



Welcome and thank you for taking time out of your busy schedules to meet with us.

As you know, the Board and I are pleased to announce that we will take the Capital Restructure to a vote in March 2016, following your strong support.

This next step forward is designed to strengthen SunRice for the future and I'm pleased to see so many of you here today to learn more about the Capital Restructure and what it will mean for you as growers and shareholders.

I need to start by acknowledging that our CEO Rob Gordon cannot be with us in the Riverina this week, and sends his apologies. Rob's father is gravely ill in South Africa and he has flown to be with him. We are all thinking of him at this difficult time.

I know they are known to most of you, but before we get underway please let me introduce:

- Noel Graham, our Deputy Chairman; and
- David Keldie, our General Manager Consumer Markets, who will be delivering Rob's presentation today.

Please welcome your Directors:

- Glen Andreazza;
- John Bradford;
- Gillian Kirkup;
- Mark Robertson; and
- Leigh Vial.

I would also like to acknowledge members of our Corporate Management Team in attendance:

- Mandy Del Gigante, our Company Secretary;
- Mike Hedditch, who many of you will be aware leaves us as General Manager Grower Services next month.
- Tom Howard, who replaces Mike as the head of Grower Services.
- And Matthew Gerber, who last week joined SunRice as head of Corporate Affairs.



## Laurie Arthur

### Chairman's Opening

I want to say up front that we want today's session to be a collaborative one. We encourage open and frank debate and want to give everyone an opportunity to ask questions and understand the detail.

From a legal stand point, I also need to let you know that shareholders will receive a Restructure Booklet in the New Year, including detailed information about the Capital Restructure, an Independent Expert's Report and the advantages and disadvantages of the model.

It's important that you read this document in full and seek your own financial and other professional advice before voting. You will hear me say this repeatedly today and I make no apology for that.

The Board has had an extended period to get across **all of the detail** of the Capital Restructure. We've had access to lawyers and advisors to satisfy ourselves on every element, from grower control to future capital raisings. As Directors, we are clear that this next step is in the best interests of SunRice and all growers and shareholders. However, **you** now need to satisfy yourself in the same way before deciding how to vote.

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Today's meeting is about providing you with some of the detail that you've

been asking for ahead of the formal Restructure Booklet. Answers to questions like:

- Why is this change needed?
- What do we want capital for in the future?
- And why do we need help to fund the business?

Over the past few months, I've personally talked to hundreds of shareholders about the Capital Restructure, including many of you in this room. There is clearly strong support, but also matters people still have questions on.

Before I hand over to David, I'd like to address some of these issues directly.



Firstly, I cannot stress this strongly enough – **grower control is not at stake.**

By grower control, I mean the sole right of A Class shareholders to vote at SunRice general meetings, which gives you the right to elect Directors, make changes to the Constitution and – as a result - control the company.

Those of you who are A Class shareholders told us very early on that you would not vote for a model that would result in the loss of grower control or **diluted** it over time. Your Directors and I back this view 100%.

As a result, we have invested significant resources, time and legal counsel so that I can stand in front of you and assure you that if you vote for the Capital Restructure, grower control **will** be enduring, as it is today.

The SunRice business will also remain as it is today, with the same Board, management and operating structure.

The only people who will be able to control SunRice the company are those who have the ability to do so today – A Class grower shareholders.

This is an incredibly important element to me – not only as Chairman – but as a rice grower, with my children now farming alongside me.

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Further to this, the Capital Restructure does not contain a sunset clause or any of the elements that have seen other agricultural companies lose grower control on the ASX.

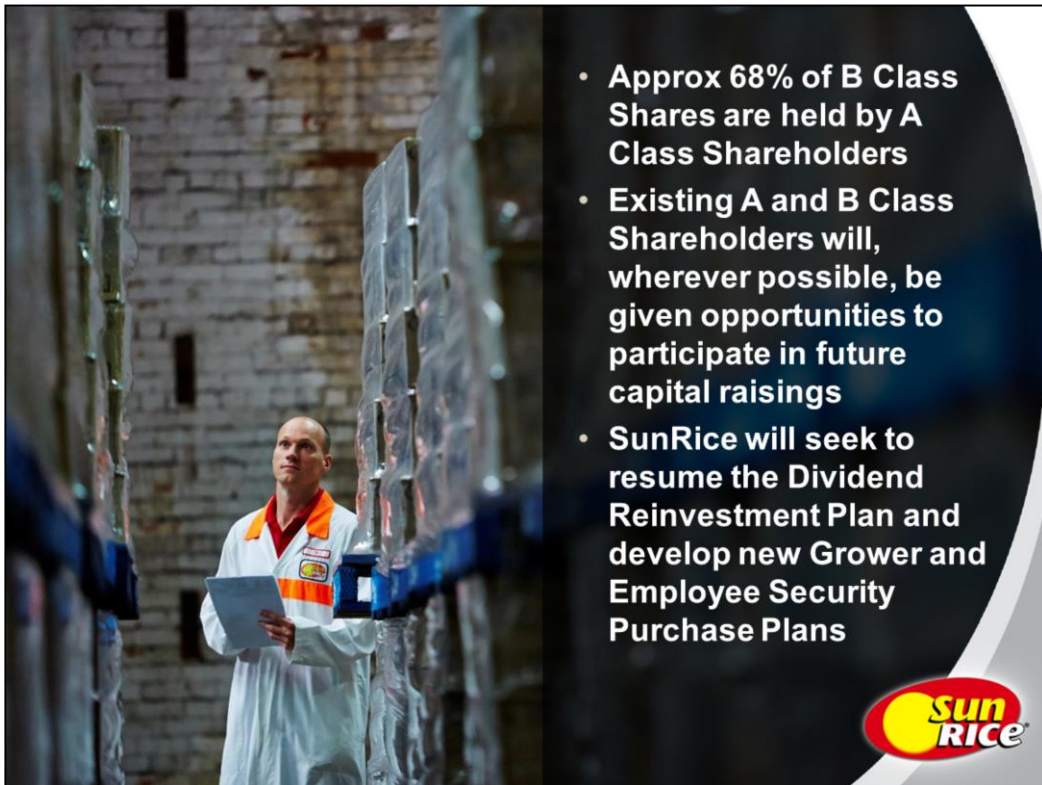
That's in part because it is **not SunRice the company or your A Class Shares** that will be listed on the ASX.

A separate entity called the SunRice Fund will be listed on the ASX and securities in this Fund will be traded on the ASX.

You will hear more on this from me later, however, the key point is that investors, who will be known as SunRice B Securityholders, will not have voting rights at general meetings of SunRice and they CANNOT acquire them in the future without A Class shareholder approval. Even if an investor acquires 100% of the SunRice Fund, there is no legal basis for them to demand a seat on the Board or any additional rights.

The company's control mechanisms will remain with SunRice A Class shareholders as they do today, unless A Class shareholders vote otherwise.

This is one of the reasons the Directors and I believe in this model so strongly. It opens us up to new opportunities, but without jeopardizing our business structure or the grower control our company has been built on.



- **Approx 68% of B Class Shares are held by A Class Shareholders**
- **Existing A and B Class Shareholders will, wherever possible, be given opportunities to participate in future capital raisings**
- **SunRice will seek to resume the Dividend Reinvestment Plan and develop new Grower and Employee Security Purchase Plans**



One of the other questions that's come up is why we can't just fund the capital required for SunRice's future directly. While there is no initial capital raising planned, David's presentation will outline some of the potential opportunities open to SunRice and why some of these investments will require access to a larger pool of equity capital than is currently available to us.

Having said that, I want to reaffirm our desire to have each of you invest in SunRice. We will be providing every opportunity to encourage existing A and B Class shareholders to participate in future capital raisings.

Following the Capital Restructure, we intend to put in place a range of schemes to encourage this, including a Grower Security Purchase Plan, where you can acquire additional SunRice B Securities through your paddy return. We will also be seeking to resume the Dividend Reinvestment Plan and to develop a new Employee Security Purchase Plan.

There will be more on this a little later today.

At this point, I also want to acknowledge our existing B Class shareholders. I know some people actively try and create division between A and B Class Shareholders. However, we have always needed one another and most of us actually hold both classes of Shares.

I was head of the RGA and not long after that a SunRice Director when the industry was in the most challenging period of the Millennium drought. All shareholders, large and small, who were able to invest in the company at that time are to be applauded.



I want to finish by talking about the A Class Share register and cycles of adversity.

We are undoubtedly facing a difficult outlook with respect to current low water availability and crop size and I know this is felt very keenly by you all.

A Class Shareholders are assessed to be active growers, based on the minimum tonnages of paddy they've delivered over a two year period.

I know that there are concerns about current shareholders losing their A Class Shares due to smaller crops like the one we are facing.

Some of you may recall that the SunRice Constitution provides the Board with the right to delay the redemption of A Class Shares, which we exercised during the Millennium drought.

In line with this discretion, I want to highlight that growers who do not deliver for the 2016 crop will not lose their A Class Share in June 2016, provided the Board is satisfied that they intend to resume growing rice and Active Grower status in the future.

I should also highlight that we have re-invited those growers who did not accept our invitation in June 2015, to apply for an A Class Share. The Board

will consider those applications in time to issue any new A Class Shares prior to the shareholder vote on the Capital Restructure.

As I mentioned at the AGM, the Board assesses the A Class shareholder base periodically to ensure it remains representative of our industry. As part of this, we will continue to look at a range of mechanisms to ensure our A Class register remains strong in the future and reflects those farmers who are committed to the rice industry in the longer term.

Any change to the Constitutional provisions relating to A Class Shares would, of course, be a matter for A Class shareholders.

I also understand the current concerns around water and around the timing of our Guaranteed Price – your Grower Directors and I are faced with the same circumstances and farm business decisions.

But what I want to say to you is that this current cycle of adversity is precisely the situation we are seeking to address through the Capital Restructure.

The best thing we can do for you as growers and shareholders is to strengthen SunRice for the future – not for one water season, but for the long term.

We have a proud history of resilience and adaptation at SunRice, however the Capital Restructure is designed to ensure we give ourselves every opportunity for success, in both good times and bad.

