



News Release

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Information on Tenon Limited can be found at <http://www.tenon.co.nz>.

STOCK EXCHANGE LISTING: NEW ZEALAND (TEN)

TENON UPDATES MARKET

6 January 2017 – Today Tenon again summarised the previously announced impact of its recently completed US\$71 million pro-rata capital return and share cancellation.

The Record Date for shareholders' entitlement to the capital return was 21 December, on which date one-half of Tenon's then share capital was cancelled. As a result, Tenon now only has 32,407,910 shares on issue. On 19 December, 2016, as per its usual market practise, the NZX suspended trading in Tenon shares to allow market trades prior to the Record Date to clear. Suspension of trading was lifted on the morning of 22 December. The theoretical price immediately post the capital return and post cancellation (i.e. the ex-price) as established by the NZX, was (approx.) NZ\$2.05. This ex-price was based on the market price of Tenon's shares on close of trading on 19 December (of NZ\$2.60), less the amount of the then upcoming capital return of US\$1.10 per share (US\$2.20 per cancelled share), and the newly reduced share capital of Tenon.

On 23 December 2016, in relation to the second strategic review that the Company is currently undertaking over its NZ-based Clearwood operations, Tenon announced that it had entered into exclusivity with one party, with the intent of signing a binding sale and purchase agreement. That proposal is still under negotiation.

On the same day, Tenon also announced that the Grant Samuel independent report to Tenon shareholders issued in November in respect of the recently completed sale of the company's US business, would need to be updated once final agreement had been reached in relation to the sale of its NZ-based Clearwood operations. It also stated that the updated report would take into account, amongst other things, the average adverse currency movements that have occurred (US\$0.67 in fiscal'16 to US\$.71 estimated for fiscal'17; Euro0.60 in fiscal'16 to Euro0.66 estimated for

fiscal'17) - the consequence being that the previous report is no longer current, and that a reduced valuation would likely result.

It was also stated that upon a sale of Clearwood, Tenon would have no remaining operational assets. Accordingly, the Company would then be liquidated, with all surplus cash returned to shareholders. It was noted that such a liquidation would require the incurrence of cost by Tenon, uncertain as to quantum, although currently estimated to be circa US\$8 million.

Ends