



## NSX ANNOUNCEMENT

28 May 2018

### SunRice announces new proposal to list on ASX to support growth strategy

- SunRice Board recommends transferring its B Class Share listing from the NSX to ASX and allowing investors generally to acquire B Class Shares (“ASX Proposal”)
- The ASX Proposal is expected to improve SunRice’s access to capital to support growth initiatives intended to increase paddy price and shareholder returns
- SunRice’s dual class share structure and ongoing A Class grower shareholder control\* will be preserved
- A and B Class shareholders will vote on the ASX Proposal in September 2018

The Board of leading Australian branded food business SunRice today announced plans to move the listing of its B Class Shares from the National Stock Exchange (NSX) to the Australian Securities Exchange (ASX) to improve access to external capital and support the Company’s growth strategy.

If approved by shareholders, the ASX listing will remove current B Class Share ownership restrictions and the 5% shareholding cap and allow anyone to invest in SunRice B Class Shares, up to a new maximum 10% shareholding cap. This will allow the Company to take advantage of investor appetite for Australian branded FMCG and agri-stocks, while retaining its dual class structure and A Class grower shareholder control. The ASX Proposal will be taken to a shareholder vote at the time of the SunRice AGM on 20 September 2018.

#### Chairman comments

Commenting on the announcement, SunRice Chairman Laurie Arthur said:

*“SunRice, our growers and shareholders are ideally positioned to take one of the most significant steps forward in our 70-year history. The Company’s 2022 Growth Strategy details the potential opportunities ahead of us to capitalise on global food trends and our competitive advantages to increase farm gate returns and drive shareholder value.”*

*“We have a strong growth agenda over the medium term, however SunRice requires capital beyond our current capabilities to deliver on our strategy in full. The ASX provides access to Australia’s largest pool of equity capital and we have worked closely with the exchange to enable the listing of SunRice’s dual class share structure.”*

*“An ASX listing will provide the opportunity to attract investment from both new and existing shareholders to support our growth strategy and benefit both A and B Class shareholders. Critically, our dual class share structure and A Class grower shareholder control will be retained and there will be no change to the fundamental structure or operation of SunRice, which has seen us successfully deliver returns for both A and B Class shareholders for more than 10 years. This presents a compelling opportunity for the Company, our Riverina growers and our shareholders.”*

*“Because improved paddy prices will benefit all growers, not just those with shares, it’s important for everyone in the industry to understand how SunRice’s five-year strategy, supported by the ASX listing, is intended to generate better grower returns. In the same way, those B Class shareholders whose families or associates are keen to have exposure to the business are also encouraged to inform themselves on this decision and what it may mean for them in terms of potential capital growth and dividends in the future.”*

*“We encourage everyone with an interest in SunRice or the industry to attend one of the information sessions to be held next week in the Riverina and online and urge all shareholders to read all formal documentation in full before they decide how to vote.”*

*“SunRice, our growers and shareholders have always embraced the changes necessary to take our Company and our industry forward. This next step is designed to strengthen SunRice’s future and build an enduring global company that benefits growers, shareholders and employees for generations to come.”*

#### Unanimous Board recommendation

The SunRice Board unanimously recommends the ASX Proposal to A and B Class shareholders.

Retaining SunRice's existing structure and transferring the B Class Share listing from the NSX to the ASX, allowing anyone to invest in SunRice up to a maximum holding of 10%, represents a straightforward change that is expected to deliver on the Board's objectives to:

- Preserve ongoing A Class grower shareholder control;
- Improve access and ability to raise capital to support future growth initiatives intended to benefit both growers and investors;
- Improve SunRice's ability to reduce business risk and increase resilience and balance sheet strength;
- Provide opportunity to increase the liquidity and market price\*\* of the Company's B Class Shares over time; and
- Address estate planning issues by removing ownership restrictions on B Class Shares.