It is a change that the Board and I unanimously support. We believe it will create a stronger company, a stronger industry and a stronger future for everyone in this room.

As David will explain shortly, we have both challenges and opportunities ahead of us. How we respond to and resource these will depend on how shareholders vote in March next year.

And again, I need to say this is a decision for you, our A and B Class shareholders. You should access all of the materials available and seek your own financial and other professional advice before you decide how to vote your shares in March.

Thank you.



Before I hand over to David, I'd like to invite any questions on the topics I've just covered. There will of course be further opportunities in the meeting, but if anyone wants to raise one now, please feel free to do so.

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Thank you. I'd now like to invite SunRice General Manager, Consumer Markets, David Keldie, to the lectern.



Thank you Laurie. Welcome everyone.

I'm pleased to be here today, although in difficult circumstances as the Chairman mentioned earlier.



Today is an important opportunity to inform you on the context as to why and how SunRice needs to continue to change.

Our ability to adapt, to be flexible and to innovate has been a common hallmark of SunRice's success from the beginning and continues to be today.

I will look to focus today on leaving you well informed on:

- The current strategy for the Group;
- The challenges and opportunities we face as an organisation; and
- Why we need to change to meet these challenges and take advantage of the opportunities.

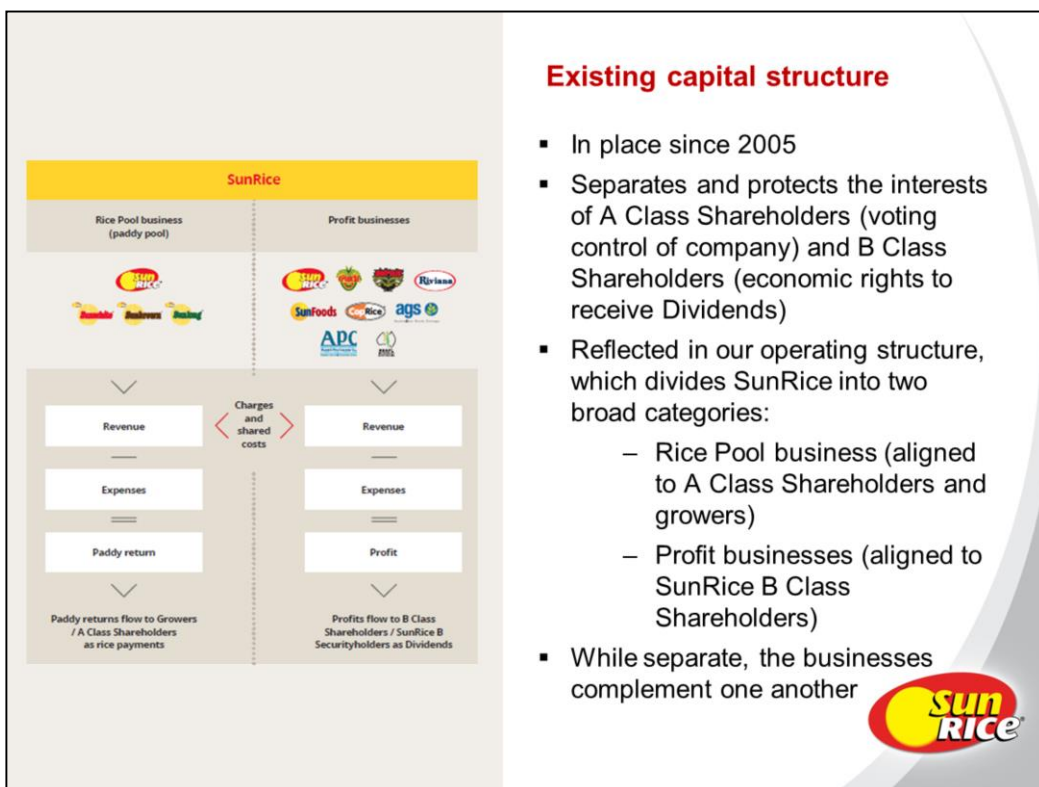
I will then hand back to Laurie, who will briefly cover some of the important aspects of the Capital Restructure at this stage of the process.

I note there will be more detailed information sessions for shareholders on the model itself in the New Year, following distribution of the Restructure Booklet.

As Laurie mentioned, there will also be ample time for you to ask questions and I encourage you to do so today.



Looking firstly to our existing capital and operating structure, and the context behind the development of our Group Strategy.



While this will be known to many of you, SunRice's existing capital structure separates and protects the interests of A Class grower Shareholders, who have voting control of the company and B Class investor Shareholders, who have the economic rights to receive Dividends from SunRice. This structure has been in place since 2005.

The separation is reflected in the division of the SunRice businesses into two broad categories, which will remain in place following the Capital Restructure.

**The first category is our Rice Pool business,** which is aligned to Growers and A Class Shareholders.

The Rice Pool business deals with the receipt, milling, marketing and selling of Riverina Rice and forms the basis of the Paddy Pool. Broadly, the Paddy Pool takes into account all revenue from the sale of Riverina Rice, less relevant costs and the balance is normally paid out to Growers in the form of a Paddy Price in line with SunRice policy.

**The second category is our Profit businesses,** which include International Rice, Rice Food, Riviana Foods, CopRice, as well as asset financing and other charges made against the Rice Pool business.

A number of SunRice's international subsidiaries are also captured in the

International Rice business and mainly deal with value adding of non-Riverina rice. Profits generated by SunRice's Profit businesses are available for distribution by the Board to SunRice's B Class Shareholders in the form of dividends. These profits may also be used to supplement Paddy Prices in certain circumstances.

While separate, the Rice Pool business and Profit businesses complement one another. For example, our Profit businesses purchase rice and rice by-products from the Pool. And the Pool pays the Profit businesses:

- Asset financing charges for the use of milling and other assets, which our investor shareholders have helped fund;
- As well as brand charges for the use of brand assets.

SunRice's recovery post the Millennium drought signalled an opportunity to assess our future direction and the performance of all of our businesses and divisions.

### A new direction post-drought

- Recovery post-drought signalled an opportunity for SunRice to assess future direction
- Comprehensive strategic review undertaken in 2012/13:
  - Analysis by geography, market, channel and product
  - Opportunities identified for growth
  - Underpinned an optimised plan for the Group and each of our divisions
- Plan developed for rice



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As a result, a comprehensive strategic review of the Rice Pool and Profit businesses was undertaken in 2012/13.

This focused on:

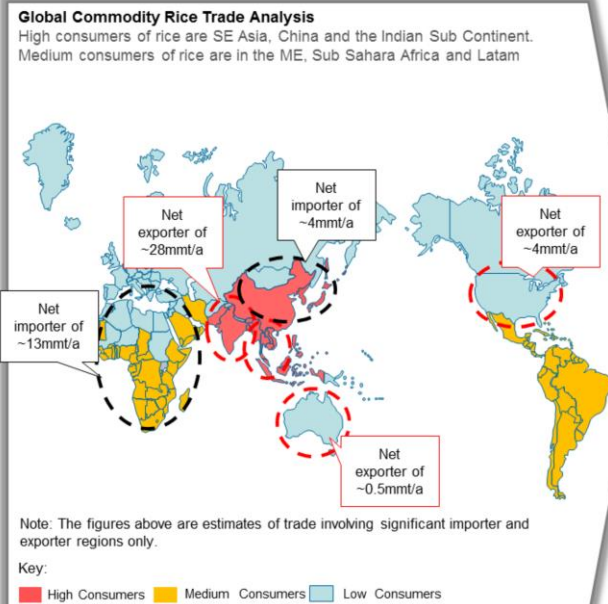
- Detailed analysis by geography, market, channel and product;
- Identifying opportunities for growth; and
- The development of an optimised plan for the Group as a whole, as well as each of our operating divisions.

This included a plan for the sale and marketing of rice to ensure we continued to grow sales, expand our market reach and deliver the best possible returns to our growers in the form of paddy payments, while leveraging other opportunities to deliver returns to our shareholders.

A key component of the strategic review process was understanding our place in international trade and the revenue and profitability drivers in the business.

While you will appreciate there was a tremendous amount of analysis completed, I am going to share with you just a few key charts that helped inform the context for the company's strategy.

## Where we fit in international trade



- **~470mmt** rice is produced globally, **85%** of which is long grain and **15%** Japonica
- Only **~36mmt** rice is exported globally, of which **~2.2mmt** is Japonica
- Australia makes up **~20%** of global Japonica exports, even though it only produces **1%** of the world's Japonica



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Firstly, looking to our role in international trade.

The figures in this chart are finished product tonnes.

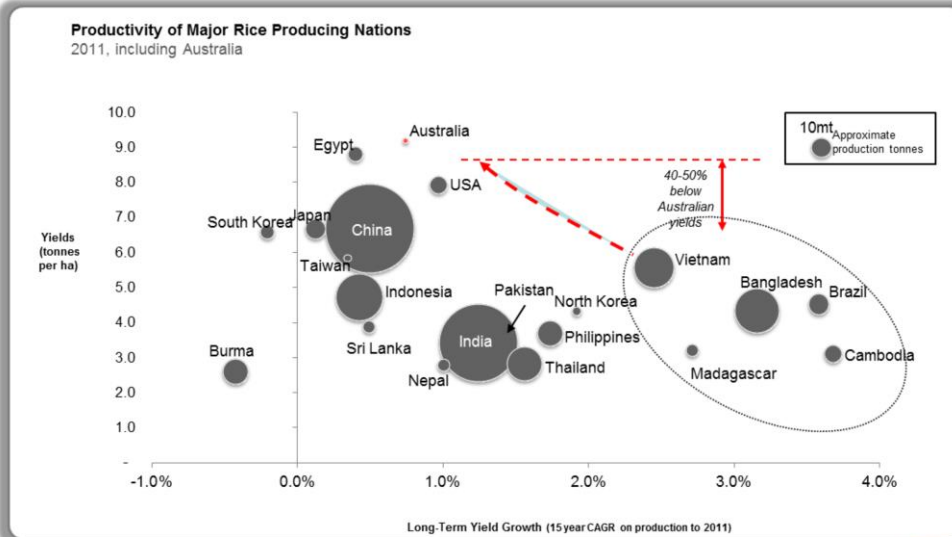
As you all know, globally, Indica rice varieties (or long grain) account for 85% of production and Japonica rice varieties (which are largely medium grain rice) account for 15% of production.

