



Executive Summary

True sale IP asset-based funding



Business Model

- Buy IP Assets at a discount rate.
- Generate revenues/royalties paid by seller/licensee in connection with the use of IP Assets.
- Sell IP Assets back to initial seller after 2 to 5 years.
- Expected ROI: 12%+ e.a.

Main Considerations

- Strong and experienced financial and legal teams focused on assessing, eliminating and mitigating risks.
- Focused only on core-business, liquid and strategic assets so that repurchase becomes a priority to the seller.
- Easy to collect payment price by selling IP Assets.

Contact Information

All communications regarding your potential interest in this opportunity must be directed to one of FIDEM's representatives listed below.

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Glossary

- IP: Patents, trademarks, designs, copyright (including software), plant variety rights, among other intangible rights.
- IP Assets: IP assets that can be amortized over time.
- IP Rights: Right to use and exploit IP Assets.
- ROI: Return On Investment.
- OBS: Off-Balance Sheet.
- LOI: Letter Of Intent.
- SPA: Sales and Purchase Agreement.

- SPV: Special Purpose Vehicle.
- Investor: Provider of funds to purchase IP Assets.
- Target: Potential client, owner of IP Assets.
- GDP: Gross Domestic Product.
- Mn: Million
- Bn: Billion



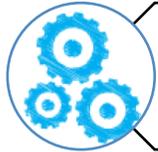
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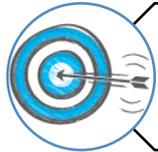
Investment Highlights



Industry Overview



Business Plan



Targets



Annexes



Investment Highlights

According to Forbes Magazine, intangibles have grown from 20% of enterprise market value to 80%, due in large part to the expanding nature, and rising importance, of intangibles as represented by:

- Intellectual capital vs. bricks-and-mortar
- Research and development vs. capital spending
- Services vs. manufacturing

Growing opportunity

IP rights are usually undervalued and underexploited by companies. However they are usually considered the most valuable asset of a company. Any Target company interested in leveraging its operation through FIDEM will prioritize the repurchase of its IP Assets over any other obligation.

Undervalued IP assets

Experienced Team

FIDEM started as a business endeavor where highly experienced legal and financial teams joined forces to take advantage of this unique opportunity.

Strong legal framework

- The transaction is structured in such a way that it is valid in Colombia -where the IP Assets are- and enforceable before Colombian courts.
- IP Assets are a valid form of collateral and foreclosure is typically easy in connection with them;
- There is a true sale of IP Assets.

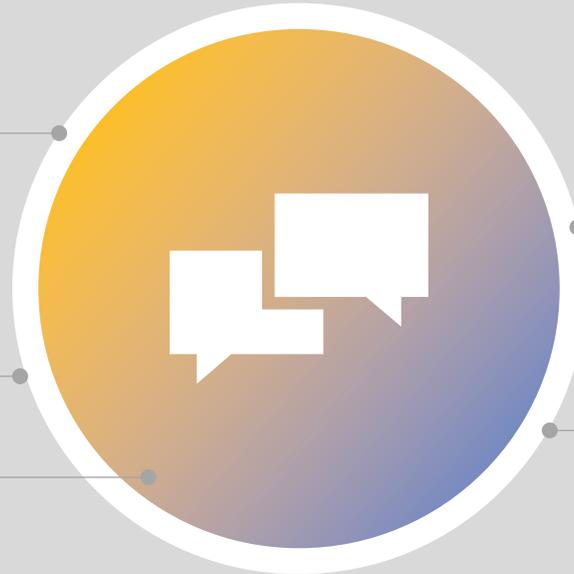


Industry Overview

In a study carried out by WIPO in 2017 on productivity, it was evidenced that intangible assets are the second generators of value for companies after human talent.

It is estimated that intangible assets contribute twice as much value to the organization as tangible assets.

According to IFRS, the International Accounting Standard (IAS) 38 establishes that it is possible to activate intangible assets, if certain conditions are met.



Colombian 2016 tax reform (Law 1819) allowed the use of intangibles in Colombia and established the regulatory framework with clear guidelines.

Overall fiscal cost can be optimized.

IP Assets and intangible assets

Intangible assets are non-monetary assets without physical substance and identifiable (either being separable or arising from contractual or other legal rights). Intangible assets are initially measured at cost, subsequently measured at cost or using the revaluation model, and amortized on a systematic basis over their useful lives (unless the asset has an indefinite useful life).

