

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

DECLARATION ANNOUNCEMENT REGARDING THE PROPOSED LISTING ON THE JSE AND UNBUNDLING OF RAINBOW

1. INTRODUCTION

RCL FOODS shareholders ("**Shareholders**") are referred to the announcement regarding the group financial results for the six months ended December 2023, released on the Stock Exchange News Service of the JSE ("**SENS**") on 4 March 2024, wherein RCL FOODS stated its intention to pursue a formal separation of its poultry operation, which is now housed in the legal entity Rainbow Chicken Limited ("**Rainbow**"), via a listing of the ordinary shares in Rainbow ("**Rainbow Shares**") on the Main Board of the JSE ("**Listing**") and *pro rata* distribution *in specie* of the Rainbow Shares to Shareholders ("**Unbundling**").

2. APPROVAL OF THE RAINBOW LISTING ON THE JSE AND THE PROPOSED UNBUNDLING

- 2.1. As indicated in RCL FOODS' latest group financial results for the six-month period ended December 2023, Rainbow has made significant strides in delivering on its strategy to restore through-the-cycle profitability by means of an appropriately structured and sustainable operational base. The responses shown by Rainbow, particularly in relation to (i) the successful implementation of a change of its chicken breed (a significant change to the genetics of its breeding stock) which was completed in the current financial year, and (ii) improved operational resilience in the face of significant headwinds experienced recently, have considerably demonstrated the benefits achievable from an improved operational base.
- 2.2. The boards of directors of both RCL FOODS and Rainbow are excited to announce a new phase in Rainbow's journey which is the result of significant effort by the respective management teams and is underpinned by confidence in the ability of Rainbow to operate on a standalone basis and deliver sustainable, attractive financial performance over the long term.
- 2.3. Accordingly, Shareholders are advised that the Listing and Unbundling were approved by the board of directors of RCL FOODS on Monday, 3 June 2024. The Unbundling will be implemented by way of an *in specie* distribution by RCL FOODS of all the Rainbow Shares held by it, comprising of 100% of the Rainbow Shares in issue (being 890,296,405 Rainbow ordinary shares of no par value) to Shareholders in the ratio of 1 Rainbow Share for every 1 ordinary no par value RCL FOODS share held by Shareholders entitled to participate in the Unbundling as at the Unbundling record date, in terms of section 46 of the Companies Act, 71 of 2008 and in accordance with section 46 of the Income Tax Act, 58 of 1962.
- 2.4. In terms of paragraph 5.85 of the listing requirements of the JSE, the Unbundling does not require the approval of Shareholders.
- 2.5. The Unbundling does require, and is subject to, the approval by the Financial Surveillance Department of the South African Reserve Bank and the JSE approving the Listing.
- 2.6. The salient details of the Rainbow group and the Rainbow Shares will be contained in the pre-listing statement relating to Rainbow ("**Pre-listing Statement**") which, subject to the JSE granting the necessary approvals, is anticipated to be distributed to Shareholders on or about Monday, 10 June 2024. An abridged pre-listing statement will be published on SENS on or about Monday, 10 June 2024 and an electronic copy of the Pre-listing Statement will be made available for inspection on both the RCL FOODS' website (www.rclfoods.com) and the Rainbow website (www.rainbowchickens.co.za) on the same day.
- 2.7. The effective date of the Unbundling is anticipated to be on or about Monday, 1 July 2024.
- 2.8. Shareholders are advised that further details in respect of the Listing and the Unbundling will be published on SENS and full details will be made available in the Pre-listing Statement, in due course.

3. TIMETABLE OF PRINCIPAL EVENTS

The following indicative timetable sets out expected dates and times applicable for the implementation of the Listing and the Unbundling

2024

Publication of the Pre-listing Statement on the RCL FOODS' website (www.rclfoods.com) and the Rainbow website (www.rainbowchickens.co.za) on	Monday, 10 June
Abridged Pre-listing Statement released on SENS	Monday, 10 June
Pre-listing Statement distributed to Shareholders	Monday, 10 June
Release of the Unbundling finalisation announcement by RCL FOODS on SENS by no later than 11:00 on	Tuesday, 18 June
Last day to trade for Shareholders to be entitled to participate in the Unbundling	Tuesday, 25 June
RCL FOODS Shares commence trading "ex" entitlement to Rainbow Shares	Wednesday, 26 June
Listing of Rainbow Shares on the Main Board of the JSE under the abbreviated name Rainbow, share code RBO and ISIN ZAE000334850, and shares commence trading on	Wednesday, 26 June
Announcement of specified ratio to apportion existing cost/base cost of RCL Foods Shares between Rainbow Shares and RCL Foods Shares for taxation/CGT purposes released on SENS by 11:00	Thursday, 27 June
Unbundling record date to receive JSE-listed Rainbow Shares pursuant to the Unbundling	Friday, 28 June
Closing price of RCL FOODS Shares and Rainbow Shares to be released on SENS after market close on	Friday, 28 June
Unbundling operative date, being the date on which JSE-listed Rainbow Shares are unbundled to Shareholders entitled to participate in the Unbundling	Monday, 1 July
Shareholders' CSDP or Broker accounts to be updated and credited with JSE-listed Rainbow Shares	Monday, 1 July

