

**Greenyard Foods NV**

***Skaldenstraat 7C - 9042 Ghent (Belgium) - 0402.777.157 RPR (Ghent, division Ghent)***

**Admission to trading and listing of 27,913,065 shares on the regulated market of Euronext Brussels in the context of the contribution and transfer to Greenyard Foods NV of all shares of FieldLink NV and Peatinvest NV**

This is a prospectus (the ***Prospectus***) for the listing on the regulated market of Euronext Brussels of 27,913,065 new ordinary shares without nominal value (such 27,913,065 shares, the ***New Shares***) of Greenyard Foods NV (***Greenyard Foods*** or the ***Company***), a limited liability company organised under the laws of Belgium, which are expected to be admitted to trading on [19] June 2015 in the context of (i) the transfer of all shares of FieldLink NV (***Univeg***) held by De Weide Blik NV (***DWB***) by way of partial demerger of DWB into Greenyard Foods (the ***DWB Demerger***) and the contribution in kind of all shares of Univeg held by the other shareholder of Univeg (the ***Univeg Contribution***), (ii) the contributions in kind of all shares of Peatinvest NV (***Peatinvest***) held by the current shareholders of Peatinvest to Greenyard Foods (the ***Peatinvest Contribution***) (the DWB Demerger, the Univeg Contribution and the Peatinvest Contribution being together the ***Contributions*** and each a ***Contribution***), and (iii) the exercise of 2,400,000 warrants by Gimv NV, Gimv-XL Partners Invest Comm. V. and Adviesbeheer Gimv-XL NV (together ***Gimv-XL***) (the ***Gimv Warrants Exercise***) (the Contributions and the Gimv Warrants Exercise being together the ***Transactions*** and each a ***Transaction***). All Transactions are conditional upon each other.

An application has been made to list the New Shares on the regulated market of Euronext Brussels under the symbol GRYFO. The New Shares shall have the same rights as all existing shares of the Company (such existing shares, together as the case may be with the New Shares, being referred to hereinafter as the ***Shares***). The listing of the New Shares of the Company to be issued in the context of the Transactions is expected to be effective on [19] June 2015 under ISIN BE0003765790.

Delivery of the New Shares to be issued in the context of the Transactions is expected to take place in book-entry form against transfer of ownership of the shares of Univeg and Peatinvest as a result of the completion of the Contributions on or about [19] June 2015 (the ***Closing Date***) to securities accounts of the relevant persons via Euroclear Belgium.

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**The riskfactors relating to the Combined Greenyard Foods Group and its business, the risk factors relating to prevailing economic conditions, and the risk factors relating to the Shares, the Contributions and the potential subsequent secondary sale of Greenyard Foods Shares (see Part II (*Risk factors*)) should be carefully reviewed.**

**This Prospectus needs to be read together with any documents included herein by reference.**

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This document constitutes a prospectus for the purpose of article 20 of the law of 16 June 2006 on the public offering of securities and the admission of securities to trading on a regulated market, as amended (*Wet op de openbare aanbieding van beleggingsinstrumenten en de toelating van beleggingsinstrumenten tot de verhandeling op een gereglementeerde markt / Loi relative aux offres publiques d'instruments de placement et aux admissions d'instruments de placement à la négociation sur des marches réglementés*) (the ***Prospectus Law***). This Prospectus was approved by the Financial Services and Markets Authority (the ***FSMA***) on [16] June 2015.

This Prospectus does not constitute an offer to buy, subscribe or sell the New Shares described herein in any jurisdiction or to any person to whom it would be unlawful to make such an offer. This Prospectus serves as a prospectus for the purpose of article 20 of the Prospectus Law only and no Shares are being offered or sold pursuant to this Prospectus.

The Transactions have not yet been completed by the time this Prospectus was approved. The completion of the Transactions is expected to take place on [19] June 2015 and will be confirmed in an announcement that will be made public.

Prospectus dated [16] June 2015

**IMPORTANT NOTICE**

**IMPORTANT: You must read the following disclaimer before reading this Prospectus.** The following disclaimer applies to this Prospectus and you are therefore advised to read this disclaimer carefully before reading, accessing or making any other use of the Prospectus. In accessing the attached Prospectus, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from the Company.

This Prospectus has been approved for the purposes of the admission to trading of the New Shares on the regulated market of Euronext Brussels and does not constitute an offer to sell or the solicitation of an offer to buy any Shares in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. It can be distributed in Belgium, where it has been approved by the FSMA in accordance with the Prospectus Law.

**The distribution of this Prospectus in any country other than Belgium may be restricted by law.** The Company does not represent that this Prospectus may be lawfully distributed, or that any Shares may be lawfully offered, in compliance with any applicable registration or other requirements in any jurisdiction other than Belgium, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Company which is intended to permit a public offering of any Shares or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Shares may be offered or sold, directly and indirectly, pursuant to this Prospectus and neither this Prospectus nor any advertisement or other advertising material may be distributed or published in any jurisdiction other than Belgium, except under circumstances that will result in compliance with any applicable laws and regulations. Persons in whose possession this Prospectus or any Shares may come must inform themselves about, and observe any such restrictions on the distribution of this Prospectus and the offering and sale of Shares.

**The Shares have not been and will not be registered under the United States Securities Act of 1933, as amended (the *Securities Act*). Subject to certain exceptions, the Shares may not be offered or sold within the United States or to, or for the account or benefit of, US persons (as defined in Regulation S under the Securities Act).**

**IMPORTANT INFORMATION**

In accordance with article 61, §1 and §2 of the Prospectus Law, the Company, represented by its board of directors (the ***Board of Directors***), assumes responsibility for the information contained in this Prospectus, provided, however, that:

(i) all information relating to Univeg and its subsidiaries contained in this Prospectus has been provided by representatives of Univeg; Univeg, represented by its board of directors, has represented to the Company the completeness and accuracy of all such information; and

(ii) all information relating to Peatinvest and its subsidiaries contained in this Prospectus has been provided by representatives of Peatinvest; Peatinvest, represented by its board of directors, has represented to the Company the completeness and accuracy of all such information.

The Company is responsible for the consistency between the Dutch and English versions of the Prospectus. In case of discrepancies between the different versions of this Prospectus, the English version will prevail. To the best of the knowledge of the Company (having taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect the import of such information. Any information from third parties identified in this Prospectus as such, has been accurately reproduced and as far as the Company is aware and is able to ascertain from the information published by a third party, does not omit any facts which would render the reproduced information inaccurate or misleading.

The contents of this Prospectus should not be construed as providing legal, business, accounting or tax advice. Each prospective investor should consult its own legal, business, accounting and tax advisers prior to making a decision to invest in the Shares.

The information in this Prospectus is as of the date printed on the front cover, unless expressly stated otherwise. The delivery of the Prospectus at any time does not imply that there has been no change in the Company’s business or affairs since the date hereof or that the information contained herein is correct as of any time subsequent to the date hereof. In accordance with article 34 of the Prospectus Law, in the event of any changes to the information in this Prospectus that may affect the valuation of the Shares during the period from the date of announcement to the first day of trading, a supplement of this Prospectus shall be published. Any supplement is subject to approval by the FSMA, in the same manner as this Prospectus and must be made public in the same manner as this Prospectus.

Unless otherwise stated, capitalised terms used in this Prospectus have the meaning set out in this Prospectus.

***Approval of the Prospectus***

This Prospectus has been approved on [16] June 2015 by the FSMA in its capacity as competent authority under the Prospectus Law. The approval of the Prospectus by the FSMA does not constitute an appreciation of the soundness of the transaction proposed to investors and the FSMA assumes no responsibility as to the economic and financial soundness of the transaction and the quality or solvency of the Company.

***Available information***

This Prospectus is available in Dutch and in English in Belgium. The Prospectus will be made available at no cost at the Company’s registered office, located at Skaldenstraat 7C, 9042 Ghent, Belgium. The Prospectus is also available on the Company’s website (www.greenyardfoods.com). The posting of the Prospectus on the internet does not constitute an offer to sell or a solicitation of an offer to buy any of the Shares to or from any person in any jurisdiction in which it is unlawful to make such offer or solicitation to such person. The electronic version may not be copied, made available or printed for distribution. Information on the Company’s website ([www.greenyardfoods.com](http://www.greenyardfoods.com)) or any other website does not form part of the Prospectus. This Prospectus should be read and construed in conjunction with the documents incorporated by reference as mentioned in Part XIII (*Documents incorporated by reference*) of this Prospectus. The documents which have been filed with the FSMA, shall be incorporated in, and form part of, this Prospectus, save that any statement contained in the document which is incorporated by reference shall be modified or superseded for the purpose of the Prospectus to the extent that the statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus. Copies of documents incorporated by reference in the Prospectus are available on the website of the Company ([www.greenyardfoods.com](http://www.greenyardfoods.com)).

The Company has filed its deed of incorporation and must file its restated articles of association (the ***Articles of Association***) and all other deeds that are to be published in the Annexes to the Belgian State Gazette (*Belgisch Staatsblad / Moniteur Belge*) with the clerk’s office of the commercial court of Ghent, division Ghent, where they are available to the public. Greenyard Foods is registered with the register of legal entities under enterprise number 0402.777.157 RPR (Ghent, division Ghent). A copy of the Company’s Articles of Association and corporate governance charter (the ***Corporate Governance Charter***) are available on its website ([www.greenyardfoods.com](http://www.greenyardfoods.com)) prior to and after completion of the Transactions contemplated herein.

In accordance with Belgian law, the Company must also prepare audited annual statutory and consolidated financial statements. The annual statutory financial statements, together with the reports of the Board of Directors and the auditors of the Company as well as the consolidated financial statements, together with the report of the Board of Directors and the audit report of the auditors, will be filed with the National Bank of Belgium, where they will be available to the public. Furthermore, as a listed company, the Company must publish an annual financial report (composed of the financial information to be filed with the National Bank of Belgium and a responsibility statement) and a semi-annual financial report (composed of condensed consolidated financial statements, the report of the auditors, if audited or reviewed, and a responsibility statement). These reports will be made publicly available on the Company’s website (www.greenyardfoods.com).

As a listed company, the Company must also disclose price sensitive information, information about the shareholder structure and certain other information to the public. In accordance with the Belgian Royal Decree of 4 November 2007 relating to the obligations of issuers of financial instruments admitted to trading on a Belgian regulated market (*Koninklijk besluit betreffende de verplichtingen van emittenten van financiële instrumenten die zijn toegelaten tot de verhandeling op een Belgische gereglementeerde markt / Arrêté royal relatif aux obligations des émetteurs d’instruments financiers admis aux négociations sur marché réglementé*), such information and documentation will be made available through press releases, the financial press in Belgium, the Company’s website, the communication channels of Euronext Brussels or a combination of these media.

**PRESENTATION OF FINANCIAL AND OTHER INFORMATION**

***Non-GAAP financial measures***

In this Prospectus, the Combined Greenyard Foods Group presents certain non-GAAP and non-financial measures, particularly EBIT, REBIT, EBITDA and REBITDA (***Non-GAAP Financial Measures***). These Non-GAAP Financial Measures are measures of operating performance, which the Combined Greenyard Foods Group believes are frequently used by securities analysts, investors and other interested parties in the evaluation of companies in the fruit and vegetables sector. These Non-GAAP Financial Measures have limitations as an analytical tool, and investors should not consider them in isolation, or as a substitute for analysis of the operating results as reported under IFRS or, in case of Peatinvest, Belgian GAAP. Some of these limitations are as follows:

* neither of these Non-GAAP Financial Measures reflect the impact of financing costs on the operating performance;
* neither of these Non-GAAP Financial Measures reflect the impact of income taxes on the operating performance;
* REBITDA and EBITDA do not reflect the impact of depreciation and amortisation on the operating performance;
* EBIT and EBITDA may include earnings derived from non-recurring events or transactions or reflect costs of non-recurring events or transactions; and
* other companies in the relevant industries may calculate these Non-GAAP Financial Measures differently or may use it for different purposes than the Combined Greenyard Foods Group, limiting its usefulness as a comparative measure.

There may be differences in the manner in which the Greenyard Foods Group, the Univeg Group and the Peatinvest Group calculate or use the Non-GAAP Financial Measures. Particularly, the Univeg Group includes the pro rata contribution of its minority shareholdings in each of the Non-GAAP Financial Measures which the Greenyard Foods Group and the Peatinvest Group do not. There are furthermore certain differences in the items that the Greenyard Foods Group and the Univeg Group have considered to be non-recurring, based in each case on their respective management’s best judgment. Finally, the Peatinvest Group does not consider any elements of its EBIT and EBITDA to be non-recurring and there is hence no quantitative difference between its REBIT and REBITDA, on the one hand, and its EBIT and EBITDA, on the other hand.

The Greenyard Foods Group, the Univeg Group and the Peatinvest Group have from time to time used and computed, and may continue to use and compute differently from time to time, these Non-GAAP Financial Measures as a reporting tool to certain debt holders, based on contractual arrangements with such debt holders. For example, the Univeg Group uses an adjusted EBITDA metric to report to the holders of its Notes, which allows the Univeg Group to include the long-term effect (12 months) of its acquisitions into EBITDA.

The Non-GAAP Financial Measures are not defined by, or presented in accordance with, GAAP. The Non-GAAP Financial Measures are not a measurement of the operating performance under GAAP and should not be considered as an alternative to revenue or any other measure of performance under GAAP or as an alternative to results from operating activities nor to cash flow from operating activities or as a measure of the Combined Greenyard Foods Group’s liquidity. In particular, Non-GAAP Financial Measures should not be considered as a measure of discretionary cash available to the Combined Greenyard Foods Group to invest in the growth of its business.

***Financial year***

The Company’s financial year starts on 1 April and ends on 31 March. The financial year of Univeg starts on 1 January and ends on 31 December. The financial year of Peatinvest starts on 1 October and ends on 30 September.

***Annualisation***

Data have been restated to an annualised (*i.e.*, calendar year) basis in the pro forma financial information included in this Prospectus. The annualisation was done for comparative purposes only. Actual results may differ from these annualised figures.

***Rounding***

Certain amounts that appear in this Prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be arithmetic aggregations of the figures that precede them.

**INDUSTRY DATA, MARKET SHARE, RANKING AND OTHER DATA**

This Prospectus contains statistics, data and other information relating to markets, market sizes, market shares, market positions and other industry data pertaining to the Combined Greenyard Foods Group’s business and markets. To the extent available, such information has been extracted from reliable third‐party sources such as professional organisations, consultants and analysts and information otherwise obtained from third party sources and the National Bank of Belgium. Such information has been accurately reproduced, and, as far as the Company is aware from such information, no facts have been omitted which would render the information provided inaccurate or misleading.

Certain other statistical or market‐related data has been estimated by the Company based on reliable third‐party sources, where possible, including those referred to above. Although the Company believes its estimates regarding markets, market sizes, market shares, market positions and other industry data to be reasonable, these estimates have not been verified by any independent sources (except where explicitly cited to such sources), and the Company cannot assure the accuracy of these estimates or that a third party using different methods to assemble, analyse or compute market data would obtain the same results. The Company’s estimates are subject to risks and uncertainties and are subject to change based on various factors. The Company does not intend, and does not assume any obligation, to update the industry or market data set forth herein, other than as required by article 34 of the Prospectus Law.

Industry publications or reports generally state that the information they contain has been obtained from sources believed to be reliable, but the accuracy and completeness of such information is not guaranteed. The Company has not independently verified and cannot give any assurance as to the accuracy of market data contained in this Prospectus that were extracted or derived from these industry publications or reports. Market data and statistics are inherently predictive and subject to uncertainty and not necessarily reflective of actual market conditions. Such statistics are based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market.

As a result, prospective investors should be aware that statistics, data, statements and other information relating to markets, market sizes, market shares, market positions and other industry data in this Prospectus and estimates and assumptions based on that information are necessarily subject to a high degree of uncertainty and risk due to the limitations described above and to a variety of other factors, including those described in Part II (*Risk Factors*) of this Prospectus.

**CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This Prospectus includes forward-looking statements, which include all statements other than statements of historical fact, including, without limitation, any statements preceded by, followed by or that include the words “targets”, “believes”, “expects”, “aims”, “intends”, “will”, “may”, “anticipates”, “would”, “could”, or similar expressions or the negative thereof. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the Company’s control that could cause actual results, performance or achievements to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding present and future business strategies and the environment in which the Company will operate in the future. The important factors that could cause actual results, performances or achievements to differ materially from those expressed in such forward-looking statements include those in Part VI (*Operating* *and financial review*), Part II (*Risk Factors*) and elsewhere in this Prospectus. These forward-looking statements speak only as of the date of this Prospectus. Any statements regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. Investors are cautioned not to place undue reliance on such forward-looking statements, which are based on facts known to the Company only as of the date of this Prospectus. It expressly disclaims any obligation or undertaking to disseminate any update or revision to any forward-looking statement contained in this Prospectus to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any of such statements are based unless required to do so by any applicable regulation.

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# PART I: SUMMARY

*Summaries are made up of disclosure requirements known as “Elements”. These elements are numbered in Sections A — E (A.1 – E.7).*

*This summary contains all the Elements required to be included in a summary for this type of securities and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.*

*Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of “not applicable”.*

**Section A – Introduction and warnings**

|  |  |
| --- | --- |
| **Element** | **Disclosure requirement** |
| **A.1** | **Introduction and warnings** |
|  | This summary should be read as an introduction to the Prospectus. |
|  | Any decision to invest in the Shares should be based on consideration of the Prospectus as a whole by the investor. |
|  | Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. |
|  | Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities. |
| **A.2** | **Consent to subsequent resale or final placement** |
|  | Not applicable. This Prospectus does not constitute an offer to buy, subscribe or sell the Shares and consequently no consent is granted by the Company to the use of the Prospectus for subsequent resale or final placement of the Shares. |

**Section B – Company**

| **Element** | **Disclosure requirement** |
| --- | --- |
| **B.1** | **The legal and commercial name of the Company** |
|  | Greenyard Foods NV. |
| **B.2** | **Domicile and legal form of the Company** |
|  | The Company is a limited liability company incorporated in the form of a *naamloze vennootschap* */ société anonyme* under the laws of Belgium. Greenyard Foods NV is registered with the legal entities register under number 0402.777.157 RPR (Ghent, division Ghent). The Company’s registered office is located at Skaldenstraat 7C, 9042 Ghent, Belgium. |
| **B.3** | **Current operations and principal activities of the group and the principal markets in which it competes** |
|  | *The Greenyard Foods Group*  The Company and its subsidiaries before completion of the Contributions (together the ***Greenyard Foods Group***) are a leading processor of harvest-fresh fruit and vegetables with a long shelf life, being “prepared fruit and vegetables”. These are produced and commercialised on the one hand by (i) the frozen division of the Greenyard Foods Group, also known as “Pinguin”, specialised in the production of frozen vegetables and ready-to-use vegetable preparations (the ***Frozen Division***), and on the other hand by (ii) the canning division of the Greenyard Foods Group, also known as “Noliko”, specialised in the production of vegetable-based, ready-to-eat meals such as soups, sauces, dips and pasta dishes in jars and tins (the ***Canning Division***).  Both divisions offer an extensive range of (i) traditional vegetables such as peas, carrots, beans and all types of cabbages, (ii) fruits (for the Canning Division, apple compote is an important product), (iii) convenience products such as ready-to-eat vegetable dishes, soups, sauces and pastas and (iv) organic vegetables. The Canning Division also processes and sells small firm high-quality potatoes in glass and cans.  The production technique is different in each division, *i.e*., cold treatment process in the Frozen Division and heat treatment in the Canning Division. However, what is important in both divisions is that vegetables are processed within a few hours of being harvested: this preserves their original colour, flavour, and vitamin content.  The Greenyard Foods Group sells its wide range of vegetable solutions ranging from fresh basic vegetables in all possible forms to culinary, ready-to-use vegetable preparations in more than 100 countries. Over the years, Greenyard Foods has developed a diversified client base, both in terms of customer type and geographical scope. The client base of the Company is composed of three segments: (i) food retail, (ii) food service and (iii) food industry. The most important markets are the United Kingdom (23.2%) and France (21.8%) in the financial year ended 31 March 2015. In addition, in the financial year ended 31 March 2015, 12.6% of sales were generated in Germany, 10.8% in Belgium and 3.7% in Italy.  The top priority of the Greenyard Foods Group is continuous and rigorous quality control. Customers appreciate the continued focus on high-quality raw materials and finished products. Moreover, the preparation of vegetables at high quality standards also guarantees a stable quality over all product lines.  The Greenyard Foods Group focuses on innovation, quality, cost and service. In the total chain from farmer to consumer, the Greenyard Foods Group strives towards sustainability and long-lasting relations, with respect for people and environment.  *The Univeg Group*  FieldLink NV (***Univeg***) and its subsidiaries (together the ***Univeg Group***) are a vertically integrated world leader in the sourcing and supply of high-quality fresh and fresh-cut fruit and vegetables, supplying 19 out of 20 of the largest food retailers in Europe and many large food retailers in the United States.  The Univeg Group offers to its customers a wide range of fruit and vegetables of different categories: (i) tropical produce (bananas, pineapples, papayas, small exotics) and sub-tropical produce (mangoes and avocadoes), (ii) fresh vegetables across all major product lines, including tomatoes, peppers, cucumbers, mushrooms, carrots and cabbages, (iii) deciduous fruit (apples, pears, kiwis and grapes), (iv) citrus fruits including oranges, grapefruits, lemons, limes and easy-peelers, *i.e.*, tangerines, clementines, mandarins and tangelos, (v) stone fruits, including cherries, peaches, apricots, nectarines and plums, (vi) fair-trade and organic products, (vii) dried fruit and (vii) pre-cut vegetables and herbs.  Furthermore, the Univeg Group supplies a range of flowers and plants, including cut flowers, potted plants and plant arrangements, to supermarkets, home improvement stores and garden centres in Germany and the United Kingdom.  The sales operations are supported by strong sourcing capabilities in Europe’s most important horticultural countries, such as Spain, Italy and The Netherlands. Furthermore, in order to procure a year-round supply of fresh produce, the Univeg Group has developed strong sourcing capabilities in other key exporting regions around the world such as South Africa and Latin America. This geographic diversity helps the Univeg Group to supply its customers with high-quality fresh products throughout the year. The source markets and sales markets are connected by strategically located European logistics and distribution capabilities, helping to operate a vertically integrated business model over the entire value chain from production to delivery.  The Univeg Group’s primary strategy is to focus on the continued profitable development of its core fruit and vegetables business in its key markets in Europe and the United States. The Univeg Group believes that the ability to combine its strong global sourcing presence with strategically complementary services offering through the large network of service and distribution centres in Europe is what differentiates the Univeg Group from its main global competitors. The Univeg Group also believes being well placed relative to the largest global competitors because of the intimate relationships developed with customers through the ability to combine the dispersed geographical footprint with a decentralised and concentrated focus on customer relationships. This provides the agility to respond to the increasing complexity of the supply chain, particularly the rising demands of customers in relation to produce varieties, availability and volumes.  *The Peatinvest Group*  Peatinvest NV (***Peatinvest***) and its subsidiaries (together the ***Peatinvest Group***) are involved in the horticultural sector for 30 years. Its key products consist of a variety of growing media for gardening and growing, both for ornamental plants and for fruit and vegetable crops. Peatinvest supplements its key products with related products such as various mulching products (*e.g.,* wood chips, coconut shells, decorative bark, straw), decorative gardening products (slate stone mulch, expanded clay aggregate), wood pellets and charcoal.  The Peatinvest Group’s supply chain is vertically integrated in order to ensure a timely supply of the raw materials and to monitor their quality. A majority of the raw materials (80%) is produced either in-house or in close cooperation with key partners. Most of the peat used in the production process is extracted from Peatinvest’s 11 long-term licensed peat fields (total surface of 1,454 ha) in Latvia (around 85%) and Poland (around 15%).  The key home markets are France (52%), Benelux (24%) and Poland (18%), where the Peatinvest Group serves both professional and non-professional users. The Peatinvest Group also exports to professional users on export markets (6%). The Peatinvest Group sells its products to various professional users (B2B). These professionals use the growing media for growing ornamental plants (*e.g.,* floriculture and tree nurseries), fruit and vegetable production, young plant reproduction and urban landscaping (*e.g.,* green roofs, urban flowering). Most of the top clients are located in France. The Peatinvest Group also offers products aimed at amateur gardeners and hobbyists. These products are offered through garden centres and other retailers (B2C-market) in the home markets in Benelux, France and Poland and some export (*e.g.,* Spain).  The mission of the Peatinvest Group is to become a leading European, vertically integrated growing media producer. Building on its experience and know-how, it will continue to seek to sell an extensive range of highly qualitative and innovative solutions, both in terms of products and services, customised to its clients both in the B2B and B2C markets. It seeks to build long-term relations with its suppliers and customers since this optimises its customised, high-quality product approach. The Peatinvest Group seeks to produce and source its products with respect for people and the environment.  *The Combined Greenyard Foods Group*  On 13 April 2015, the Board of Directors of Greenyard Foods announced that a letter of intent had been signed with respect to a business combination between the Greenyard Foods Group, the Univeg Group and the Peatinvest Group to create a global leader in fruit and vegetables. The business combination has the potential to create a unique global player in these markets capable of offering the full range offrozen, canned and fresh products. The combination of the Greenyard Foods Group, the Univeg Group and the Peatinvest Group (the ***Combined Greenyard Foods Group***)would create a global market leader with combined sales in excess of EUR 3,900,000,000.  Mr. Hein Deprez, Chairman of Greenyard Foods, Univeg and Peatinvest stated: “*Creating a combined group offering fresh, frozen and canned fruit and vegetables will be beneficial to growers, consumers, retailers, employees and shareholders. We believe societal trends call for a broader view on fruit and vegetable consumption.”*  The three groups complement each other for a full range offering towards the retailer and consumer. The business rationale for the business combination focuses on three axes:   * Have a meaningful impact on the market   The Combined Greenyard Foods Group will be better positioned to catalyse and affect market changes and consumption patterns.   * Grow market share   The Combined Greenyard Foods Group will be better positioned to grow market share via consumer based innovations and category management, in close cooperation with its retail customers.   * Create cross-fertilisation and synergies   A number of commercial and operational synergies will enable the Combined Greenyard Foods Group to grow revenues faster than the individual groups. |
| **B.4a** | **Significant recent trends affecting the Company and the industries in which it operates** |
|  | *[•]* |
| **B.5** | **Description of the Group and the Company’s position within the Group** |
|  | Once the Transactions will be completed, Greenyard Foods will be the parent company of the group of companies comprising the existing Greenyard Foods subsidiaries, as well as Univeg, Peatinvest and their respective subsidiaries. |
| **B.6** | **Relationship with major shareholders** |
|  | Deprez Holding NV, Food Invest International, 2D NV and Union Fermière Morbihannaise SCA (***UFM***) are acting in concert as shareholders of the Company. Jointly, they hold 51.94% of the Shares.  Certain related-party relations exist with such major shareholders, of which the principal ones are that the Univeg Group sources certain of its produce from The Fruit Farm Group B.V. (***The Fruit Farm Group***) and from certain businesses in Argentina that are owned by entities controlled by Mr. Hein Deprez, Good Company civil partnership, Sujajo Investment SA and Green Valley SA. |
| **B.7** | **Selected historical key financial information** |
|  | **Key figures of Greenyard Foods**  *Income statement as of and for the financial years ended 31 March 2015, 31 March 2014 and 31 March 2013*   |  |  |  |  | | --- | --- | --- | --- | | *(EUR in millions)* | **Year ended  31 March 2015** | **Year ended 31 March 2014** | **Year ended 31 March 2013** | | **Summary Consolidated Statement of Income Data** |  |  |  | | Sales | 635.4 | 623.1 | 612.1 | | Increase/(decrease) in inventories: finished goods and work in progress | 7.2 | 22.9 | 3.7 | | Other operating income | 13.1 | 13.0 | 12.0 | | Raw materials, consumables and goods for resale | (360.1) | (370.2) | (344.4) | | Services and other goods | (135.9) | (143.7) | (148.3) | | Personnel costs | (90.7) | (87.8) | (85.3) | | Depreciation and amortisation | (30.4) | (25.9) | (20.3) | | Impairment losses on assets | (0.5) | (4.4) | - | | Impairments, write-offs | (2.2) | 0.2 | (0.7) | | Provisions | (0.1) | (0.2) | (1.1) | | Other operating charges | (5.8) | (1.5) | (5.2) | | **Operating result before non-recurrings (REBIT)** | **29.9** | **25.6** | **22.5** | | Non-recurring income | 0.4 | - | - | | Non-recurring expense | (2.8) | (4.9) | (2.4) | | **Operating result (EBIT)** | **27.5** | **20.7** | **20.1** | | Financial income | 11.3 | 2.6 | 2.2 | | Financial expense | (18.1) | (19.3) | (21.6) | |  |  |  |  | | **Operating profit/(loss) after net finance costs** | **20.7** | **4.0** | **0.7** | | Taxes | (9.9) | (7.5) | (0.1) | | **Profit/(loss) for the period from continuing operations** | **10.8** | **(3.5)** | **0.6** | | Profit/(loss) from discontinued operations | - | 65.3 | 11.0 | | **Profit/(loss) for the period**  Attributable to: | **10.8** | **61.8** | **11.6** | | **-** The shareholders of Greenyard (the ‘Group’) | **10.6** | **62.3** | **11.1** | | **-** Non-controlling interests  **Other Financial Data** | **0.2** | **(0.6)** | **0.5** | | **REBITDA** | **62.6** | **51.4** | **43.5** |   *Key figures per Share*   |  |  |  |  |  | | --- | --- | --- | --- | --- | | *(EUR per Share)* | **Year ended  31 March 2015 Basic** | **Year ended  31 March 2015 Diluted** | **Year ended  31 March 2014 Basic** | **Year ended  31 March 2014  Diluted3** | | Earnings per Share | 0.64 | 0.56 | 3.78 | 3.28 | | - Earnings per Share from continuing operations | 0.64 | 0.56 | (0.18) | (0.18) | | - Earnings per Share from discontinued operations | 0.00 | 0.00 | 3.98 | 3.46 | | *(EUR per Share)* | **Year ended  31 March 2014 Basic** | **Year ended 31 March 2014 Diluted4** | **Year ended 31 March 2013 Basic** | **Year ended 31 March 2013 Diluted3** | | Earnings per Share | 3.78 | 3.28 | 0.68 | 0.59 | | - Earnings per Share from continuing operations | (0.18) | (0.18) | 0.01 | 0.01 | | - Earnings per Share from discontinued operations | 3.98 | 3.46 | 0.67 | 0.58 |   Theearnings per Share from discontinued operations included entirely the earnings per Share realised on the sale of the potato division.  *Statement of financial position as per 31 March 2015, 31 March 2014 and 31 March 2013*   |  |  |  |  | | --- | --- | --- | --- | | *(EUR in millions)* | **31 March  2015** | **31 March 2014** | **31 March 2013** | | **ASSETS** |  |  |  | | Intangible fixed assets | 21.4 | 23.2 | 24.3 | | Goodwill | 10.3 | 10.3 | 10.2 | | Biological assets | - | - | - | | Tangible fixed assets | 255.7 | 238.5 | 131.4 | | Investments in associates | - | - | - | | Financial fixed assets | - | - | 3.4 | | Deferred tax assets | 6.7 | 8.9 | 10.7 | | Long-term receivables (>1 year) | - | - | 0.7 | | **Non-current assets** | **294.2** | **280.9** | **180.8** | | Biological assets | - | - | - | | Inventories | 234.0 | 224.9 | 200.5 | | Amounts receivable | 80.9 | 84.0 | 85.1 | | Other financial assets | 0.4 | - | 0.6 | | Cash and cash equivalents | 20.5 | 15.0 | 21.8 | | Assets classified as held for sale | - | - | 295.2 | | **Current assets** | **335.7** | **323.9** | **603.2** | |  |  |  |  | | **Total assets** | **629.9** | **604.8** | **784.0** |  |  |  |  |  | | --- | --- | --- | --- | | *(EUR in millions)* | **31 March  2015** | **31 March 2014** | **31 March 2013** | | **EQUITY AND LIABILITIES** |  |  |  | | Share capital | 97.8 | 97.8 | 154.3 | | Share premium and other capital instruments | 14.3 | 14.3 | 14.3 | | Consolidated reserves | 103.5 | 93.1 | 14.4 | | Cumulative translation adjustments | (1.9) | (3.0) | (3.2) | | Non-controlling interests | 8.1 | 9.7 | 2.3 | | **Equity** | **221.8** | **211.9** | **182.2** | | Provisions for pensions and similar rights | 1.6 | 1.7 | 1.5 | | Other provisions | 0.8 | 1.1 | 2.2 | | Financial debts at credit instutions | 6.7 | 7.4 | 2.2 | | Interest-bearing liabilities | 174.7 | 185.3 | 39.1 | | Other amounts payable | 0.8 | 0.4 | 3.1 | | Deferred tax liabilities | 23.0 | 25.7 | 24.3 | | **Non-current liabilities** | **207.6** | **221.6** | **72.4** | | Financial debts at credit institutions | 63.4 | 49.6 | 197.6 | | Interest-bearing liabilities | 12.0 | - | - | | Trade payables | 93.1 | 93.4 | 138.2 | | Advances received on contracts | - | - | - | | Tax payable | 9.8 | 6.4 | 5.1 | | Remuneration and social security | 15.6 | 15.1 | 14.8 | | Other amounts payable | 6.6 | 6.8 | 73.7 | | Liabilities related to assets held for sale | - | - | 99.6 | | **Current liabilities** | **200.5** | **171.2** | **529.4** | |  |  |  |  | | **Total equity and liabilities** | **629.9** | **604.8** | **784.0** |   *Cash flow statement as of and for the financial years ended 31 March 2015, 31 March 2014 and 31 March 2013*   |  |  |  |  | | --- | --- | --- | --- | | *(EUR in millions)* | **Year ended  31 March 2015** | **Year ended 31 March 2014** | **Year ended 31 March 2013** | | **Summary Consolidated Statement of Cashflow** |  |  |  | | Cash flow from operating activities | 54.8 | 44.1 | 39.7 | | Increase in working capital (-)/ decrease in working capital (+) | 2.6 | (57.7) | 1.8 | | **Net cash flow from operating activities** | **57.4** | **(13.6)** | **41.5** | | Cash flow from investing activities | (48.4) | 62.1 | (20.9) | | Cash flow from financing activities | (0.9) | (54.7) | (14.3) | | Effect of exchange rate fluctuation | (2.6) | (0.6) | (0.1) | | **Free cash flow** | **5.5** | **(6.8)** | **6.2** | | **Cash and cash equivalents, opening balance** | **15.0** | **21.8** | **15.6** | | **Cash and cash equivalents, closing balance** | **20.5** | **15.0** | **21.8** |   **Key figures of the Univeg Group**   |  |  |  |  |  | | --- | --- | --- | --- | --- | | *(EUR in millions)* | **Year ended  31 December 2014** | | **Year ended 31 December  2013** | | | **Summary Consolidated Statement of Income Data** |  | |  | | | **Revenue from sales** | **3,264.7** | | **3,134.6** | | | Cost of sales | (3,052.8) | | (2,925.1) | | | **Gross profit** | **211.9** | | **209.5** | | | Selling, marketing and distribution expenses | (64.6) | | (60.3) | | | General & administrative expenses | (112.7) | | (109.5) | | | Other operating income/(expense), net | 3.7 | | 1.9 | | | **Operating profit/(loss) before non-recurring items** | **38.3** | | **41.6** | | | Non-recurring items | 15.0 | | 13.9 | | | **Operating profit/(loss) after non-recurring items** | **53.3** | | **55.5** | | | Financial income/(expense) | (40.4) | | (34.1) | | | Share of profit of equity accounted investments | 1.6 | | 0.4 | | | **Profit/(loss) before income tax** | **14.5** | | **21,9** | | | Income tax income/(expense) | 2.1 | | (5.6) | | | **Profit/(loss) for the period from continuing operations** | **16.6** | | **16,3** | | | Discontinued operations (attributable to owners of the parent) | - | | (0.3) | | |  | |  | | | **Profit/(loss) for the period** | **16.6** | | **16.0** | | | Attributable to: |  | |  | | | - The shareholders of the Univeg Group | 17.9 | | 16.2 | | | - Non-controlling interest | (1,3) | | (0,2) | | | **Other Financial Data** |  | |  | | | **EBITDA** | **86.5** | | **84.1** | | | **EBIT** | **56.2** | | **56.2** | | | **REBITDA** | **77.4** | | **71.6** | | | **REBIT** | **41.2** | | **42.3** | | | **Capital expenditures** | **22.1** | | **20.6** | | |  |  | |  | | |  |  | |  | | | *(EUR in millions)* | **Year ended 31 December  2014** | **Year ended 31 December  2013** | | |  | | | | **Selected Balance Sheet Data** |  |  | | | Cash and cash equivalents | 117.9 | 82.8 | | | Total current assets | 427.7 | 373.8 | | | **Total assets** | **963.1** | **920.9** | | | Total equity | 46.8 | 29.7 | | | Total current liabilities | 581.6 | 532.8 | | | **Total equity and liabilities** | **963.1** | **920.9** | |   The following is a reconciliation of EBITDA and REBITDA for each of the periods presented above:   | *(EUR in millions)* | **Year ended 31 December  2014** | **Year ended 31 December  2013** | | --- | --- | --- | | **Operating result** | **53.3** | **55.5** | | Depreciation and amortisation, share of profit of equity accounted investments and non-controlling interest | 33.1 | 28.6 | | **EBITDA** | **86.4** | **84.1** | | EBITDA from discontinued operations | 6.0 | 0.6 | | Add-back non-recurring items | (15.0) | (13,1) | | **REBITDA** | **77.4** | **71.6** |   **Key figures of Peatinvest**  *Income statement as of and for the financial years ended 30 September 2014, 30 September 2013 and 30 September 2012*   |  |  |  |  | | --- | --- | --- | --- | | *(EUR in millions)* | **Year ended  30  September 2014** | **Year ended 30  September 2013** | **Year ended 30  September 2012** | | **Summary Consolidated Statement of Income Data** |  |  |  | | Sales | 65.2 | 61.7 | 62.3 | | Increase/decrease (-) in inventories: finished goods and work in progress | (0.2) | 1.1 | 0.1 | | Own work capitalised | - | - | 0.1 | | Other operating income | 1.0 | 2.6 | 0.7 | | Raw materials, consumables and goods for resale | (27.5) | (28.5) | (27.7) | | Services and other goods | (20.8) | (20.1) | (20.2) | | Personnel costs | (9.0) | (9.2) | (9.0) | | Depreciation and amortisation | (3.1) | (3.3) | (2.9) | | Impairment losses on assets | - | (0.2) | (0.1) | | Provisions | (0.1) | - | 0.1 | | Other operating charges | (1.2) | (1.2) | (1.2) | | Other operating charges carried to assets as restructuring costs (-) | - | 0.2 | 0.2 | | **Operating result (EBIT)** | **4.3** | **3.1** | **2.3** | | **Recurring operating result (REBIT)** | **4.3** | **3.1** | **2.3** | | Financial income | 0.1 | 0.1 | 0.1 | | Financial expense | (1.0) | (1.1) | (1.0) | | **Operating profit/(loss) after net finance costs** | **3.4** | **2.0** | **1.4** | | Extraordinary income | 0.3 | 0.7 | 0.2 | | Extraordinary expense | (0.7) | (0.7) | (0.5) | | **Operating profit/(loss) after net finance costs** | **3.1** | **2.0** | **1.2** | |  |  |  |  | | Taxes | (0.6) | (0.4) | (0.2) | | **Profit/(loss) for the period**  Attributable to: | **2.4** | **1.6** | **1.0** | | - The shareholders of Peatinvest | 2.4 | 1.6 | 1.0 | | - Non-controlling interest | - | - | - |   *Statement of financial position as per 30 September 2014, 30 September 2013 and 30 September 2012*   |  |  |  |  | | --- | --- | --- | --- | | *(EUR in millions)* | **30 September 2014** | **30 September 2013** | **30 September 2012** | | **ASSETS** |  |  |  | | Formation expenses | 0.2 | 0.4 | 0.3 | | Intangible fixed assets | 0.3 | 0.3 | 0.3 | | Goodwill | 0.2 | 0.3 | 0.1 | | Tangible fixed assets | 12.9 | 13.5 | 13.3 | | Financial fixed assets | - | - | - | | Deferred tax assets 6.7 8.9 10.7 | - | - | - | | **Non-current assets** | **13.6** | **14.5** | **14.1** | | Inventories | 9.7 | 10.5 | 9.8 | | Amounts receivable | 9.6 | 10.4 | 11.0 | | Other financial assets | 0.3 | 0.3 | 0.3 | | Cash and cash equivalents | 3.2 | 2.4 | 2.3 | | Deferred charges and accrued income | 0.3 | 0.3 | 0.4 | | **Current assets** | **23.2** | **24.0** | **23.8** | |  |  |  |  | | **Total assets** | **36.8** | **38.5** | **37.9** |  |  |  |  |  | | --- | --- | --- | --- | | *(EUR in millions)* | **30 September 2014** | **30 September 2013** | **30 September 2012** | | **EQUITY AND LIABILITIES** |  |  |  | | Share capital | 26.0 | 26.0 | 26.0 | | Consolidated reserves | (13.5) | (14.4) | (16.0) | | Badwill | 0.3 | 0.3 | 0.2 | | Cumulative translation adjustments | (0.2) | (0.2) | (0.3) | | Investment grants | 0.5 | 0.4 | - | | Non-controlling interests | - | - | 0.1 | | **Equity** | **13.1** | **7.3** | **8.8** | | Other provisions | 0.5 | 0.3 | 0.2 | | Financial debts at credit instutions | 9.8 | 6.9 | 8.6 | | Deferred tax liabilities | 0.1 | 0.1 | 0.1 | | **Non-current liabilities** | **10.4** | **7.3** | **8.8** | | Financial debts at credit institutions | 2.5 | 8.1 | 8.6 | | Trade payables | 8.3 | 8.2 | 7.7 | | Tax payable | 0.7 | 0.6 | 0.4 | | Remuneration and social security | 1.4 | 1.4 | 1.3 | | Other amounts payable | 0.1 | 0.1 | 0.5 | | Accruals and deferred income | 0.3 | 0.7 | 0.6 | | **Current liabilities** | **13.3** | **19.1** | **19.2** | |  |  |  |  | | **Total equity and liabilities** | **36.8** | **38.5** | **37.9** |   *Consolidated cash flow statement*   |  |  |  | | --- | --- | --- | | *(EUR in millions)* | **Year ended  30 September 2014** | **Year ended 30 September 2013** | | **Summary Consolidated Statement of Cashflow** |  |  | | Cash flow from operating activities | 6.6 | 5.5 | | Increase in working capital (-)/ decrease in working capital (+) | 0.9 | 0.4 | | **Net cash flow from operating activities** | **7.5** | **5.9** | | Cash flow from investing activities | (2.5) | (3.6) | | Cash flow from financing activities | (4.2) | (2.3) | | **Free cash flow** | **0.8** | **0.0** | |
| **B.8** | **Selected key pro forma financial information** |
|  | *[•].* |
| **B.9** | **Profit forecast or estimate** |
|  | No profit forecasts or estimates are provided in this Prospectus. |
| **B.10** | **A description of the nature of any qualifications in the audit report on the historical financial information** |
|  | Not applicable. |
| **B.11** | **Working capital** |
|  | In the Company’s opinion, the working capital is sufficient for the Company’s present requirements. |

**Section C – Shares**

| **Element** | **Disclosure requirement** |
| --- | --- |
| **C.1** | **Type and class of New Shares being offered and admitted to trading** |
|  | Ordinary shares of the same class as the existing Shares of Greenyard Foods. |
| **C.2** | **Currency of the New Shares** |
|  | Euro. |
| **C.3** | **Number of Shares issued** |
|  | The New Shares to be issued upon completion of the Transactions equals 27,913,065. |
| **C.4** | **Rights attached to the New Shares** |
|  | Same rights as the rights of the existing Shares of Greenyard Foods, including in respect of any future dividend distribution. |
| **C.5** | **Restrictions on the free transferability of the New Shares** |
|  | None. |
| **C.6** | **Application for admission to trading on a regulated market and identity of all the regulated markets where the New Shares are or are to be traded** |
|  | Application filed with Euronext Brussels on [●] June 2015. |
| **C.7** | **A description of dividend policy** |
|  | The dividend policy of the Company aims at a pay ratio instead of a fixed dividend per share. The pay ratio is a minimum of 15% on net recurrent profit. This dividend policy by the Company will be reconfirmed by the Board of Directors on an annual basis. |

**Section D – Risks**

| **Element** | **Disclosure requirement** |
| --- | --- |
| **D.1** | **Key risks that are specific to the Company or its industry** |
|  | ***Limited availability of raw materials could potentially result in the lack of sufficient delivery of the quantity and quality asked by the customers and adversely affect raw materials prices.***  The results of the Combined Greenyard Foods Group may be adversely affected by shortage of produce, on the one hand, and raw materials, which include packaging materials (plastics and cardboard), on the other hand.  The Frozen Division obtains supplies of fresh vegetables mainly from 800 farmers in West Flanders, Belgium, and northern France, Poland and Hungary. The supply of Pinguin Foods UK is secured by agricultural cooperatives and various dealers. The supply of the Canning Division originates from approximately 4,500 ha agricultural land in a radius of 100 km around the city of Bree. The Univeg Group currently obtains most of its supply from outside sources, of which approximately a quarter is sourced from the spot market and the remainder from third party suppliers, the Orchards Invest B.V. and its subsidiaries (the ***Argentinean Operations***) and The Fruit Farm Group. The Peatinvest Group currently supplies the majority of its production through its own production of peat in Latvia and Poland. The Peatinvest Group also purchases specialty raw materials from long-lasting supply partners working closely with the Peatinvest Group.  Although the Combined Greenyard Foods Group tries to limit this risk by the geographical spread of its production sites, it is however still possible that in certain cases, for example because of climate conditions or soil exhaustion in fields for certain products, the Combined Greenyard Foods Group, would not be able to guarantee the supply of the quantities and quality required by the customers.  The loss of a significant number of suppliers as a result of the current economic environment or sourcing competition or a supplier expanding in a different product range, facing labour issues, or having raw material procurement or quality problems, could adversely impact the operations and financial situation of the Combined Greenyard Foods Group. The business, financial condition and results of operations of the Combined Greenyard Foods Group may also be adversely impacted if it is unable to secure a sufficient portion of its supplies from the spot market as a result of, among other things, steep price increases, limited supply or poor quality of the products offered. This may result in the Combined Greenyard Foods Group being exposed to unexpected cost increases which it is unable to pass on to its customers.  ***Significant or prolonged disruptions to the production, storage and distribution facilities, transportation infrastructure or modes of transportation that the Combined Greenyard Foods Group uses could have an adverse effect on the business, financial condition and results of operations of the Combined Greenyard Foods Group.***  The business of the Combined Greenyard Foods Group are highly dependent on production, storage and distribution facilities and transportation services to ensure smooth operation. The production, storage and distribution facilities, as well as transportation infrastructure and modes of transportation that the Combined Greenyard Foods Group uses are at risk of being partially or completely shut down, temporarily or permanently, as a result of a number of circumstances, such as adverse weather conditions, catastrophic events, environmental remediation, equipment or machinery breakdowns, strikes, lockouts or other events. Damage to any of these facilities, any significant or prolonged interruption at these facilities or inability to transport products to or from these facilities for any reason would create a bottleneck in the flow of the business operations of the Combined Greenyard Foods Group and impact its ability to serve its customers. If the Combined Greenyard Foods Group experiences disruptions or interruptions of these types and is unable to quickly identify and resolve them, its reputation, business, financial position and results of operations could be adversely affected and there is a risk it may lose customers as a result.  The financial results of the Combined Greenyard Foods Group may also be adversely harmed if — as is most often — it bears the risk for loss of supplies while the products are in storage and distribution facilities or while in transit. If there are disruptions that result in the loss of supplies, not only will the Combined Greenyard Foods Group have to source new products from other sources but, in the case of consignment contracts (which the Univeg Group uses to a certain extent), will have to pay to the grower the price of the product in case there is no product insurance.  ***Local and international produce and raw materials prices fluctuate according to local and international market conditions, and could adversely affect the business, financial condition and results of operations of the Combined Greenyard Foods Group.***  The results of the Combined Greenyard Foods Group may be adversely affected by increases in price of the produce, on the one hand, and raw materials, which include packaging materials (plastics and cardboard), on the other hand. Produce and raw materials are subject to substantial price fluctuations according to local and international market conditions, and could adversely affect the business, financial condition and results of operations of the Combined Greenyard Foods Group. Prices for both produce and raw materials are influenced by a number of factors beyond the control of the Company, including market price volatility, currency fluctuations, changes in governmental agricultural programs, harvest and weather conditions, crop disease, crop yields, alternative crops, prices in commodity derivatives, by-product values, and ever increasing demand for raw materials by emerging markets.  Any substantial increase in the prices of produce or raw materials that is not reflected through an increase in the price of the products may adversely affect the financial condition, results of operations and cash flows of the Combined Greenyard Foods Group. The Combined Greenyard Foods Group may be unsuccessful, due to competitive pressures or other reasons, in passing on cost increases to customers, whether in full or in part, without suffering reduced volume, revenue and operating income. Failure to increase prices of the products may exacerbate the problem of the already low margins in its sector.  The Combined Greenyard Foods Group is further exposed to significant risks associated with the prices of agricultural products and their volatility because it does not hedge 100% of the price risk on the agricultural products of the Combined Greenyard Foods Group and is therefore subject to fluctuations in prices of agricultural products that could result in the Combined Greenyard Foods Group receiving lower prices for its products than its production and sourcing costs under certain pricing mechanisms it adopts.  The prices of raw materials in each division can fluctuate year by year. This is mainly due to climate conditions and the harvests of the past year. In addition, the bargaining power of growers in certain parts of the world is increasing as a result of higher demand in the global supply chain, which translates into increased costs for the produce, or the costs of the produce being determined for longer periods of time.  For example, in so far as the Frozen Division and in the Canning Division are concerned, fixed year contracts are negotiated with fixed purchase prices per vegetable. These are fixed for the whole season and negotiated prior to seeding or planting the vegetables. Consequently, fluctuations in sales prices throughout the year have an immediate impact on the profitability of the divisions since the purchase prices are fixed upfront for the whole year. Depending on the type of vegetable, the number of hectares and the expected yield (tons per hectare) are fixed. Even if the expected yield has not been reached, the purchase price per ton is not adapted. Further, the Univeg Group, through its advances to The Fruit Farm Group and third-party growers, has a long position in agricultural products, which increases its risk of loss if prices of agricultural products decrease.  The Combined Greenyard Foods Group also relies on fuel sources, such as gas, electricity, gasoline and diesel fuel, to operate its business and deliver its products, of which the storage and production (including deep freezers, refrigerated trucks and banana and mango ripening rooms) is particularly energy-intensive. The cost of diesel fuel has also an impact on the exploitation costs of the machinery used in the harvesting of peat. Substantial increases in prices for, or shortage of, these fuel sources might adversely affect the financial condition, results of operations and cash flows of the Combined Greenyard Foods Group.  ***The pricing policy of the Combined Greenyard Foods Group and the bargaining power of key customers may affect the margin of the Combined Greenyard Foods Group and its ability to pass on cost increases to its customers.***  While price increases in product and raw materials may in certain cases enable the Combined Greenyard Foods Group to renegotiate contracts with its customers or pass on the cost increase to its customers, due to the bargaining power of certain key customers, such as large retail distribution chains, such increases can in certain cases not be passed on, in all or in part, affecting the margin of the Combined Greenyard Foods Group.  While in the same cases, the Combined Greenyard Foods Group has a decentralised pricing policy, leaving its local management to determine product prices taking into account local demand and market characteristics. This decentralised pricing policy may increase the Combined Greenyard Foods Group’s inability to pass on (central) cost increases to its customers.  In addition, the   * Due to high seasonality, the reduction of production capacity can highly influence the results during high season and large inventories are to be held and financed. * The business of the Combined Greenyard Foods Group are affected by seasonal trends and production cycles, which may affect the prices of the products of the Combined Greenyard Foods Group and may also affect the comparability of the financial statements of the Combined Greenyard Foods Group. * Sales may be adversely affected by crop disease, weather conditions, natural disasters and other risks that affect the production and supply of fruit, vegetables and peat. * If the products become contaminated, the Combined Greenyard Foods Group may be subject to product liability claims, product recalls and restrictions on exports that could materially adversely affect the business, financial condition and results of operations of the Combined Greenyard Foods Group. * The loss of one or more of the largest customers, or a reduction in the level of purchases made or the prices paid by these customers, could materially and adversely affect the business, financial condition and results of operations of the Combined Greenyard Foods Group. * Consumer trends and preferences may fluctuate and reduce the demand for the products of the Combined Greenyard Foods Group. * The Combined Greenyard Foods Group may not be able to realise the synergies envisaged by the Transactions and certain contractual ring-fencing impediments exist in its financing documents to do so. * The success of the Combined Greenyard Foods Group is dependent on its ability to keep pace with innovation and the development of innovative products and their bringing to the market. * The Combined Greenyard Foods Group faces significant competition and an inability to compete successfully with its competitors could result in a loss in market share, decreased revenue or decreased profitability. * Negative media speculation or other negative public statements could adversely affect the reputation of the Combined Greenyard Foods Group, which in turn could adversely affect the Combined Greenyard Foods Group’s business. * Global economic conditions could materially adversely affect the business, financial condition and results of operations of the Combined Greenyard Foods Group. * If the European Monetary Union ceases to exist or one or more countries leave the European Monetary Union, the business, financial condition and results of operations of the Combined Greenyard Foods Group may be adversely affected. * The Combined Greenyard Foods Group operates internationally and expects to continue to expand its international activities, making the Combined Greenyard Foods Group increasingly susceptible to legal, regulatory, political and economic conditions in and outside the countries in which it currently operates, as well as operational risks different from those the Combined Greenyard Foods Group faces at present. * The Combined Greenyard Foods Group’s business may suffer from trading sanctions and embargoes. * Inflation in some of the countries in which the Combined Greenyard Foods Group operates, along with governmental measures to combat inflation, have adversely affected the economies and financial markets of those countries and the ability of their governments to create conditions that stimulate or maintain economic growth. * The Combined Greenyard Foods Group’s financial condition and results of operations could be adversely affected by currency exchange rate fluctuations in some of the countries in which it operates. * The Combined Greenyard Foods Group is dependent on its management team, and the success of the Combined Greenyard Foods Group may depend on its ability to retain or attract adequate managerial resources. * The Combined Greenyard Foods Group is dependent on skilled personnel, labour and third party contractors and its business may be disrupted if it lost their services. * Costs related to the obligations of the Combined Greenyard Foods Group to pension and other retirement funds could escalate, thereby adversely affecting its results of operations and financial condition. * The Combined Greenyard Foods Group may be subject to misconduct by its employees, contractors and/or joint venture partners. * The Combined Greenyard Foods Group may be subject to labour disputes from time to time that may adversely affect them. * The Combined Greenyard Foods Group is exposed to potential failures or disruptions in its IT systems. * If the Combined Greenyard Foods Group is not able to renew or maintain the approvals, licenses, permits and certificates required to operate its business, this may have a material adverse effect on its business. * The Combined Greenyard Foods Group leases a significant portion of its facilities, which gives rise to administrative and legal risks, including that its rights to land may be challenged and the Combined Greenyard Foods Group may not be able to renew its lease agreements. * The strategy of diversifying the product line, expanding into new geographic markets and increasing the value-added services that the Combined Greenyard Foods Group provides to its customers may not be successful. * The Combined Greenyard Foods Group may be unable to identify or complete potential acquisitions on commercially satisfactory terms or may not be able to integrate successfully acquired businesses, which could have a material adverse effect on the business, results of operations and financial condition of the Combined Greenyard Foods Group. * The Combined Greenyard Foods Group may be exposed to future liability claims in relation to past divestitures. The future growth of the Combined Greenyard Foods Group may be impeded by non-compete undertakings imposed on them in the course of past or future divestitures. * The Combined Greenyard Foods Group has made and will continue to make maintenance and growth capital expenditures, and may not generate sufficient cash from operations or obtain funding on terms acceptable to it to meet its future capital needs. * The Transactions will change the risk and leverage profile of the Combined Greenyard Foods Group. * The Combined Greenyard Foods Group may not be able to generate sufficient cash, through declining business and/or through a discontinuation or reduction of its factoring, to meet its debt service obligations, and this inability to generate sufficient cash may result in goodwill impairments. * Certain of the Combined Greenyard Foods Group’s financing agreements contain covenants that restrict the Combined Greenyard Foods Group’s ability to engage in certain transactions and may impair the Combined Greenyard Foods Group’s ability to respond to changing business and economic conditions. * Despite its current levels of indebtedness, the Combined Greenyard Foods Group may incur substantially more debt in the future, which may make it difficult for it to service its debt, and may impair its ability to operate its business. * Fluctuations in interest rates can have a significant impact on the activities, operating results or the financial position of the Combined Greenyard Foods Group, and the Transactions could result in an increase of the overall average interest rate of the Combined Greenyard Foods Group. * The realisation of the Contributions will constitute an event of default under the Bonds * The Combined Greenyard Foods Group is exposed to the credit and other counterparty risk of its customers, suppliers and hedge counterparties in the ordinary course of its business. * Compliance with future material changes in regulations and increased governmental regulation might result in material increases in operating costs and might require interruptions in the operations of the Combined Greenyard Foods Group. * The Combined Greenyard Foods Group is exposed to costs arising from compliance with environmental and health and safety regulations and may be exposed to liabilities if the Combined Greenyard Foods Group fails to comply with these regulations. * The processing of fresh vegetables is an activity which impacts the environment. Violation of environmental laws could lead to high penalties / investments to be made and even lead to the revocation of licences. * The geographical footprint, size and decentralised approach to the management of its operations of the Combined Greenyard Foods Group may lead to inefficiencies, inconsistent application of group-wide policies and practices, failures to prevent breaches of applicable laws and reputational harm and the inadequate or late provision of information to its senior management. * The Combined Greenyard Foods Group is subject to various potential litigation risks associated with its operations. * The Combined Greenyard Foods Group may have to pay additional taxes for past and future assessment periods. Changes in tax laws or tax-related case law may have adverse effects on the business and the Combined Greenyard Foods Group’s financial condition and results of operations. * The insurance coverage of the Combined Greenyard Foods Group does not cover all potential losses, liabilities and damage related to its operations and certain risks are uninsured or uninsurable. |
| **D.3** | **Key risks that are specific to the securities** |
|  | * The Contributions need to be approved by the shareholders of Greenyard Foods. * Possibility of liability claims and other challenges in the framework of the Contributions. * The start of trading of the New Shares may be postponed. * Greenyard Foods cannot guarantee a sustainable liquid market for the Shares. * Volatility of the Share price. * Future sales of a significant number of Shares, any capital increase of the Company or the perception that such transactions could occur, could have a material adverse effect on the stock market price of the Shares. * The interests of the reference shareholders of Greenyard Foods may differ from Greenyard Foods’s or other shareholders’ interests but these reference shareholders guarantee a stable shareholding. * It is possible that Greenyard Foods is unable to pay dividends. * Certain provisions of the Belgian Companies Code and of the articles of association can have an impact on potential takeover attempts and the stock market price of the Shares. * Any sale, purchase or exchange of the Shares may become subject to the financial transaction tax. |

**Section E – Offer**

| **Element** | **Disclosure requirement** |
| --- | --- |
| This Prospectus does not constitute an offer to buy, subscribe or sell the Shares of the Company. This Prospectus serves as a prospectus for the purposes of article 20 of the Prospectus Law only and no securities are being offered or sold pursuant to this Prospectus. | |
| **E.1** | **Net proceeds and expenses of the issue / offer** |
|  | Not applicable. This Prospectus does not constitute an offer to buy, subscribe or sell the Shares. |
| **E.2a** | **Use of proceeds** |
|  | Not applicable. This Prospectus does not constitute an offer to buy, subscribe or sell the Shares. |
| **E.3** | **Terms and conditions of the offer** |
|  | Not applicable. This Prospectus does not constitute an offer to buy, subscribe or sell the Shares. |
| **E.4** | **Material interests to the offer** |
|  | Not applicable. This Prospectus does not constitute an offer to buy, subscribe or sell the Shares. |
| **E.5** | **Selling shareholder and lock-ups** |
|  | The Stichting Administratiekantoor FieldLink (the ***STAK FieldLink***), which groups the managers of the Univeg Group, has agreed not to sell or transfer any of the 1,019,757 New Shares to which it shall subscribe upon completion of the Transactions until the end of the period of six months following the completion of the secondary sale by Deprez Holding NV, Mr Hein Deprez, Food Invest International NV and Gimv-XL.  The shareholders’ agreement to be entered into between Deprez Holding NV, Mr Hein Deprez, Food Invest International NV, Gimv-XL, Agri Investment Fund CVBA and Greenyard Foods with respect to Greenyard Foods provides for a lock-up undertaking from Deprez Holding NV towards Gimv-XL not to sell Shares in such a number that it would hold less than 30% of the Shares. Deprez Holding NV is further entitled to sell a maximum of 1% of the total Shares over rolling periods of one year as long as it holds at least 30% of the Shares. Such lock-up undertaking shall however not apply (i) when the transfer leads to an obligation of the transferee to launch a mandatory public offer on the Shares or (ii) takes place within the framework of a voluntary or mandatory public offer on the Shares by a third party.  This lock-up undertaking shall terminate on the earliest of (i) 31 December 2016 or (ii) the day on which Gimv-XL holds less than 10% of the share capital of Greenyard Foods. |
| **E.6** | **Dilution resulting from the offer** |
|  | Not applicable. This Prospectus does not constitute an offer to buy, subscribe or sell the Shares. |
| **E.7** | **Estimated expenses charged to the investor by the Company or the selling shareholder** |
|  | Not applicable. No fees or expenses in connection with the admission to trading and listing will be charged to investors by the Company or selling shareholders. |

# PART II: RISK FACTORS

Existing shareholders and prospective shareholders of the Company should carefully consider the risk factors described below and the other information contained in this Prospectus. Any of the following risks, individually or together, could adversely affect the Combined Greenyard Foods Group and the Combined Greenyard Foods Group’s business, financial condition and results of operations and, accordingly, the value of the Shares.

The risks and uncertainties described below are those relating to the Combined Greenyard Foods Group and its business and its activities as if the Transactions have been completed. In general, most of the risks and uncertainties are identical or at least similar for the combined business activities of the Combined Greenyard Foods Group following the completion of the Transactions. Accordingly, if reference is made to certain risks and uncertainties without reference to a specific business or division of the Combined Greenyard Foods Group, these must be read as if they apply to each of the business and each of the divisions of the Combined Greenyard Foods Group following completion of the Transactions, unless otherwise required by the context or as explicitly otherwise indicated herein.

The risks and uncertainties described below are those that the Company’s directors believe are material, but these risks and uncertainties may not be the only ones that the Combined Greenyard Foods Group faces. Additional risks and uncertainties, being those that the Company’s directors currently do not know about or deem immaterial may also result in decreased revenues, assets and cash inflows, increased expenses, liabilities or cash outflows, or other events that could result in a decline in the value of the Shares or which could have a material adverse effect on the Combined Greenyard Foods Group’s business, financial condition, results of operations and future prospects.

1. Risks relating to the Combined Greenyard Foods Group AND ITS BUSINESS

The Combined Greenyard Foods Group’s core activities following completion of the Transactions comprise (i) the processing of harvest-fresh fruit and vegetables with a long shelf life (the Greenyard Foods Group), (ii) fresh fruit and vegetables (the Univeg Group) and (iii) growing media for gardening and growing, both for ornamental plants and for fruit and vegetable crops (the Peatinvest Group).

The activities of the Greenyard Foods Group are divided in two specialised divisions, in particular a division specialised in the production of frozen vegetables and ready-to-use vegetable preparations known and referred to in this Prospectus as the ***Frozen Division*** (“Pinguin”) and a division specialised in the production of vegetables, ready-meals such as soups, sauces, dips and pasta dishes in jars and tins known and referred to in this Prospectus as the ***Canning Division*** (“Noliko”).

***Limited availability of raw materials could potentially result in the lack of sufficient delivery of the quantity and quality asked by the customers and adversely affect raw materials prices.***

The results of the Combined Greenyard Foods Group may be adversely affected by shortage of produce, on the one hand, and raw materials, which include packaging materials (plastics and cardboard), on the other hand.

The Frozen Division obtains supplies of fresh vegetables mainly from 800 farmers in West Flanders, Belgium, and northern France, Poland and Hungary. The supply of Pinguin Foods UK is secured by agricultural cooperatives and various dealers. The supply of the Canning Division originates from approximately 4,500 ha agricultural land in a radius of 100 km around the city of Bree. The Univeg Group currently obtains most of its supply from outside sources, of which approximately a quarter is sourced from the spot market and the remainder from third party suppliers, the Argentinean Operations and The Fruit Farm Group. The Peatinvest Group currently supplies the majority of its production through its own production of peat in Latvia and Poland. The Peatinvest Group also purchases specialty raw materials from long-lasting supply partners working closely with the Peatinvest Group.

Although the Combined Greenyard Foods Group tries to limit this risk by the geographical spread of its production sites, it remains possible that in certain cases, for example because of climate conditions (see also below) or soil exhaustion in fields for certain products, the Combined Greenyard Foods Group would not be able to guarantee the supply of the quantities and quality required by the customers.

The loss of a significant number of suppliers as a result of the current economic environment or sourcing competition or a supplier expanding in a different product range, facing labour issues, or having raw material procurement or quality problems, could adversely impact the operations and financial situation of the Combined Greenyard Foods Group. The business, financial condition and results of operations of the Combined Greenyard Foods Group may also be adversely impacted if it is unable to secure a sufficient portion of its supplies from the spot market as a result of, among other things, steep price increases, limited supply or poor quality of the products offered. This may result in the Combined Greenyard Foods Group being exposed to unexpected cost increases which it is unable to pass on to its customers.

***Significant or prolonged disruptions to the production, storage and distribution facilities, transportation infrastructure or modes of transportation that the Combined Greenyard Foods Group uses could have an adverse effect on the business, financial condition and results of operations of the Combined Greenyard Foods Group.***

The businesses of the Combined Greenyard Foods Group are highly dependent on production, storage and distribution facilities and transportation services to ensure smooth operation. The production, storage and distribution facilities, as well as transportation infrastructure and modes of transportation that the Combined Greenyard Foods Group uses are at risk of being partially or completely shut down, temporarily or permanently, as a result of a number of circumstances, such as adverse weather conditions, catastrophic events, environmental remediation, equipment or machinery breakdowns, strikes, lockouts or other events. Damage to any of these facilities, any significant or prolonged interruption at these facilities or inability to transport products to or from these facilities for any reason would create a bottleneck in the flow of the business operations of the Combined Greenyard Foods Group and impact its ability to serve its customers. If the Combined Greenyard Foods Group experiences disruptions or interruptions of these types and is unable to quickly identify and resolve them, its reputation, business, financial position and results of operations could be adversely affected and there is a risk it may lose customers as a result.

The financial results of the Combined Greenyard Foods Group may also be adversely harmed if — as is most often — it bears the risk for loss of supplies while the products are in storage and distribution facilities or while in transit. If there are disruptions that result in the loss of supplies, not only will the Combined Greenyard Foods Group have to source new products from other sources but, in the case of consignment contracts (which the Univeg Group uses to a certain extent), it will have to pay to the grower the price of the product in case there is no product insurance.

***Local and international produce and raw materials prices fluctuate according to local and international market conditions, and could adversely affect the business, financial condition and results of operations of the Combined Greenyard Foods Group.***

The results of the Combined Greenyard Foods Group may be adversely affected by increases in price of the produce, on the one hand, and raw materials, which include packaging materials (plastics and cardboard), on the other hand. Produce and raw materials are subject to substantial price fluctuations according to local and international market conditions, and could adversely affect the business, financial condition and results of operations of the Combined Greenyard Foods Group. Prices for both produce and raw materials are influenced by a number of factors beyond the control of the Company, including market price volatility, currency fluctuations, changes in governmental agricultural programs, harvest and weather conditions, crop disease, crop yields, alternative crops, prices in commodity derivatives, by-product values, and ever increasing demand for raw materials by emerging markets.

Any substantial increase in the prices of produce or raw materials that is not reflected through an increase in the price of the products may adversely affect the financial condition, results of operations and cash flows of the Combined Greenyard Foods Group. The Combined Greenyard Foods Group may be unsuccessful, due to competitive pressures or other reasons, in passing on cost increases to customers, whether in full or in part, without suffering reduced volume, revenue and operating income. Failure to increase prices of the products may exacerbate the problem of the already low margins in its sector.

The Combined Greenyard Foods Group is further exposed to significant risks associated with the prices of agricultural products and their volatility because it does not hedge 100% of the price risk on the agricultural products of the Combined Greenyard Foods Group and is therefore subject to fluctuations in prices of agricultural products that could result in the Combined Greenyard Foods Group receiving lower prices for its products than its production and sourcing costs under certain pricing mechanisms it adopts.

The prices of raw materials in each division can fluctuate year by year. This is mainly due to climate conditions and the harvests of the past year. In addition, the bargaining power of growers in certain parts of the world is increasing as a result of higher demand in the global supply chain, which translates into increased costs for the produce, or the costs of the produce being determined for longer periods of time.

For example, in so far as the Frozen Division and the Canning Division are concerned, fixed year contracts are negotiated with fixed purchase prices per vegetable. These are fixed for the whole season and negotiated prior to seeding or planting the vegetables. Consequently, fluctuations in sales prices throughout the year have an immediate impact on the profitability of the divisions since the purchase prices are fixed upfront for the whole year. Depending on the type of vegetable, the number of hectares and the expected yield (tons per hectare) are fixed. Even if the expected yield has not been reached, the purchase price per ton is not adapted. Further, the Univeg Group, through its advances to The Fruit Farm Group and third-party growers, has a long position in agricultural products, which increases its risk of loss if prices of agricultural products decrease.

The Combined Greenyard Foods Group also relies on fuel sources, such as gas, electricity, gasoline and diesel fuel, to operate its business and deliver its products, of which the storage and production (including deep freezers, refrigerated trucks and banana and mango ripening rooms) is particularly energy-intensive. The cost of diesel fuel has also an impact on the exploitation costs of the machinery used in the harvesting of peat. Substantial increases in prices for, or shortage of, these fuel sources might adversely affect the financial condition, results of operations and cash flows of the Combined Greenyard Foods Group.

***The pricing policy of the Combined Greenyard Foods Group and the bargaining power of key customers may affect the margin of the Combined Greenyard Foods Group and its ability to pass on cost increases to its customers.***

While price increases in product and raw materials may in certain cases enable the Combined Greenyard Foods Group to renegotiate contracts with its customers or pass on the cost increase to its customers, due to the bargaining power of certain key customers, such as large retail distribution chains, such increases can in certain cases not be passed on, in all or in part, affecting the margin of the Combined Greenyard Foods Group.

While in the same cases, the Combined Greenyard Foods Group has a decentralised pricing policy, leaving its local management to determine product prices taking into account local demand and market characteristics. This decentralised pricing policy may increase the Combined Greenyard Foods Group’s inability to pass on (central) cost increases to its customers.

***Due to high seasonality, the reduction of production capacity can highly influence the results during high season and large inventories are to be held and financed.***

Due to high seasonality, the reduction of production capacity can highly influence the results of the Combined Greenyard Foods Group during high season and large inventories are to be held and financed. In so far as the Frozen Division is concerned, since most vegetables for it are harvested in the period from July to November, production reaches a peak around this period. In order to guarantee the freshness of the products, the supplied vegetables must be processed as rapidly as possible. The capacity must therefore be adapted to the output during this period. However, demand for vegetables continues throughout the year and the vegetables must therefore be ready for delivery permanently. A reduction in capacity in the period between July and November can therefore strongly influence the results in a negative way.

In addition, seasonality means that during high season, inventories have to be build up. The reason is that for a large number of vegetable types, there is only one harvesting period a year. The Combined Greenyard Foods Group needs to ensure that the inventories made are sufficient to cope with the demand of the whole year, and such inventories have to be financed. The value of the inventories is determined by purchases at fixed contract prices which do not fluctuate over the year and also by purchases in the spot market, which vary throughout the year (for trading products).

***The business of the Combined Greenyard Foods Group is affected by seasonal trends and production cycles, which may affect the prices of the products of the Combined Greenyard Foods Group and may also affect the comparability of the financial statements of the Combined Greenyard Foods Group.***

The Combined Greenyard Foods Group is affected by seasonal trends and production cycles that affect it in several ways.

The results of the Greenyard Foods Group for the months January until June are generally weaker than the results in the other months, especially in the Frozen Division. This is because the production and the build-up of inventories mainly take place in the other months of the year. Inventories are valued at full cost following IFRS. This means that all costs related to the production (labour, energy, cost of material, manufacturing overhead, etc.) are taken into account in the results of the moment that they are incurred and are not transferred to the period in which there is (more) production. The valuation of inventory is done in accordance with IFRS against the total cost price excluding the selling and financing costs and the warehousing costs of packed inventory. The price setting of the cost initiates from a 12-month profit and loss account for determination of a standard cost price per product. Some of the costs within these profit and loss accounts are linearly spread over 12 months (*e.g.,* depreciations, costs of agro-division, etc.). However, this is not the case for the production volumes. In the months during which few (or nothing) is produced, the costs are reflected in the profit and loss accounts but are not (or only to a small extent) activated. In the months during which production is high, more costs are activated than the linearly signed up costs of those months. Therefore, the Frozen Division realises the highest results in the months during which production is high. The results of the Canning Division are less sensitive to seasonality because the production is more spread over the year due to the higher importance of the convenience products and the processing of winter vegetables.

The Univeg Group has historically realised a greater portion of its revenues during the first two calendar quarters of the year. The third and fourth quarters of the year typically have on the aggregate lower sales and a less homogenous sales pattern than the first half of the financial year, with sales spiking in the summer months (especially in case of favourable weather) and in the month of December (which is historically the strongest month for the performance of the Univeg Group, due to the holiday season) and slowing down especially in October and November. Sales can also be affected by the day of the week a certain holiday falls on (typically with “long” weekends leading to a better performance than holidays falling in the middle of the week). Seasonality and the impact on the prices of the products of the Univeg Group could make it more difficult to compare its performance (especially on an interim basis) and could have an adverse effect on the business and financial performance of the Univeg Group.

The Peatinvest Group has historically realised a greater portion of its revenues during the two first quarters of the year (especially between mid-January and mid-May). Seasonality and the impact on the prices of the products of the Peatinvest Group could make it more difficult to compare its performance (especially on an interim basis) and could have an adverse effect on the business and financial performance of the Peatinvest Group.

***Sales may be adversely affected by crop disease, weather conditions, natural disasters and other risks that affect the production and supply of fruit, vegetables and peat.***

The Combined Greenyard Foods Group and their third-party suppliers, including The Fruit Farm Group and the Argentinean Operations, experience crop disease, insect infestation, severe weather conditions, such as floods, droughts, windstorms and hurricanes, and natural disasters, such as earthquakes, and other adverse environmental conditions from time to time.

Adverse environmental conditions may occur with higher frequency, or weather conditions may become less predictable, in the future due to the effects of climate change. In an annual report of the UN agricultural agencies called State of Food Insecurity in the World, climate change was identified as one of the leading risks to global food security, with unpredictable weather patterns expected to result in production and price volatility. This price volatility, the report says, makes small-scale producers more risk-averse, lowers their propensity to adopt and invest in new technologies and ultimately results in lower overall production. In 2014, for example, The Fruit Farm Group suffered from the natural phenomenon called El Nino.

If adverse environmental conditions destroy crops planted on the Combined Greenyard Foods Group’s or its supplier’s farms or prevent the Combined Greenyard Foods Group from exporting them on a timely basis, it may lose its investment in those crops or its purchased fruit, or the cost of the produce may increase.

Adverse environmental conditions may adversely affect the Combined Greenyard Foods Group’s supply of one or more fresh produce items, reduce its sales volumes, increase its unit production costs or prevent or impair its ability to transport products as planned, which could result in substantial losses and weaken the financial condition of the Combined Greenyard Foods Group.

In so far as the Univeg Group is concerned, even though it acts to a certain extent on a free consignment basis for the produce growers, in practice, it often shares the risk of adverse environmental conditions with the growers given the growers’ long-term relationship with the Univeg Group. Further, the Univeg Group finances crop production of certain of its growers and suppliers and may be adversely affected if it is not repaid or repayment is postponed due to adverse environmental conditions affecting those growers and suppliers or for any other reason. In those cases where the Univeg Group itself has grown the produce, which is limited after the carve-out of its six principal plantations into The Fruit Farm Group in December 2014 (see also Part VIII (*Related party transactions*)), it carries the risk of adverse environmental conditions entirely.

