

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

The definitions and interpretations commencing on page 5 of this Circular apply throughout this Circular, including to this cover page.

If you are in any doubt as to what action to take, please consult your Broker, CSDP, banker, accountant, legal advisor or other professional advisor immediately.

**Action Required**

1. If you have disposed of all your Shares on or before Friday, 4 November 2022, then this Circular should be forwarded to the purchaser to whom, or the Broker, agent, CSDP or banker through whom, the disposal was effected.
2. Shareholders are referred to page 2 of this Circular, which sets out the detailed actions required of them in respect of the Repurchase set out in this Circular.

**The Independent Board, the Board and RCL FOODS do not accept responsibility, and will not be held liable, for any action of, or omission by, any CSDP, Broker or nominee, including, without limitation, any failure on the part of the CSDP or Broker of any beneficial owner of RCL FOODS Shares to notify such beneficial owner of the matters set out in this Circular.**



**RCL FOODS LIMITED**

Incorporated in the Republic of South Africa

Registration number: 1966/004972/06

Share code: RCL

ISIN: ZAE000179438

("RCL FOODS" or "Company")

## CIRCULAR TO SHAREHOLDERS

regarding:

- the proposed repurchase by the Company of: (i) 13,962,863 Common Shares from the ESOP and 5,984,084 Common Shares from SPV 2 at R11.49 per Common Share; and (ii) 30,718,299 Nominal Shares from the ESOP Trust and 13,164,985 Nominal Shares from SPV 2 at R0.01 per Nominal Share, representing, in aggregate, a repurchase of 63 830 231 Shares from ESOP and SPV 2 which amounts to approximately 6.70% of the RCL FOODS Shares in issue, for an aggregate consideration of R229 629 253.87, in terms of section 48 as read with sections 114 and 115 of the Companies Act and paragraph 5.69 of the Listings Requirements, pursuant to the unwind of the Existing BEE Transaction; and
- the Framework Agreement which, insofar as SPV 2 is concerned, constitutes a small related party transaction for the Company in terms of paragraph 10.1(a) (read with paragraph 10.7) of the Listings Requirements;

**and incorporating:**

- a Fairness Opinion prepared by the Independent Expert in terms of paragraph 10.7(b) of the Listings Requirements;
- a report by the Independent Expert in terms of sections 114(2) and 114(3) of the Companies Act, read with regulations 90 and 110 of the Companies Regulations;
- a Notice of General Meeting; and
- a Form of Proxy (*blue*) in respect of the General Meeting, for use by Certificated Shareholders and "Own Name" Dematerialised Shareholders only.

**Financial Adviser and Transaction Sponsor**



**Transfer Secretaries**



**Attorneys**

**WEBBER WENTZEL**

in alliance with > Linklaters

**Independent Expert**



Date of issue: Monday, 14 November 2022

This Circular is available in English only. Additional copies of this Circular may be accessed via a secure electronic manner at the election of the person requesting inspection from the Company Secretary, by emailing [lauren.kelso@rclfoods.com](mailto:lauren.kelso@rclfoods.com), or from the Transaction Sponsor, by emailing [sponsorteam@rmb.co.za](mailto:sponsorteam@rmb.co.za), during normal business hours from Monday, 14 November 2022, up to and including the date of the General Meeting on Tuesday, 13 December 2022 (both days inclusive).

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## CORPORATE INFORMATION AND ADVISORS OF RCL FOODS

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**Registered office and business address**

RCL Foods Limited  
(Registration number 1966/004972/06)  
Ten The Boulevard  
Westway Office Park  
Westville  
3629  
(PO Box 2734, Westway Office Park, 3635)

**Transfer Secretaries**

Computershare Investor Services  
Proprietary Limited  
(Registration number 2004/003647/07)  
Rosebank Towers  
15 Biermann Avenue  
Rosebank  
2196  
(Private Bag X9000, Saxonwold, 2132)

**Financial Adviser and Transaction Sponsor**

RAND MERCHANT BANK  
(A division of FirstRand Bank Limited)  
(Registration number 1929/001225/06)  
1 Merchant Place  
Corner Fredman Drive and Rivonia Road  
Sandton  
2196  
(PO Box 786273, Sandton, 2146)

**Place of incorporation**

Republic of South Africa

**Company Secretary**

L Kelso  
RCL Foods Limited  
Ten The Boulevard  
Westway Office Park  
Westville  
3629  
(PO Box 2734, Westway Office Park, 3635)

**Attorneys**

Webber Wentzel  
90 Rivonia Road  
Sandton  
2196  
(PO Box 61771, Marshalltown, 2107)

**Independent Expert**

BDO Corporate Finance Proprietary Limited  
(Registration number 1983/002903/07)  
Wanderers Office Park  
52 Corlett Drive  
Illovo  
2196  
(Private Bag X60500, Houghton, 2041)

**Date of incorporation**

17 June 1966

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## **ACTION REQUIRED BY SHAREHOLDERS**

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The definitions and interpretations commencing on page 5 of this Circular apply to this “Action required by Shareholders” section.

If you are in any doubt as to what action to take, please consult your Broker, CSDP, banker, accountant, legal advisor or other professional advisor immediately.

If you have disposed of all your Shares on or before Friday, 4 November 2022, then this Circular should be forwarded to the purchaser to whom, or the Broker, agent, CSDP or banker through whom, the disposal was effected.

### **THE GENERAL MEETING**

The implementation of the Repurchase is subject to, *inter alia*, Shareholders passing, with or without modification, the requisite special and ordinary resolutions at the General Meeting to be held entirely electronically at 10h00 on Tuesday, 13 December 2022.

The record date, in order to determine which Shareholders will be eligible to participate in and vote at the General Meeting, is Friday, 2 December 2022.

A notice convening the General Meeting is incorporated into, and forms part of, this Circular.

### **Certificated Shareholders and Dematerialised Shareholders with “own-name registration”**

If you hold Certificated Shares or you hold Dematerialised Shares with “own-name registration” (i.e., if you specifically instructed your CSDP to hold your Shares in your own name on the Company’s securities register):

- you may attend, participate in and vote at the General Meeting in person; or
- you may appoint a proxy (including the chairperson of the General Meeting) to attend, participate in and vote at, the General Meeting on your behalf by completing the attached Form of Proxy (*blue*) in accordance with the instructions contained therein, and delivering it to the Company’s Transfer Secretaries, Computershare Investor Services Proprietary Limited, at Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, or posting it to Private Bag X9000, Saxonwold, 2132 or emailing it to: proxy@computershare.co.za.

Shareholders are requested, but are not obliged, to submit completed Forms of Proxy (*blue*), for administrative purposes, to the Company’s Transfer Secretaries by 10h00 on Friday, 9 December 2022. If you do not deliver the completed Form of Proxy (*blue*) to the Transfer Secretaries by 10h00 on Friday, 9 December 2022, you will nevertheless be entitled to lodge it, in accordance with the instructions contained therein, with the Company Secretary of the Company or the chairperson of the General Meeting before the appointed proxy exercises any of such Shareholder’s voting rights at the General Meeting.

### **Dematerialised Shareholders other than those with “own-name registration”**

If you hold Dematerialised Shares other than with “own-name registration”:

- you may attend or be represented at the General Meeting by instructing your CSDP or Broker timeously, in the manner stipulated in the custody agreement governing the relationship between you and your CSDP or Broker. These instructions must be provided to your CSDP or Broker by the cut-off date and time advised by your CSDP or Broker for instructions of this nature. Your CSDP or Broker will be required to issue the necessary letter of representation to you to enable you to attend or to be represented at the General Meeting; or
- if you do not wish to attend or be represented at the General Meeting, but wish to vote, and your CSDP or Broker has not contacted you, you are advised to contact your CSDP or Broker and provide them with your voting instructions, in the manner stipulated in the custody agreement governing the relationship between you and your CSDP or Broker. These instructions must be provided to your CSDP or Broker by the cut-off date and time advised by your CSDP or Broker for instructions of this nature. If your CSDP or Broker does not obtain instructions from you, they will be obliged to act in terms of your mandate furnished to them.

**You must not complete the attached Form of Proxy (*blue*).**

## **GENERAL**

### **Dematerialisation**

If you wish to dematerialise your RCL FOODS Shares, please contact your Broker or CSDP.

### **Electronic participation**

RCL FOODS Shareholders wishing to participate electronically in the General Meeting are required, by no later than 10h00 on Friday, 9 December 2022, to deliver written notice to such effect to the Company Secretary at the Company's registered office and business address, being Ten The Boulevard, Westway Office Park, Westville, 3629, KwaZulu-Natal or by email to [lauren.kelso@rclfoods.com](mailto:lauren.kelso@rclfoods.com) (marked for the attention of the Company Secretary) ("**Electronic Notice**").

In order for the Electronic Notice to be valid it must contain: (a) if the RCL FOODS Shareholder is an individual, a certified copy of his/her identity document and/or passport; (b) if the RCL FOODS Shareholder is not an individual, a certified copy of an authorising resolution or letter of representation by the relevant entity and a certified copy of the identity documents and/or passports of the persons who passed the relevant resolution or signed the relevant letter of representation. The letter of representation or authorising resolution must set out the name of the individual who is authorised to represent the entity at the General Meeting via electronic communication; (c) a valid e-mail address ("**Contact Address**"); and (d) confirmation of whether the RCL FOODS Shareholder wishes to vote via electronic communication. By no later than 10h00 on Monday, 12 December 2022, the Company shall use its reasonable endeavours to provide an RCL FOODS Shareholder who has delivered a valid Electronic Notice with instructions at his/her Contact Address to enable the Shareholder to participate in the General Meeting via electronic communication.

Should you wish to participate in the General Meeting by way of electronic communication as aforesaid, you, or your proxy, will be required to dial-in to the dial-in facility on the date of the General Meeting. The dial-in facility will be linked to the venue at which the General Meeting will take place on the date of, from the time of commencement of, and for the duration of, the General Meeting. The dial-in facility will enable all persons to participate electronically in the General Meeting in this manner (and as contemplated in section 63(2) of the Companies Act), to communicate concurrently with each other without an intermediary and to participate reasonably effectively in the General Meeting. The costs in relation to the dial-in facility will be for your own account.

RCL FOODS will not be held liable for any loss, injury, damage, penalty or claim arising from the use of the electronic communication services or any defect in respect thereof or from a total or partial failure of the electronic communication services for any reason whatsoever, including loss of network connectivity or other network failure due to, *inter alia*, insufficient airtime, internet connectivity, internet bandwidth and/or power outages which prevent an RCL FOODS Shareholder or its proxy from attending, participating in and/or voting at the General Meeting.

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## SALIENT DATES AND TIMES

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The definitions and interpretations commencing on page 5 of this Circular apply to this “Salient dates and times” section.

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### 2022

Record date to be eligible to receive this Circular	Friday, 4 November
Circular distributed to Shareholders and notice convening the General Meeting published on SENS on	Monday, 14 November
Last day to trade in order to be eligible to attend, participate in and vote at the General Meeting	Tuesday, 29 November
Record date in order to be eligible to attend, participate in and vote at the General Meeting	Friday, 2 December
Last day to lodge Forms of Proxy ( <i>blue</i> ), for administrative purposes, by 10h00 on Friday, 9 December 2022 (Forms of Proxy ( <i>blue</i> ) not lodged with the Transfer Secretaries by this date and time may nevertheless be lodged, in accordance with the instructions contained therein, with the chairperson of the General Meeting or the Company Secretary of the Company prior to its commencement at 10h00 on Tuesday, 13 December 2022)	Friday, 9 December
Last day and time for Dissenting Shareholders to give notice to RCL FOODS objecting to the Repurchase in terms of section 164(3) of the Companies Act by 10h00 on	Tuesday, 13 December
General Meeting to be held entirely electronically at 10h00 on	Tuesday, 13 December
Results of the General Meeting announced on SENS on	Tuesday, 13 December
Results of the General Meeting published in the South African press on	Wednesday, 14 December
If the Repurchase Conditions are fulfilled or waived and the Repurchase is approved by Shareholders at the General Meeting	
Last day for Shareholders who voted against the Repurchase Resolution to require RCL FOODS to seek court approval for the Repurchase in terms of section 115(3) (a) of the Companies Act, if at least 15% of the total votes of Shareholders at the General Meeting were exercised against the Repurchase Resolution	Wednesday, 21 December
Last day for Shareholders who vote against the Repurchase Resolution to apply to court in terms of section 115(3)(b) of the Companies Act	Thursday, 29 December
Last day for RCL FOODS to give notice of the adoption of the Repurchase Resolution in terms of section 164(4) of the Companies Act to Shareholders who delivered written notice objecting to the Repurchase Resolution and subsequently did not vote in favour of the Repurchase Resolution	Thursday, 29 December

**The following dates assume that no court approval or review of the Repurchase is required**

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### 2023

Compliance certificate to be received from the TRP on	Tuesday, 17 January
Finalisation announcement published on SENS before 11h00 on	Tuesday, 17 January
Finalisation announcement published in the South African press on	Wednesday, 18 January
Delisting application in respect of the Repurchase Shares lodged with the JSE on	Thursday, 19 January
Effective date of the Repurchase	Thursday, 26 January
Delisting and cancellation of the Repurchase Shares with effect from the commencement of business on or about	Thursday, 26 January

**Notes:**

1. All references to dates and times are to local dates and times in South Africa. The dates have been determined based on certain assumptions regarding the dates by which certain Shareholder and regulatory approvals including that of the JSE and the TRP will be obtained and that no court approval or review of the Repurchase will be required.
2. These dates and times are subject to amendment. Any material amendment will be released on SENS and published in the South African press.
3. A Shareholder may submit a Form of Proxy at any time before the commencement of the General Meeting or hand it to the Company Secretary of the Company or the Chairperson of the General Meeting prior to the commencement of the General Meeting at 10h00 on Tuesday, 13 December 2022, provided that, should a Shareholder lodge a Form of Proxy with the Transfer Secretaries less than 48 hours (excluding Saturdays, Sundays and gazetted public holidays in South Africa) before the General Meeting, such Shareholder will also be required to furnish a copy of such Form of Proxy to the chairman of the General Meeting prior to the commencement of the General Meeting at 10h00 on Tuesday, 13 December 2022.
4. If the General Meeting is adjourned or postponed, Forms of Proxy submitted for the original General Meeting will remain valid in respect of any such adjournment or postponement.



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## DEFINITIONS AND INTERPRETATIONS

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In this Circular and the annexures hereto, unless the context indicates otherwise, the words in the first column shall have the meanings assigned to them in the second column, the singular shall include the plural and vice versa, an expression which denotes one gender shall include the others, a natural person shall include a juristic person and vice versa and cognate expressions shall bear corresponding meanings.

<b>30-Day VWAP</b>	on any day (“ <b>Relevant Day</b> ”), the volume weighted average price at which RCL Shares, traded on the JSE for the 30 Trading Days up to but excluding the Relevant Day, as published by S&P Capital Markets or, if S&P Capital Markets should cease to publish such information, then such information published by any equivalent reputable agency nominated by RCL FOODS;
<b>2013 BEE Circular</b>	the circular to RCL FOODS Shareholders dated 12 December 2013, issued by the Company, <i>inter alia</i> , detailing the terms and conditions of the Existing BEE Transaction;
<b>Accrued Preference Dividends</b>	at any time, any and all dividends in respect of the SPV 1 Preference Shares and/or SPV 2 Preference Shares (as the case may be), which have accrued, but which have not been paid;
<b>Appraisal Rights</b>	the appraisal rights afforded to RCL FOODS Shareholders as a consequence of the adoption of the Repurchase Resolution in terms of section 164 of the Companies Act, an extract of which is set out in Annexure 2 to this Circular;
<b>Associate</b>	bears the meaning assigned to this term in the Listings Requirements;
<b>BEE</b>	black economic empowerment, as contemplated in the Broad-Based Black Economic Empowerment Act, No. 53 of 2003, as amended;
<b>Board or Directors</b>	the directors of the Company as at the Last Practicable Date, whose names are set out on page 10 of this Circular;
<b>Broker</b>	any person registered as a “broking member (equities)” in terms of the Equities Rules of the JSE and in accordance with the provisions of the Financial Markets Act;
<b>Business Day</b>	any day other than a Saturday, Sunday or gazetted national public holiday in South Africa;
<b>Certificated Shareholders</b>	registered holders of Certificated Shares;
<b>Certificated Shares</b>	Shares which have not been Dematerialised, title to which is represented by share certificates or other physical Document of Title;
<b>Circular</b>	this circular to RCL FOODS Shareholders dated Monday, 14 November 2022, issued by the Company and the Independent Board, including all annexures hereto and incorporating the Fairness Opinion and the Independent Expert Report, the notice of General Meeting and a Form of Proxy ( <i>blue</i> );
<b>Common Share Disposal</b>	the on-market disposal and/or private placement of the Common Shares pursuant to the Unwind Alternative;
<b>Common Share Repurchase</b>	collectively or individually, as the context may require, the repurchase by RCL FOODS of the Common Shares from each of the ESOP Trust and SPV 2;
<b>Common Share Repurchase Consideration</b>	collectively or individually, as the context may require, the consideration due by RCL FOODS to each of the ESOP Trust and SPV 2 pursuant to the Common Share Repurchase;
<b>Common Shares</b>	collectively or individually, as the context may require, 13 962 863 (thirteen million nine hundred and sixty-two thousand eight hundred and sixty-three) Shares held by the ESOP Trust and 5 984 084 (five million nine hundred and eighty four thousand and eighty four) Shares held by SPV 2, issued pursuant to the Existing BEE Transaction at a subscription price equal to their market value at the time of issue, being R17.32 per share;

<b>Companies Act</b>	the Companies Act, No. 71 of 2008, as amended from time to time;
<b>Companies Regulations</b>	the Companies Regulations, 2011 made in terms of sections 120 and 223 of the Companies Act;
<b>Company or RCL FOODS</b>	RCL Foods Limited, registration number 1966/004972/06, a public company duly incorporated and registered in accordance with the laws of South Africa, the Shares of which are listed on the Main Board of the JSE in the Food Producers sector of the list;
<b>CSDP</b>	a “participant” as defined in section 1 of the Financial Markets Act, being a person authorised by a licensed central securities depository to perform custody and administration services or settlement services or both in terms of the central depository rules;
<b>Delisting</b>	the delisting of the Repurchase Shares pursuant to the Repurchase and in terms of which the listing of the Repurchase Shares on the JSE will be terminated;
<b>Dematerialised</b>	the process whereby securities which are evidenced by a certificate or other physical document of title are converted into securities that are held in collective custody by a CSDP or its nominee in a separate central securities account and which securities are transferable by entry without a certificate or written instrument;
<b>Dematerialised Shareholders</b>	registered holders of Dematerialised Shares;
<b>Dematerialised Shares</b>	Shares that have been Dematerialised;
<b>Dissenting Shareholders</b>	those RCL FOODS Shareholders who validly exercise their Appraisal Rights in terms of section 164 of the Companies Act;
<b>Documents of Title</b>	tangible documents of title, including share certificates, certified transfer deeds, balance receipts or any other tangible document of title evidencing ownership of Shares as may be acceptable to the Company;
<b>ESOP Repurchase Consideration</b>	the consideration payable by RCL FOODS to the ESOP Trust pursuant to the Common Share Repurchase and Nominal Share Repurchase of the Shares held by the ESOP Trust being, 13,962,863 Common Shares at R11.49 (being the 30-Day VWAP per Common Share for the period up to and including Tuesday, 11 October 2022) and 30,718,299 Nominal Shares at R0.01 per Nominal Share, amounting to R160,740,478.86 in aggregate;
<b>ESOP Trust or ESOP</b>	the RCL Employee Share Trust, Master’s reference number IT1264/2013/ (DBN), a trust established by RCL FOODS for the benefit of Qualifying Employees for purposes of the Existing BEE Transaction, or the trustees for the time being of the said trust, as the context may require;
<b>Exchange Control Regulations</b>	the Exchange Control Regulations, (GNR.1111 of 1961), as amended, promulgated in terms of section 9 of the Currency and Exchanges Act, No. 9 of 1933, as amended from time to time;
<b>Existing BEE Transaction</b>	the BEE transaction implemented by the Company on or about 26 May 2014, as detailed in the 2013 BEE Circular;
<b>Existing BEE Transaction Term</b>	a period of 8 years, which commenced on the date of implementation of the Existing BEE Transaction and expired in May 2022;
<b>Fairness Opinion</b>	the fairness opinion prepared by the Independent Expert in terms of paragraph 10.7(b) of the Listings Requirements in respect of the Framework Agreement insofar as it relates to SPV 2;
<b>Financial Markets Act</b>	the Financial Markets Act, No. 19 of 2012, as amended from time to time;
<b>Form of Proxy</b>	the <i>blue</i> form of proxy incorporated into and forming part of this Circular;
<b>Framework Agreement</b>	the written agreement headed “Implementation and Framework Agreement” entered into between RCL FOODS, the ESOP Trust, SPV 1, SPV 2 and the Strategic Partners on Wednesday, 12 October 2022, in terms of which the said parties agreed to the Unwind and the Unwind Alternative;



