DOCUFORMAS
es… La forma!

Docuformas, S.A.P.I. de C.V.

(incorporated under the laws of Mexico)

U.S. $300,000,000 10.250% senior notes due 2024
Irrevocably and Unconditionally Guaranteed by
Analistas de Recursos Globales, S.A.P.I. de C.V.
ARG Fleet Management, S.A.P.I. de C.V.
Rentas y Remolques de México, S.A. de C.V.
Inversiones y Colocaciones Inmobiliarias, S.A.P.I. de C.V.

We, Docuformas, S.A.P.I. de C.V., are offering U.S. $300,000,000 aggregate principal amount of 10.250% senior notes due 2024. We will pay interest on the notes at a fixed rate of 10.250% per year, payable semi-annually in arrears on July 24 and January 24 of each year, beginning on January 24, 2020. The notes will mature on July 24, 2024, unless previously redeemed as set forth herein. The notes will be unconditionally guaranteed by our consolidated subsidiaries except for IRASA, Mexarrend and CMA (each as defined below) which will not guarantee the notes. The notes and the subsidiary guarantees will be our and the guarantors' senior unsecured obligations subject to claims that are preferred under Mexican insolvency and similar laws equal in right of payment with our and the guarantors' existing and future senior unsecured indebtedness. The notes and the subsidiary guarantees shall rank at least *pari passu* with each other and with the guarantors' and our respective existing and future senior unsecured indebtedness. The notes will rank effectively junior in right of payment to any of our existing and future secured indebtedness to the extent of the value of the assets securing such indebtedness. The notes will be issued in registered form in minimum denominations of U.S. $200,000 and integral multiples of U.S. $1,000 in excess thereof.

We may redeem the notes, in whole or in part, at any time on or after July 24, 2022 at the applicable redemption prices set forth in this offering memorandum, plus accrued and unpaid interest, if any, to the date of redemption. Prior to July 24, 2022 we may also redeem the notes, in whole or in part, at a redemption price based on a "make-whole" premium plus accrued and unpaid interest, if any, to the date of redemption. In addition, at any time on or prior to July 24, 2022, we may redeem up to 35% of the notes at a redemption price equal to 110.25% of their principal amount, plus accrued and unpaid interest, if any, to the date of redemption, using the proceeds of certain equity sales. Furthermore, if tax laws currently in effect are modified and the change results in higher withholding taxes in respect of certain payments on the notes, we may redeem the notes in whole, but not in part, at 100% of their outstanding principal amount, plus accrued and unpaid interest, if any, to the date of redemption. There will be no sinking fund for the notes. See "Description of the Notes—Optional Redemption." If a change of control triggering event as described in this offering memorandum under the heading "Description of the Notes—Change of Control Triggering Event" occurs, we will be required to offer to purchase the notes from the holders.

Holders of the notes will not be entitled to any registration rights. There is currently no public market for the notes.

On July 1, 2019, we commenced a cash tender offer and consent solicitation (the "Tender Offer") for any and all our outstanding 9.250% senior notes due 2022 (the "2022 Senior Notes") to be validly tendered and accepted for purchase by us in terms of the Tender Offer. We intend to use the net proceeds from this offering (i) to pay the consideration for the Tender Offer, accrued and unpaid interest on the 2022 Senior Notes validly tendered and accepted (and not withdrawn) by us and to pay the expenses of such Tender Offer, (ii) to repay in full all obligations under certain of our indebtedness, and (iii) the remaining net proceeds, if any, for general corporate purposes. See "Use of Proceeds". The Tender Offer is not being made pursuant to this offering memorandum. The closing of the Tender Offer is contingent upon the closing of this offering.

An application will be made for the listing of and quotation for the notes on the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this offering memorandum. The application to the SGX-ST is not to be taken as an indication of the merits of the Issuer (as defined below) or the notes. The notes will be traded in a minimum board lot size of U.S. $200,000 (or its equivalent in foreign currencies) as long as any of the notes are listed on the SGX-ST and the rules of the SGX-ST so require. We cannot assure you that this application will be accepted.

Investing in the notes involves risks; see "Risk Factors" section beginning on page 23 of this offering memorandum.

Issue Price: 99.046% plus accrued interest, if any, from July 24, 2019.

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED WITH THE MEXICAN NATIONAL SECURITIES REGISTRY (*REGISTRO NACIONAL DE VALORES*, OR "RNV") MAINTAINED BY THE MEXICAN NATIONAL BANKING AND SECURITIES COMMISSION (*COMISIÓN NACIONAL BANCARIA Y DE VALORES*, OR "CNBV"), AND, THEREFORE, THE NOTES MAY NOT BE OFFERED OR SOLD PUBLICLY IN MEXICO. THE NOTES MAY BE SOLD TO MEXICAN INSTITUTIONAL AND QUALIFIED INVESTORS SOLELY PURSUANT TO THE PRIVATE PLACEMENT EXEMPTION SET FORTH IN ARTICLE 8 OF THE MEXICAN SECURITIES MARKET LAW (*LEY DEL MERCADO DE VALORES*) AND REGULATIONS THEREUNDER. WE WILL NOTIFY THE CNBV OF THE TERMS AND CONDITIONS OF THIS OFFERING OF THE NOTES OUTSIDE OF MEXICO. SUCH NOTICE WILL BE SUBMITTED TO THE CNBV TO COMPLY WITH ARTICLE 7, SECOND PARAGRAPH, OF THE MEXICAN SECURITIES MARKET LAW FOR INFORMATIONAL PURPOSES ONLY. THE DELIVERY TO, AND RECEIPT BY, THE CNBV OF SUCH NOTICE DOES NOT CONSTITUTE OR IMPLY A CERTIFICATION AS TO THE INVESTMENT QUALITY OF THE NOTES, OUR SOLVENCY, LIQUIDITY OR CREDIT QUALITY OR THE ACCURACY OR COMPLETENESS OF THE INFORMATION SET FORTH IN THIS OFFERING MEMORANDUM. THIS OFFERING MEMORANDUM IS SOLELY OUR RESPONSIBILITY AND HAS NOT BEEN REVIEWED OR AUTHORIZED BY THE CNBV. THE ACQUISITION OF THE NOTES BY AN INVESTOR WHO IS A RESIDENT OF MEXICO WILL BE MADE UNDER ITS OWN RESPONSIBILITY.

The notes and the subsidiary guarantees have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), any state securities laws, or the securities laws of any other jurisdiction and may not be offered or sold in the United States or to U.S. persons (as defined in Regulation S under the Securities Act ("Regulation S")), except in transactions exempt from, or not subject to, the registration requirements of the Securities Act. Accordingly, the notes are being offered and sold in the United States only to qualified institutional buyers in compliance with Rule 144A under the Securities Act ("Rule 144A") and to persons other than U.S. persons outside the United States in compliance with Regulation S. Prospective purchasers that are qualified institutional buyers are hereby notified that the seller of the notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of eligible offerees and certain restrictions on transfer of the notes, see "Transfer Restrictions."

Delivery of the notes is expected to be made to investors in book entry form only through the facilities of The Depository Trust Company ("DTC") for the accounts of its direct and indirect participants, including Euroclear Bank S.A./N.V., as operator of the Euroclear System ("Euroclear"), and Clearstream Banking, société anonyme ("Clearstream") on July 24, 2019.

Joint Book-Running Managers

Morgan Stanley **UBS Investment Bank** **BTG Pactual**

The date of this offering memorandum is July 17, 2019.

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You should rely only on the information contained in this offering memorandum. Neither we nor the initial purchasers have authorized any other person to provide you with information that is different from or additional to that contained in this offering memorandum, and we take no responsibility for any other information that others may give you. If anyone provides you with different or additional information, you should not rely on it. You should assume that the information in this offering memorandum is accurate only as of the date on the front cover of this offering memorandum, regardless of time of delivery of this offering memorandum or any sale of the notes. Our business, financial condition, results of operations and prospects may change after the date on the front cover of this offering memorandum. This document may only be used where it is legal to sell the notes. Neither we nor the initial purchasers are making an offer to sell or seeking offers to buy the notes in any jurisdiction where such an offer or sale is not permitted.

Unless otherwise specified or the context requires, references in this offering memorandum to "Docuformas," "Issuer" and "Company" refer to Docuformas, S.A.P.I. de C.V. and references to "we," "us" and "our" refer to Docuformas and its consolidated subsidiaries including its subsidiary guarantors, Analistas de Recursos Globales, S.A.P.I. de C.V. ("ARG"), ARG Fleet Management, S.A.P.I. de C.V. ("ARG Fleet Management"), Rentas y Remolques de México, S.A. de C.V. ("REMEX"), Inversiones y Colocaciones Inmobiliarias, S.A.P.I. de C.V. ("ICI" and collectively with ARG, ARG Fleet Management and REMEX, the "Guarantors"), Irasa Internacional, S.A. de C.V. ("IRASA"), Mexarrend, S.A. de C.V. ("Mexarrend") and Compañía Mexicana de Arrendamientos, S.A. de C.V. ("CMA"), unless the context otherwise indicates.

NOTICE TO INVESTORS

This offering memorandum has been prepared by us solely for use in connection with the proposed offering of the notes described in this offering memorandum. This offering memorandum is personal to each offeree and does not constitute an offer to any other person or the public generally to subscribe for or otherwise acquire the notes.

We are relying on an exemption from registration under the Securities Act for offers and sales of securities that do not involve a public offering. The notes are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act and the applicable state securities laws pursuant to registration or exemption therefrom. By purchasing the notes, you will be deemed to have made the acknowledgements, representations, warranties and agreements described under the heading "Transfer Restrictions" in this offering memorandum. You should understand that you will be required to bear the financial risks of your investment for an indefinite period of time.

Neither the CNBV nor the U.S. Securities and Exchange Commission (the "SEC"), nor any state or foreign securities commission or any other regulatory authority, has approved or disapproved the offering of the notes nor have any of the foregoing authorities passed upon or endorsed the merits of this offering or the accuracy, adequacy or completeness of this offering memorandum. Any representation to the contrary is a criminal offense.

We have submitted this offering memorandum solely to a limited number of qualified institutional buyers in the United States and to investors outside the United States so they can consider a purchase of the notes. Other than as outlined in the section entitled "Available Information," this offering memorandum may only be used for the purpose for which it was published. This offering memorandum may not be copied or reproduced in whole or in part. It may be distributed and its contents disclosed only to the prospective investors to whom it is provided. By accepting delivery of this offering memorandum, you agree to these restrictions. See "Transfer Restrictions."

This offering memorandum is based on information provided by us and by other sources that we believe are reliable. Neither we nor the initial purchasers can assure you that this information is accurate or complete. This offering memorandum summarizes certain documents and other information and we refer you to such documents and other information for a more complete understanding of what we discuss in this offering memorandum. In making an investment decision, you must rely on your own examination of our Company and of the terms of this offering and the notes, including the merits and risks involved.

The initial purchasers make no representation or warranty, express or implied, as to the accuracy or completeness of the information contained in this offering memorandum. Nothing contained in this offering memorandum is, or shall be relied upon as, a promise or representation by the initial purchasers as to the past or future.

Neither we nor the initial purchasers are making any representation to any purchaser of the notes regarding the legality of an investment in the notes by such purchaser under any legal investment or similar laws or regulations. You should not consider any information in this offering memorandum to be legal, business or tax advice. You should consult your own attorney, business advisor and tax advisor for legal, business and tax advice regarding any investment in the notes.

We accept responsibility for the information contained in this offering memorandum. To the best of our knowledge and belief (and we have taken all reasonable care to ensure that), the information contained in this offering memorandum is in accordance with the facts and does not omit any material information. You should assume that the information contained in this offering memorandum is accurate only as of the date on the front cover of this offering memorandum.

We reserve the right to withdraw this offering of the notes at any time, and we and the initial purchasers reserve the right to reject any commitment to subscribe for the notes in whole or in part and to allot to any prospective investor less than the full amount of notes sought by that investor. The initial purchasers and certain related entities may acquire for their own account a portion of the notes.

You must comply with all applicable laws and regulations in force in your jurisdiction and you must obtain any consent, approval or permission required by you for the purchase, offer or sale of the notes under the laws and regulations in force in your jurisdiction to which you are subject or in which you make such purchase, offer or sale, and neither we nor any of the initial purchasers will have any responsibility therefor.

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED KINGDOM

This document is only being distributed to and is only directed at (i) persons who are outside the United Kingdom or (ii) to investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (iii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). The notes are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such notes will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

NOTICE TO PROSPECTIVE INVESTORS IN THE EEA

This offering memorandum has been prepared on the basis that any offer of notes in any Member State of the European Economic Area (the "EEA" and, each, a "Member State") will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of notes. Accordingly, any person making or intending to make an offer in that Member State of notes which are the subject of the offering contemplated in this offering memorandum may only do so in circumstances in which no obligation arises for the issuer or any of the initial purchasers to publish a prospectus pursuant to article 3 of the Prospectus Directive, in each case, in relation to such offer. Neither we nor the initial purchasers have authorized, nor do they authorize, the making of any offer of the notes in circumstances in which an obligation arises for us or the initial purchasers to publish a prospectus for such offer. The expression "Prospectus Directive" means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Member State.

The notes are not intended to be offered, sold or otherwise made available to, and should not be offered, sold or otherwise made available to, any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No. 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the notes or otherwise making them available to retail investors in the EEA has been prepared, and, therefore, offering or selling the notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

NOTIFICATION UNDER SECTION 309B(1)(C) OF THE SECURITIES AND FUTURES ACT (CHAPTER 289 OF SINGAPORE) (THE "SFA")

In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "CMP Regulations 2018"), the Issuer has determined the classification of the notes as prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

AVAILABLE INFORMATION

We are not subject to the information requirements of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"). To permit compliance with Rule 144A under the Securities Act in connection with resale of notes, we will be required under the indenture under which the notes will be issued (the "Indenture"), upon the request of a holder of Rule 144A notes or Regulation S notes (during the restricted period, as defined in the applicable legend included under "Transfer Restrictions"), to furnish to such holder and any prospective purchaser designated by such holder the information required to be delivered under Rule 144A(d)(4) under the Securities Act, unless we either comply with the reporting requirements of Rule 12g3-2(b) under the Exchange Act or furnish information to the SEC pursuant to Section 13 or 15(d) of the Exchange Act. Any such request may be made to us in writing at our main office located at Sierra Gorda 42 Piso 6, Colonia Lomas de Chapultepec, C.P. 11000 Alcaldía Miguel Hidalgo, Ciudad de México, México, Attention: Eduardo Limón Sánchez.

The Indenture will further require that we furnish to the Trustee (as defined herein) all notices of meetings of the holders of notes and other reports and communications that are generally made available to holders of the notes. At our request, the Trustee will be required under the Indenture to mail these notices, reports and communications received by it from us to all record holders of the notes promptly upon receipt. See "Description of the Notes."

We will make available to the holders of the notes, at the corporate trust office of the Trustee at no cost, copies of the Indenture as well as this offering memorandum, and copies in English of our audited annual consolidated financial statements and our quarterly unaudited consolidated financial statements.

Application will be made for the listing of and quotation for the notes on the SGX-ST, in accordance with its rules and regulations. We will be required to comply with any undertakings given by us from time to time to the SGX-ST in connection with the notes, and to furnish all such information as the rules of the SGX-ST may require in connection with the listing of the notes.

The proposed offering of the notes and the Tender Offer were authorized by our board of directors on June 18, 2019, in accordance to the provisions set forth in our by-laws (*estatutos sociales*).

FORWARD-LOOKING STATEMENTS

Certain statements contained in this offering memorandum relating to our plans, forecasts and expectations regarding future events, strategies and projections are just estimates. Examples of such forward-looking statements include, but are not limited to: (i) statements regarding our results of operations and financial position; (ii) statements of plans, objectives or goals, including those related to our operations; and (iii) statements of assumptions underlying such statements. Words such as "may," "might," "will," "would," "shall," "should," "can," "could," "believe," "anticipate," "continue," "expect," "estimate," "plan," "goals," "intend," "foresee," "seeks," "predict," "project," "potential," "target," "strategy," or the negative of these terms, and other similar terms and phrases are used in this offering memorandum to identify such forward-looking statements. Forward-looking statements included in this offering memorandum are based on our current expectations and projections related to future events and trends which affect or would affect our business.

Forward-looking statements include risks, uncertainties and assumptions, since these refer to future events and, therefore, do not represent any guarantee of future results. Because forward-looking statements relate to the future, by their nature, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. Accordingly, our financial condition and income before income taxes, strategies, competitive position and market environment may significantly differ from our estimates. Important factors that could cause actual results to differ materially from those in the forward-looking statements include regional, national or global economic, business, market and regulatory conditions, without limitation, and the following:

- general economic, political, business and social conditions in Mexico and globally, and any changes in general economic, political, business or social or other conditions in Mexico, the United States or elsewhere;
- changes in capital markets in general that may affect policies or attitudes towards investing in Mexico or securities issued by companies in Mexico;
- trade barriers, including tariffs or import taxes and changes in existing trade policies or changes to, or withdrawals from, free trade agreements, including the United States Mexico Canada Agreement ("USMCA"), to which Mexico is a party and which has been renegotiated recently, subject to legislative approval in the United States and Canada to replace the North American Free Trade Agreement ("NAFTA");
- any competition from other companies;
- the ability or willingness of our customers to meet their payment obligations and our ability to otherwise control the level of non-performing leases and loans;
- increases in the costs associated with the maintenance services provided in our leasing and transportation services (renting) and other related services business;
- the monetary and interest rate policies of the Mexican Central Bank (hereinafter, "*Banco de México*");
- high levels of inflation or deflation;
- movements in foreign exchange rates, including the peso/U.S. dollar exchange rate;
- our ability to comply with covenants and the effect of any default (including cross-default) under our existing agreements;
- any failure or weakness in our operating controls or procedures;
- changes in, or failure to comply with, applicable laws and regulations (including Mexican tax laws), and the interpretation thereof;

- our ability to implement our plans for growth development and diversification;
- our ability to implement our strategy;
- our inability to hedge certain economic risks;
- loss of any key personnel;
- loss of one or more significant customers;
- changes in labor relations, including any increases in labor costs;
- the proper functioning and improvement of our information technology systems and cybersecurity risks;
- our ability to freely determine the interest rates and premiums that we charge to our customers (including changes in applicable laws and regulations that may result in the imposition of maximum limits on the interest rates we charge to our customers);
- our level of capitalization and reserves;
- any class action brought against us;
- any adverse administrative or legal proceedings brought against us;
- any failure to detect money laundering or other illegal or improper activity;
- agreements that restrict our ability to freely operate our business;
- our significant amount of indebtedness, and our ability to serve payments due thereunder and to obtain new financing;
- credit and financing risks, including restructuring of our consolidated debt;
- any change in our credit rating and any subsequent increase to our cost of funding;
- any failure to protect our trademarks and intellectual property;
- any risks to our leased assets or otherwise not covered under our insurance policies;
- any conflicts of interest arising from our controlling shareholders or with companies owned by our controlling shareholders, whose interests may not be aligned with yours;
- any deadlock from our shareholders to decide relevant matters may negatively impact our operations;
- our ability to complete transactions, take advantage of synergies or develop our business, as a result of regulations or provisions regulating competition;
- difficulties, uncertainties, liabilities and regulations related to mergers, acquisitions or joint ventures;
- terrorist and organized criminal activities, natural disasters, as well as geopolitical events;
- a downgrade of Mexico's credit ratings;
- declarations of insolvency, bankruptcy or becoming subject to "concurso mercantil", "quiebra" or similar proceedings;
- the factors described under "Risk Factors" and elsewhere in this offering memorandum and other factors or trends that may affect our financial condition and results of operations; and
- other developments, factors or trends affecting our financial condition and our operating income.

Therefore, our actual performance may be adversely affected and may significantly differ from the expectations set forth in these forward-looking statements, which do not represent a guarantee of our future performance. Should one or more of these factors or situations materialize, or should any of the underlying assumptions prove to be incorrect, the actual results may differ considerably from those that are described, foreseen, considered, estimated, expected, predicted or intended in this offering memorandum. In view of these uncertainties, you must not rely on the estimates and forward-looking statements included in this offering memorandum to make an investment decision.

Forward-looking statements included herein are made only as of the date of this offering memorandum. Except as required by law, we do not undertake any obligation to update any forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of anticipated or unanticipated events or circumstances.

PRESENTATION OF CERTAIN FINANCIAL AND OTHER INFORMATION

Financial Information

In making an investment decision, you must rely upon your own examination of our company, the terms of the offering and the financial information included herein. We urge you to consult your own advisors regarding the financial information included in this offering memorandum.

This offering memorandum includes the following financial statements:

- our audited consolidated financial statements as of December 31, 2016, 2017 and 2018 and for the three years then ended, together with the notes thereto (the "Audited Annual Financial Statements"). The Audited Annual Financial Statements were audited by Galaz, Yamazaki, Ruiz Urquiza, S.C., member of Deloitte Touche Tohmatsu Limited, our independent auditors since December 15, 2014; and
- our unaudited condensed consolidated interim financial statements as of March 31, 2019 and for the three-month period ended March 31, 2018 and 2019, together with the notes thereto (the "Unaudited Interim Financial Statements" and, together with the Audited Annual Financial Statements, the "Financial Statements").

Comparability of Financial Information

Our audited annual financial statements for the year ended December 31, 2016 include the results of operations of our acquired subsidiary, ICI. As described in Notes 1(b) and 16 of our Financial Statements, we have accounted for the acquisition of ICI using the acquisition method. Because we began consolidating the results of operations of ICI as of December 5, 2016, our results of operations for the years ended December 31, 2017 and 2018 are not fully comparable with those for the year ended December 31, 2016.

Our audited annual financial statements for the year ended December 31, 2017 include the results of operations of our acquired subsidiary, IRASA. As described in Note 1(b) of our Financial Statements, we have accounted for the acquisition of IRASA using the acquisition method. Because we began consolidating the results of operations of IRASA as of December 12, 2017, our results of operations for the years ended December 31, 2017 and 2016 are not fully comparable with our results of operations for the year ended December 31, 2018.

Our unaudited consolidated financial statements for the three months ended March 31, 2019 include the results of operations of our recently acquired subsidiaries Mexarrend and CMA. As described in Notes 1(b) and 13 of our Financial Statements, we have accounted for the Mexarrend Transaction (as defined below) using the acquisition method. Because we did not consolidate the results of operations of Mexarrend and CMA during the three months ended March 31, 2018, and we began consolidating the results of operations of Mexarrend and CMA as of January 9, 2019, our results of operations for the three months ended March 31, 2019 and 2018 are not fully comparable.

As of March 31, 2019 the assets and revenues of ICI represented 12.9% and 15.5% of our consolidated assets and revenues, respectively, the assets and revenues of IRASA represented 6.9% and 14.4% of our consolidated assets and revenues, respectively, and the assets and revenues of Mexarrend and CMA, collectively, represented 4.6% and 4.9% of our consolidated assets and revenues, respectively.

Accounting Principles

Our Audited Annual Financial Statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), which differ in certain significant respects from generally accepted accounting principles in the United States ("U.S. GAAP"). Our Unaudited Interim Financial Statements were prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") as issued by the IASB.

We are not providing any reconciliation to U.S. GAAP of any of the financial statements or other financial information in this offering memorandum. We cannot assure you that a reconciliation would not identify material quantitative differences between the financial statements or other financial information as prepared on the basis of IFRS if such information were to be prepared on the basis of U.S. GAAP or any other set of accounting principles.

Each of the Financial Statements is stated in Mexican pesos, whereas financial information included in the offering memorandum is presented in millions of Mexican pesos.

Currency Information

Unless otherwise specified, financial information included in this offering memorandum is presented in Mexican pesos. References to "$," "U.S. $," "U.S. dollars" and "dollars" are to the lawful currency of the United States. References to "Ps." and "pesos" are to the lawful currency of Mexico.

This offering memorandum contains translations of various peso amounts into U.S. dollars at specified rates solely for the convenience of the reader. These convenience translations should not be construed as representations that the peso amounts actually represent such U.S. dollar amounts or could be converted into U.S. dollars at the specified rate, on this or any other date, or at all. Unless otherwise indicated, U.S. dollar amounts provided in this offering memorandum that have been translated from pesos have been so translated at an exchange rate of Ps. 19.3793 per U.S. dollar, the exchange rate published by *Banco de México* in the *Diario Oficial de la Federación* (the Federal Official Gazette) on March 29, 2019 as the rate for the payment of obligations denominated in U.S. dollars and payable within Mexico.

Non-GAAP Financial Measures and Other Ratios

In this offering memorandum, we utilize the following non-GAAP financial measures and other ratios:

- "*Financial Leverage*" is defined as total financial debt divided by total stockholders' equity, as of the same date.
- "*Ratio of Non-performing Loans*" is defined as non-performing portfolio divided by total portfolio, as of the same date.

- "*Coverage Ratio*" is defined as ending reserve for uncollectible accounts divided by the non-performing portfolio, as of the same date.
- "*Efficiency Ratio*" is defined as operating expenses (i.e., selling expenses, administrative expenses and general expenses and Other (income) expenses, net) divided by Financial Margin (as defined below).
- "*Financial Margin*" is defined as total revenues (excluding revenues from maintenance services and sales of consumable supplies) less costs associated with those revenues. Financial margin is a non-GAAP measure as it excludes certain revenues from maintenance services and sales of consumable supplies which are presented under the caption of services and supplies revenues. Reconciliation of total services and supplies revenues to services and supplies revenues used in the financial margin calculation and total services and supplies costs to services and supplies costs used in the financial margin calculation is as follows:

	As of December 31,		As of March 31,	
	2017	2018	2018	2019
Total services and supplies revenues	41.3	56.3	14.3	14.8
Less maintenance services and sales of consumable supplies	4.1	7.9	0.6	0.4
Services and supplies revenues used in Financial Margin	37.2	48.4	13.7	14.4
Total services and supplies costs	37.8	45.7	11.6	3.7
Less maintenance services and sales of consumable supplies	2.3	16.4	0.4	0.7
Services and supplies costs used in Financial Margin	35.5	29.3	11.2	3.0

- "*Operating Margin*" is defined as operating income (income before income taxes) divided by Financial Margin.
- "*Net Margin*" is defined as consolidated net income for the period divided by Financial Margin.
- "*Average Total Assets*" is defined as the sum of the total assets at the beginning and end of the relevant period divided by two.
- "*Total Stockholders' Equity*" is defined as the sum of stockholders' equity at the end of the relevant period.
- "*Return on Equity*" is defined as consolidated net income for the period divided by total stockholders' equity at the end of the relevant period.
- "*Return on Assets*" is defined as consolidated net income for the period divided by total assets at the end of the relevant period.
- "*Dividend Payout Ratio*" is defined as dividends declared in the current period divided by consolidated net income for the corresponding annual period.

We present these non-GAAP financial measures and other ratios because we believe they provide investors with a supplemental measure of the financial performance of our operations that facilitates period-to-period comparisons on a consistent basis. Our management also uses these metrics for internal planning and performance measurement purposes.

The aforementioned measures are not U.S. GAAP or IFRS financial measures, do not represent cash flow for the periods indicated and should not be construed as an alternative to net income (loss), or operating profit, as an indicator of operating performance, or as an alternative to cash flow provided by operating activities as a measure of liquidity (in each case, as determined in accordance with IFRS or U.S. GAAP). As presented herein, these metrics may not be comparable to similarly titled measures reported by other companies, including our competitors in the leasing industry.

Rounding Adjustments

We have made rounding adjustments to certain numbers presented in this offering memorandum. As a result, numerical figures presented as totals may not always be the exact arithmetic results of their components, as presented.

Certain Terms Related to our Business Activities

In this offering memorandum, we describe our business using the following terms:

- "*Capital Leases*" are defined as leases that may include an option to purchase the asset upon the completion of such leases, or where the economic risks and burdens of such leases are incurred by the lessee;
- "*Lease Portfolio*" is defined as the total minimum future payments contractually payable to us from our capital leasing, transportation services (renting) and other related services, equipment financing, factoring, cash financing, lines of business without accounting for reserves for uncollectible accounts;
- "*Lease Receivables*" or "Lease and Loan Receivables" represents the present value of our lease portfolio and is recorded as a financial asset in our consolidated statement of financial position;
- "*Operating Leases*" are defined as (i) leases that allow for the use of an asset, including real estate, but do not include the option to purchase the asset upon the completion of the lease; (ii) acquisition and leaseback transactions of real estate that include an option to purchase the real estate property upon the completion of the corresponding lease; and
- "*Non-performing loans*" are defined as past-due capital leases, operating leases, equipment financings, factorings or cash financing loans, calculated as of the first day such capital leases, operating leases, equipment financings, factorings or cash financing loans are more than 90 days in arrears.

Industry and Market Data

Market data and other statistical information (other than in respect of our financial results and performance) used throughout this offering memorandum are based on independent industry publications, government publications, reports by market research firms or other published independent sources, including the Mexican Association of Leasing, Loan and Factoring Institutions (*Asociación Mexicana de Sociedades Financieras de Arrendamiento*, *Crédito y Factoraje*, *A.C.,* or "AMSOFAC"). We believe that the information from these sources is reliable, but we cannot assure you as to the accuracy and completeness of such information. Similarly, internal reports and studies, estimates and market research, while believed to be reliable and accurately extracted by us for the purposes of this offering memorandum, have not been independently verified. You should not place undue reliance on estimates as they are inherently uncertain.

Trademarks

We have rights to use the trademarks, service marks and trade names owned by us, in conjunction with the operation of our business. Some of the more important trademarks that we have rights to use include: "Docuformas" and the accompanying logo and "Tu Compañero Financiero," each of which is registered in Mexico and may be registered in any other jurisdictions. Solely for convenience, we may refer to those trademarks, service marks and trade names in this offering memorandum without the TM and ® symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent permitted under applicable law, our respective rights to the referred trademarks, service marks and trade names. Each trademark, trade name or service mark of any other company appearing in this offering memorandum is, to our knowledge, owned by such other company. See "Risk Factors—Risks Related to Our Business—Any failure to protect our registered trademarks and intellectual property may have a material adverse effect on us."

Notices

For so long as the notes are listed on the SGX-ST and the rules of the SGX-ST so require, all notices to holders of the notes will be published in the form of an announcement which shall be made by or on behalf of the Issuer through the SGX-ST.

SUMMARY

This summary highlights information contained elsewhere in this offering memorandum. Because this is only a summary of this offering memorandum, we urge you to read carefully this entire offering memorandum, including "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our Financial Statements and related notes included elsewhere in this offering memorandum before investing in the notes.

Overview

We are the third-largest independent leasing company in Mexico in terms of total portfolio, when compared to the companies that report information to AMSOFAC. We specialize in providing financing solutions for the acquisition of productive assets and equipment by mostly small and medium-sized enterprises ("SMEs"). Substantially all of our assets and properties are located in Mexico and substantially all of our revenues derive from our business operations in Mexico.

Our six principal lines of business are:

- *Capital leasing*, through which we offer our customers leasing products for various types of equipment, including office, medical services, industrial, telecommunications and information technology equipment and motor vehicles (including cars, trucks and trailers), among others, with an option to purchase such equipment at the conclusion of the lease term;
- *Cash financing*, through which we make unsecured cash loans to our customers as a form of non-asset-based lending;
- *Operating leasing*, through which we: (i) lease equipment or real estate, without an option to purchase the underlying asset or equipment upon the conclusion of the lease term; and (ii) acquire real estate and leaseback to our customers with an option to purchase the real estate upon the completion of the corresponding lease;
- *Equipment financing*, through which we purchase equipment and resell it to our customers with financing, with such equipment serving as collateral for our loans;
- *Transportation services (renting) and other related services*, through which we offer our customers integrated leasing solutions that include the equipment, as well as any supplies, service and maintenance required by such equipment; and
- *Factoring*, through which we provide our customers with short-term liquidity and financing through discounting their accounts receivable and providing them with vendor-financing and revolving credit lines.

We offer financing solutions (i.e., capital leasing and cash financing) from Ps. 1.0 million to Ps. 40.0 million, with maturities typically ranging from 12 to 48 months and fixed interest rates ranging from 27.0% to 32.0% per annum. As part of our operating leasing business, we offer real estate sale and leaseback transactions that typically range in size from Ps. 30.0 million to Ps. 150.0 million with terms from 5 to 7 years and interest rates typically of 27.0% per annum. Also, we offer equipment leasing and equipment financing solutions for amounts between Ps. 1.0 million and Ps. 40.0 million with terms typically ranging from 24 to 60 months and with interest rates ranging from 27.0% to 32.0%. In addition, we offer transportation services (renting) and other related services solutions that typically range in size from Ps. 1.0 million to Ps. 10.0 million with terms from 12 to 36 months and standard interest rates of 27.0% to 32.0%. Furthermore, we offer factoring solutions from Ps. 1.0 million to Ps. 20.0 million per receivable with terms ranging from one to two months and with an interest rate typically of 51.4% per annum. Finally, while 64.3% of our revenues for the three-month period ended March 31, 2019 are derived from customers located in and around Mexico City and in the State of

Mexico, we serve customers located in 31 states within Mexico through our dedicated, direct sales force and 37 external brokers.

As of March 31, 2019, our capital leases/equipment financing and cash financing/factoring businesses represented 79.7% and 20.3% of our consolidated portfolio, respectively.

Over the last three years, our equipment leasing and financing business has experienced consistent growth, as evidenced by (i) our consolidated total revenues for such periods, which increased from Ps. 932.8 million in 2016 to Ps. 1,005.1 million in 2017 and to Ps. 1,350.1 million in 2018 and (ii) our total assets, which increased from Ps. 4.4 billion in 2016, to Ps. 6.1 billion in 2017 and to Ps. 7.2 billion in 2018. In addition, our Operating Margins ranged from 18.4% in 2017 to 35.5% in 2018 and 28.8% in March 31, 2019.

The growth of our portfolio has been achieved by maintaining diverse sources of funding (including through the international bond market, local and international banks, development banks, the local commercial paper market, asset-backed securitizations and private equity investments), providing satisfying size and tenor while maintaining strong capitalization levels and solid asset quality.

Key Financial Metrics

Below is a list of the key financial metrics of our business for the years ended December 31, 2017 and 2018 and the three-month periods ended March 31, 2018 and 2019.

	For the year ended December 31,		For the three-month period ended March 31,	
	2017	2018	2018	2019
	(in millions of Ps., unless otherwise noted)			
Income Statement:				
Total revenues	1,005.1	1,350.1	337.8	341.6
Gross profit	421.8	382.0	91.1	111.3
Operating expenses	344.6	243.6	(36.0)	79.2
Income before income taxes	77.3	138.5	127.2	32.1
Consolidated net income	133.5	166.6	113.7	30.9
Financial Margin(1)	420.0	390.5	90.9	111.6
Statement of Financial Position:				
Total assets	6,133.4	7,189.6	5,922.4	7,822.4
Cash, cash equivalents and funds held in trust	1,307.6	1,070.1	794.5	930.9
Total portfolio	4,413.4	5,625.1	4,962.0	6,330.1
Unearned financial income	839.6	1,122.3	708.5	1,298.3
Leases receivable	3,573.8	4,502.8	3,954.8	5,031.9
Non-performing portfolio	278.1	307.9	289.0	368.3
Lease receivable, performing portfolio	3,295.7	4,194.9	3,665.8	4,663.6
Reserves for uncollectible accounts	164.2	153.1	166.2	162.7
Investment property	509.8	723.7	515.7	891.2
Total liabilities	5,336.9	5,754.3	5,091.0	6,350.3
Total financial debt	4,443.3	5,028.4	3,974.9	5,307.0
Total Stockholders' Equity	796.5	1,435.3	831.4	1,472.1
Dividends declared	—	517.9	—	—
Profitability and Operational Ratios				
Return on equity(2)	16.8%	11.6%	54.7%	8.4%
Return on assets(3)	2.2%	2.3%	7.7%	1.6%
Operating margin(4)	18.4%	35.5%	139.9%	28.8%
Net margin(5)	31.8%	42.7%	125.1%	27.7%
Efficiency ratio(6)	82.0%	62.4%	(39.6)%	71.0%
Ratio of non-performing loans(7)	6.3%	5.5%	5.8%	5.8%
Coverage ratio(8)	59.0%	49.7%	57.5%	44.2%
Leverage and Capitalization Ratios				
Financial leverage(9)	5.6x	3.5x	4.8x	3.6x
Total stockholders' equity/Total assets	13.0%	20.0%	14.0%	18.8%
Dividend payout ratio(10)	—	310.9%	—	—

(1) Calculated as total revenues (excluding revenues from maintenance services and sales of consumable supplies which are presented under the caption of services and supplies revenues) less costs associated with those revenues. See "Presentation of Certain Financial and Other Information—Non-GAAP Financial Measures and Other Ratios."

(2) Calculated as consolidated net income for the period divided by total stockholders' equity at the end of the relevant period. Return on equity for each of the three-month periods ended March 31, 2018 and 2019 has been annualized.

(3) Calculated as consolidated net income for the period divided by total assets at the end of the relevant period. Return on assets for each of the three-month periods ended March 31, 2018 and 2019 has been annualized.

(4) Calculated as income before income taxes divided by Financial Margin.

(5) Calculated as consolidated net income for the period divided by Financial Margin.

(6) Calculated as operating expenses (i.e., selling expenses, administrative expenses and Other (income) expenses, net) divided by Financial Margin.

(7) Calculated as the non-performing loan portfolio divided by total portfolio, as of the same date.

(8) Calculated as the ending reserves divided by the non-performing portfolio, as of the same date.

(9) Calculated as total financial debt divided by total stockholders' equity, as of the same date.

(10) Calculated as dividends declared in the current period divided by consolidated net income for the corresponding annual period.

Our History

We were incorporated on July 23, 1996 under the corporate name Docuformas, S.A. de C.V. We were founded by Mr. Adam Wiaktor Rynkiewicz, and initially operated as an authorized Xerox Concessionnaire. Our operations were subsequently expanded to provide financing and leasing services for commercial equipment from other suppliers.

In 2006, we became the first SME in Mexico to issue public debt on the Mexican Stock Exchange (*Bolsa Mexicana de Valores, S.A.B. de C.V.*, or "BMV"), with the offering of Ps. 100 million in debt securities (*certificados bursátiles*) which obtained an investment grade rating from Standard & Poor's. In 2007, as a result of substantial growth in our industry, we also divided our operations into two different companies, Docuformas, S.A. de C.V. ("Docuformas") and Stream Lease, S.A. de C.V. ("Stream Lease"), which were both part of the Docuformas Group. In 2013, Stream Lease was merged into Docuformas, with Docuformas as the surviving entity.

In 2008, the Abraaj Group, formerly Aureos Capital, acquired a 32.07% ownership interest in the Company. Subsequently, Docuformas was transformed into a variable capital investment promotion stock corporation (*Sociedad Anónima Promotora de Inversión de Capital Variable*) or S.A.P.I. de C.V., a corporate form that permits recognition of certain shareholder arrangements under Mexican law.

On June 30, 2014, we entered into a share purchase agreement with the former shareholders of ARG to purchase 99.99% of the stock of ARG and its subsidiaries, ARG Fleet Management and REMEX. We refer to these acquisitions as the "ARG Transaction." The ARG Transaction received regulatory approval on September 4, 2014 and the acquisition was consummated on December 19, 2014.

ARG was founded in Mexico City. Through its subsidiaries, ARG Fleet Management and REMEX, ARG offers automobile bundled leasing services and trailer and tractor-trailer leasing solutions to its customers located throughout Mexico. Since then, ARG has been integrated into Docuformas and now offers our products.

On December 5, 2016, we acquired ICI, by means of the capitalization of an account receivable with our majority shareholder, Mr. Adam Wiaktor Rynkiewicz. ICI's lines of business are sale and leaseback transactions for our customers with respect to investment property assets and the purchase of investment property assets from third parties for lease to others.

On October 12, 2017, we tapped international markets through the issuance of U.S. $150,000,000 senior notes issued under Regulation S and Rule 144A. This was our first international bond offering and it established a benchmark for us to have future access to international capital markets

On December 12, 2017, we entered into a share purchase agreement with the former shareholders of IRASA to purchase 100% of its stock. We refer to this acquisition as the "IRASA Transaction." IRASA's lines of business are leasing and sale and leaseback transactions for our customers with respect to equipment assets.

On February 15, 2018, our shareholders Aureos Latin American Fund I, L.P. and Fiduciaria Colombiana de Comercio Exterior, S.A. FIDUCOLDEX, as sellers, and Banco Actinver, S.A., Institución de Banca Múltiple, Grupo Financiero Actinver, solely and exclusively as trustee of the Mexican irrevocable management and investment trust number 3279, a vehicle controlled by Alta Growth Capital Mexico Fund II, L.P. ("Alta Trust") for the issuance of *certificados de capital de desarrollo*, as purchaser, entered into a stock purchase agreement whereby Alta Trust acquired 32.07% of the capital stock of Docuformas.

On February 15, 2018, Alta Trust and Deutsche Bank México, S.A., Institución de Banca Múltiple, División Fiduciaria, solely and exclusively as trustee of the irrevocable trust number F/1900, a vehicle controlled by Alaf II CKD CIP, L.P., for the issuance of *certificados de capital de desarrollo* ("CKD"), as purchaser, and our shareholder, Mr. Adam Peter Jan Wiaktor Rynkiewicz, as seller, entered into a stock purchase agreement ("AW SPA") whereby (i) Alta Trust acquired 10.69% of the capital stock of Docuformas; and (ii) CKD acquired 38.48% of the capital stock of Docuformas. The AW SPA allowed Abraaj Thames B.V. ("B.V." and jointly with CKD, hereinafter "Colony Capital") to acquire, at its option, 50% of CKD's 38.48% of the capital stock of Docuformas to the extent B.V. adhered to the AW SPA as purchaser. On May 15, 2018, B.V., exercised such option by entering into certain deed of adherence to the AW SPA (the "Deed of Adherence"). As a result, CKD maintained 19.24% of the capital stock of Docuformas and B.V. acquired the remainder 19.24%.

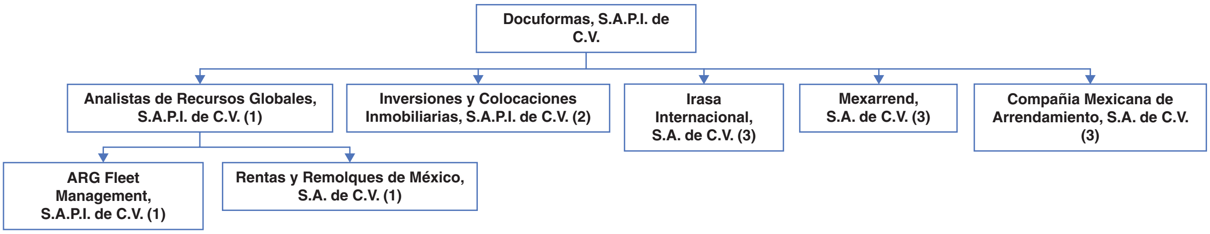
In addition, under the Shareholders' Agreement (as defined herein), Alta Trust, Colony Capital and Mr. Adam Peter Jan Wiaktor Rynkiewicz agreed that Alta Trust and Colony Capital would participate in the capitalization of Docuformas in an amount of up to U.S. $27 million. As a result, on August 24, 2018, Alta Trust and CKD made a capital contribution in the amount of U.S. $15 million; and on November 12, 2018, B.V. made a capital contribution in the amount of U.S. $12 million.

On January 9, 2019, we entered into a share purchase agreement with the former shareholders of each of Mexarrend and CMA to purchase 99.99% of the stock of each of Mexarrend and CMA. We refer to these acquisitions together as the "Mexarrend Transaction." Mexarrend's and CMA's lines of business are machinery and automotors lease to third parties.

Our Corporate Structure

We are incorporated as a variable capital investment promotion stock corporation (*Sociedad Anónima Promotora de Inversión de Capital Variable, or S.A.P.I. de C.V.*) under the laws of Mexico. Our primary corporate purpose is to carry out a variety of business and financial activities including capital and operating leasing, financing and factoring.

The chart below depicts our corporate structure as of the date of this offering memorandum:



(1) A subsidiary guarantor under the Indenture governing the notes. Held by CI Banco, S.A., Institución de Banca Múltiple, as trustee of Administration and Guaranty Trust Agreement No. 2161, which secures the CSCK-MCRF/Docuformas Credit Agreement.

(2) A subsidiary guarantor under the Indenture governing the notes.

(3) Not a subsidiary guarantor under the Indenture governing the notes.

Our Shareholders:

- *Colony Capital.* Owns 49.8% of the capital stock of Docuformas. Colony Capital is owned by Colony LatAm Partners which in turn is owned by Colony Capital Inc. (NYSE:CLNY) a leading global investment management firm with 17 offices across ten countries and as of December 31, 2018 had U.S. $43 billion in assets under management ("Colony Capital Inc."). Colony Capital Inc. manages capital on behalf of its stockholders, as well as institutional and retail investors in private funds, traded and non-traded real estate investment trusts and registered investment companies. Colony Capital Inc. has significant holdings in: (a) the healthcare, industrial and hospitality property sectors; (b) Colony Credit Real Estate, Inc. (NYSE: CLNC) and NorthStar Realty Europe Corp. (NYSE: NRE), which are both externally managed by subsidiaries of Colony Capital Inc.; and (c) various other equity and debt investments.
- *Alta Trust.* Owns 35.7% of the capital stock of Docuformas. Alta Trust is controlled by Alta Growth Capital a leading private equity firm focused on growth equity and buyouts in middle-market companies in Mexico and Latin America ("Alta Growth Capital"). Since its founding in 2007, Alta Growth has been responsible for over 15 investments across several sectors, including financial services, healthcare, retail, entertainment, and selective manufacturing. With an investor base that includes U.S., Mexican, and European institutions, Alta Growth Capital provides growth equity to businesses that are poised to take advantage of high growth opportunities in their markets. Alta Growth Capital as of December 31, 2018 had approximately U.S. $350 million under management.
- *Mr. Adam Wiaktor Rynkiewicz.* Mr. Wiaktor is our founder, a member of our board of directors and former CEO until May 7, 2019. Mr. Wiaktor owns 14.5% of the capital stock of Docuformas.

Our Business Strengths

Leading Leasing Specialist in Mexico focused on underserved SMEs. We are the third-largest independent leasing company (when compared to companies that report to the AMSOFAC) with more than 20 years of experience in the Mexican market, focusing on the SME market which is generally underserved by banks and other financial services providers. We offer a "business-to-business" array of leasing- and asset-based lending products which contribute to our customers' growth and productivity without stressing their working capital. In addition, we have a well-identified target market in SMEs that have an annual turnover between U.S. $2 million and U.S. $52 million in terms of company size. Despite representing 50% of Mexico's GDP for 2018, according to the CNBV, SMEs received about

25% of bank loans during 2018, which suggests that they are an under-served market. Mexican bank loans to businesses of all sizes represented 47.6% of Mexican GDP, whereas financing from non-bank entities like ourselves represented less than 1% of Mexican GDP, suggesting substantial potential demand for our financing. Our main markets are the Mexico City Metropolitan Area and the industrial belt in the Bajío region in central Mexico stretching to Monterrey and Saltillo in the northeast of Mexico, which together represent 66.4% of Mexico's GDP, with important growing industries such as vehicle manufacturing, healthcare, transportation, construction and telecommunications.

Well-Designed and Adapted Product Offerings to Finance Productive Assets for Underserved Mexican SMEs. We believe that our products are tailored to Mexican SMEs because: (i) they are easy to understand, (ii) they enjoy relatively long tenors, (iii) they are competitively priced and (iv) leasing rents can be fully deducted for tax purposes. Our products typically have an average useful life of three to five years and are generally documented under a three-year lease. We believe that these custom solutions make SMEs more willing to adopt our product offerings. Our leasing operations are focused on the business-to-business financing of SMEs throughout Mexico. However, we only finance assets that generate measurable value in the form of incremental revenue for our customers. This is beneficial to us from a credit risk perspective and it also benefits our customers by helping ensure that they increase their productivity. In addition, we only provide financing for assets that have a strong secondary market and that are relatively easy to repossess. Further, since the assets that we provide financing for generally only provide incremental revenue to our customers, the repossession of one of these assets will not jeopardize a customer's business, because it will not materially impair such customer's ability to continue operating. We believe that by focusing our leasing portfolio on productive assets with a high resale value we will continue to lower the risk associated with our overall lease portfolio. Our pricing is based on an evaluation of the client's needs and the productivity of the underlying asset as compared to our preferred interest rate, which ranges between 27% and 35%.

Powerful and Effective Go-to-Market Model. Our sales force benefits from an organization and process that fosters a better understanding of our SME customers and their needs. In addition, our indirect sales force is often actively involved in networks of SMEs. Our business units are responsible for managing all of the product offerings for a small group of no more than 30 customers, thereby allowing our business units to focus on our customers' individual needs. Further, our sales force, along with other employees in our organization, is constantly trained to improve its knowledge of the financial, marketing and legal aspects of our business. Our training programs, which are both insourced and outsourced through our Corporate University, consist of 20 assignments and 160 course hours. We believe that such training helps to improve the quality of services that our employees provide to our clients. In addition, we believe that the customer-focused approach of our business units encourages a better understanding of our customers and their needs which allows our sales force to properly tailor product offerings to our customers' needs.

We have over 21 vendor financing programs in place with key original equipment manufacturers and dealers, which include trademarks such as Hewlett-Packard, Xerox, Carl Zeiss, General Electric and Volkswagen. This origination channel has proved powerful, providing an origination pipeline on a consistent basis. Those programs where we act as an "active leasing company" or an "active financing company" allow the vendors to offer their clients a built-in financing solution provided by us. Furthermore, through our brokers, we seek capable business partners that are well positioned to seek and originate financing transactions within their immediate business circles. Our brokers refer potential customers to us and we follow a streamlined "Know Your Customer" process allowing us to confirm whether such potential customers fit our customer profile.

Diversified Portfolio Across Clients and Industries. Our lease portfolio is diverse with respect to economic sector exposure with no individual economic sector representing more than 33% of our total lease portfolio. Similarly, no individual client represents more than 6% of our total lease portfolio and more than 39% of our lease portfolio is composed of client financing transactions in an amount of Ps. 25 million or less. The Mexarrend Transaction, the ARG Transaction, and the acquisition of ICI resulted in a significant increase in the size of our lease portfolio, and also contributed to a greater range of client diversity. We believe that the incorporations of Mexarrend's, CMA's, ARG's and ICI's distinct product mix and client base into our portfolio have resulted in an even more diversified portfolio, which helps protect us from the risks associated with any individual client or economic sector.

Agile and Disciplined Credit Approval Process. We believe that we have a rigorous, efficient and comprehensive credit approval process, which is aligned with our customer needs and our business goals. Our credit approval process is based on quantitative measures, an analysis of default probability and we analyze foreclosure scenarios of any security interests created in our favor, a "Know Your Customer" review, a background check through an independent provider, the review of credit bureau information and our analysis of a potential client's financial and fiscal information. We also do a site visit to confirm operations of our potential customers and their experience in their industry. In addition, the credit review process incorporates qualitative factors, including a review of the potential client's industry's condition and the potential client's position within that industry. These applications are subject to increasing levels of review based on the value of the transaction. Additionally, following financial approval, all proposed financing transactions are reviewed by our legal team. Throughout the assessment process, our sales team remains in constant communication with potential clients, keeping them updated on the status of their credit applications. Our sales force is incentivized to focus efficiently in the origination process as their total commissions are measured based on origination of financing transactions. Furthermore, we offer a more streamlined and flexible application process when compared to the process of applying for a bank loan. Our typical turn-around time is five to 15 days fewer than the turn-around time for the average bank approval process.

Effective Collection Process that Results in Low Loss Rates. Our direct sales force is divided into sales directors, sales deputy directors, sales managers and business units. Each business unit is responsible for guiding our customers through the application and collections process for our various product offerings and is required to contact all of our customers at least once a month. This continuous communication between our sales force and our customers enables our sales people to identify any adverse changes in client risk and proactively undertake corrective measures. In addition, our policy of maintaining close contact with customers facilitates repeat business and expedites credit committee approval for our existing customers. In addition, our sales force participates in the collection process to prevent and avoid any delinquency in accounts or asset repossessions by constantly monitoring client accounts and undertaking a thorough review of each potential client's credit quality. If an account becomes more than 30 days delinquent, our collection department initiates collection procedures, including follow-up discussions with our customers, in which they are incentivized to settle as a result of our ability to commence legal action to repossess the asset (facilitated by the fact that we maintain the property of the asset at all times). Finally, the assets we typically lease have strong secondary resale market, which allows such assets to either be readily sold or re-leased to another client.

Strong Balance Sheet and Prudent Funding Strategy. We have a strong balance sheet based on our conservative funding strategy and disciplined financial policies. We benefit from a healthy financial position with low leverage levels and a high coverage ratio. In addition, we have access to ample sources of funding (including through the international bond market, local and international banks, development banks, the local commercial paper market, asset-backed securitizations and private equity investments), all of which enables us to respond effectively to consumer demands while maintaining a sound maturity profile.

Highly Efficient Operation Yielding Consistent Profitability. We have developed an attractive spread on leasing products for medium-term financing (typically with terms between 36 and 60 months) ensuring a steady stream of cash flow, ample gross margins and a disciplined control of sales and general administrative expenses to produce pre-tax profit margins between 18-35%, along with a return on equity over 11.6% and a return on assets in the 1.6-2.3% range. Our sales productivity and operations organization are ensured due to our close tracking of key performance indicators and by incentivizing performance and low personnel rotation based on our compensation plans.

Experienced Management and Strong Corporate Governance. We have a highly skilled senior management team specialized in the leasing sector and focused in our profitable growth, with proven experience in the Company as well as in the industry. In addition to our management team, Colony Capital Inc. and Alta Growth Capital also bring valuable experience in the industry and the region to our business. With U.S. $43 billion and approximately U.S. $350 million in assets under management as of December 31, 2018 and over 27 years and 10 years of investment experience, Colony Capital Inc. and Alta Growth Capital, respectively, have extensive experience in developing and operating businesses across the globe, providing us with managerial expertise to help us further develop our corporate governance and our business and enhance our operating and financial performance. In addition, our shareholders are committed to supporting us through additional capital contributions to ensure that our strategic priorities and goals are met.

Our Business Strategy

Our strategy is to leverage our size, market knowledge and unique go-to-market model to expand our business and customer base and continue improving our Operating Margins. We are the third-largest independent leasing company in Mexico in terms of total portfolio, when compared to the companies that report information to AMSOFAC. This provides us with unique competitive advantages that our strategy targets to leverage upon.

We aim to achieve our strategy through the following key initiatives:

Focus on SMEs and Continue to Improve Top-line Growth through Organic Growth Initiatives. We believe that our strategy of primarily targeting SMEs is in line with economic trends and the potential of this currently growing and underserved market in Mexico. Although SMEs make up 99.8% of all Mexican businesses and contributed 50% of Mexico's GDP during 2018, according to the CNBV, they received only 25% of bank loans during 2018. We believe that this underserved sector will continue to be receptive to our efficient response time, our flexible approach and the high quality of our services. We hope to achieve this growth by opening new branches to respond to growth opportunities throughout Mexico. In addition, we hope to continue to explore new SME sub-sectors as they develop and gradually increase our ticket size to encompass new opportunities and meet our customers' needs.

Deepen Commercial Relationships with Both Customers and Vendors. We plan to continue developing new client relationships to expand our portfolio and to continue strengthening our relationships with vendors to improve strategic opportunities. A substantial amount of the transactions proposed to our credit committee are from existing customers. We intend to leverage our direct sales force and its deep customer knowledge to cross-sell our product lines to our existing customers. In addition, we hope to continue to increase client loyalty and differentiate ourselves through superior customer service and a diversity of product offerings in order to turn ourselves into a one-stop financing provider for our existing client base. Separately, we have vendor financing agreements with brands such as Hewlett-Packard, Xerox, Carl Zeiss and General Electric, in addition to arrangements with car dealerships for our vehicle leasing services, including trademarks such as Volkswagen. In total, we have over 21 existing vendor agreements and are actively pursuing negotiations with other potential vendors to increase the market for our products. These arrangements provide us with a steady stream of client referrals and preferential pricing from equipment suppliers that allow us to increase our compatibility and profitability. In addition, our relationships with vendors provide a unique competitive advantage that we intend to leverage going forward.

Complement Our Sales Force With Distribution through our Indirect Sales Force Model, including Brokers. We expect our indirect sales force model (including our brokers) to provide us with access to new customers through local business networks and with opportunities to offer our leasing services for bigger ticket equipment leases that are beyond the reach of our direct sales force, through our vendor program and our broker program. Our indirect sales force also acts as a referral source for high-value financing transactions for an origination fee, which related receivables we record on our statement of financial position. We plan to utilize this network to foster growth in our other business lines, including automobile leasing services and transportation services (renting) and other related services.

Improve Asset Liability Match and Funding Costs. We plan to continue to extend the maturity of our liabilities to better match the maturity of our existing lease portfolio. We plan to use a portion of the proceeds of this notes offering to repay a significant portion of our existing indebtedness in order to extend the average maturity of our liabilities. We plan to use any remaining proceeds from the offering for general corporate purposes. See "Use of Proceeds." Our current lease portfolio has an average maturity of 36 months. As of March 31, 2019, more than 21% of our financial liabilities mature within the next one to three years. By increasing the term of our liabilities, we intend to lower our risk profile and potentially access better financing terms through a combination of our larger portfolio size and a better match of our assets to our funding needs.

Expand Our Presence and Portfolio. We intend to expand our operations within Mexico through the deployment of direct and indirect sales force in strategic states of Mexico that are experiencing an above average growth to continue to increase our market share in the industries that traditionally are more profitable to us. Moreover, by having presence in locations with high economic development, we believe that there is a significant opportunity to expand our offering to new customers that meet our target profile. As we continue to expand into new locations, we are also planning to grow our lines of business such as factoring which will give us cross-selling opportunities across our broad product portfolio to continue strengthening our solid base of customers.

Our Principal Offices

Our corporate offices are located at Sierra Gorda 42 Piso 6, Colonia Lomas de Chapultepec, C.P. 11000, Alcaldía Miguel Hidalgo, Ciudad de México, México. Our website address is www.docuformas.mx. The information on our web site is not a part of, and is not incorporated by reference into, this offering memorandum.

Recent Developments

Tender Offer and Consent Solicitation for the 2022 Senior Notes

On July 1, 2019, we commenced a cash tender offer for any and all of our 2022 Senior Notes, of which U.S. $150 million in aggregate principal amount is outstanding as of the date of this offering memorandum and a consent solicitation to amend certain provisions of the indenture pursuant to which the 2022 Senior Notes were issued to (i) eliminate substantially all of the restrictive covenants as well as certain events of default and related provisions contained therein and (ii) shorten the minimum notice period for a redemption from 30 days to three days prior to a redemption date, subject to certain terms and conditions of the Tender Offer, including the consummation of this offering and that holders may not deliver consents without also tendering the related 2022 Senior Notes. The total consideration to be paid per U.S. $1,000 of our 2022 Senior Notes validly tendered and accepted for purchase in the Tender Offer (including an early tender payment of U.S. $50 per U.S. $1,000) is U.S. $1,015 plus accrued and unpaid interest to, but excluding, the date of repurchase. The deadline for holders of the 2022 Senior Notes to validly tender (and who do not withdraw) their notes, deliver consents and be eligible to receive the total consideration (including the early tender payment), will be at 5:00 pm, New York City time, on July 19, 2019, unless extended by us (the "Early Tender

Deadline”). Holders who validly tender (and who do not withdraw) their Senior Notes Due 2022 after the Early Tender Deadline but at or prior to 11:59 p.m., New York City Time, on July 29, 2019, unless extended by us (the “Expiration Date”) will be eligible to receive the tender consideration, which is equal to the total consideration minus the early tender payment. As of the date of this offering memorandum, we intend to issue a redemption notice on the date we receive the proceeds from this offering (the “Early Settlement Date”) to redeem any and all notes not purchased in the Tender Offer following the Early Settlement Date. The Tender Offer is scheduled to expire at 11:59 p.m., New York City time, on July 29, 2019, unless extended by us. We intend to fund the purchase of the 2022 Senior Notes validly tendered and accepted for purchase in the Tender Offer with a portion of the net proceeds from this offering.

Colony Capital Inc. Acquires Abraaj Group’s Private Equity Platform in Latin America

On April 17, 2019, Colony Capital Inc. closed the acquisition of the Abraaj Group’s private equity platform in Latin America, including our shareholders B.V. and CKD (the “Colony Acquisition”). See “Principal Shareholders.”

Issuance under local commercial paper revolving program

On April 25, 2019, Docuformas issued short-term certificates under a commercial paper revolving program for an aggregate principal amount of Ps. 220 million with the following terms:

Ticker number	Number of certificates	Maturity date	Interest rate	Aggregate principal amount issued	Rating
				(in millions of Ps.)	
DOCUFOR 00219 .	2,200,000	April 23, 2020	TIIE+2%	220	Fitch México: F2 (mex) HR Rating: HR2

On June 20, 2019, Docuformas issued short-term certificates under a commercial paper revolving program for an aggregate principal amount of Ps. 135 million with the following terms:

Ticker number	Number of certificates	Maturity date	Interest rate	Aggregate principal amount issued	Rating
				(in millions of Ps.)	
DOCUFOR 00319 . .	1,350,000	June 18, 2020	TIIE+2%	135	Fitch México: F2 (mex) HR Rating: HR2

Waivers from Lenders

As described under “Use of Proceeds,” we intend to use a portion of the net proceeds from this offering to prepay in full several financing arrangements consisting of loans and local securitizations. In connection with this offering, we have obtained waivers from lenders under certain of our existing debt agreements (the “Waivers”), pursuant to which our lenders have, among other things, waived our compliance with (i) certain restrictive covenants contained in the agreements governing such indebtedness that would limit our ability to issue the notes prior to effecting the prepayment of such indebtedness; (ii) various financial ratios that would otherwise be breached in connection with the issuance of the notes; and/or (iii) certain prepayment notice requirements and procedures and other conditions under the agreements governing such indebtedness so as to permit us to prepay these debt instruments as soon as practicable after the Issue Date (as defined herein). The effectiveness of the Waivers is conditioned upon the successful consummation of this offering.

We have requested the Waivers from and do not intend to prepay the following loans:

	As of March 31, 2019		
	Amount Outstanding	Interest Rate	Currency
	(in millions of Ps.)		
CSCK P, S.A. de C.V., SOFOM ENR. and MCRF P, S.A. de C.V., SOFOM, E.N.R. (*CSCK-MCRF/ Docuformas Credit Agreement*)	171.7	12.00%	Pesos
responsAbility SICAV (Lux) (*responsAbility SICAV (Lux)/Docuformas Promissory Note*)	44.1	8.00%	U.S. dollars
responsAbility Management Company S.A (*responsAbility Management Company S.A./ Docuformas Promissory Note*)	144.0	8.00%	U.S. dollars
Banco del Bajío, S.A., Institución de Banca Múltiple (*Banco del Bajío/ICI Credit Agreement*)	50.0	TIIE + 4.00%	Pesos
Banco Ve por Más, S.A., Institución de Banca Múltiple, Grupo Financiero Ve por Más (*Ve por Más/ICI Credit Agreement*)	65.6	TIIE + 4.50%	Pesos

We intend to prepay the following loans which do not require Waivers:

	As of March 31, 2019		
	Amount Outstanding	Interest Rate	Currency
	(in millions of Ps.)		
Banco del Bajío, S.A., Institución de Banca Múltiple (*Banco del Bajío/Mexarrend Credit Agreement*)	7.6	TIIE + 4.35%	Pesos
Santander (México), S.A., Institución de Banca Múltiple, Grupo Financiero Santander México (*Santander/ Mexarrend Credit Agreement*)	8.4	13.70%	Pesos
Unión de Crédito General, S.A. de C.V. (Unión de Crédito/Mexarrend Credit Agreement)	17.5	TIIE + 8.50%	Pesos

For additional information regarding our intention to repay in full certain financing arrangements with the net proceeds from this offering, see "Use of Proceeds." For more information regarding Waivers, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Description of our Current Financings and Covenants."

THE OFFERING

The following summary highlights selected information regarding the terms of the notes and is not intended to be complete. It does not contain all the information that may be important to you. For a more complete description of the notes, you should read the entire offering memorandum carefully, including "Description of the Notes."

Issuer	Docuformas, S.A.P.I. de C.V.
Guarantors	Analistas de Recursos Globales, S.A.P.I. de C.V. ARG Fleet Management, S.A.P.I. de C.V. Rentas y Remolques de México, S.A. de C.V. Inversiones y Colocaciones Inmobiliarias, S.A.P.I. de C.V.
Notes Offered	U.S. $300,000,000 aggregate principal amount of 10.250% Senior Notes due 2024.
Issue Price	99.046%, plus accrued interest, if any, from July 24, 2019.
Issue Date	July 24, 2019.
Maturity Date	July 24, 2024.
Interest Rate	Interest on the notes will accrue at a rate of 10.250% per year.
Interest Payment Dates	July 24 and January 24 of each year, payable in arrears beginning on January 24, 2020.
Guarantees	The payment of principal, interest and premium, if any, and other amounts on the notes and under the Indenture will be fully and unconditionally guaranteed on a senior unsecured basis by our subsidiaries Analistas de Recursos Globales, S.A.P.I. de C.V., ARG Fleet Management, S.A.P.I. de C.V., Rentas y Remolques de México, S.A. de C.V. and Inversiones y Colocaciones Inmobiliarias, S.A.P.I. de C.V. (each, a "Guarantor" and collectively, the "Guarantors"). See "Description of the Notes—Note Guarantee." As of and for the three months ended March 31, 2019, the Issuer accounted for 51.2% of our total assets and 44.5% of our total revenue on a consolidated basis. As of and for the three months ended March 31, 2019, the Guarantors accounted for 37.4% of our total assets and 36.2% of our total revenue on a consolidated basis.
Ranking	The notes will be our senior unsecured obligations, guaranteed by our subsidiaries noted above, and they will rank (subject to claims that are preferred under Mexican insolvency and similar laws): • equal in right of payment with all of our and the Guarantors' existing and future senior unsecured indebtedness; and • senior to all of our and the Guarantors' existing and future subordinated indebtedness.

	The notes will not have the benefit of any collateral and will be effectively subordinate to all of our and the Guarantors' existing and future secured indebtedness to the extent of the value of the assets securing such indebtedness. The notes will be structurally subordinated to all indebtedness, including trade payables, of any of our subsidiaries that are not Guarantors.
	As of March 31, 2019, we had total consolidated Indebtedness (excluding accrued interest) of Ps. 5,307.0 million (U.S. $273.9 million), of which Ps. 1,667.2 million (U.S. $86.0 million) was secured by collateral. Of our Ps. 1,667.2 million of secured indebtedness, Ps. 1,066.9 million related to secured bank debt. After giving *pro forma* effect to the offer and sale of the notes and the application of the net proceeds from this offering as described under "Use of Proceeds," including the Tender Offer as of March 31, 2019 we and our Guarantors would have had total indebtedness (excluding accrued interest) of Ps. 10,575.4 million (U.S. $545.7 million), of which Ps. 1,060.6 million (U.S. $54.7 million) would have been bank debt secured by collateral.
Change of Control	Upon the occurrence of a Change of Control Triggering Event (as defined under "Description of the Notes"), we will be required to make an offer to purchase the notes at a purchase price equal to 101% of their principal amount, plus any Additional Interest (as defined under "Description of the Notes") then due, if any, plus any accrued and unpaid interest, if any, through the purchase date. See "Description of the Notes—Change of Control Triggering Event."
Optional Redemption	Prior to July 24, 2022, we may, at our option, redeem the notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the notes being redeemed, plus a make-whole amount, any Additional Amounts then due, if any, and any accrued and unpaid interest to the date of redemption. See "Description of the Notes—Optional Redemption."
	On or after July 24, 2022, we may, at our option, redeem the notes, in whole or in part, at any time at the redemption prices set forth in "Description of the Notes—Optional Redemption," plus any Additional Amounts then due, if any, and any accrued and unpaid interest, if any, to the date of redemption.
Optional Redemption upon Equity Sales	At any time, or from time to time, on or prior to July 24, 2022, we may, at our option, use the net cash proceeds of certain Equity Sales (as defined under "Description of the Notes") to redeem up to 35% of the aggregate principal amount of the notes at a redemption price equal to 110.25% of their principal amount, plus any Additional Interest then due, if any, and any accrued and unpaid interest to the date of redemption, provided, that:

- after giving effect to any such redemption at least 65% of the aggregate principal amount of the notes (including any Additional Notes) issued under the Indenture remains outstanding; and
- we make such redemption not more than 90 days after the consummation of such Equity Sale.

See "Description of the Notes—Optional Redemption—Optional Redemption upon Equity Sales."

Tax Redemption	We may redeem the notes, in whole but not in part, at a redemption price equal to 100% of their principal amount, plus any Additional Interest then due, if any, and any accrued and unpaid interest, if any, to the date of redemption, if tax laws currently in effect are modified and the change results in our and the Guarantors becoming obligated to pay Additional Amounts in excess of those attributable to the current Mexican withholding tax rate of 4.9% with respect to interest and interest-like payments on the notes. See "Description of Notes—Optional Redemption—Optional Redemption for Changes in Withholding Taxes."
Additional Interests	Payments of interest on the notes (and amounts deemed interest, such as any discount on the principal amount of the notes) to investors that are non-residents of Mexico for tax purposes will generally, if the applicable requirements under Mexican law are met, be subject to current Mexican withholding taxes at a rate of 4.9%. See "Taxation—Mexican Federal Tax Considerations—Payments of Interest." Subject to certain specified exceptions, we and the Guarantors will pay such additional amounts as may be required so that the net amount received by the holders of the notes in respect of principal, interest or other payments on the notes, after any such withholding or deduction, will not be less than the amount each holder of notes would have received if such withholding or deduction had not applied. See "Description of the Notes—Additional Amounts."
Certain Covenants	The Indenture governing the notes will contain certain covenants that limit the creation of liens by us and any subsidiaries of ours, and will permit us and any subsidiaries to consolidate or merge with, or transfer all or substantially all of our assets to, another person only if any such transaction complies with certain requirements.

In addition, the Indenture governing the notes will limit, among other things, our ability and the ability of our restricted subsidiaries to:

- incur additional indebtedness;
- pay dividends or redeem shares representative of our capital stock;
- make restricted payments;

- enter into certain transactions with shareholders and affiliates;
- sell, consolidate, merge or transfer assets;
- secure our indebtedness and the indebtedness of our subsidiaries; and
- guarantee debts.

These covenants are subject to a number of important exceptions and qualifications, including our ability and the ability of our subsidiaries to incur debt and grant liens pursuant to lease securitization transactions. Any secured debt incurred pursuant to lease securitization transactions would be senior to the notes. However, such transactions involve limited recourse to us in that any claim against us is limited to the value of the asset pledged. See "Description of the Notes—Certain Covenants."

Events of Default	The Indenture governing the notes sets forth the events of default applicable to the notes. See "Description of the Notes—Events of Default."
Further Issuances	Subject to the limitations contained in the Indenture, we may from time to time and without providing notice to or obtaining the consent of the holders of the notes create and issue an unlimited principal amount of Additional Notes of the same series as the notes initially issued in this offering, provided that if such Additional Notes are not fungible for U.S. federal income tax purposes with the notes outstanding immediately before such Additional Notes are issued, such Additional Notes will be issued with separate securities identification numbers.
Use of Proceeds	We estimate that we will receive net proceeds from the offer and sale of the notes, after deducting discounts and commissions and other offering expenses, of approximately U.S. $289,846,233.48. We intend to use the net proceeds from this offering: (i) to pay the consideration for the Tender Offer, accrued and unpaid interest on any and all 2022 Senior Notes validly tendered and accepted by us (and not withdrawn) and to pay the expenses of such Tender Offer, (ii) to repay in full all obligations under certain of our indebtedness, and (iii) the remaining net proceeds, if any, for general corporate purposes. For more information, see "Use of Proceeds."
Taxation	For a summary of the Mexican federal income tax consequences and the U.S. federal income tax consequences of an investment in the notes, see "Taxation."

Book-Entry; Delivery and Form	The notes will be issued in the form of global notes in registered, global form without interest coupons. The global notes will be exchangeable or transferable, as the case may be, for definitive notes in registered certificated form without interest coupons only in limited circumstances. The notes will be issued in registered form in minimum denominations of U.S. $200,000 and integral multiples of U.S. $1,000 in excess thereof. See "Book-Entry; Delivery and Form."
Settlement	The notes will be delivered in book-entry form through the facilities of The Depository Trust Company, or DTC, for the accounts of its direct and indirect participants, including Euroclear Bank, S.A./N.V., as operator of the Euroclear System, and Clearstream Banking, *société anonyme*.
Transfer Restrictions	We have not and will not register the notes under the Securities Act, the Mexican Securities Market Law or the securities laws of any other jurisdiction. The notes are subject to restrictions on transfer and may only be offered in transactions exempt from or not subject to the registration requirements of the Securities Act, the Mexican Securities Market Law, and the securities laws of any other jurisdiction. The notes have not been and will not be registered with the RNV maintained by the CNBV and may not be offered or sold publicly in Mexico, except that the notes may solely be offered privately in Mexico pursuant to the private placement exemption set forth in Article 8 of the Mexican Securities Market Law to institutional and qualified investors. See "Transfer Restrictions."
Listing of the Notes	Application will be made for the listing of and quotation for the notes on the SGX-ST. We cannot assure you that this application will be accepted.
Governing Law	The Indenture, the notes and the guarantees will be governed by, and construed in accordance with, the laws of the State of New York.
Trustee, Registrar, Transfer Agent and Paying Agent	U.S. Bank National Association.
Risk Factors	Prospective purchasers of notes should consider carefully all of the information included in this offering memorandum and, in particular, the information set forth under "Risk Factors" before making an investment in the notes.

SUMMARY CONSOLIDATED FINANCIAL AND OTHER INFORMATION

The following tables present certain summary financial information and operating data as of the dates and for each of the periods indicated. You should read the following summary financial data and other information together with "Presentation of Financial and Other Information," "Selected Financial and Other Information," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our Financial Statements and the notes thereto, included elsewhere in this offering memorandum.

The statement of financial position data as of March 31, 2019, and the statement of profit or loss and comprehensive income data for the three-month periods ended March 31, 2018 and 2019, are derived from our Unaudited Interim Financial Statements included elsewhere in this offering memorandum. The statement of financial position data as of December 31, 2017 and 2018, and the statement of profit or loss and comprehensive income data for the years ended December 31, 2016, 2017 and 2018, are derived from our Audited Annual Consolidated Financial Statements included elsewhere in this offering memorandum.

Our Financial Statements were prepared in accordance with IFRS. No reconciliation of any of our Financial Statements to U.S. GAAP has been performed.

Consolidated Statement of Profit or Loss and Comprehensive Income Data

	For the year ended December 31,				For the three-month period ended March 31,		
	2016	2017	2018	2018 (in thousands of U.S. $)[1]	2018	2019	2019 (in thousands of U.S. $)[1]
	(in millions of Ps.)				(in millions of Ps.)		
Revenues:							
Interest	567.0	563.9	702.0	36,224	131.2	200.8	10,362
Sales of equipment financing	129.2	291.9	432.4	22,312	154.0	71.0	3,664
Operating lease	115.3	108.0	159.4	8,225	38.3	55.0	2,838
Services and supplies	121.2	41.3	56.3	2,905	14.3	14.8	764
Total revenues	932.8	1,005.1	1,350.1	69,667	337.8	341.6	17,627
Costs:							
Interest	214.1	325.9	553.7	28,572	125.1	150.8	7,781
Sales of equipment	82.6	190.0	316.8	16,347	105.6	52.4	2,704
Depreciation of assets under operating leases	42.7	29.6	51.9	2,678	4.4	23.4	1,207
Services and supplies	62.7	37.8	45.7	2,358	11.6	3.7	191
Total costs	402.1	583.3	968.1	49,955	246.7	230.3	11,884
Operating (income) expenses:							
Selling expenses	84.6	90.2	100.7	5,196	21.6	27.7	1,429
Administrative expenses	152.7	141.6	146.5	7,560	31.9	42.6	2,198
Other (income) expenses, net	(0.4)	(1.6)	9.1	470	—	(13.9)	(717)
Interest income	(1.8)	(88.3)	(10.1)	(521)	(6.1)	(7.8)	(402)
Interest expenses	49.5	58.2	49.1	2,534	18.6	9.4	485
Exchange (gain) loss, net	9.1	134.8	(8.0)	(413)	(156.2)	(47.8)	(2,467)
Valuation of derivative financial instruments	(5.1)	9.6	(43.7)	(2,255)	54.1	68.9	3,555
Total expenses	288.7	344.6	243.6	12,570	(36.0)	79.2	4,087
Income before income taxes	242.0	77.3	138.5	7,147	127.2	32.1	1,656
Income tax (benefit) expense	60.7	(56.3)	(28.2)	(1,455)	13.5	1.2	62
Consolidated net income	181.3	133.5	166.6	8,597	113.7	30.9	1,594
Other comprehensive income, net of income taxes:							
Valuation of derivative financial instruments	0.2	0.4	(67.6)	(3,488)	(92.7)	(5.9)	(304)
Total comprehensive income for the year/period	**181.5**	**133.9**	**99.0**	**5,109**	**21.0**	**25.0**	**1,290**

(1) Translated into U.S. dollars, solely for the convenience of the reader, using an exchange rate of Ps. 19.3793 per U.S. dollar, the exchange rate published in the Federal Official Gazette on March 29, 2019. These convenience translations should not be construed as representations that the peso amounts actually represent U.S. dollar amounts or could be converted into U.S. dollars at the specified rate, on this or on any other date, or at all. See "Exchange Rates."

Consolidated Statement of Financial Position Data:

	As of December 31,			As of March 31,		
	2017	2018	2018 (in thousands of U.S. $)[1]	2018	2019	2019 (in thousands of U.S. $)[1]
	(in millions of Ps.)			(in millions of Ps.)		
Current assets:						
Cash, cash equivalents and funds held in trust	1,307.6	1,070.1	55,219	794.5	930.9	48,037
Capital lease receivables	828.8	1,070.4	55,236	1,395.1	946.4	48,834
Accounts receivable from the sale of equipment	40.5	118.0	6,089	111.3	100.6	5,188
Accounts receivable from factoring and cash financing	213.9	370.5	19,116	195.1	374.6	19,331
Capital lease receivables ceded to subsidiary trust	195.8	283.8	14,644	329.6	339.3	17,508
Recoverable taxes	107.1	186.1	9,603	118.5	211.5	10,913
Other receivables	27.4	3.1	158	12.0	8.1	418
Due from related parties	3.2	35.3	1,819	3.0	36.1	1,862
Inventories	—	—	—	—	—	—
Prepaid expenses	54.2	33.7	1,736	54.0	32.2	1,661
Total current assets	2,778.5	3,170.9	163,620	3,013.1	2,979.7	153,752
Non-current assets:						
Capital lease receivables	1,321.6	1,129.8	58,299	1,042.3	1,504.0	77,607
Accounts receivable from the sale of equipment	155.6	458.7	23,668	246.2	438.5	22,626
Accounts receivable from factoring and cash financing	372.3	701.1	36,178	247.3	722.6	37,287
Capital lease receivables ceded to subsidiary trust	281.1	217.4	11,219	221.7	443.2	22,869
Property, furniture and equipment—Net	370.6	343.8	17,741	300.0	397.1	20,492
Investment Property—Net	509.8	723.7	37,342	515.7	891.2	45,989
Derivative financial instruments	9.9	74.8	3,862	—	2.8	143
Intangible assets and goodwill	171.7	170.4	8,793	167.5	241.1	12,442
Other assets—Net	41.4	54.5	2,814	47.7	58.3	3,008
Deferred income taxes	120.9	144.4	7,449	120.9	143.8	7,422
Total non-current assets	3,355.0	4,018.6	207,365	2,909.3	4,842.7	249,885
Total assets	6,133.4	7,189.6	370,985	5,922.4	7,822.4	403,637
Current liabilities						
Current portion of long-term debt	255.8	688.3	35,518	407.4	1,021.4	52,706
Trust certificates	—	—	—	—	105.4	5,439
Trade accounts payable	163.1	26.0	1,339	173.5	74.9	3,863
Due to related parties	74.7	9.3	480	16.0	6.5	335
Income taxes and other taxes payable	94.3	49.0	2,526	37.8	51.4	2,652
Other accounts payable and accrued expenses	380.7	517.5	26,702	551.6	797.9	41,171
Total current liabilities	968.5	1,290.1	66,565	1,186.3	2,057.6	106,166
Non-current liabilities						
Long-term debt	3,781.7	3,925.1	202,540	3,163.5	3,708.3	191,353
Trust certificates	405.8	415.0	21,413	404.0	471.9	24,349
Derivate Financial Instruments	—	—	—	190.3	—	—
Deferred income taxes	180.9	124.1	6,404	146.9	112.6	5,808
Total non-current liabilities	4,368.3	4,464.2	230,357	3,904.7	4,292.7	221,510
Total Liabilities	5,336.9	5,754.3	296,922	5,091.0	6,350.3	327,676
Stockholders' equity and reserves						
Capital stock	33.2	42.8	2,207	33.2	42.8	2,207
Premium on share issuance	247.8	1,280.0	66,051	247.8	1,280.0	66,051
Retained earnings	515.6	180.1	9,292	643.1	211.0	10,886
Accumulated other comprehensive income	—	(67.6)	(3,487)	(92.7)	(61.7)	(3,183)
Total stockholders' equity	796.5	1,435.3	74,063	831.4	1,472.1	75,961
Total stockholders' equity and liabilities	**6,133.4**	**7,189.6**	**370,985**	**5,922.4**	**7,822.4**	**403,637**

(1) Translated into U.S. dollars, solely for the convenience of the reader, using an exchange rate of Ps. 19.3793 per U.S. dollar, the exchange rate published in the Federal Official Gazette on March 29, 2019. These convenience translations should not be construed as representations that the peso amounts actually represent U.S. dollar amounts or could be converted into U.S. dollars at the specified rate, on this or on any other date, or at all. See "Exchange Rates."

Consolidated Statement of Cash Flows:

	For the year ended December 31,				For the three-month period ended March 31,		
	2016	2017	2018	2018 (in thousands of U.S. $)[1]	2018	2019	2019 (in thousands of U.S. $)[1]
	(in millions of Ps.)				(in millions of Ps.)		
Net cash generated by (used in) operating activities	(479.6)	(306.6)	(1,135.9)	(58,614)	47.0	157.2	8,112
Net cash generated by (used in) investing activities	(74.4)	(172.8)	(228.5)	(11,791)	62.1	(214.6)	(11,074)
Net cash generated by (used in) financing activities	832.7	1,358.3	1,127.0	58,155	(422.2)	(81.8)	(4,221)
Net (decrease) increase in cash, cash equivalents and funds held in trust	278.7	878.9	(237.5)	(12,255)	(513.1)	(139.2)	(7,183)

(1) Translated into U.S. dollars, solely for the convenience of the reader, using an exchange rate of Ps. 19.3793 per U.S. dollar, the exchange rate published in the Federal Official Gazette on March 29, 2019. These convenience translations should not be construed as representations that the peso amounts actually represent U.S. dollar amounts or could be converted into U.S. dollars at the specified rate, on this or on any other date, or at all. See "Exchange Rates."

Key Ratios and Reconciliations:

	For the year ended December 31,		For the three-month period ended March 31,	
	2017	2018	2018	2019
	(in millions of Ps., unless otherwise noted)			
Profitability and operational ratios				
Return on equity(1)	16.8%	11.6%	54.7%	8.4%
Return on assets(2)	2.2%	2.3%	7.7%	1.6%
Operating margin(3)	18.4%	35.5%	139.9%	28.8%
Net margin(4)	31.8%	42.7%	125.1%	27.7%
Efficiency ratio(5)	82.0%	62.4%	(39.6)%	71.0%
Ratio of non-performing loans(6)	6.3%	5.5%	5.8%	5.8%
Coverage ratio(7)	59.0%	49.7%	57.5%	44.2%
Leverage and capitalization ratios				
Financial leverage(8)	5.6x	3.5x	4.8x	3.6x
Total stockholders' equity/Total assets	13.0%	20.0%	14.0%	18.8%
Dividend payout ratio(9)	—	310.9%	—	—
Reconciliation of Financial Margin				
Interest on capital leases	563.9	702.0	131.2	200.8
Equipment financing	291.9	432.4	154.0	71.0
Operating lease income	108.0	159.4	38.3	55.0
Services and supplies income(10)	37.2	48.4	13.7	14.4
Less interest expense	325.9	553.7	125.1	150.8
Less costs associated with equipment financing	190.0	316.8	105.6	52.4
Less assets under operating leases including depreciation	29.6	51.9	4.4	23.4
Less costs associated with services and supplies Income	35.5	29.3	11.2	3.0
Financial margin(11)	**420.0**	**390.5**	**90.9**	**111.6**

(1) Calculated as consolidated net income for the period divided by total stockholders' equity at the end of the relevant period. Return on equity for each of the three-month periods ended March 31, 2018 and 2019 has been annualized.

(2) Calculated as consolidated net income for the period divided by total assets at the end of the relevant period. Return on assets for each of the three-month periods ended March 31, 2018 and 2019 has been annualized.

(3) Calculated as income before income taxes divided by Financial Margin.

(4) Calculated as consolidated net income for the period divided by Financial Margin.

(5) Calculated as operating expenses (i.e., selling expenses, administrative expenses and Other (income) expenses, net) divided by Financial Margin.

(6) Calculated as the non-performing loan portfolio divided by total portfolio, as of the same date.

(7) Calculated as the reserves for uncollectible accounts divided by the non-performing portfolio, as of the same date.

(8) Calculated as total financial debt divided by total stockholders' equity, as of the same date.

(9) Calculated as dividends declared in the current period divided by consolidated net income for the corresponding annual period.

(10) Calculated as total revenues (excluding revenues from maintenance services and sales of consumable supplies which are presented under the caption of services and supplies) less costs associated those revenues.

(11) Calculated as services and supplies revenues/costs less revenues and costs related to maintenance services and sales of consumable supplies. See "Presentation of Certain Financial and Other Information—Non-GAAP Financial Measures and Other Ratios."

RISK FACTORS

An investment in our notes is subject to risks and uncertainties. You should carefully consider the risks and uncertainties described below and the other information in this offering memorandum before making an investment in the notes. The risks described below are not the only ones facing our company or investments in Mexico. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business operations which could also result in the loss of all or part of your investment in our notes. Any of the following risks, if any of them actually occur, is likely to materially and adversely affect our business, financial condition, cash flow and results of operations and could materially affect the value or liquidity of the notes and result in the loss of all or part of your investment in, or failure to receive timely payments in respect of, the notes.

RISKS RELATED TO OUR BUSINESS

Our business, financial condition and results of operations may be adversely affected by ongoing disruptions and volatility in the global financial markets.

Global economic and political conditions, as well as economic and political conditions specific to Mexico, may substantially affect our sales and profitability. Although we believe the adverse worldwide economic conditions experienced over recent years are improving, the degree and pace of recovery is uncertain and is expected to vary around the globe. Instability in the global credit markets, instability in the geopolitical environment in many parts of the world and other disruptions may continue to put pressure on global economic conditions. We are subject to risks associated with adverse economic conditions, including economic slowdown, inflation and the disruption, volatility and tightening of credit and capital markets. Additionally, changes in economic and financial conditions in the markets in which we operate and market our products may impact consumer confidence and consumer spending. In particular, a contraction in the credit markets may affect our ability to fund our operations.

The current U.S. governmental policies towards Mexico have created instability, uncertainty and may adversely affect the Mexican economy. Even though the United States, Canada and Mexico have reached an agreement on the terms and conditions of the USMCA, which is expected to replace NAFTA, the USMCA is pending domestic ratification by the United States and Canada. Mexico has ratified the USMCA on June 19, 2019. We cannot assure you that the United States and Canada will succeed in their domestic processes for ratification and implementation of the USMCA which could significantly affect the Mexican economy and the financial markets in Mexico.

A worsening in global economic conditions, would likely have a negative impact on the Mexican economy and adversely affect the Mexican financial services industry and other related businesses. A worsening of these conditions could have the following effects:

- increased regulation of the financial and related industries which may limit the interest rates we may charge, increase our costs of capital and limit our ability to pursue business opportunities;
- the inability to estimate losses inherent in credit exposure or to make difficult, subjective and complex judgments, including forecasts of economic conditions and how these economic conditions might impair the ability of our customers to pay their leases and loans; and
- delayed recovery of the financial industry, which may impact our business, financial condition and results of operations.

There is uncertainty about the future economic environment and we cannot be sure when the current economic conditions will continue to improve. Although some segments of the global economy have recently experienced a recovery, we believe adverse conditions in certain geographical regions and economic sectors will continue to have a negative impact on our business, financial condition and results of operations. In the event of an economic downturn or insufficient recovery, the negative effects that such economic and market conditions have on us and other participants in the financial services and related industries could worsen.

The persistence or worsening of the distortion and volatility of global financial markets could adversely affect us, including our ability to raise capital and liquidity on favorable terms or at all. The absence of sources of financing through the capital markets or an excessive increase in the cost of such financing, may have the effect of increasing our cost of capital and force us to increase the rates we charge our customers. Any such increase in the cost of financing could have a material adverse effect on our margins. In addition, our financial results are exposed to market risks, including interest rate and exchange rate fluctuations, which can have a material adverse effect on business, our financial condition and results of operations.

Certain industries in which our customers operate are strongly influenced by macroeconomic conditions in Mexico.

Certain industries in which our customers operate, such as the automobile manufacturing, telecommunications, and oil and gas industries, are strongly influenced by macroeconomic conditions in Mexico, including growth rates, inflation, unemployment, the cost of energy and other necessities, the availability of consumer credit, interest rates, consumer confidence, debt levels, retail trends and foreign currency exchange rates. Economic contraction in the industries in which our customers operate could significantly affect the performance of our lease portfolio and, as a result, our business, financial condition and results of operations. Our ability to receive payments on our leases and loans in full and on time is also heavily dependent on our customers' financial condition, which is in turn heavily dependent on economic conditions in Mexico.

Recent indicators suggest that economic activity in Mexico is gradually improving as compared to activity levels in 2018 and 2017 (www.datosmacro.com). Declining exports to the United States, declines in oil production and lower oil prices are the main risks that may affect economic growth given the importance of export manufacturing to the United States and the hydrocarbon sector to Mexican gross domestic product and fiscal accounts. In that vein, the Mexican government announced a public deficit spending adjustment for 2018 and 2017 (to 25.8% and 25.7% of gross domestic product for each respective year) and further adjusted public spending in 2019. Any further contraction in the export manufacturing sector or the oil and gas industry could significantly affect the performance of the overall Mexican economy and, in turn, our portfolio, business, financial condition and results of operations since demand for our financing products depends on economic conditions in Mexico, which are beyond our control.

In addition, Mexico's dependence on the U.S. economy is significant and, therefore, any adverse change in economic activity in the United States may hinder economic growth in Mexico, which in turn could significantly affect the performance of our portfolio, business, financial condition and results of operations.

We are dependent on key personnel, our ability to retain and hire additional key personnel and the maintenance of good labor relations.

We have a personnel outsourcing company contract with the administrative services company Recluta Headhunters, S.A. de C.V. We do not have any employees, and our administration and operation services are provided by independent third parties who assume labor responsibility, along with the company, of the employees in accordance with the service contract signed. Our operation and growth depend significantly upon the efforts, relationships, reputation and experience of our board of directors, senior management and other key personnel. The loss of their services, or our inability to attract and retain qualified management personnel to replace them, could have a material adverse effect on our business, financial condition and results of operations. In addition, in line with our planned expansion, our future success also depends on our continuing ability to identify, attract, hire, train, retain and motivate other qualified sales, marketing, collections and managerial personnel. Competition for such qualified personnel is intense and we may be unable to attract, integrate or retain qualified personnel at levels of experience or compensation that are necessary to maintain our quality and reputation or to sustain or expand our operations.

A lack of financing on favorable terms may affect our liquidity, financial condition and results of operations.

Although we fund the growth of our business primarily through internally generated cash, we also finance our operations through bank loans, loans from national or international financial entities, the issuance of securities in local markets and the securitization of receivables. Our financial condition has enabled us to obtain financing on competitive terms. Although we have been able to obtain financing on competitive terms in the recent past, previous conditions in the international and domestic capital markets were such that traditional sources of capital were at times not available on reasonable terms or at all. As a result, we cannot assure you that we will continue to be able to have access to the same financing sources or otherwise successfully raise additional debt on terms that are favorable to us or at all. Our inability to obtain funding for our operations on competitive terms in the future could affect our liquidity, financial condition and results of operations.

We may also require additional capital in the future in order to grow our operating lease, financial factoring and other loans, remain competitive or enter into new businesses. In addition, we may need to raise additional capital to maintain or increase our equity base in the event that we experience large, unexpected losses in our portfolio. Our ability to obtain additional capital is subject to a variety of uncertainties, including:

- our financial condition, results of operations, and cash flows;
- general market conditions for capital-raising activities by commercial banks and other financial institutions and companies providing services similar to ours; and
- economic, political, and other conditions in Mexico and elsewhere.

We may not be able to obtain additional capital in a timely manner, on acceptable terms or at all, which could have an adverse effect on our business, financial condition and results of operations.

Competition from other companies, including from non-traditional providers of financial services such as financial technology providers, may adversely affect our business, financial condition and results of operations.

We face competition from independent leasing and factoring companies, multiple purpose financial entities (*SOFOMS*), commercial banks and their financial affiliates and internet based e-commerce providers, mobile telephone companies and internet search engines such as Kubo Financiero, Kuezki and Bizfi, which may offer, or increase their offerings of, financial products and services directly to customers. In addition, we face competition from the public sector, as the Mexican government currently engages in its own financing programs. We expect competition will increase as we continue expanding our operations in Mexico. Changes in the financial sector and related industries, such as technological innovation or the creation of new multiple purpose financial companies or new leasing companies such as ours, have led to greater competition. Additionally, the establishment of new leasing companies or financial factoring by commercial banks, financial groups or other financial entities, as well as other companies providing products and services similar to ours, could result in increased competition for us. Non-traditional competitors may adopt more aggressive pricing and rates and devote more resources to technology, infrastructure and marketing. New competitors may enter the market or existing competitors may adjust their services with unique product or service offerings or approaches, including internet and technology based offerings, to providing financial services.

Moreover, the institutions with which we may compete may have significantly greater assets and capital and other resources. We may also face potential competition from entities that currently do not engage in loan, leasing or factoring activities, including those with access to capital and other sources of funding, and that are attracted to the industry in light of its growth potential and its prospects.

The rise in customer use of internet and mobile banking and financing platforms in recent years could negatively impact our investments in our existing sales platforms. In addition, the persistence or acceleration of a shift in demand towards internet and mobile financial services may necessitate changes to our distribution and sales plans.

In addition, as a result of the new FINTECH Law published on March 9, 2018, we may face competition from the new Fintech entities (such as crowdfunding entities and electronic money payment entities) which currently engage in providing financial products and services through technological instruments. Any increased competition in our markets could adversely affect our business, financial condition and results of operations.

We may not be able to effectively control the level of non-performing leases, loans or receivables purchased under factoring transactions and our allowances for non-performing leases, loans or receivables purchased under factoring transactions may not be adequate enough to cover actual losses.

As a financial services provider, we face the risk of non-performing leases, loans or receivables purchased under factoring transactions. Whether as a result of the growth of our lease portfolio or other factors beyond our control (such as a weakening of the global or Mexican economy, other macroeconomic and political events affecting Mexico, events affecting specific industries or natural disasters), we may not be able to effectively control the level of non-performing leases, loans, or receivables in our total lease portfolio. In particular, we may not be able to control or mitigate the impact of natural disasters, such as the earthquakes that struck Mexico in September 2017, which affected several regions of Mexico and could adversely affect the Mexican economy and our customers. Similarly, in the case of any non-performing leases or loans, we may not be successful in recovering the underlying assets that secure such leases or loans. In addition, our allowances for lease and loan losses may not be adequate to cover an increase in the amount of non-performing leases or any future impairment in the overall credit thereof. If the quality of our portfolio deteriorates, we may be required to increase our allowances for loan losses, which may adversely affect our financial condition and results of operations. Moreover, there is no precise method for predicting credit losses, and we cannot assure you that our monitoring and risk management procedures will efficiently predict such losses or that our allowances are sufficient to cover actual losses. Our methodology for measuring credit risk and establishing allowances is based, in large part, on historical experience, and therefore, these methods may not be able to accurately estimate future risk exposures, which could be significantly greater than indicated by measures based on historical data. If we are unable to control the level of our non-performing or poor credit quality portfolio or are unable to recover the assets securing such loans or leases, our business, financial condition and results of operations could be materially and adversely affected.

Most of our debt agreements contain restrictions that may limit flexibility in operating our business, and in the event of a default, all of our borrowings may become immediately due and payable.

The terms of most of our credit and debt agreements impose, and the terms of our future financial indebtedness may impose, operating and other restrictions on us. The agreements governing our credit facilities contain restrictive covenants and a requirement that we comply with a number of restrictive financial covenants, including maintaining certain ratios of interest coverage, total liabilities to net worth, net financial debt to net worth, total assets to net worth, as well as maintaining low levels of non-performing loans. Our ability to comply with these covenants and ratios may be affected by events beyond our control. In addition, the indentures governing the notes and the 2022 Senior Notes contain various restrictive covenants, including limitations on additional indebtedness, guarantees, restricted payments, asset sales and sales of subsidiary stock, securitization and receivables transactions, dividend and other restrictions affecting restricted subsidiaries, liens, merger, consolidation and sale of assets, and transactions with affiliates. These provisions could limit our ability to plan for or react to market conditions, otherwise restrict our activities or business plans and could adversely affect our ability to finance ongoing operations or strategic investments or to engage in other business activities that would be in our interest.

Certain of our financial indebtedness is also subject to cross default provisions. Our breach of any of these restrictive covenants or our inability to comply with the financial maintenance ratios and other covenants would result in a default under other applicable debt instruments. If any such default occurs, the relevant lenders may elect to declare all outstanding borrowings, together with accrued interest and other fees, to be immediately due and payable. If we are unable to repay our outstanding borrowings when due, these lenders would have the right to exercise certain remedies against us, and we cannot assure you that our assets would be sufficient to repay our obligations in full.

A portion of our accounts receivable have been transferred and sold in connection with securitizations and will not be available to satisfy our obligations under the notes.

A portion of the accounts receivable recorded on our consolidated statements of financial position have been sold or transferred in connection with securitization transactions. As of March 31, 2019, accounts receivable sold in connection with securitizations totaled Ps. 782.5 million. While we record these accounts receivable on our statement of financial position in accordance with IFRS, these accounts receivable will not be available to satisfy our obligations under the notes. We plan to continue to enter into such securitizations and sell or transfer additional accounts receivable in connection with such transactions. In the event of adverse economic circumstances affecting the generation of accounts receivable, our remaining accounts receivable may not be sufficient to satisfy our liabilities, including our obligations under the notes.

We have a significant amount of indebtedness which may adversely affect our operating and financial flexibility and could adversely affect your investment in the notes.

As of March 31, 2019, we had total outstanding consolidated financial indebtedness of Ps. 5,307.0 million (U.S. $273.9 million). Of this amount, Ps. 1,126.8 million (U.S. $58.1 million), or 21.2%, consisted of indebtedness with maturities of one year or less or indebtedness that otherwise becomes due within one year, which we classify as short-term indebtedness. The remaining Ps. 4,180.2 million (U.S. $215.7 million), or 78.8%, of our total outstanding indebtedness consisted of indebtedness with maturities greater than one year, which we classify as long-term indebtedness. Accordingly, our capacity to continue funding our operations will depend on the collection of our factoring and lease portfolios. This capacity will also depend in part on our ability to refinance or restructure our short-term and long-term indebtedness and the prevailing liquidity conditions of the financial market. Our existing indebtedness could have important consequences, including the following:

- it may increase our vulnerability to general adverse economic, competitive and industry conditions, including increases in interest rates, foreign currency exchange rate fluctuations and market volatility;
- it may be difficult for us to satisfy our obligations under our existing credit facilities and other indebtedness and commitments;
- it may limit our ability to, or increase the cost of, refinancing our indebtedness;
- we may not have sufficient financial resources to repay our short-term and long-term indebtedness as it becomes due or sufficient time to finance the repayment thereof;

- we are required to use a portion of our cash flow from operations to pay interest on our current and future indebtedness, which may require us to reduce the funds available for other purposes;
- we may have a limited ability to obtain additional financing, if needed, to fund additional projects, working capital requirements, capital expenditures, debt service, general corporate or other obligations;
- it may expose us to increased interest rates given that certain of our borrowings are at variable-rates of interest;
- it may restrict us from making strategic acquisitions or cause us to make non-strategic divestitures;
- it may limit our planning flexibility for, or ability to react to, changes in our business and the industries in which we operate;
- it may limit our ability to enter into hedging transactions by reducing the number of willing counterparties with whom we can enter into such transactions, as well as the volume of those transactions; and
- we may be placed at a competitive disadvantage to our competitors.

