

FIDEICOMISO IRREVOCABLE NO. DB/1616 (CIBANCO, S.A., INSTITUCIÓN DE BANCA MÚLTIPLE AS FINAL AND UNIVERSAL BENEFICIARY OF DEUTSCHE BANK MÉXICO, S.A. INSTITUCIÓN DE BANCA MÚLTIPLE, DIVISIÓN FIDUCIARIA) AND SUBSIDIARIES

Notes to the Unaudited Condensed Consolidated Financial Statements

As of September 30, 2021 and for the nine-month period ended in such date

(In Thousands of Mexican pesos)

(1) COMPANY'S ACTIVITY-

Trust DB/1616 (CIBANCO, S.A., Institución de Banca Múltiple as final and universal beneficiary of Deutsche Bank México, S.A. Institución de Banca Múltiple, División Fiduciaria) and Subsidiaries ("Fibra Inn" or the "Trust DB/1616") was established on October 23, 2012, as a Real Estate Investment Trust by Asesor de Activos Prisma, S.A.P.I de C.V. (the "Trustor"), and Deutsche Bank México, S.A. Institución de Banca Múltiple, División Fiduciaria ("Predecessor Trustee") and as of October 16, 2020, CIBANCO, S.A., Institución de Banca Múltiple (the "Trustee"). The Trust DB/1616 started operations on March 12, 2013. It was created mainly to acquire and own real estate, with a view to leasing commercial properties earmarked for the hospitality industry and providing related services.

Fibra Inn, as a real estate investment trust ("FIBRA" for its Spanish acronym), meets the requirements to be treated as a transparent entity in Mexico in accordance with the Mexican Income Tax Law. Therefore, all proceeds from the Trust's operations are attributed to holders of its Real Estate Fiduciary Stock Certificates (Certificados Bursátiles Fiduciarios Inmobiliarios – "CBFIs") and the Trust DB/1616 is not subject to income taxes in Mexico. In order to maintain its FIBRA status, the Tax Administration Service (Servicio de Administración Tributaria - SAT) established, in Articles 187 and 188 of the Income Tax Law, that the Trust DB/1616 must annually distribute at least 95% of its net tax result to CBFIs holders.

Administradora de Activos Fibra Inn, S.C. (AAFI) is a subsidiary of Fibra Inn, in which it holds a 99.9% ownership interest and has control, as defined in Note 2, numeral 4.a. below. This entity provides management services and support functions necessary to conduct the businesses of the Trust DB/1616.

Beginning September 2018, Trusts CIBANCO, Sociedad Anónima, Institución de Banca Múltiple Trust CIB/3058 ("Trust CIB/3058"), CIBANCO, Sociedad Anónima, Institución de Banca Múltiple Trust CIB/3096 ("Trust CIB/3096") and CIBANCO, Sociedad Anónima Institución de Banca Múltiple Trust CIB/3097 ("Trust CIB/3097") are co-investment vehicles, each one with regard to a specific real estate Project, in which Fibra Inn holds a percentage of ownership of the equity and the remaining percentage is held by one or more partners. These trusts were established under a co-investment model (denominated "*Hotel Factory*" scheme) as a vehicle to carry out development activities and acquisition of new hotels and, based on the analysis of Management, it was concluded that Fibra Inn exerts control over them.

Trust DB/1616's legal address is located in avenue Belisario Dominguez No. #2725 Pte., Colonia Obispado, in Monterrey, Nuevo León.

(2) BASIS OF PREPARATION AND PRESENTATION-

1. *Statement of compliance*

The unaudited condensed consolidated financial statements of Fibra Inn have been prepared in accordance with International Accounting Standard (“IAS”) 34, Interim Financial Reporting as issued by the International Accounting Standards Board (“IASB”).

2. *Basis of measurement*

Trust DB/1616’s unaudited condensed consolidated financial statements have been prepared on the basis of historical cost, except for the following items of the condensed consolidated statement of financial position, which were measured at fair value:

- a) allowance for doubtful accounts;
- b) derivative financial instruments;
- c) property, furniture and equipment;
- d) assets held for sale when their fair value less disposal costs is lower than their carrying amount;
- e) the net defined benefits liability is recognized as the present value of the defined benefit obligation.

