



## Fibra Inn Announces Results for the First Quarter of 2018

**Monterrey, Mexico, April 26, 2018** — Deutsche Bank Mexico, S.A., Institución de Banca Múltiple, Trust Division F/1616 or Fibra Inn (BMV: FINN13) (“Fibra Inn” or “the Company”), the Mexican real estate investment trust internally managed and specialized in the hotel industry serving the business traveler with global brands, today announced its non-audited first quarter results for the period ended March 31, 2018 (1Q18). These results were prepared in accordance with International Financial Reporting Standards (IFRS) and are stated in nominal Mexican pesos (Ps.).

### 1Q18 Financial Highlights:

- Fibra Inn concluded the quarter with 42 hotels in operation plus one property in the expansion process. This represents a total of 6,944 rooms, 145 of which are undergoing brand conversions and 51 are under expansion. Fibra Inn is invested in 3 properties, under the Hotel Factory model, that will add 633 rooms.
- **Total Revenue:** Ps. 500.9 million, of which 95.6% were from room revenues and 4.4% were from other rental revenues, for a total increase of 4.3% compared to 1Q17.
- **Hotel NOI<sup>1</sup>:** Ps. 180.2 million, a 3.3% increase compared with the Ps. 174.4 million reported in 1Q17; NOI margin was 36.0%.
- **Adjusted EBITDA<sup>2</sup>:** reached Ps. 154.4 million, a 0.3% increase compared to the Ps. 154.1 million in 1Q17.
- **FFO<sup>3</sup>:** Ps. 117.7 million, a 5.1% increase compared with the Ps. 112.0 million reported in 1Q17; the FFO margin was 23.5%.
- **Distributions to Holders<sup>4</sup>:** Ps. 109.1 million for the 436,203,575 CBFIs outstanding. Distribution per CBFI was Ps. 0.2500, representing an 8.4% annualized dividend yield for the quarter.

### Same-Store Sales for 1Q18 for the 41 comparable hotels<sup>5</sup>:

- **Room revenue:** Ps. 469.1 million; an increase of 3.9% vs 1Q17.
- **Occupancy:** 63.7%, an increase of 3.3 percentage points (pp) and an Average Daily Rate (ADR) of Ps. 1,245.4, a decline of 1.4%.
- **Revenue per Available Room (“RevPAR”):** was Ps. 793.6, a 3.9% increase.

### Total Revenues for 1Q18 for the 42 hotels in operation:

- **Room revenues:** Ps. 478.9 million; an increase of 4.5% compared to 1Q17.
- **Occupancy:** 63.2%; an increase of 3.3 pp versus 1Q17.
- **Average Daily Rate:** Ps. 1,247.1; a decrease of 0.6%.
- **Revenue per Available Room (RevPAR):** Ps. 788.7, a 4.9% increase vs 1Q17.

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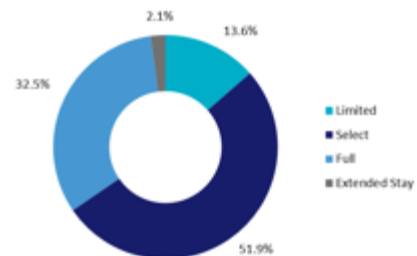


- <sup>1</sup> Beginning in 1Q17, Hotel NOI and NOI from other businesses are broken down separately. The first is the calculation of the Fibra's revenue (hotel revenues and other revenues) minus operating expenses for administration, maintenance, lodging, utilities, fees, royalties, marketing and promotion, as well as property tax and insurance. The second (NOI) corresponds only to revenues and expenses from the Hotel Factory. Additionally, Total NOI will be reported.
- <sup>2</sup> Adjusted EBITDA includes acquisition and organization expenses.
- <sup>3</sup> FFO is calculated as the Adjusted EBITDA plus interest gain less interest expense and foreign exchange fluctuations.
- <sup>4</sup> Calculated based on 436,203,572 CBFIs outstanding at the close of 1Q18; yield is based on Ps. 12.14 per CBFi as of March 30, 2018.

### First Quarter 2018 Results

The sales mix at the close of 1Q18 was comprised of 42 hotels under operation: 11 limited service, 19 select service, 11 full service and 1 extended-stay hotels.

Total Revenue per Segment				
	1Q18	%	1Q17	%
(Ps. million)				
Limited Service	67.9	13.6%	66.6	13.9%
Select Service	259.9	51.9%	229.1	47.7%
Full Service	162.7	32.5%	172.2	35.8%
Extended Stay	10.5	2.1%	12.5	2.6%
<b>Total</b>	<b>500.9</b>	<b>100.0%</b>	<b>480.4</b>	<b>100.0%</b>





Financial Highlights					
	1Q18		1Q17		Var
(Ps. million, except EBITDA per room)					
Lodging Revenues	478.9	95.6%	458.2	95.4%	4.5%
Rental Revenues	22.0	4.4%	22.2	4.6%	-1.0%
Fibra Revenues	500.9	100.0%	480.4	100.0%	4.3%
NOI	180.2	36.0%	174.4	36.3%	3.3%
Adjusted EBITDA	154.5	30.9%	154.1	32.1%	0.3%
EBITDA per Room	22,900.6	-	22,954.0	-	-0.2%
FFO	117.7	23.5%	112.0	23.3%	5.1%
<b>Distribution and Dividend Yield</b>					
CBFI Price	12.14		11.05		9.9%
Distribution	109.1		110.0		-0.9%
Distribution per CBFI	0.2500		0.2500		0.0%
CBFIs outstanding	436.2		440.0		-0.9%
Annualized Dividend yield at the end of the quarter	8.4%		9.2%		-0.8 p.p
<b>Hotels and Rooms</b>					
Hotels in operation	42		43		-1
Hotels in remodeling *	1		-		1
Developments	-		-		0
Land Lots	1		1		0
Total number of properties and the end of the quarter	44		44		0
Weighted number of days per procurement	100%		100%		0
Footprint (States)	15		15		0
Rooms in operation	6,748		6,713		35
Rooms under development	-		222		-222
Rooms under rebranding	145		-		145
Rooms in addition	51		-		51
Rooms in remodeling	-		180		-180
Total # Rooms	6,944		7,115		-171

\* The Casa Grande Ciudad Juarez hotel temporarily closed on September 1, 2017 for conversion to the Holiday Inn brand and the addition of 51 rooms.

