



**SOVEREIGN FOOD INVESTMENTS LIMITED  
RIGHTS OFFER  
NOVEMBER 2009**

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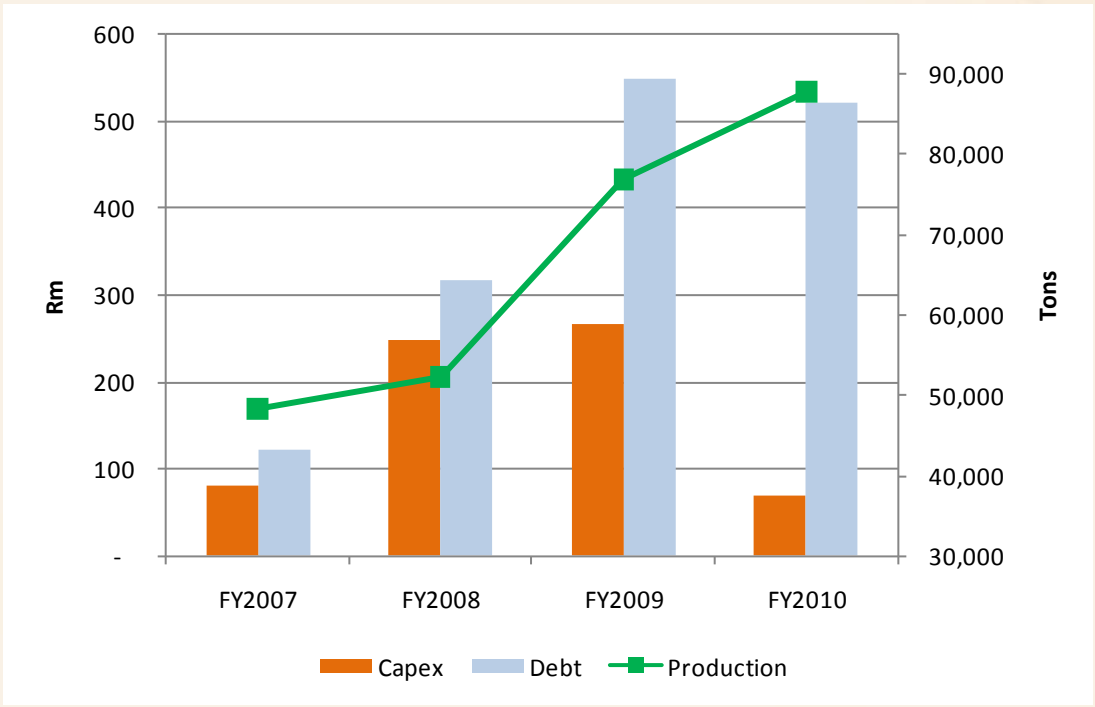
1. Expansion Programme
2. Rights Offer

## Introduction

- Objectives:
  - To assist shareholders with their decision to follow their rights in terms of the Rights Offer
  - To demonstrate when and how Sovereign applied capital and the effects thereof
  - To provide shareholders with visibility and firsthand experience of Sovereign's facilities
  - To provide shareholders with the opportunity to discuss the business directly with Sovereign's management

