

**Fideicomiso Irrevocable de
Administración y Pago
número 80460 Reexpresado
(Nacional Financiera, S. N. C.,
Institución de Banca de
Desarrollo, Dirección
Fiduciaria)**

Financial Statements for the
Years Ended December 31,
2016, 2015 and 2014 and
Independent Auditors' Report
Dated April 24, 2017

**Fideicomiso Irrevocable de Administración y Pago número
80460 Reexpresado
(Nacional Financiera, S. N. C., Institución de Banca de Desarrollo,
Dirección Fiduciaria)**

**Independent Auditors' Report and
Financial Statements for 2016, 2015, and
2014**

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Independent Auditors' Report to the Management, Trustor and Beneficiaries of Fideicomiso Irrevocable de Administración y Pago número 80460 Reexpresado (Nacional Financiera, S. N. C., Institución de Banca de Desarrollo, Dirección Fiduciaria)

Opinion

We have audited the accompanying financial statements of Fideicomiso Irrevocable de Administración y Pago número 80460 Reexpresado (Nacional Financiera, S. N. C., Institución de Banca de Desarrollo, Dirección Fiduciaria), (the "Trust"), which comprise the statements of financial position as of December 31, 2016, 2015 and 2014, and the statements of profit or loss, statements of changes in trust capital and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Fideicomiso Irrevocable de Administración y Pago número 80460 Reexpresado as of December 31, 2016, 2015 and 2014, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audits in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are independent of the Trust in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and with the Ethics Code 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 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 financial statements have been translated into English for the convenience of readers.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We believe that the audit evidence we have obtained provides a sufficient and adequate basis for our opinion.

i. Valuation of the account receivable related to future collection rights

The Trust was established to issue bank loans and bonds; therefore, the Trustor assigns the collection rights for Air Passenger Duty (TUA) charged to passengers and other related amounts to the Trust. With these rights, the Trust guarantees the payment of contracted debt to bank holders.

Once future collection rights are contributed to the Trust, this amount represents an account receivable from the Trustor. There is a risk that the account receivable does not represent the TUA balance of future collection rights and that the discount rate used to determine the amortized cost will be inadequate. Such rate must be determined in accordance with the effective interest method and correctly presented as short-term and long-term.

Our review included audit procedures related to reading and understanding the Trust agreement, its objectives and sections. We also performed the following:

- a. We verified the underlying inputs and data to ascertain that the calculation of the amortized cost of the collection rights prepared by management uses the effective interest method in accordance with IAS 39, Financial Instruments, and performed independent tests of such calculation.
- b. We ascertained the completeness of collection rights, inasmuch as their recovery and reduction is in conformity with debt payments to holders of such certificates; therefore, they are similar in their short- or long-term classification to the due dates of payable bank loans and bonds.

The results of our procedures were satisfactory.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

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

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud:

- May involve collusion, forgery, intentional omissions, misrepresentations, or 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 Trust'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 Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

C. P. C. Roberto Velasco Gómez

Mexico City, Mexico
April 24, 2017

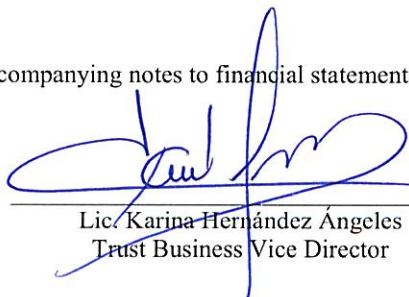
**Fideicomiso Irrevocable de Administración y Pago número 80460
Reexpresado (Nacional Financiera, S. N. C., Institución de Banca de
Desarrollo, Dirección Fiduciaria)**

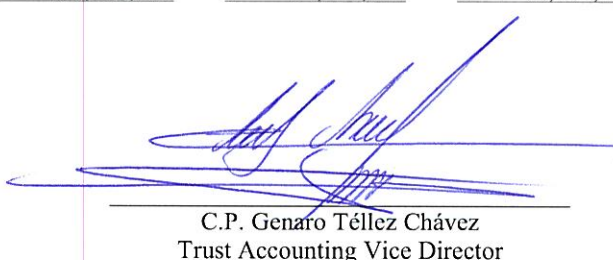
Statements of Financial Position

As of December 31, 2016, 2015 and 2014
(In thousands of Mexican pesos)

Assets	Notes	2016	2015	2014
Current assets:				
Cash, cash equivalents and restricted cash	5	\$ 2,818,879	\$ 4,059,673	\$ 942,113
Short-term accounts receivable	7	<u>9,084,079</u>	<u>6,022,666</u>	<u>864,593</u>
Total current assets		11,902,958	10,082,339	1,806,706
Long-term accounts receivable	7	88,732,061	44,346,105	13,758,034
Other accounts receivable		<u>947</u>	<u>947</u>	<u>947</u>
Total		<u>\$ 100,635,966</u>	<u>\$ 54,429,391</u>	<u>\$ 15,565,687</u>
Liabilities and trust equity capital				
Current liabilities:				
Account payable to Trustor and other accounts payable		\$ 2,715,160	\$ 4,561,006	\$ 1,230,739
Short-term portion of long-term bank loan and bonds	8	<u>2,256,106</u>	<u>52,958</u>	<u>83,658</u>
Total current liabilities		4,971,266	4,613,964	1,314,397
Long-term bank loan and bonds	8	<u>38,773,734</u>	<u>16,436,925</u>	<u>4,032,193</u>
Total liabilities		<u>43,745,000</u>	<u>21,050,889</u>	<u>5,346,590</u>
Trust capital:				
Capital contributions	10	40,551,194	25,795,632	9,068,469
Retained earnings		<u>16,339,772</u>	<u>7,582,870</u>	<u>1,150,628</u>
Total trust capital		<u>56,890,966</u>	<u>33,378,502</u>	<u>10,219,097</u>
Total		<u>\$ 100,635,966</u>	<u>\$ 54,429,391</u>	<u>\$ 15,565,687</u>

See accompanying notes to financial statements.