The historical cost is generally based on the fair value of the consideration granted in exchange of the assets.

The aforementioned unaudited condensed consolidated financial statements as of September 30, 2021 and for the nine-month period ended September 30, 2021 have not been audited. Based on the opinion of management of Fibra Inn, all necessary adjustments have been included in order to achieve a fair view presentation of the accompanying unaudited condensed consolidated financial statements. The results of the interim periods are not necessarily indicative of the projected year results.

Adoption of new and revised International Financial Reporting Standards

Application of new and revised International Financing Reporting Standards (“IFRS” or “IAS”) that are mandatorily effective for the current year

In the current year, the Trust DB/1616 has applied the following modified interpretation issued by the International Accounting Standards Board (“IASB”) that is mandatorily effective for an accounting period that begins on January 1, 2021. The conclusions related to their adoption are described as follows:

Interest Rate Benchmark Reform—Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

Interbank offered rates (IBORs) are interest reference rates, such as LIBOR, EURIBOR and TIBOR, that represent the cost of obtaining unsecured funding, have been questioned for their long-term viability as benchmarks. The Interest Rate Benchmark Reform on its phase 2, refers to the modification of financial assets, financial liabilities and lease liabilities, hedge accounting requirements and disclosure of financial instruments.

With respect to the modification of financial assets, financial liabilities and lease liabilities, the IASB introduced a practical expedient which implies updating the effective interest rate. On the other hand, regarding the hedge accounting, the hedging relationships and related documentations, must reflect modifications to the hedged item, hedging instrument and hedged risk. Hedging relationships should meet all qualifying criteria to apply hedge accounting, including effectiveness requirements.

Finally, regarding the disclosures, the Trust DB/1616 should disclose how it is managing the transition from IBORs to alternative benchmark rates and the risks may arise from the transition, quantitative information about non-derivative financial assets and liabilities, as well as derivatives that continue to reference interest rate benchmarks subject to the reform and changes arisen on the Fibra Inn's risk management strategy.

These amendments are effective for annual reporting periods beginning on January 1, 2021 with retrospective application, without the need to restate the comparative periods.

As of September 30, 2021, the reference interest rates used by Fibra Inn have not been replaced; nevertheless, the LIBOR reference rate, to which Trust CIB/3096 and Trust CIB/3097 are both exposed to, is expected to disappear in 2023. Therefore, Fibra Inn is in the process of evaluating the impacts of the transition to alternative reference rates derived from the application of these amendments.

New standards and interpretation issued, not yet effective in the reporting period

Additionally, Fibra Inn has reviewed the following modified interpretations not effective in the reporting period, and in its evaluation process, it does not visualize potential impacts due to their adoption, considering that they are not of significant applicability:

- Amendment to IAS 1 – Classification of Liabilities as Current or Non-current ⁽²⁾
- Amendment to IAS 1 – Disclosure of accounting policies ⁽²⁾
- Amendment to IAS 8 – Definition of accounting estimates ⁽²⁾
- Amendment to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction ⁽²⁾
- Amendment to IAS 16 – Proceeds before intended use of Property, Plant and Equipment ⁽¹⁾
- Amendment to IAS 37 – Cost of fulfilling Onerous contracts ⁽¹⁾
- Amendment to IFRS 9 – Financial Instruments ⁽¹⁾
- IFRS 17 – Insurance contracts ⁽²⁾

(1) Effective for annual periods beginning January 1, 2022

(2) Effective for annual periods beginning January 1, 2023

3. *Going concern*

As of the authorization date of these unaudited condensed consolidated financial statements, Management has a reasonable expectation that Fibra Inn has adequate resources to continue operating in the future. The application of the going concern principle being valid, the consolidated financial statements were prepared and presented on that basis.

4. *Basis of consolidation*

a) *Subsidiaries*

As of September 30, 2021 and December 31, 2020, the unaudited condensed consolidated financial statements include those of Fibra Inn and its subsidiaries:

- Administradora de Activos Fibra Inn, S.C., of which it holds a 99.9% of the capital,
- Trust CIB/3096 Trust, in which it holds 50% of the equity, and where there is a non-controlling interest as described in section b) below,
- Trust CIB/3097 Trust, in which it holds 50% of the equity, and where there is a non-controlling interest as described in section b) below,
- Trust CIB/3058 Trust, in which it holds 29% of the equity, and, where there is a non-controlling interest, as described in section b) below.

