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4 April 2024

Market Announcements Office
ASX Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000
AUSTRALIA

Dear Sir / Madam

BORAL LIMITED (ASX:BLD) – FIRST SUPPLEMENTARY TARGET'S STATEMENT IN RELATION TO TAKEOVER OFFER FROM NETWORK INVESTMENT HOLDINGS PTY LIMITED

We attach, by way of service pursuant to section 647(3)(b) of the *Corporations Act 2001* (Cth) (as inserted by ASIC Corporations (Replacement Bidder's and Target's Statements) Instrument 2023/688), a copy of the first supplementary target's statement ("**First Supplementary Target's Statement**") of Boral Limited (ACN 008 421 761) ("**Boral**") which supplements Boral's Target's Statement dated 19 March 2024, in response to the off-market takeover bid by Network Investment Holdings Pty Limited (ACN 078 448 512) ("**SGH Bidder**"), a wholly owned subsidiary of Seven Group Holdings Limited (ACN 142 003 469), for all the ordinary shares in Boral.

The First Supplementary Target's Statement has been sent to SGH Bidder and lodged with the Australian Securities & Investments Commission today.

This letter was authorised to be given to ASX by the Boral Bid Response Committee.

Yours sincerely,



Jean-Paul Wallace
Company Secretary

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First Supplementary Target's Statement in relation to SGH Offer



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This document is a supplementary target's statement under section 644 of the *Corporations Act 2001* (Cth). It is the first supplementary target's statement (**First Supplementary Target's Statement**) issued by Boral Limited (ACN 008 421 761) (**Boral**) in relation to the off-market takeover bid made by Network Investment Holdings Pty Limited, a wholly-owned subsidiary of Seven Group Holdings Limited (ACN 052 816 789) (**SGH**) for all the ordinary shares in Boral that SGH does not already own. This document supplements, and should be read together with, Boral's target's statement dated 19 March 2024 (**Target's Statement**).

Unless otherwise specified, capitalised terms used but not defined in this First Supplementary Target's Statement have the same meaning given to them in the Target's Statement. This First Supplementary Target's Statement prevails to the extent of any inconsistency with the Target's Statement.

A copy of this First Supplementary Target's Statement is being lodged with ASIC today. Neither ASIC nor any of its officers take any responsibility for its contents. A copy of this First Supplementary Target's Statement has also been provided to the ASX. Neither the ASX nor any of its officers takes any responsibility for the contents of this document.

1 **SGH's Third Supplementary Bidder's Statement**

On 26 March 2024, SGH issued its third supplementary Bidder's Statement. This contained a number of points relating to the Grant Samuel Independent Expert's Report, which accompanied Boral's Target's Statement responding to the SGH Offer.

The Bid Response Committee of the Boral Board (the **BRC**) asked Grant Samuel to consider the matters raised by SGH. Grant Samuel's response to those matters, which is attached, states that Grant Samuel has considered each of the points raised by SGH and has not changed the conclusion in its report that the SGH Offer is not fair and not reasonable. Grant Samuel also states that none of the matters raised by SGH would cause Grant Samuel to change its value range for Boral, with one exception (which results in a minor change to that valuation range).

The exception relates to whether sufficient allowances have been made in the valuation for the costs of replacing the hard rock quarry reserves at Boral's Deer Park quarry, should the Deer Park Northern Lands development proceed. Boral has advised Grant Samuel that if the Deer Park Northern Lands development proceeds, it is likely that Boral will need to incur incremental capital expenditure on quarry development above the level which would be covered by Boral's regular ongoing quarry replacement program.

In this respect, the BRC notes that:

- as noted by Grant Samuel, given the proposed development is still subject to planning and other conditions, Boral has not yet undertaken detailed planning regarding the continued quarry operations on the site or its eventual replacement, nor has it undertaken a detailed analysis of the replacement cost or options to mitigate the potential cost. The current estimates of the potential capital expenditure to replace the Deer Park quarry therefore remain preliminary and high level in nature. Notwithstanding these limitations, if included in their valuation analysis, Grant Samuel estimates that the capital expenditure associated with replacing Deer Park quarry could result in a change to value of approximately 8 cents per Boral share; and
- in its response, Grant Samuel has only considered the specific matters raised by SGH in relation to the Independent Expert's Report, which consist entirely of arguments for potential negative adjustments to the Grant Samuel value assessment range. Other than the Deer Park quarry replacement cost above, Grant Samuel determined that none of the SGH arguments would cause Grant Samuel to change its value range.

