ADBRI
Building Australia since 1882

3 May 2024

Court approves convening of Scheme Meeting and Scheme Booklet registered with ASIC

- *The Adbri Independent Directors continue to unanimously recommend that Independent Adbri Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Independent Adbri Shareholders*
- *The Independent Expert has concluded that the Scheme is fair and reasonable and is therefore in the best interests of Independent Adbri Shareholders*

Adbri Limited (**ASX: ABC**) (**Adbri**) refers to the proposed acquisition by CRH ANZ Pty Ltd (**CRH**) of all of the issued shares in Adbri that Barro Group Pty Ltd and its associates (**Barro Group**) do not own (holders of those shares being **Independent Adbri Shareholders**), by way of a Scheme of Arrangement (**Scheme**), pursuant to the Scheme Implementation Deed with CRH and CRH plc as announced to the ASX on 27 February 2024 (**SID**).

First court hearing

The Supreme Court of New South Wales has today made the following orders in relation to the Scheme:

- that Adbri convenes and holds a meeting of Independent Adbri Shareholders to consider and vote on the Scheme (**Scheme Meeting**); and
- approving the distribution of the scheme booklet providing information about the Scheme and a notice of Scheme Meeting (**Scheme Booklet**) to Independent Adbri Shareholders.

Scheme Booklet

Adbri confirms that the Scheme Booklet has today been registered with the Australian Securities and Investments Commission (**ASIC**). A copy of the Scheme Booklet is attached and will be available online at www.adbri.com.au/scheme.

The Scheme Booklet provides Independent Adbri Shareholders with important information about the Scheme. Independent Adbri Shareholders should read the Scheme Booklet in its entirety, including the Independent Expert's Report, before deciding how to vote on the Scheme.

Further details will be sent to Independent Adbri Shareholders as follows:

- Independent Adbri Shareholders who have elected to receive shareholder communications electronically will receive an email containing a link to an online portal where they can access the Scheme Booklet and a personalised proxy form.
- Independent Adbri Shareholders who have elected to receive hard copy shareholder communications will receive (by post) a printed copy of the Scheme Booklet and a personalised proxy form.
- Independent Adbri Shareholders who have not elected to receive shareholder communications electronically or in hard copy will receive (by post) a letter containing details of how they can view and download the Scheme Booklet and a personalised proxy form.

Independent Expert's Report

The Scheme Booklet includes a copy of the Independent Expert's Report prepared by Grant Samuel (**Independent Expert**).

The Independent Expert has concluded that the Scheme is fair and reasonable and is therefore in the best interests of Independent Adbri Shareholders, in the absence of a superior proposal. The Independent Expert has assessed the value of an Adbri Share on a controlling interest basis to be in the range of \$3.09 to \$3.53. The Scheme Consideration of \$3.20 per Adbri Share falls within this range.

The Independent Expert's conclusion should be read in context with the full Independent Expert's Report and the Scheme Booklet.

Scheme Consideration

If the Scheme is approved and implemented, Independent Adbri Shareholders will receive $3.20 cash for each Adbri Share they hold on the Scheme Record Date.

Adbri Board Recommendation

The Adbri Independent Directors continue to unanimously recommend that Independent Adbri Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Independent Adbri Shareholders. Subject to these same qualifications, each Adbri Independent Director intends to vote, or procure the voting of, all Adbri Shares held or controlled by them in favour of the Scheme at the Scheme Meeting.

Details of the Scheme Meeting

The Scheme Meeting will be held at 10.30am Adelaide time (11.00am Sydney time) on Wednesday 12 June 2024 in person at Pullman Adelaide, 16 Hindmarsh Square, Adelaide, South Australia.

All registered Independent Adbri Shareholders as at 7.00pm (Sydney time) on Monday 10 June 2024 will be eligible to vote at the Scheme Meeting.

All Independent Adbri Shareholders are encouraged to vote by attending the Scheme Meeting in person or by attorney or corporate representative, or alternatively by completing and ensuring the proxy form accompanying the Scheme Booklet is received by 10.30am Adelaide time (11.00am Sydney time) on Monday 10 June 2024.

Independent Adbri Shareholders who are unable to attend in person can view the Scheme Meeting via the live webcast at https://webcast.openbriefing.com/abc-sm-2024. Independent Adbri Shareholders watching online will not be able to vote, ask questions or make comments via the webcast.

Independent Adbri Shareholders who wish to submit questions in advance of the Scheme Meeting may do so online at www.investorvote.com.au by 5:00pm (Sydney time) on 5 June 2024.

Key Dates

Event	Time and date
Latest time and date for receipt of proxy forms or powers of attorney by the Adbri Share Registry for the Scheme Meeting	10.30am Adelaide time (11.00am Sydney time) on 10 June 2024
Time and date for determining eligibility to vote at the Scheme Meeting	7.00pm (Sydney time) on 10 June 2024
Scheme Meeting	10.30am Adelaide time (11.00am Sydney time) on 12 June 2024
If the Scheme is approved by Independent Adbri Shareholders	
Court hearing to approve the Scheme (Second Court Date)	14 June 2024
Effective Date Court order lodged with ASIC and announcement to ASX Last day of trading in Adbri Shares – Adbri Shares will be suspended from trading on ASX from close of trading	17 June 2024
Scheme Record Date (for determining entitlements to the Scheme Consideration)	7.00pm (Sydney time) on 21 June 2024
Implementation Date Provision of Scheme Consideration	1 July 2024

All times and dates in the above timetable are subject to change. Certain times and dates are conditional on the approval of the Scheme by Independent Adbri Shareholders and by the Court. Any changes will be announced by Adbri to the ASX.

Further Information
If you have any further questions in relation to the Scheme or the Scheme Booklet, please contact the Adbri Shareholder Information Line on 1300 038 212 (within Australia) or +61 2 9066 4052 (outside Australia), between 8.30am and 5.30pm (Sydney time), Monday to Friday (excluding public holidays).

-ENDS-

Authorised for release by the Adbri Independent Board Committee.

Contacts

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ADBRI
Building Australia since 1882

Scheme Booklet

In relation to a scheme of arrangement between Adbri Limited ACN 007 596 018 and the Scheme Shareholders in relation to the proposed acquisition by CRH ANZ Pty Ltd ACN 604 858 139 of the Scheme Shares.

Vote in Favour

Your Independent Directors unanimously recommend that Independent Adbri Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Independent Adbri Shareholders.

The Independent Expert has concluded that the Scheme is fair and reasonable and therefore is in the best interests of Independent Adbri Shareholders, in the absence of a Superior Proposal.

This is an important document and requires your immediate attention.

You should read it entirely before deciding whether or not to vote in favour of the Scheme.

If you are in any doubt about how to deal with this document, you should contact your broker or financial, taxation, legal or other professional adviser immediately.

If, after reading this Scheme Booklet, you have any questions in relation to this Scheme Booklet or the Scheme, please contact the Adbri Shareholder Information Line on 1300 038 212 (within Australia) or +61 2 9066 4052 (outside Australia), between 8.30am and 5.30pm (Sydney time), Monday to Friday (excluding public holidays).

This Scheme Booklet has been sent to you because you are shown in the Adbri Share Register as holding Adbri Shares. If you have recently sold all your Adbri Shares, please disregard this Scheme Booklet.

Barrenjoey
Partnering with BARCLAYS
J.P.Morgan
Financial Advisers

HERBERT SMITH FREEHILLS
Legal Adviser

Important notices

General

This Scheme Booklet is important and requires your immediate attention. You should read this Scheme Booklet in full before making any decision as to how to vote at the Scheme Meeting.

Nature of this Scheme Booklet

This Scheme Booklet includes the explanatory statement for the Scheme required by subsection 412(1) of the Corporations Act.

This Scheme Booklet does not constitute or contain an offer to Adbri Shareholders, or a solicitation of an offer from Adbri Shareholders, in any jurisdiction. This Scheme Booklet is not a disclosure document required by Chapter 6D of the Corporations Act. Subsection 708(17) of the Corporations Act provides that Chapter 6D of the Corporations Act does not apply in relation to arrangements under Part 5.1 of the Corporations Act approved at a meeting held as a result of an order under subsection 411(1). Instead, Independent Adbri Shareholders asked to vote on an arrangement at such a meeting must be provided with an explanatory statement as referred to above.

ASIC and ASX

A copy of this Scheme Booklet has been registered by ASIC for the purposes of subsection 412(6) of the Corporations Act. ASIC has been given the opportunity to comment on this Scheme Booklet in accordance with subsection 411(2) of the Corporations Act. Neither ASIC, nor any of its officers, takes any responsibility for the contents of this Scheme Booklet.

ASIC has been requested to provide a statement, in accordance with paragraph 411(17)(b) of the Corporations Act, that it has no objection to the Scheme. If ASIC provides that statement, it will be produced to the Court at the time of the Court hearings to approve the Scheme.

A copy of this Scheme Booklet has been provided to the ASX. Neither the ASX, nor any of its officers, takes any responsibility for the contents of this Scheme Booklet.

Defined terms

Capitalised terms used in this Scheme Booklet are defined in section 10, which also sets out some rules of interpretation which apply to this Scheme Booklet. Some of the documents reproduced in the annexures to this Scheme Booklet have their own defined terms, which are sometimes different to those set out in section 10.

Important notice associated with Court order under subsection 411(1) of the Corporations Act

The fact that, under subsection 411(1) of the Corporations Act, the Court has ordered that a meeting be convened and has approved the explanatory statement required to accompany the Notice of Scheme Meeting does not mean that the Court:

- has formed any view as to the merits of the proposed Scheme or as to how Independent Adbri Shareholders should vote (on this matter Independent Adbri Shareholders must reach their own conclusion); or
- has prepared, or is responsible for the content of, the explanatory statement.

Notice of Scheme Meeting

The Notice of Scheme Meeting is set out in Annexure 4.

Notice of Second Court Hearing

At the Second Court Hearing, the Court will consider whether to approve the Scheme following the vote at the Scheme Meeting. Any Independent Adbri Shareholder may appear at the Second Court Hearing, currently expected to be held at 9.15am (Sydney time) on 14 June 2024 at the Law Courts Building, 184 Phillip Street, Sydney NSW 2000. Any Independent Adbri Shareholder who wishes to oppose approval of the Scheme at the Second Court Hearing may do so by filing with the Court and serving on Adbri a notice of appearance in the prescribed form together with any affidavit that the Independent Adbri Shareholder proposes to rely on.

No investment advice

This Scheme Booklet has been prepared without reference to the investment objectives, financial and taxation situation or particular needs of any Adbri Shareholder or any other person. The information and recommendations contained in this Scheme Booklet do not constitute, and should not be taken as, financial product advice. You are encouraged to seek independent financial and taxation advice before making any investment decision and any decision as to whether or not to vote in favour of the Scheme. This Scheme Booklet should be read in its entirety before making a decision on whether or not to vote in favour of the Scheme. In particular, it is important that you consider the risk factors set out in section 7, and the views of the Independent Expert set out in the Independent Expert's Report contained in Annexure 1. If you are in doubt as to the course you should follow, you should consult an independent and appropriately licensed and authorised professional adviser immediately.

Forward looking statements

Some of the statements appearing in this Scheme Booklet (including in the Independent Expert's Report) may be in the nature of forward looking statements. Forward looking statements or statements of intent in relation to future events in this Scheme Booklet (including in the Independent Expert's Report) should not be taken to be forecasts or predictions that those events will occur. Forward looking statements generally may be identified by the use of forward looking words such as 'believe', 'aim', 'expect', 'anticipate', 'intending', 'foreseeing', 'likely', 'should', 'planned', 'may', 'estimate', 'potential', or other similar words.

Similarly, statements that describe the objectives, plans, goals, intentions or expectations of Adbri, CRH or their related entities are or may be forward looking statements. You should be aware that such statements are only opinions and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to Adbri, CRH or their related entities and/or the industries in which they operate, general economic conditions, prevailing exchange rates and interest rates and conditions in financial markets.

Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement and deviations are both normal and to be expected. None of Adbri, CRH, their respective entities, or their respective officers, directors, employees or advisers or any person named in this Scheme Booklet or any person involved in the preparation of this Scheme Booklet makes any representation or warranty (either express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement. Accordingly, you are cautioned not to place undue reliance on those statements.

Any forward looking statements in this Scheme Booklet reflect views held only at the date of this Scheme Booklet. Subject to any continuing obligations under the Listing Rules or the Corporations Act, Adbri and CRH and their respective officers, directors, employees and advisers, disclaim any obligation or undertaking to distribute after the date of this Scheme Booklet any updates or revisions to any forward looking statements to reflect (a) any change in expectations in relation to such statements; or (b) any change in events, conditions or circumstances on which any such statement is based.

Responsibility statement

Adbri has prepared, and is responsible for, the Adbri Information. Neither CRH, CRH Guarantor nor any of their subsidiaries, directors, officers, employees or advisers assume any responsibility for the accuracy or completeness of such information.

CRH has prepared, and is responsible for, the CRH Information. Neither Adbri nor any of its subsidiaries, directors, officers, employees or advisers assume any responsibility for the accuracy or completeness of such information.

Grant Samuel has prepared the Independent Expert's Report as set out in Annexure 1 and takes responsibility for that report. None of Adbri or CRH or any of their respective subsidiaries, directors, officers, employees or advisers assume any responsibility for the accuracy or completeness of the information contained in the Independent Expert's Report, except, in the case of Adbri, in relation to the information which it has provided to the Independent Expert.

PricewaterhouseCoopers, in its capacity as Adbri's taxation adviser to the Scheme, has prepared, and is responsible for, the information contained in Section 8 ('Tax Implications') of this Scheme Booklet. None of Adbri or CRH or any of their respective subsidiaries, directors, officers, employees or advisers assume any responsibility for the accuracy or completeness of the information contained in Section 8 ('Tax Implications'), except, in the case of Adbri, in relation to the information which it has provided to PricewaterhouseCoopers.

No consenting party has withdrawn their consent to be named before the date of this Scheme Booklet.

Foreign jurisdictions

The release, publication or distribution of this Scheme Booklet in jurisdictions other than Australia may be restricted by law or regulation in such other jurisdictions and persons outside of Australia who come into possession of this Scheme Booklet should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations.

This Scheme Booklet has been prepared in accordance with the laws of Australia and the information contained in this Scheme Booklet may not be the same as that which would have been disclosed if this Scheme Booklet had been prepared in accordance with the laws and regulations of a jurisdiction outside of Australia.

Independent Adbri Shareholders who are nominees, trustees or custodians are encouraged to seek independent advice as to how they should proceed.

Financial amounts and effects of rounding

All financial amounts in this Scheme Booklet are expressed in Australian currency unless otherwise stated. A number of figures, amounts, percentages, estimates, calculations of value and fractions in the Scheme Booklet are subject to the effect of rounding. Accordingly, any discrepancies between totals in tables or financial statements, or in calculations, graphs or charts are due to rounding. All financial and operational information set out in this Scheme Booklet is current as at the date of this Scheme Booklet, unless otherwise stated.

Charts and diagrams

Any diagrams, charts, graphs or tables appearing in this Scheme Booklet are illustrative only and may not be drawn to scale. Unless stated otherwise, all data contained in diagrams, charts, graphs and tables is based on information available as at the Last Practicable Date.

Timetable and dates

All times and dates referred to in this Scheme Booklet are times and dates in Sydney, Australia, unless otherwise indicated. All times and dates relating to the implementation of the Scheme referred to in this Scheme Booklet may change and, among other things, are subject to Independent Adbri Shareholder approval and Court approval.

External websites

Unless expressly stated otherwise, the content of the websites of Adbri and CRH or any other websites referenced in this Scheme Booklet do not form part of this Scheme Booklet and you should not rely on any such content.

Privacy

Adbri may collect personal information in the process of implementing the Scheme. The type of information that it may collect about you includes your name, contact details and information on your shareholding in Adbri and the names of persons appointed by you to act as a proxy, attorney or corporate representative at the Scheme Meeting as relevant to you. The collection of some of this information is required or authorised by the Corporations Act. The primary purpose of the collection of personal information is to assist Adbri to conduct the Scheme Meeting and implement the Scheme. Without this information, Adbri may be hindered in its ability to issue this Scheme Booklet and implement the Scheme. Personal information of the type described above may be disclosed to the Adbri Share Registry, third party service providers (including print and mail service providers and parties otherwise involved in the conduct of the Scheme Meeting), authorised securities brokers, professional advisers, related bodies corporate of Adbri, Government Agencies, and also where disclosure is otherwise required or allowed by law. Adbri Shareholders who are individuals and the other individuals in respect of whom personal information is collected as outlined above have certain rights to access the personal information collected in relation to them. If you would like to obtain details of the information about you held by the Adbri Share Registry in connection with Adbri Shares, please contact the Adbri Share Registry. Independent Adbri Shareholders who appoint an individual as their proxy, corporate representative or attorney to vote at the Scheme Meeting should ensure that they inform such an individual of the matters outlined above. Further information about how Adbri collects, uses and discloses personal information is contained in Adbri's Privacy Policy located at www.adbri.com.au/privacy/.

Date of Scheme Booklet

This Scheme Booklet is dated 3 May 2024.

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Letter from the Adbri Lead Independent Director

Dear Adbri Shareholder,

On behalf of the Adbri Independent Directors, I am pleased to present you with this Scheme Booklet containing information in relation to the proposed acquisition by CRH ANZ Pty Ltd (**CRH**) of all of the shares in Adbri Limited (**Adbri**) held by Independent Adbri Shareholders[1] by way of a scheme of arrangement (**Scheme**).

The Adbri Independent Directors unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Independent Adbri Shareholders.

Your vote is important. Please read this Scheme Booklet carefully.

Background to the Scheme

Following an unsolicited approach to Adbri and period of confidential negotiations, Adbri announced on 18 December 2023 that it received a non-binding indicative proposal from CRH and the Barro Group for CRH to acquire 100% of the issued shares of Adbri that the Barro Group does not own, by way of a scheme of arrangement at a price of $3.20 cash per share.

This approach was made following CRH and the Barro Group entering into the Joint Acquisition Agreement on 14 December 2023, under which they agreed to cooperate in respect of the proposed Scheme. CRH has been granted joint bid relief by ASIC in respect of the Joint Acquisition Agreement.

On 27 February 2024, following the completion of CRH's confirmatory due diligence, Adbri announced that it had entered into a Scheme Implementation Deed with CRH and CRH plc.

Scheme consideration

If the Scheme is approved and implemented, Independent Adbri Shareholders will receive $3.20 cash for each Adbri Share they hold on the Scheme Record Date.

The Scheme Consideration implies an equity valuation of approximately $2.1 billion for Adbri and represents:

- a 41.0% premium to Adbri's undisturbed closing price of $2.27 per share on 15 December 2023 (being the last day on which Adbri Shares traded before the proposed transaction with CRH was announced);
- a 51.9% premium to Adbri's one-month volume weighted average price (**VWAP**) of $2.11 per share up to and including 15 December 2023; and
- a 56.2% premium to Adbri's three-month VWAP of $2.05 per share up to and including 15 December 2023.

CRH has declared that this is its best and final offer, in the absence of a Competing Proposal.[2]

Adbri Independent Directors' recommendation

Given the involvement of the Barro Group and its entry into the Joint Acquisition Agreement with CRH, an Adbri Independent Board Committee (comprised of Adbri's Independent Non-Executive Directors but excluding Barro Group nominee directors) was formed to assess and evaluate all matters in relation to the Transaction and the Scheme.

The Adbri Independent Directors unanimously recommend that you **vote in favour** of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Independent Adbri Shareholders.

Subject to the same conditions, each Adbri Independent Director intends to vote all of their Adbri Shares in favour of the Scheme.

The Adbri Independent Directors, having regard to multiple factors, believe that the Scheme is in the best interests of Independent Adbri Shareholders for the following reasons:

- The Scheme Consideration represents a significant premium to Adbri's share price prior to the initial announcement of CRH's proposal.
- The Independent Expert has concluded that the Scheme is fair and reasonable and therefore is in the best interests of Independent Adbri Shareholders, in the absence of a Superior Proposal.
- The all cash Scheme Consideration provides a compelling opportunity for Independent Adbri shareholders to realise certainty of value for their investment in Adbri now.
- If the Scheme is implemented, Independent Adbri Shareholders would no longer be exposed to ongoing and future risks and uncertainties associated with the Adbri business and evolving market conditions.
- A Competing Proposal is considered unlikely, and no Superior Proposal has emerged since the proposed transaction with CRH was announced.
- The Adbri Share price may fall if the Scheme does not proceed and in the absence of a Superior Proposal.
- There are risks associated with remaining a minority shareholder in Adbri and Independent Adbri Shareholders may not receive a control premium if the Scheme does not proceed.
- Brokerage charges will not apply to the transfer of your Adbri Shares under the Scheme.

For more details on the recommendation given by the Adbri Independent Directors, please see section 1.2.

Although Adbri's Independent Directors unanimously recommend that Independent Adbri Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Independent Adbri Shareholders, you may not agree that the Scheme is in your best interests and instead prefer to retain your Adbri Shares.

1. The Independent Adbri Shareholders comprise Adbri Shareholders other than Excluded Shareholders. The Excluded Shareholders include the Barro Group shareholders.
2. Under ASIC's 'truth in takeovers' policy, in general terms, this means that CRH will not be able to further increase the proposed offer price under the Scheme unless a Competing Proposal emerges.

Letter from the Adbri Lead Independent Director continued

Some of the reasons you may wish to vote against the Scheme include:

- You may prefer to participate in the future financial performance of the Adbri business.
- You may believe it is in your best interests to maintain your current investment and risk profile.
- You may believe that there is a potential for a Superior Proposal to emerge.
- The tax consequences of transferring your Adbri Shares pursuant to the Scheme may not be attractive to you.

The Adbri Independent Directors consider that the advantages to Independent Adbri Shareholders of the Scheme proceeding outweigh the disadvantages, having regard to the significant premium and certainty of value and cash proceeds contrasted against the future risks and uncertainties associated with the Adbri business if the Scheme does not proceed.

Independent Expert's opinion

The Adbri Independent Directors appointed Grant Samuel as the Independent Expert to assess the merits of the Scheme. The Independent Expert has concluded that the Scheme is fair and reasonable and therefore is in the best interests of Independent Adbri Shareholders, in the absence of a Superior Proposal.

The Independent Expert has assessed the value of a Adbri Share on a controlling interest basis to be in the range of $3.09 to $3.53. The Scheme Consideration of $3.20 per Adbri Share falls within this range.

A copy of the Independent Expert's Report is included in Annexure 1.

What should you do?

The Scheme can only be implemented if approved by the Requisite Majorities of Independent Adbri Shareholders at the Scheme Meeting which is scheduled for 10.30am Adelaide time (11.00am Sydney time) on 12 June 2024 at the Hindmarsh Ballroom (Level 15), Pullman Adelaide, 16 Hindmarsh Square, Adelaide, South Australia.

Your vote is important and I encourage you to vote by attending the Scheme Meeting or alternatively by completing the proxy form accompanying this Scheme Booklet.

If you wish for the Scheme to proceed, it is important that you vote in favour of the Scheme so that it is approved.

Further information

You should carefully read this Scheme Booklet in its entirety before making any decision in relation to the Scheme.

If you have any questions, please contact the Adbri Shareholder Information Line on 1300 038 212 (within Australia) or +61 2 9066 4052 (outside Australia), between 8.30am and 5.30pm (Sydney time), Monday to Friday (excluding public holidays).

If you are in any doubt as to what you should do, please consult your legal, financial, tax or other professional adviser without delay.

On behalf of the Adbri Independent Board Committee, I would like to take this opportunity to thank you for your continued support of Adbri.

Yours sincerely,

Samantha Hogg
Lead Independent Director
Adbri Limited

Key dates

Event	Time and date
First Court Date	3 May 2024
Date of this Scheme Booklet	3 May 2024
Latest time and date for receipt of proxy forms or powers of attorney by the Adbri Share Registry for the Scheme Meeting	10.30am Adelaide time (11.00am Sydney time) on 10 June 2024
Time and date for determining eligibility to vote at the Scheme Meeting	7.00pm (Sydney time) on 10 June 2024
Scheme Meeting	10.30am Adelaide time (11.00am Sydney time) on 12 June 2024
If the Scheme is approved by Independent Adbri Shareholders	
Court hearing to approve the Scheme (Second Court Date)	14 June 2024
Effective Date Court order lodged with ASIC and announcement to ASX Last day of trading in Adbri Shares – Adbri Shares will be suspended from trading on ASX from close of trading	17 June 2024
Scheme Record Date (for determining entitlements to the Scheme Consideration)	7.00pm (Sydney time) on 21 June 2024
Implementation Date Provision of Scheme Consideration	1 July 2024

All times and dates in the above timetable are references to the time and date in Australia and all such times and dates are subject to change. Certain times and dates are conditional on the approval of the Scheme by Independent Adbri Shareholders and by the Court. Any changes will be announced by Adbri to the ASX.

1. Key considerations relevant to your vote

1.1 Summary of reasons why you might vote for or against the Scheme

Reasons why you should vote in favour of the Scheme	
✓	The Adbri Independent Directors unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Independent Adbri Shareholders
✓	The Independent Expert has concluded that the Scheme is fair and reasonable and therefore is in the best interests of Independent Adbri Shareholders, in the absence of a Superior Proposal
✓	The Scheme Consideration represents a significant premium to Adbri's undisturbed closing share price of $2.27 on 15 December 2023 (being the last day on which Adbri Shares traded before the proposed transaction with CRH was announced)
✓	The all cash Scheme Consideration provides a compelling opportunity for Independent Adbri Shareholders to realise certainty of value for their investment in Adbri now, and they will no longer be exposed to ongoing and future risks and uncertainties associated with Adbri's business if the Scheme is implemented
✓	A Competing Proposal is considered unlikely and no Superior Proposal has emerged
✓	The Adbri Share price may fall if the Scheme does not proceed and in the absence of Superior Proposal
✓	There are risks associated with remaining a minority shareholder in Adbri and you may not receive a control premium if the Scheme does not proceed
✓	Brokerage charges will not apply to the transfer of your Adbri Shares under the Scheme

Why you may consider voting against the Scheme	
✗	You may disagree with the Adbri Independent Directors' unanimous recommendation and the Independent Expert's conclusion
✗	You may prefer to participate in the future financial performance of the Adbri business
✗	You may believe it is in your best interests to maintain your current investment and risk profile
✗	You may believe that there is potential for a Superior Proposal to emerge
✗	The tax consequences of transferring your Adbri Shares pursuant to the Scheme may not be attractive to you

1.2 Why you should vote in favour of the Scheme

(a) The Adbri Independent Directors unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Independent Adbri Shareholders

The Adbri Independent Directors unanimously recommend that Independent Adbri Shareholders vote in favour of the Scheme at the Scheme Meeting, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Independent Adbri Shareholders.

In reaching this unanimous recommendation, the Adbri Independent Directors considered the merits of the Scheme as outlined in the Scheme Booklet, including:

- the merits and strategic rationale of the Scheme;
- the merits of continuing to operate Adbri as a standalone entity; and
- the likelihood of a Superior Proposal emerging in the future.

Subject to the qualifications outlined above, each Adbri Independent Director intends to vote, or procure the voting of, all of their Adbri Shares in favour of the Scheme. The interests of the Adbri Independent Directors in Adbri Shares are set out in section 9.1.

The Adbri Independent Directors consider that the reasons to vote in favour of the Scheme outweigh the potential reasons to vote against the Scheme.

(b) The Independent Expert has concluded that the Scheme is fair and reasonable and therefore is in the best interests of Independent Adbri Shareholders, in the absence of a Superior Proposal

Adbri appointed Grant Samuel to prepare an Independent Expert's Report providing an opinion as to whether the Scheme is in the best interests of Independent Adbri Shareholders.

The Independent Expert has analysed Adbri's business and, in light of this analysis, the Independent Expert has concluded that the Scheme is fair and reasonable and therefore is in the best interests of Independent Adbri Shareholders, in the absence of a Superior Proposal.

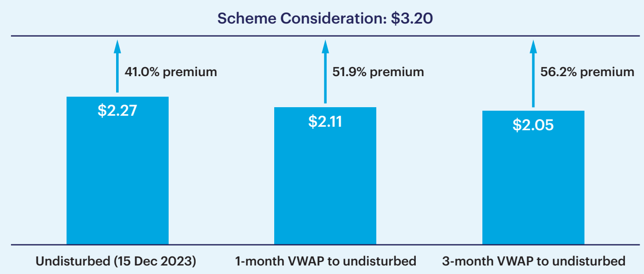
The Independent Expert has assessed the value of an Adbri Share on a controlling interest basis to be in the range of $3.09 to $3.53. The Scheme consideration of $3.20 per Adbri Share falls within this range.

The reasons why the Independent Expert reached these conclusions are set out in the Independent Expert's Report, a copy of which is included in Annexure 1. The Adbri Independent Directors encourage you to read this report in its entirety.

(c) The Scheme Consideration represents a significant premium to Adbri's undisturbed share price

As set out in the chart below, the cash consideration of $3.20 per Adbri Share under the Scheme represents a:

- 41.0% premium to Adbri's undisturbed closing share price of $2.27 on 15 December 2023 (being the last day on which Adbri Shares traded before the proposed transaction with CRH was announced);
- 51.9% premium to the 1-month VWAP of an Adbri Share up to and including 15 December 2023 of $2.11; and
- 56.2% premium to the 3-month VWAP of an Adbri Share up to and including 15 December 2023 of $2.05.



Source: Factset

(d) You will receive certainty of value for your investment in Adbri and will not be exposed to risks associated with Adbri's business

The 100% cash consideration provides Independent Adbri Shareholders with certainty of value and the opportunity to realise their investment in full for the Scheme Consideration.

In particular, the Scheme Consideration, with its significant premium, provides certainty against the risks associated with the execution of Adbri's long term strategy.

If the Scheme does not proceed, the amount which Adbri Shareholders will be able to realise in terms of price and future dividends will be uncertain and subject to a number of risks, including those outlined in section 7. These risks include the potential for contract losses, such as the expiry, at the end of April 2024, of Adbri's quicklime supply agreement with Alcoa Australia following changes in demand (as announced on the ASX on 20 March 2024).

The Scheme removes these risks and uncertainties for Independent Adbri Shareholders and allows Independent Adbri Shareholders to exit their investment in Adbri at a price that the Adbri Independent Directors consider attractive.

(e) A Competing Proposal is considered unlikely and no Superior Proposal has emerged

Since the proposed transaction with CRH was announced on 18 December 2023 up until the date of this Scheme Booklet, no Superior Proposal has emerged.

The Adbri Independent Board Committee is not aware, as at the date of this Scheme Booklet, of any Superior Proposal that is likely to emerge. The Adbri Independent Directors will notify Independent Adbri Shareholders if a Superior Proposal is received before the Scheme Meeting.

Given the time that has elapsed since the announcement of the proposed transaction with CRH on 18 December 2023, and the fact that the Barro Group (and CRH through the Joint Acquisition Agreement) holds an approximately 42.7% interest in Adbri, the Adbri Independent Directors believe that a Competing Proposal is unlikely to emerge.

The Scheme Implementation Deed also includes exclusivity arrangements in favour of CRH, as described in section 9.4(e).

1. Key considerations relevant to your vote continued

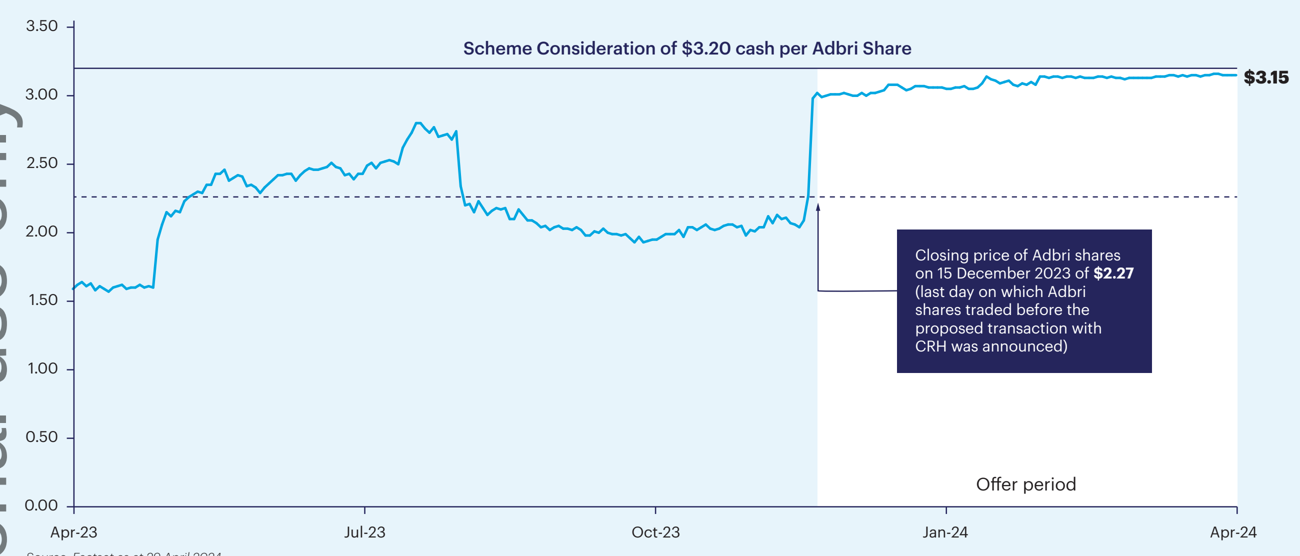
(f) The Adbri Share price may fall if the Scheme does not proceed and in the absence of Superior Proposal

If the Scheme does not proceed, and no comparable proposal or Superior Proposal is received by the Adbri Independent Board Committee, then the Adbri Share price may fall.

Adbri Shares will continue to remain quoted on the official list of the ASX and the price at which Adbri Shares trade will continue to be subject to market volatility (including general stock market movements, the impact of general economic conditions and the general demand for listed securities) and Adbri Shareholders will continue to be exposed to the risks associated with Adbri's business (including those set out in section 7).

Since market close on 15 December 2023 (being the last day on which Adbri Shares traded before the proposed transaction with CRH was announced), the Adbri Share price has increased 38.8% up to a closing price of $3.15 on the Last Practicable Date.

Adbri (ASX: ABC) Share price (A$ per share)



Source: Factset as at 29 April 2024.
Note: Price performance shown from 28 April 2023 to 29 April 2024 being the Last Practicable Date.

(g) There are risks associated with remaining a minority shareholder in Adbri and you may not receive a control premium if the Scheme does not proceed

The Barro Group currently holds a ~42.7% interest in Adbri. Under the Corporations Act, the Barro Group can increase its holding by up to 3% every six months without making a takeover offer. If the Scheme does not proceed, Barro Group could continue to increase its interest in Adbri and you may not receive a control premium in respect of any future potential transaction involving Adbri.

(h) Brokerage charges will not apply to the transfer of your Adbri Shares under the Scheme

You will not incur any brokerage charges on the transfer of your Adbri Shares to CRH under the Scheme.

It is possible that such brokerage charges (and, potentially GST on those charges) would be incurred if you dispose of your Adbri Shares other than under the Scheme.

1.3 Why you may consider voting against the Scheme

(a) You may disagree with the Adbri Independent Directors' unanimous recommendation and the Independent Expert's conclusion

Despite the unanimous recommendation of the Adbri Independent Directors to vote in favour of the Scheme and the conclusion of the Independent Expert that the Scheme is fair and reasonable and therefore is in the best interests of Independent Adbri Shareholders, you may believe that the Scheme is not in your best interests.

(b) You may prefer to participate in the future financial performance of the Adbri business

If the Scheme is implemented, you will no longer be an Adbri Shareholder and will forgo any benefits that may result from being an Adbri Shareholder.

This will mean that you will not participate in the future performance of Adbri or retain any exposure to Adbri's business or assets or have the potential to share in the value that could be generated by Adbri in the future. However, there is no guarantee as to Adbri's future performance, as is the case with all investments.

(c) You may believe it is in your best interests to maintain your current investment and risk profile

You may prefer to keep your Adbri Shares to preserve your investment in a listed company with the specific characteristics of Adbri.

In particular, you may consider that, despite the risk factors relevant to Adbri's potential future operations (including those set out in section 7), Adbri may be able to return greater value from its assets by remaining a standalone entity or by seeking alternative corporate transactions in the future.

You may also consider that it would be difficult to identify or invest in alternative investments that have a similar investment profile to that of Adbri or may incur transaction costs in undertaking any new investment.

(d) You may believe that there is potential for a Superior Proposal to emerge

You may consider that a Superior Proposal could emerge in the foreseeable future. However, as at the date of the Scheme Booklet, no Competing Proposal has been received and as set out in section 1.2(e) above, the Adbri Independent Directors believe that a Competing Proposal is unlikely to emerge.

(e) The tax consequences of transferring your Adbri Shares pursuant to the Scheme may not be attractive to you

The tax consequences of the Scheme will depend on your personal situation. You may consider that the tax consequences of transferring your Adbri Shares to CRH pursuant to the Scheme are not attractive to you.

Independent Adbri Shareholders should read the tax implications of the Scheme outlined in section 8. However, section 8 is general in nature, and Independent Adbri Shareholders should consult with their own independent taxation advisers regarding the tax implications of the Scheme.

2. Frequently asked questions

This section 2 answers some frequently asked questions relating to the Scheme. It is not intended to address all relevant issues for Adbri Shareholders. This section 2 should be read together with all other parts of this Scheme Booklet.

Question	Answer	More information
Overview of the Scheme		
Why have I received this Scheme Booklet?	This Scheme Booklet has been sent to you because you are an Independent Adbri Shareholder and you are being asked to vote on the Scheme. This Scheme Booklet is intended to help you to consider and decide on how to vote on the Scheme at the Scheme Meeting.	Section 4
What is the Scheme?	The Scheme is a scheme of arrangement between Adbri and the Scheme Shareholders. A "scheme of arrangement" is a statutory procedure in the Corporations Act that is commonly used in transactions in Australia that may result in a change of ownership or control of a company. In addition to requiring Court approval, schemes of arrangement require a shareholder vote in favour of a resolution to implement the scheme of arrangement by the Requisite Majorities. If the Scheme becomes effective, CRH will acquire all of the Scheme Shares for the Scheme Consideration. Adbri will be delisted from the ASX and be jointly owned by CRH and the Barro Persons.	Section 4 and Annexure 2
Who is CRH?	CRH is an Australian proprietary company incorporated on 19 March 2015 for the purpose of being the Australian head office corporate entity and holding company for investments in Australia. CRH is directly wholly-owned by Donegal Lime Unlimited Company. CRH is ultimately held by CRH plc.	Section 6
Who is CRH Group?	CRH Group is a leading provider of building materials solutions with operations in 29 countries across four continents. CRH Group is a leading building materials company across both North America and Europe. CRH Group is listed on the New York Stock Exchange and London Stock Exchange. For the financial year ending 31 December 2023, CRH Group generated US$34.9 billion in revenue and US$6.2 billion of adjusted EBITDA.	Section 6
Does CRH currently hold any Adbri Shares?	CRH is not the registered holder of any Adbri Shares, however: – under the Joint Acquisition Agreement, CRH acquired a relevant interest in 279,274,902 shares held by the Barro Persons. These shares represent 42.7% of Adbri's Shares; and – CRH holds an economic interest in 30,144,586 Adbri Shares, pursuant to a cash settled total return swap between CRH and UBS AG, Australia Branch. The swap does not give CRH a relevant interest in any Adbri shares. The swap is in respect of 4.6% of Adbri Shares.	Section 6
Why does the Scheme not apply to the Adbri Shares held by the Barro Persons?	Under the Joint Acquisition Agreement, CRH agreed to partner with the Barro Persons to acquire Adbri. The agreed proposal was that the Barro Persons would retain their Adbri Shares and CRH would acquire all of the Adbri Shares that were not owned by the Barro Persons.	Section 6
Recommendations and intentions		
What do the Adbri Independent Directors recommend?	The Adbri Independent Directors unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Independent Adbri Shareholders. The reasons for this recommendation and other relevant considerations are set out in section 1. The Adbri Independent Directors encourage you to seek independent legal, financial, taxation or other appropriate professional advice.	Letter from the Adbri Lead Independent Director and section 1
What are the intentions of the Adbri Independent Directors?	Each Adbri Independent Director intends to vote, or procure the voting of, any Adbri Shares held or controlled by him or her at the time of the Scheme Meeting in favour of the Scheme at the Scheme Meeting in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Independent Adbri Shareholders.	Letter from the Adbri Lead Independent Director and section 1.2(a)

Question	Answer	More information
What is the conclusion of the Independent Expert?	The Independent Expert has concluded that the Scheme is fair and reasonable and therefore is in the best interests of Independent Adbri Shareholders, in the absence of a Superior Proposal. The Independent Expert has assessed the value of an Adbri Share on a controlling interest basis to be in the range of $3.09 to $3.53. The Scheme Consideration of $3.20 per Adbri Share falls within this range. You should read the Independent Expert's Report, which is contained in Annexure 1, carefully and in its entirety.	Annexure 1
What choices do I have as an Independent Adbri Shareholder	As an Independent Adbri Shareholder who is eligible to vote at the Scheme Meeting, you have the following choices in relation to your Adbri Shares: – vote in favour of the Scheme at the Scheme Meeting; – vote against the Scheme at the Scheme Meeting; – sell your Adbri Shares on the ASX; or – do nothing.	
Overview of the Scheme Consideration		
What is the Scheme Consideration?	If the Scheme is implemented, Independent Adbri Shareholders will receive the Scheme Consideration of $3.20 in cash for each Adbri Share that they own on the Scheme Record Date.	Section 4.2
When and how will I receive my Scheme Consideration?	If the Scheme becomes effective Scheme Shareholders will be sent the Scheme Consideration on the Implementation Date (currently expected to be 1 July 2024). Scheme Shareholders who have validly registered their bank account details with the Adbri Share Registry before the Scheme Record Date may have their Scheme Consideration sent directly to their bank account. Cheques will not be issued to Scheme Shareholders with a registered address in New Zealand. Scheme Shareholders who have a registered address in New Zealand, must nominate a valid bank account before the Scheme Record Date to receive the Scheme Consideration directly into their bank account, otherwise payment may be held until a valid bank account has been nominated. Scheme Consideration payable into bank accounts denominated in New Zealand dollars will be converted from Australian dollars to New Zealand dollars prior to payment. Scheme Shareholders in other jurisdictions who have not nominated a valid bank account will have their Scheme Consideration sent by cheque in Australian dollars to their address shown on the Adbri Share Register. Scheme Shareholders can nominate a bank account or update their bank account details on the website of the Adbri Share Registry at www.investorcentre.com/au. If you have already registered, log in using your User ID and password. If you are not a member you will need your HIN/SRN to register. The new user registration process requires an account verification code to be mailed to your registered address as an additional layer of security to protect your securityholding. Please allow sufficient time for delivery of the verification code so that you can update your bank account details before the Scheme Record Date.	Section 4.3
Will I have to pay brokerage?	You will not have to pay brokerage on the transfer of your Adbri Shares to CRH under the Scheme.	Section 1.2(h)
What are the taxation implications of the Scheme?	The taxation implications of the Scheme will depend on your particular circumstances. Section 8 provides a general description of the Australian taxation consequences for Scheme Shareholders. You should seek independent professional taxation advice with respect to your particular circumstances.	Section 8
Conditions to the Scheme		
Are there any conditions to the Scheme?	Yes. The conditions to the Scheme are summarised in section 4.4. As at the date of this Scheme Booklet, the Adbri Independent Directors are not aware of any reason why any condition to the Scheme will not be satisfied.	Section 4.4
What is required for the Scheme to become effective?	The Scheme will become effective if: – the Scheme is approved by the Requisite Majorities of Independent Adbri Shareholders at the Scheme Meeting to be held on 12 June 2024; – the Court approves the Scheme at the Second Court Hearing; and – all of the other conditions precedent to the Scheme are satisfied or waived (as applicable).	N/A
When and where will the Scheme Meeting be held?	The Scheme Meeting will be held at 10.30am Adelaide time (11.00am Sydney time) at the Hindmarsh Ballroom (Level 15), Pullman Adelaide, 16 Hindmarsh Square, Adelaide, South Australia on 12 June 2024.	Annexure 4

2. **Frequently asked questions** continued

Question	Answer	More information
What will I be asked to vote on at the Scheme Meeting?	At the Scheme Meeting, Independent Adbri Shareholders will be asked to vote on whether to approve the Scheme.	Annexure 4
What is the approval threshold for the Scheme?	In order to become effective, the Scheme must be approved by the Requisite Majorities, being: – unless the Court orders otherwise, a majority in number (more than 50%) of Independent Adbri Shareholders present and voting at the Scheme Meeting (either in person or by proxy, attorney or, in the case of corporate Independent Adbri Shareholders, body corporate representative); and – at least 75% of the total number of votes cast on the Scheme Resolution at the Scheme Meeting by Independent Adbri Shareholders present and voting (either in person or by proxy, attorney or, in the case of corporate Independent Adbri Shareholders, body corporate representative). Even if the Scheme is approved by the Requisite Majorities of Independent Adbri Shareholders at the Scheme Meeting, the Scheme is still subject to the approval of the Court.	Section 4.6
Am I entitled to vote at the Scheme Meeting?	If you are registered as an Adbri Shareholder on the Adbri Share Register as at 7.00pm (Sydney time) on 10 June 2024 and you are not an Excluded Shareholder, you will be entitled to attend and vote at the Scheme Meeting.	Annexure 4
Are the Barro Group shareholders entitled to vote at the Scheme Meeting?	No the Barro Group shareholders are Excluded Shareholders for the purposes of the Scheme and will not be eligible to vote at the Scheme Meeting.	N/A
How can I vote if I can't attend the Scheme Meeting?	If you would like to vote but cannot attend the Scheme Meeting in person, you can vote by appointing a proxy (including by submitting your proxy online at www.investorvote.com.au) or attorney to attend and vote on your behalf. You may also vote by corporate representative if that option is applicable to you.	Annexure 4
When will the results of the Scheme Meeting be known?	The results of the Scheme Meeting are expected to be available shortly after the conclusion of the Scheme Meeting and will be announced to the ASX (www.asx.com.au) once available.	N/A
What happens to my Adbri Shares if I do not vote, or if I vote against the Scheme, and the Scheme becomes effective and is implemented?	If you do not vote, or vote against the Scheme, and the Scheme becomes effective and is implemented, any Scheme Shares held by you on the Scheme Record Date (currently expected to be 7.00pm (Sydney time) on 21 June 2024) will be transferred to CRH and you will receive the Scheme Consideration, despite not having voted or having voted against the Scheme. If the Scheme is not approved by the Requisite Majorities of Independent Adbri Shareholders or the Court, Adbri will remain a listed company and you will remain an Adbri Shareholder (unless you sell your Adbri Shares).	Section 4.6(a)
Other questions		
What happens if a Competing Proposal is received?	If a Competing Proposal is received, the Adbri Independent Directors will carefully consider it. Adbri must notify CRH of that Competing Proposal in accordance with the Scheme Implementation Deed. Independent Adbri Shareholders should note that Adbri has agreed to certain exclusivity provisions in favour of CRH under the Scheme Implementation Deed.	Section 9.4(e)
Can I sell my Adbri Shares now?	You can sell your Adbri Shares on market at any time before the close of trading on the ASX on the Effective Date at the then prevailing market price (which may vary from the Scheme Consideration). Adbri intends to apply to the ASX for Adbri Shares to be suspended from trading on the ASX from close of trading on the Effective Date. You will not be able to sell your Adbri Shares on market after this date. If you sell your Adbri Shares on market, you may pay brokerage on the sale, you will not receive the Scheme Consideration and there may be different tax consequences compared to those that would arise if you had retained those shares until the Scheme is implemented.	N/A
What if I have further questions about the Scheme?	For further information, please contact the Adbri Shareholder Information Line on 1300 038 212 (within Australia) or +61 2 9066 4052 (outside Australia), between 8.30am and 5.30pm (Sydney time), Monday to Friday (excluding public holidays). If you are in doubt about anything in this Scheme Booklet, please contact your financial, legal, taxation or other professional adviser immediately.	N/A

3. What should you do?

3.1 Step 1: Read this Scheme Booklet

You should carefully read this Scheme Booklet in its entirety before deciding whether to vote in favour of the Scheme.

If you have any questions, please contact the Adbri Shareholder Information Line on 1300 038 212 (within Australia) or +61 2 9066 4052 (outside Australia), between 8.30am and 5.30pm (Sydney time), Monday to Friday (excluding public holidays).

If you are in any doubt as to what you should do, please consult your legal, financial, tax or other professional adviser without delay.

3.2 Step 2: Vote on the Scheme

(a) Your vote is important

For the Scheme to proceed, it is necessary that a sufficient number of Independent Adbri Shareholders vote in favour of the Scheme Resolution.

(b) Who is entitled to vote?

If you are registered on the Adbri Share Register at 7.00pm (Sydney time) on 10 June 2024, and you are not an Excluded Shareholder, you will be entitled to vote on the Scheme Resolution.

(c) Details of the Scheme Meeting

The Scheme Meeting to approve the Scheme is scheduled to be held in person at the Hindmarsh Ballroom (Level 15), Pullman Adelaide, 16 Hindmarsh Square, Adelaide, South Australia at 10.30am Adelaide time (11.00am Sydney time), on 12 June 2024.

Independent Adbri Shareholders and their proxies, attorneys or corporate representatives will be able to participate in person.

Independent Adbri Shareholders who are unable to attend in person can view the Scheme Meeting via live webcast at https://webcast.openbriefing.com/abc-sm-2024/. Shareholders watching online will not be able to vote, ask questions or make comments via the webcast.

Further information about attending the Scheme Meeting can be found in the Notice of Scheme Meeting in Annexure 4.

(d) How to vote?

Independent Adbri Shareholders may vote:

- **in person**, by attending the Scheme Meeting in person at the Hindmarsh Ballroom (Level 15), Pullman Adelaide, 16 Hindmarsh Square, Adelaide, South Australia;
- **by proxy**, by completing and submitting a proxy form for the Scheme Meeting (which accompanies this Scheme Booklet) in accordance with the instructions set out on the form or by submitting a proxy online at www.investorvote.com.au. To be valid, your proxy form must be received by the Adbri Share Registry by 10.30am Adelaide time (11.00am Sydney time) on 10 June 2024;
- **by attorney**, by appointing an attorney to attend and vote at the Scheme Meeting on your behalf and providing a duly executed power of attorney to the Adbri Share Registry by 10.30am Adelaide time (11.00am Sydney time) on 10 June 2024; or
- **by corporate representative**, in the case of a body corporate which is an Independent Adbri Shareholder, by appointing a corporate representative to attend and vote at the Scheme Meeting on behalf of that Independent Adbri Shareholder and providing a duly executed 'Appointment of Corporate Representative' form (in accordance with sections 250D of the Corporations Act) prior to the Scheme Meeting.

Further details on how to vote are contained in the Notice of Scheme Meeting in Annexure 4.

4. Overview of the Scheme

4.1 Background to the Scheme

On 27 February 2024, Adbri, CRH and CRH Guarantor entered into a Scheme Implementation Deed, under which the parties have agreed to implement the Scheme between Adbri and Scheme Shareholders. A full copy of the Scheme Implementation Deed was attached to Adbri's announcement to the ASX relating to the Scheme on 27 February 2024. A full copy of the Scheme Implementation Deed can be obtained from the ASX website (www.asx.com.au).

4.2 Overview of the Scheme Consideration

If the Scheme is implemented, each Scheme Shareholder will be entitled to receive the Scheme Consideration of $3.20 per Adbri Share held by them on the Scheme Record Date.

4.3 Provision of Scheme Consideration

The Scheme Consideration will be sent to Scheme Shareholders on the Implementation Date (currently expected to be 1 July 2024). Scheme Shareholders who have validly registered their bank account details with the Adbri Share Registry before the Scheme Record Date may have their Scheme Consideration sent directly to their bank account.

Cheques will not be issued to Scheme Shareholders with a registered address in New Zealand. Scheme Shareholders who have a registered address in New Zealand must nominate a valid bank account before the Scheme Record Date to receive the Scheme Consideration directly into their bank account, otherwise payment may be held until a valid bank account has been nominated. Scheme Consideration payable into bank accounts denominated in New Zealand dollars will be converted from Australian dollars to New Zealand dollars prior to payment.

Scheme Shareholders in other jurisdictions who have not nominated a valid bank account will have their Scheme Consideration sent by cheque in Australian dollars to their address shown on the Adbri Share Register.

Scheme Shareholders can nominate a bank account or update their bank account details on the website of the Adbri Share Registry at www.investorcentre.com/au. If you have already registered, log in using your User ID and password. If you are not a member you will need your HIN/SRN to register. The new user registration process requires an account verification code to be mailed to your registered address as an additional layer of security to protect your securityholding. Please allow sufficient time for delivery of the verification code so that you can update your bank account details before the Scheme Record Date.

It is important to note that you will only receive the Scheme Consideration if you are a Scheme Shareholder. You will be a Scheme Shareholder if you hold Adbri Shares at the Scheme Record Date (currently expected to be 7.00pm (Sydney time) on 21 June 2024) or such other time and date as Adbri and CRH agree in writing.

4.4 Conditions to the Scheme

Implementation of the Scheme is subject to the following outstanding conditions precedent:

(a) **FIRB:** notice is received by or on behalf of the Treasurer of the Commonwealth of Australia advising CRH that the Commonwealth of Australia has no objections to the Transaction.

(b) **Shareholder approval:** Adbri Shareholders (other than Excluded Shareholders) approve the Scheme at the Scheme Meeting by the requisite majorities under subparagraph 411(4)(a)(ii) of the Corporations Act.

(c) **Independent Expert:** the Independent Expert does not adversely change or adversely qualify its conclusion or withdraw its Independent Expert's Report before 8.00am on the Second Court Date.

(d) **Court approval:** the Court approves the Scheme in accordance with paragraph 411(4)(b) of the Corporations Act.

(e) **Restraints:** as at 8.00am on the Second Court Date, there is not in effect any temporary, preliminary or final order, injunction, decision or decree issued by any court of competent jurisdiction or other Government Agency, or other material legal restraint or prohibition, that would prevent, make illegal or prohibit implementation of the Scheme.

(f) **No Adbri Prescribed Occurrence:** no Adbri Prescribed Occurrence occurs between (and including) 27 February 2024 and 8.00am on the Second Court Date.

(g) **No Adbri Material Adverse Change:** no Adbri Material Adverse Change occurs between (and including) 27 February 2024 and 8.00am on the Second Court Date.

The definition of Adbri "Material Adverse Change" contains independent qualitative and quantitative limbs. The qualitative limb refers to "a material adverse effect on the business, assets, liabilities, financial position or profitability of the Adbri Group taken as a whole". The quantitative limbs are assessed by reference to what the net assets and EBITDA (on a recurring basis excluding impact of any property sales) of Adbri Group could "reasonably be expected to have been but for the occurrence of the [relevant] event, change, matter or circumstance".

It is possible that Adbri and CRH may form different interpretations of this definition and that this may give rise to a dispute as to the existence of an alleged Material Adverse Change. Such a difference in opinion or dispute may result in several outcomes, including the Scheme not proceeding and termination of the Scheme Implementation Deed.

(h) **Adbri Equity Incentives:** before 8.00am on the Second Court Date, arrangements have been put in place to deal with the Adbri Equity Incentives on terms agreed by Adbri and CRH, such that no Adbri Equity Incentives (or performance rights, options, warrants or any other securities or rights to receive shares, other than Adbri Shares) are in existence on the Scheme Record Date.

The Scheme will not proceed unless all of the conditions precedent to the Scheme are satisfied or waived (as applicable) in accordance with the Scheme Implementation Deed. The conditions precedent must be satisfied or waived prior to the Second Court Hearing.

As at the date of this Scheme Booklet, none of the Adbri Directors are aware of any circumstances which would cause any condition precedent not to be satisfied.

4.5 Implications if the Scheme does not become effective

If the Scheme is not implemented:

- unless Adbri Shareholders choose to sell their Adbri Shares, for example on the ASX, Adbri Shareholders will continue to hold Adbri Shares and will be exposed to general risks as well as risks specific to Adbri, including those set out in section 7, as well as potential future benefits in retaining exposure to Adbri's business and assets;
- Independent Adbri Shareholders will not receive the Scheme Consideration;
- a break fee of approximately $21 million (calculated as 1% of the equity value of Adbri) may be payable by Adbri to CRH, or a reverse break fee of approximately $21 million (calculated as 1% of the equity value of Adbri) may be payable by CRH to Adbri, under certain circumstances. These circumstances do not include failure by Independent Adbri Shareholders to approve the Scheme at the Scheme Meeting;
- Adbri expects to pay in aggregate approximately $9.9 million (excluding GST) in transaction costs, being costs that have already been incurred as at the date of this Scheme Booklet or will be incurred even if the Scheme is not implemented (assuming a scenario where the break fee is not payable);
- Adbri will continue as an ASX-listed entity with management continuing to implement the business plan and financial and operating strategies it had in place prior to 18 December 2023, being the date of announcement of a proposed transaction with CRH to the ASX; and
- the price of an Adbri Share will continue to be subject to market volatility and may fall in the absence of a Superior Proposal.

4.6 Key steps in the Scheme

(a) Scheme Meeting and Scheme approval requirements

The Court has ordered Adbri to convene the Scheme Meeting at which Independent Adbri Shareholders will be asked to approve the Scheme.

The terms of the Scheme Resolution to be considered at the Scheme Meeting are contained in the Notice of Scheme Meeting in Annexure 4.

The Scheme will only become effective and be implemented if:

- it is approved by the Requisite Majorities of Independent Adbri Shareholders at the Scheme Meeting to be held on 12 June 2024;
- it is approved by the Court at the Second Court Hearing; and
- the other conditions precedent to the Scheme outlined in section 4.4 are satisfied or waived (as applicable).

The Requisite Majorities of Independent Adbri Shareholders to approve the Scheme are:

- unless the Court orders otherwise, a majority in number (more than 50%) of Independent Adbri Shareholders present and voting at the Scheme Meeting (either in person or by proxy, attorney or, in the case of corporate Independent Adbri Shareholders, body corporate representative); and
- at least 75% of the total number of votes cast on the Scheme Resolution at the Scheme Meeting by Independent Adbri Shareholders present and voting (either in person or by proxy, attorney or, in the case of corporate Independent Adbri Shareholders, body corporate representative).

The Court has the power to waive the first requirement.

The entitlement of Adbri Shareholders to attend and vote at the Scheme Meeting is set out in the Notice of Scheme Meeting in Annexure 4.

Voting is not compulsory. However, the Adbri Independent Directors unanimously recommend that Independent Adbri Shareholders vote in favour of the Scheme in the absence of a Superior Proposal, and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Independent Adbri Shareholders.

You should be aware that even if you do not vote, or vote against the Scheme, the Scheme may still be implemented if it is approved by the Requisite Majorities of Independent Adbri Shareholders and the Court. If this occurs, your Adbri Shares will be transferred to CRH and you will receive the Scheme Consideration even though you did not vote on, or voted against, the Scheme.

The results of the Scheme Meeting will be available as soon as possible after the conclusion of the Scheme Meeting and will be announced to the ASX (www.asx.com.au) once available.

(b) Court approval of the Scheme

In the event that:

- the Scheme is approved by the Requisite Majorities of Independent Adbri Shareholders at the Scheme Meeting; and
- all other conditions precedent to the Scheme (except Court approval of the Scheme) have been satisfied or waived (as applicable),

then Adbri will apply to the Court for orders approving the Scheme.

Each Independent Adbri Shareholder has the right to appear at the Second Court Hearing.

(c) Effective Date

If the Court approves the Scheme, the Scheme will become effective on the Effective Date, being the date an office copy of the Court order from the Second Court Hearing approving the Scheme is lodged with ASIC. Adbri will, on the Scheme becoming effective, give notice of that event to the ASX.

Adbri intends to apply to the ASX for Adbri Shares to be suspended from trading on the ASX from close of trading on the Effective Date.

4. Overview of the Scheme continued

(d) Scheme Record Date and entitlement to Scheme Consideration

Those Independent Adbri Shareholders who are recorded on the Adbri Share Register on the Scheme Record Date (currently expected to be 7.00pm (Sydney time) on 21 June 2024) or such other time and date as the parties agree in writing) will be entitled to receive the Scheme Consideration in respect of the Adbri Shares they hold at that time.

(1) **Dealings on or prior to the Scheme Record Date**

For the purposes of determining which Independent Adbri Shareholders are eligible to participate in the Scheme, dealings in Adbri Shares will be recognised only if:

- in the case of dealings of the type to be effected using CHESS, the transferee is registered on the Adbri Share Register as the holder of the relevant Adbri Shares before the Scheme Record Date; and
- in all other cases, registrable transfer or transmission applications in respect of those dealings, or valid requests in respect of other alterations, are received by the Adbri Share Registry on or before the Scheme Record Date (and the transferee remains registered as at the Scheme Record Date).

For the purposes of determining entitlements under the Scheme, Adbri will not accept for registration or recognise any transfer or transmission applications in respect of Adbri Shares received after the Scheme Record Date.

(2) **Dealings after the Scheme Record Date**

For the purpose of determining entitlements to the Scheme Consideration, Adbri must maintain the Adbri Share Register in its form as at the Scheme Record Date until the Scheme Consideration has been paid to the Scheme Shareholders. The Adbri Share Register in this form will solely determine entitlements to the Scheme Consideration.

After the Scheme Record Date:

- all statements of holding for Adbri Shares (other than statements of holding in favour of CRH) will cease to have effect as documents relating to title in respect of such Adbri Shares; and
- each entry on the Adbri Share Register (other than entries on the Adbri Share Register in respect of CRH) will cease to have effect except as evidence of entitlement to the Scheme Consideration in respect of the Adbri Shares relating to that entry.

(e) Implementation Date

By no later than two Business Days before the Implementation Date (currently expected to be 1 July 2024), CRH will deposit (or will procure the deposit) into an Adbri operated Australian dollar denominated trust account with an authorised deposit taking institution in Australia as trustee for the Scheme Shareholders, an amount equal to the aggregate Scheme Consideration to be provided to Scheme Shareholders.

