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INTEGRATED ANNUAL REPORT



FibraHotel_{mx}

Beach
DAYS
Are the
Best
days

#FACondesca



2020

Highlights

(GRI102-7)

1.3

Million hotel room nights

28.5%

Portfolio's occupancy rate excluding FACC

81

Hotels in operation

4,916

Million pesos in debt as of December 31st, 2020

460

million pesos in cash







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NOTE: The publication date of this Annual Report is June 8th, 2021.





Fotografía: María Fernanda Cordero / Cancún

Letter from THE CEO

(GRI 102-14, 102-15)

Dear FibraHotel Certificate Holders:

2020 was marked by the COVID-19 pandemic and presented unique circumstances and challenges to our business, but also the opportunity to highlight FibraHotel's resiliency. We faced the deepest crisis the hospitality industry has ever experienced and during April and May had to close 85 hotels of our portfolio which began to gradually reopen during June and July. Our first priority was the safety and well-being of our associates and guests. We invested in technology and protection equipment and implemented strict hygiene and safety protocols at all of our hotels. At the same time, our asset management team evaluated all processes at the hotels, and we implemented changes in food, beverage and other departments to become more efficient. As Winston Churchill famously said, never let a good crisis go to waste, and we believe these changes will help us improve margins and reduce fixed costs at the hotels over time.

We would like to highlight the resiliency of our company and our asset allocation strategy. For the past few years, we had strategically implemented a plan to diversify our portfolio into leisure, resort and dollar-generating hotels, which have recovered faster than business hotels. Our portfolio's diversification is well positioned for recovery since we are present in 26 states, in different segments and all managed by well-recognized brands and operators. Additionally, we had negotiated our variable fee agreements and leases to provide us downside protection in the case of large external shock with the aim of managing the company across business cycles.

At corporate level, we also took fast and decisive measures to preserve liquidity by reducing all non-essential

expenditures, eliminating the distribution and deferring the payment of the advisory fee. We also worked with our lenders to obtain waivers, obtain additional lines of credit and refinance upcoming amortizations. We have always believed in having a conservative leverage policy, and at the end of the year we have a healthy liquidity position with an LTV still below 30%.

In 2020, occupancy was 28.5%, total revenues were 1,942 million pesos and NOI was 193 million pesos. Thanks to the focus on cost control, we reached break-even point at hotel level by August, reached break-even point at corporate level before financing costs in September and reached positive cash flow by March of 2021. Under very adverse circumstances, the AFFO lost was limited to 430 million pesos in the year. To put this into perspective, it is less than 15% of the AFFO generated in the previous five years and less than 3% of the book value of our assets.

We are very proud of the achievements in items we can control directly, such as cost reduction and our commitment to progress on ESG issues. After this positive note, please let me be clear that we are still far from a normal situation and there is still uncertainty on the health and hotel recovery timeline. We understand that the industry has changed and we need to continue innovating and evolving to become a better company.

Our thoughts are with all the people who have been impacted by the coronavirus. I would also like to thank and recognize our team and partners for their dedication and hard work during this difficult year. Our company would not be possible without the unwavering commitment of our team members, guidance of our Technical Committee and support of our operators, as well as other stakeholders like banks and investors.

FibraHotel is in the right track and we have learned new lessons to make us a better company. We also have the right hotels, team members and experience to properly execute our business plan.

Simón Galante
CEO FibraHotel



Fiesta Americana Hacienda de Gajardo

Introduction TO THE INTEGRATED REPORT

(GRI 102-12, 102-13, 102-32, 102-45, 102-48, 102-50, 102-51, 102-52, 102-53, 102-54, 102-56)
(AMEFIBRA GASGo1, GASGo4)

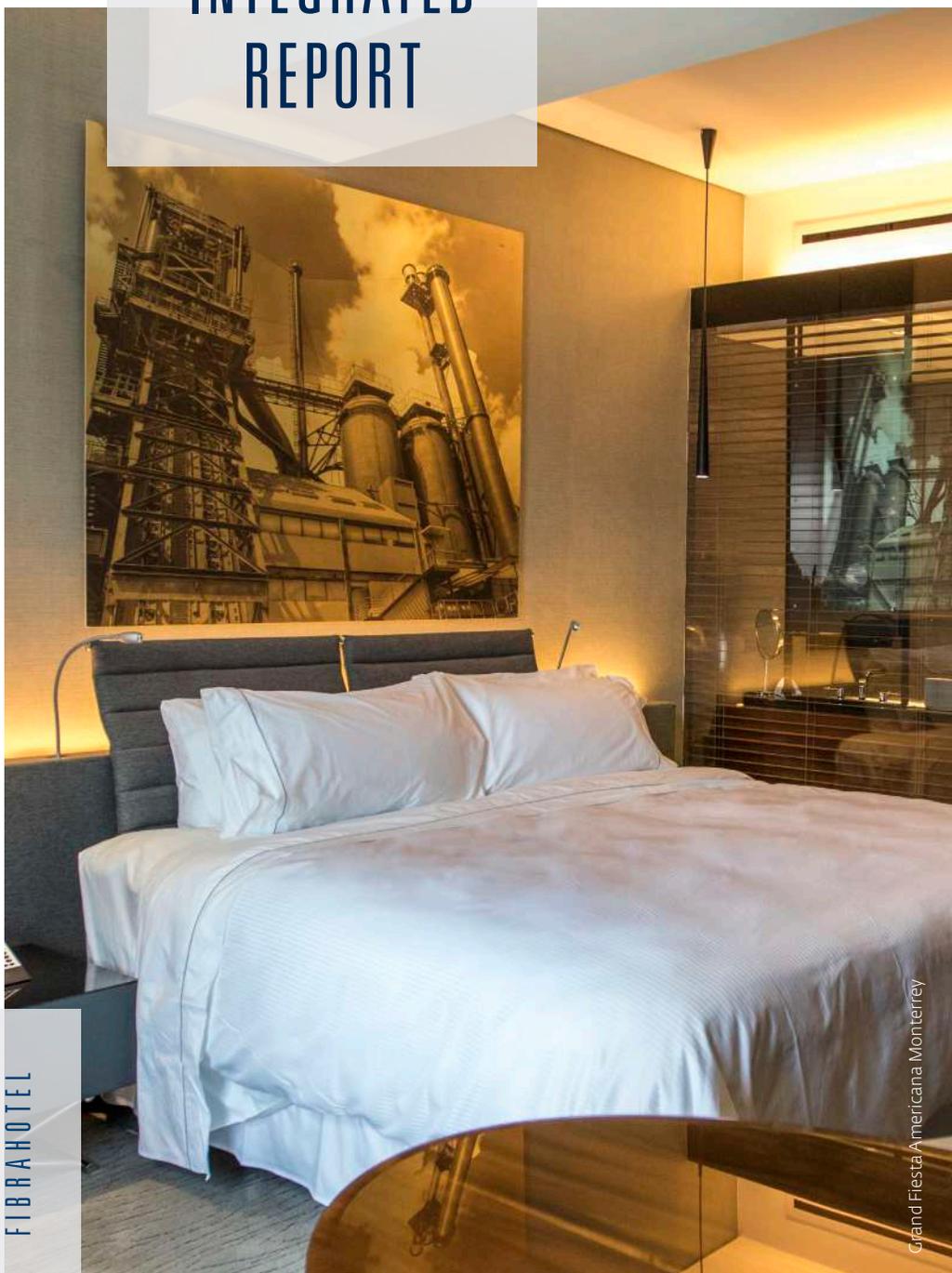
At FibraHotel we understand sustainability as an objective to be achieved throughout, from the execution and design of our business model, and the daily activity of all of us who are part of the company. Our value proposition is comprehensive for all stakeholders.

This level of maturity has led us to prepare our **first integrated annual report**, in line with our commitment to transparency and implementing best practices. It shows the main initiatives and results of our management from January to December 2020, including financial and operational indicators as well as ESG aspects. In 2019 we issued our first standalone sustainability report.

We report the activity of all hotels in our portfolio, with the scope limitations indicated throughout the report.

This report has been prepared in accordance with the Essential option of the Global Reporting Initiative (GRI) Standards. Additionally, we continue to make progress in the use of international reference frameworks as to disclosure of information, adding this year the use of the Sustainability Accounting Standards Board (SASB) and recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

- *Global Reporting Initiative*¹ (GRI) represents global best practices for publicly reporting in economic, environmental and social impacts of an organization; it provides a general and balanced perspective of the material issues of an organization, the related impacts and how it manages them.
- *Sustainability Accounting Standards Board*² (SASB) identifies the subset of environmental,



¹ GRI: Global Reporting Initiative, for more information please click on the following link: www.globalreporting.org/how-to-use-the-gri-standards/gri-standards-spanish-translations/

² SASB: Sustainability Accounting Standards Board, for more information please click on the following link: www.sasb.org/standards/download/

social and governance issues most relevant to financial performance by sector. They are designed to help companies disclose financially significant sustainability information to investors.

- *Task Force on Climate-related Financial Disclosures*³ (TCFD) is a framework for reporting climate-related financial matters applicable to organizations in all sectors and jurisdictions. They are designed to solicit useful forward-looking and decision-making information that can be included in conventional financial presentations.

Our report is also aligned with the "Manual of ESG indicators AMEFIBRA"⁴ (Mexican Association of Real Estate FIBRAs). We seek to disclose information considered relevant at the association level of which we are a member.

For further reference on how the content of our report is aligned with previous standards, the reader can reference the appendixes of this document.

The ESG information disclosed responds to the **material issues** determined in the analysis we carried out in 2019, which incorporated our stakeholders' perspective and the company's strategy. Additionally, this year we also add the material topics proposed by SASB and focused on the investment community.

At FibraHotel, we believe that our actions contribute to economic, social and environmental development, including the priorities established by the United Nations in the 2030 Agenda. We identified our strategic contribution to the **Sustainable Development Goals (SDG)**, according to our type of activities and business model and describe them in this report.

For the first time we also include **external verification**, which is added to a review of the information presented

by our team. In this way, we seek focus on material issues information relevance and veracity.

For more information about our performance, we invite you to view our web page: www.fibrahotel.com/eng/

For any questions or comments please e-mail: gbravo@fibrahotel.com



Grand Fiesta Americana Monterrey

³ Task Force On Climate-Related Financial Disclosures, for more information please refer to the following link: www.fsb-tcfd.org/recommendations/

⁴ Asociación Mexicana de FIBRAs Inmobiliarias: https://amefibra.com/wp-content/uploads/2020/10/IngAMEFIBRA_ManualESG.pdf



Business execution in AN EXCEPTIONAL YEAR

(GRI 102-15)

2020 presented exceptionally difficult challenges for the hotel industry due to the COVID-19 pandemic. Since the beginning of the global pandemic, FibraHotel reacted quickly and firmly, taking the necessary actions and measures to mitigate the potential negative impacts, on our business while considering our entire value chain and seeking the greatest benefit for all our stakeholders.

It is worth mentioning that we always operate in strict compliance with indications and recommendations from local and federal health authorities. We also have and continue to improve on the best operating and sanitation practices in our industry.

COVID-19 forced the temporary closure of most of our hotels during April and May, impacting FibraHotel's results for the year. As of June, in accordance with official regulations, we began a gradual reopening of the hotels; as of December 31, 2020, we had 81 hotels operating, of the 86 that make up our portfolio; 5 remained temporarily closed (in total, we have 86 hotels in our portfolio).

In our operating results, the Average Daily Rate stood at Ps. 1,156, a 6.1% decrease of from the previous year. Occupancy rate fell to 28.5%, from 62.8% in 2019, although it is worth noting the reopening of our hotels and guest confidence as the year progressed. Our RevPAR (Reve-

nue Per Available Room) was Ps. \$330, which is 57.4% lower than in 2019.

For the company's liquidity, we disbursed credit lines for Ps. \$366 million. Additionally, FibraHotel signed amendment agreements to improve the amortization schedule regarding the credit line with BBVA, reducing the amortizations to a total of Ps. \$9.3 million during 2021 and 2022, freeing up Ps. \$169 million of amortizations in these years. In addition, covenant agreements were signed with the banks for 2021. As of December 31st, 2020, FibraHotel has an available credit line for Ps. \$250 million. During the year, all non-essential expenses were reduced, including the payment of the advisory fee, distributions were suspended and CAPEX expenses were limited to what was strictly necessary.

In coordination with our operators, we evaluated all operating procedures and defined a new business model for some hotels. Changes were implemented in areas such as, switching the check-in processes, adding an electronic option; in food and beverage, eliminating buffet service and replacing it with packaged food. We also changed our menus so guests could scan them using QR codes.

Additionally, we regularly sanitized all spaces using specialized products. Thus, we sought to safeguard the

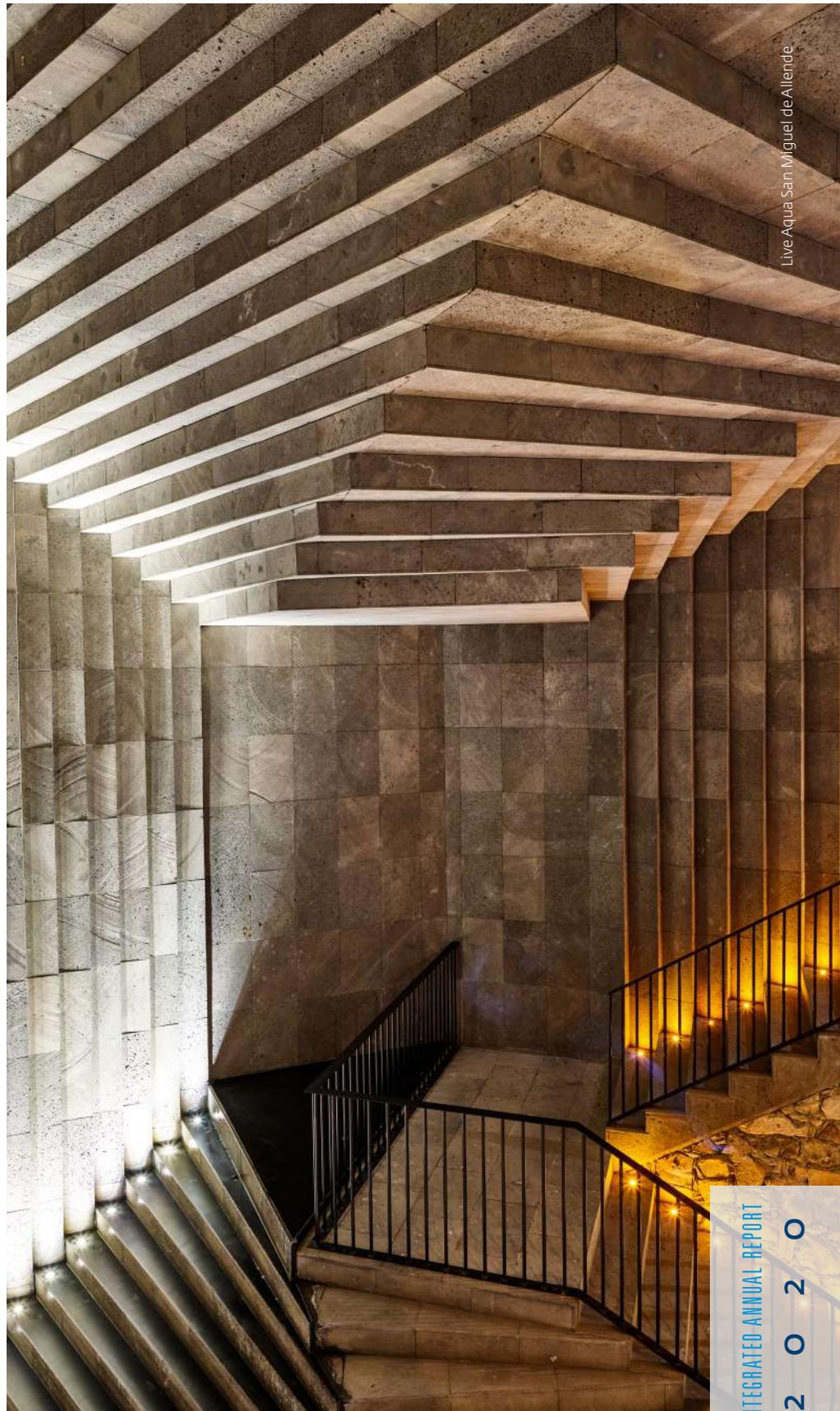
well-being of guests and hotel staff, who were also provided with the necessary protective measures and protective equipment in coordination with operators.

Regarding the health of the employees in the administrator, we implemented home office and sanitized the offices regularly. All cleaning and safety protocols established by the authorities were observed at all times.

The difficult context in the hotel industry also led us to make extremely difficult decisions in order to maintain the stability of the company and the rest of the value chain. Since most of our hotels did not generate revenues for two months, and due to changes in our F&B business plan, we were forced to reduce the number of associates at the hotels. We expect to be able to partially reverse the situation as the business improves.

This difficult situation also allowed us to accelerate the incorporation of technology to the guest experience and improve the food and beverage services in the hotels.

Moreover, the need to make decisions quickly and expediently during these months has reinforced our already close relationship we had with the operators and brands. Together we have identified opportunities for innovation and efficiency, as well as addressing the guest experience transformation. Today, more than ever, our hotels are at their peak of excellence in service quality and safety.



Live Aqua San Miguel de Allende

Profile and CONTEXT

Company Overview

(GRI 102-1, 102-2, 102-4, 102-5, 102-6, 102-10)

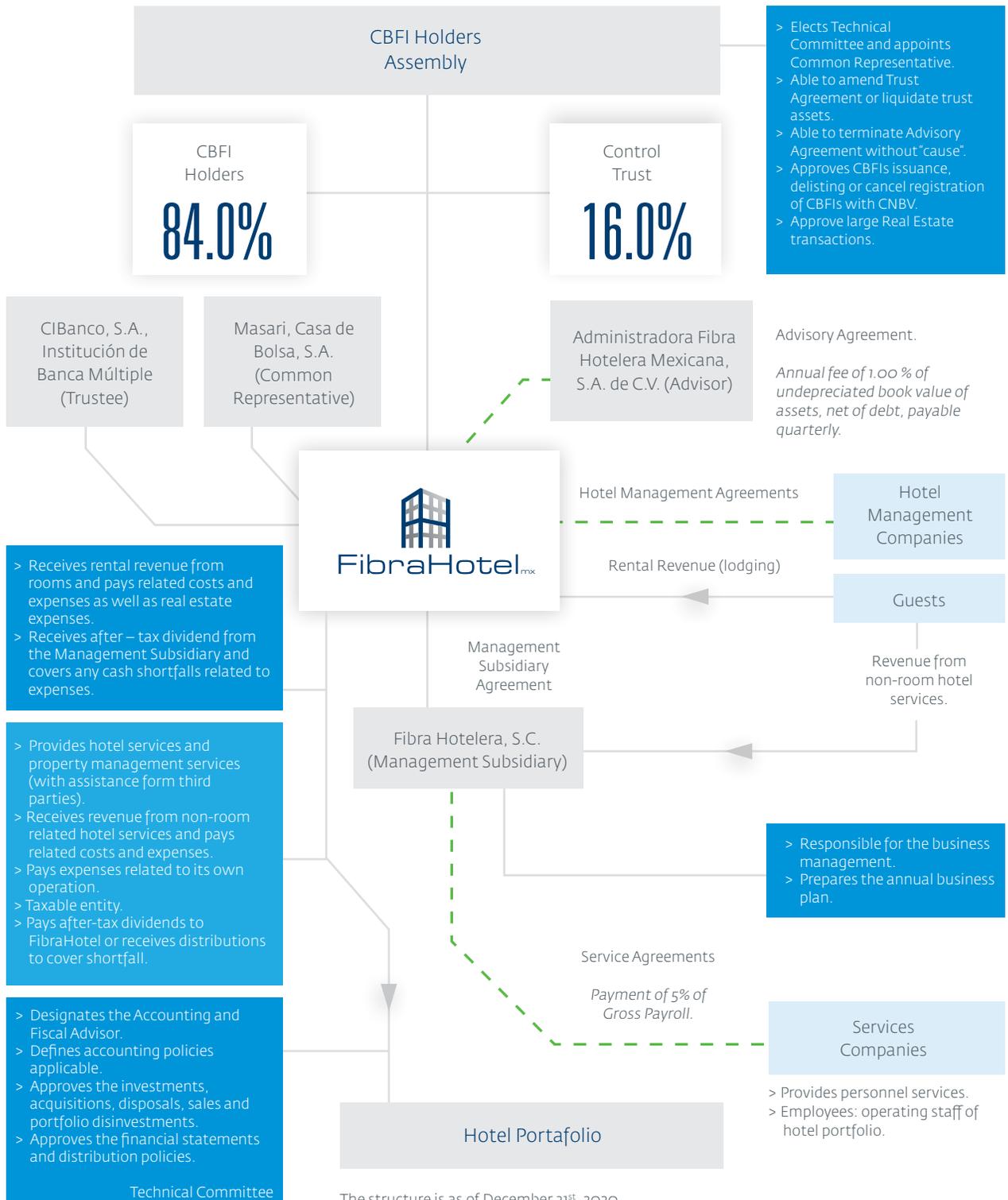
FibraHotel is a Mexican trust formed primarily to develop, acquire and own hotels in Mexico. We are the largest hotel owner in

the country and the first REIT (real estate investment trust) in the hotel industry (also known as FIBRAS) in Latin America.

Structure

The following diagram outlines our structure, characterized by the interaction of different entities, each with clear responsibilities and coordination for the purpose of generating integral value:

Structure



The structure is as of December 31st, 2020.



FibraHotel's structure is composed of the following entities:

Advisor

FibraHotel is externally advised by Administradora Fibra Hotelera, S.A. de C.V. The Advisor is responsible, among other tasks, for guiding and advising FibraHotel in the development strategy and acquisitions of hotel projects, as well as long-term strategic and financial planning.

Administrator

FibraHotel is managed internally by Fibra Hotelera S.C. The Administrator's duties include the day-to-day management of FibraHotel's business, property and hotel maintenance, obtaining the necessary permits and licenses, due-diligence for potential acquisition and development opportunities,

and negotiating and signing management and franchise agreements associated with the hotels. It is also responsible for providing certain services not related to room rental, such as food and beverage, telephone, Internet and other similar services, billed to hotel guests separately. It is worth mentioning that FibraHotel's staff is assigned to the Administrator.

Service Companies

Hotel staff, except for some strategic positions, are not hired directly by the operators. In this case, FibraHotel with the input from the operators, signs agreements with service companies in charge of hiring the required hotel staff.

Portfolio

(SASB IF-RE-000.A, SASB IF-RE-000.B)
(AMEFIBRA GASGo1)

Throughout 2020, our portfolio comprised 86 hotels and 12,558 rooms, with presence in 26 Mexican states.

The COVID-19 pandemic severely impacted the performance of the hotel industry worldwide. In our case, in response to instructions from health authorities and understanding the situation in the country, we closed most of our hotels in April, which led to the implementation of actions to minimize the impact on our portfolio's performance. Subsequently, in June, we began a gradual and staggered reopening of the hotels.

As of December 31st, 2020, we had 81 of our hotels back in operation, while 5 remained temporarily closed; we are looking to take advantage of regional diversification of our assets to provide alternative uses or to sell these temporarily closed hotels.

By the end of 2020, the composition and operation of our portfolio was as follows:

> 81 hotels (11,939 rooms) in operation.
> 5 hotels (619 rooms) temporarily closed.

One of the actions taken in 2020 as part of the measures to address the adverse effects of COVID-19 was the signing of an agreement with Hilton for the reopening of our boutique hotel in Playa del Carmen. The reopening will take place in 2021 under the brand name The Yucatan Resort Playa del Carmen, Tapestry Collection by Hilton. This action seeks to capitalize on the recovery of tourism and the change of brand and operator is focused on having a greater component of international travelers.



⁵ As of December 31st, 2020, five hotels with 619 rooms are temporarily closed: Coatzacoalcos, Ciudad Obregon, Leon, Saltillo and Playa del Carmen.



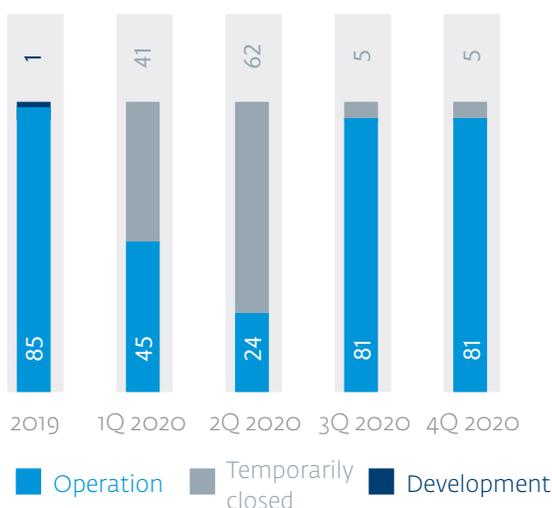
12,558⁵
rooms

26
states

- | | | | |
|----|----------------------------------|----|-------------------------------------|
| 1 | Fiesta Inn Culiacán | 44 | Live Aqua Monterrey |
| 2 | Fiesta Inn Durango | 45 | Courtyard Vallejo |
| 3 | One Monterrey | 46 | Fairfield Inn Vallejo |
| 4 | One Acapulco | 47 | Fiesta Americana Aguascalientes |
| 5 | One Toluca | 48 | Fiesta Inn Xalapa |
| 6 | Hotel Coatzacoalcos* | 49 | One Xalapa |
| 7 | Fiesta Inn Tepic | 50 | Fairfield Inn Villahermosa |
| 8 | One Aguascalientes | 51 | Fiesta Inn Ciudad Obregón |
| 9 | Fiesta Inn Hermosillo | 52 | Fiesta Inn Lofts Querétaro |
| 10 | One Culiacán | 53 | Hotel León* |
| 11 | Fiesta Inn Ecatepec | 54 | Fiesta Inn Ciudad Del Carmen |
| 12 | Fiesta Inn Perinorte | 55 | Fiesta Inn Lofts Ciudad Del Carmen |
| 13 | Fiesta Inn Nuevo Laredo | 56 | Hotel Ciudad Obregón* |
| 14 | Fiesta Inn Naucalpan | 57 | Fairfield Inn Los Cabos |
| 15 | Fiesta Inn Cuautitlán | 58 | Fiesta Inn San Luis Potosí Oriente |
| 16 | Fiesta Inn Perisur | 59 | Gamma Tijuana |
| 17 | Camino Real Puebla | 60 | Hotel Saltillo* |
| 18 | Fiesta Inn Chihuahua | 61 | AC Hotel Torre Americas Guadalajara |
| 19 | Fiesta Inn Guadalajara | 62 | AC Hotel Antea Querétaro |
| 20 | One Querétaro | 63 | One Perisur |
| 21 | Fiesta Inn Aguascalientes | 64 | Sheraton Ambassador Monterrey |
| 22 | Fiesta Inn Monterrey La Fe | 65 | Hotel Playa del Carmen* |
| 23 | Fiesta Inn Querétaro | 66 | Fiesta Inn Los Mochis |
| 24 | Fiesta Inn Saltillo | 67 | Fiesta Inn Cuernavaca |
| 25 | One Patriotismo | 68 | One Cuernavaca |
| 26 | Fiesta Inn Ciudad Juárez | 69 | Fairfield Inn & Suites Juriquilla |
| 27 | Fiesta Inn Mexicali | 70 | One Durango |
| 28 | Fiesta Inn León | 71 | AC Hotel Veracruz |
| 29 | Fiesta Inn Monclova | 72 | Fairfield Inn & Suites Nogales |
| 30 | Fiesta Inn Torreón | 73 | Fiesta Inn Lofts Monterrey |
| 31 | Fiesta Inn Morelia | 74 | Fiesta Americana Aeropuerto CDMX |
| 32 | Camino Real Suites Puebla | 75 | One Cuautitlán |
| 33 | One Tapatío | 76 | Fiesta Americana Pabellón M |
| 34 | Fiesta Inn Puebla Finsa | 77 | Fiesta Inn Villahermosa |
| 35 | Fiesta Inn Oaxaca | 78 | Fiesta Inn Puerto Vallarta |
| 36 | One Puebla Finsa | 79 | Fiesta Americana Hermosillo |
| 37 | Gamma Guadalajara | 80 | Fiesta Inn Buenavista |
| 38 | Fiesta Inn Tlalnepantla | 81 | Fiesta Inn Monterrey Valle |
| 39 | Fiesta Inn Toluca Tollocan | 82 | Live Aqua San Miguel de Allende |
| 40 | Real Inn Mexicali | 83 | Fiesta Americana México Satélite |
| 41 | Fiesta Inn Lofts Monclova | 84 | Courtyard Toreo |
| 42 | One Monclova | 85 | Fiesta Americana Hacienda Galindo |
| 43 | Grand Fiesta Americana Monterrey | 86 | Fiesta Americana Condesa Cancún |

* Temporarily closed hotels

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



	2019	1Q 2020	2Q 2020	3Q 2020	4Q 2020	Annual Report
Operation	85	45	24	81	81	81
Temporarily closed	0	41	62	5	5	5
Development	1	0	0	0	0	0
TOTAL	86	86	86	86	86	86

* Shows status of portfolio at the end of each quarter.

Evolution of the number of rooms in operation



	2019	1Q 2020	2Q 2020	3Q 2020	4Q 2020	Annual Report
Operation	12,300	7,187	2,892	11,939	11,939	11,939
Temporarily closed	0	5,371	9,666	619	619	619
Development	260	0	0	0	0	0
TOTAL	12,560	12,558	12,558	12,558	12,558	12,558

* Shows status of portfolio at the end of each quarter.

Our hotels are operated under 13 brands, three Operating Companies and total assets of Ps. \$16,822 million.

Composition of FibraHotel's portfolio by segment⁶:

SEGMENT	Hotels		Rooms	
	#	%	#	%
Limited-Service	22	25.6%	2,792	22.9%
Selected-Service	47	54.7%	6,525	53.6%
Full-Service	16	18.6%	2,734	22.4%
Resort	1	1.2%	507	4.2%
TOTAL	86	100.0%	12,558	100.0%

The type of hotels that make up FibraHotel's portfolio is divided into different segments, which are described below⁷:

Limited Service

Limited Service hotels provide a convenient hotel service, with a limited selection of food (breakfast included) and in some cases, meeting room space and business and fitness centers.

Select Service

Unlike Limited Service hotels, Select Service hotels provide certain additional services including: food and beverage offerings, restaurants, bars and 24-hour room service, lounges for social events and business meetings, as well as additional in-room services.

Full Service

Full Service hotels have an extensive food and beverage offering with several consumption centers (restaurants and bars), meeting rooms and conference rooms for social and business events with capacity for more than 500 people and additional services related to Full Service hotels: spas, room service during extended hours, valet parking, concierge, bellhops, and large public areas.

Resort

Resort hotels generally have 400 rooms or more and are located in tourist destinations with high connectivity and flow of domestic and international visitors, including hotels that operate under the All-Inclusive and European Plan, with services and recreational activities that seek to provide customers with a pleasant vacation experience. They also have facilities for large events. Since the Resorts cater to international travelers and, to a lesser extent, domestic travelers, they generate mainly dollar-denominated revenues.

⁶ As of December 31, 2020, five hotels (619 rooms) are temporarily closed: Coatzacoalcos, Ciudad Obregon, Leon, Saltillo and Playa del Carmen.

⁷ As of Q1 2020, the extended stay segment was eliminated, as the number of rooms was not relevant to the portfolio. As a result, 255 rooms were added to the Select Service segment and 121 to Full Service segment.

Industry Overview

(GRI 102-15)

Tourism in Mexico

The effects of the pandemic caused by COVID-19 presented challenges for the global economy and particularly for tourism.

