Fibra Inn Announces Results for the Second Quarter 2017

Monterrey, Mexico, July 27, 2017 – 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 second quarter results for the period ended June 30, 2017 ("2Q17"). These results were prepared in accordance with International Financial Reporting Standards ("IFRS") and are stated in nominal Mexican pesos (Ps.).

2Q17 Financial Highlights:

- Fibra Inn concluded the quarter with **42 hotels under operation** plus one that is currently being remodeled. This represents a total of 7,115 rooms, 180 of which were being renovated due to brand conversion and 222 are under construction. Fibra Inn has an investment in 2 properties under the Strategic Hotel Acquisition Model that will add 430 rooms.
- **Total Revenue:** reached Ps. 493.7 million, of which 95.6% were from room revenues and 4.4% were from other rental revenues, for a total increase of 11.8% compared to 2Q16.
- **NOI[1]:** Ps. 179.3 million, a 7.0% increase compared to the Ps. 167.6 million reported in 2Q16; NOI margin was 36.3%.
- **Adjusted EBITDA[2]:** reached Ps. 153.2 million, a 6.4% increase compared to the Ps. 144.0 million in 2Q16.
- **Net Income**: Ps. 26.5 million; representing a 5.4% net margin.
- **FFO**[3]: Ps. 112.4 million, or 22.8% FFO margin.
- **Distributions to Holders[4]:** Ps. 110.0 million, a 10.8% increase compared to Ps. 99.3 million in 2Q16. Distributions per CBFI were equivalent to Ps. 0.25. This represented an annualized dividend yield of 8.3% in 2Q17.

Same-Store Sales for the 41 comparable hotels:

- Room revenue: Ps. 459.0 million; up 9.6% vs 2Q16.
- Occupancy was 64.4% and Average Daily Rate ("ADR") was Ps. 1,194.6, both are the second-highest in the Company's history. The former increased by 2.2 percentage points (pp) and the latter increased by 5.7%;
- Revenue per Available Room ("RevPAR"): reached a record Ps. 768.9, a 9.4% increase.

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Total Revenues for the 42 hotels in operation:

- Room revenues: Ps. 472.2 million; an increase of 12.7% compared to 2Q16.
- Occupancy: 64.1%; an increase of 2.5 pp versus 2Q16.
- Average Daily Rate: Ps. 1,206.0; an increase of 6.7%.
- Revenue per Available Room (RevPAR): Ps. 773.0, a 11.0% increase vs. 2Q16.

Oscar Calvillo, Chief Executive Officer of Fibra Inn, stated: *"During this quarter we reached some of the highest levels of occupancy and average daily rates ever; which resulted in the highest RevPar in Fibra Inn's history. Our financial results were stable.*

In terms of the state of the properties, the AC Hotel in Guadalajara opened its doors to the public with the innovative premium lifestyle concept, supported by the Marriott International brand and global platform. This property is in an exceptional location that will undoubtedly allow it to reposition itself successfully, thereby generating value for the overall portfolio.

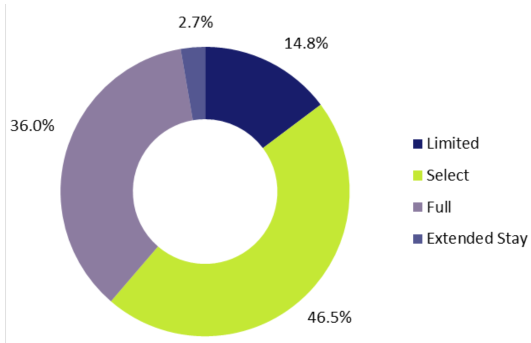
Additionally, the base distribution of Ps. 0.25 per CBFI, allows us to reach an 8.2% dividend yield this quarter."

[1] NOI is the calculation of the Fibra's revenue (rent and other revenue) minus operating expenses for administration, maintenance, lodging, utilities, fees, royalties, marketing and promotion, as well as property tax and insurance.
[2] Adjusted EBITDA excludes acquisition and organization expenses.
[3] FFO is calculated as the Adjusted EBITDA plus interest gain less interest expense and foreign exchange fluctuations.
[4] Calculated using 440,019,542 CBFIs outstanding on June 30, 2017. Yield is based on a Ps. 12.16 per CBFI as of June 30, 2017.

Second Quarter 2017 Results

The sales mix at the close of 2Q17 was comprised of 42 hotels under operation: 11 limited service, 17 select service, 13 full service and 1 extended-stay hotels. The AC Hotel by Marriott Guadalajara Expo was undergoing renovations; therefore, it did not contribute to 2Q17 revenues.

