



**OVERVIEW OF
THE VENTURE
CAPITAL
INDUSTRY
IN MEXICO**
2016

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AMEXCAP is a non-profit association with the mission to foster the development of the private equity industry in Mexico. The Association was created in 2003 and currently represents 100 Private Equity, Venture Capital, Real Estate and Infrastructure & Energy, funds that actively invest in Mexico and over 50 advisory service companies involved in the areas of corporate law, tax advisory, financial services, and consulting.

AMEXCAP's members have raised a cumulative USD \$32.2 billion over the past sixteen years and have invested in a broad range of sectors such as real estate, media and telecom, wholesale and retail trade, financial services, healthcare, transportation, business services, infrastructure & energy, and manufacturing between others.

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Rodrigo Fonseca, President PE Committee - EMX Capital

Sandor Valner - Walton Street Capital

A LETTER FROM AMEXCAP'S RESEARCH DEPARTMENT

Dear Reader,

This is the third year AMEXCAP presents this overview of the Mexico's Venture Capital Industry, with the intent to show the evolution of the industry since its inception.

The private equity industry in Mexico has come a long way. It started 15 years ago with only 4 funds and USD \$400 million, but today, it reaches USD \$42.1 billion of assets committed for private equity investments and over 170 active funds investing across sectors.

AMEXCAP had registered 1,600 Private Equity transactions during this period. From the total transactions, 38% belonged to the Venture Capital sector, 20% were Growth and LBO deals; 34% were related to Real Estate; 5% to Infrastructure and 3% to Debt.

Particularly the Venture Capital industry has been growing remarkably for the last years.

This is the fourth year in a row with more than 90 VC transactions registered per year with important follow-ons worth mentioning. On the fintech sector, Kubo Financiero, Kueski, Konfio, and Clip start ups raised their rounds A and B, accounting for a total of USD\$ 62 million. Other important follow-on transactions allocated in the consumer goods sector, with Gaia raising USD \$2.5 million; and in e-commerce, with Linio raising USD\$ 55 million. Among other important transactions, Nubity, Cornershop and Carrot performed relevant follow-ons too.

On the fundraising scenario, we have now more participation of Mexican pension funds on the industry with two CKDs raised this year for this purpose: IGNIA and Dalus Capital; as well as coinvestments of Silicon Valley funds that are now attracted to our great talent. So in this sense, we should expect Mexico's Venture Capital industry continue to flourish attracting new funds and investors to these great opportunities.

We would like to thank the contributions made to this report by our Venture Capital Committee President Ricardo Elizondo, Managing Partner of Ideas y Capital, and Andres Cardenas Ortiz Monasterio, founder of Cárdenas Ortiz Monasterio Abogados.

Finally, we hope you enjoy this publication, as long as we tried to provide a fresh perspective on a richly diverse economy. As venture capital remains an opaque asset class, we encourage readers to review our data methodology.

Sincerely

María Ariza, CEO
Diego Armenta, Research Associate

AMEXCAP METHODOLOGY

This report provides an overview of trends in fundraising and investment among venture capital (VC) funds investing in Mexico. The statistics presented here are drawn from AMEXCAP'S funds and transactions database. The main data sources used were: press-releases, trade publications, AMEXCAP communication with industry participants and members. This overview covers from January 2000 thru November 2016.

Reported fundraising totals reflect only official closes (interim and/or final) reported by public sources and by the firms. Capital commitments accruing prior to, or between, official closes are not included. Investment totals included in the report reflect total equity amounts for transactions in which financial details have been reported. For both fundraising and investment data, amounts have been confirmed wherever possible through information provided by the fund managers themselves. Any discrepancies between the aggregate statistics published by AMEXCAP and the constituent data files can be attributed to confidential information that has been omitted from public reporting.

AMEXCAP's company sector classifications are based on the Industry Classification Benchmark (ICB), owned by FTSE International Limited (FTSE). FTSE® is a trademark of the London Stock Exchange Group companies and is used by FTSE under license. FTSE does not accept any liability to any person for any loss or damage arising out of any error or omission in the ICB.

We continuously strive to gather as much information as possible to better reflect the current VC industry in Mexico, so our data may have some adjustments year over year, this is due mainly to more public information from historic investments and capital raised from funds we have not tracked before.

Disclaimer: This information is intended to provide an indication of industry activity based on best information available from public and proprietary sources. AMEXCAP has taken measures to validate the information presented herein but cannot guarantee the ultimate accuracy or completeness of the data provided. AMEXCAP is not responsible for any decision made or action taken based on information drawn from this report.

EXECUTIVE SUMMARY

Economic stability, strong industrial and manufacturing sectors, access to deal flow and recent reforms to policies and regulations yield significant opportunities for the Venture Capital Industry.

The above has resulted in a double digit annual growth rate for the industry, reaching now over USD\$ 1.59 billion in capital commitments to Venture Capital investments, distributed over a diverse pool of sectors and strategies.

Mexico's Venture Capital Industry has 57 active fund managers, and 40 foreign GPs who performed at least one transaction in the last 4 years. In the same line, AMEXCAP registered 522 VC transactions from 2010 to 2016 and, on the liquidity side, noticed 21 exits.

Several elements distinguish Mexico's VC industry among other markets like USA and Europe, the key difference is in the approach toward portfolio construction.

- Backing smaller firms with financing round size in the USD\$1.5-\$2.5 million range
- Lower risk return profile of transactions than those found in the USA
- Investing in companies with high business model innovation with lower exposure to technological risk
- Driven by global trends and untapped market opportunities in Mexico
- Exit routes: strategic and sponsor to sponsor
- Tendency toward seed investing

A 2015 research about successful PE backed companies in Mexico¹ conducted by KPMG and AMEXCAP, shows that PE funds have encouraged growth and improved the promoted company's performance, as shown by the following results:

Revenue growth of 6.9X

EBITDA growth of 16.3X

Employment growth of 11.02X

The Government has played an important role supporting the industry. Mexican Development Banks, Nacional Financiera, and the INADEM (The National Institute of Entrepreneurship) have been key players fostering the Venture and Seed Capital ecosystem, by investing on 41 new financial vehicles from 2013 to 2016.

Domestic pension funds have also played a determinant role in the growth of Venture Capital industry, by contributing with more than USD\$150 million through 4 CKDs since the regulation's change in 2009. This amount can further increase up to USD\$ 350 million with future capital calls.

As a result, Mexico is now seen as one of the most favorable emerging markets to invest in, and tops in LATAM according to different LPs surveys².

Source:

1-"Private Equity as a driving force for Mexican businesses: 9 success stories – Second edition", AMEXCAP and KPMG, 2015

2-" 2015 EMPEA's Global Limited Partners Survey and Latin American Private Equity Survey 2015

LEARNING GLOBALLY, ACTING LOCALLY. THE RISE OF VENTURE CAPITAL IN MEXICO

RICARDO ELIZONDO PRESIDENT, AMEXCAP'S VENTURE CAPITAL COMMITTEE



The last few years have been very active for Venture Capital in Mexico. The government, funds, investors, entrepreneurs, accelerators, incubators and universities are pushing towards the same direction: the development of a strong and successful entrepreneurial ecosystem. Mexican funds have been adopting global best practices and adapting them to the Mexican and Latin-American environment, helping entrepreneurs succeed and transcend borders.

In 2005, when I did my first seed investment as an Angel, there were not many viable projects. Universities did not focus on developing entrepreneurial skills in their students and being an entrepreneur was not a career to pursue as a viable option in the early years out of school. There were just a handful of VC funds and Angel Investors willing to bet on startups and SMEs. Finding capital to start a company was close to impossible... And the projects that got funded with seed capital had a hard time raising subsequent rounds to scale up to the next levels. Not to mention the difficulties of exiting the investment.

Since 2010, the Mexican government has been launching public policies and regulation that promote the private capital industry and help consolidate the entrepreneurial ecosystem

Since 2010, the Mexican government has been launching public policies and regulation that promote the private capital industry and help consolidate the entrepreneurial ecosystem. As example, the National Institute of Entrepreneurship (INADEM) has co-invested in 36 new early stage funds within the last two years, making their operation feasible. Our fund Ideas & Capital (I&C) is among them. The results of these efforts are reflected in the fact that Mexico went from 15% of the LATAM region's amount invested in 2014 to 34% in 2015, and from 13% to 26% in the total number of deals over the same period according to Bella Research.

Today, the dynamic of the industry is much more active than when I started investing. In the past two and a half years, I&C has received over 1,500 information decks from startups and SMEs raising capital. Entrepreneurs understand that a partnership with a VC fund can generate value beyond capital through institutionalization, mentorship, exposure and contacts. So it's not only that there is infrastructure (e.g., accelerators, coworking spaces, conferences) and elements of support (mentors, crowdfunding, networks), but also a better culture in the society that accepts entrepreneurship as something good.

Although there has been an increase in the number of VC funds in Mexico, an environment of competitive pressure among them is still not present. VC investments represent only 0.02% of the GDP, very low compared to more mature markets like Israel, the US and Sweden where the figure is above 0.08%; furthermore, considering that in the past two years approximately 246 projects have been funded by VC firms, we estimate that more than 12,000 projects were actively raising capital in this market. What we have seen is that most of the funds are collaborating in order to increase their portfolio companies' chances to succeed. They share the risk but, more important, they share their contacts and wallets for future rounds. In these cases, teamwork generates better results than individual effort.

As a country, Mexico provides great opportunities for Venture Capital. On one hand, Mexico has many things in common with Latin American countries allowing entrepreneurs to develop regional companies. On the other hand, as neighbor and the third largest trading partner of the US, Mexico has the knowledge to do business and access its market. The growth strategy for these entrepreneurs is no longer just local, it's global. Out of our last 9 investments, all of them have regional operations or are in the process of launching either in Latin America or in the United States, and 5 out of 9 get part of their revenues in USD.

What's most important, the Mexican VC market is already showing its ability to attract interest from later stage investors as well as strategic buyers that can give initial investors an exit. Examples of companies that have received capital from strategic investors and US VC funds include Kueski, Konfio and Clip. Also, this year, a VC fund (Ignia) raised capital in the Mexican Stock Exchange (BMV) through a Certificado de Capital de Desarrollo (CKD).

There is still much to be done and in particular the ecosystem requires more participation from private institutional LPs to support the efforts made by development institutions like the IDB and Fondo de Fondos which have been instrumental in creating the initial momentum. So the table is set and the feast has started. We expect interesting things to happen in the near term and to see a positive evolution that will bring growth and strength to the Mexican VC market.

