

If you are a Settlement Class Member, your legal rights will be affected by this Settlement whether you act or do not act. Please read this Notice carefully.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT	
SUBMIT A CLAIM FORM BY SEPTEMBER 9, 2020	The <u>only</u> way to get a payment. <i>See</i> Question 8 below for details.
EXCLUDE YOURSELF FROM THE SETTLEMENT CLASS BY AUGUST 26, 2020	Get no payment. This is the only option that, assuming your claim is timely brought, might allow you to ever bring or be part of any other lawsuit against Defendant and/or the other Released Parties concerning the Released Claims. <i>See</i> Question 11 below for details.
OBJECT BY AUGUST 26, 2020	Write to the Court about why you do not like the Settlement, the Plan of Allocation, and/or Lead Counsel’s Fee and Expense Application. If you object, you will still be a member of the Settlement Class. <i>See</i> Question 16 below for details.
GO TO A HEARING ON SEPTEMBER 16, 2020 AND FILE A NOTICE OF INTENTION TO APPEAR BY AUGUST 26, 2020	Ask to speak in Court at the Settlement Hearing about the Settlement. <i>See</i> Question 20 below for details.
DO NOTHING	Get no payment. Give up rights.

- These rights and options—and the deadlines to exercise them—are explained in this Notice.
- The Court in charge of this case still has to decide whether to approve the Settlement. Payments will be made to all Settlement Class Members who timely submit valid Claim Forms, if the Court approves the Settlement and after any appeals are resolved. Please be patient.

SUMMARY OF THE NOTICE

Statement of the Settlement Class’s Recovery

1. Subject to Court approval, Lead Plaintiff, on behalf of the Settlement Class, have agreed to settle the Action in exchange for a payment of \$300,000 in cash (the “Settlement Amount”), which will be deposited into an interest-bearing Escrow Account (the “Settlement Fund”) and for payments totaling up to \$50,000 for Notice and Administration Expenses, which are estimated to be \$50,000, that will be paid directly by Defendant under the terms of the Settlement to the Claims Administrator. Based on Lead Counsel’s estimate of the number of shares of Homex ADRs eligible to participate in the Settlement, and assuming that all investors eligible to participate in the Settlement do so, it is estimated that the average recovery from the total of the Settlement Fund and the Notice and Administration Expenses Amount, before deduction of any Court-approved fees and expenses, such as attorneys’ fees, litigation expenses, Taxes, and Notice and Administration Expenses, would be approximately \$0.023 per allegedly damaged ADR.³ If the Court approves Lead Counsel’s Fee and Expense Application (discussed below), the average recovery would be approximately \$0.014 per allegedly damaged ADR. **These average recovery amounts are only estimates and Settlement Class Members may recover more or less than these estimated amounts.** A Settlement Class Member’s actual recovery will depend on, for example: (i) the total number of claims submitted; (ii) the amount of the Net Settlement Fund; (iii) when the Settlement Class Member purchased or acquired Homex ADRs during the Class Period; and (iv) whether and when the Settlement Class Member sold Homex ADRs. *See* the Plan of Allocation beginning on page 12 for information on the calculation of your Recognized Claim.

Statement of Potential Outcome of Case if the Action Continued to Be Litigated

³ An allegedly damaged share might have been traded, and potentially damaged, more than once during the Class Period, and the average recovery indicated above represents the estimated average recovery for each share that allegedly incurred damages.

2. The Parties disagree about both liability and damages and do not agree about the amount of damages that would be recoverable if Lead Plaintiff were to prevail on each claim alleged. The issues on which the Parties disagree include, for example: (i) the amounts by which the prices of Homex ADRs were allegedly artificially inflated, if at all, during the Class Period, and the extent to which factors such as general market, economic and industry conditions influenced the trading prices of the stock; and (ii) whether class members suffered any damages.

3. Defendant does not, by entering into the Stipulation or Settlement, admit or deny any allegations asserted in the Action. Defendant has denied and continues to deny any legal liability to Lead Plaintiff or the Class. While Lead Plaintiff believes he has meritorious claims, he recognizes that there are significant obstacles in the way to recovery.

Statement of Attorneys' Fees and Expenses Sought

4. Lead Counsel will apply to the Court for an award of attorneys' fees from the Settlement Fund in an amount not to exceed \$100,000 of the Settlement Fund, which includes any accrued interest. Lead Counsel will also apply for payment of litigation expenses incurred by Lead Counsel in prosecuting the Action in an amount not to exceed \$40,000, including accrued interest, which may include an application pursuant to the Private Securities Litigation Reform Act of 1995 ("PSLRA") for the reasonable costs and expenses (including lost wages) of Lead Plaintiff directly related to their litigation efforts. If the Court approves Lead Counsel's Fee and Expense Application in full, the average amount of fees and expenses, assuming claims are filed for all shares eligible to participate in the Settlement, will be approximately \$0.009 per allegedly damaged share of Homex ADRs. A copy of the Fee and Expense Application will be posted on www.homexsecuritieslitigation.com after it has been filed with the Court.

Reasons for the Settlement

5. For Lead Plaintiff, the principal reason for the Settlement is the guaranteed cash benefit to the Settlement Class. This benefit must be compared to the uncertainty of being able to survive a contested motion to dismiss; prove the allegations in the Complaint, particularly with respect to falsity and scienter; maintaining certification of the class through trial; the risk that the Court may grant some or all of Defendant's likely motions for summary judgment; the uncertainty of a greater recovery after a trial and appeals; the risks of litigation, especially in complex actions like this; Homex's financial capacity to withstand judgment and/or fund a settlement of the claims alleged against Homex; as well as the difficulties and delays inherent in such litigation (including any trial and appeals).

6. For Defendant, who does not, by entering into the Stipulation or Settlement, admit or deny any allegations made in the Action, but who has denied and continues to deny any legal liability to Lead Plaintiff or the Class, the principal reason for entering into the Settlement is to end the burden, expense, uncertainty, and risk of further litigation.

