

**MINUTES OF THE FOURTH ANNUAL MEETING OF
SHAREHOLDERS OF RUBICON LIMITED**

HELD IN THE RANGIMARIE ROOM, TE PAPA MUSEUM, WELLINGTON

10:00am, 7 November 2005

Present: Steve Kasnet (Chairman)
Luke Moriarty
Hugh Fletcher
Mark Taylor (Company Secretary)
Brynn Gilbertson, Bell Gully
Joanna Perry, KPMG
Management of Rubicon
and 50 shareholders

Notice of Meeting: The Chairman welcomed shareholders, advised that a quorum was present, outlined the programme for the meeting, noted Bill Hasler had sent his apologies for his absence and then introduced the Board members.

Chief Executive Officers Review:

Luke Moriarty addressed shareholders, reviewing the 2005 financial year. The text of his presentation is attached to these minutes.

Chairman's Address: The Chairman then provided some additional comments on shareholder and Board composition and announced that the Company would be buying back on market up to 5% of its issued capital.

The Chairman then opened the meeting to questions from shareholders.

Shareholders questions and comments covered:

- ArborGen's competitive position – with management noting that it believed ArborGen was currently the only player operating in the market with the complete set of capabilities and resources needed to succeed;
- The likelihood of dividend payments in 2006/07 – with the Chairman noting that this would not occur as it was the Company's desire to deliver returns to shareholders in the form of capital growth rather than dividend payments; and
- The excellent quality of the CEO's presentation.

Resolutions:

The Chairman informed the meeting that in fairness to those shareholders who could not attend the meeting but had voted by proxy or by post, the resolutions would be decided by poll.

He noted that he retired by rotation, and being eligible, offered himself for re-election. He requested Hugh chair the meeting for this resolution.

Hugh asked if there were any questions relating to the resolution following which he moved the resolution

To re-elect Stephen Kasnet as a Director of Rubicon Limited.

Steve then resumed as Chairman of the meeting and asked if there were any questions relating to the second resolution following which he moved the resolution

To record the reappointment of KPMG as the Auditors and to authorise the Directors to fix the remuneration of the Auditors for the ensuing year.

After shareholders had voted on all the resolutions the Chairman requested that the voting forms be collected by the Auditors who as scrutineers would count the votes. Steve confirmed that as previously noted the number of postal votes and directed proxies received meant that all resolutions had been carried, and that when the Auditors had completed the counting the outcome would be posted on the Rubicon website and released to the NZX.

Closure of Meeting: Steve then closed the meeting at 10:55 am and invited all present to join the Directors and Management for tea and coffee and a light snack.



Chairman

/ /05

Luke Moriarty – CEO’s address

Good morning ladies and gentlemen. It is a pleasure to be with you today, to discuss the performance of Rubicon over the past year.

In summary, very positive developments have been achieved in all aspects of our business activities – which, as you know, span Tenon, Forestadora Tapebicuá, ArborGen and Horizon2.

Turning first to Tenon, where perhaps the most dramatic change has occurred.

At the end of the previous financial year, you will recall that Fletcher Challenge Forests (as it was then called) had largely completed the sale of its forest estate ... an initial capital return to its shareholders had been made ... it had changed its name to Tenon ... and Rubicon had increased its ownership interest to 20%.

Since then, in the course of this past year, we completed a successful takeover of Tenon, lifting Rubicon’s stake to 50%. This move has allowed us to drive a strategy of converting Tenon into a lean, and focused, high-value, wood-products company – a profitable business, with a healthy balance sheet, and well-positioned for future growth.

As we moved along this path during the year, Tenon sold its Australasian based structural timber business for \$171 million, some \$37 million more than its independent valuation. It cancelled its redundant Australian stock market listing and SEC registration in the United States ... halved its corporate overhead costs ... and refined its focus solely onto the high value, North American appearance market. This last move brought with it many further consequences, such as the changing of Tenon’s functional currency to US dollars, the appointment of a new US-based CEO, and the transitioning of the Tenon management team to the US. And, to complete the list of achievements for the year, following the successful finalisation of its forest sales process, Tenon made a second capital return to its shareholders, of some \$321 million.

The positive Tenon share price movement that has occurred, from the time of our takeover announcement through to the end of our 2005 financial year, implies an increase in the value of Rubicon’s Tenon investment, of over \$45 million – a very healthy start.

So, progress has been good so far. No doubt there will be some hiccups as we move forward - the six months earnings guidance released by Tenon last week falls into this category – but these will be only short-term in nature.

