

INSIDE MEXICO'S PE MARKET

OVER **168**
PE FIRMS



OVER
USD **\$42.5**
BILLION

ASSETS UNDER MANAGEMENT
(PE + VC + RE + INFRASTRUCTURE)

Mexican Association of PE & VC Funds
 **AMEXCAP**
Asociación Mexicana de Capital Privado A.C.

About AMEXCAP

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 over 100 Private Equity, Venture Capital, Real Estate, Infrastructure and 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 \$30.92 billion over the past fifteen 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.

Our Mission

The AMEXCAP works under the following objectives:

- Developing and strengthening the relationships with institutional investors.
- Generating the largest number and frequency of transactions.
- Developing and maintaining relations with authorities and regulators, lobbying with them to improve the competitiveness of the industry.
- Promoting and disseminating the Private Equity and Venture Capital industries at national and international levels.

In order to carry out these objectives, identify key challenges and propose initiatives which will encourage the development of the industry, AMEXCAP's Board of Directors is composed of a Chairman, a Secretary and seven main Committees:

- Venture Capital Committee
- Growth and Acquisitions Committee
- Real Estate and Infrastructure Committee
- Institutional Relations Committee
- Promotion and Investor Relations Committee
- Research and Education Committee
- Diffusion and Communication Committee

Board Members

Alonso B. Diaz Etienne, Chairman - Gerbera Capital

Mauricio Basila, Secretary of the Board - Basila Abogados

Alejandro Diez Barroso - Dila Capital

Alfredo Alfaro - Northgate

Carlos Mendoza - Discovery Americas

Cipriano Santisteban - Linzor Capital

Diego Serebrisky - Alta Ventures

Eduardo Guemez, President RE Committee - Grupo MRP

Felipe Vila Gonzalez, President of Investor Relations Committee
- Fondo de Fondos

German Ahumada - Artha Capital

Hernan Fernandez - Angel Ventures

Jorge Dickens - Acon Investments

Jose Fernandez - Chevez, Ruiz, Zamarripa

Luis de Garay Russ - GBM

Ricardo Elizondo, President VC Committee - Ideas y Capital

Rodrigo Fonseca, President PE Committee - EMX Capital

Sandor Valner - Walton Street Capital

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A LETTER FROM AMEXCAP RESEARCH DEPARTMENT

Dear Reader,

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

The private equity industry has come a long way, starting 16 years ago with only 4 funds and USD\$ 400 million in assets under management, today the industry is reaching USD \$42 billion in assets under management for private equity investments in Mexico and the industry has now over 168 active funds investing across different sectors.

AMEXCAP has registered 1,657 private equity transactions over the last 26 years, of which a 70% occurred in the past 6 years; 36% belong to the Venture Capital sector, 20% are Growth and LBO deals; 33% Real Estate; 5% Infrastructure transactions; and 3% Debt transactions.

On the regulatory side, the Mexican government has been very supportive as well. Just this past year, two new investment vehicles were developed: "FIBRA E" and "CERPIs" designed to attract top national and global asset managers, as well as local and international institutional investors by featuring transparency of information to adequately align incentives with managers, co-investors and investors.

- **"FIBRA E"** will allow public and private investors to monetize assets in the energy and infrastructure sectors with predictable and stable cash flows under a fiscal regime that reduces tax levels, and thus allows higher distributions.
- **"CERPIs"** or "Investment Project Securitization Certificates" will provide flexibility to attract top quality managers to develop projects and enterprises in a GP- LP private equity-like framework, with the highest corporate governance standards.

In 2016, seven CKDs were issued, three for infrastructure & energy, one for real estate, one venture capital and two for private equity. Additionally, we saw the first FIBRA E from Pinfra that will invest on the Mexico-Toluca highway maintenance and operation, and the first CERPI from Mira that will target mixed used real estate investments. All of the above represent over USD\$ 969 million on accumulated capital commitments, on the pipeline there are twelve CKDs targeting over USD\$1.8 billion, with them we should continue to see large investments.

We would like to thank the contributions from our Committees' Presidents and the overall participation of our Board.

- **Ricardo Fonseca**, President, AMEXCAP's LBO & Growth Committee
- **Ricardo Elizondo**, President, AMEXCAP's Venture Capital Committee
- **Eduardo Guemez**, President, AMEXCAP's Real Estate Committee
- **Luis de Garay**, AMEXCAP's Infrastructure Board Member
- **Felipe Vila**, President, AMEXCAP's Institutional Investors' Committee
- **Mauricio Basila**, Secretary of the Board

As private equity remains an opaque asset class, we encourage readers to review our data methodology. We hope that you enjoy this publication, and that it provides a fresh perspective on a richly diverse economy.

Cordially,

María Ariza, CEO

Diego Armenta, Research Associate

AMEXCAP Methodology

This report provides an overview of trends in fundraising and investment among private equity (PE) funds investing in Mexico, including Venture Capital (VC), Real Estate, Infrastructure & Energy. The statistics presented here are drawn from AMEXCAP's funds and transaction database. The main data sources used were: press-releases, trade publications, AMEXCAP communication with industry participants and members. This overview covers from 2000 thru 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 PE industry in Mexico, so our data may have some adjustments year over year, this is due to several factors the main ones are:

- a)** More public information from historic investments and capital raised from funds we have not tracked before.
- b)** New capital calls from CKDs, we report only what does the CKD really raised by the moment the report is published.

Information from Inside Mexico's PE Market published on December 2015 shows the following adjustments on Accumulated Capital Committed:

On 2015 USD\$ 41,918 instead of USD\$ 37,145 million
On 2014 USD\$ 33,469 instead of USD\$ 29,599 million
On 2013 USD\$ 27,422 instead of USD\$ 25,211 million
On 2012 USD\$ 25,361 instead of USD\$ 23,227 million
On 2011 USD\$ 20,889 instead of USD\$ 20,186 million
On 2010 USD\$ 18,102 instead of USD\$ 17,480 million
On 2009 USD\$ 14,372 instead of USD\$ 14,279 million
On 2008 USD\$ 12,693 instead of USD\$ 12,759 million
On 2007 USD\$ 10,848 instead of USD\$ 11,159 million
On 2006 USD\$ 6,725 instead of USD\$ 7,035 million
On 2005 USD\$ 4,439 instead of USD\$ 4,550 million

From 2016 AMEXCAP will track these additional funds for a total of 168 funds.

- Anteris Capital
- Capital Invesments
- Davinci Capital
- EFM Capital
- Impulsa Capital
- Mesoamerica
- Nala Investments
- Proactive Capital
- Rhea
- Strategic Capital
- Thor Urbana
- Vertex Real Estate

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

Mexico is certainly living a prosperous moment when it comes to private equity investments. Economic stability, strong industrial and manufacturing sectors, access to deal flow, and recent reforms to policies and regulations yield **significant opportunities for the Private Equity Industry.**

The above has resulted in a double digit annual growth rate for the industry, reaching now over **USD\$ 42.57 billion** in capital commitments to Private Equity investments in a diverse pool of sectors and strategies.

Mexico's Private Equity Industry has 168 active fund managers, 7X since its begins in the early 2000, of which 94 are Mexican GPs Mexican GPs, 74 foreign GPs, 62 CKDs, 1 CERPI and 1 FIBRA E.

AMEXCAP has registered 1,657 transactions overall of which 175 were done in 2015: 119 Venture Capital deals, 25 Private Equity deals, 20 Real Estate deals and 11 Infrastructure and Energy deals. On the liquidity side, we had 6 exits during the last year, including the IPO of Javer to the Mexican Stock Exchange. Historically we have had 15 IPOs of PE backed companies.

A 2015 research conducted by KPMG and AMEXCAP of successful PE backed companies in Mexico¹ demonstrates that PE funds have encouraged growth and improved the investees performance, showing 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, FOCIR and Bancomext, among other institutional investors, have invested through the Fund of Funds investment vehicle "CMIC", in more than 71 funds and co-invested with 15 of them.

Additionally, the INADEM (The National Institute of Entrepreneurship) has been a key player fostering the Venture and Seed Capital ecosystem, by investing on 35 new funds from 2013 to 2015. For 2016 the VC support changed to MXN\$100 million targeting one fund with an approach to the Asia-Pacific alliance countries.

Finally, Domestic Pension Funds have played a determinant role in the growth of the PrivateEquity industry, having contributed with more than USD\$8.3 billion through 64 CKDs since the rule change in 2009. This amount can further increase up to USD\$ 15.7 billion with future capital calls.

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

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

Industry Profile and Evolution

Mexico's Private Equity Industry has achieved over USD\$42.571 billion in capital commitments over the past sixteen years growing at a CAGR of 20.27%.

The sectors with the most capital commitments are Real Estate, Infrastructure and Energy.

Real Estate presented a 1.04X increase in accumulated capital commitments from 2014 pushed by a deal from Blackstone on GE's real estate assets.

Infrastructure and energy funds had a 1.22X increase from 2013 to 2014 due to the raise of the China – Mexico Fund with USD\$ 1,200 million committed to Mexico for energy projects.

The Venture Capital arena has been the most active segment growing significantly as well at a 19.35% CAGR for the last 5 years.

Accumulatted Capital Commitments In Mexico (USD million)

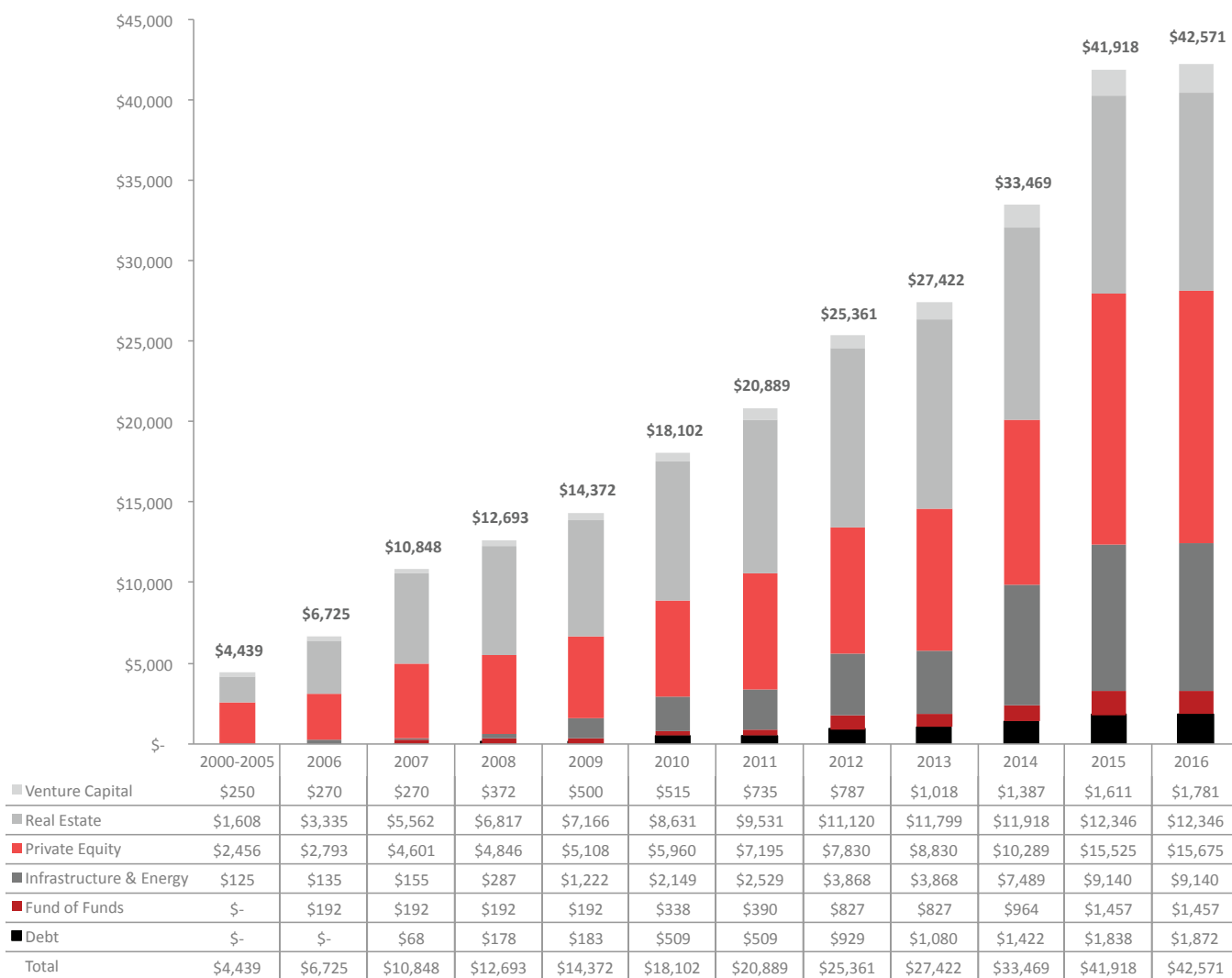


Fig. 1

Source: AMEXCAP 2016

Note: Does not include first time funds without first closing

Industry Profile and Evolution

Fund managers in Mexico have increased by seven times in the last 10 years.

Only within Venture Capital, we have more than tripled the number of GPs in five years, going from 16 in 2012 to 55 in 2015. This number includes: 38 Seed Capital Funds, 14 Series A and B Funds, and 3 late VC Funds.

Infrastructure and Energy funds have also increased significantly reaching 30 funds on 2016, a clear effect due to the energy reform that is allowing private investments on energy sectors, oil and gas, electric power generation and renewable energy.