Control is achieved when Fibra Inn:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with an investee; and
- has the ability to affect those returns through its power over the investee.

Balances and transactions with the subsidiary company have been eliminated in the unaudited condensed consolidated financial statements.

Fibra Inn assessed, under IFRS 10, “*Consolidated Financial Statements*” that it has control over all its subsidiaries as of September 30, 2021.

In the same way, Fibra Inn continuously assesses whether it holds control on the service entities and concluded that in accordance with IFRS 10, it does not control such entities since it does not have the power to decide over the management of their relevant activities; nor the management of such entities; key decisions of its operations are taken by the stockholders of these companies, not by Fibra Inn; therefore, there is no control relationship, and they are considered only related parties.

b) *Non-Controlling Interest.*

The unaudited condensed consolidated financial statements of Fibra Inn include the non-controlling interest related to its participation and control in the Trusts CIB/3096, CIB3097 and CIB/3058; non-controlling interest is initially measured at the proportionate share of the net identifiable assets of the aforementioned Trusts.

Changes in the interest of Fibra Inn that do not result in a loss of control are accounted for in equity.

c) Loss of control.

When Fibra Inn loses control, it writes off the assets and liabilities of the subsidiaries, any non-controlling interest, and other equity items. The resulting gain or loss will be recognized in profit or loss. If Fibra Inn maintained its interest, this would be prospectively measured at fair value at the date control is lost.

5. *Local, functional and reporting currency*

The functional currency of Fibra Inn is the Mexican peso, which is the same to its local and reporting currencies. All the information has been rounded in thousands of pesos and has been rounded to the nearest unit, unless otherwise indicated.

6. *Authorization of the financial statements*

The accompanying unaudited condensed consolidated financial statements were authorized for issuance by Ing. Oscar Eduardo Calvillo Amaya, Chief Executive Officer, and approved by the Technical Committee on October 26, 2021, represented by Ing. Victor Zorrilla Vargas as its President.

7. *Profit and loss statement and comprehensive income statement*

Costs and expenses presented in the unaudited condensed consolidated income statement were classified according to their nature.

Fibra Inn shows line items of gross profit and operating income since they are considered important performance indicators for the users of financial information. Income and expenses are presented based on their operating nature are presented in this line item.

The Trust DB/1616 presents in the statement of comprehensive income those accounting items that were already accrued but are still pending to be realized.

8. *Statement of cash flows*

Fibra Inn presents its statement of cash flows using the indirect method. In addition, Fibra Inn has chosen to present the cash received from interests as part of the investing activities and the cash from interest payments as part of the financing activities.

(3) CASH, CASH EQUIVALENTS AND RESTRICTED CASH-

	As of September 30, 2021	As of December 31, 2020
<i>Current assets</i>		
Cash in banks	\$ 133,049	87,374
Cash equivalents (government bonds)	103,447	178,348
	<u>236,496</u>	<u>265,722</u>
Restricted cash	<u>950</u>	<u>36,950</u>
Total current cash, cash equivalents and restricted cash	\$ <u>237,446</u>	<u>302,672</u>
<i>Non-current assets</i>		
Restricted cash	\$ <u>42,568</u>	<u>20,063</u>

Article 187 clause III of the Mexican Income Tax Law establishes Trust DB/1616 remaining equity not invested on real estate must be invested in government bonds that are registered with the National Securities Register, or in shares of investment entities or debt instruments. During the period, the Trust was in compliance with this article and invested the remaining contributed capital in different funds with high credit rating.

As of September 30, 2021 and December 31, 2020, restricted cash consists of the reserve funds of the credit lines obtained with BBVA Bancomer, Banorte and Sabadell contracted by Fibra Inn's subsidiaries.