Scheme Shareholders will be provided the Scheme Consideration on the Implementation Date in accordance with the Scheme and the Scheme Shares will then be transferred to CRH.

(f) Deed Poll

As at the date of this Scheme Booklet, a Deed Poll has been entered into by CRH and CRH Guarantor in favour of the Scheme Shareholders, agreeing to:

- provide the aggregate amount of the Scheme Consideration payable to all Scheme Shareholders under the Scheme, subject to the Scheme becoming effective; and
- undertake all other actions attributed to CRH under the Scheme.

A copy of the Deed Poll is contained in Annexure 3.

4.7 Warranties by Scheme Shareholders

Under the terms of the Scheme, each Scheme Shareholder is taken to have warranted to Adbri and CRH, and appointed and authorised Adbri as its attorney and agent to warrant to CRH, on the Implementation Date, that:

- all their Adbri Shares (including any rights and entitlements attaching to those shares) which are transferred under the Scheme will, at the date of transfer, be fully paid and free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any 'security interests' within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind; and
- they have full power and capacity to transfer their Scheme Shares to CRH together with any rights attaching to those shares.

4.8 Delisting of Adbri

Adbri will apply for the termination of the official quotation of Adbri Shares on the ASX and for Adbri to be removed from the official list of the ASX, each to occur on a date after the Implementation Date.

5. Information about Adbri

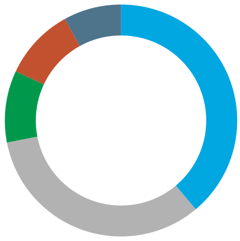
5.1 Introduction and business overview

Adbri is a leading Australian building products and construction materials group. Adbri primarily services customers in the building, construction and mining sectors. Adbri's origins date back to 1882, and Adbri today employs approximately 1,600 people across 90+ key manufacturing sites, excluding joint ventures.

Adbri produces and distributes cementitious materials, lime, aggregates, masonry products and industrial minerals through its extensive footprint and production capability. The major end-use of Adbri's products include residential and non-residential construction, engineering construction and mining sectors within Australia.

Diversification of Adbri's portfolio by product, market and state, % FY23 Revenue

Diversified by product

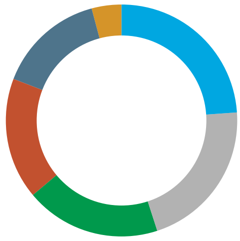


Cementitious materials	39
Concrete	33
Aggregates	10
Lime	10
Masonry	8

Diversified by market

Commercial	35
Residential	32
Engineering/Infrastructure	19
Mining	14

Diversified by state

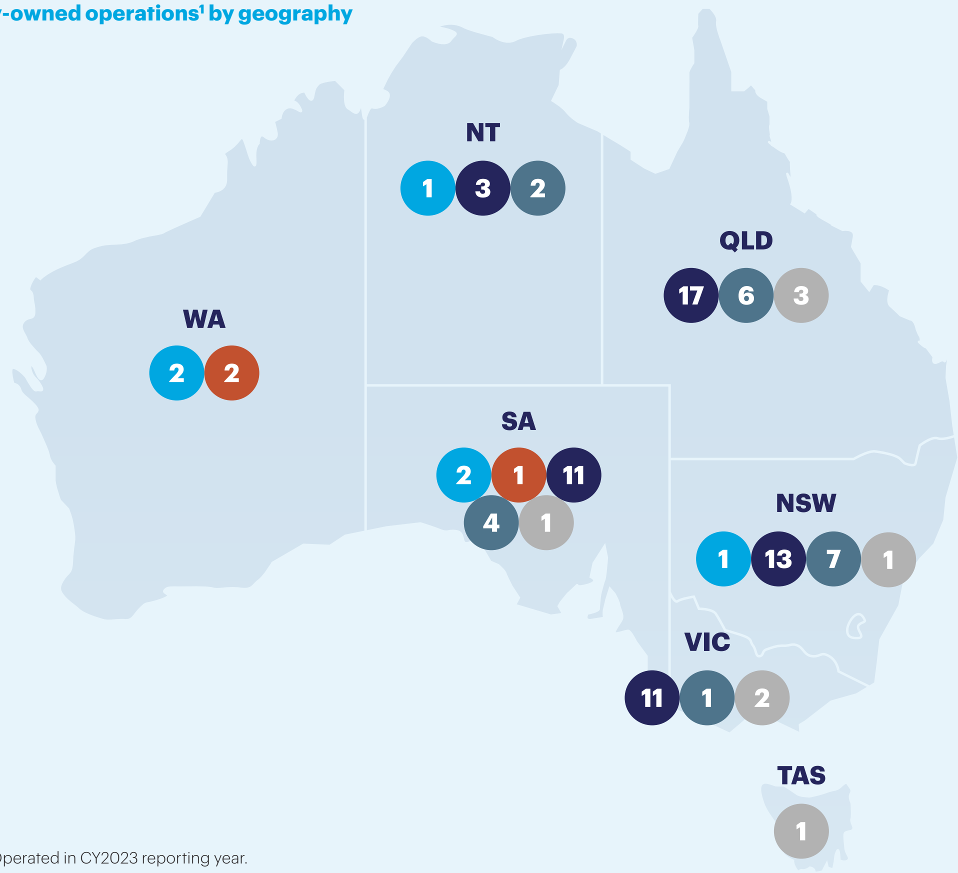


Victoria	24
Western Australia	21
Queensland	19
New South Wales	17
South Australia	15
NT and Tasmania	4

Adbri has extensive scale and footprint, with operations across Australia.

Snapshot of Adbri's operations

Fully-owned operations[1] by geography



Cement plants	6
Lime plants	3
Concrete plants	55
Quarries[2]	20
Masonry plants	8

1. Operated in CY2023 reporting year.
2. Excludes tenements that exclusively supply internal cement and lime operations.

Adbri has seven wholly-owned brands, complemented by interests in seven joint arrangements and associate entities.

5. Information about Adbri continued

Snapshot of Adbri's brands

Concrete and Aggregates

ADBRI Concrete

ADBRI Quarries

HY-TEC an ADBRI company

CENTRAL PRE-MIX CONCRETE an ADBRI company

Cement and Lime

ADBRI Ash

ADBRI Cement

COCKBURN CEMENT an ADBRI company

Concrete Products

adbri MASONRY an ADBRI company

Joint operations

Batesford Quarry Geelong

Burrell Mining Services

Joint ventures

Sunstate Cement Ltd.

Independent Cement

Mawsons

Metro Quarry Sands

aalborgportland CEMENTIR HOLDING

5.2 Adbri's wholly-owned business segments

An overview of Adbri's wholly-owned operating business segments is set out in the table below:

Segment	Description
Cement and Lime	**Cement** – A leading supplier of cement products in Australia – Key cement products are bulk cement, packaged product and dry-mix – Operates 6 cement milling facilities supplying all Australian states, with key manufacturing sites located in WA (Kwinana), SA (Birkenhead and Angaston), NSW and NT – Two integrated clinker and cement plants (Birkenhead and Angaston in SA) **Lime** – Manufactures and distributes lime in WA and SA – Key products are bulk quicklime, packaged hydrate products and milk of lime – WA operations include two quicklime manufacturing plants (Munster and Dongara), hydration facilities and supporting tenements, distribution and storage facilities – SA operations include a lime kiln at Angaston
Concrete and Aggregates	**Concrete** – A leading pre-mix concrete manufacturer and supplier to the residential, commercial and infrastructure sectors – Operates 55 concrete plants nationally (excluding joint ventures) – Vertically integrated business with operations in NT, QLD, NSW, VIC and SA **Aggregates** – Supplies a wide range of aggregates and sands from quarries strategically located in SA, VIC, NSW, QLD and NT – Operates 20 quarries across Australia (excluding joint ventures) – Quarry operations support both Adbri's internal needs, as well as those of customers
Masonry	– A leading concrete masonry products supplier in Australia – Manufactures and supplies bricks, blocks, pavers, architectural masonry and other products – Serves commercial and retail customers in the civil, residential and non-residential sectors – National manufacturing capability with a network of 8 plants and 7 distribution centres – Aims to pull through cement and aggregates products from other Adbri businesses

5.3 Adbri's joint venture operations

An overview of Adbri's joint ventures and joint operations (JVOs) is shown below:

JVO	Description
Independent Cement and Lime (ICL)	– Established in 1987, ICL is a 50/50 joint venture between Adbri and Barro Group – ICL sells and distributes cement and cement based products to a wide variety of industries throughout VIC and NSW – Through two subsidiaries, ICL also operates state-of-the-art-grinding and blending for the production of Ground Granulated Blast Furnace Slag (a cement alternative), and produces a range of bagged cement and dry-mix products – ICL is also a material counterparty of the Adbri Group, with material supply and distribution arrangements between the Adbri Group and ICL and its related entities. The current interim arrangements with ICL expire at the end of June 2024 and new arrangements would need to be entered into if the Scheme is not implemented prior to that time
Mawsons Group	– Established in 1912, with Adbri acquiring its interest in 2007, Mawsons operates as a 50/50 joint venture between Adbri and the Mawson family – Mawsons operates a network of concrete plants and quarries servicing regional communities throughout northern/central Victoria and southern/western NSW
Sunstate Cement	– Sunstate has been operating for over 25 years and is a 50/50 joint venture between Adbri and Boral Cement (a division of Boral Limited) – Manufacturer and supplier of high-quality cement products to commercial businesses in Queensland and northern NSW
Aalborg Portland Malaysia	– Aalborg operates as a 30/70 joint venture between Adbri and Aalborg Portland Holding – Manufacturers and distributes white cement to domestic and international customers
B&A Sands (Metro Quarry Sands)	– Metro Quarry Sands operates as a 50/50 joint venture between Adbri and Barro Group – Operates two quarries south east of Melbourne at Lang Lang and Nyora, supplying local markets with natural sand
Batesford Quarry	– Batesford Quarry is a limestone quarry in Victoria, in which Adbri has a 50% share – The quarry has a finite life and is anticipated to be developed for residential purposes at its end of life
Burrell Mining Services	– Burrell Mining Services operates as a 50/50 joint operation between Adbri and Burrell Mining Products – Produces secondary roof support products for underground mines

5.4 Adbri's strategy

Adbri's strategy is built on its purpose of Building a Better Australia, with the key strategic priorities focused on shaping the organisation to support a more resilient Adbri. Current priorities include:

(a) Kwinana Upgrade Project

In December 2020, Adbri announced a strategic cement asset upgrade, the Kwinana Upgrade Project (**KWUP**), which includes the investment in a modern state-of-the-art facility in Kwinana, Western Australia (**WA**). KWUP will consolidate Adbri's two existing cement production sites at Kwinana and Munster into a single operation servicing the WA market. The project is planned to increase annual production capacity to 1.5 million tonnes per annum (from 1.1 million tonnes per annum) and is expected to result in cost savings of approximately $21 million per annum.

The project continues to make solid progress and is more than 70% complete, with $265 million[1] invested as at 31 January 2024. The project is targeting key commissioning commencing in Q2 2024, with a total project cost of between $370–$400[2] million.

Once completed in FY24, the Munster cement manufacturing facility will be closed, with lime operations remaining at the Munster site.

1. Excluding capitalised interest and accounting adjustments.
2. Excluding capitalised interest and accounting adjustments.

5. Information about Adbri continued

(b) Lime business optimisation review

Adbri commenced a review of its lime operations in 2023 with the view to improve asset performance and customer offering.

During this time, the WA lime market has evolved, demonstrated by Alcoa's decision to curtail production at its Kwinana aluminium refinery. Alcoa's Kwinana refinery is an important consumer of quicklime in the WA market, estimated to have used approximately 100,000 tonnes of quicklime in 2023.

The WA lime business optimisation review will consider the changing demand profile from customers in the alumina and mining sectors, especially lithium and rare earth, with a particular focus on:

- assessing optimal production levels at the Munster site having regard to future lime market demand and that supply to Alcoa will cease in April 2024 as announced to ASX on 20 March 2024;
- evaluating a business case for a potential lime import facility at Munster, utilising existing silo and storage infrastructure, adopting a hybrid supply model capable of bringing additional grades to the marketplace; and,
- analysis of opportunities for Adbri's surplus land holdings at Munster.

(c) Ongoing investment in Birkenhead's growth

In FY23, Adbri advised it had commenced a business review of its integrated clinker and cement facility at Birkenhead, South Australia to assess the feasibility of expanding the plant's milling capacity and installing blending capability. The cement mills are currently operating at close to full utilisation, constraining the overall operation and limiting future growth.

The front-end engineering and design (**FEED**) study is expected to be completed by early 2025 and if approved, any significant capital investment would be expected from mid-2025, with production commencing from 2026. This timing would coincide with the commencement of a new hybrid electric battery powered limestone transport vessel that will be supplied and operated by CSL Group Inc. The new vessel will have approximately 30% more carrying capacity than the existing MV Accolade II, supporting increased volumes of cement at Birkenhead and the production of lower carbon products that use limestone as a clinker substitute.

Further information regarding developments in respect of the Birkenhead facility in the context of Adbri's decarbonisation efforts is set out in section 5.4(e) below.

(d) Property review

Adbri has a portfolio of owned property assets across its Australian footprint. The portfolio of property assets that underpin the operations of Adbri are well positioned relative to areas of population growth and increased construction and infrastructure activity. The portfolio includes quarries, cement facilities, masonry production sites and concrete plants.

Adbri continues to proactively assess its property portfolio in order to optimise returns for the group and identify any superior alternative uses. Properties are considered on a case-by-case basis with regard to network positioning and strategy, with asset optimisation a continued focus.

Key properties currently under assessment are shown in the table below:

Property	Area (ha)	Description/status
Batesford *(Geelong, Victoria)*	550	– Land holdings within an area identified as a 'potential future investigation area' due to its proximity to a key growth corridor neighbouring the Geelong Ring Road – The last major stage of the rehabilitation process was completed in FY23, as part of a 10+ year rehabilitation project
Munster *(Perth, Western Australia)*	218	– Located within Munster, approximately 22 kilometres to the south of the Perth Central Business District – The land has been earmarked for future industrial use under the Hope Valley Wattleup Redevelopment Project – Consideration is being given to several uses for the land, including potential development, to deliver long term value
Badgerys Creek *(Western Sydney, New South Wales)*	10	– Located adjacent to the future Western Sydney Airport in a key growth corridor, approximately 45 kilometres west of the Sydney Central Business District – The land is considered a 'First Priority Area' for infrastructure and development sequencing (Western Sydney Aerotropolis Plan) – Consideration is being given to several uses for the land, including potential development in partnership

(e) Decarbonisation of Adbri operations and products

In May 2022, Adbri released its Net Zero Emissions Roadmap (**Roadmap**) that establishes new medium-term greenhouse gas emissions targets on the path to its goal to be net zero emissions by 2050.

Adbri operates two emissions-intensive and hard-to-abate processes: the integrated manufacture of clinker and cement; and lime production. These products are essential to the global economy and play a critical role in the transition to a lower carbon environment, supplying key industries including construction, infrastructure, energy, mining and agriculture.

To achieve Adbri's net zero emissions goal, the Roadmap prioritises three key actions: reduce emissions, create new products, and collaborate with key partners. Under each of these actions, there are a number of near-term initiatives and future opportunities Adbri is pursuing and will pursue, including improving energy efficiency, increasing use of alternative fuels, developing lower carbon products, collaborating with stakeholders and investing in breakthrough technology.

The Roadmap outlines this in more detail and is supported by the 2023 Sustainability Report which reports on progress to date. Both documents are available on the Adbri website (www.adbri.com.au).

As announced to the ASX on 24 April 2024, Adbri has been successful in its application for $50 million of grant funding in the first round of the Powering the Regions Fund (**PRF**). The PRF is part of the federal government's Critical Inputs to Clean Energy Industries which provides support to help Australian producers in relevant sectors reduce their emissions and maintain domestic manufacturing capacity.

The grant is subject to finalisation of a grant agreement and will support:

- the FEED study in respect of expansion of milling and blending capacity at Adbri's Birkenhead facility (as described in section 5.4(c) above); and
- subject to approval, future installation of a new vertical roller mill (expected to be in operational from 2026), including a post-production blending system at the Birkenhead facility.

The Birkenhead facility currently produces Australia's lowest embodied carbon Type GP cement that has been independently verified. The project, supporting the further decarbonisation of Adbri's operations, is expected to improve grinding efficiency and support customers in accessing a greater range of lower carbon cementitious products.

5.5 Adbri Board and senior management

(a) Adbri Board

The Adbri Board comprises the following directors, as at the date of this Scheme Booklet:

Name	Position
Raymond Barro	Chair
Samantha Hogg	Deputy Chair and Lead Independent Director
Rhonda Barro	Non-Executive Director
Dean Jenkins	Independent Non-Executive Director
Emma Stein	Independent Non-Executive Director
Geoff Tarrant	Non-Executive Director
Michael Wright	Independent Non-Executive Director

Given the involvement of Barro Group in the proposed Scheme, an Adbri Independent Board Committee was formed to assess and evaluate developments in relation to the proposal. The Independent Board Committee comprises of Adbri's Independent Non-Executive Directors and is chaired by Samantha Hogg, Deputy Chair and Lead Independent Director.

Further information about the Adbri Directors can be found on Adbri's website (www.adbri.com.au/who-we-are/board-of-directors/).

(b) Adbri senior management

Adbri's senior management comprises the following members, as at the date of this Scheme Booklet:

Name	Position
Mark Irwin	Chief Executive Officer
Jared Gashel	Chief Financial Officer
Brett Brown	Chief Operating Officer – Cement and Lime
Marcus Clayton	General Counsel and Company Secretary
Shane Dermody	Chief Commercial Officer
Andrew Dell	Chief Operating Officer – Concrete, Aggregates and Masonry
Felicity Lloyd	Chief Sustainability and Innovation Officer
Christine Rayfield	Chief People Officer

5.6 Historical financial information

(a) Basis of preparation

This section 5.6 sets out a summary of historical financial information in relation to Adbri for the purpose of this Scheme Booklet. The financial information has been derived from Adbri's financial statements for the financial years ended 31 December 2021, 31 December 2022, and 31 December 2023, which were audited by PricewaterhouseCoopers (FY21) and Deloitte Touche Tohmatsu (FY22 and FY23).

The historical financial information of Adbri is presented in an abbreviated form and does not contain all the disclosures, presentations, statements or comparatives that are usually provided in an annual report prepared in accordance with the Corporations Act. Adbri considers that, for the purposes of this Scheme Booklet, the historical financial information presented in an abbreviated form is more meaningful to Adbri Shareholders.

Further detail on Adbri's financial performance can be found in:

- the financial statements for the year ended 31 December 2023 (included in the Annual Report released to the ASX on 27 February 2024);
- the financial statements for the year ended 31 December 2022 (included in the Annual Report released to the ASX on 28 February 2023); and
- the financial statements for the year ended 31 December 2021 (included in the Annual Report released to the ASX on 25 February 2022),

each of which can be found in the Adbri's website (www.adbri.com.au) or the ASX website (www.asx.com.au).

5. Information about Adbri continued

(b) Historical consolidated income statements

Below is a summary of Adbri's consolidated income statements for FY23, FY22 and FY21.

For the period ended: A$m	31-Dec-23	31-Dec-22	31-Dec-21
Continuing operations			
Revenue from contracts with customers	1,922.9	1,700.3	1,569.2
Cost of sales	(1,282.5)	(1,155.1)	(1,030.6)
Freight and distribution costs	(377.4)	(351.8)	(305.3)
Change in loss provision	–	0.7	7.5
Gross profit	263.0	193.1	240.8
Other income	9.1	72.5	11.7
Marketing costs	(22.2)	(21.6)	(21.0)
Administration costs	(110.6)	(102.2)	(89.6)
Finance costs	(28.3)	(23.9)	(19.4)
Impairment	(12.4)	(6.3)	–
Share of net profits of joint ventures and associate accounted for using the equity method	29.0	24.0	33.3
Profit before income tax	**127.6**	**136.6**	**155.8**
Income tax expense	(34.8)	(34.1)	(39.1)
Profit for the year	92.8	102.5	116.7
Profit is attributable to:			
Equity holders of the company	92.9	102.6	116.7
Non-controlling interests	(0.1)	(0.1)	–
Profit for the year	92.8	102.5	116.7
Other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations	(2.6)	0.1	(0.1)
Changes in the fair value of cash flow hedges	(8.8)	14.0	13.5
Income tax relating to these items	2.7	(4.2)	(4.0)
Items that will not be reclassified to profit or loss			
Actuarial gain on retirement benefit obligation	(2.1)	(0.1)	3.5
Income tax expense relating to these items	–	–	(1.0)
Other comprehensive (loss)/income for the year, net of tax	**(10.8)**	**9.8**	**11.9**
Total comprehensive income for the year	**82.0**	**112.3**	**128.6**
Total comprehensive income for the year is attributable to:			
Owners of the Company	82.1	112.4	128.6
Non-controlling interests	(0.1)	(0.1)	–
Total comprehensive income for the year	**82.0**	**112.3**	**128.6**

(c) Historical consolidated statement of financial position

Below is a summary of Adbri's consolidated statement of financial position for FY23, FY22 and FY21.

As at: A$m	31-Dec-23	31-Dec-22	31-Dec-21
Current assets			
Cash and cash equivalents	69.5	139.9	124.7
Trade and other receivables	245.9	248.5	223.4
Inventories	181.2	172.9	153.9
Current tax assets	–	15.4	14.3
Assets held for sale	46.3	18.9	14.0
Total current assets	**542.2**	**595.6**	**530.3**
Non-current assets			
Receivables	87.0	81.5	87.7
Retirement benefit asset	3.1	6.6	7.0
Investments accounted for using the equity method	228.2	226.5	215.0
Property, plant and equipment	1,369.4	1,218.5	1,088.2
Right-of-use assets	73.7	71.5	72.6
Intangible assets	307.3	307.8	282.1
Non-current financial assets	9.3	17.4	–
Total non-current assets	**2,078.0**	**1,929.8**	**1,752.6**
Total assets	**2,620.9**	**2,525.4**	**2,282.9**
Current liabilities			
Trade and other payables	175.6	215.9	187.2
Borrowings	4.3	–	
Lease liabilities	6.0	5.4	4.8
Provisions	42.1	39.8	36.8
Current tax liabilities	2.1	–	
Other current liabilities	5.2	5.8	1.3
Total current liabilities	**235.3**	**266.9**	**230.1**
Non-current liabilities			
Borrowings	747.3	716.3	562.1
Lease liabilities	81.9	77.4	76.7
Deferred tax liabilities	109.1	100.5	81.3
Provisions	60.5	61.2	63.7
Total non-current liabilities	**998.8**	**955.4**	**783.8**
Total liabilities	**1,234.1**	**1,222.3**	**1,013.9**
Net assets	**1,386.8**	**1,303.1**	**1,269.0**
Equity			
Share capital	742.5	741.2	741.2
Reserves	5.6	13.8	3.7
Retained earnings	636.6	545.9	521.8
Capital and reserves attributable to owners of the Company	1,384.7	1,300.9	1,266.7
Non-controlling interests	2.1	2.2	2.3
Total equity	**1,386.8**	**1,303.1**	**1,269.0**

5. Information about Adbri continued

(d) Historical consolidated statement of cash flows

Below is a summary of Adbri's consolidated statement of cash flows for FY23, FY22 and FY21.

For the period ended: A$m	31-Dec-23	31-Dec-22	31-Dec-21
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)	2,119.8	1,863.3	1,699.9
Payments to suppliers and employees (inclusive of goods and services tax)	(1,905.5)	(1,683.1)	(1,478.4)
Joint venture distributions received	18.6	17.0	19.0
Interest received	4.4	1.3	0.3
Interest paid	(23.3)	(15.0)	(15.3)
Other income	5.7	2.0	4.4
Income taxes paid	(25.0)	(34.1)	(34.7)
Income tax refunds	20.3	15.0	–
Net cash inflow from operating activities	**215.0**	**166.4**	**195.2**
Cash flows from investing activities			
Payments for property, plant, equipment and intangibles	(316.2)	(255.1)	(140.5)
Payment for acquisition of businesses, net of cash acquired	–	(56.8)	–
Proceeds from sale of property, plant and equipment	7.2	96.8	2.9
Proceeds from sale of business	0.9	–	–
Loans to joint venture entities	(2.5)	(3.1)	(32.2)
Net cash (outflow) from investing activities	**(310.6)**	**(218.2)**	**(169.8)**
Cash flows from financing activities			
Proceeds from issue of shares	–	–	1.1
Drawdown of borrowings	81.4	233.2	135.0
Repayment of borrowings	(47.2)	(80.0)	(40.0)
Lease payments	(9.1)	(8.0)	(7.5)
Dividends paid to Company's shareholders	–	(78.3)	(83.2)
Net cash inflow from financing activities	**25.1**	**66.9**	**5.4**
Net (decrease)/increase in cash and cash equivalents	**(70.5)**	**15.1**	**30.8**
Cash and cash equivalents at the beginning of the financial year	139.9	124.7	94.0
Effects of exchange rate changes on cash and cash equivalents	0.1	0.1	(0.1)
Cash and cash equivalents at end of year	**69.5**	**139.9**	**124.7**

(e) Underlying financials

Underlying measures of profit set out below[1] exclude significant items of revenue and expenses, such as property profit/expense, impairment charges and the costs related to restructuring, rationalisation and acquisitions, to highlight the underlying financial performance across reporting periods.

Summary financial metrics for the period ended: (A$m)	31-Dec-23	31-Dec-22	31-Dec-21
Underlying EBITDA	311.0	237.7	266.6
Statutory EBITDA	297.4	282.6	270.8
Underlying EBIT	175.1	121.6	170.7
Underlying NPAT	111.7	77.7	113.0
Statutory NPAT	92.9	102.6	116.7

1. These underlying measures exclude property (profit)/expense and significant items.

5.7 Material changes in financial position (since 31 December 2023)

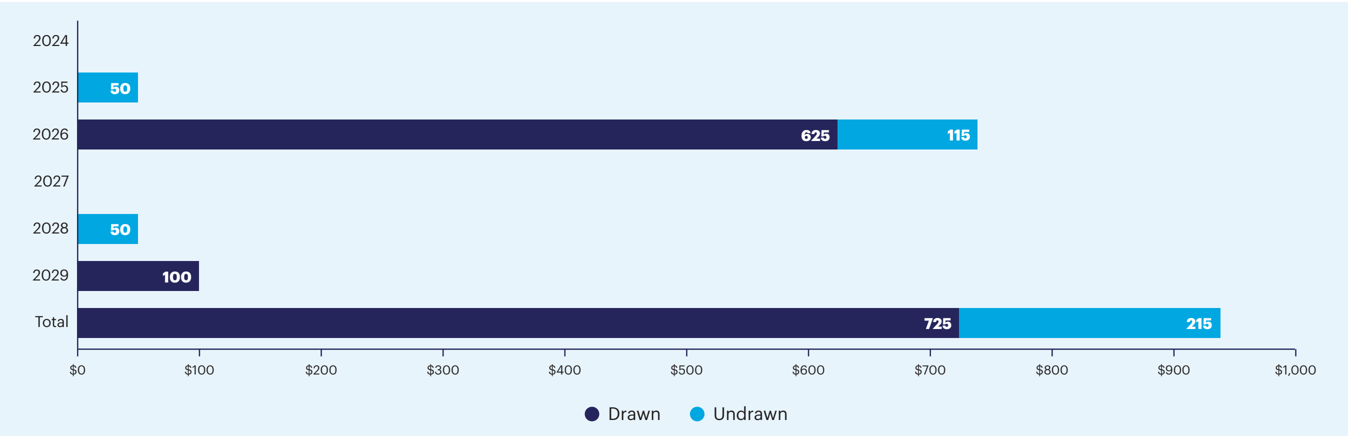
To the knowledge of the Adbri Directors, there have been no material changes to the financial position of Adbri and the Adbri Group since 31 December 2023.

5.8 Capital structure

As at 31 December 2023, Adbri has borrowings of $752 million and cash of $70 million, implying a net debt position of $682 million. Net debt was up from $576 million as at 31 December 2022, reflecting significant investment in KWUP in FY23.

Net debt[1]/Underlying[2] EBITDA as at 31 December 2023 (based on EBITDA for the last 12 months from continuing operations from 31 December 2023) is 2.2x, which remains above Adbri's target range of 1.0x to 2.0x.

Unsecured debt facility maturity profile ($m)



5.9 Adbri securities

As at the Last Practicable Date, the capital structure of Adbri was:

Type of security	Number on issue
Adbri Shares on issue	654,243,396[3]
Adbri Equity Incentives	2,339,282, which collectively are capable of being converted or vesting into 2,339,282 Adbri Shares

Additional details about Adbri Equity Incentives are set out in section 9.2.

5.10 Substantial holders in Adbri Shares

As extracted from filings released on the ASX on or before the Last Practicable Date, the following persons were substantial holders of Adbri Shares:

Substantial holder	Number of Adbri Shares	Voting power in Adbri
CRH and the Barro Group associates	279,274,902	42.7%
UBS Group AG and its related bodies corporate	32,824,409	5.02%

CRH also holds an economic interest of 4.6% of Adbri shares pursuant to a cash settled total return swap between CRH and UBS AG, Australia Branch. The swap does not give CRH a relevant interest in any Adbri shares.

1. Net debt is calculated as total borrowings, inclusive of capitalised borrowing costs less cash and cash equivalents and excludes lease liabilities.
2. Underlying excludes property(profit)/expense and significant items.
3. Includes restricted shares and shares held in trusts established for the administration of Adbri's incentive plans.

5. **Information about Adbri** continued

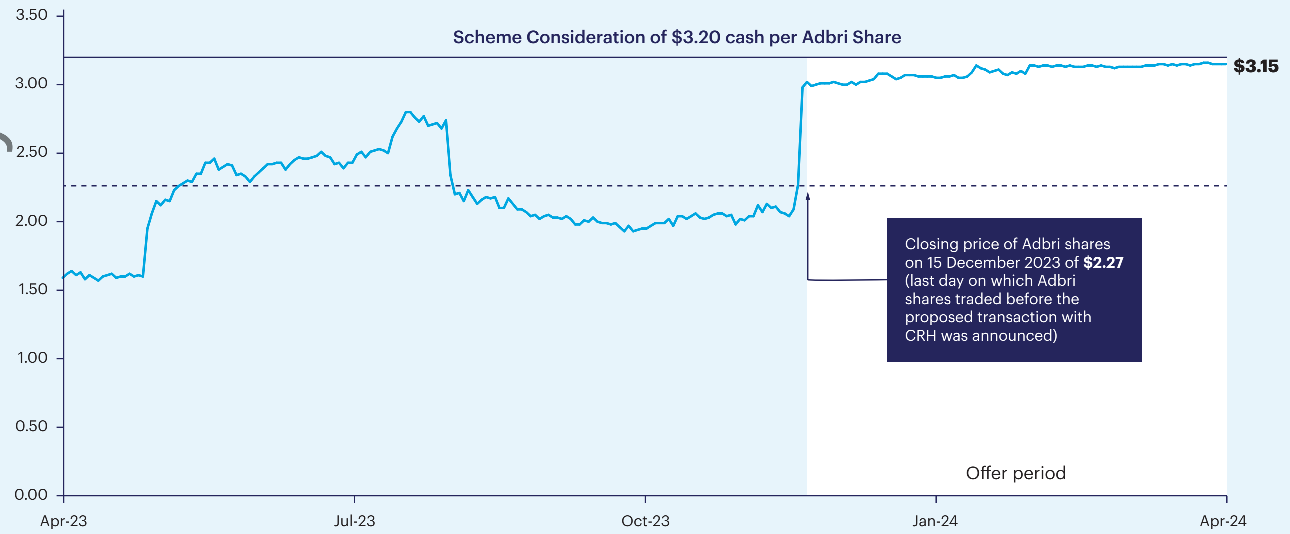
5.11 Adbri Share price history

Adbri Shares are listed on the ASX under the trading symbol 'ABC'.

On 18 December 2023, Adbri announced its receipt of a non-binding indicative proposal from CRH and Barro Group to acquire 100% of the Shares of Adbri that Barro Group does not own. The closing price of Adbri Shares on 15 December 2023 (being the last trading day prior to the announcement of the non-binding indicative proposal) was $2.27 per Adbri Share.

On 27 February 2024, Adbri announced that it had entered into a Scheme Implementation Deed with CRH and CRH Guarantor under which CRH will acquire 100% of the Scheme Shares under the Scheme. The closing price of Adbri Shares on 26 February 2024 (being the last trading day prior to the announcement of the Scheme) was $3.08 per Adbri Share.

Adbri (ASX: ABC) Share price (A$ per share)



Source: Factset as at 29 April 2024.
Note: Price performance shown from 28 April 2023 to 29 April 2024 being the Last Practicable Date.

The graph above shows the closing Adbri Share price during the twelve months ended 29 April 2024 (being the Last Practicable Date).

Up to and including 29 April 2024, being the Last Practicable Date:

– the last recorded Adbri Share price on 29 April 2024 was $3.15;
– the 30-day VWAP of Adbri Shares was $3.14;
– the 90-day VWAP of Adbri Shares was $3.10; and
– the lowest and highest closing Adbri Share prices during the preceding twelve months was $1.57 and $3.16 respectively.

5.12 Publicly available information about Adbri

Adbri is a listed disclosing entity for the purpose of the Corporations Act and as such is subject to regular reporting and disclosure obligations. Specifically, as a company listed on ASX, Adbri is subject to the official listing rules of the ASX which require (subject to some exceptions) continuous disclosure of any information that Adbri has that a reasonable person would expect to have a material effect on the price or value of Adbri Shares.

ASX maintains files containing publicly disclosed information about all entities listed on ASX. Information disclosed to ASX by Adbri is available on ASX's website at www.asx.com.au.

In addition, Adbri is required to lodge various documents with ASIC. Copies of documents lodged with ASIC by Adbri may be obtained from an ASIC office.

Adbri Shareholders may obtain a copy of Adbri's 2023 Annual Financial Report from ASX's website (www.asx.com.au), from Adbri's website (www.adbri.com.au) or by calling the Adbri Shareholder Information Line on 1300 038 212 (within Australia) or +61 2 9066 4052 (outside Australia), between 8.30am and 5.30pm (Sydney time), Monday to Friday (excluding public holidays).

6. Information about CRH Group

This section 6 has been prepared by CRH. The information concerning CRH Group and the intentions, views and opinions contained in this section 6 are the responsibility of CRH. Adbri and its officers and advisers do not assume any responsibility for the accuracy or completeness of this information.

6.1 Overview of CRH Group

(a) Ownership structure

CRH is an Australian proprietary company incorporated on 19 March 2015 for the purpose of being the Australian head office corporate entity and holding company for investments in Australia. CRH is directly wholly-owned by Donegal Lime Unlimited Company (an entity incorporated in Ireland, Number 24871). CRH is ultimately held by CRH plc (being CRH Guarantor).

(b) Introduction

CRH Group is a leading provider of building materials solutions with operations in 29 countries across four continents as at the Last Practicable Date. CRH Group is a leading building materials company across both North America and Europe.

CRH Group is listed on the New York Stock Exchange and London Stock Exchange. For the financial year ending 31 December 2023, CRH Group generated US$34.9bn in revenue and US$6.2bn of adjusted EBITDA (based on US Generally Accepted Accounting Principles (**US GAAP**)).

CRH Group currently operates two businesses in Australia. The existing Australian businesses are Leviat ANZ, which supplies construction accessories, and Infrastructure Products Australia which primarily supplies precast concrete and plastic pits and lids, and plastic pipe connectors and related accessories.

(c) CRH Group divisions

CRH Group Americas	CRH Group Europe, Asia and Australia
~US$22.5bn revenue in 2023 (based on US GAAP)	~US$12.5bn revenue in 2023 (based on US GAAP)
1,949 Operating locations	1,441 Operating locations
48 US States | 7 Canadian Provinces	28 countries
~46,400 People	~32,100 People

(d) CRH Group principal activities

CRH Group integrates essential materials (aggregates and cement), value-added building products as well as construction services, to provide customers with complete end-to-end solutions. CRH Group's capabilities, innovation and technical expertise enable it to be a valuable partner for transportation and critical utility infrastructure projects, complex non-residential construction and outdoor living solutions.

(1) **Essential materials**

Essential Materials, consisting of aggregates and cement, are the foundation of CRH Group's solutions strategy. Its vertically integrated businesses manufacture and supply these materials for use extensively in a wide range of construction applications, ranging from major road and infrastructure projects to the development and refurbishment of commercial buildings, private residences, public spaces and communities.

(2) **Road solutions**

CRH Group is a leading provider of solutions for sustainable road construction. Fully integrated with its essential materials businesses, CRH Group has developed its road solutions offering to provide customers with quality, flexibility, speed, expertise and convenience.

CRH Group optimises the use of recycled materials in its paving services, thereby reducing waste, emissions and energy consumption.

(3) **Building and infrastructure solutions**

Building & infrastructure solutions connect, protect and transport critical water, energy and telecommunications infrastructure to help solve complex construction challenges. CRH Group integrates design, materials, products and engineering with a particular focus on the below-ground built environment where it is a leading provider of multi-material infrastructure.

(4) **Outdoor living solutions**

Outdoor living solutions integrate specialised materials, products and design features to enhance the quality of private and public spaces. Its business is closely connected to its customers through a broad geographic network as well as a comprehensive suite of products and services spanning hardscapes, masonry, fencing, railing, packaged lawn and garden products, pool finishes and composite decking.

6. Information about CRH Group continued

(e) CRH board

As at the date of this Scheme Booklet, the board of directors of CRH comprises the following directors:

Name	Position	Profile
Gavin Clifford Laws	Director	Gavin Laws holds various Directorships and Public Officer appointments at Australian companies, since retiring as Partner at PricewaterhouseCoopers in 1997. He joined the Audit and Business Advisory section of Pricewaterhouse in Melbourne in 1967 and joined the partnership in 1982, where he worked for large Australian and international clients. Gavin has a Bachelor of Commerce from Melbourne University.
Oliver Loveday	Director	Oliver Loveday is the Senior Vice President for Development for CRH in Australia and New Zealand. He has worked with CRH since 2015 and has extensive experience in the international building materials industry. Oliver has a Bachelors of Commerce from Sydney University and a Masters of Applied Finance from Macquarie University.
Jonathan Adrian Bond	Director	Jon Bond is the Managing Director for Leviat APAC region, a subsidiary of CRH. He joined Ancon Building Products, now a company within Leviat, in 1988 originally based in the UK, relocating to Sydney Australia in 2000 and has held a variety of roles in technical, commercial, business development and senior management positions. Jon has a Diploma in Building/Civil Engineering.

(f) CRH plc board

As at the date of this Scheme Booklet, the board of directors of CRH plc comprises the following directors (profiles of each of the directors of CRH plc can be found at https://www.crh.com/about-crh/leadership/board-of-directors):

Name	Position
Richie Boucher	Chairman of the Board
Albert Manifold	Chief Executive and Director
Jim Mintern	Chief Financial Officer and Director
Lamar McKay	Non-executive Director
Caroline Dowling	Non-executive Director
Johan Karlström	Non-executive Director
Shaun Kelly	Non-executive Director
Gillian L. Platt	Non-executive Director
Mary K. Rhinehart	Non-executive Director
Badar Khan	Non-executive Director
Siobhán Talbot	Non-executive Director
Christina Verchere	Non-executive Director
Richard Fearon	Non-executive Director

6.2 Rationale for proposed acquisition of Adbri

CRH Group's strategy is based upon providing complete end-to-end building solutions for its customers by leveraging its vertically integrated business model.

The acquisition of Adbri is complementary to CRH Group's strategy of obtaining leading market positions in essential materials that complement CRH Group's core competencies in cement, concrete and aggregates. Adbri's quality assets will allow CRH Group to materially expand its existing presence in Australia. CRH will deploy its global capabilities, innovation and technical expertise, to enhance Adbri's position as a provider of solutions to transportation and critical utility infrastructure, in addition to residential and complex non-residential construction sectors, in Australia.

Adbri's platform and asset base also allows for the creation of additional growth and development opportunities, which can be enacted with the partnership of the Barro Persons.

The acquisition of Adbri will also provide CRH Group greater exposure to the Australian construction materials market which is underpinned by positive growth prospects and stable market dynamics. These characteristics are similar in nature to the southern United States and central and eastern Europe where CRH Group also holds a significant presence.

For further information regarding CRH's broader intentions for Adbri, please refer to Section 6.4.

6.3 Funding of the Scheme Consideration

(a) Scheme Consideration

- The Scheme Consideration will be paid wholly in cash.
- If the Scheme is approved and implemented, each Independent Adbri Shareholder will be entitled to receive $3.20 for each Scheme Share they own as at the Scheme Record Date.
- The maximum consideration payable by CRH in connection with the Scheme will be $1,206,308,768 (based on the maximum number of Adbri Shares permitted to be on issue on the Scheme Record Date under the SID).
- CRH proposes to fully fund the Scheme using existing cash reserves of the CRH Group.
- Pursuant to the Deed Poll, CRH has undertaken in favour of each Scheme Shareholder to deposit, or procure the deposit of, an amount equal to the Scheme Consideration payable to all Scheme Shareholders into a trust account operated by Adbri as trustee for the Scheme Shareholders by the Business Day prior to the Implementation Date.
- CRH Guarantor has undertaken in favour of each Scheme Shareholder that, in the event CRH will not or does not fulfil its obligations to pay the Scheme Consideration into the trust account in accordance with the terms of the Deed Poll, CRH Guarantor will perform that obligation.
- For further details regarding CRH and CRH Guarantor's obligations under the Deed Poll, see section 4.6(f) of this Scheme Booklet. A copy of the Deed Poll is reproduced in Annexure 3.

(b) Funding source

- As at 31 December 2023, CRH Group had available internal cash reserves and cash equivalents with an aggregate value of approximately US$6,341m (which is equivalent to AU$9,337m) (**Cash Reserves**)). The Cash Reserves exceed the maximum amount of the Scheme Consideration.
- CRH Guarantor has agreed with CRH that it will procure that relevant entities in the CRH Group provide CRH with sufficient funds equal to the Scheme Consideration (including to account for any fluctuations in currency exchange rates) to enable it to pay the Scheme Consideration in accordance with its obligations under the Deed Poll.
- On that basis, CRH is of the opinion that it has a reasonable basis for holding the view, and holds the view, that it will be able to satisfy its obligations to provide the Scheme Consideration under the terms of the Scheme. The Scheme is not subject to any financing condition precedent.

6.4 Intentions if the Scheme is implemented

(a) Introduction

This section 6.4 sets out the current intentions of CRH in relation to:

- the continuation of the operations and business of Adbri;
- the delisting of Adbri from the ASX;
- changes to the Adbri Board; and
- the future employment of the present employees of Adbri,

assuming CRH acquires the Scheme Shares as a result of implementation of the Scheme.

The statements in this section 6.4 regarding CRH's intentions are based on information concerning Adbri and the general business environment which are known to CRH at the time of the preparation of this Scheme Booklet. CRH does not currently have full knowledge of all material information, facts and circumstances that are necessary to assess the operational, commercial, tax and financial implications of its current intentions. Final decisions regarding these matters will be made by CRH in light of all material information, facts and circumstances at the relevant time if the Scheme is implemented.

Accordingly, it is important to recognise that the statements set out in this section 6.4 are statements of current intention only and may change as new information becomes available or circumstances change.

Further, given that the Barro Persons will retain their Adbri Shares, CRH's ability to implement its intentions in relation to Adbri will be subject to the rights of the Barro Persons under the Shareholders' Deed, the material terms of which are summarised in section 6.5(c).

(b) Business, operations and assets

If the Scheme is implemented, CRH intends to undertake a detailed review of Adbri's assets and operations, including to evaluate its performance, prospects and strategic relevance. CRH will only make final decisions regarding these matters following the completion of its review of Adbri's business and based on the facts and circumstances at the relevant time.

If the Scheme is implemented, subject to the Shareholders' Deed, the completion of the review noted in this paragraph 6.4(b) and except as otherwise disclosed in this section 6.4, CRH currently does not intend to make many changes to Adbri such that it intends to maintain much of Adbri's existing business structure and strategic direction and does not intend to redeploy significant assets of Adbri. Subject to the Shareholders' Deed, if the Scheme is implemented, CRH expects to pursue opportunities to grow Adbri's operations, both organically and by acquisition.

(c) Adbri's removal from the ASX

If the Scheme is implemented, CRH has agreed with Adbri that Adbri will request ASX remove Adbri from the official list of the ASX. It is also intended that, at some time following delisting, subject to the Shareholders' Deed, CRH will seek to have Adbri converted from a public to a proprietary company limited by shares.

(d) Board of directors

If the Scheme is implemented, all directors (other than those who will remain as directors as nominees of the Barro Persons under the Shareholders' Deed) will resign and CRH and the Barro Persons will constitute the board of Adbri in accordance with the Shareholders' Deed. CRH is entitled to appoint three, and the Barro Persons are entitled to appoint two, directors to the Adbri board. As at the date of this Scheme Booklet, the directors have not been identified and the final composition of the Adbri Board following implementation has not been determined.

(e) Employees and management team

CRH recognises that the Adbri employees and management team are an integral part, and key to the success, of Adbri's business. CRH believes that the acquisition of Adbri will offer opportunities for Adbri's employees and management team as part of a larger global enterprise.

CRH may seek to make limited changes to employee and management roles as a result of potential duplication or redundancy of some roles arising from Adbri becoming part of CRH Group and no longer being a listed entity, although no determination has been made in respect of such changes. Other than these possible changes, no specific plans in relation to any potential changes to the employees or management team at Adbri have been determined, however, final decisions on these matters will, if necessary, only be made by CRH following the completion of the review noted in paragraph 6.4(b) above and will be based on all material facts and circumstances at the relevant time. CRH's intent is to retain the majority of Adbri's existing employees and management team in line with current operations.

(f) Constitution

CRH intends to have Adbri's constitution replaced with a constitution appropriate for a proprietary company limited by shares (consistent with the intention expressed in section 6.4(c)).

6. Information about CRH Group continued

6.5 CRH and Barro Persons

(a) Joint Acquisition Agreement

CRH and the Barro Persons entered into a joint acquisition agreement dated 14 December 2023, a copy of which was attached to the Form 603 Substantial Holder Notice by the CRH Group released to the ASX on 18 December 2023 (**Joint Acquisition Agreement**). The Joint Acquisition Agreement sets out, among other matters, the framework and terms on which the parties to the Joint Acquisition Agreement would pursue the Scheme.

(b) ASIC relief

Section 606 of the Corporations Act prohibits the acquisition of a relevant interest in the issued voting shares of a listed company where, because of the transaction, a party's voting power increases from below 20% to more than 20%.

On 22 December 2023, ASIC issued an instrument (ASIC Instrument 23-0962) exempting CRH, on certain terms and conditions, from section 606 of the Corporations Act in relation to the acquisition of a relevant interest in ordinary shares in Adbri which arises solely as a result of the entry by CRH into the Joint Acquisition Agreement for the purposes of enabling CRH and the Barro Persons to pursue the Scheme (**Relief Instrument**). The Relief Instrument is subject to the following conditions:

- CRH and the Barro Persons (**Joint Acquirers**) must immediately terminate the Joint Acquisition Agreement, and each Joint Acquirer must immediately terminate any relevant agreements entered into by that Joint Acquirer or its associates of which they are aware that affects that Joint Acquirer's voting power in Adbri and relates to the Scheme, if the Scheme does not, or will not, proceed (including because a condition precedent to the Scheme has not been, or cannot be, satisfied or waived);
- the relevant Joint Acquirer must immediately notify ASIC of, and on request provide ASIC with, any other relevant agreement entered into by that Joint Acquirer or its associates of which they are aware that affects a Joint Acquirer's voting power in Adbri and relates to the Scheme;
- CRH must immediately notify ASIC of, and on request provide ASIC with, any amendment or variation to the Joint Acquisition Agreement;
- each Joint Acquirer must use their best endeavours to have Adbri engage an independent expert to prepare a report on whether the Scheme is in the best interests of the holders of issued voting shares in Adbri not associated with the Joint Acquirers or their respective associates;
- each Joint Acquirer must not, and must ensure that each of their respective associates do not, vote any issued voting shares in Adbri in which they have a relevant interest at any meeting to approve the Scheme;
- following the execution of the Joint Acquisition Agreement:
  - CRH will give a substantial holding notice in accordance with section 671B of the Act, specifying their voting power in Adbri following execution of the Joint Acquisition Agreement; and
  - CRH must attach a copy of the Joint Acquisition Agreement to their substantial holding notice; and
- if any person that is not a Joint Acquirer or an associate of a Joint Acquirer (**New Associate**) becomes an associate of a Joint Acquirer during the period from the date of the Relief Instrument until the date the relevant Joint Acquirer ceases to have voting power in Adbri that is affected by any relevant agreement relating to the Scheme, that Joint Acquirer must take all reasonable steps to ensure that the New Associate does not acquire relevant interests in issued voting shares in Adbri in reliance on item 9 of the table in section 611 that the New Associate would not be able to acquire if that Joint Acquirer and/or its associates' voting power in Adbri had, at all relevant times, excluded any voting power arising as a result of, or in connection with, any relevant agreement relating to the Scheme.

(c) Shareholders' Deed

If the Scheme is implemented, CRH, the Barro Persons and Adbri will enter into the Shareholders' Deed, which will govern how Adbri will be managed and controlled from that time.

A summary of the key rights and obligations under the Shareholders' Deed are set out below:

Appointment of directors	The maximum number of directors at any time (including the Chairperson) is five. The Barro Holders are entitled to appoint two Directors and CRH is entitled to appoint three Directors.
Board decision making	All decisions of the Adbri Board are decided by simple majority, except in relation to certain reserved matters, which require approval of 75% of directors.
Top-Up Option	The Barro Holders have an option to acquire further shares by way of a new share issue to take their aggregate interest in Adbri to 49%, which option may be exercised in the first two years following Implementation. The consideration for the exercise of the option can be cash, the transfer of certain assets owned by the Barro Holders, or a combination of both.
Transfer restrictions	The Shareholders' Deed contains customary restrictions on the transfer of shares by any party.
Event of Default	There are customary event of default provisions which, in certain circumstances, trigger call options in favour of the non-defaulting parties and, in the case of default by CRH, put options in favour of the Barro Holders.
ICL	The parties agree to use best endeavours to agree a basis on which CRH, on the one hand, and the Barro Holders and Barro Investments Pty Ltd on the other hand, could each have an effective economic interest of 50% in ICL.

6.6 CRH's interests in Adbri Shares

(a) Interests in Adbri Shares

As at the date of this Scheme Booklet, CRH is not the registered holder of any Adbri Shares, however:

(1) (**relevant interest**): under the Joint Acquisition Agreement, CRH acquired a relevant interest in 279,274,902 shares held by the Barro Persons. These shares represent 42.7% of Adbri's Shares as at the Last Practicable Date. These shares are Excluded Shares and will not be voted by the Barro Persons in relation to the Scheme; and

(2) (**economic interest**): CRH holds an economic interest in 30,144,586 Adbri Shares, pursuant to a cash settled total return swap between CRH and UBS AG, Australia Branch, entered into on 4 April 2023. The swap does not give CRH a relevant interest in any Adbri shares. The swap is in respect of 4.6% of Adbri Shares as at the Last Practicable Date. The average entry price is $2.15 per share. This swap will be cash settled and terminated as a result of the Scheme becoming Effective.

CRH's total long position (relevant interest plus economic interest) is 309,419,488 Adbri Shares, representing 47.3% of Adbri Shares as at the Last Practicable Date.

(b) No dealings in Adbri Shares in previous four months

Other than under the Joint Acquisition Agreement, none of CRH or any of its associates has provided or agreed to provide any consideration for any Adbri Shares under any transaction or agreement during the four months before the date of the Scheme Booklet, except:

(1) as provided for in the Joint Acquisition Agreement; and

(2) in respect of the Scheme Consideration which CRH has agreed to provide under the Scheme and the arrangements described in section 6.6(a)(1) and (2) above.

(c) No inducing benefits to Adbri Shareholders given during previous four months

During the period of four months before the date of this Scheme Booklet, none of CRH or any of its associates gave, or offered to give, or agreed to give a benefit to another person which was likely to induce the other person, or an Associate of the other person, to:

- vote in favour of the Scheme; or
- dispose of Adbri Shares,

where the benefit was not offered to all Adbri Shareholders other than as offered to the Barro Persons under the Joint Acquisition Agreement and the Shareholders' Deed.

(d) No benefits to current Adbri officers

Other than as disclosed in this Scheme Booklet, none of CRH or any of its associates will be making any payment or giving any benefit to any current director, secretary or executive officer of Adbri or any of its Related Bodies Corporate as compensation or consideration for, or otherwise in connection with, their resignation from their respective offices if the Scheme is implemented.

(a) No interest of the CRH Directors in Adbri Shares

At the date of this Scheme Booklet, none of the CRH Directors have a relevant interest in any Adbri Shares.

6.7 No other material information

Other than as disclosed in this section 6, there is no information regarding CRH, or its intentions regarding Adbri, that is material to the making of a decision by an Independent Adbri Shareholder on whether or not to vote in favour of the Scheme that is within the knowledge of any director of CRH as at the date of this Scheme Booklet that has not been previously disclosed to Adbri Shareholders.

7. Risks

7.1 Introduction

In considering the Scheme, Independent Adbri Shareholders should be aware that there are a number of risk factors, both general and specifically relating to Adbri, which may affect the future operating and financial performance of Adbri and the price and/or value of Adbri Shares.

If the Scheme proceeds, Independent Adbri Shareholders will receive the Scheme Consideration, will cease to hold Adbri Shares and will also no longer be exposed to the risks set out in this section 7 (and other risks to which Adbri may be exposed).

If the Scheme does not proceed, Adbri Shareholders will continue to hold Adbri Shares and continue to be exposed to risks associated with investment in Adbri.

In deciding whether to vote in favour of the Scheme, Independent Adbri Shareholders should read this Scheme Booklet carefully and consider the following risk factors. These risk factors do not take into account the individual investment objectives, financial situation, position or particular needs of Independent Adbri Shareholders. In addition, this section 7 is a summary only and does not purport to list every risk that may be associated with an investment in Adbri now or in the future. There also may be additional risks and uncertainties not currently known to Adbri which may have a material adverse effect on Adbri's operating and financial performance and the value of Adbri Shares.

Whilst the Adbri Independent Directors unanimously recommend that Independent Adbri Shareholders vote in favour of the Scheme in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Independent Adbri Shareholders, Independent Adbri Shareholders are encouraged to make their own independent assessment as to whether to vote in favour of the Scheme.

7.2 General risks

Adbri is exposed to a number of general risks that could materially adversely affect its assets and liabilities, financial position, profits, prospects and potential to make further distributions to Adbri Shareholders, and the price and/or value of Adbri Shares. General risks that may impact on Adbri or the market for Adbri Shares include:

- changes in general business, industry cycles and economic conditions including inflation, interest rates, exchange rates, commodity prices and consumer demand;
- changes to government policy, legislation or regulation;
- climate change and the transition to a lower carbon economy;
- competition in the markets in which Adbri operates;
- strategic, contractual and partnerships risks, including the potential loss, non-renewal or renewal on less favourable terms of contracts or arrangements with third parties;
- natural disasters or catastrophes and other general operational and business risks;
- variations in Adbri's operating results;
- potential claims, litigation, regulatory investigations and other disputes;
- changes in investor sentiment and overall performance of the Australian and international stock markets;
- inclusion or removal from major market indices and recommendations by securities analysts; and
- changes to accounting standards and reporting standards.

Some of these factors could affect Adbri's share price regardless of Adbri underlying operating performance.

7.3 Risks relating to the business and operations of Adbri

(a) Economic and political risks

(1) **Macroeconomic conditions:** Adbri operates mainly in residential, non-residential, resources and infrastructure construction markets. The operational and financial performance of Adbri is closely tied to factors which are cyclical and out of Adbri's control. These factors include, but are not limited to commodity price performance, allocation of government funding for public infrastructure and other building programs and the performance of state and federal economies. Adverse changes to any of these factors may lead to an unfavourable environment for volume and price.

(2) **Fiscal and monetary policies:** Macroeconomic policies may have the effect of influencing the level of economic activity in the economy. This may be seen in the activity in public infrastructure and other building programs, availability of labour and price of key inputs, including fuel. Additionally, these policies may influence the interest rate associated with borrowings. These factors may have the effect of reducing demand from customers, financial capacity and volumes, leading to worse financial performance.

(b) Financial risks

(1) **Foreign exchange rates:** Adbri is exposed to movements in foreign exchange rates through the products that Adbri imports as well as the purchase of certain plant and equipment from overseas suppliers.

(2) **Access to capital and liquidity risks:** The Adbri Group is capital intensive and relies on banks and other institutions to source its funding needs. Failure to maintain sufficient liquidity may limit Adbri's ability to grow and increase the risk that the financial obligations of Adbri cannot be met as and when they fall due without incurring significant costs. There is no guarantee that Adbri will have sufficient liquidity and funding options in the future.

(3) **Interest rates:** The Adbri Group's debt portfolio is exposed to changes in interest rates, which may result in increased interest costs. In addition, rising interest rates are likely to have a flow on effect on demand for residential housing, leading to a reduced demand for construction materials.

(4) **Pricing:** Future pricing outcomes may differ materially from current pricing, due to factors including changes in competition, economic conditions and product and input availability. Changes to pricing may have a negative impact on Adbri's financial performance.

(5) **Credit risk:** Contractual arrangements with customers include the provision of short-term trade credit for products supplied. The Adbri Group is therefore exposed to the risk that a counterparty defaults on its contractual obligations, including failure to pay amounts owing to Adbri, resulting in financial loss to Adbri. Changes in macroeconomic conditions and customer specific issues impacting cash flows available to settle purchases factor into the level of risk associated with outstanding trade credit.

(6) **Inability to pay dividends or make distributions:** The payment of future dividends (if any) by Adbri will be determined by the Adbri Board at its discretion and in accordance with the Corporations Act from time to time and will be dependent on factors including profitability, leverage position, the need to fund working capital and other growth projects in line with strategic objectives and the cash flow of Adbri at the relevant time.

(c) Product and Operational risks

(1) **Weather patterns:** Prolonged La Nina weather patterns and other periods of extreme weather may impact the ability of Adbri to produce, transport and supply products to the market. It may lead to impairment or destruction of plant, property or equipment, resulting in lower productivity, loss of fixed cost recovery and increased capital expenditure. Extreme weather conditions may impede the ability of customers to construct, leading to reduced or delayed demand.

(2) **Customer concentration:** Adbri's operations supply to some significant alumina, mining and other customers. If one of these customers decides to change suppliers, adopt a self-supply model, significantly reduce demanded volume or restructure operations, this may have a detrimental impact on the financial performance of Adbri. For example, Adbri's supply contract arrangements with Alcoa were recently amended and ceased in April 2024 (prior to the original October 2024 expiry) as announced to ASX on 20 March 2024. The changing demand profile from lime customers is expected to result in lower lime volumes. Additionally, a significant customer of Adbri is currently conducting a review of its supplier arrangements. The outcome of this review process may materially and adversely affect Adbri's revenue and profits if the customer determines to enter into alternative supply arrangements with a third party for some or all of the volumes that Adbri has historically provided.

(3) **Competitive landscape:** Australia is a competitive market. Heightened competition combined with fluctuations in the macro-economic environment can lead to product price volatility and impact upon the financial performance of Adbri. There is a risk of overseas suppliers directly entering the local markets or that customers move to a self-supply model and import products directly.

(4) **Transition to a lower-carbon economy:** Adbri's manufacturing includes the process of calcination of limestone to produce clinker and lime. This chemical reaction produces carbon dioxide. There is no current technology which is commercially available at scale to minimise or eliminate these emissions. For this reason, clinker and lime manufacturing are considered hard-to-abate industrial processes. The transition to a lower-carbon economy may impact useful lives of assets and stay in business and research and development capital expenditure aligned to Adbri's Net Zero Emissions Roadmap. Government policy in relation to greenhouse gas emissions is expanding and becoming more targeted, be that through the Safeguard Mechanism or a possible re-introduction of a carbon tax. This could potentially increase Adbri's production costs, the viability and cost competitiveness of its products, and its ability to meet its decarbonisation objectives and targets as summarised in 5.4(e).

Additionally, the Australian Government is conducting the Carbon Leakage Review which will assess the feasibility of introduction of a potential Carbon Border Adjustment Mechanism (**CBAM**) which would apply a carbon cost or rebate adjustment to certain imports such as cement, clinker and lime. This review is in the consultation phase, and the potential form and timing of any legislation to introduce a CBAM, and its interaction with other existing or potential Government policy options, is not presently known.

(5) **Environmental, social and governance risk (ESG):** Adbri recognises that management and disclosure of sustainability risks (including ESG and climate change) is key to maintaining its reputation and performance. A failure to deliver on Adbri's customer, investor and community expectations in relation to social and environmental impacts created by Adbri's activities could potentially result in stricter licensing conditions, higher compliance costs and damage to Adbri's brand, reputation, and customer sentiment.

(6) **Supply chain/cost management:** Disruption in the supply of raw materials or other goods could impact Adbri's ability to manufacture and/or deliver its products and meet market demand. Adbri relies on imported products for both domestic processing and to supply direct to its joint venture companies and other customers. Adbri is also reliant on its overseas suppliers' export capacity, availability of suitable vessels and the timely delivery of product to meet its own and its customers' requirements. There are risks of loss of cargo in transit, shipping delays, supplier production issues or local natural disasters that may lead to an inability to supply on time. Adbri may need to quickly source alternative product or put other supply arrangements in place to meet its commitments. There is also a risk of payment for minimum volumes where a demand shortfall occurs. These supply chain risks can also apply to procurement more generally such as pallets, spare parts, plant and equipment for upgrades, maintenance, and everyday production needs. Adbri's business performance is also exposed to inflationary impacts from rising input costs and the availability of labour. Failure to secure access to long-term reserves or future resource supply constraints could also adversely impact Adbri's long-term growth.