Identification of Attorneys' Representatives

7. Lead Plaintiff and the Settlement Class are represented by Lead Counsel, Nicholas I. Porritt, Esq., Levi & Korsinsky, LLP, 55 Broadway, 10th Floor, New York, NY 10006, (212) 363-7500, www.zlk.com.

8. Further information regarding this Action, the Settlement, and this Notice may be obtained by contacting the Claims Administrator: Angeion Group, LLC, 1650 Arch Street, Suite 2210, Philadelphia, PA 19103, www.homexsecuritieslitigation.com or via email at Info@HomexSecuritiesLitigation.com.

Please Do Not Call the Court with Questions About the Settlement.

BASIC INFORMATION

1. Why did I get this Notice?

9. You or someone in your family may have purchased or acquired the publicly traded American Depositary Receipts (“ADRs”) of Homex during the period from April 30, 2012 through May 5, 2016, inclusive (the “Class Period”). **Receipt of this Notice does not mean that you are a Member of the Settlement Class or that you will be entitled to receive a payment. If you wish to be eligible for a payment, you are required to submit the Claim Form that is being distributed with this Notice. See Question 8 below.**

10. The Court directed that this Notice be sent to Settlement Class Members because they have a right to know about the proposed Settlement of this class action lawsuit, and about all of their options, before the Court decides whether to approve the Settlement.

11. The Court in charge of the Action is the United States District Court for the Eastern District of New York, and the case is known as *Tames v. Desarrolladora Homex, S.A.B. de C.V. et al.*, Case No. 2:17-cv-01416-ADS-ARL. The Action is assigned to the Honorable Arthur D. Spatt, United States District Judge.

2. What is this case about and what has happened so far?

12. Desarrolladora Homex, S.A.B. de C.V. a/k/a Homex Development Corporation is a Mexican corporation with its principal executive offices located in Sinaloa, Mexico. During the Class Period, the Company’s American Depositary Receipts (“ADRs”) were traded on the New York Stock Exchange (the “NYSE”) under the symbol “HMX”. On May 2, 2014, the NYSE commenced delisting proceedings of Homex’s ADRs and immediately suspended trading in the Company’s ADRs. In June 2014, Homex’s ADRs were delisted from the NYSE. Thereafter, the ADRs were quoted on the OTC Link under the ticker “DHOXQ” and later “DHOXY.” On December 9, 2016, the U.S.-based facility for Homex’s ADRs was terminated.

13. Through an investigation conducted by the United States Securities and Exchange Commission (“SEC”), it was alleged that Homex and certain of its officers and management were entering or causing to be entered fictitious home sales that consequently inflated Homex’s reported home sales figures and revenue (including related financial metrics) from 2010 through the third quarter of 2013. The SEC’s allegations in its complaints filed in the actions entitled *Securities and Exchange Commission v. Desarrolladora Homex, S.A.B. de C.V.*, 3:17-cv-00432-L-WVG (S.D. Cal.) (“SEC’s Homex Action”) and *Securities and Exchange Commission v. de Nicolás Gutierrez et al.*, 3:17-cv-02086-JAH-JLB (“SEC’s Former Officers Action”) lay out in specific details the bases of the SEC’s allegations that Homex and certain of its officers and management conducted a fraudulent scheme and made material misstatements by recording in Homex’s revenues the sales of fictitious homes.

14. On March 14, 2017, a Class Action Complaint for Violation of the Federal Securities Laws was filed in the U.S. District Court for the Eastern District of New York on behalf of investors in Homex alleging violations of the Securities Exchange Act of 1934 (the “Exchange Act”) entitled *Tames v. Desarrolladora Homex, S.A.B de C.V. et al*, No. 2:17-cv-01416-ADS-ARL (E.D.N.Y.) (the “Action”). ECF No. 1.

15. As alleged in the complaint filed in the Action, on March 3, 2017, the SEC filed the SEC’s Homex Action. The complaint filed in the SEC’s Homex Action alleges that Homex primarily perpetrated accounting fraud by recording fictitious home sales and the related revenue in the company’s financial statements filed with the SEC. The allegations in the SEC’s Homex Action serves as one of the bases that plaintiffs have alleged in support of establishing defendants’ violations of the federal securities laws as detailed in the Action’s complaint and the *Acosta* Action’s (defined below) complaint. Following the district court’s March 28, 2017 order approving the settlement between the SEC and Homex, the SEC’s Homex Action was terminated.

16. On May 15, 2017, Lead Plaintiff Jose Acosta (“Acosta”) filed his motion to be appointed as the lead plaintiff in the Action pursuant to Section 21D(a)(3)(B) of the Exchange Act, 15 U.S.C. §78u-4(a)(3)(B), as amended by the Private Securities Litigation Reform Act of 1995 (the “PSLRA”). ECF No. 8.

17. On October 11, 2017, the SEC instituted another proceeding stemming from the same alleged accounting fraud in the SEC’s Homex Action in the SEC’s Former Officers Action. The SEC’s complaint in the SEC’s Former Officers Action alleges violations of the federal securities laws against Homex’s former chief executive officer, Gerardo de Nicolás Gutiérrez (“de Nicolás”); former chief financial officer, Carlos Moctezuma Velasco Gerardo (“Moctezuma”); former Controller and Administrative and Accounting Officer, Ramón Lafarga Batiz (“Lafarga”); and a former manager, Noe Corrales Reye.

18. The SEC’s Former Officers Action sets forth in substantial detail the investigation undertaken by the SEC concerning the alleged accounting fraud by Homex’s former executives and managers. In its complaint, the SEC discusses materials it received as part of its investigation in support of establishing violations of the federal securities laws by the same individuals named as defendants in the Actions.

19. On October 20, 2017, Acosta, by and through his counsel, filed a Complaint for Violation of the Federal Securities Laws in the United States District Court for the Southern District of California in an action entitled *Acosta v. Desarrolladora Homex et al.*, Case No. 3:17-cv-02163-BEN-WVG (S.D. Cal.) (the “*Acosta* Action”) against Homex, de Nicolás; Moctezuma; and Lafarga (excepting Homex, the “Individual Defendants” as defined in the Stipulation). The information in the SEC’s Former Officers Action serves as one of the bases of the allegations raised in the *Acosta* Action.