 Lic. Karina Hernández Ángeles
 Trust Business Vice Director


 C.P. Genaro Téllez Chávez
 Trust Accounting Vice Director

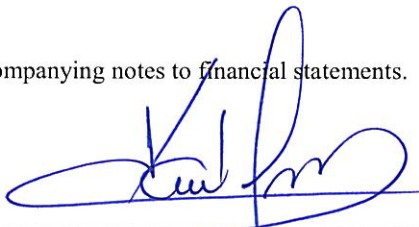
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Statements of Profit or Loss


For the years ended December 31, 2016, 2015 and 2014
(In thousands of Mexican pesos)

	Notes	2016	2015	2014
Income and gains:				
Interest income	\$	4,162,771	\$ 4,321,118	\$ 1,215,839
Other bank interest income		278,561	68,123	8,338
Foreign exchange gain		7,780,184	3,651,720	-
Gain on fair value of financial instruments		-	-	6,067
Gain on debt extinguishment		-	-	74,463
		<u>12,221,516</u>	<u>8,040,961</u>	<u>1,304,707</u>
Costs, expenses and losses:				
Interest expense		1,783,453	326,055	120,369
Foreign exchange loss		1,361,079	1,144,820	21,157
Operating expenses	9	<u>320,082</u>	<u>137,844</u>	<u>12,553</u>
		<u>3,464,614</u>	<u>1,608,719</u>	<u>154,079</u>
Profit for the year	\$	<u>8,756,902</u>	<u>\$ 6,432,242</u>	<u>\$ 1,150,628</u>

See accompanying notes to financial statements.



Lic. Karina Hernández Ángeles
Trust Business Vice Director



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Trust Accounting Vice Director

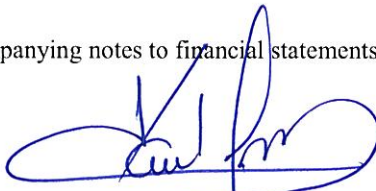
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Statements of Trust Capital

For the years ended December 31, 2016, 2015 and 2014
(In thousands of Mexican pesos)

	Capital contributions	Retained earnings	Total partners' capital
Balance as of January 1, 2014	\$ 1,897,461	\$ 13,196	\$ 1,910,657
Distributions to Trustor	(1,897,456)	(13,196)	(1,910,652)
Distributions to Trustor	9,068,464	-	9,068,464
Profit for the year	-	<u>1,150,628</u>	<u>1,150,628</u>
Balance as of December 31, 2014	9,068,469	1,150,628	10,219,097
Distributions to Trustor	(11,199,536)	-	(11,199,536)
Contributions to Trust	27,926,699	-	27,926,699
Profit for the year	-	<u>6,432,242</u>	<u>6,432,242</u>
Balance as of December 31, 2015	25,795,632	7,582,870	33,378,502
Distributions to Trustor	(24,798,438)	-	(24,798,438)
Contributions to Trust	39,554,000	-	39,554,000
Profit for the year	-	<u>8,756,902</u>	<u>8,756,902</u>
Balance as of December 31, 2016	<u>\$ 40,551,194</u>	<u>\$ 16,339,772</u>	<u>\$ 56,890,966</u>

See accompanying notes to financial statements.



Lie. Karina Hernández Ángeles
Trust Business Vice Director



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Trust Accounting Vice Director

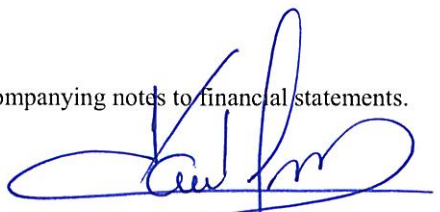
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Statements of Cash Flows


For the years ended December 31, 2016, 2015 and 2014
(In thousands of Mexican pesos)
(Direct method)

	2016	2015	2014
Cash flows from operating activities			
Collection rights received	\$ 8,447,742	\$ 6,762,761	\$ 4,833,220
Operating expenses paid	(1,149,905)	(724,597)	(3,649)
Tax and withholding taxes paid on behalf of Trustor	(1,215,870)	(915,682)	(630,578)
Net cash flows provided by operating activities	<u>6,081,967</u>	<u>5,122,482</u>	<u>4,198,993</u>
Cash flows from investing activities			
Interest received	<u>278,561</u>	<u>68,123</u>	<u>8,338</u>
Net cash flows provided by investing activities	<u>278,561</u>	<u>68,123</u>	<u>8,338</u>
Cash flows from financing activities			
Distributions to Trustor	(26,700,611)	(13,201,801)	(5,711,600)
Proceeds from bank loans and bonds	38,336,370	11,223,082	4,006,420
Repayment of financial instruments	-	-	(116,970)
Repayment of guarantees	-	-	(12,166)
Interest paid	(392,781)	(94,326)	(15,734)
Loan repayments	(18,844,300)	-	(2,064,090)
Net cash flows used in financing activities	<u>(7,601,322)</u>	<u>(2,073,045)</u>	<u>(3,914,140)</u>
Net increase (decrease) in cash, cash equivalents and restricted cash	(1,240,794)	3,117,560	293,191
Cash, cash equivalents and restricted cash at the beginning of the year	<u>4,059,673</u>	<u>942,113</u>	<u>648,922</u>
Cash, cash equivalents and restricted cash at the end of the year	<u>\$ 2,818,879</u>	<u>\$ 4,059,673</u>	<u>\$ 942,113</u>

See accompanying notes to financial statements.



Lje. Karina Hernández Ángeles
Trust Business Vice Director



C.P. Genaro Téllez Chávez
Trust Accounting Vice Director

**Fideicomiso Irrevocable de Administración y Pago número 80460
Reexpresado
(Nacional Financiera, S. N. C., Institución de Banca de Desarrollo, Dirección
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Notes to the Financial Statements

For the years ended December 31, 2016, 2015 and 2014
(In thousands of Mexican pesos)

1. Nature of the trust, most important characteristics and significant events

a) Creation of Trust

On August 26, 2005, an agreement was executed between the Fideicomiso Irrevocable de Administración y Pago número 80460, established under the name of Nacional Financiera, S.N.C., Trustee of the Trust T2 80460 (the Trust), between Banco Inbursa, S.A., Institución de Banca Múltiple, Grupo Financiero Inbursa (Trustor) and Nacional Financiera, S.N.C., Institución de Banca de Desarrollo, Dirección Fiduciaria (Trustee or NAFIN). Furthermore, the Initial Banks which granted the financing were appointed as Beneficiaries in the first place; Nacional Financiera, S.N.C., Institución de Banca de Desarrollo and Banca Nacional de Obras y Servicios Públicos, S.N.C. (BANOBRAS), as Beneficiaries in the second place, and Aeropuerto Internacional de la Ciudad de México, S.A. de C.V. (AICM), as Beneficiary in Third Place.