Fibra Inn's total revenues during 1Q18 were Ps. 500.9 million, an increase of 4.3% compared to 1Q17. Revenues were comprised as follows:

- Ps. 478.9 million, or 95.6%, were from room revenues from the 42 properties in the portfolio, equivalent to 4.5% growth compared to 1Q17. This result was due to the following factors:
  - i. A 3.9% increase from same-store sales room revenues, which reflected the effects of the Easter holiday when due to seasonality, there are a lower number of business travelers; this year, this holiday period took place during the month of March (1Q) and last year it was in April (2Q). Excluding this effect, the increase would have been 6.0% for 1Q18; and
  - ii. A 0.6% organic increase during the quarter, which reflected the 0.6% impact on the average daily rate, due to the appreciation of the peso versus the dollar for an average of 7.8% for the quarter.
- Ps. 22.0 million, or 4.4%, in rental revenues from spaces for services other than lodging, such as conference and meeting rooms, coffee breaks and restaurants, as



well as the rental of certain commercial spaces, which declined by 1.0% compared to Ps. 22.2 million in 1Q17.

During 1Q18, total operating expenses were Ps. 320.7 million, or 64.0% of total revenues, an increase of 30 basis points (bp), compared with 63.7% during 1Q17. This was the net effect of the following:

- A 60 bp increase in lodging expenses, representing 25.3% of total revenues, to reach Ps. 126.9 million. This was due to the usage of external sales channels to generate greater demand by investing in certain commercial strategies, such as greater usage of travel agencies, both traditional and online access, in order to target leisure travelers, thereby offsetting the seasonality of the Easter holiday vacation period, which results in lower volume of business travelers; as well increasing the number of guests that are members of the global brand loyalty programs.
- A 40 bp increase in royalties, representing 6.6% of total revenues, to reach Ps. 33.2 million, as several franchise contracts with international brands were renewed.

The above was offset by:

- The operating expenses which remained consistent as a percentage of revenues compared with 1Q17: administrative expenses at 16.8%, maintenance expenses at 4.0% and insurance at 0.3%.
- A 50 bp decrease in energy costs, representing 5.2% of total revenue, due to savings in electricity and gas.
- A 10 bp decreased in marketing and advertising, which represented 5.3% of total revenues, or Ps. 26.4 million for the following reasons: (i) during this quarter, the Company merged the hotel sales teams in Chihuahua, leaving only one service team for the 10 properties, thereby reducing the amount for sales payroll.
- A 10 bp decline in property taxes, reaching 0.6% of total revenues, since in 1Q17 the Company paid property taxes that were owed for two hotels.

Beginning in 1Q18, the Company will report Hotel NOI, which pertains to the operation of the properties and NOI from other businesses; this line item will also include revenues and costs from the Hotel Factory.

As such, Net Operating Income (Hotel NOI) for 1Q18 reached Ps. 180.2 million, which represented a 3.3% increase, compared to Ps. 174.4 million for 1Q17. The NOI margin was 36.0%, which represented a decline of 30 bp compared to 36.3% reached in 1Q17.

In terms of the Hotel Factory, revenues from the structuring of projects and asset management have not been collected yet. However, costs for Ps. 3.6 million were registered pertaining to salaries that correspond to the Hotel Factory team, this payroll was formerly included as part of the projects in previous quarters.



As a result of the above, Total NOI for 1Q18 was Ps. 176.6 million, a 1.3% increase compared to the Ps. 174.4 million reported in 1Q17. NOI margin was 35.3% versus 36.3% reported in 1Q17.

For 1Q18, expenses related to the management of the Fibra were Ps. 30.5 million, representing a 22.8% increase compared to the Ps. 24.8 million reported in 1Q17. As a percentage of total revenues, these expenses were equivalent to 6.1%, representing an increase of 90 pp versus the 5.2% reported in the same quarter of last year. This variation was the result of the following:

- An 80 bp increase in acquisition and corporate expenses, representing 1.3% of total revenues, due to the following: (i) payments for hotel operational licenses and construction permits for some of the properties; (ii) consulting fees related to the restructuring of the administrative shared service center; and (iii) expenses corresponding to the improvement of the SAP system.
- Extraordinary maintenance expenses for the hotels were 0.4%, which remained stable compared to the figure for 1Q17.
- A 40 bp decrease in other expenses as: (i) in the prior year, the Tax Authority made a VAT reimbursement, and (ii) in 1Q18, revenues that take place when a hotel is remodeled, from the sale of fixed assets such as hotel furniture and equipment.
- A 20 bp decrease in corporate management expenses, which represented 4.7% of total revenues and which reflects the efficiency in the amounts of comparable quarters, both under the internally managed structure.

EBITDA reached Ps. 146.1 million in 1Q18, representing a 2.3% decline compared with the Ps. 149.5 million reported in 1Q17. EBITDA margin reached 29.2%, 190 bps below the 31.1% reported in 1Q17.

### **IFRS 3 Business Combinations**

In reference to IFRS 3 Business Combinations, hotel acquisitions are considered business acquisitions, as these reflect the acquisition of a running operation. Therefore, acquisition-related expenses are reported in the profit and loss statement as they are incurred, including notary expenses, legal and appraisal expenses as well as other expenses. This is applicable for hotel acquisitions after 2014.

Adjusted EBITDA of Ps. 154.4 million excludes the previously-mentioned acquisition and corporate-related expenses and increased 0.3% compared to Ps. 154.1 million in 1Q17. Adjusted EBITDA margin was 30.9%, which represented a 1.2 pp decrease compared to the 32.1% margin reported in 1Q17.

The period included:

- An estimate for the deterioration of financial assets in the amount of Ps. 4.3 million, or 0.9% of revenues corresponding to the allowance for undoubtful accounts;
- A fixed assets depreciation of Ps. 82.5 million, representing 16.5% of total revenues and which increased by 28.4% compared to Ps. 64.3 million in 1Q17 due



to the increase of the asset base of the properties. The calculation for the depreciation of fixed assets – properties, furniture and equipment – is calculated based on the straight line method based on the estimated useful life of the net assets' residual value.

Operating Income (EBIT) was Ps. 59.3 million, a decline of 30.5% or Ps. 26.0 million below the figure for 1Q17, which was Ps. 85.2 million. The margin was equivalent to 11.8% versus 17.7% reported in 1Q17.

Fibra Inn obtained higher interest income totaling Ps. 12.6 million, or Ps. 1.5 million higher compared to the Ps. 11.0 million reported in 1Q17. This increase corresponded to higher profitability for investments due to higher interest rates, even though cash and equivalents was lower in 1Q18 compared to the previous year. Additionally, the Company reported higher income due to partial cancelation of the interest rate swaps. That is, 52% (Ps. 990 million) ceased covering the balance of the financial debt beginning in February, upon the successful completion of the FINN18 issuance at a fixed rate. The remaining 48% (Ps. 900 million) will continue covering the remaining balance of FINN15 of Ps. 1 billion. Due to this change in the debt composition, this line item was recognized in the income statement as an effect of the valuation of financial instruments. The market value of those derivatives that are no longer required to cover the debt at a variable rate as of March 31, 2018 was Ps. 19.8 million.