**Active Fund Managers
(Number of GPs)**

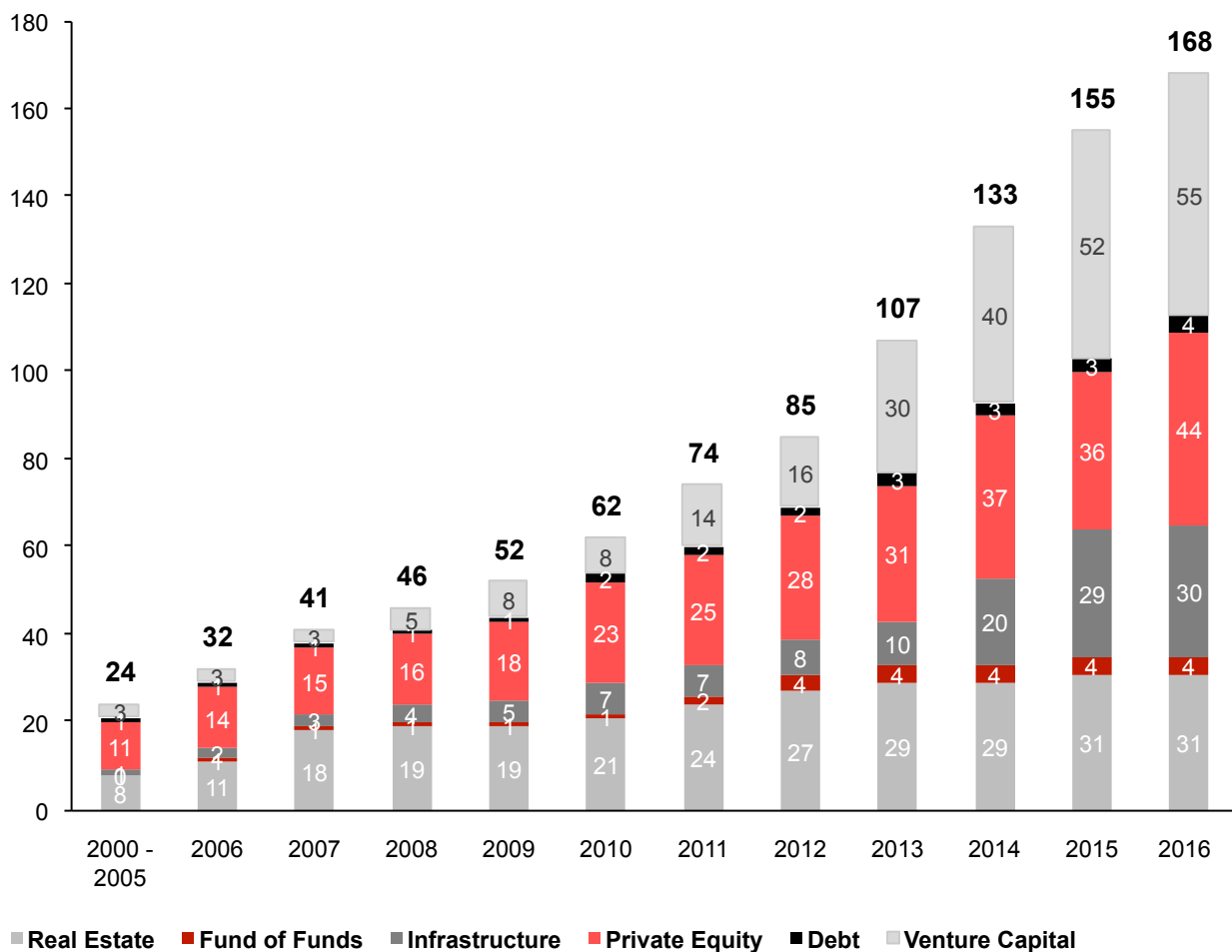


Fig. 2

Source: AMEXCAP 2016

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

Universe of GPs in Mexico covers diverse strategies

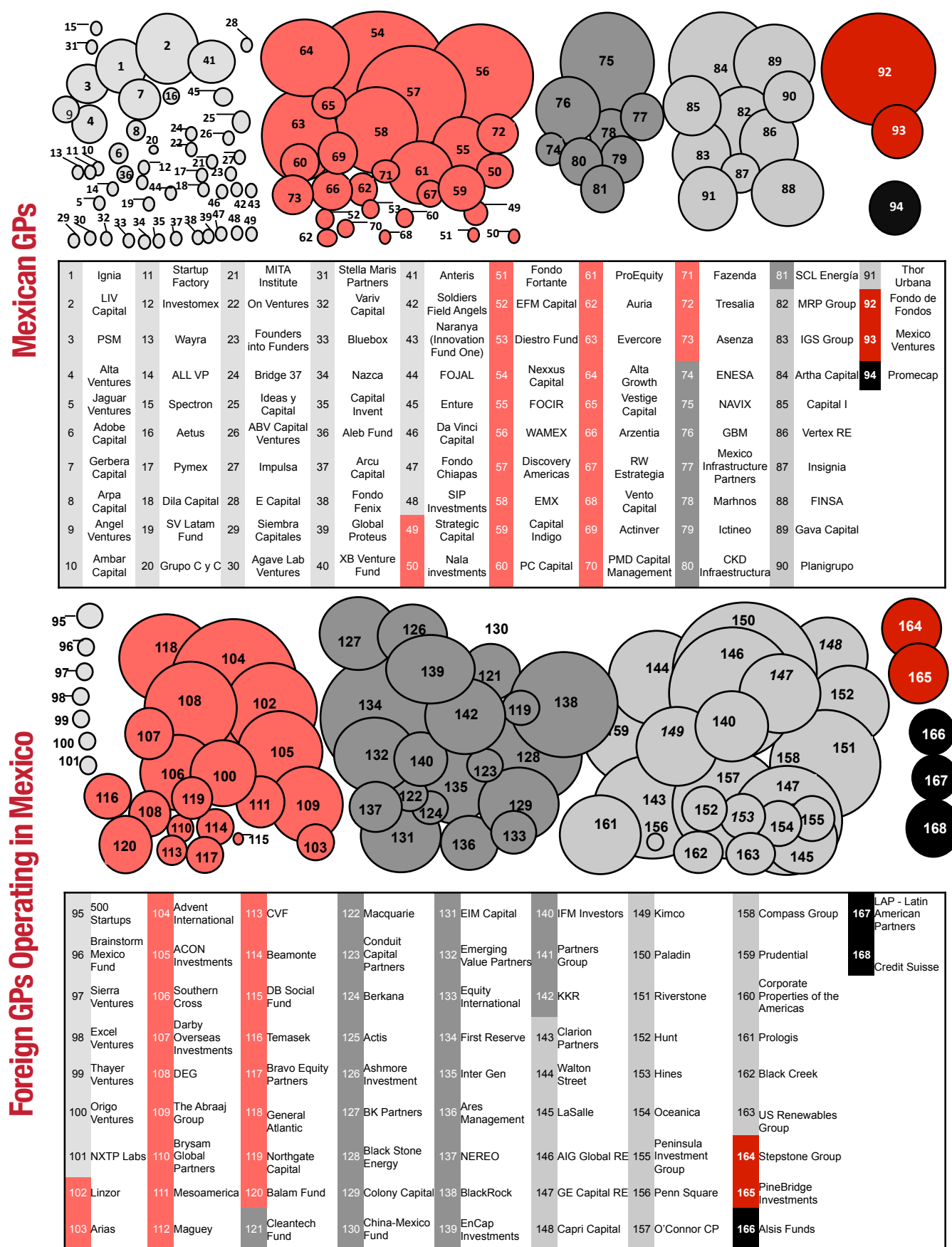


Fig. 3

Source: AMEXCAP 2016

Note: Bubble size illustrates capital commitments to Mexico. Drawing not to scale. Does not include first time funds without first closing

■ Debt ■ Fund of Funds ■ Private Equity
■ Infrastructure & Energy ■ Real Estate ■ Venture Capital

Fundraising overview

We have seen a clear upward trend in the number of funds raised every year since 2009. Only in the past two years almost 90 new vehicles were born.

Funds raised a record of USD\$8.5 billion during 2015, a 40% increase from 2014. This includes Venture Capital, Growth and LBOs, Real Estate and Infrastructure & Energy.

Additionally there are two new investment vehicles introduced by the Mexican Government: FIBRA E focused on projects that generate stable cash flows in energy and infrastructure, and the CERPIs used to finance infrastructure programs for various sectors, including the energy sector.

In the VC ecosystem, INADEM has been very popular among new and existing VC funds participating as a co-investor with other LPs. They have invested in 36 VC funds: 18 on 2013, 11 on 2014, and 7 on 2015.

Large investors are entering the Infrastructure & Energy sector such as Partners Group, Riverstone, First Reserve, EnCap Investments, and BlackRock, making 2015 a record year on committed capital for this sector.

Out of the total accumulated capital commitments in Mexico, there are USD\$20.04 billion currently being invested.

**Funds raised per year
(vintage)**

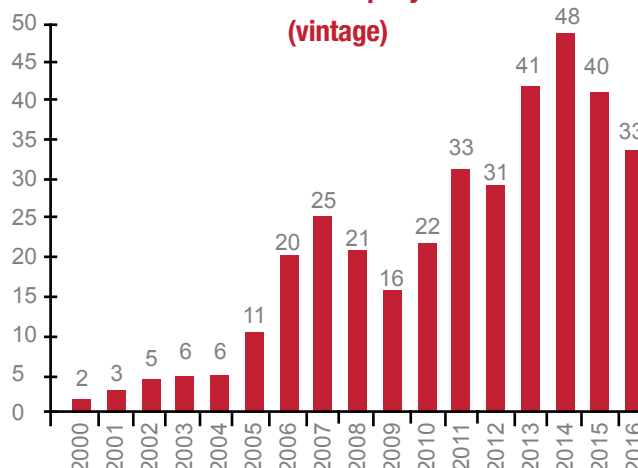


Fig. 4

**Committed capital to Mexico
(USD billion)**

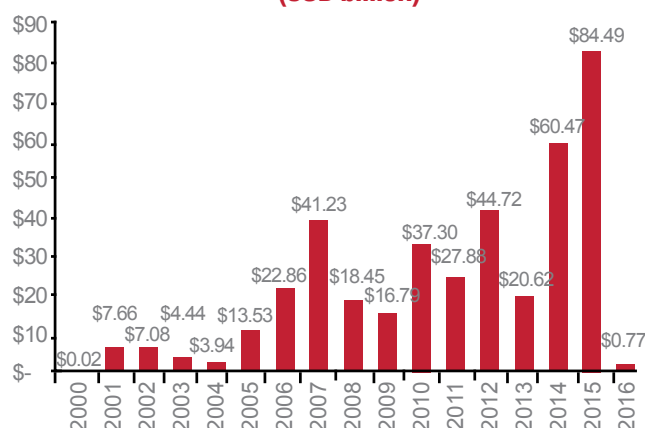


Fig. 5

**Committed capital by fund stage
(USD million)**

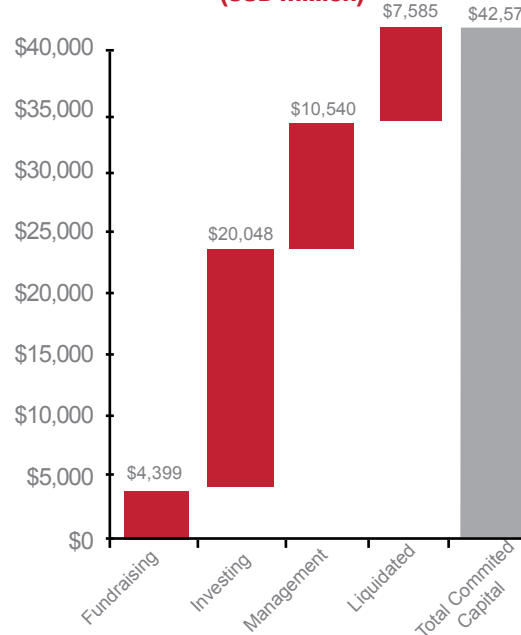


Fig. 6

Source: AMEXCAP 2016

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

Regulatory Framework Update

Mauricio Basila

Basila Abogados

AMEXCAP's Secretary of the Board



In terms of the regulation, CERPI's, as well as the CKD's are to be used to finance projects and to invest in equity, projects or financing.

"Equity Development Certificates" or "CKD's" are listed securities in the Mexican Stock Exchange, developed in 2009 as a creative response to the long standing interest of local PE fund managers and international LP's to raise PE funds among Mexican pension funds.

Retirement Savings Funds Administrators (AFORES) invest the resources of Investment Funds Specializing in Retirement Funds ("SIEFORES"), looking to diversify their portfolios through investment allocation in alternative assets such as private equity, infrastructure and real state, which, before the existence of the CKD's, were not available as investment alternatives for the SIEFORES, which are required by law to invest only in publicly listed securities.

More recently, in December 2015, an amendment to the regulatory framework incorporated a new instrument, "Investment Projects Securitization Certificates" or "CERPIs"), which is considered an improvement of the CKDs, designed to be a vehicle more comparable to the structure of a limited partnership used in most countries with PE funds.

In terms of the regulation, CERPIs, as well as the CKD's are to be used to finance projects and to invest inequity, projects or financing.

However, CERPIs are now more interesting because they allow the possibility of a partnership between an International or US based PE fund with a local PE firm by using

a CERPIs to raise a fund amongst Mexican Pension Funds to invest in Mexico, and without the need for the foreign firm to establish a subsidiary or a branch office in Mexico.

Earlier this year, amendments to the general financial provisions applicable to retirement savings systems (the "CONSAR Financial Circular") were published. This regulation sets out that investment thesis of a CERPIs may be defined by an eligible joint investor.