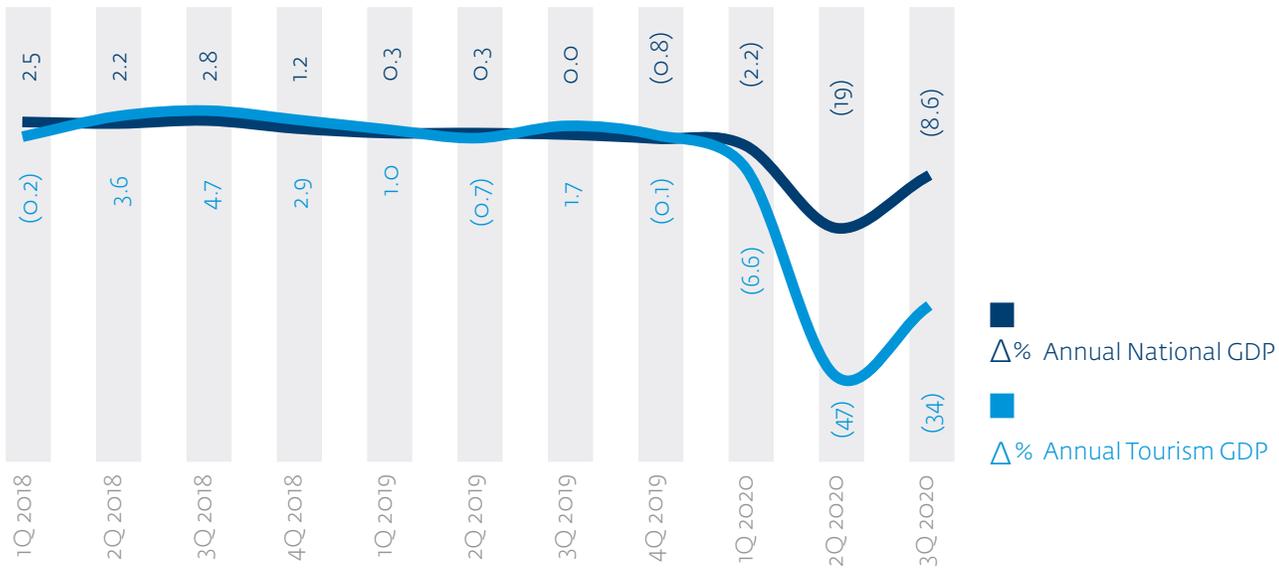
Mexico, where all of our hotels are located, is the second largest economy in Latin America and the 15th largest economy in the world, with a GDP of US\$1.32 billion in 2020⁸.

In recent years, tourism has become a key driver of the economy and employment in our country. For this reason, it constitutes a strategic activity for development, representing 8.6% of the country's GDP and 6.0% of formal employment.



Fiesta Americana Hermosillo

Tourism as a percentage of GDP



Source: DataTur

Impact of COVID on the industry

The impact of the pandemic has been very significant for all hotel establishments. According to data from the Ministry of Tourism, the touristic balance⁹ in 2020 was 7,444 million dollars, which represented a decrease of (49.3%) respect to 2019.

Connectivity between countries was affected due to border closures and internal regulations of each country that prevented the arrival of international tourists. Although Mexico decreased 46% in tourist arrivals, it remained within the three most visited countries during 2020 with 24.4 million tourists and maintained some of its borders open to international travelers.

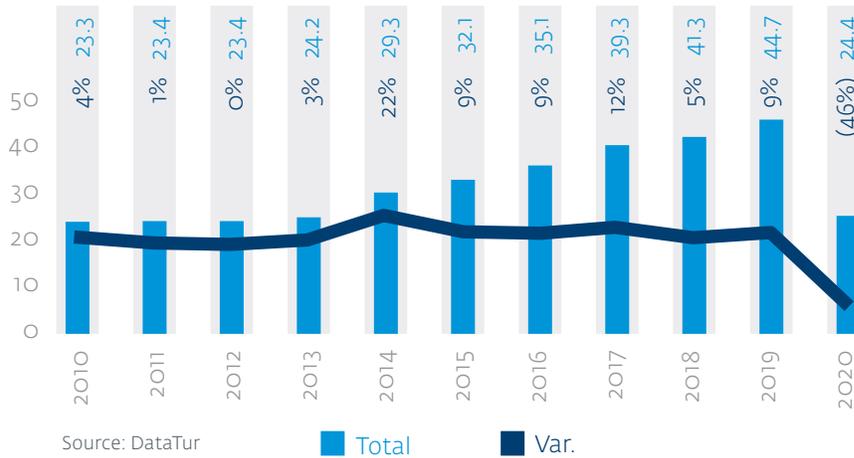
Tourist Arrivals

Country	2020	Million of Tourists	Δ2020 / 2019
Italy	1	27.5	(57%)
France	2	25.2	(72%)
Mexico	3	24.4	(44%)
United States	4	22.2	(72%)
Russia	5	20.8	(15%)
Spain	6	20.0	(76%)
Poland	7	17.7	(16%)

⁸ World Development Indicators Database, The World Bank

⁹ The tourism balance is obtained from the difference between the inflows and outflows of the international travelers' account.

Tourist Arrivals (%)

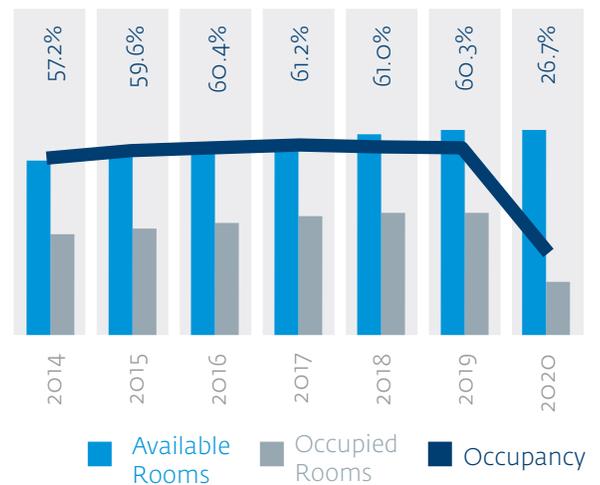


Passenger arrival by air decreased 52.8% versus 2019, a total of 24.4 million passengers. The United States continues to be the main market for travelers to Mexico, with a market share of 68.6%; Mexico remains the second largest air travel destination for United States travelers. Canada is the second most important market for Mexico, with a 12.3% market share, registering almost one million visitors. Colombia ranked as the country's third most important market versus fifth place in 2019, with 1.8% share.

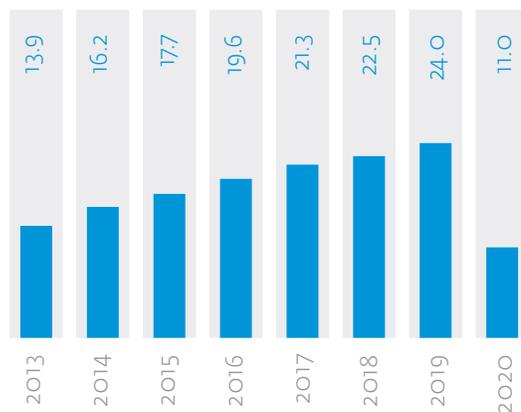
According to figures from the Ministry of Tourism's DataTur system, the number of available rooms as of December 31st, 2020, was 147.8 million, which represents a decrease of 1.2%, and the total occupancy rate for the year was 26.7%.

Mexico was also impacted in its tourism foreign currency income, which decreased by 54.2%, closing at \$11 billion dollars.

Evolution of Hotel Supply and Occupancy



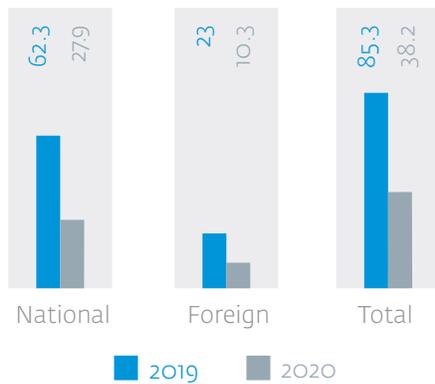
Foreign currency income, as a result of International Visitors in Mexico (Billion of U.S. Dollars)



In terms of tourist arrivals to hotel rooms, the proportion between domestic and foreign tourists remained unchanged, with domestic tourists representing 73% of the total. However, both categories fell by 55% against 2019, with a total of 27.9 million domestic tourist arrivals and 10.3 million foreign tourist arrivals.



Tourist Arrivals to hotel rooms



Source: DataTur

Passenger arrival air also showed a 52.8% decrease against 2019, with 48.8 million passengers. The following table shows air arrivals to main cities:

	2020	2019	Var. (%)
Mexico City	11,023,814	25,129,146	(56%)
Cancun	6,053,449	12,665,948	(52%)
Guadalajara	4,049,868	7,370,174	(45%)
Los Cabos	1,496,768	2,782,193	(46%)
Monterrey	2,503,715	5,615,670	(55%)
Puerto Vallarta	1,222,258	2,498,365	(51%)
Tijuana	3,162,927	4,539,672	(30%)

Source: DataTur

Business Hotels

Most hotels located in regions that attract business travelers had to close operations in April because of the pandemic. Mobility restrictions, corporate travel limitations and cancellation of major events have put many of the trips made in previous years on hold.

City	No. of Rooms		% International Brands		% National Brands		% Independent Brands	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
Mexico City / Guadalajara / Monterrey	503	66,761	30%	40%	20%	26%	50%	34%
Other Industrial Cities	1,620	138,420	19%	28%	18%	25%	64%	46%
Resort Areas	740	152,960	34%	57%	14%	19%	52%	24%
Total	2,863	358,141	25%	43%	17%	23%	58%	35%

Source: HVS

As the health situation evolves, we believe that the market will gradually recover because of the above-mentioned positioning and strengths.

In addition, limitations were placed on maximum occupancy levels.

Since the gradual reopening in June and July, a slow reactivation of the sector in Mexico is beginning to take place. Also, the renegotiation of the North American Free Trade Agreement (USMCA) could mean the expansion or establishment of new companies in Mexico, thus boosting business travel in the country. Corporate travel and events has not fully recovered.

Tourism and Vacation destination hotels

The Mexican market is very well positioned to attract international travelers in different parts of the country, distinguished by its cultural richness and beaches.

The presence of national and international brands and quality of their inventory have played an important role in attracting the market through a varied from budget to luxury concepts. One of the key destinations for this segment in the country is Cancun-Riviera Maya with the largest inventory of rooms. In addition, many of the hotels in this area operate under the All-Inclusive model. Nevertheless, European Plan hotels maintain their relevance and have demonstrated a degree of acceptance in the Mexican tourism market through the offer of experiences positioned and associated with globally known hotel chains.

Post COVID Evolution

Mexico has managed to maintain its position in the hotel sector among Latin American and other countries, mainly the US and Canada. Tourism in our country has all the resources to continue growing in the future.

During the last few years, both national and international brands have expanded throughout the country, capturing a larger market driven by industrial growth, particularly manufacturing, including automotive and aerospace. In addition significant growth has been observed in the country's real estate and lodging markets.

Relationship with operators

At FibraHotel, we establish a mutually beneficial relationship with operators, focused on providing guests with the best experience. We work closely in each hotel, with different responsibilities, joint decisions and continuous communication.

Our hotels are affiliated with Grupo Posadas, Marriott International and Grupo Real Turismo, leading companies in hotel management and quality service.

In each of our hotels, the operator is responsible for managing its daily operation. In accordance with the contracts, we pay each operator a variable commission based on operating profit and a fixed interest rate established in each case.

The following table shows the main tasks of each party as to hotel operations.

MAIN RESPONSIBILITIES IN EACH HOTEL

- | | |
|--|--|
| > Provides of the infrastructure and facilities to the operator. | > Determine the brand standards for the infrastructure (includes efficiency standards in consumption -e.g. Energy-). |
| > Provides operating equipment (including operating technology). | > Development of the annual business plan (income and costs / expenses included). |
| > Provides maintenance and operating infrastructure and equipment with greater efficiencies. | > Administration with its own operating team and above property services. |
| > Approval of the hotel's business plans. | > Definition of the rate policy (accommodation, food and beverages, other services). |
| > Monitoring of rates (accommodation, food and beverages, other services). | > Food and beverage sales strategies. |
| > Maintenance CAPEX for hotels. | > Provision of reservation platforms and loyalty programs. |
| > Obtaining permits and licenses. | > Preventive maintenance of major equipment and operating CAPEX. |
| > Responsibility for real estate activities (property and insurance, etc.). | > Proposal for capital expenditures to maintain the hotels in optimal conditions. |
| > Hires the hotel staff (selected by the Operating Companies). | > Selection and administration of the hotel staff. |
| > Consolidation of the operating income of the hotels; payment of commissions to operators. | > Renewal of permits and licenses. |
| > Payment of energy and water. | > Waste management. |

One of the transformations brought on by the pandemic was the way in which operators offered their products and services; we highlight their efforts to implement different efficient changes as necessary. Such changes implied, for example, deep cleaning with special products, replacement of the buffet service by packaged foods, the availability of menus in digital format via QR code and use of packaged cutlery. They implemented all

necessary cleaning protocols to protect and promote the well-being of hotel guests and staff based on their brand guidelines.

Decision-making as a result of the evolving health situation and changes in regulations from authorities, has allowed us to strengthen our relationship with the operators and to be agile in decision making.

Our operators

 POSADAS.

Grupo Posadas. It is the largest Mexican hotel operator in the country with more than 150 hotels and 24,000 rooms in beach and city destinations, located in every state of the country. The positioning of its brands such as Live Aqua, Grand Fiesta Americana, Fiesta Americana, Fiesta Inn and One Hotels stands out.

 GRT
GRUPO REAL TURISMO

Grupo Real Turismo. Hoteles Camino Real is a Mexican hotel company founded in 1958 by the National Bank of Mexico (Banamex) and a group of private investors. They operate 40 hotels with approximately 6,885 rooms, including several world-renowned restaurants. They have a presence in 23 states of the Republic, including Mexico City.

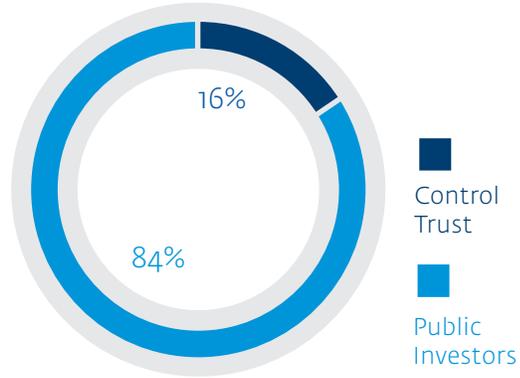
 Marriott.

Marriott International, Inc. is the world's largest hotel company headquartered in Bethesda, Maryland, USA, with 7,000 properties in 131 countries and territories. Marriott operates and franchises hotels and resort licenses.

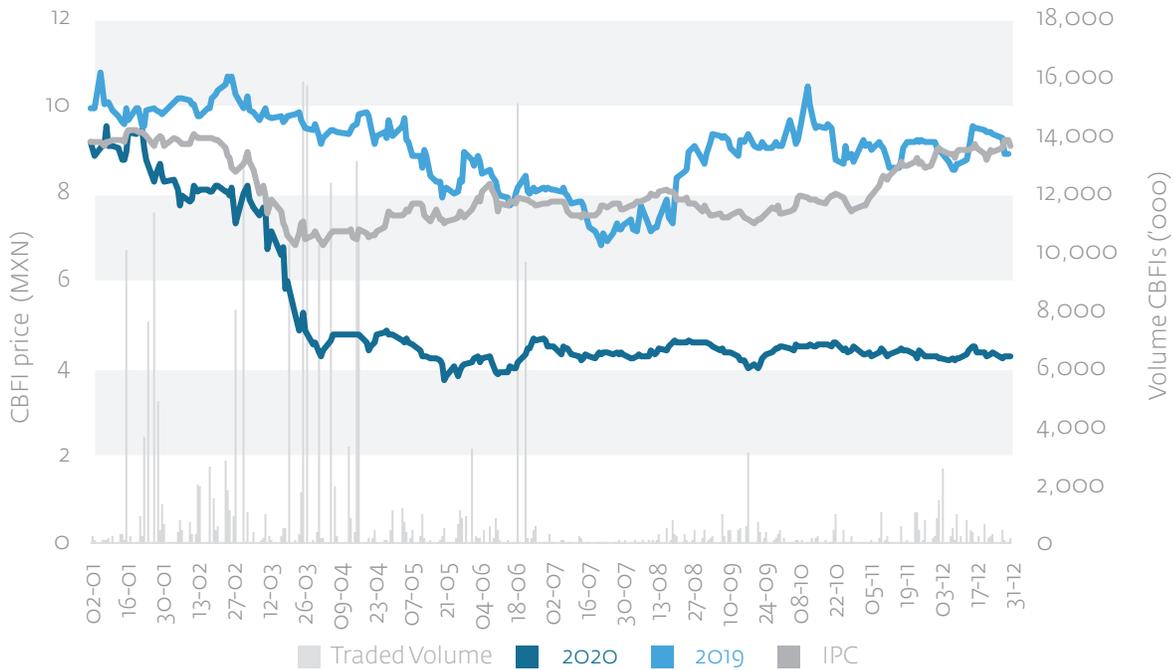
Presence in the capital market

FibraHotel is a REIT and its objective is to generate investment risk adjusted returns to the CBFH Holders (real estate stock certificate), mainly through Cash Distributions and capital appreciation.

As of the date of this Annual Report, our shareholder structure is as follows:



The following graph¹⁰ shows the evolution of FibraHotel's CBFH price and volumes between January 1st and December 31th, 2020.



On the first trading day of 2020, the CBFH closed at 9.19 pesos and on December 31st, 2020 the closing price was 4.31. As for 2019, the price in the first trading day was 10 pesos and the last was 8.95. The CBFH traded in a daily closing price range of 3.75-9.55 pesos and for 2019 the range was 6.82-10.81 pesos.

¹⁰ The left axis of the graph represents CBFH Price in Mexican pesos, the right axis shows the traded CBFH volume in thousands. Note: The IPC index value is adjusted to the CBFH Price so that its behavior vs the CBFH is clear.



AC Hotel Veracruz



Live Aqua San Miguel de Allende

Corporate GOVERNANCE

(GRI 102-18, 102-19, 102-20, 102-22, 102-23, 102-24, 102-25, 102-27, 102-28, 102-31, 102-35, 102-36, 102-37, 103-2, 103-3, 405-1)
(TCFD GOB-A, GOB-B)
(AMEFIBRA GOB01)

At FibraHotel our corporate governance is aligned with applicable regulations and focused on guaranteeing an ethical and transparent operation in accountability.

The Holders' Assembly constitutes the highest decision-making body, which meets ordinarily once a year, and includes among its responsibilities the approval of financial statements, the approval of Technical Committee members and authorization of CBFi issuance. The Holders' Assembly is governed by the General Law of Credit Securities and Operations (LGTOC).

The Technical Committee, in accordance with the Trust Agreement, has as its main functions the approval of the main financial and portfolio operations (investments, ac-

quisitions, and divestments) and appointment of the Advisor. It also focuses on supervision and management of FIBRA operations, monitoring the performance of the Administrator.

The Control Trust has the right¹¹ to appoint half plus one of the Technical Committee members but does not determine the independent members. The independent members are appointed for their experience, ability and professional prestige, as well as for being free of conflicts of interest. All the members are appointed for periods of one year by the Holders Assembly with possible renewal.

By the end of 2020, the committee was composed of 10 proprietary members, four of them independent; Advancing on diversity issues, we added a woman on the board in 2020. The average seniority in the position was 7.9 years. Simón Galante Zaga, who is also part of the Advisor, remained to act as Chairman of the Technical Committee.

Only independent members receive remuneration for their work, set by the Technical Committee itself without their participation and ratified by the Holders' Assembly, always within the provisions of the Trust Agreement.

The Committee has a regular annual meeting programmed, although any member of the Technical Committee may request that a session be held. In 2020, four sessions were held, in February, April, July and October. The average attendance was 100%.

Composition of the Technical Committee¹²

Name	Role
Simón Galante Zaga	Proprietary Member
Alberto Galante Zaga	Proprietary Member
Adolfo Benjamín Fastlicht Kurian	Proprietary Member
Jorge Sandor Valner Weinstein	Proprietary Member
Mayer Zaga Bucay	Proprietary Member
María Dolores Domínguez	Proprietary Member
Felipe de Yturbe Bernal	Independent Proprietary Member
Jaime Zabłudowsky Kuper	Independent Proprietary Member
Manuel Zepeda Payeras	Independent Proprietary Member
Pablo de la Peza Berríos	Independent Proprietary Member
Eduardo Zaga Cojab	Alternate Member
Eduardo López García	Alternate Member

The Technical Committee has support committees. In 2020, as a result of the launch of the Sustainability Strategy, we incorporated a specific committee to monitor it, which reports progress to the Technical Committee therefore guarantees monitoring at the highest level.

We describe the functions of the four supporting committees in more detail below. The designation of its members and respective Chairmen corresponds to the Technical Committee¹³.

¹¹ The Control Trust must have 15% or more of the CBFIs in circulation.

¹² For more information about the members, access the following link: www.fibrahotel.com/eng/technicalcommittee/

¹³ Greater detail on the functions of the Committees in the Report to the Mexican Stock Exchange (BMV).

Corporate Practices Committee

Sessions as often as required. All its members are independent.

The practices committee is responsible, among other things, for (i) providing opinions to the technical committee with regard to transactions that our practices committee is involved in with related parties, (ii) providing opinions to the technical committee with

regard to the value of the transactions that our technical committee is involved with in carrying out its duties, (iii) providing recommendations to the technical committee as to what reports it should request from our Advisor or the Trustee to carry out its duties, (iv) advising the technical committee in carrying out its duties under our trust agreement, (v) presenting to the technical committee market studies relating to sectors to which our properties and assets belong, and providing recommendations as appropriate, and (vi) requesting and obtaining independent expert opinions.

Name	Role
Felipe de Yturbe Bernal	Independent Proprietary Member
Jaime Zabłudowsky Kuper	Independent Proprietary Member
Manuel Zepeda Payeras	Independent Proprietary Member
Pablo de la Peza Berríos	Independent Member and Permanent Guest

Audit Committee

Sessions as often as required. All members are independent.

The audit committee is responsible, among other things, for (i) evaluating the external auditors and analyzing their reports, (ii) analyzing the financial statements and discussing them with appropriate personnel, and based thereon assessing whether to recommend their approval to our technical committee, (iii) informing the technical committee of its view as to the internal controls and internal audit system including any irregularities that may be detected, (iv) requesting and obtaining independent expert opinions, (v) investigating non-compliance with operating and accounting guidelines and policies or with the internal controls or internal audit system, (vi) informing the technical committee of any important irregularities it may encounter and proposing remedial measures, (vii) verifying the implementation of internal control mechanisms and their compliance with applicable law, among others.

Name	Role
Felipe de Yturbe Bernal	Independent Proprietary Member
Jaime Zabłudowsky Kuper	Independent Proprietary Member
Manuel Zepeda Payeras	Independent Proprietary Member
Pablo de la Peza Berríos	Independent Member and Permanent Guest

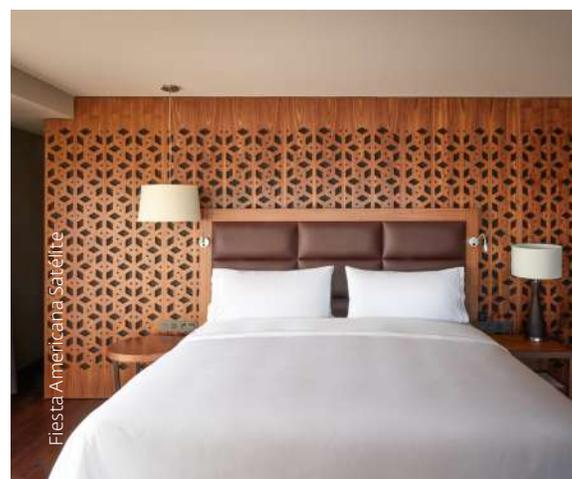
Nominating Committee

Sessions as often as required. Three of its five members are independent.

The nominations committee is responsible for, among other things: (i) searching, analyzing and evaluating candidates for election or appointment as independent members of our technical committee; (ii) proposing to the assembly of holders of CBFIs individuals who, in the committee's opinion and based on their satisfaction of the independence requirements under the Mexican Securities Market Law, may join the technical committee as independent members, or when applicable, as substitute members to such independent members, and, if applicable, proposing to the assembly of holders of CBFIs independent members who, in the committee's opinion, should be replaced; (iii) monitoring and reviewing all matters relating to the independence of the independent members of the technical committee, including any issues involving potential conflicts of interest; and (iv) considering the audit committee's opinion on the removal of members of our technical committee, among others.

The Holders Assembly may, at its discretion, accept or reject the recommendations of the Nominations Committee.

Name	Role
Alberto Galante Zaga	Proprietary Member
Felipe de Yturbe Bernal	Independent Proprietary Member
Jaime Zabłudowsky Kuper	Independent Proprietary Member
Manuel Zepeda Payeras	Independent Proprietary Member
Simón Galante Zaga	Proprietary Member



Fiesta Americana Satellite

Sustainability Committee

Sessions as often as required.

It is focused on the review, execution and continuous improvement of FibraHotel's ESG performance, within the framework of the objectives and goals established in the Sustainability Strategy.

Members are elected and can be modified at any time by the Technical Committee. They are made up of both members of the Technical Committee itself and managers of the Administrator, which allows a more precise approach and understanding of strengths and areas of opportunity in sustainability.

The Committee is made up of the Executive Committee and the Operations Committee, whose members are:

ESG Executive Committee	ESG Operations Committee
> Alberto Galante Zaga (Founding Partner of Grupo GDI)	> Eduardo López (General Manager)
> Simón Galante Zaga (CEO of FibraHotel)	> Guillermo Bravo (CIO)
> María Dolores Domínguez (Administrative Director of Grupo GDI)	> César Chávez (Operations Manager)
> Eduardo López (General Manager)	> Isaac Aguilar (Operations Manager)
> Edouard Boudrant (CFO)	> Luis de la Barrera (Operations Manager)
> Guillermo Bravo (Investment Manager)	> David González (Engineering and Maintenance Manager)
> Antonio Cárdenas (Finance Manager and Head of Sustainability of FibraHotel)	> Antonio Cárdenas (Finance Manager and Head of Sustainability of FibraHotel)
> Juan Felipe Mejía (New Projects Manager)	> Juan Felipe Mejía (New Projects Manager)

The Administrator is responsible for the operation of the FIBRA. Its management team stands out for its knowledge and experience, carrying out work in line with strategic guidelines established by the Technical Committee.

FibraHotel Advisor					
Roberto Galante		Alberto Galante		Simón Galante	
FibraHotel Administrator					
Eduardo López Chief Executive Officer					
Edouard Boudrant Chief Financial Officer	Guillermo Bravo Chief Investment Officer	Isaac Aguilar Limited & Select Service Portfolio Asset Management Director	César Chávez Full Service and Resorts Portfolio Asset Management Director	Luis de la Barrera Limited, Select Service and Marriott Portfolio Asset Management Director	Lorena García Legal Counsel
> Controller > Treasury > Fixed assets > Administration	> Investments > Strategy > Investor Relations	> Operation > Maintenance > CAPEX	> Operation > Maintenance > CAPEX	> Operation > Maintenance > CAPEX	> Legal issues

It should be remembered that FibraHotel is externally advised by Administradora Fibra Hotelera, S.A. de C.V., responsible for, among other aspects, guiding and advising on the development strategy and acquisitions of hotel projects.



Ethics and COMPLIANCE

(GRI 102-16, 102-17, 102-25, 102-26, 103-2, 103-3, 205-1, 205-3, 206-1, 415-1, 419-1)
(AMEFIBRA GOBo2, GOBo3)

At FibraHotel, we work with a culture of compliance, adhering to the law and the internal regulations we develop for the operation.

We have an Ethics Code that applies to our entire workforce, based on honesty and integrity. Our code contains the guidelines for relationships within the company, including the performance of our staff and members of the Technical Committee, as well as the relationships of our collaborators with suppliers and business partners, such as operators.

We provide the Code to all employees in their induction course and it is available on our intranet; it is also available to the public on our website (FibraHotel - Policies and other documentation): www.fibrahotel.com/eng/policies/

We also have a complaint line, which can be used by employees and all stakeholders to answer any concerns about the Code's guidelines, as well as report any non-compliance detected. Complaints can be made anonymously by telephone or e-mail, and during the investigation process we ensure the guarantees of all parties. The complaint line is monitored by an independent external party.

During the year, we did not receive any cases of complaints through the complaint line related to FibraHotel's operations, nor did we identify non-compliance through internal auditing processes.

On another note, our corporate governance has been structured to guarantee decision making based on the

company's commitment, free of conflicts of interest. We include guidelines in the Code of Ethics. The Technical Committee, the Corporate Practices Committee and the Legal, Administrative and Comptroller's Departments supervise these guidelines.

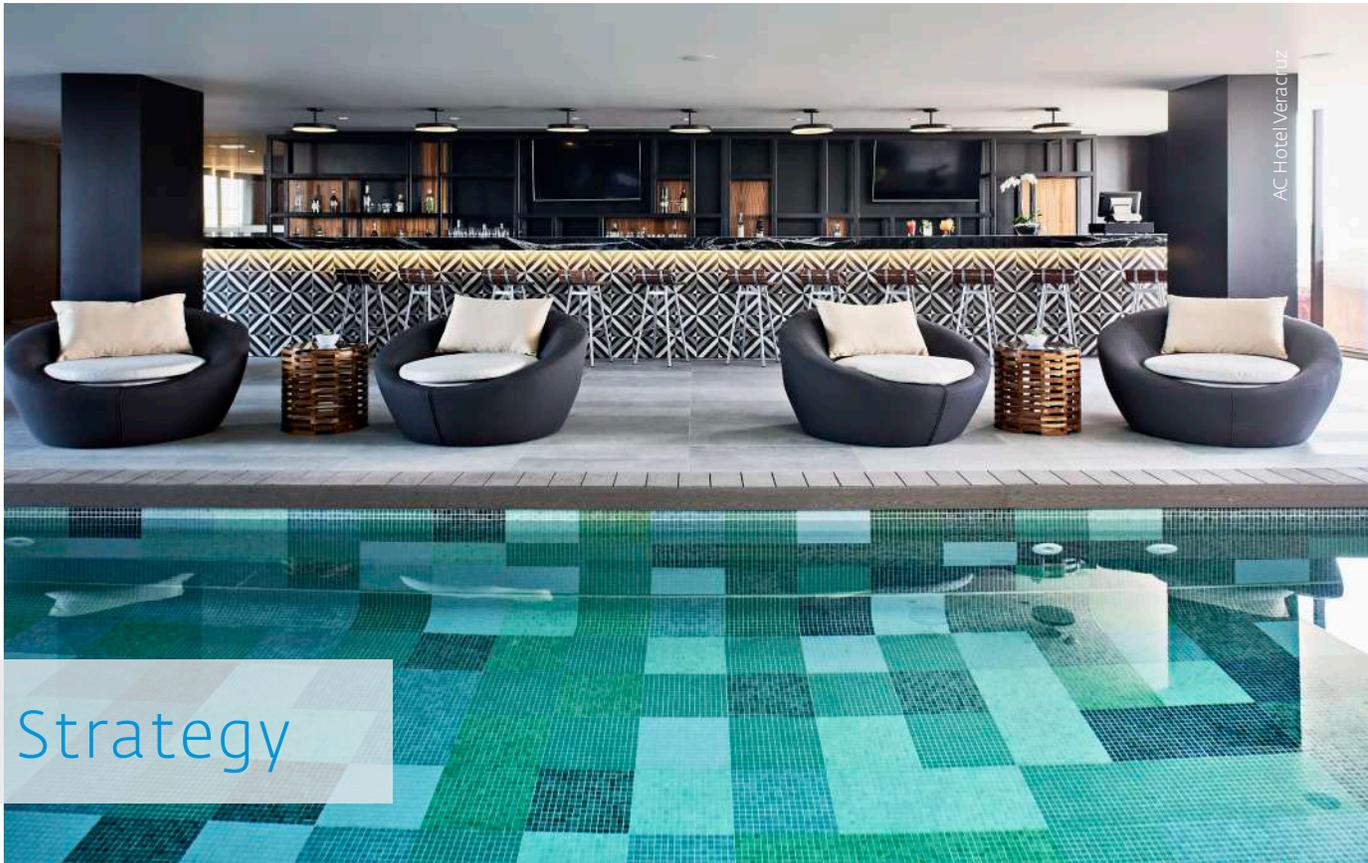
We also extend our commitment to the prevention of bribery, extortion and any other form of corruption. As an example of this, in 2020 we developed our Anti-Corruption Policy, which establishes guidelines for prevention and response, in order to safeguard the company's assets. In line with our procedures, this policy was communicated and delivered to our employees via internal training. It is available to the public on our website (FibraHotel - Policies and other documentation): www.fibrahotel.com/eng/policies/

As a result of these efforts and employee compliance, no cases of corruption were detected during 2020.

Thus, we reaffirm our commitment to always operate under the highest ethical values and integrity, and in strict compliance with national and local laws applicable to the company.