(7) **Energy pricing:** Production of cement and lime are energy intensive and consequently access to reliable, cost-effective energy is required to sustain domestic production.

(8) **Information technology:** Adbri relies on various information technology systems and assets for its business operations. Any failure to successfully maintain Adbri's IT systems, or implement updates or changes may negatively impact Adbri's business and performance. Adbri may be subject to various IT system failures, network disruptions and incidents, which may materially adversely affect Adbri's operations, financial condition and operating results.

(9) **Cyber and data security:** There is a risk of cyber-attack or breach of information security leading to unauthorised access and loss of or disruption to Adbri data or computer-controlled systems. Adbri's cyber security risks include the loss of corporate, staff and/or customer data as well as the potential for cyber events that impact on the core operations of the organisation. The outcome of a cyber event could also have an impact on Abri's reputation with the community and customers.

(10) **Health, safety and environment risk:** Due to the nature of the industry in which Adbri operates, there are a range of potential safety hazards to which Adbri's employee and contractor workforces, and visitors are exposed. There is a risk of incidents occurring that may cause injury to Adbri's employees, contractors or visitors, or damage to the environment. These incidents may result in costs and fines for Adbri, cause business interruption and adversely affect Adbri's reputation.

(11) **Product quality and liability exposure:** The Adbri Group's key products of cement, lime, concrete, aggregates, and masonry products are required to meet relevant quality standards and customer specifications. Raw materials used in production are natural products and therefore normal variability of the characteristics could result in fluctuations in composition of the end product. Adbri may also, from time to time, experience manufacturing defects or other claims relating to its products. Failure to meet the relevant quality

7. **Risks** continued

standard or defects in Adbri's products could be difficult or costly to correct, cause significant customer relations and business problems, harm Adbri's reputation and the costs to remedy defects may impact on Adbri's earnings.

(12) **Capital expenditure:** Unforeseen capital requirements, additional capital expenditure or schedule delays on large scale projects, including the Kwinana Upgrade Project, or other capital expenditure requirements, may impact on Adbri's financial performance. Insufficient capital investment could also result in Adbri failing to meet industry standards or customer expectations.

(13) **Joint ventures:** Adbri is party to joint ventures and accordingly is subject to joint venture risks, which include devolved management control and potential for disagreements with joint venture parties regarding operational and financial matters. Where a joint venture party does not act in the best interests of the joint venture, there is underperformance by the joint venture management team or where the interests of joint venture parties do not align with Adbri, this may adversely affect Adbri's business, financial condition or results from operations. Adbri Group sells products to and purchases products from its joint ventures and joint operations. There is a risk that these arrangements could be terminated or may not continued on their existing terms. The Adbri Group's current interim supply and distribution arrangements with ICL expire at the end of June 2024 and new arrangements would need to be entered into if the Scheme is not implemented prior to that time.

(14) **Key equipment failure:** The production of cement and lime involves large scale manufacturing sites. The business also relies on portside infrastructure and dedicated vessels for the storage and transportation of raw materials. The failure of key equipment can interrupt production and aversely impact financial performance.

(15) **Key personnel risk:** Adbri's ability to attract, develop and retain suitable employees is critical to the performance of the business. Operational success is linked to the relationships senior executives maintain with key stakeholders and specific knowledge relevant to the operations of Adbri. Loss of key employees or the inability to attract suitable new personnel may adversely impact the reputation and financial and operational performance of Adbri.

(d) Legal, regulatory and compliance risks

(1) **Regulatory compliance:** Due to the geographic reach of Adbri in Australia, the business is subject to significant regulatory requirements which may differ between states and territories. Areas of significant regulation include employment, environment, occupational health and safety and taxation laws. Non-compliance with or changes to regulatory requirements could lead to significant penalties, cost impositions on operations and the loss of licences to operate.

(2) **Conduct:** The Adbri Group operates in an environment that exposes it to the risk of loss from fraud, bribery, and corruption. Operating in a commercial environment with the movement of funds into and out of the Adbri Group gives rise to the risk that economic benefits can be obtained through inappropriate acts by employees, suppliers, customers or third parties. This could result in penalties, reputational damage, loss of customers and adverse financial impacts.

(3) **Hallett litigation:** Adbri's subsidiary Adelaide Brighton Cement Limited (**ABCL**) was previously party to a cement supply agreement (**CSA**) with Hallett Concrete Pty Ltd (**Hallett**), as well as a number of service agreements with Hallett's related entity, Contract Mining Services Pty Ltd (**CMS**), all of which have now been terminated.

ABCL, CMS, Hallett, SA Premium Cement & Concrete Pty Ltd (**SAPCC**) and related persons of Hallett and SAPCC are party to proceedings in the Supreme Court of South Australia in respect of claims (and counterclaims) for breaches of the relevant agreements and associated causes of action. These proceedings remain ongoing. While Adbri is seeking to defend various claims made, ABCL and the Adbri Group are subject to potential financial exposure and adverse reputational impacts if CMS, Hallett, SAPCC and the related persons are successful in this litigation.

(4) **Litigation (general):** Adbri is subject to the usual business risk that litigation or disputes may arise from time to time in the course of its business activities.

(5) **Tax:** Change in tax law or changes in the way tax laws are interpreted may impact Adbri's tax liabilities.

(e) Unknown risks

The information set out in this section 7.3 is non-exhaustive and additional unknown risks and uncertainties may have a material adverse impact on Adbri's financial and operational performance.

7.4 Risks relating to the Scheme

(a) Implications relating to implementing the Scheme

The Scheme is subject to certain conditions precedent that must be satisfied or waived (if capable of waiver) in order for the Scheme to be implemented. These conditions precedents are outlined in section 4.4 of this Scheme Booklet and set out in full in Clause 3 of the Scheme Implementation Deed. The failure of a condition precedent to be satisfied or waived (if capable of waiver) may give rise to a right of either Adbri or CRH to terminate the Scheme Implementation Deed.

The conditions precedent include approval by the Court and Independent Adbri Shareholders. There is a risk that the Court may not approve the Scheme, or may only be willing to approve the Scheme subject to conditions that Adbri or CRH are not prepared to accept. There is also a risk that some or all of the aspects of the Independent Adbri Shareholder and Court approvals required for the Scheme to proceed may be delayed.

(b) Implications for Adbri and Adbri Shareholders if the Scheme is not implemented

If the Scheme does not become Effective and is not implemented, or if the Scheme becomes Effective but is not implemented for any reason, Scheme Shareholders will not receive the Scheme Consideration and Adbri will continue, in the absence of a Superior Proposal, to operate as a standalone entity and remain listed on the ASX. Unless Adbri Shareholders choose to sell their Adbri Shares on the ASX, Adbri Shareholders will continue to hold Adbri Shares and be exposed to both the risks (including those set out in this section 7) and potential future benefits in retaining exposure to Adbri's business and assets.

The Adbri share price will also remain subject to market volatility and may fall, perhaps materially, in the absence of a Superior Proposal.

8. Tax implications

8.1 Introduction

The following is a general description of the Australian income tax, GST and Stamp Duty implications expected to arise for certain Scheme Shareholders on implementation of the Scheme (assuming it becomes effective). The taxation summary contained in this section regarding the Australian tax considerations does not purport to be a complete analysis of the potential tax consequences of the Scheme, and is intended as a general guide to the Australian tax implications only. This description does not constitute tax advice and should not be relied upon as such. Scheme Shareholders should consult with a professional tax adviser regarding their particular circumstances.

The description only applies to those Scheme Shareholders who hold their Scheme Shares on capital account for tax purposes. This description does not address the tax consequences for Scheme Shareholders who:

- hold their Scheme Shares for the purposes of speculation or in carrying on a business of dealing in securities (for example, as trading stock or on revenue account for tax purposes);
- are subject to the taxation of financial arrangement rules in Division 230 of the ITAA 1997 in relation to gains and losses in respect of their Scheme Shares;
- are subject to special tax rules, such as insurance companies, partnerships, tax exempt organisations and entities subject to the investment manager regime under Subdivision 842-I of the ITAA 1997 in respect of their Scheme Shares;
- acquired their Scheme Shares under an employee share, employee option, or employee rights plan;
- are not Australian residents and who used their Scheme Shares in carrying on a business at or through a permanent establishment in Australia; and
- acquired, or are taken to have acquired their Scheme Shares before 20 September 1985.

This section is based on Australian tax laws and regulations, interpretations of such laws and regulations and administrative practices as at the date of this document. The law is complex and subject to change periodically as is its interpretation by the courts and the ATO. This summary does not address any tax consequences arising under the laws of jurisdictions other than Australia.

Scheme Shareholders who are tax residents of a country other than Australia (whether or not they are also residents, or temporary residents, of Australia) should consider the tax consequences of the Scheme under the laws of their country of residence, as well as under Australian law.

8.2 Scheme Shareholders that are Australian residents

(a) Capital Gains Tax (CGT) Event

Under the Scheme, Scheme Shareholders will dispose of their Scheme Shares to CRH in exchange for the Scheme Consideration. The disposal of the Scheme Shares will be regarded as a disposal for Australian CGT purposes, and trigger CGT event A1 for Scheme Shareholders.

The time of the CGT event will be on the Implementation Date.

(b) Calculation of capital gain or capital loss

Scheme Shareholders will make a capital gain on the disposal of Scheme Shares to the extent that the capital proceeds from the disposal of the Scheme Shares exceed the cost base of those Scheme Shares. Where the capital proceeds are less than the reduced cost base of the Scheme Shares, Scheme Shareholders will make a capital loss.

Capital proceeds

The capital proceeds from the disposal of Scheme Shares by a Scheme Shareholder should be the Scheme Consideration received (that is, $3.20 per Scheme Share).

Cost base of the Scheme Shares

The cost base of a Scheme Shareholder's Scheme Shares will generally include their original or deemed cost of acquisition, plus certain other non-deductible costs incurred in relation to the acquisition and disposal of their Scheme Shares (such as incidental costs of acquisition and disposal (e.g. brokerage fees and stamp duty). The reduced cost base of Scheme Shares is generally determined in a similar manner, subject to certain adjustments.

If the Scheme Shares were acquired at or before 11.45am on 21 September 1999, a Scheme Shareholder who is an individual, a company, a complying superannuation entity, or the trustee of a trust may choose to adjust the cost base of their Scheme Shares to include indexation by reference to changes in the consumer price index from the calendar quarter in which their Scheme Shares were acquired until the quarter ended 30 September 1999.

Indexation adjustments are considered only for the purposes of calculating capital gains; they are ignored when calculating capital losses.

The cost base and reduced cost base of a Scheme Shareholder's Scheme Shares will depend on their own specific circumstances. Scheme Shareholders should consult with their own professional tax adviser regarding their particular circumstances.

Discount capital gain

Scheme Shareholders who are individuals, complying superannuation entities or trusts may be entitled to discount the amount of any capital gain made on disposal of their Scheme Shares if they:

- have held (or are deemed to have held) their Scheme Shares for at least 12 months prior to the Implementation Date (not counting the day of acquisition or disposal); and
- have not chosen to index the cost base of the Scheme Shares (refer above).

The CGT discount is applied after any available capital losses have been offset against the capital gain.

If eligible, the applicable discount rate for individuals and trusts is 50%, and for complying superannuation entities the discount rate is 33 1/3%. There is no CGT discount available for Scheme Shareholders that are companies or Scheme Shareholders who have held their Scheme Shares for less than 12 months prior to Implementation Date.

Where a trust has utilised the CGT discount in relation to its Scheme Shares, the availability of the discount in the hands of beneficiaries will ultimately depend on the particular circumstances of the beneficiaries.

8. Tax implications continued

Other issues

Where a Scheme Shareholder makes a capital gain (prior to any CGT discount) as a result of the disposal of Scheme Shares, this will need to be aggregated with any other capital gains or capital losses made by the Scheme Shareholder in the same income year to determine whether there is a net capital gain.

Any net capital gain (reduced by the relevant CGT discount, if applicable) is included in the Scheme Shareholder's assessable income and is subject to income tax. Capital losses may not be deducted against other income for income tax purposes but may be carried forward to offset against future capital gains (subject to satisfaction of the loss recoupment tests for certain taxpayers).

8.3 Scheme Shareholders that are non-residents of Australia

(a) General

A Scheme Shareholder who is not an Australian resident for Australian income tax purposes should only be subject to Australian CGT on the disposal of their Scheme Shares if:

- the Scheme Shareholder holds or held 10% or more (together with their associates) of the total issued Adbri Shares on the Implementation Date, or throughout a 12-month period within 2 years preceding the Implementation Date (referred to as a '**non-portfolio interest**'); and
- the market value of Adbri's assets which are direct or indirect interests in 'taxable Australian real property' (as defined in the ITAA 1997) is more than 50% of the market value of Adbri's total assets (tested on the Implementation Date). Taxable Australian real property generally refers to Australian real estate, whether owned or leased.

Unless the above two conditions are satisfied, non-resident Scheme Shareholders should not be subject to Australian CGT on any capital gain or loss from the disposal of their Scheme Shares.

Additionally, non-resident Scheme Shareholders who have previously been a resident of Australia and who chose to disregard a capital gain or loss on ceasing to be a resident may also be subject to Australian CGT consequences on disposal of the Scheme Shares as set out in section 8.2.

If you are a non-resident who holds a 'non-portfolio interest' in Adbri, or you have made an election to disregard a capital gain or loss on ceasing to be an Australian resident, you should obtain independent advice as to the tax implications of the sale, and whether any relief will be available under a relevant double tax treaty.

(b) Foreign resident capital gains withholding tax

The capital gains withholding tax regime may apply to non-resident Scheme Shareholders whose Scheme Shares are subject to Australian CGT because they satisfy the two conditions outlined above at section 8.3(a).

CRH, in cooperation with Adbri, may seek to clarify the status of particular Scheme Shareholders and require these Scheme Shareholders to provide CRH with either:

- a declaration that they are an Australian tax resident or that their Scheme Shares are not an 'indirect Australian real property interest' (**Entity Declaration**); or
- a notice of variation granted by the ATO varying the amount or rate of tax to be withheld (**Variation Notice**).

Unless a signed Entity Declaration or Variation Notice is provided to CRH for these particular Scheme Shareholders, CRH may withhold 12.5% of the Scheme Consideration payable to the Scheme Shareholders and pay that amount to the Commissioner of Taxation within the time permitted by law. CRH has advised Adbri that it expects to only contact a very limited number of Scheme Shareholders and that if CRH does not contact a Scheme Shareholder then it will not withhold any amount under these provisions.

Non-resident Scheme Shareholders should obtain independent professional tax advice regarding their particular circumstances.

8.4 GST

Scheme Shareholders should not be liable for GST in respect of a disposal of their Scheme Shares.

Scheme Shareholders may be charged GST on costs they incur (such as adviser fees relating to their participation in the Scheme) that relate to the Scheme. Scheme Shareholders may be entitled to input tax credits or reduced input tax credits for such costs but should seek independent advice in relation to their individual circumstances.

8.5 Stamp Duty

Scheme Shareholders should not be liable for any Stamp Duty in relation to their participation in the Scheme.

9. Additional information

9.1 Interests of Adbri Directors in Adbri Shares and Adbri Equity Incentives

(a) Interests in Adbri Shares

As at the Last Practicable Date, the Adbri Directors have the following Relevant Interests in Adbri Shares:

Adbri Director	Number of Adbri Shares
Raymond Barro[1]	279,178,587
Samantha Hogg	–
Rhonda Barro[2]	278,787,781
Dean Jenkins	82,047
Emma Stein	53,403
Geoff Tarrant	30,000
Michael Wright	50,000

Adbri Directors who hold Adbri Shares, or entities who hold Adbri Shares on behalf of Adbri Directors, other than Excluded Shareholders, will be entitled to vote at the Scheme Meeting and, if the Scheme is implemented, will receive the Scheme Consideration for their Adbri Shares along with the other Scheme Shareholders.

Each Adbri Independent Director intends to vote, or procure the voting of, any Adbri Shares held or controlled by them at the time of the Scheme Meeting in favour of the Scheme at the Scheme Meeting in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Independent Adbri Shareholders.

No Adbri Director acquired or disposed of a Relevant Interest in any Adbri Shares during the four months before the date of this Scheme Booklet.

(b) Interests in Adbri Equity Incentives

As at the Last Practicable Date, none of the Adbri Directors have a Relevant Interest in any Adbri Equity Incentives. No Adbri Director acquired or disposed of a Relevant Interest in any Adbri Equity Incentives during the four months before the date of this Scheme Booklet.

Further information about Adbri's Equity Incentive arrangements for employees, and their proposed treatment should the Scheme become Effective, is set out in section 9.2 below.

9.2 Adbri Equity Incentive arrangements

(a) Overview of arrangements

As detailed in Adbri's annual report for the year ended 31 December 2023, Adbri operates incentive plans under which Adbri Equity Incentives are offered to senior management and other Adbri employees.

Short-Term Incentives

Under the terms of Adbri's Short-Term Incentive Plan (**STI**), awards are delivered 50% in cash and 50% in deferred rights (each of which convert into one Adbri Share on exercise).

The deferred rights awarded under the STI are divided into two equal tranches. In the ordinary course:

- deferred rights issued in tranche 1 (and the shares acquired on their exercise) may not be sold or otherwise disposed of for 2 years from the end of the relevant financial year for which they were issued (i.e. tranche 1 of the 2023 STI can be disposed of from 1 January 2026); and
- deferred rights issued in tranche 2 (and the shares acquired on their exercise) may not be sold or otherwise disposed of for 3 years from the end of the relevant financial year for which they were issued (i.e. tranche 1 of the 2023 STI can be disposed from 1 January 2027).

No dividends (or voting rights) are received on the deferred rights but Adbri Shares issued on exercise are eligible to receive dividends and attract voting rights during the disposal restriction period.

Long Term Incentives

Under the terms of Adbri's Executive Performance Incentive Plan (**LTI**), Adbri executives receive awards (each of which convert into one Adbri Share on exercise).

Awards issued under the LTI will only vest in the ordinary course to the extent performance conditions are met over the four-year period commencing from the start of the relevant financial year for which they were issued (i.e. for the 2023 LTI, from 1 January 2023 to 31 December 2026):

Adbri Shares acquired on vesting and exercise of LTI awards may not be sold or otherwise disposed of for 1 year from the date of issue but are eligible to receive dividends and attract voting rights during this disposal restriction period.

Tax Exempt Employee Share Plan

Adbri operates a Tax Exempt Employee Share Plan (**TEES**) in which all eligible full-time and part-time employees can participate in awards of up to $1,000 worth of Adbri Shares annually, with a disposal restriction period of the earlier of three years or cessation of employment.

1. The balances relating to Raymond Barro include shares owned by entities over which he has a significant influence, or which he jointly controls, but he does not control these entities himself.
2. The balances relating to Rhonda Barro include shares owned by entities over which she has a significant influence, or which she jointly controls, but she does not control these entities herself.

9. Additional information continued

Current Adbri Equity Incentives

As at the Last Practicable Date, Adbri had on issue:

- 67,609 deferred rights granted under the 2022 STI (with Adbri Shares held in a share trust available to settle these deferred rights on exercise);
- 64,407 deferred rights granted under the 2023 STI (with Adbri Shares held in a share trust available to settle these deferred rights on exercise);
- 619,752 awards granted under the 2021 LTI;
- 497,074 awards granted under the 2022 LTI;
- 840,500 awards granted under the 2023 LTI; and
- 249,940 awards granted under the MD Performance Award (governed by Adbri's Executive Performance Share Plan), which are fully vested and able to be exercised (with Adbri Shares held in a share trust available to settle these awards on exercise).

There are also 1,689,092 restricted shares held by plan participants as at the Last Practicable Date under the STI and TEES, which are Adbri Shares already on issue and subject to disposal restrictions.

(b) Implications of the Scheme for Adbri Equity Incentives

Under the Scheme Implementation Deed, Adbri must procure that no Adbri Equity Incentives (or performance rights, options, warrants or any other securities or rights to receive shares, other than Adbri Shares) are in existence on the Scheme Record Date.

In order to satisfy this requirement, and recognising the importance of the contribution of Adbri employees, including those holding Adbri Equity Incentives, to the Scheme and of retaining their services during the Scheme process, the Adbri Independent Board Committee currently proposes that outstanding Adbri Equity Incentives will generally be treated as set out below. The proposed treatment of Adbri Equity Incentives is subject in each case to the Scheme becoming Effective and the final determination by the Adbri IBC regarding the proposed treatment of the Adbri Equity Incentives. The Adbri Independent Board Committee also reserves the right to treat any individual differently (but no more favourably) to the below.

- The unvested deferred rights granted under the STI and unvested awards granted under the 2021 LTI held by relevant employees will vest and be exercised in full prior to the Scheme Record Date.
- The unvested awards granted under the 2022 LTI or 2023 LTI held by relevant employees will vest on a pro rata basis by reference to the proportion of the relevant performance period elapsed as at the Scheme Record Date, as adjusted for the Adbri Independent Board Committee's assessment of satisfaction of performance conditions, and be exercised prior to the Scheme Record Date.
- Vested rights and awards will be satisfied through either the transfer of existing unallocated Adbri Shares held in the Adbri Employee Share Trust, new shares issued or acquired on-market by Adbri or cash settlement prior to the Scheme Record Date.
- All restricted shares issued under the STI, LTI or TEES will have their trading restrictions lifted prior to the Implementation Date.

9.3 Other benefits and agreements

(a) Interests of Adbri Directors in CRH securities

No Adbri Director has a Relevant Interest in any securities in a CRH Group Member.

No Adbri Independent Director has acquired or disposed of a Relevant Interest in any securities in a CRH Group Member during the four months before the date of this Scheme Booklet.

(b) Interests of Adbri Directors in contracts with CRH

No Adbri Director has any interest in any contract entered into by a CRH Group Member other than Raymond Barro and Rhonda Barro under the Joint Acquisition Agreement described at section 6.5(a).

(c) Benefits in connection with retirement from office

There is no payment or other benefit that is proposed to be made or given to any director, secretary or executive officer of Adbri (or any of its related bodies corporate) as compensation for the loss of, or consideration for or in connection with his or her retirement from, office in Adbri (or any of its related bodies corporate) in connection with the Scheme.

(d) Deeds of indemnity, insurance and access

Adbri has entered into deeds of indemnity, insurance and access with the directors and officers of the Adbri Group, on customary terms (**D&O Deeds**). The D&O Deeds include terms that provide for Adbri to indemnify each of its directors against all liability arising as a result of such persons acting as a director or officer, to the extent permitted by law.

Adbri also pays a premium in respect of directors' and officers' insurance cover for the benefit of the directors and officers of Adbri and its Subsidiaries. If the Scheme is implemented, Adbri will enter into an arrangement to provide run-off insurance coverage for all current Adbri directors and officers for seven years from the Implementation Date. The entry into such arrangements by Adbri is permitted by clause 7.3 of the Scheme Implementation Deed. In addition, under clause 7.3 of the Scheme Implementation Deed, CRH must, subject to certain conditions, ensure that directors' and officers' run-off insurance cover is maintained for a period of seven years from the retirement of each director and officer.

(e) Benefits from CRH

No Adbri Director has agreed to receive, or is entitled to receive, any benefit from CRH, or any of its related bodies corporate, which is conditional on, or is related to, the Scheme other than as set out in section 6.5.

(f) Agreements connected with or conditional on the Scheme

Other than as disclosed in section 6.5 and 9.2, there are no agreements or arrangements made between any Adbri Director and any other person in connection with, or conditional on, the outcome of the Scheme.

9.4 Scheme Implementation Deed

(a) Introduction

On 27 February 2024, Adbri, CRH and CRH Guarantor entered into the Scheme Implementation Deed, which governs the conduct of the Scheme.

A summary of the key terms of the Scheme Implementation Deed is set out below. A full copy of the Scheme Implementation Deed was released to ASX on 27 February 2024 and can be obtained from www.asx.com.au.

(b) Adbri Independent Board Committee recommendation

The Scheme Implementation Deed requires Adbri to use its best endeavours to procure that each Adbri Independent Director, and the Adbri Independent Board Committee collectively, does not adversely change, withdraw, adversely modify or adversely qualify its or their recommendation to vote in favour of the Scheme unless:

- the Independent Expert concludes that the Scheme is not in the best interests of Independent Adbri Shareholders;
- Adbri has received a Competing Proposal and the Adbri Independent Board Committee has determined, after complying with its obligations under the exclusivity provisions in clause 9 of the Scheme Implementation Deed, that the Competing Proposal constitutes a Superior Proposal; or
- the change, withdrawal, modification or qualification occurs because of a requirement or request by a court or Government Agency that one or more Adbri Independent Directors abstain or withdraw from making a recommendation that Independent Adbri Shareholders vote in favour of the Scheme (**Abstain Requirement**).

(c) Conduct of business

The Scheme Implementation Deed requires that Adbri carry on its business and operations in the ordinary and usual course and in compliance with all applicable laws, regulations and regulatory approvals (in all material respects).

In addition, Adbri must also:

- keep CRH reasonably informed of any material developments concerning the conduct of its business and provide CRH with certain agreed information;
- not enter into any new line of business or other activities or cease any material line of business;
- ensure that no Adbri Prescribed Occurrence and no Adbri Regulated Event occurs;
- use all reasonable efforts to preserve and maintain the value its businesses and assets, keep the services of its directors, officers and management,
- use all reasonable efforts to maintain and preserve relationships with Government Agencies, customers, suppliers, joint venturers, landlords and others having business dealings with it.

The restrictions and obligations listed above are subject to a number of exceptions, including exceptions which allow Adbri to take any action:

- which is required or expressly permitted by the Scheme Implementation Deed or the Scheme;
- which has been requested by, or consented to, in writing by CRH (which consent must not be unreasonably withheld or delayed);
- which is required by any applicable law or regulation, by a Government Agency, or to comply with any fairly disclosed contractual obligation;
- to reasonably and prudently respond to an emergency or disaster (subject to limitations); or
- in connection with an actual, proposed or potential Competing Proposal as permitted by clause 9 of the Scheme Implementation Deed.

These restrictions apply to the Adbri Group and to the exercise of rights in relation to certain joint ventures where it would not cause a breach of fiduciary duty or relevant joint venture agreements.

(d) Representations and warranties

The Scheme Implementation Deed contains customary representations and warranties given by each of Adbri, CRH and CRH Guarantor to each other.

These representations and warranties are set out in Schedule 3 (in the case of Adbri) and Schedule 2 (in the case of CRH and CRH Guarantor) of the Scheme Implementation Deed.

(e) Exclusivity

The Scheme Implementation Deed contains the following customary exclusivity provisions in favour of CRH and CRH Guarantor during the Exclusivity Period:

- **No shop:** Adbri must not solicit, encourage, initiate or invite any inquiry or expressions of interest, offer, discussions or proposals in relation to, or which may reasonably be expected to encourage or lead to, an actual proposed or potential Competing Proposal, or communicate to any person any intention to do so;
- **No talk:** Subject to a fiduciary exception on market standard terms, Adbri must not negotiate or enter into, or continue or participate in any negotiations or discussions with any other person regarding, an actual, proposed or potential inquiry, expression of interest, offer or proposal by any person to make a Competing Proposal or negotiate, accept or enter into any agreement, understanding or arrangement which may be reasonably expected to encourage or lead to, a Competing Proposal, or communicate to any person any intention to do so;
- **No due diligence:** Subject to a fiduciary exception on market standard terms, Adbri must not, directly or indirectly, make available, facilitate access to or permit any person (other than CRH) to receive any non-public information in respect of any member of the Adbri Group in connection with or with a view to obtaining or which could reasonably be expected to lead to such person providing a Competing Proposal, or to any person who has submitted a Competing Proposal, or communicate to any person any intention to do so;

9. **Additional information** continued

- **Notification:** Adbri must notify CRH (within 48 hours) if it becomes aware of any receipt of any Competing Proposal, any approach, expression of interest, negotiations, discussion or proposal in relation to an actual, proposed or potential Competing Proposal, or any provision of, or request for, information relating to Adbri, or its business or operations which Adbri has reasonable grounds to suspect may relate to an actual, proposed or potential Competing Proposal. Adbri must also promptly notify CRH after becoming aware of any material developments in relation to any actual, proposed or potential Competing Proposal; and
- **Matching right:** Adbri must not enter into any agreement, arrangement, understanding or commitment in respect of a Competing Proposal (other than a confidentiality agreement), except where:
  - the Adbri Independent Board Committee acting in good faith determines that the Competing Proposal is, or would be reasonably likely to be, a Superior Proposal;
  - the Competing Proposal did not arise out of a breach of Adbri's 'No Shop', 'No Talk' or 'No Due Diligence' obligations;
  - Adbri has provided CRH with the material terms and conditions of the Competing Proposal and CRH has had until the 'Cut Off Date' (being the date that is 5 Business Days after the date of the provision those material terms and conditions to CRH) to provide a matching or superior proposal to the Competing Proposal; and
  - either CRH has not announced or provided to Adbri a matching or superior proposal before the Cut Off Date, or the Adbri Independent Board Committee determines in good faith that the proposal provided by CRH would not provide an equivalent or superior outcome to Adbri Shareholders compared with the Competing Proposal and it has notified CRH of that in writing.

(f) Break Fee and Reverse Break Fee

The Scheme Implementation Deed contains customary provisions requiring Adbri to, in specified circumstances, pay to CRH a Break Fee of approximately $21 million, calculated as 1% of the equity value of Adbri, determined by reference to the Scheme Consideration. The obligation to pay that reimbursement amount will be triggered if:

- at any time before the End Date or termination of the Scheme Implementation Deed, any Independent Adbri Director fails to recommend that Independent Adbri Shareholders vote in favour of the Scheme at the Scheme Meeting, withdraws or adversely changes, modifies or qualifies their recommendation, recommends, supports or endorses a Competing Proposal or otherwise makes a public statement that he or she no longer supports the Scheme or will or not vote their Adbri Shares in favour of the Scheme other than in circumstances where:
  - the Independent Expert concludes that the Scheme is not in the best interests of Independent Adbri Shareholders (except as a result of a Competing Proposal); or
  - the Adbri Independent Director is subject to and complying with an Abstain Requirement; or
  - Adbri is entitled to terminate the Scheme Implementation Deed because of material breach by CRH or failure of a condition precedent under the Scheme Implementation Deed;
- at any time before the End Date or termination of the Scheme Implementation Deed, a Competing Proposal is announced by a third party or notified to Adbri and, within one year after that occurring, the third party completes in all material respects a transaction of the kind referred to in the definition of Competing Proposal or has a relevant interest in at least 50% of Adbri Shares or otherwise comes to control (within the meaning of section 50AA of the Corporations Act) Adbri or acquires substantially all of the assets of Adbri;
- CRH has validly terminated the Scheme Implementation Deed because of material breach by Adbri; or
- CRH has validly terminated the Scheme Implementation Deed because of an Adbri Prescribed Occurrence occurring prior to 8.00am on the Second Court Date.

The Scheme Implementation Deed also contains customary provisions requiring CRH to, in specified circumstances, pay to Adbri a reverse break fee of approximately $21 million, calculated as 1% of the equity value of Adbri, determined by reference to the Scheme Consideration. The obligation to pay that reimbursement amount will be triggered if Adbri validly terminates the Scheme Implementation Deed because of material breach by CRH.

(g) Termination

Each of Adbri and CRH may terminate the Scheme Implementation Deed:

- for a material breach of the Scheme Implementation Deed, or for a material breach of a CRH Representation and Warranty or an Adbri Representation and Warranty (as applicable) which is material in the context of the Scheme as a whole, which is not remedied within a specified period;
- for failure of a condition precedent to the Scheme (as outlined in section 4.4); or
- by mutual agreement in writing.

CRH may also terminate the Scheme Implementation Deed if any Adbri Independent Director:

- fails to recommend that Independent Adbri Shareholders vote in favour of the Scheme at the Scheme Meeting;
- withdraws, adversely changes or adversely modifies their recommendation in relation to the Scheme; or
- makes a public statement to the effect that they no longer recommend the Scheme or recommending, supporting or endorsing another transaction (including a Competing Proposal),

other than where the Adbri Independent Director is subject to and complying with an Abstain Requirement.

Adbri may also terminate the Scheme Implementation Deed if the Adbri Independent Board Committee or a majority of the Adbri Independent Board Committee, has changed, withdrawn, modified or qualified its or their recommendation where permitted by the Scheme Implementation Deed and where any required Break Fee has been paid.

9.5 Consents, disclosures and fees

(a) Consents

This Scheme Booklet contains statements made by, or statements said to be based on statements made by:

- CRH in respect of the CRH Information only;
- Grant Samuel as the Independent Expert;
- PricewaterhouseCoopers, in its capacity as Adbri's tax adviser, in respect of section 8 of this Scheme Booklet.

Each of CRH and Grant Samuel has consented to the inclusion of each statement it has made in the form and context in which the statements appear and has not withdrawn that consent at the date of this Scheme Booklet.

PricewaterhouseCoopers has given and has not, before the time of registration of this Scheme Booklet with ASIC, withdrawn its written consent to be named in this Scheme Booklet and the inclusion in this Scheme Booklet of the information in Section 8 ('Tax Implications') of this Scheme Booklet and the references to that section elsewhere in this Scheme Booklet, in each case in the form and context in which they are included.

The following parties have given and have not, before the time of registration of this Scheme Booklet with ASIC, withdrawn their consent to be named in this Scheme Booklet in the form and context in which they are named:

- Barrenjoey and JP Morgan as financial advisers to Adbri;
- Herbert Smith Freehills as legal adviser to Adbri;
- PricewaterhouseCoopers as taxation adviser to Adbri in relation to the Scheme;
- Deloitte Touche Tohmatsu as the external auditor of Adbri; and
- Computershare as the Adbri Share Registry.

(b) Disclosures and responsibility

Each person named in section 9.5(a):

- has not authorised or caused the issue of this Scheme Booklet;
- does not make, or purport to make, any statement in this Scheme Booklet or any statement on which a statement in this Scheme Booklet is based, other than:
  - CRH in respect of the CRH Information only;
  - PricewaterhouseCoopers in relation to the information contained in Section 8 ('Taxation Implications');
  - Grant Samuel in relation to its Independent Expert's Report; and
- to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding, and takes no responsibility for, any part of this Scheme Booklet other than a reference to its name and the statement (if any) included in this Scheme Booklet with the consent of that party as specified in this section 9.5(b).

(c) Fees

The fees set out in this section 9.5(c) only relate to fees paid or payable by Adbri in connection with the Transaction and the preparation of this Scheme Booklet.

Each of the persons named in section 9.5(a) as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Scheme Booklet will be entitled to receive professional fees charged in accordance with their normal basis of charging.

In aggregate, if the Scheme is implemented, Adbri expects to pay approximately $33 million (excluding GST) in transaction costs that relate to the Scheme. This includes advisory fees and expenses for professional services provided to Adbri (including for financial, legal and tax advisers), the Independent Expert's fees, court fees, Adbri Share Registry fees, printing and mailing costs and expenses associated with convening and holding the Scheme Meeting.

In aggregate, if the Scheme is not implemented, Adbri expects to pay approximately $9.9 million (excluding GST) in transaction costs, being costs that have already been incurred as at the date of this Scheme Booklet or will be incurred even if the Scheme is not implemented (but excluding any break fee that may be payable).

9.6 No unacceptable circumstances

The Adbri Directors believe that the Scheme does not involve any circumstances in relation to the affairs of Adbri that could reasonably be characterised as constituting 'unacceptable circumstances' for the purposes of section 657A of the Corporations Act.

9.7 No other material information

Except as disclosed elsewhere in this Scheme Booklet, so far as the Adbri Directors are aware, there is no other information that is:

- material to the making of a decision by an Independent Adbri Shareholder whether or not to vote in favour of the Scheme; and
- known to any Adbri Director at the date of lodging this Scheme Booklet with ASIC for registration,

which has not previously been disclosed to Adbri Shareholders.

9.8 Supplementary disclosure

Adbri will issue a supplementary document to this Scheme Booklet if it becomes aware of any of the following between the date of this Scheme Booklet and the Second Court Date:

- a material statement in this Scheme Booklet is false or misleading in a material respect;
- a material omission from this Scheme Booklet;
- a significant change affecting a matter included in this Scheme Booklet; or
- a significant new matter has arisen and it would have been required to be included in this Scheme Booklet if it had arisen before the date of this Scheme Booklet.

Depending on the nature and timing of the changed circumstances, and subject to obtaining any relevant approvals, Adbri may circulate and publish any supplementary document by:

- making an announcement to the ASX;
- placing an advertisement in a prominently published newspaper which is circulated generally throughout Australia;
- posting the supplementary document to Independent Adbri Shareholders at their address shown on the Adbri Share Register; and/or
- posting a statement on Adbri's website at www.adbri.com.au,

as Adbri, in its absolute discretion, considers appropriate.

10. Glossary

10.1 Definitions

In this Scheme Booklet, unless the context otherwise appears, the following terms have the meanings shown below:

Term	Meaning
Abstain Requirement	has the meaning given in section 9.4(b).
Adbri	Adbri Limited ABN 15 007 596 018.
Adbri Board	the board of directors of Adbri.
Adbri Director	any director of Adbri comprising part of the Adbri Board.
Adbri Equity Incentives	rights to acquire Adbri Shares awarded or granted under Adbri share plans.
Adbri Group	Adbri and each of its Subsidiaries, and a reference to a Adbri **Group Member** or a member of the Adbri Group is to Adbri or any of its Subsidiaries.
Adbri Independent Board Committee	the committee of independent directors of Adbri.
Adbri Independent Director	any director of Adbri comprising part of the Adbri Independent Board Committee.
Adbri Information	all the information in this Scheme Booklet other than the CRH Information, the Independent Expert's Report or any description of the taxation effect of the Transaction on Scheme Shareholders prepared by an external adviser to Adbri.
Adbri Material Adverse Change	has the meaning given to it in clause 1.1 of Schedule 1 of the Scheme Implementation Deed.
Adbri Prescribed Occurrence	has the meaning given to it in clause 1.1 of Schedule 1 of the Scheme Implementation Deed.
Adbri Regulated Event	has the meaning given to it in clause 1.1 of Schedule 1 of the Scheme Implementation Deed.
Adbri Representations and Warranties	the representations and warranties of Adbri set out in Schedule 3 of the Scheme Implementation Deed, as each is qualified by clause 6.5 of that deed.
Adbri Share	a fully paid ordinary share in the capital of Adbri.
Adbri Share Register	the register of members of Adbri maintained in accordance with the Corporations Act.
Adbri Share Registry	Computershare Investor Services Pty Limited ACN 078 279 277.
Adbri Shareholder	each person who is registered as the holder of an Adbri Share in the Adbri Share Register.
ASIC	the Australian Securities and Investments Commission.
ASX	ASX Limited ABN 98 008 624 691 and, where the context requires, the financial market that it operates.
ATO	the Australian Taxation Office.
Barrenjoey	Barrenjoey Advisory Pty Limited.
Barro Group	Barro Group Pty Ltd and its associates.
Barro Persons	the following persons: 1 Barro Properties Pty Ltd; 2 Ageflow Pty Ltd; 3 Barro Group Pty Ltd; 4 Churchbridge Pty Ltd; 5 Cloverdew Pty Ltd; 6 Rayonbridge Pty Ltd; 7 Carltonbridge Pty Ltd; 8 Dogidogi Pty Ltd; 9 Christabel Investments Pty Ltd; 10 Rhonda Barro and Raymond Barro atf David Barro Testamentary Trust; 11 Raymond and Rhonda Barro; and 12 each of their Related Bodies Corporate.
Break Fee	an amount equal to 1% of the equity value of Adbri (calculated as the Scheme Consideration that would be payable for all Adbri Shares on issue), being approximately $21 million.
Business Day	means a day (other than a Saturday, Sunday or public holiday) when banks in Melbourne and Sydney are open for general banking business.

Term	Meaning
Competing Proposal	means any proposal, offer, agreement, arrangement or transaction (whether existing before, on or after the date of this deed) which, if entered into or completed in accordance with its terms, would result in any third party (either alone or together with one or more third parties), other than CRH and its associates (as defined in section 12 of the Corporations Act, as if subsection 12(1) of the Corporations Act included a reference to the Scheme Implementation Deed and Adbri was the designated body): 1. acquiring Voting Power (as defined in section 610 of the Corporations Act) in Adbri of more than 10% or otherwise acquiring a legal, beneficial or economic interest in more than 10% of the Adbri Shares (including through one or more derivative contracts); 2. acquiring Control (as defined in section 50AA of the Corporations Act) of or merging with Adbri or a material member of the Adbri Group; 3. acquiring, becoming the holder of or having a right to acquire all or a substantial part of the assets or business of the Adbri Group (as a whole), or otherwise acquiring a legal, beneficial or economic interest in such assets; or 4. entering into any agreement, arrangement or understanding requiring Adbri to abandon, or otherwise fail to proceed with, the Transaction, whether by way of a takeover bid, scheme of arrangement, shareholder approved acquisition, capital reduction, buy back, sale, lease or purchase of shares, other securities or assets, assignment of assets or liabilities, joint venture, dual listed company (or other synthetic merger), deed of company arrangements, any debt for equity arrangement or other transaction or arrangement.
Corporations Act	the *Corporations Act 2001* (Cth), as modified or varied by ASIC.
Corporations Regulations	the *Corporations Regulations 2001* (Cth).
Court	the Supreme Court of New South Wales or such other court of competent jurisdiction under the Corporations Act agreed to in writing by CRH and Adbri.
CRH	CRH ANZ Pty Ltd ACN 604 858 139.
CRH Group	CRH Guarantor and each of its Subsidiaries, and a reference to a CRH Group Member or a member of the CRH Group is to CRH Guarantor or any of its Subsidiaries.
CRH Guarantor	CRH plc (Company no. 12965).
CRH Information	information regarding CRH Guarantor, CRH, CRH Group, and Barro Persons provided by CRH to Adbri in writing for inclusion in the Scheme Booklet, including: 1 the entire content of sections 6 and information about, CRH, the CRH Group, and Barro Persons (other than any information of or relevant to Raymond Barro and Rhonda Barro as Adbri Directors), the businesses of the aforementioned persons, the aforementioned persons' interests and dealings in Adbri Shares, the aforementioned persons' intentions for Adbri and Adbri's employees, and funding for the Scheme; and 2 any other information required under the Corporations Act, Corporations Regulations or RG 60 to enable the Scheme Booklet to be prepared that the parties to the Scheme Implementation Deed agree is 'CRH Information' and that is identified in this Scheme Booklet as such. For the avoidance of doubt, the CRH Information excludes the Adbri Information, the Independent Expert's Report and the Taxation Information.
Deed Poll	a deed poll in the form of Annexure 3 under which CRH covenants in favour of the Scheme Shareholders to perform the obligations attributed to CRH under the Scheme.
Effective	when used in relation to the Scheme, the coming into effect, under subsection 411(10) of the Corporations Act, of the order of the Court made under paragraph 411(4)(b) of the Corporations Act in relation to the Scheme.
Effective Date	the date on which the Scheme becomes effective, currently expected to be 17 June 2024.
End Date	27 October 2024, or such other date as agreed in writing by Adbri, CRH and CRH Guarantor.
Excluded Shareholder	any Adbri Shareholder who is a member of the CRH Group or a Barro Person, or any Adbri Shareholder who holds any Adbri Shares on behalf of, or for the benefit of, any member of the CRH Group or a Barro Person and does not hold Adbri Shares on behalf of, or for the benefit of, any other person.
Exclusivity Period	the period from and including the date of the Scheme Implementation Deed to the earlier of: 1 the date of termination of the Scheme Implementation Deed; 2 the End Date; and 3 the Effective Date.
FIRB	the Foreign Investment Review Board.
First Court Date	the first day on which an application made to the Court for an order under subsection 411(1) of the Corporations Act convening the Scheme Meeting is heard, or, if the application is adjourned or subject to appeal for any reason, the day on which the adjourned application is heard.

10. **Glossary** continued

Term	Meaning
Government Agency	any foreign or Australian government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity (including any stock or other securities exchange), or any minister of the Crown in right of the Commonwealth of Australia or any State, and any other federal, state, provincial, or local government, whether foreign or Australian.
Grant Samuel	Grant Samuel & Associates Pty Limited.
GST	has the meaning given in the GST Act.
GST Act	the *A New Tax System (Goods and Services Tax) Act 1999* (Cth).
GST Law	has the same meaning as in the GST Act.
Implementation Date	1 July 2024 or such other date after the Scheme Record Date as agreed in writing by Adbri and CRH or is ordered by the Court.
Independent Adbri Shareholder	any Adbri Shareholder other than an Excluded Shareholder.
Independent Expert	Grant Samuel, the independent expert in respect of the Scheme appointed by Adbri.
Independent Expert's Report	the report issued by the Independent Expert in connection with the Scheme, as set out in Annexure 1.
ITAA 1997	the *Income Tax Assessment Act 1997* (Cth).
Joint Acquisition Agreement	has the meaning given in section 6.5(a).
JP Morgan	J.P. Morgan Securities Australia Limited.
Last Practicable Date	29 April 2024.
Listing Rules	the official listing rules of the ASX or any other recognised exchange (including the NYSE).
PwC	PricewaterhouseCoopers ABN 52 780 433 757.
Related Body Corporate	has the meaning set out in section 50 of the Corporations Act.
Relevant Interest	has the meaning given in sections 608 and 609 of the Corporations Act.
Relief Instrument	has the meaning given in section 6.5(b).
Requisite Majorities	in relation to the Scheme Resolution, a resolution passed by: 1 unless the Court orders otherwise, a majority in number (more than 50%) of Independent Adbri Shareholders present and voting at the Scheme Meeting (either in person or by proxy, attorney or, in the case of corporate Independent Adbri Shareholders, body corporate representative); and 2 at least 75% of the total number of votes cast on the Scheme Resolution at the Scheme Meeting by Independent Adbri Shareholders present and voting (either in person or by proxy, attorney or, in the case of corporate Independent Adbri Shareholders, body corporate representative).
RG 60	Regulatory Guide 60 issued by ASIC in September 2011.
Reverse Break Fee	an amount equal to 1% of the equity value of Adbri (calculated as the Scheme Consideration that would be payable for all Adbri Shares on issue), being approximately $21 million.
Scheme	the scheme of arrangement under Part 5.1 of the Corporations Act between Adbri and the Scheme Shareholders, the form of which is attached as Annexure 2, subject to any alterations or conditions made or required by the Court under subsection 411(6) of the Corporations Act and agreed to in writing by CRH and Adbri.
Scheme Booklet	this document being the explanatory statement in respect of the Scheme, which has been prepared by Adbri in accordance with section 412 of the Corporations Act.
Scheme Consideration	the consideration to be provided by CRH to each Scheme Shareholder for the transfer to CRH of each Scheme Share, being for each Adbri Share held by a Scheme Shareholder as at the Scheme Record Date, an amount of $3.20 subject to the terms of the Scheme.
Scheme Implementation Deed	the Scheme Implementation Deed dated 27 February 2024 between Adbri, CRH and CRH Guarantor, a copy of which was released to the ASX on 27 February 2024.
Scheme Meeting	the meeting of Independent Adbri Shareholders ordered by the Court to be convened under subsection 411(1) of the Corporations Act to consider and vote on the Scheme and includes any meeting convened following any adjournment or postponement of that meeting.
Scheme Record Date	7.00pm on 21 June 2024 or such other date agreed in writing by Adbri and CRH.
Scheme Resolution	the resolution to the terms of the Scheme, as set out in the Notice of Scheme Meeting in Annexure 4.

Term	Meaning
Scheme Shareholder	a holder of Adbri Shares recorded in the Adbri Share Register as at the Scheme Record Date (other than an Excluded Shareholder).
Scheme Shares	all Adbri Shares held by the Scheme Shareholders as at the Scheme Record Date.
Second Court Date	the first day on which an application made to the Court for an order under paragraph 411(4)(b) of the Corporations Act approving the Scheme is heard, currently expected to be 14 June 2024, or, if the application is adjourned or subject to appeal for any reason, the day on which the adjourned application or appeal is heard.
Second Court Hearing	the hearing of the application made to the Court for an order pursuant to section 411(4)(b) of the Corporations Act approving the Scheme.
Stamp Duty	any stamp, transfer or transaction duty or similar charge imposed by the laws of an Australian state or territory.
Subsidiary	has the meaning given in Division 6 of Part 1.2 of the Corporations Act, provided that an entity will also be taken to be a Subsidiary of another entity if it is controlled by that entity (as 'control' is defined in section 50AA of the Corporations Act) and, without limitation: 1 a trust may be a Subsidiary, for the purposes of which a unit or other beneficial interest will be regarded as a share; and 2 an entity may be a Subsidiary of a trust if it would have been a Subsidiary if that trust were a corporation.
Superior Proposal	means a bona fide written Competing Proposal which the Adbri Independent Board Committee, acting in good faith, after having obtained written advice from Adbri's external legal and financial advisers, determines: 1 is reasonably capable of being completed taking into account all aspects of the Competing Proposal, including its conditions, the identity, reputation and financial condition of the person making such proposal, and all legal, regulatory and financial matters the Adbri Independent Board Committee considers relevant; and 2 would be, or would be reasonably likely to be, more favourable to Adbri Shareholders than the latest proposal provided by CRH to Adbri, taking into account all aspects of the Competing Proposal and the latest proposal provided by CRH to Adbri that the Adbri Independent Board Committee considers relevant.
Takeovers Panel	the Australian Takeovers Panel.
Taxation Information	the description of the taxation effect of the Transaction on Scheme Shareholders contained in this Scheme Booklet, including section 8.
Transaction	the acquisition of the Scheme Shares by CRH through implementation of the Scheme in accordance with the terms of the Scheme Implementation Deed.
VWAP	volume weighted average price.

10.2 Interpretation

In this Scheme Booklet, unless expressly stated or the context otherwise appears:

(a) words and phrases have the same meaning (if any) given to them in the Corporations Act;

(b) words importing a gender include any gender;

(c) words importing the singular include the plural and vice versa;

(d) an expression importing a natural person includes any company, partnership, joint venture, association, corporation or other body corporate and vice versa;

(e) a reference to a section or annexure is a reference to a section of and an annexure to this Scheme Booklet as relevant;

(f) a reference to any statute, regulation, proclamation, ordinance or by law includes all statutes, regulations, proclamations, ordinances, or by laws amending, varying, consolidating or replacing it and a reference to a statute includes all regulations, proclamations, ordinances and by laws issued under that statute;

(g) headings and bold type are for convenience only and do not affect the interpretation of this Scheme Booklet;

(h) a reference to writing includes facsimile transmissions; and

(i) a reference to dollars, $, cents, ¢ and currency is a reference to the lawful currency of the Commonwealth of Australia.

Annexure 1 – Independent Expert's Report

GRANT SAMUEL

3 May 2024

The Independent Board Committee
Adbri Limited
Level 4, 151 Pirie Street
Adelaide SA 5000

Dear Independent Board Committee

CRH Proposal

1 Introduction

On 27 February 2024, Adbri Limited ("Adbri") announced that it had entered into a scheme implementation deed with CRH ANZ Pty Ltd and CRH plc (together, "CRH"), under which CRH had agreed to acquire all of the issued shares in Adbri held by shareholders other than the Barro Group Pty Ltd and its associates ("Barro Group") (the "Independent Shareholders") by way of a scheme of arrangement ("Scheme"). The consideration under the Scheme is $3.20 cash per share.

The announcement followed the receipt by Adbri of a non binding indicative proposal from CRH on 18 December 2023 on the same economic terms as the scheme implementation deed, subject to several conditions including the completion of confirmatory due diligence by CRH (the "CRH Proposal"). At the time of the announcement, the Barro Group held an approximate 42.7% interest in Adbri. Following CRH entering into a joint acquisition agreement with the Barro Group on 14 December 2023, CRH was deemed to have a relevant interest in the Adbri shares owned by the Barro Group. CRH separately has a 4.6% economic interest in Adbri through a cash settled equity swap.

The Scheme is subject to a number of conditions which are set out in Section 4 of the Scheme Booklet to be sent by Adbri to its shareholders ("Scheme Booklet"). Other elements of the scheme implementation deed include customary exclusivity obligations provided by Adbri in favour of CRH, the potential payment in certain circumstances of a break fee of $21 million by either Adbri or CRH and an obligation for Adbri to ensure that no performance rights are in existence on the Scheme record date.

The Independent Directors of Adbri have unanimously recommended that Independent Shareholders vote in favour of the Scheme, subject to an independent expert concluding (and continuing to conclude) that the Scheme is in the best interests of Independent Shareholders and in the absence of a superior proposal (as defined in the scheme implementation deed). Subject to the same qualifications, each Independent Director of Adbri intends to vote, or procure the voting of all the Adbri shares held or controlled by them in favour of the Scheme.

The Independent Directors of Adbri have engaged Grant Samuel & Associates Pty Limited ("Grant Samuel") to prepare an independent expert's report setting out whether, in its opinion, the Scheme is in the best interests of the Independent Shareholders. A copy of the report (including this letter) will accompany the Scheme Booklet to be sent to shareholders by Adbri. This letter contains a summary of Grant Samuel's opinion and main conclusions.

GRANT SAMUEL

2 Opinion

Grant Samuel has concluded that the Scheme is fair and reasonable. Accordingly, the Scheme is in the best interests of the Independent Shareholders, in the absence of a superior proposal.

3 Key Conclusions

- **The equity in Adbri has been valued in the range $2,024-2,314 million, equivalent to $3.09-3.53 per share**

Grant Samuel's valuation of Adbri is summarised below:

ADBRI - VALUATION SUMMARY ($ MILLIONS)

	FULL REPORT SECTION REFERENCE	VALUE RANGE	
		LOW	HIGH
Business operations	5.4	2,750.0	3,000.0
Property portfolio	5.5	190.0	230.0
Other assets and liabilities	5.6	87.0	87.0
Enterprise value		**3,027.0**	**3,317.0**
Adjusted net borrowings	5.7	(1,003.4)	(1,003.4)
Value of equity		**2,023.6**	**2,313.6**
Fully diluted shares on issue (millions)[1]		654.9	654.9
Value per share		**$3.09**	**$3.53**

The valuation represents the estimated full underlying value of Adbri assuming 100% of the company was available to be acquired and includes a premium for control. The value exceeds the price at which, based on current market conditions, Grant Samuel would expect Adbri shares to trade on the Australian Stock Exchange ("ASX") in the absence of a takeover offer.

The value attributed to the business operations of $2,750-3,000 million is an overall judgement having regard to a number of valuation methodologies and parameters, including capitalisation of earnings (multiples of EBITDA[2] and EBIT[3]) and discounted cash flow ("DCF") analysis. While both methodologies have limitations (given the impact of cyclicality of the construction materials sector on earnings and the wide array of credible assumptions that can be adopted in a DCF analysis), they are still useful and the value range for Adbri's business operations is supported by both methodologies.

The valuation uses Adbri's 31 December 2023 balance sheet as its starting point and allows for:

- the surplus property portfolio (refer below);
- other assets and liabilities, which principally comprise loans receivable from joint ventures and associates; and
- adjustments to net borrowings to include Adbri's pro rata share of net borrowings (inclusive of lease liabilities) from its joint ventures and associates.

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1 Fully diluted share on issue includes 684,250 performance rights (net of 381,956 shares currently held in trust that are available to settle performance rights) that are expected to vest prior to the Scheme record date. Approximately 1,273,076 performance rights on issue are expected to lapse.

2 EBITDA is earnings before net interest, tax, depreciation and amortisation, share of profits of equity accounted associates, property profits and significant items.

3 EBIT is earnings before net interest, tax, share of profits of equity accounted associates, property profits and significant items.

GRANT SAMUEL

- **The multiples implied by the valuation of Adbri's business operations are relatively low but they reflect its specific attributes, in particular, its large exposure to cement**

  The earnings multiples implied by the valuation of Adbri's business operations are summarised below:

ADBRI'S BUSINESS OPERATIONS – IMPLIED VALUATION PARAMETERS[4]

	VARIABLE ($ MILLIONS)	RANGE OF PARAMETERS	
		LOW	HIGH
Net value of Adbri's business operations ($ millions)		2,750	3,000
Adjustment for present value of capital expenditure in relation to Kwinana Upgrade Project ($ millions)		170	170
Gross value of Adbri's business operations ($ millions)		**2,920**	**3,170**
Multiple of look through[5] EBITDA			
CY23[6] (historical)	348.3	7.9x	8.6x
CY24 (adjusted median brokers' forecast[7])	344.2	8.0x	8.7x
CY25 (adjusted median brokers' forecast[7])	379.5	7.7x	8.4x
Multiple of look through[5] EBIT[7]			
CY23 (historical)	188.2	14.6x	15.9x

In Grant Samuel's opinion, multiples of 8.1-8.7 times forecast CY24 EBITDA are reasonable relative to the market evidence. They are blended multiples that reflect Adbri's exposure to different construction materials products, in particular:

- cement and lime. The market evidence consistently shows much lower multiples (albeit to varying extents) for producers with a heavy exposure to cement:
  - listed cement focussed producers are trading at approximately 5-7 times forecast EBITDA (these multiples exclude a premium for control); and
  - transaction evidence for cement focussed acquisitions imply slightly higher multiples (although these have typically involved much larger businesses).

  Cement and lime represents the largest share of Adbri's business operations at nearly half of look through revenue and EBITDA. These percentages would be higher after including the contributions from associates such as Independent Cement & Lime Pty Limited ("ICL") and Sunstate Cement Limited ("Sunstate); and
- aggregates. While the market evidence supports much higher multiples, aggregates account for a much smaller share of Adbri's business (only 10% of revenue although closer to 25% of EBITDA).

There are some positive earnings tailwinds that are expected to impact Adbri's business operations, including completion of the Kwinana Upgrade Project and other initiatives (such as the rollout of "green" cementitious products and the potential vertical roller mill ("VRM") project at Birkenhead). Moreover, the outlook for the business is supported by the positive industry backdrop particularly in

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4 Due to the significant of capital and other expenditure for the Kwinana Upgrade Project yet to be incurred (the majority in CY24), the CY25 multiples (where CY25 earnings include close to a full year's benefit from this project) are calculated based on the "gross" value (i.e. $2,920-3,170 million) whereas the CY23 and CY24 multiples (which do not reflect any earnings benefit) are calculated based on the "net" value (i.e. $2,750-3,000 million).

5 "Look through" EBITDA and EBIT include Adbri's share of EBITDA and EBIT from equity accounted associates.

6 CYXX is the calendar year end 31 December 20XX (i.e. CY23 is the calendar year ended 31 December 2023).

7 Adbri has not publicly released detailed earnings forecasts for CY24 or subsequent years. Accordingly, the implied multiples are based on the median of brokers' forecasts for Adbri (see Appendix 1 to the full report for details). The median brokers' forecasts for EBITDA are sufficiently close to Adbri's CY24 Budget and 10 Year Corporate Model (for CY25) to be useful for analytical purposes. The median brokers' forecasts for EBIT differ materially from the management forecasts and therefore have not been used in the multiples analysis. See footnotes 9 and 8 for definitions of CY24 Budget and 10 Year Corporate Model.

the residential end market, which many market participants expect to rebound on the back of government support for increased housing supply.

On the other hand, these positive factors need to be balanced against other specific attributes of Adbri's business operations, including:

- significant geographic exposure to markets with a less buoyant short term outlook (i.e. South Australia and Western Australia);
- cement distribution channels into key east coast markets such as Queensland and Victoria being through 50% owned joint ventures over which it only has shared control;
- lack of a strong infrastructure oriented business (where projects are generally longer term and often help "soften" the impact of a slowing cycle from the more volatile residential or mining end markets);
- relatively high capital intensity, with more than 50% of Adbri's EBITDA consumed by capital expenditure (even excluding the Kwinana Upgrade Project). As a result, a smaller proportion of its EBITDA converts into free cash flow;
- uncertainty in relation to its lime business following the loss of the Alcoa Corporation ("Alcoa") supply contract, which leaves Adbri with a substantially smaller (and less profitable) lime business and impacts cost and capital expenditure efficiencies; and
- Adbri's accounting treatment of recurring shutdown capital expenditure, which results in EBITDA being higher than it would otherwise be although it largely nets out in EBIT.

In Grant Samuel's view, the implied multiples for Adbri reflect a reasonable balancing of these factors.

- **The DCF analysis generates values for Adbri's business operations that support the value range of $2,750-3,000 million**

  The DCF analysis uses Adbri's 10 Year Corporate Model[8] as a framework and the CY24 Budget[9] as its starting point and, where appropriate, includes certain adjustments by management to key valuation drivers (e.g. a decline in lime sales volumes following the loss of the Alcoa supply contract).

  The DCF analysis:

  - reflects the combined cash flows from Adbri's wholly owned businesses and its pro rata share of earnings and cash flows from its joint ventures and associates (e.g. ICL and Sunstate);
  - allows the key drivers of revenue and earnings (i.e. volume and price growth by product group, unit costs by product group and capital expenditure) to be modelled;
  - projects after tax cash flows from 1 January 2024 to 31 December 2033, with a terminal value calculated to represent the value of cash flows in perpetuity (using a terminal growth rate of 2.5%);
  - considers a number of scenarios that make different assumptions in relation to the key drivers of revenue and earnings (see below for further details); and
  - assumes a discount rate of 9.5-10.0%.

  The net present value ("NPV") outcomes and Grant Samuel's value range for Adbri's business operations are depicted below:

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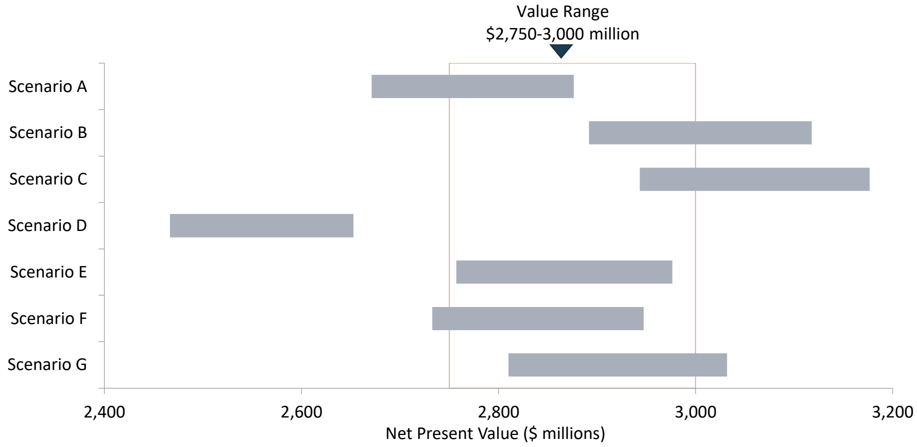
8 The 10 Year Corporate Model is a financial model for Adbri's business operations and joint ventures and associates. The model was prepared by Adbri management but does not reflect a specific strategic plan approved by the Board of Adbri.

