



[LAURIE ARTHUR, CHAIRMAN]: Welcome. I trust you enjoyed the tour of our Leeton operations.

It's great to see so many of you here to discuss the next phase of growth for our company and for our growers and shareholders.

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

- Noel Graham, our Deputy Chairman; and
- Rob Gordon, our Chief Executive Officer and a Director;

Also, please welcome our other Directors:

- Mark Robertson;
- Glen Andreazza;
- Gillian Kirkup;
- External Directors Grant Latta and Peter Margin; and
- Alan Walsh.

Also with us today are Neil Watson from Macquarie Capital and David Ferguson from our legal firm Addisons.

IMPORTANT NOTICES

These materials have been prepared by SunRice for the sole purpose of providing information to its shareholders and growers on a potential new capital structure for SunRice and to seek feedback on it. The potential capital structure as outlined in these materials is a preliminary proposal and no decision has been made to implement a new capital structure for SunRice, whether as outlined in these materials or otherwise.

Nothing in these materials constitutes an offer, intended offer, invitation to offer or recommendation, in any place, to acquire shares in SunRice (or any interest in them) or securities in the fund that would be established if the potential new capital structure is implemented, or constitutes any financial product advice. These materials do not contain all information that would be required in an explanatory statement or product disclosure statement prepared in accordance with the requirements of the *Corporations Act 2001* (Cth) (**Corporations Act**). If a decision is made by SunRice to offer any shares or securities as part of a capital structure, that offer will be made in a document prepared in accordance with the disclosure and other requirements of the Corporations Act.

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

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

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

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

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



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

PRESERVING GROWER SHAREHOLDER CONTROL AS IT IS TODAY IS NON-NEGOTIABLE



As you all know, the SunRice Board initiated a review of SunRice's Capital Structure more than 24 months ago.

I want to be completely clear up front that the Board is committed to ensuring SunRice remains under grower control – not for a certain period of time **but on an ongoing basis**. This is non-negotiable – for us and for most of you – and it's why it's taken so long to reach this point.

I also need to say here that when I refer to grower control, I'm referring to A Class shareholder control. There are growers who are not SunRice A Class shareholders, however only a small minority.

I have been fortunate to be involved in this industry for 35 years, starting as a share-farmer. It has been a rare experience, to own and control our destiny as rice growers.

Like many of you, I am also fortunate to have my children at home on the farm growing their own rice crops. I want them to experience the control and ownership that we have enjoyed. The Board and I believe the restructure we are putting before you today can deliver that enduring control to the next generation.

We launched the Capital Structure Review for several reasons, including the

fact that SunRice's ability to be dynamic and to change to overcome challenges and to leverage opportunities has always been intrinsically linked to our success.

We have a rare opportunity in front of us - a favourable window of time in which to take this next step forward.

We are in a position of strength. We have:

- Achieved our gearing objectives;
- Reinvested in our people, our operations and our brands;
- Returned Australian rice to the world with four consecutive large crops;
- Improved returns to growers, with an indicative C14 full year paddy price of at least \$360 per tonne for medium grain (Reiziq) and significantly higher prices for specialty varieties; and
- We anticipate that net profit after tax for 2015 will be up 40% on last year.

There is no better position from which to consider this next step than where we are today. You only need to consider the plight of some of our fellow manufacturers to understand the difference between change that's driven by forward-thinking, and change that's driven by hardship.

Our former Chairman Gerry Lawson said on many occasions that we would not come back to you until we had a model that met SunRice's unique needs. And that's why we're here today. We believe we have that model.

THE RESTRUCTURE IS DESIGNED TO BENEFIT ALL SHAREHOLDERS

- We have undertaken a rigorous and comprehensive process
- A unique model has been developed that we believe meets the objectives of the review and the needs of growers and shareholders
- Everyone can benefit from this model, which would enable us to strengthen SunRice for the future
- The Board supports this approach, however your feedback is crucial in determining next steps



Over the past two years the Board and our advisors have been engaged in a rigorous and comprehensive process.

We have:

- Reviewed SunRice's existing structure and its limitations;
- Contrasted it with other models; and
- Developed a solution that we believe:
 - best meets the needs of the SunRice business,
 - satisfies the review's objectives and shareholder feedback; and
 - positions SunRice and both classes of shareholders for the future.

In a moment, I'll hand over to Rob to discuss this model in more detail, but I want to highlight at this point that:

- The potential model we are seeking your feedback on today is unique;
- It incorporates elements of other successful models in the marketplace, such as Fonterra's, but it is our own.
- It delivers on the Board's commitment to preserve the control of grower shareholders. This includes the rules already in place in our business that separate and protect paddy returns and dividends.
- It allows us to access a deeper pool of equity capital to enable SunRice to better withstand shocks like drought, floods and economic downturn, as

well as issues like the Murray Darling Basin Plan, while positioning us for growth to benefit all shareholders.

- And it is expected to increase value for both growers and investors, while increasing flexibility and addressing issues such as estate planning.

This process has been complex and has involved reworking the structure a number of times as we consulted with regulators to achieve a workable solution. As a result, significant time, resources and investment have gone into developing this structure.

This is a unique model. It does involve an ASX listing – and we know that concerns many of you - but it preserves grower shareholder voting control on an ongoing basis in a unique way. As a result, there can be no change to the ownership of SunRice without the approval of A Class shareholders, as is the case with our existing structure.

It's important to understand that the model is also consistent with SunRice's obligations – to optimise paddy price for our grower shareholders and to optimise capital growth and dividends for our investor shareholders. These objectives guide the Board today and will guide us in the future – this would not change.

The Directors and I have examined, pulled apart, and rebuilt this model at length, in consultation with our advisors and with input from the regulators.

We are satisfied that – if implemented – this structure would enable SunRice to become a stronger business for all shareholders.

We are here today to take your questions, listen to your feedback, and - taking this into account - determine the next steps in the Capital Structure Review process.

As I said, the Board and I believe this model is in the best interests of all shareholders' and the business, but as you know, ultimately it will be your decision.

There is no deadline attached and we will be taking as much time as needed to ensure questions are answered and there is comfort with the approach before we go any further. The model we share today will not go to a shareholder vote without your support. That means that your feedback is crucial.

With this in mind, I encourage you to participate fully.

As I'm sure you are all aware, any new capital structure would represent another defining moment in SunRice's journey.

It is a change that the Board and I believe would create a stronger company, a stronger industry and a stronger future for everyone in this room and across our grower and shareholder base. While we hope at the end of this process you agree, we respect your right not to.

There is a lot to cover today and I ask that you hold over your questions until the end, when we'll open the meeting up for a full discussion. We'll also have a copy of the slides available for you to collect on the way out the door. The slides and all our speaking notes will also be available on the NSX and SunRice website.

Thank you. I'll now hand over to Rob.