### **SunRice business remains unchanged**

If implemented, the ASX Proposal will preserve the fundamental elements of the SunRice business that are critically important to shareholders. There will be no material change to SunRice's existing company or dual class share structure and no change to its Paddy Pricing or Dividend Policies, protecting both sets of shareholders' interests.

A Class grower shareholders will continue to elect the Directors of SunRice and approve (through a 75% majority vote) any changes to the Constitution and any change of control transaction. A Class shareholders will also be given the right to review the 10% B Class shareholding cap in 10 years' time and every three years thereafter, with a 50% majority vote to retain it and, if desired, a 75% vote to change it via a separate EGM.

B Class shareholders will continue to be entitled to dividends and vote on issues that affect their B Class Share rights, although the range of matters that are deemed to do so will be expanded under the Proposal. B Class shareholders will also have the right to approve any takeover transactions through a 75% majority vote, as they do today.

The SunRice Board will continue to comprise a majority of Grower Directors, with one additional External Director proposed by the Board to be voted on by A Class grower shareholders at the AGM, separate to the ASX Proposal. Further detail will be provided in next week's meetings.

### **Capital raising**

The success of SunRice's growth strategy is dependent on access to external capital. If the ASX Proposal is successful, it is the Board's current intention to conduct a small capital raising, which is anticipated to be in the order of \$20 - \$30 million. The capital raising will provide the opportunity for both existing and new shareholders to participate, and funds raised will contribute to the financing of existing projects, as well as new opportunities. Importantly, the capital raising will provide new investors with the ability to gain exposure to SunRice, providing the first step towards developing a deeper pool of liquidity for B Class Shares.

If it proceeds, further details of SunRice's intended capital raising will be provided in due course and a disclosure document for the offer will be made available if and when the B Class Shares are offered. The disclosure document will be made available on SunRice's announcement page and on its website when the capital raising is launched. Potential investors should consider the disclosure document when deciding whether to acquire B Class Shares under the capital raising, and anyone who wants to acquire B Class Shares will need to complete the application form that will be in or will accompany the disclosure document.

### **Next steps**

The ASX Proposal is ultimately a decision for A and B Class shareholders. The SunRice shareholder vote is scheduled to take place at the time of the SunRice Annual General Meeting on 20 September 2018. Between now and the AGM, shareholders will receive an Explanatory Booklet, including an Independent Expert's Report and detailed information about the ASX Proposal, including its advantages and disadvantages.

Growers and shareholders are encouraged to attend one of the information sessions next week and to read all documentation in full and seek their own financial and other professional advice before voting. For the proposal to proceed a 75% majority vote of both A and B Class shareholders is required. Further information for growers and shareholders is available at [www.sunrice.com.au/ASX](http://www.sunrice.com.au/ASX) or through the Information Line on 1800 020 806.

### **June 2018 – Shareholder / Public Information Meeting Schedule**

<b>Location</b>	<b>Date</b>	<b>Time</b>	<b>Address</b>
DENILIQVIN	Monday, 4 June	7:00pm – 9:00pm	Deniliquin Golf Club
COLEAMBALLY	Tuesday, 5 June	7:00pm – 9:00pm	Coleambally Bowling Club
WEBINAR	Wednesday, 6 June	12:00pm – 2:00pm	Online (RSVP for details)
GRIFFITH	Wednesday, 6 June	7:00pm – 9:00pm	Griffith Exies Club (Mirrool Rooms 1&2)

**RSVP:** Online at [www.sunrice.com.au/ASX](http://www.sunrice.com.au/ASX) or phone: (02) 6953 7382.

**Investor inquiries:**

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*\*A Class grower shareholder control refers to the right of A Class shareholders to vote at general meetings of SunRice, which gives them the right to elect Directors and approve changes to the SunRice Constitution.*

*\*\*It is important to note that SunRice's shares will be subject to market volatility on the ASX, business conditions and various other factors, which may result in both positive and negative movements in the market price.*