Less than 8% of the milled rice produced globally is traded, with Japonica representing approximately 6% (or 2.2 million tonnes).

Through the Rice Pool business's established global brands and supply arrangements, SunRice accounts for approximately 20% of the global trade in Japonica.

This niche – and vesting – allow the Rice Pool business to achieve premium pricing for Riverina rice through branded sales to export markets, along with tender market sales.

## Limited opportunity for Australian rice to feed the world, while the domestic market alone lacks scale



**Like many other branded agri-products, domestic-only market lacks scale (Australian market size only ~225,000 tonnes)**

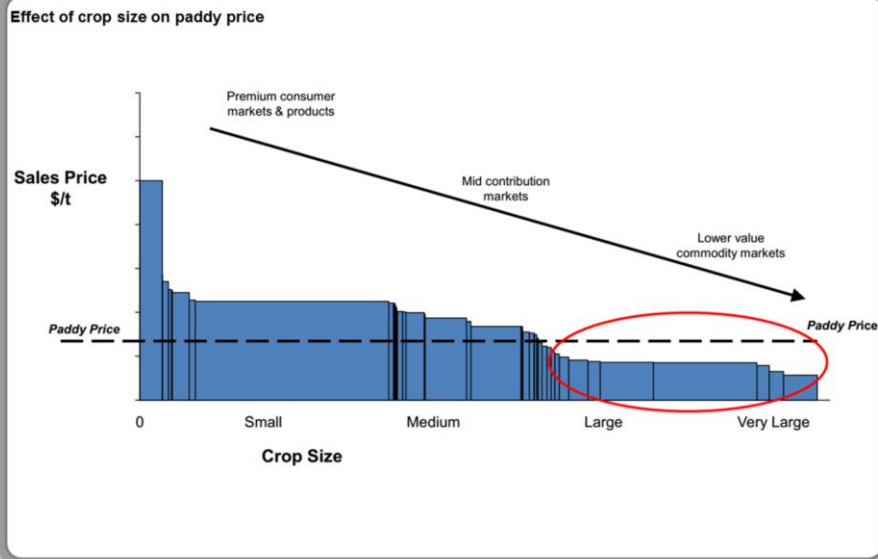


13 Source: US Department of Agriculture

From a global perspective, we're very good at what we do in terms of yields per hectare. However Australia's smaller scale of production in relative terms to other rice growing nations means there is limited opportunity for us to become a major exporter that supplies rice to feed the masses. That's also not where we want to be, given our focus on achieving premium returns for our Riverina growers.

Domestically, we of course have freight advantages. However the size of the Australian market alone - at 225,000 tonnes - lacks the necessary scale to regularly place the Riverina crop, which can produce in excess of 1 million tonnes in good years.

## Opportunities identified to strengthen returns for rice by focusing on higher value markets



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Informing the strategic review, was a detailed piece of analysis that looked at revenue drivers across all markets, from lower value commodity markets to premium consumer markets.

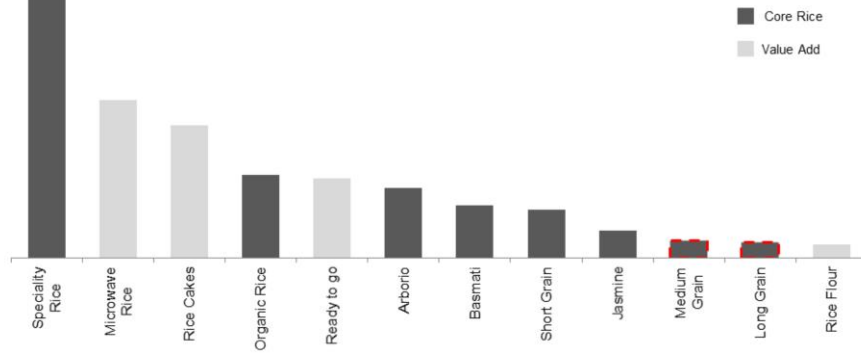
This chart, which was originally shown at an RGA Conference, demonstrates this very clearly by plotting the returns we can achieve for your rice in these markets and how the Riverina crop size impacts the overall Paddy Price per tonne.

As a result, the business identified opportunities to strengthen returns for Australian rice by focusing on higher value markets and premium, branded products.

## Further optimisation of our product and varietal mix required to improve profitability and meet the needs of more discerning consumers

Over 95% of SunRice's varietal mix has historically been Medium and Long Grain

Rice Based Foods – Global SunRice GP/tonne  
C12 Average



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We also completed the same analysis by varietal mix.

The chart on screen shows the relative gross profit per tonne for some of our key products.

Core rice – which falls under the Rice Pool business - is depicted in dark grey and as you can see the highest GP sits with specialty grains, versus medium and long grain which have lower profit margins.

Value added products – which fall into our Profit businesses – are depicted in light grey and are generally higher than most products, with the exception of rice flour.

To put this in perspective, historically, over 95% of SunRice's varietal mix has been medium and long grain.

This demonstrated to us very clearly that further optimisation of our product and varietal mix was required to improve profitability, particularly if we were to meet the needs of more discerning consumers.

So where did that lead us?

## Implementing an ambitious strategy for growth

### STRATEGIC GOALS

- **Substantially increase annual revenue** within the next 10 years
- **Maximise grower returns** by optimising market, channel and varietal mix
- **Grow shareholder value** and **increase resilience of earnings** by pursuing diversified and stable growth
- Maintain or improve **Return on Capital Employed (ROCE)**

### OUR VALUE DRIVERS



### OUR STRATEGIC PRIORITIES



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The completion of our strategic review led to the development of a meticulous and ambitious strategy for the Group, designed to secure our future profitability and resilience.

It refocused us on positioning SunRice as an international branded, value add company, differentiated against commodity players.

The key elements outlined in the Strategic Framework are on screen.

We are focused on four Strategic Goals, which are:

- **To substantially increase annual revenue** within the next 10 years;
- **To maximise grower returns** by optimising market, channel and varietal mix;
- **To grow shareholder value** and **increase resilience of earnings** by pursuing diversified and stable growth; and
- To maintain or improve **Return on Capital Employed (ROCE)**.

These are underpinned by six Value Drivers, which are the key sources of our differentiation and competitive advantage. I won't read these out, as they're on screen.

You'll also note at the bottom of the screen, six Strategic Priorities, which are designed to drive the achievement of our goals.

These priorities are tailored to each business in the Group and are united by our company mission to transform nature's goodness into healthy, enjoyable and nutritious foods that meet the needs of discerning consumers around the world.

## Progress of strategy to date

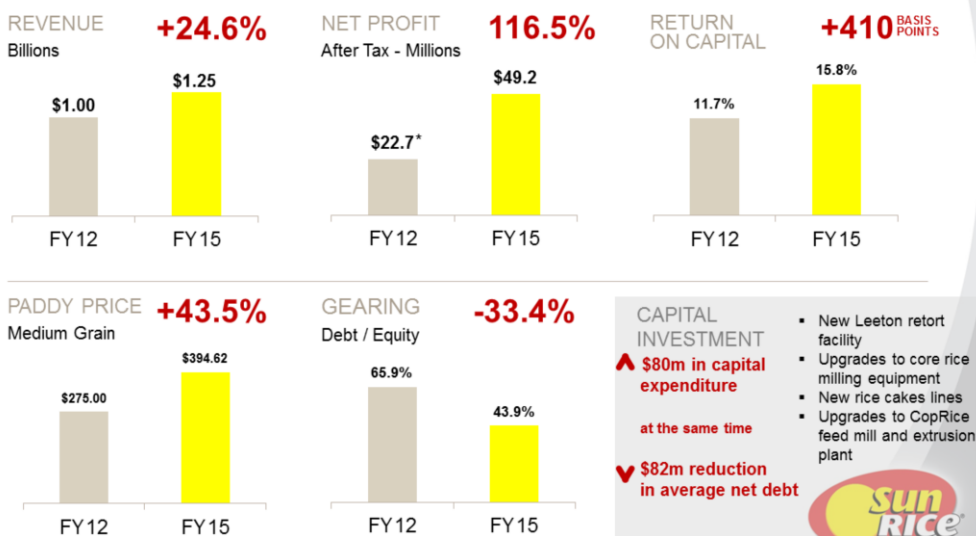


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I'd like to now look back briefly on the implementation of the Group Strategy and results to date, before we look forward to the opportunities and challenges ahead of us.

## Strategy to date has delivered results and positioned the business for the future

### FY12 - FY15 Business Performance



18 \* Includes paddy retention of \$16m (\$20/t) for the year ended April 2012. Normalised net profit for FY12 was \$23m.

In the three year period since introducing the Group Strategy we have delivered strong results across all key financial performance indicators, including growth in revenue and establishing a new level of profitability.

Our Return on Capital Employed has increased substantially, reflecting more than \$80 million invested in capital expenditure aligned to plant efficiencies and market opportunities across the Group.

At the same time, we have strengthened our balance sheet by reducing our average net debt and improving gearing levels.

Over the past three years we have optimised value for both grower and investor shareholders, increasing rice pool payments for our A Class Shareholders and dividends for our B Class Shareholders.

Following three years of strategic investment, SunRice is well advanced in the execution of its growth agenda. We are adding value, innovating and fulfilling our potential as an Australian agricultural icon in a way few companies can lay claim to.

