Real Good Food plc (AIM: RGD)

Proposed Sale of Napier Brown Sugar Limited

Real Good Food plc ("Real Good Food" or "the Company") is a diversified food business, serving a number of market sectors including retail, manufacturing, wholesale, foodservice and export. The Company is a major distributor of sugar in the UK through its Napier Brown subsidiary, and manufactures a wide range of baking ingredients, jams and sweet bakery products. Its brands include Whitworths Sugar, Renshaw and R&W Scott.

HIGHLIGHTS

- ***Proposed sale of Napier Brown business for a total cash payment of £34m plus working capital at Completion***

- ***Company expects Completion of the Sale will allow the Continuing Group to:***

  - ***move the Continuing Group into a net cash position (net debt as at 30 September 2014 was £36.3m); and***
  - ***both create the resources for investment and enable these resources to be focused on its remaining added-value businesses, with particular emphasis on the attractive markets of cake decoration, food ingredients and premium bakery.***

- ***General Meeting of Shareholders to approve the Sale on 14 May 2015***

- ***Irrevocable undertakings to vote in favour of the Resolution (being proposed as an Ordinary Resolution) received from Shareholders representing approximately* 69% *of the Company's current issued share capital***

Commenting on the proposed Sale, Pieter Totté, Executive Chairman of Real Good Food, states:

"I am proud of what we have achieved in building the Napier Brown business and expanding its customer base and developing its supply chain. However, the changes taking place within the European sugar market mean that the future of this business is best served by it becoming part of an international production group. We believe Tereos is the best choice for both customers and employees. This transaction will allow us to focus all our resources on the continued growth of our remaining businesses. I would like to thank the staff and employees for their contribution over the years."

The Company is pleased to announce that on 29 April 2015 it entered into a conditional agreement with Tereos Group ("Tereos" or the "Buyer") pursuant to which the Buyer has agreed to acquire the entire issued share capital of Napier Brown Sugar Limited ("Napier Brown") from the Company (the "Sale" or "Disposal"). As Consideration for the Sale, the Buyer will pay the Company £34m plus working capital in cash on Completion of the Sale (further details of the Consideration for the Sale are set out below).

Introduction

The Company's strategy for its sugar business has always been heavily influenced by the regulatory framework of the EU Sugar Regime. It was initially anticipated that the EU sugar beet production quotas would end in 2020, however, the EU Commission has decided to end quotas from 2017. This decision has profound implications for the EU sugar industry. Napier Brown, as a non-refining independent business of significant scale, is unique within Europe and reflects the unusual market structure in the UK, where British Sugar and Tate & Lyle are the only domestic sugar producers. Tate & Lyle has been reducing its production and accordingly the UK market has become increasingly in deficit and reliant on imports.

Napier Brown has an important role in providing such imports to the UK market but, in order to operate effectively, it needs to ensure that cost-effective sources of sugar are available to it. The Company believes that this requires the direct backing of a powerful producer and therefore Napier Brown has been exploring relationships with a number of sugar producers. It has become increasingly clear that such producers, while attracted to Napier Brown's UK route-to-market, desire full control of the business rather than a strategic partnership. Consequently, the Company has concluded that a full sale of Napier Brown is in the best interests of the Company and Napier Brown. After exploring various options for a sale of Napier Brown, the Company has concluded that a sale to the Buyer represents the best value for Shareholders and therefore has entered into the conditional Sale Agreement.

The Disposal, should it complete, would be deemed to be a disposal resulting in a fundamental change of business pursuant to Rule 15 of the AIM Rules and, as such, requires the prior approval of Shareholders. Accordingly the Company is convening the EGM to seek Shareholder approval for the Disposal in accordance with AIM Rule 15.

Details of the Napier Brown Business

Napier Brown is Europe's largest non-refining sugar distributor. It sources sugar from the UK as well as importing from mainland Europe and the rest of the world. It supplies customers in the UK across all market sectors: industrial, retail, wholesale and foodservice. The business operates under two distinct brands: Napier Brown and Whitworths Sugar. The Napier Brown brand serves the food, drink and industrial sectors, as well as wholesale and reseller clients. The brand currently has over 200 customers who Napier Brown supplies with bulk (tankers) and/or bagged sugars. Whitworths sugar is Napier Brown's consumer brand in the retail and wholesale sectors. It supplies a complete range of 'everyday' sugars and a range of premium sugars under the 'Whitworths for Baking' sub-brand. Napier Brown operates from two sites, its commercial and retail packing site in Normanton, West Yorkshire and its sugar hub at Stallingborough, near Immingham, North Lincolnshire.

Background and Reasons for the Sale

The Napier Brown Business has a long and successful history as a major supplier in the UK sugar market, both to industrial and to retail customers. However the decision by the EU Commission to end beet production quotas in the EU from 2017 will have fundamental implications for the industry. The Directors believe that in the post-quotas era, Napier Brown's interests would be best served by having a direct integration with a sugar producer. Napier Brown has an important role in providing imports to the UK market, but in order to operate effectively, it needs to ensure high quality, cost effective and reliable sources of sugar. Accordingly, the Company has concluded that the Sale to Tereos is in the best interests of the Company and Napier Brown.