20. In November 2017, counsel for Acosta began attempting to serve Homex in the *Acosta* Action via the Hague Convention of 15 November 1965 on the Service Abroad of Judicial and Extrajudicial Documents in Civil or Commercial Matters.

21. On February 8, 2018, the Court in the Action appointed Acosta as the Lead Plaintiff for the Class. ECF No. 14.

22. On December 14, 2018, Acosta filed a Motion for Leave to Effect Alternative Service in the *Acosta* Action seeking to serve Homex and the Individual Defendants in the *Acosta* Action.

23. In March 2019, the court entered an order in the *Acosta* Action granting Acosta’s Motion for Leave to Effect Alternative Service and service was promptly made upon Homex and the Individual Defendants.

24. As of September 23, 2019, the Individual Defendants have not contacted Lead Counsel or made an appearance in the *Acosta* Action.

25. Starting in or around April 2019, counsel for Homex and Acosta entered into discussions concerning the parties’ respective positions concerning the Action’s and the *Acosta* Action’s claims, potential damages, defenses, and Homex’s financial capacity to withstand judgment and/or fund a settlement of the claims alleged against Homex.

26. Over the months that followed, counsel for Homex and Acosta continued these discussions. Based on these discussions, the parties began to explore potential resolutions for the Action’s and the *Acosta* Action’s claims against Homex.

27. Homex’s counsel has represented to and Defendant has provided a sworn statement to Acosta and his counsel that Homex has or had no insurance policies that may, can, or could provide a source of funds to pay for any judgment entered or settlement reached concerning the claims raised in the Action or the *Acosta* Action.

28. Based on diligent negotiations by counsel on behalf of Acosta and the Class, on one hand, and Homex, on the other hand, in or about September 2019 an agreement in principle was reached to resolve the claims against Homex in the Action and the *Acosta* Action.

29. The individual defendants named in the Action and the *Acosta* Action are not parties to the Settlement. The claims asserted in the Action and the *Acosta* Action against any of the Individual Defendants will not be dismissed or released by Lead Plaintiff or the Settlement Class as part of this Settlement.

30. The Stipulation entered into by Homex and Lead Plaintiff confirms the agreement between the parties and sets forth the terms of the proposed Settlement.

31. Homex does not, by entering into the Stipulation or Settlement, admit or deny any allegations made in the Action or the *Acosta* action. Homex has denied and continues to deny any legal liability to Lead Plaintiff or the Settlement Class. Nonetheless, Defendant has determined that it is desirable and beneficial to it that the Action be settled in the manner and upon the terms and conditions set forth in the Stipulation to avoid the further expense, inconvenience, and burden of this Action, the distraction and diversion of personnel and resources, and to obtain the conclusive and complete dismissal and/or release of the claims against Homex in the Action and the Released Claims.

32. Lead Plaintiff believes that the claims asserted in the Action have merit and that the information developed to date supports the claims asserted. However, Lead Plaintiff and Lead Counsel recognize and acknowledge the expense and length of continued proceedings necessary to prosecute the Action through trial and appeals. They also have taken into account the uncertain outcome and the risk of any litigation, especially in complex actions such as the Action, as well as the difficulties and delays inherent in such litigation, and the ability of Homex to withstand a greater judgment or fund a greater settlement. Lead Counsel also is mindful of the inherent problems of proof and the possible defenses to the claims alleged in the Action.

33. Based on their evaluation, Lead Plaintiff and Lead Counsel believe that the Settlement set forth in this Stipulation confers substantial monetary benefits upon the Settlement Class and is in the best interests of Lead Plaintiff and the Settlement Class.

3. Why is this a class action?

34. In a class action, one or more persons or entities (in this case, Lead Plaintiff), sue on behalf of people and entities who have similar claims. Together, these people and entities are a “class,” and each is a “class member.” Class actions allow the adjudication of many individuals’ similar claims that might be too small economically to bring as individual actions. One court resolves the issues for all class members at the same time, except for those who exclude themselves, or “opt-out,” from the class.

4. What are the reasons for the Settlement?

35. The Court did not finally decide in favor of Lead Plaintiff or Defendant. Instead, both sides agreed to a settlement. Lead Plaintiff and Lead Counsel believe that the claims asserted in the Action have merit. They recognize, however, the expense and length of continued proceedings needed to pursue the claims through trial and appeals, as well as the difficulties in establishing liability. In the absence of a settlement, there is a risk that the Court or jury would resolve this case unfavorably against Lead Plaintiff and the Settlement Class. Lead Plaintiff and Lead Counsel believe that the proposed Settlement is fair, reasonable, and adequate, and in the best interests of the Settlement Class.

36. Defendant does not, by entering into the Stipulation or Settlement, admit or deny any allegations made in the Action or the *Acosta* Action. Defendant has denied and continues to deny any legal liability to Lead Plaintiff or the Class. Nonetheless, Defendant has concluded that continuation of the Action would be protracted and expensive, and have taken into account the uncertainty and risks inherent in any litigation, especially a complex case like this Action, and believe that the Settlement is in the best interests of Defendant.

WHO IS IN THE SETTLEMENT

5. How do I know if I am part of the Settlement Class?

37. The Court directed, for the purposes of the proposed Settlement, that everyone who fits the following description is a Settlement Class Member and subject to the Settlement unless they are an excluded person (*see* Question 6 below) or take steps to exclude themselves from the Settlement Class (*see* Question 11 below):

All persons and entities that purchased or acquired the publicly traded American Depositary Receipts (“ADRs”) of Homex during the period from April 30, 2012 through May 5, 2016, inclusive, and who were allegedly damaged thereby.

38. If one of your mutual funds purchased Homex ADRs during the Class Period, that does not make you a Settlement Class Member, although your mutual fund may be. You are a Settlement Class Member only if you individually purchased or acquired Homex ADRs during the Class Period. Check your investment records or contact your broker to see if you have any eligible purchases or acquisitions.