And we do believe Tenon is now fundamentally, far better positioned to achieve earnings growth than it has ever been. Growth in Tenon’s earnings will come from:

- Organic growth - primarily off the back of Tenon’s large national home centre customers, The Home Depot and Lowe’s;
- Product innovation – Tenon’s new outdoor product, Armourwood, is a good example of this;
- From leveraging Tenon’s supply chain, to take full advantage of a procurement budget totaling more than US\$300 million per year;
- And from new acquisitions.

So, with a difficult period of restructuring largely behind it, Tenon can now focus its efforts on converting these growth opportunities into value.

The Southwest acquisition announced by Tenon last Friday, represents the beginning of this next phase of Tenon’s life.

Now to Forestadora Tapebicuá.

At the end of last year, we had just begun arbitration with the local Argentine shareholder, in an attempt to break the “deadlock” we had found ourselves in. But we had been unable to make any progress in advancing debt discount discussions with Forestadora’s core Bank. Financial performance had been flat.

Since then, operational performance has been relatively good. Average monthly sales of 3.5 million pesos, combined with an ongoing positive trend in operating efficiencies and cost control, generated some 7 million pesos in cash flow for the period. Two million of this was invested in expanding the company’s veneer dryer capacity - with the residual cash flow being available for debt repayment.

The Company’s debt has now been acquired by a third party. And, at last, promising initial progress has been made, in the negotiation of a discount and restructure agreement. Arbitration proceedings have been pursued to a point that brought the other shareholder to the table. And we have been able to create a situation where the Arbitration is, for the meantime, on hold, while the shareholders collaborate in the interests of securing a debt deal.

It remains a slow and frustrating process, but we believe that real progress has at last begun to be made.

Turning now to ArborGen.

At the end of last year, ArborGen was in the latter stages of its research activities for the first products it plans to take to market. And the initial five-year partner funding commitment was drawing to a close. Since then the business has, excitingly, been able to move on from pure research, into a commercialisation phase. None of ArborGen’s three funding partners, wish to constrain the business’ cash flows during this next phase through the assumption of debt financing – and nor do they wish to dilute their upside by bringing in additional investors or new capital. So, we have all agreed to continue to fund the business, at the current rate of US\$ 13 – 14 million per annum. This means, that Rubicon’s share of the ArborGen funding requirements for the immediate future, will continue at the current level of around US\$4.5 million per year.

As discussed in the Annual Report, excellent progress has been made with ArborGen’s commercialisation work. It seeks to build acceptance by regulators and the public ... to win customers ... and to advance the operational arrangements necessary, to effect production and distribution of the end product to the forest grower.

Now - I know shareholders wrestle with the question, of what the value ultimately might be in this venture, so today I am going to walk through a practical illustration of just how significant the value potential in this business might be over time. So let’s begin.

One of the bio-engineered treestock traits that ArborGen is currently advancing is improved pulping eucalyptus. The science behind this improved pulping product is aimed at reducing the lignin content of the tree - lignin is the “glue” that holds trees together. It must be removed in the wood-pulping process, but it is extremely expensive to do so – not only from the energy and chemical cost involved, but also because of the negative environmental impact the process can cause. So, by reducing the amount of lignin actually produced by the tree itself, a huge reduction in the total cost of wood-pulping can be achieved. Pulp operators can be expected to pay a significant premium for successful low- lignin treestocks.

One market for such a product is Brazil. So if we consider this single product, in a single market, we can quickly estimate its potential value impact - if we start with a few assumptions.

I should say that these are only assumptions – actual outcomes could of course differ.

- First assumption -* A Brazilian eucalyptus treestock market of around 350 million annual plantings
- Second assumption -* This new improved-pulping treestock captures 1/3 of this total Brazilian market
- Third assumption -* The value of the improved pulping treestock to the pulp producer equates to approximately 15 US dollars of additional margin per tonne of pulp produced, which in turn equates to 1 US dollar of additional value per treestock sold. Let's assume that this additional 1 dollar of value per treestock is split 50 cents each, between the treestock provider and pulp manufacturer.

Now, with those assumptions, the value of one year's worth of sales, of this one trait, in this one market, can be simply calculated as:

the market size captured, (which in this example is one third of 350 million), multiplied by the treestock provider's share of the value added, (which in our example is 50% of \$1, or 50 cents), all net of a 35% tax. When you multiply this out, the value accruing annually to the treestock provider is some 38 million US dollars post tax.

