) under which SGH has undertaken to provide, or procure the provision (supported by it) of, such amounts to SGH Bidder which in aggregate are equal to the Offer Amount and all costs associated with the Offer.

Under the terms of the Funding Deed, SGH has provided an undertaking in favour of SGH Bidder:

- (a) to use its reasonable endeavours to satisfy the relevant conditions to a drawdown of funds under the SGH Corporate Loan Facility and the Transaction Facility as necessary to meet its obligations under the Funding Deed; and
- (b) not to do, or omit to do, anything which will, or is likely to, result in the prevention of a drawdown of funds under the SGH Corporate Loan Facility or the Transaction Facility.

SGH Bidder's right to receive payments under the Funding Deed is not subject to any conditions precedent and no demand for repayment of funds provided to SGH Bidder may be made during the period in which SGH Bidder has an outstanding obligation to make payment under the Offer.

Funds may be provided to SGH Bidder through any combination of cash contribution, equity subscription, loan arrangement or other debt financial arrangements as SGH and SGH Bidder see fit.

4.3 Overview of SGH's funding arrangements

SGH will source the necessary funds to be made available to SGH Bidder to pay the Offer Amount (and costs associated with the Offer) from a combination of:

- (a) SGH Group's existing cash reserves (SGH has allocated cash funding of \$251 million out of its existing cash reserves for the purpose of partially funding the consideration under the Offer);
- (b) committed and undrawn facilities under the SGH Corporate Loan Facility; and
- (c) a new unsecured syndicated term loan bridge facility for up to \$5.5 billion (**Transaction Facility**), to be provided to a Related Entity of SGH (**SGH Borrower**) by Australia and New Zealand Banking Group Limited, Barclays Bank PLC and Westpac Banking Corporation (**Transaction Facility Lenders**).

⁶ The Offer Amount has been calculated with reference to the interests in Shares held by SGH under a physically settled equity swap arrangement disclosed to ASX.

The total amount available to SGH under the Transaction Facility and the SGH Corporate Loan Facility, subject to the terms of the Transaction Facility and the SGH Corporate Loan, together with SGH Group's existing cash reserves, exceeds the Offer Amount and all associated transaction costs.

4.4 SGH Corporate Loan Facility

Funds are available for drawdown under the SGH Corporate Loan Facility for, among other matters, general corporate purposes.

As at the date of this Bidder's Statement, an aggregate of at least \$538 million is available for drawdown under the SGH Corporate Loan Facility which is intended to be utilised to partially fund the Offer Amount. None of those funds have been determined for use for any purpose other than in relation to the Offer.

The ability to drawdown under the SGH Corporate Loan Facility is subject to certain conditions precedent (which SGH considers to be standard for facilities of this nature and capable of being satisfied), including, without limitation:

- (a) delivery of a compliant funding notice; and
- (b) no default by the SGH Corporate Loan Facility Borrower subsisting at the time of drawdown.

4.5 Transaction Facility

For the purposes of the Transaction Facility, SGH Borrower has entered into a binding debt commitment letter on 10 May 2021 (**Debt Commitment Letter**) with the Transaction Facility Lenders. Under the Debt Commitment Letter, the Transaction Facility Lenders have agreed to provide the Transaction Facility to partially fund the Offer (which may be syndicated to other lenders as agreed between SGH Borrower and the Transaction Facility Lenders).

Provided that the pre-conditions described below are satisfied, funds under the Transaction Facility will be made available to SGH Borrower by the Transaction Facility Lenders for drawdown from the date of the Transaction Facility for a period of 12 months (which period may be extended by the SGH Borrower for a further period of up to three months).

The Debt Commitment Letter sets out the agreed pre-conditions that will be included in the Transaction Facility that must be satisfied for drawdowns to occur under the facility. They are as follows:

- (a) confirmation that the requisite majority of lenders under the SGH Corporate Loan Facility have consented to amendments in the SGH Corporate Loan Facility necessary to ensure that the SGH Corporate Loan Facility will not be breached as a result of drawdown of sufficient funds under the Transaction Facility to provide, together with funding otherwise available to SGH Bidder, the consideration offered under the Offer;
- (b) confirmation that the Offer has become unconditional and that the component of the Offer Amount to be funded by the SGH Corporate Loan Facility (referred to in section 4.4 above) and the existing cash reserves (referred to in section 4.3(a) above) have been applied towards the Offer Amount;
- (c) no change in any applicable law or regulation between the date of the Debt Commitment Letter and the date that the agreement for the Transaction Facility is signed which renders it unlawful for the Transaction Facility to be provided; and
- (d) completion of certain procedural matters.

As of the date of this Bidder's Statement, SGH is not aware of:

- (a) any circumstance which would prevent the satisfaction of the conditions precedent to drawing the Transaction Facility, and is confident that they will be satisfied in time to allow, if necessary, payment in full of the remainder of the debt funded component of the Offer Amount after drawdown under the SGH Corporate Loan Facility as and when due under the terms of the Offer; or
- (b) any circumstance which would make it unlawful for the Transaction Facility Lenders to provide the Transaction Facility.

At the time funds are required by SGH Bidder, SGH may elect to source all or a portion of those funds from its own cash reserves or the cash reserves of other SGH Group members, in lieu of drawing under the SGH Corporate Loan Facility or the Transaction Facility. These cash reserves may themselves include funds sourced from other loan facilities available to the SGH Group.

4.6 Provision of consideration

On the basis of the arrangements described in this section 4, SGH Bidder and SGH believe that they have reasonable grounds for holding the view, and hold the view, that SGH Bidder will be able to provide the consideration offered under the Offer, as well as meet the associated transaction costs.

5 Australian Tax Considerations

5.1 Introduction

The following is a general description of the Australian income tax, GST and stamp duty consequences for Shareholders on disposal of their Shares (through acceptance of the Offer) in return for cash consideration. The Australian taxation consequences for Shareholders will depend on their individual circumstances. Shareholders should make their own enquiries and seek independent professional advice on their circumstances.

This summary is based upon the provisions of the *Income Tax Assessment Act 1936* (Cth), the *Income Tax Assessment Act 1997* (Cth) (**ITAA 1997**) and the *Taxation Administration Act 1953* (Cth) (**TAA**), and other applicable tax laws and practice in effect as at the date of this Bidder's Statement. It is not intended to be an authoritative or complete statement or analysis of the tax laws applicable to the particular circumstances of every Shareholder. Shareholders should seek independent professional advice regarding the taxation consequences of disposing of Shares in the light of their own particular circumstances.

This summary is not applicable to all Shareholders. It is relevant to Shareholders who are individuals, companies (other than life insurance companies), trusts and complying superannuation funds that hold their Shares on capital account for Australian tax purposes. This summary does not apply to Shareholders who:

- (a) hold their Shares on revenue account (such as share trading entities or entities who acquired their Shares for the purposes of resale at a profit) or as trading stock;
- (b) hold their Shares under an employee share scheme offered by Boral or otherwise hold Boral Performance Rights where those Shares or Boral Performance Rights remain subject to deferred taxation under Division 83A of the ITAA 1997;
- (c) may be subject to special tax rules, such as partnerships, tax exempt organisations, entities subject to the investment manager regime under subdivision 842-I of the ITAA 1997 in relation to their Shares, insurance companies, dealers in securities or shareholders who change their tax residency while holding their Shares;
- (d) have a functional currency for Australian tax purposes other than an Australian functional currency; or
- (e) are subject to the taxation of financial arrangements rules in Division 230 of the ITAA 1997 in relation to gains and losses on their Shares.

Shareholders who are not resident in Australia for tax purposes should also take into account the tax consequences under the laws of their country of residence, as well as under Australian law, of the disposal of Shares under the Offer.

