

HIGHLY CONFIDENTIAL



January 13, 2022 | Mexico portfolio sale process overview

# Mexico process overview

## Following AlphaCredit's April 2021 press release announcing its accounting restatement, Rothschild & Co contacted and was approached by potential buyers interested in the Mexico assets and remains in dialogue with interested parties

- Rothschild & Co started distributing NDAs to potential buyers in May 2021. Additionally, Rothschild & Co prepared and distributed teasers based on public information, populated a comprehensive VDR with private information and prepared and distributed a Confidential Information Memorandum ("CIM") with a detailed overview of the Mexico portfolio. To date:
  - 36 potential buyers received a teaser and an NDA
  - 29 potential buyers signed NDAs
  - 29 potential buyers received access to the VDR and the CIM
- The Company and its advisors have continuously populated the VDR with updated asset information (e.g. portfolio information, historical collection data, technology platform information, etc.) so that all potential buyers can perform their due diligence of the portfolio and the Company's assets
  - Moreover, the Company and its advisors have prepared numerous documents and materials and held multiple calls with potential buyers in response to information requests and Q&A
- During the due diligence process, Rothschild & Co has received unsolicited Indications of Interest ("IOIs") from multiple parties for subsets of loans within the portfolio
- On September 29<sup>th</sup>, Rothschild & Co distributed Process Letters and asked all potential buyers to send non-binding IOIs for all or part of the loan portfolio (as well as the rights and technology assets) by October 21<sup>st</sup>
- On October 14<sup>th</sup>, Rothschild & Co extended the deadline to submit IOIs to November 4<sup>th</sup> and requested potential buyers to indicate the scope of their interest by October 21<sup>st</sup>, including:
  - Loans / portfolios, based on the July 31<sup>st</sup> loan tape
  - Rights under the agreements / *convenios* with agencies including the receivables
  - Potential other assets such as technology, software and IT platforms
- To date, 15 potential buyers have indicated their scope of interest
- On October 28<sup>th</sup>, Rothschild & Co further extended the deadline to submit IOIs to November 11<sup>th</sup>; however, as a result of the denial of admission into *Concurso Mercantil*, Rothschild & Co postponed the IOI deadline until such time as the company has greater visibility on being admitted to *Concurso Mercantil*

# Next steps and indicative calendar

Based on the interactions with potential buyers to date and our experience with the Colombia sale process, we expect the sale of Mexico assets could be executed within c.[4] months after admission into *Concurso Mercantil* based on the following process:

- As soon as the Company and its advisors have visibility on the admission into *Concurso Mercantil*, process milestones can be communicated to potential buyers (**T = 0**)
  - The process can be restarted before an admission, but the Company needs some comfort on when *Concurso Mercantil* will begin to properly market Mexico
- **At T=0**, the 29 parties who manifested interest and signed NDAs will receive:
  - An updated process letter, asking for IOIs 3 weeks later, with (i) Confirmation of perimeter of interest, (ii) Proposed transaction structure, (iii) Purchase price based on the most recent available Loan Tape, (iv) Proposed source of financing, (v) Conditions and approvals required to close, (vi) Due diligence required in 2nd phase
  - An updated CIM based on the most recent available loan tape (which is being prepared by the Company and its advisors)
  - Additional information in the VDR
    - All 29 parties already have access today to a VDR with full loan tapes up to September 2021 (being updated), historical loan cash flows, vintage analysis, information on the *convenios* with agencies, reports from master trusts' administrator, information on the technological platforms, loan insurance terms, corporate information on Mexican companies, credit documentation
  - Potential buyers will have access to management during this phase
- **At T + [3] weeks**, potential buyers will submit IOIs
- Following analysis of the IOIs received, selected parties will be invited to submit Binding Offers at **T + [9] weeks**
  - During this 2<sup>nd</sup> phase of the process, parties will receive a new Process Letter indicating the due diligence process proposed, and the required content of the Binding Offers (which must be fully financed and without any conditions except regulatory and court approval)
  - Based on the due diligence questions sent by each party, sessions will be organized with management and advisors (the due diligence process will require heavy support from management and advisors to produce materials and answer buyers' requests, just as has been the case for Colombia)
  - Interested parties will also receive proposed draft transaction documents (prepared by the Company's legal counsel) which should be redlined by interested parties and annexed to their Binding Offer
- Following receipt of Binding Offers at **T + [9] weeks**, final negotiation of transaction documents could take 3 weeks, leading to expected execution of binding agreement(s) at **T + [12] weeks**
- Closing expected to occur at **T + [16] weeks**

The process could be modified in the event a stalking horse emerges. As has been the case with the sale of Colombia, the process will be fully coordinated with the Ad Hoc Group's advisors.