- Marketing-related IP Assets

- Trademarks
- Slogans
- Internet domain names

- Customer-related intangible assets

- Customer lists/supplier lists
- Order backlog
- Customer relationships

- Artistic-related intangible assets

- Performance events
- Literary works
- Musical works
- Pictures/TV Programs
- Motion pictures and television programs



- Contract-based intangible assets

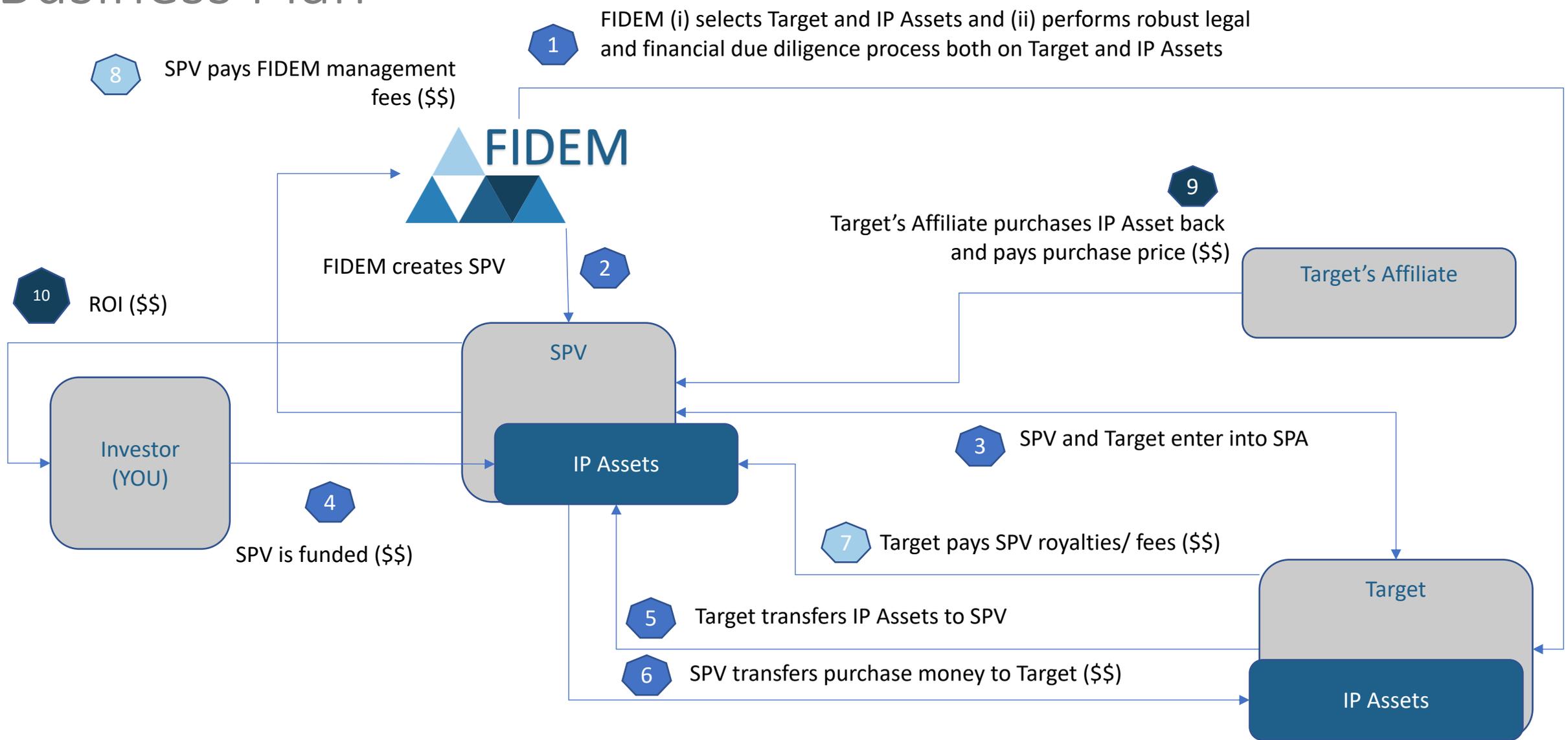
- Licensing agreements
- Service contracts
- Lease agreements
- Franchise agreements
- Broadcast rights
- Employment contracts
- Use rights (such as drilling rights or water rights)
- Import quotas

- Technology-based intangible assets

- Patented technology
- Computer software
- Trade secrets trademarks (such as secret formulas, recipes or trade dress)



Business Plan





Business Plan

Target companies are selected by FIDEM based on:

- Type of IP.
- Value of IP between USD \$5 - \$10 Mn.
- Potential alternative buyer for the intangible asset.
- Healthy financials.

If Target complies with requirements the SPV and the Target will enter into a LOI to buy IP Asset at a discount.

