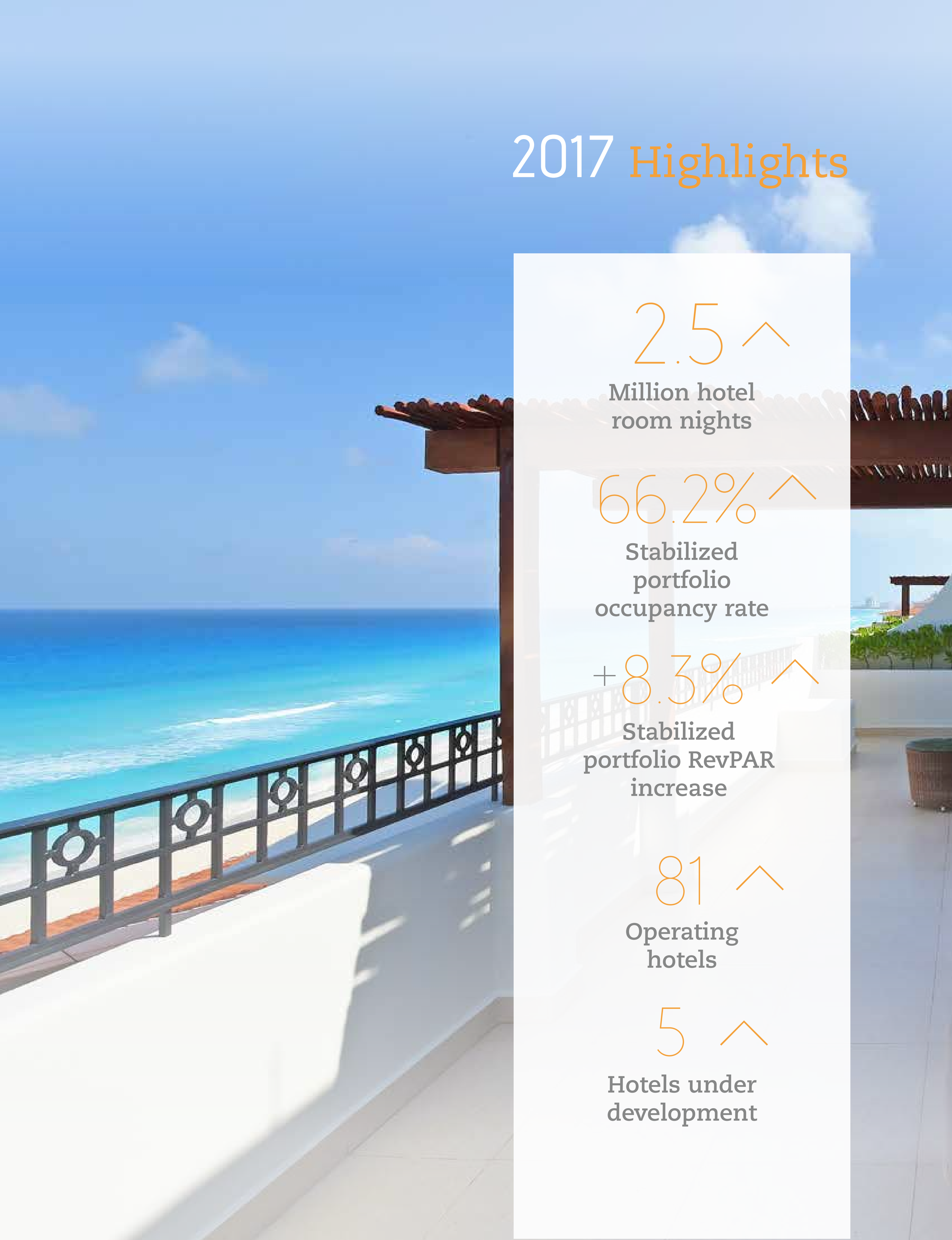
FibraHotel mx

Annual Report 2017



2017 Highlights

2.5
Million hotel room nights

66.2%
Stabilized portfolio occupancy rate

+8.3%
Stabilized portfolio RevPAR increase

81
Operating hotels

5
Hotels under development

668 ^

Million distributed to CBFI Holders

922 ^

Million pesos invested in hotels

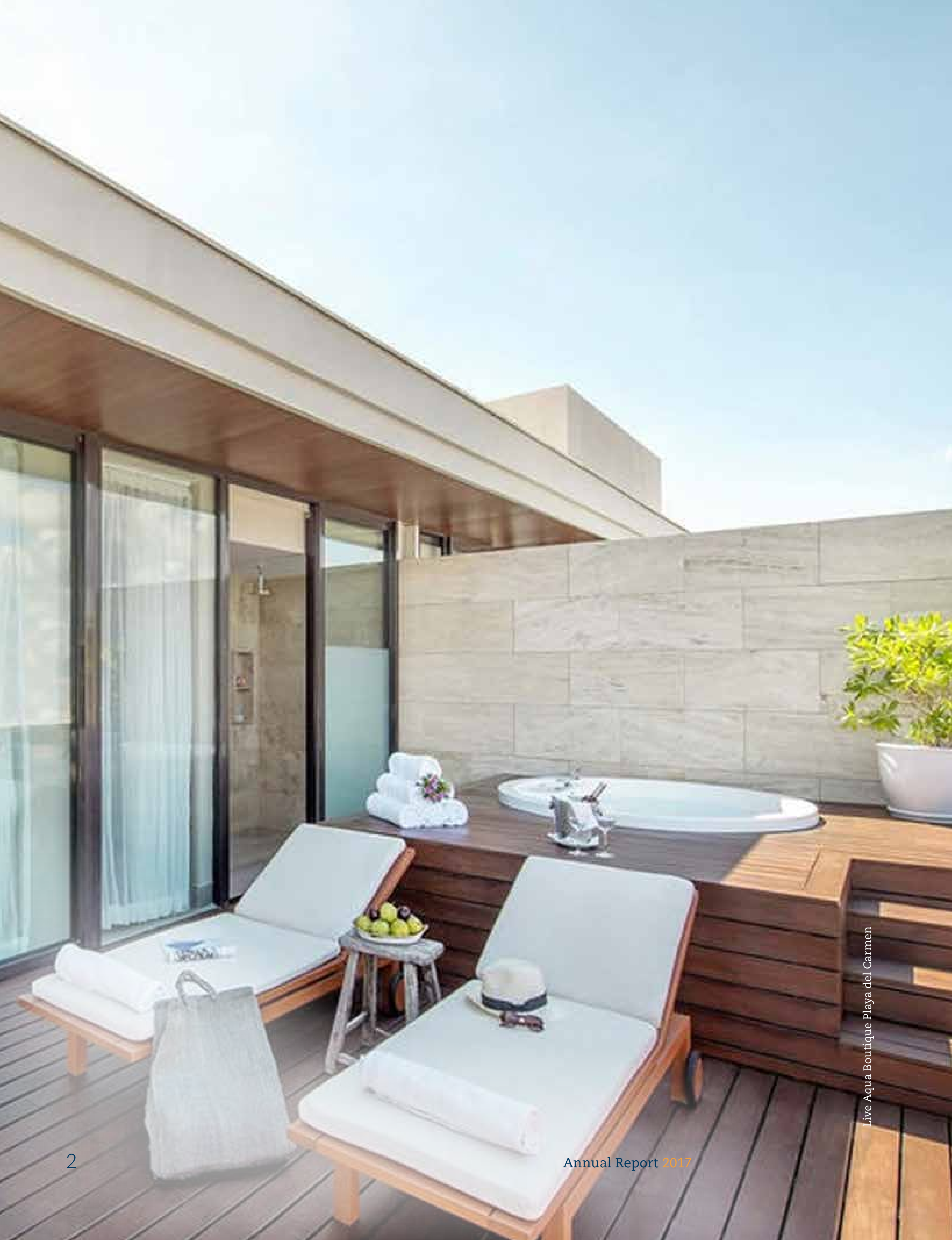
3,166 ^

Million: financial debt as of December 31st, 2017

+40bps ^

Increase in lodging contribution margin for managed hotels (2017 comparable perimeter)

Fiesta Americana Condesa Cancún



Live Aqua Boutique Playa del Carmen

Content

NOTE: The publication date of this Annual Report is June 5th, 2018.

LiveAqua Monterrey

June 2018

Letter from the **CEO**

Dear FibraHotel certificate holders:

November 2017 marked its fifth anniversary as a public company. Funds from the public markets provided us with a unique opportunity to design the best portfolio in the market. We have grown substantially and have diligently invested in properties that create value per CBFI in the long term. I am certain that since becoming a public company we have improved our portfolio by increasing its diversification, adding irreplaceable assets in gateway cities, gaining a significant competitive advantage through scale and assembling the best platform and management team in the sector.

FibraHotel was founded in 2012 with an initial focus on city hotels targeting business travelers and looking to benefit from the expected growth in the Mexican economy. We set out to consolidate business hotels by rolling-up a fragmented sector, thus reaching a sizeable and scalable platform of hotels in Mexico. At our IPO, we were a relatively small company with 5 billion pesos in assets and 34 hotels with two local operators and three brands. After acquiring several hotels in the first couple of years we turned our focus to capitalize an opportunity in higher category hotels in mixed use projects as we believed RevPAR trends and returns were supportive of these investments. As acquisitions of these hotels were scarcely available, we drew on our development expertise and embarked on a significant development cycle between 2014 and 2016. After having passed this development cycle and even after taking the long road to create additional value, I am very pleased with the company's current situation. We ended 2017 with over 17 billion pesos in assets, 86 hotels and 12,216 rooms. Please refer to the table below with a summary of our growth during this period:

	FibraHotel	2013	2014	2015	2016	2017	2013-2017 change	2013-2017 CAGR
Asset	Rooms in operation	5,547	7,660	8,507	10,422	11,273	103%	19%
	Undepreciated PP&E (@cost)	5,109	7,782	10,343	12,160	13,163	158%	27%
	% y-o-y growth		*52%*	*33%*	*18%*	*8%*		
Organic	Occupancy (comparable 46h)	62.9%	63.6%	65.5%	68.6%	68.5%	560 bps	
	RevPAR growth (comparable 46h)	$559	$588	$627	$701	$747	34%	8%
	% y-o-y growth		*5%*	*7%*	*12%*	*7%*		
Financial	Revenues (Ps. mm)	$1,032	$1,531	$2,008	$2,635	$3,436	233%	35%
	EBITDA (Ps. mm)	$260	$371	$498	$656	$902	247%	36%
	% y-o-y growth		*43%*	*34%*	*32%*	*37%*		
	EBITDA margin	25.2%	24.3%	24.8%	24.9%	26.2%	108 bps	
	EBITDA per room (Ps. 000's)	$46.8	$48.5	$58.6	$63.0	$80.0	71%	14%
	AFFO (Ps. mm)	$337	$424	$429	$494	$669	98%	19%
	AFFO / CBFI (Ps.)	**$0.76**	**$0.86**	**$0.87**	**$1.00**	**$1.05**	**38%**	**8%**
	% y-o-y growth		*13%*	*1%*	*15%*	*5%*		

Furthermore, in 2017 we consolidated our position as the leading hotel owner in Mexico by entering the resort market, marking another important milestone in our evolution as a company. In August 2017 we agreed to acquire the Fiesta Americana Condesa Cancun resort with 507 all-inclusive rooms in a prime beachfront location in the best resort market in the country, Cancun. The acquisition, which closed in early 2018, is FibraHotel's first asset in the beach resort segment which is a good complement to our business hotel portfolio as tourism, leisure and beach resorts provide FibraHotel: (i) access to new geographies, (ii) an increase in dollar denominated revenue, (iii) different demand generators, (iv) different economic and seasonality cycles, (iv) exposure to a fast-growing segment with positive secular trends. The off-market transaction and its capital increase were momentous for FibraHotel's goal of being the leading lodging REIT in Mexico and Latin America.

For the full year 2017 FibraHotel reported strong operational figures with 3.4 billion pesos of revenues or a 30% year on year growth, 900 million pesos of EBITDA or a 37% year on year growth and 668 million pesos of AFFO representing a 35% year on year growth. From an organic growth perspective 2017 was again a solid year with a RevPAR growth of 8.3% for comparable properties, even after the September earthquakes which impacted the third and fourth quarter results. Overall, occupancy continued a solid trajectory upward with occupancies in the stabilized portfolio of 66%, and in the total portfolio of 64%. Organic growth continues to be a key component of FibraHotel's success and it will continue to provide tailwinds in recently opened hotels and hotels going through their stabilization period. During the last couple of years we have seen a very healthy and dynamic lodging market in Mexico with significant RevPAR growth across all sectors and regions. During 2018 we will focus on stabilizing recently opened hotels and pushing for further RevPAR growth operating efficiencies.

During 2017 and 2018 to date we have opened six hotels with 829 rooms and acquired two hotels with 675 rooms. In total we have added over 1,500 rooms to our operating portfolio including four hotels with more than 500 rooms in Mexico City, three full service hotels with 839 rooms and three hotels in beach locations with more than 800 rooms. The total investment in these eight hotels was almost 4.5 billion pesos. We also continue advancing on our remaining development portfolio including good progress on the Fiesta Americana Tlalnepantla and the Live Aqua San Miguel de Allende hotels which will open in 2018. We are excited about the potential from these hotels going forward as we continue to see solid performance from tourism in Mexico in general.

In September 2017 we successfully raised 4.5 billion pesos by issuing CBFI's to local and international investors in an oversubscribed offering at a Ps. $13.75 price. This transaction put us in a very comfortable position to execute our growth plan with a fortress balance sheet. As of March 31st, 2018 we had a net loan to value of 10% and a gross LTV of 18%, with 3.1 billion pesos in debt all of which is in pesos and with different hedges that protect us against increases in interest rates.

Even though we have consistently executed our business plan as shown by the solid operational results, the stock price decreased 17% in 2017. I believe that the current market price is an unjustified discount to the true value of the CBFIs. In December 2017 we were approved a CBFI buyback program which allows us to invest in the best portfolio in the market at a substantial discount. To date, we have repurchased almost 2% of total outstanding CBFIs with the program.

During 2017 we distributed over one peso per certificate to our holders even after the temporary dilution from the September equity issuance. This distribution implies a compounded growth of AFFO per CBFI since 2013 of 8% annually. This is a sign of management's mission to sustainably increase AFFO per CBFI in the medium term. We will continue to make business decisions in order to improve this metric by investing in value enhancing growth opportunities and maximizing the value of our portfolio through asset management.

I would like to thank all our certificate holders, employees, and operating partners for the strong effort put together in 2017. We will continue working hard to achieve our long term plans and the continued success of our company.

Simón Galante
CEO FibraHotel

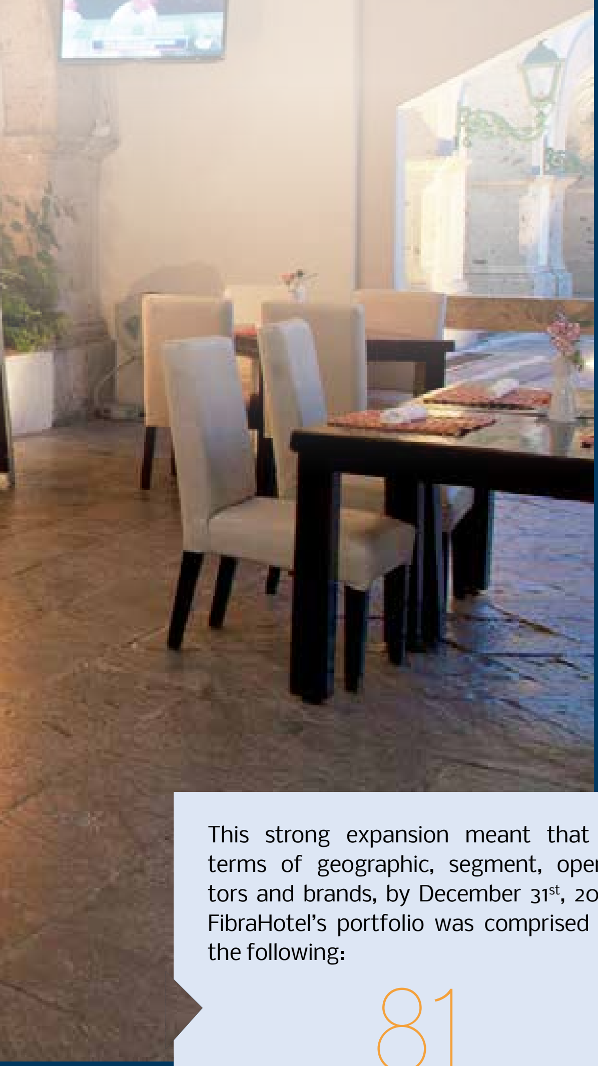
Introduction to FibraHotel

Company Overview

We are a Mexican trust that owns, acquires and develops hotels in Mexico. We are the largest hotel owner in Mexico, with a portfolio that includes 87 hotel properties diversified by geography, hotel segment, brand, size, hotel operator and targeted customer base. We are the first publicly-traded FIBRA focused on the lodging industry and one of the first lodging real estate investment trusts, or REITs, in Latin America.

Our objective is to generate attractive risk-adjusted returns for Holders of our CBFIs primarily through distributions, as determined by our technical committee, and through capital appreciation. We intend to continue to achieve this objective through the ownership, expansion and asset management of a high-quality, diversified portfolio of hotels.

Since our initial offering in November 2012, we have grown our initial contribution portfolio of 21 hotel properties, operated by 2 hotel operators under 4 brands, and total assets of MXN $5,000 million approximately, to a portfolio that today includes 87 hotel properties diversified by geography, segment, size, brand, operator and client base, operated under 13 brands, 3 hotel operators and total assets of MXN $17,200 million approximately as of December 31st 2017. The number of rooms in our portfolio has increased from 2,810 rooms in our initial contribution portfolio at the time of our initial offering to 12,723 rooms as of the date of this annual report, representing a 4.5x increase. We attribute this strong growth to our ability to identify opportunities for value creation across the spectrum of lodging assets in Mexico, and structure investments and allocate capital to both accretive acquisitions



This strong expansion meant that in terms of geographic, segment, operators and brands, by December 31st, 2017, FibraHotel's portfolio was comprised by the following:

81

Hotels in operation:

75 hotels owned by FibraHotel as of December 31st, 2016.

One hotel acquired during 2017.

5 new hotels that opened during 2017 and were part of the development portfolio of FibraHotel as of December 31st, 2017.

5

Hotels under development.

of hotels in operation and the development of new hotels. In addition, our access to public equity capital markets, and our established platform and open architecture, has facilitated our continued growth across hotel segments and geographies. The hotels are located in 26 Mexican states and are associated with strong hotel brands, which provide significant advantages and increased demand because of their i) service quality, ii) loyalty programs, iii) modern reservation systems, iv) national and international distribution channels, and v) growing demand from travelers in Mexico.

As of the date of this Annual Report, FibraHotel's portfolio comprises 87 hotels (83 in operation and 4 under development) thanks to the acquisition of the Fiesta Americana Condesa Cancún hotel and the opening of the Courtyard by Marriott Toreo hotel on 2018.

FibraHotel's portfolio offers lodging services across the country to business and leisure travelers. Most of its hotels are located in strategic sites with significant business, industrial and touristic activity and are located inside or near mixed-use projects such as regional shopping centers, business centers, industrial parks, airports and bus terminals, among others; thus, offering our guests access to a large variety of amenities and services.

FibraHotel's History

The FibraHotel trust was constituted on July 31st of 2012 and conducted its Initial Public Offering (IPO) on November 30th, 2012. FibraHotel has consistently increased its hotel portfolio and number of rooms from the time of its IPO as follows:

Number of rooms at the end of each period	2012	2013	2014	2015	1Q 2016	2Q 2016	3Q 2016	4Q 2016	1Q 2017	2Q 2017	3Q 2017	4Q 2017	Annual Report Date
Rooms in operation	2,467	5,547	7,656	8,507	9,120	9,782	10,007	10,422	10,812	10,812	10,980	11,273	11,926
Rooms under development	489	899	1,883	2,466	1,723	1,613	1,566	1,601	1,227	1,239	1,237	943	797
Total Rooms	**2,956**	**6,446**	**9,539**	**10,973**	**10,843**	**11,395**	**11,573**	**12,023**	**12,039**	**12,051**	**12,217**	**12,216**	**12,723**

Number of hotels at the end of each period	2012	2013	2014	2015	1Q 2016	2Q 2016	3Q 2016	4Q 2016	1Q 2017	2Q 2017	3Q 2017	4Q 2017	Annual Report Date
Hotels in operation	18	39	56	62	66	70	72	75	78	78	79	81	83
Hotels under development	4	8	14	18	14	13	12	10	7	7	7	5	4
Total hotels	**22**	**47**	**70**	**80**	**80**	**83**	**84**	**85**	**85**	**85**	**86**	**86**	**87**

2012

By year end 2012, FibraHotel's portfolio was comprised of 22 hotels with 2,956 rooms, of which:

- 18 hotels (2,467 rooms in operation)
- Four hotels (489 rooms) in different stages of development

2013

During 2013, FibraHotel increased the number of rooms in its portfolio due to the:

- Acquisition of 19 hotels (2,799 rooms) in operation
- Acquisition of 5 hotels (749 rooms) from other hotel owners
- Acquisition of six hotel projects under development (676 rooms)
- Increased room inventory in the Camino Real Hotel & Suites Puebla hotel (15 rooms)

On May 30th, 2013, FibraHotel completed its first follow-on offering through a CBFI issuance that raised MXN $4,878 million.

By year end 2013, FibraHotel's portfolio was comprised of 39 hotels with 6,446 rooms, of which:

- 39 hotels (5,547 rooms) in operation
- Eight hotels (899 rooms) in different stages of development

2014

During 2014, FibraHotel increased the number of rooms in its portfolio due to the:

- Acquisition of 13 hotels (1,831 rooms) in operation
- Opening of four hotels (274 rooms) from the development portfolio
- Acquisition of 10 hotel projects under development (1,201 rooms)
- Room inventory decrease at certain hotels, a hotel and closed in a repositioning process (142 rooms), and the cancelation of the long-stay hotel in Cancun (74 rooms)

By year end 2014, FibraHotel's portfolio was comprised of 70 hotels with 9,543 rooms, of which:

- 56 hotels (7,660 rooms) in operation
- 13 hotels (1,741 rooms) in different stages of development
- One hotel (142 rooms) closed and being repositioned

2015

During 2015, FibraHotel increased the number of rooms in its portfolio due to the:
- Acquisition of one hotel (159 rooms) in operation
- Opening of five hotels (670 rooms) from the development portfolio
- Acquisition of 10 hotels projects under development (1,349 rooms)
- Room inventory increase at some hotels and the cancelation of one hotel project (100 rooms)

By year end 2015, FibraHotel's portfolio was comprised of 80 hotels with 10,973 rooms, of which:
- 62 hotels (8,507 rooms) in operation
- 18 hotels (2,466 rooms) in different stages of development

2016

During 2016, FibraHotel increased the number of rooms in its portfolio due to the:
- Acquisition of two hotels (397 rooms) in operation
- Opening of 11 hotels (1,518 rooms) from the development portfolio
- Acquisition of four hotel development projects (660 rooms)
- Room inventory increase in certain development projects

Additionally, the total FibraHotel portfolio increased thanks to the acquisition of four hotel projects under development (660 additional rooms), while room inventory decreased by seven rooms due to adjustments in the number of rooms of hotels under development.

By year end 2016, FibraHotel's portfolio was comprised of 85 hotels with 12,023 rooms, of which:
- 75 hotels (10,422 rooms) in operation
- 10 hotels (1,601 rooms) in different stages of development

2017

During 2017, FibraHotel increased the number of rooms in its portfolio due to the:
- Acquisition of one hotel (168 rooms) in operation
- Opening of five hotels (683 rooms) from the development portfolio

On September 14th, 2017, FibraHotel completed its seccond follow-on offering through a CBFI issuance that raised MXN $4,505 million.

At the end of 2017, FibraHotel had 86 hotels and 12,216 rooms, of which:
- 81 hotels (11,273 rooms) in operation
- Five hotels (943 rooms) in different stages of development

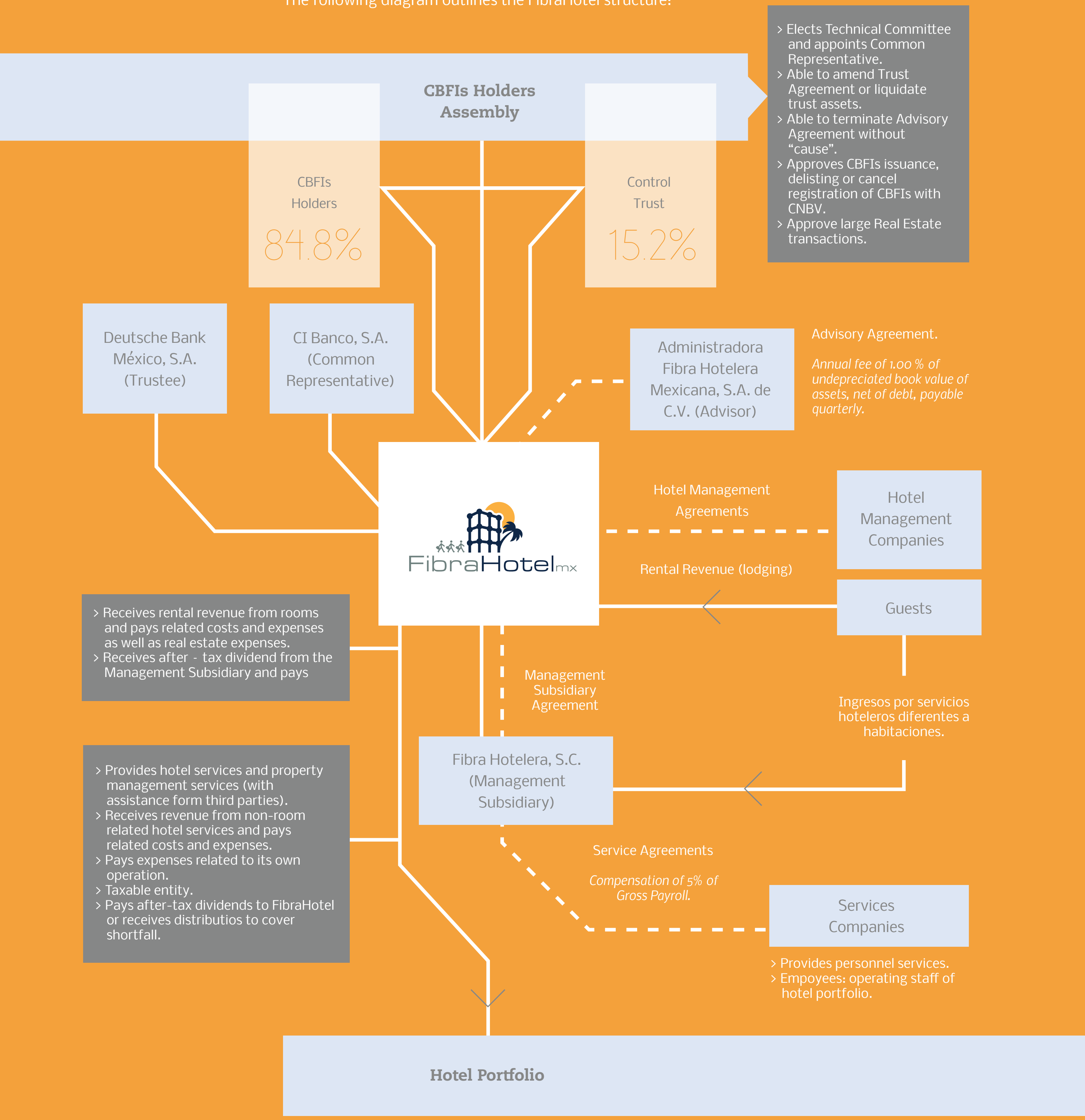
2018

From January 1st, 2018 to the date of this Annual Report, FibraHotel has:
- Opened the Courtyard by Marriott Toreo hotel (146 rooms) from the development portfolio
- Acquired the Fiesta Americana Condesa Cancun hotel with 507 rooms

As of this Annual Report, FibraHotel has 87 hotels and 12,723 rooms (in the "Current Portfolio"), of which:
- 83 hotels (11,926 rooms) in operation
- Four hotels (797 rooms) in different stages of development

Structure

The following diagram outlines the FibraHotel structure:



The FibraHotel structure is composed of the following entities:

Advisor

FibraHotel is externally advised by Administradora Fibra Hotelera, S.A. de C.V. the Advisor. It was established on September 20th, 2012 for the sole purpose of providing advisory services. Some of the responsibilities of the Advisor are to provide guidance and advice to FibraHotel on hotel project development and acquisition strategies, long-term strategic and financial planning, implementation of important decisions, and relationships with investors. The Advisor is entitled to perceive an annual commission, payable quarterly, equivalent to 1.0% of the non-depreciated book value of assets, net of debt. The Advisor does not receive any other commission (acquisition commission, development commission or any other type of commission).