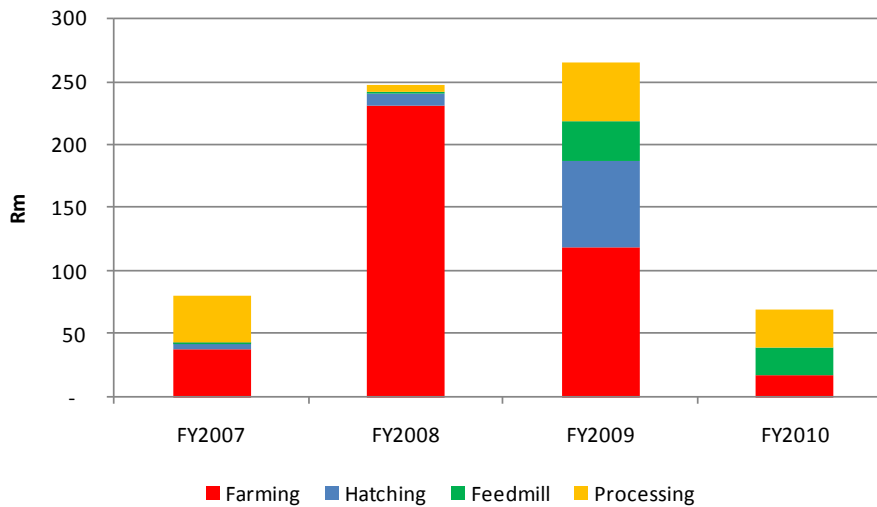
# THE EXPANSION PROGRAMME

## Results of the Expansion Programme

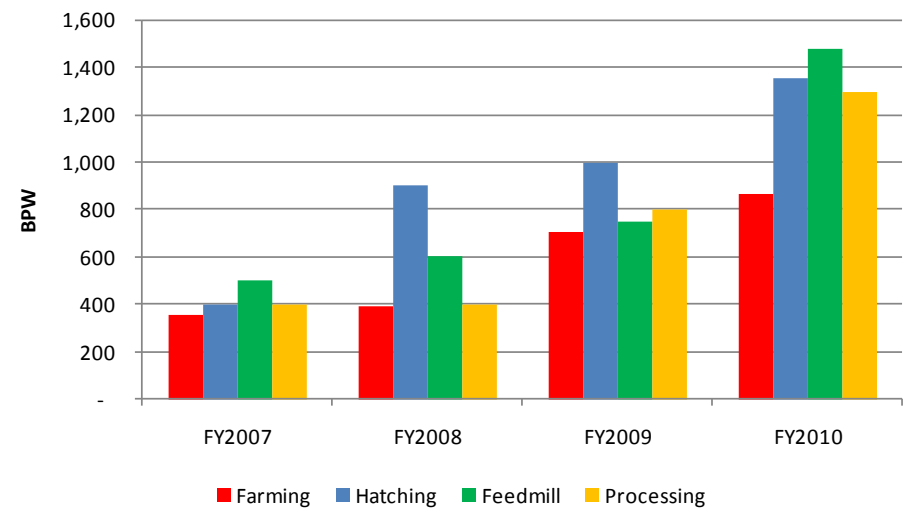


## Results of the Expansion Programme (continued)

### Capex



### Capacity



# RIGHTS OFFER

- Background
- Rationale
- Salient features
- Diagrammatical illustration
- Irrevocable undertakings
- Security of the Rights Offer
- Indicative effects
- Timetable

## Background

- Sovereign undertook a comprehensive assessment of its capital structure and gearing position, primarily in view of:
  - The current global debt and capital markets' view of gearing risk
- Sovereign embarked on a capital and debt restructuring that entails:
  - Raising of equity capital through a Rights Offer
  - Allocation of the proceeds from the Rights Offer towards:
    - Repayment of debt facilities (approximately 75% of Rights Offer proceeds)
    - Working capital requirements
    - Minimal Capex requirements