Repeating this level of sales year after year, without any assumed growth in market share, or penetration into other markets, translates into a value for this one product of some 475 million US dollars post tax.

For those of you wanting to do the numbers, the calculation is simply 38 million US dollars per annum capitalised at the forest industry's discount rate of 8% after-tax per annum.

Now, most of you are probably quite surprised by the size of this figure – especially as one third of all of ArborGen, (not just the value of one trait in the single market that we have just been discussing), is presently valued in Rubicon's share price at only 25 million US dollars.

However when you begin to look at the possibilities more closely you can see that the value potential is actually huge. Rather like human health, although much lower profile, the annual unit sales of forestry seedlings are well into the billions, recur every year, and span the globe. And unlike human health, where competition is intense, there are no global competitors to ArborGen in this space. Of course, ArborGen is still some years away from selling commercial product, so naturally the equity market discounts this prospective value fairly aggressively at present. However, as the chart behind me illustrates, as ArborGen continues successfully along the commercialisation path – as it has done to date - we can expect this "time to market" discount to decrease, and the value of ArborGen to ramp up accordingly.

So I hope that illustrates the nature of this undertaking, and gives you some insight into its huge potential. As the saying goes – "it is only a matter of time."

Finally now, to Horizon2

By the end of the 2004 financial year, it had become clear to us that Trees & Technology's single strategic focus, of up-selling New Zealand customers to its higher value clonal-treestock products, would not be sufficient, to lift the financial performance of the business to where we wanted it to be.

As you will be aware, market conditions in New Zealand have been extremely unfavourable for this business. The chart behind me, which depicts the dramatic decline in radiata plantings over the past decade, explains this point quite graphically. The declining line in the chart reflects several factors – the poor performance of the forest industry generally in New Zealand, the decision by some forestry companies to extend their rotation age and hence defer new plantings, and the increasing trend to convert forest land to dairy and other alternative uses.

No doubt the recent nationalisation of carbon credits will not help this trend.

With that background, we determined we needed to do four things:

- Reduce the cost base of our business
- Lock in long-term customers
- Achieve better positioning in those regions in the New Zealand market exhibiting growth, and
- Seek growth outside New Zealand

We acted on each of these in 2005.

We began by merging Trees & Technology with Carter Holt's Forest Genetics business, forming a new 50:50 venture - Horizon2. Operating five nurseries up and down the country, and meeting some 40% of the industry's total planting needs, we had created the leading treestock supplier in New Zealand.

This scale has been translated into an improved cost position and superior science capability. A single integrated science and product development programme, pooling the capabilities of both predecessor organisations, has now been implemented. Operational nursery and orchard requirements have been rationalised.

In addition, as a fundamental term of the merger, Carter Holt committed to make certain future annual treestock purchases exclusively from Horizon2. To a large degree, the agreement protects Horizon2 from any significant Carter Holt forest downsizing, as it requires Carter Holt to provide cash compensation to Horizon2 should certain restructuring events occur.

Following the merger, Horizon2 acquired the Puha nursery in Gisborne – then New Zealand's largest private nursery. The driver here was to achieve a production base in the heart of the east coast – a forestry region we believe to be stable and growing, and also one conducive over time to the adoption of Horizon2's higher value genetics.

Horizon2 then went on to acquire the Treecorp nursery business in Victoria, Australia. Treecorp is a state-of-the-art operation, with combined container and field-grown capacity of approximately 10 million treestocks per annum - albeit that its sales were around half that level at the time of our acquisition.

Australia offers Horizon2 excellent growth prospects.

In 2003, immediately prior to the Horizon2 merger, Trees & Technology sold 700,000 seedlings in Australia. In 2006, following both the Treecorp acquisition, and the very significant market development that has been undertaken, we hope to be selling some 11-12 million treestocks in Australia. So, in a three-year period, we have successfully shifted our market dependence away from being 95% New Zealand-based, to being weighted 50% evenly between Australia and New Zealand.

So you can see, that in the context of very adverse market circumstances, we have achieved well against each of four original objectives:

- Achieving a reduction in costs,
- Locking in some long term customers,
- Positioning ourselves in the more attractive New Zealand regions, and
- Building our overseas sales.

Whilst Horizon2 still has a long way to go to fulfill its full promise, and it continues to be caught in a very difficult operating environment, it's positioning has now been significantly improved, it is profitable, and it is growing.

A few comments now on our share price.

Since life began for Rubicon in 2001, we have significantly restructured our investments, returned \$60 million to our shareholders, and our share price closed the 2005 financial year at more than two and half times its initial listing price. This performance equates to a total return to shareholders, over the life of your Company to date, of 25% per annum – close to double the 14% achieved by the NZX top 50 stocks over this same period.

