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**Fletcher Building  
Limited**

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## **DISCLOSURE DOCUMENT**

21 August 2019

Dear Shareholder(s)

### **Fletcher Building Limited Share Buyback**

On 26 June 2019, Fletcher Building Limited (Fletcher Building, or the Company) announced that it intended to undertake an on-market buyback of Fletcher Building shares (Shares).

Following the completion of the Formica sale for NZ\$1.2 billion, the Company considered a number of key factors for allocation of the sale proceeds, including its target leverage range (which it remains below), its expected debt repayments over the next 12 months and its expected cash outflows to complete the legacy B+I projects.

Based on these factors, the Fletcher Building board of directors (Board) determined that the Company was in a position to distribute up to NZ\$300 million to shareholders, with the most effective method being an on-market buyback of its Shares. This disclosure document explains the nature and implications of the buyback for Fletcher Building and its shareholders.

The Company will effect the buyback by purchasing Shares through the NZX and ASX order matching markets at the prevailing market price from time to time, up to a maximum aggregate purchase price of NZ\$300 million.

Fletcher Building will not begin to buyback Shares on-market until at least 10 business days after this disclosure document has been sent to shareholders. It will also give shareholders at least three business days' prior notice to the commencement of the buyback via announcements on NZX and ASX. No shareholder is obliged to sell any Shares to the Company during the buyback, and Fletcher Building may decide to suspend or terminate the buyback programme at any time.

The buyback programme may run for up to 12 months from the date of this disclosure document.

Fletcher Building's Board believes that the buyback is in the best interests of the Company and its shareholders.

Shareholders who wish to participate in the buyback and sell their Shares should contact their broker.

If you have any queries regarding the terms of the buyback, please contact Fletcher Building investor relations on +64 9 525 9043 (or email [investor.relations@fbu.com](mailto:investor.relations@fbu.com)), or any market participant of NZX or ASX.

A handwritten signature in black ink, appearing to read 'Bruce Hassall', written over a horizontal line.

**Bruce Hassall**  
Chairman

## **SUMMARY OF THE BUYBACK**

### **Terms of the buyback**

Fletcher Building is implementing a programme to buyback up to 70 million Shares (representing approximately 8.2% of the Company's issued capital as at 20 August 2019) for an aggregate price not exceeding NZ\$300 million.

Shares will be acquired by the Company by way of ongoing purchases of Shares on NZX and ASX. Fletcher Building will pay the prevailing market price for the Shares at the time of purchase.

Fletcher Building can begin to buyback Shares 10 business days after this disclosure document has been sent to shareholders. Fletcher Building will also give shareholders three business days' notice prior to commencement of the buyback programme through announcements on NZX and ASX.

The number of Shares purchased under the buyback will be notified to shareholders by way of an announcement to NZX and ASX on the business day following the date on which Fletcher Building purchases any Shares under the buyback. Shares purchased by Fletcher Building under the buyback programme will be cancelled upon acquisition, and the number of Shares on issue will reduce accordingly.

Throughout the buyback, Fletcher Building will continue to assess market conditions, Fletcher Building's prevailing share price, available investment opportunities and all other relevant considerations. Fletcher Building reserves the right to cease or suspend the buyback programme at any time.

### **Rationale for the buyback**

The Board has decided to implement the on-market buyback programme because:

- ❖ Having regard to the Company's target leverage range (which it currently remains below), available investment opportunities, expected debt repayments over the next 12 months and expected cash outflows to complete the legacy B+I projects, the Board has determined that the Company is in a position to distribute up to NZ\$300 million to shareholders;
- ❖ Participation in the on-market buyback is voluntary for shareholders; and
- ❖ An on-market buyback is a flexible and efficient means by which to return capital to shareholders.

### **Fletcher Building has authorised the buyback**

In authorising the buyback, the Board resolved and certified under the Companies Act 1993 (the **Companies Act**), that:

- ❖ The buyback is in the best interests of Fletcher Building and its shareholders.
- ❖ The terms of the buyback and the consideration offered for the Shares are fair and reasonable to Fletcher Building and its shareholders.
- ❖ It is not aware of any information that will not be disclosed to shareholders:
  - which is material to an assessment of the value of the Shares; and
  - as a result of which the terms of the offer and consideration offered for the Shares are unfair to shareholders accepting the offer.

The Board has also certified that Fletcher Building will satisfy the solvency test set out in the Companies Act immediately after the buyback, based on reasonable grounds.

### **Procedural safeguards**

In undertaking the buyback, the Board has adopted certain procedural safeguards which are aimed at ensuring that the buyback does not distort the market price of Shares.