In the annex B of the CONSAR Financial Circular, the Commission establishes features which must be included in the policies defined by Investment Committees, to define the eligibility of the CERPIs joint investor, as follows:

- A)** Certify that the joint investor has experience in investments similar to that in which it is investing.
- B)** Certify that the joint investor is only a pension fund, sovereign fund, central bank, multilateral financial agency which Mexico is a member, or private equity fund manager.
- C)** If the joint investor defines the investment thesis, it must certify the following:
 - That it is a private equity fund manager, pension fund, sovereign fund, or central bank; and
 - If it is a joint investor other than those discussed in section i. above, that it has experience in investments or projects in which the Structured Instrument will invest.

In addition to the above, the following joint investor information must be provided:

- A) General information of the joint investor.
- B) Executive team of the joint investor and, if applicable, analysis of the joint investor's affiliate or subsidiary responsible for approving investment projects.
- C) Description of any possible conflict of interest regarding the investments of the related instrument.
- D) Joint investment policies regarding instrument management, operation, and monitoring.
- E) Description of joint investor policies related to:
 - Information disclosure
 - Appraisal practices
 - Analysis of underlying and fund investments.
- F) Code of ethics of the joint investor

What are the characteristics of CERPIs, vis a vis the CKD's?

CERPIs shall be issued through restricted public offerings, which means that may be offered only to institutional qualified investors or ultra-high net worth individuals.

As opposed to the CKD's, the holders' meeting only has to approve: (i) approve intended issuance extensions; (ii) remove and replace the manager, and (iii) approve increases to the compensation schemes or manager commissions.

To appoint technical committee representatives, the holder must own at least 25% of the outstanding CERPIs, instead of the 10% established for CKD's.

Probably the most significant difference with the CKD is that in the CERPIs, the technical committee will not have the non-transferrable power to approve investments and divestments, as it happens with the CKD. The most relevant powers of the technical committee are as follows: (i) oversee compliance with the rules established by the trust; (ii) request the trustee to publish relevant events; (iii) verify the manager's performance; and (iv) review the quarterly report which must be filed by the manager.

In the CERPIs, the technical committee works as an advisory committee, as opposed to an investment committee, as it works in the CKD.

Regulation allows to issue different series of CERPIs for different strategies or asset classes, for instance.

CERPI, the next generation instrument to raise PE funds with Mexican Pension Funds

As opposed to the CKD, there is no longer an obligation to publicly disclose financial information on project companies or projects which represent 10% or more of trust assets; however, the holders are entitled to request access to information agreed to without having to publish it, and There may be several closings within a one-year period from the first offering. In summary, the most relevant differences between CERPIs and CKDs are: (i) CERPIs do not require approval of the technical committee or the holders' meeting to make investments, and (ii) CERPIs require the holder to own at least 25% of outstanding securities to have a seat at the technical committee.

The following chart shows the operating structure of CKDs and CERPIs:

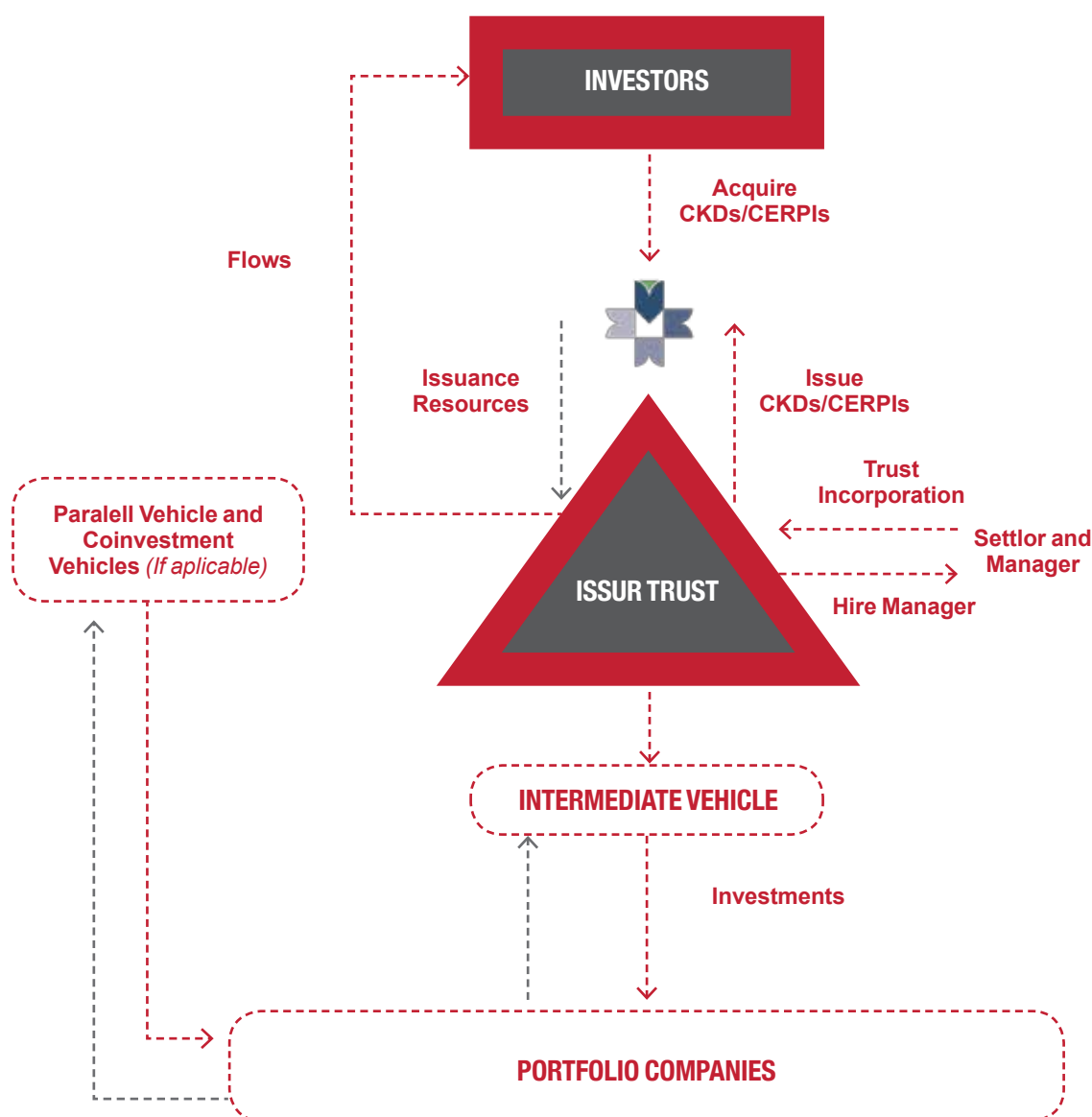


Fig. 7

Fundraising Overview- CKDs (“Structured Equity Securities”)

CKDs Raised Capital by Strategy (Funds raised)

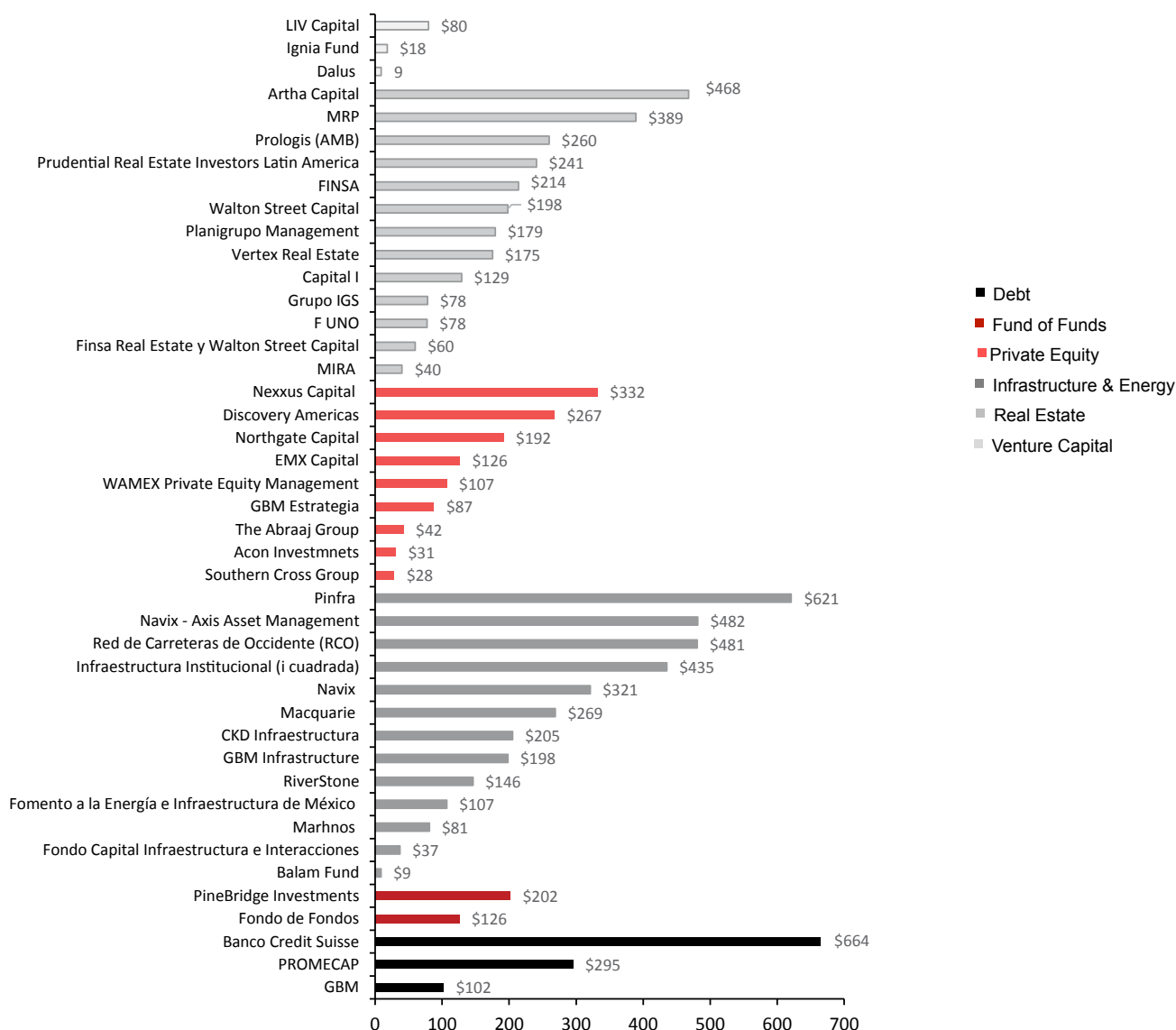


Fig. 8

In the last eight years 62 CKDs 1 CERPI and 1 FIBRA E have been issued with a called capital of over USD\$ 8.8 billion, that could increase up to USD\$ 15.9 with further capital calls. The sectors that have received most of the investments are Real Estate, and Infrastructure & Energy.

There are 12 CKDs in the pipeline pending to be approved which would capture another USD\$ 1.8 billion for the Real Estate, Private Equity, Infrastructure & Energy and Debt sectors.

CKD Committed Capital by Strategy

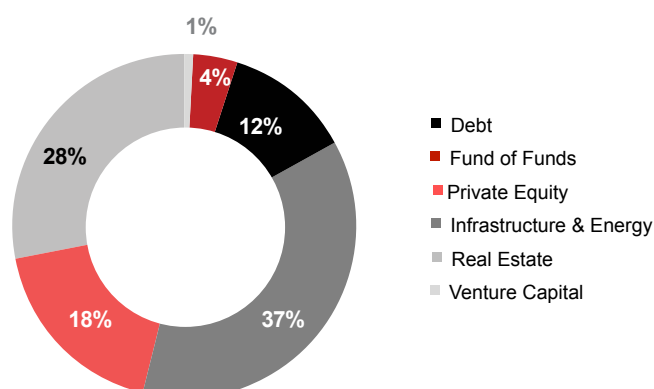


Fig. 9

Fundraising Overview- LP Profile

As seen in the following graphs, within Venture Capital, most LPs are still mainly local HNWI and family offices. Local Pension funds have started to invest in this segment and we do expect this participation to increase significantly in the following years as exits start to emerge. For the foreign investors we have fund of funds who are the most active.

On the other side, we have more foreign LPs participating in the Private Equity segment, mainly Financial Institutions and Fund of Funds. Afores are increasing their allocation to PE so we will expect the composition to equal in time.