In relation to the 2005 year just past, we began the year at 80 cents per share (which itself was up 18% up on the previous year's close) and ended it at \$1.03. This was also an excellent outcome, representing an annualised return to shareholders of 23% over the period – well in excess of our own aggressive 17% per annum target.

Now, if that was where the story ended, it would all be good. But as you know, over the past six weeks, the share has retreated to trade at a level of 87 – 88 cents per share. Given the progress made during the year on our activities, this is extremely disappointing for us all.

The price decline has come from the convergence of several negative factors. First, GPG placed its 20% Rubicon shareholding overnight to a group of international investors at an 8% discount to the market price. This was an enormous overnight placement for a stock of Rubicon's size, and it had the effect of absorbing most of the short-term buying capacity in the market. This was followed by general nervousness in the New Zealand market, which impacted Rubicon's price further, just as it did every other stock listed on the local market. Finally, recent market concerns over the short-term earnings outlook at Tenon has produced a little more weakness.

To be clear, we see these as short-term issues. Nothing has occurred, to change our fundamental belief, that there is considerably more value in Rubicon than is represented by the current share price. From today's presentation, I trust you can see, that the potential value of ArborGen bears little relationship to the 25 million US dollars at which it is implied in our share price today.

And as far as Tenon is concerned, Rubicon sees value well in excess of the current trading price – hence the recent decision to increase our Tenon shareholding under the 5% creep provisions of the Takeovers Code. And a positive resolution to our Forestadorá dispute would be a further plus to the share price, as most market commentators have written it off completely.

So it is not at all too difficult to see a value well north of the \$1.15 share price peak we traded at only two months ago.

That concludes my review for 2005. Before I finish, I would like to thank each of you for your attendance today, and also for your support over the year. It is very much appreciated.

Thank you.

Stephen Kasnet – Chairman’s address

Ladies and Gentlemen,

I would like to make a few further comments both on the year just passed and the future.

Following completion of the 2005 financial year, Guinness Peat Group exited its 20% shareholding position in Rubicon. It was pleasing to see that the interest in our Company was so high that the entire 20% parcel was able to be placed overnight - predominantly to large international investors. I thought it useful to outline the individual shareholders who following the placement now own more than 5% of your Company.

		Country	% held
1	Perry	US	20
2	Third Avenue Management	US	17
3	Castlerigg Master Investments	US	12
4	AMP	NZ	10
5	Walker Capital Management	NZ	6
6	Cadmus Capital	US	6
	Other Institutional		11
	Retail Shareholders		<u>18</u>
			100

You can see that we now have a very good spread of US and NZ funds managers – it is an excellent register, and shows the extent of interest in your Company exhibited by very savvy investors.

As you can see, our retail investors who number about 16,000 or so, remain very important to us, representing around 20% of our total register.

During the year the composition of your Board changed significantly. Michael Andrews, Jouko Virta, John Villiger resigned - reflecting our desire to right-size the Board for the Company's future needs. In addition, the resignations of Gary Weiss and Tony Gibbs reflected the fact that GPG is no longer a shareholder in the Company. Your Board is now composed of four directors – Bill Hasler, Hugh Fletcher, Luke Moriarty and myself – Bill, Hugh and I each meet the NZX rules as to independence and hence represent all shareholders. Two of your directors are based in New Zealand and two are in the United States.

We do believe the Board has the competencies needed to take your Company forward, and while we have considered whether it is appropriate to add another director to our ranks, we believe that the current size of the Company, combined with the speed of response and Director participation that a small Board brings, supports the continuation of the current size and composition of your Board. We will review this decision should circumstances change.

The final point I would like to make today relates to Luke's commentary on the share price. Clearly we believe the current share price not to be reflective of the true value of your Company. While Luke has outlined some of the reasons for the recent decline, one of the issues the share is facing is a short-term lack of liquidity – very small traded volumes can move the price quite significantly in the course of a day. So, we can either wait for that situation to correct itself – by new buyers coming into the market – or the Company itself can fill the void, by buying back its own shares. Clearly, to the extent Rubicon saw more value than 87 -88 cents per share, and it viewed it as the best use of its funds, then that would be an economically very sensible thing for it to do.

And that is exactly the conclusion that we have come to. So, accordingly we will be buying back on market up to 5% of the Company's issued capital, in accordance with the Companies Act and the NZX Listing Rules.