Total Revenue per Segment				
	2Q17	%	2Q16	%
(Ps. million)				
Limited Service	69.7	14.8%	63.2	14.3%
Select Service	219.8	46.5%	192.8	43.7%
Full Service	169.9	36.0%	173.5	39.3%
Extended Stay	12.8	2.7%	11.9	2.7%
Total	472.2	100.0%	441.4	100.0%



Financial Highlights	2Q17	2Q16	Var Ps.	% Var
Financial Indicators (Ps. million, except EBITDA per room)				
Lodging Revenues	472.2	419.0	53.2	12.7%
Rental Revenues	21.5	22.4	- 0.9	-4.0%
Fibra Revenues	493.7	441.4	52.3	11.8%
NOI	179.3	167.6	11.7	7.0%
NOI Margin / Fibra Revenues	36.3%	38.0%	-	-1.7 p.p
Adjusted EBITDA	153.2	144.0	9.2	6.4%
Adjusted EBITDA Margin	31.0%	32.6%	-	-1.6 p.p
EBITDA per Room	22,826.2	21,543.3	1,282.9	6.0%
FFO	112.4	109.5	2.9	2.7%
FFO Margin	22.8%	24.8%	-	-2p.p
Distribution and Dividend Yield				
CBFI Price	12.16	13.50	- 1.3	-9.9%
Distribution	110.0	99.3	10.7	10.8%
Distribution per CBFI	0.2500	0.2256	0.0	10.8%
CBFIs outstanding	440.0	440.0	-	0.0%
Annualized Dividend yield at the end of the quarter	8.2%	6.2%	-	2 p.p
Hotels and Rooms				
Hotels in operation	42	41	1	2.4%
Hotels in remodeling *	1	-	1	-
Developments	-	-	-	-
Land Lots	1	1	-	-
Hotels in agreement	-	1	- 1	-
Total number of properties and the end of the quarter	44	43	1	2.3%
Weighted number of days per procurement	100%	100%	-	-
Footprint (States)	15	15	-	-
Rooms in operation	6,713	6,654	59	0.9%
Rooms under development	222	221	1	-
Addition of Rooms	180	-	180	-
Rooms under agreement	-	152	- 152	-
Total # Rooms	7,115	7,027	88	1.3%

Fibra Inn's total revenues during 2Q17 were Ps. 493.7 million, an increase of 11.8% compared to 2Q16. Revenues were comprised as follows:

- Ps. 472.2 million, or 95.6%, are room revenues from the 42 properties in the operating portfolio, equivalent to 12.7% growth compared to 2Q16. This increase was the result of: (i) 9.6% for room revenues from same-store sales, which was due to the successful marketing and sales team's efforts, both in the progressive stabilization of the hotels that are in this phase, as well as the substitution of business travelers with leisure travelers, as a result of the seasonality of the summer vacation season, and (ii) 3.1% was due to a higher inventory of rooms.
- Ps. 21.5 million, or 4.4%, in rental revenues from spaces for services other than lodging, such as conference and meeting rooms, coffee breaks, banquet rooms and restaurants, as well as the rental of certain commercial spaces.

During 2Q17, total operating expenses were Ps. 314.4 million, or 63.7% of total revenues, an increase of 170 basis points, compared with 62.0% during 2Q16. This was the net effect of the following:

- A 100 basis point increase in lodging expenses, representing 24.5% of total revenues, pertaining from a higher usage of external sales channels were used to generate greater demand by investing in certain commercial strategies, such as using greater travel agency participation, both traditional and online access, in order to target leisure travelers, in order to offset the beginning of summer vacation seasonality, which results in lower business travelers; as well increasing the number of guests that are members of the global brand loyalty programs.
- A 90 basis point increase in energy costs, representing 6.3% of total revenue, due to an average increase of 40% in energy costs.
- A 10 basis point increase in administration costs, representing 16.0% of total revenues, due to: (i) higher payroll expenses caused by incentive plans for reaching sales targets, (ii) higher commissions for credit card transactions; and (iii) programming of new ERP for SAP modules.
- A 20 basis point decline in maintenance representing 4.1% of total revenues due to the implementation of stricter cost controls without lowering property maintenance standards, and better planning for preventive maintenance.
- A 10 basis point decrease in royalties, representing 6.2% of total revenues.
- A 10 basis point decrease in insurance.

As a result of the above, Net Operating Income (NOI) for 2Q17 reached Ps. 179.3 million, which represented a 7.0% increase, compared to Ps. 167.6 million for 2Q16. The NOI margin was 36.3%, which represented a decrease of 170 basis points compared to 38.0% reached in 2Q16.

Administrative and acquisition expenses related to the operation of the Fibra were Ps. 29.8 million for 2Q17, representing a 5.9% decline compared to Ps. 31.7 million reported in 2Q16. As a percentage of total revenues, these expenses were equivalent to 6.0% of total revenues, and a decrease of 120 basis points versus those reported in the same quarter of last year. This variation was the result of the following:

- A 360 basis point decline in the advisory fee line item due to the elimination of the advisory fee, as a result of the Company's internalization process that went into effect at the beginning of 2017 and up until 2016 this amount was 0.75% over the gross value of the real estate assets adjusted to inflation.
- The aforementioned was partially offset by a 230 basis points increase in corporate expenses, which represented 4.7% of total revenues, due to higher payroll expenses previously belonging to the Advisor and that currently belongs to the Fibra's subsidiary.
- A decrease of 110 basis points in acquisition and organizational expenses, representing 0.8% of total revenues, as no acquisitions took place during this quarter, as well as consulting fees from the restructuring of the shared administrative service center.
- An 80 basis point decrease in other expenses.
- A 40 basis points increase in maintenance CAPEX in certain hotels, representing 0.8% of total revenues.

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. 153.2 million excludes the previously-mentioned acquisition and corporate-related expenses and represented an increase of 6.4% compared to Ps. 144.0 million in 2Q16. Adjusted EBITDA margin was 31.0%, which represented a decrease of 1.6 pp compared to the 32.6% margin reported in 2Q16.

