



**Fletcher Building
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23 April 2018

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

Dear Shareholder(s)

**FLETCHER BUILDING LIMITED PRO RATA ACCELERATED ENTITLEMENT OFFER –
NOTIFICATION TO INELIGIBLE SHAREHOLDERS**

On 17 April 2018, Fletcher Building Limited (**Fletcher Building**) announced that it would conduct a fully underwritten pro-rata accelerated entitlement offer to eligible shareholders to subscribe for 1 new fully paid ordinary share in Fletcher Building (**New Shares**) for every 4.46 existing fully paid ordinary shares in Fletcher Building (**Existing Shares**) held on 19 April 2018 (**Record Date**) at an offer price of NZ\$4.80 per New Share (**Offer Price**) (**Offer**), to raise approximately NZ\$750 million. The Offer is fully underwritten.

The Offer is being conducted in two parts - an offer to certain eligible institutional shareholders (**Institutional Entitlement Offer**) and an offer to certain eligible retail shareholders (**Retail Entitlement Offer**). The Institutional Entitlement Offer has now been completed. The Retail Entitlement Offer opens on 23 April 2018 and closes on 11 May 2018.

Under the terms of the Offer, you are either an **Ineligible Institutional Shareholder** (as defined below) or an **Ineligible Retail Shareholder** (as defined below) and, accordingly, you are not eligible to subscribe for New Shares nor will you be sent a copy of the offer document prepared for the Offer and dated 17 April 2018 (**Offer Document**).

This letter is to inform you about the Offer and explain why you are not able to subscribe for New Shares under the Offer. This letter is not an offer to issue New Shares to you, nor an invitation for you to apply for New Shares. **You are not required to do anything in response to this letter.** However, you may still receive some benefit from the Offer, as described below.

Who is eligible to participate in the Offer?

The Offer involves an offer to:

1. under the Institutional Entitlement Offer (which has now been completed): Fletcher Building shareholders as at 9.00pm (NZ time) / 7.00pm (Sydney time) on the Record Date who:
 - (a) have an address in New Zealand, Australia, Canada, France, Germany, Hong Kong, Ireland, Japan, Malaysia, the Netherlands, Norway, Singapore, Switzerland or the United Kingdom or a Shareholder in the United States that is an Approved U.S. Shareholder (as defined in the Offer Document) or an Approved U.S. Investor (as defined in the Offer Document); and
 - (b) are Institutional Investors (as defined in the Offer Document) (or the nominee of an Institutional Investor) (to the extent such person holds Existing Shares for the account or benefit of such person in the United States); and
 - (c) are invited to participate in the Institutional Entitlement Offer, (**Eligible Institutional Shareholders**) provided that it does not include any Shareholder who Fletcher Building and the Lead Manager agree will be an Ineligible Institutional Shareholder; and

2. under the Retail Entitlement Offer: Fletcher Building shareholders as at 9.00pm (NZ time) / 7.00pm (Sydney time) on the Record Date who:
- (a) have a registered address in New Zealand or Australia; and
 - (b) are not in the United States or not acting for the account or benefit of a person in the United States; and
 - (c) are not an Eligible Institutional Shareholder or Ineligible Institutional Shareholder, **(Eligible Retail Shareholders)**.

Why am I not eligible to participate in the Offer?

Fletcher Building has determined that it would be unduly onerous and unreasonable to make offers to Institutional Shareholders in countries outside of those named in 1(a) above and to Retail Shareholders in countries outside of New Zealand and Australia.

This is due to legal and regulatory requirements in those other countries and the potential costs of complying with these requirements, compared to the relatively small number of Fletcher Building Shareholders in those countries, the relatively small number of Existing Shares that they hold and the relatively low value of the New Shares to which those shareholders would otherwise be entitled to subscribe for.

According to our records, you do not satisfy the criteria for an Eligible Institutional Shareholder or an Eligible Retail Shareholder. Consequently, you will not be sent the Offer Document or be able to subscribe for New Shares.

How may I still receive some benefit from the Offer?

Approximately 2.2 million entitlements (being the entitlements not taken up by Eligible Institutional Shareholders under the Institutional Entitlement Offer and entitlements which would have been offered to institutional shareholders of Fletcher Building who were ineligible to participate **(Ineligible Institutional Shareholders)** if they had been eligible to participate in the Institutional Entitlement Offer) were offered for sale to selected institutional investors through a bookbuild process following the completion of the Institutional Entitlement Offer **(Institutional Bookbuild)** on 19 and 20 April 2018.