Our operations and activities are carried out independently of political parties, maintaining a strictly operational relationship with local and federal governments. FibraHotel does not make contributions to political parties and representatives.

It should be noted that during the year there were no significant sanctions for social and/or economic issues, including antitrust practices.



Strategy

Investment and development

(GRI 103-2, 103-3)
(TCFD GDR-B)

Our objective is to generate attractive risk-adjusted returns for Holders of our CBFIs. We aim to achieve efficient operation of a portfolio of high-quality hotels of different brands and geographically diversified is very important toward that end. The main strengths that support our strategy is the leadership in real estate and hotel properties management, complemented by:

1. Market leader with an attractive, multi-branded and diversified hotel portfolio that is difficult to replicate.

We consider that the quality and diversity of our portfolio sets us apart from our competitors. Our hotels are located mainly in markets with an important industrial, business and / or tourist activity. We own a portfolio of high quality hotels in Mexico that is diversified by geography, hotel segment, brand, hotel management company and targeted customer base. We believe that our portfolio is well-balanced 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

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. 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 management companies, including Grupo Posadas, Grupo Real Turismo and Marriott International, operate under nationally and internationally recognized brands, including and our association with these strong brands drives consumer demand for our hotels due to their quality of service, loyalty programs, modern reservation systems, and national and international marketing platforms.

2. Robust business model.

We have structured agreements where we pay predominantly variable fees based on our gross operating profit. This agreement allows us to operate at lower break-even points during unfavorable business cycles and aligns our interests with those of the management companies. Additionally, we have a

proven an internalized development platform. Rigorous asset management is the cornerstone of our business model. We actively monitor and advise our third-party hotel management companies 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. After the impact of the pandemic, there is strong upside to current RevPAR levels.

3. Association with leading hotel brands and hotel management companies.

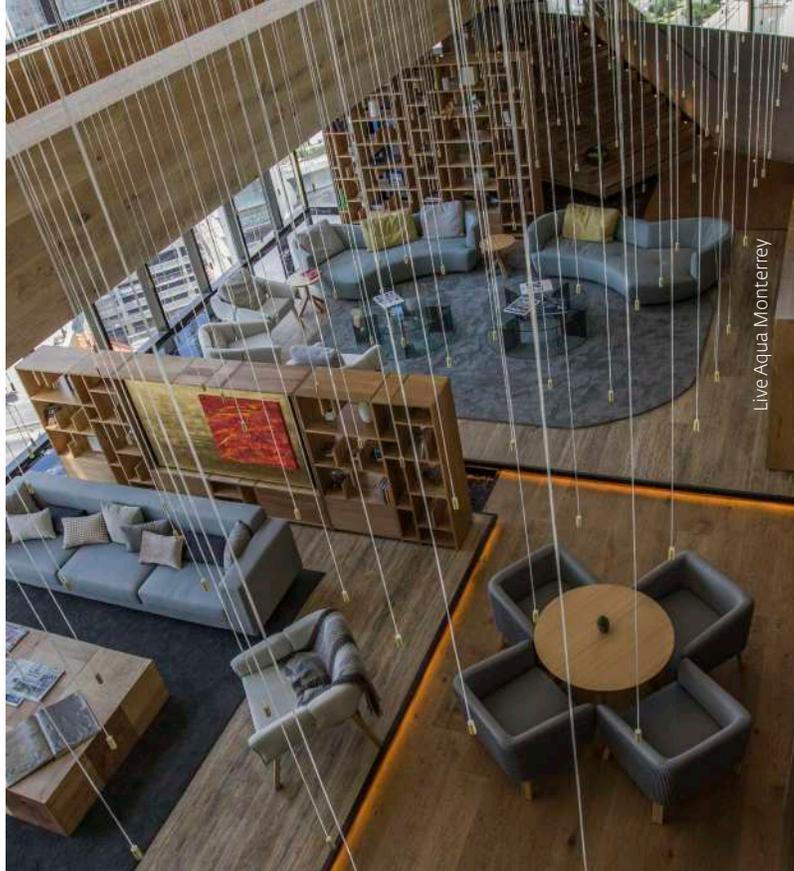
Our hotels are associated with nationally and internationally recognized brands and are operated by leading hotel management companies, including Grupo Posadas, Marriott International and Grupo Real Turismo, which we believe generates demand due to their strong brand recognition, quality of service, 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 management company 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 CBFH holders. We believe that the strong relationships of our management team with leading hotel management companies provides us with valuable insights relating to each brand and gives us greater access to acquisition and development opportunities which would not be available to our competitors.

4. Established, highly scalable platform with a solid track record of growth.

We have a well-established, market leading and highly scalable platform with over 25 years of history, including over eight years as a public company, and a combination of an experienced senior management team, strong relationships, deep industry knowledge and an industry leading position in the lodging market in Mexico. Since our initial offering 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 86 hotel properties with 12,558 rooms. 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.





Live Aqua Monterrey

5. Strong balance sheet and access to various sources of capital to fund our growth.

As of December 31, 2020, we had a cash position of Ps. \$ 460 million, a total debt of Ps. \$ 4,916 million and a net debt position of Ps. \$ 4,456 million, which represents 26.5% of our total assets. We have access to capital from financial institutions at what we consider to be an attractive borrowing cost relative to our competitors due to our strong credit track record and the quality of our assets. In addition, as a publicly-traded FIBRA, we have access to the public capital markets.

Our investment and development strategy is based on these strengths in order to create value for the CBFH holders and the rest of the stakeholders. The pandemic made us react quickly and assertively, and always taking into the sustainability of the company and its operating strength.

Our strategy and focus remains to be a leading hotel company:

1. Take advantage of organic growth opportunities and the stabilization of hotels.

We believe that we can take advantage of organic growth opportunities due to (i) the quality of our hotels, which we consider superior to their respective competitive sets, and their strategic location in commercial and industrial centers that will allow us to continue benefiting from the growth in demand above the offer of business accommodation; (ii) our rigorous asset management, which continually seeks to make our operation more efficient and improve the experience for our guests; (iv) our relationship with the best hotel operators and brands,

which gives us access to their commercial strategies and loyalty programs; and (v) economies of scale derived from our larger size, which give us advantages to seek improvements in the operating margins of our hotels.

2. Ensure the growth of the hotels in Resort and Full Service segments, particularly those that also serve leisure travelers who have a greater capacity to collect rates in dollars.

Tourism in Mexico has shown a sustained increase in the arrival of international tourists before the pandemic. We believe that this trend will continue once there is greater international certainty. During 2020 national tourism helped to a great extent to stabilize our portfolio, so we consider the Mexican guest as a fundamental element for the reactivation during 2021 in our portfolio, seeking to offer an experience of high quality and safe stay. In this sense, we intend to continue to focus on Resort and Full Service segments which can support our entire portfolio to serve both national and international business and leisure tourists.

3. Maximize the value of properties

Our properties are of high quality and there could be alternatives to increase their value. We seek to continue to increase the profitability of the hotels through (i) operational efficiencies and cost reductions, (ii) rate increases, (iii) hotel repositioning through investments in the property, change of brand and/or operator. Additionally, we are exploring different alternatives in the properties to be repositioned for other uses or sold.

4. Invest in technology for operational efficiency and environmental improvement.

During the pandemic, we reaffirmed our commitment to improve operational efficiency and make the best use of resources in order to increase the quality of our activities and services while generating savings. Now more than ever we consider it vitally important that the efforts we make to minimize our environmental impact will have a positive financial impact. We will implement technologies that allow savings in energy consumption, as well as the change of supply from fossil fuels to cleaner energies. We are also committed to modern infrastructure that contributes to our environmental and operating performance.

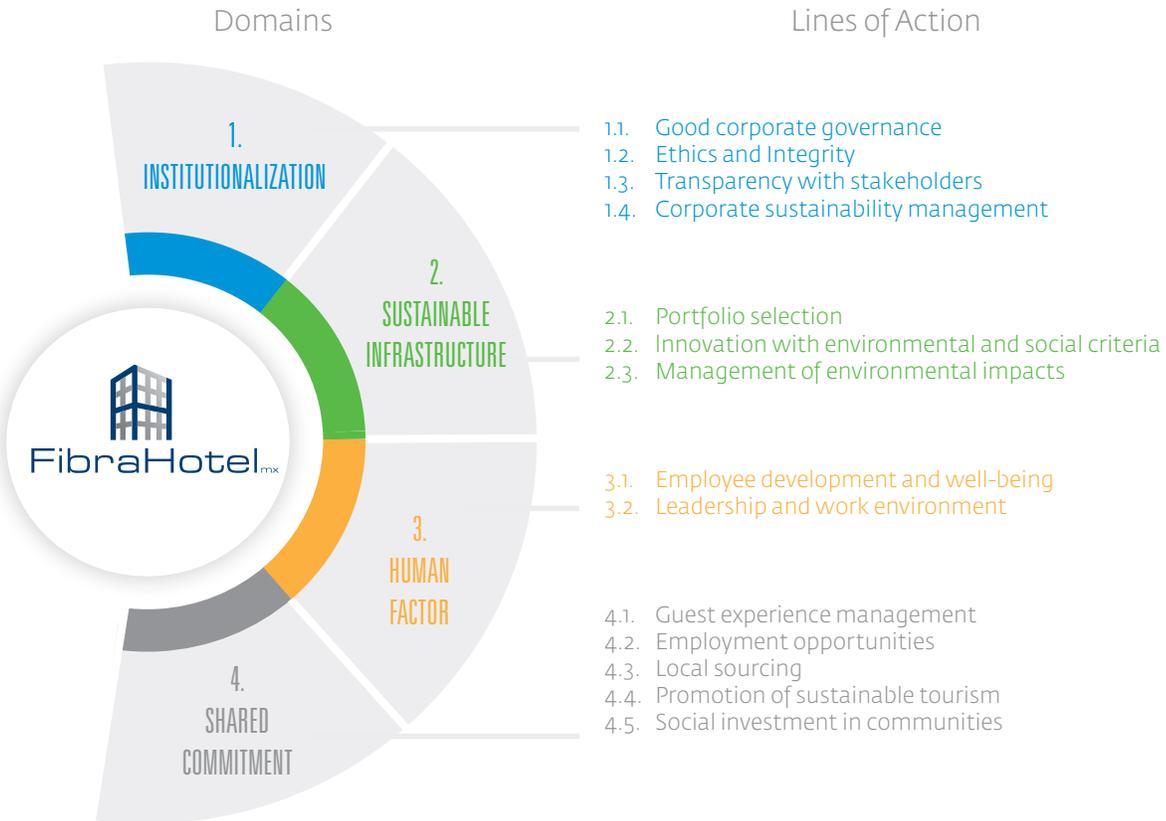
Looking back on our strategy, the acquisition and development of strategic hotels during the past few years was a key to our Strategy. However, circumstances in 2020 were complicated and the 2021 should be a growth year as we stabilize the operating figures and allow us to resume our objective of increasing the profitability of our properties in the years to come.

Integral approach to sustainability

(GRI 102-12, 102-20, 103-2, 103-3)
 (TCFD GOB-A)
 (AMEFIBRA GASGo3, GOBo1)

At FibraHotel we understand that our operation must generate value for all stakeholders, combining profitability and future financial projection with socio-economic development and respect for the environment.

Based on our material issues, we develop our Sustainability Strategy, which is made up of scopes and lines of action, each of them integrated in turn by different initiatives, in whose implementation we work together with operators, suppliers, guests and other partners.



Correlation of Sustainability Strategy with material issues and SDG:

Scopes	Material Issues	SDG
Institutionalization	<ul style="list-style-type: none"> ✓ Corporate Governance ✓ Corporate ethics and integrity ✓ Business continuity and risk management 	
Sustainable Infrastructure	<ul style="list-style-type: none"> ✓ Energy efficiency and renewable energies ✓ Financial implications and resilience to climate change ✓ Waste management ✓ Maintenance and investment in property and equipment 	   
Human Factor	<ul style="list-style-type: none"> ✓ Work related practices ✓ Diversity and equal opportunities 	 
Shared commitment	<ul style="list-style-type: none"> ✓ Innovation and investment in local communities ✓ Work related practices ✓ Diversity and equal opportunities 	  

As a result of the efforts and goals set out in our Sustainability Strategy, in 2020 we developed a set of policies that are added to our Ethics Code. Thus, we seek to align

with the best international practices and consolidate our self-regulatory¹⁴ framework. These policies are key to our daily operations and our relationship with different stakeholders.

Environmental and climate change policy	It defines the guidelines that reflect our commitment to safeguarding the environment, as well as the measures to reduce the contribution to climate change and for resilience to possible impacts.
Human rights policy	Our purpose is to fulfill our responsibility to respect human rights and exercise due diligence, through the identification, prevention and mitigation of possible impacts associated with our operation and value chain.
Diversity Policy	We seek to promote a culture of respect for diversity, equality and inclusion in the company, guaranteeing non-discrimination, equal opportunities and respect for all people.
Anti-corruption policy	We establish our guidelines to prevent acts of corruption in any of its forms, as well as conflicts of interest and any other practice detrimental to company assets.
Stakeholder relations policy	It covers the guidelines to involve inclusively the groups that impact and are impacted by our business in the identification, understanding and attention to material issues.
Sustainability policy	We contemplate guidelines for the integration of ESG aspects in the planning of our business model, as well as in making investment and operating decisions.

Our sustainability policy is a key reference because it reflects our understanding in this regard, the firm commitment we acquired, and how we transfer it through a specific strategy.

For governance, we created the Sustainability Committee, which in turn has two instances: The Technical Committee and the Operating Committee, which is responsible for ensuring the proper implementation of ESG issues. In addition, it reports progress to the Technical Committee.

In the same way, we have defined a compensation variable based on annual sustainability objectives, established using indicators that are continuously monitored. These variables are applicable to areas involved according to their functions and to senior management.

With all of the above, we ensure proper sustainability governance, proper monitoring of our strategy, and inclusion of ESG criteria in decision-making and company culture at all levels of its structure.

¹⁴ For more information about the policies, access the following link (FibraHotel - Policies and other documentation): www.fibrahotel.com/eng/policies/

Risk Management

(GRI 102-11, 102-29, 102-30, 102-31, 103-2, 103-3)
 (SASB IF-RE-450a.2)
 (TCFD EST-A, EST-B, GDR-A, GDR-C)
 (AMEFIBRA GOBo5)

FibraHotel and the business model are exposed to various factors with internal and external variables. If any of the risks described below, were they to materialize, may impact the liquidity, operations or financial condition of the Trust or the Administrator, consequently, the Trust Equity, so they should be taken into consideration by the investing public. Main risks are evaluated annually, updating the prevention and mitigation plans. Here are the main risk factors:

Dimension	Risk	Description
Economic (includes regulatory)	Macroeconomic Conditions	Changes in interest rates, inflation and the peso exchange rate may affect our ability to make acquisitions for the portfolio and to obtain financing.
	Financing	We depend on revenues and earnings as well as market conditions to obtain the resources for investments, acquisitions and the payment of debt obligations. We are also conditioned by the debt covenants and agreements.
	Regulation	Regulatory and normative provisions impact the growth strategy, as well as the operations of the portfolio hotels (e.g., contracting and / or construction costs). It is important to be aware of possible future regulatory changes.
	Operation expenses	There are expenses required for hotel maintenance, in accordance with the contracts signed with the operating standards and to maintain the conditions of the infrastructure and its attractiveness for guests. We are exposed to changes in energy prices, wages and other operating inputs.
Social (clients, collaborators and communities)	Guest behavior	The economic and social context can generate changes in guest travel patterns. Technology can lead to different habits that we must address in order to innovate from current hosting models. This requires the right infrastructure.
	Operator performance	Quality service is the key to guest satisfaction and willingness to return. The proposition by each hotel brand, the loyalty program, the distribution channels and the service offering, depends on the operator. We also consider the health and safety management of the guests by the operator, as well as the hotel team, including the prevention of accidents.
	Competition	There is strong competition from other owners and operators who may have cheaper operating models or expected rates of return and attract guests with lower rates at lower value-added segments.
	Team availability	The training required for employment and its distribution throughout the country can lead to staff shortages in some destinations. It is necessary to work on attracting and retaining talent.
	Safety	Safety conditions determine the choice of travelers. Insecurity affects the arrival of guests.
Environmental	Climate related events	The most extreme climatic phenomena, such as hurricanes, storms and droughts, among others, as well as changes in the environment sometimes linked to climate change, such as seaweed, affect tourist arrival to destinations, therefore, hotel occupancy. In the same way, there is a risk of possible effects on the operation, infrastructure of hotels, and availability of energy and water.
	Transition to a low carbon economy	From either regulation and voluntary adoption, the change will impact certain current operating methods. The speed of transition could impact our hotels and will require infrastructure and equipment with greater consumption efficiency in the consumption of water and energy, as well as the use of renewable energy sources, with the aim of reducing Greenhouse Gas (GHG) emissions. This is also complemented by incentives and potential benefits from other interest groups, such as investors and capital providers.
Health and sanitary	Epidemic Outbreaks in general	Outbreaks of viruses, bacteria, pandemics or epidemics in general can cause destabilization in the financial markets resulting in global economic recession that could have a negative impact on the results and operation of the Trust. Such events may result in interrupted hotel operation, as well as total or partial closures. Restrictions on travel, transportation and mobility of guests in general.

In 2020, we carried out an internal analysis to assess our climate-related risks, taking as reference TCFD recommendations and criteria evaluated in the Disclosure Insight Action (CDP) initiative. We take both criteria into consideration in order to have a comprehensive overview that could offer us a broad and

in-depth analysis of the risks to our business.

From this analysis, we were able to highlight the following specific climate-related risks. It should be noted that we are working on the proposal of additional prevention and mitigation initiatives.

Risks

Risk	Risk Classification - TCFD	Description	Temporal Horizon
Stakeholder compliance requests.	Current standards	FibraHotel is obliged to permanently comply with current applicable regulations. Authorities, investors and capital providers are increasingly promoting infrastructure and use of more efficient equipment for water and energy consumption, as well as the use of renewable energy sources to reduce GHG emissions. The company must be aware of these requirements to satisfy the needs of these stakeholders and at the same time, benefit the operation of its assets.	Short Term
More intense meteorological phenomena.	Acute Physical	The most extreme climatic phenomena, such as hurricanes, storms and droughts, among others, as well as changes in the environment also linked to climate change, such as seaweed, affect tourist arrival to destinations, therefore, hotel occupancy.	Short Term
Replacement of services with lower carbon emissions.	Technological	The need for business travel, hence, demand for rooms in our hotels may be significantly negatively affected by the increased use of business-related technology, such as the use of video calls to conduct meetings and carry out hold business meetings, as well as emissions initiative by corporates. In the same way, these conditions can be favored by longer and more organized travel plans as well as social and team building activities.	Short Term

Opportunities

Opportunity	Opportunity Classification - TCFD	Description	Temporal Horizon
More efficient buildings.	Resource efficiency	As part of the actions to reduce the impact of hotel operations, opportunities have been identified to improve infrastructure, as well as to invest in equipment, technology and maintenance.	Short Term
Use of low-carbon energy sources.	Energy source	Investing in renewable sources of electricity, such as solar panels, self-generation schemes or third-party supply contracts is an important opportunity for the company, as it can enable us to reduce costs while avoiding emissions and offering services with a lower carbon footprint.	Short Term
Development and/or expansion of products and services with low level of emissions.	Products and services	Some of our facilities have certifications such as EDGE or LEED, which promote efficiency in construction. This type of certification requires demonstrating savings and efficiency during the construction and operation of the buildings, which allows us to offer lodging services with a low level of emissions. It is expected that the number of hotels with this type of certification will increase in the future.	Short Term

Financial RESULTS¹⁵



Total Revenues

(SASB IF-RE-000.C, IF-RE-000.D)

The financial results described in this section refer to financial statements comprising 86 hotels in operation as of December 31st 2020:

- > 83 managed hotels
- > 3 hotels under a lease agreement

During 2020, total revenues were Ps. \$1,942 million, compared to Ps. \$4,372 million in 2019 (55.6% decrease):

- > Ps. \$1,383 million for room rental (71.2% of total revenue), a decrease of (56.8%).
- > Ps. \$313 million for food and beverages (16.1% of total revenue), a decrease of (58.6%).
- > Ps. \$196 million for the lease of (i) three hotels¹⁶ y (ii) retail space / antennas (10.1% of total revenue), a decrease of (47.5%).
- > Ps. \$49.7 million (2.6% of total revenue) for other revenue, an increase of 23.8%.

Total revenues, for managed hotels, were Ps. \$1,746 million in 2020 compared to Ps. \$3,997 million in 2019.

FibraHotel's revenues by quarter in 2020 were:

	1Q 2020	2Q 2020	3Q 2020	4Q 2020	YEAR 2020
Total Revenues	948.8	71.7	375.8	545.4	1,941.7
Room Revenues	663.6	40.5	275.9	403.4	1,383.4
Food and Beverage	161.0	9.4	55.7	86.8	312.9
Lease	101.4	9.1	35.3	49.9	195.7
Others	23	12.7	8.8	5.3	49.7
Revenues - Managed Hotels	847.1	62.9	340.4	495.5	1,745.9
% of total revenues	89.2%	91.1%	92.5%	92.8%	91.4%
# of Hotels in operation	45	24	81	81	81
# of managed hotels	83	79	79	79	79
# of leased hotels	3	2	2	2	2
# of temporary closed hotels	41	62	5	5	5

* Figures in millions of Pesos, except of information on the number of hotels.

¹⁵ Except when mentioned, all figures in the report were prepared in accordance with International Financial Reporting Standards (IFRS), expressed in nominal Mexican pesos. For presentation purposes, some accounting items of the financial results presented in this section may differ from audited consolidated financial statements for the year 2020 without modifying FibraHotel's results and financial position.

¹⁶ Leased hotels during 2020 are Fiesta Inn Perisur, Playa del Carmen and Fiesta Americana Condesa Cancun. The Playa del Carmen contract was terminated during 2020, and on January 1st, 2020, the lease agreement with the Fiesta Inn Cuautlán hotel was cancelled and became one of operation with the same brand and operator.

The following table shows the KPIs of managed hotels by quarter in 2020:

Year 2020	Available Rooms	Occupied Rooms	Occup.	Room Revenues Ps. \$ Million	ADR	RevPAR
1 st quarter	1,071,730	531,547	49.6%	\$ 664	\$ 1,248	\$ 619
2 nd quarter	1,052,637	39,804	3.8%	\$ 41	\$ 1,018	\$ 39
3 rd quarter	1,031,964	252,685	24.5%	\$ 276	\$ 1,092	\$ 267
4 th quarter	1,031,963	375,033	36.3%	\$ 403	\$ 1,076	\$ 391
Total	4,188,294	1,199,069	28.6%	\$ 1,383	\$ 1,154	\$ 330

Costs and general expenses

In 2020, total costs and general expenses of hotels managed by FibraHotel were Ps. \$ 1,633 million compared to Ps. \$2,918 million in 2019 (decrease of 44.0%):

- > Ps. \$905 million for indirect expenses (55.4% of total costs and general expenses), including administrative costs, advertising and promotion, maintenance, human resources, energy and fees paid to hotel operating companies.
- > Ps. \$447 million for room expenses (27.4% of total costs and general expenses) directly related to room rental revenues.
- > Ps. \$281 million for food and beverage expenses (17.2% of total costs and general expenses).

Lodging contribution

2020 lodging contribution¹⁸ was Ps. \$308 million, representing 15.9% of total revenues, in comparison to Ps. \$1,454 million in 2019, representing 33.3% of total revenues:

- > Ps. \$112 million corresponded to managed hotels (6.4% margin), compared to Ps. \$1,079 million in 2019 (27.0% margin).
- > Ps. \$196 million corresponded to leased hotels and retail space (100% margin), compared to Ps. \$375 million in 2019. The following table shows the detail of revenue evolution and lodging contribution between 2019 and 2020:

(Figures in thousands of pesos)	Year 2020	%	Year 2019	%
Revenue:				
Total Managed Hotels	1,745,882	89.9%	3,997,142	91.4%
Leasing - Hotels / Antennas / Retail Spaces	195,769	10.1%	374,827	8.6%
Total Revenues	1,941,651	100%	4,371,969	100%
Lodging contribution:				
Total Managed Hotels	112,484	36.5%	1,079,254	74.2%
Leasing	195,769	63.5%	374,827	25.8%
Total Lodging Contribution	308,253	100%	1,454,082	100%
Lodging contribution margin:				
Total Managed Hotels	6.4%		27.0%	(2,056 pp)
Leasing	100.0%		100.0%	(0.0 pp)
Total Lodging Contribution Margin	15.9%		33.3%	(1,738 pp)

¹⁸ The hotel contribution corresponds to the sum of revenues (room rental, food and beverage, leases and others) minus total costs and general expenses directly related to hotel operations, excluding real estate expenses (property, insurance, taxes, among others) and administrative expenses of FibraHotel. This is not an IFRS figure.



Operating profit

Other operating expenses of Ps. \$915 million are comprised mainly of:

- > Depreciation (Ps. \$518 million)
- > Real estate expenses (Ps. \$116 million)
- > Administrative expenses (Ps. \$57.3 million)
- > Advisory fee (Ps. \$144 million)
- > Adjustment to Fair Value of Investment Properties (Ps. \$71.6 million)
- > CBFi compensation Plan for employees (Ps. \$8.3 million, no cash flow impact).

In 2019, other operating expenses amounted to Ps. \$763 million, this year's increase (+20.0%) this year is mainly explained by non-recurring real estate expenses in the second quarter (restructuring expenses), the Adjustment to Fair Value of Investment Properties, as well as the depreciation of four closed hotels.

Operating loss was (Ps. \$607 million) in 2020 compared to an operating income of Ps. \$691 million in 2019.

Adjusted Operating Profit

During 2020, FibraHotel spent Ps. \$9.0 million in non-operating expenses, which were related to hotel acquisitions and development projects (taxes, technical audits and preoperative expenses, among others). In 2019, these expenses were Ps. \$37.1 million.

The adjusted operating profit was (Ps. \$602 million), compared to Ps. \$618 million in 2019 (2.6% decrease).

Other income and adjustment to fair value

As of December 31st, 2020, other income was (Ps. \$29.4 million) compared to Ps. \$11.3 million in 2019.

As of December 31st, 2020, the leased hotels (Fiesta Americana Condesa Cancún, Fiesta Inn Perisur and Playa del Carmen Hotel), are registered under the IAS 40 Investment

Property standard and the adjustment to fair value at 31 December 2020 against fair value as of December 31st, 2019 represents a negative impact of (Ps. \$42.7 million).

Comprehensive Financial Results

FibraHotel closed 2020 with a net debt position of Ps. \$4,456 million (total debt was Ps. \$4,916 million) against Ps. \$3,673 million as of December 31st, 2019 (total debt was Ps. \$4,579 million).

During the year, FibraHotel debt generated a financial cost of Ps. \$390 million.

During 2020, FibraHotel had Ps. \$200 million from the revolving credit line with Sabadell maturing in May 2021. It also had Ps. 166 million from the credit line with Banorte and has an agreement for a new credit line with Banco Mercantil del Norte S.A. de C.V. (Banorte) and maintains an agreement for a new credit line with Grupo Financiero Banorte for Ps. 250 million. FibraHotel signed an amendment agreement to improve the amortization schedule of the BBVA 1 credit line. With that agreement, the amortizations were reduced to a total of Ps. \$9.3 million during 2021 and 2022, releasing Ps. \$169 million of amortizations. In addition, FibraHotel signed an agreement with BBVA and Banorte on its covenants for the year 2021 (excluding the leverage ratio, which FibraHotel is in compliance with).

On February 3rd, 2021, FibraHotel held a FIHO19 Holders' Assembly. With a quorum of 90% and all proposals were passed including:

- > A waiver for 2021 regarding a clause that limited new debt issuance if the debt coverage ratio was lower than 1.5x. With this waiver, FibraHotel is able to issue additional debt during 2021 for up to Ps. \$500 million.
- > Added a new clause allowing FibraHotel to issue additional debt to refinance existing debts if it improves the terms and conditions of the existing debt, even when the debt service coverage ratio is lower than 1.5x.

Consolidated net profit

After taxes of Ps. \$2.5 million at a subsidiary level, the consolidated net profit reached (Ps. \$1,002 million). The consolidated net profit per CBFi was (Ps. \$1.28). In 2019,

the consolidated net profit reached Ps. \$317 million and CBFIs consolidated net income amounted to 40.37 cents per CBFi.

Summary of results for the year 2020 by quarter (thousands of pesos)

	1Q 2020	2Q 2020	3Q 2020	4Q 2020	FY 2020
Revenues					
Rooms	663,577	40,532	275,948	403,356	1,383,412
Food and Beverage	160,993	9,351	55,692	86,843	312,880
Lease	101,371	9,086	35,349	49,901	195,707
Others	22,873	12,694	8,766	5,320	49,653
TOTAL REVENUES	948,813	71,663	375,755	545,420	1,941,651
Revenues -Managed Hotels	847,068	62,897	340,405	495,512	1,745,882
% of Total Revenues					
Costs and general expenses					
Rooms	165,639	88,346	86,685	106,341	447,011
Food and Beverage	118,697	55,550	47,592	59,478	281,317
Administrative Expenses	371,654	92,893	194,886	245,636	905,069
Total Costs and General expenses	655,991	236,789	329,163	411,455	1,633,398
TOTAL LODGING CONTRIBUTION	292,823	(165,126)	46,592	133,965	308,253
Total Lodging Contribution Margin	30.9%	n.a.	12.4%	24.6%	15.9%
Lodging Contribution - Managed Hotels	191,077	(173,892)	11,242	84,057	112,484
Margin	22.6%	n.a.	3.3%	17.0%	6.4%
Real Estate Expenses	15,869	60,091	16,662	22,945	115,567
NET OPERATING INCOME	276,953	(225,218)	29,930	111,020	192,686
NOI Margin	29.2%	n.a.	8.0%	20.4%	9.9%
Administrative Expenses Related to FibraHotel	16,022	13,651	12,077	15,585	57,335
Employee CBFIs Compensation Plan	2,076	2,076	2,076	2,076	8,306
Advisory Fee	37,939	36,645	36,155	33,752	144,492
ADJUSTED EBITDA	220,916	(277,590)	(20,379)	59,606	(17,447)
ADJUSTED EBITDA Margin	23.3%	n.a.	n.a.	10.9%	n.a.
Depreciation	128,934	129,409	130,994	128,290	517,627
Impairment over asset value	0	0	0	71,603	71,603
INCOME / (LOSS) FROM OPERATIONS	91,982	(406,999)	(151,373)	(140,287)	(606,677)
Operating Income Margin	9.7%	n.a.	n.a.	n.a.	n.a.
Extraordinary Expenses, Net	4,884	1,515	1,084	1,535	9,018
ADJUSTED INCOME / (LOSS) FROM OPERATIONS	86,637	(406,340)	(148,846)	(133,804)	(602,353)
Non Operating Income / (Loss)	(461)	2,174	3,611	(34,726)	(29,402)
Adjustment to Fair Value Investment Properties	0	0	0	42,744	42,744
Comprehensive Financial Result	(139,897)	(84,627)	(93,046)	(79,781)	(397,352)
INCOME BEFORE TAXES	(53,260)	(490,967)	(241,893)	(213,585)	(999,704)
Tax	59	2,349	(674)	717	2,451
CONSOLIDATED NET (LOSS) INCOME	(53,319)	(493,316)	(241,219)	(214,302)	(1,002,156)
Net Income Margin	n.a.	n.a.	n.a.	n.a.	n.a.



Cash Flow and Liquidity

Operating cash flow

During 2020, FibraHotel generated an operating net cash flow of Ps. \$31.1 million compared to Ps. \$1,115 million in 2019.

Investment cash flow

In 2020, FibraHotel generated a negative investment net cash flow of (Ps. \$224 million):

- > (Ps. \$107.9 million) regarding the acquisition of Fiesta Americana Hermosillo hotel.
- > (Ps. \$71.4 million) with respect to maintenance CAPEX.
- > (Ps. \$56.0 million) regarding the development portfolio.
- > Ps. \$33.9 million with respect to the interest income generated during the period.
- > (Ps. \$22.3 million) regarding hotel repositioning.

During 2019, FibraHotel generated a negative investment net cash flow of (Ps. \$725 million):

- > (Ps. \$445 million) regarding the development portfolio.
- > (Ps. \$288 million) with respect to maintenance CAPEX and hotel repositioning.
- > (Ps. \$62.9 million) regarding investment properties.
- > Ps. \$71.6 million with respect to interest income generated during the period.