## Delivering on our strategic priorities



- Results achieved in every strategic priority category, contributing to:
  - Optimised paddy returns for A Class Shareholders (Riverina growers); and
  - Optimised capital growth and dividends for B Class Shareholders
- Complete summary of Group Strategy results in CEO's AGM Presentation (August 2015), on SunRice website (shareholder presentations) or NSX

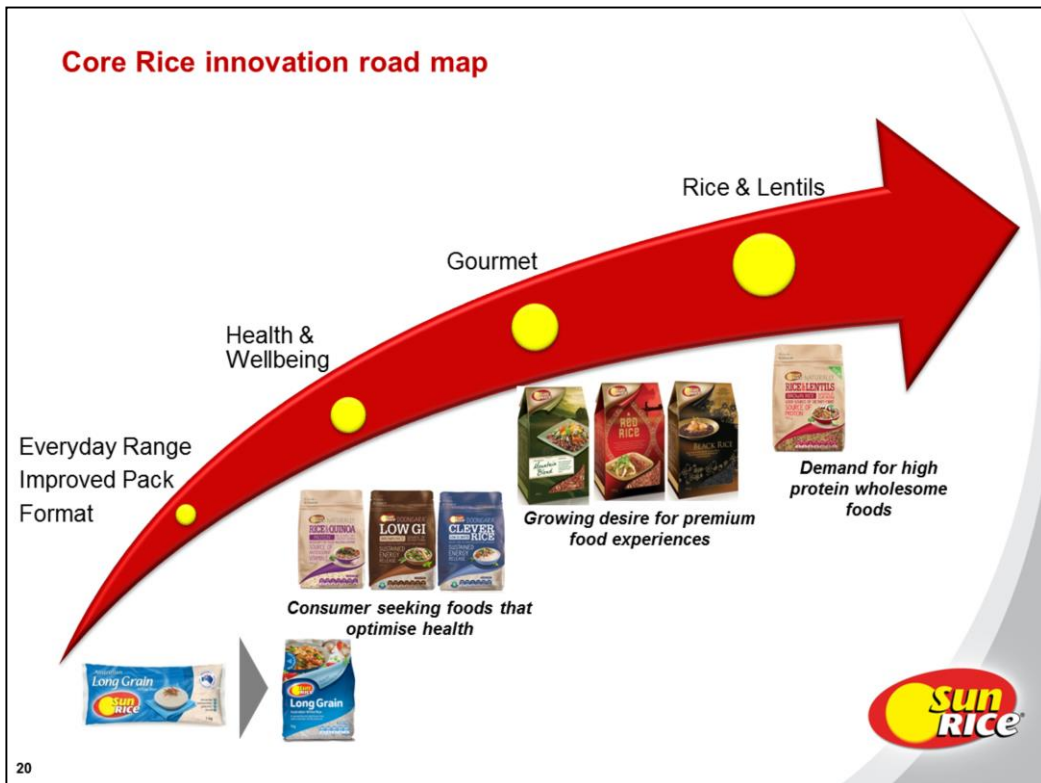
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There's a whole section in Rob's AGM presentation that covers the results in each of the six strategic priorities under the Group Strategy.

Everything from:

- The 41% year-on-year increase in revenue in the Middle East and 40% increase in the Pacific achieved in FY15 alone...
- To the way we've leveraged our long standing brand presence in Hong Kong and Singapore to launch SunRice's Pan-Asia strategy into high growth South East Asia markets.

As a result I won't go through that detail today – if you're interested you can find it on the SunRice website or NSX - but I do just want to spend a couple of minutes on highlighting how we've used innovation to deliver on some of these results to benefit the business and in particular our growers and shareholders.



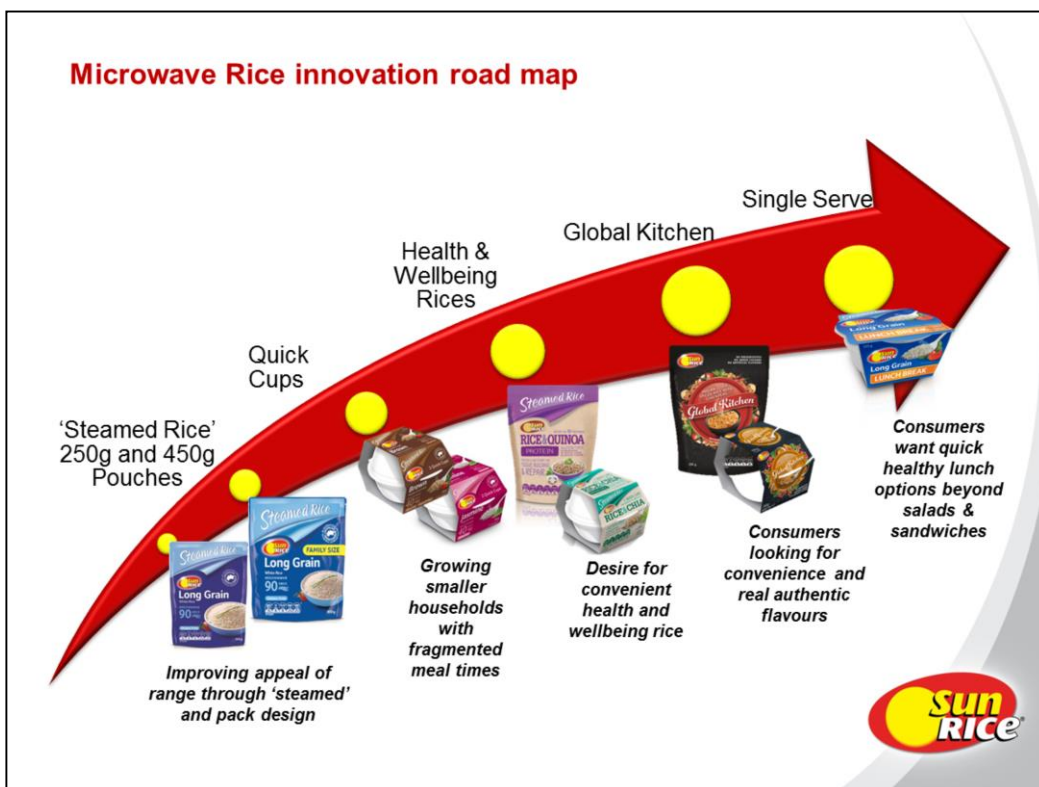
Our ability to continue innovating has always been fundamental to SunRice's success.

In recent years we have conducted detailed consumer insights research, which has informed a comprehensive program of product revitalisation. We have also strengthened retailer partnerships and doubled investment in above and below the line advertising.

This has seen us extend our position in our domestic and international markets.

Innovation in the core rice category has included improving our packaging and design and meeting the changing needs of consumers by launching new products, including health and wellbeing and gourmet ranges.

The resulting increases in revenue and related profitability in this category flow straight through to your Paddy Price. This is an example of premiumisation at work.



In the Microwave Rice category we have also continued to improve our range and develop innovation based on consumer trends and our insights research.

These innovations include:

- New pack designs and improved formulation on the base 'steamed rice' pouch range;  
Development of twin and single serve cup formats that increase lunchtime consumption of Microwave Rice; and
- A premium health and wellbeing range that includes rice and grain blends.

Profitability in this segment flows through into the Profit businesses and is ultimately paid out in dividends and/or retained by the business. However, under our structure the growth of this business benefits the Rice Pool too, as it purchases rice from the Pool to process in the Leeton retort facility.

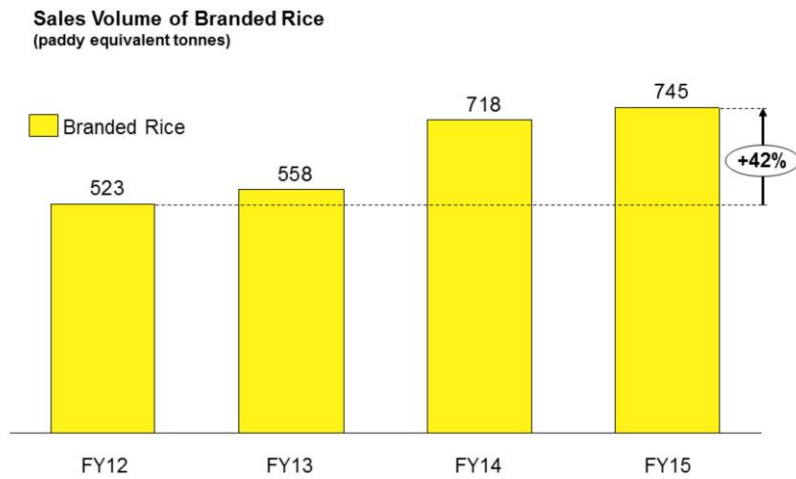


In the same way, Rice Snacks benefits both A and B Class Shareholders, with innovation in this category seeing the introduction of premium product ranges based on the latest consumer trends.

Rice Snack innovation has included:

- Rice and grain cake combinations such as Rice & Quinoa;
- Kids Mini Bites designed for healthier school lunchboxes; and
- Wholegrain Brown Rice Chips for consumers wanting a healthier chip.

**Recent growth driven by focus on branded, value add markets,  
but constrained by supply**



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As a result of these and other initiatives, we have strengthened SunRice's position as an international branded, value add company.

And we've seen a fundamental shift in revenue drivers, with branded sales up by 42% between financial years 2012 and 2015.

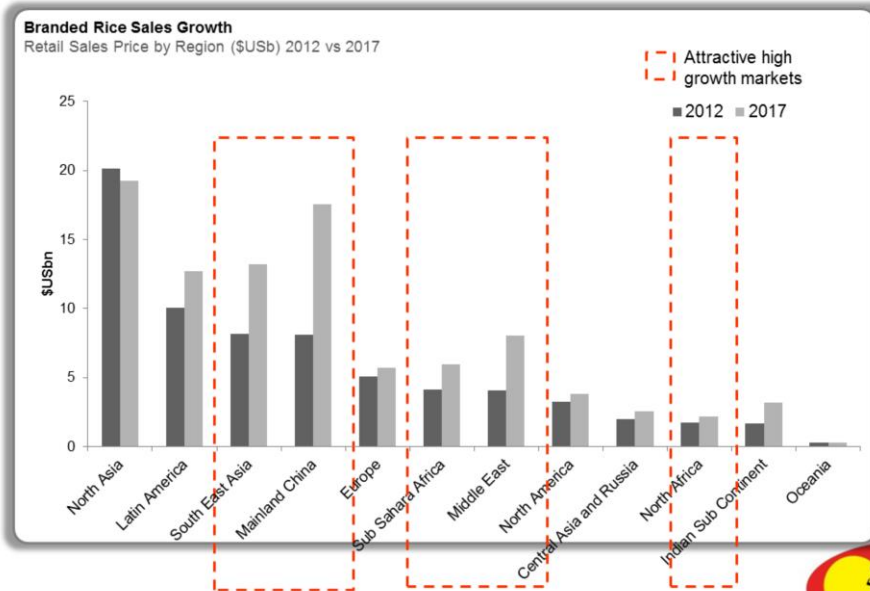
This growth, however, is constrained by supply.