INDUSTRY PROFILE AND EVOLUTION IN MEXICO

Venture Capital Industry Growth

Mexico's Venture Capital Industry has achieved over USD \$1.597 billion in capital commitments over the past sixteen years, growing at a CAGR of 20.40% for the last 6 years.

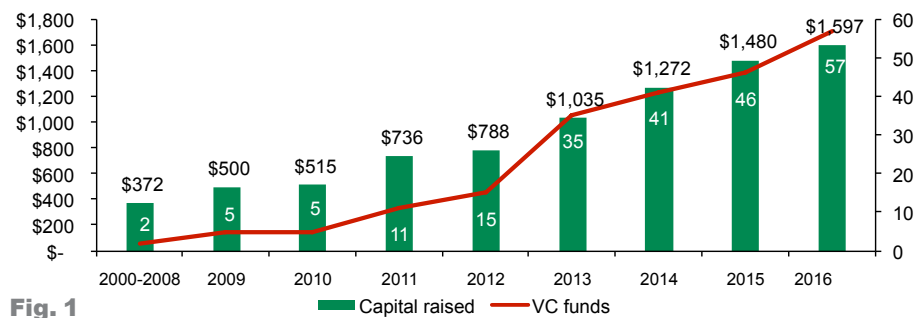
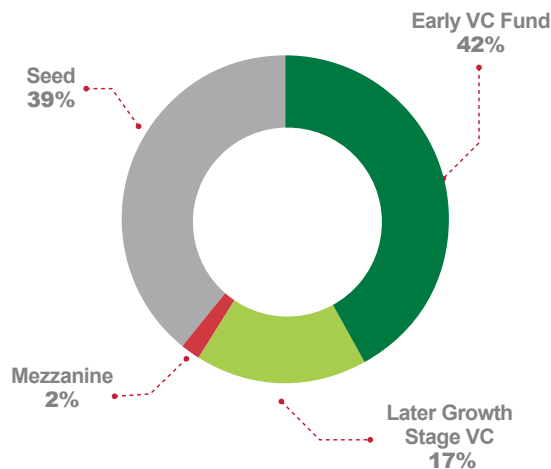


Fig. 1

Participation per Round of Financing



Seed and early VC commitments represent 81% of all the funds raised from Venture Capital funds, whereas mezzanine funds are still under represented given the potential market for this asset.

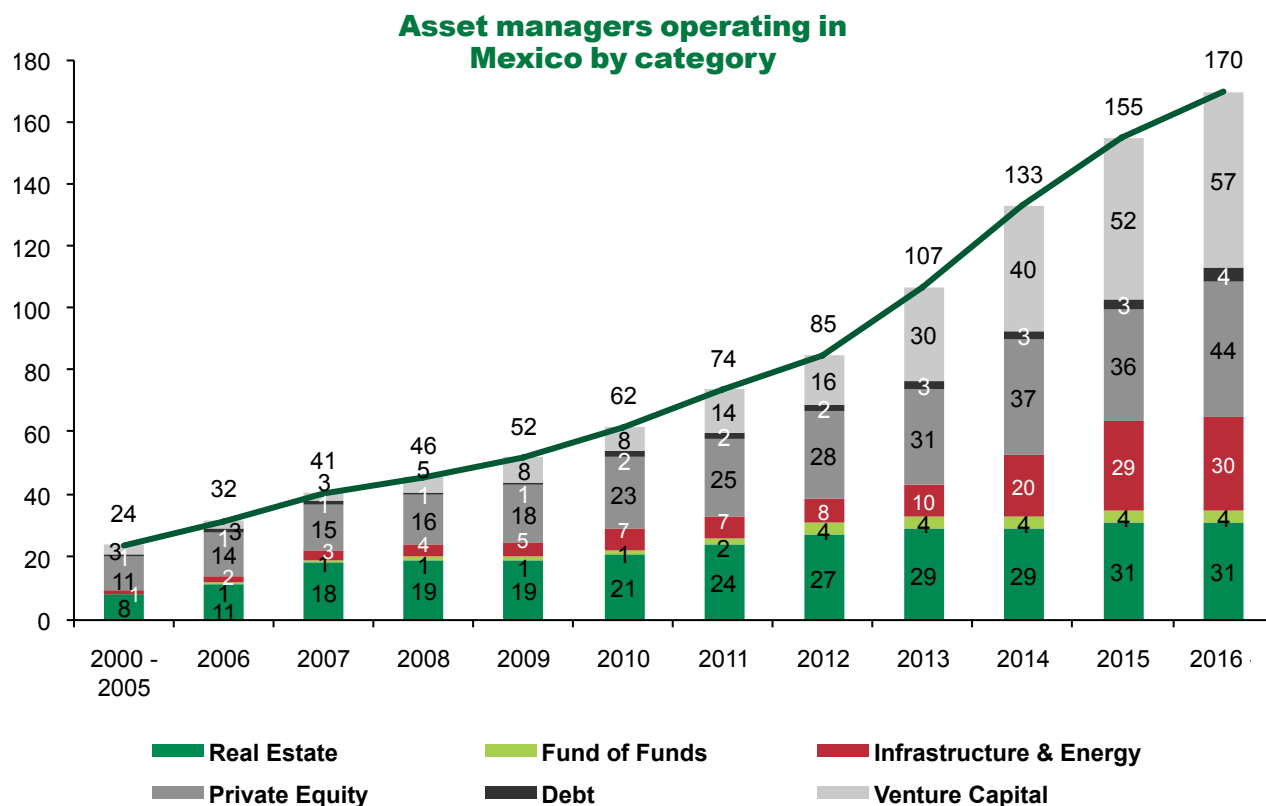
Classification: Seed investment range from USD\$ 0 to USD \$ 0.5 million.

Early VC: refers to round A and B investments from USD\$ 0.5 to USD\$ 5 million.

Later growth stage: investments of more than USD\$ 5 million.

Fig. 2

Source: AMEXCAP 2016

**Fig. 3**

We have now 57 active funds operating in the industry, of which 41 invest in seed capital and the rest look for opportunities within the following rounds of venture financing: 14 series A and B funds, and 3 late VC funds.

The real rise took place in 2013 when INADEM started an aggressive program to launch first time seed capital funds to address financing gaps in many underserved segments, contributing in a broader sense to sustainable private equity sector development. Until now it has committed about USD \$130 million in 41 funds.

Source: AMEXCAP 2016

Note: Does not include first time funds without first closing.

Industry Profile and Evolution

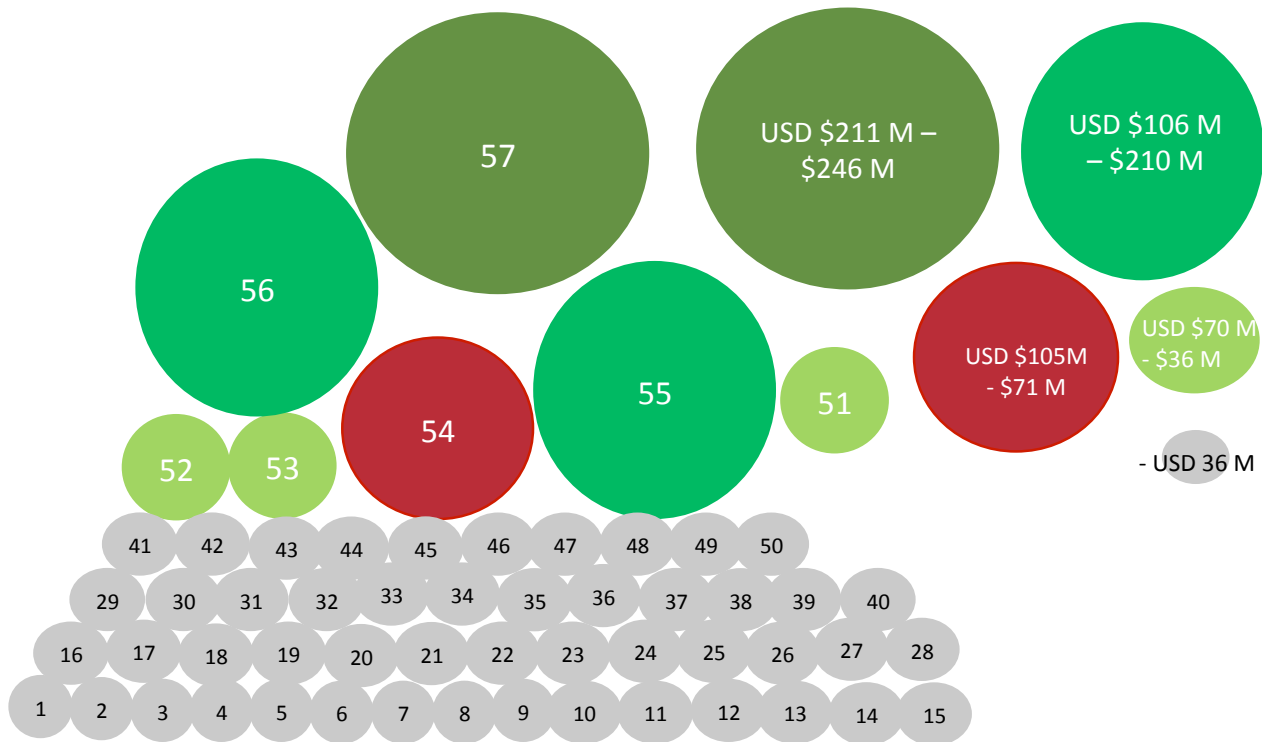


Fig. 4

Foreign Funds with at least one transaction

1	Accion Frontier
2	Accion Venture Lab
3	American Express Ventures
4	Axon Investment
5	Bamboo Fiance
6	Baroda
7	Bitcoin Capital
8	Core Ventures Group
9	Cottonwood Technology
10	Crunchfund
11	Endeavor Catalyst
12	Felicis Ventures
13	First Round Capital
14	Intel Capital
15	Investment AB Kinnevik

16	Jackson Square
17	Plug and Play US
18	QED Investors
19	Quona Capital
20	Richmond Global V
21	Rise Capital
22	Roadstercapital
23	Sierra Ventures
24	Summit Partners
25	Tanant Capital
26	Tengelmann Group
27	Thayer Ventures
28	Vander Capital
29	Y Combinator