If we are unable to comply with the provisions of our credit agreements, indentures and debt instruments, to obtain a waiver or amendment of the terms under such agreements and instruments or to refinance such indebtedness on terms no less favorable to us and our creditors, the indebtedness outstanding under such debt instruments could be accelerated. Acceleration of these debt instruments would have a material adverse effect on our business, financial condition and results of operations. In addition, the short-term nature of our indebtedness substantially affects our ability to operate and requires that we expend significant resources in refinancing efforts. If we are not able to refinance our short-term indebtedness, our indebtedness under the notes is unlikely to be repaid.

We may be unable to realize the anticipated benefits of or otherwise successfully integrate ICI, Mexarrend, CMA and IRASA or future acquisitions into our business operations.

We may not be able to realize the anticipated benefits of the acquisitions of ICI, Mexarrend, CMA and IRASA if we fail to integrate ICI, Mexarrend, CMA or IRASA with our own operations within the anticipated costs or timeframe. We cannot assure you that we will be able to achieve the anticipated revenues, cost savings, operational synergies and other expected benefits of the acquisitions of ICI, Mexarrend, CMA and IRASA in a timely manner, or at all, and any failure to do so could have a material adverse effect on our results of operations and financial condition. In addition, in the future we may acquire additional businesses or enter into new strategic alliances and/or joint ventures as part of our strategy to expand our presence and diversify our product base. We are unable to predict whether or when we may pursue any additional acquisitions or alliances, or the likelihood of a material transaction or acquisition being completed on terms favorable to us. Our ability to continue to expand successfully through acquisitions and strategic alliances depends on many factors, including the general availability of suitable targets, as well as our ability to identify such targets, negotiate favorable terms, obtain financings for the acquisitions and close the transactions. Even if we are able to complete acquisitions or strategic alliances, these transactions may involve significant risks, including the following:

- failure of the acquired businesses to achieve projected results or the level of production that we have historically provided;
- inability to successfully integrate the operations, systems, services and products of any acquired company, or to achieve expected synergies and/or economies of scale;

- unanticipated liabilities or contingencies;
- failure to effectively plan or manage any acquisition or strategic alliance;
- antitrust considerations and other regulatory requirements;
- the diversion of management's attention to the integration of the operations and personnel of the acquired businesses;
- inability to retain or hire key personnel for the acquired businesses; and
- potential disputes (including with regards to indemnification claims) with the sellers.

If our business judgments concerning the value, strengths and weaknesses of ICI, Mexarrend, CMA or IRASA prove incorrect, the acquisitions of ICI, Mexarrend, CMA or IRASA may adversely affect our consolidated financial condition. As a result, if we are unable to integrate or manage ICI, Mexarrend, CMA or IRASA, or other future acquired businesses successfully, we may not realize anticipated cost savings, revenue growth and levels of integration, which may have a material adverse effect on us.

Antitrust laws may limit our ability to expand and operate through acquisitions or joint ventures.

Mexico's and other countries' antitrust laws and regulations may affect some of our activities, including our ability to introduce new products and services, to enter into new or complementary businesses, markets or joint ventures and to complete acquisitions. Approval of the Mexican Antitrust Commission (*Comisión Federal de Competencia Económica*) may be required for us to acquire and sell significant businesses or to enter into significant joint ventures that have an impact in the Mexican market, the market where we predominantly operate. The Mexican Antitrust Commission may not approve, or may impose conditions on, future acquisitions or joint ventures that we may pursue. As our operations and market share increase, future acquisitions or expansions may face increased regulatory scrutiny, investigations, orders and other obstacles under antitrust laws and regulations.

Reductions in our credit ratings would increase our cost of funding.

Our credit ratings are an important part of our liquidity profile and are based, among other factors, on the financial strength, credit quality and diversification in our lease portfolio; the level and volatility of our earnings; our capital adequacy; the quality of our management; the liquidity of our statement of financial position and our ability to access a broad array of funding sources. Adverse changes in our credit ratings could negatively impact our ability to obtain funding at competitive rates, which may in turn have a material adverse effect on our business, financial condition and results of operations.

Downgrades in our credit ratings could increase the cost of future borrowings, as well as negatively impact our ability to renew maturing debt. Our future ability to access financial markets in order to obtain required funding on acceptable terms will also depend to a large degree on prevailing capital and financial market conditions over which we have no control. Accordingly, we cannot assure you that we will be able to do so on favorable terms or at all. Our failure to generate sufficient cash flows from operations or to obtain external financing could have a material adverse effect on our business, financial condition and results of operations.

We may be subject to prepayments by our customers.

We may be subject to prepayments from our clients with respect to leased or financed equipment. We cannot guarantee that we will be able to reinvest the proceeds from such prepayments or to re-lease such equipment at all or on similar or more favorable terms. A significant number of such prepayments may have a material adverse effect on our business, financial condition and results of operations.

Servicing our indebtedness, including the notes, will require a significant amount of cash, and our ability to generate cash depends on a variety of factors, many of which are beyond our control.

Our ability to make payments on our indebtedness, including the notes, will depend on our ability to generate cash in the future. This, to a certain extent, is subject to general economic, financial, competitive and other factors that are beyond our control. Our business may not be able to generate sufficient cash flow from operations and future borrowings may not be available to us in an amount sufficient to enable us to pay our indebtedness or to fund our other liquidity needs. As a result, we may need to refinance all or a portion of our indebtedness at or before maturity, and we may not be able to complete such refinancing on commercially reasonable terms or at all. We may also not have sufficient resources to repay our indebtedness as it becomes due or sufficient time to finance the repayment thereof. We are required to use a portion of our cash flow from operations to pay interest on our current and future indebtedness, which may require us to reduce funds available for other purposes, including new lease origination. If we are unable to generate cash to service, repay or refinance our indebtedness, our business, financial condition or results of operations may be materially and adversely affected.

Aside from conducting our operations directly, we conduct our operations through ARG and its subsidiaries, ARG Fleet Management and REMEX and our real estate leasing business through ICI, Mexarrend, CMA and IRASA. Therefore, our ability to service our indebtedness also depends, in part, on ICI and ARG's ability to transfer income and dividends to us, the latter of which, in turn, depends on ARG Fleet Management and REMEX's ability to transfer income and dividends to ARG. The ability of ICI and ARG and its subsidiaries to pay dividends and make other transfers to us, and ARG as applicable, may be limited by various regulatory, contractual and legal constraints.

If we are unable to bring an enforcement action on the collateral securing our leases and financing contracts or if the value of collateral under certain of our leases and other financing contracts is inadequate, our results of operations and financial condition could be adversely affected.

We require a lien on assets securing our leases and other financing contracts on a case by case basis depending on ticket size and credit performance. If we are unable to bring an enforcement action on collateral on a timely basis or at all, our results of operations and financial condition may be adversely affected. Any enforcement action requires a judicial procedure which may be lengthy and inefficient. Additionally, the value of such collateral may be adversely affected by a number of conditions such as damage, loss, devaluation, oversupply or reduced demand for such assets. There can be no assurance that the value of such collateral will not decline. There can also be no assurance that the assumptions relied on by appraisers assessing the value of such collateral are accurate measures of the market and thus the value of such collateral may be evaluated inaccurately. Consequently, the price at which we are able to sell any collateral in the event of an attachment or foreclosure may be lower than the valuation of such collateral and this may have a material adverse effect on our financial condition and results of operations. In addition, our inability to bring an enforcement action on the collateral securing such contracts may have a material adverse effect on our business, financial condition and results of operations.

Recovery of leased property from defaulting lessees may be costly and time-consuming.

A significant portion of our income is derived from rental income from leased equipment. As a result, our performance depends on our ability to collect rents from our lessees and our lessees' ability to make rental payments. If a lessee defaults on its lease obligations, we may experience delays in enforcing our rights as lessor and may incur substantial costs, including litigation and related expenses, in protecting our investment in and the recovery of the leased property. The outcome of any such proceeding may materially adversely affect us and may continue without resolution for long periods of time. In addition, self-help is not permitted under Mexican law, and, accordingly, any recovery of our leased property must be made through a judicial process. Any delays in enforcing our rights or recuperate leased property may affect our financial condition and results of operations, which may, in turn, affect our ability to pay the notes. While we may rely on measures such as remote deactivation under certain circumstances, this action may be challenged under Mexican law and we cannot assure you that this will improve our ability to enforce our rights or prevent a change in our financial condition such as would affect our ability to repay the notes.

While we have adopted policies and proceedings to monitor the quality of our portfolio, such policies and proceedings may fail and some customers may face liquidity issues that, in certain cases, may force them to enter into a bankruptcy proceeding, which in turn could affect our financial condition. As a consequence, any consideration received or recovered by us from transactions entered into with customers that are the subject of a bankruptcy petition within a statutory period of time prior to the judgment declaring the insolvency may be the subject of challenges and may be declared null and void. The results of such proceedings, if adverse to us, could have an adverse effect on our business, financial condition and results of operation.

We may face increases in the maintenance costs of our leased equipment.

The maintenance costs of the equipment used in our leasing and transportation services (renting) and other related services contracts could be affected by increases in the costs of maintenance services. Our services and supplies costs related to our leasing activity decreased 20.9% from Ps. 45.7 million to Ps. 37.8 million for the years ended December 31, 2017 and 2018, respectively. We cannot assure you that our costs will decrease in the future. These costs may also be impacted by the general macroeconomic conditions of Mexico. These increases could result in our failure to meet our maintenance obligations as specified under our leasing and bundled service leasing agreements and consequently result in the termination of those agreements. They may also affect our leasing costs and thereby reduce the net income from our leasing business. The subsequent termination of our leasing agreements could also significantly reduce the revenue stream that we would use to meet our obligations under the notes. We cannot assure you that we will not face higher maintenance costs and a reduced revenue stream as a direct result thereof.

We rely, in part, on cooperation agreements in order to successfully obtain client referrals and further grow our client base.

We rely on a number of agreements with equipment and other asset suppliers in order to identify potential customers and further grow our client base. If one or more of our existing agreements and relationships with our suppliers were to be terminated, we cannot assure you that we will not suffer a decrease in our client referrals and in our current client portfolio. Any decrease in our existing client base or in the rate of growth of our client base due to a decrease in referrals may have an adverse effect on our business, financial condition and results of operation.

Our focus on small and medium-sized businesses could lead to higher levels of non-performing loans, leases or receivables purchased under factoring transactions and subsequent write-offs.

As part of our business strategy, we are seeking to continue to increase services to small and medium-sized companies. Small and medium-sized companies are, however, more likely than large corporations and high-income individuals who have greater resources to be adversely affected by downturns in the Mexican economy. Consequently, in the future we may experience higher levels of nonperforming leases, loans or receivables purchased under factoring transactions, which could result in higher provisions for losses. There can be no assurance that the levels of nonperforming leases, loans or receivables purchased under factoring transactions and subsequent charge-offs will not be materially higher in the future.

We are subject to fluctuations in interest rates.

Our financial margin and the market value of certain of our assets and liabilities are subject to variations due to interest rate volatility. Changes in interest rates affect our interest income, the volume of leases we generate and our interest expense, as well as the market value of certain of our securities holdings. For example, when interest rates rise, we must pay higher interest on our borrowings while interest earned on our products would not rise as quickly, causing our financial margin, which comprises an important part of our revenue, to decrease. Fluctuations in interest rates and prevailing market prices may have an adverse effect on our business, financial condition and results of operations.

Fluctuations in peso exchange rates and Mexican interest rates may adversely affect our business, financial condition and results of operations.

We are exposed to exchange rate risk to the extent certain of our U.S. dollar-denominated liabilities are not covered by currency financial derivative instruments and whenever we maintain open positions in currencies other than the Mexican peso. We are exposed to interest rate risk whenever there is a mismatch in the revaluation of interest rates or if interest on our lease portfolio is calculated based on fixed interest rates. An increase in interest rates may decrease the profitability of some of our fixed rate leases, and any increase in our rates to our customers could in turn increase the risk of our clients attempting to refinance by other means. The exchange rates and interest rates in Mexico have been subject to significant fluctuations in the past. Similarly, exchange rates and interest rates have experienced considerable volatility globally since October 2008 due to economic conditions.

In recent years, interest rates in Mexico have increased at 8.5%, 7.6% and 6.1% for the years ended December 31, 2018, 2017 and 2016, respectively; however, we cannot assure you that interest rates will remain at such levels in the future. International financial volatility and the external environment have had a negative impact over the Mexican economy. Furthermore, low oil prices have affected macroeconomic variables, such as the exchange rate between U.S. dollars and pesos. As a consequence, on February 17, 2016 the Mexican Central Bank increased the one day interbank interest rate by 50 basis points to 3.75%, and has been increasing the reference rate regularly since then, to 8.5% as of December 20, 2018.

A sustained increase in interest rates would increase our financing costs and may result in a decrease in demand for our financing products. In the event of an increase in interest rates, we may also need to readjust our portfolio of assets and liabilities in order to minimize risks and maintain our profitability. In addition, an increase in interest rates could negatively affect the Mexican economy and the financial condition of our customers, or the debtors of the receivables purchased under our factoring transactions, and their ability to repay their obligations to us, which could result in a deterioration in the quality of our lease portfolio. Furthermore, volatility in exchange rates and interest rates could also affect the ability of our customers to repay their obligations to us, which could result in an increase in non-performing leases, loans, or acquired receivables and therefore could have a material adverse effect on our business, financial condition and results of operations.

Our business is highly dependent on the proper functioning and improvement of information technology systems.

Our business is highly dependent on our ability to timely collect and process a large amount of information related to the existing customer base, including transaction processes that may increase in complexity with increasing volume in our business. The proper functioning of financial control, accounting or other data collection and processing systems is critical to our businesses and to our ability to compete effectively. A partial or complete failure of any of these primary systems or the inappropriate handling of the data stored therein could materially and adversely affect our decision-making process, our risk management and internal control systems, as well as our ability to respond on a timely basis to changing market conditions. Such failures could be caused by, among other things, software bugs, computer virus attacks or conversion errors due to system upgrading. Any security breach caused by unauthorized access to information or systems, intentional malfunctions or loss or corruption of data, software, hardware or other computer equipment, could have a material adverse effect on our business, financial condition and results of operations. In addition, we may experience difficulties in upgrading, developing and expanding our information technology systems quickly enough to accommodate our growing customer base. Our disaster recovery planning may also be insufficient to cover all eventualities, and we may have inadequate insurance coverage or insurance limitations that could prevent us from being fully compensated for losses from a major interruption or other damage to our systems. If we cannot maintain an effective data collection and management system, or if we cannot upgrade that system as necessary to meet the changing circumstances of our business, then our business, financial condition and results of operations could be materially adversely affected.

We are subject to cybersecurity risks.

We are subject to cybersecurity risks including unauthorized access to privileged information, technological assaults on our infrastructure aimed at stealing information, fraud or interference with regular service and interruption of our services resulting from the exploitation of these vulnerabilities. Furthermore, it is difficult to detect or prevent evolving forms of cybersecurity incidents, and our systems and of our customers, are vulnerable to cybersecurity incidents. Any failure to anticipate, identify or offset such threats of potential cyberattacks or breaches of our security in a timely manner could materially and adversely affect our operations, financial condition and results of operations.

In the event that our systems are breached or damaged for any reason, we may suffer loss or unavailability of data and interruptions to our business operations. If such an event occurs, the unauthorized disclosure, loss or unavailability of data and the disruption of our systems may have a material adverse effect on our business, financial condition and results of operations. The costs associated with a cybersecurity incident could include increased expenditures on information and cybersecurity measures, damage to our reputation, loss of existing customers and business partners and lead to financial losses from remedial actions and potential liability, including possible litigation. Any of these occurrences may result in a material adverse effect on our financial condition and results of operations.

Our controls and procedures may fail or be circumvented.

Controls and procedures, particularly those relating to collections and cash management, are important for companies such as us. Any system of controls, however well-designed and operated, is based in part on certain assumptions and can provide only reasonable, not absolute, assurances that the objectives of the system are met. Any failure or circumvention of our controls and procedures, or failure to comply with regulations related to controls and procedures, could have a material adverse effect on our business, financial condition and results of operation.

We may experience operational problems or errors.

We, like other commercial companies and financial institutions, are exposed to many types of operational risks, including the risk of fraud by employees and outsiders, failure to obtain proper authorizations, failure to properly document transactions, equipment failures and errors by employees. Although we maintain a system of operational controls, there can be no assurances that operational problems or errors will not occur and that their occurrence will not have a material adverse impact on our business, financial condition and results of operations.

Any failure to protect our registered trademarks and intellectual property may have a materially adverse effect on us.

We believe that our commercial advertisements, trademarks and other intellectual property are fundamental to our name recognition and the continued success of our business. Any infringement of our intellectual or industrial property rights or any failure to register or maintain these rights in the jurisdictions in which we operate may result in: (i) litigation, requiring that we dedicate substantial time and resources to defend our intellectual and industrial property; and/or (ii) the potential loss of our ability to use our trademarks. We rely on trademark laws to protect our proprietary rights. The success of our business depends in part upon our continued ability to use our trademarks to increase brand awareness and further develop our brand in both the Mexican and international markets. We cannot assure you that all of the steps that we have taken to protect our trademarks in Mexico and other countries will be adequate to prevent the infringement of our trademarks by others. The unauthorized reproduction of our trademarks could diminish the value of our brand, and our market recognition, our competitive advantages and our goodwill, which could adversely affect our business, prospects, financial condition and results of operations.

Our risk management systems and policies may not be effective in mitigating our risk exposure, and we may be exposed to unidentified or unanticipated risks.

Our risk management systems, hedging strategies, policies and other risk management techniques may not be effective in mitigating our risk exposure in all market environments or against all types of risk, including risks that are unidentified or unanticipated. Some methods of managing risk are based upon historical market behavior or past events. As a result, these methods may not be able to accurately estimate future risk exposures, which could be significantly greater than indicated by measures based on historical data. Other risk management methods depend upon an evaluation of information regarding markets, customers or other matters. This information in all cases may not be accurate, complete, up-to-date or properly evaluated. Management of operational, legal or regulatory risk requires, among other things, policies and procedures to record properly and verify a large number of transactions and events. Such policies and procedures, including our origination and servicing polices, instituted by us or from time to time modified to respond to changes in the market in which we operate, may not be fully effective. Any failure of our risk management procedures or any failure to identify any applicable risks may have a material adverse effect on our business, financial condition and results of operations.

Risks not contemplated in our insurance policies may affect the assets leased by us.

Although we take actions to ensure that our insurance policies cover most of the risks related with the assets we lease, it is possible that the terms and conditions of the insurance policies we have will not cover a specific event or incident. While our lease agreements establish that the lessees shall acquire the necessary insurance policies to cover damages or equipment losses, we cannot guarantee that such insurance has been acquired and will remain in full force and effect or cover any equipment damages or loss. If any uninsured events occur with respect to a significant portion of our leased assets, such lack of coverage could have a material adverse effect on our financial condition and results of operations as well as our ability to make payment under the notes.

We may not be successful in our plans for growth, development and diversification.

We may not be successful in our plans for growth, development and diversification of our business, or we may need to incur additional costs in order to carry out these plans, which could have a material adverse effect on our business, prospects, financial condition and results of operations.

We may be subject to penalties due to our advertising.

Because we are active in financial advertising, we could be subject to penalties based on unfair competition if such advertising includes incorrect or incomplete information, or if such information is considered misleading. Furthermore, we may be subject to penalties if we advertise our products or services to those customers who have expressly requested not to receive such advertising. Such events could adversely affect our business, financial condition and results of operations.

We may not be able to detect money laundering and other illegal or improper activities on a timely basis or at all.

We are required to comply with applicable anti-money laundering, terrorism financing prevention and other laws and regulations. These laws and regulations require us and our subsidiaries, among other things, to adopt and enforce "know your customer" policies and procedures and to report suspicious and large transactions to the applicable authorities. Such regulations have become increasingly complex and detailed over time and require effective control systems and highly qualified personnel for the supervision of and compliance with such rules. In addition, such regulation is subject to increased surveillance by governmental authorities. While we have adopted policies and procedures aimed at detecting and preventing the use of our network for money laundering activities and related activities, we cannot assure you that such policies and procedures will completely eliminate instances where our accounts or technology may be used by other parties to engage in money laundering and other illegal or improper activities. While we have not been subject to fines or other sanctions as a result of not complying with the applicable regulations related to money laundering activities in the past, to the extent we may fail to fully comply with applicable laws and regulations, the relevant governmental agencies to which we report have the power and authority to impose fines and other penalties on us. Furthermore, although we have not suffered damages to our business or our reputation as a result of money laundering activities in the past, our business and reputation could suffer if customers use us for money laundering or illegal purposes.

RISKS RELATING TO OUR CONTROLLING SHAREHOLDERS

Our controlling shareholders are able to exercise significant control over us which could result in conflicts of interest.

Our shareholders are (i) Colony Capital, who has a 49.8% ownership stake in us, (ii) Alta Trust, who has a 35.7% stake in us, and (iii) Mr. Adam Peter Jan Wiaktor Rynkiewicz, who has a 14.5% stake in us. See "Principal Shareholders" for a description of the current ownership of our common stock by our shareholders. Pursuant to the Shareholders' Agreement, any shareholder holding the first largest equity participation in the capital stock of the Company ("First Majority Shareholder") is in a position to direct material aspects of our management and to determine the result of substantially all majority and reserved matters, including, among others: (i) the election of a majority of the members of our board of directors; (ii) amendments to the dividend policy of the Company; (iii) transactions related to the capital of the Company, including the sale of shares or equivalent to shares and any increase or decrease of the stock capital of the Company, (iv) amendments to the rights, privileges and obligations embedded in any class of shares of the Company, in the understanding that in order to amend such rights, privileges and obligations, the affirmative vote of the shareholder owner of such class of shares is required; (v) the enforcement or waiver of our rights under existing agreements; and (vi) decisions regarding any amendment or termination of any material agreement of the Company.

Additionally, under our Shareholders' Agreement there are certain minority protections which require the affirmative vote of the shareholder holding the smallest equity participation in the capital stock of the Company ("Minority Shareholder") in order to approve any amendment to the corporate purpose, business purpose and legal structure of the Company, and any amendment to the by-laws (*estatutos sociales*) of the Company when such amendment to the by-laws directly affects the rights of the relevant shareholder of the Company.

As a result, circumstances may occur in which our shareholders' interests could conflict with your interests as note holders in material respects. See "Principal Shareholders—Shareholders' Agreement."

Our shareholders may be unable to reach an agreement on relevant matters may negatively affect our operations.

Under the corporate governance rules provided for in our Shareholders' Agreement, certain important decisions such as decisions made with respect to the Reserved Matters (as defined herein) described in the Shareholders' Agreement would require the approval of at least two of our shareholders. The inability of our shareholders to reach an agreement over important decisions such as the Reserved Matters would lead to a Deadlock (as defined herein) event under the Shareholders' Agreement which may make us unable to continue our regular operations in a timely manner or in the ordinary course of business and may in turn have a material adverse effect on our business, financial condition and results of operations.

We often engage in a variety of transactions with our affiliates (including our controlling shareholder) which may cause conflicts of interest.

We have engaged and will continue to engage in a variety of transactions with affiliates, such as entering into services and outsourcing agreements and factoring agreements with our controlling shareholder and a number of entities directly or indirectly owned or controlled by our controlling shareholder. See "Related Party Transactions." While we intend to continue to transact business with related parties on an arm's-length basis and in compliance with our corporate governance practices, such transactions could be affected by conflicts of interest between such related parties and us. We have agreed to terms governing certain of our indebtedness that limit our ability to engage in transactions with our affiliates.

RISKS RELATING TO MEXICO

Mexican governmental policies or regulations, including the imposition of an interest rate ceiling, may adversely affect our business, financial condition and results of operations.

We are incorporated in Mexico, and substantially all of our assets and operations are located in Mexico. As a result, we are subject to political, economic, legal and regulatory risks specific to Mexico. The Mexican federal government has exercised, and continues to exercise, significant influence over the Mexican economy. Accordingly, Mexican federal governmental actions and policies concerning the economy, state-owned enterprises and state-controlled, state-funded or—influenced financial institutions could have a significant impact on private-sector entities in general and on us in particular, and on market conditions, including prices and returns on Mexican securities or the notes. Also, the Mexican government may implement significant changes in laws, public policies and/or regulations that could affect political and economic conditions in Mexico, which could adversely affect our business. This risk may significantly increase during the new administration of Mr. Andrés Manuel López Obrador. See "—Political, economic and social conditions in Mexico could materially and adversely affect Mexican economic policy and, in turn, our operations."

Currently lending, leasing, financial leasing and factoring (conducted by independent financial services providers such as ourselves) are unregulated activities in Mexico and therefore no governmental permit or authorization is required in order to perform such activities in Mexico. Any legislative or regulatory actions conducive to regulating some or all aspects of such activities and any required changes to our business operations resulting from such legislation and regulations (including changes relating to reserve, capitalization, asset classification and valuation, among others), could negatively impact our financial or operating results or otherwise adversely affect our businesses. Changes in regulations may also increase compliance and other costs and may impose limitations on our ability to pursue certain business opportunities and provide certain products and services. Recently, an initiative was submitted to the Mexican Congress (*Congreso de la Unión de los Estados Unidos Mexicanos*), which is under consideration, seeking to limit interest rates and commissions charged by Mexican financial institutions. As of the date of this offering memorandum, it is unclear if this proposal will be approved by the Mexican Congress nor whether additional similar proposals affecting the financial services industry will be presented and approved. There is no assurance that the Mexican government will implement measures to increase scrutiny or regulation on independent financial services providers (such as ourselves) or the financial services industry in general, reversing or limiting the liberalization trend that has been present during the past 25 years.

We cannot assure you that changes in the future political environment, in particular, Mexico's policies with respect to the financial services industry, over which we have no control, will not have an adverse impact on our business, prospects financial condition or results of operations.

Political, economic and social conditions in Mexico could materially and adversely affect Mexican economic policy and, in turn, our operations.

Political circumstances in Mexico might significantly affect Mexican economic policies which could have an effect on our operations. Mexico's presidential, federal and local elections took place on July 1, 2018 and Andrés Manuel López Obrador, the presidential candidate of left-wing political party *Movimiento Regeneración Nacional* (Morena) was elected to take office in December 1, 2018. Morena also won the majority in both chambers of the Mexican Congress and assumed this control as of December 1, 2018.

The Mexican president strongly influences new policies and governmental actions regarding the Mexican economy, and the new administration could implement substantial changes in law, policy and regulations in Mexico, which could adversely affect economic, political and social conditions in Mexico. In addition, as a result of Morena controlling the absolute majority of both chambers of the Mexican Congress, Mr. Andrés Manuel López Obrador has considerable power to pass new laws, amend existing laws and determine governmental policies and actions that relate to the Mexican economy, which could negatively affect our business, financial condition, results of operations and prospects.

During his campaign and his first months in office, Mr. Andrés Manuel López Obrador has announced and implemented structural changes such as (i) the decentralization of the ministries, which could lead to political instability, and (ii) several structural changes within the public administration, including the implementation of an austerity policy and a significant decrease in salaries and labor benefits currently granted to public officers. In addition, during political transition years, Mexico historically has experienced increased uncertainty, reduction in private investment and political and social tension. We cannot provide any assurances that these events, over which we have no control, will not have an adverse effect on our business, financial condition and results of operations. We cannot predict the impact that these political conditions will have on the Mexican economy. Furthermore, we cannot assure you that political developments in Mexico or changes in Mexican laws, regulations and/or public policies will not adversely affect our business, prospects, financial condition and results of operations.

On June 5, 2019, Fitch downgraded Mexico's sovereign debt, which reflects an assessment of the overall financial capacity of the government of Mexico to pay its obligations and its ability to meet its financial commitments as they become due, from BBB+ to BBB citing increased risk due to the deteriorating credit profile and weakness in the macroeconomic outlook of Mexico's state oil company, Petróleos Mexicanos, due to, among other things, trade tensions. In addition, Moody's changed its outlook on Mexico's A3 rating to negative from stable. The same day, Fitch downgraded Mexico's state oil company, Petróleos Mexicanos, from BB+ to BBB−, citing insufficient investment to restore declining production. These downgrades could adversely affect the Mexican economy and, consequently, our business, financial condition, operating results and prospects.

High inflation rates may adversely affect our financial condition and results of operations.

Mexico has a history of high levels of inflation and may experience high inflation in the future. Historically, inflation in Mexico has led to higher interest rates, depreciation of the peso and the imposition of substantial government controls over exchange rates and prices. The annual rate of inflation for the last three years, as measured by changes in the Mexican National Consumer Price Index (*Índice Nacional de Precios al Consumidor*), as provided by the *Instituto Nacional de Estadística, Geografía e Informática* ("INEGI") and as published by the *Banco de México*, has remained relatively stable at 3.4% in 2016, 6.8% in 2017 and 4.8% in 2018. Although inflation is less of an issue today than in past years, we cannot assure you that Mexico will not experience high inflation in the future, including in the event of a substantial increase in inflation in the United States.

In addition, increased inflation generally raises our cost of funding, which we may not be able to fully pass on to our customers through higher interest rates without adversely affecting the volume of our leases. Our financial condition and profitability may be adversely affected by the level of, and fluctuations in, interest rates, which affect our ability to earn a spread between the interest received on our loans or the rentals and fees charged on our leases and the cost of our funding. All of our leases have fixed rates of return, which may not reflect the real return we are receiving in an inflationary environment and may not, as a result, fully compensate us for the risk we are bearing on our lease portfolio. If the rate of inflation increases or becomes uncertain and unpredictable, our business, financial condition and results of operations could be adversely affected.

Fluctuations of the peso relative to the U.S. dollar could result in an increase in our cost of financing and limit our ability to make timely payments on foreign currency-denominated debt.

The peso has been subject to significant devaluations against the U.S. dollar and may be subject to significant fluctuations in the future. In 2018, the peso devalued by 0.4% against the U.S. dollar . The exchange rate for peso against U.S. dollar was of 19.74 on average in 2017, 19.66 on average for 2018 and 19.38 on average in March 2019. Because substantially all of our revenues are, and are expected to continue to be, denominated in pesos, if the value of the peso decreases against the U.S. dollar, as has been the case in the recent past, our cost of financing may increase for U.S. dollar-denominated debt that we may incur or have outstanding, to the extent such obligations are not otherwise hedged with financial instruments. Severe depreciation of the peso may also result in disruption of the international foreign exchange markets. This may limit our ability to transfer or convert pesos into U.S. dollars and other currencies for the purpose of making timely payments of interest and principal on our non-Mexican peso denominated securities and any U.S. dollar-denominated debt that we may incur, to the extent such obligations are not otherwise hedged with financial instruments.

Currently, the peso-dollar exchange rate is determined on the basis of the free market float in accordance with the policy set by *Banco de México*. There is no guarantee that *Banco de México* will maintain the current exchange rate regime or that *Banco de México* will not adopt a different monetary policy that may affect the exchange rate itself, including imposing generalized exchange controls. Any change in the monetary policy, the exchange rate regime or in the exchange rate itself, as a result of market conditions over which we have no control, could have a considerable impact, either positive or negative, on our business, financial condition and results of operations.

We are subject to certain risks associated with derivative financial instruments that we have entered into related to fluctuations in exchange rates and interest rates, which could adversely affect our financial conditions and results of operations.

We are exposed to various risks related to fluctuations in interest rates, currencies and exchange rates. One of the strategies we employ to mitigate the possible negative effects of these risks consists of entering into derivative financial instruments to hedge our exposure to risks associated with our dollar denominated debt. The use of such derivative financial instruments could result in losses related to the valuation of the hedging instruments as a result of fluctuations of the peso exchange rate and fluctuations of interest rates in Mexico. Our swaps are subject to periodic margin calls. We may be required to use a substantial part of our cash to cover such margin calls, which may reduce the resources available for our business operations and capital requirements. As a result, we may incur net losses from our currency swap transactions or may be unable to make our margin calls, any of which could have a material adverse effect on our business, liquidity, financial condition and results of operations.

Developments in other countries could adversely affect the Mexican economy and our business, financial condition and results of operations and the price of our securities.

The Mexican economy may be, to varying degrees, affected by economic and market conditions in other countries. Although economic conditions in other countries may differ significantly from economic conditions in Mexico, investors' reactions to adverse developments in other countries may have an adverse effect on the market value of securities of a Mexican issuer. In recent years, for example, the prices of both Mexican debt and equity securities decreased substantially as a result of the prolonged decrease in the United States securities markets.

Additionally, in recent years economic conditions in Mexico have become increasingly correlated with economic conditions in the United States as a result of NAFTA, and increased economic activity between the two countries. On November 30, 2018, Mexico, Canada and the United States reached an agreement on the terms and conditions of the USMCA, replacing NAFTA, after more than one year of negotiation and significant strain on the relationships among the three countries. As of the date of this offering memorandum, the United States and Canada are pursuing their domestic processes towards ratification and all the parties to the USMCA are pursuing the implementation of the USMCA. Adverse economic conditions in the United States, the implementation of the USMCA or other related events could have a significant adverse effect on the Mexican economy. We cannot assure you that Canada and the United States will succeed in their domestic processes for its ratification and the parties will succeed in the implementation of the USMCA, or that the events in other emerging market countries, in the United States or elsewhere will not adversely affect our business, financial condition or results of operations. Uncertainties surrounding the policies of the current U.S. administration, particularly with respect to matters of importance to Mexico and its economy such as trade (including the results of the implementation of the USMCA), imposition of tariffs onto Mexican exports into the United States and immigration, could have an adverse effect on the Mexican economy, and could adversely affect our business, financial condition and results of operations. In this regard, in June 2019, the current U.S. administration announced plans to impose an escalating series of tariffs on Mexico unless the Mexican government enacted certain policy changes. While the Mexican and U.S. governments were able to reach an agreement, we cannot assure you that we will not be materially adversely affected by such tariffs in the future.

Furthermore, on June 23, 2016, the United Kingdom held an in-or-out referendum on the United Kingdom's membership within the European Union, the result of which favored the exit of the United Kingdom from the European Union ("Brexit"). On March 29, 2017, the country formally notified the European Union of its intention to withdraw pursuant to Article 50 of the Lisbon Treaty. In April 2019, the European Union approved an extension of the deadline for Brexit to occur to no later than

October 31, 2019 to avert the possibility of a disorderly Brexit. A process of negotiation will determine the future terms of the United Kingdom's relationship with the European Union. The potential impact of Brexit on our results of operations is unclear. Depending on the terms of Brexit, economic conditions in the United Kingdom, the European Union and global markets may be adversely affected by reduced growth and volatility. The uncertainty before, during and after the period of negotiation could also have a negative economic impact and increase volatility in the markets, particularly in the Eurozone. Such volatility and negative economic impact could, in turn, adversely affect the value and trading of the notes.

Reforms to tax laws and regulations may adversely affect our business, financial condition and results of operations.

Mexico may adopt new or modify existing tax laws and increase taxes on our business. We cannot predict when any such reforms may take place or the extent of the same, or any adverse effects these may have on us. Any reforms to tax laws and regulations applicable to our activities may adversely affect our cash available for operations and our financial condition and results of operations.

We could face class action litigation.

Mexico has legislation in effect that expressly permits class actions lawsuits. These laws may cause consumers and other market participants to initiate class action lawsuits against us, thereby increasing our exposure to liability. Judicial precedents interpreting and applying these laws are very limited and therefore we cannot predict whether there is a likelihood of any such action being initiated or the possible outcome of any actions initiated under such laws, including the extent of liability we may face and the impact of such liabilities on our financial condition and results of operations.

The Mexican Supreme Court of Justice has ruled that Mexican judges are entitled to reduce interest rates considered inequitable, at their sole discretion.

On February 19, 2014, the Mexican Supreme Court (*Suprema Corte de Justicia de la Nación*) ruled that the prohibition on usury contained in article 21, paragraph 3, of the American Convention on Human Rights (*Convención Americana sobre Derechos Humanos*) allows Mexican judges to reduce, at their sole discretion, any interest rates considered excessive and abusive, even if it is not expressly requested by any of the parties involved in the relevant proceeding.

The Mexican Supreme Court's resolution provides for certain elements that must be analyzed by judges on a case-by-case basis (such as the interest rates charged by banks in similar operations, among other things). However, the ruling does not establish any clear restrictions on a judge's authority to reduce interest rates. On January 22, 2016, the Mexican Supreme Court of Justice published another judicial precedent in the judicial gazette that clarified that the authority granted to Mexican judges to reduce the interest rates includes (i) instances where a party involved in the corresponding proceeding does not expressly request such reduction and (ii) trials in absentia. If a judge were to determine that our interest rates were excessive or abusive, it could have a material adverse effect on our business, prospects, financial condition and results of operations. Furthermore, during the second half of 2018, several Mexican courts published new rulings which broadened judicial powers to reduce interest rates on loans and credits. Although most other courts and judges are not required to apply these rulings, they share a pattern of limiting the freedom to negotiate interest rates. We cannot assure you that we will not face any legal proceeding in the future in which a judge might exercise such authority to reduce the interest rates that we charge to our customers in our factoring and other loans business lines. Any such exercise of authority could adversely impact our business, financial condition and results of operations.

A downgrade of Mexico's credit ratings could affect us.

Mexico's long-term public external indebtedness is currently rated investment grade by the three leading rating agencies. Fitch has had a negative outlook since October 2018, while S&P has had a negative outlook since March 2019 and Moody's has a stable outlook. Mexico's current ratings and the rating outlooks currently assigned to it depend, in part, on economic conditions and other factors affecting credit risk that are outside the control of Mexico. If Mexico's credit rating is downgraded by credit rating agencies, the rating of our securities may also be downgraded, which could negatively affect our financing costs and the market price of our securities.

Risks Relating to the Notes and the Subsidiary Guarantees

Payments on the notes and the subsidiary guarantees will be effectively junior to any of our and our subsidiaries' secured indebtedness, respectively.

The notes, the subsidiary guarantees and the obligations of any future note guarantors, constitute our and our guarantors', and any future note guarantors', senior unsecured obligations and rank equal in right of payment with all of our other existing and future senior unsecured indebtedness, including the 2022 Senior Notes and the related subsidiary guarantees, as applicable, other than obligations preferred by statute. As of March 31, 2019, after giving pro forma effect to the offer and sale of the notes and the application of the net proceeds from this offering as described under "Use of Proceeds," including the Tender Offer we and our guarantors would have had total indebtedness (excluding accrued interest) of Ps. 10,575.4 million (U.S. $545.7 million), of which Ps. 1,326.4 million (U.S. $68.4 million) would have been secured by collateral. As of March 31, 2019, our secured indebtedness amounted to Ps. 1,667.2 million. As of December 31, 2018, 2017 and 2016, approximately 23%, 24% and 83%, respectively, of our indebtedness was secured by our loan and lease portfolio. Although the holders of the notes have a direct, but unsecured claim on our assets and property, payment on the notes will be subordinated in right of payment to any of our existing or future secured debt, to the extent of the assets securing such debt. Although the Indenture governing the notes contains restrictions on the incurrence of additional secured debt and additional liens, these restrictions are subject to important qualifications and exceptions. Among other exceptions, the Indenture does not restrict our ability and the ability of our subsidiaries to incur debt and grant liens pursuant to securitization transactions. The amount of secured debt and liens that we may incur in compliance with these restrictions or liens that arise from governmental or creditor action could be substantial. Payment by us in respect of the notes is also structurally subordinated to the payment of secured and unsecured debt and other creditors of our non-guarantor subsidiaries.

We expect that a portion of our total consolidated debt will remain outstanding after the offering of the notes. If we or any of the guarantors become insolvent or are liquidated, or we or any of the guarantors become subject to bankruptcy proceedings (*concurso mercantil* or *quiebra*), or if payment under any secured debt is accelerated, the relevant lenders and security holders under our securitization transactions would be entitled to exercise the remedies available to a secured lender. Accordingly, any proceeds upon a realization of the collateral would be applied first to amounts due under the secured debt obligations before any proceeds would be available to make payments on the notes. After such application of the proceeds from collateral, it is possible that there would be no assets remaining from which claims of the holders of the notes could be satisfied.

In addition, under Mexican law, our obligations under the notes are generally subordinated to certain statutory preferences, including claims for salaries, wages, social security, employee housing fund contributions, retirement fund quotes, taxes and court fees and expenses. In the event of our liquidation, such statutory preferences will have preference over any other claims, including claims by any holder of the notes, and any remaining assets might be insufficient to satisfy the claims of the holders of the notes and holders of other unsecured debt including trade creditors that rank equal to holders of the notes.

We and our subsidiaries may incur substantially more debt, which could further exacerbate the risks associated with our indebtedness.

As of March 31, 2019, we had total consolidated financial indebtedness (excluding accrued interest) of Ps. 5,307.0 million (U.S. $273.9 million), of which Ps. 1,667.2 million (U.S. $86.0 million) was secured by collateral. Of our Ps. 1,667.2 million of secured or securitized indebtedness, Ps. 1,066.9 million related to secured bank debt. As of March 31, 2019, after giving pro forma effect to the offer and sale of the notes and the application of the net proceeds from this offering as described under "Use of Proceeds," including the Tender Offer we and our guarantors would have had total indebtedness (excluding accrued interest) of Ps. 10,575.4 million (U.S. $545.7 million), of which Ps. 1,326.4 million (U.S. $68.4 million) would have been secured by collateral. We and our subsidiaries will be able to incur substantial additional debt in the future. Although the Indenture governing the notes will contain restrictions on the incurrence of additional debt and additional liens, these restrictions are subject to important qualifications and exceptions. Among other exceptions, the Indenture does not restrict our ability and the ability of our subsidiaries to incur debt and grant liens or assign assets pursuant to securitization transactions. Also, these restrictions do not prevent us or our subsidiaries from incurring obligations that do not constitute "indebtedness" as defined in the Indenture. Increases in our level of indebtedness, particularly secured indebtedness, could adversely affect the notes relative to our other indebtedness and have a material adverse effect on the market price of the notes.

The notes may not be a suitable investment for all investors.

Each potential investor in the notes must determine the suitability of that investment in light of such investor's own circumstances. In particular, each potential investor should:

(i) have sufficient knowledge and experience to make a meaningful evaluation of the merits and risks of investing in the notes;

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of their particular financial situation, an investment in the notes and the impact such investment will have on their overall investment portfolio;

(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the notes, including where the currency for principal or interest payments is different from the potential investor's currency;

(iv) understand thoroughly the terms of the notes and be familiar with the behavior of any relevant indices and financial markets; and

(v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect their investment and their ability to bear the applicable risks.

A potential investor should not invest in the notes unless such potential investor has the expertise (either alone or with the help of a financial advisor) to evaluate how the notes will perform under changing conditions, the resulting effects on the value of such notes and the impact this investment will have on the potential investor's overall investment portfolio. The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities and each potential investor should consult their legal advisors or the appropriate regulators.

The subsidiary guarantees may not be enforceable.

The notes will be fully and unconditionally guaranteed, jointly and severally, by our guarantor subsidiaries. The subsidiary guarantees provide a basis for a direct claim against the guarantors; however, it is possible that the subsidiary guarantees may not be enforceable under applicable law.

While Mexican law does not prohibit the giving of subsidiary guarantees and, as a result, it does not prevent the subsidiary guarantees of the notes from being valid, binding and enforceable against the guarantors, in the event that a subsidiary guarantor becomes subject to an insolvency or bankruptcy proceeding, its subsidiary guarantee may be deemed to have been a fraudulent transfer and may be declared void based upon the subsidiary guarantor being deemed not to have received fair consideration in exchange for such subsidiary guarantee. If any such event were to occur, the creditworthiness of the notes, and the market value of the notes in the secondary market may be materially and adversely affected.

The collection of interest on interest may not be enforceable in Mexico.

Mexican law does not permit the collection of interest on interest and, therefore, the accrual of default interest on past due ordinary interest in respect of the notes may be unenforceable in Mexico.

Certain of the instruments governing our indebtedness, including the notes offered hereby, contain cross-default provisions that may cause all of the debt issued under such instruments to become immediately due and payable as a result of a default under an unrelated debt instrument.

The Indenture contains numerous restrictive covenants. In addition, certain of the instruments governing our other indebtedness, including the indenture relating to the 2022 Senior Notes, also contain certain affirmative and negative covenants and require us and our subsidiaries to meet certain financial ratios and tests. Our failure to comply with the obligations contained in the Indenture or other instruments governing our indebtedness could result in an event of default under the applicable instrument, which could then result in the related debt and the debt issued under other instruments becoming immediately due and payable. In such event, we would need to raise funds from alternative sources, which may not be available to us on favorable terms, on a timely basis or at all. Alternatively, such default could require us to sell our assets and otherwise curtail operations in order to pay our creditors.

The notes are subject to transfer restrictions.

The notes have not been registered under the Securities Act or any state securities laws, and we are not required to and currently do not plan on making any such registration in the immediate future. As a result, the notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Prospective investors should be aware that investors may be required to bear the financial risks of this investment for an indefinite period of time. See “Transfer Restrictions” for a full explanation of such restrictions.

An active trading market for the notes may not develop.

The notes are a class of securities that have no existing trading market. Application will be made for the listing of and quotation for the notes on the SGX-ST. Even if the notes become listed on this exchange, we may delist the notes. A trading market for the notes may not develop, or if a market for the notes were to develop, the notes may trade at a discount from their initial offering price, depending upon many factors, including prevailing interest rates, the market for similar securities, general economic conditions and our financial condition. The initial purchasers are not under any obligation to make a market with respect to the notes, and we cannot assure you that trading markets will develop or be maintained. Accordingly, we cannot assure you as to the development or liquidity of any trading market for the notes. If an active market for the notes does not develop or is interrupted, the market price and liquidity of the notes may be adversely affected.

Payments claimed in Mexico on the notes, pursuant to a judgment or otherwise, would be in pesos.

In the event that proceedings are brought against us in Mexico, either to enforce a judgment or as a result of an original action brought in Mexico, or if payment is otherwise claimed from us in Mexico, we would not be required to discharge those obligations in a currency other than Mexican currency. Under Article 8 of the Monetary Law of the United Mexican States (*Ley Monetaria de los Estados Unidos Mexicanos*), an obligation, whether resulting from a judgment or by agreement, denominated in a currency other than Mexican currency, which is payable in Mexico, may be satisfied in Mexican currency at the rate of exchange in effect on the date on which payments are made. Such rate is currently determined by *Banco de México* and published every banking day in the Federal Official Gazette. As a result, you may suffer a U.S. dollar shortfall if you obtain a judgment or a payment in Mexico. You should be aware that no separate action exists or is enforceable in Mexico for compensation for any shortfall.

If we or the guarantors were to be declared insolvent or bankrupt, holders of the notes may find it difficult to collect payment on the notes and our, our guarantors' and any future guarantors' obligations under the notes would be converted into Mexican pesos in the event of bankruptcy.

Under the Mexican Bankruptcy Law, if we or any of the subsidiary guarantors are declared insolvent, or bankrupt, our obligations and the obligations of the guarantors under the notes and the subsidiary guarantees: (i) would be converted into pesos and then from pesos into units of measurement and update (*unidades de medida y actualización*, known as UMAs); (ii) would be satisfied at the time claims of all our or the guarantor's unsecured creditors are satisfied; (iii) would be subject to the outcome of, and priorities recognized in, the relevant proceedings, which differ from those in other jurisdictions such as the United States; (iv) would cease to accrue interest from the date the insolvency or bankruptcy is declared; (v) would not be adjusted to take into account any depreciation of the peso against the U.S. dollar occurring after such declaration; and (vi) would be subject to certain statutory preferences, including financing incurred in the context of any such insolvency, claims for salaries, wages, secured obligations (to the extent of the security provided), social security, quotas, employee housing fund contributions, taxes and court fees and litigation expenses. For such reasons, the ability of the holders of the notes to effectively collect payments due under the notes may be compromised or subject to delay.

In addition, under Mexican law, it is possible that, in the event we are declared insolvent, bankrupt or become subject to *concurso mercantil*, any amount by which the stated principal amount of the notes exceeds their accreted value may be regarded as not matured and, therefore, claims of holders of the notes may be allowed only to the extent of the accreted value of the notes.

We may not be able to make payments in U.S. dollars.

In the past, the Mexican economy has experienced balance of payments deficits and shortages in foreign exchange reserves. While the Mexican government does not currently restrict the ability of Mexican or foreign persons or entities to convert pesos to foreign currencies, including U.S. dollars, it has done so in the past and could do so again in the future. We cannot assure you that the Mexican government will not implement a restrictive exchange control policy in the future. Any such restrictive exchange control policy could prevent or restrict our access to U.S. dollars to meet our U.S. dollar obligations and could also have a material adverse effect on our business, financial condition and results of operations.

We may be unable to purchase the notes upon a change of control triggering event, which would result in defaults under the Indenture governing the notes.

The terms of the notes will require us to make an offer to repurchase the notes upon the occurrence of a specified change of control triggering event at a purchase price equal to 101% of the principal amount of the notes, plus accrued interest to the date of the purchase. Any financial arrangements we may enter may require repayment of amounts outstanding upon the occurrence of a change of control triggering event and limit our ability to fund the repurchase of your notes in certain circumstances. It is possible that we will not have sufficient funds at the time of any change of control to make the required repurchase of notes or that restrictions on our other financing arrangement will not allow the repurchase of notes or that restrictions in our other financing arrangements will not allow the repurchases. If we fail to repurchase the notes in such circumstances, we would default under the Indenture which may, in turn, trigger cross-default provisions in our other debt instruments. See "Description of the Notes—Change of Control Triggering Event."

It may be difficult to enforce claims against us or our guarantors or our directors, executive officers and controlling persons.

We and all of our subsidiaries are organized under the laws of Mexico. All of our directors, executive officers and controlling persons are non-residents of the United States and substantially all of the assets of such non-resident persons and substantially all of our assets are located in Mexico or elsewhere outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon such persons or us or our guarantors or to enforce against them or us or our guarantors in courts of any jurisdiction outside Mexico, judgments predicated upon the laws of any such jurisdiction, including any judgment predicated substantially upon the civil liability provisions of United States federal and state securities laws. We have been advised that there is doubt as to the enforceability in Mexican courts, in original actions or in actions for enforcement of judgments obtained in courts of jurisdictions outside Mexico, of civil liabilities arising under the laws of any jurisdiction outside Mexico, including any judgment predicated solely upon United States federal or state securities laws.

No treaty is currently in effect between the United States and Mexico that covers the reciprocal enforcement of foreign judgments. In the past, Mexican courts have enforced judgments rendered in the United States by virtue of principles of reciprocity and comity as well as the provisions of Mexican law relating to the enforcement of foreign judgments in Mexico, consisting of the review by Mexican courts of the United States judgment in order to ascertain whether Mexican legal principles of due process and public policy (*orden público*), among other requirements, have been duly complied with, without reviewing the merits of the subject matter of the case, provided that U.S. courts would grant reciprocal treatment to Mexican judgments.

Creditors of the issuer holding negotiable instruments or other instruments governed by Mexican law may be in a better position to enforce their rights against us in connection with judgments obtained from Mexican court.

We cannot assure you that the credit ratings for the notes will not be lowered, suspended or withdrawn by the rating agencies.

The credit ratings of the notes may change after issuance. Such ratings are limited in scope, and do not address all material risks relating to an investment in the notes, but rather reflect only the views of the rating agencies at the time the ratings are issued. An explanation of the significance of such ratings may be obtained from the rating agencies. We cannot assure you that such credit ratings will remain in effect for any given period of time or that such ratings will not be lowered, suspended or withdrawn entirely by the rating agencies if, in the judgment of such rating agencies, circumstances so warrant. Any lowering, suspension or withdrawal of such ratings may have an adverse effect on the market price and marketability of the notes.

The Indenture will contain periodic reporting requirements that will be different and less burdensome than would be applicable to us if we had agreed to register the notes following the closing of the offering.

We do not presently file periodic reports and other information with the SEC, and the Indenture the notes will not require us to file such reports or other information. The Indenture will require us to provide annual and quarterly reports, including English language translations, to the holders of notes and the trustee. The requirements of the Indenture, however, will be more limited in certain respects than those applicable to public companies under the Exchange Act. See "Description of the Notes—Certain Covenants—Reports to Holders."

It is possible that any future note guarantees by our subsidiaries may not be enforceable.

Any future note guarantees would provide a basis for a direct claim against the subsidiary guarantors. However, it is possible that such guarantees may not be enforceable. The laws of Mexico may in some cases prevent the guarantees of Mexican subsidiary guarantors from being valid, binding and enforceable against such subsidiary guarantors in accordance with their terms. In the event that such a Mexican subsidiary guarantor were declared bankrupt or subject to concurso mercantil, the guarantee may be deemed to have been a fraudulent transfer and declared void if such subsidiary guarantor failed to receive fair consideration or reasonably equivalent value in exchange for such guarantee. The obligations of any subsidiary guarantor may, additionally, be subject to review under United States state or federal fraudulent transfer laws or that of any other applicable jurisdiction. In addition, under Mexican Bankruptcy Law, if any of the subsidiary guarantors are judicially declared bankrupt or subject to concurso mercantil, each of such subsidiary guarantors' obligations under its guarantee will be subordinated to secured creditors and certain statutorily preferred creditors, such as those holding labor, tax and social security related claims, which will have preference over any other claims, including claims by any investor in respect of the notes or such guarantees.

USE OF PROCEEDS

The net proceeds from the issuance of the notes were approximately U.S. $289,846,233.48 (after deducting the initial purchaser's discounts and commissions and the payment of estimated offering expenses).

We intend to use the net proceeds from this offering: (i) to pay the consideration for the Tender Offer, accrued and unpaid interest on any and all 2022 Senior Notes validly tendered and accepted by us (and not withdrawn) and to pay the expenses of such Tender Offer, (ii) to repay in full all obligations under certain of our indebtedness, and (iii) the remaining net proceeds, if any, for general corporate purposes We intend to take all necessary actions and/or cause our subsidiaries to take all necessary actions (including, but not limited to, submitting all relevant documentation to and making any required filings with governmental agencies, registries or authorities under applicable law) to terminate and release in full all liens over our assets and/or property relating to such indebtedness as soon as practicable but not later than 45 days following the Issue Date.

We intend to prepay the following loans which do not require Waivers:

Loan	Outstanding Principal Amount to be Prepaid	Interest Rate
	(in millions of Ps.)	
Banco del Bajío, S.A., Institución de Banca Múltiple. (Banco del Bajío/Mexarrend Credit Agreement)	6.3	TIIE + 4.35%
Santander (México), S.A., Institución de Banca Múltiple, Grupo Financiero Santander México (Santander/Mexarrend Credit Agreement)	7.8	13.70%
Unión de Crédito General, S.A. de C.V. (*Unión de Crédito/ Mexarrend Credit Agreement*)	16.0	TIIE + 8.50%
Total Principal Amount of Loans to be Prepaid	**30.1**	—

We intend to prepay each of the following trust debt certificates (*certificados bursátiles fiduciarios*) on the corresponding date specified below:

Certificates Issued in the Local Market	Amount to be Prepaid	Interest Rate
	(in millions of Ps.)	
ARGLCCB 16 due October 28, 2021	195.5	TIIE + 2.00%
MEXCB 17 due February 26, 2021	123.0	TIIE + 2.75%
Total Principal Amount of Certificates to be Prepaid	**318.5**	—
Total Principal Amount of Loans and Certificates to be Prepaid	**348.6**	—

(1) The Certificates ARGLCCB 16 due October 28, 2021, will be paid as soon as practicable but not later than 45 days following the Issue Date.

(2) The Certificates MEXCB 17 due February 26, 2021, will be paid as soon as practicable but not later than 45 days following the Issue Date.

In addition to our loan obligations, we intend to prepay certain indebtedness issued by:

(i) ARG, directly or indirectly, through issuing trust No. CIB/2613 in the form of local trust debt certificates (*certificados bursátiles fiduciarios*) identified with ticker number "ARGLCCB 16", in the original aggregate principal amount of Ps. 455.0 million, which matures on October 28, 2021. As of March 31, 2019, there was an aggregate principal amount of Ps. 415.1 million outstanding under these local debt certificates issuances. We intend to prepay the full amount of the outstanding balance on as soon as practicable but not later than 45 days following the Issue Date.

(ii) Mexarrend, directly or indirectly, through issuing trust No. CIB/2663 in the form of local trust debt certificates (*certificados bursátiles fiduciarios*) identified with ticker number "MEXCB 17", in the original aggregate principal amount of Ps. 250.0 million, which matures on February 26, 2021. As of March 31, 2019, there was an aggregate principal amount of Ps. 162.1 million outstanding under these local debt certificates issuances. We intend to prepay the full amount of the outstanding balance on as soon as practicable but not later than 45 days following the Issue Date.

EXCHANGE RATES

Mexico has had a free market for foreign exchange since the end of 1994 and *Banco de México* allows the peso to float freely against the U.S. dollar and other foreign currencies. As a result, policy has evolved toward an inflation targeting regime and *Banco de México* intervenes directly in the foreign exchange market only to reduce excessive short-term volatility.

There can be no assurance that the Mexican government will maintain its current policies with respect to the peso or that the peso will not depreciate significantly in the future. The Mexican economy has suffered balance of payment deficits and shortages in foreign exchange reserves in the past. While the Mexican government, for more than 15 years, has not restricted the ability of Mexican and foreign individuals or entities to convert pesos to U.S. dollars, we cannot assure you that the Mexican government will not institute restrictive exchange control policies in the future. To the extent that any such restrictive exchange control policies were to be instituted in the future in the event of shortages of foreign currency, our ability to transfer or convert pesos into U.S. dollars and other currencies to service our foreign currency obligations would be adversely affected and foreign currency may not be available without substantial additional cost.

The following table sets forth, for the periods indicated, the low, high, average and period-end exchange rates published by *Banco de México* in the Federal Official Gazette, all expressed in nominal pesos per U.S. dollar.

	Low	High	Average	Period End
Year Ended December 31,				
2013	11.98	13.44	12.77	13.07
2014	12.84	14.78	13.29	14.73
2015	14.56	17.38	15.88	17.34
2016	17.18	21.05	18.67	20.66
2017	17.49	21.91	18.91	19.74
2018	17.98	20.72	19.24	19.66
Month Ended				
January 2019	18.93	19.65	19.19	19.16
February 2019	19.04	19.41	19.19	19.22
March 2019	18.87	19.52	19.24	19.38
April 2019	18.77	19.38	19.00	19.01
May 2019	18.98	19.26	19.09	19.07
June 2019	18.98	19.76	19.30	19.17
July 2019 (through July 5, 2019)	18.99	19.21	19.08	18.99

This offering memorandum contains translations of certain peso amounts into U.S. dollars at specified rates solely for the convenience of the reader. The convenience translations should not be construed as a representation that the peso amounts actually represent such U.S. dollar amounts or that they could be converted into U.S. dollars at the specified rate on this or any other date or at all. The exchange rate used for purposes of convenience translations is the exchange rate published by *Banco de México* in the Federal Official Gazette. The exchange rate determined by *Banco de México* in effect on March 29, 2019 and published in the Federal Official Gazette on March 29, 2019, expressed in nominal pesos per U.S. dollar, was Ps. 19.3793.

CAPITALIZATION

The following table sets forth our capitalization (i) on an actual basis as of March 31, 2019 and (ii) as adjusted to give effect to the issuance of U.S. $300,000,000 of notes offered hereby and the use of the proceeds from this offering, including the funding of the Tender Offer, as described under "Use of Proceeds." Actual amounts have been derived from our Unaudited Interim Financial Statements as of March 31, 2019.

You should read this table in conjunction with our Unaudited Interim Financial Statements included elsewhere in this offering memorandum.

	As of March 31, 2019		
	Actual	As adjusted[1]	As adjusted[1]
	(in millions of Ps.)		(U.S. dollars in thousands)
Assets			
Cash, cash equivalents and funds held in trust	930.9	6,199.3	319,895
Short-term debt			
Bank debt	924.7	918.1	47,375
Commercial debt[2][3]	96.7	90.7	4,680
Local certificates	—	—	—
Trust certificates (ARG)	105.4	—	—
Total short-term debt	1,126.8	1,008.8	52,055
Long-term debt:			
Bank debt	847.1	839.6	43,325
Commercial debt[4][5]	203.6	193.6	9,990
Local certificates	—	—	—
Trust certificates (ARG)	471.9	258.8	13,354
2022 Senior Notes[6]	2,657.6	2,657.6	137,136
10.250% Senior Notes due 2024 offered hereby	—	5,617.0	289,846
Total long-term debt	4,180.2	9,566.6	493,651
Other Liabilities	**1,043.3**	**1,043.3**	**53,836**
Total Liabilities	**6,350.3**	**11,618.7**	**599,542**
Stockholders' equity:			
Capital stock	42.8	42.8	2,207
Premium on share issuance & other, net	1,280.0	1,280.0	66,051
Retained earnings	211.0	211.0	10,886
Accumulated other comprehensive income	(61.7)	(61.7)	(3,183)
Total stockholders' equity	**1,472.1**	1,472.1	75,961
Total capitalization[7]	**7,822.4**	**13,090.8**	**675,503**

(1) Reflects adjustments to give effect to issuance of U.S. $300,000,000 of notes offered hereby and the use of the proceeds from this offering, including funding of the Tender Offer and repayment of indebtedness.

(2) Commercial debt is comprised of the responsAbility SICAV (Lux)/Docuformas Promissory Note, the responsAbility Management Company S.A./Docuformas Promissory Note, the HP/Docuformas Credit Agreement and the Ve por Más/Docuformas Trust.

(3) Limited to our short-term obligations payable under our commercial debt.

(4) Commercial debt is comprised of the responsAbility SICAV (Lux)/Docuformas Promissory Note, the responsAbility Management Company S.A./Docuformas Promissory Note, the HP/Docuformas Credit Agreement and the Ve por Más/Docuformas Trust.

(5) Limited to our long-term obligations payable under our commercial debt.

(6) Assuming U.S. $150 million aggregate principal amount of the 2022 Senior Notes are validly tendered at or before the Early Tender Deadline with all investors receiving the total consideration (including the early tender payment) and that payment for all such tendered 2022 Senior Notes is made on July 24, 2019.

(7) Total capitalization is equal to Total Liabilities plus Total stockholders' equity.

SELECTED CONSOLIDATED FINANCIAL AND OTHER INFORMATION

The following tables present certain summary financial information and operating data as of the dates and for each of the periods indicated. You should read the following summary financial data and other information together with "Presentation of Financial and Other Information," "Selected Financial and Other Information," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our Financial Statements and the notes thereto, included elsewhere in this offering memorandum.

The statement of financial position data as of March 31, 2019, and the statement of profit or loss and comprehensive income data for the three-month periods ended March 31, 2018 and 2019, are derived from our Unaudited Interim Financial Statements included elsewhere in this offering memorandum. The statement of financial position data as of December 31, 2017 and 2018, and the statement of profit or loss and comprehensive income data for the years ended December 31, 2016, 2017 and 2018, are derived from our Audited Annual Consolidated Financial Statements included elsewhere in this offering memorandum.

Our Financial Statements were prepared in accordance with IFRS. No reconciliation of any of our Financial Statements to U.S. GAAP has been performed.

Consolidated Statement of Profit or Loss and Comprehensive Income Data

	For the year ended December 31,				For the three-month period ended March 31,		
	2016	2017	2018	2018 (in thousands of U.S. $)[(1)]	2018	2019	2019 (in thousands of U.S. $)[(1)]
	(in millions of Ps.)				(in millions of Ps.)		
Revenues:							
Interest	567.0	563.9	702.0	36,224	131.2	200.8	10,362
Sales of equipment financing	129.2	291.9	432.4	22,312	154.0	71.0	3,664
Operating lease	115.3	108.0	159.4	8,225	38.3	55.0	2,838
Services and supplies	121.2	41.3	56.3	2,905	14.3	14.8	764
Total revenues	932.8	1,005.1	1,350.1	69,667	337.8	341.6	17,627
Costs:							
Interest	214.1	325.9	553.7	28,572	125.1	150.8	7,781
Sales of equipment	82.6	190.0	316.8	16,347	105.6	52.4	2,704
Depreciation of assets under operating leases	42.7	29.6	51.9	2,678	4.4	23.4	1,207
Services and supplies	62.7	37.8	45.7	2,358	11.6	3.7	191
Total costs	402.1	583.3	968.1	49,955	246.7	230.3	11,884
Operating (income) expenses:							
Selling expenses	84.6	90.2	100.7	5,196	21.6	27.7	1,429
Administrative expenses	152.7	141.6	146.5	7,560	31.9	42.6	2,198
Other (income) expenses, net	(0.4)	(1.6)	9.1	470	—	(13.9)	(717)
Interest income	(1.8)	(88.3)	(10.1)	(521)	(6.1)	(7.8)	(402)
Interest expenses	49.5	58.2	49.1	2,534	18.6	9.4	485
Exchange (gain) loss, net	9.1	134.8	(8.0)	(413)	(156.2)	(47.8)	(2,467)
Valuation of derivative financial instruments	(5.1)	9.6	(43.7)	(2,255)	54.1	68.9	3,555
Total expenses	288.7	344.6	243.6	12,570	(36.0)	79.2	4,087
Income before income taxes	242.0	77.3	138.5	7,147	127.2	32.1	1,656
Income tax (benefit) expense	60.7	(56.3)	(28.2)	(1,455)	13.5	1.2	62
Consolidated net income	181.3	133.5	166.6	8,597	113.7	30.9	1,594
Other comprehensive income, net of income taxes:							
Valuation of derivative financial instruments	0.2	0.4	(67.6)	(3,488)	(92.7)	(5.9)	(304)
Total comprehensive income for the year/period	**181.5**	**133.9**	**99.0**	**5,109**	**21.0**	**25.0**	**1,290**

(1) Translated into U.S. dollars, solely for the convenience of the reader, using an exchange rate of Ps. 19.3793 per U.S. dollar, the exchange rate published in the Federal Official Gazette on March 29, 2019. These convenience translations should not be construed as representations that the peso amounts actually represent U.S. dollar amounts or could be converted into U.S. dollars at the specified rate, on this or on any other date, or at all. See "Exchange Rates."

Consolidated Statement of Financial Position Data:

	As of December 31,			As of March 31,		
	2017	2018	2018 (in thousands of U.S. $)(1)	2018	2019	2019 (in thousands of U.S. $)(1)
	(in millions of Ps.)			(in millions of Ps.)		
Current assets:						
Cash, cash equivalents and funds held in trust	1,307.6	1,070.1	55,219	794.5	930.9	48,037
Capital lease receivables	828.8	1,070.4	55,236	1,395.1	946.4	48,834
Accounts receivable from the sale of equipment	40.5	118.0	6,089	111.3	100.6	5,188
Accounts receivable from factoring and cash financing	213.9	370.5	19,116	195.1	374.6	19,331
Capital lease receivables ceded to subsidiary trust	195.8	283.8	14,644	329.6	339.3	17,508
Recoverable taxes	107.1	186.1	9,603	118.5	211.5	10,913
Other receivables	27.4	3.1	158	12.0	8.1	418
Due from related parties	3.2	35.3	1,819	3.0	36.1	1,862
Inventories	—	—	—	—	—	—
Prepaid expenses	54.2	33.7	1,736	54.0	32.2	1,661
Total current assets	2,778.5	3,170.9	163,620	3,013.1	2,979.7	153,752
Non-current assets:						
Capital lease receivables	1,321.6	1,129.8	58,299	1,042.3	1,504.0	77,607
Accounts receivable from the sale of equipment	155.6	458.7	23,668	246.2	438.5	22,626
Accounts receivable from factoring and cash financing	372.3	701.1	36,178	247.3	722.6	37,287
Capital lease receivables ceded to subsidiary trust	281.1	217.4	11,219	221.7	443.2	22,869
Property, furniture and equipment—Net	370.6	343.8	17,741	300.0	397.1	20,492
Investment Property—Net	509.8	723.7	37,342	515.7	891.2	45,989
Derivative financial instruments	9.9	74.8	3,862	—	2.8	143
Intangible assets and goodwill	171.7	170.4	8,793	167.5	241.1	12,442
Other assets—Net	41.4	54.5	2,814	47.7	58.3	3,008
Deferred income taxes	120.9	144.4	7,449	120.9	143.8	7,422
Total non-current assets	3,355.0	4,018.6	207,365	2,909.3	4,842.7	249,885
Total assets	6,133.4	7,189.6	370,985	5,922.4	7,822.4	403,637
Current liabilities						
Current portion of long-term debt	255.8	688.3	35,518	407.4	1,021.4	52,706
Trust certificates	—	—	—	—	105.4	5,439
Trade accounts payable	163.1	26.0	1,339	173.5	74.9	3,863
Due to related parties	74.7	9.3	480	16.0	6.5	335
Income taxes and other taxes payable	94.3	49.0	2,526	37.8	51.4	2,652
Other accounts payable and accrued expenses	380.7	517.5	26,702	551.6	797.9	41,171
Total current liabilities	968.5	1,290.1	66,565	1,186.3	2,057.6	106,166

	As of December 31,			As of March 31,		
	2017	2018	2018 (in thousands of U.S. $)[(1)]	2018	2019	2019 (in thousands of U.S. $)[(1)]
	(in millions of Ps.)			(in millions of Ps.)		
Non-current liabilities						
Long-term debt	3,781.7	3,925.1	202,540	3,163.5	3,708.3	191,353
Trust certificates	405.8	415.0	21,413	404.0	471.9	24,349
Derivate Financial Instruments	—	—	—	190.3	—	—
Deferred income taxes	180.9	124.1	6,404	146.9	112.6	5,808
Total non-current liabilities	4,368.3	4,464.2	230,357	3,904.7	4,292.7	221,510
Total Liabilities	5,336.9	5,754.3	296,922	5,091.0	6,350.3	327,676
Stockholders' equity and reserves						
Capital stock	33.2	42.8	2,207	33.2	42.8	2,207
Premium on share issuance	247.8	1,280.0	66,051	247.8	1,280.0	66,051
Retained earnings	515.6	180.1	9,292	643.1	211.0	10,886
Accumulated other comprehensive income	—	(67.6)	(3,487)	(92.7)	(61.7)	(3,183)
Total stockholders' equity	796.5	1,435.3	74,063	831.4	1,472.1	75,961
Total stockholders' equity and liabilities	**6,133.4**	**7,189.6**	**370,985**	**5,922.4**	**7,822.4**	**403,637**

(1) Translated into U.S. dollars, solely for the convenience of the reader, using an exchange rate of Ps. 19.3793 per U.S. dollar, the exchange rate published in the Federal Official Gazette on March 29, 2019. These convenience translations should not be construed as representations that the peso amounts actually represent U.S. dollar amounts or could be converted into U.S. dollars at the specified rate, on this or on any other date, or at all. See "Exchange Rates."

Consolidated Statement of Cash Flows:

	For the year ended December 31,				For the three-month period ended March 31,		
	2016	2017	2018	2018 (in thousands of U.S. $)[(1)]	2018	2019	2019 (in thousands of U.S. $)[(1)]
	(in millions of Ps.)				(in millions of Ps.)		
Net cash generated by (used in) operating activities	(479.6)	(306.6)	(1,135.9)	(58,614)	47.0	157.2	8,112
Net cash generated by (used in) investing activities	(74.4)	(172.8)	(228.5)	(11,791)	62.1	(214.6)	(11,074)
Net cash generated by (used in) financing activities	832.7	1,358.3	1,127.0	58,155	(622.2)	(81.8)	(4,221)
Net (decrease) increase in cash, cash equivalents and funds held in trust	278.7	878.9	(237.5)	(12,255)	(513.1)	(139.2)	(7,183)

(1) Translated into U.S. dollars, solely for the convenience of the reader, using an exchange rate of Ps. 19.3793 per U.S. dollar, the exchange rate published in the Federal Official Gazette on March 29, 2019. These convenience translations should not be construed as representations that the peso amounts actually represent U.S. dollar amounts or could be converted into U.S. dollars at the specified rate, on this or on any other date, or at all. See "Exchange Rates."

Key Ratios and Reconciliations:

	For the year ended December 31,		For the three-month period ended March 31\,	
	2017	2018	2018	2019
	(in millions of Ps., except for percentages)			
Profitability and Operational Ratios				
Return on equity[(1)]	16.8%	11.6%	54.7%	8.4%
Return on assets[(2)]	2.2%	2.3%	7.7%	1.6%
Operating margin[(3)]	18.4%	35.5%	139.9%	28.8%
Net margin[(4)]	31.8%	42.7%	125.1%	27.7%
Efficiency ratio[(5)]	82.0%	62.4%	(39.6)%	71.0%
Ratio of non-performing loans[(6)]	6.3%	5.5%	5.8%	5.8%
Coverage ratio[(7)]	59.0%	49.7%	57.5%	44.2%
Leverage and Capitalization Ratios				
Financial leverage[(8)]	5.6x	3.5x	4.8x	3.6x
Total stockholders' equity/Total assets	13.0%	20.0%	14.0%	18.8%
Dividend payout ratio[(9)]	—	310.9%	—	—
Reconciliation of Financial Margin				
Interest on capital leases	563.9	702.0	131.2	200.8
Equipment financing	291.9	432.4	154.0	71.0
Operating lease income	108.0	159.4	38.3	55.0
Services and supplies income[(10)]	37.2	48.4	13.7	14.4
Less interest expense	325.9	553.7	125.1	150.8
Less costs associated with equipment financing	190.0	316.8	105.6	52.4
Less assets under operating leases including depreciation	29.6	51.9	4.4	23.4
Less costs associated with services and supplies income	35.5	29.3	11.2	3.0
Financial Margin[(11)]	**420.0**	**390.5**	**90.9**	**111.6**

(1) Calculated as consolidated net income for the period divided by total stockholders' equity at the end of the relevant period. Return on equity for each of the three-month periods ended March 31, 2018 and 2019 has been annualized.

(2) Calculated as consolidated net income for the period divided by total assets at the end of the relevant period. Return on assets for each of the three-month periods ended March 31, 2018 and 2019 has been annualized.

(3) Calculated as income before income taxes divided by Financial Margin.

(4) Calculated as consolidated net income for the period divided by Financial Margin.

(5) Calculated as operating expenses (i.e., selling expenses, administrative expenses and Other (income) expenses, net) divided by Financial Margin.

(6) Calculated as the non-performing loan portfolio divided by total portfolio, as of the same date.

(7) Calculated as the reserves for uncollectible account divided by the non-performing loan portfolio, as of the same date.

(8) Calculated as total financial debt divided by total stockholders' equity, as of the same date.

(9) Calculated as dividends declared in the current period divided by consolidated net income for the corresponding annual period.

(10) Calculated as total revenues (excluding revenues from maintenance services and sales of consumable supplies which are presented under the caption of services and supplies) less costs associated with those revenues.

(11) Calculated as services and supplies revenues/costs less revenues and costs related to maintenance services and sales of consumable supplies. See "Presentation of Certain Financial and Other Information—Non-GAAP Financial Measures and Other Ratios."

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with our Financial Statements and the notes thereto, and the other financial information included elsewhere in this offering memorandum. The financial data presented for the three months ended March 31, 2019 and 2018 and for the years ended December 31, 2017 and 2018 is stated in nominal Mexican pesos and has been derived from our Financial Statements prepared in accordance with IFRS, which differs in certain respects from U.S. GAAP. No reconciliation of any of our Financial Statements to U.S. GAAP has been performed.

The following discussion contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those discussed in the forward-looking statements as a result of various factors, including, without limitation, those set forth in "Forward-Looking Statements" and "Risk Factors" and the matters set forth in this offering memorandum.

Overview

We are the third-largest independent leasing company in Mexico in terms of total portfolio, when compared to the companies that report information to AMSOFAC. We specialize in providing short-, medium- and long-term financing solutions for the acquisition of productive assets and equipment by mostly SMEs. Substantially all of our assets and properties are located in Mexico and substantially all of our revenues derive from our business operations in Mexico.

Our six principal lines of business are:

- *Capital leasing*, through which we offer our customers leasing products for various types of equipment, including office, medical services, industrial, telecommunications and information technology equipment and motor vehicles (including cars, trucks and trailers), among others, with an option to purchase such equipment at the conclusion of the lease term;
- *Cash financing*, through which we make unsecured cash loans to our customers as a form of non-asset-based lending;
- *Operating leasing*, through which we: (i) lease equipment or real estate, without an option to purchase the underlying asset or equipment upon the conclusion of the lease term; and (ii) acquire real estate and leaseback to our customers with an option to purchase the real estate upon the completion of the corresponding lease;
- *Equipment financing*, through which we purchase equipment and resell it to our customers with financing, with such equipment serving as collateral for our loans;
- *Transportation services (renting) and other related services*, through which we offer our customers integrated leasing solutions that include the equipment, as well as any supplies, service and maintenance required by such equipment; and
- *Factoring*, through which we provide our customers with short-term liquidity and financing through discounting their accounts receivable and providing them with vendor-financing and revolving credit lines.

We offer financing solutions (i.e., capital leasing and cash financing) from Ps. 1.0 million to Ps. 40.0 million, with maturities typically ranging from 24 to 36 months and fixed interest rates ranging from 27.0% to 32.0% per annum. As part of our operating leasing business, we offer real estate sale and leaseback transactions that typically range in size from Ps. 30.0 million to Ps. 150.0 million with terms from 5 to 7 years and interest rates typically of 27.0% per annum. Also, we offer equipment leasing and equipment financing solutions for amounts between Ps. 1.0 million and Ps. 40.0 million with terms typically ranging from 24 to 60 months and with interest rates ranging from 27.0% to 32.0%. In addition, we offer transportation services (renting) and other related services solutions that typically range in size from Ps. 1.0 million to Ps. 10.0 million with terms from 12 to 36 months and standard interest rates of 27.0% to 32.0%. Furthermore, we offer factoring solutions from Ps. 1.0 million to Ps. 20.0 million per receivable with terms ranging from one to two months and with an interest rate typically of 51.4% per annum. Finally, while 64.3% of our revenues for the three-month period ended March 31, 2019 are derived from customers located in and around Mexico City and in the State of Mexico, we serve customers located in 31 states within Mexico through our dedicated, direct sales force and 37 external brokers.

As of March 31, 2019, our capital leases/equipment financing and cash financing/factoring businesses represented 79.7% and 20.3% of our consolidated portfolio, respectively.

Over the last three years, our equipment leasing and financing business has experienced consistent growth, as evidenced by (i) our consolidated total revenues for such periods, which increased from Ps. 932.8 million in 2016 to Ps. 1,005.1 million in 2017 and to Ps. 1,350.1 million in 2018 and (ii) our total assets, which increased from Ps. 4.4 billion in 2016, to Ps. 6.1 billion in 2017 and to Ps. 7.2 billion in 2018. In addition, our Operating Margins ranged from 18.4% in 2017 to 35.5% in 2018 and 28.8% in March 31, 2019.

As of December 31, 2017 and 2018 and March 31, 2019, we had total assets of Ps. 6,133.4 million (U.S. $316.5 million), Ps. 7,189.6 million (U.S. $371.0 million) and Ps. 7,822.4 million (U.S. $403.6 million), respectively. For the years ended December 31, 2016, 2017 and 2018 and for the three months ended March 31, 2019, we had net income of Ps. 181.3 million (U.S. $9.4 million), Ps. 133.5 million (U.S. $6.9 million), Ps. 166.6 million (U.S. $8.6 million) and Ps. 30.9 million (U.S. $1.6 million), respectively. For the years ended December 31, 2016, 2017 and 2018 and for the three months ended March 31, 2019, we had income before income taxes of Ps. 242.0 million (U.S. $12.5 million), Ps. 77.3 million (U.S. $4.0 million), Ps. 138.5 million (U.S. $7.1 million) and Ps. 32.1 million (U.S. $1.7 million), respectively. As of December 31, 2017 and 2018 and March 31, 2019, our total lease portfolio had a value of Ps. 4,413.4 million (U.S. $227.7 million), Ps. 5,625.1 million (U.S. $290.3 million) and Ps. 6,330.1 million (U.S. $326.6 million). As of December 31, 2017 and 2018 and March 31, 2019, we had a total net worth of Ps. 796.5 million (U.S. $41.1 million), Ps. 1,435.3 million (U.S. $74.1 million) and Ps. 1,472.1 million (U.S. $76.0 million).

Factors Affecting Our Results of Operations

Our results of operations have been influenced and will continue to be influenced by the following factors:

Mexican Economic Environment

Our business is closely tied to the general economic conditions in Mexico. As a result, our economic performance and our ability to implement our business strategies may be affected by changes in national economic conditions, including as a result of changes in the global economy and financial markets that impact Mexico. For the ten-year period between 2009 and 2018, Mexico's GDP has grown at an average rate of 2.2% per year.

Although the adverse worldwide economic conditions experienced over recent years are improving, the degree and pace of recovery is uncertain and is expected to vary around the globe. Instability in global credit markets, the instability in the geopolitical environment in many parts of the world and other disruptions may continue to put pressure on global economic conditions. In recent years, for example, the prices of both Mexican debt and equity securities decreased substantially as a result of the prolonged decrease in the U.S. securities markets. The uncertainty surrounding U.S. and China trade war (whereby U.S. has imposed import duties on imports from China, which has caused China to retaliate with additional tariffs on U.S. exports) and Brexit has had an impact on the worldwide economy and in Mexico. Recent U.S. governmental policies towards Mexico have created instability, uncertainty and may adversely affect the Mexican economy. In addition, the considerable decline in oil prices since 2014, have had, and may continue to have a negative impact on the Mexican economy as well as on our business, financial condition and results of operation.

According to figures from INEGI, Mexico's GDP increased by 2.1% in 2017 as compared to 2016. In 2018, Mexico's GDP increased by 2.0% as compared to 2017. This increase was primarily due to increased production in the manufacturing sector. In addition, inflation decreased from 6.8% in 2017 to 4.8% in 2018. Finally, international reserves in Mexico increased from U.S. $170.5 billion in 2017 to U.S. 171.5 billion in 2018. See "Risk Factors—Risk Relating to Mexico."

Interest Rate Fluctuations

Interest rate fluctuations in Mexico have had a significant effect on our business, financial condition and results. The following table provides the average interest rate charged on our capital leasing, equipment financing, factoring and other lending business lines for the periods indicated:

	As of December 31,			As of March 31,
	2016	2017	2018	2019
Capital leasing and equipment financing	27.0%	31.0%	32.0%	31.0%
Factoring[(1)]	51.4%	51.4%	51.4%	51.4%
Cash financing[(2)]	32.0%	32.0%	32.0%	32.0%

(1) Annual average interest rate for our factoring products.

(2) Annual average interest rate for our auto loans and other lending products.

We are exposed to interest rate risk whenever there is a mismatch in the revaluation of interest rates or if interest on our lease portfolio is calculated based on fixed interest rates. A sustained increase in interest rates would increase our financing costs and may result in a decrease in demand for our financing products. In addition, an increase in interest rates could negatively affect the Mexican economy and the financial condition of our customers, or the debtors of the receivables purchased under our factoring transactions, and their ability to repay their obligations to us, which could result in a deterioration in the quality of our lease portfolio.

Exposure to exchange rate fluctuations

As of March 31, 2019, after giving pro forma effect to the offer and sale of the notes and the application of the net proceeds from this offering as described under "Use of Proceeds," including the Tender Offer we and our guarantors would have had total indebtedness (excluding accrued interest) of Ps. 10,575.4 million (U.S. $545.7 million), of which Ps. 8,551.8 million (U.S. $441.3 million) would have been denominated in U.S. dollars. Because substantially all of our revenues are, and are expected to continue to be, denominated in pesos, if the value of the peso decreases against the U.S. dollar, as has been the case in the recent past (in 2018, the peso devalued by 0.4% against the U.S. dollar), our cost of financing may increase for dollar-denominated debt that we may incur or have outstanding, to the extent such obligations are not otherwise hedged with financial instruments. To mitigate the possible negative effects of these exchange rate risks we intend to enter into derivative financial instruments to hedge our exposure to risks associated with our dollar-denominated debt, such as the notes. The use of such derivative financial instruments could result in losses related to the valuation of the hedging instruments as a result of fluctuations of the peso exchange rate and fluctuations of interest rates in Mexico. See "Risk Factors—Risks Related to Mexico—Fluctuations of the peso relative to the U.S. dollar could result in an increase in our cost of financing and limit our ability to make timely payments on foreign currency-denominated debt."

Funding Sources

We seek to maintain adequate and diverse sources of funding that will provide funds for our operations. Our sources of funding vary in term, currency and creditor. As of March 31, 2019, our principal sources of funding were the 2022 Senior Notes, trust certificates, bank debt and commercial debt which amounted to Ps. 2,657.6 million, Ps. 577.3 million, Ps. 1,771.8 million and Ps. 300.3 million (in each case excluding accrued interest), corresponding to 50.1%, 10.9%, 33.4% and 5.7% of our funding, respectively as of March 31, 2019.

See "Risk Factors—Risks Related to our Business—A lack of financing on favorable terms may affect our liquidity, financial condition and results of operations."

Total portfolio

Our operating income and profitability is largely dependent upon our lease portfolio size and the number of transactions in which we enter. The growth of our total lease portfolio is a primary driver of the growth of our net profit. Historically, our capital leasing and equipment financing operations have been the primary source of total portfolio. As of December 31, 2017 and 2018 and March 31, 2019, our capital leasing and equipment financing operations represented 84.1%, 74.9% and 79.7%, respectively, of our total portfolio. As of December 31, 2017 and 2018 and March 31, 2019, 15.9%, 25.1% and 20.3%, respectively, of our total portfolio was represented by our cash financing/factoring operations. As of December 31, 2017 and 2018 and March 31, 2019, our net lease receivables amounted to Ps. 3,409.6 million, Ps. 4,349.7 million, and Ps. 4,869.2 million, respectively.

Lease Quality

We prepare our Financial Statements in accordance with IFRS and assess our overdue accounts receivable on an individual basis. Based on our assessment, we recognize provisions for both our performing and non-performing leases. We monitor our non-performing leases closely and record a write-off if we determine there is little likelihood of continued payment. For more information on our policies on lease quality, see "Critical Accounting Policies—Key Sources of Uncertainty in Estimates—Estimates of the useful life of assets and the depreciation method" and "Business—Credit Application and Approval Process."

Collateral Value

Increases in the collateral value of assets underlying certain of our leases and our ability to recover these underlying assets result in an increase in the underlying quality of our lease portfolio, as both factors increase the probability that, in the event of default, most, if not all, of the asset's market value can be recovered.

Critical Accounting Policies

Revenue Recognition

We consider the detailed criteria for the recognition of revenue set out in IFRS 15 and, in particular, whether we have transferred control of the goods to the customer. If our management is satisfied that the control has been transferred, then revenue recognition is applied in such year. When making this evaluation, our management is required to exercise its professional judgment to determine whether our equipment sales made with our customers represent sales of goods with a financing component during the term of contract for 24, 36 and 48 months. Such judgement includes calculating the implicit interest, based on a discount rate to determine the interest pending accrual for the long-term financing portion, which is recognized as accrued during the financing period according to the terms of our corresponding contracts.

The leases that we enter into with our customers are recorded as a capital lease, if, individually or in combination, (i) the lease transfers control of ownership of the asset to the lessee at the end of the term of the lease, (ii) the lessee has the option to buy the asset at a price that is expected to be sufficiently lower than the fair value on the date on which the option is exercisable, so that, at the beginning of the lease, it is probable that the option will be exercised; (iii) the term of the lease covers most of the economic life of the asset, even if the property is not transferred control, (iv) at the beginning of the lease, the present value of the minimum lease payments is substantially equivalent to the entire lease reasonable value of the leased asset; (v) the leased assets are of such a specialized nature that only the lessee can use them without major modifications; (vi) if the lessee can cancel the lease, the lessor's losses associated with the cancellation will be at the expense of the lessee, (vii) gains or losses arising from fluctuations in the fair value of the residual amount lie with the lessee (for example, in the form of a discount for an amount similar to the value of the sale at the end of the lease agreement), or (viii) the lessee has the ability to extend the lease for a second period, with an income that is substantially lower than market rent.

Valuation of Income Tax

We recognize the net future tax benefit related to deferred income tax assets to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. To evaluate the recoverability of deferred income tax assets requires us to make significant estimates related to expectations about taxable income in the future. Estimates of future taxable income are based on forecasted cash flows generated from operations and the application of existing tax laws in Mexico. To the extent actual future cash flows and taxable income differ significantly from estimates, our ability to recover the deferred income tax asset could be affected. In addition, future changes in tax laws could limit our ability to obtain tax deductions in future periods.

Credit Risk

The expected credit loss is measured in an allocation equivalent to 12 months of the total expected loss for the assets of stage 1, the total life of the total expected loss for the assets of the stage 2 or 3. An asset is changed to stage 2 when the credit risk has increased significantly since the initial recognition. To contemplate whether the risk credit has increased significantly, we use quantitative and qualitative prospective information as a consideration.

Contingencies

By their nature, contingencies are settled when one or more future events occur or fail to occur. The assessment of contingencies inherently involves the use of judgment and significant estimates related to the future outcome of those events.

Key Sources of Uncertainty in Estimates

Estimates of the useful life of assets and the depreciation method.

We review the estimates of useful lives and methods of depreciation on machinery and equipment periodically and the effect of any change in estimate is recognized prospectively. Changes in these estimates could have a significant impact on our statements of financial position and comprehensive income.

Calculation of loss allowance

When measuring expected credit losses, we use reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring expected credit loss. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Impairment of long-lived assets

Each year we evaluate whether there are indications of impairment for long-lived assets and calculate the recoverable amount when there are such indications. Impairment exists when the carrying value of a long lived asset or cash-generating unit exceeds its recoverable amount, which is the higher of fair value less costs to sell and value in use. The calculation of value in use is based on the model of discounted cash flows, using our projections of results of operations for the near future. The recoverable amount of long-lived assets is sensitive to the inherent uncertainties the projections and the discount rate used in the calculation.

Measurements of Fair value and the Valuation Process

Certain of our assets and liabilities are measured at fair value in the consolidated financial statements. Our finance department oversees and determines the technical and appropriate input data in measuring fair value.

In estimating the fair value of an asset or liability, we use observable market data to the extent it available. When directly observable input is not available, we hire an independent expert to perform the valuation. The finance department works together with the independent expert to establish the valuation techniques and appropriate input data for the valuation model. The CFO reports any material findings to the board of directors on a quarterly basis, including explaining the causes for any fluctuations in the fair value of assets and liabilities.

Information about the valuation techniques and inputs used in determining the fair value of our assets and liabilities are disclosed in Note 21 of our Financial Statements.

Consolidated Financial Information

Our audited annual financial statements for the year ended December 31, 2016 include the results of operations of our acquired subsidiary, ICI. As described in Notes 1(b) and 16 of our Financial Statements, we have accounted for the acquisition of ICI using the acquisition method. Because we began consolidating the results of operations of ICI as of December 5, 2016, our results of operations for the years ended December 31, 2017 and 2018 are not fully comparable with those for the year ended December 31, 2016. See "Comparability of Financial Information".

Our audited annual financial statements for the year ended December 31, 2017 include the results of operations of our acquired subsidiary, IRASA. As described in Note 1(b) of our Financial Statements, we have accounted for the acquisition of IRASA using the acquisition method. Because we began consolidating the results of operations of IRASA as of December 12, 2017, our results of operations for the years ended December 31, 2017 and 2016 are not fully comparable with our result of operations for the year ended December 31, 2018. See "Comparability of Financial Information".

Our unaudited consolidated financial statements for the three months ended March 31, 2019 include the results of operations of our recently acquired subsidiaries Mexarrend and CMA. As described in Notes 1(b) and 13 of our Financial Statements, we have accounted for the Mexarrend Transaction using the acquisition method. Because we did not consolidate the results of operations of Mexarrend and CMA during the three months ended March 31, 2018, and we began consolidating the results of operations of Mexarrend and CMA as of January 9, 2019, our results of operations for the three months ended March 31, 2019 and 2018 are not fully comparable. See "Comparability of Financial Information".

Reclassification

Certain reclassifications have been made to our audited annual financial statements for the years ended December 31, 2017 and 2016 to conform to our audited annual financial statements for the year ended December 31, 2018. Specifically, information related to investment properties was reclassified to their own line item; previously, they were presented within property, plant and equipment since revenues generated from the lease of these properties was not significant, together with the fact that the accounting policy with respect to investment properties is depreciated cost. In addition, as a result of changes in administration of operations during the 2018 fiscal year, revenue was grouped into different streams. For additional information on these reclassifications, see Note 3 to our Audited Annual Financial Statements included elsewhere in this offering memorandum.

Our Lines of Business

As of and for each of the years ended December 31, 2016, 2017 and 2018 for each of the three-month periods ended March 31, 2018 and March 31, 2019, we have the following six business lines:

- capital leases;
- cash financing;
- operating leases;
- equipment financing;
- transportation services (renting) and other related services; and
- factoring.

Results of Operations

General

The following is a brief description of our results of operations for the periods indicated.

Revenue. Our revenue includes:

- interest, which includes interest earned on our capital lease payments, interest earned on our cash financing payments and interest earned on equipment financed under an installment sales plan;
- sales of equipment, which includes revenue generated from sales of equipment under long-term contracts;
- revenue from operating leases, which includes (i) the rental revenue from ICI's lease of investment property (real estate), and (ii) the fees associated with the operating lease business of ARG;
- revenue from services and supplies, which is (i) the revenue from maintenance services, which includes (a) monthly automobile and other transportation vehicles maintenance fees under our transportation services (renting) and other related services (b) fees from maintenance of printing and duplicating equipment, and (c) monthly service fees associated with maintenance of printers; and (ii) the revenue recognition of supplies such as printers, toner and paper, which are bundled into certain of our leasing contracts

Costs of Sales and Services. Our costs include:

- cost of interest, which includes the funding costs (i) for the assets leased under all of our capital, cash financing, operating leases and transportation services (renting) and other related services and (ii) associated with the gains or losses associated with the cross currency and interest rate swap agreements entered into as a hedge for our dollar-denominated indebtedness and our interest rate exposure;
- costs of sales of equipment, which include the costs of equipment that is purchased as part of our equipment financing business;
- depreciation of operating leases, which includes (i) the depreciation expenses for the real estate asset being rented by ICI and (ii) the depreciation of all of the operating lease equipment leased by ARG and its subsidiaries as part of its transportation services (renting) and other related services business and other operating leasing business.
- costs of services and supplies, which include (i) costs of our printer leasing business and from the maintenance services offered in our transportation services (renting) and other related services; and (ii) the cost of supplies, including paper and toner for our printer leasing business;

Operating and Other Expenses. Our operating and other expenses are primarily composed of:

- selling expenses, which consist of (i) commissions, (ii) certain outsourcing fees and fees related to our direct sales, and (iii) certain advertising expenses directly related to sales;
- administrative expenses, which consist of (i) allowances for non-performing lease and loan losses, (ii) other outsourcing fees and expenses including legal fees, (iii) administrative services, (iv) program and software expenses, (v) certain advertising fees, (vi) losses related to the deterioration of inventory, (vii) other utility and telecommunication expenses, and (viii) others;
- other (income) expenses, any other expense not related to our core business
- interest income, which corresponds to interest income from our treasury deposits and any bank interest expenses or fees not directly attributable to the financing of our lease portfolio
- interest expense, which corresponds to the acquisition financing we obtained for the purchase of ARG shares in December 2014;
- foreign exchange losses or gains, which are the losses or gains resulting from exchange rate fluctuations of the pesos against the dollar; and
- valuation of derivative financial instruments, which relates to the gains or losses associated with the call spread agreements entered into as a hedge for our dollar-denominated indebtedness.

Results of Operations for the Three-Month Period Ended March 31, 2019 Compared to the Three-Month Period Ended March 31, 2018

The following financial information has been derived from our Unaudited Interim Financial Statements included elsewhere in this offering memorandum.

	For the three-month period ended March 31,			
	2018	**2019**	**2019**	**Percentage Change**
	(in millions of Ps.)		**(in thousands of U.S. dollars)[(1)]**	**%**
Consolidated Statement of Profit or Loss and Comprehensive Income Data:				
Revenues:				
Interest	131.2	200.8	10,362	53.1
Sales of equipment	154.0	71.0	3,664	(53.9)
Operating lease	38.3	55.0	2,838	43.6
Services and supplies	14.3	14.8	764	3.5
Total revenues	337.8	341.6	17,627	1.1
Costs:				
Interest	125.1	150.8	7,781	20.5
Sales of equipment	105.6	52.4	2,704	(50.4)
Depreciation of assets under operating leases	4.4	23.4	1,207	431.8
Services and supplies	11.6	3.7	191	(68.1)
Total costs	246.7	230.3	11,884	(6.7)
Operating and other expenses (income):				
Selling expenses	21.6	27.7	1,429	28.2
Administrative expenses	31.9	42.6	2,198	33.5
Other (income) expenses, net	—	(13.9)	(717)	—
Interest income	(6.1)	(7.8)	(402)	27.9
Interest expenses	18.6	9.4	485	(49.5)
Exchange (gain) loss, net	(156.2)	(47.8)	(2,467)	(69.4)
Valuation of derivative financial instruments	54.1	68.9	3,555	27.4
Total expenses	(36.0)	79.2	4,087	—
Income before income taxes	127.2	32.1	1,656	(74.8)
Income tax (benefit) expense	13.5	1.2	62	(91.1)
Consolidated net income	**113.7**	**30.9**	**1,594**	**(72.8)**

(1) Translated into U.S. dollars, solely for the convenience of the reader, using an exchange rate of Ps. 19.3793 per U.S. dollar, the exchange rate published in the Federal Official Gazette on March 29, 2019. These convenience translations should not be construed as representations that the peso amounts actually represent U.S. dollar amounts or could be converted into U.S. dollars at the specified rate, on this or on any other date, or at all. See "Exchange Rates."

Interest

Interest increased by Ps. 69.6 million, or 53.1%, from Ps. 131.2 million during the first three months of 2018 to Ps. 200.8 million during the first three months of 2019. This variation was primarily due to the combination of an increase in our Capital Lease portfolio, including interest from the Capital Lease portfolio acquired by the Mexarrend Transaction and an increase in our Cash Financing portfolio, as well as interests received from Sales Equipment financing.

Sales of Equipment

Sales of equipment revenue decreased by Ps. 83.0 million, or 53.9%, to Ps. 71.0 million for the first three months of 2019 from Ps. 154.0 million in the same period in 2018. This decrease was primarily due to increased demand in other lines of business (such as capital leases, cash financing and operating leases) and a stronger focus in such lines of business beginning in January 2019 as part of our long-term growth strategy.

Operating Lease

Operating leases revenue increased by Ps. 16.7 million, or 43.6%, to Ps. 55.0 million for the first three months of 2019 from Ps. 38.3 million in the same period in 2018. This increase was primarily due to an expansion in our sale and leaseback transactions of real estate.

Services and Supplies

Services and supplies revenue increased by Ps. 0.5 million, or 3.5%, to Ps. 14.8 million for the first three months of 2019 from Ps. 14.3 million in the same period in 2018. This increase was primarily due to a combination of a continued growth in demand of the transportation services and other related services.

Cost of Interest

Interest expense increased by Ps. 25.7 million, or 20.5%, to Ps. 150.8 million for the first three months of 2019 from Ps. 125.1 million in the same period in 2018. This increase was primarily due to interest payable under new credit lines obtained during the three-month period ended on March 31, 2019, the interest derived from short term publicly-traded certificates issued in the three-month period ended on March 31, 2019 and the interest expense of Mexarrend representing 6.0% of our cost of interest during the three-month period ended March 31, 2019, which we consolidated as a consequence of the Mexarrend Transaction.

Cost of Sales of Equipment

Cost of sales of equipment decreased by Ps. 53.2 million, or 50.4%, to Ps. 52.4 million for the first three months of 2019 from Ps. 105.6 million in the same period in 2018. This variation was primarily due to a decreased in our offering of sales of equipment as part of our long-term growth strategy, along with the low-demand of this type of product by our clients.