In addition, in so far as the Peatinvest Group is concerned, the quality and the quantity of peat is also highly dependent on weather conditions. The harvest of peat is only possible after a natural drying cycle (*i.e*., wind or sun) and important precipitations will therefore reduce the volumes of peat that can be harvested. In addition, wet peat will be less stable, generate less fractioning, lower the quality of the substrates and be heavier to transport. This could result in a reduction of profits and in an increase of transportation costs.

***If the products become contaminated, the Combined Greenyard Foods Group may be subject to product liability claims, product recalls and restrictions on exports that could materially adversely affect the business, financial condition and results of operations of the Combined Greenyard Foods Group.***

If the products sourced by the Combined Greenyard Foods Group are alleged or proved to contain contaminants or bacteria affecting the safety or quality of its products, the Combined Greenyard Foods Group may need to find alternative products, delay production of its products, or discard or otherwise dispose of its products, which could adversely affect its results of operations. Additionally, if the presence of such contaminants or bacteria are not alleged or discovered until after the affected product has been distributed, the Combined Greenyard Foods Group may need to withdraw or recall the affected product and the Combined Greenyard Foods Group may experience adverse publicity or product liability claims. In either case, the business, financial condition and results of operations of the Combined Greenyard Foods Group could be adversely affected.

The Combined Greenyard Foods Group may also be exposed to product recalls, including voluntary recalls or withdrawals, and adverse public relations if its products are alleged to cause injury or illness or if the Combined Greenyard Foods Group is alleged to have mislabelled or misbranded its products or otherwise violated governmental regulations. The Combined Greenyard Foods Group may also voluntarily recall or withdraw products that it considers below its standards, whether for taste, appearance or otherwise, in order to protect their brand reputation. Consumer or customer concerns (whether justified or not) regarding the safety of the products of the Combined Greenyard Foods Group could adversely affect its business. A product recall or withdrawal could result in substantial and unexpected expenditures, destruction of product inventory, and lost sales due to the unavailability of the product for a period of time, which could reduce profitability and cash flow. In addition, a product recall or withdrawal may require significant management attention. Product recalls, product liability claims (even if unmerited or unsuccessful), or any other events that cause consumers to no longer associate the brands of the Combined Greenyard Foods Group with high quality and safe products may also result in adverse publicity, impair the value of its brands, lead to a decline in consumer confidence in and demand for its products, and lead to increased scrutiny by regulatory agencies of the operations of the Combined Greenyard Foods Group, which could have a material adverse effect on the business, results of operations and financial condition of the Combined Greenyard Foods Group.

In addition, the sales of the products of the Combined Greenyard Foods Group involve the risk of injury to consumers. Such injuries may result from tampering by unauthorised personnel, product contamination or spoilage, including the presence of foreign objects, substances, chemicals, or residues introduced during the growing, packing, storage, handling or transportation phases. While the Combined Greenyard Foods Group is subject to customers’ and governmental inspection and regulations and believes its facilities comply in all material respects with all applicable laws and regulations, including internal product safety policies, the Combined Greenyard Foods Group can give no assurance that consumption of its products will not cause health-related illnesses in the future or that the Combined Greenyard Foods Group will not be subject to claims or lawsuits relating to such matters, including class actions.

In spite of the strict quality controls and the application of HACCP and ISO standards, the occurrence of quality problems and complaints cannot be completely ruled out. In particular, the differing legislation in Europe with regard to crop protection products constitutes a risk.

Even if a product liability claim is unsuccessful, the negative publicity surrounding any assertion that the products of the Combined Greenyard Foods Group caused illness or injury could adversely affect its reputation with existing and potential customers and its brand image. In addition, as a player in the food industry, the Combined Greenyard Foods Group is vulnerable for problems with food safety that may occur in the sector and that may impact the consumer purchasing behaviour and the image of the sector and the Combined Greenyard Foods Group.

The Combined Greenyard Foods Group is covered by a product liability insurance which includes product recalls. However, claims or liabilities might not be covered by the insurance of the Combined Greenyard Foods Group or by any rights of indemnity or contribution that the Combined Greenyard Foods Group may have against others. There can be no assurance that the Combined Greenyard Foods Group will not incur claims or liabilities for which it is not insured or that exceed the amount of its insurance coverage, resulting in significant cash outlays that could materially and adversely affect the business, financial condition and results of operations of the Combined Greenyard Foods Group.

***The loss of one or more of the largest customers, or a reduction in the level of purchases made or the prices paid by these customers, could materially and adversely affect the business, financial condition and results of operations of the Combined Greenyard Foods Group.***

The Combined Greenyard Foods Group believes its customers make purchase decisions based on, among other things, price, product quality, consumer demand, customer service performance and desired inventory levels. Changes in the strategies or purchasing patterns of the Combined Greenyard Foods Group’s customers may adversely affect the Combined Greenyard Foods Group’s sales as the Combined Greenyard Foods Group may not be in a position to sell the surplus produce or otherwise hedge its position since it can have longer-term obligations towards the growers from whom it sources the produce. Such changes in strategies or purchasing patterns are made easier by the fact that the Combined Greenyard Foods Group and most of its largest customers do not operate on the basis of formal contractual arrangements, which allows these customers to terminate their relationship with the Combined Greenyard Foods Group or a then-current supply order at will. Changes in purchasing patterns and strategies, or the loss of one or more of the Combined Greenyard Foods Group’s largest customers or a significant portion of its business could materially and adversely affect the Combined Greenyard Foods Group’s business, financial condition and results of operations.

Furthermore, the Combined Greenyard Foods Group’s customers may face financial or other difficulties, including bankruptcy or other business disruption, which may impact their operations and cause them to reduce their level of purchases or the prices they are willing to pay for the Combined Greenyard Foods Group’s products, which could materially and adversely affect its business, financial condition and results of operations.

Customers may also reduce their purchases in response to any price increase implemented by the Combined Greenyard Foods Group, or as a result of a decision to switch to another supplier or begin sourcing (or to source a greater amount of) fresh produce directly from growers, resulting in lower sales of the Combined Greenyard Foods Group’s products.

In addition, there is a risk that customers may reduce their purchases in response to changing trends in the industry. If such measures are adopted by its customers, this could result in lower sales of the Greenyard Foods Group’s products. If sales of the Combined Greenyard Foods Group’s products to one or more of its largest customers decrease, this may have a material adverse effect on the Combined Greenyard Foods Group’s business, financial condition, and results of operations.

The fact that the Combined Greenyard Foods Group derives a substantial percentage of its revenues and net income from a small number of customers also gives these customers a substantial amount of leverage over the Combined Greenyard Foods Group, in particular in negotiating their supply arrangements with the Combined Greenyard Foods Group. Especially the Univeg Group has a small number of customers which account for a large percentage of its revenues and net income. There can be no assurance that the Combined Greenyard Foods Group’s supply arrangements with its customers will not include onerous terms which could materially and adversely affect the Combined Greenyard Foods Group’s business, cash flows or results of operations.

***Consumer trends and preferences may fluctuate and reduce the demand for the products of the Combined Greenyard Foods Group.***

The success of the Combined Greenyard Foods Group depends in part on its ability to anticipate the tastes, dietary, planting, gardening and harvesting habits of consumers and to offer products that appeal to their preferences. Changes in consumer preferences combined with the Combined Greenyard Foods Group’s failure to anticipate, identify or react to these changes could result in reduced demand for the products of the Combined Greenyard Foods Group, which could in turn adversely affect the financial condition, results of operations and cash flows of the Combined Greenyard Foods Group. In addition, the success of the Combined Greenyard Foods Group depends in part on its ability to enhance its product portfolio by adding new products in fast growing, profitable categories as well as increasing market share in its existing product categories. Anticipating consumer trends and preferences requires research and development as well as marketing initiatives. If the new products of the Combined Greenyard Foods Group fail to meet consumers’ preferences, then the return on that investment will be less than anticipated and the strategy of the Combined Greenyard Foods Group to grow net sales and profits may not be successful.

***The Combined Greenyard Foods Group may not be able to realise the synergies envisaged by the Transactions and certain contractual ring-fencing impediments exist in its financing documents to do so.***

Although the Greenyard Foods Group, the Univeg Group and the Peatinvest Group expect that the Transactions will produce material synergies, the integration of three companies with geographically dispersed operations and with different scope of activities, presents challenges on different accounts, and may be adversely impacted or compounded by any of the risk factors listed above.

In addition, certain transactions between the Greenyard Foods Group, the Univeg Group and the Peatinvest Group may be restricted by their respective financing documents, particularly by affiliate covenant tests and by certain covenants that limit investments or distributions if financial ratios are not met and baskets are not available. In each case, the Combined Greenyard Foods Group may incur either compliance and waiver costs or face restrictions.

There can therefore be no assurance that the Transactions, and the synergies expected to result from the Transactions, will be achieved as rapidly or to the extent currently anticipated.

***The success of the Combined Greenyard Foods Group is dependent on its ability to keep pace with innovation and the development of innovative products and their bringing to the market.***

The Combined Greenyard Foods Group is making considerable efforts to continuously renew its products and technologies. Cycles for products’ renewal take a considerable time. The careful follow-up and implementation of new technologies is needed to maintain the market share of the Combined Greenyard Foods Group. If the Combined Greenyard Foods Group does not succeed to timely select the right technology for the development of new products, or if it fails to develop innovative products and to bring them on the market, this could have a substantial adverse effect on the operations, competitive position or operating results of the Combined Greenyard Foods Group.

***The Combined Greenyard Foods Group faces significant competition and an inability to compete successfully with its competitors could result in a loss in market share, decreased revenue or decreased profitability.***

The Combined Greenyard Foods Group competes with other companies based on several factors, including (i) knowledge of and access to new technologies and new production processes, (ii) the ability to introduce and implement new products, (iii) the completeness of the products offered, (iv) reputation and vision (v) geographical presence, (vi) distribution and (vii) prices.

The Combined Greenyard Foods Group expects the global frozen produce and global fresh produce industry to remain highly competitive and to undergo a period of consolidation. If the Combined Greenyard Foods Group’s competitors consolidate, they may become more powerful in the market place, increasing competitive pressures on it. The competitive environment results from rivalry amongst existing market players but also from the bargaining power of customers, as well as from the possibility of new entrants in these markets (see Sections 2.1.4.8, 2.2.5.5 and 2.3.5.5 of Part IV (*The Contributions*)).

With respect to the Univeg Group, this results particularly from the short lifespan of the fresh products and the fact that they are, for the most part, traded on a customer label basis and therefore cannot be differentiated from its competitors’ produce in the eyes of consumers through their branding. The market is also fragmented and the Univeg Group therefore competes against a broad range of market participants, including multinational companies, companies with a particular focus on a specific product, and companies at other stages of the value chain.

Competitive pressures may restrict the Combined Greenyard Foods Group’s ability to increase prices, including in response to produce, energy, labour and other cost increases, or restrict the Combined Greenyard Foods Group’s ability to realise its strategy of strengthening its position in existing markets. The competitive environment also puts significant additional pressure on the already low margins in the Combined Greenyard Foods Group’s sector and exposes the Combined Greenyard Foods Group to the risk of losing one or more of its significant customers.

Failing to keep costs and service levels at least on par with the Combined Greenyard Foods Group’s main competitors and to differentiate itself from such competitors (in terms of product range, product availability, price, quality, customer service, brand recognition or access to retail outlets) may lead to market share and/or margin erosion or to the Combined Greenyard Foods Group’s customers substituting their products with alternatives offered by such competitors. The Combined Greenyard Foods Group expects to continue to face strong competition in its core markets and anticipates that existing or new competitors may broaden their product lines, and expand their geographic scope.

To compete successfully, the Combined Greenyard Foods Group must be able to strategically source products of uniformly high quality and sell and distribute it on a timely and regular basis. Continuous investments geared at products and processes improvements and costs efficiencies and continuous efforts to improve channel, customer and product mix and to reduce variable plant and logistics costs to compensate for inflation as well as a strict control of fixed costs and overheads cannot guarantee the Combined Greenyard Foods Group’s leading position in its core markets in the future. The failure of the Combined Greenyard Foods Group to compete successfully could result in a loss in market share, decreased revenue or decreased profitability.

***Negative media speculation or other negative public statements could adversely affect the reputation of the Combined Greenyard Foods Group, which in turn could adversely affect the Combined Greenyard Foods Group’s business.***

As a producer, marketer and distributor of fruit, vegetables, peat and growing media the Combined Greenyard Foods Group is vulnerable to negative media speculation and other negative public statements. If the media and others speculate or report negatively about the Combined Greenyard Foods Group, including about its products, services, suppliers, shareholders, directors or management, this could adversely affect its reputation, potentially disrupting its ability to do business with counterparties who give weight to media comment and distracting its senior management from their responsibilities.

Future negative speculation in the media related to the Combined Greenyard Foods Group, or its shareholders, officers or directors, could adversely affect its reputation, which in turn could adversely affect the business, financial condition and results of operations of the Combined Greenyard Foods Group.

***Global economic conditions could materially adversely affect the business, financial condition and results of operations of the Combined Greenyard Foods Group.***

The activity of the Combined Greenyard Foods Group is, like activities of other companies, subject to the influence of economic cycles. The current depressed macro-economic climate, high unemployment rate in certain developed markets and potentially negative effects of austerity measures in Europe on consumers’ buying power in the principal geographic markets of the Combined Greenyard Foods Group could have a negative impact on one or more of its revenues and margins, its ability to increase or maintain prices for its products and its growth strategy. In addition, visibility over short- to medium-term market and economic developments remains limited and, as such, the Combined Greenyard Foods Group cannot exclude the continuation of this negative trend or that further negative events may unfold in the context of the global economy. As a result, the Combined Greenyard Foods Group may be exposed to a decrease in demand for its products or fail to further improve its product mix, which, combined with a competitive environment and volatile produce prices, may result in over-supply and declining margins. In particular, the Combined Greenyard Foods Group depends on stable, liquid and well-functioning credit and capital markets to fund its operations. While there have been periods of stability, these markets have experienced extreme volatility, disruption and decreased liquidity in recent years, which has added to the uncertainty of the global economic outlook and made it more difficult to access the credit and capital markets. If for any reason market conditions deteriorate further, the ability of the Combined Greenyard Foods Group, as well as its customers and suppliers, to access these markets in order to service their liquidity needs could be adversely affected and may be subject to higher costs. The occurrence of one or more of these events could materially adversely affect the Combined Greenyard Foods Group’s business, financial condition and results of operations.

***If the European Monetary Union ceases to exist or one or more countries leave the European Monetary Union, the business, financial condition and results of operations of the Combined Greenyard Foods Group may be adversely affected.***

Recent economic events affecting the European economies, including the sovereign debt crises in Greece, Portugal, Spain, Italy and Ireland, have raised a number of questions regarding the overall stability of the European Monetary Union. Despite measures taken by countries in the European Monetary Union to alleviate credit risk, concerns persist with respect to the debt burden of certain Eurozone countries and their ability to meet future financial obligations, the overall stability of the euro and the suitability of the euro as a single currency given the diverse economic and political circumstances in individual euro member states. The economic outlook is adversely affected by the risk that one or more Eurozone countries could come under increasing pressure to leave the European Monetary Union, as well as the risk that the euro as the single currency of the Eurozone could cease to exist, or in more extreme circumstances, the possible dissolution of the European Union entirely, which could result in the redenomination of a portion of or all its euro denominated assets, liabilities and cash flows to the new currency of the country in which they originated. The legal and contractual consequences of such a development for holders of euro-denominated obligations would be determined by applicable laws in effect at such time. Any of these developments, or a perception that any of these developments may be likely to occur, could have a material adverse effect on the economic development of the affected countries or lead to economic recession or depression that could jeopardise the stability of financial markets or the overall financial and monetary system. In addition, if any country in which the Combined Greenyard Foods Group operates that is currently a member of the Eurozone leaves the European Monetary Union, its costs incurred and revenue generated in that country could be adversely affected when converted into its reporting currency. Moreover, any changes from euro to non-euro currencies within the countries in which the Combined Greenyard Foods Group operates would require the Combined Greenyard Foods Group to modify its billing and other financial systems. The Combined Greenyard Foods Group may not be able to make any such required modifications within a timeframe that would allow the Combined Greenyard Foods Group to timely bill its customers or prepare and file required financial reports. Any of these developments could, in turn, have a material adverse effect on the business, financial condition and results of operations of the Combined Greenyard Foods Group.

***The Combined Greenyard Foods Group operates internationally and expects to continue to expand its international activities, making the Combined Greenyard Foods Group increasingly susceptible to legal, regulatory, political and economic conditions in and outside the countries in which it currently operates, as well as operational risks different from those the Combined Greenyard Foods Group faces at present.***

With global operations spanning Europe, the Americas, Africa and Asia, the ability of the Combined Greenyard Foods Group to conduct and expand its business and its financial performance is subject to the risks inherent in international operations. The liquidity, results of operations and financial condition of the Combined Greenyard Foods Group may be adversely affected by global macroeconomic conditions, trade barriers, import and export duties and quotas, currency fluctuations and exchange controls, political unrest, high levels of inflation and increases in duties, taxes and governmental royalties, as well as changes in local laws and policies of the countries in which it conducts business, including changes to environmental laws that could affect its manufacturing facilities or to health and safety laws that could affect its products. The governments of the countries in which the Combined Greenyard Foods Group operates, or may operate in the future, could take actions that materially adversely affect it, including the taking, expropriation or condemnation of its assets or subsidiaries.

The Combined Greenyard Foods Group is also subject to a variety of government regulations in countries where it markets its products, including the United States, the EU, South America, South-East Asia and South Africa. If the Combined Greenyard Foods Group fails to comply with applicable regulations, it could result in an order barring the sale of part or all of a particular shipment of the products of the Combined Greenyard Foods Group or, possibly, the sale of any of its products for a specified period. Such a development could result in significant losses and could weaken the financial condition of the Combined Greenyard Foods Group.

***The Combined Greenyard Foods Group’s business may suffer from trading sanctions and embargoes.***

In the past few years the US, the EU and the UN have increased their imposition of various sanctions and embargoes on trading with countries such as Iran, Syria, Sudan and others. Recently similar sanctions were taken by the US and EU against the Russian Federation and subsequently by the Russian Federation against the US and the EU. As the activities and operations of Combined Greenyard Foods Group are worldwide, the Combined Greenyard Foods Group and its competitors, distributors, suppliers and customers may not be able to comply with or suffer from such trading sanctions and embargoes. This may have a negative impact on the Combined Greenyard Foods Group’s business, results of operation or financial condition and on the reputation of the Combined Greenyard Foods Group and its products.

***Inflation in some of the countries in which the Combined Greenyard Foods Group operates, along with governmental measures to combat inflation, have adversely affected the economies and financial markets of those countries and the ability of their governments to create conditions that stimulate or maintain economic growth.***

A portion of the Combined Greenyard Foods Group’s operating costs are denominated in local currency. Accordingly, inflation in those and other jurisdictions, without a corresponding devaluation of the local currencies could result in an increase in the operating costs of the Combined Greenyard Foods Group without a commensurate increase in its revenues, which could adversely affect its financial condition and its ability to pay its foreign denominated obligations.

Governmental measures to curb inflation and speculation about possible future governmental measures have also contributed to the negative economic impact of inflation and have created general economic uncertainty. If the countries in which the Combined Greenyard Foods Group operates experience high levels of inflation in the future and price controls are imposed, the Combined Greenyard Foods Group may not be able to adjust the rates it charges to its customers to fully offset the impact of inflation on the Combined Greenyard Foods Group’s cost structures, which could adversely affect the Combined Greenyard Foods Group’s results of operations and financial condition. Depreciations of local currencies relative to the US Dollar or the euro may also create additional inflationary pressures in local jurisdictions that may negatively affect the Combined Greenyard Foods Group as depreciations generally curtail access to foreign financial markets and may prompt government intervention, including recessionary governmental policies.

***The Combined Greenyard Foods Group’s financial condition and results of operations could be adversely affected by currency exchange rate fluctuations in some of the countries in which it operates.***

Revenue generated from subsidiaries outside the eurozone is subject to adverse movements in foreign currency exchange rates, both in terms of the Combined Greenyard Foods Group’s trading activities and also the translation of its financial statements. There can be no assurance that the Combined Greenyard Foods Group will be able to successfully mitigate such foreign exchange exposure, particularly over the long-term. In particular, concerns regarding the eurozone sovereign debt crisis may result in increased volatility of euro exchange rates. See —*If the European Monetary Union ceases to exist or one or more countries leave the European Monetary Union, the business, financial condition and results of operations of the Combined reenyard Foods Group may be adversely affected* above.

***The Combined Greenyard Foods Group is dependent on its Executive Chairman, management team, and the success of the Combined Greenyard Foods Group may depend on its ability to retain or attract adequate managerial resources.***

In the markets in which the Combined Greenyard Foods Group operates, personal relationships with growers, on the one hand, and customers, on the other, are key. The ability of the Combined Greenyard Foods Group to maintain its competitive position is dependent to a large degree on the services of its Executive Chairman, senior management and (often local) key account managers, who possess extensive operating experience and industry knowledge, to set its strategy and manage its operations. The Combined Greenyard Foods Group may not be able to retain its existing senior management personnel and key account managers (who may be attracted by competition or new market entrants) or attract additional qualified senior management personnel. Its operations and profitability might be disrupted if it lost the services of its senior management team members and key account managers.

Potential impacts might include: loss of knowledge of key systems and specialised skills resulting in a skills and competency gap; high staff turnover; customer dissatisfaction; failure to meet business objectives; increased re-hiring costs; loss of customers because of the customer-employee relationships. Although the Combined Greenyard Foods Group believes that it is well positioned to attract and retain skilled and experienced personnel, there can be no assurance that it will be able to do so. The inability to do so could have a material adverse effect on the Combined Greenyard Foods Group’s business, results of operation or financial condition.

***The Combined Greenyard Foods Group is dependent on skilled personnel, labour and third party contractors and its business may be disrupted if it lost their services.***

The Combined Greenyard Foods Group is exposed to risks associated with the potential loss of or inability to attract skilled and motivated personnel, labour and third party contractors at all levels in the production and supply process. The seasonal business of the Combined Greenyard Foods Group also depends to a large extent on interim labour. The implementation of the strategic business plans of the Combined Greenyard Foods Group could be undermined by a failure to attract or retain such personnel and contractors in all jurisdictions in which the Combined Greenyard Foods Group operates. It is not certain that the Combined Greenyard Foods Group will be able to attract or retain such personnel and contractors and successfully manage them. A shortage of qualified people might force the Combined Greenyard Foods Group to increase wages or other benefits to be competitive when hiring or retaining personnel and contractors. The profitability of the Combined Greenyard Foods Group depends on controlled labour costs, and it is not certain that higher labour costs can be passed on to customers in full or in part.

***Costs related to the obligations of the Combined Greenyard Foods Group to pension and other retirement funds could escalate, thereby adversely affecting its results of operations and financial condition.***

The Combined Greenyard Foods Group maintains defined contribution and defined benefit pension plans for its employees in certain jurisdictions. Assumptions related to future costs, return on investments, interest rates and other actuarial assumptions have a significant impact on the funding requirements of the Combined Greenyard Foods Group with respect to its defined benefit pension plans (whereby it is to be noted that if under a defined contribution plan, there remains a legal or constructive obligation for the Combined Greenyard Foods Group to guarantee a certain return, which is the case in certain jurisdictions such as Germany and The Netherlands, the plan is treated as a defined benefit plan) and its Belgian defined contribution pension plans. These estimates and assumptions may change based on actual return on plan assets, changes in interest rates, inflation, any changes in governmental regulations and general economic conditions. Therefore, the funding requirements of the Combined Greenyard Foods Group may change and additional contributions could be required in the future. If, as of a balance sheet date, the fair value of any plan assets of a defined benefit plan is lower than the defined benefit obligations (determined based on actuarial assumptions), or in respect of a Belgian defined contribution pension plan, the return of a defined contribution pension plan is lower than the minimum return imposed by law, the Combined Greenyard Foods Group bears an “underfunding risk” at that moment in time. In addition, as far as Belgium is concerned, the cost of pension plans might increase as a result of the mandatory harmonisation of the pension plans for white-collar and blue-collar employees. Accordingly, costs related to the obligations of the Combined Greenyard Foods Group to pension and other retirement funds could escalate, thereby adversely affecting its results of operations and financial condition.

***The Combined Greenyard Foods Group may be subject to misconduct by its employees, contractors and/or joint venture partners.***

The Combined Greenyard Foods Group may be subject to misconduct by its employees, contractors and/or joint venture partners, such as theft, bribery, sabotage, insider trading, violation of laws and regulations, slander or other illegal actions and may be exposed to the risk of stoppages by third parties. Any misconduct may lead to fines or other penalties, slow-downs in production, harm to reputation, increased costs, loss of revenues, increased liabilities to third parties or impairment of assets, any of which may have a material adverse effect on the Combined Greenyard Foods Group’s business, results of operation or financial condition.

***The Combined Greenyard Foods Group may be subject to labour disputes from time to time that may adversely affect them.***

The success of the Combined Greenyard Foods Group depends on maintaining good relations with its workforce. The employees of the Combined Greenyard Foods Group are represented by unions or equivalent bodies and are covered by collective bargaining or similar agreements which are subject to periodic renegotiation. The Combined Greenyard Foods Group may not successfully conclude its labour negotiations on satisfactory terms, which may result in a significant increase in the cost of labour or may result in work stoppages or labour disturbances that disrupt the Combined Greenyard Foods Group’s operations and such disruptions could put a strain on its relationships with suppliers and customers. Cost increases, work stoppages or disturbances that result in substantial amounts of produce not being processed could have a material and adverse effect on the business, results of operations and financial condition of the Combined Greenyard Foods Group.

***The Combined Greenyard Foods Group is exposed to potential failures or disruptions in its IT systems.***

IT systems are a central part of the business activities of the Combined Greenyard Foods Group. The Combined Greenyard Foods Group uses both standard software packages and legacy systems that have been developed internally. If a failure occurs in the IT systems of the Combined Greenyard Foods Group, due to a breakdown, malicious attacks, viruses or other factors, this could have a serious impact on various aspects of the business, including, but not limited to, logistics, sales, customer service and administration. Disruptions in the operation of IT systems could have a material adverse effect on the business or the operating results of the Combined Greenyard Foods Group. To date, the Combined Greenyard Foods Group did not face any significant problems with its IT systems, but it cannot guarantee that such problems would not occur in the future.

***If the Combined Greenyard Foods Group is not able to renew or maintain the approvals, licenses, permits and certificates required to operate its business, this may have a material adverse effect on its business.***

The Combined Greenyard Foods Group requires various approvals, licenses, permits and certificates to operate its business and facilities. The Combined Greenyard Foods Group may be required to renew these approvals, licenses, permits and certificates or to obtain new approvals, licenses, permits and certificates.

In particular, the Peatinvest Group requires extraction licenses awarded by local authorities through a public tender process to exploit its peat fields in Poland and Latvia. The Peatinvest Group may be required to renew these licenses upon expiration of their term or to obtain new licenses for newly acquired fields. There is no absolute certainty that Peatinvest will obtain new licences that are tendered.

The Combined Greenyard Foods Group cannot assure that in the future the relevant authorities will issue or renew any required approvals, licenses, permits or certificates in a timely manner or at all. Failure by the Combined Greenyard Foods Group to renew, maintain or obtain the required approvals, licenses, permits and certificates may interrupt the operations of the Combined Greenyard Foods Group or delay or prevent the implementation of any capacity expansion or other new projects and may have a material adverse effect on the business, financial condition and results of operations of the Combined Greenyard Foods Group.

In addition, the Combined Greenyard Foods Group cannot guarantee that it is currently in compliance with all applicable requirements for permits and licenses, nor that it will be able to comply with any future requirements for necessary permits and licenses. Failure to obtain or renew any necessary permits and licenses could subject the Combined Greenyard Foods Group to civil remedies including fines, injunctions, recalls or seizures, as well as potential criminal sanctions.

***The Combined Greenyard Foods Group leases a significant portion of its facilities, which gives rise to administrative and legal risks, including that its rights to land may be challenged and the Combined Greenyard Foods Group may not be able to renew its lease agreements.***

Currently, a significant portion of the Combined Greenyard Foods Group’s area of production facilities and other types of facilities used by the Combined Greenyard Foods Group in the ordinary course of its business is leased or is subject to agriculture partnership agreements. The Combined Greenyard Foods Group cannot guarantee that these leases, concession rights or agriculture partnerships will be renewed after the expiry of their respective terms. Even if the Combined Greenyard Foods Group is able to renew these agreements, the Combined Greenyard Foods Group cannot guarantee that such renewals will be on terms and conditions satisfactory to it. Furthermore, the Combined Greenyard Foods Group might not at all times comply with all the terms of certain leases, concession rights or agriculture partnerships and this can lead to renegotiation of, or litigation in relation to, such agreements which might be costly and hinder the timely and effective management of the activities of the Combined Greenyard Foods Group. Any failure to renew the leases, concession rights or agriculture partnerships or obtain land suitable for crop planting in sufficient quantity and at reasonable prices to develop its activities could adversely affect the results of operations of the Combined Greenyard Foods Group, increase its costs or force the Combined Greenyard Foods Group to seek alternative properties, which may not be available or be available only at higher prices.

***The strategy of diversifying the product line, expanding into new geographic markets and increasing the value-added services that the Combined Greenyard Foods Group provides to its customers may not be successful.***

The Combined Greenyard Foods Group is diversifying its product line through acquisitions and internal growth. In particular, the Univeg Group has expanded its service offerings to include a higher proportion of value-added services, such as the preparation of fresh-cut produce, ripening, customised sorting and packing, direct-to-store delivery and in-store merchandising and promotional support. In recent periods, the Univeg Group has made significant investments in service and distribution centres, fresh-cut and prepared food facilities through capital expenditures and has expanded the Univeg Group’s business into new geographic markets. The Combined Greenyard Foods Group may not be able to realise its strategy or recover these investments as a result of decreasing demand for this type of value-added service, as a result of the customers of the Combined Greenyard Foods Group resolving to integrate vertically themselves, or as a result of competitors copying the solutions and services of the Combined Greenyard Foods Group, thus commoditising them and thereby lowering market prices. If the Combined Greenyard Foods Group is not successful in its diversification efforts or to implement additional value-added services, the business, financial condition or results of operations of the Combined Greenyard Foods Group could be further materially and adversely affected.

***The Combined Greenyard Foods Group may be unable to identify or complete potential acquisitions on commercially satisfactory terms or may not be able to integrate successfully acquired businesses, which could have a material adverse effect on the business, results of operations and financial condition of the Combined Greenyard Foods Group.***

Acquisitions have been an important part of the growth of the Combined Greenyard Foods Group and further acquisitions, determined on a case-by-case basis, cannot be excluded. The Combined Greenyard Foods Group may be unable to identify or complete potential acquisitions that are necessary for its growth on commercially satisfactory terms. In addition, as with any acquisition, there is a risk that corporate cultures do not match, expected synergies do not materialise fully or at all, restructurings prove to be more costly than initially anticipated, acquired companies prove to be more difficult to integrate than foreseen, the integration of the assets may meet unexpected difficulties or the acquired businesses may not develop as expected. No assurances can therefore be given that the expected advantages or synergies from the acquisitions would materialise.

Furthermore, as the Combined Greenyard Foods Group continues to expand through bolt-on acquisitions, one of its key challenges consists of the integration of its managerial, operational and financial systems. If the Combined Greenyard Foods Group fails to address these challenges, this could adversely impact its business operations, financial position and/or operational results.

***The Combined Greenyard Foods Group may be exposed to future liability claims in relation to past divestitures. The future growth of the Combined Greenyard Foods Group may be impeded by non-compete undertakings imposed on them in the course of past or future divestitures.***

In relation to past and/or future divestitures, the Combined Greenyard Foods Group has entered or may enter into several divestiture agreements which include representations and warranties as well as indemnities given by the Combined Greenyard Foods Group as seller. It cannot be excluded that, if a risk materialises, acquirers initiate a claim against the Combined Greenyard Foods Group for a potential breach of such representations and warranties on the basis of these contractual provisions.

Such claims may, in general, under the terms of the respective divestiture agreements, only be initiated during a certain period of time after the completion of the divestiture. In certain cases, the Combined Greenyard Foods Group is not yet able to benefit from such time limitations. In addition, certain representations, warranties or specific indemnities may be excluded from such time limitation (*e.g.,* with regard to tax, social security or environmental law compliance) or acquirers may otherwise benefit from a longer period in which to initiate claims.

While the divestiture agreements, in general, cap the maximum liability of the Combined Greenyard Foods Group for breaches of representations and warranties, such limitation may, under certain divestment agreements, not apply to claims initiated for specific indemnities or certain representations and warranties (*e.g.,* with regard to tax, social security or environmental law compliance).

In the context of the recent divestitures of the Combined Greenyard Foods Group, the Combined Greenyard Foods Group has entered into several divestiture agreements which include customary non-compete clauses. Although these non-compete clauses are in general related to non-core businesses (*e.g.,* ready-made meals) or to non-strategic locations (*e.g.,* Russia) for the Combined Greenyard Foods Group and are limited in duration, these clauses may nevertheless limit the further development of the Combined Greenyard Foods Group, including its future acquisitions, investments or joint-ventures.

***The Combined Greenyard Foods Group has made and will continue to make maintenance and growth capital expenditures, and may not generate sufficient cash from operations or obtain funding on terms acceptable to it to meet its future capital needs.***

The Combined Greenyard Foods Group will continue to need working capital to fund its business. If the capital resources of the Combined Greenyard Foods Group are insufficient to meet its capital requirements, the Combined Greenyard Foods Group will have to raise additional funds. The Combined Greenyard Foods Group may not be able to raise sufficient additional funds on terms that are favourable to it, if at all. If the Combined Greenyard Foods Group fails to raise sufficient funds, its ability to fund its operations, take advantage of strategic opportunities, develop and commercialise products or technologies, or otherwise respond to competitive pressures could be significantly limited. If adequate funds are not available, the Combined Greenyard Foods Group will not be able to successfully execute its business strategy or continue its business.

***The Transactions will change the risk and leverage profile of the Combined Greenyard Foods Group.***

The contemplated Transactions pursuant to which (i) the activities of the Univeg Group would become part of the Greenyard Foods Group through the realisation of the DWB Demerger and the Univeg Contribution and (ii) the activities of the Peatinvest Group would become part of the Combined Greenyard Foods Group through the realisation of the Peatinvest Contribution, will substantially change the risk and leverage profile of the Greenyard Foods Group considering the leverage of the Univeg Group compared to that of the Greenyard Foods Group. The audit opinion delivered by the independent auditor of the Univeg Group includes an emphasis of matter paragraph for the financial year ended 31 December 2014 regarding the justification by the board of directors of Univeg for the application of the valuation rules in going concern.

***The Combined Greenyard Foods Group may not be able to generate sufficient cash, through declining business and/or through a discontinuation or reduction of its factoring, to meet its debt service obligations, and this inability to generate sufficient cash may result in goodwill impairments.***

The Combined Greenyard Foods Group’s ability to meet its debt service obligations or to refinance its debt, depends on its future operating and financial performance, which will be affected by its ability to successfully implement their business strategy as well as general economic, financial, competitive, regulatory and other factors beyond its control.

In addition, the Univeg Group and to a lesser degree the Greenyard Foods Group engage in factoring programs of which the proceeds, amongst other matters, serve to pay interests under the Combined Greenyard Foods Group’s financial instruments. The inability to factor sufficient receivables or the non-availability of such factoring programs in the future may therefore accelerate any difficulties that the Combined Greenyard Foods Group may face to service or refinance its debt.

The Transactions will furthermore result in substantial goodwill booked on the balance sheet of the Combined Greenyard Foods Group, and, under IFRS, such goodwill is subject to annual impairment testing. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the “cash-generating unit”). An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount, which may result from decreased financial performance. While impairments do not affect the Combined Greenyard Foods Group’s cash flows, a small impairment charge relative to the total amount of goodwill could, given the significant amount of goodwill recorded on its statement of financial position, adversely affect operating profit and equity of the Combined Greenyard Foods Group. Goodwill impairment may therefore impact certain of the covenants and ratios that the Combined Greenyard Foods Group is held to in its various financial instruments. Such goodwill impairment may then in turn accelerate the Combined Greenyard Foods Group’s inability to comply with its debt covenants and accelerate its debt obligations.

If its business does not generate sufficient cash flow from operations or if future borrowings are not available to the Combined Greenyard Foods Group in an amount sufficient to enable the Combined Greenyard Foods Group to pay its indebtedness or to fund its other liquidity needs, the Combined Greenyard Foods Group may, among other things, need to refinance all or a portion of its indebtedness on or before the maturity thereof, sell assets, reduce or delay capital investments or seek to raise additional capital, any of which could have a material adverse effect on its operations.

The type, timing and terms of any such potential alternatives would depend on the Combined Greenyard Foods Group’s cash needs and the prevailing conditions in the financial markets. The Combined Greenyard Foods Group cannot assure that any future financing will be available to the Combined Greenyard Foods Group at any given time or as to the reasonableness of the terms on which any future financing may be available. For example, any refinancing of the Combined Greenyard Foods Group’s debt could be at higher interest rates and may require the Combined Greenyard Foods Group to comply with more onerous covenants, which could further restrict its business operations. The terms of existing or future debt instruments may also limit or prevent the Combined Greenyard Foods Group from taking any of these actions should the same become necessary.

Further, if the Combined Greenyard Foods Group defaults on the payments required under the terms of certain of its indebtedness, that indebtedness, together with debt incurred pursuant to other debt agreements or instruments that contain cross-default or cross-acceleration provisions, may become payable on demand and the Combined Greenyard Foods Group may not have sufficient funds to repay all of its debts.

As a result of all the foregoing, the Combined Greenyard Foods Group’s inability to generate sufficient cash flow to satisfy its debt service obligations, or to refinance or restructure its obligations on commercially reasonable terms or at all, would have an adverse effect, which could be material, on its business, financial condition and results of operations.

***Certain of the Combined Greenyard Foods Group’s financing agreements contain covenants that restrict the Combined Greenyard Foods Group’s ability to engage in certain transactions and may impair the Combined Greenyard Foods Group’s ability to respond to changing business and economic conditions.***

Certain of the Combined Greenyard Foods Group’s financing agreements include a number of restrictive covenants. These covenants may restrict, among other things, the Combined Greenyard Foods Group’s ability to: incur additional indebtedness, provide guarantees, create liens, pay dividends, redeem share capital, sell assets, make investments, merge or consolidate with another company, and engage in transactions with affiliates (including other divisions of the Combined Greenyard Foods Group).

Although subject to significant qualifications and exceptions, these covenants could limit the ability of the Combined Greenyard Foods Group to plan for or react to market conditions or to meet capital needs or engage in activities that may be in its interest. The ability of the Combined Greenyard Foods Group to comply with these covenants may be affected by events beyond its control, and the Combined Greenyard Foods Group may have to curtail some of its planned synergies, operations and growth plans to maintain compliance.

In addition, the Combined Greenyard Foods Group will be subject to the affirmative and negative covenants contained in instruments governing its indebtedness. For example, the Combined Greenyard Foods Group’s financing documents require it to maintain specified financial ratios and satisfy certain financial condition tests. The Combined Greenyard Foods Group’s ability to meet those financial ratios and tests can be affected by events beyond its control and the Combined Greenyard Foods Group cannot assure you that it will meet them. A breach of any of those covenants, ratios, tests or restrictions could result in an event of default under the financing agreements. Upon the occurrence of any event of default under the financing agreements, subject to applicable cure periods and other limitations on acceleration or enforcement, the relevant creditors could cancel the availability of the facilities and elect to declare all amounts outstanding under the financing agreements, together with accrued interest, immediately due and payable. In addition, any default under any financing agreements could lead to an event of default and acceleration under other debt instruments that contain cross-default or cross-acceleration provisions. See also Section 8 of Part V (*Information about the Combined Greenyard Foods Group upon completion of the Contributions*).

If the Combined Greenyard Foods Group breaches certain covenants under its outstanding indebtedness, its creditors may accelerate the payment of amounts following any such future default, and it cannot assure that its assets would be sufficient to repay in full those amounts, to satisfy all other liabilities of its subsidiaries which would be due and payable, in full or in part. In addition, if the Combined Greenyard Foods Group is unable to repay those amounts, its creditors would proceed against any collateral granted to them to secure repayment of those amounts.

***Despite its current levels of indebtedness, the Combined Greenyard Foods Group may incur substantially more debt in the future, which may make it difficult for it to service its debt, and may impair its ability to operate its business.***

The Combined Greenyard Foods Group may incur substantial additional debt in the future. In addition, although the Combined Greenyard Foods Group’s financing documents contain restrictions for the Combined Greenyard Foods Group on the incurrence of additional indebtedness, these restrictions are subject to a number of significant qualifications and exceptions and, under certain circumstances, the amount of indebtedness that could be incurred in compliance with these restrictions could be substantial. The Combined Greenyard Foods Group may in particular also be able to draw amounts under its financing documents and incur certain other indebtedness at times when it does not meet certain ratios provided for in its financing documents. In addition, the financing documents will not prevent the Combined Greenyard Foods Group from incurring obligations that do not constitute indebtedness under those agreements. The incurrence of additional debt would increase the leverage-related risks described above.

***Fluctuations in interest rates can have a significant impact on the activities, operating results or the financial position of the Combined Greenyard Foods Group, and the Transactions could result in an increase of the overall average interest rate of the Combined Greenyard Foods Group.***

Except for the Notes issued by the Univeg Group and the Bonds issued by Greenyard Foods, the Combined Greenyard Foods Group is mainly financed by financial debt (bank debt) with a variable interest rate (EURIBOR + margin), resulting in an interest rate exposure for the Combined Greenyard Foods Group. The interest rate risk is partly mitigated through the use of financial instruments for hedging the interest rates.

In addition, the Transactions may lead to a possible increase of the interest rate of the Bonds. The standard interest rate of the Bonds is 5.00% per year but would be increased with a step-up of 1.25% leading to 6.25% in the event that (i) the interest coverage ratio would be smaller than or (ii) the ratio between the consolidated total debts and the consolidated total assets would be larger than certain specified thresholds. These covenants need to be tested for the first time as per 31 March 2016.

***The realisation of the Contributions will constitute an event of default under the Bonds***

According to the Bonds’ terms and conditions, the realisation of the Contributions will constitute a default under the following clauses:

* *Change of activities*

The activities of Greenyard Foods, prior to the Transactions (processing of frozen fruits and vegetables and fruits and vegetables in tins and jars), are different from those of the Univeg Group (trading in fresh fruits and vegetables) and the Peatinvest Group (potting soil products, peat, bark and soil improvers). Since an event of default occurs under the Bonds if 25% of the turnover of the group is generated by activities of the group (considered as a whole) which differ from the activities that were carried out on the issue date (Section 8 (g) (i) of Part III of the Bonds’ terms and conditions), the realisation of the Contributions would trigger an event of default.

* *Guarantor coverage requirement*

The sum of the total assets of Greenyard Foods and the Bond guarantors (each calculated on a non-consolidated basis and with exclusion of all intra-group transactions) must be equal to at least 75% of the consolidated total assets of the group (Section 2.3 of Part III of the Bonds’ terms and conditions). Pursuant to the realisation of the Contributions, Univeg and Peatinvest (and their respective necessary subsidiaries) would need to become guarantors in order for Greenyard Foods to comply with the guarantor coverage requirement, which members of the Univeg Group are restricted to do under the terms of the Indenture governing the Notes issued by the Univeg Group. The failure to meet the guarantor coverage requirement post realisation of the Contributions would constitute an event of default.

On 27 March 2015, the Company decided to convene a bondholders’ meeting to resolve upon the grant of a waiver with respect to the aforementioned Bonds’ terms and conditions in respect of (i) change of activities and (ii) guarantor coverage requirement.

If the bondholders do not resolve to grant a waiver to Greenyard Foods in this regard, there will be a breach of the Bonds’ terms and conditions and every bondholder would have the right to give written notice to Greenyard Foods (with a copy to the agent) to demand that the Bonds held by him become immediately due and repayable at the nominal value together with accrued interests (if any) until the payment date, without the need of further notice or formalities. In order to cover this risk, Greenyard Foods has a committed short-term back-up credit facility in place with ING Bank NV and KBC Bank NV so that Greenyard Foods shall have the liquidity it needs to repay all amounts due under the Bonds if and to the extent requested by the bondholders at the occasion of the Transactions.

***The Combined Greenyard Foods Group is exposed to the credit and other counterparty risk of its customers, suppliers and hedge counterparties in the ordinary course of its business.***

The Combined Greenyard Foods Group is exposed to the risks associated with their counterparties being unable to perform their contractual obligations. The customers and suppliers of the Combined Greenyard Foods Group have varying degrees of creditworthiness, exposing the Combined Greenyard Foods Group to the risk of non-payment or other default under its contracts and other arrangements with them. In the event that a significant number of material customers or suppliers default on their payment or other obligations to the Greenyard Foods Group, the business, financial condition and results of operations of the Combined Greenyard Foods Group could be materially and adversely affected.

In particular, the Univeg Group is exposed to the risk of non-payment through its financing of crop production of certain of its third party growers and suppliers, including the Argentinean Operations and The Fruit Farm Group. See Section 2.2.4.4 of Part IV (*The Contributions*). If such growers and suppliers default on repayment of the advances, the liquidity and financial condition of the Univeg Group may be adversely affected.

Furthermore, the Combined Greenyard Foods Group is exposed to the risk of non-performance of its counterparties under the derivatives transactions entered into by the Combined Greenyard Foods Group to hedge foreign exchange or interest risks upon realisation of the risk hedged. If this risk were to materialise, the business, financial condition and results of operations of the Combined Greenyard Foods Group may be adversely affected.

***Compliance with future material changes in regulations and increased governmental regulation might result in material increases in operating costs and might require interruptions in the operations of the Combined Greenyard Foods Group.***

Compliance with future material changes in food safety or health-related regulations and increased governmental regulation of the food industry, such as proposed requirements designed to enhance food safety, impose health-protection requirements or to regulate imported ingredients, might result in material increases in operating costs and might require interruptions in the operations of the Combined Greenyard Foods Group to implement such regulatory changes, thereby affecting its profitability. There has been a broad range of proposed and promulgated national and international regulation aimed at reducing the effects of climate change. Such regulations apply or could apply in countries where the Combined Greenyard Foods Group has interests or could have interests in the future. Although the Combined Greenyard Foods Group has budgeted for future capital and operating expenditures to maintain compliance with environmental and health and safety regulations, there can be no assurance that such provisions would be sufficient.

In addition, competitors, distributors, suppliers and customers may not be able to comply with any changes in legislation. This may adversely impact the reputation of the Combined Greenyard Foods Group and its products and hence the Combined Greenyard Foods Group’s business.

***The Combined Greenyard Foods Group is exposed to costs arising from compliance with environmental and health and safety regulations and may be exposed to liabilities if the Combined Greenyard Foods Group fails to comply with these regulations.***

The activities of the Combined Greenyard Foods Group are subject to extensive regulation in each country in which it operates, including corporate governance, labour, tax, competition, environment and health and safety regulations. Failure to comply with existing laws and regulations might result in damages, fines and criminal sanctions being levied against the Combined Greenyard Foods Group or the loss of its operating licenses and might adversely affect its reputation. Compliance with applicable regulatory requirements might result in material costs for the Combined Greenyard Foods Group.

***The processing of fresh vegetables is an activity which impacts the environment. Violation of environmental laws could lead to high penalties / investments to be made and even lead to the revocation of licences.***

The processing of fresh vegetables by the Combined Greenyard Foods Group is an activity which impacts the environment with very high consumption of water and energy. The environmental issues include the control of various waste streams (effluent waste water, release of steam, CO2 emissions, solid and viscous waste, scrap metals, wood, board and paper, plastic and residual waste), environmental nuisance (noise and odour nuisance resulting from the processing of vegetables and waste), hazards for employees and nearby residents (storage of ammonia and chemicals), etc. The fact that environmental regulations differ in each country and that, moreover, the relevant legislation changes rapidly may impact some of the operations of the Combined Greenyard Foods Group. Potential changes in applicable provisions of environmental regulations can require additional large investments.

***The geographical footprint, size and decentralised approach to the management of its operations of the Combined Greenyard Foods Group may lead to inefficiencies, inconsistent application of group-wide policies and practices, failures to prevent breaches of applicable laws and reputational harm and the inadequate or late provision of information to its senior management.***

The Combined Greenyard Foods Group has operations across many countries and has employees worldwide. As a result of the size and geographical footprint of the Combined Greenyard Foods Group, there is a risk that inefficiencies may arise, or local operations may not take advantage of efficiencies available centrally, and that this may, in each case, adversely affect the business, financial condition and results of operations of the Combined Greenyard Foods Group. In addition, the Univeg Group in particular takes a decentralised approach to the management of its operations based on local responsibility for pricing, production, marketing and personnel. As a result, there can be no assurance that the group-wide policies and practices will always be fully and consistently applied throughout the Univeg Group. In particular, the decentralised pricing policy of the Univeg Group provides key local account managers with considerable decision-making power, to determine product prices taking into account local demand and market characteristics. Quality control is also undertaken on a decentralised basis.

In addition, the internal control and compliance processes of the Combined Greenyard Foods Group may be difficult to implement throughout the whole Combined Greenyard Foods Group structure, and therefore may not prevent all future breaches of law, accounting standards or its internal codes of conduct. Any failure to comply with applicable laws and other standards could subject the Combined Greenyard Foods Group to fines, legal proceedings and reputational harm. Similarly, reporting lines, including those for risk reporting, controlling and accounting purposes, may not be followed properly or on a timely basis, the failure of which may result in the inadequate or late provision of information to its senior management. The inconsistent application of group-wide policies and practices, as well as failures to follow reporting lines properly or on a timely basis, may adversely affect the ability of the Board of Directors to effectively perform its oversight function as the body responsible for the day-to-day management of the Combined Greenyard Foods Group. In each case, this may adversely affect the business, financial condition and results of operations of the Combined Greenyard Foods Group.

***The Combined Greenyard Foods Group is subject to various potential litigation risks associated with its operations.***

The Combined Greenyard Foods Group is subject to litigation, other legal claims and proceedings, investigations and regulatory enforcement actions from time to time, including in respect to product liability. The outcome of such proceedings, investigations and enforcement actions cannot be predicted with certainty and additional claims (including class actions claims) based on the same facts, may arise.

Disputes and legal proceedings in which the Combined Greenyard Foods Group may be involved are subject to many uncertainties, and their outcomes are often difficult to predict. The defence of any such claims and any associated settlement costs can be substantial, even with respect to claims that have no merit.

In addition, adverse judgments arising from litigation could result in restrictions or limitations on the operations of the Combined Greenyard Foods Group or result in a material adverse impact on its reputation or financial condition. Due to the inherent uncertainty of the litigation and dispute resolution process, there is no assurance that the resolution of any particular legal proceeding or dispute will not have a material adverse effect on the future cash flow, results of operations or financial condition of the Combined Greenyard Foods Group. Accounting provisions for commercial, social and tax litigations may appear to be insufficient in case of adverse outcomes of these litigations.

***The Combined Greenyard Foods Group may have to pay additional taxes for past and future assessment periods. Changes in tax laws or tax-related case law may have adverse effects on the business and the Combined Greenyard Foods Group’s financial condition and results of operations.***

The Combined Greenyard Foods Group is subject to income taxes as well as non-income based taxes in many jurisdictions. In the ordinary course of its business, there are many transactions and calculations where the ultimate tax determination is uncertain. In addition, the Combined Greenyard Foods Group is from time to time subject to ordinary course tax-related audits by the fiscal authorities in multiple jurisdictions. In connection with ongoing and future audits, fiscal authorities may assess fiscal regulations and tax-related matters differently than the Combined Greenyard Foods Group has.

In particular, this may apply to any of the tax-planning measures of the Combined Greenyard Foods Group, which have not been approved by an advance tax ruling. Although the Combined Greenyard Foods Group would retain the right to appeal any such adverse conclusions, it cannot provide assurance that these audits would not result in a reduction of its carry-forward tax losses or in the immediate payment of taxes. Therefore, it cannot be ruled out that as a result of audits conducted, tax breaks and other tax advantages may not be honoured (even if recorded as deferred tax assets in the financial statements) and additional taxes may become due (even if respective tax provisions or liabilities are not shown in the financial statements).

The risk of having to pay additional taxes is also tied to a not insubstantial risk that interest and fines would be due. Changes in fiscal regulations or the interpretation of tax laws by the courts may have adverse effects on the business of the Combined Greenyard Foods Group, for example because certain tax exemptions no longer apply or products may be less attractive to customers for tax purposes. Changes in tax laws may also lead to higher tax impacts on the Combined Greenyard Foods Group. The aforementioned tax-related risks could adversely affect the financial condition and results of operations of the Combined Greenyard Foods Group.

***The insurance coverage of the Combined Greenyard Foods Group does not cover all potential losses, liabilities and damage related to its operations and certain risks are uninsured or uninsurable.***

In each country in which the Combined Greenyard Foods Group operates, the business and assets of the Combined Greenyard Foods Group are subject to varying degrees of risk and uncertainty. The Combined Greenyard Foods Group insures the operational risks, including property, business interruption, liability and employee accidents, in each country in a manner that it deems appropriate for operations of their size and activities based on an analysis of the relative risks and costs. The insurance policies are, however, subject to exclusions of liability and limitations of liability, both with regard to the amount of and the events leading to the insured losses. Consequently, some types of risks, such as losses resulting from wars or acts of terrorism are generally excluded from insurance policies standard in the sector of the Combined Greenyard Foods Group and are not insured because they are either uninsurable or prohibitively expensive. One or more significant claims covered under the current insurance policies could lead to an increase of the insurance premium or termination of these policies.

If the Combined Greenyard Foods Group were to incur a significant loss or liability for which it is not fully insured or if its insurers become insolvent, this could have a material adverse impact on the business and financial condition of the Combined Greenyard Foods Group.

A successful claim against the Combined Greenyard Foods Group could have a material adverse effect on its proceeds. Moreover, the conduct of the defence against such claims can exert considerable pressure on the management, may lead to significant legal fees to be owed and the reputation of the Combined Greenyard Foods Group may be affected.

1. RISKS RELATING TO THE CONTRIBUTIONS, THE SHARES AND THE SECONDARY SALE

***The Contributions need to be approved by the shareholders of Greenyard Foods.***

The Contributions must be approved by the general shareholders’ meetings of Greenyard Foods and, for the DWB Demerger, DWB. The approval by the general shareholders’ meetings of each company will require the positive vote of at least 75% of the shares present and represented at the meetings. All shareholders of DWB have undertaken to vote in favour of the DWB Demerger and shareholders representing more than [•]% of the Shares have undertaken to vote in favour of each of the Contributions. Minority shareholders of Greenyard Foods may nevertheless challenge the Contributions, which may result in a delay for the completion of the Contributions.

***Possibility of liability claims and other challenges in the framework of the Contributions***

In the framework of the Contributions, a contribution agreement has been concluded including customary representations and warranties in favour of Greenyard Foods as acquirer of the shares in Univeg (through the DWB Demerger and the Univeg Contribution) and Peatinvest (through the Peatinvest Contribution). It cannot be excluded that Greenyard Foods has to invoke these contractual provisions and has to file a claim for damages against the shareholders of Univeg and/or Peatinvest for a potential breach of the granted representations and warranties.

The approval of the DWB Demerger will trigger a creditors’ protection procedure under the BCC. Creditors of the Company or DWB whose receivables came into existence prior to, and which have not yet become due and payable on the date of publication of the shareholders’ resolution in respect of the DWB Demerger in the annexes to the Belgian State Gazette (*Belgisch Staatsblad / Moniteur Belge*)) or for which proceedings have been initiated in a court of law or an arbitral tribunal before the date of the shareholders meetings of the Company and DWB resolving upon the DWB Demerger, may request (additional) collateral in respect of such receivables. Such creditors are entitled to request (additional) collateral during a period of two months following the publication of the resolution in the Belgian State Gazette (*Belgisch Staatsblad / Moniteur Belge*). The Company and/or DWB may also discharge any such creditor’s request by paying the receivable at its value less a discount for early payment. If no agreement has been reached or if the creditor has not been satisfied, the president of the commercial court, ruling in the form of summary proceedings, is to resolve upon the collateral to be provided, unless it has denied the creditor’s request for collateral on the ground that the creditor benefits from sufficient existing collateral or that the solvency profile of the Company does not justify a request for collateral. If the Company were required to provide (additional) collateral or repay any receivables, this could have a material adverse effect on its business, financial conditions, results of operations and prospects.

***The start of trading of the New Shares may be postponed.***

The start of trading of the New Shares on the regulated market of Euronext Brussels is expected to start on [19] June 2015. In the event that any of the approvals to be obtained for the completion of the Transactions would be delayed, trading of the New Shares may start later than the Closing Date.

***Greenyard Foods cannot guarantee a sustainable liquid market for the Shares.***

Despite the envisaged Secondary Sale (see Section 1.5 of Part IV (*The Contributions*), Greenyard Foods cannot guarantee that a liquid market for the Shares will develop or be maintained. The price of the Shares may fluctuate depending on the trading volume of the Shares and the balance between the buy and sell orders placed for the Shares. As a sustainable liquid market for the Shares may not be maintained, this could have an impact on the price of the Shares.

***Volatility of the Share price.***

Over the past few years, the stock markets have been subject to wide price variations which are not always an accurate reflection of financial performance of the companies which shares are traded.

Fluctuations in the stock markets, economic cycles and ongoing financial transactions can increase the volatility of the price of the Shares.

The current price of the Shares, the price of the New Shares immediately after completion of the Transactions and the price of the Shares offered in the framework of the Secondary Sale may not be indicative of the price of the Shares on the stock exchange after the Transactions and the Secondary Sale. The trading price of the Shares could be subject to fluctuations in response to changes, developments or publications concerning the Combined Greenyard Foods Group. In addition, stock market prices and trading volumes could be materially impacted by economic, monetary and financial factors. Such volatility can significantly affect the share price of many companies, regardless of their actual performance.

***Future sales of a significant number of Shares, any capital increase of the Company or the perception that such transactions could occur, could have a material adverse effect on the stock market price of the Shares.***

A future sale of a substantial number of Shares through the Secondary Sale (or otherwise) or on the stock market should other major shareholders also decide to sell substantial numbers of Shares at the same time, could have a material adverse effect on the price of the Shares.

Furthermore, regardless of the underlying objectives of the selling shareholders as mentioned under Section 1.5 of Part IV (*The Contributions*) this Prospectus, the Secondary Sale could be negatively perceived by the market [and could *e.g.,* be considered as a token of lack of confidence by some reference shareholders in a long-term view of the Company]. Accordingly, such sales could make it more difficult for Greenyard Foods to issue or to sell Shares at a future point in time and at a price that it finds appropriate.

During the lock-up period as set out under Section 1.4.2.2 of Part IV (*The Contributions*) of this Prospectus, Deprez Holding and Gimv-XL will be prevented from selling Shares other than the Shares they will sell in the context of the Secondary Sale. Following the expiry of such lock-up period, they will be free to sell additional Shares. Any future sales of blocks of Shares, or any rumours relating to such sales, could cause the price of the Shares to fall.

The Company may in the future increase its share capital against cash or contributions in kind to finance any future acquisition or other investment or to strengthen its balance sheet. In connection with such transactions, the Company may, subject to certain conditions, limit or cancel the preferential subscription rights of the existing shareholders otherwise applicable to capital increases through contributions in cash, while no preferential subscription rights apply to capital increases through contributions in kind. Such transactions could therefore dilute the stakes in the Company’s share capital held by the shareholders at that time and could have a negative impact on the share price, earnings per Share and net asset value per Share.

***The interests of the reference shareholders of Greenyard Foods may differ from Greenyard Foods’s or other shareholders’ interests but these reference shareholders guarantee a stable shareholding.***

A number of Shares belongs to a limited number of reference shareholders that are affiliates of the Deprez family. For an overview of Greenyard Foods’ reference shareholders please refer to Part VII (*Description of the Shares and articles of association of Greenyard Foods*).

The reference shareholders may exercise a decisive influence on the adoption of shareholders’ resolutions. To the extent that certain reference shareholders would conclude voting agreements or would have the same voting behaviour, they may hold sufficient votes to appoint and dismiss directors and to take other shareholders’ resolutions which require (more than) 50%, 75% or 80% of the votes of the shareholders who are present or represented at general shareholders’ meetings. Moreover, the reference shareholders can block proposals of shareholders’ resolutions that require (more than) 50%, 75% or 80% of the votes of the shareholders who are present or represented at the general shareholders’ meetings. The voting behaviour of these reference shareholders may not be in line with the interests of the other shareholders or of Greenyard Foods.

Furthermore, the Combined Greenyard Foods Group has engaged and may continue to engage in related party transactions that are important to its business, including with parties under the common control of Greenyard Foods’s reference shareholders such as the Argentinean Operations, The Fruit Farm Group and Lincsflora. See Part VIII (*Related Party Transactions*). In particular, in 2012 and in 2014, respectively, the Univeg Group’s shareholders separated the Univeg Group from the Argentinean Operations and The Fruit Farm Group in order to improve the financial position of the Univeg Group while retaining the ability to source produce from the region. See Part VIII (*Related Party Transactions*). The divestment of The Fruit Farm Group might also adversely affect the perception of the Univeg Group in the market as a vertically integrated player as the Univeg Group believes a considerable amount of its credibility – both with suppliers and food retailers – lies in its local knowledge and ability to act as a “direct connection to the field.” Finally, while most of these entities have been sold by the Univeg Group under a limited set of contractual representations and warranties, it cannot be excluded that such entities seek recourse or support from the Univeg Group in the future, which, through the common ownership of certain reference shareholders, is a related party.

***It is possible that Greenyard Foods is unable to pay dividends.***

Greenyard Foods cannot guarantee that it will pay dividends in the future. The payment of dividends will depend on factors such as the business outlook, cash flow requirements and Greenyard Foods’s financial performance, the state of the market and the general economic climate and other factors, including tax and other regulatory considerations.In addition, Greenyard Foods must, under Belgian law and its Articles of Association, before it proceeds with any dividend payment, add an amount of 5% of its annual net profit to a legal reserve in its Belgian GAAP financial statements until the reserve reaches 10% of Greenyard Foods’s share capital, in accordance with Belgian accounting principles. Until today, the legal reserve does not reach 10% of the share capital of the Company. Accordingly, 5% of the annual net profit will need to be allocated to the legal reserve in the coming years until the legal reserve equals 10% of the share capital of the Company, in accordance with Belgian accounting principles, which needs to be taken into consideration when dividends are paid to shareholders.

It is furthermore the case that certain divisions of the Combined Greenyard Foods Group have, in their financing documentation, contractual restrictions on their ability to pay or upstream dividends, and can only do so subject to certain interest cover ratio’s and other thresholds being met or subject to certain limitative baskets.

***Certain provisions of the Belgian Companies Code and of the Articles of Association can have an impact on potential takeover attempts and the stock market price of the Shares.***

There are several provisions of Belgian company law, and certain other provisions of Belgian law and of the Articles of Association, such as those in connection with the obligation of disclosing major shareholdings, merger control and the authorised capital, which may be applicable to Greenyard Foods and which may make it more difficult to succeed with a hostile takeover bid. Please see Section 6 of Part VII (*Description of the Shares and articles of association of Greenyard Foods*). These provisions could discourage potential takeover attempts that may be regarded by other shareholders as being in their best interest, and could negatively affect the market price of the Shares. These provisions may also have the consequence that the shareholders will be deprived of the opportunity to sell their Shares.

***Any sale, purchase or exchange of the Shares may become subject to the Financial Transaction Tax.***

On 14 February 2013, the EU Commission has adopted a proposal for a directive on a common financial transaction tax (the ***Financial Transaction Tax***). The intention is for the Financial Transaction Tax to be implemented via an enhanced cooperation procedure in 11 participating EU Member States (Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Spain, Slovakia and Slovenia).

Pursuant to the proposed directive, the Financial Transaction Tax will be payable on financial transactions provided at least one party to the financial transaction is established or deemed established in a participating Member State and there is a financial institution established or deemed established in a participating Member State which is a party to the financial transaction, or is acting in the name of a party to the transaction. The Financial Transaction Tax shall, however, not apply to (inter alia) primary market transactions referred to in article 5I of Regulation (EC) No 1287/2006, including the activity of underwriting and subsequent allocation of financial instruments in the framework of their issue.

The rates of the Financial Transaction Tax shall be fixed by each participating Member State but for transactions involving financial instruments other than derivatives shall amount to at least 0.1% of the taxable amount. The taxable amount for such transactions shall in general be determined by reference to the consideration paid or owed in return for the transfer. The Financial Transaction Tax shall be payable by each financial institution established or deemed established in a participating Member State if it is either a party to the financial transaction, or acting in the name of a party to the transaction or if the transaction has been carried out on its account. Where the Financial Transaction Tax due has not been paid within the applicable time limits, each party to a financial transaction, including persons other than financial institutions, shall become jointly and severally liable for the payment of the Financial Transaction Tax due.

Investors should therefore note, in particular, that any sale, purchase or exchange of Shares may be subject to the Financial Transaction Tax at a minimum rate of 0.1% provided the abovementioned prerequisites are met. The investor may be liable to pay this charge or reimburse a financial institution for the charge, and/or the charge may affect the value of the Shares. The issuance of the New Shares should not be subject to the Financial Transaction Tax.

On 6 May 2014, a statement made by the participating Member States (other than Slovenia) indicates that a progressive implementation of the Financial Transaction Tax is being considered, and that the Financial Transaction Tax may initially apply only to transactions involving shares and certain derivatives, with implementation occurring by 1 January 2016. However, full details are not available.

The proposed directive is still subject to negotiation amongst the participating Member States and therefore may be changed at any time. A committee of the EU Parliament published a draft report on 19 March 2013, suggesting amendments to the proposed directive. If the amendments were included in the final directive, the Financial Transaction Tax would have an even broader reach. Moreover, once the proposed directive has been adopted, it will need to be implemented into the respective domestic laws of the participating Member States and the domestic provisions implementing the directive might deviate from the directive itself.

# PART III: EXPECTED TIMETABLE OF PRINCIPAL EVENTS

The table below sets out the timetable relating to the main steps towards the completion of the Transactions and the issuance of the New Shares.

|  |  |
| --- | --- |
| **Date** | **Event** |
| 13 April 2015 | * Execution of the letter of intent setting out the terms of the Transactions, subject to conditions precedent |
| 22 April 2015 | * Approval by the boards of directors of Greenyard Foods and DWB of the Joint Demerger Proposal |
| 23 April 2015 | * Filing of the Joint Demerger Proposal with the clerk of the competent commercial courts |
| 8 May 2015 | * Advice of the committee of independent directors of Greenyard Foods given to the Board of Directors of Greenyard Foods, in accordance with article 524 of the Belgian Companies Code (***BCC***) |
| 8 May 2015 | * Approval of the Contributions and the Partial Demerger and Contribution Agreement by the Boards of Directors * Approval of the Univeg Contribution, the Peatinvest Contribution and the Partial Demerger and Contribution Agreement by the boards of directors of the Stichting Administratiekantoor FieldLink (the ***STAK FieldLink***) and Peatinvest * Execution of the Partial Demerger and Contribution Agreement |
| 19 May 2015 | * Convening notices of the general meeting of shareholders of Greenyard Foods |
| 22 May 2015 | * Merger clearance by the European Commission in relation with the Contributions |
| [16] June 2015 | * Approval of this Prospectus by the FSMA |
| [19] June 2015 | * Gimv Warrants Exercise |
| 19 June 2015 | * General meetings of shareholders of Greenyard Foods and DWB |
| [19] June 2015 | * Expected date for the delivery and listing of the New Shares |

# PART IV: The contributions

1. General description of the business combination
   1. Context

Health and environmental studies have demonstrated that:

* the deterioration in alimentary diets, both in developed and developing countries, causes increasing health concerns which put pressure on national healthcare budgets. Fruit and vegetables are important components of a healthy diet, and their daily consumption in sufficient quantities could help prevent diseases, such as obesity, diabetes, cardiovascular diseases and certain cancers. Approximately 16,000,000 (1.0%) disability adjusted life years (a measure of the potential life lost due to premature mortality and the years of productive life lost due to disability) and 1,700,000 (2.8%) of deaths worldwide are attributable to low fruit and vegetable consumption.[[1]](#footnote-1)
* a growing world population calls for renewable food categories with a substantially lower environmental footprint.

Consumer behaviour, on the other hand, is changing very slowly. Although it is obvious that the consumption of fruit and vegetables addresses both societal challenges listed above, the actual consumption pattern, especially in the western world, remains stable. The actual consumption of vegetables in Europe per day and per person (approximately 175 grams) is far below the recommended portion of 300 grams per day. Within the EU, fruit consumption per day and per person is on average 136 grams, or 45% below the recommended amount of 250 grams. In Belgium, specifically, the recommended combined amount of fruit and vegetables is set at 550 grams per day while the amount actually consumed is about 310 grams per day.[[2]](#footnote-2)

This is caused by a number of societal trends:

* Lifestyle changes (convenience, individualisation, out of home eating) lead to substitution by food categories offering fat, salt and sugar indulgence.
* The fruit and vegetables industry has been slow in communicating about and, relatedly, adapting to changing consumer lifestyles.
* The fruit and vegetables industry is still highly fragmented, offers few marketing brands and different categories (frozen versus canned versus fresh). This can have a confusing and sometimes even deterring effect on consumers.

The fruit and vegetables industry in which the Combined Greenyard Foods Group operates is estimated at EUR 101,000,000,000[[3]](#footnote-3), spread over EUR 55,000,000,000 in vegetables and EUR 46,000,000,000 in fruit. The main characteriscs of this industry are described below.

* Non-cyclical

Fruit and vegetables are considered basic consumer necessities and are therefore non-cyclical, volumes are relatively immune to economic sentiment and growth drivers include population growth and increased focus on healthy food (partly as a result of increased governmental focus on this topic).

* Commodity yet relationship based

Fruit and vegetables are considered to be commodity products as differentiation (besides quality, availability and service) is difficult and prices are typically set by the market. In the fruit and vegetable market, some consumer brands exist and command a premium but remain an exception rather than the rule. Hence, good and long-term relationships with key buyers from retail chains is key, and category management and innovative concepts provide opportunities to offer distinguishing products.

* Origin

The more northern a region is, the higher the share of imported fruit and vegetables. Locally grown products are said to be preferred, but consumers appear to often ignore origin. Further, most raw materials for frozen and canned fruit and vegetables are sourced near the production facilities but can be exported globally. For fresh fruit and vegetables, desired year-round availability is realised by sourcing globally.

* Fragmented industry

The supply side is fragmented, with thousands horticultural entrepreneurs active in EU. The rest of the supply chain is, although still fragmented, consolidating as entry barriers to the industry increase.

* Seasonal

The fruit and vegetables production is seasonal, with the exception of tropical products and some greenhouse production. The Univeg Group realises the highest results in the first half of the calendar year. The Frozen Division realises the highest results in the second half of the calendar year. The results of the Canned Division are less sensitive to seasonality because the production is more spread over the year due to the higher importance of the convenience products and the processing of winter vegetables.

* Consolidated retail landscape

In most EU countries, the food retail market is rather consolidated, with powerful leading players, of which most are credit-worthy, making obtaining credit insurance easier. Fruit and vegetables are an important and differentiating category for food retailers (representing approximately 10% of total food sales), but traditional food retailers are challenged by discounters upgrading their fruit and vegetables section.

* 1. Business rationale of the Transactions

On 13 April 2015, the Company announced that a letter of intent had been signed with respect to a business combination between the Greenyard Foods Group, the Univeg Group and the Peatinvest Group to create a global leader in fruit and vegetables. The Transactions have the potential to create a unique global player in the fruit and vegetables market capable of offering the full range of frozen, canned and fresh products. The combination of the Greenyard Foods Group, the Univeg Group and the Peatinvest Group creates a global market leader with combined sales in excess of EUR 3,900,000,000,000, based on combined pro-forma financial statements for the financial year ended 31 March 2015.

Mr Hein Deprez, Chairman of of the Greenyard Foods Group, the Univeg Group and the Peatinvest Group stated: “*Creating a combined group offering fresh, frozen and canned fruit and vegetables will be beneficial to growers, consumers, retailers, employees and shareholders. We believe societal trends call for a broader view on fruit and vegetable consumption.”*

Mr Hein Deprez’s vision is based on a 25 years track record in producing, sourcing and marketing fruit and vegetables. From humble beginnings, Mr Hein Deprez has successfully built a global market leader in this industry, by linking his business model very closely to that of his retail partners.

Today, based on market research conducted by the Combined Greenyard Foods Group, these are the market positions of the respective groups:

* The Greenyard Foods Group is #2 in frozen en #5 in canned fruit and vegetables in Europe.
* The Univeg Group is #3 in fresh fruit and vegetables globally.
* Peatinvest is #3 in soil improvers and growing media in Europe.

Together, the Combined Greenyard Foods Group believes it will become one of the worldwide leaders active in all these segments, serving 28 of the top 30 European retailers with more than 8,000 FTEs in three divisions:

* Frozen and canned fruit and vegetables and vegetable based preparations
* Fresh fruit and vegetables
* Soil improvers and growing media

The Greenyard Foods Group operates 11 state-of-the-art production facilities in Belgium, France, UK, Poland and Germany. The Univeg Group sources globally through 32 ripening, packing and service centres for year-round offering and focused sales in the best markets for fresh produce. The Peatinvest Group operates nine facilities spread over Belgium, France, Poland and Latvia.

The three groups complement each other for a full range offering towards the retailer and consumer. The business rationale for the Transactions focuses on three axes:

* Have a meaningful impact on the market

The Combined Greenyard Foods Group will be better positioned to catalyse and affect market changes and consumption patterns.

* Grow market share

The Combined Greenyard Foods Group will be better positioned to grow market share via consumer based innovations and category management, in close cooperation with its retail customers.

* Create cross-fertilisation and synergies

A number of commercial and operational synergies will enable the Combined Greenyard Foods Group to grow revenues faster than the individual groups.

The Combined Greenyard Foods Group plans to seize key opportunities to revitalise consumption of fruit and vegetables by taking a number of initiatives:

* Consumer focused initiatives

The Combined Greenyard Foods Group aims to further improve convenience by offering semi-prepared fruit and vegetables and respond better to new cooking moments. It will focus resources on informing consumers about convenience, taste, enjoyment and versatility through social media and will provide preparation advice and better cooking methods, with a focus on educating consumers.

* Product-centric tactics

The Combined Greenyard Foods Group aims to expand consumption moments, offering new products for on-the-go and in-between consumption and will offer variety and new, exotic vegetables. It aims to support retailers’ category management to make point of sales more inspiring.

* Industry based initiatives

The Combined Greenyard Foods Group will lobby for increased fruit and vegetable consumption. It aims to reach consistent high taste and quality level through supply chain control and to enhance reputation by demonstrating the sustainability of fruit and vegetables.

On 8 May, DWB, Univeg, Greenyard Foods, Peatinvest, Deprez Holding, Mr Hein Deprez, Good Company civil partnership (“*burgerlijke maatschap*”), Green Valley S.A., Sujajo Investments S.A., Mr Johan Vanovenberghe, STAK FieldLink, Intal BVBA, Sticker Consulting BVBA, Argalix BVBA, certain managers of Peatinvest, Food Invest International, 2D NV, Gimv-XL and AIF entered into a Partial Demerger and Contribution Agreement reflecting and implementing the terms of the letter of intent.

* 1. Strategy and key strengths of the combined Combined Greenyard Foods Group

The joint mission of the Combined Greenyard Foods Group is to make lives healthier by helping people to enjoy fruit and vegetables at any moment of the day in an easy, fast and pleasurable way.

The Combined Greenyard Foods Group’s strategy aims at creating a platform of know-how (nutritional value, pricing, best practices, etc.) and potential for category management beyond the boundaries of fresh and prepared fruit and vegetables along the following axes:

* Leading the industry in nutritional thinking and education: The Combined Greenyard Foods Group aims to leverage on a unique credibility and thought leadership.
* Transcend the boundaries between fresh and prepared fruit and vegetables: The Combined Greenyard Foods Group aims to leverage the complementarity of the combined groups.
* Put the consumer at the heart of the Combined Greenyard Foods Group’s activities, especially in product innovation: The Combined Greenyard Foods Group aims to engage in a constructive dialogue with the consumers to raise awareness around fruit and vegetables to increase fruit and vegetable consumption, to the benefit of consumers, growers, retailers, shareholders and employees.
* Establish partnerships with retailers: The Combined Greenyard Foods Group aims to leverage its experience in consumer-based category management and efficiencies.
* Create an inspirational platform: The Combined Greenyard Foods Group aims to consistently engage and activate consumers on their fruit and vegetables consumption.

