

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, 2022, and for the nine-month period ended September 30, 2022, and 2021
(In Thousands of Mexican pesos, except where indicated otherwise)

(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, for the purpose of 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 (Ley del Impuesto Sobre la Renta). 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 Mexican 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, The 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 Obisado, in Monterrey, Nuevo León.

(2) BASIS OF PREPARATION AND PRESENTATION-

1. *Statement of compliance*

The condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”) and Accounting Standard (“IAS”) 34, Interim Financial Reporting. The accompanying notes were selected to explain events and transactions that are relevant to understanding the changes in Fibra Inn’s financial position and results of operations as of its annual audited consolidated financial statements as of December 31, 2021.

The aforementioned unaudited condensed consolidated financial statements as of September 30, 2022 and for the nine-month period ended September 30, 2022 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.

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.

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

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.

As of September 30, 2022, 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. For the portion of the debt that is in US dollars, the reference rate SOFR (Secured Overnight Financing Rate) would be considered, which is one of the main alternatives to replace LIBOR.

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, 2022. The conclusions related to their adoption are described as follows:

- Amendment to IAS 16 – Proceeds before intended use of Property, Plant and Equipment
- Amendment to IFRS 3 – Business Combinations
- Amendment to IAS 37 – Cost of fulfilling Onerous contracts
- Amendment to IFRS 9 – Financial Instruments

These amendments are effective for annual reporting periods beginning on January 1, 2022 with retrospective application, without the need to restate the comparative periods.

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 ⁽¹⁾
- Amendment to IAS 1 – Disclosure of accounting policies ⁽¹⁾
- Amendment to IAS 8 – Definition of accounting estimates ⁽¹⁾
- Amendment to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction ⁽¹⁾
- IFRS 17 – Insurance contracts ⁽¹⁾

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

3. *Going concern*

As of the authorization date of these condensed consolidated financial statements, Fibra Inn's 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, 2022, and December 31, 2021, the 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 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, 2022.

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 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 maintains its interest, this is 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. Financial information denominated and presented in dollars of the United States of America (US dollars) has been rounded to thousands of US dollars and rounded to the nearest unit.

6. *Authorization of the financial statements*

The accompanying 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 24, 2022, 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.

9. Seasonality

The hotel sector in which Fibra Inn operates is not exposed to seasonal fluctuations in the demand of travelers.

10. Significant accounting policies

The accounting policies applied by Fibra Inn in these condensed consolidated financial statements as of September 30, 2022, are the same as those applied by Fibra Inn in its consolidated financial statements as of and for the year ended December 31, 2021.

(3) BUSINESS SEGMENT INFORMATION-

Fibra Inn discloses financial information by segment, which is informed and regularly monitored by the Technical Committee and the executives in charge of making decisions for purposes of distribution of resources and evaluation of segment performance.

Fibra Inn operates in four business segments that constitute its reportable segments:

- i. Limited Service. Hotels which mainly provide accommodation, Internet, complimentary breakfast, business center, meeting room, fitness center and parking lot, at a reduced rate.
- ii. Select Service. Hotels that mainly provide accommodation, Internet, complimentary breakfast, business center, meeting room, fitness center and parking lot.
- iii. Full Service. Hotels providing Select Services plus food and beverages, and events and banquet room services.
- iv. Long Stay. Hotels providing the same services as Select Service hotels, but with an average stay of 5 days or more, offering the comforts typical of an apartment.

The selected information of the condensed consolidated statement of income for the nine and three months ended September 30, 2022, and 2021 and of the condensed consolidated statement of financial position as of September 30, 2022 and December 31, 2021 by reportable segments are as follows:

| For the nine months ended September 30, 2022 | Limited Service | Select Service | Full Service | Long Stay | Consolidated |
|---|----------------------------|---------------------------|---------------------|------------------|---------------------|
| Lodging revenue | \$100,251 | \$624,039 | \$556,649 | \$32,942 | \$1,313,881 |
| Property leases revenue | 450 | 9,688 | 44,622 | 37 | 54,797 |
| Gross loss | 28,375 | 217,682 | 199,775 | 9,324 | 455,156 |
| Depreciation | 9,638 | 95,570 | 185,215 | 6,548 | 296,971 |

