



## Fibra Inn Announces Consolidated Results for the Third Quarter 2016

**Monterrey, Mexico, October 27, 2016** – 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 specializing in the hotel industry serving the business traveler with global brands, today announced its non-audited third quarter results for the period ended September 30, 2016 (“3Q16”). These results were prepared in accordance with International Financial Reporting Standards (“IFRS”) and are stated in nominal Mexican pesos (Ps.).

### 3Q16 Financial Highlights:

- Fibra Inn concluded the quarter with a total of 43 properties: **42 hotels under operation** and **one under binding agreement**, with **7,112 rooms**, of which 221 are under construction and 85 are in the acquisition process.
- Total Revenue:** reached Ps. 471.2 million, of which 95.2% were from room revenues and 4.8% were from rental revenues, for a total increase of 39.7% compared to 3Q15.
- NOI** <sup>(1)</sup>: Ps. 171.8 million, an increase of 46.1% compared to the Ps. 117.6 million reported in 3Q15; NOI margin was 36.5%.
- Adjusted EBITDA** <sup>(2)</sup>: Ps. 147.7 million, a 55.0% increase compared to the Ps. 95.3 million in 3Q15.
- Net Income:** Ps. 46.1 million or 9.8% net margin, a 5.8% increase compared with 3Q15.
- FFO** <sup>(3)</sup>: Ps. 116.6 million, an 28.5% increase compared to the Ps. 90.7 million reported in 3Q15.
- Distributions to Holders** <sup>(4)</sup>: Ps. 110.5 million, a 40.2% increase compared to Ps. 78.8 million in 3Q15. Distribution is equivalent to Ps 0.2512 per CBF. This represents an annualized dividend yield of 8.4% in 3Q16, and is 358 basis points (“bps”) higher than the 3Q15 figure. Both the distribution and the dividend yield are the highest recorded in the Company’s history.

### Same-Store Sales for the 39 comparable hotels:

- Room revenues:** Ps. 421.6 million; an increase of 18.9% vs. Ps. 354.6 million in 3Q15.
- Occupancy:** 64.6%, 6.6 pp higher than the figure reported in 3Q15. Excluding the addition of rooms, occupancy was 64.9%; the highest reported during any quarter.
- Average Daily Rate (“ADR”):** reached Ps. 1,129.3; an increase of 6.1%.
- Revenue per Available Room (“RevPAR”):** Ps. 729.5, an 18.3% increase. Excluding the addition of rooms, this was record amount of Ps. 733.4.

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

- Rental revenues:** Ps. 448.5 million; an increase of 42.1% vs. Ps. 315.7 million in 3Q15.
- Occupancy:** 62.6%; 5.0 percentage points (“pp”) higher versus the 57.6% in 3Q15.
- Average Daily Rate:** Ps. 1,146.9; an increase of 5.5%.
- Revenue per Available Room (RevPAR):** Ps. 717.6, a 14.6% increased vs. Ps. 626.2 in 3Q15.



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Oscar Calvillo, Chief Executive Officer of Fibra Inn, stated: “Fibra Inn continues to reach record figures across several hotel indicator line items, reflecting a robust operation. This quarter once again shows solid results and this performance has enabled us to reach the highest distribution and dividend yield in the Company’s history, equal to Ps. 0.2512 per CBFi and 8.4%, respectively. With the recent public debt issuance, we have the resources necessary to continue growing, while at the same time lowering our leveraging costs. All of these efforts, including the Internalization process and improvements to the Company’s corporate governance that will be proposed at the upcoming Shareholders’ Meeting on November 11<sup>th</sup>, reflect our commitment with the market to make Fibra Inn a public company completely aligned with the interest of its investors and a leader in the Fibra sector.”

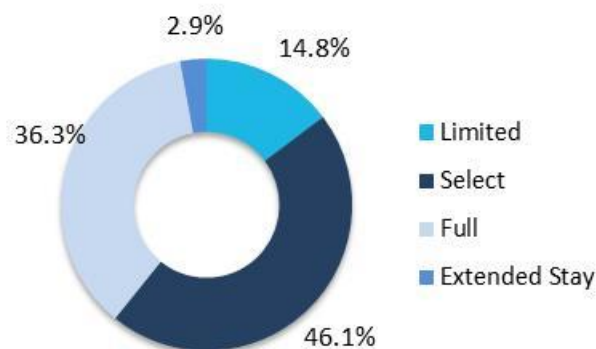
- <sup>1</sup> NOI is the calculation of the Fibra’s revenue (rent and other revenue) minus operating expenses for administration, maintenance, lodging, utilities, fees, royalties, marketing and promotion, as well as property tax and insurance.
- <sup>2</sup> Adjusted EBITDA excludes acquisition and organization expenses.
- <sup>3</sup> FFO is calculated as the Adjusted EBITDA plus interest gain less interest expense and foreign exchange rate.
- <sup>4</sup> Calculated using 440,019,542 CBFIs outstanding on September 30, 2016. Yield is based on a Ps. 11.94 per CBFi.

Quarterly Same Stores Sales			
(39 Hotels)	3Q16	3Q15	Variation
Room Revenue	421.6	354.6	18.9%
Occupancy excluding the addition of rooms	64.9%	58.0%	7 pp
Occupancy	64.6%	58.0%	6.6 pp
ADR	1,129.3	1,064.1	6.1%
RevPAR excluding the addition of rooms	733.4	616.7	18.9%
RevPAR	729.5	616.7	18.3%

## Third Quarter 2016 Results

The sales mix at the close of 3Q16 was comprised of 42 hotels under operation: 11 limited service, 18 select service, 12 full service and one extended-stay hotels.

