

GRUPO NUTRESA

Step-by-step of GEA, Gilinski, and Arab investors transaction

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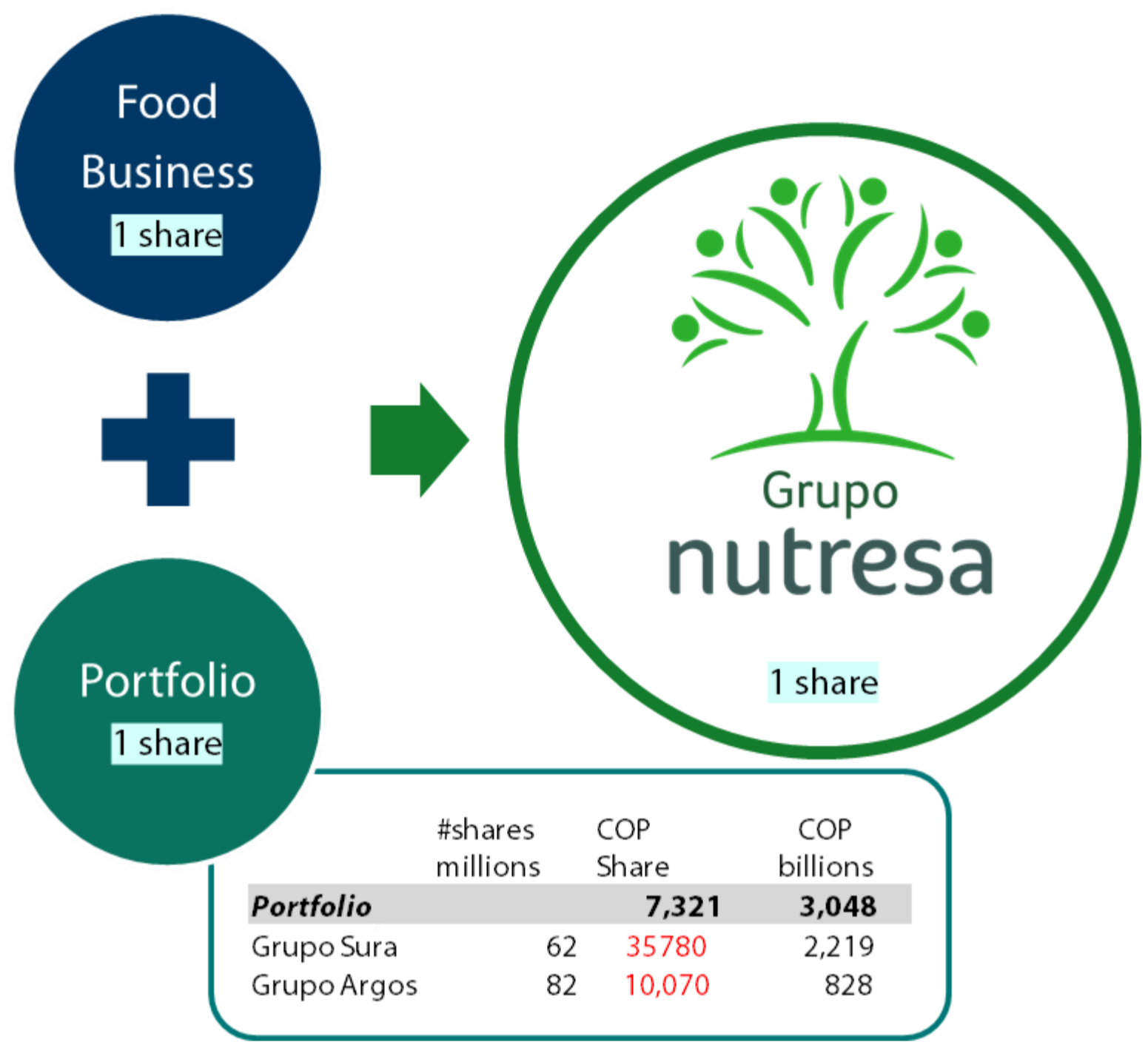
Grupo Nutresa, Grupo Sura, and Grupo Argos announced the details of the Memorandum of Understanding with Gilinski and the Arab investors, for them to acquire a stake of no less than 87% of Nutresa's shares. Let's go through the transaction step by step and read our recommendation for minority shareholders.