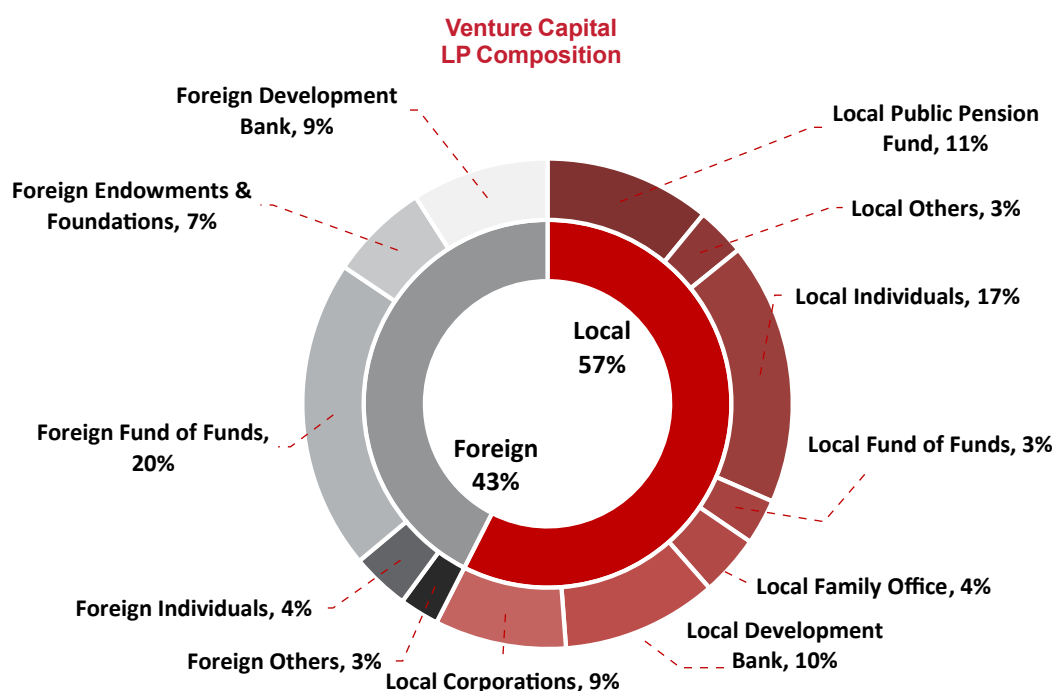


Fig. 10

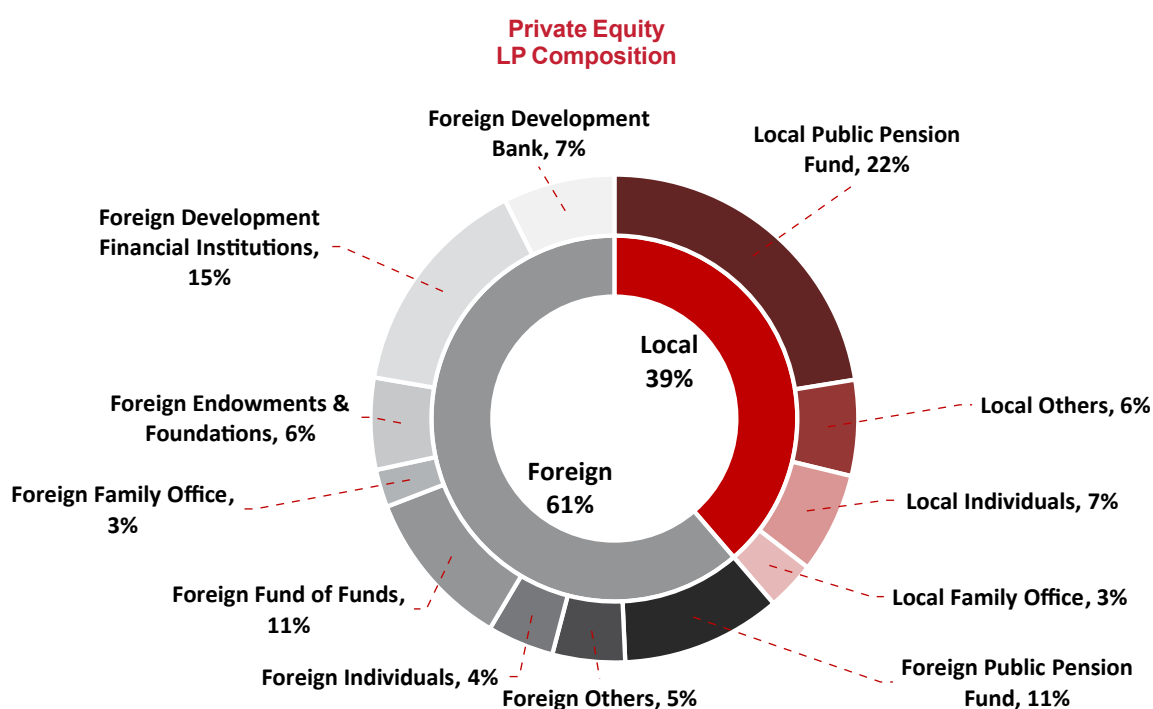


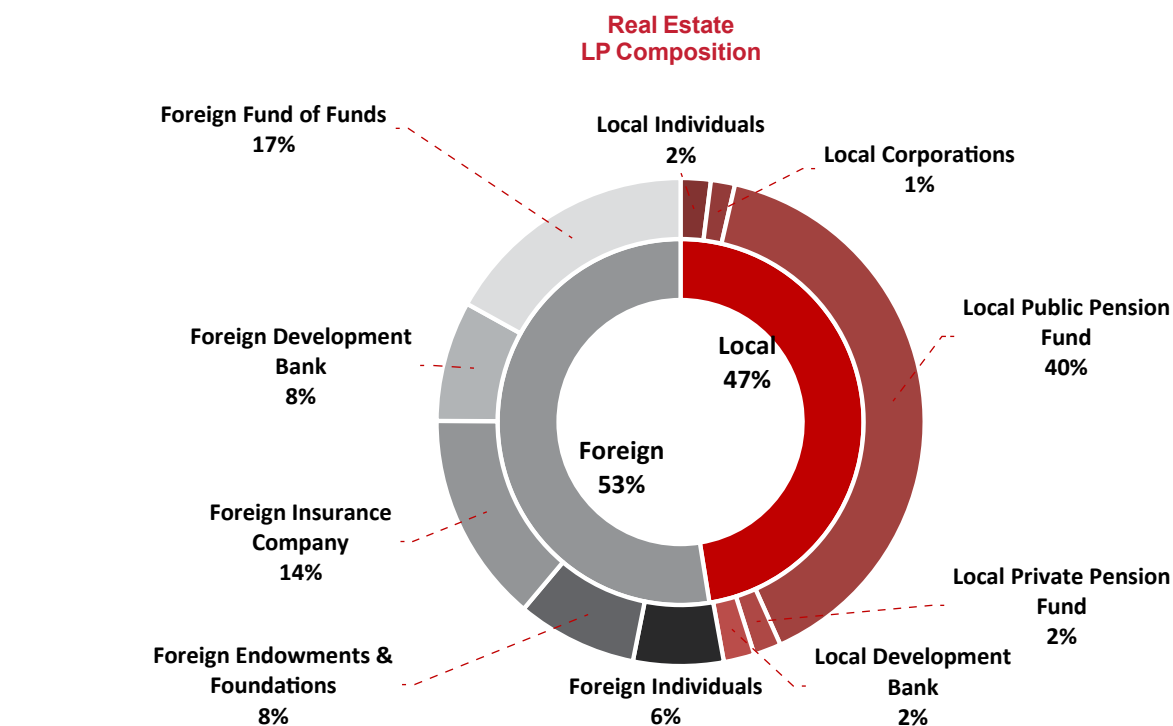
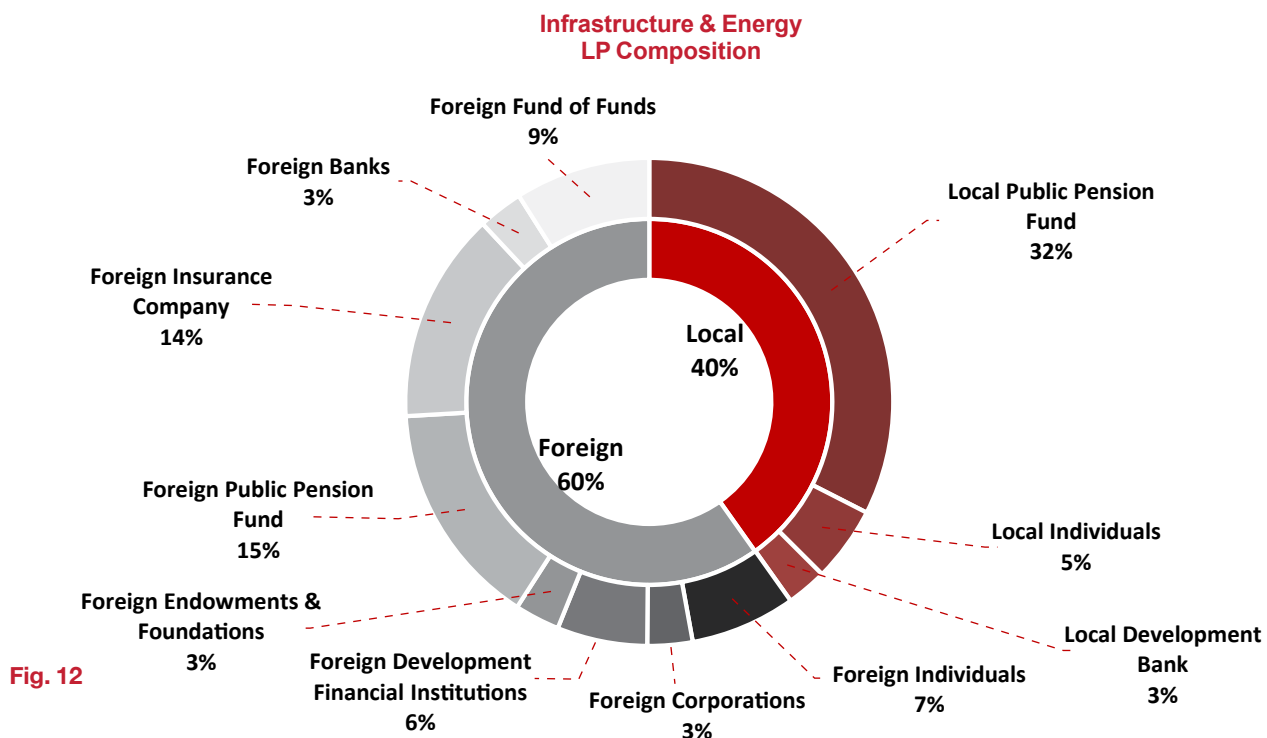
Fig. 11

Source: AMEXCAP 2016

Fundraising Overview- LP Profile

For the Infrastructure and Energy LP composition, we are seeing mainly local Afores participating in this sector given the risk profile of their portfolios and the total deal

size. Real Estate has changed dramatically. Few years ago foreign Investors were taking the majority of the pie and now AFORES are taking over.



LP Profile Active Investors in Mexico (non-exhaustive list)



Fundraising Overview – Perspectives from LPs

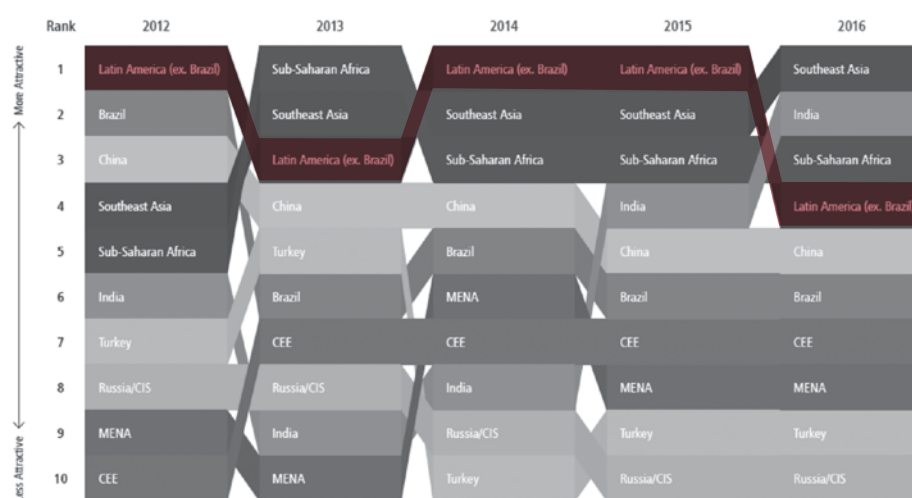
According to EMPEA and LAVCA recent studies, Mexico has been ranked as one of the most attractive countries to invest in compared with other Emerging Markets and compared to LATAM.

The **2015 EMPEA's Global Limited Partners Survey** revealed that Latin America (excluding Brazil), has been ranked as a leading partner for LPs. Mexico represents the largest country within the segment for the last two years in a row.

"Global Limited Partners Survey Investors' Views of Private Equity in Emerging Markets 2016"

Also, a 2015 survey from Collier Capital and LAVCA made to Latin American and International LPs, shows that Mexico is the country with the best risk/return equation comparing other Latin American Countries

"Latin American Private Equity Survey 2015"



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

Fig. 14

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.

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



Fig. 15

Investment Outlook

Over the last 16 years AMEXCAP has registered 1,657 Private Equity transactions. In the past we saw larger number of Private Equity and Real Estate deals, but recently we see an important growth in VC transactions, starting in 2013.

2015 was a record year in the amount invested reaching USD\$7.08 billion, almost three times the investments from the previous year. Mostly driven by one very large real estate transaction in excess of USD\$ 3.3 billion, and other large infrastructure and energy deals.

