



PROSPECTUS 2017



For the issue of B Class Shares under the Grower Share Purchase Plan Offer (“GSPP Offer”)

The GSPP Offer closes at 5:00pm (Sydney time) on 17 November 2017.

The GSPP Offer is not underwritten.

THE SECURITIES OFFERED PURSUANT TO THIS PROSPECTUS ARE NOT BEING OFFERED ON THE BASIS OF THE ELECTRONIC PROSPECTUS DISPLAYED. SECURITIES WILL ONLY BE ISSUED AND ALLOTTED ON THE BASIS OF AN APPLICATION FORM TO BE ISSUED TO ELIGIBLE GROWERS TOGETHER WITH THIS PROSPECTUS.

This document is a transaction-specific prospectus issued in accordance with section 713 of the Corporations Act. It contains important information about the GSPP Offer. You should read this document in its entirety before making any investment decision. If after reading this document, you have any questions about the GSPP Offer, you should speak to your professional adviser.

IMPORTANT NOTICE

This Prospectus is dated 11 September 2017 and was lodged with ASIC on that date. Applications will be made for listing of the New Shares offered by this Prospectus to the NSX. The fact that NSX may list the New Shares is not to be taken in any way as an indication of the merits of the Company or the New Shares. The NSX takes no responsibility for the contents of this Prospectus, makes no representations as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon any part of the contents of this Prospectus. Neither ASIC nor any of its officers takes any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

It is important that you read this Prospectus carefully and in full before deciding whether to subscribe for New Shares and investing (in the case of existing Shareholders, investing further) in the Company pursuant to the GSPP Offer. In particular, you should consider the risk factors that could affect the financial performance of the Company in light of your personal circumstances (including financial and taxation issues). This Prospectus does not provide investment advice and has been prepared without taking into account your financial objectives, financial situation or particular needs (including financial or taxation issues). You should seek professional investment advice if you have any questions about any matter contained in this Prospectus.

Certain terms and abbreviations used in this Prospectus have defined meanings, which are explained in the Glossary at Section 7. In this Prospectus, the words "the Company", "SunRice", "we", "our" and "us" refer to Ricegrowers Limited. The words "you" or "your" refer to persons to whom the GSPP Offer is made, being Eligible Growers.

No securities will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus, being the expiry date of this Prospectus. Application for quotation of the New Shares will be made to the NSX within seven days after the date of this Prospectus.

This Prospectus is a transaction specific prospectus for an offer to acquire continuously quoted securities (as defined in the Corporations Act). The Company is an NSX listed company whose B Class Shares have been granted official quotation by NSX. In preparing this Prospectus regard has been had to the fact that we are a disclosing entity for the purposes of the Corporations Act and that certain matters may reasonably be expected to be known to investors and the professional advisers who investors may consult. This Prospectus has been prepared in accordance with section 713 of the Corporations Act and does not contain all the information that an investor would find in a prospectus in connection with an initial public offering. Nevertheless, this Prospectus contains important information in connection with the rights and liabilities attaching to the New Shares and the effect of the GSPP Offer on the Company and requires your immediate attention.

No person is authorised to give any information or to make any representations in connection with the GSPP Offer that is not contained in this Prospectus. Any information or representation that is not contained in this Prospectus may not be relied upon as having been authorised by any of the Directors or by the Company.

Future matters and intentions

This Prospectus contains both historical and forward-looking statements. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. These statements may sometimes be identified by the use of forward-looking words such as "believe", "aim", "expect", "anticipate", "intending", "foreseeing", "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 this Prospectus reflect the current expectations of SunRice concerning future results and events. These forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements to be materially different from expected future results, performance or achievements expressed or implied by those statements. Any forward-looking statements reflect views held as at the date of this Prospectus. SunRice believes that the views reflected in any forward-looking statements are reasonable.

Please note however, that neither SunRice nor its directors or officers, or any other person gives any representation, assurance or guarantee that the events or achievement of results expressed or implied in any forward-looking statements in this Prospectus will actually occur. You are cautioned not to place undue reliance on such forward-looking statements and all subsequent written or oral forward-looking statements attributable to SunRice are qualified by this cautionary statement. Subject to any continuing obligations under law or the Listing Rules, SunRice gives no undertaking to update or revise any forward-looking statements after the date of this Prospectus to reflect any changes in expectations in relation thereto or any change in events, conditions or circumstances on which any such statement is based.

Restrictions on distribution

The GSPP Offer is made to Eligible Growers that are resident in Australia. This Prospectus does not constitute an offer in any overseas jurisdiction where it would be unlawful to make the GSPP Offer. You must ensure compliance with all laws of any country relevant to your Application. We will take the return of a completed Application Form as a representation by you that there has been no breach of any laws and that you are an Eligible Grower.

Please contact us if you wish to obtain a hard copy of this Prospectus free of charge (see Corporate Directory).

A copy of this Prospectus can be downloaded from our website at www.sunrice.com.au. If you access the electronic version of this Prospectus, you should ensure that you download and read the entire Prospectus. The electronic version of this Prospectus is only available to Australian residents.

This Prospectus (including the electronic version of this Prospectus) is not intended for, and should not be distributed to or retained by, any person other than an Eligible Grower.

Privacy Disclosure

By completing the Application Form accompanying this Prospectus, Applicants will be providing personally identifiable information to the Company, its officers, employees, agents, contractors and third party service providers (including the Share Registry) (collectively, **Collecting Parties**). The personal information collected may include (but is not limited to) the Applicant's full name, date of birth, addresses and phone numbers.

The collection and management of the Applicant's personal information is conducted in accordance with the *Privacy Act 1988* (Cth), which governs the use of a person's personal information and sets out principles governing the ways in which organisations should treat personal information. Personal information that the Collecting Parties collect from Applicants through their Application Forms is used to evaluate Applications and in the case of successful Applications, to issue securities in the Company to successful Applicants and provide services and appropriate administration in relation to those Applicants' security holdings in the Company. If the Collecting Parties are obliged to do so by law, Applicants' personal information will be passed on to other parties strictly in accordance with legal requirements. Once personal information is no longer needed for our records, the Collecting Parties will destroy or de-identify it.

By submitting an Application Form, each Applicant agrees that the Collecting Parties may use the personal information provided by an Applicant on the Application Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the Company and its related bodies corporate, agents, contractors and third party service providers, including the Share Registry, mailing houses and professional advisers and to the NSX and other regulatory authorities.

The Corporations Act requires the Company to include information about Shareholders (including name, address and details of the Shares held) in its public register and disclose such information to ASIC and persons inspecting the register. The information contained in the Company's public register must remain there even if that person ceases to be a Shareholder. Information contained in the Company's registers is also used to facilitate corporate communications (including the Company's financial results, annual report and other information that the Company may wish to communicate to its Shareholders) and for the purpose of compliance with legal and regulatory requirements.

If you do not provide the information required on the Application Form, the Collecting Parties (as relevant) may not be able to accept or process your Application.

Further information about the Company's management of personal information, including how an Applicant may request access to or seek the correction of his or her personal information or submit a complaint or a general privacy-related query, is contained in our Privacy Policy, available at www.sunrice.com.au/corporate/statements/privacy-policy/.

Currency and Time

All references in this Prospectus to dollar, cents, "\$" or "A\$" are to Australian currency, unless otherwise indicated. All references in this Prospectus to time are to the time in Sydney, New South Wales, Australia.

KEY DATES



TIMETABLE OF THE GSPP OFFER



MONDAY 11 SEPTEMBER 2017

Prospectus lodged with ASIC
Announcement of GSPP Offer and
lodgement of Prospectus with NSX



MONDAY 18 SEPTEMBER 2017

Anticipated despatch of Prospectus,
Application Forms and Direction
Forms to Eligible Growers



MONDAY 18 SEPTEMBER 2017

GSPP Offer opens (Opening Date)



TUESDAY 17 OCTOBER 2017

Last date for returning
Direction Form



FRIDAY 17 NOVEMBER 2017

Date for determining eligibility to
be issued New Shares under the
GSPP Offer (Record Date)



FRIDAY 17 NOVEMBER 2017

GSPP Offer closes (Closing Date)
(Last Date for returning
Application Form)



THURSDAY 23 NOVEMBER 2017

Issue of New Shares subscribed
for under the GSPP Offer



**NEW SHARES COMMENCE
TRADING ON NSX**

The above timetable is indicative only and is subject to change. Subject to the Corporations Act and the Listing Rules, the Company reserves the right to vary the dates in connection with the GSPP Offer, without prior notice. This may include extending the Closing Date of the GSPP Offer or accepting late acceptances, either generally or in particular cases. The Company also reserves the right not to continue with the GSPP Offer at any time before the allotment and issue of New Shares to successful Applicants. Eligible Growers are encouraged to submit their Applications as soon as possible.

Any material changes to the above timetable will be announced by the Company on its NSX announcements platform. The Company's announcements are accessible from NSX's website at www.nsx.com.au under the code "RGWB".

CHAIRMAN'S LETTER

Dear Grower / Shareholder,

The Board is pleased to offer Eligible Growers the opportunity to participate in the Grower Share Purchase Plan Offer (**GSPP Offer**).

The Board views the introduction of a Grower Share Purchase Plan (GSPP) as an important way of improving the alignment between A Class Shareholders and B Class Shareholders, by allowing our Eligible Growers to build an economic interest through a B Class Shareholding. The GSPP Offer also provides SunRice with an opportunity to raise a small amount of additional capital to enable the Company to pursue its growth strategy.

Details of the GSPP Offer

Under the GSPP Offer, Eligible Growers will have the opportunity to acquire B Class Shares. An "Eligible Grower" is a person who has delivered Paddy to the Company in C17 and holds an A Class Share or B Class Share, either in their own name or through their Approved Entity, on 17 November 2017.

Eligible Growers may, either in their own name or through their Approved Entity, subscribe for 1 New Share for every 1 tonne of Paddy delivered in the 2017 Crop at the Issue Price (see below).

Participation in the GSPP Offer is optional.

The Issue Price for the New Shares will be \$3.92 (**Issue Price**), which is calculated based on the VWAP of B Class Shares traded on NSX over the last 5 days on which B Class Shares were traded prior to 5 September 2017 (which is the last practical date prior to the date of this Prospectus, having regard to the limited trading volumes of B class shares on NSX), subject to a 2% discount. This is the same percentage discount that is applicable to the issue of B Class Shares under the Company's dividend reinvestment plan (DRP) in 2017.

The Application Money for New Shares under the GSPP Offer is payable either:

- by payment to SunRice by cheque, bank draft or electronic funds transfer (refer to Section 2.1(e) and the instructions on the Application Form for more information); and/or

- providing a written direction (**Direction Form**) to SunRice to apply all or part of the second payment payable by SunRice to you for the Paddy delivered by you in the 2017 Crop (**2017 Crop Second Payment**), which is due for payment on 24 October 2017. The Direction Form is attached to or accompanies this Prospectus.

Purpose of the GSPP Offer

A close connection with Growers supports an ongoing, sustainable supply of rice from the Riverina region. Maintenance of this connection and supply is important to SunRice as Riverina Rice and the Rice Pool business form the foundation of the SunRice Group and is a key part of the SunRice Group's strategy.