Grupo Nutresa, Grupo Sura, and Grupo Argos have announced that they signed the framework agreement and a transaction contract for judicial and administrative processes in line with the Memorandum of Understanding. The purpose of the framework agreement is as follows:

(i) IHC, JGDB, and Nugil will hold a stake of no less than 87% in Grupo Nutresa S.A. once a spin off is performed and its investments in Sura and Argos have been excluded. (ii) "Nutresa food business" will no longer be a shareholder of Sura and Argos. (iii) IHC, JGDB, and Nugil will no longer be shareholders of Sura. (iv) Sura and Argos will no longer be shareholders of "Nutresa food business" Source: SFC

Transaction Step-by-step

STEP 1: Symmetrical spin-off of Grupo Nutresa



The symmetrical split of the company, which will result in two listed companies on the Colombian Stock Exchange, will be subject to approval by the shareholders' assembly of Grupo Nutresa.

- > "Nutresa food business": This company will continue to be the owner of the operational business.
- > "Nutresa Portfolio": This new company will be the owner of the investments that Grupo Nutresa currently holds in Grupo Argos and Grupo Sura (portfolio).

For each share of Grupo Nutresa, once this split is completed, each shareholder will retain one share of the food company and receive one share of the new portfolio company.

STEP 2: Tender Offer for up to 23.1% of Grupo Nutresa (food business)

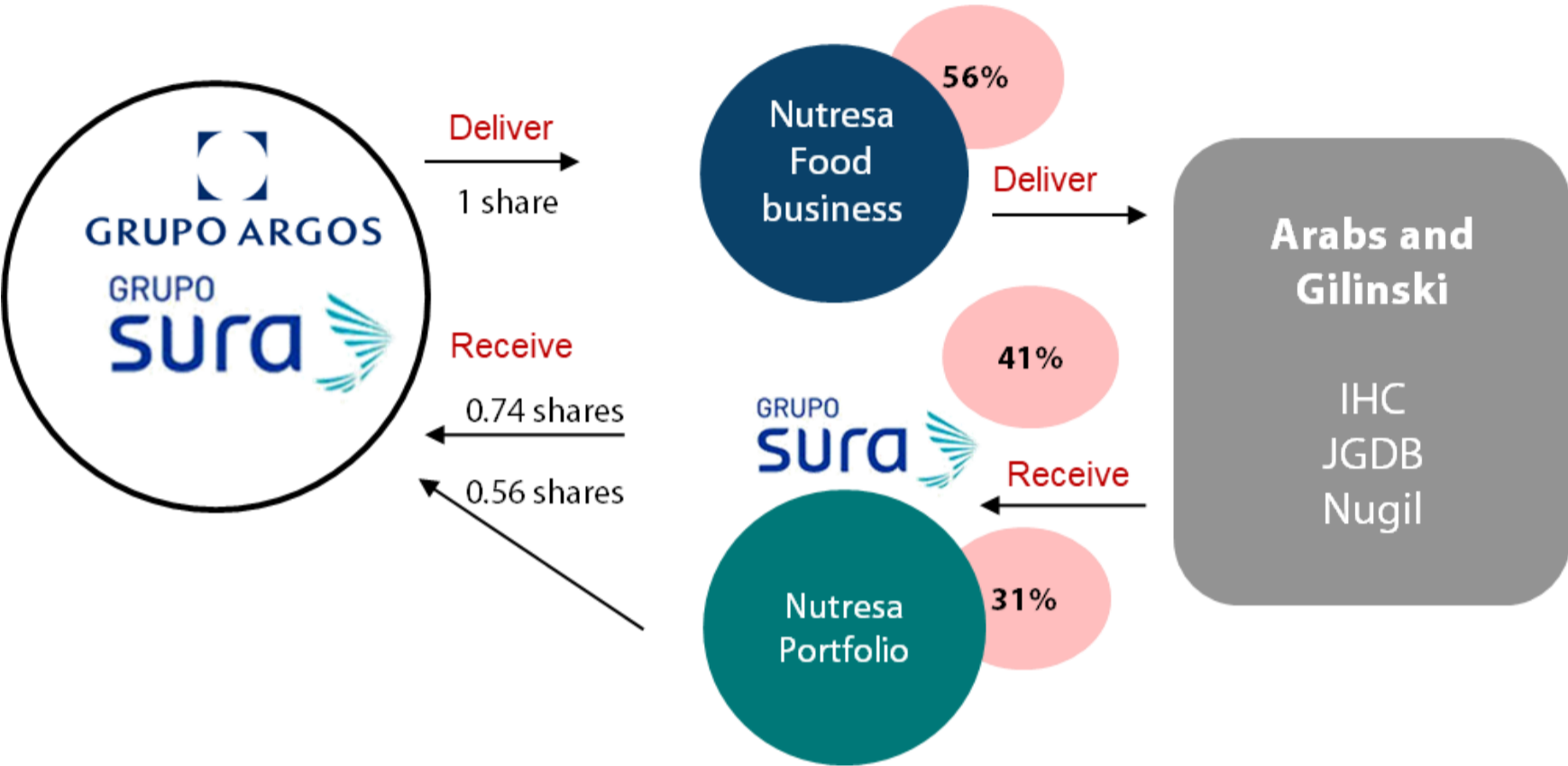
After the spin off, Grupo Argos and Grupo Sura will make a Tender Offer for a stake of up to 23.1% (USD 1.27 billion) of Grupo Nutresa (food business). All shareholders of Grupo Nutresa (food business) will have three options:

1. Cash sale at USD 12 per share (COP 49,980 per share at the exchange rate of COP 4,165).
2. Exchange their Grupo Nutresa (food business) shares for shares of Grupo Sura and the new portfolio company. For each share of Grupo Nutresa (food business), the shareholder will receive 0.74 shares of Grupo Sura and 0.56 shares of the new portfolio company.
3. Remain as shareholders in Grupo Nutresa (food business).

Grupo Argos will participate with 22% of the tender offer, and Grupo Sura with the remaining 78%. Any additional participation beyond the 10.1% included in the Memorandum of Understanding in this offer will be reimbursed in cash to Grupo Argos and Grupo Sura by IHC Capital Holding, Nugil, or JGDB at a price of USD 12 per share.

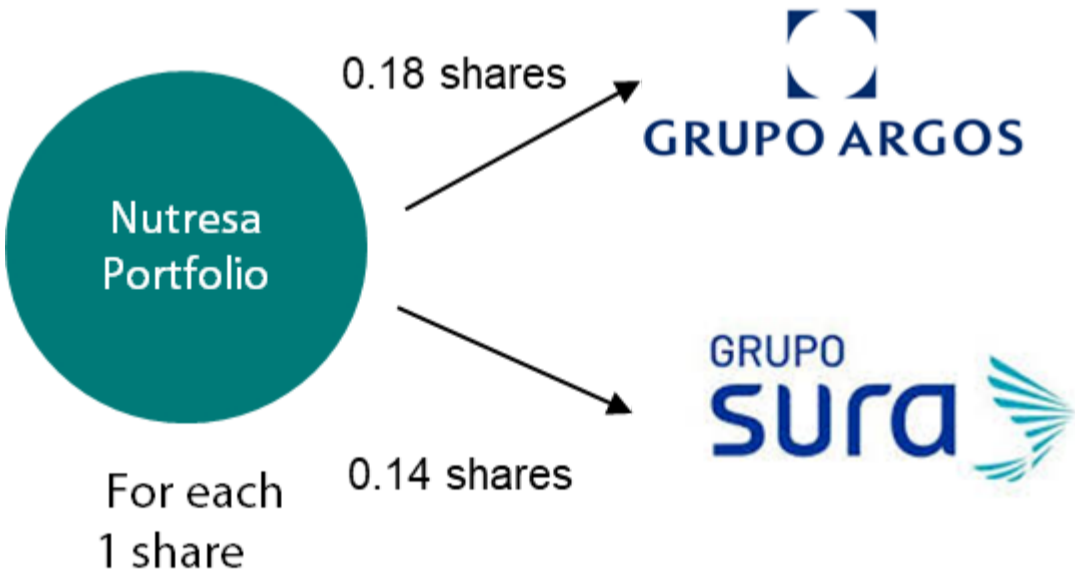
STEP 3: Share Exchange

The transaction involves the exchange of 254 million shares of Grupo Nutresa (food business) (56% of the total) for 189 million shares of Grupo Sura (41% of the ordinary shares) and 144 million shares of the new portfolio company (31% of the total). This would allow Gilinski and the Arab investors (JGDB, Nugil, and IHC Capital Holding) to reach the 87% ownership in Grupo Nutresa (food business) as established in the Memorandum of Understanding.