Principal terms of the Sale

Pursuant to the terms of the Sale Agreement, the Buyer has agreed to acquire the entire issued share capital of Napier Brown from the Company. The total consideration receivable by the Company will be an amount for the Sale Share (adjusted by reference to the Napier Brown Net Working Capital) and the repayment or discharge by the Buyer of the Intercompany Account. The Buyer will pay £34m plus net working capital at Completion. The Disposal is conditional upon the passing of the Resolution by Shareholders at the EGM. The Sale Agreement will terminate if this condition is not satisfied.

Information on the Buyer

The Buyer is Tereos, the world's fifth-largest sugar group. Tereos is specialised in processing sugar beet, sugar cane and cereals. The Tereos Group also has leading positions in the markets for alcohol and starch derivatives. Tereos has 42 industrial sites and employs 24,000 people across four continents. In 2013-14, the Tereos Group recorded 4.7 billion euros in revenues. A cooperative group, Tereos unites 12,000 cooperative growers around a long-term vision: adding value to agricultural raw materials and contributing towards the supply of quality food.

The Company believes that Tereos is an ideal fit to support the growth of the Napier Brown business. Tereos has recently announced that it will increase its French sugar production by approximately 20 per cent. following the end of quotas from 2017 and is the largest sugar producer in France.

Shareholder Approval

The Sale, should it complete, would be deemed to be a disposal resulting in a fundamental change of business pursuant to Rule 15 of the AIM Rules and therefore requires the prior approval of Shareholders. Consequently, the Resolution (which is an ordinary resolution which to be approved requires at least 50 per cent. of Shareholders voting to vote in favour) is being proposed at the EGM. The Company has received undertakings to vote in favour of the Resolution from Shareholders who hold or are interested in, in aggregate 47,904,882 Shares, representing approximately 69 per cent. of the Company's current issued share capital.

Circular and Notice of General Meeting

The Company today expects to send a circular (and accompanying Notice of General Meeting) to Shareholders which contains full details of the Sale (the "Circular"). The Circular will shortly be available on the Company's website www.realgoodfoodplc.com and the contents of the Circular are reproduced in full at the end of this announcement.

Preliminary Results

The Company currently expects to announce its preliminary results for the financial year ending 31 March 2015 in early July 2015.

Defined terms in this announcement not otherwise defined shall have the same meaning as is ascribed to them in the Circular.

29 April 2015

ENQUIRIES:

Real Good Food plc	
Pieter Totté, Chairman	**Tel: 020 3056 1516**
Andrew Brown, Marketing Director	**Tel: 020 3056 1516**
Mike McDonough, Finance Director	**Tel: 0151 706 8200**
Shore Capital & Corporate	**Tel: 020 7408 4090**
(Nomad and Joint Broker)	
Stephane Auton	
Patrick Castle	
Daniel Stewart and Company Plc	**Tel: 020 7776 6550**
(Joint Broker)	
Martin Lampshire	
Cubitt Consulting	**Tel: 020 7367 5100**
Gareth David	

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this document	29 April 2015
Last date and time for receipt of the Form of Proxy	11.00 a.m. on 12 May 2015
EGM	11.00 a.m. on 14 May 2015
Anticipated date of Completion	15 May 2015

Notes:

1. References to times and dates in this document are to London times and dates unless otherwise stated
2. If any of the above times and/or dates change, the revised times and/or dates will be notified by announcement through the Regulatory Information Service of the London Stock Exchange.

FORWARD-LOOKING STATEMENTS

This document includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "anticipates", "targets", "aims", "continues", "projects", "assumes", "expects", "intends", "may", "will", "would" or "should", or in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts.

They appear in a number of places throughout this document and include statements regarding the Directors', the Company's and the Group's intentions, beliefs or current expectations concerning, among other things, the Group's results or operations, financial condition, prospects, growth strategies and the industries in which the Group operates. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. A number of factors could cause actual results and developments to differ materially from those expressed or implied by the forward-looking statements, including without limitation: conditions in the markets, the market position of the Group, earnings, financial position, cash flows, return on capital, anticipated investments and capital expenditures, changing business or other market conditions and general economic conditions. These and other factors could adversely affect the outcome and financial effects of the plans and events described in this document.

Forward-looking statements contained in this document based on past trends or activities should not be taken as a representation that such trends or activities will continue in the future. However, these forward-looking statements and other statements contained in this document regarding matters that are not historical facts involve predictions. No assurance can be given that such future results will be achieved.