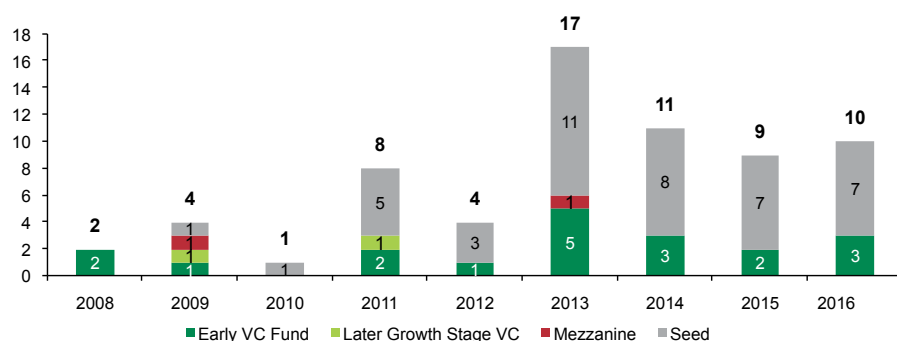
Mexican Funds

1	500 Startups
2	Arcu
3	Adobe Capital
4	Aetus
5	Agave Lab Ventures
6	Aleb Investments
7	Angel Ventures Mexico
8	Auria Capital
9	Avalancha Ventures
10	Beamonte Invesments
11	Bizrupt
12	Bluebox
13	Capital Invent
14	CCD Ventures
15	Da Vinci Capital
16	Dalus Capital
17	Dila Capital
18	Enture Capital
19	Fazenda
20	Fojal
21	Fondo Chiapas
22	Fondo Fenix
23	Founders into funders
24	Grupo C y C
25	Gerbera Capital
26	Global Proteus
27	Ideas y Capital
28	Investomex
29	Jaguar Ventures

30	Mayan Fund
31	Mita
32	Mountain - Nazca
33	Nala Investments
34	NXTP
35	On Ventures
36	Promotora Social Mexico
37	Plug and Play
38	Sipi Fund
39	Siembra Capitales
40	Soldier Field Angels
41	Spectron Desarrollo
42	Startup Factory
43	Stella Maris Partners
44	SV Latam Fund
45	Trebol Capital
46	Variv Capital
47	Vincus Capital
48	Wayra
49	Xochi Ventures
50	XV Ventures
51	All VP
52	Alta Ventures Mexico
53	ST Capital
54	Ambar Capital
55	Ignia
56	LIV Capital
57	Legacy Investments



VC Funds raised per year



We have been particularly active in the seed arena. Seed funds represent 70% of the funds raised since 2011. However both CKDs raised in 2015 and 2016 will balance this situation.

Fig. 5

Annual Commitments Allocated to Mexico (USD Million)

Later growth stage capital reached a record high in 2014 due to the incursion of few international funds with USD \$ 100 million allocated for VC investments in Mexico.

For three years in a row (2013, 2014 and 2015) commitments surpassed USD\$ 200 million, and we expect 2016 to be higher since many funds are currently fundraising.

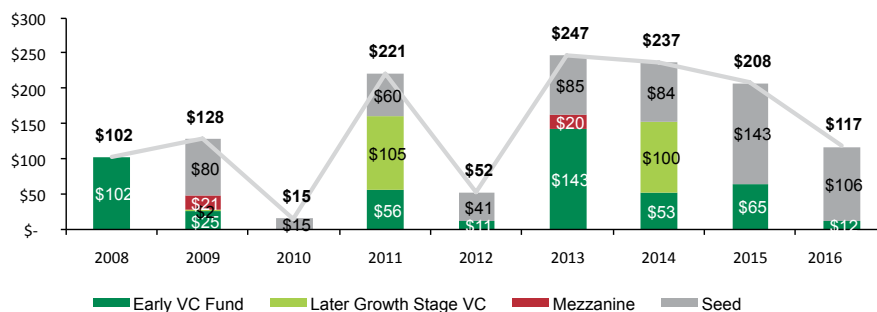


Fig. 6

Source: AMEXCAP 2016

Mexico's Transaction Evolution

Venture Capital transactions have increased significantly over the last 4 years. We have accounted almost 500 VC transactions during this period, with an average of 110 transactions per year.

Seed capital transactions represent 64% of all venture capital transactions.

Round A transactions are increasing due to the needs of previous seed transactions.

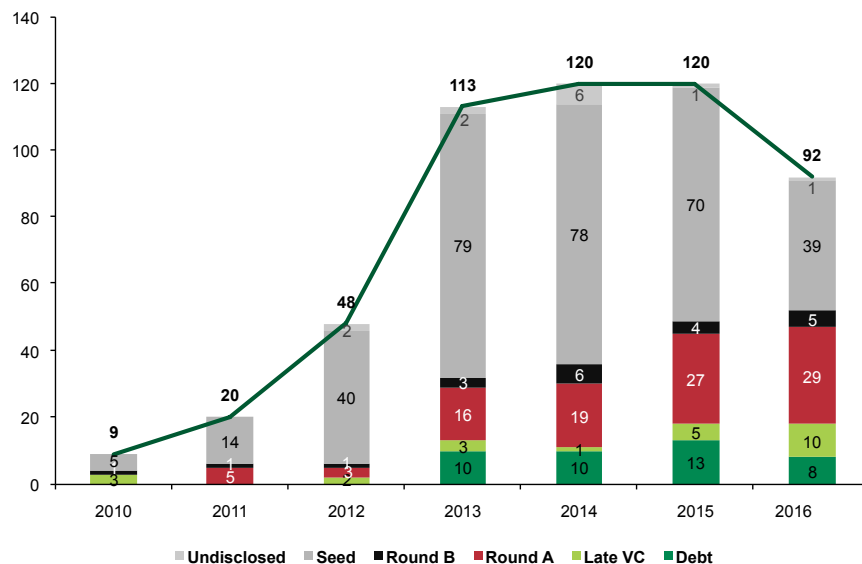
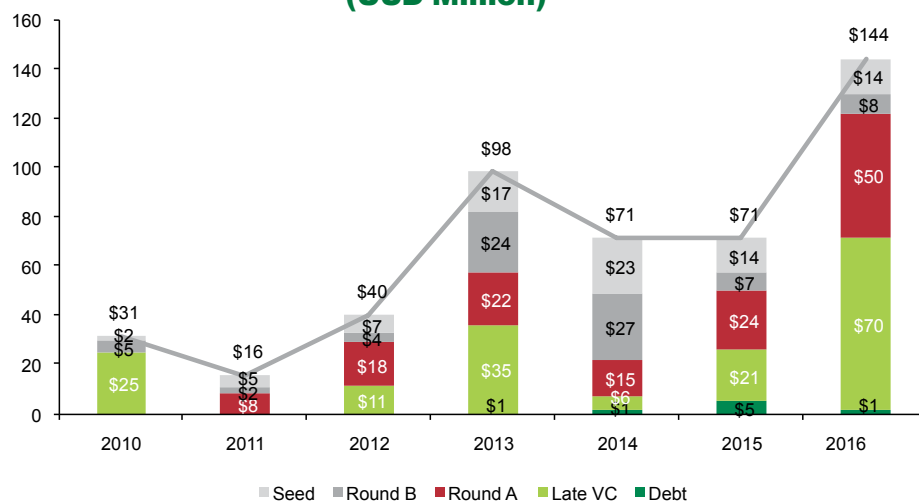


Fig. 7

Annual Invested Capital per investment stage (USD Million)



Despite the stagnation experimented by the total Annual Invested Capital in 2014 and 2015, it grew 103% between 2015 and 2016, to USD \$144 million. The Late VC stage showed the greatest upturn, with a 233% expansion, in the same period. On the other hand, the Debt stage was the only one which fell, with a 80% contraction.

USD MILLION	
Median Seed	\$ 0.20
Median Round A	\$ 1.07
Median Round B	\$ 3.21
Median Round VC	\$ 10.30

Fig. 8

**Minority vs. Majority Stake
(Number of transactions)**

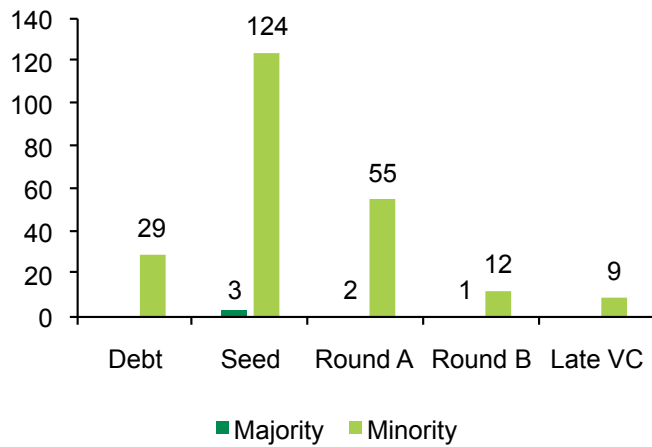


Fig. 9

Minority stake investments continue to rule within our industry.

