



**Rubicon Meeting  
of Shareholders**

**Notice of Meeting**

Notice is hereby given that a Meeting of  
Rubicon Limited shareholders  
will be held at the  
Rydgcs Latimer, 30 Latimer Square, Christchurch  
at 10.00am on 12 January 2018

**14 December 2017**

# Rubicon Limited Meeting

## IMPORTANT INFORMATION

This document includes the following information:

- a letter from the Independent Directors of Rubicon Limited;
- a summary of the **Proposed Transaction**: the proposed sale by Rubicon TC Holdings LP of its 44.88% interest in the Tenon Clearwood Limited Partnership (**TCLP**), for which shareholder approval is being sought at the Meeting;
- a description of the business of the Meeting;
- a detailed explanation of the Proposed Transaction; and
- An independent report prepared by Grant Samuel & Associates Limited in relation to the Proposed Transaction.

## VOTING/PROXY FORM

Accompanying this document is the Voting/Proxy Form, to enable shareholders to vote on the resolution by:

- attending the Meeting; or
- lodging a postal vote; or
- appointing a proxy to vote on their behalf at the Meeting.

## IMPORTANT DATES

All times are given in New Zealand time.

5.00pm, 5 January 2018	Record date for determination of voting entitlements for the Meeting
10.00am, 10 January 2018	Latest time for receipt by Rubicon Limited of postal votes and proxies
5:00pm, 10 January 2018	Final Purchase Price Per Share advised, following calculation of TCLP net debt at 31 December 2017
10.00am, 12 January 2018	Meeting
10:00am, 31 January 2018	Closing of the Proposed Transaction

## FORWARD-LOOKING STATEMENTS

There are forward-looking statements included in this document. As forward-looking statements are predictive in nature, they are subject to a number of risks and uncertainties relating to Rubicon, its operations, the markets in which it competes and other factors (some of which are beyond the control of Rubicon). As a result, actual results and conditions may differ materially from those expressed or implied by such statements. In particular, TCLP's operations and results are significantly influenced by the level of activity in the various sectors of the economies in which it competes, particularly in New Zealand, Europe and North America. Fluctuations in industrial output, commercial and residential construction activity, capital availability, housing turnover and pricing, levels of repairs, 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 Rubicon's results of operations and financial condition. Other risks include competitor product development, product demand and pricing, input cost and customer concentration risk. ArborGen's risks and uncertainties include (in addition to the macro condition risks noted above) - the global markets and geographies in which it operates, intellectual property protection, regulatory approvals, competitor performance, 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.

All references in this document to \$ or "dollars" are references to US dollars unless otherwise stated.

## LETTER FROM INDEPENDENT DIRECTORS

Dear Shareholder

We are pleased to invite you to attend a Meeting of Shareholders of Rubicon Limited (**Rubicon**), which will be held at the Rydges Latimer, 30 Latimer Square, Christchurch, commencing at 10.00am on 12 January 2018 (New Zealand time). Enclosed is the Notice of Meeting which outlines the business to be conducted. If you are unable to attend the Meeting, you are encouraged to complete and lodge your Voting/Proxy Form (either by post or by fax) so that it reaches the registered office of the Company, or the office of the Share Registry, no later than 10.00am on 10 January 2018 (New Zealand time).

At the Meeting, the resolution shareholders will be given the opportunity to vote on relates to the proposed **Sale** of Rubicon's 44.88% shareholding interest in TCLP (the **Proposed Transaction**), the vehicle that now owns the previous Tenon clearwood operation. This investment is owned by Rubicon's wholly-owned subsidiary, Rubicon TC Holdings LP (**Vendor**).

The proposed **Purchasers** of Rubicon's TCLP interest are –

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

Under the governing TCLP Partnership Agreement (**LPA**), 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. We believe the 4.88% will be fully acquired by existing TCLP Partners.

The negotiated **Purchase Price** for the Sale is US\$14.2 million (the cost of Rubicon's investment in 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 this latter amount will not be known until 10 January 2018, the final Purchase Price can only be estimated at this stage, but it is expected to be circa US\$15.3 million (net of US\$0.7 million dividend to be received by Rubicon prior to Closing). As we will need to wait until January to finalise that number the exact Purchase Price will not be known until then, and as a result the **Closing** will not occur until 31 January 2018.