The business combination between the Greenyard Foods Group, the Univeg Group and the Peatinvest Group will continue to develop the strategic roadmap which was first drafted by their founder and chairman Mr Hein Deprez. This roadmap is referred to as the logistics funnel, through which the Combined Greenyard Foods Group sources and adds value to fruit and vegetables for leading retailers. By bringing together into one single platform a full assortment of high quality products with innovative service and quality control concepts, each of the Greenyard Foods Group, the Univeg Group and the Peatinvest Group has been able to build long-term strategic partnerships with leading retailers. Working closely together, retailer and logistic platform can provide the ideal assortment to the end-customer, the consumer, building customer loyalty.

This vision has become an integral part of the Combined Greenyard Foods Group’s strategy. The partnership with retailers allows the Combined Greenyard Foods Group to move closer to the consumer.

The Greenyard Foods Group’s vision has been to build a broad assortment in frozen and canned fruit and vegetables, convenience meals, sauces and soups. New products such as vegetable juices are being developed. The production facilities at the heart of the growing areas in Europe are state-of-the-art, allowing to harvest when the vegetables are at their best and deliver the highest quality at the best conversion cost.

By its innovative offering, the Greenyard Foods Group has been able to build a broad assortment and optimal logistics funnel towards retailers.

The Univeg Group has transformed a supply driven business model to a model driven by demand. This move from push to pull was the start of a vertically integrated model, which is in stark contrast with the prevailing horizontal approach whereby suppliers aim to increase volumes of a single product, thus aiming to build a product dominance.

By tailoring this logistics funnel to the specific needs of a retailer, the Univeg Group believes it has been able to better address the needs of the end-customer, the consumer. This has lead to an optimised assortment, with fewer suppliers and fewer stock keeping units, in line with consumer needs. The Univeg Group has therefore focused on offering:

* a full assortment, year-round, sourced across the globe
* top performance in logistics in fresh produce, every day of the year
* innovation in packaging, to ensure the quality, freshness and shelf life of the product.
* expertise in ripening, ensuring a high quality consumer experience
* quality systems leading to higher product reliability

The Peatinvest Group helps growers to produce quality products in a sustainable way. It believes that intensive agriculture and horticulture is the only way to feed a growing world population at an affordable cost. For consumers, it facilitates the trend towards *urban farming* and *grow your own*, which is gaining traction. The Peatinvest Group helps reducing greenhouse gas emissions, and stimulates social and ethical entrepreneurship by offering products which are both safe, healthy and affordable. The Peatinvest Group is of the opinion that suppliers of innovation become the traders of fruit and vegetables in the future.

It is key for the Combined Greenyard Foods Group to address the discrepancy between health insights and consumer behaviour, as described in Section 1.1 above.

Although it has been able to steadily grow in a stable market, the Combined Greenyard Foods Group feels that the momentum is there to merit the health claim. Science, governments and consumers alike understand that fruit and vegetables are key ingredients in a healthy diet. The diversity of fruit and vegetables offers building blocks for any individual, at any age: vitamins, minerals and fibres.

The fruit and vegetables industry as a whole, however, has not been able to claim health as its core brand value, because of its lack of communication and interaction with consumers. Brands are built on the basis of trust and expectations. This calls for standardisation, while fruit and vegetables are typically non-branded and highly diverse, which may lead to disappointment. Moreover categorisation may be confusing for consumers, especially when the same fruit and vegetables are available in frozen, canned and fresh products. The new perspective for the Combined Greenyard Foods Group is to transcend this ambiguity, by guiding consumers through complementary offerings.

Across the categories the Combined Greenyard Foods Group aims to bring an objective message to consumers: in any season, what matters most is to put fruit and vegetables on the menu, in whatever form. The Combined Greenyard Foods Group is active across seasons and categories, and is therefore ideally placed to educate and advise customers. The complementarity of the Combined Greenyard Foods Group will allow it to better service its customers, and help consumers make informed purchasing decisions. The Combined Greenyard Foods Group believes it will be able to cater to the needs of any consumer, whether he is seeking convenience, health, pleasure, economy or waste reduction.

It is the ambition of the Combined Greenyard Foods Group to extend the successful logistics funnel with a virtual funnel aimed at consumers, engaging with them directly on innovation, health, quality and convenience. Social media and the internet allow for communication initiatives which were unaffordable or even impossible 25 years ago. The Combined Greenyard Foods Group believes that starting an educational dialogue with consumers may revolutionise the way fruit and vegetables are marketed, and may ultimately lead to changing consumption patterns. A deliberate choice in full confidence should replace the ambiguity of frozen and canned versus fresh. Knowledge about health and nutrition should become an integral part of the go-to-market model. As a global market leader operating beyond the boundaries of substrate, frozen, canned and fresh fruit and vegetables, the Combined Greenyard Foods Group aims play a key role in this trend. It has the knowledge in house. It has been built over the years by its engineers, quality specialists, food experts and product developers. The added value of this virtual funnel is the knowledge and information for the consumer. This content will be developed at marginal cost, as all knowledge is already available in the Combined Greenyard Foods Group today. The power of this communication will help the Combined Greenyard Foods Group to further build its market position. Moreover the Combined Greenyard Foods Group believes it will lead to increased consumption of vegetables and fruit. This would stimulate the market as a whole and would enable the Combined Greenyard Foods Group to continue to grow.

This platform will be built on top of the three groups. They all have critical mass and can operate in an efficient way to deliver the right quality, assortment and services. The cross-fertilisation within the group lies in the communication with consumers. Positioning fruit and vegetables across categories will help consumers understand the best solution at the best moment.

In conclusion, the key investment highlights for the Combined Greenyard Foods Group are:

* Unique global player in fresh and prepared fruit & vegetables and growing media
* Proven track record in successful mergers and acquisitions
* Excellent sourcing capabilities
* Control of the supply chains for frozen, canned and fresh fruit and vegetables between the independent growers and the retailers
* Long standing relationships with blue chip retailers
* Unique logistics and distribution capabilities
* Cross-fertilisation
* Leadership in food safety and corporate social responsibility
* Strong management team and deeply engaged shareholders
  1. Structure of the Transactions
     1. Sequence of events

The contemplated combination between the Greenyard Foods Group, the Univeg Group and the Peatinvest Group will be the result of the Univeg Contribution, the Peatinvest Contribution and the DWB Demerger. The Contributions will be preceded by the Gimv Warrants Exercise. All of these Transactions will take place only when all conditions precedent set out in the Partial Demerger and Contribution Agreement will be satisfied. Such Transactions are conditional upon each other. See also Section 1.4.2 below.

* Gimv Warrants Exercise

As a fist step, Gimv-XL Partners will exercise the 2,400,000 warrants it holds in the Company. Such exercise will be funded by Gimv-XL Partners after receiving full repayment of all amounts due by the Company under the subordinated loan of 19 July 2011 entered into between the Company and Gimv-XL (the ***Gimv Subordinated Loan***). Upon the Gimv Warrants Exercise, the capital of the Company will be increased from EUR 101,010,971.69 to EUR [115,739,610.92] and 2,400,000 New Shares will be issued, resulting in a total number of Shares of 18,859,520. The Company will fund the repayment of the Gimv Subordinated Loan by drawing under an ad hoc credit facility which it will reimburse upon receipt of the proceeds of the Gimv Warrants Exercise.

* Univeg Contribution

Secondly, the Company will acquire Univeg shares from the STAK FieldLink. The Univeg Contribution will occur by way of a contribution in kind of 1,207,118 shares of Univeg (*i.e.*, 4.6% of the shares of Univeg) into Greenyard Foods at the occasion of a share capital increase of Greenyard Foods against the issuance of 1,019,757 New Shares to STAK FieldLink. Such New Shares will be certified. Upon completion of the Univeg Contribution, the capital of the Company will be brought to EUR [121,997,791.32] and the total number of Shares to 19,879,277.

* Peatinvest Contribution

Thirdly, the Company will acquire the entire share capital of Peatinvest from the current shareholders of Peatinvest. The Peatinvest Contribution will occur by way of a contribution in kind of 15,570 shares of Peatinvest (*i.e.*, 100% of the shares of Peatinvest) into Greenyard Foods at the occasion of a share capital increase of Greenyard Foods against the issuance of 3,514,196 New Shares to the shareholders of Peatinvest. Upon completion of the Peatinvest Contribution, the capital of the Company will be brought to EUR [143,564,176.78] and the total number of Shares to 23,393,473.

* DWB Demerger

Finally, the Company will acquire Univeg shares from DWB so as to hold the entire share capital of Univeg. Under the DWB Demerger, DWB will be partially demerged into Greenyard Foods in accordance with articles 677 and 728 BCC. As a result of the DWB Demerger, the 25,000,000 shares of Univeg held by DWB (*i.e.*, 95.4% of the shares in Univeg) and a debt of DWB against Univeg for an amount of EUR 2,436,901 will be transferred to Greenyard Foods against the issuance of 20,979,112 New Shares to the shareholders of DWB. Upon completion of the DWB Demerger, the capital of the Company will be brought to EUR [222,033,563.32] and the total number of Shares to 44,372,585.

The approval of the DWB demerger will trigger a creditors’ protection procedure under the BCC. Creditors of the Company or DWB whose receivables came into existence prior to, and that have not yet matured on the date of publication of the shareholders’ resolution in respect of the DWB Demerger in the annexes to the Belgian State Gazette (*Belgisch Staatsblad / Moniteur Belge*)) or for which proceedings have been initiated in a court of law or an arbitral tribunal before the date of the general shareholders’ meetings of the Company and DWB resolving upon the DWB Demerger, may request (additional) collateral in respect of such receivables. Such creditors are entitled to request (additional) collateral for a period of two months following the publication of the resolution in the Belgian State Gazette (*Belgisch Staatsblad / Moniteur Belge*). The Company and/or DWB may also discharge any such creditor’s request by paying the receivable at its value less a discount for early payment. If no agreement has been reached or if the creditor has not been satisfied, the president of the commercial court, ruling in the form of summary proceedings, is to resolve upon the collateral to be provided, unless it has denied the creditor’s request for collateral on the ground that the creditor benefits from sufficient existing collateral or that the solvency profile of the Company does not justify a request for collateral. If the Company were required to provide (additional) collateral or repay any receivables, this could have a material adverse effect on its business, financial conditions, results of operations and prospects

* + 1. Terms of the Contributions
       1. Conditions precedent, undertakings and warranties

The Contributions are subject to a number of conditions precedents set out in the Partial Demerger and Contribution Agreement. Such conditions include among others:

* the obtaining of the required merger clearance from the European Commission, which was obtained on 22 May 2015;
* the approval of this Prospectus by the FSMA, which was obtained on [16] June 2015;
* the approval or obtaining of the relevant waivers from the bank consortium in relation with the financing agreements entered into by the Greenyard Foods Group, the Univeg Group and the Peatinvest Group, which were all obtained on 30 April 2015; and
* the release of the pledges on 24,999,999 of the 25,000,000 shares of Univeg held by DWB and of the 14,770 of the 14,810 shares of Peatinvest held by Deprez Holding, which was obtained on [•] 2015.

The Partial Demerger and Contribution Agreement also provides for specific undertakings from the DWB shareholders, the STAK FieldLink and the Peatinvest shareholders. Among others, the DWB shareholders and the STAK FieldLink undertake to complete contemplated divestments from the Univeg Group to DWB. See also Section 3.2.5 of Part VIII (*Related party transactions*).

Finally, a number of customary warranties have been given by some of the Univeg Group direct and indirect shareholders and some of the Peatinvest shareholders prior to completion of the Transactions, to the benefit of Greenyard Foods. Indemnification in case of breach of these warranties is subject to limits as to the amounts and the time period to claim.

* + - 1. Lock-up

The Partial Demerger and Contribution Agreement provides for a lock-up undertaking by the STAK FieldLink not to sell or transfer any of the 1,019,757 New Shares to which the STAK FieldLink shall subscribe upon completion of the Univeg Contribution until the end of the period of six months following the completion of the Secondary Sale (see below).

The shareholders’ agreement to be entered into between Deprez Holding, Mr Hein Deprez, Food Invest International, Gimv-XL AIF and Greenyard Foods with respect to Greenyard Foods (the ***New Shareholders’ agreement***) provides for a lock-up undertaking from Deprez Holding towards Gimv-XL not to sell Shares in such a number that it would hold less than 30% of the Shares. Deprez Holding is further entitled to sell a maximum of 1% of the total Shares over rolling periods of one year as long as it holds at least 30% of the Shares. Such lock-up undertaking shall however not apply (i) when the transfer leads to an obligation of the transferee to launch a mandatory public offer on the Shares or (ii) takes place within the framework of a voluntary or mandatory public offer on the Shares by a third party.

This lock-up undertaking shall terminate on the earliest of (i) 31 December 2016 or (ii) the day on which Gimv-XL holds less than 10% of the share capital of Greenyard Foods.

* 1. Secondary Sale

Following the Transactions, it is the intention of Gimv-XL and Deprez Holding to proceed to a secondary sale of certain Shares held by them, with a view to ensuring an appropriate free float following the business combination and providing a partial exit possibility for certain shareholders (the ***Secondary Sale***). Such Secondary Sale will in principle take place through a private placement to qualified investors in the EEA. However, Gimv-XL and Deprez Holding may also examine other structuring options for the envisaged Secondary Sale and decide to proceed by way of a secondary public offer or a block trade. The Secondary Sale may take place shortly following the Transactions, in the discretion of Gimv-XL and Deprez Holding.

The Secondary Sale will aim at a sale of existing Shares for an aggregate amount of EUR 150,000,000 allocated between Gimv-XL and Deprez Holding. Such amount will be decreased if the demand is insufficient and can be increased if the demand is such that an amount higher than EUR 150,000,000 can be placed.

As long as the Secondary Sale is not effected in full:

* Gimv-XL may require Greenyard Foods and Deprez Holding to organise one or more additional placements until the amount of the sale allocated to Gimv-XL is placed in full by Gimv-XL;
* Gimv-XL will as a rule be entitled to a tag-along right proportional to the amount of the Secondary Sale allocated to it in the event of any direct or indirect transfer of Shares by Deprez Holding or any Deprez entity holding Shares in Greenyard Foods to a person other than Deprez Holding, a Deprez related entity holding Shares in Greenyard Foods or Gimv-XL; and
* Deprez Holding and the Deprez related entities holding Shares in Greenyard Foods shall not engage and shall cause Greenyard Foods not to engage in any form of secondary public or private offering before completion of the Secondary Sale, it being understood that this undertaking relates only to any secondary offering as opposed to any issue or placement of new Shares or equity securities by Greenyard Foods.

Once the Secondary Sale is effected in full, Gimv-XL shall have priority over Deprez Holding and the Deprez Holding related entities holding Shares to sell any of the Shares it holds on the date of the New Shareholders’ agreement or to which it subscribed for in the framework of the Gimv Warrants Exercise and which it still holds after completion of the Secondary Sale.

As long as Gimv-XL holds [2]% of the Shares, Deprez Holding, the Deprez Holding related entities holding Shares and the shareholders of Deprez Holding and of the Deprez related entities holding Shares may not cause the listing, offer or placement of any shares of a subsidiary of Greenyard Foods.

1. Overview of Greenyard Foods, Univeg and Peatinvest prior to the Contributions
   1. Greenyard Foods
      1. History

Greenyard Foods has been founded in 1968 in Westrozebeke under the name “Pinguin”. Its history is marked by the following key events:

In 1996, the first steps have been taken towards internationalisation of the production. The first production outside the Belgian home territory started in southern France (Ychoux), in a joint venture with the British company Fisher Frozen Foods and the French company Agralco. In 2003, the southern France agricultural cooperative Luc Berri began to invest and Greenyard Foods took over Fisher’s interest which gave Greenyard Foods a controlling interest of 52%. In 2003 the French joint venture was renamed Pinguin Aquitaine.

In order to respond to new takeover opportunities, Greenyard Foods proceeded with an IPO and listing of its shares on Euronext Brussels in 1999.

The next step in the internationalisation came when Albert Fisher Ltd was declared bankrupt in May of 2002 and Greenyard Foods took over the assets of the Fisher Frozen Foods unit. The production unit in Kings Lynn (United Kingdom) became the registered office of Pinguin Foods UK.

In 2007 capacity in the United Kingdom was expanded by the acquisition of certain activities and assets of Padley Vegetables and of Christian Salvesen Foods, a segment of Christian Salvesen plc., comprising storage facilities, machinery, employees, stock and contracts.

On 28 September 2007, all shares of Lutosa were purchased from the Van den Broeke Family, followed by a name change of the Company into “PinguinLutosa”.

As per 19 July 2011, Greenyard Foods acquired all shares of the Scana Noliko group.

On 1 September 2011, the frozen vegetable activities in France, Poland and Hungary have been acquired from Union Fermière Morbihannaise SCA (***UFM***), part of the CECAB group. The acquisition of these activities took place through the purchase of 100% of the shares of the sales companies of the frozen division in France and Brazil and a number of minority participations in the real estate companies of the CECAB group that initially retained and leased the production facilities and infrastructure to the Greenyard Foods Group.

On 19 October 2012, Greenyard Foods and McCain Foods concluded an agreement for the acquisition of the potato division Lutosa. The transaction consisted of the sale by Greenyard Foods to McCain Foods of all shares in the companies Vanelo NV, G&L Van den Broeke-Olsene NV, PinguinLutosa Foods SA, Lutosa France SA and their respective subsidiaries. The transaction was completed on 31 May 2013.

In the framework of the sale of Lutosa, Greenyard Foods completely repaid its outstanding credit facilities with its syndicate of banks on 31 May 2013 and terminated these facilities.

In June 2013, Greenyard Foods issued retail bonds for a total amount of EUR 150,000,000 (the ***Bonds***).

On 18 July 2013, the general shareholders’ meeting of Greenyard Foods resolved to change the name of the Company into “Greenyard Foods” effective as of 1 September 2013. In addition, it was decided to reduce the share capital with EUR 16,986,180.31 in order to compensate the losses suffered and to reduce the share capital with EUR 39,502,848 by repayment of the amount of the real capital reduction to the shareholders pro rata their shareholding. As a result of both capital reductions, the share capital was reduced to EUR 101,010,971.69.

In July 2013, Greenyard Foods acquired the leased production site in Boston (UK) from GW Padley Vegetables Limited, in the context of the Greenyard Foods Group’s strategy to obtain control over its production facilities.

On 30 August 2013, the Greenyard Foods Group acquired from UFM 100% of the shares of the real estate companies in Poland and Hungary and 66% of the shares of the real estate companies in France (CECAB group). On the same date, Greenyard Foods also acquired 100% of the real estate companies that would become part of its Canning Division in Belgium.

On 7 July 2014, Greenyard Foods acquired the real estate company of the production site in King’s Lynn (United Kingdom).

On 18 December 2014, the Greenyard Foods Group sold all of its shares in Pinguin Aquitaine SAS to Vijverbos NV. In March 2015, Greenyard Foods decided on an investment program in Poland. With this investment program, the production capacity will be relocated over the different sites of the Polish production facilities and the packaging activities will be centralised. The reorganisation will contribute to efficiency improvements in the Frozen Division.

Today, the Greenyard Foods Group holds 13 production sites in five different countries (Belgium, France, the United Kingdom, Poland and Hungary) and sales offices spread over five continents.

On [19 June] 2015, an extraordinary general meeting of shareholders of Greenyard Foods has been convened to decide on the Contributions. The Greenyard Foods Group’s strategy is to combine the business of the Greenyard Foods Group, the Univeg Group and the Peatinvest Group in order to create a global player in the fruit and vegetables market capable of offering the full range of fresh, frozen and canned products, as well as in growing media.

* + 1. Pre-transactional share capital and main shareholders
       1. Share capital and Shares

On the date of this Prospectus, the share capital of Greenyard Foods amounts to EUR 100,010,971.69 and is fully paid-up. It is represented by 16,459,520 Shares, without nominal value and each Share entitles its holder to one vote.

* + - 1. Warrants

The general shareholders’ meeting of Greenyard Foods of 2 December 2011 has issued 2,400,000 warrants for a total amount of EUR 30,600,000 (85% of the amount of the Gimv Subordinated Loan) with an initial exercise price of EUR 12.75 subscribed by Gimv-XL.

Each warrant initially gives right to the subscription of one share against payment of the exercise price. However, various anti-dilution mechanisms have been provided for, through which the exercise price and the number of Shares to which each warrant gives right, can be adapted in case of a change of the fractional value of the Shares due to a stock split, consolidation, requalification of categories of Shares, etc. or at the occasion of a merger, demerger, purchase of own Shares, capital reduction, dilutive issuance of shares, etc.

The warrants have a duration of five years as from the date of the issue onwards and can be exercised at each moment during this period of time. In case of a partial exercise, at least 25% of the warrants must be exercised simultaneously.

On 4 May 2015, the Company has repaid EUR 12,000,000 under the Gimv Subordinated Loan. As part of the Transactions, Gimv-XL has undertaken to exercise its warrants at the latest on [19] June 2015 (see Section 1.4.1).

* + - 1. Shareholder structure

In application of the Belgian law of 2 May 2007 on the disclosure of significant shareholdings in issuers whose securities are admitted to trading on a regulated market, important participations of which Greenyard Foods has been informed are made public on the Company’s website ([www.greenyardfoods.com](http://www.greenyardfoods.com)). At the same time, Greenyard Foods publishes on its website the announcement(s) that it receives by application of article 74 of the Belgian Law of 1 April 2007 on public takeover bids (*Wet op de openbare overnamebiedingen / Loi sur les offres publiques d’acquisition*) (the ***Takeover Law***).

Based on the transparency notifications received by Greenyard Foods, the shareholding structure of Greenyard Foods after the Gimv Warrant Exercise is as follows:

| **Shareholder structure after Gimv Warrant Exercise** | **Number of shares** | **% of total shares** |
| --- | --- | --- |
| Food Invest International | 3,784,829 | 20.07% |
| 2D NV | 3,243,293 | 17.20% |
| Gimv-XL (\*\*\*) | 5,242,228 | 27.80% |
| AIF | 1,776,393 | 9.42% |
| Familie Dejonghe\*\* | 543,871 | 2.88% |
| Union Fermière Morbihannaise SCA | 642,441 | 3.41% |
| Deprez Holding NV | 567,848 | 3.01% |
| Volys Star NV | 42,894 | 0.23% |
| Public\* | 3,015,723 | 15.98% |
| **Total** | **18,859,520** | **100.00%** |
|  | |  |
| \* including shares at Koramic Holding NV, Tosalu NV, Degroof Corporate Finance and employees | |  |
| \*\* includes following shareholders: Kofa BVBA, Koen Dejonghe and Burgerlijke Maatschap Dejonghe-Bertrand | | |
| \*\*\* includes following shareholders: Gimv-XL Partners Invest Comm. V., Gimv NV and Adviesbeheer Gimv-XL NV | | |

Out of the previous scheme, the reference shareholders on the date of this Prospectus appear to be:

* Food Invest International

Food Invest International is the holding company that is directly and indirectly via 2D NV the reference shareholder of Greenyard Foods and that is in turn controlled by Deprez Holding that is in turn controlled by Mr Hein Deprez.

* 2D NV

2D NV is a holding company that is directly controlled by Food Invest International NV (***Food Invest*** International). The 405,969 shares representing the share capital of 2D NV, are held by (i) Food Invest International (in turn controlled by Mr Hein Deprez indirectly via Deprez Holding) for a number of 358,606 shares, and (ii) Tosalu NV (controlled by the Luc Desimpel family) for a number of 47,363 shares.

* Gimv-XL

Gimv-XL holds 27.8% of the Shares.

* AIF

Agri Investment Fund CVBA (***AIF***) is the subsidiary of the ‘Maatschappij voor Roerend Bezit’ or ‘de Boerenbond’ who acquired the participation in Greenyard Foods (1,057,983 Shares) from KBC Private Equity NV on 7 October 2011 and who subscribed on 15 February 2012 to a capital increase for 718,410 Shares.

* + - 1. Description of the most important elements of the shareholders’ agreements known to Greenyard Foods

Greenyard Foods is aware of a number of shareholders’ agreements concluded between Food Invest International and other shareholders.

*Coordinated Investment and Shareholders’ Agreement of 15 February 2012 between Gimv-XL, Food Invest International, Greenyard Foods, Mr Hein Deprez and Greenyard Foods as amended on 27 November 2013 and 7 April 2014.*

On 15 February 2012, Gimv-XL, Food Invest International, Mr Hein Deprez and Greenyard Foods entered into a coordinated investment and shareholders’ agreement with respect to Greenyard Foods. This agreement has been amended on 27 November 2013 and on 7 April 2014. It entered into force on 15 February 2012 for a duration of ten years. This agreement shall however be terminated before its term on the earliest of the date of (i) the Gimv Warrants Exercise or (ii) completion of the Contributions by virtue of the Partial Demerger and Contribution Agreement. The parties to this agreement waived any right they may have under that agreement in connection with any of the Transactions in the Partial Demerger and Contribution Agreement.

This agreement does not provide for any special control rights for the parties. This shareholders’ agreement provides that the Board of Directors shall be composed of minimum three directors and maximum eleven directors. Shareholders holding a certain percentage of Shares are entitled to make a binding proposal for the appointment of board members.

The directors appointed by Gimv-XL are entitled to the same remuneration as the other non-executive directors. At least one director appointed by Gimv-XL and one director appointed by the reference shareholders shall be appointed at each committee of the Board, except for the committees of the Board of Directors constituted in accordance with article 524 BCC.

The shareholders’ agreement provides for a preemption right in favour of Food Invest International and a tag-along right in favour of Gimv-XL. The following rules apply to these rights:

* on the basis of the preemption right, Gimv-XL commits itself, if it wishes to transfer at least 5% of the Shares in Greenyard Foods and to the extent that Food Invest International directly or indirectly still holds at least 30% of the Shares, to offer these Shares for sale first to Food Invest International; the price at which the preemption right can be exercised equals the price offered by the candidate-purchaser to the candidate-seller; this preemption right originally expired on 15 February 2022;
* in case Food Invest International proceeds to the transfer of Shares to a third party, Gimv-XL is granted a proportional tag-along right on its Shares and its warrants; this tag-along right can be exercised at the same price and terms and conditions as these offered by the third party; this tag-along right originally expired on 15 December 2022.

Subject to completion of the Transactions, this agreement will be terminated and replaced by the New Shareholders Agreement.

*Agreement of 15 February 2012 between Food Invest International, AIF and Greenyard Foods.*

On 15 February 2012 Food Invest International, AIF and Greenyard Foods entered into a shareholders’ agreement with respect to Greenyard Foods. This agreement entered into force on 15 February 2012 for a duration of ten years. This agreement shall however be terminated before its term on the date of completion of the Contributions by virtue of the Partial Demerger and Contribution Agreement. The parties to this agreement waived any right they may have under that agreement in connection with any of the Transactions in the Partial Demerger and Contribution Agreement.

This agreement provides that AIF has the right to make a binding proposal for the appointment of a board member for so long as it holds at least 5% of the Shares. This board member shall be entitled to be appointed in the Strategic Committee of Greenyard Foods.

This agreement does not provide for any special control rights for the parties. The shareholders’ agreement provides for both a preemption right in favour of Food Invest International and AIF and a tag-along right in favour of AIF:

* based on the preemption right, Food Invest International and AIF commit to first offer its Shares in Greenyard Foods to each other in case they wish to transfer all their Shares to a candidate purchaser; the price against which the preemption right can be exercised equals the price offered by the candidate-purchaser to the candidate-seller. The preemption right originally expired on 15 February 2022.
* based on the tag-along right, AIF has, to the extent it does not exercise its preemption right, the right to sell along its Shares to the third party acquiring all or the majority of the Shares held by Food Invest International in Greenyard Foods; this tag-along right can be exercised against the same price and terms and conditions as these offered by the third party; the tag along right originally expired on 15 February 2022.

The shareholders’ agreement provides for a lock-up undertaking by AIF expiring on 1 December 2017.

Subject to completion of the Transaction, this agreement will be terminated and replaced by the New Shareholders Agreement.

*Agreements of 30 August 2013 between Food Invest International, Deprez Holding, 2D NV and Mr Hein Deprez on the one hand and UFM on the other hand.*

These agreements do not provide for any special control rights for the parties.

The agreements comprise a call option in favour of Deprez Holding / Food Invest International and a put option in favour of UFM for the 642,441 Shares it holds.

(a) UFM commits itself to sell its 642,441 Shares to Deprez Holding / Food Invest International upon exercise by Deprez Holding / Food Invest International of their call option. The call option can be exercised from 1 August 2013 until 31 July 2017.

(b) Deprez Holding / Food Invest International commit themselves to buy the 642,441 Shares held by UFM upon exercise by UFM of its put option. The put option can be exercised from 1 August 2017 until 1 August 2018.

* + 1. Corporate purpose

Article 3 of the Articles of Association of Greenyard Foods provides that:

*“Greenyard Foods has as its purpose, in Belgium and abroad, the purchase, sale, wholesale and retail and manufacture of any type of food product, household products including the freezing, canning, and treatment for storage of these goods and products, as well as the renting of deep freezers to third parties.*

*The purchase, sale, wholesale and retail, import and export of all seeds and the performance of agricultural work for third parties.*

*Greenyard Foods may acquire, lease or let for lease, manufacture, transfer or trade in all moveable or real property, equipment and required materials, and in general conduct all commercial industrial or financial transactions related directly or indirectly to its purpose, including subcontracting in general and the exploitation of all intellectual rights and industrial or commercial possessions related thereunto. It may acquire any moveable property as investments, even if these are neither directly nor indirectly related to its purpose.*

*Greenyard Foods may exercise the management and supervision and control of all related companies with which there exists some association through investment, and may make loans of any form and term to the latter. It may take a participation in all present or future corporations or companies in Belgium and abroad, the corporate purpose of which is identical, similar, or related to its own or is of such a nature as to promote its own purpose, whether through contribution in cash or kind, merger, subscription, participation, financial mediation, or in some other manner. This list is exemplary and non-exhaustive. Greenyard Foods can, furthermore, undertake everything that directly or indirectly can contribute to the realisation of its purposes in the broadest sense.”*

* + 1. Business overview and principal activities and markets

The Greenyard Foods Group is a leading processor of harvest-fresh fruit and vegetables with a long shelf life, being “prepared fruit and vegetables”. These are produced and commercialised on the one hand by (i) the Frozen Division of the Greenyard Foods Group, also known as “Pinguin”, specialised in the production of frozen vegetables and ready-to-use vegetable preparations, and on the other hand by (ii) the Canning Division of the Greenyard Foods Group, also known as “Noliko”, specialised in the production of vegetables, ready-meals such as soups, sauces, dips and pasta dishes in jars and tins. Both activities include production of prepared fruit and vegetables, but the production technique is different in each division, *i.e*., cold treatment process in the Frozen Division and heat treatment in the Canning Division.

The Greenyard Foods Group generated total sales of EUR 635,370,000 during the financial year ended on 31 March 2015. The Greenyard Foods Group owns to date 13 production sites and several sales offices spread across the five continents, through which the Greenyard Foods Group supplies companies from various client segments: foodservice, retail and food industry.

* + - 1. Strategy

*Mission and vision*

The Greenyard Foods Group is a leading, international processor of harvest-fresh fruit and vegetables into long-lasting and healthy food products. Its focus is on innovation, quality, cost and service. In the total chain from farmer to consumer, the Greenyard Foods Group strives towards sustainability and long-lasting relations, with respect for people and environment.

The Greenyard Foods Group has developed the following vision: “We offer a unique variety of affordable and sustainable vegetable based food solutions with a long shelf life, recognised as everyday’s most tasty and healthy experience.”

This vision considers the following key factors to success:

* Unique variety: the Greenyard Foods Group offers a wide and varied assortment to address the needs of consumers and customers
* Preservable: the Greenyard Foods Group maintains quality from harvest-fresh produce
* Affordable: the Greenyard Foods Group seeks to be competitive to offer the best price
* Sustainable: the Greenyard Foods Group works in partnership with agro seekting to respect nature
* Vegetable-based food products: the Greenyard Foods Group focuses on its core product vegetables from basic products to complex convenience solutions
* Every single day: the Greenyard Foods Group seeks to be on the menu of its consumers every day

*Strategic priorities*

The Greenyard Foods Group has set four strategic priorities:

* Profitable growth via customer intimacy and consumer focus

The Greenyard Foods Group produces products that offer a response to major consumer trends, such as striving towards a healthy lifestyle and healthy food. They also offer timesaving, culinary solutions. The Greenyard Foods Group increasingly focuses on innovation and customer preferences.

The Group also intends to continue to build the long-term relationships by meeting customer needs through innovative solutions in several areas such as logistics and product ranges.

In this context, the Greenyard Foods Group has focused on customer and portfolio management during previous years in order to realise the profitable growth. This portfolio management includes a strong focus on countries, customers and products.

* Further improve operational efficiencies

The Greenyard Foods Group will continue to strive towards the further improvement of operational efficiency by means of continuous focus and investments in its production facilities.

In 2013, the Greenyard Foods Group started its plan to acquire all production facilities. The ownership of the production plants increases the flexibility within the production facilities and improves the efficiency. The strategy to purchase all production facilities was completed in 2014 with the acquisition of the Kings’ Lynn real estate. At the date of this Prospectus, the Greenyard Foods Group owns all its production facilities.

During past years, the Greenyard Foods Group has grown, next to the organic growth, by several acquisitions. International process integration of the acquired activities, mainly in the Frozen Division, is leading to improvement of operational efficiencies. In addition to the international process integration, the centralisation of the Polish processing activities was recently announced and the German assets as well as Pinguin Aquitaine were sold. These reorganisations also fit in the operational excellence program.

The shift from replacement capex towards efficiency improving capex is increasing as well for the Frozen as for the Canning Division. During past years, capex was more focused on replacements, also resulting from acquisitions done during past years. These efforts to move towards efficiency increasing capex do have an immediate effect on the margin improvements in both divisions.

* Optimise net free cash flow by reducing financial costs

A third important pillar is the management of working capital. This is appropriate given the capital-intensive nature of the fruit and vegetable processing sector. The Greenyard Foods Group has launched a number of programs to further optimise its working capital. The acquisition of production sites also has a positive impact on the cash flows, given the fact that the termination of the rental charges has a positive impact on the free cash flow.

As working capital is important for the activities of the Greenyard Foods Group, all possible measures were taken to optimise working capital: strict focus on inventory levels and DSO monitoring are important in order to achieve the working capital targets.

Also initiatives were taken to simplify the group structure, which has a positive effect on the free cash flow and actions were performed to reduce the interest / financial costs for the operations.

* Improve organisational effectiveness

A fourth pillar is the further strengthening and improvement of the organisation and its organisational efficiency. Therefore the Greenyard Foods Group is continuously investing in its employees. The last ten years, the Greenyard Foods Group has grown rapidly, partly due to external growth. A further consolidation and standardisation of business processes is being carried out.

The group objectives are cascaded over the whole Greenyard Foods Group. This implies that the whole Greenyard Foods Group has the same targets, which improves the organisational effectiveness. All employees are working to achieve the same targets, for each one within his own function.

The Greenyard Foods Group is also investing in training for its employees, which also contributes to the improvement of the organisational effectiveness.

* + - 1. Products

The Greenyard Foods Group sells its wide range of vegetable solutions ranging from fresh basic vegetables in all possible forms to culinary, ready-to-use vegetable preparations in more than 100 countries.

* Classic basic vegetables

Both the Frozen Division and the Canning Division offer a very extensive range of products. The traditional vegetables such as peas, carrots, beans and all types of cabbages continue to make up the bulk of business. The Frozen Division also prepares “mixes” that can be used for specific dishes, such as soup vegetables, couscous vegetables, vegetables for mussel dishes and a wok mix. In both divisions, freshness is paramount.

* Fruit

A broad selection of fruits is offered in both divisions. For the Canning Division, apple compote is an important product. The Canning Division’s main production site is located close to Haspengouw, one of the best fruit-growing regions in Europe, offering a broad selection of apples and cherries for fruit compotes and fruit compote varieties apples, which constitute the base, possibly supplemented with other types of fruit. Brined cherries and a variety of exotic fruit complete the product line.

* Convenience products

An extensive range of convenience products are produced in both the Frozen Division and in the Canning Division. These range from ready-to-eat vegetable dishes, soups, sauces and pastas to the more complete dishes that include other food products such as rice, meat and fish. Within the Canning Division, soups and sauces are important products.

* Organic vegetables

Most of the range of fruit and vegetables are also offered in an organic variant in both divisions. Separate storage of organic ingredients, processing without chemical processes, and continuous and unannounced inspections from Certisys guarantee high quality products for the customers of the Company.

* Potatoes

The Canning Division processes and sells small firm potatoes, in glass and cans carefully selected on quality. A diversified supply ensures a constant supply of fresh potatoes all year round. Virtually all conceivable combinations are possible: peeled or unpeeled, sliced, diced or whole potatoes. This is offered in various packaging options and various sizes.

* + - 1. Customers

Over the years, Greenyard Foods has developed a broad and diversified client base, both in terms of customer type and geographical scope.

*Segments*

The client base of the Company is composed of three segments.

* Food retail

The food retail segment is mainly composed of hyper/supermarkets, hard discounters and mid-sized distributors that are selling the Greenyard Foods Group’s products to households (mainly through private label).

* Food service

The food service segment includes commercial catering customers and industrial kitchens (amongst others hospitals, schools and universities, company restaurants and hotels, restaurants and cafés).

* Food industry

The food industry segment includes both manufacturers of ready-made meals, soups, pasta products, bakery products etc.

Below is an overview per segment of the consolidated sales of Greenyard Foods for the financial year ended 31 March 2015:

|  |  |
| --- | --- |
| **Segment** | **% of total sales for year ended**  **31 March 2015** |
| Food Retail | 63.8% |
| Food Service | 20.7% |
| Food Industry | 15.5% |

*Major customers*

The Greenyard Foods Group has a very loyal customer base with most customers already being customers for many years. The number of customers has remained quite stable or has increased over the past years.

The Greenyard Foods Group owns the ‘Pinguin’ brand name used primarily for supplies to the food service and the food industry. The Pinguin brand is less well-known to retail customers as products supplied to the retail sector are sold under a private label or a house brand.

The Greenyard Foods Group generated 38% of its revenues from its ten largest customers as of and for the financial year ended 31 March 2015.

*Geographical presence*

The Greenyard Foods Group has customers in 106 countries. The most important markets are the United Kingdom (23.3%) and France (21.8%) in the financial year ended 31 March 2015. In addition, in the financial year ended 31 March 2015, 12.6% of sales were generated in Germany, 10.8% in Belgium and 3.7% in Italy.

* + - 1. Contractual framework

It is common practice in both the Frozen Division and the Canning Division that a limited number of contracts are put in place with customers. Agreements are made on prices but the volumes sold are mostly ordered based. Contracts with growers are generally made in January and contracts with customers are generally made starting from September or October each year. This means that a timing difference exists between contracts with growers and commercial negotiations with customers.

* + - 1. Sourcing

The Belgian activities of the Frozen Division are supplied with fresh vegetables by some 800 farmers in West Flanders and northern France. The frozen activities in the United Kingdom, France, Poland and Hungary are supplied by a limited number of agricultural cooperatives and a variety of dealers. The Canning Division sources its fresh vegetables from growers, mainly located in a radius of 100 km around Bree, mainly in the region north east Limburg, south Limburg / Haspengouw and south east Netherlands, for all vegetables, and the region West side Germany, specially for beans.

The geographical spread of the purchases changes from year to year depending on the price and the availability. Thanks to cooperative agreements with a number of vegetable groups to deal with surpluses or shortages, both divisions have spread their supply risk in guaranteeing delivery of the quantities demanded by the Greenyard Foods Group’s customers.

A large part of the purchasing of fresh vegetables is subject to annual contracts that are negotiated with the farmers. These contracts set the quantity and price for fresh vegetables for the coming season and are usually concluded in January. The terms of these contracts are set in accordance with existing sector practice.

* + - 1. Production process

Vegetables are processed within a few hours of being harvested. This preserves their original colour, flavour, and vitamin content. The preparation of vegetables at high quality standards also guarantees a stable quality over all products lines.

* Preparatory processing

When vegetables arrive a few hours after being harvested, the delivery is weighed and assigned a lot number, so that throughout the production process the delivered vegetables can be tracked all the way back to the farmer.

All vegetables that enter the factory are first cleaned. Dirt and foreign objects are removed from the vegetables which are thereafter washed. In this preparatory phase, all vegetables not matching the reception standard in terms of shape, colour and/or size, are removed.

Some vegetables (such as carrots, black salsify, onions) must then be peeled. This can be done in three ways: mechanically, chemically, or with steam. The steam process is used more frequently as it is environmentally friendly.

In order to make the vegetables commercially more attractive and increase the convenience aspect, they are often cut into pieces, strips, slices or cubes.

At the final processing stage prior to freezing or filling and sterilising, the vegetables usually are blanched, preserving their natural flavour and colour and allowing them to be stored longer.

* Processing Frozen Division: quick freezing

In the Frozen Division, vegetables are frozen after being blanched. Freezing is a highly effective way to preserve vegetables. However, the speed at which food is frozen has a great influence on the quality of the product. It is particularly important that the product remains in the critical ice formation zone as briefly as possible.

Most vegetables (such as carrots, peas, Brussels sprouts, cauliflower, etc.) are frozen individually. However, other vegetables (such as spinach, endives, kale, but also puree, etc.) are ‘staticly’ frozen, in pre-made portions, using ‘portion or pello-freezers’.

* Processing Canning Division: sterilisation/ pasteurisation

The processing method for preserving food products within the Canning Division is sterilisation. Again, the temperature-time combinations are of vital importance for ensuring the final quality. Insufficient sterilisation leads to decay and too much sterilisation leads to loss of consistency and flavour deviation. The optimal underlying parameters have therefore been thoroughly investigated and validated in collaboration with several university research labs. The process is electronically controlled and all measurement results are digitally archived. A typical sterilisation process brings the vegetables at the core of each package at least 20 minutes to a temperature of 124°C, after which the package is rapidly cooled. For each combination of vegetable type/packaging an appropriate process has been determined. For a number of products containing a higher degree of acidity a temperature treatment at 95 ° C is sufficient in order to obtain the necessary durability. This process is called pasteurisation.

* Convenience products : preparation

This concerns in particular the production process in the convenience department both the Frozen Division and Canning Division, where sauces, meals and soups are produced. In the preparation of sauces and meals the raw materials and the process used are closely monitored, ensuring a quality and tasteful end product.

During a first phase, the different ingredients are prepared. Dry spices, seasoning mixes and binders are weighed and put together per batch. Frozen raw materials are weighed in a separate department and when necessary miniaturised. In this regard it is sometimes necessary to cut and grind meat. In addition, onions or other vegetables are weighed and miniaturised if necessary. Sliced ​​tomatoes, tomato concentrate and other liquid ingredients are pumped into tanks or stored in order for them to be properly dosed.

For the sauces and soups prepared in the Canning Division, the filling process can begin and the finished sauce is put into containers or led via pipes into a filling line after preparation took place. Waiting times are always kept to a minimum. The filling can be done in glass, cans, cups, plastic bottles or bags.

Frozen soups are prepared with the “pello freez” technique, which means that small pallets are made of frozen soups.

* Packaging

In the Frozen Division, mono vegetables and convenience products are immediately stored after the freezing process. The vegetables are either packaged in their final packaging, or they are stored in bulk packaging in large freeze rooms while awaiting final packaging upon delivery to the customer, mixing with sauces, meat or other vegetables, or additional processing. It is the aim of the Frozen Division to perform the packaging activity at the latest moment as possible before final delivery to customers.

In the Canning Division, blank products (without label) are stored in the warehouse and are removed upon receipt of a customer order. At that moment, it is provided with an appropriate, usually customer specific label. Then the products are put into boxes or trays and palletised.

* Storage

The shelf life of frozen vegetables depends on the type of vegetable, the way the vegetables were processed, and the quality of the raw materials; in this respect packaging and storage are very important. The temperature in the large warehouses is approximately -20°C and temperature variations during storage must be kept to a minimum.

A computer program is used that allows for an exact calculation of the location in the relevant facility of specific quantity/quality of product. Since the system uses EAN coding, it can even ensure that quantities/qualities prepared for a particular purpose for a particular customer are reserved. Products are also stored in mobile storage racks, meaning that the FIFO (first in first out) system can be ensured. In the United Kingdom, as well as in Belgium, the Frozen Division uses a fully automatic freezing warehouse for packaged vegetables. In other countries, traditional freezing warehouses are in place.

The shelf life of canned vegetables depends on the nature of the packaging but can reach over four years. Plastic packaging with no additional barrier (*e.g.,* pure polyethylene without EVOH or aluminium layer) has a significantly lower shelf life (*i.e.*, months rather than years), but this can be extended by appropriate storage conditions, such as cold storage and protection against light. Hence, the packaging and the storage parameters are of great importance.

In the standard warehouses, the temperature and humidity are systematically monitored in order to prevent condensation and corrosion and to keep the product mechanically and qualitatively stable. The temperature in the large storage halls is kept between 16 and 25 °C, and humidity below 65%.

Computer applications are used, allowing to determine exactly where which quantity/quality is stored. The system uses bar coding, allowing to reserve badges which were produced with a specific purpose and for a specific customer. In addition, this is also used for implementing the “FIFO” (first in first out) system.

* Transport

The transport of finished products is contracted to external international transporters. All trucks are loaded at negative temperatures in the Frozen Division. Records are maintained of all the production codes that are loaded onto each vehicle, so it can be precisely known when the various lot numbers were loaded and to which customer they were destined.

* + - 1. Quality

The top priority of the Greenyard Foods Group is continuous and rigorous quality control. Customers appreciate the continued focus on high-quality raw materials and finished products.

In the Frozen Division, the Belgian activities pioneered in the nineties with HACCP and also received the first Belgian ISO-9002 certificate in its sector. Since the Greenyard Foods Group’s production sites hold various certificates:

* BRC (British Retail Consortium)

Today all sites hold a BRC-certificate obtained through independent third party audits. The underlying standard sets the requirements for the supply of products under the house brand of distribution groups and for processed or prepared foods or ingredients intended for the food service and the food industry. This is the highest level of quality in the area of food safety, hygiene and traceability that can be attained in Europe.

* IFS (International Food Standard).

This certificate is very similar to BRC but worked out historically by German/French retailers and audited next to BRC. It is used for the Greenyard Foods Group’s factories that export to Germany/France (where BRC is not exclusively accepted).

* Certificates for organic vegetables

All production sites producing organic vegetables have been awarded the organic certificate by their local EC recognised inspection authority for the production of organic vegetables.

The Canning Division has several certificates including BRC, IFS, ISO 9001 and ISO 14001 Standard.

Each production site has its own quality laboratory. During manufacturing, product samples are regularly examined for their physical, chemical and bacteriological characteristics. In addition, the raw materials are subject to strict quality controls.

Next to quality centres organised by the Frozen as well as the Canning Division, an R&D-centre is also owned by each division of the Greenyard Foods Group to ensure innovation in terms of products and production processes. The team dealing with product development comprises five employees in the Frozen Division and five employees in the Canning Division. Development of quality and the circularisation of information throughout the organisation are monitored throughout the process of the own group R&D departments.

* + - 1. Competitors

*Key players in the European frozen vegetable market*

There are two major groups on the supply side of the market.

Firstly, there is a group of companies, mostly major multinationals, focused on marketing and distribution, at times in combination with in-house production, such as former Unilever with brands such as Iglo, Birds Eye, Findus, Bonduelle and Frosta. These companies focus on the family market with brands. These players are primarily customers of the Greenyard Foods Group rather than competitors.

Secondly, there is a group of companies that primarily present themselves as production companies. The Frozen Division seeks to position itself as one of the most important European players in the market of frozen fruit and vegetables’ production. The Frozen Division is therefore mainly competiting with the companies that are part of this second group.

The following key groups are active in the western European of frozen fruit and vegetables’ production:

* Ardo-Dujardin (Belgium) - This West Flanders group produces frozen vegetables, vegetable mixes to which sauces and seasoning may be added, fruit and snacks. Ardo has 20 production and packing sites in eight European countries. Ardo is the absolute market leader with an annual production estimated at 805,000 tons and sales of EUR 820,000,000.
* Bonduelle (France) - This French group is in the first place a producer of vegetables in cans and jars (53% of sales in AY 2013/2014); the sale of frozen vegetables represents 28% of the Bonduelle group’s sales. Its most important markets are France (33%), Germany (12%), Canada (11%) and USA (11%). Sales of the group amounted to EUR 1,921,000,000 in AY 2013/2014.
* D’Arta (Belgium) - This West Flanders group produces frozen vegetables, vegetable mixes and ready made vegetable meals in two sites (Darta Ardooie and Dardico in Portugal). The D’Arta group has around 350 employees. Its annual sales are estimated at 140,000 tons with an annual turnover of EUR 150,000,000.
* Dicogel-Begro/Westfro (Belgium) - This West Flanders producer of frozen vegetables is focused in particular on the French and German food service market and food industry. After the merger with Westfro, its annual turnover is estimated at EUR 250,000,000.
* Virto (Spain) - This Spanish producer is the “private label” market leader in its home market. 90% of its sales are realised through its eight production sites in Spain. Outside of Spain, it has production and storage sites in France, Portugal, the United Kingdom, Germany and the United States. Its annual turnover is estimated at EUR 240,000,000.

In addition, there are some 15 smaller players with capacities ranging between 20,000 and 80,000 tons. Iglo Birds Eye (former Unilever) was not included in the above ranking. It produces almost exclusively for its own brand.

The Hungarian company Globus was the biggest player in the Central and Eastern European market. Globus produced circa 90,000 tons of frozen fruit and vegetables. After getting into financial difficulties, it was taken over by the French group CECAB in early 2006. Pursuant to the acquisition of the frozen vegetables activities of the CECAB group in 2011, the frozen foods activities of Globus are now part of the Greenyard Foods Group.

The second largest Eastern European producer is the Polish company Hortex, which has an estimated production in Poland of 70,000 tons. Hortex has three production sites in Poland. There are also some 50 Polish and Hungarian players with smaller annual capacities.

*Key players in the European market for canned vegetables*

On the supply side of the market for canned food, two major groups can be distinguished. On the one hand, there is a group of companies focusing on marketing and distribution, as the case may be combined with own production (Bonduelle, Hak). These companies focus mainly through brands on the market for households. On the other hand, there is the group of companies which primarily differentiate themselves as production companies (private label producer). The Canning Division seeks to position itself as one of the most important European players in the market of canned fruit and vegetables’ production. The Canning Division is therefore mainly competiting with the companies that are part of this second group.

The following key groups are active in the European market of canned fruit and vegetables’ production (in order of importance):

* Bonduelle (France) - please see above.
* Coroos (The Netherlands) - Since 1957, the family business Coroos Conserven B.V. manufactures fruit and vegetables in cans, glass and plastic packaging. The key markets of this company are located in Europe. Coroos Conserven B.V. realised sales of EUR 174,000,000 in 2013 and employs 430 persons. It holds a strong position in the European retail food market as private label producer.
* CECAB (France) - CECAB was previously active in both the frozen as the canned vegetable segment, but divested its frozen vegetable activities in 2011. The CECAB group annually sells approximately 450,000 tons of canned vegetables (glass, tin and others).
* Premier Foods (United Kingdom) – Premier Foods is the main supplier in the UK and offers a broad range of food products. It is entirely focused on the food service sector, offering both branded labels and private labels.
* Hak (The Netherlands) - This manufacturer is part of the Nederlands Glorie Group, focusing primarily on increasing its market share in the Benelux. Its sales amounted to EUR 87,000,000 in 2013 with 151 employees. In 2013, HAK stopped producing as private label and started focusing exclusively on its Hak brand.
  + 1. Property, plants and equipment

*Production sites*

The Frozen Division has production sites active in vegetable processing and packaging. These sites are located in the most fertile regions of Europe:

* West Flanders in Belgium (Westrozebeke and Langemark),
* Bretagne and French Flanders in France (Moréac, Comines and Ychoux),
* Norfolk and Lincolnshire in the United Kingdom (King’s Lynn and Boston),
* Poland (Dabrowa, Elk, Lipno and Adamow),
* Hungary (Baja).

This proximity to the most important suppliers ensures that vegetables are frozen within a few hours of being harvested. The Greenyard Foods Group’s distribution and packaging centre is also nearby, avoiding unnecessary transport and contributing to profitability.

The Canning Division has centralised its production sites in Belgium. Its major production site is located in Bree. It also has a production site specialised in fruit processing that is located in Rijkevorsel. In addition to fruit and vegetables, the Bree site also processes the whole range of convenience products (soups, sauces, pastas and meals). The Bree site has three production halls and has a total area of 43.2 ha, of which (i) approximately 14.4 ha is built, (ii) 5.1 ha is intended for the production, and (iii) 9.3 ha is used for warehouses. The smaller site in Rijkevorsel focuses on the production of fruit and also has its own storage space. As is the case for the Frozen Division, proximity to the growers is key. The relative proximity to the major suppliers of the sites ensures that all vegetables are processed within hours of harvest.

The site is easily accessible and has sufficient possibilities to expand allowing further growth.

*Total Property, plants and equipment*

The net book value of total tangible fixed assets of Greenyard Foods amounts to EUR 255,700,000 as at 31 March 2015, and consists of:

|  |  |
| --- | --- |
| *(EUR in millions)* | **31 March 2015** |
| Land and Buildings | 115.2 |
| Plant, Machinery and equipment | 133.0 |
| Furniture and Vehicle | 2.4 |
| Others | 5.1 |
| **Tangible fixed assets** | **225.7** |

The Greenyard Foods Group has the ownership over all its production plants, resulting into a total net book value of EUR 115,200,000. The plant, machinery and equipment heading contains all machinery in the owned production plants. Freezing tunnels are a major part of the machinery for the Frozen Division and sterilisers and pasteurisers are a major part of the machinery for the Canning Division. The filling and packing lines used for both activities are also included in the plant, machinery and equipment heading.

At 31 March 2015 the Greenyard Foods Group’s fixed assets were encumbered as follows:

|  |  |
| --- | --- |
| *(EUR in millions)* | **31 March 2015** |
| Subscription on mortgages | 10.7 |
| Mortgage mandates | 65.0 |

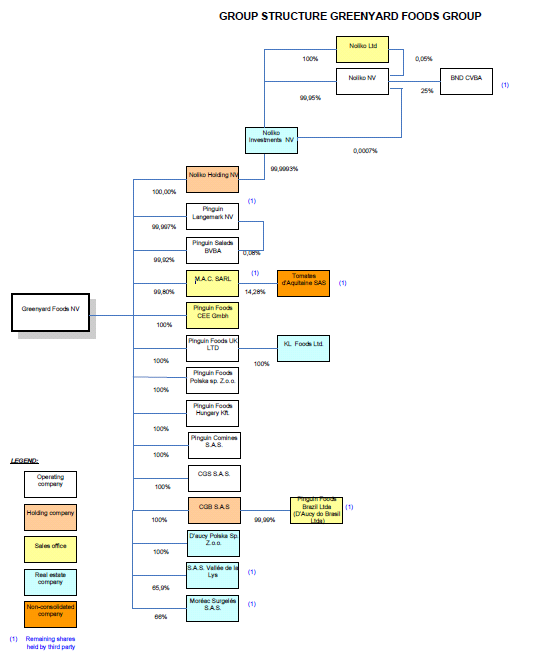
* + 1. Employees

At 31 March 2015, there were 2,289 employees at the Greenyard Foods Group, of which 1,597 for the Frozen Division and 692 for the Canning Division.

An overview of the number of FTEs for the Greenyard Foods Group per country as at the Closing Date are presented in table below:

|  |  |  |  |
| --- | --- | --- | --- |
| *(FTE)* | **White Collars** | **Blue Collars** | **31 March 2015** |
| Belgium (Frozen Division) | 89 | 239 | 328 |
| Belgium (Canning Division) | 139 | 553 | 692 |
| France | 94 | 222 | 316 |
| UK | 54 | 187 | 241 |
| Poland | 75 | 460 | 535 |
| Hungary | 36 | 141 | 177 |
| **Workforce** | **487** | **1,802** | **2,289** |

* + 1. Organisational structure and chart
       1. Structure chart



* + - 1. Information on the subsidiaries

The most important operating subsidiaries of Greenyard Foods are set out in the table below:

| **Name of the subsidiary** | **Shareholding (direct / indirect)** |
| --- | --- |
| Pinguin Langemark NV | 99.997% |
| Pinguin Foods UK LTD | 100% |
| CGS S.A.S. | 100% |
| Pinguin Comines S.A.S. | 100% |
| Pinguin Foods Polska sp. Z.o.o. | 100% |
| Pinguin Foods Hungary Kft. . | 100% |
| Noliko NV | 99.997% |

* 1. The Univeg Group
     1. History
        1. Univeg

Univeg was incorporated on 23 July 2012 as the holding company of the former Univeg Group’s fruit and vegetables business, as well as the logistics and flowers activities of the Univeg Group. It has been incorporated for an unlimited period of time.

Univeg is registered with the register of legal entities (Antwerp, division Mechelen) under number 0847.600.648. Its registered seat is situated at Strijbroek 10, 2860 Sint-Katelijne Waver, Belgium.

* + - 1. Key milestones underpinning the Univeg Group’s global expansion

The Univeg Group was founded in 1987 by Mr Hein Deprez, the executive chairman of the Univeg Group. In 1983 he started producing mushrooms, followed by washing, cutting and packing of vegetables. Prior to 2009, the Univeg Group underwent a period of global expansion, acquiring more than ten production, logistics and distribution companies, each with strong market positions and various export and agricultural operations around the world. The major acquisitions during this period were:

* Bakker Barendrecht B.V. in 2005, the largest fruit and vegetables company in The Netherlands and the exclusive supplier to a leading Dutch supermarket chain;
* the Bocchi group in 2006, a leading fresh produce sourcing company focused on the German market, with strong sourcing capabilities in Spain, Italy, The Netherlands, Argentina, Brazil and Peru;
* the Katopé group in 2007, a French-based specialist producer of subtropical fruits such as avocadoes and mangoes, with a particular strength in the French and U.K. markets and strong sourcing capabilities in South Africa, Peru, Costa Rica, Suriname and various African countries;
* Alara in 2008, the largest fresh fig exporter in the world and the largest cherry exporter in Europe, supplying its Turkish products to major food retailers in 22 countries across five continents; and
* Atlanta AG in 2008 (now Univeg Deutschland GmbH), the German distribution business of Chiquita, with a turnover at the time of acquisition in the region of EUR 1,000,000,000 and a network of service centres throughout Germany.

Following this period of rapid expansion, the Univeg Group consolidated its operations, focusing on integrating the various businesses it had acquired by developing their sourcing capacities and making them available to the different sales units. At the same time, management also sought to streamline these newly-acquired businesses by merging operations in certain countries and closing down local head offices. In addition, the Univeg Group undertook the following major divestments, which allowed it to increase its focus on its core activities of offering a full value chain logistical solution of supplying fruit and vegetables to its customers:

* In November 2011, the Univeg Group began implementing Project Roots at the initiative of and in cooperation with its then existing bank syndicate. As part of the implementation of Project Roots, the Argentinean Operations were ring-fenced and moved outside the Univeg Group’s operations and became directly owned by DWB in July 2012. See also Section 2.2.2.4 of Part VI (*Operating and financial review*) and Section 3.2.1 of Part VIII (*Related party transactions*).
* On 17 December 2014, the Univeg Group carved out its principal fruit plantations held by a number of Univeg Fruitpartners B.V.’s farming subsidiaries in Turkey, South Africa, Brazil, Suriname, Uruguay and Costa Rica, resulting in the acquisition of these subsidiaries by TFFG. See also Section 2.2.2.2 of Part VI (*Operating and financial review*) and Section 3.1.1 of Part VIII (*Related party transactions*).
  + 1. Pre-transactional share capital and main shareholders

Certain companies controlled by CVC Capital Partners acquired an interest in Univeg in 2006, which they divested in July 2013. Following the exit of CVC, all but one share in Univeg were acquired by Mr Hein Deprez together with a group of investors and management through the STAK FieldLink.

On 18 September 2013, the STAK FieldLink was incorporated. Its purpose is to hold and manage shares in Univeg against the issue of depository certificates. Depository certificates have been issued by the STAK FieldLink to the directors and senior management of the Univeg Group and certain local managers of the operating entities.

At the date of this Prospectus, DWB holds 95.39% of the share capital of Univeg and the STAK FieldLink holds the remaining 4.61%.

Univeg was incorporated with a capital of EUR 250,000. The capital was increased on two occasions. These capital increases were fully subscribed by the STAK FieldLink and the share premium provided by the STAK FieldLink at such times was immediately incorporated in the share capital. Further to the first capital increase, the capital of Univeg amounted to EUR 6,937,709.60. Further to the second capital increase in 2014, the share capital of Univeg currently amounts to EUR 9,399,683.38, divided into 26,207,118 registered shares without nominal value. The share capital of Univeg is entirely paid-up.

The current articles of association of Univeg do not provide for categories of shares or for any restriction to the free transferability of shares.

There are no shareholders’ agreements in place at the level of Univeg except for an agreement for holder of depository receipts between the STAK FieldLink, holders of depository receipts in the STAK FieldLink and Univeg. This agreement mainly contains provisions relating to the issue of the depository receipts and the rights and obligations of the holders thereof, including a preferential subscription right in case Univeg issues new shares.

* + 1. Corporate purpose

The corporate purpose of Univeg is set out in article 2 of its articles of association and reads as follows (in translation from the Dutch original):

*“The company’s purpose is, in Belgium and abroad: the holding of participating interests in Belgian and foreign companies, associations and enterprises, in any form whatsoever, the acquisition by way of purchase, subscription or in any other way, and the transfer by way of sale, exchange or in any other way of shares, bonds, debenture stocks, loan instruments or any other securities, and the management, development and administration of its portfolio.*

*The performance of all studies and operations concerning all immovable goods and rights such as the purchase, sale, lease and sub-lease, operation, direct or contracted, exchange, allotment and, in general, all operations relating directly or indirectly to the management or making productive, for its own or for others, of all developed or undeveloped immovable properties; this including project management, management, co-ordination and promotion of construction works, the study, trade and industry, import and export, and representation of all building materials, and all accessories and similar articles; entering into all undertakings of surety, guarantee, or any guarantees whatsoever and all actions of mandate, agency or commission in relation to the above-mentioned operations.*

*The company may carry out all actions directly or indirectly relating to its purpose or which are of a nature to facilitate the realisation thereof.*

*The company may acquire, lease or let, produce, transfer or exchange all movable or immovable goods, both tangible as intangible.*

*The company may grant loans, in any form and for any amount or duration whatsoever, and may proceed to the issue of bonds, debenture stocks and all other loan instruments.*

*The company may grant security for its own obligations or for obligations of third parties, inter alia by pledging movable goods, including its own business, or by mortgaging its immovable goods.*

*The company may co-operate with, participate or invest in, or in any way whatsoever, directly or indirectly, take participating interests in companies or associations already existing or to be incorporated.*

*The company may carry out the mandates of director, manager, member of a management committee or liquidator in, and exercise supervision or control over companies and associations.*

*This list is illustrative and not exhaustive.”*

* + 1. Business overview
       1. Footprint

The Univeg Group is a vertically integrated world leader in the sourcing and supply of high quality fresh and fresh-cut fruit and vegetables, with a strong global presence in the fresh produce market and strategically complementary products and services.

The Univeg Group has particularly strong presence in Europe, supplying the largest food retailers. The Univeg Group’s largest market shares by revenue are in The Netherlands, Belgium and Germany and the strong generalist position in these countries is complemented by the broadening of an offering through an increasing presence in France, the United Kingdom and the United States. In the financial year ended 31 December 2014, the Univeg Group reported revenues of EUR 3,300,000,000.

The sales operations are supported by strong sourcing capabilities in Europe’s most important horticultural countries, such as Spain, Italy and The Netherlands. Furthermore, in order to procure a year-round supply of fresh produce, the Univeg Group has developed strong sourcing capabilities in other key exporting regions around the world such as South Africa and Latin America. This geographic diversity helps the Univeg Group to supply its customers with high-quality fresh products throughout the year.

The source markets and sales markets are connected by strategically located European logistics and distribution capabilities, helping to operate a vertically integrated business model over the entire value chain from production to delivery. The Univeg Group has facilities located in key import hubs in The Netherlands, Belgium, Germany and Italy. The Univeg Group also operates a network of technologically advanced service and distribution centres, where value-added services, such as cold storage, ripening, order picking and customer label packaging, are provided before distributing produce to customers’ own distribution facilities or directly to their stores.

* + - 1. Strategy

The Univeg Group’s primary strategy is to focus on the continued profitable development of its core fruit and vegetables business in its key markets in Europe and the United States. In this regard the Univeg Group is seeking to maintain its strong position in The Netherlands, Belgium and Germany, and to build stronger and more diversified positions in France, the United Kingdom and the United States. The Univeg Group also stands ready to capitalise on potential future growth opportunities in emerging markets that may come about through changing global trading patterns. In addition, the Univeg Group will continue to consider acquisitions where the Univeg Group believes they will help it achieve its primary or secondary strategic goals. The acquisitions in the UK and start-up activities in Czech Republic along with the disposal of non-core activities show further alignment with the defined strategy of the Univeg Group. Key aspects of its strategy include:

* Further margin improvement and volume growth in existing markets

In recognition of the significant untapped potential for further margin improvement and volume growth in its existing markets, the Univeg Group is pursuing greater synergies and efficiencies within its decentralised model and continuing to develop customer relationships through its “customer intimacy” service model.

* Customer intimacy

The Univeg Group believes its customer intimacy strategy is key to the pursuit of margin and volume improvement and stability. The Univeg Group continues to develop customer relationships beyond the simple day-to-day trading of fruit and vegetables to become a full service provider, offering value-added services tailored to the customers’ particular strategy and specific needs and high quality fresh produce year-round as their “direct connection to the field”. The Univeg Group currently operates as a full service provider to a number of customers and is pursuing the transition of other existing customer relationships away from a transactional model and towards a joint business planning model. In offering customers a more bespoke service, the Univeg Group believes it can increase turnover through the delivery of a wider range of products and services and increase profit margin through increases in the offer of value-added services. The Univeg Group believes in further improvement in the stability of its revenues in becoming more strategically important to the customer base. The Univeg Group states that customer intimacy strategy has been key to increasing the proportion of sales derived from value-added services. The Univeg Group believes that there continues to be potential to increase this still further, this through pursuing the development of the existing customer relationships and, in doing so, enhance the reputation among food retailers as a leading full service provider.

The management team is instilled with a philosophy dedicated to excellence in production planning, cultivation, distribution, and sales and marketing of fresh produce, as well as financial planning. This management team has helped develop key competitive strengths in the Univeg Group which includes the following:

* Well positioned to respond to major trends in the global fresh produce market

The Univeg Group believes to be well positioned to respond to the major trends prevailing in the global fresh produce market as a result of the close relationships developed with customers, which are typically established and maintained by local key account managers. The Univeg Group believes in its ability to combine the dispersed geographical footprint with a decentralised and concentrated focus on customer relationships providing the agility to respond to the increasing complexity of the supply chain, particularly the demands of customers in relation to produce varieties, availability and volumes.

Furthermore, the Univeg Group believes that the strong global sourcing presence, combined with the strategically complementary services, offered through the extensive network of European service and distribution centres, enables responding to the increasing importance customers ascribe to value-added services. This degree of vertical integration also facilitates the monitoring of the entire value chain, helping to respond to the rising demands of customers in relation to traceability, quality and food safety. Moreover, the Univeg Group’s global reach equips the organisation to serve the rising interest in the origin and method of production of fresh produce, and to work closely with stakeholders to improve environmental, social and economic sustainability, particularly with growers in the development of sustainable agricultural practices.

* Long-standing relationships with its customer base

The Univeg Group believes that one of the key competitive strengths is the long-standing relationships it enjoys with the clients, which have provided a stable base for its revenues. In 2014, for example, 73.2% of its total revenue came from the ten largest customers, all of whom have been customers for more than 20 years. The Univeg Group believes that the key to its success in building sustainable relationships with customers lies in the customer intimacy business model whereby services are tailored to the specific needs of each customer based on dedicated key account management, its knowledge of each customer’s historical consumption patterns for all important product categories and the strong sourcing, logistics and distribution capabilities, which provide greater flexibility in the alignment of product supply with changing customer demand.

* Significant logistics and distribution capabilities

Strong logistics and distribution capabilities in Europe enable the Univeg Group to operate a vertically integrated business model over the entire value chain from production to delivery. Here the operation uses technologically advanced infrastructure in key import hubs in The Netherlands, Belgium, Germany and Italy. The Univeg Group operates a network of 32 service and distribution centres, where it provides value-added services, such as storage, ripening, order picking and customer label packaging, before distributing produce to customers. Such infrastructure would be costly and time consuming for a new entrant to the market to establish.

The national and international transport and logistics operations in Belgium, Poland, Portugal and Bulgaria deliver logistics services to food retailers for fresh, chilled and frozen food products. The Univeg Group transports a total of 10,000 pallets daily throughout Europe, either using the own fleet of high-quality vehicles or through external service providers. In addition, these operations provide logistics services for other Univeg Group entities and third party customers, including storage, order picking, packing and repacking, packaging return and crate washing. Covering the entire value chain in this way helps to service, retain and attract large international food retailers by providing them with a bespoke offering of products and services. The logistics capability is often a catalyst for creating new or strengthening existing customer relationships as food retailers who typically seek out logistics solutions first when entering new markets.

* + - 1. Value chain

The Univeg Group operates a vertically integrated business model over the entire value chain from production to delivery for both fruit and vegetables and flowers and plants.

* Production

Strong sourcing presence is held in Europe’s most important horticultural countries, such as Spain, Italy and The Netherlands, where it works with growers and grower cooperatives to aggregate pack and export fresh produce daily. Through relationships with third-party growers, the fruit sales, marketing and distribution agreement with TFFG and the fruit and vegetables marketing and agency agreement with the Argentinean Operations, the Univeg Group is able to complement the European sourcing capabilities with overseas products to ensure the delivery of high quality products all year round. The main overseas production is located in South Africa and South and Central America. The Fruit Farm Group and Orchard Invest are both subsidiaries of DWB operating wholly or majority owned production and sourcing companies.

* Export logistics

The Univeg Group has an extensive logistical infrastructure for its exports involving transportation from local farms and production facilities to nearby ports for international shipping as long- or short-haul freight. Its fresh produce is shipped to third party importers or the Univeg Group’s own import hubs strategically located across Europe in The Netherlands, Belgium, Germany and Italy.

* Inbound logistics

Once fresh produce reaches Europe, it is either transferred to the Univeg Group’s distribution hubs, located close to all major European fruit ports, or directly shipped into its distribution network across Europe.

* Distribution centres

The Univeg Group operates a network of service and distribution centres where it stores, ripens and packs produce, as well as performs quality assurance tests. Key account management and administration is handled by account managers and staff at these service and distribution centres or, in some cases, at its central office in that particular country, for example, its Bremen office in Germany.

* Outbound logistics

At the final stage of the value chain process, the Univeg Group delivers the products in a temperature-controlled environment directly to its customers’ stores or, in some cases, to their own distribution centre network. Such delivery occurs either by owned fleet of vehicles or external service providers.

* + - 1. Contractual framework

*General*

The Univeg Group has not entered into any framework agreements with and does not receive fixed advance orders from the vast majority of its customers, but instead relies on regular (often daily) orders and seasonal planning agreements in line with historical consumption patterns based on its long-standing experience with these customers. Changes in the strategies or purchasing patterns of the Univeg Group’s customers may adversely affect the Univeg Group’s sales as the Company may not be in a position to sell the surplus produce or otherwise hedge its position since it can have longer-term obligations towards the growers from whom it sources the produce. Such changes in strategies or purchasing patterns are made easier by the fact that the Univeg Group and substantially all of its largest customers do not operate on the basis of formal contractual arrangements, which allows these customers to terminate their relationship with the Univeg Group or a then-current supply order at will.

With certain of its wholesale and retail customers, the Univeg Group has entered into framework agreements. Under these agreements the Univeg Group supplies fresh produce, sourced from third party growers, The Fruit Farm Group, the Argentinean Operations or on the spot market, to its customers. The customers place orders with the Univeg Group during the term of the agreement. There are generally no minimum purchase obligations but, in certain cases, customers will commit, on a best efforts basis only, to a purchase volume on an annual basis. In some instances, the Univeg Group is the exclusive supplier of certain fruits and vegetables. The prices under the orders placed by the customers are generally aligned with the prevailing spot market prices at the time of confirmation of the order by the customer. The agreements are typically in effect for one- or two-year terms, though longer agreements of up to four or five years are not uncommon.

The Univeg Group has also entered into logistics agreements with certain customers. Under these agreements the customer’s fruits and vegetables suppliers deliver to the Univeg Group’s warehouse where the customer’s supplies are centralised. The Univeg Group is responsible for the warehouse management (unloading, storage (including frozen products), and loading) and the transport of the supplies to the customer’s premises. The customer typically remains owner of goods stored in the Univeg Group’s warehouses, but the Univeg Group is liable for damage or losses occurring while the goods are under its custody, until the time of delivery. The price is typically a combination of rent for the warehouse, a handling fee for the warehouse management of the products belonging to the customer and transportation cost. The agreements are generally in effect for a one-year term with tacit renewal, though longer agreements are not uncommon.

The Univeg Group’s activities concentrate mainly on sourcing of imported produce; the sourcing of products to be sold in the markets where they are produced (or “local to local sourcing”) is not a core activity of the Univeg Group. Since the price of produce is generally fairly consistent across the market at any given point in time, optimisation of logistics costs and other value-added services is often one of the variables that distinguishes the Univeg Group from its competitors and which customers (current or prospective) focus on. The Univeg Group contracts the vast majority of its transport activities through third parties.

*Crop Financing (or seasonal advances)*

In addition, the Univeg Group grants crop financing or pre-seasonal advances to its third-party growers, TFFG and Orchard Invest’s Argentinean Operations. In turn, TFFG and the Argentinean Operations also grant crop financing or pre-seasonal advances to their third-party grower relationships.

Under the crop financing agreements the supplier commits to supply part of its harvest to the Univeg Group (or to the Argentinean Operations or TFFG as the case may be) for marketing and on-sale. The advance of a certain portion of the price payable by the Univeg Group for that harvest is secured by a pledge in respect of the crop through the assignment to the creditor of the supplier’s claims against any exporting agents, fruit marketing agents and any other purchasers of its products, both present and future. The advanced amount is calculated based on the expected harvest of the supplier for that season, and is usually less than the value of the goods shipped to the Univeg Group.

Repayment of the advanced amount occurs by allowing the Univeg Group, prior to paying the balance to the supplier, to deduct from the net proceeds it receives for the marketed and on-sold harvest, a contractually agreed amount. If any part of the advanced amount is not repaid by the agreed time, the supplier is required to pay the balance in cash, although it is more common that the grower repays such financing in arrears, in the form of produce.

To improve risk and cash management, the Univeg Group has put in place guidelines on approval requirements with respect to advances provided to growers/suppliers (the ***Grower Advance Policy***), which sets forth the criteria on the basis of which members of the Univeg Group are entitled to provide advances to suppliers (and includes guidelines as to when security interests have to be taken). Depending on the risk assessment (which is a function mainly of the aggregate exposure and the duration of the loan), local management can take this decision autonomously or, in some cases, are required to first obtain the approval of the Univeg Group’s central management.

*Sourcing*

The Univeg Group currently obtains most of its supply from outside sources, of which approximately a quarter is sourced from the spot market and the remainder from third party growers.

Except for its long-term supply agreements with the Argentinean Operations and The Fruit Farm Group, the supplier base is highly fragmented. Accordingly, the Univeg Group has entered into a large number of supply agreements with suppliers from all over the world to be able to supply fresh fruits and vegetables on a year-round basis. Under the supply agreements, the Univeg Group typically sources its fresh produce directly from growers during a term which coincides with the season of the particular product. For overseas suppliers, different terms of delivery are used on the basis of the so-called International Commercial Terms or ‘Incoterms’ such as ‘Free on Board’ (FOB) and ‘Cost, Insurance and Freight’ (CIF).

The Univeg Group’s supply is often done on a “free consignment” or a “minimum guaranteed price” basis.

Under the “free consignment” model, the third-party grower transfers the fresh produce to the Univeg Group for sale by the Univeg Group to its customers. The Univeg Group (after having, in some limited cases, made certain cash advances to the grower (see “Crop Financing” above) goes on to sell such produce to retailers on a reasonable efforts basis to sell it at the best price on the market. Upon sale, the Univeg Group transfers the proceeds for the sale of the produce (*i.e.*, net of the costs of any other services provided by the Univeg Group to the relevant retailer) to the grower after deduction of any prior advances made and a commission (typically around 8%).