(4) PROPERTY, FURNITURE AND EQUIPMENT-

Property, furniture and equipment as of September 30, 2021 and December 31, 2020, are integrated as follows:

	As of September 30, 2021	As of December 31, 2020
Land	\$ 1,864,960	\$1,696,233
Buildings, net	6,743,020	6,413,893
Components of buildings, net	530,350	362,644
Machinery and equipment, net	423,140	367,238
Furniture and equipment	686,852	477,281
Leasehold improvements, net	<u>5,470</u>	<u>-</u>
	<u>10,253,792</u>	<u>9,317,289</u>
Constructions in progress ⁽¹⁾	396,642	1,769,756
Subtotal	<u>10,650,434</u>	<u>11,087,045</u>

Less accumulated depreciation ⁽²⁾	(5,662)	(4,305)
Less accumulated impairment of properties	<u>(1,742,620)</u>	<u>(1,742,620)</u>

Total	\$ <u>8,902,152</u>	<u>9,340,120</u>
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- (1) As of September 30, 2021 and December 31, 2020, the Trust DB/1616 has capitalized interest of \$15,962 and \$48,099, respectively, from loans attributable to hotel construction.
- (2) Corresponds to the accumulated depreciation of furniture and equipment; the other items are presented net of accumulated depreciation.

As a result of measuring property, furniture and equipment at their fair value on the year ended December 31, 2020, the Trust DB/1616 recognized a decrease in the revaluation surplus of \$449,946. Additionally, for the nine-month periods ended September 30, 2021 and 2020, the Trust recognized an impairment expense of \$16,449 and \$58,111, respectively.

(5) TRUSTORS' EQUITY-

Benefits, contributions and repurchases-

- a) Trust DB/1616's equity consists of a contribution of \$20 and of the proceeds of the issue of CBFIs.

Contributions

- b) On February 25, 2021, a total of 11,226,920 CBFIs equivalent to \$129,397 corresponding to the liquidating liability in equity instruments were released and delivered in favor of Asesor de Activos Prisma, S.A.P.I. de C.V. as part of the Internalization program.

Repurchases

- c) The Ordinary Holders' Meeting approved the cancellation of the Repurchase Fund of CBFIs not exercised and approved on April 30, 2020, established for up to 5% of the securities issued on the Mexican Stock Exchange, and announced the creation of a new Repurchase Fund of CBFIs of the Trust DB/1616 for up to a maximum amount of resources of \$250,000 for the twelve-month period following that date of approval.

(6) ACQUISITION AND DISPOSAL OF HOTELS-

Fibra Inn determines the classification of the acquired hotels based on the fact that such hotels will be used in the normal course of business. The transactions related to the acquisition of hotels are accounted as business acquisitions. Such transactions are performed to continue with the expansion of operating activities related to the hotel industry in Mexico, in accordance with the established growth and expansion plans.

On May 3, 2021, the JW Marriott Monterrey Valle hotel began operations. The JW Marriott Monterrey Valle has 250 rooms and suites with all the amenities and technology, and is a part of the full service segment. Fibra Inn contemplates a stabilization period of 18 to 24 months and the average daily rate is within the range of \$230 to \$255 this year.

On June 28, 2021, the Trust DB/1616 signed a binding agreement for the sale of the Holiday Inn Express Guadalajara Autónoma hotel, for a total of \$259,000, which was settled in three installments during the months of July and August 2021. The proceeds from the transaction will be used to cover current financial obligations.

As of September 30, 2021, the Trust DB/1616 has received purchase offers on the Wyndham Garden Silao-Aeropuerto, Wyndham Garden Celaya and Wyndham Garden Irapuato hotels; nonetheless, as of the date of issuance of these unaudited condensed consolidated financial statements, the sale has not been concreted, but management continues to implement an active sale plan, as required by IFRS for the classification of these hotels as held for sale.

(7) OTHER RELEVANT EVENTS-

- a) On March 11, 2020, The World Health Organization declared the SARS-COV2 (“COVID-19”) virus as a global pandemic. Taking into consideration the complexity of the global markets and the speed of distribution and application of the virus vaccine in Mexico, the consequences for Fibra Inn's operating results, as well as for its financial situation and cash flows, are contingent and will vary depending largely on the evolution and extent of the pandemic in the coming months; on the reaction and adaptation capacity of all affected economic agents; as well as the measures adopted by the Mexican government authorities.