The Company registered a revision in the expected impairment of financial assets of Ps. 19.9 million as well as an accounting depreciation for Ps. 62.2 million. The calculation for depreciation of fixed assets – properties, furniture and equipment was included in the financial statements, based on the straight line method based on the useful lives of the net assets for its residual value.

Operating Income (EBIT) was Ps. 67.3 million, an operating margin of 13.6%, which represented a decrease of 19.2%, or Ps. 15.9 million, compared to the Ps. 83.3 million reported in 2Q16.

Fibra Inn obtained higher interest income totaling Ps. 13.8 million, or Ps. 10.8 million higher compared to the Ps. 3.0 million reported in 2Q16. This increase corresponded to higher cash and equivalents in 2Q17 compared to 2Q16, as well as improved profitability for investments realized, as a result of the application of improved investment strategies.

Interest expense reached of Ps. 52.9 million in 2Q17, compared to Ps. 32.1 million during 2Q16. This increase was due to the higher amount of bank debt added to the previously-issued debt amount, that went from Ps. 2,172.9 million to Ps. 2,875.4 million in October 2016, which was when the debt re-initiation took place for Ps. 1 billion, as well as to the 373 basis point increase in the TIIE interest rate, which was partially offset by the interest rate swaps.

There was an exchange rate loss of Ps. 1.7 million. The net financial result was an expense of Ps. 40.8 million in 2Q17 that compared very favorably with an expense of Ps. 34.6 million in 2Q16, considering the higher debt amount and the significant interest rate increase mentioned previously.

Net Income for 2Q17 was Ps. 26.5 million, a 5.4% margin, representing a decline of Ps. 22.3 million or 11.1% compared to the Ps. 48.8 million in 2Q16.

2Q17 FFO was Ps. 112.4 million, equivalent to a 22.8% margin and representing a 2.7% increase, compared to the Ps. 109.5 million and 24.5% FFO margin reported in 2Q16.

Reconciliation of Net Income to FFO,
to Adjusted FFO and to FFO per share
(Unaudited, in millions of Mexican Pesos, except the amount per share)

Reconciliation to FFO and AFFO	2Q17	2Q16	Var %
Net Income	26.5	48.8	-45.7%
(+) Acquisition & organization expeses	3.7	8.1	-53.8%
(+) Non Monetary Items	82.1	52.6	56.2%
FFO	**112.4**	**109.5**	2.7%
(-) Maintenance CAPEX	11.1	4.8	0.0%
Adjusted FFO	**101.3**	**104.8**	-3.3%
FFO per CBFI	0.2555	0.2488	2.7%
Adjusted FFO per CBFI	0.2303	0.2380	-3.2%

Distribution to Holders

On July 26, 2017, Fibra Inn's Technical Committee approved a cash distribution for the CBFI holders of Ps. 110.0 million related to 2Q17. This distribution was equivalent to Ps. 0.25 per CBFI, based on 440,019,542 CBFIs outstanding, as return of capital based in the operations and results of Fibra Inn for the period between April 1 and June 30, 2017. This distribution will be paid by August 31, 2017.

Distribution to CBFI Holders				
	2Q17		2Q16	
	*per CBFI**	*Total*	*per CBFI**	*Total*
	Ps. $	Ps. million	Ps. $	Ps. million
Taxable income	-	-	-	-
Return of capital	0.2500	110.0	0.2256	99.3
Total	0.2500	110.0	0.2256	99.3

* The amount distributed per CBFI was calculated based on 440,019,542 CBFIs outstanding

Calculation of the Distribution to CBFI 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 CBFI holders by the Trust's assets at least once per year and by March 15 of the consequent period.

This past April 26, 2017, Fibra Inn's Technical Committee approved the distribution policy, to be applied during 2017, consisting of:

I. An objective distribution base of Ps. 0.25 per CBFI for each quarter of 2017; plus

II. An additional distribution based on the fulfillment of the strategic goals related with the Strategic Hotel Acquisition Pipeline (revenues corresponding to development fees), or derived from a hotel sale that represents a gain with respect to the original investment.

The objective of this policy 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 that 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:

a. 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.
b. IPO expenses are tax deductible in straight line depreciation for 7 years updated to reflect inflation.
c. 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:

Accountable Income

(+) Accountable depreciation, not deductible
(-) 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 June 30, 2017, this reserve reached Ps. 19.9 million compared to Ps. 15.6 million at March 31, 2017. The total amount for capital expense amount Ps. 10.6 million during the 2Q17 of which Ps. 3.7 million were included as expenses in the profit and loss statement.

Balance Sheet

As of June 30, 2017 Fibra Inn held Ps. 695.7 million in cash and cash equivalents. As of June 2017 the outstanding recoverable VAT amount was Ps. 207.1 million, which is under the process of being recovered with the Tax Administration Authority.

Accounts receivable registered Ps. 150.3 million from regular business operations. Other accounts receivable were Ps. 3.1 million and anticipated payments were Ps. 32.4 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 registered Ps. 83.5 million, this decrease corresponds to the termination of projects with suppliers as well as the cancellation of provision payments for expenses not incurred and requests that have not been invoiced by providers at the end of the year.