Total Revenue per Segment				
	3Q16	%	3Q15	%
(Ps. million)				
Limited Service	69.5	14.8%	43.5	12.9%
Select Service	217.0	46.1%	145.7	43.2%
Full Service	171.0	36.3%	143.1	42.4%
Extended Stay	13.7	2.9%	5.0	1.5%
Total	471.2	100.0%	337.3	100.0%





Financial Highlights	3Q16	3Q15	Var Ps.	% Var
<b>Financial Indicators (Ps. million)</b>				
Lodging Revenues	448.5	315.7	132.8	42.1%
Rental Revenues	22.7	21.6	1.1	4.9%
Fibra Revenues	471.2	337.3	133.9	39.7%
NOI	171.8	117.6	54.2	46.1%
NOI Margin / Fibra Revenues	36.5%	34.9%	-	1.6 p.p
Adjusted EBITDA	147.7	95.3	52.4	55.0%
Adjusted EBITDA Margin	31.4%	28.3%	-	3.1 p.p
EBITDA per Room	21,458.8	16,299.6	5,159.2	31.7%
FFO	116.6	90.7	25.8	28.5%
FFO Margin	24.7%	26.9%	-	-2.2 p.p
<b>Distribution and Dividend Yield</b>				
CBFI Price	11.94	14.93	- 3.0	-20.0%
Distribution	110.5	78.8	31.7	40.2%
Distribution per CBFI	0.2512	0.1803	0.1	39.3%
CBFIs outstanding	440.0	437.0	3.0	0.7%
Annualized Dividend yield at the end of the quarter	8.4%	4.8%	-	3.6 p.p

Fibra Inn's total revenues during 3Q16 were Ps. 471.2 million, an increase of 39.7% compared to 3Q15. Revenues were comprised as follows:

- Ps. 448.5 million, or 95.2%, are room rental revenues from the 42 properties in the operating portfolio, equivalent to 42.1% growth compared to 3Q15. This increase was the result of: (i) 18.9% for same-store related to room revenues, and (ii) 23.2% was the result of the marketing and sales team's efforts to replace business travelers with leisure travelers, as a result of the seasonality of the summer vacation season.
- Ps. 22.7 million, or 4.8%, are 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, which represent a 4.9% increase.

During 3Q16, total operating expenses were Ps. 299.4 million, or 63.5% of total revenues. Operating expenses for hotel services declined by 160 basis points, compared with 65.1% during 3Q15. This reflects the efficient management of the operation in order to attract new leisure guests to the hotels and thus offset the seasonality effect of lower business travelers due to the summer vacations, as mentioned previously. The decline in operating expenses was the net effect of the following:

- A 100-basis point decrease in lodging expenses, representing 24.7% of total revenues, as the Company chose to generate added volume of room nights with the use of premium reservation



channels, via online travel agencies, in order to access leisure travelers and offset the summer seasonality which results in lower business travelers.

- A 60-basis point savings in maintenance costs, which represented 4.2% of total revenues and that were due to the following: (i) the recent investment in remodeling 15 properties, and (ii) the implementation of cost efficiency systems in maintenance prevention plans.
- A 30-basis point decrease with regards to advertising and promotional expenses, representing 5.4% of total operating expenses. This was due to lower media advertising expenses, as during the third quarter the Company continues to benefit from the advertising investments that were made during the first half of 2016.
- A 10-basis point decrease in administration costs, which represented 16.4% of total revenues as a result of the implementation of an invoicing reception portal for providers that permitted administrative efficiencies.
- In addition, an increase of 30 basis points in utility costs that represented 6.0% of total revenues, given the increase in electricity costs.
- An increase of 20 basis points in property taxes, representing 0.7% of total revenue, due to a higher number of hotels in Fibra Inn's portfolio.

As a result of the above, Net Operating Income (NOI) for 3Q16 reached Ps. 171.8 million, which represented a 46.1% increase, compared to Ps. 117.6 million for 3Q15. The NOI margin was 36.5%, which represented an increase of 160 basis points compared to 34.9% during 3Q15.

Administrative and acquisition expenses related to the operation of the Fibra were Ps. 33.8 million for 3Q16 and represented 7.2% of total revenues. These expenses remained stable as a percentage of total revenues, or Ps. 9.5 million higher than the Ps. 24.3 million reported in 3Q15. This variation was the result of the following:

- A decrease of 110 basis points in corporate-related expenses, representing 1.7% of total revenues, due to the positive effect of higher revenues resulting from economies of scale, given the inclusion and improved performance of hotels.
- A 90-basis point decline in other expenses, reflecting the Ps. 2.9 million income received from the city of Puebla that was paid to the Company for selling of 300 meters of sidewalk at the Holiday Inn Puebla la Noria for the use of a public road.
- The above was offset with a 150 basis point increase in acquisition and corporate-related expenses, which represented 2.1% of total revenues. These expenses were related to the titling of properties, notaries, due diligence and real estate acquisition taxes (ISAI) corresponding to the Courtyard by Marriott Chihuahua hotel and the Casa Grande Ciudad Juarez hotels.
- A 40-basis point increase in maintenance Capex in some of the hotels, representing 0.4% of total revenues.
- A 20-basis point increase for advisor fees, or 3.7% of total revenues related to the Hotel Advisor's fee of 0.75% over the gross value of the real estate assets adjusted by inflation.

### 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 recognized in the profit and loss statement as they are incurred, including notary expenses, legal and appraisal expenses and other expenses. This is applicable to hotel acquisitions after 2014.



Due to the aforementioned, acquisition-related expenses and corporate-related expenses reached Ps. 9.7 million; corresponding to hotel acquisitions.

Adjusted EBITDA of Ps. 147.7 million excludes the previously-mentioned acquisition and corporate-related expenses and represented an increase of 55.0% compared to Ps. 95.3 million in 3Q15. Adjusted EBITDA margin was 31.4%, which represented an increase of 3.1 pp compared to the 28.3% margin reported in 3Q15.

During the period, the Company registered an accounting depreciation for Ps. 60.7 million, representing an increase of Ps. 20.2 million, or 49.8%, compared to the Ps. 40.5 million reported in 3Q15. The calculation of 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 was Ps. 77.3 million, an operating margin of 16.4%, which represented an increase of Ps. 29.1 million compared Ps. 48.2 million reported in 3Q15.

Fibra Inn obtained interest income of Ps. 3.2 million, an increase of Ps. 2.2 million, compared to the Ps. 1.1 million reported in 3Q15. This amount corresponds to higher cash and cash equivalent amounts from the debt issuance.

Interest expense reached of Ps. 33.4 million in 3Q16, compared to Ps. 3.9 million in costs during 3Q15. This cost increase was mainly the result of the interest generated from the debt issuance, bank loan interest payments and for investments in various hotels in the portfolio. Ps. 7.5 million were registered for the capitalization of 19.9% of interest expenses, corresponding to the value of the non-productive assets that are being financed with Ps. 333.6 million debt.

There was an exchange rate loss for Ps. 1.0 million, mainly due to the payment of dollar-denominated invoices for investment projects and hotel renovations at a higher exchange rate.

The net financial result was an expense of Ps. 31.2 million in 3Q16, compared to Ps. 4.6 million in 3Q15.

Net Income for 3Q16 was Ps. 46.1 million, a 9.8% net margin, representing a Ps. 2.5 million increase, compared to Ps. 43.6 million in 3Q15.