Therefore, as of **September 30, 2021**, and with the information available to date, the administration has considered the following impacts, in the short term, not being possible, for the moment, to evaluate if said situation will continue, or to what extent it will impact the the business in the future:

- Financial performance. Fibra Inn experienced a significant decrease in the demand for hotel services, which represent the main source of income for the DB/1616 Trust. This caused a significant decrease in hotel occupancy rates, and implied the obtaining lower income than budgeted for 2020 and 2021. As of September 30, 2021, the maximum occupancy per hotel allowed by government authorities varied in each state of the Mexican Republic, ranging from 30% to 100% of its capacity.

The DB/1616 Trust evaluates the performance of each of its hotels based on their cash flow (“funds from operations” or “FFO” for its acronym in English), which is calculated by deducting from the earnings before interest, taxes, depreciation and amortization (“EBITDA”) the acquisition and organization expenses and the net financial result (net financial expenses and foreign exchange fluctuation) that directly impact the operating flow to be evaluated, considering that such indicator represents a good measure to evaluate the operating performance and the capacity to meet principal and interest obligations with respect to Fibra Inn's debt, as well as the ability to fund capital investments and working capital requirements. Notwithstanding, the foregoing, the FFO is not a measure of financial performance under IFRS, and should not be considered as an alternative to net income as a measure of operating performance, or cash flow as a measure of liquidity. The FFO of Trust DB/1616 for the nine-month period ended September 30, 2021 and 2020 represented negative flows of \$197,533 and \$270,913, respectively.

- Liquidity. Management took the following measures to address the risk of default on its financial obligations:

- i. Decision to temporarily close twenty-three hotels in the portfolio during 2020, in addition to some administrative decisions, and a significant reduction in hotel operating and administrative expenses of Fibra Inn. As of September 30, 2021, of the thirty-eight hotels in the portfolio, only five hotels remain closed.
- ii. The capital expenditures in the hotels from the Fibra Inn portfolio was postponed, provided that the agreements with the brands of such hotels do not require such investments as mandatory for the year 2021.
- iii. The administration managed tax recoveries and other reimbursements from third parties.

Additionally, Fibra Inn currently has \$236,496 of cash and cash equivalents to meet its obligations and operating expenses, and estimates that it will have additional resources mainly from the following processes:

- a) As of September 30, 2021, the VAT refund was processed in favor of the Trust CIB/3096, corresponding to The Westin Monterrey Valle Hotel for an amount of \$126,442, and The VAT refund is still in process in favor of the Trust CIB/3097, corresponding to the JW Marriot Hotel that is under construction, for an amount of \$27,686, whose resources are expected to be received in 2021.
- b) As of September 30, 2021, the DB/1616 Trust has received offers to purchase three Wyndham Garden hotels located in the Bajío area, in the municipalities of Celaya, Irapuato, and Silao, as part of its capital recycling process through the divestment of non-strategic assets. These hotels qualify as assets available for sale in accordance with the provisions of IFRS 5, *Non-current assets held for sale and discontinued operations*. In case the sale is completed, Fibra Inn would obtain additional resources to cover its obligations and operating expenses.
- c) Fibra Inn has a plan for the divestment of non-strategic assets, approved by the Technical Committee on July 24, 2018, through which it expects to obtain cash flows that will contribute to continue operating the the business.

As of September 30, 2021, Fibra Inn maintains interest payment obligations related to the issuance of securities, with the next coupon payment in the months of February and August 2022 and the simple credit loans contracted with BBVA Bancomer, Banorte and Sabadell, whose contractual amount interest payment in the short term is equivalent to approximately \$370,000.

In the event that additional financing is required, Fibra Inn has credit lines available to dispose additional resources as of September 30, 2021; which are expected to be drawn down in accordance with the financial evaluations that management has been performing up to the date of issuance of the unaudited condensed consolidated financial statements. In addition, as described below, Fibra Inn may acquire additional debt of up to \$400,000 through the waiver granted at the FINN 18 Extraordinary Holders Meeting, and of \$115,000 through the Trust CIB/3096. Management will continually assess these needs as part of its financial risk management strategy, working in conjunction with the corresponding financial institutions, to ensure that the best possible financing conditions are obtained for the DB/1616 Trust.

As a result from the liability management strategy, Fibra Inn has a comfortable maturity profile, since all the debt is long-term, the capital of the issuance of securities must be paid in 2028, while the principal of bank loans in the year 2022 and, additionally, all the debt securities were issued at a fixed rate. Even though Fitch Ratings revised Fibra Inn's debt rating from AA- to BBB+, it did not perceive liquidity risks despite the fact that it considered that the global hotel sector was one of the most affected by the pandemic.