The strategic rationale for the Proposed Transaction is three-fold, and can be summarised as follows –

- Rubicon needs to make the final two deferred-settlement payments in relation to the recent acquisition of ArborGen, totalling US\$15 million. In addition, Rubicon also needs to repay US\$6 million of subordinated debt notes on 1 July 2018. Rubicon Limited had unrestricted cash of US\$12.5 million as at 30 September 2017 (i.e. as per our year-end Audited Financial Statements). Closing 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 share-price 'overhang' that might exist today in relation to funding uncertainty;
- Once our TCLP investment is sold, Rubicon will be 100% focused on ArborGen, as that will then be our only investment. The Sale will then make Rubicon a 'pure-play' for investors on the ArborGen business upside, and with Rubicon's financials moving forward then only being ArborGen-based, investors will have greater transparency of ArborGen's financial results. These two factors should enhance the attractiveness of the stock to a wider pool of investors; and
- Although not yet finalised, we believe that once the Sale of our TCLP investment has been settled, we will then be in a position to achieve significant cost-out / savings of up to US\$2 million pa (pre restructuring costs), depending on the final operating structure and model chosen.

We believe that these three factors – the removal of any overhang in the stock price relating to uncertainty as to funding source of the deferred ArborGen acquisition and subordinated debt payments, simplifying Rubicon to be a pure-play on the ArborGen business, and the achievement of cost savings, will all be beneficial to building positive momentum in the RBC share price.

Given David Knott and Ranjan Tandon are directors of Rubicon and also principals of Knott and Libra respectively (which will each acquire 20.0% of TCLP under the Proposed Transaction), they are treated as related parties to the Proposed Transaction. To ensure the Proposed Transaction is fair to other Rubicon shareholders, the Board of Rubicon established an Independent Committee to manage the Proposed Transaction. The Independent Committee, comprises independent directors George Karaplis and Steve Kasnet, and specifically excluded David Knott, Dave Knott Jr and Ranjan Tandon as their funds and associates own 45.9% of Rubicon's issued shares. To assist the Committee, and in order to provide an independent assessment for shareholders, the Independent Directors employed Grant Samuel to prepare an Independent Report to Rubicon's shareholders (other than to Knott and Libra) on the merits of the Proposed Transaction. Grant Samuel was selected because they understand the underlying TCLP clearwood business very well, having valued the business twice in the past 12 months in relation to the two Tenon business sale transactions (the last report was prepared earlier this year).

The Grant Samuel Independent Report is included in this documentation to Rubicon shareholders. In section 5.1 of that Report, Evaluation and Summary of the Proposed Transaction, Grant Samuel concluded - –

*“In Grant Samuel’s opinion, the full underlying enterprise value of TCLP is in the range of US\$51.3 – US\$61.5 million. Rubicon’s pro rata share of the full underlying value is US\$13.6 – US\$18.2 million. The consideration for the Proposed Transaction is forecast to be approximately US\$15.3 million which is within Grant Samuel’s assessed range of Rubicon’s 44.88% share of TCLP’s full underlying value.”*

And in Section 5.8 of the Report, Fairness of the Proposed Transaction for the purposes of the NZX Listing Rules, Grant Samuel concludes:

*“In Grant Samuel’s opinion, based on the analysis of the merits outlined above, the terms of the Proposed Transaction are fair and reasonable to the shareholders of Rubicon not associated with Knott and Libra. In Grant Samuel’s opinion, the information to be provided by Rubicon to its shareholders is sufficient to enable holders of those shares to understand all the relevant factors and make an informed decision as to the sale of Rubicon’s interest in TCLP.”*

The Independent Committee did not deem it necessary to run a third party sales process in relation to Rubicon's interest in TCLP. The rationale for that decision was based on the fact that Tenon had earlier this year been through an exhaustive 18-month sales process for the Clearwood business supported by an international investment banker, and concluded that the TCLP consortium provided the best value outcome. Given that the consideration offered under the Proposed Transaction is the same as that which Rubicon invested into TCLP on 28 April 2017 (i.e. US\$14.2 million) adjusted upwards for Rubicon's share of the reduction in TCLP's Net Debt that has occurred since, the estimated Purchase Price falls within the Grant Samuel value range, and the Rubicon stake is a non-strategic block in a Limited Partnership structure, there was no benefit to Rubicon shareholders (only considerable cost and time delay) to be derived from running another extended sales process.