FIDEM structures custom deal, since each target has a different situation in terms of:

- Book vs market value of intangibles
- Need for tax shield
- Financing costs

SPV and target enter into:

- SPA
- IP Rights licensing/use agreement.
- Repurchase agreement.



FIDEM approaches Target with a free or low cost eligibility and viability assessment.

Financial and legal due diligence on target and IP Assets paid by Target

Once approved, investor is required to fund the SPV.





CMS Rodriguez Azuero

CMS Rodríguez-Azuero is one of the most recognized law firms in Colombia and Latin America. Since 1980, the Firm has provided specialized legal advice with high management capabilities and a strategic approach, at the hand of a team of expert lawyers in various areas of practice, who have profound knowledge of the industry sectors in which their clients operate.

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Heritage Financial Advisors

Heritage Financial Advisors was formed in 2007 by professionals with extensive experience in banking and financial advice, focused mainly on providing financial advice to private companies in:

- M&A
- Project financial structuring
- Financing deals
- Tangible and intangible valuation

HERITAGE

Financial Advisors

Innosulting

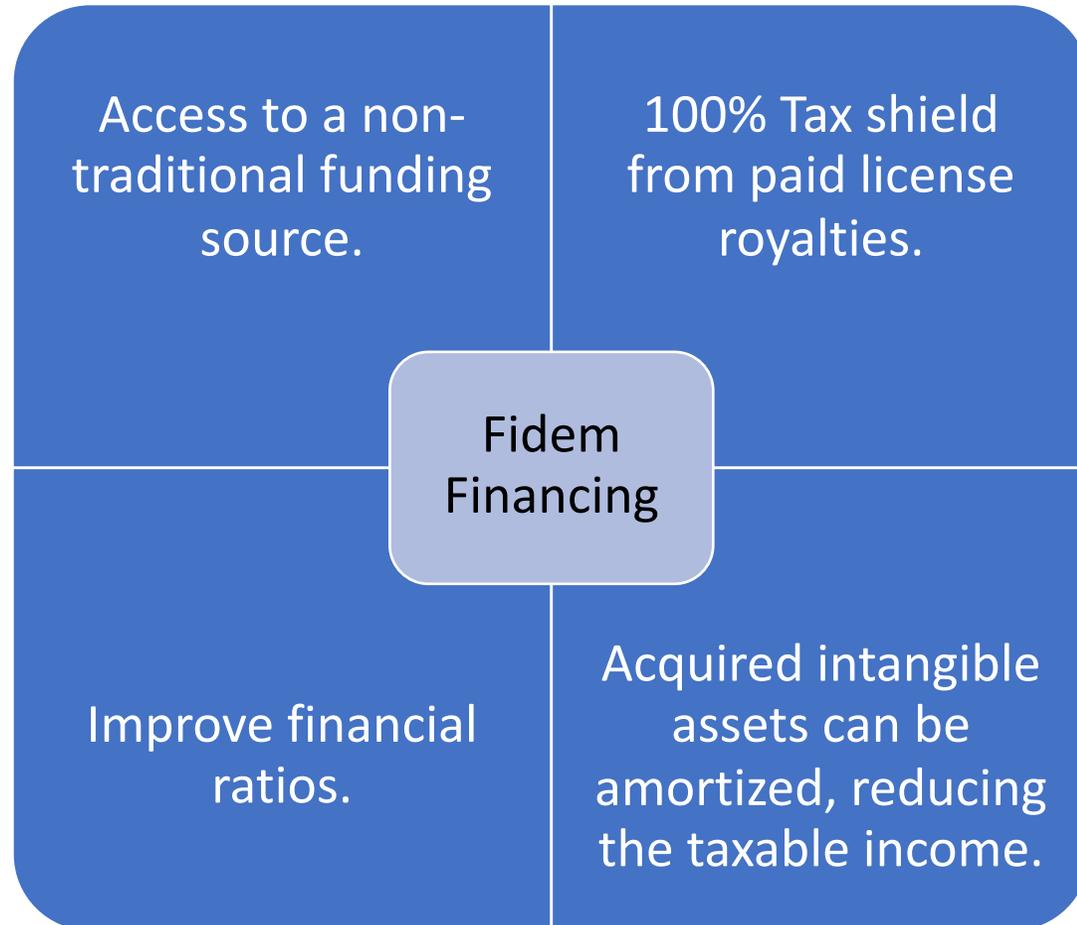
Innosulting is a consulting firm with more than 15 years of experience, specialized in developing strategic planning projects, transactional support, investment banking / M&A, structuring innovation projects, operational optimization and business development. With extensive experience in valuation of intangible assets for commercial, accounting, financial, fiscal and strategic purposes, Innosulting contributes to the design of initiatives to execute and monetize intangible assets.