Financing cash flow

During 2020, FibraHotel generated a financing cash flow of (Ps. \$253 million):

- > Ps. \$366 million with respect to financing resources.
- > (Ps. \$370 million) in relation to interests on results and other paid financial expenses.
- > (Ps. \$158 million) for distribution of the fourth quarter of 2019.
- > (Ps. \$44.9 million) related to amortizations.
- > (Ps. \$18.1 million) with respect to the CBFi repurchase fund.

- > (Ps. \$8.3 million) with respect to other financing expenditures.

During 2019, FibraHotel generated a financing cash flow of Ps. \$39.0 million:

- > Ps. \$3,427 million with respect to the resources of the credit lines:
 - Ps. \$2,500 million with respect to the issuance of the FIHO19 bond.
 - Ps. \$927 million with respect to the disbursement of credit lines.
- > (Ps. \$2,331 million) with respect to financing financial liabilities:
 - (Ps. \$2,080 million) with respect to prepayments of credit lines with the resources from FIHO19 bond.
 - (Ps. \$251 million) with respect to capital amortizations.
- > (Ps. \$684 million) for distributions:
 - (Ps. \$206 million) for distribution of the fourth quarter of 2018.
 - (Ps. \$166 million) for distribution of the first quarter of 2019.
 - (Ps. \$178 million) for distribution of the second quarter of 2019.
 - (Ps. \$134 million) for distribution of the third quarter of 2019.
- > (Ps. \$304 million) for interest payment and other financial expenses paid.
- > (Ps. \$37 million) for capitalized interest payments.
- > (Ps. \$32 million) for other financing expenses.

Adjusted funds from operations

During 2020, FibraHotel generated:

- > Funds from Operations (FFO) of (Ps. \$391 million) compared to Ps. \$868 million in 2019, representing a (145%) decrease over last year.
- > Adjusted Funds from Operations (AFFO) of (Ps. \$430 million) compared to Ps. \$638 million in 2019, representing a (167%) decrease over last year.

Liquidity position

FibraHotel closed 2020 with:

- > A cash position, including VAT, of Ps. \$460 million compared to Ps. \$906 million on December 31st, 2019.
- > A total debt position of Ps. \$4,916 million compared to Ps. \$4,579 million as of December 31st, 2019. The net debt position was (Ps. \$4,456 million).
- > Approximately Ps. \$250 million in available credit lines.



The following table shows the detail of FibraHotel's cash position:

Ps. \$ million	Year 2019	Year 2020	Comment
Cash, cash equivalents and restricted cash	905.9	460.5	
Available cash and cash equiv. Operation	292.6	162.1	Hotels' working capital
Restricted cash and cash equiv. Operation	92.1	25.0	Available for maintenance CAPEX
Available cash and cash equiv. Investment	521.2	273.4	Cash available for investment
Cash Position without restricted cash	860.6	435.5	

The following table shows the detail of FibraHotel's debt position:

\$ millions	2019	Currency	Interest Rate	Maturity
BBVA 1	479.8	MXN	TIIE 28d + 150bps	oct-27
BBVA 1	255.0	MXN	TIIE 28d + 150bps	nov-27
BBVA 2	252.9	MXN	TIIE 28d + 160bps	jul-22
BBVA 2*	259.2	USD	LIBOR 91d + 180bps	aug-23
Sabadell	200.0	MXN	TIIE 28d + 150bps	apr-23
Banorte 3	989.9	MXN	TIIE 91d + 130bps	jun-28
FIHO 19**	2,479.6	MXN	8.83%	sep-29
Total debt position	4,916.4			

* Equivalent in pesos to USD \$13.0 million with an exchange rate of Ps. \$19.9.

** Represents the decrease in stock debt due to the netting with issuance expenses.

The following table presents a detailed amortization schedule of FibraHotel's debt position:

Year	Payment	%
2021	319.3	6.5%
2022	251.0	5.1%
2023	392.5	8.0%
2024 and later	3,953.6	80.4%
Total	4,916.4	100.0%

As of December 31st, 2020, and in accordance with the credit agreements, FibraHotel has several derivative instruments to cover variations in the TIIE and LIBOR rates. The costs of these instruments were paid up-front. These instruments mature in 2021 and have the following characteristics:

\$ millions	Interest Rate	Currency	Nominal	Type	Floor	Strike	Limit
BBVA 1	TIIE 28d	MXN	255.0	Cap Spread		5.0%	7.0%
Banorte 3*	TIIE 91d	MXN	989.9	Collar	4.5%	6.0%	
BBVA 2	LIBOR 91d	USD	13.0	Cap		4.0%	

* Derivative instrument from Banorte 1 is assigned now to Banorte 3, as of the date of the report 83% is covered from initial credit line for Ps. 827 million.

Regulation Applicable to FIBRAS

On December 10th, 2020, the National Banking and Securities Commission ("CNBV") published amendments to the general provisions applicable to issuers of securities and other securities market participants, known as the "Circular Unica de Emisoras" (CUE) and amendments to ANNEX AA to the CUE (the "Amendments") which became effective on December 11th, 2020.

The Amendments are applicable to FIBRAS and their main purpose is to provide additional flexibility to FIBRAS financings.

Under the Amendments, the holders' assembly is granted the powers to establish the financing rules for each FIBRA. The rules approved by the holders' assembly shall establish the maximum leverage limit and debt service coverage ratio to be observed by the FIBRA and must be calculated in accordance with ANNEX AA of the "CUE". In addition, within the amendments to Annex AA, a period of a four quarters (rather than six) has been established to calculate such maximum leverage and the debt service coverage ratios.

- > Leverage level: FibraHotel closed 2020 with Ps. \$4,916 million and total assets of Ps. \$16,822 million, corresponding to 29.2% leverage level. The regulation in force prior to the entry in force of the Amendments established a maximum leverage level of 50% (fifty per cent).
- > Debt service coverage ratio: In accordance to the formula in Annex AA of the "CUE" currently in force, as of December 31st, 2020, FibraHotel's debt service coverage ratio is 1.48x. For the first, second, and third trimester of 2020, the debt service coverage ratio of FibraHotel was 1.57x, 1.70x y 1.65x, respectively.

Capital Expenditures

As of December 31st, 2020, available capital reserve for maintenance expenses destined to maintain the conditions of hotels in operation and based on a percentage of the gross revenue of hotels under an operating agreement amounted to Ps. \$24.9 million compared to Ps. \$45.3 million in December 31st, 2019.

The most relevant FibraHotel capital expenditures during the year were:

- > Maintenance capital expenditures: Ps. \$71.4 million.
- > Capital expenditures and repositioning in current hotels. FibraHotel constantly analyzes the opportunity to make capital expenditures on hotels in the current portfolio when expected returns from the hotels justify the investment. FibraHotel invested in 2020 Ps. \$54.7 million in repositioning capital expenditures with the most relevant investments:
 - Fiesta Americana Viaducto: Ps. 42 million
 - Fiesta Inn Buenavista: Ps. 5.7 million
 - Live Aqua San Miguel de Allende: Ps. 5.6 million

Cash distribution

During 2020, due to the pandemic caused by COVID-19, we did not make cash distributions. In the first quarter, our Technical Committee approved a change in the distribution policy to give us financial flexibility and liquidity. It was determined that there would be no distribution; this change in policy remained in place for the rest of the quarters of the year.



Buybacks

In March, 2020, FibraHotel announced the cancellation of 8'733,372 CBFIs, acquired by the repurchase program between December 18th, 2018 and December 31st, 2019.

As of December 31st, 2020, FibraHotel had 783'394,169 CBFIs with economic rights.

Economic Value Generated and Distributed

(GRI 103-2, 103-2, 201-1)

At FibraHotel we seek to generate value for our stakeholders through our portfolio management that is materialized in the operation and the way in which we address the different impacts and opportunities.

Below, we present our economic value generated and distributed, which includes the items that benefit our different stakeholders.

Economic Value Generated and Distributed (EVG and EVD) (In millions of pesos)

	2019	2020	Var. 19-20 (%)
Revenues (Economic Value Generated, EVG)	4,372	1,942	(56%)
Expenses (Economic Value Distributed, EVD)	4,054	2,943	(27%)
Operating Expenses (includes expending in suppliers and salaries)	3,754	2,544	(32%)
Payment to capital suppliers	292	397	36%
Taxes and contributions	8	2	(70%)
Retained (EVG - EVD)	318	(1,001)	(415%)





Sustainable INFRASTRUCTURE

Investment and management

(GRI 102-9, 103-2, 103-3, 203-1)
(SASB IF-RE-130a.5, IF-RE-410a.2)
(TCFD GDR-B)
(AMEFIBRA GOBo4, GOBo6, AMBo1, AMBo2)

At FibrHotel we are committed to ensure that the operation of the hotels is efficient in the use of resources and respectful with the environment, including the biodiversity present in the locations. The infrastructure, equipment and technology in the hotels is a key component, as we look to make investments that improve the efficiency in our processes. We work closely with the operators so that the services offered consider sustainability criteria and encourages guest to think about the use of energy, water and waste management.

We consider socio-environmental criteria in the evaluation of hotels for incorporation into the company, seeking to have a portfolio characterized by asset quality from the point of view of location, business and market potential, but also by long-term sustainability and viability.

In 2020 we developed our [Human Rights Policy](#)¹⁸, in which we state our responsibility to respect Human

Rights and exercise proper due diligence. As such, we consider the identification, prevention and mitigation of possible impacts associated with our operations, including our entire value chain and our relationships with various stakeholders. We also approved our [Environmental Policy and Climate Change](#)¹⁹, which reflects our commitment to the environment, as well as measures to reduce the contribution to climate change and to be resilient to possible impacts. This is aligned with the efficient use of energy, water and materials, including the design and construction stages, and in portfolio operations, and the commitment to facilitate waste management based.

Our hotel investment and maintenance program allows facilities and equipment to be in proper condition and to have an efficient use of energy. Due to the pandemic, temporary closures and progressive re-openings, we reached an agreement with operators to temporarily suspend the CAPEX reserve in 2020 and reduce the investment to what was strictly necessary to keep the hotels in good condition. It was aligned with the lowest activity and usage on record.

¹⁸ For more information about FibrHotel's policies, access the following link: www.fibrhotel.com/eng/policies/

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In that sense, in 2020, maintenance CAPEX expenses were Ps. \$ 71.4 million and for repositioning of Ps. \$ 22.3 million; in 2019, the budget allocated for hotel maintenance was Ps. \$ 270 million.

We closely monitor energy and water consumption in our portfolio hotels, which allows us to make decisions that favor efficiency. Currently, 86% of the hotels have individualized electricity data.

Our commitment to sustainability and joint work with operators continued in 2020 as is reflected by the [certifications](#) of our portfolio:

- > 71 hotels have Green Key certification granted by the Foundation for Environmental Education.
- > The AC Veracruz, Fiesta Americana Viaducto Aeropuerto and Fiesta Americana Satelite hotels have EDGE Certification (Excellence in Design for Greater Efficiencies).
- > The Fiesta Americana Viaducto Aeropuerto hotel has been certified as LEED (Leadership in Energy and Environmental Design), recognizing the sustainable building parameters with which it was designed and built.
- > The Fiesta American Condesa Cancun hotel has a Blue Flag certification, which represents a commitment to water, beach users and the environment.
- > Most of our hotels have the Tourism Environmental Quality certification granted by PROFEPA in recognition of the reduction of waste, discharges and emissions, as well as the consumption of electricity, fuel and water.
- > The Fiesta Americana Pabellón M, Fiesta Inn Periférico Sur and Fiesta Inn Tlalnepantla hotels have been certified as Hydro Sustainable Hotels for the efficient use of water.

Energy and emissions

(GRI 103-2, 103-3, 302-1, 302-3, 302-4, 302-5, 305-1, 305-2, 305-4, 305-5)
 (SASB IF-RE-130a.1, IF-RE-130a.2, IF-RE-130a.3)
 (TCFD MYO-A, MYO-B, MYO-C)
 (AMEFIBRA AMBo3, AMBo6)

At FibraHotel we have built a self-regulatory and institutional framework to facilitate environmental management seeking to reduce our impacts. One of the biggest challenges facing today's society is climate change, which in turn can have repercussions on our business. We look to reduce Greenhouse Gas (GHG) emissions from our portfolio hotels together with efficient use of energy.

In 2020, we consumed 59,915,125 kWh of energy, including both fuels and electricity. Over half of the total energy consumption corresponds to electricity; regarding fuels, we mainly use LP gas and natural gas.

The intensity of energy²⁰ consumption was 51 kWh / occupied room / night and 93 kWh / m² versus 199 kWh / m² in 2019.

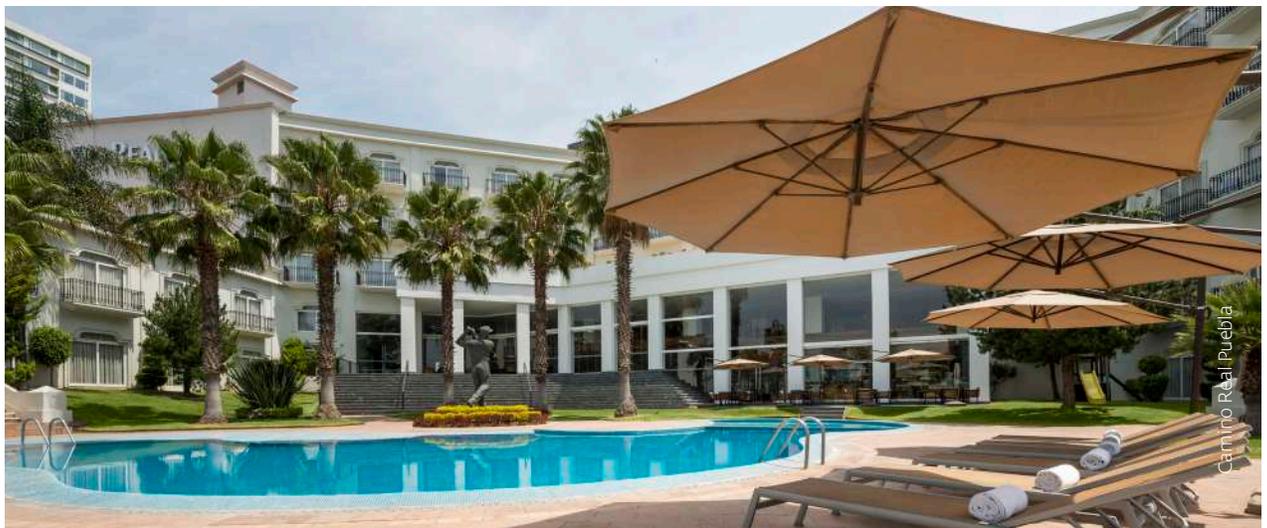
Fuel Consumption (kWh)²¹

Fuels	2018	2019	2020
Gasoline	6,346,272	5,703,191	2,562,694
Diesel (stationary and mobile sources)	629,299	459,422	288,713
Natural Gas	18,903,687	22,944,082	15,776,949
LP Gas	33,010,098	34,511,631	17,518,852
Wood	19,838	114,681	10,663
Bioetanol	529	16,742	3,524
Total Fuels	58,909,723	63,749,749	36,161,396
Number of hotels	81	83	78 ²²
% portfolio (hotels)	95%	97%	91%

²⁰ The calculation corresponds to the consumption of the hotels in which the energy is recorded with respect to the surface area they represent, not the entire portfolio.

²¹ The difference with respect to our total operating portfolio is due to data availability.

²² Based on then number of hotels in operation throughout 2020.



Camino Real | Puebla

Electricity Consumption (kWh)²¹

2018	2019	2020
64,203,822	68,373,174	41,469,714

Electricity Consumption
(kWh / Occupied room night)²¹

2018	2019	2020
25.27	26.00	34.48

Energy Consumption Intensity (Electricity + Fuels)

	2018	2019	2020
kWh / m ²	191.13	197.35 ²³	118.33
kWh / occupied room night	48.45	49.84	64.25

Below is a comparison of the consumption of the comparable hotel portfolio in 2020 versus 2019²⁴:

Comparative energy consumption 2019-2020 (kWh): scope of 67 hotels

	2019	2020	20-19 Δ
Natural Gas	21,607,135	14,015,268	(35%)
LP Gas	31,690,075	16,270,069	(49%)
Diesel	411,049	287,384	(30%)
Wood	114,682	10,663	(91%) ²⁵
Bioetanol	16,741	3,524	(79%)
Gasoline	5,181,974	2,350,488	(55%)
Electricity	63,465,920	39,047,132	(38%)

Both FibraHotel and the operators have initiatives to reduce energy consumption that are supported by employees within the hotels, which also look to make guests more aware.

²¹ The difference with respect to our total operating portfolio is due to data availability.

²³ There is a restatement of the information with respect to the 2019 report due to an adjustment in the surface area data.

²⁴ Electricity consumption is expressed in kWh and excludes hotels temporarily closed at the end of the year.

²⁵ The change in Wood consumption is mainly due to the temporary closure of hotels, as well as the lack of forestry guidance from the supplier.



The Yucatan Resort Playa del Carmen

The main energy efficiency measures that we are currently implementing:

- | | |
|---------------------------------|---|
| Lighting | <ul style="list-style-type: none"> > Replacement of traditional bulbs with LEDs. > Installation of motion sensors in public areas. > Machine room automation. |
| Insulation and air conditioning | <ul style="list-style-type: none"> > Investment in preventive maintenance of equipment to maintain optimum efficiency. > Change of central air conditioning units to more efficient models and heat recovery chillers. > Installation of air controls that can automatically turn off the equipment when the guest is not there (in those hotels that don't have integrated control systems). > Installation of Low-E glass and other products with better thermal insulation. > Machine room automation. > Switch to natural gas from LP gas where available > Solar water heating systems |

In addition to these measures, we continuously improve our maintenance procedures looking to reduce consumptions with initiatives such as:

Electricity:

- > Turning off computers at the end of each work day.
- > Turning off office lights every time staff leaves even if it is temporary.
- > In cold places, open blinds to let in natural light and avoid the use of heating.
- > Verifying that room switches are off when not in use.
- > Validating departures of guests per week to be able to close and turn off empty floors.
- > Placing motion sensors in the collaborators' dining room to turn off the lights.

Gas:

- > Depending on the occupation, closing gas valves in the evenings on weekends.

- > Cleaning programs on kitchen burners.
- > Monthly scheduled cleaning and adjustments to heaters.
- > Temperature adjustments in hot water tanks.
- > Weekly review of pipeline regulators.

We are also committed to using energy from renewable sources. We have different initiatives:

- > Supply changes from LP gas to natural gas where available.
- > Water heating pilot program from solar panels.
- > Water heating pilot with hydrogen.

These measures for greater energy consumption efficiency and initiatives to use renewable energy we seek to reduce Greenhouse Gas (GHG) emissions in our hotel portfolio.

We accounted for the emission of 28,685 tons of CO₂e in 2020, of which 72% are from electricity.

Emissions of GHG (tCO₂e)²⁵

Emission sources	2018	2019	2020
Scope 1	13,093	14,253	8,108
Scope 2	33,835	34,528	20,486
Total S1 + S2	46,928	48,781	28,594

Scope 1: Direct emissions from burning fuels and refrigerants.

Scope 2: Indirect emissions from the generation of the electricity consumed.

The intensity of emissions was 24 kgCO₂e/room and 45 Kg CO₂e/m² in 2020; in comparison to 74 Kg CO₂e/m² in 2019.

Energy Consumption Intensity (Electricity + Fuels)

	2018	2019	2020
Kg CO ₂ e/m ²	72.86	72.24 ²⁶	44.63
Kg CO ₂ e/occupied room night	18.47	18.24	24.01

The following is a comparison of the GHG emissions of the comparable portfolio of 70 hotels in 2020 versus 2019²⁷:

Comparison of GHG emissions 2019-2020 (tCO₂e): scope of 70 hotels

	2019	2020	20-19Δ
Scope 1	13,270	8,002	(40)%
Scope 2	32,814	20,701	(37)%
Total	46,084	28,703	(38)%

Scope 1 and 2 emissions correspond to portfolio of managed hotels which we pay the energy costs. There are an additional 3 hotels in our portfolio under lease agreement where the operator is responsible for these costs.

This year, we recorded Scope 3 emissions for the first time, including those corresponding to fuels, electricity and refrigerant gases in hotels with a lease agreement²⁸.

Scope 3 Emissions - 2020 (ton CO₂e)

Category	Emissions
Coolant reload (Cat. 1; Scope 3)	1,295
Fuels (Cat. 3; Scope 3)	523
Electricity (Cat. 3; Scope 3)	4,227
Total Emissions Scope 3	6,046

Water

(GRI 103-1, 103-2, 103-3, 303-2, 303-3, 303-4, 303-5)
(SASB IF-RE-140a.1, IF-RE-140a.2, IF-RE-140a.3, IF-RE-140a.4)
(AMEFIBRA GOB05, AMB04)

Reducing water consumption in hotels is part of our commitment to the environment and efficient use of resources. Specifically, we have been working on the following initiatives:

- > Incorporation of water savers in sinks and showers.
- > Installation of WC with double discharge valves and pressurized WC.
- > Development of a water treatment and recovery project.

Additionally, each operator has its own initiatives that complement those promoted by FibraHotel.

²⁵ GHG emissions data have the same scope as energy data, in terms of the number of hotels in the portfolio included in the calculation.

²⁶ There is a restatement of the information with respect to the 2019 report due to an adjustment in the surface area data.

²⁷ Electricity consumption is expressed in kWh and excludes hotels temporarily closed at the end of the year.

²⁸ Includes 2 of the 3 leased hotels, the third is temporarily closed.



In our portfolio as a whole, water consumption and intensity was 712 mil m³, which means 0.63 m³/occupied room and 1.13 m³/m²; compared to 0.79 m³/occupied room in 2019.

The next table shows the breakdown by water source type:

Water Withdrawal by Source (Thousands of m³)²⁹

Source	2018	2019	2020
Pipeline and pipe	1,834	1,891	650
Sea	57	49	0
Underground waters	213	179	62
Previously used by another company	12	13	0
Total	2,115	2,132	712
Number of hotels	75	77	77
% portfolio (hotels)	88%	90%	90%

The following is a comparison of the water use of the comparable portfolio of hotels in 2020 versus 2019³⁰.

Comparison of water withdrawal 2019-2020 (thousands m³): scope of 72 hotels

2019	2020	20-19Δ
1,789	712	(60)%

As part of our maintenance, we carry out the following activities:

- > Constant monitoring of pipeline pressure to quickly detect pipeline leaks.
- > Continuously report to all employees leaks in toilets, taps, showers, etc.
- > Avoid defrosting products with a jet of water.
- > Replacement of damaged or defective savers in rooms and common areas.
- > Constant training for staff on saving and caring for water.

In relation to water discharged, we adhere to the law. We invest in the availability of infrastructure and technology for its treatment and reuse, and are progressively advancing in equipping the hotels in our portfolio.

Next, discharged water by destination³¹:

Water discharge 2020

Source	m ³
Superficial	526
Underground waters	50
Sea	0
Used by other organizations	9
TOTAL	585

The water consumption in 2020 for the hotels where we have both use and discharge data, which corresponds to 83% of the portfolio (in number of hotels)³²:

	Withdrawal	Discharge	Consumption
Total (thousands of m ³)	712	585	127

Waste

(AMEFIBRA AMB05)

Waste management is carried out by the operators; each one of them complies with Mexican laws and environmental standards.

We work closely with them to advance best practices. In this regard, hotel employees receive constant training on procedures for handling, segregating and temporary disposal of waste. Similarly, each hotel has a temporary waste storage facility, which is maintained according to established programs. There are collection and final disposal service contracts with suppliers accredited by the Secretariat of the Environment.

²⁹ The information on water withdrawal in 2020 corresponds to the sum of the consumption of 73 hotels. This figure is due to a number of reasons: 1) data availability, 2) five hotels temporarily closed are not accounted for.

³⁰ Excludes hotels temporarily closed at the end of the year.

³¹ The water discharge data for 2020 corresponds to the sum of water discharge from 71 hotels. This data is due to: 1) the availability of data, 2) that some of the assets share bill due to being located in clusters, 3) The five temporarily closed hotels are not accounted for.

³² Water consumption corresponds to the difference between water withdrawal and water discharge for 71 hotels. This is the same set of hotels for the water intake and discharge data, those that have data for both variables.



Fiesta Inn Querétaro



Team

This commitment underpins our Diversity Policy, available on our website (FibraHotel - Policies and other documentation): www.fibrahotel.com/eng/policies/

We also developed the Human Rights Policy with different guidelines including to exercise due diligence, through the identification, prevention and mitigation of potential impacts associated with our operations and value chain. The policy is publicly available on our website (FibraHotel - Policies and other documentation.): www.fibrahotel.com/eng/policies/

(GRI 102-8, 102-41, 102-48, 103-2, 103-3, 401-1, 401-2, 403-9, 403-10, 404-1, 404-2, 405-1, 406-1)
(AMEFIBRA GASGo1, SOCo1, SOCo2, SOCo3, H1, H2)

At FibraHotel we are aware of the talent and commitment from each of our employees. We are a multidisciplinary and highly specialized team, focused on creating value through efficient operations. At the end of 2020, our corporate team consisted of 26 employees, all of whom have permanent, full-time contracts of which, 31% of them are women. We promote the participation of all team members as part of their teams and we currently not have unionized employees.

We are convinced of the value of diversity and we ensure the integrity of our employees by promoting a culture of respect. We guarantee gender equality in access to employment and career development. On the other hand, we believe that different generations in the team, as well as different perspectives and backgrounds, enrich decision making. To date, we do not have any employees with disabilities, although we are prepared for their incorporation if they are candidates for our vacancies.

We act in accordance with principles of respect for the dignity of all the people who are part of the company.

lines and self-regulatory measures resulted in the absence of discrimination cases during 2020.

Remunerations are established through a formal process that considers profile characteristics and market context. It is important to highlight that 100% of the workforce receives a salary above the minimum wage established by the Secretariat of Labor and Social Welfare (STPS) through the National Minimum Wage Commission.

The team is in charge of asset administration and monitors hotel management, which in turn relies on the operating companies with which it has agreements. Hotels are staffed through Service Companies, with the exception of some key positions which can, in some cases, correspond to the operator. FibraHotel reimburses employee payroll to the service companies on a monthly basis, within the framework of agreements signed with the operators and in accordance with its business model, in which it provides the main resources for hotel operation (infrastructure, equipment and staff)³³.

Labor demographics

	2018	2019	2020
No. of collaborators	25	27	26
% permanent contracts	100	100	100
% women	32	33	31

Collaborators by Professional, Gender and Age Category - 2018

Professional Category	Under 30 years		30 to 50 years		Over 50 years		Total	
	Women	Men	Women	Men	Women	Men	Women	Men
Director	0	0	1	6	0	1	1	7
Manager	1	2	3	5	0	2	4	9
Analyst	1	0	0	1	0	0	1	1
Assistant	0	0	1	1	0	0	1	1
Total	2	2	5	13	0	3	7	18

³³ Details of hotel staff are presented in the Socioeconomic Development of the Environment sub-chapter (Shared Value Creation chapter).

Collaborators by Professional, Gender and Age Category - 2019

Professional Category	Under 30 years		30 to 50 years		Over 50 years		Total	
	Women	Men	Women	Men	Women	Men	Women	Men
Director	0	0	1	6	0	1	1	7
Manager	1	2	3	5	0	2	4	9
Analyst	2	1	1	0	0	0	3	1
Assistant	0	0	1	1	0	0	1	1
Total	3	3	6	12	0	3	9	18

Collaborators by Professional, Gender and Age Category - 2020

Professional Category	Under 30 years		30 to 50 years		Over 50 years		Total	
	Women	Men	Women	Men	Women	Men	Women	Men
Director	0	0	1	6	0	1	1	7
Manager	0	1	4	6	0	2	4	9
Analyst	1	1	1	0	0	0	2	1
Assistant	0	0	1	1	0	0	1	1
Total	1	2	7	13	0	3	8	18

2020 was a difficult year for everyone, full of unique challenges and prevented us from expanding our team. The loyalty of our employees allowed us to achieve a turnover rate of 3.8%, with only one employee leaving; this is almost 15 percentage points less than the previous year³⁴.

During the year, 19% of the workforce received training, with an average of 565 hours per employee trained, which includes third-party programs offered outside working hours (e.g. diploma courses, master's degrees). We invested \$1.2 million pesos in various training programs.

We continue to support our employees in their development through different, mostly external training programs to complement the specialized knowledge they require.

Employees who decide to continue with their academic training on their own can count on our support and the necessary adjustments, such as flexible schedules.

Trainings by Professional Category

Professional Category	2018		2019		2020	
	Total Training Hours	Collaborators trained	Total Training Hours	Collaborators trained	Total Training Hours	Collaborators trained
Director	351	2	756	2	336	1
Manager	192	1	354	2	566	2
Analyst	0	0	560	5	1560	1
Assistant	352	1	352	1	364	1
Total	895	5	2022	10	2826	5

In addition, we provide benefits that contribute to the well-being of our employees. All of our employees have a higher than the legally required salary and receive a Christmas bonus greater than the statutory amount. Employees who have been with the company for more than a year also have major medical insurance.

schedules during the most critical moments of the pandemic. Prior to and during the return to the office, we implemented continuous office sanitizing periods, as well as deep cleaning protocols. In addition, a 10-person limit was set for indoor meetings. We adhered at all times to the instructions and health recommendations from local and federal authorities.

We also ensure our team's safety and health, promoting self-care and prevention, through formative sessions. We apply guidelines to promote self-care and prevention, and allow employees to report the risk factors they identify. There were no fatalities, accidents or illnesses related to company activities, as in the previous year. The absenteeism rate was 0.03%³⁵.

During 2020, we continued advancing in the implementation of NOM 035, focused on promoting an adequate organizational environment for the integrity of our employees.

In response to the pandemic caused by COVID-19, we implemented the necessary measures to protect our employees, including home office work and flexible

In order to understand the current condition of the working environment and to address possible areas for improvement, we implemented for the first time a working environment survey. The participation rate was 100% and according to the results, 96% of employees showed a high degree of commitment.

³⁴ We calculate the rotation as number of casualties (voluntary and involuntary) * 100 / number of collaborators at the end of the year.

³⁵ Absenteeism rate = Lost days * 100 / total working days (for the entire workforce). Corresponds to voluntary cases, since there were no accidents or occupational diseases.



Shared COMMITMENT

Guest experience

At FibraHotel, we are committed to permanently working on guest experience in our hotels, along with operators. During 2020, we focused on technology investment. We implemented service digitization, including digital check-in in most of our hotels. With this initiative, we greatly facilitated that both guests and employees can avoid physical contact or at least maintain social distancing, ensuring the health and well-being of both.

On the other hand, in most of our Fiesta Inn hotels, as well as in the Fiesta Americana Viaducto hotel, we implemented the "Guest Room Entertainment System." Through their cell phone, guests can control certain elements in the rooms (lights, curtains, air conditioning and television) and make any request to the hotel. We continue working to be able to replicate it in the rest of the hotels.

We continually work together with our operators to meet the needs and exceed the expectations of our guests. To this end, we monitor their perception through operator platforms and by tracking guest comments in all online travel agencies (OTAs) and web sites with which we work.

It is worth mentioning that changes made during 2020 in the hotels have generated positive results; they have also been reflected in guest comments on the Fiesta Rewards and Marriott Bonvoy platforms.

Socio-economic development of the environment

(GRI 102-9)
(AMEFIBRA GASG01, GASG05)

Our business model, especially through the relationship we maintain with operating companies, we contribute to the socioeconomic development of environments in which portfolio hotels are located. It is worth highlighting the direct employment opportunities as part of the hotel staff.

We ensure that working conditions respect the integrity and safety of the staff, promoting their professional development, with the cooperation of operators and service companies that support us in workforce selection and management. Regarding these companies, we make sure that there is fair hotel staff remuneration for the hotel staff according to the sector and the market.

We reaffirm our commitment toward a workplace with the necessary infrastructure to protect and ensure the well-being of our employees. We have sought to implement the best sanitary measures in order to keep our collaborators and spaces safe.

The closure of operations in most of the portfolio and a sharp drop in demand as well as changes to the business model required us to terminate part of the hotels' workforce. We believe that the workforce will be able to

partially recover in the years to come.

The employment of women in our portfolio stands out as a benefit as well as an opportunity compared to other less inclusive sectors of economic activity.

The total number of employees as of December 31st, 2020 was 3,401, of which 51% are women and 49% are men.