Administrator

FibraHotel is internally managed by Fibra Hotelera S.C., the Administrator, which was established on October 5th, 2012 for the sole purpose of assuming responsibility for the day-to-day management of FibraHotel's business. As of the date of this this Annual Report, the Administrator had a 31-person team (Senior Management, Administration and Finances, Legal, Development, Operation and Maintenance). The Administrator is responsible, among other tasks, for the day-to-day management of FibraHotel's business, property and hotel maintenance, due-diligence for potential acquisition and development opportunities, overseeing renovation / redevelopment projects, supervising property insurance, negotiating on behalf of FibraHotel and organizing the signing of management agreements associated with the hotels.

The Administrator is also responsible for providing certain services unrelated to room rental, such as food and beverage, telephone services, Internet and other similar services for which the Administrator bills hotel guests separately; the income from such services being subject to tax payment. Since the Administrator is not part of the REIT's tax structure, it must pay taxes just as any other company does. The Administrator, using profits generated from non-related room rental activities, pays its proportional share of FibraHotel's general expenditures and its taxes. FibraHotel is responsible for any deficit between revenues and costs of the Administrator.

Service Companies

Because trusts cannot have employees, Service Companies provide FibraHotel with personnel necessary for hotel operations. Ocassionally, hotel operators hire certain key staff, such as general managers, controllers, sales managers, and head housekeepers directly.

In accordance with the service agreement, service companies are entitled to receive a 5% commission over the total payroll they manage for the coverage of operational costs and expenses. On a monthly basis, FibraHotel reimburses service companies wages paid to hotel service staff. By the end of 2017, service companies had approximately 4,700 employees.

Senior Management Team

FibraHotel Advisor

Roberto Galante

Alberto Galante

Simón Galante

FibraHotel Administrator

Eduardo López
Chief Executive Officer

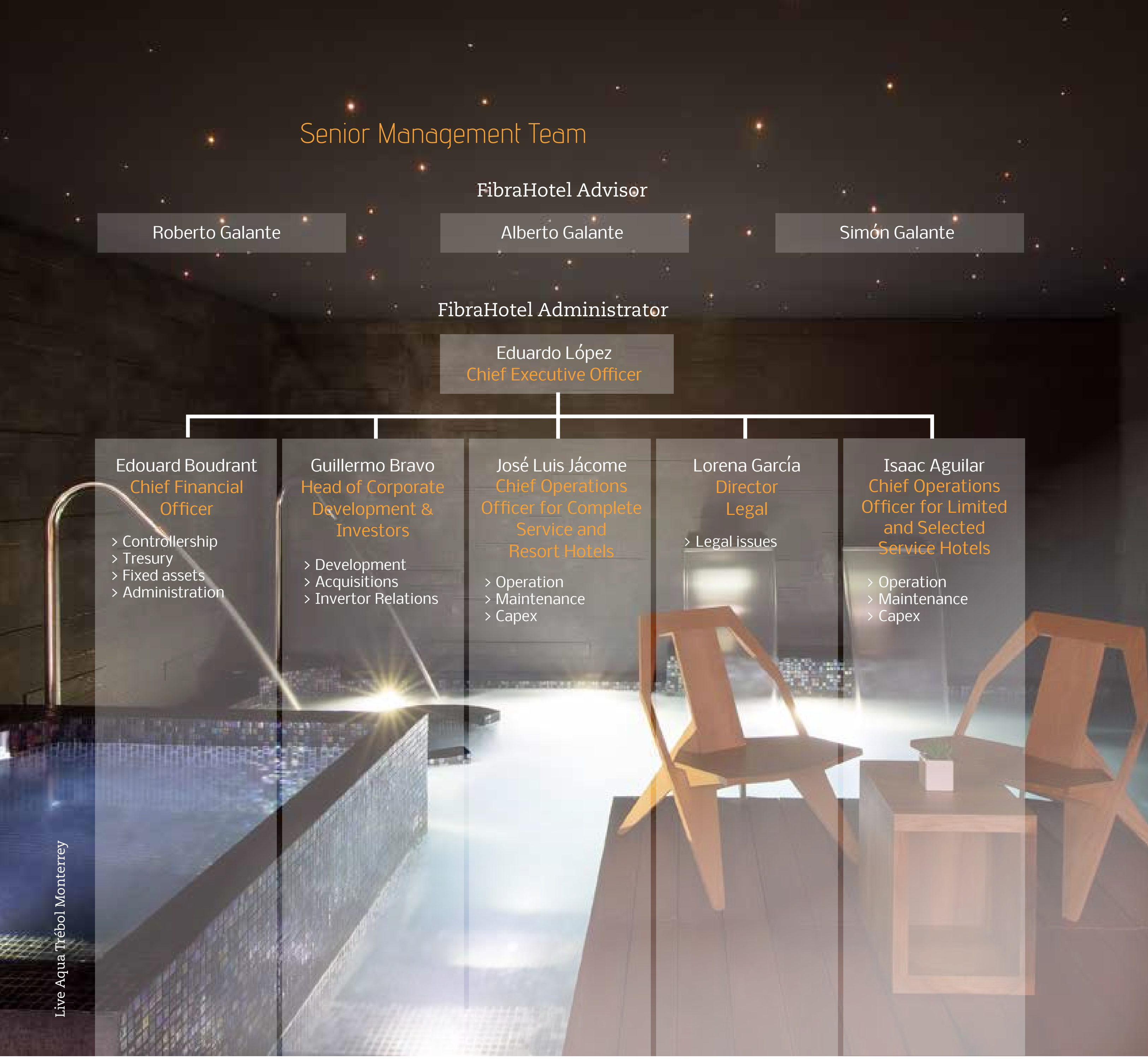
Edouard Boudrant
Chief Financial Officer
- Controllership
- Tresury
- Fixed assets
- Administration

Guillermo Bravo
Head of Corporate Development & Investors
- Development
- Acquisitions
- Invertor Relations

José Luis Jácome
Chief Operations Officer for Complete Service and Resort Hotels
- Operation
- Maintenance
- Capex

Lorena García
Director Legal
- Legal issues

Isaac Aguilar
Chief Operations Officer for Limited and Selected Service Hotels
- Operation
- Maintenance
- Capex



Live Aqua Trébol Monterrey

The Administrator's team has 31 people at the date of this Annual Report, which includes the senior management team, development, operations, treasury, administration, legal, maintenance and fixed-assets departments. Some systems and accounting services are performed externally by Conectum, a shared service center with more than 16 years of experience in the hospitality industry.

The FibraHotel Senior Management Team is formed by the following executives:

- **Simón Galante Zaga**. CEO of the Advisor and member of the FibraHotel Technical Committee. Founding member and Executive Director of Grupo GDI. He has more than 20 years of experience in the hotel, commercial and residential segments as a real estate developer and manager, as well as in the acquisition, development and financing of these types of projects. He is a member of the Fondo Hotelero Mexicano I/II, Fondo Comercial Mexicano, La Vista Country Club, Bosque Real and MERCAP, all Grupo GDI companies. He specialized in Business Administration at IPADE.

- **Eduardo López García**. CEO of the Administrator. He was Director of Hotel Investment and Development in Grupo Posadas when he joined as Director of Hotels at Grupo GDI in 2006, when it owned only six hotels. Eduardo negotiated an agreement with a leading Mexican real estate developer and Grupo Posadas to develop additional hotels to be operated pursuant to hotel management agreements with Grupo Posadas. He has 20 years of experience in hotel development and administration.

- **Edouard Boudrant**. Chief Financial Officer of the Administrator. He holds a double degree in Business Administration from Universidad de Las Américas Puebla in Mexico and from Centre d'Études Supérieures Européennes de Management in France and a masters degree in corporate law from École Supérieure des Sciences et Économiques et Commerciales in France and his professional experience includes time working as a Vice President at investment banks in France as well as in Mexico and as an Analyst at a private capital fund in France. Mr. Boudrant has over eight years of experience in investment banking in BBVA Bancomer in Mexico and Lazard-NATIXIS and Sociéte Générale in France.

- **Guillermo Bravo Escobosa**. Head of Corporate Development & Investors a Head of Corporate Development & Investor Relations. Mr. Bravo has a degree in Industrial Engineering, graduated from the Universidad Iberoamericana in Mexico and holds a Masters Degree in Business Administration from the University of Chicago Booth School of Business in the U.S. His professional experience includes time working as a Credit Analyst and Relationship Manager at Scotiabank Inverlat in Mexico, as well as an Associate in J.P. Morgan's Diversified Industries and Latin America M&A teams in New York.

- **Lorena García Núñez.**Legal Counsel of the Administrator. She joined Grupo GDI in 2002 and has over 15 years of experience in the real estate and hotel development business.

- **José Luis Jácome Herrera**. Chief Operations Officer of the Administrator. He has a degree in Tourist Business Administration from the Universidad Anáhuac del Sur and from the École Supérieure de Gestion in Paris, France, specializing in Hotel, International and Luxury Marketing. Currently, he is pursuing a specialty in Financial Administration in the Instituto Tecnológico de Estudios Superiores de Monterrey. His professional experience includes more than eight years hotel operations from a variety of hotel groups, such as Fairmont, Posadas and Las Brisas, among others, serving in a variety of roles from Hotel Manager, General Manager to Reception Manager and Food and Beverage Manager.

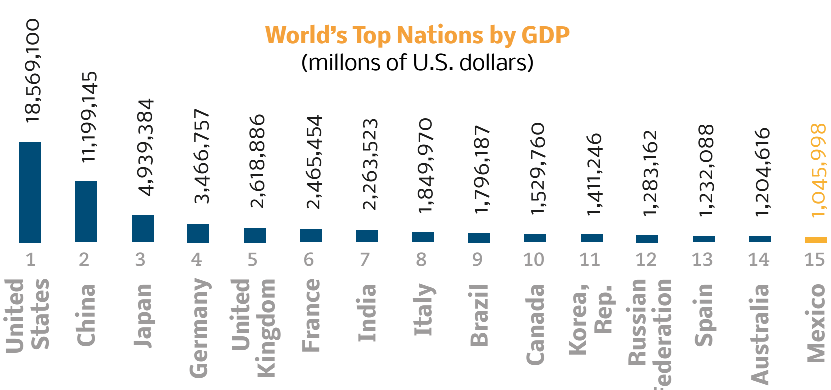
- **Isaac Aguilar**. Chief Operations Officer of the Administrator. He has a degree in business management, specialization in hotel management from Escuela Panamericana de Hoteleria, and has also completed various financing, marketing and operating hotels seminars including certifications from Posadas and IHG. His professional experience includes more than 14 years working in different hotel chains such as IHG and Posadas, in different positions ranging from sales executive up to commercial director.

Industry overview

The Mexican Lodging Industry and Market Opportunity

Mexican Macroeconomic Outlook

Mexico is the second largest economy in Latin America and the 15th largest in the world, according to the World Bank. Mexico has attained greater macroeconomic stability over the last several decades resulting in reduced national credit risk. During this period, Mexico has been able to diversify its sources of revenue primarily through the development of its manufacturing, service and tourism sectors, which has enabled it to withstand the recent decline in international cost, and production of oil in Mexico. Its unique geographic location, and extensive infrastructure and trade agreements have contributed considerably to Mexico's improved economic performance during this period. According to Oxford Economics, growth in Mexico's GDP over the next ten years is expected to average approximately 2.3% per year. In addition, the manufacturing and tourism sectors are expected to continue playing pivotal roles in Mexico's future economic growth.



Source: World Development Indicators Database, The World Bank, April 2017.

Furthermore, Mexico's economy has shown remarkable resilience over the last decade, despite external economic factors, such as those discussed below. According to INEGI, consumption and exports have been the main engines of Mexico's growth. In 2017, exports have shown significant dynamism, driven primarily by moderate global expansion and increased competitiveness.

In recent years, consumer demand growth has fueled general economy growth. In particular, the unemployment rate has declined since 2010, from 5.2% in the first quarter of 2010 to 3.1% in the second quarter of 2017, which is a historic low. In addition, beginning in the end of 2017 Mexico began to experience a recovery in consumer credit. According to the CNBV, total consumer credit grew at a compound annual growth rate, or CAGR, of 11.1% between 2014 and 2016, and the average annual monthly growth rate during the six months ended June 30, 2017 was 11.0% year-over-year. As of June 30, 2017, there was MXN $893.9 billion of consumer debt outstanding.

Additionally, Mexico has undertaken significant reforms in its energy and telecommunications sectors, as well as in education, politics, and taxation. We expect that these reforms, particularly those associated with energy and telecommunications, will encourage direct foreign investment in Mexico, which according to the United Nations Conference on Trade and Development, or UNCTAD, was approximately US$29 billion in 2016 and an average of approximately US$32 billion in the last five years.

Nevertheless, the Mexican economy faces significant risks, both domestic and foreign, including the prospect of downgrades in Mexico's short-term sovereign credit rating, the

Camino Real Puebla

elections in Mexico in 2018, continuing security risks, potential changes to US trade policy, uncertainty surrounding the possible renegotiation of the North American Free Trade Agreement, or NAFTA, geopolitical events, political events and growth deceleration or economic contraction in emerging economies.

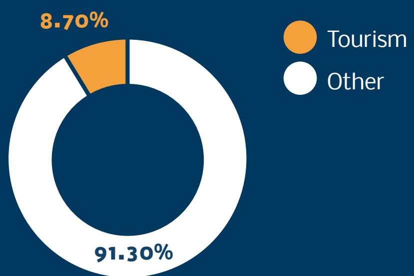
Tourism in Mexico

According to Mexico's Ministry of Tourism, during 2017 Mexico welcomed more than 39 million international arrivals, a 12% increase over the prior year and 68% higher than 2012. Mexico is already considered to be one of the top tourist destinations in the world and, in recent years, its tourism industry has grown significantly. In 2017, the World Trade Organization, or WTO, ranked Mexico as the sixth most popular tourist destination by tourist arrivals, advancing from 15th place in four years. Mexico's emergence as a top tourist destination reflects the diverse offering of accommodation and recreation, in addition to increased perception of Mexico as a tourist destination internationally.

In 2014, the tourism sector accounted for approximately 8.5% of Mexico's GDP and grew at a CAGR of 6.35% from 2008 to 2015, according to the Organization for Economic Co-operation and Development, or OECD, trailing only manufacturing and service sector growth during this period. In particular, the tourism industry is the third-largest generator of foreign exchange for Mexico, only behind remittances.

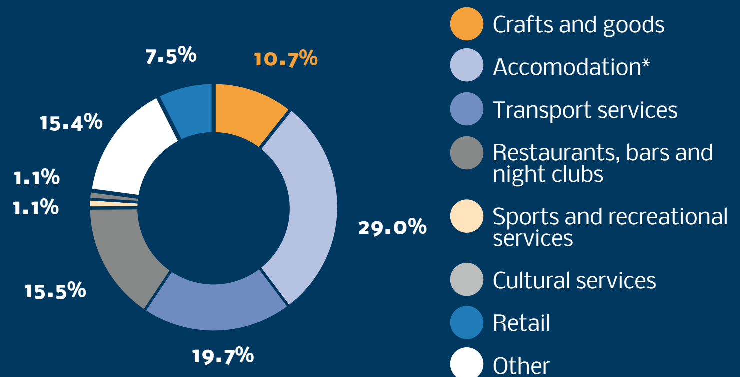
The charts below set forth tourism as a percentage of GDP and tourism-related revenues by product type for the year ending on December 31, 2017:

Tourism as a Percentage of GDP



Source: INEGI and Datatur, extract april 2017.

Tourism GDP by product, 2017



Source: INEGI, extract april 2017. * Includes timeshare and second home.

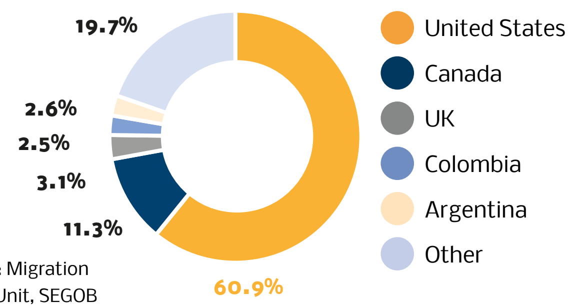
The table below presents global rankings by tourist arrivals between 2013 and 2016:

	Ranking				Tourists	Growth
Country	2016	2015	2014	2013	(million) 2016	2016
France	1	1	1	1	82.6	-2.25%
United States	2	2	2	2	77.5	0.00%
Spain	3	3	3	3	75.6	10.85%
China	4	4	4	4	59.3	4.22%
Italy	5	5	5	5	52.4	3.35%
United Kingdom	6	8	8	8	35.8	4.07%
Germany	7	7	7	7	35.6	1.71%
Mexico	**8**	**9**	**10**	**15**	**35**	**8.70%**

Source: WTO

According to information from Datatur, 17.9 million international tourists arrived in Mexico by air travel in 2017. The following chart shows the arrival in Mexico of international tourists by air travel by nationality:

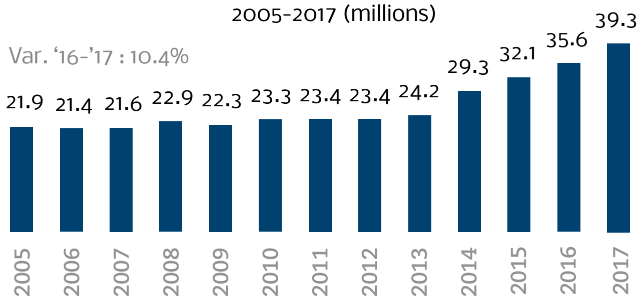
Nationality of International Tourists 2017 (17.9 millions)



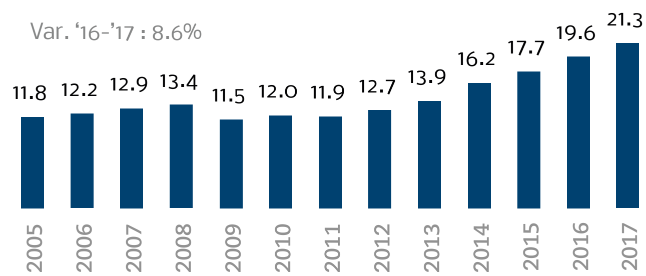
Source: Migration Policy Unit, SEGOB

Mexico has benefited from increases in foreign currency expenditures alongside increased arrivals of international tourists. The following charts illustrate international travel growth to Mexico and annual foreign currency expenditures from 2005 to 2017:

Arrival of International Tourists
2005-2017 (millions)



Foreign currency expenditures by International Visitors
2005-2017 (US$ billions)



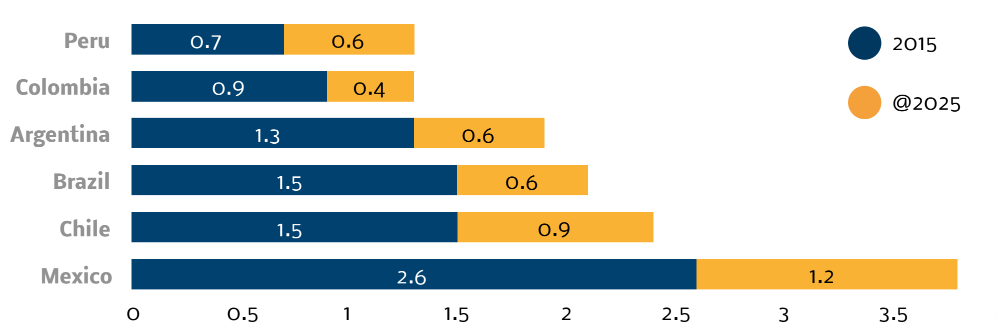
Source: Balance de Pagos, Banco de México

The Mexican Lodging Industry

Mexico is well positioned to benefit from long-term international tourism trends because of its proximity to the United States and Canada, which together represent approximately 359 million people who are, on average, 3.5 hours away by air (6 hours maximum) from Mexico's main tourist destinations.

The Mexican lodging market has been transformed by these national and regional economic trends. We believe room demand will continue to increase more rapidly than supply in the following years, and that this growth in demand will result in a national increase in RevPAR on an annual basis. We believe that Mexico has the best developed hospitality sector in Latin America, as demonstrated by high levels of tourism during the last four years, wide distribution among tourist and business destinations, and a well-established and growing business market, which we believe will continue growing together with the broader national economy. According to JLL, Mexico is projected to continue being the most advanced economy in terms of lodging in Latin America by 2025. JLL expects net supply in hotel rooms to continue growing at a 5.0% rate until 2025.

Hotel Supply Ratio per LATAM Country

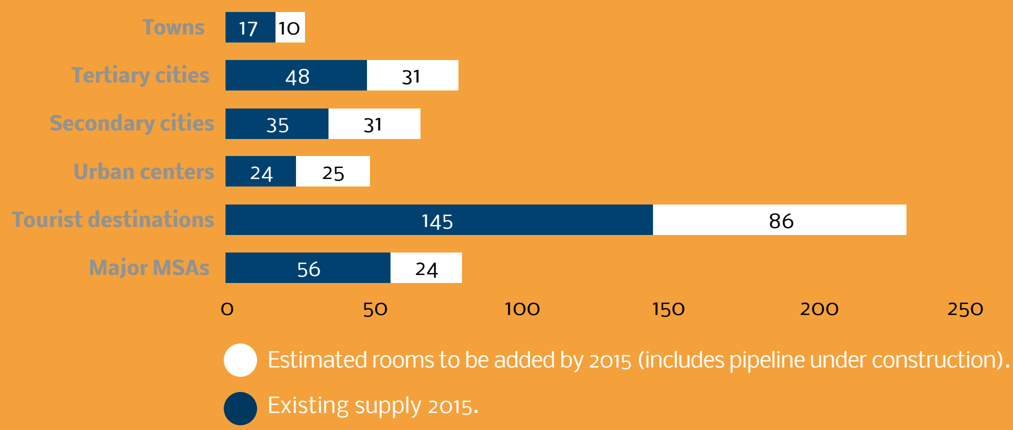


Note: The Hotel Supply Ratio ("HSR") is derived by dividing the total estimated number of relevant hotel rooms in a country by 1,000 inhabitants (the US HSR is of 15.7).

Source: JLL, Impact of economic transformation on Latin America's lodging industry Report, May 2016.

According to JLL, tourist destinations will be the primary growth source in terms of room supply in Latin America during the next decade, followed by urban centers and secondary cities. Urban centers are expected to track increased lodging investments in the automotive and manufacturing hubs found in the Bajío region of Mexico. The following graph shows the estimated growth in room supply by city size and type:

Estimated Supply of Rooms by City Size and Type
(2015-2025)



Source: JLL, Impact of economic transformation of Latin America's lodging industry report, May 2016. Notes: City size categorization (population): Town 0-100,000, Tertiary city 100,000-500,000, Secondary city 500,000-1,000,000, Urban center 1,000,000-3,000,000, Major Metropolitan Statistical Areas ("MSAs") 3,000,001-Up.

Mexican Lodging Market Growth

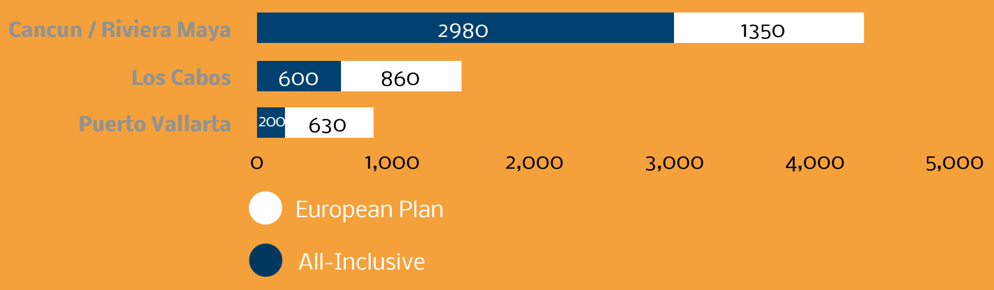
The Mexican lodging market has a limited number of institutional owners with significant portfolios, several of which are operators with franchised brands. However, the lodging market is significantly fragmented overall.

According to the hotel consulting firm HVS, there is a significant increase in hotel development projects in different urban and industrial markets, accompanied by an important industrial sector growth, although there is some moderate uncertainty derived both from the NAFTA renegotiation and the electoral environment. Also, as of May 2018, a representative range of ADR for limited service hotels is MXN $750- $1,100, MXN and $1,250 - $1,450 MXN for select service hotels in Mexico.

Lodging for Leisure Travelers

Within the Mexican resort sector, two lodging models have been successfully implemented at resort properties: the "all-inclusive plan" and the "European plan". The following table provides a comparison of the primary characteristics of each program, including value drivers:

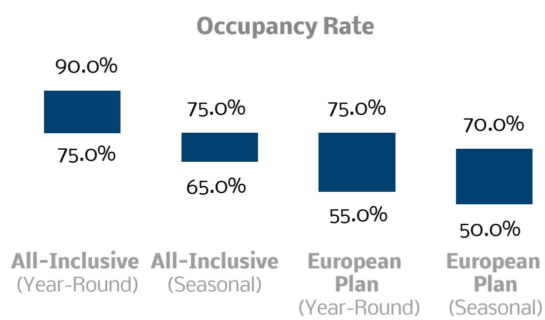
Expected growth in the room offering under major tourist beach destinations in Mexico



	All-Inclusive Pricing per person / night, Total cost is known		European Plan Pricing per person / night, Total cost is unknown
Pricing	- Lodging - Food and beverage - Recreational and sports activities	- Taxes - Gratuities - Flights and transfers to/from airport - Childcare	- Lodging
Product	- Larger facilities - Golf, spa and more	- Multiple food and beverage outlets, activities and entertainment facilities	- More limited footprint - Fewer food and beverage outlets
Primary distribution	- Wholesalers - Tour operators	- Brand.com - Travel Agents - OTAs	- Brand.com - Travel Agents - OTAs
Value drivers	- Drive occupancy - Yield management - Cost control focus		- Drive ADR - Revenue focus
Customer loyalty	- Club memberships (guest pays for future discounts)		- Frequent guest loyalty programs (lodging companies compensate hotel owners)
Market type	- Predominantly resort-orientated locations		- Urban or resort locations

Source: JLL Research, Hotels & Hospitality 2017 Report

Both plans represent different opportunities and characteristics, which in turn depend on guest preferences. Hotels offering an all-inclusive plan tend to have higher occupancy rates and margins compared to hotels using European plans.



Source: Investors presentation, March 4th 2017 of Playa Resorts and JLL.

Camino Real Puebla

FibraHotel Investment Highlights

We believe that we are well-positioned to offer investors a growth platform and a value-added opportunity. We believe that the lodging market in Mexico continues presenting good opportunities for both us and our investors for the following reasons:

Scarcity value

- We are one of the largest hotel owners in Mexico, and among the first lodging real estate investment trusts in Latin America. The number of large companies in this market is limited and the number of participants listed on a stock exchange is even more limited: the market offers only a small number of investment opportunities in the lodging sector and we believe we are the best-positioned publicly-traded FIBRA focused on the lodging sector.

Sustainable growth

- The Mexican economy's dynamism and demonstrated industrial activity, i.e., high levels of direct foreign investment, as well as long-term strong underlying fundamentals of the tourism sector, are factors that promote the business and leisure travel lodging industry in Mexico.
- The Mexican lodging market is underpenetrated, with lower hotel penetration per capita compared to more developed economies.
- High levels of fragmentation in the Mexican lodging industry characterized by the small number of investment vehicles that can actively participate in its consolidation.
- Opportunities to purchase, and experience purchasing, non-branded hotels that are not appropriately managed in order to renovate and reposition them in the market.
- Many of the largest Mexican and international hotel operators intend to expand their operations and diversify their exposure in the lodging sector in Mexico through joint ventures with local investors ("asset light strategy") and through sales of part of their real estate assets.
- A race for scale and market share is driving a rapid consolidation in the lodging market in Mexico.
- Extraordinary growth from our portfolio with an efficient operating model. Since our initial offering through the date of this offering memorandum, our portfolio has grown from 21 hotels in our initial contribution portfolio to 87 hotel properties as of the date of this offering memorandum, and the number of rooms has grown from 2,810 in our initial contribution portfolio to 12,723 rooms as of this annual report date.

We believe that we can continue taking advantage of these opportunities due to factors such as the experience of our Advisor and our senior management team, their relationships with members of the Mexican lodging industry, our open architecture, and our access to capital and tax advantages for future contributors of real estate assets.

We believe that our competitive advantages, including our established hotel platform with a strong growth track record, our difficult-to-replicate portfolio of high quality hotels, which is diversified geographically and across multiple brands, and strategies we have and will continue to implement, differentiate us from our competitors in Mexico and will enable us to continue growing our portfolio of premium real estate assets.