There will only be one resolution on which shareholders will be asked to vote upon at the Meeting, but it has two aspects to it. The first, is in relation to NZX Listing Rule 9.1, which Rule requires an Ordinary Resolution of shareholders to approve a transaction that would change the essential nature of Rubicon's business. Although this may not be the case with the Sale of our TCLP investment, we have chosen to take the conservative path and seek shareholder approval on this point. All shareholders are entitled to vote on this aspect of the resolution. The second aspect, is in relation to Listing Rule 9.2, which requires an Ordinary Resolution to be passed in order to approve a material transaction with related parties. As Knott, Libra, and their associates are related parties to the Proposed Transaction, they are not entitled to vote on this Resolution.

As noted above, shareholder approval of the sale of Rubicon's 44.88% interest in TCLP will result in ArborGen then being Rubicon's sole asset. We have great belief in the potential future upside in ArborGen. It is a global leader in advanced forestry genetics, operating in the world's major 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 for Rubicon shareholders.

**Your Independent Directors unanimously recommend that shareholders vote in favour of the Proposed Transaction,** and we look forward to meeting with you and discussing these matters at the Meeting on 12 January 2018.

Yours sincerely,

Steve Kasnet  
On behalf of the Committee of Independent Directors

14 December 2017

## **SUMMARY OF THE PROPOSED TRANSACTION**

### **PROPOSED TRANSACTION**

Rubicon TC Holdings has determined that it will sell its 44.88% ownership interest in TCLP.

On 11 December 2017, Rubicon TC Holdings reached an agreement with Knott and Libra to (subject to requisite Rubicon shareholder approval at this Meeting) sell to each of those parties 20.0% of TCLP's issued shares (i.e. in the aggregate, 40.00% of its 44.88% ownership interest). Rubicon TC Holdings' remaining 4.88% ownership interest in TCLP will be offered to existing TCLP Partners under the pre-emptive provisions of the LPA, and Rubicon TC Holdings expects the 4.88% to be fully acquired by some (or all) of the existing TCLP Partners.

Disposition of Rubicon TC Holdings' 44.88% ownership interest would then leave Rubicon with no ownership interest in TCLP.

The Proposed Transaction is subject to the approval by the Company's shareholders as:

- a major transaction for the purposes of the NZX Main Board Listing Rules; and
- a material transaction with a related party for the purposes of the NZX Main Board Listing Rules.

The Purchase Price for Rubicon's 44.88% ownership interest is estimated to be circa US\$15.3 million, however the exact Purchase Price will be dependent on TCLP's Net Debt as at 31 December 2017, which number will not be known until January 2018. Accordingly, if shareholders approve the Sale, Closing will not occur until 31 January 2018.

### **RECOMMENDATION**

**The Independent Directors unanimously recommend that shareholders vote in favour of the Proposed Transaction.**

## BUSINESS OF THE MEETING

Notice is hereby given that a meeting of shareholders (**Meeting**) of Rubicon Limited (the **Company**) will be held at 10.00am on 12 January 2018, at Rydges Latimer, 30 Latimer Square, Christchurch.

### A. INTRODUCTION AND ADDRESS

### B. SHAREHOLDER DISCUSSION

### C. RESOLUTION

#### Resolution 1 – Proposed Transaction – Ordinary Resolution

There is only one resolution to be put to the Meeting, and that is:

To consider and, if thought fit, pass the following as an ordinary resolution under NZX Main Board Listing Rules 9.1 and 9.2:

*That the Sale of Rubicon TC Holdings LP's 44.88% ownership interest in TCLP, on the terms described in the Notice of Meeting, be approved.*

## DISCUSSION OF THE SHAREHOLDER RESOLUTION

### Explanatory Note to Resolution 1 – Proposed Transaction – Ordinary Resolution

#### NZX Main Board Listing Rules

NZX Main Board Listing Rule 9.1 provides that the Company and its subsidiaries must not enter into a transaction, or series of linked or related transactions, to sell assets: (a) which would change the essential nature of the business of the Company; or (b) in respect of which the gross value is in excess of 50% of the “average market capitalisation” of the Company and its subsidiaries, in each case except with the prior approval of an ordinary resolution of the Company (or a special resolution if section 129 of the Companies Act also applies). As the Proposed Transaction may change the essential nature of Rubicon’s business, approval is being sought for the Proposed Transaction under the first limb of NZX Main Board Listing Rule 9.1. The Proposed Transaction falls beneath the 50% threshold of the second limb of Listing Rule 9.1, and approval is not required under that limb.