<b>General Meeting</b>	the general meeting of Shareholders to be held entirely electronically at 10h00 on Tuesday, 13 December 2022 (including any postponement or adjournment thereof) for the purposes of considering and, if deemed fit, approving, with or without modification, the special and ordinary resolutions contained in the Notice of General Meeting;
<b>Group</b>	the Company and its Subsidiaries;
<b>Ikamva Labantu Empowerment Trust</b>	the Ikamva Labantu Empowerment Trust, Master's reference no. IT4485/2004, or the trustees for the time being of the said trust, as the context may require, being a 29.07% shareholder of SPV 2 and a trust established for the benefit of the Ikamva Labantu Charitable Trust, a non-profit, non-governmental organisation that seeks to redress the damages of apartheid and support democracy in South Africa by providing educational means, economic empowerment and self-sufficiency to South African township communities;
<b>Imbewu Consortium</b>	Imbewu SPV 8 Proprietary Limited, registration number 2012/191568/07, a private company duly incorporated and registered in accordance with the laws of South Africa, being a 69.76% shareholder of SPV 2 and owned by Imbewu Capital Partners Proprietary Limited, Omame Investments Proprietary Limited, Imbewu Capital Partners Development Trust, Johannes Bhekumuzi Magwaza, Solegna Investments Proprietary Limited, Monica Auphry Malunga and Siza Enterprise Development Fund (NPC);
<b>Independent Board</b>	the Directors that the Company has indicated are independent directors for purposes of considering the Repurchase and expressing an opinion thereon, as envisaged in the Companies Regulations, being, as at the Last Practicable Date, George Murray Steyn, Cindy Joy Hess and Derrick Thembinkosi Vusumuzi Msibi;
<b>Independent Expert or BDO</b>	BDO Corporate Finance Proprietary Limited, registration number 1983/002903/07, a private company duly incorporated and registered in accordance with the laws of South Africa, appointed as the independent expert to provide the Independent Expert Report and the Fairness Opinion;
<b>Independent Expert Report</b>	the report by the Independent Expert in terms of sections 114(2) and 114(3) of the Companies Act, read with regulations 90 and 110 of the Companies Regulations in respect of the Repurchase;
<b>JSE</b>	the JSE Limited, registration number 2005/022939/06, a public company duly incorporated and registered in accordance with the laws of South Africa and listed on the Main Board of the JSE, licensed as an exchange under the Financial Markets Act, or the securities exchange operated by the JSE Limited, as the context may require;
<b>Last Date for Appraisal Rights</b>	the 20 <sup>th</sup> Business Day following the date on which RCL FOODS releases an announcement confirming the adoption of the Repurchase Resolution;
<b>Last Practicable Date</b>	the last practicable date prior to the finalisation of this Circular being Monday, 7 November 2022;
<b>Listings Requirements</b>	the JSE Limited Listings Requirements, as amended from time to time;
<b>Mr Zondi</b>	Gcina Cecil Zondi, a non-executive Director of RCL FOODS and a beneficial shareholder and director of SPV 2;
<b>Nhlanhla</b>	Business Venture Investments No 1723 Proprietary Limited, registration number 2012/121449/07, a limited liability company duly incorporated and registered in accordance with the laws of South Africa, being a 1.17% shareholder of SPV 2 and wholly owned by Mrs Manana Margaret Nhlanhla, a former Director of RCL FOODS, having retired with effect from 16 November 2021;
<b>Nominal Shares</b>	collectively or individually, as the context may require, 30 718 299 (thirty million seven hundred and eighteen thousand two hundred and ninety-nine) Shares held by the ESOP Trust and 13 164 985 (thirteen million one hundred and sixty-four thousand nine hundred and eighty five) Shares held by SPV 2, issued pursuant to the Existing BEE Transaction at a nominal subscription price of R0.01 per Share;

<b>Nominal Share Repurchase</b>	the repurchase by the Company of (i) 30,718,299 Nominal Shares from the ESOP Trust and (ii) 13,164,985 Nominal Shares from SPV 2, together being 43,883,284 Nominal Shares, representing approximately 4.6% of the RCL FOODS Shares in issue, at R0.01 per Nominal Share;
<b>Nominal Share Repurchase Consideration</b>	an aggregate amount of R438,832.84 (four hundred and thirty eight thousand, eight hundred and thirty two Rand and eighty four cents) payable by the Company to the ESOP Trust and SPV 2 in terms of the Nominal Share Repurchase as the consideration for the Nominal Share Repurchase;
<b>Notice of General Meeting</b>	the notice convening the General Meeting, incorporated into this Circular;
<b>NVF Structure</b>	the notional vendor funding provided by RCL FOODS to each of the ESOP Trust and SPV 2 in order to facilitate their subscription for the Nominal Shares in terms of the Existing BEE Transaction;
<b>Preference Share Structure</b>	the preference share funding provided by RCL FOODS to each of the ESOP Trust (through SPV 1) and SPV 2 in order to facilitate their subscription for the Common Shares in terms of the Existing BEE Transaction;
<b>Qualifying Employees</b>	in the context of the ESOP, persons permanently employed by RCL FOODS or any other company, body corporate or other undertaking in South Africa which is, or would be deemed to be, a subsidiary or Associate of RCL FOODS in terms of the Listings Requirements and who are not participants in any of RCL FOODS' other share incentive schemes, other than the Rainbow Employee Trust, Master's reference IT824/2008/PMB;
<b>Rand or R or cents</b>	South African Rand and cents, being the official currency of South Africa;
<b>Related Party</b>	bears the meaning assigned to this term in the Listings Requirements;
<b>Relationship Agreement</b>	the Relationship Agreement entered into between RCL FOODS, the ESOP, SPV 1, SPV 2 and the Strategic Partners on or about 8 May 2014, as amended and restated from time to time;
<b>Repurchase</b>	collectively or individually as the context may require, the Nominal Share Repurchase and the Common Share Repurchase, in accordance with section 48(8)(b), as read with sections 114(1) and 115, of the Companies Act;
<b>Repurchase Conditions</b>	the conditions precedent to the Repurchase, which remain unfulfilled as at the Last Practicable Date, as set out in paragraph 8 of this Circular;
<b>Repurchase Consideration</b>	the aggregate of the Common Share Repurchase Consideration and the Nominal Share Repurchase Consideration, such Repurchase Consideration being distributed from "contributed tax capital" as contemplated in the Income Tax Act, No.58 of 1962 and to the extent permitted by law;
<b>Repurchase Resolution</b>	the special resolution required to be approved by RCL FOODS Shareholders in terms of section 48(8)(b) as read with sections 114 and 115 of the Companies Act in order to authorise the Repurchase;
<b>Repurchase Shares</b>	the Common Shares and Nominal Shares repurchased by RCL FOODS pursuant to the implementation of the Repurchase;
<b>RMB</b>	Rand Merchant Bank (a division of FirstRand Bank Limited), registration number 1929/001225/06, a public company duly incorporated and registered in accordance with the laws of South Africa and the Financial Adviser and Transaction Sponsor to the Company;
<b>SENS</b>	the Stock Exchange News Service operated by the JSE;
<b>Shareholders or RCL FOODS Shareholders</b>	the registered holders of Shares;
<b>Shares or RCL FOODS Shares</b>	ordinary shares of no par value in the issued share capital of the Company;
<b>South Africa</b>	the Republic of South Africa;
<b>SPV 1</b>	Business Venture Investments No 1762 (RF) Proprietary Limited, registration number 2013/145414/07, a private company duly incorporated and registered with limited liability in accordance with the laws of South Africa being a wholly owned Subsidiary of the ESOP Trust;

<b>SPV 1 Preference Share Terms</b>	the terms of the SPV 1 Preference Shares contained in the SPV 1 memorandum of incorporation;
<b>SPV 1 Preference Share Redemption</b>	bears the meaning assigned to this term in paragraph 6.3.1.1 of this Circular;
<b>SPV 1 Preference Shares</b>	241 837 cumulative, redeemable preference shares in the authorised preference share capital of SPV 1, issued by SPV 1 to RCL FOODS in terms of the Existing BEE Transaction, in order to fund the ESOP Trust's subscription for Common Shares;
<b>SPV 2</b>	Business Venture Investments No 1763 (RF) Proprietary Limited, registration number 2013/145777/07, a private company duly incorporated and registered with limited liability in accordance with the laws of South Africa, an Associate of Mr Zondi and a Related Party to RCL FOODS, which is owned by Imbewu Consortium, Ikamva Labantu Empowerment Trust and Nhlanhla;
<b>SPV 2 Preference Shares</b>	103 645 cumulative, redeemable preference shares in the authorised preference share capital of SPV 2, issued by SPV 2 to RCL FOODS in terms of the Existing BEE Transaction in order to fund SPV 2's subscription for Common Shares;
<b>SPV 2 Preference Share Redemption</b>	bears the meaning assigned to this term in paragraph 6.3.1.2 of this Circular;
<b>SPV 2 Preference Share Terms</b>	the terms of the SPV 2 Preference Shares contained in the memorandum of incorporation of SPV 2;
<b>SPV 2 Repurchase Consideration</b>	the consideration payable by RCL FOODS to SPV 2 pursuant to the Common Share Repurchase and Nominal Share Repurchase of the Shares held by SPV 2, being, 5,984,084 Common Shares at R11.49 (being the 30-Day VWAP per Common Share for the period up to and including Tuesday, 11 October 2022) and 13,164,985 Nominal Shares at R0.01 per Nominal Share, amounting to R68,888,775.0 in aggregate;
<b>Strategic Partners</b>	Ikamva Labantu Empowerment Trust, Imbewu Consortium and Nhlanhla;
<b>STT</b>	securities transfer tax levied in terms of the Securities Transfer Tax Act, No. 25 of 2007;
<b>Subsidiary</b>	bears the meaning assigned to this term in the Listings Requirements;
<b>Transfer Secretaries</b>	Computershare Investor Services Proprietary Limited, registration number 2004/003647/07 a private company duly incorporated and registered in accordance with the laws of South Africa and the transfer secretaries to the Company;
<b>Third Party Agent</b>	an independent Broker nominated by RCL FOODS to be appointed for the purposes of the orderly implementation of the Common Share Disposal;
<b>Trading Day</b>	any day on which trading takes place on the JSE, but excluding a day on which trading opens later than the scheduled opening time or closes prior to the scheduled closing time;
<b>TRP</b>	the Takeover Regulation Panel, established in terms of section 196 of the Companies Act;
<b>TRP Guarantee</b>	an irrevocable unconditional guarantee issued by a South African registered bank, or an irrevocable unconditional confirmation from a third party required to be provided to the TRP, pursuant to regulation 111(4) as read with regulation 101(7)(b)(vi) of the Companies Regulations;
<b>Unwind</b>	the proposed unwind of the Existing BEE Transaction pursuant to, <i>inter alia</i> , the Repurchase in accordance with the provisions of the Framework Agreement, as more fully set out in paragraph 2 of this Circular; and
<b>Unwind Alternative</b>	in the event that the Repurchase Conditions are not timeously fulfilled or waived, the unwind of the Existing BEE Transaction pursuant to, <i>inter alia</i> , the Nominal Share Repurchase and the Common Share Disposal, in accordance with the terms of the Framework Agreement.

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## CIRCULAR TO SHAREHOLDERS

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### Board of Directors

#### Executive:

Paul David Cruickshank  
(Chief Executive Officer)  
Robert Hilton Field (Chief Financial Officer)

#### Non-executive

Jan Jonathan Durand (Chairman)  
Hendrik Johannes Carse  
Pieter Rudolf Louw  
Gerardus Cornelis Johannes Tielenius Kruythoff  
Gcina Cecil Zondi  
Paul Johannes Neethling  
(Alternate Director to JJ Durand)

#### Independent non-executive

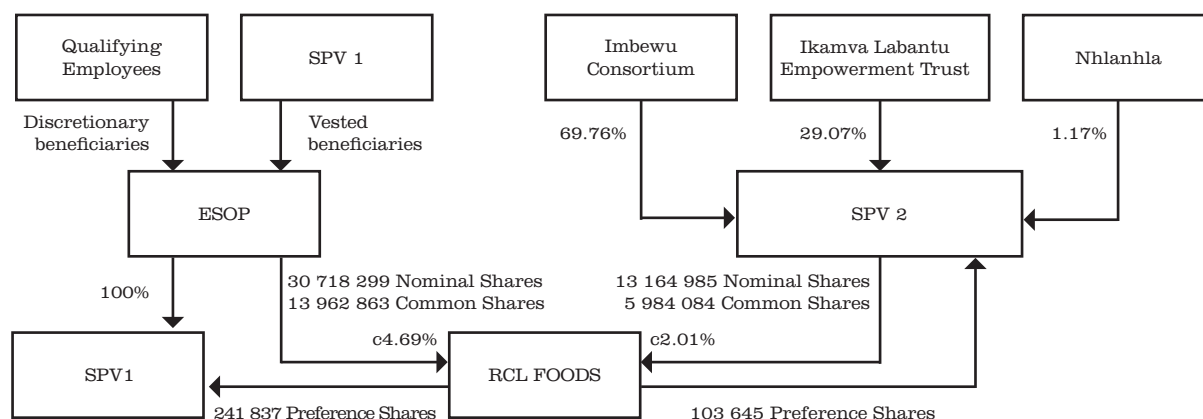
Cindy Joy Hess  
Nkateko Peter Mageza  
Penelope Mpho Mومakwa  
Derrick Thembinkosi Vusumuzi Msibi  
George Murray Steyn (Lead Independent Director)

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### 1. INTRODUCTION AND BACKGROUND

- 1.1 Shareholders are referred to the 2013 BEE Circular detailing the Existing BEE Transaction which was implemented on or about 26 May 2014, for the benefit of the Strategic Partners and beneficiaries of the ESOP Trust.
- 1.2 In terms of the Existing BEE Transaction:
- (i) 13 962 863 Common Shares were issued to the ESOP Trust and 5 984 084 Common Shares were issued to SPV 2; and
  - (ii) 30 718 299 Nominal Shares were issued to the ESOP Trust and 13 164 985 Nominal Shares were issued to SPV 2.
- 1.3 The subscriptions for the Common Shares by each of the ESOP Trust and SPV 2 were funded through the Preference Share Structure, in terms of which the SPV 1 Preference Shares and the SPV 2 Preference Shares were subscribed for by RCL FOODS. The subscriptions for the Nominal Shares by each of the ESOP Trust and SPV 2 were funded through the NVF Structure.
- 1.4 As at the Last Practicable Date, the ESOP Trust holds 44 681 162 Shares constituting approximately 4.69% of the Shares in issue and SPV 2 holds 19 149 069 Shares constituting approximately 2,01% of the Shares in issue.

#### Existing BEE Transaction structure



## **2. RATIONALE FOR AND IMPLEMENTATION OF THE REPURCHASE**

- 2.1 Subsequent to the implementation of the Existing BEE Transaction, the Company's share price has significantly declined (from approximately R17.32 at implementation of the Existing BEE Transaction to approximately R10.60 as at the Last Practicable Date), resulting in the Existing BEE Transaction being materially underwater at the end of the Existing BEE Transaction Term.
- 2.2 In order to unwind the Existing BEE Transaction in an orderly manner, the Board has resolved to implement the Unwind by way of, *inter alia*, the Repurchase.
- 2.3 As announced on SENS on 13 October 2022, RCL FOODS has entered into the Framework Agreement in terms of which the parties to the Existing BEE Transaction have agreed to the Unwind or, if applicable, the Unwind Alternative, as detailed in this Circular. Insofar as it relates to SPV 2, the Framework Agreement, concluded in order to facilitate either the Unwind or the Unwind Alternative, constitutes a Related Party transaction for the Company, as detailed more fully in paragraph 7 below. The Company has obtained a formal ruling from the JSE to the effect that the largely administrative and non-material amendments to the terms of the Existing BEE Transaction necessary to implement the Unwind, do not require Shareholder approval.
- 2.4 Shareholders are advised that the requisite specific repurchase resolutions in terms of paragraph 5.69(b) of the Listings Requirements were obtained from Shareholders prior to implementation of the Existing BEE Transaction to authorise the repurchase of the Nominal Shares from the ESOP Trust and SPV 2 in terms of the Relationship Agreement. Shareholders are further advised that the terms of the Existing BEE Transaction, as further set out in the 2013 BEE Circular did not envisage the repurchase by the Company of the Common Shares. The Unwind therefore contemplates that, *inter alia*, (i) all the Nominal Shares will be repurchased pursuant to the Relationship Agreement and (ii) all the Common Shares will be repurchased pursuant to the terms of the Framework Agreement, subject, *inter alia*, to Shareholders approving the special and ordinary resolutions necessary to authorise the Repurchase.

## **3. RATIONALE FOR AND IMPLEMENTATION OF THE UNWIND ALTERNATIVE**

- 3.1 Further to the broad rationale articulated in paragraph 2.1 above, and only to the extent that the Repurchase Conditions are not timeously fulfilled or waived, the Board has resolved to implement the Unwind Alternative, in order to enable the unwind of the Existing BEE Transaction, as it has reached its maturity date.
- 3.2 The Unwind Alternative contemplates that (i) all the Nominal Shares will be repurchased pursuant to the terms of the Relationship Agreement and (ii) all the Common Shares will be disposed of by the ESOP Trust and SPV 2, facilitated by RCL FOODS, either on-market or by way of private placing, through the Third Party Agent. No Shareholder approvals are required to implement the Nominal Share Repurchase and the Common Share Disposal pursuant to the Unwind Alternative.

## **4. PURPOSE OF THIS CIRCULAR**

- 4.1 The purpose of this Circular is to provide Shareholders with information pertaining to the Repurchase pursuant to the Unwind and to convene the General Meeting at which Shareholders will be requested to consider and, if deemed fit, to approve, with or without modification, the requisite special and ordinary resolutions as contained in the Notice of General Meeting, each being necessary to approve and implement the Repurchase.



## 5. DETAILS OF THE REPURCHASE

5.1 Subject to the fulfilment or waiver of the Repurchase Conditions, the Repurchase will be effected as follows:

	<b>Number of Repurchase Shares</b>	<b>Repurchase Consideration</b>
ESOP Trust	13,962,863 Common Shares 30,718,299 Nominal Shares	R11.49 per Common Share R0.01 per Nominal Share
SPV 2	5,984,084 Common Shares 13,164,985 Nominal Shares	R11.49 per Common Share R0.01 per Nominal Share
<b>Total</b>	<b>63,830,231 Shares</b>	<b>R229,629,253.87</b>

5.2 The Company is authorised to undertake the Common Share Repurchase in terms of its memorandum of incorporation.

5.3 In terms of the Unwind, the Company will repurchase from each of the ESOP Trust and SPV 2 an aggregate of, 63 830 231 Shares, representing approximately 6.70% of the Company's total issued Shares, at the Repurchase Consideration.

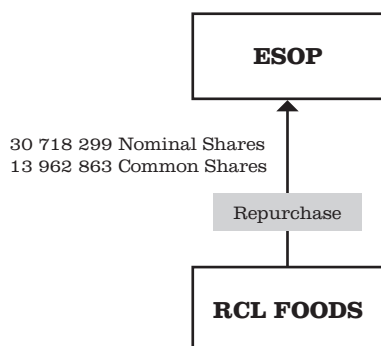
5.4 The aggregate Repurchase Consideration for the Nominal Shares and the Common Shares repurchased pursuant to the Repurchase is R229,629,253.87. The aggregate Repurchase Consideration for the Common Shares repurchased pursuant to the Common Share Repurchase is R229,190,421.03. The aggregate Repurchase Consideration for the Nominal Shares to be repurchased pursuant to the Nominal Share Repurchase is R438,832.84.

## 6. MECHANICS OF THE UNWIND

The Unwind will be implemented in accordance with the sequence of the following key steps:

### 6.1 Step1: The Common Share Repurchase and the Nominal Share Repurchase

#### 6.1.1 Repurchase from the ESOP Trust



#### 6.1.2 Common Share Repurchase from the ESOP Trust

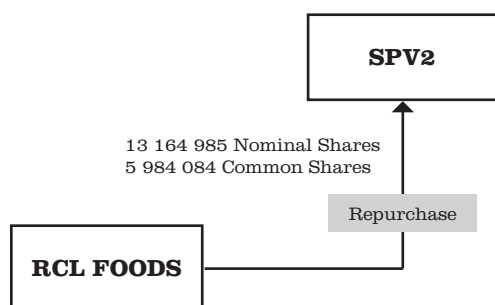
RCL FOODS will repurchase the 13,962,863 Common Shares held by the ESOP Trust for R11.49 per Common Share, representing an aggregate Common Share Repurchase Consideration of R160,433,295.87 and which Repurchase Consideration represents the 30-day VWAP of an RCL FOODS Share up to and including Tuesday, 11 October 2022, being the Business Day prior to that on which the terms of the Framework Agreement were agreed.