5.2 Australian resident Shareholders

Acceptance of the Offer will, if the Offer becomes unconditional, involve the disposal by Shareholders of their Shares, by way of transfer to SGH Bidder.

In relation to Shares held on capital account and acquired, or deemed to have been acquired, by the relevant Shareholders before 20 September 1985, such disposal should not give rise to any capital gains tax (**CGT**) implications.

The disposal of Shares acquired, or deemed to have been acquired, on or after 20 September 1985 and which are held on capital account will trigger CGT A1.

Australian resident Shareholders may make a capital gain or capital loss on the disposal of their Shares under the Offer. Broadly, a Shareholder will make a 'capital gain' if the capital proceeds

from the disposal of their Shares exceed the cost base of their Shares, while a Shareholder will make a 'capital loss' if the capital proceeds from the disposal of their Shares are less than the reduced cost base of their Shares.

Capital gains and capital losses of a taxpayer in a year of income are aggregated to determine whether there is a net capital gain. If so, that net capital gain is included in assessable income and is subject to income tax. However, a 'CGT Discount' may be available to reduce the taxable gain for certain Shareholders (see further below).

Capital losses may not be deducted against other income for income tax purposes, but may be offset against capital gains realised in the same income year or be carried forward to be offset against future capital gains. Specific capital loss recoupment rules apply to companies to restrict their ability to utilise capital losses in future years in some circumstances. Shareholders should obtain their own tax advice in relation to the operation of these rules.

(a) Capital proceeds

The capital proceeds from CGT event A1 includes the money received, or entitled to be received, in respect of the event happening. Accordingly, the capital proceeds arising from the disposal of the Shares by the Shareholders should include the Offer price (being \$6.50 per Share) that each Shareholder will receive by accepting the Offer (assuming it becomes unconditional).

(b) Cost base and reduced cost base

The cost base of Shares is generally their cost of acquisition or deemed cost of acquisition. Certain other amounts associated with acquisition and disposal, such as brokerage fees or stamp duty, may be added to the cost base. Any capital loss will be calculated on the basis of the difference between the capital proceeds and the reduced cost base of the Share.

However, if a Share was acquired (or deemed to be acquired) *at or before* 11.45 am on 21 September 1999, the cost base may be indexed for inflation, by reference to changes in the Consumer Price Index from the calendar quarter in which the Share was acquired (or deemed to be acquired) until the calendar quarter ended 30 September 1999.

Shareholders who are individuals, complying superannuation entities or trustees of a trust must make an election if they wish to rely on indexation. Companies will be entitled to include the indexation without making an election. Indexation adjustments are taken into account only for the purposes of calculating a capital gain, and not a capital loss.

Whether it is better for any given Shareholder to make the indexation election or not will depend upon the particular Shareholder's individual circumstances, including the cost base of the Shares and whether the Shareholder has any available losses. Shareholders should consult their own tax advisers in this regard.

On the other hand, if a Share was acquired (or deemed to be acquired) *after* 11.45 am on 21 September 1999, the capital gain or loss is generally calculated on the difference between the capital proceeds and the cost base for the Share, with no indexation.

(c) CGT Discount

A Shareholder who is an individual, complying superannuation entity or trustee of a trust, and who does not or cannot elect to adjust their cost base for indexation (as described above), may choose to claim a 'CGT Discount' if they acquired (or are deemed to have acquired) their Shares 12 months or more before the time they accept the Offer. This means that:

- (i) in the case of an individual (and, generally speaking, a trustee of a trust), only one-half of their net capital gain on those Shares (after deducting available capital losses) will be taxable; and
- (ii) in the case of a complying superannuation entity, only two-thirds of their net capital gain on those Shares (after deducting available capital losses) will be taxable.

However, the methodology for trustees is complex, and such Shareholders should obtain specific advice in this regard, including in relation to the tax consequences of distributions attributable to discounted capital gains.

Shareholders should note that any available capital losses will be deducted from the gross capital gain **before** the CGT Discount is applied.

The 'CGT Discount' is not available to companies, nor does it apply to Shares owned (or deemed to be owned) for less than the relevant 12 month period.

5.3 Non-Australian resident Shareholders

A Shareholder who is not a resident of Australia for taxation purposes (a **Foreign Resident Shareholder**), or who is the trustee of a foreign trust for CGT purposes, and who has not used their Shares at any time in carrying on a business through a permanent establishment in Australia, should generally not make a taxable capital gain on the disposal of Shares under the Offer unless the Shares are 'indirect Australian real property interests'. In broad terms, the Shares will be indirect Australian real property interests if:

- (a) the Shareholder, together with its associates, held an interest of 10% or more in Boral at the time of disposal or for a 12 month period within the 24 months preceding the disposal (a 'non-portfolio interest test'); and
- (b) more than 50% of the market value of Boral's assets is attributable to direct or indirect interests in 'taxable Australian real property' (as defined in the tax law) (the 'principal asset test').

A Foreign Resident Shareholder who has previously been an Australian tax resident and chose to disregard a capital gain or loss in respect of their Shares from CGT event I1 on ceasing to be an Australian tax resident may be subject to Australian CGT consequences on disposal of their Shares.

Foreign Resident Shareholders should seek their own independent tax advice as to the tax implications of the Offer, including tax implications in their country of residence.

5.4 Foreign resident capital gains withholding

Broadly, under the 'foreign resident capital gains withholding' regime, a purchaser of shares may have an obligation to withhold and pay to the ATO an amount equal to 12.5% of the purchase price for each share under section 14-200 of Schedule 1 of the TAA.

SGH Bidder may be required to withhold under the foreign resident capital gains withholding regime if the Shares qualify as 'indirect real property interests' (see section 5.3 above) and SGH Bidder:

- knows or reasonably believes that the Shareholder is a Foreign Resident Shareholder; or
- does not reasonably believe that the Shareholder is an Australian resident, and either:
 - the relevant Shareholder has an address outside Australia; or
 - SGH Bidder is authorised to provide a payable to a place outside Australia (whether to the Shareholder or to anyone else).

A Shareholder may complete a 'foreign resident capital gains withholding declaration – vendor declaration' form (***Declaration Form***) to declare that it is an Australian tax resident or that their Shares are not an 'indirect Australian real property interest' (see section 5.3 above). The Declaration Form may be obtained on the Australian Taxation Office website.

If the Shareholder does not provide an appropriately completed Declaration Form by the relevant time or if SGH Bidder reasonably believes that the information in the Declaration Form is false, SGH Bidder may withhold the CGT withholding tax from the Offer price payable to the Shareholder. In this case, the Shareholder will be taken to receive the full Offer price for the purposes of the Offer.

Any CGT withholding tax withheld may be able to be an offset against the actual tax payable on the gain from the disposal of the Shares and should be refundable by the Australian Taxation Office to the extent that the CGT withholding tax exceeds the actual tax payable.

5.5 Stamp duty and GST

SGH Bidder will pay the stamp duty (if any) payable in Australia on the transfers of Shares under the Offer.

No GST should be payable on such transfers, except that GST will be payable on any fees or charges that a Controlling Participant (in respect of Shares in a CHESS Holding) or a broker, bank, custodian or other nominee (in respect of Shares held for a separate beneficial owner) may charge in connection with acceptance of the Offer.

6 Other Material Information

6.1 US antitrust approval

If, as a result of the Offer, SGH Bidder were to hold 50% or more of the Shares, then, due to the value of Boral's business in the United States, it will be necessary to obtain antitrust approval in the United States under the Hart-Scott-Rodino Act (**HSR Act**).

