



ASX PROPOSAL

28 MAY 2018

WHAT IS THE ASX PROPOSAL?



The SunRice Board has announced plans to move the listing of SunRice's B Class Shares from the National Stock Exchange (NSX) to the Australian Securities Exchange (ASX) to improve access to capital to support the Company's five-year growth strategy. If approved, the 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 is a straightforward change that should improve SunRice's ability to raise capital, allowing us to take advantage of investor appetite for Australian branded FMCG and agri-stocks, while preserving A Class grower shareholder control.¹ The ASX Proposal is also expected to increase liquidity and the market price² of the company's B Class Shares over time.

The ASX Proposal will be taken to a shareholder vote at the time of the SunRice AGM on 20 September 2018.

WHY IS THIS CHANGE NECESSARY?



We have an ambitious global growth agenda to deliver on our five-year strategy, which is intended to increase farm gate prices for Riverina growers and shareholder returns for investors. The NSX has served us well, however given the opportunities ahead of us, the ASX is best positioned to provide access to the equity capital needed to deliver on SunRice's next phase of growth.

Information about SunRice's 2022 Growth Strategy, anticipated funding requirements and what this means for our growers and shareholders will be covered at the information meetings being held by the CEO and Chairman from 4 - 6 June (RSVP via www.sunrice.com.au/ASX).

WHY THE ASX?



A listing on the ASX offers access to Australia's largest pool of equity capital. Importantly, the Proposal meets our objectives to:

- ▶ Preserve ongoing A Class grower shareholder control;
- ▶ Improve access and ability to raise capital to support our growth strategy to increase paddy prices and shareholder returns;
- ▶ 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 and planning issues by removing ownership restrictions on B Class Shares.

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.

HOW WILL A CLASS GROWER CONTROL BE PROTECTED?



Just as it is today. Any change of control or takeover proposal for SunRice would require a 75% majority vote in favour from both A and B Class shareholders. A Class shareholders will also retain their sole right to vote at general meetings, which gives them the right to elect Directors, as well as the right to approve any change to the Constitution, thereby controlling SunRice.

HOW WILL THE PROPOSAL BENEFIT GROWERS AND SHAREHOLDERS?



Having access to a greater pool of equity capital through the ASX will better enable SunRice to deliver on our five-year growth strategy and build an enduring global business that can more effectively compete in a dynamic world market.

In addition, there are a number of anticipated benefits for growers and shareholders over time:

- ▶ For A Class shareholders, this includes the ability to fund strategic opportunities that have the potential to improve the Paddy Price per tonne for Riverina rice; and
- ▶ For B Class shareholders, this includes the ability to fund the growth of SunRice's profit businesses, with the opportunity to increase shareholder value in the form of potential capital growth and dividends.

Given just under half of our B Class Shares are held by A Class shareholders, many SunRice shareholders are expected to benefit on both counts. A full list of advantages will be included in the Explanatory Booklet sent to shareholders in the months ahead. It is important you read this information in full before deciding how to vote.

WHO IS LIKELY TO INVEST IN SUNRICE?



The ASX gives SunRice access to the country's largest pool of equity capital. There is investor appetite for Australian branded FMCG and agri-stocks. SunRice has well-known brands and markets around the world and a solid track record of delivering returns for both our growers and investor shareholders, including in challenging circumstances. Both institutional and retail investors will be able to invest in B Class Shares.

Further material for potential investors explaining the SunRice business will be provided in the capital raising disclosure document if the ASX Proposal is approved by shareholders.

1. 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.

2. 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.

WHAT ARE SOME OF THE DISADVANTAGES?



The ASX Proposal involves the opening up of the B Class Share register to all investors, not just current and former growers and employees. It also involves changing the rights attached to B Class Shares. A full description of potential disadvantages will also be included in the Explanatory Booklet sent to shareholders in the months ahead. It is important you read this information in full before deciding how to vote.

WHAT CHANGES ARE PROPOSED TO THE SUNRICE CONSTITUTION?