#### 6.1.3 Nominal Share Repurchase from the ESOP Trust

RCL FOODS will repurchase the 30,718,299 Nominal Shares held by the ESOP Trust for R0.01 per Nominal Share, representing an aggregate Nominal Share Repurchase Consideration of R307,182.99.



#### 6.1.4 Repurchase from SPV 2



#### 6.1.5 Common Share Repurchase from SPV 2

RCL FOODS will repurchase the 5,984,084 Common Shares held by SPV 2 for R11.49 per Common Share, representing an aggregate Common Share Repurchase Consideration of R68,757,125.16 which represents the 30-day VWAP of an RCL FOODS Share up to and including Tuesday, 11 October 2022, being the Business Day prior to that on which the terms of the Framework Agreement were agreed.

#### 6.1.6 Nominal Share Repurchase from SPV 2

RCL FOODS will repurchase the 13,164,985 Nominal Shares held by SPV 2 for R0.01 per Nominal Share, representing an aggregate Nominal Share Repurchase Consideration of R131,649.85.

### 6.2 Step 2 – Distribution of the ESOP Repurchase Consideration due to the ESOP Trust

Following implementation of the Repurchase, the ESOP Trust will distribute the ESOP Repurchase Consideration to SPV 1 in its capacity as a vested beneficiary of the ESOP Trust, (“**ESOP Distribution**”). Settlement of the ESOP Distribution will be implemented as indicated in paragraph 6.4 below.

### 6.3 Step 3 – Settlement of Accrued Preference Dividends and redemption of Preference Shares

#### 6.3.1 Following the implementation of Step 2:

6.3.1.1 SPV 1 will utilise the ESOP Repurchase Consideration less an amount equal to the STT payable in respect of the redemption of the SPV 1 Preference Shares (if any) to (i) firstly declare the Accrued Preference Dividends in respect of the SPV 1 Preference Shares and thereafter (ii) declare the balance of the ESOP Repurchase Consideration less an amount equal to the STT payable in respect of the redemption of the SPV 1 Preference Shares (if any) as a distribution in order to redeem all the SPV 1 Preference Shares, such redemption being distributed from “contributed tax capital” to the extent permitted by law (“**SPV 1 Preference Share Redemption**”); and

6.3.1.2 SPV 2 will utilise the SPV 2 Repurchase Consideration less an amount equal to the STT payable in respect of the redemption of the SPV 2 Preference Shares (if any) to (i) firstly declare the Accrued Preference Dividends in respect of the SPV 2 Preference Shares and thereafter (ii) declare the balance of the ESOP Repurchase Consideration less an amount equal to the STT payable in respect of the redemption of the SPV 2 Preference Shares (if any) as a distribution in order to redeem all the SPV 2 Preference Shares, such redemption being distributed from “contributed tax capital” to the extent permitted by law (“**SPV 2 Preference Share Redemption**”).

6.3.1.3 The SPV 1 Preference Share Redemption and the SPV 2 Preference Share Redemption will be implemented as indicated in paragraph 6.4 below.

#### **6.4 Step 4 – Settlement**

6.4.1 The ESOP Repurchase Consideration, the ESOP Distribution and the SPV 1 Preference Share Redemption will be settled as follows on the 3<sup>rd</sup> Business Day following implementation of the Repurchase and upon implementation of Step 3 envisaged on paragraph 6.3 above:

6.4.1.1 RCL FOODS agreeing to make payment of, on behalf of the ESOP, the ESOP Distribution to SPV 1, thereby extinguishing the ESOP Trust's obligation to make payment of the ESOP Distribution to SPV 1 and RCL FOODS' obligation to make payment of the ESOP Repurchase Consideration to the ESOP Trust; and

6.4.1.2 RCL FOODS utilising a portion of the ESOP Distribution to settle the STT payable in respect of the SPV 1 Preference Share Redemption on behalf of SPV 1 (if any) and retaining the balance of the ESOP Distribution, thereby extinguishing RCL FOODS' obligation to make payment of the ESOP Distribution to SPV 1 and SPV 1's obligation to make payment of the amount owing to RCL FOODS pursuant to the SPV 1 Preference Share Redemption,

as more fully set out in the Implementation Agreement.

6.4.2 The SPV 2 Repurchase Consideration and the SPV 2 Preference Share Redemption will be settled as follows:

6.4.2.1 by RCL FOODS utilising a portion of the SPV 2 Repurchase Consideration to settle the STT payable in respect of the SPV 2 Preference Share Redemption on behalf of SPV 2 (if any); and

6.4.2.2 the balance of the SPV 2 Repurchase Consideration being set off against the amount owing to RCL FOODS pursuant to the SPV 2 Preference Share Redemption,

thereby extinguishing RCL FOODS' obligation to make payment of the SPV 2 Repurchase Consideration to SPV 2 and SPV 2's obligation to make payment of the amount owing to RCL FOODS pursuant to the SPV 2 Preference Share Redemption, as more fully set out in the Implementation Agreement.

#### **6.5 Step 5 – Deregistration of SPV 1, SPV 2 and the ESOP Trust**

As soon as practicably possible after the implementation of Step 4, SPV 1 and SPV 2 will be voluntarily wound-up and subsequently dissolved and deregistered and the ESOP Trust will be terminated and deregistered.

### **7. SMALL RELATED PARTY TRANSACTION**

7.1 Mr Zondi, a non-executive Director of RCL FOODS, is a beneficial shareholder of SPV 2 and also serves as a director on the board of directors of SPV 2. As such, SPV 2 is Mr Zondi's Associate and is consequently a Related Party to RCL FOODS as contemplated in paragraph 10.1(b)(ii) and (vii) of the Listings Requirements.

7.2 In the circumstances, in terms of paragraph 10.1(a) of the Listings Requirements, the entering into of any agreement with a related party will be regarded as a related party transaction for purposes of the Listings Requirements. Accordingly, insofar as it relates to SPV 2, the Framework Agreement concluded in order to facilitate either the Unwind or the Unwind Alternative constitutes a Related Party transaction for the Company. In this regard, Shareholders are advised that the Board is of the view that the arrangements between the Company and SPV 2 under the Framework Agreement are substantially the same as those with the ESOP Trust under the Framework Agreement, and they do not confer any specific benefit on SPV 2.

- 7.3 Moreover, the Repurchase Consideration payable by the Company to SPV 2 for the Nominal Shares (whether pursuant to the Unwind or the Nominal Share Repurchase in terms of the Unwind Alternative), in the sum of R131,649.85, is insignificant and was approved by RCL FOODS Shareholders in 2014 in terms of the Existing BEE Transaction. The Repurchase Consideration in respect of the repurchase of the Nominal Shares held by SPV 2 represents approximately 0.001255% of RCL FOODS' market capitalisation of R10,493,571,715.
- 7.4 Similarly, in the context of the Unwind Alternative, the Common Share Disposal proceeds will be applied by each of the ESOP Trust and SPV 2 towards settlement of the applicable Accrued Preference Dividends and the SPV 1 Preference Share Redemption and SPV 2 Preference Share Redemption respectively. The amounts payable in respect of the SPV 2 Preference Shares is estimated at R68,757,125.16, representing approximately 0.66% of RCL FOODS' market capitalisation of R10,493,571,715.
- 7.5 Since the Framework Agreement constitutes a small Related Party transaction in terms of paragraph 10.7 of the Listings Requirements insofar as it relates to SPV 2, the Company is required to obtain an independent fairness opinion by the Independent Expert in respect of the terms of the Framework Agreement. Pursuant to paragraph 10.7(b) of the Listings Requirements, the Company has appointed BDO as the independent expert to provide the Fairness Opinion. Details of the Fairness Opinion are set out in paragraph 28 and a copy of the Fairness Opinion is included as Annexure 1 of this Circular.

## 8. REPURCHASE CONDITIONS PRECEDENT

- 8.1 The implementation of the Repurchase is subject to the fulfilment or waiver (where capable of waiver) of the following conditions precedent:
- 8.1.1 by no later than Friday, 20 January 2023, the TRP has issued a compliance certificate in terms of section 121(b) of the Companies Act;
- 8.1.2 by no later than Saturday, 31 December 2022, the ordinary and special resolutions required in order to approve and implement the Repurchase are adopted by the requisite majority of votes, including the following resolutions:
- 8.1.2.1 approval of the Common Share Repurchase by way of a special resolution in terms of paragraph 5.69(b) of the Listings Requirements; and
- 8.1.2.2 approval of the Repurchase by way of a special resolution in terms of section 48(8)(b), read with sections 114 and 115, of the Companies Act; being the “**Repurchase Resolution**”;
- 8.1.3 in the event of the provisions of section 115(2)(c) of the Companies Act becoming applicable in relation to the Repurchase Resolution:
- 8.1.3.1 by no later than the 10<sup>th</sup> Business Day after the Repurchase Resolution is adopted:
- 8.1.3.1.1 the High Court of South Africa approving the implementation of the Repurchase Resolution and no appeal or review is timeously lodged or, if timeously lodged, the appeal or review is not successful; or
- 8.1.3.1.2 the provisions of section 115(2)(c) of the Companies Act cease to be applicable; and
- 8.1.3.2 if applicable, RCL FOODS not treating the Repurchase Resolution as a nullity as contemplated in section 115(5)(b) of the Companies Act; and

8.1.4 in relation to the Repurchase Resolution, either:

8.1.4.1 no Shareholder gives notice objecting to the Repurchase Resolution, as contemplated in section 164(3) of the Companies Act, alternatively, Shareholders give notice objecting to such Repurchase Resolution, as contemplated in section 164(3) of the Companies Act, and vote against the Repurchase Resolution in respect of 0.5% or less of all of the Shares in issue. Any notice of objection given by a Shareholder, which is subsequently withdrawn prior to the Repurchase Resolution being voted on, will reduce the number of Shares in respect of which notices of objection are given; or

8.1.4.2 if Shareholders give notice objecting to the Repurchase Resolution, as contemplated in section 164(3) of the Companies Act, and vote against the Repurchase Resolution in respect of more than 0.5% of all of the Shares in issue, then, by the Last Date for Appraisal Rights, Dissenting Shareholders have not exercised Appraisal Rights, by giving valid demands in terms of sections 164(5) to 164(8) of the Companies Act, in respect of more than 0.5% of all the Shares in issue. Any demand made in terms of sections 164(5) to 164(8) of the Companies Act which is subsequently withdrawn by the Last Date for Appraisal Rights will reduce the number of Shares in respect of which Appraisal Rights are exercised. In the circumstances, this Repurchase Condition will not be considered to have failed until the Last Date for Appraisal Rights, notwithstanding the fact that Dissenting Shareholders may initially have exercised their Appraisal Rights in respect of more than 0.5% of all the Shares in issue prior to such date.

8.2 In the event that all of the Repurchase Conditions are not timeously fulfilled or waived (where capable of waiver) by no later than the relevant date/s for fulfilment or waiver thereof (or such later date/s as may be determined by RCL FOODS, as set out in paragraph 8.4 below), then the Repurchase will not be implemented. Rather, the Unwind Alternative will be implemented.

8.3 The Repurchase Conditions envisaged in:

8.3.1 paragraphs 8.1.1, 8.1.2 and 8.1.3 are not capable of being waived.

8.3.2 paragraph 8.1.4 is capable of waiver by RCL FOODS, in whole or in part, upon written notice to the ESOP Trust and SPV 2 prior to the date for fulfilment of such Repurchase Condition.

8.4 RCL FOODS shall be entitled, prior to any Repurchase Condition having failed, to extend the date for fulfilment of any such Repurchase Condition from time to time, upon written notice to the ESOP Trust, SPV 2, SPV 1 and the Strategic Partners.

## **9. AMENDMENTS, VARIATIONS AND MODIFICATIONS**

Subject to compliance with the Companies Act, the Companies Regulations and the Listings Requirements, the Company will be entitled, by written agreement, to amend, vary or modify the Unwind and the Repurchase, including the Repurchase Resolution. All dates and times referred to in this Circular are subject to change. Shareholders will be notified of any material changes on SENS.

## **10. DELISTING AND CANCELLATION**

Subject to the Repurchase becoming unconditional in accordance with its terms and being implemented, the JSE has granted approval for the Delisting, which Delisting is expected to be implemented at the commencement of trading on Thursday, 26 January 2023. The Repurchase Shares will be cancelled and will revert to authorised but unissued Shares upon implementation of the Repurchase.

## 11. MAJOR SHAREHOLDERS OF THE COMPANY

Insofar as it is known to the Directors, the following Shareholders, other than Directors, have a direct, beneficial interest in 5% or more of the issued Share capital of the Company, as at the Last Practicable Date:

<b>Shareholder</b>	<b>Number of Shares</b>	<b>% of issued Share capital</b>
Remgro Limited	714,057,943	74.90
Oasis Asset Management Limited	78,176,197	8.19
M&G Investment Managers Proprietary Limited	47,681,569	4.99
<b>Total</b>	<b>840,933,621</b>	<b>88.21</b>

Note:

To the extent that the Unwind is implemented, Remgro Limited's percentage shareholding in the Company will increase to 80.28% as a consequence of the cancellation of the Repurchase Shares repurchased pursuant to the Repurchase. To the extent that the Unwind Alternative is implemented, Remgro Limited's percentage shareholding in the Company will increase to 78.52% as a consequence of the cancellation of the Shares repurchased pursuant to the Nominal Share Repurchase.

## 12. DIRECTORS' INTERESTS IN SHARES

12.1 As at the Last Practicable Date, the direct and indirect beneficial interests of the Directors and their Associates, including a Director who has resigned during the last 18 months, in the issued Share capital of the Company is set out below:

<b>Name of Director</b>	<b>Direct beneficial</b>	<b>Indirect beneficial</b>	<b>% of issued Share capital</b>
PD Cruickshank (CEO) (Appointed 1 December 2021)	447,811		0.050
RH Field (CFO)	1,675,030	28,013	0.191
M Dally (Retired 30 November 2021)	3,194,457		0.358
NP Mageza		386	0.000
MM Nhlanhla (Retired 16 November 2021)		229,559	0.026
GC Zondi		667,252	0.075
<b>Total</b>	<b>5,317,298</b>	<b>925,210</b>	

12.2 The direct and indirect beneficial interests of the Directors and their Associates, including a Director who has resigned during the last 18 months, in the issued Share capital of the Company after implementation of the Repurchase is set out below:

<b>Name of Director</b>	<b>Direct beneficial</b>	<b>Indirect beneficial</b>
PD Cruickshank (CEO) (Appointed 1 December 2021)	447,811	
RH Field (CFO)	1,675,030	28,013
M Dally (Retired 30 November 2021)	3,194,457	
NP Mageza		386
MM Nhlanhla (Retired 16 November 2021)		
GC Zondi		
<b>Total</b>	<b>5,317,298</b>	<b>28,399</b>



### **13. DIRECTORS' SERVICE CONTRACTS**

The service contracts in place between the Company's executive Directors and the Company contain terms and conditions that are usual for contracts of this nature. No service contracts were entered into or amended in the six months preceding the Last Practicable Date.

### **14. REMUNERATION OF THE DIRECTORS**

In terms of regulation 106(4)(d) of the Companies Regulations, it is confirmed that the remuneration of the Directors will not be affected by the implementation of the Repurchase.

### **15. SOURCE OF FUNDS**

Subject to the Repurchase mechanics set out in paragraph 6 of this Circular, the payment of the Repurchase Consideration will be funded from existing cash resources. In this regard, Shareholders are advised that there will be no cash outflow pursuant to the Unwind other than pursuant to any STT payable by SPV 1 and SPV 2 pursuant to the SPV 1 Preference Share Redemption and the SPV 2 Preference Share Redemption, respectively.

Settlement of the Repurchase Consideration owing to the ESOP Trust will not be subject to any lien, right of set-off, counterclaim or other analogous right to which the Company may otherwise be, or claim to be, entitled. Settlement of the Repurchase Consideration owing to SPV 2 will not be subject to any lien, counterclaim or other analogous right to which the Company may otherwise be, or claim to be, entitled, however, such settlement will be subject to the set-off arrangement set out in paragraph 6.4 of this Circular.

In this regard, SPV 2 has waived the right to have the Repurchase consideration settled free of set-off and, as disclosed in paragraph 19 below, in terms of section 119(6) of the Companies Act, the TRP has granted an exemption to the Company from compliance with the provisions of regulation 106(4)(h) of the Companies Regulations.

Settlement of the Repurchase Consideration to the ESOP Trust and SPV 2, each of whom is resident in South Africa, will not require approval in terms of the Exchange Control Regulations.

### **16. FINANCIAL INFORMATION OF RCL FOODS**

16.1 As disclosed in paragraph 19 below, in terms of section 119(6) of the Companies Act, the TRP has granted an exemption to the Company from compliance with the provisions of regulation 106(7)(c)(i) of the Companies Regulations (which requires the inclusion of the financial statements of the Company for the preceding 3 years in this Circular), on the basis that RCL FOODS

16.1.1 Includes extracts of its financial statements for the preceding 3 years in this Circular;

16.1.2 posts on its website and allows full and unrestricted access to its financial statements for the last 3 financial years;

16.1.3 makes electronic copies of its financial statements for the last 3 financial years available on written request to the company secretary of the Company; and

16.1.4 includes the full and complete financial information, being its financial statements for the last 3 financial years, in the documents made available for inspection by the Company as contemplated in paragraph 35 below.

### **17. FINANCIAL INFORMATION**

Due to the restriction on the Shares issued to the ESOP Trust and SPV2 requiring settlement of the funding, the substance of the Existing BEE Transaction was deemed to constitute the recognition of an option in RCL FOODS Shares granted to the ESOP Trust and SPV2. The value of the option being the expected difference between the expected share price on settlement and expected funding value at settlement date (including accrued interest), calculated in terms of an appropriate options pricing model. This option was valued at R230m on inception of the Existing BEE Transaction and expensed over the eight-year vesting period (as related to the ESOP Trust component of the Existing BEE Transaction) and immediately as related to the SPV2 component of the Existing BEE Transaction.



As a result of the accounting for the substance of the Existing BEE Transaction, being the option value, the Shares issued to the ESOP Trust and SPV2 was not recognised for accounting purposes and did not result in an increase in stated capital in RCL FOODS equity, nor was the funding recorded as a receivable on RCL FOODS' balance sheet. The accounting for the option over term of the Existing BEE Transaction resulted in an expense of R230m from 2014-2022 being recorded in the RCL FOODS income statement, with the corresponding credit recorded in a share-based payments reverse in equity.

The R230m option expense has been fully expensed and does not reverse on Unwind of the Existing BEE Transaction.

Since the shares and funding were never recorded for accounting purposes, the current proposed Repurchase of Shares and settlement of funding has no impact on RCL FOODS' results (there are no shares to reduce in stated capital and no funding to account for).

On inception of the Existing BEE Transaction, the value of Shares issued to the ESOP Trust and SPV2 was equal to the value of the funding provided by RCL FOODS, resulting in no cash flow impact to RCL FOODS (RCL FOODS received proceeds from Shares issued which was offset by the funding advanced). Over the course of the Existing BEE Transaction, the funding value increased due to interest accrued on the outstanding value, whilst the RCL FOODS Share price declined. As a result, the funding value currently exceeds the Repurchase Consideration, and will result in R280m of funding being waived. Due to the funding not being recognised for accounting purposes and the complete Repurchase proceeds being utilised to settle funding, the waiver will not have any impact on RCL FOODS' results and cash flow.

The only change in RCL FOODS' results from the Unwind of the Existing BEE Transaction relates to incremental transaction costs and share transfer tax, estimated at R5m, which isn't considered material. As such, no *pro forma* financial information has been included in this Circular.

Extracts of the audited Group and consolidated historical financial information of RCL FOODS for the last 3 financial years ended June 2022 are contained in Annexure 4 to this Circular.

The full audited consolidated historical financial information of RCL FOODS for the last 3 financial years ended June 2022 are incorporated herein by reference and can be accessed on RCL FOODS' website at the following links:

<b>Information incorporated by reference</b>	<b>Website Link</b>
RCL Foods Limited Annual Financial Statements for the year ended June 2022	<a href="http://www.rclfoods.com/financial-results-and-reports-2022/">www.rclfoods.com/financial-results-and-reports-2022/</a>
RCL Foods Limited Annual Financial Statements for the year ended June 2021	<a href="http://www.rclfoods.com/financial-results-and-reports-2021/">www.rclfoods.com/financial-results-and-reports-2021/</a>
RCL Foods Limited Annual Financial Statements for the year ended June 2020	<a href="http://www.rclfoods.com/financial-results-and-reports-2020/">www.rclfoods.com/financial-results-and-reports-2020/</a>

There are no known material changes in the financial or trading position of RCL FOODS subsequent to the latest published audited financial results for the 12 month period ended June 2022.

## **18. WORKING CAPITAL STATEMENT AND SOLVENCY AND LIQUIDITY**

18.1 In proposing the Repurchase, the Directors have taken cognisance of their duties and responsibilities in terms of paragraph 5.69(c) of the Listings Requirements and sections 46 and 48, as read with section 4, of the Companies Act pertaining to the solvency and liquidity of the Company.