There were no short-term bank loans registered for the quarter under discussion, since on December 22, 2016, the Company signed the bank loan cancellation, pledge agreement, mandate of deposit and the reversal of the Trust Guarantee. As a result, to date 12 hotels were granted release from the guarantee granted for Fibra's portfolio and only 4 remain in this process.

The Company registered long-terms bank loans of Ps. 2,855.4 million, which correspond to the amount of the bank debt, net of amortizable costs.

At June 30, 2017, the outstanding balance of the FINN15 issuance was Ps. 2,875.4 million, maturing on September 24, 2021 at a nominal rate of TIIE 28 days plus 110 basis points (equivalent to 117 basis points effective rate). This balance considers the re-initiation of the Ps. 1 billion debt that was placed in October 2016 at TIIE 28 days plus 130 basis points, via a discounted nominal rate.

At the close of the second quarter of 2017, the gross debt balance was 8.06%:
- (i) 66% covered with fixed rate swaps at a weighted average rate of 7.81%, and
- (ii) 34% is at a variable rate of 8.52%.

As a result, the net debt cost is 8.30%, considering issuance costs of 0.24%.

As of June 30, 2017, the Company has the option to take on additional debt (considering the current balance of cash and cash equivalents) for Ps. 1,125 million without surpassing the 33% loan-to-value threshold set forth by the Company's Technical Committee.

The FINN15 debt issuance financial covenants at June 30, 2017 are as follows:

Financial Covenants / Public Debt		
		As of June 30, 2017
Loan to Value	Equal or lower than 50%	29.9%
Debt Service Coverage	Equal or higher than 1.0	3.1
Debt Service	Equal or higher than 1.5	4.9
Total Assets no taxable	Equal or higher than 150%	322.0%
Debt to Total Assets	Equal or lower than 40%	0.0%

Fibra Inn has a total loan-to-value of 29.9% as of June 30, 2017. 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 June 30, 2017, the debt service coverage was 3.1x; the ratio established to be greater than 1.0x. 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 (millions of pesos)	At June 30, 2017
Loan-to-value (equal or lower than 50%)	
Financing	-
Market Debt	2,875.4
Total Assets	9,630.1
Loan-to-value	**29.9%**
Debt Service Coverage Ratio (equal or higher than 1.0)	
Liquid Assets	695.7
VAT refunds	207.1
Operating Profit	647.1
Credit lines	177.0
Sub-Total Numerator	1,726.9
Amortization of Interests	358.0
Principal Repayments	-
Capital Expenditure	98.3
Development Expenditure	101.9
Sub-Total Denominator	558.2
Debt Service Coverage Ratio	**3.1 times**

Fibra Inn's Shareholder Breakdown

Shareholder Composition		
	At June 30, 2017	
	*CBFI**	*%*
Controlling Trust	75,079,169	17.1%
Public Float	364,940,373	82.9%
Total Outstanding	440,019,542	100.0%

Recent Events after 2Q17

a. Opening of AC by Marriott Guadalajara Expo Hotel
This recently-remodeled hotel initiated operations with 180 rooms in the full service segment. It previously operated under a local brand.

Hotel Portfolio at 2Q17

	Brand	City	State	Rooms	Additions	Operator
			Limited Service Hotels			
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
				1,424		
			Select Service Hotels			
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
5	Holiday Inn Express	Saltillo	Coahuila	180		Fibra Inn
6	Holiday Inn Express & Suites	Juárez	Chihuahua	182		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
11	Aloft	Guadalajara	Jalisco	142		Fibra Inn
12	Hampton Inn by Hilton	Hermosillo	Sonora	151	56	Fibra Inn
13	Courtyard by Marriott	Saltillo	Coahuila	180		Fibra Inn
14	Hampton Inn by Hilton	Chihuahua	Chihuahua	190		
15	Fairfield Inn & Suites by Marriott	Coatzacoalcos	Veracruz	180		Fibra Inn
16	Courtyard by Marriott (*)	Chihuahua	Chihuahua	152		
17	Best Western	Monterrey	Nuevo León	85		Fibra Inn
				3,007	56	
			Full Service Hotels			
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	100	Fibra Inn
12	Casa Grande	Cd. Juárez	Chihuahua	145	66	Fibra Inn
13	Wyndham Garden*	Playa del Carmen	Quintana Roo	196		Fibra Inn
14	AC Hotels by Marriott **	Guadalajara	Jalisco	-	180**	Fibra Inn
				2165	**166**	
			Extended Stay Hotels			
1	Staybridge Suites	Guadalajara	Jalisco	117		Fibra Inn
				117		
			Land Bank			
1	Fairfield Inn & Suites by Marriott*	Cd. del Carmen	Campeche			
				6,713	**402**	
	Total Fibra Inn's Portfolio as of June 30, 2017			**7,115**		

(*) Properties under negotiation signed under a binding agreement

(**) The remodeled rooms of the AC Hotels by Marriott in Guadalajara were added to the operation after the closing of the 2Q17

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. 21.5 million in 2Q17, which was 4.0% lower than the amount for 2Q16. This was due to the six-month review of rental contracts, which were reduced in 4 of the properties. Rental revenue for spaces reached Ps. 21.5 million, which is Ps. 1.1 million higher than the rent paid by Operadora Mexico, due to the fact that Fibra Inn has leased certain commercial spaces to third parties.