3Q16 FFO was Ps. 116.6 million, equivalent to 28.5% growth, or 24.7% margin.



## Quarterly Earnings Report 3Q16



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)

	3Q16	3Q15	Var %
<b>Net Income</b>	46.1	43.6	5.8%
(+) Acquisition & organization expenses	9.7	2.0	387.7%
(+) Depreciation and amortization	60.7	40.5	49.8%
(+) Executive compensation based in shares	-	4.6	-100.0%
<b>FFO</b>	116.6	90.7	28.5%
(-) Maintenance CAPEX	12.4	11.9	4.5%
<b>Adjusted FFO</b>	104.1	78.8	32.1%
<b>FFO per CBFI</b>	0.2649	0.2076	27.6%
<b>Adjusted FFO per CBFI</b>	0.2366	0.1803	31.3%

### Distribution to Holders

On October 26, 2016, Fibra Inn's Technical Committee approved a cash distribution for the CBFI holders of Ps. 110.5 million related to 3Q16. This distribution was equivalent to Ps. 0.2512 per CBFI, based on 440,019,542 CFIs outstanding, as return of capital based in the operations and results of Fibra Inn for the period between July 1 and September 30, 2016. This distribution will be paid no later than November 30, 2016.

Distribution to CBFI Holders				
	3Q16		3Q15	
	per CBFI*	Total	per CBFI*	Total
	Ps. \$	Ps. million	Ps. \$	Ps. million
Taxable income	-	-	-	-
Return of capital	0.2512	110.5	0.1803	78.8
Total	0.2512	110.5	0.1803	78.8

\*The amount distributed per CBFI was calculated based on 440,019,542 CFIs outstanding in 3Q16, and 437,019,542 CFIs in 3Q15, respectively.

### 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.

Fibra Inn's policy is to distribute to holders, when applicable, cash in excess obtained from the difference between the taxable income and net adjusted income. To this effect, net adjusted income is equivalent to net income excluding acquisition-related expenses and non-monetary charges minus CAPEX reserve for the maintenance of the hotels (Maintenance CAPEX).

In accordance to current tax laws applicable to Fibra Inn, when the fiduciary delivers CBFI holders an amount greater than the taxable income for the period, the difference shall be considered capital



reimbursement and will decrease the proven acquisition cost of the certificates held by those receiving it. The capital reimbursement will not generate a tax withholding for the CBFI holder of Fibra Inn.

The Maintenance CAPEX amount for the period was Ps. 12.4 million and the balance of this reserve as of September 30, 2016 was Ps. 33.5 million.

Distribution to CBFI Holders	3Q16	3Q15
Net Income	46.1	43.6
+ Non-operative Items	9.7	-
+ Non-Cash Items	60.7	45.2
+ Acquisition and Corporate Expense	-	2.0
- Capex Reserve	12.4	11.9
	6.4	
Distribution to CBFI Holders	110.5	78.8
CBFIs Outstanding	440,019,542	437,019,542
Distribution per CBFI	0.2512	0.1803
CBFI price at the end of the quarter <sup>3)</sup>	11.94	14.93
Dividend Yield <sup>1)</sup>	8.4%	4.8%

*\*Reserve for 3% of the total revenues for the period, minus maintenance CAPEX for the quarter*

## 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:

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





September 30, 2016, this reserve reached Ps. 33.5 million compared to Ps. 21.1 million at June 30, 2016. The total amount for capital expense amount Ps. 1.7 million during the 3Q16, and Ps. 1.7 million were included as expenses in the profit and loss statement.

### Balance Sheet

As of September 30, 2016 Fibra Inn held Ps. 333.5 million in cash and Ps. 378.1 million in recoverable VAT. The outstanding recoverable VAT amount is in process of recovery with the tax administration authority.

Accounts receivable registered Ps. 190.4 million from the regular operation of the business. Other accounts receivable were Ps. 36.7 million and anticipated payments were Ps. 31.9 million, which mainly pertain to operating expenses of the amortized hotels during the period, as well as property taxes, insurance, fiduciary fees, independent members and administrative payments. Accounts payable registered Ps. 88.2 million due to a greater number of hotels in Fibra Inn's portfolio, as well as renovations underway.

The Company's nominal bank loans were Ps. 350.0 million as of September 30, 2016. Short term bank loans for Ps. 10.5 million were registered, corresponding to accrued interest at that date from the debt issuance, accrued coupons from derivative instruments, as well as commissions payable from the bank loan. Long term bank loans were Ps. 325.6 million, corresponding to the bank loan balance minus amortizable expenses during the life of the loan.

An interest rate of TIIE + 2.5% was applied to the bank debt. The financial covenants of the bank credit line as of September 30, 2016, are the following:

Financial Covenants - Credit Line		
As of September 30, 2016		
Credit / Value	Equal or lower than 50%	8.3%
Debt Service Coverage	Equal or higher than 1.60	6.8
NOI / Debt	Equal or higher than 13%	100.6%
Minimum Coverage	Equal or higher than 1.20	6.8
Net Tangible Value	Higher than 60%	75.9%
Total Leverage Value	Lower or equal to 55%	24.1%

- 1) Outstanding Balance divided by the total value of hotels used as collateral.
- 2) NOI of Hotels used as Collateral divided by Debt Service, including a simulation of increasing amortizations for 15 years.
- 3) NOI of Hotels used as Collateral divided by Outstanding Balance.
- 4) NOI of Hotels used as Collateral divided by Debt Service plus Obligatory Distributions (Taxable Income).
- 5) Total Asset Value minus Outstanding Balance divided by Total Assets.
- 6) Outstanding Balance divided by Total Asset Value.

At September 30, 2016 the outstanding balance of the FINN15 issuance was Ps. 1,875.3 million, equivalent to Ps. 1,852.0 million if we consider the amortized expenses during the issuance. Additionally, a bank credit line for Ps. 2,300 million continues to be available.





As of September 30, 2016 the Company had available debt resources (considering the current balance of cash and cash equivalents) for Ps. 1,775.0 million without surpassing the 33% loan-to-value threshold set forth by the Company's Technical Committee. Taking into account Ps. 1.0 billion for the debt re-initiation and the Ps. 350 million bank loan payment made after the close of the quarter, by the date of this earnings report the Company's available cash is equal to Ps. 1,125.0 million.