AGENDA

- The need for change
- Review objectives
- Alternatives considered
- Structure and features
- Next steps
- Chairman's conclusion
- Feedback and discussion



[ROB GORDON, CEO]: Thank you Laurie.

The potential capital structure model I will explain during my presentation is considered by the Board to be in the best interests of the company and our shareholders. However, as Laurie said, we will not be taking this forward as a proposal for approval unless we are confident that you understand the model and are supportive of it.

We are mindful that there is a lot of detail to take in and of course welcome you to stay on after the meeting and encourage you to also participate in next week's small group meetings. It's important to us that as many shareholders as possible have an opportunity to consider the model and to ask questions and make comments.

As you can see on screen, there is a lot of ground to cover today, including the Review's objectives and the alternatives the Board considered, before I step you through the detail of the model.

Laurie will also cover next steps before we open up the meeting to your comments, insights and questions.

However, before we talk about the review, I'm mindful we haven't yet put to you the case for change and I'd like to share with you why the Board and I

believe we need to equip SunRice for the future in this way.



Right now, there is a significant consolidation happening across the food and agriculture industries in Australia and around the world. And it's happening at pace.

Large global agribusinesses such as ADM, with turnover of just over \$80 billion US dollars; Bunge with revenue of more than \$60 billion US dollars and Glencore, with revenue of \$233 billion US dollars; have acquired a range of domestic businesses in Australia in recent years, leveraging their value as part of their global networks and footprint.

The same is true in off-shore markets – COFCO, The Irish Dairy Board and Saputo have all made aggressive bids for peer companies to build competitiveness.

The most recent example in the local market is the current bid by Wilmar and First Pacific to buy the Goodman Fielder business. Wilmar and First Pacific are both multi-billion dollar entities with significant interests in the Asian rice sector. Should the acquisition be successfully completed, we will potentially have a new, very well funded competitor right on our doorstep with strong expertise in rice.

Whilst we have very strong market positions, we need to be able to fund further investments to vigorously defend and grow our businesses in these markets.

So where does this leave SunRice?

In speaking to growers and shareholders over the past few months, I think most people recognise that standing still is not an option in this dynamic environment. While companies like Wilmar and others continue to move forward, that's tantamount to going backwards.

However at the same time, this landscape - of consolidation and competition -

represents a magnificent opportunity for SunRice and possibilities for growers and shareholders that don't exist currently. This includes the opportunity to grow our branded presence in world markets and secure premium paddy returns for Australian growers.

It's this opportunity that I'd like to spend a few moments on now.



If you've been to any one of our presentations in the past 18 months or so, you'll know that at 1.1 million tonnes, our current demand is larger than we can consistently supply from the Riverina. Even with the 950,000 tonnes we're targeting from Australian production, there is a shortfall that needs to be filled.

Access to Australian paddy will always be fundamental to our business and in fact is critical to many of our existing and new markets. However while we continue to do everything we can commercially to encourage local production, our global customers have an expectation that we will continue to supply rice, irrespective of local conditions.

And you should expect that we will do this too, because it is in your best interests as growers and shareholders for two reasons.

Firstly, we can't afford not to service our existing markets. Having access to offshore sources of rice beyond the Riverina would mean, quite simply, the ability to withstand another drought or shock without having to contract our businesses and lose our markets and our people.

The cost of up-skilling and expanding these past few years has been significant - and I'm not just talking about operations, but about our marketing, sales and other core corporate functions, and also the re-entry into overseas markets following drought.

Secondly and equally important, access to offshore sources of rice would provide us with an exciting opportunity to build our branded presence in global markets. We don't want to just maintain the markets we have, we want to grow them - aggressively.

Why? Because growing demand off-shore beyond our Australian supply base puts us in a powerful position to either place a larger Riverina crop or accommodate a smaller one through trading. Significantly, this means always giving first choice of premium markets to our Riverina growers, ensuring the highest possible paddy returns.

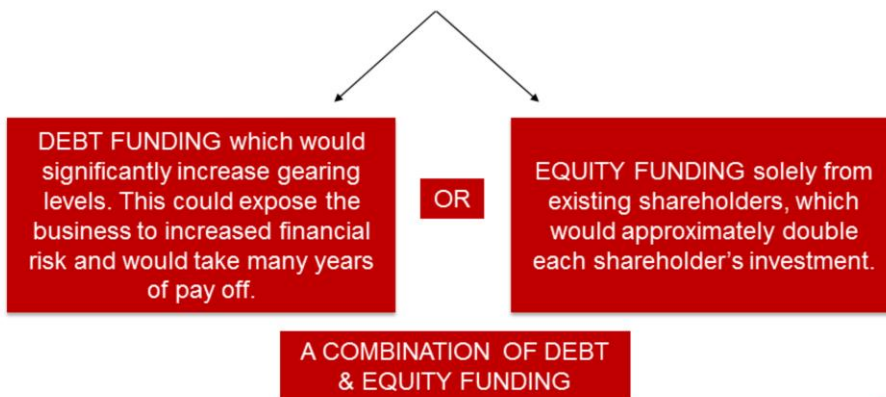
In short, the greater the demand we can build offshore, the greater likelihood of better returns, and the greater resilience we will have as a company.

However the level of risk appetite and regulation in global financial markets has changed considerably in the last decade.

That investment in the future – in reducing business risk, in accessing offshore rice, in growing our markets, and in creating a strong, independent, Australian-controlled food business of scale that has the table stakes to compete with Wilmar and others - will require access to a larger pool of capital than can be sensibly expected to come from just our existing shareholders.

CURRENT FUNDING ARRANGEMENTS

Consider an acquisition or market entry strategy to the value of \$150 million.
Funding options currently available are limited to:



None of these options are prudent under our current structure



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I should note our current balance sheet is well managed – that's why we believe the timing is ideal to pursue a change in structure - but we have very limited capacity for investment.

To give this some perspective, using debt funding SunRice could only just afford to buy a farm the size of Kooba Station. For those of you not familiar with Kooba - it's a 40,000 hectare station in the Riverina that was recently bought by Webster Limited for \$116 million. If we made an investment like that – and I should note that this is only an example, nothing more – it would take our peak gearing up to 115% and take the business three to five years to digest.

To provide a more fulsome example, I'd like to quickly revisit the slide we shared at the AGM, on screen now.

Consider if we wanted to fund an acquisition such as another Trukai, which contributes to both the pool and shareholders returns.

A business of scale would require an investment of around \$150 million.

Under our current structure, to fund this using debt would return gearing to unacceptable levels of around 125%. It could expose the business to increased financial risk and in line with the Kooba example, would take many years to pay off.

Alternatively, equity funding alone from existing shareholders would

require roughly a doubling of each shareholder's investment. While a combination of debt and equity funding is also possible, none of these options are particularly prudent under our current structure.

And remember, this is just one acquisition.

We believe that a stronger balance sheet, with potential access to external capital, is essential if we are to realise the full potential of the SunRice business.