The Trust has no personnel of its own; the Trustee is responsible for all administrative services, management and control of its operations.

The primary purpose of the Trust is to arrange financing for the consideration payable for the assignment of and contribution to the Trust Capital of the collection rights of the Air Passenger Duty, made by AICM to the Trust, for which purpose the Trustee executed the following agreements:

i. The TUA Assignment Agreement

On August 24, 2005, the Department of Communications and Transportation (SCT) authorized AICM to assign to the Trust the collection rights of the TUA, the Indemnification Rights, the Right over the Insurance and the Bond Rights, (collectively the "Rights"), through the execution of the TUA Assignment Agreement.

On August 26, 2005, the TUA Assignment Agreement was executed, in which the AICM, in its capacity as "Assignor", transferred the Rights and assigned absolutely and irrevocably, without any reservation and free from any and all encumbrances to the Trustee of the Trust 80460 in its capacity as "Assignee":

- (1) The Collection Rights of the TUA; (i) the right to receive payments of the TUA made by passengers from August 16, 2005, and (ii) the Collection Rights of each and every invoice issued by the Assignor prior the date of the execution of the TUA Assignment Agreement, which are unpaid, under the understanding that the amount for Value Added Tax (IVA) paid by the passengers is not included in the assignment, provided that the obligation to credit IVA on the TUA is maintained by the Assignor in accordance with applicable law.
- (2) The Indemnification Rights.
- (3) The Insurance and Bond Rights.

The Assignee paid the Assignor a one-time total consideration for the amount equivalent to the proceeds of the Credit (as defined below), less issuance costs and any established reserves.

ii. **Original credit agreement**

On August 26, 2005, the Trust entered into a credit agreement with Banco Inbursa, S.A., Institución de Banca Múltiple, Grupo Financiero Inbursa; BBVA Bancomer, S.A., Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer (Grand Cayman Branch); Citibank N.A. and HSBC México, S.A., Institución de Banca Múltiple, Grupo Financiero HSBC, in their capacity as Lenders (the "Initial Banks"), for the amount of US \$400 million (the "Credit"), which proceeds were used for the acquisition of the Collection Rights of the TUA.

iii. **The Guarantee Transfer Agreement**

On August 26, 2005, the Trust entered into a guarantee transfer agreement with GE Capital Bank, S.A., Institución de Banca Múltiple, GE Capital Grupo Financiero (GE CAPITAL), División Fiduciaria as Trustee of the Irrevocable Administration Trust Agreement number F/524, in which NAFIN, in its capacity as Assignor, transferred without any restrictions to GE CAPITAL, any amounts derived from:

- (i) The Indemnification Rights; and
- (ii) Guarantees.

The assignment of the Indemnification Rights under the Assignment Agreement are subject to the condition established in the Third Clause of the Assignment Agreement.

iv. **Hedge Agreements**

On August 26, 2005, the Trust entered into three interest rate hedge agreements with BBVA Bancomer, S.A., Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer; Banco Nacional de México, S.A., Integrante del Grupo Financiero BANAMEX, and HSBC México, S.A., Institución de Banca Múltiple, Grupo Financiero HSBC, (collectively the "Hedge Providers").

Interest rate hedge agreements were executed with each Hedge Provider representing a third of the total amount of the Credit principal, in total representing 100% of the Credit.

v. **Pledge agreement**

On August 26, 2005, the Trust executed a Pledge Agreement with Banco Nacional de México, S.A. Integrante del Grupo Financiero BANAMEX ("Banamex"), to guarantee performance of all Secured Obligations (dispositions, debts obligations, affirmative covenants and duties of the Trustee under the Credit Agreement or in relation to the Credit or the Hedge Agreements) contracted with the Administrative Agent, each of the Collateral Agents, the Banks, the Hedge Providers and any other person with the status of creditor (collectively the Secured Parties"), when the latter become due and payable, either at their regular maturity or in advance, or for any other reason.

Therefore, NAFIN Dirección Fiduciaria as Trustee of Irrevocable Management and Payment Trust Agreement number 80460, in its capacity as Pledge Debtor, pledged (i) the ownership of the Collection Right for the TUA; (ii) the Right to the Insurance, and, (iii) any other new or additional right which might be acquired or owned in the future under the Trust Agreement, in favor of Banamex, as Pledge Creditor, acting for the benefit, and in the name and representation, of the Guaranteed Parties.

vi. **The Guarantees**

On August 26, 2005, the Trust entered into a Guarantee Agreement with NAFIN and BANOBRAS, in their capacity as Guarantors.

Each of these institutions pledged directly, irrevocably and unconditionally to the Trust the performance of 50% of the Guaranteed Obligation established at US \$400 million.

The limit of the Guaranteed Obligation decreases in the same proportion in US dollars as the Credit is paid.

The guarantee of performance of the Guaranteed Obligation consists of the obligation assumed by NAFIN and BANOBRAS to pay to the Trust, in order to address cash flow deficiencies:

- (1) If the TUA paid by the passengers is less than US \$7 per passenger and
- (2) If the funds in the Debt Service Accrual Account and the Peso Withholding Account, once all transfers have been made to such accounts under the Credit Agreement, are less than the total amount payable by the Trustee for payment of principal and interest and any other amount payable at any quarterly date under the notes of the Credit and the Hedge Agreements.

The Guarantee covers 100% of the total amount payable by the Trustee for payment of principal and interest and any other amount payable at any quarterly date under the notes of the Credit and the Hedge Agreements, whereby NAFIN and BANOBRAS must each pay 50% of any deficit that arises under the terms of the Guarantee Agreements.