Fiesta Americana Pabellón M

FibraHotel Strategy

Our Competitive Strengths

We believe that we have the following competitive strengths:

Market leader with an attractive, multi-branded and diversified hotel portfolio that is difficult to replicate. We own a portfolio of high quality hotels in Mexico that is diversified by geography, hotel segment, brand, hotel operator and targeted customer base. We believe that our portfolio is well-balanced between stabilized properties, properties in the process of stabilizing, and development projects, providing us with strong cash flows and significant embedded growth potential, and is structured for ongoing performance in a variety of market conditions and lodging cycles due to the mix of hotels across different segments. We also believe that the quality of our hotels, in combination with the diversity of our portfolio, differentiates us from our competitors and is difficult to replicate. Our properties include iconic hotels such as Live Aqua and Grand Fiesta Americana Trebol Monterrey, AC by Marriott Guadalajara and Fiesta Americana Pabellón M. Our hotels operate in attractive segments within the Mexican lodging industry, which we believe are characterized by the potential to generate attractive returns on invested capital and the opportunity for significant growth. We believe there is currently significant demand for the types of facilities and services that our properties offer, and we are uniquely positioned to capture this demand due to the high-quality and strategic location of the hotels in our portfolio, as well as our rigorous and proactive asset management. Our hotels are located primarily in markets that have significant industrial, corporate and/or tourism activity, which we believe generates demand for hotels catering to business and leisure travelers. In addition, our hotels are situated in strategic locations with a variety of barriers to entry, including their location in, or near, mixed-use projects, shopping centers, airports, industrial centers, and bus terminals, where there is generally a scarcity of land available for development. The location of our hotels in these strategic sites is difficult to replicate and provides our guests with access to a wide range of complementary amenities and services that enhance the customer experience. In addition, our hotels, which are managed by leading hotel operators, including Grupo Posadas, Grupo Real Turismo and Marriott International, operate under nationally and internationally recognized brands, including Fiesta Americana, Camino Real, Fiesta Inn, Courtyard by Marriott and One Hotels, among others. We believe our association with these strong brands drives consumer demand for our hotels because of quality in service, loyalty programs, modern reservation systems, and national and international marketing platforms.

Established, highly scalable platform with a solid growth track record. We have a well-established, market leading and highly scalable platform with over 25 years of history, including over five years as a public company, and a combination of an experienced senior management team, strong relationships, deep industry knowledge and an industry leading position on the lodging market in Mexico. Our senior management has in-depth knowledge of the Mexican real estate market, significant experience in acquiring, developing, financing, renovating, repositioning, redeveloping and managing hotels, and long-standing relationships with hotel owners, hotel operators, financial institutions, institutional investors, global hospitality brands, lenders, attorneys, hotel brokers, leading developers and other key industry participants. Our platform, which leverages our senior management team's broad network of contacts, allows us to source and identify opportunities to acquire and develop high quality hotels and, as a result, we have grown to become one of the largest hotel owners in Mexico. Since our IPO in November 2012, we have grown our initial contribution portfolio of 21 hotels with 2,810 rooms at the time of our initial offering to a portfolio that today includes 87 hotel properties with 12,723 rooms and is diversified by hotel segment, geography, brand, hotel operator and customer base. Our dynamic platform has enabled us to achieve this growth by both acquiring hotels in operation and developing new hotels, successfully acquiring and integrating additional types of hotels in different segments, such as full-service hotels in major metropolitan areas that generate substantial US dollar-denominated revenues, into our portfolio, and expanding our relationships with leading hotel operators to include new hotel operators and brands. We believe that our platform differentiates us from many of our competitors and will continue to support our growth strategy as we seek to expand our business and capitalize on the numerous attractive opportunities that we believe exist in the lodging market in Mexico.

Strong balance sheet and access to diverse sources of capital to fund our growth. As of December 31st, 2017, our total debt was MXN $3,166 million, which represents 18.4% of our total assets, which was less than the average 27.0% of Mexican FIBRAs as of December 2017. As of December 31st, 2017, net debt was MXN ($1,562) million. As of that date, the available borrowings under our credit facilities were approximately MXN $457 million. We have access to capital from financial institutions at what we consider to be an attractive borrowing cost relative to our competitors because of our strong credit track record and the quality of our assets. In addition, as a publicly-traded FIBRA, we have access to public capital markets and ability to fund the acquisition of hotel properties through the issuance of CBFIs to sellers who may be seeking a tax-efficient liquidity option and access to a larger and more diversified portfolio of properties through the ownership of a publicly-traded security.

Fiesta Americana Pabellón M

As a result of our ability to raise capital in public equity markets, use our CBFIs as acquisition currency, utilize our borrowing capacity due to our strong asset base, and scale of operations, we believe that we are well-positioned to continue executing our investment strategy and financing our growth in a cost-efficient manner, which will maximize value for our CBFI holders.

Robust business model. We believe we have structured our arrangements with our hotel operators so that their interests and our interests are closely aligned. Pursuant to the terms of our agreements with hotel operators, we pay predominantly variable fees based on our gross operating profit. We believe this fee structure provides us with flexibility to manage our costs and operate at lower break-even points during unfavorable business cycles. Additionally, we have an internalized development platform without development fees. We believe that we have the processes and teams in place to successfully develop our hotels using independent experienced subcontractors, mitigating any potential conflicts of interest with Grupo GDI, which enables us to leverage our development capabilities across a wide geographic region in Mexico without sacrificing close supervision and control over hotel projects. Through our internalized development platform, we have successfully developed 29 hotels since our initial offering.

Rigorous asset management is the cornerstone of our business model. We actively monitor and advise our third-party hotel operators on most aspects of our hotels' operations, including property positioning and repositioning, operations analysis, physical design, renovation and capital improvements, budgets and overall strategic direction. As a result of our rigorous asset management, we believe that we have developed an efficient operating model that yields substantial operating leverage in a variety of market conditions and industry cycles. We believe there is upside in our current RevPAR levels, primarily in ADRs at our stabilized properties, and both in occupancy and ADRs at our stabilizing properties, which together with our operating leverage we expect will continue to increase our profitability. We also believe that we will continue to be able to increase the RevPAR and profit margins of hotels that we acquire in the future as we transition new hotels onto our operating platform.

Association with leading hotel brands and hotel operators. Our hotels are associated with nationally and internationally recognized brands and are operated by leading hotel operators, including Grupo Posadas, Marriott International and Grupo Real Turismo, which we believe generates demand because of strong brand recognition, quality of service, loyalty programs, national distribution channels, marketing platforms, modern reservation systems and effective product segmentation, which we believe results in higher rates of occupancy, ADR and RevPAR. Furthermore, our open architecture enables us to select the right hotel operator and brand for each hotel opportunity, which better positions us to continue our growth across segments and geographic regions without sacrificing profitability, thereby generating additional value for our CBFI holders.

Long-term alignment of interests with the sponsor and senior management. As of December 31st, 2017, the Control Trust held more than 15.7% of our outstanding CBFIs. We believe that the significant ownership interest in us held by our Advisor's senior management and the Relevant Principals, and our right of first refusal over investment opportunities sourced by the Relevant Principals, taken together, create a long-term alignment of our interests and the interests of our Advisor and Grupo GDI. In addition, we have structured our relationships with our Advisor and Grupo GDI so that our interests and the interests of our Advisor and Grupo GDI, respectively, are closely aligned. Furthermore, pursuant to our trust agreement and the contribution agreements pursuant to which Grupo GDI contributed to us the initial contribution portfolio as part of our formation transactions, the Relevant Principals have agreed to provide us with the right of first refusal to purchase any future lodging investment opportunity sourced by any of them, to the extent that such opportunity meets substantially all of the eligibility requirements for investment contained in our trust agreement, so long as the control trust holds at least 15% of our outstanding CBFIs.

Strategy

Our Investment and Growth Strategies

Our objective is to generate attractive risk-adjusted returns for holders of our CBFIs primarily through distributions, as determined by our technical committee, and capital appreciation. We intend to achieve this objective through the ownership, expansion and asset management of a high-quality, multi-branded and diversified portfolio of hotel properties throughout Mexico, operated by well-regarded independent hotel operators. We intend to pursue this objective further through the strategies set out below.

Continue to increase our presence in the resort and full-service segments, targeting leisure and group travelers. We intend to further expand our portfolio by targeting resort properties in leading tourist destinations in Mexico, as well as full-service hotels that are located in main metropolitan areas and other destinations that generate significant business and tourist activity. We consider the resort and full-service segments to be extremely attractive for investment given their ability to capture demand from the tourism industry in Mexico, which continues to exhibit strong long-term fundamentals, and their potential to generate US dollar-denominated revenues. The Mexican lodging sector has experienced significant growth in recent years as a result of record levels of tourist arrivals in each of the last five years, significant investment in tourism-related infrastructure, increased international flight arrivals to Mexico, improved connectivity with key markets in the United States and Canada through modern and efficient airports, and continued expenditure growth by international tourists in Mexico. There has also been growth in domestic travel within Mexico in recent years, which is attributable in part to enhanced purchasing power among middle-income households in Mexico and a government-sponsored campaign encouraging Mexicans to travel domestically.

In pursuing our strategy of focused growth in the resort and full-service segments, we intend to target hotels located in key tourist destinations and in major metropolitan areas, cater to domestic business and leisure travelers as well as international visitors, have the capacity to host large-scale events, including weddings and conventions, and generate primarily US dollar-denominated revenues.

We are targeting the resort and full-service segments for the following reasons:

- We believe there is significant demand from foreign travelers for resort and full-service lodging, particularly from the United States and Canada. By continuing to expand our portfolio into the resort and full-service segments, we will increase our US dollar-denominated revenues while maintaining the majority of our operating expenses in Pesos.

- We believe the resort and full-service segments present an opportunity for potentially significant ADR and RevPAR growth. There has been more growth in ADR and RevPAR in the resort and full-service hotel segments than in the limited-service and select-service segments in the last three years.

- We believe that demand for resort and full-service lodging, particularly in key tourist and urban destinations, depends on different factors than demand for limited-service and select-service lodging, providing us with an opportunity to enhance the performance of our portfolio through a variety of market conditions and economic cycles. Furthermore, our strategically located, full-service hotels usually generate demand from business travelers as well as leisure travelers, which can lead to higher occupancy rates and RevPAR.

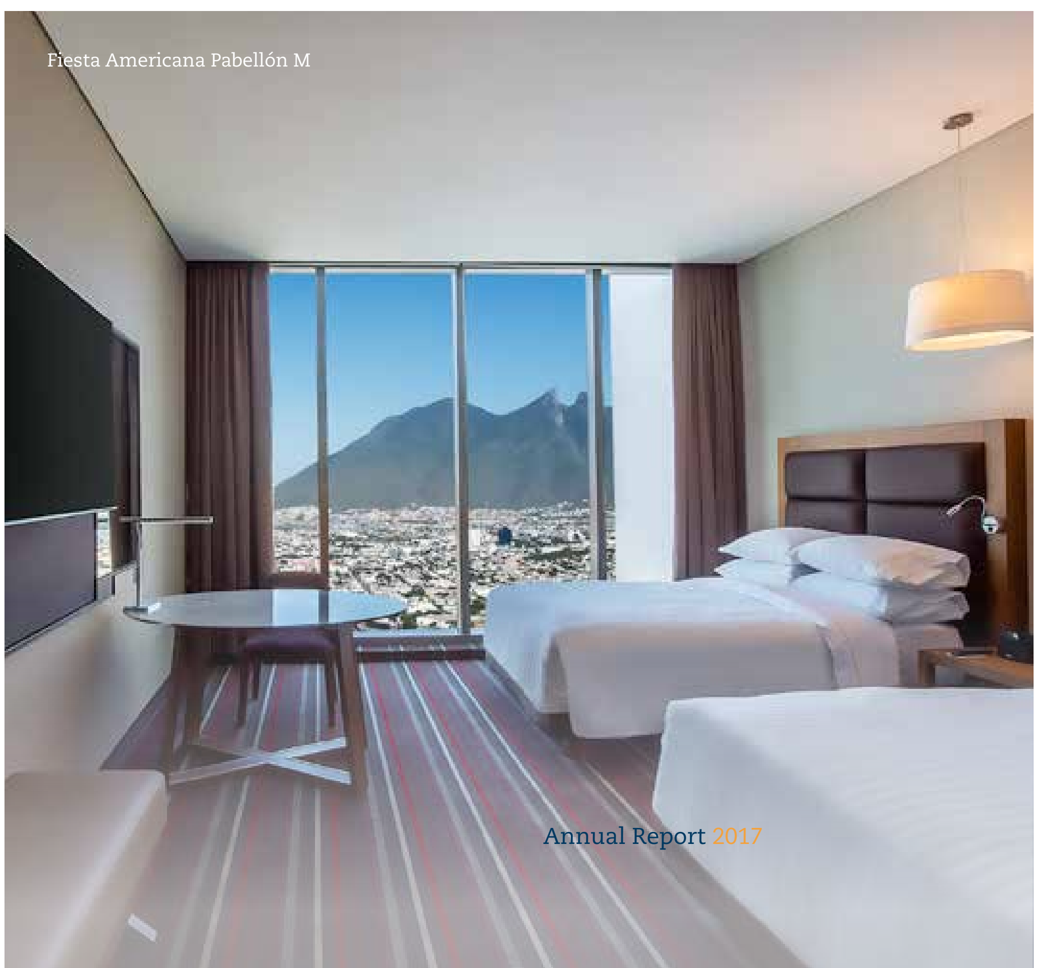
- Resorts and full-service hotels generally offer facilities and amenities for hosting weddings, conventions, and other large events, which can provide an additional source of operating cash flow and reduce overall seasonal change sensitivity to the lodging demand among business and leisure travelers.

For these reasons, we believe that the resort and full-service segments have significant potential for growth over time.

With respect to hotels in the full-service segment, we intend to target properties in large metropolitan areas in Mexico that are located within high-quality, mixed-use complexes offering an array of culinary and entertainment options and provide the opportunity to produce dollar-denominated revenues. We believe that investments in hotels located within mixed-use complexes enable us to own world-class properties offering customers the hotel services and amenities that they demand and provide them with access to restaurants and other entertainment, without incurring in the overhead cost of maintaining hotel restaurants and other amenities, thus maximizing yield for our CBFI holders.

We will also seek to expand our portfolio to include hotels in the resort segment by acquiring and developing resorts located in prime tourist destinations in Mexico, including Cancun, the Riviera Maya, Los Cabos, Puerto Vallarta and Riviera Nayarit, among others. For example, we have entered into an agreement to acquire Fiesta Americana Condesa Cancun, an iconic all-inclusive five-star resort located in Cancun, Mexico's premiere tourist destination, using a portion of the net proceeds of this offering.

We believe that extending our reach into the resort segment and expanding our presence in the full-service hotel segment will enable us to strategically complement our current hotel platform, increase our customer base, strengthen the quality of our revenues and assets, continue to grow our AFFO per CBFI through accretive acquisitions and continue to effectively manage portfolio risk through increased diversification, and provide us with access to a broader range of investment opportunities. In addition, full-service hotels and resorts represent larger investments than limited- and select-service hotels; therefore, we believe we will need to acquire and develop fewer properties in order to significantly grow our cash flows.


Fiesta Americana Pabellón M

Continue our leadership position in the business hotel segment. We plan to continue enhancing our leadership position by acquiring, developing, or repositioning hotels in our portfolio catering to business travelers. We plan to increase our presence by acquiring or developing hotels in markets where there is strong lodging demand such as large metropolitan centers, in underserved regions and in strategic locations such as mixed-use complexes. Due to our robust development capabilities and strong track record, we are also uniquely positioned to pursue development opportunities in the full-service hotel segment. In addition, we can rely on our senior management team's strong relationships with developers of mixed-use properties and hotel operators associated with leading internationally and nationally recognized brands to source the types of full-service hotel opportunities that fit our investment profile - hotels located in mixed-use complexes targeted to business and leisure travelers. We are also well-positioned to negotiate agreements with leading hotel operators on what we believe are favorable terms, which enables us to optimize costs and maximize yields for our CBFI holders.

We also seek to generate strong returns on investment from our properties through value enhancement initiatives such as renovation, repositioning or re-branding. Additionally, we continuously seek opportunities where we can create value in select properties by converting hotels to a different use at the right price.

Seek a balance between acquisitions and development projects in the resort and full-service segments. Foremost, we intend to acquire resorts and full-service hotels that are in operation. However, we will also selectively target development opportunities where we believe there is value creation potential. For example, we will seek to develop a full-service hotel rather than acquire an existing operating hotel if we believe acquisition opportunities are overvalued relative to land or mixed-use project opportunities. When we decide to invest in a development or redevelopment opportunity, we focus on projects where we can leverage our management team's experience and expertise, which is difficult to replicate. Due to our senior management team's experience, network and development capabilities, and our resources, we expect to pursue development opportunities not available or accessible to other market participants.

Capitalize on opportunities for organic growth and the stabilization of newly opened hotels. Opportunities for organic growth. We believe we will be able to capitalize on organic growth opportunities because (i) our portfolio is well-positioned to capture the increasing demand for business lodging in Mexico due to the quality of our hotels focused on business travelers, which we believe is generally superior to those of our competitors, and the strategic location of our hotels in corporate and industrial centers; (ii) strong fundamentals in the tourism industry in the short- and long-term will continue to support the growth of our full-service hotels in operation as well as those that are currently under development; (iii) our rigorous asset management, with which we continuously seek to make our operations more efficient and improve the customer experience; (iv) our relationships with leading hotel operators and hotel brands, which generates demand for our hotels as a result of the strength of their reputation, brand recognition, commercial strategies and loyalty programs; and (v) economies of scale derived from our increased size, which provides us with the ability to improve the operating margins at our hotels.

Acquisitions

A central part of FibraHotel growth is based on the strategy of acquiring hotels in operation at the right price so they can be incorporated into the portfolio, adding value to CBFI holders by increasing distribution per CBFI. The acquisition strategy is based on the disciplined purchase of only high-quality hotels in strategic locations and at the right price, which meet both proper cash flow generation (cap rate) and proper repositioning cost (price per key). All acquisitions are evaluated internally ensuring they add value to CBFI holders. FibraHotel aims to acquire both stabilized hotels that


Fiesta Americana Pabellón M

Development

FibraHotel seeks to develop hotels in strategic locations, primarily within mixed use projects in highly dynamic areas that will maximize return on investment in the long-term. The development strategy works as a complement of the acquisition. Under the same conditions, preference is given to the acquisition of hotels already under operation over the development of new hotels. Construction of new hotels will continue in situations where hotel acquisitions can only be done at an expensive price (both in terms of return on investment and cost per key), while the location of the project gives competitive advantage by being in a mixed use project, for example. By developing assets, FibraHotel seeks higher return on investment in comparison to an acquisition.

The process of developing a new hotel starts by identifying strategic areas and mixed-use projects in development. Once the location has been defined, the characteristics of the hotel are determined through a market research, defining the service segment the hotel will cater, the size, amenities expected and different options of brands and operators available. The development of new hotels helps us diversify the portfolio through the construction of hotels made with the specifications of international brands and operators.

FibraHotel's Advisory and Management team have vast experience in hotel development. Due to the number of projects, great costs per key are achieved whilst maintaining general supervision and structure of hotel projects.

As of the date of this report, the portfolio of hotels in development of FibraHotel is the following:

are included in the portfolio under operating schemes with predominantly variable commissions and independent hotels with high real estate value which identify an opportunity for repositioning under a new brand and transferring it to a professional operator in order to maximize cash flow upon portfolio inclusion.

FibraHotel has a development team that is continually creating a pipeline of opportunities that meet investment requirements. An important part of these are unique to FibraHotel and based on the management team and Advisor's relationships with participants in the hotel and real estate industries in Mexico. Furthermore, it seeks high-quality business hotels in strategic locations throughout the country that complement the portfolio and generate value to CBFI holders. Every investment alternative is analyzed by an internal acquisitions committee and updated based on different negotiations conducted by the management team, choosing only the best opportunities for creating long-term value. FibraHotel is convinced that it has a viable acquisition strategy, which makes capitalizing on opportunities possible throughout the cycle in a sustainable manner and achieves continued growth by means of hotel acquisitions. The number of acquisitions that FibraHotel can accomplish is directly linked to market conditions and purchase options available at the right price.

	Hotel	State	Expected opening date	Number of rooms under construction	Investment by FibraHotel (MXN $ millions) Total	Invested as of March 31 2018	Remaining
1	Fiesta Americana Tlalnepantla	CDMX	Q4 2018	223	540	246	294
2	Live Aqua San Miguel de Allende	Guanajuato	Q4 2018	146	700	313	387
3	Fiesta Americana Viaducto (Via 515)	CDMX	Q4 2019	255	650	134	516
4	Fiesta Americana Villa del Mar Veracruz	Veracruz	Q4 2019	173	432	43	389
	Other projects	Various				213	
	Total			**797**	**2,322**	**948**	**1,587**

1. Live Aqua San Miguel de Allende

Location: San Miguel de Allende, Centro Histórico
Brand: Live Aqua
Operator: Grupo Posadas
Segment: Complete Service
Number of rooms: 146
Opening date: Fourth quarter of 2018

2. Fiesta Americana Tlalnepantla

Location: Ciudad de México
Brand: Fiesta Americana
Operator: Grupo Posadas
Segment: Complete Service
Number of rooms: 223
Opening date: Fourth quarter of 2018

3. Fiesta Americana Viaducto (Vía 515)

Location: Ciudad de México
Brand: Fiesta Americana
Operator: Grupo Posadas
Segment: Complete Service
Number of rooms: 255
Opening date: Fourth quarter of 2018

4. Fiesta Americana Villa del Mar Veracruz

Location: Veracruz
Brand: Fiesta Americana
Operator: Grupo Posadas
Segment: Complete Service
Number of rooms: 173
Opening date: Fourth quarter of 2018

FibraHotel Portfolio

Fiesta Americana Condesa Cancún

Presentation of the Portfolio

FibraHotel started 2017 with 85 hotels and 12,023 rooms, of which:

- 75 hotels (10,422 rooms) were in operation
- 10 hotels (1,601 rooms) were in different stages of development

In 2017, FibraHotel increased the number of hotels in operation and hotel development projects due to:

- The acquisition of one hotel (168 rooms) in operation
- The opening of five hotels (683 rooms) from the development portfolio
- Increase in room inventory in the development portfolio

FibraHotel closed 2017 with 86 hotels and 12,216 rooms, of which:

- 81 hotels (11,273 rooms) were in operation
- Five hotels (943 rooms) were in different stages of development

From January 1st, 2018, to the date of this Annual Report, FibraHotel:

- Acquired the hotel Fiesta Americana Condesa Cancun hotel (507 rooms)
- Opened of the hotel Courtyard Toreo (146 rooms)

As of the date of this Annual Report, FibraHotel has 87 hotels and 12,723 rooms, of which:

- 83 hotels (11,926 rooms) are in operation
- Four hotels (796 rooms) are in different stages of development

As of the date of this Annual Report, FibraHotel has a well-diversified portfolio in Mexico with presence in 26 states. The three most important hotels in terms of number of rooms (Fiesta Americana Condesa Cancún, Sheraton Ambassador Monterrey and Fiesta Americana Hermosillo), represent 956 rooms, or 8.0% of the total rooms in operation.

As of the date of this Annual Report, the distribution of hotels in operation is as follows:

SEGMENT	Hotels		Rooms	
	#	%	#	%
Limited-Service	22	26.5%	2,792	23.4%
Select-Service	43	51.8%	6,270	52.6%
Complete-Service	12	14.5%	1,981	16.6%
Resort	1	1.2%	507	4.3%
Full-Service	5	6.0%	376	3.2%
TOTAL	**83**	**100.0%**	**11,926**	**100.0%**

REGION	Hotels		Rooms	
	#	%	#	%
Bajio	12	14.5%	1,730	14.5%
Northeast	15	18.1%	1,951	16.4%
Northwest	16	19.3%	2,333	19.6%
West	7	8.4%	1,107	9.3%
South	20	24.1%	2,992	25.1%
CDMX	13	15.7%	1,813	15.2%
TOTAL	**83**	**100.0%**	**11,926**	**100.0%**

Portfolio Map

The following illustration shows the distribution of the FibraHotel portfolio as of the date of the current Annual Report.

Fiesta Americana Condesa Cancún

87 hotels
(83 in operation)

12,723 rooms
(11,926 in operation)

26 states
(Presence)

No.	Hotel
1	Fiesta Inn Culiacán
2	Fiesta Inn Durango
3	One Monterrey
4	One Acapulco
5	One Toluca
6	One Coatzacoalcos
7	Fiesta Inn Tepic
8	One Aguascalientes
9	Fiesta Inn Hermosillo
10	One Culiacán
11	Fiesta Inn Ecatepec
12	Fiesta Inn Perinorte
13	Fiesta Inn Nuevo Laredo
14	Fiesta Inn Naucalpan
15	Fiesta Inn Cuautitlán
16	Fiesta Inn Perisur
17	Camino Real Puebla
18	Fiesta Inn Chihuahua
19	Fiesta Inn Guadalajara
20	One Querétaro
21	Fiesta Inn Aguascalientes
22	Fiesta Inn Monterrey Aeropuerto
23	Fiesta Inn Querétaro
24	Fiesta Inn Saltillo
25	One Patriotismo
26	Fiesta Inn Ciudad Juárez
27	Fiesta Inn Mexicali
28	Fiesta Inn León
29	Fiesta Inn Monclova
30	Fiesta Inn Torreón
31	Real Inn Morelia
32	Camino Real Puebla Suites
33	One Tapatío
34	Fiesta Inn Puebla FINSA
35	Fiesta Inn Oaxaca
36	One Puebla FINSA
37	Real Inn Guadalajara
38	Fiesta Inn Tlalnepantla
39	Fiesta Inn Toluca Tollocan
40	Real Inn Mexicali
41	Fiesta Inn Lofts Monclova
42	One Monclova
43	Grand Fiesta Americana Monterrey Valle
44	Live Aqua Monterrey Valle
45	Courtyard Vallejo
46	Fairfield Inn Vallejo
47	Fiesta Americana Aguascalientes
48	Fiesta Inn Xalapa
49	One Xalapa
50	Fairfield Inn Villahermosa
51	Fiesta Inn Ciudad Obregón
52	Fiesta Inn Lofts Querétaro
53	Gamma León
54	Courtyard Ciudad del Carmen
55	Fiesta Inn Lofts Ciudad del Carmen
56	Gamma Valle Grande
57	Farifield Inn Los Cabos
58	Fiesta Inn San Luis Potosí Oriente
59	Gamma Tijuana
60	Fairfield Inn Saltillo
61	AC by Marriott Torre Américas Guadalajara
62	AC by Marriott Antea Querétaro
63	One Perisur
64	Sheraton Ambassador Monterrey
65	Live Aqua Boutique Playa del Carmen
66	Fiesta Inn Los Mochis
67	Fiesta Inn Cuernavaca
68	One Cuernavaca
69	Fairfield Inn & Suites Juriquilla
70	One Durango
71	AC by Marriott Veracruz
72	Fairfield Inn & Suites Nogales
73	Fiesta Inn Lofts Monterrey
74	Fiesta Americana Viaducto (Vía 515)
75	One Cuautitlán
76	Fiesta Americana Pabellón M
77	Fiesta Inn Villahermosa
78	Fiesta inn Puerto Vallarta
79	Fiesta Americana Hermosillo
80	Fiesta Inn Buenavista
81	Fiesta Americana Villa del Mar Veracruz
82	Fiesta Inn Monterrey Valle
83	Live Aqua San Miguel de Allende
84	Fiesta Americana Tlalnepantla
85	Courtyard Toreo
86	Fiesta Americana Hacienda Galindo
87	Fiesta Americana Condesa Cancún

Portafolio in detail

The following illustrations show the evolution of FibraHotel portfolio between 2012 and the date of this Annual Report:

		SELECT SERVICE - MANAGED	Acquisition Date	Number of rooms at end of period 2012	2013	2014	2015	2016	2017	Annual Report Date
1	*	Fiesta Inn Aguascalientes	21/01/13		125	125	125	125	125	125
2		Fiesta Inn Buenavista	21/11/17						129	129
3		Fiesta Inn Ciudad del Carmen**	25/11/15				133	133	133	133
4	*	Fiesta Inn Ciudad Juárez	21/01/13		166	166	166	166	166	166
5	*	Fiesta Inn Ciudad Obregón	07/04/14			123	141	141	141	141
6	*	Fiesta Inn Chihuahua	21/01/13		152	152	152	152	152	152
7	*	Fiesta Inn Cuernavaca	15/12/14			155	155	155	155	155
8	*	Fiesta Inn Culiacán	01/12/12	142	142	146	146	146	146	146
9	*	Fiesta Inn Durango	01/12/12	138	138	138	138	138	138	138
10	*	Fiesta Inn Ecatepec	01/12/12	143	143	143	143	143	143	143
11	*	Fiesta Inn Guadalajara	21/01/13		158	158	158	158	158	158
12	*	Fiesta Inn Hermosillo	01/12/12	155	155	155	155	155	155	155
13	*	Fiesta Inn León	21/01/13		160	160	160	160	160	160
14	*	Fiesta Inn Mexicali	21/01/13		150	150	150	150	150	150
15	*	Fiesta Inn Morelia***	01/03/13		155	155	155	155	155	155
16	*	Fiesta Inn Los Mochis	05/12/16					125	125	125
17	*	Fiesta Inn Monclova	28/02/13		121	121	121	121	121	121
18	*	Fiesta Inn Monterrey la Fe	21/01/13		161	161	161	161	161	161
19	*	Fiesta Inn Monterrey Valle	01/08/16					177	177	177
20	*	Fiesta Inn Naucalpan	01/12/12	119	119	119	119	119	119	119
21	*	Fiesta Inn Nuevo Laredo	01/12/12	120	120	120	120	120	120	120
22	*	Fiesta Inn Oaxaca	05/07/13		145	145	145	145	145	145
23	*	Fiesta Inn Perinorte	01/12/12	123	123	123	127	127	127	127
24	*	Fiesta Inn Puebla FINSA	03/07/13		123	123	123	123	123	123
25		Fiesta Inn Puerto Vallarta	30/01/17						144	144
26	*	Fiesta Inn Querétaro	21/01/13		175	175	175	175	175	175
27	*	Fiesta Inn Saltillo	21/01/13		149	149	149	149	149	149
28	*	Fiesta Inn San Luis Potosi Oriente	21/07/14			140	140	140	140	140
29	*	Fiesta Inn Tepic	01/12/12	139	139	139	139	139	139	139
30	*	Fiesta Inn Tlalnepantla	24/06/13		131	131	131	131	131	131
31	*	Fiesta Inn Torreón	18/12/12	146	146	146	146	146	146	146
32	*	Fiesta Inn Toluca	30/04/13		144	144	144	144	144	144
33	*	Fiesta Inn Villahermosa	02/12/15				159	159	159	159
34	*	Fiesta Inn Xalapa	27/03/14			119	119	119	119	119
35	*	Real Inn Guadalajara	01/07/13		197	197	197	197	197	197
36	*	Real Inn Mexicali	01/08/13		158	158	158	158	158	158
37	*	Gamma Ciudad Obregón (Valle Grande)	30/05/14			135	135	135	135	135
38	*	Gamma León (Fussion 5)	22/05/14			159	159	159	159	159
39	*	Gamma Tijuana (Lausana Tijuana)	27/07/14			140	140	140	140	140
40		Courtyard Vallejo	01/03/17						125	125
41		Courtyard Toreo	01/02/17							146
		Subtotal		**1,225**	**3,795**	**4,770**	**5,084**	**5,386**	**5,784**	**5,930**