The FINN15 debt issuance financial covenants at September 30, 2016 are as follows:

Financial Covenants / Public Debt		
As of September 30, 2016		
Loan to Value	Equal or lower than 50%	24.1%
Debt Service Coverage	Equal or higher than 1.0	5.2
Debt Service	Equal or higher than 1.5	5.5
Total Assets no taxable	Equal or higher than 150%	269%
Debt to Total Assets	Equal or lower than 40%	3.8%

Fibra Inn has a total loan-to-value of 24.1% as of September 30, 2016. This leverage level is in compliance with the dispositions of the Mexican Banking and Securities Commission ("CNBV") to regulate the maximum leverage levels for the Fibras up to 50%. As of September 30, 2016, the debt service coverage was 5.2x; 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	As of September 30, 2016
<b>Loan-to-value (equal or lower than 50%)</b>	
Financing	350,000.0
Market Debt	1,875,350.0
Total Assets	9,244,119.0
<b>Loan-to-value</b>	<b>24.1%</b>
<b>Debt Service Coverage Ratio (equal or higher than 1.0)</b>	
Liquid Assets	326,855.0
VAT refunds	378,069.0
Operating Profit	560,519.0
Credit lines	1,950,000.0
<b>Sub-Total Numerator</b>	<b>3,215,443.0</b>
Amortization of Interests	214,072.0
Principal Repayments	-
Capital Expenditure	86,250.0
Development Expenditure	315,800.0
<b>Sub-Total Denominator</b>	<b>616,122.0</b>
<b>Debt Service Coverage Ratio</b>	<b>5.2</b>



Following the conclusion of the third quarter, Fibra Inn successfully re-initiated the issuance of local public debt (FINN15) for Ps. 1 billion. This will pay interest at a variable rate of  $TIE_{28} + 130$  basis points, with the same maturity date as FINN15 of September 2021 and the principal will be paid at maturity. Similar to the first issuance, Fitch Ratings gave this an AA-(mex) local rating and HR Ratings rated it AA+ on a local scale.

The resources obtained from this issuance will be allocated towards paying Ps. 350 million of current bank debt, replacing it with longer term and lower cost debt, as well as for investments in hotels currently in the portfolio and for new hotels, with a portion going towards paying the commissions related to this issuance.

We expect that, upon the re-initiation of the debt program, Fibra Inn's leverage levels will reach 28.9% and the debt service coverage will be of nearly 5.0x.

In addition, on October 11, Fibra Inn signed a mortgage-secured cash credit agreement with BBVA Bancomer for Ps. 177.0 million, with a 3-year maturity and at a rate of  $TIE_{28} + 150$  basis points.

#### Fibra Inn's Shareholder Breakdown

Shareholders' Breakdown		
As of September 30, 2016		
	CBFI*	%
Controlling Trust	75,079,169	17.1%
Public Float	364,940,373	82.9%
Total Outstanding	440,019,542	100.0%

#### 3Q16 Highlights

##### a. VAT Reimbursement for Ps. 62.1 Million

On July 5, 2016, the Company announced receipt of a Ps. 62.1 million Value Added Tax (VAT) reimbursement, including an inflation adjustment of Ps. 123 thousand. The VAT was formerly paid in connection with the acquisition of three hotels in Chihuahua during the fourth quarter of 2015, these are: City Express, City Express Junior and Hampton Inn by Hilton.

##### b. Signing of a Binding Agreement to Acquire the Best Western Valle Real Hotel

On August 4, 2016, the Company announced the signing of a binding agreement to acquire the Best Western Valle Real Hotel in Monterrey, in the state of Nuevo Leon, which has a total of 85 rooms and operates in the limited-service segment.

##### c. Payment and Acquisition of the Courtyard by Marriott Chihuahua Hotel

On August 15, 2016 the Company announced the payment and acquisition of the property for Ps. 234.4 million plus Ps. 8.7 million in taxes and acquisition-related expenses, as well as the corresponding VAT. The acquisition was paid in cash with resources obtained from a bank credit line. This hotel adds 152 rooms to the portfolio.



Acquisitions of the 3Q16							
Date	Hotel	City	Segment	Investment (Ps. M)	Actual Rooms	Additional Rooms	Total Rooms
15/08/16	Courtyard by Marriott	Chihuahua	Full	234.4	152	-	152

## Relevant Events Following the Close of 3Q16

### a. Announcement of Meeting Agenda for Extraordinary Shareholders' Meeting

On October 4, 2016, the Company announced the meeting agenda for the Extraordinary Shareholders' Meeting that will take place on November 11, 2016, to propose the internalization process of the Trust's administration, via a voluntary agreement for the early termination of the advisory contract between the Trust and Asesor de Activos Prisma, S.A.P.I. de C.V. In addition, the Meeting will propose modification to the Trust agreement to enhance its corporate governance.

### b. Payment and Acquisition of the Best Western Valle Hotel

On October 17, 2016, the Company announced the payment and acquisition of the Best Western Valle Hotel in Monterrey for Ps. 67.0 million plus Ps. 3.7 million in taxes and acquisition-related expenses, as well as the corresponding VAT. The projected cap rate for 2016 is 9.6% and the hotel adds 85 rooms to the portfolio.

### c. Re-initiation of Local Debt Program by Issuing Ps. 1.0 Billion

On October 19 2016, the Company announced the re-initiation of debt issuance of *Certificados Bursátiles Fiduciarios* ("CBFs") under the ticker symbol "FINN 15" for Ps. 1 billion under its program for up to Ps. 5 billion. This will pay interest every 28 days, at a variable rate of  $TIE_{28} + 130$  basis points, with the same as FINN15 in September 2021 and the principal will be paid at maturity. Similar to the first issuance, Fitch Ratings gave this a AA-(mex) local rating and HR Ratings rated it AA+ on a local scale.



## Portfolio of Hotels at 3Q16

	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	Mexico Plaza	Guadalajara Andares	Jalisco	186		Fibra Inn
10	City Express Junior	Chihuahua	Chihuahua	105		Fibra Inn
11	City Express	Chihuahua	Chihuahua	104		Fibra Inn
12	Best Western*	Monterrey	Nuevo León	85		Fibra Inn
				1,509		
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	280		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	Playa del Carmen	Quintana Roo	196		Fibra Inn
11	Holiday Inn Express	Toluca	Estado de México	127		Fibra Inn
12	Aloft	Guadalajara	Jalisco	142		Fibra Inn
13	Hampton Inn by Hilton	Hermosillo	Sonora	151	56	Fibra Inn
14	Arriva Express	Guadalajara	Jalisco	166	15	Fibra Inn
15	Courtyard by Marriott	Saltillo	Coahuila	180		Fibra Inn
16	Hampton Inn by Hilton	Chihuahua	Chihuahua	190		Fibra Inn
18	Fairfield Inn & Suites by Marriott	Coatzacoalcos	Veracruz	180		Fibra Inn
19	Courtyard by Marriott (*)	Chihuahua	Chihuahua	152		Fibra Inn
				3,296	71	
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
11	Casa Grande	Cd. Juárez	Chihuahua	145	50	Fibra Inn
				1,969	150	
Extended Stay Hotels						
1	Staybridge Suites	Guadalajara	Jalisco	117		Fibra Inn
				117		
Land Bank						
3	Fairfield Inn & Suites by Marriott*	Cd. del Carmen	Campeche			