The Proposed Transaction does not require approval as a “major transaction” for the Company under section 129 of the Companies Act.

NZX Main Board Listing Rule 9.2 provides that the Company and its subsidiaries must not enter into a “material transaction” if a “related party” is a party to that transaction unless it is approved by shareholders by way of an ordinary resolution. For these purposes a “material transaction” includes a disposal of assets having an “aggregate net value” in excess of 10% of the “average market capitalisation” of the Company and its subsidiaries. The Purchasers are “related parties” of the Company, as Knott and Libra each hold a relevant interest in 10% or more of Rubicon’s issued share capital (and, in the aggregate, own 45.9% of Rubicon’s issued share capital with Knott owning 28.2% and Libra 17.7%). As related parties, neither Knott nor Libra (and their associates) will be able to vote on this resolution for these purposes.

#### Procedural Notes

- (i) Resolution 1 is required to be approved as an ordinary resolution, required to be passed by a simple majority of the votes of those shareholders entitled to vote and voting on that resolution.

Votes cast on Resolution 1 will be counted first to determine whether or not it has been passed for the purposes of NZX Main Board Listing Rule 9.1, and secondly to determine whether or not it has been passed for the purposes of NZX Main Board Listing Rule 9.2. Resolution 1 will only take effect if Resolution 1 is approved by the required votes (as outlined above) and the Proposed Transaction is completed.

As to the first count, all shareholders are entitled to vote on Resolution 1 for the purposes of the approval required under NZX Main Board Listing Rule 9.1. As to the second count, any persons who are related parties or beneficiaries to the Proposed Transaction (including Knott, Libra, and their associates) are disqualified persons under Listing Rule 9.3.1, and their votes will be disregarded for the purposes of the approval required under NZX Main Board Listing Rule 9.2.

- (ii) The persons who will be entitled to vote on the resolutions at this Meeting are those persons who are shareholders at 5.00pm, 5 January 2018 (New Zealand time), and only the shares registered in those shareholders' names on that date may be voted at the Meeting.
- (iii) The accompanying Voting/Proxy Form should be used to vote on the resolutions. Shareholders can participate by postal vote, by proxy or by casting their vote in person at the Meeting.
- (iv) Shareholders may cast a postal vote on the resolutions to be voted on at the Meeting by indicating their voting directions on the enclosed Voting/Proxy Form, signing the form and sending it either by post to the registered office of the Company or by post or by fax to the office of the Share Registrar. The completed Voting/Proxy Form must be received no later than 10.00am, 10 January 2018 (New Zealand time). The Company Secretary has been authorised by the Board to receive and count postal votes at the Meeting.
- (v) Any shareholder who is entitled to attend and vote at the Meeting may appoint a proxy to attend and vote in their place. When appointing a proxy, a shareholder can choose to either direct the proxy how to vote or leave the decision on how to vote up to the proxy's discretion. If a shareholder appoints a person who is not entitled to vote on a particular resolution as their proxy, that proxy will not be able to cast that shareholder's votes on that resolution unless they have been directed how to vote (i.e., the proxy cannot exercise their discretion). A shareholder wishing to appoint a proxy should complete the enclosed Voting/Proxy Form and send it either by post to the registered office of the Company or by post or by fax to the office of the Share Registrar. The completed Voting/Proxy Form must be received no later than 10.00am, 10 January 2018 (New Zealand time). A proxy does not have to be a shareholder in the Company. For example, shareholders may appoint the chairman of the Meeting to act as their proxy, or another person. The chairman of the Meeting, in that capacity, will vote discretionary proxies held by the "chairman of the meeting" in favour of the resolution.
- (vi) Rubicon directors Hugh Fletcher, William Hasler, and Luke Moriarty, and management,(and/or parties associated with them), hold shares in TCLP. While they are not contractually required or committed to acquire any of the shares Rubicon is proposing to sell, they do have pro-rata pre-emptive rights (common to all TCLP shareholders) under the LPA which would enable them to do so in respect to some of the 4.88% not being acquired by Knott and Libra. All have indicated that they, and their associates, will not vote Rubicon shares held by them (if any) on the Resolution. The three directors were not members of Rubicon's Independent Committee. Please also refer the table of shares held by Rubicon Directors and/or associated persons shown on page 11.
- (vii) This Notice of Meeting has been approved by NZX Limited in accordance with NZX Main Board Listing Rule 6.1.1, however, NZX does not take responsibility for any statement contained in this Notice of Meeting.
- (viii) Shareholders may revoke their proxies by giving written notice of revocation to the registered office of the Company or the office of the Share Registrar no later than 10.00am, 10 January 2018 (New Zealand time).
- (ix) Address details for the Share Registrar are set out in the Voting/Proxy Form.