Except to the extent required by applicable law, the AIM Rules for Companies or the Disclosure and Transparency Rules published by the FCA, the Company disclaims any obligation or undertaking to update any forward-looking statement contained in this document to reflect any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

DIRECTORS, SECRETARY AND ADVISERS

Directors	P W Totté *(Executive Chairman)* M J McDonough *(Group Finance Director)* P G Ridgwell *(Non-Executive Deputy Chairman)* P C Salter *(Non-Executive Director)* C O Thomas *(Non-Executive Director)* J M d'Unienville *(Non-Executive Director)*
Group Company Secretary	David Newman
Registered Office	International House 1 St. Katharines Way London E1W 1XB
Nominated Adviser	Shore Capital and Corporate Limited 14 Clifford Street London W1S 4JU
Broker	Shore Capital Stockbrokers Limited 14 Clifford Street London W1S 4JU
Joint Broker	Daniel Stewart & Co Plc Becket House 36 Old Jewry London EC2R 8DD
Corporate Advisor	Midicorp Corporate Finance Ltd Mayfair House 14-18 Heddon Street London W1B 4DA
Solicitors to the Company	Joelson Wilson LLP 30 Portland Place London W1B 1LZ
Reporting Accountant to the Company	Crowe Clark Whitehill LLP St Bride's House 10 Salisbury Square London EC4Y 8EH
Registrars	Capita Asset Services The Registry 34 Beckenham Road Kent BR3 4TU

DEFINITIONS

The following definitions apply throughout this document (including the enclosed Notice of Meeting) and in the accompanying Form of Proxy, unless the context requires otherwise:

"AIM"	the AIM market operated by the London Stock Exchange;
"AIM Rules"	the London Stock Exchange's rules and guidance notes contained in its "AIM Rules for Companies" publication relating to companies whose securities are traded on AIM as amended from time to time;
"Buyer"	Tereos Participations SAS (no 444 413 058) whose registered office is at 11 rue Pasteur, 02390 Origny-Sainte-Benoite, France or another Tereos Group Company;
"Company" or **"RGF"**	Real Good Food plc;
"Companies Act"	the Companies Act 2006;
"Completion"	completion of the Disposal pursuant to the terms of the Sale Agreement;
"Completion Balance Sheet"	the balance sheet of Napier Brown as at Completion to be prepared pursuant to the Sale Agreement;
"Consideration"	the total consideration receivable by the Company under the Sale Agreement being the Share Price and the repayment or discharge by the Buyer of the Intercompany Account;
"Continuing Group"	the Company and its subsidiaries other than Napier Brown;
"Directors"	the directors of the Company from time to time;
"Disposal" "Sale" or **"Transaction"**	the sale of the entire issued share capital of Napier Brown by the Company to the Buyer pursuant to the Sale Agreement;
"EGM"	the extraordinary general meeting of the Company convened to be held at International House, 1 St. Katharine's Way, London E1W 1XB at 11.00 a.m. on 14 May 2015 and any adjournment thereof, to consider and, if thought fit, pass the Resolution, notice of which is set out at the end of this document;
"Form of Proxy"	the form of proxy which accompanies this document for use by Shareholders in connection with the General Meeting;
"Group"	the Company and its subsidiaries;
"IFRS"	International Financial Reporting Standards as adopted by the European Union;
"Intercompany Account"	the amount owing by Napier Brown to the Group at Completion;
"London Stock Exchange"	London Stock Exchange plc;
"Napier Brown"	Napier Brown Sugar Limited (No 9344403);
"Napier Brown Business"	the business of the industrial and retail distribution of sugar previously carried on by Renshaw under the name "Napier Brown" and as now carried on by Napier Brown;
"Napier Brown NWC"	the net working capital of Napier Brown at Completion;

"NB Transfer"	the transfer by Renshaw to Napier Brown of the business and assets of Renshaw's Napier Brown trading division further details of which are set out in Part 2;
"NB Transfer Agreement"	the agreement dated 17 March 2015 made between Renshaw and Napier Brown relating to the NB Transfer;
"Notice" or **"Notice of EGM"**	the notice of EGM set out at the end of this document;
"Renshaw"	Renshawnapier Limited (No. 1665672) a wholly-owned subsidiary of the Company;
"Resolution"	as set out in the Notice;
"Sale Agreement"	the sale and purchase agreement dated 29 April 2015 entered into between (1) the Company and the Buyer pursuant to which the Company has conditionally agreed to sell Napier Brown to the Buyer;
"Sale Share"	the one ordinary share of £1 in the issued share capital of Napier Brown to be sold by the Company to the Buyer pursuant to the Sale Agreement;
"Shareholders"	holders of Shares in the Company from time to time;
"Shares" or **"RGF Shares"**	ordinary shares of 2 pence each in the capital of the Company;
"Share Price"	the consideration payable by the Buyer for the Sale Share further details of which are set out in Part 2;
"subsidiary" or **"subsidiary undertaking"**	have the meanings given to them by the Companies Act;
"Tereos"	the Buyer;
"Tereos Group"	Tereos and its subsidiaries from time to time and each of them being a Tereos Group Company
"£"	Great British Pounds Sterling.

Part 1

Letter from the Chairman of Real Good Food plc

Real Good Food plc

(Incorporated in England and Wales under the Companies Acts 1985 to 1989 with registered number 4666282)

Directors:	*Registered office:*
P W Totté *(Executive Chairman)*	International House
M J McDonough *(Group Finance Director)*	1 St. Katharines Way
P G Ridgwell *(Non-Executive Deputy Chairman)*	London
P C Salter *(Non-Executive Director)*	England
C O Thomas *(Non-Executive Director)*	E1W 1XB
J M d'Unienville *(Non-Executive Director)*	

29 April 2015

Dear Shareholder

Proposed Sale of Napier Brown
and
Notice of Extraordinary General Meeting

1. INTRODUCTION

The Company's strategy for its sugar business has always been heavily influenced by the regulatory framework of the EU Sugar Regime. It was initially anticipated that the EU sugar beet production quotas would end in 2020, however, the EU Commission has decided to end quotas from 2017. This decision has profound implications for the EU sugar industry. Napier Brown, as a non-refining independent business of significant scale, is unique within Europe and reflects the unusual market structure in the UK where British Sugar and Tate & Lyle are the only domestic sugar producers. Tate & Lyle has been reducing its production and accordingly the UK market has become increasingly in deficit and reliant on imports.