The “minimum guaranteed price” model is a variation of the free consignment model. Under the “minimum guaranteed price” model, the grower transfers the fresh produce to the Univeg Group for sale by the Univeg Group to third parties, but is guaranteed to receive a certain minimum price agreed in advance with the Univeg Group.

Other models used by the Univeg Group include:

* “back-to-back” transactions, through which the Univeg Group buys products on the market for them to be resold within a short space of time to retailers which have already agreed to buy them;
* the “cost plus” model, under which the produce is typically to be bought on behalf of the Univeg Group’s customer from suppliers determined by that customer and at the price range negotiated by that customer. The Univeg Group adds certain pre-agreed costs of goods sold, for example the cost of certain value-added activities, and a pre-agreed margin (which varies depending on the customer) calculated on the aggregate of the purchase price for the produce and the net costs invoiced with it;
* a “fixed percentage margin” model, which is a variation of the cost plus model. The margin on the specified costs of goods sold is agreed in advance (for an entire season or for a shorter period of time), though often subject to final adjustments after the product is delivered; and
* “per box pricing”, which model is used the Univeg Group’s ripening services, according to which the Univeg Group is paid a certain fee for each box of product ripened

The terms of the sales to third parties are typically determined by the Univeg Group on a decentralised basis (*i.e.*, per local market), although, in particular cases, a minimum guaranteed or fixed price is imposed by the grower (payable often in two stages: one part upon confirmation of shipment and the balance upon completion of the quality control after unloading). The question of which party bears transportation and loading risk, insurance cost, sea freight and European inland costs (terminal handling charges, transport of the container to the warehouse, custom clearance, etc.), is negotiated on a contract-per-contract basis.

* + - 1. Quality management

Effective quality management throughout the supply chain is at the heart of the Univeg Group’s strategy to build long-lasting, sustainable relationships with its customers. To this end, the Univeg Group has in place a quality management policy, the implementation of which is overseen by the Quality Management Coordination Unit (***QMCU***) based in Bremen which coordinates with and supervises the Univeg Group’s technicians and growers to develop quality management standards and solutions. The QMCU is also able to provide guidance when local quality management personnel need to interact with the customers’ technicians on these issues. Whilst the quality management policy is a group-wide policy, it has been developed — and is continually tested, refined and coordinated — according to the particular regulations and customs that prevail in the countries in which the Univeg Group operates. Because the Univeg Group develops a variety of standards for its different industrial processes, it is independently certified according to several external standards (although all of the Univeg Group’s European facilities are certified according to the requirements of the British Retail Consortium (BRC) or International Food Standard (IFS)).

* + - 1. Research and development

Innovation is essential to improving the quality of the production processes and of products, thereby facilitating differentiation from competitors. The Univeg Group is actively involved in testing, evaluating and promoting new technologies and techniques. In particular, the Univeg Group is focused on creating new product varieties, working with industry experts to develop shelf life extension and quality monitoring technologies and developing packaging technology.

* + - 1. Intellectual property

The Univeg Group supplies its fresh produce under three types of brands: (i) its customers’ private labels; (ii) suppliers’ labels; and (iii) the Univeg Group’s own trade brands. The Univeg Group predominantly supplies its fresh produce under its customers’ private labels because of the strategic value its customers gain from such an arrangement and the segmentation that sub-brands provide. With respect to its own trade brands, the Univeg Group owns registered trademarks for [Alara], Fresh Surprise, Happy Tree, BioTree, Campesita, Ready Green, Royal Coast, Apfel Büdel, Atlanta Fruct Akademie, Banaflor, Banaloco, Benny Banane, Biolé, Black Sensation, Follow the Sun, Freche Früchtchen, Mandarina’s, Gold Sensation, Green Sensation, Hameico, Öko-Frucht, Iss Mich, Maya, Pink Sensation, Pino, Pomme D’Amour, Red Sensation, Reif & Lecker, Verano, Sunburst, Kiwi Karrier, Peachliscious, Plumliscious, Nectaliscious, Katopé, Cobana, 1x1, Qualifruit Premium, Casteel’s, DWB, De Weide Blik Coördinatiecentrum, Forestière, Legumex, Novaveg Logistics, Sweet Surprise, Univeg, Univeg Cycle of Freshness, Fairclass, Fairclass bio, Captain Applehead, Apfel Liebe, Univeg Profi Line, Univeg Fruchtakademie, Prinzessin Pearella, Soul Fruit, Tradition, Bakker, Ijssel Crop, Green Pack, Wkaki, Holland Crop, Buitenbeentjes, Autumn Gold and White Tiger. Some of these trademarks are trademarks registered internationally with the World Intellectual Property Organisation, the Benelux Office for Intellectual Property or the EU Office for Harmonisation in the Internal Market, while others are registered locally in countries where the Univeg Group is active.

* + 1. Principal activities and markets
       1. Customers

The Univeg Group supplies 19 out of the 20 largest food retailers in Europe. In the financial year ended 31 December 2014, 73.2% of the Univeg Group’s total revenues came from its ten largest customers, all of whom have been its customers for more than 20 years.

* + - 1. Products

*Fruit and vegetables*

The Univeg Group is a vertically integrated world leader in the sourcing and supply of high-quality fresh and fresh-cut fruit and vegetables, supplying 19 out of 20 of the largest food retailers in Europe and many large food retailers in the United States. The fruit and vegetables division is the core business and generates the vast majority of its revenues, accounting for 95% (EUR 3,000,000,000) of the Univeg Group’s total revenue from continuing operations in the financial year ended 31 December 2014. The Univeg Group believes that the leading position in the global fresh produce market is partly a result of offering customers the most complete range of products. Its offering includes the following product categories.

* Tropical fruit: the supply of tropical produce (bananas, pineapples, papayas, small exotics) and sub-tropical produce (mangoes and avocadoes), is one of the cornerstones of the Univeg Group’s business, representing 30% of the Univeg Group’s Fruit & Vegetables revenues in the financial year ended 31 December 2014. The strength in this product category lies not only in the supply of products but also in the ripening of certain products (bananas and, to a lesser extent, avocadoes and mangoes). Management estimates that the bananas ripened for all customers combined with the bananas ripened on behalf of third parties makes the Univeg Group one of the largest fruit ripening businesses in Europe, ripening an estimated 10% of the bananas consumed in Europe with approximately 500 24-pallet ripening units located across Europe.
* Vegetables: the Univeg Group offers its customers a wide range of fresh vegetables across all major product lines, including tomatoes, peppers, cucumbers, mushrooms, carrots and cabbages. Sales of vegetables represented 28% of the Univeg Group’s Fruit & Vegetables revenues in the financial year ended 31 December 2014.
* Deciduous fruit: the Univeg Group is a leading global supplier of a broad range of apples, pears, kiwis and grapes, growing and procuring these fruits from both northern and southern hemisphere suppliers year-round. Argentina, Chile, South Africa and New Zealand are the primary sources of procurement in the southern hemisphere. In the northern hemisphere, production predominantly takes place in Spain, Italy, Greece and Turkey. Grapes are a particular strength of the Univeg Group in this product category due to strong sourcing capabilities in South America and South Africa. Sales of deciduous fruit represented 16% of the Univeg Group’s Fruit & Vegetables revenues in the financial year ended 31 December 2014.
* Citrus fruit: the Univeg Group supplies the full range of citrus fruits including oranges, grapefruits, lemons, limes and easy-peelers, *i.e.*, tangerines, clementines, mandarins and tangelos. To meet the year-round demand for citrus fruits, the Univeg Group sources produce from both hemispheres. The southern hemisphere is the Univeg Group’s largest source of novel varieties and high quality citrus. Sales of citrus fruit represented 10% of the Univeg Group’s Fruit & Vegetables revenues in the financial year to 31 December 2014.
* Stone fruit: the Univeg Group works with growers around the world whom the Company believes to be one of the leaders in stone fruit production to help ensure continuous delivery of a wide variety of stone fruits, including cherries, peaches, apricots, nectarines and plums. Sales of stone fruit represented 6% of the Univeg Group’s Fruit & Vegetables revenues in the financial year ended 31 December 2014.
* Fair-trade and organic products: the fair-trade market is becoming increasingly important for the Univeg Group. The supply fair-trade and organic produce is sourced from around the world into a number of its key markets and customers, mainly into the United Kingdom, The Netherlands and Germany. Sales of fair-trade and organic produce represented 4% of the Univeg Group’s Fruit & Vegetables revenues in the financial year ended 31 December 2014.
* Dried fruit: its Group supplies high quality dried fruit to leading food retailers, mainly in the United Kingdom and Germany. Sales of dried fruit represented less than 4% of the Univeg Group’s Fruit & Vegetables revenues in the financial year ended 31 December 2014.
* Pre-cut vegetables and herbs: the Univeg Group is present in the pre-cut vegetables and herbs market in Belgium, where the Company estimates having a significant market share and is delivering to many major food retailers. The product range includes fresh-cut vegetables, fresh-cut salads and salad bowls. Sales of this product category represented 1% of the Univeg Group’s Fruit & Vegetables revenues in the financial year ended 31 December 2014.

*Flowers and plants*

The Univeg Group supplies a range of flowers and plants, including cut flowers, potted plants and plant arrangements, to supermarkets, home improvement stores and garden centres in Germany and the United Kingdom. Flowers and plants are cultivated by the Univeg Group for a portion of this division’s total sales volumes; however, the majority are sourced from third party suppliers. The flowers and plants division represents 3%, or EUR 99,430,000 of the Univeg Group’s revenues from continuing operations in the financial year ended 31 December 2014.

* + - 1. Geographical footprint

The following table sets forth a breakdown of revenues for top five end sales markets:

|  |  |
| --- | --- |
| *(EUR in millions)* | **Year ended  31 December**  **2014** |
| Germany | 1,465.3 |
| The Netherlands | 700.2 |
| Belgium | 294.7 |
| United Kingdom | 232.7 |
| France | 103.2 |
| Other | 374.6 |
| **Revenues from continuing operations** | 3,170.7 |

* + - 1. Industry overview

Certain of the industry information provided in this Section is based on or taken from publicly available sources and has not been independently verified by the Univeg Group. In this Section, statements regarding industry outlook, trends and future product development, as well as other non-historical statements, are forward-looking statements that are subject to numerous risks and uncertainties. See “Information Regarding Forward-Looking Statements”, “Industry data, market share, ranking and other data” and Part II (*Risk Factors*).

*Overview*

The global fresh produce market is comprised of various crops and foods, of which the fruit and vegetables category forms an integral part. In particular, fresh fruit and vegetables is a key product category in the food retail sector. This category has proven to be more resilient than many other product categories in the food retail sector over the course of the global economic downturn in terms of volumes sold in Europe.

The Univeg Group believes that the fresh fruit and vegetables category is important for food retailers for the following reasons:

* it generates high consumer traffic because fruit and vegetables have a short shelf life compared to other product categories and need to be purchased relatively frequently;
* in terms of gross margin per square meter, it is a higher profit category compared to other product categories;
* it has a high inventory turnover and requires a low amount of working capital relative to other product categories;
* it is a sector that provides significant opportunity to differentiate based on quality, as there are almost no standard-branded products; and
* it is increasingly becoming the image and loyalty builder as many shoppers choose their favourite store (amongst other criteria, such as location) on their judgement of the fresh produce section.

Because of the above, the Univeg Group believes that retailers carefully select suppliers with broad capabilities in order to help them successfully compete against other retailers for the best fresh produce section.

The fresh fruit and vegetables consumed in Europe consist of:

* locally-grown produce (either outside or in temperature-controlled environments such as greenhouses);
* products imported from other European countries;
* tropical fruits sourced from the main equatorial growing countries; and
* off-season produce, sourced from the Southern Hemisphere to meet consumer demand for year-round availability.

In contrast to ambient or frozen food products, fresh fruit and vegetables have a short lifespan between harvest and consumption, particularly as a result of the importance consumers (and therefore food retailers) ascribe to nutritional quality and superior taste. This tight supply chain, together with the variability in the size and timing of the annual crops, creates complexity, particularly when dealing with a broad basket of products. Dealing with this complexity through the process of contingency management is a central part of the value proposition to food retailers.

Key activities undertaken by participants in the market for the supply of fresh fruit and vegetables include growing, sourcing or purchasing crops, transportation, storage or warehousing, ripening, processing and packaging, sales and distribution. Suppliers participate to a greater or lesser extent across the various parts of the value chain depending on their size, strategy and level of vertical integration. Increasingly, in response to customer and consumer demands for transparency, they are required to demonstrate knowledge and traceability across all sections of this value chain.

*European fresh fruit and vegetables market*

The core market is Western Europe, in the financial year ended on 31 December 2014, the EU fruit market and the EU vegetables market were estimated at approximately EUR 43,000,000,000 and EUR 47,000,000,000 respectively at the wholesale level.

The EU fruit and vegetables market over the last ten years has exhibited limited sensitivity to changes in general economic conditions. While the per capita consumption of fruit and vegetables is stagnating to slightly negative depending on the country, the addition of higher value-added products to the product portfolio of suppliers and consumers’ growing expectations for health and environmental sustainability are contributing to market growth

*Sourcing and supply chain*

The Univeg Group estimates that more than half of fresh produce consumed in Europe is locally sourced in the country where it is consumed, approximately a quarter is imported from within the EU and the remainder is sourced from outside the EU. Imports from outside the EU are either tropical products or off-season supply from the Southern Hemisphere. In countries located in Northern Europe, as well as in the fruit category generally, imports play a bigger role. In the Univeg Group’s largest market Germany, for example, only 35% is locally sourced. However, European production levels have been declining as returns (especially with respect to greenhouse production) have been considered unattractive by growers.

Depending upon their degree of vertical integration, suppliers source their produce from owned farms or from local farmers or cooperative groups in growing areas, from importers based in the major Western European import hubs or from regional or local distributors. Sourcing across these various levels of the value chain helps to ensure continuity of supply, competitive prices, year-round availability and supply of specialty products.

The ability to source fruit and vegetables globally in order to supply tropical and off-season varieties is a significant competitive advantage for larger suppliers. In addition, suppliers are increasingly required to demonstrate complete transparency throughout the supply chain to accommodate customers’ needs for traceability and direct affiliations with growers and consumer demand for verifiably sustainable and socially responsible growing.

Depending upon the demands of retailer customers, suppliers participate in storage or warehousing, ripening, processing and packaging activities. Increasingly, in the modern trade, larger suppliers are becoming highly integrated into their customers’ own supply chains with a high degree of customer intimacy and category captaincy roles. This degree of integration provides a basis to further grow sales and improve margins at existing customers and makes the supplier-customer relationship more collaborative encouraging mutual dependence.

*Customer Label Dominates*

While consumer brands do exist and command premium prices (examples being Chiquita, Zespri, Pink Lady), by far the majority of fruit and vegetables sold are unbranded or sold under food retailer brands. There is a steady increase in the volumes of fresh produce being packed and labelled under food retailer brands. This growth is driven by the desire of food retailers to:

* offer a distinct product;
* use the strength of their brand to generate loyalty among consumers; and
* use sub-brands to clearly segment their offering, for example, value, family, premium, organic, sustainably grown and regionally grown.

Using their own brand is a powerful tool for food retailers but their reputation is at stake. This trend benefits large players as the implementation of these policies requires longer-term program commitments from the food retailers and supply in accordance with rigid product specifications and flexible packing capacities by suppliers.

Large suppliers carry products under their own labels which are recognised in the industry, although not by consumers, and which also command a price premium because of their reputation for consistent superior quality. The Univeg Group’s best known brands are Alara (cherries), Happy Tree (apples and pears), Seald Sweet (citrus) and Katopé (avocadoes) brands. Trade brands are particularly important for gaining entry into developing markets.

*Current trends and growth drivers in the European fruit and vegetables market*

The Univeg Group believes that the current trends will lead to a consolidation of the industry and support the growth of large players such as the Univeg Group with both broad sourcing and service capabilities. The Univeg Group believes that the current trends and growth drivers in EU fruit and vegetable markets are as follows:

* Health concerns

The continued rise in obesity, coupled with an ageing population and sedentary lifestyles, particularly in the Western world, means that consumers of all ages and governments are increasingly concerned about health. In addition, increasing awareness of the nutritional benefits of fresh food and gradually evolving eating habits, including vegetarianism and declining consumption of heavily processed food, support the continued growth of the fresh produce category. From a public policy perspective, awareness is being raised of the benefits of consuming healthy, unprocessed foods. The European Commission, for example, has for the past six years run an EU-wide scheme to encourage healthier eating habits amongst school children, with more than 10,000,000 children in participating Member States receiving portions of fruit and vegetables in school.

* Environmental issues and sustainability

Global economic conditions in recent years have influenced attitudes towards the wasting of resources such as food and energy, with particular attention being given to food waste reduction. A recent UN report on food waste indicated that 1,300,000,000 tons of foods are wasted each year globally, produce which occupies 1,400,000,000 ha of land or 30% of the world’s agricultural land area. Industry participants have begun to respond to this challenge. Ethical considerations have also become part of the buying decisions of consumers, who seek assurances that the products they buy are produced in a safe, healthy and fair environment. Suppliers are increasingly expected to demonstrate that its products are sourced from socially responsible partners using sustainable agriculture. Pesticide residues are monitored and fair trade and organic certifications are gaining momentum.

* Increasing sourcing and supply chain complexity

The trade of fresh produce (especially fruit) is changing profoundly. The main cause is that developing continents such as Asia, the Middle East and South America are absorbing an increasing share of the world’s traded fruit. Also, traditional export countries such as China and Brazil are retaining more of their own production for domestic consumption. These effects are changing the global supply-demand balance and impacting the way the Univeg Group manages its relationships with its grower partners who have a wider choice of markets in which to offer (through suppliers like the Univeg Group) their produce. The regulatory environment, including import restrictions, is constantly evolving.

* Developments in product specifications

Its customers require ever higher standards of its products. Suppliers are required to demonstrate traceability to origin, submit to ongoing supply chain audits and to verify quality and food safety. Consumers’ familiarity with different types of fruit and vegetables is increasing due to exposure to other cultures through migration, overseas travel and mass media, leading to demand for new varieties and increased range. The year-round availability of staple products is a basic requirement. Also, its customers increasingly demand value-added services, including “ripe and ready” for sale, private label packaging, higher quality control, etc.

* Marketing and sales process more demanding

Suppliers are increasingly invited to participate to a greater degree in helping its customers sell fresh produce to the shoppers. This is done by developing category management strategies, in which food retailer and supplier jointly plan the business (assortments, prices, promotional planning, etc.). In this relationship, the supplier provides its know-how on products, annual crop statistics and timing and the food retailer its know-how on its consumer base. As a result, suppliers are able to tailor their offerings to changing eating habits, household composition and demand for a variety of packaging formats and, in doing so, become further integrated into customers’ supply chains and systems.

* Convenience

Consistent with trends in other food and beverage categories driven by consumer lifestyle changes, including on-the-go eating, smaller households and the desire for less preparation time involved in meals at home, food retailers are demanding varied packaging and a higher degree of processing or value-add from their suppliers of fruit and vegetables. The ability to meet demand for flexible, informal eating as well as ready-prepared ingredients which allow consumers to save time, together with a high degree of integration into customer supply chains and purchasing decisions, are key differentiators and sources of competitive advantage for larger suppliers.

* + - 1. Competition

The global fresh produce market in which the Univeg Group operates is highly competitive, particularly as a result of the short lifespan of the products and the fact that they are, for the most part, traded on a ‘customer label’ basis and therefore cannot be differentiated from competitors’ produce in the eyes of consumers on the basis of their branding. The market is also fragmented and the Univeg Group therefore compete against a broad range of market participants.

On an international scale, the Univeg Group competes primarily with multinational companies focused on bananas and tropical products such as Dole, Chiquita, Fresh Del Monte and Fyffes. However, the Univeg Group considers Total Produce to be the main global competitor, despite being active in other markets, operating a distribution network of a size comparable to the Univeg Group. In the financial year ended 31 December 2014, the Univeg Group generated revenues of EUR 3,300,000,000. In the same period, only Dole generated higher revenues of USD 4,800,000,000 (approximately EUR 3,600,000,000), whereas Fresh Del Monte, Total Produce, Fyffes and Chiquita each generate lower revenues.

Due to the absence of public information of Dole, as the company is no longer listed as of the financial year 2013, revenue figures from Moody’s Investors Service have been considered. On 6 January 2015, Chiquita was acquired pursuant to a merger agreement with Cavendish Global Limited, an affiliate of the Cutrale-Safra group. As the Cutrale-Safra group has not published financial information showing the impact of the acquisition of Chiquita, revenue figures from Moody’s Investors Service have been considered as well.

The Univeg Group believes that the ability to combine its strong global sourcing presence with strategically complementary services offering through the large network of service and distribution centres in Europe is what differentiates the Univeg Group from its main global competitors. The Univeg Group also believes being well placed relative to the largest global competitors because of the intimate relationships developed with customers through the ability to combine the dispersed geographical footprint with a decentralised and concentrated focus on customer relationships. This provides the agility to respond to the increasing complexity of the supply chain, particularly the rising demands of customers in relation to produce varieties, availability and volumes.

Aside from these multinational companies, the Univeg Group has other competitors in other segments. The Univeg Group competes across product categories against companies with a particular focus on a specific product, for example Driscoll’s specialising in berries, and against companies at other stages of the value chain such as production and importing and exporting, for example Anecoop in Spain and Capespan in South Africa. The Univeg Group also competes against marketing companies of local produce cooperatives such as The Greenery in The Netherlands, Landgard in Germany and Blue Whale in France, as well as local wholesalers without sourcing operations in countries of origin.

The Univeg Group believes having a competitive advantage over these smaller industry players because of the scale and degree of vertical integration, being uniquely positioned to service, retain and attract large international food retailers, many of whom have been expanding their operations and are therefore in increasing need of suppliers that can service their global fresh produce demand with a bespoke offering of products and services.

The Univeg Group expects the global fresh produce industry to remain highly competitive and to undergo a period of consolidation.

* + 1. Property, plants and equipment

To execute the fully integrated business model, the Univeg Group has multiple service and distribution facilities spread across all markets where the Univeg Group is active. The vast majority is located in the key markets, being The Netherlands, Belgium, Germany, Italy, the United Kingdom and the United States. Depending on the customer requirements and market specific situation, adequate equipment and installations are available to offer the optimal service level.

In total, the Univeg Group operates a network of 40 technologically advanced service and distribution centres, covering more than 380,000m². All of them are temperature controlled enabling optimal storage and handling conditions to guarantee excellent quality for the products handled.

With almost 500 ripening rooms and 200 packing lines, the Univeg Group is a major player in the fruit and vegetables services business.

The following table sets forth the key locations as at 31 December 2014.

| **Country** | **Number of sites** | **Offices (m²)** | **Leased (L) / Owned (O)** | **Warehouses (m²)** |
| --- | --- | --- | --- | --- |
| Belgium | 5 | 5,837 | L | 47,035 |
| The Netherlands | 3 | 6,098 | L | 82,664 |
| Germany | 14 | 12,650 | O/L | 91,506 |
| Austria | 1 | 1,000 | O | 5,000 |
| Spain | 3 | 971 | O | 18,573 |
| Italy | 1 | 1,700 | L | 5,882 |
| France | 2 | 1,670 | L | 7,738 |
| The United Kingdom | 3 | 1,588 | O | 15,594 |
| Poland | 2 | 2,593 | L | 32,519 |
| The United States | 2 | 1,300 | L | 6,295 |
| Czech Republic | 1 | 300 | L | 7,500 |
| Bulgaria | 1 | 612 | L | 7,969 |
| Portugal | 2 | 400 | L | 17,648 |

* + - 1. Germany

In Germany a wide network (14) of service and distribution centres is operated. All of them have, besides a distribution function a wide range of added value services equipment and installations available. With more than 300 ripening rooms, the Univeg Group is the major player in the German market in offering ready-to-eat products. Not only bananas are ripened, a growing volume of other products (avocadoes, mango) are offered ripened to the retailers. Also a wide range of state of the art packing and sorting equipment is available to enable to offer any kind of packing form (a.o. trays, bags and flowpacks) for the full product range. The full coverage of the German region enables transport and distribution optimisation towards German customers.

* + - 1. The Netherlands

The area is equipped with three major warehouses totalling almost 90,000 m². Besides the pure distributions functions (storage, order picking, etc.) there are also several ripening and packaging facilities present. As The Netherlands are a main entry point for oversees products, an adequate and large cold storage capacity is present to handle overseas products at arrival. These facilities enable as well the necessary volume bundling to realise optimal use of transport to final customer destination.

* + - 1. Belgium

The operations in Belgium are done in multiple sites focusing on specific customer oriented activities. Besides the usual fruit and vegetables handling, in Belgium there is a fully equipped state-of-the art production facility for fresh cut salads. This is fully integrated with a packing and distribution facility. In Belgium, the Univeg Group performs for some customers pure transport and logistics activities, there is a 22,000 m² facility specialised in storage, order picking, cross docking and distribution.

* + - 1. France

A warehouse of 7,455 m² is located in the site of Rungis, not far from the early-market where France also leases 283 m² of warehouse space to trade fruits and vegetables The French operations have at their disposal 24 ripening rooms, packing lines for avocadoes, a flowpack line for bananas and net packing line for citrus. Not only bananas are ripened, but also other products (avocadoes, mango) are offered ripened and packed to the retailers. France is the main importer of lychees from Madagascar and South-Africa, but is also known for trading of other exotics, bananas, citrus, off-season and local products.

* + - 1. United Kingdom

From the three sites operated, two are dedicated to fruit and vegetables and one to flowers. Both the fruit and vegetables operations are located in Spalding, Lincolnshire, being the central area for fresh produce business in the UK. One site is dedicated to apples and pears, and has capacity to store (long and short term cold storage rooms) and has several packing lines (including a grader) to pack according customer’s specifications. It also operates two ripening rooms for pears. The other one is dedicated for tropical, stone fruit and deciduous. Fruit is stored, repacked and ripened in nine ripening rooms for stone fruit and tropical fruits. The operation dedicates a separate area where all the nuts and dried fruits are stored and repacked. The third site is located in Cornwall, and includes cold storage rooms and packing area to handle all the cut daffodils, as well as an area to treat and store bulbs.

* + - 1. Poland, Portugal, Bulgaria

As in these countries a big part of the activity is purely related to transport and logistics services, dedicated warehouses are in place. Not only do they offer a wide range of different temperature zones adapted to customer needs (including frozen warehouse), also huge storage capacity and a large number of loading docks are available. To guarantee minimal energy consumption level, those warehouses use the latest cooling technology. Also technical installations like air-blowers and fast-running doors are used to reduce waste of energy*.*

* + 1. Employees

The Univeg Group employs approximately 5,550 employees worldwide. In addition, the Univeg Group’s seasonal business depends to a large extent on interim labour. In this regard, the Univeg Group has entered into agreements with Alpha, Randstad and ASAP.be regarding the hiring of interim employees to cover its regular temporary needs for workers in relation to sorting, packing, ripening and warehousing of fruits, flowers and vegetables. Under the agreements, the Univeg Group can call upon the aforementioned agencies to provide it with interim labour on demand. Notwithstanding the existence of these agreements, the Univeg Group is exposed to risks associated with the potential loss of or inability to attract temporary workers.

|  |  |
| --- | --- |
| *(FTE - rounded)* | **31 December**  **2014** |
| Direct | 2,500 |
| Indirect | 1,400 |
| Temporary workforce - direct | 1,550 |
| Temporary workforce - indirect | 100 |
| **Workforce** | **5,550** |

The Univeg Group maintains defined contribution and defined benefit pension plans for its employees in certain jurisdictions such as Germany, the United States, Italy and The Netherlands. A defined contribution benefit plan is a post-employment plan under which the Univeg Group pays fixed contributions into a separate entity (a fund or insurance company) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employees service in the current and prior periods. The contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

* + 1. Organisational structure and chart
       1. Structure chart



* + - 1. Information on the subsidiaries

The most important subsidiaries of the Univeg Group are set out in the table below:

| **Name of the subsidiary** | **Shareholding (direct / indirect)** |
| --- | --- |
| Univeg Belgium NV | 100% |
| Ben Fresh NV | 51% |
| Fresh Transport NV (formerly European Food Transport NV) | 100% |
| Nova Veg Logistics NV | 100% |
| Univeg Holding B.V. | 100% |
| Univeg Fruitpartners B.V. | 100% |
| Univeg B.V. . | 100% |
| Univeg Trade Benelux B.V. | 100% |
| Univeg Finance B.V. | 100% |
| Univeg Nederland Exploitatie B.V. | 100% |
| Bakker Barendrecht B.V. | 100% |
| Univeg Katope France SAS | 100% |
| Univeg Germany Beteiligungs GmbH | 100% |
| UNIVEG Germany GmbH & Co KG | 94% |
| Pastari Gemusevertrieb GmbH & Co KG | 60% |
| Univeg Iberia SL | 100% |
| Univeg Iberia SCS | 100% |
| Univeg Trade Spain SA | 100% |
| Univeg Logistics Portugal SA | 100% |
| Univeg Trade Italia Srl | 100% |
| Winchester Growers Ltd | 100% |
| Univeg Katope UK Ltd | 100% |
| Univeg Trade Poland SA | 100% |
| Bakker Trans sro | 100% |
| Bakker sro | 100% |
| Mahindra UNIVEG Private Limited | 40% |
| Univeg Supply Chain Services B.V. | 100% |
| Grupo Yes Procurement Marketing SL | 50% |
| Univeg America Co | 100% |

See also Sections 2.2.2.1 and 2.3 of Part VI (*Operating and financial review*).

* 1. Peatinvest
     1. History

Peatinvest was incorporated on 1 October 1997 as a Belgian limited liability company (*naamloze vennootschap / société anonyme*) for an unlimited duration. The company is registered with the register of legal entities (Ghent, division Ghent) under number 0461.693.373. Its registered seat is situated at Skaldenstraat 7A, 9042 Ghent, Belgium.

Peatinvest is mainly active as holding company and service provider to its subsidiaries (such as marketing and IT (software and hardware), management, accounting and secretary advice and services). It also acts as commercial intermediary and marketing agent.

Peatinvest has eight subsidiaries in four different countries. Peatinvest’s Belgian subsidiaries are Peltracom NV, Agrofino Transport BVBA and Norland SA, the French subsidiaries are Humuland SAS and Peltracom France SAS, the Latvian subsidiaries are Misas Kudra AS and Enavas SIA and the Polish subsidiary is Hollas Spółka z ograniczoną odpowiedzialnością.

All these subsidiaries are fully owned (directly or indirectly) by Peatinvest, except for Misas Kudra AS which is held by Peatinvest at 99.26% with the remainder being held by private individuals.

* + 1. Pre-transactional share capital and main shareholders

Peatinvest was acquired by Deprez Holding NV in 2004. At the date of this Prospectus, Peatinvest is held for about 95.12% by Deprez Holding, which is itself controlled by Mr Hein Deprez and for about 4.88% by Peatinvest’s management.

Peatinvest was incorporated with a share capital of EUR 61,973 represented by 2,500 shares without nominal value. The capital was increased and decreased on several occasions. The capital increases took place between 2003 and 2010 and relate amongst other things to contributions in kind of shares in Peltracom Potgrond Divisie NV and shares in Jamapeat NV (29 January 2003) (these entities are now merged with Peatinvest), contributions in cash and incorporation of the reserves (19 February 2003), a merger with Agrofino Holding NV (4 July 2005), a contribution in kind of the shares Peltracom France SAS (12 July 2005), a merger with Peltracom Potgrond Divisie NV (9 October 2006), a contribution in kind of receivables (18 December 2007) and incorporation of the reserves (26 August 2010).

The share capital of Peatinvest currently amounts to EUR 26,000,000 divided into 15,570 registered shares without nominal value. The share capital of Peatinvest is entirely paid-up.

The current articles of association of Peatinvest do not provide for categories of shares or for any restriction to the free transferability of the shares. There are no shareholders’ agreements in place at the level of Peatinvest.

* + 1. Corporate purpose

The corporate purpose of Peatinvest is set out in article 3 of its articles of association and reads as follows (in translation from the Dutch original):

“*The company has as purpose, as well in Belgium as abroad:*

*A. Enterprise for the management of investments and estates.*

*B. The participation, in any form whatsoever, in the incorporation, development, transformation and control of all enterprises, Belgian or foreign, commercial, financial, industrial or other; the acquisition of any titles or rights by way of participation, contribution, subscription, purchase, call option, trade, or in any other way.*

*C. Intermediary in the trading, as broker in goods, the independent sales representative and as agent.*

*The company may carry out all commercial, industrial, financial and immovable transactions, for its own account as well as for the account of third parties which are of a nature to directly or indirectly facilitate the realisation of its corporate purpose, in Belgium as well as abroad.*

*It may co-operate with or participate, in any way whatsoever, in all enterprises or companies with the same, similar or related corporate purpose or of a nature to supply raw materials or to facilitate the sale of its products.*

*Such participation can take place by way of subscription to or acquisition of shares, contribution, merger, absorption, split or in any way whatsoever.*

*The company may also carry out the mandates of director or liquidator in other companies.*

*D. Enterprise trading in immovable assets, which includes inter alia the acquisition, the transfer, the management, the exploitation, the valorisation, the parcelling, the ordering, the rent, the lease, the having built or rebuilt, the procuration. Intermediary, the brokering and/or trading in immovable assets in its broadest sense, including immovable leasing.*

*E. The company can grant guarantees and pledge or mortgage immovable assets in respect of obligations assumed by third parties.*

*It can also pledge all its other assets, including its business, and grant security letters in favour of third parties.*

*The study of the size of the market of certain products, the product awareness and purchasing habits, with a view to the furthering of sales and the development of new products; the provision of advice and practical support to companies in connection with Public Relations and Communication; finding, selecting, referring and placing of personnel for the benefit of affiliated companies within the group: formulating of job descriptions, testing the suitability of applicants, retracing references, etc; the provision of advice and practical support to affiliated companies in the area of planning, organisation and efficiency and supervision, the providing of information to management, etc.; the provision of advice on sorts of computers (hardware) and their configuration and the application of related programmes (software): analysing of the needs and problems of the user and the offering of the best solution; the analysing, designing and programing and potentially selling of ready-to-use systems, including systems of automatic data – identification: development, production, delivery / assembly of documentation on standard or specialised programmes; the provision of advice relating to IT programmes; the provision of support relating to the application of programmes; the maintenance and repair of computers and ancillary equipment, including network management; the calculation of costs and benefits on the proposed measures in the area of planning, organisation and efficiency, etc.; general audit activities; the provision of advice to affiliated companies in the area of management; miscellaneous activities in connection with administration; translating services and interpreting; the provision of advice in connection with accounting and organisation of accounting services for the account of affiliated companies in the group; the opening, holding, centralising and closing of bookings, suited for the preparing of the financials, for the account of affiliated companies in the group, including consolidation bookings; the steno graphing; the performing of dactylography work; the performing of miscellaneous secretariat work; telephone answering for the account of affiliated companies in the group*.”

* + 1. Business overview
       1. Footprint

The Peatinvest Group is involved in the horticultural sector for 30 years. Its key products consist of a variety of growing media for gardening and growing, both for ornamental plants and for fruit and vegetable crops. Peatinvest supplements its key products with related products such as various mulching products (*e.g.,* wood chips, coconut shells, decorative bark, straw), decorative gardening products (slate stone mulch, expanded clay aggregate), wood pellets and charcoal.

The Peatinvest Group has nine sites in four countries (Belgium, France, Latvia and Poland) and around 330 employees. It owns, through its Latvian and Polish subsidiaries, 1,454 ha of peat fields in Latvia and Poland to guarantee the continuous supply of top-quality raw materials. It has an annual production of 1,500,000 m³ and supplies growers throughout the world with a wide range of substrates for growing plants, fruit and vegetables marketed under the Peltracom and Aura brand for the professional market and under the Agrofino brand for the hobby market. In addition, the Peatinvest Group produces peat, bark and soil improvers.

* + - 1. Strategy

The mission of the Peatinvest Group is to become a leading European, vertically integrated growing media producer. Building on its experience and know-how, it will continue to seek to sell an extensive range of highly qualitative and innovative solutions, both in terms of products and services, customised to its clients both in the B2B and B2C markets. It seeks to build long-term relations with its suppliers and customers since this optimises its customised, high-quality product approach. The Peatinvest Group seeks to produce and source its products with respect for people and the environment. In the next years, the Peatinvest Group will seek to grow organically in all of its current markets and continue to build on its long-term relationships with many of its suppliers, customers and dealers. It may also consider selected acquisitions where appropriate.

* + - 1. Value chain

The Peatinvest Group’s supply chain is vertically integrated in order to ensure a timely supply of the raw materials and to monitor their quality. This integration consists in the following main steps.

* Raw material sourcing

Most of the peat used in the production process is either extracted from peat bogs licensed to the Peatinvest’s subsidiaries in Poland and Latvia, or obtained from long lasting supply partners working closely with the Peatinvest Group.

The Peatinvest Group also imports specialty raw materials (such as Irish or German peat) from third parties, as well as bark, charcoal, wood pellets and other non-core products.

* Transport

The peat and other specialty raw materials are transported in bulk from extraction fields to the production plants either by small trains in Poland or by ship or truck to Western Europe. The specialty raw materials are also transported by ship or train to Western Europe.

* Production

Raw materials are then processed and screened in the Peatinvest Group’s production plants located in Belgium, France, Poland and Latvia before being assembled and mixed with various additives into growing media products according to the end customers’ needs, and packed for distribution to end customers.

* Distribution

The distribution of the products is then managed by the Peatinvest Group to the domestic, professional B2B-market by using Peatinvest’s own fleet of walking floor truck.

The consumer market (B2C) is supplied through subcontracted transport between the production plants (or any of the logistical platforms of the Peatinvest Group) and the distribution platform of the retailer.

* + - 1. Research and development

The R&D team of Peatinvest team is actively involved in the development of innovative and sustainable growing media to give growers the potential to differentiate in order to increase added value in the value chain of fruit and vegetables. Developing innovative substrates for growing fruit and vegetable in a sustainable way with respect for the environment (less water and energy and organic farming), local for local (urban farming); reducing the use of plant protection products leading to reduced use of pesticides and lower Maximum Residue Limits (MRL) values in the end product via integrated disease control. Moreover, the R&D team aims at giving growers the potential to differentiate via production methods in order to produce high quality, tasteful fruit and vegetable taking into account aspects such as a longer shelf life, local for local, higher yields per hectare, etc.

Other fields of research include developing biodegradable substrates for vegetables, deploying micro-organisms, research into the applicability of renewable local available raw materials such as compost or coconut and wood fiber and the use of new types of fertilisers and additives. Also with regard to the production technology much research is carried out in order to improve continuously the quality and the efficiency of the production. Further, know-how developed for professional B2B clients is also used in the development of products for the retail market and private labels.

The R&D team consists of approximately five full time equivalents centralising the research efforts and the contacts with research centres and universities.

* + 1. Principal activities and markets
       1. Customers

The Peatinvest Group generated 50.1% of its revenues from its ten largest customers as of and for the financial year ended 30 September 2014.

The Peatinvest Group focuses on both professional users (B2B) and non-professional users (such as hobbyists (B2C)) through garden centres and retail chains. The following table sets out the spread per market:

|  |  |
| --- | --- |
| **Market** | **Market allocation year ended 30 September 2014** |
| B2B | 36% |
| B2C | 64% |

*Professional users – B2B*

The Peatinvest Group sells its products to various professional users (B2B). These professionals use the growing media for growing ornamental plants (*e.g.,* floriculture and tree nurseries), fruit and vegetable production, young plant reproduction and urban landscaping (*e.g.,* green roofs, urban flowering). The Peatinvest Group offers clients access to its product knowledge to provide the best solution for the clients’ needs.

The B2B market is very customer-oriented as Peatinvest usually designs the characteristics of the product in close collaboration with its clients to optimally satisfy the specific needs of the client’s activity. Contracts are tailored and priced based on the client’s specific quality and volume needs.

Compared to both the Benelux and the Polish market, the French B2B market is more concentrated as the top ten clients account for 85% of local B2B sales, consisting mainly of three distributors. Most of the top clients are indeed located in France.

The Benelux market is more fragmented as the top ten clients only generate 16% of local B2B sales, consisting mainly of growers. Only one Belgian client is included in the top 20 B2B clients.

The professional products are branded under the Peltracom and Aura brands. The delivery of the products is performed either directly (ex-works or direct shipping) or indirectly through local distributors and wholesalers. B2B packing is either bulk, big bales, big bags, ballots or packed bags.

During the financial year 2014, the B2B business accounted for circa 36% of sales and 42% of volume.

*Consumers – B2C*

The Peatinvest Group also offers products aimed at amateur gardeners and hobbyists. These products are offered through garden centres and other retailers (B2C-market) in the home markets in Benelux, France and Poland and some export (*e.g.,* Spain).

Contracts with B2C consumers are generally agreed upon on a yearly basis and are tailored and price based on the client’s quality, volume, packaging and logistical needs.

The markets in Western Europe have a similar concentration, with top three clients accounting for at least 56% of B2C revenue. These are usually food or specialised retailers.

The products are always packed (in bags of five to 80 litres) and are either sold through private label or through own brands. The main focus is to provide retailers with private label products. This offering is complemented with niche products that are branded with the own retail brands ‘Agrofino’ and ‘Agrofino Professional’ in Benelux and France, and ‘Sterlux’ and ‘Aura’ in Poland. It is not within management focus to actively promote these own brands through promotion and marketing efforts, but rather to complement the retailers product offering. The delivery for B2C markets is highly seasonal and is mainly concentrated between mid-January and mid-May. After the end of the season, new contracts, (including prices) for the coming season are negotiated in June and July with the French retailers, in September and October with the Benelux retailers and in November and December with the Polish retailers.

During the financial year 2014, the B2C business accounted for circa 64% of sales and 58% of volume.

* + - 1. Products

The Peatinvest Group’s offering includes the following products:

* Growing media for gardening and growing, both for ornamental plants and for fruit and vegetable crops
* Various mulching products
* Decorative gardening products
* Wood pellets
* Charcoal
* Peat
* Bark
* Soil improvers
  + - 1. Geographical footprint

The key home markets are France (52%), Benelux (24%) and Poland (18%), where the Peatinvest Group serves both professional and non-professional users. The Peatinvest Group also exports to professional users on export markets (6%). Set out below is a breakdown of the revenues generated by the Peatinvest Group from its key home markets as of and for the financial year ended 30 September 2014:

|  |  |  |
| --- | --- | --- |
| *(EUR in millions)* | | **Total sales.  Year ended  30 September**  **2014** |
| France | | 33.8 |
| Benelux | | 16.1 |
| Poland | | 11.6 |
| Export/ Spain | | 4.1 |
|  | |  |
| **Revenues from continuing operations** | | **65.6** |
|  |  | | |
| *(EUR in millions)* | | **% of total sales. Year ended  30 September**  **2014** |
| France | | 52% |
| Benelux | | 24% |
| Poland | | 18% |
| Export/ Spain | | 6% |
|  | |  |
| **Revenues from continuing operations** | | **65.6** |

* + - 1. Sourcing

The end products produced by the Peatinvest Group are composed of a mixture of high quality raw materials. The quality of the raw materials is therefore key to the end product’s quality.

A majority of the raw materials (80%) is produced either in-house or in close cooperation with key partners. The main raw material is peat. Most of the peat used in the production process is extracted from Peatinvest’s own peat fields in Latvia and Poland. The Peatinvest Group has licenses to extract peat from 11 peat fields (total surface of 1,454 ha) situated mainly in Latvia (around 85%) and Poland (around 15%). The Peatinvest Group has circa 40 to 50 years of peat reserves remaining at current extraction rates, most of which in Latvia. Special peat products (such as Irish and German peat) and other non-core raw materials are purchased externally.

The licenses for new peat fields are tendered by local authorities and are attributed for determined duration. License compensation consists of a combination of a fixed annual fee plus a variable compensation for the volumes extracted. In general, licenses can be prolonged until the end of the exploitation of the peat field.

* + - 1. Key players in the EU growing media market

Although there is very little publicly available information on the growing media market, Peatinvest estimates that the total volume of growing media produced in the EU countries amounts to approximately 37,120,000 m³.[[4]](#footnote-4)

Two major types of companies can be identified on the supply side of the market.

* A group of companies focused on marketing and distribution of a horizontal offer for the gardening category in a B2C market. These companies, being multinationals (such as Scotts Miracle Gro or Compo) or rather local players (DCM, [Novajardin, Pokon, etc.]) sell a broad range of gardening products under their own brand. Besides growing media, these companies offer other gardening products such as fertilisers, plant protection products, soil improvers, mulches, etc. These companies have on occasion in-house production of growing media but often make use of local, smaller subcontractors. In some cases Peatinvest will act as a subcontractor.

The reported amount of growing media for gardening and hobby use in the selected producer and consumer countries (approximately the EEA market) in 2005 totalled 14,927,000 m³.**[[5]](#footnote-5)**

|  |  |  |
| --- | --- | --- |
| **Name** | **Country** | **Description of activities** |
| Scotts Miracle Gro | USA | The Scotts Miracle-Gro Company is the world’s largest marketer of branded consumer products for lawn and garden care. Scotts Miracle Gro published consolidated worldwide sales of USD 2,840,000,000 for financial year 2012-2013 of which USD 2,330,000,000 in the United States and USD 484,000,000 internationally. According to company’s published figures for this financial year, 34% of its net worldwide sales were growing media. |
| Compo | Germany | The cornerstone of Compo GmbH was laid in 1956 with COMPO SANA. Compo reported a worldwide sales turnover in the financial year 2013 of EUR 507,000,000. This turnover includes as well the fertiliser activity for the professional market as the full product assortment for the B2C market. No information is available of the share of growing media of the reported total turnover. |

* A group of companies is merely focused on professional growing media. Most of these companies are production companies, and some are also vertically integrated to a certain extent.

|  |  |  |
| --- | --- | --- |
| **Name** | **Country** | **Description of activities** |
| Klasmann Deilman | Germany | With a published consolidated sales of EUR 165,000,000 for the financial year 2014, the Klasmann-Deilmann group is the biggest European growing media producer. The Klasmann-Deilmann group reports a total annual production volume of growing media of 3,400,000 m³ for the year 2014.  According to its annual published accounts 17.8% of the sales is realised in Germany, the rest outside Germany (2013). Klasmann Deilman focuses mainly on growing media for several B2B markets but produces also products for B2C gardening. |
| Pindstrub | Denmark | The Danish privately owned Pindstrub group published a turnover, over the financial year 2012-2013 of about DKK 700,000,000 or about EUR 93,950,000. According to their company information this corresponds with a total annual production volume more than 1,600,000 m³ of growing media. Pindstrub is mainly active in the B2B markets. |
| Floragard Vertriebs-GmbH | Germany | Floragard is an international sales organisation grouping several producers of growing media since 1919.  For 2013 has published a turnover of EUR 61,094,000. No production volumes are known. Floragard is also active on the B2C market. |

* + 1. Property, plants and equipment

The Peatinvest Group has nine sites in four countries. The two Belgian sites are located in Ghent and Seilles. The two French sites are located in Arles and Onesse-et-Laharie. The Latvian site is located in Riga and the Polish sites are located in Budwite, Jozefowo, Rucianka and Krakulice. The Polish headquarters and offices are based at Paslek.

The main production site is located in Ghent (Belgium) where half of the Western-Europe production is produced. The remaining of the production designed for the Belgian and French markets is performed on the Belgian site located in Seilles and the French site located in Onesse-et-Laharie. These two sites mainly focus on the production and packaging of bark and mulches.

The production on the plant in Arles (France) was discontinued in 2013 due to a fire incident and optimisation of the supply chain. The site in Arles is currently used as a local distribution platform.

Misas Kudra AS, Peatinvest’s Latvian subsidiary opened a new production site in 2007-2008. This plant focuses on export markets.

All four production sites in Poland are individually small and located on or near a peat field.

The company owns most of the land and buildings, except for the production site in Ghent, the production site in Seilles, the site in Arles and the head office in Ghent.

* + 1. Employees

The Peatinvest Group employs approximately 330 employees. In addition, the Peatinvest Group’s seasonal business depends to a large extent on interim labour. Accordingly, the Peatinvest Group is exposed to risks associated with the potential loss of or inability to attract temporary workers.

The Peatinvest Group maintains defined contribution and defined benefit pension plans for its employees in certain jurisdictions. A defined contribution benefit plan is a post-employment plan under which the Peatinvest Group pays fixed contributions into a separate entity (a fund or insurance company) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employees service in the current and prior periods. The contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

* + 1. Organisational structure and chart
       1. Structure chart



* + - 1. Information on the subsidiaries

The subsidiaries of the Peatinvest Group are set out in the table below:

|  |  |
| --- | --- |
| **Subsidiary** | **Shareholding (direct / indirect)** |
| Peltracom NV | 100% |
| Agrofino Transport BVBA | 100% |
| Norland SA | 100% |
| Hollas sp.z o.o | 100% |
| Misas Kudra AS | 99.26% |
| Enavas SIA | 100% |
| Peltracom SAS | 100% |
| Humuland SAS | 100% |

1. Selected financial information prior to the contributions
   1. Key figures of Greenyard Foods

The tables below set forth the selected financial information based on the audited consolidated financial statements. The selected financial information should be read in conjunction with the audited consolidated financial statements that have been prepared in accordance with IRFS and are included elsewhere in the Prospectus (see Annex I),, and with Section 1 of Part VI (*Operating and financial review*).

This chapter describes the following financial information that has been prepared in accordance with IFRS:

* audited consolidated statement of financial position and income statement of Greenyard Foods per 31 March 2013 excluding the Contributions against issuance of the New Shares;
* audited consolidated statement of financial position and income statement of Greenyard Foods per 31 March 2014 excluding the Contributions against issuance of the New Shares;
* audited consolidated statement of financial position and income statement of Greenyard Foods per 31 March 2015, excluding the Contributions against issuance of the New Shares.
  + 1. Income statement as of and for the financial years ended 31 March 2015, 31 March 2014 and 31 March 2013

The following table sets forth the audited consolidated income statements of the financial years ended 31 March 2013, 31 March 2014 and 31 March 2015 of Greenyard Foods in accordance with IFRS and is described in Annex I of this Prospectus.

|  |  |  |  |
| --- | --- | --- | --- |
| *(EUR in millions)* | **Year ended  31 March 2015** | **Year ended 31 March 2014** | **Year ended 31 March 2013** |
| **Summary Consolidated Statement of Income Data** |  |  |  |
| Sales | 635.4 | 623.1 | 612.1 |
| Increase/(decrease) in inventories: finished goods and work in progress | 7.2 | 22.9 | 3.7 |
| Other operating income | 13.1 | 13.0 | 12.0 |
| Raw materials, consumables and goods for resale | (360.1) | (370.2) | (344.4) |
| Services and other goods | (135.9) | (143.7) | (148.3) |
| Personnel costs | (90.7) | (87.8) | (85.3) |
| Depreciation and amortisation | (30.4) | (25.9) | (20.3) |
| Impairment losses on assets | (0.5) | (4.4) | - |
| Impairments, write-offs | (2.2) | 0.2 | (0.7) |
| Provisions | (0.1) | (0.2) | (1.1) |
| Other operating charges | (5.8) | (1.5) | (5.2) |
| **Operating result before non-recurrings (REBIT)** | **29.9** | **25.6** | **22.5** |
| Non-recurring income | 0.4 | - | - |
| Non-recurring expense | (2.8) | (4.9) | (2.4) |
| **Operating result (EBIT)** | **27.5** | **20.7** | **20.1** |
| Financial income | 11.3 | 2.6 | 2.2 |
| Financial expense | (18.1) | (19.3) | (21.6) |
|  |  |  |  |
| **Operating profit/(loss) after net finance costs** | **20.7** | **4.0** | **0.7** |
| Taxes | (9.9) | (7.5) | (0.1) |
| **Profit/(loss) for the period from continuing operations** | **10.8** | **(3.5)** | **0.6** |
| Profit/(loss) from discontinued operations | - | 65.3 | 11.0 |
| **Profit/(loss) for the period**  Attributable to: | **10.8** | **61.8** | **11.6** |
| **-** The shareholders of Greenyard (the ‘Group’) | **10.6** | **62.3** | **11.1** |
| **-** Non-controlling interests  **Other Financial Data** | **0.2** | **(0.6)** | **0.5** |
| **REBITDA** | **62.6** | **51.4** | **43.5** |

* + 1. Key figures per Share

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| *(EUR per share)* | **Year ended  31 March 2015 Basic** | **Year ended 31 March 2015 Diluted** | **Year ended 31 March 2014 Basic** | **Year ended 31 March 2014  Diluted3** |
| Earnings per share | 0.64 | 0.56 | 3.78 | 3.28 |
| - Earnings per share from continuing operations | 0.64 | 0.56 | (0.18) | (0.18) |
| - Earnings per share from discontinued operations | 0.00 | 0.00 | 3.98 | 3.46 |
| *(EUR per share)* | **Year ended  31 March 2014 Basic** | **Year ended 31 March 2014 Diluted4** | **Year ended 31 March 2013 Basic** | **Year ended 31 March 2013 Diluted3** |
| Earnings per share | 3.78 | 3.28 | 0.68 | 0.59 |
| - Earnings per share from continuing operations | (0.18) | (0.18) | 0.01 | 0.01 |
| - Earnings per share from discontinued operations | 3.98 | 3.46 | 0.67 | 0.58 |

Theearnings per share from discontinued operations included entirely the earnings per share realised on the sale of the potato division.

* + 1. Statement of financial position as per 31 March 2015, 31 March 2014 and 31 March 2013

The following tables set forth the audited consolidated statements of financial position per 31 March 2013, 31 March 2014 and 31 March 2015 of Greenyard Foods in accordance with IFRS and are described in Annex I of this Prospectus.

|  |  |  |  |
| --- | --- | --- | --- |
| *(EUR in millions)* | **31 March  2015** | **31 March 2014** | **31 March 2013** |
| **ASSETS** |  |  |  |
| Intangible fixed assets | 21.4 | 23.2 | 24.3 |
| Goodwill | 10.3 | 10.3 | 10.2 |
| Biological assets | - | - | - |
| Tangible fixed assets | 255.7 | 238.5 | 131.4 |
| Investments in associates | - | - | - |
| Financial fixed assets | - | - | 3.4 |
| Deferred tax assets | 6.7 | 8.9 | 10.7 |
| Long-term receivables (>1 year) | - | - | 0.7 |
| **Non-current assets** | **294.2** | **280.9** | **180.8** |
| Biological assets | - | - | - |
| Inventories | 234.0 | 224.9 | 200.5 |
| Amounts receivable | 80.9 | 84.0 | 85.1 |
| Other financial assets | 0.4 | - | 0.6 |
| Cash and cash equivalents | 20.5 | 15.0 | 21.8 |
| Assets classified as held for sale | - | - | 295.2 |
| **Current assets** | **335.7** | **323.9** | **603.2** |
|  |  |  |  |
| **Total assets** | **629.9** | **604.8** | **784.0** |

|  |  |  |  |
| --- | --- | --- | --- |
| *(EUR in millions)* | **31 March  2015** | **31 March 2014** | **31 March 2013** |
| **EQUITY AND LIABILITIES** |  |  |  |
| Share capital | 97.8 | 97.8 | 154.3 |
| Share premium and other capital instruments | 14.3 | 14.3 | 14.3 |
| Consolidated reserves | 103.5 | 93.1 | 14.4 |
| Cumulative translation adjustments | (1.9) | (3.0) | (3.2) |
| Non-controlling interests | 8.1 | 9.7 | 2.3 |
| **Equity** | **221.8** | **211.9** | **182.2** |
| Provisions for pensions and similar rights | 1.6 | 1.7 | 1.5 |
| Other provisions | 0.8 | 1.1 | 2.2 |
| Financial debts at credit instutions | 6.7 | 7.4 | 2.2 |
| Interest-bearing liabilities | 174.7 | 185.3 | 39.1 |
| Other amounts payable | 0.8 | 0.4 | 3.1 |
| Deferred tax liabilities | 23.0 | 25.7 | 24.3 |
| **Non-current liabilities** | **207.6** | **221.6** | **72.4** |
| Financial debts at credit institutions | 63.4 | 49.6 | 197.6 |
| Interest-bearing liabilities | 12.0 | - | - |
| Trade payables | 93.1 | 93.4 | 138.2 |
| Advances received on contracts | - | - | - |
| Tax payable | 9.8 | 6.4 | 5.1 |
| Remuneration and social security | 15.6 | 15.1 | 14.8 |
| Other amounts payable | 6.6 | 6.8 | 73.7 |
| Liabilities related to assets held for sale | - | - | 99.6 |
| **Current liabilities** | **200.5** | **171.2** | **529.4** |
|  |  |  |  |
| **Total equity and liabilities** | **629.9** | **604.8** | **784.0** |

* + 1. Cash flow statement as of and for the financial years ended 31 March 2015, 31 March 2014 and 31 March 2013

|  |  |  |  |
| --- | --- | --- | --- |
| *(EUR in millions)* | **Year ended  31 March 2015** | **Year ended 31 March 2014** | **Year ended 31 March 2013** |
| **Summary Consolidated Statement of Cashflow** |  |  |  |
| Cash flow from operating activities | 54.8 | 44.1 | 39.7 |
| Increase in working capital (-)/ decrease in working capital (+) | 2.6 | (57.7) | 1.8 |
| **Net cash flow from operating activities** | **57.4** | **(13.6)** | **41.5** |
| Cash flow from investing activities | (48.4) | 62.1 | (20.9) |
| Cash flow from financing activities | (0.9) | (54.7) | (14.3) |
| Effect of exchange rate fluctuation | (2.6) | (0.6) | (0.1) |
| **Free cash flow** | **5.5** | **(6.8)** | **6.2** |
| **Cash and cash equivalents, opening balance** | **15.0** | **21.8** | **15.6** |
| **Cash and cash equivalents, closing balance** | **20.5** | **15.0** | **21.8** |

* 1. Key figures of the Univeg Group

Audited consolidated financial statements of the Univeg Group as of and for the financial year ended 31 December 2014 (with comparative data as of and for the financial year ended 31 December 2013) which have been prepared in accordance with IFRS, and the notes thereto, have been included in this Prospectus.

|  |  |  |  |
| --- | --- | --- | --- |
| *(EUR in millions)* | **Year ended  31 December 2014** | **Year ended 31 December  2013** | |
| **Summary Consolidated Statement of Income Data** |  |  | |
| **Revenue from sales** | **3,264.7** | **3,134.6** | |
| Cost of sales | (3,052.8) | (2,925.1) | |
| **Gross profit** | **211.9** | **209.5** | |
| Selling, marketing and distribution expenses | (64.6) | (60.3) | |
| General & administrative expenses | (112.7) | (109.5) | |
| Other operating income/(expense), net | 3.7 | 1.9 | |
| **Operating profit/(loss) before non-recurring items** | **38.3** | **41.6** | |
| Non-recurring items | 15.0 | 13.9 | |
| **Operating profit/(loss) after non-recurring items** | **53.3** | **55.5** | |
| Financial income/(expense) | (40.4) | (34.1) | |
| Share of profit of equity accounted investments | 1.6 | 0.4 | |
| **Profit/(loss) before income tax** | **14.5** | **21,9** | |
| Income tax income/(expense) | 2.1 | (5.6) | |
| **Profit/(loss) for the period from continuing operations** | **16.6** | **16,3** | |
| Discontinued operations (attributable to owners of the parent) | - | (0.3) | |
|  |  | |
| **Profit/(loss) for the period** | **16.6** | **16.0** | |
| Attributable to: |  |  | |
| - The shareholders of the Univeg Group | 17.9 | 16.2 | |
| - Non-controlling interest | (1,3) | (0,2) | |
| **Other Financial Data** |  |  | |
| **EBITDA** | **86.5** | **84.1** | |
| **EBIT** | **56.2** | **56.2** | |
| **REBITDA** | **77.4** | **71.6** | |
| **REBIT** | **41.2** | **42.3** | |
| **Capital expenditures** | **22.1** | **20.6** | |
|  |  |  | |
|  |  |  | |
| *(EUR in millions)* | **Year ended 31 December  2014** | **Year ended 31 December  2013** |
|  | |
| **Selected Balance Sheet Data** |  |  |
| Cash and cash equivalents | 117.9 | 82.8 |
| Total current assets | 427.7 | 373.8 |
| **Total assets** | **963.1** | **920.9** |
| Total equity | 46.8 | 29.7 |
| Total current liabilities | 581.6 | 532.8 |
| **Total equity and liabilities** | **963.1** | **920.9** |

The following is a reconciliation of EBITDA and REBITDA for each of the periods presented above:

| *(EUR in millions)* | **Year ended 31 December  2014** | **Year ended 31 December  2013** |
| --- | --- | --- |
| **Operating result** | **53.3** | **55.5** |
| Depreciation and amortisation, share of profit of equity accounted investments and non-controlling interest | 33.1 | 28.6 |
| **EBITDA** | **86.4** | **84.1** |
| EBITDA from discontinued operations | 6.0 | 0.6 |
| Add-back non-recurring items | (15.0) | (13,1) |
| **REBITDA** | **77.4** | **71.6** |

* 1. Key figures of Peatinvest

Audited consolidated financial statements of Peatinvest as of and for the financial year ended 30 September 2014 (with comparative data as of and for the financial year ended 30 September 2013 and 30 September 2012) which have been prepared in accordance with Belgian GAAP.

* + 1. Income statement as of and for the financial years ended 30 September 2014, 30 September 2013 and 30 September 2012

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | |  | |  |  |  | |  | |  | | *(EUR in millions)* | | **Year ended  30 September 2014** | | **Year ended 30 September 2013** | | **Year ended 30 September 2012** | | | **Summary Consolidated Statement of Income Data** | |  | |  | |  | | | Sales | | 65.2 | | 61.7 | | 62.3 | | | Increase/decrease (-) in inventories: finished goods and work in progress | | (0.2) | | 1.1 | | 0.1 | | | Own work capitalised | | - | | - | | 0.1 | | | Other operating income | | 1.0 | | 2.6 | | 0.7 | | | Raw materials, consumables and goods for resale | | (27.5) | | (28.5) | | (27.7) | | | Services and other goods | | (20.8) | | (20.1) | | (20.2) | | | Personnel costs | | (9.0) | | (9.2) | | (9.0) | | | Depreciation and amortisation | | (3.1) | | (3.3) | | (2.9) | | | Impairment losses on assets | | - | | (0.2) | | (0.1) | | | Provisions | | (0.1) | | - | | 0.1 | | | Other operating charges | | (1.2) | | (1.2) | | (1.2) | | | Other operating charges carried to assets as restructuring costs (-) | | - | | 0.2 | | 0.2 | | | **Operating result (EBIT)** | | **4.3** | | **3.1** | | **2.3** | | | **Recurring operating result (REBIT)** | | **4.3** | | **3.1** | | **2.3** | | | Financial income | | 0.1 | | 0.1 | | 0.1 | | | Financial expense | | (1.0) | | (1.1) | | (1.0) | | | **Operating profit/(loss) after net finance costs** | | **3.4** | | **2.0** | | **1.4** | | | Extraordinary income | | 0.3 | | 0.7 | | 0.2 | | | Extraordinary expense | | (0.7) | | (0.7) | | (0.5) | | | **Operating profit/(loss) after net finance costs** | | **3.1** | | **2.0** | | **1.2** | | |  | |  | |  | |  | | | Taxes | | (0.6) | | (0.4) | | (0.2) | | | **Profit/(loss) for the period**  Attributable to: | | **2.4** | | **1.6** | | **1.0** | | | - The shareholders of Peatinvest | | 2.4 | | 1.6 | | 1.0 | | | - Non-controlling interest | | - | | - | | - | | |

* + 1. Statement of financial position as per 30 September 2014, 30 September 2013 and 30 September 2012

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| *(EUR in millions)* | **30 September  2014** | | **30 September 2013** | | **30 September 2012** | |
| **ASSETS** |  | |  | |  | |
| Formation expenses | 0.2 | | 0.4 | | 0.3 | |
| Intangible fixed assets | 0.3 | | 0.3 | | 0.3 | |
| Goodwill | 0.2 | | 0.3 | | 0.1 | |
| Tangible fixed assets | 12.9 | | 13.5 | | 13.3 | |
| Financial fixed assets | - | | - | | - | |
| Deferred tax assets 6.7 8.9 10.7 | - | | - | | - | |
| **Non-current assets** | **13.6** | | **14.5** | | **14.1** | |
| Inventories | 9.7 | | 10.5 | | 9.8 | |
| Amounts receivable | 9.6 | | 10.4 | | 11.0 | |
| Other financial assets | 0.3 | | 0.3 | | 0.3 | |
| Cash and cash equivalents | 3.2 | | 2.4 | | 2.3 | |
| Deferred charges and accrued income | 0.3 | | 0.3 | | 0.4 | |
| **Current assets** | **23.2** | | **24.0** | | **23.8** | |
|  |  | |  | |  | |
| **Total assets** | **36.8** | | **38.5** | | **37.9** | |
| *(EUR in millions)* | | **30 September  2014** | | **30 September 2013** | | **30 September 2012** | |
| **EQUITY AND LIABILITIES** | |  | |  | |  |
| Share capital | | 26.0 | | 26.0 | | 26.0 |
| Consolidated reserves | | (13.5) | | (14.4) | | (16.0) |
| Badwill | | 0.3 | | 0.3 | | 0.2 |
| Cumulative translation adjustments | | (0.2) | | (0.2) | | (0.3) |
| Investment grants | | 0.5 | | 0.4 | | - |
| Non-controlling interests | | - | | - | | 0.1 |
| **Equity** | | **13.1** | | **7.3** | | **8.8** |
| Other provisions | | 0.5 | | 0.3 | | 0.2 |
| Financial debts at credit instutions | | 9.8 | | 6.9 | | 8.6 |
| Deferred tax liabilities | | 0.1 | | 0.1 | | 0.1 |
| **Non-current liabilities** | | **10.4** | | **7.3** | | **8.8** |
| Financial debts at credit institutions | | 2.5 | | 8.1 | | 8.6 |
| Trade payables | | 8.3 | | 8.2 | | 7.7 |
| Tax payable | | 0.7 | | 0.6 | | 0.4 |
| Remuneration and social security | | 1.4 | | 1.4 | | 1.3 |
| Other amounts payable | | 0.1 | | 0.1 | | 0.5 |
| Accruals and deferred income | | 0.3 | | 0.7 | | 0.6 |
| **Current liabilities** | | **13.3** | | **19.1** | | **19.2** |
|  | |  | |  | |  |
| **Total equity and liabilities** | | **36.8** | | **38.5** | | **37.9** |

**CONSOLIDATED CASH FLOW STATEMENT**

|  |  |  |
| --- | --- | --- |
| *(EUR in millions)* | **Year ended  30 September 2014** | **Year ended 30 September 2013** |
| **Summary Consolidated Statement of Cashflow** |  |  |
| Cash flow from operating activities | 6.6 | 5.5 |
| Increase in working capital (-)/ decrease in working capital (+) | 0.9 | 0.4 |
| **Net cash flow from operating activities** | **7.5** | **5.9** |
| Cash flow from investing activities | (2.5) | (3.6) |
| Cash flow from financing activities | (4.2) | (2.3) |
| **Free cash flow** | **0.8** | **0.0** |

1. Decisions and terms of the contributions
   1. Contribution of the shares of Univeg
      1. Overview of the DWB Demerger and the Univeg Contribution – Conditionality with the Peatinvest Contribution

As a result of the DWB Demerger and the Univeg Contribution, all shares of Univeg will be transferred to the Company.

Under the DWB Demerger, DWB will be partially demerged into Greenyard Foods in accordance with Articles 677 and 728 BCC. Pursuant to this partial demerger, all shares of Univeg held by DWB (amounting to 95.4% of the shares of Univeg) and a debt of DWB against Univeg for an amount of EUR 2,436,901 will be transferred to Greenyard Foods against the issuance of 20,979,112 New Shares to the shareholders of DWB according to the valuation set out in Section 4.1.2 below.

Under the Univeg Contribution, 4.6% of the shares of Univeg will be contributed to the share capital of Greenyard Foods by STAK FieldLink at the occasion of a share capital increase of Greenyard Foods against the issuance of 1,019,757 New Shares to STAK FieldLink according to the valuation set out in Section 4.1.2 below.

The DWB Demerger, the Univeg Contribution and the Peatinvest Contribution are conditional on one another.

* + 1. **Valuation of Greenyard and Univeg and exchange ratio**

See Section 4.1.3 below and the documents referred to therein.

* + 1. Approval by the Board of Directors of Greenyard Foods

The DWB Demerger and the Univeg Contribution have been approved by the Board of Directors on 22 April and 8 May 2015.

* + - 1. Advice of the committee of independent directors under article 524 BCC

On 8 May 2015, a committee of independent directors of Greenyard Foods, assisted by Eubelius CVBA and BNP Paribas Fortis NV as independent experts (the ***524 Committee***), issued its advice on the DWB Demerger and the Univeg Contribution in accordance with article 524 BCC. The conclusions of such advice read as follows:

***[Note: Conclusions to be added]***

* + - 1. Fairness opinion of the independent expert

On 12 May 2015, Lazard SPRL, the financial expert appointed by the Company, issued its fairness opinion on the DWB Demerger and the Univeg Contribution and the terms of the Partial Demerger and Contribution Agreement in this respect. The conclusions of such opinion read as follows:

***[Note: Conclusions to be added]***

* + - 1. Decisions by the Board of Directors of Greenyard Foods

On 8 May 2015, after deliberarion and having given due consideration to the advice of the 524 Committee and a fairness opinion of Lazard SPRL, the Board of Directors decided to approve the terms of the DWB Demerger and the Univeg Contribution as set out in the joint demerger proposal filed with the commercial registries of Ghent and Antwerp on 23 April 2015 (the ***Joint Demerger Proposal***) and in the Partial Demerger and Contribution Agreement. The Joint Demerger Proposal is part of the documents included in the Prospectus by reference as mentioned in Part XIII (*Documents incorporated by reference*) of the Prospectus.

* + - 1. Reports relating to the DWB Demerger

In accordance with article 731 BCC, the statutory auditor of Greenyard Foods issued a report on the DWB Demerger. This report is part of the documents included in the Prospectus by reference as mentioned in Part XIII (*Documents incorporated by reference*) of the Prospectus.

In accordance with article 730 BCC, the Board of Directors issued a report on the DWB Demerger on 19 May 2015. This report is part of the documents included in the Prospectus by reference as mentioned in Part XIII (*Documents incorporated by reference*) of the Prospectus.

* + - 1. Reports relating to the Univeg Contribution

In accordance with article 602 BCC, the statutory auditor of Greenyard Foods and the Board of Directors issued each a report on the Univeg Contribution on [•] 2015.

The reports of the statutory auditor and the Board of Directors are part of the documents included in the Prospectus by reference as mentioned in Part XIII (*Documents incorporated by reference*) of the Prospectus.

* + 1. Convening of general shareholders’ meeting of Greenyard Foods

An extraordinary general shareholders’ meeting of Greenyard Foods has been convened to be held on [19] June 2015 to decide on the DWB Demerger, the Univeg Contribution and the Peatinvest Contribution, and to approve an amendment of the Articles of Association of the Company to reflect the New Shareholders’ Agreement. The extraordinary general shareholders’ meeting will have the following agenda: ***[Note: Agenda to be added]***.

* + 1. Share exchange and effect of the Contribution

Further to the DWB Demerger and the Univeg Contribution, all shares of Univeg will be transferred to Greenyard Foods, and the current shareholders of DWB as well as the STAK FieldLink will become shareholders of Greenyard Foods.

In the context of the DWB Demerger and the Univeg Contribution, [1.1913] New Shares shall be issued per Univeg share or about [1 1/5] New Shares in exchange of [1] Univeg share.

* + 1. Rights attached to the New Shares

The New Shares issued in the context of the DWB Demerger and the Univeg Contribution will benefit from the same rights as the existing Shares.

* 1. Contribution of the shares of Peatinvest
     1. Overview of the Peatinvest Contribution – Conditionality with the DWB Demerger and the Univeg Contribution

As a result of the Peatinvest Contribution, all shares of Peatinvest will be transferred to the Company. Such shares of Peatinvest will be contributed to the share capital of Greenyard Foods by the shareholders of Peatinvest at the occasion of a share capital increase of Greenyard Foods against the issuance of [3,514,196] New Shares to the shareholders of Peatinvest, according to the valuation set out in Section 4.2.2 below.

The DWB Demerger, the Univeg Contribution and the Peatinvest Contribution are conditional on one another.

* + 1. Valuation of Greenyard Foods and Peatinvest and exchange ratio

See Section 4.2.3 below and the documents referred to therein.

* + 1. Approval by the Board of Directors of Greenyard Foods

The Peatinvest Contribution has been approved by the Board of Directors on 22 April 2015 and 8 May 2015.

* + - 1. Advice of the committee of independent directors under article 524 BCC

On 8 May 2015, the 524 Committee, issued its advice on the Peatinvest Contribution and the terms of the Partial Demerger and Contribution Agreement in this respect in accordance with article 524 BCC. The conclusions of such advice read as follows:

***[Note: Conclusions to be added]***

* + - 1. Fairness opinion of the independent expert

On 12 May 2015, Lazard SPRL, the independent expert appointed by the Company, issued its fairness opinion on the Peatinvest Contribution. The conclusions of such opinion read as follows:

***[Note: Conclusions to be added]***

* + - 1. Decisions by the Board of Directors of Greenyard Foods

On 8 May 2015, after deliberarion and having given due consideration to the advice of the 524 Committee and the fairness opinion of Lazard SPRL, the Board of Directors decided to approve the terms of the Peatinvest Contribution as set out in the Partial Demerger and Contribution Agreement.

* + - 1. Reports relating to the Peatinvest Contribution

In accordance with article 602 BCC, the statutory auditor of Greenyard Foods and the Board of Directors issued each a report on the Peatinvest Contribution on [•] May 2015.

The report of the auditor and the report of the Board of Directors are part of the documents included in the Prospectus by reference as mentioned in Part XIII (*Documents incorporated by reference*) of the Prospectus.

* + 1. Convening of general shareholders’ meeting of Greenyard Foods

An extraordinary general shareholders’ meeting of Greenyard Foods has been convened on [19] June 2015 to decide on the DWB Demerger and the Univeg Contribution as well as on the Peatinvest Contribution. The extraordinary general shareholders’ meeting will have the following agenda: ***[Note: Agenda to be added]***.

* + 1. Share exchange and effect of the Contribution

Further to the Peatinvest Contribution, all shares of Peatinvest will be held by Greenyard Foods and the current shareholders of Peatinvest will become shareholders of Greenyard Foods.

In the context of the Peatinvest Contribution, [225.703] New Shares shall be issued per Peatinvest share. ***[Note: Ratio to be confirmed]***

* + 1. Rights attached to the New Shares

The New Shares issued in the context of the Peatinvest Contribution will benefit from the same rights as the existing Shares.

* 1. Tax consequences of the Contributions
     1. Belgian corporate income tax consequences of the Contributions for Greenyard Foods
        1. DWB Demerger

In Belgium, a domestic partial demerger triggers no taxation if the following conditions are met simultaneously: (i) the beneficiary company is a Belgian resident company, (ii) the transaction is carried out in accordance with the BCC and (iii) the transaction does not have as its principle objective or as one of its principal objectives tax evasion or tax avoidance (*i.e.,* the so-called business purpose test). These conditions are listed in article 211, §1 of the Belgian Income Tax Code (***BITC***). Both Greenyard Foods and DWB are of the opinion that all of the above conditions are satisfied and that the contemplated DWB Demerger should be considered as a tax neutral transaction. Further to article 213 of the BITC, the equity of DWB is transferred to Greenyard Foods in function of the net fiscal value of the carved-out assets and without altering the tax features of the various equity elements. Hence, the equity increase at the level of Greenyard Foods will include both fiscally paid-in capital and retained earnings.

As Greenyard Foods has available tax losses carried forward, a portion of these tax losses carried forward will be forfeited at the occasion of the tax neutral partial demerger in application of article 206, §2 of the BITC. The portion of tax losses carried forward that will dilute as a result of the DWB Demerger are estimated in the range of 30%. A final number cannot yet be provided as the dilution depends on the net fiscal value of the carved-out assets and the net fiscal value of Greenyard Foods on the date of the DWB Demerger. Still, the post-DWB Demerger tax losses carried forward are assumed to exceed the recognised losses reported in the consolidated IFRS accounts per 31 March 2015.

If the DWB Demerger would however be regarded as a taxable transaction, article 206, §2 of the BITC would not be applicable and the tax losses carried forward would in principle not be forfeited.

* + - 1. The Univeg Contribution and the Peatinvest Contribution

Considering that the Univeg Contribution and the Peatinvest Contribution do not qualify as a contribution of a branch of activities (governed by article 46 of the BITC), they will qualify as taxable operations. As a result, the share capital of Greenyard Foods will be increased with the fair market value of the contributed (net) assets.