Interest expense reached of Ps. 68.1 million in 1Q18, compared to Ps. 50.1 million during 1Q17. These expenses are related to the public debt balance of Ps. 2,955.0 million as of March 31, 2018, net of amortized expenses and include a non-monetary charge for Ps. 9.9 million corresponding to the non-amortized expenses of the first debt issuance FINN15 for Ps. 1,875.4 million, which are carried on to the results as this issuance was repurchased.

There was an exchange rate loss of Ps. 1.5 million. The net financial result was an expense of Ps. 36.8 million in 1Q18, Ps. 5.3 million lower than the expense of Ps. 42.1 million in 1Q17; which is favorable considering the higher debt amount and the significant interest rate increase.

Net Income for 1Q18 was Ps. 22.5 million, representing a decline of Ps. 21.0 million, compared to the Ps. 43.1 million in 1Q17. The net margin was 4.5% in 1Q18, versus 9.0% in 1Q17.

The Company reported a decrease in the reserve due to the effect of the valuation of derivative financial instruments for Ps. 32.7 million, which is Ps. 22.2 million higher than the Ps. 10.5 million reported in 1Q17. This was due to the aforementioned explanation regarding the partial cancelation of the interest rate swaps related to the FINN18 issuance at a fixed rate.

As a result, the Company reported negative comprehensive net income for Ps. 10.2 million in 1Q18.



1Q18 FFO was Ps. 117.7 million, equivalent to a 5.1% increase, or Ps. 5.7 million compared to the Ps. 112.0 million reported in 1Q17. FFO margin was 23.5% in 1Q18 compared to 23.3% for the same quarter of the previous year.

Reconciliation to FFO and AFFO			
	1Q18	1Q17	Var %
FFO	117.7	109.9	7.1%
(-) Maintenance CAPEX	15.0	14.4	0.0%
Adjusted FFO	102.7	95.5	7.6%
FFO per CBF1	0.2699	0.2497	8.1%
Adjusted FFO per CBF1	0.2355	0.2170	8.5%

\*Calculations per CBF1 based on 436,203,575 shares in 1Q18 and 440,019,542 shares in 1Q17.

### Distribution to Holders

On April 24, 2018, Fibra Inn's Technical Committee approved a cash distribution for the CBF1 holders of Ps. 109.1 million related to 1Q18. This distribution was equivalent to Ps. 0.2500 per CBF1, based on 436,203,576 CBF1s outstanding, as a return of capital based in the operations and results of Fibra Inn for the period between January 1 and March 31, 2018. This distribution will be paid by May 31, 2018.

Distribution to Holders				
	1Q18		1Q17	
	per CBF1*	Total	per CBF1*	Total
	Ps. \$	Ps. million	Ps. \$	Ps. million
Taxable income	-	-	-	-
Return of capital	0.2500	109.1	0.2500	110.0
<b>Total</b>	<b>0.2500</b>	<b>109.1</b>	<b>0.2500</b>	<b>110.0</b>

\* The amount distributed per CBF1 was calculated based on 436,203,575 CBF1s outstanding in 1Q18

The repurchase program reached a total balance of 3,815,967 CBF1s at March 31, 2018. After the close of the quarter, 1,328,991 additional CBF1s were repurchased; as such, the total amount of repurchased CBF1s at the time of this report was 5,144,958 CBF1s.

Shareholder Composition		
At March 31, 2018		
	CBFIs	%
CBFIs in Treasury	64,000,000	12.7%
Repurchase Fund	3,815,967	0.8%
Founders Trust	75,079,170	0.0%
Public Float	361,124,405	0.0%
Total Outstanding	436,203,575	86.5%
Total Issued	504,019,542	100.0%

### Calculation of the Distribution to CBFIs Holders

In accordance with the tax laws applicable to Fibra Inn, the fiduciary is obligated to distribute at least 95% of its taxable income generated in the prior period to CBFIs holders by the Trust's assets at least once per year and by March 15 of the consequent period.

This past April 24, 2018, Fibra Inn's Technical Committee approved a distribution policy based on Ps. 0.2500 per CBFI for 1Q18. The objective is to generate stability in distribution payments, in accordance with the nature of the real estate business, similar to the rents obtained in a portfolio of real estate properties.

In line with the tax code applicable to Fibra Inn, when the fiduciary grants holders of CBFIs that are worth more than the tax amount of the period generated by the trustors' equity, the difference is considered a capital return and will lower the proven value of the purchase of the certificates held by the holders that receive this difference. The capital reimbursement does not generate a tax withholding for Fibra Inn's investors.

### Taxable Income Calculation

Taxable Income is calculated from a tax base and may differ from the accounting base calculation. Therefore, it is important to consider the following:

- Fiscal depreciation applies to approximately 82% of the total value of the hotels at a 5% annual rate, updated to reflect inflation in the portion corresponding to constructions (74%), while the remaining fixed assets (8%) depreciate fiscally in accordance with the rates applicable. The remaining 18% is the value of the land, which does not depreciate.
- IPO expenses are tax deductible in straight line depreciation for 7 years updated to reflect inflation.
- Monetary assets – mainly cash and cash equivalents – generate a tax deduction due to inflation effects over the average balance of those assets.

Therefore, use the following formula to calculate the Taxable Income:

$$\begin{aligned} & \text{Accountable Income} \\ & (+) \text{Accountable depreciation, not deductible} \end{aligned}$$





- (-) Taxable depreciation
- (-) IPO expenses amortized to 7 years
- (-) Annual adjustment from deductible inflation
- = Taxable Income

### Use of the CAPEX Reserve

The capital expenditure reserve for hotel maintenance is provisioned as per the investment requirements in each line item for each period, plus a reasonable reserve for future requirements. As of March 31, 2018, this reserve reached Ps. 24.4 million compared to Ps. 22.4 million at December 31, 2017. The total amount for capital expense reached Ps. 13.0 million during 1Q18 of which Ps. 1.9 million were included as expenses in the profit and loss statement.

### Balance Sheet

As of March 31, 2018, Fibra Inn held Ps. 446.8 million in cash and cash equivalents. As of March 2018, the outstanding recoverable VAT amount was Ps. 12.4 million, which is in process to be recovered with the Tax Administration Authority.