9 The CY24 Budget is Adbri's Board approved budget for the year ending 31 December 2024.

GRANT SAMUEL

ADBRI'S BUSINESS OPERATIONS – NPV OUTCOMES



Scenario A incorporates very low volume growth over the period from CY25 to CY29 (based on external industry forecasts with some specific management adjustments) and pricing growth below inflation (of circa 2%), although costs are also assumed to grow at less than inflation during these years. Higher volume growth is assumed in later years but average volume growth over the ten year period is still well below 1% per annum. EBIT margins are approximately 13% by the end of the projection period.

Scenarios B and D explore the impact of higher or lower volume growth (+/-0.5% per annum across all products over the projection period) and Scenario C considers higher pricing growth (at inflation across all products from CY30 to CY33). Scenario E assumes volume assumptions more in line with long term historical trends and pricing growth at inflation for the entire projection period but with costs also increasing by inflation. Scenarios F and G look at the impact if Adbri successfully develops the VRM project at the Birkenhead plant.

Grant Samuel also considered the impact of the introduction of a carbon border adjustment mechanism ("CBAM") that favours domestic cement production. While Adbri management expects that the introduction of a CBAM will be a net positive for the business there remains considerable uncertainty surrounding the extent, timing and nature of any such reform.

NPV outcomes from DCF analysis are subject to significant limitations and should always be treated with considerable caution. A wide array of credible assumptions can be adopted and a very broad range of NPVs can be calculated. Predicting the impacts of upcycles and downcycles is inherently difficult. Consequently, the range of NPV outcomes produced by the scenarios is wider than the value range Grant Samuel has placed on Adbri's business operations.

Grant Samuel believes that the NPV outcomes produced by the DCF analysis support a value range of $2,750-3,000 million for Adbri's business operations.

- **The valuation includes $190-230 million attributed to Adbri's surplus property portfolio**

  The majority of Adbri's surplus property assets represent:

  - properties that were originally acquired to meet future operational requirements that have (or will) become surplus to requirements; and
  - depleted quarries and other resources (that generally require rehabilitation and rezoning prior to sale or development).

The property assets are separate assets to Adbri's business operations and it is appropriate to attribute value to them, although it must be recognised that estimating a current value for land that is, as yet, not zoned for development and premised on execution over long periods (more than ten years) is inherently uncertain. With the exception of the Batesford land (which is currently in advanced stages of planning for a future residential development), the remaining surplus properties include land parcels and properties that are not yet contracted and/or are in the very early stages of development.

Batesford is the largest of the surplus properties (by value). The value range is based on an NPV of the future cash flows and incorporates the upside potential of a future residential development on the property although a number of subjective judgements were made to reflect the development risks associated with the property including:

- rezoning and permitting (and associated timeframes for approval and development);
- cost of construction and development;
- lack of signed transaction documents to progress the development management agreement ("DMA") with a development partner. While key commercial terms have been agreed in principle, there are a number of items that remain to be negotiated prior to signing; and
- commercial risks of securing the agreement of Adbri's joint venture partner in the existing quarrying operation.

Given the remaining conditions to be met, the value of Batesford today would be at a substantial discount to the value once all these hurdles are mitigated or cleared.

The values attributed to each of the other surplus properties have generally been based on:

- unsolicited interest or offers received for properties from third parties (including those offers received through expression of interest processes);
- estimated sale price guidance provided by property agents for the sites that were being prepared for an expression of interest or sale process;
- indicative desktop assessments prepared by an external property valuer; and/or
- the carrying value of the properties, where no offers or estimated price guides have been received for the individual properties.

Adjustments have been made for remediation costs, selling costs and deferral in timing (to allow time for remediating the land and marketing the property). In the case of the high end of the value range for Munster (which assumes development of almost the entire site), additional adjustments have been made to reflect the necessary capital costs (and reduced operating footprint) required to transition the lime business to an import model within ten years (to enable the development).

- **The Scheme is fair and reasonable. Therefore, the Scheme is in the best interests of the Independent Shareholders, in the absence of a superior proposal**

  Grant Samuel has estimated the full underlying value of the equity in Adbri, including a premium for control, to be in the range $2,024-2,314 million, which corresponds to $3.09-3.53 per share.

  The Scheme consideration of $3.20 per share falls within the value range of $3.09-3.53 per share. While the Scheme consideration falls towards the bottom end of the value range, as the Scheme is a cash offer, the bottom end of the range ($3.09) represents the threshold price. An offer above that level is fair from a financial point of view. Accordingly, the Scheme is fair.

  As the Scheme is fair, it is also reasonable and is therefore in the best interests of Independent Shareholders in the absence of a superior proposal.

GRANT SAMUEL

- **The Scheme consideration provides Independent Shareholders with a significant premium for control**

  The Scheme consideration of $3.20 per share represents a 41% premium to Adbri's closing price on the day prior to announcement of the CRH Proposal. The premium is higher (generally above 50%) when compared to prices in the month and 12 months prior to the announcement:

ADBRI – PREMIUM OVER PRE-ANNOUNCEMENT PRICES[10]

PERIOD	ADBRI PRICE/VWAP	PREMIUM
15 December 2023 – pre-announcement closing price	$2.27	41%
1 week prior to 15 December 2023 – VWAP	$2.21	45%
1 month prior to 15 December 2023 – VWAP	$2.11	52%
3 months prior to 15 December 2023 – VWAP	$2.04	57%
6 months prior to 15 December 2023 – VWAP	$2.29	40%
12 months prior to 15 December 2023 – VWAP	$1.96	63%

  The implied premiums are significantly above the level usually associated with takeovers of 20-35%. There are reasons why Independent Shareholders could reasonably expect high premiums in a change of control transaction given that Adbri is still in relatively early stages of its turnaround and has a number of initiatives in place (e.g. Kwinana Upgrade Project) and in the pipeline (e.g. the possible VRM project at Birkenhead plant) that should improve its earnings. Moreover, the broader market sentiment across its key end markets, particularly residential (from which Adbri generates over 30% of its revenue) is expected to rebound. It is reasonable for shareholders to believe that further gains can be made by Adbri as a standalone business. As the broader industry backdrop improves, the Adbri share price should also strengthen.

  It can be argued that the implied premiums are overstated as the CRH Proposal (which was on the same commercial terms as the Scheme) was announced prior to the release of Adbri's CY23 results. The improving sentiment across Australia's construction materials industry and performance in the second half of 2023 has lifted the share prices of a number of listed producers including Boral Limited and Wagner's Limited since 15 December 2023.

  In this context, an undisturbed share price today reflecting Adbri's CY23 results may well be higher than the $2.00-2.20 level just prior to announcement of the CRH Proposal. This means that the true premium for control is arguably smaller than the 41% premium calculated using headline figures but the extent of any uplift that might have occurred even in the absence of the CRH Proposal is speculative.

- **Adbri shares are likely to trade below the Scheme consideration in the absence of the Scheme**

  In the absence of the Scheme or a similar transaction, shareholders could only realise their investment by selling on market at a price which does not include any premium for control and would incur transaction costs (e.g. brokerage). It is likely that, under current market conditions and in the absence of the Scheme or a similar transaction (or speculation as to one), Adbri shares would trade at prices well below $3.20 although possibly above the prices prevailing prior to announcement of the Scheme of $2.00-2.20 (given Adbri's undisturbed share price in early to mid December 2023 did not reflect any impact from its CY23 results).

[10] VWAP is the volume weighted average price. The calculated VWAP includes all trades as reported in IRESS and is not adjusted for any factors.

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- **Given the Barro Group's support for the Scheme, it is unlikely that a third party would make a higher offer for Adbri**

  There is no prospect of a higher offer from CRH as CRH and the Barro Group have stated that the Scheme represents its "best and final" price in the absence of a competing offer. While it is conceivable that a third party could make a higher offer for Adbri, in Grant Samuel's opinion that is unlikely:

  - the Barro Group's 42.7% shareholding in Adbri together with the nature of their jointly held operations (e.g. ICL) is an impediment to any alternative proposal. It means that an acquirer is highly unlikely to succeed without the Barro Group's "blessing"; and
  - the Barro Group has accumulated its holding over a 20 year period. To date, it has shown no intention of making an offer for 100% of Adbri (and its financial capacity to do so is unclear) nor has it shown any intention to sell down its holding. A desire to maintain its economic interest and not exit is arguably evidenced by the structure of the Scheme (although it is, arguably, relinquishing control). In this respect, any alternative acquirer may need to be prepared to share ownership rather than gain 100% control. CRH may also bring industry expertise and financial firepower that the Barro Group values.

  Since announcement of the CRH Proposal on 18 December 2023, no superior proposal has been received and, as at the date of this report, the Independent Directors of Adbri are not aware of any superior proposal that is likely to emerge.

4 Other Matters

This report is general financial product advice only and has been prepared without taking into account the objectives, financial situation or needs of individual Independent Shareholders. Accordingly, before acting in relation to their investment, Independent Shareholders should consider the appropriateness of the advice having regard to their own objectives, financial situation or needs. Independent Shareholders should read the Scheme Booklet issued by Adbri in relation to the Scheme.

Grant Samuel has not been engaged to provide a recommendation to Independent Shareholders in relation to the Scheme, the responsibility for which lies with the independent directors of Adbri. In any event, the decision whether to vote for or against the Scheme is a matter for individual Independent 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. Independent Shareholders who are in doubt as to the action they should take in relation to the Scheme should consult their own professional adviser.

Grant Samuel has prepared a Financial Services Guide as required by the *Corporations Act, 2001* (Cth). The Financial Services Guide is included at the beginning of the full report.

This letter is a summary of Grant Samuel's opinion. The full report from which this summary has been extracted is attached and should be read in conjunction with this summary.

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

ADBRI

FINANCIAL SERVICES GUIDE
AND
INDEPENDENT EXPERT'S REPORT
IN RELATION TO THE PROPOSAL BY
CRH ANZ PTY LTD AND CRH PLC

GRANT SAMUEL & ASSOCIATES PTY LIMITED
ABN 28 050 036 372

3 MAY 2024

GRANT SAMUEL

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* (Cth) ("Corporations Act") 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 Adbri in relation to the acquisition proposal by CRH ANZ Pty Ltd and CRH plc to acquire all of the issued shares in Adbri that Barro Group Ltd and its associates does not currently own ("the Adbri Report"), Grant Samuel will receive a fixed fee of $600,000 plus reimbursement of out-of-pocket expenses for the preparation of the Report (as stated in Section 7.3 of the Adbri Report).

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 Adbri Report.

Grant Samuel is required to be independent of the Entity 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 is stated in Section 7.3 of the Adbri 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 Adbri or CRH 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 Scheme.***
>
> ***A related entity of Grant Samuel has been retained to advise Adbri in relation to a surplus property. The property asset is non-core to Adbri's business operations and does not represent a material portion of the total value of Adbri (less than 5% of enterprise value). Accordingly, Grant Samuel does not consider this assignment capable of affecting its ability to provide an unbiased opinion in relation to the Scheme.***
>
> ***Grant Samuel had no part in the formulation of the Scheme. Its only role has been the preparation of this report.***
>
> ***Grant Samuel will receive a fixed fee of $600,000 for the preparation of this report. This fee is not contingent on the conclusions reached or the outcome of the Scheme. 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 Adbri 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.

Grant Samuel is only responsible for the Adbri Report and this FSG. Complaints or questions about the Disclosure Document should not be directed to Grant Samuel which is not responsible for that document. Grant Samuel will not respond in any way that might involve any provision of financial product advice to any retail investor.

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1 Details of the Scheme

On 27 February 2024, Adbri Limited ("Adbri") announced that it had entered into a scheme implementation deed with CRH ANZ Pty Ltd and CRH plc (together, "CRH"), under which CRH had agreed to acquire all of the issued shares in Adbri held by shareholders other than the Barro Group Pty Ltd and its associates ("Barro Group") (the "Independent Shareholders") by way of scheme of arrangement ("Scheme"). The total consideration under the Scheme is $3.20 cash per share.

The Barro Group is a privately owned supplier and distributor of premixed concrete, quarry and other products in Australia. It is a vertically integrated business and owns over 50 operating sites producing construction materials products that serve a diverse range of end markets including residential, commercial, civil and industrial. The Barro Group holds an approximately 42.7% interest in Adbri.

CRH is a global provider of building materials solutions with established market leadership positions in both North America and Europe, operating across approximately 3,390 sites in 29 countries and four continents. CRH integrates essential materials (aggregates and cement), value-added building products and construction services to provide road, building and infrastructure and outdoor living solutions. CRH is listed on the New York Stock Exchange ("NYSE") and the London Stock Exchange ("LSE") and has a market capitalisation of around US$55 billion (circa $85 billion). On 14 December 2023, CRH entered into a joint acquisition agreement with the Barro Group, giving it a relevant interest in the Adbri shares owned by the Barro Group. CRH separately has a 4.6% economic interest in Adbri through a cash settled equity swap.

The announcement followed the receipt by Adbri of a non binding indicative proposal from CRH on 18 December 2023 on the same economic terms as the scheme implementation deed, subject to several conditions including the completion of confirmatory due diligence by CRH (the "CRH Proposal").

CRH and the Barro Group have informed Adbri that the Scheme represents the best and final offer price in the absence of a competing proposal.

The Scheme is subject to a number of conditions which are set out in full in the Scheme Booklet to be sent by Adbri to shareholders including approval under the *Foreign Acquisitions and Takeovers Act, 1975* (Cth) and approval by the Independent Shareholders under Section 411 of the *Corporations Act 2001* (Cth) ("Corporations Act") ("Section 411").

Other elements of the scheme implementation deed include the following:

- Adbri has agreed to certain exclusivity arrangements (including no-shop, no-talk and no-due diligence restrictions and a notification obligation in respect of competing proposals) that apply during the exclusivity period. The no-talk and no-due diligence provisions are subject to certain carve outs including in respect of the fiduciary and statutory obligations of the independent non executive Adbri directors ("Independent Directors")[1];
- CRH has been granted matching rights in respect of any competing proposal;
- Adbri is prohibited from declaring or paying any dividends;
- a break fee, or reverse break fee, each of approximately $21 million may be payable by Adbri or CRH (as applicable) in certain circumstances; and
- Adbri must ensure that no performance rights and share options are in existence on the Scheme record date. The Adbri Board may exercise its discretion to accelerate the vesting of all outstanding performance rights and share options and, under the rules that apply to these incentives, may make cash equivalent or substitute payments (see Section 9.2 of the Scheme Booklet).

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[1] The Independent Directors exclude the Barro Group nominee directors on the Adbri Board (Raymond Barro, Rhonda Barro and Geoff Tarrant), who have recused themselves from the Adbri Board in relation to matters relating to the Scheme.

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Subject to an independent expert concluding (and continuing to conclude) that the Scheme is in the best interests of Independent Shareholders and in the absence of a superior proposal (as defined in the scheme implementation deed), the Independent Directors of Adbri have unanimously recommended that Independent Shareholders vote in favour of the Scheme. Subject to the same qualifications, each Independent Director of Adbri intends to vote, or procure the voting of all the Adbri shares held or controlled by them in favour of the Scheme.

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2 Scope of the Report

2.1 Purpose of the Report

Under Section 411, the Scheme must be approved by a majority in number (i.e. more than 50%) of each class of shareholders present and voting (either in person or by proxy) at the meeting, representing at least 75% of the votes cast on the resolution. If approved by the Independent Shareholders, the Scheme will then be subject to approval by the Supreme Court of New South Wales.

Part 3 of Schedule 8 to the Corporations Regulations prescribes the information to be sent to shareholders in relation to schemes of arrangement pursuant to Section 411. Part 3 of Schedule 8 requires an independent expert's report in relation to a scheme of arrangement to be prepared when a party to a scheme of arrangement has a prescribed shareholding in the company subject to the scheme, or where any of its directors are also directors of the company subject to the scheme. In those circumstances, the independent expert's report must state whether the scheme of arrangement is in the best interests of shareholders subject to the scheme and must state reasons for that opinion.

As a result of entering into a joint acquisition agreement with the Barro Group, CRH has a relevant interest in 42.7% of Adbri. Accordingly, the independent directors of Adbri have engaged Grant Samuel & Associates Pty Limited ("Grant Samuel") to prepare an independent expert's report for the purposes of Section 411 of the Corporations Act. The report is to set out Grant Samuel's opinion as to whether the Scheme is in the best interests of the Independent Shareholders and to state reasons for that opinion. A copy of the report will accompany the Scheme Booklet to be sent to Independent Shareholders by Adbri.

This report is general financial product advice only and has been prepared without taking into account the objectives, financial situation or needs of individual Independent Shareholders. Accordingly, before acting in relation to their investment, Independent Shareholders should consider the appropriateness of the advice having regard to their own objectives, financial situation or needs. Independent Shareholders should read the Scheme Booklet issued by Adbri in relation to the Scheme.

Voting for or against the Scheme is a matter for individual Independent Shareholders based on their 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. Independent Shareholders who are in doubt as to the action they should take in relation to the Scheme should consult their own professional adviser.

2.2 Basis of Evaluation

There is no legal definition of the expression "in the best interests". However, the Australian Securities & Investments Commission ("ASIC") has issued Regulatory Guide 111 ("RG111") which establishes guidelines in respect of independent expert's reports. RG111 differentiates between the analysis required for control transactions and other transactions. In the context of control transactions (whether by takeover bid, by scheme of arrangement, by the issue of securities or by selective capital reduction or buyback), the expert is required to distinguish between "fair" and "reasonable". A proposal that was "fair and reasonable" or "not fair but reasonable" would be in the best interests of shareholders (being the opinion required under Part 3 of Schedule 8). For most other transactions, the expert is to weigh up the advantages and disadvantages of the proposal for shareholders. If the advantages outweigh the disadvantages, a proposal would be in the best interests of shareholders.

The Scheme is economically the same as a takeover offer. Accordingly, Grant Samuel has evaluated the Scheme as a control transaction and formed a judgement as to whether the proposal is "fair and reasonable".

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Fairness involves a comparison of the offer price with the value that may be attributed to the securities that are the subject of the offer based on the value of the underlying businesses and assets. For this comparison, value is determined assuming 100% ownership of the target and a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length.

Fairness is a more demanding criteria than reasonableness. A "fair" offer will always be "reasonable" but a "reasonable" offer will not necessarily be "fair". A fair offer is one that reflects the full market value of a company's businesses and assets. An offer that is in excess of the pre-bid market prices but less than full value will not be fair but may be reasonable if shareholders are otherwise unlikely in the foreseeable future to realise an amount for their shares in excess of the offer price. This is commonly the case where the bidder already controls the target company. In that situation the minority shareholders have little prospect of receiving full value from a third party offeror unless the controlling shareholder is prepared to sell its controlling shareholding.

Grant Samuel has determined whether the Scheme is fair by comparing the estimated underlying value of Adbri with the offer price. The Scheme will be fair if it falls within the estimated underlying value range. In considering whether the Scheme is reasonable, the factors that have been considered include:

- the existing shareholding structure of Adbri;
- the likelihood of an alternative offer and alternative transactions that could realise fair value;
- the likely market price and liquidity of Adbri shares in the absence of the Scheme; and
- other advantages and disadvantages for the Independent Shareholders of approving the Scheme.

2.3 Sources of Information

The following information was utilised and relied upon, without independent verification, in preparing this report:

Publicly Available Information

- the Scheme Booklet (including earlier drafts);
- annual reports of Adbri for CY20[2] to CY23;
- press releases, public announcements, media and analyst presentation material and other public filings by Adbri including information available on its website;
- brokers' reports and recent press articles on Adbri and the building and construction industry in Australia;
- construction industry data (including forecasts of activity levels) from third party research houses; and
- sharemarket data and related information on Australian and international listed companies engaged in the building and construction industry and on acquisitions of companies and businesses in this industry.

Non Public Information Provided by Adbri

- budget for CY24 ("CY24 Budget") prepared by Adbri management;
- the ten year corporate model ("10 Year Corporate Model") for Adbri's business operations and joint ventures and associates. The model was prepared by Adbri management but does not reflect a specific strategic plan over the period that has been approved by the Board of Adbri; and

[2] CYXX = financial year end 31 December 20XX (i.e. CY20 is the financial year ended 31 December 2020).

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- other confidential documents, Board papers, presentations and working papers.

In preparing this report, Grant Samuel has held discussions with, and obtained information from, senior management of Adbri and its advisers.

2.4 Limitations and Reliance on Information

Grant Samuel believes that its opinion must be considered as a whole and that selecting portions of the analysis or factors considered by it, without considering all factors and analyses together, could create a misleading view of the process employed and the conclusions reached. Any attempt to do so could lead to undue emphasis on a particular factor or analysis. The preparation of an opinion is a complex process and is not necessarily susceptible to partial analysis or summary.

Grant Samuel's opinion is based on economic, sharemarket, business trading, financial and other conditions and expectations prevailing at the date of this report. These conditions can change significantly over relatively short periods of time. If they did change materially, subsequent to the date of this report, the opinion could be different in these changed circumstances.

This report is also based upon financial and other information provided by Adbri and its advisers. Grant Samuel has considered and relied upon this information. Adbri has represented in writing to Grant Samuel that to its knowledge the information provided by it was then, and is now, complete and not incorrect or misleading in any material respect. Grant Samuel has no reason to believe that any material facts have been withheld.

The information provided to Grant Samuel has been evaluated through analysis, inquiry and review to the extent that it considers necessary or appropriate for the purposes of forming an opinion as to whether the Scheme is fair and reasonable to, and in the best interest of, the Independent Shareholders. However, Grant Samuel does not warrant that its inquiries have identified or verified all of the matters that an audit, extensive examination or "due diligence" investigation might disclose. While Grant Samuel has made what it considers to be appropriate inquiries for the purposes of forming its opinion, "due diligence" of the type undertaken by companies and their advisers in relation to, for example, prospectuses or profit forecasts, is beyond the scope of an independent expert.

Accordingly, this report and the opinions expressed in it should be considered more in the nature of an overall review of the anticipated commercial and financial implications rather than a comprehensive audit or investigation of detailed matters.

An important part of the information used in forming an opinion of the kind expressed in this report is comprised of the opinions and judgement of management. This type of information was also evaluated through analysis, inquiry and review to the extent practical. However, such information is often not capable of external verification or validation.

Preparation of this report does not imply that Grant Samuel has audited in any way the management accounts or other records of Adbri. It is understood that the accounting information that was provided was prepared in accordance with generally accepted accounting principles and in a manner consistent with the method of accounting in previous years (except where noted).

The information provided to Grant Samuel included the CY24 Budget and 10 Year Corporate Model.

Adbri is responsible for the information contained in the CY24 Budget ("the forward looking information"). Grant Samuel has considered and, to the extent deemed appropriate, relied on this information for the purposes of its analysis. The major assumptions underlying the forward looking information were reviewed by Grant Samuel in the context of current economic, financial and other conditions. It should be noted that the forward looking information and the underlying assumptions have not been reviewed (nor is there a statutory or regulatory requirement for such a review) by an investigating accountant for reasonableness or accuracy of compilation and application of assumptions.

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Subject to these limitations, Grant Samuel considers that, based on the inquiries it has undertaken and only for the purposes of its analysis for this report (which do not constitute, and are not as extensive as, an audit or accountant's examination), there are reasonable grounds to believe that the forward looking information has been prepared on a reasonable basis. In forming this view, Grant Samuel has taken the following factors into account that:

- Adbri operates in a mature industry with (mostly) long established participants and relatively stable market share (albeit in a cyclical industry). The CY24 Budget does not assume any significant change in market share;
- the assumptions underpinning the CY24 Budget are based on a number of inputs and also considers macroeconomic and industry forecasts prepared by third party market specialists;
- the CY24 Budget was reviewed in detail and approved by the Directors of Adbri;
- Adbri has sophisticated management and financial reporting processes. The CY24 Budget has been prepared through a detailed budgeting process involving preparation of "ground up" forecasts by the management and is subject to ongoing analysis and revision to reflect the impact of actual performance or assessments of likely future performance; and
- senior management has advised that the overall performance of Adbri in the first two months of CY24 has largely been in line with the CY24 Budget.

While Adbri has made guidance statements about the outlook for CY24, the directors of Adbri have decided not to include the CY24 Budget or the forecasts and projects in the Scheme Booklet and therefore this information has not been disclosed in this report.

To provide an indication of the expected financial performance of Adbri, Grant Samuel has considered brokers' forecasts for Adbri (see Appendix 1). Grant Samuel has used the median of the brokers' forecasts to review the CY24 and CY25 parameters implied by its value of Adbri. These forecasts are sufficiently close to Adbri's CY24 Budget and the 10 Year Corporate Model in most (but not all) cases to be useful for analytical purposes.

Grant Samuel has not relied on the 10 Year Corporate Model for the purposes of its report but has considered this information in its review of the future business strategy of Adbri and its prospects and used this information in developing financial models for Adbri's business operations as discussed in Section 5.4 of this report.

Grant Samuel has no reason to believe that the forward looking information reflects any material bias, either positive or negative. However, the achievability of the forward looking information is not warranted or guaranteed by Grant Samuel. Future profits and cash flows are inherently uncertain. They are predictions by management of future events that cannot be assured and are necessarily based on assumptions, many of which are beyond the control of the company or its management. Actual results may be significantly more or less favourable.

As part of its analysis, Grant Samuel has reviewed the sensitivity of net present values ("NPVs") to changes in key variables. The sensitivity analysis isolates a limited number of assumptions and shows the impact of variations to those assumptions. No opinion is expressed as to the probability or otherwise of those variations occurring. Actual variations may be greater or less than those modelled. In addition to not representing best and worst outcomes, the sensitivity analysis does not, and does not purport to, show the impact of all possible variations to the business model. The actual performance of the business may be negatively or positively impacted by a range of factors including, but not limited to:

- changes to the assumptions other than those considered in the sensitivity analysis;
- greater or lesser variations to the assumptions considered in the sensitivity analysis than those modelled; and

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- combinations of different variations to a number of different assumptions that may produce outcomes different to the combinations modelled.

In forming its opinion, Grant Samuel has also assumed that:

- matters such as title, compliance with laws and regulations and contracts in place are in good standing and will remain so and that there are no material legal proceedings, other than as publicly disclosed;
- the assessments by Adbri and its advisers with regard to legal, regulatory, tax and accounting matters relating to the Scheme are accurate and complete;
- the information set out in the Scheme Booklet sent by Adbri to its shareholders is complete, accurate and fairly presented in all material respects;
- the publicly available information relied on by Grant Samuel in its analysis was accurate and not misleading;
- the Scheme will be implemented in accordance with its terms; and
- the legal mechanisms to implement the Scheme are correct and will be effective.

To the extent that there are legal issues relating to assets, properties, or business interests or issues relating to compliance with applicable laws, regulations, and policies, Grant Samuel assumes no responsibility and offers no legal opinion or interpretation on any issue.

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3 The Construction Materials and Lime Industry in Australia

3.1 Overview

Construction is one of the largest areas of economic activity in most developed economies. In Australia, it represents approximately 8% of gross domestic product ("GDP"), similar in size to the mining industry and larger than any service based industry.

The products and services involved in the industry are usually categorised into three sectors:

- heavy construction materials, which is the production of concrete and its constituent parts, including sand, aggregates and cement;
- building products, which covers the vast array of manufactured products used in constructing and completing buildings and infrastructure (including masonry products); and
- development and construction which covers design services (planning and consenting, surveying, architecture, engineering), building services (from excavation to final fitout) and ancillary services (IT, certification, security, traffic management).

Adbri operates in the heavy construction materials and building products sectors (principally offering concrete masonry products and masonry solutions) in Australia. Adbri also produces a range of lime products mainly for Australia's mining and alumina sectors.

Lime is an adjacent industry to construction materials as it is produced from limestone, which in turn is one of the key raw materials to produce cement. As the supply and demand dynamics (as well as industry growth trends and risks) for the lime industry are largely separate from the broader construction materials and building products industry, it is discussed separately in Section 3.5

3.2 Products and Services

Heavy Construction Materials

BACKGROUND

Heavy construction materials primarily comprise:

- **quarry products** (aggregates, gravel, crushed rock, sand and other quarry materials), which are used for roads, civil construction, building projects and as a raw material in the production of concrete, concrete block, cement and asphalt. Quarry products are mined from open cut and underwater mines, with the extracted product then crushed into a range of desired grades and sizes. Different grades and sizes of quarry materials have different applications (e.g. large gravel stones are necessary for rail track ballast);
- **cement**, which is a binding agent made from burning a mixture of calcium carbonate (generally in the form of limestone), silica, aluminium and iron oxide in a kiln, transforming them into clinker, a grey, pebble-like material. This treatment is called calcination and accounts for approximately 70% of direct scope 1 emissions arising from cement manufacturing[3]. Clinker is then mixed with gypsum and a mineral (typically limestone) and ground to a fine powder (or cement). Almost 90% of cement is used to produce pre-mixed concrete or concrete products (blocks, pipes, roof tiles, pavers etc.);
- **concrete**, which is produced from aggregates, cement, supplementary cementitious materials ("SCMs"), sand, crusher dust/manufactured sand, water and other additives. Concrete has a wide variety of applications including infrastructure (roads, tunnels, etc.) and in general construction both

[3] Source: Cement Industry Federation, Carbon Leakage Review, December 2023.

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as concrete slabs, foundations and in multistorey developments. Concrete construction products include poured or pre-mixed concrete as well as:

- concrete masonry blocks, which are manufactured in factories by a continuous process of moulding and curing concrete into required dimensions. Grey block and bricks are mainly used in commercial applications and industrial pavements. Retaining wall and landscaping products, along with paving products are used in the residential market;
- concrete pipes, which are manufactured using a range of processes, the most common being precast concrete utilising a mould and spun concrete pipe. These products are primarily used for carriage of water including waste and stormwater and is utilised extensively in the construction of roads and highways as well as residential real estate developments; and
- other major concrete products, such as culverts and boxes and other moulded products as well as pre-stressed concrete products such as bridges, columns and tilt up walls; and

- **asphalt**, which comprises a mixture of bitumen, aggregates and sand. Bitumen, a binding agent produced as a by-product of crude oil distillation, is combined with aggregates to form structural and surface layers in roads, airport pavements, car parks and footpaths. Approximately 80% of asphalt is used in road construction.

Other construction materials include fly ash and other cement substitutes (e.g. slag). Fly ash, a by-product of coal-fired electricity generation, is used as a partial substitute for cement (typically up to 20-25%) in concrete production. Slag is a by product of steel production and similarly acts as a partial substitute for cement (typically 30–40%). Both substitute products offer cost, environmental and product benefits but long-term supply will be impacted by closure of coal fired power plants as well as future steel production volumes.

Cement, concrete, aggregates and asphalt are the most intensely used products (in terms of product volume) in residential and non-residential construction and then civil construction and mining. Demand for these products by the building sector (both residential and non-residential) is largely front ended in that it is predominantly utilised at the beginning of a project. Accordingly, the effects of changes in market conditions (both up and down) are reflected early in the cycle.

The heavy construction materials industry is generally divided into "upstream" markets or "downstream" markets.

UPSTREAM

Upstream activities are generally considered to have "infrastructure-like" characteristics given their long lives and high barriers to entry. Aggregates is widely considered to be the most attractive segment and access to quality resources is key to suppliers. Aggregates (and sand in some regions) is an increasingly scarce resource, particularly around larger metropolitan areas, reflecting both exhaustion of older quarries and the encroachment of urban residential expansion and land development. The increasing level of difficulty in obtaining planning permission for new quarries and tightening environmental regulation (dust, traffic, noise) adds significantly to the value of existing quarry resources.

As aggregates are relatively low cost/high volume commodity products, supplier competitiveness is strongly influenced by production costs and the ability to efficiently and economically supply the end customer. Accordingly, plant efficiency, location, transport access and distribution logistics underpin supplier competitiveness.

Cement kilns are, where possible, always operated to maximum capacity. However, cement kilns have been rationalised in recent years due to changes in demand conditions and the age (and increasing maintenance requirements) of these kilns. Imported cement is used as top up to meet demand where demand exceeds grinding capacity of the cement plants. A number of markets across Australia face these domestic supply deficiencies and have historically relied on imports to complement domestic production, including Melbourne (supplied by imports by Adbri) and Townsville (supplied by imports by Cement Australia). Imported cement is also relied on for supplying an operation's vertically integrated business, as demonstrated by a number of independent cement importers in Australia (e.g. Southern Cross Cement, Hallett Group, NSW Cement).

In Australia, there are only four[4] integrated clinker and cement manufacturing facilities that are owned and operated by Boral (Berrima in NSW), Adbri Limited ("Adbri") (Birkenhead and Angaston in South Australia) and Cement Australia Pty Limited (Gladstone in Queensland and Railton in Tasmania). Domestic cement production (with locally sourced clinker) accounts for just over half of Australia's cement production. The remainder comprises cement produced from imported clinker (around 40%) or imported cement (around 9%)[5]. The majority of these imports are sourced from East Asian countries such as Japan, Indonesia and Thailand. In recent years, the impact of these imports has come under increasing scrutiny particularly as new regulations were introduced by the Australian Government to reduce the emissions intensity of certain industries, including cement manufacturing. The Safeguard Mechanism (commenced in July 2016) penalises Australia's highest greenhouse gas emitting facilities when emissions exceed certain emissions thresholds. However, the mechanism had ramifications for the import market, as carbon leakage arose from the varying climate ambitions of different countries which, in turn, undermined the objectives of the Safeguard Mechanism (as imports from more emissions-intensive countries competed against domestic supply subject to a stricter regime). The Australian Government is currently undertaking a review as to whether to introduce a carbon border adjustment mechanism ("CBAM") that would apply a "carbon tariff" to imports in specific circumstances. A similar pilot mechanism was recently rolled out in the European Union in late 2023.

DOWNSTREAM

In contrast, downstream activities such as pre-mixed concrete or concrete masonry are considered less attractive, particularly on a stand alone basis. Conditions in each location can vary widely depending on specific factors affecting that particular geographic area including:

- local economic conditions (e.g. unemployment, income levels, composition and growth profile of local business operations);
- population growth and demographics;
- inherent attractions of the area (e.g. climate, coastal location);
- access to required resources and raw materials;
- government spending on social infrastructure; and
- planning and other regulatory constraints.

There is often a reasonably significant presence of "independent" operators as well as integrated producers (though the level varies from region to region). Independent operators typically source their inputs (aggregate and cement) from local suppliers or may import cement. They tend to be locally owned businesses (although there are some that operate across multiple regions).

Asphalt also provides an important downstream product for aggregates, sand and bitumen. The segment is home to construction materials, construction and services companies, although there are a large number of independent operators who source inputs from integrated industry participants or import bitumen.

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[4] Excluding Adbri's Angaston facility in Australia which primarily manufactures specialist cement and lime products.

[5] Source: L.E.K. Consulting, International Comparison of Australia's Freight and Supply Chain Performance, December 2020.

COMPETITIVE ENVIRONMENT

The competitive environment is heavily shaped by the nature of the industry (in particular, the practical challenges of transporting bulky heavy construction materials and sometimes perishable premix concrete) and the point in the value chain where the business operates.

As a result of the low value to weight ratio, transport is a significant cost (particularly in the supply of aggregate and concrete) and this has largely prevented large scale production being established to supply multiple geographies (except for cement). Aggregates are primarily transported by truck with materials typically delivered within 50-100 kilometres. Although cement is extensively traded globally, most cement production is also consumed locally. As pre-mixed concrete and asphalt are heavy and perishable, it is also not economic to transport these products over long distances. Most large operators therefore have a network of plants to service a major metropolitan area or region, supplemented with mobile plants to service large infrastructure and road projects.

In light of this dynamic, apart from cement, major heavy construction materials companies are characterised by:

- city/regional market strategy. While there are a number of very large scale global heavy construction materials companies, many with multi-country operations, such businesses are essentially portfolios of local or regional businesses rather than a single integrated national or international business (although there are benefits from a broad portfolio including diversification of risk, economies of scale in purchasing, head office efficiencies, resource utilisation and the ability to secure and manage larger contracts). In this context, regional market share is considered more relevant than national share;
- vertically integrated model (spanning both upstream and downstream categories). Due to the capital intensive, commoditised nature of the industry and the fact that the vast majority of aggregate and cement production flows into concrete production, many participants are typically vertically integrated to manage the supply of inputs, optimise production quality and ensure cost efficiency; and
- economies of scale. Construction materials are commodity products that lack any significant product differentiation and companies therefore seek to distinguish themselves:
  - the service provided (i.e. being able to reliably deliver products on a timely basis, technical capabilities and, more recently, environmental sustainability; and
  - cost efficiency in the supply chain (e.g. transport and logistics) and network optimisation.

Upstream operations (quarries, cement) have high barriers to entry (scarce resources, approval processes, capital intensity) and will tend to be dominated by a few large participants. In contrast, downstream operations require less capital and markets are more fragmented, with intense competition.

Adbri is one of the largest integrated participants in the Australian construction materials industry with operations that span across cement and clinker production through to concrete and aggregates as well as lime production. It operates nationally with over 20 quarries, a major integrated clinker and cement facility in Adelaide and cement grinding plants and terminals around the country.

There are a number of other integrated participants with significant footprints, including:

- Boral, which is the largest integrated participant in the industry with an estimated market share of just over 20%. The vast majority of its operations are concentrated in the east coast of Australia. Boral operates an integrated clinker and cement plant at Berrima in New South Wales as well as clinker grinding facilities at Maldon (New South Wales) and Geelong (Victoria);
- Hanson Australia, a subsidiary of HeidelbergCement AG ("HeidelbergCement"). Hanson Australia owns 177 concrete plants, 63 quarries and four asphalt plants;

- Holcim Australia, a subsidiary of Holcim Limited ("Holcim") (previously LafargeHolcim Limited), a Swiss based global building materials and aggregates company. Holcim Australia operates what was the Readymix business previously owned by CSR. Holcim Australia operates 58 hard rock, sand and gravel quarries, 174 concrete batching plants and 11 pipe manufacturing operations across Australia, supplying aggregates, concrete and concrete pipe and products; and
- Barro Group, a privately owned business that owns 42.7% of Adbri and also has significant operations in the construction materials sector in Victoria, and also has operations in New South Wales and Queensland.

A number of the market incumbents are joint ventures between some of the largest participants. Holcim Australia and Hanson Australia each own 50% of Cement Australia Pty Limited (which owns the integrated clinker and cement plants in Gladstone and Railton and a clinker grinding facility in New South Wales). Boral and Adbri each owns 50% of Sunstate Cement Limited ("Sunstate), which owns and operates a clinker grinding facility in Queensland that supplies cement for the Queensland and Northern NSW regions.

There is also a wide range of privately owned independent operators, a number of which have integrated operations upstream into inputs or downstream into operations and distribution, including BGC Australia Pty Limited and Wagners Holding Company Limited ("Wagners"), which are based in Western Australia and Queensland, respectively. Other operators, such as Maas Group Holdings Limited ("Maas Group") also have integrated upstream and downstream operations but are diversified across other sectors (e.g. civil construction and real estate).

Concrete Products

BACKGROUND

Building products is an extremely broad and diverse sector that encompasses all materials, fittings and fixtures and coatings that form part of the structure of buildings. Concrete products are a subset of the broader building products sector and made from placing concrete into reusable moulds following which they are compressed and cured (i.e. in a steam kiln to circa 500 degrees Celsius).

Concrete products are used in a wide range of applications including:

- structural support, particularly for load bearing walls, floors and foundations;
- external cladding (blocks, bricks, precast concrete panels);
- pavers (e.g. for paths, patios, courtyards, entertaining areas, pools and industrial hardstands);
- retaining walls and other forms of erosion control; and
- roofing tiles.

Similar to heavy construction materials, concrete products often involve high transport costs. Suppliers tend to be located near key demand centres or major transport links to reduce cartage costs although concrete products can also be a premium offering (which can better absorb higher transport costs).

Routes to market can range from trade channels to retail stores (e.g. Bunnings Warehouse). Specialist products such as those used in the mining industry are often distributed via supplier partnerships.

COMPETITIVE ENVIRONMENT

Concrete products compete in a broader industry that is fiercely competitive. Many products are commoditised (and difficult to differentiate between providers) and there are limited switching costs for buyers who decide to shop between suppliers. Substitution is common in the industry and is often driven by product performance attributes, cost (including installation labour, relative freight costs and time to install), design trends and product specification. For example, concrete blocks and bricks compete with clay bricks, manufactured stone, imported natural stone, timber, fibre cement, glass, metal sheeting and other composite materials for a share of external cladding demand and, to some extent, for internal walls (referred to as the "share of wall") while concrete roof tiles compete with metal roof products (e.g. corrugated iron sheets), clay tiles, timber shingles and slate tiles.

To mitigate some of the consequences of intense price competition, industry participants often strive to achieve differentiation based on service provided (i.e. being able to deliver products on a timely basis or providing installation services). Other industry participants focus on premium products (e.g. ornamental crafts) to avoid (or at least mitigate the impacts of) the price competition but these often require significantly higher investments in a skilled workforce, have a narrower target market and, as a result, are substantially smaller in scale than the rest of the concrete products range.

Due to these competitive dynamics, most of the largest concrete products manufacturers are divisions of large vertically integrated construction materials and/or building products participants that have a broad national reach across Australia and can leverage their distribution networks to deliver their products closer to key demand centres. While it is difficult to be precise about the individual market shares for the largest participants (due to how the reporting of concrete product ranges are segmented), the largest participants include Adbri, James Hardie Limited ("James Hardie"), CSR Limited ("CSR"), Holcim and Brickworks Limited ("Brickworks").

3.3 End Market Demand and Outlook

Overview

The Australian construction materials industry is estimated to be a $15 billion market[6] when measured by revenue. Concrete is the largest product segment. Nearly 30 million cubic metres of concrete is supplied from 1,500 concrete batching plants around Australia each year. The market for the production of aggregates (approximately $5 billion[7] with around 200 million tonnes of aggregates extracted each year) and cement (approximately $4.0 billion[8] with approximately 12-13 million tonnes of cement produced annually) account for the remainder.

Construction materials and building products flow into three main end uses:

- **residential building** which includes construction of all residential dwellings including detached houses, multiple family dwellings, medium and high density housing (such as apartment buildings) and conversions of commercial premises to residential premises. It encompasses both new builds and alterations and additions ("A&A") to existing dwellings;
- **non-residential building** which comprises commercial, industrial, social and institutional building construction. The commercial and industrial sector includes offices, retail shops, hotels, other business premises and factories, while the social and institutional sector includes buildings for educational, health, religious and recreational purposes; and
- **civil construction** which includes public infrastructure construction and urban development such as highways, tunnels and bridges, railways, airports, ports, large industrial developments, major utilities (power and water) and resource projects.

The Australian concrete products market is substantially smaller and estimated to be approximately $3 billion[9] when measured by revenue. Concrete products are used across both residential and non-residential buildings. Demand across the industry is therefore largely driven by construction activity levels in both end markets. While the cyclical impact for many building products categories is often back-ended

[6] Source: Cement Concrete & Aggregates Australia ("CCAA").

[7] Source: IBISWorld Gravel and Sand Quarrying in Australia, IBISWorld Rock, Limestone and Clay Mining in Australia.

[8] Source: IBISWorld Cement and Lime Manufacturing in Australia.

[9] Source: IBISWorld Concrete Products in Australia.

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(as they are typically used more towards the end of a project), the time lag for concrete products ultimately depends on whether structural or finishing products are manufactured:

- structural products will be impacted by end market factors sooner in the cycle than finishing products;
- most concrete product categories have more exposure to new construction although some categories are also exposed to some level of renovation and maintenance activity (e.g. retaining walls and erosion control). In this context, new construction is more volatile than renovation activity; and
- non-single family residential apartments have a different mix of product requirements compared to houses (e.g. substitute products such as clay bricks may be more common in single unit houses).

Concrete products are also used in the mining industry, specifically for mine ventilation and roof solutions (particularly for underground mines).

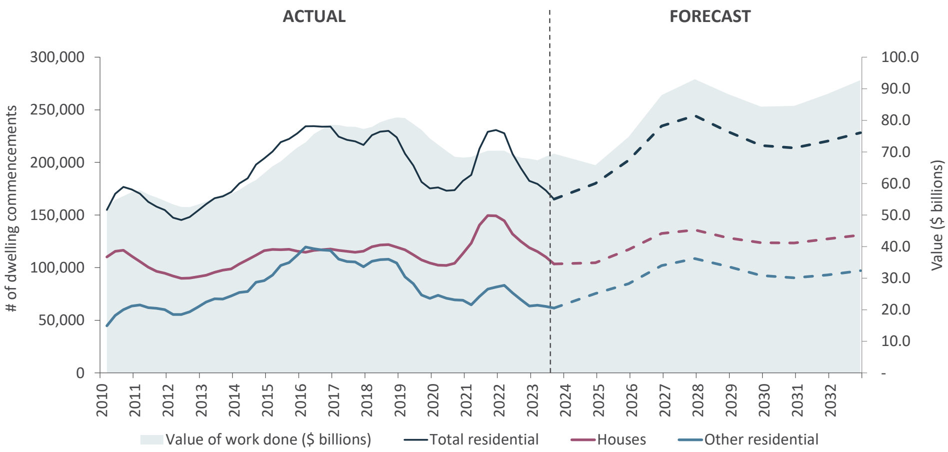
The demand drivers and outlook for each end market is discussed below:

RESIDENTIAL

The residential sector is highly cyclical and activity levels can be volatile. Activity is principally affected by housing affordability and consumer confidence (in turn dependent on house price trends and economic factors such as growth in real incomes, interest rates and unemployment levels) as well as demographic factors (such as population growth and changing age structure), tax policies (e.g. first home owner grants) and the supply of existing housing. Exposure to fluctuations in the cycle can be minimised by exposure across all segments of the sector, particularly the A&A segment which is less sensitive to economic conditions than new dwelling construction.

The following chart depicts various historical and forecast measures of activity levels for Australian residential housing:

RESIDENTIAL COMMENCEMENTS AND VALUE OF WORK DONE – ROLLING 12 MONTHS



Source: Australian Bureau of Statistics (Series 8752.0), Macromonitor (February 2024)

The Australian residential housing market was in an upcycle from about 2012 to 2017 fuelled by moderate interest rates, reasonable economic growth, strong immigration flows and constrained supply. The strongest growth was in multi-unit housing (which is more concrete intensive than single dwellings). The market turned in 2018 and a significant softening occurred over the next two years as mandated lending constraints started to impact demand and as supply, particularly multi-unit apartment developments, came on stream. House prices weakened and activity fell (albeit not dramatically) across most segments of the market in this period, with multi-unit residential being particularly affected. The downturn was exacerbated in early 2020 as the COVID-19 pandemic took hold with the lockdowns across States having further adverse impacts (albeit that the impacts were different between States and not usually impacting actual construction work). Consumer confidence was weak and the departure of many temporary residents and border closures caused a significant reduction in demand.

As 2020 progressed, conditions started to improve as lockdowns (mostly) eased, interest rates fell and government stimulus (e.g. *HomeBuilder*) began to flow. Commencement levels flattened out and started to improve. Market conditions strengthened further into 2021 as construction activity was encouraged by various government initiatives. Record low interest rates (underpinned by official statements that they will prevail for several years) generated strong buying interest and strong house price growth which, in turn, has flowed into new house demand. In addition, A&A activity was boosted, attributed in part to travel restrictions leaving consumers with spare funds and a COVID-19 induced desire for better home facilities and certain government incentives. However, market conditions began to deteriorate in 2022 following a sharp correction in demand. The number of new dwellings approved and commenced fell following the uptick in activity in the previous two years (particularly as the "pull forward" of demand from *HomeBuilder* eased) which is believed to have been caused by:

- a rising interest rate environment (particularly through the second half of 2022 and most of 2023) placed further pressure on housing affordability as new loan commitments for new dwellings (often a leading indicator) fell sharply; and
- a very sharp rise in building costs in part as a result of the global supply chain issues as well as general inflation during 2022 and 2023.

At the same time, house prices have largely remained strong and rental rates have escalated strongly. It is also important to note that approvals of multi-unit housing have not been as affected as single dwellings (and in fact have grown in recent months).

In the longer run, the residential sector is expected to grow in line with economic and population growth. However, it will inevitably be cyclical in the short to medium term. The outlook for the residential housing market over the next 3-4 years is robust for both detached and multi-unit dwellings notwithstanding the current slump in approvals. New dwelling commencements are expected to begin a multi-year rebound in 2024 and grow by nearly 50% through to 2027 (an average growth rate of around 10% per annum). The majority of the rebound is expected to be fuelled by multi-unit dwellings, for which the outlook is further supported by commitments from both federal and state governments which are pushing hard for substantial increases in higher density development to meet the very strong demand but with a focus on lower priced housing (with a view of easing the affordability "crisis"). The Commonwealth Government has a target of 1.2 million new homes built over the next five years. Record levels of overseas migration are expected to underpin demand. Interest rates (while substantially higher than they were three years ago) are generally expected to already be at or around peak levels for the current cycle (albeit still low compared to longer term historical levels) but there are signs of the potential for some easing which would further assist demand. A&A activity is also expected to rebound on the back of strong overseas migration after a sharp reversal in activity over the last 18 months.

While the short term outlook is consistently positive across most states and territories, South Australia is perhaps an outlier and is expected to remain in a downcycle (or flat at best) as approvals remain low following a period of near record levels of residential construction (across both detached and multi-unit dwellings) in 2021 and 2022.

The main risks to activity levels over the next few years include:

- labour shortages for home builders;
- the impact of higher home production costs;
- supply chain issues that cause project delays or delivery disruptions; and

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- a "higher for longer" inflationary environment that keeps interest rates at current levels (or higher).

NON-RESIDENTIAL

As the sector encompasses construction of buildings with disparate purposes, activity in the non-residential sector is dependent on broad economic factors. On one hand, social and institutional construction is principally determined by public spending at the national, state and local government levels. On the other hand, commercial and industrial construction is dependent on general economic conditions such as population growth, economic growth and investment as well as specific factors such as vacancy rates and employment growth. Cycles in the non-residential building sector tend to be longer in duration than the residential sector (up to ten years). Nevertheless, in the short term, activity can be relatively volatile.

Non-residential activity experienced an upward trajectory over the 2017-2020 period with major office projects in key metropolitan markets (e.g. Barangaroo, 80 Collins Street) and reasonably strong levels of government expenditure on hospitals and schools. However, the 2020-2022 period was largely flat as activity was mixed across sectors (particularly as some segments such as offices and accommodation faced significant uncertainty on the level of activity moving forward).

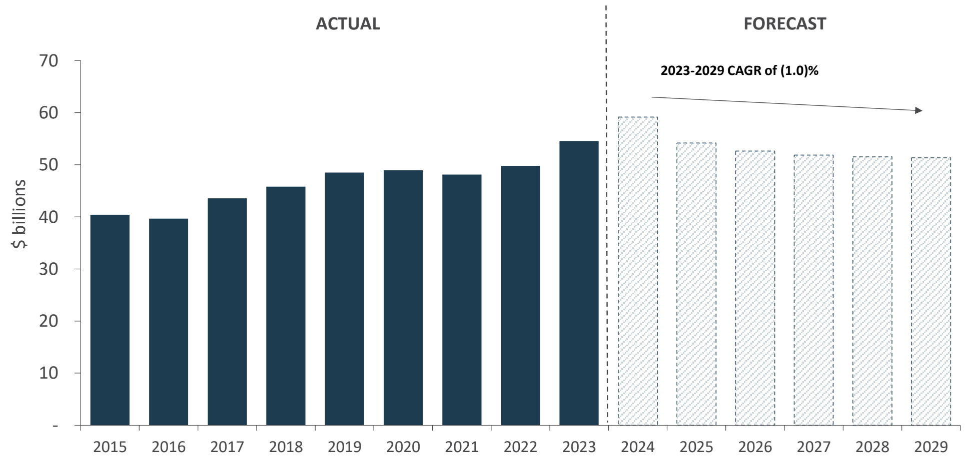
Public spending is expected to be a large "swing" factor in the future outlook:

- in the short term (next 12 months), a sharp uplift in non-residential activity is anticipated as a large wave of hospital upgrades and developments across the east coast is expected to commence in 2024 (over $10 billion, or around three times historical averages). Education building and public transport infrastructure investments (e.g. rail and airports) are also expected to rise over this period to meet the needs of a growing population; and
- over the longer term (beyond 2025), a reversal to flat-to-minimal growth is expected as federal and state governments are face budget pressures following the commitments of large investment programmes and higher inflation (which has also materially impacted project costs).

As a result, non-residential activity is expected to spike in 2024 then revert to 2020-2023 levels and grow moderately over the subsequent years. With the exception of retail, all other major sectors of non-residential are expected to decline (including offices, with a protracted downturn over the next four to five years).

The following chart shows measures of the non-residential value of work done in Australia:

NON-RESIDENTIAL VALUE OF WORK DONE (CALENDAR YEAR)



Source: Macromonitor (February 2024)

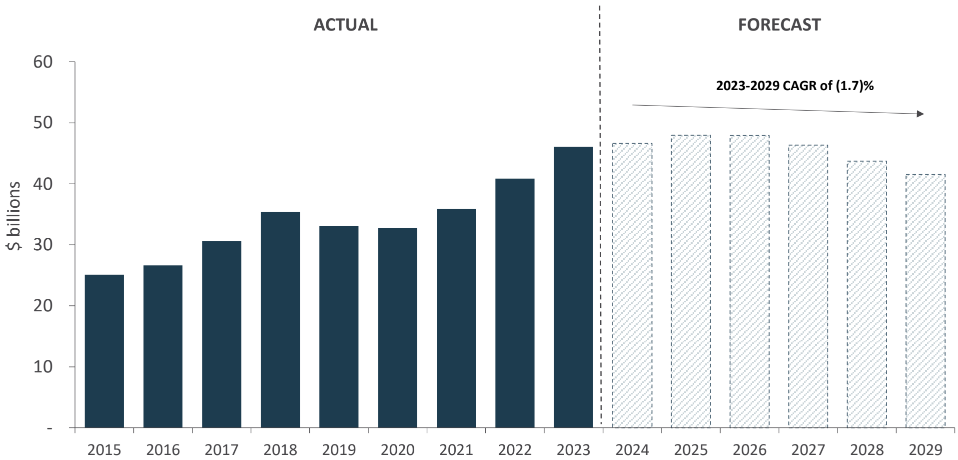
TRANSPORT INFRASTRUCTURE

The transport infrastructure sector covers a broad range of projects, including roads, railways, bridges and ports. Activity in this part of the market is heavily dependent on government funding levels for infrastructure projects (reflecting factors such as population growth, regeneration requirements and economic policies (fiscal stimulus, asset recycling, etc.) as well as general economic conditions, particularly those that affect economic growth and investment spending. Since 2015, government funding accounted for around 70% of total expenditure in the sector.

Transport infrastructure activity also experiences cycles and changes in the activity level can be influenced by large individual projects in the short term. However, the scale and longer term nature of individual projects also mean that they often can provide some level of "through the cycle" stability that other more cyclical sectors (e.g. residential) may not have.

The following chart depicts the value of work done in the transport infrastructure segment:

TRANSPORT INFRASTRUCTURE VALUE OF WORK DONE (CALENDAR YEAR)



Source: Macromonitor (February 2024).

Construction activity in the transport infrastructure segment has historically been relatively steady, albeit periodically still exhibiting some degree of cyclicality (falling during 2012-2015, rising in 2016-2018 and falling again over 2018-2020). These movements in activity are largely impacted by the timing of large projects (e.g. completion, deferral, commencement).

Since 2021, the transport infrastructure segment has been in the midst of a major upswing cycle. Public infrastructure construction has been supported by government initiatives designed to stimulate the economy post COVID-19 including more than $350 billion of infrastructure investments committed by the federal and state governments in their 2020-21 budgets. Between 2020 and 2023, total transport infrastructure value of work done increased by over 40%.

However, a number of issues have begun to arise that directly impact project costs and timetables:

- supply chain disruptions (e.g. steel supplies, labour constraints) and other delays to project commencements;
- lengthening construction timelines (due to shortages of labour and/or materials);
- cost escalation; and

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- increasing complexity of some projects (thereby narrowing the universe of contractors to just a handful of "Tier 1" operators).

The pressure on government finances led to a review by federal and state governments of their public spending commitments. In November 2023, the Federal Government released its Infrastructure Investment Program Strategic Review which recommended the withdrawal of funding from certain infrastructure projects across the country. The New South Wales Government's review of the Sydney Metro project also resulted in some variations that extended the expected completion date to 2032. Other state sponsored projects such as the Beaches Link and the Blue Mountains tunnel have been cancelled, paused or deferred. Notwithstanding these issues, a healthy pipeline of capital city projects (including urban road renewal and maintenance programmes) remains in the short term forecast, as they have already commenced or are funded and well progressed through planning phases.

In the short term (through 2025 and most of 2026), activity should continue to rise as committed projects that have already commenced continue to be progressed. In the longer term (2027 and beyond), activity should moderate and decline as the current wave of big projects are completed and governments remain cautious about committing to major public infrastructure projects.

MINING

Construction activity in the mining industry covers all resources except oil and gas. Activity in the sector is highly volatile and is spread across a combination of projects (including greenfield developments, brownfield expansions and ongoing maintenance activities). Construction work covers a wide range of activities and includes road building, establishing water systems, mine infrastructure (e.g. workshops, processing plants and wash plants), accommodation units and offices, fixed plants, mobile plants, ventilation systems (e.g. for underground mines) and other roofing systems.

Since peaking in 2013 at over $40 billion, the value of work done for the mining industry declined sharply to around $10 billion by 2017 but recovered steadily over the next four years to 2021. While some of these gains were retraced in 2022 and 2023, activity in the sector is expected to rebound over the next three years (albeit not to the levels seen in 2013).

3.4 Product Demand Outlook

The outlook for end markets flows into forecasts for individual product demand across the construction sector. Overall, demand for Adbri's key products is generally expected to trend in line with demand in end markets (albeit with a slight delay reflecting the mix of different end markets served and the timing for when each product is required in a construction cycle).

In general, the product demand outlooks illustrate:

- moderate growth between 2023 and 2027 as the construction cycle continues on its upswing; and
- slower growth (and a slight reversal in demand) thereafter following the peak in demand in 2027.

Forecasts for selected products of construction materials are set out below.

Concrete

Concrete demand (which can also be used as a proxy for upstream activity) is estimated to grow by 0.4% per annum over the period from 2023 to 2029 (albeit at a more robust rate of 2.0% per annum to 2027 before declining over the last two years as demand from non-residential projects subside):

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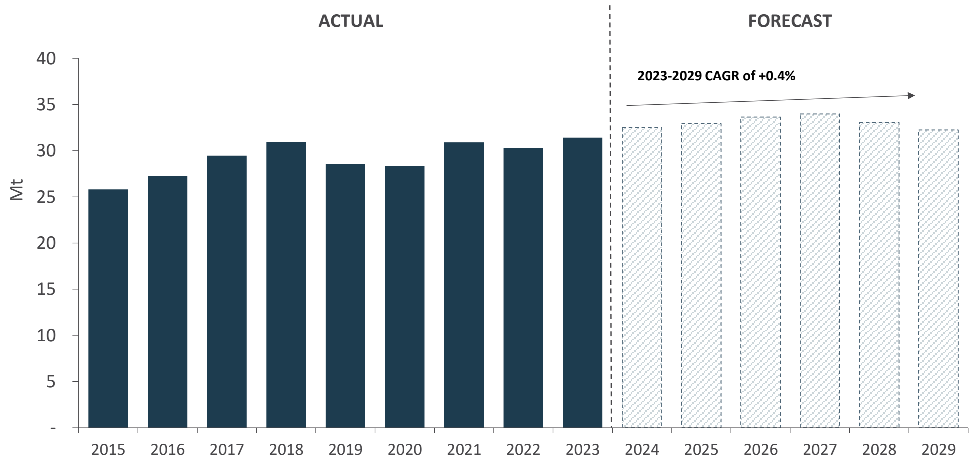

Source: Macromonitor (February 2024)

The average growth rate calculated in the chart above is impacted by the start and end points of the time period assessed (and ignores any movements, however major in the period assessed). In this case, an average growth rate based on 31 December year end results (as presented above) may not necessarily produce the same result as one based on 30 June year end results because of uneven demand profiles between two halves of the same year. In this case, 2023 had higher growth weighted towards the second half of the year and similarly in 2029, the projected downswing in demand weighs more heavily on the second half of the year. As a result, the growth of 0.4% is below that based on years ending 30 June over a similar period of 0.9%.

In these circumstances, a longer term or "through the cycle" lens is required to assess the underlying growth rate of construction materials products (particularly as the period above implies substantially slower growth in projected concrete demand, below long term population growth rates). Since data on concrete consumption trends in Australia was first published in the late 1970s, demand for concrete has grown by an average of 2.4% per annum (albeit this was achieved amidst a period of industrialisation and rapid population growth in the country)[10]. Since 2020, concrete consumption trends have been moderately lower, albeit still at around 2% per annum.

Cement

Demand for cement broadly mirrors that for concrete (which is the primary downstream product for cement). The vast majority of cement is produced domestically (with around 40% of clinker imported from other markets[11]). Cement demand is expected to grow by around 0.6% per annum through to 2029 (albeit at a more robust rate of just under 2% per annum through to 2027 before demand peaks and declines slightly over the next two years):

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[10] Source: Australian Bureau of Statistics. 8301.0 Production of Selected Construction Materials.

[11] Source: Cement Industry Federation.

