

## **Cencosud to Acquire Majority Stake in The Fresh Market Holdings from Apollo Funds**

- The Fresh Market is a premium specialty grocer offering a variety of high-quality fresh products and a curated in-store meal offering.
- Overall total enterprise valuation of US \$1.568 billion, equivalent to an 8.0x 2021 Adjusted EBITDA Multiple.
- Cencosud will invest cash of US \$676 million for a 67% ownership stake.

**GREENSBORO, May 11, 2022** – The Fresh Market Holdings, Inc. (‘The Fresh Market’ or the “Company”), a premium specialty retailer competing in the food retail industry in the US, today announced that leading South American retailer Cencosud (BCS: CENCOSUD) has entered a definitive agreement with funds managed by Apollo (NYSE: APO) to acquire a 67% stake in The Fresh Market. Existing Company shareholders, including the Apollo Funds, the Berry family, and Company management, will retain a minority equity interest in The Fresh Market.

The Fresh Market is a supermarket chain founded in 1982, with headquarters in Greensboro, North Carolina. The Company has 160 stores (100% leased) across 22 states, with an average store size of approximately 21,000 square feet. (equivalent to 1,950 sqm).

The Fresh Market has always been committed to its original values of providing guests with inspiring, fresh food to make everyday eating extraordinary. The Company is a destination for those looking to discover the best and most unique products including convenient, restaurant-quality meals, hand-picked produce, premium baked goods, fresh-cut flowers, custom-cut meats and carefully curated offerings for holidays and special occasions.

### **Awards and Recognition:**

- The Fresh Market has been recognized in USA Today’s 10 Best Readers’ Choice polls in 2021 and 2022 as the #1 best supermarket in the United States.
- Newsweek and Statista have rated The Fresh Market as the #5 for best guest services in grocery in America in 2020.
- Winsight Grocery Business has ranked The Fresh Market as one of the top ten innovators in the food retail sector.
- Newsweek has also ranked The Fresh Market as a top five most trusted grocery retailer in gourmet foods and natural organic foods.

With this transaction, Cencosud expands its geographic diversification with approximately 12% of pro forma revenues coming from the United States, a traditionally defensive market with a stable currency. This partnership also provides Cencosud with access to the US markets where there is a much greater depth of capital markets alternatives. In addition, Cencosud will be able to leverage best practices across its Latin American businesses to The Fresh Market, and accordingly incorporate best practices from The Fresh Market to its existing portfolio, helping to drive increased performance and efficiencies. The Fresh Market’s Board of Directors (which Cencosud will have majority representation on) and its existing management team have vast experience in the American retail industry, and management will continue to operate the business and the existing shareholders will retain an equity stake in the Company, thereby contributing to the continued success of The Fresh Market and its strong corporate governance.

The Fresh Market reported revenue of US \$1,933 million in 2021 with an adjusted EBITDA of US \$196 million and EBITDA margin of 10.2%. Sales consisted of ~70% perishables (vs. 35% in traditional supermarkets), with the fresh-focused offering helping to drive strong EBITDA margin performance and ~15% prepared foods, which is a key driver of growth and profitability.

**Transaction Agreement:**

Cencosud has agreed to invest US \$676 million to purchase a combination of primary and secondary equity in The Fresh Market. As a result of the transaction, Cencosud will acquire a 67% stake in The Fresh Market, with the current shareholders owning the remaining 33%. The primary cash component of US \$265 million will strengthen the balance sheet of The Fresh Market, reducing the Company's net leverage to 2.7x EBITDA.

Cencosud will finance the investment primarily through cash on its balance sheet. Post-closing, Cencosud's gross leverage will be approximately 3.1x and The Fresh Market's debt will be refinanced to improve its capital structure from an extended maturity and interest rate perspective.

Heike Paulmann, Chairwoman of the Cencosud board said, "Great step for Cencosud to enter the United States, in accordance with our diversification strategy. I am very sure that it will be a tremendous experience and very profitable for both companies. Let's go The Fresh Market! Come on Cencosud!"