**Investments per strategy
(1,657 transactions)**

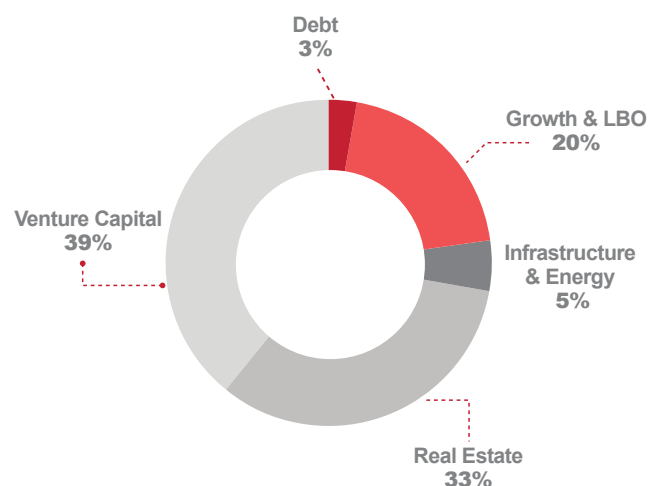


Fig. 16

Historical PE investments

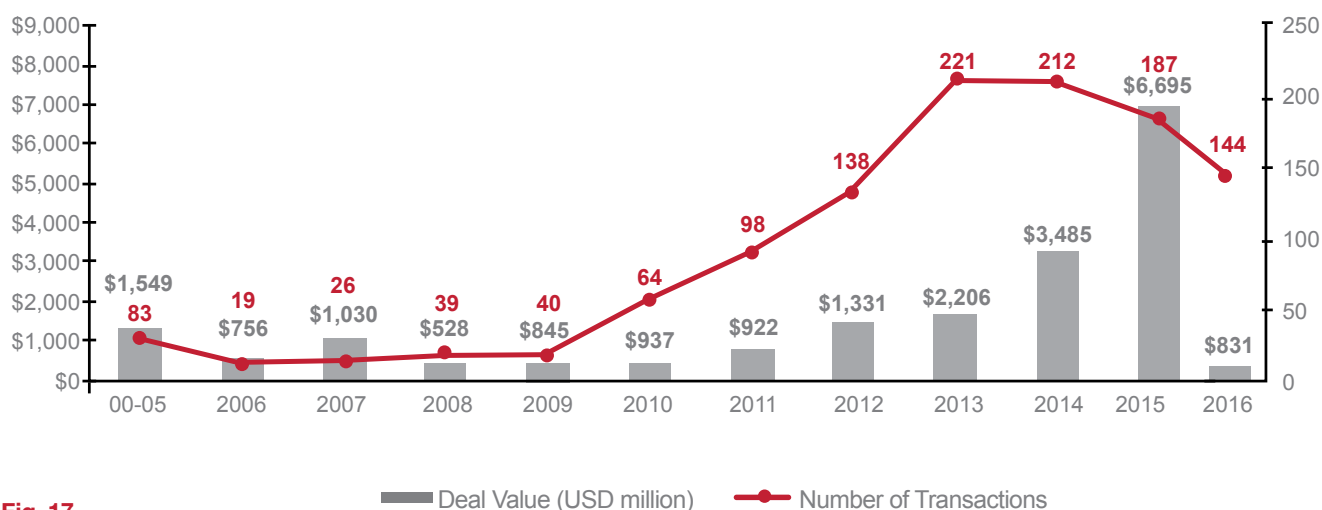


Fig. 17

■ Deal Value (USD million) ● Number of Transactions

Evolution of Private Equity in Mexico

Rodrigo Fonseca

EMX Capital President, AMEXCAP's LBO And Growth Committee



Twelve years ago, in 2004, a brand new investment team was formed in Mexico. It was given the mandate to establish the first Latin American office for one major US-based PE firm. The market was young, the business model unknown to locals and the opportunities unclear. There was a limited set of competitors, perhaps 20 or 30, and their activities were not well understood. Despite the challenges, the team marched on and, backed by a top tier brand, managed to raise a first-time fund with international investors (LPs). Sometimes the question came, "Do you have any local LPs? You know, like in Chile, Brazil or Colombia." The invariable response was, "What do you mean 'local LPs'? Please let us know if you find any." As the years passed and the fund was invested there were invaluable lessons for the team. Still, entrepreneurs were wary of a PE fund: "Are you like that guy in Pretty Woman? Will you fire all my employees? Why should I trust you?", but the best was always: "You are more expensive than a bank!" Incumbent players had done valuable groundbreaking work but there was still a long way to go. Still, the team managed to deploy the fund, see many companies grow and return capital to its investors. A tough but rewarding first cycle.

As the years passed and the fund was invested there were invaluable lessons for the team

Fast forward to 2008. Local investors appear in the picture. Like in any other PE market in the world, local pension funds were meant to accelerate the growth of the asset class. It happened. In Mexico's case, it was the AFORES, managers of mandatory retirement accounts of Mexican workers. The combination of government support, AFORES's willingness to participate and the creativity of financial executives created the well know CKD. The CKD, a publicly listed vehicle would become the launchpad of an industry that has PRIVATE as its first name. What an irony. As of early 2008 USD\$ 7.8 billions have been raised through the CKD structure across many strategies – from VC to LBO to real estate and infrastructure. Yes, a large amount of money, especially when compared to amounts raised in earlier years. However, the most valuable dynamic was the development of an increasingly sophisticated and experienced talent pool. This talent pool is the foundation for the future because Private Equity is a market where local knowledge and local transaction experience are critical. The strategy of sending a swat team from New York or London to crack the Mexican market will no longer work. Surely my colleagues would agree that we as GPs are deeply thankful of the support from Mexican AFORES. We are committed to a continued partnership with them in order to seek

the best possible returns for their affiliated workers. However, we are also eager and ready to see an increase of foreign LPs joining the Mexican PE ecosystem, as Maria Ariza, AMEXCAP's CEO likes to call it.

Today, opportunities are many and are highly attractive. Industries are changing and growing, Mexico's global competitiveness is increasing and an emerging consumer is demanding better and higher-quality goods and services. Reforms are changing the structure of the economy and despite a weak global growth outlook, certain sectors in Mexico are gaining global market share and therefore growing at significantly higher-than-average rates. For example, despite threats to the auto-industry as a whole, ranging from the sharing economy (Uber) and future efficient use of owned vehicles (driverless cars), Mexico is attracting multi-billion investments from leading automakers such as Ford and BMW. The cascading effects into

the supply and logistics networks are tremendous and the investment opportunities abound. Some of these trends are present in different industries and are further accelerated by a growing generation of young Mexican entrepreneurs that have taken an aggressive approach to compete in high value-added activities. This is moving Mexico away from being the low-

Today, opportunities are many and are highly attractive. Industries are changing and growing...

cost producer (or maquilador) and into becoming a sophisticated design and manufacturing hub. The aeronautics cluster in Queretaro is a vivid example. A world-level set of competitive enterprises is emerging in Mexico. Those who have the vision to support them and partner with them will see substantial benefits in the medium term. And, by the way, PE is a medium-term investment strategy.

Finally, a mention of the energy sector is necessary. After almost 80 years of a nationalized oil industry, Mexico is finally opening up and allowing private investment in oil and gas. The reform was necessary, even overdue. For the reform, the oil price decline was unfortunate but, in my view, it will become a temporary adjustment when we look back a few years from now. From a private equity investor's perspective, however, the oil price movement can be seen as a unique opportunity. A nascent sector in Mexico with tremendous growth potential is in heavy need of investment at a time when strategic players have limited appetite. This dynamic presents interesting medium term opportunities (again medium term) for the visionary investor that has the capital combined with the right team and strategy.

In summary, the Mexican PE environment has come a long way. Investment has significantly grown. Capable talent has developed. Opportunities are many. Investors are welcome.

Private Equity: Investment Sectors and Number of Transactions

2015 was the third highest year in terms of invested capital by Private Equity Funds with USD\$ 413 millions. Some important transactions were: Advent's investment in Banca Mifel, and Viakem; Alta Growth's investments in Fruehauf, and Teletex de Mexico; Discovery Americas made important follow-ons on FTM (Fondo de Transporte Mexico); EMX on Kidde; Linzor Capital acquired GE lending and leasing platform; Nexxus investments in ZKC, and IMC; Northgate participation in Grupo Diniz, Elara Comunicaciones, and Grupo Estancias Exentidas; among others.

Private Equity funds active in Mexico invest across a broad spectrum of industry sectors: health care, financials, industrials, consumer goods, and consumer services, are the most targeted ones. Consumer services includes among other subsectors: home improvement retailers, specialty retailers, restaurants, broadband retailers, specialized consumer services, recreational services, broadcasting & entertainment, travel & tourism, drug retailer, airlines, food retailers & wholesalers, apparel retailers, media agencies, hotels, publishing, general retailers and other sectors not yet invested on Mexico. Consumer goods includes:

Private Equity

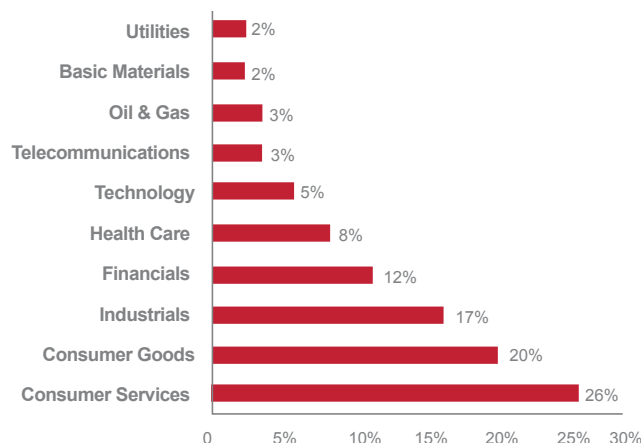


Fig. 18

personal products, furnishings, clothing & accessories, home construction, food products, automobiles, soft drinks, distillers & vintners, toys, auto parts, recreational products; and other sectors not yet invested on Mexico.

Private equity funds investments and number of transactions

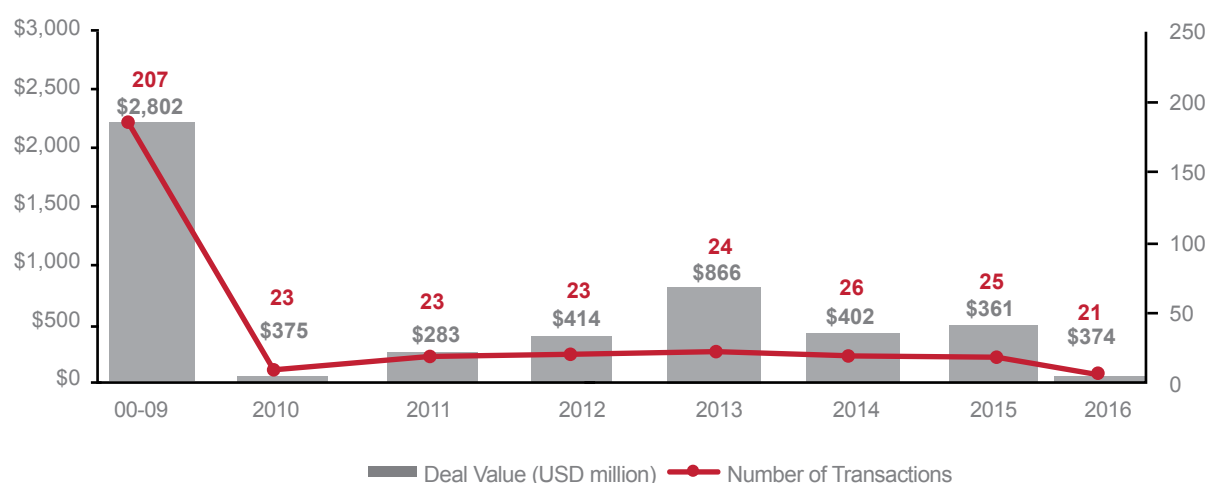


Fig. 19

Learning globally, acting locally. The Rise of Venture Capital in México

Ricardo Elizondo

Ideas y Capital 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 more 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 US dollars.

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.

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.

Venture Capital: Investment Sectors and Number of Transactions

Venture capital funds investments and number of transactions

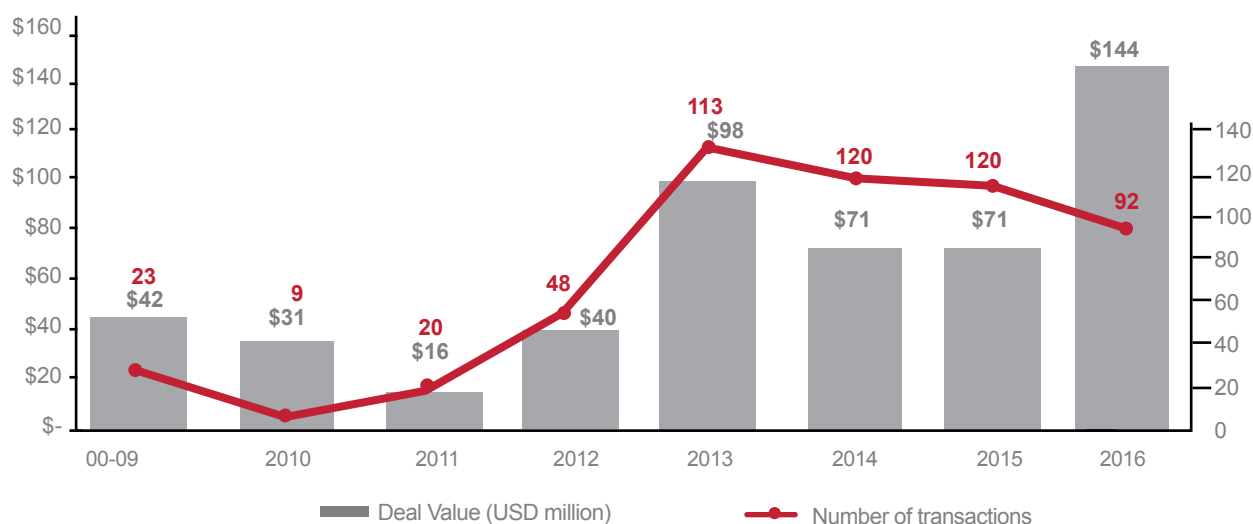


Fig. 20

As shown in fig. 20, the last three years have been the most active in terms of number of transactions and investments. Most of these transactions were seed investments, which now represent 64% of all transactions.

This year there were important series A and series B investments: Gaia, Konfio, Kueski, Clip, and Cornershop, raised more than USD\$ 62 million together, historically series A and B represent a 33% of all VC transactions.