Cost of Depreciation of Assets under Operating Leases

Cost of depreciation of assets under operating leases increased by Ps. 19.0 million, or 431.8%, to Ps. 23.4 million for the first three months of 2019 from Ps. 4.4 million in the same period in 2018. This increase was primarily due to the increase in depreciation expenses associated with investment properties (real estate) purchased for our operating leasing business.

Cost of Services and Supplies

Cost of services and supplies decreased by Ps. 7.9 million, or 68.1%, to Ps. 3.7 million for the first three months of 2019 from Ps. 11.6 million in the same period in 2018. This decrease was primarily due to the full depreciation of our transportation vehicles during the three-month period ended in March 31, 2019.

Selling Expenses

Selling expenses increased by Ps. 6.1 million, or 28.2%, to Ps. 27.7 million for the first three months of 2019 from Ps. 21.6 million in the same period in 2018. This variation was primarily due to the increase in the payment of commissions to our sales force as a result of the increase in the origination of capital leases, cash financings and operating leases.

Administrative Expenses

Administrative expenses increased by Ps. 10.7 million, or 33.5%, to Ps. 42.6 million for the first three months of 2019 from Ps. 31.9 million in the same period in 2018. This variation was primarily due to an increase in our personnel and the payment of advisory services mainly associated to the acquisition of our capital stock by Alta Trust and Colony Capital Inc., the adoption of new and revised IFRS and the Mexarrend Transaction.

Other (Income) Expenses, Net

Other (income) expenses, net increased by Ps. (13.9) million to Ps. (13.9) million for the first three months of 2019. This increase was primarily due to benefits stemming from the repurchase of a certain amount of our 2022 Senior Notes.

Interest Income

Interest income increased by Ps. 1.7 million, or 27.9%, to Ps. (7.8) million for the first three months of 2019 from Ps. (6.1) million in the same period in 2018. This increase was primarily due to the short-term investments in cash with banks.

Interest Expenses

Interest expenses decreased by Ps. 9.2 million, or 49.5%, to Ps. 9.4 million for the first three months of 2019 from Ps. 18.6 million in the same period in 2018. This decrease was primarily due to lower interest payments under the financing obtained to fund the ARG Transaction as a result of the partial amortization of its principal amount.

Exchange (Gain) Loss, Net

The exchange (gain) loss, net account decreased by Ps. 108.4 million, or 69.4%, to Ps. (47.8) million for the first three months of 2019 from Ps. (156.2) million in the same period in 2018. This decrease was primarily due to the unfavorable variation caused by exchange gain during the three-month period ended on March 31, 2018.

Valuation of Derivative Financial Instruments

Valuation of derivative financial instruments increased by Ps. 14.8 million, or 27.4%, to Ps. 68.9 million for the first three months of 2019 from Ps. 54.1 million in the same period in 2018. This increase was primarily due to rate variations and the benefits obtained from our financial instruments during the three-month period ended on March 31, 2018.

Income before Income Taxes

Income before income taxes decreased by Ps. 95.1 million, or 74.8%, to Ps. 32.1 million for the first three months of 2019 from Ps. 127.2 million in the same period in 2018 for the reasons explained above.

Income Tax (Benefit) Expense

Income tax (benefit) Expense decreased by Ps. 12.3 million, or 91.1%, to Ps. 1.2 million for the first three months of 2019 from Ps. 13.5 million in the same period in 2018. This decrease is due to a decrease in income before income taxes during the three-month period ended March 31, 2019, as compared to the same period during 2018.

Consolidated Net Income

Consolidated net income decreased by Ps. 82.8 million, or 72.8%, to Ps. 30.9 million for the first three months of 2019 from Ps. 113.7 million in the same period in 2018, for the reasons described above.

Year Ended December 31, 2018 Compared to the Year Ended December 31, 2017

The following financial information has been derived from our Audited Annual Financial Statements included elsewhere in this offering memorandum.

	For the year ended December 31,		Percentage change	
	2017	**2018**	**2018**	**2018 vs. 2017**
	(in millions of Ps.)		**(in thousands of U.S. dollars)[(1)]**	**%**
Revenues:				
Interest	563.9	702.0	36,224	24.5
Sales of equipment	291.9	432.4	22,312	48.1
Operating lease	108.0	159.4	8,225	47.6
Services and supplies	41.3	56.3	2,905	36.3
Total revenues	1,005.1	1,350.1	69,667	34.3
Costs:				
Interest	325.9	553.7	28,572	69.9
Sales of equipment	190.0	316.8	16,347	66.7
Depreciation of assets under operating leases	29.6	51.9	2,678	75.3
Services and supplies	37.8	45.7	2,358	20.9
Total costs	583.3	968.1	49,955	66.0
Operating and other expenses (income):				
Selling expenses	90.2	100.7	5,196	11.6
Administrative expenses	141.6	146.5	7,560	3.5
Other (income) expenses, net	(1.6)	9.1	470	—
Interest income	(88.3)	(10.1)	(521)	(88.6)
Interest expenses	58.2	49.1	2,534	(15.6)
Exchange (gain) loss, net	134.8	(8.0)	(413)	—
Valuation of derivative financial instruments	9.6	(43.7)	(2,255)	—
Total expenses	344.6	243.6	12,570	(29.3)
Income before income taxes	77.3	138.5	7,147	79.2
Income tax (benefit) expense	(56.3)	(28.2)	(1,455)	(49.9)
Consolidated net income	133.5	166.6	8,597	24.8
Valuation of derivative financial instruments	0.4	(67.6)	(3,488)	—
Total comprehensive income for the year	**133.9**	**99.0**	**5,109**	**(26.1)**

(1) Translated into U.S. dollars, solely for the convenience of the reader, using an exchange rate of Ps. 19.3793 per U.S. dollar, the exchange rate published in the Federal Official Gazette on March 29, 2019. These convenience translations should not

be construed as representations that the peso amounts actually represent U.S. dollar amounts or could be converted into U.S. dollars at the specified rate, on this or on any other date, or at all. See "Exchange Rates."

Interest

Interest on revenue increased by Ps. 138.1 million, or 24.5%, to Ps. 702.0 million for the year ended December 31, 2018 from Ps. 563.9 million for the year ended December 31, 2017. This increase was primarily due to an increase in our Capital Lease and Cash Financing portfolios, as well as interests received from Sales of Equipment financing.

Sales of Equipment

Sales of equipment revenues increased by Ps. 140.5 million, or 48.1%, to Ps. 432.4 million for the year ended December 31, 2018 from Ps. 291.9 million for the year ended December 31, 2017. This increase was primarily due to the high-demand of this specific product by our customers.

Operating Lease

Operating lease revenues increased by Ps. 51.4 million, or 47.6%, to Ps. 159.4 million for the year ended December 31, 2018 from Ps. 108.0 million for the year ended December 31, 2017. This increase was primarily due to an expansion in our sale and leaseback transactions of real estate leasing.

Services and Supplies

Services and supplies revenue increased by Ps. 15.0 million, or 36.3%, to Ps. 56.3 million for the year ended December 31, 2018 from Ps. 41.3 million for the year ended December 31, 2017. This increase was primarily due to continued growth in demand of the transportation services and other related services.

Cost of Interest

Interest expense increased by Ps. 227.8 million, or 69.9%, to Ps. 553.7 million for the year ended December 31, 2018 from Ps. 325.9 million for the year ended December 31, 2017. This increase was primarily due to the interest payable related to the Senior Notes Due 2022 and under new credit lines obtained during for the year ended December 31, 2018.

Costs of Sales of Equipment

Costs of sales of equipment increased by Ps. 126.8 million, or 66.7%, to Ps. 316.8 million for the year ended December 31, 2018 from Ps. 190.0 million for the year ended December 31, 2017. This increase was primarily due to the increase in equipment financing recognized during the year ended on December 31, 2018, as described above under Sales of Equipment.

Costs of Depreciation of Assets Under Operating Leases

Costs of depreciation of assets under operating leases by Ps. 22.3 million, or 75.3%, to Ps. 51.9 million for the year ended December 31, 2018 from Ps. 29.6 million for the year ended December 31, 2017. This increase was primarily due to the increase in depreciation expenses associated with investment properties (real estate) purchased for our operating leasing business.

Costs of Services and Supplies

Costs of services and supplies increased by Ps. 7.9 million, or 20.9%, to Ps. 45.7 million for the year ended December 31, 2018 from Ps. 37.8 million for the year ended December 31, 2017. This increase is consistent with the increase income from transportation services (renting) and other related services described above.

Selling Expenses

Selling expenses increased by Ps. 10.5 million, or 11.6%, to Ps. 100.7 million for the year ended December 31, 2018 from Ps. 90.2 million for the year ended December 31, 2017. This variation was primarily due to the increase in the payment of commissions to our sales force as a result of the increase in the origination of capital leases, cash financings and operating leases.

Administrative Expenses

Administrative expenses increased by Ps. 4.9 million, or 3.5%, to Ps. 146.5 million for the year ended December 31, 2018 from Ps. 141.6 million for the year ended December 31, 2017. This variation was primarily due to an increase in our personnel and the payment of advisory services mainly associated to the acquisition of our capital stock by Alta Trust and Colony Capital Inc. and the adoption of new and revised IFRS.

Other (Income) Expenses, Net

Other (income) expenses, net decreased by Ps. 10.7 million to Ps. 9.1 million for the year ended December 31, 2018 from Ps. (1.6) million for the year ended December 31, 2017. This decrease was primarily due to the payment of transaction expenses associated with the acquisition of our capital stock by Alta Growth Capital and Colony Capital Inc. and the payment of fees to Alta Growth Capital and Colony Capital Inc. for advisory services provided to the Company.

Interest Income

Interest income decreased by Ps. 78.2 million, or 88.6%, to Ps. (10.1) million for the year ended December 31, 2018 from Ps. (88.3) million for the year ended December 31, 2017. This decrease was primarily due to an extraordinary benefit in 2017 derived from investing the proceeds of the 2022 Senior Notes in treasury bonds issued by the United States of America.

Interest Expense

Interest expense decreased by Ps. 9.1 million, or 15.6%, to Ps. 49.1 million for the year ended December 31, 2018 from Ps. 58.2 million for the year ended December 31, 2017. This decrease was primarily due to the lower interest payments under the financing obtained to funds from the ARG Transaction as a result of the partial amortization of its principal amount.

Exchange (Gain) Loss, Net

The exchange (gain) loss, net account reduced by Ps. 142.8 million to a gain of Ps. (8.0) million for the year ended December 31, 2018 from a loss of Ps. 134.8 million for the year ended December 31, 2017. This reduction was primarily due to favorable variation in the 2018 against the same period in 2017, caused by an exchange loss during the fourth quarter of 2017.

Valuation of Derivative Financial Instruments

Valuation of derivative financial instruments resulted in a decrease by Ps. 53.3 million to Ps. (43.7) million for the year ended December 31, 2018 from Ps. 9.6 million for the year ended December 31, 2017. This decrease was primarily due to rate variations and the benefits obtained from our financial instruments.

Income Before Income Taxes

Income before income taxes increased by Ps. 61.2 million, or 79.2%, to Ps. 138.5 million for the year ended December 31, 2018 from Ps. 77.3 million for the year ended December 31, 2017. This increase was primarily due to the reasons explained above.

Income Tax (benefit) Expense

Income tax (benefit) expense decreased by Ps. 28.1 million, or 49.9%, to Ps. (28.2) million for the year ended December 31, 2018 from Ps. (56.3) million for the year ended December 31, 2017. This decrease was primarily due to a loss amortization during the year ended on December 31, 2018.

Consolidated Net Income

Consolidated net income increased by Ps. 33.1 million, or 24.8%, to Ps. 166.6 million for the year ended December 31, 2018 from Ps. 133.5 million for the year ended December 31, 2017. This increase was primarily due to the reasons discussed above.

Year Ended December 31, 2017 Compared to the Year Ended December 31, 2016

The following financial information has been derived from our Audited Annual Financial Statements included elsewhere in this offering memorandum.

	For the Year Ended December 31,		
	2016	2017	Percentage Change 2016 vs. 2017
	(in millions of Ps.)		%
Revenues:			
Interest	567.0	563.9	(0.6)
Sales of equipment	129.2	291.9	125.9
Operating lease	115.3	108.0	(6.3)
Services and supplies	121.2	41.3	(65.9)
Total Income	932.8	1,005.1	7.8
Costs:			
Interest	214.1	325.9	52.2
Sales of equipment	82.6	190.0	130.0
Depreciation of assets under operating leases	42.7	29.6	(30.7)
Services and supplies	62.7	37.8	(39.7)
Total costs	402.1	583.3	(45.1)
Operating and other expenses (income):			
Selling expenses	84.6	90.2	6.6
Administrative expenses	152.7	141.6	(7.3)
Other (income) expenses, net	(0.4)	(1.6)	300.0
Interest income	(1.8)	(88.3)	4,805.6
Interest expenses	49.5	58.2	17.6
Exchange (gain) loss, net	9.1	134.8	1,381.3
Valuation of derivative financial instruments	(5.1)	9.6	—
Total expenses	288.7	344.6	19.4
Income before income taxes	242.0	77.3	(68.1)
Income tax (benefit) expense	60.7	(56.3)	—
Consolidated Net Income	181.3	133.5	(26.4)
Valuation of derivative financial instruments	0.2	0.4	100.0
Total comprehensive income for the year	**181.5**	**133.9**	**(26.2)**

Interest

Interest on revenue decreased by Ps. 3.1 million, or 0.6%, to Ps. 563.9 million for the year ended December 31, 2017 from Ps. 567.0 million for the year ended December 31, 2016. This decrease was primarily due to limited funds available for our operations.

Sales of Equipment

Sales of Equipment revenues increased by Ps. 162.7 million, or 125.9%, to Ps. 291.9 million for the year ended December 31, 2017 from Ps. 129.2 million for the year ended December 31, 2016. This increase was primarily due to the high-demand of this specific product by our clients.

Operating Lease

Operating lease revenues decreased by Ps. 7.3 million, or 6.3%, to Ps. 108.0 million for the year ended December 31, 2017 from Ps. 115.3 million for the year ended December 31, 2016. This decrease was primarily due to vacancies from some lessees of our investment properties.

Services and Supplies

Services and supplies revenue decreased by Ps. 79.9 million, or 65.9%, to Ps. 41.3 million for the year ended December 31, 2017 from Ps. 121.2 million for the year ended December 31, 2016. This decrease was primarily due to a combination of a reduction in the renewals of our transportation services (renting) and the integration of the transportation services (renting) line of business from ARG's operations.

Cost of Interest

Interest expense increased by Ps. 111.8 million, or 52.2%, to Ps. 325.9 million for the year ended December 31, 2017 from Ps. 214.1 million for the year ended December 31, 2016. This increase was primarily due to the interest payable under our indebtedness and the issuance of the 2022 Senior Notes.

Cost of Sales of Equipment

Cost of sales of equipment increased by Ps. 107.4 million, or 130.0%, to Ps. 190.0 million for the year ended December 31, 2017 from Ps. 82.6 million for the year ended December 31, 2016. This increase was primarily due to the high-demand of this product, as described above under Sales of Equipment.

Cost of Depreciation of Assets under Operating Leases

Cost of depreciation of assets under operating leases decreased by Ps. 13.1 million, or 30.7%, to Ps. 29.6 million for the year ended December 31, 2017 from Ps. 42.7 million for the year ended December 31, 2016. This decrease was primarily due to a change in our depreciation policy during 2017 to depreciate real estate property in a 20 year period.

Cost of Services and Supplies

Cost of services and supplies decreased by Ps. 24.9 million, or 39.7%, to Ps. 37.8 million for the year ended December 31, 2017 from Ps. 62.7 million for the year ended December 31, 2016. This decrease was primarily due to lower commissions due to the low-demand for this type of services, specifically, transportation services and other related services, as described above under Services and Supplies.

Selling Expenses

Selling expenses increased by Ps. 5.6 million, or 6.6%, to Ps. 90.2 million for the year ended December 31, 2017 from Ps. 84.6 million for the year ended December 31, 2016. This increase was primarily due to the high-demand of our equipment financing products in 2017.

Administrative Expenses

Administrative expenses decreased by Ps. 11.1 million, or 7.3%, to Ps. 141.6 million for the year ended December 31, 2017 from Ps. 152.7 million for the year ended December 31, 2016. This decrease was primarily due to the simplification of our organizational departments and cost efficiencies with some of our suppliers or advisory services as a result of the integration of ARG.

Other (Income) Expenses, Net

Other (income) expenses, net increased by Ps. 1.2 million, or 300.0%, to Ps. (1.6) million for the year ended December 31, 2017 from Ps. (0.4) million for the year ended December 31, 2016. This increase was primarily due to the implementation of a real estate maintenance fee charged to our customers beginning in 2017.

Interest Income

Interest income increased by Ps. 86.5 million, or 4,805.6%, to Ps. (88.3) million for the year ended December 31, 2017 from Ps. (1.8) million for the year ended December 31, 2016. This increase was primarily due to the investing the proceeds of the 2022 Senior Notes in treasury bonds issued by the United States of America.

Interest Expenses

Interest expenses increased by Ps. 8.7 million, or 17.6%, to Ps. 58.2 million for the year ended December 31, 2017 from Ps. 49.5 million for the year ended December 31, 2016. This increase was primarily due to new credit lines obtained by ICI.

Exchange (Gain) Loss, net

The exchange (gain) loss, net increased by Ps. 125.7 million, or 1,381.3%, to a loss of Ps. 134.8 million for the year ended December 31, 2017 from a loss of Ps. 9.1 million for the year ended December 31, 2016. This increase was primarily due to a larger exchange loss during the year ended on December 31, 2017 as a result of the impact on exchange rates on our monetary asset and liabilities.

Valuation of Derivative Financial Instruments

Valuation of derivative financial instruments resulted in an increase by Ps. 14.7 million to Ps. 9.6 million for the year ended December 31, 2017 from Ps. (5.1) million for the year ended December 31, 2016. This increase was primarily due to the valuation of the derivative financial instrument to hedge the currency risk associated with the credit agreement with WorldBusiness Capital Inc.

Income Before Income Taxes

Income before income taxes decreased by Ps. 164.7 million, or 68.1%, to Ps. 77.3 million for the year ended December 31, 2017 from Ps. 242.0 million for the year ended December 31, 2016, primarily due to the reasons discussed above.

Income Tax (Benefit) Expense

Income tax (benefit) expense decreased by Ps. 117.0 million to Ps. (56.3) million for the year ended December 31, 2017 from Ps. 60.7 million for the year ended December 31, 2016. This decrease was primarily due to a better position of the deferred tax as a result of amortization of losses of IRASA.

Consolidated Net Income

Consolidated net income decreased by Ps. 47.8 million, or 26.4%, to Ps. 133.5 million for the year ended December 31, 2017 from Ps. 181.3 million for the year ended December 31, 2016, primarily due to the reasons discussed above.

Liquidity and Capital Resources

General

Our principal sources of liquidity have historically been:

- operating cash flows (including capital and operating lease income);
- proceeds from the issuance of local debt certificates (*certificados bursátiles*) in Mexico;
- cash from borrowings; and
- cash from securitizing receivables.

Our principal uses of cash have historically been:

- cash used in operations;
- debt service payments;
- capital expenditures; and
- payments of dividends.

Our cash from operations, borrowings, current financing initiatives and cash and cash equivalents on hand were sufficient to cover our operating activities and debt service during the year ended December 31, 2018. We believe that our cash from operations, borrowings and financings (including this offering) and cash and cash equivalents on hand will be sufficient to fund our operating activities and debt service obligations in 2019.

Our internal policy is to maintain the ratio of Stockholders' Equity/Total Assets above 18%.

Lease Portfolio/Loan and Lease/Loan Accounts Receivable

References to "Portfolio" refer to the total minimum future payments due under our leasing and loan contracts, including capital leasing, equipment financing, cash financing and factoring. References to "lease receivables" or "lease and loan receivables" refers to the present value of the related portfolio.

As of March 31, 2019, our total lease portfolio amounted to Ps. 6,330.1 million, an increase of 28% when compared to our lease portfolio of Ps. 4,962.0 as of March 31, 2018.

As of December 31, 2018 and 2017, our total lease portfolio amounted to Ps. 5,625.1 million and Ps. 4,413.4 million, respectively, which represents an increase of 27%. This increase was primarily due to an increase of activity derived from the issuance of the 2022 Senior Notes.

The following tables present the total leases, performing leases, non-performing loans, allowances and net leases for our total lease portfolio:

	December 31,		March 31,
	2017	2018	2019
	(in millions of Ps., except for percentages)		
Performing lease and loan portfolio	4,135.3	5,317.2	5,961.8
Non-performing lease and loan portfolio	278.1	307.9	368.3
Total lease and loan portfolio	4,413.4	5,625.1	6,330.1
Net lease and loan receivable	3,409.6	4,349.7	4,869.2
Ratio of non-performing leases and loan portfolio	6.3%	5.5%	5.8%
Allowances	164.2	153.1	162.7

For additional information on our lease portfolio, see Notes 6, 7, 8 and 9 to our Audited Annual Financial Statements included elsewhere in this offering memorandum.

Performance of Lease Portfolio

Total performing lease portfolio amounted to Ps. 5,961.8 million as of March 31, 2019, reflecting an increase of Ps. 644.6 million, or 12%, compared to December 31, 2018. Total performing lease portfolio totaled Ps. 5,317.2 million as of December 31, 2018, reflecting an increase of Ps. 1,181.9 million, or 29% compared to December 31, 2017.

The following table presents the aging of invoiced capital lease receivables for the periods indicated:

Days	Aging of lease receivables As of December 31, 2017	2018	As of March 31, 2019
	(in millions of Ps.)		
90 or more	157.8	153.9	106.5
30 - 90	114.9	136.2	123.4
1 - 30	107.6	117.6	212.6
Total	**380.3**	**407.7**	**442.5**

Maturity Composition of the Lease Portfolio

The following table sets forth the maturity profile of our total lease and loan portfolio.

	As of December 31, 2017		2018		As of March 31, 2019	
	Leases amount	% of portfolio[(2)]	Leases amount	% of portfolio[(2)]	Leases amount	% of portfolio[(2)]
	(in millions of Ps., except for percentages)					
Due within 1 year	1,753.7	39.8%	2,282.0	40.6%	2,386.5	37.7%
Between 1 and 2 years	1,110.2	25.1%	1,339.2	23.8%	1,512.9	23.9%
Between 2 and 3 years	667.9	15.1%	1,019.4	18.1%	1,120.4	17.7%
4 years or more	881.6	20.0%	984.5	17.5%	1,310.3	20.7%
Total lease portfolio[(1)]	**4,413.4**	**100.0%**	**5,625.1**	**100.0%**	**6,330.1**	**100.0%**

(1) Maturity composition is based on the period remaining to the maturity of the leases and loans.

(2) Percentage of portfolio equals the relevant lease amount per period divided by the sum of the total leases for each period.

Lease Portfolio Breakdown by Customers

The following table sets forth the number of customers under our business lines.

	As of December 31,			As of March 31,
	2016[(1)]	2017[(1)]	2018[(1)]	2019[(1)]
Capital leasing	1,016	867	699	791
Factoring	11	1	3	1
Cash financing	75	59	63	69
Equipment financing	3	12	42	50
Transportation services (renting) and other related services	181	72	52	47
Operating leasing	2	2	7	12

(1) Given our commitment to offer multiple product lines, some of our customers are users of different business lines at the same time and still others are clients of both Docuformas and ARG. As a result our total customers may appear smaller than the sum of all business lines.

Policy for Allowances for our Lease Receivables

Our allowances are based on payment arrears on our portfolio. Once a payment is more than 90 days in arrears, we make a reserve allowance for the full principal value of the lease outstanding, not just for unpaid amount. We have created tables that include percentages and payment arrears days for this purpose, which are applied as payment arrears periods increase. When special situations including impairment are recognized, we provide for extraordinary allowances.

	As of and for the year ended December 31,		As of and for the three months ended March 31,
	2017	2018	2019
	(in millions of Ps.)		
Balance at beginning of year	159.1	164.2	153.1
Increases to allowances	48.0	25.1	15.0
Use of allowances[(1)]	(42.9)	(36.2)	(5.4)
Total year end allowance for loan losses	164.2	153.1	162.7

(1) Changes to use of allowances are not calculated until the end of a fiscal year.

We believe that we have a lower concentration of risk in our lease portfolios due to the fact that our customer base is large and diverse.

We periodically evaluate whether a past due lease should remain on the statement of financial position or be written off. A balance is written off by canceling the unpaid balance of the lease against the allowance for loan losses. In the event that the lease to be written off exceeds the amount of its allowance, the amount of the allowance must be increased for the difference.

Fixed assets and investment property

We obtain operating lease income from certain fixed assets and real estate properties which we have acquired from our customers or third parties in order to leaseback to them or others in the form of operating leases. The following table presents the investment property assets held for lease and transportation vehicles held for lease under operating leases:

	December 31, 2017	December 31, 2018	March 31, 2019
	(in millions of Ps.)		
Investment property assets held for lease under operating leases	509.8	723.7	891.2
Transportation vehicles held for lease under operating leases	228.6	187.4	183.1
Total operating leases	738.4	911.1	1,074.3

For additional information on our fixed assets and investment property assets, see Note 10 and 11 to our Audited Annual Financial Statements included elsewhere in this offering memorandum.

Analysis of Cash Flows

The following table summarizes our sources and uses of cash for the periods presented:

	For the year ended December 31,				For the next 3-month period ended March 31,		
	2016	2017	2018	2018	2018	2019	2019
	(in millions of Ps.)			(in thousands of U.S. $)[1]	(in millions of Ps.)		(in thousands of U.S. $)[1]
Net cash generated by (used in) operating activities	(479.6)	(306.6)	(1,135.9)	(58,614)	47.0	157.2	8,112
Net cash generated by (used in) investing activities	(74.4)	(172.8)	(228.5)	(11,791)	62.1	(214.6)	(11,074)
Net cash generated by (used in) financing activities	832.7	1,358.3	1,127.0	58,155	(622.2)	(81.8)	(4,221)
Net cash and cash equivalent increase (decrease)	**278.7**	**878.9**	**(237.5)**	**(12,255)**	**(513.1)**	**(139.2)**	**(7,183)**

(1) Translated into U.S. dollars, solely for the convenience of the reader, using an exchange rate of Ps. 19.3793 per U.S. dollar, the exchange rate published in the Federal Official Gazette on March 29, 2019. These convenience translations should not be construed as representations that the peso amounts actually represent U.S. dollar amounts or could be converted into U.S. dollars at the specified rate, on this or on any other date, or at all. See "Exchange Rates."

Cash flows for the three months ended March 31, 2019 compared to the three months ended March 31, 2018

Taking into account our cash flows from operations, cash flows from investing activities and cash flows from financing activities, we had a net cash outflow of Ps. (139.2) million for the three months ended March 31, 2019, compared to a net cash outflow of Ps. (513.1) million for the three months ended March 31, 2018.

Operating Activities. Our net cash generated by operating activities increased to Ps. 157.2 million for the three months ended March 31, 2019, from cash generated by operating activities of Ps. 47.0 million for the three months ended March 31, 2018. This increase was primarily due to a combination of better collections in our Capital Lease Equipment Financing portfolios.

Investing Activities. Our net cash used in investing activities was Ps. (214.6) million for the three months ended March 31, 2019 compared to Ps. 62.1 million of cash generated in the three months ended March 31, 2018. This change was primarily due to significant investment property acquisitions made in the three-month period ended March 31, 2019.

Financing Activities. Our net cash used in financing activities decreased to Ps. (81.8) million for the three months ended March 30, 2019 as compared to net cash used of Ps. (622.2) million for the three months ended March 31, 2018. This was primarily due to significant loan payments made in the year ended December 31, 2018.

Cash flows for the year ended December 31, 2018 compared to the year ended December 31, 2017

Taking into account our cash flows from operations, cash flows from investing activities and cash flows from financing activities, we had a net cash outflow of Ps. (237.5) million for the year ended December 31, 2018, compared to a net cash inflow of Ps. 878.9 million for the year ended December 31, 2017. In 2018, we also paid interest in an amount of Ps. (529.9) million and taxes in an amount of Ps. (23.0) million compared to interest of Ps. (320.7) million and taxes of (7.2) million paid during 2017.

Operating Activities. Our net cash used in operating activities increased to Ps. (1,135.9) million for the year ended December 31, 2018 from cash used in operating activities of Ps. (306.6) million for the year ended December 31, 2017. This change was primarily due to combination of an increase in our Capital Lease and Cash Financing portfolios, as well as an increase in interests received from Sales Equipment financing.

Investing Activities. Our net cash used in investing activities increased to Ps. (228.5) million for the year ended December 31, 2018 from Ps. (172.8) million for the year ended December 31, 2017. This change was primarily due to lower interest received in the year ended December 31, 2018 and smaller proceeds from the sale of fixed assets.

Financing Activities. Our net cash flows provided by financing activities decreased to Ps. 1,126.9 million for the year ended December 31, 2018 from cash generated of Ps. 1,358.3 million for the year ended December 31, 2017. This change was due primarily due to the capitalization by Colony Capital and Alta Trust to us, the payment of a dividend to our shareholders and new credit lines obtained during the year ended on December 31, 2018, as well as a larger loan payments in the year ended December 31, 2017.

Cash flows for the year ended December 31, 2017 compared to the year ended December 31, 2016

Taking into account our cash flows from operations, cash flows from investing activities and cash flows from financing activities, we had a net cash inflow of Ps. 878.9 million for the year ended December 31, 2017, compared to a net cash inflow of Ps. 278.7 million for the year ended December 31, 2016. In 2017, we also paid interest in an amount of Ps. (320.7) million and taxes in an amount of Ps. (7.2) million compared to interest of Ps. (259.8) million and taxes of Ps. 35.1 million paid during 2016.

Operating Activities

Our net cash used in operating activities decreased to Ps. (306.6) million for the year ended December 31, 2017 from Ps. (479.6) million for the year ended December 31, 2016. This change was primarily due to an increase in generation of operating income, which was partially offset by working capital needs.

Investing Activities

Our net cash used in investing activities increased to Ps. (172.8) million for the year ended December 31, 2017 from Ps. (74.4) million for the year ended December 31, 2016. This change was primarily due to fixed-assets acquisitions and other asset acquisitions.

Financing Activities

Our net cash flows provided by financing activities increased to Ps. 1,358.3 million for the year ended December 31, 2017 from Ps. 832.7 million for the year ended December 31, 2016. This change was due to a combination of the prepayment of credit lines with the 2022 Senior Notes proceeds and the issuance of the 2022 Senior Notes.

The following table summarizes our indebtedness for the periods presented:

	As of December 31,		As of March 31,
	2017	2018	2019
	(in millions of Ps.)		
Short-term debt			
Bank debt	235.48	594.4	924.7
Commercial Debt[(1)(2)]	20.4	93.9	96.7
Local certificates (*certificados bursátiles*)	—	—	—
Trust certificates (ARG)	—	—	105.4
	255.8	688.3	1,126.8
Long-term debt:			
Bank debt	913.8	1,008.4	847.1
Commercial debt[(3)(4)]	1.0	198.3	203.6
Local certificates (*certificados bursátiles*)	—	—	—
Trust certificates (local)	405.8	415.0	471.9
2022 Senior Notes	2,866.9	2,718.4	2,657.6
	4,187.5	4,340.1	4,180.2
Total	**4,443.3**	**5,028.4**	**5,307.0**

(1) Commercial debt is comprised of the responsAbility SICAV (Lux)/Docuformas Promissory Note, the responsAbility Management Company S.A./Docuformas Promissory Note, the HP/Docuformas Credit Agreement and the Ve por Más/Docuformas Trust.

(2) Limited to our short-term obligations payable under our commercial debt.

(3) Commercial debt is comprised of the responsAbility SICAV (Lux)/Docuformas Promissory Note, the responsAbility Management Company S.A./Docuformas Promissory Note, the HP/Docuformas Credit Agreement and the Ve por Más/Docuformas Trust.

(4) Limited to our long-term obligations payable under our commercial debt.

As of December 31, 2018, the total indebtedness of Docuformas and its subsidiaries consisted of the following (excluding accrued interest):

	As of December 31, 2018		
	Amount Outstanding (in millions of Ps.)	Interest Rate	Currency
CSCK P, S.A. de C.V., SOFOM ENR. and MCRF P, S.A. de C.V., SOFOM, E.N.R. (*CSCK-MCRF/Docuformas Credit Agreement*)	196.2	12.00%	Pesos
CSCK P, S.A. de C.V., SOFOM ENR. and MCRF P, S.A. de C.V., SOFOM, E.N.R. (*CSCK-MCRF/Docuformas Credit Agreement*)	784.1	14.00%	Pesos
Banco del Bajío, S.A., Institución de Banca Múltiple. (*Banco del Bajío/ICI Credit Agreement*)	51.5	TIIE + 4.00%	Pesos
Banco Ve por Más, S.A., Institución de Banca Múltiple, Grupo Financiero Ve por Más (*Ve por Más/ICI Credit Agreement*)	66.3	TIIE + 4.50%	Pesos
Hewlett Packard Operations, S. de R.L. de C.V. (*HP/ARG Credit Agreement*)	0.9	9.78%	Pesos
Hewlett Packard Operations, S. de R.L. de C.V. (*HP/Docuformas Credit Agreement*)	6.4	11.87%	Pesos
responsAbility SICAV (Lux)	145.9	8.00%	U.S. dollars
responsAbility Management Company S.A	48.6	8.00%	U.S. dollars
ARGLCCB 16 due October 28, 2021	415.0	TIIE + 2.00%	Pesos
Certificates DOCUFOR 18 due June 25, 2020	147.1	TIIE + 2.25%	Pesos
Certificates DOCUFOR 18-2 due August 27, 2020	97.7	TIIE + 2.25%	Pesos
Certificates DOCUFOR 00118 due November 14, 2019	148.0	TIIE + 2.00%	Pesos
Certificates DOCUFOR 00218 due December 11, 2019	111.9	TIIE + 2.00%	Pesos
Banco Ve por Más, S.A., Institución de Banca Múltiple, Grupo Financiero Ve por Más, (*Fideicomiso 436*)	90.4	7.00%	U.S. dollars
Senior Notes due 2022	2,718.4	9.25%	U.S. dollars
Total Docuformas Indebtedness	**5,028.4**		

As of March 31, 2019, the total material indebtedness of Docuformas and its subsidiaries consisted of the following (excluding accrued interest):

	As of March 31, 2019		
	Amount Outstanding	Interest Rate	Currency
	(in millions of Ps.)		
CSCK P, S.A. de C.V., SOFOM ENR. and MCRF P, S.A. de C.V., SOFOM, E.N.R. (*CSCK-MCRF/ Docuformas Credit Agreement*)	171.7	12.00%	Pesos
CSCK P, S.A. de C.V., SOFOM ENR. and MCRF P, S.A. de C.V., SOFOM, E.N.R. (*CSCK-MCRF/ Docuformas Credit Agreement*)	772.0	14.00%	Pesos
Banco del Bajío, S.A., Institución de Banca Múltiple. (*Banco del Bajío/ICI Credit Agreement*)	50.0	TIIE + 4.00%	Pesos
Banco Ve por Más, S.A., Institución de Banca Múltiple, Grupo Financiero Ve por Más (*Ve por Más/ICI Credit Agreement*)	65.6	TIIE + 4.50%	Pesos
Hewlett Packard Operations, S. de R.L. de C.V. (*HP/ Docuformas Credit Agreement*).	5.6	9.78%	Pesos
responsAbility SICAV (Lux).	44.1	8.00%	U.S. dollars
responsAbility Management Company S.A	144.0	8.00%	U.S. dollars
ARGLCCB 16 due October 28, 2021	415.1	TIIE + 2.00%	Pesos
MEXCB 17 due February 26, 2021	162.1	TIIE + 2.75%	Pesos
Certificates DOCUFOR 18 due June 25, 2020	110.1	TIIE + 2.25%	Pesos
Certificates DOCUFOR 18-2 due August 27, 2020	98.0	TIIE + 2.25%	Pesos
Certificates DOCUFOR 00118 due November 14, 2019	148.5	TIIE + 2.00%	Pesos
Certificates DOCUFOR 00218 due December 11, 2019	112.1	TIIE + 2.00%	Pesos
Certificates DOCUFOR 00119 due February 20, 2020	227.9	TIIE + 2.00%	Pesos
Banco Ve por Más, S.A., Institución de Banca Múltiple, Grupo Financiero Ve por Más, (*Ve por Más/Docuformas Promissory Notes*)	89.1	7.00%	U.S. dollars
Senior Notes due 2022	2,657.6	9.25%	U.S. dollars
Banco del Bajío, S.A., Institución de Banca Múltiple. (*Banco del Bajío/Mexarrend Credit Agreement*)	7.6	TIIE + 4.35	Pesos
Santander (México), S.A., Institución de Banca Múltiple, Grupo Financiero Santander México. (*Santander/Mexarrend Credit Agreement*)	8.4	13.70%	Pesos
Unión de Crédito General, S.A. de C.V. (*Unión de Crédito/Mexarrend Credit Agreement*)	17.5	TIIE + 8.50%	Pesos
Total Docuformas Indebtedness	5,307.0		

Information regarding ARG's Issuance Trust

We have obtained financing through the securitization of ARG's collection rights to its leasing portfolio by assigning such rights to a trust (*Fideicomiso Irrevocable de Emisión, Administración y Pago No. CIB/2613*). This trust issued trust certificates (*certificados bursátiles fiduciarios*) that are publicly traded in the BMV. Such structured finance is non-recourse to ARG or Docuformas or any of their respective subsidiaries. As of March 31, 2019, ARG has issued publicly-traded trust certificates for an aggregate principal amount of Ps. 455.0 million. As of March 31, 2019, ARG assigned, by means of this public structure, a total of Ps. 415.1 million of collection rights. As of March 31, 2019, ARG's collection rights assigned to such issuance trust represented 10% of our/ARG's total portfolio, including off-balance accounts.

This issuance trust through which we will carry out securitizations of ARG's collection rights will allow us to obtain financing by issuing and placing trust certificates registered with the RNV. Subsequent to each securitization we will receive an amount to be determined in terms of the corresponding factoring agreement, for the assignment of the collection rights. The trustee of the issuance trust will further pay the trust certificates with amounts received as payment from the collection rights and according to the priority of payment waterfall established in the trust agreement.

Information regarding Mexarrend's Issuance Trust

We have obtained financing through the securitization of Mexarrend's collection rights to its leasing portfolio by assigning such rights to a trust (*Fideicomiso Irrevocable de Emisión, Administración y Pago No. CIB/2663*). This trust issued trust certificates (*certificados bursátiles fiduciarios*) that are publicly traded in the BMV. Such structured finance is non-recourse to Mexarrend or Docuformas or any of their respective subsidiaries. As of March 31, 2019, Mexarrend has issued publicly-traded trust certificates for an aggregate principal amount of Ps. 250.0 million. As of March 31, 2019, Mexarrend assigned, by means of this public structure, a total of Ps. 162.1 million of collection rights. As of March 31, 2019, Mexarrend's collection rights assigned to such issuance trust represented 5% of our/Mexarrend's total portfolio, including off-balance accounts.

This issuance trust through which we will carry out securitizations of Mexarrend's collection rights will allow us to obtain financing by issuing and placing trust certificates registered with the RNV. Subsequent to each securitization we will receive an amount to be determined in terms of the corresponding factoring agreement, for the assignment of the collection rights. The trustee of the issuance trust will further pay the trust certificates with amounts received as payment from the collection rights and according to the priority of payment waterfall established in the trust agreement.

Description of our Current Financings and Covenants

Our loan agreements and outstanding local debt certificates and securitizations contain a number of covenants requiring us to comply with certain financial ratios, restrictive covenants and other requirements. The loan agreements and facilities outstanding as of March 31, 2019, and the main restrictive and financial covenants under those agreements are described below.

Docuformas

1. *2022 Senior Notes.* On October 11, 2017, we issued U.S. $150 million aggregate principal amount of senior, unsecured notes bearing interest at a rate of 9.250% per year and maturing on October 11, 2022. The proceeds of the notes were principally used to prepay all our existing debt at that time. Interest on these notes is payable in arrears in April and October of each year. Principal is due at maturity in a bullet payment. We are subject to certain covenants under the indenture governing the 2022 Senior Notes, including limitations on additional indebtedness, guarantees, restricted payments, asset sales and sales of subsidiary stock, securitization and receivables transactions, dividend and other payments affecting restricted subsidiaries, liens, merger, consolidation and sale of assets, liens, merger, consolidation and sale of assets, and transactions with affiliates, among others. Prior to October 11, 2020, we may redeem the 2022 Senior Notes, in whole or in part, at any time by paying the principal amount of the 2022 Senior Notes plus the applicable "make-whole" premium, accrued interest and any additional amounts. In addition, we may redeem the 2022 Senior Notes, in whole at any time, or in part from time to time, on or prior to October 11, 2020 at a redemption prices of 104.6250%

during 2020 and 102.3125% during 2021 and thereafter, plus accrued and unpaid interest, if any, to the redemption date. In addition, at any time we may redeem up to 35% of the 2022 Senior Notes at a redemption price equal to 109.25% of their principal amount, plus accrued and unpaid interest, if any, to the date of redemption, using the proceeds of certain equity sales. In addition, in the event of certain changes in the Mexican withholding tax treatment relating to payments on the 2022 Senior Notes, we may redeem all (but not less than all) of the 2022 Senior Notes at 100% of their principal amount, plus accrued interest and any additional amounts, if any, to the date of redemption. Also, upon the occurrence of a change of control triggering event, each holder of the 2022 Senior Notes would have the right to require us to repurchase the 2022 Senior Notes at a purchase price of 101% of the principal amount thereof, plus accrued interest and any additional amounts, if any, to the date of redemption.

On January 16, 2019, we requested and obtained consents to amend certain provisions of the indenture governing the 2022 Senior Notes to modify the "Limitation on Indebtedness" covenant and the definition of "Permitted Liens" in order to align the covenant package with indentures governing notes issued by comparable companies and to enable us to continue to finance the growth of its lease and loan portfolio. These amendments took effect on January 31, 2019.

The 2022 Senior Notes are subject to the Tender Offer. See "Summary—Recent Developments—Concurrent Tender Offer."

2. *CSCK-MCRF/Docuformas Credit Agreement.* Credit agreement dated December 19, 2014 among CSCK P, S.A. de C.V., SOFOM E.N.R. ("CSCK") as lender, Docuformas as borrower, and ARG, ARG Fleet Management and REMEX as guarantors (the "Original CSCK Docuformas Credit Agreement").

The Original CSCK Docuformas Credit Agreement was amended on September 15, 2015, May 13, 2016, June 1, 2017 and December 19, 2018 (the Original CSCK Docuformas Credit Agreement as amended and restated by such amendments, the "CSCK-MCRF/Docuformas Credit Agreement"). Pursuant to such amendments, the parties agreed: (a) to restate the terms and conditions of the Original CSCK Docuformas Credit Agreement; (b) an additional loan was granted by MCRF P, S.A. de C.V., SOFOM, E.N.R. ("MCRF") to Docuformas for the principal amount of Ps. 300 million; and (c) Docuformas agreed to assume all of the ARG's payment obligations under the credit agreement dated December 22, 2014 entered into by and between CSCK as lender, ARG as borrower, and REMEX as guarantor, for the principal amount of Ps. 150 million. Therefore, the current principal sum of the CSCK-MCRF/Docuformas Credit Agreement is Ps. 1,452 million divided in three tranches: (i) Docuformas Tranche 1 for the principal amount of Ps. 402 million, (ii) ARG Tranche for the principal amount of Ps. 150 million, and (iii) Docuformas Tranche 2 for the principal amount of Ps. 900 million.

The loan matures: (a) regarding the Docuformas Tranche 1, on March 19, 2020 and requires us to pay interest at a rate of 12.00%; (b) regarding Docuformas Tranche 2, on June 19, 2024 and requires us to pay interest at a rate of 14.00%; and (c) regarding the ARG Tranche on December 22, 2018, which was paid on December 19, 2018. In addition, this agreement is secured by a corporate guarantee by ARG, REMEX and ARG Fleet Management, and with a guaranty, administration and source of payment trust that holds 99.99% of the shares of each of ARG, ARG Fleet Management and REMEX and certain of our eligible accounts receivable and the underlying assets to maintain a collateral ratio of 1:1, and, upon the occurrence of an Acceleration Event (as defined in the CSCK-MCRF/Docuformas Credit Agreement), CSCK and MCRF will also be granted collateral in the form of collection rights under intercompany loans. The accounts receivable placed into the guaranty, administration and source of payment trust must meet certain eligibility criteria and a coverage ratio. Further, additional accounts receivable will be placed in such trust from time to time in order to meet the coverage ratio.

This agreement also provides certain events of default, including our failure to meet any of the coverage ratios set forth in the agreement. We have obtained waivers from CSCK and MCRF with respect to our compliance with certain financial ratios provided in the agreement in connection with the issuance of the notes, as well as to allow us to issue the notes and use the proceeds from the offering thereof as described herein under "Use of Proceeds." Our subsidiaries ARG, REMEX, ARG Fleet Management and ICI have also obtained waivers in order to act as guarantors of the issuance of the notes. See "Summary—Recent Developments—Waivers from Lenders."

3. *HP/Docuformas Credit Agreement.* A loan agreement dated September 19, 2017, between Hewlett-Packard Operations México, S. de R.L. de C.V. ("HP Mexico"), as lender, and Docuformas, as borrower, for a principal amount of Ps. 10.3 million, with an interest rate of 11.87% per annum and a termination date of September 30, 2020. This loan is secured by a non-possessory pledge on the leased assets in possession of Docuformas paid with the net proceeds from this loan ("HP/Docuformas Credit Agreement").

4. *responsAbility SICAV (Lux)/Docuformas Promissory Note.* On December 21, 2018, Docuformas issued a promissory note for a principal amount of U.S. $2.5 million, with an interest rate of 8.40% and due on December 21, 2021. The note holder of the promissory note is responsAbility SICAV (Lux), as lender. Docuformas does not have a right to, partially or fully, prepay amounts due under such promissory note. Such promissory note is secured by the corporate guaranties of ARG, ARG Fleet Management and REMEX. Under the terms of the promissory note, if Docuformas grants any security in benefit of a creditor outside Mexico, then Docuformas must grant the note holder a pledge over a portion of its performing loan portfolio. We have obtained waivers from *responsAbility* with respect to our compliance with certain financial ratios provided in the promissory note in connection with the issuance of the notes.

5. *responsAbility Management Company S.A./Docuformas Promissory Note.* On December 21, 2018, Docuformas issued a promissory note for a principal amount of U.S. $7.5 million, with an interest rate of 8.40% and a maturity date of December 21, 2021. The note holder of the promissory note is responsAbility Management Company S.A., as lender. Docuformas does not have a right to, partially or fully, prepay amounts due under such promissory note. Such promissory note has ARG, ARG Fleet Management and REMEX as guarantors. Under the terms of the promissory note, if Docuformas grants any security in benefit of a creditor outside Mexico, then Docuformas must grant the note holder a pledge over a portion of its performing loan portfolio. We have obtained waivers from *responsAbility* with respect to our compliance with certain financial ratios provided in the promissory note in connection with the issuance of the notes.

6. *Ve por Más/ Docuformas Credit Agreement.* A loan agreement dated March 14, 2019, between Banco Ve por Más, S.A., Institución de Banca Múltiple, Grupo Financiero Ve por Más ("Ve por Más"), as lender, Docuformas, as borrower, ARG, Remex and ICI as joint obligors, and IRASA and ARG Fleet as guarantors, for a principal amount of Ps. 200 million. The agreement has a term of 36 months after the first disbursement is made. The interest rates must be agreed upon prior to the respective disbursement. Docuformas' obligations under this agreement are secured with accounts receivable. Under the terms of this agreement, if Docuformas incurs indebtedness, then Docuformas must inform Ve por Más of such incurrence. We have informed Ve por Más of our intention to issue the notes.

7. *Ve por Más/ Docuformas Promissory Note.* On December 18, 2018, Docuformas signed and delivered a promissory note for a principal amount of U.S. $4.6 million, in order to document a loan granted to Docuformas by Banco Ve por Más, S.A., Institución de Banca Múltiple, Grupo Financiero Ve por Más, as trustee of the irrevocable administration trust agreement F/436. The promissory note bears interest at a rate of 7.0% per annum and the principal amount outstanding thereunder is due on August 31, 2019.

8. *Local commercial paper.* As of March 31, 2019, the following issuances were outstanding under Docuformas' local short-term certificates revolving programs for a total principal amount of Ps. 696.6 million outstanding. The following table contains a summary of said certificates:

Ticker number	Number of certificates	Maturity date	Interest rate	Aggregate principal amount issued (in millions of Ps.)	Rating
DOCUFOR 00118	1,500,000	November 14, 2019	TIIE+2%	150	Fitch México: F2 (mex) HR Rating: HR2
DOCUFOR 00218	1,130,000	December 11, 2019	TIIE+2%	113	Fitch México: F2 (mex) HR Rating: HR2
DOCUFOR 18	1,500,000	June 25, 2020	TIIE+2.5%	150	Fitch México: F2 (mex) HR Rating: HR2
DOCUFOR 18-2	1,000,000	August 27, 2020	TIIE+2.5%	100	Fitch México: F2 (mex) HR Rating: HR2
DOCUFOR 00119	2,300,000	February 20, 2020	TIIE+2%	230	Fitch México: F2 (mex) HR Rating: HR2

These certificates contain covenants requiring Docuformas to comply with its payment obligations thereunder and to deliver certain information to the Mexican securities authorities and the common representative. These debt instruments also contain customary events of default.

ICI

1. *Ve por Más/ ICI Credit Agreement.* A mortgaged-back loan agreement dated May 8, 2017, between Ve por Más, as lender, ICI, as borrower, and Docuformas, as joint obligor, for a principal amount of Ps. 70 million. The agreement has a term of 120 months after the first disbursement is made. The interest may be either fixed-rate or variable-rate; the rates must be agreed upon prior to the respective disbursement. ICI's obligations under this agreement are secured with accounts receivable in favor of ICI and a mortgage granted by ICI and by Docuformas. In addition, Ve por Más has been informed and has granted waivers to ICI in order to guarantee the notes and to Docuformas in order to issue the notes pursuant to the terms and conditions set forth under this agreement. See "Summary—Recent Developments—Waivers from Lenders." See "Summary—Recent Developments—Waivers from Lenders."

2. *Banco del Bajío/ ICI Credit Agreement.* A mortgaged-back loan agreement dated June 26, 2017, between Banco del Bajío, as lender, ICI, as borrower, and Docuformas, as joint obligor, for a principal amount of Ps. 60 million. The agreement has a term of ten years after the first disbursement is made. The interest may be either fixed-rate or variable-rate; the rates must be agreed upon prior to the respective disbursement. ICI's obligations under this agreement are secured by the assignment of accounts receivable in favor of ICI under certain lease agreements, a mortgage granted by ICI and by Docuformas. In addition, the lender has granted waivers to ICI in order to guarantee the notes and we have informed Banco del Bajío of the issuance of the notes pursuant to the terms and conditions set forth under this agreement. See "Summary—Recent Developments—Waivers from Lenders."

ARG

1. *Securitization Transaction.* On October 31, 2016, ARG's trust No. CIB/2613 issued trust certificates under a securitization program for a total principal amount of Ps. 455 million. The following table contains a summary of such trust certificates:

Ticker number	Trustee / issuing trust	Number of certificates	Maturity date	Interest rate	Aggregate principal amount issued	Rating
					(in millions of Ps.)	
ARGLCCB 16 . . .	CIBanco / CIB/2613	4,550,000	October 28, 2021	TIIE + 1.95%	455	Standard & Poor's: mxAAA (sf) HR Ratings: HR AAA (E)

We intend to use a portion of the net proceeds from the offering of the notes to prepay in full this securitization transaction.

As of the date of this offering memorandum, ARG is in compliance with all of its loan, debt and commercial paper

Mexarrend

1. *Banco del Bajío/ Mexarrend Credit Agreement.* A revolving loan agreement dated February 25, 2014, as amended pursuant to the amendment agreements dated July 23, 2014 and September 17, 2015, between Banco del Bajío, as lender, Mexarrend, as borrower, and Mr. José Ignacio Bernardino Gómez Urquiza Arnaiz, as joint obligor, for a principal amount of Ps. 34.5 million, with a variable rate as notified by Banco del Bajío to Mexarrend prior to the disbursement date. Mexarrend's obligations under this agreement are secured by a pledge over accounts receivable. The term of this agreement is indefinite. We intend to use a portion of the net proceeds from the offering of the notes to prepay in full our indebtedness under this loan agreement. In addition, we have informed Banco del Bajío of the issuance of the notes pursuant to the terms and conditions set forth under this agreement and for the prepayment of this agreement. See "Summary—Recent Developments—Waivers from Lenders."

2. *Santander/ Mexarrend Credit Agreement.* A loan agreement dated June 8, 2018, between Santander (México), S.A., Institución de Banca Múltiple, Grupo Financiero Santander México ("Santander"), as lender, Mexarrend, as borrower, and Mr. José Ignacio Bernardino Gómez Urquiza Arnaiz, as joint obligor, for a principal amount of Ps. 9.8 million, with a fixed-rate of 14%. The agreement has a term of sixty months after the first disbursement date. We intend to use a portion of the net proceeds from the offering of the notes to prepay in full our indebtedness under this loan agreement. we have informed Santander of the issuance of the notes pursuant to the terms and conditions set forth under this agreement and for the prepayment of this agreement. See "Summary—Recent Developments—Waivers from Lenders."

3. *Unión de Crédito/ Mexarrend Credit Agreement.* A loan agreement dated September 23, 2016, between Unión de Crédito General, S.A. de C.V. ("Unión de Crédito"), as lender, Mexarrend, as borrower, and Mr. José Ignacio Bernardino Gómez Urquiza Arnaiz, as joint obligor, for a principal amount of Ps. 20 million, with a fixed-rate of 8.5%. The agreement has a term of seventy two months after the execution date of such agreement. Mexarrend's obligations under this agreement are secured by a pledge over accounts receivable under certain lease agreements, promissory notes and invoices. We intend to use a portion of the net proceeds from the offering of the notes to prepay in full our indebtedness under this loan agreement. In addition, we have informed Unión de Crédito of the issuance of the notes pursuant to the terms and conditions set forth under this agreement and for the prepayment of this agreement. See "Summary—Recent Developments—Waivers from Lenders."

4. *Securitization Transaction.* On February 28, 2017, Mexarrend's trust No. CIB/2663 issued trust certificates under a securitization program for a total principal amount of Ps. 250 million. The following table contains a summary of such trust certificates:

Ticker number	Trustee / issuing trust	Number of certificates	Maturity date	Interest rate	Aggregate principal amount issued	Rating
					(in millions of Ps.)	
MEXCB 17	CIBanco / CIB/2663	2,500,000	February 26, 2021	TIIE + 2.75%	250.0	Standard & Poor's: mxAA (sf) HR Ratings: HR AAA (E)

We intend to use a portion of the net proceeds from the offering of the notes to prepay in full this securitization transaction.

As of the date of this offering memorandum, Mexarrend is in compliance with all of its covenants under its loan, debt and commercial paper instruments.

Derivative Financial Instruments

As of March 31, 2019 and December 31, 2018, we had Ps. 2.8 million and Ps. 74.8 million, respectively, in derivative financial instruments outstanding. As of March 31, 2019 and December 31, 2018, these derivative financial instruments had a mark to market loss (gain) of 68.9 million and Ps. (43.7) million, respectively.

We use derivative financial instruments, which consist of cross currency swaps, to mitigate exchange rate and interest rate risk on our dollar debt.

Off-Balance Sheet Arrangements

We currently do not have any off-balance sheet liabilities.

Capital Expenditures

During the three-month period ended March 31, 2019 and the years ended December 31, 2018, 2017 and 2016, our capital expenditures unrelated to equipment purchased for our equipment financing portfolio were as follows: Ps. 2.5 million for the three month period ended March 31, 2019 related to computer equipment, office improvements and to support the growth of our operations, no expenditures for the year ended December 31, 2018, Ps. 24.8 million, in year ended December 31, 2017 related to computer equipment, office improvements and to support the growth of our operations, and Ps. 44.3 million in year ended December 31, 2016 related to computer equipment, office improvements and to support the growth of our operations.

Table of Contractual Obligations

The table below is a summary of our contractual obligations and other commitments as of March 31, 2019:

		Payments due in period				
	Total	Less than 1 year	2 years	3 years	4 years	5 years or more
			(in millions of Ps.)			
Trade accounts payable	74.9	74.9	—	—	—	—
Trust certificates	577.3	105.4	471.9	—	—	—
Long term debt	3,708.3	—	350.7	258.7	2,819.0	279.9
Short term debt	1,021.4	1,021.4	—	—	—	—
Other liabilities[1]	855.8	855.8	—	—	—	—
Total[2]	**6,237.7**	**2,057.5**	**822.6**	**258.7**	**2,819.0**	**279.9**

(1) Includes income taxes and other taxes payable, other accounts payable and allowances, does not include reserve accounts.

(2) Does not include accrued interest.

The amounts shown in the table above represent existing contractual obligations only. Our actual expenditures for certain of the items and periods are likely to substantially exceed the amounts shown above.

Qualitative and Quantitative Disclosure about Market Risk

Market risk generally represents the risk that losses may occur in the values of financial instruments as a result of movements in interest rates or foreign currency exchange rates. We are exposed to changes in financial market conditions in the normal course of business due to our use of certain financial instruments as well as transactions incurred in foreign currencies. We continually assess our exposure to market risk arising from our operations and financial activities.

Credit Risk

Credit risk is the possibility of a loss arising from a credit event, such as deterioration in the financial condition of a borrower, which causes an asset to lose value. The purpose of credit risk management is to mitigate and optimize the risk, keeping credit risk exposure within a permissible level relative to capital, to maintain the soundness of assets and to ensure returns commensurate with risk. Our current credit policy sets forth uniform and basic operating concepts, code of conduct and standards for credit operations. By giving our employees extensive credit training, we aim to achieve a high standard of credit risk management and to create a better credit management culture within Docuformas.

We have developed and refined our own proprietary credit review system. In addition to relying on quantitative measures, we also rely on qualitative measures that allow us to make use of our knowledge and experience in evaluating credit risk on a case-by-case basis. We believe our risk analysis systems allow us to make better credit decisions when evaluating credit applications from customers with limited credit histories or customers who work in the informal economy. We believe that our business model limits our exposure to credit risk.

As part of our ongoing process to monitor risks, we monitor the credit collection process, which is the most important element in our lease process. We analyze, evaluate and monitor every lease. Special attention is paid to non-performing loans, and stricter measures are used to monitor these loans. See "Business—Collection Process."

Exchange Rate Risk

We are, and following the issuance and sale of the notes offered hereby will be, exposed to foreign currency exchange rate risk so long as the notes offered hereby remain outstanding and at any other time when we hold an open position in a foreign currency other than pesos. We currently maintain derivative contracts for all of our outstanding debt obligations in U.S. dollars. Peso exchange rates have been subject to significant fluctuations in the past. Because of the significant historical volatility in peso exchange rates, the risks associated with such positions may be greater with respect to Mexico than with respect to certain other countries. We currently expect to enter into hedging arrangements to reduce our exposure to currency risk with respect to the notes under the offering.

BUSINESS

Overview

We are the third-largest independent leasing company in Mexico in terms of total portfolio, when compared to the companies that report information to AMSOFAC. We specialize in providing short-, medium- and long-term financing solutions for the acquisition of productive assets and equipment by mostly SMEs. Substantially all of our assets and properties are located in Mexico and substantially all of our revenues derive from our business operations in Mexico.

Our six principal lines of business are:

- *Capital leasing*, through which we offer our customers leasing products for various types of equipment, including office, medical services, industrial, telecommunications and information technology equipment and motor vehicles (including cars, trucks and trailers), among others, with an option to purchase such equipment at the conclusion of the lease term;
- *Cash financing*, through which we make unsecured cash loans to our customers as a form of non-asset-based lending;
- *Operating leasing*, through which we: (i) lease equipment or real estate, without an option to purchase the underlying asset or equipment upon the conclusion of the lease term; and (ii) acquire real estate and leaseback to our customers with an option to purchase the real estate upon the completion of the corresponding lease;
- *Equipment financing*, through which we purchase equipment and resell it to our customers with financing, with such equipment serving as collateral for our loans;
- *Transportation services (renting) and Other Related Services*, through which we offer our customers integrated leasing solutions that include the equipment, as well as any supplies, service and maintenance required by such equipment; and
- *Factoring*, through which we provide our customers with short-term liquidity and financing through discounting their accounts receivable and providing them with vendor-financing and revolving credit lines.

We offer financing solutions (i.e., capital leasing and cash financing) from Ps. 1.0 million to Ps. 40.0 million, with maturities typically ranging from 24 to 36 months and fixed interest rates ranging from 27.0% to 32.0% per annum. As part of our operating leasing business, we offer real estate sale and leaseback transactions that typically range in size from Ps. 30.0 million to Ps. 150.0 million with terms from 5 to 7 years and interest rates typically of 27.0% per annum. Also, we offer equipment leasing and equipment financing solutions for amounts between Ps. 1.0 million and Ps. 40.0 million with terms typically ranging from 24 to 60 months and with interest rates ranging from 27.0% to 32.0%. In addition, we offer transportation services (renting) and other related services solutions that typically range in size from Ps. 1.0 million to Ps. 10.0 million with terms from 12 to 36 months and standard interest rates of 27.0% to 32.0%. Finally, we offer factoring solutions from Ps. 1.0 million to Ps. 20.0 million per receivable with terms ranging from one to two months and with an interest rate typically of 51.4% per annum.

While 64.3% of our revenues for the three-month period ended March 31, 2019 are derived from customers located in and around Mexico City and in the State of Mexico, we serve customers located in 31 states within Mexico through our dedicated, direct sales force, and 37 external brokers.

As of March 31, 2019, our capital leases/equipment financing and cash financing/factoring businesses represented 79.7%, and 20.3% of our consolidated portfolio, respectively.

Over the last three years, our equipment leasing and financing business has experienced consistent growth, as evidenced by (i) our consolidated total revenues for such periods, which increased from Ps. 932.8 million in 2016 to Ps. 1,005.1 million in 2017 and to Ps. 1,350.1 million in 2018 and (ii) our total assets, which increased from Ps. 4.4 billion in 2016, to Ps. 6.1 billion in 2017 and to Ps. 7.2 billion in 2018. In addition, our Operating Margins ranged from 18.4% in 2017 to 35.5% in 2018 and 28.8% in March 31, 2019.

As of December 31, 2017 and 2018 and March 31, 2019, we had total assets of Ps. 6,133.4 million (U.S. $316.5 million), Ps. 7,189.6 million (U.S. $371.0 million) and Ps. 7,822.4 million (U.S. $403.6 million), respectively. For the years ended December 31, 2016, 2017 and 2018 and for the three months ended March 31, 2019, we had net income of Ps. 181.3 million (U.S. $9.4 million), Ps. 133.5 million (U.S. $6.9 million), Ps. 166.6 million (U.S. $8.6 million) and Ps. 30.9 million (U.S. $1.6 million), respectively. For the years ended December 31, 2016, 2017 and 2018 and for the three months ended March 31, 2019, we had operating results of Ps. 242.0 million (U.S. $12.5 million), Ps. 77.33 million (U.S. $4.0 million), Ps. 138.5 million (U.S. $7.1 million) and Ps. 32.1 million (U.S. $1.7 million), respectively. As of December 31, 2017 and 2018 and March 31, 2019, our total lease portfolio had a value of Ps. 4,413.4 million (U.S. $227.7 million), Ps. 5,625.1 million (U.S. $290.3 million) and Ps. 6,330.1 million (U.S. $326.6 million). As of December 31, 2017 and 2018 and March 31, 2019, we had a total net worth of Ps. 796.5 million (U.S. $41.1 million), Ps. 1,435.3 million (U.S. $74.1 million) and Ps. 1,472.1 million (U.S. $76.0 million).

Our Business Strengths

Leading Leasing Specialist in Mexico focused on underserved SMEs. We are the third-largest independent leasing company (when compared to companies that report to the AMSOFAC) with more than 20 years of experience in the Mexican market, focusing on the SME market which is generally underserved by banks and other financial services providers. We offer a "business-to-business" array of leasing- and asset-based lending products which contribute to our customers' growth and productivity without stressing their working capital. In addition, we have a well-identified target market in SMEs that have an annual turnover between U.S. $2 million and U.S. $52 million in terms of company size. Despite representing 50% of Mexico's GDP for 2018, according to the CNBV, SMEs received about 25% of bank loans during 2018, which suggests that they are an under-served market. Mexican bank loans to businesses of all sizes represented 47.6% of Mexican GDP, whereas financing from non-bank entities like ourselves represented less than 1% of Mexican GDP, suggesting substantial potential demand for our financing. Our main markets are the Mexico City Metropolitan Area and the industrial belt in the Bajío region in central Mexico stretching to Monterrey and Saltillo in the northeast of Mexico, which together represent 66.4% of Mexico's GDP, with important growing industries such as vehicle manufacturing, healthcare, transportation, construction and telecommunications.

Well-Designed and Adapted Product Offerings to Finance Productive Assets for Underserved Mexican SMEs. We believe that our products are tailored to Mexican SMEs because: (i) they are easy to understand, (ii) they enjoy relatively long tenors, (iii) they are competitively priced and (iv) leasing rents can be fully deducted for tax purposes. Our products typically have an average useful life of three to five years and are generally documented under a three-year lease. We believe that these custom solutions make SMEs more willing to adopt our product offerings. Our leasing operations are focused on the business-to-business financing of SMEs throughout Mexico. However, we only finance assets that generate measurable value in the form of incremental revenue for our customers. This is beneficial to us from a credit risk perspective and it also benefits our customers by helping ensure that they increase their productivity. In addition, we only provide financing for assets that have a strong secondary market and that are relatively easy to repossess. Further, since the assets that we provide financing for generally only provide incremental revenue to our customers, the repossession of one of these assets will not jeopardize a customer's business, because it will not materially impair such customer's ability to continue operating. We believe that by focusing our leasing portfolio on productive assets with a high resale value we will continue to lower the risk associated with our overall lease portfolio. Our pricing is based on an evaluation of the client's needs and the productivity of the underlying asset as compared to our preferred interest rate, which ranges between 27% and 35%.

Powerful and Effective Go-to-Market Model. Our sales force benefits from an organization and process that fosters a better understanding of our SME customers and their needs. In addition, our indirect sales force is often actively involved in networks of SMEs. Our business units are responsible for managing all of the product offerings for a small group of no more than 30 customers, thereby allowing our business units to focus on our customers' individual needs. Further, our sales force, along with other employees in our organization, is constantly trained to improve its knowledge of the financial, marketing and legal aspects of our business. Our training programs, which are both insourced and outsourced through our Corporate University, consist of 20 assignments and 160 course hours. We believe that such training helps to improve the quality of services that our employees provide to our clients. In addition, we believe that the customer-focused approach of our business units encourages a better understanding of our customers and their needs which allows our sales force to properly tailor product offerings to our customers' needs.

We have over 21 vendor financing programs in place with key original equipment manufacturers and dealers, which include trademarks such as Hewlett-Packard, Xerox, Carl Zeiss, General Electric and Volkswagen. This origination channel has proved powerful, providing an origination pipeline on a consistent basis. Those programs where we act as an "active leasing company" or an "active financing company" allow the vendors to offer their clients a built-in financing solution provided by us. Furthermore, through our brokers, we seek capable business partners that are well positioned to seek and originate financing transactions within their immediate business circles. Our brokers refer potential customers to us and we follow a streamlined "Know Your Customer" process allowing us to confirm whether such potential customers fit our customer profile.

Diversified Portfolio Across Clients and Industries. Our lease portfolio is diverse with respect to economic sector exposure with no individual economic sector representing more than 33% of our total lease portfolio. Similarly, no individual client represents more than 6% of our total lease portfolio and more than 39% of our lease portfolio is composed of client financing transactions in an amount of Ps. 25 million or less. The Mexarrend Transaction, the ARG Transaction, and the acquisition of ICI resulted in a significant increase in the size of our lease portfolio, and also contributed to a greater range of client diversity. We believe that the incorporations of Mexarrend's, CMA's, ARG's and ICI's distinct product mix and client base into our portfolio have resulted in an even more diversified portfolio, which helps protect us from the risks associated with any individual client or economic sector.

Agile and Disciplined Credit Approval Process. We believe that we have a rigorous, efficient and comprehensive credit approval process, which is aligned with our customer needs and our business goals. Our credit approval process is based on quantitative measures, an analysis of default probability and we analyze foreclosure scenarios of any security interests created in our favor, a "Know Your Customer" review, a background check through an independent provider, the review of credit bureau information and our analysis of a potential client's financial and fiscal information. We also do a site visit to confirm operations of our potential customers and their experience in their industry. In addition, the credit review process incorporates qualitative factors, including a review of the potential client's industry's condition and the potential client's position within that industry. These applications are subject to increasing levels of review based on the value of the transaction. Additionally, following financial approval, all proposed financing transactions are reviewed by our legal team. Throughout the assessment process, our sales team remains in constant communication with potential clients, keeping them updated on the status of their credit applications. Our sales force is incentivized to focus efficiently in the origination process as their total commissions are measured based on origination of financing transactions. Furthermore, we offer a more streamlined and flexible application process when compared to the process of applying for a bank loan. Our typical turn-around time is five to 15 days fewer than the turn-around time for the average bank approval process.

Effective Collection Process that Results in Low Loss Rates. Our direct sales force is divided into sales directors, sales deputy directors, sales managers and business units. Each business unit is responsible for guiding our customers through the application and collections process for our various product offerings and is required to contact all of our customers at least once a month. This continuous communication between our sales force and our customers enables our sales people to identify any adverse changes in client risk and proactively undertake corrective measures. In addition, our policy of maintaining close contact with customers facilitates repeat business and expedites credit committee approval for our existing customers. In addition, our sales force participates in the collection process to prevent and avoid any delinquency in accounts or asset repossessions by constantly monitoring client accounts and undertaking a thorough review of each potential client’s credit quality. If an account becomes more than 30 days delinquent, our collection department initiates collection procedures, including follow-up discussions with our customers, in which they are incentivized to settle as a result of our ability to commence legal action to repossess the asset (facilitated by the fact that we maintain the property of the asset at all times). Finally, the assets we typically lease have strong secondary resale market, which allows such assets to either be readily sold or re-leased to another client.

Strong Balance Sheet and Prudent Funding Strategy. We have a strong balance sheet based on our conservative funding strategy and disciplined financial policies. We benefit from a healthy financial position with low leverage levels and a high coverage ratio. In addition, we have access to ample sources of funding (including through the international bond market, local and international banks, development banks, the local commercial paper market, asset-backed securitizations and private equity investments), all of which enables us to respond effectively to consumer demands while maintaining a sound maturity profile.

Highly Efficient Operation Yielding Consistent Profitability. We have developed an attractive spread on leasing products for medium-term financing (typically with terms between 36 and 60 months) ensuring a steady stream of cash flow, ample gross margins and a disciplined control of sales and general administrative expenses to produce pre-tax profit margins between 18-35%, along with a return on equity over 11.6% and a return on assets in the 1.6-2.3% range. Our sales productivity and operations organization are ensured due to our close tracking of key performance indicators and by incentivizing performance and low personnel rotation based on our compensation plans.

Experienced Management and Strong Corporate Governance. We have a highly skilled senior management team specialized in the leasing sector and focused in our profitable growth, with proven experience in the Company as well as in the industry. In addition to our management team, Colony Capital Inc. and Alta Growth Capital also bring valuable experience in the industry and the region to our business. With U.S. $43 billion and approximately U.S. $350 million in assets under management as of December 31, 2018 and over 27 years and 10 years of investment experience, Colony Capital Inc. and Alta Growth Capital, respectively, have extensive experience in developing and operating businesses across the globe, providing us with managerial expertise to help us further develop our corporate governance and our business and enhance our operating and financial performance. In addition, our shareholders are committed to supporting us through additional capital contributions to ensure that our strategic priorities and goals are met.

Our Business Strategy

Our strategy is to leverage our size, market knowledge and unique go-to-market model to expand our business and customer base and continue improving our Operating Margins. We are the third-largest independent leasing company in Mexico in terms of total portfolio, when compared to the companies that report information to AMSOFAC. This provides us with unique competitive advantages that our strategy targets to leverage upon.

We aim to achieve our strategy through the following key initiatives:

Focus on SMEs and Continue to Improve Top-line Growth through Organic Growth Initiatives. We believe that our strategy of primarily targeting SMEs is in line with economic trends and the potential of this currently growing and underserved market in Mexico. Although SMEs make up 99.8% of all Mexican businesses and contributed 50% of Mexico's GDP during 2018, according to the CNBV, they received only 25% of bank loans during 2018. We believe that this underserved sector will continue to be receptive to our efficient response time, our flexible approach and the high quality of our services. We hope to achieve this growth by opening new branches to respond to growth opportunities throughout Mexico. In addition, we hope to continue to explore new SME sub-sectors as they develop and gradually increase our ticket size to encompass new opportunities and meet our customers' needs.

Deepen Commercial Relationships with Both Customers and Vendors. We plan to continue developing new client relationships to expand our portfolio and to continue strengthening our relationships with vendors to improve strategic opportunities. A substantial amount of the transactions proposed to our credit committee are from existing customers. We intend to leverage our direct sales force and its deep customer knowledge to cross-sell our product lines to our existing customers. In addition, we hope to continue to increase client loyalty and differentiate ourselves through superior customer service and a diversity of product offerings in order to turn ourselves into a one-stop financing provider for our existing client base. Separately, we have vendor financing agreements with brands such as Hewlett-Packard, Xerox, Carl Zeiss and General Electric, in addition to arrangements with car dealerships for our vehicle leasing services, including trademarks such as Volkswagen. In total, we have over 21 existing vendor agreements and are actively pursuing negotiations with other potential vendors to increase the market for our products. These arrangements provide us with a steady stream of client referrals and preferential pricing from equipment suppliers that allow us to increase our compatibility and profitability. In addition, our relationships with vendors provide a unique competitive advantage that we intend to leverage going forward.

Complement Our Sales Force With Distribution through our Indirect Sales Force Model, including Brokers. We expect our indirect sales force model (including our brokers) to provide us with access to new customers through local business networks and with opportunities to offer our leasing services for bigger ticket equipment leases that are beyond the reach of our direct sales force, through our vendor program and our broker program. Our indirect sales force also acts as a referral source for high-value financing transactions for an origination fee, which related receivables we record on our statement of financial position. We plan to utilize this network to foster growth in our other business lines, including automobile leasing services and transportation services (renting) and other related services.

Improve Asset Liability Match and Funding Costs. We plan to continue to extend the maturity of our liabilities to better match the maturity of our existing lease portfolio. We plan to use a portion of the proceeds of this notes offering to repay a significant portion of our existing indebtedness in order to extend the average maturity of our liabilities. We plan to use any remaining proceeds from the offering for general corporate purposes. See "Use of Proceeds." Our current lease portfolio has an average maturity of 36 months. As of March 31, 2019, more than 21% of our financial liabilities mature within the next one to three years. By increasing the term of our liabilities, we intend to lower our risk profile and potentially access better financing terms through a combination of our larger portfolio size and a better match of our assets to our funding needs.

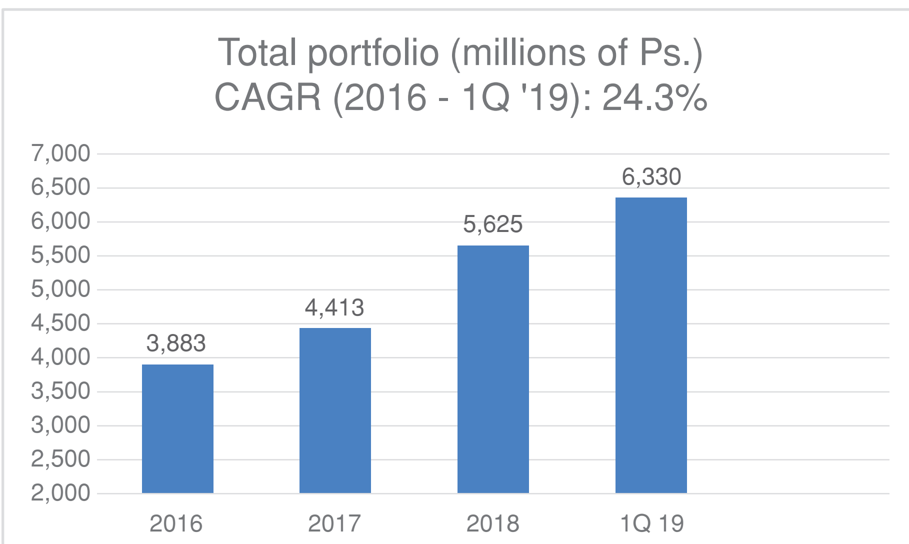
Expand Our Presence and Portfolio. We intend to expand our operations within Mexico through the deployment of direct and indirect sales force in strategic states of Mexico that are experiencing an above average growth to continue to increase our market share in the industries that traditionally are more profitable to us. Moreover, by having presence in locations with high economic development, we believe that there is a significant opportunity to expand our offering to new customers that meet our target profile. As we continue to expand into new locations, we are also planning to grow our lines of business such as factoring which will give us cross-selling opportunities across our broad product portfolio to continue strengthening our solid base of customers.

Our Portfolio

Total Portfolio

Our total portfolio represents the sum of the future amounts contractually payable to us under our contracts with our customers. The company has historically had a fast-growing total portfolio with a 20.4% CAGR from December 31, 2016 through December 31, 2018. Spread across various industry sectors, our total portfolio is well diversified with no sector representing more than 32.7% of the total. As of March 31, 2019, the seven largest sectors were: industrial with 32.7%, consumer discretionary with 29.6%, health care with 10.8%, materials with 7.7%, information technology with 6.6%, consumer staples with 5.2%, and telecommunication service with 3.9%. Geographically, our portfolio has a wide presence across Mexico with a particularly strong concentration in Mexico City and the surrounding areas, the Bajío region in central Mexico and Mexico's Northeast (Monterrey and Saltillo) which accounts for over 85.8% of our activity. This is consistent with the fact that we are incorporated in Mexico City and the regions previously mentioned generate 66.4% of Mexico's GDP.

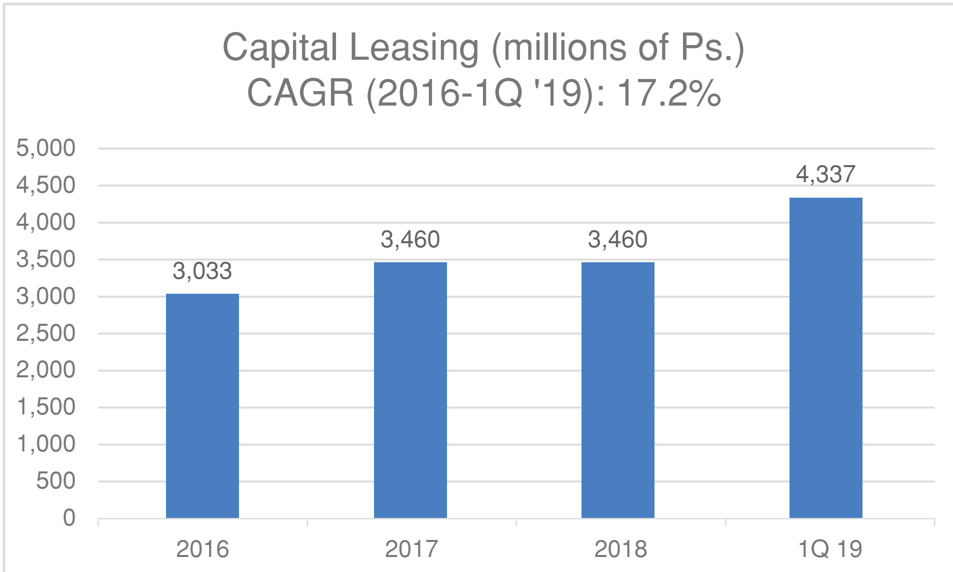
The following chart represents the growth of our portfolio for the years ended December 31, 2016, 2017 and 2018 and the three months ended March 31, 2019:

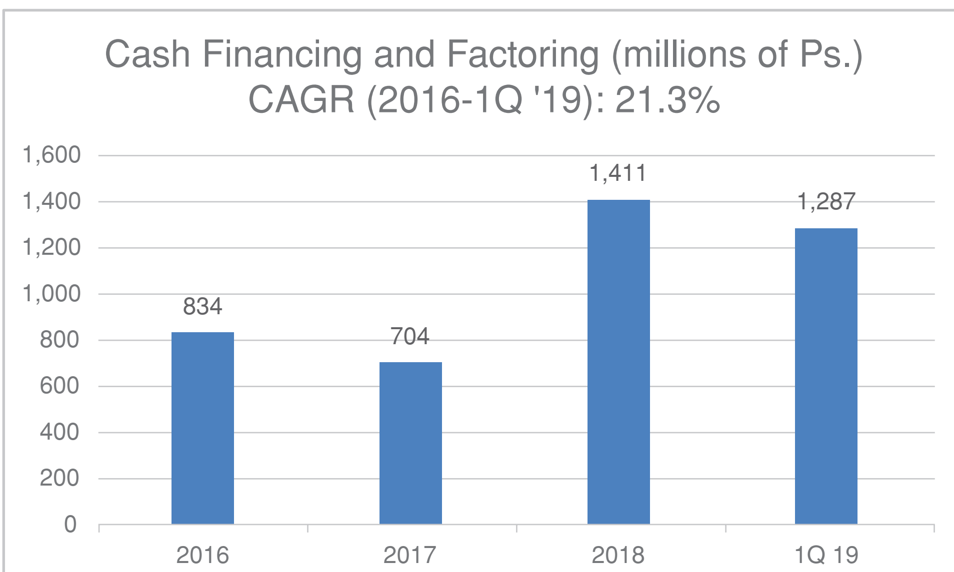


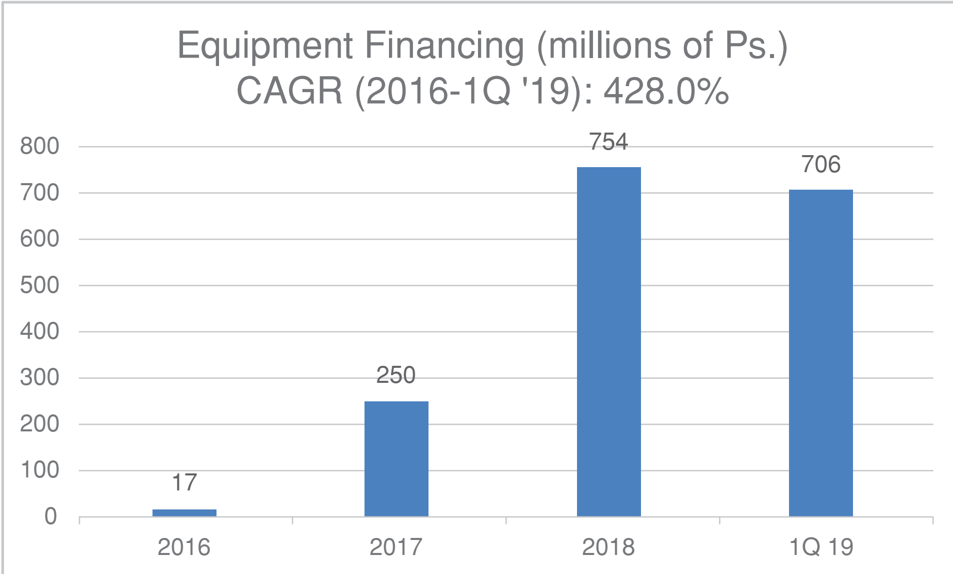
For the years ended December 31, 2016, 2017 and 2018 and for the three months ended March 31, 2019, in addition to the sum of the future amounts contractually payable to us by our customers under our contracts, we also invested Ps. 93.6 million, Ps. 279.7 million, Ps. 281.9 million and Ps. 196.8 million, respectively in investment properties and other assets held for lease in our real estate and operating lease lines of business.

__Portfolio Breakdown__

The following chart represents the growth of our capital leasing, cash financing and factoring and equipment financing portfolios from the year ended December 31, 2016 to the three months ended March 31, 2019:



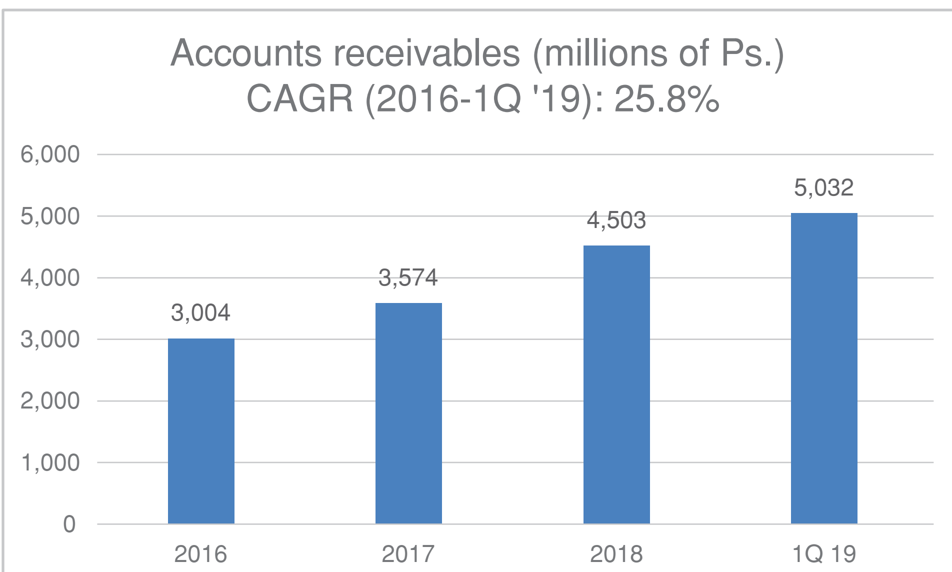




Accounts Receivable

Our accounts receivable represent the present value of the sum of any future amounts contractually payable to us under our contracts with our customers, but excluding our investments in the underlying assets for our real estate and operating lease transactions.

The following chart represents the CAGR of 25.8% of our accounts receivable for the years ended December 31, 2016, 2017 and 2018 and the three months ended March 31, 2019:



Our Business Lines

We conduct our equipment leasing, equipment financing and factoring business and some transportation services (renting) and other related services through Docuformas. We conduct our renting (vehicle bundled leasing business) and our operating leasing business through our subsidiaries

ARG, ARG Fleet Management and REMEX. We conduct our real estate leasing business through ICI. In total, we service over 900 customers across our business lines. See "Liquidity and Capital Resources—Lease Receivables—Lease Portfolio Breakdown by Customers."

The following table sets forth the breakdown of total revenue with respect to our various business lines for the years ended December 31, 2017 and 2018 and the three-month period ended March 31, 2019:

	As of December 31,				As of March 31,	
	2017	%	2018	%	2019	%
	(millions of Ps.)		(millions of Ps.)		(millions of Ps.)	
Interest Income (from capital leases, cash financing and factoring)	563.9	56.1%	702.0	52.0%	200.8	59.0%
Equipment Financing Income	291.9	29.0%	432.4	32.0%	71.0	21.0%
Operating Lease Income	108.0	10.8%	159.4	11.8%	55.0	16.0%
Services and Supplies	41.3	4.1%	56.3	4.2%	14.8	4.0%
Total	1,005.1	100%	1,350.1	100%	**341.6**	**100%**

Business Line Overview

Capital Leasing

Our capital leasing business is our main line of business. A capital lease is a lease where the lessor leases an asset to the lessee and transfers substantially all of the economic benefits and risks of ownership associated with such asset. Consequently, in connection with capital leasing transactions, the underlying asset itself is not booked as such on our statement of financial position and is instead booked as an accounts receivable. Our unbundled equipment leasing only includes interest related to the lease itself and does not have additional services bundled into the monthly payment.

A capital lease is an attractive medium-term financing product which allows our customers to acquire an asset for use in their business to increase productivity. A capital lease allows our customers to make monthly lease payments, typically it is a monthly-fixed amount in Mexican pesos preventing any risk of interest rate and exchange rate volatility.

As of December 31, 2018, we are the third-largest independent leasing company in Mexico in terms of total portfolio when compared to the companies that report to AMSOFAC. Our customer base is comprised of SMEs. The assets leased to this group include: communications and printing equipment, medical equipment, commercial and financial equipment, automobiles and transportation equipment. We lease assets ranging from Ps. 1.0 million to Ps. 40 million in value at interest rates between 27% and 32%.

Our capital leasing business contributes to our interest on capital lease interest income which, together with interest on cash financing and factoring, accounted for 52.0% of our total revenues for the year ended December 31, 2018 and 59.0% of our total revenues for the three months ended March 31, 2019. We will seek to increase our market share in the leasing industry by offering a wide range of assets through a variety of leasing products with different rate structures and prices. We believe that we have the potential to grow substantially by continuing to serve our recurring customers' needs and by expanding our customer base through our direct and indirect sales forces.

Cash Financing

Our cash financing business line consists of offering loans with fixed monthly installments in Mexican pesos to our customers who do not require assets for lease in their business. The cash financing is a medium-term financing (with a term between 36 and 48 months) and is typically secured by assets owned by our customers.

We provide secured loans to our customers when an asset is not available or not suitable for leasing. As in our other business lines, our loan customer base is comprised of SMEs. The term of our loans range between 12 and 48 months with an average maturity of 33 months. Our loan operations also have a high number of recurring customers. Of our total lending activity, approximately 39.6% represents recurring customers.

Our cash financing business also contributes to our interest on capital lease income which, together with interest on capital leasing and factoring, accounted for 52.0% of our total revenues for the year ended December 31, 2018 and 59.0% of our total revenues for the three months ended March 31, 2019

Operating Leases

Our operating lease business line consists of real estate, equipment and automobiles leased to SMEs through Docuformas, ARG, REMEX and ICI. Our operating lease business accounted for 11.8% of our total revenues for the year ended December 31, 2018 and 16.0% for the three months ended March 31, 2019. ARG's operating lease operations extend to equipment in various economic sectors, including construction, industrial, telecommunication and other commercial equipment. REMEX on the other hand, engages in the operating leasing of trailers, tractors and other kinds of transportation equipment associated with heavy transportation and logistics. Finally, ICI is focused on real estate property sale and leaseback transactions.

Our Real Estate business line meets our customers' needs for working capital via sale and leaseback transactions on real estate held and used by the customer. In a typical real estate sale and leaseback transaction, we will purchase industrial, commercial or business real estate from the customer and lease it back to him on a five- to seven-year lease. The transaction is a true sale with property title passing to us, and the leaseback is an operating lease to the customer. The transaction may allow for a sale back to the customer at the end of the lease period at market value and subject to full payment and performance under the property lease. The monthly payments under these transactions are predetermined for the duration of the lease and increase, typically based on inflation or in any other annual percentage increase. The returns on these real estate sale and leaseback transactions are structured to produce internal rates of return of over 27% per annum.

Equipment Financing

Our equipment financing business line allows our customers to purchase equipment through an installment sales plan with fixed monthly payments. As opposed to our capital leasing business line, title of the equipment is transferred to the customer from the beginning at which time a security interest is created in the equipment which is not released until the financing is repaid in full. The equipment financed through this business line includes communications and printing equipment, medical equipment, commercial equipment and office equipment. We finance equipment ranging from Ps. 1.0 million to Ps. 40.0 million in value at an interest rate between 27% and 32%.

Our equipment financing business contributes to our equipment financing income which accounted for 32.0% of our total revenues for the year ended December 31, 2018 and 21.0% of our total revenues for the three months ended March 31, 2019. We will seek to increase our offerings of equipment financing as we have identified substantial customer appetite for the product and we believe the product is not widely offered by our competitors.

Transportation Services (Renting) and Other Related Services

Our services and supplies and other related services business consists of full service leasing contracts for automobiles and other vehicles that include (i) the lease, (ii) maintenance, (iii) insurance and (iv) other services related to fleet management all in one bundled contract. We charge flat fees to our customers and provide a package of services through various service providers at specially negotiated rates. Like our other business lines, our customer base is comprised of SMEs with a particular focus on logistics companies. We handle up to 20 vehicles per agreement. Our operations are nationwide, and we believe that we are specialists in offering fleet management, reduced repair time and vehicle control and management services.

Our services and supplies and other related services business accounted for 4.2% and 4.0% of our total revenues for the year ended December 31, 2018 and the three-month period ended March 31, 2019, respectively. Our transportation services (renting) and other related services business is handled mainly by our subsidiaries ARG and ARG Fleet Management.

Factoring

Our factoring business line consists of offering a short-term product which provides our customers with access to 30-60 day financings through our full recourse purchase of the corresponding customer's accounts receivable invoices.

Through our factoring business, we purchase accounts receivables from SMEs on a full recourse basis and charges fees based on the tenor of such accounts. This provides our customers with liquidity for working capital in exchange for their receivables. Within our factoring line, we finance up to 70% of the value of accounts receivable purchased via: (i) special structures that are tailored to our clients' needs; (ii) revolving credit lines supported by receivables; and (iii) billing process consulting to maximize our and our clients' return on their existing receivables. All of our factoring transactions are with recourse to our customers.

Our factoring customer base is comprised of SMEs. The receivables we acquire represent obligations from a range of large businesses. Our factoring operations also have a high number of recurring customers. The obligors of the receivables we purchase are typically larger corporations that are not part of our client base.

Our factoring business accounted for less than 1% of our revenues for the year ended December 31, 2018 and for the three months ended March 31, 2019. Our factoring business is managed by us. Our ARG entities do not have any factoring operations.

Composition of Total Portfolio by Industry

The following chart reflects the composition by industry of our total lease portfolio as of December 31, 2017 and 2018 and March 31, 2019:

	As of December 31, 2017		As of December 31, 2018		As of March 31, 2019	
	millions of pesos	%	millions of pesos	%	millions of pesos	%
Industry						
Industrials	1,438.8	32.6%	2,030.7	36.1%	2,069.9	32.7%
Consumer Discretionary	913.6	20.7%	1,366.9	24.3%	1,873.7	29.6%
Health Care	450.2	10.2%	652.5	11.6%	683.7	10.8%
Materials	644.4	14.6%	427.5	7.6%	487.4	7.7%
Information Technology	366.3	8.3%	438.8	7.8%	417.8	6.6%
Consumer Staples	229.4	5.2%	247.5	4.4%	329.2	5.2%
Telecommunication Services	132.4	3.0%	275.6	4.9%	246.9	3.9%
Others	238.3	5.4%	185.6	3.3%	221.5	3.5%
Total	**4,413.4**	**100.0%**	**5,625.1**	**100.0%**	**6,330.1**	**100.0%**

Geographic Distribution of our Total portfolio

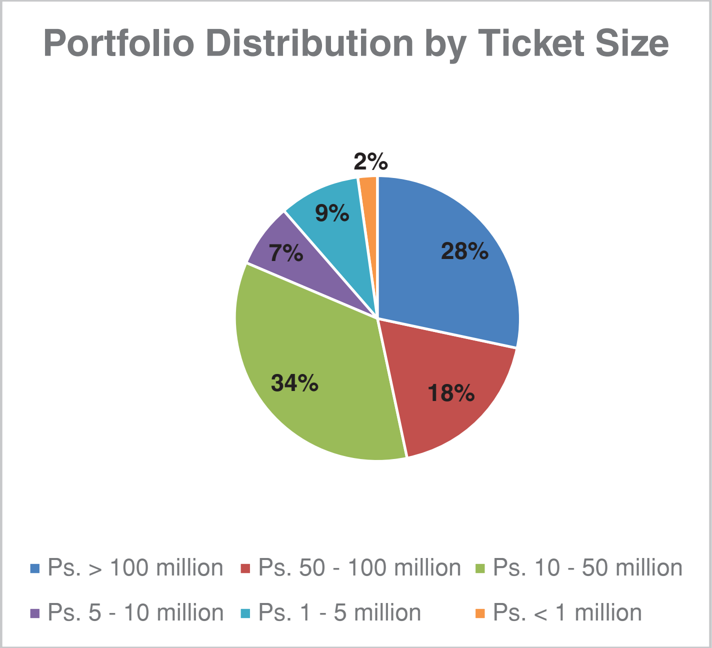
The table below shows the geographical distribution of our total portfolio:

Portfolio by State (millions of Ps. and %)	As of March 31, 2019	%
Mexico City	2,332.0	36.8%
State of Mexico	1,739.5	27.5%
Nuevo Leon	395.9	6.3%
Jalisco	330.8	5.2%
Queretaro	308.8	4.9%
Veracruz	254.8	4.0%
Puebla	151.4	2.4%
Chihuahua	53.1	0.8%
Guanajuato	80.1	1.3%
Aguascalientes	69.3	1.1%
All other States	614.4	9.7%
Total	**6,330.1**	**100%**

Our geographical distribution is primarily concentrated in Mexico City, although this is not inconsistent with the general concentration of economic activities and GDP in the Mexican economy.

Composition of Portfolio by Ticket Size

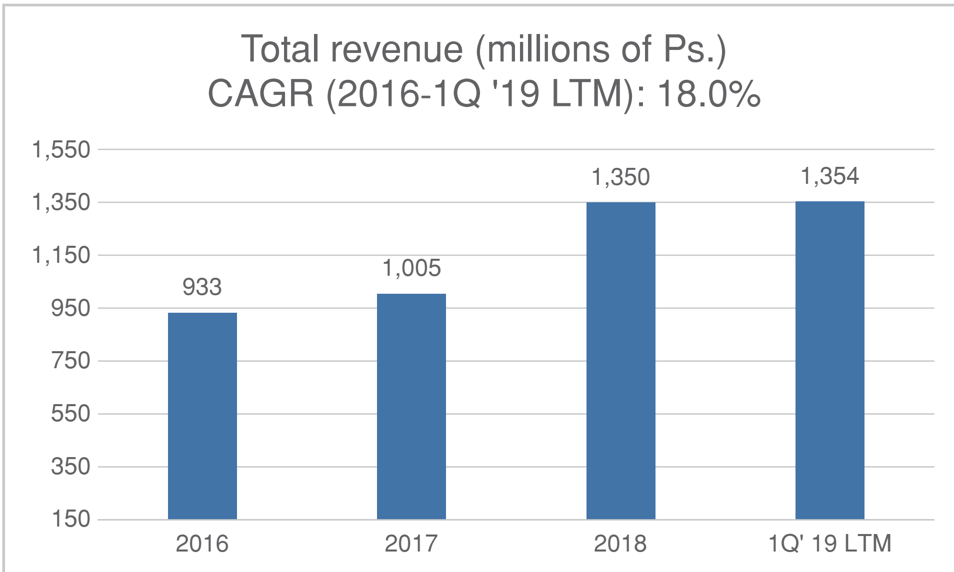
The following chart reflects the composition of our portfolio by ticket size as of March 31, 2019:



Business Key Indicators Overview

Our Revenue

Our originations in our various business lines described above contribute to our total revenue generation which has grown consistently year after year. Our total revenues are made up of interest income earned on leases and cash financing, equipment financing income, supplies and service income, operating lease income, transportation services income and factoring income. Our total revenues for the three year period from 2016 to 2018 and the last twelve-month period ending on March 31, 2019 are presented below and show a compound annual growth rate ("CAGR") of 18.0%.