Having regard to the above and Grant Samuel's unchanged conclusion that the SGH Offer is not fair and not reasonable, the BRC continues to recommend that Boral Shareholders **REJECT** the SGH Offer and simply **TAKE NO ACTION** in relation to all the documents sent to you from SGH.

In this respect, and as discussed in Boral's Target's Statement, the BRC notes that Boral's business continues to perform strongly, and is expected to continue to deliver value for Boral Shareholders through sustainable double-digit returns and EBIT margins, sustainable free cash flow generation and the development of Boral's property portfolio to deliver significant value creation to Boral Shareholders in future years. If minority shareholders accept the SGH Offer now, they will lose the opportunity to fully participate in any increase in the future value of the business, and their potential upside exposure to Boral as a standalone company.

The key reasons for the BRC's recommendation are set out in full in the Target's Statement and the BRC recommends Boral Shareholders read the Target's Statement in full and consider the SGH Offer having regard to your personal circumstances. While the BRC recommends shareholders **REJECT** the SGH Offer, it recognises that there are risks associated with continued ownership of Boral Shares, and depending on your risk tolerance, acknowledges some Boral Shareholders may wish to accept the SGH Offer.

2 Consent of Grant Samuel

Grant Samuel has given, and not withdrawn before the lodgement of this First Supplementary Target's Statement with ASIC, its written consent to be named in this First Supplementary Target's Statement in the form and context in which it is named as the Independent Expert and to the inclusion of the letter set out in Attachment 1 to this First Supplementary Target's Statement. Grant Samuel has not authorised or caused the issue or preparation of this First Supplementary Target's Statement and, to the maximum extent permitted by law, expressly disclaims, and takes no responsibility for, any part of this First Supplementary Target's Statement other than the references specified above.

3 Authorisation

This First Supplementary Target's Statement has been approved by a resolution passed by the Bid Response Committee of Boral Limited (ACN 008 421 761).

Dated 4 April 2024.

Signed for and on behalf of Boral:

date 4 April 2024 _____

sign here ►  _____

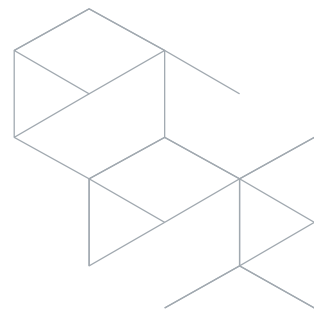
print name Robert Sindel _____

position Lead Independent Non-Executive Director, and
Chairman of the Bid Response Committee _____

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Attachment 1 – Letter from Grant Samuel & Associates Pty Ltd

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4 April 2024

Bid Response Committee
Boral Limited
Level 3, Triniti 3
39 Delhi Road
North Ryde NSW 2113

Dear Bid Response Committee

Seven Group Offer

1 Introduction

Grant Samuel & Associates Pty Limited (“Grant Samuel”) prepared an independent expert’s report (“IER”) dated 18 March 2024 in relation to the off-market takeover offer from Seven Group Holdings Limited (“Seven Group”) (the “Seven Group Offer”) for all of the ordinary shares it does not own in Boral Limited (“Boral”). The full report was included as Attachment 1 to the Target’s Statement dated 19 March 2024 sent by Boral to its shareholders. Grant Samuel concluded that:

“The Seven Group Offer is not fair. It is also not reasonable although the judgement is finely balanced and:

- *for non associated shareholders with a low tolerance for risk there is a case for accepting the offer; and*
- *the conclusion may change if circumstances change.”*

On 26 March 2024, Seven Group released a Third Supplementary Bidder’s Statement that raised a number of points in relation to the IER. The Bid Response Committee has requested that Grant Samuel consider the points raised by Seven Group and review its opinion in light of the points raised. A copy of this letter will accompany the supplementary disclosure to be sent to shareholders by Boral.

2 Points Raised in Third Supplementary Bidder’s Statement

In its Third Supplementary Bidder’s Statement, Seven Group raised a number of points in relation to Grant Samuel’s IER concerning:

- the inclusion of certain scenarios in its discounted cash flow analysis (in particular, Scenarios C and E);
- selection of the beta for calculating a cost of equity for Boral;
- relevant multiples for the purpose of Grant Samuel’s multiples analysis;
- the valuation of Boral’s surplus property portfolio; and
- the requirements of Australian Securities & Investments Commission Regulatory Guide 111 in relation to the assessment of the reasonableness of the Seven Group Offer.

