

Chairman's address

So, as Luke just said, our goal remains to see an IPO of ArborGen, in order to secure the future funding of the company and to open up direct liquidity in the company's shares. The ArborGen partners are aligned on this.

And to be clear, it is not a question of whether ArborGen can be IPO'd – unquestionably it can be. Rather it is a matter of choosing the optimal mix of equity market conditions and business progress to execute an IPO of the company – to set an appropriate initial value of the company, at minimum dilution to existing shareholders, and to raise sufficient capital to secure its future growth.

Like you, we also would prefer that event to be sooner rather than later, as waiting can become increasingly frustrating. However, Rubicon and our two Partners, are ultimately charged with the responsibility of choosing exactly the right business and market conditions to proceed – and there is no misalignment of Partner views on that point. Timing is critical, and as shareholders we have to accept that is the case, and rely on the Board's undertaking that all necessary process steps to the end game either have already been, or are being, put in place.

We do accept that the frustration would be less, had the Rubicon share price performed in the interim. There is no hiding from the fact that it hasn't done so. **Certainly it hasn't reflected the progress and gains made in each of Tenon and ArborGen's underlying businesses.** Our view is that the current Rubicon share price is a very poor reflection of the long-term value of these underlying investments. You need only look at the Edison analyst report issued in September, which places a mid-point trading value of around NZ\$2.50 per share on Tenon, and a higher price in a change of control transaction. This compares with Tenon's current share price of NZ\$1.74 today. Edison also placed a US\$350 million value on ArborGen's core business, plus an additional US\$300 million to be realised over time for growth opportunities. This compares with the US\$225 million ArborGen trades at in the Rubicon share price today.

So, what can we say about all this?

What we can say for sure, is that over the past 18 months Tenon's share price has increased more than 50% - which should have increased Rubicon's share price as a result, given we own almost 60% of Tenon. It hasn't of course, which means that the value of ArborGen (in Rubicon's share price) implicitly must have decreased ... but we know that is not the case either, given the raft of positive news we outlined in our Annual Report only a few months ago, and given ArborGen's strong progress towards its fundamental goals. The share price is simply not recognising the progress being made.

As we have previously discussed, one of the reasons for this share price behaviour and value-gap is the illiquidity of Rubicon shares. Our top six holders own around 75% of our issued shares – and unless they absolutely have to, they do not trade their shares, because they believe in Rubicon’s future value upside. This means that the Company’s “free float” is extremely small, and the share price can gap down on any particular day on small volumes.

If Rubicon had surplus cash today we would immediately undertake an on-market share buyback programme to correct the situation – it would overwhelmingly be the best use of our cash. However at the moment our hands are tied, as we need to preserve all our cash for on-going investment into ArborGen.

Another reason for the value gap, is that the market is waiting for “events” to occur to support the underlying value that we already know exists. As we have said before, this is extremely frustrating for us, as we don’t, for example, feel the need to sell our investments just to prove to the market their true value – we know what they are worth. **However, as we have said before, where value events do align with our strategy for the underlying business, then they will be executed upon. As we have just discussed, an IPO of ArborGen remains the very best example of this.**

That completes my comments today, thank you.

Forward Looking Statements -

There are statements in this presentation that are ‘forward looking statements.’ As these forward-looking statements are predictive in nature, they are subject to a number of risks and uncertainties relating to Rubicon, and our Tenon and ArborGen investments, some of which are beyond our control. As a result of the foregoing, actual results and conditions may differ materially from those expressed or implied by such statements. Tenon’s risks and uncertainties include - that its operations and results are significantly influenced by the level of activity in the various sectors of the economies in which it competes, particularly in North America. Fluctuations in industrial output, foreign exchange changes, commercial and residential construction activity, capital availability, housing turnover and pricing, levels of repair and remodelling and additions to existing homes, new housing starts, relative exchange rates, interest rates, and profitability of customers, can each have a substantial impact on Tenon’s results of operations and financial condition. ArborGen’s risks and uncertainties include (in addition to those of Tenon) - the global markets and geographies in which it operates, intellectual property protection, regulatory approvals, public and customer acceptance of genetically engineered products, customer adoption of advanced seedling products, the success of ArborGen’s research and development activities, weather conditions and biological matters. As a result of the foregoing, actual results and conclusions may differ materially from those expressed or implied by such statements.