Total Fibra Inn's Portfolio as of September 30, 2016

(\*) Properties under negotiation signed under a binding agreement

6,891 221

7,112



## Information Regarding the Tenant

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

Tenant revenues for the rental of non-lodging spaces reached Ps. 21.3 million in 3Q16, which was 10.9% higher than the amount for 3Q15. Non-lodging revenue reached Ps. 22.7 million, or Ps. 1.4 million higher than the rent paid by Operadora Mexico, due to the fact that there are some commercial spaces rented to third parties.

### Operadora México Servicios y Restaurantes, SAPI de CV Income Statement - Combines with Trust F/1765 April 1 to Sep 30, 2016 (Millions of pesos)

	3Q16		3Q15		YTD Sep 16		YTD Sep 15	
Revenue	81.3	100.0%	72.6	100.0%	221.9	100.0%	186.3	229.1%
Sales Cost	45.1	55.4%	41.8	57.6%	129.7	58.5%	111.3	136.9%
Operating Profit	36.3	44.6%	30.8	42.4%	92.2	41.5%	74.9	92.1%
Operating Expenses	3.6	4.4%	3.7	5.1%	10.4	4.7%	9.3	11.4%
NOI	32.7	40.2%	27.1	37.3%	81.8	36.8%	65.6	35.2%
Lease paid to Trust F/1616	21.3	26.2%	19.6	27.0%	62.2	28.0%	53.6	65.9%
Other Indirect Expenses	3.4	4.1%	3.5	4.8%	8.7	3.9%	6.6	8.1%
EBITDA	8.0	9.9%	4.0	5.5%	10.9	4.9%	5.5	6.8%
Plus: Other Non-Operating Expenses	0.3	0.3%	1.2	1.6%	3.6	-1.6%	1.1	1.4%
Adjusted EBITDA	7.8	9.6%	5.1	7.0%	14.5	6.5%	4.4	5.4%

## Hotel Operating Indicators Quarterly Total Sales

Quarterly Total Sales			
	3Q16	3Q15	Variation
Number of hotels	42	35	
Lodging Income	448.5	315.7	42.1%
Occupancy	62.6%	57.6%	5 pp
ADR	1,146.9	1,087.2	5.5%
RevPar	717.6	626.2	14.6%

## Quarterly Same-Store Sales

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.



## Quarterly Earnings Report 3Q16



- As a result, the Same-Store Sales Indicator for 3Q16 includes 39 hotels of the current portfolio as if they had been part of the Fibra for the full periods, both for 3Q16 and 3Q15.
- 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, four hotels are excluded from the total. These are: three recently-built hotels that have no operating history: the Courtyard by Marriott Saltillo, the Courtyard by Marriott Chihuahua and the Fairfield Inn & Suites by Marriott Coatzacoalcas. Additionally, the Best Western Monterrey Valle Real is not included, which at the close of 3Q16 was under negotiations due to a binding agreement prior to titling.

Quarterly Same Stores Sales			
(39 Hotels)	3Q16	3Q15	Variation
Room Revenue	421.6	354.6	18.9%
Occupancy excluding the addition of rooms	64.9%	58.0%	7 pp
Occupancy	64.6%	58.0%	6.6 pp
ADR	1,129.3	1,064.1	6.1%
RevPAR excluding the addition of rooms	733.4	616.7	18.9%
RevPAR	729.5	616.7	18.3%

By Segment							
Segment	Occupancy	ADR	RevPAR	Occupancy	ADR	RevPAR	% Var. RevPAR
	3Q16			3Q15			
Limited Service	64.1%	820.5	525.6	50.4%	781.8	394.1	33.4%
Select Service	63.2%	1,156.8	731.0	57.9%	1,097.1	635.2	15.1%
Full Service	65.2%	1,294.2	843.5	61.8%	1,177.8	727.3	16.0%
Extended Stay	94.9%	1,325.8	1,258.8	84.8%	1,110.4	942.1	33.6%
<b>TOTAL</b>	64.6%	1,129.3	729.5	58.0%	1,064.1	616.7	18.3%

By Hotel Chain							
Brand	Occupancy	ADR	RevPAR	Occupancy	ADR	RevPAR	% Var. RevPAR
	3Q16			3Q15			
IHG Intercontinental Hotels Group	67.3%	1,264.1	851.1	61.2%	1,167.5	715.0	19.0%
Wyndham Hotel Group	61.6%	835.2	514.6	49.1%	796.8	390.8	31.7%
Hilton Worldwide	59.4%	1,126.2	669.4	58.3%	1,103.7	643.5	4.0%
Marriott International	60.8%	1,600.3	973.2	52.8%	1,529.1	807.5	20.5%
Starwood Hotels and Resorts Worldwide	64.4%	1,332.2	858.4	56.2%	1,235.1	694.0	23.7%
Local Brands	68.4%	928.8	635.3	61.5%	830.3	510.9	24.4%
<b>TOTAL</b>	64.6%	1,129.3	729.5	58.0%	1,064.1	616.7	18.3%



## Quarterly Earnings Report 3Q16



By Region							
Region	Occupancy	ADR	RevPAR	Occupancy	ADR	RevPAR	% Var. RevPAR
3Q16				3Q15			
North	74.0%	993.4	734.7	71.1%	903.7	642.8	14.3%
Northeast	62.1%	1,295.8	804.9	61.2%	1,216.4	744.7	8.1%
Northwest	60.4%	667.6	403.1	38.0%	812.9	308.7	30.6%
South and center	60.1%	1,131.3	680.0	52.0%	1,066.2	554.5	22.6%
West	69.9%	1,168.1	816.5	55.7%	1,057.3	589.3	38.6%
<b>TOTAL</b>	64.6%	1,129.3	729.5	58.0%	1,064.1	616.7	18.3%

The classification of hotels by region is as follows:

North: Chihuahua, Sonora

Northeast: Nuevo Leon, Coahuila and Tamaulipas

Northwest: Sinaloa

Central / South: Queretaro, State of Mexico, Puebla, Guanajuato, Quintana Roo, Mexico City, Veracruz, Campeche