Contrary to the DWB Demerger (see above), the Univeg Contribution and the Peatinvest Contribution will not affect the tax losses carried forward position of Greenyard Foods.

* + 1. Tax consequences for the Greenyard Foods’ shareholders

Apart from an erosion of the relative shareholder interest of the existing shareholders, as a result of the New Shares, none of the Contributions will have immediate tax consequences on behalf of the existing shareholders of Greenyard Foods. Because of the erosion, there may however be a secondary Belgian withholding tax consequence for existing shareholders upon future dividend distributions (as some withholding tax exemption rules or treaty benefits require a minimum shareholding percentage that may no longer be satisfied after the transactions).

1. Listing and delivery of the New Shares resulting from the Contributions
   1. Listing and general information

An application has been made by the Company for the listing and admission to trading on the regulated market of Euronext Brussels of all New Shares.

The admission to trading is expected to take place on [19] June 2015.

* 1. Expenses of Greenyard Foods

The costs relating to the issue of the New Shares and the listing include legal, consulting, administrative, audit and other costs (EUR [•]), remuneration of the FSMA (EUR [•]), legal publications, printing of the Prospectus (EUR [•]), advisors and management fees and the fees payable to Euronext Brussels (EUR [•]).

All these costs will be borne by the Company.

* 1. Form of the New Shares and delivery

All New Shares will have the same rights and benefits attached to them as the Company’s other Shares. The New Shares will be issued with coupon [•] to [•] and will be traded under the same ISIN code (International Security Identification Number) BE0003765790 and the same trading symbol GRYFO, as the existing Shares, on the regulated market of Euronext Brussels.

All New Shares shall be delivered through Euroclear Belgium on [19] June 2015 and will be dematerialised shares.

According to Belgian law, investors who, after delivery, wish to convert their New Shares in registered form, should ask the Company to do so, and the Company shall record the New Shares in its share register which is held at the registered office of the Company within a reasonable period of time. Any costs incurred in connect with the conversion of the dematerialised New Shares into registered Shares will be borne by the converting shareholder.

All New Shares will be fully paid up on delivery, and freely transferable. Certain shareholders have, however, entered into contractual restrictions. See Section 1.4.2.2 of Part IV (*The Contributions*).

# PART V: INFORMATION ABOUT the Combined GReenyard Foods Group upon completion of the Contributions

1. Overview
   1. General

The Company is the holding company of the Combined Greenyard Foods Group.

* + 1. Corporate name

The Company’s legal and commercial name is “Greenyard Foods”.

* + 1. Registered office

The Company’s registered office is located at Skaldenstraat 7C, 9042 Ghent, Belgium.

The Board of Directors is authorised to transfer the registered office to any other place in Belgium. The transfer of the registered office will be made public by the Board of Directors in the Annexes to the Belgian State Gazette.

The Company may, by resolution of the Board of Directors, set up branch offices, managing offices, subsidiaries, and agencies at any place in Belgium and abroad.

* + 1. Incorporation, amendment to the Articles of Association and term

The Company was incorporated on 16 May 1968 in accordance with a deed published in the Annexes to the Belgian State Gazette of 30 May 1968 under number 1303-14.

The Articles of Association have been amended on numerous occasions and most recently on [19] September 2014. A General Meeting has been called on [19 June] 2015 to decide on the Transactions and certain amendments to the Articles of Association to align them with the New Shareholders’ Agreement.

The Company was founded for an indefinite term.

The Articles of Association are available at the Company’s registered office and on the Company’s website (www.greenyardfoods.com).

* + 1. Register of Legal Entities

The Company is registered with the register of legal entities (*rechtspersonenregister* – RPR / *registre des personnes morales* – RPM) under enterprise number 0402.777.157 RPR (Ghent, division Ghent).

* + 1. Legal form

The Company is a public company with limited liability (*naamloze vennootschap / société anonyme*) organised and existing under the laws of Belgium. It has the status of a corporation making or having made a public call on savings (*naamloze vennootschap – NV die een openbaar beroep op het spaarwezen doet of heeft gedaan / société anonyme – SA faisant ou ayant fait appel public à l’épargne*).

* + 1. Financial year

The financial year of the Company starts on 1 April and ends on 31 March.

* 1. Business Overview

See Sections 2.1.4, 2.2.4 and 2.3.4 of Part IV (*The Contributions*).

* 1. Shareholding structure, major shareholders and shareholders’ agreement
     1. Shareholding structure and major shareholders

Upon completion of the Transactions (before the Secondary Sale), to the knowledge of the Company, the Shares held by major shareholders of the Company will be as follows:

(i) 34.65% will be held by Deprez Holding NV;

(ii) 11.81% will be held by Gimv-XL;

(iii) 8.92% will be held by Green Valley SA;

(iv) 8.92% will be held by Sujajo Investment SA;

(v) 8.53% will be held by Food Invest International;

(vi) 7.31% will be held by 2D NV;

(vii) 4% will be held by AIF;

(viii) 3.30% will be held by Good Company civil partnership (“*burgerlijke maatschap*”);

(ix) 2.68% will be held by the STAK FieldLink and former management of the Peatinvest Group;

(x) 1.45% will be held by UFM;

(xi) 1.40% will be held by Koramic Finance Company;

(xii) 1.23% will be held by [Familie Dejonghe];

(xiii) 0.31% will be held by Mr Johan Vanovenberghe; and

(xiv) 0.10% will be held by Volys start NV.

Deprez Holding NV, Food Invest International, 2D NV and UFM are acting in concert. Jointly, they hold 51.94% of the Shares.

* + 1. Shareholders’ agreement

The two shareholders’ agreements concluded in respect of Greenyard Foods on 15 February 2012 will terminate by virtue of the Partial Demerger and Contribution Agreement, with effect on the date of completion of the Transactions expected to take place on [19] June 2015. See Section 2.1.2.4 of Part IV (*The Contributions*) for a description of these shareholders’ agreements.

On [•] May 2015, Deprez Holding, Mr Hein Deprez, Food Invest International, Gimv-XL, AIF and Greenyard Foods entered into a new shareholders’ agreement in respect of Greenyard Foods. This shareholders’ agreement shall enter into force on the earliest of (i) the date of the Gimv Warrants Exercise or (ii) the completion of the Contributions and will last for a period of maximum five years. This agreement will terminate automatically with respect to Gimv-XL (except insofar as it relates to the provisions applicable to the Secondary Sale), upon Gimv-XL ceasing to hold 5% of the Shares and with respect to AIF, upon AIF ceasing to hold 5% of the Shares (the 5% threshold will however not apply to AIF during an interim period of two years starting on the date of the Contributions).

This shareholders’ agreement contains an obligation for the parties to this shareholders’ agreement to allow each of Gimv-XL and AIF to have at all times one director on the Board of Directors of Greenyard Foods and to vote its shares at any general shareholders’ meeting of Greenyard Foods in favour of the nomination of one of the candidates proposed by Gimv–XL and AIF. The right for Gimv-XL and for AIF to have a director on the Board of Director shall respectively terminate when Gimv-XL and AIF hold less than 5% of the Shares. AIF will however be entitled to have a director on the Board of Directors of Greenyard Foods even if it holds less than 5% of the Shares during an interim period of two years starting on the date of the Contributions. The director appointed upon proposal by AIF shall be required to resign from its office if AIF has not increased its shareholding in Greenyard Foods above 5% upon termination of the interim period of two years.

This shareholders’ agreement also entitles the director appointed upon proposal by Gimv-XL to receive the same remuneration as the other non-executive directors of the Board of Directors of Greenyard Foods other than its (Executive) Chairman and to have access to Greenyard Foods’s executive management team under the supervision of the Board of Directors with a view to discussing the business, strategy ans financials of the business units of Greenyard Foods.

The shareholders’ agreement further provides for a lock-up undertaking by Deprez Holding towards Gimv-XL not to sell Shares in Greenyard Foods in such a number that it would hold less than 30% of the Shares in Greenyard Foods. See Section 1.4.2.2 of Part IV (*The Contributions*) for a description of this lock-up undertaking.

Further, the shareholders’ agreement contains the provisions relating to the process applying to the Secondary Sale. See Section 1.5 of Part IV (*The Contributions*) for a description of the Secondary Sale.

Finally, the shareholders’ agreement contains a tag along right in favour of Gimv-XL.

* 1. Group structure and chart

**

* 1. Information on the subsidiaries

Upon completion of the Transactions, the subsidiaries of Greenyard Foods will be as mentioned in Sections 2.1.7, 2.2.8 and 2.3.8 of Part IV (*The Contributions*) of this Prospectus.

1. Management and corporate governance of Greenyard Foods

This Section describes the management and corporate governance of the Company in place at the date of this Prospectus. A number of modifications to the management and corporate governance of the Company will become effective upon completion of the Transactions. Where relevant, a reference has been included in this Section to the proposed modifications. Reference is made to Section 1 of Part IV (*The Contributions*) for a description of the Transactions, including the conditions to be satisfied with a view to completion of the Transactions.

* 1. Overview of corporate governance

This Section summarises the rules and principles by which the corporate governance of the Company is organised pursuant to the BCC, the Articles of Association and the Company’s Corporate Governance Charter. It is based on the most recent restated Articles of Association as amended by the general shareholders’ meeting of the Company held on 19 September 2014.

Pursuant to the Law of 6 April 2010 on the reinforcement of the corporate governance of listed companies and autonomous government enterprises and the amendment of the rules on the exclusion of employment in the bank and financial sector (*Wet tot versterking van het deugdelijk bestuur bij de genoteerde vennootschappen en de autonome overheidsbedrijven en tot wijziging van de regeling inzake het beroepsverbod in de bank- en financiële sector / Loi visant à renforcer le gouvernement d’entreprise dans les sociétés cotées et les entreprises publiques autonomes et visant à modifier le régime des interdictions professionnelles dans le secteur bancaire et financier*), as implemented by the Royal Decree of 6 June 2010 regarding the designation of the corporate governance code on listed companies (*Koninklijk besluit houdende aanduiding van de na te leven Code inzake deugdelijk bestuur door genoteerde vennootschappen / Arrêté royal portant désignation du Code de gouvernement d’entreprise à respecter par les sociétés cotées*), Belgian listed companies should comply with the Belgian Corporate Governance Code issued on 12 March 2009, unless it disclosed the justification why it has decided to deviate from the provisions of the Belgian Corporate Governance Code 2009 (the rule of comply or explain).

The Corporate Governance Charter meets the rules provided by the Belgian Corporate Governance Code 2009, except as explicitly otherwise stated and justified in the Corporate Governance Charter.

The general principles and provisions relating to the role and responsibility, the procedures of appointment and the organisation of the Board of Directors are described in the Corporate Governance Charter of the Company. The Company uses the Belgian Corporate Governance Code 2009 as reference code. The Corporate Governance Charter can be consulted on the Company’s website ([www.greenyardfoods.com](http://www.greenyardfoods.com)).

The Company closely follows up the developments and adjusts its corporate governance structure where necessary. The Board of Directors revises the Corporate Governance Charter regularly and where necessary, adaptations are made.

The Corporate Governance Charter determines that every transaction between the Company or any of its subsidiaries and sole director, sole legal representative of a director-company or sole member of the Executive Committee needs to be approved upfront by the Board of Directors, regardless of the fact if such a transaction falls under the applicable related-party transactions legal provisions included in article 526 BCC. Such a transaction can only be effectuated against standard market conditions.

The Board of Directors of the Company of [•] 2015 has approved certain amendments to the Corporate Governance Charter of the Company, which shall become effective upon completion of the Transactions. The main changes can be summarised as follows (see also below in this Section):

* the composition of the Board of Directors, the Executive Committee, the Audit Committee, the Remuneration and Nomination Committee and the Strategic Committee; and
* the role of the Executive Chairman and its remuneration.
  1. Board of Directors and Executive Comittee
     1. Powers and responsibilities of the Board

The Board of Directors is the main decision-making body of the Company, and has full power to perform all acts that are necessary or useful to accomplish the Company’s corporate purpose, save for those acts for which only the general shareholders’ meeting of the Company has the required powers in accordance with applicable laws or the Articles of Association. The responsibility for the management of the Company is entrusted to the Board of Directors as a collegial body.

The role of the Board of Directors is to aim for the long-term success of Greenyard Foods by means of efficient risk management and control. The Board of Directors decides on the values and the strategy of Greenyard Foods, on its risk profile and on the key elements of its strategy. The Board of Directors procures that the necessary financial and human resources are available to enable Greenyard Foods to achieve its goals.

The Board of Directors is of the opinion that first and foremost, a focus on the long term financial return is required. Accordingly, the Board of Directors equally values the interests of the ‘stakeholders’ who are each essential for a successful company: the shareholders and employees of Greenyard Foods, its customers and suppliers, as well as the community and the environment in which Greenyard Foods operates.

The Board of Directors has the competence and duty to use effective, necessary and proportional resources to perform its tasks. The entire Board of Directors is accountable on a collegial level to Greenyard Foods for the appropriate execution of its competences and duties.

The Board of Directors encourages an effective dialogue with the shareholders and potential shareholders which is based on a mutual understanding of the goals and expectations.

The most important responsibilities of the Board of Directors comprise:

* periodical review, evaluation and approval of the objectives, strategy and risk profile of Greenyard Foods;
* review, evaluation and approval of the global organisational structure of Greenyard Foods;
* review, evaluation and approval of the allocation of the main resources and capital investments;
* approval of the framework of internal control and risk management, drafted by the Executive Management;
* assessment of the implementation of the framework of internal control and risk management, taking into account the assessment of the Audit Committee;
* description and publication in the Corporate Governance Charter of the main characteristics of internal control and risk management systems;
* approval of the remuneration report, prepared by the Remuneration and Nomination Committee;
* review of the financial and operational results of Greenyard Foods;
* taking the necessary measures to guarantee the integrity and the timely publication of the annual accounts and other material financial and non-financial information communicated to the shareholders and potential shareholders;
* review, evaluation and approval of the budgets and forecasts of Greenyard Foods;
* supervision of the performance of the statutory auditor and the internal audit function, taking into account the assessment of the Audit Committee;
* determination of the structure, competences and obligations of the Executive Management;
* supervision of the performance of the Executive Management and the realisation of the strategy;
* supervision of the Committees established within the Board of Directors;
* approval of the contracts for the appointment of the CEO and other members of the Executive Management, upon advice of the Remuneration and Nomination Committee.
  + 1. Composition of the Board
       1. General provisions

At the date of this Prospectus, the Board of Directors consists of a minimum of three directors and a maximum of eleven directors. Upon completion of the Transactions, the Articles of Association will be amended and provide that the Board of Directors consists of a minimum of three directors.

At least half of the directors are non-executive and at least three (3) of them are independent.

The composition of the Board of Directors is further determined based on complementarity of competence, experience and knowledge.

The directors are appointed by the general shareholders’ meeting of the Company.

The Articles of Association provide that the directors are appointed for a maximum term of six years. The Board of Directors will propose to the general shareholders’ meeting to appoint directors only for a mandate of four years. The mandate ends at the close of the annual general shareholders’ meeting until which the director was appointed. However, the Articles of Association provide that as long as the general shareholders’ meeting, for whatever reason, does not fill in the vacancy, the directors whose mandates have expired shall remain in function. Retiring directors are eligible for reappointment.

The mandate of the directors may be withdrawn at any time by simple majority in the general shareholders’ meeting. The Board of Directors will propose to the general shareholders’ meeting that the mandate of the directors will end at the annual general shareholders’ meeting in the calendar year in which he or she reaches the age of 70.

Where appropriate, the Board of Directors may propose to the general shareholders’ meeting to allow an exception to the age limit and to extend the mandate of the director.

* + - 1. The (Executive) Chairman

The Board of Directors has an executive Chairman, Deprez Invest NV, represented by Mr Hein Deprez.The Chairman of the Board leads the Board in fulfilling its duties and acts as an intermediary between the shareholders, the Board of Directors and the management of Greenyard Foods. He also takes the lead in all initiatives that promote the effectiveness of the Board of Directors in application of the Corporate Governance Charter.

In the context of the meetings of the Board of Directors, the Chairman has the following responsibilities:

* He takes the lead in the meetings of the Board of Directors to ensure that the proceedings of the Board progress in the most constructive and efficient way possible, in an atmosphere of openness and respect.
* He plans the meetings of the Board of Directors and is working together with de chairmen of the Committees to coordinate the calendar and the agenda of the meetings of the Committees.
* He prepares, after consultation with the CEO, the agenda of the Board of Directors.
* He ensures that written material is distributed among the directors well in advance so that they have sufficient time to go through these documents. Thereby ensuring that all directors receive the same information.
* He has the responsibility to appropriately introduce the new directors. Thereby they become familiar with the responsibilities imposed on them.

The Chairman leads the general shareholders’ meetings.

The Chairman maintains close relationships with the CEO, providing support and advice, while fully respecting the executive responsibilities of the CEO.

The Chairman of the Board of Directors is also Chairman of the Strategic Committee, unless otherwise decided by the Executive Board by a two-thirds majority.

Upon completion of the Transactions, the Chairman will, in addition to the customary role as Chairman and in close collaboration with the CEO, take a much more active role as Executive Chairman. He will be fully dedicated to the follow-up on the strategic guidelines and input received from the Strategic Committee. As Executive Chairman he will take a prominent role in facilitating and steering the strategic reflection on the direction of the Combined Greenyard Foods Group and have an active participation in the merger and acquisition strategy of the Combined Greenyard Foods Group and implementation thereof. The Company believes that it will be crucial to have an active Chairman who has profound experience in each of the Greenyard Foods Group, Univeg Group and Peatinvest Group in order to steer the strategic direction of the Combined Greenyard Foods Group. As founder and current Chairman of the groups and former CEO of Univeg and Greenyard Foods, the Company believes that Deprez Invest NV, represented by Mr Hein Deprez is in the best place to take up this rol.

* + - 1. Independent directors

To be considered as independent, a director must at least meet the criteria set out in article 526ter BCC. Directors who were appointed as independent directors before 8 January 2009, will remain independent until reappointed or until 1 April 2015.

If an independent director no longer meets these criteria and the criteria laid down in article 526ter BCC, he must inform the Board of Directors promptly thereof.

* + 1. Information on the directors before and after completion of the Transactions
       1. Information on the directors before completion of the Transactions

On the date of this Prospectus, the Board of Directors is composed of:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Director’s name** | **Date of**  **appointment** | **Term of office ends on** | **Executive /  non-executive** | **Independent /  non-independent**  **director** |
| NV Deprez Invest p.r. by Mr Hein Deprez | 1/01/2010 | AGM 2015 | Non-executive | Non-independent director |
| BVBA The Marble p.r. by Mr Luc Van Nevel | 1/07/2004 | AGM 2015 | Non-executive | Independent director |
| [Frank Donck] | 20/05/2011 | 15 June 2015\* | Non-executive | Independent director |
| BVBA Ardiego p.r. by Mr Arthur Goethals | 20/05/2011 | AGM 2015 | Non-executive | Independent director |
| BVBA Management Deprez p.r. by Ms Veerle Deprez | 9/11/2005 | AGM 2015 | Non-executive | Non-independent director |
| BVBA Bonem p.r. by Mr Marc Ooms | 9/11/2007 | AGM 2015 | Non-executive | Non-independent director |
| Peter Maenhout | 15/02/2012 | AGM 2015 | Non-executive | Non-independent director |
| Thomas Dewever | 24/01/2014 | AGM 2015 | Non-executive | Non-independent director |
| Jozef Marc Rosiers | 2/12/2011 | AGM 2015 | Non-executive | Non-independent director |
| BVBA Mavac p.r. by Ms Marleen Vaesen | 30/08/2013 | AGM 2015 | Executive  (CEO) | Non-independent director |
| Hilde Laga\*\* | 15/04/2014 | AGM 2015 | Non-executive | Independent director |

*\*Frank Donck has resigned with effect as of 15 June 2015. The publication of his resignation is pending.*

*\*\* Independent director since 15 April 2015. The co-optation will be submitted for approval to the extraordinary general shareholders’ meeting of the Company on [19] June 2015.*

A brief overview of the relevant experience of the directors is set out below.

*[Deprez Invest NV, Chairman, represented by Mr Hein Deprez, permanent representative Non-executive, non-independent director, representative of the majority shareholder (age 54)*

Mr Hein Deprez is - via Deprez Holding, Food Invest International and 2D NV – the controlling shareholder of Greenyard Foods. Mr Hein Deprez is also the controlling shareholder of the Univeg Group, where he holds the position of Executive Chairman. On 24 January 2014 Mr Hein Deprez was appointed as Chairman of the Board of Directors. Upon completion of the Transactions, Mr Hein Deprez will take the role of Executive Chairman (see Section 2.2.2.2 above).

Mr Hein Deprez is also a member of the board of directors of various other companies, including 2D NV (as permanent representative of Deprez Invest NV), Univeg (as permanent representative of Deprez Invest NV), DWB (as permanent representative of Deprez Invest NV), Reuver NV (as permanent representative of Food Invest International), Peatinvest (as permanent representative of Deprez Invest NV), Deprez Immo NV (as permanent representative of Deprez Invest NV), Peltracom NV (as permanent representative of Deprez Invest NV), Agrofino Transport NV (as permanent representative of Deprez Invest NV), Norland NV (as permanent representative of Deprez Invest NV), Food Invest International (as permanent representative of Deprez Invest NV).

*The Marble BVBA, independent director, represented by Luc Van Nevel, permanent representative (age 68) - Non-executive, independent director*

Luc Van Nevel was chairman of the Board of Directors of Greenyard Foods from 2004 through January 2014, after which he continued to serve as an independent director.

The Marble BVBA was reappointed as non-executive independent director at the annual general shareholders’ meeting of 20 May 2011, and the mandate as director will expire at the close of the annual general shareholders’ meeting of 2015. His mandate has a term of five years.

The strengths of Luc Van Nevel are especially situated in the areas of general management, financial and marketing management, mergers and acquisitions, board management and corporate governance.

Luc Van Nevel graduated from the RUG (Ghent State University) in 1970 with a master degree in Economics and in 1984 earned a degree in Strategic Marketing at Northwestern University of Chicago.

Luc Van Nevel began his career at the audit firm Touche Ross & Co and in 1975 moved to Samsonite, where he first worked within Samsonite Europe in Oudenaarde (Belgium) for almost 20 years, after which he became head of the Samsonite Corporation in its Denver headquarters. Within the European division he was successively Assistant and European Controller, Vice-President, and President and Managing Director. Within the Samsonite Corporation he held the position of President International Division moving on to Chairman and CEO until his retirement in 2004.

Luc Van Nevel is a member of the board of directors of several companies, including: La Lorraine Bakery Group (LLBG) NV (as permanent representative of The Marble BVBA), Hevebra NV (as permanent representative of The Marble BVBA), Fedrus Invest NV (as permanent representative of The Marble BVBA), Hout van Steenberge NV (as permanent representative of The Marble BVBA), VNVDB Invest NV, Van Welden NV, Algemeen Ziekenhuis Oudenaarde VZW, Bedrijvencentrum Vlaamse Ardennen NV. He formerly served as Chairman of Picanol NV and Elia NV and as board member of the Jensen Group NV, VRT and other companies.

In 1990 Luc Van Nevel was named Manager of the Year by Trends Magazine.

*[Frank Donck, independent director*

Frank Donck is managing director of 3D NV. He is also a member of the Belgian Corporate Governance Committee, as well as being chairman of Atenor Groep NV. In addition, he holds several director´s mandates as an independent director.]

*Ardiego BVBA, director, represented by Arthur Goethals, permanent representative (age 69) - Non-executive, independent director*

Arthur Goethals represents Ardiego BVBA in his capacity of permanent representative.

Ardiego BVBA was appointed as non-executive independent director at the annual general shareholders’ meeting of 20 May 2011, and the mandate as director will expire at the close of the annual general shareholders’ meeting of 2015. Its mandate has a term of five years.

Arthur Goethals has many years of knowledge and experience in the retail sector, among others as CEO of Delhaize Belgium NV.

Arthur Goethals is also a member of the Board of Directors of several companies, including:, Sleuyter Arena Oostende CVBA, Matexi Group NV (as permanent representative of Ardiego BVBA), Hubisco NV (as permanent representative of Ardiego BVBA), Gault Millau Benelux NV (as permanent representative of Ardiego BVBA), DWB (as permanent representative of Ardiego BVBA) and Basket Club Oostende VZW.

*Management Deprez BVBA, director, represented by Veerle Deprez, permanent representative (age 55) - Non-executive, non-independent director, representative of the majority shareholder*

In her capacity of permanent representative, Veerle Deprez represents Management Deprez BVBA, which was appointed by the Board of Directors´ meeting of 9 November 2005 via cooptation as director to replace Demafin BVBA. The appointment of Management Deprez BVBA as non-executive, non-independent director was ratified during the annual general shareholders’ meeting of 10 November 2006.

Management Deprez BVBA was reappointed as non-executive, non-independent director at the annual general shareholders’ meeting of 20 May 2011, and the mandate as director will expire at the close of the annual general shareholders’ meeting of 2015.

Veerle Deprez, together with Mr Hein Deprez, laid the foundations for what would later become the Univeg group. Veerle Deprez also holds several director´s mandates in port-related companies.

Veerle Deprez is also a member of the board of directors of several companies in her own name (DS Consult NV and De Kraaiberg NV). As permanent representative of Management Deprez BVBA, she is member of the board of directors of Deprez Invest NV, Agrofino Transport BVBA, Food Invest International, 2D NV, Peatinvest NV, Deprez Holding NV, Reuver NV, Nova Natie NV, Nova Cargo Services NV, Peltracom NV, DWB and Univeg.

*Bonem BVBA, director, represented by Marc Ooms, permanent representative (age 64) - Non-executive, non-independent director*

Marc Ooms represents Bonem BVBA in his capacity of permanent representative.

He was appointed as non-executive, non-independent director by the annual general shareholders’ meeting of 9 November 2007.

Bonem BVBA was reappointed as non-executive non-independent director at the annual general shareholders’ meeting of 20 May 2011, and the mandate as director will expire at the close of the annual general shareholders’ meeting of 2015. Its mandate has a term of five years.

Marc Ooms graduated in applied economics (Vlekho, Brussels) in 1974 and was during a few years a research assistant at the Department of Applied Economics (KUL, Leuven). He had a long career in the financial sector, among others as managing director of Petercam.

Marc Ooms is, as permanent representative of Bonem BVBA, a member of the Board of Directors of BMT NV, IVC NV and Sea-Invest Corporation SA.

*Peter Maenhout, director (age 50) - Non-executive, non-independent director*

As Executive Vice President, Peter Maenhout is responsible for the Gimv-XL fund and Gimv’s Consumer 2020 investment platform. Before this he headed the Benelux office of the investment advisor Amber Capital. Previously he was active in mergers and acquisitions and capital market transactions at Petercam and Generale Bank.

Peter Maenhout holds master degrees in International Relations (UG) and Finance (Vlerick) and an MBA from the University of Chicago.

Peter Maenhout was appointed as director by the General Meeting of 15 February 2012. The mandate will expire at the close of the annual general shareholders’ meeting of 2015

*Thomas Dewever, director*

Thomas Dewever is active as principal at the Gimv since 2009. Prior to that he worked in the Investment Banking Department of Credit Suisse in London***.***

*Jozef Marc Rosiers, director (age 58) - Non-executive, non-independent director*

Jozef Marc Rosiers is Chief Executive Officer of AIF CVBA and Advisor of the President at Boerenbond. He is involved in the strategic development of the agricultural sector in Belgium and the lobby process to facilitate a sustainable future for the farming business in the Flemish region with a focus on the development of new organisational structures in farming with a focus on intensive cooperation. As CEO of AIF, Jozef Marc Rosiers is member of the Investment committees of Agri Investment Fund (AIF) CVBA en Gimv-AGRI+ Investment fund NV. He also acts as board member of Aveve NV/SA and of Iscal Sugar SA/NV.

Before he joined the Belgian Farmers’ Union in 2008, Jozef Marc Rosiers was Director-General of the Industry Association of the Belgian Sugar Manufacturers, a non-profit organisation based in Brussels (1996-2008). He was responsible for the lobby process that contributed to the successful reorganisation of the sector. As Director of Strategic Planning of the Van Roey Group (1989-1996), he was responsible for the business plans and budgets, the development of new business activities, management information, critical analysis and reporting from and to the operational companies.

Jozef Marc Rosiers has a Master of Science degree in Economics from the London School of Economics (1981) and a Master’s degree in Economics from Katholieke Universiteit Leuven (1980).

After AIF took over the participation of KBC Private Equity SA/NV, the general meeting of 2 December 2011 appointed Jozef Marc Rosiers as director, replacing Gert Van Huffel, the former director and representative of KBC Private Equity SA/NV in the Board of Directors. The mandate will expire when the annual general shareholders’ meeting of 2015 closes.

*Mavac BVBA, managing director, represented by Marleen Vaesen, permanent representative (age 56) - Executive, non-independent director*

In her capacity of permanent representative, Marleen Vaesen represents Mavac BVBA, which was appointed by the Board of Directors´ meeting of 30 August 2013 via cooptation as director to replace Mr Jean-Michel Jannez. The appointment of Mavac BVBA as executive, non-independent director was ratified during the annual general shareholders’ meeting of 30 September 2013.

Since 1 November 2012 the day-to-day management of the Greenyard Foods Group has been exercised by Mavac BVBA, with as permanent representative Ms Marleen Vaesen, CEO of the Greenyard Foods Group.

Marleen Vaesen began her career in 1982 at Procter & Gamble, where she held a number of different marketing positions, the last being European Marketing Manager. In 1999 Marleen Vaesen became General Manager of Douwe Egberts Belgium, a subsidiary of Sara Lee. She was in charge of all the Belgian activities: retail, foodservice and the coffee roasting plant. In 2004 she was appointed Senior Vice President and was responsible for worldwide strategic planning and the development of innovations. As of 2006, as Regional Senior Vice President Coffee & Tea, Marleen Vaesen was responsible for the operating results of ten European Sara Lee sites. Marleen Vaesen earned an Applied Economics degree at the Catholic University of Leuven, an MBA at the University of Chicago, and participated in the Advanced Management Program at Harvard Business School. Marleen Vaesen is also a director at Van de Velde NV.

*Hilde Laga, Professor (age 59) - Non-executive, independent director*

Hilde Laga graduated as a Lic. Juris and as a Lic.Notarial at the Catholic University of Leuven and has a PhD in Law, also obtained at the Catholic University of Leuven with a thesis on “Statuten, statutenwijziging en reglement van inwendige orde getoetst aan algemene beginselen van contractenrecht. Een toepassing op de coöperatieve vennootschap” (promotor: Prof. dr. W. Van Gerven).

She was the founder and partner of the law firm “Laga”, with offices in Brussels, Antwerp and Kortrijk. She was a member of the FSMA (former CBFA) Supervisory Board and Independent Director with NV Elia System Operator. Hilde also was a Judicial Trustee at NV Lernout and Hauspie Speech Products, appointed by the commercial court. She had a Professor Master’s Degree in Corporate Law at the K.U. Brussel and worked as a lawyer at Simont, Gutt & Simont (currently Stibbe).

Hilde published several articles in legal publications relating to corporate, financial and contract law and gave lectures on those three topics during national and international conferences.

Hilde Laga was a Vlerick-Award 2004 Nominee (together with Peter Piot, Jean-Pierre Hansen and Johan Vande Lanotte) as well as a Manager of the Year 2007 Nominee (Trends Magazine).

At present, she is Vice-president of the Campaign Board K.U. Leuven (fundraising for the benefit of research into neurodegenerative diseases), Director of vzw Kortrijk.IN and a member of the “vzw Ons Erfdeel” Board of Directors. She is also a member of the King Baudouin Foundation Support Committee, West Flanders division, Member of the Advisory Board Deloitte under the leadership of Count P.Buysse and a member Advisory Board VOKA and Visiting Professor at the Law Faculty K.U. Leuven.

Next to that, Hilde Laga is Member of the Board of Directors of Barco NV, Agfa-Gevaert NV, Gimv/VPM NV and Aedifica NV, Member of the “Belgische Corporate Governance Commissie”, Member of the Board of Directors K.U.Leuven, Member of “Bestuurs- en associatiecomité UZ Leuven Gasthuisberg”, Member of the Advisory Council of RNCI (Remuneration and Nomination Committee Institute).]

* + - 1. Information on the directors before completion of the Transactions

Subject to and effective as of the completion of the Transactions, the Board of Directors shall be composed as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Director’s name** | **Date of**  **appointment** | **Term of office ends on** | **Executive /  non-executive** | **Independent /  non-independent**  **director** |
| NV Deprez Invest p.r. by Mr Hein Deprez | [19/06/2015] | AGM 2019 | Executive | Non-independent director |
| BVBA The Marble p.r. by Mr Luc Van Nevel | [19/06/2015] | AGM 2019 | Non-executive | Independent director |
| [Frank Donck] | 20/05/2011 | AGM 2015 | Non-executive | Independent director |
| Hilde Laga | [19/06/2015] | AGM 2019 | Non-executive | Independent director |
| BVBA Ardiego p.r. by Mr Arthur Goethals | [19/06/2015] | AGM 2019 | Non-executive | Independent director |
| BVBA Bonem p.r. by Mr Marc Ooms | [19/06/2015] | AGM 2019 | Non-executive | Non-Independent director |
| Peter Maenhout\* | [19/06/2015] | AGM 2019 | Non-executive | Non-independent director |
| Jozef Marc Rosiers\*\* | [19/06/2015] | AGM 2019 | Non-executive | Non-independent director |
| Peter Gain | [19/06/2015] | AGM 2019 | Non-executive | Non-Independent director |
| Tom Borman | [19/06/2015] | AGM 2019 | Non-executive | Non-Independent director |
| BVBA Mavac p.r. by Ms Marleen Vaesen | [19/06/2015] | AGM 2019 | Executive  (CEO) | Non-independent director |
| BVBA Argalix  p.r. by Francis Kint | [19/06/2015] | AGM 2019 | Executive | Non-independent director |
| BVBA Management Deprez p.r. by Mevr. Veerle Deprez | [19/06/2015] | AGM 2019 | Non-executive | Non-independent director |
| Charles-Henri Deprez | [19/06/2015] | AGM 2019 | Non-executive | Non-independent director |
| BVBA Intal  p.r. by Johan Vanovenberghe | [19/06/2015] | AGM 2019 | Non-executive | Non-independent director |

*\* Gimv-XL will be entitled to propose a director for appointment as long as it holds a participation of at least 5% in the Company.*

*\*\* AIF will be entitled to propose a director for appointment provided that AIF will hold at least 5% in the Company within two after the completion of the Transactions and shall then remain entitled to propose a director for appointment as long as it continues to hold a participation of at least 5% in the Company.*

[A brief overview of the relevant experience of the members of the Board of Directors, subject to and effective as of the completion of the Transactions is set out below. See above for the biography of the members of the Board of Directors who are already a member of the Board of Directors at the date of this Prospectus.

*Peter Kennedy Gain (age 40) – Non-executive, independent director*

As an entrepreneur, Peter has used his nearly 20 years of experience, predominantly in the mining sector, to build a portfolio of investments around the world. Initially through Beacon Rock Investments (Pty) Ltd and Warrior Coal Investments (Pty) Ltd, companies which he founded in 2005, he helped build a mining group with a range of investments and exploration assets predominantly in the coal sector, including Optimum Coal Ltd, a Johannesburg Stock Exchange listed coal mining company, which was subsequently acquired by Glencore in 2012.

Before joining Warrior Coal in 2005, Peter was the Commercial Director of Metallon Corporation Ltd, and prior to that the Managing Director of Micofin Corporate Services (Pty) Ltd, a boutique mining and commodity corporate advisory group. In 1997, Peter completed his Bachelors in Business Science at the University of Cape Town.

In addition to his directorship activities within the Univeg Group, Peter serves as a member of the board of the Barloworld Transport (Pty) Ltd, a South African based warehousing and logistics group. He is also a board member of various privately held companies based in the United Kingdom, South Africa and Monaco.

*Thomas Ignatius Borman (age 48)* *– Non-executive, independent director*

Tom Borman has an honours degree in accounting, and over 20 years’ experience in the mining and minerals industry. He served in excess of 11 years with the BHP Billiton Group (BHP) in various senior managerial roles including strategy and business development and served as the project manager for the integration of the BHP and Billiton merger.

He has extensive global business experience, having worked in several countries including South Africa, Kenya, The Netherlands, the United Kingdom and Australia. Tom was part of the executive management team that established and consolidated the Optimum group of companies, a Johannesburg Stock Exchange (JSE) listed company that was acquired by a Glencore led consortium in March 2012.

Tom also serves as a Non-Executive Director of the TSX listed minerals exploration and development company Alphamin Resources Corp, is a Non-Executive Director of the South African based JSE listed company Metmar, a commodities trading company, and Non-Executive Chairman of ASX listed minerals exploration and development company Elemental Minerals Limited. Tom is also a director of Beacon Rock Corporate Services, a company which provides advisory services to the mining industry.

More recently, Tom became a director within the Univeg Group.

*Argalix BVBA, represented by Francis Kint (age [●]), permanent representative – Executive, non-independent director*

Francis Kint is Chief Executive Officer of Univeg Group. Before this he was the Managing Director of Univeg Germany (2009) and Head of fruit and vegetable division of Univeg (2009-2013). Before joining Univeg, Francis was the President Europe at Fiskars Brands. Previously, he was the Vice President north and east Europe of Chiquita Brands.

Francis Kint graduated from the University of Ghent in 1985 with master degree in Civil engineer and in 1987 earned a degree in Management at Vlerick Leuven School. In 1991, he earned a MBA from INSEAD (Fontainebleau).

*Charles-Henri Deprez (age 24) – Non-executive, non-independent director*

Charles-Henri Deprez started studying applied economics at the Catholic University of Leuven in September 2009, graduated in June 2013 with honors after writing his dissertation about the macro economic situation in Argentina and the effect on the fruit sector. The past eight years he was actively involved in Deprez Holding. Charles-Henri is a board member of Expofrut Argentina SA (a fruit producing company in Argentina), in October 2013 he became executive board member in Expofrut Argentina SA and today he is commercial director in Expofrut Argentina SA. Charles-Henri is also an advisor of the board of director of DWB and to the board of directors of Deprez Holding.

*Intal BVBA, director, represented by* *Johan Vanovenberghe (age 51), permanent representative – Non-executive, non-independent director*

Johan Vanovenberghe began his career in 1987 at the audit firm Grant Thornton where he worked in various audit capacities and obtained broad experience in the areas of audit and financial structures. He became partner at Grant Thornton in 1995. From 2006 until 2009, he was CFO of the Univeg Group, responsible for all aspects of financial management, and completed in this frame a number of acquisitions across the world. Since 2007 he acts as advisor to the Board of Directors and the board of directors of Peatinvest and has played throughout the years an active role in acquisitions and divestitures for the Greenyard Foods Group (such as the acquisition of Noliko and divestment of Lutosa). Since 2009 Johan Vanovenberghe is CFO of Deprez Holding. Besides his engagements in the Univeg Group, Deprez Holding and the Greenyard Foods Group, he is also advisor to the board of directors of MG Real Estate Group, a prominent Belgian real estate developer, and to the board of directors of Edan Business Solutions, a Microsoft Gold Partner specialised in business processes. Johan Vanovenberghe is a member of the Institute of Accountants and Tax Advisors since 1992.]

* + 1. Executive management

The Board of Directors has mandated the Executive Committee to undertake the day-to-day activities of the company in the light of the Company’s values, its approach to risk and the key elements of its policy. The Executive Committee advises the Board of Directors and therefore, does not qualify as an executive committee (*directiecomité / comité de direction*) in the sense of article 524bis BCC.

* + - 1. Composition

On the date of this Prospectus, the Executive Committee is composed of the following persons:

* Mavac BVBA, with permanent representative Ms Marleen Vaesen, CEO;
* Ms Valerie Vanhoutte, CFO;
* Haluvan BVBA, with permanent representative Mr Hans Luts, responsible for the Frozen Division;
* Mr Dominiek Stinckens, responsible for the Canning Division.

On 24 November 2014, Vijverbos NV, with permanent representative Mr Herwig Dejonghe, resigned as a member of the Executive Committee.

The Board of Directors of the Company held on 30 April 2015 has decided that, subject to and effective as of the completion of the Transactions, the Executive Committee shall be composed as follows:

[●]

Going forward, the Executive Committee shall be assisted by a leadership team composed of key individuals of each of the different business units.

* + - 1. Role

The role of the Executive Committee is to guide the management of Greenyard Foods and to carry out other responsibilities delegated to the Executive Committee by the Board of Directors in accordance with the values, strategies, policies, plans, and budgets established by the Board of Directors. The Executive Committee is jointly responsible for the Company’s policy, the Company’s affairs, and the affairs of group companies affiliated with Greenyard Foods.

In the exercise of its role the Executive Committee is responsible for compliance with all relevant laws and regulations.

* + 1. Potential conflicts of interest

According to article 523 BCC, a specific procedure needs to be followed in the Board of Directors of the Company if one or more directors could have a direct or indirect conflict of interest of a financial nature with a decision or transaction that is to be resolved upon by the Board of Directors. In such case, the particular director needs to inform the other directors and the statutory auditor of such conflict prior to the meeting of the Board of Directors.

Moreover, the director with a conflict of interest cannot participate in the deliberation on this decision or transaction. The declaration of the director on the conflict of interest should be included in the minutes of the Board of Directors as well as a description of the conflict of interest by the Board of Directors and the nature of the concerned decision or transaction.

In addition, a justification of the decision or transaction needs to be included in the minutes by the Board of Directors as well as a description of the financial consequences for the Company. The minutes need to be included in the annual report of the Board of Directors. The director having a conflict of interest also needs to inform the statutory auditor about the conflict. The statutory auditor needs to describe the financial consequences of the decision that led to the potential conflict of interest.

* + - 1. Recent conflicts of interest notified

In the course of the past three financial years, the following potential conflicts of interest of the directors were notified in accordance with article 523 BCC.

*Recent business combination between the Greenyard Foods Group, the Univeg Group and the Peatinvest Group:*

During the meeting of the Board of Directors dated 3 March 2015, Deprez Invest NV, Management Deprez BVBA and Bonem BVBA made a declaration pursuant to article 523, §1, Section 4 BCC regarding the research on a possible business combination between the Greenyard Foods Group, the Univeg Group and the Peatinvest Group:

* Deprez Invest NV, Management Deprez BVBA and Bonem BVBA in their capacity as director being a legal person of Greenyard Foods, and Mr Hein Deprez, Veerle Deprez and Marc Ooms in their capacity as permanent representative of legal persons being directors, are not merely director and permanent representative of a legal person being a director of Greenyard Foods and/or of one of its subsidiaries, but they are also director and permanent representative respectively of the Univeg Group and, directly or indirectly, shareholder of both the Company and its subsidiaries as well as shareholder of Univeg and/or of the subsidiaries of the Univeg Group. The same disclosure of conflict of interest was included in the minutes of the meeting of the Board of Directors dated 20 March 2015 and 27 March 2015.
* Deprez Invest NV and Management Deprez BVBA in their capacity as director being a legal person of Greenyard Foods and Mr Hein Deprez and Veerle Deprez in their capacity as permanent representative of their respective legal persons being a director are not merely director and permanent representative of a legal person being a director respectively of Greenyard Foods, but they are also director and permanent representative respectively of Peatinvest or one of its subsidiaries and, directly or indirectly, shareholder of both Greenyard Foods and its subsidiaries and Peatinvest and its subsidiaries. The same disclosure of conflict of interest was included in the minutes of the meetings of the Board of Directors dated 20 March 2015 and 27 March 2015.

*Gimv Subordinated Loan:*

* During the meeting of the Board of Directors dated 14 November 2014, Thomas Dewever made a declaration pursuant to article 523, §1, Section 4 BCC regarding the negotiations about the refinancing and the partial repayment of the Gimv Subordinated Loan. In this respect, Thomas Dewever has a possible functional conflict of interest of a patrimonial nature as he is on Greenyard Foods’s Board of Directors acting as Gimv-XL’s representative, which is a shareholder of Greenyard Foods.
* During the meeting of the Board of Directors dated 2 February 2015, Thomas Dewever and Peter Maenhout made a declaration pursuant to article 523, §1, Section 4 BCC regarding the proposed partial repayment of the Gimv Subordinated Loan. Thomas Dewever and Peter Maenhout have a potential functional conflict of interest of a patrimonial nature, as they are on Greenyard Foods’s Board of Directors, appointed on a proposal from Gimv-XL, and at the same time working at Gimv-XL, which is a shareholder of Greenyard Foods.

*Acquisition Scana Noliko Real Estate and De Binnenakkers NV:*

During the meeting of the Board of Directors dated 28 August 2013, Deprez Invest NV and its permanent representative Mr Hein Deprez on the one hand and Management Deprez BVBA and its permanent representative Veerle Deprez on the other hand made a declaration pursuant to article 523, §1, Section 4 BCC regarding the approval of the acquisition of the shares of Scana Noliko Real Estate NV and De Binnenakkers NV, both subsidiaries of Food Invest International. The latter was owner of Noliko’s industrial production sites located in Bree and Rijkevorsel. Scana Noliko Real Estate NV and De Binnenakkers NV leased the production sites to Noliko NV. Due to the transfer of the shares of Noliko Real Estate NV and de Binnenakkers NV, the Greenyard Foods Group received ownership of the production sites located in Bree and Rijkevorsel. Deprez Invest NV and its permanent representative Mr Hein Deprez on the one hand and Management Deprez BVBA and its permanent representative Veerle Deprez on the other hand have a potential conflict of interest of a patrimonial nature regarding this item on the agenda as they are director and (indirectly) shareholder of Food Invest International, the Company acting as the counterparty (sellers) in the acquisition of the shares of Scana Noliko Real Estate NV and De Binnenakkers NV by the Greenyard Foods Group.

*UFM Transaction*

Jean-Michel Jannez, Deprez Invest NV and Management Deprez BVBA made a declaration pursuant to article 523, §1, Section 4 BCC regarding the negotiations and the draft letter of intent concluded between Pinguin NV and UFM concerning the UFM Transaction. In this regard, Jean-Michel Jannez had a potential conflict of interest of a patrimonial nature in his capacity as managing director of UFM. Deprez Invest NV, Mr Hein Deprez, Management Deprez BVBA and Veerle Deprez on the one hand and Mr Jean-Michel Jannez on the other hand have a potential conflict of interest of a patrimonial nature as simultaneously with the UFM Transaction, the transfer of shares held by UFM in Food Invest International was envisaged by Deprez Holding NV. Deprez Invest NV, Management Deprez BVBA and Jean-Michel Jannez are directors of Food Invest International. Mr Hein Deprez and Management Deprez BVBA are directors and shareholders of Deprez Holding. Jean-Michel Jannez is managing director of UFM.

*Lutosa Transaction*

Deprez Invest NV and Management Deprez BVBA made a declaration pursuant to article 523, §1, Section 4 BCC regarding the negotiations and agreements concerning the sale of Lutosa to McCain. In this respect, Deprez Invest NV, Mr Hein Deprez, Management Deprez BVBA and Veerle Deprez had a potential conflict of interest of a patrimonial nature, as simultaneously with the Lutosa Transaction, Lutosa’s real estate property was transferred from Deprez Invest NV, Deprez Holding NV and Dreefvelden NV to McCain. Deprez Invest NV and Management Deprez BVBA are directors and shareholders of Deprez Holding. Veerle Deprez is shareholder and director of Dreefvelden NV.

*Manschnow Transaction / De Buitenakkers:*

* Deprez Invest NV and its permanent representative Mr Hein Deprez on the one hand and Management Deprez BVBA and its permanent representative Veerle Deprez on the other hand made a declaration pursuant to article 523, §1, Section 4 BCC regarding the negotiations and the concluding of a lease agreement, as well as the subsequent sale of the company De Buitenakkers;
* Deprez Invest NV is both director of the Company and director of Food Invest International, which is the former co-shareholder of De Buitenakkers NV. Moreover, Mr Hein Deprez, who is the permanent representative of Deprez Invest NV in the Board of Directors of the Company is also shareholder and director of Deprez Holding NV;
* Management Deprez BVBA is both director of the Company and shareholder of Scana Noliko Real Estate NV which is a former co-shareholder of De Buitenakkers NV.

*Credit facility*

The Board of Directors of Greenyard Foods has decided, pursuant to article 524, §5 BCC, to grant an authorisation to its subsidiaries Pinguin Langemark NV, De Binnenakkers NV, Noliko NV, Scana Noliko Holding NV and Noliko Real Estate NV to approve the new credit facility and to provide securities (in the context of the approval of the working capital financing dated 16 December 2013).

* + - 1. Possible conflicts of interest

Currently, the directors have no other conflicts of interest within the meaning of article 523 BCC that have not been notified to the Board of Directors. The Company does not expect any additional potential conflicts of interest as defined in article 523 BCC.

The renewal or amendment of any of the agreements referred to in Part VIII (*Related Party Transactions*) may give rise to potential conflicts of interest in the future.

The Company does not expect other additional potential conflicts of interest as defined in article 523 BCC.

* + - 1. Application of article 524 BCC in the framework of the Transactions

During the meeting of the Board of Directors dated 20 March 2015, it was concluded that article 524 BCC will be applicable in the context of the possible business combination between the Greenyard Foods Group, the Univeg Group and the Peatinvest Group as there will be a relation between a listed company (*i.e.*, Greenyard Foods) and an affiliated company (Deprez Holding). As a consequence, this transaction must be subject to a prior independent review by a committee composed of three independent directors. This committee has to be assisted by at least one independent expert appointed by the committee. The expert will be appointed by the independent directors and will be remunerated by Greenyard Foods.

Reference is made to Sections 4.1.3 and 4.2.3 of Part IV (*The Contributions*) of this Prospectus regarding the application of article 524 BCC in the framework of the Contributions and the advices given by the independent directors committee in this framework.

* + 1. Remuneration of members of the Board of Directors and Board committees, and members of senior management

Greenyard Foods will ensure that the level of remuneration is high enough to attract, retain and motivate directors and members of the Executive Committee who meet the profile determined by the Board of Directors.

* + - 1. Members of the Board of Directors

The size and the amount of remuneration of the directors is proposed to the general shareholders’ meeting by the Board of Directors on the advice of the Remuneration and Nomination Committee. The remuneration for the members of the Board of Directors shall be in accordance with their general and specific responsibilities and the general international market practice.

*(i) Remuneration report*

A remuneration report is drawn annually by the Remuneration and Nomination Committee.

This remuneration report is approved by the Board of Directors.

The remuneration report is a specific part of the Corporate Governance Statement and contains the following information: a description of the internal process for (i) the development of a remuneration policy for non-executive directors and members of the executive management, and (ii) determining the level of remuneration for non-executive directors and members of the executive management.

The remuneration report also contains a statement about the applicable remuneration policy for the members of the executive management. Any significant change to this remuneration policy, which was implemented since the end of the period covered by the annual report, is clearly mentioned in the remuneration report.

*(ii) Non-executive directors*

The remuneration of the non-executive directors shall be established by the Board of Directors upon recommendation of the Remuneration and Nomination Committee.

The remuneration of the independent and other non-executive directors consists of a fixed remuneration and attendance fees for attending the meetings of the Board and the Committees of the Board (including attendance through video or telephone conference), payable semi-annually. This remuneration amounts to EUR 1,500 per session. In addition, the non-executive directors receive an annual fixed remuneration of EUR 15,000. No variable remuneration is granted to the directors by virtue of their mandate, for performances in the financial year ended on 31 March 2015. There are no pension schemes for the directors, nor have any long-term compensation, severance payments or remuneration in Shares been paid to the directors.

This takes into account their specific role as Chairman of the Board, Chairman or member of a committee, as well as the responsibilities and time commitment resulting from this role. Hereby, standard market practice is pursued based on the stock listed character and the size and the sector in which the Combined Greenyard Foods Group is active.

On the proposal of the Remuneration and Nomination Committee the general shareholders’ meeting may also decide to grant a fixed fee to one or more independent or non-executive directors.

The Chairman of the Board of Directors only receives a fixed fee, payable quarterly, which amounted for the year 2014 to EUR 90,000. He has no right of attendance fees for meetings of the Board of Directors or the Committees of the Board in which he has a seat. Subject to and effective as of the completion of the Transactions, the remuneration of the Executive Chairman shall amount to EUR 600,000.

The remuneration report mentions, on an individual basis, the amount of the remuneration and other benefits that were granted directly or indirectly by Greenyard Foods or its subsidiaries to the non-executive directors.

*(iii) Executive directors*

Directors who hold an executive position in Greenyard Foods or one of its subsidiaries will not receive any additional compensation for their actions as directors. They enjoy a management fee as members of the Executive Committee.

*(iv) Overview of the remuneration granted to the directors*

For the financial year ended on 31 March 2015, the total remuneration of the Board of Directors with respect to the directorship mandate amounted to EUR 351,250.

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Fixed remuneration** | **Attendance allowances** | **Total remuneration year ended 31 March 2015** |
| *(EUR in thousands)* |
| NV Deprez Invest | 90,00 |  | 90,00 |
| The Marble BVBA | 15,00 | 21,00 | 36,00 |
| NV Vijverbos |  |  |  |
| BVBA Management Deprez | 15,00 | 19,50 | 34,50 |
| BVBA Bonem | 15,00 | 9,00 | 24,00 |
| Frank Donck | 15,00 | 16,50 | 31,50 |
| BVBA Ardiego | 15,00 | 16,50 | 31,50 |
| BVBA MAVAC |  |  |  |
| Jozef Marc Rosiers | 15,00 | 15,00 | 30,00 |
| Peter Maenhout | 15,00 | 18,00 | 33,00 |
| Thomas Dewever | 15,00 | 16,50 | 31,50 |
| Hilde Laga | 6,25 | 3,00 | 9,25 |
| **Directors remuneration** | **216,25** | **135,00** | **351,25** |

* + - 1. The CEO and the members of the Executive Committee

*Remuneration policy*

The remuneration of the CEO and the members of the Executive Committee shall be established by the Board of Directors upon recommendation of the Remuneration and Nomination Committee, in accordance with what is provided in the Corporate Governance Charter.

This remuneration seeks to attract, motivate and retain highly qualified and promising management talent and to align the interests of managers and all stakeholders of the Combined Greenyard Foods Group. The level and the structure of the remuneration are subject to an annual analysis. This will be carried out based on available benchmark studies of independent external firms.

The CEO and the members of the Executive Committee receive a fixed remuneration and a variable remuneration in the form of an annual bonus. The variable remuneration or bonus is based on both quantitative parameters, taking into account the results of the entire Combined Greenyard Foods Group, and on qualitative parameters, taking into account the individual performance. When the set targets are achieved, the variable remuneration amounts to 20% to 50% of the remuneration, depending on the function within the Executive Committee.

The remuneration report lists the criteria for the evaluation of accomplished performance against the objectives, as well as the evaluation period, without prejudice to confidential information on the strategy of the Combined Greenyard Foods Group.

Systems under which the CEO or members of the Executive Committee are remunerated in the form of Shares, options or any other right to acquire Shares, are approved by the general shareholders’ meeting in advance through a resolution at the annual general shareholders’ meeting. This approval must concern the system itself, but not the individual assignment of share-based remuneration under the plan.

The remuneration report mentions the amount of remuneration and other benefits that were granted directly or indirectly by Greenyard Foods or its subsidiaries to the CEO. In disclosing this information a distinction is made between:

* the base salary
* the variable remuneration: for every bonus, indicating the form in which this variable remuneration was paid;
* the pension: the amounts that were paid during the financial year, with an explanation of the applicable pension schemes;
* other components of the remuneration, such as cost or value of insurance and fringe benefits, with an explanation of the details of the main topics.

The remuneration report also mentions the amount, on a global basis, of the remuneration and other benefits that are directly or indirectly granted by Greenyard Foods or its subsidiaries to the other members of the executive management. Thereto, the same information as with respect to the CEO is made public on a global basis.

*Remuneration of the CEO for the financial year ended 31 March 2015*

The management contract concluded with the current CEO provides a fixed remuneration in which all social charges, taxes and committed contribution arrangements are included. In addition, the CEO receives a variable remuneration.

The annual fixed remuneration of MAVAC BVBA in its capacity of CEO amounted to EUR 450,000 for the financial year ended 31 March 2015. A variable remuneration of EUR 265,950 has been granted as well as EUR 22,242 expenses. Subject to and effective as of the completion of the Transactions, the remuneration of the CEO shall amount to EUR 600,000.

No extra-legal benefits have been paid, not as cash nor as Shares or warrants.

*Remuneration of the members of the Executive Committee for the financial year ended 31 March 2015 (excluding CEO)*

|  |  |
| --- | --- |
| *(EUR in thousands)* | **Year ended 31 March 2015** |
| Number of persons on balance sheet date | 3 |
| Basic remuneration | 828 |
| Variable remuneration | 226 |
| Other remunerations | 71 |
| Pensions | 26 |
| **Remuneration members of the Management Committee** | **1.152** |

Vijverbos NV, represented by Herwig Dejonghe, terminated its activity as COO in November 2014, which implies that his remuneration is included in the table above for eight months.

The members of the Executive Committee receive in addition to the fixed remuneration also a variable remuneration. This bonus scheme is mainly based on financial quantitative targets and partially (maximum 25%) on qualitative personal goals related to the execution of the job. This can relate to the efficiency of certain processes, delivery of a number of projects, etc.

The evaluation period corresponds to the financial year of the company. The payment occurs in the following year. The quantitative calculation is done by the CFO based on audited figures. The assessment of the results of the personal qualitative goals is done by the CEO in consultation with the Remuneration and Nomination Committee and the Board of Directors. The bonus scheme is annually presented to the Remuneration and Nomination Committee.

Greenyard Foods chooses to pay the variable remuneration of the executive directors on a yearly basis, regardless the size of this variable remuneration, and not to spread the payment over several years. This annual payment, in derogation of article 520ter BCC, is presented to the general shareholders’ meeting of the Company on 18 September 2015 for ratification.

In addition to the yearly bonus scheme, the Remuneration and Nomination Committee can decide on an ad hoc basis to grant an exceptional bonus of the annual remuneration at the occurrence of extraordinary events or when special performances have been delivered that were not planned at the start of the financial year concerned.

The other remunerations comprise, for the members working under an independent statute, mainly the reimbursement of expenses made at the service of the Greenyard Foods Group: travel and accommodation expenses, etc. For the members operating as employees, the other remunerations concern the extra-legal advantages such as a company car, pension scheme based on a fixed contribution of the employer (defined contribution) and the reimbursement of travel and accommodation expenses.

With regard to the members of the Executive Committee who were member of the committee solely during a part of the year, only the relevant months are taken into consideration.

During the financial year, no stock options or other rights have been expired or exercised by members of the management team.

* + 1. Indemnification and insurance of the directors and members of executive management

As permitted by the Articles of Association, the Company has entered into indemnification arrangements with the directors and relevant members of the Executive Committee and has implemented directors’ and officers’ insurance coverage.

* + 1. Service agreements of the directors and members of the executive management

Greenyard Foods has concluded agreements with its key managers, being MAVAC BVBA (represented by Ms Marleen Vaesen), Haluvan BVBA (represented by Mr Hans Luts), Silverco BVBA (represented by Mr Jan Ingelbeen), Ms Valerie Vanhoutte and Mr Dominique Stinckens (this latter agreement has been concluded with Noliko NV).

All of the aforementioned agreements, with the exception of the agreement with Mr Dominique Stinckens, contain a non-compete clause.

A specific notice period is foreseen in the agreement with MAVAC BVBA (12 months), Haluvan BVBA (6 months) and Silverco BVBA (6 months). Since the agreement of Mr Dominique Stinckens was already concluded in 1989, he is entitled to a notice period of 26 months.

Upon completion of the Transactions, the key managers of Greenyard Foods shall be [•]. The agreements concluded with the current managers shall remain in force. The new agreements concluded with the new managers shall provide for a non-compete clause and a notice period of [•] months.

* + 1. Shareholdings and stock options of members of the Board of Directors or of members of the senior management

Greenyard Foods has implemented no stock option plan with its directors and key managers.

Upon completion of the Transactions, the directors shall own the following shareholding (directly and indirectly) in the Company:

|  |  |  |
| --- | --- | --- |
| **Directors shareholding** | **Number of Shares** | **% of total share capital of the Company** |
|  |
| NV Deprez Invest p.r. by Mr Hein Deprez | [•] | [•]% |
| BVBA The Marble p.r. by Mr Luc Van Nevel | [•] | [•]% |
| [Frank Donck] | [•] | [•]% |
| Hilde Laga | [•] | [•]% |
| BVBA Ardiego p.r. by Mr Arthur Goethals | [•] | [•]% |
| BVBA Bonem p.r. by Mr Marc Ooms | [•] | [•]% |
| Peter Maenhout\* | [•] | [•]% |
| Jozef Marc Rosiers | [•] | [•]% |
| Peter Gain | [•] | [•]% |
| Tom Borman\* | [•] | [•]% |
| BVBA Mavac p.r. by Ms Marleen Vaesen | [•] | [•]% |
| BVBA Argalix  p.r. by Francis Kint | [•] | [•]% |
| BVBA Management Deprez p.r. by Mevr. Veerle Deprez | [•] | [•]% |
| Charles-Henri Deprez | [•] | [•]% |
| BVBA Intal  p.r. by Johan Vanovenberghe | 159,209\* |  |
|  |  |  |
| **Total** | **[•]** | [•]% |

*\* Johan Vanovenberghe shall hold 136,364 Shares in person and 22,845 through BVBA Intal.*

Upon completion of the Transactions, the key managers shall own the following shareholding (directly and indirectly) in the Company:

|  |  |  |
| --- | --- | --- |
| **Directors shareholding** | **Number of Shares** | **% of total share capital of the Company** |
|  |
| [•] | [•] | [•]% |
| BVBA Sticker Consulting  Koen Sticker | 19,504 | [0.04]% |
| [•] | [•] | [•]% |
| [•] | [•] | [•]% |
| [•] | [•] | [•]% |
| [•] | [•] | [•]% |
| [•] | [•] | [•]% |
| [•] | [•] | [•]% |
| [•] | [•] | [•]% |
| [•] | [•] | [•]% |
| [•] | [•] | [•]% |
| [•] | [•] | [•]% |
| [•] | [•] | [•]% |
| [•] | [•] | [•]% |
| [•] | 159,209\* |  |
|  |  |  |
| **Total** | **[•]** | [•]% |

* 1. Committees of the Board

The Board of Directors has established a Remuneration and Nomination Committee (the ***Remuneration and Nomination Committee***) and an audit committee (the ***Audit Committee***). The committees have a mere advisory role.

The Board of Directors has determined the terms of reference of each committee with respect to its respective organisation, procedures, policies and activities.

* + 1. Audit Committee

The Board of Directors has created an Audit Committee in accordance with article 526bis BCC.

* + - 1. Composition

On the date of this Prospectus, the Audit Committee consists of four members (directors):

* Frank Donck (also President of the Audit Committee),
* The Marble BVBA (represented by its permanent representative Luc Van Nevel),
* Thomas Dewever, and
* Management Deprez (represented by its permanent representative Veerle Deprez).

Subject to and effective as of the completion of the Transactions, the Audit Committee shall consist of [five] members (directors) and shall be composed as follows:

* The Marble BVBA (represented by its permanent representative Luc Van Nevel) is president of the Audit Committee,
* Hilde Laga,
* [Peter Maenhout]
* Tom Borman, and
* Johan Vanovenberghe.

The CFO and the CEO participate to the meetings of the Audit Committee.

The Audit Committee consists exclusively of non-executive directors. Only two members of the Audit Committee, not the majority, are independent directors. Thus, the Company derogates from Recommendation 5.2./4 of the Belgian Corporate Governance Code. The Board of Directors acknowledges that the members of the Audit Committee comply with the requirements concerning independence and competence to make a sufficiently impartial judgement.

The Chairman of the Board of Directors cannot have the function of President of the Audit Committee. The members of the Audit Committee appoint one of its independent directors as President of the Audit Committee. In accordance with article 526bis BCC, the Board of Directors declares that the current President of the Audit Committee, Mr Frank Donck, and the future President, the Marble BVBA (represented by its permanent representative Luc Van Nevel), comply with the independence requirements and competence needs related to accounting and audit.

* + - 1. Role

The Audit Committee provides support to the Board of Directors for carrying out its responsibilities of monitoring with the purpose of control to the largest extent. Thereby, the Audit Committee is responsible for (i) monitoring the financial reporting process, (ii) monitoring the efficiency of the internal control and risk management of Greenyard Foods, (iii) monitoring the internal audit and its efficiency, (iv) monitoring the legal control of the annual accounts and the consolidated annual accounts, including the follow up of questions and recommendations formulated by the statutory auditor, and (v) assessment and monitoring of the independency of the statutory auditor.

The Audit Committee assists the Board of Directors with the supervision of the integrity of the financial information delivered by Greenyard Foods. More in particular, it supervises the relevancy and the consistency of the accounting standards applied within the Combined Greenyard Foods Group and *i.a.* the criteria used for the consolidation of the accounts of the companies of the Combined Greenyard Foods Group. This supervision covers the periodic information before it is announced and is based on the audit program used by the Audit Committee. The Audit Committee discusses the financial reporting methods with both the Executive Committee and the statutory auditor.

At least once a year, the Audit Committee examines the systems of internal control and risk management set up by the Executive Committee, with the aim of ensuring that the main risks (including the ones relating to the non-compliance with law and regulations), are decently identified, managed and notified, in accordance with the framework approved by the Board of Directors. The Audit Committee verifies the statements in the annual accounts relating to internal control and risk management.

The Audit Committee assesses the working program of the internal auditor, taking into account the complementary role of the internal and external audit functions.

The Audit Committee is entrusted with the permanent supervision of the tasks executed by the statutory auditor. It is notified about the work program of the statutory auditor. The statutory auditor needs to timely inform the Audit Committee about all matters arising as a result of the audit.

* + 1. Remuneration and Nomination Committee

The Board of Directors has established a Remuneration and Nomination Committee in accordance with article 526quarter BCC.

* + - 1. Composition

On the date of this Prospectus, the Remuneration and Nomination Committee consists of three members (directors):

* The Marble BVBA (represented by its permanent representative Luc Van Nevel) is president of the Remuneration and Nomination Committee,
* Ardiego BVBA (represented by its permanent representative Arthur Goethals), and
* Management Deprez BVBA (represented by its permanent representative Veerle Deprez).

Subject to and effective as of the completion of the Transactions, the Remuneration and Nomination Committee shall consist of four members (directors) and shall be composed as follows:

* Bonem BVBA (represented by its permanent representative Marc Ooms) is president of the Remuneration and Nomination Committee,
* Deprez Invest NV (represented by its permanent representative Mr Hein Deprez),
* Ardiego BVBA (represented by its permanent representative Arthur Goethals), and
* Management Deprez BVBA (represented by its permanent representative Veerle Deprez).

The CEO participates to the meetings of the Remuneration and Nomination Committee when it deliberates upon the appointment and remuneration of the members of the Executive Committee.

The President of the Board of Directors is President of the Remuneration and Nomination Committee. He does not preside the committee if it deliberates upon the appointment of his or her successor, nor when it deliberates upon his or her own remuneration package.

The Remuneration and Nomination Committee consists exclusively of non-executive directors. The majority of the members of the Remuneration and Nomination Committee are independent directors.

Upon completion of the Transactions, the majority of the members of the Remuneration and Nomination Committee will no longer by independent directors and one of its members will have be an executive member (namely the Chairman). The Company will thus derogate from Recommendation 5.4./1 of the Belgian Corporate Governance Code. The Company believes that this allows for a Remuneration and Nomination Committee that combines the best industry and remuneration policy expertise.

* + - 1. Role

The Board of Directors has established the role, the composition and working of the Remuneration and Nomination Committee in a “Code of the Remuneration and Nomination Committee”, attached as annex 4 of the Corporate Governance Charter, set up and approved by the Board of Directors dated 18 March 2014 and to be consulted on the Company’s website ([www.greenyardfoods.com](http://www.greenyardfoods.com)).

The Remuneration and Nomination Committee supports the Board of Directors with all matters relating to the appointment and remuneration of the directors and members of the Executive Committee and with the matters for which the Board of Directors or the President of the Board of Directors wants to consult the Remuneration and Nomination Committee for advice. Concerning the appointment policy, the proposals done by the relevant parties, including management and the shareholders, are taken into consideration.

The remuneration policy that is proposed by the Remuneration and Nomination Committee to the Board of Directors, consists at least the following elements: (i) the main contractual provisions, including the most important characteristics of pension schemes and exit arrangements, and (ii) the main elements determining the remuneration, including performance criteria, benefits in kind and the relative importance of each part of the remuneration.

Thereby, the Remuneration and Nomination Committee gives recommendations about the individual remuneration of the directors and the members of the management, including bonuses and long term incentives, whether or not stock-linked compensation, in the form of stock options or other financial instruments.

* + 1. Strategic Committee

The Board of Directors has established a Strategic Committee.

* + - 1. Composition

On the date of this Prospectus, the Strategic Committee consists of five members (directors):

* Deprez Invest NV (represented by its permanent representative Mr Hein Deprez),
* Ardiego BVBA (represented by its permanent representative Arthur Goethals),
* Peter Maenhout,
* Jozef Marc Rosiers,
* Mavac BVBA (represented by its permanent representative Ms Marleen Vaesen).

On 24 November 2014, Vijverbos NV, with permanent representative Mr Herwig Dejonghe, resigned as a member of the Executive Committee.

Subject to and effective as of the completion of the Transactions, the Strategic Committee shall consist of seven members (directors) and shall be composed as follows:

* Deprez Invest NV (represented by its permanent representative Mr Hein Deprez) is president of the Strategic Committee,
* Jozef Marc Rosiers,
* Peter Maenhout,
* Peter Gain,
* Mavac BVBA (represented by its permanent representative Ms Marleen Vaesen),
* Argalix BVBA, (represented by its permanent representative Francis Kint), and
* Ardiego BVBA (represented by its permanent representative Arthur Goethals).

The Strategic Committee meets at least three times per financial year.

* + - 1. Role

The Strategic Committee has the assignment to advise the Board of Directors with regards to the guidelines of the general policy and strategy of the enterprise and mergers and acquisitions. The focus of the Strategic Committee lies a.o. with Agro and production until marketing and sales, strategic orientation, expansion politics, strategic human resources policy, etc.

The Strategic Committee discussed the following matters in the financial year ended on 31 March 2015.

* Defining agenda points for financial years 2014/2015 and 2015/2016
* Agro strategic plan
* Strategic and financial long term plan for the Combined Greenyard Foods Group, the Frozen Division and Canning Division
* Evaluation of the functioning of the Strategic Committee

1. Employees

See Part IV (*The Contributions*).

1. Properties

See Part IV (*The Contributions*).

1. Research, development, patents and licences

See Part IV (*The Contributions*).

1. Financial information concerning Greenyard Foods’s assets and liabilities, financial position and profits and losses
   1. Selected consolidated pro forma information

[•]

* 1. Dividend policy

The dividend policy of the Company aims at a pay ratio instead of a fixed dividend per share. The pay ratio is a minimum of 15% on net recurrent profit. This dividend policy by the Company will be reconfirmed by the Board of Directors on an annual basis.

* 1. Legal and arbitration proceedings
     1. Greenyard Foods

The Greenyard Foods Group is involved in the following procedures:

* + - 1. Dispute Pinguin Salads BVBA

In the framework of a labour accident, the court of appeal held that Pinguin Salads is solely responsible and that the insurer does not have to indemnify Pinguin Salads BVBA. An expert has been appointed to calculate the “additional damages”. Notwithstanding the court’s decision, the insurer has paid damages to the employee and there could be a possibility that the insurer would claim the amount of the damages paid from Pinguin Salads BVBA. The total potential financial impact is not known at this moment and no provision has been recorded. Pinguin Salads BVBA summoned company “FAMM” (which is the producer of the machinery that was concerned in the work accident), these legal proceedings are pending.

* + - 1. Environmental dispute Greenyard Foods

Greenyard Foods is accused of unauthorised water discharge (originating from a cauliflower washing installation) in a creek instead of in the “WZI” (watering system). The Flemish Environment Agency (VMM) claims EUR 304,328.90 and Greenyard Foods has made a provision for such amount. Greenyard Foods has filed an opposition against this claim stating that the water discharge occurred beyond its knowledge.

* + - 1. Tax dispute D’Aucy do Brasil Ltda

D’Aucy do Brasil Ltda has received a carto consulta from the state of Sao Paolo which allows it to apply 0% ICMS (Tax on Circulation of Goods and Services) since frozen vegetables are considered basic and natural products and no ICMS is payable on such products. The local tax authorities consider that the ICMS is however payable on the importation of frozen vegetables and impose an administrative penalty. This is a general practice for the whole industry of frozen vegetables. The total litigations of Greenyard Foods amount to RUSD 22,500,000 (being ICMS tax of RUSD 18,400,000 and penalties of RUSD 4,100,000). Greenyard Foods is of the opinion that no ICMS is payable and considers therefore these claims as contingent liabilities since the conditions for recording a provision are not met.

Greenyard Foods has a right of recourse against the CECAB group for the ICMS claims between 2010 and September 2011 (the date on which Greenyard Foods has acquired the CECAB operations in Brazil).

* + 1. The Univeg Group
       1. Banana claim

In 2002, Univeg Import Italia S.r.l. (formerly known as Bocchi Import Italia S.r.l) received a claim from the Italian, Greek and Portuguese tax authorities, for an aggregate amount of about EUR 5,800,000 (including penalties and interests), relating to custom duties which were allegedly not paid on the import of bananas from October 1998 to November 1999. The tax authorities claimed that false licenses were used by the company for trading bananas. Pending its appeal with the Italian Supreme court of a judgment in its disfavour, the Univeg Group proposed a settlement to the Italian tax authorities for a total amount (including interests) of EUR 3,600,000. In Portugal and Greece, the Univeg Group prevailed in first instance against the tax authorities, which then appealed. Such appeals are at the date of this Prospectus still pending. The total estimated maximum amount of the claims in Portugal and Greece is EUR 3,000,000. The Univeg Group has taken a provision of EUR 4,700,000 (still including the settled Italian case pending any settlement) in respect of this litigation.

* + - 1. Garlic claim

In total, 31 claims have been brought against Univeg Import Italia S.r.l. (formerly known as Bocchi Import Italia S.r.l) and other Univeg Group companies regarding the custom clearance of garlic imported from China in the period 2005-2007. The claims relate to the fact that at the time of export, Univeg Import Italia S.r.l. had not yet identified the final customers and therefore issued the required documents in the name of Univeg Import Italia S.r.l. which then paid the customs invoice. Once the final customers were identified, the Chinese importer issued credit notes to Univeg Import Italia S.r.l. and issued correct invoices to the final customers. The tax authorities allege that this amounts to the prohibited sale of licenses. Out of the 31 claims, the company has won 24 in first instance, and one on appeal, six claims were lost in first instance, and four on appeal, and for one claim the company did not pursue legal proceedings because of the limited size of the amount. For the cases already decided on appeal, an appeal has been filed before the Italian Supreme Court. The total estimated amount of the claims is EUR 2,478,716, of which EUR 685,943 was already paid. No provision has been booked as the Univeg Group believes it will win these cases.

* + - 1. Bulbex case

In 2004, the Univeg Group divested certain shareholdings to (indirectly) Fred and Cees Moolenaar. It was agreed that all receivables which Fred and Cees Moolenaar had on the Univeg Group companies would be waived, which waiver is now challenged by them on grounds that it would not apply in certain circumstances. The Univeg Group lost the case in first instance and filed appeal on the argument that such excepting circumstances did not apply and that, moreover, the waiver was unconditional. This appeal is at the date of this Prospectus still pending. The total estimated amount of the claim is EUR 1,700,000, but no provision has been booked as the Univeg Group believes it will win this case.

* 1. Significant changes in the financial or trading position

[•]

1. Information on trends

[See Part IV (*The Contributions*).]

1. Material contracts
   1. The Greenyard Foods Group

On 5 July 2013, Greeyard Foods issued a Bond with a nominal amount of EUR 150,000,000 and a gross coupon of 5.0% fixed interest and a period of six years. This issued ond loan provides for a number of covenant that applied for the first time as of 31 March 2014 (see Section 1.5.2.3 of Part VI (*Operating and financial review*) for further details).

As per 16 December 2013 Greenyard Foods has closed a working capital facility of EUR 158,500,000 with a bank consortium (see Section 1.5.3.3 of Part VI (*Operating and financial review*) for further details).

In addition, the Company has secured a credit facility which has been concluded so that the Company shall have the liquidity it needs to repay all amounts due under the Bonds if and to the extent requested by the bondholders, in case the bondholders’ meeting would not resolve to grant a waiver in respect of the default by the Company to one of the terms and conditions of the Bonds pursuant to the realisation of the Contributions (see also Part II (*Risk Factors*)).