Operadora México Servicios y Restaurantes, SAPI de CV
Income Statement - Combines with Trust F/1765
(millions of pesos)

	2Q17		2Q16	
Revenue	82.1	100.0%	73.3	100.0%
Sales Cost	49.7	60.5%	43.3	59.1%
Operating Profit	32.3	39.3%	30.0	40.9%
Operating Expenses	4.3	5.2%	3.7	5.0%
NOI	28.0	34.1%	26.3	35.9%
Lease paid to Trust F/1616	20.4	24.8%	21.0	28.6%
Other Indirect Expenses	2.9	3.5%	2.8	3.8%
EBITDA	4.7	5.7%	2.5	3.4%
Plus: Other Non-Operating Expenses	-	0.0%	1.8	2.5%
Adjusted EBITDA	**4.7**	**5.7%**	**4.3**	**5.9%**

Hotel Operating Indicators

a) Quarterly Total Sales

Quarterly Total Sales

	2Q17	2Q16	Variation
Number of hotels *	42	42	
Lodging Income	472.2	418.0	13.0%
Occupancy	64.1%	61.6%	2.5 pp
ADR	1,206.0	1,129.9	6.7%
RevPar	773.0	696.3	11.0%

Note: 2Q17 does not include Arriva Express, which is temporarily closed due to its conversion to the AC Hotel by Marriott brand.

b) Quarterly Same-Store Sales

Quarterly Same Stores Sales			
(41 Hotels)	2Q17	2Q16	Variation
Room Revenue	459.0	418.6	9.7%
Occupancy	64.4%	62.2%	2.2 pp
ADR	1,194.6	1,130.2	5.7%
RevPAR	768.9	702.8	9.4%

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 2Q17 includes 41 hotels of the current portfolio as if they had been part of the Fibra for the full periods, both for 2Q17 and 2Q16.
- 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.

In this report, 2 hotels are excluded from the total. These are the Courtyard by Marriott Chihuahua, which was recently constructed and has no operating history and the Arriva Express Guadalajara, which was closed to the public at this time for its conversion to the brand AC Hotel by Marriott.

c) Information by Segment, by Chain and by Region

By Segment							
Segment	Occupancy	ADR	RevPAR	Occupancy	ADR	RevPAR	% Var. RevPAR
		2Q17			2Q16		
Limited Service	61.9%	867.7	537.4	59.4%	804.8	478.2	12.4%
Select Service	64.5%	1,232.8	795.3	61.7%	1,185.3	731.3	8.8%
Full Service	64.3%	1,342.5	862.9	63.3%	1,252.0	792.2	8.9%
Extended Stay	91.9%	1,308.7	1,202.5	87.7%	1,258.0	1,103.5	9.0%
TOTAL	64.4%	1,194.6	768.9	62.2%	1,130.2	702.8	9.4%

By Region							
Region	Occupancy	ADR	RevPAR	Occupancy	ADR	RevPAR	% Var. RevPAR
		2Q17			2Q16		
North	67.1%	1,050.0	705.1	72.8%	980.8	713.7	-1.2%
Northeast	67.1%	1,364.1	915.9	62.1%	1,300.6	807.5	13.4%
Northwest	62.0%	594.0	368.2	68.4%	516.3	353.1	4.3%
South and center	59.4%	1,143.3	678.7	57.0%	1,103.7	629.0	7.9%
West	69.0%	1,266.2	873.6	59.5%	1,223.4	727.7	20.0%
TOTAL	64.4%	1,194.6	768.9	62.2%	1,130.2	702.8	9.4%

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.

By Hotel Chain							
Brand	Occupancy	ADR	RevPAR	Occupancy	ADR	RevPAR	% Var. RevPAR
		2Q17			2Q16		
IHG Intercontinental Hotels Group	70.2%	1,310.6	919.7	69.2%	1,258.6	870.8	5.6%
Wyndham Hotel Group	60.3%	906.6	546.6	57.6%	845.1	487.1	12.2%
Hilton Worldwide	62.9%	1,164.8	733.1	59.8%	1,129.7	675.6	8.5%
Marriott International	59.1%	1,539.0	910.1	47.4%	1,534.1	727.7	25.1%
Starwood Hotels and Resorts Worldwide	60.5%	1,385.2	837.9	54.4%	1,372.6	747.2	12.1%
Local Brands	61.6%	1,024.3	630.6	65.5%	885.0	579.4	8.8%
Best Western	54.2%	1,017.3	551.4	68.1%	900.2	612.8	-10.0%
TOTAL	64.4%	1,194.6	768.9	62.2%	1,130.2	702.8	9.4%

Operación Hotelera				
Región	Hoteles	Cuartos	% Total de Cuartos	% Total de NOI
Norte	11	1,454	22%	21%
Noreste	11	1,953	29%	39%
Noroeste	1	158	2%	1%
Centro y Sur	14	2,414	36%	29%
Oeste	5	734	11%	11%
TOTAL	**42**	**6,713**	**100%**	**100%**