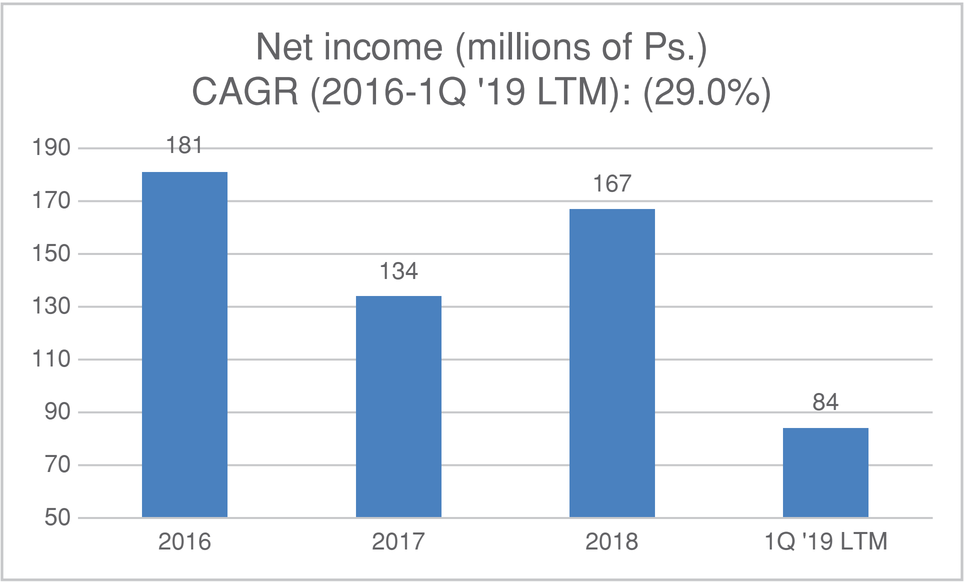


LTM refers to the twelve-month period ended March 31, 2019 and has been derived from the unaudited financial statements from the three months period ended March 31, 2019 and the audited financial statements for the year ended December 31, 2018 included in this offering memorandum.

Our Profitability

Net Income

Strong and consistent total revenue growth with adequate cost and expense controls has enabled us to report consistent net income profitability which has decreased at a CAGR of 28.9% as set forth in the table below from 2016 to 2018 (excluding net income during the last twelve-month period ending on March 31, 2019):

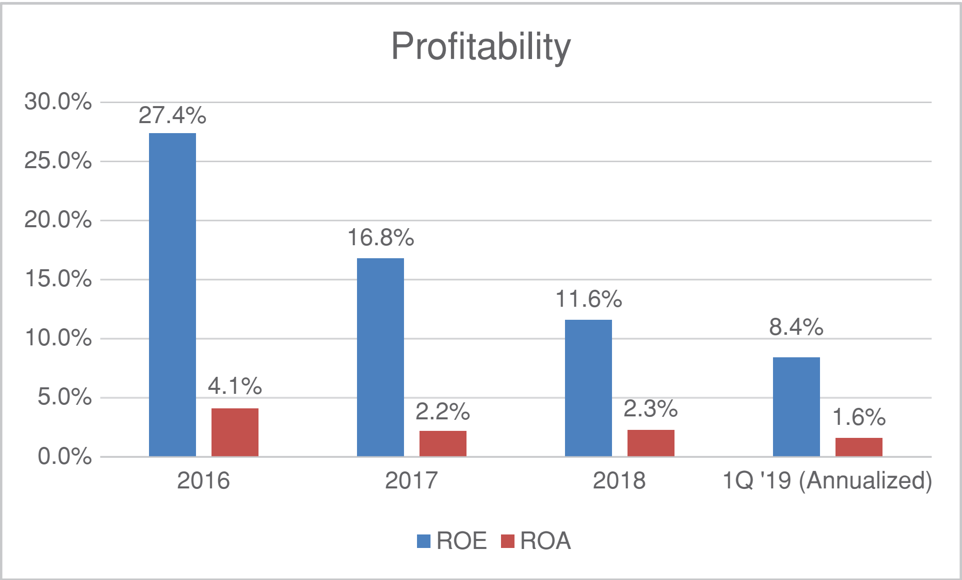


LTM refers to the twelve-month period ended March 31, 2019 and has been derived from the unaudited financial statements from the three months period ended March 31, 2019 and the audited financial statements for the year ended December 31, 2018 included in this offering memorandum.

We strive to report positive net income consistently year over year by ensuring that our product lines are attractively priced and that we have a strict control over selling and administrative expenses.

Return on Equity and Return on Assets

The following chart sets forth our Return on Equity ("ROE") and Return on Assets ("ROA") as of December 31, 2016, 2017 and 2018 and as of March 31, 2019.



We calculate our ROE by dividing net income for the corresponding period by equity at the end of such period. This measure allows us to gauge the percentage return of our net income to our equity and has consistently been in excess of 11.5% per annum in the full year periods shown above.

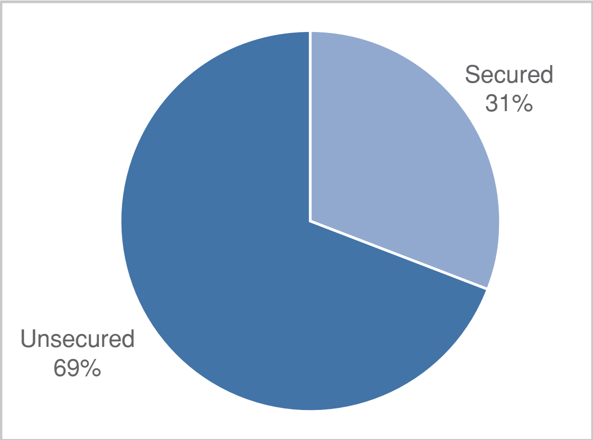
We calculate our ROA by dividing net income for the corresponding period by total assets at the end of such period. This measure allows us to gauge how productive are our assets via the percentage return of our net income compared to our assets; this has consistently returned in excess of 2.1% per annum in the full year periods shown above.

Our Statement of Financial Position

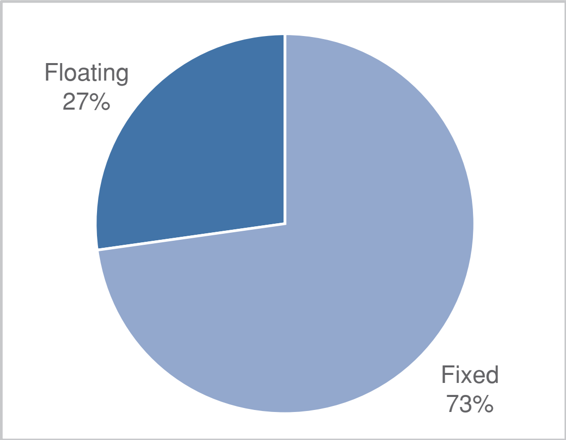
Our Leverage

Our financial leverage (defined as Financial Debt divided by Equity) is a measure of the strength of our balance sheet. Financial Debt is the debt we owe to banks and lending institutions, as well as money owed for our commercial paper issues and for securitization transactions using our accounts receivables.

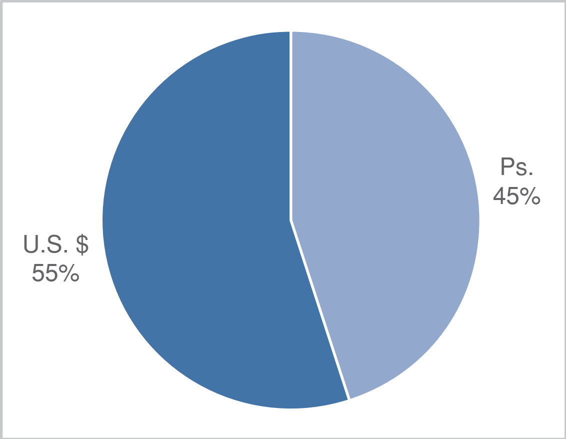
The table below sets forth our secured and unsecured debt as of March 31, 2019:



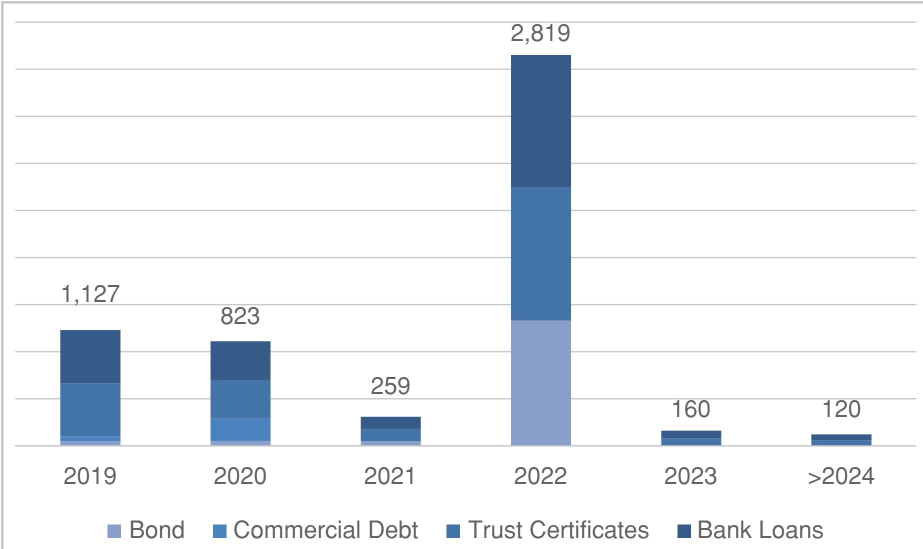
The table below sets forth our fixed-rate or variable-rate interest as of March 31, 2019:



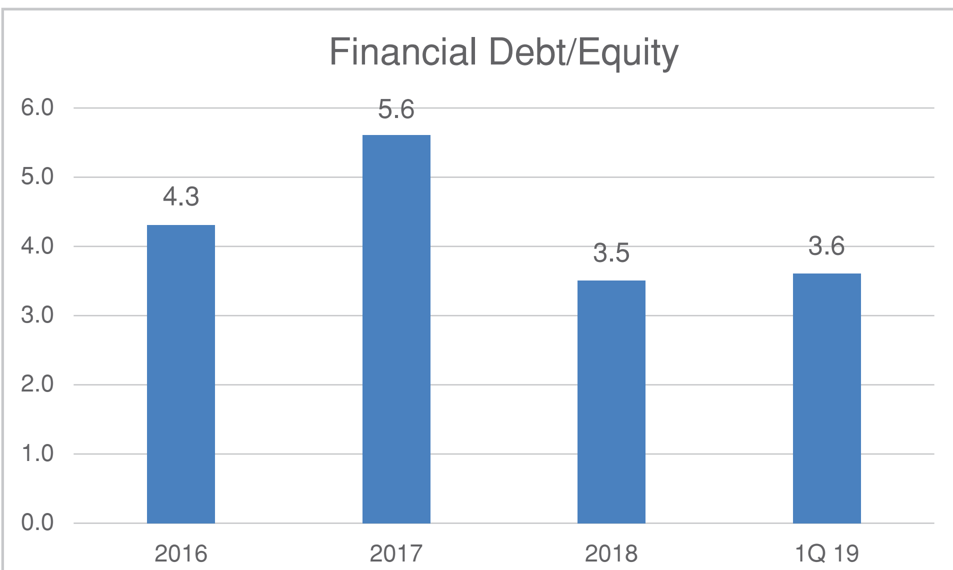
The table below sets forth the breakdown of our peso-denominated and dollar-denominated debt as of March 31, 2019:



The table below sets forth the maturity profile of our debt as of March 31, 2019:

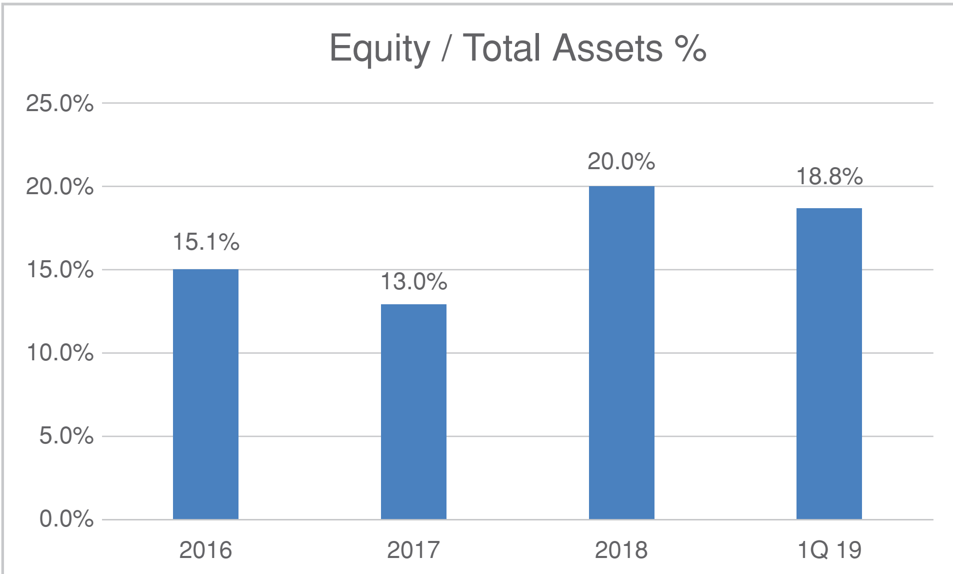


The table below sets forth our Financial Leverage ratio as of December 31, 2016, 2017 and 2018 and as of March 31, 2019 which has performed consistently throughout such periods at appropriate levels for our industry:



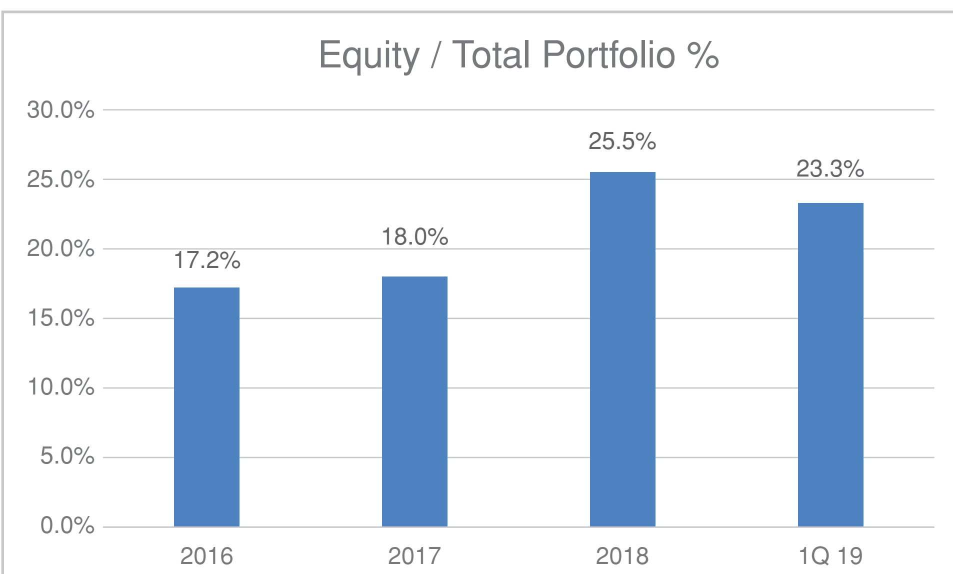
Our Capitalization

The table below sets forth our Capitalization Ratio as of December 31, 2016, 2017 and 2018 and as of March 31, 2019. Our Capitalization Ratio compares our equity to our total assets and has been consistently in excess of 15.0% which we believe is an adequate ratio for our industry.



Capitalization Ratio

The table below sets forth our Capitalization Ratio as of December 31, 2016, 2017 and 2018 and as of March 31, 2019. Our Capitalization Ratio compares our equity to our total portfolio and has been consistently in excess of 17.2% which we believe is an adequate ratio for our industry.



Distribution Channels

We have market coverage in 30 states in Mexico, and we utilize a direct sale force and indirect sales force, through brokers and vendors, to increase coverage. This combined approach has allowed us to develop a scalable platform with nation-wide coverage.

Direct Sales Force

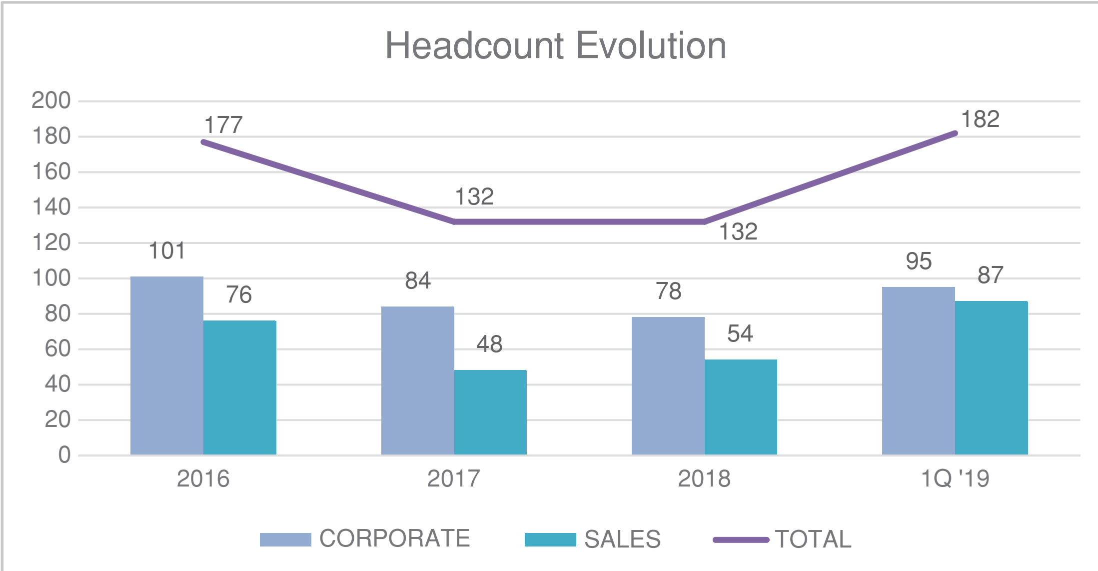
Our direct sales force, which is outsourced, consists of 87 individuals (two Sales Directors, eight Sales Deputy Directors, twelve Sales Managers and 66 business units), representing around 70% of our sales. In addition, we have one Marketing Director and 17 Marketing and Contact Center professionals. Our business unit concept for our sales teams allows for efficient modular growth by adding business units as needed. One business unit is permitted to manage up to 30 customers while maintaining ownership of the entire process from end-to-end. If the portfolio exceeds 30 customers in size, a new unit is created. Each of our twelve Sales Managers manages between four and seven business units.

Our sales force possesses deep customer knowledge that, in conjunction with our effective compensation plan, contributes to growth in recurring and new customers. This deep customer knowledge is partly a result of limiting the number of customers per business unit to a maximum of 30. Each business unit is in constant contact with their customers and call on them each month. Being close to our customers allows our sales force to monitor the credit risk of potential customers. Thus allowing us to identify potential credit risks early on and take any appropriate action. This approach facilitates repeat business and fast approval of cases brought before our credit committees.

We have well-defined and aligned compensation plans for our sales force. Historically, our commissions were weighted more towards collection than origination with ⅔ of total commissions based on actual collection and ⅓ based on origination. During the third quarter of 2018, we increased the base pay of our sales force and beginning in 2019 we fully measured our commissions based on origination. We believe this approach incentivizes our sales force to focus efficiently on the origination process and promotes the achievement of our long-term strategic goals. Base pay represents about 25% of a sales person's compensation while 75% is variable. Total compensation represents approximately 1.5% of the value of business originated.

Our sales force is well-trained and attends sales courses within our Corporate University which trains them in finance and client management. This program makes for a well-rounded and collaborative sales force that is able to provide better service to our customers.

The chart below shows the growth of our total headcount, highlighting the total sales force:



Indirect Sales Force Model

Our indirect sales force is comprised of brokers and vendors. This approach requires little investment on our part and has allowed us to substantially increase our sales coverage. The benefits of our indirect sales force are accelerated growth and efficient market segmentation, without the costs of opening and operating branches. As of March 31, 2019, we had 21 vendors and 37 brokers, representing around 10% and 20% of our sales, respectively.

Vendor Program

We have a vendor program in place with over 21 manufacturers and dealers, which include trademarks such as Hewlett-Packard, Xerox, Carl Zeiss, General Electric and Volkswagen, whereby we act as a "captive leasing company" or "captive financing company" to provide financing to customers buying or leasing the products of such manufactures or dealers, acting as vendors. Such products are either purchased by us to be leased to the customer or purchased directly by the customer; we provide financing plans in both cases. Through our vendor program, the vendor blends leasing into its capital expenditures products which facilitates sales and incentivizes repeat business. We ensure a steady sales pipeline with such vendors by taking the financing risks, which range from guaranteeing payments to repurchasing, repossessing or remarketing the corresponding products.

Broker Program

Through our selection process of our brokers, we seek capable business partners that are well positioned to seek and originate financing transactions within their immediate business circles based on their experience and an in-person interview with our marketing department. We follow a streamlined "Know Your Customer" process to identify potential customers that would fit our customer profile based on their experience and our Marketing interview the potential broker. Once selected, our brokers refer potential customers to us and we follow a streamlined "Know Your Customer" process allowing us to confirm whether such potential customers fit our customer profile. We pay our brokers a one-time commission of 1% of the present value of the originated financing transactions (excluding VAT) for all our products, except for real estate leases where we pay a one-time commission of 70% of the corresponding monthly rent. Our brokers are only paid the one-time commission for the initial financing transactions of the customer they referred to us.

Credit Application and Approval Processes

We believe that we have sound credit application and approval practices that allow us to both respond faster to the needs of our SME customers and improve the quality of our lease portfolio.

Our application process is characterized by constant communication with the client during the assessment process. This is facilitated by our sales teams, who use their deep client knowledge to assist in the preparation of the credit package. The credit package evaluated by our committee includes: financial information, tax information, legal information, guarantor information and credit bureau checks.

Our sales teams use a series of tools in the course of their analysis which employ both quantitative and qualitative approaches. The credit department & committee measures the probability of bankruptcy, along with examining the probability of default through ratio tests and we analyze foreclosure scenarios of any security interests created in our favor. In addition, we do a comparison of financial and tax information as well as credit bureau check. We also do a site visit to confirm operations of our potential customers and their experience in their industry. Finally, we do a "Know Your Customer", a background check through an independent provider and an industry review. Based on these findings an approval is prepared (approximately 70% of the initial requests are declined) and submitted to the credit committee depending on the transaction's size. Once the credit committee provides approval (between 60% and 70% of the requests that reach this point are approved), the transaction is reviewed by the legal department. If approved, the transaction is documented and signed. The close cooperation between our sales group and committee means that we enjoy a high transaction approval rate.

As part of our company's ongoing monitoring process of our customers, the credit committee continues to receive quarterly financial statements from the client in order to actively monitor any new or ongoing risk. This contributes to a low non-performing loan rate of 5.5% as of December 31, 2018.

Credit Committee Overview

We have a fully integrated credit approval process, which we believe allows us to have increased levels of oversight over all of our transactions. The credit approval process is the same for us and our subsidiaries for both direct and indirect sales.

We use two levels of review depending upon the dollar value of the proposed transaction. The first level of review is for transactions valued under U.S. $200,000, which may be approved by the credit officer alone. Typically this is done within a five to fifteen-day time frame. Transactions valued over U.S. $200,000 are approved by a credit committee, which includes the CEO, CFO credit officer and an independent member. The CEO and CFO have veto power in the credit committee.

We are constantly reviewing and updating our credit approval policy to conform to best practices across our various lines of business. One recent improvement was to centralize our document management process and to control time-lines to ensure a fast turnaround and an improved client experience. Also, special expedited procedures may apply for recurring customers.

Collection Process

Our collection process is designed to minimize the risk of late payment, default and any kind of repossession that may damage our revenue stream. The entire process for all of our business lines is managed directly by our business units. In addition, we maintain an easy to use online portal that facilitates communication with customers and we track key metrics related to collection on a daily basis.

We initiate our collection process for our leases and loans on the fifth day of every month through an automatically generated invoice to our customers. Our business units remain in constant contact with customers, proactively seeking to collect on a timely basis and avoid delinquency.

- **30 days in arrears:** If the client has not paid, then they fall into arrears and interest begins to accrue on the past-due amount.
- **60 days in arrears:** Our legal department becomes involved and begins exploring options for collection. Guarantees and collateral are reviewed and preparations are made for legal action if necessary.
- **90 days in arrears:** After 90 days we make appropriate allowances for the non-performing loan on our reserves equal to the full value of the principal amount of the lease. Some of our assets are equipped with remote deactivation mechanisms or GPS systems that allow the Company to impair the asset under contract. Simultaneously, we negotiate with the client in order to ensure collection.
- **120 days in arrears:** If the lease payment remains overdue for more than 120 days, then we enter the repossession phase and our legal teams file suits in order to begin the process of recovering the asset. Remote impairment of the underlying asset is always an option. Our legal team's compensation is entirely based on success and fees that are approximately 5 to 15% of the value of the amount recovered for the cumulative period from 2016 through March 31, 2019.

With respect to our leasing portfolio, our leasing is focused almost exclusively on productive assets. As such, any repossession should quickly allow us to: (i) re-lease the asset; or (ii) sell the asset in a strong secondary market. The rate of recovery for our non-performing loan portfolio is approximately 5.8%.

Portfolio Performance

For the years ended December 31, 2016, 2017 and 2018 and the three-month period ended March 31, 2019, our ratio of non-performing loans was 6.0%, 6.3%, 5.5% and 5.8% of our total lease portfolio's value, respectively. The nature of the assets that the Company leases means that the risk associated with non-payment is minimized. Also, the assets leased are generally not necessarily core to the client's operations, which ensures that they can be repossessed without completely impacting the client's business, thereby increasing the chances of repayment on other existing leases or obligations.

Our internal accounting for NPLs mirrors the CNBV requirements for bank entities and takes a more conservative approach to those used by other leasing entities. Specifically, once a client is more than 90 days past due, the full amount outstanding is marked as non-performing instead of the portion of the amount that is overdue. This provides a more conservative view of our lease portfolio.

In addition to our conservative measurement of non-performing loans, we have historically experienced low losses which are covered by adequate levels of reserves and coverage ratios. For the years ended December 31, 2016, 2017 and 2018 and the three-month period ended March 31, 2019, our losses were Ps. 232.0 million, Ps. 278.1 million, Ps. 307.9 million and Ps. 368.3 million, respectively. As of March 31, 2019 our reserves stood at Ps. 162.7 million and the coverage ratio stood at 44.2%. As of December 31, 2016, 2017 and 2018 our reserves stood at Ps. 159.1 million, Ps. 164.2 million and Ps. 153.1 million, respectively. Our coverage ratio for each of the years ended December 31, 2016, 2017 and 2018 was 68.6%, 59.0% and 49.7%, respectively.

Our focus on productive assets minimizes the risk of non-payment. For the years ended December 31, 2016, 2017 and 2018 and the three-month period ended March 31, 2019, our write-offs compared to their corresponding portfolio was 0.0%, 1.0%, 0.6% and 0.3%, respectively.

Information Technology Platform

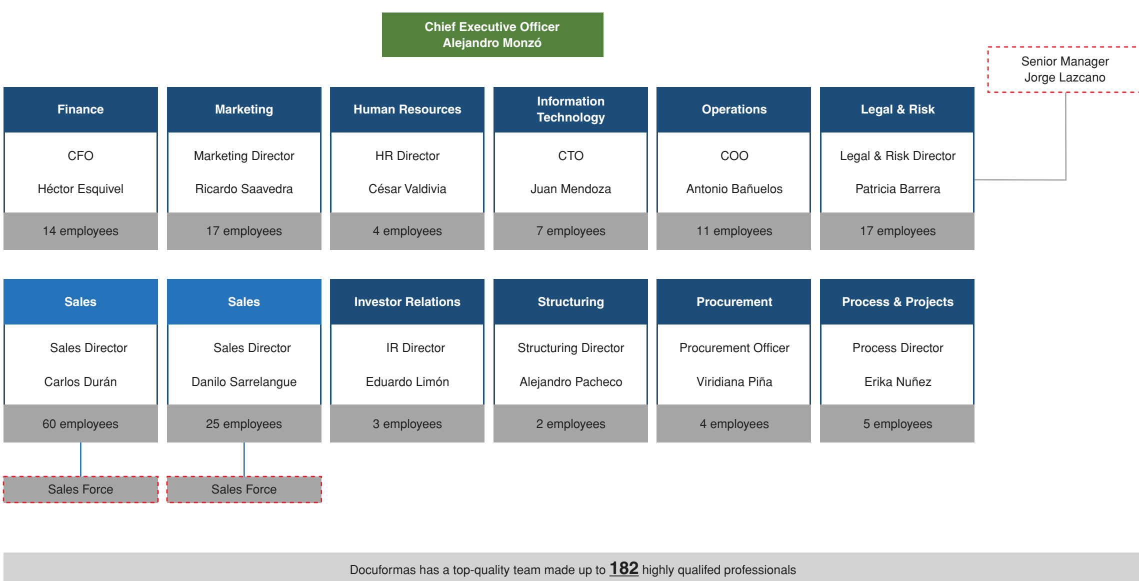
Our information technology infrastructure is composed of a variety of applications, providing essential support to the core business operations and to the front and back office. We leverage the internet extensively through various portals for customer sales support.

We believe that the mix of third party software and in-house applications we have developed give us a proper balance between minimizing information technology costs and retaining flexibility. Among the in-house applications we have developed are: (i) online business forms system; (ii) Docuformas remittance programs; and (iii) chat programs for client communication. In addition we use client relationship management software, web-conferencing tools and project management software from premier providers.

Our technology platform receives maintenance approximately every six months and all equipment that has been in service for more than three to four years is replaced by new equipment. During 2018, we invested approximately U.S. $480,972 in new technology.

Employees and Labor Relations

Docuformas has a personnel outsourcing company contract with the administrative service company Recluta Headhunters, S.A. de C.V. Docuformas does not itself have any employees and the administration and operation services are provided by independent third parties who assume labor responsibility, along with the company, of the employees in accordance with the service contract signed. Recluta Headhunters, S.A. de C.V. provides all administrative and personnel services that may be required for the operation of Docuformas and its Subsidiaries. Our personnel salaries are set in accordance with market standards. ARG has two employees and also has a personnel outsourcing company contract.



As of March 31, 2019, only our sales force, which accounted for 48% of our total work force, was subject to variable compensation plans, based upon sales and other financial benchmarks. We have established variable compensation policies fully based on origination. Our non-sales personnel are also awarded bonuses on company performance.

Insurance

We maintain insurance policies that are customary for companies operating in our industry. In addition to civil liability insurance, we maintain insurance policies covering our fixed assets, equipment and leased assets with standard coverage. We believe that our insurance policies are adequate to meet our coverage needs.

In terms of the insurance for our leased assets or leases, Docuformas maintains a blanket policy which covers 100% of the value of its lease portfolio, for which it paid U.S. $32,629 a year. In addition, as a condition to its capital lease operations, Docuformas requires that all of its lessees have and maintain their own insurance to cover the asset under contract. Docuformas has never had to file a claim under its blanket insurance policy. Beginning in June 2019, Docuformas entered into a framework contract with Mapfre Tepeyac, S.A. offered to our customers for the insurance of our leased assets or leases, which premium is embedded in the rent payable by such customers. This recently implemented framework contract replaces such blanket policy for our leased assets or leases and the insurance policies covering capital leases.

ARG utilizes a one to one insurance model that obtains coverage on each individual asset, many of them transportation vehicles. ARG purchases insurance for each individual asset and then charges customers for the insurance as part of the bundled fees associated with their operating lease or transportation services (renting) and other related services fees.

Legal Proceedings

We are from time to time involved in certain legal proceedings that are incidental to the normal course of business. We have no legal proceedings in which we are a defendant. We have legal proceedings in which we are acting as plaintiffs that are related to the collection of unpaid amounts stemming from non-performing leases. As of the date of this offering memorandum, we do not have any legal proceedings, the outcome of which, if decided adversely to us, would individually or in the aggregate have a material adverse effect on our business, financial condition, cash flows or results of operations.

MANAGEMENT

Board of Directors

We have a board of directors with five members and five alternates. Two of the five directors are independent. The members of our board of directors are appointed on an annual basis by our shareholders. Independent members of our board of directors are entitled to receive compensation for their participation in our board as opposite to non-independent members of our board of directors, who are not entitled to receive any compensation for their participation in our board. The compensation payable to the independent directors and observers is determined and covered by the Company.

Currently, our board of directors consists of five directors, two of which are independent, and their respective substitutes, elected and confirmed by our shareholders. Their tenure will end upon the election of new members by a shareholders' meeting. The following table sets forth the current members of the board of directors, their titles and their ages:

Name	Title	Age
Miguel Ángel Olea Sisniega	Chairman of the Board	67
Eduardo Cortina Murrieta	Director(1)(2)	36
Ignacio Gómez-Urquiza Arnaiz	Director	70
Erik Carlberg y González de la Vega	Director(1)(3)	61
Javier García-Teruel Ávila	Director	42
Adam Peter Jan Wiaktor Rynkiewicz	Director(1)(3)	63
Alberto Felipe Mulás Alonso	Independent Director(1)(3)	58
Miguel Noriega Cándano	Observer(4)	66

(1) Executive Committee member.

(2) Audit Committee member.

(3) Compensation Committee member.

(4) Must comply with independence requirements for Independent Directors, without voting power.

The business address of the members of our board of directors is Sierra Gorda 42 Piso 6, Colonia Lomas de Chapultepec, C.P. 11000 Alcaldía Miguel Hidalgo, Ciudad de México, México.

The following are the biographies of our directors:

Miguel Ángel Olea Sisniega. Mr. Olea is the Chairman of our board, Managing Director at Colony Capital Inc. and Managing Partner of Colony LatAm Partners. His international experience includes positions as Director of International Finance at Mexico's Ministry of Finance and as Chief of Staff for the Mexican Minister of Foreign Affairs where he reached the rank of Ambassador and was Deputy Chief Negotiator in the group that negotiated Mexico's accession to the GATT. Mr. Olea holds a Bachelor's degree in mechanical and electrical engineering from the Universidad Anáhuac in Mexico City, a Master's in engineering management and a Master's in operations research from Stanford University in California.

Eduardo Cortina Murrieta. Mr. Cortina is a Managing Director at Colony Capital Inc. and Managing Partner of Colony LatAm Partners. Mr. Cortina has fourteen years of experience in the financial services industry, ten of which have been in the private equity sector. He is also a CFA charter holder. Mr. Cortina holds a Bachelor's degree in Industrial Engineering from Universidad Iberoamericana and a Master's in Business Administration from the Kellogg School of Management, Northwestern University.

Ignacio Gómez-Urquiza Arnaiz. Mr. Gómez-Urquiza is the founding of Mexarrend and CMA and an experienced advisor in the leasing and financial services in Mexico. Mr Gómez-Urquiza Arnaiz has more than 42 years of experience, 16 of which have been in the Mexican leasing sector. Mr. Gómez-Urquiza holds a Bachelor's degree in Business Administration from Universidad Iberoamericana, a Master's in Business Administration from the University of Texas and a post-graduate diploma from Instituto Panamericano de Alta de Dirección de Empresa (IPADE).

Erik Carlberg y González de la Vega. Mr. Carlberg is a founding partner of Alta Growth Capital. He has 37 years of experience in the financial sector in Mexico, Canada and Spain. Prior to joining Alta Growth Capital, Mr. Carlberg was the Senior Partner in Baring Latin America Partners managing investments from three funds (BMPEF, BLAPEF and SAPEGF) in Mexico and South America. Previously, Mr. Carlberg was the Managing Partner of Fians Capital (1998-2000), a local investment banking firm advising in M&A, joint venture, corporate and debt restructurings, as well as strategic projects. Mr. Carlberg serves on the board of directors of AGH, La Loma, Teletec, GEB and Maskota. He holds Honours Bachelor of Arts and Master's degrees in Business Administration from the Ivey School of Business at the University of Western Ontario, Canada, and has taken multiple Board courses, including the International Executive Program, at IMD, and the Institute of Directors.

Javier García-Teruel Ávila. Mr. Garcia-Teruel joined Alta Growth Capital in 2012. He has 16 years of experience in private equity investing and management consulting. Prior to joining Alta Growth Capital, Mr. Garcia-Teruel was a Founding Partner of Spectron Desarrollo, a sponsor making private equity investments in Mexico, impact investing and providing evaluation services for social programs. Mr. Garcia-Teruel currently serves on the board of directors of Lactoproductos La Loma, Little Caesars, Fruehauf, GEB and Maskota. He holds a Master's degree in Business Administration from Harvard Business School and a Bachelor's degree in Chemical Engineering from Universidad Iberoamericana.

Adam Wiaktor Rynkiewicz. Mr. Wiaktor is our founder. Prior to the creation of Docuformas in 1996, he was the CFO of Xerox Mexicana. Mr. Wiaktor graduated from the University of Manchester and also studied Accounting at the Escuela Bancaria y Comercial in Mexico. He holds a Master's degree in Tax Accounting from the University of Southern California and a Master's degree in International Relations from the University of Carleton in Ottawa, Canada.

Alberto Felipe Mulás Alonso. Mr. Mulás is an experienced strategy and finance advisor. He is also an independent director in the board of important Mexican private sector companies that, currently, include: (i) publicly traded energy company IENOVA, real estate firm Fibra Uno, airport group OMA and highway operator Aleatica; and (ii) privately held corporations Grupo Proeza, Cinepolis, Farmacias del Ahorro, and Seguros BBVA, among others. Mr. Mulás holds a degree in chemical engineering from the Universidad Iberoamericana and a Master's degree in Business Administration from the Wharton School at the University of Pennsylvania.

Miguel Noriega Cándano. Mr. Noriega has served as CEO in various foreign and national financial institutions: Deutsche Bank Mexico, Institución de Banca Múltiple, S.A.; Hicks, Muse, Tate & Furst Inc.; Casa de Bolsa Bancomer, S.A. of C.V.; Bankers Trust Company; First Interest Bank Limited; Bank of Montreal; Chase Manhattan Bank. Mr. Noriega is the founder and partner of several investment funds and risk capital such as Alta Growth Private Equity Fund, Galileo Total Return Fund. Mr. Noriega has a degree in Business Administration from Universidad Anáhuac, a Master's degree in Business Administration from Autonomous Technological Institute of Mexico, successfully completed the Chase Manhattan Bank Credit Training Program, holds an Executive Certificate AD2 from Instituto Panamericano de Alta de Dirección de Empresa (IPADE), an Honours Bachelor of Arts and Master's degrees in Business Administration from the Ivey School of Business at the University of Western Ontario, Canada, and has taken multiple Board courses, including the International Executive Program,at IMD, and the Institute of Directors. He has been a counselor among others in the Business

Coordinating Council, Financial Coordinating Council, Mexican Association of Banks and Association of International Financial Institutions, various companies and NGOs. He currently serves as an independent director of several investment companies and funds, as well as board member to important companies, such as AGH, La Loma, Teletec, GEB, Maskota and Docuformas, as well as NGOs and is a founding partner of ION Financiera SOFOM, a leading company in the construction financing and mortgage lending market.

Executive Officers

Our executive officers are appointed by our board of directors. The following are our current executive officers:

Name	Position	Age	Years of Experience	Years at Docuformas, ARG or Mexarrend Group
Alejandro Monzó Rosa	Chief Executive Officer	42	21	4
Héctor Esquivel Zepeda	Chief Financial Officer	53	33	4
Ricardo Saavedra Martínez	Marketing Director	46	20	1
César A. Valdivia Romero	Human Resources Director	46	14	1
Juan M. Mendoza Andrade	Chief Technology Officer	50	26	1
Antonio Bañuelos Jara	Director of Operations	43	23	14
Patricia Barrera Gómez	Legal & Risk Director	42	20	6
Danilo Sarrelangue Sanabria	Sales Director	44	23	20
Carlos Alberto Durán García	Sales Director	48	24	8
Alejandro Pacheco Torres	Structuring Director	54	27	7
Erika Nuñez Rico	Processes Director	38	18	7
Eduardo Limón Sánchez	Investor Relations Director	46	29	14

Biographical information of our senior management team follows:

Alejandro Monzó Rosa. Mr. Monzó is our Chief Executive Officer. He worked with Mexarrend, ARG and Waldos Dolar Mart & GrupoVizion. He holds a Bachelor's degree in Economics from Instituto Tecnologico Autonomo de Mexico, and a MBA from Columbia Business School.

Héctor Esquivel Zepeda. Mr. Esquivel is our Chief Financial Officer. He worked for over ten years with Deloitte U.S.A. Mr. Esquivel is a CPA and holds a postgraduate degree in Tax Law from the Universidad Panamericana, a Master's degree in International Business from the University of Saint Thomas and a Master's degree in Liberal Arts from the University of Chicago.

Ricardo Saavedra Martínez. Mr. Saavedra is our Marketing Director. He has 20 years' experience in various roles in publicity and marketing and has worked for FIAT, Toyota, Peñafiel, Bimbo, BMV and EBC. Mr. Saavedra holds a Master's degree in Business from University of Phoenix.

César A. Valdivia Romero. Mr. Valdivia is our Human Resources Director. He has more than 15 years' experience in human resources and has worked for Servicios Rotoplas S.A. de C.V., Afore XXI Banorte and Seguros Monterrey NYL. Mr. Valdivia holds a Bachelor's degree in Chemical Engineering and Psychology from Guadalajara University, a Master's degree in Organizational Development from INESPO University.

Juan M. Mendoza Andrade. Mr. Mendoza is our Chief Technology Officer. He has 26 years' experience in information technology and has worked for The Hackett Group, The Coca-Cola Company and Procter & Gamble. Mr. Mendoza holds a Bachelor's degree (with honors) in Electronic System Engineering.

Antonio Bañuelos Jara. Mr. Bañuelos is our Director of Operations. He has 23 years' experience in accounting and has worked for Degyves y Asociados, S.C. He received a degree in Public Accounting from Instituto Politécnico Nacional.

Patricia Barrera Gómez. Ms. Barrera is our Legal & Risk Director. She has 17 years of experience in various corporate and finance roles at companies including Serfin, Factoring Corporativo and Banco Interacciones. She holds a Master's degree in Business Law from Universidad Panamericana and a Bachelor's degree in Law from Instituto Teconológico Autónomo de México.

Danilo Sarrelangue Sanabria. Mr. Sarrelangue is our Sales Director for Docuformas. He has 24 years' experience in business roles at various companies including Banpaís, Serfin and Citibank. Mr. Serrelangue holds a Bachelor's degree in Public Accounting.

Carlos Alberto Durán García. Mr. Durán is our Sales Director for ARG. He has 24 years' experience in the equipment and machinery leasing field and has held posts at companies such as Grupo Financiero Bital (currently, HSBC), BBVA Bancomer and Water Capital. Mr. Durán holds a Bachelor's degree in Accounting from Escuela Bancaria y Comercial.

Alejandro Pacheco Torres. Mr. Pacheco is our Structuring Director. He has 27 years' experience in the banking sector and has worked for several financial institutions, including The Royal Bank of Scotland Mexico, Afianzadora Insurgentes, Banco J.P. Morgan (Mexico), Chase Manhattan Bank Mexico, Chemical Bank Mexico and Banco Internacional. He holds a Bachelor's degree in Accounting from Universidad Intercontinental.

Erika Nuñez Rico. Ms. Nuñez is our Processes Director. She has 18 years' experience in human resources and has worked for Comex, Ericsson, EBC, and Libertad Servicios Financieros. Ms. Nuñez holds a Bachelor's degree in Educational Sciences from Universidad La Salle.

Eduardo Limón Sánchez. Mr. Limón is our Investor Relations Director. He has 29 years' experience in financial and accounting roles at companies such as Grupo Bimbo, Grupo Vigil and D'Gyves Asesores. Mr. Limón holds a Bachelor's degree in Public Accounting.

Executive Committee

We maintain an executive committee which is comprised of at least five (5) members. Our executive committee meets on a monthly basis. The executive committee is the advisory body of the Company on operational and day-to-day matters.

Audit Committee

Our audit committee meets on at least a quarterly basis. The Audit Committee must consist of at least three (3) and no more than five (5) members, at least one (1) of which must be an independent member. When the Audit Committee consists of five (5) members, at least two (2) must be independent members. Our Audit Committee's responsibilities include (i) the review and authorization of related party transactions and; (ii) electing and supervising the external auditors as well as the analysis of the findings, opinions, reports or notices that are prepared and delivered by the external auditor. Members of the Audit Committee must be financial experts.

The operating principles of the committee are summarized as follows:

- On accounting matters, the committee establishes the Company's accounting policies and practices and monitors financial and accounting compliance of the Company; and

- On matters relating to internal controls, the committee establishes the goals, guidelines and general policies of the Company's internal controls and verifies their application and effectiveness and reports to the board of directors.

The members of the Audit Committee use the information provided by the external and internal auditors of the Company as the basis for their work.

Compensation Committee

We maintain a Compensation Committee which is comprised of three (3) members, one of which must be the Independent Director and is appointed by the Board of Directors. The Compensation Committee is in charge of (i) the compensation packages of our senior management and the compensation packages of the positions within the top two levels of the management of the Company, (ii) the compensation policies of the Company, and (iii) the hiring of any person with a monthly salary above Ps. 150,000. The Compensation Committee meets at least on an annual basis.

Credit Committee

We maintain a Credit Committee which is comprised of seven (7) members, which are appointed by the Board of Directors and includes the Chief Executive Officer, the Chief Financial Officer, the Risk Management Director and an external member who has over 30 years of experience in credit approval. The Credit Committee is in charge of (i) approving transactions above the monetary threshold set forth by the Board of Directors from time to time; (ii) approving transactions outside the value creation plan of the Company, and (iii) recommending credit policies to the Board of Directors. The Credit Committee meets on a weekly basis.

Compensation

For the years ended December 31, 2018 and 2017, we paid salaries and benefits to our executive officers through outsourcing companies in the amount of Ps. 14.9 million and Ps. 10.0 million, respectively, of in both fixed and variable amounts, including statutory labor costs. See "Business— Employees and Labor Relations" for a description of our variable compensation.

Share Ownership

See "Principal Shareholders" for a description of the current ownership of our common stock by our shareholders.

INDUSTRY OVERVIEW AND REGULATION OF THE MEXICAN LEASING INDUSTRY

Industry Overview

We believe that the future of the Mexican economy presents an attractive opportunity for us to continue to grow our business and sustain our consistent past performance results. Furthermore, growing infrastructure investment, growing consumption capacity and opportunities in the formal sector provide a huge amount of new companies in need of financing. Formal financing channels are still under development, thus creating a very big market opportunity for each of our core markets: leasing, factoring, credit and bundled lease segments.

Sound Macroeconomic Fundamentals

Mexico is the second largest market in Latin America (after Brazil), both in terms of GDP and population, and the sixth largest emerging market in the world in terms of GDP. Mexico's GDP grew 2.03% in 2018 and it is expected to grow 1.39% in 2019 and 1.69% in 2020, according to analyst consensus, which compares favorably to the region but also relative to other developing markets. The below chart represents Mexico's estimated GDP growth and inflation for 2019 and 2020 as compared to Latin America generally, the United States and the European Union.

	Mexico		Latin America		United States		European Union	
	2019E	2020E	2019E	2020E	2019E	2020E	2019E	202018E
Real GDP Growth (*PPP U.S. $ at 2010 prices*)	1.4%	1.7%	0.8%	2.3%	2.2%	1.7%	1.5%	1.7%
Inflation	4.2%	3.8%	66.1%	12.4%	2.2%	1.4%	1.5%	1.6%

This high growth is underpinned by Mexico's prudent monetary, fiscal and public-debt policies. As of December 2018, Mexico's gross government public debt represented an estimated 46.8% of GDP, relative to 62.5% across Latin America, 81.4% for the Eurozone and 78.0% for the United States. Mexico has steadily grown its balance of international reserves, which have increased from U.S. $164 billion in 2012, U.S. $175 billion in 2017 and U.S. $176 billion in 2018.

As of May 2019, Mexico's overall economic risk according to Oxford Economics is moderate, leaving it ranked 63 out of 164 countries and better than the Americas' average. Economic risk increased following the election of Donald Trump in the United States, although Mexican-U.S. trade relations have been renewed under the USMCA. In addition, many of the AMLO administration's most recent policy decisions have come under intense public scrutiny, particularly the cancellation of an ongoing major airport project and more recently the decision to build a new refinery in Dos Bocas, Tabasco.

Underserved SME Market

Mexico's capacity for the sustainable growth of the financial services industry is enhanced by the low levels of credit penetration relative to other markets in the region. As of December 31, 2017, domestic credit to the private sector represented 35.5% of Mexico's GDP, relative to 112.6% in Chile, 59.8% in Brazil, 42.3% in Peru and 49.4% in Colombia according to the World Bank data. We believe this represents an important growth opportunity in the financial services industry.

Within Mexico's overall market, SMEs are significantly underserved relative to their scale. SMEs represent 99.8% of all Mexican enterprises according to the Ministry of Economy and are responsible for 50% of Mexico's GDP and employed approximately 70% of the Mexican labor force. As of July 2017, according to the CNBV, credit provided to SMEs represented only 25% of the total credit financing.

The concentration of SMEs in selected Mexican states also represents an attractive opportunity to serve these customers with a targeted approach. The top five geographical areas in Mexico are home to 39.4% of Mexico's SMEs, the largest being the State of Mexico with 11.8%, followed by Mexico City with 8.0%, Veracruz with 7.2%, Jalisco with 6.4% and Puebla with 6.0%. Our physical presence in the State of Mexico, Mexico City, Jalisco and Puebla alone provides close access to 32.9% of Mexico's SMEs.

Growth in key economic sectors as percentage of GDP also represents large opportunities. The sectors with the largest increase as percentage of GDP (in pesos) between 2017 and 2018 are Finance and Insurance (6.3%), Information (6.0%), Business Support (5.1%), Transportation and Warehousing (3.1%), Wholesale and Retail (3.1%) and Healthcare (2.5%). These sectors had an average increase as percentage of GDP of 4.4%. Our portfolio is well diversified across sectors and we have considerable exposure to four of the six sectors with more growth in the last year including Finance and Insurance, Support for business, Transportation and Warehousing and Healthcare all of which had an average growth as percentage of GDP of 3.3% from 2017 to 2018.

Attractive Leasing Market

The Mexican leasing market is primarily concentrated in technology, transportation equipment, construction equipment, machinery, furniture and vehicle fleets.

We offer operating leases to our customers, which have certain characteristics and benefits that typical capital leases do not have. In operating leases, the lessor (or owner) does not transfer the property rights to the lessee; the lessee may return the asset to the lessor at maturity, thus eliminating the lessor's risk of equipment obsolescence. Most leases have the option to purchase the asset at a given price (usually under market value). Depending on the client needs, sometimes operating leases are more appealing than capital leases or regular loans because of the limited down payment. Under some operating leases, lease payments may be bundled with services, thereby increasing each of operation and tax efficiency.

The size of the Mexican leasing industry is unknown. Independent leasing firms that target SMEs are frequently smaller players. AMSOFAC, an organization that includes many of the larger leasing companies, estimates that its membership has a combined portfolio of over Ps. 227.6 billion. Smaller players face a chronic mismatch between their own financing sources and the income streams generated by their portfolios. The industry is highly fragmented with only a few sizable players. Our main competition is as follows:

- International companies including, among others, CHG-MERIDIAN, Deutsche Computer Leasing AG, CSI Leasing;
- Companies owned by financial groups including, among others, BBVA Leasing, S.A. de C.V., Arrendadora y Factor Banorte, S.A. de C.V., SOFOM, E.R., Grupo Financiero Banorte, Arrendadora Actinver, S.A. de C.V., AF Banregio, S.A. de C.V., SOFOM, E.R., Banregio Grupo Financiero, Arrendadora Ve por Más, S.A. de C.V., SOFOM, E.R., Grupo Financiero Ve por Más and Invex Arrendadora, S.A. de C.V.;
- OEM companies such as Volkswagen Leasing, Caterpillar Crédito, Hewlett Packard Operations México S. de R.L. de C.V., GM Financial de México, S.A. de C.V., SOFOM, E.N.R., Paccar Financial México S.A., Navistar Financial, S.A. de C.V., SOFOM, NR Finance México, S.A. de C.V. and Daimler Financial Services, S.A. de C.V.; and
- Independent leasing companies including Unifin, Corp. Fin. Atlas, AB&C Leasing and Arrendadora y Soluciones de Negocio, that had portfolios of Ps. 34,597 million, Ps. 1,616 million, Ps. 1,538 million and Ps. 1,481 million, respectively, as of January 2017.

Based on publicly available information, we believe that we are the third-largest independent player in the Mexican leasing industry and that we are well positioned to compete in our key markets given our strong position among independent leasing companies. We also believe that the leasing market remains highly underpenetrated, as total leasing portfolios represented 0.7% of Mexico's GDP in 2016, relative to 8.5% in the United States, 2.4% in Chile, 2.0% in Colombia, 1.7% in Peru and 0.2% in Brazil.

Mexican Regulatory Environment

General

We are not subject to a special law as in the case of financial entities, and we are not required to obtain an express authorization by the SHCP or any other authorities to perform our activities.

We are a variable capital investment stock corporation (*sociedad anónima promotora de inversión de capital variable or SAPI*) subject to certain provisions of the Mexican Securities Market Law (*Ley del Mercado de Valores*) and the General Law of Commercial Corporations (*Ley General de Sociedades Mercantiles*) regarding our organization, management and legal status.

Our activities are primarily regulated by the Civil Code (*Código Civil*), the Code of Commerce (*Código de Comercio*), the General Law of Negotiable Instruments and Credit Operations (*Ley General de Títulos y Operaciones de Crédito*), General Law of Organizations and Activities Auxiliary to Credit (*Ley General de Organizaciones y Actividades Auxiliares del Crédito*), the Mexican Federal Consumer Protection Law (*Ley Federal de Protección al Consumidor*), the Mexican Federal Law for Protection of Personal Data held by Private Persons (*Ley Federal de Protección de Datos Personales en Posesión de los Particulares)* and the Law for the Identification and Prevention of Transactions with Illegal Funds *(Ley Federal para la Prevención e Identificación de Operaciones con Recursos de Procedencia Ilícita).*

Mexican Securities Market Law and General Law of Commercial Corporations.

We are a variable capital investment stock corporation (*sociedad anónima promotora de inversion de capital variable SAPI*) therefore we are governed by the Mexican Securities Law (*Ley del Mercado de Valores*) and by the General Law of Commercial Corporations (*Ley General de Sociedades Mercantiles*).

The SAPI regime was designed to promote and facilitate the participation of investors in Mexican companies, emphasizing the attraction of private equity funds and other institutional investors. The SAPI form of incorporation does not imply that the company will convert into a publicly listed company.

Corporations with securities registered with the RNV and listed on the BMV, such as us, are subject to the Mexican Securities Market Law and the rules and regulations issued thereunder.

General Law of Organizations and Activities Auxiliary to Credit

The General Law of Organizations and Activities Auxiliary to Credit provides that the granting of credit, as well as the granting of financial leases or performing factoring may be carried out on a regular and professional basis by any person without the need of obtaining a license or authorization from any Mexican governmental authority.

Civil Code

Since we offer our customers the leasing of equipment, such activities are governed by the provisions of the Mexican Civil Code (*Código Civil*). According to the Mexican Civil Code, a lease exists when two contracting parties mutually undertake, one, to grant the temporary use or enjoyment of a thing and the other, to pay for that use or enjoyment, at a certain price.

General Law of Negotiable Instruments and Credit Operations

We offer our customers factoring and such activities are governed by the provisions of the General Law of Negotiable Instruments and Credit Operations (*Ley General de Títulos y Operaciones de Crédito*).

The General Law of Negotiable Instruments and Credit Operations provides that under a factoring transaction the purchaser (*factorante*) agrees with the seller to acquire accounts receivable with or without recourse. The sale or assignment of accounts receivable under a factoring transaction will be effective against third parties from the date on which it is registered at the *Sección Única del Registro de Garantías Mobiliarias* of the Public Registry of Commerce (RUG), without the need of formalization before a notary public. The purchaser of the accounts receivable must notify the transfer to the respective debtors thereunder in accordance with the rules established in the General Law of Negotiable Instruments and Credit Operations.

The transfer of accounts receivable made under a factoring transaction will be effective against third parties from the date on which it is registered at the *Sección Única del Registro de Garantías Mobiliarias* of the Public Registry of Commerce (RUG), without the need to be executed before a notary public.

Federal Consumer Protection Law (*Ley Federal de Protección al Consumidor*)

The Mexican Federal Consumer Protection Law (*Ley Federal de Protección al Consumidor*) became effective in December 1992 and its last modification occurred in April 12, 2019. The purpose of this law is to protect and defend the rights and interests of consumers in Mexico including users of services such as the ones we provide. This law created and regulates the Consumer Protection Federal Agency (*Procuraduría Federal del Consumidor*) ("PROFECO"), a decentralized entity that protects the interests of consumers. PROFECO acts as an arbitrator with respect to disputes submitted to its attention and seeks to promote better relationships among consumers and suppliers of products and services. As a supplier we must submit to PROFECO's conciliatory procedure in all customer administrative proceedings and may choose to submit to PROFECO's arbitration procedures in all arbitration proceedings that may be brought before it by our customers. In case of a claim by a customer where the parties fail to reach a settlement and there is no submission to arbitration, the parties may resolve the controversy before the competent courts.

We are also required to register our standard agreements (*contratos de adhesión*) with PROFECO and such agreements must comply with all applicable laws and may not contain abusive or unfair clauses in prejudice of consumers. We may be subject to coercive measures or fined by PROFECO in case we fail to comply with the Mexican Federal Consumer Protection Law (*Ley Federal de Protección al Consumidor*).

The Mexican government frequently intervenes in the Mexican economy and occasionally makes significant changes in policies and regulations. The Mexican government's actions to control inflation and other policies and regulations historically have involved, among other measures, increases in interest rates, changes in tax policies, price controls, currency fluctuations, taxation on investment flows, capital controls and limits on imports.

We may be adversely affected by changes in policies or regulations involving, among others:

- interest rates;
- exchange rates and controls and restrictions on the transfer of capital out of Mexico;
- reserve requirements;
- capital requirements;

- fees and commissions charged;
- inflation;
- increasing competition;
- liquidity of the domestic capital and lending markets; and
- tax and regulatory policies.

This could have a significant impact on private sector entities in general and us in particular, as well as on market conditions, prices and returns.

We cannot provide any assurance that future policy developments in Mexico over which we exercise no control will not have an unfavorable impact on our business, results of operations or financial condition. Social and political uncertainty and instability in Mexico and other adverse social or political events that influence Mexico could affect our business, results of operations and financial condition. Political developments in Mexico could significantly affect the Mexican economy, and consequently, our operations. Significant changes in laws, policies and regulations, which could affect Mexico's economic and political situation, could adversely affect our business.

Law for the Transparency and Ordering of Financial Services

The Law for the Transparency and Ordering of Financial Services (*Ley Para la Transparencia y Ordenamiento de los Servicios Financieros*) became effective in June 2007 and was last modified on March 9, 2018 pursuant to the financial reform. This law applies to financial entities and commercial entities that regularly extend credits, loans or other type of financing to the public. In an effort to make financial services more transparent and to protect the interests of the users of such services, the law regulates. Among other things: (1) the fees charged to customers of commercial entities for financial services as means to ensure competition, free access, non-discrimination and the protection of customer interests; (2) the interest rates that may be charged to customers; and (3) other aspects related to the services provided by commercial entities. This law grants *Banco de México* the authority to regulate these fees and establish general guidelines regarding such matter. Further, *Banco de México* has the authority to specify the basis upon which financial institutions and commercial entities must calculate their aggregate annual cost, which comprises interest rates and fees, on an aggregate basis, charged in respect of loans and other services.

As part of the amendments to the Law for the Transparency and Ordering of Financial Services enacted in connection with the financial reform, *Banco de México* may issue temporary regulations applicable to interest rates and fees, if it or the Mexican Antitrust Commission, COFECE, determines that no reasonable competitive conditions exist among financial institutions.

Fees

Under *Banco de México* regulations, commercial entities that regularly extend credits, loans or other type of financing to the public, such as us, may not, in respect of loans, (1) deposits or other forms of funding and services with their respective customers, (2) charge fees that are not included in their respective aggregate annual cost (*costo anual total*), (3) charge alternative fees, except if the fee charged is the lower fee. Additionally, the Law for the Transparency and Ordering of Financial Services provides that, among other restrictions, commercial entities that regularly extend credits, loans or other type of financing to the public (1) may only charge fees related to services provided to customers, (2) may not charge more than one fee for a single act or event, (3) may not charge fees that are intended to prevent or hinder the mobility or migration of customers from one entity or financial institution to another, and (4) may not charge fees for payments received from customers or users in relation to loans granted by other financial entities.

Law for the Protection of Personal Data

On July 5, 2010, the Federal Law for Protection of Personal Data held by Private Persons (*Ley Federal de Protección de Datos Personales en Posesión de los Particulares*) ("LFPDP"), was published in the Federal Official Gazette and it became effective on the next day. The purpose of the LFPDP is to protect personal data collected, held or provided by individuals, and to enforce controlled and informed processing of personal data in order to ensure data subjects' privacy and the right to consent with respect to the use or deletion of protected information.

The LFPDP requires companies to inform data subjects about the information being collected, used, disclosed or stored and the purpose of such collection, use, disclosure or storage via a privacy notice and provides special requirements for processing sensitive personal data (which is defined as data relating to race, physical condition, religious, moral or political affiliation, and sexual preferences). The LFPDP gives data subjects the right to: (1) access their data; (2) have inaccuracies in their data corrected or completed; (3) deny transfers of their data; and (4) oppose use of their data or have it deleted from a company's system (other than in certain circumstances expressly set forth in the LFPDP, such as the exercise of a right or holding information required under applicable law). The LFPDP requires that, if disclosure of data is permitted, the transferee agrees to the same restrictions as those set forth in the documentation permitting the original receipt and subsequent disclosure of information. The LFPDP also provides that data may be disclosed without the consent of the data subject in certain limited circumstances: (1) a law requires or permits disclosure; (2) disclosure is required in connection with medical treatment; or (3) disclosure is required for public policy reasons or in connection with a legal action. The LFPDP requires immediate notice to a data subject, of any security breach that significantly affects his/her property or personal rights.

The Federal Institute of Access to Information and Data Protection (the "Institute"), is authorized to monitor and enforce compliance with the LFPDP by private entities processing personal data. Such entities will be held liable for interfering with a data subjects' exercise of their rights under the LFPDP and for failing to safeguard their personal data. Data subjects who believe that a company is not processing their personal data in accordance with the LFPDP may request an investigation by the Institute. Following an investigation, the Institute may: (i) dismiss the data subject's claim or (ii) affirm, reject, or modify a company's answer to a data subject's claim. Penalties for violating the LFPDP's provisions include a fine up to the equivalent of Ps. 27.0 million (approximately U.S. $13.5 million) a prison sentence of up to five years, or double the applicable fine or sentence for violations related to sensitive personal data.

Anti-Money Laundering Provisions

On July 17, 2013, the Federal Law for the Prevention and Identification of Operations with Illegal Funds (*Ley Federal para la Prevención e Identificación de Operaciones con Recursos de Procedencia Ilícita*) (the "Anti-Money Laundering Law") became effective, after approval from the Mexican Congress. Under the Anti-Money Laundering Law, the SHCP is given broad authority to obtain information about unlawful activities, coordinate activities with foreign authorities and present claims related to unlawful activities. The Anti-Money Laundering Law also grants authority to the Federal Attorney General of the Republic (*Procuraduría General de la República*) to investigate and prosecute illegal activities, in coordination with the SHCP. To secure full effectiveness of the Anti-Money Laundering Law, the Mexican President and the Minister of Finance and Public Credit issued regulations and general rules on August 2013, which have become effective.

Pursuant to the Anti-Money Laundering Law, we are required to establish procedures to monitor and detect unlawful activities regulated by this law and to report specific activities to the SHCP.

Improvement of Creditors' Rights and Remedies

Mexico has enacted legislation to improve creditors' rights and remedies. These laws include collateral pledge mechanisms and the promulgation of the Mexican Bankruptcy Law.

Collateral Mechanisms

Laws regarding the granting and enforcement of security interests contemplate pledging assets without transferring possession (*prenda sin transmisión de posesión*), as well as a security arrangement known in Mexico as the security trust (*fideicomiso de garantía*). The purpose of these changes is to provide an improved legal framework for secured lending and to encourage banks to increase their lending activities by, among other means, accelerating foreclosure and recovery procedures. The pledging of personal property being used in a debtor's main business activity by making only a generic description of such property is a structure now frequently used. Provisions regulating security trusts are similar to those governing pledges of personal property except they provide that title to the collateral must be held by the trustee. Security trusts allow enforcement through an extra-judicial proceeding, which is an alternative that has enhanced lending activities and expedited restructurings and foreclosures.

Bankruptcy Law

The Mexican Bankruptcy Law was enacted on May 12, 2000 and was amended as part of the financial reform. It has been frequently used as a means to conclude complex insolvency situations affecting Mexican companies, by providing expedited and clear procedures, while at the same time granting creditors and other participants the certainty of an in-court solution. The Mexican Bankruptcy Law provides for a single insolvency proceeding encompassing two successive phases: a conciliatory phase of mediation between creditors and debtor and bankruptcy.

The Mexican Bankruptcy Law establishes precise rules that determine when a debtor is in general default on its payment obligations. The principal indications are failure by a debtor to comply with its payment obligations in respect of two or more creditors, and the existence of the following two conditions: (1) 35% or more of a debtor's outstanding liabilities are 30 days past-due and (2) the debtor fails to have certain specifically defined liquid assets and receivables to support at least 80% of its obligations which are due and payable. The Mexican Bankruptcy Law includes the ability of a debtor to request the initiation of insolvency proceedings prior to being generally in default with respect to its payment obligations, when such situation is expected to occur inevitably within the following 90 days. Furthermore, the Mexican Bankruptcy Law now allows the consolidation of insolvency proceedings of companies that are part of the same corporate group.

The Mexican Bankruptcy Law provides for the use and training of experts in the field of insolvency and the creation of an entity to coordinate their efforts. Such experts include the intervener (*interventor*), conciliator (*conciliador*) and receiver (*síndico*).

On the date that the insolvency judgment is entered, all peso-denominated obligations are converted into Units of Investment (*Unidades de Inversion* or "UDIs"), and foreign currency-denominated obligations are converted into pesos at the exchange rate for that date and then converted into UDIs. Only creditors with a perfected security interest (*i.e.*, mortgage, pledge or guaranty trust) continue to accrue interest on their loans. The Mexican Bankruptcy Law mandates the netting of derivative transactions upon the declaration of insolvency.

The Mexican Bankruptcy Law provides for a general rule as to the period when transactions may be scrutinized by the judge in order to determine if they were entered into for fraudulent purposes, which is set at 270 calendar days prior to the judgment declaring insolvency. This period is referred to as the retroactive period. Nevertheless, upon the reasoned request of the conciliator, the interveners (who may be appointed by the creditors to oversee the process) or any creditor, the judge may determine that a longer retroactive period may apply. As a result of the reforms, the retroactive period was lengthened to 540 calendar days with respect to transactions entered into with inter-company creditors.

A restructuring agreement must be subscribed to by the debtor, as well as recognized creditors representing more than 50% of (i) the sum of the total recognized amount corresponding to common creditors and (ii) the total recognized amount corresponding to secured or privileged creditors subscribing to the agreement. Any such agreement, when confirmed by the court, becomes binding on all creditors, and the insolvency proceeding is then considered to be concluded. If an agreement is not reached, the debtor is declared bankrupt.

The Mexican Bankruptcy Law incorporates provisions relating to pre-agreed procedures, frequently used in jurisdictions outside Mexico, that permit debtors and creditors to agree upon the terms of a restructuring and thereafter file, as a means to obtain the judicial recognition of a restructuring reached on an out-of-court basis. This also provides protection against dissident minority creditors.

The Mexican Bankruptcy Law expressly recognizes subordinated creditors, including inter-company creditors in accordance with certain rules, and sets forth that such inter-company creditors will not be allowed to vote for the approval of the debt restructuring agreement when such inter-company creditors represent 25% or more of the aggregate amount of recognized claims, unless such inter-company creditors consent to the agreement adopted by the rest of the recognized creditors.

FINTECH Law

As technological revolution has changed the manner of rendering services, including financial services and products, Mexico has implemented a new regulation applicable to any entity that provides financial services through any technological instrument. The FINTECH Law became effective on March 10, 2018. In addition, many supplementary rules have been issued since then to create an integrated legal framework.

Under the FINTECH Law, the Bank of Mexico, SHCP and the National Banking and Securities Commission (*Comisión Nacional Bancaria y de Valores*) have full authority to authorize the entities that are entitled to operate as a Fintech entity, as well as to revoke such authorization. A Fintech entity must be incorporated as a commercial entity and must comply with certain financial regulatory requirements such as anti-money laundering, implementing special customers' policies and autocorrection programs, special regulation to contract with third parties and special data control, among others.

PRINCIPAL SHAREHOLDERS

We are controlled by Colony LatAm Partners. The following table presents the ownership of our common stock as of March 31, 2019.

Shareholders	Number of shares of Series A fixed capital stock	Number of shares of Series B variable capital stock	Number of shares of common stock	Percentage beneficial ownership
Banco Actinver, S.A., Institución de Banca Múltiple, Grupo Financiero Actinver, solely and exclusively in its capacity as trustee of the irrevocable management and investment trust number 3279[1]	7,871	15,249,882	15,257,753	35.7%
Deutsche Bank, México, S.A. Institución de Banca Múltiple, División Fiduciaria, solely and exclusively in its capacity as trustee of the irrevocable trust number F/1900[2]	14,161	10,629,649	10,643,810	24.9%
Abraaj Thames B.V.[3]	14,161	10,629,648	10,643,809	24.9%
Mr. Adam Peter Jan Wiaktor Rynkiewicz	13,807	6,213,230	6,227,037	14.5%
Total	**50,000**	**42,722,409**	**42,772,410**	**100.00%**

(1) Banco Actinver, S.A., Institución de Banca Múltiple, Grupo Financiero Actinver, solely and exclusively in its capacity as trustee of the irrevocable administration and investment trust number 3279 is managed by Alta Growth Capital.

(2) Deutsche Bank, México, S.A. Institución de Banca Múltiple, División Fiduciaria acting solely and exclusively in its capacity as trustee of the irrevocable trust number F/1900 is managed by Colony LatAm Partners.

(3) Abraaj Thames B.V. is managed by Colony LatAm Partners.

The table below sets forth the preferred dividend schedules for each of the three years ended December 31, 2016, 2017 and 2018.

Dividend Schedule	December 31,		
	2016	2017	2018
	(in millions of Ps.)		
Mr. Adam Wiaktor Rynkiewicz	68.2	—	—
Colony Capital	—	—	—
Alta Trust	—	—	—
Total	68.2	—	—

Docuformas, S.A.P.I. de C.V. is a variable capital investment promotion stock corporation (*Sociedad Anónima Promotora de Inversión de Capital Variable, or S.A.P.I. de C.V.*) incorporated under the laws of Mexico and registered with the Public Registry of Property and Commerce of the Federal District (*Registro Público de la Propiedad y Comercio de la Ciudad de México*) under Commercial Folio 211537. As set forth in Article II of our certificate of incorporation, our primary corporate purpose is to carry out a variety of business and financial activities including capital leasing, cash financing, factoring, equipment leasing and operating leasing, and transportation services (renting) and other related services.

Shareholders' Agreement

On August 31, 2018, the Alta Trust, CKD and Mr. Adam Wiaktor Rynkiewicz entered into a shareholders' agreement (the "Shareholders' Agreement"). On November 13, 2018, B.V. entered into certain Deed of Adherence to the Shareholders' Agreement.

Below is a description of the most relevant terms of the Shareholders' Agreement:

- The Board of Directors will be composed of no less than seven (7) members with at least one (1) independent director. Each of the shareholders will have the right to appoint one (1) director per each ten per cent (10%) of participation in the capital stock of the Company. The First Majority Shareholder and the shareholder holding the second largest equity participation in the capital stock of the Company ("Second Majority Shareholder") will have the right to jointly appoint one (1) independent director. Each of the shareholders may also appoint an alternate Board member who will be authorized to substitute any of the proprietary members appointed by the same shareholder as the alternate member. The First Majority Shareholder will have the right to select the Chief Executive Officer of the Company. In the event such Chief Executive Officer resigns or is removed by the First Majority Shareholder, then, the First Majority Shareholder will have the right to select the new Chief Executive Officer from a triad of candidates proposed by the First Majority Shareholder, over which the Second Majority Shareholder will have a veto right after consultation with the Minority Shareholder.

  In addition, the First and Second Majority Shareholders may appoint one or two non-voting observers, who will have to meet the independence requirements of an independent director, and who will be entitled to assist to all the meetings of the Board of Directors and who will also be convened to such meeting in the same terms of the members of the Board.

  The Company must have at least an Executive Committee, an Audit Committee, a Compensation Committee, and a Credit Committee which must report directly to the Board.

- *Shareholder Consent and Board Decisions:*

  A) *Majority Matters.* The following matters, among others, require the approval of: (a) if at the Shareholders' Meeting, two or more shareholders of the Company which are affiliates, to the extent that they exercise their voting rights coordinately, provided, that for purposes of the Shareholders' Agreement, CKD and B.V. must always be considered as a group ("Group"), those shareholders that individually or jointly, acting as a Group represent at least 39% of the outstanding capital of the Company, or (b) if at the Board of Directors, of at least two Directors appointed by the shareholders that individually or jointly, acting as a Group represent at least 39% of the outstanding capital of the Company: (i) creation of any encumbrance, lien or guaranty of the Company's assets in an amount equal to or higher than U.S. $40 million; (ii) capital investments made by the Company in an amount equal to or higher than U.S. $1 million; (iii) the approval or amendment of any stock option plan of the Company, and (iv) the amendment or termination of any material agreement of the Company in an amount equal to or higher than U.S. $0.5 million.

  B) *Reserved Matters.* The following matters, among others, require the approval of: (a) if at the Shareholders' Meeting, by those shareholders that individually or jointly, acting as a Group represent at least 25% of the outstanding capital of the Company, or (b) if at the Board of Directors, by (1) at least two Directors appointed by those shareholders that individually or jointly, acting as a Group represent at least 39% of the outstanding capital of the Company, and (2) by at least one Director appointed by each of the shareholders that individually or jointly, acting as a Group represent at least 25% of the outstanding capital of the Company, as applicable: (i) incurrence of any indebtedness of the Company in an amount equal to or higher than U.S. $20 million; (ii) any amendment to the dividend policy of the Company; (iii) any transaction related to the capital of the Company, including the sale of shares or equivalent to shares and any increase or decrease of the stock capital of the Company; (iv) any amendment to the rights, privileges and obligations embedded in any class of shares of the Company, in the understanding that in order to amend such rights, privileges and obligations, the affirmative vote of the shareholder owner of such class of shares is required;(v) any corporate operation, including but not limited to mergers, acquisitions, spin-offs, participation or exit in partnerships or joint ventures, exchange of Shares or similar operations with respect to the Company, and (vi) any transaction with a related party of the Company, which must at all times be executed in market terms.

C) *Minority Matters.* The following matters, among others, require the approval of: (a) if at the Shareholders' Meeting, by all the Shareholders with a holding equal to or superior than 10% of the capital stock of the Company and the affirmative vote of the Minority Shareholder, or (b) if at the Board of Directors, of at least one Director appointed by the Shareholders with a holding equal to or superior than 10% of the capital stock of the Company and the affirmative vote of the Director appointed by the Minority Shareholder(3), as long as the Minority Shareholder has a holding of at least 5% of the capital stock of the Company: (i) any amendment to the corporate purpose, business purpose and legal structure of the Company, and (ii) any amendment to the by-laws (*estatutos sociales*) of the Company when such amendment to the by-laws directly affects the rights of the relevant shareholder of the Company.

- *Pre-Emptive Right.* The shareholders will have a pre-emptive right in any capital increase of the Company to subscribe shares pro rata to their participation in the stock capital of the Company.
- *First Refusal:* All shareholders will have a right of first refusal to acquire any shares which are proposed to be transferred or sold by another shareholder.
- *Tag Along Rights:* If any shareholder initiates the process toward a sale or transfer of any shares, the other shareholders will have the right to sell all or a portion of its shares alongside those of the selling shareholder.
- *Drag Along Rights:* After a two (2) year period from the execution of the Shareholders' Agreement, provided that Colony Capital and the Alta Trust (the "Funds") have a participation in the capital stock that jointly represents 51% or more of the total capital stock of the Company, any of them initiates a process towards a sale or transfer of any shares and, after giving effect to the applicable rights of first refusal, the remaining shareholders do not agree to buy its shares, the relevant Fund may sell its shares to a third party and to demand that the remaining shareholders sell to such third party all of the remaining shares of Docuformas.
- *Registration Rights:* Provided that the Funds have a participation in the capital stock that jointly represents 51% or more of the total capital stock of the Company, the Funds may, by mutual agreement, have the Company offer its shares or any other equity based securities to the public pursuant to applicable law.
- *Deadlock:* If the shareholders of the Company are unable to decide on a course of action with respect to any material decision and a deadlock results ("Deadlock"), any shareholder may give a deadlock notice to the other shareholders. Within sixty (60) days, the shareholders must meet and attempt to resolve such Deadlock. If the Deadlock is not resolved within such sixty (60) day period, any shareholder may offer to acquire the entire participation held by the other shareholder.

- *Subsequent Investments:* Subject to the capital needs of the Company within 18 months following the execution of the Shareholders' Agreement, Colony Capital and Alta Trust have the option to make additional contributions to the capital stock of the Company in an amount up to U.S. $20 million in proportion to their participation interest in the Company (excluding the participation interest of Mr. Adam Wiaktor Rynkiewicz). The funds of such capital contributions will be used to support the growth needs of the Company including organic growth and strategic acquisitions.

RELATED PARTY TRANSACTIONS

From time to time, we may enter into transactions with parties that have relationships with us, our officers, directors or entities in which we have an ownership interest. It is our policy to conduct all of these transactions on an arm's-length basis, subject to certain exceptions, such as related party transactions that (i) by reason of their economic value, can be considered non-material for us and our affiliates, (ii) are carried out in the ordinary course of business and on an arm's length basis and (iii) are carried out with employees on terms that are substantially the same as the terms of transactions carried out with non-related third parties or as a result of general employee-related contractual obligations.

The following table includes the amounts from transactions with related parties as of March 31, 2019, December 31, 2018 and December 31, 2017. We believe that each of the transactions listed below was carried out in all material respects on an arm's-length basis. For additional information on our related party transactions, see Note 24 to our Audited Annual Financial Statements included elsewhere in this offering memorandum.

		Amounts paid for the period ended,		
Transaction	**Related party**	**March 31, 2019**	**December 31, 2018**	**December 31, 2017**
		(in millions of Ps.)		
Leasing of real estate Shareholder services	Shareholder	1.6	—	—
Expenses related to shareholder services	Shareholder	4.0	4.3	4.3
Balances with related parties are as follows:				
Receivables from:				
Liquid Capital de Mexico, S.A. de C.V. (loan)	Related party	3.2	3.2	3.2
Mr. Adam Wiaktor Rynkiewicz (loan)	Shareholder	—	23.3	—
CKD (loan)	Shareholder	32.9	8.7	—
Payables to:				
Mr. Adam Wiaktor Rynkiewicz	Shareholder	—	—	20.7
Alta Trust (advisory services)	Shareholder		2.4	—
Aureos Latin America Fund I LP	Former Shareholder	—	—	53.9
CKD	Shareholder	6.5	6.9	—
Dividends payable to Shareholder		—	—	74.7

DESCRIPTION OF THE NOTES

We will issue the notes under an Indenture, dated the Issue Date, among us and Analistas de Recursos Globales, S.A.P.I. de C.V., ARG Fleet Management, S.A.P.I. de C.V., Rentas y Remolques de México, S.A. de C.V. and Inversiones y Colocaciones Inmobiliarias, S.A.P.I. de C.V. as subsidiary guarantors, and U.S. Bank National Association, as trustee, paying agent, registrar and transfer agent (the "Trustee"). We summarize below certain provisions of the Indenture, but do not restate the Indenture in its entirety. We urge you to read the Indenture because it, and not this description, defines your rights. You can obtain a copy of the Indenture in the manner described under "Available Information."

You can find the definition of capitalized terms used in this section under "—Certain Definitions."

When we refer to:

- the Company in this section, we mean Docuformas, S.A.P.I. de C.V., and not any of its subsidiaries;
- the Guarantors in this section, we mean, collectively, Analistas de Recursos Globales, S.A.P.I. de C.V., ARG Fleet Management, S.A.P.I. de C.V., Rentas y Remolques de México, S.A. de C.V. and Inversiones y Colocaciones Inmobiliarias, S.A.P.I. de C.V. and, unless the context otherwise requires, any other Subsidiary of the Company that provides a Note Guarantee after the Issue Date pursuant to the terms of the Indenture; and
- "notes" in this section, we mean the notes originally issued on the Issue Date and Additional Notes.

General

The notes:

- are general unsecured obligations of the Company;
- rank equal in right of payment with all other existing and future Senior Indebtedness of the Company and the Guarantors (subject to claims that are preferred under Mexican insolvency and similar laws);
- rank senior in right of payment to all existing and future Subordinated Indebtedness of the Company, if any;
- are effectively subordinated to all existing and future Secured Indebtedness of the Company and its Subsidiaries to the extent of the value of the assets securing such Indebtedness;
- are unconditionally guaranteed by the Guarantors on an unsecured basis, as set forth under "—Note Guarantee"; and
- are structurally subordinated to all existing and future Indebtedness and trade payables of the Company's Subsidiaries that are not Guarantors.

As of March 31, 2019, we had total consolidated Indebtedness (excluding accrued interest) of Ps. 5,307.0 million (U.S. $273.9 million), of which Ps. 1,667.2 million (U.S. $86.0 million) was Secured Indebtedness. As of March 31, 2019, IRASA, Mexarrend and CMA had total consolidated Indebtedness (excluding accrued interest) of Ps. 187.2 million (U.S. $9.7 million), all of which was Secured Indebtedness.

As of March 31, 2019, after giving *pro forma* effect to the offer and sale of the notes and the application of the net proceeds from this offering as described under "Use of Proceeds," we would have had total consolidated Indebtedness (excluding accrued interest) of Ps. 10,575.4 million (U.S.

$545.7 million), of which Ps. 1,326.4 million (U.S. $68.4 million) would have been Secured Indebtedness.

Additional Notes

Subject to the limitations set forth under "—Certain Covenants—Limitation on Incurrence of Additional Indebtedness," the Company and its Subsidiaries may incur additional Indebtedness. At the Company's option, this additional Indebtedness may consist of additional notes ("Additional Notes") issued by the Company in one or more transactions, which have identical terms (other than issue date and issue price) as the notes issued on the Issue Date; provided that such Additional Notes do not have, for purposes of U.S. federal income taxation, a greater amount of original issue discount than the notes have on the date of issue of such Additional Notes. Holders of Additional Notes would have the right to vote together with holders of notes issued on the Issue Date as one class.

Principal, Maturity and Interest

The Company will issue notes in denominations of U.S. $200,000 and integral multiples of U.S. $1,000 in excess thereof. The notes will mature on, July 24, 2024, at which time the principal amount of the notes outstanding on such date will become due and payable. The redemption price of the notes outstanding on such date will be 100.0%, plus accrued and unpaid interest; however, the Company may redeem the notes, at its option, in whole or in part, prior to such date. See "—Optional Redemption" below. The notes will not be entitled to the benefit of any mandatory sinking fund.

Interest on the notes will accrue at the rate of 10.250% per annum and will be payable semi-annually in arrears on each July 24 and January 24, commencing on January 24, 2020. Payments will be made to the persons who are registered holders at the close of business on July 9 and January 9, respectively, immediately preceding the applicable interest payment date. The final payment on any registered note, however, will be made only upon presentation and surrender of such note at the office of the Trustee or any Paying Agent.

Interest on the notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from and including the Issue Date. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months. The redemption of notes with unpaid and accrued interest to the date of redemption will not affect the right of holders of record on a record date to receive interest due on an interest payment date.

Initially, the Trustee will act as Paying Agent and Registrar for the notes. The Company may change the Paying Agent and Registrar without notice to holders. Except as required by the practices and procedures of DTC as depositary, payments on the notes will be made at the office or agency of the Paying Agent and Registrar in New York City. Application has been made for the listing of and quotation for the notes on the SGX-ST.

Subject to any applicable abandoned property law, the Trustee and the Paying Agent shall pay to the Company upon written request any money held by them for the payment of principal of or interest on the notes that remains unclaimed for two years, and, thereafter, holders entitled to any such money must look to the Company for payment as general creditors. Unless otherwise provided by applicable law, claims against the Company (if any) for payment in respect of the notes shall be prescribed and become void unless made within a period of ten years from the appropriate payment date.

Note Guarantee

The Guarantors will, subject to applicable law, fully and unconditionally guarantee the full and punctual payment of principal, premium, if any, interest, Additional Interest and any other amounts that may become due and payable by the Company in respect of the notes and under the Indenture (a

"Note Guarantee"). The Note Guarantee will provide that the Guarantors will immediately pay any amount that the Company fails to punctually pay but is required to pay pursuant to the terms of the notes and/or the Indenture.

All our existing Subsidiaries except for IRASA, Mexarrend and CMA will guarantee the notes on the Issue Date. However, not all of our future Restricted Subsidiaries will guarantee the notes. Only Eligible Subsidiaries will guarantee the notes. The Note Guarantee will not be secured by any of the assets or properties of the Guarantors. As a result, if the Guarantors are required to pay under the Note Guarantee, holders of the notes would be unsecured creditors of the Guarantors. The Note Guarantee will not be subordinated to any of the Company's or the Guarantors' other unsecured debt obligations. In the event of a bankruptcy, *concurso mercantil,* liquidation or reorganization of non-guarantor Subsidiaries, these non-guarantor Subsidiaries will pay the holders of their debt and their trade creditors before they will be able to distribute any of their assets to us. In addition, holders of minority equity interests in Subsidiaries may receive distributions prior to or *pro rata* with the Company depending on the terms of the equity interests.

The Note Guarantee may be limited by applicable Mexican fraudulent conveyance provisions. This limitation may not protect the Note Guarantee from fraudulent transfer challenges or, if it does, the remaining amount due and collectible under the Note Guarantee may not suffice, if necessary, to pay the notes in full when due. See "Risk Factors—Risks Relating to the Notes and the Subsidiary Guarantees."

The Note Guarantee of the Guarantors:

- is a general unsecured obligation of the Guarantors;
- ranks equal in right of payment with all other existing and future Senior Indebtedness of the Guarantors (subject to claims that are preferred under Mexican insolvency and similar laws);
- ranks senior in right of payment to all existing and future Subordinated Indebtedness of the Guarantors, if any;
- is effectively subordinated to all existing and future Secured Indebtedness of each Guarantor and its Subsidiaries to the extent of the value of the assets securing such Indebtedness; and
- is structurally subordinated to all existing and future Indebtedness and trade payables of the Guarantors' Subsidiaries that are not Guarantors.

As of and for the three months ended March 31, 2019, the Company and the Guarantors accounted for 88.6% of our total assets and 80.7% of our total revenue on a consolidated basis.

If after the date of the Indenture, the Company or any of its future Restricted Subsidiaries acquires or creates a Restricted Subsidiary that is an Eligible Subsidiary after giving effect to that transaction or any future Subsidiary becomes an Eligible Subsidiary, the Company will cause such Eligible Subsidiary to provide a Note Guarantee and become a Guarantor under the Indenture by executing a supplemental indenture as soon as practicable but not later than 30 days after the date the Eligible Subsidiary is acquired or created or the future Subsidiary becomes an Eligible Subsidiary.

The Note Guarantee of a Guarantor will terminate upon:

(1) a sale or other disposition (including by way of consolidation or merger) of the Guarantor or the sale or disposition of all or substantially all the assets of the Guarantor (other than to the Company or a Restricted Subsidiary) permitted by the Indenture,

(2) if the Note Guarantee was required pursuant to the terms of the Indenture, the cessation of the circumstances requiring the Note Guarantee,

(3) the designation in accordance with the Indenture of the Guarantor as an Unrestricted Subsidiary, or

(4) defeasance or discharge of the notes, as provided in "—Legal Defeasance and Covenant Defeasance" and "—Satisfaction and Discharge."

Additional Interest

The Company is required by Mexican law to deduct Mexican withholding taxes at a rate of 4.9%, if certain requirements are satisfied, from payments of interest and amounts deemed as interest to investors who are not residents of Mexico for tax purposes, and the Company and the Note Guarantors will pay additional interest on those payments and certain other payments to the extent described below ("Additional Interest").

The Company and the Guarantors will pay to holders of the notes all Additional Interest that may be necessary so that every net payment of interest, principal or other amounts due under the notes will not be less than the amount provided for in the notes. By net payment, we mean the amount we or our paying agent pay the holder after deducting or withholding an amount for or on account of any present or future taxes, duties, assessments or other governmental charges ("Taxes") imposed with respect to that payment by a Mexican taxing authority or any taxing authority in any other jurisdiction in which the Company or a Guarantor (including any future Guarantor) is organized or resident for tax purposes or through which payment on the notes or the Note Guarantee is made, or any political subdivision or taxing authority thereof or therein (a "Relevant Jurisdiction").

Our obligation to pay Additional Interest is subject to several important exceptions, however. The Company and the Guarantors will not pay Additional Interest to any holder for or on account of any of the following:

- any Taxes imposed because at any time there is or was a connection between the holder or beneficial owner of the note and the Relevant Jurisdiction, including such holder or beneficial owner (i) being or having been a citizen or resident thereof for tax purposes, (ii) maintaining or having maintained an office, permanent establishment, or branch, in all cases subject to taxation therein to which such payments on the notes are attributable, or (iii) being or having been present or engaged in a trade or business therein (other than the receipt of payments or the ownership or holding of a note),
- any estate, inheritance, gift, transfer or similar tax, assessment or other governmental charge imposed with respect to the notes,
- any Taxes imposed because the holder or any other person having a beneficial interest in the notes fails to comply with any information, documentation or other reporting requirement concerning the nationality, residence for tax purposes or identity of the holder or any beneficial owner of the note, if compliance is required by statute, rule, regulation, officially published administrative practice of the taxing jurisdiction or by an applicable income tax treaty, which is in effect, to which Mexico or any other Relevant Jurisdiction is a party, as a precondition to exemption from, or reduction in the rate of, the tax or other governmental charge and we (or the Guarantor, if applicable) have given the holders at least 60 days' notice that holders will be required to provide any such information, documentation or reporting requirement,
- any Taxes payable otherwise than by deduction or withholding from payments on the notes,
- any Taxes with respect to such note presented for payment more than 30 days after the date on which the payment became due and payable or the date on which payment thereof is duly provided for and notice thereof given to holders, whichever occurs later, except to the extent that the holders

- of such note would have been entitled to such Additional Interest on presenting such note for payment on any date during such 30 day period,
- any payment on the note to a holder that is a fiduciary or partnership or a person other than the sole beneficial owner of any such payment, to the extent that a beneficiary or settlor with respect to such fiduciary, a member of such a partnership or the beneficial owner of the payment would not have been entitled to the Additional Interest had the beneficiary, settlor, member or beneficial owner been the holder of the note,
- any Taxes imposed on or in respect of Section 1471 through 1474 of the Code ("FATCA") (or any amended or successor version of FATCA that is substantively comparable), any current or future regulations or official interpretations thereof, any intergovernmental agreement between the United States and another jurisdiction facilitating the implementation of FATCA, the laws of any Relevant Jurisdiction implementing FATCA or any such intergovernmental agreement, any agreement between either Company or a Guarantor and the United States or any authority thereof entered into for FATCA purposes, and any agreements entered into pursuant to Section 1471(b)(1) of the Code, and
- any combination of the above.

The limitations on our obligations to pay Additional Interest stated in the third bullet point above will not apply if (a) the provision of information, documentation or other evidence described in such third bullet point would be materially more onerous, in form, in procedure or in the substance of information disclosed, to a holder or beneficial owner of a note, in such holder's reasonable judgment, taking into account any relevant differences between U.S. and Mexican law, rule, regulation or administrative practice, than comparable information or other reporting requirements imposed under U.S. tax law (including the United States-Mexico income tax treaty), regulation and published administrative practice, or (b) with respect to taxes imposed by Mexico or any political subdivision or taxing authority thereof or therein, Article 166, Section II, subsection a), of the Mexican Income Tax Law (or a substantially similar successor of such Article) is in effect, unless the provision of the information, documentation or other evidence described in the third bullet is expressly required by statute, rule or regulation in order to apply Article 166, Section II, subsection a), of the Mexican Income Tax Law (or a substantially similar successor of such Article), the Company, or the relevant Guarantor, cannot obtain such information, documentation or other evidence on its own through reasonable diligence and the Company otherwise would meet the requirements for application of Article 166, Section II, subsection a), of the Mexican Income Tax Law (or such successor of such Article).

In addition, such third bullet point does not require, and should not be construed as requiring, that any person, including any non-Mexican pension fund, retirement fund or financial institution, of any nature, register with, or provide information to, the Ministry of Finance and Public Credit or Tax Management Service (*Servicio de Administración Tributaria*, or the SAT) to establish eligibility for an exemption from, or a reduction of, Mexican withholding tax.

Any reference in this section, the Indenture, or the notes to principal, premium, interest or any other amount payable in respect of the notes by us will be deemed also to refer to any Additional Amount that may be payable with respect to that amount under the obligations referred to in this subsection.

In the event that Additional Interest actually paid with respect to the notes pursuant to the preceding paragraphs are based on rates of deduction or withholding of withholding taxes in excess of the appropriate rate applicable to the holder of such notes, and as a result thereof such holder is entitled to make a claim for a refund or credit of such excess from the authority imposing such withholding tax, then such holder shall, by accepting such notes, be deemed to have assigned and transferred all right, title and interest to any such claim for a refund or credit of such excess to us. However, by making such assignment, the holder makes no representation or warranty that we will be entitled to receive such claim for a refund or credit and incurs no other obligation with respect thereto, including taking any action for such refund to be repaid.

We will remit the full amount of any Mexican or other Taxes withheld to the applicable taxing authorities in accordance with applicable law. We will also provide the Trustee at least five Business Days prior to the date of any payment of Additional Interest with documentation satisfactory to the Trustee including an Officers' Certificate stating the fact that Additional Interest will be payable and amount so payable and following such payment such other documentation evidencing the payment of Mexican or other Taxes in respect of which we have paid any Additional Interest. We will provide copies of such documentation to the holders of the notes or the relevant paying agent upon written request.

In the event of any merger or other transaction described and permitted under "—Certain Covenants—Limitation on Merger, Consolidation and Sale of Assets," then all references to Mexico, Mexican law or regulations, and Mexican taxing authorities under this section (other than the fourth and fifth paragraphs above) and under "—Optional Redemption—Optional Redemption for Changes in Withholding Taxes" shall be deemed to also include the relevant Qualified Merger Jurisdiction, the law or regulations of the relevant Qualified Merger Jurisdiction, and any taxing authority of the relevant Qualified Merger Jurisdiction, respectively.

Optional Redemption

General Optional Redemption

Except as stated below, the Company may not redeem the notes prior to July 24, 2022. The Company may redeem the notes, at its option, in whole at any time or in part from time to time, on and after July 24, 2022, at the following redemption prices, expressed as percentages of the principal amount thereof, if redeemed during the twelve-month period commencing on July 24 of any year set forth below, plus any Additional Interest then due, if any, plus accrued and unpaid interest to the date of the redemption:

Year	Percentage
2022	105.125%
2023	102.563%
2024 and thereafter	100.000%

provided, however, that no partial redemption of the notes may occur if the aggregate principal amount of notes outstanding after such partial redemption would be less than U.S. $100 million.

Prior to July 24, 2022, the Company will have the right, at its option, to redeem any of the notes, in whole or in part, on at least 30 days' but not more than 60 days' notice to holders, at a redemption price equal to 100.0% of the principal amount of such notes, *plus* the Make-Whole Amount and accrued and unpaid interest to the date of redemption, *plus* Additional Interest, if any; provided, however, that no partial redemption of the notes may occur if the aggregate principal amount of notes outstanding after such partial redemption would be less than U.S. $100 million.

"*Comparable Treasury Issue*" means the United States Treasury security or securities selected by the Independent Investment Banker as having an actual or interpolated maturity comparable to the remaining term of the notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of a comparable maturity to the remaining term of such notes.

"*Comparable Treasury Price*" means, with respect to any redemption date (1) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest such Reference Treasury Dealer Quotation or (2) if the Independent Investment Banker obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations.

"*Independent Investment Banker*" means one of the Reference Treasury Dealers appointed by the Company.

"*Make-Whole Amount*" means, with respect to any note on any redemption date, the excess of:

(a) the present value at such redemption date of (x) the redemption price of the notes to be redeemed at July 24, 2022 (such redemption price being set forth in the table appearing above), *plus* (y) all required interest payments that would otherwise be due to be paid on such note during the period between the redemption date and July 24, 2022 (excluding accrued but unpaid interest), in each case discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate *plus* 50 basis points; over

(b) 100% of the principal amount of the note.

"*Reference Treasury Dealer*" means not less than three leading primary United States government securities dealers in New York City reasonably designated by the Company (each, a "Primary Treasury Dealer").

"*Reference Treasury Dealer Quotation*" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Independent Investment Banker, of the bid and asked price for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker by such Reference Treasury Dealer at 3:30 p.m. New York time on the third Business Day preceding such redemption date.

"*Treasury Rate*" means, with respect to any redemption date, the rate per annum, as determined by an Independent Investment Banker, equal to the semi-annual equivalent yield to maturity or interpolated maturity (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

Optional Redemption upon Equity Sales

At any time, or from time to time, on or prior to July 24, 2022, the Company may, at its option, use the net cash proceeds of one or more Equity Sales to redeem up to 35% of the aggregate principal amount of the notes (including any Additional Notes) issued under the Indenture at a redemption price equal to 110.25% of the principal amount thereof, plus accrued and unpaid interest to the date of redemption, plus Additional Interest, if any; provided, that:

(1) after giving effect to any such redemption at least 65% of the aggregate principal amount of the notes (including any Additional Notes) issued under the Indenture remains outstanding; and

(2) the Company shall make such redemption not more than 90 days after the consummation of such Equity Sale.

"*Equity Sale*" means the issuance or sale for cash after the Issue Date of Qualified Capital Stock of the Company to any Person other than an Affiliate of the Company pursuant to (i) a public offering or a private placement in accordance with U.S. or Mexican laws, rules and regulations, or (ii) a private offering in accordance with Rule 144A and Regulation S under the Securities Act.

Optional Redemption for Changes in Withholding Taxes

If, as a result of any amendment to, or change in, the laws (or any rules or regulations thereunder) of a Relevant Jurisdiction affecting taxation, or any amendment to or change in an official interpretation or application of such laws, rules or regulations, which amendment to or change of such laws, rules or regulations becomes effective on or after the date on which the notes we are offering are issued and, if applicable, after the date such Relevant Jurisdiction becomes a Relevant Jurisdiction (which, in the case of a merger, consolidation or other transaction permitted and described under "—Certain Covenants—Limitation on Merger, Consolidation and Sale of Assets," shall be treated for this purpose as the date of such transaction), we have become obligated, or will become obligated, in each case after taking all reasonable measures to avoid this requirement, to pay Additional Interest in excess of those attributable to a Mexican withholding tax rate of 4.9% with respect to interest or other amounts deemed to be interest under the notes (see "—Additional Interest" and "Taxation—Mexican Taxation"), then, at our option, all, but not less than all, of the notes may be redeemed at any time on giving not less than 60 nor more than 90 days' notice, at a redemption price equal to 100% of the outstanding principal amount, plus accrued and unpaid interest and any Additional Interest due thereon up to but not including the date of redemption; provided, however, that (1) no notice of redemption for tax reasons may be given earlier than 90 days prior to the earliest date on which we would be obligated to pay these Additional Interest if a payment on the notes were then due and (2) at the time such notice of redemption is given such obligation to pay such Additional Interest remains in effect.

Prior to the publication of any notice of redemption pursuant to this provision, we will deliver to the Trustee:

- a certificate signed by one of our duly authorized representatives stating that we are entitled to effect the redemption and setting forth a statement of facts showing that the conditions precedent to our right to redeem have occurred, and
- an Opinion of Counsel in Mexico of recognized standing to the effect that we have or will become obligated to pay such Additional Interest as a result of such change or amendment.

This notice, once delivered by us to the Trustee, will be irrevocable.

We will give notice to DTC pursuant to the provisions described under "—Notices" of any redemption we propose to make at least 30 days (but not more than 60 days) before the redemption date.

Optional Redemption Procedures

In the event that less than all of the notes are to be redeemed at any time, selection of notes for redemption will be made by the Trustee in compliance with the requirements of applicable law, and by any other method as may be required by DTC in accordance with its applicable procedures. No notes of a principal amount of U.S. $200,000 or less may be redeemed in part and notes of a principal amount in excess of U.S. $200,000 may be redeemed in multiples of U.S. $1,000 only.