West: Jalisco

Hotel Operation				
City	Hotels	Rooms	% Total of Rooms	% Total of NOI
North	11	1,454	21%	21%
Northeast	10	1,868	27%	33%
Northwest	1	158	2%	1%
South and Center	14	2,426	36%	30%
West	6	900	13%	15%
<b>TOTAL</b>	<b>42</b>	<b>6,806</b>	<b>100%</b>	<b>100%</b>

Segment	Hotels	Rooms	% Total of Rooms	% Total of NOI
Limited Service	11	1,424	21%	13%
Select Service	18	3,296	48%	42%
Full Service	12	1,969	29%	42%
Extended Service	1	117	2%	3%
<b>TOTAL</b>	<b>42</b>	<b>6,806</b>	<b>100%</b>	<b>100%</b>

Operator	Hotels	Rooms	% Total of Rooms	% Total of NOI
Fibra Inn	40	6,501	96%	94%
Camino Real	1	155	2%	3%
Grupo Presidente	1	150	2%	3%
<b>TOTAL</b>	<b>42</b>	<b>6,806</b>	<b>100%</b>	<b>100%</b>

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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 ADRs trade on the OTC market in the U.S. under the ticker symbol "DFBRY".

For more information, please visit: [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.*



# Quarterly Earnings Report 3Q16



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 September 30, 2016 and December 31, 2015

(Thousands of pesos)

	As of September 30, 2016	%	As of December 31, 2015	%
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	333,505	3.6	796,751	8.7
Receivables	190,369	2.1	139,630	1.5
Other account receivables	36,711	0.4	24,413	0.3
Advanced payments	31,874	0.3	30,692	0.3
Accounts receivable from related parties	19,542	0.2	97,253	1.1
Recoverable value-added tax	378,069	4.1	406,067	4.4
Recoverable taxes and others	10,658	0.1	8,086	0.1
Total current assets	1,000,728	10.8	1,502,892	16.4
Non-currents assets:				
Property, furniture and equipment - net	8,143,106	88.1	7,623,364	83.0
Intangible asset and other assets	53,744	0.6	37,049	0.4
Accounts receivable from related parties	36,845	0.4	24,968	0.3
Derivative financial instruments	9,696	0.1	0	-
Total non-current assets	8,243,391	89.2	7,685,381	83.6
<b>Total assets</b>	<b>9,244,119</b>	<b>100</b>	<b>9,188,273</b>	<b>100</b>
<b>LIABILITIES</b>				
Current liabilities:				
Suppliers	88,228	3.8	131,707	6.1
Other payables	2,370	0.1	10,190	0.5
Properties' acquisition liability	0	-	10,000	0.5
Accounts payable to related parties	36,375	1.6	45,209	2.1
Bank charges due to bank loans	10,480	0.4	8,662	0.4
Client prepayments	6,411	0.3	1,132	0.1
Tax payable	8,209	0.4	18,473	0.9
Total current liabilities	152,073	6.5	225,373	10.5
Non-current liabilities:				
Derivative financial instruments	0	-	5,257	0.2
Bank loans	325,621	14.0	69,397	3.2
Debt issuance	1,852,002	79.4	1,847,852	86.0
Deferred tax	1,100	0.0	136	0.0
Employee benefits	251	0.0	252	0.0
Total non-current liabilities	2,178,974	93.5	1,922,894	89.5
<b>Total liabilities</b>	<b>2,331,047</b>	<b>100</b>	<b>2,148,267</b>	<b>100</b>
<b>EQUITY</b>				
Trustors' equity:				
Contributed capital	6,437,813	93.1	6,671,290	94.8
Other comprehensive income items	9889	0.1	-5,161	0.1
Executive share-based compensation reserve	0	-	51,870	0.7
Retained earnings	322,007	4.7	164,729	2.3
Net income	143,363	2.1	157,278	2.2
Total trustors' equity	6,913,072	100.0	7,040,006	100.0
<b>Total liabilities and equity</b>	<b>9,244,119</b>		<b>9,188,273</b>	<b>100</b>

# Quarterly Earnings Report 3Q16 **Fibra inn.**



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 September 30, 2016 and 2015, and for the nine months ended September 30, 2016 and 2015

(Thousands of pesos)

