

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

Action required

1. If you are in any doubt as to the action you should take, please consult your broker, Central Securities Depository Participant ("CSDP"), attorney, accountant, banker, or other professional adviser immediately.
2. If you have disposed of all your ordinary shares in Sovereign Food Investments Limited ("Sovereign" or "the Company"), this circular, including the form of proxy (blue), should be handed to the purchaser of such ordinary shares or the broker, banker or other agent through whom the disposal was effected.
3. If you are a certificated shareholder or a dematerialised shareholder and have elected own-name registration in the sub-register through a CSDP and are unable to attend the general meeting to be held at the registered office of the Company at Kruis River Road, Uitenhage, 6230 at 10:00, on Wednesday, 4 November 2009 ("general meeting"), and wish to be represented thereat, you should complete and return the attached form of proxy (blue) in respect of the general meeting in accordance with the instructions therein. Such shareholders should lodge the form of proxy (blue) with, or post it to the Company's transfer secretaries Computershare Investor Services (Pty) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) so as to be received by them by no later than 10:00 on Monday, 2 November 2009.
4. Dematerialised shareholders, other than with own-name registrations, must inform their CSDP or broker of their intention to attend the general meeting and obtain the necessary Letter of Representation from their CSDP or broker to attend the general meeting or provide their CSDP or broker with their voting instructions should they not be able to attend the general meeting in person, This must be done in terms of the agreement entered into between the shareholder and the CSDP or broker concerned.
5. Certificated shareholders whose shares are held through a nominee or broker, must inform their nominee or broker of their intention to attend the general meeting and obtain the necessary Letter of Representation from their nominee or broker or provide their nominee or broker with their voting instructions should they not be able to attend the general meeting in person.



SOVEREIGN FOOD INVESTMENTS LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 1995/003990/06)
JSE share code: SOV ISIN: ZAE000009221

CIRCULAR TO SHAREHOLDERS

relating to:

the placing of the authorised but unissued ordinary share capital of Sovereign under the control of the directors of the Company for the purposes of implementing a rights offer;

and incorporating

- **a notice of general meeting; and**
- **a form of proxy (blue) for purposes of the general meeting of shareholders (for use by certificated shareholders and own-name registered dematerialised shareholders only).**

Corporate advisor and sponsor



Corporate Finance

Legal advisor



Transfer secretaries



Date of issue: 20 October 2009

Copies of this circular, in English, may be obtained from the registered office of the Company at the address set out in the "Corporate information and advisors" section of this circular from Tuesday, 20 October 2009.

CORPORATE INFORMATION AND ADVISORS

Registered office

Sovereign Food Investments Limited
Kruis River Road
Uitenhage
6230
South Africa
(PO Box 124, Uitenhage, 6230)

Company secretary

Chris Coombes, (CA)SA
Kruis Rivier Road
Uitenhage
6230
South Africa
(PO Box 124, Uitenhage, 6230)

Corporate advisor and sponsor

Barnard Jacobs Mellet Corporate
Finance (Pty) Ltd
BJM House
24 Fricker Road
Illovo
2196
South Africa
(PO Box 62200, Marshalltown, 2107)

Legal advisor

Edward Nathan Sonnenbergs Inc.
150 West Street
Sandown
Sandton
2196
South Africa
(PO Box 783347, Sandton, 2146)

Transfer secretaries

Computershare Investor Services (Pty) Ltd
Ground Floor
70 Marshall Street
Johannesburg
2001
South Africa
(PO Box 61051, Marshalltown, 2107)

Place of incorporation: The Republic of South Africa

Date of incorporation: 8 May 1995

IMPORTANT DATES AND TIMES

2009

Circular and notice of general meeting posted to Shareholders on	Tuesday, 20 October
Last day for receipt of proxies in respect of general meeting by 10:00 on	Monday, 2 November
General meeting of Shareholders at 10:00 on	Wednesday, 4 November
Results of general meeting released on SENS on	Wednesday, 4 November
Results of general meeting published in the press on	Thursday, 5 November

Notes:

1. These dates and times are subject to change. Any such change will be released on SENS and published in the press.
2. The interpretations and definitions commencing on page 2 of this circular apply *mutatis mutandis* to the important dates and times as set out above.