Due to the possibility that, as a result of the Offer, SGH Bidder may hold an HSR Act-reportable interest in the Shares, SGH will make a filing under the HSR Act promptly following the Announcement Date.

Pursuant to the terms of the HSR Act, the Federal Trade Commission (**FTC**) has a period of 15 days from the date of filing of the application to raise an objection to the Offer.

The Offer is not conditional on the receipt of approval under the HSR Act. However, if the FTC sought to restrain the Offer (or threatened to do so) it is possible that this would result in non-satisfaction of the Condition at section 7.6(a).

As of the date of this Bidder's Statement, SGH is not aware of any grounds upon which the FTC would seek to restrain or prohibit the Offer under the HSR Act.

6.2 Boral buy-back

SGH notes that Boral is currently undertaking an on-market buy-back of up to 10% of Shares, as announced by Boral to the ASX on 1 April 2021.

According to ASX filings, as at the date of this Bidder's Statement, Boral has been buying back Shares regularly since 19 April 2021, with the most recent buy-back disclosed to ASX on 10 May 2021.

As set out in section 7.6(d), the Offer is subject to customary conditions relating to prescribed occurrences before the end of the Offer Period, including in relation to the occurrence of any buy-back of the Shares. However, this Condition does not apply to the current on-market buy-back.

6.3 ASIC modifications and exemptions

ASIC has published various legislative instruments (including class orders) providing for modifications and exemptions that apply generally to all persons, including SGH Bidder, in relation to the operation of Chapter 6 of the Corporations Act.

Amongst others, SGH Bidder has relied on the modification to section 636(3) of the Corporations Act as set out in paragraph 5(d) of ASIC Class Order 13/521 to include references to certain statements by Boral in this Bidder's Statement without obtaining the consent of Boral. The relevant statements were respectively taken from announcements released to the ASX by Boral and from the Boral Group's website: www.boral.com. As required by Class Order 13/521, SGH Bidder will make available a copy of these documents (or relevant extracts of these documents), free of charge, to Shareholders who request them during the Offer Period. To obtain a copy of these documents (or the relevant extracts), Shareholders may contact the SGH Offer Information Line on 1300 080 794 (toll-free within Australia) or +61 2 8023 5468 (from outside Australia).

6.4 Potential for waiver of Conditions

The Offer is subject to the Conditions set out in section 7.6. Under the terms of the Offer and the Corporations Act, any or all of those Conditions may be waived by SGH Bidder.

If an event occurs which results (or would result) in the non-fulfilment of a Condition, SGH Bidder might not make a decision as to whether it will either rely on that occurrence, or instead waive the Condition in respect of that occurrence, until the date for giving notice as to the status of the

Conditions of the Offer under section 630(3) of the Corporations Act. If SGH Bidder decides that it will waive a Condition it will announce that decision to ASX in accordance with section 650F of the Corporations Act.

6.5 Status of Conditions

The Offer is subject to the Conditions set out in section 7.6. SGH Bidder will provide updates on any material developments relating to the status of these Conditions through announcements to the ASX.

As at the date of this Bidder's Statement, SGH Bidder is not aware of any events or circumstances which would result in the non-fulfilment of any of the Conditions.

If any of the Conditions is not fulfilled, and SGH Bidder decides to rely on that non-fulfilment, then any contract resulting from acceptance of the Offer will become void at (or, in some cases, shortly after) the end of the Offer Period, and the relevant Shares will be returned to the holder.

6.6 Lenders' consent Condition

As set out in section 7.6(c), the Offer is subject to a Condition that the Facility Agent under the SGH Corporate Loan Facility provides its consent to amendments in respect of the SGH Corporate Loan Facility. This consent is required under the SGH Corporate Loan Facility to ensure that the SGH Corporate Loan Facility will not be breached as a result of the drawdown of funds under the Transaction Facility to fund the payment of consideration under the Offer.

In order for the Facility Agent to provide the consent that is the subject of the Condition set out in section 7.6(c), the Facility Agent must obtain instructions from the required majority of lenders under the SGH Corporate Loan Facility⁷. SGH has commenced engagement with the Facility Agent and certain lenders under the SGH Corporate Loan Facility in relation to this consent and, as at the date of this Bidder's Statement, SGH has obtained confirmations from the following lenders as to their willingness to provide the relevant instructions (which lenders constitute a significant proportion of the required 66.67% majority): Australia and New Zealand Banking Group Limited and Westpac Banking Corporation.

SGH has provided an undertaking in favour of SGH Bidder to use its reasonable endeavours to obtain the consent that is the subject of the Condition set out in section 7.6(c).

As at the date of this Bidder's Statement:

- (a) SGH is confident that the Condition described in section 7.6(c) will be satisfied; and
- (b) SGH Bidder is not aware of any events or circumstances which would result in the non-fulfilment of the Condition set out in section 7.6(c).

6.7 Social security and superannuation implications of the Offer

Acceptance of the Offer may have implications under your superannuation or pension arrangements or on your social security entitlements. If in any doubt, Shareholders should seek specialist advice before accepting the Offer.

6.8 Approvals for payment of consideration

SGH Bidder is not aware of any Shareholders who require any approval referred to in section 7.8(e) in order to be entitled to receive any consideration under the Offer.

⁷ The required majority of lenders being those lenders to whom 66.67% or more of the total commitment outstanding under the SGH Corporate Loan Facility is owing.

6.9 Withholding of consideration

SGH Bidder is not currently aware of any amounts that are or would be treated as withholding amounts under section 7.8(f). However, it is possible that SGH Bidder may become aware of an obligation in this regard after the date of this Bidder's Statement.

For example, under section 255 of the *Income Tax Assessment Act 1936* (Cth), the Australian Taxation Office may notify SGH Bidder that all or part of the consideration otherwise payable under the Offer to Shareholders who are non-residents of Australia is to be retained by SGH Bidder, or paid to the Australian Taxation Office, instead of being paid to the relevant Shareholders. Similarly, under section 260-5 of Schedule 1 to the *Taxation Administration Act 1953* (Cth), the Australian Taxation Office may require SGH Bidder to pay to the Australian Taxation Office all or part of the consideration otherwise payable under the Offer to Shareholders who owe tax-related debts to the Australian Government. Furthermore, under Subdivision 14-D of Schedule 1 to the *Taxation Administration Act 1953* (Cth), the Australian Tax Office may require SGH Bidder to pay to the Australian Tax Office an amount in respect of the disposal of your Shares on account of foreign resident CGT withholding tax.

6.10 Broker commission

SGH Bidder may offer to pay a commission to brokers who solicit acceptances of the Offer from their clients. SGH Bidder has made no final decision in relation to the matter at this stage.

Any commission payments will be paid only in respect of parcels of Shares held by retail Shareholders who accept the Offer.

If such arrangements are put in place, commission payments will not exceed 0.75% of the value of the consideration payable for parcels of Shares held by retail Shareholders who accept the Offer, and will be subject to minimum payments (not exceeding \$50) and maximum payments (not exceeding \$750) for each acceptance.

If a commission is offered, it will be payable to brokers only and subject to the condition that no part of the fee will be able to be passed on, or paid, to Shareholders.

If and when SGH Bidder decides to offer such a commission to any broker, it will make an announcement to ASX.

It is SGH Bidder's intention that, if and when an offer of commission has been made to any broker by SGH Bidder, the commission arrangement will remain in place for the balance of the Offer Period and the amount of the commission offered will not be increased during the Offer Period.

6.11 No collateral benefits

Neither SGH Bidder nor any of its associates has in the four months before the date of this Bidder's Statement, or in the period between the date of this Bidder's Statement and the date of the Offer, given, offered to give or agreed to give a benefit which is not offered to all Shareholders under the Offer to another person which was likely to induce the other person (or an associate) to accept the Offer or dispose of Shares.

