



SunRice Capital Restructure

Shareholder Vote: March 2016

Indicative timeline and key dates

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| 16 – 27 November 2015 | Riverina shareholder roadshows and shed meetings, Sydney shareholder meeting and webinar |
| 1 February 2016 | First Court Hearing |
| 2 February 2016 | Capital Restructure Booklet lodged with ASIC and available on the website and NSX |
| 8 – 12 February 2016 | Capital Restructure Booklet printed and distributed to all shareholders |
| 15 – 29 February 2016 | Shareholder roadshows and shed meetings (all locations) |
| 14 March 2016 | Last day for Proxy votes to be lodged |
| 16 March 2016 | Capital Restructure Meetings (Vote Day) |
| 23 March 2016 | Second Court Hearing |
| | If approved: |
| 24 March 2016 | Capital Restructure takes effect |
| 24 March 2016 | Suspension of B Class Shares from NSX trading |
| 12 April 2016 | Implementation of Capital Restructure |
| 13 April 2016 | De-listing of B Class Shares from NSX |
| 13 April 2016 | Listing of SunRice Fund on ASX |
| 13 April 2016 | Trading of SunRice B Securities on ASX commences |

Voting information

- A Restructure Booklet will be sent to all shareholders in early 2016, including an Independent Expert's Report and voting papers.
- The shareholder vote on the Capital Restructure is scheduled to take place on Wednesday, 16 March 2016.
- Shareholders will be able to vote in person or by lodging proxy forms online or by fax or mail. Detailed instructions will accompany the Restructure Booklet mailed to you in the New Year.

Approvals required to proceed

- The Capital Restructure requires approvals by both A Class and B Class shareholders and the Court. In general terms, the Capital Restructure will not be implemented unless it is supported by:
 - o A 75% majority of each of the A Class and B Class shareholders that vote, in person or by proxy (in the case of the Scheme Meeting, there must also be support from a majority in number of the B Class shareholders); and
 - o The Court approves the Implementation of the Scheme.
- A Class and B Class shareholders should read the Restructure Booklet in full before exercising their vote. The following is only a brief summary of the key points.

The Capital Restructure

- The Capital Restructure seeks to address both the challenges and opportunities faced by SunRice by providing access to a deeper pool of equity capital than is currently available, while preserving the following fundamental elements of the SunRice business:
 - o The SunRice Board will continue to comprise a majority of Grower Directors;
 - o There will be no change to how paddy prices or dividends are determined currently, protecting both sets of shareholders' interests; and
 - o The key features of our current structure will continue on an ongoing basis, specifically:
 - A Class shareholder control (or grower control), including a requirement that 75% of A Class shareholders vote in favour of any changes to the SunRice Constitution and approve any offers from a third party to take over SunRice; and
 - B Class shareholders will maintain economic rights in SunRice.
- The model to be voted on by shareholders involves a modified listing on the ASX that preserves grower control, similar to the listed fund models established by Murray Goulburn Co-operative and Fonterra.
- Importantly, if the Capital Restructure is implemented, SunRice and A Class Shares will NOT be listed on the ASX. A separate entity called the SunRice Fund will be listed on the ASX and will trade SunRice B Securities rather than B Class Shares.
- If the Capital Restructure is implemented, the SunRice business will remain intact exactly as it is today, with the same Board, management and operating structure.

Fundamentals of the model

- No fundamental change to A Class Shares or A Class shareholder control.
- The creation of the SunRice Fund, to be listed on the ASX, and the issue of SunRice B Securities to existing B Class shareholders on a one-for-one basis for their B Class Shares.
- B Class Shares are modified, renamed "B Preference Shares" and transferred to the new SunRice Fund.
- Dividends from the B Preference Shares will flow through to the SunRice B Securityholders.
- Once listed on the ASX, the SunRice B Securities will become tradeable and may be purchased by investors generally.
- Investors are acquiring only the economic rights to receive a Dividend through the SunRice Fund – they will have no voting rights at general meetings of SunRice, the company.
- SunRice will remain controlled by A Class grower shareholders irrespective of what happens in the SunRice Fund (even if someone buys 100% of the SunRice B Securities).
- The only way changes can be made to the company is the way they do today – through a 75% majority vote from A Class grower shareholders.

Benefits and advantages

- For SunRice, the Capital Restructure provides the opportunity to equip the company for the future, enabling additional equity capital to be raised in the future through the SunRice Fund so that SunRice can:
 - o Invest for growth;
 - o Better manage business risk; and
 - o Have greater resilience and balance-sheet strength to withstand future downturns in crop and economic conditions.
- The advantages of the model for A Class shareholders include the improved ability to raise capital and support future growth initiatives; the preservation of existing grower shareholder control; and the potential to enhance SunRice's ability to grow the business to optimise paddy returns. This includes building a business that can better target new markets for Australian rice and optimise the paddy price per tonne for Riverina growers, in good times and bad.
- For B Class shareholders, the Capital Restructure offers the potential to unlock greater value for their investment in SunRice, providing freedom to invest in SunRice's future and their own. Other advantages for B Class shareholders include the improved ability to raise capital and support future growth initiatives; expected enhanced liquidity for B Class shareholders; a potential significant increase in the market price of their investment over time; and the resolution of existing estate planning issues.
- Based on SunRice records, approximately 68 per cent of our B Class Shares are held by A Class shareholders, meaning many shareholders will benefit from a strong SunRice on both counts.

Disadvantages

- The disadvantages of the model for A Class shareholders are that it may be more expensive for growers who do not hold B Class Shares to meet the minimum Securityholding requirement; and the potential for further dilution of alignment in A and B Class shareholder interests.
- The disadvantages for B Class shareholders include the potential for greater volatility in the market price of B Securities compared to B Class Shares; and B Securityholders would hold an indirect, rather than a direct, interest in SunRice through the Fund.

Next steps

- We urge you and your financial advisers to attend one of the information meetings in November.
- Read the Restructure Booklet in full when it arrives in early 2016 and exercise your vote in person or by proxy at the Capital Restructure Meetings.
- If you have a question, contact one of your Directors, visit the SunRice website (www.sunrice.com.au/corporate/investors) or phone the shareholder hotline: 1800 020 806 or +61 3 9415 4260 (for international callers).