6. Are there exceptions to being included?

39. Yes. There are some individuals and entities who are excluded from the Settlement Class by definition. Excluded from the Settlement Class are (i) Defendant; (ii) the Individual Defendants; (iii) Immediate Family Members of the Individual Defendants; (iv) any person who was an officer or director of Defendant during the Class Period; (v) any firm or entity in which Defendant has or had a controlling interest; (vi) the parents or subsidiaries of Defendant; (vii) all Defendant benefit plans that are covered by the Employee Retirement Income Security Act of 1974; (viii) the legal representatives, agents, heirs, beneficiaries, successors-in-interest, or assigns of any excluded person or entity, in their respective capacity as such; (ix) the Court presiding over this action, and (x) any persons or entities who or which exclude themselves by submitting a valid request for exclusion that is accepted by the Court. Also, excluded from the Settlement Class is anyone who timely and validly seeks exclusion from the Settlement Class in accordance with the procedures described in Question 11 below.

THE SETTLEMENT BENEFITS

7. What does the Settlement provide?

40. In exchange for the Settlement and the release of the Released Claims against the Released Parties (*see* Question 10 below), Defendant has agreed to pay: (i) \$300,000, which, along with any interest earned, will be distributed after deduction of Court-awarded attorneys’ fees and litigation expenses, Taxes, and any other fees or expenses approved by the Court (the “Net Settlement Fund”), to Settlement Class Members who send in valid and timely Claim Forms that are eligible for a payment; and (ii) an amount up to \$50,000 to be paid directly by Defendant to the Claims Administrator to pay for the Notice and Administration Expenses in conjunction with the Settlement.

8. How can I receive a payment?

41. To qualify for a payment from the Net Settlement Fund, you must submit a timely and valid Claim Form. A Claim Form is included with this Notice. You may also obtain one from the website of the Claims Administrator: www.homexsecuritieslitigation.com. You can also request that a Claim Form be mailed to you by calling the Claims Administrator toll-free at (833) 508-0996.

42. Please read the instructions in the Claim Form carefully. Fill out the Claim Form, include all the documents the form requests, sign it, and either mail it to the Claims Administrator using the address listed in the Claim Form or submit it online at www.homexsecuritieslitigation.com. Claim Forms must be **postmarked (if mailed) or received no later than September 9, 2020**.

9. When will I receive my payment?

43. The Court will hold a Settlement Hearing on **September 16, 2020** to decide, among other things, whether to finally approve the Settlement. Even if the Court approves the Settlement, there may be appeals which can take time to resolve, perhaps more than a year. It also takes a long time for all of the Claim Forms to be accurately reviewed and processed. Please be patient.

10. What am I giving up to receive a payment and by staying in the Settlement Class?

44. If you are a Settlement Class Member and do not timely and validly exclude yourself from the Settlement Class, you will remain in the Settlement Class and that means that, upon the “Effective Date” of the Settlement, you will release all “Released Claims” against the “Released Parties.”

(a) **“Released Claims”** means any and all claims and causes of action of every nature and description, whether known or Unknown Claims (as defined below), contingent or absolute, mature or not mature, discoverable or undiscoverable, liquidated or unliquidated, accrued or not accrued, including those that are concealed or hidden, regardless of legal or equitable theory and whether arising under federal, state, common, or foreign law, that Lead Plaintiff or any other member of the Settlement Class, in any capacity, (a) asserted in the Action or the Acosta Action; or (b) could have asserted in any forum that arise out of, are based upon, or relate to, directly or indirectly, in whole or in part: (1) the allegations, transactions, facts, events, matters, occurrences, representations, omissions, or any other matter whatsoever involved, set forth, referred to, or otherwise related, directly or indirectly, to the allegations in the Action or the *Acosta* action or any disclosures made in connection therewith (including the adequacy or completeness of such disclosures), (2) the purchase, sale, acquisition, retention, disposition, or ownership of Homex ADRs during the Class Period, or (3) Defendant’s and/or its attorneys’ defense or settlement of the Action and/or the claims alleged therein. For the avoidance of doubt, Released Claims do not include: (a) claims to enforce the Settlement or (b) any and all claims that are asserted or may be asserted against the Individual Defendants in the Action or the *Acosta* Action.

(b) **“Released Parties”** means, collectively, each and all of: Defendant; Defendant’s parent corporations, subsidiaries, and any other related corporate entities of Defendant; any entity in which any Defendant has, or had during the Class Period, a controlling interest (directly or indirectly); and each and all of their respective officers, directors, agents, employees, attorneys, advisors, investment advisors, auditors, accountants, bankers, underwriters, insurers, legal representatives, heirs, successors in interest or assigns, or shareholders with the sole exceptions of the Individual Defendants. The Released Parties other than the Defendant itself are intended as third party beneficiaries of this Settlement with respect to the release of Released Claims.

(c) **“Unknown Claims”** means any and all Released Claims that Lead Plaintiff or any other Settlement Class Member do not know or suspect to exist in his, her, or its favor at the time of the release of the Released Parties, which if known by him, her, or it might have affected his, her, or its decision(s) with respect to the Settlement, including the decision to object to the terms of the Settlement or to exclude himself, herself, or itself from the Settlement Class.

(d) By operation of the Judgment or Alternative Judgment, as of the Effective Date, Lead Plaintiff and each and every other Settlement Class Member, shall be deemed to have fully, finally, and forever waived, released, discharged, and dismissed each and every one of the Released Claims against each and every one of the Released Parties and shall forever be barred and enjoined from commencing, instituting, prosecuting, or maintaining any and all of the Released Claims against any and all of the Released Parties. For avoidance of doubt, upon the Effective Date, Lead Plaintiff shall expressly, and each Settlement Class Member shall be deemed to have, and by operation of the Judgment or Alternative Judgment shall have, to the fullest extent permitted by law, expressly waived and relinquished any and all Released Claims, including all such provisions, rights and benefits conferred by any law of any state or territory of the United States or foreign law, or principle of common law, which is similar, comparable, or equivalent to Cal. Civ. Code § 1542, which provides:

A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.