The Company has entered into two long-term exclusivity agreements with UFM in respect of both frozen and fresh vegetables. The price and quantity of the vegetables to be purchased pursuant to the aforementioned exclusivity agreements are agreed upon between the parties on a case by case basis and based upon both the market price and the demand of each party.

* 1. The Univeg Group
     1. Receivables financing

In 2014, number of companies within the Univeg Group entered into a multi-country syndicated factoring agreement (the ***Syndicated Factoring Agreement***), pursuant to which previously existing bilateral factoring arrangements were repaid and terminated. In accordance with the Syndicated Factoring Agreement, trade receivables are sold to certain receivables financing companies on a basis that (except to the extent reasonably customary) is non-recourse to the Univeg Group. [Where a Debtor or Credit Insurance Company fails to pay the full amount of the Purchase Price, recourse is limited to 5%of the Purchase Price of the receivables except for those Receivables sold under the country schedule Germany, which has no recourse.] Univeg Group companies in the United Kingdom. France, Germany, the Netherlands and Belgium participate in the Syndicated Factoring Agreement.

The Syndicated Factoring Agreement relates to identified trade receivables and provides for limitations (by reference to concentration or by exposure risks to name a few, and subject to an overall limit of EUR 350,000,000) in respect of trade receivables that can be assigned thereunder. The Syndicated Factoring Agreement also contains a negative pledge, a limitation on transfers, a maximum dilution ratio and a leverage test. The Univeg Group's aggregate outstanding financing under the Syndicated Factoring Agreement amounted to approximately EUR [3,100,000] as at 31 December 2014.

The Univeg Group assigns on a regular basis (at least weekly) eligible trade receivables under the Syndicated Factoring Agreement. Upon assignment of such eligible trade receivables, the receivables financing companies make, in accordance with contractual requirements, advance payments to the relevant Univeg Group member of 90% of the nominal value thereof, which may increase to 95% in the final five days of each quarter.

Under the Syndicated Factoring Agreement, the receivables financing companies then collect payment from the underlying trade debtors directly, and transfer to the relevant Univeg Group member any difference between the amount so collected and the advance payment above-mentioned (net of interest and fees).

The Syndicated Factoring Agreement requires insurance coverage against the credit risk of the underlying trade debtor. Such insurance covers up to 95% of the nominal value of such receivables. The receivables financing companies are intended to be co-beneficiaries of the insurance proceeds. [Under the General Conditions of the Syndicated Factoring Agreement, the Univeg Group will pay the premium on the insurance policies].

In the event the underlying trade debtor fails to pay any amount when due and payable, and a call under the insurance is made, any available insurance proceeds are either directly paid to the receivables financing company, which then transfers the positive difference (if any) between such insurance proceeds and the above-mentioned advance payment to the relevant member of the Univeg Group, or are directly received by the relevant member of the Univeg Group which retrocedes such insurance proceeds to the receivables financing company up to the amount of the advance payment that was made by the latter.

The fees paid by the relevant Univeg Group member to the receivables financing companies as consideration for the services provided include an interest component calculated on the financing amount.

The obligations of the members of the Univeg Group [(which include but are not limited to an obligation to repurchase receivables sold to the Factors, but which subsequently prove to have been Non-Eligible Receivables or Excluded Receivables)] under the Syndicated Factoring Agreement are fully supported or secured by cross-guarantees and security interests customary for non-recourse receivables financings in the relevant jurisdictions. There are very detailed schedules applicable to each Univeg Group member’s country of jurisdiction. Terms and conditions in these schedules override (with respect to the companies to which they apply) any conflicting terms in the main Syndicated Factoring Agreement.

The Univeg Group's Syndicated Factoring Agreement benefits from off-balance sheet treatment, reflecting the judgment that substantially all risks and rewards in respect of the receivables have been transferred.

In light of the usual payment terms in the sales markets in which the Univeg Group mainly operates, the Univeg Group considers the Syndicated Factoring Agreement to be an efficient and low cost means of sustaining its working capital position. See also Section 2.2.2.3 of Part VI (*Operating and financial review*).

* + 1. Senior secured Notes
       1. Overview

On 15 November 2013, Univeg Holding issued EUR 285,000,000 of 7.875% Notes, maturing on 15 November 2020 (the Notes) under an indenture among Univeg Holding, Univeg as parent and guarantor, the guarantors party thereto, Citibank, N.A., London Branch, as trustee, principal paying agent and transfer agent, Citigroup Global Markets Deutschland AG, as registrar and ING Bank N.V., as security agent (the ***Indenture***). The Notes are guaranteed by Univegand certain subsidiary guarantors (the ***Subsidiary Guarantors***and, together with Univeg, the ***Guarantors***). The Notes are secured by a share pledge of Univeg Holding and certain Subsidiary Guarantors and non-guarantor subsidiaries of Univeg, certain receivables of Univeg, Univeg Holding and certain of the Subsidiary Guarantors, certain bank accounts of Univeg Holding and certain of the Subsidiary Guarantors, certain moveable assets of Univeg Holding and certain of the Subsidiary Guarantors and a floating charge (or the equivalent) over assets of certain of the Subsidiary Guarantors.

* + - 1. Optional redemption

Prior to 15 November 2016, Univeg Holding is entitled to redeem all or a portion of the Notes at a redemption price equal to 100% of the principal amount of the Notes plus an applicable “make-whole” premium. Prior to 15 November 2016, Univeg Holding is entitled to redeem the Notes in an aggregate principal amount not to exceed 35% of the aggregate principal amount of the Notes, with the net cash proceeds from certain equity offerings at a redemption price equal to 107.875% of the principal amount outstanding in respect of the Notes so long as at least 65% of the aggregate principal amount of the Notes remains outstanding immediately after such redemption.

On or after 15 November 2016, Univeg Holding may on any one or more occasions redeem all or a part of Notes, at the redemption prices (expressed as percentages of principal amount) set forth below:

|  |  |
| --- | --- |
| **Year** | **Redemption Price** |
| 2016 | 103.938% |
| 2017 | 101.969% |
| 2018 and thereafter | 100.000% |

* + - 1. Change of control

Upon the occurrence of certain defined events constituting a “change of control,” each holder of the Notes has the right to require Univeg Holding to repurchase all or any part of the Notes at 101% of their aggregate principal amount thereof.

* + - 1. Certain covenants

The Indenture contains covenants, including, among other things, that limit the ability of Univeg and Univeg Holding to incur or guarantee additional indebtedness; pay dividends or make other distributions or purchase or redeem stock; make certain investments; make certain other restricted payments; enter into agreements that restrict certain restricted subsidiaries’ ability to pay dividends; transfer or sell certain assets; enter into certain transactions with affiliates; create liens on assets to secure indebtedness; effect a consolidation or merger; and impair the security interests. Each of these covenants is subject to a number of significant exceptions and qualifications. Certain covenants will be suspended at any time as the Notes are rated “investment grade.”

* + - 1. Events of default

The Indenture contains customary events of default (subject in certain cases to grace periods, thresholds, notices and other exceptions) including, non-payment, failure to perform covenants, cross-defaults, judgment defaults and insolvency proceedings.

* + - 1. Governing law

The Indenture, including the guarantees, is governed by New York Law.

* + 1. Revolving Credit Facility
       1. Overview

On 14 November 2013, Univeg Holding and Univeg Belgium in their capacity as borrower thereunder, Univeg in its capacity as parent thereunder and the other Guarantors in their capacity as guarantor thereunder entered into a EUR 90,000,000 super senior multicurrency revolving facility agreement (the ***Revolving Credit Facility***), with, amongst others, ABN AMRO Bank N.V., ING Belgium NV and KBC Bank NV, ABN AMRO Bank N.V., ING Bank NV and KBC Bank NV.

The Revolving Credit Facility includes an accordion feature pursuant to which additional commitments for an amount comprised between EUR 10,000,000 and EUR 25,000,000 may be made available to the borrowers by existing or acceding lenders.

The Revolving Credit Facility may be utilised by the borrowers in euro, US Dollar or any other optional currency approved by all lenders. It may be used as follows:

* in respect of the first utilisation, to refinance partially all amounts outstanding as at the date of the first utilisation under the revolving facilities granted under then existing senior facilities agreement;
* to fund the Univeg Group's general corporate and working capital requirements; and
* to repay loans made under the Revolving Credit Facility which are maturing.
  + - 1. Availability

The Revolving Credit Facility may be utilised from 14 November 2013 until the date falling one month prior to 14 November 2018.

* + - 1. Interest and fees

The amounts drawn under the Revolving Credit Facility bear interest at a rate equal to the sum of (i) LIBOR (or, in respect of loans denominated in euro, EURIBOR), (ii) the applicable margin and (iii) mandatory costs, if any. The applicable margin is initially equal to a base margin of 3.60% per annum, subject to, after at least three months has elapsed from the effective date, a ratchet up or down based on the Univeg Group's leverage ratio, calculated on a quarterly basis over then last 12 months period. The applicable margin varies between 2.75% (leverage below 2.5x) and 3.75% (leverage above 4.25x) per annum, and will be automatically increased up to 3.75% per annum upon the occurrence of, and as long as an event of default is continuing. An additional margin premium of 0.30% will further apply to amounts drawn in an optional currency.

[The latest Compliance Certificate shows the Univeg Group’s leverage ratio is 2.2:1 meaning that the applicable Margin is currently 2.75% per annum.]

Default interest will be calculated as an additional 1% on the overdue amount.

A commitment fee will be payable, quarterly in arrears, at the rate of 35% of then applicable margin per annum (without taking into account any additional margin premium) on each lender's undrawn and un-cancelled commitments, until the last day of the availability period.

Facility Agent and Security Agent fees are payable in accordance with separate letters.

* + - 1. Repayments

Each loan made under the Revolving Credit Facility is to be repaid on the last day of the interest period relating thereto, subject to a netting mechanism against amounts to be drawn on such date. Subject to certain conditions, amounts repaid may be re-borrowed during the availability period.

The final maturity date of the Revolving Credit Facility is 14 November 2018.

* + - 1. Prepayments

In addition to scheduled repayment of principal, the Revolving Credit Facility allows each lender to cancel its commitments and require mandatory prepayment of its share in the outstanding loans upon the occurrence of a “Change of Control” (as such term is defined in the Revolving Credit Facility).

[in addition to the circumstances identified as a Change of Control under the Notes in section 8.2.2.3 (Change of control) above, the Revolving Credit Facility Agreement treats as a Change of Control any circumstances where “Hein Deprez and his affiliates (or any group of which Hein Deprez and his affiliates form a part, or in or with which Hein Deprez and his affiliates act in concert) fail to control the Parent";

If after the transaction, Hein Deprez and his affiliates (and his and their concert parties) cease to hold directly or indirectly more than 50% of the voting shares in the Parent, a Change of Control may be triggered.]

The Revolving Credit Facility contains provisions relating to cancellation of commitments and, to the extent necessary as a result of such cancellation, prepayment of outstanding loans upon repurchase of Notes.

Indebtedness under the Revolving Credit Facility may further be voluntarily canceled or prepaid by the borrowers, in whole or in part, subject to certain conditions including with respect to minimum amounts, notice period and payment of any break funding costs if such prepayment is made on a day that is not the last business day of an interest period. Amounts prepaid may be re-borrowed during the availability period, subject to certain conditions. Commitments canceled may not be reinstated.

* + - 1. Guarantees and collateral

Obligations under the Revolving Credit Facility are, subject to certain customary limitations and agreed security principles, irrevocably and unconditionally guaranteed, on a joint and several basis, by the Guarantors and further benefit from the same Collateral as the Notes.

* + - 1. Representations and warranties

The Revolving Credit Facility contains customary representations and warranties (subject to certain exceptions and qualifications and with certain representations and warranties being repeated), including:

* corporate representations including incorporation, binding obligations, non-conflict with constitutional documents, laws or other obligations, power and authority, authorisation, validity and admissibility in evidence, and governing law and enforcement;
* no proceedings pending or threatened, no breach of laws, environmental compliance and no environmental claims, no deduction of tax, and no filing or stamp taxes;
* no default and no misleading information has been provided for the purposes of the Revolving Credit Facility;
* no security, hedging or financial indebtedness, except as permitted;
* compliance with tax return filings and payments, and no tax claims or investigations;
* ranking of security;
* good title to assets and ownership of assets over which security is to be granted; and
* the financial statements fairly present the financial condition and results of operations (consolidated in the case of Univeg) as at the end of and for the relevant financial year and were prepared in all material respects in accordance with the generally accepted accounting principles under which they are stated to have been prepared consistently applied; and no material adverse change in its business, financial condition or assets (nor, in the case of Univeg, the business, consolidated financial condition or consolidated assets of the Univeg Group) since 31 December 2012.
  + - 1. Covenants

The Revolving Credit Facility contains customary information and affirmative loan style covenants (including covenants relating to maintenance of relevant authorisations, compliance with laws, payment of taxes, provision of financial and other information, etc.).

The Revolving Credit Facility incorporates the restrictive covenants set out in the Indenture. In addition there are further restrictive covenants (including no impairment of security interest and release of guarantee and transaction security).

The Revolving Credit Facility includes a maintenance leverage covenant — which effectively limits the amount of indebtedness that may be incurred by members of the Univeg Group — requiring that the Univeg Group's leverage ratio calculated as Total Net Debt to EBITDA, each as defined in the Revolving Credit Facility does not exceed any of the following threshold on the corresponding quarterly test date:

|  |  |
| --- | --- |
| **Relevant Period expiring on or about** | **Ratio** |
| 31 December 2013 | 4.70: 1.00 |
| 31 March 2014 | 4.00: 1.00 |
| 30 June 2014 | 4.20: 1.00 |
| 30 September 2014 | 3.70: 1.00 |
| 31 December 2014 | 4.25: 1.00 |
| 31 March 2015 | 4.10: 1.00 |
| 30 June 2015 | 4.20: 1.00 |
| 30 September 2015 | 4.00: 1.00 |
| 31 December 2015 | 3.80: 1.00 |
| 31 March 2016 | 3.90: 1.00 |
| 30 June 2016 | 4.10: 1.00 |
| 30 September 2016 | 4.10: 1.00 |
| 31 December 2016 | 3.35: 1.00 |
| 31 March 2017 | 3.50: 1.00 |
| 30 June 2017 | 3.50: 1.00 |
| 30 September 2017 and thereafter | 3.25 : 1.00 |

The Revolving Credit Facility provides for an equity cure, allowing Univeg, in the event of a breach of the leverage covenant, to re-calculate the Univeg Group's leverage ratio for the relevant period by making a pro forma adjustment consisting of deducting an amount equal to the new equity or new subordinated shareholder loans provided to Univeg by its direct or indirect shareholders (the “cure amount”) from the Total Net Debt for the relevant period. The equity cure mechanism cannot be used for two consecutive quarters and cannot be used more than twice over the duration of the Revolving Credit Facility.

The Revolving Credit Facility requires that Univeg maintains on an on-going basis that, the aggregate EBITDA, and the aggregate total assets (excluding goodwill), of all Guarantors and all Univeg Group members whose shares are pledged represents at all times at least 80% of the Univeg Group's EBITDA and of the Univeg Group's consolidated total assets (excluding goodwill).

* + - 1. Events of default

The Revolving Credit Facility contains customary events of default (subject in certain cases to grace periods, thresholds, materiality and other exceptions) including, non-payment, misrepresentation, failure to perform covenants, cross-default, insolvency proceedings and material adverse change.

The occurrence of any of these events would entitle the lenders to accelerate all or part of the outstanding loans and terminate their commitments under the Revolving Credit Facility.

* + - 1. Governing law

The Revolving Credit Facility is governed by English law, save for the restrictive covenants which are governed by New York law.

* + - 1. Jurisdiction

The English courts will have exclusive jurisdiction to settle any dispute arising out of or in connection with the Revolving Credit Facility.

* + 1. Intercreditor Agreement
       1. Overview

On 15 May 2013 Univeg Holding, the Guarantors, the lenders under the Revolving Credit Facility, the trustee on behalf of itself and the holders of the Notes, the hedge counterparties under certain hedging arrangements (the ***Hedge Counterparties***) and ING Bank N.V. as security agent (the ***Security Agent***) entered into an intercreditor agreement (the ***Intercreditor Agreement***) governing the relationships and relative priority between: the creditors under up to EUR 115,000,000 (to the extent such amounts are permitted to be incurred under the Indenture and the Revolving Credit Facility) at any one time outstanding of super senior indebtedness (including any indebtedness drawn under the EUR 90,000,000 of initial commitments under the Revolving Credit Facility); the trustee on behalf of itself and of the holders of the Notes; the Hedge Counterparties; direct or indirect parent entities of Univeg in respect of debt that a member of the Restricted Group (as defined in the Intercreditor Agreement) has or may incur in the future (including shareholder loans); certain creditors of the Univeg Group in respect of future pari passu indebtedness (***Pari Passu Indebtedness***) and their representatives; certain intra-group creditors and debtors; and the Security Agent.

The lenders under the Revolving Credit Facility and certain priority Hedge Counterparties (namely Hedge Counterparties in relation to interest rate hedging agreements) are together referred to in this description as the ***Super Senior Creditors***. Holders of the Notes and lenders or holders of Pari Passu Indebtedness and certain non-priority Hedge Counterparties are referred to in this description as ***Senior Secured Creditors*** and together with the Super Senior Creditors, the ***Secured Creditors***.

* + - 1. Ranking and priority

The Intercreditor Agreement provides that the right and priority of payment of all present and future liabilities and obligations with respect to the Revolving Credit Facility (the ***Revolving Facilities Liabilities***), the hedging agreements entered with a Hedge Counterparty (the ***Hedging Liabilities***), the Notes (the ***Notes Liabilities***), the documents evidencing Pari Passu Indebtedness (the ***Pari Passu Liabilities***) and towards the Security Agent and the trustee will rank pari passu, provided that the proceeds of any recovery from the enforcement of security will be applied as follows:

* first, pro rata and pari passu in payment of amounts owing to the Security Agent and any receiver or any delegate appointed, the trustee for application towards the discharge of the fees, costs and expenses and other indemnification amounts owed by the debtors to the trustee under the Indenture and the facility agent for application towards the discharge of the fees, costs and expenses and other indemnification amounts owed by the debtors to the facility agent under the Revolving Credit Facility;
* second, pro rata and pari passu in payment to (i) the facility agent for application towards the discharge of the Revolving Facilities Liabilities and to (ii) the priority Hedge Counterparties for application towards the discharge of priority Hedging Liabilities;
* third, pro rata and pari passu in payment to (i) the trustee on behalf of the holders of the Notes for application towards the discharge of the Notes Liabilities, (ii) the creditors under the Pari Passu Liabilities (or their representatives) for application towards the discharge of the Pari Passu Liabilities and (iii) the non-priority Hedge Counterparties for application towards discharge of the non-priority Hedge Liabilities; and
* fourth, in payment to any person the Security Agent is obliged to pay in priority to any debtor.
  + - 1. Guarantees and security

The Secured Creditors benefit from common guarantees and a common security package (the ***Transaction Security***). See Section 2.8 of Part VI (*Operating and financial review*).

* + - 1. Enforcement of transaction security

*Instructions to enforce — consultation*

For the purposes of the Intercreditor Agreement:

* ***Majority Senior Secured Creditors*** means, at any time, those Senior Secured Creditors holding more than 50% of the aggregate (a) principal amount of Notes outstanding at that time (b) aggregate drawn and undrawn commitments in respect of Pari Passu Indebtedness and (c) certain non-priority hedging.
* ***Majority Super Senior Creditors*** means, at any time, those Super Senior Creditors holding more than 662/3% of the aggregate (a) commitments under the Revolving Credit Facility and (b) certain priority hedging.

If any of the Secured Creditors wish to enforce the Transaction Security or to refrain or cease from enforcing the Transaction Security, either (a) the Majority Super Senior Creditors or (b) the Majority Senior Secured Creditors must give five business days' notice of the proposed enforcement instructions to the creditor representatives of the other Secured Creditors and the Security Agent. The issuance of the enforcement instructions triggers a 30-day consultation period (the ***Consultation Period***) during which time the creditor representatives for each of the Secured Creditors must consult with each other in good faith with a view to formulating joint instructions.

If no enforcement instructions are given by the Majority Senior Secured Creditors prior to the end of the Consultation Period or the Further Consultation Period (as the case may be) the Security Agent shall enforce the Transaction Security in accordance with the terms of the enforcement instructions given by the Majority Super Senior Creditors. Notwithstanding the foregoing, if the Security Agent is following the enforcement instructions given by the Majority Senior Secured Creditors and:

* the Super Senior Creditors have not been fully repaid in cash within six months of the date of the initial enforcement instructions; or
* the Security Agent has not taken steps to commence enforcement action within three months of the end of the Consultation Period,

then the Security Agent shall follow the enforcement instructions given by the Majority Super Senior Creditors.

No creditor which is not a Secured Creditor may take or cause to be taken any action, the purpose or intent of which is, or could be, to interfere, hinder or delay, in any manner, (whether by judicial proceedings, procurement of an insolvency event or otherwise), any sale, transfer or other disposition of, or enforcement strategy in relation to, the collateral by the Security Agent acting on the instructions of an instructing group, other than as required by law or regulation in which case such creditor shall, upon becoming aware of such requirement, immediately notify the Security Agent before taking such action.

* + 1. Agreement with Ahold European Sourcing B.V.

Bakker Barendrecht B.V., a subsidiary of the Univeg Group, as supplier and Ahold European Sourcing B.V. as buyer have entered into a strategic supplier framework agreement. The agreement has been effective since 1 January 2014 and will be in force for an indefinite period of time. Specific terms are set out in individual supply agreements entered into in accordance with the framework agreement.

* + 1. Chiquita
       1. Settlement Agreement

Chiquita Deutschland GmbH and Univeg BV entered into a settlement agreement in February 2013 (the ***Settlement Agreement***).

Background of the Settlement Agreement is the settlement of certain (potential) claims in connection with a share purchase agreement entered into on 13 May 2008 between the parties to the Settlement Agreement. Under such SPA, Chiquita Deutschland GmbH sold its shares in Atlanta AG (renamed Univeg Deutschland GmbH after closing of the share purchase agreement) to Univeg B.V. On the one hand, Chiquita Deutschland GmbH requested the payment of an additional purchase price the criteria of which Univeg B.V. considered not fulfilled, on the other hand Univeg B.V. purported to have a claim against Chiquita Deutschland GmbH based upon pre-contractual misrepresentation.

In order to finally settle the afore-mentioned (potential) claims of Chiquita Deutschland GmbH and Univeg B.V. and in order to facilitate the ongoing business relationship as concluded per the strategic banana ripening and distribution agreement (see Section 8.2.6.2 below) entered into between the parties, the parties agreed that Univeg B.V. had to pay to Chiquita Deutschland GmbH a total sum of EUR 7,000,000, of which an amount of EUR 500,000 was due on 31 March 2013 and on 30 September 2013 each, and the remaining amount of EUR 6,000,000 is to be paid in ten instalments of EUR 600,000 which shall become due on 31 March and on 30 September of each following calendar year until 30 September 2018.

In addition, the Settlement Agreement stipulates that in case Chiquita Deutschland GmbH or any of its affiliates should decide to sell any ripening asset in the EEA or Switzerland, Chiquita Deutschland GmbH is obliged to grant, or ensure that its respective affiliate will grant, Univeg B.V. the right to submit a first offer that a reasonable bidder would want to receive before entering into such bid.

* + - 1. Strategic Banana Ripening and Distribution Agreement

On 26 February 2013, Univeg Deutschland GmbH and Univeg BV entered into a strategic banana ripening and distribution agreement with Chiquita Banana Company B.V. and its subsidiary Chiquita Deutschland GmbH, pursuant to which Univeg Deutschland GmbH and Univeg B.V. provides Chiquita with banana ripening and delivery services in Germany, Austria and Denmark. The agreement will continue until 17 August 2018, and will continue to be in force afterwards until terminated by either party with six months’ notice.

To the extent Univeg Deutschland GmbH’s restructuring or other business development requirements would result in closing or otherwise modifying one of the preferred facilities for ripening the bananas as set out in the agreement in a way that could have a serious adverse effect on the customer relationship, Chiquita has the right to acquire the banana ripening facility of any such closed facility at market value.

* + 1. Related party agreements

See Sections 3.2.1, 3.2.2 and 3.2.4 of Part VIII (*Related party transactions*) below.

* 1. The Peatinvest Group
     1. EUR 13,000 000 credit facility agreements

Peatinvest and its subsidiary Peltracom NV entered into two EUR 13,000,000 credit facility agreements. The first credit facility agreement was entered into between ING België NV, Peatinvest and Peltracom NV on 3 June 2014 and restated on 27 November 2014. The second credit facility agreement was entered into between Belfius Bank NV, Peatinvest and Peltracom NV on 3 June 2014 and was amended on 27 November 2014.

These two credit facility agreements are conditional upon each other and are split into different tranches such as credit lines and and roll-over term loans which are each subject to a minimum and maximum duration. These two credit facility agreements include typical events of default for such type of credit, including amongst others, negative pledges, breach of financial covenants (net debt coverage ratio) and change of control. These events of default may give rise to a suspension of the credit facility agreement or to mandatory prepayment obligation. In respect of security, these two credit facility agreements require business pledges on Peltracom NV’s business, a mandate to take a business pledge and a shareholder guarantee by Deprez Holding. ING België NV and Belfius Bank NV both waived their rights under their respective credit facility agreements in respect of the Transactions through waiver letters dated 30 April 2015.

* + 1. Licences for exploitation of peat bogs

The Peatinvest Group holds long-term extraction licenses for the exploitation of its seven peat fields in Lativa and its four peat fields in Poland (1,454 hectares in total). These licences are granted by local authorities through a public tender process. The extraction licences are awarded for a fixed renewable term and provide for the right to extract peat from a predetermined surface area (in hectares) and up until a certain depth, determined on the basis of a geological survey. Compensation for the extraction licences consists of a combination of a fixed annual fee and a variable volume compensation. The Peatinvest Group has obtained its licences either through successful participation in public tenders or by acquiring shares in companies holding extraction licences. Extraction licences cannot be transferred. At the expiry of the term of an extraction licence, a restoration obligation applies. These restoration costs have been provisioned by the Peatinvest Group.

The Peatinvest Group also purchases specialty raw materials (such as Irish or German peat, cocos, compost, wood fiber, etc.) as well as additives and fertilisers from long-lasting supply partners working closely with the Peatinvest Group. Charcoal, wood pellets and other non-core products are also purchased from third parties on the spot market.

* + 1. Concession agreement entered into with Compagnie Nationale du Rhône

Peltracom France SAS (a subsidiary of Peatinvest) entered into two concession agreements with Compagnie Nationale du Rhône (a semi-public entity in charge of managing the Rhône river facilities and equipment) for the occupation of land located on the harbor and industrial area of Arles Nord. The first occupation agreement relates to a 18,290 m² plot of land (with an authorisation to build up to 9,000 m² of compost factory) and will terminate on 30 September 2019, unless renewed before the expiry of its term. Certain constructions have been erected on this land and purchased by Peltracom France SAS. The second concession agreement relates to a 18,000 m² of land (with authorisation to build a parking and storage spaces). This agreement will terminate in June 2015 purusant to an early termination notice issued by Peltracom France SAS. As these premises are located on public domain, Compagnie Nationale du Rhône is entitled to terminate the contract unilaterally for a “reason of general interest”. Such termination would need to be substantiated and would entitle the occupant to compensation.

# PART VI: OPERATING AND FINANCIAL REVIEW

1. The Greenyard Foods Group
   1. Overview

The Greenyard Foods Group is active predominantly in the processing and commercialisation of fruit and vegetables and ready-to-eat food, both frozen and canned. The Greenyard Foods Group ’s business is focused primarily on companies in the food industry, food service and retail sectors. The Greenyard Foods Group offers its customers a total “Vegetable Solution” concept, in line with a growing market trend towards “component cooking”.

The Greenyard Foods Group is a leading processor of harvest-fresh fruit and vegetables with a long shelf life, being prepared fruit and vegetables. These prepared fruit and vegetables are being processed in two divisions, being the Frozen Division, specialised in the production of frozen vegetables and ready-to-use vegetable preparations and the Canning Division, specialised in the production of vegetables, ready-meals such as soups, sauces, dips and pasta dishes in jars and tins.

The customer base of Greenyard Foods can be divided into the following three categories: food distribution chains or retail (hypermarkets, supermarkets, specialised retailers), food service (commercial catering and industrial kitchens including, among others, hospitals, schools and universities, company restaurants and hotels, restaurants and cafes); and food industry (manufacturers of ready-made meals, pasta products, bakery products etc.).

The headquarters of Greenyard Foods are located in Ghent, Belgium. The Greenyard Foods Group does have a well balanced manufacturing and sales footprint. As per 31 March 2015, it operates 13 production facilities located in five different countries (Westrozebeke, Langemark, Rijkevorsel and Bree (Belgium), Moréac and Comines (France), King’s Lynn and Boston (UK), Baja (Hungary) and Dabrowa, Lipno, Elk and Adamow (Poland)).

These production plants are located in the most fertile regions of Europe. This proximity of the production facilities to the important growers ensures that vegetables are processed within a few hours of being harvested. The Greenyard Foods Group’s distribution and packaging centres are also nearby the processing activities, avoiding unnecessary transport and contributing to profitability.

In addition, the Greenyard Foods Group has sales offices in five continents and sells its products in more than 100 countries across the world.

Each division of the Greenyard Foods Group maintains its own R&D centre, focusing on product and process innovation.

The Greenyard Foods Group employed 2,289 full time equivalent employees as per 31 March 2015.

* 1. Financial condition and recent events
     1. Sales

The Greenyard Foods Group’s sales consist mainly of the sale of frozen and canned fruits and vegetables and ready-to-eat vegetable-based food such as soups, sauces, dips and pasta dishes.

|  |  |  |
| --- | --- | --- |
| *(EUR in millions)* | **Year ended**  **31 March 2015** | **Year ended**  **31 March 2014** |
|  |  |  |
| Sales ‘Frozen’ | 414.1 | 409.8 |
| Sales ‘Canned’ | 221.2 | 213.3 |
| **Sales** | **635.4** | **623.1** |

The increase of consolidated sales compared to the previous year (+2.0%) is the combined effect of an increase of +1.1% in the Frozen Division and an increase of +3.7% in the Canning Division. Exchange rate evolutions had a positive effect on the consolidated sales of 1.3%.

The Frozen Division accounts for 65.2% of the consolidated sales. The sales increase by +1.1% is the combined effect of a volume decrease, a positive portfolio mix effect and a positive exchange rate effect. Sales are impacted during eight months by the embargo from Russia, which became effective in August 2014. Russia represents 1.7% of the sales of the Frozen Division.

The Canning Division accounts for 34.8% of the consolidated sales. Sales increased by +3.7% compared to the previous financial year, which is the combined effect of a volume increase and a positive portfolio mix effect.

* + 1. Operating Result

|  |  |  |  |
| --- | --- | --- | --- |
| *(EUR in millions)* | **Year ended March 2015** | **Year ended March 2014** | **Evolution** |
| Sales | 635.4 | 623.1 | +1.97% |
| REBITDA | 62.6 | 51.4 | +21.61% |
| REBITDA% | 9,85% | 8,26% |  |
| REBIT | 29.9 | 25.6 | +16.93% |
| Non-recurring income | 0.4 | - |  |
| Non-recurring expenses | (2.8) | (4.9) |  |
| EBIT | 27.5 | 20.7 | +33.10% |

Consolidated REBITDA grew by EUR 11,100,000 (+21.6%) compared to the previous year. EUR 5,900,000 of this increase is due to the commercial and operational results in both divisions following better operational efficiencies and a stronger focus on portfolio mix. Ending the rent of production facilities following their acquisition had an impact of EUR 5,200,000 on REBITDA.

Consolidated REBIT increased by EUR 4,300,000 year on year. This increase can be nearly entirely explained by the commercial and operational results both in the Frozen and Canning Division.

* + 1. Capital expenditure

The net book value of total tangible fixed assets of Greenyard Foods amounts to EUR 255,700,000 as at 31 March 2015, and consists of:

|  |  |
| --- | --- |
| *(EUR in millions)* | **31 March 2015** |
| Land and Buildings | 115.2 |
| Plant, Machinery and equipment | 133.0 |
| Furniture and Vehicle | 2.4 |
| Others | 5.1 |
| **Tangible fixed assets** | **225.7** |

The Greenyard Foods Group has the ownership over all its production plants, resulting into a total net book value of EUR 115,200,000. The plant, machinery and equipment heading contains all machinery in the owned production plants. Freezing tunnels are a major part of the machinery for the Frozen Division and sterilisers and pasteurisers are a major part of the machinery for the Canning Division. The filling and packing lines used for both activities are also included in the plant, machinery and equipment heading.

During the past financial year, the following important events have taken place:

* July 2014: Purchase of production facilities in King’s Lynn, United Kingdom

In order to execute the strategic plan, the Greenyard Foods Group realised the acquisition of the real estate company of the production site at King’s Lynn on 7 July 2014 (KL Foods Limited, United Kingdom). As a result of this acquisition, the Greenyard Foods Group now has all its production facilities in ownership. This acquisition forms part of the use of a bond loan issued in July 2013 and has been realised in the frame of the strategic priority in order to increase the operational efficiencies in the Frozen Division.

* November 2014: Sales German real estate companies (Manschnow)

On 12 November 2014 the assets in Manschnow in Germany were sold to the KTG Agrar Group. This sale contributes to the efficiency improvement within the Frozen Division.

* December 2014: Change of group structure

On 1 December 2014, the Greenyard Foods Group has changed its structure at group level. Herwig Dejonghe left the Greenyard Foods Group as COO and will not be replaced; he continutes to work for the Greenyard Foods Group as consultant. He also resigned as director of Greenyard Foods.

* December 2014: Sale of the assets at Bekescsaba (Hungary)

The assets at Bekescsaba in Hungary were sold on 19 December 2014 to UFM. This sale forms part of international integration of processes within the Frozen Division.

* January 2015 : Sale Pinguin Aquitaine SAS (France)

On 21 January 2015 the participation of 52% in Pinguin Aquitaine in Ychoux in France was sold to Vijverbos NV (Herwig Dejonghe). This sale will contribute to an increase of efficiency improvements within the Frozen Division.

* January 2015 : Opening new production facility in Comines (France)

On 15 January 2015 the opening of a new production line in Comines (France) took place. This involved EUR 8,000,000 investment.

* March 2015: Investment program in Poland

The Company has decided to invest in Polish production sites for a total amount of EUR 15,000,000. This major investment confirms the existing program to realise efficiency improvements within the Frozen Division. It entails the redistribution of the total production capacity between the production sites and the centralisation of the Polish packaging activities.

During the financial year ended 31 March 2015, several legal reorganisations took place in the Greenyard Foods Group (mergers, etc.) for simplification of the Greenyard Foods Group structure.

* 1. Key factors affecting results of operations

The performance and results of operations have been and will continue to be affected by a number of factors, including external factors. Certain of these key factors that have had, or may have, an effect on its results are set forth below. For further discussion of the factors affecting its results of operations, see Part II (*Risk Factors*).

* + 1. Revenues and cost
       1. Availability of raw materials

Climatologic circumstances have an important impact on the availability of raw materials in the Frozen and in the Canning Division. These can lead in both divisions to an under- or oversupply of raw materials. The availability of raw materials needs to be sufficient during harvest periods for the Greenyard Foods Group in order to guarantee the sales during a full year.

Along with other elements, such as soil fatigue in fields for specific crops, the weather conditions are a compelling reason for the Greenyard Foods Group to reduce its dependency on the harvest in a specific region as much as possible. This risk is monitored by the international spread of the activities and by sustainable relations with agriculture.

* + - 1. Prices of raw materials

The Frozen Division and the Canning Division work in principle with fixed annual contracts, where the price per vegetable is set for the entire season before the vegetables are sown or planted. Possible shortfalls in the market can be compensated by purchasing raw materials on the spot market.

Despite the high level of attention dedicated to these aspects, the production of the divisions of the Greenyard Foods Group depends on temporary weather phenomena, while climatological circumstances can influence supplies and raw materials prices. Harvest yields can fluctuate sharply depending on the weather conditions.

* + - 1. Sales prices

Fluctuations in sales prices caused by climate conditions, internationalisation of the market and competitive environment have a large influence on the profitability.

Sales prices are determined by changes in demand, which is affected by the continuing internationalisation, marketing campaigns and climate effects (consumption patterns depending on the weather) and by changes in supply due to temporary weather conditions and the pricing of raw materials. In addition, sales prices are impacted by the competitive environment in which the Greenyard Foods Group is operating, in particular for the frozen vegetable sector.

* + 1. Macroeconomic and external factors
       1. Climate conditions and seasonality

Temporary weather conditions and climate factors have a direct influence on the supply of vegetables and raw material prices. The seasonal character of the activities of the Greenyard Foods Group results in a production peak in the period from July to November whereas demand continues throughout the year. Therefore the reduction of production capacity during high season can strongly influence the results and substantial inventories are to be held and financed in order to cope with the demand of the entire year. Seasonality also has an impact on the results as inventories are valued at full cost according to IFRS regulations.

* + - 1. Geopolitical changes

As a major part of the sales of the Greenyard Foods Group consists in export sales, geopolitical changes might have an impact on the operational or financial conditions of the Greenyard Foods Group. Recently sanctions were taken by the US and EU against the Russian Federation and subsequently by the Russian Federation against the US and the EU.

* + - 1. Changes in legislation and regulations

In general, changes in laws and regulations can significantly affect the Greenyard Foods Group ’s ability to efficiently conduct its business. The Greenyard Foods Group has no impact on decisions of supra-national, national and/or local governments which may negatively impact its business.

* + - 1. Energy prices

Due to the high-energy intensity of the production and storage processes, the Greenyard Foods Group is strongly dependent on the evolution of energy prices (mainly gas, electricity and oil prices).

* + - 1. Exchange rate risk

The Greenyard Foods Group is subject to fluctuations in exchange rates which could lead to a profit or loss in currency transactions. Like any company with non-euro sales, the Greenyard Foods Group is subject to the normal exchange rate risks.

The British pound and the Brazilian Real are the most important non-euro currencies for the Greenyard Foods Group and in minor importance as well the Polish Zloty and the Hungarian Forint. In addition, there are also purchase and sales contracts in US Dollar and Australian Dollar. These are limited and the Greenyard Foods Group strives for a natural hedging.

The Greenyard Foods Group makes use of forward contracts as a function of the expected sales in order to partially hedge against negative exchange rate evolutions. As per 31 March 2015 there are several hedging instruments for exchange rate risk outstanding. The total net fair value (marked to market value) amounted to EUR -1,300,000 as per 31 March 2015.

* + - 1. Interest-rate risk

The interest-rate risk of the Greenyard Foods Group is spread in fixed and variable interest rates. Greenyard Foods issued a Bond with a fixed interest rate of 5%. On the other hand, the Greenyard Foods Group is subject to variable interest rates on the revolving credit facility and term loan signed with a bank consortium in December 2013. The Greenyard Foods Group hedges partly the variable interest rates of the revolving facility agreement and term loan against increases of the variable interest rates and closed a number of interest rate swaps. The total fair value (marked to market value) is EUR -900,000 on 31 March 2015.

The maximum hedging period for the outstanding interest rate swaps on the long term financing continues to run until November 2024.

* 1. Results of operations

The following table sets forth certain income statement data for the financial years ended 31 March 2015 and 2014:

|  |  |  |  |
| --- | --- | --- | --- |
| *(EUR in millions)* | **Year ended  31 March 2015** | **Year ended 31 March 2014** | **Year ended 31 March 2013** |
| **Summary Consolidated Statement of Income Data** |  |  |  |
| Sales | 635.4 | 623.1 | 612.1 |
| Increase/decrease (-) in inventories: finished goods and work in progress | 7.2 | 22.9 | 3.7 |
| Other operating income | 13.1 | 13.0 | 12.0 |
| Raw materials, consumables and goods for resale | (360.1) | (370.2) | (344.4) |
| Services and other goods | (135.9) | (143.7) | (148.3) |
| Personnel costs | (90.7) | (87.8) | (85.3) |
| Depreciation and amortisation | (30.4) | (25.9) | (20.3) |
| Impairment losses on assets | (0.5) | (4.4) | - |
| Impairments, write-offs | (2.2) | 0.2 | (0.7) |
| Provisions | (0.1) | (0.2) | (1.1) |
| Other operating charges | (5.8) | (1.5) | (5.2) |
| **Operating result before non-recurrings (REBIT)** | **29.9** | **25.6** | **22.5** |
| Non-recurring income | 0.4 | - | - |
| Non-recurring expense | (2.8) | (4.9) | (2.4) |
| **Operating result (EBIT)** | **27.5** | **20.7** | **20.1** |
| Financial income | 11.3 | 2.6 | 2.2 |
| Financial expense | (18.1) | (19.3) | (21.6) |
|  |  |  |  |
| **Operating profit after net finance costs** | **20.7** | **4.0** | **0.7** |
| Taxes | (9.9) | (7.5) | (0.1) |
| **Profit/loss for the period from continuing operations** | **10.8** | **(3.5)** | **0.6** |
| Profit/(loss) from discontinued operations | - | 65.3 | 11.0 |
| **Profit/loss for the period**  Attributable to: | **10.8** | **61.8** | **11.6** |
| **-** The shareholders of Greenyard (the ‘Group’) | **10.6** | **62.3** | **11.1** |
| **-** Non-controlling interests  **Additional consolidated key figures:** | **0.2** | **(0.6)** | **0.5** |
| **REBITDA** | **62.6** | **51.4** | **43.5** |

* + 1. Revenues

The Greenyard Foods Group’s sales consist of the sale of fresh frozen vegetable products and canned vegetable products, including soups, sauces and ready-meals in glass and cans. Discontinued operations included in AY 12/13 sales of the potato division, which is not included in the table below. This division has been disposed in May 2013.

|  |  |  |  |
| --- | --- | --- | --- |
| *(EUR in millions)* | **Year ended**  **31 March 2015** | **Year ended**  **31 March 2014** | **Year ended**  **31 March 2013** |
|  |  |  |  |
| Sales ‘Frozen’ | 414.1 | 409.8 | 407.7 |
| Sales ‘Canned’ | 221.2 | 213.3 | 204.3 |
| **Sales** | **635.4** | **623.1** | **612.1** |

* + - 1. Sales of the financial year ended on 31 March 2015 compared to the financial year ended on 31 March 2014:

The increase of consolidated sales compared to the previous year (+2.0%) is the combined effect of an increase of +1.1% in the Frozen Division and an increase of +3.7% in the Canning Division. Exchange rate evolutions had a positive effect on the consolidated sales of 1.3%.

The Frozen Division accounts for 65.2% of the consolidated sales. The sales increase by +1.1% is the combined effect of a volume decrease, a positive portfolio mix effect and a positive exchange rate effect. Sales are impacted during eight months by the embargo from Russia, which became effective in August 2014. Russia represents 1.7% of the sales of the Frozen Division.

The Canning Division accounts for 34.8% of the consolidated sales. Sales increased by +3.7% compared to the previous financial year, which is the combined effect of a volume increase and a positive portfolio mix effect.

* + - 1. Sales of the financial year ended on 31 March 2014 compared to the financial year ended on 31 March 2013:

The increase of sales by +1.8% (or EUR 11,000,000) comprises an increase of sales of 0.5% in the Frozen Division and of 4.4% in the Canning Division. At stable exchange rates, the sales increase would amount to +3.1%.

The Frozen Division accounts for 65.8% of the consolidated revenue. Sales increased by +0.5% compared to the previous financial year, but would have increased by +2.4% in the case of stable exchange rates.

The Canning Division accounts for 34.2% of the consolidated revenue. Sales increased by +4.4% compared to the previous financial year .

* + 1. Costs

|  |  |  |  |
| --- | --- | --- | --- |
| *(EUR in millions)* | **Year ended  31 March 2015** | **Year ended 31 March 2014** | **Year ended 31 March 2013** |
| **Operating charges** |  |  |  |
| Purchase of fresh vegetables, fruits, potatoes and ingredients | (162.7) | (145.7) | (108.5) |
| Purchase of frozen vegetables of external parties | (73.4) | (112.2) | (136.9) |
| Purchase of packaging materials | (74.4) | (73.6) | (73.5) |
| Storage and work by third parties | (27.7) | (22.5) | (16.0) |
| Other | (21.9) | (16.1) | (9.5) |
| **Raw materials, consumables and goods for resale** | **(360.1)** | **(370.2)** | **(344.4)** |
| Transport | (31.4) | (31.2) | (32.7) |
| Energy | (30.5) | (31.2) | (30.9) |
| Maintenance + IT | (20.5) | (21.8) | (19.7) |
| Rent (forklifts, hardware, buildings, …) | (6.0) | (11.5) | (18.0) |
| Interim wages | (16.4) | (18.2) | (19.3) |
| Sales/ administration related costs | (13.4) | (13.0) | (12.5) |
| External advice | (3.7) | (3.4) | (2.7) |
| Costs for waste water treatment | (2.7) | (2.0) | (1.5) |
| Other | (11.2) | (11.3) | (11.1) |
| **Services and other goods** | **(135.9)** | **(143.7)** | **(149.5)** |
| **Personnel costs** | **(90.7)** | **(87.8)** | **(85.5)** |
| Depreciation | (30.4) | (25.9) | (20.3) |
| Impairment losses on assets | (0.5) | (4.4) | - |
| **Depreciation and (reversal (+) of impairment losses on assets)** | **(30.9)** | **(30.3)** | **(20.3)** |
| Write-down of inventories | (2.0) | 0.1 | (0.3) |
| Write-down of trade debtors | (0.2) | 0.1 | (0.4) |
| Provisions | (0.1) | (0.2) | (1.1) |
|  |  |  |  |
| **Write-downs and provisions** | **(2.3)** | **-** | **(1.8)** |
| **Other operating charges** | **(8.6)** | **(6.4)** | **(6.3)** |
| **Total operating charges** | **(628.5)** | **(638.3)** | **(607.8)** |

* + - 1. Operating charges of the financial year ended on 31 March 2015 versus the financial year ended on 31 March 2014:

The total operating charges decreased with EUR 9,800,000, mainly due to a decrease of the purchases of raw materials, consumables and goods for resale for EUR 10,000,000 and a decrease in services and other goods for EUR 7,800,000. This results from a decreased production volume compared to the previous financial year and from a price/mix effect. These decreases are offset by an increase in personnel costs (EUR 2,900,000), write-downs and provisions (EUR 2,900,000) and other operating charges (EUR 2,200,000).

Last financial year there was a shift from purchases within the heading ‘purchases raw materials, consumables and goods for resale’ between ‘purchase of fresh vegetables, fruits, potatoes and ingredients’ and ‘purchases of frozen vegetables of external parties’. This was due to the acquisition of the CECAB real estate companies (August 2013), which meant that CECAB previously financed the working capital of the activities.

The decrease of the rent charges compared to the previous financial year and the increase of the depreciation results from the acquisition of the production facilities from CECAB and Noliko: rent charges were replaced by depreciation expenses during the last seven months of the previous financial year.

The other operating expenses include mainly non-income taxes (property tax, etc.) and the loss on disposal of subsidiaries.

* + - 1. Operating charges of the financial year ended on 31 March 2014 versus the financial year ended on 31 March 2013:

The total operating charges increased with EUR 30,600,000, mainly due to the increase of the purchases of raw materials, consumables and goods for resale for EUR 25,700,000. This results from an increased production volume compared to the previous financial year and from a price/ mix effect.

Within the heading ‘purchases raw materials, consumables and goods for resale’ there is a shift from purchases between ‘purchase of fresh vegetables, fruits, potatoes and ingredients’ and ‘purchases of frozen vegetables of external parties’. Since the acquisition of the CECAB real estate companies (August 2013), the Greenyard Foods Group has been financing the working capital relating to the CEBAB real estate companies itself.

The decrease of the rent charges compared to the previous financial year and the increase of the depreciation is due to the acquisition of the production facilities from CECAB and Noliko: rent charges were replaced by depreciation expenses during the last seven months of the financial year.

* + 1. Operating result

In the financial year ended on 31 March 2015, consolidated REBITDA grew by EUR 11,100,000 (+21.6%) compared to the previous year. EUR 5,900,000 of this increase is due to the commercial and operational results in both divisions following better operational efficiencies and a stronger focus on portfolio mix. Ending the rent of production facilities following their acquisition had an impact of EUR 5,200,000 on REBITDA.

Consolidated REBIT increased by EUR 4,300,000 year on year. This increase can be nearly entirely explained by the commercial and operational results both in the Frozen and Canning Division.

In the financial year ended on 31 March 2014, the increase of the REBITDA by +18.2% (or EUR 7,900,000) compared to the previous financial year can be partly explained, +7.8% (or EUR 3,400,000), by the operational results including commercial results, both within the Frozen and Canning Division. In addition, ceasing the rent of production facilities following the acquisition of production facilities had an impact of +13.6% (or EUR 5,900,000) on the REBITDA and negative economies of scale of corporate charges have been absorbed by the continuing operations, following the deconsolidation of the potato division, in an amount of EUR -1,400,000 (-3.2%).

Ceasing the rent of the acquired production facilities will have an impact of EUR 10,000,000 over an entire financial year.

The REBIT increased by +13.8% (or EUR 3,100,000) compared to the previous financial year. This increase can be nearly entirely explained by the operational results both within the Frozen and Canning Division.

* + 1. Non-recurring items

The non-recurring charges in the financial year ended on 31 March 2015 amount to EUR -2,800,000, of which EUR -1,400,000 due to the deconsolidation of subsidiaries, more specifically for the activities in Germany (EUR +600,000) and Pinguin Aquitaine (EUR 2,000,000). The consolidated results of the previous year mainly included a EUR 65,300,000 gain realised on the sale of the potato division.

The non-recurring charges in the financial year ended on 31 March 2014 amount to EUR -4,900,000. These include an impairment loss on part of machinery within the Belgian subsidiaries in an amount of EUR -3,400,000. The remaining amount consists mainly of impairment losses in subsidiaries. The consolidated results include net non-recurring income of EUR 60,400,000. These consist mainly of the gain realised on the sale of the potato division in an amount of EUR 65,300,000.

* + 1. Financial income / expense

In the financial year ended on 31 March 2015, the consolidated net financial result improved by EUR 9,800,000 from EUR -16,700,000 to EUR -6,900,000. This can be mainly explained by unrealised positive exchange results (mainly on GBP) of EUR 9,500,000.

In the financial year ended on 31 March 2014, the improvement of the net financial result amounts to EUR 2,700,000 (EUR -16,700,000 compared to EUR -19,400,000). This can be mainly explained by the decrease of the interest charges on average lower financial debts. The recurring financial result improved by EUR 4,800,000 compared to the previous financial year. In addition the financial result includes non-recurring charges (charges of the club deal financing which were previously capitalised) in an amount of EUR -2,100,000 that were taken into charges at the repayment of the club deal financing.

* + 1. Income tax income / expense

The consolidated tax cost over the financial year ended on 31 March 2015 amounts to EUR -9,900,000 or a tax rate of 47.9%. This consists of EUR -9,100,000 income taxes and EUR -800,000 deferred taxes without cash impact. The tax rate of 47.9% is mainly caused by profits that cannot be offset against tax losses carried forward.

The total tax effect on the result in the financial year ended on 31 March 2014 amounted to EUR -7,500,000. During financial year ended 31 March 2014 no additional deferred tax assets have been recognised on tax losses carried forward.

* + 1. Net profit for the period

The profit for the period for the financial year ended 31 March 2015 amounts to EUR 10,800,000 showing a decrease of EUR 51,000,000 or 82.5%, to EUR 61,800,000. This being the result of the elements as explained above.

* 1. Liquidity and capital resources

The Greenyard Foods Group’s primary sources of liquidity are and are expected to be primary the cash flows from operations, the draw downs under the factoring agreements, the borrowings under the revolving facility agreement and the outstanding bonds.

As per 31 March 2015, the net financial debt is EUR 235,000,000 and Greenyard Foods’s net financial debt to equity ratio was 1.06.

* + 1. Liquidity

**Cash flow**

The following table sets forth Greenyard Foods’s cash flows from continuing operations for the financial years ended 31 March 2015, 2014 and 2013:

|  |  |  |  |
| --- | --- | --- | --- |
| *(EUR in millions)* | **Year ended  31 March 2015** | **Year ended 31 March 2014** | **Year ended 31 March 2013** |
| **Summary Consolidated Statement of Cash flows** |  |  |  |
| Cash flow from operating activities | 54.8 | 44.1 | 39.7 |
| Increase in working capital (-)/ decrease in working capital (+) | 2.6 | (57.7) | 1.8 |
| **= Net cash flow from operating activities** | **57.4** | **(13.6)** | **41.5** |
| Cash flow from investing activities | (48.4) | 62.1 | (20.9) |
| Cash flow from financing activities | (0.9) | (54.7) | (14.3) |
| Effect of exchange rate fluctuation | (2.6) | (0.6) | (0.1) |
| **= Free cash flow** | **5.5** | **(6.8)** | **6.2** |
| **Cash and cash equivalents, opening balance** | **15.0** | **21.8** | **15.6** |
| **Cash and cash equivalents, closing balance** | **20.5** | **15.0** | **21.8** |

During the financial year ended 31 March 2015 there was a free cash flow of EUR 5,500,000 compared to EUR -6,800,000 last year.

The operational cash flows that were realised are higher than the investments, including the acquisition of the production site in King’s Lynn in the United Kingdom.

* + 1. Working Capital

|  |  |  |
| --- | --- | --- |
| *(EUR in millions)* | **Year ended  31 March 2015** | **Year ended 31 March 2014** |
| Inventories | | 234.0 | 224.9 |
| Trade receivables | | 60.4 | 62,0 |
| Trade payables, including advances and prepayments to suppliers | | (93.1) | (93.4) |
| Other short term receivables, trade related prepayments, social and other payables | | (11.6) | (6.3) |
| **Trade working capital** | | **189.7** | **187.2** |

The trade working capital slightly increased with EUR 2,500,000 as compared to 31 March 2014. This increase is mainly resulting from increased inventories in the Frozen Division (+EUR 12,400,000). These higher inventories are mainly volume driven resulting from higher processing volumes as compared to last year.

The increase in inventory is partly compensated by decreases in trade receivables and increases in the other payables, mainly resulting from higher taxes payables (timing differences vs previous year).

* + 1. Indebtedness
       1. Factoring

Factoring is used only with customers accepted for credit insurance by the factor and excludes intra-group receivables.

The Greenyard Foods Group has been making use of factoring for the Belgian group companies since November 2007. As from 2009 onwards, there was a partial off-balance sheet financing of the receivables of the British affiliate Pinguin Foods UK Ltd. Also, as from April 2012 onwards the Greenyard Foods Group applies factoring in the Belgian Canning Division.

The total factored receivables as included in factoring programs as mentioned above represent on average over the last year 35% of the total outstanding receivables of Greenyard Foods as per 31 March 2015.

By using the factoring programs as mentioned above, the Greenyard Foods Group immediately and definitively receives 90% of the value of sold receivables. The balance is received upon payment by the customer to the financial institution. No credit risk therefore remains in respect of the sold receivables other than the credit risk on 10% of the value of the sold receivables.

The portion of the sold receivables (at 31 March 2015: EUR 54,600,000 at 31 March 2014: EUR 45,000,000) which remains on the balance sheet amounts to EUR 13,100,000 (31 March 2014: EUR 15,400,000). This includes an amount for the maximum risk of late payment at 31 March 2015 of EUR 300,000 (at 31 March 2014: EUR 300,000). The corresponding financial obligation amounts to EUR 300,000 (at 31 March 2014: EUR 300,000).

The factoring agreements are not secured.

* + - 1. Bonds: bank covenants and undertakings

On 5 July 2013 Greenyard Foods issued a Bond with a nominal amount of EUR 150,000,000 and a gross coupon of 5.0% fixed interest and a period of six years. This issued bond loan provides for a number of covenants that applied for the first time as of 31 March 2014 and consist of the following:

* EBITDA relative to interest payments must be higher than or equal to 2.00 as at 31 March 2015;
* Debt relative to balance sheet total must be lower than or equal to 0.70 as at 31 March 2015.

A financial condition step-up change clause applies to the Bond, which entails that the interest rate is cumulatively increased with 1.25% per financial condition step-up change. A financial step-up change arises if a violation of one of the above-mentioned bond loan covenants is established, which is likely to occur as a result of the Transactions. See also Part II (*Risk Factors*).

The covenants are tested on an annual basis, at the end of each financial year, and are reported to the bond holders on annual basis, based on a conformity agreement that is published on the website of the Company. For the testing on the covenants on the bond obligation per 31 March 2015 there were no covenant breaches.

Further, an event of default occurs under the Bonds if 25% of the turnover of the group is generated by activities of the group (considered as a whole) which differ from the activities that were carried out on the issue date (Section 8 (g) (i) of Part III of the Bonds’ terms and conditions), the realisation of the Contributions would trigger an event of default.

In addition, on a semi-annual basis a “guarantor cover requirement” must be satisfied for the Bond, pursuant to which the sum of the total assets of Greenyard Foods and the Bond guarantors (each calculated on a non-consolidated basis and with exclusion of all intra-group transactions) must be equal to at least 75% of the consolidated total assets of the group (Section 2.3 of Part III of the Bonds’ terms and conditions). Pursuant to the realisation of the Contributions, Univeg and Peatinvest (and their respective necessary subsidiaries) would need to become guarantors in order for Greenyard Foods to comply with the guarantor coverage requirement, which members of the Univeg Group are restricted to do under the terms of the Indenture governing the Notes issued by the Univeg Group. The failure to meet the guarantor coverage requirement post realisation of the Contributions would constitute an event of default.

On 27 March 2015, the Company decided to convene a bondholders’ meeting to resolve upon the grant of a waiver with respect to the aforementioned Bonds’ terms and conditions in respect of (i) change of activities and (ii) guarantor coverage requirement.

If the bondholders do not resolve to grant a waiver to Greenyard Foods in this regard, there will be a breach of the Bonds’ terms and conditions and every bondholder would have the right to give written notice to Greenyard Foods (with a copy to the agent) to demand that the Bonds held by him become immediately due and repayable at the nominal value together with accrued interests (if any) until the payment date, without the need of further notice or formalities. In order to cover this risk, Greenyard Foods has a committed short-term back-up credit facility in place with ING Bank NV and KBC Bank NV so that Greenyard Foods shall have the liquidity it needs to repay all amounts due under the Bonds if and to the extent requested by the bondholders at the occasion of the Transactions.

* + - 1. Revolving facility agreement: bank covenants and undertakings

As per 16 December 2013 Greenyard Foods has closed a working capital facility of EUR 158,500,000 with a bank consortium, which consists of:

* A revolving credit facility of EUR 150,000,000 to Greenyard Foods with a term of five years for working capital financing purposes. Utilisations within this facility are for a period of one, two, three or six months.
* A term loan of EUR 8,500,000 granted to Noliko Investments NV, consisting of three tranches. Two tranches of this term loan were negotiated with a bank consortium per 19 July 2011 and a third tranche was closed per 13 March 2013. This term loan was replaced per 16 December 2013 according to the terms of the financing that was closed at that date. The loan is repayable in periodical instalments.

The applicable interest rate on the various tranches of the working capital financing amounts to EURIBOR + margin. This margin can amount to a maximum of 3.35% and depends on the leverage ratio.

A number of warranties were granted by Greenyard Foods and related companies to the bank consortium following the closing of the financing. These warranties are also granted to the bondholders on a “pari passu” basis. The existing warranties of Noliko Investments NV were released and replaced by warranties granted under the new facility closed per 16 December 2013.

In accordance with IAS 39.43, the transaction costs related to the negotiation of the working capital financing for a total amount of EUR 2,200,000 are recorded as a deduction of the interest-bearing liabilities and are accounted for as costs over the term of the financing.

Within the framework of the revolving credit facility that was negotiated on 16 December 2013, several restrictions were imposed in connection with the dividend policy to be employed:

* the legal limitations need to be followed;
* dividend distributions may not exceed 100% of the excess cash flow, which is defined as the cash flow less the interest cost on financing and the voluntary rapyments of financing;
* the gearing ratio as descrived in the financial covenants is not in breach following the distribution of a dividend.

The working capital facility that was agreed on 16 December 2013 includes a number of covenants which were applicable for the first time as per 31 March 2014 and consisting of the following:

* Interest cover ratio (consisting in EBITDA over interest payments) must be equal to or exceed 2.00 per 31 March 2015 and must be equal to or exceed 3.00 per 31 March 2016, 31 March 2017 and 31 March 2018;
* Debt over total assets must be lower than or equal to 0.70 per 31 March 2015 and must be lower than or equal to 0.65 per 31 March 2016, 31 March 2017 and 31 March 2018
* Investments for financial year ending as per 31 March 2015 may not exceed EUR 39,700,000; as per 31 March 2016 may not exceed EUR 35,800,000; as per 31 March 2017 may not exceed EUR 28.250.000 and as per 31 March 2018 may not exceed EUR 27.000.000;
* Indebtedness for financial year ending as per 31 March 2015 may not exceed EUR 225,000,000 and may not exceed EUR 250,000,000 as per 31 March 2016, 31 March 2017 and 31 March 2018.

The covenants are tested on an annual basis, at the end of each financial year, and are reported to the lenders on annual basis. The testing on the covenants for the working capital financing per 31 March 2015 took place without any covenant breaches.

* 1. Capital expenditure

The investments in tangible assets amounting in total to EUR 51,800,000 consist of the acquired production facility of King’s Lynn in July 2014 (EUR 19,800,000) and the other investments of the accounting period (EUR 31,000,000).

The other investments in tangible fixed assets amount to EUR 31,000,000 as per 31 March 2015 and consist of investments in ‘land and buildings’ (EUR 3,900,000), in ‘plant, machinery and equipment’ (EUR 23,300,000), in ‘furniture and vehicles’ (EUR 1,300,000) and ‘other tangible fixed assets’ (EUR 2,500,000).

* 1. Contractual obligations and other commitments
     1. Commitments concerning investments in tangible fixed assets

At 31 March 2015 the Frozen Division had commitments to acquire fixed assets in an amount of EUR 1,800,000 (at 31 March 2014: EUR 1,100,000). This mainly relates to various small investments in the United Kingdom for an amount of EUR 800,000, in Hungary for a total amount of EUR 200,000 and France for a total amount of EUR 800,000.

At 31 March 2015 the Canning Division had commitments to acquire fixed assets in an amount of EUR 2,300,000 (at 31 March 2014: EUR 4,800,000). This mainly relates to a new steriliser and a freezer and several small replacement and efficiency investments.

* + 1. Procurement of fresh vegetables

The Frozen Division has concluded sowing and purchase contracts with a number of farmers for the procurement of fresh vegetables from the harvests in the financial year 2015-2016. Contracts totalling EUR 99,200,000 (together with the United Kingdom, Poland, Hungary and France), for the procurement of fresh vegetables, had been concluded at 31 March 2015 (at 31 March 2014: EUR 113,700,000). This amount can fluctuate as a function of climate conditions and market prices for fresh vegetables.

The Canning Division has concluded sowing and purchase contracts with a number of farmers for the procurement of fresh vegetables from the harvests in the financial year 2015-2016. Contracts totalling EUR 11,000,000 for the procurement of fresh vegetables had been concluded at 31 March 2015 (at 31 March 2014: EUR 11,900,000). This amount can fluctuate as a function of climate conditions and market prices for fresh vegetables.

* + 1. Rent and operating leases

The Greenyard Foods Group has concluded rental and lease contracts, mainly for buildings and vehicles. The tables below give an overview of the current value of non-cancellable rental and lease contracts by maturity period.

|  |  |  |
| --- | --- | --- |
| *(EUR in millions)* | **31 March 2015** | **31 March 2014** |
| Within 1 year | 8.1 | 10.2 |
| Between 1 and 5 years | 27.2 | 32.1 |
| After 5 years | 28.6 | 33.9 |
| **Rent and operating leases: future payments** | **63.9** | **76.2** |

The decrease of the amount of rent and leasing debts that are not included in the balance sheet as per 31 March 2015 compared to 31 March 2014 by EUR -12,300,000 is mainly explained by the purchase of the production facilities of King’s Lynn as per July 2014.

In the Frozen Division, the amount as per 31 March 2015 (EUR 62,200,000) mainly included the rental of external storage in Wisbech for a nine year term with a nominal annual cost of EUR 2,400,000 and of the contract to the rental of external storage in Ieper and in Comines for a 13 year term at a common nominal annual cost of EUR 3,000,000. For the Canning Division, as per 31 March 2015 operational lease obligations are included for an amount of EUR 1,700,000. This amount for the Canning Division primarily includes rental obligations for forklift trucks.

The expenses included in the statement of comprehensive income are included in table below:

|  |  |  |
| --- | --- | --- |
| *(EUR in millions)* | **Year ended 31 March 2015** | **Year ended 31 March 2014** |
| Expenses included in statement of comprehensive income  (forklifts, hardware, buildings,) | 5.9 | 11.5 |
| **Rent and operating leases: expenses** | **5.9** | **11.5** |

* + 1. Bank covenants and undertakings

The terms of the Bonds and the working capital facility impose a number of covenants, warranties and requirements as explained in Section 1.5.3 above.

* + 1. Bank guarantees

There is a bank guarantee outstanding in an amount of EUR 200,000 in favour of OVAM (Flemish Public Waste Company) to guarantee the decontamination of polluted soil, and a bank guarantee of EUR 100,000 in favour of the Roeselare Customs and Excise office.

* + 1. Restrictions on dividend

The terms of the working capital financing impose a number of restrictions relating to the dividend distribution by Greenyard Foods as explained in Section 1.5.3 above.

* + 1. Off-balance sheet commitments

|  |  |  |
| --- | --- | --- |
| *(EUR in millions)* | **31March 2015** | **31 March 2014** |
| Registered lien on general assets | 201.0 | 165.6 |
| Mandate on general assets | 200.0 | 200.0 |
| Mortgage mandate | 65.0 | 65.0 |
| Registered mortgage | 10.7 | 11.2 |
| Joint guarantee | 0.4 | 1.3 |
| **Off-balance sheet commitments: guarantees** | **477.0** | **443.0** |

* 1. Capital structure

The Greenyard Foods Group constantly seeks to optimise its capital structure (balance between debts and equity) with a view to maximise shareholder value. The Greenyard Foods Group strives for a flexible structure in terms of periodicity and credit type, which enables it to grab potential opportunities.

The Greenyard Foods Group does have solvency and gearing ratios which are aligned with the sector. The gearing ratio is a bank covenant as well under the Bonds as under the revolving facility agreement, which implies that solvency and gearing are followed up closely by the Greenyard Foods Group.

The capital structure is presented at regular intervals to the Audit Committee and the Board of Directors.

1. The Univeg Group
   1. Overview

The Univeg Group is a vertically integrated world leader in the sourcing and supply of high quality fresh and fresh-cut fruit and vegetables, with a strong global presence in the fresh produce market and strategically complementary products and services.

The Univeg Group has particularly strong presence in Europe, supplying the largest food retailers. The Univeg Group’s largest market shares by revenue are in The Netherlands, Belgium and Germany and the strong generalist position in these countries is complemented by the broadening of an offering through an increasing specialist presence in France, the United Kingdom and the United States. In the financial year ended 31 December 2014, the Univeg Group generated revenues of EUR 3,300,000,000.

The sales operations are supported by strong sourcing capabilities in Europe’s most important horticultural countries, such as Spain, Italy and The Netherlands. Furthermore, in order to procure a year-round supply of fresh produce, the Univeg Group has developed strong sourcing capabilities in other key exporting countries around the world such as South Africa, Turkey, Chile, Argentina, Brazil, Peru, Costa Rica and Uruguay. This geographic diversity helps the Univeg Group to supply its customers with high-quality fresh produce throughout the year.

The source markets and sales markets are connected by strategically located European logistics and distribution capabilities, helping to operate a vertically integrated business model over the entire value chain from production to delivery. The Univeg Group has facilities located in key import hubs in The Netherlands, Belgium, Germany and Italy. The Univeg Group also operates a network of technologically advanced service and distribution centres, where value-added services, such as cold storage, ripening, order picking and customer label packaging, are provided before distributing produce to customers’ own distribution facilities or directly to their stores.

A key element of its business model is customer intimacy, whereby the Univeg Group focuses on developing customer relationships beyond the simple trading of fruit and vegetables to become a full service provider, offering its customers value-added services tailored to their specific needs and high quality fresh produce year-round as their “direct connection to the field.”

* 1. Financial condition and recent events
     1. Financial condition
        1. Management’s performance review

This financial information described below is based primarily on the audited consolidated financial statements of the Univeg Group as of and for the financial years ended 31 December 2014 and 2013, prepared in accordance with the IFRS.

**Revenues**

The following table sets forth details of revenues attributable to the continuing/discontinued operations for the financial years ended 31 December 2013 and 2014:

| *(EUR in millions)* | **Year Ended 31 December  2014** | **Year Ended 31 December 2013** |
| --- | --- | --- |
| Revenue from sales of the continuing operations | 3,170.7 | 3,028.5 |
| Revenue from sales of discontinued operations | 94.0 | 106.1 |
|  |  |  |
| **Revenues** | **3,264.7** | **3,134.6** |

The increase of revenues in 2014 was largely driven by the Fruit & Vegetables segment, more specifically the start-up of a new operation in the Czech Republic for one of its key customers, the acquisition of a UK operation that resulted in an important growth of domestic market share, higher imports of deciduous and citrus in the US following short supply due to exceptional draught in California and improved Dutch export prices for exotics and local produce. Nevertheless, in a number of key European markets some price deflation for high volume products (a.o. apples, pears, oranges, bell peppers and cucumbers), being more dominant in the first half of 2014, affected revenues unfavourably, however largely offset by some volumes compared to 2013. The variance of revenues in other segments was predominantly affected by the discontinuation of low margin plant programs as well as lower prices of Dutch flower export.

Overall market trends in 2014 were characterised by: an increasing demand in convenience driven by consumer lifestyle changes, such as an increasing demand for ready-to-eat fruit such as mangoes and avocadoes and pre-cut salads, the highly competitive global fresh produce market, particularly as a result of the short lifespan of the products and the fact that they are, for the most part, traded on a ‘customer label’ basis and therefore cannot be easily differentiated from competitors except for quality, sustainability, origin or other specifications, challenging market conditions in the industry such as the Russian import restrictions for fruit and vegetables which has led to an apple and pear price drop of around 22% (for specific product categories only), the Univeg Group’s total basket of Fruit & Vegetables has seen price deflation of 2.4% in 2014. Also European retail is under pressure which resulted in overall lower prices for fruit and vegetables. In addition, the strengthening of the US Dollar versus the euro could impact banana and overseas prices in Europe, while Rouble inflation in the first quarter of 2015 hurt banana imports in Russia. Further, increasing competition between retailers pushed price reductions through the supply chain.

**REBITDA**

| *(EUR in millions)* | **Year ended 31 December  2014** | **Year ended 31 December  2013** |
| --- | --- | --- |
| **Operating result** | **53.3** | **55.5** |
| Depreciation and amortisation, share of profit of equity accounted investments and non-controlling interests | 33.1 | 28.6 |
| **EBITDA** | **86.4** | **84.1** |
| EBITDA from discontinued operations | 6.0 | 0.6 |
| Add-back non-recurring items | (15.0) | (13,1) |
| **REBITDA** | **77.4** | **71.6** |

The increase of REBITDA by 8.1% to EUR 77,400,000 in 2014 is mainly driven by the Fruit & Vegetables and Transport & Logistics segments. Key drivers for the increased earnings in the Fruit & Vegetables segment are the acquisition respectively start-up of operations in the UK and the Czech Republic, higher imports in the US and higher priced exports of local produce and exotics in The Netherlands, partly offset by price deflation for certain high volume products in some key European markets. Main drivers for the improved earnings of the Transport & Logistics segment are the renegotiation of a more favourable lease agreement for the main building and the implementation of cost saving measures, efficiency improvements and new business developments.

**Cash Flow**

|  |  |  |  |
| --- | --- | --- | --- |
| *(EUR in millions)* | | **Year ended  31 December  2014** | **Year ended 31 December 2013** |
| **Statement of Cash Flow Data** | |  |  |
| Cash flow from operating activities | | 49.3 | (0.5) |
| Cash flow from investing activities | | 23.3 | 21.5 |
| Cash flow from financing activities | | (34.0) | 24.9 |
|  |  | |  |

Total cash flow generated for the financial year ended 31 December 2014 amounts to EUR 38,600,000 (compared to EUR 45,900,000 last year). Capital expenditure was in line with previous year. The divestment of TFFG positively affected the cash generated from investing activities, however partly offset by the cash used for the acquisitions of FAI, start-up of joint venture Mahindra UNIVEG Private Limited, and the acquisition of the Belgian endive activities from A. Heremans – Aerts NV (see Section 2.2.2.1 below). In respect of the cash flow from financing activities a shift to cash flow from operating activities occurred compared to last year, as the used balance of the Revolving Credit Facility increased from EUR 27,000,000 at the end of 2013 to EUR 60,800,000 as at 31 December 2014. In addition the repayment of subordinated loans, loans to third parties acquired from FAI, and increased interest expense negatively affected the cash flow generated from financing activities.

**Working Capital**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| *(EUR in millions)* | | **Year ended 31 December**  **2014** | | **Year ended 31 December**  **2013** | |
| Inventories | | 43.4 | | 52.0 | |
| Trade receivables | | 176.6 | | 176.7 | |
| Trade payables, including advances and prepayments to suppliers | | (404.1) | | (385.0) | |
| Other short term receivables, trade related prepayments, social and other payables | | (38,8) | | (42.5) | |
|  | | |  | |  |
| **Trade working capital** | | | **(222.9)** | | **(198.9)** |
|  | |  | |  |

Total inventories amount to EUR 43,400,000 as per 31 December 2014. The vast majority (90%) is contributed by the Fruit & Vegetables segment. The stock held by the Flowers & Plants segment as per year-end represents for 8% of total inventories. The impact on reported trade receivables resulting from the acquisition of EWT and the start-up operation in the Czech Republic, is offset by (i) an important increased factoring capacity (see Section 2.2.2.3 below) and (ii) the impact of the divestment of The Fruit Farm Group, the Belgian non-core transport activities, and the loss making Lincolnshire flower operations (see Section 2.2.2.2 below). The increase of trade payables is primarily driven by the impact of the acquisition of EWT and start-up in the Czech Republic. Other receivables, primarily relating to sales taxes, empties, accrued income and deferred charges, other trade related prepayments, social and other payables, are largely affected by the divestment of The Fruit Farm Group. At 31 December 2014 trade working capital, expressed as percentage of full year revenues from continuing operations, amounts to -7.0%, compared to -6.6% at year-end 2013.

**Capital Expenditure**

| *(EUR in millions)* | **Year Ended 31 December 2014** | **Year Ended 31 December 2013** |
| --- | --- | --- |
| Property, plant and equipment | 14.7 | 12.9 |
| Biological assets | 0.0 | 0.6 |
| Intangible assets | 2.4 | 1.2 |
| Capital expenditure of the continuing operations | 17.1 | 14.7 |
| Capital expenditure of the discontinued operations | 5.0 | 5.9 |
|  |  |  |
| **Capital expenditure** | **22.1** | **20.6** |
|  |  |  | |

Total capital expenditure of the continuing operations in 2014 primarily relate to (i) the installation of 19 banana ripening rooms in Germany, (ii) banana and avocado ripening rooms and avocado sorting line in The Netherlands, (iii) banana ripening installations and hardware infrastructure in the Czech Republic, (iv) The reorganisation and refurbishment of the packing lines, new cooling system for the convenience department and relocation, and the acquisition of the Belgian endive business in Belgium (v) the installation of a packaging machine in combination with a cold storage building for the UK daffodil operations and (vi) renovation of office building in various locations. Additions of intangible assets predominantly comprise purchases of IT software, warehouse management and accounting information systems.

Lease rentals, amounting to EUR 29,000,000 in 2014 compared to EUR 25,000,000 in 2013, relate to the lease of various buildings, plant, machinery and equipment, and vehicles and are accounted in the income statement.

* + 1. Recent events
       1. Acquisitions
* Empire World Trade

In January 2014, the Univeg Group acquired all shares of Empire World Trade Group Ltd (***EWT***). The business reasons for this acquisition are in line with the Univeg Group’s continued strategic focus and development of the UK market. Total consideration amounted to 1 British pound sterling resulting in an initial goodwill of EUR 8,300,000. The related purchase price allocation was not yet finalised by 31 December 2014.

* Food and Agriculture Industries

As part of a privatisation process of the banana growing industry and more specifically Stichting Behoud Bananen Sector, the Republic of Suriname and the Univeg Group entered into a sale and purchase agreement in respect of the 90% of total shares of Food and Agriculture Industries NV (***FAI***). In early January 2014, FAI was incorporated following a contribution in kind by Stichting Behoud Bananen Sector and the Republic of Suriname, through Surinaamse Landbouwbedrijven NV. Subsequently, 10% and 80% of the shares of FAI respectively held by Surinaamse Landbouwbedrijven NV and Stichting Behoud Bananen Sector were acquired by the Univeg Group on 23 January 2014 for a consideration of USD 7,900,000. The Republic of Suriname still holds 10% of total shares. As mentioned below, FAI was divested again in December 2014.