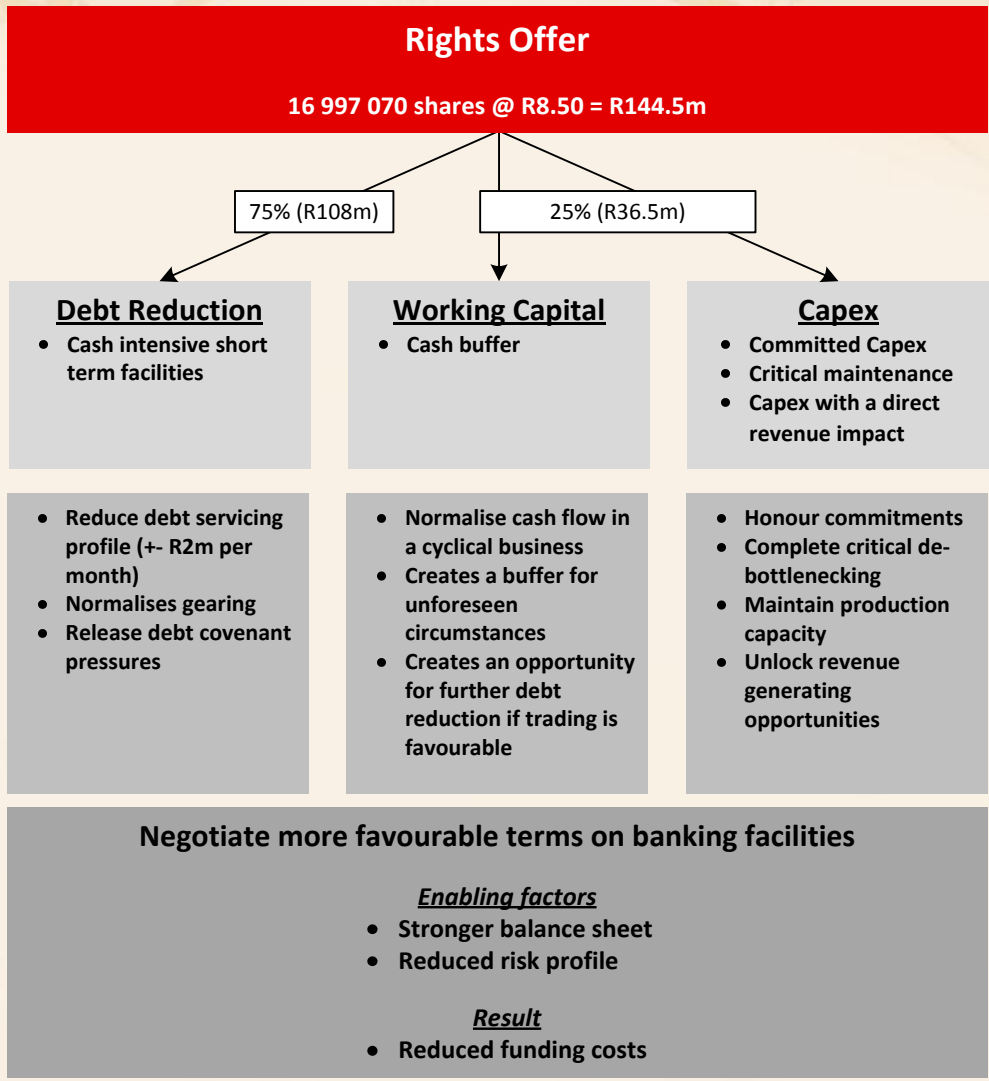
## Rationale

- The Rights Offer will allow Sovereign to:
  - Achieve a more sustainable gearing ratio and to strengthen its balance sheet
  - Match its debt repayment profile with its operating cash generation capacity
  - Match its debt and expansion profile
  - Achieve more competitive funding terms and more sustainable future borrowing capacity

## Salient features

- 16 997 070 shares at an issue price of R8.50 per share = R144.5m (“Rights Offer Amount”)
- Issue price at a discount of 17% to the current 30 day VWAP
- Partially underwritten
  - R80m (55.4% of the Rights Offer Amount)
  - Underwriters: Prudential and OMIGSA (R40m each)
  - Underwriting fee of 2.5%
    - Considerations:
      - Market related
      - Current market conditions and state of capital markets
      - Size of Rights Offer relative to market capitalisation (42%)
      - Sovereign’s risk profile due to gearing level
      - Total underwriting costs are limited due to subscription undertakings obtained (i.e. full underwriting not required)

# Diagrammatical illustration



## Irrevocable undertakings

### Voting undertakings:

- 48.9% of Sovereign's current shareholders entered into irrevocable undertakings ***to vote in favour*** of the resolution to implement the Rights Offer
- At the General Meeting on 4 November 2009, 98.5% of shareholders present or represented by proxy voted in favour of the resolution
- This illustrates the tremendous support of the Rights Offer by Shareholders

### Subscription undertakings:

- Shareholders holding 20.1% of Sovereign's issued share capital entered into irrevocable undertakings ***to subscribe*** for their rights
- The percentage above excludes fund managers who could not give undertakings in terms of their internal policies / mandates with clients but which are likely to follow their rights

