



28 October 2015

Dear Grower / Shareholder,

SunRice Capital Restructure to proceed to March 2016 vote and your invitation to important shareholder information sessions in November

The other members of the Board and I are pleased to announce that we will take the Capital Restructure to a vote in March 2016, following strong shareholder support.

We thank all shareholders for their time and input as we finalised the review process in recent months, and urge you and your financial advisers to attend one of the information roadshows being held across the Riverina, in Sydney and online from 16 November 2015. An invitation, indicative timeline and further information about the Capital Restructure is attached to this letter.

We have invested significant time and resources to ensure the proposed new structure protects and delivers enduring grower control for our A Class shareholders and the SunRice business. From that base, we've been able to develop a unique structure involving the establishment of a new SunRice Fund that will change the way we fund SunRice's future growth and build an Australian-controlled food company of scale that can more effectively compete in global markets for the benefit of all growers and shareholders.

A Restructure Booklet will be sent to all shareholders in due course, including an Independent Expert's Report and detailed information about the Capital Restructure, including the advantages and disadvantages of the proposed new model. It is important that you read this document in full and seek your own financial advice before voting.

The Board believes the Capital Restructure has the potential to deliver a number of benefits for SunRice and our growers and shareholders. For our A Class shareholders, the Capital Restructure will ensure we're better equipped to target new markets for Australian rice and optimise the paddy price per tonne for Riverina growers in good times and bad.

For our B Class shareholders, the Capital Restructure will offer the potential to unlock greater value for their investment in SunRice and provide greater flexibility for estate planning. Given approximately 68% of our B Class Shares are held by A Class shareholders, I note many of our shareholders have the potential to benefit on both counts.

As we outlined earlier this year, the proposed Capital Restructure involves an ASX listing of the SunRice Fund, which will give SunRice access to a deeper pool of equity capital than we currently have to fund new growth opportunities, manage business risk and develop greater resilience and balance sheet strength to withstand future downturns in crop and economic conditions.

Similar to the listed fund models established by Murray Goulburn Co-operative and Fonterra, the Capital Restructure separates grower control from the economic rights of SunRice. In line with this, if implemented the Capital Restructure will preserve the fundamental elements of the SunRice business that are critically important to those of us who are grower shareholders:

- The SunRice Board will continue to comprise a majority of Grower Directors;
- There will be no change to how Paddy Pricing or Dividends are determined currently, protecting both sets of shareholders' interests; and
- The key features of our existing structure will continue on an ongoing basis. That includes:

- A Class shareholders retaining the sole right to elect Directors; to change the Constitution; and to ultimately determine the outcome of any change of control transaction through a 75% majority vote.
- B Class shareholders maintain their economic rights in SunRice, with a requirement to approve any transaction that changes their class rights.

I've personally spoken to hundreds of our shareholders over the past few months and there is good understanding that we need to continue to change as a business, but the November information sessions will provide important context about how and why. I strongly encourage you to attend.

The SunRice shareholder vote on the Capital Restructure will take place on Wednesday, 16 March 2016. Between then and now, a detailed Restructure Booklet will be finalised and reviewed by the Australian Securities & Investments Commission (ASIC) and the Court prior to distribution to shareholders, as is standard practice. We will also receive the final input from other corporate and industry regulators. I note the Capital Restructure is a decision for shareholders and, as I outlined earlier, it is important you read the Restructure Booklet in full before you decide how to vote.

I would like to remind you that information is available on the "Investor" section of the SunRice website www.sunrice.com.au and through the shareholder information line on 1800 020 806.

Your participation and vote is critical

For the Capital Restructure to proceed a 75% majority vote of both A and B Class shareholders is required. I urge you to participate, to attend one of the sessions in November and to exercise your vote on 16 March 2016. This next step forward is designed to strengthen SunRice's future, and with it, your future as a grower and/or shareholder.

Yours sincerely,



Laurie Arthur
Chairman

SunRice Capital Restructure

Shareholder Roadshow Information Sessions (Riverina, Sydney, online)



The SunRice Capital Restructure is scheduled to go to a shareholder vote on 16 March 2016.

All shareholders and their financial advisors are strongly encouraged to attend one of the public meetings with Chairman Laurie Arthur and CEO Rob Gordon on the Capital Restructure in November. These sessions are critical to understanding the dynamics of the SunRice business, why this change is needed, and how any external funds that may be raised in the future will be used. Shareholders who have further questions or concerns that they wish to raise in a private setting are also invited to host a small group or shed meeting. If you opt for a small group meeting, please note you are still urged to attend the public meetings in Week One given the important material that will be covered. RSVP details can be found below.

SUNRICE MEETING DETAILS AND RSVP INSTRUCTIONS

Please fill in this form and return to Sauce Communications by **Monday, 9 November 2015** via one of the following methods:

Email: rsvp@saucecommunications.com.au

Fax: (02) 6953 7383

Phone: (02) 6953 7382

Name/s:

Number of people (for catering purposes):

Mobile / phone number:

Email:

Week One: 16 - 20 November 2015

Yes, I plan to attend one of the following public meetings (please check box):

- Deniliquin:** Tuesday, 17 November: 6.30pm – 9.00pm, Deniliquin RSL Club (Dunlop Room)
 - Finley:** Wednesday, 18 November: 6.30pm – 9.00pm, Finley Returned Soldiers Club (Auditorium)
 - Coleambally:** Thursday, 19 November: 7.00am – 9.30am, Coleambally Bowling Club
 - Griffith:** Thursday, 19 November: 6.30pm – 9.00pm, Exies Club (Mirrool Rooms 1&2)
 - Webinar:** Friday, 20 November: 12.00pm – 2.00pm, online webinar
 - Sydney:** Friday, 20 November: 12.00pm – 2.00pm, (venue TBC)
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Week Two: 23 - 27 November 2015

(Please check box):

- Yes,** I'd like to attend a shed meeting near me in the Riverina
- Yes,** I'd like to host a shed meeting on my property and/or another venue

Address / proposed location:

Expected number of people:

Potential date/s and time/s:

Are you happy to have other growers and shareholders join your meeting?