By Order of the Board

Auckland  
New Zealand  
14 December 2017

Mark Taylor  
Company Secretary  
Rubicon Limited

## THE PROPOSED TRANSACTION

### Investment being sold

Rubicon TC Holdings' 44.88% ownership interest in TCLP (i.e. 14,226,000 TCLP shares). TCLP is the owner of the Clearwood business and operations formerly owned by Tenon. Rubicon has agreed to guarantee Rubicon TC Holdings' obligations under the Agreement.

### Consideration

The Purchase Price is US\$14,226,000, plus the reduction in Net Debt between 28 April 2017 (being the day Rubicon TC Holdings acquired its interest in TCLP) and 31 December 2017 multiplied by 44.88%. As the reduction in Net Debt will not be known until January 2018, the exact Purchase Price is unknown today, however it is currently estimated to be circa US\$15.3 million (net of a US\$0.7 million dividend to be received by Rubicon prior to Closing). The Purchase Price will be advised to shareholders on 10 January 2018, following calculation of the 31 December 2017 TCLP Net Debt position. If Rubicon shareholders approve the Proposed Transaction, the Purchase Price is payable in cash, on 31 January 2018.

### Purchasers

The Purchasers of Rubicon TC Holding's 44.88% ownership interest in TCLP are Knott and Libra as to 40.0% (i.e. 12,680,000 TCLP shares, or 6,340,000 TCLP shares to each of Knott and Libra), and the purchasers of the remaining 4.88% (i.e. 1,546,000 TCLP shares) will be some (or all) of the existing TCLP Partners under the Partner pre-emptive provisions of the LPA.

### Key conditions

The Proposed Transaction is subject to the satisfaction of certain conditions, including:

- the approval of the Company's shareholders;
- No injunctions or restraints having been enacted or enforced by any governmental authority or any other legal restraint or prohibition preventing the consummation of the transactions contemplated under the Agreement;
- The BNZ, as lender to the TCLP, unconditionally approving the Proposed Transaction and continuing to make available its current bank facilities to TCLP on existing terms; and
- There having been no material adverse change in the Clearwood business between signing and Closing.

The Sale Agreement will terminate if any of the conditions have not been fulfilled by 15 February 2018.

### Exclusivity arrangements

Rubicon has agreed not to actively pursue any proposals with any person in relation to a potential Sale of its TCLP investment unless the Sale Agreement has been terminated in accordance with its terms. If Rubicon receives an unsolicited approach from a third party to acquire Rubicon TC Holdings' 44.88% interest in TCLP (an Alternative Proposal), it must advise that third party of the existence of the Sale Agreement and notify the Purchasers of the approach received (including its terms). However, Rubicon may engage with a third party in respect of an Alternative Proposal if it is received before shareholders approve the Proposed Transaction, the Board considers that it is superior to the Proposed Transaction and believes the TCLP Partners would waive their pre-emptive rights to allow the Alternative Proposal to proceed and the BNZ would approve the Alternative Proposal, and the Board has received legal advice that failure to act on such a proposal (a Superior Proposal) would be likely to violate their fiduciary duties. Rubicon must give the Purchasers the opportunity to match any such Superior Proposal.

### Key representations, warranties and undertakings

Rubicon TC Holdings and Rubicon warrant to Knott, Libra, and the existing Partner purchasers of its TCLP interest, that:

- The Company has full legal title to the Shares; and

- The Company is duly authorised to enter into the Proposed Transaction.

Other warranties given are limited in nature, have a life of only six months, and a maximum aggregate claim amount of US\$0.4 million, with the main warranty being that the Company did not make any claim (and did not elect not to pursue a claim) under the warranties given by Tenon in the Tenon Purchase Agreement, and no circumstance existed that would have allowed TCLP to make such a claim, and there is no fact, circumstance or matter now existing that would allow a claim to proceed under the Tenon Purchase Agreement had that warranty period not already expired.