## Security of the Rights Offer

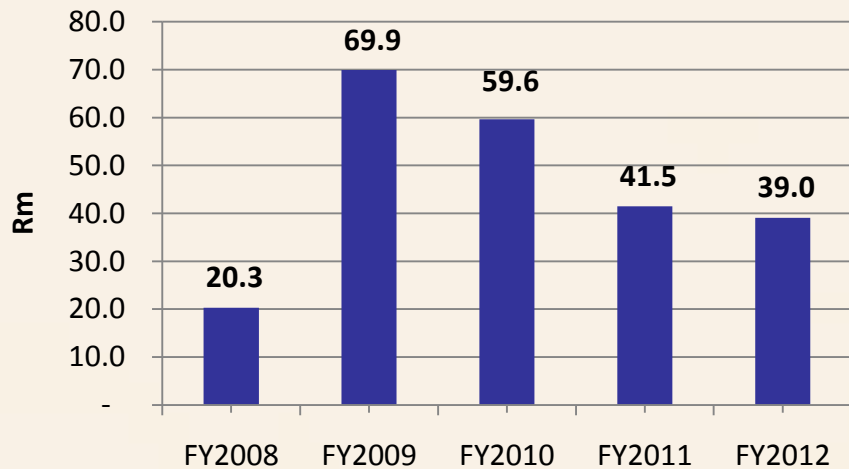
	Rm	%
Secured portion	109.0	75.5%
Underwriting	80.0	55.4%
Irrevocable subscription undertakings <sup>1</sup>	29.0	20.1%
Unsecured portion	35.5	24.5%
<b>Rights Offer Amount</b>	<b>144.5</b>	<b>100.0%</b>

1. *The irrevocable subscription undertakings were based on the shareholding percentages as at the date of entering into the undertakings. These shareholding percentages could be different on the record date of the Rights Offer but the changes are not anticipated to be material.*