Which brings me to the challenges and opportunities that SunRice – and our growers and shareholders – face.



Firstly, to opportunities.

## Opportunities exist in multiple high growth markets



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On screen is the forecast growth for branded rice sales for the five year period between 2012 to 2017 in various regions.

In that time, packaged rice sales are forecast to grow by more than 100% from \$US8 billion to \$US17.5 billion across mainland China alone. High growth is also forecast for South East Asia, the Middle East and Sub Saharan Africa.

Looking at China further, the number of affluent and mainstream consumers in advanced cities is expected to reach 112 million people in 2020, with the total volume of rice consumption by this group expected to reach four million tonnes at that time.

These are just some of the consumers across these high growth regions that place a value on provenance – safe, clean and green foods – and are willing to pay a premium for it.

### Building on our reputation for quality and provenance in Asian markets

- Opportunities exist across the Asia Pacific region for SunRice to capitalise on Australia's food supply chain reputation, including:
  - Entry strategies for various Asian target markets, leveraging SunRice's existing branded market positions in core markets such as Hong Kong and Singapore
  - Improving product packaging and marketing capability to enable additional market share growth across Asian retail
  - Longer-term competitive opportunities in the Japanese market in SunRice's out-of-home channel



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An opportunity exists across the Asia Pacific region for SunRice to capitalise on Australia's food supply chain reputation.

Rice is a fundamental part of Asia-Pacific consumer diets as opposed to a meal accompaniment.

As part of the SunRice Group Strategy, the team has identified several opportunities for consideration by the business. These include:

- Implementing entry strategies for various Asian target markets, leveraging SunRice's existing branded market positions in core markets such as Hong Kong and Singapore.
- Improving product packaging and marketing capability to enable additional market share growth across Asian retail.
- Longer-term competitive opportunities are also evident in the Japanese market in SunRice's out-of-home channel, with food service customers looking for high quality substitutes. SunRice is well positioned to participate in these opportunities and deliver returns to the Rice Pool business.

### **Leveraging SunRice's expertise and global distribution network**

- Opportunities exist to utilise SunRice's global supply chain, new product development and marketing expertise and subsidiary portfolio to seek to deliver growth for both the Pool and Profit businesses, including:
  - Extending our 'Pan-Arab' Sunwhite brand into new rice varieties and adjacent categories
  - Driving growth across Asia and the Pacific in consumer categories
  - Expanding CopRice's offering, with a focus on premium markets
  - Exploring other high growth markets for branded Australian rice, including Sub Saharan Africa



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Multiple opportunities also exist for SunRice to utilise its global supply chain, new product development and marketing expertise and subsidiary portfolio to seek to deliver growth for both the Pool and Profit businesses.

Again, as part of the Group Strategy, we've identified opportunities that include:

- Building on the Group's existing supply chain network and expertise to extend our 'Pan-Arab' Sunwhite brand into new rice varieties and adjacent categories.
- Similarly, driving growth across Asia and the Pacific in consumer categories, leveraging the Group's supply chain, subsidiary businesses and value added capabilities. This includes expanding our current Pacific stockfeed business into new geographies.
- Expanding CopRice's offering to include higher margin premium pet food and further product differentiation based on quality, and building CopRice's equine market share through expanded product offerings and new market segments.
- And exploring other high growth markets for branded Australian rice, including Sub Saharan Africa.

### Further diversifying the Group's earnings

- A number of other potential growth strategies have been identified across the SunRice Group, including:
  - Joint ventures and strategic alliances
  - Acquisitions
  - Accelerated growth plans for key complementary businesses
- All are aligned with the SunRice Group Strategy
- All are designed to strengthen the business overall to the benefit of growers and shareholders



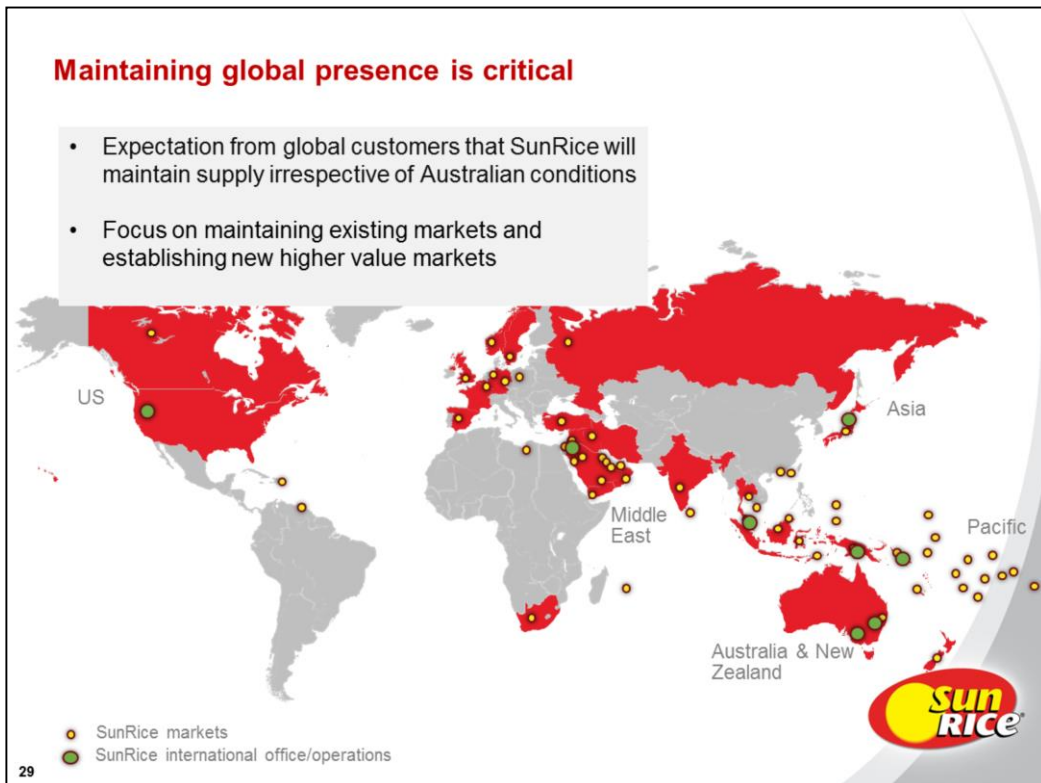
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Finally, a number of potential growth strategies have been identified across the SunRice Group. These include:

- Establishing joint ventures and strategic alliances to launch rice businesses in other global locations to underpin participation in new international markets.
- Potential acquisitions of complementary food companies in regions that enhance SunRice's food service and retail offerings.
- Increasing CopRice's scale in supplementary dairy feed, which should continue to be a critical enabler of growth in the dairy industry. The global dairy industry is forecast to grow from 375 billion litres today to more than 500 billion litres by 2020. Both New Zealand and Australian dairy is forecast to grow in line with global demand, especially out of Asia.

All of these opportunities are examples of strategies that – with the right funding in place – have the potential to propel the business forward for the benefit of all shareholders. I will be revisiting this a little later.

However, if these are the opportunities for SunRice, what are the challenges?



Firstly, let me acknowledge that SunRice is now in a position of strength. We are experiencing absolute growth across our domestic and international markets.

But critical to our ongoing success is maintaining the global presence we have worked hard to re-establish post the Millennium drought.

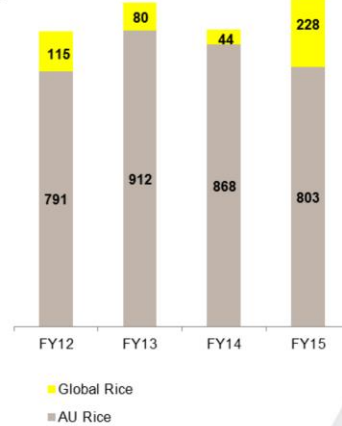
The world has changed and we simply cannot afford to come and go from key markets, as we did in the past decade.

Global customers have an expectation that SunRice will continue to supply rice, irrespective of Australian conditions.

### We need more rice

- SunRice has built demand to 1.1 million paddy equivalent tonnes per year
- Ability to meet demand in best interests of all shareholders:
  - Reduce business risk
  - Resilience against business shocks
- Access to Riverina rice will always be fundamental to SunRice's success
- Building branded presence and growing demand beyond the Riverina supply base will put us in a powerful position to place a larger crop and accommodate a smaller one, optimising the Paddy Price per tonne

**Rice sales volumes (paddy equivalent tonnes)**  
FY12-FY15  
(000's)



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The chart on the right of the screen shows that we have grown market demand to around 1.1 million tonnes of paddy equivalent rice.

While demand continues to grow, if we also look to the future and the potential opportunities that exist across the Group to diversify earnings and achieve stable growth, it is clear that we will continue to need more rice.

It's important that you understand that Riverina rice will always be fundamental to SunRice. It's:

- Why we've set a Guaranteed Price for C16;
- Why we've increased paddy prices over the last three years as I shared earlier; and
- Why we continue to invest in Grower Services, research and development and funding support to do everything we can to encourage local production.