Segmento	Hoteles	Cuartos	% Total de Cuartos	% Total de NOI
Servicio Limitado	11	1,424	21%	13%
Servicio Selecto	18	3,007	45%	47%
Servicio Completo	12	2,165	32%	37%
Servicio Extendido	1	117	2%	3%
TOTAL	**42**	**6,713**	**100%**	**100%**

Operador	Hoteles	Cuartos	% Total de Cuartos	% Total de NOI
Fibra Inn	40	6,408	95%	95%
Camino Real	1	155	2%	3%
Grupo Presidente	1	150	2%	3%
TOTAL	**42**	**6,713**	**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

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 June 30, 2017 and December 31, 2016
(Thousands of pesos)

	As of June 30, 2017	*%*	*As of December 31, 2016*	*%*
ASSETS				
Current assets:				
Cash and cash equivalents	695,713	7.2	849,077	8.7
Receivables	150,280	1.6	145,435	1.5
Other account receivables	3,135	0.0	1,698	0.0
Advanced payments	32,419	0.3	16,755	0.2
Accounts receivables from related parties	12,038	0.1	12,699	0.1
Recoverable value-added tax	207,075	2.2	310,387	3.2
Recoverable taxes and others	3,231	0.0	13,420	0.1
Total current assets	1,103,891	11.5	1,349,471	13.8
Non-current assets				
Property, furniture and equipment - net	8,297,596	86.2	8,210,548	83.9
Intangible asset and other assets	71,412	0.7	60,149	0.6
Accounts receivable from related parties	36,845	0.4	36,845	0.4
Prepaid property acquisitions	114,214	1.2	104,274	1.1
Derivative financial instruments	6,130	0.1	29,145	0.3
Total non-current assets	8,526,197	88.5	8,440,961	86.2
Total assets	**9,630,088**	**100**	**9,790,432**	**100**
LIABILITIES				
Current liabilities:				
Suppliers	83,545	2.8	90,083	3.0
Other payables	15,774	0.5	1,061	0.0
Properties' acquisition liability	5,341	0.2	7,296	0.2
Accounts payable to related parties	21,876	0.7	29,586	1.0
Bank charges due to bank loans	0	-	4,999	0.2
Client prepayments	8,855	0.3	7,394	0.2
Tax payable	10,125	0.3	10,125	0.3
Total current liabilities	145,516	4.8	150,544	5.0
Non-current liabilities:				
Debt securities	2,855,377	95.1	2,836,654	94.9
Deferred income tax	66	0.0	66	0.0
Employee benefits	297	0.0	295	0.0
Total non-current liabilities	2,855,739	95.2	2,837,015	95.0
Total liabilities	**3,001,255**	**100**	**2,987,559**	**100**
EQUITY				
Trustors' equity:				
Contributed capital	6,106,240	92.1	6,327,290	93.0
Reserve for valuation effect of derivative financial instruments	6,593	0.1	29,241	0.4
Reserve of repurchase of shares	245,000	3.7	0	-
Retained earnings	201,343	3.0	322,007	4.7
Net income	69,658	1.1	124,335	1.8
Total trustors' equity	6,628,833	100.0	6,802,873	100.0
Total liabilities and equity	**9,630,088**		**9,790,432**	

Fideicomiso Irrevocable No. F/1616 (Deutsche Bank Mexico, S. A.
Multiple Banking Institution, Trust Division) and Subsidiary
Unaudited Condensed Consolidated Income Statements
For the three months ended June 30, 2017 and 2016, and for the accumulated of the year ended June 30, 2017 and 2016
(Thousands of pesos)