TABLE OF CONTENTS

	<i>Page</i>
Corporate information and advisors	Inside front cover
Interpretations and definitions	2
Circular to shareholders	
1. Introduction	4
2. Rationale and effect	4
3. General meeting of Shareholders	5
4. Directors' responsibility statement	5
5. Documents available for inspection	5
Notice of general meeting	6
Form of proxy for use by certificated shareholders and dematerialised shareholders who have elected own-name registration (<i>blue</i>)	Attached

INTERPRETATIONS AND DEFINITIONS

Throughout this circular, unless otherwise stated, the words in the first column shall have the meanings assigned to them in the second column, words denoting one gender include the others, expressions denoting natural persons include juristic persons and associations of persons and words in the singular shall include the plural and *vice versa*.

"the Act" or "the Companies Act"	the Companies Act (No. 61 of 1973), as amended;
"the Board" or "Directors"	the board of directors of Sovereign as at the last practicable date;
"certificated shareholders" or "holders of certificated shares"	shareholders who have not dematerialised their shares and thus hold shares in certificated form;
"circular"	this circular to shareholders, dated Tuesday, 20 October 2009 including the notice of general meeting and form of proxy blue;
"CSDP"	a Central Securities Depository Participant, accepted as a participant in terms of the Securities Services Act;
"dematerialised"	the process by which shares held by the holder of certificated shares or other documents of title are converted to and held in electronic form as uncertificated shares in terms of the Strate system and recorded in the sub-register of shareholders maintained by a CSDP;
"dematerialised shareholders" or "holders of dematerialised shares"	shareholders who have dematerialised their shares;
"dematerialised shares"	shares which have been dematerialised;
"documents of title"	share certificates, certified transfer deeds, balance receipts or any other documents of title to shares acceptable to the board;
"general meeting"	the general meeting of shareholders to be held at 10:00 on Wednesday, 4 November 2009 at Kruis River Road, Uitenhage, 6230 to consider, and, if deemed fit, pass, with or without modification, the proposed resolution contained in the notice of general meeting attached to this circular;
"JSE"	JSE Limited (registration number 2005/022939/06), a public company duly registered and incorporated with limited liability under the company laws of South Africa and licensed as an exchange under the Securities Services Act;
"last practicable date"	Monday, 19 October 2009, the last practicable date prior to the finalisation of this circular;
"Listings Requirements"	the Listings Requirements of the JSE;
"own-name registration"	the process by which shareholders have dematerialised their shares and the shares are held in the name of the shareholder with a CSDP or broker in electronic form and recorded in the sub-register of the Company maintained by a CSDP;

“proposed resolution”	the ordinary resolution contained in the notice of general meeting attached to and forming part of this circular;
“R” or “Rand”	South African Rand, the currency of South Africa;
“Record Date”	the record date, as defined in the Listings Requirements, of the Rights Offer;
“Rights Offer”	the proposed offer to be made by the Company to its Shareholders recorded as such on the Record Date by way of renounceable (nil paid) rights to subscribe for the Rights Offer Shares at 850 cents per Rights Offer Share in the ratio of 51.5017 Rights Offer Shares for every 100 shares held;
“Rights Offer Shares”	16 997 070 Sovereign shares proposed to be offered to Shareholders to implement the Rights Offer;
“Securities Services Act”	the Securities Services Act (No. 36 of 2004), as amended;
“SENS”	the Securities Exchange News Service of the JSE;
“South Africa”	the Republic of South Africa;
“Sovereign” or “the Company”	Sovereign Food Investments Limited (registration number 1995/003990/06), a public company incorporated in the South Africa, the shares of which are listed on the JSE;
“Sovereign Shareholders” or “Shareholders”	the registered holders of ordinary shares;
“Sovereign shares” or “ordinary shares” or “shares”	ordinary shares with a par value of 1 cent each in the issued ordinary share capital of the Sovereign;
“Strate”	Strate Limited (registration number 1998/022242/06), a public company duly incorporated in South Africa, which is a registered central securities depository in terms of the Securities Services Act, and which manages the electronic clearing and settlement system for transactions that take place on the JSE and off-market trades; and
“Transfer Secretaries”	Computershare Investor Services (Proprietary) Limited (registration number 2004/003647/07), a private company duly registered and incorporated with limited liability in South Africa.