18.2 The Directors are satisfied that, after considering the Repurchase and all reasonably foreseeable financial circumstances of the Company at the date of this Circular:

18.2.1 the Company and the Group will be able in the ordinary course of business to pay its debts for a period of 12 months after the date of approval of this Circular;

18.2.2 the assets of the Company and the Group will be in excess of the liabilities of the Company and the Group for a period of 12 months after the date of approval of this Circular, where for this purpose, the assets and liabilities have been recognised and measured in accordance with the accounting policies used in the latest audited consolidated annual financial statements;

18.2.3 the share capital and reserves of the Company and the Group will be adequate for ordinary business purposes for a period of 12 months after the date of approval of this Circular; and

18.2.4 the working capital of the Company and the Group will be adequate for ordinary business purposes for a period of 12 months after the date of approval of this Circular.

18.3 In addition, a resolution by the Board has been adopted authorising the Repurchase, and confirming that the Company has passed the solvency and liquidity test set out in section 4 of the Companies Act (read with section 46(1)(b)) and that, since the test was performed, there have been no material changes to the financial position of the Company and the Group.

## **19. TRP APPROVAL**

19.1 Shareholders are advised that the TRP does not consider the commercial advantages or disadvantages of “affected transactions”, as defined in section 117(1)(c) of the Companies Act and does not express any view or opinion thereon when it approves such transactions, as envisaged by section 201(3) of the Companies Act.

19.2 The TRP considers the acquisition by a regulated company (which includes a public company) of more than 5% of any particular class of its shares as contemplated in section 48(8)(b) of the Companies Act, to be subject to compliance with the requirements in the Companies Act and the Companies Regulations applicable to “affected transactions”.

19.3 In this regard, Shareholders are referred to the opinions and recommendations expressed by the Independent Board in paragraph 29 of this Circular and to the Independent Expert Report contained in Annexure 1. The Repurchase furthermore complies with the requirements of section 115 of the Companies Act in relation to the approval by Shareholders of the Repurchase in terms of section 48(8)(b) of the Companies Act. Shareholders are referred to Special Resolution Number 3 as contained in the Notice of General Meeting.

19.4 Furthermore, Appraisal Rights apply in respect of the Repurchase. Shareholders are referred to paragraph 33 below, which sets out a summary of the provisions of section 164 and to Annexure 2 of this Circular, which contains an extract of the provisions of sections 115 and 164 of the Companies Act.

## **20. DISCLOSURE IN TERMS OF THE COMPANIES REGULATIONS**

The following exemptions have been granted to the Company by the TRP in terms of section 119(6) of the Companies Act:

20.1 An exemption from compliance with regulation 106(7)(c)(i) of the Companies Regulations, which exemption permits RCL FOODS not to include the Company’s full financial statements for the preceding three years in this Circular, on the basis that RCL FOODS:

20.1.1 includes extracts of its financial statements for the preceding 3 years in this Circular;

20.1.2 posts on its website and allows full and unrestricted access to its financial statements for the last three financial years;

20.1.3 makes electronic copies of its financial statements for the last three financial years available on written request to the company secretary of the Company; and

20.1.4 includes the full and complete financial information (being its financial statements for the last three financial years) in the documents made available for inspection by the Company as contemplated in paragraph 35 of this Circular; and

20.2 An exemption from the requirement to provide a TRP Guarantee to the TRP in respect of the SPV 2 Repurchase Consideration in terms of regulation 114(4), read with regulation 101(7)(b)(vi), of the Companies Regulations.

## 21. CASH GUARANTEE

The TRP has granted the Company an exemption from the requirement to provide a TRP Guarantee in respect of the SPV 2 Repurchase Consideration in terms of regulation 114(4), read with regulation 101(7)(b)(vi), of the Companies Regulations. In accordance with regulations 111(4) and 111(5) of the Companies Regulations, FirstRand Bank Limited has issued a TRP Guarantee to the TRP in respect of the ESOP Repurchase Consideration.

## 22. INTENTION REGARDING THE CONTINUATION OF THE BUSINESS OF RCL FOODS

The proposed Unwind contemplated in this Circular is only in respect of the Common Shares and the Nominal Shares. Accordingly, there will be no change regarding the continuation of the business of RCL FOODS or the Group, nor will there be a change in the continuation in the office of the Directors of RCL FOODS as a result of the implementation of the Unwind.

## 23. SHARE CAPITAL

The authorised and issued Share capital, before and after the Repurchase as at the Last Practicable Date, is as follows:

	Before	After
<b>Authorised Share capital (no par value)</b>	<b>2,000,000,000</b>	<b>2,000,000,000</b>
Issued Share capital	953,961,065	890,130,834

### Note:

The Company holds no Shares in treasury as at the Last Practicable Date. To the extent that the Unwind Alternative is implemented, the Company's issued Share capital after implementation of the Nominal Share Repurchase will be 910,077,781, with no Shares held in treasury. The implementation of the Common Share Disposal will have no impact on the Company's issued Share capital.

## 24. MATERIAL CHANGES AND MATERIAL RISKS

The Directors are not aware of any material changes in the financial or trading position of the Company or its Subsidiaries subsequent to the publication of the Group's audited financial statements for the year ended June 2022.

RCL FOODS' material risks are disclosed on page 48 to the How we Operate section of its 2022 integrated annual report and as follows:

<https://rclfoods.com/wp-content/uploads/2022/09/2022-Abridged-Integrated-Annual-Report.pdf>

## 25. SHARE TRADING HISTORY

Annexure 3 to this Circular sets out the aggregate volumes, dates and prices of the RCL FOODS Shares traded on the JSE (i) for each Trading Day during the 30-day period ended on the Last Practicable Date and (ii) for each month over the previous 12 months prior to the Last Practicable Date of issue of this Circular.

## 26. NOTICE OF GENERAL MEETING AND VOTING

26.1 The General Meeting will be held entirely electronically at 10h00 on Tuesday, 13 December 2022 for the purposes of considering and, if deemed fit, passing with or without modification, the special and ordinary resolutions proposed thereat.

26.2 In terms of paragraph 5.69(b) of the Listings Requirements, and due to its participation in the Common Share Repurchase, the ESOP Trust and its Associates (if applicable), will be excluded from voting on Special Resolution Number 1 required to authorise the Common Share Repurchase by RCL FOODS in respect of the Common Shares held by the ESOP Trust.

26.3 In terms of paragraph 5.69(b) of the Listings Requirements, and due to its participation in the Common Share Repurchase, SPV 2 and its Associates (including Mr Zondi), will be excluded from voting on Special Resolution Number 2 required to authorise the Common Share Repurchase by RCL FOODS in respect of the Common Shares held by SPV 2.

## 27. INDICATIONS OF SUPPORT

27.1 As at the Last Practicable Date, the following RCL FOODS Shareholders have provided an indication of their support to vote the recorded number of RCL FOODS Shares (which are either held as principle or on behalf of clients, including such additional number of Shares as they may hold at the time of the General Meeting) in favour of the special and ordinary resolutions necessary in order to approve and implement the Repurchase.

<b>RCL FOODS Shareholder</b>	<b>Number of RCL FOODS Shares</b>	<b>%</b>
Oasis Asset Management Limited	78 176 197	8.19%
MandG Investment Managers Proprietary Limited	47 681 569	4.99%
Ninety One SA Proprietary Limited	10 345 707	1.08%
<b>Total</b>	<b>136,203,473</b>	<b>14.26%</b>

27.2 The indications of support received from RCL FOODS Shareholders represent 14.26% of all Shares eligible to vote on the Repurchase.

## 28. FAIRNESS OPINION AND INDEPENDENT EXPERT REPORT

In accordance with paragraphs 10.1(a) and (b)((ii) and (vii), read with paragraph 10.7, of the Listings Requirements, the Board appointed BDO as the independent expert for the purposes of providing external advice in regard to the terms and conditions of the Framework Agreement insofar as they relate to SPV 2.

In terms of the Fairness Opinion, the Independent Expert is of the opinion, based on the assumptions and other considerations set forth therein, that the terms and conditions of the Framework Agreement insofar as they relate to SPV 2 are fair to Shareholders.

In accordance with sections 114(2) and 114(3) of the Companies Act, read with regulations 90 and 110 of the Companies Regulations, the Independent Board has appointed BDO as the Independent Expert for purposes of providing the Independent Board with independent external advice in the form of a report regarding the Repurchase and to make appropriate recommendations to the Independent Board in relation thereto.

In terms of the Independent Expert Report, based on the assumptions and other considerations set forth therein, the Independent Expert is of the opinion that the terms and conditions of the Repurchase and the Repurchase Consideration payable in relation thereto are fair and reasonable to Shareholders.

The full text of the Independent Expert Report and Fairness Opinion is set out in Annexure 1 of this Circular.

## **29. BOARD OPINION AND RECOMMENDATION**

### **29.1 Board**

The Board\*, having considered the terms and conditions of the Framework Agreement, insofar as they relate to SPV 2, and having taken into account the Fairness Opinion, is of the opinion that the terms and conditions of the Framework Agreement, insofar as they relate to SPV 2, are fair to Shareholders.

The Board\* therefore recommends that Shareholders vote in favour of the special and ordinary resolutions to be proposed at the General Meeting, including that in relation to the approval of the Framework Agreement.

*\* Mr Zondi recused himself and did not participate in any Board deliberations or decisions in this regard.*

### **29.2 Independent Board**

The Independent Board has been tasked to consider whether the Repurchase and the Repurchase Consideration payable in relation thereto, is fair and/or reasonable to Shareholders. In discharging its obligations, the Independent Board undertook an independent assessment thereof and engaged the Independent Expert to provide the Independent Expert Report.

After due consideration of the Independent Expert Report, the Independent Board has placed reliance on the valuation performed by the Independent Expert in terms of regulation 110(3)(b) of the Companies Regulations and is of the opinion that, the Repurchase and the Repurchase Consideration are fair and reasonable.

The Independent Board is in unanimous support of the Repurchase and recommends that Shareholders vote in favour of the Repurchase Resolution.

To the extent that members of the Independent Board hold RCL FOODS Shares, directly or indirectly, they have individually confirmed that they intend voting their Shares in favour of the special and ordinary resolutions necessary to approve and implement the Repurchase.

## **30. DIRECTORS' RESPONSIBILITY STATEMENTS**

### **30.1 Board**

The Directors, whose names are set out on page 10 of this Circular, collectively and individually, accept full responsibility for the information contained in this Circular and the accuracy thereof and certify that to the best of their knowledge and belief, information contained in this Circular is true, that this Circular does not omit anything that would make any statement herein false or misleading or would be likely to affect the importance of any information contained in the Circular and that all reasonable enquiries to ascertain such facts have been made and that this Circular contains all information required by the Listings Requirements.

### **30.2 Independent Board**

The Independent Board collectively and individually, accepts full responsibility for the accuracy of the information contained in this Circular and certifies that, to the best of its knowledge and belief, such information is true and that there are no facts that have been omitted which would make any of the information false or misleading or would be likely to affect the importance of any information contained in this Circular.

### 31. EXPENSES

31.1 There have been no preliminary expenses relating to the Repurchase incurred by RCL FOODS in the three years immediately preceding the date of this Circular.

31.2 The expenses relating to the Repurchase (exclusive of VAT) are expected to be:

<b>Expense</b>	<b>Payable to</b>	<b>Rand</b>
Independent Expert	BDO	450,000
Attorneys	Webber Wentzel	2,000,000
Financial Adviser and Transaction Sponsor	RMB	400,000
STT	The South African Revenue Service	2,012,125
Printing, publication and distribution	Ince	50,000
JSE documentation inspection	JSE	25,417
JSE ruling	JSE	18,155
<b>Total</b>		<b>4,955,697</b>

### 32. CONSENTS

The Company's Attorneys, Financial Adviser and Transaction Sponsor, Independent Expert and Transfer Secretaries have consented in writing to act in the capacity stated, to their names being stated and, in the case of the Independent Expert, to the inclusion of their reports, in this Circular and have not withdrawn their consent prior to the issue of this Circular.

### 33. EXCHANGE CONTROL REGULATIONS

The ESOP Trust and SPV 2 are resident in South Africa and the Repurchase is not subject to any approvals in terms of the Exchange Control Regulations.

### 34. APPRAISAL RIGHTS

34.1 This paragraph 34 only provides a summary of the provisions relating to Shareholders' Appraisal Rights in terms of section 164 of the Companies Act, the full provisions of which are contained in Annexure 2.

34.2 At any time before the Repurchase Resolution is voted on at the General Meeting, a Shareholder may give written notice to the Company objecting to the Repurchase Resolution in terms of section 164(3) of the Companies Act and vote against the Repurchase Resolution at the General Meeting.

34.3 Within 10 Business Days after the Repurchase Resolution has been adopted, the Company must send a notice to each Shareholder who gave the Company the notice referred to in paragraph 34.2, and has neither withdrawn that notice nor voted in favour of the Repurchase Resolution, informing them that the Repurchase Resolution has been adopted.

34.4 A Shareholder who has given the Company a notice referred to in paragraph 34.2 and who has complied with all of the procedural steps set out in section 164 of the Companies Act may, if the Repurchase Resolution is adopted, deliver a written notice to the Company demanding that the company pays that Shareholder the fair value for all the Shares held by that Shareholder ("**Demand**"). The Demand must be delivered:

34.4.1 within 20 Business Days after receipt of the notice from the Company referred to in paragraph 34.3; or

34.4.2 if the Shareholder does not receive the notice from the Company referred to in paragraph 34.3, within 20 Business Days after learning that the Repurchase Resolution has been adopted.



- 34.5 The Demand referred to above must also be delivered to the TRP and must set out:
- 34.5.1 the Dissenting Shareholder's name and address;
  - 34.5.2 the number of Shares in respect of which the Dissenting Shareholder seeks payment; and
  - 34.5.3 a demand for payment of the fair value of those Shares. The fair value of the Shares is determined as at the date on which, and the time immediately before, the Repurchase Resolution was adopted.
- 34.6 A Dissenting Shareholder may withdraw its Demand before the Company makes an offer in accordance with section 164(11) of the Companies Act or if the Company fails to make such an offer.
- 34.7 If the Company receives a Demand and such Demand is not withdrawn by the Dissenting Shareholder before the Repurchase is implemented, the Company will, in accordance with section 164(11) of the Companies Act, within 5 Business Days of implementation of the Repurchase, make an offer to the Dissenting Shareholder.
- 34.8 The Company's offer made in accordance with section 164(11) of the Companies Act will, in accordance with the requirements of section 164(12)(b) of the Companies Act, lapse if it is not accepted by the Dissenting Shareholder within 30 Business Days after it was made.
- 34.9 A Dissenting Shareholder who, pursuant to the exercise of its Appraisal Rights, has sent a Demand to the Company has no further rights in respect of its Shares, other than to be paid their fair value, unless:
- 34.9.1 the Dissenting Shareholder withdraws that Demand before the Company makes an offer to that Dissenting Shareholder under section 164(11) of the Companies Act, or allows any offer made by the Company to lapse;
  - 34.9.2 the Company fails to make an offer in accordance with section 164(11) of the Companies Act and the Dissenting Shareholder withdraws its Demand; or
  - 34.9.3 the Company revokes the Repurchase Resolution by a subsequent special resolution, in which case that Dissenting Shareholder's rights in respect of the relevant Shares shall, in terms of section 164(10) of the Companies Act, be reinstated without interruption. As set out in the Notice of General Meeting, a special resolution has been proposed to Shareholders in terms of which, subject to the passing of the Repurchase Resolution, if the Repurchase Conditions, are not fulfilled or waived, the Repurchase Resolution will be revoked with effect from the date on which the Repurchase Conditions fail.
- 34.10 A Dissenting Shareholder who accepts the Company's offer made in accordance with the requirements of section 164(11) of the Companies Act must thereafter, if it (i) holds Certificated Shares, tender the Documents of Title in respect of such Certificated Shares to the Company or the Transfer Secretaries; or (ii) holds Dematerialised Shares, instruct its Broker or CSDP to transfer those Shares to the Company or the Transfer Secretaries. The Company must pay a Dissenting Shareholder the offered amount within 10 Business Days after the Dissenting Shareholder has accepted the offer and tendered the Documents of Title or directed the transfer of the Dematerialised Shares to the Company or the Transfer Secretaries, as the case may be.
- 34.11 A Dissenting Shareholder who considers the offer made by the Company in accordance with section 164(11) of the Companies Act to be inadequate, may, in accordance with section 164(14) of the Companies Act, apply to a court to determine a fair value in respect of the Shares that were subject to the Demand, and an order requiring the Company to pay that Dissenting Shareholder the fair value so determined. The court will, in accordance with section 164(15)(c)(v) of the Companies Act, be obliged to make an order, *inter alia*, requiring:
- 34.12 the Dissenting Shareholders to either withdraw their Demands or to tender their Shares to the Company as contemplated in paragraph 34.10; or

- 34.13 the Company to pay the fair value in respect of the Shares (as determined by the court) to the Dissenting Shareholders who tender their Shares as contemplated in paragraph 34.10.
- 34.14 Before exercising their rights under section 164 of the Companies Act, Shareholders should have regard to the following:
- 34.14.1 the Independent Expert Report concludes that the Repurchase and the Repurchase Consideration are fair and reasonable to the Company Shareholders; and
- 34.14.2 the court is empowered to grant a costs order in favour of, or against, a Dissenting Shareholder, as may be applicable.
- 34.15 It should be noted that one of the Repurchase Conditions relates to Shareholders giving notice objecting to the Repurchase Resolution as contemplated in section 164(3) of the Companies Act and/or exercising Appraisal Rights, as more fully set out in paragraph 8.1 of this Circular. In the event that this Repurchase Condition is not fulfilled or waived, the Repurchase will not be implemented.
- 34.16 Any Shareholder who is in doubt as to what action to take must consult their legal or professional advisor in this regard.

### **35. DOCUMENTS AVAILABLE FOR INSPECTION**

The following documents, or copies thereof, will be available for inspection by Shareholders at the registered office of the Company and can also be accessed via a secure electronic manner at the election of the person requesting inspection from the Company Secretary, by emailing [lauren.kelso@rclfoods.com](mailto:lauren.kelso@rclfoods.com), or from the Transaction Sponsor, by emailing [sponsorteam@rmb.co.za](mailto:sponsorteam@rmb.co.za), during normal business hours from Monday, 14 November 2022 up to and including the date of the General Meeting on Tuesday, 13 December 2022 (both days inclusive):

- 35.1 the 2013 BEE Circular;
- 35.2 this Circular, including all the annexures hereto and incorporating the Notice of General Meeting and, where applicable, the Form of Proxy (*blue*);
- 35.3 the Framework Agreement;
- 35.4 the indications of support referred to in paragraph 27 of this Circular;
- 35.5 the signed consent letters referred to in paragraph 32 of this Circular;
- 35.6 the published, audited annual financial statements of the Company for the 3 years ended June 2022, June 2021 and June 2020;
- 35.7 the Fairness Opinion and the Independent Expert Report, as reproduced in Annexure 1 to this Circular; and
- 35.8 the Memorandum of Incorporation of the Company.

By order of the Board

**RCL FOODS Limited**

**Monday, 14 November 2022**

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**INDEPENDENT EXPERT REPORT AND FAIRNESS OPINION**

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The Directors  
RCL Foods Limited  
Ten The Boulevard  
Westway Office Park  
Westville, 3629

9 November 2022

Dear Sirs/Mesdames

**INDEPENDENT EXPERT REPORT IN RESPECT OF THE REPURCHASE AND FAIRNESS OPINION REGARDING THE FRAMEWORK AGREEMENT WHICH, INsofar AS SPV 2 IS CONCERNED, CONSTITUTES A SMALL RELATED PARTY TRANSACTION****Introduction**

During or about 26 May 2014, RCL Foods Limited (“RCL FOODS” or the “Company”) entered into a Relationship Agreement with the RCL Employee Share Trust (the “ESOP Trust”) and Business Venture Investments No 1763 (RF) Proprietary Limited (“SPV 2”) (which shareholders comprise the trustees for the time being of the Ikamva Labantu Empowerment Trust, Imbewu SPV 8 Proprietary Limited and Business Venture Investments No 1723 Proprietary Limited (the “Strategic Partners”)) in terms of which they agreed to implement a broad based black economic empowerment (“BEE”) transaction (“Existing BEE Transaction”). In terms of the Existing BEE Transaction, (i) 13,962,863 ordinary shares in RCL FOODS (“Shares”) were issued to the ESOP Trust at R17.32 per Share and 5,984,084 Shares were issued to SPV 2 at R17.32 per Share (“Common Shares”) and (ii) 30,718,299 Shares were issued to the ESOP Trust at R0.01 per Share and 13,164,985 Shares were issued to SPV 2 at R0.01 per Share (“Nominal Shares”).

