

## **FIBRA INN ANNOUNCES CHANGES TO ITS HOTEL REVENUE STRUCTURE IN RESPONSE TO MODIFICATIONS TO THE FISCAL REFORM**

Monterrey, Mexico, December 23, 2013 – Deutsche Bank Mexico, S.A., Institucion de Banca Multiple, Division Fiduciaria, Fideicomiso F/1616 or Fibra Inn (BMV: FINN13) (“Fibra Inn” or “the Company”), a Mexican real estate investment trust specializing in the hotel industry serving the business traveler, announced today that on December 19, 2013, its Technical Committee approved the adoption of various procedures related to hotel revenues that comprise Fibra Inn’s assets.

As a result of legislative modifications contained in the new Income Tax Law which will become effective January 1, 2014, Fibra Inn’s Technical Committee decided to make changes to the revenue structure of the Trust with two main objectives: 1) maintain strict adherence to the provisions established in the new Income Tax Law; and 2) avoid any material impact that would affect Fibra Inn’s profitability. It is important to highlight that with the modifications made to its hotel revenue structure, Fibra Inn fully complies with Articles 187 and 188 of the new Income Tax Law, as well as with Articles 223 and 224 of the Income Tax Law effective through December 31, 2013, as well as with Rule I.3.20.2.5 of the Miscellaneous Tax Resolution for 2012, which has to do with real estate utilized for lodging. The Articles of the new Income Tax Law as well as the Miscellaneous Tax Resolution mentioned above can be found at the end of this press release for reference and informational purposes.

Based on the above, Fibra Inn has decided to implement the following structural changes:

### **1. Select and Limited Service Hotels**

**a. Lodging** – Lodging services (“Lodging”) of the hotels will be included and billed directly by Trust F/1616, who at the same time will pay for the relative Lodging costs. In the case of the 11 Select Service hotels and the 1 Limited Service hotels, this revenue represents approximately 97% of total revenues and, as per Rule 1.3.20.2.5. of the Miscellaneous Tax Resolution for 2012, Lodging revenues are considered rental revenues.

**b. Other Services** – The remaining services (“Other Select Services”), which consist of the use of meeting spaces, *coffee break* service, telephony, laundry and dry cleaning services and snack bars, among others, Fibra Inn will rent the facilities directly to an operator, provided they provide the respective services. For this purpose, a rental agreement has been entered into by each of the hotels, between Operadora México, Servicios y Restaurantes, S.A.P.I. de C.V. (“Operadora México”) and Fibra Inn. This will ensure that profitability is based on fixed rental revenues and it transfers to Operadora México the supply of all services other than lodging. As a result, Other Select Services will be registered and invoiced by Operadora México, who will pay directly the costs and operating expenses for providing said services, as well as the respective Income Tax.

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For additional information, please visit [www.fibrainn.mx](http://www.fibrainn.mx) or contact:

#### **In Monterrey, México:**

Lizette Chang, IRO

Fibra Inn

Tel: 52 1 (81)1778-5926

Email: [lchang@fibrainn.mx](mailto:lchang@fibrainn.mx)

#### **In New York:**

Maria Barona / Melanie Carpenter

i-advize Corporate Communications, Inc.

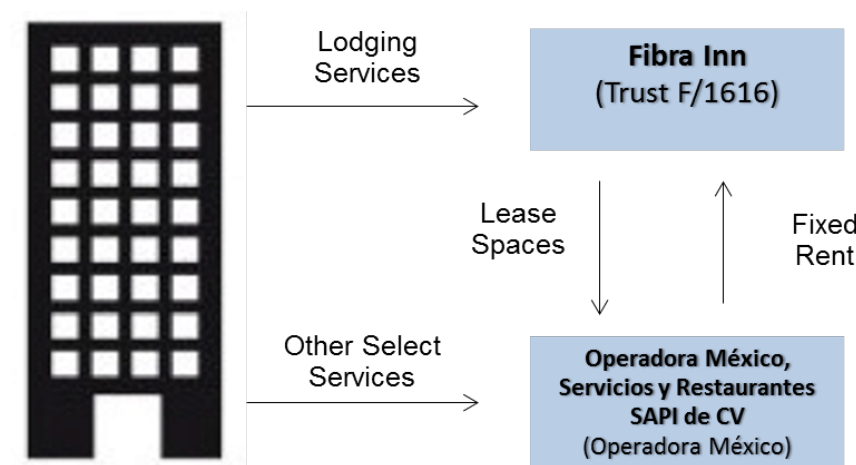
Tel: (212) 406-3691/92

E-mail: [mbarona@i-advize.com](mailto:mbarona@i-advize.com) / [mcarpenter@i-advize.com](mailto:mcarpenter@i-advize.com)