SOVEREIGN FOOD INVESTMENTS LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 1995/003990/06)
JSE share code: SOV ISIN: ZAE000009221

Directors

C P Davies (*Chairman*) *
M J B Davis (*Chief Executive*)
L M Nyhonyha *
M J Hankinson *
K T Kweyama *
P M Madi *
C Coombes (*Financial Director*)
B J Van Rensburg (*Operations Director*)
G G Walter (*Sales and Marketing Director*)

* *Non-executive*

CIRCULAR TO SHAREHOLDERS

1. INTRODUCTION

Shareholders are referred to the announcement released by the Company on SENS on Monday, 19 October 2009 and the press on Tuesday, 20 October 2009 wherein salient features of the Rights Offer were furnished to Shareholders.

Accordingly, the Board proposes, subject to the requisite approval by Shareholders being obtained in general meeting, that the authorised but unissued ordinary shares, comprising 16 997 070 ordinary shares, be placed under the control of the directors for purposes of implementing the Rights Offer.

The purpose of this circular is to furnish to Shareholders information relating to the proposed resolution, in accordance with the Act and the Listings Requirements, and to convene the general meeting at which Shareholders will be requested to approve the proposed resolution.

2. RATIONALE AND EFFECT

Sovereign is the holding company of five principal operations within the broiler industry which cover breeding activities, broiler farming, food processing, animal feed milling and value-added poultry processing and trading.

Sovereign embarked on an expansion plan over the past three years which was aimed at increasing its production and processing capacity. Sovereign's expansion plan is nearing completion and has resulted in the following highlights:

- Sovereign has constructed over 100 000 m² of additional environmentally controlled poultry housing, and has converted all of its older houses to be environmentally controlled;
- the R62 million state-of-the-art hatchery has reached its targeted first phase production of just over 900 000 birds per week, with a capacity to produce 2 million birds per week in the long term;
- additional farming space has resulted in a significant volume increase;

- the abattoir has been upgraded with new killing and evisceration equipment, two new production lines and a third high-capacity spiral freezer; and
- Sovereign is nearing completion of its feedmill upgrade, which will have the capacity of producing 20 000 tons of feed per month.

The expansion plan has however resulted in an increase in Sovereign's gearing and as at 31 August 2009 Sovereign's net gearing (being total bank funding less cash on hand to Shareholders' equity) was 140%.

In addition, the global financial crisis has resulted in banks facing liquidity and lending constraints which have impacted Sovereign's planned capital expenditure.

In order to implement the Rights Offer, the Company requires the Shareholders to place the authorised but unissued shares in the share capital of the Company under the control of the Board.

The placement of the authorised but unissued share capital under the control of the Directors will have no effect on the share capital of the Company.

Full details of the Rights Offer will be provided in a circular to be posted to Sovereign shareholders in due course.

3. GENERAL MEETING OF SHAREHOLDERS

A general meeting of Sovereign Shareholders will be held at 10:00 on Wednesday, 4 November 2009 at the registered office of the Company at Kruis River Road, Uitenhage, 6230, at which the proposed resolution will be proposed for consideration and, if deemed fit, approved, with or without modification.

Sovereign has received irrevocable undertakings from existing Sovereign shareholders:

- currently holding approximately 48.9% of Sovereign's issued share capital, to vote in favour of the necessary resolutions to implement the Rights offer; and
- currently holding approximately 20.1% of Sovereign's issued share capital, to subscribe for their *pro rata* rights in terms of the Rights Offer.

4. DIRECTORS' RESPONSIBILITY STATEMENT

The directors of Sovereign, whose names are given on page 4 of this circular, collectively and individually, accept full responsibility for the accuracy of the information given in this circular and certify that, to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement in this circular false or misleading, that they have made all reasonable enquiries to ascertain such facts and that this circular contains all information required by law and the Listings Requirements.

5. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at any time during normal business hours from Tuesday, 20 October 2009, until the close of the general meeting of the Company to be held at 10:00 on Wednesday, 4 November 2009 at Kruis River Road, Uitenhage, 6230;

- 5.1 the memorandum and articles of association of the Company;
- 5.2 the audited annual financial statements of the Company for the last three years ended 28 February 2009 and the interim financial results of the Company for the six months ended 31 August 2009;
- 5.3 this circular signed on behalf of the Board; and
- 5.4 letters of consent of the advisors named on the inside front cover of this circular to their names appearing herein.

Signed in Uitenhage on the last practicable date by Mike Davis, the Chief Executive Officer of Sovereign, on behalf of all the directors of Sovereign in terms of powers of attorney signed by such directors.