6.12 Date for determining holders of Shares

For the purposes of section 633 of the Corporations Act, the date for determining the people to whom information is to be sent under items 6 and 12 of section 633(1) for each Offer is the Register Date.

6.13 Consents

This Bidder's Statement contains statements made by, or statements based on statements made by, SGH and SGH Bidder. Each of SGH and SGH Bidder has consented to being named in this Bidder's Statement and has consented to the inclusion of:

- (a) each statement it has made; and
- (b) each statement which is said in this Bidder's Statement to be based on a statement it has made,

in the form and context in which the statements have been included, and has not withdrawn that consent.

The following firms and companies have given, and have not at the date of this Bidder's Statement withdrawn, their written consent to being named in this Bidder's Statement:

Name of person	Named as
Allens	Australian Legal Adviser
Barrenjoey Advisory Pty Limited	Financial Adviser
Boardroom Pty Limited	Registry Provider
Australia and New Zealand Banking Group Limited	Lender under the SGH Corporate Loan Facility and Transaction Facility Lender
Westpac Banking Corporation	Lender under the SGH Corporate Loan Facility and Transaction Facility Lender
Barclays Bank PLC	Transaction Facility Lender

None of these firms and companies have caused or authorised the issue of this Bidder's Statement or have in any way been involved in the making of the Offer. The Offer is made by SGH Bidder.

Each of the above firms and companies:

- (a) does not make, or purport to make, any statement in this Bidder's Statement, or any statement on which a statement in this Bidder's Statement is based, other than a reference to its name; and
- (b) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this document, other than a reference to its name.

In addition, this Bidder's Statement includes statements which are made in, or based on statements made in, documents lodged with ASIC or given to ASX. Under the terms of ASIC Class Order 13/521, the persons making those statements are not required to consent to, and have not consented to, the inclusion of those statements, or of statements based on those statements, in this Bidder's Statement.

6.14 Other material information

Except as disclosed in this Bidder's Statement, there is no other information that:

- is material to the making of the decision by a Shareholder whether or not to accept the Offer; and
- is known to SGH Bidder,

which has not previously been disclosed to Shareholders.

7 Offer Terms

7.1 Offer

- (a) SGH Bidder offers to acquire all or any of your Shares on the terms and subject to the Conditions set out in this section 7.
- (b) You may accept this Offer for all or some of your Shares. If you accept this Offer for some of your Shares, you may still accept the Offer for all or part of the balance of your Shares at any time during the Offer Period, as if an offer in the form of this Offer had been made to you in respect of the balance of your Shares.
- (c) The consideration offered for each of your Shares is \$6.50 in cash.
- (d) If SGH Bidder acquires your Shares under this Offer, it will also be entitled to all Rights in respect of your Shares.
- (e) This Offer is dated [*] May 2021.
- (f) The Offer relates to all Shares that exist on the Register Date.

7.2 Offer Period

- (a) This Offer will remain open for acceptance during the period that commences on the date of this Offer and ends at 7.00pm on [*] June 2021, unless this Offer is withdrawn or that period is extended in accordance with the Corporations Act.
- (b) SGH Bidder may, in accordance with the Corporations Act, extend the period during which this Offer remains open for acceptance.

7.3 How to accept this Offer

(a) Issuer Sponsored Holdings

If your Shares are held in an Issuer Sponsored Holding (in which case your Securityholder Reference Number will commence with 'I'), to accept this Offer in respect of all or some of those Shares you must:

- (i) **complete** and **sign** the enclosed Acceptance Form in accordance with the instructions on it; and
- (ii) **return** the Acceptance Form (using the enclosed reply paid envelope if you wish), together with all other documents required by the instructions on it, so that they are **received** before the end of the Offer Period at one of the addresses indicated on the Acceptance Form.

(b) CHESS Holdings

If your Shares are held in a CHESS Holding (in which case your Holder Identification Number will commence with 'X'), to accept this Offer in respect of all or some of those Shares you must either:

- (i) **instruct** your Controlling Participant, in accordance with the sponsorship agreement between you and the Controlling Participant, to initiate acceptance of this Offer in accordance with Rule 14.14 of the ASX Settlement Rules, so as to be effective before the end of the Offer Period (if you do this and your Controlling Participant follows those instructions, you do not need to complete and return the Acceptance Form); or
- (ii) **complete, sign** and **return** the enclosed Acceptance Form (using the enclosed reply paid envelope if you wish) in accordance with the instructions on the Acceptance Form, together with all other documents required by those

instructions, so that they are **received** before the end of the Offer Period at one of the addresses indicated on the Acceptance Form. This will authorise SGH Bidder to initiate, or alternatively to instruct your Controlling Participant to initiate, acceptance of this Offer on your behalf in accordance with Rule 14.14 of the ASX Settlement Rules before the end of the Offer Period. You must ensure that the Acceptance Form (and the other required documents) are received in sufficient time for SGH Bidder to give instructions to your Controlling Participant, and for your Controlling Participant to carry out those instructions, before the end of the Offer Period.

However, if you are the Controlling Participant in respect of your Shares, to accept this Offer you must yourself initiate acceptance of this Offer in accordance with Rule 14.14 of the ASX Settlement Rules before the end of the Offer Period.

(c) **Unregistered purchaser**

- (i) If at the time of your acceptance of this Offer you are not the registered holder of your Shares but section 7.9(b)(ii)(B) applies to your Shares, to accept the Offer you must:
 - (A) complete and sign the enclosed Acceptance Form in accordance with the instructions on it;
 - (B) return the enclosed Acceptance Form, together with a copy of the purchase contract note relating to your Shares and all other documents required by the instructions on it, so that they are received before the end of the Offer Period at one of the addresses given on the Acceptance Form.
- (ii) Acceptance will be deemed to have been effected when, subject to this section 7, the duly completed Acceptance Form and all required documents has been received at one of the addresses given on the Acceptance Form.
- (iii) However, if the Offer becomes unconditional, then notwithstanding anything else in this Bidder's Statement, SGH Bidder's obligation to provide Offer consideration in respect of your Shares as described in this section 7.3(c) will be subject to you becoming the registered holder of your Shares.

(d) **Level of acceptance**

As noted above, you have the option of accepting this Offer for all or some of your Shares, as chosen by you. Those of your Shares that are subject to your acceptance will constitute the **Accepted Shares**, and will comprise:

- (i) if you specify all of your Shares as being subject to acceptance – all of your Shares at the date your acceptance is processed (even if the number of Shares specified on the Acceptance Form differs from the number of your Shares);
- (ii) if you specify a number of Shares that is less than the number of your Shares at the date your acceptance is processed – that number of Shares;
- (iii) if you specify a number of Shares that is greater than the number of your Shares at the date your acceptance is processed – all of your Shares at the date your acceptance is processed; or
- (iv) if you do not specify the number of your Shares being subject to acceptance, or if you provide conflicting instructions on your Acceptance Form regarding the number of your Shares being subject to acceptance – all of your Shares at the

date your acceptance is processed (even if the number of Shares specified on the Acceptance Form differs from the number of your Shares).

For this purpose, specification of the number of your Shares being subject to acceptance must be in the Acceptance Form or in a valid originating message transmitted in accordance with Rule 14.14 of the ASX Settlement Rules.

7.4 Status and effect of the Acceptance Form

(a) Status of Acceptance Form

The Acceptance Form that accompanies this Bidder's Statement forms part of this Offer, and the instructions on the Acceptance Form must be followed in using it to accept this Offer.