| For the nine months ended September 30, 2021 | Limited Service | Select Service | Full Service | Long Stay | Consolidated |
|---|----------------------------|---------------------------|---------------------|------------------|---------------------|
| Lodging revenue | \$60,366 | \$398,691 | \$284,485 | \$25,699 | \$769,241 |
| Property leases revenue | 838 | 5,843 | 14,550 | 190 | 21,421 |
| Gross loss | 12,980 | 97,749 | 45,504 | 6,425 | 162,658 |
| Depreciation expense | 9,052 | 90,633 | 151,441 | 6,691 | 257,817 |

| For the three months ended September 30, 2022 | Limited Service | Select Service | Full Service | Long Stay | Consolidated |
|--|----------------------------|---------------------------|---------------------|------------------|---------------------|
| Lodging revenue | \$36,932 | \$229,479 | \$209,260 | \$11,835 | \$487,506 |
| Property leases revenue | 111 | 2,924 | 14,941 | 11 | 17,987 |
| Gross loss | 10,741 | 78,741 | 76,181 | 3,414 | 169,077 |
| Depreciation expense | 3,167 | 31,371 | 59,913 | 2,158 | 96,609 |

| For the three months ended September 30, 2021 | Limited Service | Select Service | Full Service | Long Stay | Consolidated |
|--|----------------------------|---------------------------|---------------------|------------------|---------------------|
| Lodging revenue | \$27,462 | \$158,239 | \$119,643 | \$9,970 | \$315,314 |
| Property leases revenue | 86 | 1,987 | 7,545 | 9 | 9,627 |
| Gross loss | 7,563 | 46,221 | 25,486 | 2,874 | 82,144 |
| Depreciation | 2,958 | 30,038 | 63,016 | 2,129 | 98,141 |

| As of September 30, 2022 | Limited Service | Select Service | Full Service | Long Stay | Consolidated |
|--|----------------------------|---------------------------|---------------------|------------------|---------------------|
| Property, plant, and equipment, net | \$607,239 | \$3,905,953 | \$6,102,885 | \$173,812 | \$10,789,889 |

| As of December 31, 2021 | Limited Service | Select Service | Full Service | Long Stay | Consolidated |
|--|----------------------------|---------------------------|---------------------|------------------|---------------------|
| Property, plant, and equipment, net | \$613,436 | \$3,965,049 | \$6,221,861 | \$175,580 | \$10,975,926 |

(4) CASH, CASH EQUIVALENTS AND RESTRICTED CASH-

| | As of September 30, 2022 | As of December 31, 2021 |
|--|---|--|
| <i>Current assets</i> | | |
| Cash in banks | \$ 189,679 | \$ 115,329 |
| Cash equivalents (government bonds) | 91,442 | 189,272 |
| | <u>281,121</u> | <u>304,601</u> |
| Restricted cash | <u>1,179</u> | <u>1,179</u> |
| Total current cash, cash equivalents and restricted cash | \$ <u>282,300</u> | \$ <u>305,780</u> |
| <i>Non-current assets</i> | | |
| Restricted cash | \$ <u>113,328</u> | \$ <u>43,112</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, 2022, and December 31, 2021, restricted cash consists of the reserve funds of the credit lines obtained with BBVA, Banregio and Sabadell contracted by Fibra Inn's subsidiaries.

(5) PROPERTY, FURNITURE AND EQUIPMENT, NET-

Property, furniture and equipment as of September 30, 2022 and December 31, 2021, are integrated as follows:

| | As of September 30, 2022 | As of December 31, 2021 |
|--|---|--|
| Land | \$ 2,267,753 | \$ 2,267,753 |
| Buildings, net | 8,002,464 | 8,086,193 |
| Components of buildings, net | 422,696 | 494,330 |
| Machinery and equipment, net | 393,346 | 424,147 |
| Furniture and equipment | 548,762 | 639,054 |
| Leasehold improvements, net | 5,470 | 5,470 |
| | <u>11,640,491</u> | <u>11,916,947</u> |
| Constructions in progress ⁽¹⁾ | 405,996 | 399,353 |
| Subtotal | <u>12,046,487</u> | <u>12,316,300</u> |
| Less accumulated depreciation ⁽²⁾ | (6,437) | (6,134) |
| Less accumulated impairment of properties | <u>(1,334,240)</u> | <u>(1,334,240)</u> |
| Total | <u>\$ 10,705,810</u> | <u>\$ 10,975,926</u> |

⁽¹⁾ As of September 30, 2022, and December 31, 2021, the Trust DB/1616 has capitalized interest of \$0 and \$15,962, 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 years ended December 31, 2021, the Trust DB/1616 recognized a revaluation surplus of \$2,181,062. Additionally, for the six-month periods ended on September 30, 2022 and 2021, no impairment was recognized.

