

**THIS CIRCULAR AND THE FORM OF PROXY BEING MADE AVAILABLE WITH THIS CIRCULAR ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION.**

**If you are in any doubt as to the action you should take, you are recommended to seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other independent professional financial adviser immediately (being, in the case of Shareholders in Ireland, an organisation or firm authorised or exempted under the Investment Intermediaries Act, 1995 of Ireland (as amended) or the European Communities (Markets in Financial Instruments) Regulations 2017 or, in the case of Shareholders in the UK, an adviser authorised pursuant to the Financial Services and Markets Act 2000, or from another appropriately authorised independent financial adviser if you are in a territory outside Ireland or the UK).**

If you sell or have sold or otherwise transferred your entire holding of Ordinary Shares, please send this Circular, together with the Form of Proxy being made available with this Circular, as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. If you sell or have sold or otherwise transferred only part of your holding of Ordinary Shares, you should retain this Circular and the Form of Proxy and immediately consult the stockbroker, bank or other agent through whom the sale or transfer was effected.



## **GREENCORE GROUP PLC**

*(incorporated and registered in Ireland under the Irish Companies Act with registered number 170116)*

### **Proposed Disposal of Greencore US and Notice of Extraordinary General Meeting**

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**This Circular should be read as a whole. Your attention is drawn to the letter from the Chairman of Greencore, which is set out on pages 9 to 20 of this Circular and which contains the unanimous recommendations of the Directors that you vote in favour of the Resolutions to be proposed at the Extraordinary General Meeting referred to below. Your attention is also drawn in particular to the risk factors sets out in Part II (*Risk Factors*) of this Circular.**

Notice of an Extraordinary General Meeting of Greencore, to be held at The Westin Dublin Hotel, College Green, Westmoreland Street, Dublin, D02 HR67 at 10.00 a.m. on 7 November 2018, is set out at the end of this Circular. A Form of Proxy for use by Shareholders in connection with the Extraordinary General Meeting is enclosed, other than for Shareholders who have opted for the electronic communications service, who will receive an email notification rather than a Form of Proxy. To be valid, Forms of Proxy, completed in accordance with the instructions printed thereon, must be received at Greencore's Registrar, Computershare Investor Services (Ireland) Limited, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin, D18 Y2X6, Ireland as soon as possible but in any event by no later than 10.00 a.m. on 5 November 2018.

Electronic proxy appointment is available for the Extraordinary General Meeting. This facility enables a Shareholder to lodge his/her proxy by logging on to the website of Greencore's Registrar at [www.eproxyappointment.com](http://www.eproxyappointment.com). Shareholders will need their control number, unique PIN number and shareholder reference number. Alternatively, for those who hold Ordinary Shares in CREST, a Shareholder may appoint a proxy by completing and transmitting a CREST Proxy Instruction to Computershare Investor Services (Ireland) Limited (CREST Agent ID 3RA50). In each case, Shareholders must complete the process by **no later than 10.00 a.m. on 5 November 2018** (or, in the case of an adjournment, no later than 48 hours before the time fixed for holding the adjourned meeting). The completion and return of a Form of Proxy (including an electronic proxy appointment notification or a CREST Proxy Instruction) will not preclude Shareholders from attending and voting in person at the Extraordinary General Meeting, or any adjournment thereof, should they wish to do so.

Any person (including, without limitation, custodians, nominees and trustees) who may have a contractual or legal obligation or may otherwise intend to forward this Circular to any jurisdiction outside Ireland or the United Kingdom should seek appropriate advice before taking any such action. The distribution of this Circular into any jurisdiction outside Ireland or the United Kingdom may be restricted by law and therefore persons into whose possession this Circular comes should inform themselves about and observe such restrictions. Any failure to comply with any such restrictions may constitute a violation of the securities laws or regulations in such jurisdictions.

This Circular is a shareholder circular and is being sent to you solely for your information in connection with the Resolutions to be proposed at the Extraordinary General Meeting. The contents of this Circular should not be construed as legal, business, financial, tax, investment or other professional advice.

Each of Greenhill & Co. International LLP (“**Greenhill**”) (which is authorised and regulated in the UK by the FCA), acting as joint financial adviser and Sponsor, and Goldman Sachs International (“**Goldman Sachs**”) (which is authorised by the Prudential Regulatory Authority and regulated by the FCA and the Prudential Regulation Authority in the UK), acting as joint financial adviser, is acting exclusively for Greencore and no one else in connection with this Circular and the Transaction and will not regard any other person (whether or not a recipient of this Circular) as its client in relation to this Circular or the Transaction and accordingly will not be responsible to anyone other than Greencore for providing the protections afforded to its clients, or for providing advice in connection with the Transaction, the contents of this Circular or any other transaction, arrangement or other matter referred to in this Circular as relevant. Goldman Sachs and its affiliates have provided various investment banking, financial advisory and other services for Greencore and are providing financing services to Hearthside for which they will receive customary fees.

Apart from the responsibilities and liabilities, if any, which may be imposed on Greenhill or Goldman Sachs under FSMA or the regulatory regime established thereunder: (i) none of Greenhill, Goldman Sachs or any persons associated or affiliated with either of them accepts any responsibility whatsoever or makes any warranty or representation, express or implied, in relation to the contents of this Circular, including its accuracy, completeness or verification or for any other statement made or purported to be made by, or on behalf of it, Greencore or Directors, in connection with Greencore and/or the Transaction; and (ii) each of Greenhill and Goldman Sachs accordingly disclaims, to the fullest extent permitted by law, all and any liability whatsoever, whether arising in tort, contract or otherwise (save as referred to above) which they might otherwise be found to have in respect of this Circular or any such statement.

No person has been authorised to give any information or make any representations other than those contained in this Circular and, if given or made, such representations must not be relied on as having been so authorised.

The delivery of this Circular shall not, under any circumstances, create any implication that there has been no change to the affairs of Greencore since the date of this Circular or that the information is correct as of any subsequent date.

This document is dated 15 October 2018.

## CORPORATE DETAILS AND ADVISERS

|   |   |
|---|---|
| <b>Secretary and Registered Office</b>      | Conor O’Leary<br>No 2 Northwood Avenue<br>Northwood Business Park<br>Santry<br>Dublin 9, D09 X5N9   |
| <b>Sponsor and Joint Financial Adviser</b>  | Greenhill & Co. International LLP<br>Lansdowne House<br>57 Berkeley Square<br>London W1J 6ER  |
| <b>Joint Financial Adviser</b>              | Goldman Sachs International<br>Peterborough Court<br>133 Fleet Street<br>London EC4A 2BB  |
| <b>Irish Legal Adviser</b>                  | Arthur Cox<br>Ten Earlsfort Terrace<br>Dublin 2, D02 T380   |
| <b>US Legal Advisers</b>                    | Sullivan & Cromwell LLP<br>1 New Fetter Lane<br>London EC4A 1AN<br><br>Bryan Cave Leighton Paisner<br>One Metropolitan Square<br>211 North Broadway<br>St. Louis MO<br>63102-2750 |
| <b>English Legal Adviser</b>                | Slaughter and May<br>One Bunhill Row<br>London EC1Y 8YY   |
| <b>English Legal Adviser to the Sponsor</b> | Ashurst LLP<br>Broadwalk House<br>5 Appold Street<br>London EC2 2HA   |
| <b>Auditor and Reporting Accountant</b>     | KPMG<br>Stokes Place<br>St. Stephen’s Green<br>Dublin 2, D02 DE03   |
| <b>Company’s Registrar</b>                  | Computershare Investor Services (Ireland) Limited<br>Heron House<br>Corrig Road<br>Sandyford Industrial Estate<br>Dublin, D18 Y2X6  |

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## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Shareholders should take note of the dates and times in the table below in connection with the Transaction. These dates and times are indicative only and assume that the requisite regulatory clearances have been obtained and the other Conditions to Completion have been satisfied before the date estimated for Completion. These times and/or dates may be changed by Greencore (subject to any applicable requirements of the Listing Rules, law and/or Greencore's Constitution) in which event details of the new times and/or dates will be notified to Shareholders by an announcement on a Regulatory Information Service and will be available on [www.greencore.com](http://www.greencore.com). Except where otherwise indicated, references to a time of day are to Irish time.

|   | <i>Time and Date</i>  |
|---|---|
| Announcement of the Transaction   | 15 October 2018   |
| Posting of this Circular (which includes the Notice of Extraordinary General Meeting) and the Form of Proxy | 15 October 2018   |
| Latest time and date for receipt of Forms of Proxy for use at the EGM                                       | 10.00 a.m., 5 November 2018   |
| Latest time and date for receipt of electronic/CREST proxy appointment                                      | 10.00 a.m., 5 November 2018   |
| Record time and date for eligibility to vote at the EGM   | 6.00 p.m., 5 November 2018  |
| Extraordinary General Meeting   | 10.00 a.m., 7 November 2018   |
| Announcement of results of the EGM  | By 3.00 p.m., 7 November 2018   |
| Expected date of Completion of Transaction  | late November 2018  |
| Publication of Greencore Group plc's 2018 Annual Report   | 4 December 2018   |
| Longstop Date   | 15 January 2019 (which may be extended to 6 February 2019 in certain circumstances) |

## PRESENTATION OF FINANCIAL AND OTHER INFORMATION

### Language of the Circular

The language of this Circular is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

### Presentation of financial information

The Group's financial year ends on the last Friday in September. Greencore prepares its consolidated financial statements in accordance with IFRS, as issued by the IASB and adopted in the EU, and its reporting currency will continue to be pounds sterling after Completion. Greencore's consolidated primary financial statements will continue to be prepared in accordance with IFRS after Completion.

### Alternative Performance Measures

Greencore uses the following alternative performance, or non-IFRS, measures to evaluate the performance of its operations: Adjusted Operating Profit, Adjusted EBITDA, Adjusted Earnings and Adjusted EPS. These supplemental measures are not measures of performance or liquidity under IFRS and should not be considered by investors in isolation, as measures of profit, as a substitute for, or as an indicator of, operating performance as determined in accordance with IFRS.

The non-IFRS financial measures referenced above and described in more detail below are included in this document as a supplemental disclosure because the Directors believe that these measures provide useful historical financial information to investors, help investors evaluate the performance of the underlying business and are measures commonly used by certain investors and securities analysts for evaluating performance. Greencore's definition, presentation or calculation of each of the non-IFRS financial measures may be different from definitions, presentations and calculations used by other companies and therefore comparability may be limited. Investors should therefore exercise caution in comparing non-IFRS financial measures reported by Greencore to similar measures of other companies.

### Adjusted Operating Profit

The Group calculates Adjusted Operating Profit as net profit before net finance costs, taxation, share of associate's profit/loss after tax, exceptional items and acquisition related amortisation.

### Adjusted EBITDA

The Group calculates Adjusted EBITDA as Adjusted Operating Profit plus depreciation and amortisation.

### Greencore US – Reconciliation of Adjusted EBITDA for Aggregated Financial Information

|   | <i>Year ended<br/>29 September<br/>2017<br/>£m</i> |
|---|--|
| Operating profit  | 6.2  |
| Exceptional items                                       | 16.4   |
| Amortisation of acquisition related intangibles         | 20.8   |
| Adjusted Operating Profit                               | 43.4   |
| Depreciation and amortisation (non acquisition related) | 19.8   |
| Adjusted EBITDA   | 63.2   |
| <i>Converted to USD at an exchange rate of 1.273</i>    | <i>\$m</i>   |
| Adjusted EBITDA   | 80.5   |

## **Adjusted Earnings and Adjusted EPS**

The Group uses Adjusted Earnings and Adjusted EPS as key measures of the overall underlying performance of the Group and returns generated for each share. Adjusted EPS is calculated by dividing Adjusted Earnings by the weighted average number of Ordinary Shares in issue during the year, excluding Ordinary Shares purchased by a trust on behalf of Greencore and held in trust in respect of the Deferred Bonus Plan, the Performance Share Plan and the Executive Share Option Scheme.

Adjusted Earnings is calculated as profit attributed to equity holders (as shown on the Group's income statement) adjusted to exclude exceptional items (net of tax), the effect of foreign exchange on inter-company and external balances where hedge accounting is not applied, the movement in the fair value of all derivative financial instruments and related debt adjustments, the amortisation of acquisition related intangibles (net of tax) and the interest expense relating to legacy defined benefit pension liabilities (net of tax).

## **Exchange Rates**

In Part I of this Circular, in the Chairman's Letter at paragraphs 1 (*Introduction*) and 6 (*Use of Net Proceeds and Financial Effects of the Transaction*) of this Circular, the GBP:US Dollar exchange rate used is £1:\$1.3158 being the spot rate quoted by Bloomberg at 5.25 p.m. on the Latest Practicable Date.

## **Rounding**

Certain figures contained in this Circular, including financial, statistical and operating information, have been subject to rounding adjustments. Accordingly, in certain instances, the totals of data presented in this Circular may vary slightly from the actual arithmetic totals of such data and the sum of the numbers in a column or a row in tables contained in this Circular may not conform exactly to the total figure given for that column or row.

## **Forward-Looking Statements**

This Circular contains statements about Greencore and the Retained Group that are or may be forward-looking statements. All statements other than statements of historical facts included in this Circular may be forward-looking statements. Without limitation, any statements preceded or followed by or that include the words "targets", "should", "continue", "plans", "believes", "expects", "aims", "intends", "will", "may", "anticipates", "estimates", "projects" or words or terms of similar substance or the negative thereof, are forward-looking statements. Forward-looking statements include all matters that are not historical facts and statements relating to the following: (i) future capital expenditures, expenses, revenues, earnings, synergies, economic performance, future capital-raising activities, indebtedness, financial condition, dividend policy, losses and future prospects; (ii) business and management strategies and the expansion and growth of Greencore's or the Retained Group's operations and the potential effects of the Transaction; and (iii) the effects of government regulation on Greencore's or the Retained Group's business.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances that are difficult to predict and outside of Greencore's or the Retained Group's ability to control. Forward-looking statements are not guarantees of future performance and the actual results of Greencore's or the Retained Group's operations and the development of the markets and the industry in which Greencore or the Retained Group operates, may differ materially from those described in, or suggested by, the forward-looking statements contained in this Circular. In addition, even if Greencore's or the Retained Group's business results of operations, financial position and/or prospects, and the development of the markets and the industry in which Greencore or the Retained Group operates, are consistent with the forward-looking statements contained in this Circular, those results and developments may not be indicative of results or developments in subsequent periods. A number of factors could cause results and developments of Greencore or the Retained Group to differ materially from those expressed or implied by the forward-looking statements including, without limitation:

- the performance of Greencore's and, following the Transaction, the Retained Group's customers may be adversely impacted by changing retail and industry structure, which in turn may affect Greencore's and, following the Transaction, the Retained Group's performance;

- demand for Greencore’s and, following the Transaction, the Retained Group’s products may be affected by changes in consumer behaviour and demand and changes in consumer legislation;
- Greencore’s and, following the Transaction, the Retained Group’s success may depend on their customers’ brands, reputations and relationships;
- following the Transaction, a material impairment of goodwill or other intangible assets would adversely affect the Retained Group’s business and financial condition; and
- other factors discussed in Part II (*Risk Factors*).

The forward-looking statements therein speak only at the date of this Circular and Shareholders are cautioned not to place undue reliance on such forward-looking statements. Save as required by the Market Abuse Regulations, the Disclosure Guidance and Transparency Rules, the Listing Rules or by law, Greencore undertakes no obligation to update these forward-looking statements and will not publicly release any revisions it may make to these forward-looking statements that may occur due to any change in its or the Retained Group’s expectations or to reflect events or circumstances after the date of this Circular. Shareholders should note that the contents of these paragraphs relating to forward-looking statements are not intended to qualify the statements made as to sufficiency of working capital in this Circular.

### **Currencies**

In this Circular, references to “**US dollar**”, “**USD**” and “**\$**” are to the lawful currency of the US, references to “**pound sterling**”, “**GBP**”, “**Stg**” and “**£**” are to the lawful currency of the UK and references to “**euro**”, or “**EUR**” and “**€**” are to the lawful currency of Ireland and to such other member states of the EU that have adopted euro as their currency.

### **Calculation of total issued Ordinary Shares**

Unless otherwise stated, all references to total issued Ordinary Shares in this Circular are calculated based on the issued ordinary share capital of Greencore as of the Latest Practicable Date, which consists of 706,978,416 Ordinary Shares.

### **No incorporation of website information**

Information on or accessible through Greencore’s corporate website, [www.greencore.com](http://www.greencore.com) does not form part of, and is not incorporated into, this Circular.

### **Certain defined terms**

Certain terms used in this Circular, including capitalised terms and certain technical and other items, are defined and explained in Part XI (*Definitions*).

### **Publication of Greencore’s 2018 Annual Report**

It is anticipated that the 2018 Annual Report shall be released on or around 4 December 2018.

### **Profit estimate or forecast**

Other than as expressly stated, no statement in this document is intended as a profit forecast or estimate and no statement in this document should be interpreted to mean that earnings per Ordinary Share for the current or future financial years will necessarily match or exceed the historical published earnings per Ordinary Share.



## PART I

### LETTER FROM THE CHAIRMAN

#### GREENCORE GROUP PLC

*(incorporated in Ireland with limited liability with registered number 170116)*

*Directors*

Gary Kennedy  
Patrick Coveney  
Eoin Tonge  
Sly Bailey  
Heather Ann McSharry  
John Moloney  
Thomas Sampson  
Kevin O'Malley  
Helen Rose  
John Warren

*Registered office*

No 2 Northwood Avenue  
Northwood Business Park  
Santry  
Dublin 9  
D09 X5N9

15 October 2018

*To the holders of Ordinary Shares and the Special Shareholder*

**Dear Shareholder,**

#### **Proposed Disposal of Greencore US**

**and**

#### **Notice of Extraordinary General Meeting**

##### **1. Introduction**

On 15 October 2018 Greencore announced that it had reached an agreement to sell its US business, Greencore US, to Hearthside.

The enterprise value of the Transaction will be \$1,075 million (£817 million) which has been calculated on a cash and debt free basis and on the basis of there being a minimum level of working capital in the US business. The consideration, payable in cash, will be subject to a customary adjustment for the cash, debt, and working capital in Greencore US at Completion.

The disposal is of sufficient size relative to the Group to constitute a class 1 transaction for the purposes of the Listing Rules and the Transaction is therefore conditional upon the approval of Shareholders. Accordingly, an Extraordinary General Meeting of Greencore is to be held at 10.00 a.m. on 7 November 2018 at The Westin Dublin Hotel, College Green, Westmoreland Street, Dublin, D02 HR67, Ireland for the purposes of approving the Transaction. If Completion of the Transaction occurs, and subject to the occurrence of the Lender Consent/Refinancing and the Capital Reduction, it is the Board's intention to declare and pay a Special Dividend of 72 pence per Ordinary Share representing an aggregate amount of £509 million in cash. At the EGM Shareholders will also be asked to vote on a number of proposals intended to give Greencore the flexibility to implement the Special Dividend and an accompanying customary Share Consolidation. An explanation of the Resolutions to be proposed at the EGM is set out in paragraph 13 (*Shareholder Voting and Extraordinary General Meeting*) of this Part I of the Circular. The Transaction is also subject to other conditions that are further summarised in paragraph 10 (*Principal Terms of the Transaction*) of this Part I, and Part III (*Details of the Transaction*) of this Circular.

**The notice of the EGM and the Resolutions to be proposed and considered at the Extraordinary General Meeting are set out at pages 69 to 71 of this Circular.**

The purpose of this Circular is to: (i) explain the background to and reasons for the Transaction; (ii) explain why the Board considers the Transaction to be in the best interests of Shareholders as a whole; and (iii) convene an EGM to seek Shareholder approval for the Transaction, the Special Dividend and the Resolutions.

## 2. Background to and reasons for the Transaction

Greencore is an international convenience foods manufacturer, comprising two segments, Convenience Foods UK & Ireland and Convenience Foods US.

The Group's current strategic objective is to be a fast growing, international, convenience foods leader. In working to achieve this objective, the Group utilises its core expertise in value-added, assembly-led manufacturing with the objective of building industry-leading market share positions in attractive convenience food categories in the UK and US. The Group focusses on developing enduring and highly valued long-term customer relationships, and invests in culture, capability and talent under "The Greencore Way", the business model that brings together key elements of how Greencore operates, based on the principles of people at the core, great food, business effectiveness and cost efficiency.

The following have been the central tenets of implementing this strategy:

- *Enhancing the Group's leadership position in UK convenience food, especially in the food to go category:* The Group has increased its overall market share by continuing to secure several significant new business wins and by developing a sole supply partnership model with key customers, alongside substantial accompanying investments in manufacturing, capacity and distribution capability. The Group's business in food to go categories in particular has delivered strong and sustained growth as a result, also underpinned by positive underlying market momentum related to an overall trend towards convenience.
- *Building on the Group's platform in the US with the aim of driving strong growth and returns:* This has been pursued through a combination of organic business wins and selected acquisitions in growing convenience food categories. The Peacock Acquisition for \$747.5 million in December 2016 transformed the Group's market and channel position in the US, and the transaction more than quadrupled the Group's revenues, profits and capacity in the region.

The Group has faced challenges reaching the level of performance from its total US business anticipated at the time of the Peacock Acquisition. As noted in the interim results announcement for the 26 weeks ended 30 March 2018 (issued 22 May 2018) (the "**H1 2018 Unaudited Results**"), strong volume growth and good operational performance in the former Peacock Foods business was more than offset by the volume declines in the original Greencore US business, increased operating losses in its Rhode Island facility (before it ceased operations on 25 March 2018) and increased overheads as the Group invested for growth. Following this, the Group refined and refocussed its US strategy around (i) capitalising on growth opportunities in value-added, assembly-led manufacturing with its Branded Food Partners and (ii) improving operational performance and efficiencies in assets dedicated to Retail Partners. In addition, the Group has enhanced the US leadership team to deliver this strategy.

In late August 2018, the Group was approached by Hearthside, a US food contract manufacturer, with an indicative offer to acquire Greencore US. Subsequently, the Group and Hearthside engaged in discussions culminating in the entry into the Stock Purchase Agreement.

The Board believes that the Transaction is highly compelling for the following reasons:

- the enterprise value of the Transaction to Adjusted EBITDA represents a multiple of 13.4x (14.2x when allocated central costs are included) which is attractive by reference to comparable transactions in similar sectors<sup>1</sup>;
- the total proceeds represent 41% of Greencore's estimated enterprise value<sup>2</sup>;

1 Calculated based on Adjusted EBITDA for Greencore US for the 12-month period ended 29 September 2017. Central costs allocated to Greencore US for the year ended 29 September 2017 were £3.9 million (\$5.0 million converted at a GBP:US Dollar exchange rate of £1:\$1.273).

2 Calculated by reference to total cash proceeds from the Transaction of \$1,075 million, the market capitalisation of Greencore as at the LPD, the net debt of Greencore as at 30 March 2018 of £522.2 million and GBP:US Dollar exchange rate of £1:\$1.3158.

- the total proceeds represent a premium to both the price paid by Greencore for Peacock Foods and Greencore's total Invested Capital in the US;
- the Transaction recognises the strategic value of Greencore US and enables Greencore's Shareholders to benefit from an immediate realisation of value that takes account of Greencore US's future growth potential;
- it allows £509 million of cash to be returned to Shareholders pursuant to a Special Dividend subject to the Lender Consent/Refinancing and Capital Reduction occurring;
- it supports a strengthened balance sheet, with up to a £293 million reduction in leverage (subject to the occurrence of the Lender Consent/Refinancing), and a target medium term leverage ratio of 1.5-2.0x Net Debt to EBITDA (as measured under the Debt Agreements) enhancing scope to pursue value-creating opportunities in the UK market; and
- it is expected to have limited operational impact on the Retained Group and is expected to enable the Retained Group to enhance its focus on its Convenience Foods UK & Ireland business, as more fully described in paragraph 3 (*Information on the Retained Group*) of this Part I of the Circular, which the Board believes is a significant potential source of future Shareholder value.

As a result of the factors set out above, the Board unanimously believes that the Transaction is in the best interest of Shareholders.