(b) Effect of Acceptance Form

By signing and returning the Acceptance Form in accordance with section 7.3, you irrevocably authorise SGH Bidder and its nominees:

- (i) to rectify any errors in, or omissions from, the Acceptance Form that are necessary to make it an effective acceptance of this Offer or to enable registration of the transfer of all of your Accepted Shares to SGH Bidder; and
- (ii) (in respect of any of your Accepted Shares in a CHESS Holding) to:
 - (A) initiate, or alternatively instruct your Controlling Participant to initiate, acceptance of this Offer in respect of all such Accepted Shares in accordance with Rule 14.14 of the ASX Settlement Rules; and
 - (B) give any other instructions concerning those Accepted Shares to your Controlling Participant on your behalf under the sponsorship agreement between you and the Controlling Participant, as determined by SGH Bidder (or its nominee) acting in its own interests as a beneficial owner and intended registered holder of your Accepted Shares,and acknowledge that:
 - (C) with respect to sub-paragraph (A) above, SGH Bidder (or its agents or nominees) will merely forward your Acceptance Form to your Controlling Participant (being the only person who can accept this Offer on your behalf) and that it is your responsibility to allow sufficient time for your Controlling Participant to initiate acceptance of this Offer;
 - (D) SGH Bidder (or its agents or nominees) is not responsible for any delays incurred by the process described in sub-paragraph (B) above or any losses whatsoever you incur by the fact that your acceptance is not processed before the end of the Offer Period; and
 - (E) you must promptly give any further instructions or take any further actions necessary concerning your Accepted Shares to your Controlling Participant to initiate acceptance of this Offer on your behalf in accordance with Rule 14.14 of the ASX Settlement Rules prior to the end of the Offer Period.

(c) Validation of Acceptance Form

Notwithstanding sections 7.3(a) and 7.3(b)(ii), SGH Bidder may (except in relation to Shares in a CHESS Holding) treat the receipt by it of a signed Acceptance Form either:

- (i) before the end of the Offer Period; or

- (ii) after the end of the Offer Period but where the Acceptance Form is sent by post and the envelope in which it is posted is post-marked before the end of the Offer Period,

as valid even though it does not receive the other documents required by the instructions on the Acceptance Form or there is not compliance with any one or more of the other requirements for acceptance.

If SGH Bidder does treat such an Acceptance Form as valid, subject to section 7.8, SGH Bidder will not be obliged to give the consideration to you until SGH Bidder receives all those documents and all of the requirements for acceptance referred to in section 7.3 and in the Acceptance Form have been met (other than the requirement of your Acceptance Form to be received before the end of the Offer Period).

(d) **Risk in Acceptance Form**

The transmission by you of the Acceptance Form and any other documents in accordance with section 7.3 is at your own risk. No acknowledgement of receipt of any such documents will be given to you by or on behalf of SGH Bidder.

(e) **Revocation of acceptance**

Once you have accepted this Offer, you will be unable to revoke or withdraw your acceptance of this Offer or otherwise dispose of your Accepted Shares, except as follows:

- (i) if a Condition, as set out in section 7.6, is not fulfilled or waived, then this Offer will automatically terminate and your Accepted Shares will be returned to you; or
- (ii) if the Offer Period is extended for more than one month and, at the time, this Offer is subject to one or more Conditions, as set out in section 7.6, then you may be able to withdraw your acceptance in accordance with section 650E of the Corporations Act.

(f) **Power of attorney or deceased estate**

When accepting this Offer, you should forward for inspection:

- (i) if the Acceptance Form is executed by an attorney, a certified copy of the power of attorney; and
- (ii) if the Acceptance Form is executed by the executor of a will or the administrator of the estate of a deceased Shareholder, the relevant grant of probate or letters of administration.

7.5 Agreement resulting from acceptance

By signing and returning the Acceptance Form or initiating or causing acceptance of this Offer under the ASX Settlement Rules in accordance with section 7.3:

- (a) you accept this Offer (and any variation of it) in respect of all of your Accepted Shares at the date your acceptance is processed and agree to the terms and Conditions of this Offer;
- (b) subject to all of the Conditions being fulfilled or waived, you transfer, and consent to the transfer in accordance with the ASX Settlement Rules of, all of your Accepted Shares to SGH Bidder in accordance with this Offer and subject to the conditions of the constitution of Boral on which they were held immediately before your acceptance of this Offer (and SGH Bidder agrees to take those Accepted Shares subject to those conditions);
- (c) you represent and warrant to SGH Bidder that, at the time of your acceptance and at the time the transfer of your Accepted Shares to SGH Bidder is registered:

- (i) all of your Accepted Shares are and will be fully paid;
 - (ii) you have full power and capacity to accept the Offer and to sell and transfer the legal and beneficial ownership of your Accepted Shares (including any Rights) to SGH Bidder;
 - (iii) SGH Bidder will acquire good title to them and full beneficial ownership of them free from all Encumbrances; and
 - (iv) that you have paid to Boral all amounts which at the time of acceptance have fallen due for payment to Boral in respect of your Accepted Shares;
- (d) subject to all of the Conditions being fulfilled or waived, you irrevocably appoint SGH Bidder and each of its directors and nominees severally as your attorney to exercise all powers and rights that you have as the registered holder of your Accepted Shares, including:
- (i) attending any meeting of Boral, and voting in respect of your Accepted Shares, proposing or seconding any motion, and demanding a poll for any vote at, any such meeting;
 - (ii) requisitioning the convening of any general meeting of Boral and convening a general meeting pursuant to any such requisition; and
 - (iii) signing any form, notice, instrument or other document (including any proxy appointment) relating to your Accepted Shares.

Such appointment will terminate on the earlier of the withdrawal of your acceptance of this Offer (either in accordance with its terms or under section 650E of the Corporations Act) and the end of the Offer Period or, if all Conditions of the Offer have been fulfilled or waived, the registration of SGH Bidder as the holder of your Accepted Shares;

- (e) you agree that, in exercising the powers and rights conferred by the power of attorney in section 7.5(d), each attorney may act in the interests of SGH Bidder as the intended registered holder and beneficial owner of your Accepted Shares;
- (f) except as contemplated by section 7.5(d) and while the appointment in that section continues, you agree not to attend or vote in person or by proxy, attorney or corporate representative at any meeting of Boral, or to exercise or purport to exercise (in person or by proxy, attorney, or corporate representative or otherwise) any of the powers conferred by the power of attorney in section 7.5(d);
- (g) you irrevocably authorise and direct Boral to pay to SGH Bidder, or to account to SGH Bidder for, all Rights in respect of your Accepted Shares (except to the extent that SGH Bidder elects to waive its entitlement to those Rights), subject, however, to any such Rights received by SGH Bidder being accounted for by SGH Bidder to you if any contract resulting from your acceptance of this Offer is rescinded or rendered void;
- (h) subject to all of the Conditions being fulfilled or waived, you irrevocably authorise SGH Bidder and its nominees to do all things necessary to transfer your Accepted Shares to SGH Bidder (including to cause a message to be transmitted in accordance with ASX Settlement Rule 14.17.1 so as to transfer your Accepted Shares, if held in a CHESS Holding, to the Takeover Transferee Holding), even if SGH Bidder has not at that time paid or provided the consideration due to you under this Offer; and
- (i) you agree to indemnify SGH Bidder and each of its agents in respect of any claim or action against it or any loss, damage or liability whatsoever incurred by it as a result of you not producing your Holder Identification Number or your Securityholder Reference Number or in consequence of the transfer of your Accepted Shares to SGH Bidder being

registered by Boral without production of your Holder Identification Number or your Securityholder Reference Number.

The representations, warranties, authorities and indemnity referred to in this section 7.5 will (unless otherwise stated) remain in force after you receive the Offer consideration for your Accepted Shares and after SGH Bidder becomes the registered holder of them.