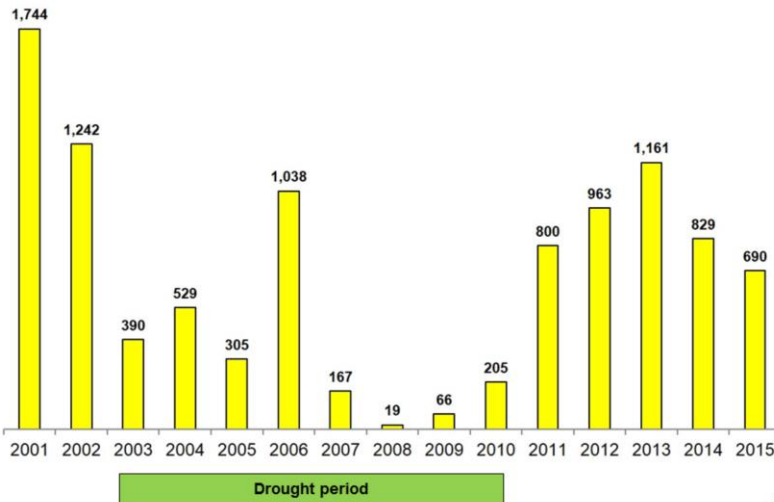
However building branded presence and growing demand beyond the Riverina supply base isn't just about fulfilling on customer expectations and achieving steady business performance. It also puts us in a powerful position to optimise paddy returns, in good times and bad.

Specifically, growing overall market demand maximises SunRice's ability to:

- Place a larger Riverina crop in the best returning markets, in years of good water availability; and
- Accommodate a smaller crop through trading, in more challenging circumstances.

## Australian supply impacted by water availability and production constraints

Australian Rice Crop Size  
(2001-2015, '000 tonnes)



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So how do we do that given the variability of Australian production and the impacts of water availability and pricing?

This is the very challenge we are faced with this year and next, given the smaller crop outlook for C16.

Broadly speaking, there are two choices:

- We get smaller, we lose market share, we contract; or
- We invest to ensure we can maintain global markets and milling assets and ensure the business is strong for the future, whatever that may hold.

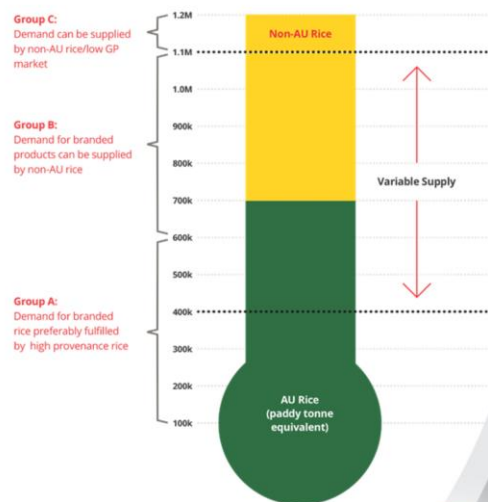
In addition to the opportunities I highlighted earlier – all of which are designed to strengthen SunRice – one of our key strategies is global sourcing, which I'd now like to spend some time on.

## Group Strategic Priorities: Background and objectives of global sourcing

- Global sourcing plays an important role in enabling SunRice to fulfil any gap between Australian supply and overall market demand
- Priority is always given to Riverina rice
- SunRice's focus is on securing reliable sources of supply:
  - Growing Australian supply, including the Riverina
  - Identifying and establishing international sourcing bases
- SunRice quality assurance and testing is applied to all rice sources

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## The role of global sourcing in supply and demand scenarios



NOTE: The above graph is illustrative only. While it is based on the FY15 crop (690,000p/t), the gap between Australian supply and overall market demand varies depending on water availability and production shocks.



Given the need for more rice, our global sourcing strategy is playing an increasingly important role in enabling SunRice to fulfil any gap between Australian supply and overall market demand.

If you look at the thermometer graph on screen, overall the 1.2 million paddy equivalent tonnes equates to just under our current total requirements in a year. That means we already have markets to sell that volume into.

If you look at the green bar, that represents the size of last year's crop at 690,000 paddy tonnes.

The yellow represents the rice we needed to purchase from other sources to service our markets.

On the left of the thermometer, there are three categories, which broadly align to the type and quality of grain we require across all markets and related pricing. So in Group A – we have the need for about 600,000 tonnes of high provenance rice. These are the best returning markets and the ones where we place Riverina rice first.

In Group B, market demand can be supplied by either Australian or non-Australian rice. So in large crop years, your rice reaches these markets and in low crop years it doesn't. Provenance is important, but not critical.

And Group C is our lowest returning markets. Provenance is not a factor, although like all our markets taste profile and quality remains important.

As you can see, by growing total market demand, we have created the flexibility to place a larger crop and accommodate a smaller one, which works to your advantage.

In terms of our overall Global Sourcing approach, SunRice is focused on securing reliable sources of supply. That includes:

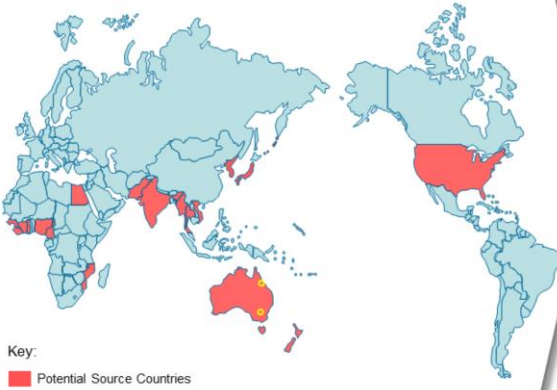
- Growing Australian supply, including in the Riverina; and
- Identifying and establishing international sourcing bases.

Priority is always given to Riverina rice, which will continue to be placed in the highest returning markets.

Importantly, SunRice's quality assurance and testing is applied to all rice sources.

## Opportunity now to build other origins leveraging agronomic capability

**Potential Sources of Supply**  
*Hypothetical Sources of Supply in 2025*



### Examples only:

Potential Source	Potential paddy
Riverina (NSW)	1,000kt
Burdekin (QLD)	100kt
Pakistan - India	50kt
Vietnam / Myanmar / Laos / Cambodia	50kt
California (USA)	100kt
Select African countries (e.g. Egypt, Nigeria, Guinea, Senegal, Ghana etc)	50kt
<b>Total</b>	<b>1,350kt</b>



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We have the opportunity now to build other origins leveraging our agronomic capability.

As I mentioned earlier, SunRice now has premium markets for more than 1.1 million tonnes of rice. This is up on our previous 800,000 tonnes planning base.

Based on current growth trends, we will need to **DOUBLE** current supply levels by 2025.

## Group Strategic Priorities: International sourcing project design principles

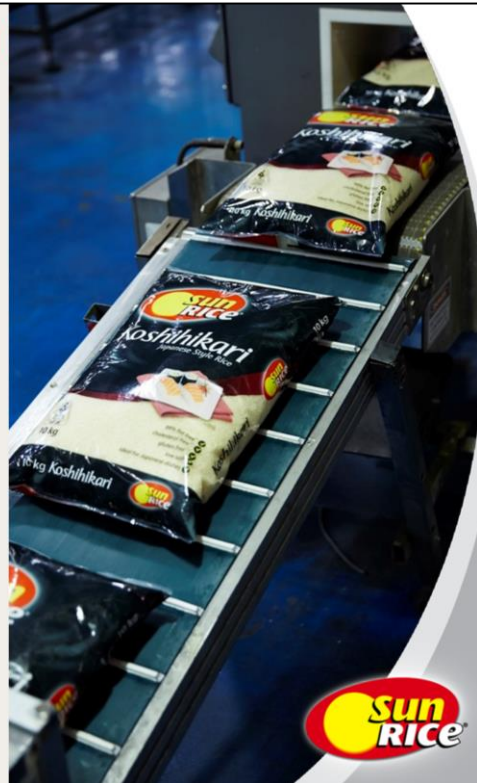
### Underpinning assumptions:

- Australian rice volume is prioritised in fulfilling demand in best returning markets
- Traceability is paramount
- Capital investment reflects critical control points e.g. supply, quality, packing
- Preference to be given to medium and long grain varieties, all others out of scope

### Countries:

The following countries are being evaluated:

- |               |                 |
|---------------|-----------------|
| ○ Vietnam     | ○ Indonesia     |
| ○ Thailand    | ○ Korea         |
| ○ Uruguay     | ○ Japan         |
| ○ Cambodia    | ○ Egypt         |
| ○ Myanmar     | ○ Italy         |
| ○ China       | ○ Turkey        |
| ○ Philippines | ○ United States |



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To ensure the success of our global sourcing strategy in delivering positive outcomes for SunRice and our A and B Class Shareholders, we have established a set of principles. These are:

- Australian rice volume is prioritised in fulfilling demand in the best returning markets;
- Traceability is paramount;
- Capital investment must reflect critical control points such as supply, quality and packing; and
- Preference is to be given to medium and long grain varieties.

We have also established a list of specific countries that we are evaluating, which are on screen, and include Asia, the Middle East and the United States.

## Group Strategic Priorities: Global sourcing 'deep dive' criteria – what's been analysed

<b>Political environment</b>	<ul style="list-style-type: none"> <li>▪ Export ban, minimum purchasing price, export licence</li> <li>▪ Legal and court system</li> <li>▪ WTO membership and compliance</li> <li>▪ Tariff regimes, duties import / export</li> <li>▪ Intellectual property enforcement</li> </ul>	<b>Business environment</b>	<ul style="list-style-type: none"> <li>▪ Restrictions on foreign-owned enterprises in relation to agriculture and more specifically rice growing, milling, packing and export</li> <li>▪ Taxation regime</li> <li>▪ Licensing processes</li> <li>▪ Stance on bribery and corruption</li> <li>▪ Investment incentives</li> </ul>
<b>Economic development status</b>	<ul style="list-style-type: none"> <li>▪ Macro economy e.g. GDP growth, inflation</li> <li>▪ Banking and finance, e.g. currency, stability, and foreign exchange controls</li> <li>▪ Infrastructure: power supply, transportation, port, storage</li> </ul>	<b>Materials and labour</b>	<ul style="list-style-type: none"> <li>▪ Paddy, packaging, utility and labour</li> <li>▪ Processing capabilities</li> <li>▪ Labour and employment overview, incl. expatriate rules, local conditions, wage rates etc.</li> </ul>
<b>Agronomics</b>	<ul style="list-style-type: none"> <li>▪ Climatic conditions</li> <li>▪ Split between export and domestic volumes</li> <li>▪ Varietal types currently grown</li> <li>▪ Crop price history</li> <li>▪ Farming techniques</li> <li>▪ Yield horizon</li> </ul>	<b>Ownership options / governance</b>	<ul style="list-style-type: none"> <li>▪ Whether available ownership options in the country suit SunRice's strategy: <ul style="list-style-type: none"> <li>– Greenfield / wholly-owned</li> <li>– Collaborative buyer</li> <li>– Packing JV</li> <li>– Marketing JV</li> <li>– Milling JV</li> </ul> </li> </ul>



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There is a tremendous amount of work that's going on in this area.

