

News Release

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

STOCK EXCHANGE LISTING: NEW ZEALAND (TEN)

Tenon Establishes New US\$70 Million Syndicated Financing Facility

Released 5 September 2013

Today, Tenon announced that it had signed a new long-term US\$70 million syndicated debt financing Facility, replacing the Company's existing US\$54 million facility. The new Facility comprises a US\$59 million revolver line and a US\$11 million amortising term loan. The term of the Facility is five years – i.e. it does not expire until September 2018.

Luke Moriarty, Tenon's Chairman, said, "As previously disclosed to the market, we have been actively reviewing our existing funding, as it is important that in the quickly improving key US market for our products we have sufficient flexibility to take advantage of the expected growth in our business moving forward. The new Facility does that, and it will allow Tenon to fully participate in the strengthening US housing recovery. The new Bank Syndicate is led by PNC Bank National Association in the US, as Agent, and includes Bank of New Zealand and Comerica Bank – two existing lenders from our previous facility. We are pleased to be establishing a new banking relationship with PNC and extending our existing relationships with BNZ and Comerica under this new agreement. It is an excellent outcome for us, and positions the Company well for the future."

Adam White, Tenon's Chief Financial Officer, said, "Having this long-term Facility in place now provides us with a funding structure that will support our future operational needs. The new Facility is a standard US lending facility structure, where the underlying assets and working capital of Tenon secure the obligations to the Bank Syndicate. In line with current market terms, the Facility contains a short term minimum EBITDA (Earnings before interest, tax, depreciation and amortisation) covenant for the period to 31 March 2014¹, which is then replaced by a standard quarterly fixed charge (FCCR) covenant² of 1.1 times, commencing June 2014."

¹ The EBITDA covenant is a short term quarterly covenant, requiring Tenon's cumulative EBITDA to be no less than US\$2.4 million (3 months ended 30 June 2013); US\$3.7 million (6 months ending 30 September 2013); US\$5.5 million (9 months ending 31 December 2013); and US\$7.5 million (12 months ending 31 March 2014). There is no EBITDA covenant testing beyond 31 March 2014.

² The FCCR covenant is defined as: $[(EBITDA - \text{capital expenditure} - \text{cash taxes paid}) / (\text{interest} + \text{amortising term loan payments} + \text{distributions paid})]$.

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