Lead Plaintiff, or any and all Settlement Class Members may hereafter discover facts, legal theories, or authorities in addition to or different from those which any of them now knows, suspects, or believes to be true with respect to the Action, the Released Claims,

but Lead Plaintiff shall expressly, fully, finally, and forever settle and release, and each Settlement Class Member shall be deemed to have fully, finally, and forever settled and released, and upon the Effective Date and by operation of the Judgment or Alternative Judgment shall have settled and released, fully, finally, and forever, any and all Released Claims, without regard to the subsequent discovery or existence of such different or additional facts, legal theories, or authorities. Lead Plaintiff acknowledges, and all Settlement Class Members by operation of law shall be deemed to have acknowledged, that the inclusion of “Unknown Claims” in the definition of Released Claims was separately bargained for and was a material element of the Settlement.

(e) The “Effective Date” will occur when an Order entered by the Court approving the Settlement becomes Final and is not subject to appeal. If you remain a member of the Settlement Class, all of the Court’s orders, whether favorable or unfavorable, will apply to you and legally bind you.

45. Upon the “Effective Date,” Defendant will also provide a release of any claims against Lead Plaintiff and the Settlement Class arising out of or related to the institution, prosecution, or settlement of the claims in the Action.

EXCLUDING YOURSELF FROM THE SETTLEMENT CLASS

46. If you want to keep any right you may have to sue or continue to sue Defendant and the other Released Parties on your own concerning the Released Claims, then you must take steps to remove yourself from the Settlement Class. This is called excluding yourself or “opting out.” **Please note:** If you decide to exclude yourself, there is a risk that any lawsuit you may file to pursue claims alleged in the Action may be dismissed, including because the suit is not filed within the applicable time periods required for filing suit.

11. How do I exclude myself from the Settlement Class?

47. To exclude yourself from the Settlement Class, you must mail a signed letter stating that you request to be “excluded from the Settlement Class in *Tames v. Desarrolladora Homex, S.A.B. de C.V. et al.*, No. 2:17-cv-01416-ADS-ARL (E.D.N.Y.)” You cannot exclude yourself by telephone or e-mail. Each request for exclusion must also: (i) state the name, address, e-mail, and telephone number of the person or entity requesting exclusion; (ii) state the number of shares of Homex ADRs the person or entity purchased, acquired, and sold during the Class Period, as well as the dates and prices of each such purchase, acquisition and sale; and (iii) be signed by the Person requesting exclusion or an authorized representative. A request for exclusion must be submitted so that it is **received no later than August 26, 2020** to:

Tames v. Desarrolladora Homex, S.A.B. de C.V. et al.
c/o Angeion Group, LLC
1650 Arch Street, Suite 2210
Philadelphia, PA 19103

48. This information is needed to determine whether you are a member of the Settlement Class. Your exclusion request must comply with these requirements in order to be valid. If you ask to be excluded, do not submit a Claim Form because you cannot receive any payment from the Net Settlement Fund. Also, you cannot object to the Settlement because you will not be a Settlement Class Member. However, if you submit a valid exclusion request, you will not be legally bound by anything that happens in the Action, and you may be able to sue (or continue to sue) Defendant and the other Released Parties in the future.

12. If I do not exclude myself, can I sue Defendant and the other Released Parties for the same thing later?

49. No. Unless you properly exclude yourself, you will give up any rights to sue Defendant and the other Released Parties for any and all Released Claims. If you have a pending lawsuit against any of the Released Parties, **speak to your lawyer in that case immediately**. You must exclude yourself from this Settlement Class to continue your own lawsuit. Remember, the exclusion deadline is August 26, 2020.

13. If I exclude myself, can I get money from the proposed Settlement?

50. No, only Settlement Class Members are eligible to recover money from the Settlement.

THE LAWYERS REPRESENTING YOU

14. Do I have a lawyer in this case?

51. Lead Counsel, Levi & Korsinsky, LLP, is Lead Counsel in the Action and represent all Settlement Class Members. You will not be separately charged for these lawyers. The Court will determine the amount of attorneys' fees and expenses, which will be paid from the Settlement Fund. If you want to be represented by your own lawyer, you may hire one at your own expense.

15. How will the lawyers be paid?

52. Lead Counsel have been prosecuting the Action on a contingent basis and have not been paid for any of their work. Lead Counsel will apply to the Court on behalf of themselves for an award of attorneys' fees of no more than \$100,000 of the Settlement Fund, which will include any accrued interest. Lead Counsel will also seek payment of litigation expenses incurred by Lead Counsel in the prosecution and settlement of the Action of no more than \$40,000 including accrued interest, which may include an application in accordance with the PSLRA for the reasonable costs and expenses (including lost wages) of Lead Plaintiff directly related to their representation of the Settlement Class. As explained above, any attorneys' fees and expenses awarded by the Court will be paid from the Settlement Fund. Settlement Class Members are not personally liable for any such fees or expenses.

OBJECTING TO THE SETTLEMENT, THE PLAN OF ALLOCATION, OR THE FEE AND EXPENSE APPLICATION

16. How do I tell the Court that I do not like something about the proposed Settlement?

53. If you are a Settlement Class Member, you can object to the Settlement or any of its terms, the proposed Plan of Allocation of the Net Settlement Fund, and/or Lead Counsel's Fee and Expense Application. You may write to the Court about why you think the Court should not approve any or all of the Settlement terms or related relief. If you would like the Court to consider your views, you must file a proper objection within the deadline, and according to the following procedures.