The GSPP Offer is designed to encourage a closer connection between SunRice and Growers by enabling Eligible Growers to apply part of their Paddy Price to acquire B Class Shares. The Board considers this is particularly important to assist new (and often young) Eligible Growers to build a shareholding in the Company, especially in the context of the requirement of A Class Shareholders to acquire at least 3,000 B Class Shares.

Given the relative illiquid and infrequent trading of B Class Shares on the NSX, the GSPP Offer also provides an alternative opportunity for our Growers to invest in B Class Shares besides acquiring these on the open market.

The Board believes that the GSPP is an effective tool to assist Eligible Growers in building their investment in B Class Shares and to raise a small amount of additional capital for the business. Therefore, depending on the circumstances at the time, the Board envisages that the GSPP will be offered annually. However, the GSPP's eventual success in achieving these outcomes will require your support and participation.

Action for Eligible Growers

The Directors encourage Eligible Growers to read this Prospectus in its entirety before making any decision as to whether to further invest in the Company. You should seek professional investment advice if you have any queries in relation to the GSPP Offer.

If you are intending to direct SunRice to apply all or part of your 2017 Crop Second Payment, then you will need to return your completed Direction Form by 5.00pm (Sydney time) on Tuesday, 17 October 2017.

Please also note the following:

- if you have taken part in the CBA Early Financing for the 2017 Crop, you will not have funds available from your 2017 Crop Second Payment to apply as payment for Application Money under the GSPP Offer; and
- if you have any outstanding deductions, your 2017 Crop Second Payment will need to be applied to these deductions before it can be applied to pay the Application Money under the GSPP Offer.

If you have any questions regarding the CBA Early Financing or your 2017 Crop Second Payment amount, please contact Grower Services on 1800 654 557.

If you miss returning your completed Direction Form by 5.00 pm (Sydney time) on Tuesday, 17 October 2017, have taken part in the CBA Early Financing, or have insufficient funds from your 2017 Crop Second Payment after outstanding deductions, you can still submit an Application for New Shares under the GSPP Offer by the Closing Date of 5.00 pm (Sydney time) on Friday, 17 November 2017, but you will need to pay the Application Money (or part thereof) to SunRice by cheque, bank draft or electronic funds transfer as set out in the instructions on the Application Form.

In either case, to participate in the GSPP Offer, you must return your completed Application Form to the Share Registry by the Closing Date.

The Board takes this opportunity to thank all Growers for your support and involvement with the Company in the past. The Board looks forward to your continued support in the future.

Yours sincerely



Laurie Arthur
Chairman

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1. OVERVIEW OF INVESTMENT

Key Terms of the GSPP Offer

| Question | Answer | Further Details |
|---|---|-----------------|
| Who is the issuer of this Prospectus? | Ricegrowers Limited (ABN 55 007 481 156) (NSX Code: RGWB) (Company or SunRice) . | |
| What is the GSPP Offer? | <p>The Company is offering Eligible Growers the opportunity to acquire B Class Shares under a Grower Share Purchase Plan (GSPP Offer).</p> <p>Eligible Growers may, either in their own name or through their Approved Entity, subscribe for 1 New Share for every 1 tonne of Paddy delivered in the 2017 Crop (C17) at the Issue Price (see below).</p> <p>Participation in the GSPP Offer is optional.</p> <p>The Application Money for New Shares under the GSPP Offer is payable either:</p> <ul style="list-style-type: none">• by payment to SunRice by cheque, bank draft or electronic funds transfer in accordance with the instructions on the Application Form; and/or• providing a written direction (Direction Form) to SunRice to apply all or part of the second payment payable by SunRice to you for the Paddy delivered by you in C17 (2017 Crop Second Payment), which is due for payment on 24 October 2017. The Direction Form is attached to or accompanies this Prospectus. <p>The GSPP Offer is not underwritten, and has no minimum subscription level. The maximum number of New Shares to be issued pursuant to the GSPP Offer is equal to the aggregate number of tonnes of Paddy delivered to SunRice in C17 by Eligible Growers. As at the date of this Prospectus, it is estimated that approximately 802,000 tonnes of Paddy will be delivered in C17 in aggregate (including those tonnes which have already been delivered).¹</p> | Section 2.1 |
| Who is eligible to participate in the GSPP Offer? | <p>The GSPP Offer is made to Eligible Growers only.</p> <p>You are an Eligible Grower if you delivered Paddy to the Company in C17 and hold an A Class Share or B Class Share, either in your own name or through your Approved Entity, as at 5.00 pm (Sydney time) on Friday, 17 November 2017. In accordance with the Constitution, New Shares can only be issued to existing Shareholders or their Approved Entities. If you are a Grower and you don't currently hold an A Class Share, you may be eligible to apply for one. If you want to apply for New Shares in your Approved Entity you will need to identify this on the Application Form.</p> | Section 2.1(a) |
| What is the Issue Price for the New Shares? | New Shares are being offered for issue at an issue price of \$3.92 (Issue Price) , which is calculated based on the VWAP of B Class Shares traded on NSX over the last 5 days on which B Class Shares were traded prior to 5 September 2017 (which is the last practical date prior to the date of this Prospectus, having regard to the limited trading volumes of B class shares on NSX), subject to a 2% discount. This is the same percentage discount that is applicable to the issue of B Class Shares under the Company's dividend reinvestment plan (DRP) in 2017. | Section 2.1(d) |
| Will the New Shares be quoted on the NSX? | <p>Yes. The Company will make an application to the NSX for quotation of the New Shares no later than seven (7) days after the date of this Prospectus.</p> <p>Subject to approval, it is expected that normal trading of New Shares on the NSX will commence on Friday, 24 November 2017 (assuming the GSPP Offer closes at 5pm on Friday, 17 November 2017, as currently scheduled).</p> | Section 2.4(b) |

¹ Some of these tonnes may be delivered by Growers who will not be Eligible Growers and who would therefore not be entitled to participate in the GSPP Offer.

Key Terms of the GSPP Offer (continued)

| Question | Answer | Further Details |
|---|---|---------------------|
| How many New Shares can I apply for? | <p>You can subscribe for all or part of the number of New Shares set out in your enclosed personalised Application Form.</p> <p>However, New Shares will not be issued if it would result in you holding a number of B Class Shares which would exceed the Maximum Shareholding Restriction in the Constitution.</p> | |
| What is the Maximum Shareholding Restriction? | <p>The Maximum Shareholding Restriction is set out in rule 4.2 of the Constitution. It provides that a person cannot hold a number of B Class Shares that, when aggregated with any B Class Shares held by all Associates of that person, exceeds 5% of the total number of issued B Class Shares.</p> <p>New Shares under the GSPP Offer will not be allocated to a person to the extent that it would result in that person's holdings in B Class Shares exceeding the Maximum Shareholding Restriction. In such case, the Company may allocate a fewer number of New Shares to the Applicant than the number that they have applied for.</p> | Section 5.1(e) |
| What if I do not wish to subscribe for New Shares under the GSPP Offer? | <p>If you do not wish to subscribe for any New Shares under the GSPP Offer, you may do nothing and allow the GSPP Offer to lapse.</p> | |
| What are the minimum and maximum amounts that will be raised under the GSPP Offer? | <p>The maximum number of New Shares that will be issued under the GSPP Offer is equal to the aggregate number of tonnes of Paddy delivered to the Company in C17 by Eligible Growers. As at the date of this Prospectus, it is estimated that approximately 802,000 tonnes will be delivered in aggregate (including those which have already been delivered).² Based on a figure of 802,000 tonnes, the maximum amount that will be raised under the GSPP Offer is \$3.1 million before costs and expenses.</p> <p>There is no minimum subscription under the GSPP Offer, nor is the GSPP Offer underwritten.</p> | Section 3.3 and 3.4 |

2. Some of these tonnes may be delivered by Growers who will not be Eligible Growers and who would therefore not be entitled to participate in the GSPP Offer. However, as the Record Date for determining eligibility to participate in the GSPP Offer is not until after the date of this Prospectus, it is not possible to currently estimate how many tonnes of Paddy would be delivered by Growers who will not be Eligible Growers. However, it is expected that this number would not be significant.

Purpose and effect of the GSPP Offer

| Question | Answer | Further Details |
|--|---|-----------------|
| What is the purpose of the GSPP Offer? | <p>A close connection with Growers supports an ongoing, sustainable supply of rice from the Riverina region. Maintenance of this connection and supply is important to SunRice as Riverina Rice and the Rice Pool business form the foundation of the SunRice Group and is a key part of the SunRice Group's strategy.</p> <p>The GSPP Offer is designed to encourage a closer connection between SunRice and Growers by enabling Eligible Growers to apply part of their Paddy Price to acquire B Class Shares. The GSPP Offer is also intended to align with the opportunity given to B Class Shareholders to acquire B Class Shares under the Company's dividend reinvestment plan (DRP) for 2017.</p> | Section 3.1 |
| How will the proceeds of the GSPP Offer be used? | The proceeds of the GSPP Offer will be used to reduce debt and/or fund future growth. | Section 3.2 |
| What is the effect of the GSPP Offer on issued capital and cash reserves? | <p>If the GSPP Offer is fully subscribed (and based on an estimate that approximately 802,000 tonnes of Paddy will be delivered to the Company in C17),³ then the effect of the GSPP Offer on the Company's cash reserves and issued capital would be to:</p> <ul style="list-style-type: none">• increase the Company's cash reserves by \$3.1 million before the costs of the GSPP Offer.• increase the total number of B Class Shares on issue from 56,273,785 to 57,075,785. | Section 3.3 |
| What is the effect of the GSPP Offer on control of the Company? | B Class Shares do not entitle their holder to vote at general meetings of the Company. Accordingly, the issue of New Shares under the GSPP Offer will not have any impact on the control of the Company. | Section 3.4(b) |
| What is the maximum possible dilutionary effect of the GSPP Offer? | There are currently 56,273,785 B Class Shares on issue. Based on an estimate that approximately 802,000 tonnes of Paddy will be delivered to the Company in C17, ⁴ if the maximum number of New Shares offered under the GSPP Offer are issued, those New Shares would represent approximately 1.4% of the current number of B Class Shares on issue. | Section 3.4(a) |
| What are the key dates of the GSPP Offer? | See page 3 of this Prospectus – "Key Dates – Timetable of the GSPP Offer". | |