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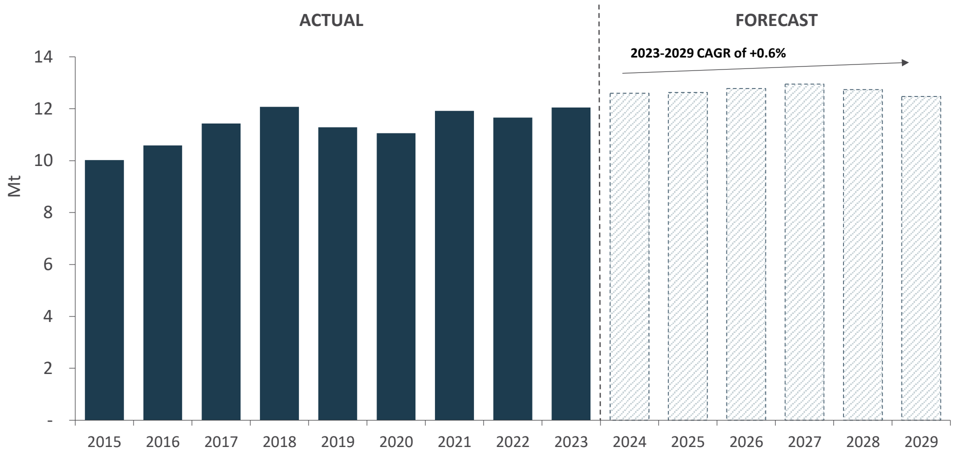
HISTORICAL AND FORECAST CEMENT DEMAND (CALENDAR YEAR)



Source: Macromonitor (February 2024)

However, the demand outlook for cement varies by state (and, ultimately, by region) as cement demand in:

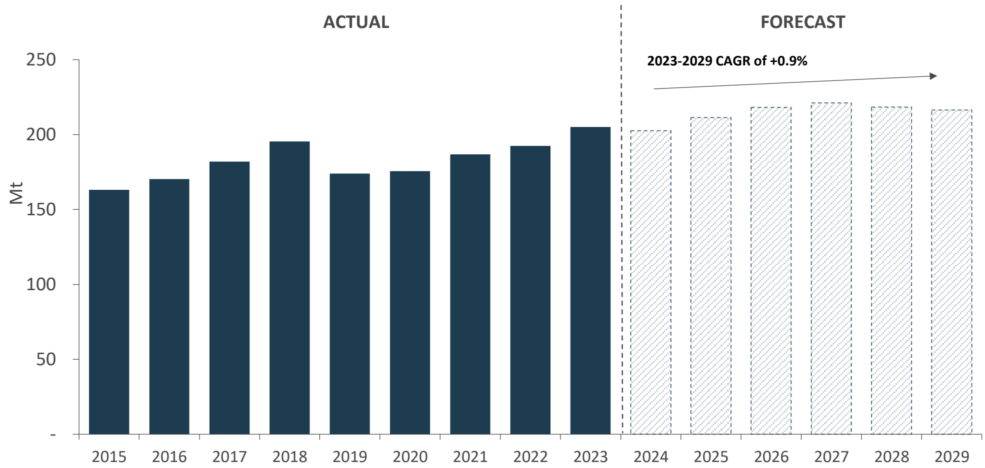
- Queensland is expected to continue to grow at a robust rate of over 2% per annum due to an upturn in non-residential building (e.g. investments in hospitals, commercial/industrial properties and other public infrastructure) which, in Queensland's case, is partly driven by the Brisbane Olympics in 2032. Similarly, cement demand in New South Wales is expected to moderate to around 1% per annum;
- Western Australia is expected to also grow at broadly similar levels (around 1.5% per annum through to 2029, albeit at more robust levels through to 2027). However, the outlook is complicated by construction activity in the mining industry which can be a large "swing" factor for cement demand and, depending on the stage of the cycle, either bolster or dampen demand. However, it has also historically been difficult to project trends in construction activity for the mining industry;
- Victoria is expected to slow materially from prior years and decline by around 0.5% per annum through to 2029 following over 4% of annual growth between 2015 and 2023; and
- South Australia is expected to slow considerably. Demand is expected to peak in 2025 and then decline by around 2.5% per annum through to 2029 (or an average decline of around 1% per annum between 2023 and 2029). The fall in demand follows a period of robust construction activity which saw cement demand increase by around 4% per annum between 2015 and 2023. Despite broadly stable demand for infrastructure activity in South Australia (particularly with an uptick in road construction activities over the next four years), the fall in overall cement demand is largely attributable to softening demand from residential and non residential projects (particularly following a strong wave of investment over the last five years).

Similar to concrete (which often serves as a proxy for upstream demand), the average growth rates between 2023 and 2029 are also impacted by the start and end points of the assessed period. In this context, the longer term demand growth for cement over the past 65 years (since data for cement demand was first published) has been at higher levels than currently projected for the next 2-3 years (closer to 2.5% per annum) but at around 2% per annum since 2000.

Quarry Products

Demand for quarry products is in the midst of an upswing in demand (growing from around 175Mtpa[12] in 2020 to over 200Mtpa by 2023) but is expected to moderate in 2024 before reverting to another three year period of growth. Between 2023 and 2029, demand is expected to grow by an average of 0.9% per annum (albeit at a more robust rate of 2% through to 2027 before peaking and moderating in subsequent years).

HISTORICAL AND FORECAST QUARRY PRODUCTS DEMAND (CALENDAR YEAR)



Source: Macromonitor (February 2024)

3.5 Lime Industry

Overview

Lime is a versatile mineral that can be used in a variety of applications including in mining, pulp and paper production, agriculture and steel manufacturing end markets. Adbri's lime business principally supplies the mining industry in Western Australia (and, to a much smaller extent, its South Australian operations).

There are wide number of uses for lime in the mining industry including to:

- improve alumina recovery rates and control impurities for the refining of alumina;
- facilitate the recovery of minerals including gold, silver, copper and other metals in the flotation and recovery processes;
- encourage the coagulation of certain thickener or clarifier solutions; and
- treat tailings pond materials and discharge waters.

Lime is produced by heating limestone in lime kilns where it is "calcined" at very high temperatures to produce quicklime (a solid white powder) and carbon dioxide. Depending on its end use, quicklime can be processed further into hydrate lime by adding water in a controlled manner.

Competitive Environment

Limestone (and, as a consequence, lime) is a relatively common and abundant resource in Australia. However, the key constraints to development of more supply include the distance of the resources from

[12] Mt = million tonnes; kt = thousand tonnes; Mtpa = million tonnes per annum; ktpa = thousand tonnes per annum

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the coast (for export) and from domestic customers. Moreover, the relatively small size of the Australian lime market discourages further domestic supply from being introduced (particularly given the availability of cost competitive imports).

Given the geographic spread of Australia (particularly across key mining regions such as those in Western Australia), a key differentiating factor for lime producers is having an extensive distribution and storage network for lime (which includes access to rail or road transport options and a network of distribution depots). Maintaining a nationwide (or at least a targeted regional) network is crucial to ensuring continued and reliable supply to customers and can often be a barrier to entry (given the scale requirements inherent in building a network with that reach).

Accordingly, the largest lime producers in Australia include some of the largest construction materials producers with cement exposures (e.g. Adbri and Boral) as well as global lime and limestone producers such as Graymont Limited.

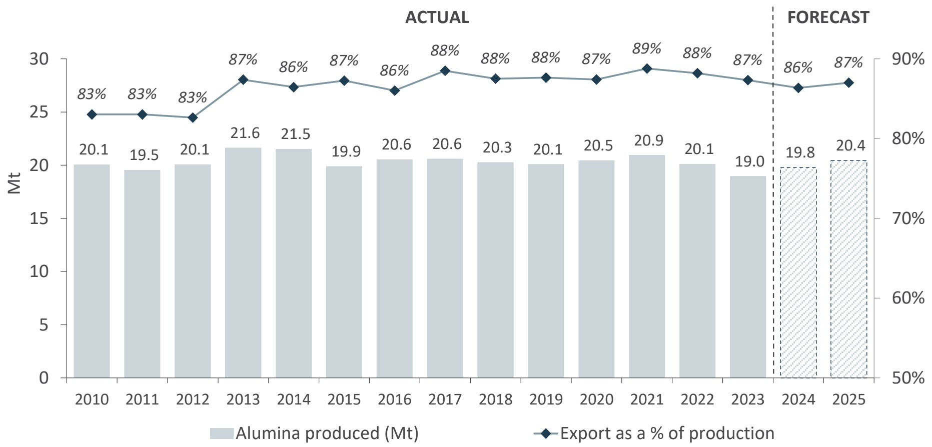
End Market Demand and Outlook

The vast majority of Adbri's lime is consumed in the alumina and gold sectors (with a small proportion sold into the nickel sector and other minerals).

ALUMINA

Australia is one of the largest alumina producers in the world and has historically exported over 85% of its production into the seaborne market (principally destined for Asian markets):

HISTORICAL AND FORECAST ALUMINA PRODUCTION AND EXPORTS (YEAR END 30 JUNE)[13]



Source: Department of Industry, Science and Resources. Resources and energy quarterly, December 2023

The vast majority of alumina is produced in Western Australia, with the balance produced in Queensland. Production in Western Australia is dominated by Alcoa Corporation ("Alcoa") (which operates three refineries) and South32 Limited ("South32") (which operates the Worsley refinery).

Since 2010, alumina production in Australia has been broadly stable, in part supported by demand from overseas customers. Although the projections still suggest marginal growth in alumina production in Australia, there is arguably some risk in maintaining (let alone growing) total alumina production rates following the planned curtailment of Alcoa's Kwinana refinery (which was announced after the forecasts

13 Calendar year end data for forecasts not available. Accordingly, the chart has been presented on a 30 June fiscal year end basis.

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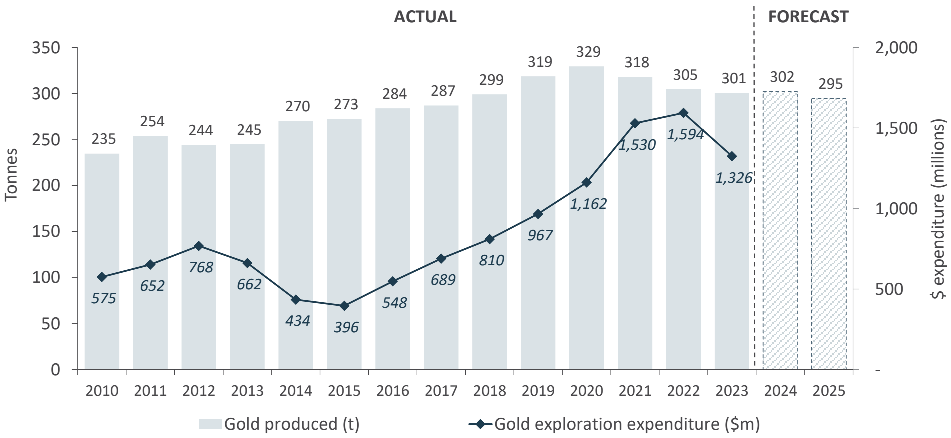
were last updated). In 2023, Kwinana produced approximately 1.5Mt of alumina (below its nameplate capacity of 2.2Mtpa).

GOLD

Since 2010, gold production in Australia has grown by nearly 2% per annum:

HISTORICAL AND FORECAST GOLD PRODUCTION AND EXPLORATION EXPENDITURE (YEAR END 30 JUNE)[13]



Source: Department of Industry, Science and Resources. Resources and energy quarterly, December 2023

Similar to alumina, more than two thirds of Australia's gold is produced in Western Australia where around 60% of the country's reserves are situated. There are approximately 75 gold focused mines across Australia (and even more where gold is produced as a by product), with the majority of the largest mines located in Western Australia. Unlike the alumina industry, production of gold in Australia is dispersed across a larger number of producers of varying scale (although around 75% of Western Australia's gold production is sourced from the top ten producers).

Over this period, exploration expenditure for gold has increased at a substantially higher rate of around 6.5% per annum. The step up in expenditure likely reflects the lack of major gold deposit discoveries in Australia for a number of years and limited new supply in the pipeline to replace diminishing reserves (particularly as higher grade reserves are depleted). The increase in expenditure may not necessarily translate to an immediate uplift in production as extensive geological and metallurgical studies, feasibility studies and approvals (environmental, regulatory and other) require substantial time to complete. Estimates suggest that the lag between discovery to development can be more than ten years.

In any event, the short term outlook for gold is supported by the pipeline of committed projects in Western Australia, which collectively exceeds just over 1.1 million ounces of incremental gold production. The pipeline principally comprises brownfield expansions of existing operations (e.g. the KCGM expansion for Northern Star Resources Limited) but also includes several greenfield projects such as the Bellevue Gold Project.

4 Profile of Adbri

4.1 Background

Adbri has a long history in cement manufacturing in Australia. The company had its origins in two South Australian cement companies, Adelaide Cement Company Ltd (established in 1913) and Brighton-based South Australian Portland Cement Company (established in 1882), the latter of which was the first cement manufacturer in the country. Adbri (then known as Adelaide Brighton Limited) was established in 1971 following the merger of these two companies.

The company's operations were originally concentrated on the manufacture and marketing of cement in South Australia (particularly at its Birkenhead integrated cement plant and Angaston specialty cement plant). Over the following decades, it expanded its operations into other states (including via joint ventures). The 1990s, however, saw a series of transformational transactions during a period of uncertainty in the domestic cement industry (arising from overcapacity and downstream demand uncertainty following the Asian economic crisis of 1997). These transactions solidified Adbri's position as one of the largest cement producers in the country:

- in 1992, a restructure and merger of its cement operations with the cement operations of Australian Cement Holdings Pty Limited ("Australian Cement") (a joint venture between two other leading producers, CSR Limited ("CSR") and Pioneer International Limited ("Pioneer")), following which Adbri emerged as Australia's largest cement manufacturer; and
- in 1999, a restructure and merger involving the acquisition of Cockburn Cement Limited (the Australian subsidiary of Rugby Group plc), which owned a lime, cement and clinker operation in Western Australia. The merger gave Adbri an established foothold in Western Australia, particularly as a leading supplier of lime to the resources sector.

It was during this period that the Barro Group emerged as a substantial shareholder in the company. The Barro Group also had extensive operations across the Australian construction materials sector and was a long time joint venture partner with Adbri in the Independent Cement & Lime Pty Limited ("ICL") business.

Over the next two decades, Adbri undertook a strategic shift to grow beyond its core activity as a regional cement producer and expanded into the downstream market (e.g. pre-mix concrete and concrete masonry products) while also growing its upstream business (e.g. aggregates and sand). The shift in strategy resulted in:

- the acquisition of concrete producers Premier Resources Limited (in CY02), Hurd Haulage Pty Ltd (in CY07) and a 50% interest in E.B. Mawsons & Sons Pty Limited and Lake Boga Quarries Pty Limited joint venture (collectively, the "Mawsons Group") (in CY07) (albeit some of these businesses were integrated operations with sizeable aggregate operations);
- the acquisition of concrete masonry producer Hanson Building Products Pty Ltd in CY08, which complemented Adbri's existing offering and, once combined, resulted in Adbri becoming the largest masonry products business in Australia;
- over $250 million in smaller scale acquisitions between CY14 and CY17 to acquire six concrete and aggregate businesses across Queensland, South Australia, Victoria and the Northern Territory; and
- organic growth investments, which included greenfield projects (e.g. Pinkenba, Larapinta and Swanbank concrete plants in Queensland and Scotchy Pocket quarry in Queensland) as well as brownfield capacity expansion projects (e.g. Birkenhead and Munster plants).

More recently, Adbri has continued to selectively undertake growth projects including the acquisitions of two concrete and aggregates businesses in CY21 and CY22 as well as commencing the Kwinana Upgrade Project in CY21 (which will consolidate two existing cement production sites into a single facility).

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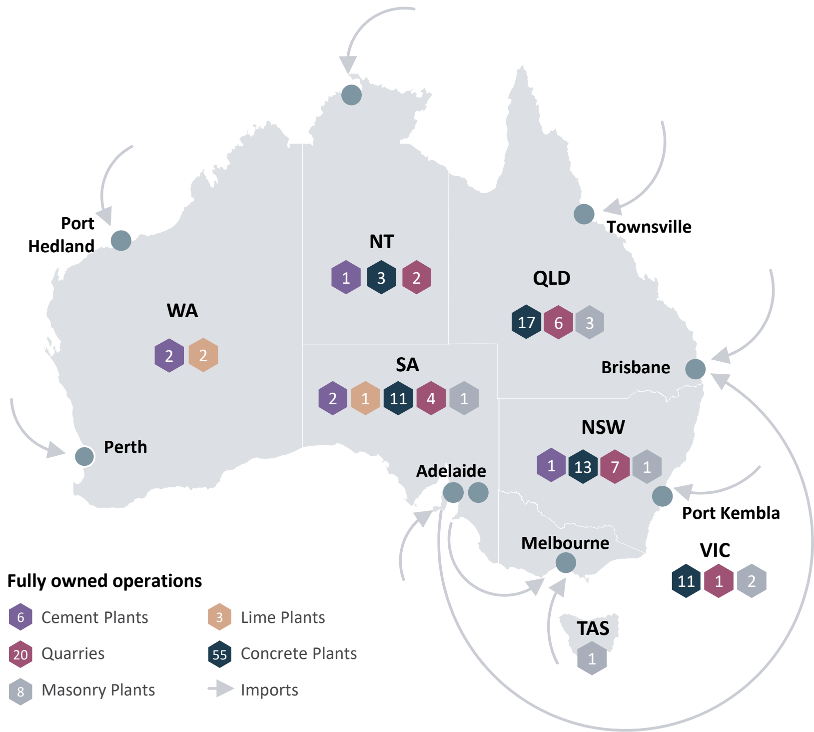
Today, Adbri is a leading integrated construction materials and lime producer in Australia with more than 1,600 employees. Prior to announcement of the CRH Proposal, Adbri was a top 200 ASX listed company with a market capitalisation of approximately $1.5 billion.

4.2 Business Operations and Strategy

Overview

Adbri is one of the largest integrated construction materials and lime producers in Australia. Its integrated operations span the production and sale of clinker, cement, industrial lime, premixed concrete, construction aggregates and masonry products across Australia:

ADBRI – MAP OF OPERATIONS



Source: Adbri

Operations

A brief overview of each of Adbri's business lines is set out below.

CEMENT

Adbri is the second largest supplier of cement products (5.0 million tonnes sold in CY23) and the largest importer of cementitious materials in Australia (2.7 million tonnes imported in CY23). It produces a combination of general purpose cement and a range of other specialist products such as those using significant SCMs such as "GL cement" (a lower cost cement alternative that has a higher limestone content and involves a lower carbon intensity in its production).

Adbri is the only integrated manufacturer of clinker and cement in South Australia and one of only three companies in Australia with integrated clinker and cement plants. These key assets include:

- Birkenhead Plant, which comprises a four-stage clinker kiln and three cement mills. Its operations are integrated with the port, which receives limestone imports from Adbri's limestone quarry (Klein Point) across the bay. Birkenhead produces a combination of grey clinker, Portland cement and blends for both the South Australian and Victoria markets (with a large share of its production output secured through an offtake contract with ICL). Birkenhead can produce up to 1.6mtpa of cement (although actual capacity can vary depending on the nature and complexity of the cement product produced) and 1.3mtpa of clinker; and
- Angaston Plant, which produces specialty cement products such as off-white cement and ground granulated blast furnace slag. Angaston can produce up to around 250ktpa of cement and 130ktpa of clinker.

Adbri also operates four other cement milling plants in:

- Western Australia, including the Kwinana and Munster cement plants. Total cement production capacity across its Western Australia facilities is around 1.1Mtpa. Bulk cement is transported either by rail or truck to a distribution depot in Kalgoorlie servicing the local mining sector. Cement is also imported in bulk bags into Port Hedland where it is debagged at a depot and distributed to customers in the Pilbara region. Adbri has a cement market share of around 50% in the state;
- Northern Territory, including a cement plant in Darwin with production capacity of 250ktpa. Adbri is the largest cement supplier in the territory with an estimated market share of over 90%; and
- New South Wales, including the MCI plant. Total cement capacity is around 0.5Mtpa (although production capacity can be increased depending on the product mix selected). Adbri also operates the Morgan Ash plant which produces classified fly ash (around 150ktpa) and blended cementitious products (around 100ktpa).

Adbri is currently undertaking a major upgrade of its Kwinana plant in Western Australia that will consolidate the existing Kwinana and Munster cement operations into a single site (following which cement manufacturing at the Munster plant will cease). The new facility will centralise the import of raw materials, cement grinding, silo and dispatch at one location in Perth and increase the group's production capacity to around 1.5Mtpa (from around 1.1Mtpa). Construction of the new site commenced in CY21 and is due to be completed by the end of CY24, following which it is expected to generate cost savings of around $21 million per annum (across raw material transport, energy, labour, repair and maintenance costs and other efficiencies). The upgrade is also expected to reduce Adbri's carbon footprint (particularly with the reduction in road transport and more energy efficient mills that can also utilise off peak energy).

The company is also exploring expansion opportunities at its Birkenhead plant (particularly for milling and blending). A new energy efficient vertical roller mill ("VRM"), if installed, would increase the plant's throughput rate from 1.6Mtpa to 1.9Mtpa. The increased capacity would allow it to meet demand surges and accommodate the production of higher SCM content products (as opposed to general purpose cement) which are generally harder to grind and have historically prevented Birkenhead from operating at full capacity. The studies remain in the early stages (with initial capital expenditure, if approved, to begin from CY25).

Production from Adbri's domestic cement plants is supplemented by imports of cementitious products, which have been key to the company's strategy since the mid 1990s. Adbri sources raw materials from a number of countries including from suppliers in Japan (clinker and slag), its joint venture partner in Malaysia (white clinker) and Indonesia (clinker and cement). In CY23, Adbri imported around 2.7Mt of cementitious materials.

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LIME

Adbri is Australia's largest manufacturer of lime, supplying the resource sector (primarily alumina and gold) with over 800ktpa. Its lime operations are principally in Western Australia where it is the largest lime supplier and has around a 70% share of the market (although it also has operations in South Australia and the Northern Territory).

Adbri has three wholly-owned lime production assets, the largest of which is the Munster lime plant in Perth that can produce up to 1Mtpa (supplemented by the Dongara plant, which has a nameplate capacity of 100ktpa and additional storage and infrastructure facilities). The Munster lime plant has been in operation for nearly 50 years. Its cost position is underpinned by its energy supply and low cost resource base (principally from Woodman Point which contains over 40Mt of lime resource). Unlike other limestone resources, Woodman Point is located offshore and involves shellsand dredging, reclaiming and washing. However, the chemical structure of lime from this source can limit its use in certain applications.

Due to the spread of customers across the state (principally across the different mining regions), Adbri has established an extensive distribution and storage network that allows it transfer products to its depot in Kalgoorlie for distribution to customers in that region.

The Angaston plant also produces lime, albeit on a much smaller scale, that serves resources producers within South Australia (e.g. copper).

Lime is supplied in various forms, including bulk and packaged, with quicklime and hydrated lime being essential products for Australian industry and infrastructure. Lime is principally sold via long term supply contracts which are generally structured differently depending on the sector served. Historically, contracts with alumina producers (e.g. Alcoa and South32) are linked to the cost of fuel (or energy) and other indices whereas supply contracts for gold producers and other minerals tend to be fixed in nature.

Alcoa has historically been Adbri's largest lime customer and, prior to CY21, accounted for around half of the volumes sold by Adbri. In July 2020, Adbri announced that Alcoa would not renew its lime supply contract following expiry in CY21 (although several subsequent extensions have kept the Alcoa supply in place until April 2024, albeit at reduced volumes). Due to uncertainties in the Western Australian lime market, Adbri commenced a strategic review of its lime business in early CY23. The review remains ongoing following Alcoa's announcement of the full curtailment of its Kwinana alumina operations commencing in the second quarter of CY24.

AGGREGATES

Adbri operates 20 quarries across Australia (excluding those operated by joint venture operations which account for an additional 30 quarries). The wholly owned quarries produce around 9Mt of aggregates per annum (albeit with capacity of up to 13Mtpa), ranging from hard rock and gravel to limestone and sand. Around 35% of its aggregate production is earmarked for internal downstream consumption with the remainder sold to external customers. Adbri's quarries are located close to key demand centres in South Australia as well as across regional Victoria, west of Sydney, regional New South Wales, South East Queensland and the Northern Territory.

Based on the latest estimates, Adbri has significant quarry reserves (around 850Mt in reserves) to underpin its downstream production requirements. Nearly half of the wholly owned reserves are located in Queensland (including the recently commissioned Scotchy Pocket Quarry which services the Sunshine Coast market). The remainder is largely split between South Australia and Western Australia (with smaller quarry footprints in the remaining states and territories).

Over the last ten years, Adbri has invested in expanding its aggregate footprint as part of its vertically integrated model to support the growth of its concrete business. These investments include the development of the greenfield quarry at Scotchy Pocket as well as a number of acquisitions including:

- Southern Quarries and Penrice Quarry (completed in 2014), which gave Adbri an aggregate position in the South Australian market (in conjunction with the acquisition of the Direct Mix Concrete business, which was also acquired in 2014);
- Metro Quarry Group, which was acquired via a joint venture with the Barro Group (completed in 2021) and included two sand quarries that serviced the Melbourne market; and
- Zanows Concrete and Quarries ("Zanows") (completed in 2022), which added two concrete plants, a sand and gravel quarry, and a hard rock quarry located in the western area of Brisbane.

CONCRETE

Adbri is one of the largest pre-mix concrete suppliers to the residential, commercial and infrastructure sectors in Australia. It operates over 100 concrete plants (of which 56 are wholly owned with the remainder held via its joint ventures). Its pre-mix concrete operations are located across the Northern Territory, Queensland, New South Wales, Victoria and South Australia.

The concrete business is a central tenet of Adbri's vertical integration model (particularly as it complements the upstream aggregates and cement businesses) and an area which the business has grown both inorganically and organically (e.g. greenfield concrete plants) over the last decade including through the acquisitions of:

- Direct Mix Concrete (completed in 2014), which gave Adbri an immediate foothold in the South Australian concrete market;
- Davalan Concrete (completed in 2017), which further expanded Adbri's footprint in South Australia;
- Holcim's Northern Territory concrete and aggregates operations (completed in 2017), which strengthened Adbri's position in the Northern Territory;
- Central Pre-Mix Concrete (completed in 2017), which strengthened its position in Victoria (particularly in the Melbourne residential market); and
- Zanows (as noted above), which also owned and operated two concrete plants.

Adbri operates a number of pre-mix concrete brands (e.g. *Hy-Tec*, *Central Pre-Mix Concrete* and *Adbri Concrete*). Supply agreements for concrete sale are generally shorter term in nature (and therefore allow some flexibility for pricing) however, certain projects (e.g. infrastructure or major projects) may require longer term supply for which prices may be indexed with rise and fall provisions for key material and transport inputs (e.g. fuel, cement, external transport and inflation).

MASONRY

Adbri's masonry business is one of Australia's leading manufacturers of concrete products. Its products include concrete bricks, blocks, pavers, retaining walls and architectural masonry, concrete retaining wall sleepers servicing the commercial, residential and civil building sectors (both commercial and retail customers). It operates eight masonry plants, with key manufacturing facilities in Stapleton (Queensland), Townsville (North Queensland), Campbellfield (Victoria) Ottway (South Australia) and Ulverstone (Tasmania) that, collectively, have a production capacity of around 740ktpa (with some capacity reserved for third party tolling agreements). Adbri uses a network of over 500 distribution partners across Australia to reach retail and commercial customers (e.g. tradesmen and contractors). The largest proportion of its sales is through Bunnings Warehouse.

Adbri's masonry business also has a contracting services division that offers a full-service design, supply, installation and certification service for retaining walls as well as industrial and paving projects (e.g. defence, ports and industrial hardstands).

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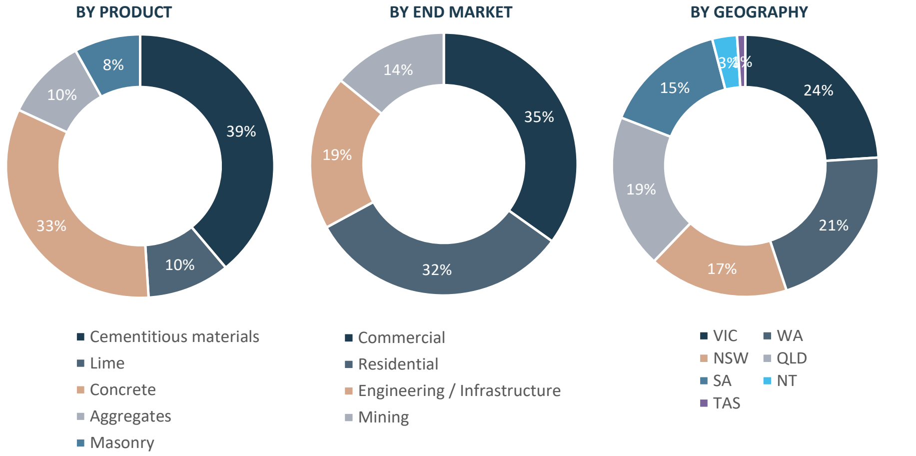
Business Mix

The charts below summarise Adbri's revenue by product, end market and geography:

ADBRI – CY23 REVENUE CONTRIBUTION



Source: Adbri

Analysis of the revenue contributions across Adbri's business is not straightforward as it does not include the revenue contribution from its equity accounted investments (including ICL and Sunstate). However, the analysis is illustrative of the different exposures that Adbri has across products and end markets.

The revenue contribution by product reflects Adbri's core activity as a cement and lime producer (which collectively account for nearly 50% of its external revenue) and its more recent expansion into the downstream segments (e.g. concrete and masonry products). It also reflects the integrated nature of the business with upstream products such as aggregates accounting for a relatively small share of revenue (around 10%) as most of the production is consumed internally to support cement and concrete production.

The group's revenue is predominantly weighted towards the commercial and residential sectors (67%) (although this proportion fluctuates across a wide range given the cyclical nature of residential activity) and is mostly generated along the east coast of Australia (60%) which includes Australia's most populous states. Engineering & infrastructure accounts for just under 20% of revenue and relates to civil construction projects primarily committed to by State and Federal governments. Some examples of projects to these end customers include Brisbane International Airport, BankWest Stadium (Sydney) and Northern Connector (Adelaide). Mining is the smallest end market for Adbri (around 14% of revenue) and primarily comprises lime and cement sales to the resources sector.

Joint Ventures and Associates

Adbri's business operations include a number of joint ventures and associates that extend its capabilities in select regions and markets, the largest of which are ICL, Sunstate and Mawsons Group:

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ADBRI – KEY JOINT VENTURES AND ASSOCIATES

	% OWNED BY ADBRI	DESCRIPTION
Independent Cement	50%	• 50:50 joint venture with the Barro Group • Exclusive supplier of cement and cement-blended products (e.g. lime, slag and blends) in Victoria (~40% market share) and New South Wales (~10% market share) • Wholly owns Steel Cement Limited (a grinding and blending facility in Yarraville) and Building Products Supplies Pty Limited (a wholesale distributor of bagged cement and other building related products)
Sunstate Cement Ltd	50%	• 50:50 joint venture with Boral • Operates a cement milling, storage and distribution facility at Fisherman Island, Port Brisbane • Leading supplier of cement to Queensland's construction industry (~23% market share)
MAWSONS	50%	• 50:50 joint venture with BA Mawsons Pty Limited • Largest premixed concrete and quarry operator in northern regional Victoria and also operates in southern regional New South Wales • Also a significant producer of aggregates in the region, generally holding the number one or number two position in the markets it which it operates
aalborgportland CEMENT HOLDING Aalborg Portland Malaysia Sdn. Bhd ("Aalborg Portland")	30%	• Majority (70%) owned by Aalborg Portland Holding • Manufactures and sells white cement and clinker for the domestic Malaysian and south-east Asian markets (including exports to Australia and other markets)
Burrell Mining Services Burrell Mining Services ("Burrell")	50%	• 50:50 joint venture with Burrell Mining Products Inc. • Manufactures a range of concrete products for the coal mining industry (roofing and ventilation) in New South Wales and Queensland
BATESFORD QUARRY GEELONG	50%	• Jointly owned with E&P Partners and Geelong Lime Pty Limited (i.e. the McCann Family) • Located in Fyansford Quarry near Geelong, Victoria • Includes quarrying, marketing and distribution of limestone and quarry products for sale in Victoria and parts of New South Wales
METRO QUARRY SANDS ("B&A Sands")	50%	• 50:50 joint venture with the Barro Group • Contributed $32.2 million into the newly formed joint venture to acquire Metro Quarry Group Pty Limited's ("Metro Quarry Group") sand quarries in Victoria • Owns total of 50mt of sand reserves

Source: Adbri

Adbri's core business operations are closely integrated with its various joint ventures and associates across the cement supply chain. The interdependence is reflected across a range of activities conducted between the businesses. For example, Adbri:

- supplies raw materials to Sunstate (for distribution in Queensland) and finished cementitious products and raw materials to ICL (for distribution in New South Wales and Victoria) where both joint ventures have established distribution networks;
- purchases certain products and transportation/logistics services from Sunstate, ICL and Batesford Quarry Geelong; and
- imports clinker from Aalborg Portland for use in domestic production.

Some of these related party agreements involve long term contracts that underpin operations for both parties. For example, the exclusive supply arrangements with ICL have historically secured offtake for a substantial proportion of capacity at Adbri's Birkenhead cement plant and had ten year terms expiring on 1

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January 2023. However, subsequent extensions since then have been for much shorter periods due to the uncertain cost outlook (particularly given the inflationary pressures in the current market environment).

Strategy

Adbri's overarching purpose is to "build a better Australia", which is underpinned by a clear focus on four separate but interdependent elements:

- safety: prioritising the safety of all employees and workers through a culture of '*Work Safe, Home Safe*';
- customer focus: improving the customer experience and building long term partnerships that add value;
- inclusivity: building a diverse workforce and supporting the Adbri's long-term target with respect to female participation in the workforce; and
- sustainable growth: operating in a safe and sustainable manner for the long term benefit of shareholders, customers and the broader community in which Adbri operates.

These elements were designed to recognise Adbri's long history in the sector and define how the company does business (for its shareholders, customers, employees and communities). More specifically, they align the company's operating model with its long term strategy that has three key priorities:

- **continuous operational improvements,** including cost reduction and operational efficiency strategies such as the rationalisation of manufacturing operations, incorporation of alternative fuels and investment in large scale capital projects to improve efficiency and capacity. Recent initiatives have included:
  - the Kwinana Upgrade Project, a $370-400 million investment in a new facility consolidating Adbri's two existing cement production sites in Western Australia into a single integrated operation; and
  - entered into a 20-year agreement for CSL to supply and operate a new hybrid electric battery powered limestone transport vessel at Birkenhead from 2026. The new vessel will have 35% more capacity than the existing vessel, supporting increased cement production at Birkenhead, particularly of lower carbon products that use limestone as a partial clinker substitute.
- **developing the lime business**, including a focus on growing volumes from new and existing customers as well as investing in production capacity and improving environmental performance to sustain Adbri's market leading position in producing lime at a globally competitive cost.

  While the lime business remains a priority for Adbri, the company has commenced a strategic review of its lime operations following Alcoa's announcement of a full curtailment of its alumina refinery operations at Kwinana (as well as the upcoming expiration of the supply agreement with Alcoa in April 2024).

  The ongoing lime operations review has identified a number of opportunities for Cockburn Cement, including the potential to adopt a hybrid supply model, which may involve a mix of locally manufactured product and imported lime. Adbri continues to investigate the feasibility of this model within the footprint of the Munster facility, utilising existing infrastructure such as silo and storage facilities and leveraging the site's valuable rail access; and
- **vertical integration**, including investments to maintain Adbri's integrated offering. These investments comprise greenfield or brownfield opportunities that expand Adbri's existing footprint and grow its vertically integrated business model. Recent investments have included:
  - the acquisitions of the Milbrae Quarries Pty Limited ("Milbrae") concrete and aggregate business (via Mawsons Group) and Zanows, both of which broadened Adbri's footprint in regional New South Wales and southeast Queensland respectively; and
  - commissioning of two new concrete plants in CY23 (Rosehill in western Sydney and Pakenham in southeast Melbourne).

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More recently, Adbri has also defined a new property strategy that recognises its landholdings (nearly 3,700 hectares under assessment) and their latent value potential. The refreshed property strategy aims to actively manage the landholdings to maximise shareholder value by either developing or divesting select land holdings that are deemed surplus to operational requirements.

4.3 Financial Performance

Historical Financial Performance

BUSINESS OPERATIONS

The historical financial performance of Adbri for CY19 to CY23 is summarised below:

ADBRI - FINANCIAL PERFORMANCE[14] ($ MILLIONS)

	CY19 ACTUAL	CY20 ACTUAL	CY21 ACTUAL	CY22 ACTUAL	CY23 ACTUAL
Operating revenue	**1,517.0**	**1,454.2**	**1,569.2**	**1,700.3**	**1,922.9**
Gross profit	250.5	237.3	240.8	193.4	263.0
Operating EBITDA[15]	**248.5**	**244.7**	**233.3**	**213.6**	**282.0**
Depreciation and amortisation	(93.6)	(93.4)	(95.9)	(116.0)	(135.9)
Operating EBIT[16]	**154.9**	**151.3**	**137.4**	**97.6**	**146.1**
Property EBIT	-	0.7	7.6	57.6	(6.3)
Share of profit/(loss) of associates	31.5	26.9	33.3	24.0	29.0
Reported EBIT excluding signficant items	**186.4**	**178.9**	**178.3**	**179.2**	**168.8**
Significant items (gross)	(104.5)	(31.3)	(3.4)	(22.0)	(19.7)
Net interest expense	(18.5)	(20.4)	(19.1)	(20.6)	(21.5)
Profit before tax	**63.4**	**127.2**	**155.8**	**136.6**	**127.6**
Income tax expense	(16.2)	(33.6)	(39.1)	(34.1)	(34.8)
NPAT[17]	**47.2**	**93.6**	**116.7**	**102.5**	**92.8**
Non-controlling interests	0.1	0.1	--	0.1	0.1
NPAT atributable to Adbri shareholders	**47.3**	**93.7**	**116.7**	**102.6**	**92.9**
STATISTICS					
Basic earnings per share	*7.3c*	*14.4c*	*17.9c*	*15.7c*	*14.2c*
Dividends per share	*5.0c*	*12.0c*	*12.5c*	*5.0c*	*--*
Amount of dividend franked	*100%*	*100%*	*100%*	*100%*	*--*
Operating revenue growth	*(7.0%)*	*(4.1%)*	*+7.9%*	*+8.4%*	*+13.1%*
Operating EBITDA growth	*(22.9%)*	*(1.5%)*	*(4.7%)*	*(8.4%)*	*+32.0%*
Operating EBIT growth	*(34.0%)*	*(2.3%)*	*(9.2%)*	*(29.0%)*	*+49.7%*
Operating EBITDA margin	*16.4%*	*16.8%*	*14.9%*	*12.6%*	*14.7%*
Operating EBIT margin	*10.2%*	*10.4%*	*8.8%*	*5.7%*	*7.6%*
Interest cover[18]	*13.4x*	*12.0x*	*12.2x*	*10.4x*	*13.1x*

Source: Adbri and Grant Samuel analysis

14 Operating financial performance excludes revenue, EBITDA and EBIT contributions from property sales and equity accounted associates.

15 Operating EBITDA is earnings before net interest, tax, depreciation and amortisation, share of profits of equity accounted associates, property profits and significant items.

16 Operating EBIT is earnings before net interest, tax, share of profits of equity accounted associates, property profits and significant items.

17 NPAT is net profit after tax.

18 Calculated as underlying EBITDA divided by net interest expense.

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Analysis of Adbri's historical financial performance is complicated by the non-recurring nature of its property sales (which can vary substantially in quantum from year to year) and the sizeable contributions from its joint ventures and associates (some of which are closely integrated into its business operations). To facilitate a review of Adbri's summarised historical financial performance presented above, certain items have been excluded from operating EBITDA and EBIT (which differs to the disclosure by Adbri in its financial reports), namely:

- property sales. Adbri's property strategy principally focuses on monetising and maximising the value of land surplus to its core operations. The timing and quantum of these divestments are variable and can cause material swings to Adbri's financial performance in any given year but have limited to no bearing on the performance of its core construction materials business operations; and
- the results of equity accounted investments, which represent Adbri's share of net profit after tax (and not its share of EBITDA and EBIT).

The results from property sales and equity accounted investments are included in the reported EBIT shown in the table above.

For nearly ten years through to CY18, Adbri delivered largely uninterrupted revenue growth (on the back of a buoyant residential construction market) and expanded operating EBITDA margins to nearly 20%. However, the company began facing a number of challenges over the next several years that, collectively, caused its financial performance to deteriorate significantly between CY19 and CY22. Rising headwinds from a softening residential market (which at the time, accounted for approximately 35% of its non-lime revenue) began appearing towards the end of CY18 (which prompted a downgraded earnings update in December 2018). These headwinds were met with increasing strains on its margins in South Australia (where the emergence of a new cement importer sparked a re-pricing of the cement market and led to lower prices and a loss in market share) as well as in Queensland (where, at the time, it was not sufficiently vertically integrated to enable it to mitigate the price squeeze on aggregates). While these rising pressures came amidst a wave of new government funded infrastructure projects (which often offset the impact of a slowing residential cycle), this end market only accounted for around 15% of Adbri's revenue and the company was still in the early stages of building out its commercial capabilities to service the sector. In response to these pressures, the company downgraded its earnings guidance twice within three months (from an underlying NPAT of 10-15% below CY18 levels in May 2019 to an updated outlook of more than 30% deterioration by the end of July).

The challenges facing the business continued largely unabated into CY20 following the outbreak of the COVID-19 pandemic (and the one-off costs it caused the business to incur) and the announced cessation of the Alcoa lime supply contract (which accounted for nearly half of Adbri's lime sales). However, its financial performance for the year was buoyed by the ability of the mining and construction sectors to remain "open for business" with minor disruption as well as its cost saving initiatives that delivered more than $35 million per annum in savings across quarry materials procurement, energy costs (gas and electricity) and other operational efficiencies (e.g. shared services).

While market conditions across residential, infrastructure and commercial construction end markets began improving in CY21 (leading to revenue growth of just under 8%), Adbri's margins remained under pressure as a result of higher costs from COVID-19 related supply disruptions (e.g. higher cartage costs, higher cost of pallets due to timber shortage) and the loss of Alcoa lime volumes (which generally attracted higher margins than the rest of Adbri's construction materials products). These margin pressures continued into CY22 due to cost inflation (particularly energy and diesel) as well as adverse weather conditions on the east coast of Australia which disrupted construction activity. While Adbri introduced a number of out of cycle price increases and completed targeted acquisitions to address previous gaps in its vertically integrated model (e.g. expanding its quarry position in southeast Queensland through the acquisition of Zanows in 2022), these actions were not enough to fully offset the impact of cost inflation. As a result, operating

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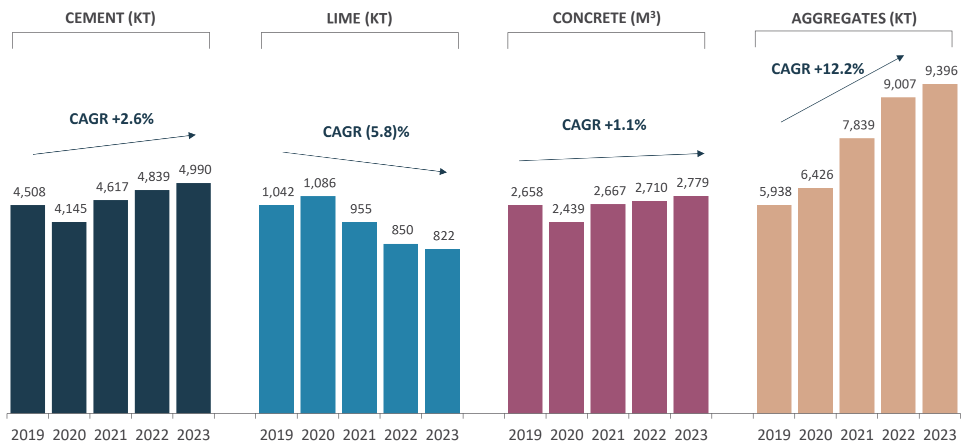
EBITDA margin bottomed at around 12.6% in CY22 (with margins generally falling much more sharply than revenue due to the inherent operating leverage of the business).

Since bottoming in CY22, Adbri has achieved a strong turnaround in its business on the back of recovering product demand for cement, concrete and aggregates (approximately 82% of CY23 revenue) supported by improved price traction across all product lines (with all products except cement and masonry delivering average selling price increases in excess of 10%) and the easing of cost pressures (as inflationary pressures on energy and raw materials costs moderated).

The compression in profit margins occurred during a period of generally growing volumes across most key product lines (albeit after a fall in 2020 for cement and concrete sales volumes), thereby highlighting the impact that competitive pricing tension and cost inflation has had on Adbri's financial performance:

ADBRI – HISTORICAL TOTAL SALES VOLUMES (INCLUDES INTERNAL VOLUMES)



Source: Adbri

The charts above clearly indicate that other factors (e.g. pricing) have been larger contributors to the fluctuations (or perhaps more pertinently, the decline) in Adbri's earnings over the past five years.

While not presented above, the masonry business has generally delivered stable production output of around 500-550kt of concrete products (both for external sales and through third party tolling arrangements). However, the masonry business has historically generated lower EBIT margins (less than 5%) and accounts for a very small share of Adbri's earnings due to the competitive nature of the industry.

Depreciation expense has increased over the last five years as a result of elevated levels of stay-in-business capital expenditure. Adbri also capitalises costs in relation to recurring plant shutdowns (which are typically amortised over a year until the next scheduled shutdown). This accounting treatment results in EBITDA and depreciation and amortisation expense being higher than they would otherwise be (but EBIT is unaffected).

The deterioration in Adbri's operating performance since CY18 is also reflected in the amount of significant items that have been recognised over the last five years (the majority of which are in relation to corporate restructuring and strategic initiative costs and impairments in CY19):

ADBRI – SIGNIFICANT ITEMS ($ MILLIONS)

	CY19 ACTUAL	CY20 ACTUAL	CY21 ACTUAL	CY22 ACTUAL	CY23 ACTUAL
Corporate restructuring and strategic intiatives	7.1	6.9	5.9	4.8	5.0
Impairment charge/write-offs	96.1	21.7	-	9.4	12.4
Change in loss provision	-	-	(3.3)	1.3	2.3
Acquisition expenses	0.4	-	0.8	6.5	-
Doubtful debts	0.9	2.7	-	-	-
Total significant items before tax	**104.5**	**31.3**	**3.4**	**22.0**	**19.7**

Source: Adbri

JOINT VENTURES AND ASSOCIATES

Given the extensive overlap in business operations between Adbri and its joint ventures and associates (and, in some cases, the interdependent nature of their operations), the contributions from these equity accounted investments largely mirror Adbri's financial performance unless material acquisitions are made (particularly in CY22), which reflects the full year contributions from the acquisitions of:

- Milbrae by Mawsons Group, which completed on 1 July 2021. At the time of the acquisition, Milbrae was expected to generate annual revenue of around $85 million; and
- the sand operations of Metro Quarry Group via a new joint venture with the Barro Group (to form B&A Sands), which completed on 18 November 2021.

In any event, Adbri's equity accounted investments are substantial operations, many of which are mature businesses with established track records. Collectively, the joint ventures and associates (on a 100% basis) generated revenue of over $1 billion and NPAT of approximately $55 million (equal to over half of Adbri's wholly consolidated entities). An alternative approach to analysing Adbri's historical financial performance would be to consider the look through revenue and earnings (which includes its pro rata share of the revenue and earnings from its joint ventures and associates). The look through operating performance for Adbri's operations is summarised below:

ADBRI – LOOK THROUGH FINANCIAL PERFORMANCE ($ MILLIONS)

	CY19 ACTUAL	CY20 ACTUAL	CY21 ACTUAL	CY22 ACTUAL	CY23 ACTUAL
Operating revenue	1,517.0	1,454.2	1,569.2	1,700.3	1,922.9
Share of revenue from joint ventures and associates	276.8	357.3	389.0	458.8	497.7
Look through operating revenue	**1,793.8**	**1,811.5**	**1,958.2**	**2,159.1**	**2,420.6**
Operating EBITDA	248.5	244.7	233.3	213.6	282.0
Share of EBITDA from joint ventures and associates	41.7	53.0	61.5	58.5	66.3
Look through operating EBITDA	**290.2**	**297.7**	**294.8**	**272.1**	**348.3**
Operating EBIT	154.9	151.3	137.4	97.6	146.1
Share of EBIT from joint ventures and associates	33.2	37.1	45.4	33.0	42.1
Look through operating EBIT	**188.1**	**188.4**	**182.8**	**130.6**	**188.2**
KEY STATISTICS					
Look through operating revenue growth	*(6.9)%*	*+1.0%*	*+8.1%*	*+10.3%*	*+12.1%*
Look through operating EBITDA growth	*(21.4)%*	*+2.6%*	*(1.0)%*	*(7.7)%*	*+28.0%*
Look through operating EBIT growth	*(31.3)%*	*+0.1%*	*(3.0)%*	*(28.6)%*	*+44.1%*
Look through operating EBITDA margin	*16.2%*	*16.4%*	*15.1%*	*12.6%*	*14.4%*
Look through operating EBIT margin	*10.5%*	*10.4%*	*9.3%*	*6.0%*	*7.8%*

Source: Adbri and Grant Samuel analysis

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While the look through revenue and earnings (EBITDA and EBIT) broadly mirror the trends for Adbri's consolidated performance (albeit at slightly lower EBITDA and EBIT margins), it does illustrate some of the mitigating impact of the joint ventures on year to year fluctuations in financial performance.

DIVIDEND POLICY

The Adbri Board has historically maintained a sustainable dividend policy that targets a payout ratio of 65-75% of underlying earnings (i.e. NPAT excluding significant items and property profits). For many years, this has resulted in steady (and growing) dividend payments in excess of 15 cents per share (with some years including CY18 returning as high as 28 cents in dividends per share).

However, the ability to continue paying dividends at similar levels has come under increasing strain in recent years due to the declining financial performance of the business as well as the remaining capital requirements for the Kwinana Upgrade Project and elevated gearing and leverage ratios. Accordingly, the Board of Adbri elected not to declare a dividend in CY23 (and has not declared one since the interim dividend in CY22) to preserve capital for the business.

Outlook

Adbri has not publicly released detailed earnings forecasts for CY24 or subsequent years. However, on 27 February 2024 (in conjunction with the release of its CY23 financial results), Adbri provided the following commentary:

- product demand (except lime) is expected to remain strong and broadly in line with demand in the prior year;
- pricing and cost discipline is expected to support margin expansion; and
- capital expenditure is expected to be between $270 and $290 million, inclusive of the Kwinana Upgrade Project capital expenditure (for which estimated capital costs have been reduced to $370-400 million, from the previous estimate of $385-420 million).

To provide an indication of the expected future financial performance of Adbri, Grant Samuel has considered brokers' forecasts for Adbri (see Appendix 1) as follows:

ADBRI – FORECAST FINANCIAL PERFORMANCE ($ MILLIONS)

	CY23 ACTUAL	MEDIAN BROKERS' FORECAST	
		CY24	CY25
Look through revenue	2,420.6	2,451.3	2,564.0
Look through adjusted EBITDA	348.3	344.2	379.5
Look through adjusted EBIT	188.2	192.9	217.1

Source: Grant Samuel analysis (see Appendix 1)

The broker consensus forecasts have been adjusted to exclude property related earnings and Adbri's share of NPAT from equity accounted investments as well as to include Adbri's share of revenue, EBITDA and EBIT from its joint ventures and associates. The adjusted median consensus broker forecasts for look through EBITDA are sufficiently close to Adbri's CY24 Budget and 10 Year Corporate Model (for CY25 metrics) to be useful for analytical purposes.

However, the adjusted median consensus broker forecasts for look through EBIT differs materially from the management forecasts and therefore have not been relied on for the analysis.

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4.4 Financial Position

Historical Financial Position

The financial position of Adbri as at 31 December 2023 is summarised below:

ADBRI - FINANCIAL POSITION ($ MILLIONS)

	AT 31 DECEMBER 2023 ACTUAL
Debtors and prepayments	245.9
Inventories	181.2
Creditors and accruals	(175.6)
Net working capital	**251.5**
Property, plant and equipment (net)	1,369.4
Lease assets	73.7
Goodwill and other intangible assets (net)	307.3
Equity accounted investments	228.2
Assets held for sale	46.3
Loans to joint ventures	87.0
Deferred tax liabilities (net)	(111.2)
Provisions	(102.6)
Other	(2.1)
Total funds employed	**2,147.5**
Cash and deposits	69.5
Borrowings	(751.6)
Derivative financial instruments (net)	9.3
Net borrowings (excluding lease liabilities)	**(672.8)**
Lease liabilities	(87.9)
Net borrowings (including lease liabilities)	**(760.7)**
Net assets	**1,386.8**
Non-controlling interest	(2.1)
Equity attributable to Adbri shareholders	**1,384.7**
STATISTICS	
Shares on issue at period end (million)	*653.3*
Net assets per share	*$2.12*
NTA[19] per share	*$1.65*
Gearing[20] (excluding lease assets and lease liabilities)	*32.7%*
Gearing (including lease assets and lease liabilities)	*35.7%*

Source: Adbri and Grant Samuel analysis

The principal activities of Adbri as an integrated construction materials and lime producer are capital intensive by nature. Accordingly, the vast majority of its funds are employed in net working capital and long term assets and liabilities including:

- fixed assets (including leases), which comprise its cement production facilities, heavy/mobile equipment, freehold land and mineral reserves. Approximately $345 million of the balance is in

[19] NTA is net tangible assets, which is calculated as net assets less intangible assets.

[20] Gearing is net borrowings divided by net assets plus net borrowings.

relation to the capitalised construction costs (which includes capitalised costs for the Kwinana Upgrade Project); and

- provisions, which principally relate to close-down and restoration costs (i.e. costs associated with the dismantling and demolition of infrastructure and restoration/remediation of disturbed areas, particularly at Adbri's quarries and production facilities) as well as employee benefits.

Other key investments are Adbri's interests in various joint ventures and associates[21] of around $228 million (of which ICL, Mawsons Group and Sunstate represent approximately 85% of the carrying value). Adbri also holds the option to acquire the remaining interest in Mawson's Group that it does not already own at a price of 7 times average EBITDA (based on the preceding two financial years' performance) less debt. The option payment is subject to a minimum payable amount of $90 million (adjusted for inflation) and is due to expire in April 2025. No liability has been recognised for this option exercise payment (which is at the discretion of Adbri).

Net borrowings consist principally of Australian dollar denominated bank debt facilities (as well as certain derivative financial instruments used to hedge its exposure to fluctuations in interest rates) as follows:

ADBRI – NET BORROWINGS AT 31 DECEMBER 2023 ($ MILLIONS)

FACILITY	FACILITY SIZE	AMOUNT DRAWN	TERM/MATURITY
Bank facilities - unsecured bank loan	940.0	725.0	2025 – 2029
Bank facilities - secured bank loan (asset financing)	100.0	29.3	--
Capitalised borrowing costs	--	(2.7)	--
Total interest bearing liabilities	**1,040.0**	**751.6**	
Cash and short term deposits		(69.5)	--
Interest rate and foreign exchange derivatives (net)		(9.3)	--
Net borrowings (excluding lease liabilites)		**672.8**	

Source: Adbri

Over the last five years, Adbri has increased its net borrowings to support ongoing working capital requirements and capital expenditure needs (particularly the Kwinana Upgrade Project). Gearing (excluding lease liabilities) increased from around 26% in 31 December 2019 to 33% by 31 December 2023. The bank facility sizes were increased over this period to meet the growing funding needs of the company (as well as to maintain adequate buffers). As at 31 December 2023, Adbri had approximately $286 million in undrawn bank facilities.

Adbri's financial position also includes:

- assets held for sale, which are principally land parcels deemed surplus to Adbri's requirements to meet its long term strategy (see below regarding the surplus property portfolio, albeit some of the surplus properties are recognised under property, plant and equipment);
- loans to joint ventures, which are two separate loans to ICL and B&A Sands; and
- a non-controlling interest, which is in relation to Exmouth Limestone Pty Limited (a non operating limestone deposit in the northwest region of Western Australia, in which Adbri holds a 51% interest).

Surplus Property Portfolio

Adbri has extensive property interests across Australia that include a portfolio of land holdings surplus to operational requirements (3,691 hectares). As part of its property strategy, Adbri assesses potential

[21] Excludes Burrell and Batesford Quarry as both are considered joint operations and, accordingly, Adbri recognises its share of assets, liabilities, revenue and expenses from these two businesses.

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"highest and best use" alternatives for these land parcels with a view to maximising value for shareholders through development or divestment. Its land parcels are broadly categorised as:

- future operations, where Adbri will focus on securing relevant developmental and/or planning approvals to incorporate the land into future operations;
- strategic surplus land (including existing operations), for which "highest and best use" alternatives will be identified and pursued; and
- non-strategic surplus land, which Adbri intends to divest.

Repurposing land usually requires a series of steps, including the remediation and rehabilitation of the original site (typically disturbed due to previous operations or facilities). Some of this work can only be done once operations have fully ceased. In the case of Batesford Quarry, the rehabilitation has taken over ten years. Repurposing land typically requires planning approvals, rezoning permits (e.g. from primary earth resource uses to industrial, residential or other uses) as well as, in some cases, engagement with relevant state earth resources agencies (to ensure appropriate consideration of earth resource planning overlays and alternate resource availability). These processes can be subject to uncertainty and take several years to resolve.

Adbri is currently actively engaged in evaluating potential opportunities for around ten of its assets (all of which are still in relatively early stages of redevelopment). The largest of these opportunities include the following surplus assets:

ADBRI – KEY SURPLUS PROPERTY ASSETS AT 31 DECEMBER 2023

SITE	LOCATION	SIZE	STATUS
Batesford Quarry	Geelong, Victoria	550 ha	Owned through the Batesford Quarry joint venture with the McCann Family Formerly a limestone quarry previously servicing the Geelong Cement plant, now extracting limestone used for agricultural purposes (with permits allowing for continued quarrying through to 2040). The saleable land is adjacent to the quarry Site identified as a part of a proposed Western Regional Growth Area by Geelong local council (expected to be a residential development) Rehabilitation works are principally focused on the quarrying site, but substantial portions of the work have already progressively undertaken. Last major stage of rehabilitation process completed in FY23 (as part of a 10+ year rehabilitation programme)
Munster	Perth, Western Australia	218 ha	Cement and lime manufacturing site. Cement operations to cease when Kwinana Upgrade Project is completed. Site will continue to produce lime The land forms part of Latitude 32, a significant industrial redevelopment project by the Western Australian State Government Adbri is considering uses for the land, including industrial development
Badgerys Creek	Western Sydney, New South Wales	10 ha	Located adjacent to the future Western Sydney International Airport Identified by the New South Wales State Government as a 'First Priority Area' under Western Sydney Aerotropolis Plan Adbri is considering uses for the land, including potential development

Source: Adbri

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4.5 Cash Flow

Adbri's cash flow for CY19 to CY23 is summarised below:

ADBRI - CASH FLOW ($ MILLIONS)

	CY19 ACTUAL	CY20 ACTUAL	CY21 ACTUAL	CY22 ACTUAL	CY23 ACTUAL
Operating EBITDA	248.5	244.7	233.3	213.6	282.0
Dividends received	21.0	16.5	19.0	17.0	18.6
Capital expenditure (excl Kwinana Upgrade Project)	(91.6)	(136.4)	(126.4)	(164.0)	(150.4)
Changes in working capital and other adjustments	(7.9)	33.9	(7.4)	(31.4)	(62.0)
Free cash flow (before Kwinana Upgrade Project capex)	**170.0**	**158.7**	**118.5**	**35.2**	**88.2**
Kwinana Upgrade Project capital expenditure	-	-	(14.1)	(91.1)	(165.8)
Free cash flow (after Kwinana Upgrade Project capex)	**170.0**	**158.7**	**104.4**	**(55.9)**	**(77.6)**
Net interest paid	(15.0)	(20.1)	(15.0)	(13.7)	(18.9)
Net tax paid	(53.4)	(18.8)	(34.7)	(19.1)	(4.7)
Operating and investing cash flow	**101.6**	**119.8**	**54.7**	**(88.7)**	**(101.2)**
Proceeds from issue of shares	4.3	1.1	1.1	-	-
(Purchase)/sale of controlled entities and associates (net)	-	-	-	(56.8)	0.9
Proceeds from sale of property, plant and equipment	4.7	4.5	2.9	96.8	7.2
(Loans to)/repayment of loans by associates	(2.1)	(1.5)	(32.2)	(3.1)	(2.5)
Dividends paid	(97.8)	(63.6)	(83.2)	(78.3)	-
Repayment of lease principal	(7.5)	(7.8)	(7.5)	(8.0)	(9.1)
Net cash generated (used)	**3.2**	**52.5**	**(64.2)**	**(138.1)**	**(104.7)**
Net cash/(borrowings) – opening	*(424.8)*	*(423.3)*	*(372.1)*	*(437.4)*	*(576.4)*
Adjustments (non cash)	*(1.7)*	*(1.3)*	*(1.1)*	*(0.9)*	*(1.0)*
Net cash/(borrowings) – closing	*(423.3)*	*(372.1)*	*(437.4)*	*(576.4)*	*(682.1)*
STATISTICS					
Free Cash Flow (excl KWUP) as a % of operating EBITDA	*68.4%*	*64.9%*	*50.8%*	*16.5%*	*31.3%*
Capital expenditure (excl KWUP) as a % of operating EBITDA	*36.9%*	*55.7%*	*54.2%*	*76.8%*	*53.3%*
Stay in business capital expenditure ($ millions)	*43.3*	*78.9*	*106.0*	*123.9*	*128.6*

Source: Adbri and Grant Samuel analysis

Adbri's business operations have historically been cash generative (albeit to a much lesser extent over the last two years). However, free cash flow has declined over the past five years due to the deterioration in financial performance and the step-up in "stay in business" capital expenditure (e.g. plant/facilities shutdowns, fleet replacement and other maintenance costs), albeit from a very low base in CY19 which was only around 46% of depreciation expense (typically closer to 100%). Capital expenditure (excluding the Kwinana Upgrade Project) has exceeded 50% of operating EBITDA in most years.