The Common Shares were subscribed for by each of the ESOP Trust and SPV 2 through the preference share funding provided by RCL FOODS to each of the ESOP Trust and SPV 2 in order to facilitate their subscription for the Common Shares (“Preference Share Structure” or “Preference Shares”), in terms of which 241,837 cumulative, redeemable preference shares in the authorised preference share capital of Business Venture Investments No 1762 (RF) Proprietary Limited (“SPV 1”) (a vested beneficiary of the ESOP Trust) (“SPV 1 Preference Shares”) and 103,645 cumulative, redeemable preference shares in the authorised preference share capital of SPV 2 (“SPV 2 Preference Shares”) were issued to RCL FOODS at R1,000 per preference share. The Nominal Shares were subscribed for by each of the ESOP Trust and SPV 2 through the notional vendor funding provided by RCL FOODS to each of the ESOP Trust and SPV 2 in order to facilitate their subscription for the Nominal Shares (“NVF Structure”).

As at the last practicable date prior to the finalisation of the circular to shareholders of RCL FOODS (“Shareholders”) dated 14 November 2022 (“Circular”), being Monday, 7 November 2022 (“Last Practicable Date”), the ESOP Trust holds 44,681,162 Shares constituting approximately 4.69% of the Shares in issue and SPV 2 holds 19,149,069 Shares constituting approximately 2.01% of the Shares in issue.

Subsequent to the implementation of the Existing BEE Transaction, the Company’s share price has declined (from R17.32 at implementation of the Existing BEE Transaction to R10.98 as at the Last Practicable Date), resulting in the Existing BEE Transaction being materially underwater at the end of a period of 8 years, commencing on the date of implementation of the Existing BEE Transaction, during or about 26 May 2014, being the term of the Existing BEE Transaction.

Consequently, the Company, the ESOP Trust, SPV 2, SPV 1 and the Strategic Partners have agreed to unwind the Existing BEE Transaction in an orderly manner (“Unwind”) and have accordingly entered into an implementation and framework agreement on 12 October 2022 (“Framework Agreement”) in terms of which RCL FOODS will implement, *inter alia*:

- the repurchase by the Company of (i) the Common Shares held by the ESOP Trust and SPV 2, together being 19,946,947 Common Shares, representing approximately 2.09% of the Shares in issue, at a repurchase price of R11.49 per Common Share which represents the 30-day volume weighted average price (“VWAP”) of a Share up to and including Tuesday, 11 October 2022, being the Business Day prior to the date on which the terms of the Framework Agreement were agreed (“Signature Date”) (“Specific Repurchase Price”) (“Specific Repurchase”) and (ii) the Nominal Shares held by the ESOP Trust and SPV 2, together being 43,883,284 Nominal Shares, at a repurchase price of R0.01 per Nominal Share in terms of the Relationship Agreement (defined below) (“Nominal Share Repurchase Price”) (“Nominal Share Repurchase”) (“Unwind Transaction”); and
- in the event that the conditions precedent to the Specific Repurchase are not timeously fulfilled or waived, (i) the Nominal Shares Repurchase and (ii) the on-market disposal or private placing of the Common Shares facilitated by a third-party agent at such prices and volumes as RCL FOODS may determine (“Common Share Disposal”) (“Unwind Alternative”).

The Framework Agreement envisages the following steps:

Step 1: The Nominal Share Repurchase and the Specific Repurchase:

- RCL FOODS will repurchase:
- the 13,962,863 Common Shares held by the ESOP Trust for the Specific Repurchase Price, representing an aggregate consideration of R160,433,295.87 (“ESOP Specific Repurchase Consideration”);
- the 30,718,299 Nominal Shares held by the ESOP Trust for the Nominal Share Repurchase Price, representing an aggregate consideration of R307,182.99 (“ESOP Nominal Share Repurchase Consideration”);
- the 5,984,084 Common Shares held by SPV 2 for the Specific Repurchase Price, representing an aggregate consideration of R68,757,125.16 (“SPV 2 Specific Repurchase Consideration”); and
- the 13,164,985 Nominal Shares held by SPV 2 at the Nominal Share Repurchase Price, representing an aggregate consideration of R131,649.85 (“SPV 2 Nominal Share Repurchase Consideration”),

Step 2: Distribution of the ESOP Nominal Share Repurchase Consideration:

- The ESOP Trust shall distribute the ESOP Nominal Share Repurchase Consideration and ESOP Specific Repurchase Consideration (“ESOP Repurchase Consideration”) due to it to SPV 1 (in its capacity as a vested beneficiary of the ESOP Trust).

Step 3: Settlement of Accrued Preference Dividends and redemption of the SPV 1 Preference Shares and the SPV 2 Preference Shares:

- SPV 1 shall settle the preference dividends in respect of the SPV 1 Preference Shares which have been declared and accrued, but not yet paid and redeem all the SPV 1 Preference Shares for an aggregate amount equal to the ESOP Repurchase Consideration (net of the securities transfer tax payable in respect of the redemption of the SPV 1 Preference Shares); and
- SPV 2 shall settle the preference dividends in respect of the SPV 2 Preference Shares which have been declared and accrued, but not yet paid and redeem all the SPV 2 Preference Shares for an aggregate amount equal to the SPV 2 Specific Repurchase Consideration and the SPV 2 Nominal Share Repurchase Consideration (net of the securities transfer tax payable in respect of the redemption of the SPV 2 Preference Shares).

Steps 4 and 5: All obligations and claims held by the ESOP Trust, SPV 1, SPV 2 and RCL FOODS will be extinguished and the ESOP Trust, SPV 1 and SPV 2 will be dissolved, deregistered and/or terminated (as the case may be).

The Unwind Alternative contemplates that (i) all the Nominal Shares will be repurchased in terms of the Relationship Agreement and (ii) all the Common Shares will be disposed of by the ESOP Trust and SPV 2 pursuant to the Common Share Disposal.

The ESOP Trust shall subsequently distribute an amount equal to the ESOP Nominal Share Repurchase Consideration to SPV 1 (in its capacity as a vested beneficiary of the ESOP Trust). The ESOP Trust shall distribute an amount equal to proceeds of the Common Share Disposal (“Disposal Proceeds”) in respect of the ESOP Common Shares to SPV 1 (in its capacity as a vested beneficiary of the ESOP Trust).

SPV 1 shall settle the preference dividends in respect of the SPV 1 Preference Shares which have been declared and accrued, but not yet paid and redeem the SPV 1 Preference Shares held by RCL FOODS, for an aggregate amount equal to the ESOP Nominal Share Repurchase Consideration plus the Disposal Proceeds in respect of the ESOP Common Shares (net of the securities transfer tax payable in respect of the redemption of the SPV 1 Preference Shares). SPV 2 shall settle the preference dividends in respect of the SPV 2 Preference Shares which have been declared and accrued, but not yet paid and redeem the SPV 2 Preference Shares held by RCL FOODS, for an aggregate amount equal to the SPV 2 Nominal Share Repurchase Consideration plus the Disposal Proceeds in respect of the SPV 2 Common Shares (net of the securities transfer tax payable in respect of the redemption of the SPV 2 Preference Shares). Consequently, all claims held by the ESOP Trust, SPV 1, SPV 2 and RCL FOODS will be extinguished and the ESOP Trust, SPV 1 and SPV 2 will be dissolved, deregistered and/or terminated (as the case may be).

As at the date of this opinion, the authorised and issued share capital of the Company comprises:

**Authorised share capital**

2,000,000,000 Shares

**Issued share capital**

953,961,065 Shares

The direct and indirect beneficial interests in shares held by all the directors of RCL FOODS (including directors who have resigned in the last 18 months), as at the Last Practicable Date are shown below:

<b>Name of director</b>	<b>Direct beneficial</b>	<b>Indirect beneficial</b>	<b>Held by associates</b>	<b>Total</b>	<b>% of issued shares</b>
<b>Executive</b>					
M Dally	3,194,457	–	–	3,194,457	0.33%
PD Cruickshank	447,811	–	–	447,811	0.05%
RH Field	1,675,030	28,013	–	1,703,043	0.18%
<b>Non-Executive</b>					
MP Mageza	–	386	–	386	0.00%
NM Nhlanhla	–	229,559	–	229,559	0.02%
GC Zondi	–	667,252	–	667,252	0.07%
<b>Total</b>	<b>5,317,298</b>	<b>925,210</b>	<b>–</b>	<b>6,242,508</b>	<b>0.66%</b>

Full details of the Unwind are contained in the Circular, which will include a copy of this letter.

**Independent Expert Report required in terms of the Companies Act**

The Specific Repurchase and Nominal Share Repurchase (together the “Repurchase”) will constitute the acquisition by the Company of more than 5% of the Company’s shares in issue and accordingly constitutes a repurchase of shares as contemplated in section 48(8)(b) of the Companies Act, 71 of 2008 (“Companies Act”) as read with section 114 and 115 of the Companies Act. In terms of section 114(2) of the Companies Act, as read with regulations 90 and 110 of the Companies Regulations, 2011 (the “Regulations”), to the extent applicable, the independent board of directors of RCL FOODS (“Independent Board”) must retain an independent expert to compile a report (in the form of a fair and reasonable opinion) on the Repurchase and the consideration payable by RCL FOODS in terms thereof (“Repurchase Consideration”) in compliance with section 114(3) of the Companies Act and Regulations 90 and 110, to the extent applicable.

BDO Corporate Finance Proprietary Limited (“BDO Corporate Finance”) has been appointed by the Independent Board in accordance with section 114(2) of the Companies Act and Regulations 90 and 110, to the extent applicable, to provide our opinion to the Independent Board for the sole purpose of assisting the Independent Board in forming and expressing an opinion on the Repurchase and the Repurchase Consideration, for the benefit of Shareholders (the “Independent Expert Report”).



## **Fairness opinion required in terms of the Listings Requirements**

Gcina Cecil Zondi (“Zondi”), a non-executive Director of RCL FOODS, is a beneficial shareholder of SPV 2 and also serves as one of only two directors on the board of directors of SPV 2. As such, SPV 2 is Zondi’s associate and is a related party to RCL FOODS, as contemplated in paragraph 10.1(b) (ii) and (vii) of the Listings Requirements of the Johannesburg Stock Exchange (“JSE”) (“Listings Requirements”).

In terms of paragraph 10.1(a) of the Listings Requirements, the entering into of any agreement with a related party will be regarded as a related party transaction for purposes of the Listings Requirements. Accordingly, the Framework Agreement concluded in order to facilitate either the Unwind Transaction or the Unwind Alternative constitutes a related party transaction for the Company.

In terms of paragraph 10.7 of the Listings Requirements RCL FOODS is required to provide the JSE with written confirmation from an independent professional expert, acceptable to the JSE, that the terms of the Framework Agreement insofar as they relate to SPV 2 are fair insofar as Shareholders are concerned (the “Fairness Opinion”).

## **Responsibility**

Compliance with the Listings Requirements is the responsibility of the board of directors of RCL FOODS (“Board” or “Directors”). Compliance with the Companies Act and the Regulations is the responsibility of the Independent Board. Our responsibility is to report to the Independent Board on whether the terms of the Repurchase and the Repurchase Consideration are fair and reasonable to Shareholders and to report to the Board on the fairness of the terms of the Framework Agreement concerning the Shareholders insofar as they relate to SPV 2.

## **Definition of the terms “fair” and “reasonable” applicable in the context of the Repurchase**

The “fairness” of a transaction is based on quantitative factors as well as factors that are difficult to quantify. A transaction will generally be considered to be fair to a company’s shareholders if the benefits received, as a result of the transaction, are equal to or greater than the value given up.

The Repurchase will generally be considered fair to the ESOP Trust and SPV 2 if the Repurchase Consideration is equal to or more than the fair value per Share and generally unfair if the Repurchase Consideration is less than the fair value per Share.

The Repurchase will generally be considered fair to the Company and Shareholders that are not party to the Repurchase (“Remaining Shareholders”) if the Repurchase Consideration is equal to or less than the fair value per Share and generally unfair if the Repurchase Consideration is more than the fair value per Share. The assessment of reasonableness of a transaction is generally based on qualitative considerations surrounding a transaction. Hence, even though the consideration to be paid in respect of a transaction may be more or less than the market value, as the case may be, the consideration to be paid in respect of a transaction may be considered reasonable after considering other significant qualitative factors.

## **Explanation as to how the term “fair” applies in the context of the Framework Agreement**

Schedule 5.7 of the Listings Requirements states that the “fairness” of a transaction is based on quantitative issues. A transaction will generally be considered fair to a company’s shareholders if the benefits received by shareholders, as a result of a corporate action, are equal to or greater than the value ceded by a company.

As the nature of the related party transaction does not entail the acquisition or disposal of an asset, but rather the conclusion of an agreement, a value cannot be attributed to the agreement as would be done for a business, i.e. a discounted cash flow valuation. Therefore, we have given due consideration to whether the terms of the Framework Agreement are fair in the circumstances as if RCL FOODS and the related party were dealing at arm’s length, i.e. whether the terms of the Framework Agreement do not confer any specific benefit on SPV 2, nor do they prejudice Shareholders. The terms and conditions of the Framework Agreement will essentially result in the repurchase of all Common Shares and Nominal Shares at the Specific Repurchase Price and Nominal Share Repurchase Price, respectively, in exchange for the settlement of the preference dividends in respect of the SPV 1 Preference Shares and SPV 2 Preference Shares which have been declared and accrued, but not yet paid and the redemption of all the SPV1 Preference Shares and SPV2 Preference Shares.



The terms and conditions of the Framework Agreement may be said to be fair to Shareholders (excluding SPV 2) if the fair value of the Common Shares to be repurchased from SPV 2 equals or exceeds the total obligation in respect of the SPV 2 Preference Shares, or unfair if the fair value of the Common Shares to be repurchased from SPV 2 is less than the total obligation in respect of the SPV 2 Preference Shares.

### **Details and sources of information**

- In arriving at our opinion we have relied upon the following principal sources of information:
  - The Relationship Agreement and the Framework Agreement;
  - Historical and forecast financial information of RCL FOODS (RCL FOODS operates through six business units: Groceries, Baking, Sugar, Chicken, Vector Logistics and Group (“Segments”)), comprising:
    - Audited annual financial statements and annual reports of RCL FOODS, for the years ended 30 June 2019, 2020, 2021 and 2022;
    - Historical financial information of RCL FOODS, on a segment and group basis, for the financial years ended 30 June 2020, 2021 and 2022;
    - Year-to-date management accounts of RCL FOODS, on a segment and group basis, for the period ended 30 April 2022;
    - Forecast financial information of RCL FOODS, on a segment and group basis, for the financial years ending 30 June 2022 to 2026;
  - Total obligation in respect of the Preference Share Structure and NVF Structure;
  - Discussions with RCL FOODS executive management regarding the rationale for the Unwind;
  - Discussions with RCL FOODS executive management regarding the historical and forecast financial information of the Company;
  - Discussions with RCL FOODS executive management and their advisors on prevailing market, economic, legal and other conditions which may affect underlying value; and
  - Publicly available information relating to RCL FOODS, comparable publicly traded companies and the markets in which the Company operates.
- The information above was secured from:
  - Executive management of RCL FOODS and their advisors; and
  - Third party sources, including information related to publicly available economic, market and other data which we considered applicable to, or potentially influencing the Company.

### **Procedures and consideration**

In arriving at our opinion we have undertaken the following procedures and taken into account the following factors:

- Reviewed the financial and other information related to RCL FOODS as detailed above;
- Held discussions with the executive management of RCL FOODS and considered such other matters as we consider necessary, including assessing the prevailing economic and market conditions and trends;
- Reviewed and obtained an understanding from executive management of RCL FOODS as to the historical and forecast financial information of the Company, on a consolidated basis and per Segment. This review included an assessment of the recent historical performance to date as well as the reasonableness of the outlook assumed based on discussions with executive management and an assessment of the achievability thereof by considering historical information as well as macro-economic and sector-specific data;
- Performed a valuation of a Share as at the Signature Date on a sum-of-the-parts (“SOTP”) basis;
- Assessed the long-term potential of RCL FOODS;
- Evaluated the relative risks associated with RCL FOODS and the industry in which it operates;
- Where relevant, representations made by executive management of RCL FOODS were corroborated to source documents or independent analytical procedures were performed by us, to examine and understand the industry in which the Company operates, and to analyse external factors that could influence RCL FOODS; and

- Held discussions with the executive management of RCL FOODS as to the long-term strategy and the rationale for the Unwind and considered such other matters as we considered necessary, including assessing the prevailing economic and market conditions and trends in the sector in which the Company operates.

### **Assumptions**

We arrived at our opinion based on the following assumptions:

- That all agreements that are to be entered into in terms of the Unwind will be legally enforceable;
- That the Unwind will have the legal, accounting and taxation consequences described in discussions with, and materials furnished to us by representatives of RCL FOODS; and
- That reliance can be placed on the financial information of RCL FOODS.

### **Appropriateness and reasonableness of underlying information and assumptions**

We satisfied ourselves as to the appropriateness and reasonableness of the information and assumptions employed in arriving at our opinion by:

- Conducting analytical reviews on the historical financial results and financial information, such as key ratio and trend analyses; and
- Determining the extent to which representations from executive management of RCL FOODS were confirmed by documentary evidence as well as our understanding of RCL FOODS and the economic environment in which the Company operates.

### **Limiting conditions**

This opinion is provided in connection with and for the purposes of the Unwind. The opinion does not purport to cater for each individual Shareholder's perspective, but rather that of the general body of Shareholders.

Individual Shareholder's decisions regarding the Unwind may be influenced by such shareholders particular circumstances and accordingly individual Shareholders should consult an independent adviser if in any doubt as to the merits or otherwise of the Unwind.

Where relevant, forward-looking information of the Company relates to future events and is based on assumptions that may or may not remain valid for the whole of the forecast period. Consequently, such information cannot be relied upon to the same extent as that derived from audited financial statements for completed accounting periods. We express no opinion as to how closely the actual future results of RCL FOODS will correspond to those projected. We have however compared the forecast financial information to past trends as well as discussing the assumptions inherent therein with management.

We have also assumed that the Unwind will have the legal consequences described in discussions with, and materials furnished to us by representatives and advisors of RCL FOODS and we express no opinion on such consequences.

Our opinion is based on current economic, regulatory and market as well as other conditions. Subsequent developments may affect the opinion, and we are under no obligation to update, review or re-affirm our opinion based on such developments.

### **Independence, competence and fees**

We confirm that we have no direct or indirect interest in Shares or the Unwind. We also confirm that we have the necessary qualifications and competence to provide the fairness opinion on the Unwind.

We confirm that neither we, nor any person related to us (as contemplated in the Listings Requirements), have any relationship with RCL FOODS or any party involved in the Unwind.

We confirm that neither we, nor any person related to us (as contemplated in the Companies Act) have a direct or indirect interest in Shares, nor the Repurchase, nor have had within the immediately preceding two years, any relationship as contemplated in section 114(2)(b) of the Companies Act, and specifically declare, as required by Regulations 90(6)(i) and 90(3)(a), that we are independent in relation to the Repurchase and will reasonably be perceived to be independent taking into account other existing relationships and appointments. We also confirm that we have the necessary competence to provide the Independent Expert Report and meet the criteria set out in section 114(2)(a) of the Companies Act.

Furthermore, we confirm that our professional fees, payable in cash, are not contingent upon the success of the Unwind. Our fees are not payable in shares.

### **Section 114(3) requirements**

As required in terms of section 114(3) of the Companies Act (read together with section 48 of the Companies Act), this report deals with the following:

**(a) state all prescribed information relevant to the value of the securities affected by the proposed arrangement;**

The Repurchase will result in the Company acquiring 6.7% of RCL FOODS issued shares, for R11.49 per Common Share and R0.01 per Nominal Share. In aggregate, the Company will be acquiring 63,830,261 Shares (comprising of 19,946,977 Common Shares and 43,883,284 Nominal Shares) through the Repurchase. The fair value per Share is detailed further under the 'Valuation Results' section below.

**(b) identify every type and class of holders of the Company's securities affected by the proposed arrangement;**

The authorised share capital of RCL FOODS as at the Last Practicable Date comprises of 2,000,000,000 Shares.

The issued share capital of RCL FOODS as at the Last Practicable Date comprises 953,961,065 Shares.

**(c) describe the material effects that the proposed arrangement will have on the rights and interests of the persons mentioned in paragraph (b);**

Subsequent to the Repurchase, the shareholding in RCL FOODS held by the ESOP Trust and SPV 2 will be reduced to zero and they will have no economic interest in RCL FOODS. In addition, all the outstanding obligations by the ESOP Trust (and SPV 1) and SPV 2 to RCL FOODS in terms of the NVF Structure and the Preference Share Structure will be extinguished.

The Repurchase will have no material negative effect on the rights and interests of the Remaining Shareholders.

**(d) evaluate any material adverse effects of the proposed arrangement against-**

**(i) the compensation that any of those persons will receive in terms of that arrangement; and**

Executive management of RCL FOODS stated that none of the parties to the Repurchase are likely to be compensated for the Repurchase. We are not aware of any other persons to be entitled to compensation as a result of the Repurchase, apart from the Repurchase costs that are normally incurred in transactions of this nature, namely advisors' fees, legal fees, secretarial fees, securities transfer tax, brokers' fees, JSE Limited inspection fees and independent experts' fees. We are not aware of any material adverse effects on RCL FOODS.

