

News Release

TO: THE BUSINESS EDITOR

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Information on Tenon Limited can be found at <http://www.tenonglobal.com>.

STOCK EXCHANGE LISTING: NEW ZEALAND (TEN)

Tenon Confirms Intention to Make Capital Return to its Shareholders

Released 14 October 2016

Tenon announced today that it had applied to the High Court for initial orders directing it to seek shareholder approval for a return of capital, as had been previously discussed in Tenon's FY'16 Annual Report distributed to shareholders in September.

Tenon's Chairman, Luke Moriarty, said that "The capital return is a consequence of the sale of the Company's North American business (which is pending Tenon shareholder approval) to Blue Wolf Capital. Given the change in the scale of Tenon's ongoing business and our lesser ongoing capital requirements post the sale, the net sale proceeds (after repayment of all Tenon debt) is surplus capital, and the Board is seeking to return that to Tenon shareholders.

Accordingly, the Company proposes to undertake a pro rata return of capital to Tenon shareholders equating to US\$1.10 per existing Tenon share (approx. NZ\$1.55 per share at a 71 cent FX rate), which amounts to US\$71.3 million (approx. NZ\$100 million). This return of capital will be undertaken by way of a cancellation of Tenon shares under a High Court approved scheme of arrangement under the Companies Act 1993, by which Tenon will cancel one out of every two ordinary shares held by each shareholder and pay the NZ\$ equivalent of US\$2.20 for every ordinary share cancelled, which is equivalent to US\$1.10 for every share held prior to cancellation. The capital return is expected to be made in one payment in late December 2016, following receipt of final orders from the High Court."

The capital return and the sale to Blue Wolf Capital are each subject to approval by shareholders at Tenon's Annual Shareholders' Meeting to be held on 18 November 2016, and the capital return is also subject to completion of the sale to Blue Wolf Capital, expected to be on 30 November (New York time). Tenon will apply to the High Court for final orders sanctioning the capital return if, at the Company's Annual Shareholders' Meeting, shareholders approve the Blue Wolf sale and the capital return.

Full details of the proposed sale to Blue Wolf (including an independent report from Grant Samuel) and capital return will be provided in the documentation for the Annual Shareholders' Meeting which will be distributed to shareholders in early November.

ENDS