Employees demographics of the hotels in the portfolio³⁶

	2019	2020
Total number of employees	5,714	3,401
% Women	53%	51%

On the other hand, we continue our efforts to indirectly promote employment generation through the hiring of local suppliers, enabling the participation of SMEs and entrepreneurs. Working with local suppliers has proven quality, safety, regulatory compliance and innovation.

Among the hotels' main suppliers are those offering services in administration, development and maintenance, as well as equipment and consumables. Additionally, we

³⁶ In 2020, there was an adjustment in the methodology for registering employees in hotels. This fact, added to the measures in response to the closing context, generated the reduction presented with respect to 2019.

contribute to greater economic activity around the hotels due to the arrival of guests and their possible consumption and economic contribution they may make outside our facilities.

and well-being of different organizations by collaborating with them to meet infrastructure, health and education needs.

Social investment

(GRI 102-12, 102-13, 103-2, 103-3, 203-2)

The relationships with our neighbors and communities are based on trust, by generating employment and economic growth. We support the development

Operating companies undertake different initiatives as part of the social responsibility of their brands and the perspectives of the teams members that work in each hotels and location; from FibraHotel we encourage and join these commitments.

In the case of Marriott, we participate in its Serve360 strategy. The following figure shows the detail of our contribution:

Volunteer initiatives in the Marriott Serve 360 scheme

Topic	Hotel	Initiative
Health	Courtyard Tereo	Food donations and snacks to the doctors who attended COVID-19.
	AC Hotel Querétaro	Free lodging for brigade associates during the COVID-19 pandemic.
	Courtyard Tereo	Sanitization of common areas in a nursing home for the elderly and making of cloth masks for doctors and patients.
	Fairfield Inn Juriquilla	Free lodging for brigade associates during the COVID-19 pandemic.
Environment	AC Hotel Veracruz	Joint work with Fundación Reciclemos y Ayudemos to recycle materials.
	Fairfield Inn Nogales	Separation and collection of PET for recycling, collection of bottle caps for the Cap Bank.
Community Service	AC Hotel Veracruz	Money collected from the sale of recycled materials was donated to different institutions.
	Courtyard Vallejo	Donation of sanitary napkins to Casa Hogar para Niñas de la Calle A.C. and donation to the ISA Foundation, which supports people with cancer.
	Fairfield Inn Los Cabos	Improvements to the Heroes 1847 elementary school facilities, as well as donation of books, board games and food.
	Fairfield Inn Nogales	Support activity and food donations for people living on the streets.

As for Grupo Posadas, we collaborate in initiatives carried out by its Foundation, whose objective is the integral development of families. It focuses its efforts around health, education and assistance to victims in the event of a disaster, including volunteer work. Among its 2020 initiatives, the foundation created a program in which it offers courtesy nights in its hotels to women victims of domestic violence, thus safeguarding their physical and emotional integrity.

Within the framework of the education axis, scholarships were awarded for different educational levels. Regarding health services, donations in kind were provided to doctors, who received discounts and free nights at our hotels. Regarding care for the victims, the action focused on supporting five families affected by the heavy floods in Villahermosa, Tabasco, last fall.

Posadas participates in the World's Largest School initiative, sharing its technological infrastructure and facilities to democratize access to the Internet and education in Mexico. The participating hotels are:

Fiesta Inn Durango	Fiesta Inn Colima ³⁶
Fiesta Inn Monclova	Fiesta Inn Tuxtla Gutierrez ³⁶
Fiesta Inn Tepic	Fiesta Inn Nuevo Laredo
Fiesta Inn Morelia Altozano	Fiesta inn Zacatecas ³⁶
Fiesta Inn Hermosillo	Fiesta Inn Los Mochis
Fiesta Inn Chihuahua	

FibraHotel also supports hotel staff, offering important discounts and courtesy nights to employees and their relatives who have someone sick of COVID-19 at home, thus avoiding the spread of the virus to the rest of the family. In addition, in solidarity with the front-line staff, we offered a total of 1,859 complimentary nights to doctors.

We are committed to create shared value with our various stakeholders and to react and extend our reach in response to eventualities and changes in context. We are aware that COVID-19 brought changes not only in the way we do business, but also in the way we live, deepening inequalities and making more social groups vulnerable. Therefore, our aim is to contribute to society in the best way possible.

The efforts of the Posadas Foundation that corresponded to the hotels in our portfolio amount to Ps. \$ 10,451,646, distributed as follows:

Posadas Social Investment

Program	Amount Invested in 2020
Health	\$129,418
Education / Scholarships	\$10,320,591
Victims	\$1,637
Total	\$10,451,646

³⁵ More information about the Posadas Foundation's performance in : www.posadas.com/responsabilidad-social

³⁶ These hotels are not part of FibraHotel's portfolio.

APPENDIX I: Additional ESG information



Fiesta Inn Los Mochis

Relationship with our stakeholders

(GRI 102-21, 102-40, 102-42, 102-43, 102-44, 103-2, 103-3)
(AMEFIBRA GASGo2)

The relationship with our stakeholders is growing stronger and more positive. Derived from such a complex and challenging year, it is worth highlighting the commitment of our collaborators in the administrative team, as well as the hotel staff. We strengthened the close relationship with our operators, and have the trust of investors and capital providers.

The communities around our hotels constitute the most diverse group. Together with the operators, we continued our social investment efforts despite the difficult year.

We consider stakeholders those that are significantly impacted by our activities, as well as those that are decisive in the achievement of our business objectives and goals. Therefore, we use a dual perspective to identify them.

As part of our management, we are committed to updating the stakeholder mapping regularly to identify potential changes in terms of their relevance, as well as to identify new potential relevant groups.

Below the groups identified, our value proposition for each one of them, the communication mechanisms, and key issues that we identified in the dialogue.

Stakeholders	Value Proposal	Communication channels	Relevant Issues
Holders Owners of the CBFIs issued by the Trust	<ul style="list-style-type: none"> > Attractive returns through cash distributions and appreciation of the value of real estate in the long term. > Optimize asset value. > Manage assets and maintain strict control over the updating, planning and management of possible risks. > Respond quickly and efficiently to contextual crises that have a direct impact on our operations. 	<ul style="list-style-type: none"> > Dedicated Investor Relations Department > Quarterly and annual reports (corporate reports, sustainability report) > Regular and extraordinary meetings, participation in events and conferences > Telephone conferences 	<ul style="list-style-type: none"> > Business continuity and risk management > Corporate governance > Maintenance and investment in property and equipment > Economic performance > Financial implications and resilience to climate change > Work related practices
Banks Financial institution which offers different financial services	<ul style="list-style-type: none"> > Jointly develop mutually beneficial proposals in relation to their financial services. > Guarantee transparency in the entire process of any transaction or relationship with the entity. 	<ul style="list-style-type: none"> > Finance Department in charge of financing strategies > Quarterly and annual reports (corporate reports, sustainability report) 	<ul style="list-style-type: none"> > Financial contracts and their compliance > Economic performance and financial evolution of the company

Stakeholders	Value Proposal	Communication channels	Relevant Issues
Operators Groups of prestigious hotel operators that operate our facilities	<ul style="list-style-type: none"> > Jointly develop a proposal of quality guest services, making the relevant infrastructure available to operators, as well as maintaining and updating it, including incorporation of the most appropriate technology and best market practices. 	<ul style="list-style-type: none"> > Operations Management Department in charge of asset management > Regular coordination meetings > Daily, weekly, monthly, quarterly and annual reports > Participation in associations of the hotel and tourism sector > Market information providers 	<ul style="list-style-type: none"> > Energy efficiency and other inputs > Financial implications and resilience to climate change > Innovation and investment in local communities, including joint action with operators > Waste management > Water > Guidelines for the design, construction and maintenance of real estate
Employees Employees of the Administrator	<ul style="list-style-type: none"> > Employee opportunities for growth and professional development in a suitable work environment. > Promote a work environment that allows the satisfaction of those who are part of the team and sustains their commitment to the company and the rest of our stakeholders. > Provide health and safety in their daily tasks and attend to their needs related to COVID-19. 	<ul style="list-style-type: none"> > Participation spaces (forums and training) > Work environment survey > Performance evaluation processes > Presentation of company results > Intranet > Channel for reporting complains 	<ul style="list-style-type: none"> > Corporate ethics and integrity > Legal compliance > Labor conditions > Diversity and equal opportunities > Training and career development > Strengthening the brand > Relationship with operators > Economic performance and financial evolution of the company
Guests Clients who stay at our facilities	<ul style="list-style-type: none"> > Provide a diverse and convenient offer based on the different needs. Facilitate a quality experience, along with prestigious operators. > Provide services with the highest sanitary standards offering 100% safe stays. 	<ul style="list-style-type: none"> > Channels between operators and guests (including service surveys) > Comments and information about Internet services > Meetings to monitor guest satisfaction between the operator and FibraHotel. 	<ul style="list-style-type: none"> > Value for money > Offer of facilities and services > Attention during the stay > Technology in real estate > Facilities with sustainability criteria > Reputation of the operator
Suppliers Providers of different products and services	<ul style="list-style-type: none"> > Establish a relationship that generates value for all parties, not only in the commercial side but also in the development of products and services, attending to innovative criteria for guest satisfaction. > Fulfillment of all our contractual obligations so that suppliers are not affected by issues of total or partial operation closure of due to the contingency. 	<ul style="list-style-type: none"> > Selection and contracting processes (includes tenders) > Operation meetings > Quality evaluations 	<ul style="list-style-type: none"> > Economic performance and financial evolution of the company > Anti-corruption and ethical practices of employees > Contract conditions and their fulfillment
Authorities Federal, state and municipal authorities that regulate our operation	<ul style="list-style-type: none"> > Permanently comply with current applicable regulations, also promoting a culture of adherence to the law and compliance in the relationship with all our stakeholders. > Collaborate, generate dialogue, and follow, at all times, the instructions from local and federal health authorities to address the situation due to COVID-19 in the best possible way. 	<ul style="list-style-type: none"> > Response to requirements > Other inquiries > Financial reports > Tax declarations 	<ul style="list-style-type: none"> > Risk prevention and mitigation > Legal compliance > Compliance with tax obligations > Employee ethics

Stakeholders	Value Proposal	Communication channels	Relevant Issues
Communities Inhabitants of the area of influence of our facilities	<ul style="list-style-type: none"> > Contribute to the socioeconomic development of the environments in which our hotels are located. Facilitate it through job creation in hotels and through contracts with local suppliers. Likewise, work in close dialogue to contribute to solving the main difficulties of the communities, safeguarding the environment and cultural heritage. > Support, as far as possible, vulnerable groups affected by adverse situations in terms of climate change, social or health contexts. 	<ul style="list-style-type: none"> > Meetings with operators > Relationship of the operators themselves with local groups > Participation in forums > Meetings with local authorities and / or leaders > Collaboration with Civil Society Organizations (CSO) 	<ul style="list-style-type: none"> > Economic impact, especially job creation > Purchases from local suppliers > Environmental performance > Support local culture > Development of infrastructures for the operation
Real estate developers Companies in charge of construction and renovation of our hotel facilities	<ul style="list-style-type: none"> > Generate capital investment in hotels efficiently through projects based on quality and efficiency requirements of operators and FibráHotel, as well as the developer's experience and the commitment to sustainability. Generate and maintain assets of verifiable value in this way, in projects supported by collaboration. 	<ul style="list-style-type: none"> > FibráHotel asset management and maintenance team > Selection and hiring processes > Investment meetings with operators (including projects in development and asset investment plans) 	<ul style="list-style-type: none"> > Financial capacity of the company (FibráHotel) > Relationship with operators and their requirements (on projects) > Portfolio criteria (from FibráHotel) > Legal compliance > Employee ethics > Knowledge and experience of the different teams involved
Service companies Provider that outsources the hiring and administration of hotel staff	<ul style="list-style-type: none"> > Generate teams of excellence for hotels, betting on knowledge and experience, contributing from FibráHotel to the stability of their employment. 	<ul style="list-style-type: none"> > Instances of relationship with the operators > Individual meetings with service companies, previously or within the framework of contracts > Evaluations of service companies > Department of human resources and training programs (additional to operators) 	<ul style="list-style-type: none"> > Financial capacity of the company (FibráHotel) > Relationship with operators > Portfolio growth plans > Legal compliance

As part of our Sustainability Strategy, annually, we will review the objectives of the relationship with each stakeholder and we will measure the results of the relationship using specific indicators. We will establish a relationship plan based on fulfillment of the previous year's objectives and new needs identified through continuous dialogue with the groups. The plan is authorized by our Technical Committee. At FibráHotel we are committed to taking care of ethics, transparency, effective and two-way communication, as well as mutual benefit in all relationships with our stakeholders.

Alliances and memberships

(GRI 102-12, 102-13)

This year, operation alliances have been especially relevant, specifically working closely with operators toward hotel reopening and implementing health and safety protocols. Each operator developed specific programs, which have our support: Travel with Confidence at Grupo Posadas, Commitment to Cleanliness at Marriott International, and Real Clean at Grupo Real Turismo.

At FibráHotel, our guests and collaborators are our priority; we partnered with Laboratorios el Chopo to carry out antigen tests and PCR tests in all our hotels. Likewise, in the hotels of Grupo Posadas we established a collaboration with ABC hospital to audit implementation of the measures of the Travel with Confidence program; protocols in these hotels are also recognized by the World Tourism Organization (WTTC) and bear the Safe Travel seal.

With these initiatives, we keep moving forward to continue innovating the way we offer our services and contributing to lowering the risk of contagion by COVID-19.

In relation to sustainability, we support, at union level, the ESG reporting initiative of the Mexican Association of Real Estate FIBRAs (AMEFIBRA), whose indicators we include in this report.

Particularly in community development, we work closely with operators on different initiatives³⁵. It adds to our contribution to different Sustainable Development Goals (SDGs) as a result of the operation and development of the Sustainability Strategy.

Materiality analysis

(GRI 102-46, 102-47, 102-49, 103-1)

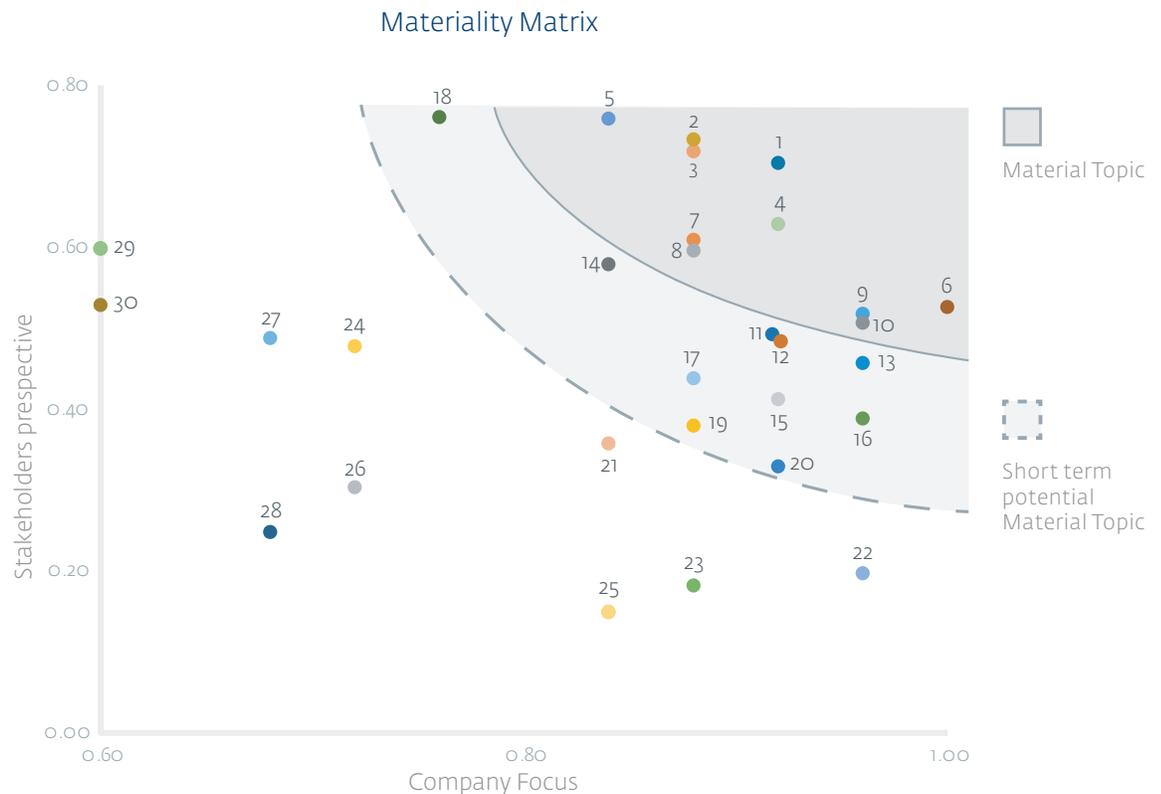
We carried out our first materiality analysis in 2019 in order to identify critical ESG issues for our company, considering our strategy and the perspective of our stakeholders.

Based on its results, we established the priorities that make up our Sustainability Strategy, and determined the content scope of the Global Reporting Initiative (GRI) Standards to be reported.

Next, we present the process followed³⁶:

- 1. Review and Identification**
In order to identify a first set of potentially relevant topics, trends in the sector and concerns already expressed by stakeholders in their relationship with the company were analyzed.
- 2. Prioritization and validation**
Starting from the list of potentially relevant topics already defined in stage 1, the most significant were chosen, based on the prioritization for the company and that established by the stakeholders consulted. The selection of topics that remained as materials due to their importance in both perspectives, was internally validated by our team.

As a result, our matrix of material topics is as follows:



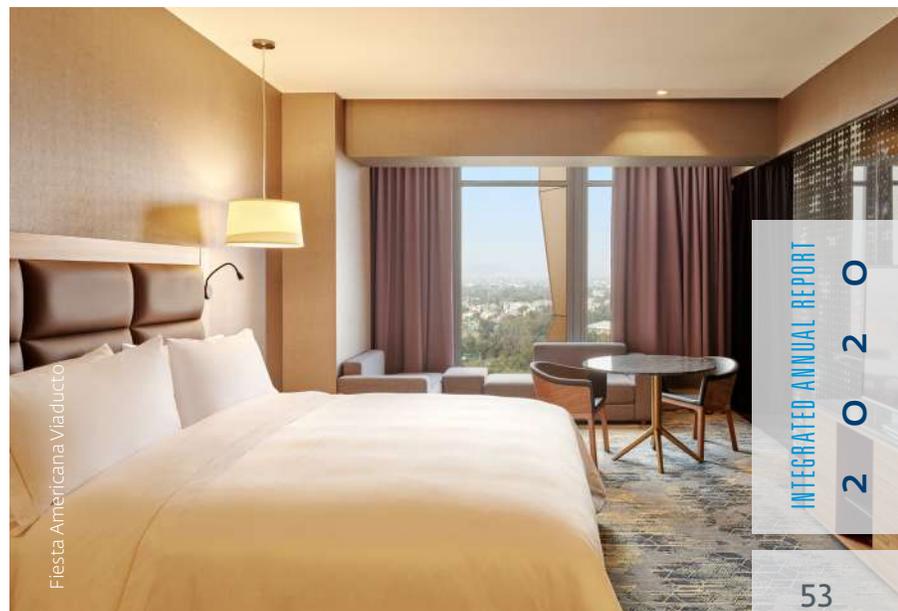
³⁵ See sub-chapter on Social Investment (Shared Commitment chapter).

³⁶ For more details on the materiality, see the 2019 Sustainability Report (FibraHotel - Sustainability report): www.fibrahotel.com/eng/sustainabilityreport/

SUBJECT N°	TOPIC	
1	Material	Energy efficiency and renewable energies
2		Work related practices
3		Commitment to stakeholders and transparency
4		Innovation and investment in local communities
5		Water management and care
6		Maintenance and investment in property and equipment
7		Corporate governance
8		Business continuity and risk management
9		Corporate ethics and integrity
10		Diversity and equal opportunities
11	Potentials in the short term	Human rights
12		Occupational health and safety
13		Customer health and safety
14		Sustainability considerations in the design, construction and operation of assets
15		Quality of service and customer satisfaction
16		Responsible Tourism
17		Preservation of local culture
18		Waste management
19	Other topics	Financial implications and resilience to climate change
20		Legal compliance
21		Data protection and customer privacy
22		Innovation in operations
23		Macroeconomic context
24		Protection of biodiversity
25		Community resettlement
26		Attention and support for natural disasters
27		Innovation and materials management
28		Strengthening the brand
29		Sustainability assessment in suppliers
30		Certification and qualification of assets

In accordance with GRI Standards, the reference methodology used for this report, we also show where the topics are material to the value chain, those that have a closer relationship with each aspect (internal and external limits):

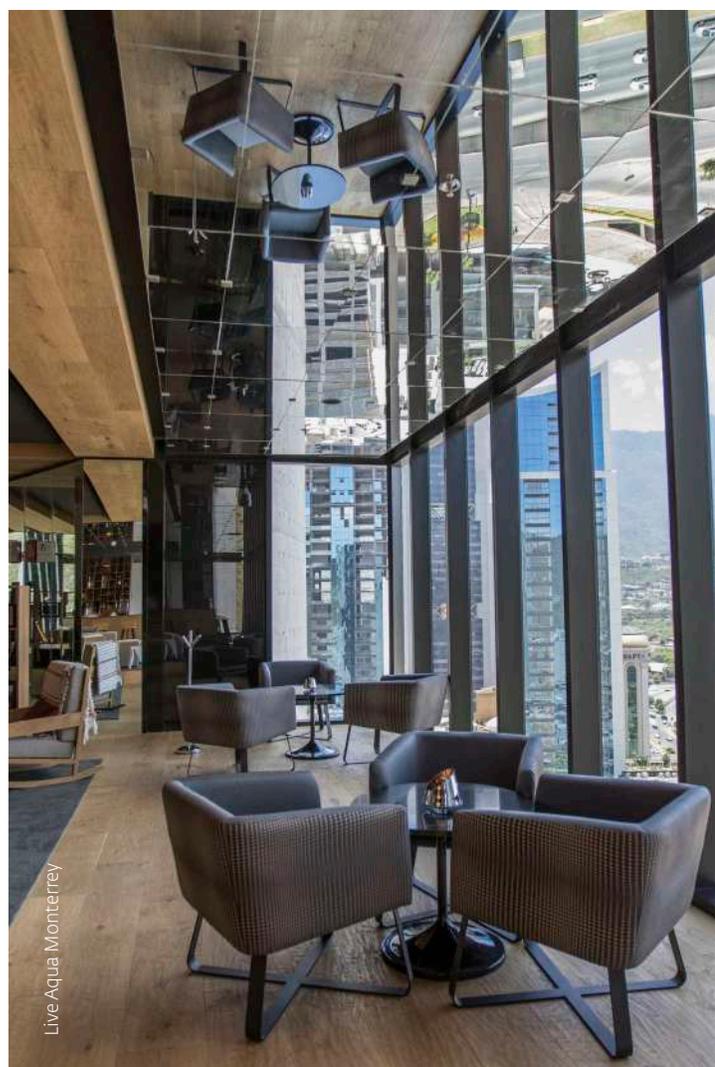
MATERIAL TOPIC	EXTERNAL LIMITS ³⁷
Commitment and transparency with stakeholders	Value chain set
Work-related practices	> Operators
	> Service companies
	> Suppliers
Innovation and investment in local communities	> Communities
	> Operators
	> Local Authorities
	> Service companies
	> Suppliers
Diversity and equal opportunities	> Operators
	> Service companies
	> Suppliers



³⁷ The internal limits correspond to all of FibraHotel and Fibra Hotelera S.C (the administrator) since they have a unique business model limited to Mexico.

MATERIAL TOPIC	EXTERNAL LIMITS ³⁷
Water management and care	> Operators
	> Suppliers
	> Guests
Energy efficiency and renewable energy	> Holders
	> Operators
	> Guests
	> Developers
Business continuity and risk management	> Holders
	> Operators
	> Communities
	> Guests
	> Local Authorities
	> Service Companies
	> Developers
Maintenance and investment in property and equipment	> Holders
	> Suppliers
	> Operators
	> Developers
Corporate Governance	> Holders
	> Employees
Corporate ethics and integrity	> Holders
	> Operators
	> Communities
	> Guests
	> Local Authorities
	> Service companies
	> Developers
	> Operators
Human Factors	> Operators
	> Employees
	> Guests
	> Service companies
	> Community

This year, we also added consideration of material issues set forth in the framework of the Sustainability Accounting Standards Board (SASB) initiative for the Real Estate sector.



Live Aqua Monterrey

Contribution to the SDGs

(GRI 102-12)
(AMEFIBRA GASGo4)

Through our business and activity model, we create value for the different stakeholders. We work so that our actions contribute to economic, social and environmental development, including the priorities established by the United Nations in the 2030 Agenda and integrated into the Sustainable Development Goals (SDG).

Our strategic contribution can differentiate us by the type of activities we carry out in relation to the business and operation model. We look to contribute to these, complementary to the efforts that other companies, governments and social organizations are making.

³⁷ The internal limits correspond to all of FibraHotel and Fibra Hotelera S.C (the administrator) since they have a unique business model limited to Mexico.

SDG	Description of the SDG	Goal/s ³⁸	FibraHotel's contribution
5 GENDER EQUALITY	Combat gender inequality by facilitating access to quality education, timely medical care, job development, and citizen participation.	5.5	<p>We ensure equal opportunities and gender equity in our teams. Likewise, we extend the commitment to our value chain, with a relevant role of operators and service companies.</p> <p>Generation of employment in hotels as a result of our activity, together with operators, has a special impact on women, who constitute the majority workforce in the hotel sector.</p> <p>Employment is accompanied by opportunities for professional development, including training by the operators. This is also possible thanks to financial security and business growth, as a result of the success of our model.</p>
7 AFFORDABLE AND CLEAN ENERGY	Innovate and implement sustainable initiatives for resource protection to stop global warming.	7.2 7.3	<p>We are committed to energy efficiency both in hotel design and their equipment, including the incorporation of leading technology, systems and processes. This is the case of Fiesta Americana Viaducto, our most recent opening, developed by the company.</p> <p>Likewise, we consider more efficient options for renovations and capital investments we make to the hotels in the portfolio. Examples: replacement of luminaires with LEDs, better performance chillers (air conditioning), air conditioning automation, heat recovery systems, among others, etc.</p> <p>In addition, we seek to use cleaner and even renewable sources. We have pilots of generation by solar panels and hydrogen systems, likewise, we are promoting the change from LP gas to natural gas in hotels.</p>
8 DECENT WORK AND ECONOMIC GROWTH	Offer decent jobs for working-age population and share economic progress in order to positively influence the life of employees and in turn boost the economy.	8.5 8.6 8.9	<p>In our team, collaborators have job opportunities that allow their development, as well as job security.</p> <p>In addition, through our model, we generate employment for hotels, which constitutes a special opportunity for young people, even as first work experiences. It is a characteristic of the tourism sector. There is also an important contribution to the employability of women.</p> <p>Through the relationship with local suppliers, we also promote employment in operating environments, including services to guests outside the facilities, through which we seek to adhere to the respect and preservation of cultural heritage and the environment.</p>

³⁸ For further information about ODS and goal description, please visit: www.un.org/sustainabledevelopment/es/objetivos-de-desarrollo-sostenible/



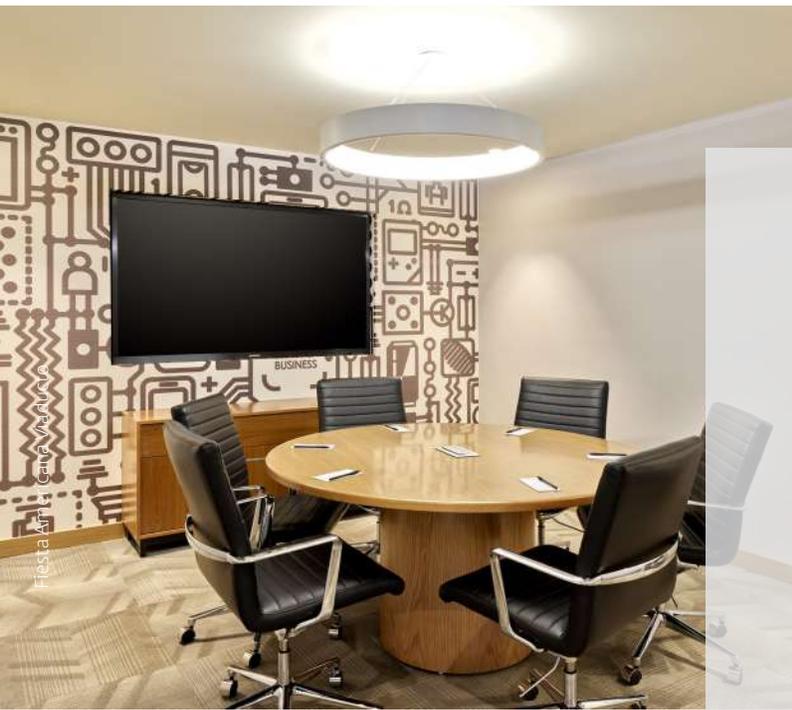
SDG	Description of the SDG	Goal/s ³⁸	FibraHotel's contribution
	Invest, innovate and promote a sustainable, modern, technological and environmentally sound infrastructure.	9.4	<p>We promote energy efficiency and water savings in our portfolio hotels, both in the design of those we develop and renovations of those we acquire, and at all times in our investments in maintenance. We rely on developing technologies, as well as our team's knowledge and experience.</p> <p>For this, operator collaboration is also key, as they do their part to promote responsible habits among guests.</p> <p>We have different certifications of efficiency and environmental performance in our portfolio hotels: EDGE (Excellence in Design for Greater Efficiencies), Tourist Environmental Quality and Sustainable Hydro Hotel³⁹. We also have the Green Key certificate, which also includes social aspects.</p>
	Promote a sustainable growth model, where there is a balance between the environment and natural resources.	11.3 11.4	<p>We view our hotels as part of the environment in which they are located, studying their integration into the existing urban fabric, the relationship with road and service supply infrastructures (energy, water, telecommunications, etc.). We seek to avoid incidents that may affect the communities and continuity of hotel operations.</p> <p>On the other hand, we consider tourism as an opportunity to value the cultural and natural heritage of the different places where we are. Bringing it closer to visitors, it makes itself known and is more appreciated as it is also an engine of socio-economic development. But all this must be done with respect to the communities, and this is our approach, which we share with the operators we work with.</p>
	Reduce the use of resources to avoid overexploitation and harmonize the relationship with the environment to avoid further degradation.	12.8 12.10	<p>At FibraHotel we along with operators promote responsible tourism. Our aim is for the arrival of guests to be an opportunity for local economic development, always respectful of the communities, their culture and the environment.</p> <p>Most of hotels in our portfolio have the Green Key certification, which considers both environmental and social aspects, the latter linked to the integration of communities in employment and responsible tourism⁴⁰.</p>

³⁸ For more details on the SDGs and a description of their targets, please refer to the following link: www.un.org/sustainabledevelopment/es/objetivos-de-desarrollo-sostenible/

³⁹ More information in the Sustainable Infrastructure chapter.

⁴⁰ More information in the Sustainable Infrastructure chapter.





APPENDIX II: Correlation with reporting frameworks and initiatives

Verification Letter of the 2020 Annual Integrated Report

(GRI 102-56)

To Holders Assembly and Technical Committee of Fideicomiso Irrevocable No. F/1596 (Deutsche Bank Mexico, S. A. Institución de Banca Múltiple, División Fiduciaria) and Subsidiary:

We inform you that we performed a limited and independent verification of a sample of disclosures of Global Reporting Initiative ("GRI") Standards and topics of Sustainability Accounting Standards Board ("SASB"), contained in the 2020 Annual Integrated Report of Fideicomiso Irrevocable No. F/1596 (Deutsche Bank Mexico, S. A. Institucion de Banca Múltiple, División Fiduciaria) y Subsidiaria ("FibraHotel").

Responsibilities, criteria and scope:

The scope of our verification covered the results of "FibraHotel" of GRI Standards disclosures and SASB topics listed in the next sheet of this letter ("the sample"), from January 1st to December 31st, 2020.

Our commitment is to express impartial and objective opinions about the certainty, traceability and reliability of "the sample" contained in the 2020 Annual Integrated Report. Our work considered as criteria: the GRI Standards, in the Core option, SASB Standards "Real Estate", 2018 version and the International Standard on Assurance Engagements (ISAE) 3000, "Assurance Engagements Other than Audits or Reviews of Historical Financial Information".

"Fibra Hotel" is responsible for preparing the information contained in the 2020 Integrated Annual Report and that included in the scope of our verification, which implies, but is not limited to: the selection process of material topics, the GRI Standards disclosures and SASB Standards topics report, provide documentary and/or visual, true and enough evidence to verify the agreed contents.

