

## Rubicon announces proposed sale of TCLP investment



*11 December 2017* – Today, Rubicon announced that it had entered into arrangements to sell its 44.88% ownership interest in the Tenon Clearwood Limited Partnership (**TCLP**), the vehicle that now owns the previous Tenon clearwood operations. The proposed transaction will be subject to shareholder approval, at a Meeting of Rubicon shareholders expected to be held in mid-January 2018.

The proposed Purchasers of Rubicon’s TCLP interest are –

- Dorset Management Corporation (**Knott**), as to 20.0%
- Libra Partners NZ LLC (**Libra**), as to 20.0%
- Existing TCLP Limited Partners as to 4.88%

Under the governing TCLP Partnership Agreement, existing Limited Partners have pre-emptive rights should Partners wish to sell down their ownership interests. All existing Partners have formally agreed to waive their pre-emptive rights over the 40.0% (combined) that is to be sold to Knott and Libra, and will participate (or not) according to their pre-emptive rights over the 4.88% balance of Rubicon’s shareholding interest. Rubicon believes the 4.88% will be fully acquired by the existing TCLP Partners.

The negotiated price for the sale of the TCLP shareholding is US\$14.2 million (the cost of Rubicon’s investment into TCLP, made earlier this year) plus Rubicon’s share of the reduction in TCLP’s net debt in the period from 28 April 2017 (the date of Rubicon’s investment into TCLP) through to 31 December 2017. As the net debt amount will not be known until early January 2018, the final Purchase Price can only be estimated at this stage, but it is expected to be circa \$15.3 million (net of a \$0.7 million TCLP dividend to be received by Rubicon in December 2017). Closing is set down to occur on 31 January 2018.

To ensure the proposed transaction is fair to Rubicon shareholders, the Board of Rubicon has established an Independent Committee to manage the TCLP share sale. The Independent Committee comprises Stephen Kasnet and George Karaplis, and specifically excludes David Knott, Dave Knott Jnr, and Ranjan Tandon, as their funds and associates own 45.9% of Rubicon’s issued shares and they are in aggregate acquiring 40.0% of TCLP under the proposed transaction. To assist the Committee, and in order to provide an independent assessment for shareholders, Grant Samuel has been employed to prepare an Independent Report, which will be included in the Notice of Meeting materials to be sent to Rubicon shareholders later this month.

---

To: NZX

From: Pam Wardenburg

Telephone: 64-9-356 9800

The Independent Committee described the strategic rationale for the Proposed Transaction as being three-fold -

- Rubicon needs to make the final two deferred-settlement payments in relation to the recent acquisition of 100% of ArborGen and to repay its outstanding subordinated notes. These payments are to occur prior to 1 July 2018, and total US\$21 million. Completion of the proposed transaction will ensure there are no funding calls on Rubicon shareholders in order to be able to make these payments, which in turn should remove any RBC share-price 'overhang' that may exist in that regard;
- Once the TCLP investment is sold, Rubicon will be 100% focused on ArborGen, as that will then be its only investment. The sale will make Rubicon a 'pure-play' for investors on the ArborGen business upside, and with Rubicon's financials moving forward only being ArborGen-based, investors will have greater transparency of ArborGen's financial results. These two factors should enhance the attractiveness of RBC shares to a wider pool of investors; and
- Once the sale of the TCLP investment has been settled, it will allow significant overhead cost savings to then be achieved, in line with Rubicon's refined business focus moving forward.

Mr Kasnet, the Chairman of the Independent Committee, said: "We believe that these three factors – i.e. the removal of any overhang in the stock price relating to uncertainty as to the funding of our upcoming payments, simplifying Rubicon to be a pure-play on the upside inherent in the ArborGen business, and reduction of overhead cost, will all be beneficial to building positive momentum in the RBC share price moving forward.

We have great belief in the future upside in ArborGen. It is a global leader in advanced forestry genetics, operating in the world's key commercial tree species (pine and eucalyptus), in geographies with high annual planting rates (Brazil, the US, and Australasia). It sells to major forestry players in those countries, and has a leading market position in its largest commercial market, the US. It has a pre-eminent intellectual property position, which includes an industry-leading germplasm repository (i.e. genetic library), a proprietary 'tree machine' platform, an extensive database of global trials, varietal and transgenic technology, and a genomics platform - all protected by a patent portfolio and a 'bank' of trade secrets. It has a portfolio of advanced products that do not require regulatory approval, which are currently being commercialised. In its last fiscal year, ArborGen turned EBITDA positive, and its forecasts are for it to be cash-positive from now onwards. The considerable investment in research, capability and customer preparation has been made. ArborGen is now all about commercialising that investment by converting its customers to its advanced genetics products. We believe it is well positioned to do so, and that this will be reflected in its future earnings, and hence in its value to Rubicon shareholders.

Similarly, TCLP will then be 100% privately owned, well-funded, with a very supportive shareholder base, and a strong 'go-forward' growth mandate in its core clearwood activities. It will be well-positioned to serve the needs of its global clearwood customers."

*Ends*

---

To: NZX

From: Pam Wardenburg

Telephone: 64-9-356 9800