				Number of rooms at end of period						
		LIMITED SERVICE - MANAGED	Acquisition Date	2012	2013	2014	2015	2016	2017	Annual Report Date
42	*	One Acapulco	01/12/12	126	126	126	126	126	126	126
43	*	One Aguascalientes	01/12/12	126	126	126	126	126	126	126
44	*	One Coatzacoalcos	01/12/12	126	126	126	126	126	126	126
45	*	One Cuernavaca	15/12/14			125	125	125	125	125
46	*	One Cuautitlan	17/11/16					156	156	156
47	*	One Durango	29/02/16					126	126	126
48	*	One Culiacán	01/12/12	119	119	119	119	119	119	119
49	*	One Guadalajara Tapatío	24/06/13		126	126	126	126	126	126
50	*	One Xalapa	27/03/14			126	126	126	126	126
51	*	One Monclova	01/11/14			66	66	66	66	66
52	*	One Monterrey	01/12/12	126	126	126	126	126	126	126
53	*	One Puebla FINSA	02/07/13		126	126	126	126	126	126
54	*	One Querétaro	21/01/13		126	126	126	126	126	126
55	*	One Toluca	01/12/12	126	126	126	126	126	126	126
56	*	One Patriotismo	21/01/13		132	132	132	132	132	132
57	*	One Perisur	16/07/15				144	144	144	144
58	*	Fairfield Inn & Suites Juriquilla	28/01/16					134	134	134
59	*	Fairfield Inn Los Cabos	20/06/14			128	128	128	128	128
60	*	Fairfield Inn & Suites Nogales	08/11/16					134	134	134
61	*	Fairfield Inn & Suites Saltillo	31/03/15				139	139	139	139
62		Fairfield Inn & Suites Vallejo	01/03/17						121	121
63	*	Fairfield Inn & Suites Villahermosa	09/12/15				134	134	134	134
		Subtotal		**749**	**1,259**	**1,704**	**2,121**	**2,671**	**2,792**	**2,792**
		FULL SERVICE - MANAGED								
64	*	Fiesta Americana Aguascalientes	15/01/14			192	192	192	192	192
65	*	Fiesta Americana Hermosillo	01/05/16					220	220	220
66		Fiesta Americana Hacienda Galindo	03/07/17						168	168
67	*	Fiesta Americana Pabellón M	31/03/16					178	178	178
68	*	Grand Fiesta Americana Monterrey Valle	13/06/16					180	180	180
69	*	Live Aqua Monterrey Valle	13/06/16					74	74	74
70	*	Camino Real Puebla	01/12/12	153	153	153	153	153	153	153
71	*	Sheraton Ambassador	18/11/14			229	229	229	229	229
72	*	AC by Marriott Querétaro	21/03/16					175	175	175
73	*	AC by Marriott Guadalajara	01/06/16					188	188	188
74		AC by Marriott Veracruz	13/11/17						164	164
		Subtotal		**153**	**153**	**574**	**574**	**1,589**	**1,921**	**1,921**
		EXTENDED STAY - MANAGED								
75	*	Camino Real Hotel & Suites Puebla	01/03/14			121	121	121	121	121
76	*	Fiesta Inn Lofts Ciudad del Carmen	08/09/15				120	120	120	120
77	*	Fiesta Inn Lofts Monclova	01/11/14			37	37	37	37	37
78	*	Fiesta Inn Lofts Monterrey la Fe	19/07/16					48	48	48
79	*	Fiesta Inn Lofts Querétaro	01/11/14			50	50	50	50	50
		Subtotal		**-**	**-**	**208**	**328**	**376**	**376**	**376**

LEASED HOTELS		Acquisition Date	Number of rooms at end of period 2012	2013	2014	2015	2016	2017	Annual Report Date
80	* Fiesta Inn Cuautitlán	01/12/12	128	128	128	128	128	128	128
81	* Fiesta Inn Perisur	01/12/12	212	212	212	212	212	212	212
82	* Fiesta Americana Condesa Cancún	01/01/18							507
83	* Live Aqua Boutique Playa del Carmen	19/11/14			60	60	60	60	60
	Subtotal		**340**	**340**	**400**	**400**	**400**	**400**	**907**
	TOTAL ROOMS IN OPERATION		**2,467**	**5,547**	**7,656**	**8,507**	**10,422**	**11,273**	**11,926**
	TOTAL HOTELS IN OPERATION		**18**	**39**	**56**	**62**	**75**	**81**	**83**

DEVELOPMENT		Opening	2012	2013	2014	2015	2016	2017	Annual Report Date
84	Fiesta Americana Tlalnepantla	2018					224	223	223
85	Live Aqua San Miguel de Allende	2018					134	146	146
86	Fiesta Americana Viaducto (VIA 515)	2019				269	255	255	255
87	Fiesta Americana Villa del Mar Veracruz	2019					173	173	173
	Other (expansions, opened hotels, etc.)		489	899	1,883	2,197	815	146	-
	TOTAL DEVELOPMENT		**489**	**899**	**1,883**	**2,466**	**1,601**	**943**	**797**
	TOTAL FIBRAHOTEL PORTFOLIO		**2,956**	**6,446**	**9,539**	**10,973**	**12,023**	**12,216**	**12,723**
	NUMBER OF HOTELS		**22**	**47**	**70**	**80**	**85**	**86**	**87**
	Number of hotels / rooms								

* 2018 Stabilized Portfolio (75 hotels in operation - stabilized)- Includes Fiesta Americana Condesa Cancún Hotel.
** On January 1st 2018, Courtyard Ciudad del Carmen hotel changed brand into Fiesta Inn and is operated by Grupo Posadas.
*** On March 1st 2018, Real Inn Morelia changed brand into Fiesta Inn and is operated by Grupo Posadas.

Evolution of the portfolio with number of hotels and rooms in operation

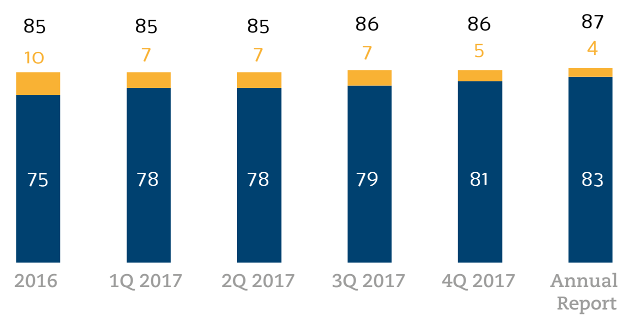
Evolution of the number of hotels in operation

+10.7%

vs. 2016

No. of hotels in development

No. of hotels in operation



	2016	1Q 2017	2Q 2017	3Q 2017	4Q 2017	Annual Report
Operation	75	78	78	79	81	83
Development	10	7	7	7	5	4
Total	**85**	**85**	**85**	**86**	**86**	**87**

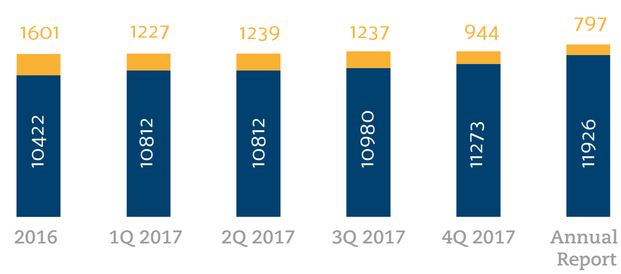
Evolution of the number of rooms in operation

+14.4%

vs. 2016

No. of rooms in operation

No. of rooms in development



	2016	1Q 2017	2Q 2017	3Q 2017	4Q 2017	Annual Report
Operation	10,422	10,812	10,812	10,980	11,273	11,926
Development	1601	1227	1239	1237	944	797
Total	**12,023**	**12039**	**12051**	**12217**	**12217**	**12723**

Brand Affiliations

The hotels in our portfolio operate under well regarded and recognized brands. As of the date of this Annual report, the hotels operate under the following brands:

- One Hotels (limited service) from Grupo Posadas
- Fiesta Inn (select service) from Grupo Posadas
- Fiesta Inn Lofts (extended stay) from Grupo Posadas
- Gamma de Fiesta Inn (select service) from Grupo Posadas
- Fiesta Americana (full service) from Grupo Posadas
- Grand Fiesta Americana (full service) from Grupo Posadas
- Live Aqua Boutique (full service) from Grupo Posadas
- Live Aqua (full service) from Grupo Posadas
- Real Inn (select service) from Grupo Real Turismo
- Camino Real (full service) from Grupo Real Turismo
- Camino Real Hotel & Suites (extended stay) from Grupo Real Turismo
- Fairfield Inn & Suites by Marriott (limited service) from Marriott International
- Courtyard by Marriott (select service) from Marriott International
- AC by Marriott (full service) from Marriott International
- Sheraton (full service) from Marriott International

The following table shows the brand affiliations of the hotels in operation as of the date of this Annual Report:

	Number of hotels	% of number of hotels	Number of rooms	% of number de rooms
One Hotels	16	19.28%	2,002	16.79%
Fiesta Inn + Gamma	37	44.58%	5,644	47.33%
Fiesta Inn Lofts	4	4.82%	255	2.14%
Fiesta Americana	6	7.23%	1,445	12.12%
Live Aqua	2	2.41%	134	1.12%
Grupo Posadas	**65**	**78.31%**	**9,480**	**79%**
Real Inn	2	2.41%	355	2.98%
Camino Real	1	1.20%	153	1.28%
Camino Real Hotel & Suites	1	1.20%	121	1.01%
Grupo Real Turismo	**5**	**6.02%**	**629**	**5.27%**
Marriott International	13	15.66%	1,817	15.24%
Other	**13**	**15.66%**	**1,817**	**15.24%**
Total FibraHotel	**83**	**100.00%**	**11,926**	**100.00%**

Hotel operating companies

We believe in affiliating our hotels with leading and well-recognized hotel management companies such as Grupo Posadas, Marriott International and Grupo Real Turismo. We believe that utilizing leading hotel management companies provides significant advantages because of their strong brand recognition, quality of service, loyalty programs, national distribution channels, marketing platforms, modern reservation systems and effective product segmentation, which drives demand and may translate into higher occupancy rates, ADR and RevPAR.

Currently, we partner with leading hotel management companies which provide hotel management services and which use their own brands for the hotels they manage. In the future, in addition to continuing to partner with such hotel management companies, we also expect to use other leading hotel management companies which may use franchised brands owned by a third party.

Grupo Posadas. Grupo Posadas is the largest hotel management company in Mexico, with more than 150 hotels and 24,500 rooms located in beach and urban destinations across Mexico. Grupo Posadas's brands are internationally recognized, and include Live Aqua, Live Aqua Boutique Resort, Grand Fiesta Americana, The Explorean, Fiesta Americana, Live Aqua Residence Club (LARC), Fiesta Americana Vacation Villas, Fiesta Inn, Fiesta Inn Loft, Gamma and One Hotels. As of December 31, 2016, Grupo Posadas owned 15 hotels, managed 118 hotels for third parties, leased 13 hotels and franchised six hotels. Grupo Posadas' shares have been listed on the BMV since 1992.

Grupo Real Turismo. Grupo Real Turismo owns three brands including "Quinta Real," "Camino Real" and "Real Inn." Grupo Real Turismo operates 40 hotels with approximately 7,138 rooms located in 29 city and beach destinations in Mexico.

Marriott International, Inc. (NASDAQ:MAR). Marriott International, Inc. is the largest hotel company worldwide. Based in Bethesda, Maryland, with more than 6,000 properties in 122 countries and territories, Marriott International operates and franchises hotels and resort licenses. The company's 30 major brands include: Bulgari, The Ritz-Carlton, The Ritz-Carlton Reserve, St. Regis, W, EDITION, JW Marriott, The Luxury Collection, Marriott Hotels, Westin, Le Meridien, Renaissance Hotels, Sheraton, Delta Hotels by Marriott, Marriott Executive Apartments, Marriott Vacation Club, Autograph Collection Hotels, Tribute Portfolio, Design Hotels, Gaylord Hotels, Courtyard, Four Points By Sheraton, SpringHill Suites, Fairfield Inn & Suites, Residence Inn, TownePlace Suites, AC Hotels by Marriott, Aloft Hotels, Element Hotels, Moxy Hotels and Protea Hotels. The company also operates award-winning loyalty programs: Marriott Rewards, which includes The Ritz-Carlton Rewards and Starwood Preferred Guest.

Operational framework

At each of our hotels operated pursuant to a hotel management agreement, the relevant hotel management company is responsible for managing the operation of the hotel. Additionally, with our supervision, our hotel management companies are responsible for, among other duties, establishing an annual business plan and an income and expense budget, determining room rates, discounts and operating expenditures, covering hotel management expenses with charges to our accounts, advising on necessary capital expenditures, preparing marketing plans and hiring, on our behalf, the employees for each of our hotels. Pursuant to the hotel management agreements, we pay each hotel management company a variable fee based on gross operating profit and a fixed rate set forth in each agreement.

Under the operating scheme of FibraHotel, the managment of the hotels its done as follows:

› Hotel operating companies are responsible for: manage the operation of the hotel. With their operating teams, they establish annual budgets, determine room rate policies, sales and marketing strategies, set food and beverage sales strategies, execute general maintenance of properties, propose major capital expenditures and hire personnel to operate the business units.

› FibraHotel, as asset manager performs the following tasks: approve the hotels' annual budget, review the hotels' results, approve major capital expenditures, responsible for real estate and owner activities (property taxes, insurance, permits...) and funding of the hotels' operating expenses, among others.

As of the date of this Annual Report, of the 83 operating hotels in FibraHotel's portfolio:

› 79 hotels are under management agreements.

› Four hotels have a lease agreement and pay rent to FibraHotel. These hotels are the: Fiesta Americana Condesa Cancun, Fiesta Inn Cuautitlán, Fiesta Inn Perisur and Live Aqua Boutique Playa del Carmen. The rent for the Fiesta Americana Condesa Cancún hotel includes a fixed USD component plus a variable component which depends on the hotel's total revenue. For theLive Aqua Boutique Playa del Carmen, and Fiesta Americana Condesa Cancun lease agreements state that FibraHotel is responsible for real estate and owner expenditures.

Property maintenance policy

We maintain each of the hotels in our portfolio in optimal condition and in conformity with applicable laws and regulations and management agreements. The cost of all such routine improvements and alterations are funded out of a reserve, which we refer to as the capex reserve, which is funded by a percentage of the revenue generated by each our hotels and which amount currently represents up to 5.0% of total revenues generated by our hotels in operation. Routine capital expenditures are administered by the hotel management companies. However, we have approval rights over the capital expenditures as part of the annual budget process for each of the hotels in our portfolio. From time to time, certain hotels in our portfolio may be undergoing renovations as a result of our decision to upgrade portions of the hotels, such as guestrooms, meeting space, and/or restaurants, in order to better compete with other hotels in our markets. In addition, when we acquire a hotel, we may be required to complete a property improvement plan in order to bring the hotel up to the respective hotel management company's standards. If permitted by the terms of the management agreement, funding for a renovation will first come from the capex reserve. To the extent that the capex reserve is not available or adequate to cover the cost of the renovation, we will generally fund all or the remaining portion of the renovation with available cash or with borrowings under a credit facility.

Additionally, FibraHotel's asset management team periodical visits the hotels to certify their physical condition and to verify the correct maintenance of the main property and equipment.

Hotel Segments of the FibraHotel portfolio

The types of hotels in the FibraHotel portfolio, and those sought after with acquisitions and development, are described in detail below:

Limited service

Limited service hotels offer convenient lodging but traditionally did not have bars, restaurants or conference and meeting rooms or offer additional services. However, the recent trend has been for such hotels to offer a mix of these services, including business centers, gyms, pools, pantry areas with a limited selection of food (breakfast included) and limited meeting room space.

As of the date of this Annual Report, FibraHotel has 22 Limited service hotels in operation, which represent 2,792 rooms (approximately 23.4% of the total number of rooms in operation), 16 of which are operated by Grupo Posadas under the "One Hotels" brand and six by Marriott International under the "Fairfield Inn & Suites by Marriott" brand.

Select service

These hotels offer certain services in addition to those offered by hotels in the limited-service segment, including food and beverage offerings, restaurants, bars and 24-hour room service, event and meeting spaces, as well as additional services within the rooms.

As of the date of this Annual Report, FibraHotel has 43 select service hotels in operation, which represent 6,720 rooms (approximately 52.6% of the total number of rooms in operation), 39 of which are operated by Grupo Posadas under the "Fiesta Inn" and "Gamma by Fiesta Inn" brands, as well as two operated by Grupo Real Turismo under the "Real Inn" brand and two by Marriott International under the "Courtyard by Marriott" brand.

Full service

These hotels feature robust food and beverage offerings with various dining areas (restaurants and bars) and meeting and conference rooms for both corporate and social events, and that can also offer additional services such as spas, 24-hour room service, valet parking, concierges, bellboys and large public areas. Full-service hotels located in major metropolitan areas, generally with 180 rooms or more, cater not only to business travelers, but also to domestic and international leisure travelers, and therefore can generate substantial U.S. dollar-denominated revenues.

As of the date of this Annual Report, FibraHotel has 11 full service hotels in operation, which represent 1,921 rooms (approximately 16.1% of the total number of rooms in operation), one operated by Grupo Real Turismo under the "Camino Real" brand, six operated by Group Posadas under the "Fiesta Americana" and the "Grand Fiesta Americana" brands, four operated by Marriott International under the "AC by Marriott" brand and the "Sheraton" brand.

Extended stay

These hotels feature suites with one or two bedrooms, in most cases equipped with a kitchen, a dining room and a work space. Often, extended-stay hotels include an in-room laundry and dryer unit and public recreation areas, though typically without restaurants.

As of the date of this Annual Report, FibraHotel has five extended stay hotels in operation with 376 rooms (approximately 3.2% of the total number of rooms in operation), three operated by Grupo Posadas under the "Fiesta Inn Lofts" brand, and one operated by Grupo Real Turismo under the "Camino Real Hotel & Suites" brand.

Resort

These hotels refer to full-service hotels that are located in key tourist destinations with great connectivity and international and domestic visitor traffic. Resorts, which typically operate under all-inclusive or European plans, seek to provide guests with a pleasant vacation experience and offer robust amenities, including restaurants and bars, and recreational activities. These hotels also have the facilities to host large-scale events, such as conventions and weddings. Because resorts cater to international guests as well as domestic guests, they generate substantial US dollar-denominated revenues.

As of the date of this Annual Report, FibraHotel has one resort hotel in operation with 507 rooms (approximately 4.3% of the total number of rooms in operation), operated by Grupo Posadas under the "Fiesta Americana" brand.

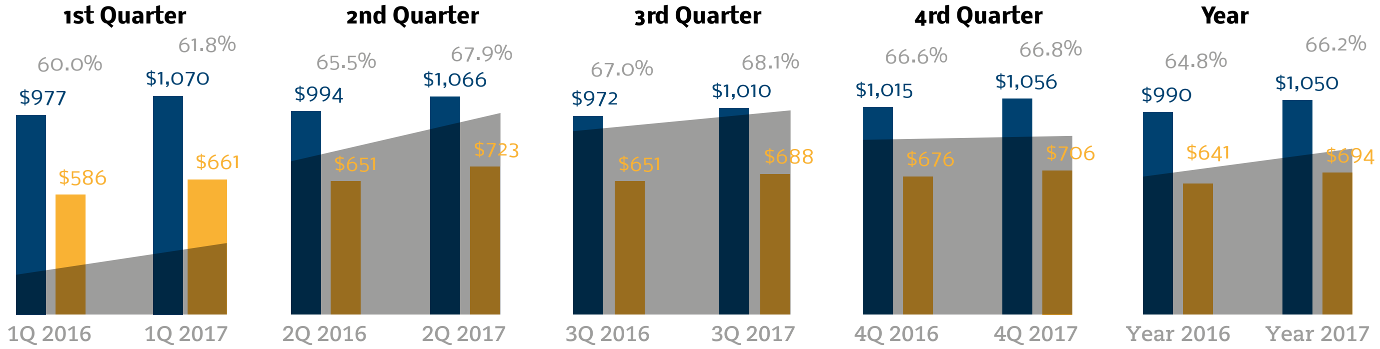

Fiesta Americana Condesa Cancún

KPI's of FibraHotel's portfolio

As of December 31st 2017, the hotels in operation in the FibraHotel portfolio (81 hotels) reported the following:

- Occupancy rate of 65.7%
- ADR of MXN $1,112
- RevPAR of MXN $715

The following graph shows the 2016 and 2017 quarterly operating indicators of the 64 stabilized hotels:



	1st Quarter	2nd Quarter	3rd Quarter	4rd Quarter	Year
Occupancy	1.8 pp	2.3 pp	1.1 pp	0.3 pp	1.4 pp
ADR	+9.5%	+7.2%	+3.9%	+4.0%	+6.1%
RevPAR	+12.8%	+11.1%	+5.6%	+4.4%	+8.3%

Occupancy ADR RevPAR

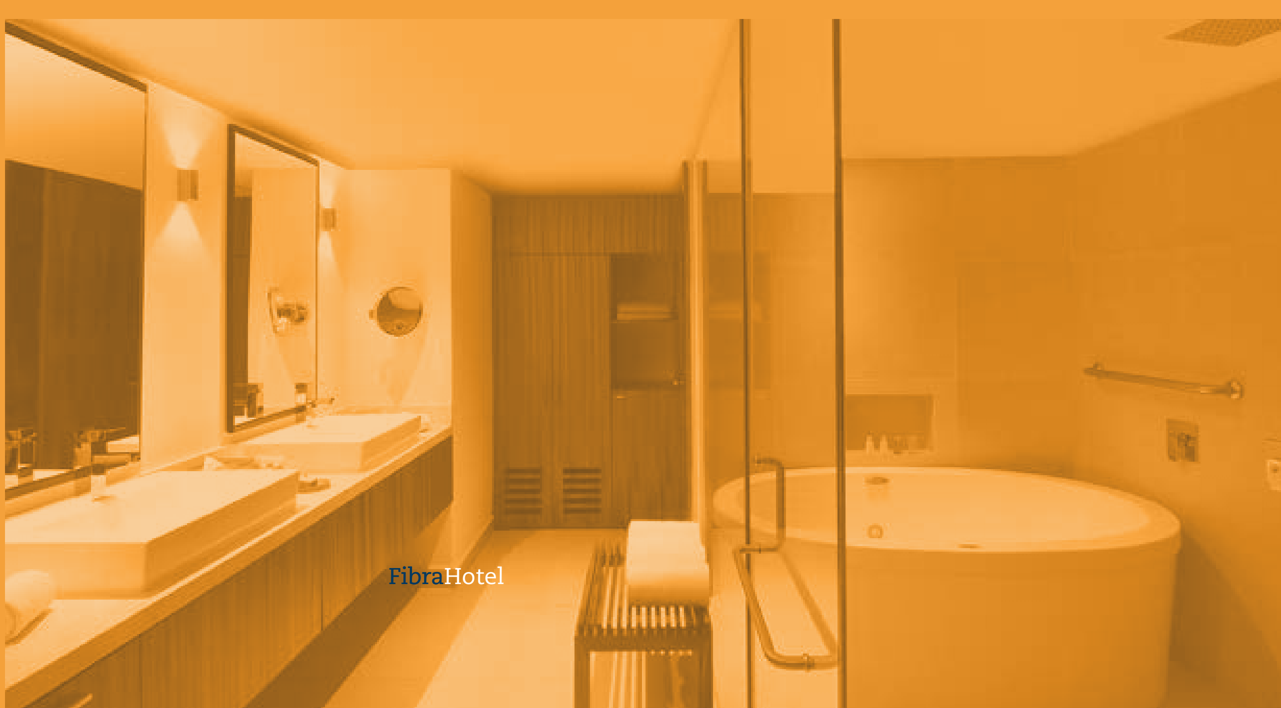
The following table shows some operating information by segment for the 64 stabilized hotels for the periods ending on December 31st, 2015, 2016 and 2017:

	Total Portfolio of Stabilized hotels (64)									Total Portfolio (81)		
	Year 2015			Year 2016			Year 2017			Year 2017		
SEGMENT	Occup.	ADR	RevPAR	Occup.	ADR	RevPAR	Occup.	ADR	RevPAR	Occup.	ADR	RevPAR
Limited-Service	60.8%	$753	$458	59.9%	$799	$478	63.3%	$856	$542	62.2%	$875	$544
Select-Service	64.6%	$957	$618	68.0%	$1,012	$688	68.5%	$1,069	$732	67.5%	$1,076	$726
Full-Service	55.8%	$1,255	$701	60.2%	$1,297	$781	60.2%	$1,450	$872	58.1%	$1,650	$958
Extended-Stay	54.3%	$1,029	$559	52.9%	$982	$519	61.1%	$958	$585	61.7%	$1,007	$621
Total	**62.5%**	**$942**	**$589**	**64.8%**	**$990**	**$641**	**66.2%**	**$1,050**	**$694**	**64.3%**	**$1,112**	**$715**
Vs previous year				*223 bp*	*5.0%*	*8.8%*	*138 bp*	*6.1%*	*8.3%*			

The following table shows some operating information by region[1] for the 64 stabilized hotels for the periods ending on December 31st, 2015, 2016 and 2017:

	Total Portfolio of Stabilized hotels (64)									Total Portfolio (81)		
	Year 2015			Year 2016			Year 2017			Year 2017		
REGION	Occup.	ADR	RevPAR	Occup.	ADR	RevPAR	Occup.	ADR	RevPAR	Occup.	ADR	RevPAR
Bajio	63.3%	$1,006	$636	66.9%	$1,068	$715	72.6%	$1,142	$829	68.4%	$1,178	$806
Northeast	62.5%	$919	$574	64.5%	$1,020	$658	67.8%	$1,080	$733	65.5%	$1,312	$858
Northwest	62.7%	$911	$571	65.3%	$951	$620	64.3%	$1,027	$660	63.0%	$1,014	$639
West	58.4%	$842	$492	67.1%	$878	$588	66.0%	$966	$637	64.4%	$1,113	$717
South	60.9%	$909	$554	58.2%	$923	$538	61.2%	$949	$580	60.8%	$951	$578
CDMX	67.3%	$1,069	$720	73.7%	$1,114	$821	70.4%	$1,175	$827	65.6%	$1,149	$754
Total	**62.5%**	**$942**	**$589**	**64.8%**	**$990**	**$641**	**66.2%**	**$1,050**	**$694**	**64.3%**	**$1,112**	**$715**
Vs previous year				*223 bp*	*5.0%*	*8.8%*	*138 bp*	*6.1%*	*8.3%*			

(1) Northwest refers to the following states: Baja California Norte, Baja California Sur, Chihuahua, Durango, Sinaloa and Sonora. Northeast refers to the following states: Coahuila, Nuevo León and Tamaulipas. CDMX: Mexico City and State of Mexico. South regions correspond to: Aguascalientes, Campeche, Guanajuato, Guerrero, Michoacán, Morelos, Oaxaca, Puebla, Querétaro, Quintana Roo, San Luis Potosí, Tabasco and Veracruz. West refers to Jalisco and Nayarit.