### **Shareholders must be fully informed**

Fletcher Building will not purchase any Shares while it possesses information that is not generally available to the market, and which, if it were so available, would have a material effect on the price of the Shares. Fletcher Building will closely monitor compliance with its information disclosure obligations throughout the buyback period. If Fletcher Building becomes aware of such sensitive information, it will cease acquiring Shares until the information is disclosed to the public or ceases to be materially price sensitive.

### **Text of Board Resolutions**

Fletcher Building is implementing a programme to buyback up to 70 million Shares (representing approximately 8.2% of the Company's issued capital as at 20 August 2019) for an aggregate price not exceeding NZ\$300 million.

To initiate the buyback, the Board has resolved (amongst other things) that:

- (1) In accordance with sections 52 and 63 of the Companies Act, an on-market offer on NZX and ASX to all of the Company's shareholders on the terms set out in the disclosure document attached to this resolution be approved, subject to the directors still being satisfied of the matters referred to in resolutions 3, 4 and 5 below prior to each relevant buyback.
- (2) The Board buyback no more than 70 million of the Company's shares, for an aggregate price of no more than NZ\$300 million.
- (3) The proposed acquisition is in the best interests of the Company and its shareholders.
- (4) The terms of the offer and the consideration offered for the Company shares are fair and reasonable to the Company and its shareholders.
- (5) The Board is not aware of any information that will not be disclosed to shareholders prior to the offer being made to shareholders:
  - (a) which is material to an assessment of the value of the shares; and
  - (b) as a result of which, the terms of the offer and consideration offered for the shares are unfair to shareholders accepting the offer.
- (6) The directors' conclusions set out in resolutions 3 to 5 above are based on the directors' satisfaction of the following:
  - (a) having regard to the Company's target leverage range (which it currently remains below), available investment opportunities, expected debt repayments over the next 12 months and expected cash outflows to complete the legacy B+I projects, the Company is in a position to distribute up to NZ\$300 million to shareholders;
  - (b) financial flexibility will still be maintained in the Company's balance sheet following the buyback due to the Company's strong cash flow and prudent capital structure;
  - (c) the terms of the proposed offer are acceptable to the directors;

- (d) the purchase price payable by the Company for shares under the buyback will be equivalent to the market price of the Company's shares at the time of relevant acquisition, and the terms are therefore "arm's length" and are fair both from the perspective of shareholders who choose to sell and those who continue to hold their shares;
  - (e) shareholders have the option of whether or not to participate in the buyback and can seek independent advice as to whether to take some or all of their investment back, or continue to hold shares;
  - (f) the tax consequences for shareholders participating in the buyback are unlikely to be different from ordinary trading activity, therefore representing a tax effective means of managing the Company's capital;
  - (g) the Company has in place procedural safeguards to ensure that it does not acquire shares during the period when material price sensitive information is known to the Company but is not available to shareholders.
- (7) The Board is satisfied that the Company will, immediately after acquiring the shares, satisfy the solvency test applied under section 52 of the Companies Act.
- (8) That any director, the Chief Executive Officer or the Chief Financial Officer (each acting alone) are hereby authorised to sign such documents and do such other things as may be necessary or appropriate to complete the buyback.
- (9) Upon completion of the acquisition of shares by the Company, the shares will be cancelled and the share register of the Company updated accordingly.

### **Directors' interests**

The buyback offer is made to all shareholders of Fletcher Building. At the date of this disclosure document, the directors of Fletcher Building have the following relevant interests in Shares subject to the buyback offer:

<b>Director</b>	<b>Number of Shares</b>	<b>Nature of relevant interest</b>
Bruce Hassall (Chairman)	22,242	Beneficial Interest
Martin Brydon	20,000	Beneficial Interest
Antony Carter <sup>(1)</sup>	67,019	Beneficial Interest
Barbara Chapman	20,000	Beneficial Interest held by an associated person
Rob McDonald	30,000	Beneficial Interest
Doug McKay	20,000	Beneficial Interest
Cathy Quinn <sup>(2)</sup>	20,000	Beneficial Interest
Steve Vamos	20,000	Beneficial Interest

Capital notes issued by Fletcher Building Industries Limited can (subject to their terms) convert to Fletcher Building Limited ordinary shares on the basis of 98% of the then current market value of the shares.

<sup>(1)</sup> Antony Carter holds a beneficial interest in 150,000 capital notes.

<sup>(2)</sup> Cathy Quinn holds a non-beneficial interest in 30,512,000 capital notes as a Trustee of the St. Jude's Trust.

This disclosure document is provided pursuant to section 63(6) of the Companies Act and complies with section 64 of the Companies Act.