3. See footnote 2 on page 7.

4. See footnote 2 on page 7.

Key risks of a further investment in the Company

| Question | Answer | Further Details |
|--|--|-----------------|
| <p>What are the key risks of a further investment in the Company?</p> | <p>Shareholders are exposed to risks associated with SunRice, further information of which is set out in Section 4. Many of the circumstances giving rise to these risks are beyond the control of SunRice and are risks that already exist for the Company and its Shareholders. The key business risks are identified below:</p> <p>Sovereign risk:</p> <p>The SunRice Group operates in and conducts business with companies in a number of foreign countries. Political, legal, economic or social events in these countries have the potential to impact operational returns and the value of the SunRice Group's investment in those countries. Some of the countries the SunRice Group operates in or with are regarded as having high sovereign risk. A specific, potential sovereign risk has been identified in Papua New Guinea (PNG) where the possible introduction of a rice quota system has been raised at a political level.</p> <p>Global commodity markets:</p> <p>Rice is a globally traded commodity and fluctuations in its price impact the prices and margins SunRice can obtain while remaining competitive. While SunRice mitigates the impact of price through the use of branding, innovation, product mix and cost management, earnings volatility may still occur.</p> <p>Supply of rice:</p> <p>SunRice is exposed to fluctuations in the volume and quality of Riverina Rice, which can be affected by climatic and agronomic conditions and the availability and price of water.</p> <p>The maintenance of a sustainable supply of Riverina-grown rice is an essential part of SunRice's Group Strategy and underpins the strength of many of SunRice's brands, including in export and value-add markets, to which the Profit businesses have exposure.</p> <p>The quantity and quality of Riverina Rice grown and made available to SunRice directly impacts the Rice Pool business. In years where a small quantity of Riverina Rice is produced, adverse consequences may also flow through to the Profit businesses as a result of underutilisation of assets leading to under recovery of overheads. Prolonged underutilisation of assets may also result in an accelerated depreciation of the value of the assets for accounting purposes. The net impact on the Profit businesses will depend on the trading performance of those businesses, the crop size and local growing conditions.</p> <p>In years of low Riverina Rice production, SunRice's International Rice business has the potential to trade more globally-sourced rice which, if implemented profitably, will be to the benefit of the Group's Profit businesses. However, International Rice profits that would otherwise be available for Dividends may be used to supplement the Paddy Price to encourage production of the quantity of Riverina Rice required by the SunRice business for asset utilisation and to underpin the success of SunRice brands.</p> <p>The ability of SunRice to source rice from overseas suppliers is dependent upon a number of factors, including the availability of quality rice of the relevant grain type, global rice prices and the total shortfall of rice production in Australia relative to market demand.</p> | Section 4 |

Key risks of a further investment in the Company (continued)

| Question | Answer | Further Details |
|--|---|-----------------|
| <p>What are the key risks of a further investment in the Company? (Continued)</p> | <p>Water availability and pricing:</p> <p>The availability and price of irrigation water and the attractiveness of producing alternate crops may impact the quantity of Riverina Rice produced. The availability and price of irrigation water is affected by climatic conditions, regulatory issues and market forces.</p> <p>There have been substantial increases in the price of irrigation water for use in the production of Riverina Rice and this has led to some farmers using their water in other ways.</p> <p>Foreign exchange:</p> <p>The SunRice Group's consolidated results are composed of trading in foreign currencies for both imports and exports.</p> <p>Most of the exports are Australian rice-related and any foreign exchange movements are accounted for in the Rice Pool business and therefore impact the Paddy Price.</p> <p>In contrast, most of the imports are related to the Group's Profit businesses, both in Australia and overseas. These transactions may be adversely affected by foreign exchange rates in relation to a range of currencies including the US dollar, the Euro, Thai baht, the Solomon Islands dollar and the Papua New Guinea Kina.</p> <p>In summary, a depreciation in the Australian dollar will benefit the Rice Pool business, but would result in higher costs for the Profit businesses, which may be partially offset by the translation of foreign currency denominated operations to Australian dollars on consolidation.</p> <p>A specific foreign exchange risk arises in relation to Trukai Industries. Trukai Industries sells products in Papua New Guinean Kina and has to purchase US dollars to pay SunRice.</p> <p>Since Papua New Guinea fixed its currency in June 2014, liquidity in relation to the conversion of Kina into US dollars has reduced significantly. If the Kina to US dollar or Australian dollar exchange rate deteriorates significantly, any consequential currency losses could have a material effect on the SunRice Group's profit. The size of this potential impact will vary from time to time depending on the relevant exchange rate and the size of the inter-company trade receivable to Trukai Industries.</p> <p>Changes in customer demand:</p> <p>The SunRice Group sells its products to a range of major Australian and international companies. A significant change in the demand, or the price paid, for the SunRice Group's products by key customers may affect the SunRice Group's sales volumes and margins and thereby affect the revenue profitability and growth.</p> <p>Saleability of B Class Shares and determination of Share price:</p> <p>Whilst the B Class Shares are listed on the NSX, there is a limited market for B Class Shareholders to trade their Shares and the price of the B Class Shares may not fully reflect the underlying value of the Company. The fact that B Class Shareholders do not have the right to vote at general meetings may also impact on the availability of buyers and the price that they are prepared to pay.</p> <p>The price at which B Class Shares are traded may be influenced by a variety of factors.</p> | Section 4 |

Key risks of a further investment in the Company (continued)

| Question | Answer | Further Details |
|---|---|-----------------|
| What are the key risks of a further investment in the Company? (Continued) | <p>B Class Shareholder dilution:</p> <p>If you are an Eligible Grower with an existing B Class Shareholding and you do not participate in the GSPP Offer, your percentage holding of B Class Shares in the Company will be diluted as a result of the completion of the GSPP Offer. In addition, the issue of B Class Shares to Eligible Growers under the GSPP Offer will dilute B Class Shareholders who are not also Eligible Growers.</p> <p>However, the maximum number of B Class Shares that will be issued under the GSPP Offer will be equal to the aggregate number of tonnes of Paddy delivered to SunRice in C17 by Eligible Growers. Based on an estimated aggregate number of tonnes of 802,000⁵, if 802,000 B Class Shares were issued under the GSPP Offer, that number would represent only approximately 1.4% of the current number of B Class Shares on issue, and therefore, the dilutionary effect will not be significant.</p> <p>General stock market risks:</p> <p>There are risks associated with any investment in securities. The trading price of B Class Shares on the NSX may vary depending on the financial performance of SunRice and other external factors. There is no guarantee that there will continue to be a market for B Class Shares.</p> | Section 4 |

Additional Information

| Question | Answer | Further Details |
|--|---|-----------------|
| Is any brokerage, commission or stamp duty payable? | No brokerage, commission or stamp duty is payable by Applicants on acquisition of New Shares under the GSPP Offer. | Section 2.7 |
| What are the tax implications of investing in New Shares? | Shareholders may be subject to Australian tax on dividends and possibly capital gains tax on a future disposal. The tax consequences of any investment in New Shares will depend upon an investor's particular circumstances. Applicants should obtain their own tax advice prior to investing. | Section 2.6 |

WHERE CAN I FIND MORE INFORMATION?

TO FIND OUT MORE ABOUT THE GSPP OFFER, YOU SHOULD:



SPEAK to your stockbroker, solicitor, accountant or other independent professional adviser



REVIEW the Company's public announcements, which are accessible from NSX's website at www.nsx.com.au under the code "RGWB"



VISIT the Company's website at www.sunrice.com.au



SEEK information from the Company by contacting Lena Henman on (02) 6953 0404 or lhenman@sunrice.com.au



CONTACT Link Market Services, the Company's share registry, by calling 1800 237 764

2. DETAILS OF THE GSPP OFFER

2.1. Overview of the GSPP Offer

The Company is offering Eligible Growers the opportunity to acquire B Class Shares under a Grower Share Purchase Plan (**GSPP Offer**).

Under the GSPP Offer, Eligible Growers are entitled to subscribe, either in their own name or through their Approved Entity, for 1 New Share for every 1 tonne of Paddy delivered in C17, at an issue price of \$3.92 (Issue Price), which is calculated based on the VWAP of B Class Shares traded on NSX over the last 5 days on which B Class Shares were traded prior to 5 September 2017 (which is the last practical date prior to the date of this Prospectus, having regard to the limited trading volumes of B class shares on NSX), subject to a 2% discount. This is the same percentage discount that is applicable to the issue of B Class Shares under the Company's dividend reinvestment plan (DRP) in 2017. Participation in this Offer is optional.

The GSPP Offer is not underwritten, and has no minimum subscription level. The maximum number of New Shares to be issued pursuant to this Offer will be equal to the aggregate number of tonnes of Paddy delivered to the Company in C17 by Eligible Growers. It is estimated that this figure will be approximately 802,000.⁶

The Application Money for New Shares is payable either:

- by payment to SunRice by cheque, bank draft or electronic funds transfer in accordance with the instructions on the Application Form; and/or
- providing a written direction (**Direction Form**) to SunRice to apply part all or part of your 2017 Crop Second Payment. The Direction Form is attached to or accompanies this Prospectus.

Please also note the following:

- if you have taken part in the CBA Early Financing for the 2017 Crop, you will not have funds available from your 2017 Crop Second Payment to apply as payment for Application Money under the GSPP Offer; and
- if you have any outstanding deductions, your 2017 Crop Second Payment will need to be applied to these deductions before it can be applied to pay the Application Money under the GSPP Offer.

If you have any questions regarding the CBA Early Financing or your 2017 Crop Second Payment amount, please contact Grower Services on 1800 654 557.

(a) Eligibility to participate

All Eligible Growers are entitled to participate in the GSPP Offer. You are an Eligible Grower if you have delivered Paddy to the Company in C17 and hold an A Class Share or B Class Share, either in your own name or through your Approved Entity, as at 5.00 pm (Sydney time) on Friday, 17 November 2017. The maximum number of New Shares which you may subscribe for is shown in your personalised Application Form accompanying this Prospectus. When calculating this number, we have rounded fractions of a New Share to the nearest whole number.

In accordance with the Constitution, New Shares can only be issued to existing Shareholders or their Approved Entities. If you are a Grower and you don't currently hold an A Class Share, you may be eligible to apply for one. If you want to apply for New Shares in your Approved Entity you will need to identify this on the Application Form. New Shares will not be issued if it would result in you holding a number of B Class Shares which would exceed the Maximum Shareholding Restriction, as outlined in Section 5.1.

(b) Applications

If you are intending to pay the Application Money for your New Shares by directing SunRice to apply part of your 2017 Crop Second Payment, you must submit your Direction Form by not later than 5.00pm (Sydney time) on Tuesday, 17 October 2017. If you miss returning your completed Direction Form by 5.00 pm (Sydney time) on Tuesday, 17 October 2017, have taken part in the CBA Early Financing for the 2017 Crop, or have insufficient funds from your 2017 Crop Second Payment after outstanding deductions,

⁶ See footnote 2 on page 7.

2. DETAILS OF THE GSPP OFFER (CONTINUED)

you can still submit an Application for New Shares by the Closing Date, but you will need to pay the Application Money (or part thereof) to SunRice by cheque, bank draft or electronic funds transfer as set out in the instructions on the Application Form.

In any case, for your Application to be valid, the Company's Share Registry must receive your Application Form by no later than 5.00pm (Sydney time) on the Closing Date (which is currently scheduled to occur on Friday, 17 November 2017, unless otherwise varied by the Company). If you wish to apply for New Shares, you must submit an Application Form even if you have submitted a Direction Form.

Subject to the Corporations Act, Applications and payments made under the GSPP Offer may not be withdrawn once they have been received by or on behalf of the Company.

The Company reserves the right not to proceed with the whole or any part of the GSPP Offer at any time prior to the allotment of New Shares. In that event, Application Money received by or on behalf of the Company will be refunded without interest.

(c) Rights and liabilities attaching to New Shares

New Shares will be fully paid and will rank equally in all respects with the Company's existing issued B Class Shares. A summary of the material rights and liabilities attaching to B Class Shares under the Constitution is contained in Section 5.1. A full copy of the Constitution is available on the SunRice website at www.sunrice.com.au/corporate/policies-and-documentation.