Among the activities carried out during the verification process are listed: validation of information presented in previous reports, review of methodological compliance of the standards aforementioned, checking qualitative and quantitative data through visual, documentary and public evidence and quantitative data analysis.

For what, we can conclude that, during the verification process, we did not identify any factors that lead us to consider that "the sample" reviewed does not comply with the methodological requirements and contains significant errors.

An internal report of recommendations is delivered separately, exclusively for "FibraHotel", which contains opportunity areas detected.

Alma Paulina Garduño Arellano
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Pico Sorata 180, Jardines en la Montaña, Tlalpan, C.P. 14210, CDMX.
paulina@redsociales.com

T. (55) 54 46 74 84
May 14th, 2021



Declaration of independence and competence of Redes Sociales en Línea Timberlan

Redes Sociales's employees has the level of competence necessary to verify compliance with the standards used in the preparation of Sustainability Reports, so they can issue a professional opinion on the reports of non-financial information, complying with the principles of independence, integrity, objectivity, competence and professional diligence, confidentiality and professional behavior. In no case can our verification statement be understood as an audit report, so no responsibility is assumed for the management and internal control systems and processes from which the information is obtained. This Verification Letter is issued on May 14th, 2021 and is valid as long as no subsequent and substantial modifications are made to the 2020 Annual Integrated Report of "FibraHotel".

Verified sample:

	GRI Standards Disclosures	Scope
102-8	Information on employees and other workers	FibraHotel
102-16	Values, principles, standards and norms of behavior	FibraHotel
102-18	Governance structure	FibraHotel
102-20	Executive-level responsibility for economic, environmental and social topics	FibraHotel
102-47	List of material topics	FibraHotel
201-1	Direct economic value generated and distributed	FibraHotel
203-1	Infrastructure investments and services supported	Set of hotels
205-3	Confirmed incidents of corruption and actions taken	FibraHotel
302-1	Energy consumption within the organization	Set of hotels
302-3	Energy intensity	Set of hotels
303-5	Water consumption	Set of hotels
305-1	Direct (Scope 1) GHG emissions	Set of hotels
305-2	Energy indirect (Scope 2) GHG emissions	Set of hotels
305-4	GHG Emissions intensity	Set of hotels
405-1	Diversity of governance bodies and employees	FibraHotel
406-1	Incidents of discrimination and corrective actions taken	FibraHotel
401-1	New employee hires and employee turnover	FibraHotel
403-9	Work-related injuries	FibraHotel
403-10	Work-related ill health	FibraHotel
404-1	Average hours of training per year per employee	FibraHotel
	SASB topics "Real Estate" 2018 version	Scope
IF-RE-130a.2	Energy management - Total energy consumed	Set of hotels
IF-RE-130a.5	Energy management - Investment considerations	Set of hotels
IF-RE-140a.4	Water management - Risks	Set of hotels
IF-RE-410a.2	Management of Tenant Sustainability Impacts - Measure of grid electricity consumption and withdraw water of tenants	Set of hotels
IF-RE-450a.2	Climate change adaptation - Risks	Set of hotels

AMEFIBRA content index

Category	Code	Indicator	Page/s
ESG Management Indicators	GASGo1	1. General Information	6, 11, 20, 45, 47,66
	GASGo2	2. Stakeholder Management on ESG issues	23, 49
	GASGo3	3. ESG objectives and action plans	27
	GASGo4	4. ESG reporting	6, 54
	GASGo5	5. Suppliers	47
Governance Indicators	GOBo1	6. Governmental bodies	20, 27
	GOBo2	7. Policy/policies on governance issues	23
	GOBo3	8. Regulatory compliance	23
	GOBo4	9. ESG criteria in the due diligence process for new acquisitions	39
	GOBo5	10. ESG risk assessments	29, 43
	GOBo6	11. ESG strategy for new developments	39, 40
Environmental Indicators	AMBo1	12. Policy/policies on environmental issues	39
	AMBo2	13. Building certifications	39
	AMBo3	14. Energy Consumption	40
	AMBo4	15. Waste Generation	43
	AMBo5	16. Waste Generation	42
	AMBo6	17. Greenhouse Gas Emissions (GHG)	40
Social Indicators	SOCo1	18. Diversity	45
	SOCo2	19. Monitoring of employee satisfaction, health, safety and wellbeing	45
	SOCo3	20. Policy/policies on social issues	45
Hotel Industry	H1	H1. Employee health and wellbeing program	45
	H2	H2. Employee health and safety indicators	45

Note: the codes have been developed for this reporting exercise.



GRI content index

(GRI 102-55)

GRI 102 STANDARD: GENERAL CONTENTS 2016

Section	Content	Page/s	SDG & Goals
Company Profile	102-1	10	
	102-2	10	
	102-3	120	
	102-4	10	
	102-5	10	
	102-6	10	
	102-7	2	
	102-8	45	8.5, 10.3
	102-9	39, 47	
	102-10	10	
	102-11	29	
	102-12	6, 27, 48, 51, 54	
	102-13	6, 48, 51	
Strategy	102-14	24	
	102-15	6, 8, 15	
Ethics and Integrity	102-16	23	16.3
	102-17	23	16.3
Governance	102-18	20	
	102-19	20	
	102-20	20, 27	
	102-21	49	16.7
	102-22	20	5.5, 16.7
	102-23	20	16.6
	102-24	20	5.5, 16.7
	102-25	20, 23	16.6
	102-26	23	
	102-27	20	
	102-28	20	
	102-29	29	
	102-30	29	
102-31	20, 29		
Stakeholder engagement	102-32	6	
	102-35	20	
	102-36	20	
	102-37	20	16.7
	102-40	49	
	102-41	45	8.8
	102-42	49	
	102-43	49	
	102-44	49	
	102-45	6, 66	
Reporting Practices	102-46	52	
	102-47	52	
	102-48	6, 45	
	102-49	52	
	102-50	6	
	102-51	6	
	102-52	6	
	102-53	6	
	102-54	6	
	102-55	60	
	102-56	57	

Note: The correlation of GRI content with the SDGs and targets has been carried out by integrating the reference framework Reporting on the SDGs: An analysis of the goals and targets, and the analysis of the strategic contribution to the SDGs carried out by FibraHotel.

GRI T2 content index

GRI CONTENTS BY MATERIAL TOPIC

Material Topic	GRI Standard	GRI Contents	Page/s	SDG & Goals
Stakeholder Engagement and Transparency	GRI 103: Management Approach 2016	103-1	52	
		103-2	49	
		103-3	49	
Business Continuity and Risk Management	GRI 103: Management Approach 2016	103-1	52	
		103-2	29	
		103-3	29	
	GRI 201: Economic Performance 2016	201-1	38	8.1, 8.2, 9.1, 9.4, 9.5
		201-2	27	13.1
Diversity and Equal Opportunities	GRI 103: Management Approach 2016	103-1	52	
		103-2	43	
		103-3	43	
	GRI 405: Diversity and Equal Opportunities	405-1	20, 45	5.1, 5.5, 8.5
	GRI 406: Non-discrimination 2016	406-1	45	5.1, 8.8
Energy Efficiency and Renewable Energies	GRI 103: Management Approach 2016	103-1	52	
		103-2	40	
		103-3	40	
		302-1	40	7.2, 7.3, 8.4, 12.2, 13.1
	GRI 302: Energy 2016	302-3	40	7.3, 8.4, 12.2, 13.1
		302-4	40	7.3, 8.4, 12.2, 13.1
		302-5	40	
		305-1	40	3.9, 12.4, 13.1, 14.3, 15.2
	GRI 305: Emissions 2016	305-2	40	3.9, 12.4, 13.1, 14.3, 15.2
		305-4	40	13.1, 14.3, 15.2
305-5		40	13.1, 14.3, 15.2	
Corporate Ethics and Integrity	GRI 103: Management Approach 2016	103-1	52	
		103-2	23	
		103-3	23	
	GRI 205: Anti-Corruption 2016	205-1	23	16.5
		205-3	23	16.5
		206-1	23	16.3
GRI 415: Public Policy	415-1	23	16.5	
GRI 419: Socio-Economic Compliance 2016	419-1	23	16.3	
Water Management and Care	GRI 103: Management Approach 2016	103-1	52	
		103-2	43	
		103-3	43	
	GRI 303: Water 2018	303-1	43	6.4
		303-2	43	6.4
		303-3	43	6.3, 6.4, 8.4, 12.2
	303-4	43	6.3, 6.4, 8.4, 12.3	
	303-5	43	6.3, 6.4, 8.4, 12.4	
Corporate Governance	GRI 103: Management Approach 2016	103-1	52	
		103-2	20	
		103-3	20	
Innovation and investment in local communities	GRI 103: Management Approach 2016	103-1	52	
		103-2	48	
		103-3	48	
	GRI 203: Indirect economic Impacts 2016	203-1	39	5.4, 9.1, 9.4, 11.2
		203-2	48	1.2, 3.8, 8.2, 8.3, 8.5, 8.9, 11.3, 11.4, 12.8, 12.10
Maintenance and Investment in Property and Equipment	GRI 103: Management Approach 2016	103-1	52	
		103-2	39	
		103-3	39	
Labor Practices	GRI 103: Management Approach 2016	103-1	52	
		103-2	45	
		103-3	45	
	GRI 401: Employment	401-1	45	5.1, 8.5, 8.6
		401-2	45	3.2, 5.4, 8.5
	GRI 403: Occupational Health and Safety 2018	403-9	45	3.3, 3.9, 8.8
403-10		45	3.3, 3.9, 8.8	
GRI 404: Training and Education 2016	404-1	45	4.3, 4.4, 4.5, 5.1, 8.2, 8.5, 10.3	
	404-2	45	8.2, 8.5	

Note: The correlation of GRI content with the SDGs and targets has been carried out by integrating the reference framework Reporting on the SDGs: An analysis of the goals and targets, and the analysis of the strategic contribution to the SDGs carried out by FibráHotel.

SASB index

REAL ESTATE STANDARD - VERSION 2018

SASB Topic	Code	Description	Unit of Measure	Omissions and/or modifications	Page	Complementary Answer
ACTIVITY METRICS						
Activity Metric	IF-RE-000.A	Number of assets, by property sub-sector	Number		11	
	IF-RE-000.B	Leasable floor area, by property sub-sector	Square feet	The dimensions of the properties are presented in number of rooms; in the case of hotels, this is a management metric.	11	
	IF-RE-000.C	Percentage of indirectly managed assets, by property sub-sector	Percentage by floor area		31	
	IF-RE-000.D	Average occupancy rate, by property sub-sector	Percentage		31	
ACCOUNTING METRICS						
Energy Management	IF-RE-130a.1	Energy consumption data coverage as a percentage of floor area, by property type	Percentage by floor area		40	
	IF-RE-130a.2	1) Total energy consumed by portfolio area with data coverage	Percentage by gigajoules		40	
		2) Percentage grid electricity				
		3) Percentage renewable, each by property type				
	IF-RE-130a.3	Like-for-like change in energy consumption of portfolio area with data coverage, by property type	Percentage		40	
IF-RE-130a.4	Percentage of eligible portfolio that 1) has obtained and energy rating and 2) is certified to ENERGY STAR, by property type	Percentage by floor area		-	We do not have hotels in the portfolio with energy ratings, but we do have comprehensive sustainability certifications that include different aspects (e.g. Edge) (see Investment and Development sub-chapter, Sustainable Infrastructure chapter).	
IF-RE-130a.5	Description of how building energy management considerations are integrated into property investment analysis and operational strategy	N/A		39		

SASB Topic	Code	Description	Unit of Measure	Omissions and/or modifications	Page	Complementary Answer
ACCOUNTING METRICS						
Water Management	IF-RE-140a.1	Water withdrawal data coverage as a percentage of (1) total floor area and (2) floor area in regions with High or Extremely High Baseline Water Stress, by property sub-sector		Catchment analysis not available due to water stress characteristics of the area. Expressed by the number of hotels included in the calculation each year and the % of the portfolio (in number of hotels).	43	
	IF-RE-140a.2	(1) Total water withdrawn by portfolio area with data coverage and (2) percentage in regions with High or Extremely High Baseline Water Stress, by property sub-sector		Catchment analysis not available due to water stress characteristics of the area.	43	
	IF-RE-140a.3	Like-for-like percentage change in water withdrawn for portfolio area with data coverage, by property sub-sector	Percentage		43	
	IF-RE-140a.4	Description of water management risks and discussion of strategies and practices to mitigate those risks	N/A		43	
Management of Tenant Sustainability Impacts	IF-RE-410a.1	(1) Percentage of new leases that contain a cost recovery clause for resource efficiency related capital improvements and (2) associated leased floor area, by property sub-sector		Not available	-	
	IF-RE-410a.2	Percentage of tenants that are separately metered or sub-metered for (1) grid electricity consumption and (2) water withdrawals, by property sub-sector	Percentage by floor area	The % of hotels in the portfolio that have individualized electricity and water meters is indicated; those that are part of clusters of hotels that share meters are excluded.	39	
Climate Change Adaptation	IF-RE-450a.1	Area of properties located in 100-year flood zones, by property sub-sector		Not available	-	
	IF-RE-450a.2	Description of climate change risk exposure analysis, degree of systematic portfolio exposure, and strategies for mitigating risks	N/A		29	

TCFD recommendations index

Recommendations	Recommended Report	Code	Page/s	Complementary Information
Governance	a) Describe the board's oversight of climate-related risks and opportunities.	GOB-A	20, 27	FibraHotel has two Sustainability Committees, one at the operational level and the other at the executive level with members of the Technical Committee. The identification of climate change risks and opportunities was carried out by the sustainability team, with external specialists, and evaluated by the sustainability operating committee.
	b) Describe management's role in assessing and managing climate-related risks and opportunities.	GOB-B	20	The decisions adopted by the Sustainability Operating Committee are reported to the Executive Committee, an exercise facilitated by the fact that they share members at the executive level (general director of investor relations and chief operating officer, responsible for sustainability at FibraHotel).
Strategy	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	EST-A	29	
	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	EST-B	29	Work is being done on the sizing of the financial impacts of the risks and opportunities that have been identified, associated with climate change. The results obtained in the pre-analysis of risks and opportunities carried out will be considered in the investment strategy to be proposed in the post-COVID scenario.
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	EST-C	-	Scenario analysis is not yet available.



Live Aqua San Miguel de Allende

Recommendations	Recommended Report	Code	Page/s	Complementary Information
Risk Management	a) Describe the organization's processes for identifying and assessing climate-related risks.	GDR-A	29	<p>In relation to the risks identified, we established different management measures, including prevention and/or mitigation.:</p> <p>1. Stakeholder compliance requests</p> <p>We have designed a Sustainability Strategy, which is currently being implemented, and includes a Sustainable Infrastructure pillar, covering aspects of due diligence in acquisitions, innovation in infrastructure and equipment (including equipment), and energy management during the operation itself.</p>
	b) Describe the organization's processes for managing climate-related risks.	GDR-B	24, 39	<p>2. More intense weather events</p> <p>We have a diversified portfolio both geographically and by segment, so we do not condition revenues to areas with higher risk of extreme weather events (e.g. southeast of the country) or resort tourism (more sensitive to weather).</p> <p>3. Replacement of services with lower carbon emissions</p> <p>Materialized in 2020, not because of climate issues but because of the pandemic. We are redefining the value proposition to remain an attractive option for travel and business events.</p>
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	GDR-C	29	<p>The risk team is incorporating climate aspects and the results of our pre-analysis into its mapping and prioritization.</p>
Metrics and Targets	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	MYO-A	40	<p>Our metrics include the intensity of energy consumption and Greenhouse Gas (GHG) emissions generation, both in terms of surface area (m²) and activity (room nights).</p>
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	MYO-B	40	
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	MYO-C	40	

Note: The codes have been developed for this reporting exercise.

APPENDIX III: Consolidated Financial Statements

(GRI 102-45)
(AMEFIBRA GASGo1)

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, 2020, 2019 and 2018, and Independent Auditors' Report Dated March 31, 2021

Independent Auditors' Report and Consolidated Financial Statements 2020, 2019 and 2018

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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, 2020, 2019 and 2018, and the consolidated statements of income and other 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, 2020, 2019 and 2018, 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 *Independent Auditor's Responsibility for the Audit of the Consolidated 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.

Emphasis on a matter

We draw attention to Note 1 to the accompanying consolidated financial statements, where FibraHotel's Management describes the effects related to the declaration of COVID-19 pandemic emerged in 2020, which had a great impact on the hospitality industry and on the operations of FibraHotel. Our opinion is not modified with respect to this matter.

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 and were selected from the communications to the FibraHotel Administration and Audit Committee, but do not pretend to represent all the matters discussed. 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.

Investment properties' valuation

For the fair value estimation of the investment properties (leased properties), FibraHotel's Management used the most appropriate technique for the particular circumstances of each investment property, which in this case was determined using the discounted future cash flows methodology. Other assumptions used in the valuation of investment properties included among others, contractual lease payments, expected market lease payments, direct operating costs, discount rates which reflect the market uncertainty, capitalization rates and comparable transactions.

Our audit procedures included, among others:

- 1) Confirm that the valuation method of each investment property follows the requirements of IFRS 13: Fair Value Measurement, for the discounted future cash flows method.
- 2) We tested the internal control associated with the preparation and review of the financial projections related to the information contained in the valuation of the investment properties, including the income and expenses related to the operation. This information was also corroborated with lease agreements, ensuring they were duly signed and approved. Evidence used by FibraHotel to support the different inputs used in the measurement of fair value, highlighting growth factors, inflation, exchange rates, discount and capitalization rates were also examined.
- 3) From a relevant sample of the investment properties, we involved our internal valuation specialists, who using independent and market inputs, carried out fair value analysis, and compared them with the valuation performed by FibraHotel.
- 4) We observed that the effects recorded in the consolidated financial statement of comprehensive income correspond to the differences between the different values at the end of each year.

The results of our audit procedures were reasonable.

Impairment of hotel properties

FibraHotel has identified and concluded that its cash generating units are represented by each individual hotel. Accordingly, it evaluates at the end of each reporting period, if there is any indication of impairment as established by IAS 36, *Impairment of assets*. If there is such indication, FibraHotel estimates the recoverable amount of the asset and such recoverable amount involves estimations, assumptions and judgement from management. Based on FibraHotel's analysis, and derived from the impact that the COVID-19 pandemic had on the hospitality industry and the operations, our audit procedures were applied to all hotels (including those that were closed as of December 31, 2020), and included the following:

- 1) We reviewed the controls related to the identification of impairment indicators on the hotels that resulted from FibraHotel's analysis. Our procedures included the review of the evidence provided by the administration, considering internal and external factors. We also consider the knowledge of FibraHotel and industry information.
- 2) We confirmed that the methodologies used to determine the recoverable value has been carried out in accordance with IAS 36.
- 3) We tested the internal controls associated with the preparation and review of the financial projections related to the information contained in the valuation of the hotels with impairment indicators, including their income and operating expenses. Also, this information was tested and corroborated against the historical amounts shown in the balance of each hotel. Similarly, we examined assumptions used by FibraHotel such as growth, inflation, discount and capitalization rates and market values.
- 4) For all hotels we involved our internal valuation specialists, who using independent market inputs, carried out fair value analysis, and compared them with the valuation performed by FibraHotel.
- 5) We reviewed that the differences between the recoverable values and the book values were correct at the end of each year and, if any, reviewed the effects recorded in the consolidated statements of comprehensive income.

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 other information is expected to be available for our reading after the issuance of this audit report.

Our opinion of 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 and Trust's Administration 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 governance 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 ISAs, 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 FibraHotel'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 FibraHotel 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.
- Obtain sufficient and appropriate audit evidence about FibraHotel's consolidated financial information and its business activities to express an opinion on the consolidated financial statements. We are also responsible for the direction, supervision and performance of the audit group. We remain solely responsible for our audit opinion.

We communicate to 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 Deloitte Touche Tohmatsu Limited

C. P. C. Marco Antonio Arellano Alfaro
March 31, 2021

Consolidated Statements of Financial Position

As of December 31, 2020, 2019 and 2018
(In thousands of Mexican Pesos)

Assets	Notes	2020	2019	2018
Current assets:				
Cash, cash equivalents and restricted cash	5	\$ 460,497	\$ 905,887	\$ 481,404
Trade accounts receivable and other accounts receivables - Net	6	140,677	262,916	267,717
Recoverable taxes, mainly value-added tax		14,866	38,930	17,594
Prepaid expenses		18,160	16,583	43,988
Total current assets		634,200	1,224,316	810,703
Non-current assets:				
Hotel properties, furniture and operating equipment - Net	7	12,280,635	12,305,850	11,819,715
Properties under development	8	92,923	239,384	423,299
Investment properties	9	3,806,192	3,965,509	3,948,227
Security deposits		4,943	4,953	3,579
Deferred income taxes	12	3,029	5,480	2,981
Derivative financial instruments	13f	-	908	99,969
Total non-current assets		16,187,722	16,522,084	16,297,770
Total assets		\$ 16,821,922	\$ 17,746,400	\$ 17,108,473
Liabilities and Trustees' Equity				
Current liabilities:				
Current portion of long-term debt	11	\$ 319,297	\$ 170,561	\$ 413,525
Suppliers and accrued expenses	10	208,718	415,945	453,063
Administradora Fibra Hotelera Mexicana, S.A. de C.V. - related party		144,493	37,937	36,107
Interest payable		79,686	58,867	1,805
Taxes payable		12,158	14,382	12,503
Income tax		-	8,720	-
Derivative financial instruments		1,724	-	-
Total current liabilities		766,076	706,412	917,003
Long-term liabilities:				
Debt	11	2,117,534	1,931,361	3,102,409
Public debt securities	11	2,479,578	2,477,244	-
Total liabilities		5,363,188	5,115,017	4,019,412
Trustees' equity				
Contributions from trustees	15	10,983,435	11,113,531	11,701,675
Reserve for share-based payments	15	33,224	24,918	16,612
Retained earnings		506,979	1,555,206	1,333,984
Other comprehensive income - Valuation effect of derivative financial instruments	13f	(64,904)	(62,272)	36,790
Total trustees' equity		11,458,734	12,631,383	13,089,061
Total liabilities and trustees' equity		\$ 16,821,922	\$ 17,746,400	\$ 17,108,473

See accompanying notes to consolidated financial statements.

Consolidated Statements of Income and Other Comprehensive Income

For the years ended December 31, 2020, 2019 and 2018
(In thousands of Mexican Pesos)

	Notes	2020	2019	2018
Revenues from:				
Rooms		\$ 1,383,412	\$ 3,203,541	\$ 3,039,513
Food and beverages		312,880	755,842	689,369
Real estate rentals		195,707	372,466	350,443
Other income		49,653	40,120	27,926
Total revenues		<u>1,941,652</u>	<u>4,371,969</u>	<u>4,107,251</u>
Costs of:				
Rooms		447,012	708,818	629,464
Food and beverages		281,317	499,377	429,064
Indirect costs		905,070	1,709,692	1,605,614
Total costs		<u>1,633,399</u>	<u>2,917,887</u>	<u>2,664,142</u>
Gross profit (lodging contribution)		308,253	1,454,082	1,443,109
Property expenses		115,568	74,592	76,310
Corporate expenses		219,151	260,105	283,068
Depreciation	7	583,838	465,817	419,015
Impairment of hotel properties	7	5,392	-	41,890
Other expenses (income), net		29,401	(11,330)	(1,882)
Adjustment to the fair value of investment properties	9	(42,744)	47,081	(143,795)
(Loss) operating income		<u>(602,353)</u>	<u>617,817</u>	<u>768,503</u>
Financial (income) costs:				
Interest income		(33,858)	(71,562)	(110,159)
Interest expense		390,364	360,991	234,521
Other financial expenses		28,138	10,602	11,021
Foreign Exchange (income) loss, Net		12,708	(7,761)	16,128
Total financial costs, net		<u>397,352</u>	<u>292,270</u>	<u>151,511</u>
(Loss) Income before income taxes		(999,705)	325,547	616,992
Income taxes	12	2,451	8,460	2,282
Consolidated net (Loss) income		<u>(1,002,156)</u>	<u>317,087</u>	<u>614,710</u>
Other comprehensive income:				
Loss in fair value on interest hedging instruments		<u>(2,632)</u>	<u>(99,062)</u>	<u>(15,390)</u>
Consolidated net comprehensive (loss) income		<u>\$ (1,004,788)</u>	<u>\$ 218,025</u>	<u>\$ 599,320</u>
Net (loss) income per weighted average CBFIs with economic rights (pesos), basic and diluted		<u>\$ (1.2789)</u>	<u>\$ 0.4036</u>	<u>\$ 0.7601</u>
Net (loss) income per weighted average CBFIs (pesos), basic and diluted		<u>\$ (1.2017)</u>	<u>\$ 0.3802</u>	<u>\$ 0.7371</u>
Weighted average CBFIs with economic rights		<u>783,619,492</u>	<u>785,720,574</u>	<u>808,683,842</u>
Weighted average outstanding CBFIs		<u>833,947,220</u>	<u>833,947,220</u>	<u>833,947,220</u>

See accompanying notes to consolidated financial statements.

Consolidated Statements of Changes in Trustees' Equity

For the years ended December 31, 2020, 2019 and 2018
(In thousands of Mexican Pesos)

	Number of CBFIs	Contributions from trustee	Legal reserve for shared based payments	Retained earings	Valuation effect for derivative financial instrument	Toal trustees' equity
Balances as of january 1, 2018	833,947,220	\$ 12,669,151	\$ -	\$ 1,084,375	\$ 52,180	\$ 13,805,706
Re-purchase of CBFIs	-	(439,046)	-	-	-	(439,046)
Shared-based payment cost	-	-	16,612	-	-	16,612
Cancellation of CBFIs from asset exchange	-	(17,315)	-	-	-	(17,315)
Distribution to trustees	-	(511,115)	-	(365,101)	-	(876,216)
Consolidated net comprehensive income	-	-	-	614,710	(15,390)	599,320
Balances as of December 31, 2018	833,947,220	11,701,675	16,612	1,333,984	36,790	13,089,061
Shared-based payment cost	-	-	8,306	-	-	8,306
Distribution to trustees	-	(588,144)	-	(95,865)	-	(684,009)
Consolidated net comprehensive income	-	-	-	317,087	(99,062)	218,025
Balances as of December 31, 2019	833,947,220	11,113,531	24,918	1,555,206	(62,272)	12,631,383
Re-purchase of CBFIs	-	(18,132)	-	-	-	(18,132)
Shared-based payment cost	-	-	8,306	-	-	8,306
Distribution to trustees	-	(111,964)	-	(46,071)	-	(158,035)
Consolidated comprehensive net loss	-	-	-	(1,002,156)	(2,632)	(1,004,788)
Balances as of December 31, 2020	833,947,220	\$ 10,983,435	\$ 33,224	\$ 506,979	\$ (64,904)	\$ 11,458,734

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

For the years ended December 31, 2020, 2019 and 2018
(In thousands of Mexican Pesos)

	2020	2019	2018
Cash flows from operating activities:			
Consolidated net (loss) income	\$ (1,002,156)	\$ 317,087	\$ 614,710
Adjustments for:			
Income taxes recognized in net income	2,451	8,460	2,282
Loss on sale of furniture and hotel equipment	3,847	4,170	35
Adjustment to the fair value of investment properties	(42,744)	47,081	(143,795)
Depreciation	583,838	465,817	419,015
Impairment of hotel properties	5,392	-	41,890
Asset retired	38,261	-	-
Interest income	(33,858)	(71,562)	(110,159)
Interest expenses	390,364	360,991	234,521
Shared-based payment cost	8,306	8,306	16,612
Unrealized foreign exchange	13,812	(10,190)	8,705
Amortization of bond issuance costs	2,334	584	-
Other financial expenses	28,138	10,602	11,021
	(2,015)	1,141,346	1,094,837
Changes in working capital:			
Trade accounts receivable and other receivables	122,239	4,801	53,120
Recoverable taxes, mainly value-added tax	24,064	(21,336)	10,623
Prepaid expenses	(1,577)	27,405	(20,489)
Security deposits	10	(1,374)	(483)
Suppliers and accrued expenses	(207,227)	(37,060)	46,686
Administradora Fibra Hotelera Mexicana, S.A. de C.V. - Related party	106,556	1,830	10,544
Taxes payable	(4,117)	1,878	5,977
Income tax paid	(6,827)	(2,240)	(5,245)
Net cash generated by operating activities	31,106	1,115,250	1,195,570
Cash flows from investing activities:			
Acquisition of investment properties	(28,007)	(64,363)	(3,033,837)
Acquisition of hotel properties, furniture and operating equipment	(234,168)	(470,772)	(390,978)
Proceeds from sale of furniture and hotel operating equipment	4,574	-	-
Investment in development projects	-	(264,834)	(752,370)
Interest received	33,858	71,562	110,159
Net cash used in investing activities	(223,743)	(728,407)	(4,067,026)

(Continued)

	2020	2019	2018
Cash flows from financing activities:			
Proceeds from borrowings	366,000	3,427,467	456,831
Payments of borrowings	(44,903)	(2,331,289)	(115,508)
Derivative financial instrument payment	-	-	(707)
Capitalized interest paid	-	(36,658)	(102,837)
Interest paid	(369,545)	(303,929)	(286,617)
Distribution to trustees	(158,035)	(684,009)	(876,216)
Re-purchase of CBFIs	(18,132)	-	(439,046)
Bond issuance costs	-	(23,340)	-
Other financial expenses	(28,138)	(10,602)	(11,021)
Net cash (used in) generated financing activities	(252,753)	37,640	(1,375,121)
Cash, cash equivalents and restricted cash:			
Net (decrease) increase in cash, cash equivalents and restricted cash	(445,390)	424,483	(4,246,577)
Cash, cash equivalents and restricted cash at the beginning of the year	905,887	481,404	4,727,981
Cash, cash equivalents and restricted cash at the end of the year (including restricted cash of \$114,285, \$457,727 and \$122,289 as of December 31, 2020, 2019 and 2018, respectively)	<u>\$ 460,497</u>	<u>\$ 905,887</u>	<u>\$ 481,404</u>

See accompanying notes to consolidated financial statements.

(Concluded)

Notes to Consolidated Financial Statements

For the years ended December 31, 2020, 2019 and 2018
(In thousands of Mexican Pesos)

1. Activities and relevant 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 hotels in the FibraHotel portfolio operate under the following brands:

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

To carry out its operations, FibraHotel has entered into 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; in the same way, as of December 31, 2020, 2019 and 2018, FibraHotel 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"), (collectively "Operator"), which establish a fee based on the hotels' gross operating profit, among other metrics. FibraHotel has also entered into lease agreements with Posadas, (whereby FibraHotel acts as a lessor) 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 the 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.

Hotels portfolio composition

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

Operator	Number of hotels as of December 31,					
	2020		2019		2018	
	Operating agreement	Lease agreement	Operating agreement	Lease agreement	Operating agreement	Lease agreement
Posadas	65	2	67	4	66	4
Real Turismo	3	-	3	-	3	-
Marriott International	11	-	12	-	12	-
Total	79	2	82	4	81	4
Total operating hotels	81		86		85	
Total rooms	11,939		12,560		12,300	

Between December 31, 2019 and December 31, 2020, there was a decrease in 5 hotels in operation representing 619 rooms due to the termination of four operating agreements and one lease agreement.

As of December 31, 2020, 2019 and 2018 the hotels' development portfolio includes 0, 0 and 5 hotels, respectively. Properties under development also include land, air rights, construction and / or assets to perform the development of the hotels. The investments by FibrHotel as of December 31, 2020, 2019 and 2018, amounted to \$92,923, \$239,384, \$423,299, respectively, presented in the consolidated statement of financial position in the line item "Properties under development".