Revenue from:	3Q16	%	3Q15	%	Var. Ps.	Var. %	Ac 2016	%	Ac 2015	%	Var. Ps.	Var. %
Lodging	448,518	95.2	315,719	93.6	132,799	42.1	1,259,295	95.0	883,087	93.8	376,208	42.6
Property leases	22,672	4.8	21,611	6.4	1,061	4.9	66,158	5.0	58,638	6.2	7,520	12.8
<b>Total revenue</b>	<b>471,190</b>	<b>100.0</b>	<b>337,330</b>	<b>100.0</b>	<b>133,860</b>	<b>39.7</b>	<b>1,325,453</b>	<b>100.0</b>	<b>941,725</b>	<b>100.0</b>	<b>383,728</b>	<b>40.7</b>
Costs and expenses from hotel services:												
Lodging	116,385	24.7	86,652	25.7	29,733	34.3	317,018	23.9	230,454	24.5	86,564	37.6
Administrative	77,164	16.4	55,529	16.5	21,635	39.0	212,839	16.1	146,965	15.6	65,874	44.8
Maintenance	19,565	4.2	16,119	4.8	3,446	21.4	55,350	4.2	44,331	4.7	11,019	24.9
Electricity	28,200	6.0	19,205	5.7	8,995	46.8	72,964	5.5	54,348	5.8	18,616	34.3
Royalties	27,816	5.9	19,874	5.9	7,942	40.0	80,792	6.1	56,904	6.0	23,888	42.0
Advertising and promotion	25,344	5.4	19,376	5.7	5,968	30.8	74,835	5.6	55,252	5.9	19,583	35.4
<b>Total costs and expenses of hotel services</b>	<b>294,474</b>	<b>62.5</b>	<b>216,755</b>	<b>64.3</b>	<b>77,719</b>	<b>35.9</b>	<b>813,798</b>	<b>61.4</b>	<b>588,254</b>	<b>62.5</b>	<b>225,544</b>	<b>38.3</b>
<b>Gross margin</b>	<b>176,716</b>	<b>37.5</b>	<b>120,575</b>	<b>35.7</b>	<b>56,141</b>	<b>46.6</b>	<b>511,655</b>	<b>38.6</b>	<b>353,471</b>	<b>37.5</b>	<b>158,184</b>	<b>44.8</b>
Other costs and expenses:												
Property tax	3,251	0.7	1,843	0.5	1,408	76.4	9,231	0.7	6,039	0.6	3,192	52.9
Insurance	1,631	0.3	1,108	0.3	523	47.2	5,011	0.4	2,970	0.3	2,041	68.7
Advisor fees	17,501	3.7	11,912	3.5	5,589	46.9	46,565	3.5	35,735	3.8	10,830	30.3
Corporate administrative expenses	7,849	1.7	9,336	2.8	-1,487	-15.9	26,548	2.0	24,104	2.6	2,444	10.1
Acquisition and organization expenses <sup>1</sup>	9,724	2.1	1,994	0.6	7,730	387.7	25,669	1.9	40,347	4.3	-14,678	-36.4
Others	-2,950	-0.6	1,041	0.3	-3,991	-383.4	-7,372	-0.6	2,497	0.3	-9,869	-395.2
Executive share-based compensation <sup>2</sup>	0	0.0	4,625	1.4	-4,625	-100.0	3,630	0.3	13,875	1.5	-10,245	-73.8
Maintenance expenses	1,700	0.4	0	0.0	1,700		3,651	0.3	0	0.0		
Depreciation and amortization <sup>2</sup>	60,708	12.9	40,527	12.0	20,181	49.8	162,082	12.2	114,723	12.2	47,359	41.3
<b>Total other costs and expenses</b>	<b>99,414</b>	<b>21.1</b>	<b>72,386</b>	<b>21.5</b>	<b>27,028</b>	<b>37.3</b>	<b>275,015</b>	<b>20.7</b>	<b>240,290</b>	<b>25.5</b>	<b>34,725</b>	<b>14.5</b>
<b>Operating income</b>	<b>77,302</b>	<b>16.4</b>	<b>48,189</b>	<b>14.3</b>	<b>29,113</b>	<b>60.4</b>	<b>236,640</b>	<b>17.9</b>	<b>113,181</b>	<b>12.0</b>	<b>123,459</b>	<b>109.1</b>
Interest income	3,222	0.7	1,060	0.3	2,162	204.0	11,692	0.9	7,921	0.8	3,771	47.6
Interest expense	33,384	7.1	3,917	1.2	29,467	752.3	97,012	7.3	4899	0.5	92,113	1,880.2
Exchange rate loss (gain)	1,011	0.2	1746	0.5	-735	-42.1	6,991	0.5	2226	0.2	4,765	214.1
Income taxes	0	0.0	0	0.0	0		966	0.1	0	0.0	966	
<b>Net income</b>	<b>46,129</b>	<b>9.8</b>	<b>43,586</b>	<b>12.9</b>	<b>2,543</b>	<b>5.8</b>	<b>143,363</b>	<b>10.8</b>	<b>113,977</b>	<b>12.1</b>	<b>29,386</b>	<b>25.8</b>

1) Corresponds to non-operating expenses, mainly due to acquisitions of hotels, such as taxes, appraisals, notaries, consultants, and others.

2) Accounting charges that do not represent cash flow s.



# Quarterly Earnings Report 3Q16



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 September 30, 2016 and 2015, and for the nine months ended September 30, 2016 and 2015

(Thousands of pesos)

Revenue from:	3Q16	%	3Q15	%	Var. Ps.	Var. %	2016	%	2015	%	Var. Ps.	Var. %
Lodging	448,518	95.2	315,719	93.6	132,799	42.1	1,259,295	95.0	883,087	93.8	376,208	42.6
Property leases	22,672	4.8	21,611	6.4	1,061	4.9	66,158	5.0	58,638	6.2	7,520	12.8
<b>Total revenue</b>	<b>471,190</b>	<b>100.0</b>	<b>337,330</b>	<b>100.0</b>	<b>133,860</b>	<b>39.7</b>	<b>1,325,453</b>	<b>100.0</b>	<b>941,725</b>	<b>100.0</b>	<b>383,728</b>	<b>40.7</b>
Costs and expenses from hotel services:												
Lodging	116,385	24.7	86,652	25.7	29,733	34.3	317,018	23.9	230,454	24.5	86,564	37.6
Administrative	77,164	16.4	55,529	16.5	21,635	39.0	212,839	16.1	146,965	15.6	65,874	44.8
Maintenance	19,565	4.2	16,119	4.8	3,446	21.4	55,350	4.2	44,331	4.7	11,019	24.9
Electricity	28,200	6.0	19,205	5.7	8,995	46.8	72,964	5.5	54,348	5.8	18,616	34.3
Royalties	27,816	5.9	19,874	5.9	7,942	40.0	80,792	6.1	56,904	6.0	23,888	42.0
Advertising and promotion	25,344	5.4	19,376	5.7	5,968	30.8	74,835	5.6	55,252	5.9	19,583	35.4
Property tax	3,251	0.7	1,843	0.5	1,408	76.4	9,231	0.7	6,039	0.6	3,192	52.9
Insurance	1,631	0.3	1,108	0.3	523	47.2	5,011	0.4	2,970	0.3	2,041	68.7
<b>Total costs and expenses of hotel services</b>	<b>299,356</b>	<b>63.5</b>	<b>219,706</b>	<b>65.1</b>	<b>79,650</b>	<b>36.3</b>	<b>828,040</b>	<b>62.5</b>	<b>597,263</b>	<b>63.4</b>	<b>230,777</b>	<b>38.6</b>
<b>NOI</b>	<b>171,834</b>	<b>36.5</b>	<b>117,624</b>	<b>34.9</b>	<b>54,210</b>	<b>46.1</b>	<b>497,413</b>	<b>37.5</b>	<b>344,462</b>	<b>36.6</b>	<b>152,951</b>	<b>44.4</b>
Other costs and expenses:												
Advisor fees	17,501	3.7	11,912	3.5	5,589	46.9	46,565	3.5	35,735	3.8	10,830	30.3
Corporate administrative expenses	7,849	1.7	9,336	2.8	-1,487	-15.9	26,548	2.0	24,104	2.6	2,444	10.1
Acquisition and organization expenses <sup>1</sup>	9,724	2.1	1,994	0.6	7,730	387.7	25,669	1.9	40,347	4.3	-14,678	-36.4
Maintenance expenses	1,700	0.4	0	-	1,700		3,651	0.3	0	-	3,651	
Others	-2,950	-0.6	1,041	0.3	-3,991	-383.4	-7,372	-0.6	2,497	0.3	-9,869	-395.2
<b>Total indirect expenses</b>	<b>33,824</b>	<b>7.2</b>	<b>24,283</b>	<b>7.2</b>	<b>9,541</b>	<b>39.3</b>	<b>95,061</b>	<b>7.2</b>	<b>102,683</b>	<b>10.9</b>	<b>-7,622</b>	<b>7.4</b>
<b>EBITDA</b>	<b>138,010</b>	<b>29.3</b>	<b>93,341</b>	<b>27.7</b>	<b>44,669</b>	<b>47.9</b>	<b>402,352</b>	<b>30.4</b>	<b>241,779</b>	<b>25.7</b>	<b>160,573</b>	<b>66.4</b>
Plus: Acquisition and organization expenses <sup>1</sup>	9,724	2.1	1,994	0.6	7,730	387.7	25,669	1.9	40,347	4.3	-14,678	-36.4
<b>Adjusted EBITDA</b>	<b>147,734</b>	<b>31.4</b>	<b>95,335</b>	<b>28.3</b>	<b>52,399</b>	<b>55.0</b>	<b>428,021</b>	<b>32.3</b>	<b>282,126</b>	<b>30.0</b>	<b>145,895</b>	<b>51.7</b>
Executive share-based compensation <sup>2</sup>	0	-	4,625	1.4	-4,625	-100.0	3,630	0.3	13,875	1.5	-10,245	-73.8
Depreciation and amortization <sup>2</sup>	60,708	12.9	40,527	12.0	20,181	49.8	162,082	12.2	114,723	12.2	47,359	41.3
<b>EBIT (Operating Income)</b>	<b>77,302</b>	<b>16.4</b>	<b>48,189</b>	<b>14.3</b>	<b>29,113</b>	<b>60.4</b>	<b>236,640</b>	<b>17.9</b>	<b>113,181</b>	<b>12.0</b>	<b>123,459</b>	<b>109.1</b>
Interest income	3,222	0.7	1,060	0.3	2,162	204.0	11,692	0.9	7,921	0.8	3,771	47.6
Interest expense	33,384	7.1	3,917	1.2	29,467	752.3	97,012	7.3	4899	0.5	92,113	1,880.2
Exchange rate loss (gain)	1,011	0.2	1746	0.5	-735	-42.1	6,991	0.5	2226	0.2	4,765	214.1
Income taxes	0	-	0	-	0		966	0.1	0	-	966	
<b>Net income</b>	<b>46,129</b>	<b>9.8</b>	<b>43,586</b>	<b>12.9</b>	<b>2,543</b>	<b>5.8</b>	<b>143,363</b>	<b>10.8</b>	<b>113,977</b>	<b>12.1</b>	<b>29,386</b>	<b>25.8</b>
<b>FFO <sup>3</sup></b>	<b>116,561</b>	<b>24.7</b>	<b>90,732</b>	<b>26.9</b>	<b>25,829</b>	<b>28.5</b>	<b>335,710</b>	<b>25.3</b>	<b>282,922</b>	<b>30.0</b>	<b>52,788</b>	<b>18.7</b>