One of the largest contributors to the deterioration in free cash flow has been the large sums of capital dedicated to growth investments. The vast majority of growth capital has been invested in Kwinana which has been underway since CY21. Approximately $270 million of capital expenditure has been invested to date with over half of the amount incurred in CY23. Adbri expects remaining capital costs of around $100-130 million to be incurred in CY24 as the majority of engineering and procurement is already complete with on-site construction around halfway through to completion (with commencement of key commissioning targeted for Q2 CY24). There will be additional costs in bringing production on and ramping up to the full run rate.

The challenges around escalating costs of construction, constraints on available labour and other supply chain issues have been key issues impacting the project's delivery (and, as a result, Adbri's free cash flow). Since reaching final investment decision on the project, estimated capital costs have been revised upwards twice, from around $200 million to the current estimated capital cost of $370-400 million. The combination of these issues (as well as the declining earnings profile, at least through to CY22) have placed Adbri's financial position under increasing strain. While the sale of certain property assets in CY22 (i.e. Rosehill land which was compulsorily acquired by Sydney Metro as well as the sale of Moorebank and Kewdale land) relieved some of these pressures, Adbri's net cash flow has been consistently negative over the last three years (and as a consequence, gearing and leverage ratios have increased).

In response, the Adbri Board elected not to declare any dividends in CY23 (nor a final dividend for CY22) to preserve capital to complete the Kwinana Upgrade Project and to manage its leverage. Prior to CY23, Adbri paid dividends in each of the years presented above (ranging from $64 million to $98 million), in line with its dividend policy.

4.6 Taxation Position

Under the Australian tax consolidation regime, Adbri and its wholly owned Australian resident entities have elected to form a tax consolidated group and to be taxed as a single entity.

At 31 December 2023, the Adbri accounting consolidated group did not recognise any carried forward capital or income tax losses. However, the Adbri accounting consolidated group had unrecognised revenue tax losses of $2.8 million and capital losses of $18.1 million. These losses had not been accounted for due to the uncertainties relating to their future utilisation.

At 31 December 2023, Adbri had $131.5 million of accumulated franking credits.

4.7 Capital Structure and Ownership

Capital Structure

Adbri has the following securities on issue:

- 654,243,396 ordinary shares (including 381,956 shares held by the Employee Share Trust); and
- 2,339,282 performance rights over unissued ordinary shares.

Adbri also operates:

- a short term incentive ("STI") plan under which senior executives may be entitled to receive an award (comprising 50% cash and 50% performance rights) for achievement of established annual performance objectives (a mix of financial and sustainability measures); and
- a long term incentive ("LTI") plan under which senior executives may receive equity awards on the satisfaction of long-term performance conditions over a four-year performance period. 100% of the LTI is awarded as performance rights and may vest following the applicable performance period. Performance conditions include metrics such as total shareholder return, earnings per share and return on capital employed (relative to a specific peer comparator group).

These equity incentives are able to be settled by utilising the shares held by the Employee Share Trust.

Performance rights have no dividend entitlements or voting rights. However, each performance right entitles the participant to receive one Adbri ordinary share for nil consideration subject to the achievement of performance hurdles and vesting periods. The Board maintains discretion to adjust unvested STI and LTI outcomes (both cash and performance right components) to ensure outcomes appropriately reflect Adbri's performance over the relevant period. The Board also retains discretion to determine a different treatment.

Adbri operates a dividend reinvestment plan which enables investors to reinvest some or all of their distributions in new ordinary shares at a price determined by the Adbri Board. The plan was suspended by the Adbri Board in February 2015 and has not been reactivated since.

Ownership

As at 31 December 2023, there were around 16,000 registered shareholders in Adbri. The top twenty shareholders accounted for approximately 80% of the ordinary shares on issue (with 42.7% held by Barro Group). Adbri has received notices from the following substantial shareholders:

ADBRI – SUBSTANTIAL SHAREHOLDERS

SHAREHOLDER	DATE OF NOTICE	NUMBER OF SHARES	PERCENTAGE[22]
CRH and the Barro Group associates	18 December 2023	279,274,902	42.7%
UBS Group AG	9 February 2024	32,824,409	5.0%

Source: Adbri

Barro Group has been a long time substantial shareholder in Adbri and has acquired its interest in the company over a 21 year period. The privately owned group first lodged a substantial shareholder notice in 1998 (with around 6.98% of Adbri shares) and, over the next several months, built that stake to a 19.01% interest in the company (and had a nominee appointed to Adbri's Board). Since September 2018, Barro Group has held around 43% of Adbri's total shares on issue. The Australian Competition and Consumer Commission ("ACCC") opened an investigation into the Barro Group's acquisition of Adbri shares, but the investigation was closed in January 2020.

CRH provided an initial substantial shareholder notice on 18 December 2023, following announcement of the CRH Proposal. While CRH did not have a direct interest in Adbri shares, it had entered into a joint acquisition agreement with the Barro Group that made both parties associates (and therefore required to disclose their combined interest). CRH also has a separate economic interest of 4.6% of Adbri shares via a cash settled total return swap between itself and UBS AG (also one of the substantial shareholders set out in the table above).

4.8 Share Price Performance

Share Price History

From 2010 to mid 2018, Adbri shares traded in a wide range (of around $2.20-7.05) albeit consistently delivering increases in most years. The majority of the increase in the Adbri share price occurred between 2015 and mid 2018, as it doubled from around $3.50 to over $7 on the back of a strong wave of construction activity (particularly across residential end markets) that lifted Adbri's financial performance to record highs.

However, softening market conditions and growing uncertainty in the outlook for construction activity (with some market participants anticipating a prolonged downturn in residential commencements for at least three years) placed increasing pressure on Adbri's share price. Since peaking at a record high of $7.05 in early July 2018, the Adbri share price fell by nearly 40% over the next five months and closed the year at $4.27.

The following graph illustrates the movement in the Adbri share price and trading volumes since 2019:

[22] Based on Adbri shares on issue as the date of notice.

Annexure 1 – Independent Expert's Report continued

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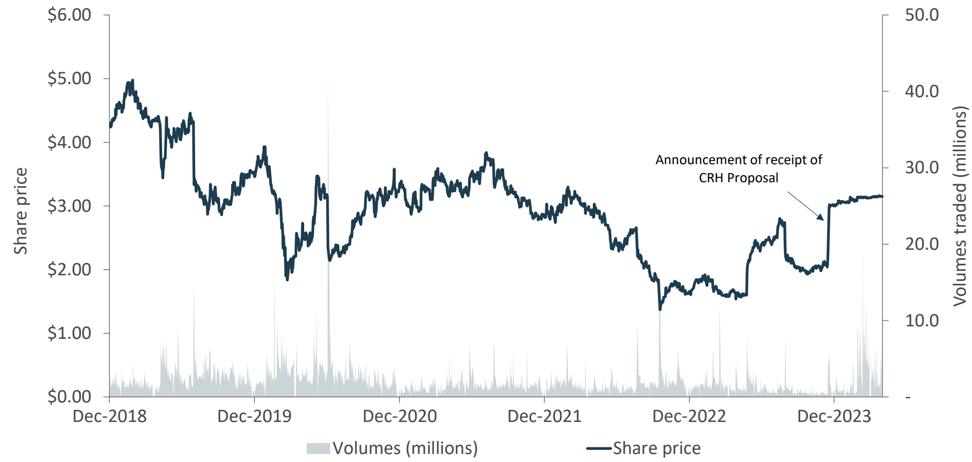
ADBRI – SHARE PRICE AND TRADING VOLUME

1 JANUARY 2019 TO 30 APRIL 2024



Source: IRESS

Following the extended period of declines in the second half of 2018, the Adbri share price faced further pressure and volatility in 2019 in the midst of increasing market uncertainty across the construction industry (especially residential end markets). A market update in May 2019 caused the share price to fall by nearly 20% over the next four trading days (albeit retracing all of the losses in subsequent days as the market responded favourably to Board renewal with the appointment of a third Barro Group nominee and two new independent directors). While the share price briefly trended upwards over the next two months, the release of another earnings downgrade on 31 July 2019 (the third within the last eight months) caused a steep and severe collapse in Adbri's share price, which fell from around $4.30 to less than $3.00 by the beginning of September (albeit some of these losses were reversed in the final months of the year, with Adbri shares closing at $3.46 on 31 December 2019).

2020 was a particularly challenging (and extremely volatile) year for Adbri. The share price suffered a steep decline in March 2020 as the uncertainty caused by the COVID-19 pandemic resulted in a sharp collapse in the Adbri share price (as well as the market as a whole). The collapse in share prices sent Adbri shares trading below $2 for the first time in over ten years. Although the share price rebounded over the next three months, it fell sharply once again in early July 2020 following the announcement that Alcoa would not renew its lime supply contract. Adbri shares fell by over 25% in a single day in response to the news (and fell further in subsequent days), closing at $2.14 on 8 July 2020.

Over the next 12 months, the share price gradually recovered as broader market conditions (particularly in residential end markets) began showing signs of improvement. On 24 August 2021 (the day before the 1HY21 results announcement), Adbri shares closed at $3.65. However, the market reacted adversely to the company's 1HY21 results which highlighted the impact that inflationary cost pressures and supply chain disruptions had on its margins. Subsequent earnings updates failed to alleviate these concerns as the company's costs continued to grow (and margins were squeezed) especially energy costs which rose sharply following the commencement of the Russia-Ukraine War in early 2022. These issues were compounded by the cost overruns at the Kwinana Upgrade Project which placed further pressure on its balance sheet (and share price) with leverage ratios trending towards the top end of the company's target range. The election by the Board to not pay a final dividend in 2022 withdrew some support for the share price, which continued its decline and traded as low as $1.34 on 18 October 2022 following another earnings downgrade.

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From November 2022 through to most of May 2023, the share price broadly traded in a tight range of $1.60-1.80. However, the share price then fluctuated across a wide range over the remainder of the year as it:

- increased by nearly 35% following the annual general meeting ("AGM") at the end of May 2023, which provided strong earnings guidance and a positive outlook for the remainder of the year;
- fell by around 20% following the release of its 1HY23 results, which may have reflected the market's over-exuberance leading up to the announcement; and
- jumped by 31% on the day of announcement of the CRH Proposal, which (while still non binding and conditional at the time) was set at a significant premium to Adbri's last undisturbed price.

Since announcement of the CRH Proposal on 18 December 2023, Adbri shares have traded in the range $2.90-3.16, and at a volume weighted average price ("VWAP") of $3.12. The discount to the offer price under the Scheme arguably reflects some level of uncertainty as to the likelihood of the transaction completing (whether as a result of regulatory issues or other factors).

Liquidity

Adbri shares have relatively modest levels of liquidity stock given around 43% of issued shares are held by the Barro Group. Traded volumes over the 12 months prior to announcement of the CRH Proposal represented turnover of around 50% of total average issued capital but represented 87% of the free float, which is slightly below the usual benchmark for reasonably liquid stocks (annual turnover of at least 100%).

Relative Performance

Adbri is a member of various indices including the S&P/ASX 300 Index and the S&P/ASX 300 Materials Index. Based on its last undisturbed price (as at 15 December 2023), its weighting in these indices was approximately 0.1% and 0.4% respectively (the weighting excludes the Barro Group's interest in Adbri).

The following graph illustrates the performance of Adbri shares since 1 January 2019 relative to both indices:

ADBRI VS S&P/ASX 300 INDEX VS S&P/ASX 300 MATERIALS INDEX

1 JANUARY 2019 TO 30 APRIL 2024

Source: IRESS

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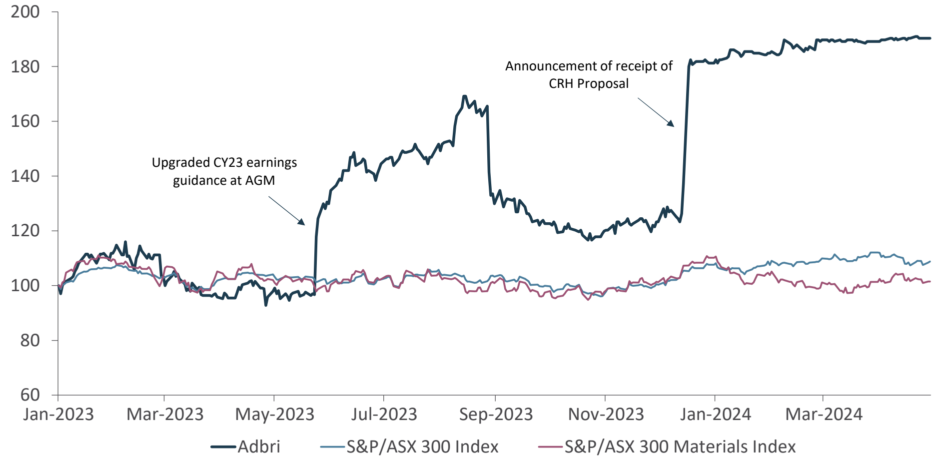
The relative performance of Adbri shares to the materials sector (represented by the S&P/ASX 300 Materials Index) and the market as a whole (represented by the S&P/ASX 300 Index) is heavily influenced by periods of sharp underperformance by Adbri shares including in mid 2019 (when the share price fell by nearly 40%) as well as the period from mid 2021 to late 2022.

These extended (and recurring) periods of underperformance make it difficult to compare the performance of Adbri's shares with either index over the last five years. A narrower assessment period (from say January 2023) illustrates slightly greater alignment although even this analysis is disrupted by the market's response to the upgraded earnings outlook announced at the AGM and, more recently, the announcement of the CRH Proposal. The following graph illustrates the performance of Adbri shares since 1 January 2023 relative to both indices:

ADBRI VS S&P/ASX 300 INDEX VS S&P/ASX 300 MATERIALS INDEX

1 JANUARY 2023 TO 30 APRIL 2024



Source: IRESS

However, the analysis should be treated with caution. The S&P/ASX 300 Materials Index is a broad index that includes Australia's major listed resources companies (BHP Group Limited, Fortescue Metals Group Limited and Rio Tinto Limited) which collectively represent around 85% of the S&P/ASX 300 Materials Index (increasing substantially over the last three years) and whose collective market capitalisation has increased by almost 80% over the period. In contrast, the building products and construction materials companies in the index (James Hardie, Boral, Brickworks and CSR) accounted for just 10% of the index.

Alternatively, a more relevant benchmark may be Adbri's share price performance against other listed ASX peers that primarily operate in the Australian heavy construction materials industry (in this case Boral and Wagners). While the meaningfulness of the comparison is limited as the majority of Adbri's direct competitors are either divisions within large globally diversified construction materials companies or privately held, the performance of these two peers may offer some insights as to Adbri's recent share price performance. The analysis shows some level of correlation in share prices among the three companies (at least from 2020 to mid 2022), but also illustrates the widening gap to Boral since 2022 reflecting the unique headwinds that Adbri faced (e.g. uncertainty around the lime business and larger exposure to the South Australian cement market):

ADBRI VS BORAL VS WAGNERS

1 JANUARY 2019 TO 30 APRIL 2024

Source: IRESS

5 Valuation of Adbri

5.1 Summary

Grant Samuel has valued Adbri in the range $2,024-2,314 million which corresponds to a value of $3.09-3.53 per share. The valuation is summarised below:

ADBRI - VALUATION SUMMARY ($ MILLIONS)

	REPORT SECTION REFERENCE	VALUE RANGE LOW	VALUE RANGE HIGH
Business operations	5.4	2,750.0	3,000.0
Property portfolio	5.5	190.0	230.0
Other assets and liabilities	5.6	87.0	87.0
Enterprise value		**3,027.0**	**3,317.0**
Adjusted net borrowings	5.7	(1,003.4)	(1,003.4)
Value of equity		**2,023.6**	**2,313.6**
Fully diluted shares on issue (millions)[23]		654.9	654.9
Value per share		**$3.09**	**$3.53**

The valuation represents the estimated full underlying value of Adbri assuming 100% of the company was available to be acquired and includes a premium for control. The value exceeds the price at which, based on current market conditions, Grant Samuel would expect Adbri shares to trade on the ASX in the absence of a change of control transaction. Shares in a listed company normally trade at a discount of 15-25% to the underlying value of the company as a whole (and has widened in recent years but, in any event, this discount does not always apply).

As the Scheme is a cash offer, the bottom end of the range ($3.09) represents the threshold price. An offer above that level is fair from a financial point of view. However, an offer price below that level would not be fair.

5.2 Methodology

5.2.1 Overview

The most reliable evidence as to the value of a business is the price at which the business or a comparable business has been bought and sold in an arm's length transaction. In the absence of direct market evidence of value, estimates of value are made using methodologies that infer value from other available evidence. There are four primary valuation methodologies that are commonly used for valuing businesses:

- capitalisation of earnings or cash flows;
- discounting of projected cash flows;
- industry rules of thumb; and
- estimation of the aggregate proceeds from an orderly realisation of assets.

Each of these valuation methodologies has application in different circumstances. The primary criterion for determining which methodology is appropriate is the actual practice adopted by purchasers of the type of business involved.

[23] Fully diluted share on issue includes 684,250 performance rights (net of 381,956 shares currently held in trust that are available to settle performance rights) that are expected to vest prior to the Scheme record date. Approximately 1,273,076 performance rights on issue are expected to lapse.

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5.2.2 Capitalisation of Earnings or Cash Flows

Capitalisation of earnings or cash flows is the most commonly used method for valuation of industrial businesses. This methodology is most appropriate for industrial businesses with a substantial operating history and a consistent earnings trend that is sufficiently stable to be indicative of ongoing earnings potential. This methodology is not particularly suitable for start-up businesses, businesses with an erratic earnings pattern or businesses that have unusual capital expenditure requirements. This methodology involves capitalising the earnings or cash flows of a business at a multiple that reflects the risks of the business and the stream of income that it generates. These multiples can be applied to a number of different earnings or cash flow measures including EBITDA, EBIT (or EBITA[24]) or NPAT. These are referred to respectively as EBITDA multiples, EBIT multiples (or EBITA multiples) and price earnings multiples. Price earnings multiples are commonly used in the context of the sharemarket. EBITDA and EBIT (or EBITA) multiples are more commonly used in valuing whole businesses for acquisition purposes where gearing is in the control of the acquirer but are also used extensively in sharemarket analysis.

Where an ongoing business with relatively stable and predictable cash flows is being valued, Grant Samuel uses capitalised earnings or operating cash flows as a primary reference point.

Application of this valuation methodology involves:

- estimation of earnings or cash flow levels that a purchaser would utilise for valuation purposes having regard to historical and forecast operating results, non-recurring items of income and expenditure and known factors likely to impact on operating performance; and
- consideration of an appropriate capitalisation multiple having regard to the market rating of comparable businesses, the extent and nature of competition, the time period of earnings used, the quality of earnings, growth prospects and relative business risk.

While EBITDA multiples are commonly used benchmarks they are an incomplete measure of cash flow. The appropriate multiple is affected by, among other things, the level of capital expenditure (and working capital investment) relative to EBITDA. In this respect:

- EBIT (or EBITA) multiples can in some circumstances be a better guide because (assuming depreciation is a reasonable proxy for capital expenditure) they effectively adjust for relative capital intensity and present a better approximation of free cash flow. However, capital expenditure is lumpy and depreciation expense may not be a reliable indicator of ongoing capital expenditure. In addition, there can be differences between companies in the basis of calculation of depreciation. Where this is an issue, another metric that can be useful is EBITDA-Capital Expenditure (sometimes referred to as Operating Cash Flow); and
- businesses that generate higher EBITDA margins than their peer group companies will, all other things being equal, warrant higher EBITDA multiples because free cash flow will, in relative terms, be higher (as capital expenditure is a smaller proportion of earnings).

Determination of the appropriate earnings multiple is usually the most judgemental element of a valuation. Definitive or even indicative offers for a particular asset or business can provide the most reliable support for selection of an appropriate earnings multiple. In the absence of meaningful offers it is necessary to infer the appropriate multiple from other evidence.

The primary approach used by valuers is to determine the multiple that other buyers have been prepared to pay for similar businesses in the recent past. However, each transaction will be the product of a unique combination of factors, including:

[24] EBITDA is earnings before net interest, tax and amortisation of acquired intangible assets.

- economic factors (e.g. economic growth, inflation, interest rates) affecting the markets in which the company operates;
- strategic attractions of the business - its particular strengths and weaknesses, market position of the business, strength of competition and barriers to entry;
- rationalisation or synergy benefits available to the acquirer;
- the structural and regulatory framework;
- investment and sharemarket conditions at the time; and
- the number of competing buyers for a business.

A pattern may emerge from transactions involving similar businesses with sales typically taking place at prices corresponding to earnings multiples within a particular range. While averages or medians can be determined it is not appropriate to simply apply such measures to the business being valued. The range will generally reflect the growth prospects and risks of those businesses. Mature, low growth businesses will, in the absence of other factors, attract lower multiples than those businesses with potential for significant growth in earnings. The most important part of valuation is to evaluate the attributes of the specific business being valued and to distinguish it from its peers so as to form a judgement as to where on the spectrum it appropriately belongs.

An alternative approach in valuing businesses is to review the multiples at which shares in listed companies in the same industry sector trade on the sharemarket. This gives an indication of the price levels at which portfolio investors are prepared to invest in these businesses. Share prices reflect trades in small parcels of shares (portfolio interests) rather than whole companies and it is necessary to adjust for this factor. To convert sharemarket data to meaningful information on the valuation of companies as a whole, it is market practice to add a "premium for control" to allow for the premium which is normally paid to obtain control through a takeover offer. This premium is typically in the range 20-35%.

The premium for control paid in takeovers is observable but caution must be exercised in assessing the value of a company or business based on the market rating of comparable companies or businesses. The premium for control is an outcome of the valuation process, not a determinant of value. Premiums are paid for reasons that vary from case to case and may be substantial due to synergy or other benefits available to the acquirer. In other situations premiums may be minimal or even zero. It is inappropriate to apply an average premium of 20-35% without having regard to the circumstances of each case. In some situations there is no premium. There are transactions where no corporate buyer is prepared to pay a price in excess of the prices paid by institutional investors through an initial public offering.

Acquisitions of listed companies in different countries can be analysed for comparative purposes, but it is necessary to give consideration to differences in overall sharemarket levels and ratings between countries, economic factors (economic growth, inflation, interest rates) and market structures (competition etc.) and the regulatory framework (including accounting practices). It is not appropriate to adjust multiples in a mechanistic way for differences in interest rates or sharemarket levels.

The analysis of comparable transactions and sharemarket prices for comparable companies will not always lead to an obvious conclusion as to which multiple or range of multiples will apply. There will often be a wide spread of multiples and the application of judgement becomes critical. Moreover, it is necessary to consider the particular attributes of the business being valued and decide whether it warrants a higher or lower multiple than the comparable companies. This assessment is essentially a judgement.

5.2.3 Discounted Cash Flow

Discounting of projected cash flows has a strong theoretical basis. It is the most commonly used method for valuation in a number of industries, including resources, and for the valuation of start-up projects

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where earnings during the first few years can be negative but it is also widely used in the valuation of established industrial businesses. Discounted cash flow valuations involve calculating the NPV of projected cash flows. This methodology is able to explicitly capture depleting resources, development projects and fixed terms contracts (which are typical in the resources sector), the effect of a turnaround in the business, the ramp up to maturity or significant changes expected in capital expenditure patterns. The cash flows are discounted using a discount rate which reflects the risk associated with the cash flow stream.

Considerable judgement is required in estimating future cash flows and it is generally necessary to place great reliance on medium to long term projections prepared by management. The discount rate is also not an observable number and must be inferred from other data (usually only historical). None of this data is particularly reliable so estimates of the discount rate necessarily involve a substantial element of judgement. In addition, even where cash flow forecasts are available, the terminal or continuing value is usually a high proportion of value. Accordingly, the multiple used in assessing this terminal value becomes the critical determinant in the valuation (i.e. it is a "de facto" cash flow capitalisation valuation). The NPV is typically extremely sensitive to relatively small changes in underlying assumptions, few of which are capable of being predicted with accuracy, particularly beyond the first two or three years. The arbitrary assumptions that need to be made and the width of any value range mean the results are often not meaningful or reliable. Notwithstanding these limitations, discounted cash flow valuations are commonly used and can at least play a role in providing a check on alternative methodologies, not least because explicit and relatively detailed assumptions as to expected future performance need to be made.

5.2.4 Industry Rules of Thumb

Industry rules of thumb are commonly used in some industries. These are generally used as a "cross check" of the result determined by a capitalised earnings valuation or by discounting cash flows. While they are only used as a cross check in most cases, industry rules of thumb can be the primary basis on which buyers determine prices in some industries. However, it should be recognised that rules of thumb are usually relatively crude and prone to misinterpretation.

5.2.5 Net Assets/Realisation of Assets

Valuations based on an estimate of the aggregate proceeds from an orderly realisation of assets are commonly applied to businesses that are not going concerns. They effectively reflect liquidation values and typically attribute no value to any goodwill associated with ongoing trading.

5.3 Approach for Adbri

5.3.1 Overview

Grant Samuel's valuation of Adbri has been estimated by aggregating the estimated market value of its business operations (on a "control" basis) together with the realisable value of non-trading assets (e.g. the surplus property portfolio) and deducting external borrowings, non-trading liabilities and corporate overheads (adjusted for potential savings). The value of the business operations has been estimated on the basis of fair market value as a going concern, defined as the maximum price that could be realised for 100% of Adbri in an open market over a reasonable period of time assuming that potential buyers have full information.

In valuing Adbri's business operations, Grant Samuel focussed on both discounted cash flow ("DCF") analysis and earnings multiples analysis. Grant Samuel is not aware of any commonly used rules of thumb that would be appropriate to value Adbri's business operations. A net assets/realisation of assets methodology is not appropriate for Adbri.

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The value range selected for Adbri's business operations is a judgement. It is not a mechanical process. Rather, it is an iterative process with the objective of determining a value that is both consistent with the market evidence as to multiples and fits with the output of the DCF analysis in terms of the various scenarios and their likelihood. Grant Samuel does not believe that its valuation approach is capable of being reduced to a simple weighting calculation (nor would this be meaningful to shareholders). Both methodologies were given significant weight and neither was used as a cross check.

5.3.2 Specific Issues

The following factors should be noted when considering the value range assessed by Grant Samuel:

Valuation Date

The valuation of Adbri is at 31 December 2023. It utilises the balance sheet at that date and the DCF analysis incorporates cash flows from 1 January 2024.

Single Business or Sum of the Parts Valuation

Specific aspects of the methodology adopted by Grant Samuel include the following:

- Adbri has been valued as a single business (i.e. the products (cement and lime, concrete and aggregates, concrete masonry) have not been valued separately and then aggregated). There are a number of reasons for adopting this approach:
  - Adbri operates as a single business and its operations (across products or geographies) are not structured as independent businesses. The vast majority of Adbri's revenue and earnings are generated from sales across Australia. It is unlikely that any of the products or regions (e.g. by state) could easily be separated from Adbri;
  - the economic drivers across products and geographies are similar, albeit they may be exposed to different end market cycles (e.g. residential, infrastructure, mining);
  - evidence of transactions involving businesses focussed on a single product line (e.g. cement, concrete, quarry products and cement) is limited; and
  - construction materials businesses included in the comparable company and comparable transaction evidence generally have operations across multiple products and geographies and operate a similarly vertically integrated business. Grant Samuel's valuation of Adbri's business operations includes its interests in equity accounted investments.

  While there are some arguments to separately value the lime business, the reality is that it is still operated within Adbri's integrated model. Moreover, there is limited market evidence for transactions of the size of Adbri's lime business in Australia (albeit there are a number of global transactions for privately held lime businesses for which limited public information can be sourced). In any event, Adbri's lime business faces some unique challenges in the current environment and may not have any useful comparable benchmarks; and

- EBITDA and EBIT have been used in the earnings multiple analysis. While Grant Samuel's preferred approach is to rely on EBITA multiples (as opposed to EBIT) as EBITA is before the impact of amortisation of identifiable intangible assets acquired in prior transactions (e.g. customer contracts and relationships), Adbri does not have material finite life intangible assets (which means that there is no meaningful difference between Adbri's EBITA and EBIT).

  The contribution from equity accounted investments included in Adbri's EBITDA and EBIT is a share of NPAT which underestimates the earnings contribution from these investments. Accordingly, the historical NPAT contribution has been excluded and Adbri's share of historical EBITDA and EBIT from equity accounted investments has been included in Adbri's adjusted EBITDA and EBIT.

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The surplus property portfolio has been separately valued as it is not part of Adbri's business operations and has its own dedicated team of property specialists responsible for execution of the realisation/monetisation strategy. If required, the property portfolio can be easily separated from the rest of the business (as individual assets or as a portfolio).

Earnings for Valuation Purposes

For valuation purposes, Grant Samuel has used as its starting point:

- for CY23, historical look through EBITDA and EBIT (see Section 4.3); and
- for CY24 and CY25, the adjusted median broker forecast for Adbri (see Appendix 1).

Adbri's earnings for valuation purposes are summarised in the table below:

ADBRI – CALCULATION OF EARNINGS FOR VALUATION PURPOSES ($ MILLIONS)

	CY23 ACTUAL	CY24 ADJUSTED BROKER MEDIAN	CY25 ADJUSTED BROKER MEDIAN
Look through EBITDA	348.3	344.2	379.5
Look through EBIT	188.2	not used	not used

Source: Adbri, broker reports and Grant Samuel analysis

These earnings exclude property earnings but include Adbri's proportionate share of EBITDA and EBIT from equity accounted associates. CY24 and CY25 EBIT have been excluded from the analysis as the adjusted median consensus broker forecasts for look through EBIT differ materially from the management forecasts.

Tax Losses

Adbri has an outstanding balance of capital tax losses (all of which are not recognised) as well as a negligible balance of revenue losses. The extent and timing of utilisation of the capital tax losses will depend on the outcome of any sales of property or capital assets. For the purposes of the valuation, Grant Samuel has assumed that a theoretical acquirer can allocate part of its purchase price to the property assets (at the value adopted by Grant Samuel) and therefore capital gains tax is only payable on any subsequent capital gains. In any event, there are capital tax losses available to offset the implied capital gains on Adbri's property assets (at the value adopted by Grant Samuel).

Synergies

Grant Samuel has given consideration to, but not made explicit adjustment for, the synergies potentially achievable by acquirers of the business (other than listed company and other costs that would be able to be saved by any acquirer of Adbri). In this regard, it needs to be recognised that:

- normal valuation practice is to include (either implicitly or explicitly) a value for synergies that are available to multiple acquirers but to exclude synergy value that is unique to a particular acquirer; and
- where earnings multiples from comparable transactions represent primary valuation evidence, adding synergies to earnings or making a further multiple adjustment for synergies would potentially result in "double counting" of value as the multiples from the comparable transactions are usually based on "standalone" earnings (either reported or forecast) and the value of synergies is therefore reflected in the multiple (i.e. the transaction multiple would be lower if based on earnings including synergy benefits).

In this regard, Adbri incurs corporate overhead costs of approximately $55-60 million per annum (of which around $20-22 million per annum is unallocated to specific business divisions). The cash flow model upon which the valuation of Adbri's business operations is based includes all corporate overhead costs.

These costs represent costs associated with running Adbri's head office and other overheads and include:

- the Adbri executive office (such as costs associated with the offices of the Managing Director and Chief Financial Officer, company secretarial and legal, planning and development, corporate affairs, treasury, tax);
- listed company expense (such as directors fees and insurance costs, annual reports and shareholder communications, share registry and listing fees and dividend processing); and
- certain group shared services (such as human resources, information technology etc.) not fully recharged to the business operations during the year.

An acquirer of 100% of Adbri with an existing presence in Australia's construction materials industry would arguably be able to eliminate some, if not all, of Adbri's unallocated corporate costs. However, such a scenario is not available:

- there is a very narrow universe of buyers with a domestic presence given the concentration of the construction materials industry. The likely buyers that already operate in the market would face substantial, if not insurmountable, regulatory hurdles (e.g. ACCC approvals); and
- buyers of large scale operators in the Australian construction materials industry are likely to be financial buyers that have very limited scope for synergies or offshore strategic participants that do not have an existing presence (of scale) in Australia from which synergies can be extracted (e.g. CRH and, in CSR's case, the acquisition proposal from Compagnie de Saint-Gobain S.A.'s ("Saint-Gobain")).

Accordingly, Grant Samuel has assumed there are no operating synergies available to an acquirer. However, it has been assumed that implementation of the Scheme would provide approximately $5 million in annual savings through various corporate costs that will no longer be incurred including listed company costs (e.g. director costs and insurance costs), company secretarial costs, investor relations costs and public financial reporting costs.

5.4 Value of Business Operations

5.4.1 Summary

Grant Samuel has estimated the value of Adbri's business operations to be in the range $2,750-3,000 million.

Valuation of Adbri's business operations is an overall judgement having regard to a number of valuation methodologies and parameters, including DCF analysis and capitalisation of earnings or cash flows (multiples of EBITDA and EBIT).

Both methodologies have limitations:

- the results of the DCF analysis for Adbri's business operations need to be treated with caution given the wide array of credible assumptions that can be adopted (in particular, in relation to the duration and extent of building and construction cycles in Australia and any future changes in government policy in relation to public infrastructure spending) and the very broad range of NPVs that can be calculated. Predicting the impacts of upcycles and downcycles is inherently difficult. A common approach is instead to estimate underlying or "through-the-cycle" growth in key metrics (e.g. volume, price and margin) but even this is challenging to estimate with any degree of accuracy; and
- cyclical industries (such as construction materials) are always problematic in earnings multiple valuations, particularly when considering evidence from past transactions. Multiples are heavily influenced by the point in the cycle at which the transaction occurred. Theoretically, multiples should be lower at the apex of the cycle and higher at the low point. However, the real world evidence seldom corresponds precisely with the theory.

Notwithstanding the limitations, these methodologies are still useful and the value range for Adbri's business operations is supported by both the earnings multiple analysis and the DCF analysis.

5.4.2 DCF Analysis

Overview

The financial model developed by Grant Samuel uses the 10 Year Corporate Model as a framework and the CY24 Budget as its starting point and, where appropriate, includes certain adjustments by management on key valuation parameters (e.g. loss of lime sales volumes following the loss of the Alcoa supply contract). Grant Samuel has developed a number of scenarios based on broad assumptions in relation to volume and price growth, unit costs (by product group), EBITDA margins and capital expenditure.

The DCF model projects nominal after tax cash flows from 1 January 2024 to 31 December 2033, a period of ten years, with a terminal value calculated at 31 December 2033 to represent the value of cash flows in perpetuity. The terminal value has been calculated by capitalising net after tax cash flows using a perpetual growth assumption.

LIMITATIONS

The DCF model is based on a number of assumptions and is subject to significant uncertainties and contingencies, many of which are outside the control of Adbri. Key assumptions regarding future operational performance are highly uncertain and there is scope for significant differences of opinion in relation to these assumptions. As a result of these uncertainties, there is a wide range of potential outcomes that could occur, both positive and negative (and an even greater number of possible combinations of those outcomes).

Moreover, DCF analysis is subject to significant limitations and NPV outcomes need to be treated with considerable caution. The calculated NPVs are extremely sensitive to small changes in assumptions regarding revenue growth, margins and capital expenditure for many years into the future. This sensitivity to assumptions regarding future operational performance is accentuated by the fact that the terminal value (the value contributed by cash flows generated after the end of the explicit cash flow forecast period) normally contributes a high proportion of the overall value.

SCENARIO ANALYSIS

Grant Samuel has considered a number of scenarios to reflect the impact on value of key assumptions relating to volume and price growth, unit costs (and its resulting impact on EBITDA and EBIT margins) and capital expenditure. These scenarios have been adopted following discussions with Adbri's management.

It should be recognised that the scenarios are highly simplified and focus on several key value drivers rather than detailed "bottom up" parameters. Nevertheless, Grant Samuel considers that the analysis does provide some insight into value. In view of the uncertainties surrounding the future growth of Adbri's business operations, the scenarios analysed are, to some extent, arbitrary. However, they reflect the range of judgements that potential buyers of the business could make. The scenarios do not, and do not purport to, represent the full range of potential outcomes for Adbri's business operations. They are simply theoretical indicators of the sensitivity of the NPVs derived from the DCF analysis.

The scenarios are inherently hypothetical. They do not represent Grant Samuel's forecasts of the future financial performance of Adbri. Rather, they are in the nature of "what if". In other words, they are outcomes that could happen rather than projections of what is expected to happen. Grant Samuel gives no undertaking and makes no warranty regarding the future financial performance of Adbri. Such future performance is subject to fundamental uncertainty. The scenarios have been developed purely to allow

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Grant Samuel to assess the impact on calculated NPVs of alternative assumptions regarding the future growth and financial performance of Adbri's business operations.

DCF Assumptions

KEY OPERATING ASSUMPTIONS

For Scenario A, the DCF model assumes the following:

- construction materials revenue has been projected for each key product (by region) based on:
  - volumes sold of approximately:
    - 4.5-4.8Mt of cement per annum (of which around 3.1-3.3Mtpa are from Adbri's own production);
    - 2.8-3.1m^3 of concrete per annum;
    - 8-9Mt of aggregates per annum; and
    - 550-580kt of concrete products per annum.

    Volume growth over the projection period can be broadly categorised into two phases. The first phase (CY24 to CY29) is based on high level industry projections, with certain adjustments by management for known parameters that will deviate from broader industry trends (e.g. loss of lime sales volumes following the loss of the Alcoa supply contract). In summary, cement and concrete volumes are expected to exhibit modest growth in most markets through to CY27 before a broader downturn in activity in CY28 and CY29. In this regard:
    - residential end markets show a rebound following a softening over the past 18-24 months. Multi-unit housing construction is expected to contribute to the upcycle as a result of strong federal and state government support for increasing housing supply (particularly higher density development); and
    - non-residential and transport infrastructure end markets (as a whole) are expected to remain robust through to CY26 (before moderating in subsequent years) as major public infrastructure projects (e.g. hospitals, roads, etc.) that have already been committed and commenced continue to progress.

    Volume growth trends vary across different states and markets. Queensland is forecast to experience the strongest economic growth among the different states (followed by New South Wales). The outlook for Western Australia is also generally positive although can be impacted by the timing of project wins from new mining construction. Victoria is expected to moderate and decline slightly over the short-to-medium term. On the other hand, South Australia faces demand headwinds following a period of strong investment and robust construction activity in recent years, with the current upswing in demand expected to peak sooner than other markets (i.e. in CY25).

    The second phase (CY30 to CY33) assumes volume growth rates of around 1-2% per annum, with higher growth rates in CY30 and CY31 as the construction activity picks up from the downturn of the preceding two years. The volume growth rates during the second phase are closer to but still less than population growth and long term volume growth for cement and concrete of over 2% per annum since 2010 (and almost 2.5% per annum over longer periods of around 50 years). Over the full projection period, cement and concrete volumes increase by an average of around 0.7% per annum while aggregates volumes increase at a slower rate due to its larger exposure to South Australia (for which Macromonitor expects negative growth over the near-to-medium term); and
  - while significant price increases have been achieved in CY23, those increases are regarded as one off due to the extraordinary circumstances. At the same time, these price increases have been

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maintained suggesting a level of industry wide discipline on pricing. There are arguments to support a view that this new discipline might be sustainable (and result in further above average price increases relative to historical levels). However, a more modest assumption is considered appropriate going forward.

Accordingly, external price increases are assumed to be at a slight discount to inflation (after a brief period of above average growth of around 3-4% per annum in CY25 and CY26 when markets are assumed to be relatively strong), which results in average price growth of approximately 2% per annum over the projection period.

Lime revenue is based on expected volumes and pricing, with Western Australia accounting for the vast majority of revenue. Annual sales volumes fall from around 650kt in CY24 to around 500ktpa in CY25, remaining at those levels over the remainder of the projection period as Adbri continues to operate its lime production facilities and kilns in Western Australia. A number of lime supply contracts are at levels that are not reflective of current market prices. At the expiry of these contracts, it has been assumed that they will be renewed at prices that are more closely aligned with market prices albeit still at a slight discount given the certainty of volumes over the contract term. As a result average selling prices for quicklime and hydrated lime (as a whole) assumed to grow at approximately 3.5% per annum over the ten year period (with the prices for the remainder of lime sales increasing by less than 2% per annum).

Volume and pricing growth for joint ventures and associates follow similar patterns as Adbri's consolidated construction materials business operations and grow broadly in line with the market. The only exception is Sunstate, which is assumed to secure an additional 150kt of cement volumes per annum in CY32 (an uplift of over 15% from the prior year) following the conclusion of Boral's supply agreement with Wagners for the southeast Queensland market.

These assumptions result in:

- average revenue growth of approximately 3% per annum over the projection period, with higher growth between CY25 and CY27; and
- product mix being largely unchanged over the projection period, with cement (excluding joint ventures) continuing to account for around 40% of external revenue;

- gross margins (inclusive of production and distribution overhead costs but excluding the savings outlined below) remain at around 21-22% throughout the projection period as price increases, volume growth and cost savings initiatives offset some of the inflationary pressures on the cost base (i.e. costs grow at rates below inflation);
- other overhead and operating costs are largely fixed in nature and grow at inflation but these inflationary pressures are offset by:
  - approximately $21 million in cost savings per annum following the commissioning of the Kwinana Upgrade Project in CY24. Operational benefits range from a reduction in materials handling costs, improved energy efficiency and productivity (including automation of operations and elimination of duplicated resources) and reduced repairs and maintenance costs;
  - approximately $4-6 million in cost savings per annum following reinvestments in the business (of which the majority is in relation to the new hybrid electric battery vessel to be used in transporting limestone from Klein Point to the Birkenhead plant).

  Corporate overheads of $55 million (which account for around 40% of the total other overhead and operating costs in CY23) have been adjusted to reflect expected listed company and other cost savings of around $5 million per annum;

- the result of the above assumptions is EBITDA growth of around 5% per annum over the projection period and an improvement in EBITDA margin from 14.4% in CY23 to 18% in CY33, remaining broadly at this level thereafter.

  Similarly, the EBIT margin gradually expands from around 7.8% in CY23 to approximately 13% over the projection period (albeit with EBIT margins lower in the initial years due to depreciation associated with upfront capital expenditure). Part of this increase comes from the benefits of the Kwinana Upgrade Project, the uplift in lime margins (following the price resets) and other cost saving initiatives. It also reflects benefits from operating leverage and the largely fixed depreciation expense;

- capital expenditure of $1.7 billion over the projection period, which can be broadly categorised as:
  - development capital of around $210 million (principally incurred in CY24). The majority of the capital invested is in relation to the Kwinana Upgrade Project (around $185 million, including $46 million incurred after the project is commissioned). Land acquisition costs expected to be incurred by ICL in CY25 have been excluded from development capital as the model does not contemplate any returns from this investment; and
  - stay in business capital of approximately $150-160 million per annum by CY31, in line with historical levels and adjusted for inflation;
- working capital of approximately 14% of revenue, broadly consistent with historical levels;
- a corporate tax rate of 30%; and
- terminal growth of 2.5%.

Grant Samuel considers that the forward looking information set out above is based on reasonable grounds having regarding to the industry analysis set out in Section 3 of this report and discussions with Adbri management.

DISCOUNT RATE

For the purposes of the analysis, Grant Samuel has utilised a nominal discount rate (weighted average cost of capital) ("WACC") in the range 9.5-10.0%.

The cost of equity has been derived from the application of the capital asset pricing model ("CAPM") methodology. The CAPM is probably the most widely accepted and used methodology for determining the cost of equity capital. There are more sophisticated multivariate models which utilise additional risk factors but these models have not achieved any significant degree of usage or acceptance in practice.

The cost of equity capital is not a precise or provable number nor can it be estimated with any degree of reliability. The cost of equity capital is not directly observable and models such as the CAPM do no more than infer it from other data using one particular theory about the way in which security prices behave. The usefulness of any estimate therefore depends on the efficacy of the theory and the robustness of the data but the available tools such as CAPM involve:

- models which have questionable empirical validity (and competing formulation);
- simplifying assumptions;
- the use of historical data as proxy for estimates of forward looking parameters;
- data of dubious statistical reliability; and
- unresolved issues (such as the impact of dividend imputation).

It is easy to over-engineer the process and to credit the output of models with a precision they do not warrant. The reality is that any cost of capital estimate or model output should be treated as a broad guide

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rather than an absolute truth. The cost of capital is fundamentally a matter of judgement, not merely a calculation.

While strict application of the CAPM in recent years gave results that were arguably unrealistically low (primarily because of very low government bond rates) and were often inconsistent with other measures, these issues around understating the cost of capital (for say Adbri) have subsided considerably over the last 12-18 months as government bond rates have risen and approached historical averages.

Grant Samuel has calculated a cost of equity in the range 10.6-11.2% using the CAPM based on the following parameters:

- a risk-free rate of 4.0% based on the 10-year Commonwealth Government bond rate as at 31 March 2024;
- a market risk premium of 6% (a standard rate adopted by Grant Samuel), which is similar to that used by a wide variety of analysts and practitioners (typically in the range 5-7%); and
- a beta factor of 1.1-1.2. It is difficult to determine a reliable beta for Adbri:
  - Adbri's betas vary significantly depending on the measurement source:
    - over the last four years, Adbri's beta as measured by the Securities Industry Research Centre of Asia-Pacific ("SIRCA") has varied between 1.11 and 1.93 and was measured at 1.34 at 31 December 2023. Betas have generally trended towards over the period and, over the last twelve months, have generally been at or around 1.1-1.3 (and prior to the jump in share prices in December 2023 following the Indicative Proposal, were trending closer to 1.1-1.2);
    - estimated historical betas by MSCI Barra Inc. ("Barra") are substantially lower at around 0.3 (albeit with predicted beta closer to 0.9); and
    - betas measured by Bloomberg vary across a very wide range depending on the time period and index its share price is benchmarked against. With the exception of the measured beta against world indices, betas are around 1.3 over the past four years and substantially lower at around 0.9 over the last two years.

    It is difficult to explain the wide discrepancy in beta estimates. In some respects, a higher beta would have been expected due to the group's increasing gearing as it drew more debt to fund its capital expenditure requirements (particularly with the cost overruns at the Kwinana Upgrade Project). In theory, a gearing ratio more in line with other comparable companies (i.e. at around 15-20% debt) would have resulted in a lower equity beta measured for Adbri (which has been operating at elevated gearing levels relative to peers).

    However, the decline in betas over the last several years (amid a period of robust broader sharemarket returns) suggests that other factors (e.g. deterioration in financial performance) may have muted some of the impact of the rising gearing levels of the business. These factors may in part explain the wide range of measurements (with some very high betas) over the past four years;
  - the measured betas for Adbri's peer group sits across a very wide range, but generally fall in two categories:
    - cement focussed producers such as Holcim, CEMEX, S.A.B. de C.V. ("CEMEX") and HeidelbergCement (now Heidelberg Materials) consistently have betas above 1.0 when measured over four years. The lower betas for Titan Cement International S.A. ("Titan Cement") (around 0.9) may reflect the misalignment between its listing country (i.e. Greece) and primary geographic market of operations and growth (i.e. the United States, where it generates nearly 60% of revenue); and
    - aggregates focussed producers such as Martin Marietta Inc. ("Martin Marietta") and Vulcan Materials Company ("Vulcan") generally have lower betas at around 0.8 when measured by

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Bloomberg against their respective local index over four years but these are of limited relevance given Adbri's low exposure to aggregates.

At the same time, assessment of an "appropriate" beta from the peer group is difficult as some individual company betas vary significantly depending on which market index is utilised (Local or MSCI); and

- gearing levels vary significantly but are not always consistent with the beta factors.

Intuitively, it would be expected that a company such as Adbri would have a beta of greater than 1.0 given that activity in the construction materials sector is highly cyclical and correlated with the market as a whole. Adbri's relatively high exposure to cement production would also suggest a higher beta than a business with a greater focus on aggregates.

Taking these factors into account, Grant Samuel believes that a beta of 1.1-1.2 is a reasonable estimate of the appropriate beta for Adbri (reflecting market gearing as opposed to actual gearing).

The resultant WACC calculation (of 9.3-10.2%) assumes:

- an after tax cost of debt of 4.2%, reflecting a 2.0% margin over the risk free rate, which reflects the expected pricing of Adbri's debt facilities in the current market (as opposed to margins on existing facilities) and an allowance for establishment costs and the cost of liquidity; and
- a debt/equity mix of 80-85% equity and 15-20% debt. The estimated gearing ratio is based on the gearing levels over the past four years of comparable listed companies and does not reflect Adbri's current gearing (as its gearing has increased materially in recent years due to capital expenditure commitments and other factors, although Adbri plans to reduce its gearing to more sustainable levels).

Grant Samuel considers a discount rate in line with the calculated WACC to be an appropriate measure of the cost of capital. Accordingly, for this purpose Grant Samuel has adopted a discount rate in the range 9.5-10.0%. This range is above the rates adopted by equity analysts that follow Adbri (which fall in the range of 8.0-8.7%, or a median of 8.2%) albeit the selected betas (where disclosed) are broadly similar.

DCF Scenarios

The high level industry projections adopted in Scenario A suggest very low (and in some instances negative) volume growth rates across the products and regions. While these projections are useful in determining trends and turning points in the construction cycle, they appear to suggest very low long term volume growth for Adbri's end markets (particularly due to its exposure to slower growth regions such as South Australia, Western Australia and the Northern Territory).

Moreover, they are at odds with long term volume growth for cement and concrete of over 2% per annum since 2010 (and almost 2.5% per annum over longer periods of around 50 years). While Grant Samuel has attempted to bridge the gap by assuming higher volume growth rates in the latter half of the projection period in Scenario A, the average annual growth rates over the entire projection period still remain very low (e.g. cement and concrete are assumed to grow at less than 1% per annum). Accordingly, Grant Samuel has considered several operating scenarios that assume higher volume growth rates over the projection period (i.e. Scenarios B and E) as well as other scenarios around pricing (Scenario C) and growth initiatives or investment programmes specific to Adbri (Scenarios F and G).

Grant Samuel also considered the impact of the introduction of a CBAM that favours domestic cement production. While Adbri management expects that the introduction of a CBAM will be a net positive for the business, the Australian government's review is ongoing and the extent, timing and nature of any reform is uncertain.

The key assumptions underlying each of the scenarios considered are outlined below:

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ADBRI – DCF SCENARIOS

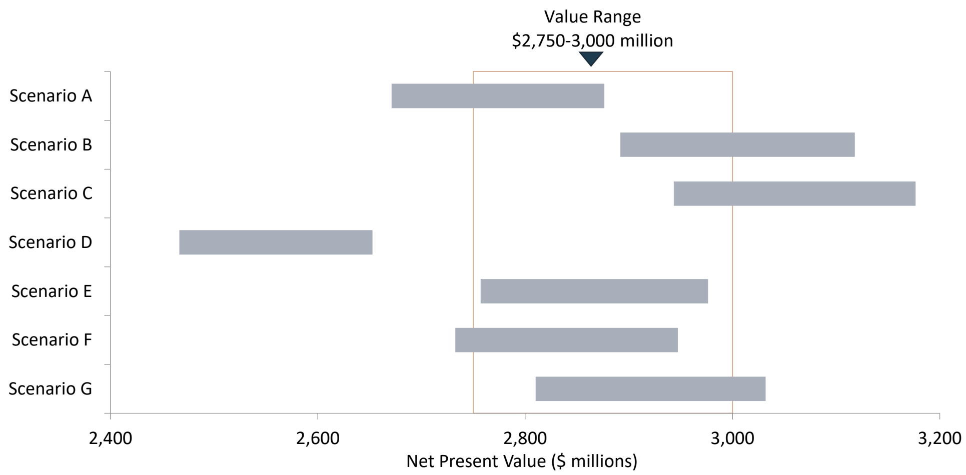
SCENARIO	DESCRIPTION
Scenario A	As above
Scenario B	Scenario A, except additional volume growth of approximately 0.5% per annum is achieved across all products over the projection period, driven by greater demand and higher growth across the residential construction segments. Average revenue growth increases to over 3% per annum over the projection period and EBITDA margins increase to approximately 18.5% by CY33 (and EBIT margins to around 14%)
Scenario C	Scenario A, except additional pricing growth across all products between CY30 and CY33 in line with inflation. Average revenue growth increases to over 3% per annum over the projection period and EBITDA margins increase to approximately 19.5% by CY33 (and EBIT margins to over 14.5%)
Scenario D	Scenario A, except there is a 0.5% decline in volume growth across all products over the period which results in average volume growth rates of slightly above zero for all products. Average revenue growth falls to under 2.5% per annum over the projection period and EBITDA margins increase but only to approximately 17.5% by FY34 (and EBIT margins increase but only to 12%)
Scenario E	Alternate scenario which takes CY24 Budget as the starting point and grows product volumes by 1.5% per annum and pricing and costs by 2.5% per annum (in line with inflation). Average revenue growth increases to 3.5% per annum over the projection period. Despite the higher volumes and pricing assumed, EBITDA margins and EBIT margins increase to broadly similar levels as Scenario A (because of costs), with EBITDA margins increasing to approximately 18% by CY33 and EBIT margins increasing to around 13%
Scenario F	Scenario A, except the VRM project at the Birkenhead plant is approved and developed at a capital cost of approximately $120 millon primarily between CY25 and CY26 (less federal grants). The VRM project increases milling and blending capacity at the plant and provides additional operational cost savings through which Adbri generates approximately $18 million per annum in cost savings starting in CY27. Revenue growth remains unchanged and EBITDA margins increase to approximately 18.5% by CY33 (and EBIT margins to over 13.5%)
Scenario G	Scenario F, except the Birkenhead plant increases cement sales to ICL by an additional 120ktpa (but with no change to ICL's sales volumes, i.e. additional cement sales to ICL that will take share from ICL's imports from third party suppliers). Revenue growth increases slightly to above 3% per annum and EBITDA margin improves to just over 19% by CY33 (and EBIT margins to approximately 14%)

NPV Outcomes

Grant Samuel's selected value range of $2,750-3,000 million for Adbri's business operations reflects a subjective balancing of the scenarios and a view that the appropriate discount rate to apply is 9.5-10.0%. This is depicted diagrammatically below:

ADBRI'S BUSINESS OPERATIONS – NPV OUTCOMES

(AT 9.5-10.0% DISCOUNT RATE)



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Grant Samuel has considered the NPV outcomes for all the scenarios in determining its value range for Adbri's business operations. However, the weight given to each scenario in considering the value range was subjective and not capable of being expressed in percentage terms.

Scenario A incorporates very low volume growth across all products (average growth of well below 1% per annum over the ten year projection period) which Grant Samuel considers conservative given the long term historical volume growth for cement and concrete of over 2% per annum. Even Scenario B (average annual volume growth of just over 1% per annum) and Scenario E (average annual volume growth of 1.5% per annum) represent outcomes that are below long term historical trends. Scenarios A and B also assume pricing increases of less than inflation whereas Scenarios C and E assume price increases that are generally in line with inflation (or very slightly higher than inflation in the case of Scenario C given above inflation price increases in the initial years of the projection period).

The assumptions adopted in Scenarios A and E result in EBIT margins of circa 13% over the long term. While this is above Adbri's current EBIT margin of 7.8%, there are a number of reasons to believe that restoring Adbri's profitability to a long term EBIT margin of around 13% can be achieved:

- the turnaround of the business remains in progress;
- completion of the Kwinana Upgrade Project should support an expansion in EBIT margins;
- the margins for the lime business are impacted by two supply contracts that are priced at a substantial discount to market prices and there is scope to restore margins for the business; and
- EBITDA margins only increase from 14.4% to circa 18%, with the impact on EBIT margins amplified by the fixed nature of depreciation expense.

The slightly higher EBIT margins of Scenarios B and C (circa mid-teens) are aspirational but are marginally below levels achieved by Adbri historically (albeit these occurred in a different market environment with less competition in Adbri's key geographies).

On this basis, it is not unreasonable that the value range adopted by Grant Samuel incorporates upside from Scenario A and includes the lower portions of Scenarios B and C and the majority of Scenario E.

Scenarios F and G show the potential upside from Scenario A of successful execution of the VRM project for the Birkenhead plant. While the VRM project should create a number of tangible benefits for Adbri including increased production capacity (particularly for SCMs), cost savings (e.g. energy costs) and reduced carbon emissions intensity, the project remains subject to considerable risk. Studies remain at very early stages and diligence on the estimated capital costs, timing and estimated synergies are yet to be completed, although the recent approval for additional federal grant funding should improve the project's economics. It should be noted that the NPV outcomes of these scenarios would move materially to the right if based on Scenario E rather than Scenario A. In any event, while Scenarios F and G are largely within the value range for Adbri's business operations (based on Scenario A), this is coincidental. In Grant Samuel's view, while these scenarios support the value range, they do not define it.

Scenario D sits outside Grant Samuel's value range for Adbri's business operations. In Grant Samuel's view, this is appropriate as it results in virtually no volume growth over the entire projection period which is inconsistent with historical trends and the long term outlook for economic and population growth in Adbri's key markets. Scenario D is also considered to be an unlikely outcome as it does not consider any mitigating actions that management might take in a no volume growth environment (e.g. cost reduction, reduced capital expenditure etc.).

Taking these factors into account, Grant Samuel believes that NPV outcomes produced by the DCF analysis support a value range for Adbri's business operations of $2,750-3,000 million.

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5.4.3 Earnings Multiple Analysis

Overview

Valuation analysis involves the review of earnings and other multiples that buyers have been willing to pay for similar businesses in the recent past and a review of the multiples at which shares in comparable listed companies trade on sharemarkets. This analysis will not always lead to an obvious conclusion as to an appropriate range of multiples as there will often be a wide spread of multiples. It is necessary to consider the particular attributes of the business operation being valued (relative to the peers) as well as the prevailing economic conditions, particularly for a cyclical business such as Adbri.

As Adbri operates primarily in the heavy construction materials sector in Australia (with cement representing the largest proportion of earnings), Grant Samuel's review of the market evidence has considered transactions and listed companies involved in similar activities in Australia, as well as globally where appropriate.

Transaction Evidence

In considering the transaction evidence, it should be noted that:

- all the transactions that occurred prior to 2019 were before the introduction of AASB16 (and are therefore on a pre AASB16 basis); and
- EBIT multiples, EBITA multiples and forecast EBITDA multiples have not been able to be calculated for many of the transactions as the target companies were either privately held, unlisted businesses or individual divisions of large, listed entities and the transaction multiples are generally limited to statements made in public announcements. Accordingly, no charts have been prepared for these multiples and only a brief discussion of EBITA multiples has been included in this section.

Several key participants in the Australian construction materials sector changed ownership over the period from 2007 to 2009 with Hanson Australia acquired by HeidelbergCement, the takeover of Rinker Group Limited ("Rinker") by CEMEX and Holcim then acquiring Rinker's Australian business from CEMEX. Even these transactions are not pure Australian construction materials transactions as:

- the acquisition of Hanson Australia was part of the broader acquisition of Hanson plc by HeidelbergCement in May 2007 (which took place at reportedly all time high historical multiples of 12.2 times EBITDA and 16.9 times EBITA);
- Rinker's Australian Readymix business represented only 15% of Rinker's earnings (with the majority of its business in the United States). The acquisition of Rinker in April 2007 (following an initial bid in October 2006 that was rejected), took place at historical multiples of 10.5 times EBITDA and 12.4 times EBITA (with forecast multiples at similar levels given the flat outlook for the United States business at the time). Grant Samuel (as the independent expert) valued the Australian Readymix business at $2.6-2.8 billion, representing historical multiples of 8.9-9.6 times EBITDA and 12.2-13.2 times EBITA and less than 9 times forecast EBITDA and less than 12 times forecast EBITA. At the time, the overall Australian construction market was approaching a trough and a relatively flat short term outlook but an expected residential led recovery from 2008, although this outlook did not foresee the Global Financial Crisis of 2008 ("GFC"); and
- subsequent to the takeover of Rinker, in October 2009, CEMEX sold the Australian Readymix business (renamed Cemex Australia) to Holcim for $2.02 billion, implying an historical EBITDA multiple of only 6.5 times. This relatively low multiple possibly reflects the impact of the GFC and CEMEX's requirement at the time to substantially reduce debt.

Following this upheaval in the sector, there have been very few construction materials transactions in Australia for many years until Seven Group's takeover offers for Boral in 2021 and 2024 and CRH's proposed acquisition of Adbri. Saint Gobain's proposed acquisition of CSR was excluded from the analysis

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as CSR is primarily a building products company and also has a 25% interest in the Tomago aluminium smelter. In any event, the trailing twelve month EBITDA multiple for the proposed acquisition of CSR at approximately 12.5 times is not inconsistent with the construction materials evidence.

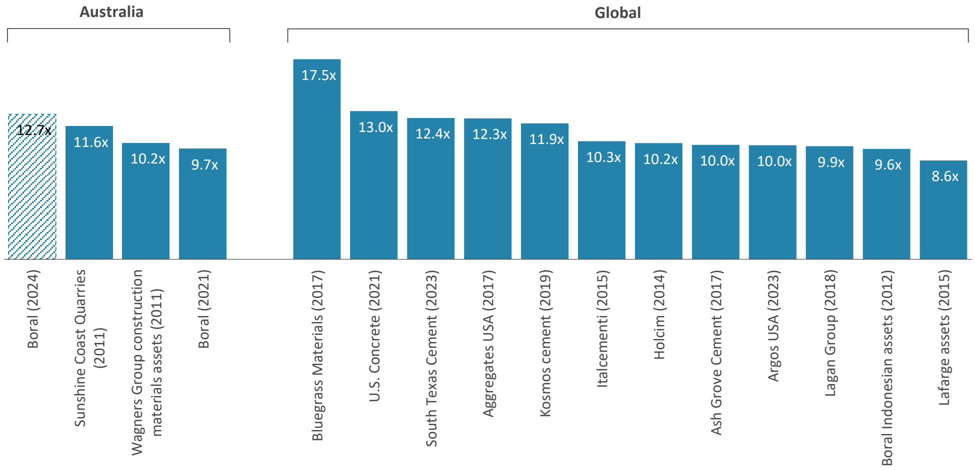
As a result, Grant Samuel has also considered global transactions involving construction materials companies, albeit these multiples need to be considered with caution given the cyclical nature of the sector and the differential outlooks at the time of each transaction.