Knott, Libra, and the existing Partner purchasers of Rubicon TC Holdings' TCLP interest, acknowledge that apart from the above warranties made by TC Holdings and Rubicon, that no other warranties or representations are being given, and that they are relying solely on their own judgement, investigations, and professional advice, and that they are not relying on any statement, undertaking, representation or warranty of any kind, other than the warranties noted above.

Knott and Libra have undertaken to sign a deed of adherence to TCLP in the form required by the LPA.

### **Closing**

If the Company's shareholders approve the Proposed Transaction at the Meeting and all other conditions are satisfied, Closing of the Proposed Transaction will take place on 31 January 2018.

### **Use of Sale proceeds**

The net proceeds of the Proposed Transaction (together with existing cash resources) will be used to meet the outstanding US\$15 million in deferred settlement payments relating to the ArborGen acquisition made by Rubicon earlier this year, and the repayment of the outstanding US\$6 million subordinated note on 1 July 2018. Rubicon's residual cash balance (net of restructuring costs) will then be used to advance ArborGen's business and operations.

### **Guarantee and other covenants provided by the Company**

Rubicon has guaranteed Rubicon TC Holdings' performance of its obligations under the Sale Agreement.

### **Summary of Independent Advisers' Report to shareholders**

Grant Samuel & Associates Limited was commissioned by the Independent Directors to undertake an independent review of the Proposed Transaction. Section 5.8 of Grant Samuel's report, Fairness of the Proposed Transaction for the purposes of the NZX Listing Rules, concludes:

*"In Grant Samuel's opinion, based on the analysis of the merits outlined above, the terms of the Proposed Transaction are fair and reasonable to the shareholders of Rubicon not associated with Knott and Libra. In Grant Samuel's opinion, the information to be provided by Rubicon to its shareholders is sufficient to enable holders of those shares to understand all the relevant factors and make an informed decision as to the sale of Rubicon's interest in TCLP."*

A full copy of the Grant Samuel report is appended to this Notice of Meeting, and the above extract should not be read in isolation from the full Grant Samuel report. Please also make reference to page 8 of the Grant Samuel report, where a schematic of Rubicon's investment ownership position is shown.

### **If the Proposed Transaction does not proceed**

As described above, the Proposed Transaction is subject to the Company's shareholders approving it at the Meeting. The Proposed Transaction will not complete in the event that shareholders do not approve it or one of the other conditions is not satisfied or waived. There are no break fees or termination fees should the Proposed Transaction not be approved by shareholders.

Rubicon would then continue to own 44.88% of TCLP, and it would continue to be subject to the risks and influences to which it is currently exposed. Those influences include the level of activity in the various sectors of the economies in which it competes, particularly in New Zealand, Europe, and North America, fluctuations in industrial output, commercial and residential construction activity, capital availability, housing turnover and pricing, levels of repairs, remodelling and additions to existing homes, new housing starts, fibre availability, relative exchange rates (particularly Euro and US\$), interest rates and profitability of customers. Other risks include competitor product development, product demand and pricing, input costs, and customer concentration risk.

In addition, Rubicon would need to find another source of funding in order to meet the outstanding US\$15 million in deferred settlement payments relating to the ArborGen acquisition made earlier this year, and the repayment of the outstanding US\$6 million subordinated notes, all by 1 July 2018.

If the Proposed Transaction does not proceed, Rubicon would not be able to remove all of the estimated (up to) US\$2 million per annum in overhead savings.

Whilst Rubicon believes the 4.88% proposed to be sold to existing TCLP Partners will be fully acquired by those Partners, if it were not then Rubicon would look to sell any remaining balance to other parties.

### Alternatives to the Proposed Transaction

The main alternative to the Proposed Transaction that was considered was the issuance of new Rubicon equity. The Independent Committee rejected this alternative, given its belief that the Rubicon share price is materially undervalued at the current level, that any share placement would be dilutive to non-participating shareholders, and that a rights issue would be expensive and time-consuming to complete and with unknown certainty of outcome in the absence of a full underwrite.

### Recommendation

**The Independent Directors consider that the Closing of the Proposed Transaction is in the Company's best interests and of benefit to all shareholders and, as a result, unanimously recommend that shareholders vote in favour of the Proposed Transaction.**

### Directors

Directors of the Company, and associated persons of those Directors, who own Rubicon shares are shown in the table below.