In addition, management has assessed that, with regard to financial indicators, mainly the interest hedge ratio will be impacted downwards, due to the expected decrease in operating flows generated by the business to cover the payment of interests. However, in the event of default, the restrictions stipulated in the agreement with the creditors do not imply the enforceability of the payment of principal in the short term.

Lastly, at the Extraordinary Meeting held on August 10, 2020, it has presented and approved the granting of a temporary waiver to Fibra Inn, regarding compliance with maintaining a Debt Service Ratio of 1.5, which covers the Certificates of FINN 18, because as of June 30, 2020 the ratio was 1.0. The waiver will be effective as of the approval date for a term not to exceed the first quarter of 2022 or until the DB/1616 Trust achieves a 12-month EBITDA in excess of \$625,000, whichever occurs first. Through this waiver, the DB/1616 Trust was allowed to contract debt for an amount up to \$400,000, and its subsidiary, Trust CIB/3096 for an amount up to \$315,000 (of which \$200,000 was available as of September 30, 2021, to finance the acquisition of The Westin Monterrey Valle hotel), the resources obtained through revolving credit lines must be used to finance short-term requirements, such working capital and tax receivables (anticipate flows from returns in process) and financial expenses, among others. The Debt Service Ratio was 2.1 as of September 30, 2021.

The Trust DB/1616 evaluates on a quarterly basis, the compliance with the covenants of the bank and stock exchange debt and as of September 30, 2021, it complies with such obligations.

- Financial position. As a result of the foregoing, the administration continuously reviews the expectations of recovery of revenues and cash flows for the next period, as well as for the years 2022 and 2023, considering that such recovery will depend on the speed of the distribution of the vaccine against the virus in Mexico, and that there is uncertainty in the direct impact on the occupancy levels of the hotels. As of December 31, 2020, derived from government measures that gradually allowed the reactivation of operations, as well as a gradual economic recovery and therefore current low levels of hotel occupancy, Fibra Inn recognized an impairment of \$768,971 and a decrease in the revaluation surplus of \$449,946 when estimating the fair value of its hotels; however, a gradual recovery has been observed since 2021, derived from the vaccination campaign that has been carried out worldwide, which could increase the value of the hotels in that period.

In addition, given the global economic effects, the management's expectation includes an increase in the probability of default by customers who maintain accounts payable with Fibra Inn, which could imply an increase in the allowance of impairment of accounts receivable, which was \$77,642 as of September 30, 2021.

Lastly, as described in the previous sections, the price at which Fibra Inn's CBFIs are listed in the Mexican stock market fell by 23.4% in the last twelve months, which is considered an effect aligned to the economic conditions that prevail in global markets due to the effects of the pandemic in the hotel sector.

To the extent that the administration has more information that it considers sufficient and reliable, further analysis will be performed and the most updated results will be communicated to favor the reading of the financial information produced by Fibra Inn.

Continuity as a going concern. Taking into account all the aforementioned factors, in addition to the actions to manage the operational and financial risks identified so far, the administration considers that the conclusion on the application of the going concern principle as of December 31, 2020, remains valid as of September 30, 2021, therefore the unaudited condensed consolidated financial statements are presented on that basis.