The Trust will pay NAFIN and BANOBRAS, as commission for the effective term of the guarantee, an amount equivalent to 0.75% (zero point seventy-five percent) a year, of 50% of the unpaid balance of the Credit.

b) **First Amendment agreement to the Trust Agreement**

The AICM and the Trustee agreed to make an adjustment to the consideration agreed in the TUA Assignment Agreement. On September 29, 2006, the Credit Agreement was amended to increase the consideration agreed by the amount of US \$108.5, (Portion B) so that, together with the US \$400 million of the Original Credit (Portion A), it would total US \$508.5 million.

As result of the above, on September 29, 2006, the First Amendment agreement to the Trust was executed, to reflect the adjustments made to the original Credit Agreement, of which at this date the respective modifications were made to the following agreements:

i. **The TUA Assignment Agreement**

The amount of the consideration was modified; the Assignee paid to the Assignor a one-time and total consideration for the amount equivalent to Portion B of the Credit, less issuance costs and any reserves created.

ii. **The Credit Agreement**

The amount of the consideration was modified for the amount equivalent to Portion B of the Credit.

iii. **The Guarantee Transfer Agreement**

The agreement was amended to include the amount equivalent to Portion B of the Credit.

iv. **The Hedge Agreements**

The Trust entered into interest rate hedge agreements, under same terms and conditions of the Original hedge agreement with the Hedge Providers.

One third of Portion B of the Credit was hedged with each of the Hedge Providers, which, when added to the initial hedge of Portion A of the Credit, in total represents 100% of the amended amount of the Credit.

v. **The Pledge Agreement**

The agreement was amended to include the amount equivalent to Portion B of the Credit.

vi. **The Guarantees**

The Guarantee Agreements with NAFIN and BANOBRAS were amended in order to incorporate Portion B of the Credit, amending the amount of the performance of the Guaranteed Obligation, by US \$254.25 million each.

The amount of the TUA paid by the passengers was amended to US \$8.33 dollars per passenger, for which reason NAFIN and BANOBRAS will have to pay resources to the Trust, in order to address the cash flow deficiencies:

- (i) If the TUA paid by the passengers is less than US \$8.33 dollars per person and
- (ii) the funds in the Debt Service Accrual Account and the Peso Withholding Account, once all the transfers have been made to such accounts in accordance with the Credit Agreement, are lower than the total amount payable by the Trustee for payment of principal and interest and any other amount payable at any quarterly date under the notes of the Credit and the Hedge Agreements.

The Guarantee covers 100% of the total amount payable by the Trustee for payment of principal and interest and any other amount payable at any quarterly date under the notes of the Credit and the Hedge Agreement, whereby NAFIN and BANOBRAS must each pay 50% of any deficit that arises under the terms of the Amendment Agreements to the Guarantee Agreements.

The Trust will pay to NAFIN and BANOBRAS, as commission for the duration of the agreement, an amount equivalent to 0.75% a year, of 50% of the unpaid balance of the Credit.

As of December 31, 2015 and 2014, the enforcement of the collateral was not required, because the cash flows derived from the collection of the TUA, have been sufficient to fulfill the objectives of the Trust.

e) **Second Amendment and restatement agreement to the Trust Agreement**

Due to the current and future demand for airport services of the Metropolitan Zone of the Valle de México, the Federal Government has explored different options to expand the current airport infrastructure. In this regard, the SCT, through Grupo Aeroportuario de la Ciudad de México, S.A. de C.V. (GACM), is carrying out the construction, installation, operation and maintenance of the New Mexico City International Airport (NAICM).

To enable the Federal Government to build the NAICM, a funding scheme has been structured based on the definitive assignment by AICM of the TUA Collection Right for the current airport (TUA1), and by the GACM of the TUA Collection Right for the NAICM (TUA2) to the capital of the Trust.

Accordingly, through a resolution adopted by the Board of Directors of AICM on August 15, 2014, the Directors agreed (i) to instruct the Trust to pay, in advance, the credit that was used for the construction of Terminal 2 of the Mexico City Airport, by using a portion of the resources obtained from a new credit for the NAICM, such that once such payment is made, the AICM will have the Collection Right for the TUA1, and consequently, (ii) the AICM was authorized to assign to the Trust the Collection Right for the TUA1, the Indemnification Rights for AICM, the Insurance Rights for AICM and the Bond Rights for AICM, through the execution of the Assignment Agreement of the TUA1, authorized by the SCT through the official notice number 4.056/2014, dated October 23, 2014.

Furthermore, in a resolution adopted by the Board of Directors of the GACM on October 3, 2014, GACM was authorized to assign to the Trust, the collection right for the TUA2, the Indemnification Rights for NAICM, the Insurance Rights for NAICM and the Bond Rights, through the execution of the Assignment Agreement for TUA2, authorized by the SCT through the official notice number 4.057/2014, dated October 23, 2014.

The Trust is the vehicle used to obtain the resources for the payment of the assignment of the Collection Rights for the TUA1 and TUA2, for which a credit of up to US \$1 billion was obtained, whose sole source of payment is mainly composed of the revenues from the TUA1 and TUA2.

With the resources from the new credit, AICM instructed the Trust to make the advance payment of the unpaid balance of the credit obtained for the financing of Terminal 2 of the Airport, including the signing and execution of the documentation needed for such purpose.

In accordance with the aforementioned events, the obligations entered into by Nacional Financiera, S.N.C., as the Trustee of Trust T2 80460 were paid in full and the Restructured Irrevocable Management and Payment Trust 80460 was created.

The total debt paid in advance on October 29, 2014 was as follows:

	Amount in thousands of US dollars	T.C.(1)	Amount in thousands Mexican pesos
Principal	97,462	13.5701	\$ 1,322,569
Interest	214	13.5701	2,904
Compensation for prepayment	<u>7</u>	13.5701	<u>95</u>
Total	<u>97,683</u>		<u>\$ 1,325,568</u>

- (1) The exchange rate used to settle obligations on October 29, 2014 was the one published by Mexican Central Bank on October 28, 2014.