**Transactions per Round
(1999 - 2016)**

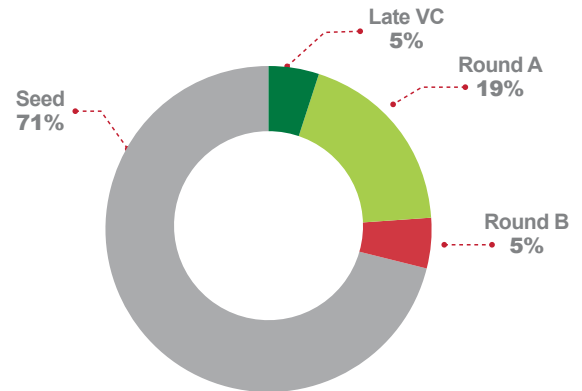


Fig. 10

Source: AMEXCAP, Analysis, Transactions from year 1999 to 2016

*For deals with disclosed position

120 VENTURE CAPITAL TRANSACTIONS IN 2015

Sponsor	Target	Business Description	Sector
500 Startups	skipoapp.com	We improve the call center experience	Industrials
500 Startups	socialtools.me	Social Marketing Suite	Consumer Services
500 Startups	Sparkia	Know and Engage your store's offline customers.	Technology
500 Startups	StoreLevel	Crowdsourced audits at the point of sale.	Consumer Services
500 Startups	superganadero.com	Track and improve your swine farming experience.	Technology
500 Startups	survmetrics	Attractive surveys, incredible results.	Consumer Services
500 Startups	ThinkParametric	Online education for Architecture.	Consumer Services
500 Startups	unbisne.com	Online distribution of second hand clothing.	Technology
500 Startups	Uniko	Cash-Backed Online wedding registry.	Financials
500 Startups	venzee.com	Supply chain platform for E-commerce.	Consumer Services
500 Startups	vontravel	Your private travel club	Consumer Services
500 Startups	wavestack.com	Musical collaboration of artists from around the world.	Consumer Services
500 Startups	Weele	Learn languages from real people without leaving home.	Consumer Services
500 Startups	weplann	Epic booking of travel activities for LatAm market globally.	Consumer Services
Adobe Capital	SalaUno	Leading provider of low-cost cataract eye surgeries in Mexico	Health Care
AETUS SAPI de CV	Beepi	Online peer-to-peer marketplace for buying and selling cars.	E-commerce
AETUS SAPI de CV	Allied Atma	Residential real state industry fund.	Real State
AETUS SAPI de CV	Itaro	Platform of B2B & B2C marketplace for the replacement of Tires and Accesories	E-commerce
AETUS SAPI de CV	Gaia Design	Furniture E-commerce Platform	E-commerce
AETUS SAPI de CV	Cabify	Internet platform for private taxi / driver services	E-commerce
AETUS SAPI de CV	Candelaria	Holding of gold mining companies	Mining
AETUS SAPI de CV	Juganu	Manufacturing and Marketing of Lighting Technology	Commercial
ALLVP	Comershop	On demand grocery delivery	Consumer Services
ALLVP	Enlight	Leading solar electricity solution provider	Utilities
ALLVP	Estrategia Energia Electrica (E3)	Pioneer of electricity trading in Mexico	Utilities
ALLVP	Farmacias Especializadas	"Specialty pharmacy" delivering high cost treatment to patients with chronic degenerative diseases	Consumer Services
ALLVP	FormaFina	Cross border premium products marketplace	Consumer Services
ALLVP	Medica Santa Carmen	Healthcare company that operates clinics for kidney disease patients.	Health Care
Bizrupt	Hoopla	Connect people with their favorite brands in the right place and time.	Technology
Angel Ventures Mexico	Critical Masser	Data science platform that analyzes social networks	Technology
Angel Ventures Mexico	INTELMETRICA SAPI DE CV	Provides analytics and intelligence on the real estate and mortgage market.	Technology

120 VENTURE CAPITAL TRANSACTIONS IN 2015

Sponsor	Target	Business Description	Sector
Bizrupt	Joyas de Mexico	The 1st SOTA (Select Online Travel Agency) in Mexico specialized in the promotion of travel experiences in luxury destinations + hotels.	Tech
Angel Ventures Mexico	Oja.la	Online technology school platform.	Consumer Services
Angel Ventures Mexico	ONKO SOLUTIONS, LLC	Technology solutions that contribute to the detection, prevention and treatment of cancer in underserved populations.	Health Care
Angel Ventures Mexico	PARRABLE, INC	Identification of users across mobile.	Technology
Bizrupt	Gaszen	Gas management platform	Tech
Arzentia	Ver de verdad	A chain of small eye-care shops to provide low income populations with high quality affordable eye glasses.	Health Care
Asenza Capital	Iguanafix	Leading Home Improvement marketplace in Latin America	Technology
Asenza Capital	Ver de Verdad	A chain of small eye-care shops to provide low income populations with high quality affordable eye glasses.	Health Care
Asenza Capital	Voxfeed	Advertisement true influencers	Technology
Auria Ventures	Gurucargo	Logistic transportation company	Consumer Services
Auria Ventures	Ver de verdad	A chain of small eye-care shops to provide low income populations with high quality affordable eye glasses.	Health Care
Avalancha Ventures	Salud Cercana	Prevents cardiac diseases	Health Care
BlueBox	All shopings	Software to control sales	Technology
BlueBox	FoodOp	Restaurant Operator	Consumer Services
Capital Invent	Aliada.mx	Domestic Clean services	Consumer Services
Capital Invent	Beepi	Marketplace for used cars in US	Consumer Services
Capital Invent	Cohete	Online credits	Financials
Capital Invent	Drayson Technology	Wireless charging for the internet of things	Technology
Capital Invent	Gaia Design	Furniture E-commerce Platform	Consumer Goods
Capital Invent	Kiwi	SaaS payment platform	Financials
Capital Invent	Parkimovil	Online & mobile parking platform Parkimovil	Technology
Creation Investments Capital Management	Te creemos	Loans to low income	Financials
DILA Capital	Aliada.mx	Platform that connects domestic employees with customers while positively impacting both their lifestyles.	Consumer Services
DILA Capital	Econduce	The first electric scooter sharing service in Mexico, that seeks to transform mobility while saving commuters time and providing environmental benefits	Consumer Services
DILA Capital	Petsy	E-commerce for petcare and pet products	Consumer Services
DILA Capital	Reserbus	Online bus ticketing platform	Consumer Services
DILA Capital	Shoelovers	Crowdfunded-based fashion brand	Consumer Services
DILA Capital	Yadatex	Textile manufacturer	Consumer Goods
Felicis Ventures	Bright	Solar-power subscription service for homeowners in Mexico	Utilities
First Round Capital	Bright	Solar-power subscription service for homeowners in Mexico	Utilities
Fondo Fortante	Alameda	Financial services	Financials
Fondo Fortante	Fidedigna	Financial services	Financials

120 VENTURE CAPITAL TRANSACTIONS IN 2015

Sponsor	Target	Business Description	Sector
Genesis Capital Ventures	yotepresto	Mexican Marketplace Lending Platform	Financials
Genesis Capital Ventures	2DNUTZ	An entertainment company who develops intellectual properties which are exploited in 3 fronts: animation, videogames and licensing	Consumer Goods
Global Proteus	Cosmogonia	Game development studios	Consumer Goods
Ideas y Capital	Econduce	Shared electric scooters service with a network of charging stations.	Consumer Services
Ideas y Capital	Next University	Online education	Consumer Services
IFC Asset Management Company	YellowPepper Holding Corporation	Mobile Banking and Payments Solutions	Financials
Investomex	Shift Labs	Low-cost medical devices	Health Care
Investomex	Vioozer	Location-Based Crowd-Sourcing mobile service that provides information from locations	Technology
Investomex	Bright	Provider of a solar-power subscription service for homeowners in Mexico. The company provides rooftop solar panels that provide energy to homeowners as well as supplying a community power grid.	Oil & Gas
Jaguar Ventures	Nubimetrics	Big data company that provides market intelligence to electronic marketplace vendors	Technology
Jaguar Ventures	Zolvers	Marketplace for securely hiring home cleaning and home repair tasks	Consumer Services
LIV Capital	YellowPepper Holding Corporation	Mobile Banking and Payments Solutions	Financials
Lottus Capital Partners	Univeridad Tres Culturas	Private university in Mexico	Consumer Services
Max Levchin	Bright	Solar-power subscription service for homeowners in Mexico	Utilities
Mercado Libre	Ibushak	E commerce platform for electronics	Consumer Services
Mexico Ventures	CLIP	Mobile credit card reader	Financials
Mexico Ventures	Reserbus	Leading online platform for bus tickets	Consumer Services
MITA	Nuve	An asset protection service for transportation and logistics companies	Industrials
Mountain - NAZCA	Bluesmart	Smart, connected luggage retail.	Consumer Services
Mountain - NAZCA	Miora	Online marketplace and booking platform for beauty treatments.	Consumer Services
Mountain - NAZCA	Voxfeed	Advertising platform that uses influencers networks	Consumer Services
Nacional Monte de Piedad	Medica Santa Carmen	Healthcare company that operates clinics for kidney disease patients.	Health Care
On Ventures	Compartec	Autoparts Plastic Manufacturer	Consumer Goods
On Ventures	Parkimovil	online & mobile parking platform Parkimovil	Technology
On Ventures	Tizkka	Online & mobile fashion social media platform	Technology
PC Capital	Te creemos	Loans to low income	Financials
Plug and Play MX	Pademobile	Turn mobile phone into electronic wallet	Technology
Plug and Play MX	Ranktab	A web application that collects individual judgments to calculate and visually reveal a group's smartest decision.	Technology
Plug and Play MX	Talentia	Help companies and organizations teach their communities online	Consumer Services
Plug and Play MX	Mobilender	A financial services-based mobile app that offers users with balance sheets and loan services.	Financials
Plug and Play US	Dogsi	A web community in Latin America where pet parents can find a catalogue of certified pet sitters	Consumer Services
Promotora Social Mexico	Assured Labor	Online recruiting platform for BoP	Consumer Services

120 VENTURE CAPITAL TRANSACTIONS IN 2015

Sponsor	Target	Business Description	Sector
Seaya Ventures	Comparaguru	Helps consumers to save time and money through the comparison of financial services	Consumer Services
SIP Innovation	Ranktab	A web application that collects individual judgments to calculate and visually reveal a group's smartest decision.	Technology
Startup Studio Monterrey	Bamboost	Social Media Management Tool for people without experience	Consumer Goods
Startup Studio Monterrey	Blooders	Blooders is a multi-platform solution that helps making the blood donation process easier and faster	Health Care
Startup Studio Monterrey	Manuable	An e-commerce platform that connects local producers, designers, and crafts makers, with customers, to sell hand made products, in Mexico	Consumer Services
Startup Studio Monterrey	Monkier	A solution that allows our users to acquire or supply services	Consumer Services
Startup Studio Monterrey	Polsie	E-Commerce for Instagram	Consumer Services
Startup Studio Monterrey	Roam	A mobile app that allows users to discover new places and experiences	Consumer Services
Stella Maris Partners	Medtep	Prevention through monitoring of people's life habits	Health Care
Tanant Capital	Kubo Financiero	A regulated microfinance institution that provides accessible and affordable loans to borrowers in Mexico.	Financials
Thayer Ventures	Assured Labor	Social network for job hunters	Consumer Services
Variv Capital	Aliada.mx	Marketplace of professional cleaning services	Consumer Services
Variv Capital	Cabify	Marketplace for car services	Consumer Services
Variv Capital	ComproPago	Cash Payment platform for online businesses	Financials
Variv Capital	Conekta	One stop solution for online payments	Financials
Variv Capital	Gaia Design	Ecommerce platform of design furniture	Consumer Goods
Variv Capital	Miora	Marketplace for beauty service bookings	Consumer Services
Wayra Mexico	Lavadero	On demand laundry and drycleaning service in Mexico City, with 24 hour delivery	Consumer Goods
Wayra Mexico	Luxelare	Air Systems Advanced Analysis developed by precision agriculture	Technology
Wayra Mexico	Master Kiwi	MasterKiwi is a platform that simplifies videogame creation in order for designers and publicists to potentiate marketing campaigns	Consumer Goods
Wayra Mexico	Synapbox	Synapbox is a scalable EEG and EyeTracking testing model that enables consumer brands and media producers to uncover the true insights about their customers in a fast, and easy way	Consumer Services
Y Combinator	Bright	Solar-power subscription service for homeowners in Mexico	Utilities