Accounts receivable registered Ps. 137.5 million from regular business operations. Other accounts receivable were Ps. 31.9 million and anticipated payments were Ps. 17.7 million, which mainly pertain to operating expenses of the amortized hotels during the period, as well as property taxes, insurance, fiduciary fees, independent board members and administrative payments. Accounts payable reached Ps. 89.6 million.

On February 15, 2018, Fibra Inn announced that in order to improve its financial profile, it carried out a FINN18 debt issuance as well as the partial repurchase of the FINN15 issuance via a Debt Tender Offer, in the following manner:

- a. A New Debt Issuance of Unsecured Trust Certificates (CBFs) for Ps. 2 billion at a fixed rate of 9.93% (base rate of 7.73% plus 220 basis point spread) for a 10-year maturity due on February 2, 2028; ticker symbol FINN18.
- b. At the same time, the Company completed a Debt Tender Offer, whereby it completed the partial and early repurchase of 18,753,500 FINN15 securities, which were due to mature in 2021, for a total of Ps. 1,875.4 million.

The Ps. 124.7 million raised was used to pay down expenses related to the transaction, for the payment of interest related to the FINN15 coupon and the remaining amount was allocated towards investments in existing hotels.

As such, on March 31, 2018, long-term financial obligations for Ps. 2,9545.0 million, which correspond to the balance of the debt, following the issuance of FINN18 CBFs and following the FINN15 debt tender offer.

At the close of 1Q18, the gross debt balance was:

- (i) 66.7% at a fixed rate of 9.93%, and

- (ii) 33.3% at a variable rate covered with weighted fixed rate swaps for 8.43%.

As such, the weighted net cost of debt was 9.43%%, for a total of 9.61% including the payment of issuance expenses for 0.17%.

As of March 31, 2018, the Company had the option to take on additional debt (considering the current balance of cash and cash equivalents) for Ps. 1,250.0 million without surpassing the 33% loan-to-value threshold set forth by the Company's Technical Committee.

The FINN15 debt issuance financial covenants at March 31, 2018 are as follows:

Financial Covenants - FINN15 & FINN18 Debt Issuance		
	Covenants	At March 31, 2018
Loan to Value	Equal or lower than 50%	25.8%
Debt Service Coverage	Equal or higher than 1.0	2.1
Debt Service	Equal or higher than 1.5	2.6
Total Assets no taxable	Equal or higher than 150%	334.0%
Debt to Total Assets	Equal or lower than 40%	0.0%

Fibra Inn has a total loan-to-value of 25.8% as of March 31, 2018. This leverage level is in full compliance with the dispositions of the Mexican Banking and Securities Commission ("CNBV") to regulate the maximum leverage levels for the Fibras of up to 50%. As of March 31, 2018, the debt service coverage was 2.1x; the ratio established must be 1.0x or greater. Both of these figures are calculated in accordance with the methodology in Appendix AA of the *Circular Única de Emisoras* applicable to CBFIs.

Following is a breakdown of the items used in the calculation of the financial ratios:

Debt Ratios (CNBV)	
<b>Loan-to-value</b>	<b>At March 31, 2018</b>
(equal or lower than 50%)	
Financing	-
Market Debt	3,000.0
Total Assets	11,646.9
<b>Loan-to-value</b>	<b>25.8%</b>
<b>Debt Service Coverage Ratio</b>	
(equal or higher than 1.0)	
Liquid Assets	446.8
VAT refunds	12.4
Operating Profit	752.0
Credit lines	177.0
<i>Sub-Total Numerator</i>	<i>1,388.2</i>
Amortization of Interests	432.6
Principal Repayments	-
Capital Expenditure	93.0
Development Expenditure	151.1
<i>Sub-Total Denominator</i>	<i>676.7</i>
<b>Debt Service Coverage Ratio</b>	<b>2.1 times</b>

## 1Q18 Recent Events

### 1. FINN15 Debt Tender Offer and FINN18 New Debt Issuance

Fibra Inn announced these two simultaneous transactions, which will strengthen the Company's financial profile:

- a. A Debt Issuance of Unsecured Trust Certificates (CBFs) for Ps. 2 billion at a fixed rate of 9.93% (base rate of 7.73% plus 220 basis point spread) for a 10-year maturity due on February 2, 2028; ticker symbol FINN18.
- b. At the same time, the Company completed a Debt Tender Offer, whereby it completed the partial and early repurchase of 18,753,500 FINN15 securities, which were due to mature in 2021, for a total of Ps. 1,875.4 million. The new amount of the FINN15 tender offer is Ps. 1 billion; bringing the total amount of both issuances to Ps. 3 billion.

### 2. Extraordinary Shareholders' Meeting

Approved the change to reduce the qualified majority from a minimum percentage of 89% to a minimum of 75% of the total outstanding shares, in order to approve certain items at the shareholder meetings. With this decision, the Company seeks to eliminate the risk of not reaching certain strategic decisions despite having a qualified majority present.



## Events after 1Q18

### 1. Ordinary Shareholders' Meeting

Today the Company carried out its Ordinary Shareholders' Meeting for CBFH Holders where it approved, among other items, the terms of the Fibra's Corporate Governance Committees report. At the meeting, patrimonial and independent Technical committee members were also nominated and ratified, as well as members that hold over 10% of the CBFHs outstanding. *For additional detail regarding this matter, please refer to the press release regarding these resolutions.*