Relevant events -

a) Events related to the COVID-19 pandemic

- At the end of March 2020, FibrHotel disposed two credit lines for an amount of \$366 million Mexican pesos for liquidity needs during the pandemic.
- At the beginning of April 2020, FibrHotel closed almost all of its portfolio, leaving only two hotels open. Additionally, the decision was made to close five hotels indefinitely and to terminate four hotel operation agreement (One Coatzacoalcos, Gamma Ciudad Obregón, Gamma León and Fairfield Inn Saltillo) and a lease agreement (Live Aqua Boutique Playa del Carmen). As of the date of this report, those five hotels remain closed.
- The portfolio was temporarily closed during the months of April and May 2020 and partially reopened during the months of June and July 2020. By the end of July, all hotels, except the five mentioned above, had restarted operations.
- During the months of April and May 2020, adjustments were made to the hotels operating model in order to reduce operating costs, seek greater efficiency, and substantially lower the hotels' operating breakeven level.
- In order to protect FibrHotel's liquidity situation, certain actions were taken, in accordance with FibrHotel's Technical Committee, including, among others, deferring the payment of the advisory commission during 2020 and limiting the hotels CAPEX to what is strictly necessary.
- During the second quarter of 2020, FibrHotel reached agreements with its creditors. The agreement with BBVA Bancomer, SA, Institución de Banca Múltiple, Grupo Financiero BBVA ("BBVA Bancomer" or "BBVA"), Banco Mercantil del Norte, SA, Institución de Banca Múltiple, Grupo Financiero Banorte ("Banorte") and with SabCapital, SA de CV, SOFOMER ("SabCapital" or "Sabadell") included a grace period for the fulfillment of the financial covenants.

- During the second and third quarters, FibraHotel benefited from BBVA's COVID-19 support plan, which gave a grace period on capital amortization for \$ 78,071 and interest for \$ 18,497. It was agreed that the principal would be paid until the end of the life of the loan and the interest would be paid after six months.
- On July 27, 2020, FibraHotel signed with Banco Mercantil del Norte, S.A. de C.V. (Banorte), an additional credit line of \$250 million Mexican pesos, available for 24 months. As of the date of this report, this credit line has not been disbursed and remains available.
- During the fourth quarter 2020, FibraHotel reached an agreement with BBVA and Banorte on the financial conditions in their credit agreements, obtaining a waiver on the covenants for the year 2021 (excluding the leverage ratio, which FibraHotel is in compliance with).

b) *Going concern*

- The accompanying consolidated financial statements have been prepared under the going concern basis.
- During the last months of 2020 and the first months of 2021, the hotel portfolio has had a trend of recovery in its activity levels and has maintained its expenses reduction policy, as designed throughout the second and third quarters of 2020, to return to break-even as soon as possible. From the reopening of the portfolio during the summer:
 - o Geographical diversification and portfolio quality has allowed FibraHotel to have a steady improvement in occupancy rate, closing the fourth quarter with a 36% occupancy rate and revenue of \$545 million Mexican pesos against \$72 million Mexican pesos and \$376 million Mexican pesos revenues in the second and third quarters of 2020 respectively.
 - o Expenses reduction policy led to hotel level break-even during August 2020, and a positive cash flow from operations in the third and fourth quarters of 2020.
- While visibility is still uncertain and activity could be impacted in the event of new operating restrictions (such as mid- and late 2020), FibraHotel continues to focus on cost reduction and improved cash flow generation. The environment remains uncertain about the speed and shape of the economic and health recovery by 2021 so FibraHotel continues with the proper measures to maintain liquidity including the availability of a \$250 million Mexican pesos line of credit, constant dialogue with financial institutions to improve the debt maturity profile. FibraHotel signed an amended agreement with a bank at the end of 2020 to have no capital amortizations in 2021 on an existing line of credit and continues in discussions to improve the amortizations profile of other lines of credit.

Therefore, the Administration considers that FibraHotel will continue in a going concern basis for the foreseeable future.

c) *Change of the lease contract of the Fiesta Inn Cuautitlan hotel*

The Fiesta Inn Cuautitlán hotel was under a lease contract with Grupo Posadas until December 31, 2019; on January 1, 2020 this contract was changed to an operation agreement with the same brand and operator, as such, beginning in 2020, the hotel is considered as a managed hotel. For accounting purposes, as of January 1, 2020, the hotel is no longer considered in the balance sheet as Investment Property and is considered as Hotel Property, furniture and equipment.

d) *Opening of the hotel Fiesta Americana Viaducto Aeropuerto*

On November 19th, 2019, FibraHotel opened Fiesta Americana Viaducto Aeropuerto hotel inside the Via 515 mixed use project in Mexico City. The hotel has 260 full-service rooms.

e) *Bond issuance (financial debt)*

On September 24, 2019, FibraHotel announced its inaugural bond in the Bolsa Institucional de Valores ("BIVA") with the issuance of \$2,500 million Mexican pesos 10-year bond at a fixed rate of 8.83%. Before the issuance of this first bond, FibraHotel received corporate credit ratings of AA by Fitch Ratings and AA+ by HR Ratings. FibraHotel's inaugural bond issuance is a 10-year fixed rate bond in pesos with equal capital amortizations in years 8, 9 and 10. The issuance of the Certificados Bursátiles Fiduciarios ("CBFs") through BIVA was the first issuance under the long-term bond issuance program. The proceeds of the bond were to refinance existing liabilities and for general corporate purposes.

f) *Asset acquisitions*

- *Acquisition of Fiesta Americana Hermosillo hotel*

On January 31st, 2020, the conditions were met for the sale of the Fiesta Americana Hermosillo hotel with 220 full-service rooms operated by Grupo Posadas, which was agreed by the parties in 2016. FibraHotel carried out a remodeling of the hotel with an investment of \$86,285 that was taken at the cost of ten times the average EBITDA generated by the hotel in 2017, 2018 and 2019. The remaining price paid by FibraHotel was \$107,876. The total price for the hotel was \$194,161 and with this payment the lease contract was terminated, the property was transferred to FibraHotel and the operating agreement began to take effect.

- *Acquisition of Fiesta Americana Condesa Cancún hotel*

On February 20, 2018, the conditions were met for the sale and the contract was executed for the purchase of the Fiesta Americana Condesa Cancún (HFACC) hotel, for a purchase price of \$2,892,000, plus indirect expenses related to the acquisition for \$95,119, for a total amount of \$2,987,119. Simultaneously, the long-term lease agreement with Posadas, with respect to the hotel, went into effect; both parties agreed that the economic benefits from the sale and lease agreements would be effective as of January 1, 2018.

g) *CBFI Repurchase program approval*

FibraHotel has a CBFI repurchase program. Below is a detail of its operation in recent years:

	Acquisition			Cancellations	
	2018	2019	2020	7/01/2019	9/03/2020
Acquired CBFI Amount	\$ 41,330,219	\$ -	\$ 2,236,405	\$ 36,620,342	\$ 8,733,372
Acquisition Price	\$ 438,770,814	\$ -	\$ 18,131,549	\$ 354,330,338	\$ 84,716,068
	\$ 10.62	\$ -	\$ 7.79	\$ 10.86	\$ 9.70

h) *Approval of employee compensation plan to be paid in certificates*

In April 2017, the long-term incentive plan was approved by the Holders' Meeting. The structure of the plan is as follows:

Plan	Period	Number of CBFI	Number of CBFI effectively granted	Vesting period
Plan 2017	2013-2016	1,679,582	1,679,582	20% in 2018 30% in 2018 50% in 2020
Plan 2018	2017	1,578,303	315,661	100% in 2020
Plan 2019	2018	1,736,133	434,034	100% in 2021
		<u>4,994,018</u>	<u>2,429,277</u>	

i) *New credit lines*

On March 31st, 2020, FibraHotel disposed \$166 million Mexican pesos from the credit line with Banco Mercantil del Norte, S.A. de C.V. ("Banorte"). The conditions of the contract establish interest payments on a 28-days TIIE rate plus 2.0 percentage, as of July 2020.

On March 24th, 2020, FibraHotel disposed \$200 million Mexican pesos from the revolving credit line with SabCapital ("Sabadell"). The contract conditions establish interest payments on a 28-day TIIE rate plus 1.50 percentage.

In September 2019, the balances of two of the credit lines contracted with Banorte, \$896 million Mexican pesos and \$984 million Mexican pesos respectively, were paid in advance with the resources obtained from the placement of the long-term bond for an amount of \$ 2,500 million Mexican pesos.

On June 29th, 2019, FibraHotel contracted credit line of credit for up to \$ 1,000 million Mexican pesos with Banorte of which \$ 827 million Mexican pesos has been drawn down, \$ 173 million Mexican pesos is the amount of the loan for providing the conditions of the contract establish interest payments on a 28-day TIIE rate plus 1.30 percentage.

On September 26th, 2018, FibraHotel received \$13.0 million U.S. dollars, representing the remainder of the \$500 million credit line with BBVA Bancomer. This contract establishes the payment of interest at LIBOR 91-day + 1.80 percentage, and its amortization will be in dollars.

On August 3rd and November 14th, 2018, FibraHotel received cash from lines of credit for \$100 and \$110 million Mexican pesos, respectively, of a revolving line of credit contracted with Sabadell. In May 2019, that line of credit was renewed for a 2-year period for an amount of \$200 million Mexican pesos and it was paid in September 2019 with proceeds from \$2,500 million Mexican pesos from the long-term bond issuance.

2. **Application of new and revised International Financial Reporting Standards**

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

In the current year, FibraHotel implemented a series of new and modified IFRS, issued by the International Accounting Standards Board ("IASB") which are mandatory and entered into force as of the years that started on or after January 1, 2020.

Initial impact of the application of the Interest Rate Benchmark Reform (Amendment to IFRS 9, IAS 39, and IFRS 7)

In September 2019, the IASB issued Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7). These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the ongoing interest rate benchmark reforms.

The amendments are relevant to FibraHotel given that it applies hedge accounting to its benchmark interest rate exposures. The application of the amendments impacts the Entity's accounting in the following ways:

- FibraHotel has a variable rate of debt, indexed to LIBOR, which hedges cash flows using interest rate swaps.

- FibraHotel will retain the cumulative gain or loss in the cash flow hedge reserve for designated cash flow hedges that are subject to interest rate benchmark reforms even though there is uncertainty arising from the interest rate benchmark reform with respect to the timing and amount of the cash flows of the hedged items. Should FibraHotel consider the hedged future cash flows are no longer expected to occur due to reasons other than interest rate benchmark reform, the cumulative gain or loss will be immediately reclassified to profit or loss.

The amendments also introduce new disclosure requirements to IFRS 7 for hedging relationships that are subject to the exceptions introduced by the amendments to IFRS 9.

Initial impact of concessions applied to Income under IFRS 16 due to issues related to COVID-19

In May 2020, the IASB issued the amendment to IFRS 16, COVID-19 Related Rent Concessions that provides practical resources for tenant rental concessions that occurred as a direct consequence of COVID-19, thus introducing a practical expedient for IFRS 16. The practical expedient allows a lessee the choice to assess whether a COVID-19 related rental concession is a lease modification. The lessee making this choice must account for any change in the rent payments resulting from the COVID-19 rent grant applying IFRS 16 as if the change were not a modification to the lease.

The practical expedient applies only to rental concessions that occur as a direct consequence related to COVID-19 and only if the following conditions:

- a) The change in lease payments results in a consideration that is substantially the same as, or less than, the lease consideration immediately prior to the change.
- b) Any reduction in lease payments affects only payments originally due on or before June 30, 2021 (a rent concession meets this condition if it results in reduced lease payments on or before June 30, 2021 and increased lease payments that extend beyond June 30, 2021); and
- c) There is no substantive change to other terms and conditions of the lease.

During the year, FibraHotel has decided to apply the amendments to IFRS 16 (as issued by the IASB in May 2020) in advance.

Initial impact of the application of other new and modified IFRSs that are effective for fiscal years and reporting periods beginning on or after January 1, 2020

Impact of the initial application of other new and amended IFRS Standards that are effective for the current year in the current year, the Group has applied the below amendments to IFRS Standards and Interpretations issued by the Board that are effective for an annual period that begins on or after 1 January 2020. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to References to the Conceptual Framework in IFRS Standards

FibraHotel has adopted the amendments included in Amendments to References to the Conceptual Framework in IFRS Standards for the first time in the current year. The amendments include consequential amendments to affected Standards so that they refer to the new Framework. Not all amendments, however, update those pronouncements with regard to references to and quotes from the Framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASC Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Framework of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised Conceptual Framework.

The Standards which are amended are IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.

*Amendments to IFRS 3
Definition of a business*

FibraHotel has adopted the amendments to IFRS 3 for the first time in the current year. The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired. The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets.

The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after 1 January 2020.

*Amendments to IAS 1 and IAS 8
Definition of material*

FibraHotel has adopted the amendments to IAS 1 and IAS 8 for the first time in the current year. The amendments make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.

The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'.

The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of 'material' or refer to the term 'material' to ensure consistency.

New and amended IFRS Standards that are not yet effective

As of the issue date of these consolidated financial statements, the Entity has not applied the following new and modified IFRS Standards that have been issued but are not yet effective:

Amendments to IAS 1	Classification of liabilities as current or non-current
Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 16	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts - Cost of Fulfilling a Contract
Annual improvements to IFRS Standards 2018-2020	Amendments to IFRS 1 First-time adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases.

Management do not expect that the adoption of the Standards listed above will have a material impact on the consolidated financial statements of the Entity in future periods, except as noted below:

Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the Board; however, earlier application of the amendments is permitted. The directors of the Company anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods should such transactions arise.

Amendments to IAS 1 - Classification of Liabilities as Current or Non-current

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

Amendments to IFRS 3 - Reference to the Conceptual Framework

They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated *Conceptual Framework*) at the same time or earlier.

Amendments to IAS 16 - Property, Plant and Equipment-Proceeds Before Intended Use

The amendments prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the entity is preparing the asset for its intended use, for example, income while the asset is brought to the location and the necessary conditioning is made to make it operable in the manner that is intended according to management. Instead, an entity will recognize such sales proceeds and related cost in profit or loss. The Entity measures the costs of these items in accordance with IAS 2 Inventories.

The amendments clarify the meaning of 'testing if an asset works properly'. Now IAS 16 specifies this as an assessment in which the physical and technical performance of the asset is capable of being used in the production or supply of goods or services, for rent or other, or administrative purposes.

If it is not presented separately in the statement of comprehensive income, the financial statements must disclose the amounts of income and costs in results related to items that are not an output from the ordinary activities of the entity, in the entry line (s) in the statement of comprehensive income where income and costs are included.

The modifications are applied retrospectively, but only to the items of property, plant and equipment that are brought to the location and conditions necessary for them to be able to operate as management has planned on or after the beginning of the period in which the financial statements of the Entity are presented, in which the amendments are applied for the first time.

The Entity must recognize the cumulative effect of the initial application of the amendments as an adjustment to the balance sheet in retained earnings (or some capital component, as appropriate) at the beginning of the first period to be presented.

Amendments to IAS 37 - Onerous Contracts-Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

Annual Improvements to IFRS Standards 2018-2020

The *Annual Improvements* include amendments to four Standards.

IFRS 1 First-time Adoption of International Financial Reporting Standards

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1: D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1: D16(a).

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

IFRS 9 Financial Instruments

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

IFRS 16 Leases

The amendment removes the illustration of the reimbursement of leasehold improvements.

As the amendment to IFRS 16 only regards an illustrative example, no effective date is stated.

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods.

3. Significant accounting policies

a. *Statement of compliance*

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards released (IFRS) by IASB.

b. *Basis of preparation*

The consolidated financial statements have been prepared on the historical cost basis except for the revaluation of financial instruments and investment properties that are measured at revalued amounts or fair values at the end of each reporting period, as explained 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 its subsidiaries over which it exercised control. Control is achieved when the 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.

The Trust reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Trust obtains control over the subsidiary and ceases when the Entity loses control of the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Trust's accounting policies.

All intragroup balances, operations and cash flows are eliminated in full on consolidation.

Entity	Ownership percentage 2020, 2019 and 2018	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, kitchens, malls and commercial premises and offices.

As mentioned in Note 1 FibraHotel has no employees, however, 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) 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 acquiree (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*

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortized cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, FibraHotel may make the following irrevocable election / designation at initial recognition of a financial asset:

- FibraHotel may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met (see (iii) below); and
- FibraHotel may irrevocably designate a debt investment that meets the amortized cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (see (iv) below).

(i) *Amortized cost and effective interest method*

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (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) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortized cost of the debt instrument on initial recognition.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance.

Interest income is recognized using the effective interest method for debt instruments measured subsequently at amortized cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, FibrHotel recognizes interest income by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Impairment of financial assets

FibrHotel always recognizes lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the FibrHotel's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, FibrHotel recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, FibrHotel measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(ii) *Significant increase in credit risk*

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, FibrHotel compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the beginning date. In making this assessment FibrHotel considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which FibrHotel's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relate to the Entity's core operations.

(iii) *Definition of default*

FibrHotel considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- When there is a breach of financial covenants by the debtor; or
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including FibrHotel, in full (without taking into account any collateral held by FibrHotel).

Irrespective of the above analysis, FibrHotel considers that default has occurred when a financial asset is more than 90 days past due unless FibrHotel has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iv) *Credit-impaired financial assets*

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- a. Significant financial difficulty of the issuer or the borrower;
- b. A breach of contract, such as a default or past due event (see (ii) above);
- c. The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- d. It is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- e. The disappearance of an active market for that financial asset because of financial difficulties.

(v) *Write off Policy*

FibraHotel writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Entity's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in the statement of income.

Derecognition of financial assets

FibraHotel derecognizes a financial asset only 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 entity. If the Entity neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, FibraHotel recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If FibraHotel retains substantially all the risks and rewards of ownership of a transferred financial asset, FibraHotel continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which FibraHotel has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities and equity

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 and the definitions of a financial liability and an equity instrument.

Equity instruments

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

Repurchase of 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 FibraHotel's own equity instruments.

g. *Financial liabilities*

All financial liabilities are measured subsequently at amortized cost using the effective interest method or at FVTPL.

Disposal of financial liabilities

FibraHotel derecognizes financial liabilities when, and only when, the Entity'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.

When FibraHotel exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Entity accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification should be recognized in profit or loss as the modification gain or loss within other gains and losses.

h. *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.

i. *Hotel properties, furniture and operating equipment*

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.

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 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.

Freehold land is not depreciated.

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

Depreciation is recognized to carry out in profit or loss, the cost or valuation of the assets, less their residual value, over their useful lives. The estimated useful life, the residual value and the depreciation method are reviewed at the end of each year, and the effect of any change in the estimation is recorded on a prospective basis.

Depreciation rates of hotel properties, furniture and operating equipment as of December 31 2020, 2019 and 2018:

	%
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.

j. *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 the statement of income.

When a loss from impairment is 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 the statement of income.

k. *Investment property*

Investment properties are properties held to earn rentals and/or for capital appreciation. The properties that are under construction or development and that are intended to be used for leasing can qualify as investment properties.

Acquired investment properties and improvements to leased premises are recorded at acquisition cost, including transaction costs related to the acquisition of assets. Investment properties acquired in exchange for equity instruments are valued at their fair value, as detailed below. Subsequent to the initial recognition, the investment properties are valued at their fair value. The fair values are determined by the FibraHotel Administration considering the discounted future cash flow method and considering the following:

- (i) At least once in each 12-month period from the acquisition of the investment properties and
- (ii) When a factor that may impact on the value of the investment property is detected.

The gains and losses on fair value are recorded in the "adjustments to fair value of investment properties" account in the consolidated statements of comprehensive income, in the period they are incurred.

The initial direct costs incurred in the negotiation of leases are added to the carrying amount of the investment properties.

When FibraHotel has a property under an operating lease to obtain rental income or to obtain capital gains, or both, it is classified and accounted for as investment property.

An investment property is derecognized at its disposal or when the investment property is permanently out of use and no future economic benefits of its disposal are expected.

Any gain or loss arising upon derecognizing the property (calculated as the difference between the net income and the book value of the investment property) is included in the consolidated statement of comprehensive income in the period in which the property is derecognized, if applicable.

l. 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 12.

m. 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).

n. 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

FibraHotel evaluates whether a contract contains a lease at its background. FibraHotel recognizes an asset for use rights and a corresponding lease liability with respect to all lease agreements in which it is a lessee, except for short-term leases (term of 12 months or less) and low-value assets (such as electronic tablets, personal computers and small items of office furniture and telephones). For these leases, the Entity recognizes rental payments as an operating expense under the straight-line method throughout the period of the lease, unless another method is more representative of the pattern of time in which the economic benefits from consumption of leased assets.

The lease liability is initially measured at the present value of the rent payments that are not paid on the start date, discounted by the rate implicit in the contract. If this rate cannot be easily determined, FibraHotel uses incremental rates.

The rent payments included in the measurement of the lease liability consist of:

- Fixed rent payments (including fixed payments in substance), less any lease incentives received;
- Variable income payments that depend on an index or rate, initially measured using the index or rate on the start date;
- The expected amount to be paid by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; Y
- Payments for penalties resulting from the termination of the lease, if the lease period reflects the exercise of a lease termination option

The lease liability is presented as a separate concept in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the book value to reflect the interest accrued by the lease liability (using the effective interest method) and reducing the book value to reflect the rental payments made.

FibraHotel revalues the lease liability (and makes the corresponding adjustment to the asset for related use rights) whenever:

- The lease term is modified or there is a significant event or change in the circumstances of the lease resulting in a change in the evaluation of the purchase option exercise, in which case the lease liability is measured by discounting the updated rental payments using an updated discount rate.
- The rent payments are modified as a consequence of changes in indexes or rate or a change in the expected payment under a guaranteed residual value, in which cases the lease liability is revalued discounting the updated rent payments using the same discount rate (unless the change in rent payments is due to a change in a variable interest rate, in which case an updated discount rate is used.)
- A lease is modified and the modification of the lease is not accounted for as a separate lease, in which case the lease liability is revalued based on the lease term of the modified lease, discounting updated rental payments using a discount rate updated to the effective date of the modification.

FibraHotel did not make any of the adjustments mentioned in the periods presented.

Assets for rights of use consist of the initial measurement of the corresponding lease liability, the rent payments made on or before the commencement date, less any lease incentives received and any direct initial cost. Subsequent valuation is cost less accumulated depreciation and impairment losses.

If FibraHotel incurs an obligation arising from costs to dismantle and remove a leased asset, restore the bond in which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision measured in accordance with the IAS 37. To the extent that costs are related to an asset for rights of use, costs are included in the asset for rights of related use, unless such costs are incurred to generate inventories.

Right-of-use assets are depreciated over the shorter period between the lease period and the useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the asset for use rights reflects that the Entity plans to exercise a purchase option, the asset for use rights will be depreciated over the useful life. Depreciation begins on the start date of the lease.

Assets for rights of use are presented as a separate concept in the consolidated statement of financial position.

FibraHotel applies IAS 36 to determine if an asset for use rights is impaired and accounts for any impairment loss identified as described in the 'Hotel properties, furniture and operating equipment' policy.

Variable income leases that do not depend on an index or rate are not included in the measurement of the lease liability and the asset for use rights. Related payments are recognized as an expense in the period in which the event or condition that triggers the payments occurs and are included in the concept of "Other expenses" in the consolidated statement of income.

As a practical expedient, IFRS 16 allows non-lease components to be separated and instead to account for any leases and their associated non-lease components as a single agreement. The Entity has not used this practical file. For contracts that contain lease components and one or more additional lease or non-lease components, the Entity assigns the consideration of the contract to each lease component under the method of relative sale price independent of the lease component and relative sale price independent aggregate for all non-lease component.

o. *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 the statement of income.

p. *Financial derivative instruments*

FibraHotel enters into derivative financial instruments to manage its exposure to volatility in interest rates. Further details of derivative financial instruments are disclosed in Note 13, f).

Derivatives are initially recognized at fair value at the date the derivative contracts are signed 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.

A derivative with a positive fair value is recognized as a financial asset, while a derivative with a negative fair value is recognized as a financial liability. Derivatives are not offset in the financial statements unless FibraHotel has both the legal right and the intention to compensate. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realized or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

q. *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.

Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges are recognized in other comprehensive income and accumulated under the heading of cash flow hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss, and is included in the 'other gains and losses' line item.

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognized hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognized in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect other comprehensive income. Furthermore, if the Entity expects that some or all of the loss accumulated in the cash flow hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

The Entity discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The suspension is accounted prospectively. Any gain or loss recognized in other comprehensive income and accumulated in cash flow hedge reserve at that time remains in equity and is reclassified to profit or loss when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in cash flow hedge reserve is reclassified immediately to profit or loss.

Note 13f includes major details about the fair value of the derivative instruments used for hedging purposes.

r. *Employee CBFIs compensation plan*

Employee CBFi compensation plan

CBFI-based payment transactions payable through equity instruments to executives that provide services to FibraHotel, through outsourcing, are valued at the fair value of the equity instruments at the date they are granted. The details related to the determination of the fair value of CBFi-based payment transactions are presented in Note 15 f.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight line basis over the vesting period, based on FibraHotel's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, FibraHotel revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity settled employee benefits reserve.

Equity-settled CBFi-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

For cash-settled CBFi-based payments, a liability is recognized for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, any changes in fair value are recognized in profit or loss for the year.

s. *Revenue Recognition*

FibraHotel recognizes income as follows:

- i. Revenue from room rents, multipurpose rooms and other income from services are recognized as a performance obligation that is satisfied over time. Payments for the rental of rooms are settled, in most cases, by the guests when the services are complete, therefore, an asset is recognized in the period in which the services are rendered, representing the right of FibraHotel to recognize income when the performance obligation is completed.

- ii. Revenues related to food and beverages, and other income that involves the delivery of a product are made in the different consumption centers of the hotels and are recognized when the control of goods has been transmitted, this being when the guest receives the products.
- iii. FibraHotel's policy for the revenue recognition from operating leases is described in Note 3 n).
- t. *Classification of costs and expenses*
The costs and expenses presented in the consolidated statement of comprehensive income were classified on their nature and function.
- u. *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.
- v. *Net income per CBFIs*
Is determined by dividing the consolidated profit by the weighted average of the outstanding CBFIs issued with economic rights during the period. The net income per CBFIs issued with economic rights is determined by subtracting from the CBFIs in circulation the CBFIs in Treasury, which as of December 31, 2020, 2019 and 2018 amount to 50,553,051; 48,226,646 and 48,226,646 respectively (see Note 15).

	2020	2019	2018
CBFIs issued:	\$ 833,947,220	\$ 833,947,220	\$ 833,947,220
Less -			
CBFIs in treasury	(6,872,932)	(6,872,932)	(6,872,932)
CBFIs canceled	(41,353,714)	(32,620,342)	-
CBFIs buyback funds	<u>(2,326,405)</u>	<u>(8,733,372)</u>	<u>(41,353,714)</u>
CBFIs with economic rights	<u>783,394,169</u>	<u>785,720,574</u>	<u>785,720,574</u>

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 recorded in the consolidated financial statements. 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 FibraHotel'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 acquiree (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 subsequently. Transactions that occurred during the periods presented in the accompanying consolidated financial statements are determined to be asset acquisitions.

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 lease 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.

Lease classification

As explained in Note 3 n), leases are classified based on the extent to which the risks and benefits inherent in the ownership of the property under the contract lie with FibraHotel or the tenant, depending on the substance of the transaction, more than the form of contracts. FibraHotel has determined, based on an evaluation of the terms and conditions of the agreements, that it maintains substantially all the significant risks and benefits inherent in the ownership of these assets and, therefore, classifies them as operating leases.

Capitalization of borrowing costs

As described in Note 11, the Entity capitalizes the borrowing costs directly to the construction of qualifying assets.

- 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 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.

Impairment in hotel properties

The carrying amount of investment properties is reviewed for impairment in case of situations or changes in circumstances indicating that the carrying amount may not be recoverable. If there are signs of impairment, a review is carried out to determine whether the carrying value exceeds its recovery value and is impaired. When conducting the impairment tests, the Entity used the methodology of future flows discounted in the value in use assigned to the cash-generating units. Value-in-use calculations require the Entity to determine future cash flows that should arise from cash-generating units and an appropriate discount rate to calculate the current value (see Note 9).

5. Cash, cash equivalents and restricted cash

	2020	2019	2018
Cash and bank deposits	\$ 435,549	\$ 813,818	\$ 359,176
Cash equivalents and restricted cash:			
Capital expenditure reserve fund (i)	<u>24,948</u>	<u>92,069</u>	<u>122,228</u>
	<u>\$ 460,497</u>	<u>\$ 905,887</u>	<u>\$ 481,404</u>

Restricted cash

- (i) 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.

6. Trade accounts receivable and other accounts receivables

	2020	2019	2018
Clients	\$ 81,987	\$ 128,874	\$ 142,574
Travel agencies	31,612	69,791	73,366
Credit cards	9,567	22,018	28,355
Other	<u>12,245</u>	<u>30,076</u>	<u>17,061</u>
	135,411	250,759	261,356
Lease receivables from:			
Posadas	<u>5,266</u>	<u>12,157</u>	<u>6,361</u>
	<u>\$ 140,677</u>	<u>\$ 262,916</u>	<u>\$ 267,717</u>

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.

	2020	2019	2018
60-90 days	\$ 784	\$ 6,480	\$ 6,095
More than 90-120 days	13,662	20,797	13,337
Total	<u>\$ 14,446</u>	<u>\$ 27,277</u>	<u>\$ 19,432</u>
Average aging (days)	<u>40</u>	<u>76</u>	<u>54</u>

7. Hotel properties, furniture and operating equipment

	2020	2019	2018
Land	\$ 1,909,173	\$ 1,727,969	\$ 1,668,744
Building	10,013,729	9,660,440	9,169,868
Hotel furniture and operating equipment	2,931,238	2,907,108	2,504,953
	<u>14,854,140</u>	<u>14,295,517</u>	<u>13,343,565</u>
Less - Accumulated depreciation	<u>(2,573,505)</u>	<u>(1,989,667)</u>	<u>(1,523,850)</u>
	<u>\$ 12,280,635</u>	<u>\$ 12,305,850</u>	<u>\$ 11,819,715</u>

Cost	Land	Building	Hotel furniture and operating equipment	Total
Balances as January 1, 2018	\$ 1,606,669	\$ 7,974,846	\$ 2,022,408	\$ 11,603,923
Acquisitions:	-	4,706	368,957	373,663
Transfer of properties under development	62,075	1,232,206	113,623	1,407,904
Impairment	-	(41,890)	-	(41,890)
Decreases	-	-	(35)	(35)
Balances as December 31 2018	1,668,744	9,169,868	2,504,953	13,343,565
Acquisitions:	9,225	48,997	412,550	470,772
Transfer of properties under development	50,000	441,575	(6,225)	485,350
Decreases	-	-	(4,170)	(4,170)
Balances as December 31 2019	1,727,969	9,660,440	2,907,108	14,295,517
Acquisitions:	55,496	146,677	31,994	234,167
Transfer of properties under development	108,200	-	-	108,200
Transfer of properties under invest	17,508	212,004	-	229,512
Impairment	-	(5,392)	-	(5,392)
Decreases	-	-	(7,864)	(7,864)
Balances as December 31 2020	<u>\$ 1,909,173</u>	<u>\$ 10,013,729</u>	<u>\$ 2,931,238</u>	<u>\$ 14,854,140</u>

Accumulated depreciation	Building	Hotel furniture and operating equipment	Total
Balances as of January 1, 2018	\$ 535,957	\$ 568,878	\$ 1,104,835
Depreciation expense	<u>180,338</u>	<u>238,677</u>	<u>419,015</u>
Balances as of December 31, 2018	716,295	807,555	1,523,850
Depreciation expense	<u>200,230</u>	<u>265,587</u>	<u>465,817</u>
Balances as of December 31, 2019	916,525	1,073,142	1,989,667
Depreciation expense	<u>269,705</u>	<u>314,133</u>	<u>583,838</u>
Balances as of December 31, 2020	<u>\$ 1,186,230</u>	<u>\$ 1,387,275</u>	<u>\$ 2,573,505</u>

As of December 31, 2020, some real estate properties of FibraHotel are pledged against the credit lines described in Note 11, which approximate carrying value is \$2,710 millions Mexican pesos.

During the second quarter of 2020, four managed hotels closed. With regard to Coatzacoalcos Limited Service hotel, Ciudad Obregón Select Service hotel, León Select Service hotel, and Saltillo Select Service hotel, FibraHotel made the decision to modify the carrying amount of these assets, accelerating depreciation and leaving only the value of the land and civil works. These adjustments represented a change in the net book value of these four hotels with a net impact of \$66.2 million Mexican pesos.

FibraHotel has identified that the cash generating units are each of its hotels and, therefore, carried out a review of their recoverable amount. This review led to the recognition of an impairment loss in two of these hotels, in the select service and extended stay segments, for the amount of \$41,890 in fiscal year 2018 and \$5,392 in fiscal year 2020, which was presented in the "Impairment of hotel properties" within the consolidated statement of income and other comprehensive income. FibraHotel estimated that the value in use of the two hotels is less than their book value, therefore, it has determined that the recoverable value of these assets corresponds to \$237 million Mexican pesos as of December 31, 2018 and \$253 million Mexican pesos as of December 31, 2020.

