

Extraordinary Shareholders' Meeting: Proposed Changes to Methodology for Calculating Internalization Payment

Monterrey, Mexico, October 27, 2016 – Deutsche Bank Mexico, S.A., Banking institution, as fiduciary of Trust F/1616 or Fibra Inn (BMV: FINN13, ADR OTC: DFBR) (“Fibra Inn” or “the Trust”), the Mexican real estate infrastructure trust specializing in the hotel industry serving the business traveler with global brands, informs regarding certain changes that will be proposed related to Item 1 of the Meeting Agenda for the Extraordinary Shareholders’ Meeting to take place on November 11, 2016. These changes, which are intended to be presented to the Shareholders for approval, present a payment format derived from the Internalization, in order to better align the interests of Fibra Inn and Asesor de Activos Prisma, S.A.P.I. de C.V. (“the **Advisor**”) in the following manner:

At the meeting, Fibra Inn will seek to approve an agreement with Asesor de Activos Prisma, S.A.P.I. de C.V. for the early termination of the advisory contract, in exchange for monetary compensation, with the objective that these advisory services will subsequently be internally performed by Fibra Inn and its administration. In effect, personnel currently employed by the Advisor would be transferred over to Administradora de Activos Fibra Inn, S.C. (“the Administrator”), a subsidiary of Fibra Inn. This transfer would be in exchange for monetary compensation of up to Ps. 143.0 million, plus corresponding VAT, that would be paid upon the completion of the third year of the Internalization (within the first 120 days of 2020), as long as projected accumulated marginal EBITDA for the 2017 to 2019 period reaches Ps. 66.9 million, and would be calculated as follows:

- General and administrative expenses at the close of 2016, updated for inflation at the conclusion of each year (2017, 2018 and 2019). Acquisition and organizational expenses will be excluded, due to their operating nature, which is not investment related.
- Plus: Projected Advisor fees, calculated for each of the three years, 2017, 2018 and 2019, over the average value of the real estate assets for Ps. 10,267 million for 2017, Ps. 10,924 million for 2018 and Ps. 11,252 million for 2019.
- Minus: General and administrative expenses for each of the years 2017, 2018 and 2019. Expenses related to the Strategic Hotel Acquisition Pipeline will be excluded – these will have an additional income related to Fibra Inn, which is not included in the marginal EBITDA calculation. Acquisition and organizational expenses will also be excluded, due to their operating nature and related to investment (in accordance with IFRS, as it is considered an acquisition of an already-operating hotel, it is booked in the income statement instead of as a capitalized asset, similarly to the manner in which non-hotel Fibras present this information).
- The result should be equal to or greater than an accumulated Ps. 66.9 million for the period of 2017 to 2019.



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In the event that the projected Advisor fees were to decline because the real estate asset base fell below the projected Ps. 10,267.0 million for 2017, Ps. 10,924.0 million for 2018 and Ps. 11,252.0 million for 2019, the marginal EBITDA would be adjusted downward in the same proportion.

In the event that 100% of the minimum accumulated marginal annual EBITDA of Ps. 69.9 million were not reached, the Advisor would be paid proportionately over the actual marginal EBITDA obtained for the 2017 to 2019 period. The distribution amounts corresponding to the CBFIs for years 2017, 2018 and 2019 periods will be added to the amount that corresponds to the payment in CBFIs. The final proportion of 30% cash and 70% in CBFIs will be calculated over this amount.

The actual information to be used for the calculation of the marginal EBITDA will be obtained from the audited financial statements; corporate and administrative expenses, as well as acquisition and organizational expenses, which do not form part of the calculation, will be specifically identified. The actual real estate asset base for years 2017, 2018 and 2019, under the terms established by the advisory contract for the calculation of the fees that would have been paid to the Advisor, will be validated by the External Auditor.

Additionally, it is proposed that Fibra Inn assume the role of Advisor in the projects to be developed under the "Strategic Hotel Acquisition Pipeline" investment model. As such, taking into account that all personnel dedicated to these projects would be employed by Fibra Inn, via its subsidiary (Administradora de Activos Fibra Inn, S.C.) and consequently, fees would be charged in favor of Fibra Inn for each project, an additional monetary compensation for up to Ps. 50 million plus corresponding VAT is proposed for the Trust's acquisition of the benefits derived from the Strategic Hotel Acquisition Pipeline. The Advisor will receive payment for revenue participation derived from the Strategic Hotel Acquisition Pipeline projects (structuring, development and administration). Only those projects presented before the Practices Committee at the end of 2016 will be considered, by which Fibra Inn's corresponding investment must be financed with the resources derived from the maximum net debt levels of 33% over total assets as established by the Technical Committee. In the event that subsequent projects are completed at a later date, the corresponding revenues will be exclusively for Fibra Inn.

The payment to the Advisor for up to Ps. 50.0 million will take place at the conclusion of 2017 to 2019 periods, for those projects that have signed binding agreements with investors and developers that guarantee fee income for Fibra Inn during the 2017-2026 period of at least Ps. 75.0 million, corresponding to the present value of the fee income, this amount would be discounted at a 10% annual rate and must be identified by the Practices Committee as existing "*pipeline*" projects at the time of the Internalization. In the event that the aforementioned calculation is below Ps. 75.0 million, the payment at the close of 2017 will be proportionately adjusted. The same exercise will take place at the close of 2018 and 2019 and any corresponding payments will be made, corresponding to projects taking place during these periods. Total payment may not exceed Ps. 50.0 million for the Advisor, plus the corresponding VAT.

The payments mentioned in the preceding paragraphs, will be made in the following manner: 30% will be paid in cash and 70% in CBFIs of the Trust. For the calculation of the CBFIs price, the weighted average price will be used for the 10 business days prior to the date of the Meeting announcement and 10 business days after this date. Once paid, the CBFIs will have a sale restriction period, or lock-up, that will expire for all CBFIs on January 1, 2022 for all CBFIs.



The calculations corresponding to both structures will be made using information found in the audited financial statements and will be validated by Fibra Inn's Auditing Committee.

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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 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 ADR trades on the OTC market in the U.S. under the ticker symbol "DFBRY".

For more information, please visit our website: 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.