7.6 Conditions

Subject to section 7.7, this Offer and any contract resulting from your acceptance of this Offer are subject to the fulfilment of the following Conditions.

(a) No restraints

Prior to the end of the Offer Period:

- (i) there is not in effect any temporary or final order, decision or decree issued by any court of competent jurisdiction or Public Authority; and
- (ii) no action or investigation is announced, commenced or threatened by any Public Authority,

the effect of which restrains, prohibits, threatens to restrain or prohibit, or otherwise materially adversely impacts upon, the making of the Offer or the acquisition of any Shares under the Offer.

(b) No Material Adverse Change

- (i) Between and including the Announcement Date and the end of the Offer Period, no change, event, circumstance, occurrence or matter occurs, is announced, is disclosed or otherwise becomes known to SGH or the Boral board (whether it becomes public or not) which (whether individually or when aggregated with all such changes, events, circumstances, occurrences or matters) has had or is reasonably likely to have the effect of a diminution in the value of the consolidated net assets of the Boral Group, taken as a whole, of at least \$400 million, as against the consolidated net asset position of the Boral Group as at 31 December 2020, except for any change, event, circumstance, occurrence or matter publicly announced by Boral to the ASX prior to the Announcement Date.
- (ii) Between and including the Announcement Date and the end of the Offer Period, the S&P/ASX 200 index is not below 6,500 at any time on any ASX trading day.

(c) Lenders' consent

Prior to the end of the Offer Period, the Facility Agent has provided to SGH, in writing, its binding consent to amendments in respect of the SGH Corporate Loan Facility as are necessary to ensure that the SGH Corporate Loan Facility Borrower is not in breach of its obligations under the SGH Corporate Loan Facility as a consequence of drawdown of funds under the Transaction Facility as necessary to fund payment of consideration under the Offer.

(d) No Prescribed Occurrences

Between and including the Announcement Date and the end of the Offer Period, none of the following events occurs (each a **Prescribed Occurrence**):

- (i) Boral converts all or any of its Shares into a larger or smaller number of Shares (under section 254H of the Corporations Act);

- (ii) any member of the Boral Group resolves to reduce its share capital in any way, other than in respect of the on-market buy-back of up to 10% of the Shares on issue, announced by Boral on 1 April 2021;
- (iii) any member of the Boral Group:
 - (A) enters into a buy-back agreement; or
 - (B) resolves to approve the terms of a buy-back agreement under subsections 257C(1) or 257D(1) of the Corporations Act, other than in respect of the on-market buy-back of up to 10% of the Shares on issue, announced by Boral on 1 April 2021;
- (iv) any member of the Boral Group issues shares, or grants a performance right or an option or other incentive right over its shares, or agrees to make such an issue or grant such a performance right or an option or other incentive right (other than to a directly or indirectly wholly owned Subsidiary of Boral);
- (v) any member of the Boral Group issues, or agrees to issue, securities convertible into shares or debt securities; or
- (vi) an Insolvency Event occurs in relation to any member of the Boral Group.

7.7 Nature and operation of Conditions

(a) Nature of Conditions

Each Condition is a condition subsequent to the formation of a binding contract upon your acceptance of this Offer. None of those Conditions prevents a contract to sell your Accepted Shares resulting from your acceptance of this Offer, but:

- (i) non-fulfilment of any of those Conditions at the end of the Offer Period will have the consequences set out in section 7.7(e); and
- (ii) breach of any of those Conditions entitles SGH Bidder to rescind that contract by written notice to you.

(b) Separate Conditions for benefit of SGH Bidder

- (i) Each paragraph and each sub-paragraph of each other paragraph of section 7.6 constitutes, and is to be construed as, a separate, several and distinct Condition. No Condition will be taken to limit the meaning or effect of any other Condition.
- (ii) Subject to the Corporations Act and to section 7.7(a), SGH Bidder alone is entitled to the benefit of the Conditions and to rely on breach or non-fulfilment of, or to waive, any of those Conditions.

(c) Waiver of Conditions

Subject to the Corporations Act, any or all of the Conditions may be waived by SGH Bidder.

(d) Notice on status of Defeating Conditions

The date for giving the notice as to the status of the Conditions required by section 630(1) of the Corporations Act is [*] 2021 (subject to variation in accordance with section 630(2) of the Corporations Act if the Offer Period is extended).

(e) **Contract void if Conditions not fulfilled**

Your acceptance of this Offer, and any contract resulting from your acceptance of this Offer, will be automatically void if:

- (i) at the end of the Offer Period, any of the Conditions is not fulfilled; and
- (ii) SGH Bidder has not declared this Offer and any contract resulting from your acceptance of it free from that Condition in accordance with section 7.7(c).

7.8 Payment of consideration

(a) **When you will generally be paid**

Subject to this section 7.8 and the Corporations Act, if you accept this Offer and the Conditions are fulfilled or waived, SGH Bidder will pay you the consideration for your Accepted Shares under this Offer by the later of:

- (i) 15 Business Days after the date that the Offer becomes unconditional; or
- (ii) 10 Business Days after the date that you accept the Offer,

but in any case not later than 21 calendar days after the end of the Offer Period.

(b) **Payment where additional documents required**

Where additional documents are required, either by the Acceptance Form or otherwise, to be given to SGH Bidder with your acceptance to enable SGH Bidder to become the holder of your Accepted Shares (such as a power of attorney) then, subject to sections 7.8(c) to 7.8(f) and the Corporations Act:

- (i) if those documents are given to SGH Bidder with your acceptance, SGH Bidder will pay you the consideration for your Accepted Shares in accordance with section 7.8(a);
- (ii) if those documents are given to SGH Bidder after your acceptance and before the end of the Offer Period, while this Offer is subject to a Condition, SGH Bidder will pay you the consideration for your Accepted Shares by the earlier of:
 - (A) 15 Business Days after any contract resulting from your acceptance of this Offer becomes, or is declared, unconditional; and
 - (B) 21 calendar days after the end of the Offer Period, assuming the Offer has becomes, or is declared, unconditional;
- (iii) if those documents are given to SGH Bidder after your acceptance and before the end of the Offer Period, while this Offer is not subject to a Condition, SGH Bidder will pay you the consideration for your Accepted Shares by the day that is the later of:
 - (A) 15 Business Days after the date that the Offer becomes unconditional; or
 - (B) 10 Business Days after the date that you accept the Offer,and in any event not later than 21 calendar days after the end of the Offer Period; and
- (iv) if those documents are given to SGH Bidder after the end of the Offer Period and the Offer is not subject to any Conditions, SGH Bidder will pay you the consideration for your Accepted Shares within 10 Business Days after those documents are given.

(c) **Delivery of consideration**

Payment of any cash amount to which you are entitled will be made by cheque drawn in Australian currency in your favour. The cheque will be sent to you, at your risk, by ordinary mail (or, in the case of Shareholders with addresses outside Australia, by airmail) to your address shown on the Acceptance Form or as recorded in the register of Shareholders of Boral on the Register Date. Payment will be deemed to have been made at the time the cheque is delivered to Australia Post for delivery or placed in an Australia Post postal box.

(d) **Rights**

If SGH Bidder becomes entitled to any Rights as a result of your acceptance of this Offer, it may require you to give to SGH Bidder all documents necessary to vest title to those Rights in SGH Bidder, or otherwise to give SGH Bidder the benefit or value of those Rights. If you do not do so, or if you have received or are entitled to receive (or any previous holder of your Accepted Shares has received or is entitled to receive) the benefit of those Rights, SGH Bidder will be entitled to deduct the amount (or an amount equal to the value, as reasonably assessed by SGH Bidder) of those Rights from any consideration otherwise payable to you under this Offer. If SGH Bidder does not, or cannot, make such a deduction, you must pay that amount to SGH Bidder, except to the extent that SGH Bidder elects to waive its entitlement to those Rights.