92 VENTURE CAPITAL TRANSACTIONS IN 2016

Sponsor	Target	Business Description	Sector
Accion Frontier	Konfio	Financial technology company that provides working capital loans to small and medium business owners	Financials
Accion Venture Lab	Konfio	Financial technology company that provides working capital loans to small and medium business owners	Financials
Adobe Capital	Habvita	Rural housing developer supporting assisted building schemes	Consumer Goods
AETUS SAPI de CV	Tropical Organic Growers	Organic Banana Agriculture	Agriculture
AETUS SAPI de CV	Publi Co	Shared Office Rental	Real State
ALLVP	Aplazame	Consumer credit company offering check out lending	Financials
ALLVP	APLI	On-demand certified workers to help companies maintain service levels and take advantage of demand peaks	Technology
ALLVP	Cornershop	On demand grocery delivery	Consumer Services
ALLVP	Dentalia	Network of dental clinics	Health Care
ALLVP	Nubity	Online cloud manager services	Technology
ALLVP	Visor	Loan origination system for SMBs	Financials
ALLVP	Weex	MVNO for millennials	Telecommunications
Alta Ventures	Kubo Financiero	A regulated microfinance institution that provides accessible and affordable loans to borrowers in Mexico.	Financials
American Express Ventures	CLIP	Mobile payments system for the Spanish speaking world	Financials
Asenza Capital	Galt Energy	Personalized solar panels	Utilities
Auria Ventures	Carrot	Car Sharing Service	Consumer Services
Axon Investment	Mercadoni	Online marketplace for any retail store	Consumer Services
Bamboo Fiance	Kubo Financiero	A regulated microfinance institution that provides accessible and affordable loans to borrowers in Mexico.	Financials
Beamonte Investments	Carrot	Car-sharing service company which offers an alternative to car ownership and traditional car rentals	Consumer Services
Angel Ventures Mexico	Ösom	E-commerce platform where you will find the most complete collection of clothing, shoes, sports and accessories.	Consumer Services
Angel Ventures Mexico	Nube	Revolutionary solution that permits users with stationary LP Gas tanks to measure how much gas they still have in order to never run out of it.	Technology
Blockchain Tech Limited	Bitso	Bitcoins	Financials
Capital Invent	Collective Academy	Disruptive education platform	Consumer Services
Capital Invent	Gaia Design	Furniture E-commerce Platform	Consumer Goods
Capital Invent	Marco Polo Learning	Online education apps for kids	Consumer Services
Capital Invent	Tizkka	Fashion Social media	Technology
Capital Invent	Kubo Financiero	A regulated microfinance institution that provides accessible and affordable loans to borrowers in Mexico.	Financials
Capital Invent	Nubity	Online cloud manager services	Technology
Crunchfund	Kueski	Leading micro-lending platform in Mexico.	Financials
Digitl Currency Group (DCG)	Bitso	Bitcoins	Financials

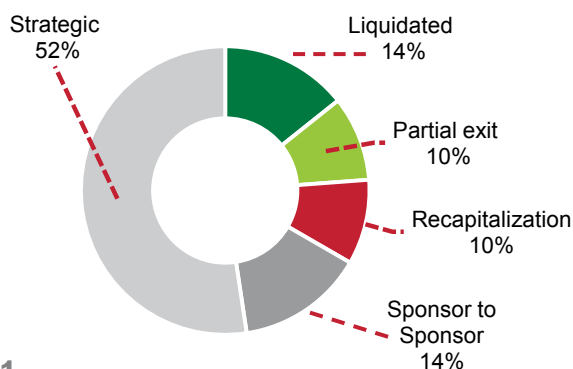
92 VENTURE CAPITAL TRANSACTIONS IN 2016

Sponsor	Target	Business Description	Sector
DILA Capital	iVoy	On-demand last mile delivery service	Consumer Services
DILA Capital	Le Macaron	French pastry High-end french pastry and bakery chain	Consumer Goods
DILA Capital	Boletia	Online ticket sales platform for small and medium-sized events	B2B
DILA Capital	Alameda	Online Marketplace for home decoration and furniture	Consumer Services
DILA Capital	Yadatex	Textile manufacturer	Consumer Goods
DILA Capital	Econduce	The first electric scooter sharing service in Mexico, that seeks to transform mobility while saving commuters time and providing environmental benefits	Consumer Services
DILA Capital	TuCanton	Internet marketplace for people looking to buy a home and real estate developers	Consumer Services
DILA Capital	Aliada.mx	Platform that connects domestic employees with customers while positively impacting both their lifestyles	Consumer Services
Endeavor Catalyst	Kubo Financiero	A regulated microfinance institution that provides accessible and affordable loans to borrowers in Mexico.	Financials
FundersClub	Bitso	Bitcoins	Financials
Genesis Capital Ventures	Unima	Fast and low cost diagnostics and infectious disease surveillance for limited resource settings	Health Care
Genesis Capital Ventures	Farrow Ventures	Lockscreen mobile app	Technology
Ideas y Capital	Farrow Ventures	Lockscreen mobile app	Technology
Ideas y Capital	Novelistik	Online reading and publishing platform	Consumer Services
Ideas y Capital	Pro Organic Growers	1500 hectares of organic banana	Consumer Goods
Jackson Square	Cornershop	On demand grocery delivery	Industrials
Jaguar Ventures	Producteca	Software as a Service company that allows retailers to synchronize inventories across different marketplaces	Technology
Jaguar Ventures	Gaudena	Leading fashion ecommerce site	E-commerce
Jaguar Ventures	Konfio	Financial technology company that provides working capital loans to small and medium business owners	Financial Technology
Jaguar Ventures	Zolvers	Marketplace for securely hiring home cleaning and home repair tasks	Marketplace
Jaguar Ventures	PontaMedia	Advertising technology company for monetizing captchas	Advertising Technology
Jaguar Ventures	Conekta	Financial technology company that provides online payment solutions	Financial Technology
Kaszek Ventures	Konfio	Financial technology company that provides working capital loans to small and medium business owners	Financials
Kue Capital	Kubo Financiero	A regulated microfinance institution that provides accessible and affordable loans to borrowers in Mexico.	Financials
LIV Capital	Anima Estudios, S.A.P.I. de C.V.	Digital Animation Studio	Consumer Services
LIV Capital	Logyten, S.A.P.I. de C.V.	Supply Chain Solutions	Industrials
LIV Capital	WOBI	Business content developer	Industrials
LIV Capital	Linio	Provider of online marketplace for consumer goods	Consumer Goods
LIV Capital	Boletia	Conferences Promotion and Tickets Sales.	B2B
LIV Capital	Central de corretajes (CENCOR) // Bolsa Institucional de Valores (BIVA)	Financial markets infrastructure and brokerage, a new stock exchange	Financial
LIV Capital	Nubity	Online cloud manager services	Technology
Monex Grupo Financiero	Kubo Financiero	A regulated microfinance institution that provides accessible and affordable loans to borrowers in Mexico.	Financials
On Ventures	Gestionix	Cloud ERP for small and medium enterprises	Technology
PC Capital	Little Cesar	Loans to low income	Financing
PC Capital	Universidad Internacional	Provider of education and training services. The company offers high school, undergraduate and graduate programs in art and design, health sciences, business administration, engineering, sciences and social sciences.	Consumer Services

92 VENTURE CAPITAL TRANSACTIONS IN 2016

Sponsor	Target	Business Description	Sector
Plug and Play US	Bayonet	Enables companies to feed and consult a global database about online consumers' reputation, based on historic payments	Financials
Plug and Play US	Grill on Box	An online file sharing and cloud content management service offering unlimited storage, custom branding, and administrative controls.	Technology
Promotora Social Mexico	Medica Santa Carmen	Healthcare company providing kidney disease solutions through its clinics; currently focused on hemodialysis	Health Care
Promotora Social Mexico	Onko Solutions	Healthcare company focused on developing, manufacturing and distributing a device for early cervical cancer detection	Health Care
Promotora Social Mexico	Someone Somewhere	Apparel company manufacturing a wide arrange of products using Mexican artisans to incorporate their art into their products	Consumer Services
QED Investors	Konfio	Financial technology company that provides working capital loans to small and medium business owners	Financials
Quona Capital	Konfio	Financial technology company that provides working capital loans to small and medium business owners	Financials
Richmond Global Ventures	Kueski	Leading micro-lending platform in Mexico.	Financials
Rise Capital	Gaia Design	Furniture E-commerce Platform	Consumer Goods
Rise Capital	Kueski	Leading micro-lending platform in Mexico.	Financials
Roadstercapital	Bayonet	Enables companies to feed and consult a global database about online consumers' reputation, based on historic payments	Financials
Sierra Ventures	CLIP	Mobile payments system for the Spanish speaking world	Financials
Stella Maris Partners	ivoy	Online express courier and logistics services	Consumer Services
Stella Maris Partners	Nubity	Online cloud manager services	Technology
Stella Maris Partners	Ilollo	Valet parking which allows the user to leave his/her car at the entrance of airports and train stations in Madrid and Barcelona, in Spain.	Consumer Services
Stella Maris Partners	lentesplus	Leader Contact Lens Online retailer for LATAM	Health Care
Vander Capital	Kubo Financiero	A regulated microfinance institution that provides accessible and affordable loans to borrowers in Mexico.	Financials
Variv Capital	Kueski	Leading micro-lending platform in Mexico.	Financials
Wayra Mexico	Kubo Financiero	A regulated microfinance institution that provides accessible and affordable loans to borrowers in Mexico.	Financials
Wayra Mexico	Zave App INC	Zave App is an electronic piggy bank that allows people to save money on a recurring basis in an easy and fun way. An app that allows users to save and send money to a savings or investment e-wallet account by automatically rounding up the user's credit and debit card payments, allowing people to save money on a recurring basis at the same pace as it spends money on his daily activities.	Financials
Wayra Mexico	Toky INC	WebRTC technology for customer service. Toky is a voice communication tool to allow businesses communicate with its customers in a more efficient way	Technology
Wayra Mexico	Seenapse	Seenapse is a search engine that lets you find inspiration through non-linear, non-obvious results, powered by the mental associations from people all over the world.	Technology
Wayra Mexico	Pollstr	Pollstr open text classifies reducing time and costs for the user, classified into 6 languages and can be as accurate as a human.	Technology
Wayra Mexico	Store Level	Local visibility of a National-Level Consumer goods companies using a network of crowdsourcing	Technology
Xochi Ventures	Bitso	Bitcoins	Financials