Venture Capital funds in Mexico are mainly investing in the Consumer Services, Technology, and Financials industries. However, we see a lot of activity in the Consumer Goods, and Industrials. 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, and other sectors not yet invested on Mexico. Technology includes, among other subsectors: software, computer services, internet, computer hardware; and other sectors not yet invested on Mexico.

Venture Capital
(Transactions from 2000-2016)

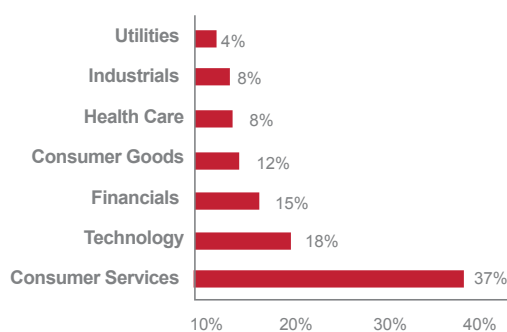


Fig. 21

A New Flight to Quality

Eduardo Guemez

MRP - Mexico Retail Properties President, AMEXCAP's Real Estate Committee



Over the recent past there have been many who question whether the Mexican Real Estate Market is in a bubble. Residential prices continue to rise even in an economy that fails to live to its potential and generates lackluster employment growth. New Class A office supply in Mexico City has broken historical records time and time again while the service sector grows at a much more modest pace.

Is this situation sustainable or is the music about to stop? While it is difficult to say for sure, I believe the fundamentals of the real estate market continue to be positive for new investment for yield as well as appreciation. This is based on a stable macro-economic environment with low inflation, the holding of assets in firm hands with low leverage levels and the fact that the driver for demand is a combination of growth and a flight to quality, not necessarily from investors, but from the end users. This flight to quality is seen in product, location and even experience but I believe is driven by a flight to quality of life.

As has happened in other large metropolis around the world, millennials are flocking out of the suburbs or outskirts of the city and looking to move to more central districts. They are expecting to live, work and play close buy, a car sometimes being more a burden than an asset. This has led to the revival of old neighborhoods, the development of new residential and retail product to meet new requirements and has led to new office supply in markets that are able to attract talent.

Office tenants are looking for high quality space that allows for efficiencies and lower total occupancy costs as well as access to high technology, collaborative workspaces

and environmental certifications. Those occupying older buildings or converted houses are looking to move to newer buildings in locations that have access to public transportation and are closer to higher demand neighborhoods. New buildings are catering to those needs as well as new security concerns and even amenities that generate a more worker friendly work environment.

As the middle class continues to expand and consumers take a leading role in generating economic growth, new brands are looking to enter the Mexican market while existing players try to consolidate their positions. Mobility concerns and the need for convenience are leading retailers to rethink their formats and smaller formats, closer to the customer, seem to be the new trend. As disposable income grows entertainment and lifestyle centers are thriving as a viable recreation option for large segments of the population.

Shrinkage has also touched the residential sector as the average size of mid and high end apartments has been reduced dramatically with units of below 100 or 90 square meters being the norm, not the exception. This reduction in size, coupled with the availability of financing that while still not cheap by international standards is cheaper than ever, has pushed prices per square meters in the desirable markets. Buildings compete with location, amenities and even branding with the winners being able to pre-sell large portions of the inventory even before construction is fully underway. It is important to note that even in light of recent increases, the market continues to be in line or even below comparable markets in South America.

These trends are more prevalent in large cities such as Mexico City and Monterrey, but it is fair to assume that they will make their way to many of the mid-size cities of the country and that they will continue for the foreseeable future. While the rise of new investment vehicles such as Fibras and CKD's has given the market a liquidity it was not used to and some price distortions are to be expected as the market moves towards more transparency, it seems that the macroeconomic stability, demographic bond and the aforementioned trends will be able to generate new opportunities for developers and investors alike.

Real Estate: Investment Sectors and Number of Transactions

Real estate funds investment and number of transactions

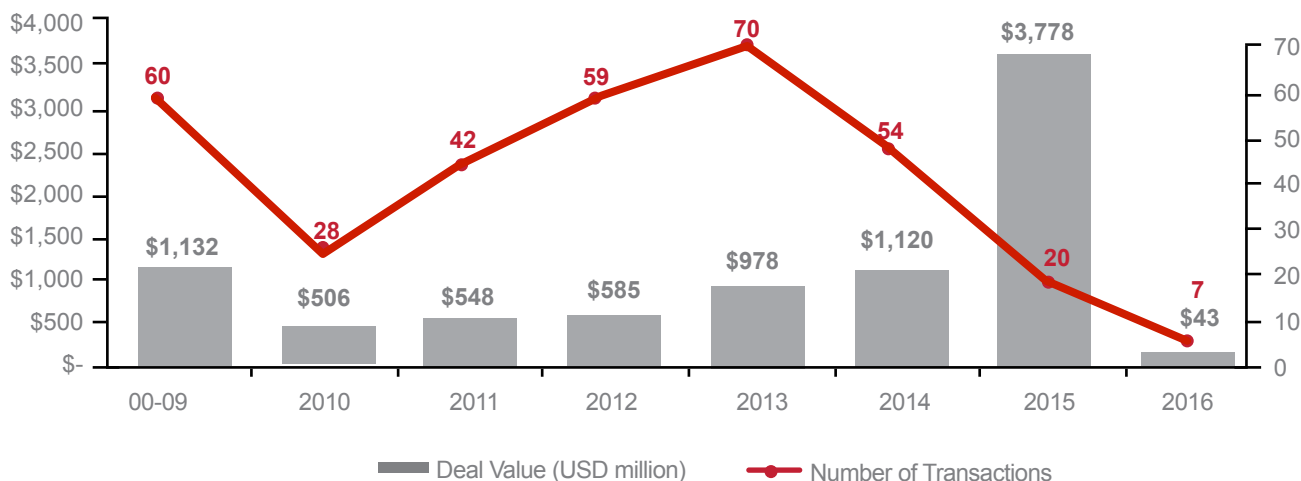


Fig. 22

Real Estate
(Transactions from 2000-2016)

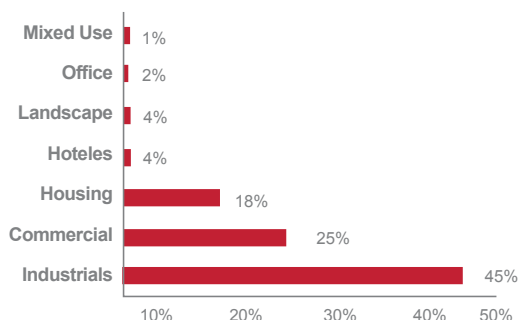


Fig. 23



Fig. 24

2015 was a record year in the amount invested in the sector with a 3.25X increase from the previous year. Driving this growth was a USD\$3.3 billion transaction.

Real Estate Funds in Mexico invest mainly in the Industrial, Housing, and Commercial sectors. We have seen an increase since 2014 in the Industrial sector and believe this trend will continue to expand over the following years.

On a recent poll conducted by Deloitte and AMEXCAP¹, Real Estate funds mentioned that 59% of their assets were for greenfield projects versus 41% for acquiring already developed ones.

Furthermore, as we can see on fig. 24, funds have mainly invested in 3 regions of the country, North, Northeast, and the Valley or center region of Mexico. The amount for the 3 investments on 2016 is undisclosed.

Macroeconomic, Political and Social Conditions

Position Mexico's Infrastructure Sector as a unique Investment Opportunity

Luis de Garay GBM

AMEXCAP's Infrastructure Board Member



Mexico's strategic location and access to two oceans positions it as a natural transition point between North and South America

Recent structural reforms will provide additional catalysts for growth, in particular labor, financial, energy and competition reforms.

- The Mexican constitution was amended in 2013 to allow private capital investments in the oil, gas and electricity sectors.
- In 2014, the National Infrastructure Program ("NIP") Global competitiveness indicators position Mexico in the 54th place out of 148 countries, showing the country's potential to develop its infrastructure sector
- Mexico is the eleventh largest economy in the world and the second largest in Latin America.
- Solid international reserves and low interest rates benefit Mexico's country-risk and promote consumption and demand for products.
- Mexico's strategic location and access to two oceans positions it as a natural transition point between North and South America; this is supported by a network of 11 free trade agreements with 46 countries.
- There are currently MX\$125bn in debt issuances related to infrastructure.

National Infrastructure Plan

Main Highlights

~ USD\$ 600bn in transportation, ports, rail roads, energy, health, social infrastructure, and tourism, 133% larger than the 2007-2012 infrastructure spending.

~ 40% of the budget comes from private investment, 743 projects, 25 strategies and 83 lines of action, 70 projects with investments greater than USD\$1bn, Focus on the Southern and Southeastern regions.

Objectives

Achieving additional GDP growth of 1.8% - 2.0%, generating approximately 350,000 additional jobs per year, supporting the development of a long-term and sustainable infrastructure vision.

Communication and Transport Sector

The NIP aims to take advantage of Mexico's privileged geographic position, allowing an optimized use of resources and a sustained and orderly growth of the regional and national economies. The objective is to consolidate Mexico as a logistics hub with an advanced multimodal transportation infrastructure that generates competitive costs and provides added value to users.

There is a large number of brownfield toll roads that are under financial distress for reasons including lack of liquidity and a poor capitalization structure. These assets represent an attractive investment opportunity given the continuous increase in traffic and solid experience from the assets' operators.

Water Sector

The NIP aims to improve hydraulic infrastructure in order to ensure that good quality water is supplied for human consumption and agriculture. The plan also aims to increase investments for water sanitation and protection against floods and natural disasters.

Oil and Gas Sector

The oil and gas industry in Mexico is in deep need of improvement and modernization. A constitutional amendment in 2013 opened the door to private capital investments in energy from international firms. This Energy Reform establishes a new business model that allows more investments in the sector and enables participation from public and private investors. The government will be in charge of carrying out the exploration and extraction of oil and other hydrocarbons through allocations to state productive enterprises (Pemex and CFE) or through contracts with these or national or international private companies. The objective is to expand and develop existing infrastructure for the exploration and extraction of hydrocarbons and for fuel transportation and storage, increase the capacity for processing hydrocarbons, and promote and develop national petrochemicals.

Upstream

Develop exploration and production activities to achieve a restitution rate of proven reserves in excess of 100%. The main focus is in oilfields that have been underexploited due to insufficient execution capacity, technology and budget.

Under the 2013 Energy Reform, private companies are allowed to participate in upstream activities through license contracts, profit-sharing and production-sharing contracts, and service contracts, providing new resources, expertise and technologies.

Midstream & Downstream

The objective is to increase and adapt the processing capacity for the transformation of hydrocarbons to ensure supply and promote the development of domestic petrochemicals, private investors are encouraged to develop fuel transportation and storage projects.

Gas

The CFE, in conjunction with the Ministry of Energy, has developed a strategy to increase gas' transportation capacity through an expansion of the pipeline network in order to ensure gas supply for power generation

The pipeline network is expected to increase from, 11,126 kilometers in 2012 to 20,895 kilometers in 2019.

Power and Transmission

The National Infrastructure Program is expected to promote the creation of a modern network that will make use of potential renewable energy and increase the supply, quality and coverage of electric services, while maintaining competitive costs. The Energy Reform encourages the participation of private investors in the electric sector, by allowing them to invest in generation, transmission and distribution activities.

Power Infrastructure

The CFE's objective is to promote the creation of a solid infrastructure for the generation, transmission and distribution of electricity.

Power Generation

The National Center for Energy Control ("CENACE") expects that the demand and consumption of electricity will increase at a CAGR of 4% and 3.5%, respectively, during the next 15 years. In order to meet the growing demand, additional capacity of 59,986 MW is required, which will be supplied by conventional sources (45.7%) and by renewable sources (54.3%).

Renewables

One of the main objectives of the reform is to reduce the use of fossil fuels for power generation. The Ministry of Energy has announced that the installed capacity of renewables used for power generation should be doubled by 2018.

Infrastructure Investment Vehicles

In 2009, as a response to the restrictions that Mexican Pension Funds had for investing in private equity, the government created a new special purpose vehicle, the CKD, which would give the possibility to diversify their portfolios by investing in private companies and projects.

As of March 2016, there are approximately 20 CKDs that invest in the infrastructure and energy sectors that have risen over MX\$80,500 mm. Additionally, there are 4 funds in the pipeline that are expected to rise over MX-\$23,000mm. The managers of these funds have ample experience in the origination and management of infrastructure related projects, providing attractive returns to investors.

In order to further promote the investment in infrastructure projects, Mexican authorities have recently launched two new investment vehicles:

The CERPIs is a CKD-like vehicle that follows international best practices by granting more control to the manager during the decision making process. The FIBRA-E is a REIT-like vehicle with the purpose of investing in brown-field assets in the energy and infrastructure sectors with an attractive tax regime for investors.