As a result of the prepayment, the following documents were signed:

i. **Assignment agreement:**

- With the advance, payment of the Original Credit for US \$508.5 million, the original assignment agreement, together with its amendment agreement, were considered terminated.
- On October 29, 2014, the Assignment Agreement was executed with AICM, in which the AICM, in its capacity as Assignor, assigned and transferred absolutely and irrevocably, without any restrictions and free from any and all encumbrances, to NAFIN, Dirección Fiduciaria, as the Trustee of Trust 80460, in its capacity as Assignee:

- (1) The Collection Right of the TUA1; (i) the right to receive payments of the TUA made by the passengers from October 29, 2015, and (ii) the Collection Rights of each and every invoice issued by the Assignor before the date of the Agreement, which are unpaid, under the understanding that the amount of IVA paid by the passengers is not included in the assignment, provided that the obligation to credit IVA on the TUA is maintained by the Assignor under applicable law.
- (2) The Indemnification Rights.
- (3) The Insurance and Bond Rights.

The Assignee will pay the Assignor a consideration for the amount equivalent to the Net Proceeds from the Credit less issuance costs expenses and any established reserves.

- On October 29, 2014, the Assignment Agreement was signed with GACM, in which GACM, in its capacity as Assignor, assigned and transferred absolutely and irrevocably, without any reservation and free from any and all encumbrances, to NAFIN, Dirección Fiduciaria, as Trustee of Trust 80460, in its capacity as Assignee:
 - (1) The total ownership the Collection Right of the TUA2; the right to receive the payment of the TUA made by the passengers as of the starting date of operations of the NAICM, under the understanding that the amount of IVA paid by the passengers is not included in the assignment, provided that the obligation to credit IVA on the TUA is maintained by the Assignor in accordance with applicable laws.
 - (2) The Indemnification Rights.
 - (3) The Insurance and Bond Rights.

ii. **The Credit Agreement**

On October 29, 2014, the Credit Agreement was signed, documenting the financing granted by the Initial Banks, up to the amount of US \$1 billion, to finance the acquisition of the Collection Right for the TUA 1 and TUA 2, and the rights related to the AICM and the GACM, in conformity with each of the Assignment Agreements signed with AICM and GACM, and to early settle the unpaid balance and other government charges of the Original Credit of US \$508.5 million.

iii. **The Guarantee Assignment Agreement**

The trust formalized with GE Capital Bank, S.A., Institución de Banca Múltiple, GE Capital Grupo Financiero, División Fiduciaria as Trustee of the Irrevocable Management Trust Agreement number F/524 (the "Assignee") was terminated.

iv. **The Irrevocable Guarantee, Administration and Source of Payment Trust Agreement No. 2172 (Creditors' Trust)**

On October 29, 2014, the Irrevocable Guarantee, Administration and Source of Payment Trust No. 2172 was established, with the participation of Banco Invex, S.A., Institución de Banca Múltiple, Invex Grupo Financiero, as Trustee, NAFIN, in its capacity as Trustee of the Restructured Irrevocable Administration and Payment Trust No. 80460, in its capacity as Borrower, Trustor and Second Beneficiary, Banco Inbursa, S.A., I.B.M., Grupo Financiero Inbursa; BBVA Bancomer, S.A., I.B.M., Grupo Financiero BBVA Bancomer; Banco Nacional de México S.A., Integrante del Grupo Financiero Banamex, and HSBC Bank USA, National Association; and any other banks which sign or abide by the Credit Agreement, as First Beneficiaries.

To guarantee the secured obligations, the Borrower, in its capacity as debtor of the credit agreement, contributed to the capital of Trust No. 2172:

- a) The collection rights of the TUA,
- b) The Indemnification rights,
- c) The Insurance rights and
- d) The Bond rights

The Secured Obligations include without limitation:

- i) The obligations for payment of principal and interest, expenses, fees, attorney's expenses, Indemnification and any other amount payable by the Borrower under the Credit Agreement, defined in the Trust Agreement and its Exhibits, and
- ii) The obligation for the Trustee to reimburse any amount related to the above, which any Bank, at its complete discretion, may elect to pay in the name of the Borrower, and Invex, in its capacity as Trustee:
 - a. Will acquire from the Borrower the Collection Rights for the TUA defined in the Agreement, the Indemnification Rights, the Insurance Rights and the Bond Rights, under the terms of the Assignment Agreements, to guarantee the performance of the Secured Obligations,
 - b. Manage the Collection Rights for the TUA, and
 - c. Apply the resources existing in the capital of the Trust as established in the Agreement.

v. **The Hedge Agreements**

On October 29, 2014, the interest rate hedge agreements signed with the Hedge Providers were terminated, and the six transactions agreed were settled accordingly.

vi. **The Pledge Agreement**

On October 29, 2014, the Pledge Agreement, executed with BANAMEX on August 26, 2005, was terminated.

vii. **The Guarantees**

With the advance payment of the unpaid balance of the Original Credit, pursuant to Clause Six of the Guarantee Agreements, the effective term of the Guarantee was terminated, for which reason the Trust was released from any obligation, which might be applicable to it under any agreement.

As of October 29, 2014, the enforcement of the guarantee was not required, because the cash flows derived from the collection of the TUA were sufficient to achieve the objectives of the Trust.

d) **Third Amendment and Restatement Agreement to the Trust Agreement**

On October 7, 2015, the Third Amendment and Restatement Agreement to the Trust Agreement Number 80460 was signed.

The main purpose of this modification was to incorporate the option to issue debt through the Trust No. 80460, either private or public, in local markets or international markets, as a funding source.

Likewise, to obtain additional funding, the Trustee requested the original Credit Agreement and the loan documents to be amended and restated, in order to convert the original loan into a secured senior loan of revolving nature up to \$3 billion dollars, among others (see Note 8).

Based on the above, the following agreements were simultaneously executed: (i) An Amendment and Restatement to the TUA 1 Assignment Agreement; (ii) An Amendment and Restatement to the TUA 2 Assignment Agreement; (iii) An Amendment and Restatement to the Credit Agreement; and (iv) an Amendment and Restatement Agreement to the Lender Trust.

c) **Fourth Amendment and Re-Expression Agreement to the Trust Contract**

On September 27, 2016, the Fourth Amendment Agreement was signed in relation to Trust Contract No. 80460.