- b) On January 29, 2021, the Trust CIB/3097 requested a waiver and extension of the term to carry out the legal acts necessary to convert a total of \$280,000 of the outstanding balance of simple mortgage-backed loan to US dollars.
- c) On February 3, 2021, the Trust CIB/3097 made a drawdown totaling of \$20,533 related to Tranche 1 of the contracted credit with BBVA Bancomer. With this drawdown, the Trust has obtained the total amount of the aforementioned Tranche 1 credit. As of the date of issuance of these unaudited condensed consolidated financial statements, the outstanding balance of Tranche 1 amounts to \$560,000. On the same date and derived from the aforementioned provision, a Reserve Fund was created for a total of \$15,959 to guarantee the payment of accrued interest and the loan, which will be returned as soon as the debt is settled. As of September 30, 2021, the balance of the Reserve Fund amounts to \$16,217.
- d) On February 15, 2021, the Trust CIB/3097 obtained the return of the Reserve Fund for a total of \$36,000 plus the yields generated in said Trust.
- e) On February 25, 2021, Fibra Inn signed an amendment agreement related to the space lease agreement with Operadora México, Servicios y Restaurantes, S.A.P.I. de C.V. which establishes an amendment to fixed income and variable income is established. This modification agreement will be reviewed and adjusted every six months according to the performance of each hotel.
- f) On March 31, 2021, the Trust CIB/3096 requested a waiver of covenants provided in the Credit Agreement. In this waiver, it was requested that the interest payment to be made on April 5, 2021 to be charged to the Reserve Fund, as well as the 90-day request for the restitution of the resources used in the aforementioned payment. On July 2, 2021, Trust CIB / 3096 made the restitution of the Reserve Fund for a total of \$10,611 and US\$92.
- g) During the 2021, the Trust CIB/3097 received a total of \$172,410, including updates due to inflation effects, from the Tax Administration Service corresponding to the balances in favor of the Value Added Tax requested in return. The resources obtained in return were used to settle the interest and the outstanding balance of the simple credit line from BBVA Bancomer including interest payable at the date of amortization.

- h) On April 5, 2021, Fibra Inn and its subsidiaries notified the Tax Administration Service of the change of tax address, the new address is at Av. Belisario Dominguez 2725 Pte. Colonia Obispado, Monterrey, Nuevo León, CP 64060. This address became effective on April 1, 2021.
- i) On June 1, 2021, Aimbridge Hospitality acquired Grupo Hotelero Prisma to operate in Mexico, therefore, Grupo Hotelero Prisma and its subsidiaries that provide hotel management services to Fibra inn, are no longer considered a related party of DB/1616.
- j) As of September 30, 2021, Trust CIB/3097 withdrew an amount of \$37,900 related to the Tranche 2 of the Mortgage Secured Credit Agreement held with BBVA Bancomer.

(8) CONTINGENCIES AND COMMITMENTS-

During 2020, Fibra Inn signed possible payment commitments, which outcome cannot be predicted as of September 30, 2021. Trust DB/1616 considers that these payment obligations would not significantly affect individually or in general its financial position or its operating results.

As of September 30, 2021, Fibra Inn has the following commitments:

- a) On June 4, 2020, Trust DB/1616 signed the Franchise Termination Agreement for the Marriot hotel located in Coatzacoalcos, Veracruz, maintained with Marriot Switzerland Licensing Company, S.A.R.L. As a result, Fibra Inn incurred in termination penalty fees for US\$3,900 (three thousand nine hundred dollars) and agreed to pay US\$250,000 (two hundred and fifty thousand dollars) for compensation in the event of the following two scenarios:
 - within a maximum period of 48 months, a franchise agreement is not signed with the franchise supplier for the opening of a full-service hotel or two limited-service hotels, and
 - if 36 months after the previous franchise agreement's signature date, Fibra Inn does not open the hotel or hotels, as applicable.

As of September 30, 2021, Fibra Inn has not signed hotel opening contracts under the Marriott brand with the conditions described above, however, it has made an initial payment of \$750 in order to change a full service hotel of the portfolio to the Marriott brand and expects to carry out the conversion and opening of the hotel during the term granted. Consequently, as of September 30, 2021, there is no recognized provision for this possible penalty.

- b) On February 20, 2020, the operation of The Westin Monterrey Valle hotel began, which is located in San Pedro Garza García and represented an investment of \$732,000. Within the purchase sale agreement, it was established that, once the hotel is operating,

Fibra Inn must pay an earn-out to the seller, conditioned on the performance of the hotel within a consecutive period of 12 months during the first 4 years from its opening.

As of September 30, 2021, Trust DB/1616 does not consider probable the payment of the earn-out based on the financial projections made by management.

(9) SUBSEQUENT EVENTS--

- a) On October 12, 2021, Trust CIB/3097 withdrew the remaining amount related to the Tranche 2 of the Mortgage Secured Credit Agreement held with BBVA Bancomer of \$5,150.
- b) On October 25, 2021, Trust CIB / 3097 signed an Amendment Agreement for the conversion to dollars of a total of \$ 280,000 of the outstanding balance of the mortgage loan contracted with BBVA Bancomer.