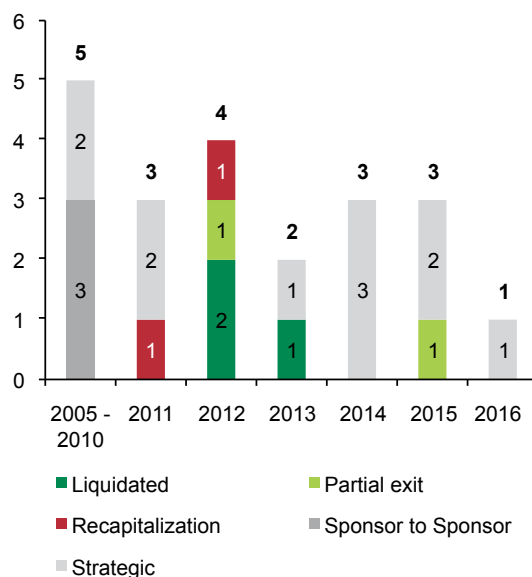
EXITS

**Exits from 2005 - 2016
(21 transactions)****Fig. 11**

The most common exit for VC investment has been “Strategic Sale” as it happens within the private equity as well. Not much activity between funds yet although we should expect to see more of this exits as funds start to cover all stages. Only one IPO recorded for a startup Volaris, however the fund was not investing at this stage.

Few notable exits within the VC industry include:

- The sale of “Punto Clave”, an electronic payment solutions company sold to “Edenred”, a worldwide leader in prepaid corporate solutions.
- “Aventones”, a ridesharing car service sold to “Blablacar”, world’s leading ridesharing service.
- “FleteFacil”, an internet marketplace for clients and shipping companies, sold to “Pak2go”.
- “Rhomobile”, a cross-platform, open source solution to

VC Exits**Fig. 12**

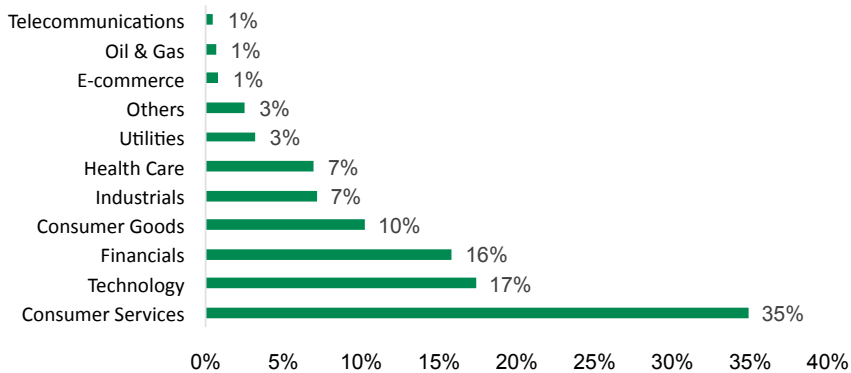
develop, distribute, secure and manage the full lifecycle of mobile applications, was sold to Vivint, a company that creates smart home solutions

- “Screenie”, a digital/video based interviewing/screening software, sold to “Motorola Solutions” (MSI)
- “Wauspot”, a company that sales advertisement in shopping malls, was sold to “Mica Publicidad”, an advertisement company.
- “SinDelantal.mx”, a food delivery application, was sold to the British company “Justeat”.

INVESTMENT SECTORS



Venture Capital Investments by Sector (from 2000- 2016) (21 transactions)



The VC transaction landscape in Mexico is very dynamic and diversified. The main sectors for VC investments are: consumer services, technology, financials, and consumer goods. These sectors account for 78% of all investments.

Fig. 13

Consumer services includes, among other subsectors: home improvement retailers, specialty retailers, restaurants, broadline retailers, specialized consumer services, media agencies, recreational services, broadcasting & entertainment, travel & tourism, drug retailer, airlines, food retailers & wholesalers, apparel retailers, hotels, publishing, and general retailers. Technology includes, among other sub-

sectors, software, computer services, internet, computer hardware.

Fintech has been very attractive for investors lately given the huge impact they are making on inclusion to our unserved market.

Others include:

Automobiles & Parts, Technology Hardware & Equipment, Alternative Energy, Electricity, Beverages, Real Estate Investment & Services, Aerospace & Defense, Construction & Materials, Consumer Finance, Housing, Oil & Gas Producers, Pharmaceuticals & Biotechnology, Chemicals, Gas, Water & Multi-utilities, Telecommunications, Banks, Household Goods & Home Construction

Source: AMEXCAP, Analysis, 2016

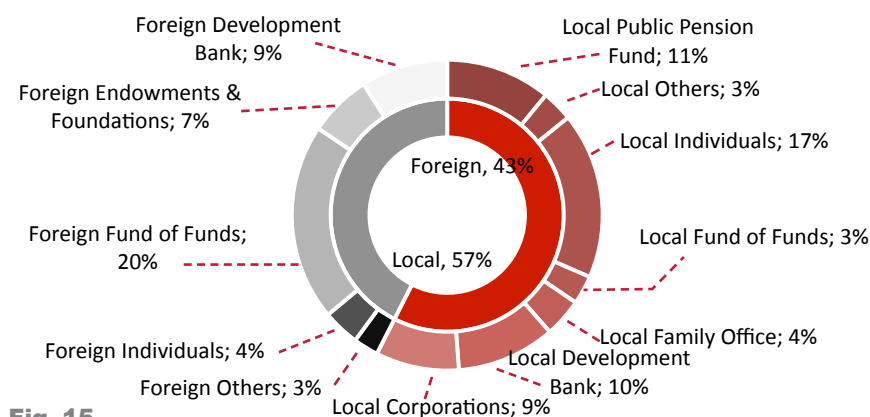
*Sectors classified according to the ICB Industry Classification Benchmark

FUNDRAISING OVERVIEW LP PROFILE

As seen in the following graph, the majority of investors for VC are local, with important participation from HNWI and family offices. Local Pension funds have started to invest in this segment and we do expect this participation to increase in the following years as exits start to emerge.

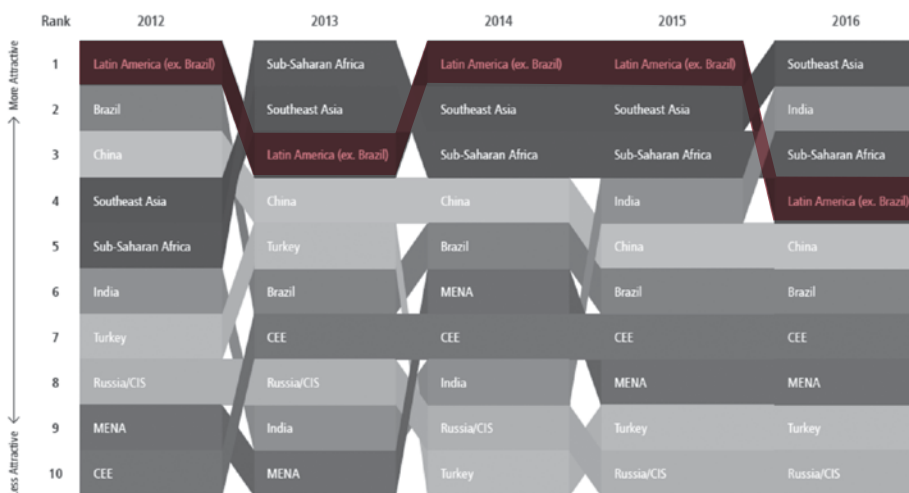
On the other side, within the foreign Investor base, fund of funds are the most active, followed by financial institutions, endowments and foundations.

Venture Capital LP composition



According to recent studies, Mexico has been ranked as one of the most attractive countries to invest in compared with other Emerging Markets and compared to LATAM.

The Attractiveness of Emerging Markets for GP Investment Over the Next 12 Months



Note: Southeast Asia was classified as "Other Emerging Asia" in 2012.

The 2015 EMPEA's Global Limited Partners Survey revealed that Latin America (excluding Brazil) has been ranked as a leading partner for LPs, and Mexico represented the largest country within this segment for the last two years in a row. ("Global Limited Partners Survey Investors' Views of Private Equity in Emerging Markets 2016")

Fig. 16

PENSION FUNDS

Mexican Pension Funds have significantly increased their exposure to the asset class. They have allocated approximately USD\$ 8.3 billion across sectors

Mexico's government recently announced the arrival of three new instruments that will be used to attract investment and boost the private equity industry, the stock market and several key areas of the economy.

1- The Educational Infrastructure Bonds: These bonds are expected to raise USD\$ 3B by 2018, these funds will help renovate school facilities.

2- Investment Project Certificates (CERPIS): these certificates will allow pension funds, insurance companies and other (national and foreign) institutional investors to participate in a wide range of private equity projects in all sectors of the economy.

3- Fibra E (equivalent to a MLP):

Investors will be able to participate in energy and infrastructure projects under conditions similar to those offered by local REITS

To qualify, a partnership must generate 90% percentage of its income from energy and infrastructure related sector or activities.

It should be noted that most of the income should come from investment projects implemented through concessions, contracts for the provision of services or any other that has a contract with the public sector.

The new CerPi and FIBRA E vehicles had their first issuances taking place these last months, reflecting the industry's appetite for financing new projects within the asset class.

However, we have had only two CKDs for venture capital in the last years which shows that it remains a major opportunity. Ignia raised aprox USD \$80 million and Dalus approximately USD \$50 million.

PENSION FUNDS

Mexican Pension Funds (AFORES):

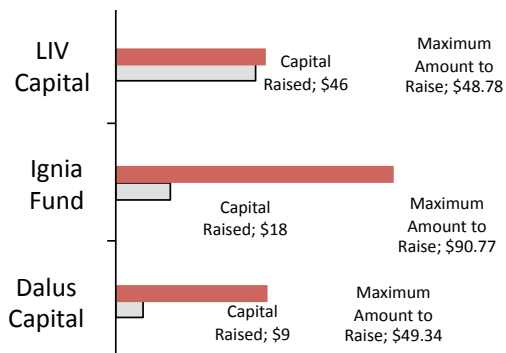
Have over USD \$147 billion in AUM.

