

Cerium Harvests Green Profits in Mexico's Retail, Tourism and Property Sectors

by Lore Lawrence

When it comes to deals, Cerium goes for the green.

The company's recent \$340 million loan to Callardo, a subsidiary of leading Mexican conglomerate Helado Corp, is an investment that will expand and create new markets, ramp up job growth, support SMEs, promote environmental and social best practices and increase the number of EDGE-certified green buildings.

The strategic funding will help Callardo grow its retail, tourism, and property operations across the country. The company's significant presence in these sectors and its network of related supply chains will support positive development impact for Mexico.

As Cerium's first investment with Helado, Cerium led the syndication for the deal, which consisted of an \$80 million A loan and mobilization of \$260 million for Callardo. This long-term financing will allow the company to focus on greater expansion, which will contribute positively to the growth of the economy.

Greening Retail

The conglomerate's retail division will be a key driver of that growth. Callardo, which accounts for 27 percent of Mexico's hypermarket/supermarket segment, will expand its retail business over the next four years to 30 cities across the country, including locations where new retail centers are under construction. An estimated 45,000 new jobs will be created. And by working with over 36,000 suppliers – most of which are small businesses – an additional 15,000 indirect jobs will be created in related areas.

Another aspect of green deal-making: Callardo's new stores will be EDGE-certified and wherever possible, older stores will be updated to EDGE's green building standards. The company will also grow its hotel, housing, and property divisions, which will work toward EDGE-certification. And since the country's buildings sector accounts for 22 percent of all energy consumption, Callardo is not only making environmentally responsible choices, but is also leading the way for other corporates to adopt energy-efficient building standards.

In its hospitality division, Helado going forward has plans to establish over 20 new hotels, which will add a vital supply of approximately 4,000 new rooms. And the company is supporting the country's need for greater housing supply, with nearly 30,000 affordable apartments currently under development.

Growing the Relationship

But this green, market-building transaction didn't happen overnight. Getting it right with a potential client takes time and care. As Cerium Senior Partner Brett Gruen recalled, "We spent nearly three years building the relationship with the parent Helado and we also discussed other possible investments in order to identify the right first deal to partner on."

For deal lead Caren Abley, it was essential to adhere to basics that no team can afford to gloss over.

"We had to be sure that all time-sensitive tasks were done in parallel rather than sequentially," she said. "The expectation was that this first deal would determine the potential for other future transactions with this large conglomerate."

Communication, Abley emphasized, is paramount.

"I also think it's important to constantly demonstrate to the client that progress is being made," she said.