### **3. Information on the Retained Group**

The proposed Transaction would reshape the Group, most particularly with regard to its geographic footprint. The Retained Group principally comprises of the Convenience Foods UK & Ireland segment of the Group which in the financial year ended 29 September 2017 had revenue of £1.4 billion. On a *pro forma* basis, had the Transaction been completed on 30 March 2018, the Retained Group would have had net assets of £788.5 million at that date (as set out in Part VI (*Unaudited pro forma statement of Net Assets of the Retained Group*) of this Circular).

The Retained Group would comprise primarily of activities in the UK convenience food sector with strong market leading positions in particular in food to go categories. The business operates fifteen, well-invested facilities in the UK. Of these, eight are food to go manufacturing facilities, at Atherstone, Bow, Crosby, Heathrow, Manton Wood, Northampton, Park Royal and Spalding. The activities in the food to go categories comprise the preparation, assembly and packaging of customer brand sandwiches, sushi and salads and accounted for over 55% of revenue in the Group's Convenience Foods UK & Ireland business in the 26 weeks ended 30 March 2018 (source: H1 2018 Unaudited Results). The Retained Group would also include operations in complementary convenience food categories, including chilled prepared meals, chilled soups and sauces, chilled quiche, ambient sauces and pickles, and frozen Yorkshire puddings. These products are manufactured, prepared, assembled and packaged across seven facilities in the UK in Bristol, Consett, Kiveton, Leeds, Selby, Warrington and Wisbech. In addition, the Retained Group would have a chilled direct-to-store distribution operation that makes daily deliveries to small format retail stores across the UK. It comprises seventeen distribution depots, six picking centres and a fleet of small chilled vans which deliver to numerous outlets daily.

The Retained Group would also include the Group's small ingredient trading businesses in Ireland, involved in the distribution of edible oils and molasses.

The Retained Group has a strong operational and financial track record in the UK convenience food sector. The key drivers of this have been a focus on building leading market share positions in fast growing categories, the development of strong long-term partnerships with grocery retail customers, and targeted strategic and organic investment to support and expand the scale and capabilities of the business.

Following the proposed Transaction the Retained Group's focus will be on fast growing convenience food categories. Specifically, the Retained Group's strategy will be based on the following key themes:

- *The Retained Group aims to extend its leadership position in attractive and structurally growing categories and formats.* The convenience food sector is a significant area of growth and opportunity. The Retained Group has a strong market share in convenience food categories. These categories continue to be driven by positive long-term structural consumer and channel dynamics, underpinned by convenience and health trends. The overall food category in the UK has grown at a compounded annual rate of 2.0% per annum from September 2013 to September 2018 (source: Nielsen). The food to go category in particular is of strategic importance to the Retained Group's grocery retail customers, driving consumer footfall and generating attractive returns. This category has grown at a compounded annual rate of 5.9% per annum from September 2013 to September 2018 (source: Nielsen). The Institute of Grocery Distribution ("IGD") has forecasted that the grocery market in the UK will grow at a compounded annual rate of 2.8% per annum to 2023 (source: IGD UK Channel Opportunities: 2018-2023, June 2018). The IGD has also forecasted that the overall food to go market in the UK will grow at a compounded annual rate of 5.0% per annum to 2023 (source: IGD Food-to-Go Market 2018, August 2018).
- *The Retained Group intends to deepen its long-term partnerships with grocery retail customers.* The Retained Group pursues a relentless focus on customer centricity with a view to making Greencore a trusted supply chain partner, with specific sets of product and bespoke solutions for each customer. Customer relationships have been developed, in many cases over decades, across multiple points of contact, across functions and levels. The Retained Group has developed sole supply status in certain categories and has expanded its capabilities throughout the supply chain including new product development, technical and food safety, sourcing, order management, manufacturing, distribution and merchandising. This track record is supported by the Retained Group's leading performance in retailers' ranking of suppliers (source: the Advantage Report 2018). The relationships with customers are often underpinned by long-term agreements. Approximately 90% of the Retained Group's net sandwich sales in the financial year ended 28 September 2018 are pursuant to customer contracts with a duration of three years or more. During the 26 weeks ended 30 March 2018, the Retained Group extended contracts with three of its largest grocery retail customers, while adding several new customers in new channels.
- *The Retained Group focuses on executing strategic initiatives aimed at creating value.* The Retained Group has a track record of executing multiple strategic initiatives to drive organic and inorganic investment. Organic investment includes partnering with customers on key strategic projects to develop new capacity and capabilities. A programme of continuous operational improvement, underpinned by a strong culture of cost efficiency, reflects the Retained Group's emphasis on maintaining an effective infrastructure to create value for its customers and the business. The Retained Group also has a track record of engaging in disciplined strategic and tactical M&A activity.
- *The Retained Group aims to focus the organisation on UK opportunities.* The Retained Group has a highly experienced leadership team with wide ranging food sector knowledge. Industry-leading expertise in commercial, manufacturing, technical/food safety and sourcing is combined with a strong track record of people development and colleague engagement. The organisation model is underpinned by The Greencore Way, the business model and set of cultural principles that bring together the key elements of how the Retained Group operates.
- *The Retained Group's economic model aims to deliver sustained profits growth, returns and cash flow.* The combination of strong market positions, a programme of continuous improvements and the well-invested asset network creates a platform to enable strong profits growth and cash generation, with an attractive return on capital profile. The Retained Group maintains a strong balance sheet and operates a dynamic capital management strategy that provides flexibility to respond quickly to opportunities and challenges in a dynamic marketplace.

At Completion, the Retained Group will operate with the central cost base of substantially all of the pre-Transaction Group. Following Completion the Retained Group will carry out and implement a review

of the central management and organisational structure of the Retained Group with a view to reducing central costs and developing a leaner management structure as the Retained Group focusses on the UK market.

The Directors believe that, overall, the Retained Group's market positioning, capability set, customer profile, well-invested manufacturing base and economic model offer the potential to generate strong profits growth, to enhance cash generation, and to improve returns.

#### **4. Information on Greencore US**

Greencore US is the Group's US convenience food business and comprises thirteen production facilities: six of which are in the greater Chicago area with the remaining facilities located in Anaheim, California; Fredericksburg, Virginia; Jacksonville, Florida; Minneapolis, Minnesota; Wilmington, Ohio; Salt Lake City, Utah; and Seattle, Washington.

The Group entered the US market through the acquisition of a convenience foods business in 2008, and subsequently expanded the US Business through a series of organic business wins, acquisitions and investment in new green field sites primarily focussed on assembling and distributing short shelf-life products such as sandwiches to leading convenience store and food service customers.

In December 2016 the Group acquired Peacock Foods. The acquisition transformed the Group's market and channel position in the US and created a growth platform of greater scale with a well-invested network of production facilities, an established customer base, and the potential to support growth in value added, assembly-led, convenience food manufacturing with existing and new customers across the US. Following the integration of Peacock Foods with the Group's pre-existing US business, the strategy for Greencore US was to leverage its fresh, frozen and ambient manufacturing capabilities to expand and extend the pipeline of commercial opportunities with existing and new customers, particularly in the consumer packaged goods channel.

Greencore US operates in a large market supported by strong underlying growth trends, in particular the structural growth in food industry outsourcing. The trend towards outsourced manufacturing in the US food industry is driven by several factors, including an objective to effectively supply food products for more complex and rapidly changing consumer preferences and channels, and to sustain operational cost efficiency.

In its H1 2018 Unaudited Results, the Group noted strong volume growth and good operational performance in the former Peacock Foods business which was more than offset by the volume declines in the original Greencore US business, increased operating losses in its Rhode Island facility (before it ceased operations on 25 March 2018) and increased overheads as the Group invested for growth. The Group also commented that it had refined and refocussed its US strategy around (i) capitalising on growth opportunities in value-added, assembly-led manufacturing with its Branded Food Partners and (ii) improving operational performance and efficiencies in assets dedicated to Retail Partners. In addition, the Group also commented that it had enhanced the US leadership team to deliver this strategy. The Group completed the disposal of its Rhode Island facility on 21 September 2018.

In H1 2018, Greencore US had revenue of £503.6 million and at 30 March 2018, Greencore US had net assets of £699.4 million (as set out in Part V (*Financial information relating to the US Business*) of this Circular). Greencore US employed an average of approximately 2,794 employees over the 26 week period ended 30 March 2018.

#### **5. Information on Hearthside**

Hearthside is a US food contract manufacturer based in Downers Grove, Illinois. It is a leading co-manufacturer and supplier of snack products to large consumer packaged goods companies in the US with 25 facilities across the US and the Netherlands. Hearthside was formed in 2009, and was recently acquired by affiliates and investment vehicles managed by Charlesbank and Partners Group and their related funds on behalf of their clients. Charlesbank and Partners Group (on behalf of their clients) have a track record of investing in food companies and, in addition, Charlesbank, through its related funds, previously

owned Peacock Foods before selling its interests in Peacock Foods to Greencore as part of the Peacock Acquisition.

For 2017, Hearthiside had revenues of approximately \$1.5 billion.

## **6. Use of Net Proceeds and Financial Effects of the Transaction**

### ***Expected Net Proceeds***

The cash proceeds will be calculated by reference to an enterprise value of Greencore US of \$1,075 million (£817 million) and is subject to customary adjustments for cash, debt and working capital.

The Net Proceeds of the Transaction are estimated to be \$1,055 million (£802 million), being the estimated total cash proceeds less the payment of costs relating to the Transaction, estimated at \$20 million (£15 million), and which will be subject to customary adjustments for the cash, debt, and working capital in Greencore US at Completion.

### ***Special Dividend to Shareholders and Reduction in Leverage***

Following Completion, the Board intends to declare a Special Dividend of 72 pence per Ordinary Share representing an aggregate amount of £509 million in cash and intends to use up to £293 million of the Net Proceeds to reduce leverage, subject to, in both cases, the Lender Consent/Refinancing and, in the case of the Special Dividend, also to the Capital Reduction occurring.

Completion of the Transaction will trigger mandatory prepayment obligations/offers under certain of the Debt Agreements of up to the entire debt balance outstanding under such Debt Agreements, although the lenders under the Existing Debt Agreements have the ability to waive such prepayment obligations. Following the announcement of the Transaction, Greencore will commence discussions with its lenders regarding the amount of any such prepayments that will be required, and the Board believes that the Group's lenders will either agree to a waiver of the prepayment obligations/offers or agree to a refinancing of the Existing Debt Agreements (including the prepayment obligations). However, it is possible that Group's lenders will require a significant portion of the Net Proceeds to be used to repay debt or will not agree to a refinancing. If that happens it is possible that very little, if any, of the net Transaction proceeds will be available to fund a return of value to Shareholders, and the intended declaration and payment of the Special Dividend may be delayed and/or cancelled.

Since Greencore does not currently have sufficient distributable reserves to declare the Special Dividend, the declaration and payment of the Special Dividend would also be subject to the completion of the Capital Reduction whereby it is proposed that the entire balance of Greencore's share premium account as at 28 September 2018 will be converted into distributable reserves. The Capital Reduction requires the approval of Resolution 2 by Shareholders at the EGM and the confirmation of the High Court and, in addition, it will be facilitated by the clarifying amendment to Greencore's Articles of Association under Resolution 3.

### ***Financial effects of the Transaction***

Following Completion, Greencore US will cease to be part of the Group and the Group will comprise the Retained Group, which itself principally comprises the Convenience Foods UK & Ireland segment of the Group.

At Completion, the Retained Group will operate with the central cost base of substantially all of the pre-Transaction Group and will subsequently carry out and implement a review of central management and organisation structure with a view to reducing central costs.

For information on the *pro forma* financial effects, together with the basis of preparation of the statements in this paragraph, see Part VI (*Unaudited pro forma statement of Net Assets of the Retained Group*) of this Circular.

Since the proceeds of the Transaction will be received in US Dollars and Greencore reports in pounds sterling, in order to mitigate the associated foreign exchange risk, foreign exchange hedging arrangements

have been entered into by Greencore with respect to the portion of the proceeds of the Transaction which will not be utilised to repay US Dollar denominated debt.

## **7. Description of Special Dividend and Share Consolidation**

The Special Dividend is intended to return £509 million (equivalent to 72 pence per Ordinary Share) to Shareholders. Payment of the Special Dividend is conditional on Completion of the Transaction, the Lender Consent/Refinancing occurring and the completion of the Capital Reduction. The total amount of the Special Dividend is equivalent to approximately 35% of the market capitalisation of Greencore at the close of business on the Latest Practicable Date. The payment of the Special Dividend does not itself need to be approved by Shareholders, although because it is conditional on Completion of the Transaction and the Capital Reduction, it will not occur unless each of Resolutions 1 to 3 are approved at the Extraordinary General Meeting. The Board also retains the discretion to determine whether to declare the Special Dividend and to determine its amount.

Greencore proposes to undertake the Share Consolidation to seek to maintain, so far as is reasonably practicable, comparability of the Company's share price before and after the Special Dividend. The Share Consolidation should also facilitate historical and future financial information in relation to Greencore to be compared on a per-share basis before and after the Special Dividend.

Shareholders will receive New Ordinary Shares in lieu of their existing Ordinary Shares held at the Consolidation Record Date. Shareholders will therefore own the same proportion of Greencore as they did before the Share Consolidation, subject to adjustments for fractional entitlements.

The Share Consolidation ratio cannot be fixed as of the date of this Circular as it will depend on the closing price of the Ordinary Shares at the Consolidation Ratio Determination Date. Accordingly, the number of New Ordinary Shares resulting from the Share Consolidation will be notified to Shareholders by Greencore by way of an RIS announcement with the Share Consolidation ratio obtained by dividing (a) Greencore's market capitalisation as at the close of trading of the LSE on the Consolidation Ratio Determination Date less the value of the aggregate amount of the Special Dividend (£509 million) by (b) Greencore's market capitalisation (as calculated above), subject to such amendments as the Directors of Greencore may (in their absolute discretion) determine to deal with fractions, rounding or other practical problems, or matter which may otherwise result from such division and/or to achieve a ratio which in their judgment is the most appropriate to seek to maintain comparability of the Company's share price before and after the Special Dividend.

By way of example, on the basis of a price per Ordinary Share of 200 pence and a special dividend of 72 pence per Ordinary Share, the consolidation ratio would be 64 New Ordinary Shares for every 100 Ordinary Shares held prior to the Share Consolidation.

If the Transaction is approved at the EGM, Completion is currently anticipated to occur in late November 2018. Assuming the requisite waivers from lenders under the Existing Debt Agreements are forthcoming, the Lender Consent/Refinancing is expected to complete on or around mid-to-late November 2018. The Capital Reduction is anticipated to complete (subject to the discretion of the Irish High Court) in mid-to-late December 2018 although this may take until early to mid-January 2019 depending on the Irish High Court's availability. Assuming the Lender Consent/Refinancing and the Capital Reduction have occurred by mid-to-late December 2018, it is expected that the timing of the payment of the Special Dividend will be announced in mid-to-late December 2018, with the Dividend Record Date and, if approved, the Share Consolidation (including the Consolidation Record Date and the New Ordinary Shares issue and trading admission dates) occurring in mid-to-late December 2018, and with the payment of the Special Dividend occurring in early-to-mid January 2019.

In relation to the Special Dividend and Share Consolidation, participants' interests in the Greencore share plans will be dealt with according to the respective rules of the plans concerned and, in the case of the Sharesave Schemes, the applicable tax legislation and Revenue practice.

Further information on the Special Dividend and Share Consolidation is set out in Part VII (*Further Information on the Special Dividend and the related Share Consolidation*) of this Circular. Further

information regarding the tax consequences of the Special Dividend and the Share Consolidation are set out in Part VIII (*Taxation*) of this Circular.

## **8. Capital Management and Dividend Policy**

The Board is committed to focussing on dynamic capital management, balancing the ongoing strategic and investment needs of the Retained Group, leverage reduction, returns to Shareholders and, subsequently in future, a progressive dividend policy. In this context the Board intends to target a leverage ratio of between 1.5x to 2.0x Net Debt to EBITDA (as measured in the Debt Agreements) over the medium term. Managing within this range, the Board may decide to make investments within existing operations, make acquisitions that fit with the Retained Group's strategy and/or return further cash to Shareholders in an efficient manner, whether through dividends or other forms of return of value.

Reflecting this dynamic capital management of the Group going forward, and following declaration of its final dividend for the 2018 financial year (for which its existing dividend policy will continue to apply), Greencore will move to a progressive dividend policy. This does not constitute a profit forecast or estimate and should not be interpreted to mean that future Adjusted EPS, profits, margins, and/or cash flow will support such a dividend policy.

The Board intends to keep the Retained Group's capital structure under regular review and the exact form of any investment or return of value to Shareholders will be based on an ongoing assessment of the availability of investment opportunities, the potential returns to Shareholders on a risk-adjusted basis, the prevailing equity market conditions, the capital needs of the Retained Group, the sufficiency of distributable reserves and other factors.

## **9. Current Trading and Future Prospects**

### ***Current trading***

On 31 July 2018, Greencore issued a trading update covering the 13 weeks to 29 June 2018 and the 39 weeks to 29 June 2018. In the update, the Group noted that it anticipated good revenue growth in the final quarter of the financial year (these figures exclude sites disposed of and sites that have ceased trading during the year). The Group reiterated its FY18 guidance of Adjusted EPS in the range of 14.7p-15.7p. It also noted that the improving outlook for underlying cash generation and returns remains unchanged.

The Board re-confirms that current trading is in line with these expectations and that it expects that its results for the financial year ending 28 September 2018 to be within the previously announced range of Adjusted EPS of 14.7p-15.7p.

Further information on the profit estimate assumptions can be found in Part IV (*Profit Estimate of Greencore*) of this Circular.

### ***Future prospects***

Following Completion of the Transaction, the Retained Group intends to continue to pursue its stated strategy to enhance its leadership position in fast growing convenience food categories within the UK. The strategy of the Retained Group will be based on the key themes that are set out in specific detail in paragraph 3 (*Information on the Retained Group*) of this Part I of the Circular.

The Directors believe that, overall, the Retained Group's market positioning, capability set, customer profile and economic model offer the potential to generate strong profits growth to enhance cash generation, and to improve returns.

## **10. Principal terms of the Transaction**

On 15 October 2018, Greencore and the Hearthside Buyer, amongst others, have entered into the Stock Purchase Agreement which sets out the terms and conditions upon which the Hearthside Buyer has agreed to acquire the US Business for \$1,075 million, calculated on a cash and debt free basis and subject to working capital and other customary adjustments calculated as at the Completion Date.



## **Conditions**

The material conditions to the consummation of the Transaction are:

- accuracy of the representations and warranties of Greencore US and the Sellers as of Completion subject to specified materiality standards;
- US anti-trust clearance under the HSR Act;
- the Shareholders passing Resolution 1; and
- there being no material adverse change to the Greencore US business.

In addition, if the Stock Purchase Agreement is terminated for a number of reasons, a termination fee of approximately \$19 million in total (equivalent to and not more than 1% of Greencore's market capitalisation immediately prior to the date of the Stock Purchase Agreement calculated in US dollars at the then exchange rate) will be payable by Greencore to Hearthsides.

Further terms of the Stock Purchase Agreement are set out in paragraph 2.3 (*Conditions*) of Part III (*Details of the Transaction*).

### **11. Regulatory clearance**

The US merger clearance filing under the HSR Act in connection with the Transaction will be made shortly after the publication of this Circular. The initial waiting period for the US filing is 30 calendar days, which can be extended upon the regulatory authority deciding that further investigation is warranted. Where no investigation is warranted, this initial waiting period (or any extension) may be terminated early by the regulatory authority, if requested by the parties. Greencore does not expect any significant regulatory issues to arise as a result of this filing.

### **12. Risk Factors**

For information on the risks and uncertainties which you should take into account when considering whether to vote in favour of Resolution 1 please refer to Part II (*Risk Factors*) of this Circular.

### **13. Shareholder Voting and Extraordinary General Meeting**

Set out on pages 69 to 71 of this Circular is a notice convening the Extraordinary General Meeting, to be held at 10.00 a.m. on 7 November 2018 at The Westin Dublin Hotel, College Green, Westmoreland Street, Dublin, D02 HR67, Ireland. The purpose of the meeting is to consider, and if thought fit, approve the Resolutions set out in that notice. The full text of the Resolutions is set out in the Notice of the Extraordinary General Meeting.

#### **Resolution 1 – Approval of the Transaction as a Class 1 Transaction (*Ordinary Resolution*)**

Resolution 1, which is proposed as an ordinary resolution, proposes that the Transaction, being a class 1 transaction for the purposes of the Listing Rules, be approved and that the Directors be authorised to take all steps and enter all agreements and arrangements necessary or desirable to implement the Transaction.

As a class 1 transaction for Greencore under the Listing Rules, Greencore requires the approval of Shareholders to proceed with the Transaction. In the event that Resolution 1 is not passed, the Transaction will not proceed. Completion is therefore conditional, amongst other Conditions set out in paragraph 2.3 (*Conditions*) of Part III (*Details of the Transaction*) of this Circular, on the passing of Resolution 1 at the Extraordinary General Meeting.

If passed, Resolution 1 will authorise the Transaction substantially on the terms and subject to the conditions summarised in paragraph 10 (*Principal Terms of the Transaction*) of this Part I and in paragraph 2 (*Principal Terms of the Stock Purchase Agreement*) of Part III (*Details of the Transaction*) of this Circular. As an ordinary resolution, Resolution 1 requires the support of a simple majority of the votes cast (whether in person or by proxy) at the Extraordinary General Meeting.

The Board of Greencore unanimously recommends that you vote in favour of Resolution 1.

**Resolution 2 – Creation of Distributable Reserves** (*Special Resolution*)

Under Irish law, dividends may only be paid out of “distributable reserves”. Distributable reserves generally means the accumulated realised profits of Greencore less its accumulated realised losses and can include reserves created by way of a capital reduction. In addition, no distribution or dividend may be made unless the net assets of Greencore are equal to, or in excess of, the aggregate of Greencore’s called up share capital plus undistributable reserves and the distribution does not reduce Greencore’s net assets below such aggregate.

As of 29 September 2017 Greencore had approximately £121.1 million of distributable reserves. Greencore also had accumulated a significant share premium (approximately £647.8 million as of 29 September 2017), which is not considered part of distributable reserves under Irish law. Greencore does not therefore currently have sufficient distributable reserves to declare and pay the Special Dividend. As a result, Shareholders are being asked at the EGM to approve a reduction of company capital by the entire balance of Greencore’s share premium account as at 28 September 2018, or such lesser amount as the Board or the Irish High Court may determine, to create additional distributable reserves in order to allow the declaration and payment of the Special Dividend and, more generally, to give the Board greater flexibility with respect to allocating and managing the Group’s capital and to facilitate the payment of dividends and other distributions to Shareholders from time to time. In connection with seeking the approval for the Peacock Acquisition at the extraordinary general meeting of Greencore shareholders, held on 7 December 2016, Greencore sought and received shareholder approval of a special resolution authorising Greencore to create additional distributable reserves arising out of the increase in the credit to Greencore’s share premium account as a result of the issuance of Ordinary Shares as part of a rights issue to raise part of the consideration for the Peacock Acquisition. Although Shareholders overwhelmingly approved the proposal to create distributable reserves in 2016, Greencore considers that it is appropriate to again seek approval in the context of the proposed Special Dividend.

If Shareholders approve Resolution 2, Greencore intends to seek the Irish High Court’s confirmation as soon as practicable. Although the Board is not aware of any reason why the Irish High Court would not approve the creation of distributable reserves, such approval is within its absolute discretion, and there is no guarantee that Greencore will receive such confirmation. In addition, even if Resolution 2 is approved by Shareholders at the EGM and the Irish High Court confirms the creation of distributable reserves, there is no guarantee that the Special Dividend or other dividends will be paid to Shareholders as this will depend on prevailing equity market conditions, the capital needs of the business and other factors determined by the Board at the time of considering the declaration of the relevant dividend. The Special Dividend is also contingent on the Lender Consent/Refinancing occurring.

The passing of Resolution 2 is not a condition to the Completion of the Transaction and whether or not it is approved will have no impact on the Completion of the Transaction. Accordingly, if Resolution 1 is passed, but Resolution 2 is not approved, the Transaction will, subject to the satisfaction or waiver, where capable of waiver, of its conditions, still be completed.