Napier Brown has an important role in providing such imports to the UK market but in order to operate effectively, it needs to ensure that cost-effective sources of sugar are available to it. The Company believes that this requires the direct backing of a powerful producer and therefore Napier Brown has been exploring relationships with a number of sugar producers. It has become increasingly clear that such producers, while attracted to Napier Brown's UK route-to-market, desire full control of the business rather than a strategic partnership. Consequently, the Company has concluded that a full sale of Napier Brown is in the best interests of the Company and Napier Brown. After exploring various options for a sale of Napier Brown, the Company has concluded that a sale to the Buyer represents the best value for Shareholders and therefore has entered into the conditional Sale Agreement. Further information on the Buyer is set out in paragraph 5 of this Part 1.

The Sale, should it complete, would be deemed to be a disposal resulting in a fundamental change of business pursuant to Rule 15 of the AIM Rules and as such requires the prior approval of Shareholders. Accordingly, the Company is convening the EGM to seek Shareholder approval for the Sale in accordance with AIM Rule 15. The formal notice of the EGM is set out at the end of this document and a Form of Proxy is also enclosed for you to complete and return.

The purpose of this document is to provide you with details of the Sale Agreement and the Resolution. The Board of Directors consider that the Resolution is in the best interests of the Company and its Shareholders as a whole and recommend that you vote in favour of the Resolution.

2. DETAILS OF THE NAPIER BROWN BUSINESS

Napier Brown is Europe's largest non-refining sugar distributor. It sources sugar from the UK as well as importing from mainland Europe and the rest of the world. It supplies customers in the UK across all market sectors: industrial, retail, wholesale and foodservice. The business operates under two distinct brands: Napier Brown and Whitworths Sugar. The Napier Brown brand serves the food, drink and industrial sectors as well as wholesale and reseller clients. The brand currently has over 200 customers who Napier Brown supplies with bulk (tankers) and/or bagged sugars. Whitworths sugar is Napier Brown's consumer brand in the retail and wholesale sectors. It supplies a complete range of 'everyday' sugars and a range of premium sugars under the 'Whitworths for Baking' sub-brand. Napier Brown operates from two sites, its commercial and retail packing site in Normanton, West Yorkshire and its sugar hub at Stallingborough, near Immingham, North Lincolnshire.

For the 15-month period ended 31 March 2012, the years ended 31 March 2013 and 31 March 2014 and the 6-month period ended 30 September 2014, the results of the Napier Brown Business were as follows:

	Unaudited 6 months ended 30 September 2014 £'000	*Audited Year ended 31 March 2014 £'000*	*Audited Year ended 31 March 2013 £'000*	*Audited 15-months ended 31 March 2012 £'000*
Revenue	83,108	172,089	167,754	189,406
Gross profit	5,042	14,126	18,186	19,450
(Loss)/profit after tax	(4,351)	(2,364)	2,607	2,284

As at 30 September 2014, the Napier Brown Business had unaudited gross assets of £46,763,000 and unaudited net assets of £30,192,000, including goodwill of £12,000,000.

The financial information above has been extracted without material adjustment from the consolidation schedules which support the unaudited interim results for the Group for the 6-month period ended 30 September 2014 and the audited financial statements of the Group for the year ended 31 March 2014, the year ended 31 March 2013 and the 15-month period ended 31 March 2012. Further financial information on Napier Brown is set out in Part 3 of this document and Shareholders are advised to read the whole of this document and not solely rely on the summary financial information above.

3. BACKGROUND AND REASONS FOR THE DISPOSAL

The Napier Brown Business has a long and successful history as a major supplier in the UK sugar market, both to industrial and to retail customers. However the decision by the EU Commission to end beet production quotas in the EU from 2017 will have fundamental implications for the industry. The Directors believe that in the post-quotas era, Napier Brown's interests would be best served by having a direct integration with a sugar producer. Napier Brown has an important role in providing imports to the UK market, but in order to operate effectively, it needs to ensure high quality, cost effective and reliable sources of sugar. Accordingly, the Company has concluded that the Disposal is in the best interests of the Company and Napier Brown.

4. PRINCIPAL TERMS OF THE SALE

Pursuant to the terms of the Sale Agreement, the Buyer has agreed to acquire the entire issued share capital of Napier Brown from the Company. The total consideration receivable by the Company will be an amount for the Sale Share (adjusted by reference to the Napier Brown NWC) and the repayment or discharge by the Buyer of the Intercompany Account. The Buyer will pay £34m plus net working capital at Completion on account of its liabilities in this respect. Further details of the Consideration are set out in Part 2.

The Disposal is conditional upon the passing of the Resolution by Shareholders at the EGM. The Sale Agreement will terminate if this condition is not satisfied.