**Hotel Portfolio at 1Q18**

	Brand	City	State	Rooms	Additions	Operator
<b>Limited Service Hotels</b>						
1	Wyndham Garden	Irapuato	Guanajuato	102		Fibra Inn
2	Wyndham Garden	Celaya	Guanajuato	150		Fibra Inn
3	Wyndham Garden	León	Guanajuato	126		Fibra Inn
4	Wyndham Garden	Silao	Guanajuato	143		Fibra Inn
5	Microtel Inn & Suites by Wyndham	Chihuahua	Chihuahua	108		Fibra Inn
6	Microtel Inn & Suites by Wyndham	Culiacán	Sinaloa	158		Fibra Inn
7	Microtel Inn & Suites by Wyndham	Toluca	Estado de México	129		Fibra Inn
8	Microtel Inn & Suites by Wyndham	Cd. Juárez	Chihuahua	113		Fibra Inn
9	Wyndham Garden	Guadalajara Andares	Jalisco	186		Fibra Inn
10	City Express Junior	Chihuahua	Chihuahua	105		Fibra Inn
11	City Express	Chihuahua	Chihuahua	104		Fibra Inn
				<b>1,424</b>		
<b>Select Service Hotels</b>						
1	Hampton Inn	Monterrey	Nuevo León	223		Fibra Inn
2	Hampton Inn	Saltillo	Coahuila	227		Fibra Inn
3	Hampton Inn	Reynosa	Tamaulipas	145		Fibra Inn
4	Hampton Inn	Querétaro	Querétaro	178		Fibra Inn
12	Hampton Inn by Hilton	Hermosillo	Sonora	151		Fibra Inn
14	Hampton Inn by Hilton	Chihuahua	Chihuahua	190		Fibra Inn
5	Holiday Inn Express	Saltillo	Coahuila	180		Fibra Inn
7	Holiday Inn Express	Toluca	Estado de México	268		Fibra Inn
8	Holiday Inn Express	Monterrey	Nuevo León	198		Fibra Inn
9	Holiday Inn Express	Guadalajara	Jalisco	199		Fibra Inn
10	Holiday Inn Express	Toluca	Estado de México	127		Fibra Inn
6	Holiday Inn Express & Suites	Juárez	Chihuahua	182		Fibra Inn
11	Aloft	Guadalajara	Jalisco	142		Fibra Inn
13	Courtyard by Marriott	Saltillo	Coahuila	180		Fibra Inn
16	Courtyard by Marriott	Chihuahua	Chihuahua	152		Fibra Inn
15	Fairfield Inn & Suites by Marriott	Coatzacoalcos	Veracruz	180		Fibra Inn
13	Wyndham Garden	Playa del Carmen	Quintana Roo	196		Fibra Inn
17	Wyndham Garden**	Monterrey	Nuevo León	85		Fibra Inn
14	AC Hotels by Marriott	Guadalajara	Jalisco	180		Fibra Inn
				<b>3,383</b>		
<b>Full Service Hotels</b>						
1	Holiday Inn & Suites	Guadalajara	Jalisco	90		Fibra Inn
2	Holiday Inn	Monterrey	Nuevo León	198		Fibra Inn
3	Holiday Inn	Puebla	Puebla	150		Hoteles y Centros Especializados
4	Camino Real	Guanajuato	Guanajuato	155		Camino Real
5	Marriott	Puebla	Puebla	296		Fibra Inn
6	Holiday Inn	México	Distrito Federal	214		Fibra Inn
7	Holiday Inn	Altamira	Tamaulipas	203		Fibra Inn
8	Casa Grande	Chihuahua	Chihuahua	115		Fibra Inn
9	Casa Grande	Delicias	Chihuahua	89		Fibra Inn
10	Crowne Plaza	Monterrey	Nuevo León	219		Fibra Inn
11	Holiday Inn	Reynosa	Tamaulipas	95		Fibra Inn
12	Holiday Inn*	Cd. Juárez	Chihuahua	0	196	Fibra Inn
				<b>1,824</b>	<b>196</b>	
<b>Extended Stay Hotels</b>						
1	Staybridge Suites	Guadalajara	Jalisco	117		Fibra Inn
				<b>117</b>		
<b>Land Bank</b>						
1	Fairfield Inn & Suites by Marriott*	Cd. del Carmen	Campeche			
				<b>6,748</b>	<b>196</b>	
				<b>6,944</b>		
<b>Total Fibra Inn's Portfolio as of March 31, 2018</b>						



### Information Regarding the Tenant

In order to facilitate the quarter-over-quarter comparisons, additional operational tenant information, as well as statistical indicators, is presented.

Rental revenues for the non-lodging spaces reached Ps. 22.0 million in 1Q18, which was 1.0% lower than the amount for 1Q17.

Rental revenue for food, beverage and other services were Ps. 75.9 million, 5.1% lower than the one registered for 1Q17.

Operadora México Servicios y Restaurantes, SAPI de CV				
Combined with Trust F/1765				
	1Q18		1Q17	
(Millions of pesos)				
Revenue	75.9	100.0%	80	100.0%
Sales Cost	44.7	58.9%	46.5	58.1%
Operating Profit	31.2	41.1%	33.4	41.8%
Operating Expenses	3.6	4.7%	3.9	4.9%
NOI	27.6	36.4%	29.5	36.9%
Lease paid to Trust F/1616	20.7	27.3%	20.8	25.9%
Other Indirect Expenses	2.8	3.6%	2.9	3.7%
EBITDA	4.2	5.5%	5.8	7.2%
Plus: Other Non-Operating Expenses	0	0.0%	0	0.0%
Adjusted EBITDA	4.2	5.5%	5.8	7.2%

### Hotel Operating Indicators

#### a) Quarterly Total Sales

Quarterly Total Sales			
	1Q18	1Q17	%
Number of hotels	42	42	
Lodging Income	478.9	458.2	4.5%
Occupancy	63.2%	59.9%	3.3 pp
ADR	1,247.1	1,254.7	-0.6%
RevPar	788.7	752.0	4.9%

\*In 1Q18: The Hotel Casa Grande Ciudad remained closed (since September 2017) due to its conversion to the Holiday Inn brand as well as its 51-room expansion.

In 1Q17: The Arriva Express Guadalajara Hotel remained closed for its conversion to the AC Hotels by Marriott brand.



## b) Quarterly Same-Store Sales

Quarterly Same Stores Sales			
(41 Hotels)	1Q18	1Q17	Variation
Room Revenue	469	451	3.9%
Occupancy	63.7%	60.4%	3.3 pp
ADR	1,245.4	1,263.5	-1.4%
RevPAR	793.6	763.6	3.9%

The parameter of same-store sales includes the following:

- Hotels that are the property of Trust F/1616 and its operations, excluding hotels that are under negotiation as a result of a binding agreement as the phase prior to acquisition; those will be included at the moment of titling.
- As a result, the same-store sales indicator for 1Q18 includes 41 hotels of the current portfolio as if they had been part of the Fibra for the full periods, both for 1Q18 and 1Q17.
- The Company maintains the policy of excluding hotels that have been in Fibra Inn's portfolio for less than half of the quarter under discussion.

This report, excludes the Casa Grande Ciudad Juarez hotel as it remains closed since September 2017 due to its 51-room expansion and conversion to the Holiday Inn brand as well as the Arriva Express Guadalajara hotel which remained closed in 1Q17 for its conversion to the AC Hotel by Marriott brand.