Against this background, the capital structure review process has become increasingly important for our business.

I'd like to discuss this process with you now.

WHAT DOES THE REVIEW AIM TO ACHIEVE?

- A structure that can more readily access external sources of equity capital at a lower cost when needed, without:
 - Jeopardising existing grower shareholder control or paddy returns;
 - Making the company more vulnerable to takeover; or
 - Changing the key features of our industry structure today:
 - A Class shareholders retain control rights
 - B Class shareholders retain economic rights
- Any model has to deliver on this while equipping the company for the future, benefiting both classes of shareholders and addressing outstanding constitutional issues, such as estate planning

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In reviewing SunRice's structure, the Board was cognisant of shareholder concerns that a new model might expose the business and paddy returns to pressure from investor shareholders, somehow change the focus of the company, or make it more vulnerable to takeover.

As a result, we focused our advisors on building a model that eliminated those threats. Our brief was to develop a model that:

- Ensured the Board continued to have a majority of grower Directors.
- Involved no change to how paddy prices or dividends are determined currently, protecting both sets of shareholders' interests.
- And preserved our current industry structure as it is today. That is:
 - A Class shareholder control – or grower control – including the A Class Shareholder voting majority – which means 75% of A Class Shareholders have to vote in favour of any changes to the Constitution and approve any offers from a third party to take over SunRice;
 - And B Class shareholders retaining economic rights in the business.

We also sought to formulate a model that could address outstanding constitutional issues such as estate planning and deliver access to a deeper pool of equity capital to invest in the growth of the business for the benefit of both classes of shareholders:

In the case of our grower shareholders, by building an Australian icon of true scale that:

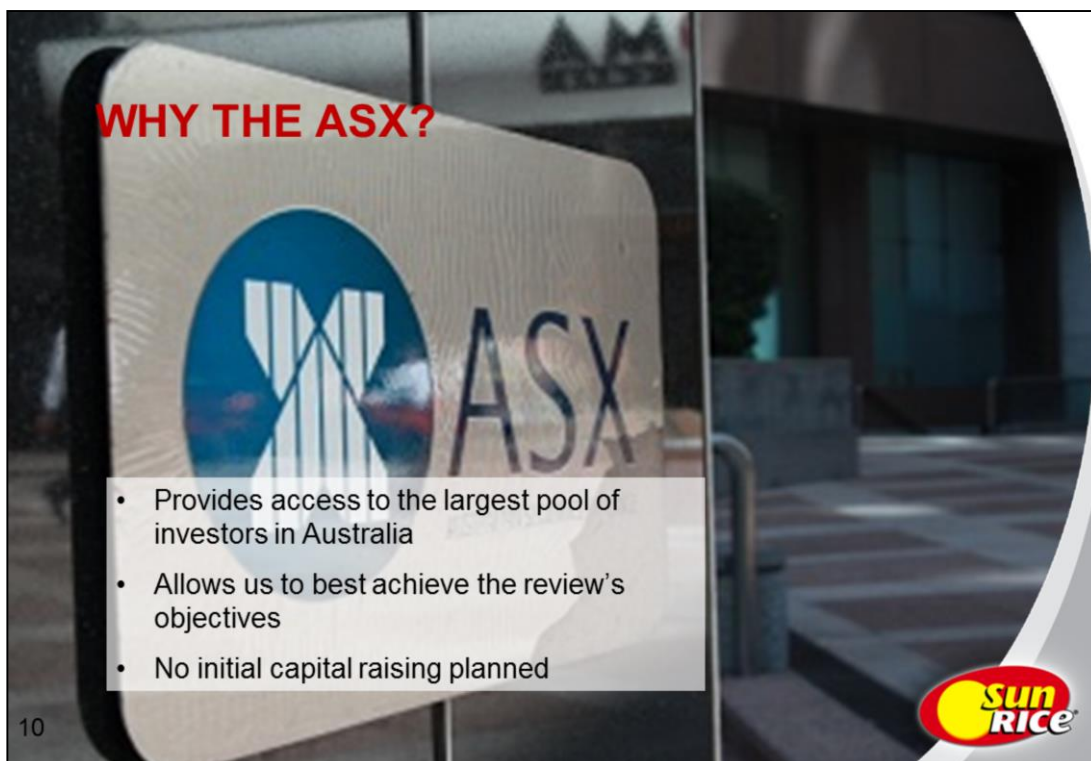
- Can continue to compete in and grow global markets in a dynamic environment.
- Has the resilience to withstand future downturns in crop and economic conditions; and
- Against that backdrop, maximise Australian paddy returns.

And in the case of our investor shareholders, by:

- Delivering a likely uplift in the value of shares. In the same way we have an obligation to deliver the best possible outcomes for our growers, we also have an obligation to do the same for our B Class shareholders. In most cases our investor shareholders are of course also our grower shareholders, meaning you benefit on both counts.
- Also, through a change in SunRice's capital structure, we are seeking to increase liquidity, which would enable B Class shareholders to realise a likely uplift in their investment in SunRice when they choose to do so – whether that's selling their shares, borrowing against them or investing further in the business. This is something that the current structure hasn't been able to properly deliver for shareholders to date.

These objectives are the cornerstones of the approach which we'll present to you today and in short, aim to scaffold this business for success in a way that just hasn't been possible up until now.

Now that we've made the case for capital, why the ASX?



As we've mentioned previously, the ASX is the exchange that can provide SunRice access to the largest pool of investors in Australia.

I'd like to make the point here that while the Board firmly believes that better access to capital will underpin the next stage of SunRice's growth journey, we are not proposing to raise capital or issue new shares as part of the model we're discussing at this stage. While we don't need capital immediately, we want to be in a position to access it in a timely manner when we do need it. We are committed to ensuring that growers and shareholders have an opportunity to not only participate, but benefit from any future capital raising, and we are in the process of developing a grower shareholder purchase plan, which I'll briefly outline a bit later.

While the ASX has a solid track record of providing access to investment for agribusinesses, typically these same agribusinesses have entered into structures that allow an erosion of grower or supplier control over time; Fonterra being the obvious exception.

We are very aware that many grower shareholders are deeply uncomfortable with a potential ASX listing because of that issue.

Grower shareholder control was fundamental to our Review and is why we have worked hard with our advisors and the regulators to create a unique model that ensures SunRice can remain an Australian icon and preserves our industry structure as it is today.

In a moment, I'll step you through the approach we've developed, but before doing so let's look at some of the alternate models that we canvassed as part of the Review.