[twitter@fibrainn](https://twitter.com/fibrainn)

Given that the revenues derived from Other Select Services are not significant (on average 3% of hotel revenues), Fibra Inn's management decided to establish a monthly fixed rent for the rental of space, equivalent to an average of Ps. 182.5 per square meter per month, which represents 55% of the revenues received for the services provided at these facilities. Trust F/1616 will receive this revenue as rent given that is the only concept for which a FIBRA can receive revenue.

#### Diagram of Limited and Select Service Hotels



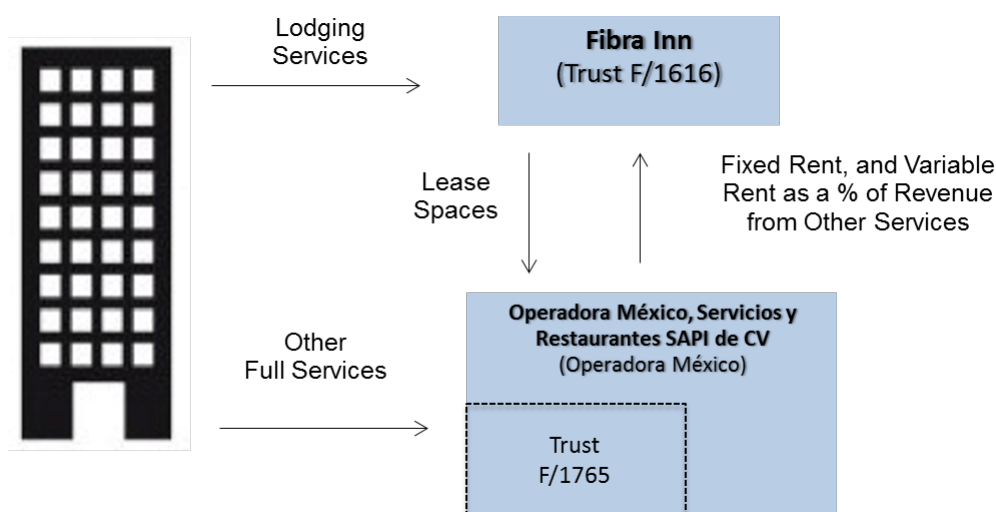
## 2. Full Service Hotels

**a. Lodging** – Lodging services (“Lodging”) for the hotels will be included and billed directly by Trust F/1616, who at the same time will pay the relative lodging costs. In the case of the 6 Full-Service hotels, this revenue represents approximately 65% of total revenues and, in accordance with Rule I.3.20.2.5 of the Miscellaneous Fiscal Resolution for 2012, Lodging revenues are considered rental revenues.

**b. Other Services** – The remaining services (“Other Full Services”), which consist of the food and beverage served at restaurants and banquet facilities, the use of meeting spaces, *coffee break* service, telephony, laundry and dry cleaning services, snack bars among others, Fibra Inn will rent the facilities directly to an operator, provided they provide the respective services. For this purpose, a rental agreement has been entered into by each of the hotels, between Operadora México and Fibra Inn. This will ensure that profitability is based on rental revenues and it transfers to Operadora México the supply of all services other than lodging. As a result, Other Full Services will be registered and invoiced by a new Trust entity (“Fideicomiso F/1765” or “Other Full Services Trust”). In the case of Full Service Hotels, revenues from Other Full Services represent approximately 35% of total revenues for these hotels. The Other Full Services Trust will pay directly its inputs and expenses related to Other Full Services. It will also pay the salaries and expenses related to personnel required for these services. Gross profit derived from revenues for Other Full Services will be transferred to Operadora México, who will pay the respective Income Tax. For the use of facilities needed to provide these Other Full Services, Fibra Inn's management has established a monthly fixed rent, plus a variable rent component equivalent to an average of 15% of revenues for Other Full Services. These rents, together, are equivalent to an average of Ps. 261.7 per square meter per month, which represents 27% of the revenues received for the services provided in these facilities. Trust F/1616 will receive this revenue as rent given that is the only concept for which a FIBRA can receive revenue.