(d) Issue price

The Issue Price for New Shares of \$3.92 represents a 2% discount to the VWAP of B Class Shares on the NSX over the last 5 days on which B Class Shares were traded prior to 5 September 2017.

The Issue Price under the GSPP Offer has been set by the Board after taking into account a number of factors, including:

- the percentage discount applicable to the issue of B Class Shares under the Company's dividend reinvestment plan (DRP) in 2017, which is the same percentage discount applied to the calculation of the Issue Price under the GSPP Offer;
- the prevailing market price over the last 5 days on which B Class Shares were traded prior to 5 September 2017 (which is the last practical date prior to the date of this Prospectus, having regard to the limited trading volumes of B class shares on NSX), being the same number of days on which B Class Shares were traded applicable to determining the issue price for B Class Shares under the Company's DRP in 2017; and
- professional advice on current market practices, with regard to discount rates and determining the prevailing market price.

For the highest and lowest closing market price of B Class Shares on NSX during the three months preceding the date of this Prospectus and the closing price of B Class Shares on the last day on which B Class Shares were traded prior to the date of announcement of the GSPP Offer and the date of this Prospectus, see Section 5.4.

2. DETAILS OF THE GSPP OFFER (CONTINUED)

(e) Payment

Unless otherwise agreed with the Company in writing, Application Money must be paid either:

- **By payment to SunRice as follows:**

- ***By cheque or bank draft made payable to "Ricegrowers Limited Share GSPP Offer"***

- The cheque or bank draft should be mailed together with your completed Application Form to:

- Ricegrowers Limited Share GSPP Offer
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 12351; or

- ***By electronic funds transfer directed to:***

- BSB: 062-028
Account: 11262085
Reference: Your Securityholder Reference Number (SRN), which can be found on your personalised Application Form
Account Name: PCPL – ITF Ricegrowers Limited Share GSPP Offer
Bank: Commonwealth Bank of Australia

and/or

- **providing a completed written direction (Direction Form) to SunRice to apply part of the 2017 Crop Second Payment**

- The Direction Form is attached to or accompanies this Prospectus. If you choose to pay via this method, you must ensure that your completed Direction Form is received by SunRice at the address stated in the instructions on the Direction Form by 5.00pm (Sydney time) on Tuesday, 17 October 2017. If you do not return the Direction Form by this date, have taken part in the CBA Early Financing, or have insufficient funds from your 2017 Crop Second Payment after outstanding deductions, you can still pay your Application Money (or part thereof) by cheque, bank draft or electronic funds transfer as referred to above by the Closing Date (which is currently scheduled to occur on Friday, 17 November 2017, unless otherwise varied by the Company).

Applicants must not forward cash. Receipts for payment will not be issued.

2.2. Allocation policy

The allocation of New Shares under the GSPP Offer will be determined by the Company in its absolute discretion. The Company may reject any Application, or allocate fewer New Shares than applied for at its absolute discretion. Without limiting this discretion, the intention of the Board is to, as far as possible, allocate to Applicants, the full number of New Shares applied for by the relevant Applicant (up to the number set out in the Applicant's personalised Application Form).

The amount of any Application Money relating to New Shares that are not allocated will be refunded to the Applicant (without interest).

New Shares will not be allocated to an Applicant to the extent that the issue would result in:

- the Applicant holding a number of B Class Shares which would exceed the Maximum Shareholding Restriction;
- a breach of any other provision of the Constitution (including if the Applicant is not entitled to be issued B Class Shares under the Company's Constitution – refer to Section 5.1(c)); or
- a breach of the Listing Rules or any applicable law.

2.3. Application Form

Acceptance of a completed Application Form by the Company creates a legally binding contract between the Applicant and the Company for the subscription by that Applicant and the issue by the Company to that Applicant of that number of New Shares as specified in that Application Form or accepted by the Company. The Application Form does not need to be signed to be a binding acceptance of the GSPP Offer.

If an Application Form is not completed correctly it may nevertheless be treated by the Company as valid. The Company's decision as to whether to treat the acceptance as valid and how to construe, amend or complete an Application Form is final.

2.4. Allotment and quotation

(a) Allotment of New Shares

The New Shares issued pursuant to the GSPP Offer are expected to be allotted and issued in accordance with the timetable set out in the 'Key Dates' Section on page 3. No Shares will be issued until NSX grants permission for quotation of the New Shares subscribed for under the GSPP Offer.

Pending the allotment and issue of New Shares, the Company will hold all Application Money on trust for you in a separate bank account. The Company will, however, be entitled to retain all interest that accrues on any Application Money it holds, whether or not the issue of New Shares takes place.

(b) Quotation by NSX

The Company will make an application to the NSX for quotation of the New Shares no later than seven (7) days after the date of this Prospectus. Subject to approval, it is expected that normal trading of New Shares on the NSX will commence on Friday, 24 November 2017 (assuming the GSPP Offer closes at 5pm on Friday, 17 November 2017, as currently scheduled).

If any New Shares are not granted quotation on the NSX within 3 months after the date of this Prospectus, or such longer period as is permitted by the Corporations Act, the Company will not issue those New Shares and the Application Money in respect of those New Shares will be refunded to you without interest as soon as practicable thereafter.

2.5. Holding Statement

The Company will mail Shareholding ownership statements to successful Applicants the following business day after the issue of New Shares.

2.6. Taxation

There may be taxation implications for Applicants arising from participation in the GSPP Offer and subscribing for New Shares. In general terms, if you elect to apply all or part of your 2017 Crop Second Payment to pay all or part of your Application Money for New Shares, the total amount of your 2017 Crop Second Payment will be deemed as taxable income as it would in the normal course. However, the taxation implications for each Applicant may vary depending on your individual circumstances. You should seek and rely on your own taxation advice regarding an investment in the Company. Neither the Company nor any of its officers, employees, agents and advisers accepts any liability or responsibility with respect to the taxation consequences for Applicants connected with the GSPP Offer or New Shares.

2.7. Brokerage, commission and stamp duty

No brokerage, commission or stamp duty is payable by Eligible Growers to subscribe for New Shares under the GSPP Offer.

2.8. Enquiries

GROWERS AND SHAREHOLDERS WITH QUERIES IN RELATION
TO THE GSPP OFFER MAY CONTACT:



The Company by contacting
Lena Henman on (02) 6953 0404
or lhenman@sunrice.com.au



The Share Registry by calling
the Ricegrowers Limited Investor
Information Line on 1800 237 764
(within Australia) or +61 1800 237
764 (outside Australia) at any time
from 8.30am to 5.30pm (Sydney
time) Monday to Friday.

3. PURPOSE AND EFFECT OF THE OFFER

3.1. Reasons for the GSPP Offer

A close connection with Growers supports an ongoing, sustainable supply of rice from the Riverina region. Maintenance of this connection and supply is important to SunRice as Riverina Rice and the Rice Pool business form the foundation of the SunRice Group and is a key part of the SunRice Group's strategy.

The GSPP Offer is designed to encourage a closer connection between SunRice and Growers by enabling Eligible Growers to apply part of their Paddy Price to acquire B Class Shares. The GSPP Offer is also intended to align with the opportunity given to B Class Shareholders to acquire B Class Shares under the Company's dividend reinvestment plan (DRP) for 2017.

3.2. Proposed Use of Funds

The proceeds of the GSPP Offer will be used to reduce debt and/or fund future growth.

3.3. Effect on the Company

Based on the assumptions referred to below, the principal effects of the GSPP Offer on the Company immediately after completion of the GSPP Offer will be to:

- increase the Company's cash reserves by up to \$3.1 million, before taking into account the costs and expenses of the GSPP Offer; and
- increase the total number of B Class Shares on issue from 56,273,785 to up to 57,075,785.

The assumptions relevant to the above statements are:

- it is estimated that approximately 802,000 tonnes of Paddy are delivered to the Company in aggregate in C17⁷; and
- the GSPP Offer is fully subscribed and the number of New Shares issued is 802,000.

The actual number of tonnes of Paddy delivered to the Company in aggregate in C17 by Eligible Growers and therefore, the number of New Shares available to be issued under the GSPP Offer, may vary.

A pro forma statement of financial position which includes figures from the last audited financial statement of the Company and identifies the effect of the Company raising \$3.1 million under the GSPP, is provided in Section 3.5. Given the small amount of funds that may potentially be raised under the GSPP Offer, the funds raised will not have a material impact on the financial position of the Company.

⁷ See footnote 2 on page 7.

3.4. Effect on capital structure

As at the date of this Prospectus, SunRice has the following Shares on issue.

| Class of Shares | Number of issued Shares as at the date of this Prospectus |
|------------------------|--|
| A Class Shares | 708 |
| B Class Shares | 56,273,785 |

The expected effect of the issue of New Shares under the GSPP Offer on the Company's issued share capital is detailed in the table below and is based on the assumptions referred to in Section 3.3. The exact number of New Shares that will be issued will depend on the actual number of New Shares subscribed for under the GSPP Offer.

| Class of Shares | Number of issued Shares after the GSPP Offer |
|------------------------|---|
| A Class Shares | 708 |
| B Class Shares | 57,075,785 |

The possible dilutionary effect of the issue of New Shares on Growers and Shareholders who do not participate, or who are ineligible to participate, in the GSPP Offer is outlined in Section 3.4(a).

(a) Effect on shareholdings in the Company

If you are a B Class Shareholder and you are not an Eligible Grower, or if you are an Eligible Grower with an existing B Class Shareholding but you do not subscribe for all of the New Shares specified in your Application Form, your percentage shareholding in the Company would be diluted as a result of the completion of the GSPP Offer. Based on an estimate that approximately 802,000 tonnes of Paddy will be delivered to the Company in C17⁸, the maximum number of New Shares which may be offered under the GSPP would represent approximately 1.4% of the current number of B Class Shares on issue.

The dilutionary effect on B Class Shareholders (who for whatever reason do not apply for New Shares under the GSPP Offer) of the issue of New Shares under the GSPP Offer, will depend on a combination of factors, including:

- the total number of B Class Shares on issue;
- whether that Shareholder is an Eligible Grower and the extent to which that Shareholder subscribes for New Shares under the GSPP Offer; and
- the extent to which other Eligible Growers subscribe for New Shares under the GSPP Offer.

(b) No effect on control

As B Class Shares do not entitle their holders the right to vote at any general meetings of the Company, the issue of New Shares will not affect control of the Company. The Company will remain to be controlled by the A Class Shareholders.

3.5. Pro forma Statement of financial position

To illustrate the effect of the GSPP Offer on the Company, a pro forma statement of financial position has been prepared based on the audited statement of financial position of the Company as at 30 April 2017 (April Balance Sheet). The table below shows:

- the April Balance Sheet;
- pro-forma adjustments to the April Balance Sheet to take into account the impact of the GSPP Offer as if the GSPP Offer were fully-subscribed (on the basis of 802,000 New Shares offered and issued); and
- pro-forma adjusted April Balance Sheet showing the impact of the pro-forma adjustments.

⁸ See footnote 2 on page 7.