Notice of any redemption will be mailed by first-class mail, postage prepaid, at least 30 but not more than 60 days before the redemption date to each holder of notes to be redeemed at its registered address. At least five days prior to the date when the notice of redemption is sent to the holders (unless a shorter period shall be acceptable to the Trustee), the Company shall notify the Trustee in writing of such proposed redemption date and of the principal amount of notes to be redeemed. If notes are to be redeemed in part only, the notice of redemption will state the portion of the principal amount thereof to be redeemed. For so long as the notes are admitted to listing on the SGX-ST and the rules of the SGX-ST so require, the Company will cause notices of redemption also to be published as provided under "—Certain Covenants—Notices." A new note in a principal amount equal to the unredeemed portion thereof (if any) will be issued in the name of the holder thereof and mailed to such holder upon cancellation of the original note (or appropriate adjustments to the amount and beneficial interests in a global note will be made, as appropriate).

The Company will pay the redemption price for any note together with accrued and unpaid interest thereon through the date of redemption. On and after the redemption date, interest will cease to accrue on notes or portions thereof called for redemption as long as the Company has deposited with the Paying Agent funds in satisfaction of the applicable redemption price pursuant to the Indenture. Upon redemption of any notes by the Company, such redeemed notes will be cancelled.

Notwithstanding the foregoing provisions of this "—Optional Redemption" section, the Company and its Subsidiaries are not prohibited from acquiring the notes by means other than a redemption, whether pursuant to a tender offer, open market purchase or otherwise.

If the redemption date falls after a record date but on, or prior to, the corresponding interest payment date, we will pay accrued interest to the holder of record on the corresponding record date, which may or may not be the person who will receive payment of the redemption price (which will exclude such accrued interest).

Change of Control Triggering Event

Upon the occurrence of a Change of Control Triggering Event, each holder will have the right to require that the Company purchase all or a portion (in minimum principal amounts of U.S. $200,000 and integral multiples of U.S. $1,000 in excess thereof) of the holder's notes at a purchase price equal to 101% of the principal amount thereof, plus accrued and unpaid interest thereon and any Additional Interest, if any, through the date of purchase (the "Change of Control Triggering Event Payment").

Within 30 days following the date upon which the Change of Control Triggering Event occurred, the Company must send, by first-class mail, a notice to each holder, with a copy to the Trustee, offering to purchase the notes as described above (a "Change of Control Triggering Event Offer") and, so long as the rules of the SGX-ST so require, publish the Change of Control Triggering Event Offer on the website of the SGX-ST. The Change of Control Triggering Event Offer shall state, among other things, the purchase date, which must be no earlier than 30 days nor later than 60 days from the date the notice is mailed, other than as may be required by law (the "Change of Control Triggering Event Payment Date").

On or before 11:00 a.m. New York time on the Business Day immediately preceding the Change of Control Triggering Event Payment Date, the Company shall deposit with the Trustee or a Paying Agent funds in an amount equal to the Change of Control Triggering Event Payment in respect of all notes or portions thereof so tendered.

On the Change of Control Triggering Event Payment Date, the Company will, to the extent lawful:

(1) accept for payment all notes or portions thereof properly tendered and not withdrawn pursuant to the Change of Control Triggering Event Offer; and

(2) deliver or cause to be delivered to the Trustee the notes so accepted together with an Officers' Certificate stating the aggregate principal amount of notes or portions thereof being purchased by the Company.

If only a portion of a note is purchased pursuant to a Change of Control Triggering Event Offer, a new note in a principal amount equal to the portion thereof not purchased will be issued in the name of the holder thereof upon cancellation of the original note (or appropriate adjustments to the amount and beneficial interests in a global note will be made, as appropriate).

The Company will not be required to make a Change of Control Triggering Event Offer upon a Change of Control Triggering Event if (l) a third party makes the Change of Control Triggering Event Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Triggering Event Offer made by the Company and purchases all notes properly tendered and not withdrawn under the Change of Control Triggering Event Offer, or (2) notice of redemption has been given pursuant to the Indenture as described above under the caption "—Optional Redemption," unless and until there is a default in payment of the applicable redemption price.

A Change of Control Triggering Event Offer may be made in advance of a Change of Control Triggering Event, and conditioned upon the occurrence of such Change of Control Triggering Event, if a definitive agreement is in place for the Change of Control at the time of making the Change of Control Triggering Event Offer. Notes repurchased by the Company pursuant to a Change of Control Triggering Event Offer will have the status of notes issued but not outstanding or will be retired and canceled, at the option of the Company. Notes purchased by a third party pursuant to the preceding paragraph will have the status of notes issued and outstanding.

In the event that holders of not less than 95% of the aggregate principal amount of the outstanding notes accept a Change of Control Triggering Event Offer and the Company or a third party purchases all of the notes held by such holders, the Company will have the right, on not less than 30 days' and nor more than 60 days' prior notice to holders, given not more than 30 days following the purchase pursuant to the Change of Control Triggering Event Offer described above, to redeem all of the notes that remain outstanding following such purchase at a purchase price equal to the Change of Control Triggering Event Payment plus, to the extent not included in the Change of Control Triggering Event Payment, accrued and unpaid interest, if any, on the notes that remain outstanding, to the date of redemption (subject to the right of holders on the relevant record date to receive interest due on the relevant interest payment date).

Other existing and future Indebtedness of the Company may contain prohibitions on the occurrence of events that would constitute a Change of Control or require that Indebtedness be repurchased upon a Change of Control. Moreover, the exercise by the holders of their right to require the Company to repurchase the notes upon a Change of Control Triggering Event would cause a default under such Indebtedness even if the Change of Control itself does not.

If a Change of Control Triggering Event Offer occurs, there can be no assurance that the Company will have available funds sufficient to make the Change of Control Triggering Event Payment for all the notes that might be delivered by holders seeking to accept the Change of Control Triggering Event Offer. In the event the Company is required to purchase outstanding notes pursuant to a Change of Control Triggering Event Offer, the Company expects that it would seek third-party financing to the extent it does not have available funds to meet its purchase obligations and any other obligations in respect of Senior Indebtedness. However, there can be no assurance that the Company would be able to obtain necessary financing.

The Company will comply with the requirements of Rule 14e-1 under the Exchange Act and any other applicable securities laws and regulations in connection with the purchase of notes in connection with a Change of Control Triggering Event Offer. To the extent that the provisions of any securities laws or regulations conflict with the "Change of Control Triggering Event" provisions of the Indenture, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Indenture by doing so.

The definition of Change of Control includes a phrase relating to the direct or indirect sale, lease, transfer, conveyance or other disposition of "all or substantially all" of the properties or assets of the Company and its Subsidiaries taken as a whole. Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a holder to require the Company to repurchase its notes as a result of a sale, lease, transfer, conveyance or other disposition of less than all of the assets of the Company and its Subsidiaries taken as a whole to another Person or group may be uncertain.

Suspension of Covenants

During any period of time that (i) the notes have Investment Grade Ratings from both Rating Agencies and (ii) no Default or Event of Default has occurred and is continuing (the occurrence of the events described in the foregoing clauses (i) and (ii) being collectively referred to as a "Covenant Suspension Event", and the date on which such Covenant Suspension Event occurs being referred to as a "Suspension Date"), the Company and its Restricted Subsidiaries will not be subject to the provisions of the Indenture described under:

- "—Limitation on Incurrence of Additional Indebtedness";
- "—Limitation on Guarantees";
- "—Limitation on Restricted Payments";
- "—Limitation on Asset Sales and Sales of Subsidiary Stock";
- "—Limitation on Securitizations and Receivables Transactions";
- "—Limitation on Designation of Unrestricted Subsidiaries";
- "—Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries";
- "—Limitation on Subordinated Indebtedness";
- clause (b) of "—Limitation on Merger, Consolidation or Sale of Assets"; and
- "—Conduct of Business"

(collectively, the "Suspended Covenants").

In the event that the Company and its Restricted Subsidiaries are not subject to the Suspended Covenants for any period of time as a result of the foregoing, and on any subsequent date (the "Reversion Date") one of the Rating Agencies withdraws its Investment Grade Rating or downgrades its rating assigned to the notes below an Investment Grade Rating, then the Company and its Restricted Subsidiaries will thereafter again be subject to the Suspended Covenants. The period of time between the Suspension Date and the Reversion Date is referred to as the "Suspension Period." Notwithstanding that the Suspended Covenants may be reinstated, no Default or Event of Default will be deemed to have occurred as a result of a failure to comply with the Suspended Covenants during the Suspension Period (or upon termination of the Suspension Period or after that time based solely on events that occurred during the Suspension Period).

On the Reversion Date, all Indebtedness incurred during the Suspension Period will be classified as having been incurred pursuant to clause (1) of "—Limitation on Incurrence of Additional Indebtedness" below or one of the clauses set forth in clause (2) of "—Limitation on Incurrence of Additional Indebtedness" below (to the extent such Indebtedness would be permitted to be incurred thereunder as of the Reversion Date and after giving effect to Indebtedness incurred prior to the Suspension Period and outstanding on the Reversion Date). To the extent such Indebtedness would not be so permitted to be incurred pursuant to the first or second clauses of "—Limitation on Incurrence of Additional Indebtedness," such Indebtedness will be deemed to have been outstanding on the Issue Date, so that it is classified as permitted under clause 2(c) of "—Limitation on Incurrence of Additional Indebtedness." Calculations made after the Reversion Date of the amount available to be made as Restricted Payments under "—Limitation on Restricted Payments" will be made as though the covenant described under "—Limitation on Restricted Payments" had been in effect since the Issue

Date and throughout the Suspension Period. The Company will notify the Trustee of the occurrence of any Suspension Date or Reversion Date within ten (10) Business Days of its occurrence. After any such notice of the occurrence of a Reversion Date, the Trustee shall assume the Suspended Covenants apply and are in full force and effect.

Certain Covenants

For so long as any note is outstanding, the Company will, and to the extent specified below will cause its Restricted Subsidiaries to, comply with the terms of the following covenants:

Limitation on Incurrence of Additional Indebtedness

(1) The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, Incur any Indebtedness, including Acquired Indebtedness, except that the Company may Incur Indebtedness, including Acquired Indebtedness, if, at the time of and immediately after giving pro forma effect to the Incurrence thereof and the application of the proceeds therefrom:

(a) the Total Unencumbered Assets of the Company and its Restricted Subsidiaries (on a consolidated basis) is at least 130.0% of the Total Unsecured Indebtedness of the Company and its Restricted Subsidiaries (on a consolidated basis); and

(b) the Capitalization Ratio of the Company is greater than 13.5%.

(2) Notwithstanding clause (1) above, the Company and its Restricted Subsidiaries, as applicable, may Incur the following Indebtedness ("Permitted Indebtedness"):

(a) Indebtedness in respect of the notes, excluding Additional Notes or guarantees thereof;

(b) Guarantees by any Restricted Subsidiary of Indebtedness of the Company Incurred in accordance with this covenant, which Guarantee is permitted under "—Limitation on Guarantees" below; provided that (i) if such Guarantee is of Subordinated Indebtedness then the Note Guarantee of such Guarantor shall be senior to such Guarantor's Guarantee of Subordinated Indebtedness and (ii) if such Restricted Subsidiary is not a Guarantor it shall simultaneously provide a Note Guarantee and become a Guarantor;

(c) Hedging Obligations entered into by the Company and its Restricted Subsidiaries in the ordinary course of business and not for speculative purposes, including, without limitation, Hedging Obligations in respect of the notes;

(d) Intercompany Indebtedness between the Company and any Restricted Subsidiary or between any Restricted Subsidiaries; provided that:

(1) if the Company or any Guarantor is the obligor on any such Indebtedness owed to a Restricted Subsidiary that is not a Guarantor, such Indebtedness must be expressly subordinated to the prior payment in full of all obligations under the notes and the Indenture, in the case of the Company, or such Guarantor's Note Guarantee, in the case of any such Guarantor; provided that the Company, its parent companies (if any) and any Guarantor shall agree to vote such Indebtedness, or provide their consents in connection with such Indebtedness, in any Mexican Restructuring, in a manner that is consistent with the vote of, or the consents provided by, the holders of the notes and other unaffiliated creditors of the same class as the notes, and

(2) in the event that at any time any such Indebtedness ceases to be held by the Company or a Restricted Subsidiary, such Indebtedness shall be deemed to be Incurred and not permitted by this clause (d) at the time such event occurs;

(e) Indebtedness of the Company or any of its Restricted Subsidiaries arising from the honoring by a bank or other financial institution of a check, draft or similar instrument inadvertently (including daylight overdrafts paid in full by the close of business on the day such overdraft was Incurred) drawn against insufficient funds in the ordinary course of business; provided, that such Indebtedness is extinguished within five Business Days of Incurrence;

(f) Indebtedness of the Company or any of its Restricted Subsidiaries represented by letters of credit for the account of the Company or any Restricted Subsidiary, as the case may be, in order to provide for judicial deposits required in connection with any judicial or administrative proceeding, provide security for workers' compensation claims, payment obligations in connection with self-insurance or similar requirements in the ordinary course of business;

(g) Indebtedness in respect of bid, performance, surety bonds or *fianzas* in the ordinary course of business for the account of the Company or any of its Restricted Subsidiaries, including Guarantees or obligations of the Company or any Restricted Subsidiary with respect to letters of credit and/or *fianzas* supporting such bid, performance or surety obligations (in each case other than for the payment of borrowed money);

(h) Refinancing Indebtedness in respect of:

(1) Indebtedness (other than Indebtedness owed to the Company or any Subsidiary of the Company) Incurred pursuant to clause (1) of this covenant (it being understood that no Indebtedness outstanding on the Issue Date is Incurred pursuant to such clause (1)), or

(2) Indebtedness of the Company and its Restricted Subsidiaries outstanding on the Issue Date (it being understood that, for purposes of this clause (h), the Indebtedness of the Company and its Subsidiaries to be prepaid with the proceeds from the offering of the notes on or following the Issue Date shall not be deemed outstanding on the Issue Date) and Indebtedness Incurred pursuant to clause (a) of this definition of Permitted Indebtedness or this clause (h);

(i) Capitalized Lease Obligations and Purchase Money Indebtedness of the Company or any Restricted Subsidiary at any one time outstanding in an aggregate principal amount not to exceed the greater of (x) U.S. $15 million (or the equivalent in other currencies) and (y) 5% of Consolidated Tangible Assets;

(j) Permitted Acquisition Indebtedness;

(k) Capital Securities;

(l) indemnification, adjustment of purchase price, earn-out or similar obligations, in each case, incurred or assumed in connection with the acquisition or disposition of any business or assets of the Company or any Restricted Subsidiary or Capital Stock of a Restricted Subsidiary, other than guarantees of Indebtedness incurred by any Person acquiring all or any portion of such business, assets or equity interests for the purposes of financing or in contemplation of any such acquisition; provided that (1) any amount of such obligations included on the face of the balance sheet of the Company or any Restricted Subsidiary shall not be permitted under this clause (1) and (2) in the case of a disposition, the maximum aggregate liability in respect of all such obligations outstanding under this clause (1) shall at no time exceed the gross proceeds actually received by the Company and the Restricted Subsidiaries in connection with such disposition; and

(m) additional Indebtedness of the Company or any Restricted Subsidiary at any time outstanding in an aggregate principal amount not to exceed the greater of (x) U.S. $25 million and (y) 7.5% of Consolidated Tangible Assets.

(3) For purposes of determining compliance with, and the outstanding principal amount of, any particular Indebtedness Incurred pursuant to and in compliance with this covenant, (i) the outstanding principal amount of any item of Indebtedness will be counted only once, (ii) the amount of Indebtedness issued at a price that is less than the principal amount thereof will be equal to the amount of the liability in respect thereof determined in accordance with GAAP, and (iii) Guarantees of, or obligations in respect of letters of credit or similar instruments relating to, Indebtedness which is otherwise included in the determination of any particular amount of Indebtedness will not be included. Accrual of interest, the accretion or amortization of original issue discount, the payment of regularly scheduled interest in the form of additional Indebtedness of the same instrument or the payment of regularly scheduled dividends on Disqualified Capital Stock in the form of additional Disqualified Capital Stock with the same terms will not be deemed to be an Incurrence of Indebtedness for purposes of this covenant; provided that any such outstanding additional Indebtedness or Disqualified Capital Stock paid in respect of Indebtedness Incurred pursuant to any provision of clause (2) of this covenant will be counted as Indebtedness outstanding thereunder for purposes of any future Incurrence under such provision. For purposes of determining compliance with this "Limitation on Incurrence of Additional Indebtedness" covenant, in the event that an item of proposed Indebtedness meets the criteria of more than one of the categories of Permitted Indebtedness described in clauses (2)(a) through (2)(m) above, or is entitled to be incurred pursuant to clause (1) of this covenant, the Company will be permitted to classify such item of Indebtedness on the date of its incurrence and will only be required to include the amount and type of such Indebtedness in one of the above clauses, although the Company may divide and classify an item of Indebtedness in one or more of the types of Indebtedness and may later re-divide or reclassify all or a portion of such item of Indebtedness in any manner that complies with this covenant. Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Company or any Restricted Subsidiary may incur pursuant to this covenant shall not be deemed to be exceeded as a result solely of fluctuations in exchange rates or currency values.

(4) For purposes of determining compliance with any U.S. dollar denominated restriction on the Incurrence of Indebtedness where the Indebtedness Incurred is denominated in a different currency, the amount of such Indebtedness will be the U.S. Dollar Equivalent determined on the date of the Incurrence of such Indebtedness; provided, however, that if any such Indebtedness denominated in a different currency is subject to a Currency Agreement with respect to U.S. dollars covering all principal, premium, if any, and interest payable on such Indebtedness, the amount of such Indebtedness expressed in U.S. dollars will be as provided in such Currency Agreement. The principal amount of any Refinancing Indebtedness Incurred in the same currency as the Indebtedness being Refinanced will be the U.S. Dollar Equivalent of the Indebtedness Refinanced, except to the extent that (x) such U.S. Dollar Equivalent was determined based on a Currency Agreement, in which case the Refinancing Indebtedness will be determined in accordance with the preceding sentence, and (y) the principal amount of the Refinancing Indebtedness exceeds the principal amount of the Indebtedness being Refinanced, in which case the U.S. Dollar Equivalent of such excess will be determined on the date such Refinancing Indebtedness is Incurred.

Limitation on Guarantees

Except to the extent that the limitations set forth below expressly contravene, or result in a violation of, Mexican law, the Company will not permit any Restricted Subsidiary of the Company (other than a Guarantor), to Guarantee any Indebtedness of the Company unless contemporaneously therewith (or prior thereto) effective provision is made to Guarantee all obligations under the notes and the Indenture on an equal and ratable basis with such Guarantee for so long as such Guarantee remains effective, and in an amount equal to the amount of Indebtedness so Guaranteed.

In the event that any Restricted Subsidiary is required to Guarantee the notes in accordance with the preceding paragraph, such Restricted Subsidiary will be released and relieved of its obligations under such Guarantee in the event:

(1) there is a Legal Defeasance or a Covenant Defeasance of the notes;

(2) there is a sale or other disposition of Capital Stock of such Restricted Subsidiary following which such Restricted Subsidiary is no longer a direct or indirect Subsidiary of the Company; or

(3) such Restricted Subsidiary is designated as an Unrestricted Subsidiary;

provided, that, in each case, such transactions are carried out pursuant to and in accordance with all applicable covenants and provisions of the Indenture.

Limitation on Restricted Payments

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, take any of the following actions (each, a "Restricted Payment"):

(a) declare or pay any dividend or return of capital or make any distribution on or in respect of shares of Capital Stock of the Company or any Restricted Subsidiary to holders of such Capital Stock, other than:

- dividends or distributions payable in Qualified Capital Stock of the Company,
- dividends or distributions payable to the Company and/or a Restricted Subsidiary, or
- dividends, distributions or returns of capital made on a *pro rata* basis to the Company and its Restricted Subsidiaries, on the one hand, and minority holders of Capital Stock of a Restricted Subsidiary, on the other hand (or on a less than *pro rata* basis to any minority holder),

(b) purchase, redeem or otherwise acquire or retire for value:

- any Capital Stock of the Company, or
- any Capital Stock of any Restricted Subsidiary held by an Affiliate of the Company (other than a Restricted Subsidiary) or any Preferred Stock of a Restricted Subsidiary, except for Capital Stock held by the Company or a Restricted Subsidiary or purchases, redemptions, acquisitions or retirements for value of Capital Stock on a *pro rata* basis from the Company and/or any Restricted Subsidiaries, on the one hand, and minority holders of Capital Stock of a Restricted Subsidiary, on the other hand, according to their respective percentage ownership of the Capital Stock of such Restricted Subsidiary;

(c) make any principal payment on, purchase, defease, redeem, prepay, decrease or otherwise acquire or retire for value, prior to any scheduled final maturity, scheduled repayment or scheduled sinking fund payment, as the case may be, any Subordinated Indebtedness or any Capital Securities (excluding (x) any intercompany Indebtedness owed to the Company and/or any Guarantor, (y) any intercompany Indebtedness between Restricted Subsidiaries that are not

Guarantors, or (z) the purchase, repurchase or other acquisition of Indebtedness that is contractually subordinate or otherwise junior in right of payment to the notes, purchased in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case within one year of such date of purchase, repurchase or acquisition); or

(d) make any Investment (other than Permitted Investments);

if at the time of the Restricted Payment and immediately after giving effect thereto:

(1) a Default or an Event of Default shall have occurred and be continuing;

(2) the Company is not able to Incur at least U.S. $1.00 of additional Indebtedness pursuant to clause (1) of "—Limitation on Incurrence of Additional Indebtedness"; or

(3) the aggregate amount (the amount expended for these purposes, if other than in cash, being the Fair Market Value of the relevant property) of the proposed Restricted Payment and all other Restricted Payments made subsequent to the Issue Date up to the date thereof, shall exceed the sum of:

(A) 50.0% of cumulative Consolidated Net Income of the Company or, if such cumulative Consolidated Net Income of the Company is a loss, minus 100.0% of the loss, accrued during the period, treated as one accounting period, beginning on the first day of the fiscal quarter of the Issue Date to the end of the most recent fiscal quarter for which consolidated financial information of the Company is available; *plus*

(B) 100.0% of the aggregate net proceeds, including cash and the Fair Market Value of property used in a Permitted Business (other than cash and securities), received by the Company from any Person from any:

- contribution to the equity capital of the Company not representing an interest in Disqualified Capital Stock or issuance and sale of Qualified Capital Stock of the Company, in each case, subsequent to the Issue Date,
- issuance and sale subsequent to the Issue Date (and, in the case of Indebtedness of a Restricted Subsidiary, at such time as it was a Restricted Subsidiary) of any Indebtedness of the Company or any Restricted Subsidiary that has been converted into or exchanged for Qualified Capital Stock of the Company, or
- issuance and sale subsequent to the Issue Date of any Capital Securities,

excluding, in each case, any net proceeds:

(x) received from a Restricted Subsidiary of the Company; or

(y) applied in accordance with clause (2) or (3) of the second paragraph of this covenant below; *plus*

(C) any Investment Return.

Notwithstanding the preceding paragraph, this covenant does not prohibit:

(1) the payment of any dividend or distribution or the consummation of any irrevocable redemption of Subordinated Indebtedness within 60 days after the date of declaration of such dividend or distribution or giving of the redemption notice, as the case may be, if the dividend, distribution or redemption would have been permitted on the date of declaration or notice pursuant to the preceding paragraph; provided that such redemption shall be included (without duplication for the declaration) in the calculation of the amount of Restricted Payments;

(2) the making of any Restricted Payment,

(x) in the form of Qualified Capital Stock of the Company,

(y) through the application of the net proceeds received by the Company from a substantially concurrent sale of Qualified Capital Stock of the Company or a contribution to the equity capital of the Company not representing an interest in Disqualified Capital Stock, in each case not received from a Subsidiary of the Company, or

(z) through the application of the net proceeds received by the Company from a substantially concurrent issuance or sale of Capital Securities;

provided that the value of any such Qualified Capital Stock or Capital Securities used or the net proceeds of which are used to make a Restricted Payment pursuant to this clause (2) shall be excluded from clause (3)(B) of the first paragraph of this covenant;

(3) the voluntary prepayment, purchase, defeasance, redemption or other acquisition or retirement for value of any Subordinated Indebtedness solely in exchange for, or through the application of net proceeds of a substantially concurrent sale, other than to a Subsidiary of the Company, of Refinancing Indebtedness for such Subordinated Indebtedness;

(4) repurchases by the Company of Common Stock of the Company or options, warrants or other securities exercisable or convertible into Common Stock of the Company from any current or former employees, officers, directors or consultants of the Company or any of its Subsidiaries or their authorized representatives upon the death, disability or termination of employment or directorship of such employees, officers or directors, or the termination of retention of any such consultants, in an amount not to exceed U.S. $2 million in any calendar year (with unused amounts in any calendar year being permitted to be carried over into succeeding calendar years up to a maximum of U.S. $2 million) plus the cash proceeds of key man life insurance policies received by the Company and its Restricted Subsidiaries;

(5) the repurchase of Capital Stock deemed to occur upon the exercise of stock options or warrants to the extent such Capital Stock represents a portion of the exercise price of those stock options or warrants;

(6) if no Default or Event of Default shall have occurred and be continuing, the declaration and payment of regularly scheduled or accrued dividends or distributions to holders of any class or series of Disqualified Capital Stock of the Company or any Restricted Subsidiary issued on or after the Issue Date in accordance with the covenant "—Limitation on Incurrence of Additional Indebtedness";

(7) the repurchase, redemption or other acquisition or retirement for value of any Subordinated Indebtedness of the Company pursuant to and in accordance with the terms of a "change of control" covenant set forth in the Indenture or other agreement pursuant to which such Subordinated Indebtedness is issued and such "change of control" covenant is substantially similar to the Change of Control Triggering Event provision included in the Indenture; provided that the Company (or another Person) has repurchased all notes required to be repurchased by the Company under the caption "Change of Control Triggering Event" prior to the purchase, redemption or other acquisition or retirement for value of such Subordinated Indebtedness pursuant to the applicable "change of control" covenant;

(8) if no Default or Event of Default shall have occurred and be continuing, the purchase by the Company of fractional shares arising out of stock dividends, splits or combinations or business combinations; provided, that such purchases are not made for the purposes of circumventing the provisions of this covenant;

(9) if no Default or Event of Default shall have occurred and be continuing, the payment of any required dividend distributions to the parties of the Shareholders' Agreement in an aggregate amount not to exceed U.S. $25 million (or the equivalent in other currencies); and

(10) if no Default or Event of Default shall have occurred and be continuing or would exist after giving *pro forma* effect thereto, other Restricted Payments in an aggregate amount not to exceed U.S. $5 million (or the equivalent in other currencies).

In determining the aggregate amount of Restricted Payments made subsequent to the Issue Date, amounts expended pursuant to clauses (1) (without duplication for the declaration of the relevant dividend), (4), (6), (8) and (9) above shall be included in such calculation and amounts expended pursuant to clauses (2), (3), (5), (7) and (10) above shall not be included in such calculation.

Limitation on Asset Sales and Sales of Subsidiary Stock

The Company will not, and will not permit any of its Restricted Subsidiaries to, consummate an Asset Sale unless:

(a) the Company or the applicable Restricted Subsidiary, as the case may be, receives consideration at the time of such Asset Sale at least equal to the Fair Market Value of the assets or Capital Stock sold or otherwise disposed of, and

(b) at least 75% of the consideration received for the assets or Capital Stock sold by the Company or the Restricted Subsidiary, as the case may be, in such Asset Sale shall be in the form of cash or Cash Equivalents received at the time of such Asset Sale.

For purposes of the immediately preceding clause (b), each of the following will be deemed to be cash:

(1) any liabilities that are included on the balance sheet of the Company or any Restricted Subsidiary (other than contingent liabilities and liabilities that are by their terms subordinated to the notes) that are assumed by the transferee of any such assets and as a result of which the Company or such Restricted Subsidiary, as the case may be, are fully and unconditionally released from any further liability in connection therewith;

(2) any securities, notes or other obligations or assets received by the Company or any such Restricted Subsidiary from such transferee that are converted by the Company or such Restricted Subsidiary into cash or Cash Equivalents within 180 days of the receipt thereof (subject to ordinary settlement periods), to the extent of the cash or Cash Equivalents received in that conversion;

(3) the Fair Market Value of any Capital Stock of a Person engaged in a Permitted Business that will become, upon purchase, a Restricted Subsidiary or assets (other than current assets as determined in accordance with GAAP or Capital Stock) to be used by the Company or any Restricted Subsidiary in a Permitted Business; and

(4) any Designated Non-cash Consideration received by the Company or any of its Restricted Subsidiaries in such Asset Sale; provided that the aggregate Fair Market Value of such Designated Non-cash Consideration, taken together with the Fair Market Value at the time of receipt of all other Designated Non-cash Consideration received pursuant to this clause (4) less the amount of Net Proceeds previously realized in cash or Cash Equivalents from the sale of prior Designated Non-cash Consideration is less than the greater of (x) 4% of Consolidated Tangible Assets at the time of the receipt of such Designated Non-cash Consideration and (y) U.S. $20 million, in each case with the Fair Market Value of each item of Designated Non-cash Consideration being measured at the time received and without giving effect to subsequent changes in value;

provided that amounts received pursuant to clauses (1), (3) and (4) shall not be deemed to constitute Net Cash Proceeds for purposes of making an Asset Sale Offer.

The Company or such Restricted Subsidiary, as the case may be, may apply the Net Cash Proceeds of any such Asset Sale within 365 days thereof to:

(a) repay any Senior Indebtedness of the Company, any Indebtedness secured by the assets subject to such Asset Sale or Indebtedness of any Restricted Subsidiary (in each case owing to a Person other than the Company or any Restricted Subsidiary and including, in each case without limitation, Capitalized Lease Obligations),

(b) make capital expenditures in a Permitted Business, and/or

(c) purchase

(1) assets (other than current assets as determined in accordance with GAAP or Capital Stock) to be used by the Company or any Guarantor in a Permitted Business,

(2) all or substantially all of the assets of, or any Capital Stock of, a Person engaged in a Permitted Business if, after giving effect to any such acquisition, such Person is or becomes or such assets are contributed to a Guarantor, or

(3) enter into a binding commitment with a Person, other than the Company or any of its Restricted Subsidiaries, to apply such Net Cash Proceeds pursuant to clause (b) and/or (c) above, provided that such binding commitment shall be subject only to customary conditions and the applicable purchase shall be consummated within 180 days following the expiration of the aforementioned 365-day period.

To the extent all or a portion of the Net Cash Proceeds of any Asset Sale are not applied within the 365 days of the Asset Sale as described in clause (a), (b) and/or (c) of the immediately preceding paragraph, the Company will make an offer to purchase notes (the "Asset Sale Offer"), at a purchase price equal to 100.0% of the principal amount of the notes to be purchased, plus accrued and unpaid interest thereon, to the date of purchase (the "Asset Sale Offer Amount"). The Company will purchase pursuant to an Asset Sale Offer from all tendering holders on a *pro rata* basis, and, at the Company's option, on a *pro rata* basis with the holders of any other Senior Indebtedness with similar provisions requiring the Company to offer to purchase the other Senior Indebtedness with the proceeds of Asset Sales, that principal amount (or accreted value in the case of Indebtedness issued with original issue discount) of notes and the other Senior Indebtedness to be purchased equal to such unapplied Net Cash Proceeds. The Company may satisfy its obligations under this covenant with respect to the Net Cash Proceeds of an Asset Sale by making an Asset Sale Offer prior to the expiration of the relevant 365-day period.

The purchase of notes pursuant to an Asset Sale Offer will occur not less than 20 Business Days following the date thereof, or any longer period as may be required by law, nor more than 45 days following the 365th day following the Asset Sale. The Company may, however, defer an Asset Sale Offer until there is an aggregate amount of unapplied Net Cash Proceeds from one or more Asset Sales equal to or in excess of U.S. $10 million. At that time, the entire amount of unapplied Net Cash Proceeds, and not just the amount in excess of U.S. $10 million, will be applied as required pursuant to this covenant. Pending application in accordance with this covenant, Net Cash Proceeds may be applied to temporarily reduce revolving credit borrowings or Invested in Cash Equivalents.

Each notice of an Asset Sale Offer will be mailed first class, postage prepaid, to the record holders as shown on the register of holders within 20 days following such 365th day, with a copy to the Trustee offering to purchase the notes as described above. Each notice of an Asset Sale Offer will state, among other things, the purchase date, which must be no earlier than 30 days nor later than 60 days from the date the notice is mailed, other than as may be required by law (the "Asset Sale Offer Payment Date"). Upon receiving notice of an Asset Sale Offer, holders may elect to tender their notes in whole or in part in minimum principal amounts of U.S. $200,000 and integral multiples of U.S. $1,000 in excess thereof in exchange for cash.

On or before 11:00 a.m. New York time on the Business Day immediately prior to the Asset Sale Offer Payment Date, the Company shall deposit with the Trustee or any Paying Agent funds in an amount equal to the Asset Sale Offer Amount in respect of all notes or portions thereof so tendered.

On the Asset Sale Offer Payment Date, the Company will, to the extent lawful:

(1) accept for payment all notes or portions thereof properly tendered pursuant to the Asset Sale Offer; and

(2) deliver or cause to be delivered to the Trustee the notes so accepted together with an Officers' Certificate stating the aggregate principal amount of notes or portions thereof being purchased by the Company.

To the extent holders of notes and holders of other Senior Indebtedness, if any, which are the subject of an Asset Sale Offer properly tender and do not withdraw notes or the other Senior Indebtedness in an aggregate amount exceeding the amount of unapplied Net Cash Proceeds, the Company will purchase the notes and the other Senior Indebtedness on a *pro rata* basis (based on amounts tendered). If only a portion of a note is purchased pursuant to an Asset Sale Offer, a new note in a principal amount equal to the portion thereof not purchased will be issued in the name of the holder thereof upon cancellation of the original note (or appropriate adjustments to the amount and beneficial interests in a global note will be made, as appropriate). Notes (or portions thereof) purchased pursuant to an Asset Sale Offer will be cancelled and cannot be reissued.

The Company will comply with the requirements of Rule 14e-l under the Exchange Act and any other applicable securities laws in connection with the purchase of notes pursuant to an Asset Sale Offer. To the extent that the provisions of any applicable securities laws or regulations conflict with the "Asset Sale" provisions of the Indenture, the Company will comply with these laws and regulations and will not be deemed to have breached its obligations under the "Asset Sale" provisions of the Indenture by doing so.

Upon completion of an Asset Sale Offer, the amount of Net Cash Proceeds will be reset at zero. Accordingly, to the extent that the aggregate amount of notes and other Indebtedness tendered pursuant to an Asset Sale Offer is less than the aggregate amount of unapplied Net Cash Proceeds, the Company and its Restricted Subsidiaries may use any remaining Net Cash Proceeds for any purpose not otherwise prohibited by the Indenture.

Limitation on Securitizations and Receivables Transactions

The Company and its Restricted Subsidiaries may sell, transfer or otherwise dispose of accounts receivable to another Person or Securitization Vehicle; provided that:

(1) the sale, transfer or other disposition is in connection with a Securitization or a Receivables Transaction; and

(2) the aggregate consideration from each such sale, transfer or other disposition is at least equal to the Fair Market Value of the receivables sold.

Limitation on Designation of Unrestricted Subsidiaries

Except to the extent that the limitations set forth below expressly contravene, or result in a violation of, Mexican law, the Company may designate after the Issue Date any Subsidiary of the Company as an "Unrestricted Subsidiary" under the Indenture (a "Designation") only if:

(1) no Default or Event of Default shall have occurred and be continuing at the time of or immediately after giving effect to such Designation and any transactions between the Company or any of its Restricted Subsidiaries and such Unrestricted Subsidiary are in compliance with "—Limitation on Transactions with Affiliates";

(2) at the time of and after giving effect to such Designation, the Company could Incur U.S. $1.00 of additional Indebtedness pursuant to clause (1) of "—Limitation on Incurrence of Additional Indebtedness"; and

(3) the Company would be permitted to make an Investment at the time of Designation (assuming the effectiveness of such Designation and treating such Designation as an Investment at the time of Designation) as a Restricted Payment pursuant to the first paragraph of "—Limitation on Restricted Payments" or as a Permitted Investment in an amount (the "Designation Amount") equal to the amount of the Company's Investment in such Subsidiary on such date; and

At the time of such Designation, neither the Company nor any Restricted Subsidiary will:

(1) provide credit support for, subject any of its property or assets (other than the Capital Stock of any Unrestricted Subsidiary) to the satisfaction of, or Guarantee, any Indebtedness of such Subsidiary (including any undertaking, agreement or instrument evidencing such Indebtedness);

(2) be directly or indirectly liable for any Indebtedness of such Subsidiary; or

(3) be directly or indirectly liable for any Indebtedness which provides that the holder thereof may (upon notice, lapse of time or both) declare a default thereon or cause the payment thereof to be accelerated or payable prior to its final scheduled maturity upon the occurrence of a default with respect to any Indebtedness of such Subsidiary, except for any non-recourse Guarantee given solely to support the pledge by the Company or any Restricted Subsidiary of the Capital Stock of such Subsidiary.

The Company may revoke any Designation of a Subsidiary as an Unrestricted Subsidiary (a "Revocation") only if:

(1) no Default or Event of Default shall have occurred and be continuing at the time of and after giving effect to such Revocation; and

(2) all Liens and Indebtedness of such Unrestricted Subsidiary outstanding immediately following such Revocation would, if Incurred at such time, have been permitted to be Incurred for all purposes of the Indenture.

The Designation of a Subsidiary of the Company as an Unrestricted Subsidiary shall be deemed to include the Designation of all of the Subsidiaries of such Subsidiary. All Designations and Revocations must be evidenced by an Officers' Certificate of the Company, signed by the Chief Financial Officer and another Officer of the Company, delivered to the Trustee certifying compliance with the preceding provisions.

Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries

(a) Except as provided in paragraph (b) below, the Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, create or otherwise cause or permit to exist or become effective any encumbrance or restriction on the ability of any Restricted Subsidiary to:

(1) make loans or advances to, or Guarantee any Indebtedness or other obligations of, or make any Investment in, the Company or any other Restricted Subsidiary; or

(2) transfer any of its property or assets to the Company or any other Restricted Subsidiary.

(b) Paragraph (a) above will not apply to encumbrances or restrictions existing under or by reason of:

(1) applicable law, rule, regulation or order;

(2) the Indenture or the notes;

(3) the terms of any Indebtedness outstanding on the Issue Date, and any amendment, modification, restatement, renewal, restructuring, replacement or refinancing thereof; provided that any amendment, modification, restatement, renewal, restructuring, replacement or refinancing is not materially more restrictive, taken as a whole, with respect to such encumbrances or restrictions than those in existence on the Issue Date;

(4) customary non-assignment provisions of any contract and customary provisions restricting assignment or subletting in any lease governing a leasehold interest of any Restricted Subsidiary, or any customary restriction on the ability of a Restricted Subsidiary to dividend, distribute or otherwise transfer any asset which secures Indebtedness secured by a Lien, in each case permitted to be Incurred under the Indenture;

(5) any instrument governing Acquired Indebtedness not Incurred in connection with, or in anticipation or contemplation of, the relevant acquisition, merger or consolidation, which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person or the properties or assets of the Person so acquired;

(6) customary restrictions with respect to a Restricted Subsidiary of the Company imposed pursuant to a binding agreement which has been entered into for the sale or disposition of Capital Stock or assets of such Restricted Subsidiary; provided that such restrictions apply solely to the Capital Stock or assets of such Restricted Subsidiary being sold;

(7) customary restrictions imposed on the transfer of copyrighted or patented materials;

(8) an agreement governing Indebtedness of the Company or any Restricted Subsidiaries permitted to be Incurred subsequent to the date of the Indenture in accordance with the covenant described above under the caption "—Limitation on Incurrence of Additional Indebtedness"; provided that the provisions relating to such encumbrance or restriction contained in such agreement are no more restrictive, taken as a whole, than those contained in the agreement referred to in clause (3) of this paragraph;

(9) purchase money obligations for property (including Capital Stock) acquired in the ordinary course of business and Capitalized Lease Obligations that impose restrictions on the property purchased or leased of the nature described in paragraph (a)(3) of this covenant;

(10) Liens permitted to be incurred under the provisions of the covenant described below under the caption "—Limitation on Liens" that limits the right of the debtor to dispose of the assets securing such Indebtedness;

(11) provisions limiting the payment of dividends or the disposition or distribution of assets or property or transfer of Capital Stock in joint venture agreements, sale-leaseback agreements, limited liability company organizational documents and other similar agreements

entered into in accordance with the terms of the Indenture and (a) in the ordinary course of business consistent with past practice or (b) with the approval of the Company's Board of Directors, which limitation is applicable only to the assets, property or Capital Stock that are the subject of such agreements;

(12) restrictions on cash, Cash Equivalents, Marketable Securities or other deposits or net worth imposed by customers or lessors under contracts or leases entered into in the ordinary course of business consistent with past practice to secure trade payable obligations; and

(13) restrictions customarily granted in connection with any Securitizations.

Limitation on Subordinated Indebtedness

The Company will not, and will not permit any Guarantor to, directly or indirectly, Incur any Indebtedness that is subordinate in right of payment to any other Senior Indebtedness, unless such Indebtedness is expressly subordinate in right of payment to the notes, or the Note Guarantee, as the case may be, to the same extent and on the same terms as such Indebtedness is subordinate to such other Senior Indebtedness; provided that the foregoing limitation shall not apply to distinctions between categories of Senior Indebtedness that exist by reason of any Liens arising or created in respect of some but not all such Senior Indebtedness.

Limitation on Liens

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, Incur any Liens of any kind (except for Permitted Liens) against or upon any of their respective properties or assets, whether owned on the Issue Date or acquired after the Issue Date, or any proceeds therefrom, to secure any Indebtedness or trade payables unless contemporaneously therewith effective provision is made to secure the notes and all other amounts due under the Indenture, equally and ratably with such Indebtedness or other obligation (or, in the event that such Indebtedness is subordinated in right of payment to the notes, prior to such Indebtedness or other obligation) with a Lien on the same properties and assets securing such Indebtedness or other obligation for so long as such Indebtedness or other obligation is secured by such Lien.

Limitation on Merger, Consolidation and Sale of Assets

The Company will not, in a single transaction or series of related transactions, consolidate or merge with or into any Person (whether or not the Company is the surviving or continuing Person), or sell, assign, transfer, lease, convey or otherwise dispose of (or cause or permit any Restricted Subsidiary to sell, assign, transfer, lease, convey or otherwise dispose of) all or substantially all of the Company's properties and assets (determined on a consolidated basis for the Company and its Restricted Subsidiaries), to any Person unless:

(a) either:

(1) the Company shall be the surviving or continuing Person, or the Person (if other than the Company) formed by such consolidation or into which the Company is merged or the Person which acquires by sale, assignment, transfer, lease, conveyance or other disposition the properties and assets of the Company and of the Company's Restricted Subsidiaries substantially as an entirety (the "Surviving Entity"):

(A) shall be a Person organized or formed and validly existing under the laws of Mexico or a Qualified Merger Jurisdiction, and

(B) shall expressly assume, by supplemental indenture (in form and substance satisfactory to the Trustee), executed and delivered to the Trustee, the due and punctual payment of the principal of, and premium, if any, and interest on all of the notes and the performance and observance of every covenant of the notes and the Indenture on the part of the Company to be performed or observed and shall cause each Guarantor (including Persons that become Guarantors as a result of the transaction) to confirm by supplemental indenture that its Note Guarantee will apply for the Obligations of the Surviving Entity in respect of the Indenture and the notes;

(b) immediately after giving effect to such transaction and the assumption contemplated by clause (a)(1)(B) above (including giving effect on a *pro forma* basis to any Indebtedness, including any Acquired Indebtedness, Incurred in connection with or in respect of such transaction), the Company or such Surviving Entity, as the case may be:

(1) will be able to Incur at least U.S. $1.00 of additional Indebtedness pursuant to clause (1) of "—Limitation on Incurrence of Additional Indebtedness," or

(2) will have (i) a ratio of Total Unencumbered Assets to Total Unsecured Indebtedness of not less than the ratio of Total Unencumbered Assets to Total Unsecured Indebtedness immediately prior to such transaction, and (ii) a Capitalization Ratio of not less than the Capitalization Ratio of the Company and its Restricted Subsidiaries immediately prior to such transaction;

(c) immediately before and immediately after giving effect to such transaction and the assumption contemplated by clause (a)(2)(B) above (including, without limitation, giving effect on a *pro forma* basis to any Indebtedness, including any Acquired Indebtedness, Incurred and any Lien granted in connection with or in respect of the transaction), no Default or Event of Default shall have occurred or be continuing;

(d) if the Company is organized under Mexican law and merges with a corporation, or the Surviving Entity is, organized under the laws of a Qualified Merger Jurisdiction or the Company is organized under the laws of a Qualified Merger Jurisdiction and merges with a Person, or the Surviving Entity is, organized under the laws of Mexico, the Company or the Surviving Entity will have delivered to the Trustee an Opinion of Counsel from each of Mexico and the relevant Qualified Merger Jurisdiction to the effect that, as applicable:

(i) the holders of the notes will not recognize income, gain or loss for income tax purposes under the laws of the relevant Qualified Merger Jurisdiction or Mexico as a result of the transaction and will be taxed in the holder's home jurisdiction in the same manner and on the same amounts (assuming solely for this purpose that no Additional Interest are required to be paid on the notes) and at the same times as would have been the case if the transaction had not occurred,

(ii) any payment of interest or principal under or relating to the notes will be paid in compliance with any requirements under the section "—Additional Interest," and

(iii) no other taxes on income, including capital gains, will be payable by holders of the notes under the laws of Mexico or the relevant Qualified Merger Jurisdiction relating to the acquisition, ownership or disposition of the notes, including the receipt of interest or principal thereon; provided that the holder does not use or hold, and is not deemed to use or hold the notes in carrying on a business in Mexico or the relevant Qualified Merger Jurisdiction, and

(e) the Company or the Surviving Entity has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that the consolidation, merger, sale, assignment, transfer, lease, conveyance or other disposition and, if required in connection with such transaction, the supplemental indenture, comply with the applicable provisions of the Indenture and that all conditions precedent in the Indenture relating to the transaction have been satisfied.

For purposes of this covenant, the transfer (by lease, assignment, sale or otherwise, in a single transaction or series of transactions) of all or substantially all of the properties or assets of one or more Restricted Subsidiaries of the Company, the Capital Stock of which constitutes all or substantially all of the properties and assets of the Company (determined on a consolidated basis for the Company and its Restricted Subsidiaries), will be deemed to be the transfer of all or substantially all of the properties and assets of the Company.

The provisions of clause (b) above will not apply to:

(1) any transfer of the properties or assets of a Restricted Subsidiary to the Company or of the Company into a Wholly-Owned Restricted Subsidiary;

(2) any merger of a Restricted Subsidiary into the Company or of the Company into a Wholly-Owned Restricted Subsidiary; or

(3) any merger of the Company into a Wholly-Owned Subsidiary of the Company created for the purpose of holding the Capital Stock of the Company.

Upon any consolidation, combination or merger or any transfer of all or substantially all of the properties and assets of the Company and its Restricted Subsidiaries in accordance with this covenant, in which the Company is not the continuing corporation, the Surviving Entity formed by such consolidation or into which the Company is merged or to which such conveyance, lease or transfer is made will succeed to, and be substituted for, and may exercise every right and power of, the Company under the Indenture and the notes with the same effect as if such Surviving Entity had been named as such. For the avoidance of doubt, compliance with this covenant will not affect the obligations of the Company (including a Surviving Entity, if applicable) under "—Change of Control Triggering Event," if applicable.

Each Guarantor will not, and the Company will not cause or permit any Guarantor to, consolidate with or merge into, or sell or dispose of all or substantially all of its assets to, any Person (other than the Company) that is not a Guarantor unless:

(a) such Person (if such Person is the surviving entity) assumes all of the obligations of such Guarantor in respect of its Note Guarantee by executing a supplemental indenture and providing the Trustee with an Officers' Certificate and an Opinion of Counsel, and such transaction is otherwise in compliance with the Indenture;

(b) such Note Guarantee is to be released as provided under "—Note Guarantees"; or

(c) such sale or other disposition of substantially all of such Guarantor's assets is made in accordance with "—Limitation on Asset Sales and Sales of Subsidiary Stock."

Limitation on Transactions with Affiliates

(1) The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, enter into any transaction or series of related transactions (including, without limitation, the purchase, sale, lease or exchange of any property or the rendering of any service) with, or for the benefit of, any of its Affiliates (each an "Affiliate Transaction"), unless:

(a) the terms of such Affiliate Transaction are not materially less favorable than those that could reasonably be expected to be obtained in a comparable transaction at such time on an arm's- length basis from a Person that is not an Affiliate of the Company;

(b) in the event that such Affiliate Transaction involves aggregate payments, or transfers of property or services with a Fair Market Value, in excess of U.S. $10 million, the terms of such Affiliate Transaction will be approved by a majority of the members of the Board of Directors of the Company (including a majority of the disinterested members thereof), the approval to be evidenced by a Board Resolution stating that the Board of Directors has determined that such transaction complies with the preceding provisions; and

(c) in the event that such Affiliate Transaction involves aggregate payments, or transfers of property or services with a Fair Market Value, in excess of U.S. $20 million, the Company must in addition obtain and deliver to the Trustee a favorable written opinion from an internationally recognized investment banking, accounting firm or independent appraiser as to the fairness of the transaction to the Company and its Restricted Subsidiaries from a financial point of view.

(2) Paragraph (1) above will not apply to:

(a) Affiliate Transactions with or among the Company and any Restricted Subsidiary or between or among Restricted Subsidiaries;

(b) reasonable fees and compensation paid to, and any indemnity provided on behalf of, officers, directors, employees, consultants or agents of the Company or any Restricted Subsidiary as determined in good faith by the Company's Board of Directors or senior management of the Company;

(c) Affiliate Transactions undertaken pursuant to any contractual obligations or rights in existence on the Issue Date and any amendment, modification or replacement of such agreement (so long as such amendment, modification or replacement is not materially more disadvantageous to the Company and its Restricted Subsidiaries or the holders of the notes, taken as a whole, than the original agreement as in effect on the Issue Date);

(d) any Restricted Payments made in compliance with "—Limitation on Restricted Payments" or any Permitted Investments;

(e) loans and advances to officers, directors and employees of the Company or any Restricted Subsidiary for travel, entertainment, moving and other relocation expenses, in each case made in the ordinary course of business and not exceeding U.S. $1 million outstanding at any one time;

(f) any employment agreement, employee benefit plan, contracts with third parties in respect of the outsourcing of service providers (including any payments thereunder), officer or director indemnification agreement or any similar arrangement entered into by the Company or any of its Restricted Subsidiaries in the ordinary course of business or consistent with past practice and payments pursuant thereto;

(g) any issuance of Capital Stock (other than Disqualified Stock) of the Company to Affiliates of the Company or to any director, officer, employee or consultant of the Company, and the granting and performance of registration rights;

(h) transactions between the Company or any of its Restricted Subsidiaries and any Securitization Vehicle in the ordinary course of business in connection with Securitizations or Receivables Transactions; and

(i) transactions with customers, clients, suppliers or purchasers or sellers of goods or services, in each case in the ordinary course of business and otherwise in compliance with the terms of the Indenture, which are fair to the Company or its Restricted Subsidiaries (as applicable), or are on terms at least as favorable as might reasonably have been obtained at such time from an unaffiliated party.

Conduct of Business

The Company and its Restricted Subsidiaries will not engage in any business other than a Permitted Business.

Use of Proceeds

The Company will use the net proceeds from the offering of the notes as described in the section entitled "Use of Proceeds" in this offering memorandum. The Company will (i) no later than the date that is 45 days after the Issue Date, prepay in full the Indebtedness listed in the section entitled "Use of Proceeds" and (ii) take all necessary actions required pursuant to applicable law (including, but not limited to, submitting all relevant documentation to and making any required filings with governmental agencies, registries or authorities under applicable law) to terminate and release (or cause to be terminated and release) in full all liens over our assets and/or property relating to such indebtedness as soon as practicable but no later than 45 days following the repayment of such Indebtedness. We plan to use any remaining proceeds from the offering of the notes for general corporate purposes.

Reports to Holders

So long as any notes are outstanding, the Company will furnish to the Trustee:

(a) Within 120 days following the end of each of the Company's fiscal years, an English language version in electronic format of the consolidated audited income statements, balance sheets and cash flow statements and the related notes thereto for the Company for the two most recent fiscal years in accordance with GAAP, (in each case, presented in the English language), which need not, however, contain any reconciliation to U.S. GAAP or otherwise comply with Regulation S-X of the U.S. Securities and Exchange Commission, together with an audit report thereon by the Company's independent auditors; and

(b) Within 60 days following the end of each of the first three fiscal quarters in each of the Company's fiscal years (beginning with the fiscal quarter ended September 30, 2017), quarterly reports containing unaudited balance sheets, statements of income, statements of shareholders equity and statements of cash flows and the related notes thereto for the Company and the Restricted Subsidiaries on a consolidated basis, in each case for the quarterly period then ended and the corresponding quarterly period in the prior fiscal year and prepared in accordance with GAAP (in each case, presented in the English language and in electronic format), which need not, however, contain any reconciliation to U.S. GAAP or otherwise comply with Regulation S-X of the U.S. Securities and Exchange Commission.

None of the information provided pursuant to the preceding paragraph shall be required to comply with Regulation S-K as promulgated by the U.S. Securities and Exchange Commission. In addition, the Company shall furnish to the holders of the notes and to prospective investors, upon the requests of such holders, any information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act so long as the notes are not freely transferable under the Exchange Act by Persons who are not "affiliates" under the Securities Act.

Delivery of such reports, information and documents to the Trustee is for informational purposes only and the Trustee's receipt thereof shall not constitute constructive or actual notice of any information contained therein or determinable from information contained therein, including the Company's compliance with any of their respective covenants hereunder (as to which the Trustee is entitled to rely exclusively on Officers' Certificates).

Listing

Application has been made for the listing of and quotation for the notes on the SGX-ST; however, the notes are not yet listed and the Company cannot assure the holders of the notes that they will be accepted for listing. Following the issuance of the notes, the Company will use its commercially reasonable efforts to obtain and maintain such admission to listing and trading; provided that if the Company is unable to list the notes on the SGX-ST, or if as a result of any applicable rule, requirement or legislation, the Company would be required to publish financial information either more regularly than it otherwise would be required to or according to accounting principles which are materially different from the accounting principles which the Company would otherwise use to prepare its published financial information, the Company may delist the notes in accordance with the rules of the SGX-ST and it will use its commercially reasonable efforts to list and maintain a listing of the notes on a different section of the SGX-ST or on such other listing authority, stock exchange and/or quotation system recognized by the U.S. Securities and Exchange Commission as the Company may decide.

Notices

For so long as notes in global form are outstanding, notices to be given to holders will be given to the depositary in accordance with its applicable policies in effect from time to time. If notes are issued in individual definitive form, notices to be given to holders will be deemed to have been given upon the mailing by first class mail of such notices to holders of the notes at their registered addresses as they appear in the registrar's records.

From and after the date the notes are admitted to listing on the SGX-ST and so long as it is required by the rules of such exchange, all notices to holders of notes will be published in English:

(1) in a leading newspaper having a general circulation in Singapore (which is expected to be The Business Times);

(2) if such Singapore publication in not practicable, in one other leading English language newspaper being published on each day in morning editions, whether or not it shall be published in Saturday, Sunday or holiday editions; or

(3) on the website of the SGX-ST.

Notices shall be deemed to have been given on the date of publication as aforesaid or, if published on different dates, on the date of the first such publication. In addition, notices will be mailed to holders of notes at their registered addresses.

Events of Default

The following are "Events of Default":

(1) default in the payment when due of the principal of or premium, if any, on any notes, including the failure to make a required payment to purchase notes tendered pursuant to an optional redemption, Change of Control Triggering Event Offer or an Asset Sale Offer;

(2) default for 30 days or more in the payment when due of interest or Additional Interest, if any, on any notes;

(3) the failure to perform or comply with any of the provisions described under "Certain Covenants—Merger, Consolidation and Sale of Assets";

(4) the failure by the Company or any Restricted Subsidiary to comply with any other covenant or agreement contained in the Indenture or in the notes for 30 days or more after written notice to the Company from the Trustee or the holders of at least 25% in aggregate principal amount of the outstanding notes;

(5) default by the Company or any Restricted Subsidiary under any Indebtedness (other than the notes or any Additional Notes) which:

(a) is caused by a failure to pay principal or premium, if any, or interest on such Indebtedness prior to the expiration of any applicable grace period provided in the instrument governing such Indebtedness on the date of such default; or

(b) results in the acceleration of such Indebtedness prior to its stated maturity;

provided that, in each of (a) and (b), the principal or accreted amount of Indebtedness at the relevant time, aggregates U.S. $10 million or more;

(6) failure by the Company or any Restricted Subsidiary to pay one or more non-appealable final judgments against any of them, aggregating U.S. $10 million or more, which judgment(s) are not paid, discharged or stayed for a period of 60 days or more;

(7) certain events of bankruptcy affecting the Company or any of its Restricted Subsidiaries, including the declaration of their *concurso mercantil* or *quiebra*; or

(8) any Note Guarantee required to be in full force and effect pursuant to the Indenture ceases to be in full force and effect, other than in accordance the terms of the Indenture, or a Guarantor denies or disaffirms its obligations under its Note Guarantee.

If an Event of Default (other than an Event of Default specified in clause (7) above with respect to the Company) shall occur and be continuing, the Trustee or the holders of at least 25% in principal amount of outstanding notes may declare the unpaid principal of (and premium, if any) and accrued and unpaid interest on all the notes to be immediately due and payable by notice in writing to the Company and a Responsible Officer of the Trustee, in case of notice from holders of at least 25% in principal amount of outstanding notes, specifying the Event of Default and that it is a "notice of acceleration." If an Event of Default specified in clause (7) above occurs with respect to the Company, then the unpaid principal of (and premium, if any) and accrued and unpaid interest on all the notes will become immediately due and payable without any declaration or other act on the part of the Trustee or any holder.

(1) At any time after a declaration of acceleration with respect to the notes as described in the preceding paragraph, the holders of a majority in principal amount of the notes may rescind and cancel such declaration and its consequences: if the rescission would not conflict with any judgment or decree;

(2) if all existing Events of Default have been cured or waived, except nonpayment of principal or interest that has become due solely because of the acceleration;

(3) to the extent the payment of such interest is lawful, interest on overdue installments of interest and overdue principal, which has become due otherwise than by such declaration of acceleration, has been paid; and

(4) if the Company has paid the Trustee its reasonable compensation and reimbursed and/or indemnified the Trustee for its reasonable expenses (including the fees and expenses of its counsel), disbursements, losses and advances.

No rescission will affect any subsequent Default or impair any rights relating thereto.

The holders of a majority in principal amount of the notes may waive any existing Default or Event of Default under the Indenture, and its consequences, except a default in the payment of the principal of, premium, if any, Additional Interest or interest on any notes or any amounts due and owing to the Trustee.

In the event of any Event of Default specified in clause (5) of the first paragraph above, such Event of Default and all consequences thereof (excluding, however, any resulting payment default) will be annulled, waived and rescinded, automatically and without any action by the Trustee or the holders, if within 30 days after such Event of Default arose the Company delivers an Officers' Certificate to the Trustee stating that (x) the Indebtedness or Guarantee that is the basis for such Event of Default has been discharged, or (y) the holders thereof have rescinded or waived the acceleration, notice or action (as the case may be) giving rise to such Event of Default, or (z) the default that is the basis for such Event of Default has been cured, it being understood that in no event shall an acceleration of the principal amount of the notes as described above be annulled, waived or rescinded upon the happening of any such events.

Subject to the provisions of the Indenture relating to the duties of the Trustee, the Trustee is under no obligation to exercise any of its rights or powers under the Indenture at the request, order or direction of any of the holders, unless such holders have offered to the Trustee indemnity or security satisfactory to it against any loss, liability or expense. Subject to all provisions of the Indenture and applicable law, the holders of a majority in aggregate principal amount of the then outstanding notes have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee.

No holder of any notes will have any right to institute any proceeding with respect to the Indenture or for any remedy thereunder, unless:

(1) such holder gives to a Responsible Officer of the Trustee written notice of a continuing Event of Default;

(2) holders of at least 25% in principal amount of the then outstanding notes make a written request to pursue the remedy;

(3) such holders of the notes provide to the Trustee indemnity or security satisfactory to it against any loss, liability or expense;

(4) the Trustee does not comply within 60 days; and

(5) during such 60 day period the holders of a majority in principal amount of the outstanding notes do not give the Trustee a written direction which, in the opinion of the Trustee, is inconsistent with the request;

provided, that a holder of a note may institute suit for enforcement of payment of the principal of and premium, if any, or interest on such note on or after the respective due dates expressed in such note.

Upon becoming aware of any Default or Event of Default, the Company is required to deliver to the Trustee written notice of events which would constitute such Defaults or Events of Default, their status and what action the Company is taking or proposes to take in respect thereof. The Indenture provides that if a Default or Event of Default occurs, is continuing and written notice of such Default or Event of Default has been provided to a Responsible Officer of the Trustee, the Trustee must mail to each holder notice of the Default or Event of Default within 90 days after the occurrence thereof. Except in the case of a Default or Event of Default in the payment of principal of, premium, if any, or interest on any note, the Trustee may withhold notice if and so long as its trust officer in good faith determines that withholding notice is in the interests of the holders.

The Trustee shall not be deemed to have notice of any Default or Event of Default (other than a payment default) unless written notice of any event which is in fact such a Default or Event of Default is received by a Responsible Officer of the Trustee at the Corporate Trust Office of the Trustee, and such notice references the Indenture and the notes.

Legal Defeasance and Covenant Defeasance

The Company may, at its option and at any time, elect to have its obligations with respect to outstanding notes discharged ("Legal Defeasance"). Such Legal Defeasance means that the Company will be deemed to have paid and discharged the entire indebtedness represented by the outstanding notes after the deposit specified in clause (1) of the second following paragraph, except for:

(1) the rights of holders to receive payments in respect of the principal of, premium, if any, and interest on the notes when such payments are due;

(2) the Company's obligations with respect to the notes concerning issuing temporary notes, registration of notes, mutilated, destroyed, lost or stolen notes and the maintenance of an office or agency for payments;

(3) the rights, powers, trust, duties and immunities of the Trustee and the Company's obligations in connection therewith; and

(4) the Legal Defeasance provisions of the Indenture.

In addition, the Company may, at its option and at any time, elect to have its obligations released with respect to certain covenants (including, without limitation, obligations to make Change of Control Triggering Event Offers, Asset Sale Offers, the obligations described under "—Certain Covenants" and the cross-acceleration provisions and judgment default provisions described under "Events of Default") that are described in the Indenture ("Covenant Defeasance") and thereafter any omission to comply with such obligations will not constitute a Default or Event of Default with respect to the notes. In the event Covenant Defeasance occurs, certain events (not including nonpayment, bankruptcy, receivership, reorganization and insolvency events) described under "Events of Default" will no longer constitute an Event of Default with respect to the notes.

In order to exercise either Legal Defeasance or Covenant Defeasance:

(1) the Company must irrevocably deposit with the Trustee, in trust for the benefit of the holders, cash in U.S. dollars, certain direct non-callable obligations of, or guaranteed by, the United States, or a combination thereof, in such amounts as will be sufficient without reinvestment, in the opinion of a nationally recognized investment bank, appraisal firm or firm of independent public accountants delivered to the Trustee, to pay the principal of, premium, if any, and interest (including Additional Interest) on the notes on the stated date for payment thereof or on the applicable redemption date, as the case may be;

(2) in the case of Legal Defeasance, the Company has delivered to the Trustee an Opinion of Counsel from counsel in the United States (subject to customary exceptions and exclusions) to the effect that:

(a) the Company has received from, or there has been published by, the U.S. Internal Revenue Service a ruling; or

(b) since the Issue Date, there has been a change in the applicable U.S. federal income tax law, in either case to the effect that, and based thereon such Opinion of Counsel shall state that, the holders will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Legal Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(3) in the case of Covenant Defeasance, the Company has delivered to the Trustee an Opinion of Counsel in the United States (subject to customary exceptions and exclusions) to the effect that the holders will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Covenant Defeasance and will be subject to U.S. federal income tax on the

same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(4) in the case of Legal Defeasance or Covenant Defeasance, the Company has delivered to the Trustee:

(a) an Opinion of Counsel from Mexican legal counsel (subject to customary exceptions and exclusions) and independent of the Company to the effect that, based upon Mexican law then in effect, holders will not recognize income, gain or loss for Mexican tax purposes, including withholding tax except for withholding tax then payable on interest payments due, as a result of Legal Defeasance or Covenant Defeasance, as the case may be, and will be subject to Mexican taxes on the same amounts and in the same manner and at the same time as would have been the case if such Legal Defeasance or Covenant Defeasance, as the case may be, had not occurred, or

(b) a ruling directed to the Trustee received from the tax authorities of Mexico to the same effect as the Opinion of Counsel described in clause (a) above;

(5) no Default or Event of Default shall have occurred and be continuing on the date of the deposit pursuant to clause (1) of this paragraph (except any Default or Event of Default resulting from the failure to comply with "—Certain Covenants—Limitation on Incurrence of Additional Indebtedness" as a result of the borrowing of the funds required to effect such deposit);

(6) the Company has delivered to a Responsible Officer of the Trustee an Officers' Certificate stating that such Legal Defeasance or Covenant Defeasance shall not result in a breach or violation of, or constitute a default under the Indenture or any other material agreement or instrument to which the Company or any of its Subsidiaries is a party or by which the Company or any of its Subsidiaries is bound;

(7) the Company has delivered to the Trustee an Officers' Certificate stating that the deposit was not made by the Company with the intent of preferring the holders over any other creditors of the Company or any Subsidiary of the Company or with the intent of defeating, hindering, delaying or defrauding any other creditors of the Company or others;

(8) the Company has delivered to the Trustee an Officers' Certificate and an opinion of counsel from counsel reasonably acceptable to the Trustee and independent from the Company (subject to customary exceptions and exclusions) and independent of the Company, each stating that all conditions precedent provided for or relating to the Legal Defeasance or the Covenant Defeasance have been complied with; and

(9) the Company has delivered to the Trustee an opinion of counsel from counsel reasonably acceptable to the Trustee and independent from the Company to the effect that the trust funds will not be subject to the effect of any applicable bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally.

Satisfaction and Discharge

The Indenture will be discharged and will cease to be of further effect (except as to surviving rights or registration of transfer or exchange of the notes, as expressly provided for in the Indenture) as to all outstanding notes when:

(1) either:

(a) all the notes theretofore authenticated and delivered (except lost, stolen or destroyed notes which have been replaced or paid and notes for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Company and thereafter repaid to the Company or discharged from such trust) have been delivered to the Trustee for cancellation; or

(b) all notes not theretofore delivered to the Trustee for cancellation have become due and payable, and the Company has irrevocably deposited or caused to be deposited with the Trustee funds or certain direct, non-callable obligations of, or guaranteed by, the United States sufficient without reinvestment to pay and discharge the entire Indebtedness on the notes not theretofore delivered to the Trustee for cancellation, for principal of, premium, if any, and interest on the notes to the date of deposit, together with irrevocable instructions from the Company directing the Trustee to apply such funds to the payment;

(2) the Company has paid all other sums payable under the Indenture and the notes by it; and

(3) the Company has delivered to the Trustee an Officers' Certificate stating that all conditions precedent under the Indenture relating to the satisfaction and discharge of the Indenture have been complied with.

Modification of the Indenture or the Notes

From time to time, the Company and the Trustee, without the consent of the holders, may amend the Indenture or the notes for certain specified purposes, including curing ambiguities, omissions, defects or inconsistencies; to provide for uncertificated notes in addition to or in place of certificated notes; to provide for the assumption of the Company's obligations to holders of notes in the case of a merger or consolidation or sale of all or substantially all of the Company's assets, as applicable; to make any change that would provide any additional rights or benefits to the holders or that does not adversely affect the legal rights under the Indenture of any such holder in any material respect; to conform the text of the Indenture or the notes to any provision of this Description of Notes to the extent that such provision in this Description of Notes was intended to be a verbatim recitation of a provision of the Indenture or the notes; to comply with the requirements of any applicable securities depositary; to provide for a successor Trustee in accordance with the terms of the Indenture; to otherwise comply with any requirement of the Indenture; to issue Additional Notes; provided that any such change does not adversely affect the rights of any of the holders in any material respect. In formulating its opinion on such matters, the Trustee will be entitled to rely on such evidence as it deems appropriate, including solely on an Opinion of Counsel and an Officers' Certificate, and shall have no liability whatsoever in reliance upon the foregoing.

Other modifications and amendments of the Indenture or the notes may be made with the consent of the holders of a majority in principal amount of the then outstanding notes issued under the Indenture, except that, without the consent of each holder affected thereby, no amendment may (with respect to any notes held by a non-consenting holder):

(1) reduce the principal amount of notes whose holders must consent to an amendment, supplement or waiver;

(2) reduce the rate of or change or have the effect of changing the time for payment of interest, including defaulted interest, on any notes;

(3) reduce the principal of or change or have the effect of changing the fixed maturity of any notes, or change the date on which any notes may be subject to redemption, or reduce the redemption price therefor;

(4) make any notes payable in currency other than that stated in the notes;

(5) make any change in provisions of the Indenture entitling each holder to receive payment of principal of, premium, if any, and interest on such note on or after the due date thereof or to bring suit to enforce such payment, or permitting holders of a majority in principal amount of notes to waive Defaults or Events of Default;

(6) amend, change or modify in any material respect any obligation of the Company to make and consummate a Change of Control Triggering Event Offer in respect of a Change of Control Triggering Event that has occurred, or make and consummate an Asset Sale Offer with respect to any Asset Sale that has been consummated;

(7) make any change in the provisions of the Indenture described under "—Additional Interest" that adversely affects the rights of any holder or amend the terms of the notes in a way that would result in a loss of exemption from Taxes;

(8) make any change to the provisions of the Indenture or the notes that adversely affects the ranking of the notes; and

(9) eliminate or modify in any manner a Guarantor's obligation with respect to its Note Guarantee which adversely affects the holders of the notes in any material respect, except as contemplated in the Indenture.

Governing Law; Jurisdiction

The Indenture and the notes will be governed by, and construed in accordance with, the law of the State of New York. The Company and the Guarantors will consent to the jurisdiction of the Federal and State courts located in the City of New York, Borough of Manhattan and will appoint an agent for service of process with respect to any actions brought in these courts arising out of or based on the Indenture or the notes.

The Trustee

Except during the continuance of an Event of Default, the Trustee will perform only such duties as are specifically set forth in the Indenture. During the existence of an Event of Default, the Trustee will exercise such rights and powers vested in it by the Indenture, and use the same degree of care and skill in its exercise as a prudent man would exercise or use under the circumstances in the conduct of his own affairs. U.S. Bank National Association, in each of its capacities, including without limitation as Trustee, Registrar and Paying Agent, assumes no responsibility for the accuracy and completeness of the information contained in this offering memorandum.

No Personal Liability

An incorporator, director, officer, employee, stockholder or controlling person, as such, of the Company or any Guarantor shall not have any liability for any obligations of the Company or any Guarantor under the notes or the Indenture or for any claims based on, in respect of or by reason of such obligations or their creation. By accepting a note, each holder waives and releases all such liability.

Currency Indemnity

The Company and the Guarantors will pay all sums payable under the Indenture or the notes solely in U.S. Dollars. Any amount that a holder receives or recovers in a currency other than U.S. Dollars in respect of any sum expressed to be due to such holder from the Company or any Guarantors will only constitute a discharge to us, to the greatest extent permitted under applicable law, to the extent of the U.S. Dollar amount which such holder is able to purchase with the amount received or recovered in that other currency on the date of the receipt or recovery or, if it is not practicable to make the purchase on that date, on the first date on which such holder is able to do so. If the U.S. Dollar amount is less than the U.S. Dollar amount expressed to be due to such holder under any note, to the greatest extent permitted under applicable law, the Company and the Guarantors will indemnify such holder against any loss such holder may sustain as a result. In any event, the Company and the

Guarantors will indemnify any such holder against the cost of making any purchase of U.S. Dollars. For the purposes of this paragraph, it will be sufficient for such holder to certify in a satisfactory manner that such holder would have suffered a loss had an actual purchase of U.S. Dollars been made with the amount received in that other currency on the date of receipt or recovery or, if it was not practicable to make the purchase on that date, on the first date on which such holder was able to do so. In addition, any such holder will also be required to certify in a satisfactory manner the need for a change of the purchase date.

The indemnities described above:

- constitute a separate and independent obligation from the other obligations of the Company and the Guarantors;
- will give rise to a separate and independent cause of action;
- will apply irrespective of any indulgence granted by any holder; and
- will continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any note.

Certain Definitions

Set forth below is a summary of certain of the defined terms used in the Indenture. Reference is made to the Indenture for a full definition of all such terms, as well as any other terms used herein for which no definition is provided.

"*Acquired Indebtedness*" means Indebtedness of a Person or any of its Subsidiaries existing at the time such Person becomes a Restricted Subsidiary or at the time it merges, consolidates or amalgamates with the Company or any of its Restricted Subsidiaries or is assumed in connection with the acquisition of assets from such Person; provided that such Indebtedness is not incurred in connection with, or in anticipation or contemplation of such merger, consolidation, amalgamation or acquisition. Such Indebtedness will be deemed to have been Incurred at the time such Person becomes a Restricted Subsidiary or at the time it merges, consolidates or amalgamates with the Company or a Restricted Subsidiary or at the time such Indebtedness is assumed in connection with the acquisition of assets from such Person.

"*Additional Interest*" has the meaning set forth under "—Additional Interest" above. "Additional Notes" has the meaning set forth under "—Payment of Additional Notes" above.

"*Affiliate*" means, with respect to any specified Person, any other Person who directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, such specified Person. The term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise. For purposes of this definition, the terms "controlling," "controlled by" and "under common control with" have correlative meanings.

"*Affiliate Transaction*" has the meaning set forth under "—Certain Covenants—Limitation on Transactions with Affiliates" above.

"*Alta Growth Funds*" means, directly or indirectly, any of Alta Growth Capital, Mexico Fund II, LP, Alta Growth Capital, Mexico Fund III, LP, Izta Capital, LP, or Banco Actinver, S.A., Institución de Banca Múltiple, Grupo Financiero Actinver, in its capacity as trustee of the irrevocable management and investment trust agreement identified with number 3279; any other fund managed by any of AGC GP Management, LLC, or Alta Growth Capital S.C.

"*Asset Acquisition*" means:

(1) an Investment by the Company or any Restricted Subsidiary in any other Person pursuant to which such Person will become a Restricted Subsidiary, or will be merged with or into the Company or any Restricted Subsidiary;

(2) the acquisition by the Company or any Restricted Subsidiary of the assets of any Person (other than a Subsidiary of the Company) which constitute all or substantially all of the assets of such Person or comprises any division or line of business of such Person or any other properties or assets of such Person other than in the ordinary course of business; or

(3) any Revocation with respect to an Unrestricted Subsidiary.

"*Asset Sale*" means any direct or indirect sale, disposition, issuance, conveyance, transfer, lease, assignment or other transfer, including a Sale and Leaseback Transaction (each, a "disposition"), by the Company or any Restricted Subsidiary of:

(a) any Capital Stock of any Restricted Subsidiary (but not Capital Stock of the Company); or

(b) any property or assets (other than cash or Cash Equivalents or Capital Stock of the Company) of the Company or any Restricted Subsidiary.

Notwithstanding the preceding, the following items will not be deemed to be Asset Sales:

(1) the disposition of all or substantially all of the assets of the Company and its Restricted Subsidiaries as permitted under "—Certain Covenants—Merger, Consolidation and Sale of Assets;"

(2) for purposes of "—Certain Covenants—Limitation on Asset Sales and Sales of Subsidiary Stock" only, the making of a Restricted Payment permitted under "—Certain Covenants—Limitation on Restricted Payments" or any Permitted Investment;

(3) a disposition to the Company or a Guarantor, including a Person that is or will become a Guarantor immediately after the disposition;

(4) a transaction or series of related transactions that involve assets having a Fair Market Value of less than U.S. $2.5 million (or the equivalent in other currencies);

(5) a transfer of assets between or among the Company and any Guarantor;

(6) an issuance or sale of Capital Stock by a Restricted Subsidiary of the Company to the Company or any Restricted Subsidiary;

(7) the disposition of accounts receivable as permitted under "—Certain Covenants—Limitation on Securitizations and Receivables Transactions";

(8) any sale or other disposition of inventory, goods, equipment or other assets in the ordinary course of business in the Company's leasing operations;

(9) the sale of delinquent loans to unaffiliated third parties;

(10) any sale or other disposition of damaged, worn-out, obsolete or no longer useful assets or properties in the ordinary course of business;

(11) the sale of assets received by the Company or any of its Restricted Subsidiaries upon the foreclosure of a Lien in the ordinary course of business;

(12) the granting of Liens permitted under "Certain Covenants—Limitation on Liens";

(13) the good faith surrender or waiver of contract rights or settlement, release or surrender of contract, tort or other claims or statutory rights in connection with a settlement in the ordinary course of business consistent with past practice; and

(14) a disposition to a Restricted Subsidiary that is not a Guarantor from another Restricted Subsidiary that is not a Guarantor.

"*Asset Sale Offer*" has the meaning set forth under "—Certain Covenants—Limitation on Asset Sales and Sales of Subsidiary Stock."

"*Asset Sale Transaction*" means any Asset Sale and, whether or not constituting an Asset Sale, (1) any sale or other disposition of Capital Stock, (2) any Designation with respect to an Unrestricted Subsidiary and (3) any sale or other disposition of property or assets excluded from the definition of Asset Sale by clause (4) of that definition.

"*Board of Directors*" means, as to any Person, the board of directors, management committee or similar governing body of such Person or any duly authorized committee thereof.

"*Board Resolution*" means, with respect to any Person, a copy of a resolution certified by the Secretary or an Assistant Secretary of such Person to have been duly adopted by the Board of Directors of such Person and to be in full force and effect on the date of such certification, and delivered to the Trustee.

"*Business Day*" means a day other than a Saturday, Sunday or any day on which banking institutions are authorized or required by law to close in New York City, United States or in Mexico City, Mexico.

"*Capital Securities*" means, with respect to the Company, any bonds, debentures, notes or other similar instruments of the Company (i) which are expressly subordinated in right of payment and in insolvency to the prior payment in full of any note and any other Senior Indebtedness, (ii) which have a scheduled maturity date of at least 5 years after the Issue Date, (iii) the first principal payment in respect of which (pursuant to any redemption provision, amortization schedule or otherwise) may not occur until at least 12 months after the last scheduled principal payment of any note and any other Senior Indebtedness, (iv) the principal of which may not be accelerated so long as any note remains outstanding (except pursuant to a customary bankruptcy event of default with respect to the Company), (v) are senior only to Capital Stock of the Company, (vi) in respect of which interest may be deferred and cancelled and (vii) which, prior to their issuance, are provided equity-like treatment by at least two Rating Agencies pursuant to their respective rating criteria.

"*Capital Stock*" means:

(1) with respect to any Person that is a corporation, any and all shares, interests, participations or other equivalents (however designated and whether or not voting) of corporate stock, including each class of Common Stock and Preferred Stock of such Person;

(2) with respect to any Person that is not a corporation, any and all partnership or other equity or ownership interests of such Person; and

(3) any warrants, rights or options to purchase any of the instruments or interests referred to in clause (1) or (2) above.

"*Capitalization Ratio*" means, for any Person as of any date of determination, the result (expressed as a percentage) obtained by dividing (x) Consolidated Net Worth of such Person (calculated as of the end of the last completed fiscal quarter ending on or prior to the date of the transaction giving rise to the need to calculate Consolidated Net Worth) by (y) Net Loan Portfolio as of such date of determination.

"*Capitalized Lease Obligations*" means, as to any Person, the obligations of such Person under a lease that are required to be classified and accounted for as capital lease obligations under GAAP. For purposes of this definition, the amount of such obligations at any date will be the capitalized amount of such obligations at such date, determined in accordance with GAAP.

"*Cash Equivalents*" means:

(1) marketable direct obligations issued by, or unconditionally guaranteed by, the United States government or issued by any agency thereof and backed by the full faith and credit of the United States, in each case maturing within one year from the date of acquisition thereof;

(2) *Certificados de la Tesorería de la Federación* (Cetes) or *Bonos de Desarrollo del Gobierno Federal* (Bondes), in each case, issued by the government of Mexico and maturing not later than one year after the acquisition thereof;

(3) marketable direct obligations issued by any state of the United States of America or any political subdivision of any such state or any public instrumentality thereof maturing within one year from the date of acquisition thereof and, at the time of acquisition, having one of the two highest ratings obtainable from either S&P or Moody's or any successor thereto;

(4) commercial paper maturing no more than one year from the date of creation thereof and, at the time of acquisition, having a rating of at least A-2 from S&P or at least P-2 from Moody's;

(5) demand deposits, certificates of deposit, time deposits or bankers' acceptances maturing within one year from the date of acquisition thereof issued by (a) any bank organized under the laws of the United States of America or any state thereof or the District of Columbia, (b) any U.S. branch of a non-U.S. bank having at the date of acquisition thereof combined capital and surplus of not less than U.S. $500.0 million, or (c) in the case of Mexican peso deposits, any of the five top-rated banks (as evaluated by an internationally recognized rating agency) organized under the laws of Mexico;

(6) repurchase obligations with a term of not more than seven days for underlying securities of the types described in clause (1) above entered into with any bank meeting the qualifications specified in clause (5) above;

(7) any other debt instruments having a rating of at least A-1 or AAA from S&P or P-1 or Aaa from Moody's with maturities of one year or less from the date of acquisition; and

(8) investments in money market funds, which invest substantially all of their assets in securities of the types described in clauses (1) through (7) above.

"*Change of Control*" means the occurrence of one or more of the following events:

(1) (a) any Person or a Group other than the Permitted Holders beneficially owns, directly or indirectly, in the aggregate, 40.0% or more of the total voting power of the Voting Stock of the Company and (b) the Permitted Holders (on an aggregate basis) beneficially own, directly or indirectly, a lesser percentage of the outstanding Voting Stock of the Company than such other Person or Group;

(2) the Company consolidates with, or merges with or into, another Person, or the Company sells, conveys, assigns, transfers, leases or otherwise disposes of all or substantially all of the assets of the Company, determined on a consolidated basis, to any Person, other than a transaction where the Person or Persons that, immediately prior to such transaction "beneficially owned" the outstanding Voting Stock of the Company are, by virtue of such prior ownership, or Permitted Holders are, the "beneficial owners" in the aggregate of a majority of the total voting power of the then outstanding Voting Stock of the surviving or transferee person (or if such surviving or transferee Person is a direct or indirect wholly-owned subsidiary of another Person, such Person

who is the ultimate parent entity), in each case whether or not such transaction is otherwise in compliance with the Indenture; or

(3) the approval by the holders of Capital Stock of the Company of any plan or proposal for the liquidation or dissolution of the Company, whether or not otherwise in compliance with the provisions of the Indenture.

For purposes of this definition:

(a) "beneficial owner" will have the meaning specified in Rules 13d-3 and 13d-5 under the Exchange Act, except that any Person or Group will be deemed to have "beneficial ownership" of all securities that such Person or Group has the right to acquire, whether such right is exercisable immediately, only after the passage of time or, except in the case of the Permitted Holders, upon the occurrence of a subsequent condition.

(b) "Person" and "Group" will have the meanings for "person" and "group" as used in Sections 13(d) and 14(d) of the Exchange Act; and

(c) the Permitted Holders or any other Person or Group will be deemed to beneficially own any Voting Stock of a corporation held by any other corporation (the "parent corporation") so long as the Permitted Holders or such other Person or Group, as the case may be, beneficially own, directly or indirectly, in the aggregate at least 50.0% of the voting power of the Voting Stock of the parent corporation and no other Person or Group beneficially owns an equal or greater amount of the Voting Stock of the parent corporation.

"*Change of Control Triggering Event*" means the occurrence of a Change of Control that results in a Rating Decline.

"*Change of Control Triggering Event Offer*" has the meaning set forth under "—Change of Control Triggering Event."

"*Change of Control Triggering Event Payment*" has the meaning set forth under "—Change of Control Triggering Event."

"*Change of Control Triggering Event Payment Date*" has the meaning set forth under "—Change of Control Triggering Event."

"*Code*" means the Internal Revenue Code of 1986, as amended.

"*Colony Capital Funds*" means, directly and indirectly, Abraaj Thames B.V. (a company controlled by Colony Latin America Fund II, G.P, LLC); and Deutsche Bank México, S.A., Institución de Banca Múltiple, División Fiduciaria, acting solely and exclusively as trustee under the irrevocable trust agreement identified with number F/1900, dated September 28, 2015, executed by and among Colony Mexico Advisers, S.A. de C.V., Alaf II CKD CIP, L.P., and Deutsche Bank México, S.A., Institución de Banca Múltiple, División Fiduciaria, an Institución de Banca Múltiple existing under the laws of Mexico, and any other fund managed by Colony Capital, Inc.

"*Common Stock*" of any Person means any and all shares, interests or other participations in, and other equivalents (however designated and whether voting or non-voting) of such Person's common equity interests, whether outstanding on the Issue Date or issued after the Issue Date, and includes, without limitation, all series and classes of such common equity interests, excluding, for the avoidance of doubt, any Preferred Stock.

"*Consolidated Net Income*" means, with respect to any Person for any period, the aggregate net income (or loss) of such Person and its Subsidiaries (after deducting (or adding) the portion of such net income (or loss) attributable to minority interests in Subsidiaries of such Person) for such period on a consolidated basis, determined in accordance with GAAP; provided, that there shall be excluded therefrom to the extent reflected in such aggregate net income (loss):

(1) net after-tax gains or losses from Asset Sale Transactions or abandonments or reserves relating thereto;

(2) net after-tax items classified as extraordinary gains or losses;

(3) the net income (but not loss) of any Person, other than such Person and any Subsidiary of such Person (Restricted Subsidiary in the case of the Company); except that, solely for purposes of calculating Consolidated Net Income pursuant to clause (3) of the first paragraph of "Certain Covenants—Limitation on Restricted Payments" only, Consolidated Net Income of the Company will include the Company's proportionate share of the net income of:

(a) any Person acquired in a "pooling of interests" transaction accrued prior to the date it becomes a Restricted Subsidiary or is merged or consolidated with the Company or any Restricted Subsidiary; or

(b) a Surviving Entity prior to assuming the Company's obligations under the Indenture and the notes pursuant to "Certain Covenants—Limitation on Merger, Consolidation and Sales of Assets";

(4) the net income (but not loss) of any Subsidiary of such Person (Restricted Subsidiary in the case of the Company) to the extent that (and only so long as) a corresponding amount could not be distributed to such Person at the date of determination as a result of any restriction pursuant to the constituent documents of such Subsidiary (Restricted Subsidiary in the case of the Company) or any law, regulation, agreement or judgment applicable to any such distribution;

(5) any increase (but not decrease) in net income attributable to minority interests in any Subsidiary (Restricted Subsidiary in the case of the Company);

(6) any gain (or loss) from foreign exchange translation or change in net monetary position;

(7) any gains or losses (less all fees and expenses or charges relating thereto) attributable to the early extinguishment of Indebtedness and Hedging Obligations; and

(8) the cumulative effect of changes in accounting principles.

"*Consolidated Net Worth*" means, for any Person at any time, the consolidated stockholders' equity of such Person and its Subsidiaries (Restricted Subsidiaries in the case of the Company) as set forth on the consolidated balance sheet as of the most recent fiscal quarter of such Person, prepared in accordance with GAAP, less (without duplication) amounts attributable to Disqualified Capital Stock of such Person.

"*Consolidated Tangible Assets*" means, for any Person at any time, the total consolidated assets of such Person and its Subsidiaries (Restricted Subsidiaries in the case of the Company) as set forth on the consolidated balance sheet as of the most recent fiscal quarter of such Person, prepared in accordance with GAAP, less Intangible Assets.

"*Covenant Defeasance*" has the meaning set forth under "—Legal Defeasance and Covenant Defeasance."

"*Currency Agreement*" means, in respect of any Person, any foreign exchange contract, currency swap agreement or other similar agreement as to which such Person is a party designed to hedge foreign currency risk of such Person.

"*CSCK-MCRF/Docuformas Credit Agreement*" means the Ps. 1,152 million credit agreement dated December 19, 2014, as amended and restated, among CSCK P, S.A. de C.V., SOFOM, E.N.R.

("CSCK"), and MCRF P, S.A. de C.V., SOFOM, E.N.R., as lenders, Docuformas, as borrower, and ARG, REMEX and ARG Fleet Management, as guarantors.

"*Default*" means an event or condition the occurrence of which is, or with the lapse of time or the giving of notice or both would be, an Event of Default.

"*Designated Non-cash Consideration*" means the Fair Market Value of non-cash consideration used in a Permitted Business (other than securities) received by the Company or any of its Restricted Subsidiaries in connection with an Asset Sale that is so designated as Designated Non-cash Consideration pursuant to an officers' certificate, setting forth the basis of such valuation, executed by the Chief Executive Officer or the Chief Financial Officer of the Company and delivered to the Trustee, less the amount of cash or Cash Equivalents received in connection with a sale of such Designated Non-cash Consideration.

"*Designation*" and "*Designation Amount*" have the meanings set forth under "—Certain Covenants—Limitation on Designation of Unrestricted Subsidiaries" above.

"*Disqualified Capital Stock*" means that portion of any Capital Stock which, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable at the option of the holder thereof), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or is redeemable at the sole option of the holder thereof, in any case, on or prior to the final maturity date of the notes; provided, however, that (i) the variable portion of the Capital Stock of Company or any Restricted Subsidiary shall not constitute Disqualified Capital Stock and (ii) any Capital Stock that would not constitute Disqualified Capital Stock but for provisions thereof giving holders thereof the right to require such Person to purchase or redeem such Capital Stock upon the occurrence of an "asset sale" or "change of control" occurring prior to the final maturity of the notes shall not constitute Disqualified Capital Stock if:

(1) the "asset sale" or "change of control" provisions applicable to such Capital Stock are not materially more favorable to the holders of such Capital Stock than the terms applicable to the notes and described under "—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock" and "—Change of Control Triggering Event"; and

(2) any such requirement only becomes operative after compliance with such terms applicable to the notes, including the purchase of any notes tendered pursuant thereto.

The amount of any Disqualified Capital Stock shall be equal to the greater of its voluntary or involuntary liquidation preference and its maximum fixed repurchase price, but excluding accrued dividends, if any. The amount of any Disqualified Capital Stock that does not have a fixed redemption, repayment or repurchase price will be calculated in accordance with the terms of such Disqualified Capital Stock as if such Disqualified Capital Stock were redeemed, repaid or repurchased on any date on which the amount of such Disqualified Capital Stock is to be determined pursuant to the Indenture; provided, however, that if such Disqualified Capital Stock could not be required to be redeemed, repaid or repurchased at the time of such determination, the redemption, repayment or repurchase price will be the book value of such Disqualified Capital Stock as reflected in the most recent financial statements of such Person.

"*DTC*" means The Depository Trust Company, its nominees and their respective successors and assigns, or such other depositary institution hereinafter appointed by the Company that is a clearing agency registered under the Exchange Act.

"*Eligible Subsidiary*" means a Restricted Subsidiary of the Company or of a Guarantor that constitutes a "Significant Subsidiary" within the meaning of Rule 1-02(w) of Regulation S-X under the Securities Act but excluding any Subsidiary that is contractually restricted from acting as a Guarantor of the notes pursuant to an agreement in effect on the Issue Date; provided that the aggregate amount of tangible assets of Restricted Subsidiaries that are not Eligible Subsidiaries must not exceed 15% of the Consolidated Tangible Assets of the Company and its Subsidiaries.

"*Event of Default*" has the meaning set forth under "Events of Default."

"*Exchange Act*" means the U.S. Securities Exchange Act of 1934, as amended, or any successor statute or statutes thereto.

"*Fair Market Value*" means, with respect to any asset (including, without limitation, accounts receivable), the price (after deducting any liabilities relating to such assets) which could be negotiated in an arm's-length free market transaction, for cash, between a willing seller and a willing and able buyer, neither of which is under any compulsion to complete the transaction. The Fair Market Value of any such asset (including, without limitation, accounts receivable) will be determined conclusively by the senior management of the Company acting in good faith.

"*Fitch*" means Fitch Ratings Ltd. and its Affiliates or any successors thereof.

"*GAAP*" means, as applicable, (i) International Financial Reporting Standards as issued by the International Accounting Standards Board, and (ii) any financial reporting standards established by the Mexican National Banking and Securities Commission (*Comisión Nacional Bancaria y de Valores*, or the CNBV) applicable to the Company, in each case, as in effect from time to time.

"*Guarantee*" means any obligation, contingent or otherwise, including an *aval*, of any Person directly or indirectly guaranteeing any Indebtedness of any other Person:

(1) to purchase or pay, or advance or supply funds for the purchase or payment of, such Indebtedness of such other Person, whether arising by virtue of partnership arrangements, or by agreement to keep well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise, or

(2) entered into for purposes of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof, in whole or in part,

provided, that "Guarantee" will not include endorsements for collection or deposit in the ordinary course of business. "Guarantee" used as a verb has a corresponding meaning.

"*Guarantor*" means Analistas de Recursos Globales, S.A.P.I. de C.V., ARG Fleet Management, S.A.P.I. de C.V., Rentas y Remolques de México, S.A. de C.V., Inversiones y Colocaciones Inmobiliarias, S.A.P.I. de C.V., any successor obligor pursuant to provisions of the section titled "—Certain Covenants—Merger, Consolidation and Sale of Assets" and any Eligible Subsidiary that provides a Note Guarantee pursuant to the Indenture unless and until such Guarantor is released from its Note Guarantee pursuant to the Indenture.

"*Hedging Obligations*" means the obligations of any Person pursuant to any Interest Rate Agreement or Currency Agreement.

"*Impairment of Financial Assets*" means, as of any date of determination, the sum of impairment of financial assets of the Company and its Restricted Subsidiaries as set forth on the consolidated financial statements and related notes thereto as of and for the most recent fiscal quarter of the Company, prepared in accordance with GAAP.

"*Incur*" means, with respect to any Indebtedness or other obligation of any Person, to create, issue, incur (including by conversion, exchange or otherwise), assume, Guarantee or otherwise become liable in respect of such Indebtedness or other obligation on the balance sheet of such Person (and "Incurrence," "Incurred" and "Incurring" will have meanings correlative to the preceding).

"*Indebtedness*" means with respect to any Person, without duplication:

(1) the principal amount (or, if less, the accreted value) of all obligations of such Person for borrowed money;

(2) the principal amount (or, if less, the accreted value) of all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(3) all Capitalized Lease Obligations of such Person;

(4) all obligations of such Person issued or assumed as the deferred purchase price of property, all conditional sale obligations and all obligations under any title retention agreement (but excluding trade accounts payable and other accrued liabilities arising in the ordinary course of business that are not overdue by 180 days or more or are being contested in good faith by appropriate proceedings promptly instituted and diligently conducted);

(5) all letters of credit, banker's acceptances or similar credit transactions, including reimbursement obligations in respect thereof;

(6) Guarantees and other contingent obligations of such Person in respect of Indebtedness referred to in clauses (1) through (5) above and clauses (8) through (10) below;

(7) all Indebtedness of any other Person of the type referred to in clauses (1) through (6) which is secured by any Lien on any property or asset of such Person, the amount of such Indebtedness being deemed to be the lesser of the Fair Market Value of such property or asset or the amount of the Indebtedness so secured;

(8) all obligations under Hedging Obligations of such Person;

(9) to the extent not otherwise included in this definition, all liabilities required to be recorded on the consolidated balance sheet of such Person in accordance with GAAP in connection with a sale or other disposition of securitized receivables or other accounts receivables and related assets, including, in connection with any Securitization or Receivables Transaction, but excluding any liabilities or contingent liabilities required to be recorded on the Company's or any Restricted Subsidiary's balance sheet in accordance with GAAP in connection with a sale or other disposition of securitized receivables or other accounts receivables and related assets, including, in connection with any Securitization or Receivables Transaction, provided that any such transaction is without recourse to the Company or Restricted Subsidiary, as the case may be; and

(10) all Disqualified Capital Stock issued by such Person.

"*Intangible Assets*" means with respect to any Person all unamortized debt discount and expense, unamortized deferred charges, goodwill, patents, trademarks, service marks, trade names, copyrights and all other items which would be treated as intangibles on the consolidated balance sheet of such Person prepared in accordance with GAAP.

"*Interest Rate Agreement*" of any Person means any interest rate protection agreement (including, without limitation, interest rate swaps, caps, floors, collars, derivative instruments and similar agreements) and/or other types of hedging agreements designed to hedge interest rate risk of such Person.

"*Investment*" means, with respect to any Person, any:

(1) direct or indirect loan, advance or other extension of credit (including, without limitation, a Guarantee) to any other Person,

(2) capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others) any other Person, or

(3) any purchase or acquisition by such Person of any Capital Stock, bonds, notes, debentures or other securities or evidences of Indebtedness issued by, any other Person.

"Investment" will exclude accounts receivable, loans, operating leases, factoring or deposits arising in the ordinary course of business in connection with the Company's leasing, factoring and lending operations. "Invest," "Investing" and "Invested" will have corresponding meanings.

For purposes of the "Limitation on Restricted Payments" covenant, the Company will be deemed to have made an "Investment" in an Unrestricted Subsidiary at the time of its Designation, which will be valued at the Fair Market Value of the sum of the net assets of such Unrestricted Subsidiary at the time of its Designation and the amount of any Indebtedness of such Unrestricted Subsidiary or owed to the Company or any Restricted Subsidiary immediately following such Designation. Any property transferred to or from an Unrestricted Subsidiary will be valued at its Fair Market Value at the time of such transfer. If the Company or any Restricted Subsidiary sells or otherwise disposes of any Capital Stock of a Restricted Subsidiary (including any issuance and sale of Capital Stock by a Restricted Subsidiary) such that, after giving effect to any such sale or disposition, such Restricted Subsidiary would cease to be a Subsidiary of the Company, the Company will be deemed to have made an Investment on the date of any such sale or disposition equal to sum of the Fair Market Value of the Capital Stock of such former Restricted Subsidiary held by the Company or any Restricted Subsidiary immediately following such sale or other disposition and the amount of any Indebtedness of such former Restricted Subsidiary Guaranteed by the Company or any Restricted Subsidiary or owed to the Company or any other Restricted Subsidiary immediately following such sale or other disposition.

"*Investment Grade Rating*" means a rating equal to or higher than (i) BBB- (or the equivalent) by Fitch or (ii) BBB- (or the equivalent) by S&P, or, if either such entity ceases to rate the notes for reasons outside of the control of the Company, the equivalent investment grade credit rating from any other Rating Agency.

"*Investment Return*" means, in respect of any Investment (other than a Permitted Investment) made after the Issue Date by the Company or any Restricted Subsidiary:

(1) (x) the proceeds in cash and the Fair Market Value of property other than cash received by the Company or any Restricted Subsidiary upon the sale, liquidation or repayment of such Investment or, in the case of a Guarantee, the amount of the Guarantee upon the unconditional release of the Company and its Restricted Subsidiaries in full, less any payments previously made by the Company or any Restricted Subsidiary in respect of such Guarantee and (y) any dividends or distributions received by the Company or any Restricted Subsidiary from an Unrestricted Subsidiary, to the extent such amounts were not otherwise included in Consolidated Net Income;

(2) in the case of the Revocation of the Designation of an Unrestricted Subsidiary, an amount equal to the lesser of:

(a) the Company's Investment in such Unrestricted Subsidiary at the time of such Revocation;

(b) that portion of the Fair Market Value of the net assets of such Unrestricted Subsidiary at the time of Revocation that is proportionate to the Company's equity interest in such Unrestricted Subsidiary at the time of Revocation; and

(c) the Designation Amount with respect to such Unrestricted Subsidiary upon its Designation which was treated as a Restricted Payment; and

(3) in the event the Company or any Restricted Subsidiary makes any Investment in a Person that, as a result of or in connection with such Investment, becomes a Restricted Subsidiary, the Fair Market Value of the Investment of the Company and its Restricted Subsidiaries in such Person,

in the case of each of (1), (2) and (3), up to the amount of such Investment that was treated as a Restricted Payment under "Certain Covenants—Limitation on Restricted Payments" less the amount of any previous Investment Return in respect of such Investment.

