



MEDIA RELEASE

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SunRice announces details of potential new capital structure that preserves grower shareholder control on an ongoing basis

The Board of leading Australian branded food business SunRice today announced details of a potential new capital structure designed to equip SunRice and its growers and shareholders for the future.

SunRice Chairman Mr Laurie Arthur said the capital structure review represents a significant and tangible opportunity to reshape the company's structure to create a strong, independent, Australian controlled food business of scale, without relinquishing grower shareholder control.

"Today's announcement follows a comprehensive review process and delivers a model that is unique to SunRice and that can meet the needs of the company and our shareholders within a dynamic and increasingly competitive global environment," said Mr Arthur.

"We are pleased to present our growers and shareholders with a model that can underpin the company's growth, while preserving the voting and control rights of A Class Shareholders and enhancing the value of B Class Shares. Significantly, this includes a modified ASX listing that enables grower shareholder control to exist as it does today in an enduring way, with no sunset clause.

"While the Board believes this is a strong workable model that is in the best interests of the company, the feedback of our growers and shareholders will determine whether or not it proceeds to a shareholder vote," he added.

According to Mr Arthur, the potential new capital structure would provide a number of key benefits, including:

- Preserving the current structure of the industry, including maintaining A Class Shareholder / Grower control on an ongoing basis; and B Class shareholders retaining economic rights in the business;
- Providing better access to capital to minimize business risk and invest in the future growth of the business for the benefit of all shareholders; and
- Enhancing liquidity and improving value for B Class Shareholders.

Key features of the potential new capital structure include:

- No change to A Class Shareholder control;
- A delisting from the NSX and the creation of the SunRice Fund, to be listed on the ASX. Attached to the Fund and the structure are a range of protections and mechanisms, including Responsible Entity and Custodian arrangements;
- The issue of securities in the SunRice Fund (SunRice B Securities) to existing B Class Shareholders in exchange for their B Class Shares, on a one-for-one basis;

- The B Securities would have the same economic rights as the old B Class Shares, most importantly, the right to receive dividends, and can be bought and sold on the ASX by investors generally; and
- The continuation of the existing SunRice business, including no change to the way paddy returns and dividends are determined, protecting both sets of shareholders' interests.

SunRice CEO Mr Rob Gordon said the potential new model, through a listing on the ASX, has the ability to provide access to a deeper pool of equity capital than is currently available to SunRice to invest in the growth of the business for the benefit of all shareholders.

“These benefits include the ability to grow demand in offshore markets to maximise Australian paddy returns for our grower shareholders; reduce business risk and better withstand shocks like drought, floods and economic downturns; and deliver better value in share price and liquidity for our investor shareholders,” said Mr Gordon.

“SunRice is in a position of strength and there is no better position from which to consider this next step,” he added.

The SunRice Board is holding a series of meetings across the Riverina region over the first two weeks of March to provide growers and shareholders with a first look at the potential new capital structure and obtain their feedback.

Further information on the potential new capital structure can be found on the “Corporate” section of the SunRice website or by phoning the Shareholder Information Helpline on 1800 020 806.

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