The principal terms of the Sale Agreement are set out in more detail in Part 2 of this document.

5. INFORMATION ON THE BUYER

The Buyer is Tereos, the world's fifth-largest sugar group. Tereos is specialised in processing sugar beet, sugar cane and cereals. The Tereos Group also has leading positions in the markets for alcohol and starch derivatives. Tereos has 42 industrial sites and employs 24,000 people across four continents. In 2013-14, the Tereos Group recorded 4.7 billion euros in revenues. A cooperative group, Tereos unites 12,000 cooperative growers around a long-term vision: adding value to agricultural raw materials and contributing towards the supply of quality food.

The Company believes that the Buyer is an ideal fit to support the growth of the Napier Brown business. The Buyer has recently announced that it will increase its French sugar production by approximately 20 per cent. following the end of quotas from 2017 and is the largest sugar producer in France.

6. SHAREHOLDER APPROVAL

The Sale, should it complete, would be deemed to be a disposal resulting in a fundamental change of business pursuant to Rule 15 of the AIM Rules and therefore requires the prior approval of Shareholders. Consequently, the Resolution is being proposed at the EGM.

7. CURRENT TRADING OF THE GROUP

The Group released a trading update on 1 April 2015. In the trading update the Group made the following statement in relation to its current trading:

"The well-publicised reductions in EU sugar market prices are continuing to make trading difficult for both Napier Brown and Garrett Ingredients. Following a very poor first half, Napier Brown has returned to profit but, notwithstanding the improved trading in the second half, has unfortunately remained behind expectations for the year. The rest of the Group has performed strongly and ahead of management expectations, with Renshaw and Haydens in particular performing well. The Group has, in addition, incurred significant one-off transaction costs as well as legal costs in relation to the discussions with the UK and EU Competition Authorities.

Overall, as a result of the above, the Company expects reported earnings, prior to any adjustments for one-off costs or restructuring of the Group, to be significantly behind current market expectations for the year ending 31 March 2015."

8. EFFECT OF THE DISPOSAL ON THE CONTINUING GROUP AND USE OF PROCEEDS

The financial effects of the Sale are set out in the unaudited pro forma financial information on the Continuing Group at Part 4 of this document. The pro forma financial information has been prepared to illustrate the effect of the Sale on the consolidated net assets of the Continuing Group had the Sale occurred on 30 September 2014 and on the earnings of the Continuing Group had the Sale occurred on 1 April 2013.

The Company expects that the Sale will enable the Continuing Group to achieve the following:

- move the Continuing Group into a net cash position (net debt as at 30 September 2014 was £36.3m); and
- both create the resources for investment and enable these resources to be focused on its remaining added value businesses with particular emphasis on the attractive markets of cake decoration, food ingredients and premium bakery.

9. WORKING CAPITAL

The Directors are of the opinion that, taking into account the net proceeds of the Disposal, the Continuing Group has sufficient working capital for its present requirements that is for at least 12 months following the date of this document.

10. EGM

A formal notice convening the EGM is set out at the end of this document. The EGM will be held at 11.00 a.m. on 14 May 2015 at International House, 1 St. Katharine's Way, London E1W 1XB at which Shareholders will be asked to consider and, if thought fit, approve the Resolution. The Resolution will be proposed as an ordinary resolution and will give power to the Company to effect the Disposal under the terms of the Sale Agreement.

11. UNDERTAKINGS TO VOTE

The Company has received irrevocable undertakings to vote in favour of the Resolution from certain Shareholders who hold, in aggregate, 22,933,397 Shares, representing approximately 33.0 per cent. of the Company's current issued share capital. The Company has also received irrevocable undertakings to vote in favour of the Resolution from Directors who hold, or are interested in, an aggregate of 24,971,485 Shares, representing 35.9 per cent. of the Company's current issued share capital. Therefore the Company has received undertakings to vote in favour of the Resolution from Shareholders who hold or are interested in, in aggregate approximately 68.9 per cent of the Company's current issued share capital.

12. ACTION TO BE TAKEN

A reply-paid Form of Proxy for use in connection with the EGM is enclosed with this document. Whether or not you intend to be present at the EGM, you are requested to complete, sign and return the Form of Proxy in accordance with the instructions printed thereon to the Company's registrars, Capita Asset Services, as soon as possible and, in any event, not later than 11.00 a.m. on 12 May 2015. The completion and return of a Form of Proxy will not preclude you from attending the EGM and voting in person should you subsequently wish to do so.

13. CONSENTS

Shore Capital has given and has not withdrawn its written consent to the inclusion of the references to its name in the form and context in which it is included.

Crowe Clark Whitehill LLP has not withdrawn its written consent to the inclusion of the references to its name in the form and context in which it is included.

14. RECOMMENDATION

The Board of Directors consider that the Disposal is in the best interests of the Company and its Shareholders as a whole. Accordingly, the Board of Directors recommend that Shareholders vote in favour of the Resolution.

