



Retail offer and lender discussions successfully concluded

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Auckland, 15 May 2018: Fletcher Building Limited (the “**Company**”) is pleased to advise that it has successfully completed the retail entitlement offer (“**Retail Entitlement Offer**”) of its fully underwritten 1 for 4.46 pro-rata accelerated entitlement offer (“**Entitlement Offer**”) of new fully paid ordinary shares in Fletcher Building (“**New Shares**”) announced on 17 April 2018. A total of approximately NZ\$750 million of gross proceeds will be raised under the Offer.

The Retail Entitlement Offer closed on Friday 11 May 2018 at 7:00pm (NZ time) and raised gross proceeds of approximately NZ\$132.3 million. Fletcher Building received good support from existing retail shareholders with eligible retail shareholders electing to take up approximately 58% of their entitlements under the Retail Entitlement Offer.

Retail bookbuild

Fletcher Building will offer for sale under the retail shortfall bookbuild approximately 20.2 million new shares, being approximately NZ\$97 million at the offer price of NZ\$4.80 per share (“**Offer price**”), which represents those entitlements attributable to renouncing and ineligible retail shareholders.

Fletcher Building advises that the retail shortfall bookbuild (“**Retail Bookbuild**”) will commence after market close today, 15 May 2018. Any proceeds (in excess of the Offer Price) from the sale of Retail Entitlements through the Retail Bookbuild will be paid (net of any applicable withholding tax) on a pro rata basis to those eligible retail shareholders who did not take up their entitlements in full or who were not eligible to participate in the Retail Entitlement Offer. There is no guarantee that any amount will be realised for the sale of Retail Entitlements through the Retail Bookbuild.

Any amounts paid to eligible retail shareholders who did not take up their full entitlement or ineligible retail shareholders with nominated A\$ bank accounts will be converted from New Zealand dollars by the Registrar at the prevailing exchange rate for buying Australian dollars using New Zealand dollars at the time of payment. That exchange rate may be different to the exchange rate used to set the A\$ Offer Price.

Fletcher Building expects to make an announcement on NZX and ASX in relation to the completion of the Retail Entitlement Offer, including the outcome of the Retail Bookbuild, prior to open of trading tomorrow, 16 May 2018.

Bank Syndicate and USPP Noteholder update

Fletcher Building is also pleased to advise that it has agreed a permanent solution to the breaches of financial covenants across its funding arrangements arising as a result of the previously announced losses in its Building & Interiors business ('B&I').

The terms of the permanent solution agreed by Fletcher Building with its syndicate bank lenders and USPP noteholders are consistent with those targeted by the Company, as announced on 17 April. Key terms agreed under both the Syndicated Facility Agreement ('SFA') and the USPP note and guarantee agreements are as follows:

- Previously announced B&I losses to be excluded from covenant calculations;
- Revised covenants: senior leverage ratio <3.25x; senior interest cover >3.00x; total interest cover >2.00x;
- Until the earlier of 30 June 2019 or the date on which the senior leverage ratio (including the previously announced B&I losses) is less than 1.75x for three consecutive months:
 - additional margin payable of 1.25%¹; and,
 - proceeds from disposals of assets above a threshold must be first offered for repayment of senior debt.

For the SFA, the Company has elected to reduce its total available facilities from \$1,270 million to \$925 million, with no change to the maturity of these remaining facilities.

For the USPP, there will be no prepayment of any notes, all existing facilities have been maintained and there is no change to the maturity of the facilities. There is no change to underlying margin payable on the USPP notes, other than the 1.25% additional margin outlined above which will cease to be payable no later than 30 June 2019.

The NZ\$500 million standby facility that was established as a contingent facility in support of the Entitlement Offer will now not be required and accordingly will be cancelled with effect from 18 May 2018.

The net proceeds from the equity raise of approximately NZ\$725m will be applied to the repayment of senior debt under the SFA. Following this repayment and based on the Company's 31 March 2018 financial position, the Company's gross borrowings will be \$1,787 million and total available debt facilities will be \$2,712 million.

¹ After 30 June 2019 or when the senior leverage ratio (including the previously announced B+I losses) is less than 1.75x for three consecutive months: pricing for two of the three SFA tranches reverts to pricing applicable as at December 2017 and pricing for the other SFA tranche reduces to current market pricing (rather than the existing pricing level, which was below current market pricing); and pricing for all USPP notes reverts to pricing applicable as at December 2017.

It is intended that formal documentation with the senior bank lenders and USPP noteholders will take effect on Friday 18 May 2018, contemporaneously with settlement of the Retail Entitlement Offer.

Further information and shareholder enquiries

Shareholders with any questions in relation to the Offer, can contact the Fletcher Building Offer Information Line on 0800 650 034 (within New Zealand) and 1800 501 366 (within Australia) or +64 9 488 8777 (outside of New Zealand or Australia) between 8.30am and 5:00pm (NZ time and Sydney time) Monday to Friday. For other questions, shareholders should consult their broker, solicitor, accountant, financial adviser, or other professional adviser.

#Ends

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Forward looking statements

This announcement contains forward looking statements, including statements of current intention, statements of opinion and predictions as to possible future events. Forward looking statements should, or can generally, be identified by the use of forward looking words such as "believe", "expect", "estimate", "will", "may", "target" and other similar expressions within the meaning of securities laws of applicable jurisdictions, and include but are not limited to the expected outcome of the various and ongoing negotiations in connection to the Offer. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward looking statements. Such statements are not statements of fact and there can be no certainty of outcome in relation to the matters to which the statements relate. These forward looking statements involve known and unknown risks, uncertainties, assumptions and other important factors that could cause the actual outcomes to be materially different from the events or results expressed or implied by such statements. Those risks,

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Key dates

Event	Day	Date
Retail Bookbuild	Tuesday	15 May 2018
Settlement of Retail Entitlement Offer and Retail Bookbuild on ASX	Thursday	17 May 2018
Settlement of Retail Entitlement Offer and Retail Bookbuild on NZX Main Board and allotment of New Shares under the Retail Entitlement Offer and Retail Bookbuild on NZX Main Board and ASX	Friday	18 May 2018
Trading of New Shares commences on NZX	Friday	18 May 2018
Trading of New Shares commences on ASX	Monday	21 May 2018
Despatch of holding statement in respect of New Shares issued under the Retail Entitlement Offer	Monday	21 May 2018