3. PURPOSE AND EFFECT OF THE OFFER (CONTINUED)

Pro-forma statement of financial position

| Balance Sheet as at 30 April '17 | Total \$m | GSPP \$m | Total after GSPP \$m |
|----------------------------------|--------------|-------------|-------------------------|
| Property, Plant and Equipment | 217.0 | | 217.0 |
| Cash (60m) and Other | 98.0 | 3.1 | 101.1 |
| Receivables | 123.0 | | 123.0 |
| Inventories | 372.0 | | 372.0 |
| Total assets | 810.0 | 3.1 | 813.1 |
| Payables | 236.0 | | 236.0 |
| Borrowing | 145.0 | | 145.0 |
| Other Provisions | 24.0 | | 24.0 |
| Total liabilities | 405.0 | - | 405.0 |
| Equity | 405.0 | 3.1 | 408.1 |

The historical and pro-forma financial information presented above is in an abbreviated form, and does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements. A copy of the Company's 2017 Annual Report can be obtained free of charge by contacting the Company before the close of the GSPP Offer (see Section 5.2).

The above pro-forma adjusted April Balance Sheet has been prepared to show the impact on the financial position of the Company as set out in its last audited financial report of the following matters only:

- completion of the GSPP Offer, by way of full subscription, to raise \$3.1 million (on the basis of 802,000 New Shares offered and issued, and before expenses of the GSPP Offer) and 802,000 New Shares being issued as a result of the GSPP Offer; and
- expenses of the GSPP Offer (assuming full subscription at 802,000 New Shares) are estimated at \$85,000 and have been offset against proceeds of the GSPP Offer.

There are movements in the financial position of the Company from time to time in the ordinary course of business. However, given the small amount of funds that may potentially be raised under the GSPP Offer, the funds raised will not have a material impact on the financial position of the Company.

4. RISK FACTORS

4.1. Introduction

Every investment in shares in a company involves an element of risk. Before accepting any of the GSPP Offer, you should consider whether the New Shares are suitable securities for you to acquire, having regard to your own investment objectives and financial circumstances.

The business activities of SunRice give rise to a number of significant business and financial risks which are inherent in the Australian rice industry and the international market for rice foods. To minimise industry-specific risks the Company has established risk management procedures which are internally and externally reviewed on a regular basis. The factors detailed below should not be taken as an exhaustive list of the risks faced by the SunRice Group or its investors. These factors and others not specifically referred to may materially affect the profitability of the SunRice Group and the value of B Class Shares.

You should carefully consider the risks and uncertainties set out below and the information contained elsewhere in this Prospectus before you decide whether to apply for New Shares. This Section 4 has been prepared without taking into account your individual financial objectives, financial situation and particular needs. You should seek professional investment advice if you have any queries in relation to the GSPP Offer.

4.2. Business risks facing SunRice

(a) Sovereign Risk

The SunRice Group operates in and conducts business with companies in a number of foreign countries. Any political, legal, economic or social changes in these countries have the potential to impact operational returns and the value of the SunRice Group's investment in those countries. Some of these countries are regarded as having high sovereign risk. SunRice closely monitors changes in countries in which sovereign risk arises and takes proactive steps to mitigate its exposure.

A specific, potential sovereign risk has been identified in Papua New Guinea (**PNG**). The previous government of PNG had announced a policy involving the introduction of a rice import quota system, although the relevant legislation was not passed to implement the system. Following the recent elections in PNG, it is unclear if the current PNG government will adopt a similar policy and if so, whether the relevant legislation will be passed to implement such a quota system. If it were implemented, a rice quota system could significantly limit the quantity of rice that SunRice could import into PNG for sale to Trukai Industries.

Some of the overseas countries in which the SunRice Group conducts business have different business practices and are more susceptible to corruption, bribery and other criminal conduct. While SunRice has policies and controls in place to prevent the occurrence of such conduct, it cannot guarantee that those policies and controls will be effective. SunRice may incur fines or penalties, reputational damage or suffer other adverse consequences if it, or its staff or business partners are found to have been involved in such conduct.

(b) Supply of rice

SunRice is exposed to fluctuations in the volume and quality of rice supplied by Growers in the Riverina. Climatic and agronomic conditions and the availability and price of water can affect the quantity of rice grown.

The quantity and quality of Riverina Rice grown and made available to SunRice directly impacts the Rice Pool business. The Rice Pool business involves the milling, marketing and distribution of Riverina Rice through intermediaries to consumers and directly to food service and processing customers where the supply of Australian rice is a key driver of the economics of the business. In years when a small quantity of Riverina Rice is produced, adverse consequences may also flow to the Profit businesses as a result of underutilisation of assets leading to under recovery of overheads. Prolonged

4. RISK FACTORS (CONTINUED)

underutilisation of assets may also result in an accelerated depreciation of the value of the assets for accounting purposes. There is also the risk of being unable to supply established customers.

In years of low Riverina Rice production, SunRice's International Rice business has the potential to trade more globally-sourced rice which, if implemented profitably, will be to the benefit of the Group's Profit businesses. The Profit businesses involve the marketing and distribution of rice from all other non-Riverina sources through intermediaries to consumers, food services and processing customers where the economics of the business reflects profit generated as a result of managing supply and demand. However, International Rice profits that would otherwise be available for dividends may be used to supplement the Paddy Price to encourage production of the quantity of Riverina Rice required by the SunRice business. The net impact on the Profit businesses will depend on the trading performance of those businesses, the Australian crop size and local growing conditions.

The ability of SunRice to source rice from overseas suppliers is dependent upon a number of factors, including the availability of quality rice of the relevant grain type, global rice prices and the total shortfall of Riverina Rice production in Australia relative to market demand. The availability of rice from overseas producers is dependent upon a range of factors, including government regulation and climatic conditions in the relevant country.

SunRice closely monitors the anticipated level of production of Riverina Rice and gauges the extent to which rice needs to be sourced from overseas suppliers

(c) Global commodity markets

Rice is a globally traded commodity and fluctuations in its price impact the prices and margins SunRice can obtain while remaining competitive. While SunRice mitigates the impact of price through the use of branding, innovation, product mix and cost management, earnings volatility may still occur. SunRice has experience and knowledge of key global markets, including a presence in California through its subsidiary SunFoods LLC. This provides the Company with some insight into future rice production, open market pricing and marketing strategies. SunRice's Rice Pool business benefits directly from higher global medium grain rice prices, while SunRice's Profit businesses' profitability are influenced by the costs of the business (including the price paid for rice, transport, marketing and labour costs), and the price customers are prepared to pay for SunRice branded products.

It is relevant to note that, while the quantity of rice exported by SunRice is relatively small in relation to total quantity of rice traded internationally, SunRice accounts for more than 20% of the global trade in Japonica (medium grain) rice. The international prices for medium grain rice move separately from other varieties of rice such as long grain and basmati and are influenced by the quantity of medium grain rice exported by the countries in which medium grain rice is grown.

SunRice's International Rice business purchases and sells substantial volumes of rice sourced from overseas. In the course of these activities, SunRice contracts to purchase rice at set prices and then subsequently sells that rice as branded products or in a bulk form. This exposes SunRice to commodity price risk. International rice markets can also be adversely affected by tender requirements, tariffs and other trade barriers implemented by various countries.

(d) Water availability and pricing

The availability and price of irrigation water and the attractiveness of producing alternate crops may impact the quantity of Riverina Rice produced. The availability and price of irrigation water is, in turn, affected by climatic conditions, regulatory issues and market forces. There have been substantial increases in the price of irrigation water for use in the production of Riverina Rice and this has led to some farmers using their water in other ways.

In order to access irrigation water, farmers either need to hold perpetual water entitlements or purchase annual water allocations. The allocation yield from entitlements varies in response to prevailing climate conditions.

4. RISK FACTORS (CONTINUED)

(e) Foreign exchange

Depending on the quantity of Riverina Rice produced, SunRice exports a significant proportion of that rice from Australia and, as most overseas sales are denominated in US dollars or other foreign currencies, changes in the Australian dollar exchange rates can impact on the Australian dollar returns on those export sales. These risks primarily relate to the Rice Pool business.

The Profit businesses of the SunRice Group may also be adversely affected by foreign exchange rates in relation to a range of currencies including the US dollar, the Euro, Thai baht, the Solomon Islands dollar and the Papua New Guinean Kina. However, the impact is likely to vary between the various businesses and will depend on things such as the countries from which products are sourced (in the case of SunRice's subsidiary, Riviana Foods Pty Ltd) and the level of rice purchased from overseas sources.

The carrying value of the Group's assets and liabilities denominated in foreign currency and the translation of overseas businesses' results will also be impacted by any movement in exchange rates.

Specific foreign exchange risks arise in relation to SunRice's sales of rice to and investment in Trukai Industries in Papua New Guinea due to the fact that Trukai Industries sells products in Kina and then has to purchase US dollars in order to pay SunRice. Since Papua New Guinea fixed its currency in June 2014, liquidity in relation to the conversion of Kina into US dollars has reduced significantly. If the Kina to US dollar or Australian dollar exchange rate deteriorates significantly, any consequential currency losses could have a material effect on the Group profit. The size of this potential impact will vary from time to time depending on the relevant exchange rate and the size of the inter-company trade receivable to Trukai Industries.

The SunRice Group's foreign exchange risk management policy is to hedge where possible its foreign currency denominated exposure arising from future commercial transactions, at varying levels depending on the period to anticipated sales and purchases. It is not possible to hedge Kina foreign currency denominated exposure as foreign exchange contracts are not available in that currency. In summary, a depreciation in the Australian dollar will benefit the Rice Pool business, but would result in higher costs for the Profit businesses, which may be partially offset by the translation of foreign currency denominated operations to Australian dollars on consolidation.

(f) Debt facilities

SunRice is exposed to interest rate fluctuations on its debt facilities, with an increase in interest rates leading to an increase in the cost of servicing its borrowings. If this occurs, it may adversely affect SunRice's profitability and financial position and limit SunRice's ability to fund growth through further borrowings.

SunRice has various covenants under its debt facilities that could limit its future financial flexibility. If the SunRice Group's operating results deteriorate, SunRice may be unable to meet those covenants.

(g) Importation of milled rice into Australia

White milled rice is freely imported into Australia and some varieties such as Jasmine rice command significant market share especially in the food service channel. This imported rice is sold in the Australian market in competition to SunRice.

SunRice seeks to distinguish itself from competitors that market imported rice through its strong brands and supply channels. SunRice, through its subsidiary Rice Research Australia Pty Ltd, also focuses on developing high quality high yielding rice varieties to compete directly with imported rice. When supported by consistent brand building, and with a focus on its origins as Australian-grown from a safe source, this strategy seeks to counter the marketing of imported rice by competitors of SunRice.

(h) Change in customer demand

The SunRice Group sells its products to a range of major Australian and international companies including the major Australian supermarket chains. A significant change in the demand for, or the price paid for, the SunRice Group's products by key customers may affect the SunRice Group's sales volumes and margins and thereby adversely affect the SunRice Group's revenue, profitability and growth.

4. RISK FACTORS (CONTINUED)

Such change could arise from:

- A change in the customer's competitive position;
- The customer's strategy to increase sales of their private label products;
- Increased competition from other rice products; or
- A change in demand from consumers for the SunRice Group's products.