FibraHotel used the discounted cash flow model considering the following assumptions: 1) projection period of 10 years, and 2) annual discount rate of 9.75%. This valuation resulted in a capitalization rate of 6.05%. During 2019, FibraHotel determined that the difference between the recoverable value of the assets subject to impairment tests and their book value was not material, so it did not make an impairment adjustment in its hotels. In 2020, FibraHotel, as part of the analysis carried out, concluded to register an impairment of \$5,392 in the Fiesta Inn Villahermosa hotel.

8. Properties under development

	2020	2019	2018
Fiesta Americana Via 515 Project	\$ -	\$ -	\$ 185,229
Land located at Villahermosa	-	125,749	125,749
Projects with developer 1	92,923	92,923	92,885
Others	-	<u>20,712</u>	<u>19,436</u>
	<u>\$ 92,923</u>	<u>\$ 239,384</u>	<u>\$ 423,299</u>

During the fourth quarter of 2020, FibraHotel adjusted the development portfolio by eliminating land attached to hotels and leaving only the land within mixed-use projects. The land was reclassified into hotel property, furniture and equipment, together with the Fiesta Inn Toluca and Fiesta Inn Villahermosa hotels, for an amount of \$108 million Mexican pesos and there was an expense in the income statement of \$35 million Mexican pesos. Considering these adjustments, the value of the development portfolio as of December 31st, 2020 amounted to \$92.9 million Mexican pesos.

9. Investment properties

	2020	2019	2018
Fair value of the investment properties	\$ <u>3,806,192</u>	\$ <u>3,965,509</u>	\$ <u>3,948,227</u>
Balances as the beginning of the year	\$ 3,965,509	\$ 3,948,227	\$ 770,595
Additions	28,007	64,363	3,033,837
Decreases	(556)		
Adjustment to the fair value of the investment properties	42,744	(47,081)	143,795
Transfer of properties, furniture and equipment of hotel	<u>(229,512)</u>	<u>-</u>	<u>-</u>
Balances as the end of the year	\$ <u>3,806,192</u>	\$ <u>3,965,509</u>	\$ <u>3,948,227</u>

The fair value of the investment properties as of December 31, 2020, 2019 and 2018 was determined by FibraHotel's management using the discounted future cash flow method. The calculation of the projected cash flow that FibraHotel considered was 10 years. To estimate the investments' exit value, FibraHotel utilized a cap rate for the last projected year of each one of the investments, subsequently, it subtracted the transaction costs estimated at 2.5% for all investments and finally, it applied a discount factor in order to bring the exit value to present value for all investments. The discount rate applied by FibraHotel was the Weighted Average Cost of Capital methodology ("WACC"). The hierarchy of fair value measurement is Level 3.

As of December 31, 2020, the Live Aqua Boutique Playa del Carmen hotel is closed due to the pandemic situation. As mentioned in Note 19, on March 9, 2021, FibraHotel announced the signing of an agreement for the reopening of its boutique hotel with 60 rooms in Playa del Carmen; the hotel will reopen in the coming months under the brand The Yucatan Resort Playa del Carmen; Tapestry Collection by Hilton and will be operated under the all-inclusive concept by Playa Hotels & Resorts N.V.

The estimation of the fair value of the investment properties is considered the highest and best use of the properties is their current use.

(1) Transfer of the Fiesta Inn Cuautitlán hotel. See Note 1 - Relevant events

10. Suppliers and accrued expenses

	2020	2019	2018
Suppliers	\$ 142,033	\$ 273,744	\$ 339,014
Accrued expenses	43,910	78,849	54,878
Other accounts payable	<u>22,775</u>	<u>63,352</u>	<u>59,171</u>
	\$ <u>208,718</u>	\$ <u>415,945</u>	\$ <u>453,063</u>

11. Debt

a. Long-term debt is as follows:

	2020	2019	2018
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, due in October 2027.	\$ 734,850	\$ 776,176	\$ 854,702
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, with maturities from July 2021 to July 2022.	252,933	252,933	252,933
Long-term line of credit with mortgage security executed with Banorte, accruing interest as of 2019 at 1.30 percentage points above the 28-day TIIE rate ⁽¹⁾ , due in June 2028.	989,890	827,468	-
Long-term line of credit with mortgage security executed with Banorte, accruing interest as of 2018 and 2017 at 2.00 percentage points above the 91-day TIIE rate. ⁽²⁾	-	-	946,364
Long-term line of credit with mortgage security executed with Banorte accruing interest at 1.30 percentage points above the 91-day TIIE rate. ⁽²⁾	-	-	996,400
Long-term line of credit with mortgage security executed with BBVA Bancomer accruing interest at 1.80 percentage points above the 91-day LIBOR rate, with maturities from August 2021, August 2022 and August 2023.	259,158	245,345	255,535
Revolving credit with Sabcapital S. A. de C.V. SOFOM ER, due in May, 2021	<u>200,000</u>	<u>-</u>	<u>210,000</u>
	2,436,831	2,101,922	3,515,934
Less - Current portion of long-term debt	<u>(319,297)</u>	<u>(170,561)</u>	<u>(413,525)</u>
Long-Term debt	<u>\$ 2,117,534</u>	<u>\$ 1,931,361</u>	<u>\$ 3,102,409</u>

(1) In July 2020, the over-rate increased from 1.30 percentage points to 2.00 percentage points, as agreed upon when the loan agreement signed with Banorte in July 2018.

(2) In September 2019, they were prepaid, with the resources obtained from the placement of the long-term bond amounting to \$2,500 million Mexican pesos, \$1,880 million Mexican pesos of two of the lines of credit with Banorte.

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

An instrument, contracted with Santander, covering \$243 million Mexican pesos 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 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 BBVA Bancomer, covering US \$ 13.0 million, if the LIBOR rate is less than 4%, FibraHotel pays the LIBOR rate, if the LIBOR rate is greater than 4%, FibraHotel exchanges the LIBOR rate and pays a level of 4.0%.

An instrument, was contracted with Banorte, covering \$771 million of Banorte's first credit line with the following characteristics:

- If the TIIE is less than 4.5%, FibraHotel exchanges the TIIE rate and pays a level of 4.5%.
- 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 level of 6.0%.

With respect to the credit line with BBVA Bancomer, Banorte and SabCapital, FibraHotel must comply with certain covenants.

The main obligations to do are as follows:

BBVA

- Maintain a short-term working-to-passive asset ratio, no less than 1.2x.
- Maintain a total liability-to-book capital ratio of no more than 1.0x.
- Maintain an operating income relationship (results before financial expenses, taxes, depreciation and amortization), in a semi-annual period, to the sum of capital and interest payments for the same period to no less than 1.3x.
- Maintain a net debt ratio to operating income (results before financial expenses, taxes, depreciation and amortization) to no more than 4.0x.

BBVA authorized waiver to:

- Compliance with the short-term working-to-passive asset ratio, operating income relationship to the sum of capital and interest ratio, and net debt ratio to operating income for the quarters ended June, September and December 2020, contained in the thirteenth clause of the contract.
- Compliance with the short-term working-to-passive asset ratio, operating income relationship to the sum of capital and interest ratio, and net debt ratio to operating income, until the end of December 2021, contained in the thirteenth clause of the contract.

Banorte

- Maintain a minimum debt service ratio of 1.20.
- Maintain a leverage ratio to less than or equal to 40%.

Banorte authorized waiver to:

- not cover 100% of the credit with a derivative instrument at 18 months.
- Compliance with financial ratios until the end of the first semester of 2021.
- Compliance with financial ratios until the end of the second semester of 2021.

SabCapital

- Maintain a minimum debt service ratio of 1.80.
- Maintain a leverage ratio of less than or equal to 50%.
- Maintain a guaranteed debt ratio of less than 50%
- Maintain an unsecured debt ratio of less than 40%

Sabadell authorized waiver to:

- Compliance with covenants of thirteenth clause for periods ended June 30, 2020, September 30, 2020, December 31, 2020, and March 31, 2021.
- b. Long-term financial debt

As mentioned in Note 1 "Significant Events", during 2019, the FibraHotel issued bond for \$2,500 million pesos at a fixed rate of 8.83%:

Long-term debt at a fixed rate of 8.83%. The credit has a linear capital amortization scheme at years 8, 9 and 10 the maturity of the debt is September 2029.	2020	2019
	\$ 2,500,000	\$ 2,500,000
Less - Bond issuance expenses	<u>(20,422)</u>	<u>(22,756)</u>
	<u>\$ 2,479,578</u>	<u>\$ 2,477,244</u>

The debt includes certain clauses that limit FibraHotel to its total unpaid debt level, debt service coverage ratio, total unencumbered assets and guaranteed debt. For the year ended December 31, 2020, these restrictions were met.

On February 3, 2021, CBFH Holders Assembly was held and with a 90% quorum all items on the agenda were approved, including:

- Grant a waiver for the year 2021 with respect to a clause that limited the contracting of additional debt if the debt service coverage ratio is less than 1.5x. With this waiver, during 2021 FibraHotel may contract additional debt for an amount of up to \$ 500 million Mexican pesos;
- The insertion of a new clause indicating that FibraHotel may contract additional debt to refinance existing debt, in order to improve the terms and conditions of the debt, even when the debt service coverage index is lower than 1.5x.

c. Maturities of long-term debt

Year	Maturities
2021	\$ 319,297
2022	251,007
2023	392,505
2024	219,347
2025	306,520
More than 5 years	<u>3,427,733</u>
	<u>\$ 4,916,409</u>

d. Reconciliation of obligations arising from financing activities:

	01/01/2020	Cash flow financing	Financing paid	Interest	Interest paid	Others	31/12/2020
Debt	\$ 2,160,789	\$ 366,000	\$ (44,903)	\$ 165,934	\$ (146,342)	\$ 13,813	\$ 2,515,291
Public market debt	<u>2,477,244</u>	<u>-</u>	<u>-</u>	<u>224,429</u>	<u>(223,203)</u>	<u>2,334</u>	<u>2,480,804</u>
	<u>\$ 4,638,033</u>	<u>\$ 366,000</u>	<u>\$ (44,903)</u>	<u>\$ 390,363</u>	<u>\$ (369,545)</u>	<u>\$ 16,147</u>	<u>\$ 4,996,095</u>

12. 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 CBFHs.

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:

	2020	2019	2018
ISR:			
Current tax	\$ -	\$ 10,959	\$ 2,208
Deferred tax	<u>2,451</u>	<u>(2,499)</u>	<u>74</u>
	<u>\$ 2,451</u>	<u>\$ 8,460</u>	<u>\$ 2,282</u>

- b. As of December 31, 2020, 2019 and 2018 the deferred income tax asset is composed solely of temporary differences resulting from accrued expenses of \$4,113, \$4,859 and \$3,055, respectively.

13. 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 2020, 2019 and 2018.

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.

- *Leverage level*

The leverage level as of December 31, 2020 is as follows:

	2020
Debt (i)	\$ 4,916,409
Total assets	<u>16,821,922</u>
Leverage level	<u>29.23%</u>

- (i) Debt is defined as long and short-term loans plus interest (excluding derivatives), as described in Note 11.

On December 10th, 2020, the National Banking and Securities Commission published modifications to the general provisions applicable to securities issuers and other participants in the securities market, known as the Sole Issuers Circular ("CUE") and amendments to the Annex AA of the CUE. The modifications became effective on December 11th, 2020.

The modifications are applicable to FIBRAs and their main objective is to make the legal framework of the FIBRAs more flexible when they contract financing from the trust equity.

In accordance with the modifications, it will be the option of the CBFÍ's holder's assembly to establish the rules for contracting financing affecting the trustees' equity of the FIBRAs. The rules approved by the CBFÍ's holders assembly must establish the maximum leverage level and the debt service coverage that the FIBRAs must observe, which must be calculated in accordance with Annex AA of the CUE. Likewise, within the modifications made to Annex AA, an analysis period of four quarters (instead of six quarters) has been established to calculate the debt service coverage ratio.

- *Debt service coverage ratio*

As of December 31st, 2020, the debt service coverage ratio of FibraHotel is 1.48x; the metrics used for its calculation are as follows:

- Commitments:
 - Debt service: \$672 million Mexican pesos.
 - Estimated capital expenses (maintenance capex): \$85.7 million Mexican pesos.
 - Estimated nondiscretionary development expenses: \$156 million Mexican pesos.
- Available resources:
 - Cash and cash equivalents (excluding restricted cash): \$436 million Mexican pesos.
 - Recoverable VAT: \$14.9 million Mexican pesos.
 - Estimated operating profit after paying the distribution (including depreciation and financial revenues): \$655 million Mexican pesos.
 - Unused available credit lines: \$250 million Mexican pesos.

For purposes of clarity, considering a period of six quarters, the debt service coverage ratio for FibraHotel as of December 31st, 2020 is 1.53x.

b. *Categories of financial instruments*

	2020	2019	2018
<i>Financial assets:</i>			
Cash, cash equivalents and restricted cash	\$ 460,497	\$ 905,887	\$ 481,404
Trade accounts receivable and other accounts receivable	140,677	262,916	267,717
Derivative financial instrument	-	908	99,969
<i>Financial liabilities:</i>			
Amortized cost	\$ 5,371,453	\$ 5,123,392	\$ 4,006,909
Derivative financial instrument	1,724	-	-

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 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:

	2020	2019	2018
Thousands of U.S. dollars:			
Monetary assets	\$ 9,398	\$ 3,956	\$ 3,125
Monetary liabilities	(13,354)	(13,376)	(13,592)
Long position	(3,956)	(9,420)	(10,467)
Equivalent in Mexican pesos	\$ (78,864)	\$ (177,781)	\$ (205,746)

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

	December 31, 2020	December 31, 2019	December 31, 2018	March 31, 2021
US dollar	\$ 19.9352	\$ 18.8727	\$ 19.6566	\$ 20.6025

- 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, 2020, 2019 and 2018 would have decreased by approximately (\$3,956) (\$9,420) and (\$10,467), 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, 2020	Fair value December 31, 2020
Cap Spread	Santander	7	11/mar/16	1/mar/2021	\$ 243,354	\$ (1,724)
Collar	Banorte	6	15/sep/16	20/nov/2021	771,400	-
Cap Spread	Bancomer	4	26/sep/18	30/sep/2021	USD 13,000	-
						\$ (1,724)

Based on the aforementioned financial derivatives, the debt hedged as of December 31, 2020 is 51%, (Financial debt is considered hedged given the agreed interest rate is fixed).

- 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 TIEE): +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, 2019 are as follow:

Scenarios	28-day TIIE	91-day TIIE	Libor	Impact
Less 100 basis points	3.48	3.47	0.00%	\$ (11,816)
Less 25 basis points	4.23	4.22	0.00%	(3,229)
As of December 31, 2019	4.48	4.47	0.15%	-
Plus 25 basis points	4.73	4.72	0.40%	5,454
Plus 100 basis points	5.48	5.47	0.15%	22,436

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) Libor rate and d) 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, 2020				
Debt	\$ 319,297	\$ 862,859	\$ 3,754,675	\$ 4,936,831
Interest payable	79,686	-	-	79,686
Suppliers and accrued expenses	208,718	-	-	208,718
Administradora Fibra Hotelera Mexicana, S.A. de C.V.	144,493	-	-	144,493
Projected variable interest of debt, net of derivative financial instrument.	<u>356,891</u>	<u>982,599</u>	<u>996,512</u>	<u>2,336,002</u>
Total	<u>\$ 1,109,085</u>	<u>\$ 1,845,458</u>	<u>\$ 4,751,187</u>	<u>\$ 7,705,730</u>

	Less than 1 year	1 and 3 years	3 + years	Total
As of December 31, 2019				
Debt	\$ 170,561	\$ 871,433	\$ 3,537,172	\$ 4,579,166
Interest payable	79,686	-	-	79,686
Suppliers and accrued expenses	415,945	-	-	415,945
Administradora Fibra Hotelera Mexicana, S.A. de C.V.	37,937	-	-	37,937
Projected variable interest of debt, net of derivative financial instrument.	<u>438,706</u>	<u>1,108,325</u>	<u>1,297,620</u>	<u>2,844,651</u>
Total	<u>\$ 1,142,835</u>	<u>\$ 1,979,758</u>	<u>\$ 4,834,792</u>	<u>\$ 7,957,385</u>

	Less than 1 year	1 and 3 years	3 + years	Total
As of December 31, 2018				
Debt	\$ 413,525	\$ 657,842	\$ 2,444,567	\$ 3,515,934
Interest payable	1,805	-	-	1,805
Suppliers and accrued expenses	453,063	-	-	453,063
Administradora Fibra Hotelera Mexicana, S.A. de C.V.	36,107	-	-	36,107
Projected variable interest of debt, net of derivative financial instrument.	<u>283,212</u>	<u>501,809</u>	<u>565,074</u>	<u>1,350,095</u>
Total	<u>\$ 1,187,712</u>	<u>\$ 1,159,651</u>	<u>\$ 3,009,641</u>	<u>\$ 5,357,004</u>

As of December 31, 2020, the total current liability exceeds the total current assets by \$131,876, however, this situation will not affect FibraHotel's liquidity, as it is mentioned in Note 1:

- In order to protect FibraHotel's liquidity situation, certain actions were taken, in accordance with FibraHotel's Technical Committee, including, among others, deferring the payment of the advisory commission during 2020 and limiting the hotels CAPEX to what is strictly necessary.
- During the second quarter 2020, FibraHotel reached agreements with its creditors on their credit agreements. The agreement with BBVA, Grupo Financiero Banorte and with Sabadell was a grace period for compliance with financial covenants.
- During the second and third quarters, FibraHotel benefited from BBVA's COVID-19 support plan, which gave a grace period on capital amortization for \$ 78,071 and on interest for \$ 18,497. It was agreed that the principal would be paid until the end of the life of the loan and the interest would be paid after six months.

On July 27, 2020, it was signed with Banco Mercantil del Norte, S.A. de C.V. (Banorte), an additional credit line of \$ 250 million Mexican pesos, available for 24 months. As of the date of this report, that line of credit is not available and is still available.

- During the fourth quarter 2020, FibraHotel reached an agreement with BBVA and Banorte on the financial conditions to be made in their credit agreements, obtaining a waiver on the covenants for the year 2021 (excluding the leverage ratio, which FibraHotel is in compliance with).

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 on a recurring basis are as follows:

Financial asstes and liabilities	Fair value at December 31,			Fair value hierarchy	Techniques and key inputs
	2020	2019	2018		
Derivative financial instruments designed as hedge - Cap Spread	\$ 1,724	\$ 908	\$ 99,969	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	\$ 114,285	\$ 457,727	\$ 122,289	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

Financial liabilities	2020		2019		2018		Fair value hierarchy	Techniques and key inputs
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value		
Debt and financial debt	\$ 4,936,831	\$ 4,620,959	\$ 4,579,166	\$ 4,796,090	\$ 3,515,934	\$ 3,432,209	Level 3	Market value. The fair value of debt is measured with unobservable information. The valuation was made by projecting discounted future flows at present value.

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 TIE 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).

14. Transactions and balances with related parties

a. Commercial transactions:

During the year, FibraHotel carried out the following transactions with related parties, which are not member of FibraHotel:

	2020	2019	2018
Administradora Fibra Hotelera, S. A. de C. V.:			
Management fee	\$ 144,493	\$ 151,532	\$ 140,383
Group A:			
Expense:			
Administrative services	\$ 81,687	\$ 120,158	\$ 98,730

The Group A is comprised of Prestación de Servicios Hoteleros GG, S. A. de C. V., Soluciones y Administración Estratégica, 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 5%.

The above transaction is documented through renewable five-year agreements.

The account payable to Administradora Fibra Hotelera is the one presented in the consolidated statements of financial position.

15. Trustees' equity

Contributions.

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

	2020	2019	2018
Initial capital contribution	\$ 15	\$ 15	\$ 15
Issuance of CBFIs	<u>14,348,386</u>	<u>14,348,386</u>	<u>14,348,386</u>
Total	<u>\$ 14,348,401</u>	<u>\$ 14,348,401</u>	<u>\$ 14,348,401</u>

- 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.
- c. As of December 31st, 2020, 2019 and 2018, there are 783,394,169, 785,720,574 and 785,720,574 CBFIs with economic rights respectively.
- d. During the years 2017 and 2018, FibraHotel repurchased CBFIs for \$ 41,353,714, of which 32,620,342 were canceled in 2019, with 8,733,372 remaining to be canceled. As of the date of this report, FibraHotel has canceled an additional 8,733,372 CBFIs. In 2020 FibraHotel repurchased 2,326,405 CBFIs.
- e. As of December 2020, 2019 and 2018, the Technical Committee of FibraHotel has approved and paid distributions, to the CBFIs owners as follows:

Date of distribution approval	Distribution by CBFIs (Pesos)	Distributions from equity redemption	Distributions of taxable income	Total distributions
February 18, 2020	\$ 0.2017	\$ 111,964	\$ 46,071	\$ 158,035
Total as of December 2020		<u>\$ 111,964</u>	<u>\$ 46,071</u>	<u>\$ 158,035</u>

Date of distribution approval	Distribution by CBFIs (Pesos)	Distributions from equity redemption	Distributions of taxable income	Total distributions
February 26, 2019	\$ 0.2622	\$ 206,024	\$ -	\$ 206,024
April 17, 2019	0.2108	87,273	78,385	165,658
July 13, 2019	0.2263	160,405	17,480	177,885
October 18, 2019	0.1711	<u>134,442</u>	<u>-</u>	<u>134,442</u>
Total as of December 2019		<u>\$ 588,144</u>	<u>\$ 95,865</u>	<u>\$ 684,009</u>

Date of distribution approval	Distribution by CBFi (Pesos)	Distributions from equity redemption	Distributions of taxable income	Total distributions
February 27, 2018	\$ 0.2874	\$ 192,723	\$ 40,864	\$ 233,587
April 25, 2018	0.2953	115,716	124,875	240,591
July 18, 2018	0.2901	114,353	120,499	234,852
October 17, 2018	0.2074	<u>88,323</u>	<u>78,863</u>	<u>167,186</u>
Total as of December 2018		<u>\$ 511,115</u>	<u>\$ 365,101</u>	<u>\$ 876,216</u>

The distribution by CBFIs is the result of dividing the total distributable amount between the number of CBFIs in circulation with economic rights. The number of CBFIs that are entitled to distribution is determined at the time when the distribution notice is published.

As of the first quarter of 2020, anticipating a negative fiscal result for the entire year 2020 and with the intention of protecting FibráHotel's liquidity situation, the Technical Committee decided to suspend the distribution payment. As of the date of this report, FibráHotel has not made distributions corresponding to the year 2020.

As of December 31, 2020, 2019 and 2018, the CBFIs without economic rights amounted to 9,199,337 and 15,606,304 and 48,226,646, respectively.

f. *Repurchase of Certificates*

During 2020 FibráHotel has repurchased the following certificates;

CBFIs in circulation	\$ 833,947,220
Repurchase maximum amount	41,697,361
Number of acquired CBFIs	2,326,405
Average acquisition price	<u>\$ 7.79</u>
Total amount of repurchase	<u>\$ 18,132</u>

During 2018 FibráHotel has repurchased the following certificates;

CBFIs in circulation	827,074,288
Repurchase maximum amount	41,353,714
Number of acquired CBFIs	41,353,714
Average acquisition price	<u>\$ 10.62</u>
Total amount of repurchase	<u>\$ 439,046</u>

During 2019 the repurchase fund was not used.

During 2020, 2,326,405 CBFIs were purchased.

g. *Equity based payment plan*

Option plan to senior executives that provide services to FibráHotel

FibráHotel has an executive compensation plan payable with CBFIs to executives that provide services to FibráHotel. As explained in Note 1 to the consolidated financial statements, the plan was authorized by the CBFi Holders' Assembly and its purpose is to incentivize and maintain the executives that provide services to FibráHotel for a long term. The approved plan was up to 4,994,018 CBFIs or 1% of total CBFIs outstanding at the date of authorization.

The granting of the plan considers the following factors:

1. Recognition plan for senior management.

2. Plan 2018 and 2019, decision and determination by the Technical Committee based on the performance metrics approved in the Technical Committee in April 2020.

The performance metrics for the plan in currently exercises are: Adjusted Funds from Operations (AFFO) and CBFIs (60% of the plan), performance vs. benchmark (20% of the plan) and Total Shareholders Return (20% of the plan).

The weighted average price of the certificates determined by FibraHotel at the exercise date for the options on the plan corresponding to the 2013-2017 financial years, was 15.53 and for the 2018 and 2019 plans it was 11.65 and 9.97, respectively.

Based on the prices determined by FibraHotel, as well as the number of certificates estimated to be released, it was determined that the total estimated fair value of all options will be \$34,089, which will be recorded in a straight line over the 5 years that the plan lasts. The effect registered in the year 2019 amounted to \$8,306, increasing the consolidated statement of changes in equity of the trustees, generating a cumulative effect of the amount of \$24,918.

16. Minimum lease payments

The aggregate annual future minimum lease payments expected to be received under existing operating leases, described by hotel brand, are as follows:

Year	Fiesta Americana	Fiesta Inn
Less than a year	\$ 199,728	\$ 9,896
From one to five year	<u>798,911</u>	<u>-</u>
	<u>\$ 998,639</u>	<u>\$ 9,896</u>

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 variable rents, which is mainly comprised of rent increases based on inflation and variable income, and hotel performance, if any. Additionally, the payments disclosed only consider the compulsory lease term and do not consider any renewal periods, related to minimum future rentals

17. 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:

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.

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.

	2019					
	Select service	Limited service	Extended stay	Full service	Corporate	Total
Revenue for:						
Rooms	\$ 1,554,937	\$ 607,154	\$ 75,351	\$ 966,099	\$ -	\$ 3,203,541
Food and beverages	414,274	1,008	-	340,560	-	755,842
Real Estate Rentals	56,580	-	-	285,629	30,257	372,466
Others	-	15,400	-	24,720	-	40,120
	<u>2,025,791</u>	<u>623,562</u>	<u>75,351</u>	<u>1,617,008</u>	<u>30,257</u>	<u>4,371,969</u>
Costs and expenses:						
Rooms	341,256	149,205	16,980	201,377	-	708,818
Food and beverages	256,719	2,820	86	239,752	-	499,377
General and administrative	873,632	276,343	10,092	549,625	-	1,709,692
Corporate and property expenses and other income	-	-	-	-	323,367	323,367
Depreciation	-	-	-	-	465,817	465,817
Adjustment to the fair value of the investment properties	-	-	-	-	47,081	47,081
	<u>1,471,607</u>	<u>428,368</u>	<u>27,158</u>	<u>990,754</u>	<u>836,265</u>	<u>3,754,152</u>
						Operating income
						617,817
						Financial expenses net and others
						(292,270)
						Income before income taxes
						\$ <u>325,547</u>

	2018					
	Select service	Limited service	Extended stay	Full service	Corporate	Total
Revenue for:						
Rooms	\$ 1,801,444	\$ 606,003	\$ 16,611	\$ 615,455	\$ -	\$ 3,039,513
Food and beverages	458,075	2,617	-	228,677	-	689,369
Real Estate Rentals	56,910	-	-	263,850	29,683	350,443
Others	4,288	10,475	360	12,803	-	27,926
	<u>2,320,717</u>	<u>619,095</u>	<u>16,971</u>	<u>1,120,785</u>	<u>29,683</u>	<u>4,107,251</u>
Costs and expenses:						
Rooms	355,021	141,044	5,812	127,587	-	629,464
Food and beverages	278,809	3,936	207	146,112	-	429,064
General and administrative	973,326	273,758	9,773	348,757	-	1,605,614
Corporate and property expenses and other income	-	-	-	-	357,496	357,496
Depreciation	-	-	-	-	419,015	419,015
Adjustment to the fair value of the investment properties	31,285	-	10,605	-	-	41,890
	<u>(93,109)</u>	<u>-</u>	<u>-</u>	<u>(50,686)</u>	<u>-</u>	<u>(143,795)</u>
	<u>1545,332</u>	<u>418,738</u>	<u>26,397</u>	<u>571,770</u>	<u>776,511</u>	<u>3,338,748</u>
						Operating income
						768,503
						Financial expenses net and others
						(151,511)
						Income before income taxes
						\$ <u>616,992</u>

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

	2020					Total
	Select service	Limited service	Full service	Corporate		
Hotel properties, furniture and operating equipment - Net	\$ 1,769,409	\$ 5,836,009	\$ 4,672,765	\$ 2,451	\$	\$ 12,280,634
Investment properties	\$ -	\$ 412,530	\$ 3,393,662	\$ -	\$	\$ 3,806,192
Properties under development	\$ -	\$ 33,996	\$ 58,927	\$ -	\$	\$ 92,923
Long-term liabilities (1)	\$ -	\$ -	\$ -	\$ 4,916,409	\$	\$ 4,916,409

	2019					
	Select service	Limited service	Extended stay	Full service	Corporate	Total
Hotel properties, furniture and operating equipment - Net	\$ 1,861,449	\$ 6,145,977	\$ 402,717	\$ 3,894,086	\$ 1,621	\$ 12,305,850
Investment properties	\$ -	\$ 642,042	\$ -	\$ 3,323,468	\$ -	\$ 3,965,510
Properties under development	\$ -	\$ 113,635	\$ -	\$ 125,749	\$ -	\$ 239,384
Long-term liabilities (1)	\$ -	\$ -	\$ -	\$ -	\$ 4,579,166	\$ 4,579,166

	2018					
	Select service	Limited service	Extended stay	Full service	Corporate	Total
Hotel properties, furniture and operating equipment - Net	\$ 1,684,163	\$ 6,414,829	\$ 447,463	\$ 3,271,989	\$ 1,271	\$ 11,819,715
Properties under development	\$ 13,584	\$ 159,745	\$ 3,671	\$ 246,299	\$ -	\$ 423,299
Investment properties	\$ -	\$ 637,037	\$ -	\$ 3,311,190	\$ -	\$ 3,948,227
Long-term liabilities (1)	\$ -	\$ -	\$ -	\$ -	\$ 3,515,934	\$ 3,515,934

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

18. Commitments and contingencies

- Neither FibrHotel nor its assets are subject to any type of material legal action, other than those stemming from its routine operations and activity.
- FibrHotel leases the offices where it carries out its administrative activities, as well as some offices in some hotels. Rental expenses amounted to \$ 3,579, \$ 6,891 and \$ 7,029 in 2020, 2019 and 2018, respectively. The office rental contract expires in 2020 and 2022.

19. Events after the reporting period

- On February 3rd, 2021, FibraHotel held a Holders' Assembly of FHO19 CBFIs. The Assembly had a quorum of 90% and all agenda items were approved, including:
 - Grant a waiver for the year 2021 for a clause limiting the hiring of additional debt if the debt service coverage rate is less than 1.5x. With this waiver, during 2021 FibraHotel will be able to contract additional debt in the amount of up to \$500 million Mexican pesos.
 - The insertion of a new clause stating that FibraHotel may contract additional debt aimed at refinancing existing debt, with the aim of improving debt terms and conditions, even if the debt service coverage rate is less than 1.5x
- On February 23rd, 2021, FibraHotel reported that certain members of the Technical Committee (including members of the control group) and certain executives of the Administrator informed FibraHotel that during 22 and 23 February 2021, together they acquired on the market approximately 15.5 million CBFIs, equivalent to approximately 2.0% of CBFIs in circulation with economic rights.
- Agreement with Hilton for the opening of the Hotel in Playa del Carmen

On March 9th, 2021, FibraHotel announced the signing of an agreement for the reopening of its boutique hotel with 60 rooms in Playa del Carmen; the hotel will reopen in the coming months under the brand The Yucatan Resort Playa del Carmen; Tapestry Collection by Hilton and will be operated under the all-inclusive concept by Playa Hotels & Resorts N.V.

- Acquisition of the Fiesta Americana Hacienda Galindo hotel

On March 10th, 2021 the conditions were met for the sale of the Fiesta Americana Hacienda Galindo hotel with 168 full-service rooms operated by Posadas, which was agreed by the parties in 2017. FibraHotel repositioned the hotel with an investment of \$199,085 that was taken from the price of ten times the average EBITDA generated by the hotel in 2019. The remaining price paid by FibraHotel was \$156,090. The total price for the hotel was \$355,175 and with this payment the lease was terminated, the property was transferred to FibraHotel and the operating agreement began to take effect.

20. Authorization to issue the consolidated financial statements

The consolidated financial statements were authorized for issue on March 31, 2021, 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 CBFIs Holders Assembly which may modify them.

* * * * *

Directory

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🌐 www.fibrahotel.com

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