ALTERNATIVES CONSIDERED



- Status quo and NSX options limit access to capital for growth
- Other options considered do not preserve grower control
- A unique model was needed to balance these needs



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A range of options were considered over the past 24 months. I don't intend to go into these in any detail given I think your time is better served by explaining the potential model rather than those that we consider don't work for SunRice. But to demonstrate the rigour of our approach, I can tell you significant time was spent on exploring multiple models and mechanisms. Very briefly these included:

- An NSX option without a restriction on who can own B Class Shares and without a maximum shareholding cap, similar to that employed by the largest listed company on the NSX, African Petroleum.
- Golden share models like those used by Capilano, Wesfarmers and Graincorp.
- Ownership caps like those used by Bega and Warrnambool Cheese and Butter.
- We also explored the ability to separate SunRice into two companies, splitting the assets used in delivering the rice pool from the operating businesses.
- We looked at retaining the status quo, including the benefits and drawbacks of SunRice's structure remaining as it is today.
- And we spent considerable time looking at Fonterra's model, which was the most attractive to us given the mechanisms that protect and

preserve farmer control.

We're also aware that there has been a little talk in the regions about whether we can revert back to a co-operative structure.

Our corporatisation 10 years ago gave rights to shareholders which would be extremely difficult to unwind. Such a move would include gaining 75% approval from both A and B Class shareholders and repurchasing or restructuring B Class Shares. We are of the view that it would only serve to exacerbate the issues that the capital structure aims to address, in particular our access to capital.

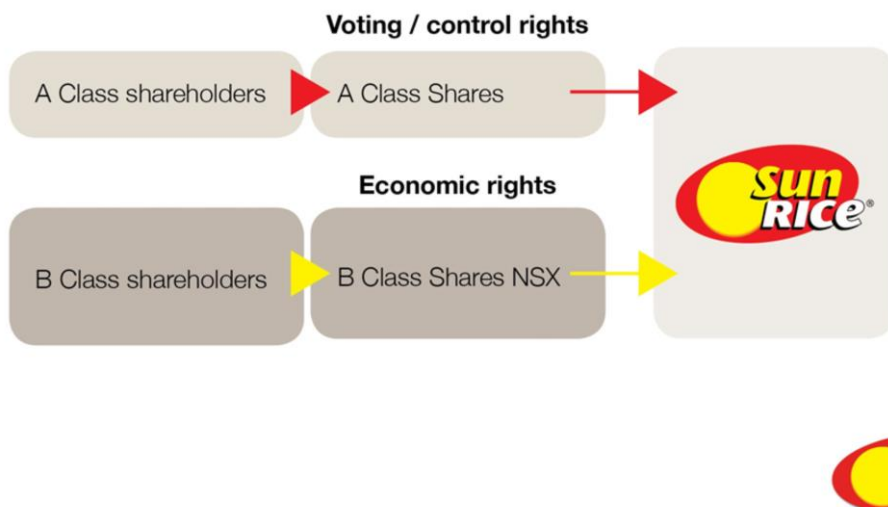
That said, in speaking to many of you over the past two months I think most people also know that now is not the time to look backwards.

As Laurie mentioned, none of these options met our review objectives and balanced the needs of our grower and investor shareholders in their entirety.

I wish to emphasise at this point that the structure we're discussing aims to improve value for B Class shareholders, without affecting the control of A Class shareholders. As a consequence, other models are expected to either deliver lower value to B Class shareholders, or lack the necessary support of A Class shareholders to be approved.

Of course there are models that would deliver higher value to B shareholders – like a single share structure on the ASX – but that's not what our A Class shareholders want. It's about striking the right balance between delivering value for A and B Class shareholders, while ensuring neither are disadvantaged.

EXISTING STRUCTURE



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On screen is our existing structure with A and B Class shareholdings and our listing via the NSX as it is today.

Only rice growers that meet the qualification criteria are able to hold A Class shares in SunRice. In order to be eligible, from June 2016 you will need to have delivered at least 200 tonnes of rice to SunRice in the preceding two years. That won't change under a new structure.

B Class shares have economic rights in SunRice, including the right to receive dividends as determined by the SunRice Board.

I want to say here that the model I'm about to share with you has the potential to enhance our position and provides a broader range of options to shareholders, but it will not change our business or the Board or key management of the company.

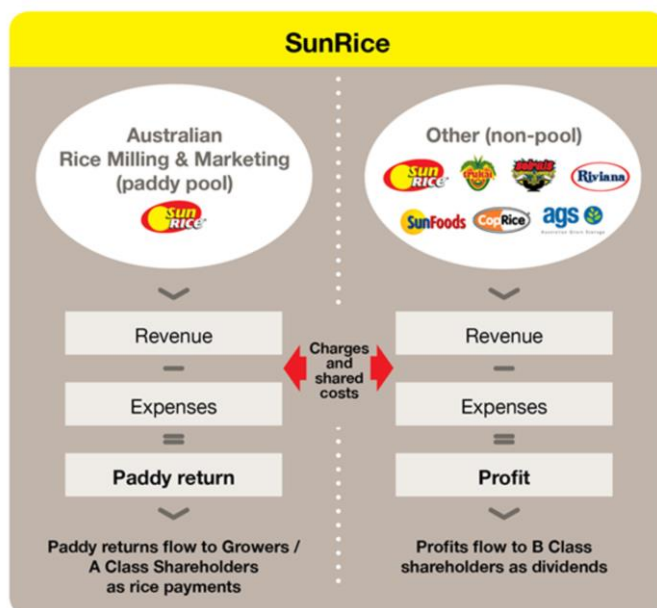
Similarly, it also won't change the way we look after the interests of our A Class – or grower shareholders, and the way we look after the interests of our B Class – or investor shareholders.

We have an obligation to both sets of shareholders and operate under a strict set of rules that dictate where paddy pool returns come from and how they are determined, and similarly where dividends come from and how they are

determined. This mechanism would be protected under the new model, ensuring it continues into the future in the same way.

It's worth explaining how this works very briefly at a tactical level.

DETERMINATION OF PADDY PRICES AND DIVIDENDS



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As you can see on screen, our Australian Rice Milling and Marketing business – or what we call our pool business – is aligned to our grower and A Class shareholders. This business is the paddy pool for our Riverina-grown rice and in its most basic form, the return - being all revenue from the sale of that rice less relevant costs - is paid out in the form of paddy payments.

That means capital expenditure that's focused on increasing operational efficiency in the Riverina or improving access to premium markets for Australian rice deliver a return on investment for Australian Rice Milling and Marketing that flows through into your paddy price.

Again, looking at the chart on screen, our non-pool businesses – including Rice Foods, SunFoods, Riviana and CopRice – are aligned to our investor or B Class shareholders. Profits made in these businesses flow through to our B Class Shareholders in the form of dividends, less retained earnings.