The main purpose of this amendment was to incorporate the necessary modifications into the original operating documents, derived from the issuance of public debt for US\$2,000 million in international markets, as an additional financing source.

Furthermore, similar modifications were made to the Credit Contract and the Creditors Trust, through two Amendment Agreements to the Credit Contract and the Second Amendment and Re-expression Agreement to the Creditors Trust.

Pursuant to the foregoing, the following documents were also signed:

i. **Offering Memorandum**

On September 22, 2016, the Offering Memorandum was executed, whereby the Trust 80460 offered bonds for a total of US\$2,000 million in international markets through Rule 144A and Regulation S, as well as through a listing on the Singapore Stock Exchange (SGX-ST). The issue date was September 29, 2016, and involved tranches with the following terms:

- Senior Secured Bonds for US\$1,000 million at a rate of 4.25%, maturing in 2026, with a bid price of 99.009%, plus accrued interest.
- Senior Secured Bonds for US\$1,000 million at a rate of 5.5%, maturing in 2046, with a bid price of 98.631%, plus accrued interest.

The following financial institutions took part in the offering: Citigroup, HSBC, J.P.Morgan, BBVA, Santander, Crédit Agricole Securities, Inbursa, MUFG and Scotiabank.

ii. **Purchase Agreement**

On September 22, 2016, the Purchase Agreement was executed between Nacional Financiera, S.N.C., I.B.D., Dirección Fiduciaria, in its capacity as Trustee of the Trust 80460, acting as Issuer, and the Initial Purchasers of the bond placement, with the aim of establishing purchase terms and conditions between the bid date and the issue date.

iii. **Contract between Creditors**

On September 29, 2016, the Creditors Contract was executed between Nacional Financiera, S.N.C., I.B.D., Dirección Fiduciaria, in its capacity as Trustee of the Trust 80460, acting as Borrower; the Financial Institutions taking part in the Credit Contract, as Revolving Creditors; HSBC Bank USA, National Association, as Administrative Agent; Citibank, N.A., as Foreign Collateral Agent; Banco Nacional de México, S.A., Integrante del Grupo Financiero Banamex, División Fiduciaria, as National Collateral Agent; Banco Invex, S.A., I.B.M., Invex Grupo Financiero, as Trustee of the Creditors Trust; HSBC Bank USA, National Association, as Trustee of the Bonds Contracts; Citibank, N.A., as Agent between Creditors; and each Swap Counterparty, Provider of Additional Debt and any other Person that is a party to the Creditors Contract.

The Contract regulates the terms between all the creditors of the Trust 80460, establishing terms and conditions to make loans to the Borrower up to the amount of US\$3,000 million

iv. **Bonds Trust Contract**

On September 29, 2016, a Bonds Trust Contract was signed for each amount of US\$1,000 million issued, with the participation of Nacional Financiera, S.N.C., I.B.D., Dirección Fiduciaria, in its capacity as Trustee of Trust 80460, as Issuer; HSBC Bank USA, National Association, as Trustee, Payment Agent, Secretary, and Transfer Agent; Citibank, N.A., as Foreign Collateral Agent; and Banco Nacional de México, S.A., Integrante del Grupo Financiero Banamex, División Fiduciaria as National Guarantee Agent.

Both contracts establish the benefits for the Holders of both bonds, as well as the rights and obligations between the other participants in the issuances of the bonds.

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

a. *New and revised IFRSs in issue but not yet effective*

The Trust has not applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 9	Financial Instruments ²
IFRS 15	Revenue from Contracts with Customers ²
Amendments to IAS 7	Statements of Cash Flows ¹

¹ Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

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

At the date of issuance of these financial statements, the adoption of these improvements did not have a material effect on the Trust Management financial information.

3. **Significant accounting policies**

a. *Translation to English*

The accompanying financial statements have been translated from Spanish into English for use outside of Mexico. Certain accounting practices applied by the Trust that conform with the IFRS may not conform to accounting principles generally accepted in the country of use.

b. *Statement of compliance*

The financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IASB”).

c. *Basis of preparation*

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value 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, the Trust takes into account the characteristics of the asset or liability if market participants would take those characteristics in the moment when pricing the asset or liability at the measurement date.

d. *Financial instruments*

Financial assets and financial liabilities are recognized when the Trust 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 issue 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 or loss.

e. *Cash, cash equivalents and restricted cash*

Cash and cash equivalents consist mainly of bank deposits in checking accounts and short-term investments that a) are high liquidity and easily convertible into cash, b) mature within three months from their acquisition date and c) are subject to low risk of material changes in value. Cash is stated at nominal. Cash equivalents are comprised mainly of short-term investments. Restricted cash is comprised mainly of reserves for the debt service.

f. *Financial assets*

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss ("FVTPL"), held-to-maturity investments, available-for-sale (AFS) financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All purchases or sales of financial assets are recognized and derecognized as of the trade date. The purchases or sales are purchases or sales of financial assets that require delivery of assets within the time set by regulation or convention in the marketplace.

Trust's financial assets are comprised mainly of cash, cash equivalents, restricted cash and accounts receivable.

1. 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. 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) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as of FVTPL.

2. Financial assets at FVTPL

Financial assets are classified as FVTPL when the financial asset is (i) contingent consideration that may be paid by an acquirer as part of a business combination to which IFRS 3 applies, (ii) held for trading, or (iii) it is designated as of FVTPL.

A financial asset is classified as held for trading if:

- It has been acquired principally for the purpose of selling it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Trust manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising from the revaluation recognized in profit or loss. The profit or loss net recognized in the statements of profit or loss incorporates any dividend or interest earned on the financial asset and is included in the “other income (expenses)” - Net line item. Fair value is determined in the manner described in Note 6.

3. Loans and receivables

Receivables with fixed or determined payment are non-derivative financial assets not negotiated in an active market. Accounts receivable are initially valued at fair value, considering the amounts receivable from passenger charges granted to the Trust, payable through the maturity of the banking credit and bonds. Subsequently the receivables are valued at amortized cost using the effective rate method, less any impairment.

