



**SunRice AGM, 20 September 2018:
Chairman, Laurie Arthur's address**

We have a lot of ground to cover today.

I don't intend to talk about the year that was or the one ahead in any great detail...only to say that on behalf of the Board, I thank you for your confidence in us and for your confidence in the rice industry.

We have challenges ahead. We know this.

The changes in the Riverina in the last 10 years have been confronting, and farming is not for the faint hearted.

However, as an industry we made our most significant change nearly 13 years ago when we voted to move from a co-operative to a company.

More than 91% of us voted in favour of incorporation and that was no small thing.

Our Directors had a vision for the future and we have all benefited from that, many times over.

At that time – in 2005 – the Australian Securities Exchange was not on the agenda.

Instead, we found a home on the NSX and listed on it in 2007.

Don't get me wrong. The NSX has served us well. But the illiquid nature of our B Class Shares on the exchange, and our ownership restrictions, means our shares are undervalued compared to our peers on the ASX.

It's also meant that raising capital has proven difficult.

As I've said on many occasions, it's just not fair to expect 2000 of you to fund the future growth aspirations of a Company that now turns over \$1.2 billion a year.

I remember the move from a cooperative to a company well.

SunRice's driving motivation was to provide a more secure permanent capital base for the future and to facilitate growth.

And it remains our driving motivation today.

However, today, unlike three years ago, we are now able to list our existing share structure on the ASX.

We can preserve enduring grower shareholder control and the heritage of our company, while gaining better access to equity funding for SunRice.

As Rob outlined, we have a plan and we're ready to deliver it.

Its objectives are to improve paddy prices for our growers and shareholder returns for our investors. The same two objectives we started with in the Constitution when we voted to move forward as a company.

Your Board is very focused on the future and that's why we believe we have such a compelling proposition in the ASX Proposal that you will vote on today.

It delivers everything we want, and on our terms.

The Board and I have made ourselves available to ensure you, our shareholders, have had every opportunity to understand the ASX Proposal and to receive answers to your questions.

I've spoken to several hundred of you over the past four months. I know the vast majority of you support this. But I'm also very aware that some of you don't. I know some of you still have concerns.

All of the detail has been provided to you in black and white. Every waiver, every deemed variation matter, every voting majority, the advantages and disadvantages.

The ASX Proposal will allow external investors into SunRice, and allow them to buy and trade B Class Shares up to a 10% B Class Shareholding Limit.

But the ASX Proposal does not change our dual class structure or our corporate structure.

The ASX Proposal does not change the way our company works or our established policies – including the Board's ability to provide funds from the Profit businesses to pay a commercial price for your Paddy in exceptional circumstances, such as those experienced over the past 10 years.

The ASX Proposal does not change who controls SunRice – it is you, our A Class Shareholders, every time. No-one can change the Constitution without your 75% voting approval.

The Constitution also explicitly provides that, for the avoidance of any doubt, any future changes to the criteria for holding A Class Shares or the Board structure can only be determined by the A Class Shareholders.

That means the only people who can determine who your fellow Active Growers are, are you. The only people who can decide the structure of the Board are you. Not B Class Shareholders. Not the Board. You, our A Class Shareholders, by a 75% majority vote.

The Independent Expert has concluded that the ASX Proposal is in the best interests of A Class Shareholders, and separately, is in the best interests of B Class Shareholders.

The Rice Marketing Board has confirmed there is no reason to expect that the ASX Proposal will impact on rice vesting or our sole and exclusive export agreement.

And the RGA has come out and backed the ASX Proposal and acknowledges it as the key mechanism to deliver greater returns to our growers.

I back the ASX Proposal 100% and so does the rest of your Board.

Not only will it deliver access to the funding we need for the future, but as outlined in the Explanatory Booklet, it is likely to deliver benefits for all of you too, including an improvement in the B Class Share price over time.

That said....you will ultimately make the decision on our company's next step as A Class Shareholders today, just as you did in 2005 and just as you will in the future, if the ASX Proposal proceeds.

I have enjoyed my 38 years of rice growing and will grow rice again this year.

Three of my children were also able to grow rice last year and like you, when conditions improve, I want a strong SunRice ready for them too.

Now is not the time to cross our fingers and hope everything will be alright.

I believe in this industry. I believe in our board. And I believe we can achieve great things together.

Now it's your opportunity to tell us what you think.