Grand Fiesta Americana Monterrey Valle

Financial Section[2]

2017 Financial Results

Total revenue

The financial results described in this section refer to the financial statements comprising 81 hotels in operation as of December 31st 2017:

- 78 managed hotels
- 3 hotels under a leasing agreement

During 2017, total revenues were MXN $3,436 million, compared to MXN $2,635 million in 2016 (30.4% increase):

- MXN $2,687 million for room rental (78.2% of total revenue), an increase of 30.6%
- MXN $621 million for food and beverages (18.1% of total revenue), an increase of 32.7%
- MXN $92.9 million for the lease of (i) three hotels[3] and (ii) retail space / antennas (2.7% of the total revenue), an increase of 16.4%
- MXN $34.2 million (1.0% of the total revenue) for other revenue, an increase of 15.9%

Revenues of managed hotels rose by 30.8%, from MXN $2,555 million to MXN $3,343 million, due to:

- Increase in RevPAR for stabilized hotels (+8.3% for the 64 stabilized hotels)
- Acquisition of one hotel in operation during 2017 (Fiesta Americana Hacienda Galindo)
- Opening of 5 hotels in the development portfolio
- Improvement in the non-stabilized portfolio

Total revenues grew partly because FibraHotel added hotels to its portfolio throughout the year:

- January 2017: opening of the Fiesta Inn Puerto Vallarta hotel
- March 2017 opening of the Farfield Inn & Suites by Marriott Vallejo and Courtyard by Marriott Vallejo hotels
- July 2017: acquisition of the Fiesta Americana Hacienda Galindo hotel
- November 2016: openings of the hotels AC by Marriott Veracruz and Fiesta Inn Buenavista hotels

FibraHotel's revenues increased every quarter:

	1Q 2017	2Q 2017	3Q 2017	4Q 2017	Year 2017
Total Revenues	**756.8**	**865.4**	**878.1**	**935.4**	**3,436.00**
Rooms Revenues	601.7	682.6	683.6	719.4	2,687.50
Food and Beverage	127.6	151.7	166.6	175.4	621.3
Lease	25.9	22.8	20,.9	23.2	92.9
Others	1.5	8.3	7	17.3	34.2
Revenues - Managed Hotels	731	842.5	857.1	912.2	3,342.70
% of total revenues	*96.60%*	*97.30%*	*97.60%*	*97.50%*	*97.30%*
# of Hotels in operation	**78**	**78**	**79**	**81**	**81**
# of managed hotels	75	75	76	78	78
# of leased hotels	3	3	3	3	3

The following table shows the KPIs of managed hotels for the four quarters of 2017, considering only hotels that generated room revenues for FibraHotel (from the acquisition or opening date / without leased hotels):

Year 2017	Available Rooms	Occupied Rooms	Occup.	Room Revenues MXN $ Million	ADR	RevPAR
1st quarter	918,390	541,327	58.9%	$601.8	$1,112	$655
2nd quarter	947,492	618,254	65.3%	$682.6	$1,104	$720
3rd quarter	973,360	647,479	66.5%	$683.6	$1,056	$702
4th quarter	982,333	642,741	65.4%	$719.5	$1,119	$732
Total	**3,821,575**	**2,449,801**	**64.1%**	**$2,687.5**	**$1,097**	**$703**

Cost and general expenses

In 2017, the total costs and general expenses of FibraHotel's managed hotels were MXN $2,330 million compared to MXN $1,792 million in 2016:

- MXN $1,408 million for indirect expenses (60.5% of total costs and general expenses), including the administrative costs, advertising and promotion, maintenance, human resources, energy and fees paid to hotel operating companies.
- MXN $542 million for room expenses (23.2% of costs and general expenses) directly related to room rental revenues.
- MXN $379 million for food and beverages costs and expenses (16.3% of costs and general expenses) directly related food and beverages and others revenues.

Lodging contribution

The lodging contribution was MXN $1,106 million in 2017, representing 32.2% of total revenues, in comparison to MXN $843.4 million in 2016 representing 32.0% of total revenues.

(2) Except when mentioned, all figures in the report are in accordance with International Financial Information Standards ("IFRS"), expressed in nominal Mexican pesos. Some of the financial results in this section may differ by topic to audited, consolidated Financial Statements audited in 2017 without any modification to the results and financial position of FibraHotel.

(3) Hotels leased throughout 2017 are Fiesta Inn Cuautitlán, Fiesta Inn Perisur and Live Aqua Boutique Playa del Carmen.

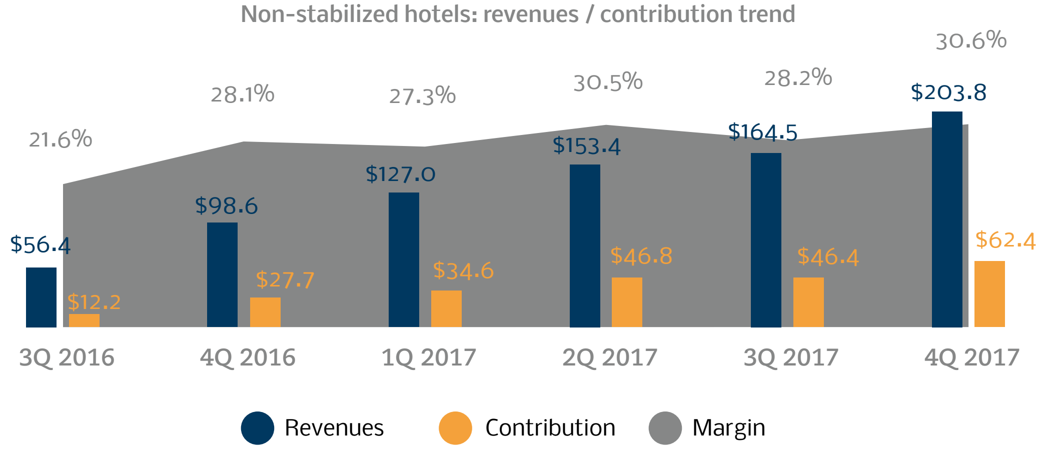
- MXN $1,013 million corresponded to managed hotels (30.3% margin), compared to MXN $764 million in 2016 (29.9% margin).
- MXN $93.2 million corresponded to leased hotels and retail spaces (100% margin), compared to MXN $79.8 million in 2016.

During 2017 the ramp-up portfolio increased due to hotel openings from the development portfolio. This portfolio has shown a promising trend in cash flow generation and margin performance, the contribution margin rose from 27.3% in the first quarter to 30.6% during the fourth quarter of 2017 (annual contribution margin: 29.3%).

The following chart and table show the evolution of revenues and contribution from the non-stabilized managed hotels during 2017:

MXN $ thousand	1Q 2017	2Q 2017	3Q 2017	4Q 2017	FY 2017
Total of managed hotels	**14**	**14**	**15**	**17**	**17**
Non stabilized managed hotels revenues	**126,979**	**153,376**	**164,493**	**203,760**	**648,607**
% of total managed hotels revenues	17.4%	18.2%	19.2%	22.3%	23.4%
Non stabilized managed hotels contribution	**34,645**	**46,833**	**46,371**	**62,354**	**190,204**
Margin	27.3%	30.5%	28.2%	30.6%	29.3%
% of total managed hotels contribution	16.4%	16.8%	18.6%	22.8%	23.0%

Non-stabilized hotels: revenues / contribution trend



The previous chart shows the upward trend in revenues, lodging contribution and lodging contribution margin, which was 29.3% for the full year 2017, and 30.6% during fourth quarter of the year. The strong growth is driven parlty by the five full-service hotels opened between March and July of 2016 (AC by Marriott Querétaro, Fiesta Americana Pabellon M, AC by Marriott Guadalajara, Grand Fiesta Americana Monterrey Valle and Live Aqua Monterrey Valle). During the fourth quarter of 2017, these five hotels together had an occupancy rate of 65.4%, an ADR of MXN $1,990, a RevPAR of MXN $1,302 and a lodging contribution of MXN $36.3 million. The results are improving quarter by quarter and still have potential to inprove with a margin of 29.5%.

Operating profit

Other operating expenses of MXN $572 million are comprised mainly of real estate expenses (MXN $43.3 million), corporate expenses (MXN $54.1 million), advisory fee (MXN $107 million) and depreciation (MXN $368 million). In 2016, these operating expenses were MXN $484 million and the increase (+18.2%) is explained mainly by more managed hotels and relating to: depreciation, administrative expenses and real estate expenses.

Operating profit was MXN $534 million, representing 15.5% of total revenues, compared to MXN $359 million (13.6% of total revenues) in 2016.

Adjusted operating profit

During 2017, FibraHotel had non-operating expenses for MXN $34.4 million, which were related to hotel acquisitions and development projects (taxes, appraisals, technical audits and pre-operative expenses, among others). In 2016, these expenses were MXN $107 million.

The adjusted operating profit was MXN $499 million, compared to MXN $252 million in 2016.

Comprehensive financing results

During 2017, FibraHotel had a net cash position of MXN $1,562 million (total debt of MXN $3,166 million) vs. a net debt position of MXN $2,248 million on December 31st, 2016 (total debt of MXN $2,697 million).

During the year, FibraHotel's debt generated a financing cost of MXN $279.3 million interest. In accordance with IFRS standards, debt-related interest associated to development in the construction stage is capitalized as part of the investment for each specific project. During the fourth quarter of 2017, approximately 32% of total debt was related to projects under development, for which FibraHotel capitalized MXN $80.2 million in interest for the quarter. It should be mentioned that the interest was paid with cash available for developments. After each development is opened to the public, the respective interest is no longer capitalized and the financial cost at that time is transferred to the FibraHotel income statement in accordance with IFRS standards.

Consolidated net profit

After taxes of MXN $5.3 million on profit not linked to room revenues suh as food and beverages at the subsidiary level, the consolidated net profit reached MXN $438 million. The consolidated net profit per CBFI was 53.25 cents (excluding CBFI corresponding to the Development Contribution Portfolio and did not have economic rights at the end of each quarter of 2017). For 2016, the consolidated net profit per CBFI reached to 43.27 cents. The increase in the consolidated net profit (105% versus 2016) is mainly due the increase of hotels in operation and its incomes, and due better results of the open hotels during 2016 and 2017.

2017, yearly and quarterly results (in millions of pesos)

	1Q 2017	2Q 2017	3Q 2017	4Q 2017	FY 2016	FY 2017
Revenues						
Rooms	601,776	682,644	683,618	719,487	2,057,257	2,687,525
Food and Beverage	127,646	151,697	166,590	175,411	468,397	621,345
Leases	25,939	22,782	20,985	23,212	79,832	92,919
Other	1,529	8,360	6,995	17,323	29,519	34,207
TOTAL REVENUES	**756,891**	**865,482**	**878,189**	**935,433**	**2,635,004**	**3,435,995**
Revenues - Managed Hotels	730,978	842,472	857,104	912,201	2,555,196	3,342,755
% of Total Revenues	*96.6%*	*97.3%*	*97.6%*	*97.5%*	*97.0%*	*97.3%*
Costs and general expenses						
Rooms	119,348	130,418	141,242	151,129	402,675	542,136
Food and Beverage	81,305	91,983	103,776	102,229	285,812	379,294
Administrative Expenses	318,707	341,245	363,179	385,555	1,103,083	1,408,685
Total Costs and General Expenses	**519,360**	**563,646**	**608,197**	**638,912**	**1,791,571**	**2,330,115**
TOTAL LODGING CONTRIBUTION	**237,531**	**301,836**	**269,992**	**296,520**	**843,433**	**1,105,879**
Total Lodging Contribution Margin	*31.4%*	*34.9%*	*30.7%*	*31.7%*	*32.0%*	*32.2%*
Lodging Contribution - Managed Hotels	211,617	278,826	249,008	273,188	763,899	1,012,640
Margin	*28.9%*	*33.1%*	*29.1%*	*29.9%*	*29.9%*	*30.3%*
Real Estate Expenses	10,441	10,502	11,848	10,519	33,910	43,311
NET OPERATING INCOME	**227,090**	**291,334**	**258,144**	**286,001**	**809,523**	**1,062,569**
NOI Margin	*30.0%*	*33.7%*	*29.4%*	*30.6%*	*30.7%*	*30.9%*
Administrative Expenses Related to FibraHotel	14,569	13,773	13,892	11,825	48,530	54,060
Advisory Fee	26,431	26,593	26,726	27,063	104,673	106,813
ADJUSTED EBITDA	**186,090**	**250,968**	**217,526**	**247,113**	**656,320**	**901,696**
ADJUSTED EBITDA Margin	*24.6%*	*29.0%*	*24.8%*	*26.4%*	*24.9%*	*26.2%*
Depreciation	87,672	92,322	93,482	94,450	296,930	367,926
INCOME / (LOSS) FROM OPERATIONS	**98,418**	**158,646**	**124,044**	**152,663**	**359,390**	**533,770**
Operating Income Margin	*13.0%*	*18.3%*	*14.1%*	*16.3%*	*13.6%*	*15.5%*
Extraordinary Expenses, Net	10,204	8,135	4,447	11,671	106,931	34,457
ADJUSTED INCOME / (LOSS) FROM OPERATIONS	**88,214**	**150,511**	**119,596**	**140,992**	**252,459**	**499,313**
Non Operating Income / (Loss)	2,029	441	3,966	3,617	3,918	10,053
Comprehensive Financing Result	(33,636)	(39,073)	(32,378)	38,756	(40,700)	(66,331)
INCOME BEFORE TAXES	**56,607**	**111,879**	**91,185**	**183,365**	**215,678**	**443,036**
Tax	(2,325)	1,600	1,566	4,474	1,787	5,316
CONSOLIDATED NET (LOSS) INCOME	**58,931**	**110,279**	**89,619**	**178,891**	**213,890**	**437,720**
Net Income Margin	*7.8%*	*12.7%*	*10.2%*	*19.1%*	*8.1%*	*12.7%*

Cash flow and liquidity

Operating cash flow

During 2017, FibraHotel generated an operating cash flow of MXN $1,102 million compared to MXN $522 million in 2016. Excluding investment-related activities (non-operating activities, payment and recuperation of VAT related to developments and acquisitions), the net operating cash flow was MXN $940 million compared to MXN $631 million in 2016.

Investment cash flow

During 2017, FibraHotel generated a negative investment cash flow of (MXN $799 million):

- (MXN $706 million) for the development portfolio (without capitalized interests)
- (MXN $136 million) for CAPEX maintenance
- (MXN $79.4 million) for renovation of hotels
- MXN $1.4 million for investment revenues (fixed assets sale...)
- MXN $122 million for interests generated during the period

During 2016, FibraHotel generated a net cash flow for negative investment activities of (MXN $1,736 million):

- (MXN $1,261 million) for the development portfolio (without capitalized interests)
- (MXN $245 million) for the acquisition of 2016
- (MXN $149 million) for renovation of hotels
- (MXN $94 million) for CAPEX maintenance
- MXN $2.1 million for investment revenues (fixed assets sale...)
- MXN $11.2 million for interests generated during the period

Financing cash flow

During 2017, FibraHotel generated a financing cash flow of MXN $3,976 million:

- The net CBFI's emission from emissions expenses of MXN.$4,339 million.
- MXN $469 million related to the credit lines:
  - MXN $700 million for credit lines
  - MXN $231 million for payments of the amortization of the credit lines
- (MXN $585 million) for distribution:
  - (MXN $134 million) for distribution of the 2016 fourth quarter
  - (MXN $150 million) in respect to distribution of the 2017 first quarter
  - (MXN $121 million) in respect to distribution of the 2017 second quarter
  - (MXN $172 million) in respect to distribution of the 2017 third quarter
- (MXN $160 million) for interest payment and other financial expenses paid
- (MXN $80.2 million) for capitalized interest payments (total capitalized interest of MXN $80.2 millon for 2017)
- (MXN $1.6 million) for the acquisition of debt interest rate coverage and interest payment

During 2016, FibraHotel generated a financing cash flow of MXN $1,231 million:

- MXN $1,845 million related to the credit lines draw down during the last quarter of 2016
- (MXN $470 million) for distribution:
  - (MXN $118 million) for distribution of the 2015 fourth quarter
  - (MXN $99 million) in respect to distribution of the 2016 first quarter
  - (MXN $119 million) in respect to distribution of the 2016 second quarter
  - (MXN $135 million) in respect to distribution of the 2016 third quarter
- (MXN $57.4 million) for capitalized interest payments (total capitalized interest of MXN $68.0 millon for 2016)
- (MXN $46.3 million) for the acquisition of debt interest rate coverage and interest payment
- (MXN $39.5 million) for interest payment and other financial expenses paid
- (MXN $16.4 millon) for the acquisition of debt coverage and paid interest

Adjusted Funds From Operations

During 2017, FibraHotel generated:

- Funds From Operations (FFO) of MXN $805 million compared to MXN $510 million in 2016, representing a 13.4% increase over last year.
- Adjusted Funds From Operations (AFFO) of MXN $668 million compared to $494 million in 2016, representing a 35.4% increase over last year.

Liquidity position

FibraHotel closed 2017 with:

- A cash position, including VAT, by carrying forward MXN $4,756 million (VAT to be recovered ascended to MXN $28 million). Excluding VAT, the cash position and cash equivalents amounted to MXN $4,728 million, compared to MXN $448 million on December 31st, 2016.
- A total debt of MXN $3,165 million. As of December 31st, 2016, FibraHotel had a total debt of MXN $2,697 million. The net debt position (including VAT) is (MXN $1,590 million).
- Approximately MXN $457 million available for unused credit lines.

The following table shows the FibraHotel liquidity position:

MXN $ thousand	Year 2016	Year 2017	Comment
Cash, cash equivalents and restricted cash	448,828	4,727,981	
Available cash and cash equiv. - Operation	207,725	292,687	Hotels' working capital
Restricted cash and cash equiv. - Operation	56,294	98,640	Available for maintenance CapEx
Available cash and cash equiv. - Investment	184,809	4,336,655	Cash available for investment
Cash position without restricted cash	**392,534**	**4,629,342**	

The following table shows details of the FibraHotel debt amortization schedule:

MXN $ millions	Year 2017	Currency	Interest rate	Maturity
BBVA Bancomer 1	166.2	MXN	TIIE 28d + 150bps	oct-27
BBVA Bancomer 1	114.3	MXN	TIIE 28d + 150bps	oct-27
BBVA Bancomer 1	142.5	MXN	TIIE 28d + 150bps	oct-27
BBVA Bancomer 1	189.2	MXN	TIIE 28d + 150bps	nov-27
BBVA Bancomer 1	323.1	MXN	TIIE 28d + 150bps	nov-27
Banorte 1	977.6	MXN	TIIE 91d + 200bps	oct-24
Banorte 2	1,000.0	MXN	TIIE 91d + 130bps*	jul-26
BBVA Bancomer 2	252.9	MXN	TIIE 28d + 160bps	jun-20
Total debt position	**3,165.9**			

* The spread will increase to 200bps in July 2018 and to 250bps in July 2020.

As of December 31st, 2017, and according to credit agreements, FibraHotel has entered into various financial instruments destined only to covering variations of the TIIE rate (Interbank Equilibrium Interest Rate) 68.4% of FibraHotel's debt is covered. These instruments cost were paid up-front, and they have a 5-year maturity with the following characteristics:

Year	Payment	%
2018	115.5	3.6%
2019	203.5	6.4%
2020	244.4	7.7%
2021	356.8	11.3%
2022 and after	2,245.6	70.9%
Total	**3,165.9**	**100.0%**

MXN $ millions	Disposal	Type	Floor	Strike	Limit
BBVA Bancomer 1	612.2	Cap Spread		5.0%	9.0%
BBVA Bancomer 1	323.1	Cap Spread		5.0%	7.0%
Banorte 1	977.6	Collar	4.5%	6.0%	
BBVA Bancomer 2	252.9	Cap		8.0%	
Non covered	1,000.0				

Regulation applicable to FIBRAs

> Levarage level: FibraHotel closed 2017 with a MXN $3,166 million indebtedness and total assets of MXN $17,222 million corresponding to 18.4% debt level. It should be mentioned that the FibraHotel Trust agreement stipulates that the leveraging ratio cannot exceed 40%, while the regulation applicable to REITs indicates that this indicator cannot be over 50%.

> Debt service coverage ratio: The debt service coverage ratio is calculated by taking the capacity of FibraHotel to deal with payments of their commitments with its available resources[4] for the next six quarters. This ratio must be more than 1.0x. For the first, second, third and fourth quarters of 2017, FibraHotel debt service coverage ratio was 1.1x, 1.8x, 2.5x y 1.5x respectively.

Capital Expenditures

As of December 31st, 2017, available capital reserve for maintenance expenses destined to maintain the state and conditions of hotels in operation and based on a percentage of the gross revenue of hotels under an operating agreement amounted to MXN $172 million compared to MXN $56.3 million to December 31st, 2016.

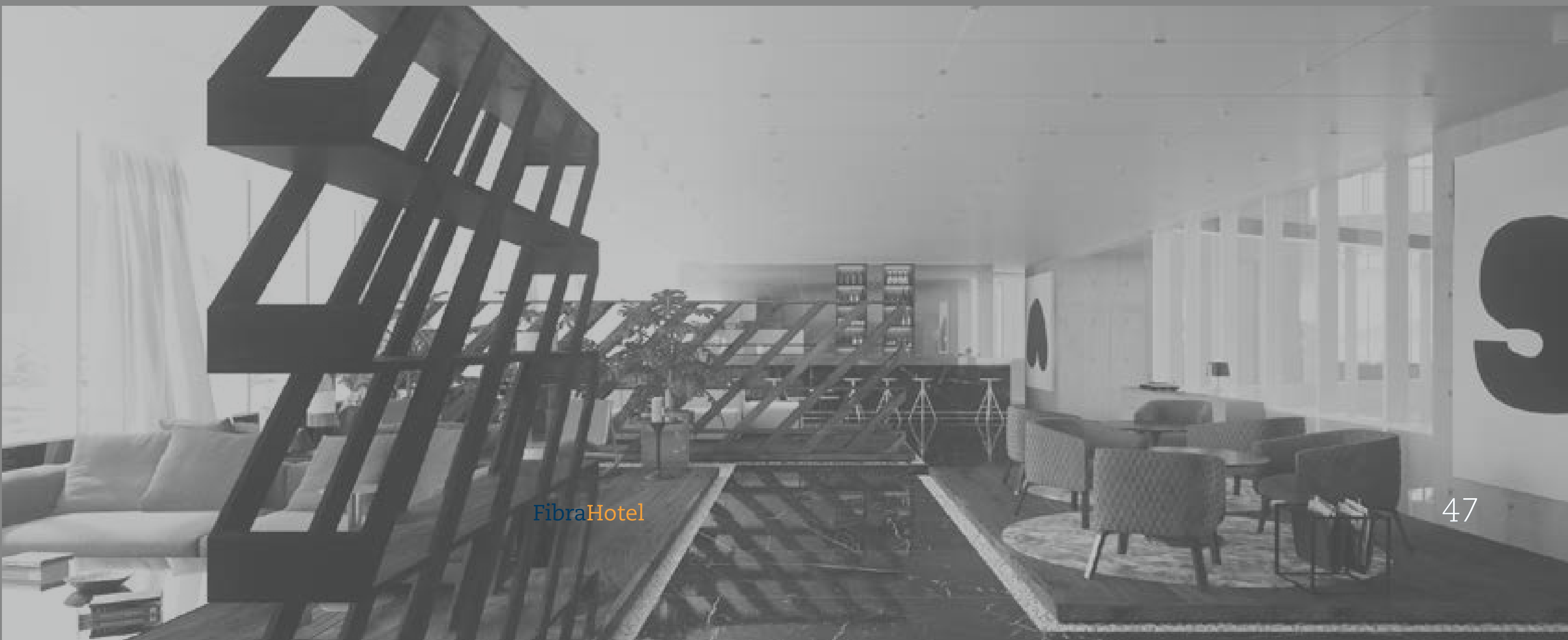
The most relevant FibraHotel capital expenditures during the year were:

> Maintenance CapEx: MXN $136 million.

> Capital investment expenditures in current hotels: FibraHotel is constantly analyzing the opportunity to invest capital in the current hotel portfolio when their expected returns justify the investment. During the year, FibraHotel invested MXN $79.5 million in capital expenditures for renovation, mainly in the Fiesta Americana Hacienda Galindo:

- Fiesta Americana Hacienda Galindo: Renovation of (i) rooms, (ii) common areas. The renovation has a budget of MXN $130 million, of which MXN $68 million had been invested by December 31st, 2017.

(4) For FibraHotel, the commitments correspond to i) debt service (principal and interest); ii) capital expenditures (CAPEX for maintenance of the hotels); and iii) non-discretionary developments (projects under development). Available resources correspond to i) cash and equivalents (excluding restricted cash); ii) VAT carried forward, iii) operating profit after distribution payment and iv) available credit lines.



Cash distribution

Distribution for 2017

FibraHotel seeks to create value for its CBFI holders. As a result, the FibraHotel Technical Committee approved distribution of a total amount of MXN $668 million for 2017, the details of which are shown in the following table:

	1Q 2017	2Q 2017	3Q 2017	4Q 2017	FY 2016	FY 2017
Total Distribution	**120,776**	**171,900**	**141,995**	**233,587**	**503,220**	**668,258**
Taxable Income	57,173	81,404	39,355	40,864	47,921	218,797
Capital Return	63,603	90,496	102,640	192,723	455,299	449,461
Number of CBFIs (end of period)						
Outstanding	499,401,766	499,401,766	827,074,288	827,074,288	499,401,766	827,074,288
With Economic Rights	494,273,561	494,273,561	821,946,083	812,676,935	494,273,561	812,676,935
Distribution / CBFI	**$0.2444**	**$0.3478**	**$0.1728**	**$0.2874**	**$1.0181**	**$1.0523**
Taxable Income	$0.1157	$0.1647	$0.0479	$0.0503	$0.0970	$0.3785
Depreciation	$0.1287	$0.1831	$0.1249	$0.2371	$0.9211	$0.6738

For the 2016 tax year, FibraHotel distributed a total of MXN $503 million, representing MXN $1.091 per CBFI. The distribution increase per CBFI between 2016 and 2017 was 3.4%.

	T1 2017	T2 2017	T3 2017	T4 2017
Total number of CBFIs	**499.4**	**499.4**	**833.9**	**499.4**
CBFIs without economic rights	**-**	**-**	**-**	**0.03**
Others CBFIs in treasury without economic rights	-	-	6.9	6.9
CBFIs without economic rights until of the oppening of the Courtyard by Marriott Toreo*	5.1	5.1	5.1	5.1
CBFIs with economic rights	**494.3**	**494.3**	**827.1**	**827.1**

* This CBFIs had economic rights in the first quarter 2018, same in which the hotel was opened.

Grand Fiesta Americana Monterrey Valle

FibraHotel Corporate Governance

Live Aqua Boutique Playa del Carmen

Technical Committee and FibraHotel Committees

To the date of this Annual Report, the FibraHotel Technical Committee is comprised by 11 members, four of which are independent members (36%).

Members' biographical information:

1. **Roberto Galante**. Mr. Galante is one of the founding members of Grupo GDI and its President and has more than 40 years of experience in the real estate industry. Prior to Grupo GDI's establishment, from 1989 until 2005, Mr. Galante was one of the founding members of and the President of the board of Súper Jeans, a company dedicated to the sale of casual clothing on a national level. Currently, Mr. Galante is an executive member of the Board of Mexican Hotel Fund I and II, the Mexican Commercial Fund, La Vista Country Club, Bosque Real and Mercap (companies owned by Grupo GDI). He has been a member of our technical committee for five years.
2. **Alberto Galante**. Mr. Galante is a member and vice president of Grupo GDI. Prior to Grupo GDI's establishment, from 1989 until 2005, Mr. Galante was a founding member and President of the board of Súper Jeans, a company dedicated to the sale of casual clothing on a national level. Currently, Mr. Galante is an executive member of the board of the Mexican Hotel Fund I and II, the Mexican Commercial Fund, La Vista Country Club, Bosque Real and Mercap (companies owned by Grupo GDI). He has been a member of our technical committee for five years.
3. **Simón Galante Zaga**. Mr. Simón Galante is our Advisor's Chief Executive Officer. Founding Partner and CEO of Grupo GDI, Mr. Simón Galante has over 20 years of experience in the hotel, residential and retail segments, as a developer and real estate manager, as well as in acquisitions, development and financing of real estate projects. Mr. Simón Galante is a member of the board of Fondo Hotelero Mexicano I and II, Fondo Comerical Mexicano, La Vista Country Club, Bosque Real and Mercap, all companies of Grupo GDI. Mr. Simón Galante holds a specialization in Business Administration from IPADE Business School. He has been a member of our technical committee for five years.
4. **Adolfo Benjamín Fastlicht Kurián**. Mr. Fastlitch is a founding member and Chief Executive Officer of Icon Group, a Mexican company dedicated to real estate development. Mr. Fastlitch was a co-founder and Co-Chief Executive Officer of Grupo Cinmex (from its creation in 1994 until 2005), one of main movie theater chains in Mexico and one of the most successful management projects in Mexico. Currently, Mr. Fastlitch serves as a strategic advisor of Grupo Cinemex. Mr. Fastlitch is a shareholder, director and member of the board of Grupo GDI. He has served as President of the Association of Real Estate Developers (ADI), the main association of the real estate development industry in Mexico, and also serves on the board of directors of various non-profit and educational institutions. Mr. Fastlitch holds a Bachelor of Science Degree in Hotel Administration from Boston University (1989) and a Masters Degree in Business Administration from Harvard University (1993). He has been a member of our technical committee for five years.
5. **Sandor Valner Watstein**. Mr. Valner is the Chief Executive Officer of Walton Street Capital, a global real estate funds administration company. Mr. Valner served as Director of Credit Suisse First Boston in Mexico and as a member of its executive committee for Latin America. He has been a member of EMVA and Valor Cosultores, investment banks, and has worked with J.P. Morgan on corporate finance and mergers and acquisitions. Mr. Valner is a co-founder and Vice President of the Mexican Association of Real

Estate Funds and Infrastructure and a member of the administrative board of various real estate companies in Latin America. He is an active member of the World's Presidents Organization and holds Master Degrees in Engineering and Business Administration from Stanford University. He has been a member of our technical committee for five years.