The reason to incorporate Trust F/1765 is to have a third-party entity that will receive the revenue amounts on which a percentage will be applied to determine the variable portion of rent at the various hotels. This will guarantee full independence and transparency.

### Diagram of Full Service Hotels



### Fibra Inn's Related Parties

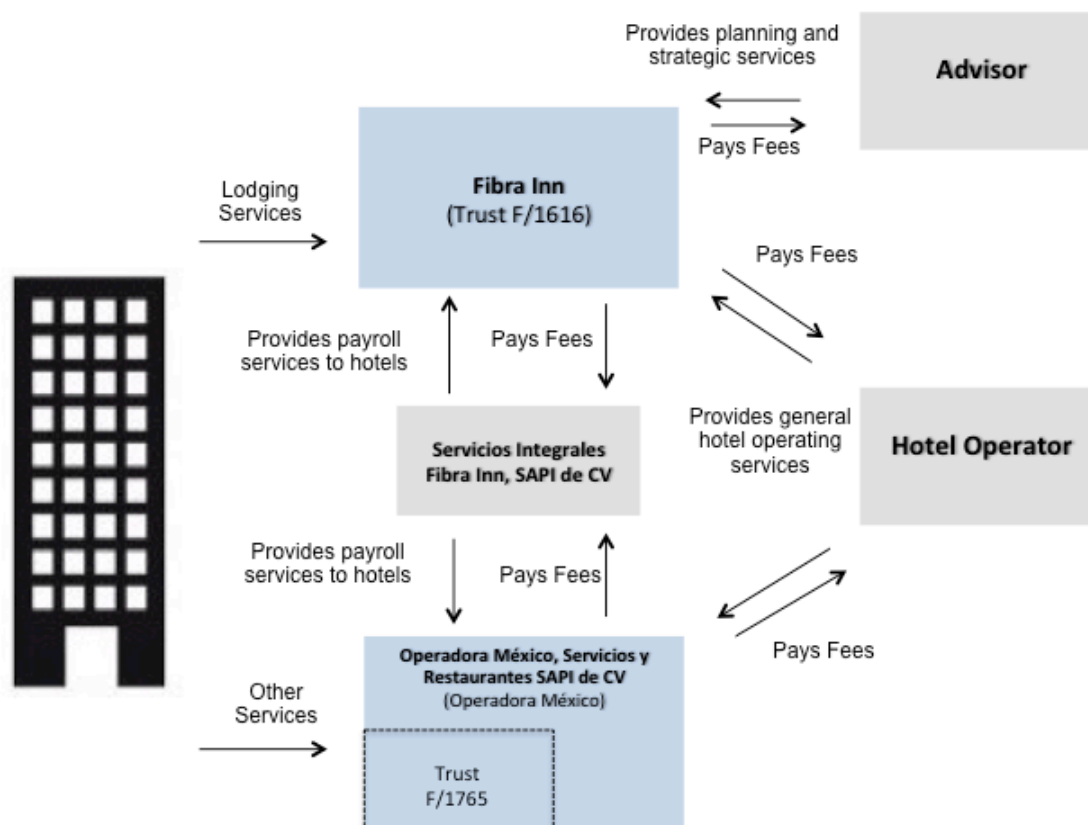
It is important to mention that the roles and compensation of the Advisor and the Hotel Manager remained unchanged.

The Advisor maintains the responsibilities and the compensation structure announced in the Offering Memorandum of the Initial Public Offering that took place on March 13, 2013, for provision of planning and strategic services. The Advisor receives its fees directly from Fibra Inn and these are not affected by the new structure presented herein. Commissions charged to the Advisor are the following: (i) 0.5% over the value of the assets from the administration of properties; (ii) 1.5% over the price of each acquisition; and (iii) 1.5% over the price of each acquisition such as incentive commission, which is conditioned to the price of the acquisition.

Also unchanged is the Hotel Operator's compensation structure for the provision of management services for hotel operations. The compensation for the Hotel Operator is comprised in the following manner: (i) 2.0% over revenues; and (ii) 10.0% over the gross income of the operation generated by the hotel. The Hotel Operator will receive these fees from Fibra Inn, Operadora México, and from the Other Services Trust. It is important to mention that the combined amount the Hotel Operator will receive from the three entities mentioned above is equivalent, to the current compensation it receives now.