Yours faithfully

Pieter Totté
Chairman

Part 2

Principal terms of the Sale

1. NAPIER BROWN

On 17th March 2015 certain of the business and assets of Renshaw comprising its Napier Brown trading division were transferred to Napier Brown together with the Company's freehold property at Stallingborough which had been used by Renshaw in connection with the Napier Brown Business. The consideration payable by Napier Brown under the NB Transfer Agreement and the Stallingborough property transfer were left outstanding as interest-free unsecured intra-group loans repayable on demand.

Renshaw and Napier Brown gave mutual indemnities customary for an agreement of the nature of the NB Transfer Agreement.

The NB Transfer is part of a wider group reorganisation whereby various trading divisions of Renshaw are to be transferred to new wholly-owned subsidiaries of the Company.

2. TERMS OF THE SALE AGREEMENT

The Disposal will be effected by the sale of the entire issued share capital of Napier Brown by the Seller to the Buyer pursuant to the terms of the Sale Agreement.

The principal terms of the Sale Agreement are as follows.

A. ***Amounts Receivable***

The total amounts receivable by the Company under the Sale Agreement will be the Share Price and the repayment or discharge by the Buyer of the Intercompany Account. The Share Price will be an amount equal to the aggregate of (i) £34,000,000 plus (ii) the Napier Brown NWC less (iii) the Intercompany Account.

The amounts receivable will be satisfied by a cash payment on Completion by the Buyer to the Company which will be subject to adjustment following the agreement or determination of the Completion Balance Sheet and apportioned between the Share Price and the repayment or discharge of the Intercompany Account.

No later than 30 days after Completion the Company will prepare a completion balance sheet of Napier Brown as at Completion and deliver it to the auditors of the Company for review together with (inter alia) a statement of the Napier Brown NWC. After that review has been completed the Company will deliver the Completion Balance Sheet and related documents to the Buyer for review and agreement or determination.

B. ***Condition Precedent to Completion***

Completion is conditional on the passing of the Resolution by Shareholders.

C. ***Warranties and Indemnities***

The Company has given certain warranties and indemnities which are customary for an agreement of this nature.

D. ***Limitations of liability***

Generally the aggregate liability of the Company for breaches of the warranties and indemnities in the Sale Agreement will not exceed £10m and related tax covenant will not exceed the purchase price. Claims in respect of the warranties given in the Sale Agreement must be brought within 18 months after Completion.

E. ***Undertakings***

The Company has undertaken that the business of Napier Brown will continue to trade in the ordinary course of business until Completion. The Company has also given non-compete undertakings (on behalf of itself and the Group) regarding the business carried on by Napier Brown and non-solicitation undertakings regarding the employees of Napier Brown in each case for a period of 3 years from Completion. The Sale Agreement includes exceptions allowing the Group to continue to operate its retained businesses in the ordinary course. These undertakings are customary for a transaction of this nature.

F. ***Tax covenant***

Pursuant to the tax covenant (the "**Tax Covenant**") contained in the Sale Agreement, the Company has agreed to be responsible for certain pre-Completion tax liabilities of Napier Brown and to pay to the Buyer an amount equal to any such liabilities and reasonable out of pocket expenses. It is customary for purchasers on transactions of this nature to request that the sellers provide such a tax covenant. Claims under the Tax Covenant must be brought within 7 years of Completion.

G. ***Ancillary Agreements***

Under the Sale Agreement the Company is to enter into an agreement with Napier Brown whereby the Company will provide (or procure the provision of) certain transitional services to Napier Brown for a period following Completion.

In addition under the Sale Agreement the Company is to enter into an agreement with Napier Brown whereby the Company grants Napier Brown the right to supply the Group's annual sugar product requirements for a period of 5 years following Completion on certain terms and conditions.

H. ***Governing law***

The Sale Agreement is governed by English law.

Part 3

Financial information relating to the Napier Brown Business

1. Nature of financial information

The following unaudited financial information relating to the Napier Brown Business has been prepared under IFRS. The unaudited financial information has been extracted, without material adjustment, from the consolidation schedules used in preparing the audited consolidated financial statements of the Group for the 15-month period ended 31 March 2012, each of the years ended 31 March 2013 and 31 March 2014 and from the consolidation schedules used in preparing the unaudited consolidated interim financial information of the Group for the 6-month period ended 30 September 2014.

The extracted financial information relating to the Napier Brown Business has not been audited and has not been reported on by an accountant.

The unaudited financial information contained in this Part 3 does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006. The consolidated statutory accounts for the Group in respect of the financial periods ended 31 March 2012, 31 March 2013 and 31 March 2014 have been delivered to the Registrar of Companies. The auditors' reports in respect of the consolidated statutory accounts for the Group for each of these three financial periods were unqualified and did not contain statements under section 498(2) or (3) of the Companies Act 2006.

Shareholders should read the whole of this document and not rely solely on the summarised unaudited financial information contained in this Part 3.