54. To object, you must send a signed letter stating that you object to the proposed Settlement, the Plan of Allocation, and/or the Fee and Expense Application in "*Tames v. Desarrolladora Homex, S.A.B. de C.V. et al.*, No. 2:17-cv-01416-ADS-ARL (E.D.N.Y)." Your objection must state why you are objecting and whether your objection applies only to you, a subset of the Settlement Class, or the entire Settlement Class. The objection must also state: (i) the name, address, telephone number, and e-mail address of the objector and must be signed by the objector; (ii) contain a statement of the Settlement Class Member's objection or objections and the specific reasons for each objection, including any legal and evidentiary support (including witnesses) the Settlement Class Member wishes to bring to the Court's attention; and (iii) include information sufficient to prove the objector's membership in the Settlement Class, including the number of shares of Homex ADRs purchased, acquired, and sold during the Class Period as well as the dates and prices of each such purchase, acquisition, and sale. Unless otherwise ordered by the Court, any Settlement Class Member who does not object in the manner described in this Notice will be deemed to have waived any objection and will be forever foreclosed from making any objection to the proposed Settlement, the Plan of Allocation, and/or Lead Counsel's Fee and Expense Application. Your objection must be filed with the Court **no later than August 26, 2020** and be mailed or delivered to the following counsel so that it is **received no later than August 26, 2020**:

Court

Lead Counsel

**Defendant's Counsel
Representatives**

Clerk of the Court

United States District Court
Eastern District of New York
225 Cadman Plaza East
Brooklyn, NY 11201

Levi & Korsinsky, LLP

Nicholas I. Porritt, Esq.
55 Broadway, 10th Floor
New York, NY 10006

Sidley Austin LLP

Hille R. Sheppard
1 S. Dearborn St.
Chicago, IL 60603

55. You do not need to attend the Settlement Hearing to have your written objection considered by the Court. However, any Settlement Class Member who has complied with the procedures described in this Question 16 and below in Question 20 may appear at the Settlement Hearing and be heard, to the extent allowed by the Court. An objector may appear in person or arrange, at his, her, or its own expense, for a lawyer to represent him, her, or it at the Settlement Hearing.

17. What is the difference between objecting and seeking exclusion?

56. Objecting is telling the Court that you do not like something about the proposed Settlement, Plan of Allocation, or Lead Counsel's Fee and Expense Application. You can still recover money from the Settlement. You can object *only* if you stay in the Settlement Class. Excluding yourself is telling the Court that you do not want to be part of the Settlement Class. If you exclude yourself from the Settlement Class, you have no basis to object because the Settlement and the Action no longer affect you.

THE SETTLEMENT HEARING

18. When and where will the Court decide whether to approve the proposed Settlement?

57. The Court will hold the Settlement Hearing on **September 16, 2020 at 9:00 a.m.**, in Courtroom of the Honorable Arthur D. Spatt at the United States District Court, Eastern District of New York, 225 Cadman Plaza East, Brooklyn, NY 11201.

58. At this hearing, the Court will consider whether: (i) the Settlement is fair, reasonable, adequate, and should be approved; (ii) the Plan of Allocation is fair and reasonable, and should be approved; and (iii) the application of Lead Counsel for an award of attorneys' fees and payment of litigation expenses is reasonable and should be approved. The Court will take into consideration any written objections filed in accordance with the instructions in Question 16 above. We do not know how long it will take the Court to make these decisions.

59. You should be aware that the Court may change the date and time of the Settlement Hearing without another notice being sent to Settlement Class Members. If you want to attend the hearing, you should check with Lead Counsel or visit the website at www.homexsecuritieslitigation.com beforehand to be sure that the hearing date and/or time has not changed.

19. Do I have to come to the Settlement Hearing?

60. No. Lead Counsel will answer any questions the Court may have. But, you are welcome to attend at your own expense. If you submit a valid and timely objection, the Court will consider it and you do not have to come to Court to discuss it. You may have your own lawyer attend (at your own expense), but it is not required. If you do hire your own lawyer, he or she must file and serve a Notice of Appearance in the manner described in the answer to Question 20 below **no later than August 26, 2020**.

20. May I speak at the Settlement Hearing?

61. You may ask the Court for permission to speak at the Settlement Hearing. To do so, you must, **no later than August 26, 2020**, submit a statement that you, or your attorney, intend to appear in "*Tames v. Desarrolladora Homex, S.A.B. de C.V. et al.*, No. 2:17-cv-01416-ADS-ARL (E.D.N.Y.)." Persons who intend to present evidence at the Settlement Hearing must also include in their objections (prepared and submitted in accordance with the answer to Question 16 above) the identities of any witnesses they may

wish to call to testify and any exhibits they intend to introduce into evidence at the Settlement Hearing. You may not speak at the Settlement Hearing if you exclude yourself from the Settlement Class or if you have not provided written notice of your intention to speak at the Settlement Hearing in accordance with the procedures described in this Question 20 and Question 16 above.

IF YOU DO NOTHING

21. What happens if I do nothing at all?

62. If you do nothing and you are a member of the Settlement Class, you will receive no money from this Settlement and you will be precluded from starting a lawsuit, continuing with a lawsuit, or being part of any other lawsuit against Defendant and the other Released Parties concerning the Released Claims. To share in the Net Settlement Fund, you must submit a Claim Form (*see* Question 8 above). To start, continue, or be a part of any other lawsuit against Defendant and the other Released Parties concerning the Released Claims, you must exclude yourself from the Settlement Class (*see* Question 11 above).

GETTING MORE INFORMATION

22. Are there more details about the Settlement?

63. This Notice summarizes the proposed Settlement. More details are contained in the Stipulation. You may review the Stipulation filed with the Court or other documents in the case during business hours at the Office of the Clerk of the United States District Court, Eastern District of New York, 225 Cadman Plaza East, Brooklyn, NY 11201. Subscribers to PACER, a fee-based service, can also view the papers filed publicly in the Action through the Court's on-line Case Management/Electronic Case Files System at <https://www.pacer.gov>.

64. You can also get a copy of the Stipulation, and other documents related to the Settlement, as well as additional information about the Settlement by visiting the Claims Administrator website, www.homexsecuritieslitigation.com. You may also call the Claims Administrator toll free at (833) 508-0996 or write to the Claims Administrator at *Tames v. Desarrolladora Homex, S.A.B de C.V. et al.*, c/o Angeion Group, LLC, 1650 Arch Street, Suite 2210, Philadelphia, PA 19103. **Please do not call the Court with questions about the Settlement.**

PLAN OF ALLOCATION OF THE NET SETTLEMENT FUND

23. How will my claim be calculated?

65. The Plan of Allocation (the "Plan of Allocation" or "Plan") set forth below is the plan that is being proposed by Lead Plaintiff and Lead Counsel to the Court for approval. The Court may approve this Plan of Allocation or modify it without additional notice to the Settlement Class. Any order modifying the Plan will be posted on the Claims Administrator website at: www.homexsecuritieslitigation.com.