6. **Albert Galante Saadia**. Mr. Galante is an Industrial Engineer from the Universidad Autónoma de México. Since 1991 he has been a member of the board of Mex Factor, Casa de Bolsa. Mr. Galante is a founding partner and member of the board of Normalización y Certificación Electrónica, S.C., and a certification organization in the electronics sector that was established in 2001. Mr. Galante also has been CFO and member of the board of Ampliequipos, S.A. DE C.V. Laboratorios de Pruebas de Seguridad since 1987, and, since 1986, CFO and advisor of Ampliaudio, S.A. DE C.V. Importación y Exportación de Equipos de Electrónica y Similares. He has been a member of our technical committee for five years.
7. **Mayer Zaga Bucay**. Mr. Zaga Bucav is the Chief Financial Officer of Grupo Industrial Miro, a clothing and textile manufacturing company, which is also an import-export agent for brands such as Nike, Adidas and Victoria's Secret, among others, employing approximately 2,000 persons. He co-founded in 1983 the award-wining clothing company Ocean Pacific, which opened nearly 50 stores nationally and was a supplier to highly-renowned department stores in Mexico. Currently, Mr. Zaga Bucav is an investor in various real estate projects, as well as a member of Grupo GDI. He has been a member of our technical committee for five years.
8. **Manuel Zepeda Payeras**. Mr. Zepeda is an independent member of our technical committee and has played a key role in many major institutions and regulatory entities within the housing and mortgage industries in Mexico. Between 1989 and 2002 he presided over the Fondo de Operación y Financiamiento Bancario a la Vivienda (FOVI, a trust created to provide financial support for the acquisition and construction of affordable housing) administered by Bank of Mexico. Mr. Zepeda was the founder and General Manager for Sociedad Hipotecaria Federal, a financial institution created to promote access to quality housing for those who need it. During 2007 and 2008, he was president of Unión Interamericana para la Vivienda, an association founded in 1964 that represents over 100 financial intermediaries in Latin America for the mortgage business. He has been Advisor to the following housing companies: SARE Holding; MARHNOS Vivienda; and ARKO Promoción Inmobiliaria. He is former Advisor to Crédito Inmobiliario (a Sociedad Financiera de Objeto Múltiple or Sofom) and to INMESP, a real estate investment fund. Mr. Zepeda was Managing Partner at Afín, Asesores en Finanzas S.C., a consulting firm, founded in 2003, which specialized primarily in financial advisory and advisory services for states and municipalities with respect to financing provided by BANOBRAS, World Bank and Banco Interamericano de Desarrollo (BID). Mr. Zepeda was also partner at three companies specializing in judicial recovery of personal and business loans, and in the production and commercialization of light concrete and related products. Mr. Zepeda has also been member of various non-profit organizations, including the Global Advisory Board for the GSB at Chicago University, among others. He also served as Chief Economist to the President of Mexico between 1976 and 1982. Mr. Zepeda holds Master Degrees in Economics and Business Administration from the University of Chicago. He has been a member of our technical committee for five years.
9. **Jaime Zabludowsky Kuper**. Mr. Zabludowsky is an independent member of our technical committee. From February 2007 to present, Mr. Zabludowsky has been Executive President for Consejo Mexicano de la Industria de Productos de Consumo, A.C. (CONMEXICO), an association which represents 46 of the most important companies dedicated to high rotation consumer goods. Also, from 2010 to present, Mr. Zabludowsky has been Independent Advisor for the board of directors of PEMEX Exploración y Producción, as well as President of its Acquisitions, Leasing, Works and Services Committee. Mr. Zabludowsky has held different public positions such as Deputy Chief for negotiations of the Free Trade Agreement between Mexico and the U.S. (TLCAN, 1990-1994), Deputy Secretary for the International Commercial Negotiations of the Secretaría de Comercio y Fomento Industrial (1994-1998), Ambassador for Mexico in the European Union, Chief Negotiator for the Free Trade Agreement between Mexico and the European Union (1998-2001), Economist for the Economic Investigation Department at the Bank of Mexico (1984-1985) and Economist for the Economic Advisory team of the President of Mexico (1985-1988). Mr. Zabludosky is a founding partner of IQOM Inteligencia Comercial, a company dedicated to supplying electronic strategic information on foreign trade. Mr. Zabludowsky has been advisor to many major institutions, including Asian and Latin American governments as well as international multi-lateral institutions, regarding international trade and competition. He is a member of the board of advisors for various companies, civil associations and public institutions. Mr. Zabludowsky holds a Ph.D. in Economics from Yale University. He has been a member of our technical committee for five years.
10. **Felipe de Yturbe Bernal**. Mr. de Yturbe is an independent member of our technical committee. From 2001 to the beginning of 2012, Mr. de Yturbe was General Manager for the Brokerage Division (Casa de Bolsa) as well as Associate

General Manager for the Corporate Banking, Investment Banking, Treasury and Fiduciary Divisions at Grupo Financiero Scotiabank Inverlat. From 1996 until 2000, Mr. de Yturbe was General Manager for Deustche Bank Mexico and General Manager for Banco Mexicano. He has been a partner at Yturbe, Laborde y Asociados, a firm specializing in investment management. Mr. de Yturbe spent 12 years at Banco Nacional de Mexico where he held various positions. He started as Account Executives Coordinator and became Associate General Manager for the Corporate Banking, Investment Banking and Fiduciary divisions. Mr. de Yturbe held the positions of Treasurer and CFO for Cementos Anahuac (1976-1979) and was Vice President for The First National Bank of Chicago's office in Mexico City. Mr. de Yturbe holds a Master in Business Administration degree from Harvard University. He has been a member of our technical committee for five years.

11. **Pablo de la Peza Berrios**. Mr. de la Peza is an independent member of our technical committee. From 1976 to 2013, Mr. de la Peza served in various roles at Banco Banamex both in Mexico and abroad, as Director of the International Treasury, President of Calfornia Commerce Bank, Director of Financial Planning of Banemex, President Securities at Banamex and Afore Banamex, Corporate Director of Strategic Planning and Corporate Development for Mexico and Citi affiliates in Latin America, Corporate Director of Asset Management of Banamex (Pension Funds, Insurance, Pensions, Investment Funds and Trusts). Mr. de la Peza served on the board of directors of various investment entities managed by Banamex and President of the Insurance, Pension Funds and Investment Funds boards at Banamex. In 2013, he retired from Banamex though he continues to participate on the board of directors and various committees of companies within the financial group. Mr. de la Peza is a member of the investment committee of various entities listed on the Mexican Stock Exchange, and on the investment committee of a large foundation. He is also a Mentor at Endeavor. Mr. de la Peza holds a degree in Industrial Engineering from the Universidad Iberoamericana. He has been a member of our technical committee for three years.

For more information on our Committees, refer to the 2017 Bolsa Annual Report, available in Spanish in the FibraHotel webpage, www.fibrahotel.com or that of the Bolsa Mexicana de Valores (Mexican Stock Exchange).

During 2017, the Technical Committee met five times to approve the Financial Statements and distributions, with previous approval of the Auditing Committee.

From January 1st, 2018 to the issuance of this Annual Report, the Technical Committee has met twice to approve the Financial Statements and distributions, with the previous approval of the Auditing Committee.

Long-term alignment of interest

FibraHotel seeks to align long-term interests with its Advisor, GDI and its CBFI Holders through certain items such as:

- GDI contributed all its hotel assets in operation to FibraHotel at its creation
- GDI, through the Control Trust, is the majority shareholder
- GDI granted FibraHotel preferential rights on any future hotel opportunity that complies with FibraHotel's investment parameters
- The FibraHotel Advisor charges only one fee corresponding to 1.00% of the non-depreciated assets net of debt

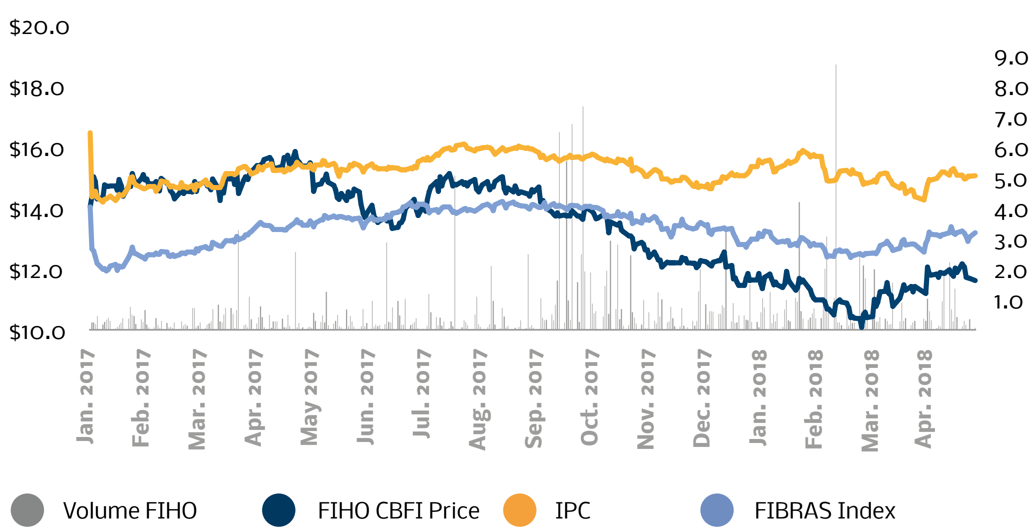
For more information on the FibraHotel Trust Agreement, Control Trust, among others please refer to the 2017 Annual Report, available in Spanish on the FibraHotel website (www.fibrahotel.com) or on the Mexican Stock Exchange website.

AC by Marriott Guadalajara

FibraHotel on the Mexican Stock Exchange

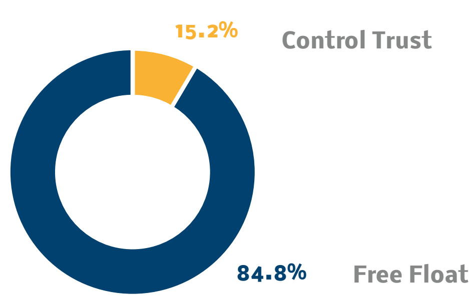
CBFI price

The following graph shows the evolution of FibraHotel REIT price and its volumes between January 1st 2017 and April 30th, 2018.



Stock ownership

To the date of this Annual Report, FibraHotel shareholder structure is as follows:



Post-2017 events

Fiesta Americana Pabellón M

Opening of Courtyard by Marriott Toreo

On February 2th 2018, FibraHotel announced the opening of Coutyard by Marriott Toreo, with 146 select-services rooms operated by Marriott International.

Closing of the Fiesta Americana Condesa Cancun acquisition

On February 20th, 2018, FibraHotel closed the Fiesta Americana Condesa Cancun resort hotel acquisition for a purchase price of Ps. 2,892 million in a sale and leaseback transaction with Grupo Posadas. The transaction will be economically equivalent to a January 1st, 2018 closing.

2017 fourth quarter results

On February 27th of 2018, FibraHotel announced its financial results and distribution of the fourth quarter of 2017.

Citi 2017 Global Property CEP Conference Presentation

On March 6th of 2018, FibraHotel presented in the Citi 2018 Global Property CEO Conference.

2018 first quarter results

On April 18th of 2018, FibraHotel announced its financial results and distribution of the first quarter of 2018.

Consolidated Finantial Statements

Fideicomiso Irrevocable No. F/1596 (Deutsche Bank México, S. A. Institución de Banca Múltiple, División Fiduciaria) and Subsidiary

Consolidated Financial Statements for the Years Ended December 31, 2017, 2016 and 2015, and Independent Auditors' Report Dated March 31, 2018

Independent Auditors' Report and Consolidated Financial Statements 2017, 2016 and 2015

Page **Table of contents**

Independent Auditors' Report to the Technical Committee and Trustees of Fideicomiso Irrevocable No. F/1596 (Deutsche Bank México, S. A. Institución de Banca Múltiple, División Fiduciaria)

Opinion

We have audited the accompanying consolidated financial statements of Fideicomiso Irrevocable No. F/1596 (Deutsche Bank México, S. A. Institución de Banca Múltiple, División Fiduciaria) and subsidiary ("FibraHotel" or the "Trust"), which comprise the consolidated statements of financial position as of December 31, 2017, 2016 and 2015, and the consolidated statements of comprehensive income, the consolidated statements of changes in trustees' equity and the consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of FibraHotel as of December 31, 2017, 2016 and 2015, and their consolidated financial performance and their consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRSs"), issued by the International Accounting Standards Board ("IASB").

Basis for Opinion

We conducted our audits in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are independent of FibraHotel with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code)) together with the Code of Ethics issued by the Mexican Institute of Public Accountants (IMCP Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and with the IMCP Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter

The accompanying consolidated financial statements have been translated into English for the convenience of readers.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that the matters described below are the key audit issues which should be communicated in our report.

Evaluation of acquisitions of properties as assets or businesses

FibraHotel's management uses its professional judgment to determine whether the acquisition of a property, or a portfolio of properties, represents a business combination or an acquisition of assets. This determination could have a significant impact on how the assets acquired and liabilities assumed are accounted for, both in their initial recognition and in subsequent years. The test of this judgment was significant for our audit, because the evaluation process requires us to test the purchase agreements of the properties based on the IFRS criteria to define a business, which was included in our audit procedures. Based on our audit tests of this management judgment and the definition of business included in IFRS 3 - Business Combinations, we have concluded that the acquisitions of properties treated as assets by FibraHotel, are reasonably correct because no inputs or processes are acquired from the vendors of such properties in these transactions.

Tax compliance to maintain the status as a FIBRA in accordance with the Income Tax Law.

As discussed in Note 1 to the consolidated financial statements, to maintain its status as a FIBRA, the Mexican Tax Administration Service ("SAT") has established, in articles 187 and 188 of the Income Tax Law, that the Trust must annually distribute at least 95% of its net tax result to the holders of its CBFIs, apart from other requirements. The test of compliance with such articles was significant for our audit because it is the fundamental going concern principle of the Trust. As a result, our audit procedures included the review of the annual tax result of the Trust and the involvement of tax experts to evaluate compliance with the principal requirements contained in such articles under the laws in effect as of December 31, 2017. Given the importance of the aforementioned matter, a change in the entity's status based on the Income Tax Law may have a material effect on the consolidated financial statements. The results of our audit procedures were reasonable.

Other information included in the document containing the consolidated financial statements

FibraHotel's Management is responsible for other information. Other information includes the information that will be incorporated in the Annual Report which FibraHotel is required to prepare in compliance with article 33, section I, subsection b) of Title Fourth, Chapter First of the General Provisions Applicable to Issuers and Other Stock Market Participants in Mexico, and the Instructions which accompany those provisions ("the Provisions"). The Annual Report is expected to be available after the date of this audit report.

Our opinion on the consolidated financial statements will not cover the other information and we will not express any form of assurance thereon.

In relation with our audit of the consolidated financial statements, our responsibility will be to read the Annual Report, when it is available, and when we do so, to consider whether the other information contained therein is materially inconsistent with the consolidated financial statements or our knowledge obtained during the audit, or appears to contain a material misstatement. When we read the Annual Report, we will issue the legend on the reading of the annual report, as required in Article 33, Section I, subsection b) numeral 1.2 of the Provisions.

Responsibilities of Management for the Consolidated Financial Statements

FibraHotel's Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as FibraHotel's management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing FibraHotel's ability to continue as a going concern, disclosing, as applicable, matters related to any going concern issues and using the going concern basis of accounting unless management either intends to liquidate FibraHotel or to cease operations, or has no realistic alternative to do so.

Those charged with Trust's management are responsible for overseeing the Trust's financial reporting process.

Independent Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISA's, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with FibraHotel's management regarding, among other matters, the planned scope and timing of the audit and the significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to FibraHotel's management a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with FibraHotel's management, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Galaz, Yamazaki, Ruiz Urquiza, S. C.
Member of Deloitte Touche Tohmatsu Limited

C. P. C. Alexis Hernández Almanza
March 31, 2018

Consolidated Statements of Financial Position

As of December 31, 2017, 2016 and 2015
(In thousands of Mexican pesos)

Assets	Notes	2017	2016	2015
Current assets:				
Cash, cash equivalents and restricted cash	5	$ 4,727,981	$ 448,829	$ 376,825
Trade accounts receivable and other receivables -- Net	6	320,837	242,685	207,912
Due from related parties	13	-	-	3,190
Recoverable taxes, mainly value-added tax		28,217	228,709	288,545
Prepaid expenses		23,499	16,627	5,788
Total current assets		5,100,534	936,850	882,260
Non-current assets:				
Hotel properties, furniture and operating equipment - Net	7	11,025,449	9,970,023	7,535,661
Properties under development	8	975,996	1,396,600	2,310,689
Security deposits		3,096	2,380	1,813
Deferred income taxes	11	3,055	3,298	4,055
Derivative financial instruments	12f	114,652	120,887	11,441
Total non-current assets		12,122,248	11,493,188	9,863,659
Total assets		$ 17,222,782	$ 12,430,038	$ 10,745,919

Liabilities and Trustees' Equity

	Notes	2017	2016	2015
Current liabilities:				
Current portion of long-term debt	10	$ 115,544	$ 98,288	$ 7,849
Suppliers and accrued expenses	9	485,840	348,107	316,936
Taxes payable		9,564	6,868	5,110
Total current liabilities		610,948	453,263	329,895
Long-term liabilities:				
Debt	10	3,050,362	2,598,743	844,619
Total liabilities		3,661,310	3,052,006	1,174,514
Trustees' equity:				
Contributions from trustees	14	12,669,151	8,737,636	9,160,109
Unsubscribed equity		-	-	(15)
Retained earnings		840,141	580,354	414,383
Valuation effect of derivative financial instruments	12f	52,180	60,042	(3,072)
Total trustees' equity		13,561,472	9,378,032	9,571,405
Total liabilities and trustees' equity		$ 17,222,782	$ 12,430,038	$ 10,745,919

See accompanying notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2017, 2016 and 2015
(In thousands of Mexican pesos)

	Notes	2017	2016	2015
Revenues from:				
Rooms		$ 2,687,525	$ 2,057,257	$ 1,541,320
Food and beverages		621,345	468,397	367,525
Real estate rentals		92,919	79,832	75,393
Other income		34,207	29,519	23,699
Total revenues		3,435,996	2,635,005	2,007,937
Costs of:				
Rooms		542,136	402,676	288,706
Food and beverages		379,294	285,813	215,273
Indirect costs		1,408,685	1,103,084	833,778
Total costs		2,330,115	1,791,573	1,337,757
Gross profit (lodging contribution)		1,105,881	843,432	670,180
Property expenses		43,311	41,587	40,671
Corporate expenses		195,330	252,458	211,953
Depreciation	7	367,926	296,930	213,782
Other income		(10,053)	(3,913)	(5,930)
Operating income		509,367	256,370	209,704
Financial costs (income):				
Interest income		(121,827)	(11,173)	(34,327)
Interest expenses		186,311	40,282	-
Other financial expenses		5,040	13,948	4,063
Foreign exchange, Net		(3,193)	(2,364)	508
Total financial costs (income)		66,331	40,693	(29,756)
Income before income taxes		443,036	215,677	239,460
Income taxes	11	5,316	1,787	2,884
Consolidated net income		437,720	213,890	236,576
Other comprehensive income:				
Gain (loss) on hedging instruments		(7,862)	63,114	(3,072)
Consolidated net comprehensive income		$ 429,858	$ 277,004	$ 233,504
Net income per weighted average CBFIs with economic rights (pesos)		$ 0.7415	$ 0.4327	$ 0.4786
Net income per weighted average CBFIs (pesos)		$ 0.7326	$ 0.4282	$ 0.4737
Weighted average CBFIs with economic rights		590,330,985	494,273,561	494,273,561
Weighted average outstanding CBFIs		597,473,995	499,401,766	499,401,766

See accompanying notes to consolidated financial statements.

Consolidated Statements of Changes in Trustees' Equity

For the years ended December 31, 2017, 2016 and 2015
(In thousands of Mexican pesos)

	Number of CBFIs	Contributions from trustees	Unsubscribed equity	Retained earnings	Valuation effect of derivative financial instruments	Total trustees' equity
Balances as of January 1, 2015	499,401,766	$ 9,495,343	$ (15)	$ 271,662	$ -	$ 9,766,990
Distribution to trustees	-	(335,234)	-	(93,855)	-	(429,089)
Consolidated net comprehensive income	-	-	-	236,576	(3,072)	233,504
Balances as of December 31, 2016	499,401,766	9,160,109	(15)	414,383	(3,072)	9,571,405
Payment of unsubscribed equity	-	-	15	-	-	15
Distribution to trustees	-	(422,473)	-	(47,919)	-	(470,392)
Consolidated net comprehensive income	-	-	-	213,890	63,114	277,004
Balances as of December 31, 2016	499,401,766	8,737,636	-	580,354	60,042	9,378,032
Issuance of CBFIs - Public offering	334,545,454	4,505,497	-	-	-	4,505,497
Issuance expenses	-	(166,759)	-	-	-	(166,759)
Distribution to trustees	-	(407,223)	-	(177,933)	-	(585,156)
Consolidated net comprehensive income	-	-	-	437,720	(7,862)	429,858
Balances as of December 31, 2017	833,947,220	$ 12,669,151	$ -	$ 840,141	$ 52,180	$ 13,561,472

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

For the years ended December 31, 2017, 2016 and 2015
(In thousands of Mexican Pesos)

	2017	2016	2015
Cash flows from operating activities:			
Consolidated net income	$ 437,720	$ 213,890	$ 236,576
Adjustments for:			
Income taxes recognized in net income	5,316	1,787	2,884
(Gain) loss on sale of furniture and hotel equipment	(1,381)	(1,793)	2,439
Depreciation	367,926	296,930	213,782
Interest income	(121,827)	(11,173)	(34,327)
Interest expenses	186,311	40,282	-
Other financial expenses	5,040	13,948	4,063
	879,105	553,871	425,417
Changes in working capital:			
Trade accounts receivable and other receivables	(78,152)	(34,773)	(38,738)
Due from related parties	-	3,190	-
Recoverable taxes, mainly value-added tax	200,492	63,061	(52,879)
Prepaid expenses	(6,872)	(10,839)	(3,174)
Security deposits	(716)	(567)	(159)
Suppliers and accrued expenses	111,232	5,785	83,056
Taxes payable	(695)	1,758	740
Income tax paid	(1,682)	(4,243)	(6,331)
Net cash generated by operating activities	1,102,712	577,243	407,932
Cash flows from investing activities:			
Assets acquired	-	(244,826)	(189,359)
Acquisition of hotel properties, furniture and operating equipment	(216,233)	(243,266)	(302,068)
Proceeds from sale of furniture and hotel operating equipment	1,381	2,098	3,184
Investment in development projects	(706,266)	(1,261,461)	(2,071,817)
Interest received	121,827	11,173	34,109
Net cash used in investing activities	(799,291)	(1,736,282)	(2,525,951)
Cash flows from financing activities:			
Proceeds from issuance of CBFIs	4,505,497	-	-
Issuance expenses	(166,759)	-	-
Proceeds from borrowings	699,867	1,844,562	852,468
Debt payments	(230,991)	-	-
Derivative financial instrument payment	(1,627)	(46,332)	(14,513)
Capitalized interest paid	(80,154)	(57,255)	(1,864)
Interest paid	(159,906)	(25,592)	-
Distribution to trustees	(585,156)	(470,392)	(429,089)
Other financial expenses	(5,040)	(13,948)	(4,063)
Net cash generated by financing activities	3,975,731	1,231,043	402,939
Cash, cash equivalents and restricted cash:			
Net increase (decrease) in cash, cash equivalents and restricted cash	4,279,152	72,004	(1,715,080)
Cash, cash equivalents and restricted cash at the beginning of the year	448,829	376,825	2,091,905
Cash, cash equivalents and restricted cash at the end of the year (including restricted cash of $4,455,181, $241,103 and $205,982 as of December 31, 2017, 2016 and 2015, respectively)	$ 4,727,981	$ 448,829	$ 376,825

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

For the years ended December 31, 2017, 2016 and 2015
(In thousands of Mexican Pesos)

1. Activities and significant events

Activities –

Fideicomiso F/1596 (Deutsche Bank México, S. A. Institución de Banca Múltiple, División Fiduciaria) and Subsidiary (jointly referred as to "FibraHotel") was established as a real estate investment trust on July 31, 2012 by Concentradora Fibra Hotelera Mexicana, S. A. de C. V., (the "Trustor") and Deutsche Bank México, S. A., Institución de Banca Múltiple, División Fiduciaria (the "Trustee"). FibraHotel was established mainly to develop, acquire and hold real estate properties for use in hotel operations. The hotel services offered may be limited, select, complete and long stay, depending on the brand affiliation and service operators. The hotels in the FibraHotel portfolio operate under the following brands:

Live Aqua	One	Sheraton
Fiesta Americana Grand	Fiesta Inn Lofts	Fairfield Inn & Suites by Marriott
Fiesta Americana	Live Aqua Boutique	AC Hotels by Marriott
Fiesta Inn	Camino Real & Suites	Courtyard by Marriott
Gamma by Fiesta Inn	Real Inn	

To carry out its operations, FibraHotel has entered into planning advisory agreements with Administradora Fibra Hotelera Mexicana, S. A. de C. V. ("Administradora Fibra Hotelera") (a related party), under which it pays an annual fee payable each quarter, equivalent to 1% of the carrying amount of undepreciated assets, net of debt. It also has entered into hotel operations contracts with Grupo Posadas, S. A. B. de C. V. ("Posadas"), Grupo Real Turismo, S. A. de C. V. ("Real Turismo"), Operadora Marriott, S. A. de C. V. ("Marriott International") as of December 31, 2016 and 2015, it had a contract with Starwood Hotels & Resorts Worldwide, Inc. ("Starwood Hotels") (collectively "Operadoras"), which establish a fee based on the hotels' gross operating profit, among other metrics. FibraHotel has also entered into lease agreements with Posadas which provide fixed income and, as the case may be, variable income, based on the income from operations.

FibraHotel has no employees and therefore no labor obligations, except for joint and several obligations which might arise due to noncompliance with the labor and tax obligations of the entities which render it personnel administrative and operating services. Any administrative services required are provided by related parties and third parties.

FibraHotel, as a real estate investment trust ("FIBRA"), qualifies to be treated as a pass-through entity for Mexican federal income tax purposes in accordance with the Mexican Income Tax Law ("LISR"). Therefore, all income derived from FibraHotel's operations is attributed to the holders of its real estate trust certificates ("CBFIs" for its name in Spanish) and FibraHotel itself is not subject to income tax in Mexico. In order to maintain FIBRA status, the Income Tax Law ("ISR" for its name in Spanish) has established in Articles 187 and 188, FibraHotel must, among other requirements, distribute at least 95% of its net taxable income each year to the holders of its CBFIs. On October 12, 2012, FibraHotel obtained a ruling from the Mexican Treasury Department, published in the Federal Official Gazette, formally establishing FibraHotel as a FIBRA.

Fibra Hotelera S. C. is a 99.99% owned subsidiary of Trust. Its responsibilities include managing the business, providing maintenance to the real estate properties and hotels, obtaining necessary licenses and permits, supervising projects involving renovation, development and remodeling, providing insurance coverage, oversight of public services, and negotiating hotel management contracts. Fibra Hotelera, S. C. is subject to the payment of regular Income Tax ("ISR").

The address of FibraHotel is Avenida Santa Fe No. 481 Piso 7 Col. Cruz Manca, Cuajimalpa de Morelos, 05349, Mexico City.

a. Hotels portfolio composition

The detail of the operating and leasing portfolio of FibraHotel by operator is as follows:

Operator	Number of hotels de hotels as of December 31,					
	2017		2016		2015	
	Operating agreement	Lease agreement	Operating agreement	Lease agreement	Operating agreement	Lease agreement
Posadas	61	3	58	3	49	3
Real Turismo	5		5	-	5	-
Marriott International	12		8	-	4	-
Starwoods Hotels	-	-	1	-	1	-
Total	78	3	72	3	59	3
Total hotels in operation	81		72		62	
Total rooms	11,273		10,422		8,507	

As of December 31, 2017, 2016 and 2015, 5, 10 and 18 hotels were under development respectively.

Construction contracts have been signed with different real estate developers to perform the in part or the complete construction of the hotels which make up the development portfolio. The investments by FibraHotel regarding properties under development as of December 31, 2017, 2016 and 2015, amount to $975,996, $1,396,600 and $2,310,689, respectively, presented in the statement of financial position under the heading "Properties under development".

b. Assets acquisition

During 2016 and 2015, FibraHotel concluded the acquisition of one hotel in each year. In 2017 FibraHotel did not acquire hotels. The fair value of the net assets acquired are as follows:

Year	Land	Building	Hotel furniture and operating equipment	Total
2016	$ 34,376	$ 203,533	$ 6,917	$ 244,826
2015	$ 38,660	$ 133,847	$ 16,852	$ 189,359

The fair value of the aforementioned assets acquired in 2016 and 2015 is determined based on the income approach and the market approach. The income approach is based on the present value of future cash flows generated by the assets, taking into consideration the characteristics of the business, such as income, costs and expenses, among others, and is commonly used to determine the fair value for the types of assets maintained by the Trust.