(6) 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.

Repurchases

- b) During the Ordinary General Shareholders' Meeting, held on April 28, 2022, Fibra Inn approved the cancellation of the repurchase fund not exercised and approved on April 30, 2021, for the amount of \$250,000, and announced the creation of a new repurchase fund of CBFIs owned by Trust DB/1616 for up to a maximum amount of \$250,000 for the twelve-month period following April 30, 2022, provided that it does not exceed 5% of the total outstanding CBFIs of Trust DB/1616, and that still remain in treasury.

(7) 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.

As of September 30, 2022, the Trust DB/1616 has an active sale plan for the hotels in Silao, Celaya, Irapuato and Coatzacoalcos; however, as of the date of issuance of these consolidated financial statements, their sale has not been completed, management continues to implement an active sale plan as required by IFRS for the classification of these hotels as held for sale.

(8) OTHER RELEVANT EVENTS-

- a) On March 11, 2020, The World Health Organization declared the SARS-COV2 (“COVID-19”) virus as a global pandemic; COVID-19 had and continues to have strong impacts on health, economic, and social systems worldwide, extending into 2022. Taking into consideration the complexity of the global markets, 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; 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, 2022, the management has considered the following impacts, with the information available, mainly, in the short term, not being possible, for the moment, to evaluate if said situation will continue, or to what extent it will impact in the future:

- Financial performance. During 2021, Fibra Inn experienced an increase in the demand for hotel services, which represent the main source of income for the DB/1616 Trust. Derived from the control by the authorities over the expansion of the pandemic, increases in the capacity percentages were allowed in the different residences in which the Trust's properties are located. This caused an increase in hotel occupancy rates and implied the obtaining lower income than budgeted for the year 2022.

The DB/1616 Trust evaluates the performance of each of its hotels based on their cash flow (“funds from operations” or “FFO”), which is calculated by adjusting from the earnings before interest, taxes, depreciation and amortization (“EBITDA”), the acquisition and organization expenses and certain financial items 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, 2022 and 2021 represented positive (negative) flows of \$71,781 y \$(197,533), respectively.

- Liquidity. Management took the following measures to address the risk of default on its financial obligations:
 - i. As of September 30, 2022, of the thirty-eight hotels in the portfolio, only five hotels remain closed. Additionally, in 2021, income was obtained from the sale of property, furniture and equipment for \$259,000, which provided flexibility in the compliance of obligations.
 - ii. Part of the fulfillment of short-term operating and administrative obligations was leveraged with the cash flows received in 2021, in addition, the management managed tax recoveries and other reimbursements from third parties.
 - iii. 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. As of September 30, 2022, these value investments in hotels and compliance with franchise agreements have been resumed, justified by the recovery of the hotel industry.

Additionally, as of September 30, 2022, Fibra Inn has \$282,300 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:

- i. As of September 30, 2022, there is Value-Added Tax (“VAT”) in favor of \$148,828, which has been processed for its return before the authorities, whose resources are expected to be received during 2022. On April 11 and 12, 2022, the trust CIB/3097 received a total of \$20,350,018, including inflation restatements, from the Tax Administration Service corresponding to the recoverable VAT.
- ii. Derived from the occupancy recovery trend observed since the last quarter of 2021 and through the second quarter of 2022, as well as the operating cash flow generation trend, the Trust considers it will have the ability to continue to meet its obligations and sustain the needs of its operation.
- iii. 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. The hotels within the plan that have not yet been disposed have a carrying amount of \$924,410 as of September 30, 2022.

As of September 30, 2022, Fibra Inn maintains interest payment obligations related to the issuance of securities, with the next coupon payment in the month of February 2023 and the

simple credit loans contracted with BBVA, Banorte and Sabadell, whose contractual amount interest payment in the short term is equivalent to \$429,094.

As a result from the liability management strategy, Fibra Inn has a comfortable maturity profile, since the most of the total debt is long-term, the capital of the issuance of debt securities must be paid in 2028 which were issued at a fixed rate, while the principal of the current portion of bank debt as of \$49,201. During the third quarter, Fibra Inn's long-term debt rating by Fitch Ratings is BBB+ with ratification of stable perspective.