Once the share exchange is completed, Gilinski and the Arab investors (JGDB, Nugil, and IHC Capital Holding) will no longer be shareholders of Grupo Sura. Likewise, Grupo Nutresa (food business) will not hold any shares in Grupo Argos or Grupo Sura, and these two companies will also not have any ownership stake in Grupo Nutresa (food business).

STEP 4: Liquidation of the Nutresa portfolio

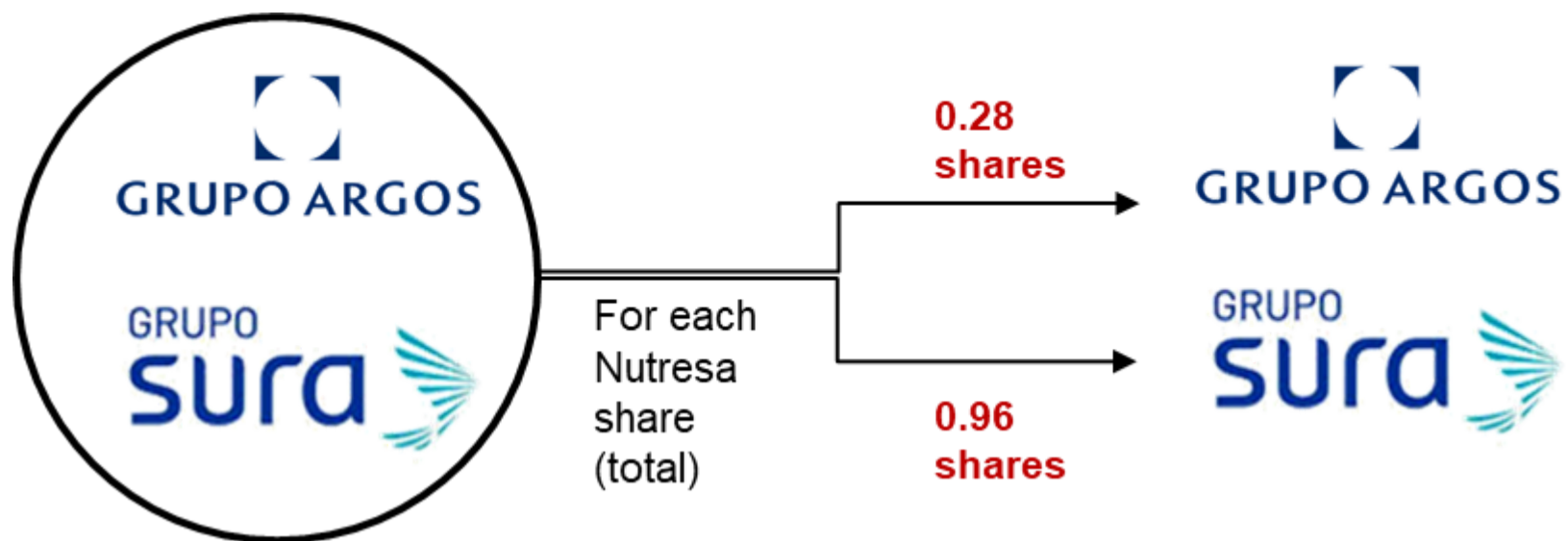


It will be subject to the decision of the shareholders of the ne portfolio-holding company whether to proceed with its liquidation, which will result in each shareholder receiving shares of Grupo Argos and Grupo Sura. For each share (1) of this company, each shareholder will receive 0.14 shares of Grupo Sura and 0.18 shares of Grupo Argos.