Infrastructure & Energy: Investment Sectors and Number of Transactions

Infrastructure and energy investments and number of transactions

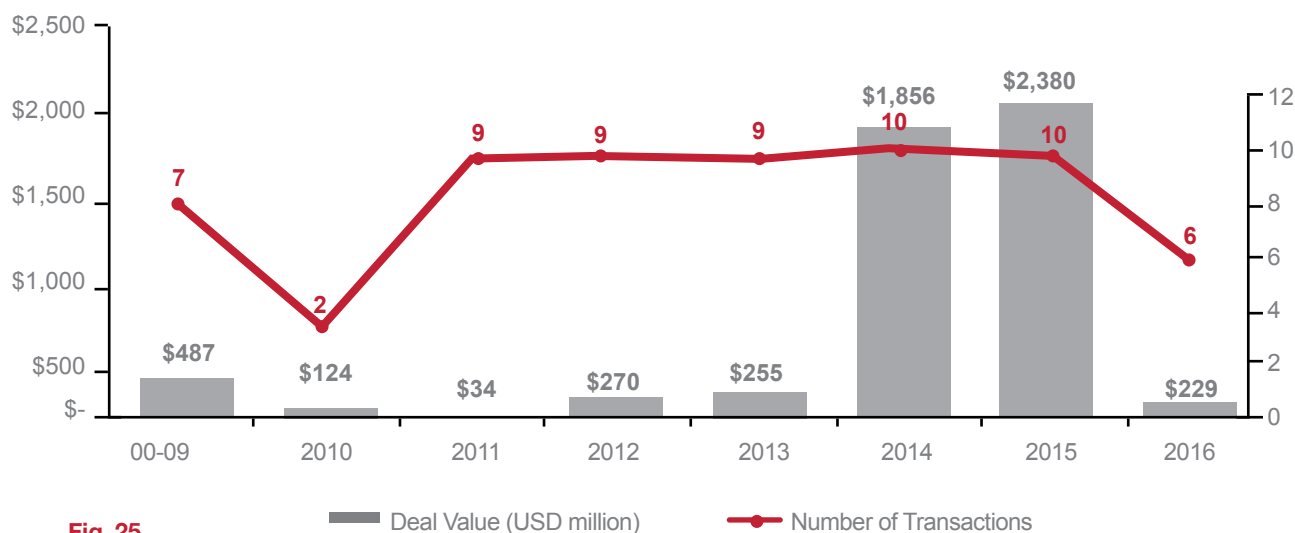


Fig. 25

Infrastructure & Energy funds invest across a broad spectrum of sectors. The top sector was Oil & Gas with 48%, composed mainly by the gas pipeline projects, Los Ramones; Tres Mesas, a wind farm project; Sierra oil and gas; Fermaca; and the Ventikas.

2014 investments created a new area for infrastructure investments that continued on 2015, and it is expected that the trend continues on 2016.

These record numbers are due to the structural reforms that were approved by Congress in 2013 and now are being implemented. The amount for the 2 investments on 2016 is undisclosed.

Infrastructure and energy
(Transactions from 2000-2016)

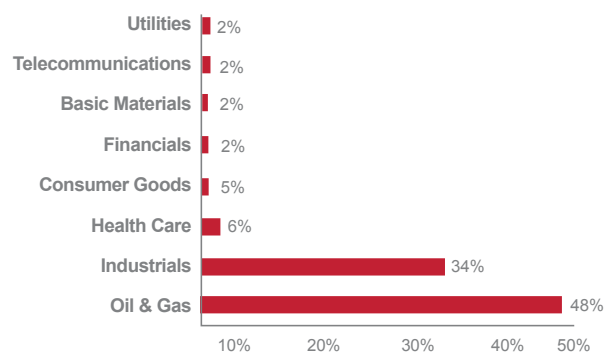


Fig. 26

Investment Outlook (2015-2016)

Investments accounted for this period belong 67% to Venture Capital, 13% to Private Equity, 3% debt, 6% to infrastructure & Energy and 11% to Real Estate.

No	Sponsor	Fund Strategy	Target	Industry
1	500 Startups	Venture Capital	skipoapp.com	Industrials
2	500 Startups	Venture Capital	socialtools.me	Consumer Services
3	500 Startups	Venture Capital	Sparkia	Technology
4	500 Startups	Venture Capital	StoreLevel	Consumer Services
5	500 Startups	Venture Capital	superganadero.com	Technology
6	500 Startups	Venture Capital	survmetrics	Consumer Services
7	500 Startups	Venture Capital	ThinkParametric	Consumer Services
8	500 Startups	Venture Capital	unbisne.com	Technology
9	500 Startups	Venture Capital	Uniko	Financials
10	500 Startups	Venture Capital	venzee.com	Consumer Services
11	500 Startups	Venture Capital	vontravel	Consumer Services
12	500 Startups	Venture Capital	wavestack.com	Consumer Services
13	500 Startups	Venture Capital	Weele	Consumer Services
14	500 Startups	Venture Capital	weplann	Consumer Services
15	ACON Investments	Private Equity	Betterware de Mexico	Consumer Services
16	ACON Investments	Private Equity	Citla Energy	Oil & Gas
17	ACON Investments	Private Equity	Cryoholdco de Latinoamerica	Health Care
18	Adobe Capital	Venture Capital	SalaUno	Health Care
19	Advent International	Private Equity	Grupo Financiero Mifel	Financials
20	AETUS SAPI de CV	Venture Capital	Allied Atma	Financials
21	AETUS SAPI de CV	Venture Capital	Beepi	Consumer Services
22	AETUS SAPI de CV	Venture Capital	Cabify	Consumer Services
23	AETUS SAPI de CV	Venture Capital	Expansive Ventures	Financials
24	AETUS SAPI de CV	Venture Capital	Gaia Design	Consumer Goods
25	AETUS SAPI de CV	Venture Capital	Itaro	Consumer Services
26	AETUS SAPI de CV	Venture Capital	Mexplorer Fund	Financials
27	AETUS SAPI de CV	Venture Capital	Venture Partners	Financials
28	ALL VP (Venture Partners)	Venture Capital	Cornershop	Industrials
29	ALL VP (Venture Partners)	Venture Capital	Enlight	Utilities
30	ALL VP (Venture Partners)	Venture Capital	Estrategia Energia Electrica (E3)	Utilities
31	ALL VP (Venture Partners)	Venture Capital	Farmacias Especializadas	Consumer Services
32	ALL VP (Venture Partners)	Venture Capital	FormaFina	Consumer Services
33	ALL VP (Venture Partners)	Venture Capital	Visor	Financials
34	Alta Growth	Private Equity	Fruehauf de Mexico	Industrials
35	Alta Growth	Private Equity	Teletec de Mexico	Consumer Services
36	Altan Capital	Real Estate	Grupo Acosta Verde	Commercial
37	Angel Ventures Mexico	Venture Capital	Iguana Fix	Consumer Services
38	Angel Ventures Mexico	Venture Capital	Incode	Health Care
39	Angel Ventures Mexico	Venture Capital	INTELMETRICA SAPI DE CV	Technology
40	Angel Ventures Mexico	Venture Capital	INVENTIVE POWER SAPI DE CV	Utilities
41	Angel Ventures Mexico	Venture Capital	Kueski	Financials
42	Angel Ventures Mexico	Venture Capital	Mmall	Consumer Services
43	Angel Ventures Mexico	Venture Capital	Oja.la	Consumer Services
44	Angel Ventures Mexico	Venture Capital	ONKO SOLUTIONS, LLC	Health Care
45	Angel Ventures Mexico	Venture Capital	PARRABLE, INC	Technology
46	Artha Capital	Infrastructure	Dos Bocas	Industrials
47	Artha Capital	Infrastructure	Matamoros	Industrials
48	Arzentia	Venture Capital	Ver de verdad	Health Care

No	Sponsor	Fund Strategy	Target	Industry
49	Asenza Capital	Debt	Altum	Financials
50	Asenza Capital	Venture Capital	Iguanafix	Technology
51	Asenza Capital	Private Equity	Lottus Capital Partners	Consumer Services
52	Asenza Capital	Venture Capital	Ver de Verdad	Health Care
53	Asenza Capital	Venture Capital	Voxfeed	Technology
54	Asgard Capital	Real Estate	Chapultepec UNO	Landscape
55	Asgard Capital	Real Estate	JOY Coyoacan	Commercial
56	Asgard Capital	Real Estate	WE Santa Fe	Commercial
57	Auria Ventures	Venture Capital	Gurucargo	Consumer Services
58	Auria Ventures	Venture Capital	Ver de verdad	Health Care
59	Avalancha Ventures	Venture Capital	Salud Cercana	Health Care
60	BlackRock	Real Estate	Grupo Acosta Verde	Commercial
61	BlackRock	Infrastructure	Los Ramones Phase II South	Oil & Gas
62	Blackstone Group	Real Estate	GE Real Estate Assets	Housing
63	BlueBox	Venture Capital	All shopings	Technology
64	BlueBox	Venture Capital	FoodOp	Consumer Services
65	Capital Inmobiliario	Real Estate	Alamedas de Aldama (Phase II)	Housing
66	Capital Invent	Venture Capital	Aliada.mx	Consumer Services
67	Capital Invent	Venture Capital	Beepi	Consumer Services
68	Capital Invent	Venture Capital	Cohete	Financials
69	Capital Invent	Venture Capital	Drayson Technology	Technology
70	Capital Invent	Venture Capital	Gaia Design	Consumer Goods
71	Capital Invent	Venture Capital	Kiwi	Financials
72	Capital Invent	Venture Capital	Parkimovil	Technology
73	Creation Investments Capital Management	Venture Capital	Te creemos	Financials
74	DILA Capital	Venture Capital	Aliada.mx	Consumer Services
75	DILA Capital	Venture Capital	Econduce	Consumer Services
76	DILA Capital	Venture Capital	Reserbus	Consumer Services
77	DILA Capital	Venture Capital	Shoelovers	Consumer Services
78	Discovery Americas	Private Equity	H+ - Soluciones e Inversiones en Salud Integral, SAPI de CV (SISI)	Health Care
79	Equity International	Real Estate	Grupo Acosta Verde	Commercial
80	Fazenda	Private Equity	AGROSOFOM	Financials
81	Fazenda	Private Equity	PROYECTOS RAPEL	Consumer Goods
82	Felicitis Ventures	Venture Capital	Bright	Utilities
83	First Reserve	Infrastructure	La Bufa	Oil & Gas
84	First Reserve	Infrastructure	Los Ramones Phase II South	Oil & Gas
85	First Round Capital	Venture Capital	Bright	Utilities
86	FOCIR	Private Equity	X, S.A.P.I. de C.V.	Consumer Goods
87	Fondo Fortante	Venture Capital	Alameda	Financials
88	Fondo Fortante	Venture Capital	Fidedigna	Financials
89	Gava Capital	Real Estate	MLT Querétaro	Commercial
90	Gava Capital	Real Estate	MLT Reynosa	Commercial
91	Gava Capital	Real Estate	MLT Tijuana	Commercial
92	GBM Infraestructura	Infrastructure	Tres Mesas	Oil & Gas
93	Global Proteus	Venture Capital	Cosmogonia	Consumer Goods
94	Goldman Sachs Infraestructure	Infrastructure	Tres Mesas	Oil & Gas
95	Grupo IGS	Real Estate	26 industrial territories	Industrials
96	Ideas y Capital	Venture Capital	Pro Organic Growers	Consumer Goods
97	Ideas y Capital	Venture Capital	Econduce	Consumer Services
98	IFM Investors	Infrastructure	COMEX	Basic Materials
99	IFM Investors	Infrastructure	Conmex - OHL	Industrials
100	Investomex	Venture Capital	Shift Labs	Health Care
101	Investomex	Venture Capital	Vioozer	Technology
102	Jaguar Ventures	Venture Capital	Zolvers	Consumer Services
103	Jaguar Ventures	Venture Capital	Nubimetrics	Technology
104	KKR	Infrastructure	Monterra	Oil & Gas
105	LaSalle Investment Management	Real Estate	CUENTA DISCRECIONAL	Industrials
106	Linzor Capital	Private Equity	Onest	Financials
107	LIV Capital (Latin Idea)	Private Equity	Holding Universidad Centro S.A.P.I. De C.V.	Consumer Services
108	LIV Capital (Latin Idea)	Private Equity	WOBI	Industrials