(i) New South Wales regulation and vesting of rice

Rice grown in New South Wales is subject to a vesting proclamation made under the Rice Marketing Act, the effect of which is to transfer legal ownership of rice from producers to the Rice Marketing Board (**RMB**). However, rice sold by producers to Authorised Buyers appointed by RMB is exempt from vesting. There are presently 11 Authorised Buyers, including SunRice. RMB attaches conditions to the terms on which Authorised Buyers are appointed and SunRice is the only Authorised Buyer with the right to export rice produced in New South Wales. This mechanism has established SunRice as the operator of the single export desk for rice produced in New South Wales. RMB and SunRice have entered into the Sole and Exclusive Export Agreement in relation to this role.

The Sole and Exclusive Export Agreement can be terminated on either party giving at least five years' prior written notice. It can also be terminated immediately by either party in the following circumstances:

- A party commits a material breach which is not remedied within 30 days after notice to remedy;
- The RMB is dissolved for whatever reason;
- There is a change of control of SunRice, or its subsidiary Australian Grain Storage Pty Ltd, without the prior written consent of the RMB;
- SunRice ceases to be an Authorised Buyer for any reason;
- Vesting is revoked or not renewed; or
- Either party suffers an insolvency event.

The Sole and Exclusive Export Agreement is subject to the continuation of vesting, as regulated by the NSW Government. The NSW Government has recently renewed vesting for a period of 5 years until 30 June 2022, with a recommendation that a review of the vesting policy occurs in 2020.

(j) Product and food safety

The SunRice Group's products, particularly the food products for human consumption, are subject to quality risks and contamination. In particular, improper processing, transportation or storage can affect the quality and safety of those products. SunRice has quality assurance policies and programs in place to address this risk.

An incident arising from or relating to the safety of the SunRice Group's products could cause significant financial and reputational damage to the SunRice Group.

SunRice must comply with various health, safety and packaging laws and regulations in relation to its food products in various jurisdictions. There is a risk that penalties and other liabilities may be imposed on SunRice if it commits any breach of these laws and regulations.

(k) Work health and safety

SunRice operates a number of manufacturing sites and is exposed to the risk of injury to its employees or contractors. If a workplace injury occurs and SunRice is found to have breached its obligations under work health and safety laws, it may be prosecuted and incur significant financial penalties. The SunRice Group may also be required to pay compensation in connection with a workplace injury and may suffer reputational damage and loss of production. This has the potential to adversely affect the SunRice Group. SunRice has work, health and safety policies and programs in place to address this risk.

Workplace health and safety is a key priority for SunRice, with substantial investment across many years in safety systems, training and equipment, as well as ongoing work underpinning the maintenance of relevant Occupational Health and Safety Management System Certification at all sites. In the past several years, investment has increased to incorporate new programs to engage operators at the Group's milling sites and to improve how SunRice supports employees in returning to work more effectively.

4. RISK FACTORS (CONTINUED)

(l) Environmental

The SunRice Group is subject to environmental laws and regulations in each of the jurisdictions in which it has manufacturing operations and requires various environmental licences to conduct its business. Any breach of these licences or applicable laws may have an adverse impact on the reputation or financial performance of the SunRice Group. SunRice has policies and programs in place to address this risk. Further, environmental legislation or licence conditions may be amended in the future and this could lead to the SunRice Group facing increased compliance costs in order to continue its operations.

(m) Businesses involving other shareholders

SunRice is involved in a number of businesses and entities that involve relationships with other shareholders, namely Trukai Industries and Aqaba Processing Company Ltd (a company incorporated in Jordan). If any of those joint venture relationships deteriorate or break down or the joint venture agreement is terminated, it may adversely affect the SunRice Group. There is also a risk that the financial performance and operating results of the relevant business may deteriorate. In particular, as these businesses operate in overseas countries, changes in the operating environment or regulatory requirements of the relevant country may adversely affect these businesses.

(n) Failure to successfully implement SunRice Group strategy

SunRice has a number of strategic priorities as part of the SunRice Group's strategy. There is a risk that the benefits associated with those strategic priorities may not occur due to a number of factors, including the failure by SunRice to properly execute its strategy, the failure of SunRice to access capital (debt or equity) on competitive terms, the failure of SunRice to achieve sufficient profitability to invest in its strategy, or overall economic or market conditions. Such failure, and the costs incurred in seeking to implement its strategy, may have an adverse effect on the SunRice Group's revenue, profitability and growth.

(o) Change in laws

SunRice is subject to local laws and regulations in each of the jurisdictions in which it operates. Future laws or regulations may also be introduced, or existing laws and regulations may be changed, which directly or indirectly impact on SunRice's business in the jurisdictions in which it operates, which could restrict or complicate SunRice's activities and increase its compliance costs.

(p) Litigation or claims

SunRice may be subject to litigation and other claims or disputes in the course of its business, including employment disputes, contractual disputes, indemnity claims, property damage, environmental claims, product liability claims, tax and personal claims. Claims may be made by government agencies or regulators in each of the jurisdictions in which SunRice operates. Such litigation, claims and disputes, including the costs of settling claims and any associated penalties, can adversely affect SunRice's business and its operational and financial performance.

4.3. General and specific market risks

(a) General stock market risks

There are risks associated with any investment in securities. The trading price of B Class Shares on the NSX may vary depending on the financial performance of SunRice and other external factors. There is no guarantee that there will continue to be an active market for B Class Shares.

(b) Saleability of B Class Shares and determination of Share price

SunRice is admitted to the official list of the NSX and its B Class Shares are officially quoted on NSX. The listing of the B Class Shares on the NSX enables B Class Shareholders to trade their Shares with other Shareholders (subject to the Maximum Shareholding Restriction). Although the B Class Shares are tradable on the NSX, there is a limited market for B Class Shareholders to trade their Shares and the price of the B Class Shares may not fully reflect the underlying value of the Company. The fact that B Class Shareholders do not have the right to vote at general meetings may also impact on the availability of buyers and the price that they are prepared to pay.

The price at which B Class Shares are traded may be influenced by a variety of factors including:

- the profitability and future prospects of the SunRice Group;
- the rate of dividend declared from time to time by the Board;
- the limited transactions as a result of the restricted pool of potential purchasers; and
- the limit on the number of B Class Shares that can be held by B Class Shareholders.

(c) B Class Shareholder dilution

If you are an Eligible Grower with an existing B Class Shareholding and you do not participate in the GSPP Offer, your percentage holding of B Class Shares in the Company will be diluted as a result of the completion of the GSPP Offer. In addition, the issue of B Class Shares to Eligible Growers under the GSPP Offer will dilute B Class Shareholders who are not also Eligible Growers. However, given that the maximum number of B Class Shares that will be issued under the GSPP Offer represents only 1.4% of the current number of B Class Shares on issue, the dilutionary effect will not be significant.

(d) Change in taxation law

There is potential for changes to taxation laws. Any change to the current rates of taxes imposed on SunRice (including in foreign jurisdictions in which it operates) may affect returns to B Class Shareholders. An interpretation of taxation laws by the relevant tax authority that is contrary to SunRice's view of those laws may increase the amount of tax to be paid. In addition, any change in tax rules and tax arrangements could have an adverse effect on the level of franking and B Class Shareholder returns.

(e) Force majeure events

Events may occur within or outside Australia that could impact upon global, Australian or other local economies relevant to SunRice's financial performance, the operations of SunRice and, as a result, the price of the B Class Shares. These events include but are not limited to, an outbreak of international hostilities, fires, floods, droughts, earthquakes, labour strikes, civil wars, natural disasters, acts of terrorism, outbreaks of disease or other natural or man-made events or occurrences that can have an adverse effect on the demand for SunRice's products and its ability to conduct business.

(f) Accounting standards

Australian Accounting Standards (**AAS**) are set by the Australian Accounting Standards Board (**AASB**) and are not within the control of SunRice or its directors. The AASB may, from time to time, introduce new or refined AAS, which may affect the future measurement and recognition of key income statement and balance sheet items. There is also a risk that interpretation of existing AAS, including those relating to the measurement and recognition of key income statement and balance sheet items may differ. Any changes to the AAS or to the interpretation of those standards may have an adverse effect on the reported financial performance and position of SunRice.

(g) General economic and financial market conditions

The performance of SunRice can be affected by a variety of general domestic and global economic and business conditions that are outside of the control of SunRice. Deterioration in general economic and financial market conditions can have a negative impact on the financial position of SunRice and the price of B Class Shares.

5. ADDITIONAL INFORMATION

5.1. Rights and liabilities attaching to B Class Shares

The rights and liabilities attaching to the B Class Shares arise from a combination of:

- the Constitution of the Company; and
- in certain circumstances, the Corporations Act and the Listing Rules.

(a) Dividend and distribution rights

B Class Shares confer the right on their holder:

- to receive dividends declared and other distributions made by the Company from time to time.
- to participate equally with other B Class Shareholders in the distribution of surplus funds on a winding up of the Company.

(b) Voting rights

B Class Shareholders have the right to receive notice of and attend any general meeting of the Company, but have no right to vote at general meetings. The right of B Class Shareholders to vote on matters relating to the Company is limited to circumstances where B Class Shareholders are required to approve a scheme of arrangement or other proposal involving a change to the rights attaching to B Class Shares.

However, each B Class Shareholder is entitled to accounts and other documents required to be sent to Shareholders pursuant to the Constitution, the Corporations Act, and the Listing Rules.

(c) Issue of B Class Shares

B Class Shares can only be issued to:

- A Class Shareholders or persons to whom the Directors have agreed to issue an A Class Share;
- persons who, at the time of the issue, are existing B Class Shareholders;
- Approved Entities of persons referred to above;
- participants under an Employee Share Plan; or
- RMB Equity Holders (no longer relevant for future issues of B Class Shares).

(d) Transfer of B Class Shares

B Class Shares can be transferred to another Shareholder or to an Approved Entity of a Shareholder (subject to the Maximum Shareholding Restriction). B Class Shares that vest in a person, such as an executor, trustee in bankruptcy or liquidator, upon the occurrence of a transmission event (such as death or bankruptcy of the Shareholder) are subject to the same limitations on transfer from that person, namely they can only be transferred to a Shareholder, or Approved Entity of a Shareholder.

(e) Maximum Shareholding Restriction

A person cannot hold a number of B Class Shares that, when aggregated with any B Class Shares held by all Associates of that person, exceeds 5% of the total number of issued B Class Shares.

(f) Non-redeemable

B Class Shares are not redeemable. B Class Shares may be bought back by the Company in accordance with the Corporations Act.

(g) Liability to pay issue price

B Class Shareholders are liable to pay the amount, if any, unpaid on B Class Shares. As all B Class Shares issued under this Prospectus will be fully paid, the holders of those Shares will have no liability in this respect.

5.2. Transaction specific Prospectus and continuous disclosure obligations

The Company is a disclosing entity under the Corporations Act and therefore is subject to regular reporting and disclosure obligations. Under those obligations, the Company is required to comply with all applicable continuous disclosure and reporting requirements in the Corporations Act and the Listing Rules. In particular, the Company must comply with the requirement to disclose to NSX any information held by the Company which a reasonable person would expect to have a material effect on the price or the value of the Company's securities.

As this Prospectus is a transaction specific prospectus issued under section 713 of the Corporations Act, it is required to contain information in relation to the effect of the GSPP Offer on the Company and the rights and liabilities attaching to the securities offered. This Prospectus is not required to provide information regarding the Company's assets and liabilities, financial position and performance, profits and losses or prospects on the basis that, as at the date of this Prospectus, the Company has not withheld from its continuous disclosure reporting any information about such matters that investors and their professional advisers would reasonably require to make an informed assessment of such matters and expect to find in this Prospectus.

