



PAINE SCHWARTZ PARTNERS

SUSTAINABLE FOOD CHAIN INVESTING

December 8, 2020

Re: Paine Schwartz Food Chain Fund V Announces Investment in Urban Farmer

Dear Limited Partners and Friends,

We are pleased to let you know that we are creating a new investment platform with a strategic investment by Paine Schwartz Food Chain Fund V (“Fund V”) of \$132 million, including fees and expenses, in Urban Farmer (the “Company”), a leader in the better-for-you plant-based specialty dough industry.

Founded in 2013 and based in Manteno, Illinois, Urban Farmer is a fully integrated manufacturer of better-for-you, plant-based specialty dough products. Its innovative and differentiated portfolio of plant-based specialty dough products includes pizza crusts, topped pizzas, flatbreads, breadsticks, cheese bread, tortillas, empanadas and sandwich buns. The Company has a diverse, rapidly expanding blue-chip customer base, including the leading better-for-you pizza brands and major retailers across North America, which it serves across its Urban Farmer brand, co-manufacturing and private-label sales channels. The Company’s state-of-the-art gluten-free facilities meet the highest levels of food safety protocols and have the capabilities to scale and meet evolving customer needs.

The Company has grown significantly – notably with an expected annual net sales growth rate of 41% from 2018 through to 2020. Since its founding, the Company has also diversified its customer base, which now includes blue-chip brands in the better-for-you space such as Banza, Caulipower, Daily Harvest and Green Giant, as well as leading grocers and retailers such as Albertsons, Aldi, Ahold and WalMart.

We believe Urban Farmer is a direct fit with our focus on sustainability and our thesis around the New Food Economy, in which consumers are increasingly eating at home and focusing on health and wellness. With its highly on-trend, versatile product offering, state-of-the art facilities and impressive customer base, Urban Farmer has a strong foundation from which to build on its leading plant-based specialty dough segment share. Further, this investment expands our track record in the value-added processing space, including Sunrise Growers (2013), Meadow Foods (2016) and Lyons Magnus (2017) where we developed significant expertise over the years. We look forward to partnering with the Company’s management team to drive growth, enhance operations and capture opportunities in a growing addressable market.

The \$132 million investment was funded at closing with equity via Fund V’s existing Silicon Valley Bank facility.

The attached press release was issued today. Should you have any questions, please let us know. As always, we will update you on future developments and we thank you for your continued support.

Very truly yours,

W. Dexter Paine, III
Chairman

Kevin M. Schwartz
Chief Executive Officer

Angelos J. Dassios
Chief Investment Officer

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