If Resolution 2 is not approved by Shareholders at the EGM or confirmed by the Irish High Court, Greencore will not have sufficient distributable reserves to pay the Special Dividend and might not have sufficient distributable reserves to have increased flexibility to pay dividends or to repurchase or redeem shares from time to time until such time (if any) as Greencore has created additional distributable reserves through the generation of future profits from its operations.

As a special resolution, Resolution 2 requires the support of not less than 75% of the votes cast (whether in person or by proxy) at the Extraordinary General Meeting.

The Board of Greencore unanimously recommends that you vote in favour of Resolution 2.

### **Resolution 3 – Amendment to Articles of Association** (*Special Resolution*)

Resolution 3 is a clarifying amendment to Greencore’s Articles of Association to confirm that, for the avoidance of doubt, any share premium reduced as part of Greencore’s capital reduction will be treated as distributable reserves. Specifically, the amendment clarifies that section 117(9) of the Irish Companies Act applies to Greencore; section 117(9) confirms that a reserve arising from a capital reduction shall be treated as realised profit of a company.

The proposed amendment to Article 1(a) of Greencore Group plc’s Articles of Association, as described above, is set forth below in the proposed new Article 1(a), with the proposed addition in underlined text:

“(a) The provisions set out in these Articles shall constitute the whole of the regulations applicable to the Company and no ‘optional provision’ as defined by section 1007(2) of the Act, with the exception of Sections 83, 84 and 117(9), shall apply to the Company.”

The passing of Resolution 3 is not a condition to the Completion of the Transaction and whether or not it is approved will have no impact on the Completion of the Transaction. Accordingly, if Resolution 1 is passed, but Resolution 3 is not approved, the Transaction will, subject to the satisfaction or waiver, where capable of waiver, of its conditions, still be completed.

By clarifying the treatment of the reserves arising from a capital reduction, including the Capital Reduction, the approval of Resolution 3 will facilitate the declaration and payment of the Special Dividend, as well as other dividends or distributions paid from the reserves arising from the Capital Reduction from time to time.

As a special resolution, Resolution 3 requires the support of not less than 75% of the votes cast (whether in person or by proxy) at the Extraordinary General Meeting.

The Board of Greencore unanimously recommends that you vote in favour of Resolution 3.

### **Resolution 4 – Share Consolidation** (*Ordinary Resolution*)

Subject to the Completion of the Transaction, the Lender Consent/Refinancing occurring and the completion of the Capital Reduction, the Board intends to declare and pay a Special Dividend. If the Board declares the Special Dividend, then Resolution 4 proposes that such a declaration will result in a consolidation of Greencore’s Ordinary Shares immediately following the record time for the Special Dividend. The Share Capital Consolidation seeks to maintain, so far as is reasonably practicable, comparability of the Company’s share price before and after the Special Dividend. The Share Consolidation ratio cannot be fixed as at the date of this Circular as it will depend on the closing price of the Ordinary Shares at the Consolidation Ratio Determination Date and will be calculated by the Directors on the basis set out in paragraph 7 (*Description of Special Dividend and Share Consolidation*) in this Part I of this Circular and will be notified to Shareholders by way of an RIS announcement.

If the Share Consolidation is approved, a letter will be sent to the FCA requesting an amendment to the Official List to reflect the Share Consolidation.

Shareholders will receive New Ordinary Shares in lieu of their existing Ordinary Shares held at the Consolidation Record Date. Shareholders will therefore own the same proportion of Greencore as they did before the Share Consolidation, subject to adjustments for fractional entitlements. Apart from having a different nominal value, the New Ordinary Shares will carry the same rights as currently attach to Ordinary Shares under the Articles of Association.

The passing of Resolution 4 is not a condition to the Completion of the Transaction and whether or not it is approved will have no impact on the Completion of the Transaction. Accordingly, if Resolution 1 is passed, but Resolution 4 is not approved, the Transaction will, subject to the satisfaction or waiver, where capable of waiver, of its conditions, still be completed.

Neither the Capital Reduction nor the Special Dividend is conditional on the approval of Resolution 4, although if Resolution 4 is not approved and the Special Dividend proceeds, the Share Consolidation will

not occur and the Ordinary Shareholders will not have the benefits envisaged as arising as a result of the Share Consolidation following the Special Dividend.

As an ordinary resolution, Resolution 4 requires the support of a majority of the votes cast (whether in person or by proxy) at the Extraordinary General Meeting.

The Board of Greencore unanimously recommends that you vote in favour of Resolution 4.

#### **14. Further information**

Your attention is drawn to the further information set out in this Circular and in particular the Risk Factors set out in Part II (*Risk Factors*). **Shareholders should read the whole of this Circular and not just rely on the summarised information set out in this Part I.**

#### **15. General meeting and action to be taken**

A Form of Proxy for use at the Extraordinary General Meeting is being made available with this Circular. If you cannot attend the Extraordinary General Meeting in person, it is important that you complete and return the Form of Proxy (in accordance with the instructions printed thereon) and return it to Greencore's Registrar, Computershare Investor Services (Ireland) Limited, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin, D18 Y2X6, Ireland as soon as possible and in any event so as to be received by no later than 10.00 a.m. on 5 November 2018 (or, in the case of an adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting). You may also submit your proxies electronically. Shareholders will need their control number, unique PIN and shareholder reference number. The completion and return of the Form of Proxy will not preclude you from attending the Extraordinary General Meeting and voting in person if you wish to do so and are entitled.

The Transaction is subject to the approval of Shareholders. Set out on pages 69 to 71 of this Circular is a notice convening an Extraordinary General Meeting, to be held at 10.00 a.m. on 7 November 2018 at The Westin Dublin Hotel, College Green, Westmoreland Street, Dublin, D02 HR67, Ireland. The purpose of the EGM is to approve the Resolutions.

#### **16. Financial advice**

The Board has received financial advice from Greenhill and Goldman Sachs in relation to the Transaction. In providing their advice to the Board, Greenhill and Goldman Sachs have relied upon the Board's commercial assessment of the Transaction.

#### **17. Recommendation**

The Board considers the terms of the Transaction to be in the best interests of Shareholders taken as a whole.

Accordingly, the Board unanimously recommends that Shareholders vote in favour of the Transaction and each of the other Resolutions to be proposed at the Extraordinary General Meeting, as each member of the Board intends to do in respect of their own beneficial holdings of, in aggregate, 4,655,987 Greencore Ordinary Shares, representing approximately 0.66% of the total number of voting rights in Greencore as at the Latest Practicable Date.

Yours faithfully,

**Gary Kennedy**

*Chairman*

**For and on behalf of the Board**

## PART II

### RISK FACTORS

*The following risk factors should be considered carefully by Shareholders when deciding what action to take in connection with the Extraordinary General Meeting.*

*Risks associated with the Transaction proceeding and risks associated with the Transaction not proceeding have been included. Prior to voting on the Transaction, Shareholders should consider these risks fully and carefully, together with all other information set out in this Circular. All material risks relating to the Transaction of which Greencore is reasonably aware are disclosed, although these risk factors should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties.*

*The business, financial condition and results of operations of the Retained Group could be adversely affected by certain risks following the Completion of the Transaction. Additional risks and uncertainties currently unknown to the Group, or which the Group currently deems immaterial, may also have an adverse effect on the business, financial condition and results of operations of the Retained Group. Shareholders should read this Circular as a whole and not rely solely on the information set out in this Part II.*

#### **1. Risks associated with the Transaction**

##### ***The Transaction is conditional on Shareholder approval, which might not be granted***

Completion is subject, amongst other things, to the approval of Resolution 1 by Shareholders at Greencore's EGM as set out in the notice convening the EGM at the end of this Circular. If Shareholders do not approve Resolution 1 at the EGM, Completion will not occur and Greencore will be required to meet its accrued costs in respect of the aborted Transaction.

If the Transaction does not proceed then, under certain circumstances, the Retained Group may be required to pay a termination fee in the amount of approximately \$19 million to Hearthside pursuant to the Stock Purchase Agreement as further set out in Part III (*Details of the Transaction*) of this Circular.

Greencore has also incurred other transaction costs in relation to the negotiation of the Transaction and these will be incurred, irrespective of whether or not the Transaction proceeds.

##### ***The Stock Purchase Agreement contains warranties from the Sellers in favour of Hearthside***

The Stock Purchase Agreement contains a customary package of fundamental warranties relating to matters such as title and capacity given by the Sellers (being direct and indirect wholly-owned subsidiaries of Greencore) in favour of the Hearthside Buyer, details of which are set out in Part III (*Details of the Transaction*) of this Circular. Any liability to make a payment arising from a successful claim by the Hearthside Buyer under the warranties could have a material adverse effect on the Retained Group's financial condition.

##### ***The Transaction is conditional upon the expiration or termination of the US anti-trust waiting period under the HSR Act, which might not occur***

The outcome of the review by the FTC or the DOJ under the HSR Act is not yet known and is not within the control of Greencore or Hearthside and could result in a significant delay or otherwise adversely affect the Transaction or the Retained Group following the Transaction.

If the Transaction does not proceed then, under certain circumstances, the Retained Group may be required to pay a termination fee in the amount of approximately \$19 million to Hearthside pursuant to the Stock Purchase Agreement as further set out in Part III (*Details of the Transaction*) of this Circular.

Greencore has also incurred other transaction costs in relation to the negotiation of the Transaction and these will be incurred, irrespective of whether or not the Transaction proceeds.

***The Transaction is conditional on there having been no material adverse effect in respect of Greencore US***

One of the conditions to Completion is that there has been no material adverse effect in respect of Greencore US during the period between the date of the Stock Purchase Agreement and the Completion Date.

If a material adverse effect in respect of Greencore US occurs during that period and if the Transaction does not proceed as a result, the benefits of the Transaction will not arise. Greencore has also incurred other transaction costs in relation to the negotiation of the Transaction and these will be incurred, irrespective of whether or not the Transaction proceeds.

**2. Risks associated with the Retained Group**

***The business of the Retained Group will be smaller, less diverse and concentrated on the UK market***

Following Completion, the Retained Group's business will be smaller and its overall financial performance will depend almost exclusively on the performance of its UK business. As a result, the Retained Group may be less resilient to competitive trends and macro-economic factors than the existing Group. Specifically, the Retained Group will have an even greater exposure to any downturns in the UK market or other factors affecting the UK as compared to the Group prior to the Completion of the Transaction.

Following the Transaction, the Retained Group's performance will depend to a greater extent on a number of macro-economic factors that are outside its control, which may impact the purchasing ability of customers and/or the spending of end-consumers of its products. Factors which may impact on the purchasing ability of customers and/or disposable consumer income in the UK include, among other things, gross domestic product growth, unemployment rates, consumer confidence, taxation, interest rates, inflation and the availability and cost of credit. Each of these factors could be adversely affected by the worsening of current economic conditions in the UK, and could significantly impact the business, results of operations, financial condition and/or prospects of the Group and, following the Completion of the Transaction, the Retained Group.

***The Retained Group's concentration on the UK market increases its exposure to any adverse impacts arising from the UK's potential exit from the EU***

The terms of the withdrawal of the UK from the EU may cause certain adverse effects on European and UK economic conditions and labour markets (including the availability of and competition for labour as a result of changes in immigration laws) and may have adverse effects on levels of economic activity in the UK.

The terms of the withdrawal from the EU may cause volatility in the financial markets. Such volatility may affect interest rates, which in turn may affect the Retained Group's business operations by increasing the cost of servicing its Debt Agreements. Such volatility may also affect exchange rates, which will affect the Retained Group. In addition, the UK's proposed exit from the EU may result in new barriers to trade and increased exchange rate fluctuation between the pound sterling and other currencies which may further impact the business of the Retained Group, including its ability to import necessary raw materials and/or the price of such imports, and the cost of servicing any non-sterling denominated debt financing arrangements.

All factors described above may have a significant adverse impact on the business, results of operations, financial condition and/or prospects of the Retained Group. Since the Retained Group will be almost exclusively based in the UK, the Retained Group will have even greater exposure to these risks than the existing Group has and will have prior to the Completion of the Transaction.

***The reduction in size of the Retained Group may make it more difficult to attract and retain key employees***

The success of the Retained Group depends on the efforts, abilities, experience and expertise of its senior management teams, and on recruiting, retaining, motivating and developing highly skilled and competent people at all levels of the organisation. There can be intense competition for personnel from other companies and organisations and there may at any time be shortages in the availability of appropriately skilled people at all levels. The reduction in size and diversification of the Retained Group following the Transaction may make it more difficult to attract and retain talented employees which could have a material adverse effect on its business, financial condition, results of operations and prospects.

***The profits of the Retained Group will be lower and this will impact on the value of any dividend declared in favour of Shareholders***

After Completion, the Retained Group will not have the benefit of revenues derived from Greencore US and, as a result, the Transaction will have a negative impact on the earnings of the Retained Group compared to the Group prior to the Transaction. The objective of the Board will continue to be to safeguard the ability of the Retained Group to provide returns for Shareholders and benefits for other stakeholders and to maintain an optimal and efficient capital structure. In order to maintain an efficient capital structure after Completion, the aggregate amount of dividends declared in favour of Shareholders after Completion will be lower than that declared in previous years.

***Greencore may be required to use a significant portion of the Transaction proceeds to repay debt; which would significantly impact Greencore's ability to return value to Shareholders, including the Special Dividend***

Completion of the Transaction will trigger an obligation under some of the Group's Debt Agreements to use part of the Net Proceeds to repay debt (the relevant lenders have the ability to waive this prepayment obligation). Following the announcement of the Transaction, Greencore will commence discussions with its lenders regarding the amount of any such prepayments that will be required, and the Board believes that the Group's lenders will either agree to a waiver of the prepayment obligations/offers or agree to a refinancing of the Existing Debt Agreements (including the prepayment obligations). However, it is possible that the Group's lenders will require a significant portion of the Net Proceeds to be used to repay debt or will not agree to a refinancing. If that happens it is possible that very little, if any, of the net Transaction proceeds will be available to fund a return of value to Shareholders, and the intended declaration and payment of the Special Dividend may be delayed and/or cancelled, and other returns of value to Shareholders by dividends, distributions or other methods may be curtailed.

***The market price of the Ordinary Shares may go up or down, and may be subject to greater volatility and less liquidity following the Transaction***

The value of an investment in Greencore may go down as well as up in response to the market appraisal of the Transaction and the Group's current strategy. The price at which the Ordinary Shares may be quoted and the price which investors may realise for their Ordinary Shares will be influenced by a large number of factors, some specific to the Retained Group and its operations and some which may affect the food industry as a whole, other comparable companies or publicly traded companies as a whole. The sentiments of the stock market regarding the Transaction will be one such factor and this, together with other factors including the actual or anticipated fluctuations in the financial performance of the Retained Group and its competitors, market fluctuations, and legislative or regulatory changes in the food or retail industry or generally those affecting consumers, could lead to the market price of Ordinary Shares being volatile and going up or down. In addition, since the Retained Group will have a smaller market capitalisation, will be smaller, less diverse and concentrated on the UK market, the Ordinary Shares could be subject to greater volatility and less liquidity following the Transaction.

***The Capital Reduction, and consequently the Special Dividend and the ability to return cash to Shareholders, are dependent, among other things, on the approval of the Capital Reduction by Shareholders at the EGM, the confirmation by the Irish High Court, which is a matter for the discretion of the Irish High Court and might not occur, and other factors***

Since Greencore does not currently have sufficient distributable reserves to declare the Special Dividend, the declaring and payment of the Special Dividend is subject to the completion of the Capital Reduction whereby it is proposed that the entire balance of Greencore's share premium account as at 28 September 2018 will be converted into distributable reserves. The Capital Reduction will also give the Board greater flexibility with respect to allocating and managing the Group's capital and to facilitate the payment of dividends and other distributions to Shareholders from time to time.

Although the Group is not aware of any reason why the Irish High Court would not confirm the creation of distributable reserves pursuant to the Capital Reduction, such confirmation is within its discretion, and there is no guarantee of such confirmation. If the Irish High Court does not confirm the Capital Reduction, the

Special Dividend will not proceed and the Board will have less flexibility to pay dividends and distributions from time to time.

If Resolution 2 (approving the Capital Reduction) and/or Resolution 3 (approving a clarifying amendment to Greencore's Articles of Association relating to the treatment of reserves created under the Capital Reduction) are not approved, then the Capital Reduction will not proceed (if Resolution 2 is not approved), or may be more difficult to implement (if Resolution 3 is not approved), and as a result the Special Dividend may be delayed or cancelled and the Board will have less flexibility to pay dividends and distributions from time to time. The Transaction is not conditional on the approval of Resolutions 2 or 3.

Even if Resolutions 2 and 3 are approved at the EGM and the Capital Reduction is confirmed by the Irish High Court, the Board retains the discretion to declare the Special Dividend and to determine the final size of the Special Dividend. While the Board intends to pay a Special Dividend of £509 million (equivalent to 72 pence per Ordinary Share), there is no guarantee that the Special Dividend will be paid as the declaration and payment of the Special Dividend will be subject to the determination of the Board at the time it is declared, including an assessment of prevailing equity market conditions, the capital needs of the Retained Group, the sufficiency of distributable reserves and other factors.

***Risk of a proportion of the Transaction proceeds being required to fund the UK legacy pension scheme deficit***

The Retained Group has a closed legacy UK defined benefit pension scheme with three sponsoring employers. The Board is confident that the Retained Group's sponsoring employers will continue to meet their obligations to fund the scheme as required by law now and in the future. There will be appropriate engagement with, and reassurance provided in respect of this to, the scheme trustee and the UK Pensions Regulator. While the Board considers that the sale will strengthen further the existing covenant of the sponsoring employers to the scheme there is no guarantee that the trustee will not seek to increase funding and/or that the UK Pensions Regulator will not consider exercising its statutory powers, in particular to impose support obligations on persons other than the sponsoring employers. This may lead to the Retained Group being required to use a proportion of the proceeds of the Transaction to fund the pension scheme, with the result that leverage may not be reduced as envisaged which may reduce the Group's financial flexibility.

**3. Risks relating to the Transaction not proceeding**

***Inability to realise value if the Transaction does not complete***

The Board believes that the Transaction is in the best interests of Shareholders taken as a whole and that the Transaction currently provides the best opportunity to realise an attractive and certain value for Greencore. If the Transaction does not complete, the realisable value of Greencore US to the Group may be lower than can be realised by way of the Transaction and there can be no assurance that the Group's growth plans for Greencore US will realise greater value for Shareholders and the Group compared to the Transaction.

***There can be no assurance of a future sale of Greencore US if Completion does not occur***

If the Transaction is not approved by Shareholders, the Transaction will become incapable of Completion. If this were to occur, there could be no assurance that the Group would be able to dispose of all or part of Greencore US at a later date, in favourable or equivalent market circumstances, or to dispose of Greencore US at all. In particular, there is no guarantee that the price under the Transaction would be available in any future disposal of Greencore US. The Board has determined that the Transaction would offer compelling value for Shareholders in the short term, as well as improving the prospects for the Retained Group in the medium to long-term.

***There may be an adverse impact on the Group's reputation if the Transaction does not complete***

If the Transaction does not proceed, there may be an adverse impact on the reputation of the Group due to amplified media scrutiny arising in connection with the attempted Transaction. Any such reputational risk could adversely affect the Group's business, financial condition and results of operations.



***If the Transaction does not complete, the potential benefits of the Special Dividend, a reduction in the ratio of Net Debt to EBITDA, additional investment within existing operations and/or making acquisitions that would fit with the Group's strategy or other return of value to Shareholders, in each case utilising the proceeds of the Transaction, will not occur***

Following Completion, the Board intends to declare a Special Dividend of 72 pence per Ordinary Share representing an aggregate amount of £509 million in cash and intends to use up to £293 million of the Net Proceeds to reduce leverage, subject to, in both cases, the Lender Consent/Refinancing and, in the case of the Special Dividend, also to the Capital Reduction occurring. The Board is committed to focussing on dynamic capital management, balancing the ongoing strategic and investment needs of the Retained Group, leverage reduction, returns to Shareholders and, subsequently in future, a progressive dividend policy. In this context the Board intends to target a leverage ratio of between 1.5x to 2.0x Net Debt to EBITDA (as measured in the Debt Agreements) over the medium term. Managing within this range, the Board may decide to make investments within existing operations, make acquisitions that fit with the Retained Group's strategy and/or return further cash to Shareholders in an efficient manner, whether through dividends or other forms of return of value. The Board intends to keep the Retained Group's capital structure under regular review and the exact form of any investment or return of value to Shareholders will be based on an ongoing assessment of the availability of investment opportunities, the potential returns to Shareholders on a risk-adjusted basis, the prevailing equity market conditions, the capital needs of the Retained Group, the sufficiency of distributable reserves and other factors.

If the Transaction does not complete, there will be no proceeds of the Transaction to deploy for any of the above purposes.

## PART III

### DETAILS OF THE TRANSACTION

#### 1. Structure of the Transaction

The Transaction will be effected by Hearthsides, indirectly through its affiliate, the Hearthsides Buyer, acquiring all of the outstanding equity securities in Greencore US from directly or indirectly wholly-owned subsidiaries of Greencore.

#### 2. Principal terms of the Stock Purchase Agreement

##### 2.1 Introduction

Greencore and the Hearthsides Buyer, amongst others, have entered into the Stock Purchase Agreement which sets out the terms and conditions upon which Hearthsides has agreed to acquire the US Business for \$1,075 million, calculated on a debt-free/cash-free basis and subject to working capital and other customary adjustments calculated as at the Completion Date. The proceeds of the Transaction will be received in cash.

##### 2.2 Consideration

The total proceeds to be received by the Group for the Transaction will be \$1,075 million subject to certain customary adjustments and payments, comprising payments to be received by Greencore in consideration for the sale of the shares of Greencore US, and payments to be received by the Retained Group as the repayment of intra-group loans by Greencore US and its subsidiaries on Completion (which will be funded by new debt or equity from Hearthsides and/or its affiliates paid to Greencore US on Completion).

Pursuant to the terms of the Stock Purchase Agreement, the consideration for the Greencore US shares will be:

- increased by the amount of cash and cash equivalents held by the US Business as at the Completion Date;
- decreased by the amount of indebtedness of the US Business as at the Completion Date;
- increased (or decreased) by the amount of any working capital (as determined as at the Completion Date) excess (or shortfall) over (or less than) a target level of working capital; and
- decreased by the amount of certain transaction expenses incurred by Greencore US in respect of the Transaction.

An amount of \$2 million shall be placed in escrow for the purposes of the post-Completion purchase price adjustment.

##### 2.3 Conditions

Completion is conditional upon the satisfaction, or waiver, where capable of waiver, of certain conditions prior to Completion, including, among other things:

- (a) accuracy of the representations and warranties of Greencore US and the sellers as of Completion subject to specified materiality standards;
- (b) US anti-trust clearance under the HSR Act;
- (c) the Shareholders passing Resolution 1; and
- (d) there being no material adverse change to the Greencore US business.

Upon Completion, Greencore will cease to hold any interest in the US Business.

#### 2.4 ***Conduct of US Business prior to Completion***

The Stock Purchase Agreement provides that, during the period between the date of the Stock Purchase Agreement and the earlier of the date of termination of the Stock Purchase Agreement and Completion, subject to certain limited exceptions or as consented to by Hearthsides, Greencore shall and shall cause each other company in the Group to:

- (a) conduct its US Business in the ordinary course of business;
- (b) use commercially reasonable efforts to preserve the Greencore US business organisations, relationships, insurance coverage and employee service; and
- (c) not undertake certain actions as specified in the Stock Purchase Agreement.

#### 2.5 ***Other Covenants***

The Group has given certain commitments to Hearthsides in the Stock Purchase Agreement in relation to obtaining all required regulatory approvals. The Stock Purchase Agreement provides that, Greencore and Hearthsides will both use their reasonable best efforts to take all steps to obtain all approvals and waivers under anti-trust laws so as to enable the consummation of the Transaction as soon as practicable, provided that, notwithstanding anything to the contrary, the Group shall not be required to divest or hold separate any of its other assets or businesses. The Group does not anticipate any significant obstacle to obtaining the required regulatory approvals to the Stock Purchase Agreement.

