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24th March 2017

We would like to update you in regard to the proposed sale of the Tenon Taupo Operations.

Earlier this week, Tenon shareholders voted in favour of accepting the sale of 'Clearwood' to a consortium of wealthy private individuals (50%) and Rubicon (50%). This sale will be completed on April 28th 2017. Post-closing, Tenon Limited (the public company) shares will cease trading, the company will be wound up (as there will then be no residual operating business), and all surplus cash will be distributed to shareholders. Whilst that will bring to a close the Tenon public entity, the Consortium (as a private vehicle) will then take the Clearwood business and the Tenon name moving forward. It's important to understand, that other than the ownership change in 28 April, it will be very much business as usual for Clearwood's employees, suppliers, and customers.

Clearwood, which incorporates the Taupo site operations, will continue to function as it currently does – as the leading provider of Clearwood products into the high-value US and European markets. We have established an enviable reputation as a producer of the highest quality clearwood products in the industry, and the Consortium is excited to take this established platform and build on it, by growing the existing product and customer reach even further. The Consortium has a sound balance sheet to do this, supported both by a strong equity base and Tenon's existing established bank lender who has provided banking facilities to Clearwood for the past 17 years. The Consortium is proud to be part of an extremely successful business.

During the transition period the Taupo Operations will be running as per normal and as such there will be no delays in any shipping of finished products. To be absolutely clear, the US and European markets have, and will continue to be, the cornerstones of Taupo's business and in particular its focus on Radiata Clear Pine Products. We have absolutely no intent of moving away from this category and any comments by others to the contrary are quite simply "miss truths."

Finally we would like to thank you for your support, and we look forward to growing our relationship and mutual business with you in the future.

Yours sincerely

Luke Moriarty
Chairman and CEO
Tenon Clearwood LP

Mark Taylor
General Manger Taupo
Tenon Clearwood LP