Additionally, the company Servicios Integrales Fibra Inn, S.A.P.I. de C.V. will offer to Fibra Inn payroll services for the hotel personnel; with the exception of the general and maintenance managers, which are employed by the subsidiary of Trust F/1616, Administradora de Activos Fibra Inn, SC. This will ensure compliance with the requirements to not be considered a Passive Foreign Investment Company ("PFIC") for effects of federal income tax in the U.S. and compliance with U.S. tax laws. The compensation for this outsourcing fee is 3.5% of expenses incurred by payroll, taxes and related expenses.

### Diagram of Fibra Inn and Related Parties:



The amount of fixed rent, as well as the percentage applicable to determine the variable portion of rent of each hotel will be reviewed every six months and any modification necessary will be approved by the Technical Committee through a vote in favor by a majority of its independent members.

It is worth noting that these changes are also supported by the Criteria confirmation issued by the Tax Services Administration to Fibra Inn on December 12, 2012.

Fibra Inn's management expects no significant financial impact as a result of the implementation of the changes mentioned, thus NOI will not be affected by more than 2.5%, as the Company announced in September.

Currently, Fibra Inn is working on training its personnel for the correct implementation of the new procedures. At the same time, the Company will make the respective announcements to clients, providers and other third-parties involved, in order to update them on the changes and modifications that were adopted. Management expects that the structure presented in this press release will be completely implemented during the month of December 2013.

Under the new structure, Trust F/1616 meets the requirements to not be considered a Passive Foreign Investment Company ("PFIC") for U.S. federal tax purposes and compliance with U.S. tax laws.

Through the revenue structure changes announced in this release, Fibra Inn reiterates its commitment to being fully transparent with the investment community and the capital markets.

**ADDENDUM  
INCOME TAX LAW  
EFFECTIVE JANUARY 1, 2014  
CHAPTER III  
TRUSTS DEDICATED TO THE ACQUISITION OR CONSTRUCTION OF REAL ESTATE**

**Article 187.** In order to foster real estate investments in the country, the tax treatment established in Article 188 of this Law will apply to trusts dedicated to the acquisition or construction of real estate to be rented or the acquisition of the right to procure income from the rental of said real estate, as well as granting financing for these purposes, when the following requirements are met:

I. The trust was created or is created in accordance with Mexican laws and the fiduciary is a Mexican credit-granting institution authorized to act as such in the country.

II. The primary aim of the trust is the acquisition or construction of real estate to be rented or the acquisition of the right to procure income from the rental of said real estate, as well as granting financing for these purposes with a mortgage-backed loan on the rented property.

III. At least 70% of the trust's assets are invested in real estate, the rights or credits the preceding fraction refers to and the remainder are invested in Federal Government securities registered in the National Securities Registry or stocks of investment companies that invest in debt instruments.

IV. Real estate that is constructed or acquired is to be rented and shall not be transferred before four years have passed since its construction or acquisition, respectively. Real estate that is transferred prior to the completion of this term will not receive the preferential tax treatment established in Article 188 of this Law.

V. The fiduciary issues trust participation certificates for the property that comprises the trust's assets; these certificates are placed in the country among majority investors or they are acquired by a group of investors of at least ten people with no association to one another, in which no party owns more than 20% of all issued trust participation certificates.

VI. At least once a year, no later than March 15, the fiduciary distributes at least 95% of the prior fiscal year's taxable profit generated by the assets in the trust's estate to trust participation certificate holders.

VII. When the fiduciary stipulates in contracts or rental agreements that to determine the amount of considerations, variable or percentage-related amounts must be included, except where considerations are determined by a fixed percentage of the renter's sales, these amounts may not exceed 5% of the trust's total annual income.

VIII. It is registered in the Registry of Trusts dedicated to the acquisition or construction of buildings, in accordance with the relevant rules issued by the Mexican Tax Administration Service.

**Article 188.** Trusts meeting the requirements established in Article 187 of this Law will be subject to the following:

I. The fiduciary will determine in the terms of Title II of this Law, the taxable income for the



year arising from revenue generated by assets, rights, credits, or values that are part of the trust's estate.

II. The taxable income for the year will be divided between the number of trust participation certificates that the fiduciary has emitted to determine the amount of taxable income associated with each individual certificate.