As you can on screen, our analysis spans everything from the political environment and agronomics that exist in a new market to the business environment, access to materials and labour and ownership options.



In summary, SunRice is operating in a dynamic global business environment.

We face challenges with respect to crop availability and competition from large multinationals in many markets.

However, as I hope I've shared with you in my presentation, we also have before us a significant opportunity to secure our market position and expand our global presence.



Changing the way we fund SunRice to overcome these challenges and pursue the opportunities I've outlined is at the heart of the Capital Restructure process that the Board has undertaken.

We now have an opportunity to reshape our structure:

- To create a strong, independent, Australian-controlled food business of scale on our terms...
- That can more effectively compete in global markets to benefit all growers and shareholders.

However this investment will require access to a larger pool of equity capital than is currently available to us, which is why the Board has developed the new Capital Restructure for your consideration.

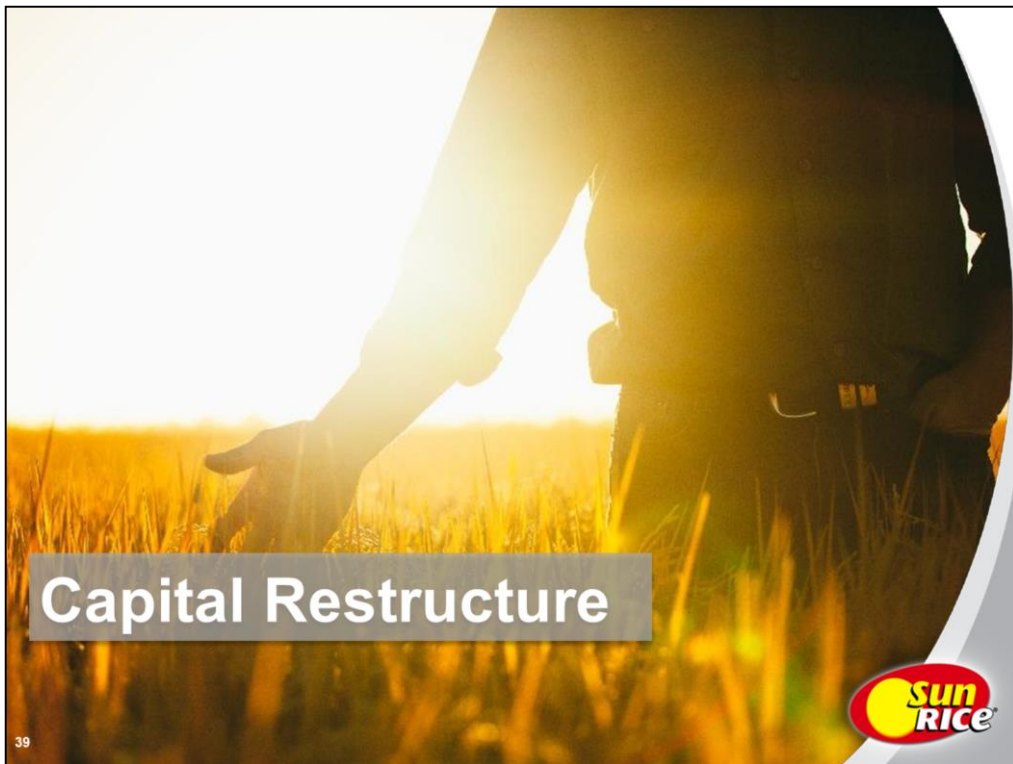
Before I ask Laurie to come back to talk about the model, I'd like to stop and open the meeting to questions on the Group Strategy and the material I've just presented.



## Q&A / Discussion



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I'd now like to discuss a number of key points regarding the Capital Restructure.

## IMPORTANT NOTICES

These materials have been prepared by SunRice for the sole purpose of providing preliminary information to its shareholders and growers on a proposed new capital structure for SunRice. The proposed capital structure is subject to, amongst other things, shareholder and court approval. Full details of the proposed capital structure will be provided to shareholders in a Restructure Booklet, before shareholders are required to make a decision on the proposed new capital structure. Nothing in these materials constitutes an offer, intended offer, invitation to offer or recommendation, in any place, to acquire shares in SunRice (or any interest in them) or securities in the fund that would be established if the proposed capital structure is implemented, or constitutes any financial product advice. These materials do not contain all information that would be required in an explanatory statement or product disclosure statement prepared in accordance with the requirements of the *Corporations Act 2001* (Cth) (**Corporations Act**). Any offer of shares or securities made by SunRice as part of the capital restructuring will be made in a document prepared in accordance with the disclosure and other requirements of the *Corporations Act*.

SunRice has engaged in discussions with the Australian Securities and Investments Commission (**ASIC**), Australian Securities Exchange (**ASX**) and Australian Taxation Office (**ATO**) in relation to the proposed capital structure. However, ASIC, ASX and ATO have not expressed their final views in relation to the proposed capital structure and their final views will be subject to further information and final documents being provided to them.

These materials have been lodged with the National Stock Exchange of Australia (**NSX**).

None of ASIC, ASX, ATO or NSX, or any of their respective officers, endorses or takes any responsibility for the contents of these materials or the proposed capital restructuring.

These materials contain forward looking statements, which may sometimes be identified by the use of forward looking words such as "believe", "aim", "expect", "anticipate", "intend", "likely", "should", "planned", "may", "estimate", "potential" or similar words or phrases. Similarly, statements that describe SunRice's objectives, plans, goals or expectations are or may be forward looking statements. All forward looking statements in these materials reflect views held as at the date of these materials. However, forward looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, events, performance or achievements to be materially different from expected future results, events, performance or achievements expressed or implied by those statements. None of SunRice or its directors or officers, or any other person gives any representation, assurance or guarantee that the results, events, performance or achievements expressed or implied in any forward looking statements in these materials will actually occur and you are cautioned not to place undue reliance on such statements.

The information in these materials is general in nature and does not take into account the investment objectives, financial situation or particular needs of any shareholder or any other person. If in doubt, you should seek consult your own financial or other professional advisor.



Before we go any further I need to acknowledge the Important Notices on screen. I encourage you to read this statement in full at your leisure. You'll find this material in the online version of this presentation, which can be found on the NSX and the SunRice website.

## Capital Restructure

- Strong shareholder support
- Vote scheduled for 16 March 2016
- Significant time and resources invested to deliver enduring grower shareholder control, while equipping SunRice for the future




As I said in my opening address, we have received strong shareholder support for the proposed model the Board has put forward.

Given this support, the Board has announced it is moving to a shareholder vote, scheduled for 16 March 2016.

The Capital Structure Review process has been comprehensive, with significant time and resources invested to deliver enduring grower shareholder control, while equipping SunRice for the future.


I'd like to now play a short video providing a summary of the Restructure, including the key changes and advantages and disadvantages of the new model.

Following that I'll touch on a few key topics and give an overview of the timeline before opening the meeting to questions again.



The video player displays a title card for "SUNRICE CAPITAL RESTRUCTURE" with the subtitle "SHAREHOLDER INFORMATION | NOVEMBER 2015". The background of the video is a golden field of rice under a warm, hazy sky. The SunRice logo is centered below the text. The video player interface includes a progress bar at the bottom of the video frame, showing a duration of 00:02 and standard playback controls.

<https://www.sunrice.com.au/corporate/investors/capital-structure-review/proposed-new-capital-restructure/>



Video can be accessed on the SunRice website:

<https://www.sunrice.com.au/corporate/investors/capital-structure-review/proposed-new-capital-restructure/>

### Capital Restructure in summary

- SunRice and A Class Shares will not be NOT be listed on the ASX
- A separate entity called the SunRice Fund will be listed on the ASX and SunRice B Securities will be traded on the ASX
- 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
- Upon implementation, investors generally, including existing shareholders, will be able to buy and sell SunRice B Securities
- Investors will come into the structure knowing they are only acquiring the right to receive a Dividend from SunRice and have no control rights over the business
- There will be NO fundamental change to A Class Shares or A Class shareholder control and the SunRice business will remain as it is today, with the same Board, management and operating structure
- The only way control rights over SunRice can change is in exactly the same way as it would today, through a 75% majority vote of A Class grower shareholders



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In summarising the Capital Restructure, I'd like to make the following key points:

- SunRice and your A Class Shares will not be NOT be listed on the ASX.
- A separate entity called the SunRice Fund will be listed on the ASX and interests in that Fund – called SunRice B Securities – will be traded on the ASX, instead of B Class Shares on the NSX.
- 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.
- Upon implementation, investors generally, including existing shareholders, will be able to buy and sell SunRice B Securities.
- Investors will come into the structure knowing they are only acquiring the right to receive a dividend from SunRice and have no control rights over SunRice itself.
- The B Preference Shares held by the SunRice Fund only have voting rights in SunRice on matters that seek to vary the rights of those shares, which is consistent with the limited voting rights that B Class Shareholders have

today.

- There will be NO fundamental change to A Class Shares or A Class Shareholder control and the SunRice business will remain as it is today, with the same Board, management and operating structure.
- The only way control rights over SunRice can change is in exactly the same way as it would today, through a 75% majority vote of A Class grower Shareholders.