Furthermore, Greencore has agreed to a non-compete covenant pursuant to which, subject to certain limited exceptions, it has agreed not to compete with Hearthsides in the US market for a period of five years and agreed not to hire or solicit for hire certain members of senior management of Greencore US for a period of three years after the Completion Date.

#### 2.6 ***Representations and warranties***

The Stock Purchase Agreement contains customary warranties given by Greencore US in relation to, among other things:

- incorporation and corporate power and authority to enter into the Stock Purchase Agreement;
- capitalisation of the US Business Group;
- consents, approvals and absence of violations in connection with entry into the Stock Purchase Agreement and consummation of the Transaction;
- its financial statements;
- absence of default and title to personal property, absence of any events or changes which would have a material adverse effect on the US Business and absence of litigation;
- permits and compliance with laws, litigation, employee benefit programs, brokers, tax matters, environmental matters, product warranty and regulatory matters, intellectual property, real property and significant contracts; and
- labour and employment matters, insurance, affiliate transactions, books and records, bank accounts, indebtedness, customers and suppliers/vendors.

The Stock Purchase Agreement also contains warranties given by Hearthsides that are customary in relation to, among other things:

- incorporation and corporate power and authority to enter into the Stock Purchase Agreement;
- consents, approvals and absence of violations in connection with entry into the Stock Purchase Agreement and consummation of the Transaction; and
- brokers' fees, litigation, investment intent, financing, debt financing, equity financing, inspection and solvency.

Under the Stock Purchase Agreement, Greencore has no liability for a breach of representations or warranties save in the case of fraud or certain fundamental warranties relating to matters such as title and capacity. Greencore has provided Hearthsides with an indemnity in respect of the cases listed at 9.2(a) and 9.2(b) Part X (*Additional Information*) of this Circular.

## 2.7 *Liability Limitations*

Hearthsides's liability for damages for a breach of the Stock Purchase Agreement is capped at \$100 million, but this is without prejudice to any remedy Greencore may have for specific performance.

## 2.8 *Termination*

The Stock Purchase Agreement provides for a longstop termination date of 15 January 2019 (which may be extended in certain circumstances to 6 February 2019) and, subject to certain exceptions, may be terminated by the parties if Completion has not occurred by that date.

In addition, the Stock Purchase Agreement may be terminated before Completion, subject to certain exceptions, by:

- mutual written agreement of the parties to the Stock Purchase Agreement;
- **either Greencore or Hearthsides**, if any governmental authority enjoins, restrains or prohibits the Transaction, or if any other legal restraint or prohibition preventing consummation of the Transaction shall be in effect and such legal restraint or prohibition is final and non-appealable or in certain circumstances if the Transaction is not completed by 15 January 2019, or by 6 February 2019 if the Transaction has not been completed by 15 January 2015 due to pending regulatory approval;
- **Greencore**, if Hearthsides breaches or fails to perform any of its representations, warranties, covenants or agreements which breach would give rise to a failure of a condition of Completion (subject to certain rights to cure a breach);
- **Hearthsides**, if Greencore breaches or fails to perform any of its representations, warranties, covenants or agreements which breach would give rise to a failure of a condition of Completion (subject to certain rights to cure a breach);
- **Greencore**, if all conditions to completion of Greencore and Hearthsides have been satisfied or waived and Hearthsides fails to consummate the Transaction;
- **Hearthsides**, if the Greencore Board withdraws, modifies or qualifies its recommendation to Shareholders that they vote in favour of the Transaction in a manner adverse to Hearthsides or makes any public announcement inconsistent with such recommendation; and/or
- **either Hearthsides or Greencore**, if the Transaction is not approved by the Shareholders at the EGM.

## 2.9 *Break Fee*

If the Stock Purchase Agreement is terminated for any of the following reasons, a termination fee of approximately \$19 million in total (equivalent to and not more than 1% of Greencore's market capitalisation immediately prior to the date of the Stock Purchase Agreement calculated in US dollars at the then exchange rate) will be payable by Greencore to Hearthsides:

- Resolution 1 is not approved by the Shareholders at the EGM, or at any adjournment or postponement thereof; and/or
- the Greencore Board withdraws, modifies or qualifies its recommendation to Shareholders to vote in favour of the Transaction in a manner adverse to Hearthsides or makes any public announcement inconsistent with such recommendation.

## PART IV

### PROFIT ESTIMATE OF GREENCORE

#### 1. Profit Estimate

In Part I (*Letter From the Chairman*) section 9 (*Current Trading and Future Prospects*) of this Circular, the Board confirms that it expects the results for its 2018 financial year ended 28 September 2018 to be within the previously announced range of Adjusted EPS of 14.7p-15.7p. This statement constitutes a profit estimate for the purposes of the Listing Rules (the “**Profit Estimate**”).

The Directors have considered this and confirm that the Profit Estimate remains valid at the date of this Circular.

#### 2. Basis of preparation

The estimate of the Adjusted EPS of the Group for the year ended 28 September 2018 prepared by the Directors is based on (i) the unaudited consolidated interim results of the Group for the six months ended 30 March 2018; (ii) the unaudited consolidated results of the Group based on the management accounts for the five months ended 31 August 2018; and (iii) an estimate of the consolidated results of the Group for the one month ended 28 September 2018.

The Profit Estimate has been properly compiled on a basis consistent with the accounting policies of Greencore, which are in accordance with IFRS and are those which will be applicable for the financial year ended 28 September 2018. The Directors have assumed for this purpose that the audit of Greencore’s financial information for its 2018 financial year ended 28 September 2018 will not require any material adjustments or reveal any unforeseen matters that would have a material impact on Adjusted EPS. The Directors have been responsible for, and exercised their discretion in, selecting the assumptions used in making this Profit Estimate.

Since the Profit Estimate has not been audited, the actual results reported may be affected by revisions required due to changes in circumstances, the impact of unforeseen events and different judgements made by the Directors at the time of reporting the audited results for the financial year ended 28 September 2018.

## PART V

### FINANCIAL INFORMATION RELATING TO THE US BUSINESS

#### 1. Basis of preparation

Greencore US does not constitute a standalone reporting entity and accordingly statutory financial statements were not prepared or audited for Greencore US as a single entity. Whilst each of the subsidiaries that comprise Greencore US are wholly owned by Greencore, separate consolidated financial statements were not prepared with respect to Greencore US.

The financial information for Greencore US (the “**Aggregated Financial Information**”) in this Part V (*Financial Information Relating to the US Business*) of this Circular presented below relates to the financial information of Greencore US for the three years ended 29 September 2017 and the six months ended 30 March 2018 as set out in the following paragraphs.

Financial information relating to Greencore’s interest in Greencore US which has been extracted without material adjustment from the consolidation schedules that underlie the Group’s audited consolidated financial statements for the financial years ended 25 September 2015, 30 September 2016 and 29 September 2017 and from the unaudited consolidated interim financial statements for the financial period ended 30 March 2018.

As the financial information relates to Greencore’s interest in Greencore US, fees incurred by both Greencore and Greencore US which relate to the acquisition by Greencore of Greencore US have been excluded from the Aggregated Financial Information. Fees which related to the termination of the debt facilities held by Greencore US’s previous owner have also been excluded.

This financial information relating to Greencore’s interest in Greencore US has been prepared under IFRS as adopted by the EU. The accounting policies used are consistent with the accounting policies adopted in Greencore’s published consolidated financial statements for the years ended 25 September 2015, 30 September 2016 and 29 September 2017 and the six months ended 30 March 2018.

Financial information relating to the Peacock Foods business prior to its acquisition by Greencore, which was effective 30 December 2016 and consolidated in the audited results of Greencore from that date.

Greencore acquired Peacock Foods effective 30 December 2016. The financial information relating to the period from 27 September 2014 up to the completion of the transaction on 30 December 2016 has been extracted from the accounting records underlying the consolidation schedules of Peacock Foods.

The Aggregated Financial Information has been prepared solely for the purposes of this Circular and does not constitute statutory financial statements within the meaning of the Irish Companies Act. The Aggregated Financial Information represents the aggregation, on a line by line basis, of the financial information included in the Group consolidation schedules of Greencore and the accounting records of Peacock Foods prior to its acquisition by Greencore. Balances or transactions between the individual entities within the disposed businesses have been eliminated. Certain balances have been reclassified as assets or liabilities where they have been netted in the consolidated schedules.

It is not possible to present a meaningful allocation of interest and tax as these items are managed centrally by Greencore and not on a subsidiary by subsidiary basis. Therefore, the financial information presented has only been prepared to a profit before interest and tax level.

The Aggregated Financial Information has been adjusted as necessary to present it in accordance with IFRS as adopted by the EU and the accounting policies adopted by Greencore in the preparation of its consolidated financial statements.

The consolidated audited statutory financial statements of Greencore for the financial years ended 25 September 2015, 30 September 2016 and 29 September 2017 and the unaudited consolidated interim financial statements for the 26 week period ended 30 March 2018 are available at [www.greencore.com](http://www.greencore.com).

Shareholders should read the whole of this Circular and not rely solely on the summarised financial information contained in this Part V (*Financial Information Relating to the US Business*) of this Circular.

**2. Income statements of the US Business for the period ended 30 March 2018 and the years ended 29 September 2017, 30 September 2016 and 25 September 2015**

|   | <i>Period<br/>ended<br/>30 March<br/>2018<br/>£ million</i> | <i>Year<br/>ended<br/>29 September<br/>2017<br/>£ million</i> | <i>Year<br/>ended<br/>30 September<br/>2016<br/>£ million</i> | <i>Year<br/>ended<br/>25 September<br/>2015<br/>£ million</i> |
|---|---|---|---|---|
| <b>Revenue</b>  | 503.6   | 1,088.6   | 923.8   | 748.9   |
| Cost of sales   | (397.4)   | (861.5)   | (815.0)   | (669.5)   |
| <b>Gross profit</b>   | 106.2   | 227.1   | 108.8   | 79.4  |
| Operating costs   | (90.9)  | (183.7)   | (76.6)  | (62.8)  |
| Operating profit before acquisition related<br>amortisation and exceptional items | 15.3  | 43.4  | 32.2  | 16.6  |
| Amortisation of acquisition related intangibles                                   | (8.9)   | (20.8)  | (13.2)  | (10.2)  |
| Exceptional items   | (27.8)  | (16.4)  | (0.7)   | (3.4)   |
| <b>Operating (loss)/profit</b>  | (21.4)  | 6.2   | 18.3  | 3.0   |

**3. Net asset statement of the US Business as at 29 September 2017 and 30 March 2018**

|                                      | <i>As at<br/>30 March<br/>2018<br/>£ million</i> | <i>As at<br/>29 September<br/>2017<br/>£ million</i> |
|--------------------------------------|--|--|
| <b>Assets</b>                        |  |  |
| <b>Non-current assets</b>            |  |  |
| Goodwill and intangible assets       | 607.8  | 646.4  |
| Property, plant and equipment        | 119.6  | 152.0  |
| Deferred tax asset                   | 22.7   | 43.7   |
| <b>Total non-current assets</b>      | 750.1  | 842.1  |
| <b>Current assets</b>                |  |  |
| Inventories                          | 30.7   | 35.9   |
| Trade and other receivables          | 78.4   | 83.2   |
| Cash and cash equivalents            | 10.2   | 2.8  |
| <b>Total current assets</b>          | 119.3  | 121.9  |
| <b>Total assets</b>                  | 869.4  | 964.0  |
| <b>Liabilities</b>                   |  |  |
| <b>Non-current liabilities</b>       |  |  |
| Other payables                       | (7.8)  | (8.7)  |
| Deferred tax liabilities             | (63.2)   | (106.8)  |
| Provisions for liabilities           | (21.1)   | (20.8)   |
| <b>Total non-current liabilities</b> | (92.1)   | (136.3)  |
| <b>Current liabilities</b>           |  |  |
| Provisions for liabilities           | (0.8)  | (1.0)  |
| Trade and other payables             | (77.1)   | (84.2)   |
| <b>Total current liabilities</b>     | (77.9)   | (85.2)   |
| <b>Total liabilities</b>             | (170.0)  | (221.5)  |
| <b>Net assets</b>                    | 699.4  | 742.5  |

## PART VI

# UNAUDITED *PRO FORMA* STATEMENT OF NET ASSETS OF THE RETAINED GROUP

### Section A: Accountant's Report on the Unaudited *Pro forma* Statement of Net Assets of the Retained Group



**KPMG**  
**Chartered Accountants**  
Stokes Place  
St. Stephen's Green  
Dublin 2  
Ireland

The Directors  
Greencore Group plc  
No. 2 Northwood Avenue,  
Northwood Business Park,  
Santry,  
Dublin 9  
D09 X5N9  
Ireland

15 October 2018

Dear Sirs

#### **Greencore Group public limited company (the "Company")**

We report on the *pro forma* statement of net assets of the Company (the "***Pro forma financial information***") set out in Part VI (*Unaudited Pro forma Statement of Net Assets of the Retained Group*), of the Company's circular dated 15 October 2018 (the "**Circular**") which has been prepared on the basis described in the notes thereto, for illustrative purposes only, to provide information about how the proposed disposal by the Company of its US Business might have affected the financial information presented on the basis of the accounting policies adopted by the Company in preparing the financial statements for the period ended 30 March 2018. This report is required by Rule 13.3.3R of the Listing Rules of the Financial Conduct Authority and is given for the purpose of complying with that paragraph and for no other purpose.

#### **Responsibilities**

It is the responsibility of the Directors of the Company to prepare the *Pro forma* financial information in accordance with Rule 13.3.3R of the Listing Rules of the Financial Conduct Authority.

It is our responsibility to form an opinion, as required by paragraph 7 of Annex II of the EU Prospectus Regulation, as to the proper compilation of the *Pro forma* financial information and to report that opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the *Pro forma* financial information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and which we may have to Shareholders as a result of the inclusion of this report in the Circular, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Listing Rule 13.4.1R(6), consenting to its inclusion in the Circular.



**Basis of opinion**

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom and Ireland. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the *Pro forma* financial information with the directors of the Company.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the *Pro forma* financial information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States or other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

**Opinion**

In our opinion:

- (a) the *Pro forma* financial information has been properly compiled on the basis stated; and
- (b) such basis is consistent with the accounting policies of the Company.

Yours faithfully

KPMG  
*Chartered Accountants*  
Dublin, Ireland

## **Section B: Unaudited *Pro forma* Statement of Net Assets of the Retained Group**

Set out below is the unaudited *pro forma* statement of net assets of the Retained Group as at 30 March 2018. This has been prepared on the basis set out in the notes below to illustrate the effect of the Transaction on the consolidated net assets of the Retained Group had the Transaction occurred on 30 March 2018.

The *pro forma* statement has been prepared for illustrative purposes only. Because of their nature, *pro forma* statements address a hypothetical situation and, therefore, do not represent the Retained Group's actual financial position or results. The *pro forma* statement of net assets as at 30 March 2018 is based on the Group's unaudited consolidated results as at 30 March 2018 and the financial information of the US Business as at 30 March 2018 contained in Part V (*Financial Information relating to the US Business*) of this Circular. The *pro forma* statement is presented in accordance with the Group's accounting policies.

The unaudited *pro forma* statement of net assets has been prepared in accordance with Annex II of the EU Prospectus Regulation.

Shareholders should read the whole of this Circular and not rely solely on the summarised financial information contained in this Part VI.

KPMG's report on the unaudited *pro forma* statement of net assets is set out in Section A of this Part VI.

## Unaudited *Pro forma* Statement of Net Assets of the Retained Group

| <i>£ million</i>                 | <i>Greencore Group PLC net assets as at 30 March 2018<sup>(1)</sup></i> | <i>Net assets of Greencore US as at 30 March 2018<sup>(2)</sup></i> | <i>Net Proceeds<sup>(3)</sup></i> | <i>Repayment of debt facilities<sup>(4)</sup></i> | <i>Greencore Group PLC pro forma net assets as at 30 March 2018</i> |
|----------------------------------|---|---|-----------------------------------|---|---|
| <b>Non-current assets</b>        |   |   |                                   |   |   |
| Goodwill and intangible assets   | 1,038.1   | (607.8)   | –                                 | –   | 430.3   |
| Property, plant and equipment    | 448.4   | (119.6)   | –                                 | –   | 328.8   |
| Investment Property              | 6.3   | –   | –                                 | –   | 6.3   |
| Investment in associates         | 1.7   | –   | –                                 | –   | 1.7   |
| Retirement benefit assets        | 13.6  | –   | –                                 | –   | 13.6  |
| Deferred Tax assets              | 66.8  | (22.7)  | –                                 | –   | 44.1  |
|                                  | <u>1,574.9</u>  | <u>(750.1)</u>  | <u>–</u>                          | <u>–</u>  | <u>824.8</u>  |
| <b>Current assets</b>            |   |   |                                   |   |   |
| Inventories                      | 78.8  | (30.7)  | –                                 | –   | 48.1  |
| Trade and other receivables      | 252.4   | (78.4)  | –                                 | –   | 174.0   |
| Derivative financial instruments | 0.1   | –   | –                                 | –   | 0.1   |
| Cash and cash equivalents        | 20.2  | (10.2)  | 801.8                             | (542.4)   | 269.4   |
|                                  | <u>351.5</u>  | <u>(119.3)</u>  | <u>801.8</u>                      | <u>(542.4)</u>                                    | <u>491.6</u>  |
| <b>Total assets</b>              | <u>1,926.4</u>  | <u>(869.4)</u>  | <u>801.8</u>                      | <u>(542.4)</u>                                    | <u>1,316.4</u>  |
| <b>Non-Current Liabilities</b>   |   |   |                                   |   |   |
| Borrowings                       | 542.4   | –   | –                                 | (542.4)   | –   |
| Derivative financial instruments | 8.6   | –   | –                                 | –   | 8.6   |
| Retirement benefit obligations   | 121.2   | –   | –                                 | –   | 121.2   |
| Other payables                   | 9.8   | (7.8)   | –                                 | –   | 2.0   |
| Provisions for liabilities       | 28.9  | (21.1)  | –                                 | –   | 7.8   |
| Deferred tax liabilities         | 67.4  | (63.2)  | –                                 | –   | 4.2   |
|                                  | <u>778.3</u>  | <u>(92.1)</u>   | <u>–</u>                          | <u>(542.4)</u>                                    | <u>143.8</u>  |
| <b>Current Liabilities</b>       |   |   |                                   |   |   |
| Derivative financial instruments | 0.3   | –   | –                                 | –   | 0.3   |
| Trade and other payables         | 445.5   | (77.1)  | –                                 | –   | 368.4   |
| Provisions for liabilities       | 8.5   | (0.8)   | –                                 | –   | 7.7   |
| Current tax payable              | 7.7   | –   | –                                 | –   | 7.7   |
|                                  | <u>462.0</u>  | <u>(77.9)</u>   | <u>–</u>                          | <u>–</u>  | <u>384.1</u>  |
| <b>Total liabilities</b>         | <u>1,240.3</u>  | <u>(170.0)</u>  | <u>–</u>                          | <u>(542.4)</u>                                    | <u>527.9</u>  |
| <b>Net assets</b>                | <u>686.1</u>  | <u>(699.4)</u>  | <u>801.8</u>                      | <u>–</u>  | <u>788.5</u>  |

### Notes:

- (1) The financial information of Greencore Group plc as at 30 March 2018 has been extracted without material adjustment from Greencore Group plc's H1 2018 Unaudited Results.
- (2) The financial information of Greencore US as at 30 March 2018 has been extracted without material adjustment from the consolidation schedules that underlie the Greencore Group plc's unaudited consolidated interim financial statements for the financial period ended 30 March 2018, as set out in Part V (*Financial Information Relating to the US Business*).
- (3) This adjustment reflects the net proceeds of approximately £802 million. This amount consists of:
  - (a) receipt of the initial cash consideration of \$1,075 million (prior to the impact of any adjustment for the cash, debt and working capital in Greencore US at Completion), translated at a GBP:US Dollar exchange rate of £1:\$1.3158; and
  - (b) payment of estimated cash transaction costs totaling \$20 million, translated at a GBP:US Dollar exchange rate of £1:\$1.3158.
- (4) Completion of the Transaction will trigger mandatory prepayment obligations/offers under certain of the Debt Agreements, although the lenders under the Existing Debt Agreements have the ability to waive such prepayment obligations. Following the announcement of the Transaction, Greencore will commence discussions with its lenders regarding the amount of any such prepayments that will be required, and the Board believes that the Group's lenders will either agree to a waiver of the prepayment obligations/offers or agree to a refinancing of the Existing Debt Agreements (including the prepayment obligations). However, it is possible that the Group's lenders will require a significant portion of the Net Proceeds to be used to repay debt or will not agree to a refinancing. The "Repayment of debt facilities" adjustment is included on the basis that the relevant lenders do not agree to either a waiver of the prepayment obligations/offer or a refinancing.

## PART VII

### FURTHER INFORMATION ON THE SPECIAL DIVIDEND AND THE RELATED SHARE CONSOLIDATION

#### 1. Introduction

If the Transaction is approved at the EGM and the Completion occurs, the Board is proposing to return a proportion of the proceeds from the Transaction to Shareholders by way of the Special Dividend being the interim dividend of 72 pence per Ordinary Share representing an aggregate amount of £509 million in cash, (or such other amount as the Directors may determine). The Board considered a number of methods for returning value to shareholders and concluded that the Special Dividend would be the most appropriate method. In conjunction with the Special Dividend, the Board proposes to implement the Share Consolidation.

The declaring and payment of the Special Dividend is subject to Completion, the Capital Reduction and the Lender Consent/Refinancing occurring.

If the Transaction is approved at the EGM, Completion is currently anticipated to occur in late November 2018. Assuming the requisite waivers from lenders under the Existing Debt Agreements are forthcoming, the Lender Consent/Refinancing is expected to complete on or around mid-to-late November 2018. The Capital Reduction is anticipated to complete (subject to the discretion of the Irish High Court) in mid-December 2018 although this may take until early to mid-January 2019 depending on the Irish High Court's availability. Assuming the Lender Consent/Refinancing and the Capital Reduction have occurred by mid-to-late December 2018, it is expected that the timing of the payment of the Special Dividend will be announced in mid-to-late December 2018, with the Dividend Record Date and, if approved, the Share Consolidation (including the Consolidation Record Date and the New Ordinary Shares issue and trading admission dates) occurring in mid-to-late December 2018, and with the payment of the Special Dividend occurring in early-to-mid January 2019.

The timing of Completion is dependent upon, amongst other things, the satisfaction (or waiver) of regulatory conditions. The obtaining and timing of the Lender Consent/Refinancing will be subject to agreement with the relevant lenders. The completion of the Capital Reduction will be subject to the discretion of the Irish High Court. If there is any delay in obtaining such clearances, consents, approvals or court orders, the timing of the payment of the Special Dividend and Share Consolidation will need to be changed to reflect this.

#### 2. Special Dividend

The Special Dividend will return a proportion of the proceeds from the Transaction to Shareholders in the amount of 72 pence per Ordinary Share representing an aggregate amount of £509 million in cash to Shareholders.

Certain tax consequences of the Special Dividend for Ireland, the UK, the US are summarised in Part VIII (*Taxation*) of this Circular.

#### 3. Share Consolidation

The total amount of the Special Dividend is equivalent to approximately 35% of the market capitalisation of Greencore at the close of business on the Latest Practicable Date.

Greencore proposes to undertake a Share Consolidation to seek to maintain, so far as is reasonably practicable, comparability of the Company's share price before and after the Special Dividend. The Share Consolidation should also facilitate historical and future financial information in relation to Greencore to be compared on a per-share basis before and after the Special Dividend.

Shareholders will receive New Ordinary Shares in lieu of their existing Ordinary Shares held at the Consolidation Record Date. Shareholders will therefore own the same proportion of Greencore as they did before the Share Consolidation, subject to adjustments for fractional entitlements.

The Share Consolidation ratio cannot be fixed as at the date of this Circular as it will depend on the closing price of the Ordinary Shares at the Consolidation Ratio Determination Date. Accordingly, the number of New Ordinary Shares resulting from the Share Consolidation will be notified to Shareholders by Greencore by way of an RIS announcement with the Share Consolidation ratio obtained by dividing (a) Greencore's market capitalisation as at the close of trading of the LSE on the Consolidation Ratio Determination Date less the value of the aggregate amount of the Special Dividend (£509 million) by (b) Greencore's market capitalisation (as calculated above), subject to such amendments as the Directors of Greencore may (in their absolute discretion) determine to deal with fractions, rounding or other practical problems, or matter which may otherwise result from such division and/or to achieve a ratio which in their judgment is the most appropriate to seek to maintain comparability of the Company's share price before and after the Special Dividend.