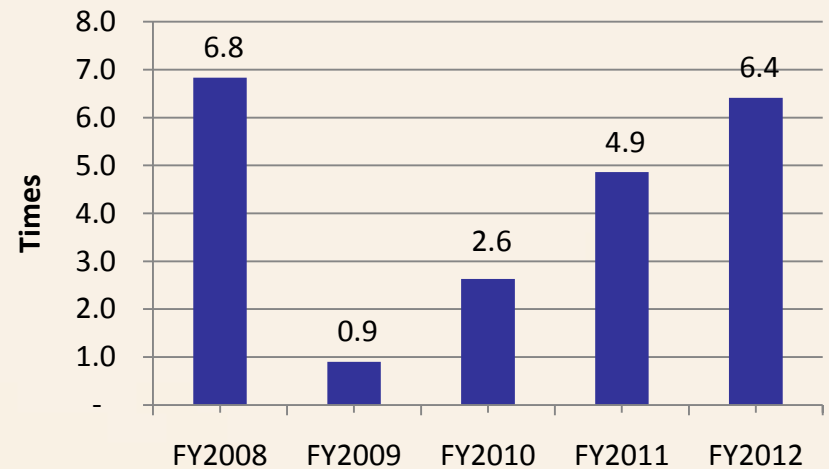
## Indicative effects

- Income statement

**Interest paid**



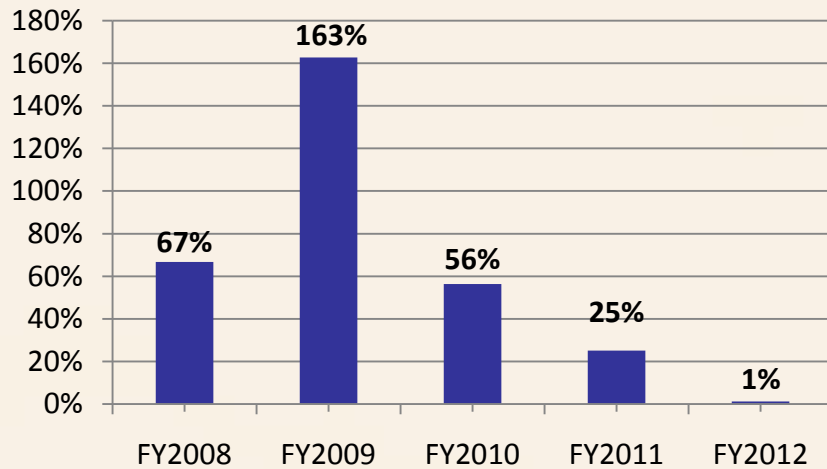
**Interest cover**



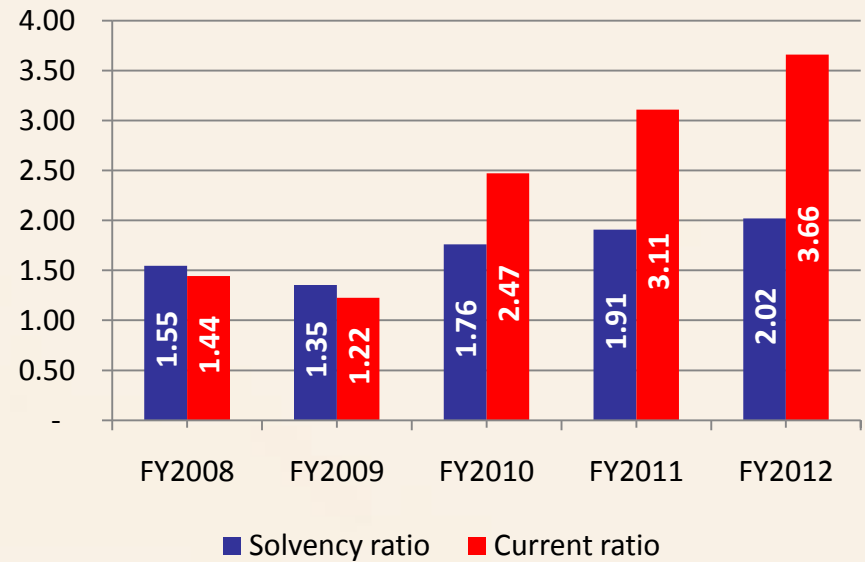
## Indicative effects (continued)

- Balance sheet

### Net debt/equity

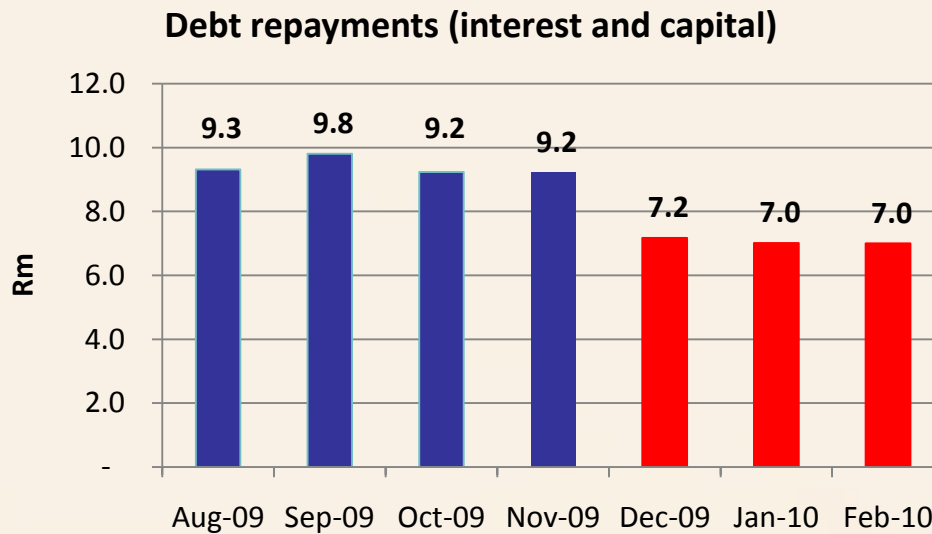


### Solvency & Liquidity



## Indicative effects (continued)

- Cash flow



## Timetable

	2009
Last day to trade in Sovereign shares ( <i>cum</i> entitlement)	Friday, 13 November
Listing of LA's on the JSE	Monday, 16 November
Shares commence trading ex-rights	Monday, 16 November
Record date for participation in the Rights Offer	Friday, 20 November
Rights Offer circular posted to Shareholders	Monday, 23 November
Rights Offer opens	Monday, 23 November
Dematerialised Shareholders will have their CSDP accounts credited	Monday, 23 November
Certificated Shareholders will have their entitlement credited	Monday, 23 November
Last day to trade in LA's	Friday, 4 December
Listing of Rights Offer Shares	Monday, 7 December
Rights Offer closes	Friday, 11 December
Record date for LA's	Friday, 11 December
Dematerialised Shareholders' accounts will be updated with entitlements & cash flow	Monday, 14 December
Results of Rights Offer released on SENS	Monday, 14 December
Results of Rights Offer published in the press	Tuesday, 15 December

**Further discussion / Questions?**