66. The Settlement Amount and the interest it earns is the "Settlement Fund." The Settlement Fund, after deduction of Court-approved attorneys' fees and expenses, Taxes, and any other fees or expenses approved by the Court is the "Net Settlement Fund." The Net Settlement Fund will be distributed to members of the Settlement Class who timely submit valid Claim Forms that show a Recognized Claim according to the Plan of Allocation approved by the Court.

67. The objective of this Plan of Allocation is to equitably distribute the Net Settlement Fund among Authorized Claimants who suffered economic losses allegedly as a result of the asserted violations of the federal securities laws during the Class Period (April 30, 2012 through May 5, 2016). In this case, Lead Plaintiff alleges that Defendant issued false statements and omitted material facts during the Class Period that allegedly artificially inflated the price of Homex ADRs. Accordingly, in order to have a compensable loss in this Settlement, the ADRs of Homex must have been purchased or acquired during the Class Period and held

through the alleged corrective disclosure(s). This Plan is intended to be generally consistent with an assessment of, among other things, the damages that Lead Plaintiff and Lead Counsel believe were recoverable in the Action pursuant to the Exchange Act.

68. The Plan of Allocation, however, is not a formal damages analysis and the calculations made pursuant to the Plan are not intended to be estimates of, nor indicative of, the amounts that Settlement Class Members might have been able to recover after a trial. The computations under the Plan of Allocation are only a method to weigh the claims of Authorized Claimants against one another for the purposes of making *pro rata* allocations of the Net Settlement Fund. An individual Settlement Class Member's recovery will depend on, for example: (a) the total number and value of claims submitted; (b) when the claimant purchased or acquired Homex ADRs; and (c) whether and when the claimant sold his, her, or its shares of Homex ADRs.

69. Because the Net Settlement Fund is less than the total losses alleged to be suffered by Settlement Class Members, the formulas described below for calculating Recognized Losses are not intended to estimate the amount that will actually be paid to Authorized Claimants. Rather, these formulas provide the basis on which the Net Settlement Fund will be distributed among Authorized Claimants on a *pro rata* basis. An Authorized Claimant's "Recognized Claim" shall be the amount used to calculate the Authorized Claimant's *pro rata* share of the Net Settlement Fund. The *pro rata* share shall be the Authorized Claimant's Recognized Claim divided by the total of the Recognized Claims of all Authorized Claimants, multiplied by the total amount in the Net Settlement Fund.

70. Defendant, its respective counsel, and all other Released Parties will have no responsibility or liability for the investment of the Settlement Fund, the distribution of the Net Settlement Fund, the Plan of Allocation or the payment of any claim. Lead Plaintiff, Lead Counsel, and anyone acting on their behalf, likewise will have no liability for their reasonable efforts to execute, administer, and distribute the Settlement.

CALCULATION OF RECOGNIZED LOSS AMOUNTS

71. For purposes of determining whether a claimant has a Recognized Claim, purchases, acquisitions, and sales of Homex ADRs will first be matched on a First In/First Out ("FIFO") basis. If a Settlement Class Member has more than one purchase/acquisition or sale of Homex ADRs during the Class Period, all purchases/acquisitions and sales shall be matched on a FIFO basis. Class Period sales will be matched first against any holdings at the beginning of the Class Period and then against purchases/acquisitions in chronological order, beginning with the earliest purchase/acquisition made during the Class Period.

72. The Claims Administrator will calculate a "Recognized Loss Amount," as set forth below, for each purchase of Homex ADRs during the Class Period that is listed in the Claim Form and for which adequate documentation is provided. To the extent that the calculation of a Claimant's Recognized Loss Amount results in a negative number, that number shall be set to zero.

73. For each share of Homex ADRs purchased or otherwise acquired during the Class Period and sold before the close of trading on May 5, 2016, an "Out of Pocket Loss" will be calculated. Out of Pocket Loss is defined as the purchase price (excluding all fees, taxes, and commissions) minus the sale price (excluding all fees, taxes, and commissions). To the extent that the calculation of the Out of Pocket Loss results in a negative number, that number shall be set to zero.

74. The sum of a claimant's Recognized Loss Amounts will be the claimant's "Recognized Claim."

75. **For each American Depositary Receipt of Homex⁴ purchased or acquired from April 12, 2012 through and including May 5, 2016 the amount of Settlement Class Member's Recognized Loss Amount per share will be the least of: (i) the**

⁴ All prices herein are adjusted for Homex's 1-for-10 reverse stock split that took place on October 23, 2015. Settlement Class Member's Homex ADR's prices will be adjusted for this reverse stock split when determining the "Recognized Loss Amount."

Recognized Loss Amount listed below; (ii) the Out of Pocket Loss; (iii) or the actual purchase/acquisition price of each such share minus \$0.7883⁵ for those shares sold on or after May 6, 2016:

PURCHASED/ACQUIRED:		SOLD:			
		Before April 30, 2014	April 30, 2014 to May 2, 2014	May 3, 2014 to May 5, 2016	On or after May 6, 2016
	On or before April 30, 2014	\$0.00	\$4.82	\$10.20	\$10.315
	May 1, 2014 to May 2, 2014		\$0.00	\$5.38	\$5.495
	May 3, 2014 to May 5, 2016			\$0.00	\$0.115

ADDITIONAL PROVISIONS

76. Publicly traded American Depositary Receipts of Homex is the only security eligible for recovery under the Plan of Allocation. With respect to ADRs purchased or sold through the exercise of an option, the purchase/sale date of the ADRs is the exercise date of the option and the purchase/sale price is the exercise price of the option.