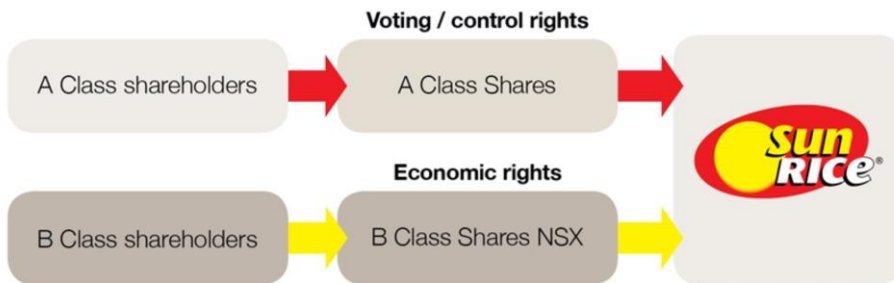
The allocation of revenue and expenses between the pool and non-pool businesses is the subject of SunRice's Paddy Price Policy and includes items such as input pricing, corporate cost allocation and asset finance and brand charges.

Under this policy, at the Board's discretion and only when the Board considers it to be in the best interests of the business as a whole – can we diverge from

these rules, as we did during the drought when we drew on the strength of our non pool businesses to supplement paddy payments and keep Australian Rice Milling and Marketing functioning. That action and the outcome was of course in the long term interests of both sets of shareholders and SunRice.

The separation of our shareholder interests and the policies that govern this are established and entrenched. They will not be influenced or changed via the introduction of the new structure we're seeking your feedback on.

EXISTING STRUCTURE



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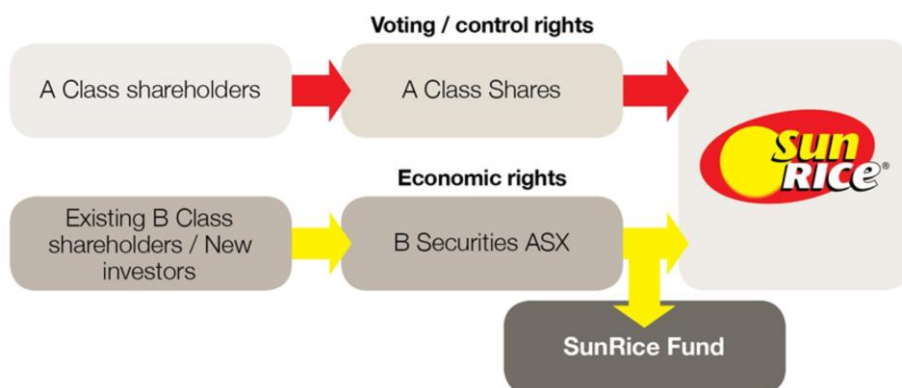
Back to our existing structure. Before I take you through the new model, I'd like to highlight that we strongly felt that it was important to present to you only a model that could be fully implemented, rather than one that was still subject to regulatory hurdles, particularly in light of its unique features.

Accordingly, we have shared details of the model with all relevant corporate regulators, including the Australian Securities and Investments Commission, the Australian Taxation Office and the Australian Securities Exchange. Based on discussions and correspondence to date with these regulators, we believe that the potential model can be implemented, although their final views will be subject to further information and final documentation being provided to them.

We have also shared details of the potential structure with the Rice Marketing Board for the State of New South Wales and look forward to ongoing dialogue in the weeks and months ahead.

The new model we are seeking your feedback on looks like this.

POTENTIAL STRUCTURE



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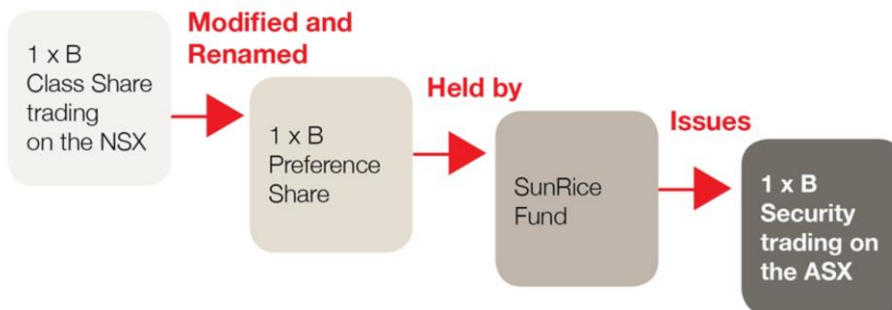
As you can see on screen, there are no fundamental changes to A Class Shares. A Class Shares retain control of SunRice, including the 75% approval for any change of control event of SunRice. In other words, this level of control doesn't slip away over time or end at a certain point. It is enduring and can only change if 75% of you vote for it, in the same way as you would today.

For B Class Shareholders, we are proposing a series of changes that would enable us to move stock exchanges. If implemented that would mean a B Class Shareholder who previously held B Class Shares on the NSX, would hold the equivalent number of B Securities, which would trade freely on the ASX.

This of course isn't a straight listing of the B Class Shares and the dark grey box on screen represents the mechanisms and rules involved to enable a listing on the ASX to be achieved, while preserving A Class shareholder control.

I'll provide a very high level outline of this in a minute, but for those of you who are keen to understand the mechanisms and the rigour around them, we encourage you to attend the Technical Workshop we'll be holding in Jerilderie on Friday. That forum best lends itself to getting into the finer detail on the model.

HOW DO B CLASS SHARES CHANGE?



- Each B Class Share would be renamed and modified to become a B Preference Share
- Each B Preference Share would be held by the SunRice Fund
- The Fund would be listed on the ASX
- For each B Preference Share, one B Security would be issued by the Fund
- The B Securities would be able to be bought and sold on the ASX



Under the new model, a delisting from the NSX would take place and existing B Class Shares would be renamed and modified to become B Preference Shares.

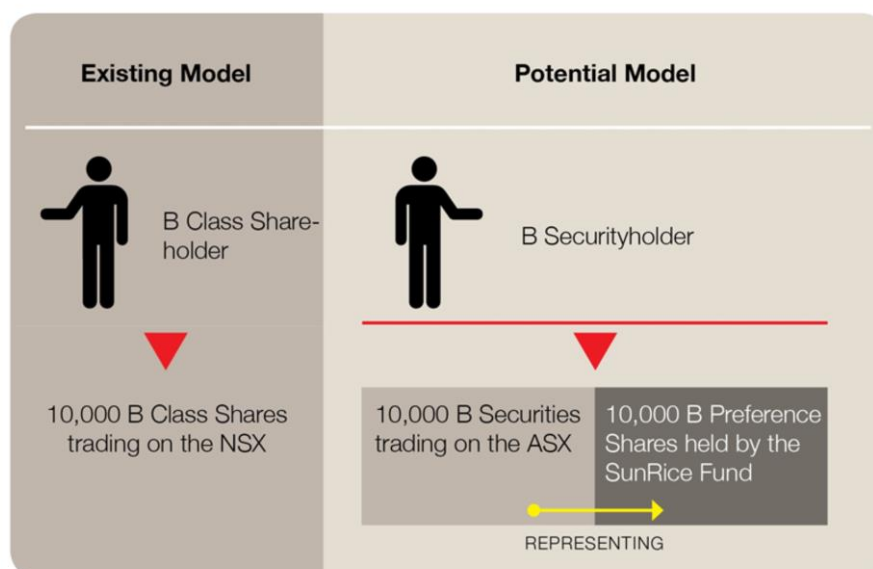
Each B Preference Share would be held in a new entity called the SunRice Fund.