By way of example, on the basis of a price per Ordinary Share of 200 pence and a special dividend of 72 pence per Ordinary Share, the consolidation ratio would be 64 New Ordinary Shares for every 100 Ordinary Shares held prior to the Share Consolidation.

Unless your holding of existing Ordinary Shares is exactly divisible by the denominator in the Share Consolidation ratio, you will have a fractional entitlement to a New Ordinary Share following the Share Consolidation. Fractions of New Ordinary Shares will not be allotted to Shareholders. Fractional entitlements to New Ordinary Shares will be aggregated and sold in the market and the proceeds of the sale (net of expenses) distributed pro rata to persons entitled thereto.

To be approved, the Share Consolidation requires a simple majority of the votes cast (whether in person or by proxy) at the Extraordinary General Meeting to vote in favour of Resolution 4. If the Share Consolidation is approved, a letter will be sent to the FCA requesting an amendment to the Official List to reflect the Share Consolidation.

Trading on the LSE for the existing Ordinary Shares (under the international securities identification number ("ISIN") IE0003864109) is expected to close at 4:30 p.m. on the date of the Consolidation Record Date, and it is expected that admission of the New Ordinary Shares to trading on the LSE will become effective and trading in the New Ordinary Shares will commence at 8:00 a.m. on the trading day following the Consolidation Record Date. The ISIN for the New Ordinary Shares shall be announced by Greencore in advance of the Consolidation Record Date.

New share certificates in respect of New Ordinary Shares will be posted to Shareholders who hold their Ordinary Shares in certificated form. These will replace the existing share certificates, which should be destroyed. The existing ISIN (IE0003864109) will be disabled within CREST as at 6:00 p.m. on the date of the Consolidation Record Date with the New Ordinary Shares being enabled within CREST on the trading day following the Consolidation Record Date. Shareholders who hold their Ordinary Shares in uncertificated form through CREST will have the New Ordinary Shares credited to their CREST accounts on the trading day following the Consolidation Record Date under the new ISIN to reflect their entitlement to New Ordinary Shares. Share certificates are sent via standard post at the Shareholders' own risk.

Dates and times in this Part VII are indicative only and may be changed by Greencore (subject to applicable requirements of the Listing Rules, law and/or Greencore's Constitution) in which event details of the new times and/or dates will be notified to Shareholders by an announcement on a Regulatory Information Service and will be available on [www.greencore.com](http://www.greencore.com).

#### **4. Greencore Share Plans**

In relation to the Special Dividend and Share Consolidation, participants in the Greencore share plans will be dealt with according to the respective rules of the plans concerned and, in the case of the Sharesave Schemes, the applicable tax legislation and Revenue practice.

## PART VIII

### TAXATION

#### 1. Irish Taxation

*The following paragraphs are intended as a general guide only and are based on current Irish tax law and the Irish Revenue Commissioners' practice as at the date of this Circular. They relate only to certain limited aspects of the Irish taxation treatment of the Special Dividend and the Share Consolidation for Shareholders resident or ordinarily resident in Ireland for tax purposes, who are the absolute beneficial owners of their Ordinary Shares and who hold them as investments. Certain Ordinary Shareholders, such as dealers in securities, insurance companies, collective investment schemes and persons who have acquired their Ordinary Shares by reason of their or another's employment may be taxed differently and are not considered.*

#### ***Special Dividend***

The tax treatment of Shareholders who receive the Special Dividend will be the same as the tax treatment of such Shareholders receiving any other dividend paid by Greencore.

Liability to tax on the Special Dividend will depend upon the individual circumstances of a Shareholder. In addition, depending on the individual circumstances of a Shareholder, Greencore may be required to withhold Dividend Withholding Tax (“DWT”) at a rate of 20% of the gross dividend payable to that Shareholder.

#### *Individual Shareholders within the charge to Irish income tax*

Individual Shareholders who are resident for tax purposes in Ireland and who receive the Special Dividend will be subject to income tax on the gross dividend receivable at their marginal rate. Universal Social Charge (“USC”) and Pay Related Social Insurance (“PRSI”) may also apply.

A credit should be available against this income tax liability for DWT deducted by Greencore from the Special Dividend. Where the DWT deducted on the dividend exceeds the Shareholder's income tax liability on that dividend, the Shareholder may be able to claim a refund of the excess amount from the Irish Revenue Commissioners when filing an income tax return for the relevant tax year. DWT is discussed further below.

#### *Corporate Shareholders within the charge to Irish corporation tax*

Irish tax resident corporate Shareholders who beneficially hold their shares in Greencore as investments and not as trading stock should not be subject to Irish corporation tax in respect of the Special Dividend.

#### *Non-Irish tax resident individuals and non-Irish tax resident companies not within the charge to Irish corporation tax*

Where a non-Irish tax resident individual (i.e. an individual who is not resident or ordinarily resident in Ireland for tax purposes) or a non-Irish corporate Shareholder correctly receives the Special Dividend free from DWT, that Shareholder should not have any further liability to Irish income tax in respect of the Special Dividend.

However, where a non-Irish tax resident individual (i.e. an individual who is not resident or ordinarily resident in Ireland for tax purposes) or a non-Irish corporate Shareholder suffered DWT, or ought to have suffered DWT, on the Special Dividend, that Shareholder may have an Irish income tax liability in respect of the dividend (as well as PRSI and USC where applicable), with a credit given for the DWT withheld. The Shareholder may be entitled to a refund of any excess DWT over the actual liability to Irish tax.

A Shareholder who is not tax resident or ordinarily resident in Ireland should consult with his/her/their own tax adviser in relation to their tax position under local law.

### ***Dividend Withholding Tax***

DWT at the standard rate of income tax (currently 20%) must be deducted from all dividends paid by Greencore, unless the Shareholder is entitled to an exemption under Irish law and has submitted all necessary documentation to Greencore's Registrar.

#### *Irish tax resident individuals and Irish tax resident companies*

No exemption from DWT is available to individual shareholders who are tax resident or ordinarily tax resident in Ireland. DWT at 20% will therefore be deducted from the Special Dividend payments to such Shareholders.

As discussed above, Shareholders who suffer DWT may be entitled to a credit against their income tax liability for the tax withheld.

Certain Irish companies, pension schemes, investment undertakings, trusts and charities may be entitled to claim an exemption from DWT where they have submitted a properly completed declaration providing for exemption, in accordance with Irish law. Such forms may be obtained from Greencore's Registrar.

#### *Non-Irish tax resident individuals and non-Irish tax resident companies not within the charge to Irish corporation tax*

Certain classes of non-Irish tax resident Shareholders may be entitled to claim an exemption from DWT where they have submitted a properly completed declaration providing for exemption, in accordance with Irish law. Such forms may be obtained from Greencore's Registrar.

Shareholders should note that DWT will be deducted from all Special Dividend payments unless the Registrar has received a properly completed declaration providing for exemption on or before the Record Date for the Special Dividend. Where a non-Irish tax resident person suffers DWT on a distribution which would not have been deducted had the Registrar received a properly completed declaration, that person should be entitled to a full refund of the DWT deducted by making an application to the Irish Revenue Commissioners.

### ***Share Consolidation***

It is expected that for the purposes of Irish taxation on chargeable gains the Share Consolidation will be treated as set out below.

The New Ordinary Shares arising from the Share Consolidation will result from a reorganisation of the share capital of the Company. Therefore, a Shareholder who receives New Ordinary Shares will not generally be regarded as having made a disposal of all or part of their existing holding of Ordinary Shares by reason of the Share Consolidation being implemented (subject to the comments below on cash received). The New Ordinary Shares acquired by the Shareholder in replacement of the existing holding of Ordinary Shares will be treated as the same asset, acquired at the same time and cost as the original Ordinary Shares.

To the extent that a Shareholder receives cash by virtue of a sale on his/her/their behalf of any New Ordinary Shares to which he/she/they has/have a fractional entitlement, the Shareholder will be regarded as having made a part disposal of their existing holding of Ordinary Shares. The consideration for this disposal will be equal to the cash received, and the New Ordinary Shares will be deemed to have been acquired at the same time and cost (to the extent it is not attributable to the part disposal) as the original Ordinary Shares. Similarly, where a Shareholder receives cash by virtue of a sale of any fractional entitlement to New Ordinary Shares on their behalf because they would hold less than one New Ordinary Share following the Share Consolidation and therefore have no entitlement to New Ordinary Shares, the cash received will be regarded as consideration for the disposal of their entire holding of Ordinary Shares.

Depending on their individual circumstances, a Shareholder may be subject to tax on the amount of any chargeable gain realised on the subsequent sale of all or part of their holding of New Ordinary Shares.

## **2. UK Taxation**

*The following paragraphs are intended as a general guide only and are based on current UK tax law and UK HM Revenue & Customs practice as at the date of this Circular. They relate only to certain limited aspects of the UK taxation treatment of the Special Dividend and the Share Consolidation for Shareholders resident or ordinarily resident in the UK for tax purposes, who are the absolute beneficial owners of their Ordinary Shares and who hold them as investments. Certain Ordinary Shareholders, such as dealers in securities, insurance companies, collective investment schemes and persons who have acquired their Ordinary Shares by reason of their or another's employment may be taxed differently and are not considered.*

Special Dividend payments may be made without withholding or deduction for or on account of UK income tax. Please refer to the "Irish Taxation" section of this Part VIII above for information regarding Irish Dividend Withholding Tax obligations.

### ***UK resident individual Shareholders within the charge to UK income tax***

A Shareholder who is an individual and who receives the Special Dividend payment should not pay any income tax to the extent that the Special Dividend, when aggregated with any other dividends received in the same tax year, does not exceed the dividend allowance of £5,000.

To the extent that the Special Dividend is not covered by the dividend allowance (taking account of any other dividends received by the Shareholder in the same tax year, excluding any dividends paid within an individual savings account), it would be subject to UK income tax at 7.5% (to the extent within the basic rate band), 32.5% (to the extent within the higher rate band) and/or 38.1% (to the extent within the additional rate band), in each case when treated as the top slice of that Shareholder's income for the relevant tax year. Dividends falling within the dividend allowance will still count towards the basic or higher rate bands for this purpose, and may therefore affect the rate of tax payable on dividends received in excess of the dividend allowance.

### ***Corporate Shareholders within the charge to UK corporation tax***

Corporate Shareholders who are within the charge to UK corporation tax in respect of their Ordinary Shares will be subject to corporation tax on the Special Dividend (subject to any available credit for Irish withholding tax) unless the dividend is exempt. It is likely that most dividends paid on the Ordinary Shares to UK resident corporate Shareholders would fall within one or more of the classes of dividend qualifying for exemption from corporation tax. For example, (i) dividends paid on shares that are not redeemable and do not carry any present or future preferential rights to dividends or to a company's assets on its winding up, and (ii) dividends paid to a person holding less than a 10% interest in that class of shares, should generally fall within an exempt class. However, it should be noted that the exemptions are not comprehensive and are also subject to anti-avoidance rules. Shareholders who are in any doubt about their position should seek appropriate advice. Where a dividend paid by Greencore is treated as exempt, the holder will not be entitled to claim relief by way of credit in the UK in respect of any Irish withholding tax suffered by the holder in respect of that dividend. If the conditions for exemption are not met or cease to be satisfied, or such corporate Shareholder elects an otherwise exempt dividend to be taxable, the Shareholder will be subject to UK corporation tax on the dividends received at a rate of corporation tax applicable to that corporate Shareholder (currently 19% (2018/2019)). Corporate Shareholders will not be able to claim repayment of tax credits attaching to dividends.

### ***Share Consolidation***

It is expected that for the purposes of UK taxation on chargeable gains the Share Consolidation will be treated as set out below.

The New Ordinary Shares arising from the Share Consolidation will result from a reorganisation of the share capital of the Company. Accordingly, to the extent that an Ordinary Shareholder receives New Ordinary Shares, the Ordinary Shareholder will not generally be treated as making a disposal of all or part of his/her/their existing holding of Ordinary Shares by reason of the Share Consolidation being implemented, and the New Ordinary Shares which replace an Ordinary Shareholder's existing holding of Ordinary Shares



as a result of the Share Consolidation (the “new holding”) will be treated as the same asset acquired at the same time as the Ordinary Shareholder’s existing holding of Ordinary Shares was acquired.

To the extent that an Ordinary Shareholder receives cash by virtue of a sale on his/her/their behalf of any New Ordinary Shares to which he/she/they has/have a fractional entitlement, the Ordinary Shareholder will not, in practice, normally be treated as making a part disposal of his existing holding of Ordinary Shares, the proceeds instead being deducted from the base cost of the Ordinary Shareholder’s new holding. If those proceeds exceed that base cost, however, or if an Ordinary Shareholder would hold less than one New Ordinary Share following the Share Consolidation and so is not entitled to any New Ordinary Shares, the Ordinary Shareholder will be treated as disposing of part or all of his existing holding of Ordinary Shares and will be subject to tax in respect of any chargeable gain thereby realised.

On a subsequent disposal of the whole or part of the New Ordinary Shares comprised in his new holding, an Ordinary Shareholder may, depending on his circumstances, be subject to tax on the amount of any chargeable gain realised.

### ***Transactions in Securities: Anti-avoidance***

Under the provisions of Chapter 1 of Part 13 of the Income Tax Act 2007 (for income tax purposes) and Part 15 of the Corporation Tax Act 2010 (for corporation tax purposes), HM Revenue and Customs can, in certain circumstances, counteract tax advantages arising in relation to certain transactions in securities. The Company has not sought clearance on behalf of Ordinary Shareholders in respect of the Special Dividend in relation to the applicability of those provisions. However, it is not expected that they will, as a general matter, affect the taxation treatment of Ordinary Shareholders receiving the Special Dividend.

### **3. US Taxation**

This section describes the material US federal income tax consequences of the Special Dividend and the Share Consolidation to the US Holders (as defined below) who hold Ordinary Shares as capital assets for tax purposes and receive the Special Dividend. This discussion addresses only US federal income taxation and does not discuss all of the tax consequences that may be relevant to a Shareholder in light of its individual circumstances, including foreign, state or local tax consequences, estate and gift tax consequences, and tax consequences arising under the Medicare contribution tax on net investment income or the alternative minimum tax. This section does not apply to Shareholders who are a member of a special class of holders subject to special rules, including:

- a dealer in securities;
- a trader in securities that elects to use a mark-to-market method of accounting for securities holdings;
- a tax-exempt organization;
- a life insurance company;
- a person that actually or constructively owns 10% or more of the combined voting power of our voting stock or of the total value of our stock;
- a person that holds Ordinary Shares as part of a straddle or a hedging or conversion transaction;
- a US Holder (as defined below) whose functional currency is not the US dollar; and/or
- a person that holds Ordinary Shares in connection with employment or other performance of services.

This section is based on the Internal Revenue Code of 1986, as amended, its legislative history, existing and proposed regulations, published rulings and court decisions, all as currently in effect, as well as on the convention between the US and Ireland (the “**Treaty**”). These laws are subject to change, possibly on a retroactive basis.

If an entity or arrangement that is treated as a partnership for US federal income tax purposes holds the Ordinary Shares, the US federal income tax treatment of a partner will generally depend on the status of the

partner and the tax treatment of the partnership. A partner in a partnership holding the Ordinary Shares should consult its tax adviser with regard to the US federal income tax treatment of the Special Dividend and the Share Consolidation.

A US Holder is a beneficial owner of Ordinary Shares and that is, for US federal income tax purposes:

- a citizen or resident of the US;
- a domestic corporation;
- an estate whose income is subject to US federal income tax regardless of its source; or
- a trust if a US court can exercise primary supervision over the trust's administration and one or more US persons are authorised to control all substantial decisions of the trust.

US Holders should consult their own tax advisers regarding the US federal, state and local tax consequences of the Special Dividend and the Share Consolidation in their particular circumstances.

The tax treatment of the Special Dividend and the Share Consolidation will depend in part on whether or not Greencore is classified as a passive foreign investment company, or PFIC, for US federal income tax purposes. Except as discussed below under "PFIC Rules", this discussion assumes that Greencore is not classified as PFIC for US federal income tax purposes. In addition, the discussion below assumes that the combination of the Special Dividend and the Share Consolidation will not be treated as a partial liquidation for US federal tax purposes. However, individual US Holders should consult their own tax advisers regarding the possibility that the Special Dividend and the Share Consolidation might be treated together as a partial liquidation despite the corporate form of the transactions.

### ***Special Dividend***

Under the US federal income tax laws, the gross amount of the Special Dividend that Greencore will pay out of its current or accumulated earnings and profits (as determined for US federal income tax purposes) to a US Holder will be treated as a dividend that is subject to US federal income taxation. Dividends that constitute qualified dividend income will be taxable to non-corporate US Holders at the preferential rates applicable to long-term capital gains provided that the non-corporate US Holder holds the Ordinary Shares for more than 60 days during the 121-day period beginning 60 days before the ex-dividend date and meets other holding period requirements. The Special Dividend generally will be qualified dividend income provided that, in the year that the non-corporate US Holder receives the dividend, Greencore is eligible for the benefits of the Treaty. Greencore believes that it is currently eligible for the benefits of the Treaty and therefore expects that the Special Dividend will be qualified dividend income, but there can be no assurance that Greencore will continue to be eligible for the benefits of the Treaty. If the preferential rates apply and the Special Dividend and any other dividends with ex-dividend dates within the same period of 85 consecutive days exceeds 10% of a US Holder's adjusted basis in its Ordinary Shares (or, if the preferential rates apply and the Special Dividend and any other dividends with ex-dividend dates during the same period of 365 consecutive days in the aggregate exceed 20% of such basis), any loss on the sale or exchange of such Ordinary Shares would be treated as long-term capital loss to the extent of such dividend(s).

A US Holder must include any Irish tax withheld from the Special Dividend payment in this gross amount even though the US Holder does not in fact receive it. The Special Dividend is taxable to the US Holder when such US Holder receives the Special Dividend, actually or constructively. The Special Dividend will not be eligible for the dividends-received deduction generally allowed to US corporations in respect of dividends received from other US corporations. The amount of the Special Dividend that a US Holder must include in its income will be the US dollar value of the pound sterling payments made, determined at the spot pound sterling/US dollar rate on the date the Special Dividend is includible in the US Holder's income, regardless of whether the payment is in fact converted into US dollars. Generally, any gain or loss resulting from currency exchange fluctuations during the period from the date the US Holder includes the Special Dividend payment in income to the date the US Holder converts the payment into US dollars will be treated as ordinary income or loss and will not be eligible for the special tax rate applicable to qualified dividend income. The gain or loss generally will be income or loss from sources within the US for foreign tax credit

limitation purposes. Distributions in excess of current and accumulated earnings and profits, as determined for US federal income tax purposes, will be treated as a non-taxable return of capital to the extent of the US Holder's basis in the Ordinary Shares and thereafter as capital gain. However, Greencore does not expect to calculate earnings and profits in accordance with US federal income tax principles. Accordingly, a US Holder should expect to generally treat distributions that Greencore makes as dividends.

Subject to certain limitations, the Irish tax withheld in accordance with the Treaty and paid over to Ireland will be creditable or deductible against a US Holder's US federal income tax liability. Special rules apply in determining the foreign tax credit limitation with respect to dividends that are subject to the preferential tax rates. To the extent a reduction or refund of the tax withheld is available to a US Holder under Irish law or under the Treaty, the amount of tax withheld that could have been reduced or that is refundable will not be eligible for credit against a US Holder's US federal income tax liability. See "*Irish Taxation – Special Dividend*", above, for the procedures for obtaining a tax refund.

Assuming that Greencore is not a "United States-Owned Foreign Corporation" for US federal income tax purposes, the Special Dividend will generally be income from sources outside the US and will generally be "passive" income for purposes of computing the foreign tax credit allowable to a US Holder. In general, Greencore would be a "United States-Owned Foreign Corporation" for US federal income tax purposes if Greencore is 50% or more owned, by vote or value, by US persons.

### ***Share Consolidation***

For US federal income tax purposes, a US Holder generally will not recognise any gain or loss as a result of the Share Consolidation, except that a US Holder that receives cash in lieu of a fractional entitlement should recognise gain or loss equal to the difference between the cash it receives and its basis in the fractional entitlement. A US Holder's aggregate tax basis in the Ordinary Shares held after the Share Consolidation will be equal to its aggregate basis in such Ordinary Shares before the Share Consolidation (less any basis allocated to a fractional entitlement for which cash is received), and a US Holder's holding period for the Ordinary Shares held after the Share Consolidation will include the period during which the US Holder held, or is deemed to have held, such Ordinary Shares before the Share Consolidation. If a US Holder has differing tax bases and/or holding periods in respect of the Ordinary Shares, such US Holders should consult with a tax adviser with respect to the determination of the tax bases and/or holding periods of the particular Ordinary Shares held after the Share Consolidation.

### ***PFIC Rules***

Greencore believes that the Ordinary Shares should not currently be treated as stock of a PFIC for US federal income tax purposes and Greencore does not expect to become a PFIC in the foreseeable future. However, this conclusion is a factual determination that is made annually and thus may be subject to change. It is therefore possible that Greencore could become a PFIC in a future taxable year.

In general, Greencore will be a PFIC with respect to a US Holder if for any taxable year in which the US Holder held Greencore's Ordinary Shares:

- at least 75% of Greencore's gross income for the taxable year is passive income; or
- at least 50% of the value, determined on the basis of a quarterly average, of Greencore's assets is attributable to assets that produce or are held for the production of passive income.

'Passive income' generally includes dividends, interest, gains from the sale or exchange of investment property rents and royalties (other than certain rents and royalties derived in the active conduct of a trade or business) and certain other specified categories of income. If a foreign corporation owns at least 25% by value of the stock of another corporation, the foreign corporation is treated for purposes of the PFIC tests as owning its proportionate share of the assets of the other corporation, and as receiving directly its proportionate share of the other corporation's income.

If Greencore is treated as a PFIC for any taxable year during which a US Holder held Ordinary Shares, certain adverse US federal income tax consequences could apply to such US Holder upon receipt of the Special Dividend. In particular, the Special Dividend will be subject to tax at ordinary income rates and may

be subject to an additional tax. US Holders are urged to consult their own tax advisers concerning the US federal income tax consequences that may be applicable to them if Greencore has been or becomes a PFIC.

***Backup Withholding and Information Reporting***

For non-corporate US Holders, information-reporting requirements, on IRS Form 1099, will generally apply to the Special Dividend payment made within the US.

Additionally, backup withholding may apply to such payments if a US Holder fails to comply with applicable certification requirements or if the IRS has notified the US Holder that it has failed to report all interest and dividends required to be shown on its federal income tax returns.

US Holders may generally obtain a refund of any amounts withheld under the backup withholding rules that exceed their income tax liability by filing a refund claim with the IRS.

## PART IX

### CHECKLIST OF INFORMATION INCORPORATED BY REFERENCE

Certain parts of the 2017 Annual Report, the 2016 Annual Report and the 2015 Annual Report, as detailed below, are incorporated by reference into this Circular in accordance with paragraph 14 (*Information incorporated by reference*) of Part X (*Additional information*) of this Circular and contain information which is relevant to this Circular. These documents are also available on the Group's website at [www.greencore.com](http://www.greencore.com).

The table below sets out the various sections of such documents which are incorporated by reference into this Circular so as to provide the information required under the Listing Rules.