## c) Information by Segment, by Chain and by Region

Same Store Sales by Segment							
	Occupancy	ADR	RevPAR	Occupancy	ADR	RevPAR	% RevPAR
	1Q18			1Q17			
Limited Service	58.5%	897.1	524.6	57.1%	901.9	514.9	1.9%
Select Service	65.6%	1,302.0	853.8	60.0%	1,303.3	781.4	9.3%
Full Service	64.3%	1,378.2	885.9	62.6%	1,439.6	900.6	-1.6%
Extended Stay	68.5%	1,437.6	984.6	81.6%	1,437.4	1,172.6	-16.0%
TOTAL	63.7%	1,245.4	793.6	60.4%	1,263.5	763.7	3.9%



Same Store Sales by Region							
	Occupancy	ADR	RevPAR	Occupancy	ADR	RevPAR	% RevPAR
	1Q18			1Q17			
North	59.8%	1,205.9	720.8	61.9%	1,175.4	727.9	-1.0%
Northeast	72.7%	1,378.8	1,002.5	62.6%	1,419.5	888.6	12.8%
Northwest	55.8%	659.8	368.1	63.8%	708.6	452.1	-18.6%
South and center	58.0%	1,117.5	647.7	55.8%	1,187.6	662.2	-2.2%
West	67.6%	1,390.3	939.4	66.7%	1,342.4	896.0	4.8%
TOTAL	63.7%	1,245.4	793.6	60.4%	1,263.5	763.7	3.9%

North: Chihuahua, Sonora

North-East: Nuevo León, Coahuila y Tamaulipas.

West: Jalisco

North-East: Sinaloa

Mid - Southern: Querétaro, Estado de México, Puebla, Guanajuato, Quintana Roo, Cd México, Veracruz, Campeche.

Same Store Sales by Hotel Chain							
	Occupancy	ADR	RevPAR	Occupancy	ADR	RevPAR	% RevPAR
	1Q18			1Q17			
IHG Intercontinental Hotels Group	72.1%	1,327.6	956.8	67.4%	1,347.5	908.8	5.3%
Wyndham Hotel Group	61.8%	977.7	604.3	58.5%	985.0	576.6	4.8%
Hilton Worldwide	61.9%	1,183.7	732.2	56.7%	1,210.6	685.9	6.8%
Marriott International	50.9%	1,625.7	828.1	50.6%	1,736.3	878.1	-5.7%
Starwood Hotels and Resorts Worldwide	66.9%	1,553.7	1,040.2	68.2%	1,454.9	991.6	4.9%
Local Brands	54.0%	1,113.2	600.9	54.9%	1,029.6	565.7	6.2%
Total	63.7%	1,245.4	793.6	60.4%	1,263.5	763.7	3.9%

Hotel Operation				
Region	Hotels	Rooms	% Total of Rooms	% Total of NOI
North	10	1309	19%	19%
Northeast	11	1953	29%	41%
Northwest	1	158	2%	0%
South and Center	14	2414	36%	25%
West	6	914	14%	14%
TOTAL	42	6748	100%	100%

0

Segment	Hotels	Rooms	% Total of Rooms	% Total of NOI
Limited Service	11	1424	21%	11%
Select Service	18	3203	47%	55%
Full Service	12	2004	30%	32%
Extended Service	1	117	2%	2%
TOTAL	42	6748	100%	100%

Operator	Hotels	Rooms	% Total of Rooms	% Total of NOI
Fibra Inn	40	6443	95%	96%
Camino Real	1	155	2%	2%
Grupo Presidente	1	150	2%	2%
TOTAL	42	6748	100%	100%

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## About the Company

Fibra Inn is a Mexican trust formed primarily to acquire, develop and rent a broad range of hotel properties for lodging in Mexico aimed at the business traveler. The Company has signed franchise, license and brand usage agreements with international hotel brands for the operation of global brands as well as the operation of national brands. Additionally, the Company has development agreements. These hotels enjoy some of the industry's top loyalty programs. Fibra Inn trades its Real Estate Certificates (Certificados Bursátiles Fiduciarios Inmobiliarios or "CBFIs") on the Mexican Stock Exchange under the ticker symbol "FINN13"; its ADRs trade on the OTC market in the U.S. under the ticker symbol "DFBRY".

[www.fibrainn.mx](http://www.fibrainn.mx)

### Note on Forward-Looking Statements

This press release may contain forward-looking statements. These statements are statements that are not historical facts, and are based on management's current view and estimates of future economic circumstances, industry conditions, Company performance and financial results. Also, certain reclassifications have been made to make figures comparable for the periods. The words "anticipates", "believes", "estimates", "expects", "plans" and similar expressions, as they relate to the Company, are intended to identify forward-looking statements. Statements regarding the declaration or payment of dividends, the implementation of principal operating and financing strategies and capital expenditure plans, the direction of future operations and the factors or trends affecting financial condition, liquidity or results of operations are examples of forward-looking statements. Such statements reflect the current views of management and are subject to a number of risks and uncertainties. There is no guarantee that the expected events, trends or results will actually occur. The statements are based on many assumptions and factors, including general economic and market conditions, industry conditions, and operating factors. Any changes in such assumptions or factors could cause actual results to differ materially from current expectations.



Fideicomiso Irrevocable No. F/1616 (Deutsche Bank Mexico, S. A.  
Multiple Banking Institution, Trust Division) and Subsidiary  
**Unaudited Condensed Consolidated Statements of Financial Position**  
As of March 31, 2018 and December 31, 2017  
(Thousands of pesos)

	As of March 31, 2018	%	As of December 31, 2017	%
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	446,787	3.8	507,986	4.4
Trade and other accounts receivable, net	137,469	1.2	135,354	1.2
Advanced payments	31,900	0.3	17,692	0.2
Accounts receivables from related parties	9,368	0.1	12,280	0.1
Recoverable value-added tax	12,378	0.1	31,992	0.3
Recoverable taxes and others	5,055	0.0	4,702	0.0
Total current assets	642,957	5.5	710,006	6.1
Non-current assets				
Property, furniture and equipment - net	10,605,914	91.1	10,560,347	90.8
Intangible asset and other assets	66,057	0.6	68,976	0.6
Accounts receivable from related parties	118,902	1.0	120,581	1.0
Prepaid property acquisitions	185,027	1.6	126,888	1.1
Deferred income tax	2,551	0.0	2,551	0.0
Derivative financial instruments	25,485	0.2	38,385	0.3
Total non-current assets	11,003,936	94.5	10,917,728	93.9
<b>Total assets</b>	<b>11,646,893</b>	<b>100</b>	<b>11,627,734</b>	<b>100</b>
<b>LIABILITIES</b>				
Current liabilities:				
Suppliers	89,604	2.8	69,238	2.3
Other payables	9,649	0.3	8,169	0.3
Properties' acquisition liability	2,066	0.1	2,066	0.1
Accounts payable to related parties	29,808	0.9	21,143	0.7
Liability from debt obligations	21,071	0.7	6,059	0.2
Advances from clients	13,433	0.4	14,540	0.5
Tax payable	9,918	0.3	12,585	0.4
Total current liabilities	175,549	5.6	133,800	4.5
Non-current liabilities:				
Debt securities	2,954,971	93.7	2,844,696	94.8
Accounts payable to related parties	17,769	0.6	17,769	0.6
Cash settled executive share-based compensation	3,472	0.1	3,472	0.0
Employee benefits	283	0.0	283	0.0
Total non-current liabilities	2,976,495	94.4	2,866,220	95.5
<b>Total liabilities</b>	<b>3,152,044</b>	<b>100</b>	<b>3,000,020</b>	<b>100</b>
<b>EQUITY</b>				
Trustors' equity:				
Contributed capital	5,776,245	68.0	5,886,250	68.2
Property revaluation surplus	2,802,541	33.0	2,802,541	32.5
Reserve for valuation effect of derivative financial instruments	4,733	0.1	37,405	0.4
Reserve for repurchase of CBFIs	201,131	2.4	214,596	2.5
Share-based compensation reserve	78,469	0.9	77,663	0.9
Retained earnings	-368,270	-4	-390,741	-5
Total trustors' equity	8,494,849	100.0	8,627,714	100.0
<b>Total liabilities and equity</b>	<b>11,646,893</b>		<b>11,627,734</b>	