For every B Preference Share, one B Security would be issued to existing B Class shareholders.

The B Securities would have the same economic rights as the old B Class Shares, most importantly the right to receive dividends, and can be bought and sold on the ASX.

Attached to the SunRice Fund and the structure are a range of protections and mechanisms, including Responsible Entity and Custodian arrangements. As I mentioned, we'd be very happy to work through any of this detail at the Technical Workshop or one of the small group meetings next week. However in short, the main thing to understand today is...

B CLASS SHARES VS. B SECURITIES



If you're a B Class Shareholder today with 10,000 B Class Shares on the NSX, under the new model you would be a:

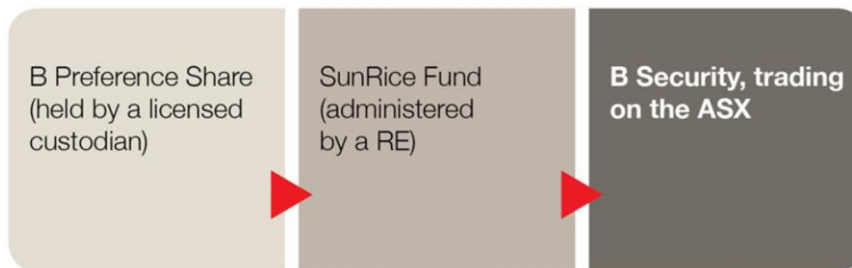
B Securityholder with 10,000 B Securities in the SunRice Fund, representing 10,000 B Preference Shares in SunRice.

Under this model SunRice B Securities would be able to be bought and sold by all investors on the ASX, including our existing A and B Class shareholders. This open market is expected to be far more liquid than is currently the case on the NSX because it provides a greater number of potential investors. In turn, it will provide the company with potential access to a deeper pool of capital than under our current structure and is expected to provide our shareholders with an improvement in the security price over time.

Importantly, if we move to this model a ruling will be obtained from the ATO to confirm that it doesn't trigger a capital gains tax event for shareholders. However, normal tax rules would apply to the sale of B Securities after implementation, which would be the same as those that currently apply to B Class Shares.

I'd now like to spend a little bit of time on the Fund, before we look at what the new model would mean for shareholders.

WHAT IS THE FUND?



- The Fund is an MIS, established as a trust
- It would be ASX listed and allow B Securities to trade freely
- Protections would be in place for securityholders and investors:
 - A Responsible Entity to administer the Fund, which would be wholly owned by SunRice
 - A licensed custodian to hold the B Preference Shares
- No change to paddy pool or dividend structures under this model



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The SunRice Fund, which has been established as a trust, is in fact in its legal form a registered Managed Investment Scheme. To clarify, the MIS structure being proposed is different to the kinds of tax-driven agricultural investment structures that failed during the Global Financial Crisis.

There are of course examples of successful Managed Investment Schemes that we don't hear about often, most notably Fonterra's Shareholder Fund and Sydney Airport.

Our MIS preserves grower shareholder control, whilst enabling us to access capital and distribute dividends on behalf of the SunRice operating business.

If implemented, the Fund would be managed by a Responsible Entity – which I will refer to as the SunRice RE - on behalf of the SunRice B Securityholders.

Significantly, the SunRice RE would be wholly owned by SunRice.

A licensed custodian would also be appointed to protect securityholders interests by holding the B Preference Shares.

Finally, under the new model the separation I mentioned earlier between the pool business and paddy returns, and our non-pool businesses and dividends, would continue and still be determined within SunRice by the SunRice Board.

This would not change – both sets of shareholder interests would continue to be protected in this way.

WHAT IT MEANS FOR A SHAREHOLDERS

No fundamental change to A Class Shares, preserving grower shareholder control

Feature	Before	After
Director appointment to SunRice Board	✓	✓
Majority of grower / A Class Directors	✓	✓
Eligibility criteria to hold A Class Shares	✓	✓
75% vote on change of control of SunRice	✓	✓
Changes to SunRice Constitution	✓	✓
Paddy pricing policy	✓	✓



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For our A Class shareholders, there would be no change to the fundamental nature and voting rights of your A Class Shares or your eligibility to hold them. This model ensures SunRice's future would continue to be aligned with and controlled by those who rely on it year in-year out.

That means:

- A Class shareholders have the ongoing right to appoint Directors to the SunRice Board. Under the Constitution, Grower Directors comprise the majority, further protecting A Class interests.
- There is no change to current A Class Share eligibility.
- And you have ongoing control of SunRice with no erosion in control rights over time, unless you determine otherwise by a 75% majority.

This is a critical element and we can't stress it enough. This structure is unique to SunRice and we are pleased to be able to present this to our grower shareholders. The only way grower shareholder control rights could change or a takeover of SunRice could proceed is in the same way it is handled today – that is via a vote of SunRice that secures 75% approval from A Class Shareholders. If this majority is not secured, this change cannot proceed. There is no sunset clause here. This is enduring, unless you determine

otherwise.

As a part of that, even in the unlikely event that all B Securityholders sold their B Securities as part of a takeover bid for the Fund, A Class Shareholders do not lose control of SunRice. As an A Class Shareholder you would retain control of the grower-led Board, the SunRice Constitution and therefore the direction of the company, including the existing policies in place that govern pool returns and dividends. This is a fundamental element of the approach we've developed.

Additional benefits for A Class shareholders include the potential for SunRice to strengthen the balance sheet to create stability and minimise business risk during times of drought, economic uncertainty or other circumstances.

And of course better access to capital to fund investment in all parts of the business, including Australian Rice Milling and Marketing, the benefits of which flow through into the paddy price.

I've already mentioned that increased access to capital will place us in a better position to target new and attractive markets for Australian rice in the future, while also allowing us to drive even greater innovation across our operations to achieve additional productivity improvements and cost-savings.

It should also allow us to better manage business risk, enabling us to be a stronger and more resilient company, particularly in the face of unfavourable climatic conditions or market shifts. We expect all of this to add to the growth of the business and to shareholder returns.

WHAT IT MEANS FOR B SHAREHOLDERS

Feature	B Class Shares	B Securities
Dividends	✓	✓
Director appointment rights	X	X
Voting rights in SunRice (only on "variation of rights")	✓	✓
Ownership / estate planning	Restricted	Unrestricted
Liquidity / share price uplift	Limited	Potential for significant uplift over time
5% holding cap	Cap	No cap
75% vote on change of control of SunRice	✓	✓



If we look at B Class Shareholder rights, there would be no changes to how dividends are issued or the appointment of Directors. Both would effectively be the same as they are today.