## Capital Raising and Security Purchase Plans

- Capital is not required immediately
- Existing shareholders will be given every opportunity where possible to invest in SunRice and participate in any future capital raisings
- After the Restructure, SunRice intends to resume the Dividend Reinvestment Plan and develop new Security Purchase Plans for employees and growers
- Under the proposed Grower Security Purchase Plan:
  - Growers will be able to reinvest a proportion of their paddy return to acquire B Securities
  - Participation will be optional
  - The proportion of your paddy return that can be reinvested and the price at which the B Securities can be purchased will be set by the Board from time to time
  - The price at which B Securities can be acquired is likely to incorporate a discount to the prevailing market price, to provide an incentive to participation



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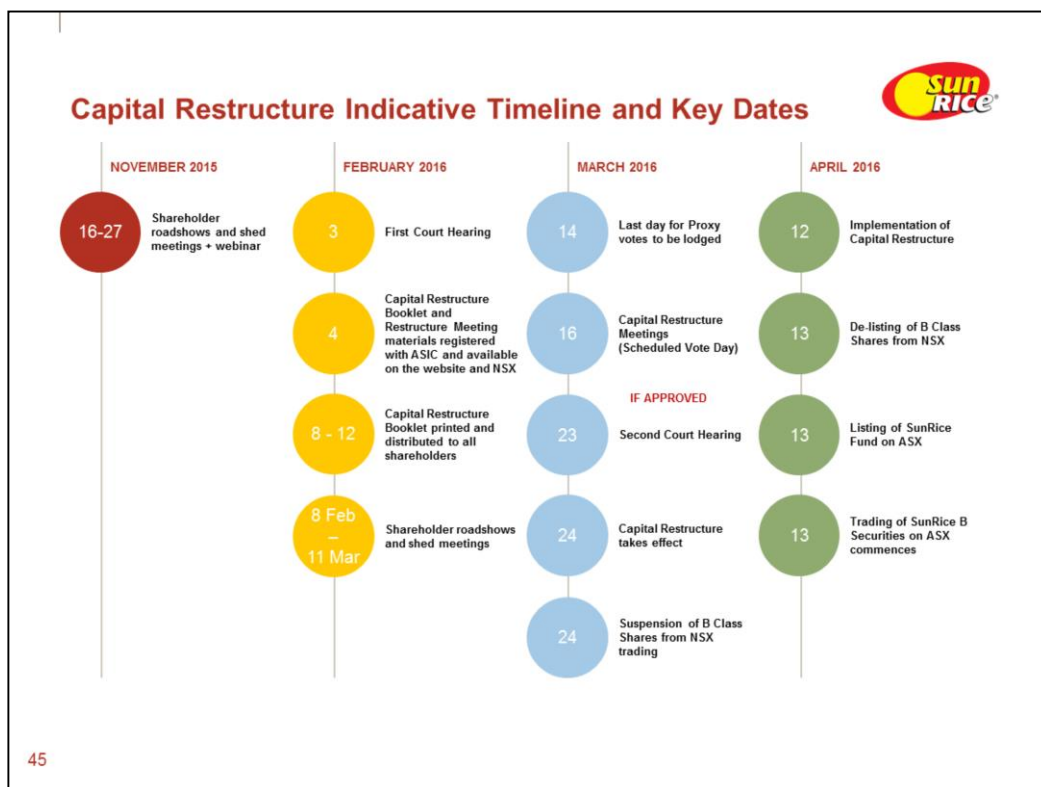
As we've said previously, capital is not required immediately. The Restructure is designed to ensure we can access additional capital in a timely manner and on more beneficial terms, when we do need it in the future.

Importantly, existing shareholders will be given every opportunity where possible to invest in SunRice and participate in any future capital raisings.

As I mentioned, if the Capital Restructure is implemented, we intend to resume the Dividend Reinvestment Plan and also develop new plans to allow employees and growers to invest in SunRice.

While the detail of these plans will be developed at a later date, the following general principles will apply to the proposed Grower Security Purchase Plan:

- Growers will be able to reinvest a proportion of their paddy return to acquire B Securities;
- Participation will be optional;
- The proportion of your paddy return that can be reinvested and the price at which the B Securities can be purchased will be set by the Board from time to time; and
- The price at which B Securities can be acquired is likely to incorporate a discount to the prevailing market price, so as to provide an incentive to participation.



On screen is the indicative timeline and key dates for the Capital Restructure process moving forward.

These details may change, in accordance with the input of regulators or the court.

You will of course be updated of any change by way of direct communication from SunRice and via the National Stock Exchange.

### **Voting information and approvals**

- A Restructure Booklet will be sent to all shareholders in early 2016, including an Independent Expert's Report, detailed information on the Capital Restructure and the advantages and disadvantages of the model
- It is crucial that all Shareholders read this material in full and seek their own financial and other professional advice before voting
- Shareholders will be able to vote in person or by lodging proxy forms online or by fax or mail
- The Capital Restructure requires approvals by both A Class and B Class Shareholders and the Court. The Capital Restructure will not be implemented unless it is supported by:
  - 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
  - The Court approves the Implementation of the Scheme



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Finally, a Restructure Booklet will be sent to all shareholders in early 2016, including an Independent Expert's Report, detailed information on the Capital Restructure and the advantages and disadvantages of the model. There will also be a series of roadshows covering this detail in February and March ahead of the vote.

It is crucial that all Shareholders read this material in full and seek their own financial and other professional advice before voting.

Shareholders will be able to vote in person or by lodging proxy forms online or by fax or mail.

The Capital Restructure requires approvals by both A Class and B Class shareholders and the Court. The Capital Restructure will not be implemented unless it is supported by:

- A 75% majority of the each votes cast on the Shares held by A Class and B Class Shareholders;
- In the case of the Scheme Meeting, a majority (in number) of the B Class Shareholders who vote must also vote in favour of the Scheme Resolution; and
- The Court approves the Implementation of the Scheme.

To be clear, those majorities relate to actual votes cast, either in person or by proxy.

The Capital Restructure is a significant step in strengthening SunRice's future, and with it, your future as a shareholder and/or grower. With this in mind, the participation and vote of shareholders is critical.

I'd now be happy to take any questions about the Capital Restructure or process before making some closing comments.



## Q&A / Discussion



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**Laurie Arthur**  
**Chairman's Close**



### Equipping shareholders for the future

- The Board believes the Capital Restructure has the potential to deliver a number of benefits to SunRice and growers and shareholders:
  - **A Class grower shareholders:**  
SunRice will be better equipped to target new markets for Australian rice and optimise the paddy price per tonne for Riverina growers in good times and bad
  - **B Class investor shareholders:**  
Potential to unlock greater value for their investment in SunRice and provide greater flexibility for estate planning



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The Board and I firmly believe the Capital Restructure is an opportunity to retain grower control into the future while enhancing our future capacity to raise equity capital and build a business that can carry us forward for generations to come.

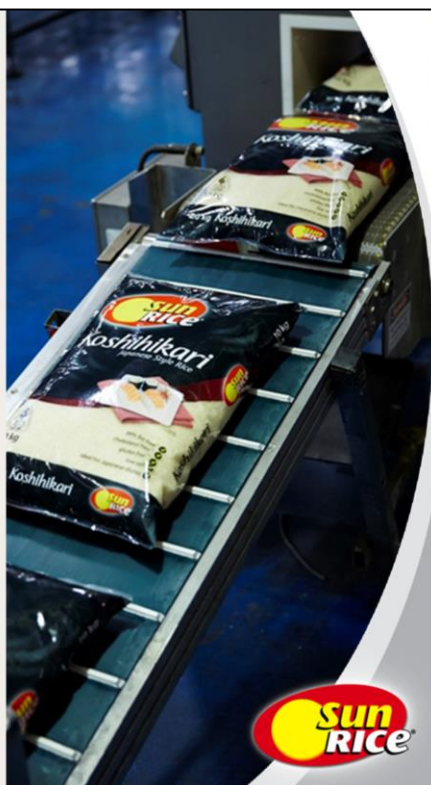
For A Class grower Shareholders, the Restructure represents an opportunity to more easily build and control a global food business of significant scale. A business that can better target new markets for Australian rice and optimize the paddy price per tonne for Riverina growers, in good times and bad.

For B Class Shareholders, the Restructure offers the potential to unlock greater value for your investment in SunRice and greater flexibility for estate planning, providing freedom to invest in SunRice's future and your own.

### Equipping SunRice for the future

- The Capital Restructure will give SunRice access to a deeper pool of capital than we have today to:
  - Fund new growth opportunities;
  - Better manage business risk; and
  - Develop greater resilience and balance sheet strength to withstand future downturns in crop or economic conditions
- Many of you have the potential to benefit on both counts
- Read the Restructure Booklet in full and seek financial and other professional advice before voting
- Shareholder Information Line: 1800 020 806 or visit [www.sunrice.com.au/corporate/investors](http://www.sunrice.com.au/corporate/investors)

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And for SunRice, the Restructure provides the opportunity to equip the company for the future, enabling us to:

- Invest for growth;
- Better manage business risk; and
- Have greater resilience and balance-sheet strength to withstand future downturns in crop or economic conditions.

As I said earlier, given approximately 68% of our B Class Shares are held by A Class shareholders – and every grower shareholder is also an investor shareholder - many of you will benefit on both counts.

The Directors and I have examined, pulled apart and tested every aspect of the proposed Capital Restructure at length. The Board is satisfied that – if implemented – this structure will increase value to both grower and investor shareholders, while delivering on the needs of our A Class shareholders.

Now it is your turn to satisfy yourself in the same way. Based on our timetable, a Capital Restructure Booklet will be issued to all shareholders in February 2016 ahead of shareholder meetings in March. Please take the time to read this, ask questions, review all the information available and seek your own financial and other professional advice.

Your vote is incredibly important and we ask that you consider not only what the Capital Restructure would mean for you, but what it would mean for your fellow shareholders and our business too.

We encourage you to stay on today and discuss the Capital Restructure in more detail with your Directors. If you have further questions or you'd like to host a small group or shed meeting next week please see Liane or Ange at the back of the room immediately after the meeting. I will be available most of next week to meet with you.

You can also continue to submit comments or ask questions – anonymously if you wish - via our Shareholder Information Line and website.



Thank you again for your time.