Information that is already in the public domain has not been reported in this Prospectus other than to the extent considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act, confirms that:

- it is subject to regular reporting and disclosure obligations;
- copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, the offices of ASIC; and
- it will provide a copy of each of the following documents, free of charge, to any person on request provided the Company receives the request before the close of the GSPP Offer:
 - the annual financial report most recently lodged by the Company with ASIC;
 - any half-year financial report lodged with ASIC after lodgement of the annual financial report referred to above and before lodgement of this Prospectus with ASIC; and
 - any continuous disclosure notices given by the Company after the lodgement of the annual financial report referred to above and before the lodgement of this Prospectus with ASIC.

The Company lodged its latest annual report with ASIC and NSX on 21 July 2017. Since then, the Company has made the following announcements to NSX prior to the date of this Prospectus:

| Date | Description of announcement |
|----------|---|
| 07/09/17 | ASIC Form 484 – Issue of Shares |
| 07/09/17 | ASIC Form 484 – Cancellation of Shares |
| 05/09/17 | Notice of Change of Director's Interests – G Andeazza |
| 05/09/17 | Notice of Change of Director's Interests – J Bradford |
| 04/09/17 | Results of Meeting – Results of Meeting |
| 25/08/17 | Results of Meeting – 2017 AGM NSX Announcement |
| 25/08/17 | 2017 AGM CEO's Presentation |
| 25/08/17 | 2017 AGM Chairman's Presentation |
| 14/08/17 | Response to Price Query – 11th of August 2017 |
| 14/08/17 | NSX Price Query – 11th of August 2017 |
| 04/08/17 | SunRice Chairman's RGA AGM Presentation |
| 04/08/17 | Notice of Change of Director's Interests – L Vial |
| 04/08/17 | Quotation of Additional Securities |
| 03/08/17 | RGA Annual Conference – CEO Presentation |
| 03/08/17 | ASIC Form 484 – Issue of Shares |
| 03/08/17 | ASIC Form 484 – Cancellation of Shares |
| 02/08/17 | Rice Industry Leaders Forum – 5R Value Proposition |
| 02/08/17 | Grower Update No. 91 |
| 02/08/17 | Rice Industry Leaders Forum – Funding Options |
| 02/08/17 | Rice Industry Leaders Forum CEO Presentation |
| 24/07/17 | Proxy Form |
| 21/07/17 | Dividend Reinvestment Plan |

5.3. Capital Restructure

As previously disclosed, external factors impacting on the proposed Capital Restructure (including uncertainty regarding the potential implementation of PNG quotas, issues related to one of SunRice's subsidiary joint venture partners, and developing negative sentiment towards particular capital structures for listed agriculture companies) are expected to continue. However, the Board remains committed to considering options to enable SunRice to access capital from existing and new shareholders at the right price, at the right value and at the right time to build a global business of scale, reduce business risk and maintain commercial resilience.

5.4. Market price of Shares

The Company is a disclosing entity for the purposes of the Corporations Act and the B Class Shares are enhanced disclosure securities (ED Securities) quoted on the NSX.

The highest and lowest closing market price of the Company's Shares on NSX during the three (3) months immediately preceding the date of this Prospectus, are as follows:

| | Price | Date |
|---------|--------|----------------|
| Highest | \$4.30 | 14 August 2017 |
| Lowest | \$3.70 | 3 August 2017 |

The closing price of the Shares on the NSX on the last day on which B Class Shares were traded prior to the date of this Prospectus is as follows:

| | Price | Date |
|--------------------------------------|--------|----------------|
| Prior to the date of this Prospectus | \$4.30 | 14 August 2017 |

5.5. Board and Management

As at the date of this Prospectus, the Board consists of:

| Name | Position |
|----------------------|--|
| Mr. Laurie Arthur | Chairman and Non-Executive Director |
| Mr. Glen Andrezza | Non-Executive Director |
| Mr. John Bradford | Non-Executive Director |
| Mr. Ian Glasson | Non-Executive Independent Director |
| Mr. Rob Gordon | Executive Director and Chief Executive Officer |
| Mr. Noel Graham | Non-Executive Director |
| Ms. Gillian Kirkup | Non-Executive Director |
| Mr. Grant F Latta AM | Non-Executive Independent Director |
| Mr. Mark Robertson | Non-Executive Director |
| Dr. Leigh Vial | Non-Executive Director |

The profiles of each of the Directors are set out on pages 26 and 27 of the Company's 2017 Annual Report, which is accessible from the Company's website at www.sunrice.com.au or accessible from NSX's website at www.nsx.com.au under the code "RGWB".

You may also obtain a copy of the Company's 2017 Annual Report, free of charge, by contacting the Company before the close of the GSPP Offer (see Section 5.2).

None of the Directors has been the subject of any legal or disciplinary action or involved in the management of any company that has entered into any form of external administration because of insolvency.

5.6. Corporate Governance

The Board is responsible for the governance of the Company, and oversees its operational and financial performance. It sets strategic direction, establishes goals for management and assesses the achievement of those goals, determines the appropriate risk profile and monitors compliance in terms of regulatory and ethical standards. Copies of the Company's main corporate governance documents, including the Constitution, charters of the Board and Board committee and key policies are available on the Company's website at www.sunrice.com.au/corporate/corporate-governance.

Although the Company is not listed on the ASX, the Board has taken the view that the Company should, to the extent possible, comply with the ASX Corporate Governance Principles and Recommendations (3rd edition) published by the ASX Corporate Governance Council (**ASX Recommendations**). Accordingly, the Company voluntarily issues an annual Corporate Governance Statement which summarises the Company's main corporate governance practices and identifies the extent to which those practices do not comply with the ASX Recommendations. The 2017 Corporate Governance Statement can be found in the Company's 2017 Annual Report, a copy of which is available on the Company's website at www.sunrice.com.au.

5.7. Directors' Interests

(a) Interests of Directors

Other than as disclosed in the remainder of this Section 5.7, no Director holds, or has held at any time during the last two years, any interest in:

- the formation or promotion of the Company; or
- any property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Company or the GSPP Offer; or
- the GSPP Offer.

In addition, other than as disclosed in the remainder of this Section 5.7, no amounts have been paid or agreed to be paid by any person and no benefits have been given or agreed to be given by any person to a Director to induce him to become, or to qualify as, a Director or for services provided by a Director in connection with the formation or promotion of the Company or the GSPP Offer.

There are no persons proposed to be appointed as directors of the Company, as at the date of this Prospectus. There is no underwriter to the GSPP Offer.

(b) Directors' remuneration

Non-executive Directors receive remuneration within the fee pool approved by A Class Shareholders. At the Company's Annual General Meeting dated 23 August 2013, A Class Shareholders approved a fixed sum of \$1,100,000 as the total remuneration for non-executive Directors, including superannuation.

Directors are also entitled to be paid:

- travel and other expenses properly incurred in connection with the affairs of the Company, including attending and returning from general meetings or meetings of the Board or Board committees; and
- additional remuneration where a Director renders or is called upon to perform additional services or make any special exertions in connection with the affairs of the Company.

**5. ADDITIONAL INFORMATION
(CONTINUED)**

The remuneration of the Chief Executive Officer, Rob Gordon, comprises of a fixed component and an "at risk" component that is subject to short term and long term incentives.

Further details of the Directors' remuneration are set out in the Company's 2017 Annual Report.

(c) Interests in Shares

Under the Constitution, Grower Directors are required to hold (or be representative of an entity that holds) at least one A Class Share. Non-Grower Directors are not required to hold any Shares.

The Directors' interests in A and B Class Shares as at the date of this Prospectus are set out below.

| Director | A Class Shares | B Class Shares |
|----------------------|-----------------------|-----------------------|
| Mr. Laurie Arthur | 1 | 233,818 |
| Mr. Glen Andreazza | 1 | 80,279 |
| Mr. John Bradford | 1 | 30,663 |
| Mr. Ian Glasson | - | - |
| Mr. Rob Gordon | - | - |
| Mr. Noel Graham | 1 | 100,897 |
| Ms. Gillian Kirkup | 1 | 67,424 |
| Mr. Grant F Latta AM | - | 29,838 |
| Mr. Mark Robertson | 1 | 224,539 |
| Dr. Leigh Vial | 2 | 109,039 |

There are restrictions on Directors trading in the Company's Shares under the Company's Share Trading Policy. None of the Directors have traded in B Class Shares during the period of time used to determine the Issue Price under the GSPP Offer, notwithstanding that this period is within a trading window under the Company's Share Trading Policy.

At the Company's Annual General Meeting held on 25 August 2017, A Class Shareholders approved the participation by the Directors and each other related party of the Company in the GSPP Offer. Therefore, each Director who is an Eligible Grower will be entitled to participate in the GSPP Offer. Directors who are entitled to participate in the GSPP Offer intend to acquire New Shares under the GSPP Offer. This does not constitute a recommendation by any of the Directors in respect of the GSPP Offer. Eligible Growers should read this Prospectus in its entirety in light of their individual circumstances and financial objectives before making any decision as to whether to participate in the GSPP Offer.

The following table shows the total number of B Class Shares that each of the Directors (including through their respective companies) is entitled to acquire under the GSPP Offer.

| Director | Tonnes Delivered in C17 | Entitlement under the GSPP Offer |
|----------------------|--------------------------------|---|
| Mr. Laurie Arthur | 5,767 | 5,767 |
| Mr. Glen Andrezza | 1,503 | 1,503 |
| Mr. John Bradford | 757 | 757 |
| Mr. Ian Glasson | NIL | - |
| Mr. Rob Gordon | NIL | - |
| Mr. Noel Graham | 1,546 | 1,546 |
| Ms. Gillian Kirkup | 2,020 | 2,020 |
| Mr. Grant F Latta AM | NIL | - |
| Mr. Mark Robertson | 3,186 | 3,186 |
| Dr. Leigh Vial | 1,960 | 1,960 |

5.8. Interests of experts and advisers

Addisons has acted as legal advisers to the Company in relation to the GSPP Offer, and Link Market Services Limited has acted as the Company's share registry.

Other than as disclosed in this Prospectus, no expert, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of this Prospectus, nor any firm in which any of those persons is or was a partner nor any company in which any of those persons is or was associated with, has now, or has had, in the two year period ending on the date of this Prospectus, any interest in:

- the formation or promotion of the Company; or
- any property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Company or the GSPP Offer; or
- the GSPP Offer.

Other than as disclosed in this Prospectus, no amounts of any kind (whether in cash, securities or otherwise) have been paid or agreed to be paid to any expert, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of this Prospectus, or to any firm in which any of those persons is or was a partner or to any company in which any of those persons is or was associated with, for services rendered by that person in connection with the formation or promotion of the Company or the GSPP Offer.

5.9. Costs and Expenses

The costs and expenses connected to the GSPP Offer that are payable by the Company are estimated at approximately \$85,000.

The estimated costs and expenses of the GSPP Offer include legal fees in the amount of approximately \$53,000 (excluding GST and disbursements), share registry fees, printing costs and postage costs in the amount of approximately \$32,000 (excluding GST), ASIC fees and other miscellaneous expenses directly attributable to the GSPP Offer.