Can invest between 15% and 20% of AUM in structured vehicles (CKDs, FIBRAS and CerPis)

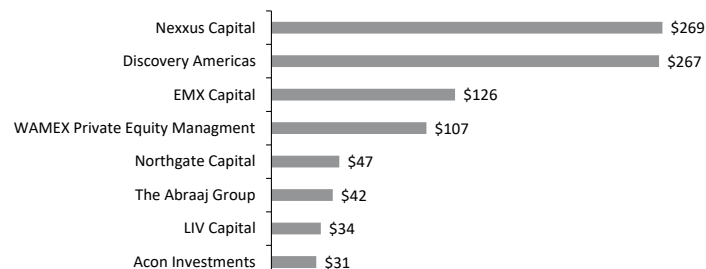
Amounts showed are the actual deployed capital by AFORES, not the total commitment.

Amount Raised by GPs through local Pension Funds (USD Million by sector)

Venture Capital



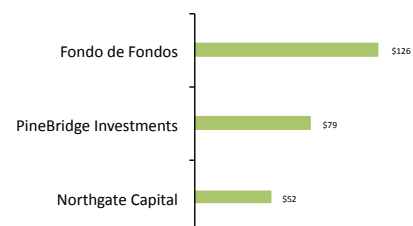
Private Equity



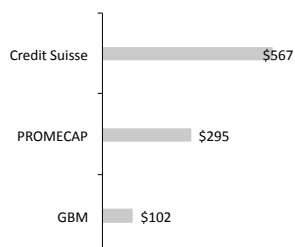
Real Estate



Fund of funds



Debt



Infrastructure

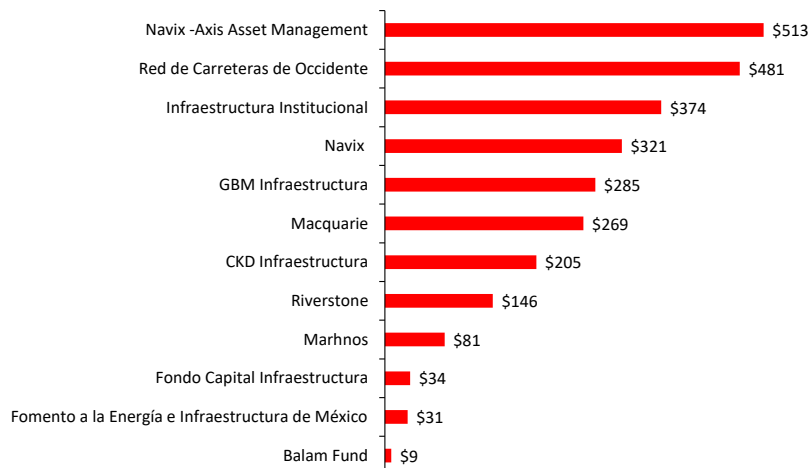


Fig. 14

FUNDRAISING OVERVIEW PERSPECTIVES FROM LPS

Also, a 2015 survey from Collier Capital and LAVCA conducted among Latin American and International LPs, shows that Mexico is the country with the best risk/return equation compared to other Latin American countries.

International and Latin American LPs score Mexico as the highest country in their views of the risk/rewards balance.

LPs' annual net return expectations for Latin American PE Over the next 3 - 5 years

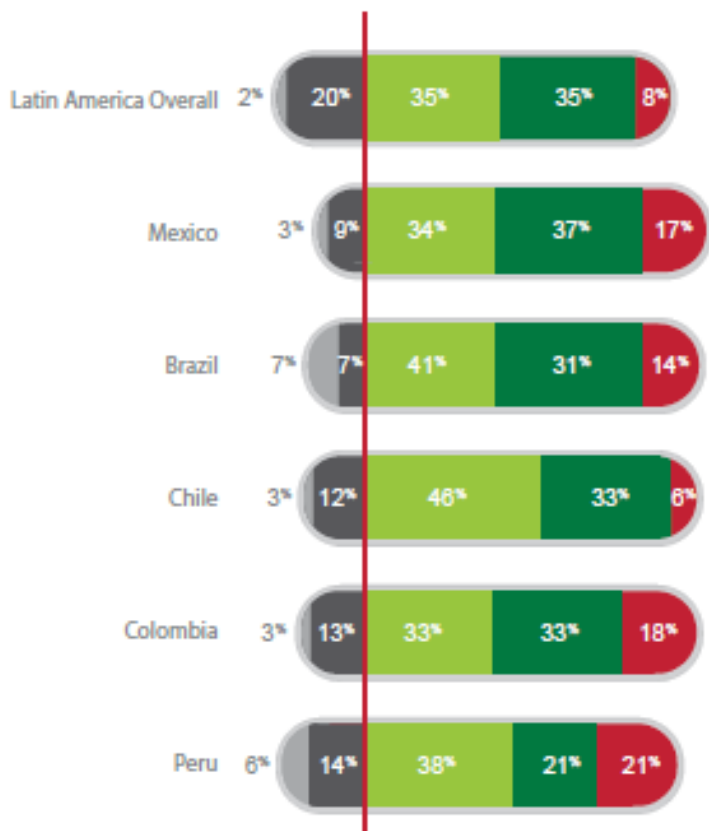


Fig. 17

Source: LAVCA and Collier Capital, "Latin American Private Equity Survey", 2015

The risk/return equation for Latin America PE - LP views

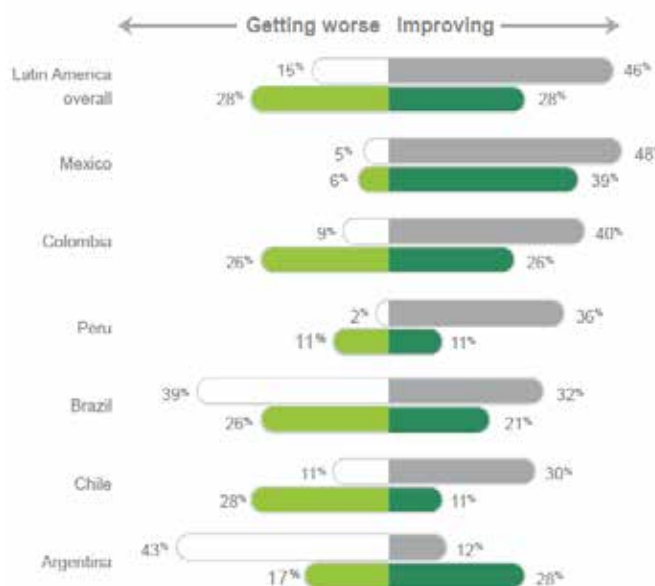


Fig. 18

Survey methodologies:

Global Limited Partners Survey, Investors' Views of Private Equity in Emerging Markets 2016: EMPEA surveyed 107 limited partners from 101 different institutions headquartered across 32 countries, collectively representing more than USD\$1 trillion in reported global private equity assets under management, to gather their views on the EM PE asset class. This survey was made by EMPEA, EMPEA is the global industry association for private capital in emerging markets.

Latin American Private Equity Survey 2015: The Survey researched the plans and opinions of 113 investors in private equity funds. These investors, based in Latin America, North America, Europe and Asia-Pacific, form a representative sample of the LP population worldwide this survey was made by LAVCA, Latin American Private Equity & Venture Capital Association.

IMPORTANCE OF WORKING WITH A QUALIFIED LAWYER IN STRUCTURING A VENTURE CAPITAL DEAL IN MEXICO

BY: ANDRES CARDENAS ORTIZ MONASTERIO,
FOUNDING PARTNER OF CARDENAS ORTIZ MONASTERIO ABOGADOS, S.C.



Venture Capital (“VC”) transactions in Mexico have significantly evolved in recent years, becoming more sophisticated. Entrepreneurs have a better understanding regarding the raising of funds and the importance to have a solid structure to enhance the entrance of new investors, specifically VC funds.

The majority of VC transactions in Mexico are small (regarding the amount), compared to other deals in Private Equity Sector. However, the amount of the transaction does not represent the complexity of the deal, thus, if in Private Equity or M&A transactions, the involvement of legal counsels is of the essence, VC transaction shall not be different and shall always be structured along with qualified lawyers.

In this respect, a qualified legal counsel is a key point for a successful VC transactions in Mexico. The main roles of a lawyer in a VC transaction, representing VC funds or other investor, consists in: (i) conduct a legal due diligence, assessing what legal liabilities exist; (ii) draft and structure a tailor made corporate governance; and (iii) to establish the best-fit exit mechanisms and strategies in order to generate value for investors.

The legal due diligence commonly is focus on litigation – pending and present – debt, and negotiable debt instruments, labour and property issues related to the ownership and later, transfer of stocks or company’s assets, and intellectual property. The legal due diligence, helps to identify past liabilities and mitigate possible future liabilities. Also, the legal due diligence helps to advice the startup what amendments or corporate clean-ups are required before the investment of the VC funds.

A qualified lawyer in a VC transaction, shall procure to be a pro-deal lawyer and draft a balanced and solid corporate governance documentation

A qualified lawyer in a VC transaction, shall procure to be a pro-deal lawyer and draft a balanced and solid corporate governance documentation (company’s bylaws and shareholders agreement). Overprotecting clauses for VC funds are not always the best way to protect the VC interest, this could lead to future conflicts with the entrepreneurs and dampen their interest in the company. A balanced and solid corporate governance allows a healthy relationship, among entrepreneurs, VC funds and other investors. When structuring a VC transaction a legal counsel needs to draft the more suitable structure for that specific transaction, not all the VC transactions are the same, and each transaction requires a tailor made corporate governance and documentation. Also, the alignment of interest in the creation of company’s value is vital, this could be achieved by granting the entrepreneurs with vesting right subject to milestones.

A sophisticated and qualified legal counsel will advise the best-fit strategy for a successful exit, as well. The design of an exit strategy from the beginning will contribute to a better exit process of the investor, and simplifies the exit negotiations with the entre-

preneurs and buyers, or with an initial public offering process (“IPO”). The more common exists in VC transactions in Mexico are: (i) drag and tag along rights; (ii) no restrictions to the VC funds to transfer their participation to third parties; (iii) repurchase of the VC funds stocks by the entrepreneurs (calls, puts or buyback clauses) ¹; and (iv) IPOs. Although, only one startup has gone public as an IPO, we foresee that in the coming years, more startups will go public in the stock exchange market.