EBITDA MULTIPLES

The following charts summarise the historical and forecast EBITDA multiples for recent transactions in Australia and for larger transactions globally:

RELEVANT COMPARABLE TRANSACTIONS

HISTORICAL EBITDA MULTIPLES[25,26]



Source: Grant Samuel analysis[27]

25 The implied historical and forecast EBITDA multiples for Seven Group's takeover offer for Boral (2021) excludes the midpoint of the estimated value of Boral's surplus property portfolio at the time. No adjustment has been made to exclude the value and earnings contributions from the North America Building Products and North America Fly Ash businesses (both of which were divested over the next twelve months following the offer).

26 The implied historical and forecast EBITDA multiples for Seven Group's takeover offer for Boral (2024) is based on the Seven Group share price on the last trading day prior to the announcement of the offer and is based on the revised offer announced 12 April 2024 which removes the conditions for the conditional payments (i.e. $6.25 per Boral share). The enterprise value excludes the midpoint of the estimated value of Boral's surplus property portfolio.

27 Grant Samuel analysis based on data obtained from IRESS, company announcements, transaction documentation and, in the absence of company published financial forecasts, brokers' reports. Where company financial forecasts are not available, the median of the financial forecasts prepared by a range of brokers has generally been used to derive relevant forecast value parameters. The source, date and number of broker reports utilised for each transaction depends on analyst coverage, availability and corporate activity.

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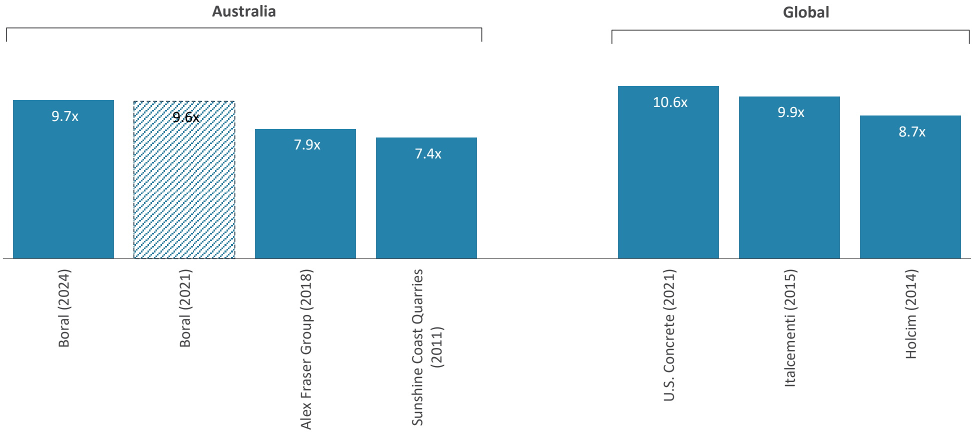
RELEVANT COMPARABLE TRANSACTIONS

FORECAST EBITDA MULTIPLES[25,26]



Source: Grant Samuel analysis[27]

The two most recent transactions involving Australian heavy construction materials producers involved Seven Group's proposed off market takeover offers for Boral in mid 2021 and again in early 2024. The multiples likely reflected a number of factors including Boral's:

- scale and market leading position, as the largest vertically integrated construction materials manufacturer with an estimated national share of just over 20%;
- exposure to higher margin aggregates markets, particularly given its network of quarry assets that have long life resources and reserves and are located in close proximity to major metropolitan areas;
- significant exposure to civil construction projects (including roads); and
- positive industry backdrop in its key end markets, particularly in civil construction and the residential end market.

The relatively high historical EBITDA multiples (compared to forecast EBITDA multiples) implied by both offers reflects the material improvements in the profitability of the business. In 2021, Boral was still partway through implementation of its $200-250 million of transformation initiatives (which would not have been reflected in its prior year results). In 2024, the historical multiples are based on Boral's FY23 results and do not reflect the significant progress the company has made in its pricing strategy and broader turnaround (as evidenced in the results for the six months ended 31 December 2023).

While Seven Group's initial takeover offer did not ultimately result in the acquisition of 100% of Boral, it still gave it a controlling stake (albeit not unfettered control) over the business. At the same time, analysis of the implied multiples from the 2021 transaction is complicated by:

- the large exposure to non-Australian businesses, particularly its North American Building Products and North American Fly Ash business. Both businesses were undergoing sale processes at the time of the takeover offer and were carried at close to $3 billion (on a net basis) on its balance sheet (and later sold for in excess of $4 billion); and
- the value upside from Boral's surplus property portfolio.

The more recent takeover offer by Seven Group in 2024 arguably provides a "cleaner" analysis of the implied multiples as Boral had already exited its North American businesses and was purely an Australian

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focused construction materials business. However, the Seven Group offer (which was structured as a combination of cash and scrip consideration) was determined by the independent expert to not be inclusive of a full premium for control. The offer remains open at the date of this report and Seven Group's interest in Boral had increased from 71.5% to 85.8%.

The other Australian transactions have occurred in a relatively tight range of 10-12 times historical EBITDA and 7-8 times forecast EBITDA. These transactions were very small (less than $200 million) and region specific and, other than Hanson Australia's acquisition of the Alex Fraser Group ("Alex Fraser"), occurred over ten years ago, at a time when construction markets were benefiting from increased project work, particularly in the mining sector (despite flooding and weather related delays in Queensland).

Both acquisitions by Boral were strategic:

- the acquisition of certain of Wagners' construction material assets and operations in the Darling Downs, South East Queensland and Townsville (i.e. quarries, concrete plants and a 60% interest in a fly ash joint venture) expanded the geographical reach of Boral's construction materials division in attractive and growing segments; and
- the acquisition of the quarry and concrete assets of Sunshine Coast Quarries helped secure Boral's position on the Sunshine Coast. The significantly lower forecast EBITDA multiple reflects the significant growth expected from improved market activity following wet weather and flooding in early 2011 as well as major road upgrade works over the following 3-5 years.

Material synergies are likely to have been available (as both businesses could be absorbed into larger networks) which would lower the effective multiple.

Hanson Australia's 2018 acquisition of Alex Fraser was consistent with Hanson Australia's strategy to grow in aligned industries such as recycling (of waste concrete and brick) and asphalt.

The implied multiples for global transactions show general support for historical EBITDA multiples of 10-12 times (although the evidence for forecast multiples is much thinner). With the exception of Eagle Materials' acquisition of Kosmos Cement, transactions at the top end of this range (around 12 times historical EBITDA) typically involved producers with established upstream positions particularly in aggregates that are adjacent to key demand centres such as:

- the acquisition of Aggregates USA, which serviced high growth markets in the southeastern region of the United States and was expected to benefit from major state highway funding programmes; and
- the acquisition of U.S. Concrete, which had over 25 aggregate operations across large, attractive metropolitan areas that complemented Vulcan's existing footprint.

Martin Marietta's acquisition of Lehigh Hanson's West Region in 2021 (not illustrated due to lack of public information) was estimated by analysts to have occurred at a multiple in excess of 12 times historical EBITDA, which is broadly in line with these two other transactions involving upstream producers. The relatively high multiple reflects the nature of the aggregates business and its strong position in proximity to key demand centres (i.e. spanning three of 11 "megaregions" that were expected to experience above average population growth and employment growth).

The higher multiples for aggregates focussed producers are perhaps best illustrated by Martin Marietta's acquisition of Bluegrass Materials Company (albeit the multiples are at a large premium to the rest of the transaction evidence). At the time, Bluegrass Materials Company was the largest privately held, pure play aggregates company in the United States. The very high historical EBITDA multiple implied by the transaction may have reflected the scale and scarcity of the upstream assets acquired as well as the strategic importance of the acquisition, which provided Martin Marietta with access to high quality quarries in the southeast of the United States where it had no presence.

The other transactions that occurred around 12 times historical EBITDA involved companies with relatively smaller exposure to upstream/aggregates production but likely reflected the strong underlying market growth in the United States at the time (e.g. certain plant and related assets of Kosmos Cement Company and South Texas Cement). These acquisitions were "bolt-on" acquisitions that enhanced or complemented the acquirer's existing footprint, securing additional cement manufacturing facilities in key regions. Both transactions would have generated substantial synergies.

The vast majority of the remaining global transactions occurred at around 10-10.5 times historical EBITDA. These transactions generally involved producers focussed on cement and/or concrete including:

- HeidelbergCement's 2015 acquisition of Italcementi S.p.A ("Italcementi"), a multinational cement focused construction materials company, which provided HeidelbergCement with greater geographical diversification particularly in the Mediterranean region, strengthened its position in growing urban centres in the North American market and positioned it for industry recovery in key European markets; and
- Argos USA, which was acquired by Summit Materials Inc. ("Summit Materials") in 2023, which shared many features with other transactions that occurred at higher multiples (e.g. proximity to high growing demand centres, upstream exposure). While the transaction was expected to produce substantial synergies for the combined group, the scrip heavy nature of the deal (70% of total consideration) likely meant that shareholders would see the upside post-completion of the transaction (as opposed to upfront in a cash only offer).

Despite being one of the largest ever transactions in the construction materials sector, the 2014 merger of Lafarge S.A. ("Lafarge") and Holcim also occurred at around 10 times historical EBITDA. The transaction brought together two of the largest construction materials companies globally, which provided geographical exposure to both developed and developing markets to smooth earnings through cycles and substantial opportunities for synergies. However, the relatively low multiple was likely due to the principally cement focussed nature of the businesses as well as the nature of the transaction, which was structured as a merger of equals (across shareholders and Board representation) and may have not included a full premium for control.

CRH's acquisition of a portfolio of LafargeHolcim's assets in North America, western Europe, and central and eastern Europe occurred at the bottom end of the range but may have reflected the unique circumstances surrounding the transaction. While the acquisition broadened CRH's global reach, the assets were required to be divested as a condition of regulatory approval of the merger of Lafarge and Holcim.

There has also been a large number of smaller transactions across the United States and gloablly. The vast majority of these were small bolt-on acquisitions or portfolio adjustments by the major construction materials companies. In general, the multiples are relatively low (less than 10 times historical EBITDA reflecting their much smaller scale and limited scope).

EBITA MULTIPLES

EBITA multiples were able to be calculated for the acquisition of Italcementi and the merger of Lafarge and Holcim to create LafargeHolcim. Despite occuring at similar EBITDA multiples, the EBITA multiples implied by these transactions are vastly different. The acquisition of Italcememti by HeidelbergCement took place at implied multiples of 25.8 times historical and 24.4 times forecast EBITA. These very high EBITA multiples reflect Italcementi's relatively high capital intensity (capital expenditure in 2014 was 12.5% of revenue and in 2013 was 8% of revenue) and its low margins that accentuate the impact on EBITA multiples. The EBITA multiples implied by the merger of Lafarge and Holcim are considerably lower at 14.1 times historical and 11.4 times forecast EBITA but, as noted above, the transaction was a scrip merger and these multiples are therefore unlikely to incorporate a full premium for control.

Sharemarket Evidence

The major participants in the Australian construction materials sector are subsidiaries of global construction materials companies. Consequently, Grant Samuel has reviewed the trading multiples of their listed parent companies in addition to the listed domestic participants, Boral and Wagners. Other global and United States operators have also been considered.

Grant Samuel considered but excluded from its analysis heavy construction materials participants that have diversified business interests such as:

- Maas Group, which is an ASX listed business with a growing integrated construction materials business (from upstream quarries through to downstream assets) that comprises around 35-40% of revenue and EBITDA. The majority of its revenue is generated from other businesses including real state and industrial equipment hire. As at 30 April 2024, Maas Group was trading at above 15 times historical EBITDA (albeit at a much lower forecast EBITDA multiple of around 9 times);
- Eagle Materials Inc. ("Eagle Materials"), which is one of the largest building materials producers in the United States. Heavy construction materials (i.e. cement) comprise only half of its revenue, with the remainder from "light" materials such as gypsum wallboard and paperboard. As at 30 April 2024, Eagle Materials was trading at around 13 times historical EBITDA and 11 times forecast EBITDA; and
- Knife River Corporation ("Knife River"), which produces aggregates, ready-mix concrete and asphalt in the pacific and northwest United States but also has a large contracting services business (heavy civil construction, asphalt paving, site development and grading) that accounts for nearly 40% of revenue. As at 30 April 2024, Knife River was trading at around 11 times historical and forecast EBITDA.

The diversified business mix means that the financial performance of these companies reflect different sets of industry and operating risks and growth opportunities from those companies that have a more focussed exposure on the heavy construction materials sector.

In considering the sharemarket evidence, it should be noted that the multiples for the listed entities are based on share prices and therefore do not include a premium for control. For example, Boral multiples have been calculated using the closing share price on 16 February 2024 (the last trading day prior to announcement of the acquisition proposal from Seven Group) and the enterprise value excludes the midpoint of the estimated value of Boral's surplus property portfolio (represented in hatched columns). With the exception of Boral and Wagners (which have a 30 June year end), all comparable listed companies have a 31 December year end.

The following charts summarise the historical and forecast EBITDA and EBITA multiples for comparable listed companies in the construction materials sector based on share prices at 30 April 2024:

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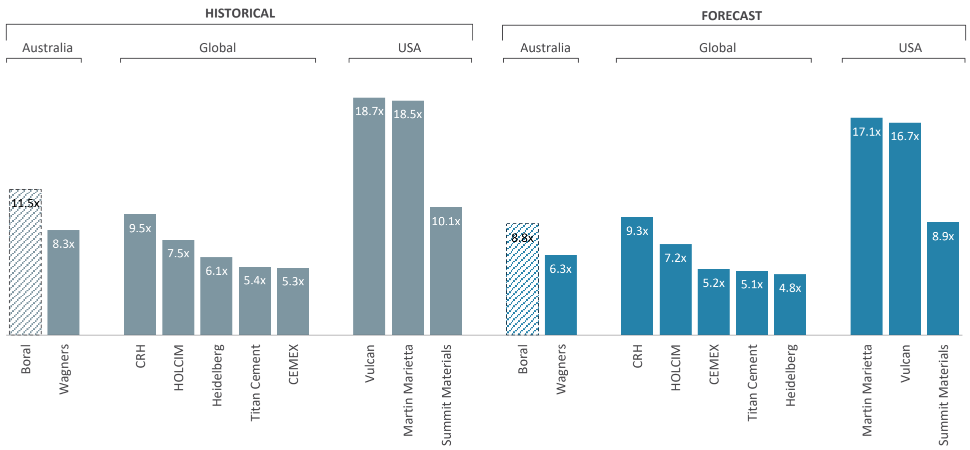
COMPARABLE LISTED COMPANIES

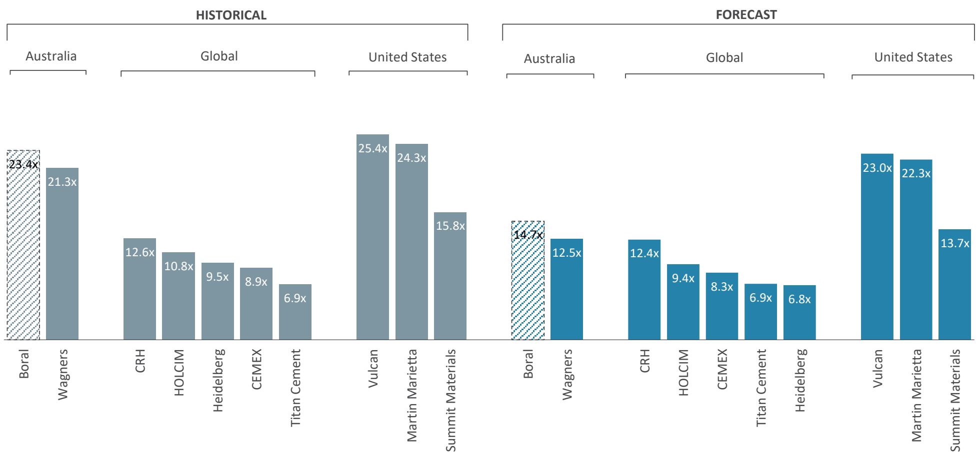
2023 HISTORICAL AND 2024 FORECAST EBITDA MULTIPLES



Source: Grant Samuel analysis[28]

COMPARABLE LISTED COMPANIES

2023 HISTORICAL AND 2024 FORECAST EBITA MULTIPLES



Source: Grant Samuel analysis[28]

The data shows a very wide dispersion of trading multiples, largely reflecting the characteristics and market exposures of the individual businesses.

The two largest United States-based aggregates producers, Martin Marietta and Vulcan, trade at much higher multiples than their peers (greater than 18 times historical EBITDA and 20 times historical EBITA). These multiples reflect their:

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28 Grant Samuel analysis based on data obtained from IRESS, S&P Global Market Intelligence, company announcements and, in the absence of company published financial forecasts, broker reports. Where company financial forecasts are not available, the median of the financial forecasts prepared by a range of brokers has generally been used to derive relevant forecast value parameters. The source, date and number of broker reports utilised for each company depends on analyst coverage, availability and recent corporate activity.

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- focus on upstream aggregate activities which represent approximately 75% and 65% of revenue, respectively. A greater exposure to upstream production, which enjoys high barriers to entry, enables both companies to generate superior EBITDA margins to their peers (in excess of 30%); and
- almost exclusive presence in the United States with strong alignment to "megaregions" (particularly those in the south and southeastern regions) which are expected to continue delivering population growth, new household formation and employment growth (that in turn should drive demand across construction end markets such as infrastructure, commercial and residential).

Summit Materials shares a similar geographic footprint to Martin Marietta and Vulcan (especially following the acquisition of Argos USA). However, it trades at a lower multiple of around 10 times historical EBITDA likely because of its smaller size, lower aggregates position (around 30% of revenue) and larger downstream exposure. CRH trades at a broadly similar historical EBITDA multiple as Summit Materials despite its much larger size. While CRH also has a significant presence in the United States and is predominantly an aggregates, concrete and roads business, its implied multiples may be impacted by its:

- significant exposure to Europe which is experiencing subdued construction activity relative to the United States (especially following the United States Government's rollout of a once-in-a-generation public investment in infrastructure); and
- building products business, which represents circa 30% of revenue (and attracts lower margins than its core construction materials business).

The lowest rated companies (trading at approximately 5-7 times forecast EBITDA) such as Holcim, CEMEX, Heidelberg Materials and Titan Cement have:

- a primary focus on cement (capital intensive with lower operating margins and significant carbon emissions issues that will need to be dealt with); and
- high exposures to European markets (which are experiencing a slowing market) and emerging/developing markets (which may have significant growth potential, but arguably at a higher risk weighting).

For example, cement represents approximately:

- 40% of CEMEX's revenue, while ready-mix concrete comprises just over 30%. CEMEX has a global presence, but principally has a strong position in the Americas regions (particularly in Mexico and the United States, where it generates around 60% of its revenue and 70% of its EBITDA);
- 45% of Heidelberg Materials' revenue, while ready-mix concrete and asphalt account for most of the remainder. More than half of its revenue is generated in Europe, Central Asia and other growth markets in Africa and Mediterranean regions;
- 45% of Holcim's revenue. Holcim is geographically diversified with most of its revenue generated across North America and Europe. However, it has also recently invested in expanding its advanced roofing and insulation systems business (which generates lower margins than its core heavy construction materials business); and
- 60% of Titan Cement's revenue. Titan Cement's operations are largely concentrated in the United States and Greece (collectively around 70% of revenue). The remainder of the operations are primarily focussed in eastern Europe and Mediterranean markets. It is most heavily exposed to residential end markets (which are highly cyclical and for which activity levels can be volatile).

The trading multiples for the two listed Australian businesses (i.e. Boral and Wagners) reflect the broadly improving conditions in the Australian construction materials sector, where there has been some evidence of better pricing discipline amongst the major participants.

However, these businesses trade at a wide range:

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- Boral trades at a clear premium to Wagners (around 11.5 times historical EBITDA and 8.8 times forecast EBITDA) due to its leading market position particularly in the east coast of Australia and strong exposure to the aggregates business (which often command higher multiples) as well as its strong recent earnings growth (particularly in the six months to 31 December 2023); and
- Wagners trades at a discount (close to 8 times historical EBITDA and 6.3 times forecast EBITDA) due to its smaller size (with a market capitalisation of less the $200 million) and concentrated position within the southeast Queensland where it accounts for a third of the region's cement requirements.

Analysis of the trading multiples for Boral and Wagners should be treated with caution due to the influence substantial shareholders may have on trading activity in their shares. Approximately 72% of Boral shares were held by Seven Group (at the time the share price was based on), while around 55% of Wagners shares are held by the Wagner family.

In broad terms, the evidence supports the thesis that aggregates are the most attractive, and most highly rated, segment of the construction materials sector.

Implied Multiples for Adbri

Grant Samuel has valued Adbri's business operations in the range $2,750-3,000 million.

There is a significant amount of capital and other expenditure for the Kwinana Upgrade Project that remains to be incurred by Adbri over the next three years (albeit with the majority within twelve months). In order to assess the implied multiples for Adbri relative to the market evidence, Grant Samuel has adjusted the enterprise value for these outstanding commitments. CY25 earnings will include close to a full year's benefit of this project so the implied multiple is based on the "gross" value (i.e. $2,920-3,170 million). On the other hand. CY23 and CY24 earnings do not reflect any benefit from it so are based on the "net" value (i.e. $2,750-3,000 billion).

Based on the adjusted enterprise value and adjusted earnings set out in Section 5.3, the value range represents the following multiples:

ADBRI'S BUSINESS OPERATIONS – IMPLIED VALUATION PARAMETERS

	VARIABLE ($ MILLIONS)	RANGE OF PARAMETERS	
		LOW	HIGH
Net value of Adbri's business operations ($ millions)		2,750	3,000
Adjustment for present value of capital expenditure in relation to Kwinana Upgrade Project[29] ($ millions)		170	170
Gross value of Adbri's business operations ($ millions)		**2,920**	**3,170**
Multiple of look through EBITDA			
CY23 (historical)	*348.3*	7.9x	8.6x
CY24 (adjusted median brokers' forecast)	*344.2*	8.0x	8.7x
CY25 (adjusted median brokers' forecast)	*379.5*	7.7x	8.4x
Multiple of look through EBIT			
CY23 (historical)	*188.2*	14.6x	15.9x
CY24 (adjusted median brokers' forecast)	*not used*	nc	nc
CY25 (adjusted median brokers' forecast)	*not used*	nc	nc

29 As set out in Section 5.4.2, approximately $185 million of capital expenditure remains to be incurred to complete the Kwinana Upgrade Project. The $170 million figure reflects the present value of the outflows.

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In Grant Samuel's opinion, multiples of 8.1-8.7 times forecast CY24 EBITDA are reasonable relative to the market evidence as they should, in theory, reflect the weighted average of Adbri's product range exposures to:

- cement. The market evidence consistently shows clearly much lower multiples (albeit to varying extents) for producers with a heavy cement weighting. Listed cement focussed producers such as Holcim, CEMEX, Heidelberg Materials and Titan Cement trade at approximately 5-7 times forecast EBITDA (which exclude a premium for control). Some of the cement focussed acquisitions were at higher multiples. Cement accounts for nearly 40% of Adbri's external revenue (and nearly half of look through revenue, inclusive of joint ventures and associates) and nearly half of look through EBITDA. (Adbri's two largest equity interests, ICL and Sunstate, are cement focussed businesses);
- aggregate products, for which the market evidence supports much higher multiples. Sharemarket evidence for Martin Marietta and Vulcan (both of which are among the largest listed aggregates producers in the United States) demonstrate multiples in excess of 16 times forecast EBITDA). Transactions for producers focussed on aggregates are generally supportive of historical EBITDA multiples of around at least 12 times. However, aggregates account for only 10% of Adbri's revenue (but closer to 25% of EBITDA);
- downstream concrete and concrete products, which is a highly competitive sector with limited barriers to entry (but with relatively lower capital intensity than cement focussed producers); and
- lime, which accounts for 10% of external revenue. There is very limited transaction or sharemarket evidence (from which earnings multiples can be calculated) involving lime businesses in Australia (although CRH recently divested its European lime operations for US$1.1 billion at an implied multiple of 8 times historical EBITDA). Adbri's lime business is substantially smaller and would likely be valued at a discount to those levels given the uncertainty surrounding the business (despite the potential price resets for a number of supply contracts) and the loss of the Alcoa lime supply agreement (with consequential impacts on fixed cost and capital expenditure absorption).

At the same time, these factors need to be balanced against the positive attributes and earnings tailwinds that are impacting (or expected to impact) Adbri's business operations:

- a number of initiatives that (if successfully executed) should translate to some earnings upside for Adbri, including the:
  - completion of the Kwinana Upgrade Project, which is expected to generate over $20 million per annum in run rate synergies and avoid ongoing duplication of maintenance capital expenditure;
  - increased penetration and rollout of SCMs and limestone based cement products, which carry better margins than other cement products and should bolster Adbri's "green" credentials (which is expected to have a growing economic impact given pending reforms in the industry); and
  - the potential VRM project at the Birkenhead plant. While project studies remain at early stages, the expansion could unlock additional production capacity at Birkenhead and improve its operating cost profile.

  Individually none of these initiatives are transformational for Adbri's business operations. However, collectively, these initiatives (if successfully implemented) could provide future earnings upside beyond pure volume and/or pricing growth;
- the positive short-to-medium term national industry backdrop particularly in the residential end market, which many market participants expect to rebound on the back of broader government support for increased housing supply (albeit with risks of an insufficient labour force to support the necessary volume). New commencements for multi-unit housing supply have been relatively resilient through the housing downturn and are expected to be a key contributor to the rebound in the short term.

At the same time, the short term outlook is not as buoyant in some of the markets that Adbri is well positioned including in:

- South Australia, which is expected to remain in a downcycle (or flat at best) as approvals remain low following a period of near record levels of residential construction in 2021 and 2022; and
- Western Australia, for which residential activity is expected to rebound in the coming years but be nearly fully offset by an expected fall in mining construction activity.

Residential construction activity in other markets such as those in the east coast states is expected to be much more buoyant in the short term (through to at least 2027).

The implied multiples for Adbri are at a discount to the multiples implied by Seven Group's recent off market takeover offer for Boral (which occurred at closer to 9.5 times forecast EBITDA). Both companies share many similarities (i.e. leading construction materials producers, Australia-focussed) and the transactions for both businesses are occurring under similar market conditions. However, there are a number of reasons that justify Adbri's discount to Boral:

- scale and market position. While both Adbri and Boral are amongst the largest construction materials companies in Australia, Boral is the market leader with substantially larger production and generates nearly twice the revenue of Adbri. It is principally positioned in higher growth markets along the east coast of Australia;
- cement exposure. In contrast to Adbri (which is largely a cement focused producer), Boral is less dependent on cement for its revenue and earnings (only around 10% of its external revenue is from cement albeit higher based on gross margins). The market evidence shows a clear distinction between cement focussed producers which trade at a substantial discount to upstream focussed producers because of issues such as capital intensity and the uncertain costs of resolving their emissions output;
- lack of a strong infrastructure oriented business. Projects in the transport infrastructure end markets (e.g. roads) are generally longer term in nature and often help "soften" the impact of a slowing cycle from the more volatile residential or mining end markets. While Adbri has made some progress in building out its exposure to infrastructure markets in recent years (from around 15% in CY19), Boral is well established in the sector (over 40% of revenue);
- capital intensity. While Boral has a number of near-term capital expenditure commitments (e.g. $300-400 million in "catch-up" capital expenditure), a larger share of Adbri's operating EBITDA is consumed by capital expenditure (even excluding the Kwinana Upgrade Project). As a result, a smaller proportion of its operating EBITDA is converted into free cash flow (which ultimately should translate to lower implied EBITDA multiples); and
- uncertainty in relation to the lime business. The loss of the Alcoa supply contract leaves Adbri with a substantially smaller (and less profitable) lime business (around 500ktpa from over 1Mtpa just three years earlier). This volume loss impacts cost efficiencies and capital expenditure efficiency. The strategic review remains ongoing and it is unclear whether major decisions need to be made on the operating footprint of the Munster facility (e.g. shutting down a kiln) or transitioning to a different operating model (e.g. hybrid importer/producer) which will involve capital expenditure on a new facility (although it would open up the opportunity to regain some of the lost volume).

Other factors to be considered in assessing the appropriate multiples for Adbri include the following:

- a large proportion of Adbri's earnings (and by extension, value) is attributable to its network of joint ventures and associates, over which it does not exercise full control. ICL, Sunstate and Mawsons Group are each individually sizeable and mature businesses. Nearly 20% of Adbri's look-through EBITDA is attributable to these joint ventures. Adbri's shared control over cement distribution channels in the regions in which its associates and joint ventures operate (i.e. Victoria and Queensland) arguably weaken its competitive position on the east coast of Australia;

- Adbri generally capitalises recurring shutdown capital expenditure then amortises the expense until the next scheduled shutdown (typically around a year). This treatment causes EBITDA to be higher than it would otherwise be although it largely nets out in EBIT; and
- the narrow universe of potential acquirers of Adbri, which are effectively limited to either offshore industry participants or financial buyers. With no "in market" acquirers, there is very limited opportunity for operational synergies which are largely restricted to listed company cost savings.

In Grant Samuel's view, the implied EBITDA and EBIT multiples for Adbri reflect a reasonable balancing of these factors taking into account of the available market evidence and the current stage of the building and construction cycle.

5.5 Value of Property Portfolio

Grant Samuel has attributed a value of $190-230 million to Adbri's surplus property assets.

The majority of Adbri's surplus property assets represent:

- properties that were originally acquired to meet future operational requirements that have (or will) become surplus to requirements; and
- depleted quarries and other resources (that generally require rehabilitation and rezoning prior to sale or development).

The property assets are separate assets to Adbri's business operations and it is appropriate to attribute value to them. Summarised descriptions of Adbri's key property assets are set out in Section 4.4 of this report. With the exception of the Batesford land (which is currently in advanced stages of planning for a future residential development), the remaining surplus properties include land parcels and properties that are not contracted yet and/or are in the very early stages of development.

The current value of any development property that requires a complex rezoning process and will take many years to come to fruition with the majority of cash flows often 10-15 years away is subject to a very significant degree of uncertainty. Any value estimate needs to be understood in that context.

The approach to attributing value to each of the identified surplus properties is set out below.

Batesford

The value range for the Batesford property has been estimated using a DCF analysis based on expected future cash flows for a residential development that is planned to be constructed on the property under a development management agreement ("DMA") with a development partner. The cash flow reflects the draft feasibility study prepared by the proposed development partner and is based on the latest agreed commercial terms between the parties. The cash flow model considers:

- land payments to Adbri which are received over time as the first call on cash generated by the project;
- share of gross proceeds from the sale of residential lots, which would be managed and marketed by the development partner;
- multiple staging of the development given the scale of the Batesford property (which covers 550 hectares) and complexity given the adjacent quarrying operations that will form the lake once quarrying ceases, noting that certain areas of the property would become available for development much sooner; and
- income taxes payable on the income from upfront land payments and sale proceeds (at 30%).

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However, successfully developing Batesford carries a substantial amount of risk (typical for a property development of its scale and nature) including:

- rezoning and permitting, although it should be noted that the land has already been designated by Geelong Council as part of the Western Regional Growth Area. Nevertheless, timeframes for obtaining approvals are uncertain; and
- the cost of development of the project, to which Adbri shares some exposure if costs exceed original budgets.

The analysis is further complicated by the substantial timing risk involved before development commences and the DMA participants begin to realise value through the sale proceeds. The first stage of development is anticipated to commence in CY26 with sales anticipated to start around CY29 and is premised on the quarry closing around 2038. The ability to attract buyers for residential land when the site is developed is unproven at this time. Additionally, prevailing market conditions at the time will impact demand and pricing.

Some internal commercial risks also remain:

- the DMA has yet to be signed as at the date of this report and there is no certainty that it will be. While key commercial terms have been agreed in principle, there are a number of items that remain to be negotiated prior to signing; and
- the Batesford quarry operation is a joint venture between Adbri and the McCann family who also own most of the quarry land. The quarry has licences to continue in operation until 2040. The DMA partners do not have an agreement with the McCann family as to when quarrying will cease, however there is expected to be alignment given that both parties will be exposed to the upside from property development (albeit to the risks attached to it as well).

Grant Samuel has discounted the cash flows at a higher discount rate than those applied to Adbri's business operations (12% after tax) to reflect the general risks of property development. An additional discount has been applied to the value range to account for the internal commercial risks outlined above (including potential deferral of the quarry closure).

The value is above recent "outright sale" offers that have been put forward by various parties but this is appropriate given the progress that has been made.

Munster

The value range for the Munster landholding is based on a valuation report commissioned by Adbri and prepared by an external property valuer in November 2023. The report has estimated market values for the sale of the Munster landholding in its entirety (i.e. all 218.4 hectares) on an "as is" basis assuming:

- vacant land possession, meaning that the existing cement and lime facility and other operational assets (e.g. building, plant and equipment) are removed;
- the site is fully remediated and environmentally compliant as prior heavy industrial uses (i.e. existing cement and lime operations) over many decades may have caused environmental contamination on the site; and
- the site is suitable for redevelopment in accordance with its "highest and best use".

However, there are practical impediments before Adbri can realise value from the entirety of its Munster landholding:

- lime operations are expected to continue as is, with quicklime expected to continue to be produced at the Munster lime kiln (although Adbri's operations will cover a much smaller footprint following the ceasing of operations of the Munster cement plant which will transfer to Kwinana over the next 12 months). Despite the loss of the Alcoa lime supply contract, the Western Australian lime business remains substantial and its lime products continue to be in demand from a number of major customers in the region (including South32 which is contracted through to CY29); and

- Adbri is conducting a strategic review of the lime business, including evaluating a business case for investment in a potential lime import facility at Munster. Investment in a lime import capability would potentially reduce the extent of land required for lime production.

Adbri is exploring an option that would accelerate value realisation for the Munster landholding under which development would occur through a staged process and preserve future optionality for the lime business. The staged process would focus on accelerating the development of around 88 hectares of land that sit outside the primary lime production perimeter and require less rehabilitation/removal costs (than the land areas hosting the lime production site) and, more pertinently, not interfere with the lime operations. However, carving out these parcels of land for a staged development is not without risk. It will require an amendment to the *State Agreement Act* and other statutory approvals by the State Government of Western Australia (to excise the selected land parcel from the rest of the land lease) as well as further rezoning and planning approvals.

The value range for the Munster surplus land has been estimated as follows:

- at the low end, assuming that only the first stage of development (88 hectares) can be achieved. The value is based on the pro-rata market value estimated by the independent property valuer. No value has been ascribed to the remaining landholdings as the lime business is assumed to continue production operations at Munster indefinitely (restricting the development potential of the remaining landholdings); and
- at the high end, assuming that the second stage of the development can be pursued after the expiry of the State Agreement in 2031. On this basis, the concept for the second stage of the development can only be pursued if the existing lime production operations ceases and the business transitions to an import model which requires a much smaller operating footprint (although the merits of such a transition is still being investigated and, in any event, is subject to final Board approval). The value has been based on the market value estimated by the independent property valuer and adjusted to exclude the section of the land that needs to be retained by Adbri to support an import model. The estimated market value is a useful reference point as it is not inconsistent with values implied by recent unsolicited offers made for the entire landholding and discussions of potential monetisation options with other parties. However, there will be additional capital expenditure for a new import terminal, remediation costs and rehabilitation costs that will need to be incurred. Very preliminary estimates of these costs are in the order of $60 million (real). The present value of these amounts has been deducted. No adjustment has been made by Adbri for the effect on future lime margins as these have not been fully assessed, but in broad terms, margins under an import model may be lower but so will capital expenditure (compared to operating a kiln).

Other Surplus Properties

The other surplus properties include other surplus parcels of land that Adbri was preparing to bring to market (some of which were in the initial stages of an expression of interest process) and include a number of processes which resulted in non binding offers from potential third party buyers.

The value attributed to each of the other surplus properties have generally been based on:

- unsolicited interest or offers received for properties from third parties (including those offers received through expression of interest processes);
- estimated sale price guides provided by property agents for the sites that were being prepared for an expression of interest or sale process;

- indicative desktop assessments prepared by an external property valuer; and/or
- the carrying value of the properties, where no offers or estimated price guides were received for the individual properties. These properties collectively account for less than $10 million in value and are immaterial to the overall value of Adbri.

Grant Samuel has made certain adjustments to the values as follows:

- remediation costs of $4.4 million, which reflect the costs Adbri has to incur to bring some of the sites (not all, as most are greenfield locations) to a condition that they can be sold;
- a 2% adjustment to both the low and high ends of the value range to reflect selling and other relevant transaction costs (e.g. legal and advisory fees); and
- a deferral in the timing required to monetisation given the time to market the property and settlement period. The deferral is assumed to be up to one year at the bottom end of the range.

While capital gains tax may be payable by Adbri on the sale of each of these properties (albeit partly offset by Adbri's existing capital tax losses), the reality is that a buyer of 100% of Adbri would benefit from a step up in the tax cost base (from allocation of its purchase cost). On this basis, Grant Samuel has not applied capital gains tax against the value of the surplus property assets.

The largest of these other surplus properties is Badgerys Creek in New South Wales. Adbri originally acquired the land parcel in 2019 and earmarked it for the establishment of a new concrete plant to service the region. These plans ultimately did not proceed and minimal improvements have been made to the landholding but there is evidence for an uplift in value (demonstrated by numerous acquisition proposals for the property) that reflect a material step up from the original purchase price. Grant Samuel has utilised the latest arms' length offer (which was rejected) for the low end of its value range for Badgerys Creek. The offers for the Badgerys Creek landholding are not inconsistent with the sales of similar sites in the region, including the sale by CSR of 4.6 hectares of land zoned for industrial use in February 2022 (around $450 per square metre).

5.6 Other Assets and Liabilities

Adbri's other assets and liabilities have been valued at $87 million. They comprise loans receivable from ICL and B&A Sands (see Section 5.7 for detail on the net borrowings of joint ventures and associates).

Adbri has a number of other assets and liabilities on its balance sheet that have not been included in other assets and liabilities for the following reasons:

- Adbri's investments in joint ventures and associates (which are recognised on the balance sheet as equity accounted investments), which are reflected in the valuation of its business operations;
- a non-controlling interest in Exmouth Limestone Pty Limited, which is a non operating asset and immaterial to the overall value of Adbri;
- franking credits, which do not have value to shareholders unless they are distributed as fully franked dividends (see Section 5.8); and
- the outcome of any potential material litigation. Adbri is currently subject to proceedings in the Supreme Court of South Australia in relation to certain claims for breaches of certain cement supply and services agreements. The proceedings remain ongoing and there is no certainty of the outcome of the proceeding. A provision has not been raised by Adbri as the company believes that an outflow is not probable nor is it possible to determine the ultimate impact (if any). Adbri is defending the various claims made.

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5.7 Net Borrowings

Adbri's adjusted net borrowings for valuation purposes are $1,003.4 million. The amount reflects Adbri's net borrowings (including leases) as at 31 December 2023 and the following adjustments:

ADBRI – ADJUSTED NET BORROWINGS ($ MILLIONS)

	SECTION REFERENCE	VALUE
Reported net borrowings (including lease liabilities) as at 31 December 2023	4.4	760.7
add back: capitalised borrowing costs	--	2.7
add: pro-rata share of debt (including lease liabilities) held by joint ventures and associates	--	240.0
Adjusted net borrowings		**1,003.4**

Reported net borrowings have been calculated on a post AASB 16 basis, which is consistent with the basis on which Adbri's business operations have been valued (i.e. annual lease payments have not been included in the cash flows used in the DCF analysis and earnings are presented on a post AASB 16 basis). Reported net borrowings also includes net derivatives (interest rate swaps) at their "marked-to-market" value at 31 December 2023 of $9.3 million.

Adjustments have been made for:

- capitalised borrowing costs, as these are accounting assets (i.e. cash amounts incurred previously but capitalised and amortised over the life of the relevant borrowings); and
- the pro-rata share of debt (including lease liabilities) held by joint ventures and associates, which is consistent with the basis on which Adbri's business operations have been valued. The pro-rata share of debt includes certain loans made by Adbri to the associates (principally to ICL and to B&A Sands). The DCF analysis and earnings multiple approach both include Adbri's share of revenue, EBITDA and EBIT from its equity accounted investments.

5.8 Franking Credits

Under Australia's dividend imputation system, domestic equity investors receive a taxation credit (franking credit) for tax paid by a company. The franking credit attaches to any dividends paid by a company and the franking credit offsets personal tax for Australian investors. To the extent that personal tax has been fully offset the individual will receive a refund of the balance of the franking credit. Franking credits therefore have value to the recipient.

However, in Grant Samuel's opinion, while acquirers are attracted by franking credits there is no clear evidence that they will actually pay extra for a company with them (at any rate the sharemarket evidence used by Grant Samuel in valuing the Adbri's businesses will already reflect the value impact of the existence of franking credits). Further, franking credits are not an asset of the company in the sense that they can be readily realised for a cash sum that is capable of being received by all shareholders. The value of franking credits can only be realised by shareholders themselves when they receive distributions. Importantly, the value of franking credits is dependent on the tax position of each individual shareholder. To some shareholders (e.g. overseas shareholders) they may have very little or no value. Similarly, if they are attached to a distribution which would otherwise take the form of a capital gain taxed at concessional rates there may be minimal net benefit (in fact, there may be some categories of shareholders who are worse off in this situation such as shareholders with a capital loss on disposal of the shares).

Accordingly, while franking credits may have value to some shareholders they do not affect the underlying value of the company itself. No value has therefore been attributed to Adbri's accumulated franking credits in the context of the value of Adbri as a whole.

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6 Evaluation of the Scheme

6.1 Summary

Grant Samuel has concluded that the Scheme is fair and reasonable. Accordingly, the Scheme is in the best interests of the Independent Shareholders, in the absence of a superior proposal.

6.2 Fairness

Valuation of Adbri

Grant Samuel has estimated the full underlying value of Adbri, including a premium for control, to be in the range $2,024-2,314 million which corresponds to $3.09-3.53 per share. The value is the aggregate of the underlying value of Adbri's business operations and its surplus property portfolio, less external liabilities and any non trading assets or liabilities. The value range exceeds the price at which, based on current market conditions, Grant Samuel would expect Adbri to trade on the ASX in the absence of a change of control proposal (or speculation as to such a proposal).

Grant Samuel determined a value range for Adbri's business operations taking into account the NPV outcomes of various DCF scenarios and market evidence from other methodologies (i.e. multiples of earnings for comparable transactions and comparable listed companies). The value is not based on any one scenario, set of assumptions or specific multiple. The value of the business operations reflects the particular attributes of Adbri's core construction materials business including:

- its established market position as one of Australia's leading cement and construction materials producers, particularly in South Australia and Western Australia where it is the largest provider of cementitious materials;
- the upside earnings potential as Adbri continues to execute its turnaround and expects to begin realising benefits from some of its recent major investments (including the Kwinana Upgrade Project, which is due to be completed in late 2024); and
- the positive short-to-medium term industry backdrop across Australia, particularly in the residential end market, which many market participants expect to rebound (on the back of broader government support for increased housing supply).

At the same time, these positive attributes need to be balanced against some of the risks and challenges facing its business operations, including:

- its relatively high exposure to residential and mining end markets, both of which tend to be more cyclical and exposed to higher levels of volatility in activity than other end markets such as transport infrastructure (which comprise larger scale and longer term projects that underpin some level of stability in activity from year to year);
- elevated short term capital requirements. Approximately $185 million of capital and related expenditure still needs to be incurred over the next three years in relation to the full ramp up of the Kwinana Upgrade Project (with the vast majority to be incurred in CY24);
- the uncertainty surrounding the lime business; and
- constraints on its free cash flow, which is expected to improve as earnings recover but is likely to remain impacted by the capital intensity of the business (particularly for cement).

The value of Adbri also takes into account the value of its surplus property assets. The largest of these property assets (by value) is Batesford. The value range incorporates some of the upside potential of a future residential development on the property (via a DMA) but has been discounted to reflect the risks attached to the project such as:

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- transaction risks, as key contractual documents for the DMA have not been signed at the date of this report (although key commercial terms have been agreed in principle). There is no guarantee that terms will be agreed with the development partner;
- development risks, including rezoning and permitting, rehabilitation and the actual costs and time required to construct the residential project; and
- commercial risks, as the cash flow analysis depends on certain operating parameters that cannot be tested until many years into the future (e.g. lot sale prices). Circumstances and market conditions may change substantially.

Given the remaining conditions to be met, the value of Batesford today would be at a substantial discount to the value once all these hurdles are mitigated or cleared.

Conclusion

The Scheme consideration of $3.20 per share falls within the value range of $3.09-3.53 per share. Accordingly, the Scheme is fair. The bottom of the valuation range represents the relevant threshold for fairness. Any price above $3.09 is, by definition, fair and it is irrelevant where in the range an offer falls.

Subsequent Events

Subsequent to completing its draft report, Grant Samuel was advised that a significant customer of Adbri had initiated a review of its supply arrangements. Adbri could gain volume, lose volume and/or face a reduction in selling prices. The outcome is unknown at this stage so it is not possible to determine the impact on revenue, earnings and value.

However, any impact on value is unlikely to change Grant Samuel's opinion and, to the extent the consequences are negative, such a change would only reinforce Grant Samuel's opinion.

6.3 Reasonableness

As the Scheme is fair, it is also reasonable. In any event, there are a number of factors that support the reasonableness of the Scheme and which Adbri shareholders should consider in determining whether to vote for the Scheme. These factors are set out in the following sections.

6.3.1 Premium for Control

The Scheme consideration of $3.20 per share represents a 41% premium to the price at which Adbri shares last traded prior to announcement of the CRH Proposal on 18 December 2023. The premium is higher (circa 52%) when compared to prices in the month prior to the announcement (and even higher relative to prices over the 12 months prior to announcement):

ADBRI – PREMIUM OVER PRE-ANNOUNCEMENT PRICES[30]

PERIOD	ADBRI PRICE/VWAP	PREMIUM
15 December 2023 – Pre-announcement price	$2.27	41%
1 week prior to 15 December 2023 – VWAP	$2.21	45%
1 month prior to 15 December 2023 – VWAP	$2.11	52%
3 months prior to 15 December 2023 – VWAP	$2.04	57%
6 months prior to 15 December 2023 – VWAP	$2.29	40%
12 months prior to 15 December 2023 – VWAP	$1.96	63%

30 The calculated VWAP includes all trades as reported in IRESS and is not adjusted for any factors.

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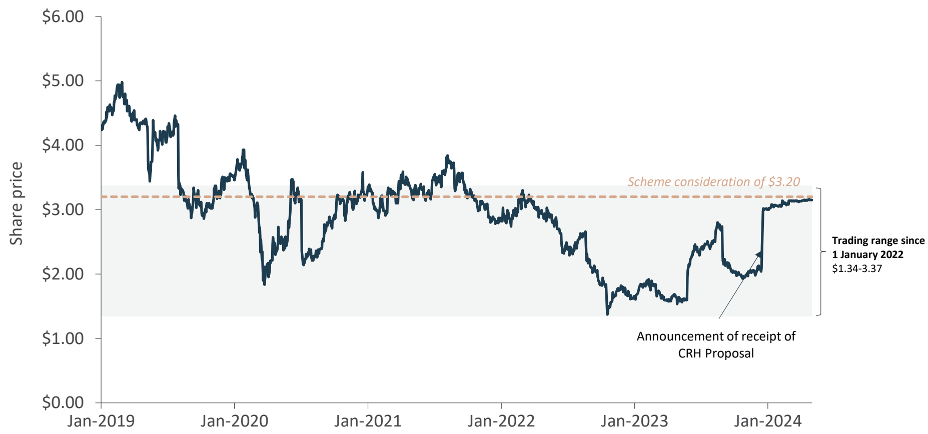
The implied premiums are above the level usually associated with takeovers of 20-35% although it should be recognised that premiums for control:

- are an outcome not a determinant of value; and
- vary widely depending on individual circumstances of the target and other factors (such as the potential for competing offers). The premiums in a substantial proportion of transactions actually fall outside (either above or below) the 20-35% range.

When considering the extent of the premium Independent Shareholders should take the following factors into account:

- Adbri shares have not traded at above $3.20 since March 2022 and have not traded consistently above this level since the first half of 2019 (although the shares did find some support at just above that level over a few months in 2021):

ADBRI — CLOSING SHARE PRICE RELATIVE TO SCHEME CONSIDERATION
1 JANUARY 2019 TO 30 APRIL 2024



Source: IRESS and Grant Samuel analysis

The Adbri share price trended down from early CY19 through to the beginning of CY23 (and particularly so since mid 2021) as the business has navigated a series of challenges including weaker market conditions, increased competition (and loss of share) in key markets, adverse weather events, loss of the Alcoa lime supply contract and cost overruns for the Kwinana Upgrade Project. Over this period, the business has become increasingly geared as free cash flow generation suffered. Collectively, these issues made investors cautious about Adbri's financial performance (and gearing) and this has been reflected in its share price over the last four years.

It was not until early CY23 that the Adbri share price bottomed and begin trending upwards as market conditions appeared to moderate and showed signs of improvement (although the share price remained extremely volatile over this period as the market fluctuated between overexuberance from positive trading updates to disappointment when expectations failed to materialise, as evidenced by the market's response to the 1HY23 results); and

- the announcement of the CRH Proposal (which was on the same commercial terms as the Scheme) came prior to the release of the CY23 results. The implied premiums are arguably overstated as an undisturbed share price today reflecting the CY23 results may well be higher than the $2.00-2.20 level just prior to announcement of the CRH Proposal. Notwithstanding the individual issues and initiatives impacting each of the ASX listed construction materials companies, the improving sentiment across

Australia's construction materials industry has lifted their financial performance and share prices. Other ASX listed producers have experienced significant jumps in their share prices following recent earnings releases. For example:

- Boral shares jumped by 8% following announcement of its 1HY24 results on 9 February 2024 (and held that level over the following week of trading); and
- Wagners shares jumped by over 11% following announcement of its 1HY24 results on 21 February 2024 although it retraced nearly all of these gains in the following week of trading.

These large jumps in share price came during a period when share prices were already trending upwards even prior to announcement of their respective earnings results. Between 15 December 2023 (the day before announcement of the CRH Proposal) and the last trading day prior to announcement of their respective 1HY24 results, Boral's and Wagners' share prices were up by 9% and 7%.

In this context, it can be argued that some of the premium implied by the Scheme consideration would already have been available to Adbri shareholders even in the absence of the Scheme (i.e. as the share price would have risen following the release of the CY23 results given the robust financial performance over the period and continued turnaround of the business). This means that the true premium for control would be smaller than the 41% premium calculated using headline figures but the extent of any uplift that might have occurred even in the absence of the CRH Proposal is speculative.

6.3.2 Share Trading in the Absence of the Scheme

The Scheme enables shareholders to realise their investment in Adbri at a cash price which incorporates a premium for control. In the absence of the Scheme or a similar transaction, shareholders could only realise their investment by selling on market at a price which does not include any premium for control and would incur transaction costs (e.g. brokerage).

In these circumstances, and in the absence of the Scheme or a similar transaction, it is likely that Adbri shares, under current market conditions and its current ownership structure, would trade at prices well below the Scheme consideration of $3.20 per share although quite possibly higher than the prices prevailing prior to announcement of the CRH Proposal of circa $2.20-2.30 as the share price should be supported by the improved trading conditions disclosed in the CY23 results.

6.3.3 Alternatives

There is no prospect of a higher offer from CRH as CRH and the Barro Group have stated that the Scheme represents its "best and final" price in the absence of a competing offer. While it is conceivable that a third party could make a higher offer for Adbri, in Grant Samuel's opinion that is unlikely:

- the Barro Group's 42.7% shareholding in Adbri together with the nature of their jointly held operations (e.g. ICL) is an impediment to any alternative proposal. It means that an acquirer is highly unlikely to succeed without the Barro Group's "blessing"; and
- the Barro Group has accumulated its holding over a 20 year period. To date, it has shown no intention of making an offer for 100% of Adbri (and its financial capacity to do so is unclear) nor has it shown any intention to sell down its holding. A desire to maintain its economic interest and not exit is arguably evidenced by the structure of the Scheme (although it is, arguably, relinquishing control). In this respect, any alternative acquirer may need to be prepared to share ownership rather than gain 100% control. CRH may also bring industry expertise and financial firepower that the Barro Group values.

6.3.4 Other Matters

Taxation Consequences

If the Scheme is implemented, Independent Shareholders will be treated as having disposed of their Adbri shares for tax purposes. A capital gain or loss may arise on disposal depending on the cost base for the Adbri shares, the length of time held, whether the shares are held on capital or revenue account and whether the shareholder is an Australian resident for tax purposes.

Details of the Australian taxation consequences for Independent Shareholders who are Australian resident individuals and hold their shares on capital account are set out in Section 8 of the Scheme Booklet. Shareholders should consult their own professional adviser in relation to the taxation consequences of the Scheme.

Transaction Costs

If the Scheme is not approved by the Independent Shareholders or is otherwise not implemented, it is estimated that Adbri will meet costs (including legal and other adviser's fees as well as printing and mailing costs) of $9.9 million (less than 2 cents per share). In certain circumstances, Adbri will also be liable to pay CRH a $21 million break fee. If the Scheme is implemented, all transaction costs will effectively be borne by CRH.

Dividends

Independent Shareholders should note that no dividends were declared by Adbri in CY23 and, in the absence of the Scheme, there will be some pressure on dividends over the next couple of years as the company seeks to "repair its balance sheet" by reducing the level of debt/leverage.

6.4 Shareholder Decision

Grant Samuel has been engaged to prepare an independent expert's report setting out whether in its opinion the Scheme is in the best interests of the Independent Shareholders and to state reasons for that opinion. Grant Samuel has not been engaged to provide a recommendation to shareholders in relation to the Scheme, the responsibility for which lies with the independent directors of Adbri.

In any event, the decision whether to vote for or against the Scheme is a matter for individual shareholders based on each shareholder's 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. In particular, taxation consequences may vary from shareholder to shareholder. If in any doubt as to the action they should take in relation to the Scheme, Independent Shareholders should consult their own professional adviser.

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7 Qualifications, Declarations and Consents

7.1 Qualifications

The Grant Samuel group of companies provide corporate advisory services in relation to mergers and acquisitions, capital raisings, debt raisings, corporate restructurings and financial matters generally. The primary activity of Grant Samuel & Associates Pty Limited is the preparation of corporate and business valuations and the provision of independent expert's reports in connection with mergers and acquisitions, takeovers and capital reconstructions. Since inception in 1988, Grant Samuel and its related companies have prepared more than 585 public independent expert and appraisal reports.

The persons responsible for preparing this report on behalf of Grant Samuel are Stephen Wilson MCom (Hons) CA SF Fin and Jaye Gardner BCom LLB (Hons) CA SF Fin GAICD. Each has a significant number of years of experience in relevant corporate advisory matters. Shaun Yu BBA CFA, Nick Laidlaw B Com and Mathew Hildebrand BProfAccg BProfPrac assisted in the preparation of the report. Each of the above persons is a representative of Grant Samuel pursuant to its Australian Financial Services Licence under Part 7.6 of the Corporations Act.

7.2 Disclaimers

It is not intended that this report should be used or relied upon for any purpose other than as an expression of Grant Samuel's opinion as to whether the Scheme is in the best interests of the Independent Shareholders. Grant Samuel expressly disclaims any liability to any Adbri shareholder who relies or purports to rely on the report for any other purpose and to any other party who relies or purports to rely on the report for any purpose whatsoever.

Grant Samuel has had no involvement in the preparation of the Scheme Booklet issued by Adbri and has not verified or approved any of the contents of the Scheme Booklet. Grant Samuel does not accept any responsibility for the contents of the Scheme Booklet (except for this report).

7.3 Independence

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 Adbri, CRH or the Barro 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 Scheme.

A related entity of Grant Samuel has been retained to advise Adbri in relation to a surplus property. The property asset is non-core to Adbri's business operations and does not represent a material portion of the total value of Adbri (less than 5% of enterprise value). Accordingly, Grant Samuel does not consider this assignment capable of affecting its ability to provide an unbiased opinion in relation to the Scheme.

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

Grant Samuel will receive a fixed fee of $600,000 for the preparation of this report. This fee is not contingent on the conclusions reached or the outcome of the Scheme. Grant Samuel's out of pocket expenses in relation to preparation of the report will be reimbursed. Grant Samuel will receive no other benefit for 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.

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7.4 Declarations

Adbri has agreed that it will indemnify Grant Samuel and its employees and officers in respect of any liability suffered or incurred as a result of or in connection with the preparation of the report. This indemnity will not apply in respect of the proportion of any liability found by a court to be caused by the negligence, fraud, wilful misconduct, dishonesty or reckless act or omission of Grant Samuel. Adbri has also agreed to indemnify Grant Samuel and its employees and officers for time spent and reasonable legal costs and expenses incurred in relation to any inquiry or proceeding initiated by any person. Any claims by Adbri are limited to an amount equal to the fees paid to Grant Samuel. Where Grant Samuel or its employees and officers are found to have been guilty of negligence, fraud, wilful misconduct, dishonesty or reckless act or omission Grant Samuel shall bear the proportion of such costs caused by its action.

Advance drafts of this report were provided to Adbri and its advisers. Certain changes were made to the drafting of the report as a result of the circulation of the draft report. There was no alteration to the methodology, evaluation or conclusions as a result of issuing the drafts. A factual draft of this report was also provided to CRH.

7.5 Consents

Grant Samuel consents to the issuing of this report in the form and context in which it is to be included in the Scheme Booklet to be sent to shareholders of Adbri. Neither the whole nor any part of this report nor any reference thereto may be included in any other document without the prior written consent of Grant Samuel as to the form and context in which it appears.

7.6 Other

The accompanying letter dated 3 May 2024 and the Appendices form part of this report.

Grant Samuel has prepared a Financial Services Guide as required by the Corporations Act. The Financial Services Guide is set out at the beginning of this report.

GRANT SAMUEL & ASSOCIATES PTY LIMITED

3 May 2024

Grant Samuel & Associates

Annexure 1 – Independent Expert's Report continued

GRANT SAMUEL

APPENDIX 1

BROKER FORECASTS

Adbri has not publicly released earnings forecasts for CY24 or subsequent years. Accordingly, the prospective multiples implied by the valuation of Adbri in the Grant Samuel report are based on median broker forecasts.

Set out below is a summary of forecasts prepared by brokers that follow Adbri in the Australian stockmarket:

ADBRI – BROKER FORECASTS ($ MILLIONS)

BROKER	DATE	REVENUE		EBITDA		EBIT	
		CY24	CY25	CY24	CY25	CY24	CY25
Broker 1	27 Feb 24	1,991.0	2,077.0	322.0	351.0	188.0	203.0
Broker 2	28 Feb 24	2,004.0	2,081.4	353.9	367.3	198.8	211.2
Broker 3	27 Feb 24	1,977.0	2,159.0	312.0	359.0	199.0	216.0
Broker 4	27 Feb 24	1,989.0	2,070.0	344.0	356.0	190.0	181.0
Broker 5	27 Feb 24	1,995.0	2,131.0	303.7	327.9	162.7	168.7
Broker 6	27 Feb 24	1,826.0	1,891.0	316.0	329.0	--	--
Broker 7	27 Feb 24	--	--	308.0	332.0	--	--
Broker 8	27 Feb 24	1,793.0	1,848.0	331.0	341.0	177.0	204.0
Broker 9	28 Feb 24	1,951.1	1,997.9	298.2	319.4	152.1	163.1
Median		***1,977.0***	***2,070.0***	***316.0***	***341.0***	***188.0***	***203.0***
less: property earnings		*(10.0)*	*(5.0)*	*(10.0)*	*(5.0)*	*(10.0)*	*(5.0)*
less: share of NPAT from equity accounted investments		--	--	*(33.0)*	*(34.0)*	*(33.0)*	*(34.0)*
add: pro rata share of EBITDA (or EBIT) from joint ventures and associates		--	--	*71.2*	*77.5*	*47.9*	*53.1*
Adjusted Look Through Median		***1,967.0***	***2,065.0***	***344.2***	***379.5***	***192.9***	***217.1***

Source: Brokers' reports, Grant Samuel analysis

When reviewing this data, the following should be noted:

- the CY24 and CY25 forecasts represent the latest available broker forecasts for Adbri following announcement of its CY23 results on 27 February 2024;
- the broker forecasts are not prepared on a consistent basis, particularly in relation to the treatment of:
  - revenue. While most brokers disclose total revenue, Broker 7 only published revenue from external customers (i.e. excluding freight, royalty and other revenue). For this reason, revenue forecasts for Broker 7 have been omitted from the table above;
  - property earnings. Only four brokers separately disclose forecasts for property earnings for CY24 and CY25. There is a wide range of estimates for CY24 ($0-40 million, albeit with a median of around $10 million), while the range of estimates for CY25 is narrower ($0-20 million); and
  - share of net profit after tax from associates. Only one broker separately disclosed forecasts for this item (albeit the estimates for CY24 and CY25 are sufficiently close to Adbri's internal projections).

  Accordingly, Grant Samuel has adjusted the CY24 and CY25 EBITDA and EBIT to exclude the median broker estimates for property earnings and share of NPAT from equity accounted investments. While only a limited number of brokers provide estimates for these figures, the outcomes (at least at the EBITDA level) are reasonably close to Adbri's internal projections.

To calculate a "look through" EBITDA and EBIT for Adbri, Grant Samuel has added Adbri's pro rata share of EBITDA and EBIT from the joint ventures and associates based on the latest forecasts provided by Adbri;

- as far as Grant Samuel is aware, Adbri is currently followed by 12 brokers (of which only nine are presented above). The three brokers excluded from the table are either restricted or have not published any updated earnings forecasts for Adbri subsequent to the release of Adbri's CY23 results; and
- as far as it is possible to identify from a review of brokers' reports, Grant Samuel believes that the earnings forecasts do not incorporate any one-off adjustments or non recurring items.