"*Issue Date*" means October 11, 2017.

"*Legal Defeasance*" has the meaning set forth under "Legal Defeasance and Covenant Defeasance."

"*Lien*" means any lien, mortgage, deed of trust, pledge, security interest, charge or encumbrance of any kind (including any conditional sale or other title retention agreement, any lease in the nature thereof and any agreement to give any security interest); provided that the lessee in respect of a Capitalized Lease Obligation or Sale and Leaseback Transaction will be deemed to have Incurred a Lien on the property leased thereunder.

"*Marketable Securities*" has the meaning ascribed to such term under GAAP.

"*Mexican Restructuring*" means any case or other proceeding against the Company or any Subsidiary with respect to it or its debts under any bankruptcy, *concurso mercantil*, *quiebra*, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, *conciliador*, liquidator, custodian or other similar official of it or any substantial part of its property.

"*Moody's*" means Moody's Investors Service, Inc. and its successors and assigns.

"*Net Cash Proceeds*" means, with respect to any Asset Sale, the proceeds in the form of cash or Cash Equivalents, including payments in respect of deferred payment obligations when received in the form of cash or Cash Equivalents received by the Company or any of its Restricted Subsidiaries from such Asset Sale, net of:

(1) reasonable out-of-pocket expenses and fees relating to such Asset Sale (including, without limitation, legal, accounting and investment banking fees and sales commissions);

(2) taxes paid or payable in respect of such Asset Sale after taking into account any reduction in consolidated tax liability due to available tax credits or deductions and any tax sharing arrangements;

(3) repayment of Indebtedness secured by a Lien permitted under the Indenture that is required to be repaid in connection with such Asset Sale; and

(4) appropriate amounts to be provided by the Company or any Restricted Subsidiary, as the case may be, as a reserve, in accordance with GAAP, against any liabilities associated with such Asset Sale and retained by the Company or any Restricted Subsidiary, as the case may be, after such Asset Sale, including, without limitation, pension and other post-employment benefit liabilities, liabilities related to environmental matters and liabilities under any indemnification obligations associated with such Asset Sale, but excluding any reserves with respect to Indebtedness.

"*Net Loan Portfolio*" means, as of any date of determination, the principal amount of the total Receivables of the Company and its Restricted Subsidiaries less Impairment of Financial Assets of the Company and its Restricted Subsidiaries, in each case, as set forth on the consolidated financial statements and notes thereto as of the most recent fiscal quarter of the Company, prepared in accordance with GAAP.

"*Obligations*" means, with respect to any Indebtedness, any principal, premium, interest (including, without limitation, Post-Petition Interest), Additional Interest, penalties, fees, indemnifications, reimbursements, damages, and other liabilities payable under the documentation governing such Indebtedness, including in the case of the notes, the Indenture.

"*Officer*" means, when used in connection with any action to be taken by the Company, the Chief Executive Officer, the Chief Financial Officer, the Chief Operating Officer or the General Counsel of the Company.

"*Officers' Certificate*" means, when used in connection with any action to be taken by the Company, a certificate signed by two Officers of the Company and delivered to the Trustee.

"*Opinion of Counsel*" means a written opinion of counsel, who may be counsel for the Company reasonably acceptable to the Trustee and independent from the Company (except as otherwise provided in the Indenture) and which opinion shall be reasonably acceptable to the Trustee.

"*Permitted Acquisition Indebtedness*" means Indebtedness of the Company to the extent such Indebtedness was (a) Indebtedness of a Subsidiary prior to the date on which such Subsidiary became a Restricted Subsidiary, (b) Indebtedness of a Person that was merged, consolidated or amalgamated into the Company or (c) assumed in connection with the acquisition of assets from a Person; provided that on the date such Subsidiary became a Restricted Subsidiary or the date such Person was merged, consolidated or amalgamated into the Company or assumed in connection with an Asset Acquisition, as applicable, after giving pro forma effect thereto, (i) the Company would be permitted to incur at least U.S.$1.00 of additional Indebtedness pursuant to clause (1) under "Certain Covenants—Limitation on Incurrence of Additional Indebtedness" or (ii) (x) the ratio of Total Unencumbered Assets of the Company and its Restricted Subsidiaries (on a consolidated basis) to Total Unsecured Indebtedness of the Company and its Restricted Subsidiaries would be equal to or greater than the ratio of Total Unencumbered Assets to Total Unsecured Indebtedness of the Company and its Restricted Subsidiaries immediately prior to such transaction and (y) the Capitalization Ratio of the Company and its Restricted Subsidiaries would be equal to or greater than the Capitalization Ratio of the Company and its Restricted Subsidiaries immediately prior to such transaction.

"*Permitted Business*" means the business or businesses conducted by the Company and its Restricted Subsidiaries as of the Issue Date, and any business related, ancillary or complementary thereto or otherwise arising out of those activities, including, without limitation, any activities relating to durable goods leasing, financing, factoring, lending, auto loans and leases, loans, financing and leases to small- and medium-enterprises (SMEs) and individuals, the extension of group loans, leases and other consumer goods and receivables financing services.

"*Permitted Holders*" means (i) Adam Wiaktor Rynkiewicz, (ii) a parent, brother or sister of Adam Wiaktor Rynkiewicz, (iii) the spouse or a former spouse of any individual named in clauses (i) and (ii), (iv) the lineal descendants of any person named in clauses (i) through (iii), (v) the estate or any guardian, custodian or other legal representative of any individual named in clauses (i) through (iv), (vi) any trust or other vehicle established principally for the benefit of any one or more of the individuals named in clauses (i) through (v), and (vii) any Person, including investment funds, in which a majority of the Voting Stock is owned or controlled, directly or indirectly, by any one or more of the Persons named in clauses (i) through (vi); (viii) any of the Alta Growth Funds; and (ix) any of the Colony Capital Funds.

"*Permitted Indebtedness*" has the meaning set forth under clause (2) of "Certain Covenants—Limitation on Incurrence of Additional Indebtedness."

"*Permitted Investments*" means:

(1) Investments by the Company or any Restricted Subsidiary in any Person that is, or that result in any Person becoming, immediately after such Investment, a Restricted Subsidiary or constituting a merger or consolidation of such Person into the Company or with or into a Restricted Subsidiary, except for a Guarantee of Indebtedness of a Restricted Subsidiary;

(2) Investments by the Company, or any Restricted Subsidiary, in the Company;

(3) Investments in cash and Cash Equivalents;

(4) any extension, modification or renewal of any Investments existing as of the Issue Date (but not Investments involving additional advances, contributions or other investments of cash or property or other increases thereof, other than as a result of the accrual or accretion of interest or original issue discount or payment-in-kind pursuant to the terms of such Investment as of the Issue Date);

(5) Investments permitted pursuant to clause (2)(b), (c) or (e) of "Certain Covenants—Limitation on Transactions with Affiliates";

(6) Investments received as a result of the bankruptcy or reorganization of any Person, or taken in settlement of or other resolution of claims or disputes, and, in each case, extensions, modifications and renewals thereof;

(7) Investments made by the Company or its Restricted Subsidiaries as a result of non-cash consideration permitted to be received in connection with an Asset Sale made in compliance with the covenant described under "Certain Covenants—Limitation on Asset Sales and Sales of Subsidiary Stock";

(8) Investments in the form of Hedging Obligations permitted under clause 2(d) of "Certain Covenants—Limitation on Incurrence of Additional Indebtedness";

(9) Investments in a Person engaged in a Permitted Business, provided that any such Investment, taken together with all Investments made in reliance on this clause (9) since the Issue Date, shall not exceed (a) 2.5% of the Consolidated Tangible Assets of the Company *plus* (b) U.S. $7.5 million, *plus* (b) returns received from Investments made under this clause (9), provided, however, that these returns (i) are not included in the Consolidated Net Income of the Company, (ii) are in the form of cash and (iii) do not exceed the amount of Investments in such Person made after the Issue Date in reliance on this clause (9). For the avoidance of doubt, Investments in Restricted Subsidiaries shall not be affected by this clause (9);

(10) receivables owing to the Company or any Restricted Subsidiary if created or acquired in the ordinary course of business and payable or dischargeable in accordance with customary trade terms;

(11) payroll, travel, entertainment, relocation and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business;

(12) loans or advances to employees in the ordinary course of business consistent with past practices of the Company or such Restricted Subsidiary;

(13) Investments in any Person to the extent such Investments consist of prepaid expenses, negotiable instruments held for collection and lease, utility and workers' compensation, performance and other similar deposits made in the ordinary course of business by the Company or any Restricted Subsidiary;

(14) payroll loans, durable goods loans, small business loans, group loans, used car loans and other loans (including loan portfolios) made or acquired by the Company in the ordinary course of business, including, without limitation, the acquisition of loans or loan portfolios from third parties; and

(15) Investments in any Person in connection with a Securitization or Receivables Transaction; provided that such Investment in any such Person is in the form of a receivables financing facility, net interest margin securities or similar or related assets of the Company or any Restricted

Subsidiary and transferred to such Person in connection with a Securitization or Receivables Transaction (including by way of transfers of receivables to any Person or Securitization Vehicle);

provided, however, that with respect to any Investment, the Company may, in its sole discretion, allocate all or any portion of any Investment and later re-allocate all or any portion of any Investment to, one or more of the above clauses (1) through (15) so that the entire Investment would be a Permitted Investment.

"Permitted Liens" means any of the following:

(1) statutory Liens of landlords and Liens of carriers, warehousemen, mechanics, suppliers, materialmen, repairmen and other Liens imposed by law incurred in the ordinary course of business for sums not yet delinquent or being contested in good faith;

(2) Liens Incurred or deposits made in the ordinary course of business (x) in connection with workers' compensation, unemployment insurance and other types of social security, including any Lien securing letters of credit issued in the ordinary course of business consistent with past practice in connection therewith, or (y) to secure the performance of tenders, statutory obligations, surety and appeal bonds, bids, leases, government performance and return-of-money bonds and other similar obligations (exclusive of obligations for the payment of borrowed money);

(3) Liens securing reimbursement obligations with respect to commercial letters of credit which encumber documents and other property relating to such letters of credit and products and proceeds thereof;

(4) Liens encumbering deposits made to secure obligations arising from statutory, regulatory, contractual, or warranty requirements of the Company or a Restricted Subsidiary, including rights of offset and set-off;

(5) Liens securing Hedging Obligations that relate to Indebtedness that is Incurred in accordance with "—Certain Covenants—Limitation on Incurrence of Additional Indebtedness" and that are secured by the same assets as secure such Hedging Obligations;

(6) (i) Liens existing on the Issue Date; (ii) Liens required to be created and/or perfected after the Issue Date pursuant to the CSCK-MCRF/Docuformas Credit Agreement; and (iii) Liens to secure any Refinancing Indebtedness which is Incurred to Refinance any Indebtedness which has been secured by a Lien permitted under the covenant described under "—Certain Covenants—Limitation on Liens" not incurred pursuant to clauses (7) and (8) of this definition of "Permitted Liens" and which Indebtedness has been Incurred in accordance with "—Certain Covenants—Limitation on Incurrence of Additional Indebtedness"; provided, that such new Liens:

(a) are no less favorable to the holders of notes and are not more favorable to the lienholders with respect to such Liens than the Liens in respect of the Indebtedness being Refinanced, and

(b) do not extend to any property or assets other than the property or assets securing the Indebtedness Refinanced by such Refinancing Indebtedness;

(7) Liens securing Acquired Indebtedness Incurred in accordance with "—Certain Covenants—Limitation on Incurrence of Additional Indebtedness" not incurred in connection with, or in anticipation or contemplation of, the relevant acquisition, merger or consolidation; provided, that

(a) such Liens secured such Acquired Indebtedness at the time of and prior to the Incurrence of such Acquired Indebtedness by the Company or a Restricted Subsidiary and were not granted in connection with, or in anticipation of the Incurrence of such Acquired Indebtedness by the Company or a Restricted Subsidiary, and

(b) such Liens do not extend to or cover any property of the Company or any Restricted Subsidiary other than the property that secured the Acquired Indebtedness prior to the time such Indebtedness became Acquired Indebtedness of the Company or a Restricted Subsidiary and are no more favorable to the lienholders than the Liens securing the Acquired Indebtedness prior to the Incurrence of such Acquired Indebtedness by the Company or a Restricted Subsidiary;

(8) purchase money Liens securing Purchase Money Indebtedness or Capitalized Lease Obligations Incurred to finance the acquisition or leasing of property of the Company or a Restricted Subsidiary used in a Permitted Business; provided, that:

(a) the related Purchase Money Indebtedness does not exceed the cost of such property and shall not be secured by any property of the Company or any Restricted Subsidiary other than the property so leased or acquired, and

(b) the Lien securing such Indebtedness will be created within 365 days of such lease or acquisition;

(9) any pledge or deposit of cash or property in conjunction with obtaining surety and performance bonds and letters of credit required to engage in constructing on-site and off-site improvements required by municipalities or other governmental authorities in the ordinary course of business;

(10) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods;

(11) Liens encumbering customary initial deposits and margin deposits, and other Liens that are customary in the industry and incurred in the ordinary course of business securing Indebtedness under Hedging Obligations and forward contracts, options, futures contracts, futures options or similar agreements or arrangements designed to protect the Company and its Restricted Subsidiaries from fluctuations in interest rates;

(12) Liens for taxes, assessments or governmental charges or claims that are not yet delinquent or that are being contested in good faith by appropriate proceedings promptly instituted and diligently concluded; provided that any reserve or other appropriate provision as is required in conformity with GAAP has been made therefor;

(13) licenses of intellectual property in the ordinary course of business;

(14) Liens to secure a defeasance trust to the extent such defeasance is otherwise permitted pursuant to the terms of the Indenture;

(15) easements, rights-of-way, zoning and similar restrictions, reservations, restrictions or encumbrances in respect of real property or title defects that were not incurred in connection with Indebtedness and that do not in the aggregate materially adversely affect the value of said properties (as such properties are used by the Company or its Restricted Subsidiaries) or materially impair their use in the operation of the business of the Company and its Restricted Subsidiaries;

(16) judgment Liens not giving rise to an Event of Default so long as any appropriate legal proceedings that may have been duly initiated for the review of such judgment shall not have been finally terminated or the period within which such legal proceedings may be initiated shall not have expired;

(17) Liens on Capital Stock of an Unrestricted Subsidiary that secure Indebtedness or other obligations of such Unrestricted Subsidiary;

(18) Liens Incurred on accounts receivable and/or related assets securing obligations under Securitizations;

(19) Liens on any property, assets, rights, accounts receivable or proceeds therefrom that are not required to be recorded as assets on the consolidated balance sheet of the Company or a Restricted Subsidiary in accordance with GAAP, in an aggregate amount not to exceed 10.0% of Consolidated Tangible Assets; or

(20) to the extent that at the time of and immediately after giving pro forma effect to the Incurrence thereof the Total Unencumbered Assets of the Company and its Restricted Subsidiaries (on a consolidated basis) is at least 130.0% of the Total Unsecured Indebtedness of the Company and its Restricted Subsidiaries (on a consolidated basis), other Liens at any time outstanding securing obligations, including obligations under credit facilities.

"*Person*" means an individual, partnership, limited partnership, corporation, company, limited liability company, unincorporated organization, trust or joint venture, or a governmental agency or political subdivision thereof.

"*Post-Petition Interest*" means all interest accrued or accruing after the commencement of any insolvency or liquidation proceeding (and interest that would accrue but for the commencement of any insolvency or liquidation proceeding) in accordance with and at the contract rate (including, without limitation, any rate applicable upon default) specified in the agreement or instrument creating, evidencing or governing any Indebtedness, whether or not, pursuant to applicable law or otherwise, the claim for such interest is allowed as a claim in such insolvency or liquidation proceeding.

"*Preferred Stock*" of any Person means any Capital Stock of such Person that has preferential rights over any other Capital Stock of such Person with respect to dividends, distributions or redemptions or upon liquidation.

"*Purchase Money Indebtedness*" means Indebtedness Incurred for the purpose of financing all or any part of the purchase price, or other cost of construction or improvement of any property; provided that the aggregate principal amount of such Indebtedness does not exceed the lesser of the Fair Market Value of such property or such purchase price or cost, including any Refinancing of such Indebtedness that does not increase the aggregate principal amount (or accreted amount, if less) thereof as of the date of Refinancing.

"*Qualified Capital Stock*" means any Capital Stock that is not Disqualified Capital Stock and any warrants, rights or options to purchase or acquire Capital Stock that is not Disqualified Capital Stock that are not convertible into or exchangeable into Disqualified Capital Stock.

"*Qualified Merger Jurisdiction*" means (i) the United States, any State thereof or the District of Columbia; (ii) any member state of the European Union; or (iii) any other nation that has a sovereign debt rating from two Rating Agencies that is equal to or higher than the sovereign debt rating assigned to Mexico by such Rating Agencies.

"*Rating Agencies*" means (i) S&P and (ii) Fitch or (iii) if S&P or Fitch or both shall not make a rating of the notes publicly available, a nationally recognized United States securities rating agency or agencies, as the case may be, selected by the Company, which shall be substituted for S&P or Fitch or both, as the case may be.

"*Rating Decline*" means that one of the Rating Agencies withdraws its Investment Grade Rating or downgrades its rating assigned to the notes below (i) an Investment Grade Rating or (ii) the then applicable rating (if below an Investment Grade Rating at the time) on any date during the period (the "Trigger Period") commencing on the date of the first public announcement of any Change of Control and ending 90 days following consummation of such Change of Control (which Trigger Period will be extended following consummation of a Change of Control for so long as any of the Rating Agencies has publicly announced prior to the end of the Trigger Period that it is considering a possible ratings change). In no event shall the Trustee be charged with knowledge of the rating of the notes or the Company, nor shall it be charged with monitoring such rating.

"*Receivables*" means loans, other loan-related receivables, factoring and factoring-related receivables, leases and other lease-related receivables purchased or originated by the Company or any Restricted Subsidiary; provided, however, that for purposes of determining the amount of a Receivable at any time, such amount shall be determined in accordance with GAAP, consistently applied, as of the most recent practicable date.

"*Receivables Transaction*" means any securitization, factoring, discounting or similar financing transaction or series of transactions, including any debt facility, bridge loan (warehousing) or line of credit, entered into by the Company or any of its Restricted Subsidiaries (other than a Securitization) pursuant to which the Company or any of its Restricted Subsidiaries may, sell, convey, assign or otherwise transfer to any Person, or may grant a security interest in, any specified Receivables, Residual Interests, net interest margin securities or similar or related assets of the Company or any Restricted Subsidiary.

"*Refinance*" means, in respect of any Indebtedness, to issue any Indebtedness in exchange for or to refinance, replace, defease or refund such Indebtedness in whole or in part. "Refinanced" and "Refinancing" will have correlative meanings.

"*Refinancing Indebtedness*" means Indebtedness of the Company or any Restricted Subsidiary issued to Refinance any other Indebtedness of the Company or a Restricted Subsidiary so long as:

(1) the aggregate principal amount (or initial accreted value, if applicable) of such new Indebtedness as of the date of such proposed Refinancing does not exceed the aggregate principal amount (or initial accreted value, if applicable) of the Indebtedness being Refinanced (plus the amount of any premium required to be paid under the terms of the instrument governing such Indebtedness and the amount of reasonable expenses incurred by the Company in connection with such Refinancing);

(2) such new Indebtedness has:

(a) a Weighted Average Life to Maturity that is equal to or greater than the Weighted Average Life to Maturity of the Indebtedness being Refinanced, and

(b) a final maturity that is equal to or later than the final maturity of the Indebtedness being Refinanced; and

(3) if the Indebtedness being Refinanced is:

(a) Indebtedness of the Company, then such Refinancing Indebtedness will be Indebtedness of the Company,

(b) Indebtedness of a Guarantor, then such Refinancing Indebtedness will be Indebtedness of the Company and/or such Guarantor, and

(c) Subordinated Indebtedness, then such Refinancing Indebtedness shall be subordinate to the notes, at least to the same extent and in the same manner as the Indebtedness being Refinanced.

"*Residual Interests*" means (i) any residual interests in Securitizations, Receivables Transactions, Securitization Securities or any other interests in Securitization Vehicles or (ii) the residual value of any assets that are financed through Indebtedness Incurred in connection with a Securitization or Receivables Transactions, regardless of whether required to appear on the face of the consolidated financial statements of such Person and its Subsidiaries in accordance with GAAP.

"*Responsible Officer*" means, when used with respect to the Trustee, any officer within the corporate trust department of the Trustee having direct responsibility for the administration of the Indenture or to whom any corporate trust matter is referred because of such person's knowledge of and familiarity with the particular subject.

"*Restricted Payment*" has the meaning set forth under "Certain Covenants—Limitation on Restricted Payments."

"*Restricted Subsidiary*" means any Subsidiary of the Company, which at the time of determination is not an Unrestricted Subsidiary.

"*Revocation*" has the meaning set forth under "—Certain Covenants—Limitation on Designation of Unrestricted Subsidiaries."

"*S&P*" means Standard & Poor's Ratings Services and its successors and assigns.

"*Sale and Leaseback Transaction*" means any direct or indirect arrangement with any Person or to which any such Person is a party providing for the leasing to the Company or a Restricted Subsidiary of any property, whether owned by the Company or any Restricted Subsidiary at the Issue Date or later acquired, which has been or is to be sold or transferred by the Company or such Restricted Subsidiary to such Person or to any other Person by whom funds have been or are to be advanced on the security of such Property.

"*Secured Indebtedness*" means any Indebtedness secured by a Lien upon the property or assets of the Company and/or its Restricted Subsidiaries.

"*Securities Act*" means the U.S. Securities Act of 1933, as amended, or any successor statute or statutes thereto.

"*Securitization*" means any securitization, factoring, discounting or similar financing transaction or series of transactions entered into by the Company or any of its Restricted Subsidiaries pursuant to which the Company or any of its Restricted Subsidiaries directly or indirectly through a Securitization Vehicle securitizes a pool of specified Receivables, Residual Interests, net interest margin securities or similar or related assets of the Company or any Restricted Subsidiary on terms that the Board of Directors has concluded are fair to the Company and its Restricted Subsidiaries and the proceeds of which are used to repay any Senior Indebtedness of the Company, repay any existing Securitizations, make capital expenditures in a Permitted Business, fund working capital needs of a Permitted Business and/or purchase assets (other than current assets as determined in accordance with GAAP or Capital Stock) to be used by the Company or any Restricted Subsidiary in a Permitted Business.

"*Securitization Securities*" has the meaning set forth in the definition of "Securitization Vehicle."

"*Securitization Vehicle*" means (i) any Person (whether or not a Restricted Subsidiary of the Company) established for the purpose of issuing asset-backed securities of any kind or issuing any other Indebtedness (whether or not in the form of securities) backed by Receivables or Residual Interests ("Securitization Securities") and (ii) any special purpose, bankruptcy remote Restricted Subsidiary of the Company or any of its Restricted Subsidiaries established in connection with the issuance of Securitization Securities and any other entity (or several entities) that serves as an intermediate entity between a Restricted Subsidiary, as the case may be, that initially purchases or originates Receivables or Residual Interests and an entity referred to in clause (i) regardless of whether such Restricted Subsidiary is an issuer of Securitization Securities; provided that in each case, such entity is an entity:

(1) that does not engage in, and whose charter prohibits it from engaging in, any activities other than Securitizations and any activity necessary, incidental or related thereto,

(2) no portion of the Debt or any other obligation, contingent or otherwise, of which

(A) is Guaranteed by the Company or any Restricted Subsidiary of the Company,

(B) is recourse to or obligates the Company or any Restricted Subsidiary of the Company in any way (other than in respect of a Lien on any assets under operating leases including depreciation, the Receivables of which are subject to a Securitization), or

(C) subjects any property or asset of the Company or any Restricted Subsidiary of the Company, directly or indirectly, contingently or otherwise, to the satisfaction thereof (other than in respect of a Lien on any assets under operating leases including depreciation, the Receivables of which are subject to a Securitization),

(3) with respect to which neither the Company nor any Restricted Subsidiary of the Company (other than an Unrestricted Subsidiary) has any obligation to maintain or preserve its financial condition or cause it to achieve certain levels of operating results other than, in respect of clauses (2) and (3), (x) pursuant to customary representations, warranties, covenants and indemnities entered into in connection with a Securitization, and (y) any Guarantees by the Company or a Restricted Subsidiary of any Indebtedness of a Securitization Vehicle that would constitute Permitted Indebtedness or which would be permitted under "—Certain Covenants—Limitation on Incurrence of Additional Indebtedness."

"*Senior Indebtedness*" means the notes (and any Note Guarantee thereof) and any other Indebtedness of the Company or a Guarantor that is not, pursuant to the instrument evidencing such Indebtedness, expressly subordinated in right of payment to the notes, or the relevant Note Guarantee.

"*Shareholders' Agreement*" means the shareholders' agreement dated August 31, 2018, , among the Company, Banco Actinver, S.A., Institución de Banca Múltiple, Grupo Financiero Actinver, in its capacity as trustee of the irrevocable management and investment trust agreement identified with number 3279, Deutsche Bank México, S.A. Institución de Banca Múltiple, División Fiduciaria, solely and exclusively, in its capacity as trustee of the irrevocable trust agreement identified with number F/1900, Abraaj Thames B.V., and Adam Wiaktor Rynkiewicz, or any other shareholders' agreement among the shareholders of the Company in effect after the Issue Date.

"*Significant Subsidiary*" means a Subsidiary of the Company constituting a "Significant Subsidiary" of the Company in accordance with Rule 1-02(w) of Regulation S-X under the Securities Act in effect on the date hereof.

"*Subordinated Indebtedness*" means, with respect to the Company or a Guarantor, any Indebtedness of the Company or a Guarantor that is, pursuant to the instrument evidencing such Indebtedness, expressly subordinated in right of payment to the notes, the relevant Note Guarantee or any other Senior Indebtedness, as the case may be.

"*Subsidiary*" means, with respect to any Person, any other Person of which such Person owns, directly or indirectly, more than 50.0% of the voting power of the other Person's outstanding Voting Stock.

"*Surviving Entity*" has the meaning set forth under "—Certain Covenants—Limitation on Merger, Consolidation and Sale of Assets."

"*Total Unencumbered Assets*" means, as of any date of determination, the total consolidated assets of the Company and its Restricted Subsidiaries as set forth on the consolidated balance sheet as of the most recent fiscal quarter of the Company (but excluding Intangible Assets or any net deferred tax assets), in each case on such date not securing any portion of Secured Indebtedness determined on a consolidated basis in accordance with GAAP.

"*Total Unsecured Indebtedness*" means, as of any date of determination, the total outstanding principal amount of all Unsecured Indebtedness of the Company and its Restricted Subsidiaries.

"*U.S. Dollar Equivalent*" means with respect to any monetary amount in a currency other than U.S. dollars, at any time for determination thereof, the amount of U.S. dollars obtained by converting such foreign currency involved in such computation into U.S. dollars at the spot rate for the purchase of U.S. dollars with the applicable foreign currency as published in *The Wall Street Journal* in the "Exchange Rates" column under the heading "Currency Trading" on the date two Business Days prior to such determination.

Except as described under "—Certain Covenants—Limitation on Incurrence of Additional Indebtedness," whenever it is necessary to determine whether the Company has complied with any covenant in the Indenture or a Default has occurred and an amount is expressed in a currency other than U.S. dollars, such amount will be treated as the U.S. Dollar Equivalent determined as of the date such amount is initially determined in such currency.

"*Unrestricted Subsidiary*" means any Subsidiary of the Company Designated as an Unrestricted Subsidiary pursuant to "—Certain Covenants—Limitation on Designation of Unrestricted Subsidiaries."

Any such Designation may be revoked by a certificate of the Chief Financial Officer of the Company, subject to the provisions of such covenant.

"*Unsecured Indebtedness*" means any Indebtedness of the Company and/or its Restricted Subsidiaries other than Secured Indebtedness.

"*Voting Stock*" with respect to any Person, means securities of any class of Capital Stock of such Person entitling the holders thereof (whether at all times or only so long as no senior class of stock has voting power by reason of any contingency) to vote in the election of members of the Board of Directors (or equivalent governing body) of such Person.

"*Weighted Average Life to Maturity*" means, when applied to any Indebtedness at any date, the number of years (calculated to the nearest one-twelfth) obtained by dividing:

(1) the then outstanding aggregate principal amount or liquidation preference, as the case may be, of such Indebtedness into

(2) the sum of the products obtained by multiplying:

(a) the amount of each then remaining installment, sinking fund, serial maturity or other required payment of principal or liquidation preference, as the case may be, including payment at final maturity, in respect thereof, by

(b) the number of years (calculated to the nearest one-twelfth) which will elapse between such date and the making of such payment.

"*Wholly-Owned Subsidiary*" means, for any Person, any Subsidiary (Restricted Subsidiary in the case of the Company) of which all the outstanding Capital Stock (other than, in the case of a Subsidiary not organized in the United States, directors' qualifying shares or an immaterial amount of shares required to be owned by other Persons pursuant to applicable law) is owned by such Person and/or one or more Persons that satisfy this definition in respect of such Person (or a combination thereof).

BOOK-ENTRY, DELIVERY AND FORM

The notes are being offered and sold to qualified institutional buyers in reliance on Rule 144A ("Rule 144A notes"). Notes also may be offered and sold in offshore transactions in reliance on Regulation S ("Regulation S notes"). Notes will be issued at the closing of this offering only against payment in immediately available funds.

Rule 144A notes initially will be represented by one or more notes in registered, global form without interest coupons (collectively, the "Rule 144A global notes"). Regulation S notes initially will be represented by one or more notes in registered, global form without interest coupons (collectively, the "Regulation S global notes" and, together with the Rule 144A global notes, the "global notes").

The global notes will be deposited upon issuance with the Trustee as custodian for DTC, in New York, New York, and registered in the name of DTC or its nominee, in each case, for credit to an account of a direct or indirect participant in DTC as described below. Through and including the 40th day after the later of the commencement of this offering and the closing of this offering (such period through and including such 40th day, the "restricted period"), beneficial interests in the Regulation S global notes may be transferred to a U.S. person only in accordance with the certification requirements described below. Beneficial interests in the Rule 144A global notes may not be exchanged for beneficial interests in the Regulation S global notes at any time except in the limited circumstances described below. See "—Exchanges Between Regulation S Notes and Rule 144A Notes."

Except as set forth below, the global notes may be transferred, in whole and not in part, only to another nominee of DTC or to a successor of DTC or its nominee. Beneficial interests in the global notes may not be exchanged for notes in certificated form except in the limited circumstances described below. See "—Exchange of Global Notes for Certificated Notes." Except in the limited circumstances described below, owners of beneficial interests in the global notes will not be entitled to receive physical delivery of notes in certificated form.

Rule 144A notes (including beneficial interests in the Rule 144A global notes) will be subject to certain restrictions on transfer and will bear a restrictive legend as described under "Transfer Restrictions." Regulation S notes will also bear the legend as described under "Transfer Restrictions." In addition, transfers of beneficial interests in the global notes will be subject to the applicable rules and procedures of DTC and its direct or indirect participants (including, if applicable, those of Euroclear and Clearstream), which may change from time to time.

Depository Procedures

The following description of the operations and procedures of DTC, Euroclear and Clearstream is provided solely as a matter of convenience. These operations and procedures are solely within the control of the respective settlement systems and are subject to changes by them. We take no responsibility for these operations and procedures and urge investors to contact the system or their participants directly to discuss these matters.

DTC has advised us that DTC is a limited purpose trust company created to hold securities for its participating organizations (collectively, the "participants") and to facilitate the clearance and settlement of transactions in those securities between participants through electronic book entry changes in accounts of its participants. The participants include securities brokers and dealers (including the initial purchasers), banks, trust companies, clearing corporations and certain other organizations. Access to DTC's system is also available to other entities such as banks, brokers, dealers and trust companies that clear through or maintain custodial relationship with a participant, either directly or indirectly (collectively, the "indirect participants"). Persons who are not participants may beneficially own securities held by or on behalf of DTC only through the participants or the indirect participants. The ownership interests in, and transfers of ownership interests in, each security held by or on behalf of DTC are recorded on the records of the participants and indirect participants.

DTC has also advised us that, pursuant to procedures established by it:

(1) upon deposit of the global notes, DTC will credit the accounts of participants designated by the initial purchasers with portions of the principal amount of the global notes; and

(2) ownership of these interests in the global notes will be shown on, and the transfer of ownership of these interests will be effected only through, records maintained by DTC (with respect to the participants) or by the participants and the indirect participants (with respect to other owners of beneficial interests in the global notes).

Investors in the global notes who are participants in DTC's system may hold their interests therein directly through DTC. Investors in the global notes who are not participants may hold their interests therein indirectly through organizations (including Euroclear and Clearstream) which are participants in such system. Euroclear and Clearstream will hold interests in the global notes on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositories, which are Euroclear Bank S.A./N.V., as operator of Euroclear, and Citibank, N.A., as operator of Clearstream. All interests in a global note, including those held through Euroclear or Clearstream, may be subject to the procedures and requirements of DTC. Those interests held through Euroclear or Clearstream may also be subject to the procedures and requirements of such systems. The laws of some states require that certain persons take physical delivery in definitive form of securities that they own. Consequently, the ability to transfer beneficial interests in a global note to such persons will be limited to that extent. Because DTC can act only on behalf of participants, which in turn act on behalf of indirect participants, the ability of a person having beneficial interests in a global note to pledge such interests to persons that do not participate in the DTC system, or otherwise take actions in respect of such interests may be affected by the lack of a physical certificate evidencing such interests.

Except as described below, owners of interests in the global notes will not have notes registered in their names, will not receive physical delivery of notes in certificated form and will not be considered the registered owners or "holders" thereof under the Indenture for any purpose.

Payments in respect of the principal of, and interest and premium and additional interest, if any, on a global note registered in the name of DTC or its nominee will be payable to DTC in its capacity as the registered holder under the Indenture. Under the terms of the Indenture, the Issuer and the Trustee will treat the persons in whose names the notes, including the global notes, are registered as the owners of the notes for the purpose of receiving payments and for all other purposes. Consequently, neither the Issuer, the Trustee, the transfer agent, registrar, the paying agent nor any agent of the Issuer or the Trustee has or will have any responsibility or liability for:

(1) any aspect of DTC's records or any participant's or indirect participant's records relating to or payments made on account of beneficial ownership interest in the global notes or for maintaining, supervising or reviewing any of DTC's records or any participant's or indirect participant's records relating to the beneficial ownership interests in the global notes; or

(2) any other matter relating to the actions and practices of DTC or any of its participants or indirect participants.

DTC has advised us that its current practice, upon receipt of any payment in respect of securities such as the notes (including principal and interest) is to credit the accounts of the relevant participants with the payment on the payment date unless DTC has reason to believe it will not receive payment on such payment date. Each relevant participant is credited with an amount proportionate to its beneficial ownership of an interest in the principal amount of the relevant security as shown on the records of

DTC. Payments by the participants and the indirect participants to the beneficial owners of notes will be governed by standing instructions and customary practices and will be the responsibility of the participants or the indirect participants and will not be our responsibility or that of DTC or the Trustee. Neither the Issuer nor the Trustee nor any of their respective agents will be liable for any delay by DTC or any of its participants in identifying the beneficial owners of the notes, and the Issuer and the Trustee and each such agent may conclusively rely on and will be protected in relying on instructions from DTC or its nominee for all purposes.

Subject to the transfer restrictions set forth under "Transfer Restrictions," transfers between participants in DTC will be effected in accordance with DTC's procedures, and will be settled in same-day funds, and transfers between participants in Euroclear and Clearstream will be effected in accordance with their respective rules and operating procedures.

Subject to compliance with the transfer restrictions applicable to the notes described herein, cross-market transfers between the participants in DTC, on the one hand, and Euroclear or Clearstream participants, on the other hand, will be effected through DTC in accordance with DTC's rules on behalf of Euroclear or Clearstream, as the case may be, by its respective depositary; however, such cross market transactions will require delivery of instructions to Euroclear or Clearstream, as the case may be, by the counter-party in such system in accordance with the rules and procedures and within the established deadlines (Brussels time) of such system. Euroclear or Clearstream, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depositary to take action to effect final settlement on its behalf of delivering or receiving interests in the relevant global note in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Euroclear participants and Clearstream participants may not deliver instructions directly to the depositories for Euroclear or Clearstream.

DTC has advised us that it will take any action permitted to be taken by a holder of notes only at the direction of one or more participants to whose account DTC has credited the interests in the global notes and only in respect of such portion of the aggregate principal amount of the notes as to which such participant or participants has or have given such direction. However, if there is an event of default under the notes, DTC reserves the right to exchange the global notes for legended notes in certificated form, and to distribute such notes to its participants.

Although DTC, Euroclear and Clearstream have agreed to the foregoing procedures to facilitate transfers of interests in the Rule 144A global notes and the Regulation S global notes among participants in DTC, Euroclear and Clearstream, they are under no obligation to perform or to continue to perform such procedures, and may discontinue such procedures at any time. Neither the Issuer nor the Trustee nor any of their respective agents will have any responsibility for the performance by DTC, Euroclear or Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Exchange of Global Notes for Certificated Notes

A global note is exchangeable for definitive notes in registered certificated form ("certificated notes") if:

(1) DTC (a) notifies the Issuer that it is unwilling or unable to continue as depositary for the global notes and DTC fails to appoint a successor depositary or (b) has ceased to be a clearing agency registered under the Exchange Act;

(2) The Issuer, at its option, notifies the Trustee in writing that it has elected to cause the issuance of the certificated notes; or

(3) there has occurred and is continuing a Default or Event of Default with respect to the notes.

In addition, beneficial interests in a global note may be exchanged for certificated notes upon prior written notice given to the Trustee by or on behalf of DTC in accordance with the Indenture. In all cases, certificated notes delivered in exchange for any global note or beneficial interests in global notes will be registered in the names, and issued in any approved denominations, requested by or on behalf of the depositary (in accordance with its customary procedures) and will bear the applicable restrictive legend referred to in "Transfer Restrictions," unless that legend is not required by applicable law.

Exchanges Between Regulation S Notes and Rule 144A Notes

Beneficial interests in the Regulation S global notes may be exchanged for beneficial interests in the Rule 144A global notes only if:

(a) such exchange occurs in connection with a transfer of the notes pursuant to Rule 144A (as evidenced by the certificate referred to in clause (b) below); and

(b) the transferor first delivers to the Trustee a written certificate (in the form provided in the Indenture) to the effect that the notes are being transferred to a person:

(A) who the transferor reasonably believes to be a qualified institutional buyer within the meaning of Rule 144A;

(B) purchasing for its own account or the account of a qualified institutional buyer in a transaction meeting the requirements of Rule 144A; and

(C) in accordance with all applicable securities laws of the states of the United States and other jurisdictions.

Beneficial interest in a Rule 144A global note may be transferred to a person who takes delivery in the form of an interest in the Regulation S global note, whether before or after the expiration of the restricted period, only if the transferor first delivers to the Trustee a written certificate (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Rule 903 or 904 of Regulation S.

Transfers involving exchanges of beneficial interests between the Regulation S global notes and the Rule 144A global notes will be effected in DTC by means of an instruction originated by the DTC participant and approved by the Trustee through the DTC Deposit/Withdraw at Custodian system. Accordingly, in connection with any such transfer, appropriate adjustments will be made to reflect a decrease in the principal amount of the Regulation S global note and a corresponding increase in the principal amount of the Rule 144A global note or vice versa, as applicable. Any beneficial interest in one of the global notes that is transferred to a person who takes delivery in the form of an interest in the other global note will, upon transfer, cease to be an interest in such global note and will become an interest in the other global note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interest in such other global note for so long as it remains such an interest. Transfers between Regulation S and Rule 144A notes will need to be done on a delivery free of payment basis and separate arrangements will need to be made outside of DTC for payment.

TAXATION

General

The following summary contains a description of certain U.S. and Mexican federal income tax consequences of the purchase, ownership and disposition of the notes, by holders that are deemed as non-residents of Mexico for tax purposes.

This summary is based upon the federal tax laws of the United States and Mexico as in effect on the date of this offering memorandum, all of which are subject to change, potentially with retroactive effect. This summary does not purport to be a comprehensive description of all the U.S. or Mexican federal tax considerations that may be relevant to a decision to purchase, hold or dispose of the notes. The summary does not address any tax consequences under the laws of any state, municipality of Mexico or state or locality or the United States or the laws of any taxing jurisdiction other than the federal laws of Mexico and the United States.

Prospective investors should consult their own tax advisors as to the Mexican and U.S. tax consequences of the purchase, ownership and disposition of notes, including, in particular, the effect of any foreign (non-Mexican and non-U.S.), state, municipal or local tax laws as well as the application of any treaty relating to taxes.

Mexico has entered into or is negotiating several double taxation treaties with various countries that may have an impact on the tax treatment of the purchase, ownership or disposition of notes. Prospective purchasers of notes should consult their own tax advisors as to the tax consequences, if any, of the application of any such treaties.

Mexican Federal Tax Considerations

General

The following is a general summary of the principal Mexican federal income tax consequences of the purchase, ownership and disposition of the notes, by holders that are treated as non-residents of Mexico, for tax purposes, and that do not hold the notes through a permanent establishment for tax purposes in Mexico, to which income under the notes is attributable for tax purposes. For purposes of this summary, each such holder is referred to as a "foreign holder."

This summary is based upon the provisions of the Mexican Income Tax Law (*Ley del Impuesto Sobre la Renta*), and the Mexican Federal Tax Code (*Código Fiscal de la Federación*) and regulations issued thereunder as in effect on the date of this offering memorandum, all of which are subject to change or to new or different interpretations, which could affect the continued validity of this general summary.

This summary does not constitute tax advice, does not address all of the Mexican tax consequences that may be applicable to specific holders of the notes and does not purport to be a comprehensive description of all the Mexican tax considerations that may be relevant to a decision to purchase, own or dispose of the notes. In particular, this summary does not describe any tax consequences arising under the laws of any state, municipality or taxing jurisdiction other than certain federal laws of Mexico.

For purposes of Mexican taxation, an individual or corporation that does not satisfy the requirements to be considered a resident of Mexico for tax purposes, as specified below, is deemed as a non-resident of Mexico for tax purposes and a foreign holder for purposes of this summary.

Tax residency is a highly technical definition that involves the application of a number of factors that are described in the Mexican Federal Tax Code. An individual is a resident of Mexico for tax purposes if such individual has established his/her home in Mexico. When the individual in question has a home in another country, the individual will be deemed a resident in Mexico if his/her center of vital interests is located in Mexican territory. This will be deemed to occur if (i) more than 50.0% of the aggregate income realized by such individual in the calendar year is from a Mexican source or (ii) the principal center of his/her professional activities is located in Mexico. Mexican nationals who filed a change of tax residence to a country or jurisdiction that does not have a comprehensive exchange of information agreement with Mexico and where his/her income is subject to a preferred tax regime as defined by Mexican law, will be considered Mexican residents for tax purposes during the fiscal year of the filing of notice of such residence change and during the following three fiscal years. Mexican nationals that are employed by the Mexican government are deemed residents of Mexico, even if his/her center of vital interest is located outside of Mexico. Unless otherwise proven, a Mexican national is deemed a resident of Mexico for tax purposes.

A legal entity, regardless of the country of incorporation, is a resident of Mexico for tax purposes if it maintains the principal administration of its business or the effective location of its management in Mexico. Under applicable regulations, the principal administration of business of the effective location of management is deemed to exist in Mexico if the individual or individuals having the authority to decide or execute the decisions of control, management, operation or administration are in Mexico.

If a legal entity or an individual is deemed to have a permanent establishment in Mexico for Mexican tax purposes, any and all income attributable to that permanent establishment will be subject to Mexican income taxes, in accordance with applicable Mexican tax laws.

Payments of Interest

Pursuant to the Mexican Income Tax Law, payments of interest on the notes (including original issue discount, which is deemed to be interest) made by us or the subsidiary guarantors to a foreign holder of the notes will be subject to Mexican withholding tax at a rate of 4.9%, if, as expected, the following requirements are met (which we plan to meet):

- the issuance of the notes (including the principal characteristics of the notes) is notified to the CNBV pursuant to Article 7 of the Mexican Securities Market Law;
- the notes are placed outside of Mexico through banks or brokerage houses, in a country with which Mexico has a treaty for the avoidance of double taxation which is in effect; and
- we timely and duly comply with the informational requirements specified from time to time by the Mexican Tax Administration Service (*Servicio de Administración Tributaria*, or "SAT") under its general rules, including, after completion of the transaction described in this offering memorandum, the filing of certain information regarding the issuance of the notes and this offering memorandum.

If any of the above mentioned requirements is not met, Mexican withholding taxes, as applicable to interest payments or amounts deemed interest paid to foreign holders in respect of the notes, will be 10.0% or higher. If the beneficial owners, whether acting directly or indirectly, individually or jointly with related parties, that receive more than 5% of the interest paid under the notes (i) are persons who own, directly or indirectly, individually or with related parties, 10% of our voting stock or (ii) are corporations or other entities, of which 20% or more of the voting stock is owned, directly or indirectly, jointly or severally, by us or persons related to us, then the Mexican withholding tax rate applicable to payments of interest under our notes will increase to the maximum applicable rate according to the Mexican Income Tax Law (currently 35%). For these purposes, persons will be related if:

- one person holds an interest in the business of the other person;
- both persons have common interests; or
- a third party has an interest in the business or assets of both persons.

Payments of interest on the notes made by us or the subsidiary guarantors to non-Mexican pension and retirement funds will be exempt from Mexican withholding tax provided that:

- the applicable fund is duly incorporated pursuant to the laws of its country of residence and is the effective beneficiary of the interest payment;
- such income is exempt from taxes in its country of residence; and
- such fund provides information to SAT, through us, in accordance with rules issued by SAT for these purposes.

Holders or beneficial owners of the notes may be requested, subject to specified exceptions and limitations, to provide certain information or documentation necessary to enable us to apply the appropriate Mexican withholding tax rate on interest payments under the notes, made by us or any subsidiary guarantor to such holders or beneficial owners. Additionally, the Mexican Income Tax Law provides that, in order for a foreign holder to be entitled to the benefits under the effective treaties for the avoidance of double taxation entered into by Mexico, it is necessary for the foreign holder to meet the procedural requirements set forth in such Law. In the event that the specified information or documentation concerning the holder or beneficial owner, if requested, is not timely provided, we may withhold Mexican tax from interest payments on the notes to that foreign holder or beneficial owner at the maximum applicable rate in effect, and our obligation to pay Additional Amounts relating to those withholding taxes will be limited as described under "Description of the Notes—Additional Amounts."

Payments of Principal

Under Mexican Income Tax Law, payments of principal on the notes made by us or any subsidiary guarantor to foreign holders will not be subject to any Mexican withholding tax.

Taxation of Dispositions and Acquisitions of the Notes

Under the Mexican Income Tax Law, gains resulting from the sale or other disposition of the notes by a foreign holder to another foreign holder are not taxable in Mexico.

On the other hand, gains resulting from the sale of the notes by a foreign holder to a Mexican resident for tax purposes or to a foreign holder deemed to have a permanent establishment in Mexico for tax purposes will be subject to the Mexican taxes pursuant to the rules described above in respect of interest payments, unless an applicable income tax treaty provides otherwise. Acquisition of the notes at a discount by a foreign holder will be deemed interest income, and subject to Mexican withholding taxes, if the seller is a Mexican resident or a foreign resident deemed to have a permanent establishment in Mexico.

Taxation of Make-Whole Amount

Under the Mexican Income Tax Law, the payment of the Make-Whole Amount as a result of the optional redemption of the notes, as provided in "Description of the Notes—Redemption—Optional make-whole redemption," will be subject to the Mexican taxes pursuant to the rules described above with respect to interest payments.

Other Mexican Taxes

Under current Mexican tax laws, generally there are no estate, inheritance, succession or gift taxes applicable to the purchase, ownership or disposition of the notes by a foreign holder. Gratuitous transfers of the notes in certain circumstances may result in the imposition of a Mexican federal tax upon the recipient. There are no Mexican stamp, issuer registration or similar taxes or duties payable by foreign holders of the notes with respect to the notes (including their issuance).

U.S. Federal Income Tax Considerations

The following is a general discussion based upon present law of certain U.S. federal income tax considerations for prospective purchasers of the notes. The discussion addresses only persons that purchase notes in this offering, hold the notes as capital assets within the meaning of the Code, and, in the case of U.S. Holders, use the U.S. dollar as their functional currency. The discussion does not consider the circumstances of particular purchasers, some of which (such as financial institutions, insurance companies, regulated investment companies, tax exempt organizations, dealers, traders who elect to mark their investment to market, persons holding the notes as part of a hedge, straddle, conversion, constructive sale or integrated transaction and certain taxpayers who file applicable financial statements and are required to recognize income when the associated revenue is reflected on such financial statement) are subject to special tax regimes. The discussion does not address any state, local or foreign taxes, the Medicare tax on net investment income, the federal alternative minimum tax or any federal non-income taxes. Prospective investors should note that no rulings have been, or are expected to be, sought from the U.S. Internal Revenue Service (the "IRS") with respect to any of the U.S. federal income tax consequences discussed below, and no assurance can be given that the IRS or a court will not take contrary positions.

EACH PROSPECTIVE PURCHASER IS URGED TO CONSULT ITS OWN TAX ADVISOR ABOUT THE TAX CONSEQUENCES OF AN INVESTMENT IN THE NOTES UNDER THE FEDERAL, STATE AND LOCAL LAWS OF THE UNITED STATES, MEXICO AND THE LAWS OF ANY OTHER JURISDICTION WHERE THE PURCHASER MAY BE SUBJECT TO TAXATION.

For purposes of this discussion, "U.S. Holder" means the beneficial owner of a note that for U.S. federal income tax purposes is

- a citizen or individual resident of the United States,
- a corporation (or entity treated as a corporation for U.S. federal income tax purposes) organized in or under the laws of the United States or any political subdivision thereof,
- a trust subject to the control of one or more U.S. persons and the primary supervision of a U.S. court or that has validly elected to be treated as a U.S. person, or
- an estate the income of which is subject to U.S. federal income taxation regardless of its source.

"Non-U.S. Holder" means a person that is a beneficial owner of a note that is an individual, corporation, trust or estate other than a U.S. Holder.

The treatment of partners in a partnership that owns notes may depend on the status of such partners and the status and activities of the partnership and such persons should consult their own tax advisors about the consequences of an investment in the notes.

Potential Contingent Payment Debt Instrument Treatment

In certain circumstances the Issuer may be required to make payments on a note that would change the yield of the note. See "Description of the Notes—Optional Redemption" and "Description of the Notes—Change of Control Triggering Event." This obligation may implicate the provisions of Treasury regulations relating to contingent payment debt instruments ("CPDIs"). According to the applicable Treasury regulations, certain contingencies will not cause a debt instrument to be treated as a CPDI if such contingencies, as of the date of issuance, are "remote or incidental" or certain other circumstances apply. The Issuer intends to take the position that the notes are not CPDIs. This determination, however, is not binding on the IRS and if the IRS were to challenge this determination, a holder may be required to accrue income on the notes that such holder owns in excess of stated interest, and to treat as ordinary income rather than capital gain any income realized on the taxable disposition of such notes before the resolution of the contingency. If the notes are not CPDIs but such contingent payments were required to be made, it would affect the amount and timing of the income that a U.S. Holder recognizes. U.S. Holders are urged to consult their own tax advisors regarding the potential application to the notes of the CPDI rules and the consequences thereof. The remainder of this discussion assumes that the notes will not be treated as CPDIs.

Payments of Interest

Stated interest paid to a U.S. Holder, and any Additional Amounts with respect to withholding tax on the notes (including the amount of tax withheld from payments of interest and Additional Amounts), will be includible in the U.S. Holder's gross income as ordinary interest income at the time interest and Additional Amounts are received or accrued in accordance with the U.S. Holder's regular method of tax accounting for U.S. federal income tax purposes. It is expected, and the remainder of this discussion assumes, that the notes will not be issued with original issue discount for U.S. federal income tax purposes.

Interest on the notes generally will be treated as foreign source income for U.S. federal income tax purposes and generally will constitute "passive category" income for most U.S. Holders. Subject to generally applicable restrictions and conditions (including minimum holding period requirements), a U.S. Holder generally will be entitled to a foreign tax credit in respect of any foreign income taxes withheld on interest payments on the notes. Alternatively, the U.S. Holder may be able to deduct such taxes in computing taxable income for U.S. federal income tax purposes. The rules governing the foreign tax credit and deduction for foreign taxes paid are complex. U.S. Holders are urged to consult their tax advisors regarding the availability of the foreign tax credit or a deduction for foreign taxes paid under their particular circumstances.

Sale, Exchange or Other Taxable Disposition

Upon the sale, exchange or other taxable disposition (including redemption) of a note, a U.S. Holder generally will recognize taxable gain or loss equal to the difference, if any, between the amount realized on the sale, exchange or other taxable disposition (other than accrued but unpaid interest, which will be taxable as interest as described above under "—Payments of Interest") and the U.S. Holder's adjusted tax basis in the note. A U.S. Holder's adjusted tax basis in a note generally will be equal to the amount that the U.S. Holder paid for the note. Any such gain or loss generally will be capital gain or loss and generally will be long-term capital gain or loss if the note has been held for more than one year at the time of its sale, exchange or other taxable disposition. Certain non-corporate U.S. Holders (including individuals) may be eligible for preferential rates of U.S. federal income tax in respect of long-term capital gains. The deductibility of capital losses is subject to limitations.

Non-U.S. Holders

Subject to the discussions of backup withholding and FATCA below, a Non-U.S. Holder generally will not be subject to U.S. federal withholding tax on interest and Additional Amounts on or gain with respect to the notes. A Non-U.S. Holder also generally will not be subject to U.S. federal income tax on a net income basis with respect to interest and Additional Amounts received in respect of the notes or gain with respect to the notes, unless that interest or gain is effectively connected with the conduct by the Non-U.S. Holder of a trade or business within the United States or, in the case of gain realized by an individual Non-U.S. Holder, the Non-U.S. Holder is present in the United States for 183 days or more in the taxable year of the disposition and certain other conditions are met.

A Non-U.S. Holder will be subject to U.S. federal income tax in respect of any interest or gain on the notes that is effectively connected with the Non-U.S. Holder's conduct of a trade or business in the United States in the same manner as if it were a U.S. Holder, unless an applicable income tax treaty provides otherwise. For a Non-U.S. Holder who is an individual present in the United States for 183 days or more in the taxable year of the disposition (and in respect of whom certain other conditions are met) any such gain described above (net of certain U.S.-source capital losses) will be subject to tax at a 30.0% rate (or a lower treaty rate).

U.S. Backup Withholding and Information Reporting

Information reporting generally will apply to payments of principal of, and interest on, notes (including Additional Amounts), and to proceeds from the sale, exchange or other taxable disposition (including redemption) of notes within the United States, or by a U.S. payer or U.S. middleman, to a U.S. Holder (other than an exempt recipient). Backup withholding may be required on reportable payments if the holder fails to furnish its correct taxpayer identification number or otherwise fails to comply with, or establish an exemption from, information reporting and backup withholding. Non-U.S. Holders generally will be required to comply with applicable certification procedures to establish that they are not U.S. Holders in order to avoid the application of information reporting and backup withholding. Backup withholding is not an additional tax. A holder of notes generally will be entitled to credit any amounts withheld under the backup withholding rules against its U.S. federal income tax liability or to obtain a refund of the amounts withheld provided the required information is furnished to the IRS in a timely manner.

"Specified Foreign Financial Asset" Reporting

Owners of "specified foreign financial assets" with an aggregate value in excess of U.S. $50,000 (and in some circumstances, a higher threshold), may be required to file an information statement with respect to such assets with their U.S. federal income tax returns, currently on IRS Form 8938. The notes generally are expected to constitute "specified foreign financial assets." U.S. Holders are urged to consult their tax advisors regarding the application of these rules to their ownership of the notes.

FATCA Withholding

Pursuant to Sections 1471 to 1474 of the Code and Treasury Regulations thereunder (provisions commonly referred to as "FATCA"), a "foreign financial institution" may be required to withhold U.S. tax on certain pass thru payments to the extent such payments are treated as attributable to certain U.S. source payments. This withholding tax will not apply to payments made prior to two years after the date on which final Treasury Regulations on this issue are published and will not apply to the notes unless the notes are "materially modified" more than six months after the date of such publication. Many non-U.S. governments, including the government of Mexico, have entered into agreements with the United States to implement FATCA in a manner that may alter the rules described above. Holders should therefore consult their own tax advisors on how these rules may apply to their investment in the notes. In the event any withholding under FATCA is imposed with respect to any payments on the notes, no Additional Amounts will be paid to compensate for the withheld amount.

The above description is not intended to constitute a complete analysis of all tax consequences relating to the ownership of the notes. Prospective purchasers of notes should consult their own tax advisors concerning the tax consequences of their particular situations.

PLAN OF DISTRIBUTION

Morgan Stanley & Co. LLC, UBS Securities LLC and Banco BTG Pactual S.A.—Cayman Branch are acting as the initial purchasers.

Subject to the terms and conditions set forth in a purchase agreement dated the date of this offering memorandum among us and the initial purchasers, each initial purchaser named below has severally and not jointly agreed to purchase, and we have agreed to sell, the principal amount of the notes opposite such initial purchaser's name.

Initial Purchaser	Principal amount
Morgan Stanley & Co. LLC	U.S. $104,010,000
UBS Securities LLC	U.S. $156,000,000
Banco BTG Pactual S.A.—Cayman Branch	U.S. $ 39,990,000
Total	U.S. $300,000,000

Banco BTG Pactual S.A.—Cayman Branch is not a broker-dealer registered with the SEC, and therefore may not make sales of any notes in the United States or to U.S. persons except in compliance with applicable U.S. laws and regulations. To the extent that Banco BTG Pactual S.A.—Cayman Branch intends to effect sales of the notes in the United States, it will do so only through BTG Pactual US Capital, LLC or one or more U.S. registered broker dealers, or otherwise as permitted by applicable U.S. law.

Subject to the terms and conditions set forth in the purchase agreement, the initial purchasers have agreed, severally and not jointly, to purchase all of the notes sold under the purchase agreement if any notes are purchased. The initial purchasers may offer and sell notes through certain of their affiliates.

If an initial purchaser defaults, the purchase agreement provides that the purchase commitments of the non-defaulting initial purchaser may be increased, the commitments of the defaulting initial purchaser may be assumed by other persons satisfactory to us or the purchase agreement may be terminated.

We have agreed to indemnify the several initial purchasers and their controlling persons against certain liabilities in connection with this offering, including liabilities under the Securities Act, or to contribute to payments the initial purchasers may be required to make in respect of those liabilities.

The initial purchasers are offering the notes, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the notes, and other conditions contained in the purchase agreement, such as the receipt by the initial purchasers of officer's certificates and legal opinions. The initial purchasers reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

Commissions and Discounts

The initial purchasers have advised us that they propose initially to offer the notes at the offering price set forth on the cover page of this offering memorandum and to certain dealers at that price less a selling concession. After the initial offering, the offering price, concession or any other term of the offering may be changed.

The Notes Are Not Being Registered

The notes have not been, and will not be, registered under the Securities Act or the securities law of any other jurisdiction, and they may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except in transactions exempt from, or not subject to, the registration requirements of the Securities Act. In connection with sales outside of the United States, each of the initial purchasers has agreed that it will not offer, sell or deliver the notes to, or for the account of, U.S. persons (unless in reliance on Rule 144A) (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the closing date, and that it will send to each dealer to whom it sells such notes during such period a confirmation or other notice setting forth the restrictions on offers and sales of the notes within the United States or to, or for the account or benefit of, U.S. persons. Resale of the note is restricted as described below under "Transfer Restrictions."

In addition, until 40 days after the commencement of this offering, an offer or sale of the notes within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act unless the dealer makes the offer or sale in compliance with Rule 144A or another exemption from registration under the Securities Act. Each purchaser of the notes will be deemed to have made acknowledgments, representations and agreements as described under "Transfer Restrictions."

New Issue of Notes

The notes will constitute a new issue of securities with no established trading market. We do not intend to apply for listing of the notes on any U.S. national securities exchange. Application will be made for the listing of and quotation for the notes on the SGX-ST. However, we cannot assure you that the listing application will be approved. We have been advised by each initial purchaser that it presently intends to make a market in the notes after completion of the offering. However, it is under no obligation to do so and may discontinue any market-making activities at its own discretion at any time without any notice. We cannot assure the liquidity of the trading market for the notes. If an active trading market for the notes does not develop, the market price and liquidity of the notes may be adversely affected. If the notes are traded, they may trade at a discount from their initial offering price, depending on prevailing interest rates, the market for similar securities, our operating performance and financial condition, general economic conditions and other factors.

Settlement

We expect that delivery of the notes will be made against payment of the notes on or about July 24, 2019, which will be the fifth business day following the date of this offering memorandum (such settlement being referred to as "T+5"). Under Rule 15c6-1 under the Exchange Act, trades in the secondary market generally are required to settle in two business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade notes prior to the delivery of the notes hereunder may be required, by virtue of the fact that the notes initially settle in T+5, to specify an alternate settlement arrangement at the time of any such trade to prevent a failed settlement. Purchasers of the notes who wish to trade the notes prior to their date of delivery hereunder should consult their advisors.

No Sales of Similar Securities

We and our guarantors have agreed that we and our guarantors will not, for a period of 90 days after the date of this offering memorandum, without first obtaining the prior written consent of each initial purchaser, offer, sell, issue, contract to sell or otherwise dispose of any debt securities or guaranteed by us or any of our subsidiaries and having a maturity of more than one year from the date of issue.

Short Positions

In connection with the offering, the initial purchasers may purchase and sell the notes in the open market. These transactions may include short sales and purchases on the open market to cover positions created by short sales. Short sales involve the sale by the initial purchasers of a greater principal amount of notes than they are required to purchase in the offering. The initial purchasers must close out any short position by purchasing notes in the open market. A short position is more likely to be created if the initial purchasers are concerned that there may be downward pressure on the price of the notes in the open market after pricing that could adversely affect investors who purchase in the offering.

Similar to other purchase transactions, purchases by the initial purchasers to cover the syndicate short sales may have the effect of raising or maintaining the market price of the notes or preventing or retarding a decline in the market price of the notes. As a result, the price of the notes may be higher than the price that might otherwise exist in the open market.

Neither we nor the initial purchasers make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the notes. In addition, neither we nor the initial purchasers make any representation that the initial purchasers will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

Other Relationships

Some of the initial purchasers and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with us or our affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions.

In addition, in the ordinary course of their business activities, the initial purchasers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. Certain of the initial purchasers or their affiliates that have a lending relationship with us routinely hedge their credit exposure to us consistent with their customary risk management policies. Typically, such initial purchaser and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the notes offered hereby. Any such short positions could adversely affect future trading prices of the notes offered hereby.

The initial purchasers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to customers that they acquire, long and/or short positions in such securities and instruments.

The initial purchasers are acting as dealer managers in the Tender Offer for which they will receive customary fees.

Sales Outside of the United States

Neither we nor the initial purchasers are making an offer to sell, or seeking offers to buy, the notes in any jurisdiction where the offer and sale is not permitted. You must comply with all applicable laws and regulations in effect in any jurisdiction in which you purchase, offer or sell the notes or possess or distribute this offering memorandum, and you must obtain any consent, approval or permission required for your purchase, offer or sale of the notes under the laws and regulations in effect in any jurisdiction to which you are subject or in which you make such purchases, offers or sales. Neither we nor the initial purchasers will have any responsibility therefor.

Notice to Prospective Investors in Chile

THIS PRIVATE OFFERING BEGAN ON JULY 8, 2019 AND IS GOVERNED UNDER THE PROVISIONS OF GENERAL RULE NO. 336 (*NORMA DE CARÁCTER GENERAL N° 336*) OF THE CHILEAN SECURITIES AND INSURANCE COMMISSION (*SUPERINTENDENCIA DE VALORES Y SEGUROS*, OR "SVS"). THIS OFFERING RELATES TO NOTES THAT HAVE NOT BEEN REGISTERED WITH THE REGISTRY OF FOREIGN SECURITIES (*REGISTRO DE VALORES EXTRANJEROS*) OF THE SVS AND AS SUCH ARE NOT SUBJECT TO THE SUPERVISION OF THE SVS. BECAUSE THE NOTES ARE NOT REGISTERED WITH THE REGISTRY OF FOREIGN SECURITIES, THERE IS NO OBLIGATION OF THE ISSUER TO DELIVER PUBLIC INFORMATION IN CHILE IN CONNECTION WITH THE NOTES RELATED TO THE OFFERING. THE NOTES MAY NOT BE SOLD IN A PUBLIC OFFERING IN CHILE AS LONG AS SUCH NOTES ARE NOT REGISTERED IN THE REGISTRY OF FOREIGN SECURITIES.

ESTA OFERTA PRIVADA SE INICIÓ EL DÍA 8 DE JULIO DE 2019 Y SE ACOGE A LAS DISPOSICIONES DE LA NORMA DE CARÁCTER GENERAL N° 336 DE LA SUPERINTENDENCIA DE VALORES Y SEGUROS. ESTA OFERTA VERSA SOBRE VALORES NO INSCRITOS EN EL REGISTRO DE VALORES O EN EL REGISTRO DE VALORES EXTRANJEROS QUE LLEVA LA SUPERINTENDENCIA DE VALORES Y SEGUROS, POR LO QUE TALES VALORES NO ESTÁN SUJETOS A LA FISCALIZACIÓN DE ÉSTA. POR TRATAR DE VALORES NO INSCRITOS NO EXISTE LA OBLIGACIÓN POR PARTE DEL EMISOR DE ENTREGAR EN CHILE INFORMACIÓN PÚBLICA RESPECTO DE LOS VALORES SOBRE LOS QUE VERSA ESTA OFERTA. ESTOS VALORES NO PODRÁN SER OBJETO DE OFERTA PÚBLICA MIENTRAS NO SEAN INSCRITOS EN EL REGISTRO DE VALORES CORRESPONDIENTE.

Notice to Prospective Investors in the European Economic Area

Each person in a member state of the EEA (a "Member State") who receives any communication in respect of, or who acquires any Notes under, the offers to the public contemplated in this offering memorandum will be deemed to have represented, warranted and agreed to and with each initial purchaser and the issuer that: (a) it is a qualified investor within the meaning of the law in that Member State implementing Article 2(1)(e) of the Prospectus Directive; (b) it is not a "retail investor" as defined below; and (c) in the case of any Notes acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, (i) the Notes acquired by it in the offer have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Member State other than qualified investors, as that term is defined in the Prospectus Directive, or in circumstances in which the prior consent of the initial purchasers has been given to the offer or resale; or (ii) where Notes have been acquired by it on behalf of persons in any Member State other than qualified investors, the offer of those Notes to it is not treated under the Prospectus Directive as having been made to such persons.

Each initial purchaser has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the EEA. For the purposes of this provision the expression "retail investor" means a person who is one (or more) of the following:

- a retail client as defined in point (11) of Article 4(1) of MiFID II; or
- a customer within the meaning of IMD where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

• not a qualified investor as defined in the Prospectus Directive.

Consequently, no key information document required by PRIIPs Regulation for offering or selling the Notes or otherwise making the m available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under PRIIPs Regulation.

Notice to Prospective Investors in the United Kingdom

Each of the initial purchasers has:

(1) only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the United Kingdom Financial Services and Markets Act of 2000 (the "FSMA")) received by it in connection with the issue or sale of any notes in circumstances in which Section 21(1) of the FSMA does not, or would not, apply to us; and

(2) complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the notes in, from or otherwise involving the United Kingdom.

Notice to Prospective Investors in Switzerland

This offering memorandum is not intended to constitute an offer or solicitation to purchase or invest in the Notes described herein. The notes may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange or on any other exchange or regulated trading facility in Switzerland. Neither this offering memorandum nor any other offering or marketing material relating to the notes constitutes a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Code of Obligations or a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange or any other regulated trading facility in Switzerland or a simplified prospectus or a prospectus as such term is defined in the Swiss Collective Investment Scheme Act, and neither this offering memorandum nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this offering memorandum nor any other offering or marketing material relating to the offering, nor the issuer nor the notes have been or will be filed with or approved by any Swiss regulatory authority. The notes are not subject to the supervision by any Swiss regulatory authority, e.g., the Swiss Financial Markets Supervisory Authority FINMA (FINMA), and investors in the notes will not benefit from protection or supervision by such authority.

Notice to Prospective Investors in Singapore

This offering memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, the notes were not offered or sold or caused to be made the subject of an invitation for subscription or purchase and will not be offered or sold or caused to be made the subject of an invitation for subscription or purchase, and this offering memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the notes, has not been circulated or distributed, nor will it be circulated or distributed, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289 of Singapore) (the "SFA") pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the

Securities and Futures (Classes of Investors) Regulations 2018, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the notes pursuant to an offer made under Section 275 of the SFA except:

(a) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA; or

(b) where no consideration is or will be given for the transfer; or

(c) where the transfer is by operation of law; or

(d) as specified in Section 276(7) of the SFA; or

(e) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Any reference to the SFA is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

Notification under Section 309B(1)(c) of the SFA: In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "CMP Regulations 2018"), the Issuer has determined the classification of the notes as prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

TRANSFER RESTRICTIONS

The notes have not been and will not be registered under the Securities Act or any U.S. state securities laws, and the notes may not be offered or sold except pursuant to an effective registration statement or in transactions exempt from, or not subject to, registration under the Securities Act and the securities laws of any other jurisdiction. Accordingly, the notes are being offered and sold only:

- in the United States, to "qualified institutional buyers" (as defined in Rule 144A) pursuant to Rule 144A under the Securities Act; and
- outside of the United States, to certain persons other than U.S. persons ("non-U.S. purchasers," which term shall include dealers or other professional fiduciaries in the United States acting on a discretionary basis for non-U.S. beneficial owners (other than an estate or trust)), in offshore transactions meeting the requirements of Rule 903 of Regulation S under the Securities Act.

As used herein, the terms "offshore transaction," "United States" and "U.S. person" have the respective meanings given to them in Regulation S under the Securities Act.

Purchasers' Representations and Restrictions on Resale and Transfer

Each purchaser of notes (other than the initial purchasers in connection with the initial issuance and sale of notes) and each owner of any beneficial interest therein will be deemed, by its acceptance or purchase thereof, to have represented and agreed as follows:

1. it is purchasing the notes for its own account or an account with respect to which it exercises sole investment discretion and it and any such account is either (a) a qualified institutional buyer and is aware that the sale to it is being made pursuant to Rule 144A or (b) a non-U.S. person that is outside of the United States (or a non-U.S. purchaser that is a dealer or other fiduciary as referred to above);
2. it acknowledges that the notes have not been registered under the Securities Act or with any securities regulatory authority of any U.S. state, that the notes are being offered in a transaction that does not involve any public offering in the United States within the meaning of the Securities Act and that the notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth below;
3. it understands and agrees that notes initially offered in the United States to qualified institutional buyers will be represented by a global note and that notes offered outside the United States pursuant to Regulation S will also be represented by a global note;
4. it will not resell or otherwise transfer any of such notes except (a) to us, (b) within the United States to a qualified institutional buyer in a transaction complying with Rule 144A under the Securities Act, (c) outside the United States in compliance with Rule 903 or 904 of Regulation S under the Securities Act, (d) pursuant to another exemption from registration under the Securities Act (if available) or (e) pursuant to an effective registration statement under the Securities Act;
5. it agrees that it will give to each person to whom it transfers the notes notice of any restrictions on transfer of such notes;
6. it acknowledges that prior to any proposed transfer of notes (other than pursuant to an effective registration statement or in respect of notes sold or transferred either pursuant to (a) Rule 144A or (b) Regulation S), the holder of such notes may be required to provide certifications relating to the manner of such transfer as provided in the Indenture;
7. it acknowledges that the trustee, registrar or transfer agent for the notes will not be required to accept for registration transfer of any notes acquired by it, except upon presentation of

evidence satisfactory to us and the trustee, registrar or transfer agent that the restrictions set forth herein have been complied with;

8. it acknowledges that we will not be required to accept for registration of transfer any notes acquired by us, except upon presentation of evidence satisfactory to us that the restrictions set forth herein in this section have been complied with;

9. if it is a non-U.S. purchaser acquiring a beneficial interest in a Regulation S global note offered pursuant to this offering memorandum, it acknowledges and agrees that, until the expiration of the 40 day "distribution compliance period" within the meaning of Regulation S, any offer, sale, pledge or other transfer shall not be made by it in the United States or to, or for the account or benefit of, a U.S. person, except pursuant to Rule 144A to a QIB taking delivery thereof in the form of a beneficial interest in a U.S. global note;

10. has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of an investment in the notes and has evaluated the merits and risks of investing in the notes;

11. it acknowledges that we, the initial purchasers and other persons will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of the acknowledgements, representations and agreements deemed to have been made by its purchase of the notes are no longer accurate, it will promptly notify us and the initial purchaser; and

12. if it is acquiring the notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each account.

Legends

The following is the form of restrictive legend which will appear on the face of the Rule 144A global note, and which will be used to notify transferees of the foregoing restrictions on transfer:

"THE SECURITIES EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE OR OTHER SECURITIES LAWS, AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN ACCORDANCE WITH THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF OR OF A BENEFICIAL INTEREST HEREIN, THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF (1) REPRESENTS THAT IT, AND ANY ACCOUNT FOR WHICH IT IS ACTING, (A) IS A "QUALIFIED INSTITUTIONAL BUYER" (WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT) OR (B) IS NOT A U.S. PERSON AND IS ACQUIRING THIS SECURITY IN AN "OFFSHORE TRANSACTION" PURSUANT TO RULE 903 OR 904 OF REGULATION S AND, WITH RESPECT TO (A) AND (B), EXERCISES SOLE INVESTMENT DISCRETION WITH RESPECT TO SUCH ACCOUNT, (2) AGREES FOR THE BENEFIT OF THE COMPANY THAT IT WILL NOT OFFER, SELL, PLEDGE OR OTHERWISE TRANSFER THIS SECURITY OR ANY BENEFICIAL INTEREST HEREIN, EXCEPT (A) (I) TO THE COMPANY OR ANY SUBSIDIARY THEREOF, (II) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BECOME EFFECTIVE UNDER THE SECURITIES ACT, (III) TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT, (IV) IN AN OFFSHORE TRANSACTION COMPLYING WITH THE REQUIREMENTS OF RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT OR (V) PURSUANT TO AN

EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT (IF AVAILABLE), AND (B) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND OTHER JURISDICTIONS, AND (3) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. AS USED HEREIN, THE TERMS "OFFSHORE TRANSACTION," "UNITED STATES" AND "U.S. PERSON" HAVE THE RESPECTIVE MEANINGS GIVEN TO THEM BY REGULATION S UNDER THE SECURITIES ACT.

PRIOR TO THE REGISTRATION OF ANY TRANSFER IN ACCORDANCE WITH PARAGRAPH 2A(V) ABOVE, THE COMPANY RESERVES THE RIGHT TO REQUIRE THE DELIVERY OF SUCH LEGAL OPINIONS, CERTIFICATIONS, OR OTHER EVIDENCE AS MAY REASONABLY BE REQUIRED IN ORDER TO DETERMINE THAT THE PROPOSED TRANSFER IS BEING MADE IN COMPLIANCE WITH THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. NO REPRESENTATION IS MADE AS TO THE AVAILABILITY OF ANY EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. THIS LEGEND SHALL ONLY BE REMOVED AT THE OPTION OF THE ISSUER."

The following is the form of restrictive legend which will appear on the face of the Regulation S global note and which will be used to notify transferees of the foregoing restrictions on transfer:

"THE SECURITIES EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE OR OTHER SECURITIES LAWS. PRIOR TO EXPIRATION OF THE 40-DAY DISTRIBUTION COMPLIANCE PERIOD (AS DEFINED IN REGULATION S ("REGULATION S")) UNDER THE SECURITIES ACT, THIS SECURITY MAY NOT BE REOFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES (AS DEFINED IN REGULATION S) OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, A U.S. PERSON (AS DEFINED IN REGULATION S), EXCEPT TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT IN A TRANSACTION MEETING THE REQUIREMENTS OF THE INDENTURE REFERRED TO HEREIN. THIS LEGEND MAY BE REMOVED FROM THIS NOTE AFTER 40 CONSECUTIVE DAYS BEGINNING ON AND INCLUDING THE LATER OF (A) THE DAY ON WHICH THE NOTES ARE OFFERED TO PERSONS OTHER THAN DISTRIBUTORS (AS DEFINED IN REGULATION S) AND (B) THE DATE OF THE CLOSING OF THE ORIGINAL OFFERING."

For further discussion of the requirements (including the presentation of transfer certificates) under the Indenture to effect exchanges or transfers of interest in global notes and certificated notes, see "Description of the Notes."

Other Jurisdictions

The distribution of this offering memorandum and the offer and sale or resale of the notes may be restricted by law in certain jurisdictions. Persons into whose possession this offering memorandum comes are required by us and the initial purchasers to inform themselves about and to observe any such restrictions.

ENFORCEMENT OF CIVIL LIABILITIES

We are incorporated as a variable capital investment promotion stock corporation (sociedad anónima promotora de inversión de capital variable) under the laws of Mexico and all our main subsidiaries are incorporated under the laws of Mexico. All of our directors, executive officers and controlling persons named herein are non-residents of the United States and substantially all of the assets of such non-resident persons and substantially all of our assets are located in Mexico or elsewhere outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon such persons or us or to enforce against them or us in courts of any jurisdiction outside Mexico, judgments predicated upon the laws of any such jurisdiction, including any judgment predicated substantially upon the civil liability provisions of United States federal and state securities laws. We have appointed Corporation Services Company as our agent to receive service of process with respect to any action brought against us in any federal or state court in the State of New York arising from this offering and the issuance of the notes.

No treaty exists between the United States and Mexico for the reciprocal enforcement of judgments issued in the other country. Generally, Mexican courts would enforce final judgments rendered in the United States if certain requirements were met, including the review in Mexico of the U.S. judgment to ascertain compliance with certain basic principles of due process and the non-violation of Mexican law or public policy, provided that U.S. courts would grant reciprocal treatment to Mexican judgments. Additionally, there is doubt as to the enforceability, in original actions in Mexican courts, of liabilities predicated, in whole or in part, on U.S. federal securities laws and as to the enforceability in Mexican courts of judgments of U.S. courts obtained in actions predicated on the civil liability provisions of U.S. federal securities laws.

In the event that proceedings are brought in Mexico seeking to enforce our obligations in respect of the notes, we would not be required to discharge such obligations in a currency other than Mexican pesos. Pursuant to Mexican law, an obligation in a currency other than Mexican pesos, which is payable in Mexico, may be satisfied in Mexican currency at the rate of exchange in effect on the date on which payment is made. Such rate of exchange is currently determined by *Banco de México* each business day in Mexico and published the following banking-business day in the Official Gazette of the Federation.

LISTING AND GENERAL INFORMATION

1. The notes to be accepted for clearance and settlement through DTC, Euroclear and Clearstream. The CUSIP and ISIN numbers and the Common Codes for the notes are as follows:

	Restricted global note	Regulation S global note
CUSIP	25615WAB9	P36035AB2
ISIN	US25615WAB90	USP36035AB29

2. Copies of our Audited Annual Financial Statements at and for the years ended December 31, 2016, 2017 and 2018, our unaudited interim consolidated financial statements as of and for the three-month period ended March 31, 2019 and our future audited consolidated financial statements, and our future unaudited interim consolidated financial statements, if any, and copies of our and our Guarantors' articles of association and our and our Guarantors' *estatutos*, or by-laws, as well as the Indenture (including forms of notes), will be available free of charge at the offices of the principal paying agent and any other paying agent. Our Guarantors do not publish separate, non-consolidated financial statements. Their financial accounts are consolidated with ours when we publish financial statements and we do not publish unconsolidated financial statements.
3. Except as disclosed in this offering memorandum, there has been no material adverse change in our financial position and/or prospects since March 31, 2019, the date of the latest Financial Statements included in this offering memorandum.
4. Except as disclosed in this offering memorandum, we are not involved in any litigation or arbitration proceedings relating to claims or amounts that are material in the context of this offering, nor so far as we are aware is any such litigation or arbitration threatened.
5. An application will be made for the listing and quotation for the notes on the SGX-ST. The SGX-ST takes no responsibility for the accuracy of any of the statements made or opinions or reports contained in this offering memorandum. The notes will be traded on the SGX-ST in a minimum board lot size of U.S. $200,000 (or its equivalent in foreign currencies) for so long as any of the notes are listed on the SGX-ST and the rules of the SGX-ST so require. The application to the SGX-ST is not to be taken as an indication of the merits of the Issuer or the notes. There is currently no public market for the notes.
6. For so long as the notes are listed on the SGX-ST and the rules of the SGX-ST so require, in the event that the notes which are issued in global certificated form are exchanged for notes in definitive registered form or definitive registered notes, the Issuer will appoint and maintain a paying agent in Singapore, where the certificates in definitive form in respect of notes may be presented or surrendered for payment or redemption. In addition, in the event that the notes which are issued in global certificated form are exchanged for notes in definitive registered form or definitive registered notes, an announcement of such exchange shall be made by or on behalf of the Issuer through the SGX-ST and such announcement will include all material information with respect to the delivery of the certificates in definitive form, including details of the paying agent in Singapore.
7. The issuance of the notes was authorized by our Board of Directors on September 5, 2017. In addition, the issuance of the notes was also authorized by our shareholders on September 5, 2017. We have all necessary consents, approvals and authorizations in connection with the issuance or performance of the notes.
8. Galaz, Yamazaki, Ruiz Urquiza, S.C. has agreed to the inclusion of its report in this offering memorandum in the form and context in which it is included.
9. The notes will be guaranteed by the following subsidiaries of the issuer: (i) Analistas de Recursos Globales, S.A.P.I. de C.V.; (ii) ARG Fleet Management, S.A.P.I. de C.V.; (iii) Rentas y Remolques de Mexico, S.A. de C.V. and (iv) Inversiones y Colocaciones Inmobiliarias, S.A.P.I. de C.V. The address of the Guarantors is Sierra Gorda 42 Piso 6, Colonia Lomas de Chapultepec, C.P. 11000 Alcaldía Miguel Hidalgo, Ciudad de México, México.

LEGAL MATTERS

The validity of the notes will be passed upon for us by Milbank LLP, our United States counsel, and for the initial purchasers by Clifford Chance US LLP, United States counsel to the initial purchasers. Certain matters of Mexican law relating to the notes will be passed upon for us by Kuri Breña, Sánchez Ugarte y Aznar, S.C., our Mexican counsel, and Ritch, Mueller, Heather y Nicolau, S.C., Mexican counsel to the initial purchasers.

INDEPENDENT AUDITORS

The Audited Consolidated Financial Statements of Docuformas S.A.P.I. de C.V. as of and for the years ended December 31, 2018, 2017 and 2016 included in this offering memorandum, have been audited by Galaz, Yamazaki, Ruiz Urquiza, S.C., a member of Deloitte Touche Tohmatsu Limited, independent auditors as stated in their report appearing herein.

INDEX TO FINANCIAL STATEMENTS

Docuformas, S.A.P.I. de C.V.,

Docuformas, S.A.P.I. de C.V. and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2018, 2017 and 2016, and Independent Auditors' Report Dated April 10, 2019

Docuformas, S.A.P.I. de C.V. and Subsidiaries

Independent Auditors' Report and Consolidated Financial Statements for 2018, 2017 and 2016

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Independent Auditors' Report to the Board of Directors and Stockholders of Docuformas, S.A.P.I. de C. V.

Opinion

We have audited the consolidated financial statements of Docuformas, S.A.P.I. de C.V. and Subsidiaries (the "Entity), which comprise the consolidated statements of financial position as of December 31, 2018, 2017 and 2016, the consolidated statements of profit or loss and comprehensive income, consolidated statements of changes in stockholders' equity and consolidated statements of cash flows, for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Docuformas, S.A.P.I. de C.V. and Subsidiaries as of December 31, 2018, 2017 and 2016, and their financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board ("IASB").

Basis for Opinion

We conducted our audits in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Entity in accordance with the *International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (*IESBA Code) together with the Code of Ethics issued by the Mexican Institute of Public Accountants (IMCP Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and with the IMCP Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Estimated allowance for unrecoverable receivables

We have identified a risk that accounts receivable for which collection may be uncertain at the end of the year may not be included in the calculation of the allowance for doubtful accounts. IFRS 9 requires entities to utilize an expected credit loss model, unlike the incurred credit loss model required under IAS 39. The expected credit loss model requires the Entity to account for expected credit losses and changes in expected credit losses on each reporting date to reflect changes in credit risk from the initial recognition of financial assets. Management evaluated its financial assets to determine if their related credit risk had increased significantly; the Entity takes into account prospective quantitative and qualitative information related to the composition of its portfolio to determine the expected credit loss.

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Our review consisted of reviewing the assumptions used by Management to determine the expected credit loss. Likewise, Firm valuation specialists assisted us in the independent review of the financial model to determine the expected credit losses on each reporting date to reflect changes in credit risk from the initial recognition of financial assets. We have also tested the integrity and accuracy of the calculation of the financial model used to determine the expected credit loss. Based on our tests, we observed that the key assumptions used by Management in its expected credit loss models are reasonable and comply with that established by IFRS 9.

Revenue Recognition

We have identified a risk with respect to revenue recognition associated with long-term equipment sales contracts that contain a significant financing portion, more specifically with respect to the discount rate for calculating the implicit interest generated by the financing component, which is recognized as accrued during the period of financing.

We have also identified a risk with leased assets, services rendered related to leased goods or other services provided to customers that may not have the proper documentation for inclusion in revenue.

Our review included reviewing the assumptions used by the Administration to determine the discount rate used to calculate the interest implicit in the equipment sale contracts. We challenged the assumptions used by the Administration, most importantly the determination of weighted average cost of capital (WACC), as well as the evaluation of the underlying data. Our Firm fair value specialists assisted us in the independent evaluation of the calculation of the applied rate, as well as the sensitivity analysis carried out based on the aforementioned assumptions. We have also tested the integrity and accuracy of the calculation of the valuation model used to determine the implicit interest. Based on our tests, we observed that the key assumptions used by the Administration in its discount rate valuation model is within a reasonable market range.

For revenue generated by leased goods and the services provided, detailed tests were carried out focused on the documentation that supports the occurrence and validity of the revenue. The results of our audit procedures were reasonable.

Deferred Income Taxes

We have identified a risk that the valuation deferred income tax assets may not be accurate, mainly due to improper accounting or tax bases of fixed assets stemming from:. a) the use of incorrect of inadequate useful lives, b) an inappropriate recovery period considering the extension of useful lives, or c) the calculations and methodology applied.

Our audit tests included: a) the review of the assumptions used in the useful lives of the various components of fixed assets, considering their reasonableness according to the conditions of each asset and the business. b) the review of the recovery period of fixed assets considering the extension of the useful lives and c) the review of the calculations and methodology used on the selected items. As a result of our tests, adjustments were proposed to certain recognized amounts that were recorded by the Entity's Management.

Goodwill and intangible assets

We have identified the risk that goodwill and certain intangible assets may not generate sufficient income to recover the carrying value of such assets, for which reason they should be subject to impairment tests as indicated in IAS 36 "Impairment of long-lived assets".

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The determination of whether the carrying value of goodwill is recoverable requires that management of the Entity make significant estimates with respect to future cash flows, discount rates and income growth, based on management's point of view regarding the future prospects of the business.

Our tests consisted in the application of procedures to evaluate whether the discounted cash flow model used in the calculation of impairment of goodwill and certain intangible assets is appropriate. We challenged the assumptions used by the Administration, principally income estimates and the calculation of WACC as well as the evaluation of the underlying data. Our Firm fair value specialists assisted us in the independent evaluation of the projection of revenue growth based on income statistics and operating margin, future sales targets and cash flows, as well as the sensitivity analysis conducted on the basis of in the cases already mentioned. We have also tested the integrity and accuracy of the deterioration model.

Based on our tests, we observed that the key assumptions used by the Administration in its valuation model are within a reasonable range.

Information other than the consolidated financial statements and the auditor's report

Management of the Entity is responsible for the other information. The other information comprises the information that will be incorporated in the Annual Report that the Entity is obliged to prepare pursuant to Article 33 Fraction I, item b) of Title Four, First Chapter of the General Provisions Applicable to Issuers and other Participants of the Securities Market in Mexico and the Instruction accompanying those provisions (the Provisions). The Annual Report is expected to be available for our reading after the date of this audit report.

Our opinion on the consolidated financial statements will not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility will be to read the Annual Report, when available, and when we do so, to consider whether the other information contained therein is materially inconsistent with the consolidated financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. When we read the Annual Report we will issue our letter as required by the CNBV regarding reading the annual report, as required in Article 33 Fraction I, subsection b) numeral 1.2 of the Provisions.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The accompanying consolidated financial statements have been translated into English for the convenience of readers.

Galaz, Yamazaki, Ruiz Urquiza, S.C.
Member of Deloitte Touche Tohmatsu Limited

C.P.C. Adalberto Chaparro Zúñiga

April 10, 2019

Docuformas, S.A.P.I. de C.V. and Subsidiaries

Consolidated Statements of Financial Position

As of December 31, 2018, 2017 and 2016
(In Mexican pesos)

Assets	Notes	2018	2017	2016
Current assets:				
Cash, cash equivalents and funds held in trust	6	$ 1,070,119,926	$ 1,307,605,904	$ 428,698,979
Capital lease receivables	7	1,070,439,910	828,833,444	762,719,164
Accounts receivable from the sale of equipment	8	118,008,989	40,472,716	5,765,108
Accounts receivable from factoring and cash financing	9	370,459,413	213,921,218	448,838,282
Capital lease receivables ceded to subsidiary trust	10	283,807,582	195,770,115	327,481,745
Recoverable taxes		186,111,824	107,054,785	116,406,012
Other receivables	11	3,073,952	27,430,070	22,497,920
Due from related parties	24	35,259,998	3,217,394	18,753,246
Inventories	12	-	6,895	-
Prepaid expenses		33,655,935	54,150,616	37,268,950
Total current assets		3,170,937,529	2,778,463,157	2,168,429,406
Non-current assets:				
Capital lease receivables	7	1,129,801,690	1,321,599,505	858,319,316
Accounts receivable from the sale of equipment	8	458,669,930	155,620,706	10,962,069
Accounts receivable from cash financing	9	701,109,924	372,260,178	292,465,418
Capital lease receivables ceded to subsidiary trust	10	217,419,281	281,085,206	137,940,399
Property, furniture and equipment - Net	13	343,818,462	370,598,151	296,483,573
Investment Property - Net	14	723,664,145	509,844,069	354,543,365
Derivative financial instruments	21	74,844,593	9,921,589	19,171,076
Intangible assets and goodwill	16	170,403,205	171,677,146	172,696,962
Other assets – Net	15	54,534,439	41,421,526	44,436,064
Deferred income taxes	26	144,374,898	120,925,764	28,321,784
Total non-current assets		4,018,640,567	3,354,953,840	2,215,340,026
Total assets		$ 7,189,578,096	$ 6,133,416,997	$ 4,383,769,432

Liabilities and stockholders' equity	Notes	2018	2017	2016
Current liabilities:				
Current portion of long-term debt	17	$ 688,328,840	$ 255,790,071	$ 1,152,650,417
Trust certificates - short term	18	-	-	101,560,439
Trade accounts payable		26,004,556	163,056,705	94,436,254
Due to related parties	24	9,319,806	74,677,399	273,392,869
Income taxes and other taxes payable		48,957,355	94,278,712	49,158,032
Other accounts payable and accrued expenses	19	517,468,387	380,746,722	283,006,220
Total current liabilities		1,290,078,944	968,549,609	1,954,204,231
Non-current liabilities				
Long-term debt	17	3,925,100,927	3,781,662,697	1,183,429,563
Trust certificates - long term	18	414,980,092	405,763,030	418,441,508
Deferred income taxes	26	124,119,227	180,907,908	165,080,430
Total non-current liabilities		4,464,200,246	4,368,333,635	1,766,951,501
Total liabilities		5,754,279,190	5,336,883,244	3,721,155,732
Stockholders' equity				
Capital stock	23	42,772,409	33,193,153	33,193,153
Premium on share issuance		1,280,038,183	247,777,210	247,777,210
Retained earnings		180,077,143	515,563,390	382,017,193
Accumulated other comprehensive income		(67,588,829)	-	(373,856)
Total stockholders' equity		1,435,298,906	796,533,753	662,613,700
Total stockholders' equity and liabilities		$ 7,189,578,096	$ 6,133,416,997	$ 4,383,769,432

See accompanying notes to consolidated financial statements.

Docuformas, S.A.P.I. de C.V. and Subsidiaries

Consolidated Statements of Profit or Loss and Comprehensive Income

For the years ended December 31, 2018, 2017 and 2016
(In Mexican pesos)

	Notes	2018	2017	2016
Revenues:				
Interest		$ 701,961,458	$ 563,946,924	$ 567,041,414
Sales of equipment		432,449,065	291,886,962	129,163,103
Operating lease		159,352,312	108,011,189	115,330,857
Services and supplies		56,385,354	41,299,293	121,229,415
Total revenues		1,350,148,189	1,005,144,368	932,764,789
Costs:				
Interest		553,710,703	325,924,669	214,057,260
Sales of equipment		316,826,226	189,957,912	82,598,294
Depreciation of assets under operating leases		51,900,106	29,597,227	42,712,014
Services and supplies		45,660,179	37,770,676	62,688,535
Total costs		968,097,214	583,250,484	402,056,103
Operating (income) expenses:				
Selling expenses	25	100,694,177	90,247,843	84,573,416
Administrative expenses	25	146,506,751	141,553,553	152,723,172
Other (income) expenses, net		9,136,830	(1,555,094)	(403,610)
Interest income		(10,129,055)	(88,256,443)	(1,762,891)
Interest expense		49,130,820	58,194,009	49,521,933
Exchange (gain) loss , net		(8,042,672)	134,797,704	9,129,054
Valuation of derivative financial instruments	21	(43,700,531)	9,623,344	(5,075,147)
Total expenses		243,596,320	344,604,916	288,705,927
Income before income taxes		138,454,655	77,288,968	242,002,759
Income tax (benefit) expense	26	(28,182,786)	(56,257,229)	60,697,055
Consolidated net income		166,637,441	133,546,197	181,305,704
Other comprehensive income, net of income taxes:				
Items that will be reclassified to results:				
Valuation of derivative financial instruments	21	(67,588,829)	373,856	151,194
Total comprehensive income for the year		$ 99,048,612	$ 133,920,053	$ 181,456,898

See accompanying notes to consolidated financial statements.

Docuformas, S.A.P.I. de C.V. and Subsidiaries

Consolidated Statements of Changes in Stockholders' Equity

For the years ended December 31, 2018, 2017 and 2016
(In Mexican pesos)

	Capital stock	Premium on share issuance	Retained earnings	Accumulated other comprehensive income: Valuation of derivative financial instruments	Total stockholders' equity
Balances as of January 1, 2016	$ 33,193,153	$ 247,777,210	$ 299,898,689	$ (525,050)	$ 580,344,002
Dividends declared	-	-	(99,187,200)	-	(99,187,200)
Comprehensive income	-	-	181,305,704	151,194	181,456,898
Balances as of December 31, 2016	33,193,153	247,777,210	382,017,193	(373,856)	662,613,700
Comprehensive income	-	-	133,546,197	373,856	133,920,053
Balances as of December 31, 2017	33,193,153	247,777,210	515,563,390	-	796,533,753
Dividends declared	-	(2,370,091)	(515,563,390)	-	(517,933,481)
Effects of adoption of IFRS 9	-	-	13,439,702	-	13,439,702
Increase in capital	9,579,256	1,034,631,064	-	-	1,044,210,320
Comprehensive income	-	-	166,637,441	(67,588,829)	99,048,612
Balances as of December 31, 2018	$ 42,772,409	$ 1,280,038,183	$ 180,077,143	$ (67,588,829)	$ 1,435,298,906

See accompanying notes to consolidated financial statements.

Docuformas, S.A.P.I. de C.V. and Subsidiaries

Consolidated Statements of Cash Flows

For the years ended December 31, 2018, 2017 and 2016
(In Mexican pesos)

	2018	2017	2016
Cash flows from operating activities:			
Consolidated net income	$ 166,637,441	$ 133,546,197	$ 181,305,704
Adjustments for:			
Income tax recognized in results	(28,182,786)	(56,257,229)	60,697,055
Depreciation and amortization	53,174,047	30,617,043	42,712,014
Gain on sales of fixed assets	(282,258)	(11,253,619)	(12,846,370)
Interest income	(10,129,055)	(88,256,443)	(1,762,891)
Interest expense	602,841,523	384,118,678	263,579,193
Valuation effects of derivative financial instruments	(43,700,531)	9,623,344	(5,075,147)
Unrealized exchange (gain) loss	(15,493,361)	165,405,000	7,903,526
	724,865,020	567,542,971	536,513,084
Movements in working capital:			
(Increase) decrease in:			
Capital lease receivables	(416,954,446)	(708,760,714)	(93,034,502)
Accounts receivable from factoring and cash financing	(485,387,941)	155,122,304	(46,309,280)
Capital lease receivables ceded to subsidiary trust	(24,371,542)	(11,433,177)	13,767,639
Recoverable taxes	(79,057,037)	9,351,227	17,276,748
Other receivables	24,356,118	(4,932,150)	(28,158,747)
Due from related parties	(32,042,604)	15,535,852	(16,354,091)
Inventories	6,895	(6,895)	1,434,613
Prepaid expenses	20,494,681	(16,881,666)	(3,585,836)
Other assets – Net	(13,112,912)	3,014,538	(11,244,097)
Derivative financial instruments	(117,777,943)	-	-
Increase (decrease) in:			
Trade accounts payable	(137,052,149)	68,620,451	(196,048,814)
Due to related parties	(65,357,593)	(198,715,470)	(347,613,262)
Other taxes payable	(45,321,356)	45,120,680	9,949,325
Other accounts payable and accrued expenses	63,853,670	97,740,502	(21,202,158)
Interest paid	(529,973,529)	(320,705,901)	(259,835,163)
Income taxes paid	(23,088,391)	(7,176,376)	(35,172,731)
Net cash used in by operating activities	(1,135,921,059)	(306,563,824)	(479,617,272)
Cash flows from investing activities:			
Property and equipment acquisitions	(281,906,457)	(334,434,148)	(182,071,179)
Business acquisition net of cash received	-	-	26,171,316
Acquisition of third party deferred tax assets	-	(13,342,898)	-
Proceeds from disposal of equipment	43,248,223	86,675,258	79,754,441
Interest income	10,129,055	88,256,443	1,762,891
Net cash used in investing activities	(228,529,179)	(172,845,345)	(74,382,531)

	2018	2017	2016
Cash flows from financing activities:			
Increase in capital	9,579,256	-	-
Increase in premium on share issuance	1,034,631,064	-	-
Dividends paid	(517,933,481)	-	-
Loans obtained	1,483,703,422	3,997,106,871	1,820,090,638
Loan payments	(883,016,001)	(2,638,790,777)	(987,432,000)
Net cash generated by financing activities	1,126,964,260	1,358,316,094	832,658,638
Net (decrease) increase in cash, cash equivalents and funds held in trust	(237,485,978)	878,906,925	278,658,835
Cash, cash equivalents and funds held in trust at the beginning of the year	1,307,605,904	428,698,979	150,040,144
Cash, cash equivalents and funds held in trust at the end of the year	$ 1,070,119,926	$ 1,307,605,904	$ 428,698,979

See accompanying notes to consolidated financial statements.

1. Activities and significant events

a. *Activities* - Docuformas, S.A.P.I. de C.V. and subsidiaries (the Entity) was established on July 23, 1996. Its principal activity is the leasing and financing of equipment to both enterprises as well as individuals carrying out business activities as defined in fiscal law. In addition, the Entity is dedicated to the lease of equipment and real estate, with or without a purchase option, as well as the purchase and sale of equipment and real estate in general and motor vehicles, in addition to providing services related to transportation equipment (renting).

