

## Taiga commences exchange offer and consent solicitation for its 14% subordinated unsecured notes

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BURNABY, BC, Oct. 2, 2017 /CNW/ - Taiga Building Products Ltd. ("**Taiga**" or the "**Company**") (TSX: TBL & TBL.NT) announces that it has commenced an offer, on the terms and subject to the conditions set forth in the Company's Exchange Offer and Consent Solicitation Statement dated September 29, 2017 (the "**Exchange Offer**") to purchase any and all of its outstanding 14% subordinated unsecured notes of the Company due September 1, 2020 (the "**Existing Notes**") in exchange for:

- an equivalent principal amount of new 7% senior notes of Taiga (the "**New Notes**") due five years from the date of issuance (the "**Note Option**");
- common shares of Taiga ("**Common Shares**") at a rate of 833.33 Common Shares (the "**Share Exchange Price**") for each \$1,000 principal amount of Existing Notes (the "**Share Option**"); or
- any combination of the Note Option and the Share Option as determined by the holders of the Existing Notes (the "**Noteholders**").

The Company is also soliciting consents to certain proposed amendments (the "**Proposed Amendments**") to the indenture governing the Existing Notes (the "**Existing Indenture**") to eliminate substantially all of the restrictive covenants, certain events of default and other related provisions of the Existing Indenture. The Proposed Amendments require the consent of at least a majority of the principal amount of Existing Notes held by Noteholders of record.

The Share Option is conditional upon receipt by the Company of disinterested shareholder approval, which approval is being sought concurrently with the making of the exchange offer. Taiga has called a special meeting of its shareholders, scheduled to be held on October 26, 2017, for this purpose, as more particularly described below.

### The Exchange Offer and Consent Solicitation

The Exchange Offer more fully sets forth the terms of the Company's exchange offer and consent solicitation. As of the date of the Exchange Offer, there is \$128,834,218 aggregate principal amount of Existing Notes outstanding. The Share Exchange Price represents an issue price of \$1.20 per Common Share, a premium of 18.8% to the closing price of the Common Shares on August 4, 2017, being the last full trading day prior to the date that Taiga announced its intention to refinance the outstanding Existing Notes, and a discount of 21.6% to the closing price of the Common Shares on trading day immediately preceding the date of the Exchange Offer.

The exchange offer is scheduled to expire at 5:00 p.m. (Vancouver time) on November 8, 2017 unless extended or earlier terminated by the Company (the "**Expiration Time**"). Tendered Existing Notes may be withdrawn at any time on or prior to the Expiration Time, unless extended by the Company, but not thereafter except to the extent that the Company is required by applicable law to provide withdrawal rights. The exchange offer is not conditional on any minimum principal amount of Existing Notes being tendered.

Taiga believes that the exchange offer is in the best interests of the Company and provides options to Noteholders. The exchange offer is being made for, among others, the following reasons:

- it will allow the Company to reduce its financial leverage, providing the Company with greater financial flexibility to pursue future growth opportunities;
- completion of the exchange offer will lower its cost of capital by replacing 14% interest payments on the Existing Notes with 7% interest payments on the New Notes or with potential dividends on the Common Shares;
- the de-leveraging of the Company's balance sheet will facilitate the Company's transition from its current capital structure to a more normalized capital structure, which the Company believes will: (i) provide improved access to capital; (ii) improve its financial flexibility to pursue strategic initiatives; and (iii) enhance the market's understanding of the Company by facilitating relative comparisons to its publicly-traded industry peers;
- it will provide enhanced liquidity in the Common Shares through the increase of the public float of Common Shares; and
- it will provide liquidity to holders of Existing Notes.

Taiga reserves the right to withdraw the exchange offer and consent solicitation and not take up and exchange any Existing Notes deposited under the exchange offer unless certain conditions, which are more fully described in the Exchange Offer, are satisfied or waived.

