

QUARTERLY INVESTOR LETTER

FEBRUARY 2024

DEAR INVESTORS,

In 2023, IDC Network marked its entry into the international debt markets through our EMTN program. We successfully oversubscribed the initial \$75M in February and tapped an additional \$25M in August. This achievement served as a pivotal milestone, empowering IDC Network to further fuel our growth across various Investment Funds and uphold our commitment to invest on average 15% of the capital in all Funds under our management.

Allow us to highlight three significant events that served as key milestones in our 2022-2025 strategy:

1) Proven Track Record and Successful Fund Cycle Closure:

In 2016, we launched Industrial Assets Fund with the objective of securing a 30% stake in the largest Steel & Construction material operation in Central America. During a period of generational transition for the company, our role was to facilitate transformation, implement best-in-class corporate governance, and actively engage at the board level. The seven-year holding period of this Fund ended in September 2023 with outstanding results: EBITDA experienced a fourfold increase (4x), four acquisitions were successfully executed, sales grew 50%, and the debt/EBITDA ratio decreased by 75%, resulting in significant value creation for shareholders. While we maintain our involvement at the board level, carried interest has been settled and we have divested 100% of our shares.

2) Demonstrating Excellence in Infrastructure Development in the Region:

The realization of XOCHI "Corredor de las Flores" a 31km private toll roll bypass connecting Guatemala City and Mexico, stands as a testament to our ability to structure top-tier infrastructure projects in the region. Following over 100 land negotiations and extensive collaboration with communities, local governments and authorities, construction commenced on the \$255M project. Financing comprised by \$100M of equity led by IDC Network and BCC – Bi Capital Corporation Private Equity, with an additional \$155M of debt secured from IDB and Banco Industrial. As the region's inaugural sustainable infrastructure project, its unique characteristics position it as the standard for future developments in our region. We plan to make this project available to a broader base of investors through financial instruments in the Bolsa de Valores Nacional, the local stock exchange.

3) Expansion of our "Partner of Choice" approach through New Fund Collaborations:

In December 2023, we inked Term Sheets for two new funds coming in 2024, focusing on Private Equity and Venture Debt / Private Credit. To realize this goal, we've partnered with McKinsey & Co for a joint fund, EMC Fund I, concentrating on consumer goods and services for the Emerging Middle Class in the northern part of Latin America. In private credit, we've collaborated with Arena, a New York based hedge fund with over \$5B deployed, to invest in Venture Debt opportunities over the next 24 months, capitalizing on our capabilities and market conditions. These two funds align with our growth strategy and platform consolidation, providing an additional \$500 million in assets under management.

As of December 2023, preliminary financial statements show \$288M in Assets and \$120M in Equity on our Balance Sheet. Our net profit increased by 11.4% from the previous year, reaching \$19.5M. We remain committed to reinvesting 100% of our profits, supporting our Impact Vertical's initiatives with 5% of profits, and further enhancing and measuring our impact in the region. In late January 2024, we received confirmation from Standard & Poor's (S&P) of a "B" rating with stable outlook.

In the coming months, we plan to go to market with the last \$50M of the EMTN program (2-year maturity with 9% coupon), and will continue to pursue our growth objectives without compromising our purpose to transform lives and have a positive impact in our society.

Sincerely,



RICHARD AITKENHEAD
PRESIDENT & FOUNDER



RICHARD LEE
MANAGING PARTNER