Other income of the Entity consists of i) lease of real estate, ii) non-recourse factoring as a short-term financing model and iii) cash financing, which is based on the provision of liquid resources to customers, which are guaranteed in different ways.

The registered and principal office of the Entity is located at Sierra Gorda No. 42 Piso 5, Col. Lomas de Chapultepec VIII Sección, Del. Miguel Hidalgo, Postal Code 11000, México City.

The Entity is not the direct employer for administrative, operational and executive personnel. Administrative and operating services are provided by independent third parties with whom the Entity enters into service contracts and who assume legal responsibility, together with the Entity, in accordance with the service contract held. The contracts automatically renew and can be cancelled by either party upon one-year notice.

b. *Significant events*

i. **Sale of shares and change in the structure of shareholders of the Entity**

During 2018, the following movements in stockholders' equity were carried out:

1. On February 15, 2018, Aureos Latin American Fund I, L.P. ("Aureos") and Fondo Aureos Colombia, Fondo de Capital Privado, through the Sociedad Administradora Fiduciaria Colombiana de Comercio Exterior, S.A. Fidulcoldex (Fiducoldex), as sellers, and Banco Actinver, SA, Institución de Banca Múltiple, Grupo Financiero Actinver, solely and exclusively in its capacity as trustee of the irrevocable administration and investment trust number 3279 ("Fideicomiso Alta") as buyer, entered into a share purchase agreement ("SPA I") representing the purchase of 32.07% of the share capital of the Entity.

2. On February 15, 2018, Adam Peter Jan Wiaktor Rynkiewicz ("AW") as seller, and 'Fideicomiso Alta and Deutsche Bank, México, S.A. Institución de Banca Múltiple, División Fiduciaria acting solely and exclusively in its capacity as trustee of the irrevocable trust number F/1900 ("Abraaj CKD" and jointly with Fideicomiso Alta, the "Buyers"), entered into a share purchase agreement ("SPA II") representing the purchase of 10.69% and 38.48% of the share capital of the Entity, respectively.

3. On May 15, 2018, Abraaj Thames B.V. ("Abraaj ND" and together with the Abraaj CKD, and Fideicomiso Alta, hereinafter the "Buyers") entered into a certain Adhesion Agreement (the "Adhesion Agreement" and together with SPA I and SPA II, the "Share Purchase and Sale Contracts") through which Abraaj ND adhered as a buyer to the SPA II and agreed to acquire 50% of the Abraaj Shares.

4. Simultaneously to these resolutions, the Buyers and AW entered into an amendment agreement to SPA II (the "Amendment to SPA II") by means of which Abraaj ND was granted a term of 15 calendar days beginning from the signing of the agreement, to comply with the obligations set forth in SPA II and, consequently, may perfect the purchase of 19.24% of the total share capital of the Entity under SPA II, that is, 50% of the Abraaj Shares.

5. On August 31, 2018, arising from the execution of SPA I and SPA II, simultaneously with the resolutions for the total reform of the Entity's bylaws and the payment of dividends in the amount of $630,742,402 to AW (the "Closing Resolutions"), AW, Aureos and Fiducoldex, with the appearance of the Entity, entered into the termination agreement between shareholders dated January 2008.

6. On August 31, 2018, arising from the conclusion of SPA II, AW and the Buyers, with the appearance of the Entity, entered into a Shareholders Agreement (the "SHA") through which they established the terms of the relationship between the shareholders of the Company.

After the changes mentioned above, the new share structure was distributed as follows:

Shareholder	% participation
Banco Actinver, S.A. (Fideicomiso 3279)	35.7%
Deutsche Bank México, S.A. (Fideicomiso F-1900)	24.9%
Abraaj Thames B.V.	24.9%
Adam Peter Jan Wiaktor Ryankiewics	14.5%

ii. **Credit lines and issuance of Certificados Bursátiles (Cebures)**

The Entity entered into a simple line of credit for $ 787.5 million pesos, with Credit Suisse, due in 2024. The Entity also issued four different tranches of Cebures for a total amount of $ 513 million pesos and entered into a financing arrangement with Responsibility Management Company, S.A. for 10.0 million U.S. dollars. The proceeds received from the line of credit, the issuance of the Cebures and the financing were mainly used for investments in leasing equipment. Greater detail of these loans is included in Note 17 to the consolidated financial statements.

iii. **Issuance of long-term public debt**

On October 11, 2017, the Entity issued U.S.$150,000,000 of debt in international markets, pursuant to Rule 144A and Regulation S of the U.S. Securities and Exchange Commission, including placement of the notes on the Singapore Exchange Securities Trading Limited Market. The Entity subsequently repurchased $8,500,000 of debt through securities placed with Casa de Bolsa Ve por Más. The debt accrues interest at a fixed rate of 9.25% annually, with semi-annual interest due on October 11, 2022. The proceeds received were used to pay certain liabilities and finance the operation of the Entity (See Note 17).

iv. **Acquisition of IRASA International S.A. de C.V. ("IRASA")**

On December 12, 2017, a purchase agreement was signed for the acquisition of 100% of the shares of IRASA. IRASA is a company that was established with the purposes of leasing and purchase/sale of equipment. The acquisition establishes a purchase price of $15,856,228 for which a payment was established as $13,342,898 payable on the contract date and a subsequent payment of $2,513,330 during 2018. This acquisition does not qualify as a business acquisition according to IFRS 3 Business Combinations.

v. **Acquisition of Inversiones y Colocaciones Inmobiliarias, S.A.P.I. de C.V. ("ICI").**

On December 5, 2016, an agreement between shareholders was signed for the acquisition of 100% of the shares of ICI whose main activity is the leasing, purchase and sale of real estate.

The acquisition of ICI was for an amount of $100,000,000 and was made pursuant to an exchange of an account receivable in a favor of the Entity from its shareholders for an amount of $99,950,000 and a liability of $50,000 payable to the former shareholder Adam Peter Wiaktor Rynkiewicz (See Note 15).

vi. **Irrevocable Issuance, Administration, and Payment Trust Contract, from ARG (see Note 10)**

On October 24, 2016 an Irrevocable Issuance, Administration and Payment Trust contract No. 2613 (the "Trust") was entered into between Bank of New York Mellon, S.A., Institución de Banca Múltiple, División Fiduciaria (the "Trustee") and ARG and its subsidiary Rentas y Remolques, S.A. de C.V. (Remex) (together the "Trustors", "Beneficiaries in the second instance " and "Administrators"), with the agreement and accordance of Banco Invex, S.A., Institución de Banca Múltiple, Invex Grupo Financiero, as ("Common Representative") and Tecnología en Cuentas por Cobrar, S.A.P.I. de C.V. ("Master Administrator").

The main purpose of the Trust is the collection of trust rights stemming from capital lease receivables and to conduct the issuance and placement of Trust certificates (CBFs or Cebures) among the investing public. A summary of the main objectives of the Trust are:

a) That the Trustee enters into the factoring contract such that pursuant to such contract, the Trustee obtains the trust rights from the Trustors, which then form part of the patrimony of the Trust;

b) That the Trustee act as beneficiary in the first instance with respect to resources received from the leased assets, such that the Trustee receives the amounts as stipulated in the Trust agreement and such amounts form the patrimony of the Trust;

c) That the Trustee acts as the first trustee of the Trust for the disposal of leased assets, so that the trustee receives as part of the assets of the Trust the amounts in accordance with the provisions of the Trust for the Disposal of Leased Assets;

d) That the Trustee establish the program to issue CBFs according to the written instructions given by the Issuance Committee, to be placed among the investing public, and comply with all the duties and obligations regarding CBFs specified or referred to in the Trust Agreement, as set at the Issuance Committee sessions to be held in order to carry out each issuance, in the contract that includes the terms of the CBFs themselves and in the placement agreement, with the understanding that the Trustee may make new issuances under the program, provided that the resources derived from each new issuance will be used to pay the outstanding balance as of the date of such new issuance of the immediately previous issuance by the Trust under the program;

e) That the Trustee cover the costs and expenses of the Master Administrator and of the Administrator, under the Patrimony of the Trust, as set forth in the Administration Agreement and in the Services Contract and, if applicable, that the Fiduciary to modify or terminate the Administration Contract and the Services Contract, in accordance with the instructions received from the Technical Committee;

f) That in accordance with the written instructions from the Issuance Committee, the Trustee will enter into placement contracts with the appropriate underwriters and carry out the issuance and placement of the CBFs with such underwriters, pursuant to the authorization received the National Banking and Securities Commission (CNBV for its acronym in Spanish) for these purposes and in the terms described in the respective informational supplement;

g) That in accordance with the terms of the Securities Market Act (LMV), its Single Circular for Issuers, the internal regulations of the Mexican Stock Exchange (BMV) and other applicable provisions, the Trust will perform actions and execute any documents, applications and notifications necessary or advisable to (i) record CBFs or other securities issued and registered in the National Securities Registry (RNV), obtain authorization to offer them publicly, and disclose the placement prospectus and supplements and respective notices, and (ii) list the CBFs or other securities issued reached on the BMV;

h) That in accordance with the terms of the LMV, its Single Circular for Issuers, the internal regulations of the BMV and other applicable regulations, perform all actions and execute and deliver all documents, applications, reports and notifications necessary or advisable to maintain CBFs or other securities issued within the RNV and listed on the BMV, including reports that are applicable and necessary in accordance with Appendix T of the Single Circular for Issuers;

i) That the Trustee carry out new Emissions under the Program for up to the amounts and with the characteristics that, from time to time, indicate the Emission Committee; In the understanding that the consent of the Holders will not be necessary to carry out new Issues in accordance with the aforementioned;

j) That the Trustee receive all the resources obtained as a result of each issue and placement of the CBFs;

k) That the Trustee open the bank accounts and constitute the funds provided for in the Trust Agreement and keep them open while any principal or accessory part of the CBFs is unfinished, so that through said accounts and funds they receive, administer and allocate the resources of the assets of the Trust and that the Trustee make payments from the Equity;

l) That the Trustee receive in the income accounts, by electronic transfer of funds, deposit or otherwise, from each of the debtors of the receivables transferred or from the Settlor or from the Trust for the disposal of leased assets or from the Trust 2613 or any substitute administrator, as the case may be, the resources derived from the receivables transmitted;

m) That the Trustee conserve, custody and administer the proceeds from the collected receivables as well as any other resources provided by the Settlor;

n) That the Trustee receive the amounts derived from or derived from the insurance policies of the Leased Assets;

o) That in accordance with the priority order of the Trust Agreement and based on the resources from the Trust for the disposal of leased assets, as well as any other income or assets in the Trust's assets, the Trustee pays, under the Trust and up to where it reaches, at the dates and within the periods indicated in the respective Title, the interest that they accrue, as well as their nominal value, if applicable, others amounts payable in accordance with the CBFs and other related documents with each issue under the program;

p) That the Trustee will enter into investment contracts, brokerage contracts or any other contacts that are necessary or convenient, in order that the Trustee invests the liquid resources that form part of the assets of the Trust in permitted investments;

q) That the Trustee, in accordance with the written instructions received from the Settlor, enter into any hedge agreements or other similar agreements that are necessary or convenient, and in case of being benefited by any of these contracts, receive the payments and benefits of any headline;

r) That the Trustee appear, when necessary or convenient, in accordance with instructions in writing from the Settlors, the Technical Committee or the Issuance Committee, to conclude any contract or other document between the Settlor, the Common Representative and any third party that is convenient or necessary to achieve CBF emissions under the program;

s) That the Trustee shall contract, on behalf of the Trustors to the external auditor to audit the financial statements and accounts of the Trust, provided that in the event of resignation or termination of their assignment, the Trustee shall contract the signature of auditors who written by the Technical Committee;

t) The Trustee celebrate all contracts, agreements and related documents and perform all actions necessary to fulfill the purposes of this Trust, which includes, but not limited to, the power to open accounts and funds Trust, operate bank accounts, make transfers of funds and carry out exchange operations as necessary;

u) That the Trustee prepare and report to the CNBV, the BMV, the Technical Committee, the Trustees, the Common Representative and the rating agencies, the reports of the Trustee;

v) That the Trustee grant the special powers regarding its object but general in scope that are required for the fulfillment or attainment of the purposes of the Trust or for the defense of the assets of the Trust;

w) That the Trustee, upon prior instructions from the Settlor, grant the Administrator (or persons designated by him under his responsibility), the powers (including special powers, as the case may be) that are necessary or convenient for the performance of his duties, in terms of the provisions of the Services Agreement;

x) That the Trustee receive any amount from the Trust for the disposal of leased assets for indemnity arising from claims to any leased property of which the Trustee has been designated as a beneficiary;

y) That in the event that (i) there are liquid resources in the assets of the Trust and the Trustees expressly request them in writing to the Trustee, or (ii) in case there are no liquid resources in the assets of the Trust, the Trustors directly or through any third party, additional contributions so that sufficient liquid resources exist to carry out the partial or total advance payment of the outstanding balance of the CBFs and the Trustors expressly request the writing to the Trustee;

z) That the Trustee, pursuant to the express authorization granted by the Settlor, contracts the Internet Business Connection (CEI) service in relation to the accounts and funds of the Trust, through which the Trustee and the Master Administrator may observe the Accounts and Funds of the Trust;

aa) That the Trustee will contract, as part of the Trust Property, the Common Representative, as well as any other third party provider of services that is necessary, adequate or convenient to carry out or to fulfill the purposes of the Trust and, Replace those service providers;

bb) That the Trustee, once it makes full payment of all principal and interest amounts, as well as all amounts payable under the CBFs and other amounts payable by the Trustee in accordance with the provisions of the Trust Agreement, in accordance with To the instructions of the Settlors, proceed to liquidate the Trust and deliver to the Settlors, as the second Trustee, any remaining amount that exists in the Trust's assets, and revert the receivables transferred, the initial contribution , As well as any other asset, right or asset that forms part of the assets of the Trust at that time and, consequently, extinguishes the Trust;

cc) In general, the Trustee shall take such other action as may be necessary or expedient to satisfy or comply with the purposes of the Trust, the Transaction Documents and applicable laws.

The registered office of the Trust is in Cordillera de los Andes No. 265, 2nd floor, Col. Lomas de Chapultepec, Miguel Hidalgo, Postal Code 11000, México City.

The Trust does not have employees so the administrative services are provided by a third party and have no obligations of a labor nature.

vii. **Issuance of Trust Certificates ("CBFs"), from ARG (See Note 10)**

On October 24, 2016, the Trustee carried out the first issuance of CBFs, for a total amount of $455,000,000, represented by 4,550,000 CBFs with a face value of one hundred pesos each, identified with the ticker "ARGLCCB 16", based on articles 7, 61 to 64, 83 and 84 and other applicable regulations of the Mexican Securities Law (See Note 18).

viii. **Irrevocable Issuance, Administration, and Payment Trust Contract**

On November 29, 2013, an Irrevocable Issuance, Administration and Payment Trust Contract No. 1029 (the "Trust") was created between Bank of New York Mellon, S.A., Institución de Banca Múltiple, División Fiduciaria (the "Trustee") formerly The Bank of New York Mellon, S.A., and ARG and its subsidiary Remex (together the "Trustors", "Beneficiaries in the second instance " and "Administrators"), with the agreement and accordance of Banco Invex, S.A., Institución de Banca Múltiple, Invex Grupo Financiero, as ("Common Representative") and Tecnología en Cuentas por Cobrar, S.A.P.I. de C.V. ("Master Administrator") with expiration on November 29, 2017 (See Note 18).

On April 23, 2014, CI Banco, Sociedad Anónima, Institución de Banca Múltiple merged with The Bank of New York Mellon, Sociedad Anónima, Institución de Banca Múltiple, the latter remaining as the existing entity.

On April 24, 2014, the Bank of New York Mellon, Sociedad Anónima, Institución de Banca Múltiple changed its denomination to CI Banco, Sociedad Anónima, Institución de Banca Múltiple (the "Trustee").

The main purpose of the Trust is the collection of trust rights stemming from capital lease receivables and to conduct the issuance and placement of Trust certificates (CBFs or Cebures) among the investing public. A summary of the main objectives of the Trust are:

a) That the Trustee enters into the factoring contract such that pursuant to such contract, the Trustee obtains the trust rights from the Trustors, which then form part of the patrimony of the Trust;

b) That the Trustee act as beneficiary in the first instance with respect to resources received from the leased assets, such that the Trustee receives the amounts as stipulated in the Trust agreement and such amounts form the patrimony of the Trust;

c) That the Trustee executes the amendment agreement to the 2012 Trust contract and accepts its appointment as Beneficiary in the first instance; 2012 Trust refers to the irrevocable issuance, administration and payment trust No. F /00872, executed on June 19, 2012, between ARG and Remex as Trustors and Beneficiaries in the second instance and The Bank of New York Mellon, S.A., Multiple Banking Institution, as Trustee and Beneficiary in the first instance;

d) That the Trustee shall enter into the factoring agreement between trusts in substantial terms, in order for the Trustee to acquire from the Trust as a part of the assets of the Trust the collection rights of the Trust 2012;

e) That the Trustee enter into (i) the management agreement with the master administrator, so that, among other things, the Master Administrator directly or through the Administrators, provide the administration and collection services and collect the resources that derive from the rights And prepare and submit the reports of the Master Administrator and other required information and (ii) enter into the service contract, so that the Administrators present the administration and collection services;

f) That the Trustee, in accordance with the provisions of the management contract and the service contract, will cover all costs and expenses charged by the Master Administrator and Administrator and, in case, that the fiduciary modifies or Terminates the management contract and the service contract, in accordance with instructions received in writing from the Technical Committee;

g) That the Trustee establish the program to issue CBFs according to the written instructions given by the Issuance Committee, to be placed among the investing public, and comply with all the duties and obligations regarding CBFs specified or referred to in the Trust Agreement, as set at the Issuance Committee sessions to be held in order to carry out each issuance, in the contract that includes the terms of the CBFs themselves and in the placement agreement, with the understanding that the Trustee may make new issuances under the program, provided that the resources derived from each new issuance will be used to pay the outstanding balance as of the date of such new issuance of the immediately previous issuance by the Trust under the program;

h) No later than one business day following the date of the first issuance under the program, the Trustee, with prior written instructions received from the Issuance Committee, will deliver to the Trustee of 2012 Trust, for and on behalf of the Trustors, the resources received from the issuance that are necessary to pay the full amount of the 2012 Cebures provided that the amounts so paid constitute the payment of the consideration for the transfer of trust rights for 2012 Trust in accordance with the terms established in the factoring contract between Trusts;

l) That in accordance with the written instructions from the Issuance Committee, the Trustee will enter into placement contracts with the appropriate underwriters and carry out the issuance and placement of the CBFs with such underwriters, pursuant to the authorization received the National Banking and Securities Commission (CNBV for its acronym in Spanish) for these purposes and in the terms described in the respective informational supplement;

ix. **Issuance of Trust Certificates ("CBFs"), from ARG**

On November 29, 2013, the Trustee carried out the first issuance of CBFs, for a total amount of $550,000,000, represented by 5,500,000 CBFs with a face value of one hundred pesos each, identified with the ticker "ARGCB 13", based on articles 7, 61 to 64, 83 and 84 and other applicable regulations of the Securities Market Act, with expiration on May 29, 2017 (See Note 18).

2. Application of new and revised International Financial Reporting Standards

a. ***Application of new and revised International Financing Reporting Standards ("IFRS") and interpretations that are mandatorily effective for the current year***

In the current year, the Entity has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after January 1, 2018.

New and amended IFRS Standards that are effective for the current year

Impact of initial application of IFRS 9 Financial Instruments

In the current year, the Entity has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after 1 January 2018. The transition provisions of IFRS 9 allow an entity not to restate comparatives.

The Entity has elected not to restate consolidated financial statements in respect of the classification and measurement of financial instruments.

The Entity adopted consequential amendments to IFRS 7 *Financial Instruments*: Disclosures that were applied to the disclosures about 2018 and to the comparative period.

IFRS 9 introduced new requirements for:

I. The classification and measurement of financial assets and financial liabilities,

II. Impairment of financial assets, and.

III. General hedge accounting.

Details of these new requirements as well as their impact on the Entity's consolidated financial statements are described below.

The Entity has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9.

a. Classification and measurement of financial assets

The date of initial application (i.e. the date on which the Entity has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is 1 January 2018. Accordingly, the Entity has applied the requirements of IFRS 9 to instruments that continue to be recognized as at 1 January 2018 and has not applied the requirements to instruments that have already been derecognized as at 1 January 2018. Comparative amounts in relation to instruments that continue to be recognized as at 1 January 2018 have been restated where appropriate.

All recognized financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortized cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically:

- Debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortized cost;
- Debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at fair value through other comprehensive income (FVTOCI);
- All other debt investments and equity investments are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Entity may make the following irrevocable election / designation at initial recognition of a financial asset:

- The Entity may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination in other comprehensive income; and
- The Entity may irrevocably designate a debt investment that meets the amortized cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

In the current year, the Entity has not designated any debt investments that meet the amortized cost or FVTOCI criteria as measured at FVTPL.

When a debt investment measured at FVTOCI is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. When an equity investment designated as measured at FVTOCI is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is subsequently transferred to retained earnings.

Debt instruments that are measured subsequently at amortized cost or at FVTOCI are subject to impairment. See (b) below.

Management of the Entity reviewed and assessed its existing financial assets as at 1 January 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has had the following impact on the Entity's financial assets as regards their classification and measurement:

- Financial assets classified as held-to-maturity and loans and receivables under IAS 39 that were measured at amortized cost continue to be measured at amortized cost under IFRS 9 as they are held within a business model to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

None of the other reclassifications of financial assets have had any impact on the Entity's financial position, profit or loss, other comprehensive income or total comprehensive income in either year.

b. ***Impairment of financial assets***

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

Specifically, IFRS 9 requires the Entity to recognize a loss allowance for expected credit losses on:

(1) Debt investments measured subsequently at amortized cost or at FVTOCI,
(2) Lease receivables,
(3) Trade receivables and contract assets, and
(4) Financial guarantee contracts to which the impairment requirements of IFRS 9 apply

In particular, IFRS 9 requires the Entity to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the Entity is required to measure the loss allowance for that financial instrument at an amount equal to 12-months ECL. IFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and lease receivables in certain circumstances.

Because the Entity has elected not to restate comparatives, for the purpose of assessing whether there has been a significant increase in credit risk since initial recognition of financial instruments that remain recognized on the date of initial application of IFRS 9 (i.e. 1 January 2018), management has compared the credit risk of the respective financial instruments on the date of their initial recognition to their credit risk as at January 1, 2018.

The impact of the adoption of IFRS 9 as of January 1, 2018 resulted in a lower provision for impairment of accounts receivable according to the expected loss model of $ 13,439,703, recorded in retained earnings, net of deferred income tax.

c. ***Classification and measurement of financial liabilities***

A significant change introduced by IFRS 9 in the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk of the issuer.

Specifically, IFRS 9 requires that the changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss, but are instead transferred to retained earnings when the financial liability is derecognized. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at FVTPL was presented in profit or loss.

The application of IFRS 9 has had no impact on the classification and measurement of the Entity's financial liabilities.

d. **General hedge accounting**

The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about the Entity's risk management activities have also been introduced.

In accordance with IFRS 9's transition provisions for hedge accounting, the Entity has applied the IFRS 9 hedge accounting requirements prospectively from the date of initial application on 1 January 2018. The Entity's qualifying hedging relationships in place as at 1 January 2018 also qualify for hedge accounting in accordance with IFRS 9 and were therefore regarded as continuing hedging relationships. No rebalancing of any of the hedging relationships was necessary on 1 January 2018. As the critical terms of the hedging instruments match those of their corresponding hedged items, all hedging relationships continue to be effective under IFRS 9's effectiveness assessment requirements. The Entity has also not designated any hedging relationships under IFRS 9 that would not have met the qualifying hedge accounting criteria under IAS 39.

IFRS 9 requires hedging gains and losses to be recognized as an adjustment to the initial carrying amount of non-financial hedged items (basis adjustment). In addition, transfers from the hedging reserve to the initial carrying amount of the hedged item are not reclassification adjustments under IAS 1 Presentation of Financial Statements and hence they do not affect other comprehensive income. Hedging gains and losses subject to basis adjustments are categorized as amounts that will not be subsequently reclassified to profit or loss in other comprehensive income. This is consistent with the Entity's practice prior to the adoption of IFRS 9.

Consistent with prior periods, when a forward contract is used in a cash flow hedge or fair value hedge relationship, the Entity has designated the change in fair value of the entire forward contract, i.e. including the forward element, as the hedging instrument.

When the option contracts are used to hedge the forecast transactions, the Entity designates only the intrinsic value of the options as the hedging instrument. Under IAS 39 the changes in the fair value of time value of option (i.e. non-designated component) were recognized immediately in profit or loss. Under IFRS 9, the changes in the time value of the options that relate to the hedged item ('aligned time value') are recognized in other comprehensive income and accumulated in the cost of hedging reserve within equity. The amounts accumulated in equity are either reclassified to profit or loss when the hedged item affects profit or loss or removed directly from equity and included in the carrying amount of non-financial item.

The application of the IFRS 9 hedge accounting requirements has had no impact on the results and financial position of the Entity for the current and/or prior years. See notes 20 and 21 for detailed information on the Entity's risk management activities.

e. **Disclosures in relation to the initial application of IFRS 9**

There were no financial assets or financial liabilities which the Entity had previously designated as at FVTPL under IAS 39 that were subject to reclassification or which the Entity has elected to reclassify upon the application of IFRS 9. There were no financial assets or financial liabilities which the Entity has elected to designate as at FVTPL at the date of initial application of IFRS 9.

f. **Impact of initial application of IFRS 9 on financial performance**

As mentioned in paragraph b., The application of IFRS 9 resulted in the recording of a lower provision for impairment in accounts receivable, which was a net charge to accounts receivable (see Notes 9 and 10) with a credit to cumulative results of $13,349,703.

Impact of Application of IFRS 15 Revenue from Contracts with Customers

In the current year, the Entity has applied IFRS 15 Revenue from Contracts with Customers (as amended in April 2016) which is effective for an annual period that begins on or after 1 January 2018. IFRS 15 introduced a 5-step approach to revenue recognition. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Details of the new requirements as well as their impact on the Entity's consolidated financial statements are described below.

The Entity applied IFRS 15 in accordance with the modified retrospective transition approach under which the cumulative effect of the initial application of this standard is recognized on the date of the initial application as an adjustment to the initial balance of the accumulated results. Under this transition method, the Entity applied this standard retroactively only to contracts that have not been completed on the date of the initial application, that is, January 1, 2018.

The accounting policies for the Entity's revenue streams are described in detail in Note 3 below. The adoption of IFRS 15 as of January 1, 2018, has not had an impact on the Entity's consolidated financial information, other than more extensive disclosures related to revenues as required by the standard.

Impact of application of Other amendments to IFRS Standards and Interpretations

In the current year, the Entity has applied a number of amendments to IFRS Standards and Interpretations issued by the International Accounting Standards Board (IASB) that are effective for an annual period that begins on or after 1 January 2018. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

IAS 40 (amendments) Transfers of Investment Property	The Entity has adopted the amendments to IAS 40 Investment Property for the first time in the current year. The amendments clarify that a transfer to, or from, investment property necessitates an assessment of whether a property meets, or has ceased to meet, the definition of investment property, supported by observable evidence that a change in use has occurred. The amendments further clarify that the situations listed in IAS 40 are not exhaustive and that a change in use is possible for properties under construction (i.e. a change in use is not limited to completed properties).
IFRIC 22_Foreign Currency Transactions and Advance Consideration	IFRIC 22 addresses how to determine the 'date of transaction' for the purpose of determining the exchange rate to use on initial recognition of an asset, expense or income, when consideration for that item has been paid or received in advance in a foreign currency which resulted in the recognition of a non-monetary asset or non-monetary liability (for example, a non-refundable deposit or deferred revenue). The Interpretation specifies that the date of transaction is the date on which the entity initially recognizes the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance, the Interpretation requires an entity to determine the date of transaction for each payment or receipt of advance consideration.

New and revised IFRS Standards in issue but not yet effective

At the date of authorization of these financial statements, The Entity has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

IFRS 16	*Leases*
Amendments to IFRS 9	*Prepayment Features with Negative Compensation*
Amendments to IAS 28	*Long-term Interests in Associates and Joint Ventures*
Annual Improvements to IFRS Standards 2015-2017 Cycle	*Amendments to* IFRS 3 *Business Combinations,* IFRS 11 *Joint Arrangements,* IAS 12 *Income Taxes and* IAS 23 *Borrowing Costs*
IFRS 10 *Consolidated Financial Statements and* IAS 28 (amendments)	*Sale or contribution of Assets between an Investor and its Associate or Joint Venture*
IFRIC 23	*Uncertainty over Income Tax Treatments*

Management does not expect that the adoption of the aforementioned Standards will have a material impact on the Entity's financial statements in future periods, except as indicated below:

IFRS 16 Leases

General impact of application of IFRS 16 Leases

IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements for both lessors and lessees. IFRS 16 will supersede the current lease guidance including IAS 17 Leases and the related Interpretations when it becomes effective for accounting periods beginning on or after 1 January 2019. The date of initial application of IFRS 16 for the Entity will be January 2019.

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17.

Impact of the new definition of a lease

The Entity will make use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to apply to those leases entered or modified before 1 January 2019.

The change in definition of a lease mainly relates to the concept of control. IFRS 16 distinguishes between leases and service contracts on the basis of whether the use of an identified asset is controlled by the customer. Control is considered to exist if the customer has:

- The right to obtain substantially all of the economic benefits from the use of an identified asset; and
- The right to direct the use of that asset.

The Entity will apply the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or modified on or after 1 January 2019 (whether it is a lessor or a lessee in the lease contract). In preparation for the first-time application of IFRS 16, the Entity has carried out an implementation project. The project has shown that the new definition in IFRS 16 will not change significantly the scope of contracts that meet the definition of a lease for the Entity.

Impact on Lessee Accounting

Operating leases

IFRS 16 will change how the Entity accounts for leases previously classified as operating leases under IAS 17, which were off-balance sheet.

On initial application of IFRS 16, for all leases (except as noted below), the Entity will:

a) Recognize right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of the future lease payments;
b) Recognize depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of profit or loss;
c) Separate the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the consolidated cash flow statement.

Lease incentives (e.g. rent-free period) will be recognized as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease liability incentive, amortized as a reduction of rental expenses on a straight-line basis.

Under IFRS 16, right-of-use assets will be tested for impairment in accordance with IAS 36 Impairment of Assets. This will replace the previous requirement to recognize a provision for onerous lease contracts.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the Entity will opt to recognize a lease expense on a straight-line basis as permitted by IFRS 16.

A preliminary assessment of these agreements relate to leases other than short-term leases and leases of low-value assets, and hence The Entity is in the process of concluding the possible impacts of this Standard.

Under IAS 17, all lease payments on operating leases are presented as part of cash flows from operating activities.

Finance Leases

The main differences between IFRS 16 and IAS 17 with respect to assets formerly held under a finance lease is the measurement of the residual value guarantees provided by the lessee to the lessor. IFRS 16 requires that the Entity recognizes as part of its lease liability only the amount expected to be payable under a residual value guarantee, rather than the maximum amount guaranteed as required by IAS 17. On initial application the Entity will present equipment previously included in property, plant and equipment within the line item for right-of-use assets and the lease liability, previously presented within borrowing, will be presented in a separate line for lease liabilities.

Management is still in process of determining the impact that the adoption of this standard will have on the Entity's consolidated financial statements.

Impact on Lessor Accounting

Under IFRS 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently. However, IFRS 16 has changed and expanded the disclosures required, in particular regarding how a lessor manages the risks arising from its residual interest in leased assets.

Amendments to IFRS 9 Prepayment Features with Negative Compensation

The amendments to IFRS 9 clarify that for the purpose of assessing whether a prepayment feature meets the SPPI condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, prepayment features with negative compensation do not automatically fail SPPI.

The amendment applies to annual periods beginning on or after 1 January 2019, with earlier application permitted. There are specific transition provisions depending on when the amendments are first applied, relative to the initial application of IFRS 9.

The management of the Entity does not anticipate that the application of the amendments in the future will have an impact on the Entity's consolidated financial statements.

Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures

The amendment clarifies that IFRS 9, including its impairment requirements, applies to long-term interests. Furthermore, in applying IFRS 9 to long-term interests, an entity does not take into account adjustments to their carrying amount required by IAS 28 (i.e., adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with IAS 28).

The amendments apply retrospectively to annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted. Specific transition provisions apply depending on whether the first-time application of the amendments coincides with that of IFRS 9.

The management of the Entity does not anticipate that the application of the amendments in the future will have an impact on the Entity's consolidated financial statements.

Annual Improvements to IFRS Standards 2015–2017 Cycle Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs

The *Annual Improvements* include amendments to four Standards.

IAS 12 *Income Taxes*

The amendments clarify that an entity should recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits.

IAS 23 *Borrowing Costs*

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalization rate on general borrowings.

IFRS 3 *Business Combinations*

The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, the entity applies the requirements for a business combination achieved in stages, including remeasuring its previously held interest (PHI) in the joint operation at fair value. The PHI to be remeasured includes any unrecognized assets, liabilities and goodwill relating to the joint operation.

IFRS 11 *Joint Arrangements*

The amendments to IFRS 11 clarify that when a party that participates in, but does not have joint control of, a joint operation that is a business obtains joint control of such a joint operation, the entity does not remeasure its PHI in the joint operation.

All the amendments are effective for annual periods beginning on or after 1 January 2019 and generally require prospective application. Earlier application is permitted.

The management of the Entity does not anticipate that the application of the amendments in the future will have an impact on the Entity's consolidated financial statements.

IFRS 10 Consolidated Financial Statements and IAS 28 (amendments) ***Sale or Contribution of Assets between an Investor and its Associate or Joint Venture***

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognized in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognized in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted.

The management of the Entity does not anticipate that the application of the amendments in the future will have an impact on the Entity's consolidated financial statements.

IFRIC 23 ***Uncertainty over Income Tax Treatments***

IFRIC 23 sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The Interpretation requires an entity to:

- Determine whether uncertain tax positions are assessed separately or as an entity; and
- Assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings:
    - If yes, the entity should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings.
    - If no, the entity should reflect the effect of uncertainty in determining its accounting tax position.

The Interpretation is effective for annual periods beginning on or after 1 January 2019. Entities can apply the Interpretation with either full retrospective application or modified retrospective application without restatement of comparatives retrospectively or prospectively.

The management of the Entity does not anticipate that the application of the amendments in the future will have an impact on the Entity's consolidated financial statements.

3. Significant accounting polices

a. *Statement of compliance*

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board ("IASB").

b. *Basis of preparation*

The consolidated financial statements have been prepared on the historical cost basis except for derivative financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

i. Historical cost

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

ii. Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Entity takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

c. *Basis of consolidation*

The consolidated financial statements incorporate the financial statements of the Entity and its subsidiaries controlled by it. Control is achieved when the Entity:

- Has power on over the investee.
- Is exposed or has rights, to variable returns from its involvement with that entity or,
- It has the ability to use its power to affect those returns.

The Entity reassesses whether or not it controls an entity if the facts and circumstances indicate that there are changes to one or more of the three control elements that are listed above.

Consolidation of a subsidiary begins when the Entity obtains control over the subsidiary and ceases when the Entity loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Entity gains control until the date when the Entity ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Entity and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Entity and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Entity's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Entity are eliminated in full on consolidation.

The shareholding of the Entity in the capital stock of the subsidiaries as of December 31 2018, 2017 and 2016, is shown below:

		% of participation December 31,			
Subsidiaries	**Country of incorporation and operations**	**2018**	**2017**	**2016**	**Activities**
Analistas de Recursos Globales, S.A.P.I. de C.V.	Mexico	100	100	100	Leasing and purchase/sale of properties and vehicles.
ARG Fleet Management, S.A.P.I. de C.V.	Mexico	100	100	100	Provides complete fleet management services.
Rentas y Remolques de México, S.A. de C.V.	Mexico	100	100	100	Provides rental service for ground transportation trailers.
Irrevocable Trust Administration and Payment issue No. 1029 (The Bank of New York Mellon, S.A. Multiple Banking Institution, Trust Division)	Mexico	-	-	100	The main purposes of the 2012Trust is the acquisition of trust rights and to carry out a placement of Trust Certificates (CBF's) among the investing public.
Irrevocable Trust Administration and Payment issue No. 2613 (CI Banco, S.A. Múltiple Banking Institution, Trust Division before The Bank of New York Mellon)	México	100	100	100	The main purpose of the Trust is the acquisition of trust rights and to carry out a placement of Trust Certificates (CBFs) among the investing public.

Subsidiaries	Country of incorporation and operations	% of participation December 31, 2018	2017	2016	Activities
Inversiones y Colocaciones Inmobiliarias S.A.P.I. de C.V.	México	100	100	100	Provides lease of properties.
IRASA Internacional, S.A. de C.V.	México	100	100	-	Leasing and purchase/sale of equipment.

Changes in Entities participation in subsidiaries existents have the following effects:

- Changes in investments in subsidiaries of the Entity that do not result in a loss of control are recorded as equity transactions. The carrying value of investments and non-controlling interests of the Entity is adjusted to reflect changes in the investments in subsidiaries. Any difference between the amount by which the non-controlling interests and the fair value of the consideration paid or received is recognized directly in equity and is attributed to the owners of the Entity.

- When the Entity loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Entity had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

d. ***Financial instruments***

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

e. ***Financial assets***

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortized cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

  By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL):

Despite the foregoing, the Entity may make the following irrevocable election / designation at initial recognition of a financial asset:

- The Entity may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met (see (iii) below); and

- The Entity may irrevocably designate a debt investment that meets the amortized cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (see (iv) below).

Amortized cost and effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortized cost of the debt instrument on initial recognition.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance.

Interest income is recognized using the effective interest method for debt instruments measured subsequently at amortized cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Entity recognizes interest income by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognized in profit or loss and is included in the "finance income - interest income" line item.

A financial asset is held for trading if:

- It has been acquired principally for the purpose of selling it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Entity manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically;

- For financial assets measured at amortized cost that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss in the 'other gains and losses;
- For debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortized cost of the debt instrument are recognized in profit or loss in the 'other gains and losses'.. Other exchange differences are recognized in other comprehensive income in the investments revaluation reserve;
- For financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss in the 'other gains and losses' line item; and
- For equity instruments measured at FVTOCI, exchange differences are recognized in other comprehensive income in the investments revaluation reserve.

See hedge accounting policy regarding the recognition of exchange differences where the foreign currency risk component of a financial asset is designated as a hedging instrument for a hedge of foreign currency risk.

Impairment of financial assets

The Entity recognizes a loss allowance for expected credit losses on investments in debt instruments that are measured at amortized cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Entity always recognizes lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Entity's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Entity recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Entity measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Entity compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Entity considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Entity's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relate to the Entity's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- An actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- Significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortized cost;
- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- An actual or expected significant deterioration in the operating results of the debtor;
- Significant increases in credit risk on other financial instruments of the same debtor;
- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Entity presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Entity has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Entity assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

(1) The financial instrument has a low risk of default,
(2) The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
(3) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Entity considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

For financial guarantee contracts, the date that the Entity becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Entity considers the changes in the risk that the specified debtor will default on the contract.

The Entity regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Entity considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- When there is a breach of financial covenants by the debtor; or
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Entity, in full (without taking into account any collateral held by the Entity).

Irrespective of the above analysis, the Entity considers that default has occurred when a financial asset is more than 90 days past due unless the Entity has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) Significant financial difficulty of the issuer or the borrower;
(b) A breach of contract, such as a default or past due event (see (ii) above);
(c) The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
(d) It is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
(e) The disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Entity writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Entity's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Entity's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Entity in accordance with the contract and all the cash flows that the Entity expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with IAS 17 Leases.

If the Entity has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Entity measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Entity recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Derecognition of financial assets

The Entity derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Entity neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Entity recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Entity retains substantially all the risks and rewards of ownership of a transferred financial asset, the Entity continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Entity has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial Liabilities and equity

i. Classification as debt or equity - Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

ii. Equity instruments - An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Entity are recognized at the proceeds received, net of direct issue costs.

iii. Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured.

Transaction costs that relate to the issue of the convertible loan notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity.

Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortized over the lives of the convertible loan notes using the effective interest method.

f. ***Financial liabilities***

All financial liabilities are measured subsequently at amortized cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Entity, are measured in accordance with the specific accounting policies set out below.

Financial liabilities measured subsequently at amortized cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortized cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortized cost of the instruments. These foreign exchange gains and losses are recognized in the 'other gains and losses' line item in profit or loss (note 60) for financial liabilities that are not part of a designated hedging relationship. For those which are designated as a hedging instrument for a hedge of foreign currency risk foreign exchange gains and losses are recognized in other comprehensive income and accumulated in a separate component of equity.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognized in profit or loss for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

The Entity derecognizes financial liabilities when, and only when, the Entity's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

When the Entity exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Entity accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification should be recognized in profit or loss as the modification gain or loss within other gains and losses.

g. **Derivative financial instruments**

The Entity enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, options and interest rate swaps (Cross currency swaps). Note 21 includes a more detailed explanation of derivative financial instruments.

Derivatives are recognized initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognized as a financial asset whereas a derivative with a negative fair value is recognized as a financial liability. Derivatives are not offset in the financial statements unless the Entity has both legal right and intention to offset. The impact of the Master Netting Agreements on the Entity's financial position is disclosed in note 37. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realized or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

h. **Hedge accounting**

The Entity designates certain derivatives as hedging instruments in respect of foreign currency risk and interest rate risk in fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the Entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Entity documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- There is an economic relationship between the hedged item and the hedging instrument;

- The effect of credit risk does not dominate the value changes that result from that economic relationship; and

- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Entity actually hedges and the quantity of the hedging instrument that the Entity actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Entity adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

The Entity designates only the intrinsic value of option contracts as a hedged item, i.e. excluding the time value of the option. The changes in the fair value of the aligned time value of the option are recognized in other comprehensive income and accumulated in the cost of hedging reserve. If the hedged item is transaction-related, the time value is reclassified to profit or loss when the hedged item affects profit or loss. If the hedged item is time-period related, then the amount accumulated in the cost of hedging reserve is reclassified to profit or loss on a rational basis – the Entity applies straight-line amortization. Those reclassified amounts are recognized in profit or loss in the same line as the hedged item. If the hedged item is a non-financial item, then the amount accumulated in the cost of hedging reserve is removed directly from equity and included in the initial carrying amount of the recognized non-financial item. Furthermore, if the Entity expects that some or all of the loss accumulated in cost of hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

Fair Value Hedges

The fair value change on qualifying hedging instruments is recognized in profit or loss except when the hedging instrument hedges an equity instrument designated at FVTOCI in which case it is recognized in other comprehensive income.

The carrying amount of a hedged item not already measured at fair value is adjusted for the fair value change attributable to the hedged risk with a corresponding entry in profit or loss. For debt instruments measured at FVTOCI, the carrying amount is not adjusted as it is already at fair value, but the hedging gain or loss is recognized in profit or loss instead of other comprehensive income. When the hedged item is an equity instrument designated at FVTOCI, the hedging gain or loss remains in other comprehensive income to match that of the hedging instrument.

Where hedging gains or losses are recognized in profit or loss, they are recognized in the same line as the hedged item.

The Entity discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortized to profit or loss from that date.

Cash Flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated under the heading of cash flow hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss, and is included in the 'other gains and losses' line item.

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognized hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognized in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect other comprehensive income. Furthermore, if the Entity expects that some or all of the loss accumulated in the cash flow hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

The Entity discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognized in other comprehensive income and accumulated in cash flow hedge reserve at that time remains in equity and is reclassified to profit or loss when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in cash flow hedge reserve is reclassified immediately to profit or loss.

i. **Inventories**

Inventories are stated at the lower of cost and net realizable value. Costs of inventories are determined on a first-in-first out basis. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

j. **Property, furniture and equipment**

Property, furniture and equipment are recorded at acquisition cost.

Properties leased to customers under operating leases, whereby the Entity is lessor, are presented in the statement of financial position at acquisition cost less any accumulated depreciation and accumulated impairment losses.

The depreciation of property is recognized in income.

An item of property, furniture and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, furniture and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

k. **Investment property**

Investment property, which is property held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at depreciated cost.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

l. **Impairment of tangible and intangible assets, excluding goodwill**

At the end of each reporting period, the Entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

m. **Goodwill**

Goodwill arising on an acquisition of a business is recognized and measured as established in Note 3n. of business combination.

Goodwill is not amortized but is reviewed for impairment at least annually. For the purposes of impairment testing, goodwill is allocated to each of the Entity's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

n. **Business combinations**

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Entity, liabilities incurred by the Entity to the former owners of the acquiree and the equity interests issued by the Entity in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred. (See Note 15).

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquire (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquire and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquirer's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Entity in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

When a business combination is achieved in stages, the Entity's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Entity reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

Acquisitions of businesses involving entities or business under common control are accounted for using the same carrying amounts of assets and liabilities as those in its existing financial statements prior to taking over control of the other entity, prior results are not retrospectively restated.

o. **Leasing**

Leases are classified as capital leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

- The Entity as lessor

  Amounts due from lessees under capital leases are recognized as receivables at the amount of the Entity's net investment in the leases. Capital lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Entity's net investment outstanding in respect of the leases.

  Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

- The Entity as lessee

  Assets held under finance leases are initially recognized as assets of the Entity at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments.

  The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

  Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Entity's general policy on borrowing costs (see Note 3s below). Contingent rentals are recognized as expenses in the periods in which they are incurred.

  Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

p. **Foreign currencies**

In preparing the consolidated financial statements of the Entity, transactions in currencies other than the Entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.
- Exchange differences on transactions entered into in order to hedge certain foreign currency risks (see Note3h for hedging accounting policies).

q. **Income taxes**

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

Current income tax (ISR) is recognized in the results of the year in which is incurred.

Deferred income tax

Deferred income tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Entity is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Entity expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

r. **Provisions**

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that the Entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

s. **Statement of Cash Flows**

The Entity reports cash flows from operating activities using the indirect method, by means of which the consolidated profit is adjusted for the effects of transactions other than cash; any deferral or past or future accumulation of cash inflows or outflows and income or expense items associated with cash flows from investment or financing activities are also considered.

Interest paid and interest and dividends received are generally classified as operating and investment activities, respectively.

t. **Revenue recognition**

Revenue comprises the fair value of the consideration received or receivable for the sale of goods or services in the normal course of operations, which occurs when control has been transferred to customers in exchange for the consideration to which the Entity considers to have the right to change these goods or services. The Entity recognizes revenue from the following sources:

Interest Income

In addition to interest income earned on capital leases mentioned in note o. (Leases) of this footnote, this line item also includes interest generated from the financing component of sales of equipment. In the sale of equipment, the Entity recognizes a profit from the sale of the asset at the origin of the transaction (see the equipment sale recognition policy below) plus interest earned from financing throughout the term of the contract. In addition, this line includes interest on the factoring and cash financing operations.

Interest income is recognized when it is probable that the economic benefits will flow to the Entity and the amount of income can be reliably measured. Interest income is recorded on a periodic basis, with reference to the unpaid balance and the applicable effective interest rate. The effective interest rate is the rate that exactly discounts the estimated cash payments or collections during the expected life of the financial instrument, or a shorter period, when applicable, to the net book value of the financial asset.

Income from the sale of equipment

Revenues generated from long-term contracts for the sale of equipment. Revenue is recognized when the control of the asset has been transferred, which is when said good is delivered to the client. In the sale of equipment, the Entity recognizes a profit from the sale of the asset at the origin of the transaction and interest from the financing component over the term of the contract.

Income from operating leases

The subsection o. of this note describes the policy of revenue recognition from operating leases.

Income from services and supplies

These revenues are the result of the support and maintenance services and supplies provided to customers either independently or integrated into the leases. These revenues are recognized over the the duration of the leases.

u. **Reclassifications.**

During fiscal year 2017 and 2016, the following reclassifications were made to make the financial statements comparable with the fiscal year 2018, as described below:

1. The following table shows information related to investment properties that have been reclassified to their own line item; previously, they were presented within property, plant and equipment since revenues generated from the lease of these properties was not significant, together with the fact that the accounting policy with respect to investment properties is depreciated cost:

	2017			2016		
	Balances previously reported	Reclassifications	Final balances	Balances previously reported	Reclassifications	Final balances
Properties, furniture and equipment - Net	$ 869,854,639	$ (499,256,488)	$ 370,598,151	$ 651,026,938	$ (354,543,365)	$ 296,483,573
Investment properties - Net	-	509,844,069	509,844,069	-	354,543,365	354,543,365
Assets available for sale	10,587,581	(10,587,581)	-	-	-	-
	$ 880,442,220	$ -	$ 880,442,220	$ 651,026,938	$ -	$ 651,026,938

2. As a result of changes in administration of operations in 2018, , revenue was grouped into the following streams:

	2017			2016		
	Balances previously reported	Reclassifications	Final balances	Balances previously reported	Reclassifications	Final balances
Revenue from:						
Interest	$ -	$ 563,946,924	$ 563,946,924	$ -	$ 567,041,414	$ 567,041,414
Capitalized leases interest	562,802,378	(562,802,378)	-	558,274,523	(558,274,523)	-
Factoring	1,144,546	(1,144,546)	-	8,766,891	(8,766,891)	-
	$ 563,946,924	$ -	$ 563,946,924	$ 567,041,414	$ -	$ 567,041,414

	2017			2016		
	Balances previously reported	Reclassifications	Final balances	Balances previously reported	Reclassifications	Final balances
Revenue from:						
Services and supplies	$ -	$ 41,299,293	$ 41,299,293	$ -	$ 121,229,415	$ 121,229,415
Supply of consumables	1,962,412	(1,962,412)	-	3,829,093	(3,829,093)	-
Maintenance services	2,135,235	(2,135,235)	-	36,875,255	(36,875,255)	-
Transportation services and other related services	37,201,646	(37,201,646)	-	80,525,067	(80,525,067)	-
	$ 41,299,293	$ -	$ 41,299,293	$ 121,229,415	$ -	$ 121,229,415
Costs for:						
Services and supplies	$ -	$ 37,770,676	$ 37,770,676	$ -	$ 62,688,535	$ 62,688,535
Supply of consumables	981,206	(981,206)	-	1,914,547	(1,914,547)	-
Maintenance services	1,308,440	(1,308,440)	-	10,242,220	(10,242,220)	-
Transportation services and other related services	35,481,030	(35,481,030)	-	50,531,768	(50,531,768)	-
	$ 37,770,676	$ -	$ 37,770,676	$ 62,688,535	$ -	$ 62,688,535

4.- Critical accounting judgments and key sources of estimation uncertainty

In the application of the Entity's accounting policies, which are described in Note 3, the Entity's management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

a. ***Critical judgments in applying accounting policies***

The following are the critical judgments, apart from those involving estimations (see Note 4b below), that the Entity's management has made in the process of applying the Entity's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements.

- **Judgements in determining the timing of satisfaction of performance obligation.**

  In applying judgement, Management of the Entity considered the detailed criteria for the recognition of revenue set out in IFRS 15 and, in particular, whether the Entity had transferred control of the goods to the customer. Management is satisfied that the control has been transferred and that revenue recognition in the current year is appropriate. When making this evaluation, Management is required to exercise its professional judgment to determine whether the equipment sales the Entity makes with its customers represent sales of goods with a financing component during the contract for 24, 36 and 48 months. Such judgement includes calculating the implicit interest, based on a discount rate to determine the interest pending accrual for the long-term financing portion, which is recognized as accrued during the financing period according to the terms of the contracts.

  The leases that the Entity enters into with its customers are recorded as a capital lease, if, individually or in combination, (i) the lease transfers control of ownership of the asset to the lessee at the end of the term of the lease, (ii) the lessee has the option to buy the asset at a price that is expected to be sufficiently lower than the fair value on the date on which the option is exercisable, so that, at the beginning of the lease, it is probable that the option will be exercised; (iii) the term of the lease covers most of the economic life of the asset, even if the property is not transferred control, (iv) at the beginning of the lease, the present value of the minimum lease payments is substantially equivalent to the entire lease. reasonable value of the leased asset; (v) the leased assets are of such a specialized nature that only the lessee can use them without major modifications; (vi) if the lessee can cancel the lease, the lessor's losses associated with the cancellation will be at the expense of the lessee, (vii) gains or losses arising from fluctuations in the fair value of the residual amount lie with the lessee (for example, in the form of a discount for an amount similar to the value of the sale at the end of the lease agreement). lease), or (viii) the lessee has the ability to extend the lease for a second period, with an income that is substantially It's lower than the rental market.

- ***Valuation of deferred income tax assets***

  The Entity recognizes the net future tax benefit related to the deferred income tax assets to the extent that temporary deductible differences in the foreseeable future are likely to be reversed. Evaluating the recoverability of deferred income tax assets requires the Entity to make important estimates related to future taxable income expectations. Estimates of future taxable income are based on the forecasted cash flows generated from operations and the application of existing tax laws in Mexico. To the extent that the future cash flows and taxable income differ significantly from the estimates, the net deferred tax assets recorded at the reporting date could differ. In addition, future changes in Mexico's tax laws may limit the ability to obtain tax deductions in future periods.

- ***Significant increase in credit risk***

  As explained in Note 7, 8 and 9, the expected credit loss is measured in an allocation equivalent to 12 months of the total expected loss for the assets of stage 1, the total life of the total expected loss for the assets of the stage 2 or 3. An asset is changed to stage 2 when the credit risk has increased significantly since the initial recognition. IFRS 9 does not define what constitutes a significant increase in risk credit. To contemplate whether the risk credit has increased significantly, the Entity uses quantitative and qualitative prospective information as a consideration.

- ***Contingencies***

  By its nature, contingencies will only be resolved when one or more future events occur or stop occurring. The evaluation of contingencies inherently includes the use of criteria and important estimates of the result of future events.

b. *Key sources of estimation uncertainty*

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

- ***Estimates of useful lives and depreciation methods*** - The Entity reviews its estimates of useful lives and methods of depreciation on machinery and equipment periodically and the effect of any change in estimate is recognized prospectively. Changes in these estimates could have a significant impact on the statements of financial position and comprehensive income of the Entity.

- ***Calculation of loss allowance*** - When measuring expected credit losses, the Entity uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

  Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

  Probability of default constitutes a key input in measuring expected credit loss. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

- ***Impairment of long-lived assets***- The Entity evaluates each year whether there are indications of impairment for long-lived assets and calculates the recoverable amount when there are such indications. Impairment exists when the carrying value of a long-lived asset or cash-generating unit exceeds its recoverable amount, which is the higher of fair value less costs to sell and value in use. The calculation of value in use is based on the model of discounted cash flows, using the projections of the Entity of its results of operations for the near future. The recoverable amount of long-lived assets is sensitive to the inherent uncertainties the projections and the discount rate used in the calculation.

- ***Fair value measurements and valuation processes***

  Certain of the assets and liabilities of the Entity are measured at fair value in the consolidated financial statements. The Board of Directors of the Entity establishes a valuation committee, which is directed by the CFO of the Entity, to determine the technical and appropriate input data in measuring fair value.

  In estimating the fair value of an asset or liability, the Entity uses observable market data to the extent they are available. When level 1 inputs are not available, the Entity hires an independent qualified individual or person to perform the valuation. The valuation committee works together with the independent qualified specialist to establish the valuation techniques and appropriate input data for the valuation model. Quarterly, the CFO reports the findings of the valuation committee to the board to explain the causes of fluctuations in the fair value of assets and liabilities.

  Information about the valuation techniques and inputs used in determining the fair value of the various assets and liabilities are disclosed in Notes 20 and 21.

5 Non-cash transactions

The Entity entered into the following non-cash investing and financing activities which are not reflected in the consolidated statements of cash flows:

- During 2017, the Entity recorded an account payable related to the acquisition of IRASA for a total amount of $2,513,330 which is not reflected in the consolidated statements of cash flows.

- During 2016, the Entity acquired ICI in exchange for an account receivable from shareholders for a total amount of $99,950,000 ($93,778,684 net of cash received) and $50,000 of a liability.

- During 2016, the Entity recorded a dividend declared for an amount of $99,187,200 and $83,231,040, paying a total of $169,639,851 during the year, which resulted in dividends payable at the close for a total of $ 74,677,399 (see note 23).

  These items represent non-cash financing activities that are not reflected in the consolidated statements of cash flows.

6. Cash, cash equivalents and funds held in trust

(1) Cash and cash equivalents include cash on hand and in banks and investments in money market instruments, net of bank overdrafts. Cash and cash equivalents at end of period as shown in the consolidated cash flows statement can be reconciled to the related items in the consolidated statement of financial position. The Company considers all highly-liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents such as instruments investments in money desk.

(2) Funds held in trust consist of balances (invested in a manner similar to cash equivalents above) held in the followings as stipulated by the trust contract:

- Monthly interest payment fund - This fund is comprised of amounts equal to the payment of the following month's interest on the CBFs; the master administrator will advise the trustee and the technical committee of such amounts three business days after the payment date.

- Reserve fund - This fund is comprised of amounts equivalent to three months of interest payments to the holders of the CBFs. These balances will be used if the monthly interest payment is not sufficient to pay interest to holders.

- Overdue interest fund - This fund contains amounts necessary to make overdue and unpaid default interest payments to the holders of payment CBFs.

- Maintenance Fund - This fund is comprised of amounts available for payment of maintenance fees, such as payment of fees and expenses required to maintain the registration of CBFs in the RNV and its listing with the BMV.

- Fund for new trust rights - This fund consists of amounts which have not been used to constitute the maintenance fund, the reserve fund, and the monthly interest payments fund. Such amounts will be used for the acquisition of trust rights from the Trustors.

- General Fund - This fund reflects the amounts that are not included in any of the above funds.

- Funds in the trust are under the control of a Trustee and must be used for the above purpose. These stipulations must remain in effect as long as related financing remains outstanding.

	2018	2017	2016
Cash and bank deposits (1)	$ 551,421,594	$ 109,654,099	$ 172,389,661
Cash equivalents (1)	374,252,792	808,834,020	239,143,636
Funds held in Trust (2)	144,445,540	389,117,785	17,165,682
	$ 1,070,119,926	$ 1,307,605,904	$ 428,698,979

7. Capital lease receivables

The Entity has capital leases related to transportation, medical and photocopying equipment containing monthly installments with maturities of 12-60 months. All leases are denominated in the Entity's functional currency which is the Mexican peso.

	2018	2017	2016
Current:			
Net capital lease receivables	$ 1,070,439,910	$ 828,833,444	$ 762,719,164
Long-term:			
Net capital lease receivables	1,129,801,690	1,321,599,505	858,319,316
Total	$ 2,200,241,600	$ 2,150,432,949	$ 1,621,038,480
Invoiced accounts receivable	$ 407,726,602	$ 380,317,917	$ 327,065,105
Future minimum lease payments	2,452,478,285	2,434,089,478	2,064,829,541
Total future minimum lease payments	2,860,204,887	2,814,407,395	2,391,894,646
Less: Unearned financial income	554,658,772	499,765,150	611,712,455
Net present value of the minimum lease payments	2,305,546,115	2,314,642,245	1,780,182,191
Reserve for uncollectible accounts	(105,304,515)	(164,209,296)	(159,143,711)
Total net capital lease receivables	2,200,241,600	2,150,432,949	1,621,038,480
Less: Net current capital lease receivables	1,070,439,910	828,833,444	762,719,164
Net long-term capital lease receivables	$ 1,129,801,690	$ 1,321,599,505	$ 858,319,316

Lease agreements

The rate of interest inherent in the lease contracts is fixed at the contract date considering the term of the lease. The average annual effective interest rate contracted as of December 31, 2018, 2017 and 2016 was approximately 32%, 31% and 27%, respectively.

The minimum lease payments for the following five years, established in the lease contracts are as follows:

	Present value of minimum lease payments			Minimum lease payments		
	2018	2017	2016	2018	2017	2016
2017	$ -	$ -	$ 921,862,875	$ -	$ -	$1,213,091,504
2018	-	993,042,740	393,909,397	-	1,182,169,878	588,618,240
2019	1,175,744,425	536,973,466	315,753,844	1,213,924,760	707,657,357	396,404,187
2020	460,845,381	362,316,865	148,656,075	618,987,004	412,455,952	193,780,715
2021	465,158,563	422,309,174	-	542,560,959	512,124,208	-
2022 and after	203,797,746	-	-	484,732,164	-	-
	$2,305,546,115	$2,314,642,245	$1,780,182,191	$2,860,204,887	$2,814,407,395	$2,391,894,646

a. ***Amount invoiced***

The average collection period is 30 days. No interest charges are made on amounts invoiced for the first 60 days after billing. After that date, interest of 54% per annum on the outstanding balance will be charged. The Entity generally recognizes an allowance for doubtful accounts for 100% of all amounts invoiced aged 120 days or more, as based on its experience receivables overdue more than 120 days are generally difficult to recover, except for certain cases in which the administration has additional documentation that supports that such amounts will be recoverable in the near future. For accounts receivable which are outstanding between 60 and 120 days, an allowance for doubtful accounts is recognized based on unrecoverable amounts determined by experiences of non-compliance by the counterparty and an analysis of their current financial position.

The accounts receivable disclosed in the following paragraph include the amounts that are past due at the end of the reporting period (see aging analysis below), but for which the Entity has not recognized any estimate for uncollectible accounts as there has been no significant change in the credit quality and the amounts (which include accrued interest after the accounts are 60 days old) are still considered recoverable:

Age of receivables past due, but not uncollectible:

	2018	2017	2016
1-30 days	$ 117,636,409	$ 107,585,914	$ 189,178,308
31-60 days	118,621,922	107,393,034	52,820,956
61-90 days	17,562,524	7,514,948	16,492,651
More than 90 days	153,905,747	157,824,021	68,573,190
Total	$ 407,726,602	$ 380,317,917	$ 327,065,105

The following table shows the movement of the expected credit losses (ECL) which has been recognized based on IFRS 9.

Capital lease receivables – allowance for uncollectible accounts	2018
Balance as of January 1, 2018 under IAS 39	$ 164,209,296
Adjustment from application of IFRS 9	(64,540,390)
Balance as of January 1, 2018	99,668,906
Applications to the reserve	(36,169,704)
Increase due to impairment	41,805,313
Balance as of December 31, 2018	$ 105,304,515

December 31, 2018	Accounts receivable – past due <30	31 - 90	90 and beyond	Total
ECL rate	0.69%	1.50%	57.33%	
Estimated gross carrying amount in default	117,636,409	136,184,446	153,905,747	407,726,602
Impairment determined under IFRS 9	(1,124,037)	(20,857,192)	(83,323,286)	(105,304,515)
Life of ECL	60 months	60 months	60 months	

January 1, 2018	Accounts receivable – past due <30	31 - 90	90 and beyond	Total
ECL rate	1.02%	1.44%	65.00%	
Estimated gross carrying amount in default	107,585,914	114,907,982	157,824,021	380,317,917
Impairment determined under IFRS 9	(372,887)	(28,623,199)	(70,672,820)	(99,668,906)
Life of ECL	60 months	60 months	60 months	

As mentioned in Note 7, for the determination of the estimation of doubtful accounts, the Entity performs an analysis of aging and assigns an estimate of loss based on experience. This first analysis gives an indication of amount of deterioration; subsequently, an analysis of the financial situation of clients is performed to determine which are the accounts that present an impairment according to the expected credit loss model, over which a reserve is recorded.

8. Accounts receivable for sale of equipment

The Entity has equipment sales contracts which contain a financing component, thereby accruing interest, with maturities from 12 to 60 months. All equipment sales contracts are denominated in their functional currency, which is the Mexican peso.

	2018	2017	2016
Short term:			
Accounts receivable from the sale of equipment	$ 118,008,989	$ 40,472,716	$ 5,765,108
Long term:			
Accounts receivable from the sale of equipment	458,669,930	155,620,706	10,962,069
Total	$ 576,678,919	$ 196,093,422	$ 16,727,177

	2018	2017	2016
Future minimum payments from equipment sales contracts	$ 754,392,891	$ 249,805,827	$ 16,727,177
Less: Unearned financial income	(149,721,633)	(53,712,405)	-
Net present value of minimum payments	604,671,258	196,093,422	16,727,177
Expected credit loss estimate	(27,992,339)	-	-
Net accounts receivable from the sale of equipment	576,678,919	196,093,422	16,727,177
Less: Short term accounts receivable from the sale of equipment	118,008,989	40,472,716	5,765,108
Long term accounts receivable from the sale of equipment	$ 458,669,930	$ 155,620,706	$ 10,962,069

Equipment sales agreements

The interest rate inherent to equipment sales contracts is set at the date of the contract considering the duration of the equipment sales contract. The average annual effective interest rate as of December 31, 2018, 2017 and 2016, is approximately 32%, 31% and 27%, respectively.

The minimum payments for the following five years, established in equipment sales contracts are as follows:

	Present Value of minimum payments of equipment sales			Present value of minimum payments of equipment sale		
	2018	2017	2016	2018	2017	2016
2017	$ -	$ -	$ 5,765,108	$ -	$ -	$ 5,765,108
2018	-	40,472,716	5,765,108	-	58,782,221	5,765,108
2019	146,001,328	41,677,993	5,196,961	203,638,054	56,152,996	5,196,961
2020	152,995,807	37,168,328	-	194,904,052	47,608,460	-
2021	117,783,595	32,456,568	-	144,282,012	39,168,806	-
2022	95,383,801	44,317,817	-	110,838,581	48,093,344	-
2023 and beyond	92,506,727	-	-	100,730,192	-	-
	$ 604,671,258	$ 196,093,422	$ 16,727,177	$ 754,392,891	$ 249,805,827	$ 16,727,177

Accounts receivable from clients

The average payment deadline on billing is 30 days. No interest charges are made on accounts receivable from customers for the first 30 days after billing. After that date, interest of 54% per annum is charged on the outstanding balance. The Entity has recognized an allowance for doubtful accounts for 100% of all accounts receivable with an age of 120 days or more, due to the fact that, due to experience, accounts receivable due more than 120 days are difficult to recover, except in some cases, where administration has additional documentation that supports that these accounts will be collectible in the near future. For accounts receivable that are between 60 and 120 days old, an allowance is recognized for doubtful accounts based on irrecoverable amounts determined by experiences of default of the counterparty and an analysis of their current financial situation.

The accounts receivable from customers disclosed in the following paragraph include the amounts that are past due at the end of the reporting period (see aging analysis below), but for which the Entity has not recognized any estimate for uncollectible accounts as there has been no significant change in the credit quality and the amounts (which include accrued interest after the accounts are 60 days old) are still considered recoverable.

Aging of receivables past due, but not uncollectible:

	2018	2017	2016
1-30 days	$ 10,632,038	$ 9,273,488	$ 501,564
31-60 days	8,615,893	7,514,964	518,860
61-90 days	3,692,526	3,220,699	345,906
More than 90 days	13,910,078	12.132664	363.202
Total	$ 36,850,535	$ 32,141,815	$ 1,729,532

The following table shows the movement of the ECL which has been recognized based on IFRS 9.

Equipment sale	2018
Balance as of January 1, 2018 under IAS 39	$ -
Adjustment from application of IFRS 9	26,494,266
Balance as of January 1, 2018	26,494,266
Increase due to impairment	1,498,073
Balance as of December 31, 2018	$ 27,992,339

		Accounts receivable – due dates		
December 31, 2018	<30	31 - 90	90 and beyond	Total
ECL rate	0,69%	1.50%	57.33%	
Estimated carrying amount in default	10,632,038	12,308,419	13,910,078	36,850,535
Impairment determined IFRS 9	(8,076,290)	(9,349,700)	(10,566,349)	(27,992,339)
Life of ECL	60 months	60 months	60 months	

		Accounts receivables – due date		
January 1, 2018	<30	31 - 90	90 and beyond	Total
ECL rate	1.02%	1.44%	65.00%	
Estimated gross carrying amount in default	9,273,488	10,735,663	12,132,664	32,141,815
Impairment determined IFRS 9	(7,644,069)	(8,849,330)	(10,000,867)	(26,494,266)
Life of ECL	60 months	60 months	60 months	

As mentioned in Note 7, for the determination of the estimation of doubtful accounts, the Entity performs an analysis of aging and assigns an estimate of loss based on experience. This first analysis gives an indication of amount of deterioration; subsequently, an analysis of the financial situation of clients is performed to determine which are the accounts that present an impairment according to the expected credit loss model, over which a reserve is recorded.

9. Accounts receivable from factoring and cash financing

The Entity has factoring operations and cash loans. Factoring represents amounts loaned based on underlying invoices; cash financing refers to cash loans to clients that are guaranteed in various manners.

	2018	2017	2016
Factoring	$ 767,158	$ 16,448,568	$ 52,955,357
Cash financing	1,090,558,820	569,732,828	688,348,343
Total accounts receivable	$ 1,091,325,978	586,181,396	741,303,700
Short term:			
Accounts receivable from factoring and cash financing	$ 370,459,413	$ 213,921,218	$ 448,838,282
Long term:			
Accounts receivable from factoring and cash financing	701,109,924	372,260,178	292,465,418
Total	$ 1,071,569,337	$ 586,181,396	$ 741,303,700
Future minimum payments of equipment sales contracts	$ 1,410,894,332	$ 703,768,441	$ 833,630,512
Less: Unearned financial income	319,568,354	117,587,045	92,326,812
Net present value of minimum payments for factoring and cash financing	1,091,325,978	586,181,396	741,303,700
Estimation for doubtful accounts	(19,756,641)	-	-
accounts receivable net from factoring and cash financing	1,071,569,337	586,181,396	741,303,700
Less: Current portion of accounts receivable	370,459,413	213,921,218	448,838,282
Accounts receivable from cash financing and factoring – long-term	$ 701,109,924	$ 372,260,178	$ 292,465,418

The accounts receivable for factoring are maintained in terms of 30 days and those related to cash loans terms are from 12 and up to 48 months with average interest rates of 32% per year.

Future minimum payments of factoring and cash financing for the following 5 years, established in the contracts are as follows:

	Present value of minimum payments from factoring and cash financing			Minimum payments from factoring and cash financing		
	2018	2017	2016	2018	2017	2016
2017	$ -	$ -	448,838,282	$ -	$ -	$ 493,317,751
2018	-	213,921,218	153,019,900	-	276,925,359	181,633,377
2019	390,216,054	93,562,558	88,771,239	536,497,142	124,855,877	101,015,548
2020	233,059,146	73,518,947	33,797,520	323,259,027	86,513,459	38,459,247
2021	170,180,822	51,262,328	16,876,759	216,706,203	55,712,085	19,204,589
2022	167,676,289	153,916,345	-	189,640,235	159,761,661	-
2023 and after	130,193,667	-	-	144,791,725	-	-
	$ 1,091,325,978	$ 586,181,396	$ 741,303,700	$ 1,410,894,332	$ 703,768,441	$ 833,630,512

Accounts receivable from clients

The average payment deadline on billing is 30 days. No interest charges are made on accounts receivable from customers for the first 30 days after billing. After that date, interest of 54% per annum is charged on the outstanding balance. The Entity has recognized an allowance for doubtful accounts for 100% of all accounts receivable with an age of 120 days or more, due to the fact that, due to experience, accounts receivable due more than 120 days are difficult to recover, except in some cases, the administration has additional documentation that supports that these accounts will be collectible in the near future. For accounts receivable that are between 60 and 120 days old, an allowance is recognized for doubtful accounts based on irrecoverable amounts determined by experiences of default of the counterparty and an analysis of their current financial situation.

The accounts receivable from customers disclosed in the following paragraph include the amounts that are due at the end of the reporting period (see aging analysis below), but for which the Entity has not recognized any estimate for uncollectible accounts as there has been no significant change in the credit quality and the amounts (which include accrued interest after the accounts are 60 days old) are still considered recoverable.

Aging of receivables past due, but not uncollectible:

	2018	2017	2016
1-30 days	$ 10,818,379	$ 6,407,250	$ 5,125,800
31-60 days	5,520,410	6,804,775	5,443,820
61-90 days	3,680,274	2,916,332	2,333,066
More than 90 days	28,990,530	21,836,363	17,469,090
Total	$ 49,009,593	$ 37,964,720	$ 30,371,776

The following table shows the movement of the ECL which has been recognized based on IFRS 9.

Cash financing and factoring	Total
Balance as of January 1, 2018 under IAS 39	$ -
Adjustment from application of IFRS 9	(18,846,549)
Balance as of January 1, 2018	(18,846,549)
Increase due to impairment	(910,092)
Impairment determined as of December 31, 2018	$ (19,756,641)

December 31, 2018	<30	31 - 90	90 and beyond	Total
	Accounts receivable– due dates			
ECL rate	0.72%	1.34%	30.89%	
Estimated gross carrying amount in default	10,818,379	9,200,684	28,990,530	49,009,593
Impairment determined IFRS 9	(123,426)	(8,955,533)	(10,677,682)	(19,756,641)
Life of ECL	48 months	48 months	48 months	

January 1, 2018	<30	31 - 90	90 and beyond	Total
	Accounts receivable– due dates			
ECL rate	1.17%	1.85%	49.53%	
Estimated gross carrying amount in default	6,407,250	9,721,107	21,836,363	37,964,720
Impairment determined IFRS 9	(180,012)	(7,850,450)	(10,816,087)	(18,846,549)
Life of ECL	48 months	48 months	48 months	

As mentioned in Note 7, for the determination of the estimation of doubtful accounts, the Entity performs an analysis of aging and assigns an estimate of loss based on experience. This first analysis gives an indication of amount of deterioration; subsequently, an analysis of the financial situation of clients is performed to determine which are the accounts that present an impairment according to the expected credit loss model, over which a reserve is recorded.

10. Capital lease receivables ceded to subsidiary trust

This account corresponds to capital lease receivables held in Trust, generally represented by receivables from future rental payments, purchase options, residual values, monthly payments and any other amounts payable by tenants arising from lease contracts transferred to and acquired by the Trust.

The collection rights in trusts stemming from capital lease receivables as of December 31, 2018 are as follows:

	2018	2017	2016
Current:			
Capital lease receivables ceded to subsidiary trust	$ 283,807,582	$ 195,770,115	$ 327,481,745
Long-term:			
Capital lease receivables ceded to subsidiary trust	217,419,281	281,085,206	137,940,399
Total	$ 501,226,863	$ 476,855,321	$ 465,422,144

Accounts receivables ceded to subsidiary trust at the end of the reporting period are not past due or impaired.

	2018	2017	2016
Minimum lease contracts payments	$ 599,615,859	$ 645,428,832	$ 640,798,202
Unearned financial income	(98,388,996)	(168,573,511)	(175,376,058)
Present value of minimum payments	$ 501,226,863	$ 476,855,321	$ 465,422,144

The minimum collections for the following five years, established in the lease contracts are as follows:

	Present value of minimum lease contracts payments			Future value of minimum lease contracts payments		
	2018	2017	2016	2018	2017	2016
2017	$ -	$ -	$ 327,481,745	$ -	$ -	$ 452,022,417
2018	-	197,143,008	68,932,831	-	264,690,152	109,479,187
2019	283,807,582	150,690,236	56,422,614	341,720,639	221,509,757	64,867,297
2020	103,159,610	101,506,711	12,584,954	130,705,006	121,329,678	14,429,301
2021	81,136,015	27,515,366	-	89,186,877	37,899,245	-
2022	33,123,656	-	-	38,003,337	-	-
	$ 501,226,863	$ 476,855,321	$ 465,422,144	$ 599,615,859	$ 645,428,832	$ 640,798,202

Analysis of the aging of receivables:

	2018	2017	2016
0-60 days	$ 18,459,363	$ 21,067,378	$ 17,212,724

11. Other receivables

The other receivables balances are shown below:

	2018	2017	2016
Compañía Ganadera de Monterrey S.A. de C.V.	$ -	$ -	$ 21,899,054
Tradeco Industrial, S.A. de C.V.	-	19,686,576	-
Sundry debtors	3,073,952	7,743,494	598,866
Total other receivables	$ 3,073,952	$ 27,430,070	$ 22,497,920

12. Inventories

	2018	2017	2016
Spare parts for equipment	$ 3,776,533	$ 3,783,428	$ 3,776,533
Allowance for slow-moving inventories	(3,776,533)	(3,776,533)	(3,776,533)
	$ -	$ 6,895	$ -

13. Property, furniture and equipment

a. As of December 31 2018, 2017 and 2016, property, furniture and equipment are as follows:

	2018	2017	2016
Investment:	$ 418,110,602	$ 428,888,306	$ 374,759,394
Accumulated depreciation	(74,292,140)	(58,290,155)	(78,275,821)
	$ 343,818,462	$ 370,598,151	$ 296,483,573

	Balance as of January 1, 2018	Additions	Disposals	Balance as of December 31, 2018
Investment:				
Property	$ 13,211,132	$ 36,241,926	$ -	$ 49,453,058
Furniture and office equipment	73,973,619	-	(17,367,065)	56,606,554
Transportation equipment	268,832,019	14,591,688	(44,244,253)	239,179,454
Computer equipment	5,292,734	-	-	5,292,734
Leasehold improvements	67,578,802	-	-	67,578,802
Total	428,888,306	50,833,614	(61,611,318)	418,110,602
Depreciation:				
Property	(39,222)	(268,941)	-	(308,163)
Furniture and office equipment	(3,118,344)	(292,972)	-	(3,411,316)
Transport equipment	(40,171,811)	(30,311,541)	18,645,353	(51,837,999)
Computer equipment	(4,694,908)	(395,929)	-	(5,090,837)
Leasehold improvements	(10,265,869)	(3,377,956)	-	(13,643,825)
Total	(58,290,154)	(34,647,339)	18,645,353	(74,292,140)
Total investment	$ 370,598,152	$ 16,186,275	$ (42,965,965)	$ 343,818,462

	Balance as of January 1, 2017	Additions	Disposals	Balance as of December 31, 2017
Investment:				
Property	$ 8,504,483	$ 4,706,649	$ -	$ 13,211,132
Furniture and office equipment	49,351,611	24,622,008	-	73,973,619
Transportation equipment	273,681,357	103,537,902	(108,387,240)	268,832,019
Computer equipment	5,641,210	147,659	(496,135)	5,292,734
Leasehold improvements	37,580,733	29,998,069	-	67,578,802
Total	374,759,394	163,012,287	(108,883,375)	428,888,306
Depreciation:				
Property	-	(39,222)	-	(39,222)
Furniture and office equipment	(2,777,827)	(340,517)	-	(3,118,344)
Transport equipment	(64,473,856)	(12,159,691)	36,461,736	(40,171,811)
Computer equipment	(4,173,418)	(521,490)	-	(4,694,908)
Leasehold improvements	(6,850,720)	(3,415,150)	-	(10,265,870)
Total	(78,275,821)	(16,476,070)	36,461,736	(58,290,155)
Total investment	$ 296,483,573	$ 146,536,217	$ (72,421,639)	$ 370,598,151

	Balance as of January 1, 2016	Additions	Disposals	Balance as of December 31, 2016
Investment:				
Property	$ 31,299,623	$ -	$ (22,795,140)	$ 8,504,483
Furniture and office equipment	41,493,103	43,113,489	(35,254,981)	49,351,611
Transportation equipment	298,386,531	35,316,286	(60,021,460)	273,681,357
Computer equipment	6,419,572	1,177,460	(1,955,822)	5,641,210
Leasehold improvements	31,707,580	5,873,153	-	37,580,733
Total	409,306,409	85,480,388	(120,027,403)	374,759,394
Depreciation:				
Property	(5,080,663)	(615,838)	5,696,501	-
Furniture and office equipment	(2,435,647)	(342,180)	-	(2,777,827)
Transport equipment	(69,618,118)	(32,905,328)	38,049,590	(64,473,856)
Computer equipment	(5,530,497)	(936,458)	2,293,537	(4,173,418)
Leasehold improvements	(3,656,681)	(3,194,039)	-	(6,850,720)
Total	(86,321,606)	(37,993,843)	46,039,628	(78,275,821)
Total investment	$ 322,984,803	$ 47,486,545	$ (73,987,775)	$ 296,483,573

The following useful lives are used in the calculation of depreciation:

Properties	20 and 30 years
Furniture and office equipment	10 years
Transportation equipment	4 years
Computer equipment	3 years
Leasehold improvements	10 years

The carrying value of transportation equipment under capital lease with an option to purchase as of December 31, 2017 and 2016 was $188,875, and $413,098, respectively; for December 31, 2018 there is no equipment with an option to purchase.

The category of properties consists of real estate, certain of which are held by the Entity to earn rentals and are recognized at depreciated cost. The Entity has granted loans as collateral for some of its properties (see Note 16).

14. Investment property

a. As of December 31, 2018, 2017 and 2016, investment properties are integrated as follows:

	2018	2017	2016
Investment:	$ 760,218,948	$ 529,146,105	$ 360,724,244
Accumulated depreciation	(36,554,803)	(19,302,036)	(6,180,879)
Net investment	$ 723,664,145	$ 509,844,069	$ 354,543,365
Fair value	$ 727,524,000	$ 530,100,000	$ 368,700,000

	Balance as of January 1, 2018	Additions	Disposals	Balance as of December 31, 2018
Investment:				
Land	$225,934,828	$ 78,360,847	$ -	$304,295,675
Buildings	303,211,277	152,711,996	-	455,923,273
	529,146,105	231,072,843	-	760,218,948
Depreciation:				
Buildings	(19,302,036)	(17,252,767)	-	(36,554,803)
Net investment	$509,844,069	$213,820,076	$ -	$723,664,145

	Balance as of January 1, 2017	Additions	Disposals	Balance as of December 31, 2017
Investment:				
Land	$154,688,998	$ 76,286,699	$ (3,000,000)	$227,975,697
Buildings	206,035,246	95,135,162	-	301,170,408
	360,724,244	171,421,861	(3,000,000)	529,146,105
Depreciation:				
Buildings	(6,180,879)	(13,121,157)	-	(19,302,036)
Net investment	$354,543,365	$158,300,704	$ (3,000,000)	$509,844,069

	Balance as of January 1, 2016	Additions from business combinations	Additions	Disposals	Balance as of December 31, 2016
Investment:					
Land	$ -	$141,031,622	$ 19,657,376	$ (6,000,000)	$154,688,998
Buildings	-	167,405,780	38,629,466	-	206,035,246
	$ -	$308,437,402	58,286,842	(6,000,000)	360,724,244
Depreciation:					
Buildings	-	-	(6,414,212)	233,333	(6,180,879)
Net investment	$ -	$308,437,402	$ 51,872,630	$ (5,766,667)	$354,543,365

The following useful lives are used in the calculation of depreciation:

Buildings	20 and 30 years

All the investment properties of the Entity are kept under the interests of absolute domain.

There has been no change in the valuation technique during the year with respect to the disclosure of fair value.

The estimate of the fair value of the properties considered that the highest and best use of the properties is their current use.

The properties are integrated by real estate, which the Entity maintains to obtain income and are recognized by the cost method. The Entity has granted part of its properties as a guarantee of certain of its loans.

15. Other assets

Other assets consist of the following:

	2018	2017	2016
Security deposits	$ 42,109,300	$ 40,112,538	$ 39,973,250
Development expenses of portfolio system and others	12,425,139	1,308,988	4,462,814
	$ 54,534,439	$ 41,421,526	$ 44,436,064

16. Intangible assets and goodwill from business combinations

The intangibles from the business acquisition as of December 31, 2018, 2017 and 2016 is as follows:

	2018	2017	2016
Intangible asset - Client list	$ 66,200,000	$ 66,200,000	$ 66,200,000
Goodwill from other business	2,925,618	2,925,618	2,925,618
Goodwill from ARG	50,206,121	50,206,121	50,206,121
Goodwill from ICI	48,199,040	48,199,040	48,199,040
	$ 167,530,779	$ 167,530,779	$ 167,530,779
Cost:			
Software licenses	$ 10,164,318	$ 10,164,318	$ 10,164,318
Accumulated amortization:			
Software licenses	(7,291,892)	(6,017,951)	(4,998,135)
	2,872,426	4,146,367	5,166,183
	$ 170,403,205	$ 171,677,146	$ 172,696,962

a. *ICI* - During 2016, Docuformas, S.A.P.I. de C.V. acquired Inversiones y Colocaciones Inmobiliarias, S.A.P.I. de C.V. ("ICI"), which was recorded using the acquisition method:

Name of the entity	Principal activity	Acquisition date	Proportion of shares acquired
Inversiones y Colocaciones Inmobiliarias, S.A.P.I. de C.V.	Lease and purchase of property.	December 5, 2016	100%

The above subsidiary was acquired for further expansion activities of the Entity in different types of leased equipment.

b. ***Consideration transferred***

	2016
Account receivable exchanged	$ 99,950,000
Less: net assets acquired	(51,750,960)
Goodwill acquired	$ (48,199,040)

c. ***Assets acquired and liabilities assumed at the acquisition date***

		Inversiones y Colocaciones Inmobiliarias, S.A.P.I. de C.V.
Assets:		
Cash and cash equivalents	$	6,171,316
Capital lease receivables		3,690,946
Properties		270,083,453
Due from related parties		50,000
Recoverable taxes		27,872,486
Total assets	$	307,868,201
Liabilities:		
Due to related parties	$	(342,923,723)
Taxes payable		(184,832)
Other accounts payable and accrued expenses		(12,958,686)
Total liabilities		(356,067,241)
Net assets acquired	$	(48,199,040)

d. ***Goodwill determined from the acquisition of ICI***

		2016
Account receivable exchanged	$	99,950,000
Less: fair value of net assets acquired		(51,750,960)
Goodwill	$	48,199,040

The goodwill arising on the acquisition of ICI represents the control premium. In addition, the consideration paid for the acquisition effectively included amounts in relation to the benefits of expected synergies, revenue growth, future market development and the labor force that ICI has developed. These benefits are not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

e. ***Net cash flows from the acquisition***

The Entity acquired ICI in exchange for an account receivable from shareholders. The cash flow generated was the cash balances and cash equivalents received as part of the net assets acquired, which amounted to $6,171,316.

f. ***Impact of acquisition on the Entity's results***

Profit for the year ended December 31, 2016 includes revenues, costs and expenses attributable to ICI from December 6, 2016 to December 31, 2016 totaling $2,056,566 and $1,392,941, respectively.

If the acquisition had been made on January 1, 2016, revenues of the Entity would have amounted to $22,296,416, while net loss from continuing operations for the year would have amounted to $(31,676,603).

In determining revenues and pro forma profit of the Entity, in case that they were acquired at the beginning of the current reporting period under review, the administration would:

- Calculate depreciation of machinery and equipment acquired based on their fair value on initial recognition for a business combination, rather than the carrying amounts recognized in the pre-acquisition financial statements; and.
- Base borrowing costs on the funding levels, credit ratings and liabilities / equity position of the Entity after the business combination.

17. Financing debt

	2018	2017	2016
Obligations for the issuance (DOCUFOR 00116) of stock certificates in pesos in the amount of $120,000,000, accruing interest at an annual rate equivalent to TIIE plus 2.2 percentage points due to in 2017.	$ -	$ -	$ 119,779,203
Obligations for the issuance (DOCUFOR 00216) of stock certificates in pesos in the amount of $50,000,000, accruing interest at an annual rate equivalent to TIIE plus 2.2 percentage points due to in 2017.	-	-	24,869,751
Simple credit agreement with WorldBusiness Capital Inc. in U.S. dollars; accrues interest on outstanding balances at a fixed annual 7.70%, due in 2018, however, in October 2017 the debt was prepaid in full	-	-	45,824,484
Simple credit agreement in pesos with Banco del Bajío, S.A., Institución de Banca Múltiple amounting to $50,000,000, guaranteed with a future collection portfolio, accrues interest on unpaid balances at a 28-day TIIE equivalent annual rate plus percentage points to be agreed at the time of signing the promissory note due in 2019, however, in October 2017 the debt was paid in full	-	-	55,542,568
Simple credit agreement in pesos with Banco Ve Por Más, S.A., Institución de Banca Múltiple, amounting to $80,000,000, guaranteed with future collection portfolio, accrues interest on unpaid balances at TIIE plus 4.5 percentage points maturing 48 months in 2017	-	-	48,058,504

	2018	2017	2016
Simple credit agreement in pesos with Credit Suisse amounting to $402,000,000, guaranteed with future collections from receivables portfolio, accrues interest on unpaid balances at an annual rate of 12% with maturity in 2020	196,202,958	294,304,437	394,013,916
Loan with Hewlett Packard, in pesos, for the acquisition of equipment, accrues interest on outstanding balances at an annual interest rate of 9.3% due in 2018	-	7,190,875	17,138,300
Car lease contract with a term of 36 forced months due to in 2017, without explicit interest	-	-	13,098
Car lease agreement with a 48-month non-cancellable lease with lessor Bx+ without explicit interest due in 2017	-	-	94,289
Obligations for the issuance (DOCUFOR 00416) of short term publicly-traded certificates in pesos for the amounting of $135,000,000, accrues interest at an annual equivalent rate of TIIE plus 2.2 percentage points, due in 2017	-	-	134,087,828
Obligations for the issuance (DOCUFOR 00516) of short term publicly-traded certificates in pesos for the amounting of $130,000,000, accrues interest at an annual equivalent rate TIIE plus 2.2 percentage points, due in 2017	-	-	129,069,543
Obligations for the issuance (DOCUFOR 00616) of short term publicly-traded certificates in pesos for the amounting to $110,000,000, accrues interest at an annual equivalent rate TIIE plus 2.2 percentage points, due in 2017	-	-	108,804,866
Obligations for the issuance (DOCUFOR 00716) of short term publicly-traded certificates in pesos for the amounting to $70,000,000, accrues interest at an annual equivalent rate of TIIE plus 2.2 percentage points, due in 2017	-	-	69,233,846

	2018	2017	2016
Simple credit agreement in pesos with Banco Ve Por Más, S.A., Multiple Banking Institution, amounting to $10,000,000, guaranteed with future collection portfolio, accrues interest on unpaid balances at an annual rate equivalent to 28 days TIIE plus 4.5 percentage points with maturity at 48 months due in 2018, however, in October 2017 the debt was paid in full	-	-	6,333,333
Simple credit agreement in Mexican pesos with Banco Ve Por Más, S.A., Multiple Banking Institution, amounting to $8,500,000, guaranteed with future collection portfolio, accrues interest on unpaid balances at an annual rate equivalent to 28 days TIIE plus 4.5 percentage points with maturity at 48 months due in 2018, however, in October 2017 the debt was paid in full	-	-	5,464,291
Simple credit agreement in pesos with Banco Ve Por Más, S.A., Multiple Banking Institution, amounting to $100,000,000, guaranteed with future collections from receivable portfolio, accrues interest on unpaid balances at an annual rate equivalent to 28 days TIIE plus 4.5 percentage points with maturity at 48 months due in 2019, however, in October 2017 the debt was paid in full	-	-	39,486,050
Simple credit agreement in pesos with Banco Ve Por Más, S.A., Multiple Banking Institution, amounting to $67,300,000, guaranteed with future collections from receivables portfolio, accrues interest on unpaid balances at an annual rate equivalent to 28 days TIIE plus 4.5 percentage points with maturity at 48 months due in 2018, however, in October 2017 the debt was paid in full.	-	-	48,700,733
Simple credit agreement in Mexican pesos with Banco Ve Por Más, S.A., Multiple Banking Institution, amounting to $13,700,000, guaranteed with future collections from receivables portfolio, accrues interest on unpaid balances at an annual rate equivalent to 28 days TIIE plus 4.5 percentage points with maturity at 48 months due in 2019, however, in October 2017 the debt was paid in full	-	-	11,927,563

	2018	2017	2016
Simple credit agreement in Mexican pesos with Banco Ve Por Más, S.A., Multiple Banking Institution, amounting to $15,200,000, guaranteed with future collection portfolio, accrues interest on unpaid balances at an annual rate equivalent to 28 days TIIE plus 4.5 percentage points with maturity at 48 months due in 2018, however, in October 2017 the debt was paid in full	-	-	14,503,333
Loan agreement with WorldBusiness Capital, INC., for up to 7,500,000 US Dollars. The Entity has made three withdrawls, in the amount of 3,686,482, 2,635,000 and 1,178,518 US dollars, respectively; accrues interest at Libor plus 3.5%, due on September 20, 2019; the loan payments will be made on a quarterly basis guaranteed with the lease portfolio, however, in October 2017 the debt was paid in full	-	-	58,362,722
Loan Agreement with Credit Suisse amounting to $150,000,000 with maturity on September 22, 2020, the fixed annual interest rate is 14% payable in 70 monthly payments	-	126,000,000	150,000,000
Loan agreement with Hewlett Packard Operations Mexico S. de R. L., maturing on January 31, 2019, the annual interest rate is 9.78% payable in 36 monthly payments	942,697	11,677,650	21,415,878
Contract with ALTUM CP, S.A.P.I. de C.V. SOFOM ENR., for opening of credit line in current account up to a principal amounting to $100,000,000 with two withdrawls for $40,000,000 and $60,000,000 with collateral from accounts receivable portfolio. Maturity on August 31, 2019 and August 31 2018 accruing interest at an annual interest rate of TIIE + 7 and 8%, however, in October 2017 the debt was paid in full	-	-	95,555,556

	2018	2017	2016
Program of short-term stock certificates up to an amounting to $100,000,000 for an offer of 85,000 stock certificates with a par value of $100.00 C/U, the amount of the issuance being $85,000,000.00 with the ARG 00216 slate key expiring on November 9, 2017 at an annual interest rate of TIIE + 2.40%	-	-	84,881,164
Simple credit agreement in pesos with Credit Suisse amounting to $600,000,000, guaranteed with future collections from receivables portfolio, accrues quarterly interest on unsecured balances at an annual rate of 12% with maturity in 2022	-	595,569,604	592,919,161
Simple credit agreement in pesos with Banco del Bajío, S.A., Multiple Banking Institution, guaranteed with certain of the Entity's real estate, accrues interest on unpaid balances at an annual rate equivalent to 28 days TIIE plus 4 percentage points to be agreed at the time of signing the promissory note with maturity in 2027 amounting to $60,000,000	51,500,000	57,483,214	60,000,000
Simple credit agreement in pesos with Banco Ve Por Más, S.A., Multiple Banking Institution, amounting to $70,000,000, guaranteed with future collections from receivables portfolio, accrues interest on unpaid balances at an annual rate equivalent to 28 days TIIE plus 4.5 percentage points with maturity at 10 years due in 2027	66,266,669	68,775,000	-
Loan with Hewlett Packard, in pesos, for the acquisition of equipment, accrues interest on outstanding balances at an annual interest rate of 11.87% due in 2020	6,446,491	9,574,136	-
Senior Notes for a total amount of 150 million U.S. dollars, with an annual interest rate of 9.25% with interest payable semi-annual with an original maturity on October 11, 2022	2,718,401,367	2,866,877,852	-

	2018	2017	2016
Simple credit agreement in pesos with Credit Suisse amounting to $787,500,000 guaranteed with future collections from receivables portfolio, accrues quarterly interest on unsecured balances at an annual rate of 14% with maturity in 2024	784,112,050	-	-
Obligations for the issuance (DOCUFOR 18) of short term publicly-traded certificates in pesos for the amounting to $150,000,000, accrues interest at an annual equivalent rate of TIIE plus 2.25 percentage points, due in 2020	147,063,368	-	-
Obligations for the issuance (DOCUFOR 18-2) of short term publicly-traded certificates in pesos for the amounting to $100,000,000, accrues interest at an annual equivalent rate of TIIE plus 2.25 percentage points, due in 2020	97,654,070	-	-
Obligations for the issuance (DOCUFOR 118) of short term publicly-traded certificates in pesos for the amounting to $150,000,000, accrues interest at an annual equivalent rate of TIIE plus 2 percentage points, due in 2019	147,983,973	-	-
Obligations for the issuance (DOCUFOR 00218) of short term publicly-traded certificates in pesos for the amounting to $113,000,000, accrues interest at an annual equivalent rate of TIIE plus 2 percentage points, due in 2019	111,860,583	-	-
Loan Agreement with Grupo Financiero Ve por Más Fideicomiso 436, for $4.6 million dollars, accruing interest at an annual rate of 7% due in 2019	90,420,360	-	-
Responsibility Management Company S.A., for 2.5 million dollars, accruing interest at an annual rate of 8% due in 2021	48,643,795	-	-

	2018	2017	2016
Responsibility Management Company S.A., for 7.5 million dollars, accruing interest at an annual rate of 8% due in 2021	145,931,385	-	-
Total debt	4,613,429,767	4,037,452,768	2,336,079,980
Less current portion	688,328,840	255,790,071	1,152,650,417
Long-term debt	$ 3,925,100,927	$ 3,781,662,697	$ 1,183,429,563
Total debt	$ 4,709,861,206	$ 4,142,510,870	$ 2,358,168,311
Debt issuance costs	(96,431,439)	105,058,102	22,088,331
Debt	$ 4,613,429,767	$ 4,037,452,768	$ 2,336,079,980

A reconciliation between the opening and closing balances of these items is provided as follows:

	2018	2017	2016
Beginning balance	$ 4,037,452,768	$ 2,336,079,980	$ 1,544,457,627
Loans obtained	1,474,486,360	3,997,106,871	1,820,090,638
Loans payments	(883,016,001)	(2,638,790,777)	(987,432,000)
Exchange (gain) loss (gain), net	(15,493,360)	343,056,694	(41,036,285)
Total debt	$ 4,613,429,767	$ 4,037,452,768	$ 2,336,079,980

As of December 31, 2018, 2017 and 2016, approximately 23%, 24% and 83%, respectively, of the debt is guaranteed by capital lease receivables.

Maturities of long-term debt and obligations are as follows:

	Amount
2020	$ 459,602,548
2021	233,836,224
2022	2,933,260,098
2023	158,756,924
2024	139,645,133
	$ 3,925,100,927

18. Trust certificates long term

As mentioned in Note 1 i), on October 24, 2016, the 2613 Trust issued CBFs as follows:

Total amount	Certificates	Nominal value per CBF	Ticker symbol	Maturity date
$ 455,500,000	4,555,000 CBFs	$ 100	ARGCB 16	October 24, 2021

As long as the certificates are unpaid, they will accrue annual interest at a rate of TIIE (Interbank Interest Rate) plus 2 points (Annual Gross Interest Rate). This Annual Gross Interest Rate will remain fixed during the term of the issue.

As mentioned in Note 1 b) v, on November 29, 2013 the 1029 Trust issued CBFs as follows:

Total amount	Certificates	Nominal value per CBF	Ticker symbol	Maturity date
$ 550,000,000	5,500,000 CBFs	$ 100	ARGCB 13	November 29, 2017

As long as the certificates are unpaid, they will accrue annual interest at a rate of TIIE (Interbank Interest Rate) plus 2 points (Annual Gross Interest Rate). This Annual Gross Interest Rate will remain fixed during the term of the issue.

As of December 31, 2018, 2017 and 2016, CBFs are net of issuance costs in the consolidated statement of financial position as follows:

	2018	2017	2016
CBFs	$ 437,491,097	$ 437,491,097	$ 563,093,957
Debt issuance costs	(22,511,005)	(31,728,067)	(43,092,010)
	$ 414,980,092	$ 405,763,030	$ 520,001,947[(1)]

(1) As of December 31, 2016, CBFs are classified in current and non-current in the consolidated statement of financial position for $101,560,439 and $418,441,508, respectively.

The long-term CBFs establish certain affirmative and negative covenants, which have been met at the date of issuance of these consolidated financial statements. Certain of these covenants are described below:

- Maintain a flow of funds equal to or greater than 1.3, considering the balances of capital lease receivables transferred to the Trust as of December 31, 2018.
- Establish different funds for income accounts, maintenance, reserve, monthly payments for new receivables, general costs, issuance costs, operating expenses, debt service, which must meet certain requirements.
- Do not decrease or modify the patrimony of the Trust without prior consent of the Common Representative and Master Administrator.

These conditions were met as of December 31, 2018.