As of December 31 2016 and 2015, final fair values using the income and market approach have been obtained.

Significant events

a. Issuance of Real Estate Trust Certificates ("CBFIs")

On September 14, 2017, FibraHotel concluded its third Public Offering on the Mexican Stock Exchange, together with a private international market placement through Rule 144A and the Regulation of the United States Security Law for a total of 334,545,454 CBFIs with a price of $13.75 pesos for each CBFI, to reach a total of 833,947,220 CBFIs. As December 31, 2017 there are 821,946,083 CBFIs with economic rights.

	2017
CBFIs issued	833,947,220
Less -	
CBFIs in treasury	(6,872,932)
CBFIs related to the development portfolio	(5,128,205)
	(12,001,137)
CBFIs with economic rights	821,946,083

The net resources derived from this placement were utilized to: (i) acquire the Fiesta Americana Condesa Cancún hotel; (ii) fund other hotel investments in process; (iii) temporarily reduce the debt, and (iv) for other corporate purposes. This investment contributed to portfolio diversification and included a significant acquisition in the "resorts" segment that will help enhance the diversification of the portfolio of FibraHotel, while generating a higher proportion of revenues in US dollars and allowing participation in Mexico's dynamic tourist sector.

b. ***Disposition of credit lines***

On May 23, 2017, FibraHotel contracted revolving credit line of $210 million with SabCapital, S. A de C. V., SOFOMER (Sab-Capital), of which it utilized $145 million. The contract establishes the payment of interest at the 28-day TIIE rate plus 1.50 percentage points. During this same period, FibraHotel settled the entire payable balance by using the resources received from the placement of CFBIs.

In July 2017, FibraHotel contracted a credit line of $500 million with BBVA Bancomer, S. A., Institución de Banca Múltiple, Grupo Financiero BBVA ("BBVA Bancomer"), of which it utilized the amount of $252.9 million. This contract establishes the payment of interest at the 28-day TIIE rate plus 1.60 percentage points.

At December 31, 2017, FibraHotel utilized all the credit lines contracted during 2016 and 2015 with BBVA Bancomer and Banco Mercantil del Norte, S.A., Institución de Banca Múltiple, Grupo Financiero Banorte ("Banorte"), thereby reaching its total credit limit of $3,000 million.

As a result of the above, in order to maintain relatively stable interest rate payments, FibraHotel entered into interest rate hedges to cover the withdrawals from the BBVA Bancomer and first Banorte lines of credit. For more information regarding the interest rate hedges please refer to Note 10.

c. ***Promise acquisition agreement of Hotel Fiesta Americana Hermosillo***

On April 29, 2016, FibraHotel entered into a purchase-sale contract subject to a term, conditions precedent and a purchase option for the hotel named "Fiesta Americana Hermosillo" pursuant to the following clauses: i) the effective duration of the contract will be until January 31, 2020, ii) the consideration will be that resulting from multiplying 10.06x average EBITDA of the hotel for the last three years, less the investment made in improvements and disbursements for leasing, subject to a lower limit of $80.5 million. On the same date, FibraHotel signed a lease contract for a forced period to 2020 for $10 million, which amount the lessor undertakes to invest in property improvements. Also, FibraHotel agrees under the same terms to invest $75 million in such property. The sale of the property will be recognized once all the aforementioned clauses are fulfilled.

d. ***Promise acquisition agreement of Fiesta Hacienda Galindo Hotel***

On July 3, 2017, FibraHotel and Posadas executed a purchase-sale contract subjet to a term, conditions precendent and a purchase option for the Fiesta Americana Hacienda Galindo hotel, which has 168 full-service and convention rooms. The Fiesta Americana Hacienda Galindo hotel is currently operating and was remodeled in stages during 2017 and 2018 without being closed. The initial investment in the hotel was $130,000. As part of the agreement, this initial investment was utilized to renovate the hotel, including public areas and rooms. FibraHotel will settle the price agreed price for the hotel at the beginning of 2020, when the conditions to which the sale is subject are fulfilled and the transaction price is defined based on 10 times the 2019 EBITDA less the investment of FibraHotel. Meanwhile, FibraHotel acts as the hotel lesse. The sale of the property will be recognized once all the aforementioned clauses are fulfilled.

e. ***Purchase of the Fiesta Americana Condesa Cancun hotel***

On August 15, 2017, FibraHotel and Posadas executed a purchase-sale contract subject to certain conditions for the Fiesta Americana Condesa Cancun hotel. The total hotel price is $2,892,000 plus the respective Value Added Tax (IVA) without including acquisition expenses. The acquisition is subject to the fulfillment of certain conditions, which were met on February 20, 2018, see Note 18 a).

As an obligation under the purchase contract, Posadas, in its capacity as lessee, and FibraHotel, in its capacity as lessor, executed a lease contract. The following contractual terms, among others, must be considered when the purchase-sale contract takes effect:

(i) A 15-year period which is renewable for an additional five years, as of the date on which the purchase-sale contract takes effect.

(ii) A total annual rent, which will be equal to a fixed annual rental of US$9,500, restated each year according to the US Consumer Price Index, plus a variable component based on occupation and the revenues generated by the hotel.

2. Application of new and revised International Financial Reporting Standards

a. ***Application of new and revised International Financing Reporting Standards ("IFRSs" or "IAS") that are mandatorily effective for the current year***

In the current year, FibraHotel has applied a number of amendments to IFRS and new Interpretation issued by the International Accounting Standards Board ("IASB") that are mandatorily effective for accounting periods that begin on or after January 1, 2017.

Amendments to IAS 7 Disclosure Initiative

FibraHotel has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes.

The Entity's liabilities arising from financing activities consist of borrowings (note 10), the application of these amendments has had no impact on the Entity's consolidated financial statements, because the only changes in financial liabilities are the cash amounts shown in the consolidated statement of cash flows.

b. New and revised IFRSs in issue but not yet effective

The Entity has not applied the following new and revised IFRSs that have been issued but are not yet effective. These revised IFRSs allow their early adoption, however FibraHotel did not exercise the option:

IFRS 9	Financial Instruments and the related Clarificatios[1]
IFRS 15	Revenue from Contracts with Customers (and the related Clarifications)[1]
IFRS 16	Leases[2]

[1] Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.
[2] Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.

IFRS 9 Financial Instruments

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9:

- All recognized financial assets that are within the scope of IFRS 9 Financial Instruments are required to be subsequently measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading nor contingent consideration recognized by an acquirer in a business combination) in other comprehensive income, with only dividend income generally recognized in profit or loss.

- With regard to the measurement of financial liabilities designated as of fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about a FibraHotel's risk management activities have also been introduced.

Based on an analysis of the Entity's financial assets and financial liabilities as at 31 December 2017 on the basis of the facts and circumstances that exist at that date, FibraHotel's management does not anticipate that the application of the IFRS 9 hedge accounting requirements will have a material impact on the Entity's consolidated financial statements and performance.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

1: Identify the contract(s) with a customer
2: Identify the performance obligations in the contract
3: Determine the transaction price
4: Allocate the transaction price to the performance obligations in the contract
5: Recognize revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognizes revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

In April 2016, the IASB issued Clarifications to IFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

FibraHotel's management continues with the analysis of the impact. Apart from providing more extensive disclosures on the Entity's revenue transactions, FibraHotel's management does not anticipate that the application of IFRS 15 will have a significant impact on the financial position and/or financial performance of FibraHotel.

IFRS 16, Leases

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 was issued in January 2017 and will supersede the current lease guidance including IAS 17 Leases and the related interpretations when it becomes effective.

IFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. "Distinctions of operating leases (off balance sheet) and finance leases (on balance sheet) are removed for lessee accounting and is replaced by a model where a right-of - use asset and a corresponding liability have to recognized for all leases by lessees (i.e. all on balance sheet) except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payment as well as the impact of lease modifications, among the others. Furthermore, the classification of cash flows will also affected as operating lease payments under IAS 17 are presented as operating cash flows, whereas under the IFRS 16 model, the lease payments will be split into a principal and interest portion which will be presented as financing and operating cash flows respectively.

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by IFRS 16.

However, a lessee may elect to account for lease payments as an expense on a straight-line basis over the lease term for leases with a lease term of 12 months or less and containing no purchase options (this election is made by class of underlying asset); and leases where the underlying asset has a low value when new, such as personal computers or small items of office furniture (this election can be made on a lease-by-lease basis).

IFRS 16 establishes different transitional provisions, including retrospective application or the modified retrospective application where the comparative period is not restated.

FibraHotel is in the process of determining the potential impacts that will derive from the adoption of this standard in its consolidated financial statements, although given the nature of its operations it would not expect significant impacts.

3. Significant accounting polices

a. *Statement of compliance*

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the IASB.

b. *Basis of preparation*

The consolidated financial statements of FibraHotel have been prepared on the historical costs basis, except for derivative financial instruments and hotel properties, furniture and equipment, and properties under development, which were valued at fair value on 2012, at the date of contribution and acquisition, as explained in greater detail in the accounting policies below.

i. Historical cost

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

ii. Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, FibraHotel takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

c. *Basis of consolidation*

The consolidated financial statements incorporate the financial statements of the Trust and the subsidiaries over which it exercises control. Control is achieved when Trust:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

Trust reassesses whether it controls an entity if the facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

The subsidiary is consolidated from the date on which control is transferred to FibraHotel, and is no longer consolidated from the date that control is lost.

When necessary, adjustments to the financial statements of the subsidiary are made to align its accounting policies in accordance with the accounting policies of FibraHotel.

All balances and transactions between the subsidiary and FibraHotel have been eliminated in the consolidation.

Entity	Ownership percentage 2017, 2016 and 2015	Activity
Fibra Hotelera, S. C.	99.99%	Provision of advisory services and technical, legal, tax, commercial and administrative consulting related to the purchase and sale, management, leasing and subletting of all kinds of land, houses, buildings, warehouses, hotels, malls and commercial premises and offices.

FibraHotel reassessed whether it has maintained effective control over entities that provide administrative, personnel and operational services mentioned in Note 1, and based on its assessment, management concluded that in accordance with IFRS 10, it does not have effective control due to the following: (i) power, FibraHotel currently does not have the ability to direct the relevant activities, (ii) exposure or rights to variable returns; the trustors of the payroll entities have not received distributions, given that paying dividends is not the objective of the payroll entities. Furthermore administrative services fees are 5%, which is representative of market value for such services. This fee is not modified for the benefit of FibraHotel. The fee covers the expenses incurred by the payroll entities for their operation and is sufficient to ensure that the payroll entities do not incur losses. In addition to the above the assets of the payroll entities are of such a nature that they cannot be used in combination with FibraHotel for its operations.

d. Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of paid values of the assets transferred by FibraHotel, liabilities incurred by FibraHotel to the previous owners of the entity acquired and the equity issued by FibraHotel in exchange for control over the entity acquired at the acquisition date. Acquisition-related costs are generally recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value.

Goodwill is measured as the excess over the sum of the consideration transferred, the amount of any non-controlling interest in the entity acquired, and the fair value of the acquirer's previous held equity interest in the acquired (if any) over the net of the acquisition-date amounts of identifiable assets acquired and liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquire and the fair value of the acquirer's previously held interest in the acquire (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

e. Financial instruments

Financial assets and financial liabilities are recognized when FibraHotel becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit.

f. Financial assets

Financial assets are classified into the following categories: financial assets 'at fair value with changes through profit or loss' (FVTPL), investments 'available-for-sale' (AFS), 'financial assets loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of the initial recognition. All regular way purchases or sales of financial assets recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require the delivery of assets within the time frame established by regulation or convention in the marketplace.

Financial assets loan and accounts receivable

Accounts receivable to customers and other receivables which have fixed or determinable payments that are not listed in an active market are classified as loans and accounts receivable, which are measured at amortized cost, using the effective interest method, minus any impairment.

Impairment of financial assets

Financial assets, other than those financial assets at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the future cash flows from the investment have been affected.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Breach of contract, such as a default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organization; or
- The disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the FibraHotel's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

Derecognition of financial assets

FibraHotel derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

g. Cash, cash equivalents and restricted cash

Cash and cash equivalents mainly consist of bank deposits in checking accounts and short-term investments. Cash is presented at fair value and cash equivalents are valued at fair value. FibraHotel considers as cash equivalents all highly liquid debt instruments acquired with a dated acquisition maturity of three months or less. Cash equivalents are represented mainly by government securities in which the resources are paid at maturity.

Restricted cash consists of cash corresponding to the fund for the investment in real estate, which will be used for the acquisition of real estate of the contribution portfolio and to the capital expenditures fund which will be used for repairs, major replacements and other capital expenditures and reserve fund for the repurchase of CBFIs.

h. Hotel properties, furniture and operating equipment

Properties, furniture and operating equipment of the hotel are recorded initially at their acquisition cost.

Hotel properties, furniture and operating equipment are presented at cost, less accumulated depreciation and any accumulated loss from impairment.

The properties which are being constructed for purposes of exploitation, supply or administration are recorded at cost, less any recognized loss for impairment. The cost includes professional fees and, in the case of qualifying assets, capitalized interest, based on the accounting policy of FibraHotel. These properties are classified into the appropriate categories of property, plant and equipment when they are completed for their intended use. The depreciation of these assets, as in other real properties, begins when the assets are ready for their intended use.

Freehold land is not depreciated.

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is calculated using the straight-line method based on the remaining useful life of the asset, considering any residual values and considering components of each asset, as FibraHotel considers components more appropriate and consistent in relation to the methods used by the most representative entities of the sector. Based on technical studies, FibraHotel concluded that its buildings and their different components have different useful lives and will be subject to replacements in different periods, 10 years in the case of certain common areas and up to 55 years for metallic structures of the building. The residual value is 24% in the case of buildings; other fixed assets do not have significant residual values, as determined by independent appraisers.

Estimated useful lives, residual values and the depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis.

Depreciation rates of hotel properties, furniture and operating equipment as of December 31 2017, 2016 and 2015:

	%
Finished building	10
Building improvements	10
Building components	7
Civil construction building	1
Furniture and equipment	10

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

i. Impairment in the value of long-lived assets

At the end of each reporting period, FibraHotel reviews the carrying values of its long-lived assets to determine whether there is any indication that such assets have suffered a loss from impairment. If there is any such indication, the recoverable amount of the asset is calculated to determine the amount of the loss from impairment (if any). When it is not possible to estimate the recoverable amount of an individual asset, FibraHotel estimates the recoverable amount of the cash generating unit to which such asset belongs. When a reasonable and consistent distribution basis can be identified, corporate assets are also assigned to the individual cash generating units; otherwise, they are assigned to the smallest group of cash generating units for which a reasonable and consistent distribution basis can be identified.

The recoverable amount is the higher of the fair value less the cost to sell the asset and its value in use. When evaluating the value in use, the estimated future cash flows related to the asset are discounted at present value using a discount rate before taxes which reflects the current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

If it is estimated that the recoverable amount of an asset (or cash generating unit) is lower than its carrying value, the carrying value of the asset (or cash generating unit) is reduced to its recoverable amount. Losses from impairment are recognized immediately in results.

When a loss from impairment subsequently reverses, the carrying value of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the adjustment carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

j. Income taxes

As discussed in Note 1, Trust is classified as and intends to maintain its classification as a FIBRA for income tax purposes; accordingly, it does not recognize a provision for income taxes, except for its subsidiary Fibra Hotelera, S. C., which is subject to the payment of regular Income Tax ("ISR"). See Note 11.

k. Provisions

Provisions are recognized when FibraHotel has a present obligation (legal or implied) as a result of a past event, it is probable that FibraHotel will be required to liquidate the obligation and it can be reliably estimate that the amount of the obligation.

The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation, at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

l. Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

- FibraHotel as lessor

  Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

- FibraHotel as lessee

  Operating lease payments are recognized as an expense on a straight-line basis over the lease term. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

m. Foreign currency transactions

Transactions performed in foreign currency are recorded at the exchange rate in effect on the date each transaction took place. Monetary assets and liabilities denominated in foreign currency are valued in Mexican pesos at the exchange rate in effect at the date of the financial statements. Exchange rate fluctuations are recorded in results.

n. Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of FibraHotel after deducting all of its liabilities. Equity instruments are recognized at the proceeds received, net of direct issue costs.

Repurchase of the FibraHotel's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the FibraHotel's own equity instruments.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Other financial liabilities

Other financial liabilities (including ebt and trade and other payables) are subsequently measured at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

FibraHotel derecognizes financial liabilities when, and only when, the FibraHotel's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

o. Derivative financial instruments

FibraHotel enters into derivative financial instruments to manage its exposure to interest rates, including cap spread contracts. Further details of derivative financial instruments are disclosed in Note 12, f).

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

p. *Hedge accounting*

FibraHotel designates certain hedging instruments, which include cash flows hedge derivatives.

At the inception of the hedge relationship, FibraHotel documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, FibraHotel documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Note 12, f) sets out details of the fair values of the derivative instruments used for hedging purposes.

q. *Revenue recognition*

FibraHotel recognizes its revenues as follows:

i. The revenues are obtained from the operation of the hotels, and include rentals for guest rooms, food and beverages and other revenues, which are recognized as such hotel services are rendered.

ii. The policy of FibraHotel for recognition of revenues from operating leases is described in Note 3, l).

r. *Classification of costs and expenses*

The costs and expenses presented in the consolidated statement of comprehensive income were classified on their nature and function.

s. *Statement of cash flows*

FibraHotel presents its statement of cash flows using the indirect method. Interest received is classified as an investing cash flow, interest paid, distributions and dividends are classified as cash flows from financing activities.

t. *Net income per CBFI*

Is determined by dividing the consolidated profit by the weighted average of the outstanding CBFIs during the period. The net profit generated by the CBFIs with economic rights is determined at December 31, 2017, 2016 and 2015 by subtracting 12,001,137 CBFIs in 2017 and 5,128,205 CBFIs in 2016 and 2015 from the total number of outstanding CBFIs (see Note 14).

	2017	2016	2015
CBFIissued	833,947,220	499,401,766	499,401,766
Less -			
CBFIs in treasury	(6,872,932)	-	-
CBFIs related to the devolepment portfolio	(5,128,205)	(5,128,205)	(5,128,205)
	(12,001,137)	(5,128,205)	(5,128,205)
CBFIs with economic rights	821,946,083	494,273,561	494,273,561

4. Critical accounting judgments and key sources of estimation uncertainty

In the application of the FibraHotel's accounting policies, which are described in Note 3, the FibraHotel's management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

a. *Critical judgments in applying accounting policies*

Below are the critical judgements, apart from those estimates, made by the Entity's management during the application of FibraHotel's accounting policies.

Business combinations

Management uses its professional judgment to determine whether the acquisition of a property or portfolio of properties represents a business combination or an asset acquisition. Management specifically considers the following criteria:

i. Number of properties (land and building) acquired.

ii. The extent to which significant processes are acquired and in particular the extent of ancillary services provided by the acquire (e.g., maintenance, cleaning, security, bookkeeping, other property services, etc.).

iii. Whether the acquire has allocated its own staff to manage the property and/or to deploy any processes (including all relevant administration such as invoicing, cash collection, provision of management information to the entity's owners and tenant information).

This determination can have a significant effect on the manner in which acquired assets and liabilities are recognized in financial information, both as of the acquisition date and subsequent thereto. Transactions that occurred during the periods presented in the accompanying consolidated financial statements are determined to be business acquisition.

Hotel classification (investment property/asset)

Investment property is held to earn rentals or for capital appreciation or both. Therefore, an investment property generates cash flows independently of other assets held by FibraHotel. This distinguishes an investment property from an owner-occupied property.

FibraHotel is the owner of the property and manages the services provided to the hotel guests by holding operating and leasing contracts; if the services provided to the guests are significant, it is not classified as an investment property but property of FibraHotel. A hotel managed by the owner is an occupied property, rather than an investment property.

It can be difficult to determine whether the services provided are significant enough that a property does not qualify as investment property. For example, the owner of a hotel sometimes transfers some responsibilities to third parties under an operating agreement. The owner's position could be, in essence, a passive investor or the owner may simply have outsourced day to day functions while retaining significant exposure to variations in cash flows from the hotel operations.

Management uses its professional judgment to classify the contributed and acquired hotels as hotel property, plant and equipment, given that each hotel is used in its normal course of business and is, therefore, not considered as an investment property.

Transactions that occurred during the periods presented in the accompanying consolidated financial statements are determined to be business acquisition.

Lease classification

As explained in Note 3, 1), leases are classified based on the extent to which the risks and rewards inherent to the ownership of the asset under lease are transferred to FibraHotel or the tenant, depending on the substance, rather than the legal form, of the lease. Based on its evaluation of contractual terms and conditions, FibraHotel has concluded that it essentially assumes all the significant risks and rewards inherent to the hotels under lease and therefore classifies the respective lease agreements as operating leases.

b. Key sources of estimation uncertainty

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period.

Estimated useful and residual lives of fixed assets

Taking into consideration the opinion of internal experts from its development area, FibraHotel evaluates the useful lives and residual values of assets at the end of each reporting period based on its operating experience, the characteristics of its assets and their operation at date of the assessment. Any changes in estimates are recognized prospectively, within accumulated depreciation in the consolidated statement of financial position and depreciation expense in the consolidated statement of comprehensive income.

Allowance for doubtful accounts

FibraHotel has not recognized an allowance for doubtful accounts because credit ratings of its customers have not significantly changed and outstanding amounts are deemed to be recoverable. FibraHotel does not hold any collateral or other credit improvements with regard to these balances; likewise, it does not have the legal right to offset these amounts against its debts with the counterparty.

Fair value measurements and valuation processes

Some of the assets and liabilities of FibraHotel are measured at fair value in the consolidated financial statements.

In estimating the fair value of an asset or a liability, FibraHotel uses observable market data when they are available. When level 1 data are not available, FibraHotel hires a qualified appraiser to conduct an independent valuation. Management works closely with the independent qualified appraiser to establish the valuation techniques and appropriate input data for the model.

Information about the valuation techniques and inputs used in determining the fair value of individual assets and liabilities are disclosed in Note 12.

5. Cash, cash equivalents and restricted cash

		2017		2016		2015
Cash and bank deposits	$	272,800	$	207,726	$	170,843
Cash equivalents and restricted cash:						
Real estate investment fund (i)		4,346,541		184,809		168,445
Capital expenditure reserve fund (ii)		98,640		56,294		37,537
Reserve fund for the repurchase of CBFIs (iii)		10,000		-		-
	$	4,727,981	$	448,829	$	376,825

Restricted cash

(i) Consists of a fund for the acquisition of the real properties and investment in the development portfolio. As with cash equivalents, the restricted cash is invested in government securities.
(ii) Represents amounts held in the capital expenditure reserve fund, which are restricted for the purpose of funding repairs, major replacements and other related capital expenditures. A total of up to 5% of revenues from the hotels is deposited in this fund. As in the case of cash equivalents, this restricted cash is invested in government securities.
(iii) Consists of the fund created to repurchase CBFIs approved by the Technical Committee on November 14, 2017 through the Stockholders' Ordinary Meeting. This cash has been placed in investment funds (government securities) with BBVA Bancomer.

6. Trade accounts receivable and other receivables

		2017		2016		2015
Clients	$	146,638	$	126,774	$	101,639
Travel agencies		87,028		70,568		49,310
Credit cards		27,605		18,749		13,305
Other		54,062		20,784		38,545
		315,333		236,875		202,799
Lease receivables from:						
Grupo Posadas, S. A. B. de C. V. (formerly Hoteles y Villas Posadas, S. A. de C. V.)		5,504		5,810		5,113
	$	320,837	$	242,685	$	207,912

Accounts receivable aging

FibraHotel currently has monthly collection levels that reflect its monthly billing; similarly, commercial and negotiating practices allow it to keep the majority of accounts receivable aging at less than 90 days. The accounts receivable subject to legal proceedings are immaterial, for which reason they do not merit the creation of an allowance for doubtful accounts.

	2017	2016	2015
60-90 days	$ 11,464	$ 11,768	$ 9,871
More than 90-120 days	31,085	30,372	28,136
Total	$ 42,549	$ 42,140	$ 38,007
Average aging (days)	86	84	78

7. Hotel properties, furniture and operating equipment

	2017	2016	2015
Land	$ 1,714,429	$ 1,566,756	$ 1,252,162
Building	8,366,600	7,487,919	5,701,739
Hotel furniture and operating equipment	2,105,628	1,708,630	1,078,859
	12,186,657	10,763,305	8,032,760
Less - Accumulated depreciation	(1,161,208)	(793,282)	(497,099)
	$ 11,025,449	$ 9,970,023	$ 7,535,661

Cost	Land	Building	Hotel furniture and operating equipment	Total
Balances as of January 1, 2015	$ 1,176,161	$ 5,015,764	$ 816,586	$ 7,008,511
Acquisitions:				
Acquisitions and transfer of properties under development (1)	76,001	685,975	262,273	1,024,249
Balances as of December 31, 2015	1,252,162	5,701,739	1,078,859	8,032,760
Acquisitions:				
Acquisition (1)	34,376	70,047	473,424	577,847
Transfer of properties under development	280,218	1,716,133	157,399	2,153,750
Disposals			(1,052)	(1,052)
Balances as of December 31, 2016	1,566,756	7,487,919	1,708,630	10,763,305
Acquisitions:				
Acquisition (1)	-	2,809	316,275	319,084
Transfer of properties under development	147,673	875,872	80,723	1,104,268
Balances as of December 31, 2017	$ 1,714,429	$ 8,366,600	$ 2,105,628	$ 12,186,657

Accumulated depreciation	Building	Hotel furniture and operating equipment	Total
Balances as of January 1, 2015	$ 149,968	$ 133,469	$ 283,437
Depreciation expense	108,550	105,232	213,782
Disposals	-	(120)	(120)
Balances as of December 31, 2015	258,518	238,581	497,099
Depreciation expense	140,337	156,593	296,930
Disposals	-	(747)	(747)
Balances as of December 31, 2016	398,855	394,427	793,282
Depreciation expense	168,358	199,568	367,926
Balances as of December 31, 2017	$ 567,213	$ 593,995	$ 1,161,208

Some real properties of FibraHotel are pledged against the credit lines described in Note 10, which approximate carrying value is $4,153 million.

8. Properties under development

	2017	2016	2015
Live Aqua San Miguel Allende Project	$ 215,107	$ 137,419	$ -
Courtyard Toreo Project	156,639	-	-
Fiesta Americana Tlalnepantla Project	147,149	87,756	-
Cencali Project	117,148	108,767	103,010
Fiesta Americana Via 515 Project	111,290	100,871	50,378
Courtyard Toreo Project Restricted CBFIs	94,872	94,872	94,872
GICSA Project	76,454	302,559	186,306
Fiesta AmericanaVeracruz Project	41,805	36,838	-
Courtyard y fairfield	-	272,227	69,527
Fiesta Inn Los Mochis Project	-	141,464	39,672
Proyecto AC Veracruz	-	102,125	34,397
Live Aqua y Grand Fiesta Americana Monterrey Valle Project	-	-	640,390
Fiesta Americana Pabellón M Project	-	-	372,604
AC by Marriott Guadalajara Project	-	-	243,517
AC by Marriott Querétaro Project	-	-	190,039
Fairfield Inn Juriquilla Project	-	-	120,718
Fairfield Inn Cuautitlan Project	-	-	57,174
One Durango Project	-	-	53,639
Fairfield Inn Nogales Project	-	-	22,065
Hotel Toluca Project	-	-	8,228
Others	15,532	11,702	24,153
	$ 975,996	$ 1,396,600	$ 2,310,689

As a result of the public offering dated November 30, 2012, Grupo GDI made a contribution of four hotels, and received 9,697,897 CBFIs, equivalent to $179,411. As a result of negotiations, affiliates of Grupo GDI undertook the construction of these hotels. When they are open to the public, the CBFIs will obtain economic rights and FibraHotel will pay the difference between the value of the contribution and the total cost of each of the hotels. As of December 31, 2017, 2016 and 2015 the CBFIs without economic rights that come from the initial contribution amount to 5,128,205 CBFIs.

