

News Release

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STOCK EXCHANGE LISTING: NEW ZEALAND (TEN)

TENON ESTABLISHES NEW USD57.5 MILLION SYNDICATED FINANCING FACILITY

27 June 2011 – Today, Tenon announced that it had signed a new long-term syndicated debt financing Facility. This new bank financing is a USD57.5 million secured Facility, comprising a USD50 million revolver facility and a USD7.5 million amortising term loan. In addition, the Facility has an “accordion” feature, whereby with the approval of the bank syndicate an additional USD12.5 million can be drawn upon (taking the total to USD70 million) without the need to negotiate a new banking arrangement. The term of the Facility is five years – i.e. it does not expire until June 2016.

Luke Moriarty, Tenon’s Chairman, said, “We have taken the opportunity to put this new Facility in place more than a year ahead of the expiry of our existing facility, as we wanted to take advantage of a refinancing “window” we saw developing for asset-based financing in our segment of the market. Having said that, being able to secure this new Facility, at this time and on these terms, is a reflection of the market positioning of Tenon and the strong banking relationships the Company has established over time. The new Bank Syndicate is led by JPMorgan Chase in the US as Agent (JPMC was also Tenon’s lead bank under the previous facility), and is made up of a group of lenders from our previous facility. We are pleased to be extending our relationship with them for another five years under this new agreement. It is an excellent outcome for the Company.”

The new Facility is a standard US asset-based lending facility, where the underlying assets and working capital of Tenon secure the obligations to the Bank Syndicate and act as the primary covenant. Because of this, there are no fixed charge (e.g. interest) or leverage coverage ratio requirements in this new Facility. This is a significant difference from the Company’s previous facility, and in this respect the new structure offers much greater operational flexibility whilst at the same time providing Tenon with financing capacity to grow its business for the future.

Adam White, Tenon’s Chief Financial Officer, said, “Having this long-term asset-based Facility in place now provides us with a funding structure that will support our future operational and strategic needs. We consider a USD57.5 million Facility (plus a USD12.5 million accordion feature) to be the right size for our future investment and growth agenda, particularly as our net debt today is under USD30 million – a long way down from our peak of nearly USD90 million (net interest bearing debt plus deferred liabilities) when we began our debt reduction programme.”

The new Facility is now operational, and debt drawn under Tenon’s previous facility has been fully repaid.

ENDS