* Univeg Mahindra Joint Venture

In April 2014, Mahindra ShubhLabh Services Ltd. (subsidiary of Mahindra & Mahindra Ltd.) part of the Mahindra group, signed a joint venture agreement with the Univeg Group. Mahindra ShubhLabh Services Ltd and the Univeg Group hold respectively 60% and 40% in the equity of the newly incorporated joint venture UNIVEG Mahindra Private Ltd. UNIVEG Mahindra Private Ltd will focus on developing the fresh fruit supply chain to provide high quality fruits that meet the needs of both the domestic and international markets. Other than grapes UNIVEG Mahindra Private Ltd will focus on select key fruits.

* Herwi

A. Heremans – Aerts NV, located in Belgium, operated a domestic and international distribution of Belgian endive. In September 2014, Univeg Belgium NV acquired the Belgian endive business from A. Heremans – Aerts NV through an asset deal, which comprised some machinery and inventory associated with the endive business, and two FTEs.

* + - 1. Disposals
* Greenex and Triangle Flowers

Early January 2013, the Univeg Group sold its 100% shareholding in Greenex B.V. and Triangle Flowers B.V. to the Dutch Flower Group B.V. The net proceeds from the transaction amounted to EUR 4,700,000 (net of transaction costs). including a EUR 2,400,000 commission on sales realised by Greenex B.V. and Triangle Flowers B.V. for the period 2013, 2014 and 2015.

* Univeg Logistics Russia

In May 2013, the Univeg Group sold its 100% shareholding in Univeg Logistics LLP (Russia) to FM Logistics. The proceeds from the transaction (net of transaction costs and taxes) amounted to EUR 36,200,000.

* Seald Sweet

In May 2013, the Univeg Group closed its subsidiary Seald Sweet West International, in which it held a 80.31% shareholding. A loss of EUR 700,000 was recorded as a result of the liquidation, yet avoiding a recurring yearly loss of EUR 1,200,000.

* Project Fruit Chile

In June 2013, the Univeg Group entered into a share purchase agreement with the minority shareholder of Project Fruit Chile to sell 75% of the Project Fruit Chile shares. After the transaction, the Univeg Group holds a shareholding of 5% in Project Fruit Chile, supplemented by a marketing agreement. The net proceeds resulting from the sale amounted to EUR 2,800,000.

* European Food Transport

In March 2014, Bakker Logistiek Holding B.V., through a Belgian subsidiary, a third party, acquired over 70% of all transport activities of European Food Transport NV (currently Fresh Transport NV), the Univeg Group’s transport company in Belgium. The divested activities relate to fragmented third party customers in multiple locations which do not add value to the overall group strategy and diverts the focus from servicing the Fruit & Vegetables segment. The remaining business has been maintained and further integrated.

* The Fruit Farm Group

In order to align the financing needs of its strategic growing operations in Turkey, South Africa, Costa Rica, Suriname, Uruguay and Brazil, and to reduce the overall debt position of the Univeg Group and emphasise the ‘on the farm approach’ of these growing operations, the Univeg Group decided to carve these operations out in the last quarter of the financial year. In December 2014, Univeg Fruitpartners B.V., a subsidiary the Univeg Group and the holding parent of, amongst others, this combination, was split through a legal demerger, as a result of which part of the shareholdings in the six growing operations were transferred to a newly established company, Global Farms B.V. Subsequently, the shares of Global Farms B.V. were divested to The Fruit Farm Group, a related party. The legal operational entities involved are Univeg South Africa Holdings (Pty) Ltd, Bassan Packers (Pty) Ltd, Politsi Fruit Packers (Pty) Ltd, Katope Natal (Pty) Ltd, Mopani Fruit Packer (Pty) Ltd, Univeg Operations South Africa (Pty) Ltd, Univeg Management South Africa (Pty) Ltd, Expofrut Brasil Importadora e Exportadora Ltda, Monte La Providencia SA, Forbel SA, Represa del Chingolo SA, Alara Tarim Urünleri Sanayi Ve Ticaret Anonim Sirketi, Sakura Tarim Urünleri Sanayi Ve Ticaret Anonim Sirketi and FAI. The considered enterprise and equity value amounted to EUR 102,600,000 and EUR 80,000,000 respectively. The underlying valuation is supported by a fairness opinion issued by a qualified investment bank in line with the terms and conditions of the Univeg Group financing framework. The Univeg Group will continue to benefit from supply from The Fruit Farm Group through a Sale, Marketing and Distribution agreement going forward. See also Part VIII (*Related Party Transactions*).

* Lincolnshire flower operations

The Univeg Group’s UK flower operations comprise two activities; (i) daffodil production business, located in Cornwall, and (ii) seasonal growing of flowers, located in Lincolnshire. The weak performance of the Lincolnshire flower operations of Winchester Growers Ltd initially led to the dismissal of the management in March 2014. The Univeg Group decided in the last quarter of 2014 to hive down and sell the Lincolnshire activities to a related party in December 2014. As part of the agreement, Winchester Growers Ltd will be supplying raw materials (other than daffodils) to LincsFlora Ltd. The business activities of this entity have been wound down in May 2015. [***Note***: ***To be confirmed***]

* Katopé Peru

The Univeg Group decided to close down the operations of Univeg Katopé Peru SAC, because of the loss making sourcing activities. All assets of this company will be transferred to Univeg Fruitpartners B.V., a subsidiary of the Univeg Group.

* + - 1. Syndicated Factoring Agreement

In December 2014, the Univeg Group has successfully syndicated the Syndicated Factoring Agreement, a pan-European off-balance factoring program encompassing five jurisdictions for a program size of EUR 350,000,000 and a time horizon of four years. The syndication was provided by a pool of leading Belgian commercial finance companies. The program allows for off-balance treatment and is qualified as non-recourse by the Univeg Group’s auditor in accordance with IFRS. This transaction will lead to further optimisation of the Univeg Group’s funding cost and secures financing for a four year period. See also Section 8.2.1 of Part V (*Information about the Combined Greenyard Foods Group upon completion of the Contributions*).

* + - 1. Project Roots

The Univeg Group’s results were negatively affected by the presence of EHEC bacteria in certain produce sold in Germany in May 2011 and adverse weather conditions (which resulted in a severe decline in consumption levels particularly in Germany, the Univeg Group’s largest market and by rising rental and labour costs. Also, its results were affected by the poor performance of certain of its growing operations (predominantly in Argentina) and in the prepared meals businesses.

In November 2011 the Univeg Group devised and began implementing Project Roots, a reorganisation plan the ultimate purpose of which was to accelerate recovery and prepare the Univeg Group for future growth (***Project Roots***). To this end, the Univeg Group took the following steps:

* focusing on continuing to invest in the core business of trading fruit and vegetables, including the introduction of the Fruit Partners business model;
* divesting non-core businesses (including some severely loss-making businesses), such as its prepared meals units, certain of its flowers and plants units and the Russian logistics operations (see Section 2.2.2 above);
* the balance sheet was deleveraged as a result of voluntary prepayments of its existing term loan facility in connection with proceeds received from certain of the divestitures;
* streamlining of central and regional management function by reducing headcount, external fees and IT expenses, with a consequent positive impact on the cost base; and
* separating the Univeg Group from the loss-making Argentinean Operations.

The Univeg Group considers Project Roots to have been finalised (in 2013) satisfactorily.

* + - 1. Other initiatives

The Univeg Group has implemented a number of other initiatives with a view to improving the overall performance. Amongst others the main items are: closed down its loss-making citrus fruits operations in California in May 2013, divestment of the non-core Belgian transport operations in 2014, discontinuation of the Spanish distribution platform servicing local retailers in 2014, restructuring measures taken in the Dutch flower operations, including a move of personnel towards the core trading premises and optimisation of fixed personnel cost base and the implemented cost-saving and business development measures in the Polish logistics and Austrian operations in the Fruit & Vegetables segment.

* + 1. Segmentation
       1. Fruit & Vegetables

Its Fruit & Vegetables segment represents the Univeg Group’s core business and generates the vast majority of its revenues, representing 95% of total revenues of continuing operations for the financial year ended 31 December 2014. This segment covers the entire value chain in the fruit and vegetable category for retailers from production (growing, sourcing, etc.) to logistics (import and export) and other related services (packing, ripening, category management etc.).

* + - 1. Fruit Partners

Its Fruit Partner segment represents sales of fresh produce grown by its non-European production and sourcing subsidiaries which the Univeg Group calls its Fruit Partners. This segment also includes logistics and distribution of these products. Following the divestment of The Fruit Farm Group, its Fruit Partners segment represented only 0.3% of total revenues of continuing operations for the financial year ended 31 December 2014.

* + - 1. Flowers & Plants

The Flowers & Plants segment represents sales of flowers and plants, including cut flowers, bulbs, potted plants and plant arrangements, to supermarkets, home improvement stores and garden centres. This segment represented 3.1% of total revenues of continuing operations for the financial year ended 31 December 2014.

* + - 1. Transport and Logistics

The transport and logistics segment represents its logistics and distribution operations in respect of products not produced by the Univeg Group, including storage, picking, handling, packaging and transport of such goods. Its transport and logistics segment represented 1.5% of total revenues of continuing operations for the financial year ended 31 December 2014.

* + - 1. Geographical Segmentation

The Univeg Group also provides for a geographical segmentation of its revenues within the Fruit & Vegetables segment, based on the country where the subsidiaries generating such revenues are incorporated. The use of geographical segmentation in the analysis of its Fruit & Vegetables segment is part of its decentralised approach and allows the Univeg Group to monitor the performance of subsidiaries. The Univeg Group reports revenues from its subsidiaries in Germany, The Netherlands, Belgium and other countries.

Revenues reported from subsidiaries incorporated in Germany, The Netherlands and Belgium in the aggregate represented 82.0% of the Univeg Group’s total revenue for the financial year ended 31 December 2014.

* 1. Recent developments

As per March 2015, the Univeg Group and The Fruit Farm Group have entered into a share purchase agreement for the sale of its minority share of 22.9% in Agro Vicces SA, a Costa Rican pineapple farm for a consideration of EUR 811.000. Other companies involved in growing operations were divested to DWB for a total consideration of EUR 5,800,000. These divestments include the (i) 44.65% shareholding are Mouton Citrus Proprieraty Ltd, a citrus grower in South Africa, for an amount of EUR 3,800,000, (ii) the 45.0% shareholding in Frutas Del Guardiana S.A. and Novafruta Del Guardiana S.A., a multiple product growing company in Spain for an amount of EUR 1,200,000, (iii) the 99% shareholding in Univeg Agricola Ltda, a company owing a land plot in Brazil for a zero value considering the debt position of the company fully offset the land value and (v) a landplot in the Netherlands for EUR 700,000. See also Part VIII (*Related Party Transactions*).

The Univeg Group regularly considers acquisition and investment opportunities that are appropriate for its growth. Currently, it is examining to invest in “Veilingen Haspengouw”, which investment may take the form of shareholder loans and/or a majority equity investment. [***Note: to be updated if the LOI signed prior to approval date***.]

* 1. Key factors affecting results of operations

The performance and results of operations have been and will continue to be affected by a number of factors, including external factors. Certain of these key factors that have had, or may have, an effect on its results are set forth below. For further discussion of the factors affecting its results of operations, see Part II (*Risk Factors*).

* + 1. Revenues
       1. Fluctuations in the selling price

The fresh produce market is highly elastic in that changes in the prices of a certain product at source are quickly reflected in changes in the price that the final customer pays in relation to such produce, and vice versa. The pricing model adopted for the vast majority of sales vis-à-vis the customer base is essentially based on margin securing models or “cost plus” mechanisms, where the remuneration is calculated as a percentage of the cost incurred to source the product and deliver the product to the relevant retailer. Profitability under such pricing model is therefore dependent on fluctuations in the cost of product at source. While downward changes in the cost of produce do not have an impact on its commissions as a percentage, they can materially affect profitability in absolute terms.

* + - 1. Seasonality

As a result of seasonal sales price fluctuations, the Univeg Group has historically realised a greater portion of its revenues during the first two calendar quarters of the year. The third and fourth quarters of the year typically have, in the aggregate, lower sales than the first half of the financial year, with a less homogenous sales pattern than in the first six months, with sales spiking in the summer months (especially in case of favourable weather) and in the month of December (which is historically the strongest month for the Univeg Group’s performance, due to the holiday season) and slowing down especially in October and November. Sales can also be affected by the day of the week a certain holiday falls on (typically with “long” weekends leading to a better performance than holidays falling in the middle of the week).

From a cash flow point of view, movements in cash follow the sourcing cycle. Cash outflows peak towards the end of the last quarter (upon advances to the overseas suppliers with which the Univeg Group has implemented this type of pricing model and the beginning of the first quarter (when produce is mainly sourced overseas) and decline in the second and third quarters (when produce is mainly sourced in Europe at comparably lower costs than the produce sourced overseas).

* + - 1. Competition

The global fresh produce market is highly competitive, particularly as a result of the short shelf life of the products and the fact that they are, for the most part, traded on a ‘customer label’ basis and therefore cannot be differentiated from competitors’ produce in the eyes of consumers on the basis of brand identity. The market is also fragmented and the Univeg Group therefore competes against a broad range of market participants, from other multinational companies to local cooperatives (the latter often benefit from government subsidies which enables them to offer particularly competitive prices). Given the level of customer intimacy that has been developed with the largest customers, and the fact that services to them are highly customised and thus difficult to replicate, the greatest level of competition is witnessed with smaller customers.

* + 1. Cost and efficiency
       1. Cost of logistics

Logistics costs include land and sea transportation and expenses related to port facilities and distribution centres. The Univeg Group’s activities concentrate mainly on sourcing of imported produce. The sourcing of products to be sold in the markets where they are produced (or “local to local sourcing”) is not a core activity of the Univeg Group. Since the price of produce is generally fairly consistent across the market at any given point in time, optimisation of logistics costs and other value-added services is often one of the variables that distinguishes the Univeg Group from its competitors and which customers (current or prospective) focus on. The Univeg Group contracts the vast majority of transport activities through third parties. In order to achieve this, aggressive tenders with suppliers are established for transport services and strive to increase bundling of goods to maximise efficiency.

* + - 1. Cost of cultivation

Agriculture is a highly capital intensive activity. Orchards for certain types of fruit only become profitable after ten years from planting and then yields tend to fall about 15 to 20 years after the trees have matured. Furthermore, growing operations are the most vulnerable to, and negatively affected by, adverse weather conditions (see Section 2.4.3.2 below). While the Univeg Group and or related parties, only grow about 2% of the produce it sells, investments in its farms (also in terms of fertilisers, local logistics, labour, energy and maintenance costs) have a significant impact on its costs. The desire to lessen the impact of these costs on its overall cost base, given the disproportionately lower revenues generated by own-operated farms, has led the Univeg Group to seek to divest non-strategic growing operations, which it has done, for example, in Argentina.

2.4.2.3 Turnaround process in relation to loss-making operations

The Univeg Group’s results of operations are negatively affected by a few of its operations that are loss-making. In the last few years the Univeg Group has implemented a strategy to turn around loss making operations, either by improving efficiency (through, inter alia, revision of production capabilities and reduction of costs) or by selling or liquidating unprofitable operations. While this strategy has so far brought encouraging results, the Univeg Group continues to retain certain operations that impact negatively its results of operations, including Univeg Logistics Poland and the Dutch flower operations, which in the financial year ended 31 December 2014 produced in the aggregate negative EBITDA equal to EUR 600,000.

* + 1. Macroeconomic and external factors
       1. Macroeconomic and political conditions

With global operations spanning Europe, the Americas, Africa and Asia, the Univeg Group’s performance and results of operations have been and will continue to be affected by global macroeconomic conditions. Such conditions include trade barriers, import and export duties and quotas, currency fluctuations and exchange controls, social unrest, political instability, high levels of inflation and increases in duties, taxes and government royalties. For example, the Univeg Group believes high inflation and labour strikes in Argentina were key drivers behind the poor performance of the Argentinean Operations and thus the Univeg Group’s decision to transfer those operations to an entity outside of the Univeg Group (Orchards Invest B.V.). Its results of operations have also in the past been affected by social unrest in Uruguay where labour strikes in 2012 caused by political instability in the country resulted in reduced crop yields. While the Univeg Group is highly dependent on the general economic climate which, inter alia, affects consumer spending in the different regions where the Univeg Group operates, the Univeg Group showed resilience during the global economic downturn in 2009 and 2010. The recent financial crisis had, however, a significant impact on the economic conditions of some of its suppliers and customers, thus indirectly affecting the Univeg Group.

The Russian import restrictions in 2014 did not directly materially affect the Univeg Group’s performance, however price levels of a number of product categories such as apples, pears and tomatoes, have decreased. Nevertheless, this unfavourable price impact was largely offset by price increases in other high value and value-added categories, such as avocadoes.

Its pricing and operating mechanisms have proven to be resilient to these changes in market prices and dynamics.

* + - 1. Weather conditions

Fresh produce is vulnerable to adverse weather conditions, including windstorms, floods, drought and temperature extremes, which are quite common but difficult to predict and may be influenced by global climate change. Unfavourable growing conditions can reduce both crop size and crop quality. Delayed harvests (which typically depress prices for the produce when sold to customers as the produce can be viewed as “unseasonal”, and therefore less attractive, by the time it can be sold to consumers in stores), and scarce harvests (which typically increase competition among suppliers) tend to reduce the Univeg Group’s profit margins, as fixed costs (especially in relation to its Fruit Partners segment) remain constant.

Moreover, not only does weather have an impact on the supply of fresh produce but it also influences its demand. Certain products are more attractive to consumers when weather conditions are favourable. Sales of fruit and vegetables, for example, generally perform better during hot summers due to higher consumption connected to outdoor activities.

* + - 1. Customer legislation

As a producer, marketer and distributor of fruit and vegetables with major operations within the EU, the Univeg Group is subject to a significant amount of legislation relating to its business. Compliance with certain EU regulations, in particular, can be costly and time consuming, such as regulations relating to the maximum level of pesticides residue allowed on produce, or those banning or restricting the use of certain types of gases normally used in connection with refrigeration and ripening.

* 1. Sourcing, supply and pricing framework for its Fruit and Vegetables segment
     1. Interaction with its Fruit and Vegetables business
        1. Service business

As part of the Univeg Group’s service business, products are purchased, handled and delivered by the Univeg Group on behalf of the Univeg Group’s customers who direct it to make purchases through their preferred supplier. This is the current relationship that the Univeg Group has with two of its largest customers. Its service business is managed on a “cost plus” model or on a fixed percentage margin model.

* + - 1. Trading business

The trading business consists of the Univeg Group sourcing products (which will be resold to its customers) on its own behalf. The Univeg Group divides the trading business in “short cycle,” “European import” and “overseas import”.

*Short cycle*

This involves so called “local to local” sourcing, *i.e.*, sourcing of products to be sold in the markets where they are produced. Its trading business (short cycle) is managed mostly on a “back-to-back” basis.

*European import*

This involves the sourcing of products in Europe (mainly in Spain, Italy and in The Netherlands) to be sold to retailers in Europe. The trading businesses (European import) are managed mostly on a “back-to-back” basis, and, to a lesser extent, on a fixed percentage margin model.

*Overseas import*

This involves the sourcing of products overseas to be sold to retailers in Europe or other exporters. It comprises:

* Banana trade: under this item, one can refer to revenues generated by banana imports, which are managed on a free consignment basis and on a fixed percentage margin basis.
* Products purchased from the Univeg Group’s import units: some of this produce is sourced from Fruit Partners subsidiaries and TFFG. This is the line of business that the Company believes carries the greatest margin risk for the Univeg Group (as both production risk and market risk fall entirely on the Univeg Group). However, it is a relatively small portion of the Univeg Group’s overall business. The rest of the produce under this item is managed half on a free consignment basis and half on a minimum guaranteed price basis.
* Third party exporters: under this item, one can refer to products purchased from third party exporters, which are managed predominantly on a free consignment basis.
* Third party importers: under this item, one can refer to products purchased from companies that have already imported the product into Europe (usually in relation to “branded” products bought for third party exporters such as Zespri kiwis, Enza apples etc). This is managed on a “back-to-back” basis.
  + - 1. Banana ripening

The banana ripening business relates to the agreement with a third party to provide ripened bananas. This is managed on a “per box” basis.

* 1. Results of operations

The numbers presented under this Section are extracted from its audited consolidated financial statements prepared in accordance with IFRS for the financial years ended 31 December 2013 and 2014.

The following table sets forth certain financial information regarding its consolidated results of operations for the financial years ended 31 December 2013 and 2014:

|  |  |  |
| --- | --- | --- |
| *(EUR in millions)* | **Year ended  31 December 2014** | **Year ended  31 December 2013** |
| **Summary Consolidated Statement of Income Data** |  |  |
| Sales from continuing operations | 3,170.7 | 3,028.5 |
| Sales from discontinued operations | 94.0 | 106.1 |
| **Revenue from sales** | **3,264.7** | **3,134.6** |
| Cost of sales | (3,052.8) | (2,925.1) |
| **Gross profit** | **211.9** | **209.5** |
| Selling, marketing and distribution expenses | (64.6) | (60.3) |
| General & administrative expenses | (112.7) | (109.5) |
| Other operating income/(expense), net | 3.7 | 1.9 |
| **Operating profit/(loss) before non-recurring items** | **38.3** | **41.6** |
| Non-recurring items | 15.0 | 13.9 |
| **Operating profit/(loss) after non-recurring items** | **53.3** | **55.5** |
| Financial income/(expense) | (40.4) | (34.1) |
| Share of profit of equity accounted investments | 1.6 | 0.4 |
| **Profit/(loss) before income tax** | **14.5** | **21,9** |
| Income tax income/(expense) | 2.1 | (5.6) |
| **Profit/(loss) for the period from continuing operations** | **16.6** | **16,3** |
| Discontinued operations (attributable to owners of the parent) | — | (0.3) |
| **Profit/(loss) for period** | **16.6** | **16.0** |
|  |  |  |
| **Other Financial Data** |  |  |
| Capital expenditures | **22.1** | **20.6** |

* + 1. Revenues

|  |  |  |
| --- | --- | --- |
| *(EUR in millions)* | **Year Ended  31 December 2014** | **Year Ended  31 December 2013** |
| Sales of the continuing operations | 3,170.7 | 3,028.5 |
| Sales of discontinued operations | 94.0 | 106.1 |
| **Sales** | **3,264.7** | **3,134.6** |

Total revenue from sales amounts to EUR 3,264,700,000 for the financial year ended 31 December 2014 representing an increase of EUR 130,100,000 compared to the financial year ended 31 December 2013. Continuing business activities triggered an increase of EUR 142,200,000 or 4.7% compared to the previous year while discontinued activities recorded a drop of EUR 12,100,000. The Fruit & Vegetables segment is the main driver of top line growth and contributes for over 90% to the consolidated sales. The sales allocated to the Fruit & Vegetables segment are generated through the entire value chain in the fruit and vegetables category for supermarkets, from production to import/ export and related services such as packaging.

Other segments include Fruit Partners, Flowers & Plants and Transport & Logistics. Sales in the Transport & Logistics segment, representing 1% of consolidated sales, is derived from logistics (mainly temperature controlled) allowing to operate distribution centres for retailers and suppliers. Fruit Partner sales are generated by companies performing sourcing activities for the Fruit & Vegetables segment mainly in Latin American countries. 3% of consolidated sales are generated by the continuing Flowers & Plants segment for the produce and sale of Flowers & Plants in close collaboration with large retailers and supermarkets.

Sales from discontinued operations, EUR 94,000,000, mainly relate to farming operations sold to The Fruit Farm Group for EUR 54,000,000, the divestment of the Lincolnshire flower business for EUR 36,700,000 and non-core Belgian transport activities sold early 2014 representing EUR 3,300,000. The sales reported under this caption for the financial year ended 31 December 2013 relate to the discontinued US operation in California for EUR 2,7000,000, the non-core Belgian transport activities for EUR 19,600,000, The Fruit Farm Group for EUR 32,400,000 and the Lincolnshire flower business for EUR 43,800,000.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| *((EUR in millions except percentages)* | **Year Ended  31 December** | | **% of Total Revenues Year Ended 31 December** | |
|  | **2014** | **2013** | **2014** | **2013** |
| *Germany* | *1,313.6* | *1,327.1* | *40.4* | *42.6* |
| *Netherlands* | *934.1* | *861.6* | *28.6* | *27.8* |
| *Belgium* | *301.3* | *306.5* | *9.2* | *9.9* |
| *Other* | *463.6* | *368.1* | *14.2* | *11.9* |
| Fruit & Vegetables sales | 3,012.6 | 2,863.3 | 92.4 | 92.2 |
| Fruit Partners sales | 10.1 | 9.5 | 2.0 | 1.4 |
| Flower & Plants sales | 99.4 | 109.5 | 4.2 | 4.9 |
| Transport & Logistics sales | 48.7 | 46.1 | 1.5 | 1.5 |
| **Sales continuing operations** | **3,170.7** | **3,028.5** | **100.0** | **100.0** |

* + - 1. Fruit & Vegetables

The Fruit & Vegetables segment reported an increase of sales of EUR 149,300,000 or 5,2% to EUR 3,012,600,000. This evolution is predominantly driven by the elements described below.

The start-up of a new operation in the Czech Republic for a key customer represents EUR 74,100,000, and the acquisition of EWT, a product specialist in apples and pears in the UK, in the first quarter of 2014 increasing sales by EUR 87,100,000, have contributed significantly to the sales growth for the year. The operations in the US have imported higher volumes in citrus and deciduous products from Morocco, Mexico and South Africa (EUR 15,000,000). The Univeg Group’s Dutch export operation has increased the supply of traditional Dutch vegetables like bell peppers, tomatoes and cucumbers towards Germany and also boosted the supply of overseas exotics into the same market amounting to growth of some EUR 6,700,000.

These were offset by certain evolutions in different countries. There was significant price deflation in the Dutch service business (-EUR 8,400,000) in combination with lower price levels in other key European markets, for most high volume products: apples (-19.3%), pears (-17.0%), oranges (-3.3%), bell peppers (-9.5%) and cucumbers (-8.2%). Here the main impact is noted in Germany showing a decrease of EUR 13,600,000). Pre-cut salad sales in Belgium decreased by EUR 5,800,000 due to the loss of a contract with a key customer, this was partially regained towards the end of the year.

The top ten customers in Fruit & Vegetables generated sales growth of 5.1% or EUR 115,400,000 in 2014.

* + - 1. Fruit Partners

Fruit Partners reported sales of EUR 10,100,000 representing an increase of EUR 500,000 or 5.7% compared to 2013 mainly resulting from higher pineapple sourcing in Costa Rica for EUR 1,800,000, the start-up of trading activities in Brazil for EUR 1,400,000 and the impact of higher lime and clove prices and early market for grapes in Brazil increasing sales for EUR 1,000,000. These were largely offset by the discontinuation of asparagus business in Peru impacting the sales by EUR 3,700,000.

* + - 1. Transport & Logistics

Higher sales in Transport & Logistics by EUR 2,600,000 relate to the increased activities in Portugal for EUR 2,500,000 and Bulgaria for EUR 1,000,000. This is only partially offset by the termination of the contract with an important customer in Poland dropping sales by EUR 900,000.

* + - 1. Flowers & Plants

The drop in sales of EUR 10,100,000 in Flowers & Plants primarily results from the discontinuation of low margin plant business and lower sales prices in the Univeg Group’s Dutch export operation (-EUR 10,300,000).

* + - 1. Allocation of its Fruit and Vegetables Segment by geography

Germanygenerates 43.6% of the Fruit & Vegetable sales for the financial year ended 31 December 2014 amounting to EUR 1,313,600,000. This represents a decrease compared to last year of 1%. This drop is explained by the fact that Germany is impacted by the overall price deflation in the market and is not able to offset this by volume growth despite strong efforts made in the service business.

The Netherlands represents 31.0% of the Fruit & Vegetable sales for the financial year ended 31 December 2014 and includes the exclusive supply contract service business ofBakker Barendrecht B.V. towards Albert Hein of fruit and vegetables (except for apples and pears) and the Dutch trading operations of local Dutch product and imported exotics towards the German market. Sales decreased by EUR 72,500,000 due to the new activities for a key customer in The Netherlands into the Czech Republic amounting to EUR 74,100,000, general volume growth and the opening of new stores and increased sales of the Dutch export operations towards Germany. This is only partially offset by overall price reductions of this key customer (increased competition in the market).

Belgiumrepresents 10.0% of the Fruit & Vegetable sales for the financial year ended 31 December 2014. The decrease in sales by EUR 5,200,000 or 1.7% is the result of price deflation in the market, adverse timing of the different harvest seasons (*e.g.,* Greek and Turkish cherries pushed together in the market) and reduced volumes in the pre-cut salad business with a key customer.

Other sales in the Fruit & Vegetables segment mainly include France, the US and the UK and have increased by EUR 95,500,000 for the financial year ended 31 December 2014. The main increase is realised in the UK where the acquisition of Empire World Trade contributed EUR 87,100,000. The US has increased sales by EUR 15,000,000 through new import programs while France has decreased by EUR 1,900,000 because of lower availability of certain products such as litchis, pears, grapes and pineapples in the first half of the year.

* + 1. Costs

Unlike under Revenues, the Univeg Group does not identify costs that are attributable to the continuing business only.

* + - 1. Cost of sales

Its cost of sales increased by EUR 127,800,000, or 4,4%, to EUR 3,052,800,000, for the financial year ended 31 December 2014 compared to EUR 2,925,000,000, for the financial year ended 31 December 2013. The main reason for this increase is the acquisition of EWT and the start-up of the service business in Czech Republic. A more detailed analysis of the changes of the principal components of Cost of Sales is described below:

|  |  |  |
| --- | --- | --- |
| *(EUR in millions)* | **Year ended  31 December 2014** | **Year ended  31 December 2013** |
| Cost of Produce | 2,423.5 | 2,358.8 |
| Direct Packaging and Warehousing Costs | 167.6 | 152.8 |
| Direct Transport Costs | 245.7 | 229.2 |
| Direct Personnel Costs | 176.4 | 150.6 |
| Other Costs | 39.6 | 33.6 |
| **Cost of sales** | **3,052.8** | **2,925.0** |

* + - 1. Cost of produce

Cost of produce comprises cost of produce and sourcing *i.e.*, the cost of the raw material (fruit and vegetables) that are bought from third party suppliers or on the spot market, as well as the cost of farming products that the Univeg Group produces and sources. Cost of goods account for 74.2% of total net sales for the financial year ended 31 December 2014.

* + - 1. Packaging and warehousing costs

Under this item the Univeg Group accounts for the costs connected to the packaging and warehousing of produce grown by affiliated companies or sourced from third parties. These include cost of packing material, packing services, ripening and warehousing services (warehouse rent, maintenance and repair, utilities, insurance and related depreciation). Packaging accounted for 5.1% of total net sales for the financial year ended 31 December 2014.

* + - 1. Transport costs

Transport costs comprise direct costs connected to the transportation of produce sourced by the Company. These include costs for sea freight, international and domestic transport to warehouses and customer locations. Transport costs accounted for 7.5% of total net sales for the financial year ended 31 December 2014.

* + - 1. Staff costs

This comprises direct salaries and social charges of permanent and/or temporary personnel who are directly involved with the product supplied to customers, at whichever stage of the sourcing cycle (such as blue collar workers and temporary in the warehouses). Direct personnel cost accounted for 5.4% of net sales for the financial year ended 31 December 2014. As the organic growth of sales was fuelled by increased sales volume, extra staffing was required to facilitate this additional volume.

* + - 1. Overhead expenses

The total of selling, marketing, distribution, general and administrative expenses amounts to EUR 177,300,000 for the financial year ended 31 December 2014 (compared to EUR 169,800,000 in 2013), increased as a result of the acquisition of EWT, the startup of the activities in Czech Republic and the acquisition of the Suriname banana business in January 2014. On a like-for-like basis, operating expenses decreased by EUR 1,000,000.

The selling, marketing and distribution expenses comprise indirect wages and salaries, social charges and pension charges of indirect staff employed by the Univeg Group and the cost of temporary workforce. These costs have increased by EUR 4,300,000 due to the increase in wages and social security charges due to the reasons mentioned above. The average number of indirect FTEs during the year 2013 amounted to 1,346 and increased to 1,375 upon exclusion of TFFG. Social security charges increased in line with personnel expenses. On consolidated level social charges as a percentage of total wages and salaries over the periods ended December 2013 and December 2014 remained relatively stable (ranging between 18.9% - 19.0%).

General and administrative expenses have increased by EUR 3,200,000 which is explained by increased travel expenses related to the higher involvement of sourcing and import companies to secure their supply. Fees have increased as result of the full year expense of shareholder fees and legal fees related to the numerous transactions in the recent past amongst others being the TFFG transaction.

Rent and operating leases mainly comprise of rent of premises. Rental expenses in The Netherlands (Bakker Barendrecht B.V. and the Dutch export organisation) and Germany represent roughly 80% of total rent expenses. The annual rent expenses of the Univeg Group’s HQ in Sint-Katelijne-Waver amounts to EUR 400,000.

Other operating expenses have increased by EUR 1,800,000 and mainly relate to indemnities received during the financial year ended 31 December 2014 and mainly includes proceeds from maritime insurance claims in Belgium and crop insurance proceeds in Turkey.

* + 1. Non-recurring items
       1. 2013

In May 2013, the Univeg Group sold its 100% shareholding in Univeg Logistics LLP to FM Logistics. The net proceeds (net of transaction costs and taxes) from the transaction were equal to EUR 36,200,000. The gain realised on the sale amounted to EUR 25,600,000.

Early January 2013, the Univeg Group sold its 100% shareholding in Greenex B.V. and Triangle Flowers B.V. to the Dutch Flower Group B.V. The net proceeds from the transaction amount to EUR 3,400,000 (net of transaction costs). The loss realised on the sale amounted to EUR 500,000.

Also in May 2013, the Univeg Group liquidated its subsidiary Seald Sweet West International, in which it held a 80,31% shareholding. As a result of the liquidation, a loss of EUR 800,000 was recorded.

In June 2013, the Univeg Group entered into a share purchase agreement with the minority shareholder of Project Fruit Chile to sell 75% of the shares of Project Fruit Chile. After the transaction, the Univeg Group holds a shareholding of 5% in Project Fruit Chile. The sale was completed on 23 October 2013 and the net proceeds resulting from the sale amounted to EUR 2,600,000. The Univeg Group realised a loss of EUR 900,000 on the sale of its shareholding.

In July 2013, Mr Hein Deprez together with management and a group of investors acquired the shares from CVC Capital Partners, which held a majority stake in Univeg since 2006. Related to this change of control, the Univeg Group paid EUR 8,100,000 on advisory and bank fees and on compensation for change in management.

* + - 1. 2014

For the financial year ended 31 December 2014 items included in the non-recurring expenses are listed below.

On December 2014, the Univeg Group completed the divestment of TFFG, this resulted in a net capital gain from the sale of assets of EUR 28,000,000.

In respect of the owned plot of land in Russia, on 29 December 2014 a letter of intent was agreed on with a third party investor. The consideration amounts to EUR 4,300,000 (net of costs to sell). As the carrying value amounted to EUR 2,700,000, a positive fair value adjustment of EUR 1,500,000 was recorded as at 31 December 2014.

The weak performance of the Lincolnshire flower operations of Winchester Growers Ltd initially led to the dismissal of the management in March 2014 and the Univeg Group decided in the last quarter of 2014 to hive down and sell the Lincolnshire activities to a related party outside the Univeg Group. The REBITDA of the Lincolnshire operations for the financial year ended 31 December 2014 amounts to –EUR 5,700,000. The hive down of the Lincolnshire operations resulting in non-recurring expenses, such as write-off of assets, inventories and receivables amounted up to EUR 3,500,000, with lease commitments and legal fees representing EUR 200,000.

Following a strategic review of the customer portfolio on group level, the Univeg Group discontinued the business with an important German customer of March 2015. The main drivers for this decision were (i) limited added value provided in exchange of a significant capex and human capital need going forward and (ii) the commercial objective to employ these funds in order to unlock and initiate new opportunities with other German customers and new geographies. In view of the discontinuation, the decision was taken to close or revamp some distribution centres. Total estimated restructuring cost amounts up to EUR 5,700,000 accounted for in this respect as at 31 December 2014, comprises severance costs (EUR 4,000,000), onerous lease commitments (EUR 1,300,000) and some write-offs (EUR 400,000). Apart from this provision, a decision was made in September 2014 to close a small distribution centre, resulting in severance costs of EUR 300,000.

In December 2014, a restructuring provision of EUR 2,500,000 was accounted for in respect of its Dutch flower operations. Given the relatively significant operating expense base, a decision was taken to relocate the flower operations to Waddinxveen. A provision for an onerous lease agreement of EUR 1,500,000 and a provision for severance costs of EUR 1,000,000 were accounted for. Management of the Dutch flower operations will be integrated in the current Dutch Fruit & Vegetable structure.

As per 31 December 2013, an amount of EUR 3,500,000 was provided for pending tax litigations and import licenses. Following a legal update, the estimated costs have been increased by EUR 1,200,000.

In the course of 2014, a number of cost saving measures were taken in the Fruit Partners segment, resulting in redundancy payments of EUR 900,000.

The Company incurred one-off legal and advisory fees, of EUR 400,000, that related to the acquisitions of EWT and FAI.

* + 1. Operating profit before non-recurring items

Operating profit before non-recurring items amounts to EUR 38,300,000 for the financial year ended 31 December 2014, which is a decrease of EUR 2,300,000, or 5.5% compared to the financial year ended 31 December 2013 mainly due to the fact that the 2014 number includes several entities, mainly TFFG production units, whih have been divested at the end of the year which triggered increased depreciation expenses.

* + 1. Depreciation / Amortisation and share of profit for equity accounted investments and non- controlling interests

Depreciation and amortisation expenses and share of profit for equity accounted investments and non-controlling interests have increased by EUR 4,600,000, or 16.1%, to EUR 33,200,000, for the financial year ended 31 December 2014 compared to EUR 28,600,000, for the financial year ended 31 December 2013. The increase can be explained by the increased depreciation and amortisation charges for EUR 3,200,000 due to the acquisition of the banana growing operations in January 2014 holding substantial depreciation charges. The result on equity accounted investments increased by EUR 1,100,000 mainly due to the gain booked on the shareholding in Mouton Citrus Proprietary Ltd. The remaining variance is explained by the movement on non-controlling interests considering the fact that the main portion of minority shareholdings are held in entities with a negative net result.

* + 1. Financial income / expense

The financial income and expenses have increased by EUR 6,300,000 or 18.5% to EUR 40,400,000 for the financial year ended 31 December 2014, compared to EUR 34,100,000 for the financial year ended 31 December 2013. This variance is largely explained by the increased refinancing costs and interest charges as a result of the full year effect of the Univeg Group’s bond issue in 2013, this represents an increase of EUR 8,200,000. This was partially offset by lower foreign currency and bank expenses. A detail of the financial expenses is shown below.

|  |  |  |
| --- | --- | --- |
| *(EUR in millions)* | **Year ended  31 December 2014** | **Year ended  31 December 2013** |
| Interest expense, net | 31.2 | 19.1 |
| Bank charges including refinancing costs | 3.2 | 7.8 |
| Factoring interests | 3.1 | 2.9 |
| MTM (gains)/losses | (3.3) | (3.9) |
| Exchange (gains)/losses | 3.5 | 4.1 |
| Other | 2.8 | 4.2 |
| **Financial expense/(income)** | **40.4** | **40.4** |

* + 1. Income tax income / expense

Net income tax expense for the financial year ended 31 December 2013 amounted to a net expense of EUR 5,600,000. This expense has decreased by EUR 7,700,000 to a net income of EUR 2,100,000 for the financial year ended 31 December 2014. This is largely explained by the change in deferred tax position for EUR 6,300,000 upon the recognition of tax losses not recognised in prior years for an amount of EUR 9,400,000 partially offset by corrections on temporary differences on deferred taxes for EUR 3,100,000. The remaining difference is explained by the lower profit before income tax for the financial year ended 31 December 2014.

* + 1. Net profit for the period

The profit for the period for the financial year ended 31 December 2014 amounts to EUR 16,600,000 showing an increase of EUR 600,000 or 3.8%, to EUR 16,000,000. This being the result of the elements as explained above.

* 1. Liquidity and capital resources
     1. Liquidity

**Cash Flow**

|  |  |  |
| --- | --- | --- |
| *(EUR in millions)* | **Year ended  31 December 2014** | **Year ended 31 December 2013** |
| **Statement of Cash Flow Data** |  |  |
| Cash flow from operating activities | 49.3 | (0.5) |
| Cash flow from investing activities | 23.3 | 21.5 |
| Cash flow from financing activities | (34.0) | 24.9 |

Total cash flow generated for the financial year ended 31 December 2014 amounts to EUR 38,600,000 (compared to EUR 45,900,000 last year). Capital expenditure for the financial year ended 31 December 2014 was in line with the previous year. The divestment of The Fruit Farm Group positively affected the cash generated from investing activities, however partly offset by the cash used for the acquisitions of FAI, start-up of joint venture UNIVEG Mahindra Private Limited, and the acquisition of the Belgian endive activities from A. Heremans – Aerts NV (see Section 2.2.2.1 above). In respect of the cash flow from financing activities a shift to cash flow from operating activities occurred compared to last year, as drawing of the Revolving Credit Facility increased from EUR 27,000,000 at the end of 2013 to EUR 60,800,000 as at 31 December 2014. In addition the repayment of Subordinated Shareholder Loans, loans to third parties acquired from FAI, and increased interest expense negatively affected the cash flow generated from financing activities.

* + 1. Working Capital

|  |  |  |
| --- | --- | --- |
| *(EUR in millions)* | **Year ended  31 December**  **2014** | **Year ended  31 December**  **2013** |
| Inventories | 43.4 | 52.0 |
| Trade receivables | 176.6 | 176.7 |
| Trade payables, including advances and prepayments to suppliers | (404.1) | (385.0) |
| Other short term receivables, trade related prepayments, social and other payables | (38,8) | (42.5) |
| **Trade working capital** | **(222.9)** | **(198.9)** |

Total inventories amount to EUR 43,400,000 as per 31 December 2014. The vast majority (90%) is contributed by the Fruit & Vegetables segment. The stock held by the Flowers & Plants segment as per year-end represents for 8% of total inventories. The impact on reported trade receivables resulting from the acquisition of EWT and the start-up operation in the Czech Republic, is offset by (i) an important increased factoring capacity (see Section 2.2.2.3 above) and (ii) the impact of the divestment of The Fruit Farm Group, the Belgian non-core transport activities, and the loss making Lincolnshire flower operations (see Section 2.2.2.2 above). The increase of trade payables is primarily driven by the impact of the acquisition of EWT and start-up in the Czech Republic. Other receivables, primarily relating to sales taxes, empties, accrued income and deferred charges, other trade related prepayments, social and other payables, are largely affected by the divestment of The Fruit Farm Group. As at 31 December 2014 trade working capital, expressed as percentage of full year revenues from continuing operations, amounts to -7.0%, compared to -6.6% as at year-end 31 December 2013.

* + 1. Indebtedness

|  |  |
| --- | --- |
| *(EUR in millions)* | **31 December**  **2014** |
| **Cash and cash equivalents** | 117.9 |
| **Indebtedness** |  |
| Notes | (284.1) |
| Revolving Credit Facility | (60.8) |
| Other Loans | (2.6) |
| **Net debt** | **(229.6)** |

|  |  |
| --- | --- |
| *(EUR in millions)* | **31 December**  **2014** |
| Adjusted debt**(1)** | 348.5 |
| Cash and cash equivalents | 117.9 |
| Adjusted net debt**(2)** | 230.6 |
| Adjusted net debt/REBITDA for bank covenant purposes | 2.96 |

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(1) As adjusted total debt is defined as reported financial indebtedness (excluding shareholder loans), adjusted for one item not considered in accordance with terms and conditions of the Revolving Credit Facility.

(2) As adjusted net debt is defined as adjusted total debt less as adjusted cash and cash equivalents.

* 1. Contractual obligations and other commitments

The following table sets forth the aggregate maturities of its financial debt and other contractual obligations as of 31 December 2014:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Payment due by period** | | | |
| *(EUR in millions)* | **Year Ended 31 December 2014** | **Due within 1 year** | **Due in 1 to 5 years** | **Due beyond 5 years** |
| Long-term debt | 284.9 | — | 0.9 | 284.0 |
| Short-term debt | 62.6 | 62.6 | — | — |
| **Total** | **347.5** | **62.6** | **0.9** | **284.0** |

The following table represents the future aggregate minimum lease payments under non-cancellable operating leases as per 31 December 2014:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Payment due by period** | | | |
| *(EUR in millions)* | **Year Ended 31 December 2014** | **Due within 1 year** | **Due in 1 to 5 years** | **Due beyond 5 years** |
| Operating lease commitments | 243.1 | 29.1 | 86.9 | 127.1 |
| **Total** | **243.1** | **29.1** | **86.9** | **127.1** |

The Univeg Group mainly leases land, buildings, equipment and vehicles under operating lease agreements. The lease terms are mainly between 1 and 30 years.

As at 31 December 2014, the Univeg Group entered into capital expenditure commitments, totalling EUR 900,000.

The Notes and Revolving Credit Facility are secured through different types of assets. These include:

* Pledge on the intercompany receivables of the major Dutch and Belgian subsidiaries of the Univeg Group;
* Pledge on the receivables of the most important Dutch, Belgian and Spanish subsidiaries of the Univeg Group outstanding on their insurance companies following claims;
* Pledge on VAT and tax receivables, as well as subsidies granted by government of the most important Belgian subsidiaries of the Univeg Group;
* Silent pledge on the trade receivables of the most important Dutch, Belgian and Spanish subsidiaries of the Univeg Group;
* Pledge on the bank accounts of the most important Dutch, Belgian, Spanish and German subsidiaries of the Univeg Group;
* Pledge on moveable assets of the most important Dutch and Belgian subsidiaries;
* Pledge on the shares of the most important Dutch, Belgian, Italian, German, English, French and Spanish affiliates of the Univeg Group;
* Silent pledge on the assets of the most important German and English affiliates of the Univeg Group.

See also Section 8.2.4.3 of Part V (*Information about the Combined Greenyard Foods Group upon completion of the Contributions*).

* 1. Current trading as of and for the period ended 31 March 2015

The financial information described below is based primarily on (i) the audited consolidated financial statements of the Univeg Group as of and for the financial year ended 31 December 2014, prepared in accordance with IFRS and (ii) the unaudited financial information as of and for the three months periods ended 31 March 2014 and 2015, measured in accordance with the group accounting policies of the Univeg Group as disclosed in the consolidated financials statements as of and for the financial year ended 31 December 2014.

**Revenues**

| *(EUR in millions)* | **12 months Ended 31 March  2015** | **Year Ended 31 December  2014** |
| --- | --- | --- |
| Revenue from sales of the continuing operations | 3,241.3 | 3,170.7 |
| Revenue from sales of discontinued operations | 69.2 | 94.0 |
|  |  |  |
| **Revenues** | **3,310.5** | **3,264.7** |
|  |  |  |

The increase of revenues over the 12 months ended 31 March 2015 compared to the financial year ended 31 December 2014 was largely driven by the Fruit & Vegetables segment. The operations in the Czech Republic, started early 2014, have benefited from an important volume growth thanks to increasing contributing stores. In addition, an important volume growth combined with increased prices resulted in a significant sales increase in The Netherlands. Overall, revenues to our current key customer over the first quarter ended 31 March 2015 were characterised by volume and price growth. For the month ended 31 March 2015, the decrease of revenues following the discontinuation by one of our key customers at the end of February was partly compensated by increased revenues to other German key customers.

**REBITDA**

| *(EUR in millions)* | **12 months Ended 31 March  2015** | **Year Ended 31 December  2014** |
| --- | --- | --- |
| **Operating result** | **54.9** | **53.3** |
| Depreciation and amortisation, share of profit of equity accounted investments and non-controlling interests | 32.3 | 33.1 |
| **EBITDA** | **87.2** | **86.4** |
| EBITDA from discontinued operations | 2.7 | 6.0 |
| Add-back non-recurring items | (13.0) | (15.0) |
| **REBITDA** | **76.9** | **77.4** |
|  |  |  |

REBITDA over the 12 months ended 31 March 2015 remains stable. The positive impact of higher revenues in the Fruit & Vegetables segment, particularly in the Dutch service operations, is partly offset by (i) some opposing product mix changes in the United Kingdom respectively France and (iii) aggressive retail pricing in Spain. In addition, REBITDA of the Flower & Plants segment is unfavourably affected by lower margins partly due to Dutch tulip price commtiments.

**Balance sheet**

| *(EUR in millions)* | **31 March  2015** | | | **31 December  2014** |
| --- | --- | --- | --- | --- |
|  | | | |
|  |
| **Selected Balance Sheet Data (as of end of period)** |  | | |  |
| Cash and cash equivalents | | 119.3 | 117.9 | | |
| Total current assets | | 422.1 | 427.7 | | |
| Total assets | | 955.0 | 963.1 | | |
| Total equity | | 42.9 | 46.8 | | |
| Total current liabilities | | 576.3 | 581.6 | | |
| Total equity and liabilities | | 955.0 | 963.1 | | |

**Working capital**

|  |  |  |  |
| --- | --- | --- | --- |
| *(EUR in millions)* | | **31 March  2015** | **31 December  2014** |
| Inventories | | 53.6 | 43.4 |
| Trade receivables | | 157.9 | 176.6 |
| Trade payables, including advances and prepayments to suppliers | | (460.4) | (404.1) |
| Other short term receivables, trade related prepayments, social and other payables | | (12,9) | (38,8) |
|  | |  |  |
| **Trade working capital** | | **(261.7)** | **(222.9)** |
|  |  |  |

Reported trade working capital of the Univeg Group is characterised by seasonality. The third and fourth quarters of the year typically have, in the aggregate, lower sales than the first half of the financial year, with a less homogenous sales pattern than in the first six months, with sales spiking in the summer months (especially in case of favourable weather) and in the month of December (which is historically the strongest month for the Univeg Group’s performance, due to the holiday season) and slowing down especially in October and November.

The decrease of trade receivables as at 31 March 2015 is mainly driven by the additional factoring capacity under the new factoring program, partly offset by seasonality and the impact of the start-up operation in the Czech Republic. The increase of trade payables and inventories primarily result from seasonality and working capital initiatives.

**Cash flow**

|  |  |  |
| --- | --- | --- |
| *(EUR in millions)* | **12 months ended  31 March  2015** | **Year ended  31 December  2014** |
| **Statement of Cash Flow Data** |  |  |
| Cash flow from operating activities | 84.5 | 49.3 |
| Cash flow from investing activities | 39.8 | 23.3 |
| Cash flow from financing activities | (108.6) | (34.0) |
|  |  |  |

The additional factoring capacity created by the new factoring program positively affected the cash flow from operating activities and enabled the Univeg Group not to draw on the Revolving Credit Facility.

The increase of cash flow from investing activities is predominantly driven by a deferred payment received in the first quarter of 2015 related to the divestment of The Fruit Farm Group and the cash used for the acquisition of FAI in the first quarter of 2014.

In respect of the cash flow from financing activities, cash was used for repayment of the Revolving Credit Facility and other loans in the first quarter of 2015.

**Indebtedness**

|  |  |
| --- | --- |
| *(EUR in millions)* | **31 March**  **2015** |
| **Cash and cash equivalents** | (119.3) |
| **Indebtedness** |  |
| Notes | 283.9 |
| Revolving Credit Facility | - |
| Other Loans | 1.9 |
| **Net debt** | **166.5** |

1. Peatinvest
   1. Overview
      1. Geographical presence and production sites

Peatinvest is a holding company, which, directly and indirectly, owns and controls the Peatinvest Group. Peatinvest has eight subsidiaries in four different countries (together, the Peatinvest Group). Peatinvest’s Belgian subsidiaries are Peltracom NV, Agrofino Transport BVBA and Norland SA, the French subsidiaries are Humuland SAS and Peltracom France SAS, the Latvian subsidiaries are Misas Kudra AS and Enavas SIA and the Polish subsidiary is Hollas Spółka z ograniczoną odpowiedzialnością. All these subsidiaries are fully owned (directly or indirectly) by Peatinvest, except for Misas Kudra AS which is held by Peatinvest at 99.26% with the remainder being held by private individuals.

The Peatinvest Group has been involved as a leading company in the horticultural sector for more than 30 years. The Peatinvest Group has nine sites in four countries (Belgium (2), France (2), Latvia (1) and Poland (4)) and around 330 employees in these jurisdictions. It owns, through its Latvian and Polish subsidiaries, the licences to operate 1,454 ha of peat fields in Latvia and Poland to guarantee the continuous supply of raw materials.

It has an annual production of around 1,500,000 m³ and supplies growers throughout the world with a wide range of substrates for gardening and growing crops (fruit, vegetables and plants) and ornamental plants. The Peatinvest Group’s products are marketed, in addition to under private label brands, under the Peltracom and Aura brand for the professional market and under the Agrofino brand for the hobby market. In addition, the Peatinvest Group produces peat, bark and soil improvers. The Peatinvest Group supplements its key products with related products such as various mulching products (several organic mulching products such as decorative bark, wood chips coconut shells), and decorative gardening products (pozzolan, slate stone, expanded clay aggregate). In order to optimise the value chain and logistics of its key activities Peatinvest also sells annex products such as wood pellets and charcoal. The Peatinvest Group is geared at the high quality segment of the market.

* + 1. Sales

In the financial year ended on 30 September 2014, the Peatinvest Group’s total revenues from sales amounted to EUR 65,230,000, compared to EUR 61,670,000 in the preceding year.

The Peatinvest Group’s customers are, on the one hand, gardening centres and other retailers (which, in turn, sell to non-professional users) and, on the other hand, professional users. In each case, the sales of the Peatinvest Group are largely in its home markets (Benelux, France and Poland), all while sales to professional users are growing in export markets.

* + - 1. B2C: gardening and retail centres (non-professional end-users)

Gardening and retail centres (selling in turn to non-professional end-users (such as hobbyists)) are expected to continue to be one of the prime businesses of the Peatinvest Group because of the continuing trend of gardening and home grown fruit and vegetables. In the financial year ended on 30 September 2014, they represented 64% of sales and 58% of volumes. The Peatinvest Group does not sell to non-professional users directly, but distributes its products through specialised garden and hobby centres and more generalist retailers (DIY and Food). Distribution takes place on a sales basis (generally not on a consignment basis) with distributors forecasting their requirements on the basis of last year’s and rolling demand. Products in this segment are tailor made to the requirements of the retail centres, and are pre-packed in volumes ranging from five litres to 80 litres. The main focus of the Peatinvest Group is to provide retailers with private label products. This offering is complemented with products that are branded with the own retail brands ‘Agrofino’ and ‘Agrofino Professional’ in Benelux and France, and ‘Sterlux’ and ‘Aura’ in Poland.

The non-professional end-user market is supplied through subcontracted transport between the production plants (or any of the logistical platforms of the Peatinvest Group) and the distribution platform of the retailer or directly from the Peatinvest Group’s site to the garden centre or shop.

* + - 1. B2B: professional end-users

Professional end-users have in the financial year ended on 30 September 2014 represented 36% of sales, and 42% of volumes. The sales towards professional end-users has been growing thanks to increased sales in export (which is mainly targeted at professional users). Professional users are categorised as (a) growers of ornamental plants and trees; (b) growers of fruity vegetables (tomatoes, cucumber, peppers and egg plants) and red fruit (strawberry, blueberries, etc.); (c) municipalities (urban green and urban flowering, green roofs and green walls, golf courses and greenscaping); and (d) companies active in production and multiplication of young plants (seeding, cutting, etc.), with each such categories representing different characteristics.

In this segment, the Peatinvest Group focuses on high-value technical products, producing custom made solutions for the grower, which generally generate higher margins. Professional products are branded under the names ‘Peltracom’ and ‘Aura’. Delivery is performed either directly (ex-works or direct shipping) or indirectly through local distributors and wholesalers on a sales-basis (not consignment). Packing is either vrac, big bales, big bags, ballots or packed bags. The Peatinvest Group manages the distribution of its growing media in bulk to the professional end-user market in its home markets by using its own fleet of walking floor truck.

In addition to the Peatinvest Group’s home markets (Benelux, France and Poland), the Peatinvest Group exports increasingly to professional users on export markets in more than 52 countries (area of the Mediterranean basin, Middle East, Far East, Africa, Southern America). Export clients are serviced on an ex works basis and mainly via container shipping.

The Peatinvest Group realises cost efficiencies in packing growing media in 6 m³ packages in order to optimise the loading of containers or long distance shipping to the entire world.

* + 1. Sourcing and supply

The main raw material used for the production of growing media, both for professional and for non-professional users, is peat (amounting up to 70% of the total raw material cost). The Peatinvest Group harvests peat from peat bogs that it licenses under a long-term license in Poland and Latvia (1,454 ha of peat fields). License prices have been fixed per annum at the outset of the license agreement, and are not expected to increase for the remaining durations of the licenses.

In addition, the Peatinvest Group purchases specialty raw materials (such as Irish or German peat, cocos, compost, wood fiber, etc.) as well as additives and fertilisers from long-lasting supply partners working closely with the Peatinvest Group. Charcoal, wood pellets and other non-core products are also purchased from third parties on the spot market. The number of suppliers for such products is limited which may impact pricing at certain times.

* 1. Key factors affecting results of operations

The performance and results of operations have been and will continue to be affected by a number of factors, including external factors. Certain of these key factors that have had, or may have, an effect on its results are set forth below. For further discussion of the factors affecting its results of operations, see Part II (*Risk Factors*).

* + 1. Weather and seasonality
       1. Sourcing and supply

Harvesting peat is only possible after a natural drying cycle the quantity and quality of which is impacted by weather and more specifically precipitation, which, in turn, may impact margin, cost of transport and sales. The Peatinvest Group has its peat bogs geographically spread over Latvia and Poland to reduce this impact. In addition, Peatinvest has invested the latest years in state-of-the-art material in order to be less dependent on weather conditions.

* + - 1. Sales

Sales to both professional and non-professional end-users are subject to significant seasonality.

Sales to non-professional end-users, through garden and other retail centres, are seasonal and mainly concentrated between mid-January and mid-May. After the end of the season, new contracts (including prices) for the coming season are negotiated. Sales to non-professional end-users can also vary one year to the other because of weather conditions: weather can have an impact on gardening activities of non-professional users and the sales of its products. Since the Peatinvest Group, however, spreads its sales geographically over relative important area’s, the impact of local meteorological conditions is often mitigated.

Sales to professional end-users are less subject to this seasonality since different crops are planted at different times of the year, and some professional markets generate year-round sales (urban green such as green roofs, mulching, etc*.*)

* + 1. Cost of diesel
       1. Cost of diesel in transport

Transportation cost and logistics represent a significant cost to the operations. Transport costs are relative stable between 17-18% of turnover.

Changes in diesel prices may therefore change (upwards and downwards) the cost of production and transportation of the Peatinvest Group.

The Peatinvest Group generally seeks to lower transportation costs (and hence its exposure to the cost of diesel), including by continuously increasing the percentage of local raw materials in the total supply and by organising production close to the retailers that distribute its non-professional end-use products so as to reduce the transport distances.

The Peatinvest Group has further reduced the impact of changes of fuel on its results by introducing variable pricing (function on the official diesel prices) towards its professional customers (in its home markets as well as on export, see above). The Peatinvest Group has not generally been able to introduce increased or variable pricing towards the retail and garden centres distributing its non-professional use products, because of the annual contract pricing applied by such customers.

* + - 1. Cost of Diesel in Production

Pricing of oil products have an indirect impact on packaging cost via the pricing of the PE (polyethylene), which cannot always be mitigated by inventory planning. Diesel also has an impact on the exploitation costs of the machinery used in the harvesting of peat. Having invested in state-of-the art material the Peatinvest Group has reduced the impact of diesel pricing on its harvesting activities.

* + 1. Currency

The Peatinvest Group generally operates in euro, both on sales and cost side, with limited currency risk. The Peatinvest Group expects this currency risk to slightly increase in the coming years as its Polish operations increasingly import in euro, with sales on the local market, in Zloty. In addition, in case of dividend distributions from the Polish operations, there may be some currency loss at conversion of Zloty into euro. Finally, as the Peatinvest Group is increasingly focusing on the export market outside of its home markets, it may suffer increased US Dollar-euro risk as its revenues are in euro but its container shipping cost is in US Dollar.

* + 1. Raw material prices

The Peatinvest Group vertically integrates about 80% of its raw material production, and it is its strategy to continue to do so. The balance of raw materials are sourced on the market, of which the large part on the spot market, although it is the Peatinvest Group’s strategy to seek to expand its long-term sourcing. The Peatinvest Group’s peat needs are largely in-sourced, but, with regards to externally sourced raw materials, the Peatinvest Group’s results may be impacted by variations in wood and fertiliser market prices:

* Market prices of wood have an impact on prices of wood chips (used for decorative mulching). On the other hand, increased wood prices will generally increase cutting of trees, which will in turn generate an increased availability of bark and a decrease of market pricing of bark products (also used as mulching products and as constituent of growing media), which then mitigates the increase in wood chip pricing. Wood prices will also have a direct impact on pricing of wooden pallets (packaging), charcoal and pellets.
* Although relatively stable over the last years, the market prices of fertilisers (nitrogen, phosphor, potassium) may have a financial impact on the cost of goods of Peatinvest, such as in 2008 when speculation drove prices to increase several times during the year. By diversifying the fertilisers to more and more organic fertilisers Peatinvest has reduced such potential impact.
  + 1. Legislation and general market tendencies
       1. Legislation

Each EU jurisdiction has its own legislation in terms of ingredients, packaging and labelling with which the products of the Peatinvest Group have to comply. Currently, this increases costs. The EU is working on a harmonisation of the legislation for fertiliser and growing media with the aim to reduce such costs. This is expected for 2017-2020 and may, depending on the level of measures enacted, positively impact costs.

In addition, in certain jurisdictions of the European Union, such as France and Belgium, the home markets of the Peatinvest Group, new legislation is implementing or planning the implementation of the reduction and/or the prohibition of the use of herbicides. This is expected to stimulate the sales of mulching products such as bark and wood chips sold by the Peatinvest Group in those jurisdictions.

Also, EU organic farming rules allows the use of peat and other natural products such as compost and organic fertilisers to be used in organic farming. This has resulted in an increased demand which is stimulating sales of the Peatinvest Group’s products that can be used in organic farming. Sales for such products was EUR 1,990,000 in the financial year ended on September 2013 and EUR 3,190,000 in the financial year ended 30 September 2014.

* + - 1. General market trends

Not only legislation, but general environmental and societal awareness is leading to industrial growers, authorities and hobby gardeners to reduce chemicals, which is a trend that may positively impact sales of the Peatinvest Group. In addition, there is an increased awareness and attention to home-growing of herbs and vegetables, which, in turn, may increase demand to growing media for these purposes.

Certain markets have reached a stage of saturation in certain geographical regions, such as the market for products serving to grow balcony products and geranium in Western Europe. For such locally saturated markets, the Peatinvest Group plans to expand sales into Eastern Europe and Asia in the future.

* 1. Result of operations

The numbers presented under this Section are extracted from Peatinvest’s audited consolidated financial statements prepared in accordance with Belgian GAAP for the financial years ended 30 September 2013 and 2014.

|  |  |  |
| --- | --- | --- |
| *(EUR in millions)* | **Year ended  30 September 2014** | **Year ended 30 September  2013** |
| Sales | 65.2 | 61.7 |
| Changes in inventories | (0.2) | 1.1 |
| Other operating revenues | 1.0 | 2.6 |
| **Total revenues** | **66.1** | **65.3** |
| Raw materials, consumables | (27.5) | (28.5) |
| Services and other goods | (20.8) | (20.1) |
| Personnel expenses | (9.0) | (9.2) |
| Depreciation | (3.1) | (3.3) |
| Allowance for doubtful accounts | ­- | (0.2) |
| Provision for contingencies | (0.1) | - |
| Other operating expenses | (1.2) | (1.2) |
| Restructuring costs capitalised | - | 0.2 |
| **Total operating expenses** | **(61.7)** | **(62.2)** |
| **Operating profit/(loss) for the period** | **4.3** | **3.1** |
| Financial result | (0.9) | (1.1) |
| Extraordinary result | (0.4) | (0.1) |
| Taxes | (0.6) | (0.4) |
|  |  |
| **Net profit/(loss) for the period** | **2.4** | **1.6** |
| **EBITDA** | **7.6** | **6.6** |
| REBITDA | 7.6 | 6.6 |

The Peatinvest Group’s financial year terminates on 30 September. The review below compares the results for the financial year ended 30 September 2014 with the results for the financial year ended 30 September 2013. This financial information described below is based primarily on the audited consolidated financial statements of the Peatinvest Group as of and for the financial years ended 30 September 2014 and 2013, prepared in accordance with the Belgian GAAP.

* + 1. Revenues

In its latest full financial year, for the financial year ended 30 September 2014, salesincreased with EUR 3,600,000 or 5.8% compared to the financial year ended 30 September 2013. The EUR 3,6000,000 increase results from (i) an increase in sales on the Polish market of EUR 2,000,000 or 20%, (ii) an increase in sales in Belgium and France in the amount of EUR 1,000,000 or 2% (disregarding the impact of the Peatinvest Group ceasing to invoice Auchan for other suppliers of Auchan and paying such suppliers, increase of sales in Belgium and France amounted to EUR 2,500,000), and (iii) an increase in exports in more than 52 countries (outside of the Benelux, France, Latvia and Poland) in the amount of EUR 600,000 or 17%.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| *(EUR in millions)* | **Year Ended 30 September** | | **%** | **% of Total Sales Year Ended 30 September** | |
|  | **2014** | **2013** | **Change** | **2013** | **2014** |
| France | 33.8 | 33.6 | 0,4% | 54,5% | 51,7% |
| Benelux | 15.3 | 14.3 | 7,1% | 23,2% | 23,5% |
| Poland | 12.2 | 10.1 | 20,1% | 16,4% | 18,7% |
| Other | 4.0 | 3.6 | 10,0% | 5,9% | 6,1% |
| **Sales** | **65.2** | **61.7** | **5,8%** | **100%** | **100%** |

Sales in all European and export markets were further stimulated by beneficial weather conditions in early spring 2014 compared to the previous year. Weather had an adverse impact on sales, however, in the subsequent period April 2014 to August 2014 compared to the previous year.

An important increase in the sales of mulches was observed in all home markets, such as an increase of 21% in Belgium and 28% in France.This is due to a further increased offer and broadened product range after the integration of Norland in the Peatinvest group (acquisition closed in December 2012) and a general tendency towards replacement of the use of herbicides by the use of mulches (see Section 3.2.5.2 above).

* + 1. Costs
       1. Costs of sales

The financial year under review saw a decrease of costs of goods sold from 44.5% to 42.5% of sales on a consolidated basis.

Generally, good harvest conditions in the summer of 2013 lowered the production cost of the Peatinvest Group’s own peat and at the same time affected positively the market price of peat (lower market prices of raw material) (see Section 3.2 above). In addition, the Peatinvest Group pursued a number of other cost-reducing measures:

*Operational efficiencies*

From an operational viewpoint, the Peatinvest Group has, in the last financial year, taken a number of measures which have impacted its cost of goods sold for the financial year ended 30 September 2014, and expected to have a recurring cost reduction impact going forward. These measures consisted in (i) investments realised is the latest years to develop peatbogs to increase harvesting capacity (and decrease external purchases) and improve quality of harvested peat (see Section 3.2 above), and (ii) a further automation of production flow.

Other measures have led to a better usage of existing production capacity:

* closing the production of Arles and concentrating the production of the volumes over the factories in Ghent and Bordeaux leading to higher economies of scale.
* new integration of packaging of wood pellets and packing of mulch products in the Ghent plant, leading to a better coverage of fixed costs with new anticyclical activities

The last financial year was also characterised by one exceptional operational event, being the temporary closure of the production plant in Arles caused by a fire, and the subsequent decision of the Peatinvest Group to transform the Arles site in a logistical platform only. The production closure has implied a transfer of production to the plants of Bordeaux (France) and Ghent (Belgium). Since Arles had little access to local raw materials and shipping logistics of peat was quite expensive, the closing of the production has a positive impact on cost of goods sold (*i.e*., the cost of raw material and transport of raw material), and has led to a reduction of production cost (factory cost and personnel) and lower overall salary costs (due to the concentration of production in existing factories, better economies of scale and reduction of staff in Arles). Such lower costs were partially offset by the higher transport costs due to longer distance from Ghent and Bordeaux to the customer. The impact of this transformation amounted to [•] and this effect is expected to continue in the actual financial year.

*Purchasing*

The Peatinvest Group has reorganised its purchasing of bark in 2014, thereby structurally increasing direct access to sources reducing cost and increasing quality. In addition, the Peatinvest Group has reduced subcontracting (mulches and bark) by third parties and integrated the production of mulches and bark in its own factories, which has had a positive impact on percentage of the costs of goods sold compared to the previous year and is expected to have a structurally positive impact.

*Accounting and cash management measures*

Peatinvest is implementing a fully integrated ERP system in all its subsidiaries to increase its capacity to monitor intake of products delivered by suppliers both on quality and on volume. This is leading to a stricter control on invoices received for goods delivered by suppliers, and an increased respect of specifications on delivered goods by suppliers.

The ERP system, paired with an uptraining of employees, has allowed faster invoicing of customers, which, in turn, enabled a faster cash-in of receivables and a reduction of inventory.

* + - 1. Costs of services and other goods

Costs of services and other goods increased by EUR 686,000, or 3,4%, to EUR 20,793,000 for the financial year ended 30 September 2014 compared to EUR 20,107,000 for the financial year ended 30 September 2013.

As the growth of sales was fuelled by increased sales volume, additional transport increased from EUR 10,245,000 to EUR 11,231,000, or 9.6%, for the financial year ended 30 September 2014. Transport as a percentage of sales increased from 16.6% on 30 September 2013 to 17.2% on 30 September 2014. All other services and other goods decreased compared to last year.

* + - 1. Personnel costs

Personnel costs decreased with EUR 129,000 overall in the financial year under review.

A decrease of personnel costs resulted from, on the one hand, an automation of processes resulting from the introduction of the ERP system and, on the other hand, the transformation of the site of Arles from production site to logistical platform and the reduction of staff linked with this transformation. This decrease is partially offset by an investment in the further strengthening of the management and R&D team in Latvia and Poland.

* + 1. Non-recurring items

Due to fire at the site of Peltracom France in Arles in December 2012, an insurance compensation was received and accounted for as revenue in the amount of EUR 2,114,000, of which EUR 1,690,000 under operating income for the financial year ended 30 September 2013. The decrease of EUR 1,558,000 for the financial year ended 30 September 2014 is mainly due to the insurance compensation received in the financial year ended 30 September 2013.

* + 1. Financial income / expense

The financial result increased by EUR 153,000 or 14% to EUR 905,000 for the financial year ended 30 September 2014, compared to EUR 1,058,000 for the financial year ended 30 September 2013. This variance is on the one hand due to lower interest rates on EURIBOR level and on the other hand due to the lower margins on the bank loans which the Peatinvest Group renegotiated in the last financial year. (The lower margins were, in turn, offset by a break fee in the amount of EUR 162,000 that has been paid due to the renegotiating of the bank loans in the financial year ended 30 September 2014).

* + 1. Income tax income / expense

Net income tax expense for the financial year ended 30 September 2013 amounted to a net expense of EUR 359,000 and increased to EUR 630,000 for the financial year ended 30 September 2014.

* + 1. Net profit for the period

The profit for the period for the financial year ended 30 September 2014 amounts to EUR 2,433,000 showing an increase of EUR 815,000 or 50%. This is the result of the elements as explained above.

* 1. Liquidity and capital resources
     1. Liquidity

**Cash flow**

|  |  |  |  |
| --- | --- | --- | --- |
| *(EUR in millions)* | **Year ended  30 September 2014** | **Year ended  30 September 2013** |  |
| **Summary Consolidated Statement of Cashflow** |  |  |  |
| Cash flow from operating activities | 6.6 | 5.5 |  |
| Increase in working capital (-)/ decrease in working capital (+) | 0.9 | 0.4 |  |
| **= Net cash flow from operating activities** | **7.5** | **5.9** |  |
| Cash flow from investing activities | (2.5) | (3.6) |  |
| Cash flow from financing activities | (4.2) | (2.3) |  |
| Effect of exchange rate fluctuation | - | - |  |
| **= Free cash flow** | **0.8** | **-** |  |
| **Cash and cash equivalents, opening balance** | **2.4** | **2.4** |  |
| **Cash and cash equivalents, closing balance** | **3.2** | **2.4** |  |

Total cash flow generated for the financial year ended 30 September 2014 amounts to EUR 841,000 (compared to EUR 50,000 on last year).

Cash flow from operating activities increased with EUR 1,623,000 compared to last year due to higher operational result and lower working capital need.

Capital expenditure decreased with EUR 1,090,000 compared to last year. Previous years Peatinvest’s capital expenditures were higher due to investments in harvesting equipment and its new manufacturing site in Latvia. Peatinvest expects that in the coming years, its capital expenditures will return to the level of 30 September 2014.

Cash flow from financial activities increased with EUR 1,922,000 as a result of the distribution of a dividend of EUR 1,500,000 in the financial year ended 30 September 2014.

* + 1. Working capital

|  |  |  |
| --- | --- | --- |
| *(EUR in millions)* | **Year ended 30 September 2014** | **Year ended 30 September 2013** |
| Inventories | 9.7 | 10.5 |
| Trade receivables | 7.3 | 7.6 |
| Trade payables, including advances and prepayments to suppliers | (8.3) | (8.2) |
| Other short term receivables, trade related prepayments, social and other payables | 0.1 | 0.3 |
| **Working capital** | **8.8** | **10.2** |
|  |  |  |

Total inventories amount to EUR 9,719,000 as per 30 September 2014 and decreased with EUR 827,000 due to the closure of the production plant of Arles and stock control.

Trade receivables, payables and other short term debts/receivables are in line with the previous year.

As at 30 September 2014 working capital, expressed as percentage of full year revenues from operations, amounts to 13.6%, compared to 16.6%% as at year-end 2013.

* 1. Contractual obligations and other commitments

The following table sets forth the aggregate maturities of Peatinvest’s financial debt and other contractual obligations as of 30 September 2014:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Payment due by period** | | | |
| *(EUR in millions)* | **Year Ended 30 September 2014** | **Due within 1 year** | **Due in 1 to 5 years** | **Due beyond 5 years** |
| Long-term debt | 12.3 | 2.5 | 8.4 | 1.4 |
| Short-term debt | 0 | 0 | 0 | 0 |
| **Total** | **12.3** | **2.5** | **8.4** | **1.4** |

Peatinvest is committed to certain covenants at year end 30 September 2015.

* 1. Current trading as of and for the period ended 31 March 2015

This financial information described below is based primarily on (i) the audited consolidated financial statements of the Peatinvest Group as of and for the financial year ended 30 September 2014, prepared in accordance with Belgian GAAP and (ii) the unaudited consolidated balance sheet and profit and loss statement of the Peatinvest Group as of and for the three months periods ended 31 March 2014 and 2015, prepared in accordance with the recognition and measurement principles of Belgian GAAP.

**Revenues**

| *(EUR in millions)* | **12 months Ended 31 March  2015** | **Year Ended 30 September  2014** |
| --- | --- | --- |
| Revenue from sales of the continuing operations | 66.3 | 65.2 |
| Revenue from sales of discontinued operations | 0.0 | 0.0 |
|  |  |  |
| **Revenues** | **66.3** | **65.2** |
|  |  |  |

The revenues increased with 1.7% compared to the financial year ended 30 September 2014.

**REBITDA**

| *(EUR in millions)* | **12 months Ended 31 March  2015** | **Year Ended 30 September  2014** |
| --- | --- | --- |
| **Operating result** | **4.6** | **4.4** |
| Depreciation and amortisation, share of profit of equity accounted investments and non-controlling interests | 3.4 | 3.4 |
| **EBITDA** | **8.0** | **7.8** |
| EBITDA from discontinued operations | 0.0 | 0.0 |
| Add-back non-recurring items | 0.5 | 0 |
| **REBITDA** | **8.5** | **7.8** |
|  |  |  |

REBITDA over the 12 months ended 31 March 2015 increased with EUR 700,000 compared to the financial year ended 30 September 2014. Due to lower raw material prices and fuel, gross margin increased from 57.4% to 58.2%. Higher transport costs, staff costs were set off against higher gross margin.