(e) **Non-Australian residents**

If, at the time of acceptance of this Offer, any authority or clearance of a Public Authority is required for you to receive any consideration under this Offer or you are resident in or a resident of a place to which, or you are a person to whom any law of Australia or regulation under the Charter of the United Nations that would make it unlawful for SGH Bidder to provide consideration for your Accepted Shares applies then acceptance of this Offer will not create or transfer to you any right (contractual or contingent) to receive the consideration specified in this Offer unless and until all requisite authorities or clearances have been obtained by SGH Bidder.

(f) **Withholding of consideration by SGH Bidder**

If any amount (the **withholding amount**) is required, under any Australian law or by any Public Authority, to be:

- (i) withheld from any consideration otherwise payable to you under this Offer and paid to a Public Authority; or
- (ii) retained by SGH Bidder out of any consideration otherwise payable to you under this Offer,

the payment or retention by SGH Bidder of the withholding amount (as applicable) will constitute full discharge of SGH Bidder's obligation to pay the consideration to you to the extent of the withholding amount.

7.9 Offerees

(a) **Registered holders**

SGH Bidder is making an offer in the form of this Offer to each person registered as the holder of Shares in the register of members of Boral as at the Register Date.

(b) **Transferees**

- (i) If at any time during the Offer Period another person is able to give good title to some or all of your Shares, and that person has not already accepted an offer in

the form of this Offer for those Shares, then that person may accept as if an offer in the form of this Offer had been made to them in respect of those Shares.

(ii) For the purpose of section 7.9(b)(i) and the definition of "your Shares", "good title" in respect of any particular Share includes where a person:

(A) is registered as the holder of the Share; or

(B) is entitled to be registered as the holder of the Share as a result of having purchased the Share on-market.

(c) **Trustees and nominees**

If at any time during the Offer Period and before you accept this Offer your Shares consist of two or more separate parcels within the meaning of section 653B of the Corporations Act (for example, because you hold your Shares as trustee or nominee for, or otherwise on account of, several distinct beneficial owners), then you may accept as if a separate offer in the form of this Offer had been made in relation to each of those parcels (including any parcel you hold in your own right). Acceptance for any parcel of Shares (including any parcel consisting of two or more parcels) is ineffective unless:

(i) you give SGH Bidder notice stating that the Shares consist of a separate parcel, such notice being:

(A) in the case of Shares not in a CHESS Holding, in writing; or

(B) in the case of Shares in a CHESS Holding, in an electronic form approved by the ASX Settlement Rules for the purposes of Part 6.8 of the Corporations Act; and

(ii) your acceptance specifies the number of Shares in the parcel.

(d) **Shares subject to Boral transfer restrictions**

If at any time during the Offer Period some of your Shares are subject to transfer restrictions imposed by Boral (for example, because you hold some of your Shares under an employee incentive plan), then you may accept as if a separate offer in the form of this Offer had been made in relation to the balance of your Shares. Acceptance for the balance of your Shares is ineffective unless you give SGH Bidder notice stating the number of your Shares that are subject to a transfer restriction and explaining the nature of the restriction, and your acceptance specifies the balance of your Shares.

7.10 Additional copies of Offer documents

If, for the purpose of accepting the Offer, you require additional copies of this Bidder's Statement and the Acceptance Form, please call the SGH Offer Information Line on 1300 080 794 (toll-free within Australia) or +61 2 8023 5468 (from outside Australia) to request those additional copies. For legal reasons, calls to this number will be recorded.

7.11 Variation and withdrawal of Offer

(a) **Variation**

SGH Bidder may vary this Offer in accordance with the Corporations Act.

(b) **Withdrawal**

This Offer may be withdrawn with the written consent of ASIC, which consent may be subject to conditions. If so, SGH Bidder will give notice of the withdrawal to ASX and to Boral and will comply with any other conditions imposed by ASIC.

7.12 Costs and stamp duty

SGH Bidder will pay all costs and expenses of the preparation and circulation of this Offer and any Australian stamp duty payable on the transfer of any Shares to SGH Bidder under this Offer.

7.13 Governing law and jurisdiction

This Offer and any contract resulting from your acceptance of this Offer are governed by the laws of New South Wales. In relation to them and related non-contractual matters each party irrevocably submits to the non-exclusive jurisdiction of courts with jurisdiction there, and waives any right to object to the venue on any ground.

8 Definitions and Interpretation

8.1 Definitions

In this Bidder's Statement and in the Acceptance Form, unless the context requires otherwise:

Acceptance Form means the acceptance form enclosed with this Bidder's Statement or, as the context requires, any replacement or substitute acceptance form provided by or on behalf of SGH Bidder.

Accepted Shares has the meaning given in section 7.3(d).

Announcement Date means 10 May 2021.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ABN 98 008 624 691) or, as the context requires, the financial market operated by it.

ASX Listing Rules means the Listing Rules of ASX.

ASX Settlement means ASX Settlement Pty Limited (ABN 49 008 504 532).

ASX Settlement Rules means the operating rules of the settlement facility provided by ASX Settlement, such rules being known as the 'ASX Settlement Operating Rules' as at the date of this Bidder's Statement.

Bidder's Statement means this document, being the statement of SGH Bidder under Part 6.5 of the Corporations Act relating to the Offer.

Boral means Boral Limited (ACN 008 421 761).

Boral Equity Incentive Plan has the meaning given in section 2.6.

Boral Group means Boral and its Related Entities as at the date of this Bidder's Statement.

Boral Performance Rights means the unlisted long-term incentive rights granted to senior executives of Boral in accordance with the Boral Equity Incentive Plan.

Business Day means any day that is each of the following:

- (a) a 'Trading Day' within the meaning given in the ASX Listing Rules; and
- (b) a day that is not a Saturday, Sunday or a public holiday or bank holiday in Sydney, New South Wales.

CGT means Australian capital gains tax.

CHESS means the Clearing House Electronic Subregister System, which provides for the electronic transfer, settlement and registration of securities in Australia.

CHESS Holding means a holding of Shares on the CHESS Subregister of Boral.

CHESS Subregister has the meaning given in the ASX Settlement Rules.

Conditions means each and all of the conditions to the Offer which are set out in section 7.6.

Controlling Participant has the meaning given in the ASX Settlement Rules. Usually your Controlling Participant is a person, such as a broker, with whom you have a sponsorship agreement (within the meaning of the ASX Settlement Rules).

Corporations Act means the *Corporations Act 2001* (Cth).

Encumbrance means an interest or power:

- (a) reserved in or over any interest in any asset including any retention of title; or

- (b) created or otherwise arising in or over any interest in any asset under a bill of sale, mortgage, charge, lien, pledge, trust or power,

by way of security for the payment of debt or any other monetary obligation or the performance of any other obligation and includes any agreement to grant or create any of the above.

Facility Agent means Australia and New Zealand Banking Group Limited in its capacity as agent under the SGH Corporate Loan Facility.

GST means the goods and services tax imposed under the *A New Tax System (Goods and Services Tax) Act 1999* (Cth) and the related imposition acts of the Commonwealth of Australia.

Holder Identification Number means the number used to identify a Shareholder on the CHESSE Subregister of Boral.