1) Corresponds to non-operating expenses, mainly due to acquisitions of hotels, such as taxes, appraisals, notaries, consultants, and others.

2) Accounting charges that do not represent cash flow s.

3) Funds from operations: Adjusted EBITDA plus Interest income minus Interest expense and Exchange rate fluctuation.

# Quarterly Earnings Report 3Q16 **fibra inn.**



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 September 30, 2015 and 2016  
(Thousands of pesos)

	Contributed capital	Executive share-based compensation reserve	Reserve for valuation effect of derivative financial instruments	Retained earnings	Total trustors' equity
<b>As of December 31, 2014</b>	<b>6,991,560</b>	<b>33,370</b>	<b>- 893</b>	<b>164,729</b>	<b>7,188,766</b>
Distribution to holders of certificates	-248,029				-248,029
Equity-settled share-based payment		13,875			13,875
Net income			-3,319	113,977	110,658
<b>As of September 30, 2015</b>	<b>6,743,531</b>	<b>47,245</b>	<b>-4,212</b>	<b>278,706</b>	<b>7,065,270</b>
<b>As of December 31, 2015</b>	<b>6,671,290</b>	<b>51,870</b>	<b>-5,161</b>	<b>322,007</b>	<b>7,040,006</b>
Distribution to holders of certificates	-288,977				-288,977
Equity-settled share-based payment		3,630			3,630
Share-based payment issued capital	55,500	-55,500			0
Net income			15,050	143,363	158,413
<b>As of September 30, 2016</b>	<b>6,437,813</b>	<b>0</b>	<b>9,889</b>	<b>465,370</b>	<b>6,913,072</b>



## Quarterly Earnings Report 3Q16



Fideicomiso Irrevocable No. F/1616 (Deutsche Bank México, S. A.  
Multiple Banking Institution, Trust Division) and Subsidiary  
**Unaudited Condensed Consolidated Statements of Cash Flows**  
For the nine-month period ended September 30, 2016 and 2015  
(Thousands of pesos)

	2016	2015
<b>OPERATING ACTIVITIES</b>		
Net income before taxes	144,329	113,977
Adjustments:		
Depreciation and amortization	162,082	114,723
Debt interests	97,012	4,899
Gain on interests	-11,692	-7,921
Executive share-based compensation	3,630	13,875
	395,361	239,553
Increase in receivables and other accounts receivable	-65,609	-49,917
Increase in related parties	57,000	-44,483
Increase in advanced payments	-1,182	-16,709
Decrease / Increase in recoverable taxes	27,998	-88,912
Increase in suppliers and other payables	-46,020	110,516
Increase in payable taxes	-10,264	6,733
<b>Net cash flows generated by operating activities</b>	<b>357,284</b>	<b>156,781</b>
<b>INVESTING ACTIVITIES</b>		
Acquisition of properties	-691,824	-1,200,944
Acquisition of intangible assets	-16,695	-7,039
Gain on interests	11,692	7,921
<b>Net cash flows utilized in investing activities</b>	<b>-696,827</b>	<b>-1,200,062</b>
<b>FINANCING ACTIVITIES</b>		
Bank loans	161,125	598,547
Distribution to holders of certificates	-288,977	-248,029
Debt issuance	4,149	0
<b>Net cash flows generated by financing activities</b>	<b>-123,703</b>	<b>350,518</b>
<b>Net cash flows of the period</b>	<b>-463,246</b>	<b>-692,763</b>
Cash and cash equivalents at the beginning of the year	796,751	1,106,691
<b>Cash and cash equivalents at the end of the year</b>	<b>333,505</b>	<b>413,928</b>