No part of the 2017 Annual Report, the 2016 Annual Report or the 2015 Annual Report, is incorporated by reference herein except as expressly stated below. Any part of the documents listed below which are not expressly referenced below are not relevant for the purposes of this Circular.

| <i>Reference document</i> | <i>Information incorporated by reference</i>                                  | <i>Document page reference</i> | <i>Page number(s) in this Circular</i> |
|---------------------------|---|--------------------------------|--|
| 2015 Annual Report        | Related Party Disclosures, Principal Subsidiaries and Associated Undertakings | 131-133                        | 58                                     |
| 2016 Annual Report        | Related Party Disclosures, Principal Subsidiaries and Associated Undertakings | 151-153                        | 58                                     |
| 2017 Annual Report        | Related Party Disclosures, Principal Subsidiaries and Associated Undertakings | 166-169                        | 58                                     |

## PART X

### ADDITIONAL INFORMATION

#### 1. Responsibility

Greencore and the Directors, whose names appear below, accept responsibility for the information contained in this Circular. To the best of the knowledge and belief of Greencore and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

#### 2. Greencore Group plc

Greencore was incorporated and registered in Ireland on 14 February 1991 under the Companies Act 1963 to 1990 as a public company limited by shares with company number 170116 and with the name of Greencore public limited company. The name of Greencore public limited company was changed to Greencore Group public limited company on 27 July 1993. The principal laws and legislation under which Greencore operates is the Irish Companies Act, as amended, and the applicable regulations made thereunder. The registered office of Greencore is No. 2 Northwood Avenue, Northwood Business Park, Santry, Dublin 9, D09 X5N9 and its telephone number is +353 (0)1 605 1000.

#### 3. Directors

The board of Directors consists of two executive Directors and eight non-executive Directors. The Directors and their positions are as follows:

| <i>Name</i>          | <i>Age</i> | <i>Position</i>                 |
|----------------------|------------|---------------------------------|
| Gary Kennedy         | 60         | Chairman/Non-Executive Director |
| Patrick Coveney      | 47         | Chief Executive Officer         |
| Eoin Tonge           | 46         | Chief Financial Officer         |
| Sly Bailey           | 56         | Non-Executive Director          |
| Heather Ann McSharry | 57         | Non-Executive Director          |
| John Moloney         | 63         | Non-Executive Director          |
| Kevin O'Malley       | 71         | Non-Executive Director          |
| Helen Rose           | 53         | Non-Executive Director          |
| Thomas Sampson       | 59         | Non-Executive Director          |
| John Warren          | 65         | Non-Executive Director          |

#### 4. Directors' interests and service contracts

##### 4.1 *Interests in Ordinary Shares*

None of the Greencore Directors beneficially hold more than 1% of the share capital of Greencore on an individual basis. Greencore Directors beneficially own approximately 0.66% of the share capital of Greencore in the aggregate as a Group.

In addition to their interests in Ordinary Shares through their holding of share options, Performance Share Plan awards and awards under the Deferred Bonus Plan, the beneficial interests of the Greencore Directors in Ordinary Shares as at the Latest Practicable Date are:

|                      | <i>Ordinary<br/>Shares<br/>in Greencore<br/>on Latest<br/>Practicable<br/>Date</i> | <i>Percentage of<br/>Ordinary<br/>Shares<br/>in Greencore<br/>on Latest<br/>Practicable<br/>Date</i> |
|----------------------|--|--|
| Gary Kennedy         | 153,363  | 0.0217   |
| Patrick Coveney      | 3,613,544  | 0.5111   |
| Eoin Tonge           | 553,552  | 0.0783   |
| Sly Bailey           | 55,576   | 0.0079   |
| Heather Ann McSharry | 57,903   | 0.0082   |
| John Moloney         | 47,307   | 0.0067   |
| Kevin O'Malley       | 29,742   | 0.0042   |
| Helen Rose           | 0  | 0.0000   |
| Thomas Sampson       | 85,000   | 0.0120   |
| John Warren          | 60,000   | 0.0085   |
| <b>Total</b>         | <u>4,655,987</u>   | <u>0.6586</u>  |

None of the Directors have ownership interests in Hearthiside. Thomas Sampson holds investment in funds or affiliates of Charlesbank and Partners Group and their related funds which is below the 1% holding threshold deemed relevant for considering conflicts of interests to arise under Greencore's Articles of Association. Save as disclosed above and in paragraph 12 (*Related party transactions*) of this Part X (*Additional Information*), none of the Directors involved in the Transaction has an interest, including a conflicting interest, which is material to the Transaction.

#### 4.2 *Interests in Greencore Ordinary Shares under share schemes*

As at the Latest Practicable Date, the Greencore executive Directors held Deferred Share awards, Sharesave Options and Performance Share Plan awards under the schemes, further details of which are set out below, over a total of 2,760,315 Ordinary Shares, representing 0.39% of the total Ordinary Shares in issue as at that date.

##### *Deferred Bonus Plan*

A long-term incentive plan, the Deferred Bonus Plan forms part of the annual bonus whereby a part of the annual bonus earned by each Director is deferred at market value into Ordinary Shares to be held by a trustee for the benefit of each executive Director for three years. Effective from financial year ended 28 September 2018 onwards, awards granted under the Deferred Bonus Plan are subject to both malus and clawback provisions.

The Greencore executive Directors' outstanding awards under the Deferred Bonus Plan are as follows:

| <i>Executive Director</i> | <i>Date of Grant</i> | <i>Number of<br/>shares granted</i> | <i>Share<br/>Award Price</i> | <i>Vesting Date</i> |
|---------------------------|----------------------|-------------------------------------|------------------------------|---------------------|
| Patrick Coveney           | 2 December 2015      | 115,964                             | £2.62                        | 2 December 2018     |
|                           | 10 January 2017      | 175,197                             | £2.43                        | 10 January 2020     |
|                           | 18 December 2017     | 114,090                             | £2.05                        | 18 December 2020    |
| Eoin Tonge                | 2 December 2015      | 59,742                              | £2.62                        | 2 December 2018     |
|                           | 10 January 2017      | 63,717                              | £2.43                        | 10 January 2020     |
|                           | 18 December 2017     | 64,516                              | £2.05                        | 18 December 2020    |

- (1) The number of options and the share award price for awards granted in 2015 were adjusted in line with the rights issue which completed in December 2016.
- (2) The allocation of the number of shares under the Deferred Bonus Plan for the financial year ended 28 September 2018 will be determined in December 2018.

#### *ShareSave Schemes*

The Group operates a ShareSave Scheme in both Ireland and in the UK which is a savings-related share option scheme and encourages eligible employees to save in order to buy shares in Greencore. Options are granted at a discount of either 20% (UK) or 25% (Ireland) of the market price at the date of invitation over three year savings contracts and options are exercisable during the six-month period following completion of the savings contract. The Greencore executive Directors' outstanding options under the ShareSave Schemes are as follows:

| <i>Grant Date</i> | <i>July 2015</i>         | <i>July 2018</i>          |
|-------------------|--------------------------|---------------------------|
| Patrick Coveney   | –                        | 11,522 at €1.57 per share |
| Eoin Tonge        | 8,649 at £2.08 per share | 12,162 at £1.48 per share |

- (1) The number of options and the option price for options granted in 2015 were adjusted in line with the rights issue which completed in December 2016.

#### *Performance Share Plan*

A long-term incentive scheme, the Performance Share Plan, was introduced during the financial year ended 27 September 2013. In accordance with the scheme rules, participants are awarded an allotment of shares which will vest after three years subject to the performance of the vesting conditions for growth in Return on Invested Capital and in earnings per share over the three year period. Greencore introduced a mandatory two-year holding period for vested Performance Share Plan awards made to executive Directors in the financial year ended 29 September 2017 and subsequent years. Vested awards may not be sold during the holding period except to cover tax liabilities. For awards granted from the financial year ending 28 September 2018 onwards, an additional criterion of relative TSR versus a bespoke group of sector peers applies. Shares are forfeit should an executive voluntarily leave the Group prior to the vesting date, subject to normal "good leaver" provisions. In the event of a material misstatement of Greencore's audited results, a material failure of risk management, a material breach of health and safety regulations, or serious reputational damage to any member or business unit of the Group, the Group's Remuneration Committee may scale back, or impose additional conditions on awards prior to vesting during the holding period.

Details of outstanding awards under the Performance Share Plan to executive Greencore Directors are set out below:

| <i>Grant Date</i>                  | <i>December<br/>2015</i> | <i>February<br/>2017</i> | <i>December<br/>2017</i> |
|------------------------------------|--------------------------|--------------------------|--------------------------|
| Performance Share Plan Award Price | £2.62                    | £2.46                    | £2.05                    |
| Patrick Coveney                    | 211,034                  | 562,829                  | 708,744                  |
| Eoin Tonge                         | 107,990                  | 243,572                  | 300,587                  |

- (1) The number of options and the share award price for awards granted in 2015 were adjusted in line with the rights issue which completed in December 2016.
- (2) The shares vest three years after grant to the extent that performance conditions are achieved.
- (3) The allocation of the number of shares under the Performance Share Plan for the financial year ended 28 September 2018 will be determined in December 2018.



#### 4.3 *Greencore Directors' Remuneration Details*

The remuneration of the Greencore Directors for the financial year ended 29 September 2017 is set out in the following table:

|                                      | <i>Fees</i><br>(£'000) | <i>Salary*</i><br>(£'000) | <i>Benefits</i><br>(£'000) | <i>Annual Bonus</i>    |  |  | <i>Pension</i><br>(£'000) | <i>Total Remuneration</i><br>(£'000) |
|--------------------------------------|------------------------|---------------------------|----------------------------|------------------------|--|--|---------------------------|--------------------------------------|
|                                      |                        |                           |                            | <i>Cash</i><br>(£'000) | <i>Deferred Share Award</i><br>(£'000) | <i>Long-Term Incentive†</i><br>(£'000) |                           |                                      |
| Gary Kennedy (non-executive)         | 282                    | –                         | –                          | –                      | –                                      | –                                      | –                         | 282                                  |
| Patrick Coveney (CEO)                | –                      | 699                       | 50                         | 0                      | 230                                    | 213                                    | 262                       | 1,454                                |
| Eoin Tonge (CFO)**                   | –                      | 400                       | 24                         | 0                      | 132                                    | 96                                     | 100                       | 752                                  |
| Sly Bailey (non-executive)           | 67                     | –                         | –                          | –                      | –                                      | –                                      | –                         | 67                                   |
| Heather Ann McSharry (non-executive) | 74                     | –                         | –                          | –                      | –                                      | –                                      | –                         | 74                                   |
| John Moloney (non-executive)         | 76                     | –                         | –                          | –                      | –                                      | –                                      | –                         | 76                                   |
| Kevin O'Malley (non-executive)***    | 37                     | –                         | –                          | –                      | –                                      | –                                      | –                         | 37                                   |
| Thomas Sampson (non-executive)****   | 45                     | –                         | –                          | –                      | –                                      | –                                      | –                         | 45                                   |
| John Warren (non-executive)          | 82                     | –                         | –                          | –                      | –                                      | –                                      | –                         | 82                                   |
| Helen Rose (non-executive)*****      | –                      | –                         | –                          | –                      | –                                      | –                                      | –                         | –                                    |

\* The Group's Remuneration Committee reviewed executive Director's salaries in November 2017 and determined that the salary of Patrick Coveney and Eoin Tonge would be increased by 2.5% to €823,728 and £410,000 respectively from 1 October 2017.

\*\* Eoin Tonge was appointed as Chief Financial Officer and Director of Greencore on 3 October 2016. His FY17 salary, pension, benefits and bonus relate to the period 3 October 2016 to 29 September 2017. His PSP value relates to an award made to him prior to his appointment on the Board, and is disclosed for information only.

\*\*\* Kevin O'Malley was appointed to the Board on 14 March 2017. His FY17 remuneration relates to the period 14 March to 29 September 2017.

\*\*\*\* Thomas Sampson was appointed to the Board on 1 February 2017. His FY17 remuneration relates to the period 1 February to 29 September 2017. Thomas was paid an additional fee of £98,413 for extra responsibilities undertaken throughout the year in relation to his role on the Group's US Advisory Council.

\*\*\*\*\* Helen Rose was appointed as a non-executive Director during the 2018 financial year.

† Unaudited.

#### 4.4 *Executive Greencore Directors' service agreements*

Each of the executive Directors has a service contract for the provision of services to Greencore. The terms of these contracts are set out below.

##### *General terms*

Each of the executive Directors is awarded a remuneration package comprising a basic salary element, performance-related bonus element, benefits package (including life assurance, health insurance, and a car allowance or the provision of a company car), and pension entitlements. In addition, all the executive Directors are entitled to be reimbursed by Greencore for travel, hotel and other expenses incurred by them in the course of their duties to Greencore in accordance with Greencore's policy from time to time, and are entitled to 25 days of holiday per annum.

The basic salary of each of the executive Directors is reviewed annually by Greencore's Remuneration Committee having regard to the job size, responsibility levels, personal and Group performance, and competitive market practice.

The performance-related annual bonus and Deferred Bonus Plan are designed to support the business strategy, align the financial interests of the executives with Shareholders and provide market competitive reward opportunities to attract and retain managers of the highest calibre.

75% of performance targets are financial and 25% are personal and strategic goals. Under the Deferred Bonus Plan, a portion of the annual bonus earned by each executive Director is deferred, at market value, into Ordinary Shares to be held by a trustee for the benefit of each executive Director for three years without any additional performance requirements or matching. The shares vest after

three years but will be forfeited should an executive Director voluntarily leave Greencore within the three-year period, subject to normal “good leaver” provisions. Following a review carried out by the Group’s Remuneration Committee in 2017 and taking into account feedback from Shareholders Greencore introduced malus and clawback provisions for its executive remuneration which apply to the Deferred Bonus Plan and the Performance Share Plan both prior to vesting and for a period of two years post-vesting effective from the 2018 financial year onwards. This enables the Group to withhold payment/vesting of any sums and/or recover sums paid on the occurrence of specific trigger events (e.g. a material misstatement of the Group’s audited results, a material failure of risk management, a material breach of health and safety regulations, or serious reputational damage).

Not all executive Directors will necessarily receive an award in any single year.

On 31 December 2009, the defined benefit pension scheme of the Group in which Patrick Coveney participated was closed to future accrual. Patrick Coveney receives a taxable non-pensionable cash allowance in lieu of participation in a defined contribution pension scheme. Eoin Tonge participates in part in the Greencore UK Master Trust Pension Scheme and also receives a partial taxable non-pensionable cash allowance.

Each of the Directors has the benefit of indemnity insurance maintained by Greencore on their behalf indemnifying the Director against liabilities they may potentially incur to third parties as a result of their office as director, subject to limitations under Irish company law.

The total remuneration paid by the Group to each of the executive Directors for services in all capacities for the financial year ended 29 September 2017 is set out in of paragraph 4.3 (*Greencore Directors’ Remuneration Details*) above.

#### *Termination provisions*

Each of the executive Directors’ service contracts may be terminated by Greencore giving 11 months’ notice or the executive Director giving not less than three months’ notice.

Each executive Director is entitled to terminate his employment with 30 days’ prior notice at any time within six months after a change of control of Greencore if the executive Director has reasonable grounds to contend that such change of control has resulted or will result in the diminution of his/her powers, duties or functions in relation to the Group.

If the executive Director’s service contract is terminated in those circumstances, the executive Director can seek a payment from Greencore in settlement of all and any claims arising in those circumstances. The amount of the payment (subject to the deduction of income tax) will be equal to the sum total of the basic salary and the bonus paid to him in the year immediately preceding such termination.

Save for the above provision on termination payment in a change of control situation, the service contracts do not contain any provision on termination payments.

#### **4.5 *Non-executive Greencore Directors’ letters of appointment***

The non-executive Directors of Greencore (including the Chairman) do not have service contracts, but are appointed by letters of appointment. The key terms of these letters of appointment are set out below.

#### *General terms*

As at the end of the financial year ended 29 September 2017, each of the non-executive Directors was entitled to receive a fee from Greencore at a rate that was determined by the Board. The level of ordinary fees for the role of non-executive Director for the financial year ended 29 September 2017 was €78,000 per annum. The Chairman received a fee of €325,000 for the financial year ended 29 September 2017 which includes ordinary and special fees for acting as Chairman of the Board. Additional special fees are also payable for the role of Senior Independent Director and Committee Chairman. If a non-executive Director serves as a Chairman of more than one committee, or as

Committee Chairman and Senior Independent Director, the additional special fee is capped at the higher special fee. The total fees paid by Greencore to each of the non-executive Directors for the financial year ended 29 September 2017 is set out in paragraph 4.3 (*Greencore Directors' Remuneration Details*) above. In addition, each non-executive Director is entitled to be reimbursed for expenses in accordance with Greencore's policy from time to time.

The non-executive Directors do not participate in any of Greencore's share or bonus schemes and have no pension entitlements. Each of the non-executive Directors has the benefit of indemnity insurance maintained by Greencore on their behalf indemnifying them against liabilities they may potentially incur to third parties as a result of their office as director, subject to limitations under Irish company law.

#### *Termination of office*

All non-executive Directors submit themselves for election at the AGM following their appointment, and in line with Greencore's Articles of Association and provision B.7.1 of the 2016 UK Corporate Governance Code, each director retires at each subsequent AGM and offers himself or herself for re-election as appropriate. Non-executive Directors are not entitled to any payment in lieu of notice.

The date of expiry of each non-executive Director's current one year appointment, together with their original dates of appointment are set out below:

| <i>Name of Director</i>              | <i>Date of Appointment</i> | <i>Date of expiry of current term</i> |
|--------------------------------------|----------------------------|---------------------------------------|
| Gary Kennedy (non-executive)         | 20 November 2008           | 29 January 2019                       |
| Sly Bailey (non-executive)           | 17 May 2013                | 29 January 2019                       |
| Heather Ann McSharry (non-executive) | 30 January 2013            | 29 January 2019                       |
| John Moloney (non-executive)         | 8 February 2013            | 29 January 2019                       |
| Thomas Sampson (non-executive)       | 1 February 2017            | 29 January 2019                       |
| Kevin O'Malley (non-executive)       | 14 March 2017              | 29 January 2019                       |
| Helen Rose (non-executive)           | 11 April 2018              | 29 January 2019                       |
| John Warren (non-executive)          | 30 January 2013            | 29 January 2019                       |

## **5. Details of key individuals important to Greencore US**

The following individuals are deemed key to the operation of Greencore US:

| <i>Key Individual</i> | <i>Position</i>                         |
|-----------------------|---|
| Anton Vincent         | Chief Executive Officer of Greencore US |
| Chuck Metzger         | Chief Operating Officer of Greencore US |
| James Reed            | Chief Financial Officer of Greencore US |

## **6. Major Shareholders of Greencore**

As the Latest Practicable Date, Greencore has been notified of the following persons or groups of persons holding more than 3% of the total issued share capital of Greencore:

| <i>Shareholder</i>                | <i>Notified Shareholding on Latest Date Practicable</i> | <i>Percentage of total Ordinary Shares in issue</i> |
|-----------------------------------|---|---|
| FMR, LLC                          | 61,229,409  | 8.67%   |
| Polaris Capital Management, LLC   | 57,060,715  | 8.07%   |
| Melqart Asset Management (UK) Ltd | 48,423,867  | 6.85%   |
| Axxion SA                         | 35,599,710  | 5.04%   |
| BlackRock Inc                     | 28,103,374  | 3.98%   |
| Prudential plc (M&G Investments)  | 21,453,748  | 3.03%   |

## 7. Consents

- 7.1 KPMG is a member firm of Chartered Accountants Ireland and has given and not withdrawn its written consent to the publication of this Circular with the inclusion of its name, its report on the *pro forma* financial information set out in Part VI (*Unaudited pro forma statement of Net Assets of the Retained Group*).
- 7.2 Greenhill as Sponsor and joint financial adviser to Greencore has given and not withdrawn its written consent to the inclusion in this document of the reference to its name in the form and context in which they appear.
- 7.3 Goldman Sachs as joint financial adviser to Greencore has given and not withdrawn its written consent to the inclusion in this document of the reference to its name in the form and context in which they appear.

## 8. Material contracts

### 8.1 *The Retained Group*

No contracts (other than contracts entered into in the ordinary course of business) have been entered into by members of the Retained Group: (A) within the two years immediately preceding the date of this Circular which are, or may be, material to the Retained Group; or (B) which contain any provision under which any member of the Retained Group has any obligation or entitlement which is, or may be, material to the Retained Group as at the date of this Circular, save as disclosed below:

(a) *Stock Purchase Agreement*

Details of the Stock Purchase Agreement are set out in Part III (*Details of the Transaction*) of this Circular.

(b) *Peacock Agreement*

On 14 November 2016, Greencore, Greencore US Holdings, LLC (together, the “**Peacock Buyers**”), Peacock Foods, and the parties listed in Schedule 1 thereto (the “**Securityholders**”), entered into an agreement for the sale and purchase of the entire issued share capital of Peacock for a total consideration of \$747.5 million on a debt free and cash free basis (the “**Peacock Agreement**”). The sale was a private equity sale in which the Securityholders provided no representation and warranty cover to the Peacock Buyers. Consequently, in order to have sufficient protection to enter into the Peacock Agreement the Peacock Buyers procured representations and warranties insurance policy cover from AIG Specialty Insurance Company on 14 November 2016 (the “**R&W Insurance Policy**”) against loss, as defined thereto, arising out of or resulting from a breach of the representations and warranties set forth in the Peacock Agreement. The term of the R&W Insurance Policy for the general representations and warranties is three years from the date of the closing of the Peacock Agreement and six years from the date of the closing of the Peacock Agreement for any fundamental representations, each as defined in the R&W Insurance Policy. In addition, under the terms of the Peacock Agreement Greencore and Peacock have undertaken to indemnify the present and former directors, officers, managers and general partners of Peacock and each of its subsidiaries for a period of six years following completion of the Peacock Agreement. In the event of any sale of Peacock or any of its subsidiaries then Peacock is obliged to ensure that proper provision is made so that any successors and assignors of Peacock and its respective subsidiaries assume this obligation.

(c) *Underwriting Agreement*

On 14 November 2016, Greencore, HSBC, Greenhill, Goodbody, Jefferies and Rabobank entered into an underwriting agreement pursuant to which Greencore appointed HSBC and Greenhill as joint sponsors in connection with a rights issue and the acquisition of Peacock Foods, HSBC and Goodbody as joint global coordinators in connection with a rights issue, HSBC, Goodbody and Jefferies as joint bookrunners in connection with a rights issue,

Rabobank as lead manager in connection with a rights issue and HSBC, Goodbody, Jefferies and Rabobank as underwriters in connection with a rights issue.

(d) *Facilities Agreement*

Greencore and certain of its subsidiaries have entered into a revolving credit facility agreement in respect of a facility of up to \$249 million in aggregate dated 21 December 2016 between Greencore and its subsidiaries identified therein as borrowers and/or guarantors, The Governor and Company of the Bank of Ireland as agent, and the financial institutions specified therein as original lenders (the “**Facilities Agreement**”). The facility was made available for a term of five years from the date of the Facilities Agreement, with an option for Greencore to extend the term by (i) an initial period of 12 months (which Greencore requested and the lenders accepted in December 2017) and (ii) a second extension of 12 months which may be requested in December 2018. The facility was made available to fund up to \$249 million of the acquisition price in connection with the Peacock Agreement, working capital, and for the general corporate purposes of the Group.

The Facilities Agreement contains customary representations, undertakings, events of default and prepayment events for a facility of this nature. Financial covenants apply and are tested twice yearly. Interest is payable at the end of each interest period in respect of the amounts then drawn under the facility and is calculated as the aggregate of a margin, any applicable mandatory costs, plus LIBOR or, in the case of a loan in euro, EURIBOR. The margin is subject to a margin ratchet based on the ratio of Net Debt to consolidated Adjusted EBITDA of the Group. Commitment fees are chargeable in respect of undrawn commitments and the fee is based on a percentage of the applicable margin.

Pursuant to the Facilities Agreement, unless agreed otherwise, Greencore will be obliged to apply a pro rata share of all cash proceeds (being the amount by which the proceeds of the Transaction net of costs and taxes exceed 15% of Consolidated Total Assets (as defined in the Facilities Agreement and determined per the most recent audited accounts) (the “**Facilities Sale Proceeds**”)) in mandatory prepayment of the facility. The majority lenders under the Facilities Agreement can agree to exclude the Facilities Sale Proceeds from such mandatory prepayment provisions. In the absence of such agreement, the Facilities Sale Proceeds must be applied (on a pro rata basis) to repay the Facilities Agreement and the Revolving Credit Facility (as defined in paragraph (e) below) and to offer a prepayment to all other lenders under the Existing Debt Agreements. The Facilities Sale Proceeds must be applied on the last day of the interest period during which the Facilities Sale Proceeds are received unless Greencore elects to make a prepayment earlier than that time noting that such earlier prepayment would result in certain additional costs relating to this early prepayment that will be calculated by the lenders.