The main change to the Constitution will be to remove restrictions to allow anyone to buy and sell SunRice B Class Shares on the ASX. Other changes include increasing the B Class shareholding cap from 5% to 10%. A Class shareholders will be required to review the 10% cap in 10 years' time and every three years thereafter, with a 50% majority vote to retain it or (through a separate EGM) a 75% majority vote to change it.

Appropriately, a list of deemed variations to B Class Share rights will be included in the Constitution to ensure that transactions which could adversely impact on B Class shareholder rights or interests can't be undertaken without their approval. However, this does not impact A Class grower shareholder control.

A Class grower shareholders will also vote on appointing an additional External Director to our Board at the AGM, although this is not part of the ASX Proposal.

WHAT IS REQUIRED FOR THE ASX PROPOSAL TO BE IMPLEMENTED?



The ASX Proposal will be presented to shareholders for a vote on 20 September 2018 at the time of the SunRice AGM.

A special resolution (75%) of both A Class shareholders and B Class shareholders will be required to implement the Proposal.

An Explanatory Booklet and other documentation, including an Independent Expert's Report and voting information, will be sent to shareholders in the months ahead. You can also access more information at www.sunrice.com.au/ASX

WILL CURRENT SHARE CLASS RIGHTS BE RETAINED?



If implemented, the ASX Proposal doesn't change the fundamental elements of SunRice's structure that are critically important to shareholders.

- ▶ A Class shareholders will continue to elect the Directors of SunRice through a simple majority vote, and their approval through a 75% majority vote will continue to be required for any changes to the Constitution and any change of control transaction.
- ▶ B Class shareholders will continue to be entitled to dividend rights and hold voting rights in relation to issues that affect their rights. A list of deemed variations to B Class Share rights will also be included in the Constitution, where these variations would require a 75% majority vote of B Class shareholders.

In addition, under the ASX Proposal there will be no material change to the SunRice business structure, its management, or to the fundamental nature and voting rights of A Class Shares or the eligibility criteria required to hold A Class Shares. Paddy pricing and dividend policies will also continue, protecting both sets of shareholders' interests.

The SunRice Board will continue to comprise a majority of Grower Directors, even with the addition of an External Director to be voted on at the AGM.

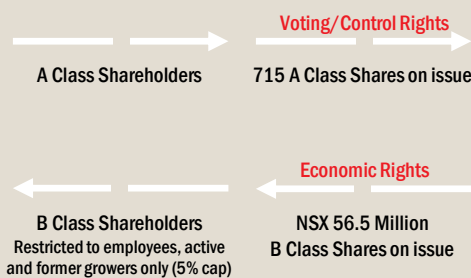
WILL SUNRICE BE RAISING CAPITAL ON ASX?



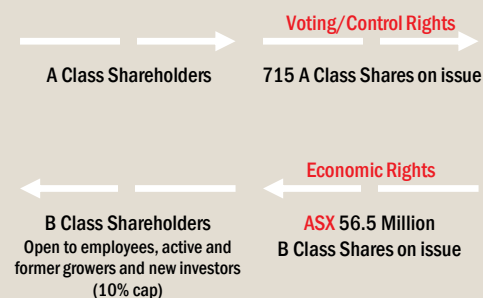
The success of our growth strategy is dependent on access to new equity capital. If the Proposal is successful, it's the Board's current intention to conduct a small capital raising, which is anticipated to be in the order of \$20 - \$30 million. Both existing and new shareholders would have the opportunity for 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 exposure to SunRice, providing the first step towards developing a deeper pool of liquidity for B Class Shares.

Further details will be provided in due course if the capital raising proceeds. Please note a disclosure document for the offer will be made available on SunRice's announcement page and on its website if 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 with the disclosure document.

BEFORE ASX PROPOSAL



AFTER ASX PROPOSAL



INFORMATION AND QUESTIONS: Visit www.sunrice.com.au/ASX or call 1800 020 806 for meeting details and further information. All shareholders are encouraged to attend meetings, read all materials in full and seek financial advice before deciding how to vote.