2. Income statements for the Napier Brown Business

Set out below are the unaudited income statements for the Napier Brown Business for the 15-month period ended 31 March 2012, each of the years ended 31 March 2013 and 31 March 2014 and the 6-month period ended 30 September 2014:

	6 months ended 30 September 2014 £'000	*Year ended 31 March 2014 £'000*	*Year Ended 31 March 2013 £'000*	*15 months ended 31 March 2012 £'000*
External revenue	77,842	162,333	157,156	176,885
Intercompany revenue	5,266	9,756	10,598	12,521
Total revenue	83,108	172,089	167,754	189,406
Cost of sales	(78,066)	(157,963)	(149,568)	(169,956)
Gross profit	5,042	14,126	18,186	19,450
Distribution costs	(5,709)	(9,543)	(7,783)	(8,319)
Administration expenses	(3,765)	(6,607)	(6,050)	(7,428)
Operating (loss)/profit	(4,432)	(2,024)	4,353	3,703
Finance costs	(402)	(1,046)	(810)	(943)
(Loss)/profit before tax	(4,834)	(3,070)	3,543	2,760
Taxation	483	706	(936)	(476)
(Loss)/profit for the financial period attributable to owners of the parent	(4,351)	(2,364)	2,607	2,284

3. Statement of net assets for the Napier Brown Business

Set out below is the unaudited statement of the net assets of the Napier Brown Business as at 30 September 2014:

	As at 30 September 2014 £'000
Assets	
Goodwill	12,000
Other intangible assets	405
Property, plant and equipment	8,378
Deferred tax assets	273
Non-current assets	21,056
Inventory	7,060
Trade and other receivables	18,463
Other financial assets	181
Current assets	25,704
Total assets	46,760
Liabilities	
Trade and other payables	(15,909)
Other financial liabilities	(183)
Current liabilities	(16,092)
Trade and other payables	(200)
Deferred tax liabilities	(276)
Non-current liabilities	(476)
Total liabilities	(16,568)
Net assets	30,192

Part 4(A)

Unaudited pro forma financial information relating to the Continuing Group

Set out below is an unaudited pro forma statement of the net assets of the Continuing Group as at 30 September 2014, together with an unaudited pro forma statement of earnings of the Continuing Group for the 6-month period ended 30 September 2014 and the year ended 31 March 2014 (together the "Pro Forma Financial Information"). The Pro Forma Financial Information has been prepared on the basis set out in the notes below to illustrate the effect of the Sale on the consolidated net assets of the Continuing Group had the Sale occurred on 30 September 2014 and on the earnings of the Continuing Group had the Sale occurred on 1 April 2013. It has been prepared for illustrative purposes only. Because of its nature, the Pro Forma Financial Information addresses a hypothetical situation and, therefore, does not represent the Continuing Group's actual financial position or results. It is based on the consolidation schedules used in preparing the audited consolidated balance sheet and income statements of the Group and the unaudited financial information of the Napier Brown Business as at 30 September 2014, the 6-month period ended 30 September 2014 and the year ended 31 March 2014, which in the case of the Napier Brown Business is reproduced in Part 3 of this document.

Shareholders should read the whole of this document and not rely solely on the summarised financial information contained in this Part 4(A) of this document.

The report on the unaudited pro forma statements of net assets and earnings is set out in Part 4(B) of this document.

1. Unaudited pro forma statement of the net assets the Continuing Group

	Group net assets as at 30 September 2014	*Less assets of Napier Brown*	*Disposal adjustments*	*Pro forma net assets of the Continuing Group*
	(Note 1)	*(Note 2)*	*(Note 3)*	*(Note 5)*
	£'000	*£'000*	*£'000*	*£'000*
Assets				
Goodwill	75,796	(12,000)	–	63,796
Intangibles	931	(405)	–	526
Property, plant and equipment	21,726	(8,378)	–	13,348
Deferred tax assets	2,064	(273)	(358)	1,433
Non-current assets	100,517	(21,056)	(358)	79,103
Inventory	17,629	(7,060)	–	10,569
Trade and other receivables	35,510	(18,463)	–	17,047
Current tax assets	412	–	–	412
Other financial assets	181	(181)	–	–
Cash and cash equivalents	4,433	–	23,713	28,146
Current assets	58,165	(25,704)	23,713	56,174
Total assets	158,682	(46,760)	23,355	135,277
Liabilities				
Borrowings	(33,295)	–	16,471	(16,824)
Trade and other payables	(28,781)	15,909	–	(12,872)
Other financial liabilities	(181)	183	–	2
Current liabilities	(62,257)	16,092	16,471	(29,694)
Borrowings	(7,455)	–	2,430	(5,025)
Trade and other payables	(183)	200	–	17
Deferred tax liabilities	(2,720)	276	273	(2,171)
Retirement benefit obligations	(4,659)	–	–	(4,659)
Non-current liabilities	(15,017)	476	2,703	(11,838)
Total liabilities	(77,274)	16,568	19,174	(41,532)
Net assets	81,408	(30,192)	42,529	93,745

2. Unaudited pro forma statement of earnings for the Continuing Group for the 6-month period ended 30 September 2014

	Group earnings (Note 1) £'000	*Less Napier Brown earnings (Note 2) £'000*	*Intercompany adjustments (Note 4) £'000*	*Pro forma earnings for the Continuing Group (Note 5) £'000*
External revenue	128,666	(77,842)	–	50,824
Intercompany revenue	–	(5,266)	5,266	–
Total revenue	128,666	(83,108)	5,266	50,824
Cost of sales	(114,545)	78,066	(5,266)	(41,745)
Gross profit	14,121	(5,042)	–	9,079
Distribution costs	(8,066)	5,709	–	(2,357)
Administration expenses	(10,394)	3,765	–	(6,629)
Operating (loss)/profit	(4,339)	4,432	–	93
Finance costs	(723)	402	–	(321)
Other finance costs	(155)	–	–	(155)
Loss before tax	(5,217)	4,834	–	(383)
Taxation	506	(483)	–	23
Loss for the financial period attributable to owners of the parent	(4,711)	4,351	–	(360)