III. Those to whom Article 14 of this law applies will not be required to make estimated income tax payments.

IV. The fiduciary must retain trust participation certificate holders' income tax for taxable profit by applying the rate in Article 9 of this Law to the amount distributed by said profit, unless the certificate holders are exempt from this income tax payment on these earnings. When trust participation certificates are placed among investors at large, the financial intermediary shall have deposited said certificates that shall retain the tax referred to in the preceding paragraph and the fiduciary will not be under any obligation to do so.

V. Trust participation certificate holders residing in Mexico or abroad with permanent establishment in the country will accumulate the taxable profit distributed to them by the fiduciary or financial intermediary from the property, rights, credits, or values making up the estate of the trust emitting said certificates, without deducting the tax retained by them, and the profit obtained by the transfer of such certificates, aside from those that are exempt from tax payment for such profit, and may credit the tax retained for this income and profit, against the income tax incurred in the year they are distributed or obtained. Persons residing in Mexico should take into account that the income tax distributed corresponds to the earnings referred to in part II of Article 114 of this Law.

Withholding administered to trust participation certificate holders residing abroad will count as definitive tax payment.

VI. Pensions and retirement funds referred to in Article 153 of this Law that acquire trust participation certificates may apply extensions granted in said article to income received from property, rights, credits, and values making up the estate of the trust emitting the certificates and to capital earnings obtained through their transfer.

VII. When any of the real property in trust is transferred before the minimal period referred to in Item IV of Article 187 of this Law has passed, the fiduciary shall pay within fifteen days following the transfer, the tax on profit obtained from the sale, applying the rate from Article 9 of this Law to the amount of the earnings determined in the terms of Chapter IV of Title IV of this Law, on behalf of trust participation certificate holders, without identifying them, and this tax will be creditable to those holders to whom the fiduciary distributes said earnings, as long as it is accumulative for them, without having to withhold tax from distribution of these earnings.

VIII. When the taxable income of the current year deriving from income generated by property in trust is larger than the amount distributed to trust participation certificate holders prior to March 15 of the immediately preceding year, the fiduciary shall pay the tax on the difference, applying the rate from Article 9 of this Law to that difference, on behalf of certificate holders, without identifying them, within 15 days following this date, and the tax paid will be creditable for certificate holders who later receive income from this difference, as long as it is accumulative for them, without having to withhold tax from distribution of this amount.

IX. Trust participation certificate holders shall incur income tax on gains obtained through the transfer of said certificated, calculated by deducting the average cost per certificate from earnings made on the transfer for each certificate transferred. The average cost per trust participation certificate will be determined by including in the calculation all certificates from the same issuing trust held by the transferor on the date of transfer, even when all are not transferred. Average cost per trust participation certificate will be calculated by dividing the proven cost of acquisition of all certificates from the same issuing trust held by the transferor on the date of transfer, updated from the month of acquisition to the month of transfer, by the total number of certificates held by the transferor. When the transferor does not transfer all trust participation certificates from the same issuing trust on the date of transfer, the certificates that have not been transferred will have a proven acquisition cost in the calculation of average certificate cost carried out on subsequent transfers in the terms of this section, the average cost per trust participation certificate determined according to the calculation performed in the immediately preceding transfer and will have the same acquisition date as this last transfer. The trust participation certificate acquirer must withhold for the transferor 10% of the gross profit received from them for income tax with no deductions, unless the transferor is a legal entity with Mexican residence or is exempt from tax on income from property, rights, credits, or values making up the estate of the trust issuing the certificates. When the fiduciary gives trust participation certificate holders an amount greater than the current year's income tax generated by property in trust, the difference shall be considered capital reimbursement and will decrease the proven cost of acquisition of certificates held by those receiving it, updating the amount of this difference from the month it is given to the month in which the certificate holder transfer certificates held totally or partially in the transfer immediately following the current disbursement. To carry out that which was stipulated in the preceding paragraph, the fiduciary shall maintain a record of all capital reimbursements and shall provide trust participation certificate holders with verification of reimbursements received, except in the case of trust participation certificates placed among investors at large.

X. When trust participation certificates are placed among investors at large and transferred via recognized markets to those referred to in sections I and II of Article 16- C of the Federal Tax Code, persons residing abroad with no permanent establishment in the country and individuals residing in Mexico will be exempt from income tax on earnings obtained through the transfer of said certificates in these markets.