9. Suppliers and accrued expenses

	2017	2016	2015
Suppliers	$ 306,622	$ 210,807	$ 165,125
Accrued expenses	58,873	79,258	73,724
Other accounts payable, including interest payable of borrowings for $53,900, $27,407 and $2,017	120,345	58,042	78,087
	$ 485,840	$ 348,107	$ 316,936

10 Debt

a. Long-term debt is as follows:

	2017	2016	2015
Long-term line of credit with mortgage security executed with Banorte, accruing interest as of 31 December 31, 2017 at 2.00 percentage points above the 91-day TIIE rate and as of 31 December 31, 2016 at 1.25 percentage points above the 91-day TIIE rate.	$ 977,614	$ 1,000,000	$ 395,933
Long-term line of credit with mortgage security executed with Banorte accruing interest at 1.30 percentage points above the 91-day TIIE rate.	1,000,000	698,067	-
Long-term line of credit with mortgage security executed with BBVA Bancomer accruing interest at 1.50 percentage points above the 28-day TIIE rate.	935,359	998,964	456,535
Long-term line of credit with mortgage security executed with BBVA Bancomer accruing interest at 1.60 percentage points above the 28-day TIIE rate.	252,933	-	-
	3,165,906	2,697,031	852,468
Less - Current portion	(115,544)	(98,288)	(7,849)
Long-term debt	$ 3,050,362	$ 2,598,743	$ 844,619

b. Maturities of long-term debt:

Year	Maturities
2019	$ 203,525
2020	244,397
2021	356,839
2022	537,877
2023	446,356
More than 5 years	1,261,368
	$ 3,050,362

To maintain stability in the rates, FibraHotel entered into certain interest rate hedges to cover the credit lines with BBVA Bancomer and first Banorte line in accordance with the following assumptions:

Five instruments, contracted with BBVA Bancomer, covering $911.8 million of the credit lines with BBVA Bancomer in accordance with the following assumptions:

- If the TIIE is lower than 5.0%, FibraHotel pays the TIIE rate.
- If the TIIE is between 5.0% and 9.0%, FibraHotel exchanges the TIIE rate and pays a rate of 5.0%.
- If the TIIE is above 9.0%, FibraHotel exchanges the TIIE rate against a TIIE rate, less a rebate of 4.0%.

An instrument, contracted with Santander, covering $341.1 million of the credit line with BBVA Bancomer in accordance with the following assumptions:

- If the TIIE is lower than 5.0%, FibraHotel pays the TIIE rate.
- If the TIIE is between 5.0% and 7.0%, FibraHotel exchanges the TIIE rate and pays a rate of 5.0%.
- If the TIIE is above 7.0%, FibraHotel exchanges the TIIE rate against a TIIE rate, less a rebate of 2.0%.

An instrument, contracted with Banorte, covering $1,000 million of the first credit line with Banorte in accordance with the following assumptions:

- If the TIIE is lower than 4.5%, FibraHotel exchanges the TIIE rate and pays a rate of 5.0%.
- If the TIIE is between 4.5% and 6.0%, FibraHotel pays the TIIE rate.
- If the TIIE is above 6.0%, FibraHotel exchanges the TIIE rate and pays a rate of 6.0%.

With Respect to the credit line with BBVA Bancomer and Banorte, FibraHotel must comply with covenants. As of December31, 2017, FibraHotel was in compliance with such covenants.

11. Income taxes

In order to maintain its status as a FIBRA, per requirements of SAT, in conformity with Articles 187 and 188 of the Income Tax Law (LISR), FibraHotel must annually distribute at least 95% of its taxable income to the holders of the CBFIs.

Fibra Hotelera, S. C. is subject to income tax ("ISR" for its acronyms in Spanish), the rate of current income is 30%.

a. Income taxes expense are as follows:

	2017	2016	2015
ISR:			
Current tax	$ 5,073	$ 1,030	$ 2,944
Deferred tax	243	757	(60)
	$ 5,316	$ 1,787	$ 2,884

b. As of December 31, 2017, 2016 and 2015 the deferred income tax asset is composed solely of temporary differences resulting from accrued expenses of $3,055, $3,298 and $4,055, respectively.

12. Financial instruments

a. Equity management

FibraHotel manages its equity to ensure its ability to continue as a going concern, while maximizing the net worth of its trustors and distributions to the trustors by optimizing its use of debt and equity. FibraHotel's overall strategy remains unchanged from 2017, 2016 and 2015.

The equity of FibraHotel is primarily composed by the net worth of its trustors. Equity management objectives include ensuring the availability of operating funds to maintain the consistency and sustainability of distributions paid to trustors, while funding the required capital expenditure requirements and providing the resources needed to acquire and develop new properties.

FibraHotel can acquire hotels subject to existing financial mortgages or other encumbrances; similarly, it can acquire new debt or refinance existing debt to acquire hotels, albeit subject to compliance with leverage policies. Under certain circumstances, it could have the obligation to pay distributions in excess of the cash available for this purpose; if necessary, it can utilize the resources generated by organizing future debt and equity offerings, selling assets or obtaining loans to make certain distributions. The debt service related to this financing or indebtedness takes priority over any distributions related to the CBFIs.

- Debt index

The debt index as of December 31, 2017 is a follows:

	2017
Debt (i)	$ 3,165,906
Total assets	$ 17,222,782
Index of debt to total assets	18.4%

(i) Debt is defined as long and short-term loans plus interests (excluding derivatives), as described in Note 10.

Please note that the FibraHotel trust contract stipulates that the leverage level cannot exceed 40%; however, the new regulation for FIBRAS establishes that it cannot exceed 50%.

- Debt hedge index

At December 31, 2017, the debt service hedging ratio of FibraHotel is 1.05x; the metrics used for its calculation are as follows:

- Commitments:
  - Debt service: $516 million.
  - Estimated capital expenses (maintenance capex): $339 million.
  - Estimated nondiscretionary development expenses: $4,853 million (including the acquisition of the Fiesta Americana Condesa Cancún hotel).
- Available resources:
  - Cash and cash equivalents (excluding restricted cash): $4,629 million.
  - Recoverable VAT: $28.2 million.
  - Estimated operating profit after paying the distribution (including depreciation and financial revenues): $855 million.

- Unused available credit lines: $457 million.

b. Categories of financial instruments

	2017	2016	2015
Financial assets:			
Cash, cash equivalents and restricted cash	$ 4,727,981	$ 448,829	$ 376,825
Trade accounts receivable and other receivables	$ 320,837	$ 242,685	$ 207,912
Due from related parties	$ -	$ -	$ 3,190
Derivative financial instrument	$ 114,652	$ 120,887	$ 11,441
Financial liabilities:			
Amortized cost	$ 3,651,746	$ 2,924,622	$ 1,083,601

c. Financial risk management objectives

Financial risk management is intended to manage financial expectations, while generating results of operations and cash flows to improve the financial position of FibraHotel and ensure its ability to make distributions to the holders of the CBFIs and fulfill any future debt obligations.

The Technical Committee of FibraHotel is responsible for advising and instructing the trustee with regard to the sale or cancellation of the CBFIs, analyzing and improving potential investments, sales and acquisitions, providing business services, coordinating access to national financial markets, as well as monitoring and managing the financial risks derived from the operations of FibraHotel through internal risk reports which provide an analysis of the level and magnitude of FibraHotel's risk exposure. These risks include the market risk (including exchange rate and interest rate risks), credit risk and liquidity risk.

d. Market risk

The activities of FibraHotel expose it mainly to financial risks of interest rate changes. FibraHotel subscribes a variety of financial derivatives to handle this exposure to exchange risk and interest rate risk, including interest rate cap spreads to mitigate the risk of interest rate increases.

Exposures to market risk are valued using the Value at Risk (VaR), supplemented by a sensitivity analysis.

There have been no changes in the exposure of FibraHotel to market risks or the way in which these risks are managed and valued.

e. Foreign currency risk management

As FibraHotel performs transactions denominated in U.S. dollars ("U.S. dollar"), it is exposed to exchange rate fluctuations involving the Mexican peso and the U.S. dollar.

i. As of December 31, the foreign currency monetary position is as follows:

	2017	2016	2015
Thousands of U.S. dollars:			
Monetary assets	$ 6,337	$ 2,508	$ 1,561
Monetary liabilities	(553)	(574)	(238)
Long position	5,784	1,934	1,323
Equivalent in Mexican pesos	$ 114,150	$ 39,964	$ 22,764

ii. Mexican peso exchange rates in effect at the date of the consolidates statement of financial position and at the date of issuance of these consolidates financial statements were as follows:

	December 31, 2017	December 31, 2016	December 31, 2015	March 31, 2018
U.S. dollar	$ 19.7354	$ 20.6640	$ 17.2065	$ 18.3445

- Foreign currency sensitivity analysis

Management considers that its exchange rate risk is not significant, given the amount of its long position in U.S. dollars.

If the exchange rate had increased or decreased by $1 peso per U.S. dollar and all other variables had remained constant, the result of the year and net worth of FibraHotel for the year ended December 31, 2017, 2016 and 2015 would have decreased/increased by approximately $5,784, $1,934 and $1,323, respectively.

f. *Interest rate risk management- Derivative financial instrument*

FibraHotel is exposed to interest rate risk because it borrows funds at floating interest rates. The risk is managed by the FibraHotel by cap spread interest rate contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied. Detail of the derivative financial instruments is as follows:

Derivative financial instruments designed as interest rate hedge

Current contract	Bank	Maximum benefit %	Date of holding	Due date	Notional value December 31, 2017	Fair value December 31, 2017
Cap Spread	Bancomer, S.A.	4	18/nov/15	30/oct/20	$ 180,000	$ 9,992
Cap Spread	Bancomer, S.A.	4	16/dic/15	30/nov/20	153,400	8,717
Cap Spread	Bancomer, S.A.	4	27/ene/16	31/dic/20	202,400	11,791
Cap Spread	Santander, S.A.	4	11/mar/16	1/mar/21	341,067	13,805
Cap Spread	Bancomer, S.A.	4	1/dic/15	30/nov/20	123,333	7,010
Collar	Banorte, S.A.	6	15/sep/16	20/nov/21	1,000,000	59,226
Cap Spread	Bancomer, S.A.	4	1/ago/17	31/jul/2020	252,933	4,111
						$ 114,652

Based on the aforementioned financial derivatives, the debt hedged as of December 31, 2017 is 71%.

Interest rate sensitivity analysis - Derivative financial instruments

- The following sensitivity analyses have been determined based on the exposure to interest rates both for the derivatives and non-derivatives at the end of the reporting period. For variable rate liabilities, an analysis is prepared by assuming that the amount of the liability in effect at the end of the reporting period has been the liability in effect for the entire year. A sensitivity analysis was performed, taking into account the following interest rate scenarios (28 and 91 day TIIE): +100 basis points, +25 basis points, -25 basis points, -100 basis points, using a confidence level of between 95% and 99% for a time horizon of one day, the results of these effects as of December 31, 2017 are as follow:

Scenarios	28-day TIIE	91-day TIIE	Impact
Less 100 basis points	6.62%	6.66%	$ (14,388)
Less 25 basis points	7.37%	7.41%	(3,891)
As of December 31, 2017	7.62%	7.66%	-
Plus 25 basis points	7.87%	7.91%	3,891
Plus 100 basis points	8.62%	8.66%	13,983

According to the results of the sensitivity analysis based on the scenarios and the characteristics and structure of the derivatives positions analyzed, we conclude that the market risks to which the entity's swaps position is exposed are principally: a) 28 day TIIE rate; b) TIIE-IRS Curve and c) the correlation between the risk factors. The greater the correlation, the greater the volatility of the risk factors portfolio.

g. *Credit risk management*

Credit risk refers to the situation in which counterparty defaults on its contractual obligations, thereby generating a financial loss for FibraHotel. Virtually all the revenues generated by FibraHotel are derived from the provision of hotel services. Consequently, its performance depends on its ability to collect revenues from hotel services from guests, as well as the capacity of the latter to make the required payments. FibraHotel's income and funds available for distribution would be adversely affected if a significant number of guests or its main leaseholders defaulted on their rental payments, closed their businesses or filed bankruptcy proceedings.

FibraHotel has adopted the policy of negotiating hotel leases with solvent counterparties and obtaining sufficient guarantees, when necessary, as a means of mitigating the risk of losses generated by nonpayment.

Credit risk is generated by the balances of cash and cash equivalents, trade accounts receivable, other receivables and financial instruments. The maximum risk exposure is included in the consolidated statement of financial position.

h. *Liquidity risk management*

Liquidity risk represents the risk whereby FibraHotel faces certain difficulties when fulfilling obligations associated with financial liabilities which must be settled in cash or through the delivery of another financial asset. As FibraHotel is responsible for liquidity risk management, it has established a suitable liquidity risk management structure to manage its short, medium and long-term financing, while satisfying liquidity management requirements. FibraHotel manages its liquidity risk by maintaining adequate reserves, monitoring projected and actual revenue cash flows and reconciling the maturity profiles of financial assets and liabilities. The Treasury department monitors liability maturities so as to program the respective payments.

The following table details the remaining contractual maturities of FibraHotel for its financial liabilities with reimbursement periods established. The table has been designed based on the undiscounted projected cash flows of the financial liabilities based on the date that FibraHotel must generate/obtain the resources. The table includes the projected interest cash flows, taking into account the debt as of December 31 each year, as well as capital disbursements from the financial debt included in the statement of financial position. The variable interest rate financial debt is subject to change; if the changes in variable interest rates differ from those interest rate estimates determined at the end of the reporting period, the values below will differ:

	Less than 1 year	1 and 3 years	3 + years	Total
As of December 31, 2017				
Debt	$ 103,247	$ 460,218	$ 2,602,441	$ 3,165,906
Suppliers and accrued expenses	357,101	-	-	357,101
Projected variable interest of debt, net of derivative financial instrument.	257,818	472,055	737,670	1,467,543
Total	$ 718,166	$ 932,273	$ 3,340,111	$ 4,990,550
As of December 31, 2016				
Debt	$ 98,288	$ 298,127	$ 2,300,616	$ $ 2,697,031
Suppliers and accrued expenses	227,591	-	-	227,591
Projected variable interest of debt, net of derivative financial instrument.	194,130	540,669	711,877	1,446,667
Total	$ 520,009	$ 838,796	$ 3,012,493	$ 4,371,289
As of December 31, 2015				
Debt	$ 7,849	$ 253,429	$ 591,190	$ 852,468
Suppliers and accrued expenses	238,982	-	-	238,982
Projected variable interest of debt, net of derivative financial instrument.	46,154	92,694	177,540	316,388
Total	$ 292,985	$ 346,123	$ 768,730	$ 1,407,838

i. *Fair value of financial instruments*

Fair value of financial instruments recorded at amortized cost.

Except for long-term debt, carrying value of trade accounts receivable and other receivables, due from related parties, suppliers and accrued expenses are short-term in nature and, in certain cases, accrue interest at rates linked to market indicators. FibraHotel therefore considers that the carrying value of these financial assets and liabilities recognized at amortized cost approximates their fair values. The fair value of long-term debt is show as follows:

Fair value of financial instruments carried at FVTPL on a recurring basis are as follows

Assets and Liabilities financial	Fair value at December 31, 2017	2016	2015	Fair value hierarchy	Techniques and key inputs
Derivative financial instruments designed as hedge - Cap Spread	$ 114,652	$ 120,887	$ 11,441	Level 2	Discounted future cash flows are calculated on the basis of term interest rates (starting with the observable yield curves at the end of the period in question) and contractual interest rates, discounted at a rate which reflects the credit risk of various counterparties..
Investments in government securities	$ 4,455,181	$ 241,103	$ 205,982	Level 1	Market value. The fair value of investments is measured by quoted prices (unadjusted) in active markets for identical instruments

Fair value over financial instruments that are valued at amortized cost

Liabilities financial	2017		2016		2015		Fair value hierarchy	Techniques and key inputs
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value		
Debt	$ 3,165,906	$ 3,148,419	$ 2,697,031	$ 2,517,135	$ 852,468	$ 616,308	Nivel 3	Market value. The fair value of debt is measured with unobservable information.

Valuation techniques and assumptions applied for purposes of determining the fair value

- The fair value of financial assets and financial liabilities with standard terms and traded in active liquid markets are determined with reference to quoted market prices (including unlisted redeemable notes, bills of exchange, perpetual and government bonds).

- The fair value of other financial assets and liabilities (excluding those described above) are determined in accordance with pricing models generally accepted, based on the analysis of discounted cash flows using prices from observable current transactions in the market and quotations for similar instruments. In particular, the fair value of long-term debt, which is calculated only for the purpose of this disclosure and not for the accounting of the debt, which is considered measurement Level 3, as described below, it was determined using a model of discounted cash flows, using current rates estimates based on observable market TIIE curves and credit spread estimated using observable credit similar entities, which is adjusted as needed.

Financial instruments measured at fair value after initial recognition are grouped in three levels, based on the degree to which the fair value is observable:

- Level 1 valuations at fair value are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 valuations at fair value are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3 valuations at fair value are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable indicators).

13. Transactions and balances with related parties

a. Commercial transactions:

During the year, FibraHotel carried out the following transactions with related parties:

	2017	2016	2015
Administradora Fibra Hotelera, S. A. de C. V.			
Management fee	$ 100,045	$ 104,673	$ 103,669
Group A:			
Administrative services	$ 86,532	$ 51,572	$ 41,465

The Group A is comprised of Prestación de Servicios Hoteleros GG, S. A. de C. V., Soluciones y Administración Estrátegica, S. A. de C. V., Fibra Hotelera, S. C., Solución de Recursos Humanos, S. A. de C. V., Administradora GDI, S. A de C. V., and Control y Desarrollo Administrativo, S. A. de C. V. FibraHotel pays an annual fee for the administrative services corresponding to personnel employee benefits and taxes, plus a 5%. The above transaction is documented through renewable five-year agreements.

b. Due from related parties:

	2017	2016	2015
Controladora Cabi FHM	$ -	$ -	$ 2,174
Alterturismo, S. de R. L. de C. V.	-	-	734
Grupo Innovador Turístico y de Servicios, S. de R. L. de C. V.	-	-	233
Grupo Empresarial Hermosillo	-	-	49
	$ -	$ -	$ 3,190

14. Trustees' equity

Contributions

a. Equity contributions of trustors at par value are as follows:

	2017	2016	2015
Initial capital contribution	$ 15	$ 15	$ 15
Issuance of CBFIs	14,348,386	10,009,645	10,009,645
Total	$ 14,348,401	$ 10,009,660	$ 10,009,660

On February 5, 2017 the initial contributed net worth of FibraHotel has been paid in full.

b. The net worth of FibraHotel is represented by an initial contribution of $15, the Contribution Portfolio, the Contribution Portfolio under Development and the resources generated by issuing the CBFIs in the IPO, as discussed below:

c. On May 30, 2013, FibraHotel held a subsequent offering of CBFIs in the Bolsa Mexicana de Valores ("BMV") and in other international markets. The total amount of the offering was $4,877,725, offering 195,000,000 CBFIs, including overallotment at $24.95. The Control Trust of FibraHotel participated in the subscription of 2,000,000 CBFIs.

d. On September 14, 2017, FibraHotel concluded its third Public Offering on the Mexican Stock Exchange, together with a private international market placement through Rule 144A and the Regulation of the United States Securities Law for a total of 334,545,454 CBFIs with a price of $13.75 pesos for each CBFI, to reach a total of 833,947,220.

The net proceeds derived from this placement were utilized to: (i) acquire the Fiesta Americana Condesa Cancún hotel; (ii) fund other hotel investments in process; (iii) temporarily reduce the debt, and (iv) for other corporate purposes. This investment contributed to portfolio diversification and included a significant acquisition in the "resorts" segment that will help enhance the diversification of the portfolio of FibraHotel, while generating a higher proportion of revenues in US dollars and permitting participation in Mexico's dynamic tourist sector.

At December 31, 2017, there are 833,947,220 outstanding CBFIs; at December 31, 2016 and 2015, there were 499,401,766.

Distributions-

e. As of December 2017, 2016 and 2015, the Technical Committee of FibraHotel has approved and paid distributions of the tax income accounts, to the CBFIs owners as follows:

Date of distribution approval	Distribution by CBFI (Pesos)	Distributions from equity redemption	Distributions of taxable income	Total distributions
February 27, 2017	$ 0.3045	$ 150,485	$ -	$ 150,485
April 25, 2017	0.2443	63,602	57,174	120,776
July 18, 2017	0.3478	90,496	81,404	171,900
October 17, 2017	0.1728	102,640	39,355	141,995
Total as of December 2017		$ 407,223	$ 177,933	$ 585,156

Date of distribution approval	Distribution by CBFI (Pesos)	Distributions from equity redemption	Distributions of taxable income	Total distributions
February 16, 2016	$ 0.2380	$ 117,659	$ -	$ 117,659
April 19, 2016	0.2003	89,757	9,224	98,981
July 19, 201	0.2408	119,008	-	119,008
October 18, 2016	0.2726	96,049	38,695	134,744
Total as of December 2016		$ 422,473	$ 47,919	$ 470,392

Date of distribution approval	Distribution by CBFI (Pesos)	Distributions from equity redemption	Distributions of taxable income	Total distributions
February 19, 2015	$ 0.2250	$ 111,216	$ -	$ 111,216
April 21, 2015	0.2074	85,452	17,052	102,504
July 21, 2015	0.2204	63,014	45,926	108,940
October 20, 2015	0.2153	75,552	30,877	106,429
Total as of December 2015		$ 335,234	$ 93,855	$ 429,089

The distribution by CBFIs is the result of dividing the total distributable amount between the number of CBFIs in circulation with economic rights, the cut of the number of CBFIs that are entitled to distribution is made when publishing the distribution notice.

The policy utilized by FibraHotel to determine the total distributable amount involves distributing approximately 100% of the Adjusted Funds from Operations ("AFFO"). The AFFO of FibraHotel is calculated in the following manner: consolidated profit plus depreciation and amortization, less the CAPEX reserve and plus non-operating adjustments. At December 31, 2017, there were 12,001,137 CBFIs without economic rights and 5,128,205 CBFIs in 2016 and 2015.

15. Minimum lease payments

The aggregate annual future minimum lease payments expected to be received under existing operating leases are as follows:

Period	Fiesta Inn	Live Aqua Boutique
Less than 1 year	$ 52,787	$ 22,259
1 to 5 years	264,936	111,297
	$ 317,723	$ 133,556

The lease contracts have remaining terms ranging from one to five years.

The aforementioned minimum lease payments do not include amounts expected to be received with respect to contingent rentals, which is mainly comprised of rent increases based on inflation and variable income, if any. Additionally, the payments disclosed only consider the compulsory lease term and do not consider any renewal periods, related to minimum future rentals.

16. Business segment information

a. Segments financial information

Segment information reported externally was analyzed on the basis of the types of room revenues, food and beverage income, operating expenses for the different types of hotel brands that comprise the investment portfolio of FibraHotel. However, the information analyzed by management who makes operating decisions of the Trust for purposes of allocating resources and assessing segment performance is focused more specifically on the category of customer for each type of portfolio. The main categories of customers for these goods are services provided and brand. FibraHotel segments to report according to IFRS 8 are therefore the following:

Limited service

Limited service hotels offer a service, as its name implies, of convenience, which traditionally has no bars, restaurants or conference or meeting rooms, nor does it offer additional services, but in recent years the trend has been that this class hotels offer a mix of services, including business centers, gyms and swimming pools, with a limited selection of food (breakfast included) and limited spaces boardrooms.

Select service

These hotels provide certain additional services to limited service hotels, including the offer of food and drink, restaurants, bars and room service 24 hours. Rooms for social and business events, as well as additional services within the room.

Extended stay

Hotels in this segment are characterized by a suite format in studio setups with one or two bedrooms, almost always with a full kitchen and a dining space and workspace. Among the services provided by these hotels are public areas similar to a hotel of select services without meeting rooms.

Full service

These hotels have a robust supply of food and beverages with several centers of consumption (restaurants and bars), boardrooms and conference rooms for business and social events as well as in certain cases additional services related to complete service hotels such as spas, room service, valet parking, concierge, bell boys and more extensive public areas.

b. Income and segment results

An analysis of income and results of the Trust of continuing operations is presented by reported segment:

	2017					
	Select service	Limited service	Extended stay	Full service	Corporate	Total
Revenue for:						
Rooms	$ 1,457,670	$ 550,271	$ 85,200	$ 594,384	$ -	$ 2,687,525
Food and beverages	417,756	-	-	203,589	-	621,345
Real Estate Rentals	78,553	-	-	14,366	-	92,919
Others	10,638	13,713	746	9,110	-	34,207
	1,964,617	563,984	85,946	821,449	-	3,435,996
Costs and expenses:						
Rooms	287,828	128,829	9,112	116,366	-	542,136
Food and beverages	241,881	3,802	-	133,611	-	379,294
General and administrative	812,289	249,369	9,270	337,758	-	1,408,685
Corporate and property expenses and other income	-	-	-	-	228,588	228,588
Depreciation	-	-	-	-	367,926	367,926
	1,341,998	382,000	18,382	587,735	596,514	2,926,629
					Operating income	509,367
					Financial expenses net and others	(66,331)
					Income before income taxes	$ 443,036

	2016					
	Select service	Limited service	Extended stay	Full service	Corporate	Total
Revenue for:						
Rooms	$ 1,252,953	$ 413,211	$ 67,985	$ 323,108	$ -	$ 2,057,257
Food and beverages	360,156	-	-	108,241	-	468,397
Real Estate Rentals	73,436	-	-	6,396	-	79,832
Others	-	-	-	-	29,519	29,519
	1,686,545	413,211	67,985	437,745	29,519	2,635,005
Costs and expenses:						
Rooms	234,077	93,643	11,961	62,995	-	402,676
Food and beverages	205,384	2,846	-	77,583	-	285,813
General and administrative	704,060	192,021	7,564	199,439	-	1,103,083
Corporate and property expenses and other income	-	-	-	-	290,132	290,132
Depreciation	-	-	-	-	296,930	296,930
	1,143,521	288,510	19,525	340,017	587,062	2,378,635
Operating income						256,370
Financial expenses net and others						(40,693)
Income before income taxes						$ 215,677

	2015					
	Select service	Limited service	Extended stay	Full service	Corporate	Total
Revenue for:						
Rooms	$ 1,015,905	$ 309,166	$ 48,600	$ 167,649	$ -	$ 1,541,320
Food and beverages	298,442	-	-	69,083	-	367,525
Real Estate Rentals	74,251	-	-	1,142	-	75,393
Others	-	-	-	-	23,699	23,699
	1,388,598	309,166	48,600	237,874	23,699	2,007,937
Costs and expenses:						
Rooms	181,793	65,309	7,718	33,886	-	288,706
Food and beverages	171,081	-	-	44,192	-	215,273
General and administrative	572,623	142,612	1,509	117,034	-	833,778
Corporate and property expenses and other income	-	-	-	-	246,694	246,694
Depreciation	-	-	-	-	213,782	213,782
	925,497	207,921	9,227	195,112	460,476	1,798,233
Operating income						209,704
Financial expenses net and others						29,756
Income before income taxes						$ 239,460

c. The main assets and liabilities by segment as of December 31, are as follows:

	2017					
	Select service	Limited service	Extended stay	full service	Others	Total
Hotel properties, furniture and operating equipment - Net	$ 1,451,607	$ 6,089,854	$ 443,318	$ 3,039,743	$ 927	$ 11,025,449
Properties under development	$ 14,066	$ 445,115	$ 1,464	$ 515,351	$ -	$ 975,996
Long-term liabilities (1)	$ -	$ -	$ -	$ -	$ 3,165,906	$ 3,165,906

	2016											
	Select service		Limited service		Extended stay		full service		Others		Total	
Hotel properties, furniture and operating equipment - Net	$	1,772,760	$	5,231,710	$	415,481	$	2,549,146	$	926	$	9,970,023
Properties under development	$	145,507	$	768,498	$	94,872	$	387,723	$	-	$	1,396,600
Long-term liabilities (1)	$	-	$	-	$	-	$	-	$	2,697,031	$	2,697,031

	2015											
	Select service		Limited service		Extended stay		full service		Others		Total	
Hotel properties, furniture and operating equipment - Net	$	1,343,777	$	5,030,418	$	369,317	$	791,306	$	843	$	7,535,661
Properties under development	$	253,596	$	538,850	$	-	$	1,496,927	$	21,316	$	2,310,689
Long-term liabilities (1)	$	-	$	-	$	-	$	-	$	852,468	$	852,468

Debt was issued at the holding level, which cannot be allocated to a specific segment.

17. Commitments and contingencies

Except as noted previously, neither FibraHotel nor its assets are subject to any type of legal action, other than those stemming from its routine operations and activity.

18. Events after the reporting period

a. *Purchase of the Fiesta Americana Condesa Cancún hotel*

On February 20, 2018, the conditions and requirements contained in the purchase contract for the Fiesta Americana Condesa Cancún hotel, as discussed in Note 2e), were fulfilled. The total sale price agreed for all the assets was $2,892,000. The long-term lease contract agreed for this hotel also took effect. The parties agreed to implement the purchase-sale contract and lease as of January 1, 2018.

b. *Creation of the Repurchase Fund*

On November 14, 2017, the FibraHotel Holders' Meeting authorized the creation of a CBFI Repurchase Fund based on the approval of the purchase of up to 5% of all the CBFIs issued by FibraHotel during the period from January 1 through December 31, 2017 and for up to 5% of all the CBFIs issued by FibraHotel during the period from January 1 through December 31, 2018.

On December 29, 2017, FibraHotel began the repurchase of CBFIs. As of March, 2018, FibraHotel has repurchased 11,425,605 CBFIs at an average price of $11.18. These Securitization Certificates are held by the Trust Treasury and cease to have economic (distribution) and corporate (voting) rights on the date of their purchase.

19. Authorization to issue the consolidated financial statements

The consolidated financial statements were authorized for issue on March 31, 2018, by Lic. Edouard Boudrant Finance Director and Lic. Eduardo López, Managing Director of FibraHotel, consequently they do not reflect events after this date, and subject to the approval of the Technical Committee and at the General Ordinary Trustors meeting which may be modify them.

* * * * * *

Fiesta Americana Condesa Cancún

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