**(ii) any reasonably probable beneficial and significant effect of that arrangement on the business and prospects of the Company;**

The Repurchase is unlikely to negatively impact on value attributable to Shareholders or the value per Share.

In addition, the Directors have taken cognisance of their duties and responsibilities in terms of section 5.69(e) of the JSE Listings Requirements and section 46 read with section 4 of the Companies Act pertaining to the solvency and liquidity of RCL FOODS. In this regard, the Directors reasonably confirm that, following solvency and liquidity tests on RCL FOODS, RCL FOODS will satisfy the solvency and liquidity test following the Unwind and immediately post payment of the Repurchase, and reasonably concluded that the Company will satisfy the solvency and liquidity test upon passing their resolution and for a period of 12 months after the anticipated effective date of the Repurchase.

**(e) state any material interest of any Director of the Company or Trustee for security holders;**

The interest held by all Directors of RCL FOODS registered with the Companies and Intellectual Property Commission, before and after the Repurchase, have been included in the table below together:

<b>Name of director</b>	<b>No of shares held before the Repurchase</b>	<b>% of issued shares</b>	<b>No of shares held after the Repurchase</b>	<b>% of issued shares</b>
Executive				
M Dally	3,194,457	0.33%	3,194,457	0.36%
PD Cruickshank	447,811	0.05%	447,811	0.05%
RH Field	1,703,043	0.18%	1,703,043	0.19%
NP Mageza	386	0.00%	386	0.00%
MM Nhlanhla	229,559	0.02%	0	0.00%
GC Zondi	667,252	0.07%	0	0.00%
<b>Total</b>	<b>6,242,508</b>	<b>0.66%</b>	<b>5,345,697</b>	<b>0.60%</b>

**(f) state the effect of the proposed arrangement on the interest and person contemplated in paragraph (e);**

There will be no effect on the Directors contemplated in paragraph (e) other than with respect to MM Nhlanhla and GC Zondi, who as a result of the Repurchase will cease to have any interests in the Company.

**(g) and include a copy of sections 115 and 164**

Copies of sections 115 and 164 of the Companies Act are included as Annexure 2 to the Circular and are incorporated herein by reference for purposes of section 114(3)(g) of the Companies Act.

**Approach to fairness of the Framework Agreement and Repurchase**

As at the Last Practicable Date, the carrying value of preference dividends in respect of the Preference Shares which have been declared and accrued, but not yet paid and the carrying value of the Preference Shares, in aggregate, amount to R149,973,078.34 in respect of the SPV 2 Preference Shares (“SPV 2 Preference Share Obligation”) and R349,977,215.38 in respect of the SPV 1 Preference Shares (“SPV 1 Preference Share Obligation”). This amounts to a total obligation of R25.06 per Common Share held by SPV 2 and the ESOP Trust.

As at the Last Practicable Date, the carrying value of the obligation under the NVF Structure amounts to R509,937,566.46 in respect of SPV 2 (“SPV 2 NVF Obligation”) and R1,190,355,137.61 in respect of SPV 1 (“SPV 1 NVF Obligation”). This amounts to a total obligation of c.R38.75 per Nominal Share held by SPV 2 and the ESOP Trust.

BDO Corporate Finance performed a valuation of a Share in order opine on the fairness of the Framework Agreement as well as the Repurchase. The valuation of RCL FOODS was performed as at the Signature Date by applying the SOTP basis.

The valuations of the main operating entities comprising Groceries, Baking, Sugar, Chicken, Vector Logistics and Group performed by applying the discounted cash flow (“DCF”) methodology as our primary approach. In addition, we considered the market approach (based on financial data for comparable publicly traded companies) as a secondary methodology to support the results of the DCF valuation.

The DCF valuations were performed taking cognisance of risk and other market and industry factors affecting each Segment. Additionally, sensitivity analyses were performed considering key value drivers.

Key value drivers assumptions in the Segmental DCF valuations included revenue growth, gross profit margins, earnings before interest, tax depreciation and amortisation (“EBITDA”) margins, the discount rate (represented by the weighted average cost of capital), working capital and capital expenditure requirements.

External key value drivers for each Segment comprise:

- Groceries and Baking: the key value drivers within the Groceries and Baking Segments comprise volume, price and commodity input costs, which are external value drivers. EBITDA margins, being the key internal value driver, are most sensitive to commodity input costs, which commodities include maize, soybean meal, sunflower seed, wheat and peanuts;
- Sugar: the key value drivers within the Sugar Segment comprise volume, price and commodity input costs, which are external value drivers. EBITDA margins, being the key internal value driver, is most sensitive to world sugar prices;
- Chicken: the key value drivers within the Chicken Segment comprise volume, price and commodity input costs, which are external value drivers. EBITDA margins, being the key internal value driver, is most sensitive to agric performance which is a key internal value driver as well as to maize input costs; and
- Vector Logistics: the key value drivers within the Vector Logistics Segment comprise food service and retail volume growth, which are external value drivers. EBITDA margins, being the key internal value driver, is most sensitive to fuel prices which is a key external value driver.

A sensitivity analysis was performed by increasing and decreasing the base case discount rate by a maximum of 1.0% and by increasing and decreasing sustainable EBITDA margins by 0.5%. In addition, due to the current high inflationary environment and the increase in long-term bond yields compared to the historical preceding five-year period, we also performed a sensitivity analysis by increasing and decreasing the terminal growth rate by a maximum of 0.5%. The sensitivity analysis did not indicate a sufficient effect on the valuation of a Share to alter our opinion in respect of the fairness of the Framework Agreement.

### **Valuation results and approach to fairness of the Repurchase**

In undertaking the valuation exercise above we determined a valuation range of R17.17 per Share to R18.98 per Share, with a most likely value of R18.08 per Share on a control basis.

The valuation ranges are provided solely in respect of the Fairness Opinion and Independent Expert Report.

### **Reasonableness of the Repurchase**

The Specific Repurchase Price represents the 30-day VWAP of a Share up to and including the Business Day prior to the Signature Date. The Nominal Share Repurchase Price is a discount to the market price of a Share of R11.00 being the closing price as at Tuesday, 11 October 2022, the last Trading Day prior to the Signature Date. The rationale for the Repurchase is set out in paragraphs 2 and 3 of the Circular.

We have assessed the terms of the Repurchase with reference to normal market-related practice. We have found no indication that the Repurchase will have any material adverse effect on the Company.

### **Opinion**

The Repurchase Consideration is at or below the 30-day VWAP per Share on the JSE up to Tuesday, 11 October 2022 and below the suggested fair value range calculated from our valuation. We are not aware of any material adverse effects of the Repurchase.

We have considered the terms and conditions of the Repurchase and the Repurchase Consideration and note that:

- The amounts owing by the ESOP Trust (and SPV 1) and SPV 2 under the Preference Share Structure and the NVF Structure exceed the fair value of the Repurchase Shares and, in the circumstances, the ESOP Trust and SPV 2 are not entitled to receive any residual value upon unwind of the Existing BEE Transaction;



- Pursuant to the conclusion of the Framework Agreement and Repurchase, the SPV 2 Preference Share Obligation and SPV 1 Preference Share Obligation will be extinguished in exchange for the Common Shares held by SPV 2 and the ESOP Trust, respectively. The carrying value of the SPV 2 Preference Share Obligation and SPV 1 Preference Share Obligation, amounting to R149,973,078.34 and R349,977,218.38, respectively, as at the Last Practicable Date is not considered representative of the fair value of the SPV 2 Preference Share Obligation and SPV 1 Preference Share Obligation as the only security for the SPV 2 Preference Share Obligation and SPV 1 Preference Share Obligation are the Shares held by SPV 2 and the ESOP Trust, respectively, with no further recourse. The fair value of the SPV 2 Preference Share Obligation and SPV 1 Preference Share Obligation equates to the fair value of the 5,984,084 Shares and 13,962,863 Shares held by SPV 2 and the ESOP Trust, respectively, representing the consideration transferred in respect of the Specific Repurchase, less the amount of Securities Transfer Tax payable in respect of the redemption of the SPV 2 Preference Shares and SPV 1 Preference Shares, respectively;
- Pursuant to the Repurchase, the SPV 2 NVF Obligation and SPV 1 NVF Obligation will be extinguished in exchange for the Nominal Shares held by SPV 2 and the ESOP Trust, respectively. The carrying value of the SPV 2 NVF Obligation and SPV 1 NVF Obligation, amounting to R509,937,566.46 and R1,190,355,137.61, respectively, as at the Last Practicable Date is not considered representative of the fair value of the SPV 2 NVF Obligation and SPV 1 NVF Obligation as the only security for the SPV 2 NVF Obligation and SPV 1 NVF Obligation are the Shares held by SPV 2 and the ESOP Trust, respectively, with no further recourse. The fair value of the SPV 2 NVF Obligation and SPV 1 NVF Obligation equates to the fair value of the 13,164,985 Shares and 30,718,299 Shares held by SPV 2 and the ESOP Trust, respectively, representing the consideration transferred in respect of the Nominal Share Repurchase; and
- Other than SPV 2 and the ESOP Trust, no Shareholders will benefit from the Repurchase and will receive any compensation as a result of the Repurchase. The purpose of the Repurchase is to discharge obligations owing in respect of the Existing BEE Transaction, i.e. the NVF Structure and the Preference Share Structure. The only proceeds that will flow to the ESOP Trust (and SPV 1) and SPV 2 are the Nominal Share Repurchase Price of R307,182.99 and R131,649.85, respectively, for purposes of settling the Securities Transfer Tax payable in respect of the redemption of the SPV 2 Preference Shares and SPV 1 Preference Shares.

Pursuant to the Repurchase, the shareholding in RCL FOODS held by the ESOP Trust and SPV 2 will be reduced to zero and they will have no economic interest in RCL FOODS. In addition, all the outstanding obligations by the ESOP Trust (and SPV 1) and SPV 2 to RCL FOODS in terms of the NVF Structure and the Preference Share will be extinguished. Whilst the carrying value of the obligations in respect of the Preference Share Structure and NVF Structure exceed the fair value of the Shares, as the Shares are the only security for these obligations, in our opinion the fair value of the obligations equates to the fair value of the Shares.

Based upon and subject to the conditions set out herein, BDO Corporate Finance is of the opinion that the Repurchase and the Repurchase Consideration are fair and reasonable to Shareholders (including ESOP Trust and SPV 2).

We have considered the terms and conditions of the Framework Agreement and, based on and subject to the conditions set out herein, confirm that we are of the opinion that the terms and conditions of the Framework Agreement do not confer any specific benefit on SPV 2, nor do they prejudice Remaining Shareholders and the terms and conditions of the Framework Agreement are fair to Shareholders.

Our opinions are necessarily based upon the information available to us up to the Last Practicable Date, including in respect of the financial information as well as other conditions and circumstances existing and disclosed to us. We have assumed that all conditions precedent, including any material regulatory and other approvals or consents required in connection with the Unwind and the Repurchase, will be timeously fulfilled or obtained.

Accordingly, it should be understood that subsequent developments may affect this opinion, which we are under no obligation to update, revise or re-affirm.

**Consent**

We hereby consent to the inclusion of this Independent Expert Report and Fairness Opinion, in whole or in part, and references thereto in the Circular and any other announcement or document pertaining to the Unwind and the Repurchase, in the form and context in which they appear.

Yours faithfully

N Lazanakis  
Director

**BDO Corporate Finance Proprietary Limited**  
Wanderers Office Park  
52 Corlett Drive  
Illovo,  
2196

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## RELEVANT SECTIONS FROM THE COMPANIES ACT

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### “Section 115: Required approval for transactions contemplated in Part A

- (1) Despite section 65, and any provision of a company’s Memorandum of Incorporation, or any resolution adopted by its board or holders of its securities, to the contrary, a company may not dispose of, or give effect to an agreement or series of agreements to dispose of, all or the greater part of its assets or undertaking, implement an amalgamation or a merger, or implement a scheme of arrangement, unless:
- (a) The disposal, amalgamation or merger, or scheme of arrangement:
    - (i) has been approved in terms of this section; or
    - (ii) is pursuant to or contemplated in an approved business rescue plan for that company, in terms of Chapter 6; and
  - (b) to the extent that Parts B and C of this Chapter and the Takeover Regulations apply to a company that proposes to:
    - (i) dispose of all or the greater part of its assets or undertaking;
    - (ii) amalgamate or merge with another company; or
    - (iii) implement a scheme of arrangement,
- the Panel has issued a compliance certificate in respect of the transaction, in terms of section 119 (4)(b), or exempted the transaction in terms of section 119(6).
- (2) A proposed transaction contemplated in subsection (1) must be approved:
- (a) by a special resolution adopted by persons entitled to exercise voting rights on such a matter, at a meeting called for that purpose and at which sufficient persons are present to exercise, in aggregate, at least 25% of all of the voting rights that are entitled to be exercised on that matter, or any higher percentage as may be required by the company’s Memorandum of Incorporation, as contemplated in section 64(2);
  - (b) by a special resolution, also adopted in the manner required by paragraph (a), by the shareholders of the company’s holding company if any, if:
    - (i) the holding company is a company or an external company;
    - (ii) the proposed transaction concerns a disposal of all or the greater part of the assets or undertaking of the Subsidiary; and
    - (iii) having regard to the consolidated financial statements of the holding company, the disposal by the Subsidiary constitutes a disposal of all or the greater part of the assets or undertaking of the holding company; and
  - (c) by the court, to the extent required in the circumstances and manner contemplated in subsections (3) to (6).
- (3) Despite a resolution having been adopted as contemplated in subsections (2)(a) and (b), a company may not proceed to implement that resolution without the approval of a court if:
- (a) the resolution was opposed by at least 15% of the voting rights that were exercised on that resolution and, within five business days after the vote, any person who voted against the resolution requires the company to seek court approval; or
  - (b) the court, on an application within 10 business days after the vote by any person who voted against the resolution, grants that person leave, in terms of subsection (6), to apply to a court for a review of the transaction in accordance with subsection (7).

- (4) For the purposes of subsections (2) and (3), any voting rights controlled by an acquiring party, a person related to an acquiring party, or a person acting in concert with either of them, must not be included in calculating the percentage of voting rights:
- (a) required to be present, or actually present, in determining whether the applicable quorum requirements are satisfied; or
  - (b) required to be voted in support of a resolution, or actually voted in support of the resolution.
- (4A) In subsection (4), ‘act in concert’ has the meaning set out in section 117(1)(b).
- (5) If a resolution requires approval by a court as contemplated in terms of subsection (3)(a), the company must either:
- (a) within 10 business days after the vote, apply to the court for approval, and bear the costs of that application; or
  - (b) treat the resolution as a nullity.
- (6) On an application contemplated in subsection (3)(b), the court may grant leave only if it is satisfied that the applicant:
- (a) is acting in good faith;
  - (b) appears prepared and able to sustain the proceedings; and
  - (c) has alleged facts which, if proved, would support an order in terms of subsection (7).
- (7) On reviewing a resolution that is the subject of an application in terms of subsection (5)(a), or after granting leave in terms of subsection (6), the court may set aside the resolution only if:
- (a) the resolution is manifestly unfair to any class of holders of the company’s securities; or
  - (b) the vote was materially tainted by conflict of interest, inadequate disclosure, failure to comply with the Act, the Memorandum of Incorporation or any applicable rules of the company, or other significant and material procedural irregularity.
- (8) The holder of any voting rights in a company is entitled to seek relief in terms of section 164 if that person:
- (a) notified the company in advance of the intention to oppose a special resolution contemplated in this section; and
  - (b) was present at the meeting and voted against that special resolution.
- (9) If a transaction contemplated in this Part has been approved, any person to whom assets are, or an undertaking is, to be transferred, may apply to a court for an order to effect:
- (a) the transfer of the whole or any part of the undertaking, assets and liabilities of company contemplated in that transaction;
  - (b) the allotment and appropriation of any shares or similar interests to be allotted or appropriated as a consequence of the transaction;
  - (c) the transfer of shares from one person to another;
  - (d) the dissolution, without winding-up, of a company, as contemplated in the transaction;
  - (e) incidental, consequential and supplemental matters that are necessary for the effectiveness and completion of the transaction; or
  - (f) any other relief that may be necessary or appropriate to give effect to, and properly implement, the amalgamation or merger.”

**“Section 164: Dissenting shareholders appraisal rights**

- (1) This section does not apply in any circumstances relating to a transaction, agreement or offer pursuant to a business rescue plan that was approved by shareholders of a company, in terms of section 152.

- (2) If a company has given notice to shareholders of a meeting to consider adopting a resolution to:
  - (a) amend its Memorandum of Incorporation by altering the preferences, rights, limitations or other terms of any class of its shares in any manner materially adverse to the rights or interests of holders of that class of shares, as contemplated in section 37(8); or
  - (b) enter into a transaction contemplated in section 112, 113 or 114, that notice must include a statement informing shareholders of their rights under this section.
- (3) At any time before a resolution referred to in subsection (2) is to be voted on, a dissenting shareholder may give the company a written notice objecting to the resolution.
- (4) Within 10 business days after a company has adopted a resolution contemplated in this section, the company must send a notice that the resolution has been adopted to each shareholder who:
  - (a) gave the company a written notice of objection in terms of subsection (3); and
  - (b) has neither:
    - (a) withdrawn that notice; or
    - (b) voted in support of the resolution.
- (5) A shareholder may demand that the company pay the shareholder the fair value for all of the shares of the company held by that person if:
  - (a) the shareholder:
    - (a) sent the company a notice of objection, subject to subsection (6); and
    - (b) in the case of an amendment to the company's Memorandum of Incorporation, holds shares of a class that is materially and adversely affected by the amendment;
  - (b) the company has adopted the resolution contemplated in subsection (2); and
  - (c) the shareholder:
    - (a) voted against that resolution; and
    - (a) has complied with all of the procedural requirements of this section.
- (6) The requirement of subsection (5)(a)(i) does not apply if the company failed to give notice of the meeting, or failed to include in that notice a statement of the shareholders rights under this section.
- (7) A shareholder who satisfies the requirements of subsection (5) may make a demand contemplated in that subsection by delivering a written notice to the company within:
  - (a) 20 business days after receiving a notice under subsection (4); or
  - (b) if the shareholder does not receive a notice under subsection (4), within 20 business days after learning that the resolution has been adopted.
- (8) A demand delivered in terms of subsections (5) to (7) must also be delivered to the Panel, and must state:
  - (a) the shareholder's name and address;
  - (b) the number and class of shares in respect of which the shareholder seeks payment; and
  - (c) a demand for payment of the fair value of those shares.
- (9) A shareholder who has sent a demand in terms of subsections (5) to (8) has no further rights in respect of those shares, other than to be paid their fair value, unless:
  - (a) the shareholder withdraws that demand before the company makes an offer under subsection (11), or allows an offer made by the company to lapse, as contemplated in subsection (12)(b);
  - (b) the company fails to make an offer in accordance with subsection (11) and the shareholder withdraws the demand; or
  - (c) the company, by a subsequent special resolution, revokes the adopted resolution that gave rise to the shareholder's rights under this section.