5.10. Consents

The following parties have given their written consent to be named in this Prospectus and for the inclusion of statements made by that party (as described below in the form and context in which they are included), and has not withdrawn such consent before lodgement of this Prospectus with ASIC.

Addisons has given and, as at the date of this Prospectus, has not withdrawn, its written consent to be named as the Company's legal advisers in this Prospectus, in the form and context in which it is named.

Link Market Services Limited has given and, as at the date of this Prospectus, has not withdrawn, its written consent to be named as Share Registry in this Prospectus, in the form and context in which it is named.

The parties referred to above in this Section 5.10:

- do not make, or purport to make, any statement in this Prospectus or any statement on which a statement made in this Prospectus is based, other than as specified in this Section 5.10;
- to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus; and
- have not authorised or caused the issue of this Prospectus.

5.11. Foreign Shareholders

The distribution of this Prospectus outside of Australia may be restricted by law and persons who come into possession of it should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may contravene applicable securities law. The Company disclaims all liabilities to such persons.

No action has been taken to register or qualify this Prospectus or any aspect of the GSPP Offer in any jurisdiction outside of Australia.

5.12. No modifications of the Corporations Act or the Listing Rules

The Company has not obtained any modifications or waivers of, or exemptions from, the Corporations Act or the Listing Rules in connection with the GSPP Offer.

6. DIRECTORS' AUTHORISATION AND CONSENT

This Prospectus is authorised by the Company and has been lodged with ASIC pursuant to section 718 of the Corporations Act.

Each Director has consented to the lodgement of this Prospectus with ASIC in accordance with section 720 of the Corporations Act and has not withdrawn that consent.

Dated: 11 September 2017

Signed for and on behalf of Ricegrowers Limited by

A handwritten signature in black ink, appearing to read 'L Arthur', written in a cursive style.

L Arthur
Chairman

7. GLOSSARY AND INTERPRETATION

7.1. Defined terms

Where the following terms are used in this Prospectus they have the following meanings:

| | |
|---------------------------------|--|
| 2017 Crop or C17 | The Riverina Rice crop harvested during 2017. This 2017 Crop will be accounted for by SunRice in its financial year from 1 May 2017 to 30 April 2018 (FY18). |
| 2017 Crop Second Payment | In relation to an Eligible Grower, the second payment payable by SunRice to that Eligible Grower for the Paddy delivered by the Eligible Grower in the 2017 Crop, which is due for payment on 24 October 2017. |
| A Class Shares | A Class Shares in the Company. |
| A Class Shareholder | A holder of an A Class Share. |
| Applicant | A person who submits an Application Form. |
| Application | An application for New Shares under the GSPP Offer. |
| Application Form | The application form attached to or accompanying this Prospectus, personalised for each Eligible Grower, which allows each Eligible Grower to apply for New Shares under the GSPP Offer. |
| Application Money | In respect of an Applicant, the Issue Price multiplied by the total number of New Shares applied for by the Applicant under an Application Form. |
| Approved Entity | In relation to a Shareholder or Joint Shareholder, the trustee (including a new or replacement trustee) of a superannuation fund: <ul style="list-style-type: none">• of which that Shareholder or Joint Shareholder is a beneficiary; and• that is approved by the Directors. |
| ASIC | Australian Securities and Investments Commission. |
| Associate | In relation to a person (“primary person”): <ul style="list-style-type: none">• if the primary person is a body corporate, a director or secretary of the body corporate, its related bodies corporate and a director or secretary of any of its related bodies corporate;• a person with whom the primary person has entered into, or proposes to enter into, a relevant agreement (as defined in the Corporations Act) for the purpose of controlling or influencing the composition of the board or the conduct of the company’s affairs; or• a person with whom the primary person is acting, or proposes to act, in concert in relation to the company’s affairs. |
| ASX | ASX Limited (ACN 008 624 691) or, if the context requires, the Australian Securities Exchange operated by it. |
| Authorised Buyer | An authorised buyer for rice produced in NSW, as appointed by the RMB under the Rice Marketing Act. |
| B Class Shares | B Class Shares in the Company. |
| B Class Shareholder | A holder of one or more B Class Shares. |
| Board | The board of directors of the Company as constituted from time to time. |
| Capital Restructure | The proposed capital restructure of SunRice previously disclosed, which contemplated the delisting of SunRice from the NSX and the listing of a SunRice Fund on the ASX. |
| Closing Date | The time and date at which the GSPP Offer expire, being 5.00pm (Sydney time), Friday, 17 November 2017, subject to the Company varying this time and/or date in accordance with the Corporations Act and the Listing Rules. |
| Company or SunRice | Ricegrowers Limited (ABN 55 007 481 156). |
| Constitution | The Constitution of the Company. |
| Corporations Act | The <i>Corporations Act 2001</i> (Cth). |
| Direction Form | The direction form attached to or accompanying this Prospectus, which allows each Eligible Grower to direct SunRice to apply all or part of the Eligible Grower’s 2017 Crop Second Payment (assuming that the Eligible Grower has not taken part in the CBA Early Financing for the 2017 Crop and there are sufficient funds available after any outstanding deductions) to pay that Eligible Grower’s Application Money (or part thereof). |
| Director | A director of the Company as at the date of this Prospectus. |
| Eligible Grower | Any person who has delivered Paddy to the Company in C17 and holds an A Class Share or B Class Share, either in their own name or through their Approved Entity, as at 5.00 pm (Sydney time) on Friday, 17 November 2017. |

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| Employee Share Plan | A plan approved by A Class Shareholders in general meeting under which B Class Shares may be issued to, or for the benefit of, employees or independent directors of the Company and its related bodies corporate. |
| Grower | A person who produces and supplies Paddy to the Company. |
| Grower Share Purchase Plan Offer or GSPP Offer | The invitation to Eligible Growers to apply for New Shares to be issued by SunRice, made pursuant to this Prospectus and as referred to in Section 2.1. |
| International Rice | The segment of SunRice's business that is involved in the marketing and distribution of rice from all other sources through intermediaries to consumers, food services and processing customers where the economics of the business reflects profit generated as a result of managing supply and demand. |
| Issue Price | The price payable to subscribe for each New Share, being \$3.92 (which has been calculated based on the VWAP of B Class Shares traded on NSX over the last 5 days on which B Class Shares were traded prior to 5 September 2017, subject to a 2% discount). |
| Listing Rules | The listing rules of the NSX. |
| Maximum Shareholding Restriction | The maximum shareholding restriction in the Constitution, under which a person cannot hold a number of B Class Shares that, when aggregated with any B Class Shares held by all Associates of that person, exceeds 5% of the total number of issued B Class Shares. |
| New Share | A new B Class Share to be issued by SunRice under the GSPP Offer. |
| NSX | National Stock Exchange of Australia Limited (ACN 000 902 063) or, if the context requires, the financial market operated by it. |
| Official List | The official list of the NSX. |
| Paddy | Rice in the form that is harvested, prior to any processing. |
| Paddy Price | The price payable by SunRice for Paddy. |
| Profit businesses | The businesses conducted by the SunRice Group, other than the Rice Pool business. |
| Prospectus | This prospectus dated 11 September 2017. |
| Record Date | The time and date for determining whether a person is an Eligible Grower, being 5.00 pm (Sydney time) on Friday, 17 November 2017. |
| Rice Marketing Act | The <i>Rice Marketing Act 1983</i> (NSW). |
| Rice Pool business | That segment of SunRice's business relating to the milling, marketing and selling of Riverina Rice. |
| Riverina Rice | Paddy produced in the Riverina region of NSW (and such other rice growing areas within Australia as the Board may determine from time to time). |
| RMB or Rice Marketing Board | Rice Marketing Board for the State of New South Wales. |
| RMB Capital Equity Rollover Scheme | The scheme designed and approved under section 65 of the Rice Marketing Act to raise funds for capital programs of RMB and make provision for repayments of certain deductions made by RMB from payments to growers of proceeds for rice delivered to RMB on and from 1 February 1993. |
| RMB Equity Holder | A person entitled to receive a payment from RMB under the RMB Capital Equity Rollover Scheme. |
| Share | A share in the issued capital of the Company. |
| Share Registry | The Company's share registry, being Link Market Services Limited (ACN 083 214 537). |
| Shareholder | A person registered with the Company as a holder of one or more A Class Shares or B Class Shares. |
| Sole and Exclusive Export Agreement | The Sole and Exclusive Export Agreement dated 28 June 2007 between SunRice, the RMB and Australian Grain Storage Pty Ltd (ACN 000 333 648) (formerly known as Riviana (Australia) Pty Ltd), as amended from time to time. |
| SunRice Group or Group | The Company and its subsidiaries. |
| Trukai Industries | Trukai Industries Limited, a company incorporated in Papua New Guinea. |
| VWAP of B Class Shares | The volume weighted average price of B Class Shares on the NSX, on a per B Class Share basis. |

7.2 Interpretation

In this Prospectus:

- (a)** the singular includes the plural and vice versa and a gender includes other genders;
- (b)** other grammatical forms of a defined word or expression have a corresponding meaning;
- (c)** words and phrases have the same meaning (if any) as given to them in the Corporations Act, other than as defined above;
- (d)** a reference to a Section is a reference to a section of this Prospectus;
- (e)** a reference to a document or agreement, includes the document or agreement as novated, altered, supplemented or replaced from time to time;
- (f)** a reference to any statute, regulation, proclamation, ordinance or by-law includes all statutes, regulations, proclamations, ordinances or by-laws amending, varying, consolidating or replacing it and a reference to a statute includes all regulations, proclamations, ordinances and by-laws issued under that statute;
- (g)** a reference to A\$, \$A, \$, dollar or cents is to Australian currency;
- (h)** a reference to US dollars is to the currency of the United States of America;
- (i)** a reference to time is to the time in Sydney, Australia;
- (j)** a reference to a year (other than a financial year) or a month means a calendar year or calendar month respectively;
- (k)** a reference to a person includes a natural person, partnership, firm, body corporate, trust, joint venture, association, governmental or local authority or agency or other entity;
- (l)** the words “include”, “including”, “for example”, “such as” and similar expressions are not used as, nor are they to be interpreted as, words of limitation and, when introducing specific examples, do not limit the meaning of the words to which those examples relate or examples of a similar kind;
- (m)** a reference to “you” is to a person to whom the GSPP Offer is made; and
- (n)** headings, boldings, italics and underlines are for convenience only and do not affect the interpretation of this Prospectus.

CORPORATE DIRECTORY

Board of Directors

| Name | Position |
|----------------------|--|
| Mr. Laurie Arthur | Chairman and Non-Executive Director |
| Mr. Glen Andrezza | Non-Executive Director |
| Mr. John Bradford | Non-Executive Director |
| Mr. Ian Glasson | Non-Executive Independent Director |
| Mr. Rob Gordon | Executive Director and Chief Executive Officer |
| Mr. Noel Graham | Non-Executive Director |
| Ms. Gillian Kirkup | Non-Executive Director |
| Mr. Grant F Latta AM | Non-Executive Independent Director |
| Mr. Mark Robertson | Non-Executive Director |
| Dr. Leigh Vial | Non-Executive Director |

Company Secretary

Ms. Mandy Del Gigante

Share Registry

Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235

Legal Adviser

Addisons
Level 12
60 Carrington St
Sydney NSW 2000

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