There would also be no changes to voting rights, which would enable B Securityholders to vote only on a variation of rights, which are those items that would change the rights you currently have today as a B Class shareholder. The definition of what constitutes a variation of rights is proposed to be extended to better protect B Securityholders.

I should note that we're mindful there's a lot to take in and we are of course happy to discuss any of these elements in detail at any time.

The major proposed changes for B Class Shareholders relate to transferability, the shareholding cap and of course ownership and liquidity.

Firstly, in terms of ownership, B Class Shares are broadly restricted to current and former growers and employees. Under the proposed model, ownership would be open to all investors, which is what drives improved liquidity and access to new capital. The ability to trade SunRice B Securities on an open ASX market should also, in the Board's view, provide an improved market value for SunRice B Securities over time, compared to the value of B Class Shares on the thinly traded NSX market.

It is important to note that the Board is not providing licensed financial advice and if, following your feedback we move forward to implement this model, shareholders will be given more detailed information on these and other issues including an Independent Expert's Report.

On ownership, I'd like to make the point that of course new and existing growers, A and B Class shareholders can continue to invest. While I've acknowledged that existing shareholder investment is not enough to fund our growth agenda, we certainly hope many of you would invest in the company in this way.

The limited transferability that exists today would be removed, which is one way of addressing estate planning issues. That means B Securities will be able to be passed on to family members and anyone else you may wish to transfer them to.

Under the potential structure, the 5% holding cap would be replaced by shareholding restrictions under the Corporations Act, which generally restricts ownership to 20%, although there are some exceptions.

Any change of control event involving the A Class Shares, being the controlling shares, would trigger the same approval requirements as today - that is 75% approval from A Class Shareholders and 75% approval from B Securityholders.

ADVANTAGES OF THE MODEL

Advantages A Class	Advantages B Class
Improved ability to raise capital and support future growth initiatives	Improved ability to raise capital and support future growth initiatives
Preserves existing control of A Class shareholders (active growers) on an ongoing basis	Expected enhanced liquidity for B Class shareholders
Should enhance SunRice's ability to grow the business to optimise paddy returns	Potential for significant increase in security price for B Class shareholders over time
	Addresses estate planning issues



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If we look at the advantages of the model:

For A Class shareholders, the implementation of the new structure would deliver an improved ability to raise capital and support future growth initiatives. As noted earlier in the presentation, the Board anticipates this growth will not only allow us to strengthen the company for the future, but enable us to pursue activities that flow through into paddy payments, as well as profit.

For B Class shareholders the advantages of the improved ability to raise capital is expected to allow us to manage business risk and pursue activities that in turn flow through into dividends and capital growth.

There are also additional benefits for B Class shareholders including access to a more open ASX market, which should provide an improved market value for SunRice B Securities over time.

Finally, the potential approach also meets the objectives of the capital structure, which includes addressing estate planning issues.

DISADVANTAGES OF THE MODEL

Disadvantages A Class	Disadvantages B Class
More expensive for growers who do not hold B Class Shares to meet the minimum securityholding requirement	Potential for greater volatility in the market price of B Securities compared to B Class Shares
Potential for further dilution of alignment in A and B Class shareholder interests	B Securityholders would hold an indirect, rather than a direct, interest in SunRice through the Fund



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In terms of disadvantages:

For A Class Shareholders, the Board and our advisors are aware that given the anticipated uplift in the value of B Securities compared to B Class Shares, it may become more expensive for incoming growers to attain the minimum B securityholding requirement to become an A Class Shareholder. This is currently 3,000 B Class Shares and would become 3,000 SunRice B Securities.

We also note there is potential for further dilution of the alignment between A and B Class Shareholder interests. In the next slide I'll outline a grower / shareholder purchase plan that we hope will go some way to addressing this.

For B Class Shareholders, there is the potential for greater volatility in the market price of B Securities compared to current B Class Shares. Also, B Class Shareholders would hold an indirect, rather than direct, interest in SunRice through the Fund.

DRAFT GROWER / SECURITYHOLDER PURCHASE PLAN

A Class shareholders

Grower Security Purchase Plan

- A Class shareholders would have the opportunity to purchase additional SunRice B securities
- Securities available to be purchased based on rice production

SunRice B securityholders

Dividend Re-investment Plan ("DRP")

- SunRice B securityholders would have the opportunity to purchase securities by reinvesting dividends
- Consistent with previous SunRice DRP

- **Purchase price and any discounts set by the Board**
- **Provides the potential to raise additional capital while encouraging both A Class shareholders and B securityholders to invest in the SunRice business, aligning interests**



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As I noted earlier, we've heard your feedback on the opportunity to reinvest in SunRice. In line with this, if the Capital Restructure is implemented we believe that grower shareholders and SunRice B securityholders should not only be given the opportunity to further invest in their company, but to share in the growth opportunity.

For SunRice B securityholders we propose establishing a Dividend Re-investment Plan, consistent with the current DRP, which would give securityholders the option to reinvest their dividends to purchase additional SunRice B securities.

Under the model, the purchase price for securities would be set by the Board when required, with the potential to be offered at a discount. Participants in the plan would have the additional benefit of not paying brokerage fees, as they would if purchasing through the market.

The Board also wishes to provide the opportunity for A Class shareholders to increase their investment in SunRice B securities. Although early days, we are focused on two potential structures, both of which link the securities available to be purchased to the production of rice. For example, they may potentially be based on:

- A metric of tonnes delivered – for example, for every tonne delivered an A

- Class shareholder would be able to purchase one security; or
- Paddy proceeds – where additional securities can be acquired, offset by paddy return proceeds. It is envisaged that a cap would be implemented based on a maximum investment per grower of A\$100,000 or 10% of paddy proceeds.

Along with the Dividend Reinvestment Program, the Grower Security Purchase Plan would provide SunRice with an opportunity to raise additional capital under the proposed model.

We believe that implementing these purchase plans would provide a balanced benefit to both grower shareholders and SunRice B Securityholders and provide the opportunity for all to share in the growth of the company. The other benefit is this will help align the interests of As and Bs, acknowledging that there is already a significant overlap of course.

We hope to be able to come back to you shortly to provide you the full details of both plans.

I also want to make a quick point here about future capital raisings. Like any other company seeking to raise capital, we would look to ensure our shareholders of the day had an appropriate opportunity to participate in any security offer.