Below is a reconciliation of the initial and final balance of the long-term trust securities.:

	2018	2017	2016
Beginning balance	$ 437,491,097	$ 563,093,957	$ -
Loans obtained	-	-	563,093,957
Loan payments	-	(125,602,860)	-
Net debt	$ 437,491,097	$ 437,491,097	$ 563,093,957

19. Other accounts payable and accrued expenses

As of December 31, 2018, 2017 and 2016, other accounts payable and accrued expenses are as follows:

	2018	2017	2016
Provisions	$ 12,570,708	$ 29,326,550	$ 25,340,004
Value-added tax payable	413,040,543	283,718,276	232,486,063
Sundry creditors	661,616	289,120	12,014,927
Security deposits and customer advances	18,327,526	4,000,000	6,813,057
Interest payable	72,867,994	63,412,776	6,352,169
	$ 517,468,387	$ 380,746,722	$ 283,006,220

	2018	2017	2016
Balances as of January 1	$ 29,326,550	$ 25,340,004	$ 19,476,139
Increases	8,171,726	26,032,349	22,418,583
Applications	(24,927,568)	(22,045,803)	(16,554,718)
Balances as of December 31	$ 12,570,708	$ 29,326,550	$ 25,340,004

20. Financial risk administration

The Entity's has exposure to market risks such as interest rate, credit, liquidity and exchange rate risk, which are managed centrally by corporate treasury. The Entity seeks to minimize its exposure to these risks through the use of hedging with derivatives. The use of derivative financial instruments is governed by the policies of the Entity, approved by the Board of Directors, which establish the principles to enter into derivative transactions. Compliance with these policies and exposure limits are reviewed by internal audit on an ongoing basis.

The different categories of financial instruments and their amounts as of December 31, 2018, 2017 and 2016 are shown below:

	2018	2017	2016
Financial assets			
Cash, cash equivalents and funds held in trust	$ 1,070,119,926	$ 1,307,605,904	$ 428,698,979
Capital lease receivables and accounts receivables for the sale of equipment	2,776,920,519	2,346,526,371	1,637,765,657
Accounts receivable from factoring and cash financing	1,071,569,337	586,181,396	741,303,700
Capital lease receivables ceded to subsidiary trust	501,226,863	476,855,321	465,422,144
Other receivables	3,073,952	27,430,070	22,497,920
Due from related parties	35,259,998	3,217,394	18,753,246
At fair value:			
Derivative financial instruments	74,844,593	9,921,589	19,171,076
Financial liabilities			
At amortized cost:			
Financial debt	$ 4,613,429,767	$ 4,037,452,768	$ 2,336,079,980
Trade accounts payables	26,004,556	163,056,705	94,436,254
Due to related parties	9,319,806	74,677,399	273,392,869
Other accounts payable and accrued expenses	104,427,844	97,028,446	50,520,157
Trust certificates	414,980,092	405,763,030	418,441,508

The Board of Directors establishes and monitors policies and procedures for measuring other risks, which are described below:

a. *Capital risk management* - The Entity manages its capital to ensure that it will continue as a going concern while maximizing the return to shareholders through the optimization of debt and equity balances. The capital structure of the Entity is made up of net debt (mainly loans with financial institutions and stock certificates disclosed in Notes 15 and 16) and its equity (issued capital, premium on issue of shares, retained earnings and other comprehensive income items detailed in Note 22). The capital structure of the Entity is not subject to any capital requirements.

The administration of the Entity reviews its monthly capital structure and accrued interest costs and monitors capital based on a leverage percentage of net debt divided by total capital. The Entity calculated net debt as debt with financial institutions, trade and other payables, trust certificates, less cash and cash equivalents.

The net leverage ratio of the Entity is as follows:

	2018	2017	2016
Debt with financial institutions	$ 4,613,429,767	$ 4,037,452,768	$ 2,336,079,980
Trade and other payables	543,472,943	543,803,427	377,442,474
Trust certificates	414,980,092	405,763,030	520,001,947
Cash and cash equivalents	(1,070,119,926)	(1,307,605,904)	(428,698,979)
Net debt with financial institutions	$ 4,501,762,876	$ 3,679,413,321	$ 2,804,825,422
Stockholders' equity	1,435,298,906	796,533,753	662,613,700
Leverage ratio	3.14	4.62	4.08
Interest from debt	602,841,523	384,118,678	263,579,193
Interest coverage ratio	2.38	2.07	2.51

b. *Managing interest rate risk* – As of December 31, 2018, 2017 and 2016, the Entity was exposed to risks related to the interest rate on certain of the debt contracted with several institutions, whose debt is denominated in US dollars and accrues interest based on Libor plus 3.5% annual. Hedging activities are evaluated regularly to align with interest rates and related risk, ensuring that the most profitable hedging strategies applied.

The sensitivity analysis of the debt with those institutions was prepared on the basis of interest rates reported at end of period. If the interest rate would have an increase or decrease of 1 basis point in each period of the swap liabilities reported would have increased or decreased the balance as shown below:

	2018	2017	2016
Increase	$ 51,780,505	$ 6,660,697	$ 2,217,600
Decrease	$ (51,780,505)	$ (6,660,697)	$ (2,217,600)

If interest rates had increased by 100 basis points in each reporting period and all other variables held constant, profit before tax for the year 2018, 2017 and 2016 would have decreased by approximately $51,780,505, $6,660,697 and $2,217,600, respectively. This is mainly attributable to the Entity's exposure to LIBOR and TIIE interest rates.

c. *Credit risk management* - The Entity structures its leasing operations through a policy of "pricing" which includes the following points: 1) Maximum residual values by type of asset and term of lease. These values are based on historical performance in the secondary market for such assets; 2) a minimum internal rate of return (IRR) based on various factors including, among others, parametric results of risk analysis performed by management, amount financed and concentration.

The parameters are approved by the Finance Department and are updated every six months; 3) lastly; the Credit Committee has the authority to require increased guarantees for any transaction to mitigate risk. These increases may include: a) assignment of receivables from certain contracts eligible for the Entity, b) establishment of guarantee trusts which may include real estate, moveable property, or receivables in is patrimony; additional guarantees to those proposed by the risk area and c) higher initial payments to increase the initial capital of the transaction. The Entity regularly evaluates the financial condition of its customers and enters into contracts to ensure recoverability or generally require a guarantee. The Entity also carries out a credit analysis to control risks derived from the deterioration in the financial condition of its customers. The Entity does not consider that there is a significant risk of loss from a concentration of credit in its customer base, because clients with a risk of non-recovery are reserved.

The Entity follows strict policies and procedures designed to analyze, control and mitigate the credit risk of its customers. All operations must contain a credit file including financial, legal, tax and market information of each client. The Entity verifies credit, bank and trade references. The risk department presents to the Credit Committee a study and recommendation on each transaction. The Credit Committee can approve, decline or modify the conditions of the transaction. The Credit Committee is a collegial body whose composition and powers are approved and reviewed regularly by the Executive Committee of the Entity The credit department performs updates of customer information every six months, to identify possible adverse changes in the financial situation of each client.

d. *Liquidity risk management* - The Entity's management is ultimately responsible for liquidity management, which has established an appropriate liquidity risk management framework for the management of the Entity's short-, medium- and long-term funding and liquidity management requirements. The Entity manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The following tables detail the Entity's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been calculated based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Entity can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Entity may be required to pay.

The Entity expects to meet its obligations with cash flows from operations and resources received from the maturity of financial assets. Additionally, the Entity has access to revolving lines of credit with various banks.

As of December 31, 2018	Weighted average effective interest rate	Less than 1 year	1 to 2 years	2 to 6 years	Total
Financial debt with credit institutions	11.34%	$ 688,328,840	$ 459,602,548	$ 3,465,498,379	$ 4,613,429,767
Accrued interest	-	570,971,549	488,184,271	854,045,597	1,913,201,417
Trust certificates	10.58%	-	414,980,092	-	414,980,092
Accrued interest	-	-	24,898,806	-	24,898,806
Trade accounts payable	-	26,004,556	-	-	26,004,556
Due to related parties	-	9,319,806	-	-	9,319,806
Total		$ 1,294,624,751	$ 1,387,665,717	$ 4,319,543,976	$ 7,001,834,444

As of December 31, 2017	Weighted average effective interest rate	Less than 1 year	1 to 2 years	2 to 6 years	Total
Financial debt with credit institutions	10.98%	$ 255,790,071	$ 272,190,790	$ 3,509,471,907	$ 4,037,452,768
Accrued interest	-	407,607,219	382,970,411	965,093,530	1,755,671,160
Trust certificates	9.63%	-	-	405,763,030	405,763,030
Accrued interest	-	63,412,777	-	-	63,412,777
Trade accounts payable	-	163,056,705	-	-	163,056,705
Due to related parties	-	74,677,399	-	-	74,677,399
Total		$ 964,544,171	$ 655,161,201	$ 4,880,328,467	$ 6,500,033,839

As of December 31, 2016	Weighted average effective interest rate	Less than 1 year	1 to 2 years	2 to 6 years	Total
Financial debt with credit institutions	5.52%	$ 1,152,650,417	$ 433,538,001	$ 749,891,562	$ 2,336,079,980
Accrued interest	-	260,074,405	172,835,760	270,209,970	703,120,135
Trust certificates	8.11%	101,560,439	316,881,069	-	418,441,508
Accrued interest	-	44,769,596	141,451,917	-	186,221,513
Trade accounts payables	-	94,436,254	-	-	94,436,254
Due to related parties	-	273,392,869	-	-	273,392,869
Total		$ 1,926,883,980	$ 1,064,706,747	$ 1,020,101,532	$ 4,011,692,259

The amounts included in the debt to credit institutions include instruments at variable interest rates. Financial liabilities at variable interest rates are subject to change.

e. ***Exchange risk management*** - The Entity performs transactions denominated in foreign currency; consequently, it is exposed to fluctuations in exchange rates. Exposures in the exchange rate are managed within the parameters of the approved policies. Exchange rates as of December 31, 2018, 2017 and 2016 are as follows: $19.6566, $19.7354. and $20.6640, respectively.

f. The carrying value of assets and liabilities denominated in foreign currencies at the end of the reporting period is as follows:

	Liabilities			Assets		
	2018	2017	2016	2018	2017	2016
US Dollars	(164,600,000)	(150,000,000)	(5,379,938)	16,693,177	37,507,619	863,758

– Sensitivity analysis of foreign currency

The following table details The Entity's sensitivity to an increase and decrease of 10% in Mexican pesos against the US dollar. 10% represents the sensitivity rate used when reporting foreign exchange risk internally to key management personnel and represents management's assessment of the reasonably possible change in exchange rates. The sensitivity analysis includes only the monetary items denominated in foreign currency that are not hedged, and adjusts their conversion at the end of the period with a fluctuation of 10%. The sensitivity analysis includes external loans as well as loans where the denomination of the loan is in a currency other than the Mexican peso. A negative or positive figure, respectively, (as shown in the table below) indicates a (decrease) or increase in the results stemming from a 10% weakening of the Mexican peso regarding the referred currency:

	Pesos		
	2018	2017	2016
Increase effect on income	(147,906,823)	(112,492,380)	(3,092,678)
Decrease effect on income	147,906,823	112,492,380	3,092,678

g. *Market risk* - The activities of the Entity are primarily exposed to financial risks of exchange rates and interest rates. The Entity has entered into a variety of derivative financial instruments to manage its exposure to these risks including:

- Foreign currency forward contracts to hedge risks of currency fluctuations and loans in other currencies.

Exposure to market risk is measured using sensitivity analysis. There have been no changes in exposure to market risks or the manner in which those risks are being managed and measured. As of December 31 2018,2017 and 2016, the Entity has an asset (liability) swap position related to U.S. dollars for $74,844,593, $9,921,589 and $19,171,076, respectively.

21. Derivative financial instruments

The objective of entering into contracts with derivative financial instruments is: (1) to partially hedge financial risks from exposures in the exchange rate; or (2) the expectation of a good financial performance, originated by the component of the contractual underlying. The decision to enter into economic or financial hedges takes into account market conditions, based on the expectation that it will be held until a certain date, and the national and international economic context of the economic indicators that influence the operations of the Entity.

During 2017 and 2016, "Cross currency swaps" were entered into in order to reduce the risk of future increases in interest rates and the exchange rate of the peso against the dollar for the payment of long-term debt with WorldBusiness Capital Inc. in over-the-counter transactions carried out with financial institutions, with deposits in cash collateral. The instruments are values at the fair value of the instruments given as collateral. These were liquidated in 2017 and 2016.

Derivative financial instruments related to interest rates and exchange rates as of December 31, 2018, 2017 and 2016 are summarized below:

		Notional			Valuation at fair value as of December 31 2018		(Gain)Loss In Other Comprehensive Income net of deferred taxes
Instrument	Intentionality	Amount	Unit	Maturity	Asset (liability)	(Gain) loss in results	
Cross Currency Swaps	Negotiation	5,000,000	Dollars	During 2019	$ 1,981,102	$ 4,282,611	-
Cross Currency Swaps	Negotiation	3,000,000	Dollars	During 2019	1,161,955	2,495,921	-
Call Spread	Hedge	50,000,000	Dollars	2022	31,948,552	(48,476,793)	29,405,734
Call Spread	Hedge	15,000,000	Dollars	2022	7,923,827	7,128,440	1,325,328
Call Spread	Hedge	50,000,000	Dollars	2022	35,541,396	(21,266,034)	36,622,061
Call Spread	Hedge	15,000,000	Dollars	2022	4,846,883	3,359,546	(3,130,845)
Call Spread	Hedge	20,000,000	Dollars	2022	12,180,119	8,775,778	(5,100,128)
Cross Currency Swaps	Hedge	40,000,000	Dollars	2022	(5,288,730)	23,468,214	2,029,759
Cross Currency Swaps	Hedge	55,000,000	Dollars	2022	(7,688,946)	12,807,816	3,328,010
Cross Currency Swaps	Hedge	55,000,000	Dollars	2022	(7,761,565)	23,073,254	3,108,910
Total					$ 74,844,593	$ 15,648,753	$ 67,588,829

The Cross Currency Swaps with maturity in 2022 include amounts for $59,349,284 corresponding to accrued interest recorded in the interest expense line item within the statement of income for 2018. The effect in the income statement of the other derivative financial instruments is included in the caption of Valuation of derivative financial instruments for $(43,700,531).

		Notional			Valuation at fair value as of December 31, 2017		
Instrument	Intentionality	Amount	Unit	Maturity	Asset (liability)	(Gain) loss in results	(Gain) loss in settlement
Cross Currency Swaps	Purchase negotiation	5,000,000	Dollars	During2019	$ 6,263,713	$ 6,241,582	$ 233,660
Cross Currency Swaps	Purchase negotiation	3,000,000	Dollars	During 2019	3,657,876	3,381,762	140,196
Total					$ 9,921,589	$ 9,623,344	$ 373,856

		Notional			Valuation at fair value as of December 31, 2016		
Instrument	Intentionality	Amount	Unit	Maturity	Asset (liability)	(Gain) loss in results	(Gain) loss in settlement
Cross Currency Swaps	Purchase negotiation	5,000,000	Dollars	During2019	$ 12,131,439	$ (3,046,082)	$ 94,496
Cross Currency Swaps	Purchase negotiation	3,000,000	Dollars	During 2019	7,039,637	(2,029,065)	56,698
Total					$ 19,171,076	$ (5,075,147)	$ 151,194

The fair value of Call Spreads was recorded in the statement of financial position as an asset for an amount of $92,440,777, which is recorded as a gain within Other comprehensive income (OCI). Subsequently, a reclassification is made for accrued premiums and intrinsic value, in this case for $51,294,979, which was recorded as a reclassification of the gain from OCI to results. Premiums are recognized accrued in the income statement because the options are considered related to a period of time and the intrinsic value is reclassified to the income statement to compensate for the exchange fluctuation generated by the hedged item.

The fair value of the Cross Currency Swaps was recorded in the statement of financial position as a liability of $ 20,739,241, which is recorded against OCI as a loss. Subsequently, a reclassification was made for interest accrued within results for $ 9,017,843.

The purpose of these derivative financial instruments is to carry out a hedging strategy for different hedged items. On January 20, 2018, the Entity entered into derivative financial instruments, in order to reduce the risk of future increases in interest rates and the exchange rate of the peso against the dollar for the payment of long-term debt traded in international markets. for an amount of 150 million US dollars.

The Company has designated the derivative instruments as cash flow hedges as permitted by IFRS and has formally documented each hedge relationship, establishing the objectives, the administration's strategy to hedge the risk, the identification of the hedging instrument, the hedged item, the nature of the risk to be hedged and the methodology of the evaluation of effectiveness.

As of December 31, 2018, the results of the effectiveness of the hedge confirm that the hedge relationship is highly effective, given that the changes in the fair value and cash flows of the hedged item are compensated. The method used is the compensation of flows using a hypothetical derivative. This method is to compare changes in the fair value of the hedging instrument with changes in the fair value of the hypothetical derivative that would result in a perfect hedge of the hedged item.

In this hedging relationship, the possible sources of ineffectiveness may be some movement in the credit profile of the counterparties or that the amount of the hedged item is less than the notional amount of the hedging instrument.

Detail of hedging instruments and instruments covered:

	Call Spreads	Cross Currency Swaps
Notional amount	150,000,000	150,000,000
Currency	USD	USD
Rate to receive	-	9.25%
Notional amount	-	2,887,125,000
Currency	-	MXN
Rate to deliver	-	10.85%
Underlying	USD/MXN	USD/MXN
Fair value	92,440,777	(20,739,241)
Average strike	18.92 – 26.7575	19.2475
Expiration	10-nov-22	10-nov-22
Change of fair value to measure ineffectiveness	183,490,000	(20,739,241)
Change in fair value of the hedged item	(171,257,335)	19,475,618
Prospective test	107%	107%
Exposition	Financial Liabilities	Financial Liabilities
Carrying amount of the hedged item	141,500,000	141,500,000
Reason for coverage	106%	106%

22. Fair value

The fair value of financial instruments are presented below was determined by the Entity using available market information or other valuation techniques requiring judgment in developing and interpreting the estimates of fair values. The entity also makes assumptions that are based on conditions existing at each reporting date. Consequently, the estimated amounts presented are not necessarily indicative of the amounts the Entity could realize in a current market exchange.

The use of different assumptions and / or estimation methods could have a material effect on the estimated fair value amounts.

Financial instruments that are measured after initial recognition at fair value, grouped into levels ranging from 1 to 3 based on the degree to which inputs are observable:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The amounts of cash and cash equivalents of the Entity as well as accounts receivable and payable from third parties and related parties approximate their fair values because they have short maturities. Capital lease receivables, receivables from sale of equipment, factoring and cash financing receivables, capital lease receivables ceded to subsidiary trust, notes receivable and other receivables and bank loans including long-term debt of the Entity are recorded at amortized cost and consist of investments, accounts and notes receivable and debt earning or accruing interest at fixed and variable rates that are related to market indicators.

To obtain and disclose the fair value of the items below, quoted market prices or inputs for similar instruments are used. To determine the fair value of other financial instruments other techniques such as estimated cash flows are used, considering the dates of the cash flows and interest rate curves and discounting these cash flows with rates that reflect the risk of the counterparty and the risk of the Entity during the reference period.

Except for those detailed in the table below, management believes that the carrying amounts of assets and financial liabilities recognized at amortized cost in the financial statements approximates their fair value:

	2018		2017		2016	
	Carrying amount	Fair Value	Carrying amount	Fair Value	Carrying amount	Fair Value
Financial Assets:						
Current and long-term accounts receivable fromcapital leases and sales of equipment	$ 2,776,920,519	$ 3,184,962,046	$ 2,346,526,371	$ 2,662,016,746	$ 1,637,765,657	$ 2,060,707,837
Current and long-term accounts receivable from factoring and cash financing	1,071,569,337	1,281,546,777	586,181,396	731,202,726	741,303,700	890,253,849
Current and long-term accounts receivable from capital lease receivables ceded to subsidiary trust	501,226,863	593,793,000	476,855,321	672,890,186	465,422,144	476,047,261
	$ 4,349,716,719	$ 5,060,301,823	$ 3,409,563,088	$ 4,066,109,658	$ 2,844,491,501	$ 3,427,008,947

	2018		2017		2016	
	Carrying amount	Fair Value	Carrying amount	Fair Value	Carrying amount	Fair Value
Financial Liabilities:						
Bank loans including current portion of long-term debt	(4,613,429,767)	(4,286,019,744)	(4,037,452,768)	(4,017,093,775)	(2,336,079,980)	(2,352,897,866)
Fiduciary Stock Certificates	(414,980,092)	(438,010,509)	(405,763,030)	(437,491,097)	(520,001,947)	(531,591,545)
	(5,028,409,859)	(4,724,030,253)	(4,443,215,798)	(4,454,584,872)	(2,754,521,488)	(2,884,489,411)
Total (liabilities) financial assets, net	$ (726,520,109)	$ 336,271,570	$ (1,033,652,710)	$ (388,475,214)	$ 89,970,013	$ 542,519,536

The fair value of financial assets and financial liabilities is determined based on the amount at which the instrument could be exchanged in a transaction between interested parties, other than a forced sale or liquidation.

To estimate the reasonable values, the following methods and hypotheses were used:

(1) Loans and long-term loans receivable with fixed and variable interest rates are evaluated by the Entity based on parameters such as interest rates, country-specific risk factors, the individual creditworthiness of the client and risk characteristics of the instrument. Based on this evaluation, provisions are recorded for the expected losses of these balances receivable.

(2) The Entity contracts derivative financial instruments with various counterparties, mainly financial institutions with suitable credit ratings ("Investment grade"). Derivatives are valued using valuation techniques with observable market data are mainly interest rate swaps, currency forward purchases. Regularly applied valuation techniques include future price models, using present value calculations. The models incorporate various data, including the credit quality of the counterparty, cash exchange rates and forward exchange rates and interest rate curves.

As of December 31, 2018, 2017 and 2016, the market value of derivative instrument positions is presented net of the adjustment for the credit valuation attributable to the counterparty default risk.

Fair value hierarchy: During the period ended December 31, 2018, 2017 and 2016, all fair value calculations were classified as level 2.

23. Capital stock

As of December 31, 2018, 2017 and 2017 the capital stock is as follows:

	2018		2017		2016	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
Fixed capital:						
A Series	50,000	$ 50,000	-	$ -	-	$ -
A Series, class I	-	-	50,000	50,000	50,000	50,000
Variable Capital:						
B Series	42,722,409	42,722,409	-	-	-	-
B Series, class I	-	-	19,952,000	19,952,000	19,952,000	19,952,000
B Series, class II	-	-	6,739,567	6,739,567	6,739,567	6,739,567
C Series, class I	-	-	2,547,536	2,547,536	2,547,536	2,547,536
C Series, class II	-	-	2,701,586	2,701,586	2,701,586	2,701,586
D Series, class II	-	-	858,379	858,379	858,379	858,379
E Series, class II	-	-	344,085	344,085	344,085	344,085
Total	42,772,409	$ 42,772,409	33,193,153	$ 33,193,153	33,193,153	$ 33,193,153

a. At the Extraordinary General Shareholders' Meeting held on August 24, 2018, the shareholders agreed to increase the share capital by issuing registered class B class I common shares with a nominal value of one peso each equivalent to the amount of $ 5,321,809, resulting in $409,148,983 of additional paid-in capital based on the total value contributed.

b. At the Extraordinary General Shareholders' Meeting held on November 12, 2018, the shareholders agreed to increase the capital stock through the issuance of Class B registered class I common shares with a nominal value of one peso each equivalent to the amount of $ 4,257,447, resulting in $ 625,482,081 of additional paid-in capital based on the total value contributed.

c. At the Extraordinary Shareholders' Meeting held on August 24, 2018, dividends were declared in the amount of $ 292,922,421.

d. At the Extraordinary General Shareholders' Meeting held on November 12, 2018, dividends were declared for the amount of $ 225,011,060.

e. The share capital was integrated during 2017 and 2016 by registered common shares with a par value of $ 1 per share. The variable capital is unlimited and is represented by the shares of Series A class I, Series B, class I and II and series C, class II with a nominal value of $ 1, and shares of Series C, class I, Series D, class II and Series E, class II with a nominal value of $ 1. All shares are fully paid.

f. On November 12, 2018, the shareholders approved the cancellation of all shares issued as of this date in favor of the Entity's shareholders and approved the issuance of new share certificates.

g. According to the bylaws of the Entity in effect through August 28, 2018, the Entity declared a cumulative preferential dividend in favor of the holders of class "II" shares, for an amount of US $ 1,500,000 equivalent to $ 30,996,000 and to the holders of the shares of the class " I "for an amount of US $ 3,300,000 equivalent to $ 68,191,200. The following shows the integration of the accumulated preferred dividends as of December 31, 2018, 2017 and 2016; note that these dividends were terminated in August 2018 upon the changes in stockholders mentioned in Note 1:

	2018	2017	2016
Dividends payable at beginning of year	$ 74,677,399	$ 244,317,250	$ 145,130,050
Dividends declared during the year	-	-	99,187,200
	74,677,399	244,317,250	244,317,250
Dividends paid	(74,677,399)	(169,639,851)	-
Dividends payable at year end	$ -	$ 74,677,399	$ 244,317,250

Dividends payable at year end are included in accounts payable to related parties (see Note 23).

Arising from the 2014 Tax Reform, the dividends to individuals and legal entities residing overseas are paid over profits generated from 2014, will be subject to a withholding tax of an additional 10%.

h. In June 2008, through August 28, 2018, the Entity entered into a shareholder agreement with one of its shareholders, in which such shareholder will have the right to sell its participation in the Entity either through a public offering, a private sale of shares or through a sale to any of the other shareholders of the Entity. Additionally, such shareholder will be entitled, after the seventh anniversary of its investment, to require the Entity to redeem some or all of its investment, based on a redemption price established in such agreement. However, the bylaws of the Entity, which take precedent over the shareholders' agreement as stated in the shareholders' agreement, establish that any increase or decrease in the share capital of the Entity requires full shareholder approval. Accordingly, the exercise of the redemption clause is not a unilateral right of the shareholder and will require full shareholder approval. This agreement was terminated in August 2018 with the changes in stockholders mentioned in Note 1.

i. According to the General Corporate Law 5% of the net income of the year must be apportioned to create the legal reserve until the amount equals 20% of capital stock at face value. The legal reserve may be capitalized but may not be distributed unless the Entity is dissolved and must be replenished if it is reduced for any reason. As of December 31 2018, 2017 and 2016, the legal reserve at nominal amount, is $12,008,888, which is presented under the caption of retained earnings.

j. The balances of the stockholders' equity tax accounts as of December 31, are:

	2018	2017	2016
Contributed capital account	$ 2,831,237,765	$ 641,991,133	$ 601,284,193
Net tax income account (CUFIN) as of 2013	135,776,513	822,718,406	726,992,897
CUFIN from 2014	276,237,970	139,696,615	38,161,515
Total	$ 3,243,252,248	$ 1,604,406,154	$ 1,366,438,605

ISR will be paid for the profits generated from 2014 that are distributed by the Entity. Accordingly, the Entity will be required to maintain one CUFIN account with the profits generated through 2013 and to create another CUFIN for profits generated from 2014 and thereafter.

24. Balances and transactions with related parties

a. The balances with related parties as of December 31, 2018, 2017 and 2016 are as follows:

	Relation	2018	2017	2016
Receivable:				
Liquid Capital México, S.A. de C.V.(1)	Related party	$ 3,209,641	$ 3,217,394	$ 3,295,639
Deutsche Bank México, S.A. (Fideicomiso F-1900). (2)	Shareholder	8,689,435	-	-
Adam Peter Jan Wiaktor Rynkiewicz (3)	Shareholder	23,360,922	-	15,457,607
		$ 35,259,998	$ 3,217,394	$ 18,753,246

	Relation	2018	2017	2016
Payable:				
Adam Peter Jan Wiaktor Rynkiewicz	Shareholder	$ -	$ 20,712,550	$ 130,423,740
Banco Actinver, S.A. (Fideicomiso 3279) (4)	Shareholder	2,379,600	-	-
Deutsche Bank México, S.A. (Fideicomiso F-1900)	Shareholder	6,940,206	-	-
Aureos Latin American Found, L.P.P.	Shareholder	-	53,964,849	142,969,129
		$ 9,319,806	$ 74,677,399	$ 273,392,869

(1) The Entity has a balance receivable from Liquid Capital México, S.A. de C.V, for a loan granted at an annual interest rate of 12 % with an expiration date in 2019. The loan amount includes accrued interest.

(2) The Entity has a balance receivable from Deutsche Bank México, S.A. (Fideicomiso F-1900) corresponding to a short-term loan which generates interest at a fixed annual Interest rate of 7%, which was paid on March 22, 2019.

(3) The Entity has a balance receivable from Adam Peter Jan Wiaktor Rynkiewicz corresponding to a loan for a financial lease for a total amount of $23,360,922 over a period of years and which generates interest at an 16% annual interest rate.

(4) The Entity has a balance payable to Banco Actinver, S.A. (Fideicomiso 3279) corresponding to the payment of advisory services.

(5) The Entity has a balance payable to Deutsche Bank México, S.A. (Fideicomiso F-1900) corresponding to the payment of advisory services.

b. Transactions with related parties for the years ended December 31, 2018, 2017 and 2016 were as follows:

	2018	2017	2016
Expenses:			
Shareholder services	$ 4,323,914	$ 4,320,000	$ 4,320,000

c. Dividends paid. President and principal shareholder are entitled to receive an annual preferred dividend in the amount of US $3,300,000; Aureos Latin American Fund ILP and Fondo Aureos Colombia are entitled to receive a dividend in the amount of USD $1,500,000 (See Note 21d). During 2018 and 2017, the holders of shares of class "I" and "II" renounced their preferred dividend. This bylaw was valid until August 28, 2018.

25. Costs and operating expenses by nature

a. Administrative expenses are as follows:

Concept	2018	2017	2016
Fees	$ 36,438,618	$ 28,263,705	$ 35,829,340
Maintenance	572,423	6,371,556	2,603,527
Legal expenses and rights	9,301,628	4,772,191	3,102,776
Management fees	4,323,914	4,320,000	4,320,000
Courses	1,568,797	843,910	3,259,947
Commissions	107,967	574,310	4,353,243
Administrative services	41,029,807	37,101,112	44,565,527
Programs and software	9,320,896	5,122,918	8,480,683

Concept	2018	2017	2016
Advertising and publicity	2,270,385	9,977,926	8,558,236
Allowance for slow-moving inventories	-	-	419,784
Telephone, internet, electricity and security services	1,849,571	4,899,070	2,869,631
Depreciation	2,940,248	1,175,941	1,635,476
Installment services	9,219,397	3,003,063	2,488,674
Leases	15,458,107	24,930,104	21,339,274
Others	12,104,992	10.197,747	8,897,054
Total	$ 146,506,751	$ 141,553,553	$ 152,723,172

b. Selling expenses are as follows:

Concept	2018	2017	2016
Allowance for doubtful accounts	$ 44,213,477	$ 48,000,000	$ 63,000,000
Commissions	45,770,491	25,540,130	4,156,373
Fees	9,045,788	13,546,895	12,438,246
Maintenance	1,475,350	1,416,201	3,225,346
Leases	88,424	200,192	-
Others	100,647	1,544,425	1,753,451
Total	$ 100,694,177	$ 90,247,843	$ 84,573,416

26. Income taxes

The Entity is subject to ISR.

ISR - The rate was 30% in 2018, 2017 and 2016 and as a result of the new 2018 ISR law ("2018 Tax Law"), the rate will continue at 30% thereafter.

a. Income tax recognized on profit or loss:

	2018	2017	2016
Current ISR	$ 28,848,261	$ 4,676,560	$ 36,616,625
Deferred ISR	(57,031,047)	(60,933,789)	24,080,430
	$ (28,182,786)	$ (56,257,229)	$ 60,697,055

b. The reconciliation of the statutory and effective ISR rates expressed as a percentage of income before taxes on income for the years ended December 31, 2018, 2017 and 2016:

	2018 %	2017 %	2016 %
Legal rate	30	30	30
Benefit of purchase of net operating loss	-	(103)	-
Effect of valuation related to fixed assets	(39.2)	-	-
Non-deductible expenses	1.0	-	-
Inflation effects and others	(12.2)	(0.1)	(4.9)
Effective rate	(20.4)	(73.1)	25.1

c. The main items comprising the balance of the (asset) liability of deferred income tax as of December 31 are:

	2018	2017	2016
Deferred tax assets:			
Properties, furniture and equipment	$ 625,550,944	$ 461,043,900	$ 280,912,309
Allowance for doubtful accounts	45,916,048	49,262,789	47,737,789
Obsolete inventory reserve	1,132,960	1,132,960	1,132,960
Advances from customers	5,498,258	1,200,000	2,043,917
Tax loss carryforwards	30,013,676	89,484,247	1,597,194
Provisions	3,771,212	730,757	9,607,834
	711,883,098	602,854,653	343,032,003
Deferred tax liabilities:			
Derivative financial instruments	6,658,500	2,976,479	5,751,322
Lease receivables	624,781,599	603,722,548	438,919,607
Advance payments	60,187,328	56,137,770	35,119,720
	691,627,427	662,836,797	479,790,649
Deferred tax (assets) liability, net	$ (20,255,671)	$ 59,982,144	$ 136,758,646

d. The balances of deferred tax (assets) liabilities presented in the statement of financial position are as follows:

	2018	2017	2016
Deferred tax assets	$ (144,374,898)	$ (120,925,764)	$ (28,321,784)
Deferred tax liabilities	124,119,227	180,907,908	165,080,430
Deferred tax (assets), net	$ (20,255,671)	$ 59,982,144	$ 136,758,646

e. The changes in net deferred tax liability (asset) for the year are as follows:

	2018	2017	2016
Beginning balance	$ 59,982,144	$ 136,758,646	$ 112,678,316
Income tax applied to results	(57,031,047)	(60,933,786)	24,080,330
Effect of adoption for IFRS 9	5,759,873	-	-
Other comprehensive income	(28,966,641)	-	-
Deferred asset acquisition	-	(15,842,716)	-
Final balance	$ (20,255,671)	$ 59,982,144	$ 136,758,646

f. The benefits of restated tax loss carryforwards for which the deferred ISR asset has been recognized, can be recovered subject to certain conditions. Expiration dates and restated amounts as of December 31, 2018, are:

Year of Expiration	Tax loss carryforwards
2023	$ 2,183,539
2024	36,653,489
2025	40,991,328
2026	20,217,231
	$ 100,045,587

27. Subsequent events.

On January 9, 2019, a purchase-sale agreement was signed for the acquisition of 100% of the shares of Mexarrend, S.A. of C.V. and Compañía Mexicana de arrendamientos S.A. of C.V. whose main activity is the leasing and purchase of equipment, respectively. The purchase agreement establishes a purchase price of $66,217,187, the acquisition referred to qualifies as a business acquisition in accordance with IFRS 3 (Acquisition of business).

28. Commitments and contingencies

a. **Commitments** - The Entity entered into a lease agreement for real estate with Integración Administrativa Save, S. de R.L. de C.V. The total rent agreed amounts to $55,840,351, payable in 48 monthly rents of 1,325,000 per month in year 1, $1,404,500 per month in year 2, $1,488,770 per month in year 3 and $1,578,096 per month in year 4. The contract is for a period of 4 years. The annual rental expense amounts to $15,900,000.

b. **Contingencies** - Some subsidiaries have pending lawsuits in favor of or against them stemming from the normal course of their operations. Such claims involve uncertainties and in some cases, they may be resolved unfavorably for the Entity . Although it is not possible to determine the amounts involved in the pending lawsuits, the Administration considers based on the known elements, any resulting liability would not significantly affect the financial situation or operating results of the Entity or its subsidiaries.

29. Authorization to issue the consolidated financial statements

On April 10, 2019 the issuance of the accompanying consolidated financial statements was authorized by C.P. Adam Peter Jan Wiaktor Rynkiewicz, Chief executive officer of the Entity and by Hector Esquivel Zepeda Chief Financial Officer. Consequently, they do not reflect events that occurred after that date.

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and Subsidiaries

Unaudited Condensed Consolidated Interim Financial Statements as of March 31, 2019 and for the Three-Month Periods Ended March 31, 2019 and 2018

Docuformas, S.A.P.I. de C.V. and Subsidiaries

Unaudited Condensed Consolidated Interim Financial Statements as of March 31, 2019 and for the Three-Month Periods Ended March 31, 2019 and 2018

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Unaudited Condensed Consolidated Interim Statements of Financial Position

As of March 31, 2019 and December 31, 2018
(In Mexican pesos)

Assets	Notes	March 31, 2019	December 31, 2018
Current assets:			
Cash, cash equivalents and funds held in trust	5	$ 930,937,767	$ 1,070,119,926
Capital lease receivables	6	946,382,615	1,070,439,910
Accounts receivable from the sale of equipment	7	100,553,760	118,008,989
Accounts receivable from factoring and cash financing	8	374,633,333	370,459,413
Capital lease receivables ceded to subsidiary trust	9	339,302,243	283,807,582
Recoverable taxes		211,500,008	186,111,824
Other receivables		8,108,051	3,073,952
Due from related parties	18	36,093,289	35,259,998
Prepaid expenses		32,204,733	33,655,935
Total current assets		2,979,715,799	3,170,937,529
Non-current assets:			
Capital lease receivables	6	1,503,976,756	1,129,801,690
Accounts receivable from the sale of equipment	7	438,489,229	458,669,930
Accounts receivable from cash financing	8	722,602,373	701,109,924
Capital lease receivables ceded to subsidiary trust	9	443,195,458	217,419,281
Property, furniture and equipment - Net	10	397,126,221	343,818,462
Investment property - Net	11	891,249,955	723,664,145
Derivative financial instruments	16	2,773,359	74,844,593
Intangible assets and goodwill	13	241,117,539	170,403,205
Other assets – Net	12	58,306,760	54,534,439
Deferred income taxes	21	143,838,942	144,374,898
Total non-current assets		4,842,676,592	4,018,640,567
Total assets		$ 7,822,392,391	$ 7,189,578,096

Liabilities and stockholders' equity	Notes	March 31, 2019	December 31, 2018
Current liabilities:			
Current portion of long-term debt	14	$ 1,021,405,761	$ 688,328,840
Trust certificates - short term	15	105,420,878	-
Trade accounts payable		74,947,089	26,004,556
Due to related parties	18	6,492,104	9,319,806
Income taxes and other taxes payable		51,409,889	48,957,355
Other accounts payable and accrued expenses		797,875,415	517,468,387
Total current liabilities		2,057,551,136	1,290,078,944
Non-current liabilities			
Long-term debt	14	3,708,293,593	3,925,100,927
Trust certificates - long term	15	471,875,014	414,980,092
Deferred income taxes	18	112,571,221	124,119,227
Total non-current liabilities		4,292,739,828	4,464,200,246
Total liabilities		6,350,290,964	5,754,279,190
Stockholders' equity			
Capital stock		42,772,409	42,772,409
Premium on share issuance		1,280,038,183	1,280,038,183
Retained earnings		210,981,992	180,077,143
Accumulated other comprehensive income		(61,691,157)	(67,588,829)
Total stockholders' equity		1,472,101,427	1,435,298,906
Total stockholders' equity and liabilities		$ 7,822,392,391	$ 7,189,578,096

See accompanying notes to the unaudited condensed consolidated interim financial statements.

Docuformas, S.A.P.I. de C.V. and Subsidiaries

Unaudited Condensed Consolidated Interim Statements of Profit or Loss and Comprehensive Income

For the three-month periods ended March 31, 2019 and 2018
(In Mexican pesos)

	Notes	For the three-month periods ended March 31, 2019	March 31, 2018
Revenues:			
Interest		$ 200,801,509	$ 131,225,392
Sales of equipment		70,968,592	153,956,892
Operating lease		55,045,240	38,312,600
Services and supplies		14,795,580	14,332,949
Total revenues		341,610,921	337,827,833
Costs:			
Interest		150,770,671	125,103,389
Sales of equipment		52,428,663	105,638,573
Depreciation of assets under operating leases		23,433,802	4,352,113
Services and supplies		3,712,329	11,631,537
Total costs		230,345,465	246,725,612
Operating expenses (income):			
Selling expenses	20	27,709,677	21,569,052
Administrative expenses	19	42,570,395	31,937,634
Other (income) expenses, net		(13,870,253)	(11,084)
Interest income		(7,771,799)	(6,071,507)
Interest expense		9,399,043	18,648,701
Exchange gain , net		(47,770,334)	(156,188,835)
Valuation of derivative financial instruments	16	68,941,559	54,066,600
Total expenses (income)		79,208,289	(36,049,439)
Income before income tax		32,057,167	127,151,660
Income tax	20	1,152,318	13,475,310
Consolidated net income		30,904,849	113,676,350
Other comprehensive income, net of income tax:			
Items that will be reclassified to results:			
Valuation of derivative financial instruments	16	5,897,672	(92,691,883)
Consolidated comprehensive income for the period		$ 36,802,521	$ 20,984,467

See accompanying notes to the unaudited condensed consolidated interim financial statements.

Docuformas, S.A.P.I. de C.V. and Subsidiaries

Unaudited Condensed Consolidated Interim Statements of Changes in Stockholders' Equity

For the three-month periods ended March 31, 2019 and 2018
(In Mexican pesos)

	Capital stock	Premium on share issuance	Retained earnings	Accumulated other comprehensive income Valuation of derivative financial instruments	Total stockholders' equity
Balances as of January 1, 2018	$ 33,193,153	$ 247,777,210	$ 515,563,390	$ -	$ 796,533,753
Effects of adoption of IFRS 9	-	-	13,439,702	-	13,439,702
Comprehensive income	-	-	113,676,350	(92,691,883)	20,984,467
Balances as of March 31, 2018	$ 33,193,153	$ 247,777,210	$ 642,679,442	$ (92,691,883)	$ 830,957,922
Balances as of January 1, 2019	$ 42,772,409	$ 1,280,038,183	$ 180,077,143	$ (67,588,829)	$ 1,435,298,906
Comprehensive income	-	-	30,904,849	5,897,672	36,802,521
Balances as of March 31, 2019	$ 42,772,409	$ 1,280,038,183	$ 210,981,992	$ (61,691,157)	$ 1,472,101,427

See accompanying notes to the unaudited condensed consolidated interim financial statements.

Docuformas, S.A.P.I. de C.V. and Subsidiaries

Unaudited Condensed Consolidated Interim Statements of Cash Flows

For the three-month periods ended March 31, 2019 and 2018
(In Mexican pesos)

	March 31, 2019	March 31, 2018
Cash flows from operating activities:		
Consolidated net income	$ 30,904,849	$ 127,489,911
Adjustments for:		
Income tax recognized in results	1,152,318	(13,475,310)
Depreciation and amortization	11,553,519	12,894,012
Interest income	(7,771,799)	(6,071,507)
Interest expense	160,169,714	143,752,090
Valuation effects of derivative financial instruments	68,941,559	259,199,020
Unrealized exchange (gain) loss	39,841,432	153,881,742
Movements in working capital:		
(Increase) decrease in:		
Capital lease receivables	(250,117,771)	(838,196,361)
Accounts receivable from the sale of equipment	37,635,930	(161,346,195)
Accounts receivable from factoring and cash financing	(25,666,369)	143,777,973
Capital lease receivables ceded to subsidiary trust	65,991,280	476,855,321
Recoverable taxes	(10,812,149)	(11,453,801)
Other receivables	(5,034,099)	15,396,299
Due from related parties	(833,291)	184,887
Prepaid expenses	1,451,202	168,452
Other assets – Net	4,663,985	(6,267,154)
Derivative financial instruments	9,027,347	(151,711,854)
Increase (decrease) in:		
Trade accounts payable	43,970,746	10,430,102
Due to related parties	(2,827,702)	(58,642,020)
Other taxes payable	2,452,534	(56,500,627)
Other accounts payable and accrued expenses	154,805,736	170,886,783
Interest paid	(160,169,714)	(143,752,090)
Income taxes paid	(12,164,368)	(20,489,913)
Net cash used in by operating activities	157,164,889	47,009,760
Cash flows from investing activities:		
Property and equipment acquisitions	(253,993,380)	(9,535,963)
Intangible assets and goodwill	(2,751,817)	4,146,367
Business acquisition net of cash received	9,379,548	-
Proceeds from disposal of equipment	25,032,311	61,422,547
Interest income	7,771,799	6,071,507
Net cash used in investing activities	(214,561,539)	62,104,458

	March 31, 2019	March 31, 2018
Cash flows from financing activities:		
Loans obtained	322,307,758	151,651,772
Loan payments	(404,093,267)	(773,846,855)
Net cash generated by financing activities	(81,785,509)	(622,195,083)
Net decrease in cash, cash equivalents and funds held in trust	(139,182,159)	(513,080,865)
Cash, cash equivalents and funds held in trust at the beginning of the period	1,070,119,926	1,307,605,904
Cash, cash equivalents and funds held in trust at the end of the period	$ 930,937,767	$ 794,525,039

See accompanying notes to the unaudited condensed consolidated interim financial statements.

Docuformas, S.A.P.I. de C.V. and Subsidiaries

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

As of March 31, 2019 (unaudited) and December 31, 2018 and for the three-month periods ended March 31, 2019 (unaudited) and 2018 (unaudited)
(In Mexican pesos)

1. Activities and significant events

a. ***Activities* -** Docuformas, S.A.P.I. de C.V. and subsidiaries (the Entity) was established on July 23, 1996. Its principal activity is the leasing and financing of equipment to both enterprises as well as individuals carrying out business activities as defined in fiscal law. In addition, the Entity is dedicated to the lease of equipment and real estate, with or without a purchase option, as well as the purchase and sale of equipment and real estate in general and motor vehicles, in addition to providing services related to transportation equipment (renting).

Other income of the Entity consists of i) lease of real estate, ii) non-recourse factoring as a short-term financing model and iii) cash financing, which is based on the provision of liquid resources to customers, which are guaranteed in different ways.

The registered and principal office of the Entity is located at Sierra Gorda No. 42 Piso 5, Col. Lomas de Chapultepec VIII Sección, Del. Miguel Hidalgo, Postal Code 11000, México City.

The Entity is not the direct employer for administrative, operational and executive personnel. Administrative and operating services are provided by independent third parties with whom the Entity enters into service contracts and who assume legal responsibility, together with the Entity, in accordance with the service contract held. The contracts automatically renew and can be cancelled by either party upon one-year notice.

b. ***Significant events***

i. **Acquisition of Mexarrend, S.A. de C.V. and Compañía Mexicana de Arrendamientos, S.A. de C.V. (CIMA)**

On January 9, 2019, a purchase-sale agreement was signed for the acquisition of 100% of the shares of Mexarrend, S.A. of C.V. and Compañía Mexicana de Arrendamientos, S. A. of C.V. whose main activity is the leasing and purchase of equipment, respectively. The purchase agreement establishes a purchase price of $66,217,187. The acquisition referred to qualifies as a business acquisition in accordance with IFRS 3, *Business Combination*s.

ii. **Sale of shares and change in the structure of shareholders of the Entity**

During 2018, the following movements in stockholders' equity were carried out:

1. On February 15, 2018, Aureos Latin American Fund I, L.P. ("Aureos") and Fondo Aureos Colombia, Fondo de Capital Privado, through the Sociedad Administradora Fiduciaria Colombiana de Comercio Exterior, S.A. Fidulcoldex (Fiducoldex), as sellers, and Banco Actinver, S.A., Institución de Banca Múltiple, Grupo Financiero Actinver, solely and exclusively in its capacity as trustee of the irrevocable administration and investment trust number 3279 ("Fideicomiso Alta") as buyer, entered into a share purchase agreement ("SPA I") representing the purchase of 32.07% of the share capital of the Entity.

2. On February 15, 2018, Adam Peter Jan Wiaktor Rynkiewicz ("AW") as seller, and Fideicomiso Alta and Deutsche Bank, México, S.A. Institución de Banca Múltiple, División Fiduciaria acting solely and exclusively in its capacity as trustee of the irrevocable trust number F/1900 ("Abraaj CKD" and jointly with Fideicomiso Alta, the "Buyers"), entered into a share purchase agreement ("SPA II") representing the purchase of 10.69% and 38.48% of the share capital of the Entity, respectively.

3. On May 15, 2018, Abraaj Thames B.V. ("Abraaj ND" and together with the Abraaj CKD, and Fideicomiso Alta, hereinafter the "Buyers") entered into a certain Adhesion Agreement (the "Adhesion Agreement" and together with SPA I and SPA II, the "Share Purchase and Sale Contracts") through which Abraaj ND adhered as a buyer to the SPA II and agreed to acquire 50% of the Abraaj Shares.

4. Simultaneously to these resolutions, the Buyers and AW entered into an amendment agreement to SPA II (the "Amendment to SPA II") by means of which Abraaj ND was granted a term of 15 calendar days beginning from the signing of the agreement, to comply with the obligations set forth in SPA II and, consequently, may perfect the purchase of 19.24% of the total share capital of the Entity under SPA II, that is, 50% of the Abraaj Shares.

5. On August 31, 2018, arising from the execution of SPA I and SPA II, simultaneously with the resolutions for the total reform of the Entity's bylaws and the payment of dividends in the amount of $630,742,402 to AW (the "Closing Resolutions"), AW, Aureos and Fiducoldex, with the appearance of the Entity, entered into the termination agreement between shareholders which was dated January 2008.

6. On August 31, 2018, arising from the conclusion of SPA II, AW and the Buyers, with the appearance of the Entity, entered into a Shareholders Agreement (the "SHA") through which they established the terms of the relationship between the shareholders of the Entity.

After the changes mentioned above, the new share structure of the Entity was distributed as follows:

Shareholder	% ownership
Banco Actinver, S.A. (Fideicomiso 3279)	35.7%
Deutsche Bank México, S.A. (Fideicomiso F-1900)	24.9%
Abraaj Thames B.V.	24.9%
Adam Peter Jan Wiaktor Ryankiewics	14.5%

iii. **Credit facilities and issuance of Securitized Certificates (Cebures)**

The Entity entered into a simple credit facility for $ 787.5 million of pesos, with Credit Suisse, due in 2024. The Entity also issued four different tranches of Cebures for a total amount of $ 513 million pesos and entered into a financing arrangement with Responsibility Management Company, S.A. for 10.0 million U.S. dollars. The proceeds received from the credit facility, the issuance of the Cebures and the financing were mainly used for investments in leasing equipment.

iv. **Issuance of long-term public debt**

On October 11, 2017, the Entity issued U.S.$150,000,000 of debt in international markets, pursuant to Rule 144A and Regulation S of the U.S. Securities and Exchange Commission, including placement of the notes on the Singapore Exchange Securities Trading Limited Market. The Entity subsequently repurchased $8,500,000 of debt through securities placed with Casa de Bolsa Ve por Más. The debt accrues interest at a fixed rate of 9.25% annually, with semi-annual interest due on October 11, 2022. The proceeds received were used to pay certain liabilities and finance the operation of the Entity.

2. Application of new and revised International Financial Reporting Standards

a. ***Application of new and revised International Financing Reporting Standards ("IFRS") and interpretations that are mandatorily effective for the current year***

In the current year, the Entity has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after January 1, 2019.

IFRS 16 ***Leases***

The Entity has implemented IFRS 16 for the first time in the current period. See Note 3c.

Amendments to IFRS 9 Prepayment Features with Negative Compensation

The amendments to IFRS 9 clarify that for the purpose of assessing whether a prepayment feature meets the "solely payments of principal and "interest" (SPPI) condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, prepayment features with negative compensation do not automatically fail SPPI.

The amendment applies to annual periods beginning on or after 1 January 2018, with earlier application permitted. There are specific transition provisions depending on when the amendments are first applied, relative to the initial application of IFRS 9.

The application of the amendments did not have an impact on the Entity's consolidated financial statements.

Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures

The amendment clarifies that IFRS 9, including its impairment requirements, applies to long-term interests. Furthermore, in applying IFRS 9 to long-term interests, an entity does not take into account adjustments to their carrying amount required by IAS 28 (i.e., adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with IAS 28).

The amendments apply retrospectively to annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted. Specific transition provisions apply depending on whether the first-time application of the amendments coincides with that of IFRS 9.

The application of the amendments did not have an impact on the Entity's consolidated financial statements.

Annual Improvements to IFRS Standards 2015–2017 Cycle Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs

The *Annual Improvements* include amendments to four Standards.

IAS 12 *Income Taxes*

The amendments clarify that an entity should recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits.

IAS 23 *Borrowing Costs*

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalization rate on general borrowings.

IFRS 3 *Business Combinations*

The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, the entity applies the requirements for a business combination achieved in stages, including remeasuring its previously held interest (PHI) in the joint operation at fair value. The PHI to be remeasured includes any unrecognized assets, liabilities and goodwill relating to the joint operation.

IFRS 11 *Joint Arrangements*

The amendments to IFRS 11 clarify that when a party that participates in, but does not have joint control of, a joint operation that is a business obtains joint control of such a joint operation, the entity does not remeasure its PHI in the joint operation.

All the amendments are effective for annual periods beginning on or after 1 January 2019 and generally require prospective application. Earlier application is permitted.

The application of the amendments did not have an impact on the Entity's consolidated financial statements.

IFRS 10 Consolidated Financial Statements and IAS 28 (amendments) *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognized in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognized in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted.

The application of the amendments did not have an impact on the Entity's consolidated financial statements.

IFRIC 23 *Uncertainty over Income Tax Treatments*

IFRIC 23 sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The Interpretation requires an entity to:

- Determine whether uncertain tax positions are assessed separately or as an entity; and
- Assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings:
    - If yes, the entity should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings.
    - If no, the entity should reflect the effect of uncertainty in determining its accounting tax position.

The Interpretation is effective for annual periods beginning on or after 1 January 2019. Entities can apply the Interpretation with either full retrospective application or modified retrospective application without restatement of comparatives retrospectively or prospectively.

The application of the amendments did not have an impact on the Entity's consolidated financial statements.

3. Significant accounting polices

a. *Basis of preparation*

The accompanying condensed consolidated interim financial statements as of March 31, 2019 and for the three-month ended March 31, 2019 and March 31, 2018 have not been audited. They have been prepared in accordance with International Accounting Standard (IAS or IFRS when referring to the comprehensive set of International Financial Reporting Standards) 34, *Interim Financial Reporting*. The Entity has included all adjustments (consisting mainly of ordinary, recurring adjustments) considered necessary for the fair presentation of the accompanying unaudited condensed consolidated interim financial statements. The results of operations for the periods presented are not necessarily indicative of results for the full year.

These unaudited condensed consolidated interim financial statements do not include all of the information required in a complete set of annual consolidated financial statements, and should be read in conjunction with Entity's consolidated financial statements as of and for the year ended December 31, 2018.

The unaudited condensed consolidated interim financial statements have been prepared on the historical cost basis except for derivative financial instruments that are measured at fair values at the end of each reporting period.

b. *Basis of consolidation*

The consolidated financial statements incorporate the financial statements of the Entity and its subsidiaries controlled by it. Control is achieved when the Entity:

- Has power on over the investee.
- Is exposed or has rights, to variable returns from its involvement with that entity or,
- It has the ability to use its power to affect those returns.

The shareholding of the Entity in the capital stock of the subsidiaries as of March 31, 2019 and December 31, 2018, is shown below:

		% of ownership December 31,		
Subsidiaries	**Country of incorporation and operations**	**March 31, 2019**	**December 31, 2018**	**Activities**
Analistas de Recursos Globales, S.A.P.I. de C.V.	Mexico	100	100	Leasing and purchase/sale of properties and vehicles.
ARG Fleet Management, S.A.P.I. de C.V.	Mexico	100	100	Provides complete fleet management services.
Rentas y Remolques de México, S.A. de C.V.	Mexico	100	100	Provides rental service for ground transportation trailers.

Subsidiaries	Country of incorporation and operations	% of ownership December 31, March 31, 2019	December 31, 2018	Activities
Irrevocable Trust Administration and Payment issue No. 1029 (The Bank of New York Mellon, S.A. Multiple Banking Institution, Trust Division)	Mexico	100	100	The main purposes of the 2012Trust is the acquisition of trust rights and to carry out a placement of Trust Certificates (CBF's) among the investing public.
Irrevocable Trust Administration and Payment issue No. 2613 (CI Banco, S.A. Múltiple Banking Institution, Trust Division before The Bank of New York Mellon)	México	100	100	The main purpose of the Trust is the acquisition of trust rights and to carry out a placement of Trust Certificates (CBFs) among the investing public.
Inversiones y Colocaciones Inmobiliarias S.A.P.I. de C.V.	México	100	100	Provides lease of properties.
IRASA Internacional, S.A. de C.V.	México	100	100	Leasing and purchase/sale of equipment.
MEXARREND S.A. de C.V.	México	100	-	Leasing and purchase/sale of equipment.
Compañía Mexicana de Arrendamientos, S.A. de C.V.	México	100	-	Leasing and purchase/sale of equipment.

c. ***Significant accounting policies*** - For other significant accounting policies, the Entity has applied the same accounting policies and methods of computation in the preparation of these unaudited condensed consolidated interim financial statements as those applied in the consolidated financial statements for the year ended December 31, 2018, except as outlined below.

IFRS 16 – *Leases*

Effective January 1, 2019, the Entity has adopted IFRS 16, Leases. IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements for both lessors and lessees. IFRS 16 superseded the lease guidance including IAS 17 Leases and the related Interpretations.

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17.

Impact of the new definition of a lease

The Entity made use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to apply to those leases entered or modified before 1 January 2019.

The change in definition of a lease mainly relates to the concept of control. IFRS 16 distinguishes between leases and service contracts on the basis of whether the use of an identified asset is controlled by the customer. Control is considered to exist if the customer has:

- The right to obtain substantially all of the economic benefits from the use of an identified asset; and

- The right to direct the use of that asset.

The Entity applied the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or modified on or after 1 January 2019 (whether it is a lessor or a lessee in the lease contract). The application of IFRS 16 resulted in the recording of an asset of right of use and a liability of debt related to the lease amounted to $55,840,351 at day 1.

Under IFRS 16, the Entity's accounting policy for financial instruments is as follows:

At inception of a contract, an Entity assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Entity assesses whether:

- The contract involves the use of an identified assets – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

- The Entity has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

- The Entity has the right to direct the use of the asset. The Entity has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In some circumstances where the decision about how and for what purpose the asset is used is predetermined, the Entity has the right to direct the use of the asset if either:

- The Entity has the right to operate the asset; or

- The Entity designed the asset in a way that predetermines how and for what purpose it will be used

At the inception or on reassessment of a contract that contains a lease component, the Entity allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

The Entity as a lessee

The Entity recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct cost incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Entity incremental borrowing rate. Generally, the group uses its incremental borrowing rate as the discount rate. Subsequently, the lease liability is adjusted for interest and payments, as well as for the impact of the lease modifications, among others.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if the group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-the-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

4. Critical accounting judgments and key sources of estimation uncertainty

The Entity has applied the same accounting judgements and key sources of estimation uncertainties in the preparation of these unaudited condensed consolidated interim financial statements as those applied in the consolidated financial statements for the year ended December 31, 2018 except for IFRS 16 Leases, for which the relevant changes were included in the accompanying financial statements.

5. Cash, cash equivalents and funds held in trust

	March 31, 2019	December 31, 2018
Cash and bank deposits (1)	$ 348,255,887	$ 551,421,594
Cash equivalents (1)	376,466,168	374,252,792
Funds held in Trust (2)	206,215,712	144,445,540
	$ 930,937,767	$ 1,070,119,926

6. Capital lease receivables

The Entity has capital leases related to transportation, medical and photocopying equipment containing monthly installments with maturities of 12-60 months. All leases are denominated in the Entity's functional currency which is the Mexican peso.

	March 31, 2019	December 31, 2018
Current:		
Net capital lease receivables	$ 946,382,615	$ 1,070,439,910
Long-term:		
Net capital lease receivables	1,503,976,756	1,129,801,690
Total	$ 2,450,359,371	$ 2,200,241,600
Invoiced accounts receivable	$ 442,531,349	$ 407,726,602
Future minimum lease payments	2,929,284,599	2,452,478,285
Total future minimum lease payments	3,371,815,948	2,860,204,887
Less: Unearned financial income	809,507,249	554,658,772
Net present value of the minimum lease payments	2,562,308,698	2,305,546,115
Reserve for uncollectible accounts	(111,949,328)	(105,304,515)
Total net capital lease receivables	2,450,359,370	2,200,241,600
Less: Net current capital lease receivables	946,382,615	1,070,439,910
Net long-term capital lease receivables	$ 1,503,976,755	$ 1,129,801,690

Lease agreements

The rate of interest inherent in the lease contracts is fixed at the contract date considering the term of the lease. The average annual effective interest rate contracted as of March 31, 2019 and December 31, 2018 was approximately 31% and 32%, respectively.

The minimum lease payments for the following five years, established in the lease contracts are as follows:

	Present value of minimum lease payments		Minimum lease payments	
	March 31, 2019	**December 31, 2018**	**March 31, 2019**	**December 31, 2018**
2019	$ 1,033,549,889	$ 1,175,744,425	$ 1,291,738,287	$ 1,213,924,760
2020	605,848,047	460,845,381	907,018,292	618,987,004
2021	468,583,997	465,158,563	598,264,006	542,560,959
2022	320,233,753	203,797,746	399,057,317	484,732,164
2023 and after	134,093,012	-	175,738,046	-
	$ 2,562,308,698	$ 2,305,546,115	$ 3,371,815,948	$ 2,860,204,887

a. ***Amount invoiced***

The average collection period is 30 days. No interest charges are made on amounts invoiced for the first 60 days after billing. After that date, interest of 54% per annum on the outstanding balance will be charged. The Entity generally recognizes an allowance for doubtful accounts for 100% of all amounts invoiced aged 120 days or more, as based on its experience receivables overdue more than 120 days are generally difficult to recover, except for certain cases in which the administration has additional documentation that supports that such amounts will be recoverable in the near future. For accounts receivable which are outstanding between 60 and 120 days, an allowance for doubtful accounts is recognized based on unrecoverable amounts determined by experiences of non-compliance by the counterparty and an analysis of their current financial position.

The accounts receivable disclosed in the following paragraph include the amounts that are past due at the end of the reporting period (see aging analysis below), but for which the Entity has not recognized any estimate for uncollectible accounts as there has been no significant change in the credit quality and the amounts (which include accrued interest after the accounts are 60 days old) are still considered recoverable:

Age of receivables past due, but not uncollectible:

	March 31, 2019	December 31, 2018
1-30 days	$ 212,573,179	$ 117,636,409
31-60 days	77,547,311	118,621,922
61-90 days	45,917,216	17,562,524
More than 90 days	106,493,643	153,905,747
Total	$ 442,531,349	$ 407,726,602

The following table shows the movement of the expected credit losses (ECL) which has been recognized based on IFRS 9.

Capital lease receivables – allowance for uncollectible accounts	March 31, 2019	December 31, 2018
Balance as of January 1, under IAS 39	$ 105,304,515	$ 164,209,296
Adjustment from application of IFRS 9	-	(64,540,390)

	March 31, 2019	December 31, 2018
Balance as of January 1	$ 105,304,515	$ 99,668,906
Applications to the reserve	(5,355,187)	(36,169,704)
Increase due to impairment	12,000,000	41,805,313
Balance as of March 31, 2019 / December 31, 2018	$ 111,949,328	$ 105,304,515

March 31, 2019	<30	Accounts receivable – past due 31 - 90	90 and beyond	Total
ECL rate	0.56%	17.96%	83.18%	
Estimated gross carrying amount in default	212,573,179	123,464,527	106,493,643	442,531,349
Impairment determined under IFRS 9	1,194,965	22,173,300	88,581,063	111,949,328
Life of ECL	60 months	60 months	60 months	

January 1, 2019	<30	Accounts receivable – past due 31 - 90	90 and beyond	Total
ECL rate	0.69%	1.50%	57.33%	
Estimated gross carrying amount in default	117,636,409	136,184,446	153,905,747	407,726,602
Impairment determined under IFRS 9	(1,124,037)	(20,857,192)	(83,323,286)	(105,304,515)
Life of ECL	60 months	60 months	60 months	

For the determination of the estimation of doubtful accounts, the Entity performs an analysis of aging and assigns an estimate of loss based on experience. This first analysis gives an indication of amount of deterioration; subsequently, an analysis of the financial situation of clients is performed to determine which are the accounts that present an impairment according to the expected credit loss model, over which a reserve is recorded.

7. Accounts receivable from the sale of equipment

The Entity has equipment sales contracts which contain a financing component, thereby accruing interest, with maturities from 12 to 60 months. All equipment sales contracts are denominated in their functional currency, which is the Mexican peso.

	March 31, 2019	December 31, 2018
Short term:		
Accounts receivable from the sale of equipment	$ 100,553,760	$ 118,008,989
Long term:		
Accounts receivable from the sale of equipment	438,489,229	458,669,930
Total	$ 539,042,989	$ 576,678,919

	March 31, 2019	December 31, 2018
Future minimum payments from equipment sales contracts	$ 705,802,610	$ 754,392,891
Less: Unearned financial income	(137,267,282)	(149,721,633)
Net present value of minimum payments	568,535,328	604,671,258
Expected credit loss estimate	(29,492,339)	(27,992,339)
Net accounts receivable from the sale of equipment	539,042,989	576,678,919
Less: Short term accounts receivable from the sale of equipment	100,553,760	118,008,989
Long term accounts receivable from the sale of equipment	$ 438,489,229	$ 458,669,930

Equipment sales agreements

The interest rate inherent to equipment sales contracts is set at the date of the contract considering the duration of the equipment sales contract. The average annual effective interest rate as of March 31, 2019 and December 31, 2018, is approximately 29% and 32%, respectively.

The minimum payments for the following five years, established in equipment sales contracts are as follows:

	Present value of minimum payments of equipment sale		Minimum payments of equipment sale	
	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
2019	$ 131,766,922	$ 146,001,328	$ 172,377,648	$ 203,638,054
2020	127,134,916	152,995,807	169,508,216	194,904,052
2021	112,260,027	117,783,595	139,439,247	144,282,012
2022	101,348,244	95,383,801	119,445,966	110,838,581
2023 and beyond	96,025,219	92,506,727	105,031,533	100,730,192
	$ 568,535,328	$ 604,671,258	$ 705,802,610	$ 754,392,891

Accounts receivable from clients

The average payment deadline on billing is 30 days. No interest charges are made on accounts receivable from customers for the first 30 days after billing. After that date, interest of 54% per annum is charged on the outstanding balance. The Entity has recognized an allowance for doubtful accounts for 100% of all accounts receivable with an age of 120 days or more, due to the fact that, due to experience, accounts receivable due more than 120 days are difficult to recover, except in some cases, where administration has additional documentation that supports that these accounts will be collectible in the near future. For accounts receivable that are between 60 and 120 days old, an allowance is recognized for doubtful accounts based on irrecoverable amounts determined by experiences of default of the counterparty and an analysis of their current financial situation.

The accounts receivable from customers disclosed in the following paragraph include the amounts that are past due at the end of the reporting period (see aging analysis below), but for which the Entity has not recognized any estimate for uncollectible accounts as there has been no significant change in the credit quality and the amounts (which include accrued interest after the accounts are 60 days old) are still considered recoverable.

Aging of receivables past due, but not uncollectible:

	March 31, 2019	December 31, 2018
1-30 days	$ 10,079,172	$ 10,632,038
31-60 days	8,107,555	8,615,893
61-90 days	3,581,750	3,692,526
More than 90 days	13,631,876	13,910,078
Total	$ 35,400,353	$ 36,850,535

The following table shows the movement of the ECL which has been recognized based on IFRS 9.

Equipment sale – allowance for uncollectible accounts	March 31, 2019	December 31, 2018
Balance as of January 1 under IAS 39	$ 27,992,339	$ -
Adjustment from application of IFRS 9	-	26,494,266
Balance as of January 1	27,992,339	26,494,266
Increase due to impairment	1,500,000	1,498,073
Balance as of March 31, 2019 and December 31, 2018	$ 29,492,339	$ 27,992,339

March 31, 2019	Accounts receivable – due dates <30	31 - 90	90 and beyond	Total
ECL rate	84.42%	84.27%	81.67%	
Estimated carrying amount in default	10,079,172	11,689,305	13,631,876	35,400,353
Impairment determined IFRS 9	8,509,067	9,850,714	11,132,558	29,492,339
Life of ECL	60 months	60 months	60 months	

January 1, 2019	Accounts receivables – due date <30	31 - 90	90 and beyond	Total
ECL rate	0.69%	1.50%	57.33%	-
Estimated carrying amount in default	10,632,038	12,308,419	13,910,078	36,850,535
Impairment determined IFRS 9	(8,076,290)	(9,349,700)	(10,566,349)	(27,992,339)
Life of ECL	60 months	60 months	60 months	-

For the determination of the estimation of doubtful accounts, the Entity performs an analysis of aging and assigns an estimate of loss based on experience. This first analysis gives an indication of amount of deterioration; subsequently, an analysis of the financial situation of clients is performed to determine which are the accounts that present an impairment according to the expected credit loss model, over which a reserve is recorded.

8. Accounts receivable from factoring and cash financing

The Entity has factoring operations and cash loans. Factoring represents amounts loaned based on underlying invoices; cash financing refers to cash loans to clients that are guaranteed in various manners.

	March 31, 2019	December 31, 2018
Factoring	$ 5,599,836	$ 767,158
Cash financing	1,091,635,870	1,090,558,820
Total accounts receivable	$ 1,097,235,706	$ 1,091,325,978
Short term:		
Accounts receivable from factoring and cash financing	$ 374,633,333	$ 370,459,413
Long term:		
Accounts receivable from factoring and cash financing	722,602,373	701,109,924
Total	$ 1,097,235,706	$ 1,071,569,337

	March 31, 2019	December 31, 2018
Future minimum payments of equipment sales contracts	$ 1,286,912,575	$ 1,410,894,332
Less: Unearned financial income	168,420,228	319,568,354
Net present value of minimum payments for factoring and cash financing	1,118,492,347	1,091,325,978

	March 31, 2019	December 31, 2018
Estimation for doubtful accounts	(21,256,641)	(19,756,641)
Accounts receivable net from factoring and cash financing	1,097,235,706	1,071,569,337
Less: Current portion of accounts receivable	374,633,333	370,459,413
Accounts receivable from cash financing and factoring – long-term	$ 722,602,373	$ 701,109,924

The accounts receivable for factoring are maintained in terms of 30 days and those related to cash loans terms are from 12 and up to 48 months with average interest rates of 32% per year.

Future minimum payments of factoring and cash financing for the following 5 years, established in the contracts are as follows:

	Present value of minimum payments from factoring and cash financing		Minimum payments from factoring and cash financing	
	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
2019	$ 353,918,680	$ 390,216,054	$ 513,865,030	$ 536,497,142
2020	214,794,360	233,059,146	322,103,144	323,259,027
2021	167,635,617	170,180,822	193,261,886	216,706,203
2022	165,757,217	167,676,289	167,493,635	189,640,235
2023 and after	216,386,473	130,193,667	90,188,880	144,791,725
	$1,118,492,347	$1,091,325,978	$1,286,912,575	$1,410,894,332

Accounts receivable from clients

The average payment deadline on billing is 30 days. No interest charges are made on accounts receivable from customers for the first 30 days after billing. After that date, interest of 54% per annum is charged on the outstanding balance. The Entity has recognized an allowance for doubtful accounts for 100% of all accounts receivable with an age of 120 days or more, due to the fact that, due to experience, accounts receivable due more than 120 days are difficult to recover, except in some cases, the administration has additional documentation that supports that these accounts will be collectible in the near future. For accounts receivable that are between 60 and 120 days old, an allowance is recognized for doubtful accounts based on irrecoverable amounts determined by experiences of default of the counterparty and an analysis of their current financial situation.

The accounts receivable from customers disclosed in the following paragraph include the amounts that are due at the end of the reporting period (see aging analysis below), but for which the Entity has not recognized any estimate for uncollectible accounts as there has been no significant change in the credit quality and the amounts (which include accrued interest after the accounts are 60 days old) are still considered recoverable.

Aging of receivables past due, but not uncollectible:

	March 31, 2019	December 31, 2018
1-30 days	$ 12,397,811	$ 10,818,379
31-60 days	8,730,989	5,520,410
61-90 days	4,476,793	3,680,274
More than 90 days	34,854,385	28,990,530
Total	$ 60,459,978	$ 49,009,593

The following table shows the movement of the ECL which has been recognized based on IFRS 9.

Cash financing and factoring – allowance for uncollectible accounts	March 31, 2019	December 31, 2018
Balance as of January 1 under IAS 39	$ 19,756,641	$ -
Adjustment from application of IFRS 9	-	18,846,549
Balance as of January 1	19,756,641	18,846,549
Increase due to impairment	1,500,000	910,092
Balance as of March 31, 2019 and December 31, 2018	$ 21,256,641	$ 19,756,641

		Accounts receivable– due dates		
March 31, 2019	**<30**	**31 - 90**	**90 and beyond**	**Total**
ECL rate	1.07%	72.95%	32.96%	
Estimated gross carrying amount in default	12,397,811	13,207,782	34,854,385	60,459,978
Impairment determined IFRS 9	132,797	9,635,471	11,488,373	21,256,641
Life of ECL	48 months	48 months	48 months	

		Accounts receivable– due dates		
January 1, 2019	**<30**	**31 - 90**	**90 and beyond**	**Total**
ECL rate	0.72%	1.34%	30.89%	-
Estimated gross carrying amount in default	10,818,379	9,200,684	28,990,530	49,009,593
Impairment determined IFRS 9	(123,426)	(8,955,533)	(10,677,682)	(19,756,641)
Life of ECL	48 months	48 months	48 months	-

As mentioned above, for the determination of the estimation of doubtful accounts, the Entity performs an analysis of aging and assigns an estimate of loss based on experience. This first analysis gives an indication of amount of deterioration; subsequently, an analysis of the financial situation of clients is performed to determine which are the accounts that present an impairment according to the expected credit loss model, over which a reserve is recorded.

9. Capital lease receivables ceded to subsidiary trust

This account corresponds to capital lease receivables held in Trust, generally represented by receivables from future rental payments, purchase options, residual values, monthly payments and any other amounts payable by tenants arising from lease contracts transferred to and acquired by the Trust.

The collection rights in trusts stemming from capital lease receivables are as follows:

	March 31, 2019	December 31, 2018
Current:		
Capital lease receivables ceded to subsidiary trust	$ 339,302,243	$ 283,807,582
Long-term:		
Capital lease receivables ceded to subsidiary trust	443,195,458	217,419,281
Total	$ 782,497,701	$ 501,226,863

Accounts receivables ceded to subsidiary trust at the end of the reporting period are not past due or impaired.

	March 31, 2019	December 31, 2018
Minimum lease contracts payments	$ 965,558,409	$ 599,615,859
Unearned financial income	(183,060,708)	(98,388,996)
Present value of minimum payments	$ 782,497,701	$ 501,226,863

The minimum collections for the following five years, established in the lease contracts are as follows:

	Present value of minimum lease contracts payments		Future value of minimum lease contracts payments	
	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
2019	$334,904,790	$283,807,582	$ 458,603,335	$341,720,639
2020	209,082,648	103,159,610	237,008,915	130,705,006
2021	174,323,958	81,136,015	170,761,703	89,186,877
2022	64,186,305	33,123,656	99,184,456	38,003,337
	$782,497,701	$501,226,863	$ 965,558,409	$599,615,859

10. Property, furniture and equipment

a. As of March 31, 2019 and December 31, 2018, property, furniture and equipment are as follows:

	March 31, 2019	December 31, 2018
Investment:	$ 477,727,522	$ 418,110,602
Accumulated depreciation	(80,601,301)	(74,292,140)
	$ 397,126,221	$ 343,818,462

	Balance as of January 1, 2019	Additions from business combination	Additions	Disposals	Balance as of March 31, 2019
Investment:					
Property	$ 49,453,058	$ 3,236,900	$ -	$ -	$ 52,689,958
Furniture and office equipment	56,606,554	745,085	2,400,000	(57,270)	59,694,369
Transportation equipment	239,179,454	204,310	-	(4,482,358)	234,901,406
Computer equipment	5,292,734	1,729,902	-	-	7,022,636
Leasehold improvements	67,578,802	-	-	-	67,578,802
Assets with rights of use	-	-	55,840,351	-	55,840,351
Total	418,110,602	5,916,197	58,240,351	(4,539,628)	477,727,522
Depreciation:					
Property	(308,163)	-	-	-	(308,163)
Furniture and office equipment	(3,411,316)	(584,970)	(539,027)	57,270	(4,478,043)
Transport equipment	(51,837,999)	(204,310)	(3,822)	204,310	(51,841,821)
Computer equipment	(5,090,837)	(1,640,897)	(36,455)	-	(6,768,189)
Leasehold improvements	(13,643,825)	-	(71,238)	-	(13,715,063)
Assets with rights of use	-	-	(3,490,022)	-	(3,490,022)
Total	(74,292,140)	(2,430,177)	(4,140,564)	261,580	(80,601,301)
Total investment	$ 343,818,462	$ 3,486,020	$ 54,099,787	$ (4,278,048)	$ 397,126,221

	Balance as of January 1, 2018	Additions	Disposals	Balance as of December 31, 2018
Investment:				
Property	$ 13,211,132	$ 36,241,926	$ -	$ 49,453,058
Furniture and office equipment	73,973,619	-	(17,367,065)	56,606,554
Transportation equipment	268,832,019	14,591,688	(44,244,253)	239,179,454
Computer equipment	5,292,734	-	-	5,292,734
Leasehold improvements	67,578,802	-	-	67,578,802
Total	428,888,306	50,833,614	(61,611,318)	418,110,602
Depreciation:				
Property	(39,222)	(268,941)	-	(308,163)
Furniture and office equipment	(3,118,344)	(292,972)	-	(3,411,316)
Transport equipment	(40,171,811)	(30,311,541)	18,645,353	(51,837,999)
Computer equipment	(4,694,908)	(395,929)	-	(5,090,837)
Leasehold improvements	(10,265,869)	(3,377,956)	-	(13,643,825)
Total	(58,290,154)	(34,647,339)	18,645,353	(74,292,140)
Total investment	$ 370,598,152	$ 16,186,275	$ (42,965,965)	$ 343,818,462

The following useful lives are used in the calculation of depreciation:

Properties	20 and 30 years
Furniture and office equipment	10 years
Transportation equipment	4 years
Computer equipment	3 years
Leasehold improvements	10 years

The category of properties consists of real estate, certain of which are held by the Entity to earn rentals and are recognized at depreciated cost. The Entity has granted loans as collateral for some of its properties (see Note 10.

11. Investment property

a. As of March 31, 2019 and December 31, 2018, investment properties are integrated as follows:

	March 31, 2019	December 31, 2018
Investment:	$ 933,049,117	$ 760,218,948
Accumulated depreciation	(41,799,162)	(36,554,803)
Net investment	$ 891,249,955	$ 723,664,145
Fair value	$ 915,201,505	$ 727,524,000

	Balance as of January 1, 2019	Additions	Disposals	Balance as of March 31, 2019
Investment:				
Land	$ 304,295,675	$ 178,315,313	$ 20,492,683	$ 462,118,305
Buildings	455,923,273	15,007,539	-	470,930,812
	760,218,948	193,322,852	20,492,683	933,049,117
Depreciation:				
Buildings	(36,554,803)	(5,244,359)	-	(41,799,162)
Net investment	$ 723,664,145	$ 188,078,493	$ 20,492,683	$ 891,249,955

	Balance as of January 1, 2018	Additions	Disposals	Balance as of December 31, 2018
Investment:				
Land	$ 225,934,828	$ 78,360,847	$ -	$304,295,675
Buildings	303,211,277	152,711,996	-	455,923,273
	529,146,105	231,072,843	-	760,218,948
Depreciation:				
Buildings	(19,302,036)	(17,252,767)	-	(36,554,803)
Net investment	$ 509,844,069	$ 213,820,076	$ -	$723,664,145

Additions during three-month period of 2019 corresponds mainly to one industrial facility.

The following useful lives are used in the calculation of depreciation:

Buildings	20 and 30 years

All the investment properties of the Entity are kept under the interests of absolute domain.

There has been no change in the valuation technique during the year with respect to the disclosure of fair value.

The estimate of the fair value of the properties considered that the highest and best use of the properties is their current use.

The properties are integrated by real estate, which the Entity maintains to obtain income and are recognized at depreciated cost. The Entity has granted part of its properties as a guarantee of certain of its loans.

12. Other assets

Other assets consist of the following:

	March 31, 2019	December 31, 2018
Security deposits	$ 45,006,202	$ 42,109,300
Development expenses of portfolio system and others	13,300,558	12,425,139
	$ 58,306,760	$ 54,534,439

13. Intangible assets and goodwill from business combinations

The intangibles from the business acquisition as of March 31, 2019 and December 31, 2018 is as follows:

	March 31, 2019	December 31, 2018
Intangible asset - Client list	$ 66,200,000	$ 66,200,000
Goodwill from other business	2,925,617	2,925,618
Goodwill from ARG	50,206,121	50,206,121
Goodwill from ICI	48,199,040	48,199,040
Goodwill from MEXARREND and CIMA	67,962,517	-
	$ 235,493,295	$ 167,530,779

	March 31, 2019	December 31, 2018
Cost:		
Software licenses	$ 14,573,590	$ 10,164,318
Accumulated amortization:		
Software licenses	(8,949,346)	(7,291,892)
	5,624,244	2,872,426
	$ 241,117,539	$ 170,403,205

a. ***MEXARREND and CIMA*** **–** On January 9, 2019, Docuformas, S.A.P.I. de C.V. acquired Mexarrend, S.A. de C.V. (“MEXARREND”) and Compañía Mexicana de Arrendamientos, S.A. de C.V. (“CIMA”), which was recorded using the acquisition method:

Name of the entity	Principal activity	Acquisition date	Proportion of shares acquired
Mexarrend, S.A. de C.V.	Lease and purchase of equipment.	January 9, 2019	100%
Compañía Mexicana de Arrendamientos, S.A. de C.V.	Lease and purchase of equipment.	January 9, 2019	100%

b. The above subsidiaries were acquired for further expansion activities of the Entity in different types of leased equipment.

c. ***Consideration transferred***

	Amount
Cash	$ 66,217,187
Plus: net excess of liabilities over net assets acquired	1,745,330
Goodwill acquired	$ 67,962,517

d. ***Assets acquired and liabilities assumed at the acquisition date***

		Mexarrend, S.A. de C.V. and Compañía Mexicana de Arrendamientos, S.A. de C.V.
Assets:		
Current		
Cash and cash equivalents	$	75,596,735
Capital lease receivables ceded to subsidiary trust		86,815,530
Recoverable taxes		14,576,035
Non-current		
Property, furniture and equipment		3,486,020
Capital lease receivables ceded to subsidiary trust		260,446,589
Other assets		8,436,305
Total assets		449,357,214
Liabilities:		
Short term		
Current portion of debt		68,657,013
Trust certificates		196,129,504
Accounts payable		57,988,597
Creditors and other accounts payable		40,429,676
Taxes payable		4,971,787
Long term		
Debt		23,632,971
Time deposits		27,183,019
Trust certificates		32,109,977
Total liabilities		451,102,544
Excess of liabilities over net assets acquired	$	(1,745,330)

The amounts included herein for the initial recognition of the acquisition of MEXARREND and CIMA have been determined on a provisional basis. For both accounting and tax purposes, net assets acquired must be recognized at their fair value. As of March 31, 2019, the necessary fair value and other calculations have not been completed and therefore the amounts above have been determined provisionally based on the best estimates of management of the likely fair values. Accordingly, the amounts herein are subject to change during the measurement period, which may not exceed 12 months from the date of acquisition.

e. ***Goodwill determined from the acquisition of Mexarrend and CIMA***

		Amount
Cash	$	66,217,187
Less: excess of liabilities over net assets acquired		1,745,330
Goodwill acquired	$	67,962,517

The goodwill arising on the acquisition of Mexarrend and CIMA represents the control premium. In addition, the consideration paid for the acquisition effectively included amounts in relation to the benefits of expected synergies, revenue growth, future market development and the labor force that (*Mexarrend and CIMA)* has developed. These benefits are not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

It is not expected that the goodwill that arose from the acquisition is deductible for tax purposes.

f. ***Net cash flows from the acquisition***

	Amount
Consideration paid in cash	$ 66,217,187
Less: cash balances and cash equivalents acquired	(75,596,735)
	$ (9,379,548)

g. ***Impact of acquisition on the Entity's results***

Profit for the full three-month ended March 31, 2019 does not include revenues, costs or expenses attributable to acquired business of MEXARREND and CIMA due to fact that the acquisition date was January 9, 2019.

If the acquisition had been made on January 1, 2019, there is no material impact in revenues and net income from continuing operations since results from January 1 to January 9 of 2019 are immaterial.

In determining revenues and pro forma profit of the Entity, in case that they were acquired at the beginning of the current reporting period under review, the administration would:

- Calculate depreciation of machinery and equipment acquired based on their fair value on initial recognition for a business combination, rather than the carrying amounts recognized in the pre-acquisition financial statements; and.

- Base borrowing costs on the funding levels, credit ratings and liabilities / equity position of the Entity after the business combination.

14. Financing debt

	March 31, 2019	December 31, 2018
Total debt	4,729,699,354	4,613,429,767
Less current portion	1,021,405,761	688,328,840
Long-term debt	$ 3,708,293,593	$ 3,925,100,927
Total debt	$ 4,834,207,378	$ 4,709,861,206
Debt issuance costs	(104,508,024)	(96,431,439)
Debt	$ 4,729,699,354	$ 4,613,429,767

A reconciliation between the opening and closing balances of these items is provided as follows:

	March 31, 2019	December 31, 2018
Beginning balance	$ 4,613,429,767	$ 4,037,452,768
Loans obtained	200,000,000	1,474,486,360
Loans payments	(38,086,832)	(883,016,001)
Exchange gain, net	(45,643,581)	(15,493,360)
Total debt	$ 4,729,699,354	$ 4,613,429,767

As of March 31, 2019 and December 2018, approximately 23% and 24%, respectively, of the debt is guaranteed by capital lease receivables.

15. Trust certificates long term

On February 28, 2017, the 2663 Trust issued CBFs as follows:

Total amount	Certificates	Nominal value per CBF	Ticker symbol	Maturity date
$ 250,000,000	2,500,000 CBFs	$ 100	MEXCB17	February 28, 2021

The 2613 Trust issued CBFs as follows:

Total amount	Certificates	Nominal value per CBF	Ticker symbol	Maturity date
$ 455,500,000	4,555,000 CBFs	$ 100	ARGCB 16	October 24, 2021

As long as the certificates are unpaid, they will accrue annual interest at a rate of TIIE (Interbank Interest Rate) plus 2 points (Annual Gross Interest Rate). This Annual Gross Interest Rate will remain fixed during the term of the issue.

The 1029 Trust issued CBFs as follows:

Total amount	Certificates	Nominal value per CBF	Ticker symbol	Maturity date
$ 550,000,000	5,500,000 CBFs	$ 100	ARGCB 13	November 29, 2018

As long as the certificates are unpaid, they will accrue annual interest at a rate of TIIE (Interbank Interest Rate) plus 2 points (Annual Gross Interest Rate). This Annual Gross Interest Rate will remain fixed during the term of the issue.

As of March 31, 2019 and December 31, 2018, CBFs are net of issuance costs in the condensed consolidated interim statement of financial position as follows:

	March 31, 2019	December 31, 2018
CBFs	$ 599,640,287	$ 437,491,097
Debt issuance costs	(22,344,395)	(22,511,005)
	$ 577,295,892	$ 414,980,092

	March 31, 2019	December 31, 2018
Beginning balance	$ 414,980,092	$ 405,763,030
Additions from business combination	162,149,190	-
Loans expenses	166,610	9,217,062
Total debt	$ 577,295,892	$ 414,980,092

16. Obligations under finance leases

a. Leasing arrangements

The Entity leased certain of its manufacturing equipment under finance leases. The average lease term is 5 years in 2018 and 2017, respectively. The Entity's obligations under finance leases are secured by the lessors' title to the leased assets.

Interest rates underlying all obligations under finance leases are fixed at respective contract dates ranging from 10% to 11% per annum in 2018 and 2017, respectively.

b. Finance lease liabilities

	Minimum lease payments	
	2019	2018
Not later than one year	$ 7,950,000	$ -
Later than one year and not later than five years	26,828,196	-
	34,778,196	-
Less: future finance charges	6,858,021	-
Present value of minimum lease payments	$ 27,920,175	$ -

17. Derivative financial instruments

The objective of entering into contracts with derivative financial instruments is: (1) to partially hedge financial risks from exposures in the exchange rate; or (2) the expectation of a good financial performance, originated by the component of the contractual underlying. The decision to enter into economic or financial hedges takes into account market conditions, based on the expectation that it will be held until a certain date, and the national and international economic context of the economic indicators that influence the operations of the Entity.

During 2018 and 2017, "Cross currency swaps" were entered into in order to reduce the risk of future increases in interest rates and the exchange rate of the peso against the dollar for the payment of long-term debt with WorldBusiness Capital Inc. in over-the-counter transactions carried out with financial institutions, with deposits in cash collateral. The instruments are values at the fair value of the instruments given as collateral. These were liquidated in 2018 and 2017.

Derivative financial instruments related to interest rates and exchange rates as of March 31, 2019 and December 31, 2018 are summarized below:

Instrument	Intentionality	Notional Amount	Notional Unit	Notional Maturity	Valuation at fair value as of March 31 2019 Asset (liability)	Valuation at fair value as of March 31 2019 (Gain) loss in results	(Gain)Loss In Other Comprehensive Income net of deferred taxes	Valuation at fair value as of March 31 2018 Asset (liability)	Valuation at fair value as of March 31 2018 (Gain) loss in results	(Gain)Loss In Other Comprehensive Income net of deferred taxes
Cross Currency Swaps	Negotiation	5,000,000	Dollars	During 2019	$ 1,047,207	$ 178,539	$ -	$ 2,363,717	$ 2,179,625	$ -
Cross Currency Swaps	Negotiation	3,000,000	Dollars	During 2019	1,802,563	114,748	-	4,084,087	1,294,160	-
Call Spread	Hedge	50,000,000	Dollars	2022	5,252,537	8,887,556	(6,472,110)	(18,307,972)	6,341,361	8,750,484
Call Spread	Hedge	15,000,000	Dollars	2022	2,685,059	6,710,206	(4,160,851)	(14,999,703)	4,869,529	7,091,122
Call Spread	Hedge	50,000,000	Dollars	2022	1,570,228	6,684,292	(1,060,018)	(16,319,111)	4,595,297	8,206,670
Call Spread	Hedge	15,000,000	Dollars	2022	26,971,243	22,865,350	24,100,433	10,410,460	7,993,959	(12,883,094)
Call Spread	Hedge	20,000,000	Dollars	2022	26,371,188	23,500,870	19,374,271	(19,514,360)	26,792,668	1,425,527
Cross Currency Swaps	Hedge	40,000,000	Dollars	2022	(23,150,485)	4,297,709	11,254,848	(49,623,982)	10,097,078	27,668,833
Cross Currency Swaps	Hedge	55,000,000	Dollars	2022	(16,525,595)	3,106,787	7,720,813	(35,510,186)	3,325,621	22,529,196
Cross Currency Swaps	Hedge	55,000,000	Dollars	2022	(23,250,586)	4,310,647	10,933,771	(52,840,411)	10,121,632	29,903,146
Total					$ 2,773,359	$ 80,656,704	$ 61,691,157	$ (190,257,461)	$ 77,610,930	$ 92,691,884

The Cross Currency Swaps with maturity in 2022 include amounts for $11,715,144 and $23,544,330 corresponding to accrued statements of profit or loss for 2019 and 2018 respectively. The effect of the valuation of derivatives for the three-month periods ended March 31, 2019 and 2018 in the unaudited condensed consolidated interim statements of profit or loss of the other derivative financial instruments is included under the caption of valuation of derivative financial instruments for $68,941,559 and $54,066,600, respectively.

Instrument	Intentionality	Notional Amount	Notional Unit	Notional Maturity	Valuation at fair value as of December 31 2018 Asset (liability)	Valuation at fair value as of December 31 2018 (Gain) loss in results	(Gain)Loss In Other Comprehensive Income net of deferred taxes
Cross Currency Swaps	Negotiation	5,000,000	Dollars	During 2019	$ 1,981,102	$ 4,282,611	$ -
Cross Currency Swaps	Negotiation	3,000,000	Dollars	During 2019	1,161,955	2,495,921	-
Call Spread	Hedge	50,000,000	Dollars	2022	31,948,552	(48,476,793)	29,405,734
Call Spread	Hedge	15,000,000	Dollars	2022	7,923,827	7,128,440	1,325,328
Call Spread	Hedge	50,000,000	Dollars	2022	35,541,396	(21,266,034)	36,622,061
Call Spread	Hedge	15,000,000	Dollars	2022	4,846,883	3,359,546	(3,130,845)
Call Spread	Hedge	20,000,000	Dollars	2022	12,180,119	8,775,778	(5,100,128)
Cross Currency Swaps	Hedge	40,000,000	Dollars	2022	(5,288,730)	23,468,214	2,029,759
Cross Currency Swaps	Hedge	55,000,000	Dollars	2022	(7,688,946)	12,807,816	3,328,010
Cross Currency Swaps	Hedge	55,000,000	Dollars	2022	(7,761,565)	23,073,254	3,108,910
Total					$ 74,844,593	$ 15,648,753	$ 67,588,829

The fair value of Call Spreads was recorded on December 31 2018 in the statement of financial position as an asset for an amount of $92,440,777, which is recorded as a gain within Other comprehensive income (OCI). Subsequently, a reclassification is made for accrued premiums and intrinsic value, in this case for $51,294,979, which was recorded as a reclassification of the gain from OCI to results. Premiums are recognized accrued in the income statement because the options are considered related to a period of time and the intrinsic value is reclassified to the unaudited condensed consolidated interim statements of profit or loss to compensate for the exchange fluctuation generated by the hedged item.

The fair value of the Cross Currency Swaps was recorded on December 31 2018 in the statement of financial position as a liability of $20,739,241, which is recorded against OCI as a loss. Subsequently, a reclassification was made for interest accrued within results for $ 9,017,843.

The purpose of these derivative financial instruments is to carry out a hedging strategy for different hedged items. On January 20, 2019, the Entity entered into derivative financial instruments, in order to reduce the risk of future increases in interest rates and the exchange rate of the peso against the dollar for the payment of long-term debt traded in international markets, for an amount of 150 million US dollars.

The Entity has designated the derivative instruments as cash flow hedges as permitted by IFRS and has formally documented each hedge relationship, establishing the objectives, the administration's strategy to hedge the risk, the identification of the hedging instrument, the hedged item, the nature of the risk to be hedged and the methodology of the evaluation of effectiveness.

As of March 31, 2019, the results of the effectiveness of the hedge confirm that the hedge relationship is highly effective, given that the changes in the fair value and cash flows of the hedged item are compensated. The method used is the compensation of flows using a hypothetical derivative. This method is to compare changes in the fair value of the hedging instrument with changes in the fair value of the hypothetical derivative that would result in a perfect hedge of the hedged item.

In this hedging relationship, the possible sources of ineffectiveness may be some movement in the credit profile of the counterparties or that the amount of the hedged item is less than the notional amount of the hedging instrument.

Detail of hedging instruments and instruments covered:

	Call Spreads	**Cross Currency Swaps**
Notional amount	150,000,000	150,000,000
Currency	USD	USD
Rate to receive	-	9.25%
Notional amount	-	2,887,125,000
Currency	-	MXN
Rate to deliver	-	10.85%
Underlying	USD/MXN	USD/MXN
Fair value	92,440,777	(20,739,241)
Average strike	18.92 – 26.7575	19.2475
Expiration	10-nov-22	10-nov-22
Change of fair value to measure ineffectiveness	183,490,000	(20,739,241)
Change in fair value of the hedged item	(171,257,335)	19,475,618
Prospective test	107%	107%
Exposition	Financial Liabilities	Financial Liabilities
Carrying amount of the hedged item	141,500,000	141,500,000
Reason for coverage	106%	106%

18. Fair value

Except for those detailed in the table below, management believes that the carrying amounts of assets and financial liabilities recognized at amortized cost in the financial statements approximates their fair value:

	March 31, 2019		December 31, 2018	
	Carrying amount	Fair Value	Carrying amount	Fair Value
Financial Assets:				
Current and long-term accounts receivable from capital leases and sales of equipment	$ 2,989,402,360	$ 3,599,916,268	$ 2,776,920,519	$ 3,184,962,046
Current and long-term accounts receivable from factoring and cash financing	1,097,235,706	1,351,609,830	1,071,569,337	1,281,546,777
Current and long-term accounts receivable from capital lease receivables ceded to subsidiary trust	782,497,701	914,164,801	501,226,863	593,793,000
	$ 4,869,135,767	$ 5,865,690,899	$ 4,349,716,719	$ 5,060,301,823

	March 31, 2019		December 31, 2018	
	Carrying amount	Fair Value	Carrying amount	Fair Value
Financial Liabilities:				
Bank loans including current portion of long-term debt	(4,729,699,354)	(4,694,233,116)	(4,613,429,767)	(4,286,019,744)
Trust Certificates	(577,295,892)	(576,894,302)	(414,980,092)	(438,010,509)
	(5,306,995,246)	(5,271,127,418)	(5,028,409,859)	(4,724,030,253)
Total (liabilities) financial assets, net	$ (437,859,479)	$ 594,563,481	$ (678,693,140)	$ 336,271,570

Fair value hierarchy: During the period ended March 31, 2019 and December 31, 2018, all fair value calculations were classified as level 2.

19. Balances and transactions with related parties

a. The balances with related parties as of March 31, 2019 and December 31, 2018 are as follows:

	Relation	March 31, 2019	December 31, 2018
Due from:			
Liquid Capital México, S.A. de C.V.	Related party	$ 3,236,169	$ 3,209,641
Deutsche Bank México, S.A. (Fideicomiso F-1900).	Shareholder	-	8,689,435
Adam Peter Jan Wiaktor Rynkiewicz	Shareholder	32,857,120	23,360,922
		$ 36,093,289	$ 35,259,998
Due to:			
Banco Actinver, S.A. (Fideicomiso 3279)	Shareholder	$ -	$ 2,379,600
Deutsche Bank México, S.A. (Fideicomiso F-1900)	Shareholder	6,492,104	6,940,206
		$ 6,492,104	$ 9,319,806

b. Transactions with related parties, carried out in the ordinary course of business whose consideration is equivalent to that in similar transactions carried out with independent parties, were as follows:

	March 31, 2019	March 31, 2018
Expenses:		
Leasing of real estate	$ 3,490,022	$ 3,750,000
Shareholder services	$ 1,624,291	$ 1,080,979

20. Costs and operating expenses by nature

a. Administrative expenses are as follows:

Concept	March 31, 2019	March 31, 2018
Fees	$ 13,064,995	$ 6,269,583
Maintenance	541,243	1,444,630
Legal expenses and rights	108,076	1,601,930
Management fees	1,624,291	1,053,104
Courses	62,000	447,021
Commissions	797,281	38,467
Payroll for administrative services	14,788,191	8,492,369
Programs and software	3,901,939	2,440,584
Advertising and publicity	484,439	213,584
Telephone, internet, electricity and security services	490,332	1,343,476
Depreciation	1,388,447	3,054,123
Installment services	842,513	871,160
Leases	3,994,485	4,070,214
Others	482,163	597,389
Total	$ 42,570,395	$ 31,937,634

b. Selling expenses are as follows:

Concept	2019	2018
Allowance for doubtful accounts	$ 15,330,000	$ 10,000,000
Commissions	10,317,882	11,150,259
Fees	1,529,249	301,010
Maintenance	532,546	-
Leases	-	53,054
Others	-	64,729
Total	$ 27,709,677	$ 21,569,052

21. Income taxes

The Entity is subject to ISR.

ISR - The rate was 30% in 2019 and 2018 and as a result of the new 2019 ISR law (“2019 Tax Law”), the rate will continue at 30% thereafter.

a. Income tax recognized on profit or loss:

	March 31, 2019	March 31, 2018
Current ISR	$ 14,852,165	$ 13,680,613
Deferred ISR	(13,699,847)	(205,303)
	$ 1,152,318	$ 13,475,310

22. Authorization to issue the consolidated financial statements

On June 14, 2019 the issuance of the accompanying unaudited consolidated interim financial statements was authorized by C.P. Adam Peter Jan Wiaktor Rynkiewicz, Chief executive officer of the Entity and by Hector Esquivel Zepeda Chief Financial Officer. Consequently, they do not reflect events that occurred after that date.

* * * * *

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OFFERING MEMORANDUM

Joint Book-Running Managers

Morgan Stanley **UBS Investment Bank** **BTG Pactual**

July 17, 2019