

## Stephen Kasnet – Chairman's address

### 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.

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

Good morning ladies and gentlemen, and welcome to this Shareholders' Meeting of Rubicon.

It is a pleasure to be here with you today – albeit by electronic link. I hope you all are able to hear me just fine. For those of you who don't know me, I am Steve Kasnet, an Independent Director and Chairman of Rubicon.

With me today, by teleconference, is George Karaplis, who is also an independent director of your Board. In the room with you today are directors Hugh Fletcher and Luke Moriarty (our CEO), and selected Rubicon management. For reasons that I will discuss shortly, directors Ranjan Tandon and David Knott are not here today.

I confirm that a quorum is present and that the Meeting is duly constituted. All shareholders have been sent the Notice of Meeting and you have also been sent Rubicon's latest financial results by way of our Annual Report for the 15 month period ended 30 September 2017.

KPMG (our auditors) are here with us today, and they will act as scrutineers in relation to votes cast at this Meeting.

By way of clarification – this is not our Annual Meeting, where we report on the results of operations for the period and update you on progress in the new-year. That meeting will be held in early March.

Rather, **the sole purpose of today's Meeting, and the only business before you, is to consider the Proposed Transaction involving the sale of our 44.88% interest in the Tenon Clearwood Partnership**, which as you know is made up of a large clearwood sawmill and remanufacturing operations at Taupo, and its related global sales and marketing business.

David Knott and Ranjan Tandon are principals of Knott Partners and Libra Fund LP respectively, and are also Rubicon's major shareholders (who in aggregate own 45.9% of our issued shares). Given they will be acquiring 40% of TCLP under the proposed transaction, they are 'interested' parties under the NZX Listing Rules. Accordingly, it was not appropriate for them to be involved in approving the transaction as Rubicon directors. As a result, the board established a sub-committee made up of Independent Directors who did not already own TCLP shares and who were not interested in this transaction - being myself and George Karaplis. George and I have led the negotiation and decision-making for the Proposed Transaction on behalf of the Company, and have done so without the input of any of the interested Board directors. **The recommendation before you today is your independent directors' recommendation to you, supported by an independent report from Grant Samuel which we commissioned for shareholders.**

Let's turn to the only resolution today, which 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.***

The Notice of Meeting contains a full description of the transaction, so I don't propose to go into that today.

Instead, I thought I would summarise the strategic rationale behind our recommendation that you vote in favour of the Proposed Transaction.

The rationale is three-fold –

- Firstly, 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;
- Secondly, 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
- Finally, 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 ... which we will set about doing once we know the outcome of this meeting.

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 ... which is already up more than 20% following the announcement of this transaction and the recent share register ownership changes.

We did not deem it necessary to run a third party sales process in relation to Rubicon's 44.88% 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 which then concluded that the TCLP consortium provided the best value outcome.

In terms of value of Rubicon's stake today, I would make the following points -

- the consideration offered under the Proposed Transaction is the same as that which Rubicon invested into TCLP on 28 April 2017, adjusted upwards for Rubicon's share of the reduction in TCLP's Net Debt that has occurred since, and

- the Purchase Price of US\$14.9 million falls towards the middle of the Grant Samuel value range, which, when adjusted for the actual TCLP 31 December '17 debt level, is a range of US\$13.2 – US\$17.8 million, and
- the Rubicon stake is a non-strategic block in a Limited Partnership structure.

Grant Samuel's conclusion on the transaction before you, is as follows –

*“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.”*

Given all of the above, I am sure you will understand that there was no benefit whatsoever to be gained for Rubicon shareholders (only considerable cost and time delay) from running another extended sales process.

**So that is how we reached the unanimous recommendation that we have.**

If the sale is approved, ArborGen will then be 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.

That concludes my comments today Ladies and Gentlemen.

This is a good point for me to stop, and ask if there are any questions on anything that I have said so far, or indeed anything at all on the Resolution before I formally put it to the Meeting to vote on?

Thank you ...

I will now formally move the Resolution -

*To consider and, if thought fit, to 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 the Tenon Clearwood Limited Partnership, on the terms described in the Notice of Meeting, be approved.***

Resolution 1 is proposed as an ordinary resolution to satisfy Listing Rules 9.1 and 9.2.

Knott and Libra can vote on Resolution 1 for the purposes of the approval required under Listing Rule 9.1, which relates to the approval as a major transaction.

However, Knott and Libra's votes cannot be including in the voting on Resolution 1 for the purposes of the approval required under Listing Rule 9.2, which relates to transactions with related parties.

So we are going to count votes on Resolution 1 twice, once including any votes cast by Knott and Libra to satisfy listing rule 9.1 and once excluding the Knott and Libra votes in order to satisfy listing rule 9.2

Approval is required under both Listing Rules 9.1 and 9.2, so if shareholders do not pass the resolution under either of Listing Rules 9.1 or 9.2 the resolution will not be effective.

Before I ask you to vote, do we have any final questions on this resolution that we have not already covered?

Thank you. Please mark your ballot papers accordingly.

That completes the formal business today. If you hold up your voting papers they will be collected now.

Thank you ladies and gentlemen - the formal results will be announced to the NZX later today upon final tallying.

**I now declare the Meeting formally closed.**

On behalf of the board and management team I would like to thank you for your attendance today and also for your continued support.

We would be delighted if you are available to stay for a while now and have a tea or coffee with us.

Thank you.