Insolvency Event means in relation to a person:

- (a) the appointment of a liquidator, provisional liquidator, administrator, statutory manager, controller, receiver, receiver and manager or other insolvency official (whether under an Australian law or a foreign law) to the person or to the whole or a substantial part of the property or assets of the person and the action is not stayed, withdrawn or dismissed within 14 days;
- (b) the entry by the person into a compromise or arrangement with its creditors generally;
- (c) the calling of a meeting to consider, or the passing of, a resolution to wind up the person (other than where the resolution is frivolous or cannot reasonably be considered to be likely to lead to the actual winding up of the person) or the making of an application or order for the winding up or deregistration of the person other than where the application or order (as the case may be) is set aside or withdrawn within 14 days;
- (d) the person suspends or threatens to suspend payment of its debts as and when they become due;
- (e) the person ceases or threatens to cease to carry on business;
- (f) person is or becomes unable to pay its debts when they fall due within the meaning of the Corporations Act or is otherwise presumed to be insolvent under the Corporations Act;
- (g) the person being deregistered as a company or otherwise dissolved other than on a solvent basis;
- (h) the person executing a deed of company arrangement;
- (i) the person incurs a liability while acting or purporting to act as trustee (or co-trustee) or general partner of a trust or partnership (including a limited partnership) and the person:
 - (i) is not entitled to be fully indemnified against the liability out of the trust or partnership assets (or the trust or partnership assets are insufficient to discharge the liability); and
 - (ii) is unable to discharge the liability out of any other assets (including the proceeds of any insurance claim); or
- (j) anything analogous to those set out in any of paragraphs (a) to (i) inclusive occurs in relation to the person under the laws of a foreign jurisdiction,

and a person shall be Insolvent if any event specified in paragraphs (a) to (j) inclusive occurs in respect of that person.

Issuer Sponsored Holding means a holding of Shares on the Issuer Sponsored Subregister of Boral.

Issuer Sponsored Subregister has the meaning given in the ASX Settlement Rules.

Last Practicable Date means 7 May 2021.

Offer means, as the context requires, the offer for Shares contained in section 7, or the off-market takeover bid constituted by that offer and each other offer by SGH Bidder for Shares in the form of that offer, including in each case as varied in accordance with the Corporations Act.

Offer Amount has the meaning given in section 4.1.

Offer Period means the period during which the Offer will remain open for acceptance in accordance with section 7.2.

Prescribed Occurrences has the meaning given in section 7.6(d).

Public Authority means any government or representative of a government or any governmental, semi-governmental, administrative, fiscal, regulatory or judicial body, department, commission, authority, tribunal, agency, competition authority or entity and includes any minister, ASIC, ASX, the Takeovers Panel and any regulatory organisation established under statute or any stock exchange.

Register Date means 8.00am (Sydney time) on 11 May 2021, being the date set by SGH Bidder under section 633(2) of the Corporations Act.

Related Entity means, in relation to a person, any entity that is related to that person within the meaning of section 50 of the Corporations Act or that is in an economic entity (as defined in any approved Australian accounting standard) that is controlled by that person.

Relevant Interest has the meaning given to that term in sections 608 and 609 of the Corporations Act.

Rights means all accretions, rights and benefits of whatever kind attaching to or arising from the Shares directly or indirectly at or after the date of this Bidder's Statement (including all dividends and all rights to receive them and rights to receive or subscribe for shares, notes, bonds, options or other securities or entitlements declared, paid or issued by Boral or any Subsidiary of Boral).

Securityholder Reference Number means the number allocated by Boral to identify a Shareholder on the Issuer Sponsored Subregister of Boral.

SGH means Seven Group Holdings Limited (ACN 142 003 469).

SGH Bidder means Network Investment Holdings Pty Limited (ACN 078 448 512), a wholly owned Subsidiary of SGH.

SGH Borrower has the meaning given in section 4.3(c).

SGH Corporate Loan Facility means the unsecured syndicated loan facility provided to SGH Corporate Loan Facility Borrower on the terms of the syndicated facility agreement originally dated 28 September 2011 and most recently amended and restated on 29 December 2020 between, among others, SGH Corporate Loan Facility Borrower, the Facility Agent and the lenders listed therein.

SGH Corporate Loan Facility Borrower means the Subsidiary of SGH that is the borrower under the SGH Corporate Loan Facility.

SGH Group means SGH and its Subsidiaries.

Shareholder means a person registered in the register of members of Boral as a holder of Shares.

Shares means fully paid ordinary shares in Boral.

Subsidiary has the meaning given to that term in the Corporations Act.

Takeover Transferee Holding has the meaning given in the ASX Settlement Rules, being the CHESS Holding to which Shares are to be transferred pursuant to acceptances of the Offer.

Transaction Facility has the meaning given in section 4.3(c).

Voting Power has the meaning given in section 610 of the Corporations Act.

VWAP means volume weighted average trading price on ASX.

your Shares means, subject to section 7.9, the Shares in respect of which you are registered or entitled to be registered as a holder in the register of members of Boral at the Register Date, and in respect of which no other person becomes registered or entitled to be registered as a holder before you accept the Offer.

8.2 Interpretation

- (a) In this Bidder's Statement and in the Acceptance Form, headings are for convenience only and do not affect interpretation.
- (b) Mentioning anything after includes, including, for example, or similar expressions, does not limit what else might be included.
- (c) The following rules apply unless the context requires otherwise.
 - (i) The singular includes the plural, and the converse also applies.
 - (ii) A gender includes all genders.
 - (iii) If a word or phrase is defined, its other grammatical forms have a corresponding meaning.
 - (iv) A reference to a person includes a corporation, trust, partnership, unincorporated body or other entity, whether or not it comprises a separate legal entity.
 - (v) A reference to a section or Annexure is a reference to a section of, or Annexure to, this Bidder's Statement.
 - (vi) A reference to a person includes a reference to the person's executors, administrators, successors, substitutes (including persons taking by novation) and assigns.
 - (vii) A reference to legislation or to a provision of legislation includes a modification or re-enactment of it, any legislative provision substituted for it and a regulation or statutory instrument issued under it.
 - (viii) A reference to any instrument or document includes any variation or replacement of it.
 - (ix) A term not specifically defined in this Bidder's Statement has the meaning given to it in the Corporations Act (being, if any special meaning is given for the purposes of Chapter 6 or 6A of the Corporations Act or a provision of those chapters, that special meaning).
 - (x) A reference to time is to Sydney time.
 - (xi) A reference to *dollars* or \$ is to Australian currency.
 - (xii) A reference to you is to a person to whom the Offer under section 7 is (or is deemed to be) made.

9 Approval of Bidder's Statement

This Bidder's Statement has been approved by a resolution of the directors of Network Investment Holdings Pty Limited.

Dated 10 May 2021.

Signed on behalf of Network Investment Holdings Pty Limited:

A handwritten signature in black ink, appearing to read 'R Richards', is written over the printed name.

Richard Richards
Director

Corporate Directory

SGH

Seven Group Holdings Limited
Level 30, 175 Liverpool Street
Sydney NSW 2000

SGH Bidder

Network Investment Holdings Pty Limited
Level 30, 175 Liverpool Street
Sydney NSW 2000

SGH Offer Information Line

If you have any questions in relation to the Offer or how to accept it, or if you have lost your Acceptance Form and require a replacement, please call the SGH Offer Information Line on the following numbers:

Within Australia: 1300 080 794 (toll free)

Outside Australia: +61 2 8023 5468

Please note that, as required by the Corporations Act, calls to these numbers will be recorded.

Registry for the Offer

You can contact the share registrar of SGH (Boardroom Pty Limited) at the addresses set out below:

(For Deliveries)

Boardroom Pty Limited
Boral Takeover Offer
Level 12
225 George Street
Sydney NSW 2000
Australia

(For Post)

Boardroom Pty Limited
Boral Takeover Offer
GPO Box 3993
Sydney NSW 2001
Australia