Noteholders of record tendering Existing Notes pursuant to the exchange offer will be deemed to have delivered a consent to the Proposed Amendments. Noteholders may not tender their Existing Notes without delivering their consents pursuant to the consent solicitation and may not deliver their consents without tendering their Existing Notes pursuant to the exchange offer.

Noteholders who deposit their Existing Notes pursuant to the exchange offer, which are subsequently exchanged by the Company, will receive a payment from the Company on account of accrued and unpaid interest on the deposited Existing Notes from the last interest payment date for the Existing Notes to, but excluding, the date of take up of the deposited Existing Notes. After the Expiration Time, the Company will take up validly deposited Existing Notes and will issue New Notes and/or Common Shares in exchange for the deposited Existing Notes and pay the accrued and unpaid interest on such exchanged Existing Notes within three business days thereafter.

The New Notes will be issued under a trust indenture governing the New Notes, with Computershare Trust Company of Canada, as trustee (the "**New Indenture**"). The New Notes will:

- mature on the fifth anniversary of the date of issuance;
- bear interest at the rate of 7% per annum payable semi-annually in arrears every six months beginning on the six month anniversary of the date of issuance of the New Notes;
- be unsecured obligations of the Company that will be effectively subordinated in right of payment to any present and future secured indebtedness, including the Company's senior credit facility, and all indebtedness and liabilities of the Company's subsidiaries; and
- be redeemable by the Company on or after the 30 month anniversary of the date of issuance, for cash, at a redemption price (expressed as a percentage of the principal amount) as follows:

<u>Date</u>	<u>Percentage</u>
On and after 30 months and before 42 months after the issuance date	103.5%
On and after 42 months and before 48 months after the issuance date	101.75%
On and after 48 months after the issuance date	100%

The New Notes will also include customary covenants relating to limitations on the incurrence of additional indebtedness and the making of certain restricted payments that are substantially similar to those contained in the Existing Indenture.

The New Indenture shall be entered into before the first date upon which Existing Notes are taken up and exchanged. A copy of the New Indenture, once executed, will be available on the Company's website at [www.taigabuilding.com](http://www.taigabuilding.com) and on SEDAR at [www.sedar.com](http://www.sedar.com).

Whether or not the exchange offer is consummated, the Company intends to fully redeem the Existing Notes at par pursuant to the terms of the Existing

Indenture and/or purchase the Existing Notes through open market purchases prior to December 31, 2017. However, no assurance can be given that any Existing Notes remaining after the exchange offer is consummated will be redeemed as contemplated or at all.

The Common Shares and the New Notes issued to Canadian residents will not be subject to any hold period. The New Notes will not be listed on any stock exchange, and accordingly, there may be no market for trading the New Notes. The Company has applied to list the Common Shares issuable pursuant to the exchange offer on the TSX and has received conditional approval. Listing will be subject to the Company fulfilling all the listing requirements of the TSX.

The exchange offer and consent solicitation are being made only through the Exchange Offer. Noteholders are urged to read the Exchange Offer carefully before making any decisions with respect to the exchange offer and consent solicitation because it contains important information, including the terms and conditions of the exchange offer and consent solicitation. A copy of the Exchange Offer is available under the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com). The Company makes no recommendation as to whether or not Existing Notes should be tendered pursuant to the exchange offer, and no one has been authorized by the Company to make such a recommendation.