Grant Samuel has considered all of these points and does not believe that any of them cause it to change its value range for Boral or its opinion on the Seven Group Offer, with one exception.

The exception relates to whether sufficient allowance has been made in the valuation for the costs of replacing the hard rock reserves at Boral’s Deer Park quarry, if the Deer Park Northern Lands development proceeds. Grant Samuel has now been advised that, if the Deer Park Northern Lands development proceeds, it is likely that Boral will need to incur incremental capital expenditure on quarry development over FY28 to FY33 above the level that would be covered by Boral’s regular ongoing quarry replacement



program. As the Deer Park Northern Lands development is still subject to planning and other conditions, Boral has not yet undertaken detailed planning around the continued quarry operations on the site or its eventual replacement. There is no detailed assessment of replacement cost or how to optimise the process and cost. However, it has provided some preliminary, high level estimates of potential capital expenditure. The net present value of this potential capital expenditure has been estimated as follows:

- total incremental capital expenditure of \$195 million net of expenditure that would be covered by Boral's regular ongoing quarry replacement program and existing capital expenditure assumptions;
- the capital expenditure (except for an amount allocated to land acquisition) being deductible for tax purposes (over 25 years); and
- an after tax discount rate of 12% which is considered appropriate as the replacement is tied into the Deer Park project and is subject to the same timing risks as the development itself.

The net present value is equal to approximately 8 cents per Boral share. On this basis, Grant Samuel's amended value range for Boral is \$6.42-7.05 per share, a reduction of a little over 1%.

It is important to note that the adjustment has been considered in isolation and has been made to Grant Samuel's value range for Boral set out in the IER of \$6.50-7.13 per share. Grant Samuel was not asked to prepare a revised valuation of Boral either at the date of the IER or the date of this letter nor was it asked to consider any offsetting factors.

3 Impact on Opinion

Even after allowing for the amendment to the value range for Boral shares, the Seven Group Offer is not fair.

The Seven Group Offer is also not reasonable although the judgement remains finely balanced. The primary reason remains that the offer does not provide a sufficient premium over Boral's pre offer trading price (circa \$5.80-5.85) to provide a compelling reason to accept the offer even though it is not fair. Normally, in a situation such as Boral, where there is a controlling shareholder, a reasonable offer is one that provides a meaningful uplift over the pre offer trading price and there is little or no prospect of the shares trading at or above the offer price in the foreseeable future in the absence of the offer. This is not the situation in relation to the Seven Group Offer.

4 Other Matters

This letter should be read in conjunction with the full IER dated 18 March 2024 included as Attachment 1 to the Target's Statement. In particular, all limitations, disclaimers and declarations set out in that IER apply in full to this letter.

This letter is general financial product advice only and has been prepared without taking into account the objectives, financial situation or needs of individual Boral shareholders. Accordingly, before acting in relation to their investment, shareholders should consider the appropriateness of the advice having regard to their own objectives, financial situation or needs. Shareholders should read the Target's Statement and the First Supplementary Target's Statement issued by Boral in relation to the Seven Group Offer.

Grant Samuel has not been engaged to provide a recommendation to shareholders in relation to the Seven Group Offer, the responsibility for which lies with Boral's Bid Response Committee. In any event, the decision whether to accept or reject the Seven Group Offer is a matter for individual shareholders, based on their own views as to value and business strategy, their expectations about future economic and market conditions and their particular circumstances including risk profile, liquidity preference, investment strategy, portfolio structure and tax position. Shareholders who are in doubt as to the action they should take in relation to the Seven Group Offer should consult their own professional adviser.

GRANT SAMUEL



Grant Samuel has prepared a Financial Services Guide as required by the Corporations Act, 2001. The Financial Services Guide is included as Appendix 1 to this letter.

The opinion is made as at the date of this letter and reflects circumstances and conditions as at that date.