Revenue from:	2T17	%	2T16	%	Var. Ps.	Var. %	Ac 2017	%	Ac 2016	%	Var. Ps.	Var. %
Lodging	472,175	95.6	419,003	94.9	53,172	12.7	930,414	95.5	810,777	94.9	119,637	14.8
Property leases	21,519	4.4	22,411	5.1	-892	-4.0	43,728	4.5	43,486	5.1	242	0.6
Total revenue	**493,694**	**100.0**	**441,414**	**100.0**	**52,280**	**11.8**	**974,142**	**100.0**	**854,263**	**100.0**	**119,879**	**14.0**
Costs and expenses from hotel services:												
Lodging	121,070	24.5	103,672	23.5	17,398	16.8	239,826	24.6	200,633	23.5	39,193	19.5
Administrative	99,026	20.1	70,214	15.9	28,812	41.0	179,679	18.4	135,675	15.9	44,004	32.4
Maintenance	20,272	4.1	18,909	4.3	1,363	7.2	39,262	4.0	35,785	4.2	3,477	9.7
Electricity	30,996	6.3	23,724	5.4	7,272	30.7	58,338	6.0	44,764	5.2	13,574	30.3
Royalties	30,395	6.2	27,831	6.3	2,564	9.2	60,112	6.2	52,977	6.2	7,135	13.5
Advertising and promotion	27,576	5.6	24,651	5.6	2,925	11.9	53,354	5.5	49,491	5.8	3,863	7.8
Total costs and expenses of hotel services	329,335	66.7	269,001	60.9	60,334	22.4	630,571	64.7	519,325	60.8	111,246	21.4
Gross margin	**164,360**	**33.3**	**172,413**	**39.1**	**-8,055**	**4.7**	**343,572**	**35.3**	**334,938**	**39.2**	**8,634**	**2.6**
Other costs and expenses:												
Property tax	3,449	0.7	3,124	0.7	325	10.4	6,797	0.7	5,980	0.7	818	13.7
Insurance	1,557	0.3	1,667	0.4	-110	-6.5	3,060	0.3	3,380	0.4	-320	-9.4
Advisor fees	0	0.0	15,757	3.6	-15,757	-100.0	0	0.0	29,065	3.4	-29,065	-100.0
Corporate administrative expenses	23,275	4.7	10,166	2.3	13,109	128.9	46,684	4.8	18,699	2.2	27,985	149.7
Acquisition and organization expenses [1]	3,742	0.8	8,127	1.8	-4,386	-53.9	6,188	0.6	15,946	1.9	-9,757	-61.2
Others	-929	-0.2	-4,285	-1.0	3,354	-78.3	-4,067	-0.4	-4,422	-0.5	355	-8.0
Executive share-based compensation [2]	0	0.0	0	0.0	0		0	0.0	3,630	0.4	-3,630	-100.0
Maintenance expenses	3,740	0.8	1,950	0.4	1,790	91.8	5,851	0.6	1,950	0.2	3,901	200.1
Depreciation and amortization [2]	62,183	12.6	52,571	11.9	9,612	18.3	126,482	13.0	101,378	11.9	25,104	24.8
Total other costs and expenses	97,018	19.7	89,076	20.2	7,942	8.9	190,996	19.6	175,605	20.6	15,391	8.8
Operating income	**67,341**	**13.6**	**83,338**	**18.9**	**-15,997**	**19.2**	**152,575**	**15.7**	**159,334**	**18.7**	**-6,759**	**4.2**
Interest income	13,792	2.8	3,016	0.7	10,776	357.3	25,040	2.6	8,473	1.0	16,567	195.5
Interest expense	52,937	10.7	32,104	7.3	20,833	64.9	103,517	10.6	63,628	7.4	39,889	62.7
Exchange rate loss (gain)	1,674	0.3	5,462	1.2	-3,788	-69.3	4,440	0.5	5,979	0.7	-1,539	-25.7
Integral Cost of Financing	-40,819	8.3	-34,550	7.8	-6,269	18.1	-82,917	8.5	-61,134	7.2	-21,783	35.6
Income taxes	0	0.0	0	0.0	0		0	0.0	965	0.1	-965	-100.0
Net income	**26,521**	**5.4**	**48,788**	**11.1**	**-22,267**	**-45.6**	**69,658**	**7.2**	**97,235**	**11.4**	**-27,577**	**-28.4**

Fideicomiso Irrevocable No. F/1616 (Deutsche Bank Mexico, S. A.
Multiple Banking Institution, Trust Division) and Subsidiary
Unaudited Condensed Consolidated Income Statements
For the three months ended June 30, 2017 and 2016, and for the accumulated of the year ended June 30, 2017 and 2016
(Thousands of pesos)