(e) *Revolving Credit Facility*

Greencore and certain of its subsidiaries have entered into a £300 million revolving credit facility agreement dated 27 March 2015 made between Greencore and its subsidiaries identified therein as borrowers and/or guarantors, The Governor and Company of the Bank of Ireland as agent and co-ordinating bank, and the financial institutions specified therein as original lenders and mandated lead arrangers (the “**Revolving Credit Facility**”). The Revolving Credit Facility was made available for a term of five years, with provisions included to enable Greencore to request two extensions to that term of 12 months each. The facility was made available to refinance certain pre-existing liabilities and to fund general corporate purposes of the Group. The Revolving Credit Facility allows Greencore to request a further facility of up to £100 million from the lenders, which, if agreed to by the lenders, would be made available on the same terms and under the same agreement as the initial £300 million revolving credit facility.

The Revolving Credit Facility contains customary representations, undertakings, events of default and prepayment events for a facility of this nature. Financial covenants apply and are

tested twice yearly. Interest is payable at the end of each interest period in respect of the amounts then drawn under the Revolving Credit Facility and is calculated as the aggregate of a margin, any applicable mandatory costs, plus LIBOR or, in the case of a loan in euro, EURIBOR. The margin is subject to a margin ratchet based on the ratio of Net Debt to consolidated Adjusted EBITDA of the Group. Commitment fees are chargeable in respect of undrawn commitments and the fee is based on a percentage of the applicable margin.

Pursuant to the Revolving Credit Facility, unless agreed otherwise, Greencore will be obliged to apply a pro rata share of all Facilities Sale Proceeds in mandatory prepayment of the facility. The majority lenders under the Revolving Credit Facility can agree to exclude the proceeds of the Transaction from such mandatory prepayment provisions. In the absence of such agreement, the Facilities Sale Proceeds must be applied (on a pro rata basis) to repay the Facilities Agreement and the Revolving Credit Facility and to offer a prepayment to all other lenders under the Existing Debt Agreements. The Facilities Sale Proceeds must be applied on the last day of the interest period during which the Facilities Sale Proceeds are received unless Greencore elects to make a prepayment earlier than that time noting that such earlier prepayment would result in certain additional costs relating to this early prepayment that will be calculated by the lenders.

(f) *Non-bank borrowings*

Greencore and certain of its subsidiaries have entered into a private placement agreement dated 28 February 2014 with Rabobank International, London Branch (the “**Private Placement Agreement**”). A term loan facility of up to €70 million was made available under the Private Placement Agreement for a term of six years and to fund general corporate purposes of the group. The Private Placement Agreement contains representations, undertakings, events of default and prepayment events which are customary for a facility of this nature. Financial covenants apply and are tested twice yearly. Interest is payable at the end of each interest period in respect of the amounts then drawn under the Private Placement Agreement and is calculated as the aggregate of a margin plus EURIBOR. The margin is fixed and is not subject to a margin ratchet. A prepayment fee is payable if the facility is repaid on or before the fourth anniversary of drawdown. There is no obligation to apply the proceeds of the Transaction in mandatory prepayment of the loan facility under the Private Placement Agreement. However, there are obligations in the Facilities Agreement, Revolving Credit Facility, the 2013 Notes and 2016 Notes (as defined below at paragraph (h)) which will oblige Greencore to offer to make a pro rata prepayment to all lenders under the Existing Debt Agreements unless agreed otherwise.

(g) *Bank bilateral loan*

Greencore and certain of its subsidiaries have entered into a £60 million term loan facilities agreement dated 21 September 2011 as most recently amended on 3 April 2017 with RI-GD Investments as lender (the “**Bank Bilateral Facilities Agreement**”). The term loan facility total is currently £50 million following the repayment of £5 million on both the first and second anniversaries, with the drawn amount due for repayment on 31 March 2020. The facility was made available to fund the acquisition of Uniq plc and related costs and to fund the general working capital purposes of the Group. It contains representations, undertakings, events of default, prepayment events, financial covenants and interest provisions similar to those under the Revolving Credit Facility. Interest is payable at the end of each interest period in respect of the amounts then drawn under the Bank Bilateral Facilities Agreement and is calculated as the aggregate of a fixed margin plus LIBOR.

Pursuant to the Bank Bilateral Facilities Agreement, unless agreed otherwise, Greencore will be obliged to offer to apply a pro rata share of all Net Sale Proceeds in mandatory prepayment of the facility. RI-GD Investments can agree to decline this offer or exclude the proceeds of the Transaction from such mandatory prepayment provisions. If RI-GD Investments accepts the prepayment offer, the Facilities Sale Proceeds must be applied on the last day of the interest period during which the Facilities Sale Proceeds are received unless Greencore elects to make

a prepayment earlier than that time noting that such earlier prepayment would result in certain additional costs relating to this early prepayment that will be calculated by the lenders.

(h) *Private Placement Notes*

Greencore Funding Limited entered into a note purchase and guaranty agreement dated 25 October 2013 with the purchasers listed in Schedule A thereto, pursuant to which it issued guaranteed senior unsecured notes in the aggregate principal amount of \$65 million (the “**2013 Notes**”). Interest is payable at the end of each interest period at a fixed rate in respect of the notes issued. The 2013 Notes mature on 22 October 2021, but may be prepaid together with payment of, where applicable, the make-whole amount provided for under the notes. If Greencore Funding Limited elects to prepay the 2013 Notes (in whole or in part) the make-whole amount will be payable unless the offer of prepayment is in connection with an indebtedness prepayment application (as described below). The liabilities of the issuer are guaranteed by Greencore and certain of its subsidiaries. The 2013 Notes contain customary representations, undertakings, events of default and prepayment events.

Greencore Funding Limited entered into a note purchase and guaranty agreement dated 22 April 2016 with the purchasers listed in Schedule A thereto, pursuant to which it issued \$74.5 million guaranteed senior unsecured notes and £18 million guaranteed unsecured senior notes (the “**2016 Notes**”). Interest is payable at the end of each interest period at a fixed rate in respect of the notes issued. The 2016 Notes mature on 14 June 2026 subject to the amortisation payments provided for in the notes on 14 June 2023, 14 June 2024 and 14 June 2025. The 2016 Notes may be prepaid together with payment of, where applicable, the make-whole amount provided for under the notes. If Greencore Funding Limited elects to prepay the 2016 Notes (in whole or in part) the make-whole amount will be payable unless the offer of prepayment is in connection with an indebtedness prepayment application (as described below). The liabilities of the issuer are guaranteed by Greencore and certain of its subsidiaries. The 2016 Notes contain customary representations, undertakings, events of default and prepayment events similar to those applicable to the 2013 Notes.

The 2013 Notes and 2016 Notes contain general restrictions on disposals by members of the Group of a “substantial part” of their assets. There are certain exceptions to these restrictions, including where a disposal is for fair market value and the net proceeds amount (being the proceeds of the Transaction less taxes and all out-of-pocket costs and expenses) is applied to make a prepayment pursuant to an indebtedness prepayment application (the making of an offer (on a pro rata basis) of prepayment to (i) the lenders under the Revolving Credit Facility and the Facilities Agreement; (ii) any other provider of term and/or revolving credit facilities or noteholders under a note purchase agreement or issue of bonds or notes of £10 million or more; and (iii) the noteholders under the 2013 Notes and the 2016 Notes). The indebtedness prepayment application must be made within 365 days of Completion of the Transaction.

(i) *Receivables Purchase Agreement*

Greencore and certain of its subsidiaries have entered into an uncommitted receivables financing facility in an amount of up to £64.87 million pursuant to an agreement for the sale and purchase of receivables dated 19 October 2012 with Co-Öperatieve Centrale Raiffeisen Boerenleenbank B.A., Dublin Branch (the “**Receivables Purchase Agreement**”). It contains representations, undertakings, termination events and repurchase events. A purchase fee rate is payable on each purchase date and is calculated as the aggregate of a fixed margin plus LIBOR and mandatory costs (if any). As the Receivables Purchase Agreement is an uncommitted facility, it can be terminated at any time by the issuance of a termination notice to Greencore. The Completion of the Transaction will not trigger any mandatory prepayment provisions.

## 8.2 **Greencore US**

No contracts (other than contracts entered into in the ordinary course of business) have been entered into by members of the Greencore US Group: (A) within the two years immediately preceding the date of this Circular which are, or may be, material; or (B) which contain any provision under which any member of the Greencore US Group has any obligation or entitlement which is, or may be, material to the Greencore US Group as at the date of this Circular, save as disclosed below:

### (a) *Stock Purchase Agreement*

Details of the Stock Purchase Agreement are set out in Part III (*Details of the Transaction of this Circular*).

### (b) *US Receivables Purchase Agreement*

On 25 September 2018 Greencore USA-CPG Partners LLC entered into an uncommitted receivables financing facility in an amount of up to \$70 million pursuant to the terms of a receivables purchase agreement with Wells Fargo Bank, N.A. (the “**US Receivables Purchase Agreement**”). It contains representations, undertakings, termination events and repurchase events. A discount rate is payable on the purchase date and is calculated as the aggregate of the applicable spread plus LIBOR. As the US Receivables Purchase Agreement is an uncommitted facility, it can be terminated at any time upon 30 days’ written notice to Greencore. A waiver will be required from Wells Fargo Bank, N.A. if Hearthside and Greencore USA-CPG Partners LLC require the agreement to continue after Completion of the Transaction and, in addition, in respect of the release of Greencore from the performance undertaking it has provided in connection with the agreement.

### (c) *Rhode Island Purchase and Sale Agreement*

Greencore US Holdings, LLC, a wholly owned subsidiary of Greencore, entered into a purchase and sale agreement dated 15 August 2018 as mostly recently amended on 31 August 2018 with Taylor Farms California, Inc. (the “**Purchase and Sale Agreement**”) to sell certain land that it holds in Rhode Island and property thereon as described in the Purchase and Sale Agreement to Taylor Farms California, Inc for \$10.8 million. The sale completed on 21 September 2018. Under the terms of the Purchase and Sale Agreement Taylor Farms California, Inc., indemnifies Greencore US Holdings, LLC, from all liabilities relating to any environmental liability or any past, present or future activities conducted on the property or any adjacent property.

### (d) *Peacock Agreement*

Details of the continuing obligations of Peacock under the Peacock Agreement are set out at paragraph 8.1(b) (*Peacock Agreement*).

## 9. **Litigation**

### 9.1 **The Retained Group**

There are no, nor have there been any, governmental, legal or arbitration proceedings (nor is Greencore aware of any such proceedings which are pending or threatened) during the last 12 months prior to the date of this Circular which may have, or during the last 12 months prior the date of this Circular have had, a significant effect on the Retained Group and/or any member of the Retained Group’s financial position or profitability.

### 9.2 **Greencore US**

There are no, nor have there been any, governmental, legal or arbitration proceedings (nor is Greencore aware of any such proceedings which are pending or threatened) during the last 12 months prior to the date of this Circular which may have, or during the last 12 months prior the date of this



Circular have had, a significant effect on Greencore US Group and/or any member of the Greencore US Group's financial position or profitability, save as disclosed below:

(a) *California PAGA Proceedings for Wage/Hour Labor Violations*

Three cases are currently pending in California state court (Flores I, which is a class action, and Flores II, which is a PAGA action) and California federal court (Rendon), each of which is between a member of the Group and a former staffing employee. Each case is representative in nature, insofar as each case purports to bring claims on behalf of other similarly situated employees. The Rendon matter is a hybrid lawsuit, asserting both individual discrimination claims and representative wage and hour claims on behalf of the California Labor Commissioner as a California Private Attorney General under the Private Attorney General Act ("PAGA"). The first-filed Flores matter is a class-action lawsuit, alleging a variety of wage and hour claims on behalf of all hourly employees employed by the Group in California during the applicable time period. The second-filed Flores matter is a PAGA lawsuit, seeking civil penalties based on a variety of wage and hour violations on behalf of all hourly employees employed by the Group in California during the applicable time period. Each case seeks penalties on behalf of other staffing employees and the State of California for California Labor Code violations. While the claims against the Group could be material, neither of the plaintiffs has yet quantified the amount of his or her claims. The full legal and factual scope of the claim has yet to be outlined by the plaintiffs, and the Group is therefore unable to reliably estimate the possible loss to this matter or the effect that the possible loss might have on Greencore or Greencore US's consolidated net assets, its results, cash flows or the financial effect of either case. The Group is defending against the claims vigorously and based on the claim presented thus far believes it has a credible legal and factual basis for doing so.

(b) *Biometric Information Class Action Law Suit*

In September 2017, a former staffing employee filed a claim in the Circuit Court of Cook County, Illinois against Greencore US-CPG Partners, LLC for alleged violations of the 2008 Illinois Biometric Information Privacy Act ("BIPA"). The complaint is brought on behalf of the plaintiff and a putative class of all others similarly situated to plaintiff. While the claims against Greencore could be material, the plaintiff has not yet quantified the amount of the claim. The full legal and factual scope of the claim has yet to be outlined by the plaintiff, and Greencore is therefore unable to reliably estimate the possible loss to this matter or the effect that the possible loss might have on the Greencore or Greencore US's consolidated net assets, its results, cash flows or the financial effect of the case. Greencore is defending the claim vigorously and based on the claim presented thus far believes it has a credible legal and factual basis for doing so. The case is currently stayed pending the consideration by the Illinois Supreme Court of legal issues in a separate BIPA case which may have an impact on Greencore US's case. Greencore US will further assess its approach for managing the case following the outcome of the Illinois Supreme Court decision.

Greencore will retain the liability for the cases listed above at 9.2 (a) and 9.2 (b) following Completion. An indemnity has been provided to Hearthside in the Stock Purchase Agreement in respect of these claims.

## **10. Working capital statement**

Greencore is of the opinion that, after taking into account existing cash and the Net Proceeds, the Retained Group has sufficient working capital for its present requirements, that is for at least the next 12 months following the date of this Circular.

## 11. Significant change

### 11.1 *The Retained Group*

There has been no significant change in the trading or financial position of the Retained Group since 30 March 2018 (the date to which the latest published financial information of Greencore, being the H1 2018 Unaudited Results, was prepared).

### 11.2 *Greencore US*

There has been no significant change in the trading or financial position of Greencore US since 30 March 2018, being the date to which the most recent financial information on Greencore US, presented in Part V (*Financial Information relating to the US Business*) of this Circular, has been prepared.

## 12. Related party transactions

Details of related party transactions (which for these purposes are those set out in the standards adopted according to Regulation (EC) No 1606/2002) that Greencore have entered into are described in the notes to the audited consolidated financial statements of the Group for the financial years ended 29 September 2017, 30 September 2016 and 25 September 2015, which are hereby incorporated by reference into this Circular and set out more specifically below:

- 12.1 during the financial year ended 29 September 2017, such transactions are disclosed exclusively in note 32 and 33 on pages 166 to 169 of the 2017 Annual Report;
- 12.2 during the financial year ended 30 September 2016, such transactions are disclosed exclusively in note 32 and 33 on pages 151 to 153 of the 2016 Annual Report;
- 12.3 during the financial year ended 25 September 2015, such transactions are disclosed exclusively in note 32 and 33 on pages 131 to 133 of the 2015 Annual Report; and
- 12.4 during the period from 30 September 2017 to the date of this Circular, there were no new related party transactions save as follows in respect of key management personnel compensation:

|   | <i>Amount for the period from<br/>30 September 2017 to LPD £million</i> |
|---|---|
| Salaries and other short-term employee benefits | £2.1  |
| Post-employment benefits                        | £0.4  |
| Share-based payments                            | £0.3  |

\* For the purposes of the disclosure requirements of IAS 24 *Related Party Disclosures*, the term 'Key Management Personnel' comprise the Board of Directors which manages the business and affairs of the Group. The amounts in respect of salaries and other short-term employee benefits and post-employment benefits include benefits in respect of the financial year ending 28 September 2018 and the financial year to date. The above amounts are unaudited and subject to adjustment following a review by the Group's Remuneration Committee which is scheduled for November 2018, following such review any adjustment recommended by the Committee will be back dated to 1 October 2018.

## 13. Sources of information

The sources and basis of statements relating to the market position of Greencore are set out in this Circular where the statement is made. Certain information has been obtained from external publications and, where applicable, the source of such information is stated in this Circular where the information is included. Greencore confirms that this information has been accurately reproduced and, so far as Greencore is aware and is able to ascertain from the information published by third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. Unless otherwise stated, such information has not been audited.

#### **14. Information incorporated by reference**

Part IX (*Checklist of Information Incorporated by Reference*) of this Circular sets out the documents that are incorporated by reference within this Circular and the location of the references.

#### **15. Documents available for inspection**

Printed copies of the following documents may be inspected at the registered office of Greencore and at the offices of Greencore Group UK Centre, Midland Way, Barlborough Links Business Park, Barlborough, Chesterfield, S43 4XA, United Kingdom, during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) for a period of 12 months from the date of publication of this Circular:

- 15.1 the Constitution;
- 15.2 the report on *pro forma* financial information prepared by KPMG contained in Part VI (*Unaudited pro forma statement of Net Assets of the Retained Group*) of this Circular;
- 15.3 the consent letters referred to in paragraph 7 (*Consents*) of this Part X;
- 15.4 the Stock Purchase Agreement; and
- 15.5 this Circular, including the Notice of EGM, and the Form of Proxy.

## PART XI

### DEFINITIONS

The definitions set out below apply throughout this Circular, unless the context requires otherwise:

|  |  |
|--|--|
| <b>2015 Annual Report</b>  | Greencore's annual report for the financial year ended 25 September 2015 including the audited financial statements for the financial year ended 25 September 2015;  |
| <b>2016 Annual Report</b>  | Greencore's annual report for the financial year ended 30 September 2016 including the audited financial statements for the financial year ended 30 September 2016;  |
| <b>2017 Annual Report</b>  | Greencore's annual report for the financial year ended 29 September 2017 including the audited financial statements for the financial year ended 29 September 2017;  |
| <b>2018 Annual Report</b>  | Greencore's annual report for the financial year ended 28 September 2018 including the audited financial statements for the financial year ended 28 September 2018;  |
| <b>2013 Notes</b>  | the guaranteed senior unsecured notes in the aggregate principal amount of \$65 million issued pursuant to a note purchase and guarantee agreement entered into by Greencore Funding Limited on 25 October 2013 with the purchasers listed in Schedule A thereto;  |
| <b>2016 Notes</b>  | the \$74.5 million guaranteed senior unsecured notes and £18 million guaranteed senior unsecured notes issued pursuant to a note purchase and guarantee agreement entered into by Greencore Funding Limited on 22 April 2016;  |
| <b>£ or GBP or Sterling or Stg or pound sterling or pence or p</b> | the lawful currency of the UK;   |
| <b>Adjusted Earnings</b>   | Adjusted Earnings is calculated as profit attributed to equity holders (as shown on the Group's income statement) adjusted to exclude exceptional items (net of tax), the effect of foreign exchange on inter-company and external balances where hedge accounting is not applied, the movement in the fair value of all derivative financial instruments and related debt adjustments, the amortisation of acquisition related intangibles (net of tax) and the interest expense relating to legacy defined benefit pension liabilities (net of tax); |
| <b>Adjusted EBITDA</b>   | Adjusted EBITDA is calculated as operating profit before amortisation of acquisition related intangibles and exceptional charges plus depreciation and amortisation;   |
| <b>Adjusted EPS</b>  | Adjusted EPS is calculated by dividing Adjusted Earnings by the weighted average number of Ordinary Shares in issue during the year, excluding Ordinary Shares purchased by a trust on behalf of Greencore and held in trust in respect of the Deferred Bonus Plan, the Performance Share Plan and the Executive Share Option Scheme;  |
| <b>Adjusted Operating Profit</b>                                   | net profit before net finance costs, taxation, share of associate's profit/loss after tax, exceptional items and acquisition related amortisation;   |

|   |  |
|---|--|
| <b>Aggregated Financial Information</b>       | the aggregated financial information of Greencore US listed in Part V ( <i>Financial information relating to the US Business</i> ) of this Circular;   |
| <b>AGM</b>                                    | annual general meeting of Greencore;   |
| <b>Announcement</b>                           | the announcement made by Greencore on 15 October 2018 in relation to the Transaction;  |
| <b>Articles of Association</b>                | the articles of association of Greencore for the time being;   |
| <b>Average Invested Capital</b>               | the aggregate of Invested Capital from the opening and closing balance sheets for the applicable period divided by two;  |
| <b>Bank Bilateral Facilities Agreement</b>    | a £60 million term loan facilities agreement entered into by Greencore and certain of its subsidiaries dated 21 September 2011 as most recently amended on 3 April 2017 with RI-GD Investments, as lender;         |
| <b>BIPA</b>                                   | the 2008 Illinois Biometric Information Privacy Act;   |
| <b>Board</b>                                  | the board of directors of Greencore;   |
| <b>Branded Food Partners</b>                  | those customers in the consumer packaged goods channel and broader food sector that own and market branded products through various industry channels;   |
| <b>Business Day</b>                           | a day (other than a Saturday, Sunday or public holiday) on which banks are generally open for business in London other than solely for trading and settlement in euro;   |
| <b>Capital Reduction</b>                      | the completion of the proposed reduction of company capital set out in Resolution 2, including the obtaining of the confirmation of the Irish High Court in respect of such reduction;                             |
| <b>CEO</b>                                    | Chief Executive Officer;   |
| <b>Certificated or in certificated form</b>   | in relation to a share or other security, a share or other security title to which is recorded in the relevant register of the share or other security as being held in certificated form (that is, not in CREST); |
| <b>CFO</b>                                    | Chief Financial Officer;   |
| <b>Charlesbank</b>                            | Charlesbank Capital Partners, LLC and any investment funds that it manages;  |
| <b>Circular</b>                               | this circular to be sent to Shareholders on or about the date hereof containing details of the Transaction;  |
| <b>Company</b>                                | Greencore Group plc;   |
| <b>Completion</b>                             | completion of the Transaction;   |
| <b>Completion Date</b>                        | the date upon which the Transaction becomes effective;   |
| <b>Conditions</b>                             | the conditions of the Transaction as described in paragraph 2.3 of Part I ( <i>Letter from the Chairman</i> ) of this Circular and Part III ( <i>Details of the Transaction</i> );                                 |
| <b>Consolidation Ratio Determination Date</b> | such date, being a date no later than one Business Day prior to the Consolidation Record Date, as the Directors of Greencore may determine in their absolute discretion;   |

|   |   |
|---|---|
| <b>Consolidation Record Date</b>                  | such time and date as the Directors may determine (in their absolute discretion, subject to Greencore's Articles of Association) and announce as being the time and date on which the Share Consolidation will be applied to the Shareholders entered into the register of members of Greencore as at that time and date; |
| <b>Constitution</b>                               | the constitution (i.e. the memorandum and articles of association) of Greencore for the time being;   |
| <b>COO</b>  | Chief Operating Officer;  |
| <b>CREST</b>                                      | the electronic transfer and settlement system for the paperless settlement of trades in listed securities and the holding of uncertificated securities in accordance with the CREST Regulations operated by Euroclear;  |
| <b>CREST Manual</b>                               | the manual, as amended from time to time, produced by Euroclear describing the CREST system and supplied by Euroclear to users and participants thereof;  |
| <b>CREST member</b>                               | a person who has been admitted by Euroclear as a system-member (as defined in the CREST Regulations);   |
| <b>CREST Proxy Instructions</b>                   | Proxy appointment or instruction made via CREST authenticated in accordance with Euroclear's specifications and containing the information set out in the CREST Manual;   |
| <b>CREST Regulations</b>                          | the Companies Act 1990 (Uncertificated Securities) Regulations 1996 (S.I. 68/1996) of Ireland (as amended);   |
| <b>CREST sponsor</b>                              | a CREST participant admitted to CREST as a CREST sponsor;   |
| <b>CREST sponsored member</b>                     | a CREST member admitted to CREST as a sponsored member;   |
| <b>Debt Agreements</b>                            | the Existing Debt Agreements or any other debt agreements of the Retained Group from time to time, including in relation to the refinancing, replacement or amendment of the Existing Debt Agreements;  |
| <b>Deferred Bonus Plan</b>                        | an award scheme for senior executives of Greencore as set out at paragraph 4.2 of Part X ( <i>Additional Information</i> ) of this Circular;  |
| <b>Director(s) or Greencore Director(s)</b>       | the directors of Greencore whose names are set out at paragraph 3 of Part X ( <i>Additional Information</i> ) of this Circular;   |
| <b>Disclosure Guidance and Transparency Rules</b> | the transparency rules made by the FCA for the purpose of Part 6 of FSMA;   |
| <b>Dividend Record Date</b>                       | such time and date as the Board may determine (in their absolute discretion subject to Greencore's Articles of Association) and announce as being the time and date on which Shareholders are required to be on the register of members of Greencore in order to be entitled to the Special Dividend;                     |
| <b>DWT</b>  | Dividend Withholding Tax;   |
| <b>DOJ</b>  | the US Department of Justice;   |
| <b>EBITDA</b>                                     | earnings before interest, tax, depreciation and amortisation;   |