3. Unaudited pro forma statement of earnings for the Continuing Group for the year ended 31 March 2014

	Group earnings (Note 1) GBP'000	*Less Napier Brown earnings (Note 2) GBP'000*	*Intercompany adjustments (Note 4) GBP'000*	*Pro forma earnings for the Continuing Group (Note 5) GBP'000*
External revenue	272,576	(162,333)	–	110,243
Intercompany revenue	–	(9,756)	9,756	–
Total revenue	272,576	(172,089)	9,756	110,243
Cost of sales	(239,187)	157,963	(9,756)	(90,980)
Gross profit	33,389	(14,126)	–	19,263
Distribution costs	(13,828)	9,543	–	(4,285)
Administration expenses	(18,892)	6,607	–	(12,285)
Operating profit	669	2,024	–	2,693
Finance costs	(1,602)	1,046	–	(556)
Other finance costs	(59)	–	–	(59)
(Loss)/profit before tax	(992)	3,070	–	2,078
Taxation	758	(706)	–	52
(Loss)/profit for the financial year attributable to owners of the parent	(234)	2,364	–	2,130

Notes:

1) The financial information relating to the Group has been extracted, without material adjustment, from the audited financial statements of the Group as at 31 March 2014 and the unaudited interim results for the 6-month period ended 30 September 2014.

2) The unaudited financial information relating to the Napier Brown Business has been extracted, without material adjustment, from the unaudited financial information of the Napier Brown Business as set out in Part 3 of this document. To the extent that the adjustments to the Group earnings relate to the Sale, these adjustments will have a continuing impact on the consolidated profit and loss of the Continuing Group.

3) The Company has agreed to sell Napier Brown for a consideration £34,000,000 on a cash and debt free basis, plus a payment equal to the net working capital at completion. The Disposal adjustments comprise of the following:
   - receipt of cash proceeds of £34,000,000;
   - receipt of the net working capital proceeds of £9,614,000, being the net book value of inventories, trade and other receivables, and trade and other payables, as at 30 September 2014;
   - payment of transaction expenses relating to the Disposal of £1,000,000; and
   - repayment of the Napier Brown related borrowings, being £18,901,000 as at 30 September 2014.

4) The intercompany adjustments reflect the following:
   - the removal of revenues made from sugar sales by the Napier Brown Business to the Continuing Group;
   - the increase in cost of sales to reflect equivalent sugar purchases from 3rd party suppliers; and
   - the removal of deferred tax assets and liabilities arising on the consolidation of Napier Brown.

5) The unaudited pro forma statements of net assets and earnings do not reflect any changes in the trading positions of either the Continuing Group or the Napier Brown Business or any other changes arising from other transactions, other than those outlined in the above notes, since 30 September 2014.

6) The borrowings removed as adjustments in Note 3 were the unaudited interim balances as at 30 September 2014.

Part 4(B)

Report on the unaudited pro forma financial information relating to the Continuing Group

Crowe Clark Whitehill

The Directors
Real Good Food plc
International House 1
St. Katharine's Way
London E1W 1XB

The Directors
Shore Capital and Corporate Limited
Bond Street House
14 Clifford Street
London W1S 4JU

29 April 2015

Dear Sirs,

Introduction

We report on the unaudited pro-forma financial information relating to Real Good Food plc (the "Company") and its subsidiaries other than Napier Brown (the "Continuing Group") as at 30 September 2014 and the results for each of the 6-month period ended 30 September 2014 and the year ended 31 March 2014 (together the "Pro-Forma Financial Information") set out in Part 4(A) "*Pro Forma Financial Information Relating to Napier Brown*" of the Company's shareholders' circular (the "Shareholders' Circular") dated 29 April 2015, which has been prepared on the basis described, for illustrative purposes only, to provide information about how the disposal of Napier Brown might have affected the net assets and earnings presented on the basis of the accounting policies adopted by the Company in preparing the unaudited interim financial information for the 6-month period ended 30 September 2014 and the audited financial information for the year ended 31 March 2014.

Responsibilities

It is the responsibility of the directors of the Company (the "Directors") to prepare the Pro-Forma Financial Information in accordance.

It is our responsibility to form an opinion as to the proper compilation of the Pro-Forma Financial Information and to report that opinion to you.

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

Basis of opinion

We conducted our work in accordance with Standards of Investment Reporting 4000 as issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro-Forma Financial Information with the Directors.

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

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

Opinion

In our opinion:

- the Pro-Forma Financial Information has been properly complied on the basis stated; and
- that such basis is consistent with the accounting policies of the Company.

Declaration

We are responsible for this report as part of the Shareholders' Circular and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Shareholders' Circular.

Yours faithfully,

Crowe Clark Whitehill LLP

Chartered Accountant