

Rainbow expects R3,9bn from rights issue

Rainbow Chicken is to raise R3.9bn of new equity by way of a renounceable rights offer, it said on Thursday (6 December).



It plans to offer 276 965m new Rainbow ordinary shares at an issue price of R14.20 per share, in the ratio of 80 rights offer shares for every 100 held.

The rights offer price represents a 5% premium to the five-day volume weighted average price of shares as at 5 December, the company noted.

The offer relates to Rainbow's acquisition of an effective 64.2% stake in New Foodcorp Holdings, which was to be funded by the rights offer.

The proceeds will be used to fund the Foodcorp acquisition as well as other strategic growth opportunities.

Upon the successful completion of the acquisition, the consolidated debt of the Rainbow group will be significant, it added.

The rights offer will ensure that the consolidated capital structure of the group is appropriate, with flexibility to pursue strategic growth and development opportunities, it said.

The offer will be fully underwritten by Remgro, through its wholly-owned subsidiary Industrial Partnership Investments.

The last day to trade in Rainbow shares in order to participate in the rights offer is 1 February 2013.