77. Purchases or acquisitions and sales of Homex ADRs shall be deemed to have occurred on the “contract” or “trade” date as opposed to the “settlement” or “payment” date. The receipt or grant by gift, inheritance or operation of law of ADRs during the Class Period shall not be deemed a purchase or acquisition of such shares for the calculation of an Authorized Claimant’s Recognized Claim, nor shall the receipt or grant be deemed an assignment of any claim relating to the purchase/acquisition of such shares of such ADRs unless (i) the donor or decedent purchased or otherwise acquired such shares of ADRs during the Class Period; (ii) no Claim Form was submitted by or on behalf of the donor, on behalf of the decedent, or by anyone else with respect to such shares of ADRs; and (iii) it is specifically so provided in the instrument of gift or assignment.

78. In accordance with the Plan of Allocation, the Recognized Loss Amount on any portion of a purchase or acquisition that matches against (or “covers”) a “short sale” is zero. The Recognized Loss Amount on a “short sale” that is not covered by a purchase or acquisition is also zero. In the event that a claimant has an opening short position in Homex ADRs at the start of the Class Period, the earliest Class Period purchases or acquisitions shall be matched against such opening short position in accordance with the FIFO matching described above and any portion of such purchases or acquisition that covers such short sales will not be entitled to recovery. In the event that a claimant newly establishes a short position during the Class Period, the earliest subsequent Class Period purchase or acquisition shall be matched against such short position on a FIFO basis and will not be entitled to a recovery.

79. The Net Settlement Fund will be allocated among all Authorized Claimants whose prorated payment is \$10.00 or greater. If the prorated payment to any Authorized Claimant calculates to less than \$10.00, it will not be included in the calculation and a distribution will not be made to that Authorized Claimant.

⁵ Pursuant to Section 21D(e)(1) of the Exchange Act, “in any private action arising under this title in which the plaintiff seeks to establish damages by reference to the market price of a security, the award of damages to the plaintiff shall not exceed the difference between the purchase or sale price paid or received, as appropriate, by the plaintiff for the subject security and the mean trading price of that security during the 90-day period beginning on the date on which the information correcting the misstatement or omission that is the basis for the action is disseminated to the market.” Consistent with the requirements of the Exchange Act, Recognized Loss Amounts are reduced to an appropriate extent by taking into account the closing prices of Homex ADRs during the “90-day look-back period,” May 6, 2016 through August 3, 2016. The mean (average) closing price for Homex ADRs during this 90-day look-back period was \$0.7883.

80. Payment according to this Plan of Allocation will be deemed conclusive against all Authorized Claimants. Recognized Claims will be calculated as defined herein by the Claims Administrator and cannot be less than zero.

81. Distributions will be made to eligible Authorized Claimants after all claims have been processed and after the Court has finally approved the Settlement. If there is any balance remaining in the Net Settlement Fund (whether by reason of tax refunds, uncashed checks or otherwise) after at least six (6) months from the date of initial distribution of the Net Settlement Fund, the Claims Administrator shall, after determining in consultation with Lead Counsel that a further distribution is feasible and economical after payment of Notice and Administration Expenses, Taxes, and attorneys' fees and expenses, if any, redistribute such balance among Authorized Claimants who have cashed their checks in an equitable and economic fashion. Once it is no longer feasible or economical to make further distributions, any balance that still remains in the Net Settlement Fund after re-distribution(s) and after payment of outstanding Notice and Administration Expenses, Taxes, and attorneys' fees and expenses, if any, shall be contributed to a non-profit and non-sectarian organization(s) approved by the Court.

82. Payment pursuant to the Plan of Allocation or such other plan as may be approved by the Court shall be conclusive against all Authorized Claimants. No person shall have any claim against Lead Plaintiff, Lead Counsel, the Claims Administrator, or other agent designated by Lead Counsel, arising from determinations or distributions to claimants made substantially in accordance with the Stipulation, the Plan of Allocation approved by the Court, or further orders of the Court. Lead Plaintiff, Defendant, their respective counsel, and all other Released Parties shall have no responsibility for or liability whatsoever for the investment or distribution of the Settlement Fund, the Net Settlement Fund, the Plan of Allocation or the determination, administration, calculation, or payment of any Claim Form or non-performance of the Claims Administrator, the payment or withholding of taxes owed by the Settlement Fund or any losses incurred in connection therewith.

83. Each claimant is deemed to have submitted to the jurisdiction of the United States District Court for the Eastern District of New York with respect to his, her, or its claim.

SPECIAL NOTICE TO SECURITIES BROKERS AND NOMINEES

84. If you purchased or acquired Homex ADRs during the Class Period for the beneficial interest of a person or entity other than yourself, the Court has directed that **WITHIN TEN (10) CALENDAR DAYS OF YOUR RECEIPT OF THIS NOTICE, YOU MUST EITHER:** (a) provide to the Claims Administrator the name and last known address of each person or entity for whom or which you purchased or acquired Homex ADRs during the Class Period; or (b) request additional copies of this Notice and the Claim Form from the Claims Administrator, which will be provided to you free of charge, and **WITHIN TEN (10) CALENDAR DAYS** of receipt, mail the Notice and Claim Form directly to all the beneficial owners of those securities. If you choose to follow procedure (b), the Court has also directed that, upon making that mailing, **YOU MUST SEND A STATEMENT** to the Claims Administrator confirming that the mailing was made as directed and keep a record of the names and mailing addresses used. You are entitled to reimbursement from the Settlement Fund of your reasonable expenses actually incurred in connection with the foregoing, including reimbursement of postage expense and the cost of ascertaining the names and addresses of beneficial owners (\$0.85per notice). Expenses will be paid upon request and submission of appropriate supporting documentation and timely compliance with the above directives. Any disputes as to the reasonableness or documentation of expenses incurred will be subject to review by the Court. All communications concerning the foregoing should be addressed to the Claims Administrator: *Tames v. Desarrolladora Homex, S.A.B. de C.V. et al.,c/o* Angeion Group, LLC, 1650 Arch Street, Suite 2210,Philadelphia, PA 19103, website: www.homexsecuritieslitigation.com toll free phone number (833) 508-0996

Dated: June 11, 2020

BY ORDER OF THE

UNITED STATES DISTRICT COURT

EASTERN DISTRICT OF NEW YORK