### **Special Shareholders Meeting**

Taiga has called a special meeting of its shareholders (the "**Meeting**") to consider, and if thought appropriate, to pass a resolution (the "**Share Issuance Resolution**") approving the issuance (the "**Share Issuance**") of up to 107,361,848 Common Shares in respect of the Share Option, including the issuance of up to 59,647,593 Common Shares to certain related parties of the Company if they elect the Share Option. The Share Issuance would constitute a "related party transaction" within the meaning of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**") and the policies of the TSX, and the Share Issuance Resolution will therefore require the approval of a majority of shareholders who vote at the Meeting after excluding the votes of certain "interested parties", to the extent they hold Common Shares. The "interested parties" include UPP Holdings Limited ("**UPP**"), the Company's largest shareholder, Genghis S.á.r.l. and certain directors and officers of the Company that own Existing Notes and/or Common Shares, who collectively hold Existing Notes in the aggregate principal amount of \$71,557,111 (or approximately 55.6% of the principal amount of Existing Notes outstanding) and an aggregate of 19,880,852 Common Shares (or approximately 61.3% of the outstanding Common Shares). The full text of the Share Issuance Resolution is provided in the management information circular dated September 29, 2017 (the "**Circular**") in respect of the Meeting that has been mailed out concurrently with the Exchange Offer. A copy of the Circular is available under the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com). The Meeting will be held at Hilton Vancouver Metrotown Hotel, 6083 McKay Avenue, Burnaby, British Columbia, Canada on October 26, 2017 at 10:00 a.m. (Vancouver time).

UPP, which holds approximately 35.71% of the outstanding Existing Notes, has advised Taiga that it intends to participate in the exchange offer and elect the Share Option.

### **Recommendations**

The special committee (the "**Special Committee**") of the board of directors of Taiga (the "**Board**"), following consultation with its legal and financial advisors, has unanimously determined that the potential Share Issuance offered in consideration for the Existing Notes is fair, from a financial point of view, to the disinterested shareholders of the Company and unanimously recommended that the Board recommend that the disinterested shareholders vote in favour of the Share Issuance Resolution. The Special Committee's financial advisor, Raymond James Ltd., has provided a fairness opinion dated September 28, 2017 (the "**Fairness Opinion**") that, as of the date of such Fairness Opinion and subject to the assumptions, limitations, qualifications and other such matters as set forth therein, the Exchange Offer is fair, from a financial point of view, to the disinterested shareholders of the Company.

The Board, after careful consideration and relying, in part, on the recommendation of the Special Committee, has unanimously determined, with interested directors abstaining, that the proposed Share Issuance is fair, from a financial point of view, to the Company and its disinterested shareholders and recommends that the disinterested shareholders vote in favour of the Share Issuance Resolution.

Additional information relating to the Share Issuance Resolution and the Fairness Opinion, including, among other things, a background to the Share Issuance Resolution and a discussion of the review and approval process adopted by the Board and the Special Committee is provided in the Circular. Shareholders of the Company may purchase Existing Notes through open market purchases on the TSX if they wish to participate in the exchange offer.

**THE SECURITIES OFFERED PURSUANT TO THE EXCHANGE OFFER HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES ABSENT REGISTRATION OR APPLICABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS. THIS PRESS RELEASE SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THE SECURITIES IN ANY JURISDICTION IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL.**

### **Forward-Looking Information**

This news release contains forward-looking information that is based on current expectations, beliefs, assumptions, estimates and forecasts about the business and the industry and markets in which the Company operates. Forward-looking information does not guarantee future performance and involves risks, uncertainties and assumptions which are difficult to predict and which may cause Taiga's actual results in future periods to differ materially from expected results. In particular, statements about the Company's plans or intentions regarding the commencement and completion of the exchange offer and consent solicitation, the expected benefits to be derived therefrom and any redemption, repurchase or refinancing of Existing Notes not exchanged in the exchange offer constitute forward-looking information any may not necessarily occur. Investors are cautioned that all forward-looking information involves risks and uncertainties including, without limitation, the possibility that the exchange offer and consent solicitation will not be consummated due to failure to satisfy or waive any conditions to the exchange offer and consent solicitation or otherwise, the level of participation by Noteholders in the exchange offer may not result in the achievement of expected benefits by the Company of the exchange offer, and other risk factors listed from time to time in the Exchange Offer, the Circular and the Company's public filings. These risks, as well as others, could cause actual results and events to vary significantly. Accordingly, readers should not place undue reliance on forward-looking information, which are qualified in their entirety by this cautionary statement. Taiga does not undertake any obligation to release publicly any revisions to or updating any voluntary forward-looking information, except as required by applicable securities law.

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