Interest income is recognized by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

4. Impairment of financial assets

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

Objective evidence of impairment could include:

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

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced using an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

5. Derecognition of financial assets

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

g. ***Derivative financial instruments***

The Trust enters into a variety of derivative financial instruments to manage its exposure to interest rate, including foreign interest rate swaps and cross currency swaps. Further details of derivative financial instruments are disclosed in Note 6.

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

Embedded derivatives

Derivatives embedded in non-derivative host agreements are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host agreements and the agreements are not measured at FVTPL.

The negotiation of derivative financial instruments is carried out only with recognized institutions and limits have been established for each institution. The policy of the Trust is to not enter into derivative instruments for speculative purposes.

When the derivatives are entered into with the purpose of hedging a risk and the instrument fulfills all the requirements of hedge, the designation is documented at the beginning of the contract, describing the objective, characteristics, accounting recognition and the effectiveness.

h. ***Hedge accounting***

The derivatives designated for hedging, recognize the change in value according to their characteristics: (1) Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognized in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognized in profit or loss in the line item relating to the hedged item; (2) The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss, and is included in the 'other income (expenses) - Net' line item.

Some of the derivative financial instruments, even when they are sign for an economic perspective coverage, by not accomplished all the requirements that the Normativity requires, for accounting effects, have been design has negotiation. The exchange in the fair value of this derivative is recognized in the profit or loss.

i. ***Provisions***

Provisions are recognized when the Trust has a present obligation (legal or constructive) as a result of a past event, it is probable that the Trust will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

j. ***Income tax***

The Trust is not a legal entity for income tax purposes; therefore, the Trust is not subject to income tax (ISR) and the operations of the Trust are subject to the tax regimen of the Trustors.

The tax obligations generated are the obligation of the Trustor or the Beneficiaries as appropriate, but not of the Trust.

For such reason, the cessation of the receivables to the capital of the Trust is not considered a sale for tax purposes (article 14 of the Federal Tax Code), since at no time has the Trustor lost the right that the receivables will ultimately revert to it.

k. ***Trust capital***

Trust capital is increased by the initial contribution, additional contributions and resources, Rights of the Trust and the yields obtained from investments. Trust capital is decreased as a result of interest and principal payments from financing and for the payment of other expenses of the operation of the Trust as well as disbursements to the Trustor.

l. ***Risk management policies***

The Trust is exposed to certain financial risks related to its operations that are managed through the identification, measurement, concentration or risk limits, and supervision systems. The management of risks in the Trust is preventative in nature and is focused on the medium and long-term, taking into consideration the most probable scenarios of evolution of the variables that could affect each of the identified risks. Special attention is given to the management of market risk, especially for interest rate, as well as liquidity risk and credit risk (see Note 6).

m. ***Financial liabilities***

i) Classification as debt or equity

Debt and equity instruments issued by the Trust are classified either as 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.

ii) Financial liabilities

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

iii) Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is held for trading, or is designated as at FVTPL.

The Trust has no financial liabilities classified as FVTPL.

iv) Other financial liabilities

Other financial liabilities including bank loans and bonds payable are initially valued at fair value, net of transaction costs. They are subsequently valued at amortized cost using the effective interest rate method, recognizing interest expense on an effective yield basis.

v) Derecognition of financial liabilities

The Trust derecognizes financial liabilities when, and only when, the Trust'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.

n. ***Revenue recognition***

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Trust and the amount of income can be measured reliably. Interest income is accrued on a timely basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

o. ***Fair value of the financial instruments registered at amortized cost***

The fair value of the financial instruments that are presented in the financial statement has been determined by the Trust using the information available in the market or other valuation techniques that require judgment to develop and interpret fair value estimates. Additionally, those techniques use inputs based on market conditions as of the reporting date.

Consequently, the estimated fair value of the financial instruments presented is not necessarily indicative of the amount that the Trust could get in the open market. The use of different assumptions and/or estimation methods could have a material effect in the fair value calculations.

4. **Critical Accounting Policies and Estimates**

- ***Estimates and assumptions***

In the application of the Trust accounting policies, the Trust's management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The uncertainty about the assumptions and estimates used could lead to results that require a material adjustment to the carrying amount of the assets or liabilities in future periods.

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.

The key assumptions used and other sources of estimates with uncertainty as of the date of the financial statements, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets or liabilities, are related to fair value.

- ***Long-term accounts receivable***

The long-term receivables represent the right to receive projected TUA collections for the next five years, equal to the term of the long-term debt issued by the Trust. It is a financial asset that is not negotiated in an active market. It is valued at amortized cost using the effective interest rate method, less any impairment.

- ***Fair value of the financial instruments***

The fair value of the financial assets or liabilities, for example the fair value of derivatives that are recognized in these financial statements that are not actively traded in the markets, were determined using valuation techniques that consider mathematical models. When possible, the inputs used in these models come from observable market data; in case that such is not available, judgment is applied to determine the fair value. Judgments include the consideration of liquidity and the data of the model and the volatility of the derivative over the long term as well as discount rates, the anticipated amortization rate and the estimated default payments.

5. Cash, cash equivalents and restricted cash

For the purposes of the statement of cash flows, cash, cash equivalents and restricted cash include cash on hand and in banks. Cash and cash equivalents at the end of the reporting period as shown in the statements of cash flows can be reconciled to the related items in the statement of financial position as follows:

	2016	2015	2014
Cash	\$ 3	\$ -	\$ 5
Cash equivalents (2)	62,780	2,879,058	-
Trust funds (restricted cash) (1)	<u>2,756,096</u>	<u>1,180,615</u>	<u>942,108</u>
	<u>\$ 2,818,879</u>	<u>\$ 4,059,673</u>	<u>\$ 942,113</u>

1. As mentioned in Note 1c and 1d, due to the financial restructuring of the Trust and the prepayment of the debt to the Initial Banks on October 29, 2014 the Invex 2172 Trust was established, with the purpose of guaranteeing the payment of all guaranteed obligations, debt and covenants of the Trust, with the capital of the Trust, and the administration of such capital as a payment method for the obligations. The characteristics of this Trust Agreement are mentioned in this note.