By order of the Board

Sovereign Food Investments Limited



SOVEREIGN FOOD INVESTMENTS LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 1995/003990/06)

JSE share code: SOV ISIN: ZAE000009221

("Sovereign" or "the Company")

NOTICE OF GENERAL MEETING

Notice is hereby given that a general meeting of the Company's shareholders will be held at 10:00 on Wednesday, 4 November 2009 at the registered office of the Company at Kruis River Road, Uitenhage, to consider and, if deemed fit, pass, with or without modification, the ordinary resolution set out below:

ORDINARY RESOLUTION

"**Resolved** that the Company is hereby authorised, in accordance with section 221 of the Companies Act and the Listings Requirements of the JSE Limited, to place 16 997 070 unissued ordinary shares in the authorised capital of the Company under the control of the directors of the Company who are authorised under a specific authority to allot and issue all or any of the 16 997 070 ordinary shares placed under their control in terms of this resolution for the purposes of implementing a rights offer."

VOTING AND PROXIES

On a show of hands, every shareholder of the Company who (being an individual) is present in person or by proxy at the general meeting or which (being a company or body corporate) is represented thereat by a representative appointed pursuant to section 188 of the Companies Act, shall have one vote and, on a poll, every shareholder of the Company present in person (whether an individual or a company or other body corporate) or represented by proxy at the general meeting, shall have one vote for each ordinary share of which he is the registered holder.

A shareholder entitled to attend and vote at the general meeting may appoint one or more persons as his proxy to attend, speak and, subject to the articles of association of Sovereign, vote in his stead. A proxy need not also be a shareholder of the Company.

Holders of certificated shares, and holders of dematerialised shares who have elected own-name registration in the sub-register through a CSDP, who are unable to attend the general meeting but wish to be represented thereat, must complete and return the attached form of proxy (blue) in accordance with the instructions contained therein so as to be received by the Transfer Secretaries by no later than 10:00 on Monday, 2 November 2009.

Holders of dematerialised shares must instruct their CSDP or broker to vote by proxy on their behalf in terms of the agreement entered into between such shareholders and their CSDP or broker should such shareholders wish to be represented thereat. Such shareholders who wish to attend the general meeting must request their CSDP or broker to provide them with the necessary Letter of Representation to attend and vote their shares.

By order of the Board

C Coombes

Company Secretary

20 October 2009

Registered office

Sovereign Food Investments Limited
Kruis River Road
Uitenhage, 6230
(PO Box 124, Uitenhage, 6230)

Transfer secretaries

Computershare Investor Services (Pty) Limited
Ground Floor
70 Marshall Street
Johannesburg, 2001
(PO Box 61051, Marshalltown, 2107)



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FORM OF PROXY

For use at the general meeting of the Company to be held at 10:00 on Wednesday, 4 November 2009.

IF YOU ARE A DEMATERIALISED SHAREHOLDER, OTHER THAN WITH OWN NAME REGISTRATION, DO NOT USE THIS FORM. DEMATERIALISED SHAREHOLDERS, OTHER THAN WITH OWN NAME REGISTRATION, SHOULD PROVIDE INSTRUCTIONS TO THEIR APPOINTED CSDP OR BROKER IN THE FORM STIPULATED IN THE CUSTODY AGREEMENT ENTERED INTO BETWEEN THE SHAREHOLDERS AND THE CSDP OR BROKER.

FOR USE BY HOLDERS OF CERTIFICATED SHARES AND HOLDERS OF DEMATERIALISED SHARES WHO HAVE ELECTED OWN NAME REGISTRATION AT THE GENERAL MEETING TO BE HELD AT KRUIS RIVER ROAD, UITENHAGE, 6230 at 10:00 ON WEDNESDAY, 4 NOVEMBER 2009 WHO WISH TO VOTE ON THE ORDINARY RESOLUTION AS SET OUT IN THE CIRCULAR, TO WHICH THIS FORM IS ATTACHED.

I/We (full name in print)

of (address)

Telephone: (Work) area code ()

Telephone: (Home) area code ()

being the holder of ordinary shares in the Company, hereby appoint (see note 1):

1. _____ or failing him/her,

2. _____ or failing him/her,

3. the chairperson of the general meeting,

as my/our proxy to attend, speak and vote on my/our behalf at the general meeting which will be held for the purpose of considering and, if deemed fit, passing, with or without modification, the ordinary resolution to be proposed thereat and at any adjournment thereof and to vote for or against such resolution or to abstain from voting in respect of the ordinary shares in the issued share capital of the Company registered in my/our name/s, in accordance with the following instruction (see note 2):

	For	Against	Abstain
Ordinary resolution Authority and approval in terms of section 221 of the Companies Act, for the Company to place as a specific authority 16 997 070 authorised but unissued shares in the share capital of the Company under the control of the directors for the purposes of implementing a rights offer			

Please indicate with an "X" or the relevant number of votes in the relevant spaces above according to how you wish your votes to be cast. If you wish to cast your votes in respect of a lesser number of shares than you own in the Company, insert the number of shares held in respect of which you desire to vote (see note 2).