In addition, management has assessed that, with regards to financial indicators, if the interest coverage ratio was to be impacted downwards, due to a decrease in operating flows generated by the business to cover the payment of interests and, 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. The Debt Service Coverage Ratio was 1.8 as of September 30, 2022.

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, 2022 and as of December 31, 2021, it complies with such obligations.

- Financial position. As a result of the foregoing, the management continuously reviews the expectations of recovery of revenues and cash flows for the next period, as well as for the years 2023 and 2024, considering the effectiveness of vaccination programs against the virus, the economic reactivation after the evolution of the pandemic, and the existing uncertainty in the direct impact on the occupancy levels of the hotels. As of December 31, 2021, due to the increases in hotel occupancy, Fibra Inn recognized an impairment reversal benefit of \$408,380 and an increase in the revaluation surplus of \$1,789,022 when estimating the fair value of its hotels.

In relation to the recovery of the customer portfolio, the estimate of impairment of accounts receivable based on the probability of default did not present an increase, which is \$7,830 as of September 30, 2022.

Lastly, as described in the previous sections, the closing price at which Fibra Inn's CBFIs are listed in the Mexican stock market fell by 22.46% as of December 31, 2021, compared to December 31, 2020. However, as of September 30, 2022, it shows a recovery of 11.46%, compared to December 31, 2021.

To the extent that the management 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, 2021, remains valid as of September 30, 2022, therefore the condensed consolidated financial statements are presented on that basis.

- b) On December 22, 2021, Trust DB/1616 signed a Simple Credit Opening Contract with mortgage guarantee with Banorte for up to \$90,000. The destination of these resources will be used for the financing of VAT that is currently in the legal process with the tax authority for its refund and whose procedure began in the fourth quarter of 2019. Once the refund is obtained, the corresponding part of the bridge loan will be canceled. Fibra Inn had granted the Trust CIB/3096. The term of this financing is for 5 years and the agreed interest rate is TIIE at 91 days plus an applicable margin between 325 and 365 basis points, payable quarterly.
- c) On January 6, 2022 and February 17, 2022, the first and second credit drawdown related to the Simple Credit Opening Contract with mortgage guarantee with Banorte for up to \$90,000 was made, of which \$72,900 and \$15,620 were drawn, respectively.

(9) CONTINGENCIES AND COMMITMENTS-

During 2020, Fibra Inn signed possible payment commitments, which outcome cannot be predicted as of September 30, 2022. 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, 2022, 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\$4 and agreed to pay US\$250 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, 2022, 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, 2022, 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, 2022, Trust DB/1616 does not consider probable the payment of the earn-out based on the financial projections made by management.

(10) SUBSEQUENT EVENTS--

In preparing the condensed consolidated financial statements, Fibra Inn has evaluated events and transactions for recognition or disclosure subsequent to September 30, 2022 and through October 24, 2022 (the date of issuance of the condensed consolidated financial statements), and except for the matters mentioned in the following paragraphs, no additional significant subsequent events have been identified:

- a) On October 4, 2022, Trust DB/1616 received \$115,000 from the second and last disposition of the loan signed by Trust CIB/3096 contracted in October 2020 with Banorte and Sabadell, owner of The Westin Monterrey Valle hotel, which represents the entry of financial resources of \$88,000 derived from the partial payment of the loan granted by Fibra Inn to Trust CIB/3096 - after deducting expenses and the debt service reserve- to strengthen Fibra Inn's liquidity position.
- b) On October 4, 2022, Fibra Inn ratified Deloitte Touché Tohmatsu Limited, as External Auditor to issue its opinion on the consolidated statements of financial position of the Company and its subsidiaries as of December 31, 2022 and 2021.
- c) On October 19, 2022 HR Ratings confirmed the rating of HR A- for Fibra Inn and its FINN18 issuance, and favorably modified the outlook from Negative to Stable.
- d) On October 20, 2022 Fibra Inn made the assignment of the trust rights to carry out the construction of the Marriott Monterrey Airport project, comprising 208 rooms. The rights were acquired for \$27,300 in September 2016 and is equal to the amount received in the assignment of rights that took place on September 21, 2022. The project was postponed due to the uncertainty of the United States-Mexico-Canada Agreement ("USMCA"), the Mexican presidential election in June 2018 and the COVID-19 pandemic.