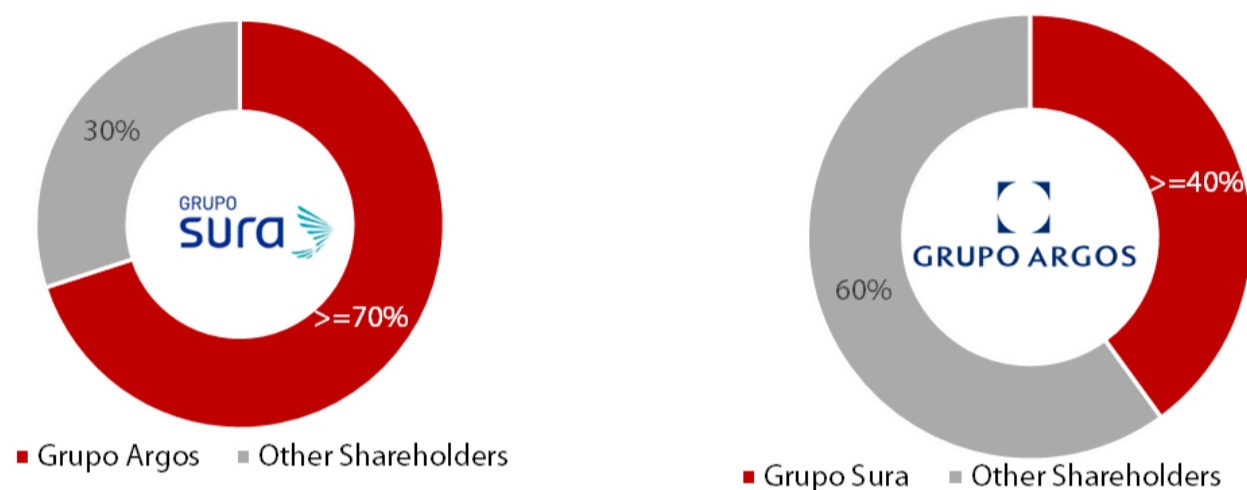
What are the effects on the GEA and its shareholders?

Grupo Sura and Grupo Argos:

Ultimately, for each share they hold in the pre-split Grupo Nutresa (including both the Food business and the portfolio), Grupo Sura and Grupo Argos will receive 0.96 shares of Grupo Sura and 0.28 shares of Grupo Argos.



Given that after the operation Grupo Argos and Grupo Sura would absorb all the shares they receive from themselves, the new composition of ordinary shares would be as follows:

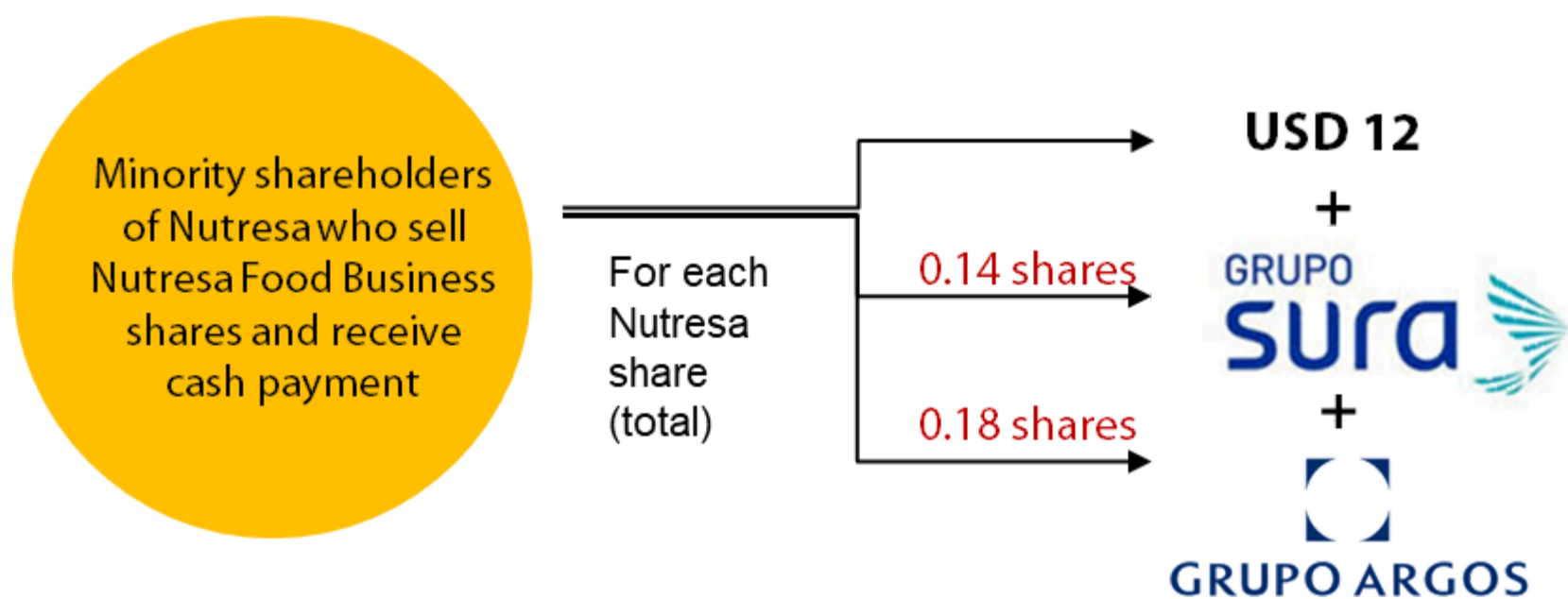


In that sense, Grupo Argos would go from approximately 36% of the ordinary shares of Grupo Sura to at least 70%, a figure that could increase up to 78% depending on the outcome of the Tender Offer. Meanwhile, Grupo Sura would go from approximately 36% of Grupo Argos to a minimum of 40% depending on the result of the Tender Offer.

It is worth mentioning, that as a result of the transaction, the number of ordinary shares of Grupo Sura would decrease by a minimum of 33%, and the number of shares of Grupo Argos would decrease by 2%. This means that all shareholders of the companies would increase their ownership in them.

Minority shareholders of Nutresa

On their part, Nutresa shareholders who decide to participate in the Tender Offer will ultimately receive, for each share, USD 12 plus 0.14 shares of Grupo Sura and 0.18 shares of Grupo Argos for each Nutresa share they hold.



What's our take?

First of all, it's worth noting:

1. Both Grupo Argos and Grupo Sura will continue to seek strategic partners to focus their investments on their core businesses, so additional transactions may materialize in the medium term.
2. Government authorizations are still pending for the implementation of the operations, including, but not limited to, those that must be granted by the Superintendencia Financiera de Colombia or any other authority.
3. The transaction will have a significant tax impact on Grupo Argos and Grupo Sura, which will depend on the outcome of the Tender Offer.
4. The transaction details do not disclose the reference prices of Grupo Sura and Grupo Argos shares that the companies used to determine the exchange terms, which limits a proper evaluation of Grupo Sura and Grupo Argos of the impact on fair value for the shareholder.

Recommendations for minority shareholders

Shareholders of Grupo Nutresa

The best option is to sell at market price, as long as the investor can find a minimum price of COP 55,000 per share; that is, as long as the Nutresa share continues to recognize a control premium in Grupo Sura shares. If not, the recommendation is to sell in the Tender Offer.

Based on the friday's closing prices of Grupo Sura and Grupo Argos shares, the market value of Nutresa should be equivalent to COP 56,627.

Food Business USD12 / TRM = 4,164	Shares	COP/Shares	COP bn
Food Business	457,755,869	49,968	22,873
Portfolio	457,755,869	6,659	3,048
Grupo Sura	62,032,220	35,780	2,219
Grupo Argos	82,300,360	10,070	828
TOTAL NUTRESA		56,627	25,921

Shareholders of Grupo Sura Common Shares

Sell at market price as long as the common share continues to reflect the control premium. Considering that the transaction does not allow for the realization of the control premium being incorporated, the market value of the share may continue to adjust to pre-transaction levels. It is worth noting that before the start of the Tender Offers, Grupo Sura Common Shares were traded at around COP 22,000 per share.

Shareholders of Grupo Sura Preferred Shares and Grupo Argos Preferred Shares

Hold the shares as the assets are undervalued, and in the event of divestment or a scenario of conversion from preferred to common shares, they would be highly benefited.

Shareholders of Grupo Argos Common Shares

Hold the shares, taking into account that unlike Grupo Sura and Nutresa, the share price does not incorporate any control premium from the holding company or its parts (Grupo Sura and Nutresa). On the contrary, in the medium term, if the divestment in Grupo Sura were to materialize, they could be the most benefited shares.

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