The clearing price under the Institutional Bookbuild was NZ\$6.15 per share, representing a premium of NZ\$1.35 over the Offer Price of NZ\$4.80 per share. The Offer Price will be paid to Fletcher Building from the proceeds as full consideration for the New Shares subscribed pursuant to the entitlements sold in the Institutional Bookbuild. The premium of NZ\$1.35 per entitlement will be paid pro-rata (less any withholding tax) to Eligible Institutional Shareholders who did not take up their entitlement under the Institutional Entitlement Offer in full (with respect to the entitlements they did not take up only) and each Ineligible Institutional Shareholder.

Similarly, the number of entitlements not taken up by Eligible Retail Shareholders under the Retail Entitlement Offer and the entitlements which would have been offered to retail shareholders of Fletcher Building who are ineligible to participate **(Ineligible Retail Shareholders)** if they had been eligible to participate in the Retail Entitlement Offer will be offered for sale to selected institutional investors through a bookbuild process following the Retail Entitlement Offer to be conducted on 15 May 2018 **(Retail Bookbuild)**.

Any premium (the **Retail Premium**) realised for the entitlements sold in the Retail Bookbuild will be paid by the Lead Manager to Computershare Investor Services Limited, the Registrar, who will remit that amount pro-rata (net of any amounts required to be withheld) to Eligible Retail

Shareholders who did not take up their entitlements under the Retail Entitlement Offer in full (with respect to the entitlements they did not take up only) and each Ineligible Retail Shareholder.

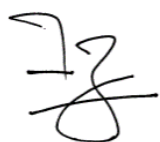
No fees or costs will be payable by any Shareholder, and no interest will be collected or paid to any Shareholder on any premium. There is no guarantee that any Retail Premium will be realised from the Retail Bookbuild. The Retail Premium may be zero, in which case no payment will be made to the holders of the entitlements sold in the Retail Bookbuild. Any premium realised for the Entitlements sold in the Retail Bookbuild may be different from the premium realised for the sale of entitlements in the Institutional Bookbuild. The outcome of the Institutional Bookbuild is not an indication as to whether there will be a Retail Premium or what any Retail Premium may be.

The ability to sell entitlements in the Retail Bookbuild and the ability to obtain any premium will be dependent upon various factors, including market conditions. Further, the premium (if any) may not be the highest bid for the entitlements, but will be determined having regard to a number of factors, including having binding and bona fide offers which, in the reasonable opinion of the Lead Manager, will, if accepted, result in otherwise acceptable allocations to clear the entire book.

To the maximum extent permitted by law, Fletcher Building, the Lead Manager and each of their respective related bodies corporate and affiliates, and each of their respective directors, officers, partners, employees, representatives and agents, disclaim all liability, including for negligence, for any failure to realise a Retail Premium, for any difference between the Retail Premium and the Institutional Premium and for any failure to obtain any particular exchange rate, or any movements in exchange rates, if exchanging the Retail Premium into Australian dollar funds. The Lead Manager and Fletcher Building reserve the right to allocate entitlements under the Bookbuilds at their discretion.

While the Offer is not able to be made to you, I thank you for your continued support of Fletcher Building.

On behalf of
Fletcher Building Limited

A handwritten signature in black ink, appearing to be 'CB' or similar, with a stylized flourish at the bottom.

Charles Bolt
Group General Counsel & Company Secretary

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This letter has been prepared for publication in New Zealand and Australia and may not be released or distributed in the United States. This letter does not constitute an offer, invitation or recommendation to subscribe for or purchase any security or financial product and neither this letter nor anything attached to this letter shall form the basis of any contract or commitment. In particular, this letter does not constitute an offer to sell, or the solicitation of an offer to buy, securities in the United States or to any person who is acting for the account or benefit of any person in the United States (to the extent such person is acting for the account or benefit of a person in the United States), or in any other jurisdiction in which such an offer would be illegal.

No action has been or will be taken to register, qualify or otherwise permit a public offering of the New Shares in any jurisdiction outside New Zealand and Australia. In particular, the Offer Document is not for distribution in the United States. The Entitlements and New Shares have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (U.S. Securities Act) or the securities laws of any state of the United States and may not be offered or sold in the United States or to, or for the account or benefit of, persons in the United States, except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act, and the applicable securities laws of any state or other jurisdiction of the United States.