Signed at _____ on _____ 2009

Signature _____ Authority of signatory to be attached (see notes 5 and 6)

Assisted by (where applicable) _____

Only shareholders holding share certificates or holders of dematerialised shares with own-name registration who are entitled to attend and vote at the general meeting and at any adjournment thereof may appoint one or more proxies to attend, speak and vote in place of such shareholder. A proxy so appointed need not be a shareholder of the Company.

Please read the notes on the reverse side hereof.

Notes:

1. A Shareholder may insert the name of a proxy or the names of two alternate proxies of the Shareholder's choice in the space(s) provided, with or without deleting "the chairman of the general meeting". The person whose name stands first of this form of proxy and who is present at the general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. A shareholder should insert an "X" in the relevant spaces according to how you wish your votes to be cast. However, if you wish to cast your votes in respect of a lesser number of shares than you own in the Company, insert the number of shares held in respect of which you wish to vote. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the general meeting as he deems fit in respect of all the Shareholder's votes exercisable thereat. A Shareholder or his proxy is not obliged to use all the votes exercisable by the Shareholder or by his proxy, but the total of the votes cast and abstentions recorded may not exceed the total of the votes exercisable by the Shareholder or by his proxy.
3. The date must be filled in on this form of proxy when it is signed.
4. The completion and lodging of this form of proxy will not preclude the relevant Shareholder from attending the general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such Shareholder wish to do so.
5. The chairman of the general meeting may reject or accept any form of proxy, which is completed and/or received, other than in compliance with these notes.
6. Shareholders who have dematerialised their shares with a CSDP or broker, other than with own name registration, must arrange with the CSDP or broker concerned to provide them with the necessary authorisation to attend the general meeting or the Shareholders concerned must instruct their CSDP or broker as to how they wish to vote in this regard. This must be done in terms of the agreement entered into between the Shareholders and the CSDP or broker concerned.
7. Where there are joint holders of shares, the vote of the senior joint holder who tenders a vote, as determined by the order in which the names stand in the register of members, will be accepted.
8. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity (e.g. on behalf of a company, close corporation, trust, pension fund, deceased estate, etc) must be attached to this form of proxy, unless previously recorded by the Company or waived by the chairperson of the general meeting.
9. Where this form of proxy is signed under power of attorney, such power of attorney must accompany this form of proxy unless it has previously been registered with the Company.
10. A vote given in accordance with the terms of a proxy shall be valid, notwithstanding the previous death or insanity of the principal, or revocation of the proxy, or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given, provided that no intimation in writing of such death, insanity or revocation shall have been received by the Company by no later than one hour before the commencement of the general meeting at which the proxy is to be used.
11. Where there are joint holders of shares: any one holder may sign the form of proxy; and the vote of the senior joint holder who tenders a vote, as determined by the order in which the names stand in the Company's register of shareholders, will be accepted.
12. Any alterations or corrections made to this form of proxy, other than the deletion of alternatives, must be signed in full and not only initialled by the signatories.
13. A minor must be assisted by his/her parent or guardian, unless the relevant documents establishing his/her legal capacity are produced or have been recorded by the Company.
14. The chairperson of the general meeting may accept or reject any form of proxy, in the chairperson's absolute discretion, which is completed, other than in accordance with these notes.
15. If required, additional forms of proxy are available from the transfer secretaries of the Company.
16. Forms of proxy must be lodged at or posted to the the transfer secretaries, Computershare Investor Services (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marhsalltown, 2107) so as to be received by no later than 10:00 on Monday, 2 November 2009.
17. If the relevant resolution is proposed at the general meeting in a form modified from that contained in the notice to which this form of proxy is attached, then the proxy shall, notwithstanding any direction in the form of proxy as to the manner in which you have indicated your vote should be cast, be entitled to cast your vote as the proxy deems fit, provided the proxy must always adhere to any instructions which are given on a separate sheet of paper accompanying and attached to this form of proxy.