Fideicomiso Irrevocable No. F/1616 (Deutsche Bank Mexico, S. A.  
Multiple Banking Institution, Trust Division) and Subsidiary

**Unaudited Condensed Consolidated Statements of Income and of Other Comprehensive Income**

For the three months ended in March 31, 2018 and 2017 and for the accumulated of the year ended March 31, 2018 and 2017  
(Thousands of pesos)

Revenue from:	1T18	%	1T17	%	Var. Ps.	Var. %
Lodging	478,900	95.6	458,239	95.4	20,661	4.5
Property leases	21,998	4.4	22,209	4.6	-211	1.0
<b>Total revenue</b>	<b>500,898</b>	<b>100.0</b>	<b>480,448</b>	<b>100.0</b>	<b>20,450</b>	<b>4.3</b>
Costs and expenses from hotel services:						
Lodging	126,941	25.3	118,756	24.7	8,185	6.9
Administrative	83,930	16.8	80,653	16.8	3,276	4.1
Maintenance	19,807	4.0	18,990	4.0	817	4.3
Electricity	26,111	5.2	27,342	5.7	-1,231	4.5
Royalties	33,172	6.6	29,717	6.2	3,455	11.6
Advertising and promotion	26,360	5.3	25,778	5.4	582	2.3
Property tax	2,958	0.6	3,348	0.7	-390	11.7
Insurance	1,439	0.3	1,503	0.3	-65	4.3
Total costs and expenses of hotel services	320,718	64.0	306,087	63.7	14,631	4.8
<b>NOI Hotel</b>	<b>180,180</b>	<b>36.0</b>	<b>174,361</b>	<b>36.3</b>	<b>5,820</b>	<b>3.3</b>
<b>OTHER BUSINESSES</b>						
INCOME:						
Hotel factory	0	-	0	-	0	
COSTS:						
Hotel factory	3,602	-	0	-	3,602	
<b>NOI other businesses</b>	<b>-3,602</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>	<b>-3,602</b>	
<b>Total NOI</b>	<b>176,578</b>	<b>35.3</b>	<b>174,361</b>	<b>36.3</b>	<b>2,218</b>	<b>1.3</b>
Other costs and expenses:						
Corporate administrative expenses	23,547	4.7	23,409	4.9	137	0.6
Acquisition and organization expenses	6,506	1.3	2,446	0.5	4,060	166.0
Maintenance expenses	1,933	0.4	2,111	0.4	-178	8.4
Others	-1,502	0.3	-3,138	0.7	1,637	52.1
Total indirect expenses	30,484	6.1	24,828	5.2	5,655	22.8
<b>EBITDA</b>	<b>146,094</b>	<b>29.2</b>	<b>149,533</b>	<b>31.1</b>	<b>-3,439</b>	<b>-2.3</b>
Plus: Acquisition and organization expenses	6,506	1.3	2,446	0.5	4,060	166.0
<b>Adjusted EBITDA</b>	<b>154,533</b>	<b>30.9</b>	<b>154,090</b>	<b>32.1</b>	<b>443</b>	<b>0.3</b>
Estimated impairment of financial assets	4,280	0.9	0	-	4,280	
Depreciation of fixed asset	82,542	16.5	64,299	13.4	18,243	28.4
<b>EBIT (Operating income)</b>	<b>59,272</b>	<b>11.8</b>	<b>85,234</b>	<b>17.7</b>	<b>-25,962</b>	<b>-30.5</b>
Interest income	12,558	2.5	11,035	2.3	1,522	13.8
Interest expense	67,651	13.5	50,580	10.5	17,071	33.8
Effect of valuation of derivative financial instruments	19,773	3.9	216	0.0	19,557	9,054.0
Exchange rate loss	1,480	0.3	2,766	0.6	-1,286	46.5
<b>Net income</b>	<b>22,471</b>	<b>4.5</b>	<b>43,139</b>	<b>9.0</b>	<b>-20,668</b>	<b>-47.9</b>
Other comprehensive income items:						
Reserve for valuation effect of derivative financial instruments	-32,672	6.5	-10,511	2.2	-22,161	210.8
<b>Comprehensive income</b>	<b>-10,201</b>	<b>-2.0</b>	<b>32,628</b>	<b>6.8</b>	<b>-42,829</b>	<b>-131.3</b>
<b>FFO</b> <sup>1</sup>	<b>117,732</b>	<b>23.5</b>	<b>111,995</b>	<b>23.3</b>	<b>5,738</b>	<b>5.1</b>

<sup>1</sup> Funds from operations: Adjusted EBITDA plus Interest income minus Interest expense and Exchange rate fluctuation.