**Balance sheet**

| *(EUR in millions)* | **31 March  2015** | | **30 September 2014** |
| --- | --- | --- | --- |
|  | | |
|  |
| **Selected Balance Sheet Data (as of end of period)** |  | |  |
| Cash and cash equivalents | 3.8 | 3.2 | | |
| Total current assets | 43.6 | 23.0 | | |
| Total assets | 65.9 | 46.5 | | |
| Total equity | 23.4 | 20.5 | | |
| Total current liabilities | 31.4 | 13.9 | | |
| Total equity and liabilities | 65.9 | 46.5 | | |

**Working capital**

|  |  |  |  |
| --- | --- | --- | --- |
| *(EUR in millions)* | | **31 March  2015** | **30 September  2014** |
| Inventories | | 14.4 | 9.9 |
| Trade receivables | | 20.3 | 7.3 |
| Trade payables, including advances and prepayments to suppliers | | (15.7) | (8.3) |
| Other short term receivables, trade related prepayments, social and other payables | | 2.0 | (0.5) |
|  | |  |  |
| **Trade working capital** | | **21.0** | **8.4** |
|  |  |  |

**Cash flow**

|  |  |  |
| --- | --- | --- |
| *(EUR in millions)* | **Year ended  31 March  2015** | **Year ended  30 September  2014** |
| **Statement of Cash Flow Data** |  |  |
| Cash flow from operating activities | 3.9 | 8.7 |
| Cash flow from investing activities | (2.2) | (2.7) |
| Cash flow from financing activities | 0.9 | (5.1) |
|  |  |  |

**Indebtedness**

|  |  |
| --- | --- |
| *(EUR in millions)* | **31 March**  **2015** |
| **Cash and cash equivalents** | 3.8 |
| **Indebtedness** |  |
| Loans | (21.6) |
| **Net debt** | **(17.8)** |

1. Working capital and Capitalisation and indebtedness
   1. Working capital statement

In the Greenyard Foods Group’s opinion, its working capital is sufficient for its present requirements and for the twelve month period following the date of this Prospectus.

In the Univeg Group’s opinion, its working capital is sufficient for its present requirements and for the twelve month period following the date of this Prospectus.

In the Peatinvest Group’s opinion, its working capital is sufficient for its present requirements and for the twelve month period following the date of this Prospectus.

* 1. Capitalisation and indebtedness

**Share capital per 31 March 2015**

The equity of the Company amounts to EUR 221,829,791 as per 31 March 2015 based on the audited consolidated financial statements.

| *(EUR in millions)* | ***31 March 2015*** |
| --- | --- |
| Share capital \* | 97.8 |
| Share premium and other capital instruments | 14.3 |
| Reserves. | 103.5 |
| Cumulative translation differences. | -1.9 |
| Non-controlling interests | 8.1 |
| **Total equity** | **221.8** |

\*This amount does not take into account the 28,053,633 newly created Shares following the planned contribution of Univeg shares (95.4%) via the DWB Demerger, the contribution of the remaining Univeg shares (4.6%) via the Univeg Contribution and the contribution of 100% of Peatinvest shares via the Peatinvest Contribution. These Contributions are planned to be approved by the Extraordinary Shareholders meeting of 19 June 2015. Prior to these Contributions, the 2,400,000 warrants which are held by Gimv-XL will be exercised via the Gimv Warrant Exercise. The equity as presented per 31 March 2015 also does not take into consideration the Gimv Warrant Exercise.

**Net financial debt per 31 March 2015**

The total pro forma net financial debt of the Company amounts to EUR 400,203,373 as per 31 March 2015.

The pro forma net financial debt consists of the following components:

* Audited net financial debt of Greenyard Foods per 31 March 2015
* Unaudited net financial debt of Univeg per 31 March 2015
* Unaudited net financial debt of Peatinvest per 31 March 2015
* Prior to the extraordinary general shareholders’ meeting of 19 June 2015, all the subordinated loans outstanding from Greenyard Foods towards Gimv-XL will be paid back. The impact of the repayment of the outstanding subordinated loan is included in the pro forma net financial debt per 31 March 2015.

| ***Pro forma Greenyard Foods (including Fieldlink Group & Peatinvest Group)***  *(EUR in millions)* | ***31 March 2015*** |
| --- | --- |
| **Total non-current debt** | **-451.1** |
| - Guaranteed | 0.0 |
| - Secured. | -451.1 |
| - Non-secured / non-guaranteed. | 0.0 |
| **Total current portion on non-current debt** | **-3.5** |
| - Guaranteed | 0.0 |
| - Secured | -3.5 |
| - Non-secured / non-guaranteed | 0.0 |
| **Total current debt (without current portion on non-current debt)** | **-89.2** |
| - Guaranteed | 0.0 |
| - Secured | -84.6 |
| - Non-secured / guaranteed | -4.6 |
| **Total financial debt** | **-543.8** |
| **Cash and cash equivalents** | **143.6** |
| **Total net financial debt Greenyard Foods** | **-400.2** |
|  |  |

The different components of the indebtedness of Greenyard Foods are described in Section 1.5.3. of Part IV (*Operating and financial review*).

The different components of the indebtedness of Univeg are described in Section 8.2.2, 8.2.3. and 8.2.4 of Part V (*Information about Greenyard Foods upon completion of the contributions*).

The different components of the indebtedness of Peatinvest are described in Section 8.3.1of PART V (*Information about Greenyard Foods upon completion of the contributions*).

The working capital of Greenyard Foods and Univeg consist of non-recourse factoring agreements. The factoring agreements for Greenyard Foods are described in Section 1.5.3.1. of Part IV (*Operating and financial review*) and for Univeg are described in Section 8.2.1. of Part V (*Information about Greenyard Foods upon completion of the contributions*)

| ***Pro forma Greenyard Foods (including Fieldlink Group & Peatinvest Group)***  *(EUR in millions)* | ***31 March 2015*** |
| --- | --- |
| A. Cash | 143.0 |
| B. Cash equivalents | 0.6 |
| C. Trading securities. | 0.0 |
| **D. Liquidity (A) + (B) + (C).** | **143.6** |
| **E. Current financial receivable** | **0.0** |
| F. Current bank debt | -89.2 |
| G. Current portion of non current debt | -3.5 |
| H. Other current financial debt | 0.0 |
| **I. Current financial debt (F) + (G) + (H)** | **-92.7** |
| **J. Net current financial indebtedness (I) – (E) – (D)** | **50.9** |
| K.Non current bank loans | -17.4 |
| L.Bonds issued | -433.7 |
| M.Othernon current loans | 0.0 |
| **N. Non-current financial indebtedness (K)+(L)+(M)** | **-451.1** |
|  |  |
| **O. Total net financial indebtedness Greenyard Foods (N)+(J)** | **-400.2** |
|  |  |

1. Pro forma financial information

***[•]***

# PART VII: DESCRIPTION OF THE Shares AND ARTICLES OF ASSOCIATION of Greenyard Foods

1. General

This Part summarises the corporate purpose and the rights attached to the Shares and gives an overview of the relevant legal provisions that apply to the shareholders of the Company. It is based on the Articles of Associations of the Company as amended by its extraordinary general shareholders’ meeting held on 19 September 2014. A number of modifications to Articles of Association of the Company will become effective upon completion of the Transactions. Where relevant, a reference has been included in this Section to the proposed modifications. Reference is made to Section 1 of Part IV (*The Contributions*) for a description of the Transactions, including the conditions to be satisfied with a view to completion of the Transactions.

The description provided below is a summary only and does not purport to provide a complete overview of the Articles of Association, nor of the relevant provisions of Belgian law and it should not be considered as legal advice regarding these matters.

1. Corporate purpose

See Section 2.1.3 of Part IV (*The Contributions*) above. The corporate purpose of the Company will not be amended upon completion of the Transactions.

1. Description of the rights attached to the Shares
   1. Preferential subscription rights

In the event of a capital increase in cash with issue of new Shares, or in the event of an issue of convertible bonds or warrants exercisable in cash, the shareholders have a preferential right to subscribe for the new Shares, convertible bonds or warrants, pro rata to the part of the share capital represented by the Shares that they already hold. The general shareholders’ meeting may decide to limit or cancel such preferential subscription right, subject to specific substantive and reporting requirements. Such decision must satisfy the same quorum and majority requirements as the decision to increase the Company’s share capital.

The shareholders can also decide to authorise the Board of Directors to limit or cancel the preferential subscription right within the framework of the authorised capital, subject to the terms and conditions set forth in the BCC. In principle, the authorisation of the Board of Directors to increase the share capital of the Company through contributions in cash with cancellation or limitation of the preferential right of the existing shareholders is suspended as of the notification to the Company by the FSMA of a public takeover bid on the Shares. The general shareholders’ meeting can, however, authorise the Board of Directors to increase the share capital by issuing further Shares, not representing more than 10% of the Shares of the Company at the time of such a public takeover bid.

* 1. Right to attend and vote at the Company’s general shareholders’ meeting

The right to attend the general shareholders’ meeting and to exercise the voting right is granted only on the basis of the accounting registration of the Shares in the name of the shareholder and the notification of the intention to participate in accordance with the provisions BCC. The same formalities apply to the holders of bonds, warrants and certificates issued with collaboration of the Company, who, however, can only attend the general shareholders’ meeting with an advisory vote.

Each Share entitles its holder to one vote.

Holders of bonds, warrants or certificates issued with collaboration of the Company may attend the general shareholders’ meeting, but only with an advisory vote.

* 1. Dividend rights

Each year, an amount of at least five percent is deducted from the net profit stated in the annual accounts to form a legal reserve. This deduction is no longer required when the reserve fund reaches one tenth of the subscribed share capital.

Upon the proposal of the Board of Directors, the general shareholders’ meeting decides by a simple majority of the votes on the appropriation of the balance of the net profits, subject to compliance with article 617 BCC.

The payment of dividends is done at a time and place determined by the Board of Directors.

The Board of Directors may also decide to pay an interim dividend on the result of the current financial year, subject to compliance with the provisions BCC.

* 1. Rights regarding liquidation

In the event of dissolution of the Company, for any reason or at any time, the liquidation shall be effected by liquidators appointed by the general shareholders’ meeting, and in the absence of such appointment, the liquidation shall be effected by the Board of Directors, acting as a liquidation committee. Unless decided otherwise, the liquidators shall act jointly. To this end, the liquidators have the broadest powers under article 186 and following BCC, subject to restrictions imposed by the general shareholders’ meeting. The general shareholders’ meeting determines the remuneration of the liquidators.

After settlement of all debts, charges and expenses, the net assets are first used to, in cash or in kind, repay the fully paid and not yet repaid amount of the Shares. Any surplus shall be divided equally among all Shares.

If the net proceeds are not sufficient to repay all the Shares, the liquidators shall pay the Shares that have been paid to a greater extent until they are on a par with the Shares paid up to a lesser extent or they make an additional call for capital at the expense of the latter.

1. Acquisition of own shares

The general shareholders’ meeting may decide that the Company acquires or can acquire its own Shares in accordance with article 620 BCC.

The Board of Directors is expressly authorised to acquire, in accordance with the provisions BCC, its own Shares by purchase or exchange, or to dispose of its own Shares, without the requirement of a prior resolution of the general shareholders’ meeting, directly or through a person acting in its own name but on behalf of the Company, or by a direct subsidiary in the meaning of article 627 BCC, if such acquisition or disposal is necessary to prevent a serious and imminent harm to the Company.

This authorisation is valid for a period of three years from the publication of the authorising resolution of the extraordinary general shareholders’ meeting of the Company on 19 September 2014. This authorisation may be renewed in accordance with article 620 BCC.

The own Shares held by the Company which are listed on the regulated market of Euronext Brussels may be disposed of by the Board of Directors, without prior consent of the general shareholders’ meeting. The Board of Directors is, in accordance with article 620 BCC, authorised to acquire the maximum number of Shares legally permitted by purchase or exchange in accordance with the provisions BCC at a price equal to the price at which such Shares are listed on a stock exchange in the European Union at the time of the purchase or the exchange. This authorisation is valid for a period of five years from the date of publication of the authorisation, as approved by the general shareholders’ meeting on 19 September 2014, in the Annexes to the Belgian State Gazette (*Belgisch Staatsblad / Moniteur Belge*). This authorisation may be renewed in accordance with article 620 BCC.

1. Authorised Capital

The Board of Directors is authorised, for a period of five years from the date of publication of the recording of the realisation of the capital increases that were approved by extraordinary general shareholders’ meeting of the Company on 2 December 2011, in the Annexes to the Belgian State Gazette (*Belgisch Staatsblad / Moniteur Belge*), to increase the share capital in one or more times by issuing a number of Shares or financial instruments giving right to a number of Shares, with the amount of the share capital outstanding, on the dates and in accordance with the terms and conditions that will be determined by the Board of Directors, it being understood that, if the Board of Directors has validly issued convertible bonds or warrants within this period, these convertible bonds or warrants give the right to subscribe to a capital increase of the Company until the end of the exercise period, regardless of whether this exercise period may or may not be within the five-year period.

This authorisation of the Board of Directors is renewable subject to the terms and conditions as provided by the BCC.

Within the above limits and without prejudice to the mandatory provisions BCC, the capital increases decided upon by means of the authorised share capital, can be made: by contributions in cash and, within the legal limits and conditions, by contribution in kind, or by incorporation of available and unavailable reserves, and by incorporation of the account “share premium” and “revaluation gains”. Increases may occur with or without issuing new Shares.

If the Board of Directors, as a result of its decision to increase the share capital, requests the payment of an issue premium, the Board of Directors will allocate the amount of the issue premium to a blocked reserve account called “share premium”, which will serve as a guarantee for third parties in the same manner as the share capital and which can, subject to its incorporation into the capital, only be reduced or abolished by decision of the extraordinary general shareholders’ meeting of the Company, deliberating under the conditions required by article 612 BCC.

Other than the issuance of ordinary Shares, the Board of Directors may also, in the case of a capital increase in the framework of the authorised capital, decide to issue preference Shares, non-voting Shares, Shares under a stock option plan, whether or not subordinated convertible bonds or warrants, whether or not attached to other securities, which may lead to the creation of new Shares, and this in accordance with the relevant provisions BCC.

In case of a capital increase in the framework of the authorised capital, the Board of Directors is also authorised to cancel or limit the mandatory preferential subscription right of the existing shareholders, in the interests of the Company and in accordance with the conditions as provided in article 596 and following BCC. In this context, the Board of Directors is authorised to cancel or limit the preferential subscription right for the benefit of one or more specific persons, whether or not employees of the Company or its subsidiaries, in accordance with article 598 BCC.

The Board of Directors is explicitly authorised to increase the share capital in case of a takeover bid on the securities of the Company under the conditions provided for in article 607 BCC, after the Company would be informed by the FSMA of a public offer on the Shares. This authorisation is given for a period of three (3) years from the date of publication of the recording of the realisation of the capital increases that were approved by extraordinary general shareholders’ meeting of the Company on 2 December 2011, in the Annexes to the Belgian State Gazette (*Belgisch Staatsblad / Moniteur Belge*),. The capital increases decided upon in the framework of this authorisation shall be allocated to the remaining part of the authorised capital referred to in the first paragraph of this Section 5.

The Board of Directors has the authority to amend the Articles of Association in accordance with the capital increases that may have been decided upon within the framework of the authorised capital.

The Board of Directors has proposed to the extraordinary general shareholders’ meeting to be held on [19 June 2015] to renew the authorised capital for a new period of five (5) years from the publication of the authorisation in the Annexes to the Belgian State Gazette (*Belgisch Staatsblad / Moniteur Belge*) ) subject to the following terms and conditions .:

The Board of Directors is authorised to, for a period of five years as of the date of publication in the Annexes to the Belgian State Gazette (*Belgisch Staatsblad / Moniteur Belge*) of the decisions of the extraordinary general shareholders’ meeting to be held on [19 June 2015], increase the share capital in one or multiple times, with the amount of the share capital outstanding, on the dates and in accordance with the terms and conditions that will be determined by the Board of Directors, it being understood that, if the Board of Directors has validly issued convertible bonds or warrants within this period, these convertible bonds or warrants give the right to subscribe to a capital increase of the Company until the end of the exercise period, regardless of whether this exercise period may or may not be within the five-year period.

This authorisation of the Board of Directors is renewable subject to the terms and conditions as provided by the BCC.

Within the above limits and without prejudice to the mandatory provisions BCC, the capital increases decided upon by means of the authorised share capital, can be made: by contributions in cash and, within the legal limits and conditions, by contribution in kind, or by incorporation of available and unavailable reserves, and by incorporation of the account “share premium” and “revaluation gains”. Increases may occur with or without issuing new Shares.

At the occasion of the increase of the share capital within the limitations of the authorised capital, the Board of Directors has the power to request an issue premium. If the Board of Directors, as a result of its decision to increase the share capital, requests the payment of an issue premium, the Board of Directors will allocate the amount of the issue premium to a blocked reserve account called “share premium”, which will serve as a guarantee for third parties in the same manner as the share capital and which can, subject to its incorporation into the share capital, only be reduced or cancelled by decision of the extraordinary general shareholders’ meeting of the Company, deliberating under the conditions required by article 612 BCC.

Other than the issuance of ordinary Shares, the Board of Directors may also, in the case of a capital increase in the framework of the authorised capital, decide to issue preference Shares, non-voting Shares, Shares under a stock option plan, convertible bonds (whether or not subordinated), warrants (whether or not attached to other securities), which may lead to the creation of new Shares, and this in accordance with the relevant provisions BCC.

In case of a capital increase in the framework of the authorised capital, the Board of Directors is also authorised to cancel or limit the mandatory preferential subscription right of the existing shareholders, in the interests of the Company and in accordance with the conditions as provided in article 596 and following BCC. In this context, the Board of Directors is authorised to cancel or limit the preferential subscription right for the benefit of one or more specific persons, whether or not employees of the Company or its subsidiaries, in accordance with article 598 BCC.

The Board of Directors is explicitly authorised to, in case of a takeover bid on the securities of the Company, increase the share capital in one or multiple times, under the conditions provided for in article 607 BCC, after the Company would be informed by the FSMA of a public offer on the Shares, through contributions in cash with cancellation or limitation of the preferential subscription right of existing shareholders or through contributions in kind, and/or through the issuance of securities entitling to voting rights, whether or not such securities represent the share capital, or securities entitling to the subscription or acquisition of such securities, even if such securities or rights are not offered by preference to the shareholders pro rata the share capital that is represented by their shares. This authorisation is given for a period of three (3) years from the date of the decision of the extraordinary general shareholders’ meeting to be held on [19 June 2015].

The capital increases decided upon in the framework of this authorisation shall be allocated to the remaining part of the authorised capital referred to in the first paragraph of this Section 5.

The Board of Directors has the authority to amend the Articles of Association in accordance with the capital increases that may have been decided upon within the framework of the authorised capital.

1. Relevant Legislation
   1. Notification of significant shareholdings

Pursuant to the Belgian Law of 2 May 2007 on the disclosure of significant shareholdings in issuers whose securities are admitted to trading on a regulated market and containing various provisions (the ***Transparency Law***), implementing in Belgian law Directive 2004/109/EC, a notification to the Company and to the FSMA is required by all natural and legal persons in the following instances:

* an acquisition or disposal of voting securities, voting rights or financial instruments that are treated as voting securities;
* the holding of voting securities upon first admission of them to trading on a regulated market;
* the passive reaching of a threshold;
* the reaching of a threshold by persons acting in concert or a change in the nature of an agreement to act in concert;
* where a previous notification concerning the voting securities is updated;
* the acquisition or disposal of the control of an entity that holds the voting securities; and
* where the Company introduces additional notification thresholds in its Articles of Association, in each case where the percentage of voting rights attached to the securities held by such persons reaches, exceeds or falls below the legal threshold, set at 5% of the total voting rights, and 10%, 15%, 20% and so on at intervals of 5% or, as the case may be, the additional thresholds provided in the Company’s articles of association.

The notification must be made as soon as possible and at the latest within four trading days following the acquisition or disposal of the voting rights triggering the reaching of the threshold. Where the Company receives a notification of information regarding the reaching of a threshold, it has to publish such information within three trading days following receipt of the notification. No shareholder may cast a greater number of votes at a general shareholders’ meeting of the Company than those attached to the rights or securities it has notified in accordance with the Transparency Law at least 20 days before the date of the general shareholders’ meeting, subject to certain exceptions.

The form on which such notifications must be made, as well as further explanations, can be found on the website of the FSMA ([*www.fsma*](http://www.fsma)*.be*).

* 1. Public takeover bids

Public takeover bids on the Shares and other securities giving access to voting rights (such as subscription rights or convertible bonds, if any) are subject to supervision by the FSMA. Any public takeover bids must be extended to all of the Company’s voting securities, as well as all other securities giving access to voting rights. Prior to making a bid, a bidder must publish a prospectus which has been approved by the FSMA prior to publication.

Belgium has implemented the Thirteenth Company Law Directive (European Directive 2004/25/EC of 21 April 2004) in the Takeover Law and the Belgian Royal Decree of 27 April 2007 on public takeover bids (*Koninklijk besluit op de openbare overnamebiedingen / Arrêté royal sur les offres publiques d’acquisition*) (the ***Takeover Royal Decree***). The Takeover Law provides that a mandatory bid must be launched if a person, as a result of its own acquisition or the acquisition by persons acting in concert with it or by persons acting for its account, directly or indirectly holds more than 30% of the voting securities in a company having its registered office in Belgium and of which at least part of the voting securities are traded on a regulated market or on a multilateral trading facility designated by the Takeover Royal Decree.

The mere fact of exceeding the relevant threshold through the acquisition of Shares will give rise to a mandatory bid, irrespective of whether the price paid in the relevant transaction exceeds the current market price. The duty to launch a mandatory bid does not apply in case of an acquisition if it can be shown that a third party exercises control over the Company or that such party holds a larger stake than the person holding 30% of the voting securities.

There are several provisions of Belgian company law and certain other provisions of Belgian law, such as the obligations to disclose significant shareholdings and merger control, that may apply to the Company and which may make an unsolicited tender offer, merger, change in management or other change in control, more difficult. These provisions could discourage potential takeover attempts that other shareholders may consider to be in their best interest and could adversely affect the market price of the Shares. These provisions may also have the effect of depriving the shareholders of the opportunity to sell their Shares at a premium.

In addition, the board of directors of Belgian companies may in certain instances, and subject to prior authorisation by the shareholders, deter or frustrate public takeover bids through dilutive issuances of equity securities (pursuant to the authorised capital) or through share buy-backs (*i.e.*, purchase of own shares).

* 1. Squeeze-outs

Pursuant to article 513 BCC or the regulations promulgated thereunder, a person or legal entity, or different persons or legal entities acting alone or in concert, who, together with the company, own 95% of the securities with voting rights in a public company, are entitled to acquire the totality of the securities with voting rights in that company following a squeeze-out offer. The securities that are not voluntarily tendered in response to such an offer are deemed to be automatically transferred to the bidder at the end of the procedure. At the end of the squeeze-out procedure, the company is no longer deemed a public company, unless bonds issued by the company are still distributed amongst the public. The consideration for the securities must be in cash and must represent the fair value (verified by an independent expert) as to safeguard the interests of the transferring shareholders.

A squeeze-out offer is also possible upon completion of a public takeover, provided that the bidder holds 95% of the voting capital and 95% of the voting securities of the public company. In such case, the bidder may require that all remaining shareholders sell their securities to the bidder at the offer price of the takeover bid, provided that, in case of a voluntary takeover offer, the bidder has also acquired 90% of the voting capital to which the offer relates. The shares that are not voluntarily tendered in response to any such offer are deemed to be automatically transferred to the bidder at the end of the procedure. The bidder needs to reopen his/her public takeover offer within three months following the expiration of the offer period.

* 1. Sell-out rights

Within three months following the expiration of an offer period, holders of voting securities or of securities giving access to voting rights may require the offeror, acting alone or in concert, who owns 95% of the voting capital and 95% of the voting securities in a public company following a takeover bid, to buy its securities from it at the price of the bid, on the condition that, in case of a voluntary takeover offer, the offeror has acquired, through the acceptance of the bid, securities representing at least 90% of the voting capital subject to the takeover bid.

# PART VIII: Related party transactions

1. Overview of the links between the Greenyard Foods Group and affiliated entities

There are currently no significant transactions between Greenyard Foods and its subsidiaries on the one hand and their controlling shareholders or other affiliated entities on the other hand.

1. Relationships between Greenyard Foods and entities affiliated with Greenyard Foods
   1. Related-party transactions relating to Greenyard Foods and its existing subsidiaries

The Company has concluded with UFM two long-term exclusivity agreements in respect of both frozen and fresh vegetables. The price and quantity of the vegetables to be purchased pursuant to the aforementioned exclusivity agreements are agreed upon between the parties on a case by case basis and based upon both the market price and the demand of each party.

1. Related-party transactions relating to entities of the Univeg Group
   1. The Fruit Farm Group

On 17 December 2014, the Univeg Group carved out a number of Univeg Fruitpartners B.V.’s farming subsidiaries in Turkey, South Africa, Brazil, Suriname, Uruguay and Costa Rica. Univeg Fruitpartners B.V. was partially split on 10 December 2014 resulting in the farming subsidiaries being transferred to a new company Global Farms B.V., a fully owned subsidiary of Univeg Holding B.V. (***Univeg Holding***) and sister company of Univeg Fruitpartners B.V.

On 17 December 2014, all shares of Global Farms B.V. were acquired by TFFG, a directly owned subsidiary of DWB, through a share deal between Univeg Holding as seller and TFFG as purchaser.

The acquisition agreement between Univeg Holding and TFFG for the acquisition of Global Farms B.V.’s shares provided for a share purchase price of EUR 80,000,000. Part of this purchase price was financed with TFFG’s fully paid-up capital (contributed in cash by DWB) amounting to EUR 35,000,000. A further portion of the purchase price was financed with the proceeds from TFFG’s issuance of 5.75% senior secured notes for an aggregate subscription amount of EUR 60,000,000 due 17 December 2019 (the ***Notes***). Univeg Holding subscribed to these notes for an aggregate amount of EUR 25,000,000 but the current outstanding amount under the initial EUR 25,000,000 decreased to EUR 8,700,000 further to the sale of bonds to third parties. The carve-out of The Fruit Farm Group was done in accordance with the asset sale and affiliate transaction covenants included in the Univeg Group’s 2013 Financing. The Univeg Group is required, under the terms of its 2013 Financing, within 365 days as from 17 December 2017, to use proceeds from the sale of assets to repay certain debt or reinvest in the business, failing which it has to repurchase a portion of the notes issued in its 2013 Financing.

Following the carve-out of The Fruit Farm Group, the Univeg Group continues to source produce from TFFG and its subsidiaries under a five year sale, marketing and distribution agreement with TFFG entered into on 17 December 2014 (the ***Sale, Marketing and Distribution Agreement***). Under the Sale, Marketing and Distribution Agreement, TFFG has appointed Univeg as its agent from 17 December 2014 until and including 17 December 2019 to handle, distribute and market in its name and account fresh (sub)tropical and countercyclical fruit on a free consignment basis with a floor price mechanism. Univeg is paid a commission on the final sales price to its customer. Univeg makes pre-season advances available to the TFFG in accordance its grower advance policy. The advances are deducted from the final sales price realised by Univeg, net of expenses, prior to payment to TFFG. In the event that at the end of a season there is a balance due to Univeg, TFFG and Univeg will agree on payment terms.

* 1. Argentinean Operations

In July 2012, Orchard Invest B.V. and its subsidiaries (the ***Argentinean Operations***) were ring-fenced and moved outside the Univeg Group’s operations and became directly owned by DWB.

Following the carve-out of the Argentinean Operations, the Univeg Group continues to source produce – approximately 25,000 tonnes per year – from the Argentinean Operations under a five-year marketing and agency agreement with Hillken (a subsidiary of Orchard Invest B.V.) entered into on 19 July 2012 (the ***Marketing and Agency Agreement***). Under the Marketing and Agency Agreement, Hillken has appointed Univeg as its exclusive agent from 1 January 2012 until 30 June 2017 to handle, distribute and market fruit and vegetables on a free consignment basis in Belgium, The Netherlands, Germany, France, the United Kingdom, Italy, Austria and Spain, as well as to certain core customers. Univeg is paid a commission on the final sales price to its customers. The goods are transported by Hillken to the port of destination on a CIF basis whereby expenses, custom duties and risks are born by Hillken. Univeg makes pre-season advances available to Hillken in accordance with Univeg’s Grower Advance Policy. The advances are deducted from the final sales price realised by Univeg, net of expenses, prior to payment to Hillken. In the event that there is a balance due to Univeg, Hillken and Univeg will agree on payment terms. The current working methodology has changed towards a direct relationship between the Argentinean export organisation and the Univeg Group whereas Hillken no longer serves as service provider for logistic and follow up services.

In addition, the agreement of 19 July 2012 (and its annexes) entered into by Dutch Holdco ARG B.V. as seller, Orchards Invest B.V., as the company, Baysing S.à.R.L. as the purchaser, Sunshining Invest NV and Univeg Belgium (the ***Working Capital Financing Agreement***), organises and finances the working capital needs of Orchards Invest B.V. and its subsidiaries. Outstanding balances are not secured and not guaranteed. At the date hereof, there is an outstanding balance due under the Working Capital Financing Agreement

* by Orchards Invest Services B.V. towards Univeg Belgium in the amount of EUR 7,803,431.58. This balance is due 1 December 2019 and accrues interest determined as the sum of (i) the applicable EURIBOR rate, (ii) a margin derived from the cost of funding and (iii) a margin of 0.05%. At the date hereof this is 5.5749% (period 1/12/2014 – 01/07/2015);
* by DWB towards Univeg in the amount of EUR 2,436,901.81 (USD 3,041,984). This balance needs to be repaid as follows: USD 182,519.07 on 1 December 2015, USD 182,519.07 on 1 December 2016 and USD 2,676,946.39 on 1 December 2017 and accrues interest determined as the sum of (i) the applicable EURIBOR rate, (ii) a margin derived from the cost of funding and (iii) a margin of 0.05%. At the date hereof this is 5.5749% (period 1/12/2014 – 01/07/2015). This balance will be demerged to Greenyard Foods in the context of the DWB Demerger as per the Joint Demerger Proposal; and
* other amounts outstanding between the Argentinean Operations and the Univeg Group relate to the ongoing seasons crop financing.
  1. Subordinated shareholder loan agreement

Univeg Belgium as lender, TFFG as borrower and Food and Agriculture Industries NV, Expofrut Brazil Importadora e Exportadora Ltda, Monte La Providencia SA, Forbel SA, Univeg South Africa (Pty) Ltd and Univeg South Africa Holdings (Pty) Ltd as parties entered into a subordinated shareholder loan agreement as of 17 December 2014 enabling the borrower to finance, among others, capex and working capital needs of its subsidiaries (the ***Subordinated Shareholder Loan Agreement***) in the amount of EUR 9,646,342.44 (the ***Subordinated Shareholder Loan***). The interest rate payable on the outstanding principal amount is equal to 5.37% per annum and accrues daily (on the basis of actual days elapsed and a year of 360 days) at the interest rate from (and including) the date of the agreement until the date on which the Subordinated Shareholder Loan is repaid in full. Interest capitalises and is added to and forms part of the outstanding principal amount of the Subordinated Shareholder Loan on the day of each interest period. Upon capitalisation, this interest is treated for all purposes as part of the Subordinated Shareholder Loan and bears interest. The Subordinated Shareholder Loan plus accrued interest is to be repaid by TFFG on the termination date of the Subordinated Shareholder Loan being 17 February 2019. The Subordinated Shareholder Loan Agreement also provides that Univeg Belgium cannot accelerate, place on demand or exercise any remedies or take any enforcement action under the agreement prior to the maturity date defined in the offering circular relating to the Notes.

* 1. Lease in Poland

A lease agreement relating to a property (land and buildings comprising offices and refrigerated warehouses) located in Zabia Wola, Poland has been entered into, as assigned and amended, between ING Lease (Polska) sp. z o.o. and De Weide Blik Poland sp. z o.o., a subsidiary of DWB, for a term of 15 years expiring on 26 August 2024, with an option for De Weide Blik Poland sp. z o.o. to purchase the property at such date (the ***Lease Agreement***). An agreement to sublease the property has been entered into between De Weide Blik Poland sp. z o.o as lessor and Univeg Logistics Poland sp. z o.o. (***Univeg Logistics Poland***) as lessee, for a renewable term of ten years expiring on 23 September 2024, which initial term will be automatically renewed with successive nine year periods (the ***Subsequent Lease Agreement***). The Subsequent Lease Agreement can be terminated at the expiry of the initial term or each subsequent renewal term by giving 24 months’ prior written notice. De Weide Blik Poland sp. z o.o. thereafter assigned all its rights as lessor under the Subsequent Lease Agreement to ING Lease (Polska) sp. z o.o. The aggregate fees charged by De Weide Blik Poland sp. z o.o. to Univeg Logistics Poland under the Subsequent Lease Agreement are 4.68% higher than the aggregate fees charged by ING Lease (Polska) sp. z o.o. to De Weide Blik Poland sp. z o.o. under the Amended Initial Lease Agreement.

* 1. Contemplated divestments

As per March 2015, the Univeg Group and The Fruit Farm Group have entered into a share purchase agreement for the sale of its minority stake of 22.9% in Agro Vicces SA, a Costa Rican pineapple farm for a consideration of EUR 811,000. This transaction has been completed. The Univeg Group’s Costa Rican trading organisation solely works for Agro Vicces SA and Monte La Providencia, owned by TFFG, therefore the Univeg Group has decided to sell this shareholding for EUR 56,000 to TFFG.

Other companies involved in growing operations were divested to DWB for a total consideration of EUR 5,800,000. These divestments include (i) the 44.65% shareholding are Mouton Citrus Proprieraty Ltd, a citrus grower in South Africa, for an amount of EUR 3,800,000, (ii) the 55.0% shareholding in Frutas Del Guardiana S.A. and Novafruta Del Guardiana S.A., a multiple product growing company in Spain for an amount of EUR 1,200,000, (iii) the 99% shareholding in Univeg Agricola Ltda, a company owing a land plot in Brazil for a zero value considering the debt position of the company fully offset the land value and (v) a landplot in The Netherlands for EUR 700,000.

* 1. Lincsflora

The Univeg Group decided, on 31 December 2014, to hive down and sell the Lincolnshire activities to an affiliate of DWB in December 2014. As part of the agreement, Winchester Growers Ltd will be supplying raw materials (other than daffodils) and packing materials to LincsFlora Ltd. All related fixed assets were included in the hive down following which the transaction was structured as a share transactions where DWB acquired the shares of Lincsflora for £1.

* 1. Services agreement

Univeg has entered into services agreements with certain directors of DWB, being Deprez Invest NV (represented by Mr Hein Deprez), Management Deprez BVBA (represented by Ms Veerle Deprez), Bonem BVBA (represented by Mr Marc Ooms) and Beacon Rock Corporate Services (Pty) Ltd (represented by Mr Tom Borman).

Pursuant to these agreements, Deprez Invest NV, Management Deprez BVBA and Bonem BVBA perform the daily management of Univeg, and Beacon Rock Corporate Services (Pty) Ltd performs services relating to the strategic and project management of the Company. The provision of services is provided against a monthly remuneration of EUR 77,500 (excl. VAT), EUR 10,000 (excl. VAT), EUR 17,500 (excl. VAT) and EUR 25,000 (excl. VAT), respectively. All of the aforementioned agreements, except for the agreement with Beacon Rock Corporate Services (Pty) Ltd foresee a notice period of six months. The agreement with Beacon Rock Corporate Services (Pty) Ltd terminated on [1 July 2014]. The agreement will immediately terminate in case of serious contractual breach or in case a party is involved in a dissolution, bankruptcy or settlement procedure or a party becomes insolvent or renounces all or a substantial part of its assets.

These agreements [have been]/[will have been] terminated before the completion of the Transactions.

1. Related-party transactions relating to entities of the Peatinvest group
   1. Loan Agreement between Deprez Holding NV (as borrower) and Peatinvest (as lender) dated 29 December 2014.

Pursuant this loan agreement, Peatinvest granted an interest bearing loan (EURIBOR 6 months + margin of 2% per annum payable on a calendar yearly basis) of an amount of EUR 1,902,376.36 to Deprez Holding NV. This loan has been granted for an undefined term, starting on 29 December 2014. The borrower is entitled to repay the loan at any time, fully or partially, without any penalty. The lender is also entitled to require the repayment of the loan within a 30 day period after written notice of repayment. This loan has been repaid in full.

* 1. Services agreement

Peltracom NV, one of Peatinvest’s subsidiaries entered into a management and marketing services agreement with one of its directors, Deprez Invest NV on 1 January 2010.

Pursuant to this agreement, Deprez Invest NV will provide consultancy services for the organisation, direction, marketing and commercialisation of Peltracom NV’s activities and the activities of Peltracom NV’s branches or subsidiaries. The provision of services shall be provided on a full time basis against a monthly remuneration of EUR 20,000 (excl. VAT). Additional remuneration to be agreed upon between the parties can be granted to Deprez Invest NV in case the latter performs exceptional services. The agreement is entered into for a duration of ten years starting on 1 January 2010. If the agreement is not terminated with a three months prior notice before 31 December 2020, the agreement will be deemed concluded for an unlimited duration. The agreement will immediately terminate in case Deprez Invest NV acts on behalf of Peltracom NV without Peltracom NV’s prior approval or in case Deprez Invest NV asks for deferred payment, is in bankruptcy or liquidation.

This agreement [has been]/[will have been] terminated before the completion of the Transactions.

* 1. Loan Agreement between Deprez Holding NV (as borrower) and Peatinvest (as lender) dated 22 May 2012.

Pursuant this loan agreement, Peatinvest granted an interest bearing loan (EURIBOR 6 months + margin of 2% per annum payable on a calendar yearly basis) of an amount of EUR 500,000 to Deprez Holding NV. This loan has been granted for an undefined term, starting on 22 May 2012. The borrower is entitled to repay the loan at any time, fully or partially, without any penalty. The lender is also entitled to require the repayment of the loan within a 30 day period after written notice of repayment.

# PART IX: TAXATION

The following is a summary of the principal Belgian tax consequences for investors relating to the acquisition, the ownership and disposal of the Shares. This summary is based on the Company’s understanding of the applicable laws, treaties and regulatory interpretations as in effect in Belgium on the date of this Prospectus, all of which are subject to change, including changes that could have a retroactive effect.

This summary does not purport to address all tax consequences associated with the acquisition, ownership and disposal of the Shares, and does not take into account the specific circumstances of any particular investor or the tax laws of any country other than Belgium. Moreover, it does not address specific rules, such as Belgian federal or regional estate and gift tax, nor the tax treatment of investors who are subject to special rules, such as financial institutions, insurance companies, collective investment undertakings, dealers in securities or currencies or persons who hold the shares as a position in a straddle, share-repurchase transactions, conversion transactions, a synthetic security or other integrated financial transaction. This summary does not address the local taxes that may be due in connection with an investment in Shares, other than Belgian local surcharges which generally vary from 0% to 9% of the investor’s income tax liability.

For the purposes of this summary, a resident investor is:

* an individual subject to Belgian personal income tax, *i.e.*, an individual having its domicile or seat of wealth in Belgium or assimilated individuals for purposes of Belgian tax law;
* a company (as defined by Belgian tax law) subject to Belgian corporate income tax, *i.e.*, a company having its registered seat, principal establishment, administrative seat or effective place of management in Belgium; or
* a legal entity subject to the Belgian tax on legal entities, *i.e.*, a legal entity other than a company subject to Belgian corporate income tax having its registered seat, principal establishment, administrative seat or effective place of management in Belgium.

A non-resident investor is any individual, company or legal entity that does not fall in any of the three previous classes.

This summary does not address the tax regime applicable to Shares held by Belgian tax residents through a fixed basis or a permanent establishment situated outside Belgium.

Investors should consult their own advisers regarding the tax consequences of an investment in the Shares in light of their particular situation, including the effect of any state, local or other national laws, treaties and regulatory interpretations thereof.

1. Dividends

For Belgian income tax purposes, the gross amount of all benefits paid on or attributed to the Shares is generally treated as a dividend distribution. By way of exception, the repayment of capital carried out in accordance with the Belgian Companies Code is not treated as a dividend distribution to the extent that such repayment is imputed to fiscal capital. Generally, fiscal capital includes paid-up statutory capital and, subject to certain conditions, paid-up share premiums and the amounts subscribed to at the time of the issuance of profit participating certificates.

Belgian withholding tax of 25% is normally levied on dividends, subject to such relief as may be available under applicable domestic or tax treaty provisions.

In the case of a redemption of the Shares, the redemption distribution (after deduction of the part of the fiscal capital represented by the redeemed Shares) will be treated as a dividend subject to a Belgian withholding tax of 25%, subject to such relief as may be available under applicable domestic or tax treaty provisions. No withholding tax will be triggered if this redemption is carried out on a stock exchange and meets certain conditions.

In case of liquidation of the Company, any amounts distributed in excess of the fiscal share capital will in principle be subject to the 25% withholding tax.

* 1. Resident individuals

For resident individuals who acquire and hold the Shares as a private investment, the Belgian withholding tax fully discharges their personal income tax liability. This means that they do not have to declare the dividends in their personal income tax return and that the Belgian withholding tax constitutes a final tax. Nevertheless, these resident individuals may elect to declare the dividends in their personal income tax return. Dividends that are declared this way will in principle be taxed at a flat rate of 25% (or at the relevant progressive personal income tax rate(s) taking into account the taxpayer’s other declared income, whichever is more beneficial) and no local surcharges will be due. In addition, if the dividends are declared, the Belgian withholding tax levied at source may be credited against the personal income tax due and is reimbursable to the extent it exceeds the personal income tax due, provided that the dividend distribution does not result in a reduction in value of, or a capital loss on, the Shares. This condition is not applicable if the investor demonstrates that he has held the Shares in full legal ownership during an uninterrupted period of 12 months prior to the payment or attribution of the dividends.

For resident individuals who acquire and hold the Shares for professional purposes, the Belgian withholding tax does not fully discharge their income tax liability. Dividends received must be declared by the investor and will, in such a case, be taxable at the investor’s progressive personal income tax rates (of up to 50%, plus local surcharges). The Belgian withholding tax levied at source may be credited against the personal income tax due and is reimbursable to the extent that it exceeds the income tax due, subject to two conditions: (i) the investor must have held full legal ownership of the Shares at the time of payment or attribution of the dividends and (ii) the dividend distribution may not result in a reduction in value of, or a capital loss on, the Shares. The latter condition is not applicable if the investor demonstrates that he has held full legal ownership of the Shares during an uninterrupted period of 12 months prior to the payment or attribution of the dividends.

* 1. Resident companies
     1. Corporate income tax

For resident companies, the gross dividend income (including the withholding tax levied) must be declared in the corporate income tax return and will generally be taxable at the standard corporate income tax rate of 33.99% (unless the reduced corporate income tax rates for small and medium sized enterprises apply).

However, resident companies can generally (although subject to certain limitations) deduct up to 95% of the gross dividends received from its taxable income (the ***Dividend Received Deduction***), provided that at the time of attribution or payment of the dividends: (i) the Belgian resident company holds the Shares representing at least 10% of the share capital of the Company or a participation in the Company with an acquisition value of at least EUR 2,500,000, (ii) the Shares have been held or will be held in full ownership for an uninterrupted period of at least one year, and (iii) the conditions relating to the taxation of the underlying distributed income, as described in article 203 of the BITC (the ***Article 203 BITC Taxation Conditions***) are met (together, the ***Conditions for the application of the Dividend Received Deduction regime***). The Conditions for the application of the Dividend Received Deduction regime depend on a factual analysis and for this reason the availability of this regime should be verified upon each dividend distribution.

Any Belgian dividend withholding tax levied at source may, in principle, be credited against the corporate income tax due and is reimbursable to the extent that it exceeds the investor’s corporate income tax due, subject to two conditions: (i) the investor must have held the full legal ownership of the Shares at the time of payment or attribution of the dividends, and (ii) the dividend distribution may not result in a reduction in value of, or a capital loss on, the Shares. The latter condition is not applicable (A) if the investor demonstrates that it has held the Shares in full legal ownership during an uninterrupted period of 12 months prior to the payment or attribution of the dividends or (B) if, during that period, the Shares never belonged to a taxpayer other than a resident company or a non-resident company that held the Shares in an uninterrupted manner through a permanent establishment in Belgium.

* + 1. Withholding tax

Dividends distributed to a resident company will be exempt from Belgian withholding tax provided that the Belgian resident company holds, upon payment or attribution of the dividends, at least 10% of the Company’s share capital and such minimum participation is held or will be held during an uninterrupted period of at least one year.

In order to benefit from this exemption, the investor must provide the Company or its paying agent with a certificate confirming its qualifying status and the fact that it meets the two required conditions. If the investor holds a minimum participation for less than one year, at the time the dividends are paid on or attributed to the Shares, the Company will levy the withholding tax but will not transfer it to the Belgian Treasury provided that the investor certifies its qualifying status, the date from which it has held such minimum participation, its commitment to hold the minimum participation for an uninterrupted period of at least one year and its commitment to immediately notify to the Company or its paying agent a reduction of its shareholding below such threshold prior to the end of the one-year holding period. Upon satisfying the one-year shareholding requirement, the levied dividend withholding tax will be passed on to the investor.

* 1. Organisations for Financing Pensions

For organisations for financing of pensions (***OFPs***), *i.e.*, Belgian pension funds incorporated under the form of an OFP (*organismen voor de financiering van pensioenen / organismes de financement de pensions*) within the meaning of article 8 of the Belgian Law of 27 October 2006, dividend income is generally tax exempt. Subject to certain limitations, any Belgian withholding tax levied at source may be credited against the final income tax due and is reimbursable to the extent that it exceeds the investor’s income tax due.

* 1. Resident legal entities

For resident legal entities, the Belgian withholding tax levied at source generally constitutes their final tax liability.

* 1. Non-residents
     1. Withholding tax

For non-resident individuals, corporations or other legal entities the withholding tax levied at source will be the only tax on dividends in Belgium, unless the non-resident holds the Shares in connection with a business conducted in Belgium through a fixed base in Belgium or a permanent establishment in Belgium.

If the Shares are acquired or held by a non-resident in connection with a business conducted in Belgium through a fixed base in Belgium or a permanent establishment in Belgium, the investor must report any dividends received in its Belgian income tax return and the dividends will be taxable at the applicable non-resident individual or corporate income tax rate, as appropriate. Withholding tax levied at source may then be credited against non-resident individual or corporate income tax and is reimbursable to the extent that it exceeds the income tax due, subject to two conditions: (i) the investor must have held full legal ownership of the Shares at the time of payment or attribution of the dividends and (ii) the dividend distribution may not result in a reduction in value of, or a capital loss on, the Shares. The latter condition is not applicable if (i) the non-resident individual or the non-resident company demonstrates that the Shares were held in full legal ownership for an uninterrupted period of 12 months prior to the payment or attribution of the dividends or (ii) with regard to non-resident companies only, if, during the said period, the Shares have not belonged to a taxpayer other than a resident company or a non-resident company that held the Shares in an uninterrupted manner through a permanent establishment in Belgium.

Non-resident companies whose Shares are invested in a permanent establishment may deduct up to 95% of the gross dividends included in their taxable profits if, at the date dividends are paid or attributed, the Conditions for the application of the Dividend Received Deduction regime are met. Application of the Dividend Received Deduction regime depends, however, on a factual analysis to be made upon each distribution and its availability should be verified upon each distribution.

* + 1. Belgian dividend withholding tax relief for non-residents

Dividends distributed to non-resident companies established in a Member State of the EU or in a country with which Belgium has concluded a double tax treaty that includes a qualifying exchange of information clause and qualifying as a parent company, will be exempt from Belgian withholding tax provided that Shares held by the non-resident company, upon payment or attribution of the dividends, amount to at least 10% of the Company’s share capital and such minimum participation is held or will be held during an uninterrupted period of at least one year. A company qualifies as a parent company provided that (i) for companies established in a Member State of the EU, it has a legal form as listed in the annex to the EU Parent-Subsidiary Directive of July 23, 1990 (90/435/EC), as amended by Directive 2003/123/EC of 22 December 2003, or, for companies established in a country with which Belgium has concluded a qualifying double tax treaty it has a legal form similar to the ones listed in such annex, (ii) it is considered to be a tax resident according to the tax laws of the country where it is established and the double tax treaties concluded between such country and third countries, and (iii) it is subject to corporate income tax or a similar tax without benefiting from a tax regime that derogates from the ordinary tax regime.

In order to benefit from this exemption, the investor must provide the Company or its paying agent with a certificate confirming its qualifying status and the fact that it meets the three abovementioned conditions.

If the investor holds a minimum participation for less than one year, at the time the dividends are paid on or attributed to the Shares, the Company or the paying agent will levy the withholding tax but will not transfer it to the Belgian Treasury provided that the investor certifies its qualifying status, the date from which the investor has held such minimum participation, its commitment to hold the minimum participation for an uninterrupted period of at least one year and its commitment to immediately notify the Company of a reduction of its shareholding below such threshold prior to the end of the one-year holding period. Upon satisfying the one-year shareholding requirement, the levied dividend withholding tax will be passed on to the investor.

Under Belgian tax law, withholding tax is also not due on dividends paid to a non-resident pension fund which satisfies the following conditions: (i) to be a legal entity with fiscal residence outside of Belgium, (ii) whose corporate purpose consists solely in managing and investing funds collected in order to serve legal or complementary pension schemes, (iii) whose activity is limited to the investment of funds collected in the exercise of its statutory mission, without any profit making aim, (iv) which is exempt from income tax in its country of residence, and (v) provided that it is not contractually obligated to remit or transfer the dividends received to any ultimate beneficiary of such dividends for whom it would manage the Shares, nor obligated to pay a manufactured dividend with respect to the Shares under a securities borrowing transaction. The exemption will only apply if the non-resident pension fund provides a certificate confirming that it is the full legal owner or usufruct holder of the Shares and that the above conditions are satisfied.

If there is no exemption available under Belgian domestic law, the Belgian withholding tax can potentially be reduced for non-resident investors pursuant to the bilateral tax treaty concluded between Belgium and the state of residence of the investor. Belgium has concluded tax treaties with over 95 countries, reducing the dividend withholding tax rate to 20%, 15%, 10%, 5% or 0% for residents of such countries, subject to conditions relating, amongst others, to the size of the shareholding and certain identification formalities. Such reduction may be obtained either directly at source or through a refund of taxes withheld in excess of the applicable tax treaty rate.

Prospective investors should consult their own tax advisors as to whether they qualify for a reduction of, or exemption from, Belgian withholding tax upon payment or attribution of dividends, and as to the procedural requirements for obtaining such a reduction or exemption.

1. Capital gains and losses
   1. Resident individuals

For resident individuals acquiring and holding the Shares as a private investment, capital gains realised upon the transfer of the Shares are generally not subject to Belgian income tax. However, resident individuals may be subject to a 33% income tax (to be increased with local surcharges) if the capital gain on the Shares is deemed to be speculative or realised outside the scope of the normal management of their private estate. Moreover, capital gains realised by Belgian resident individuals on the disposal of the Shares for consideration, outside the exercise of a professional activity, to a legal person that has its registered office, its principal establishment, or place of management outside the European Economic Area, are in principle taxable at a rate of 16.5% (plus local surcharges) if, at any time during the five years preceding the sale, the Belgian resident individual has owned directly or indirectly, alone or with his/her spouse or with certain relatives, a substantial shareholding in the Company (*i.e.*, a shareholding of more than 25% in the Company). Capital losses arising from such transactions are, however, not tax deductible.

For resident individuals holding the Shares for professional purposes, capital gains realised upon transfer of Shares shall be taxable at the normal progressive personal income tax rates (which are currently in the range of 25% to 50%, plus local surcharges), except for Shares held for more than five years, which are taxable at a separate rate of 16.5% (plus local surcharges). Capital losses on the Shares incurred by resident individuals holding the Shares for professional purposes are in principle tax deductible.

Capital gains realised by resident individuals upon redemption of the Shares or upon liquidation of the Company will in principle be taxed as dividend income (see above).

* 1. Resident companies

Resident companies (not being small or medium sized enterprises within the meaning of article 15 of the Belgian Companies Code, SMEs) are subject to Belgian capital gains taxation at a separate rate of 0.412% on gains realised upon the disposal of Shares provided that (i) the Article 203 BITC Taxation Conditions are met and (ii) the Shares have been held in full legal ownership for an uninterrupted period of at least one year. The 0.412% separate capital gains tax rate cannot be off-set by any tax assets (such as *e.g.,* tax losses) or any tax credits.

Resident corporations qualifying as SMEs are normally not subject to Belgian capital gains taxation on gains realised upon the disposal of Shares provided that (i) the Article 203 BITC Taxation Conditions are met and (ii) the Shares have been held in full legal ownership for an uninterrupted period of at least one year.

If the one-year minimum holding period condition is not met (but the Article 203 BITC Taxation Conditions are met), the capital gains realised upon the disposal of Shares by resident companies (both non-SMEs and SMEs) will be taxable at a separate corporate income tax rate of 25.75%.

Capital losses on Shares incurred by resident companies (both non-SMEs and SMEs) are as a general rule not tax deductible.

Capital gains realised upon redemption of the Shares or upon liquidation of the Company will in principle be taxed as dividend income (see above).

If the Shares form part of the trading portfolio (*handelsportefeuille / portefeuille commercial*) of companies which are subject to the Royal Decree of 23 September 1992 on the annual accounts of credit institutions, investment firms and management companies of collective investment institutions (*jaarrekening van de kredietinstellingen, de beleggingsondernemingen en de beheervennootschappen van instellingen voor collectieve belegging / comptes annuels des établissements de crédit, des entreprises d’investissement et des sociétés de gestion d’organismes de placement collectif*), the capital gains realised upon the disposal of Shares will be subject to corporate income tax at the standard rates, and capital losses will be tax deductible.

* 1. Organisation for Financing Pensions

OFPs are, in principle, not subject to Belgian capital gains taxation realised upon the disposal of the Shares, and capital losses are not tax deductible.

* 1. Other resident legal entities

Capital gains realised upon transfer of the Shares by resident legal entities are generally not subject to income tax, safe in case of a sale of Shares which are directly or indirectly part of a stake representing more than 25% of the share capital in the Company which may, under certain conditions, give rise to a 16.5% tax (plus local surcharges). Capital losses on the Shares incurred by Belgian resident legal entities are not tax deductible.

Capital gains realised by Belgian resident legal entities upon the redemption of the Shares or upon the liquidation of the Company will in principle be taxed as dividends.

* 1. Non-residents
     1. Non-resident individuals

Capital gains realised on the Shares by a non-resident individual that has not acquired the Shares in connection with a business conducted in Belgium through a fixed base in Belgium are in principle not subject to taxation, unless the gain is deemed to be realised outside the scope of the normal management of the individual’s private estate (article 90, 1° of the BITC or article 90, 9°, first indent of the BITC). In such case, if the gain is taxable under article 90, 1° of the BITC and article 228, §2, 9°, a) of the BITC, it is subject to a final professional withholding tax of 30.28% (to the extent that article 248 of the BITC is applicable). If the gain is taxable under article 90, 9°, first indent of the BITC and article 228, § 2, 9°, h) of the BITC, it must be reported in a non-resident tax return for the income year during which the gain has been realised, in which case the capital gain will be taxable at the rate of 35.31% (33% plus local surcharges of currently 7%). Moreover, non-resident individuals may be subject to the 16.5% income tax described above (resulting in a tax rate of 17.66%, *i.e.*, 16.5% plus local surcharges of currently 7%) if they held a participation of more than 25% in the capital of the Company (See Section 2.1 above). However, Belgium has concluded tax treaties with more than 95 countries which generally provide for a full exemption from Belgian capital gains taxation on such gains realised by residents of those countries. Capital losses are generally not tax deductible.

Capital gains will be taxable at the ordinary progressive income tax rates and capital losses will be tax deductible, if those gains or losses are realised on Shares by a non-resident individual that holds the Shares in connection with a business conducted in Belgium through a fixed base in Belgium.

Capital gains realised by Belgian non-resident individuals upon the redemption of Shares or upon the liquidation of the Company will generally be taxable as a dividend (see above).

* + 1. Non-resident companies

Non-resident companies that have not acquired the Company’s Shares in connection with a business conducted in Belgium through a Belgian establishment are generally not subject to taxation in Belgium on capital gains on those Shares.

Non-resident companies that hold the Shares in connection with a business conducted in Belgium through a Belgian establishment will generally be taxable in the same way as resident companies (see Section 2.2 above).

Capital gains realised by non-resident companies upon redemption of the Shares or upon liquidation of the Company will in principle be taxed as dividend income (see above).

1. Tax on stock exchange transactions

The purchase and sale or any other acquisition or transfer for consideration of existing Company’s Shares (secondary market) in Belgium through a professional intermediary is subject to the tax on stock exchange transactions (*taks op de beursverrichtingen / taxe sur les opérations de bourse*) currently at a rate of 0.27%, capped at EUR 800 per taxable transaction. A separate tax is due from each party to the transaction, both collected by the professional intermediary.

Upon the issue of the new shares (primary market), no tax on stock exchange transactions is due.

Furthermore, no tax on stock exchange transactions is due on transactions entered into by the following parties, provided they are acting for their own account:

* professional intermediaries described in articles 2, 9° and 10° of the Belgian Law of 2 August 2002 on the supervision of the financial sector and financial services;
* insurance companies described in article 2, §1 of the Belgian Act of 9 July 1975 on the supervision of insurance companies;
* pension institutions described in article 2, 1° of the Belgian Act of 27 October 2006 on the supervision of pension institutions;
* collective investment undertakings; and
* non-residents (provided that they deliver a certificate to the professional intermediary in Belgium confirming their non-resident status).

As stated above, the EU Commission adopted on 14 February 2013 the draft directive on the Financial Transaction Tax. The draft directive currently stipulates that once the Financial Transaction Tax enters into force, the participating Member States shall not maintain or introduce taxes on financial transactions other than the Financial Transaction Tax (or VAT as provided in the Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax). For Belgium, the tax on stock exchange transactions should thus be abolished once the Financial Transaction Tax enters into force. The draft directive on the Financial Transaction Tax is still subject to negotiation between the participating Member States and therefore may be changed at any time.

# PART X: INDEPENDENT AUDITORS

1. Audit of financial information

The financial information of the companies involved in the Contributions and included in this Prospectus has been audited as follows:

***The Company***

The financial information of the Company has been audited by the statutory auditor of the Company mentioned under Section 2 below, who rendered an unqualified audit report on these financial statements which should be read in conjunction with the Company’s consolidated financial statements and its report of the Board Of Directors relating to that period.

***Univeg***

Univeg’s consolidated financial statements as of and for the period between 23 July 2012 and 31 December 2013 and for the financial year ended 31 December 2014 have been audited by Ernst & Young Bedrijfsrevisoren BV ovve CVBA, with registered office at De Kleetlaan 2, 1831 Diegem, Belgium, represented by Marc Guns, auditor, who rendered an unqualified audit report (which report includes an emphasis of matter paragraph for the financial year ended 31 December 2013 regarding the justification by the board of directors of Univeg for the application of the valuation rules in going concern) on these financial statements which should be read in conjunction with Univeg’s consolidated financial statements and the report of the board of directors of Univeg relating to that period. Ernst & Young Bedrijfsrevisoren BV ovve CVBA was appointed at the incorporation of Univeg on 23 July 2012 as Univeg’s statutory auditor for a term of three years ending immediately after the annual general shareholders’ meeting of the Univeg to be held in 2016, that will resolve upon the financial statements for the financial year ended on 31 December 2015.

***Peatinvest***

Peatinvest’s consolidated financial statements as of and for the financial years ended 30 September 2014 and 2013 have been audited by Deloitte Bedrijfsrevisoren BV ovve CVBA, with registered office at Berkenlaan 8B, 1831 Diegem, Belgium, represented by Kurt Dehoorne, auditor, with office at President Kennedypark 8A, 8500 Kortrijk, who rendered an unqualified audit report on these financial statements which should be read in conjunction with Peatinvest’s consolidated financial statements and the report of the board of directors of Peatinvest relating to that period. Deloitte Bedrijfsrevisoren BV ovve CVBA was appointed at the annual general shareholders’ meeting of Peatinvest held on 15 February 2013 as Peatinvest’s statutory auditor for a term of three years ending immediately after the annual general shareholders’ meeting of the Peatinvest to be held in 2016, that will resolve upon the financial statements for the financial year ended on 30 September 2016. Peatinvest’s consolidated financial statements as of and for the financial year ended 30 September 2012 have been audited by Ernst & Young Lippens & Rabaey BV ovve CVBA, with registered office at Moutstraat 54, 9000 Ghent, Belgium, represented by Leen Defoer, auditor, who rendered an unqualified audit report on these financial statements which should be read in conjunction with Peatinvest’s consolidated financial statements and the report of the board of directors relating to that period.

1. Statutory auditors of the Company

The statutory auditor of the Company is Deloitte Bedrijfsrevisoren BV ovve CVBA, with registered office at Berkenlaan 8B, 1831 Diegem, Belgium, represented by Mr Kurt Dehoorne, auditor, with office at President Kennedypark 8A, 8500 Kortrijk and Mr Mario Dekeyser, auditor, with office at President Kennedypark 8A, 8500 Kortrijk. Deloitte Bedrijfsrevisoren BV ovve CVBA was appointed at the annual general shareholders’ meeting of the Company held on 21 September 2012 as the Company’s statutory auditor for a term of three years ending immediately after the annual general shareholders’ meeting of the Company to be held in 2015, that will resolve upon the financial statements for the financial year ended on 31 March 2015.

# PART XI: Legal Matters

Certain legal matters in connection with the Transactions will be passed upon with respect to the laws of Belgium by Laga BV CVBA for Greenyard Foods and by Freshfields Bruckhaus Deringer LLP for Univeg and Peatinvest.

# PART XiI: Glossary of selected terms

The following explanations are intended to assist the general reader to understand certain terms used in this Prospectus. The definitions set out below apply throughout this Prospectus, unless the context requires otherwise.

|  |  |
| --- | --- |
| **2013 Financing** | the financing contractual documentation entered into in 2013 by the Univeg Group |
| **AIF** | Agri Investment Fund CVBA |
| **Argentinean Operations** | Orchards Invest B.V. and its subsidiaries |
| **Article 203 BITC Taxation Conditions** | the conditions relating to the taxation of the underlying distributed income, as described in article 203 of the BITC |
| **Articles of Association** | the articles of association of the Company |
| **Audit Committee** | the audit committee of the Company from time to time appointed by the Board of Directors in accordance with the Articles of Association |
| **BCC** | the Belgian Companies Code |
| **Belgian GAAP** | generally applicable accounting rules and principles in Belgium |
| **BITC** | the Belgian Income Tax Code |
| **Board of Directors** or **Board** | the board of directors of the Company from time to time appointed in accordance with the Articles of Association |
| **Bonds** | the EUR 150,000,000 bonds issued by Greenyard Foods on 5 July 2013 |
| **Canning Division** | the division of Greenyard Foods that is specialised in the production of vegetables, ready-meals such as soups, sauces, dips and pasta dishes in jars and tins and is known as “Noliko” |
| **Closing Date** | [19] June 2015 |
| **Combined Greenyard Foods Group** | the Company and its subsidiaries upon completion of the Contributions |
| **Company or Greenyard Foods** | Greenyard Foods NV |
| **Conditions for the application of the Dividend Received Deduction regime** | the conditions for the application of the Dividend Received Deduction regime |
| **Consultation Period** | the 30-day consultation period triggered by the issuance of the enforcement instructions under the Intercreditor Agreement |
| **Contributions** | the DWB Demerger, the Univeg Contribution and the Peatinvest Contribution |
| **Corporate Governance Charter** | the corporate governance charter of the Company approved by its Board of Directors |
| **Deprez Holding** | Deprez Holding NV |
| **Dividend Received Deduction** | the deduction of deduct up to 95% of the gross dividends received from one’s taxable income |
| **DWB** | De Weide Blik NV |
| **DWB Demerger** | the partial demerger of DWB whereby all shares of Univeg held by DWB will be transferred to Greenyard Foods and Greenyard Foods will issue New Shares to the shareholders of DWB |
| **EBITDA** | Earnings Before Interest, Taxes, Depreciation and Amortisation |
| **EEA** | the European Economic Area |
| **EWT** | Empire World Trade Group Ltd |
| **Executive Committee** | the executive committee of Greenyard Foods, which does not qualify as an executive committee (*directiecomité / comité de direction*) in the sense of article 524bis BCC |
| **FAI** | Food and Agriculture Industries N.V. |
| **Financial Transaction Tax** | the common financial transaction tax set out in the proposal for a directive on a common transaction tax adopted by the EU Commission on 14 February 2013 |
| **Food Invest International** | Food Invest International NV |
| **Frozen Division** | the division of the Greenyard Foods Group that is specialised in the production of frozen vegetables and ready-to-use vegetable preparations and is known as “Pinguin” |
| **FSMA** | Financial Services and Market Authority, which succeeded the Belgian Banking, Finance and Insurance Commission as the financial regulatory agency for Belgium on 1 April 2011 |
| **GAAP** | IFRS and Belgian GAAP, as the case may be |
| **Gimv Subordinated Loan** | the subordinated loan of 19 July 2011 entered into between the Company and Gimv-XL |
| **Gimv Warrant Exercise** | the exercise by Gimv-XL of 2,400,000 warrants issued by Greenyard Foods |
| **Gimv-XL** | Gimv NV, Gimv-XL Partners Invest Comm. V. and Adviesbeheer Gimv-XL NV |
| **Gimv-XL Partners** | Gimv-XL Partners Invest Comm. V. |
| **Greenyard Foods Group** | the Company and its subsidiaries before completion of the Contributions |
| **Grower Advance Policy** | the guidelines on approval requirements with respect to advances provided to growers/suppliers put in place by the Univeg Group |
| **Guarantor** | Univeg and the Subsidiary Guarantors, as guarantors under the Indenture |
| **Hedge Counterparties** | the hedge counterparties under certain hedging arrangements with respect to the Intercreditor Agreement |
| **Hedging Liabilities** | all present and future liabilities and obligations with respect to the hedging agreements entered with a Hedge Counterparty |
| **IAS** | International Accounting Standards |
| **IFRS** | International Financing Reporting Standards, as adopted by the EU |
| **Indenture** | an indenture among Univeg Holding, Univeg, the guarantors party thereto, Citibank, N.A., London Branch, as trustee, principal paying agent and transfer agent, Citigroup Global Markets Deutschland AG, as registrar and ING Bank NV, as security agent, relating to the Notes |
| **Intercreditor Agreement** | the intercreditor agreement entered into on 15 May 2013 between Univeg Holding, the Guarantors, the lenders under the Revolving Credit Facility, the trustee on behalf of itself and the holders of the Notes, the hedge counterparties under certain hedging arrangements and ING Bank NV as security agent |
| **Joint Demerger Proposal** | the joint demerger proposal relating to the DWB Demerger filed with the commercial registries of Ghent and Antwerp on 23 April 2015 |
| **Lease Agreement** | a lease agreement relating to a property (land and buildings comprising offices and refrigerated warehouses) located in Zabia Wola, Poland has been entered into, as assigned and amended, between ING Lease (Polska) sp. z o.o. and De Weide Blik Poland sp. z o.o. |
| **Listing Agent** | [•] |
| **Majority Senior Secured Creditors** | the Senior Secured Creditors holding more than 50% of the aggregate (a) principal amoun to fNotes outstanding at that time, (b) aggregate drawn and undrawn commitments in respect of Pari Passu Indebtedness, and (c) certain non-priority hedging |
| **Majority Super Senior Creditors** | the Super Senior Creditors holding more than 66 2/3 % of the aggregate (a) commitments under the Revolving Credit Facility, and (b) certain priority hedging |
| **Marketing and Agency Agreement** | the five-year marketing and agency agreement entered into between the Univeg Group and Hillken on 19 July 2012 for the sourcing of produce from the Argentinean Operations |
| **New Shareholders’ agreement** | the shareholders’ agreement to be entered into between Deprez Holding, Mr Hein Deprez, Food Invest International, Gimv-XL and AIF with respect to Greenyard Foods |
| **New Shares** | the new ordinary shares of the Company to be issued in the context of the Transactions |
| **Notes** | Univeg Holding B.V. EUR 285,000,000 7.875% senior secured notes due 2020 |
| **Notes Liabilities** | all present and future liabilities and obligations with respect to the Notes |
| **OFPs** | organisations for financing of pensions, *i.e.*, Belgian pension funds incorporated under the form of an OFP (*organismen voor de financiering van pensioenen / organismes de financement de pensions*) within the meaning of article 8 of the Belgian Law of 27 October 2006 |
| **Pari Passu Indebtedness** | future pari passu indebtedness under the Intercreditor Agreement |
| **Pari Passu Liabilities** | all present and future liabilities and obligations with respect to the documents evidencing Pari Passu Indebtedness |
| **Partial Demerger and Contribution Agreement** | the agreement relating to the DWB Demerger, the Univeg Contribution and the Peatinvest Contribution entered into on [•] May 2015 |
| **Peatinvest** | Peatinvest NV |
| **Peatinvest Contribution** | the contribution in kind by all Peatinvest shareholders of the entire share capital of Peatinvest to Greenyard Foods |
| **Peatinvest Group** | Peatinvest and its subsidiaries |
| **Project Roots** | a reorganisation plan of the Univeg Group the ultimate purpose of which was to accelerate recovery and prepare the Univeg Group for future growth |
| **Prospectus** | this prospectus for the listing of the New Shares approved by the FSMA on [16] June 2015 |
| **Prospectus Directive** | Directive 2003/71/EC of the European Parliament and of the Council of the European Union (as amended, including Directive 2010/73/EU) |
| **Prospectus Law** | the law of 16 June 2006 on the public offering of securities and the admission of securities to trading on a regulated market as amended |
| **QMCU** | the quality management coordination unit of the Univeg Group |
| **Remuneration and Nomination Committee** | the remuneration and nomination committee of the Company from time to time appointed by the Board of Directors in accordance with the Articles of Association |
| **Revolving Credit Facility** | a EUR 90,000,000 super senior multicurrency revolving facility agreement entered into by the Univeg Group |
| **Revolving Facilities Liabilities** | the right and priority of payment of all present and future liabilities and obligations with respect to the Revolving Credit Facility |
| **Sale, Marketing and Distribution Agreement** | the five year sale, marketing and distribution agreement between the Univeg Group and TFFG entered into on 17 December 2014 |
| **Secondary Sale** | the sale of Shares by Gimv-XL and Deprez Holding by way of private placement to qualified investors in the EEA, expected to be launched after the completion of the Contributions |
| **Secured Creditors** | Senior Secured Creditors and Super Senior Creditors |
| **Securities Act** | the United States Securities Act of 1933, as amended |
| **Senior Secured Creditors** | holders of the Notes and lenders or holders of Pari Passu Indebtedness and certain non-priority Hedge Counterparties under the Intercreditor Agreement |
| **Settlement Agreement** | the settlement agreement entered into between Chiquita Deutschland GmbH and Univeg BV in February 2013 |
| **Shares** | the shares of the Company |
| **STAK FieldLink** | Stichting Administratiekantoor FieldLink |
| **Strategic Committee** | The strategic committee set up by the board of directors of Greenyard Foods |
| **Subordinated Shareholder Loan** | the loan granted by Univeg Belgium to TFFG in the amount of EUR 9,646,342.44 pursuant to the Subordinated Shareholder Loan Agreement |
| **Subordinated Shareholder Loan Agreement** | the subordinated shareholder loan agreement entered into by Univeg Belgium, TFFG, Food and Agriculture Industries NV, Expofrut Brazil Importadora e Exportadora Ltda, Monte La Providencia SA, Forbel SA, Univeg South Africa (Pty) Ltd and Univeg South Africa Holdings (Pty) Ltd as of 17 December 2014 |
| **Subsequent Lease Agreement** | a sublease agreement entered into between De Weide Blik Poland sp. z o.o and Univeg Logistics Poland on 23 September 2014 |
| **Subsidiary Guarantor** | subsidiary guarantors under the Indenture |
| **Super Senior Creditors** | the lenders under the Revolving Credit Facility and certain priority Hedge Counterparties (namely Hedge Counterparties in relation to interest rate hedging agreements) under the Intercreditor Agreement |
| **Syndicated Factoring Agreement** | a multi-country syndicated factoring agreement entered into by the Univeg Group in 2014 |
| **Takeover Law** | Belgian Law of 1 April 2007 on public takeover bids (*Wet op de openbare overnamebiedingen / Loi sur les offres publiques d’acquisition*) |
| **Takeover Royal Decree** | the Belgian Royal Decree of 27 April 2007 on public takeover bids (*Koninklijk besluit op de openbare overnamebiedingen / Arrêté royal sur les offres publiques d’acquisition*) |
| **The Fruit Farm Group or TFFG** | The Fruit Farm Group B.V. |
| **Transaction Security** | [the common guarantees and] the common security package benefiting to the Secured Creditors |
| **Transactions** | the Contributions and the Gimv Warrant Exercise |
| **Transparency Law** | the law of 2 May 2007 on the disclosure of significant shareholdings in issuers whose securities are admitted to trading on a regulated market (*Wet van 2 mei 2007 op de openbaarmaking van belangrijke deelnemingen in emittenten waarvan aandelen zijn toegelaten tot de verhandeling op een gereglementeerde markt en houdende diverse bepalingen /* *Loi du 2 mai 2007 relative à la publicité des participations importantes dans des émetteurs dont les actions sont admises à la négociation sur un marché réglementé et portant des dispositions diverses*) |
| **UFM** | Union Fermière Morbihannaise SCA |
| **Univeg** | FieldLink NV |
| **Univeg Belgium** | Univeg Belgium NV |
| **Univeg Contribution** | the contribution in kind by STAK FieldLink of all shares it holds in Univeg to Greenyard Foods |
| **Univeg Group** | Univeg and its subsidiaries |
| **Univeg Holding** | Univeg Holding B.V. |
| **Univeg Logistics Poland** | Univeg Logistics Poland sp. z o.o. |
| **Working Capital Financing Agreement** | the agreement (and its annexes) entered into by Dutch Holdco ARG B.V., Orchards Invest B.V., Baysing S.à.R.L., Sunshining Invest NV and Univeg Belgium on 19 July 2012 |

# PART XiII: DOCUMENTS INCORPORATED BY REFERENCE

### ANNEX 1: HISTORICAL FINANCIAL INFORMATION

1. Audited financial information of Greenyard Foods for last three years (the last two years presented and prepared in a form consistent with IFRS)

1.1 1 April 2012 – 31 March 2013

1.2 1 April 2013 - 31 March 2014

1.3 1 April 2013 - 31 March 2015

1. Audited financial information of Univeg for last three years (the last two years presented and prepared in a form consistent with IFRS)

2.1 1 July 2012 – 31 December 2013

2.2 1 1 January 2014 – 31 December 2014

1. Audited financial information of Peatinvest for last three years (the last two years presented and prepared in a form consistent with Belgian GAAP)

3.1 1 October 2011 – 30 September 2012

3.2 1 October 2012 – 30 September 2013

3.3 1 October 2013 – 30 September 2014

### ANNEX II: PRO FORMA FINANCIAL INFORMATION

Description of how the Contributions might have affected the assets and liabilities and earnings of Greenyard Foods, had the transaction been undertaken at the commencement of the period being reported on or at the date reported.

Pro forma financial information and report of Greenyard Foods statutory auditor.

***[Note: Scope and extent of pro forma information to be discussed based on FSMA’s feedback]***

**THE COMPANY**

**Greenyard Foods NV**[●]

**LEGAL ADVISERS**[●]

**INDEPENDENT AUDITOR**[●]

**ACCOUNTING EXPERT**[●]

**LISTING AGENT**[●]

1. Joint Food and Agriculture Organisation/ World Health Organisation Workshop on Fruit & Vegetables for Health, September 2004, Kobe, Japan. [↑](#footnote-ref-1)
2. Flemish Government, September 2008: Ontwerp van actieplan voeding en beweging 2008-2015. [↑](#footnote-ref-2)
3. Based on EU gross supply, equalling production + imports – exports. Source: Freshfel Consumption Monitor 2014. [↑](#footnote-ref-3)
4. This information is based on a study of 2008, by Co-Concept for the European Peat and Growing Media Industry and relating to the year 2005. Peatinvest considers that the EU market has not significantly changed since 2005. This volume excluded Poland, Estonia and other countries with smaller industrial production. [↑](#footnote-ref-4)
5. This information is based on a study of 2008, by Co-Concept for the European Peat and Growing Media Industry and relating to the year 2005. Peatinvest considers that the EU market has not significantly changed since 2005. This volume excluded Poland, Estonia and other countries with smaller industrial production. [↑](#footnote-ref-5)