- (10) If any of the events contemplated in subsection (9) occur, all of the shareholder's rights in respect of the shares are reinstated without interruption.
- (11) Within five business days after the later of:
- (a) the day on which the action approved by the resolution is effective;
  - (b) the last day for the receipt of demands in terms of subsection (7)(a); or
  - (c) the day the company received a demand as contemplated in subsection (7)(b), if applicable, the company must send to each shareholder who has sent such a demand a written offer to pay an amount considered by the company's directors to be the fair value of the relevant shares, subject to subsection (16), accompanied by a statement showing how that value was determined.
- (12) Every offer made under subsection (11):
- (a) in respect of shares of the same class or series must be on the same terms; and
  - (b) lapses if it has not been accepted within 30 business days after it was made.
- (13) If a shareholder accepts an offer made under subsection (12):
- (a) the shareholder must either in the case of:
  - (b) shares evidenced by certificates, tender the relevant share certificates to the company or the company's transfer agent; or
  - (c) uncertificated shares, take the steps required in terms of section 53 to direct the transfer of those shares to the company or the company's transfer agent; and
- (13b) the company must pay that shareholder the agreed amount within 10 business days after the shareholder accepted the offer and:
- (a) tendered the share certificates; or
  - (b) directed the transfer to the company of uncertificated shares.
- (14) A shareholder who has made a demand in terms of subsections (5) to (8) may apply to a court to determine a fair value in respect of the shares that were the subject of that demand, and an order requiring the company to pay the shareholder the fair value so determined, if the company has:
- (a) failed to make an offer under subsection (11); or
  - (b) made an offer that the shareholder considers to be inadequate, and that offer has not lapsed.
- (15) On an application to the court under subsection (14):
- (a) all dissenting shareholders who have not accepted an offer from the company as at the date of the application must be joined as parties and are bound by the decision of the court;
  - (b) the company must notify each affected dissenting shareholder of the date, place and consequences of the application and of their right to participate in the court proceedings; and
  - (c) the court:
    - (a) may determine whether any other person is a dissenting shareholder who should be joined as a party;
    - (b) must determine a fair value in respect of the shares of all dissenting shareholders, subject to subsection (16);
    - (c) in its discretion may:
      - (aa) appoint one or more appraisers to assist it in determining the fair value in respect of the shares; or
      - (bb) allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the action approved by the resolution is effective, until the date of payment;

- (d) may make an appropriate order of costs, having regard to any offer made by the company, and the final determination of the fair value by the court; and
  - (e) must make an order requiring:
    - (aa) the dissenting shareholders to either withdraw their respective demands or to comply with subsection (13)(a); and
    - (bb) the company to pay the fair value in respect of their shares to each dissenting shareholder who complies with subsection (13)(a), subject to any conditions the court considers necessary to ensure that the company fulfils its obligations under this section.
- (15A) At any time until the court has made an order contemplated in subsection (15)(c)(v), a dissenting shareholder may accept the offer made by the company in terms of subsection (11), in which case:
- (a) that shareholder must comply with the requirements of subsection 13(a); and
  - (b) the company must comply with the requirements of subsection 13(b).
- (16) The fair value in respect of any shares must be determined as at the date on which, and time immediately before, the company adopted the resolution that gave rise to a shareholder's rights under this section.
- (17) If there are reasonable grounds to believe that compliance by a company with subsection (13)(b), or with a court order in terms of subsection (15)(c)(v)(bb), would result in the company being unable to pay its debts as they fall due and payable for the ensuing 12 months:
- (a) the company may apply to a court for an order varying the company's obligations in terms of the relevant subsection; and
  - (b) the court may make an order that:
    - (c) is just and equitable, having regard to the financial circumstances of the company; and
    - (d) ensures that the person to whom the company owes money in terms of this section is paid at the earliest possible date compatible with the company satisfying its other financial obligations as they fall due and payable.
- (18) If the resolution that gave rise to a shareholder's rights under this section authorized the company to amalgamate or merge with one or more other companies, such that the company whose shares are the subject of a demand in terms of this section has ceased to exist, the obligations of that company under this section are obligations of the successor to that company resulting from the amalgamation or merger.
- (19) For greater certainty, the making of a demand, tendering of shares and payment by a company to a shareholder in terms of this section do not constitute a distribution by the company, or an acquisition of its shares by the company within the meaning of section 48, and therefore are not subject to:
- (a) the provisions of that section; or
  - (b) the application by the company of the solvency and liquidity test set out in section 4.
- (20) Except to the extent:
- (c) expressly provided in this section; or
  - (d) that the Panel rules otherwise in a particular case,
- a payment by a company to a shareholder in terms of this section does not obligate any person to make a comparable offer under section 125 to any other person."

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**SHARE TRADING HISTORY**


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The table below sets out the aggregate volumes and values traded, and the highest and lowest prices traded, in RCL FOODS Shares for each month over the 12 months preceding the Last Practicable Date and for each day over the 30 Business Days preceding the Last Practicable Date prior to the date of issue of this Circular.

	<b>High (cents)</b>	<b>Low (cents)</b>	<b>Close (cents)</b>	<b>Volume of Shares traded</b>	<b>Value (R'm)</b>
<b>Monthly</b>					
<b>2021</b>					
August	1005	881	1000	1,507,108	14,274,319
September	1163	962	1070	2,767,485	30,949,365
October	1301	1070	1288	3,928,005	46,860,958
November	1290	1200	1200	695,677	8,744,114
December	1500	1200	1302	752,305	9,644,340
<b>2022</b>					
January	1570	1290	1360	351,519	4,685,949
February	1600	1350	1425	505,529	7,368,542
March	1470	1175	1175	9,075,062	114,457,156
April	1198	1063	1112	1,755,659	19,588,869
May	1122	975	1009	1,341,392	13,743,276
June	1078	990	1030	2,330,200	23,944,767
July	1100	991	1075	898,096	9,439,498
August	1125	1025	1060	859,204	9,098,286
September	1200	1045	1106	5,116,130	5,993,740,390
<b>Daily</b>					
27-09-2022	1,121	1,080	1,107	182,720	202,271,040
28-09-2022	1,100	1,065	1,100	109,005	119,905,500
29-09-2022	1,106	1,066	1,106	13,727	15,182,062
30-09-2022	–	–	1,106	–	–
03-10-2022	1,123	1,123	1,123	28	31,444
04-10-2022	1,123	1,079	1,100	67,419	74,160,900
05-10-2022	1,100	1,066	1,100	2,310	2,541,000
06-10-2022	1,100	1,075	1,100	153,314	168,645,400
07-10-2022	1,100	1,100	1,100	136,685	150,353,500
10-10-2022	1,100	1,070	1,071	3,222	3,450,762
11-10-2022	1,100	1,066	1,100	20,391	22,430,100
12-10-2022	1,100	1,099	1,100	62,361	68,597,100
13-10-2022	1,100	1,100	1,100	22,646	24,910,600
14-10-2022	1,100	1,075	1,075	22,646	24,344,450
17-10-2022	1,100	1,076	1,100	58,940	64,834,000
18-10-2022	1,100	1,076	1,100	289,759	318,734,900
19-10-2022	1,080	1,031	1,050	73,399	77,068,950
20-10-2022	1,050	1,030	1,040	39,250	40,820,000
21-10-2022	1,045	1,025	1,026	63,156	64,798,056
24-10-2022	1,050	1,020	1,030	81,661	84,110,830
25-10-2022	1,050	1,020	1,030	54,797	56,440,910
26-10-2022	1,092	1,020	1,050	23,872	25,065,600
27-10-2022	1,100	1,100	1,100	176	193,600
28-10-2022	–	–	1,100	–	–
31-10-2022	1,098	1,098	1,098	50	54,900
01-11-2022	1,085	1,030	1,070	60,245	64,462,150
01-11-2022	1,079	1,020	1,055	265,567	280,173,185
03-11-2022	1,074	1,054	1,068	5,570	5,948,760
04-11-2022	1,077	1,026	1,031	6,714	6,922,134
07-11-2022	1,082	1,082	1,082	500	541,000

Source: JSE, S&P Capital Markets

## EXTRACTS OF THE CONSOLIDATED AUDITED HISTORICAL FINANCIAL STATEMENTS OF RCL FOODS

Extracts of the consolidated annual financial statements of RCL FOODS for the three financial years ended June 2020, June 2021 and June 2022 are set out below. Detailed accounting policies, basis of preparation and notes to the consolidated annual financial statements have been incorporated by reference and are available in the relevant annual financial statements available in the Investor Centre section of RCL FOODS' website [www.rclfoods.com](http://www.rclfoods.com). The detailed annual financial statements are also available for inspection as set out in paragraph 35 of this Circular.

The report of historical financial information is the responsibility of the Directors of RCL FOODS.

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at

	3 July 2022 R'000	4 July 2021 R'000	28 June 2020 R'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant, equipment and right-of-use assets	6 886 623	6 665 072	6 669 077
Intangible assets	3 488 171	3 659 965	3 677 055
Investment in joint ventures	307 135	287 828	310 309
Investment in associates	822 991	853 866	676 856
Deferred income tax asset	45 435	99 742	86 428
Investment in financial asset	241 976	214 138	137 039
Loans receivable	31 095	49 375	66 964
Trade and other receivables	26 289	24 597	23 060
	<b>11 849 715</b>	11 854 583	11 646 788
<b>Current assets</b>			
Inventories	3 147 177	3 171 386	2 980 665
Biological assets	1 231 829	955 343	805 088
Trade and other receivables	6 099 577	5 427 265	5 965 279
Derivative financial instruments	4 597	62 979	9 723
Tax receivable	18 997	32 503	44 358
Loan receivable			2 500
Cash and cash equivalents	1 590 267	896 969	1 030 041
	<b>12 092 444</b>	10 546 445	10 837 654
Assets of disposal group classified as held for sale	<b>33 135</b>	6 978	2 134
	<b>23 975 294</b>	22 408 006	22 486 576
<b>Total assets</b>			
<b>EQUITY</b>			
Stated capital	10 334 136	10 318 079	10 318 079
Share-based payments reserve	863 744	776 223	683 728
Other reserves	1 995	(1 059)	11 220
Common control reserve	(1 919 832)	(1 919 832)	(1 919 832)
Retained earnings	2 169 240	1 556 095	784 524
Equity attributable to the equity holders of the Company	<b>11 449 283</b>	10 729 506	9 877 719
Non-controlling interests	<b>(59 951)</b>	(35 839)	(55 743)

	<b>3 July 2022</b>	4 July 2021	28 June 2020
	<b>R'000</b>	R'000	R'000
<b>Total equity</b>	<b>11 389 332</b>	10 693 667	9 821 976
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred income	<b>4 474</b>		
Interest-bearing liabilities	<b>2 269 311</b>	3 525 331	3 959 958
Deferred income tax liabilities	<b>1 040 157</b>	1 051 561	1 034 622
Retirement benefit obligations	<b>115 725</b>	106 900	101 269
Trade and other payables		461	3 059
	<b>3 429 667</b>	4 684 253	5 098 908
<b>Current liabilities</b>			
Trade and other payables	<b>7 800 799</b>	6 083 071	6 973 515
Deferred income	<b>2 768</b>	2 078	2 741
Interest-bearing liabilities	<b>1 266 605</b>	854 691	405 545
Derivative financial instruments	<b>2 018</b>	41 090	124 811
Current income tax liabilities	<b>58 629</b>	49 156	59 080
Bank overdraft	<b>24 459</b>		
	<b>9 155 278</b>	7 030 086	7 565 692
Liabilities of disposal group classified as held for sale	<b>1 017</b>		
<b>Total liabilities</b>	<b>12 585 962</b>	11 714 339	12 664 600
<b>Total equity and liabilities</b>	<b>23 975 294</b>	22 408 006	22 486 576



**CONSOLIDATED INCOME STATEMENT**

for the year ended

	<b>June 2022</b>	June 2021	June 2020
	<b>R'000</b>	R'000	R'000
<b>Revenue from contracts with customers</b>	<b>34 906 972</b>	31 687 850	27 803 611
Operating profit before depreciation, amortisation and impairment (EBITDA)	<b>2 595 656</b>	2 409 135	1 636 037
Depreciation, amortisation and impairments	<b>(989 841)</b>	(932 330)	(2 441 834)
<b>Operating profit</b>	<b>1 605 815</b>	1 476 805	(805 797)
Finance costs	<b>(311 622)</b>	(326 161)	(508 186)
Finance income	<b>40 396</b>	37 053	53 457
Share of profits of joint ventures	<b>38 904</b>	11 331	46 267
Share of profits of associates	<b>17 752</b>	135 553	118 338
Impairment of associate			(18 897)
<b>Profit before tax</b>	<b>1 391 245</b>	1 334 581	(1 114 818)
Income tax expense	<b>(413 561)</b>	(338 824)	155 780
<b>Profit for the year</b>	<b>977 684</b>	995 757	(959 038)
<b>Profit for the year attributable to:</b>			
Equity holders of the company	<b>1 013 361</b>	992 909	(901 396)
Non-controlling interests	<b>(35 677)</b>	2 848	(57 642)
	<b>977 684</b>	995 757	(959 038)
<b>Earnings per share (cents)</b>			
Basic	<b>114.0</b>	111.8	(103.0)
Diluted	<b>113.1</b>	111.7	(102.9)

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

for the year ended

	<b>June 2022</b>	June 2021	June 2020
	<b>R'000</b>	R'000	R'000
<b>Profit for the year</b>	<b>977 684</b>	995 757	(959 038)
Other comprehensive income			
<b>Items that will not be reclassified to profit or loss:</b>			
Remeasurement of retirement medical aid obligations	<b>(1 644)</b>	185	18 982
Share of associates other comprehensive income	<b>1 354</b>	543	408
<b>Items that may subsequently be reclassified to profit or loss:</b>			
Currency translation differences	<b>2 446</b>	(12 279)	11 389
<b>Other comprehensive income for the year</b>	<b>2 156</b>	(11 551)	30 779
<b>Total comprehensive income for the year</b>	<b>979 840</b>	984 206	(928 259)
<b>Total comprehensive income for the year attributable to:</b>			
Equity holders of the Company	<b>1 016 125</b>	981 358	(870 617)
Non-controlling interests	<b>(36 285)</b>	2 848	(57 642)
	<b>979 840</b>	984 206	(928 259)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
for the year ended June 2022

	Attributable to the equity holders of the Company							
	Stated Capital R'000	Share-based payments reserve R'000	Other reserves R'000	Common control reserve R'000	Retained earnings R'000	Total R'000	Non-controlling interests R'000	Total R'000
<b>Balance at 4 July 2021</b>	10 318 079	776 223	(1 059)	(1 919 832)	1 556 095	10 729 506	(35 839)	10 693 667
Profit for the year					1 013 361	1 013 361	(35 677)	977 684
Other comprehensive income					(290)	2 764	(608)	2 156
B-BBEE share-based payments charge		9 694	3 054			9 694		9 694
Employee share award scheme:								
– value of employee services		93 653				93 653		93 653
– equity component of deferred tax on share-based payments		231				231		231
– exercise of employee share awards	16 057	(16 057)						
Shareholder loans converted to equity					(399 926)	(399 926)	15 123	15 123
Ordinary dividend paid							(2 950)	(402 876)
<b>Balance at 3 July 2022</b>	<b>10 334 136</b>	<b>863 744</b>	<b>1 995</b>	<b>(1 919 832)</b>	<b>2 169 240</b>	<b>11 449 283</b>	<b>(59 951)</b>	<b>11 389 332</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

for the year ended June 2021

	Attributable to the equity holders of the Company							
	Stated Capital R'000	Share-based payments reserve R'000	Other reserves R'000	Common control reserve R'000	Retained earnings R'000	Total R'000	Non- controlling interests R'000	Total R'000
<b>Balance at 29 June 2020</b>	10 318 079	683 728	11 220	(1 919 832)	784 524	9 877 719	(55 743)	9 821 976
Profit for the year					992 909	992 909	2 848	995 757
Other comprehensive income			(12 279)		728	(11 551)		(11 551)
B-BBEE share-based payments charge		17 600				17 600		17 600
Employee share award scheme:								
– value of employee services		74 897				74 897		74 897
– equity component of deferred tax on share-based payments								(2)
– exercise of employee share awards								(2)
Shareholder loans converted to equity							17 701	17 701
Acquisition of business							2 605	2 605
Ordinary dividend paid					(222 066)	(222 066)	(3 250)	(225 316)
<b>Balance at 4 July 2021</b>	<b>10 318 079</b>	<b>776 223</b>	<b>(1 059)</b>	<b>(1 919 832)</b>	<b>1 556 095</b>	<b>10 729 506</b>	<b>(35 839)</b>	<b>10 693 667</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

for the year ended June 2020

	Attributable to the equity holders of the Company							
	Stated Capital R'000	Share-based payments reserve R'000	Other reserves R'000	Common control reserve R'000	Retained earnings R'000	Total R'000	Non- controlling interests R'000	Total R'000
<b>Balance at 1 July 2020</b>	10 134 574	729 273	(169)	(1 919 832)	1 886 781	10 830 627	3 399	10 834 026
Loss for the year					(901 396)	(901 396)	(57 642)	(959 038)
Other comprehensive income			11 389		19 390	30 779		30 779
B-BBEE share-based payments charge		17 600				17 600		17 600
Employee share award scheme:								
– value of employee services		120 359				120 359		120 359
– equity component of deferred tax on share-based payments		1				1		1
– exercise of employee share awards	183 505	(183 505)						
Ordinary dividend paid					(220 251)	(220 251)	(1 500)	(221 751)
<b>Balance at 28 June 2020</b>	<b>10 318 079</b>	<b>688 728</b>	<b>11 220</b>	<b>(1 919 832)</b>	<b>784 524</b>	<b>9 877 719</b>	<b>(55 743)</b>	<b>9 821 976</b>



**CONSOLIDATED STATEMENT OF CASH FLOWS**

for the year ended

	<b>June 2022</b>	June 2021	June 2020
	<b>R'000</b>	R'000	R'000
<b>Cash flows from operating activities</b>			
Cash generated by operations	<b>3 427 911</b>	1 627 425	2 571 384
Finance income received	<b>40 396</b>	37 053	53 457
Finance costs paid	<b>(258 184)</b>	(253 645)	(311 181)
Tax paid	<b>(347 070)</b>	(335 127)	(47 852)
Cash available from operating activities	<b>2 863 053</b>	1 075 706	2 265 808
Dividends received	<b>70 421</b>	96 046	69 197
Dividends paid	<b>(402 876)</b>	(225 316)	(221 751)
Net cash inflow from operating activities	<b>2 530 598</b>	946 436	2 113 254
<b>Cash flows from investing activities</b>			
Replacement property, plant and equipment	<b>(686 045)</b>	(579 145)	(375 152)
Expansion property, plant and equipment	<b>(587 398)</b>	(320 582)	(410 239)
Intangible asset additions	<b>(27 240)</b>	(21 546)	(25 991)
Acquisition of business	<b>(7 024)</b>	(4 528)	110 000
Acquisition of associate		(155 949)	
Investment in financial asset			(114 196)
Advances of interest-bearing loans	<b>(2 998)</b>	(5 969)	(10 737)
Advances of non-interest-bearing loans		(5 274)	(9 234)
Receipts from loans	<b>13 277</b>	8 393	
Proceeds on disposal of non-current assets held-for-sale	<b>12 455</b>	4 650	10 311
Proceeds on disposal of property, plant and equipment and intangible assets	<b>28 920</b>	37 169	6 769
Net cash outflow from investing activities	<b>(1 256 053)</b>	(1 042 781)	(818 469)
<b>Cash flows from financing activities</b>			
Repayment of interest-bearing liabilities	<b>(758 465)</b>	(421 775)	(265 013)
Advances of interest-bearing liabilities	<b>152 609</b>	385 246	110 647
Net cash outflow from financing activities	<b>(605 856)</b>	(36 529)	(154 366)
<b>Net movement in cash and cash equivalents</b>	<b>668 689</b>	(132 874)	1 140 419
Cash and cash equivalents at the beginning of the year	<b>896 969</b>	1 030 041	(110 378)
Exchange differences arising on translation of foreign operations	<b>150</b>	(198)	
<b>Cash and cash equivalents at the end of the year (net of overdrafts)</b>	<b>1 565 808</b>	896 969	1 030 041



**RCL FOODS LIMITED**  
Incorporated in the Republic of South Africa  
Registration number: 1966/004972/06  
Share code: RCL  
ISIN: ZAE000179438  
("RCL FOODS" or "Company")

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## NOTICE OF GENERAL MEETING

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The definitions and interpretations commencing on page 5 of this Circular apply to this Notice of General Meeting.

Notice is hereby given that the General Meeting will be held at 10h00 on Tuesday, 13 December 2022 entirely electronically, for the purposes of considering and, if deemed fit, approving, with or without modification, the special and ordinary resolutions contained in this Notice of General Meeting.

The salient dates and times pertaining to the General Meeting are set out below:

**2022**

Record date to be eligible to receive this Notice of General Meeting	Friday, 4 November
Last day to trade in order to be eligible to attend, participate in and vote at the General Meeting	Tuesday, 29 November
Record date in order to be eligible to attend, participate in and vote at the General Meeting	Friday, 2 December
Last day to lodge Forms of Proxy ( <i>blue</i> ), for administrative purposes, by 10h00 on	
(Forms of Proxy ( <i>blue</i> ) not lodged with the Transfer Secretaries by this date and time may nevertheless be lodged, in accordance with the instructions contained therein, with the chairman of the General Meeting immediately prior to the commencement of the General Meeting at 10h00 on Tuesday, 13 December 2022)	Friday, 9 December
General Meeting to be held entirely electronically at 10h00 on	Tuesday, 13 December

**Shareholders are reminded that:**

- a Shareholder entitled to attend and vote at the General Meeting is entitled to appoint one or more proxies to attend, participate in and vote at the General Meeting in the place of that Shareholder, and Shareholders are referred to the attached Form of Proxy (*blue*) in this regard;
- a proxy need not also be a Shareholder; and
- in terms of section 63(1) of the Companies Act, any person attending or participating in a meeting of Shareholders must present reasonably satisfactory identification to the Chairperson of the General Meeting, who must be reasonably satisfied that the right of any person to participate in and vote (whether as a Shareholder or as proxy for a Shareholder) has been reasonably verified.

**PURPOSE OF THE GENERAL MEETING**

The purpose of the General Meeting is to consider, and if deemed appropriate, pass the following resolutions, with or without modification.

1. **SPECIAL RESOLUTION NUMBER 1: SPECIFIC AUTHORITY TO REPURCHASE THE COMMON SHARES HELD BY THE ESOP TRUST**

**Resolved that**, in terms of paragraph 5.67(B)(a) read with paragraph 5.69 of the Listings Requirements, the Company be and is hereby authorised, by way of a specific authority, to repurchase 13,962,863 Common Shares from the ESOP Trust on the terms and conditions set out in the Circular.