Revenue from:	2T17	%	2T16	%	Var. Ps.	Var. %	2017	%	2016	%	Var. Ps.	Var. %
Lodging	472,175	95.6	419,003	94.9	53,172	12.7	930,414	95.5	810,777	94.9	119,637	14.8
Property leases	21,519	4.4	22,411	5.1	-892	- 4.0	43,728	4.5	43,486	5.1	242	0.6
Total revenue	**493,694**	**100.0**	**441,414**	**100.0**	**52,280**	**11.8**	**974,142**	**100.0**	**854,263**	**100.0**	**119,879**	**14.0**
Costs and expenses from hotel services:												
Lodging	121,070	24.5	103,672	23.5	17,398	16.8	239,826	24.6	200,633	23.5	39,193	19.5
Administrative	79,061	16.0	70,214	15.9	8,847	12.6	159,714	16.4	135,675	15.9	24,039	17.7
Maintenance	20,272	4.1	18,909	4.3	1,363	7.2	39,262	4.0	35,785	4.2	3,477	9.7
Electricity	30,996	6.3	23,724	5.4	7,272	30.7	58,338	6.0	44,764	5.2	13,574	30.3
Royalties	30,395	6.2	27,831	6.3	2,564	9.2	60,112	6.2	52,977	6.2	7,135	13.5
Advertising and promotion	27,576	5.6	24,651	5.6	2,925	11.9	53,354	5.5	49,491	5.8	3,863	7.8
Property tax	3,449	0.7	3,124	0.7	325	10.4	6,797	0.7	5,980	0.7	818	13.7
Insurance	1,557	0.3	1,667	0.4	-110	- 6.5	3,060	0.3	3,380	0.4	-319	- 9.4
Total costs and expenses of hotel services	314,376	63.7	273,791	62.0	40,585	14.8	620,463	63.7	528,684	61.9	91,779	17.4
NOI	**179,318**	**36.3**	**167,623**	**38.0**	**11,695**	**7.0**	**353,679**	**36.3**	**325,579**	**38.1**	**28,100**	**8.6**
Other costs and expenses:												
Advisor fees	0	-	15,757	3.6	-15,757	- 100.0	0	-	29,065	3.4	-29,065	- 100.0
Corporate administrative expenses	23,275	4.7	10,166	2.3	13,109	128.9	46,684	4.8	18,699	2.2	27,985	149.7
Acquisition and organization expenses [1]	3,742	0.8	8,127	1.8	-4,384	- 53.9	6,188	0.6	15,946	1.9	-9,757	- 61.2
Maintenance expenses	3,740	0.8	1,950	0.4	1,790	91.8	5,851	0.6	1,950	0.2	3,901	200.1
Others	-929	- 0.2	-4,285	- 1.0	3,356	- 78.3	-4,067	- 0.4	-4,422	- 0.5	356	- 8.0
Total indirect expenses	29,828	6.0	31,715	7.2	-1,887	- 5.9	54,656	5.6	61,238	7.2	-6,582	- 10.7
EBITDA	**149,490**	**30.3**	**135,909**	**30.8**	**13,582**	**10.0**	**299,023**	**30.7**	**264,342**	**30.9**	**34,682**	**13.1**
Plus: Acquisition and organization expenses [1]	3,742	0.8	8,127	1.8	-4,384	- 53.9	6,188	0.6	15,946	1.9	-9,757	- 61.2
Adjusted EBITDA	**153,232**	**31.0**	**144,035**	**32.6**	**9,197**	**6.4**	**305,211**	**31.3**	**280,287**	**32.8**	**24,924**	**8.9**
Executive share-based compensation [2]	0	-	0	-	0		0	-	3,630	0.4	-3,630	- 100.0
Impairment of financial assets	19,965	4.0	0	-	19,965		19,965	2.0	0	-	19,965	
Depreciation and amortization [2]	62,183	12.6	52,571	11.9	9,612	18.3	126,482	13.0	101,378	11.9	25,104	24.8
EBIT (Operating income)	**67,341**	**13.6**	**83,338**	**18.9**	**-15,997**	**- 19.2**	**152,575**	**15.7**	**159,334**	**18.7**	**-6,759**	**- 4.2**
Interest income	13,792	2.8	3,016	0.7	10,776	357.3	25,040	2.6	8,473	1.0	16,567	195.5
Interest expense	52,937	10.7	32,104	7.3	20,833	64.9	103,517	10.6	63,628	7.4	39,889	62.7
Exchange rate loss (gain)	1,674	0.3	5,462	1.2	-3,788	- 69.3	4,440	0.5	5,979	0.7	-1,539	- 25.7
Integral Cost of Financing	-40,819	- 8.3	-34,550	- 7.8	-6,269	18.1	-82,917	- 8.5	-61,134	- 7.2	-21,783	35.6
Income taxes	0	-	0	-	0		0	-	965	0.1	-965	- 100.0
Net income	**26,521**	**5.4**	**48,788**	**11.1**	**-22,267**	**- 45.6**	**69,658**	**7.2**	**97,235**	**11.4**	**-27,578**	**- 28.4**

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 June 30, 2017 and 2016
(thousands of pesos)

	Contributed capital	*Executive share-based compensation reserve*	*Executive share-based compensation reserve*	*Reserve for valuation effect of derivative financial instruments*	*Retained earnings*	*Total trustors' equity*
As of December 31, 2015	**6,671,290**	**51,870**		**-5,161**	**322,007**	**7,040,006**
Distribution to holders of certificates	-189,721					-189,721
Equity-settled share-based payment		3,630				3,630
Share-based payment issued capital	55,500	-55,500				0
Net income				5,246	97,235	102,481
As of June 30, 2016	**6,537,069**	**0**		**85**	**419,242**	**6,956,396**
As of December 31, 2016	**6,327,290**	**0**		**29,241**	**446,342**	**6,802,873**
Distribution to holders of certificates	-221,050					-221,050
Reserve of repurchase of shares			245,000		-245,000	0
Net income				-22,648	69,658	47,010
As of June 30, 2017	**6,106,240**	**0**	**245,000**	**6,593**	**271,000**	**6,628,833**
	6,106,240		245,000	6,593	271,001	6,628,833

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 June 30, 2017 and 2016
(thousands of pesos)

	2017	2016
OPERATING ACTIVITIES		
Net income before taxes	69,658	98,200
Adjustments:		
Depreciation and amortization	126,482	101,378
Debt interests	103,517	63,628
Gain on interests	-25,040	8,473
Executive share-based compensation	0	3,630
	274,618	275,309
Receivables and other accounts receivable	3,907	-71,767
Related parties	-7,050	38,553
Advanced payments	-15,664	3,367
Recoverable taxes	103,312	21,920
Suppliers and other payables	7,681	-24,774
Payable taxes	2	-2,385
Net cash flows generated by operating activities	**366,805**	**240,223**
INVESTING ACTIVITIES		
Acquisition of properties	-223,470	-587,354
Acquisition of intangible assets	-11,263	-10,671
Gain on interests	25,040	-8,473
Net cash flows utilized in investing activities	**-209,692**	**-606,498**
FINANCING ACTIVITIES		
Acquired loans	0	250,000
Distribution to holders of certificates	-221,050	-189,721
Debt issuance interests	-89,427	2,489
Bank fees and interests related to loan	0	-52,761
Net cash flows generated by financing activities	**-310,477**	**10,006**
Net cash flows of the period	**-153,364**	**-356,269**
Cash and cash equivalents at the beginning of the year	849,077	796,751
Cash and cash equivalents at the end of the year	**695,713**	**440,481**