No	Sponsor	Fund Strategy	Target	Industry
109	Lottus Capital Partners	Venture Capital	Univeridad Tres Culturas	Consumer Services
110	Max Levchin	Venture Capital	Bright	Utilities
111	Mercado Libre	Venture Capital	Ibushak	Consumer Services
112	Mexico Ventures	Venture Capital	Payclip	Financials
113	Mexico Ventures	Venture Capital	Reserbus	Consumer Services
114	MITA	Venture Capital	Nuve	Industrials
115	Moench Coöperatief	Private Equity	Grupo Marzam	Industrials
116	MRP	Real Estate	N/A	Commercial
117	Nacional Monte de Piedad	Venture Capital	Medica Santa Carmen	Health Care
118	NAZCA	Venture Capital	Bluesmart	Consumer Services
119	NAZCA	Venture Capital	Miora	Consumer Services
120	NAZCA	Venture Capital	Voxfeed	Consumer Services
121	Nexus Capital	Private Equity	AGS NASOFT	Technology
122	Nexus Capital	Private Equity	ZKC	Consumer Goods
123	Northgate Capital	Private Equity	Alsis Mexico Housing Opportunities Fund Offshore II, L.P. (Alsis II)	Financials
124	Northgate Capital	Private Equity	Elara Comunicaciones	Telecommunications
125	Northgate Capital	Private Equity	Grupo Diniz	Consumer Services
126	On Ventures	Venture Capital	Compartec	Consumer Goods
127	On Ventures	Venture Capital	Parkimovil	Technology
128	On Ventures	Venture Capital	Tizkka	Technology
129	Partners Group	Infrastructure	Fernaca	Oil & Gas
130	PC Capital	Venture Capital	Te creemos	Financials
131	Plug And Play	Venture Capital	Pademobile	Technology
132	Promecap	Debt	Financial services company	Financials
133	Promecap	Debt	Real estate asset	Industrials
134	Promecap	Debt	Real estate assets	Industrials
135	Promecap	Debt	Real estate assets	Industrials
136	Promecap	Debt	Real estate assets	Industrials
137	Promecap	Private Equity	Real estate development company	Industrials
138	Promotora Social Mexico	Venture Capital	Assured Labor	Consumer Services
139	Promotora Social Mexico	Venture Capital	Social Value	Industrials
140	Seaya Ventures	Venture Capital	Comparaguru	Consumer Services
141	SIP Innovation	Venture Capital	Ranktab	Technology
142	Startup Studio Monterrey	Venture Capital	Bamboostr	Consumer Goods
143	Startup Studio Monterrey	Venture Capital	Blooders	Health Care
144	Startup Studio Monterrey	Venture Capital	Manuable	Consumer Services
145	Startup Studio Monterrey	Venture Capital	Monkier	Consumer Services
146	Startup Studio Monterrey	Venture Capital	Polsie	Consumer Services
147	Startup Studio Monterrey	Venture Capital	Roam	Consumer Services
148	Stella Maris Partners	Venture Capital	Medtep	Health Care
149	Thayer Ventures	Venture Capital	Assured Labor	Consumer Services
150	Variv Capital	Venture Capital	Aliada.mx	Consumer Services
151	Variv Capital	Venture Capital	Cabify	Consumer Services
152	Variv Capital	Venture Capital	ComproPago	Financials
153	Variv Capital	Venture Capital	Conekta	Financials
154	Variv Capital	Venture Capital	Gaia Design	Consumer Goods
155	Variv Capital	Venture Capital	Miora	Consumer Services
156	Walton Street Capital	Real Estate	Insurgentes	Office
157	Walton Street Capital	Real Estate	Hermosillo	Commercial
158	Walton Street Capital	Real Estate	Krystal Satélite María Bárbara	Hoteles
159	Walton Street Capital	Real Estate	Queretaro Speculative (Multi 5) (Warren)	Industrials
160	Walton Street Capital	Real Estate	Schlumberger	Industrials
161	Walton Street Capital	Real Estate	Tredec (Vitro)	Industrials
162	Wayra Mexico	Venture Capital	Lavadero	Consumer Goods
163	Wayra Mexico	Venture Capital	Master Kiwi	Consumer Goods
164	Wayra Mexico	Venture Capital	Synapbox	Consumer Services
165	Y Combinator	Venture Capital	Bright	Utilities
166	Adobe Capital	Venture Capital	Habvita	Consumer Goods
167	Advent International	Private Equity	Viakem	Consumer Services
168	AETUS SAPI de CV	Venture Capital	Juganu	Utilities

No	Sponsor	Fund Strategy	Target	Industry
169	AETUS SAPI de CV	Venture Capital	Work & Co.	Consumer Services
170	ALL VP (Venture Partners)	Venture Capital	Aplazame	Financials
171	ALL VP (Venture Partners)	Venture Capital	Weex	Telecommunications
172	American Express Ventures	Venture Capital	Clip	Financials
173	Capital Inmobiliario	Real Estate	Paseos de Toluca	Housing
174	Capital Inmobiliario	Real Estate	Paseos de Toluca	Housing
175	Capital Inmobiliario	Real Estate	Paseos de Toluca	Housing
176	Capital Invent	Venture Capital	Collective Academy	Consumer Services
177	Capital Invent	Venture Capital	Marco Polo Learning	Consumer Services
178	Capital Invent	Venture Capital	Tizkka	Technology
179	DILA Capital	Venture Capital	Hickies	Consumer Services
180	DILA Capital	Venture Capital	Yadatex	Consumer Goods
181	EMX Capital	Private Equity	Gulfstar XME (Kidde de México)	Industrials
182	Fazenda	Private Equity	SAN FELIPE (NAYAMEX)	Industrials
183	GBM Infraestructura	Infrastructure	Autopista "San Martin Texmelucan - Huejotzingo"	Industrials
184	Ideas y Capital	Venture Capital	Farrow Ventures	Consumer Services
185	Jackson Square	Venture Capital	Cornershop	Industrials
186	Jaguar Ventures	Venture Capital	Producteca	Technology
187	Kaszek Ventures	Venture Capital	Konfio	Financials
188	KKR	Infrastructure	15th PEMEX ASSETS	Oil & Gas
189	Linzor Capital	Private Equity	Engenium Capital	Financials
190	Nexus Capital	Private Equity	Taco Holding	Consumer Services
191	On Ventures	Venture Capital	Gestionix	Technology
192	PC Capital	Venture Capital	Little Cesar	Consumer Services
193	PC Capital	Venture Capital	Universidad Internacional	Consumer Services
194	Promotora Social Mexico	Venture Capital	Medica Santa Carmen	Health Care
195	Promotora Social Mexico	Venture Capital	Onko Solutions	Health Care
196	Promotora Social Mexico	Venture Capital	Someone Somewhere	Consumer Services
197	QED Investors	Venture Capital	Konfio	Financials
198	Quona Capital	Venture Capital	Konfio	Financials
199	Richmond Global Ventures	Venture Capital	Kueski	Financials
200	Rise Capital	Venture Capital	Gaia Design	Consumer Goods
201	Rise Capital	Venture Capital	Kueski	Financials
202	Sierra Ventures	Venture Capital	Clip	Financials
203	Variv Capital	Venture Capital	Kueski	Financials
204	Wayra Mexico	Venture Capital	Interpretap	Technology
205	Wayra Mexico	Venture Capital	Seenapse	Technology

Exit Strategies for GPs in Mexico (2000-2016)

We have 102 exits accounted across the private equity industry. The most popular exit still remains the sale to a strategic partner, followed by IPOs and recapitalization from original investors.

For Real Estate investments we have mainly exits through FIBRAs (Reits), asset sale to developer and run options. FIBRA E will serve as an exit for infrastructure projects.

There have been 56 IPOs in the Mexican Stock Exchange since 2004, of which 15 have been backed by Private Equity funds. Some examples of these companies include: Volaris, Citi Express, Sports World, Credito Real, Genoma Lab, Homex.

Additionally, there were 2 IPOs of private equity backed companies abroad.

IPOs in Mexico

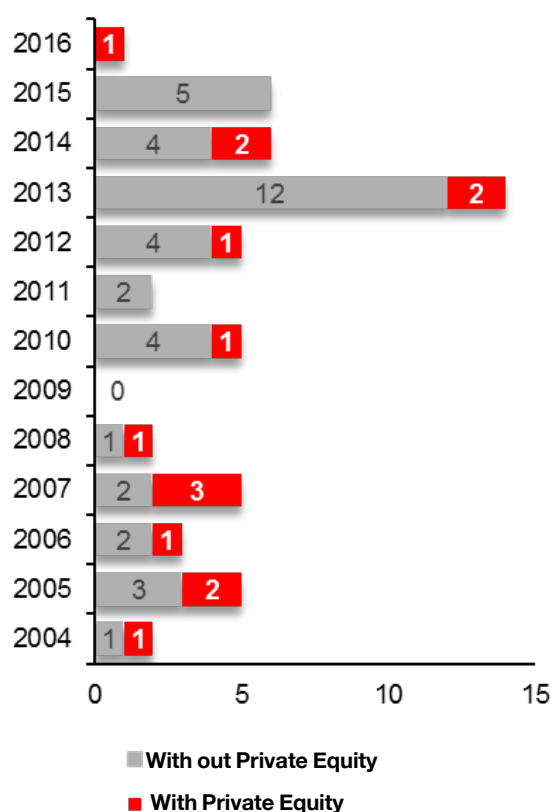


Fig. 28

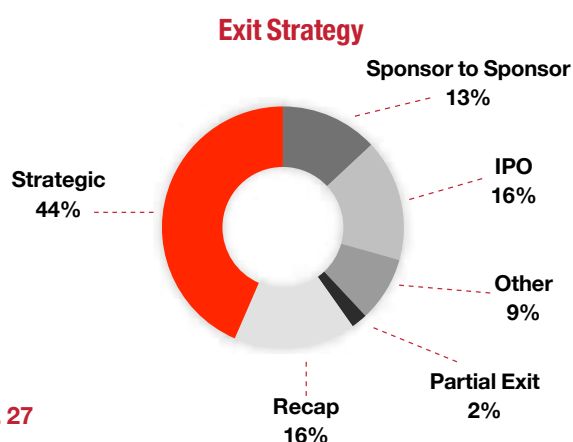


Fig. 27

Notable Exits (2014 – 2016)

No.	Sponsor	Target	Industry	Investment Date	Exit Year	Exit Strategy	Buyer
1	Alta Ventures	Space Monkey	Hardware	09/04/2014	2014	Strategic	Vivint Inc.
2	DILA Capital	Fletefacil	e-Commerce	Unknown	2014	Recapitalization	Pak2Go
3	Nexus Capital	Grupo Hotelero Santa Fe	Hotels	15/12/2009	2014	IPO	N/A
4	Southern Cross Group	More Pharma	Pharma	01/11/2007	2014	Strategic	Sanfer
5	ALL VP	Aventones	Transportation	21/12/2012	2015	Strategic	Blablacar
6	NXTP	Aventones	Transportation	Unknown	2015	Strategic	Blablacar
7	Seaya Ventures	SinDelantal.mx	e-Commerce	18/07/2003	2015	Strategic	Justeat (England)
8	Nexus Capital	OLAB	Health care	09/11/2009	2015	Strategic	N/A
9	Advent International	IMC	Consumer goods	30/09/2006	2015	Strategic	Nexus
10	SoutherCross Group	Javer	Real Estate Developer	13/01/2016	2016	IPO	N/A

Source: AMEXCAP; 2016, BMW

Perspectives of the Future Private Equity Penetration on GDP

Private Equity Industry in Mexico is relatively young, but powered by government policies, the Mexican good looking economic situation, an increasing social stability, and a political system that seems to mature, had help to develop a stronger industry.

The recently creation of the CERPIs 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.

Considering MINTs block for underdevelopment countries with better perspectives, Mexico has the second largest PE penetration on the GDP for 2014 and 2015.

Although the impact of private capital on GDP remains relatively low, we have developed really fast in the last years. Compounded annually, private equity penetration as a percentage of GDP grew 3.85% from 2006 to 2012, compared with 75.40% growth from 2012 to 2015.

**Private Equity Penetration
(as % of the GDP)**

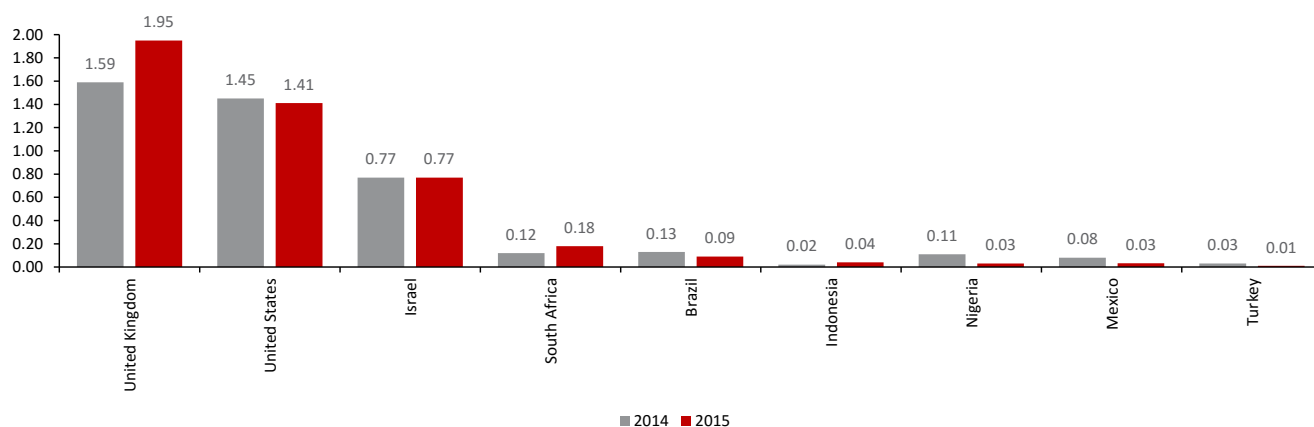


Fig. 29

Perspectives of the Future Potential in Mexico through 2020

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

Source: GDP 2013 - 2016 1Q (2008 Base MXN) - INEGI
Exchange rate 2016 - Banxico FIX end of the year
Capital commitments values - AMEXCAP

Despite the challenging macroeconomic environment in the country (government transitions on USA 2017 and on Mexico 2018), and the slowing down on fund-raising, 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\$ 20,048 million of dry powder in the industry ready to be invested just in the local scene.

**Accumulated Capital Commitments
In Mexico
(Million USD)**

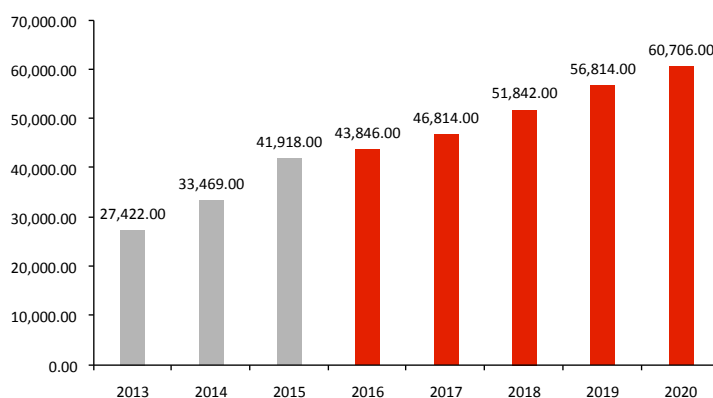


Fig. 30

Source: GDP 2013 - 2016 1Q (2008 Base MXN) - INEGI
Exchange rate 2016 - Banxico FIX end of the year
Capital commitments values - AMEXCAP

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