XI. Persons acting as settlors who bring real estate to the trust and receive participation certificates for the total or partial value of said property, may defer income tax payment on earnings obtained by the transfer of these properties realized in the share to the trust that corresponds to each of the trust participation certificates received through the moment of transfer, updating the amount of the tax incurred by each certificate transferred by the period from the month of the real estate transfer to the trust through the month in which the certificates are transferred. To carry out the stipulations of the preceding paragraph, the tax will be calculated by applying the rate in Article 9 of this Law to the amount of the earnings obtained through sale of the real estate and it shall be paid within fifteen days following the sale of the corresponding participation certificates.

Earnings obtained through the transfer of real estate carried out by the settlors to the trust of each participation certificate received for this property will be determined in the terms of this Law; the transfer price of this property will be considered as the value given to them at the time the certificates are issued and the resulting earnings will be divided between the number of trust participation certificates obtained upon dividing this nominal value of the certificate by the

individual.

Deferred tax payment referred to in this section will terminate when the trust transfers real estate and the settlor who provided it shall pay the amount within fifteen days following the transfer of said property.

For the contributors of Title II of this Law, earnings shall be accumulated in the year in which the certificates are transferred or the fiduciary transfers property in trust, updating the amount by the period from the month in which the property was entrusted to the month in which the certificates or real estate were transferred, and the tax shall be paid according to stipulations in this section will be considered estimated tax payments for the year.

Settlers that receive certificates of participation by their contribution of real estate to the trust, will have as proven cost of acquisition of each one of those certificates the amount resulting from dividing the value of this real estate at the time certificates were issued by the number of certificates obtained from dividing this value by the nominal value of the participation certificate individually and the acquisition date will be the date they are received as mentioned. The gains derived from the transfer of certificates referred to in this paragraph shall be determined in the terms of section VII of the same Article.

XII. When settlors entrust real estate rented immediately to the settlers by the fiduciary, they may defer income tax payment on earnings obtained through the transfer of the property through the time at which the rental agreement ends, not to exceed a period greater than ten years, or the time at which the fiduciary transfers the entrusted property, whichever happens first. Upon termination of the rental agreement or transfer of real estate by the fiduciary, income tax shall be paid by applying the rate from Article 9 of this Law to the amount by updating said earnings by the period from the month the property was entrusted to the month in which the contract was terminated or properties were transferred by the fiduciary.

#### **Miscellaneous Tax Resolution I.3.20.2.5 for 2013**

Acquisition or construction of residential real estate:

"I.3.20.2.5. For the effects of Article 223, section II of the Law of the ISR, related to trusts under protection of those issuing trust participation certificates or stock-exchange certificates, placed among investors at large, will also consider that real estate destined for rental makes up the trust's estate when said property is designated as residential and meets the following requirements:

I. The fiduciary directly receives the originating income from lodging to allow the lodging of people without receiving income from additional services related to lodging, such as income from food consumptions, drinks, telephone and Internet, among others.

When the fiduciary receives income from additional services related to lodging, the related trust will no longer be considered a trust that meets requirements stipulated in Articles 223 and 224 of the ISR Law and will receive the appropriate tax treatment stipulated in terms of the tax code.

II. The person rendering additional services related to lodging will be a contributor to Title II of the ISR Law and will issue the related tax records for the rendering of said services.

III. The fiduciary distributes 95% of the preceding year's income tax in the terms and conditions set



out in Articles 223 and 224 of ISR law.

## About Us

Fibra Inn is a Mexican trust formed primarily to acquire, develop and rent a broad range of 18 hotel properties in Mexico. Headquartered in Monterrey, Fibra Inn has a portfolio of high-quality hotels serving the business traveler that are geographically-diversified throughout 11 states throughout Mexico, comprising approximately 3,340 rooms, of which 304 are under construction. The Tenant has signed Franchise Agreements with IHG to operate its global brands, which include: Holiday Inn, Holiday Inn Express, and Holiday Inn Express & Suites. Likewise, it has license agreements with Hilton to operate its brand Hampton Inn by Hilton; and has development agreements with IHG, Marriott International and Wyndham Hotel Group. These hotel brands enjoy some of the industry's top loyalty programs and offer attractive lodging options for businesses travelers. Fibra Inn trades its Real Estate Trust Certificates (Certificados Bursátiles Fiduciarios Inmobiliarios or "CBFIs") on the Mexican Stock Exchange and under the ticker symbol "FINN13".

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.*