Yours faithfully

GRANT SAMUEL & ASSOCIATES PTY LIMITED

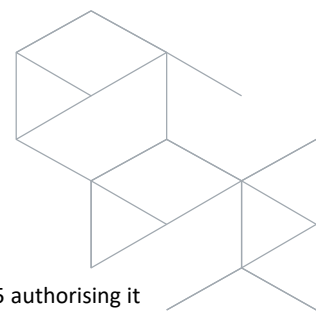
Grant Samuel & Associates

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APPENDIX 1

FINANCIAL SERVICES GUIDE



Grant Samuel & Associates Pty Limited ("Grant Samuel") holds Australian Financial Services Licence No. 240985 authorising it to provide financial product advice on securities and interests in managed investments schemes to wholesale and retail clients.

The Corporations Act, 2001 requires Grant Samuel to provide this Financial Services Guide ("FSG") in connection with its provision of an independent expert's report ("Report") which is included in a document ("Disclosure Document") provided to members by the company or other entity ("Entity") for which Grant Samuel prepares the Report.

Grant Samuel does not accept instructions from retail clients. Grant Samuel provides no financial services directly to retail clients and receives no remuneration from retail clients for financial services. Grant Samuel does not provide any personal retail financial product advice to retail investors nor does it provide market-related advice to retail investors.

When providing Reports, Grant Samuel's client is the Entity to which it provides the Report. Grant Samuel receives its remuneration from the Entity. In respect of the Report for Boral Limited ("Boral") dated 18 March 2024 in relation to the Seven Group Offer ("the Boral Report"), Grant Samuel received a fixed fee of \$1.25 million plus reimbursement of out-of-pocket expenses (as stated in Section 9.3 of the Boral Report). In respect of the letter for Boral ("Supplementary Letter"), Grant Samuel will receive an additional fee based on executive time incurred.

No related body corporate of Grant Samuel, or any of the directors or employees of Grant Samuel or of any of those related bodies or any associate receives any remuneration or other benefit attributable to the preparation and provision of the Boral Report or the Supplementary Letter.

Grant Samuel is required to be independent of the Entity in order to provide a Report. The guidelines for independence in the preparation of Reports are set out in Regulatory Guide 112 issued by the Australian Securities & Investments Commission on 30 March 2011. The following information in relation to the independence of Grant Samuel was stated in Section 9.3 of the Boral Report:

"Grant Samuel and its related entities do not have at the date of this report, and have not had within the previous two years, any business or professional relationship with Boral or Seven Group or any financial or other interest that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Seven Group Offer.

Related entities of Grant Samuel have been retained to advise:

- ***Seven West Media Limited (an ASX listed entity in which Seven Group has a 40.2% shareholding), in relation to the refinancing of its existing debt facilities (completed in November 2023); and***
- ***LOGOS Investment Management Pty Limited ("LOGOS") (a privately held logistics property specialist), in relation to an industrial development on the Deer Park property in partnership with Boral. Comprehensive development agreements between LOGOS and Boral have been signed but, as at the date of this report, they remain subject to the satisfaction of certain conditions precedent (including planning outcomes).***

Grant Samuel does not consider these assignments capable of affecting its ability to provide an unbiased opinion in relation to the Seven Group Offer.

Grant Samuel had no part in the formulation of the Seven Group Offer. Its only role has been the preparation of this report.

Grant Samuel will receive a fixed fee of \$1.25 million for the preparation of this report. This fee is not contingent on the conclusions reached or the outcome of the Seven Group Offer. Grant Samuel's out of pocket expenses in relation to the preparation of the report will be reimbursed. Grant Samuel will receive no other benefit for the preparation of this report.

Grant Samuel considers itself to be independent in terms of Regulatory Guide 112 issued by the ASIC on 30 March 2011."

Grant Samuel has internal complaints-handling mechanisms and is a member of the Australian Financial Complaints Authority, No. 11929. If you have any concerns regarding the Boral Report, please contact the Compliance Officer in writing at Level 19, Governor Macquarie Tower, 1 Farrer Place, Sydney NSW 2000. If you are not satisfied with how we respond, you may contact the Australian Financial Complaints Authority at GPO Box 3 Melbourne VIC 3001 or 1800 931 678. This service is provided free of charge.

Grant Samuel holds professional indemnity insurance which satisfies the compensation requirements of the Corporations Act, 2001.

Grant Samuel is only responsible for the Boral Report, the Supplementary Letter and the associated FSGs. Complaints or questions about the Disclosure Document and any other supplementary information should not be directed to Grant Samuel which is not responsible for those documents. Grant Samuel will not respond in any way that might involve any provision of financial product advice to any retail investor.