Matias Videla, Chief Executive Officer of Cencosud mentioned, "The Fresh Market is one of the best supermarkets in the USA. Widely recognized by market specialists and customers alike for its customer-centric culture, excellence in fresh produce and memorable shopping experience in its stores. This unique value proposition is a result of the successful strategy executed and the commitment of a team of highly experienced executives led by Jason and Andy. We are very pleased to make our first investment in the American market through a partnership of the prestige of Apollo Global Management with extensive experience in the retail market. Our team is very excited to start working together to accelerate the growth and value of the company"

Apollo Partner Andrew Jhavar, commented, "The Fresh Market has experienced best-in-class sales growth over the last two years, and we are very excited to enter its next phase alongside Cencosud, one of the best retailers in South America. Looking ahead, the Company has a tremendous new store growth opportunity that Cencosud's investment can accelerate, and we look forward to working closely with Heike, Matias and the Cencosud team in helping to drive continued value creation at The Fresh Market."

Jason Potter, Chief Executive Officer of The Fresh Market, added, "Cencosud has demonstrated that it is a world-class retailer with exceptional margins, and we look forward to sharing best practices across our businesses. The Fresh Market has experienced strong financial momentum over the last few years and this partnership with Cencosud will allow the company to further capture market share as we expand our footprint in our core Southeast market and beyond. Our entire team looks forward to the partnership with the Paulmann Family, Matias and the team at Cencosud."

**About THE FRESH MARKET**

Voted as the "Best Supermarket in America" by USA Today's 10 Best Readers' Choice Awards 2022 and 2021, "America's Best Customer Service 2021" by Newsweek and Statista and a top 5 most trusted grocery retail brand for specialty and natural/organic foods in the 2022 BrandSpark Most Trusted Awards, The Fresh Market helps guests discover the best with time-saving meal solutions, unique ingredients, and delicious food for any occasion. From fresh produce and exceptional meat and seafood to signature baked goods and thousands of organic options, the specialty grocer has something to please every palate. The Fresh Market currently operates 160 stores in 22 states across the U.S., inspiring guests to discover new flavors and cook with confidence. For more information, please visit [www.thefreshmarket.com](http://www.thefreshmarket.com) or follow the company on [Facebook](#), [Twitter](#), [Instagram](#) and [Pinterest](#).

**About Cencosud:**

Cencosud is one of the largest and most prestigious multi-brand retail conglomerates in Latin America, with operations in Argentina, Brazil, Chile, Peru and Colombia. The group operates a diversified portfolio of retail segments including 915 supermarkets, 108 home improvement and construction stores, 49 department stores, and 67 shopping

centers and malls. Cencosud was founded in 1976 with the first Jumbo supermarket in Chile and now employs more than 115,000 collaborators. Since 2004, the group has been actively trading on the Santiago Stock Exchange (SNSE:CENCOSUD).

**About Apollo:**

Apollo is a high-growth, global alternative asset manager. In our asset management business, we seek to provide our clients excess return at every point along the risk-reward spectrum from investment grade to private equity with a focus on three investing strategies: yield, hybrid, and equity. For more than three decades, our investing expertise across our fully integrated platform has served the financial return needs of our clients and provided businesses with innovative capital solutions for growth. Through Athene, our retirement services business, we specialize in helping clients achieve financial security by providing a suite of retirement savings products and acting as a solutions provider to institutions. Our patient, creative, and knowledgeable approach to investing aligns our clients, businesses we invest in, our employees, and the communities we impact, to expand opportunity and achieve positive outcomes. As of March 31, 2022, Apollo had approximately \$513 billion of assets under management. To learn more, please visit [www.apollo.com](http://www.apollo.com).

**Advisors:**

J.P. Morgan is acting as exclusive financial advisor to Cencosud and Milbank LLP is serving as legal advisor. Credit Suisse is serving as exclusive financial advisor to The Fresh Market and Simpson Thacher & Bartlett LLP is serving as legal advisor.

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