Fideicomiso Irrevocable No. F/1616 (Deutsche Bank Mexico, S. A.  
Multiple Banking Institution, Trust Division) and Subsidiary

**Unaudited Condensed Consolidated Income Statements and of Other Comprehensive Income**

For the three months ended in March 31, 2018 and 2017 and for the accumulated of the year ended March 31, 2018 and 2017  
(Thousands of pesos)

Revenue from:	1T18	%	1T17	%	Var. Ps.	Var. %
Lodging	478,900	95.6	458,239	95.4	20,661	4.5
Property leases	21,998	4.4	22,209	4.6	-211	-1.0
Hotel factory	-	-	-	-	-	-
<b>Total revenue</b>	<b>500,898</b>	<b>100.0</b>	<b>480,448</b>	<b>100.0</b>	<b>20,450</b>	<b>4.3</b>
Costs and expenses from hotel services:						
Lodging	126,941	25.3	118,756	24.7	8,185	6.9
Administrative	83,930	16.8	80,653	16.8	3,276	4.1
Maintenance	19,807	4.0	18,990	4.0	817	4.3
Electricity	26,111	5.2	27,342	5.7	-1,231	-4.5
Royalties	33,172	6.6	29,717	6.2	3,455	11.6
Advertising and promotion	26,360	5.3	25,778	5.4	582	2.3
Hotel factory	3,602	0.7	0	0.0	3,602	
Total costs and expenses of hotel services	319,923	64	301,236	62.7	18,687	6.2
<b>Gross margin</b>	<b>180,975</b>	<b>36.1</b>	<b>179,212</b>	<b>37.3</b>	<b>1,761</b>	<b>1.0</b>
Other costs and expenses:						
Property tax	2,958	0.6	3,348	0.7	-390	-11.7
Insurance	1,439	0.3	1,503	0.3	-64	-4.3
Corporate administrative expenses	23,547	4.7	23,409	4.9	137	0.6
Acquisition and organization expenses	6,506	1.3	2,446	0.5	4,060	166.0
Others	-1,502	-0.3	-3,138	-0.7	1,636	-52.1
Maintenance expenses	1,933	0.4	2,111	0.4	-178	-8.4
Estimate of impairment of financial assets	4,280	0.9	0	0.0	4,280	
Depreciation of fixed asset	82,542	16.5	64,299	13.4	18,243	28.4
Total other costs and expenses	121,703	24.3	93,978	19.6	27,724	29.5
<b>Operating income</b>	<b>59,272</b>	<b>11.8</b>	<b>85,233</b>	<b>17.7</b>	<b>-25,961</b>	<b>-30.5</b>
Interest income	12,558	2.5	11,035	2.3	1,522	13.8
Interest expense	67,651	13.5	50,580	10.5	17,071	33.8
Effect of valuation of derivative financial instruments	19,773	3.9	216		19,557	9,054.0
Exchange rate loss	1,480	0.3	2,766	0.6	-1,286	-46.5
<b>Net income</b>	<b>22,471</b>	<b>4.5</b>	<b>43,138</b>	<b>9.0</b>	<b>-20,667</b>	<b>-47.9</b>
Other comprehensive income items:						
Reserve for valuation effect of derivative financial instruments	-32,672	-6.5	-10,511	-2.2	-22,161	210.8
<b>Comprehensive income</b>	<b>-10,201</b>	<b>-2.0</b>	<b>32,627</b>	<b>6.8</b>	<b>-42,827</b>	<b>-131.3</b>



Fideicomiso Irrevocable No. F/1616 (Deutsche Bank Mexico, S. A.  
Multiple Banking Institution, Trust Division) and Subsidiary  
**Unaudited Condensed Consolidated Statements of Changes in Shareholders' Equity**  
From January 1 to March 31, 2018 and 2017  
(Thousands of pesos)

	<i>Contributed capital</i>	<i>Share-based compensation reserve</i>	<i>Reserve for repurchase CBFIs</i>	<i>Property Revaluation Surplus</i>	<i>Reserve for valuation effect of derivative financial instruments</i>	<i>Retained earnings</i>	<i>Total trustors' equity</i>
<b>As of December 31, 2016</b>	<b>6,327,290</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>29,241</b>	<b>446,342</b>	<b>6,802,873</b>
Distribution to holders of CBFIs	-111,045						-111,045
Comprehensive income					-10,511	43,139	32,628
<b>As of March 31, 2017</b>	<b>6,216,245</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>18,730</b>	<b>489,481</b>	<b>6,724,456</b>
<b>As of December 31, 2017</b>	<b>5,886,250</b>	<b>77,663</b>	<b>214,596</b>	<b>2,802,541</b>	<b>37,405</b>	<b>-390,741</b>	<b>8,627,714</b>
Distribution to holders of CBFIs	-110,005						-110,005
Equity-settled share-based payments		930					930
Repurchase of CBFIs for payment of equity instruments		-124					-124
Repurchase of CBFIs			-13,465				-13,465
Comprehensive income					-32,672	22,471	-10,201
<b>As of March 31, 2018</b>	<b>5,776,245</b>	<b>78,469</b>	<b>201,131</b>	<b>2,802,541</b>	<b>4,733</b>	<b>-368,270</b>	<b>8,494,849</b>



Fideicomiso Irrevocable No. F/1616 (Deutsche Bank Mexico, S. A.  
Multiple Banking Institution, Trust Division) and Subsidiary  
**Unaudited Condensed Consolidated Statements of Cash Flows**  
For the period from January 1 to March 31, 2018 and 2017  
(Thousands of pesos)

	<b>2018</b>	<b>2017</b>
<b>OPERATING ACTIVITIES</b>		
Net income before taxes	22,471	43,139
Adjustments:		
Depreciation and amortization	82,542	64,299
Uncollectible accounts	4,280	600
Effect of valuation of derivative financial instruments	-19,773	216
Debt interests	67,651	50,580
Gain on interests	-12,558	-11,251
	<u>144,613</u>	<u>147,583</u>
Receivables and other accounts receivable	-6,748	-18,683
Related parties	11,578	747
Advanced payments	-14,208	-18,059
Recoverable taxes	19,614	88,885
Suppliers and other payables	20,741	24,480
Payable taxes	-2,679	-467
<b>Net cash flows generated by operating activities</b>	<b>172,910</b>	<b>224,486</b>
<b>INVESTING ACTIVITIES</b>		
Acquisition of property, furniture and equipment	-128,109	-137,206
Prepaid property acquisitions	-58,139	0
Acquisition of intangible assets	2,919	-1,507
Gain on interests	12,558	11,251
Loan granted to related parties	1,679	0
<b>Net cash flows utilized in investing activities</b>	<b>-169,092</b>	<b>-127,462</b>
<b>FINANCING ACTIVITIES</b>		
Repurchase of CBFIs	-12,648	0
Distribution to holders of certificates	-110,005	-111,045
Debt issuance	110,275	10,648
Debt issuance interests	-52,639	-53,859
<b>Net cash flows generated by financing activities</b>	<b>-65,017</b>	<b>-154,256</b>
<b>Net cash flows of the period</b>	<b>-61,199</b>	<b>-57,232</b>
Cash and cash equivalents at the beginning of the year	507,986	849,077
<b>Cash and cash equivalents at the end of the year</b>	<b>446,787</b>	<b>791,845</b>