Notes:

1. The expected dates and times listed above may be subject to change. Any changes to the above dates and times will be released on SENS and published in the South African press.
2. All references to times shown above are to South African standard time.
3. There may be no rematerialisation or dematerialisation of RCL FOODS Shares between **Wednesday, 26 June 2024** and **Friday, 28 June 2024**, both days inclusive

4. TRADING AND SETTLEMENT

Shareholders will receive their respective JSE-listed Rainbow Shares in dematerialised (electronic) form. Accordingly, all Shareholders must appoint a CSDP directly or through a broker, to receive the Rainbow Shares on their behalf. Should a Shareholder require a physical certificate for its Rainbow Shares, it will have to materialise its Rainbow Shares following its receipt thereof in terms of the Unbundling, and should contact its CSDP or the Transfer Secretaries to do so.

5. TAX CONSIDERATIONS

- 5.1. The tax consequences of the Unbundling applicable to Shareholders will depend upon the individual circumstances of each Shareholder. Accordingly, Shareholders are advised to obtain independent tax advice in relation to the tax consequences (if any) of the Unbundling on them.
- 5.2. It is expected that distribution of RCL FOODS Shares in terms of the Unbundling should qualify as an “unbundling transaction” for purposes of section 46(1) of the Income Tax Act and should, accordingly, be disregarded for tax purposes in South Africa for RCL FOODS and for Shareholders except to the extent of any distributions made to a “disqualified person” as defined in the Income Tax Act. The distribution in respect of the Unbundling will not reduce the contributed tax capital of RCL FOODS as that term is defined in the Income Tax Act .
- 5.3. The tax consequences for “foreign shareholders” per the Income Tax Act should be confirmed by such foreign Shareholders with advisors in the relevant foreign jurisdictions.
- 5.4. The receipt of the Rainbow Shares by Shareholders should qualify for tax relief in South Africa and, the resulting dividend will, save with regards to the shares held by disqualified persons, be disregarded for dividends tax purposes. Accordingly, South African Shareholders who receive the distribution as a dividend *in specie*, expected to be on or about Monday, 1 July 2024, must:
 - 5.4.1. allocate a portion of the expenditure and any market value attributable to the equity shares held in RCL FOODS to the Rainbow Shares to be distributed, in accordance with the ratio that the market value of the Rainbow Shares, as at the end of the day after the distribution of the said shares, bears to the sum of the market value, as at the end of that day, of the RCL FOODS shares and Rainbow Shares; and
 - 5.4.2. reduce the expenditure and market value attributable to the RCL FOODS shares by the amount so allocated to the Rainbow Shares.
- 5.5. Securities transfer tax is imposed in respect of the transfer of listed shares (including the cancellation or redemption of a share) at the rate of 0.25% of the taxable amount of such shares being the higher of the market value or consideration given for the shares, determined in terms of the Securities Transfer Tax Act, No. 25 of 2007 (as amended) (“**STT Act**”). Section 8(1)(a)(iv) of the STT Act provides that securities transfer tax is not payable in respect of a transfer of a security if that security is transferred to a person in terms an unbundling transaction referred to in section 46 of the Act where the public officer of that company has made a sworn affidavit that such transfer complies with the relevant provisions. Therefore no securities transfer tax would be payable where the Rainbow Shares are received by way of an unbundling transaction.
- 5.6. Residents of South Africa are subject to tax on capital gains as levied in accordance with the Eighth Schedule to the Income Tax Act in respect of capital gains made on the disposal of their world-wide assets. A non-resident (subject to potential relief under any applicable double tax agreement) will incur a liability for capital gains tax only in relation to the disposal of certain assets, namely immovable property situated in South Africa, or shares in a company where the market value of the assets of the company are primarily (i.e. 80% or more) attributable to South African immovable property or assets attributable to of a South African permanent establishment of the non-resident.
- 5.7. The further tax consequences relating to the Unbundling will be set out in the Pre-listing Statement.

6. RESTRICTIONS ON FOREIGN SHAREHOLDERS

- 6.1. The Pre-listing Statement is being prepared for the purposes of complying with the Laws of South Africa and is subject to the applicable Laws of South Africa. Consequently, the legality of the Unbundling to persons resident or located in jurisdictions outside of South Africa may be affected by the Laws of the relevant jurisdiction. Such persons should consult their professional advisers and inform themselves about any applicable legal requirements, which they are obligated to observe. It is the responsibility of any such person wishing to participate in the Unbundling to satisfy themselves as to the full observance of the Laws of the relevant jurisdiction in connection therewith.

- 6.2. Foreign Shareholders are reminded that they may dispose of their RCL FOODS shares prior to the last date to trade, expected to be on or about Tuesday, 25 June 2024, in which case they will not participate in the Unbundling.
- 6.3. Foreign Shareholders are advised to refer to the Pre-listing Statement for further detail and disclaimers regarding the treatment of foreign shareholders in connection with the Unbundling.

Westville
4 June 2024

Financial Adviser and Transaction Sponsor
Rand Merchant Bank (A division of FirstRand Bank Limited)

Legal Adviser
Edward Nathan Sonnenbergs Incorporated (trading as ENS)