**Voting requirement**

In order for Special Resolution Number 1 to be adopted, the support of at least 75% of the voting rights exercised on the resolution by Shareholders who are eligible to vote and are present in person, or represented by proxy, at the General Meeting is required.

In terms of paragraph 5.69(b) of the Listings Requirements, and due to its participation in the Common Share Repurchase, the ESOP Trust, and its Associates will be excluded from voting on this Special Resolution Number 1. The ESOP Trust may however be taken into account for purposes of determining the quorum.

**Explanatory note**

The reason for Special Resolution Number 1 is to specifically authorise the Company to implement the Common Share Repurchase in respect of the Common Shares held by the ESOP Trust as required in terms of paragraph 5.69 of the Listings Requirements. The effect of Special Resolution Number 1 is that the repurchase of the Common Shares held by the ESOP Trust will be approved and if the Repurchase Conditions are fulfilled or waived, the Repurchase will be implemented.

2. **SPECIAL RESOLUTION NUMBER 2: SPECIFIC AUTHORITY TO REPURCHASE THE COMMON SHARES HELD BY SPV 2**

**Resolved that**, in terms of paragraph 5.67(B)(a) read with paragraph 5.69 of the Listings Requirements, the Company be and is hereby authorised, by way of a specific authority, to repurchase 5,984,084 Common Shares from SPV 2 on the terms and conditions set out in the Circular.

**Voting requirement**

In order for Special Resolution Number 2 to be adopted, the support of at least 75% of the voting rights exercised on the resolution by Shareholders who are eligible to vote and who are present in person, or represented by proxy, at the General Meeting is required.

In terms of paragraph 5.69(b) of the Listings Requirements, and due to its participation in the Common Share Repurchase, SPV 2, and its Associates (including Mr Zondi), will be excluded from voting on this Special Resolution Number 2. SPV 2 may however be taken into account for purposes of determining the quorum.

**Explanatory note**

The reason for Special Resolution Number 2 is to specifically authorise the Company to implement the Common Share Repurchase in respect of the Common Shares held by SPV 2 as required in terms of paragraph 5.69 of the Listings Requirements. The effect of Special Resolution Number 2 is that the repurchase of the Common Shares held by SPV 2 will be approved and if the Repurchase Conditions are fulfilled or waived, the Repurchase will be implemented.

3. **SPECIAL RESOLUTION NUMBER 3: APPROVAL OF REPURCHASE IN TERMS OF SECTION 48(8)(B), READ WITH THE REQUIREMENTS OF SECTIONS 114 AND 115, OF THE COMPANIES ACT**

**Resolved that**, in terms of section 48(8)(b) as read with sections 114(1) and 115(2)(a) of the Companies Act and subject to the adoption of Special Resolution Number 4, the Company be and is hereby authorised, to repurchase the Common Shares and the Nominal Shares from each of the ESOP Trust and SPV 2 in terms of the Repurchase (the terms and conditions of which are set out in the Circular).

**Voting requirement**

In order for Special Resolution Number 3 to be adopted, the support of at least 75% of the voting rights exercised on the resolution by Shareholders who are eligible to vote and are present in person, or represented by proxy, at the General Meeting is required and sufficient Shareholders are present in person or represented by proxy to exercise, in aggregate, at least 25% of all the voting rights that are entitled to be exercised on Special Resolution Number 3, excluding the voting rights controlled by an “acquiring party”, a person related to an “acquiring party”, or a person acting on concert with either of them, as envisaged in section 115(4) of the Companies Act. As at the Last Practicable Date, there are no voting rights controlled by a person which is an “acquiring party”, nor a person related to an “acquiring party”, nor a person acting in concert with either of them.

**Explanatory note**

The reason for Special Resolution Number 3 is to authorise RCL FOODS to repurchase the Common Shares and the Nominal Shares, pursuant to the Repurchase, which constitute more than 5% of the RCL FOODS Shares in issue, as required in terms of section 48(8)(b) of the Companies Act. The effect of Special Resolution Number 3 is that if the Repurchase Conditions are fulfilled or waived, the Repurchase will be implemented.

4. **SPECIAL RESOLUTION NUMBER 4: REVOCATION OF SPECIAL RESOLUTION NUMBER 3 IF THE REPURCHASE LAPSES**

**Resolved that**, in terms of section 164(9)(c) of the Companies Act and subject to the adoption of Special Resolution Number 3, in the event that all the Repurchase Conditions (as more fully described in paragraph 8.1 of the Circular) are not fulfilled or waived and the Repurchase accordingly lapses Special Resolution Number 3 be and is hereby revoked with effect from the date on which the relevant Repurchase Condition fails.

**Voting requirement**

In order for Special Resolution Number 4 to be adopted, the support of at least 75% of the voting rights exercised on the resolution by Shareholders who are eligible to vote and are present in person, or represented by proxy, at the General Meeting is required.

**Explanatory note**

The reason for Special Resolution Number 4 is to reinstate the rights of Dissenting Shareholders to their RCL FOODS Shares in accordance with section 164(9)(c), as read with section 164(10) of the Companies Act, in the event that the Repurchase Conditions are not fulfilled or waived and the Repurchase lapses, thereby extinguishing the Appraisal Rights of Dissenting Shareholders. Special Resolution Number 4 shall only become effective if: (i) Special Resolution Number 3 is adopted at the General Meeting in terms of the Companies Act; and (ii) the Repurchase lapses. The effect of Special Resolution Number 4 is to, in the event that the Repurchase lapses, reinstate the rights of Dissenting Shareholders to their RCL FOODS Shares, such that any Dissenting Shareholder that has sent a demand to RCL FOODS in terms of sections 164(5) to (8) of the Companies Act to be paid the fair value of its RCL FOODS Shares, shall have no right to receive payment of the amount so demanded and such Dissenting Shareholder’s Appraisal Rights under section 164 of the Companies Act will accordingly terminate.

## GENERAL INSTRUCTIONS AND INFORMATION

### 1. **CERTIFICATED SHAREHOLDERS AND DEMATERIALISED SHAREHOLDERS WITH “OWN-NAME REGISTRATION”**

If you hold Certificated Shares or you hold Dematerialised Shares with “own-name registration” (i.e., if you specifically instructed your CSDP to hold your Shares in your own name on the Company’s securities register):

- you may attend, participate in and vote at the General Meeting in person; or
- you may appoint a proxy to attend, participate in and vote at, the General Meeting on your behalf by, completing the attached Form of Proxy (*blue*), in accordance with the instructions contained therein, and delivering it to the Company’s Transfer Secretaries, Computershare Investor Services Proprietary Limited, at Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, or posting it to Private Bag X9000, Saxonwold, 2132 or emailing it to: proxy@computershare.co.za.

Shareholders are requested, but are not obliged, to submit completed Forms of Proxy (*blue*), for administrative purposes, to the Company’s Transfer Secretaries by 10h00 on Friday, 9 December 2022. If you do not deliver the completed Form of Proxy (*blue*) to the Transfer Secretaries by 10h00 on Friday, 9 December 2022, you will nevertheless be entitled to lodge it, in accordance with the instructions contained therein, prior to the commencement of the General Meeting at 10h00 on Tuesday, 13 December 2022.

### 2. **DEMATERIALISED SHAREHOLDERS OTHER THAN THOSE WITH “OWN-NAME REGISTRATION”**

If you hold Dematerialised Shares other than with “own-name registration”:

- you may attend or be represented at the General Meeting by instructing your CSDP or Broker timeously, in the manner stipulated in the custody agreement governing the relationship between you and your CSDP or Broker. These instructions must be provided to your CSDP or Broker by the cut-off date and time advised by your CSDP or Broker for instructions of this nature. Your CSDP or Broker will be required to issue the necessary letter of representation to you to enable you to attend or to be represented at the General Meeting; or
- if you do not wish to attend or be represented at the General Meeting, but wish to vote, and your CSDP or Broker has not contacted you, you are advised to contact your CSDP or Broker and provide them with your voting instructions, in the manner stipulated in the custody agreement governing the relationship between you and your CSDP or Broker. These instructions must be provided to your CSDP or Broker by the cut-off date and time advised by your CSDP or Broker for instructions of this nature. If your CSDP or Broker does not obtain instructions from you, they will be obliged to act in terms of your mandate furnished to them.

**You must not complete the attached Form of Proxy (*blue*).**

### 3. **RECORD DATE**

The record date, in terms of section 59 of the Companies Act, for Shareholders to be recorded in the securities register in order to:

- receive the Notice of General Meeting is Friday, 4 November 2022; and
- attend, speak and vote at the General Meeting is Friday, 2 December 2022. Accordingly, the last day to trade in order to be eligible to vote at the General Meeting is Tuesday, 29 November 2022.



#### 4. **IDENTIFICATION**

The Companies Act provides that all meeting participants must provide reasonably satisfactory identification to the Chairperson of the General Meeting, who must be reasonably satisfied that the right of that person to participate in, and speak and vote at, the General Meeting as a Shareholder, as a proxy for a Shareholder or as a representative of a Shareholder, has been reasonably verified. A valid identification document (green ID book or smart ID card) issued by the South African Department of Home Affairs, a valid driver's licence or a valid passport will be accepted as sufficient identification.

#### 5. **VOTING AND QUORUM REQUIREMENTS**

Voting on each resolution at the meeting will be conducted by way of polling. This means that any person who is present at the General Meeting, whether as a Shareholder or as a proxy for a Shareholder, has the number of votes determined in accordance with the voting rights associated with the Shares held by that Shareholder.

Pursuant to the Company's memorandum of incorporation, a Shareholders' meeting may not begin until there are at least 3 Shareholders entitled to attend, vote and to exercise, in aggregate, at least 25% of all of the voting rights that are entitled to be exercised in respect of at least one matter to be decided at the meeting.

#### 6. **APPRAISAL RIGHTS**

In terms of section 164 of the Companies Act, at any time before Special Resolution 3 as set out in this Notice of General Meeting is voted on, a Shareholder may give RCL FOODS a written notice objecting to Special Resolution Number 3.

Within 10 Business Days after the adoption of Special Resolution Number 3, RCL FOODS must send a notice to Dissenting Shareholders, who have not withdrawn their objection notice and who have not voted in favour of Special Resolution Number 3, informing them that Special Resolution Number 3 has been adopted.

A Dissenting Shareholder may demand that RCL FOODS pay the Dissenting Shareholder the fair value for all of their Shares by following the procedural requirements of section 164 of the Companies Act.

An extract of section 164 of the Companies Act is contained in Annexure 2 to this Circular.

#### 7. **GENERAL**

##### **Dematerialisation**

If you wish to dematerialise your RCL FOODS Shares, please contact your CSDP or Broker.

##### **Electronic participation**

RCL FOODS Shareholders wishing to participate electronically in the General Meeting are required, by no later than 10h00 on Friday, 9 December 2022, to deliver written notice to such effect to the Company Secretary at the Company's registered office and business address, being Ten The Boulevard, Westway Office Park, Westville, 3629, KwaZulu-Natal or by email to lauren.kelso@rclfoods.com (marked for the attention of the Company Secretary) ("**Electronic Notice**").

In order for the Electronic Notice to be valid it must contain: (a) if the RCL FOODS Shareholder is an individual, a certified copy of his/her identity document and/or passport; (b) if the RCL FOODS Shareholder is not an individual, a certified copy of an authorising resolution or letter of representation by the relevant entity and a certified copy of the identity documents and/or passports of the persons who passed the relevant resolution or signed the relevant letter of representation. The letter of representation or authorising resolution must set out the name of the individual who is authorised to represent the entity at the General Meeting via electronic communication; (c) a valid email address ("**Contact Address**"); and (d) confirmation of whether the RCL FOODS Shareholder wishes to vote via electronic communication. By no later than 10h00 on Monday, 12 December 2022 the Company shall use its reasonable endeavours to

provide an RCL FOODS Shareholder who has delivered a valid Electronic Notice of the instructions at his/her Contact address to enable the Shareholder to participate in the General Meeting via electronic communication.

Should you wish to participate in the General Meeting by way of electronic communication as aforesaid, you, or your proxy, will be required to dial-in to the dial-in facility on the date of the General Meeting. The dial-in facility will be linked to the venue at which the General Meeting will take place on the date of, from the time of commencement of, and for the duration of, the General Meeting. The dial-in facility will enable all persons to participate electronically in the General Meeting in this manner (and as contemplated in section 63(2) of the Companies Act), to communicate concurrently with each other without an intermediary and to participate reasonably effectively in the General Meeting. The costs in relation to the dial-in facility will be for your own account.

RCL FOODS will not be held liable for any loss, injury, damage, penalty or claim arising from the use of the electronic communication services or any defect in respect thereof or from a total or partial failure of the electronic communication services for any reason whatsoever, including loss of network connectivity or other network failure due to, *inter alia*, insufficient airtime, internet connectivity, internet bandwidth and/or power outages which prevent an RCL FOODS Shareholder or its proxy from attending, participating in and/or voting at the General Meeting.

By order of the Board

**RCL FOODS Limited**  
**Monday, 14 November 2022**





**RCL FOODS LIMITED**  
Incorporated in the Republic of South Africa  
Registration number: 1966/004972/06  
Share code: RCL  
ISIN: ZAE000179438  
("RCL FOODS" or "Company")

## FORM OF PROXY

The definitions and interpretations commencing on page 5 of this Circular apply to this Form of Proxy.

This Form of Proxy relates to the General Meeting to be held entirely electronically at 10h00 on Tuesday, 13 December 2022 for the purposes of considering and, if deemed fit, approving, with or without modification, the special and ordinary resolutions contained in the Notice of General Meeting.

This Form of Proxy is only for use by:

Certificated Shareholders who have not yet Dematerialised their Shares; and

Shareholders who have already Dematerialised their Shares and registered them in their own name.

This Form of Proxy is not for use by Dematerialised Shareholders (other than "own-name" Dematerialised Shareholders). Such Dematerialised Shareholders must inform their CSDP or Broker of their intention to attend the General Meeting in order for such CSDP or Broker to be able to issue them with the necessary authorisation to enable them to attend the General Meeting, or, alternatively, should they not wish to attend the General Meeting, they should provide their CSDP or Broker with their voting instructions.

**Please print clearly when completing this Form of Proxy and see the instructions and notes on the next page of this Form of Proxy for an explanation on the use of this Form of Proxy and the rights of the Shareholder and the proxy.**

I/We (please print name in full)

of (address)

telephone or cell phone number

being the Shareholder(s) of \_\_\_\_\_ ordinary Shares in the Company (see note 4 overleaf), do hereby appoint

1. \_\_\_\_\_ or failing him/her

2. \_\_\_\_\_ or failing him/her

3. \_\_\_\_\_ the Chairperson of the General Meeting (see note 2 overleaf)

as my/our proxy to attend, speak and vote for me/us and on my/our behalf or to abstain from voting at the General Meeting of the Company to be held entirely electronically at 10h00 on Tuesday, 13 December 2022 and at any postponement or adjournment thereof as follows:

	For	Against	Abstain
<b>Special Resolution Number 1</b> Specific Authority to repurchase the Common Shares from the ESOP Trust			
<b>Special Resolution Number 2</b> Specific Authority to repurchase the Common Shares from SPV 2			
<b>Special Resolution Number 3</b> Authority to repurchase more than 5% of RCL FOODS' Shares in terms of section 48(8)(b), read with the requirements of sections 114 and 115, of the Companies Act			
<b>Special Resolution Number 4</b> Revocation of Special Resolution Number 3 if the Repurchase is not implemented			

**Please indicate with an "X" in the appropriate spaces how you wish your votes to be cast. If you do not do so, the proxy may vote or abstain at his/her discretion.** (see note 3 overleaf)

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2022.

Signature

(Please read the notes and instructions overleaf)

## NOTES TO THE FORM OF PROXY

### Summary of rights contained in section 58 of the Companies Act

- Section 58 of the Companies Act *inter alia* confers the following rights on holders of shares in the Company (“**Shareholders**”) and their proxies:
- a Shareholder may, at any time and in accordance with section 58 of the Companies Act, appoint not more than one individual (including an individual who is not a Shareholder) as a proxy to participate in, and speak and vote at, the meeting on behalf of such Shareholder;
- a proxy appointment must be in writing, dated and signed by the Shareholder;
- a proxy may delegate his/her authority to act on behalf of a Shareholder to another person, subject to any restriction/s set out in the instrument appointing such Proxy;
- a copy of the instrument appointing a proxy must be delivered to the Company, or to any other person on behalf of the Company, before the proxy exercises any rights of the Shareholder at the General Meeting;
- irrespective of the form of instrument used to appoint a proxy:
  - the appointment of a proxy is suspended at any time and to the extent that the relevant Shareholder chooses to act directly and in person in the exercise of any such Shareholder’s rights as a shareholder;
  - any appointment by a Shareholder is revocable, unless the form of instrument used to appoint such proxy states otherwise; and
  - if an appointment of a proxy is revocable, a Shareholder may revoke the proxy appointment by: (i) cancelling it in writing, or making a later inconsistent appointment of a proxy; and (ii) delivering a copy of the revocation instrument to the proxy and to the Company or the Company’s Transfer Secretaries;
- the revocation of a proxy appointment constitutes a complete and final termination of the proxy’s authority to act on behalf of the Shareholder in question as of the later of (i) the date stated in the revocation instrument, if any; or (ii) the date on which the revocation instrument was delivered to the Company or the Company’s Transfer Secretaries;
- any appointment remains valid only until the end of the General Meeting for which it is given, unless it is revoked in the manner contemplated in the instrument used to give effect to such appointment; and
- a proxy appointed by a Shareholder is entitled to exercise, or abstain from exercising, any voting right of such Shareholder without direction, except to the extent that the Memorandum of Incorporation of the Company, or the instrument appointing the proxy, provides otherwise.

### Instructions and explanatory notes to the form of proxy

1. To be valid, Shareholders are requested, but are not obliged, to submit completed forms of proxy, for administrative purposes, to the Company’s Transfer Secretaries by 10h00 on Friday, 9 December 2022. If you do not deliver the completed form of proxy to the Transfer Secretaries at Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, or post it to Private Bag X9000, Saxonwold, 2132 or email it to: proxy@computershare.co.za) by 10h00 on Friday, 9 December 2022, you will nevertheless be entitled to lodge it, in accordance with the instructions contained therein, with the chairman of the General Meeting immediately prior to the exercising of Shareholder rights at the General Meeting.
2. A Shareholder may insert the name of a proxy or the names of two alternative proxies of the Shareholder’s choice in the space/s provided overleaf, with or without deleting “the Chairperson of the General Meeting”, but any such deletion must be initialed by the Shareholder. Should this space be left blank, the proxy will be exercised by the Chairperson of the General Meeting. The person whose name appears first on the 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.
3. A Shareholder’s voting instructions to the proxy must be indicated by the insertion of an “X” in the relevant spaces provided overleaf. Failure to do so shall be deemed to authorise the proxy to vote or to abstain from voting at the General Meeting, as he/she thinks fit.
4. This form of proxy shall apply to all the Shares registered in the name of the Shareholder unless a lesser number of Shares is inserted in the relevant space provided. A Shareholder or his/her proxy is not obliged to use all the votes exercisable by him/her or by his/her proxy, but the total number of votes cast, or those in respect of which abstention is recorded, may not exceed the total number of votes exercisable by the Shareholder or by his/her proxy.
5. 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 registered by the Transfer Secretaries.
6. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the Transfer Secretaries or waived by the Chairperson of the General Meeting.
7. The completion and lodging of this form of proxy shall 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.
8. The completion of any blank spaces overleaf need not be initialed. Any alterations or corrections to this form of proxy must be initialed by the signatory/ies.
9. The provisions of the Companies Act in relation to the revocation of the appointment of a proxy apply. A Shareholder may accordingly revoke a proxy appointment by cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of such revocation to the proxy and the Company.
10. If this form of proxy is signed by a person (signatory) on behalf of the Shareholder, whether in terms of a power of attorney or otherwise, then this form of proxy will not be effective unless:
  - 10.1 it is accompanied by a certified copy of the authority given by such Shareholder to the signatory; or
  - 10.2 the Company has already received a certified copy of that authority.
11. Companies and other corporate bodies which are Shareholders holding Certificated Shares or Dematerialised Shares with “own-name registration” may, instead of completing this form of proxy, appoint a representative to represent them and exercise all of their rights at the General Meeting by giving written notice of the appointment of that representative. That notice will not be effective at the General Meeting unless it is accompanied by a duly certified copy of the resolution/s or other authorities in terms of which that representative is appointed and is received by the Company’s Transfer Secretaries at Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, or posted to Private Bag X9000, Saxonwold, 2132 or emailed to: proxy@computershare.co.za, to be received by 10h00 on Friday, 9 December 2022.
12. The Chairperson of the General Meeting may reject or accept any form of proxy which is completed other than in accordance with these instructions, provided that he/she is satisfied as to the manner in which a Shareholder wishes to vote.