#### Shares held by Directors and/or associated persons

Director	How held	Number of Ordinary Shares	% of Rubicon issued shares
David Knott, Dave Knott Jr, and Associates	Beneficial	137,663,111	28.2%
Libra Funds LP, Ranjan Tandon, and Associates	Beneficial	86,108,419	17.7%
H.A. Fletcher	Non-Beneficial	5,775,286	1.2%
W.A. Hasler	Beneficial	823,804	0.2%
S.G. Kasnet	Beneficial and Non - Beneficial	613,220	0.1%
S.L. Moriarty	Beneficial	3,495,476	0.7%

## Glossary

The following terms have the following meanings when used in this Notice of Meeting.

**Associates** means, in respect of a person, that person's "Associated Persons" for the purposes of the NZX Main Board Listing Rules. In broad terms, a person (the "first person") is an Associated Person of another person (the "second person") if, in making a decision or exercising a power affecting the Company, the first person could be influenced as a consequence of an arrangement or relationship existing between, or involving, the first person and the second person.

**Board** means the board of directors of the Company.

**Closing** means 31 January 2018.

**Companies Act** means the Companies Act 1993 (New Zealand).

**Company** means Rubicon Limited and/or Rubicon TC Holdings LP as the context may require.

**Directors** mean the directors of the Company.

**Group** means Rubicon Limited and its subsidiaries.

**Guarantor** means Rubicon Limited, who is guaranteeing the performance by Rubicon TC Holdings of its obligations under the Sale Agreement

**Independent Committee** means a Committee of Independent Directors.

**Independent Directors** means George Karaplis and Steve Kasnet.

**Knott** means Dorset Management Corporation, and Knott Partners LP (who together with Associates own 28.2% of Rubicon's issued shares).

**Libra** means Libra Partners NZ, LLC, and Libra Fund LP (who together with Associates own 17.7% of Rubicon's issued shares).

**LPA** means the Limited Partnership Agreement that governs TCLP.

**Meeting** means the meeting of shareholders of the Company, to be held on 12 January 2018, and any adjournments or postponements thereof.

**Net Debt** means TCLP's outstanding bank debt (inclusive of accrued and unpaid interest) less cash at bank and liquid deposits (including accrued and unpaid interest receivable)

**Notice of Meeting** means this notice of meeting by the Company for the purpose of calling the Meeting.

**NZ\$** means New Zealand dollars.

**NZX Main Board** means the main board equity securities market operated by NZX.

**Partner(s)** means a Limited Partner owning shares issued by TCLP.

**Purchase Price** refers to the Purchase price for all Rubicon TC Holdings' ownership interest in TCLP, and means US\$14,226,000, plus the US\$ amount by which Net Debt has reduced (in the period from 28 April 2017 through to 31 December 2017) multiplied by 44.88%.

**Purchase Price Per Share** means Purchase Price divided by 14,226,000.

**Proposed Transaction** means the Sale of Rubicon TC Holdings' ownership interest in TCLP.

**Purchaser(s)** means Knott, Libra, and the existing TCLP shareholders who purchase 4.88% of TCLP.

**Rubicon** means Rubicon Limited or, where the context requires, the group comprising Rubicon Limited and its subsidiaries.

**Rubicon TC Holdings** means Rubicon TC Holdings LP, the direct owner of Rubicon's 44.88% TCLP shares

**Sale** means the sale of Rubicon TC Holdings' 44.88% ownership interest in TCLP.

**Sale Agreement** means the sale and purchase agreement relating to Rubicon TC Holdings' ownership interest in TCLP, between Rubicon TC Holdings (and Rubicon Limited as Guarantor) and the Purchasers, over 40% of TCLP's issued shares.

**Share Registrar** means Computershare Investor Services Limited.

**TCLP** means the Tenon Clearwood Limited Partnership, which, on 28 April 2017, acquired the assets of the Clearwood business formerly owned by Tenon Limited

**Tenon** means Tenon Limited or, where the context requires, the group comprising Tenon Limited and its subsidiaries.

**Tenon Purchase Agreement** means the sale and purchase agreement relating to the Clearwood business and assets, dated 14 February 2017, between Tenon Manufacturing Limited, Tenon, and TCLP.

**US\$** means United States dollars.

**Voting/Proxy Form** means the voting / proxy form accompanying this Notice of Meeting.