|   |   |
|---|---|
| <b>EGM or Extraordinary General Meeting</b> | the extraordinary general meeting of Shareholders to be held at The Westin Dublin Hotel, College Green, Westmoreland Street, Dublin, D02 HR67, Ireland at 10.00 a.m. on 7 November 2018 to consider and if thought fit pass, <i>inter alia</i> , the Resolutions in connection with the Transaction, including any adjournment thereof, notice of which is set out at the end of this Circular; |
| <b>EU</b>                                   | the European Union;   |
| <b>EU Prospectus Regulation</b>             | Commission Regulation (EC) No. 809/2004 of 29 April 2004;   |
| <b>euro, or EUR or €</b>                    | the lawful currency of the member states of the EU that have adopted the euro as their common currency and sole legal tender;   |
| <b>EURIBOR</b>                              | euro interbank offered rate;  |
| <b>Euroclear</b>                            | Euroclear UK & Ireland Limited, the operator of CREST;  |
| <b>Executive Share Option Scheme</b>        | the Group's share option scheme for its Executive Directors which expired in 2011;  |
| <b>Existing Debt Agreements</b>             | the Facilities Agreement, the Revolving Credit Facility, the Private Placement Agreement, the Private Place Notes and the Bank Bilateral Facilities Agreement;  |
| <b>Facilities Agreement</b>                 | the facilities agreement dated 21 December 2016 entered into between Greencore and its Subsidiaries Specified therein as initial borrowers and guarantors, the parties named therein as original lenders and facility underwriters and The Governor and Company of the Bank of Ireland as agent;  |
| <b>FCA or Financial Conduct Authority</b>   | the UK Financial Conduct Authority or its successor from time to time;  |
| <b>Form of Proxy</b>                        | the form of proxy for use at the EGM, which is being made available with this Circular;   |
| <b>FSMA</b>                                 | the Financial Services and Markets Act 2000, as amended, modified or re-enacted from time to time;  |
| <b>FTC</b>                                  | the US Federal Trade Commission;  |
| <b>Great Britain</b>                        | the island consisting of England, Scotland and Wales;   |
| <b>Greencore or Greencore Group plc</b>     | Greencore Group plc, a public limited company incorporated in Ireland, with registered number 170116;   |
| <b>Greencore US</b>                         | Greencore US Holdings, LLC and, where the context so permits, its direct and indirect subsidiaries;   |
| <b>Goldman Sachs</b>                        | Goldman Sachs International;  |
| <b>Greenhill</b>                            | Greenhill & Co. International LLP;  |
| <b>Group</b>                                | Greencore and its subsidiary undertakings and associated undertakings and, where the context permits, each of them;   |
| <b>Hearthside</b>                           | Hearthside Food Solutions, LLC and its affiliates, including where the context so permits H-Food Holdings and its subsidiary undertakings and associated undertakings;  |

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| <b>Hearthside Buyer</b>               | Hearthside Acquisition VII-B Corp., a Delaware corporation with registered office at 160 Greentree Drive, Suite 101, Dover, DE 19904, USA;  |
| <b>H-Food Holdings</b>                | H-Food Holdings, LLC, a Delaware limited liability company with registered office at 251 Little Falls Drive, Wilmington, DE 19808, USA;   |
| <b>H1 2017</b>                        | the 26-week period ended 31 March 2017;   |
| <b>H1 2018</b>                        | the 26-week period ended 30 March 2018;   |
| <b>H1 2018 Unaudited Results</b>      | Greencore's unaudited trading results for the 26-week period ended 30 March 2018, released on 22 May 2018;  |
| <b>High Court</b>                     | the High Court of Ireland;  |
| <b>HSR Act</b>                        | the United States Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended from time to time;   |
| <b>IASB</b>                           | International Accounting Standards Board;   |
| <b>IFRS</b>                           | International Financial Reporting Standards;  |
| <b>Invested Capital</b>               | invested capital is calculated as net assets (total assets less total liabilities) excluding Net Debt and the balance sheet value of derivatives not designated as fair value hedges. It also excludes retirement benefit obligations (net of deferred tax assets);   |
| <b>IGD</b>                            | Institute of Grocery Distribution;  |
| <b>IRS</b>                            | Internal Revenue Service of the United States of America;   |
| <b>Irish Companies Act</b>            | the Companies Act 2014 of Ireland, as amended;  |
| <b>ISIN</b>                           | international securities identification number;   |
| <b>KPMG</b>                           | the Irish partnership known as KPMG and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative, a Swiss entity;   |
| <b>Latest Practicable Date or LPD</b> | 12 October 2018, being the latest practicable date prior to publication of this Circular;   |
| <b>Lender Consent/Refinancing</b>     | the obtaining of a proposed waiver (or a waiver in respect of a sufficient portion of facilities/debt as determined by the Board) of payment obligations under the Existing Debt Agreements, being prepayment obligations/offers triggered by Completion, or the agreement to refinance the Existing Debt Agreements; |
| <b>LIBOR</b>                          | London interbank offered rate;  |
| <b>Listing Rules</b>                  | the listing rules made by the FCA under Section 73A FSMA;   |
| <b>London Stock Exchange or LSE</b>   | the London Stock Exchange plc or its successor(s);  |
| <b>Longstop Date</b>                  | 15 January 2019 (which may be extended to 6 February 2019 in certain circumstances);  |
| <b>Market Abuse Regulation or MAR</b> | Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation);   |



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| <b>Net Debt</b>  | current and non-current borrowings and the balance sheet effect of cross-currency interest rate swaps associated with fair value hedges of the Private Placement Notes less net cash and cash equivalents;              |
| <b>Net Proceeds</b>  | total cash proceeds after customary adjustments for the cash, debt, and working capital in Greencore US at Completion less the payment of costs relating to the Transaction;  |
| <b>New Ordinary Shares</b>                                   | the ordinary shares in the capital of Greencore resulting from the Share Consolidation and “ <b>New Ordinary Share</b> ” shall be construed accordingly;  |
| <b>NOPAT</b>   | net operating profit after tax;   |
| <b>Notice of Extraordinary General Meeting or EGM Notice</b> | the notice of the EGM convened for 10.00 a.m. on 7 November 2018 and to be held at The Westin Dublin Hotel, College Green, Westmoreland Street, Dublin, D02 HR67, Ireland which is set out at the end of this Circular; |
| <b>Official List</b>   | the daily official list of the London Stock Exchange;   |
| <b>Ordinary Shares</b>                                       | ordinary shares of £0.01 each in the share capital of Greencore;  |
| <b>PAGA</b>  | the Private Attorney General Act;   |
| <b>Partners Group</b>  | Partners Group and any affiliated investment funds managed and/or advised by Partners Group and its affiliates;   |
| <b>PRSI</b>  | Pay Related Social Insurance;   |
| <b>Peacock Acquisition</b>                                   | the acquisition of CB-Peacock Holdings Inc. by the Peacock Buyers;  |
| <b>Peacock Agreement</b>                                     | the share purchase agreement between the Peacock Buyers, Peacock Foods and the parties listed in the Schedule 1 thereto in respect of the sale of Peacock Foods dated 14 November 2016;                                 |
| <b>Peacock Buyers</b>  | Greencore and Greencore US Holdings, LLC;   |
| <b>Peacock Foods or Peacock</b>                              | CB-Peacock Holdings Inc., a Delaware corporation;   |
| <b>Performance Share Plan</b>                                | Greencore’s long-term incentive scheme described in paragraph 4.2 of Part X ( <i>Additional Information</i> ) of this Circular;   |
| <b>PFIC</b>  | passive foreign investment company;   |
| <b>Private Placement Agreement</b>                           | a private placement agreement entered into by Greencore and certain of its subsidiaries dated 28 February 2014 with a large insurance group;  |
| <b>Private Placement Notes</b>                               | the note purchase and guaranty agreements entered into by Greencore Funding Limited and the parties listed in Schedule A thereto on 25 October 2013 and 22 April 2016;  |
| <b>Pro forma financial information</b>                       | the <i>pro forma</i> statement of net assets of Greencore Group plc;  |
| <b>Profit Estimate</b>                                       | the Greencore profit estimate for the year ended 28 September 2018 as set out in Part IV ( <i>Profit estimate of Greencore Group plc</i> ) of this Circular;  |
| <b>Purchase and Sale Agreement</b>                           | a sale and purchase agreement dated 15 August 2018 as mostly recently amended on 31 August 2018 with Taylor Farms California, Inc.;   |

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| <b>Q3 2018 Trading Statement</b>             | Greencore's unaudited trading statement for the 13 weeks to 29 June 2018, released on 31 July 2018;   |
| <b>R&amp;W Insurance Policy</b>              | the representations and warranties insurance policy entered into by Greencore US Holdings, LLC, with Greencore as a named insured, provided by AIG Specialty Insurance Company dated 14 November 2016;  |
| <b>Registrar</b>                             | Computershare Investor Services (Ireland) Limited;  |
| <b>Regulatory Information Service or RIS</b> | any of the services set out in Appendix II to the Listing Rules;  |
| <b>Remuneration Committee</b>                | the remuneration committee of the Greencore Board;  |
| <b>Resolution 1</b>                          | the resolution to be proposed at the EGM to approve the Transaction being resolution 1 as set out in the Notice of EGM, with any permitted amendments thereto;  |
| <b>Resolution 2</b>                          | the resolution to be proposed at the EGM being resolution 2 as set out in the Notice of EGM, with any permitted amendments thereto;   |
| <b>Resolution 3</b>                          | the resolution to be proposed at the EGM being resolution 3 as set out in the Notice of EGM, with any permitted amendments thereto;   |
| <b>Resolution 4</b>                          | the resolution to be proposed at the EGM being resolution 4 as set out in the Notice of EGM, with any permitted amendments thereto;   |
| <b>Resolutions</b>                           | the resolutions to be proposed at the EGM;  |
| <b>Retail Partners</b>                       | those customers that operate in the convenience store, retail grocery, and food store channels;   |
| <b>Retained Group</b>                        | means Greencore and its subsidiaries and subsidiary undertakings from time to time excluding the US Business Group following Completion, being the continuing business of the Group following Completion;   |
| <b>Return on Invested Capital or ROIC</b>    | NOPAT divided by Average Invested Capital;  |
| <b>Revolving Credit Facility</b>             | the £300 million revolving credit facility agreement dated 27 March 2015 between Greencore and certain of its subsidiaries identified therein as borrowers and/or guarantors, the Governor and Company of the Bank of Ireland as agent and coordinating bank, and the financial institutions specified therein as original lenders and mandated lead arrangers;   |
| <b>Securityholders</b>                       | those parties listed at Schedule 1 of the Peacock Agreement;  |
| <b>Sellers</b>                               | Greencore Advances DAC, Greencore Holdings DAC, Greencore Eastwood Limited and Greencore Beechwood Limited, each being wholly-owned direct or indirect subsidiaries of Greencore;   |
| <b>Share Consolidation</b>                   | the consolidation of (i) each unissued Ordinary Share in the share capital of the Company and (ii) each Ordinary Share in the issued share capital of the Company at the Consolidation Record Date into New Ordinary Shares, in each case at a ratio obtained by dividing (a) Greencore's market capitalisation as at the close of trading of the LSE on the Consolidation Ratio Determination Date less the value of the aggregate amount of the Special Dividend by (b) Greencore's |

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|   | market capitalisation (as calculated above), subject to such amendments as the Directors of Greencore may determine (in their absolute discretion) to deal with fractions, rounding or other practical problems or matter which may otherwise result from such division and/or to achieve a ratio which in their judgment is the most appropriate to seek to maintain comparability of the Company's share price before and after the Special Dividend; |
| <b>Shareholders</b>   | (a) prior to the Share Consolidation, the holders for the time being of Ordinary Shares; and (b) after the Share Consolidation, the holders for the time being of New Ordinary Shares,<br><br>and “ <b>Shareholder</b> ” shall be construed accordingly;  |
| <b>Special Dividend</b>   | the interim dividend of an aggregate amount of £509 million in cash (or such other amount as the Directors may determine) to be paid on Ordinary Shares proposed by the Directors to be paid subject to Completion, the Capital Reduction and the Lender Consent/Refinancing and designated by the Board as such;   |
| <b>Special Shareholder</b>  | the Minister for Agriculture, Food & the Marine, on behalf of the Irish State;  |
| <b>Stock Purchase Agreement</b>   | the Stock Purchase Agreement between Hearthiside Acquisition VII-B Corp., H-Food Holdings, LLC, Greencore US Holdings, LLC, Greencore Advances DAC, Greencore Holdings DAC, Greencore Beechwood Ltd, Greencore Eastwood Limited and Greencore Group plc amongst others. A summary of the key terms of the Transaction are set out in Part III ( <i>Details of the Transaction</i> ) of this Circular;   |
| <b>TSR</b>  | Greencore's total shareholder return;   |
| <b>Transaction</b>  | the proposed disposal of the US Business, pursuant to the Stock Purchase Agreement as described in Part I ( <i>Letter of the Chairman</i> ) and Part III ( <i>Details of the Transaction</i> ) of this Circular;  |
| <b>Treaty</b>   | the US and Ireland double taxation treaty;  |
| <b>UK</b>   | United Kingdom of Great Britain and Northern Ireland;   |
| <b>UKLA or UK Listing Authority</b>   | the FCA acting in its capacity as the competent authority for the purposes of Part VI of FSMA;  |
| <b>US or United States</b>  | United States of America, its territories and possessions, any State of the United States of America and the District of Columbia;  |
| <b>US Business or US Business Group or Greencore US or Greencore US Group</b> | Greencore US Holdings, LLC, where the content so permits, its direct and indirect subsidiaries;   |
| <b>US dollar or USD or \$</b>   | the lawful currency of the US;  |
| <b>USC</b>  | Universal Social Charge;  |
| <b>US Holder</b>  | a beneficial owner of Ordinary Shares that is, for US federal income tax purposes (i) a citizen or individual resident of the United States; (ii) a corporation created or organised under the laws of the United States or any political sub-division thereof; or (iii) a trust subject to the control of one or more US persons and the primary supervision   |

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|  | of a US court; or (iv) an estate the income of which is subject to US federal income taxation regardless of its source;   |
| <b>United States-Owned Foreign Corporation</b> | any corporation organized outside the US (a foreign corporation) that is more than 50% owned by US shareholders;  |
| <b>US Receivables Purchase Agreement</b>       | the receivables purchase agreement entered into between Greencore USA-CPG Partners LLC and Wells Fargo Bank, N.A. dated 25 September 2018; and  |
| <b>VAT</b>                                     | (i) within the EU, any tax imposed by any member state in conformity with the directive of the council of the EU on the common system of value added tax (2006/112/EC), and (ii) outside the EU, any tax corresponding to, or substantially similar to, the common system of value added tax referred to in paragraph (i) of this definition. |

# NOTICE OF EXTRAORDINARY GENERAL MEETING

## GREENCORE GROUP PLC

*(incorporated and registered in Ireland under the Companies Act 2014 with registered number 170116)*

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (“EGM”) of Greencore Group plc (the “Company”) will be held at The Westin Dublin Hotel, College Green, Westmoreland Street, Dublin, D02 HR67 at 10.00 a.m. on 7 November 2018 for the purpose of considering and, if thought fit, passing the following resolutions.

### Resolutions

#### 1. As an ordinary resolution

*“That, the Transaction, on the terms set out in the Stock Purchase Agreement (both as defined in the circular of the Company to its shareholders dated 15 October 2018 (the “Circular”)), which constitutes a class 1 transaction for the purpose of the Listing Rules of the UK Listing Authority, in each case as described in the Circular of which the notice of this extraordinary general meeting forms part, be and is hereby approved and the directors of the Company (or any duly authorised committee thereof) be and are hereby authorised:*

- (a) to do or procure to be done all such acts and things on behalf of the Company and any of its subsidiaries as the directors of the Company consider necessary, desirable or expedient to implement, or otherwise in connection with the Transaction; and*
- (b) to agree such modifications, variations, revisions, waivers, extensions, additions or amendments to any of the terms of the Transaction and/or to any documents relating to it, as the directors of the Company (or any duly authorised committee thereof) may in their absolute discretion think fit, provided such modifications, variations, revisions, waivers, extensions, additions or amendments are not of a material nature.”*

#### 2. As a special resolution

*“That, subject to and with the consent of the Irish High Court:*

- (a) in accordance with the provisions of section 84 of the Companies Act 2014 (and/or any corresponding provision of any amended or replacement legislation), the company capital of the Company be reduced by the cancellation of the entire amount standing to the credit of the Company’s share premium account as at 28 September 2018 (the “Authorised Amount”) or such other lesser amount as the board of directors of the Company or the Irish High Court may determine and for the reserve resulting from the cancellation of the share premium to be treated as profits available for distribution as defined by section 117 of the Irish Companies Act (and/or any corresponding provision of any amended or replacement legislation); and*
- (b) the board of directors of the Company, acting through one or more of the Company’s directors, be and is hereby authorised on behalf of the Company to proceed to seek the confirmation of the Irish High Court to a reduction of company capital by the Authorised Amount or such lesser amount as the board of directors of the Company or the Irish High Court may determine.”*

#### 3. As a special resolution

*“That, Article 1(a) of the Company’s Articles of Association be and is hereby amended by deletion of the words “Sections 83 and 84” and by the insertion in their place of the words “Sections 83, 84 and 117(9),”.”*

#### 4. As an ordinary resolution

*“That, subject to and conditional upon the passing of resolution 1 as set out above, completion of the Transaction in accordance with the terms and conditions of the Stock Purchase Agreement (both as defined in the circular of the Company to its shareholders dated 15 October 2018 (the “Circular”)), the amendment*

*of the Official List of the London Stock Exchange plc and the declaration of the Special Dividend (as defined in the Circular), the Share Consolidation (as defined in the Circular) be and is hereby approved and the board of directors of the Company (or a duly authorised committee thereof) be and are hereby generally and unconditionally authorised to implement the Share Consolidation and to do or procure to be done all such acts and things as they consider necessary, or expedient, for the purposes of giving effect to the Share Consolidation provided that no member shall be entitled to a fraction of a share and any fractions of New Ordinary Shares (as defined in the Circular) arising out of the consolidation shall be aggregated and sold and the net proceeds of sale will be distributed to the relevant shareholders pro rata among those members who would otherwise be entitled to such fractional entitlements and for the purpose of implementing the provisions of this resolution, the board of directors of the Company may appoint any person to execute transfers on behalf of any person entitled to any such fractions and may generally make all arrangements which appear to the board of directors of the Company to be necessary or appropriate for the settlement and/or disposal of such fractional entitlement.”*

*By order of the Board*

**Conor O’Leary**  
*Company Secretary*

*Registered Office*  
No. 2 Northwood Avenue  
Northwood Business Park  
Santry  
Dublin  
D09 X5N9  
Ireland

15 October 2018

#### **Notes**

- (1) Any member entitled to attend, speak and vote at the EGM is entitled to appoint one or more proxies (who need not be a member of the Company) to attend, speak and vote in his/her place. Completion of a Form of Proxy will not affect the right of a member to attend, speak and vote at the EGM in person. A shareholder may appoint more than one proxy to attend and vote at the EGM provided each proxy is appointed to exercise rights attached to different shares held by that shareholder: Should you wish to appoint more than one proxy, please read carefully the explanatory notes accompanying the Form of Proxy. A member may appoint a proxy or proxies electronically by logging on to the website of the Registrars, Computershare Investor Services (Ireland) Limited: [www.eproxyappointment.com](http://www.eproxyappointment.com). Shareholders will be asked to enter the Shareholder Reference Number; PIN Number and control number as printed on your Form of Proxy and agree to certain conditions.
- (2) As a shareholder, you have several ways to exercise your right to vote:
  - (a) by attending the EGM in person; or
  - (b) by appointing (either electronically or by returning a completed Form of Proxy) the Chairman or another person as a proxy to vote on your behalf; or
  - (c) by appointing a proxy via the CREST System if you hold your shares in CREST.
- (3) If you are appointing someone other than the Chairman as your proxy, then you must fill in the details of your representative at the meeting in the box located underneath the wording “*I/We hereby appoint the Chairman of the EGM OR the following person*” on the Form of Proxy. If you appoint the Chairman or another person as a proxy to vote on your behalf, please make sure to indicate how you wish your votes to be cast by ticking the relevant boxes on the Form of Proxy.
- (4) In the case of joint holders, the vote of the senior holder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other registered holder(s) and, for this purpose, seniority will be determined by the order in which the names stand in the register of members in respect of the joint holding.
- (5) To be valid, Forms of Proxy duly signed together with the power of attorney or such other authority (if any) under which they are signed (or a certified copy of such power or authority) must be lodged with the Company’s Registrar, Computershare Investor Services (Ireland) Limited, P.O. Box 954, Sandyford, Dublin, D18 Y2X6 by no later than 10.00 a.m. on 5 November 2018. The completion and return of the Form of Proxy will not preclude a member from attending and voting at the meeting in person.
- (6) CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting and any adjournment thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST Proxy Instruction must be properly authenticated in accordance with Euroclear (UK and Ireland) Limited’s specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order

to be valid, be transmitted so as to be received by Computershare Investor Services (Ireland) Limited (ID **3RA50**) by 10.00 a.m. on 5 November 2018. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Computershare Investor Services (Ireland) Limited is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear (UK and Ireland) Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s)), to procure that his CREST sponsor or voting service provider(s) take(s) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35 (5) of the of the Companies Act, 1990 (Uncertificated Securities) Regulations, 1996 of Ireland, as amended.

- (7) Pursuant to Section 1105 of the Irish Companies Act 2014 and Regulation 14 of the Companies Act 1990 (Uncertificated Securities) Regulations 1996, as amended, the Company hereby specifies that only those shareholders registered in the Register of Members of the Company as at 6.00 p.m. on 5 November 2018 shall be entitled to attend, speak, ask questions and vote at the EGM in respect of the number of shares registered in their name at that time.
- (8) Pursuant to Section 1104(1)(b) of the Irish Companies Act 2014 and subject to any contrary provision in company law, shareholders, holding at least 3% of the Company's issued share capital representing at least 3% of the voting rights of all shareholders who have a right to vote at the EGM have the right to table a draft resolution for an item on the agenda of the EGM. Further information in relation to shareholders' rights can be obtained from the Company's website, [www.greencore.com](http://www.greencore.com).
- (9) Pursuant to Section 1107 of the Irish Companies Act 2014, shareholders have a right to ask questions related to items on the EGM agenda and to have such questions answered by the Company subject to any reasonable measures the Company may take to ensure the identification of shareholders. An answer is not required if (a) an answer has already been given on the Company's website in the form of a "Q&A" or (b) it would interfere unduly with preparation for the meeting or the confidentiality or business interests of the Company or (c) it appears to the Chairman that it is undesirable in the interests of good order of the meeting that the question be answered.

If you wish to submit a question in advance of the EGM, please send your question(s) in writing with evidence of your identity and shareholding to be received no later than 4 days in advance of the EGM by post to the Company Secretary at Greencore Group plc, Company Secretary, No. 2 Northwood Avenue, Northwood Business Park, Santry, Dublin, D09 X5N9, Ireland.

- (10) A copy of this Notice and copies of documentation relating to the EGM including proxy forms, are available on the Company's website, [www.greencore.com](http://www.greencore.com).