The adjusted look through median broker forecasts for EBITDA are sufficiently close to Adbri's CY24 Budget and 10 Year Corporate Model (for CY25 metrics) to be useful for analytical purposes. However, the adjusted look through median broker forecasts for EBIT differ materially from the management forecasts and therefore have not been relied on for the multiples analysis.

Annexure 2 – Scheme of arrangement

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Scheme of Arrangement - Share Scheme

Adbri Limited

Scheme Shareholders

ANZ Tower 161 Castlereagh Street Sydney NSW 2000 Australia
GPO Box 4227 Sydney NSW 2001 Australia
T +61 2 9225 5000 **F** +61 2 9322 4000
herbertsmithfreehills.com DX 361 Sydney

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Scheme of arrangement – share scheme

This scheme of arrangement is made under section 411 of the *Corporations Act 2001* (Cth)

Between the parties

Adbri Limited (**Adbri**) ABN 15 007 596 018 of Level 4, 151 Pirie Street, Adelaide, South Australia, Australia, 5000

The Scheme Shareholders

1 Definitions, interpretation and scheme components

1.1 Definitions

Schedule 1 contains definitions used in this Scheme.

1.2 Interpretation

Schedule 1 contains interpretation rules for this Scheme.

1.3 Scheme components

This Scheme includes any schedule to it.

2 Preliminary matters

(a) Adbri is a public company limited by shares, registered in South Australia, Australia, and has been admitted to the official list of the ASX. Adbri's Shares are quoted for trading on the ASX. Its registered office is at Level 4, 151 Pirie Street, Adelaide, South Australia, Australia, 5000.

(b) As at the date of the Implementation Deed:

(1) 653,329,543 Adbri Shares were on issue; and

(2) 2,916,849 Adbri Equity Incentives were on issue.

(c) Bidder Guarantor is CRH plc.

(d) Bidder, an indirectly wholly-owned Subsidiary of Bidder Guarantor, is a company limited by shares registered in Victoria, Australia.

(e) If this Scheme becomes Effective:

(1) Bidder must (and Bidder Guarantor unconditionally and irrevocably

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(2) guarantees the obligation of Bidder to) provide or procure the provision of the Scheme Consideration to the Scheme Shareholders in accordance with the terms of this Scheme and the Deed Poll; and

(3) all the Scheme Shares, and all the rights and entitlements attaching to them as at the Implementation Date, must be transferred to Bidder and Adbri will enter the name of Bidder in the Share Register in respect of the Scheme Shares.

(f) Adbri, Bidder Guarantor and Bidder have agreed, by executing the Implementation Deed, to implement this Scheme.

(g) This Scheme attributes actions to Bidder Guarantor and Bidder but does not itself impose an obligation on them to perform those actions. Bidder Guarantor and Bidder have agreed, by executing the Deed Poll, to perform the actions attributed to them under this Scheme, including the provision or procuring the provision of the Scheme Consideration to the Scheme Shareholders.

3 Conditions

3.1 Conditions precedent

This Scheme is conditional on and will have no force or effect until, the satisfaction of each of the following conditions precedent:

(a) all the conditions in clause 3.1 of the Implementation Deed (other than the condition in clause 3.1(d) of the Implementation Deed) having been satisfied or waived in accordance with the terms of the Implementation Deed by 8.00am on the Second Court Date;

(b) neither the Implementation Deed nor the Deed Poll having been terminated in accordance with their terms before 8.00am on the Second Court Date;

(c) approval of this Scheme by the Court under paragraph 411(4)(b) of the Corporations Act, including with any alterations made or required by the Court under subsection 411(6) of the Corporations Act and agreed to by Bidder and Adbri;

(d) such other conditions made or required by the Court under subsection 411(6) of the Corporations Act in relation to this Scheme and agreed to by Bidder and Adbri having been satisfied or waived; and

(e) the orders of the Court made under paragraph 411(4)(b) (and, if applicable, subsection 411(6)) of the Corporations Act approving this Scheme coming into effect, pursuant to subsection 411(10) of the Corporations Act on or before the End Date (or any later date Adbri and Bidder agree in writing).

3.2 Certificate

(a) Adbri and Bidder will provide to the Court on the Second Court Date a certificate, or such other evidence as the Court requests, confirming (in respect of matters within their knowledge) whether or not all of the conditions precedent in clauses 3.1(a) and 3.1(b) have been satisfied or waived.

(b) The certificate referred to in clause 3.2(a) constitutes conclusive evidence that such conditions precedent were satisfied, waived or taken to be waived.

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3.3 End Date

Without limiting any rights under the Implementation Deed, this Scheme will lapse and be of no further force or effect if:

(a) the Effective Date does not occur on or before the End Date; or

(b) the Implementation Deed or the Deed Poll is terminated in accordance with its terms,

unless Adbri, Bidder Guarantor and Bidder otherwise agree in writing.

4 Implementation of this Scheme

4.1 Lodgement of Court orders with ASIC

Adbri must lodge with ASIC, in accordance with subsection 411(10) of the Corporations Act, an office copy of the Court order approving this Scheme as soon as possible after the Court approves this Scheme and in any event by 5.00pm on the first Business Day after the day on which the Court approves this Scheme (or such later date as agreed in writing between Adbri and Bidder).

4.2 Transfer of Scheme Shares

On the Implementation Date:

(a) subject to the provision of the Scheme Consideration in the manner contemplated by clauses 5.1(b) and 5.1(c), the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares as at the Implementation Date, must be transferred to Bidder, without the need for any further act by any Scheme Shareholder (other than acts performed by Adbri as attorney and agent for Scheme Shareholders under clause 8.5), by:

(1) Adbri delivering to Bidder a duly completed Scheme Transfer to transfer all of the Scheme Shares to Bidder, executed on behalf of the Scheme Shareholders by Adbri, for registration; and

(2) Bidder duly executing the Scheme Transfer, attending to the stamping of the Scheme Transfer (if required) and delivering it to Adbri for registration; and

(b) immediately following receipt of the Scheme Transfer in accordance with clause 4.2(a)(2), but subject to the stamping of the Scheme Transfer (if required), Adbri must enter, or procure the entry of, the name of Bidder in the Share Register in respect of all the Scheme Shares.

5 Scheme Consideration

5.1 Provision of Scheme Consideration

(a) Bidder must (and Bidder Guarantor unconditionally and irrevocably guarantees the obligation of Bidder to), and Adbri must use its best endeavours to procure that Bidder does, by no later than two Business Days before the Implementation Date, deposit, or procure the deposit, in cleared funds an amount equal to the aggregate amount of the Scheme Consideration payable to all Scheme Shareholders, into an Australian dollar denominated trust account with an ADI

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operated by Adbri as trustee for the Scheme Shareholders, (provided that any interest on the amounts deposited (less bank fees and other charges) will be credited to Bidder's account).

(b) Subject to clause 5.1(d), on the Implementation Date, subject to funds having been deposited in accordance with clause 5.1(a), Adbri must pay or procure the payment of the Scheme Consideration to each Scheme Shareholder from the trust account referred to in 5.1(a).

(c) The obligations of Adbri under clause 5.1(b) will be satisfied by Adbri (in its absolute discretion, and despite any election referred to in clause 5.1(c)(1) or authority referred to in clause 5.1(c)(2) made or given by the Scheme Shareholder):

(1) if a Scheme Shareholder has, before the Scheme Record Date, made a valid election in accordance with the requirements of the Adbri Registry to receive dividend payments from Adbri by electronic funds transfer to a bank account nominated by the Scheme Shareholder, paying, or procuring the payment of, the relevant amount in Australian currency (where it is an Australian bank account) and New Zealand currency (where it is a New Zealand bank account) by electronic means in accordance with that election;

(2) paying, or procuring the payment of, the relevant amount in Australian currency (where it is an Australian bank account) and New Zealand currency (where it is a New Zealand bank account) by electronic means to a bank account nominated by the Scheme Shareholder by an appropriate authority from the Scheme Shareholder to Adbri; or

(3) dispatching, or procuring the dispatch of, a cheque for the relevant amount in Australian currency to the Scheme Shareholder by prepaid post to their Registered Address (as at the Scheme Record Date), such cheque being drawn in the name of the Scheme Shareholder (or in the case of joint holders, in accordance with the procedures set out in clause 5.2).

(d) The Scheme Consideration payable to each Scheme Shareholder with a registered address in New Zealand will be paid to a bank account nominated by that Scheme Shareholder in the manner contemplated by 5.1(c)(1) or 5.1(c)(2) or other appropriate authority from the Scheme Shareholder to Adbri. If a Scheme Shareholder with a registered address in New Zealand has not nominated a bank account for receipt of payments, Adbri may hold payment of the Scheme Consideration owed to that Scheme Shareholder until a valid bank account has been nominated by an appropriate authority from the Scheme Shareholder to Adbri.

(e) If Bidder is required by Subdivision 14-D of Schedule 1 to the Taxation Administration Act 1953 (Cth) to pay amounts to the ATO in respect of the acquisition of Adbri Shares from certain Scheme Shareholders, Bidder is entitled to deduct the relevant amounts from the payment of the Scheme Consideration to those Scheme Shareholders and remit those amounts to the ATO. Bidder will not be obliged to increase the aggregate sum paid to Scheme Shareholders by the amount of the deduction and the net aggregate sum payable to those Scheme Shareholders should be taken to be in full and final satisfaction of amounts owing to those Scheme Shareholders. Bidder must pay any amount to the ATO in the time permitted by law and, if requested in writing by the relevant Scheme Shareholder, provide a receipt or other appropriate evidence of such payment (or procure the provision of such receipt or other evidence) to the relevant Scheme Shareholder.

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(f) To the extent that, following satisfaction of Adbri's obligations under clause 5.1(b), there is a surplus in the amount held by Adbri as trustee for the Scheme Shareholders in the trust account referred to in that clause, that surplus must be paid by Adbri to Bidder.

(g) If, following satisfaction of Bidder's obligations under clause 5.1(a) but prior to the occurrence of all of the events described in clause 4.2(a), this Scheme lapses under clause 3.3, Adbri must immediately repay (or cause to be repaid) to or at the direction of Bidder the funds that were deposited in the Trust Account plus any interest on the amounts deposited (less bank fees and other charges).

5.2 Joint holders

In the case of Scheme Shares held in joint names:

(a) subject to clause 5.1(c), the Scheme Consideration is payable to the joint holders and any cheque required to be sent under this Scheme will be made payable to the joint holders and sent to either, at the sole discretion of Adbri, the holder whose name appears first in the Share Register as at the Scheme Record Date or to the joint holders (unless the joint holders have nominated a bank account under clauses 5.1(c)(1) or 5.1(c)(2), in which case the amount must be deposited directly to the nominated bank account of the joint holders); and

(b) any other document required to be sent under this Scheme, will be forwarded to either, at the sole discretion of Adbri, the holder whose name appears first in the Share Register as at the Scheme Record Date or to the joint holders.

5.3 Fractional entitlements

Where the calculation of the Scheme Consideration to be issued to a particular Scheme Shareholder would result in the Scheme Shareholder becoming entitled to a fraction of a cent, the fractional entitlement will be rounded to the nearest whole cent.

5.4 Unclaimed monies

(a) Adbri may cancel a cheque issued under this clause 5 if the cheque:

(1) is returned to Adbri; or

(2) has not been presented for payment within six months after the date on which the cheque was sent.

(b) During the period of 12 months commencing on the Implementation Date, on request in writing from a Scheme Shareholder to Adbri (or the Adbri Registry) (which request may not be made until the date which is 20 Business Days after the Implementation Date), Adbri must reissue a cheque that was previously cancelled under this clause 5.4.

(c) The *Unclaimed Money Act 1995* (NSW) will apply in relation to any Scheme Consideration which becomes 'unclaimed money' (as defined in sections 7, 8 and 9 of the *Unclaimed Money Act 1995* (NSW)).

(d) Any interest or other benefit accruing from the unclaimed Scheme Consideration will be to the benefit of Bidder.

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5.5 Orders of a court or Government Agency

If written notice is given to Adbri (or the Adbri Registry) of an order or direction made by a court of competent jurisdiction or by another Government Agency that:

(a) requires consideration to be provided to a third party (either through payment of a sum or the issuance of a security) in respect of Scheme Shares held by a particular Scheme Shareholder, which would otherwise be payable or required to be issued to that Scheme Shareholder by Adbri in accordance with this clause 5, then Adbri shall be entitled to procure that provision of that consideration is made in accordance with that order or direction; or

(b) prevents Adbri from providing consideration to any particular Scheme Shareholder in accordance with this clause 5, or the payment or issuance of such consideration is otherwise prohibited by applicable law, Adbri shall be entitled to retain an amount, in Australian dollars, equal to the number of Scheme Shares held by that Scheme Shareholder multiplied by the Scheme Consideration until such time as provision of the Scheme Consideration in accordance with this clause 5 is permitted by that (or another) order or direction or otherwise by law.

The provision or the retention of the relevant Scheme Consideration by Adbri (or the Adbri Registry on Adbri's behalf) in accordance with clause 5.5(a) or clause 5.5(b) (as applicable) will constitute the full discharge of Adbri's obligations under this clause 5.5.

6 Dealings in Adbri Shares

6.1 Determination of Scheme Shareholders

To establish the identity of the Scheme Shareholders, dealings in Adbri Shares or other alterations to the Share Register will only be recognised if:

(a) in the case of dealings of the type to be effected using CHESS, the transferee is registered in the Share Register as the holder of the relevant Adbri Shares before the Scheme Record Date; and

(b) in all other cases, registrable transfer or transmission applications in respect of those dealings, or valid requests in respect of other alterations, are received before the Scheme Record Date at the place where the Share Register is kept,

and Adbri must not accept for registration, nor recognise for any purpose (except a transfer to Bidder pursuant to this Scheme and any subsequent transfer by Bidder or its successors in title), any transfer or transmission application or other request received after such times, or received prior to such times but not in registrable or actionable form, as appropriate.

6.2 Register

(a) Adbri must register registrable transmission applications or transfers of the Scheme Shares that are received in accordance with clause 6.1(b) before the Scheme Record Date provided that, for the avoidance of doubt, nothing in this clause 6.2(a) requires Adbri to register a transfer that would result in a Adbri Shareholder holding a parcel of Adbri Shares that is less than a 'marketable parcel' (for the purposes of this clause 6.2(a) 'marketable parcel' has the meaning given in the Operating Rules).

(b) If this Scheme becomes Effective, a holder of Scheme Shares (and any person claiming through that holder) must not dispose of or otherwise deal with, or

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purport or agree to dispose of or otherwise deal with, any Scheme Shares or any interest in them on or after the Scheme Record Date otherwise than pursuant to this Scheme, and any attempt to do so will have no effect and Adbri shall be entitled to disregard any such disposal, purported disposal, agreement or other dealing.

(c) For the purpose of determining entitlements to the Scheme Consideration, Adbri must maintain the Share Register in accordance with the provisions of this clause 6.2 until the Scheme Consideration has been paid to the Scheme Shareholders. The Share Register in this form will solely determine entitlements to the Scheme Consideration.

(d) All statements of holding for Adbri Shares (other than statements of holding in favour of Bidder or any Excluded Shareholders) will cease to have effect after the Scheme Record Date as documents of title in respect of those shares and, as from that date, each entry current at that date on the Share Register (other than entries on the Share Register in respect of Bidder or any Excluded Shareholder) will cease to have effect except as evidence of entitlement to the Scheme Consideration in respect of the Adbri Shares relating to that entry.

(e) As soon as possible on or after the Scheme Record Date, and in any event by 5.00pm on the first Business Day after the Scheme Record Date, Adbri will ensure that details of the names, Registered Addresses and holdings of Adbri Shares for each Scheme Shareholder as shown in the Share Register are available to Bidder in the form Bidder reasonably requires.

7 Quotation of Adbri Shares

(a) Adbri must apply to ASX to suspend trading on the ASX in Adbri Shares with effect from the close of trading on the Effective Date.

(b) On a date after the Implementation Date to be determined by Bidder, Adbri must apply:

(1) for termination of the official quotation of Adbri Shares on the ASX; and

(2) to have itself removed from the official list of the ASX.

8 General Scheme provisions

8.1 Consent to amendments to this Scheme

If the Court proposes to approve this Scheme subject to any alterations or conditions:

(a) Adbri may by its counsel consent on behalf of all persons concerned to those alterations or conditions to which Bidder has consented; and

(b) each Scheme Shareholder agrees to any such alterations or conditions which Adbri has consented to.

8.2 Scheme Shareholders' agreements and warranties

(a) Each Scheme Shareholder:

(1) agrees to the transfer of their Adbri Shares together with all rights and entitlements attaching to those Adbri Shares in accordance with this Scheme;

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(2) agrees to the variation, cancellation or modification of the rights attached to their Adbri Shares constituted by or resulting from this Scheme;

(3) agrees to, on the direction of Bidder, destroy any holding statements or share certificates relating to their Adbri Shares;

(4) who holds their Adbri Shares in a CHESS Holding agrees to the conversion of those Adbri Shares to an Issuer Sponsored Holding and irrevocably authorises Adbri to do anything necessary or expedient (whether required by the Settlement Rules or otherwise) to effect or facilitate such conversion; and

(5) acknowledges and agrees that this Scheme binds Adbri and all Scheme Shareholders (including those who do not attend the Scheme Meeting and those who do not vote, or vote against this Scheme, at the Scheme Meeting).

(b) Each Scheme Shareholder is taken to have warranted to Adbri and Bidder on the Implementation Date, and appointed and authorised Adbri as its attorney and agent to warrant to Bidder on the Implementation Date, that:

(1) all their Adbri Shares (including any rights and entitlements attaching to those shares) which are transferred under this Scheme will, at the date of transfer, be fully paid and free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any 'security interests' within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind, and that they have full power and capacity to transfer their Adbri Shares to Bidder together with any rights and entitlements attaching to those shares;

(2) it has no existing right to be issued any Adbri Shares, Adbri Equity Incentives, or any other Adbri equity securities.

(c) Adbri undertakes that it will provide such warranty to Bidder as agent and attorney of each Scheme Shareholder.

8.3 Title to and rights in Scheme Shares

(a) To the extent permitted by law, the Scheme Shares (including all rights and entitlements attaching to the Scheme Shares) transferred under this Scheme to Bidder will, at the time of transfer of them to Bidder vest in Bidder free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any 'security interests' within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and interests of third parties of any kind, whether legal or otherwise and free from any restrictions on transfer of any kind.

(b) Immediately upon the provision of the Scheme Consideration to each Scheme Shareholder in the manner contemplated by clause 5.1, Bidder will be beneficially entitled to the Scheme Shares to be transferred to it under this Scheme pending registration by Adbri of Bidder in the Share Register as the holder of the Scheme Shares.

8.4 Appointment of sole proxy

Immediately upon the provision of the Scheme Consideration to each Scheme Shareholder in the manner contemplated by clauses 5.1(b) and 5.1(c), and until Adbri registers Bidder as the holder of all Scheme Shares in the Share Register, each Scheme Shareholder:

(a) is deemed to have irrevocably appointed Bidder as attorney and agent (and directed Bidder in each such capacity) to appoint any director, officer, secretary or agent nominated by Bidder as its sole proxy and, where applicable or appropriate, corporate representative to attend shareholders' meetings, exercise the votes attaching to the Scheme Shares registered in their name and sign any shareholders' resolution or document;

(b) must not, and undertakes to Bidder not to, attend or vote at any of those meetings or sign any resolutions, whether in person, by proxy or by corporate representative (other than pursuant to clause 8.4(a));

(c) must take all other actions in the capacity of a registered holder of Scheme Shares as Bidder reasonably directs; and

(d) acknowledges and agrees that in exercising the powers referred to in clause 8.4(a), Bidder and any director, officer, secretary or agent nominated by Bidder under clause 8.4(a) may act in the best interests of Bidder as the intended registered holder of the Scheme Shares.

8.5 Authority given to Adbri

Each Scheme Shareholder, without the need for any further act:

(a) on the Effective Date, irrevocably appoints Adbri and each of its directors, officers and secretaries (jointly and each of them severally) as its attorney and agent for the purpose of enforcing the Deed Poll against Bidder Guarantor and Bidder, and Adbri undertakes in favour of each Scheme Shareholder that it will enforce the Deed Poll against Bidder Guarantor and Bidder on behalf of and as agent and attorney for each Scheme Shareholder; and

(b) on the Implementation Date, irrevocably appoints Adbri and each of its directors, officers and secretaries (jointly and each of them severally) as its attorney and agent for the purpose of executing any document or doing or taking any other act necessary, desirable or expedient to give effect to this Scheme and the transactions contemplated by it, including (without limitation) executing and delivering the Scheme Transfer,

and Adbri accepts each such appointment. Adbri as attorney and agent of each Scheme Shareholder, may sub-delegate its functions, authorities or powers under this clause 8.5 to all or any of its directors, officers, secretaries or employees (jointly, severally or jointly and severally).

8.6 Binding effect of Scheme

This Scheme binds Adbri and all of the Scheme Shareholders (including those who did not attend the Scheme Meeting to vote on this Scheme, did not vote at the Scheme Meeting, or voted against this Scheme at the Scheme Meeting) and, to the extent of any inconsistency, overrides the constitution of Adbri.

9 General

9.1 Stamp duty

Bidder must (and Bidder's Guarantor will procure that Bidder will):

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(a) pay all stamp duty and any related fines and penalties in respect of this Scheme and the Deed Poll, the performance of the Deed Poll and each transaction effected by or made under this Scheme and the Deed Poll; and

(b) indemnify each Scheme Shareholder against any liability arising from failure to comply with clause 9.1(a).

9.2 Consent

Each of the Scheme Shareholders consents to Adbri doing all things necessary or incidental to, or to give effect to, the implementation of this Scheme, whether on behalf of the Scheme Shareholders, Adbri or otherwise.

9.3 Notices

(a) If a notice, transfer, transmission application, direction or other communication referred to in this Scheme is sent by post to Adbri, it will not be taken to be received in the ordinary course of post or on a date and time other than the date and time (if any) on which it is actually received at Adbri's registered office or at the office of the Adbri Registry.

(b) The accidental omission to give notice of the Scheme Meeting or the non-receipt of such notice by a Adbri Shareholder will not, unless so ordered by the Court, invalidate the Scheme Meeting or the proceedings of the Scheme Meeting.

9.4 Governing law

(a) This Scheme is governed by the laws in force in New South Wales.

(b) The parties irrevocably submit to the exclusive jurisdiction of courts exercising jurisdiction in New South Wales and courts of appeal from them in respect of any proceedings arising out of or in connection with this Scheme. The parties irrevocably waive any objection to the venue of any legal process in these courts on the basis that the process has been brought in an inconvenient forum.

9.5 Further action

Adbri must do all things and execute all documents (whether on its own behalf or on behalf of each Scheme Shareholder) required by law or necessary to give full effect to this Scheme and the transactions contemplated by it.

9.6 No liability when acting in good faith

Each Scheme Shareholder agrees that neither Adbri, Bidder Guarantor nor Bidder nor any director, officer, secretary or employee of any of those companies shall be liable to them for anything done or omitted to be done in the performance of this Scheme or the Deed Poll in good faith.

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Schedule 1

Definitions and interpretation

1 Definitions

The meanings of the terms used in this Scheme are set out below.

Term	Meaning
Adbri	Adbri Limited ACN 007 596 018 of Level 4, 151 Pirie Street, Adelaide, South Australia, 5000.
Adbri Equity Incentives	rights to acquire Adbri Shares awarded or granted under Adbri share plans, including the Executive Performance Share Plan, Short Term Incentive Plan, and Tax Exempt Employee Share Plan.
Adbri Registry	Computershare Investor Services Pty Limited ACN 078 279 277.
Adbri Share	a fully paid ordinary share in the capital of Adbri.
Adbri Shareholder	each person who is registered as the holder of a Adbri Share in the Share Register.
ASIC	the Australian Securities and Investments Commission.
ASX	ASX Limited ABN 98 008 624 691 and, where the context requires, the financial market that it operates.
ATO	the Australian Taxation Office.
Barro Persons	the following persons: 1 Barro Properties Pty Ltd; 2 Ageflow Pty Ltd; 3 Barro Group Pty Ltd; 4 Churchbridge Pty Ltd; 5 Cloverdew Pty Ltd; 6 Rayonbridge Pty Ltd; 7 Carltonbridge Pty Ltd; 8 DogiDogi Pty Ltd; 9 Christabel Investments Pty Ltd; 10 Rhonda Barro and Raymond Barro atf David Barro Testamentary Trust; 11 Raymond and Rhonda Barro; and 12 each of their Related Bodies Corporate.

Annexure 2 – Scheme of arrangement continued

Term	Meaning
Barro Shares	the Adbri Shares in respect of which Barro Persons are the registered holders.
Bidder Guarantor	CRH plc.
Bidder Group	Bidder Guarantor and each of its Subsidiaries, and a reference to a **Bidder Group Member** or a **member of the Bidder Group** is to Bidder Guarantor or any of its Subsidiaries.
Bidder	CRH ANZ Pty Ltd (ACN 604 858 139).
Business Day	means a day (other than a Saturday, Sunday or public holiday) when banks in Melbourne and Sydney are open for general banking business.
CHESS	the Clearing House Electronic Subregister System operated by ASX Settlement Pty Ltd and ASX Clear Pty Limited.
CHESS Holding	has the meaning given in the Settlement Rules.
Corporations Act	the *Corporations Act 2001* (Cth), as modified or varied by ASIC.
Court	the Supreme Court of New South Wales or such other court of competent jurisdiction under the Corporations Act agreed to in writing by Bidder and Adbri.
CRH plc	CRH plc, Company no 12965 of 42 Fitzwilliam Square, Dublin, D02 R279.
Deed Poll	the deed poll in the form of Attachment 2 to the Implementation Deed or other form agreed in writing by Adbri and Bidder after the date of the Implementation Deed, under which Bidder and Bidder Guarantor each covenant in favour of the Scheme Shareholders to perform the obligations attributed to Bidder and Bidder Guarantor under this Scheme.
Effective	when used in relation to this Scheme, the coming into effect, under subsection 411(10) of the Corporations Act, of the Court order made under paragraph 411(4)(b) of the Corporations Act in relation to this Scheme.
Effective Date	the date on which this Scheme becomes Effective.
End Date	8 months following the date of the Implementation Deed, or such other date agreed in writing by Bidder and Adbri.
Excluded Shareholder	any Adbri Shareholder who is a member of the Bidder Group or a Barro Person, or any Adbri Shareholder who holds any Adbri Shares on behalf of, or for the benefit of, any member of the Bidder Group or a Barro Person and does not hold Adbri Shares on behalf of, or for the benefit of, any other person.

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Term	Meaning
Government Agency	any foreign or Australian government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity (including any stock or other securities exchange), or any minister of the Crown in right of the Commonwealth of Australia or any State, and any other federal, state, provincial, or local government, whether foreign or Australian (including ASIC and the Takeovers Panel).
Implementation Date	1 July 2024 or such other date after the Scheme Record Date as agreed in writing by Adbri and Bidder or is ordered by the Court.
Implementation Deed	the scheme implementation deed dated 27 February 2024 between Adbri, Bidder Guarantor and Bidder relating to the implementation of this Scheme.
Issuer Sponsored Holding	has the meaning given in the Settlement Rules.
Listing Rules	the official listing rules of ASX.
Operating Rules	the official operating rules of ASX.
Registered Address	in relation to a Adbri Shareholder, the address shown in the Share Register as at the Scheme Record Date.
Scheme	this scheme of arrangement under Part 5.1 of the Corporations Act between Adbri and the Scheme Shareholders under which all of the Scheme Shares will be transferred to Bidder and the Scheme Shareholders will be entitled to receive the Scheme Consideration, subject to any alterations or conditions agreed in writing by Adbri and Bidder and made or required by the Court under subsection 411(6) of the Corporations Act and consented to by the Bidder in accordance with clause 4.2 of the Implementation Deed.
Scheme Consideration	the consideration to be provided by Bidder to each Scheme Shareholder for the transfer to Bidder of each Scheme Share, being for each Adbri Share held by a Scheme Shareholder as at the Scheme Record Date, an amount of $3.20 subject to the terms of this Scheme.
Scheme Meeting	the meeting of the Adbri Shareholders (other than Excluded Shareholders) ordered by the Court to be convened under subsection 411(1) of the Corporations Act to consider and vote on this Scheme and includes any meeting convened following any adjournment or postponement of that meeting.
Scheme Record Date	7.00pm on 21 June 2024 or such other date agreed in writing by Adbri and Bidder.
Scheme Shares	all Adbri Shares held by the Scheme Shareholders as at the Scheme Record Date, but for the avoidance of doubt does not include the Barro Shares.

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Term	Meaning
Scheme Shareholder	a holder of Adbri Shares recorded in the Share Register as at the Scheme Record Date (other than an Excluded Shareholder).
Scheme Transfer	a duly completed and executed proper instrument of transfer in respect of the Scheme Shares for the purposes of section 1071B of the Corporations Act, in favour of Bidder as transferee, which may be a master transfer of all or part of the Scheme Shares.
Second Court Date	the first day on which an application made to the Court for an order under paragraph 411(4)(b) of the Corporations Act approving the Scheme is heard or, if the application is adjourned or subject to appeal for any reason, the day on which the adjourned application or appeal is heard.
Settlement Rules	the ASX Settlement Operating Rules, being the official operating rules of the settlement facility provided by ASX Settlement Pty Ltd.
Share Register	the register of members of Adbri maintained in accordance with the Corporations Act.
Subsidiary	has the meaning given in Division 6 of Part 1.2 of the Corporations Act, provided that an entity will also be taken to be a Subsidiary of another entity if it is controlled by that entity (as 'control' is defined in section 50AA of the Corporations Act) and, without limitation: 1 a trust may be a Subsidiary, for the purposes of which a unit or other beneficial interest will be regarded as a share; and 2 an entity may be a Subsidiary of a trust if it would have been a Subsidiary if that trust were a corporation.

2 Interpretation

In this Scheme:

(a) headings and bold type are for convenience only and do not affect the interpretation of this Scheme;

(b) the singular includes the plural and the plural includes the singular;

(c) words of any gender include all genders;

(d) other parts of speech and grammatical forms of a word or phrase defined in this Scheme have a corresponding meaning;

(e) a reference to a person includes any company, partnership, joint venture, association, corporation or other body corporate and any Government Agency as well as an individual;

(f) a reference to a clause, party, schedule, attachment or exhibit is a reference to a clause of, and a party, schedule, attachment or exhibit to, this Scheme;

(g) a reference to any legislation includes all delegated legislation made under it and amendments, consolidations, replacements or reenactments of any of them (whether passed by the same or another Government Agency with legal power to do so);

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(h) a reference to a document (including this Scheme) includes all amendments or supplements to, or replacements or novations of, that document;

(i) a reference to '$', 'A$' or 'dollar' is to Australian currency;

(j) a reference to any time is, unless otherwise indicated, a reference to that time in Sydney, Australia;

(k) a term defined in or for the purposes of the Corporations Act, and which is not defined in clause 1 of this Schedule 1, has the same meaning when used in this Scheme;

(l) a reference to a party to a document includes that party's successors and permitted assignees;

(m) no provision of this Scheme will be construed adversely to a party because that party was responsible for the preparation of this Scheme or that provision;

(n) any agreement, representation, warranty or indemnity by two or more parties (including where two or more persons are included in the same defined term) binds them jointly and severally;

(o) any agreement, representation, warranty or indemnity in favour of two or more parties (including where two or more persons are included in the same defined term) is for the benefit of them jointly and severally;

(p) a reference to a body, other than a party to this Scheme (including an institute, association or authority), whether statutory or not:

  (1) which ceases to exist; or

  (2) whose powers or functions are transferred to another body,

  is a reference to the body which replaces it or which substantially succeeds to its powers or functions;

(q) if a period of time is specified and dates from a given day or the day of an act or event, it is to be calculated exclusive of that day;

(r) a reference to a day is to be interpreted as the period of time commencing at midnight and ending 24 hours later;

(s) if an act prescribed under this Scheme to be done by a party on or by a given day is done after 5.00pm on that day, it is taken to be done on the next day; and

(t) a reference to the Listing Rules, Operating Rules or the Settlement Rules includes any variation, consolidation or replacement of these rules and is to be taken to be subject to any waiver or exemption granted to the compliance of those rules by a party.

3 Interpretation of inclusive expressions

Specifying anything in this Scheme after the words 'include' or 'for example' or similar expressions does not limit what else is included.

4 Business Day

Where the day on or by which any thing is to be done is not a Business Day, that thing must be done on or by the next Business Day.

Annexure 3 – Deed Poll

Deed

Share Scheme Deed Poll

CRH plc

CRH ANZ Pty Ltd

ANZ Tower 161 Castlereagh Street Sydney NSW 2000 Australia
GPO Box 4227 Sydney NSW 2001 Australia
T +61 2 9225 5000 **F** +61 2 9322 4000
herbertsmithfreehills.com DX 361 Sydney

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Share Scheme Deed Poll

Date ► 30 April 2024

This deed poll is made

By	**CRH ANZ Pty Ltd** ACN 604 858 139 of Suite 5 Level 44, 264-278 George Street, Sydney New South Wales 2000 **(Bidder)** and **CRH plc** **Company no 12965 of 42 Fitzwilliam Square, Dublin, D02 R279.** (**Bidder Guarantor**)
in favour of	each person registered as a holder of fully paid ordinary shares in Adbri in the Share Register as at the Scheme Record Date (other than the Excluded Shareholders).
Recitals	1 Adbri, Bidder Guarantor and Bidder entered into the Implementation Deed. 2 In the Implementation Deed, Bidder Guarantor and Bidder agreed to make this deed poll. 3 Bidder Guarantor and Bidder are making this deed poll for the purpose of covenanting in favour of the Scheme Shareholders to perform their obligations under the Implementation Deed and the Scheme.

This deed poll provides as follows:

1 Definitions and interpretation

1.1 Definitions

(a) The meanings of the terms used in this deed poll are set out below.

Term	Meaning
Adbri	Adbri Limited ACN 007 596 018 of Level 4, 151 Pirie Street, Adelaide, South Australia, 5000.
First Court Date	the first day on which an application made to the Court for an order under subsection 411(1) of the Corporations Act convening the

Term	Meaning
	Scheme Meeting is heard or, if the application is adjourned or subject to appeal for any reason, the day on which the adjourned application is heard.
Implementation Deed	the scheme implementation deed entered into between Adbri, Bidder Guarantor and Bidder dated 27 February 2024.
Scheme	the scheme of arrangement under Part 5.1 of the Corporations Act between Adbri and the Scheme Shareholders under which all of the Scheme Shares will be transferred to Bidder and the Scheme Shareholders will be entitled to receive the Scheme Consideration, the form of which is set out in Attachment 1 of the Implementation Deed (or such other form as agreed in writing by Bidder and Adbri), subject to any alterations or conditions agreed in writing by Adbri and Bidder and made or required by the Court under subsection 411(6) of the Corporations Act and consented to by the Bidder in accordance with clause 4.2 of the Implementation Deed.

(b) Unless the context otherwise requires, terms defined in the Scheme have the same meaning when used in this deed poll.

1.2 Interpretation

Sections 2, 3 and 4 of Schedule 1 of the Scheme apply to the interpretation of this deed poll, except that references to 'this Scheme' are to be read as references to 'this deed poll'.

1.3 Nature of deed poll

Bidder Guarantor and Bidder acknowledge that:

(a) this deed poll may be relied on and enforced by any Scheme Shareholder in accordance with its terms even though the Scheme Shareholders are not party to it; and

(b) under the Scheme, each Scheme Shareholder irrevocably appoints Adbri and each of its directors, officers and secretaries (jointly and each of them severally) as its agent and attorney to enforce this deed poll against Bidder Guarantor and Bidder.

2 Conditions to obligations

2.1 Conditions

This deed poll and the obligations of Bidder Guarantor and Bidder under this deed poll are subject to the Scheme becoming Effective.

2.2 Termination

The obligations of Bidder Guarantor and Bidder under this deed poll to the Scheme Shareholders will automatically terminate and the terms of this deed poll will be of no force or effect if:

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(a) the Implementation Deed is terminated in accordance with its terms; or

(b) the Scheme is not Effective on or before the End Date,

unless Bidder Guarantor, Bidder and Adbri otherwise agree in writing (and, if required, as approved by the Court).

2.3 Consequences of termination

If this deed poll terminates under clause 2.2, in addition and without prejudice to any other rights, powers or remedies available to it:

(a) Bidder Guarantor and Bidder are released from their obligations to further perform this deed poll except those obligations under clause 7.1; and

(b) each Scheme Shareholder retains the rights they have against Bidder Guarantor and Bidder in respect of any breach of this deed poll which occurred before it was terminated.

3 Scheme obligations

3.1 Undertaking to pay Scheme Consideration

Subject to clause 2, Bidder undertakes in favour of each Scheme Shareholder (and Bidder Guarantor undertakes in favour of each Scheme Shareholder to unconditionally and irrevocably guarantee the obligation of Bidder) to:

(a) deposit, or procure the deposit of, in cleared funds, by no later than the Business Day before the Implementation Date, an amount equal to the aggregate amount of the Scheme Consideration payable to all Scheme Shareholders under the Scheme into an Australian dollar denominated trust account operated by Adbri as trustee for the Scheme Shareholders, except that any interest on the amounts deposited (less bank fees and other charges) will be credited to Bidder's account; and

(b) undertake all other actions, and give each acknowledgement, representation and warranty (if any), attributed to it under the Scheme,

subject to and in accordance with the terms of the Scheme.

3.2 Bidder Guarantor and Bidder undertaking

Subject to clause 2, Bidder Guarantor and Bidder each covenant that they will comply with each of their obligations under the Implementation Deed.

4 Warranties

Each of Bidder Guarantor and Bidder represents and warrants in favour of each Scheme Shareholder, in respect of itself, that:

(a) it is a corporation validly existing under the laws of its place of registration;

(b) it has the corporate power to enter into and perform its obligations under this deed poll and to carry out the transactions contemplated by this deed poll;

(c) it has taken all necessary corporate action to authorise its entry into this deed poll and has taken or will take all necessary corporate action to authorise the performance of this deed poll and to carry out the transactions contemplated by this deed poll;

(d) this deed poll is valid and binding on it and enforceable against it in accordance with its terms; and

(e) this deed poll does not conflict with, or result in the breach of or default under, any provision of its constitution, or any writ, order or injunction, judgment, law, rule or regulation to which it is a party or subject or by which it is bound.

5 Continuing obligations

This deed poll is irrevocable and, subject to clause 2, remains in full force and effect until:

(a) Bidder Guarantor and Bidder have fully performed their obligations under this deed poll; or

(b) the earlier termination of this deed poll under clause 2.

6 Notices

6.1 Form of Notice

A notice or other communication in respect of this deed poll (**Notice**) must be:

(a) in writing and in English and signed by or on behalf of the sending party; and

(b) addressed to Bidder Guarantor and Bidder in accordance with the details set out below (or any alternative details nominated by Bidder Guarantor or Bidder by Notice).

Bidder Guarantor	
Address	42 Fitzwilliam Square, Dublin, D02 R279
Attention	Philip Wheatley Oliver Loveday
Email	pwheatley@CRH.com and oloveday@crh.com
With a copy to	kevans-cullen@gtlaw.com.au and wbainbridge@gtlaw.com.au

Bidder	
Address	Suite 5 Level 44, 264-278 George Street, Sydney New South Wales 2000
Attention	Philip Wheatley Oliver Loveday
Email	pwheatley@CRH.com and oloveday@crh.com

With a copy to	kevans-cullen@gtlaw.com.au and wbainbridge@gtlaw.com.au

6.2 How Notice must be given and when Notice is received

(a) A Notice must be given by one of the methods set out in the table below.

(b) A Notice is regarded as given and received at the time set out in the table below.

However, if this means the Notice would be regarded as given and received outside the period between 9.00am and 5.00pm (addressee's time) on a Business Day (**business hours period**), then the Notice will instead be regarded as given and received at the start of the following business hours period.

Method of giving Notice	When Notice is regarded as given and received
By hand to the nominated address	When delivered to the nominated address
By email to the nominated email address	The first to occur of: 1 the sender receiving an automated message confirming delivery; or 2 the time that the recipient confirms receipt of the email by reply email to the sender; and 3 two hours after the time that the email was sent (as recorded on the device from which the email was sent) provided that the sender does not, within the period, receive an automated message that the email has not been delivered.

6.3 Notice must not be given by electronic communication

A Notice must not be given by electronic means of communication (other than email as permitted in clause 6.2).

7 General

7.1 Stamp duty

Bidder must (and Bidder's Guarantor will procure that Bidder will):

(a) pay all stamp duty and any related fines and penalties in respect of the Scheme and this deed poll, the performance of this deed poll and each transaction effected by or made under the Scheme and this deed poll; and

(b) indemnify each Scheme Shareholder against any liability arising from failure to comply with clause 7.1(a).

7.2 Governing law and jurisdiction

(a) This deed poll is governed by the law in force in New South Wales.

(b) Each of Bidder Guarantor and Bidder irrevocably submit to the exclusive jurisdiction of courts exercising jurisdiction in New South Wales and courts of appeal from them in respect of any proceedings arising out of or in connection with this deed poll, provided that Adbri may bring proceedings in connection with this deed poll in Ireland to seek to enforce the obligations of Bidder Guarantor and Bidder under this deed poll. Each of Bidder Guarantor and Bidder irrevocably waives any objection to the venue of any legal process in these courts on the basis that the process has been brought in an inconvenient forum.

7.3 Execution opinion

On the date of this deed, Bidder Guarantor must obtain from its foreign counsel in the jurisdiction in which it is incorporated, and provide to Adbri, a written legal opinion, in a form agreed between Bidder Guarantor, Bidder and Adbri, acting reasonably, prior to entry into this deed, confirming that Bidder Guarantor has duly executed this deed in accordance with the laws of the place of incorporation and articles and by-laws.

7.4 Waiver

(a) Bidder Guarantor and Bidder may not rely on the words or conduct of any Scheme Shareholder as a waiver of any right unless the waiver is in writing and signed by the Scheme Shareholder granting the waiver. A waiver is limited to the specific instance to which it relates and to the specific purpose for which it is given.

(b) No Scheme Shareholder may rely on words or conduct of Bidder Guarantor or Bidder as a waiver of any right unless the waiver is in writing and signed by Bidder Guarantor or Bidder, as appropriate. A waiver is limited to the specific instance to which it relates and to the specific purpose for which it is given.

(c) The meanings of the terms used in this clause 7.3 are set out below.

Term	Meaning
conduct	includes delay in the exercise of a right.
right	any right arising under or in connection with this deed poll and includes the right to rely on this clause.
waiver	includes an election between rights and remedies, and conduct which might otherwise give rise to an estoppel.

7.5 Variation

A provision of this deed poll may not be varied unless the variation is agreed to by the Bidder and:

(a) if before the First Court Date, the variation is agreed to by Adbri in writing; or

(b) if on or after the First Court Date, the variation is agreed to by Adbri in writing and the Court indicates that the variation would not of itself preclude approval of the Scheme,

in which event Bidder Guarantor and Bidder will enter into a further deed poll in favour of the Scheme Shareholders giving effect to the variation.

7.6 Cumulative rights

The rights, powers and remedies of Bidder Guarantor, Bidder and the Scheme Shareholders under this deed poll are cumulative and do not exclude any other rights, powers or remedies provided by law independently of this deed poll.

7.7 Assignment

(a) The rights created by this deed poll are personal to Bidder Guarantor, Bidder and each Scheme Shareholder and must not be dealt with at law or in equity without the prior written consent of Bidder Guarantor and Bidder.

(b) Any purported dealing in contravention of clause 7.7(a) is invalid.

7.8 Joint and several obligations

Bidder Guarantor and Bidder are jointly and severally liable for each obligation imposed on both of them by the terms of this deed poll.

7.9 Further action

Bidder Guarantor and Bidder must, at their own expense, do all things and execute all documents necessary to give full effect to this deed poll and the transactions contemplated by it.

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Signing page

Executed as a deed poll

Bidder Guarantor

SIGNED AND DELIVERED for and on behalf of and as the deed of **CRH plc** by its lawfully appointed attorney Oliver Loveday in the presence of: MJ Coren *Signature of witness* MJ Coren *Name of witness* 34 Woonona Road Northbridge NSW 2063 *Address of witness* Consultant *Occupation of witness*	*Signature of attorney* Oliver Loveday *Print name of attorney*

HERBERT SMITH FREEHILLS

Signing page

Bidder

Signed sealed and delivered by CRH ANZ Pty Ltd (ACN 604 858 139) by its attorneys under power of attorney dated 14 December 2023 who state that they have no notice of revocation of this power of attorney in the presence of:

sign here ► MJ Coren MJ Coren (Apr 30, 2024 11:49 GMT+10)	sign here ►
Witness	Signature of attorney
print name MJ Coren	print name Oliver Loveday
sign here ► Norman Campbell Norman Campbell (Apr 30, 2024 11:14 GMT+1)	sign here ► John Lydon
Witness	Signature of attorney
print name Norman Campbell	print name John Lydon

Annexure 4 – Notice of Scheme Meeting

Adbri Limited ACN 007 596 018 (**Adbri**)

Notice is hereby given that, by an order of the Supreme Court of New South Wales made on 3 May 2024, pursuant to subsection 411(1) of the Corporations Act, a meeting of Independent Adbri Shareholders will be held as follows:

Date: 12 June 2024

Time: 10.30am Adelaide time (11.00am Sydney time)

Venue: Hindmarsh Ballroom (Level 15), Pullman Adelaide, 16 Hindmarsh Square, Adelaide, South Australia

Purpose of the meeting

The purpose of the meeting is to consider and, if thought fit, to agree to a scheme of arrangement (with or without amendment or any alterations or conditions required by the Court to which Adbri and CRH agree) proposed to be made between Independent Adbri Shareholders and Adbri (the **Scheme**).

A copy of the Scheme and a copy of the explanatory statement required by section 412 of the Corporations Act in relation to the Scheme are contained in the Scheme Booklet, of which this notice forms part.

Additional information about the Scheme Meeting is set out in the explanatory notes that accompany and form part of this notice.

Capitalised terms used but not defined in this notice have the defined meanings set out in section 10 of the Scheme Booklet, unless the context otherwise requires.

Resolution

The meeting will be asked to consider and, if thought fit, pass (with or without amendment) the following resolution (the **Scheme Resolution**):

> 'That, pursuant to and in accordance with the provisions of section 411 of the *Corporations Act 2001* (Cth), the scheme of arrangement proposed between Adbri Limited and the holders of its ordinary shares (other than the Excluded Shareholders), as contained in and more particularly described in the scheme booklet of which the notice convening this meeting forms part, is agreed to, with or without alterations or conditions as approved by the Supreme Court of New South Wales to which Adbri Limited and CRH ANZ Pty Ltd agree.'

Dated 3 May 2024

By order of the Court and the Adbri Independent Board Committee

sign here ▶ 

Company Secretary

print name Catherine Oster

Explanatory Notes

1 General

This Notice of Scheme Meeting, including these explanatory notes, relates to the Scheme and should be read in conjunction with the Scheme Booklet dated 3 May 2024 of which this notice forms part. The Scheme Booklet contains important information to assist you in determining how to vote on the Scheme Resolution.

A copy of the Scheme is set out in Annexure 2 of the Scheme Booklet.

2 Scheme Meeting format

The Scheme Meeting will be held as an in person meeting. This means that Adbri Shareholders and their authorised proxies, attorneys and corporate representatives will be able to participate in the Scheme Meeting by attending in person at Hindmarsh Ballroom (Level 15), Pullman Adelaide, 16 Hindmarsh Square, Adelaide, South Australia.

Adbri Shareholders who are unable to attend in person can view the Scheme Meeting via live webcast at https://webcast.openbriefing.com/abc-sm-2024/. Shareholders watching online will not be able to vote, ask questions or make comments via the webcast.

Adbri Shareholders who are unable to, or do not wish to, participate in the Scheme Meeting in person are encouraged to submit a directed proxy vote as early as possible and in any event by 10.30am Adelaide time (11.00am Sydney time) on 10 June 2024 by completing and submitting the proxy form in accordance with the instructions on that form or by submitting a proxy online at www.investorvote.com.au.

Even if you plan to attend the Scheme Meeting we encourage you to submit a directed proxy vote so that your vote will be counted if for any reason you cannot attend the meeting.

3 Chair

The Court has directed that Samantha Hogg is to act as Chair of the meeting (and that, if Samantha Hogg is unable or unwilling to attend, Dean Jenkins is to act as Chair of the meeting).

4 Required majorities

For the proposed Scheme to be binding in accordance with section 411 of the Corporations Act, the Scheme Resolution must be agreed to by:

- unless the Court orders otherwise, a majority in number (more than 50%) of Independent Adbri Shareholders present and voting (either in person or by proxy, attorney or, in the case of corporate Independent Adbri Shareholders, body corporate representative) at the Scheme Meeting; and
- at least 75% of the votes cast on the Scheme Resolution at the Scheme Meeting by Independent Abdri Shareholders present and voting (either in person or by proxy, attorney or, in the case of corporate Independent Adbri Shareholders, body corporate representative).

5 Court approval

Under paragraph 411(4)(b) of the Corporations Act, the Scheme (with or without amendment or any alteration or condition required by the Court) is subject to the approval of the Court. If the Scheme Resolution is agreed to by the Requisite Majorities and the other conditions precedent to the Scheme (other than approval by the Court) are satisfied or waived by the time required under the Scheme, Adbri intends to apply to the Court for the necessary orders to give effect to the Scheme.

In order for the Scheme to become Effective, it must be approved by the Court and an office copy of the orders of the Court approving the Scheme must be lodged with ASIC.

6 Entitlement to vote

The time for determining eligibility to vote at the Scheme Meeting is 7.00pm (Sydney time) on 10 June 2024. Only those Independent Adbri Shareholders entered on the Adbri Share Register at that time will be entitled to attend and vote at the meeting, either in person, by proxy or attorney, or in the case of a corporate Independent Adbri Shareholder, by a body corporate representative. Share transfers registered after that time will be disregarded in determining voting entitlements at the Scheme Meeting. The remaining comments in these explanatory notes are addressed to Independent Adbri Shareholders entitled to attend and vote at the meeting.

7 How to vote

Voting at the Scheme Meeting will be conducted by poll.

If you are an Adbri Shareholder entitled to vote at the meeting, you may vote:

- **by attending the Scheme Meeting in person**, at Hindmarsh Ballroom (Level 15), Pullman Adelaide, 16 Hindmarsh Square, Adelaide, South Australia;
- **by appointing a proxy**, by completing and submitting the proxy form in accordance with the instructions on that form or by submitting a proxy online at www.investorvote.com.au. To be effective, your proxy appointment must be received by the Adbri Share Registry by 10.30am Adelaide time (11.00am Sydney time) on 10 June 2024;
- **by attorney**, by appointing an attorney to participate in and vote at the Scheme Meeting on your behalf and providing a duly executed power of attorney to the Adbri Share Registry by 10.30am Adelaide time (11.00am Sydney time) on 10 June 2024; or
- **by corporate representative**, in the case of a body corporate, by appointing a body corporate representative to participate and vote at the Scheme Meeting on your behalf, and providing a duly executed certificate of appointment (in accordance with section 250D of the Corporations Act) prior to the Scheme Meeting in accordance with section 10.5 below.

Further information on how to vote using each of these methods is contained in section 10 of this Notice of Scheme Meeting below.

8 Participation in the Scheme Meeting

8.1 Participating in person

Participants who intend to attend the Scheme Meeting are asked to arrive at the venue at least 30 minutes before the scheduled time for commencement of the meeting, so that either their shareholding can be checked against the Register, or any power of attorney or certificate of appointment of body corporate representative verified, and their attendance noted.

8.2 Updates

Please monitor Adbri's website and ASX announcements, where updates will be provided if it becomes necessary or appropriate to make alternative arrangements for the holding or conduct of the Scheme Meeting.

8.3 Watching the webcast

Shareholders may watch a live webcast of the Scheme Meeting online at https://webcast.openbriefing.com/abc-sm-2024/. Shareholders watching online will not be able to participate in the Scheme Meeting, vote, ask questions, or make comments via the webcast.

9 Jointly held securities

If you hold Adbri Shares jointly with one or more other persons, and more than one of you attempts to vote at the Scheme Meeting, only the vote of the holder whose name appears first on the Register will be counted.

See also the comments in paragraph 10.2 below regarding the appointment of a proxy by persons who jointly hold Adbri Shares.

10 Voting

10.1 Voting in person

Participants entitled to vote and who are attending the Scheme Meeting in person may vote using the paper voting card provided at the meeting.

10.2 Voting by proxy

If you are unable to participate and vote at the Scheme Meeting, you may appoint an individual or body corporate as a proxy to attend the meeting in person and vote.

An Independent Adbri Shareholder entitled to participate in and vote at the Scheme Meeting may appoint a person to participate in and vote at the meeting as their proxy at any time between the date of this notice and 10.30am Adelaide time (11.00am Sydney time) on 10 June 2024. Proxy forms received after this time will be invalid.

To appoint a proxy, you should complete and return the proxy form that accompanied this Scheme Booklet in accordance with the instructions on that form. Please refer to section 10.5 of this Notice of Scheme Meeting below for further details in relation to how to submit a proxy form.

The following applies to proxy appointments;

- your proxy or proxies need not be another Independent Adbri Shareholder, and may be an individual or body corporate;
- each proxy will have the right to vote on the poll and ask questions at the meeting;
- an Independent Adbri Shareholder who is entitled to cast two or more votes at the Scheme Meeting may appoint up to two proxies and may specify on their proxy form the proportion or number of votes each proxy may exercise;
- you can obtain a replacement proxy form by contacting the Shareholder Information Line on 1300 038 212 (within Australia) or +61 2 9066 4052 (outside Australia);
- if you appoint two proxies, each proxy should be appointed to represent a specified proportion of your voting rights. If you do not specify the proportions in the proxy forms, each proxy may exercise half of your votes with any fractions of votes disregarded;
- if you hold Adbri Shares jointly with one or more other persons, any of the joint holders may sign the form;
- if a body corporate is appointed as a proxy, it must ensure that it appoints an individual as its corporate representative (in accordance with section 250D of the Corporations Act) to exercise its power as proxy at the Scheme Meeting in accordance with section 10.4 below; and
- if a proxy form is completed under power of attorney, a certified copy of the power of attorney must accompany the completed proxy form unless the power of attorney has previously been lodged with the Adbri Share Registry.

A vote given in accordance with the terms of a proxy appointment is valid despite the revocation of that appointment, unless notice in writing of the revocation has been received by the Adbri Share Registry 48 hours before the start of the meeting (or, if the meeting is adjourned or postponed, 48 hours before the resumption of the meeting in relation to the resumed part of the meeting) in any of the ways set out in section 10.5 below.

If you have appointed a proxy and vote at the Scheme Meeting, the authority of your proxy to participate and vote on your behalf, is automatically suspended. However, if you view the live webcast of the meeting, you will not revoke your proxy appointment.

You should consider how you wish your proxy to vote. That is, whether you want your proxy to vote 'for' or 'against', or abstain from voting on, the Scheme Resolution, or whether to leave the decision to the proxy after he or she has considered the matters discussed at the meeting.

If you do not direct your proxy how to vote on an item of business, the proxy may vote, or abstain from voting, as he or she thinks fit (to the extent permitted by law). If you instruct your proxy to abstain from voting on an item of business, he or she is directed not to vote on your behalf, and the shares the subject of the proxy appointment will not be counted in computing the required majority.

If you return your proxy form:

- without identifying a proxy on it, you will be taken to have appointed the chairman of the meeting as your proxy to vote on your behalf; or
- with a proxy identified on it but your proxy does not attend the meeting, the chairman of the meeting will act in place of your nominated proxy and vote in accordance with any directions on your proxy form.

The Chair of the meeting intends to vote all valid undirected proxies which nominate the chairman in favour of the Scheme Resolution, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Independent Adbri Shareholders.

Proxies of eligible Independent Adbri Shareholders who attend in person will be admitted to the meeting and given a voting card on providing their name and address at the point of entry to the meeting.

10.3 Voting by attorney

You may appoint no more than two attorneys to attend and vote at the meeting on your behalf. Your attorney need not be another Independent Adbri Shareholder. Each attorney will have the right to vote on the poll and also to ask questions at the meeting.

The power of attorney appointing your attorney to attend and vote at the meeting must be duly executed by you and specify your name, the company (that is, Adbri Limited), and the attorney, and also specify the meeting at which the appointment may be used. The appointment may be a standing one.

The power of attorney, or a certified copy of the power of attorney, should be received by the Adbri Share Registry by 10.30am Adelaide time (11.00am Sydney time) on 10 June 2024 (or, if the meeting is adjourned or postponed, no later than 48 hours before the resumption of the meeting in relation to the resumed part of the meeting) by one of the following methods:

- **by post** to the Adbri Share Registry at the following address:
  Computershare Investor Services Pty Limited
  GPO Box 242
  Melbourne VIC 3001
- **by fax** to the Adbri Share Registry to:
  (within Australia) 1800 783 447
  (outside Australia) +61 3 9473 2555

A validly appointed attorney wishing to participate in and vote at the Scheme Meeting will need to register their attendance and identify themselves as an attorney on the day of the meeting in person at the registration desk at Hindmarsh Ballroom (Level 15), Pullman Adelaide, 16 Hindmarsh Square, Adelaide, South Australia.

If you appoint two attorneys, each attorney should be appointed to represent a specific proportion of your voting rights. If you do not specify the proportions in the power of attorney, each attorney may exercise half of your votes.

10.4 Voting by corporate representative

A body corporate that is an Independent Adbri Shareholder, or that has been appointed as a proxy may appoint an individual to act as its representative at the Scheme Meeting. The appointment must comply with the requirements of section 250D of the Corporations Act, meaning that Adbri will require a certificate of appointment of body corporate representative to be executed by you in accordance with the Corporations Act.

A form of 'Appointment of Corporate Representative' certificate may be obtained from the Adbri Share Registry or online from www-au.computershare.com/Investor/#help/PrintableForms. The certificate of appointment may set out restrictions on the representative's powers.

A validly appointed corporate representative wishing to participate in and vote at the Scheme Meeting in person must bring and provide at the registration desk the certificate appointing them as the corporate representative of the relevant Independent Adbri Shareholder or proxy.

Alternatively, Independent Adbri Shareholders may submit the certificate in any of the ways specified for proxy forms in section 10.5 of this Notice of Scheme Meeting, except that a form of appointment of corporate representative cannot be lodged online.

If a certificate is completed under power of attorney, a certified copy of the power of attorney must accompany the completed certificate unless the power of attorney has previously been lodged with the Adbri Share Registry.

10.5 How to submit a proxy form

To appoint a proxy, you should complete and return the proxy form that accompanied this Scheme Booklet in accordance with the instructions on that form.

To be effective, proxy appointments must be received by way of completed proxy forms by the Adbri Share Registry by 10.30am Adelaide time (11.00am Sydney time) on 10 June 2024 (or, if the meeting is adjourned or postponed, no later than 48 hours before the resumption of the meeting in relation to the resumed part of the meeting) in any of the following ways:

- **online** at www.investorvote.com.au. To use this facility, you will need your Shareholder Reference Number (SRN) or Holder Identification Number (HIN), postcode and control number as shown on the proxy form. You will be taken to have signed the proxy form if you lodge it in accordance with the instructions on the website.
- **by post** in the provided reply paid envelope to the Adbri Share Registry at the following address:

  Computershare Investor Services Pty Limited
  GPO Box 242
  Melbourne VIC 3001
- **by fax** to the Adbri Share Registry to:
  (within Australia) 1800 783 447
  (outside Australia) +61 3 9473 2555
- **custodian voting**: for Intermediary Online subscribers only (custodians) please visit www.intermediaryonline.com to submit your voting intentions or by facsimile to: 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia).

Proxy forms received after 10.30am Adelaide time (11.00am Sydney time) on 10 June 2024 (or, if the meeting is adjourned or postponed, no later than 48 hours before the resumption of the meeting in relation to the resumed part of the meeting) will be invalid.

If a proxy form is completed under power of attorney, a certified copy of the power of attorney must accompany the completed proxy form unless the power of attorney has previously been lodged with the Adbri Share Registry.

11 Questions

Independent Adbri Shareholders will have a reasonable opportunity to ask questions during the Scheme Meeting.

Independent Adbri Shareholders who prefer to register questions in advance of the meeting are also invited to do so by submitting questions online at www.investorvote.com.au. To allow time to collate questions and prepare answers, please submit any questions by 5:00pm (Sydney time) on 5 June 2024.

Independent Adbri Shareholders are requested to restrict themselves to two questions or comments initially, and further questions will be considered if time permits. Questions and comments may be moderated to avoid repetition and to make them more concise.

The Chair of the Scheme Meeting will endeavour to address as many of the more frequently raised relevant questions as possible during the course of the meeting. However, there may not be sufficient time available during the meeting to address all of the questions raised. Please note that individual responses will not be sent out to Independent Adbri Shareholders.

12 Advertisement

Where this notice of meeting is advertised unaccompanied by the Scheme Booklet, a copy of the Scheme Booklet can be obtained by anyone entitled to attend the meeting from ASX's website www.asx.com.au or from Adbri's website (www.adbri.com.au/scheme) or by contacting the Adbri Share Registry.

Corporate directory

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Quay Quarter Tower
Level 19
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Sydney NSW 2000

J.P. Morgan Securities Australia Limited
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Sydney NSW 2000

Legal adviser

Herbert Smith Freehills
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161 Castlereagh Street
Sydney NSW 2000

Independent Expert

Grant Samuel & Associates Pty Limited
Level 19 Governor Macquarie Tower
1 Farrer Place
Sydney NSW 2000

Adbri Share Registry

Computershare Investor Services Pty Limited
Level 5, 115 Grenfell Street
Adelaide SA 5000

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