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Benefits to Targets



Colombian market size

In 2017, excluding the mining sector, 5359 companies reported intangibles in their financial statements.

270 companies reported intangible assets valued above USD \$5 Mn totaling USD \$28 Bn in intangibles.

97 companies reported values between USD \$5 Mn and USD \$10 Mn totaling an initial opportunity of USD \$685 Mn.



Proposed Structure

FIDEM

- Selects targets
- Structures the deals
- Performs Due Diligence
- Monitors Target
- Reports to investors

Target

- Pays structuring and due diligence fees: (USD \$10k – \$20k)
- Pays: 10% – 16% of annual royalty fees depending on its credit standing.
- Purchase = Repurchase price

Investor

- Gains returns on its investments
- Pays Fidem's costs:
 - 3% management fee

Risk Matrix



Risk	Probability	Impact	Mitigation
Selecting the wrong IP Assets	Low	High	FIDEM's experienced team understands the risks of selecting the wrong IP Assets. The right IP Assets must: <ul style="list-style-type: none">• Be liquid• Be important for Target's operation• Have low value volatility over time
Loss of value of IP Assets	Low	High	FIDEM includes appropriate financial and legal covenants to mitigate this risk. Furthermore FIDEM permanently monitors compliance with the negotiated covenants.
IP Assets are overvalued	Medium	Medium	<ul style="list-style-type: none">• Careful IP Asset valuation.• Purchase price must have a large discount to IP Asset's value.
Target enters into an insolvency process	Low	High	<ul style="list-style-type: none">• Perform appropriate legal and financial due diligence to select the right Targets and IP Assets;• Include appropriate financial and legal covenants and monitor compliance with such covenants.• Structure the deal to make sure that a true sale of the IP Asset occurs.



Risk Matrix

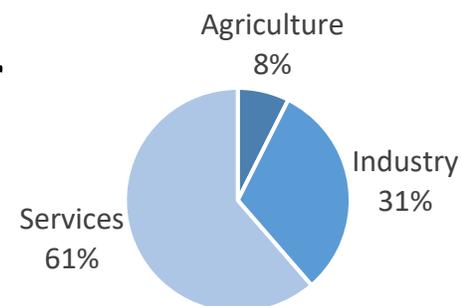
Risk	Probability	Impact	Mitigation
Failure to pay repurchase price	Low	High	<ul style="list-style-type: none">• Perform appropriate legal and financial due diligence to select the right Targets and IP Assets;• Include appropriate financial and legal covenants and monitor compliance with such covenants.• Have appropriate contractual provisions granting ample rights to the SPV to enforce its rights under the contracts, including: rights to revoke Target's rights to use the IP Assets and rights to sell, lease, license, or otherwise dispose of the IP Assets upon default.
Failure to make royalties/fees payments	Low	Medium	<ul style="list-style-type: none">• If the Target defaults on its obligation to pay royalties/fees, the SPV may quickly revoke its rights to use the IP Assets and start the process to sell, lease, license, or otherwise dispose of the IP Assets.
Prepayment risk	Low	Low	<ul style="list-style-type: none">• Prepayment would trigger negative tax consequences and penalties.



Colombia

Population: Large population	50 million
Credit Rating: Low perception of risk, Emerging Market Bond Index (EMBI) is currently at 2.1%, below other countries in the region such as Brazil (3.3%), Argentina (5.0%) and Mexico (2.3%)	Investment Grade Standard & Poor's: BBB- Fitch Ratings: BBB Moody's: Baa2
GDP/Per Capita GDP 2017	USD 6,301.59
Real GDP Growth (CAGR 2003-2017)	8.8%
Central Bank Interest Rate (Jan/18)	4.25%
Average Inflation Rate 2018	<3%

GDP by Sector



Facts

- **Ranked:**
 - 3rd largest population in Latam after Brazil and Mexico
 - 3rd highest GDP
 - 4th ease of doing Business 2018 Ranking LATAM
 - 1st in protecting Minority Investors Ranking LATAM 2017
- **Consistent economic growth**
CAGR 1960-2017:

Colombia	4.2%
Latin America and the Caribbean	3.7%
Global Economy	3.5%
- Controlled unemployment and average inflation rate of 3.5%
- Stable Exchange Rate, benefited from capital inflows while higher oil prices.
- Colombia's 4G concessions infrastructure program contemplates an investments worth USD 13 Bn, including multiple standard concession contracts increasing investment and competitiveness in the country
- Investor confidence expected to grow further as result of the peace agreement signed with the FARC in 2016 and the current negotiations with the ELN
- 18 trade free agreements in force



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Bogotá

Colombia



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