REVIEW OBJECTIVES VS. MODEL

Objective	Delivered	Comment
Control preserved	✓	<ul style="list-style-type: none"> A Class shareholders maintain control Director appointment and voting rights in relation to a change of control and changes to the Constitution remain consistent with today Existing paddy payment policies protected
Greater liquidity	✓	<ul style="list-style-type: none"> Ownership of B Securities would be unrestricted An ASX listing would increase the pool of potential investors into SunRice
Improved access to new capital	✓	<ul style="list-style-type: none"> Further B Securities can be issued to fund growth initiatives for the benefit of both A Class shareholders and B Securityholders Secures current balance sheet, reducing business risk and strengthening it for the future
Potential for uplift in share price	✓	<ul style="list-style-type: none"> B Securities are expected to have an improved market value on the ASX over time compared to B Class Shares on the NSX
Manageable level of complexity	✓	<ul style="list-style-type: none"> Satisfactory response from regulators to this structure, subject to submission of final documentation Key features of existing arrangements maintained

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Before I hand back to Laurie, I'd like to finish by comparing the model against the Capital Structure Review's objectives and its ability to meet the outcomes we are seeking for A Class shareholders, B Class shareholders and the business as a whole. In short, why do the Board and I think this is the right decision?

- **Objective one – control preserved – YES.** Under the potential structure A Class Shares remain substantially unchanged. A Class shareholder control, including Director appointments to SunRice's grower-majority Board and voting on change of control events are able to exist as they do today – on an ongoing basis. The same protections that exist today for determining paddy payments also continue to be enshrined in policy, again set by the Grower Directors that you elect.
- **Objective two – greater liquidity – YES.** The ownership of B Securities would be unrestricted and their listing on the ASX will increase the pool of potential investors into SunRice.
- **Objective three – improved access to new capital – YES.** While it's not planned at the outset, further B Securities can be issued to existing and new investors. That will better enable us to fund growth initiatives to capitalise on the opportunity I spoke about earlier: the opportunity to build an independent, Australian-controlled food business of scale for the benefit

of both A Class shareholders and B Securityholders. This access will also reduce our reliance on banks as a source of funding. It has the potential to secure our current balance sheet, reducing business risk and strengthening it for the future, irrespective of our growth agenda.

- **Objective four – potential for better value – YES.** The Board's view is that B Securities should have an improved market value on the ASX over time, compared to the value of B Class Shares on the NSX. As I mentioned earlier, we would commission an Independent Expert's Report to give an opinion on this and provide some shape around any anticipated uplift if and when we get to that point in the process.
- **And finally objective five – Manageable level of complexity – YES.** This is a comprehensive model. It maintains the key features of existing shareholder rights and, based on our discussions with corporate regulators to date and pending your feedback, is one we believe can be delivered in full. All regulators' final views will of course be subject to us providing any further information they may request and to submitting final documentation.

I know this has been a lengthy presentation and thank you for your attention. I'd now like to hand back to Laurie for his closing comments before we open the meeting to your questions and comments.

WHY ARE WE PUTTING THIS MODEL TO YOU FOR FEEDBACK?

- The Board believes the model is in your best interests
- It delivers a win-win for both classes of shareholders and the SunRice business:
 - ✓ **Ongoing grower control** for A Class shareholders
 - ✓ **Improved access to capital** to fund growth to deal with contingencies, better manage business risk and create a global food company of scale
 - ✓ **Likely enhanced value and liquidity** for B Class shareholders

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[LAURIE ARTHUR, CHAIRMAN]: Thank you Rob.

In closing, the Board believes the approach we've outlined today is the one that collectively best meets the needs of our business, growers and shareholders.

I know there are many of you who are opposed to an ASX listing given what's happened to some of our friends in other agribusinesses. I understand that sentiment – I've had months and months to pull this proposal apart and to satisfy myself that the model will protect my interests as a grower shareholder both now and into the future. And I am satisfied that it will do that. I wouldn't be standing in front of you otherwise.

The Board is also satisfied that the potential model is likely to deliver improved value to both classes of shareholders.

Critically, it would represent no fundamental change to A Class Shares. Our grower shareholders retain control of the company and its direction, in the same way we always have.

Just as importantly, our B Class shareholders effectively maintain the same rights as they do today, but in a structure that should provide an improved market value over time and delivers greater flexibility – whether they choose

to sell their shares, acquire more or borrow against them.

For SunRice, this structure delivers on our objectives. With your support...

- It would better unlock access to capital to ensure certainty for our business over the long term;
- It is likely to improve the liquidity of B Class Shares; and
- It is expected to increase value for both classes of shareholders, all while retaining grower A Class shareholder control.

In light of each of these aspects, we ask that you consider not only what this structure would mean for you, but what it would mean for your fellow shareholders and our business too.

We have an opportunity in front of us. An opportunity to change. An opportunity, as Rob explained, to scaffold this business for success in a way that hasn't been possible up until now.

I know it's been said before, but it is worth repeating. Change has always been a constant for SunRice. And....undeniably, it is always preferable to change from a position of strength - not when we're under pressure from:

- Another drought;
- Diminished market share; or
- A changing regulatory landscape.

NEXT STEPS

- We encourage questions, comments and feedback, via:
 - Q & A session in this meeting
 - Technical meeting on Friday in Jerilderie
 - Small group meetings to be held in the Riverina next week
 - Your Directors
 - Capital Structure Review feedback form on www.sunrice.com.au
 - Shareholder hotline: 1800 020 806 or +61 3 9415 4260 (for international callers)
- Please expect a call from an independent research firm
- Your feedback is crucial and will inform the Board's view on whether to take this model to a vote



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The Board and I will be seeking your feedback on the model today and in the weeks and months ahead. As I mentioned earlier, it comes at an opportune time for us and, as history has shown us, too often these moments are fleeting.

In addition to this week's more formal meetings, we encourage you to host or join one of the small group meetings next week. Off the back of the successful meetings we had with many of you earlier this year, these will be face to face meetings – no formal presentations or speeches – just an opportunity to talk openly and ask questions and raise concerns with myself, Rob and other Directors. Please come and see us afterwards if you'd like to get involved.

We're also running a Technical workshop in Jerilderie this Friday, where you'll have access to us and to Macquarie and our lawyers. I look around the room and see many successful business people. We respect your views and opinions and want you to come along to this workshop with your advisors to challenge, question and explore – in detail – any elements of the model with them. We really do welcome your participation.

We of course encourage you to stay on today also and discuss the model in more detail with us.

If you'd prefer to submit comments or ask questions anonymously you can do this via our Shareholder Information Line and website, the details for which are on screen.

Finally, an independent research firm, Georgesons, will be calling each of you to seek your feedback at some point in the future. This is an important step in the Board understanding your desire for change and I encourage you to take their call.

I'm told they will be brief and any responses or comments you make will be in complete confidence. I know most of you would rather put the phone down in response to cold calls, but on this occasion, I ask you to please take the time to participate as your feedback on this issue is so important.

As I mentioned at the start of the meeting, the Board believes this is a strong workable model that fits well with our industry, but ultimately it is your decision as a shareholder that counts. Your feedback will determine whether or not this proceeds to a shareholder vote.

Thank you again for your time. We'd now like to open the meeting to questions and comments.

QUESTIONS & DISCUSSION