In the recent years, specialized law firms in VC and Private Equity transactions in Mexico, as Cardenas Ortiz Monasterio Abogados, S.C. (“COM”) has emerge. Along, with other specialized law firms COM is in the process to incorporate the first Mexican Association of VC and PE Lawyers. The mission of the association will be to contribute to the development and strengthening of VC in Mexico. Better and more secure legal structures will allow more investors, nationals and foreign, to invest in VC transactions in Mexico.

¹ Buyback clauses shall be carefully drafted in order to comply with Mexican legislation. Direct buyback clauses under Mexican legislation are prohibited.

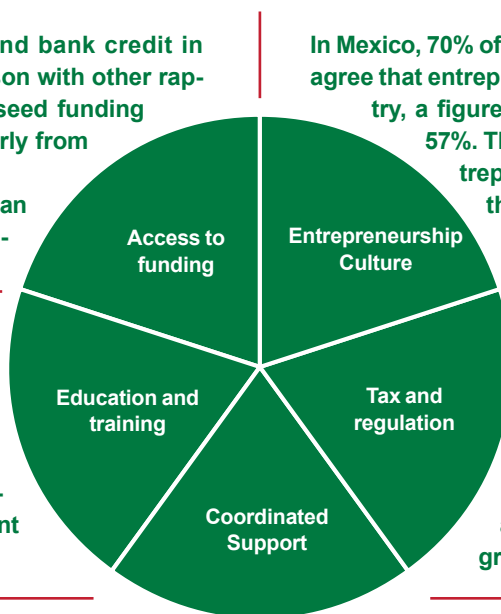
ENTREPRENEUR DEVELOPMENT ON MEXICO

On a recent study conducted by EY and presented to the G20 entrepreneurial ecosystem, Mexico was scored on the 5 pillars for entrepreneur development within the VC industry.

The availability of venture capital and bank credit in Mexico is poor; however, in comparison with other rapid-growth economies, seed and pre-seed funding is more likely to be available, particularly from friends and family.

Overall, almost three-quarters of Mexican entrepreneurs felt that access to funding is difficult in the country.

Mexico needs to improve enrollment rates, particularly in tertiary education, where a 27.2% participation rate currently lags in comparison to the 53.5% average across the G20 economies, which limits the supply of talent for Mexico's entrepreneurs.



In Mexico, 70% of entrepreneurs surveyed, agree or partly agree that entrepreneurship is encouraged in their country, a figure that is well above the G20 average of 57%. The discrepancy between the views of entrepreneurs and the realities suggested by the data represents both an opportunity and a threat.

Mexico's strong performance on direct corporate taxes is more competitive than many other rapid-growth G20 economies, but is undermined by the complexity of its indirect tax structures. More work is still required to create an ecosystem that fully supports the growth of entrepreneurial ventures.

According to 70% of entrepreneurs polled, business networks such as entrepreneurship clubs and associations have improved over the past three years. On "coordinated support", for networks, incubators and mentorship, Mexico scores higher than the averages achieved by other developing nations.

Source: *Ernst & Young Global VC Insights & Trends 2013

*The model is composed of qualitative information (from our survey of more than 1,500 entrepreneurs) and quantitative data based upon entrepreneurial conditions across the G20 economies.

* With information from The EY G20 Entrepreneurship Barometer 2013
NVCA Yearbook 2013, AMEXCAP

THE EY G20 ENTREPRENEURSHIP BAROMETER: OVERALL RESULTS

RANKING	ACCESS TO FUNDING	SCORE
9	Brazil	5.67
10	Indonesia	6.86
11	India	6.75
18	Mexico	4.42
20	Argentina	3.27

For access to funding there is a challenge to incentivize private sector investors to focus more on entrepreneurial businesses. and unlock bank lending, banks could base their lending on the ability of these entrepreneurial businesses to meet specific performance milestone.

RANKING	ENTREPRE-NEURSHIP CULTURE	SCORE
11	India	4.95
12	Brazil	4.88
16	Argentina	4.06
17	Mexico	3.96
19	Indonesia	3.8

Success stories are important to promote entrepreneurship culture and getting local role models to participate in events and campaigns is a relatively simple and cost-effective way to help inspire a new generation of entrepreneurial.

RANKING	TAX AND REGULATION	SCORE
12	Indonesia	5.38
14	Mexico	5.21
17	Brazil	4.83
19	India	4.39
20	Argentina	4.31

To improve tax regulation Policies must be designed to support each step of the business stage.

Simplifying tax codes might be as impactful as reductions in headline tax rates.

RANKING	EDUCATION AND TRAINING	SCORE
8	Argentina	5.85
9	Brazil	5.78
15	Mexico	5.32
19	Indonesia	3.88
20	India	3.49

An important thing to do is to encourage schools to bring in role models and set up games competitions that give students the chance to find out what is like to run a business.

Programs should target a multidisciplinary approach and create support for the entrepreneurial ideas that emerge.

RANKING	COORDINATED SUPPORT	SCORE
2	Mexico	5.89
3	Brazil	5.87
4	Indonesia	5.84
5	India	5.76
9	Argentina	5.64

Mexico's score on "coordinated support" was its highest score from all, due to all the work been done by the different actors in the ecosystem

PERSPECTIVES FOR THE FUTURE PRIVATE EQUITY PENETRATION ON GDP

Private Equity Industry in Mexico is relatively young, but powered by government policies, a stable macro economic situation, real income increase, a stable population growth rate, and a very dynamic and buoyant entrepreneurial ecosystem.

The recently creation of the CERPI tries to replicate the Canadian Limited Partnership contract, with the goal of improve the certainty for foreign and local investors when they invest in GPs operating in the country. Now local investors have different investment vehicles to fulfill their needs, and foreign LPs feel more secure and are actually increasing their participation in Mexican public vehicles as seen in the LP profile section.

In the same tendency, number of investments, value of investments, and number of funds raised have a positive slope tendency. Value of investments has grown at a 12.24% CAGR for the last 15 years. Transactions have grown at a 7.35% CAGR and number of funds raised have grown at a 22.11% CAGR.

Although Mexico is still behind in terms of penetration of private equity as a percentage of GDP, we have increased really fast in the last years. Considering MINTs block for underdevelopment countries with better perspectives, Mexico has the second largest PE penetration on the GPD for 2014 and 2015.

The CAGR from 2006 to 2012 for the private equity penetration as percentage of the GDP is 3.85% and from 2012 to 2015 the CAGR for private equity penetration as percentage of the GDP is 75.40%.

Private Equity Penetration (as % of the GP)

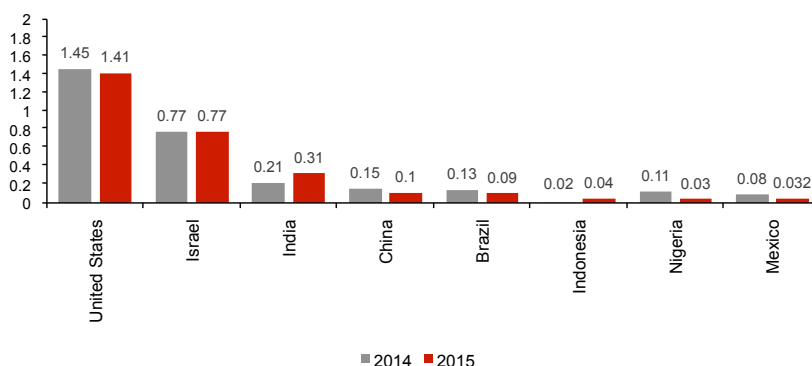


Fig. 22

Source: "Industry Statistics Year-End 2015 – Emerging Markets
Private Capital Fundraising and Investment Data and Analysis
EMPEA"

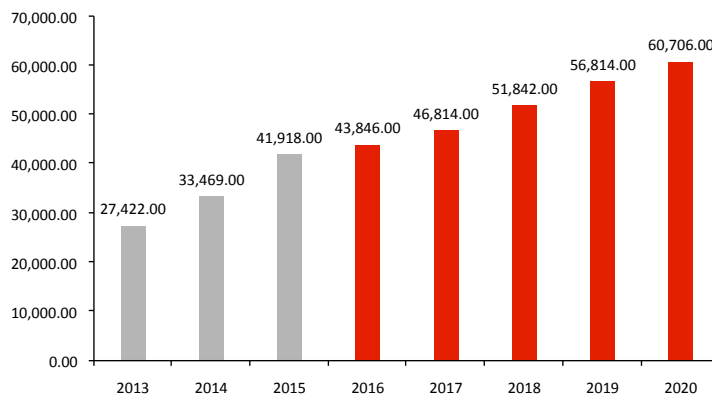
PERSPECTIVES FOR THE FUTURE POTENTIAL IN MEXICO THROUGH 2020

Despite the challenging macroeconomic environment in the country (government transitions on USA 2017 and on Mexico 2018), and the slowing down on fundraising, the industry is showing big things and becoming more international. This year we have seen at least 22 foreign VC Funds that co-invested with local VCs, for

a total of 43 foreign VC funds that are investing in the country for the last 4 years. Moreover, we estimate there are USD\$ 973 million of dry powder for the VC industry ready to be invested just in the local scene.

Forecast Variables	2013	2014	2015	2016	2017	2018	2019	2020
Mexico's GDP (Million MXN)	15,754,076	16,116,420	16,519,327	16,932,310	17,406,415	17,928,607	18,484,394	19,075,895
Mexico's GDP Growth (%)	1.40	2.30	2.50	2.50	2.80	3.00	3.10	3.20
Exchange Rate (End of the Year, million MXN)	13.07	14.73	17.34	20.41	21.30	22.11	22.56	22.80
Mexico's GDP (Million USD)	1,258,774	1,294,690	1,327,057	829,609	817,203	810,882	819,344	836,662
Annual Capital Commitments (as % of GDP)	0.16	0.47	0.64	0.23	0.36	0.62	0.61	0.47
Annual Capital Commitments (Million USD)	2,062.00	6,047.00	8,449.00	1,928.00	2,968.00	5,028.00	4,972.00	3,892.00
Accumulated Capital Commitments (Million USD)	27,422.00	33,469.00	41,918.00	43,846.00	46,814.00	51,842.00	56,814.00	60,706.00

Accumulated Capital Commitments In Mexico (Million USD)



Source: GDP 2013-2016 1Q (2008 Base MXN) -INEGI

Exchange rate 2016 Banxico FIX end of the year

Capital commitments value - AMEXCAP

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