Cash amounts of the Trust as of December 31 are comprised of funded capital, interest, guarantee payments, returns on financial instruments and reserves which are restricted, with a maximum maturity of three days.

With the resources derived from operations, the Invex 2172 Trust will manage such funds in accordance with the following policies and in accordance with the credit agreement:

- a. The Invex 2172 Trust will receive in the revenue bank accounts, in US dollars and Mexican Pesos, any payment or amounts equal to the liquid portion of the initial contribution, amounts from the Rights of the Trust and financial income earned on all amounts maintained in the Trust's accounts, attending to priority payments, in fulfillment of the Trust Agreement.
- b. The Invex 2172 Trust will receive in the retention bank account Mexican Pesos for any payment or withholding of taxes owed to any Mexican government authority in relation with the payment of the Guaranteed Obligation as established in the Trust Agreement. According to the instructions of the Trustee to the Borrower, from time to time, the funds may be transferred to the Creditor for payment of amounts owed. Under the understanding that the Creditor does not provide the corresponding instruction, the Administrative Agent, with the instruction of any bank, could instruct Invex 2172 Trust to make such payments.
- c. Any amount from any compensation that comes from any expropriation shall be deposited in the bank account for expropriation in Mexican pesos. Such resources should be used by the Trustee to prepay the Granted Obligations, in accordance with the instructions of the Administrative Agent.
- d. In each quarter that the guaranteed credit obligations, which comprise the Guaranteed Obligation, become enforceable and payable to the Creditor, in conformity with the credit agreement, the Invex 2172 Trust will apply the deposit as established by the Trust Agreement, in the Debt Service Accumulation account in U.S. dollars.
- e. The Reserve Account for the Debt Service in US dollars, is the bank account that will receive any payment or compensation as established in the terms of the Credit Agreement with the purpose to create and maintain a reserve for servicing the debt. The account will hold an amount equal or greater to the funds required for the reserve as stipulated in the Trust Agreement.

- f. The financial position of Invex 2172 Trust as of December 31, 2016, 2015 and 2014 is as follows:

	2016	2015	2014
Statement of financial position:			
Current assets	\$ <u>2,756,096</u>	\$ <u>1,180,615</u>	\$ <u>942,113</u>
Capital	\$ <u>2,756,096</u>	\$ <u>1,180,615</u>	\$ <u>942,113</u>
Statement of profit or loss:			
Income	\$ 821,173	\$ 186,804	\$ 21,175
Expenses	<u>(729,050)</u>	<u>(158,037)</u>	<u>(19,196)</u>
Excess income over expenses	\$ <u>92,123</u>	\$ <u>28,767</u>	\$ <u>1,979</u>

The Trust Agreement will have a duration necessary to fulfill its purpose. It may be extinguished as a result of any cause established in numeral 392 of the General Law of Securities and Credit Operations, except for that discussed in fraction VI, considering that this Trust and its patrimony are irrevocable in nature, thereby relinquishing the Trustee of its right to revoke.

2. Cash equivalents are all highly liquid short-term investments with original maturities of 90 days or less from the date of acquisition and have a low risk related to fair value changes.

6. Financial instruments

a. *Significant accounting policies*

The details of the significant accounting policies and the approved methods (including the recognition criteria, valuation basis and the basis to recognize income or expense) of any kind of financial assets or financial liability, are disclosed in Note 3.

b. *Risk administration of Trust capital*

The Trust manages its capital to ensure the Trust will be able to continue as going concern and maximizes capital through the optimization of debt equity. The general strategy of the Trust was not modified in 2016, 2015 and 2014.

Trust capital consists of net debt (the loans described in Note 8 less cash and cash equivalents and restricted cash amounts), and Trust capital (comprised of contributions, the Rights of the Trust, returns obtained from investments and the retained profit and loss as are described in Note 3f and Note 10, respectively).

The Trust is not subject to any external imposition for the administration of its own Capital, except that the remaining capital after the waterfall payments as established by the Trust Agreement must be returned to the Beneficiaries.

The Indebtedness Index is determined as the proportion of net debt and Trust capital. The Indebtedness Index as of December 31, 2016, 2015 and 2014 was 67%, 37% and 31%, respectively (see below).

- Indebtedness index

The indebtedness index is as follows:

	2016	2015	2014
Debt (i)	\$ 41,029,840	\$ 16,489,883	\$ 4,115,851
Cash, equivalent cash and restricted cash	<u>(2,818,879)</u>	<u>(4,059,673)</u>	<u>(942,113)</u>
Net debt	<u>\$ 38,210,961</u>	<u>\$ 12,430,210</u>	<u>\$ 3,173,738</u>
Trust capital (ii)	<u>\$ 56,890,996</u>	<u>\$ 33,378,502</u>	<u>\$ 10,219,097</u>
Indebtedness Index	<u>67%</u>	<u>37%</u>	<u>31%</u>

- (i) Debt is defined as long and short-term loans (excluding the derivatives and the financial guarantee agreements), as is described in Note 8.
- (ii) Trust capital includes the contributions, Trust rights, returns on investments and retained earnings.

c. ***Financial instruments categories***

The main categories of financial instruments are as follows:

	2016	2015	2014
<u>Financial assets</u>			
Cash, cash equivalents and restricted cash	\$ 2,818,879	\$ 4,059,673	\$ 942,113
Short-term accounts receivable	9,084,079	6,022,666	864,593
Long-term accounts receivable	88,732,061	44,346,105	13,758,034
<u>Financial liabilities</u>			
At amortized cost:			
Accounts payable to Trustor and other accounts payable	\$ 2,715,160	\$ 4,561,006	\$ 1,230,739
Current portion of bank loans and bonds	2,256,106	52,958	83,658
Long-term bank loans and bonds	38,773,734	16,436,925	4,032,193

d. ***Financial risk management objectives***

The activities of the Trust are subject to several economic risks which includes (i) financial market risk (interest rate), (ii) credit risk, and (iii) liquidity risk.

The Trust seeks to minimize the potential negative effects of the aforementioned risks on its financial performance through different strategies. In the first instance, natural hedges of risks are sought. When this is not possible or not economically feasible, the contracting of derivative instruments is evaluated, unless the risk is considered insignificant for the financial situation, performance and cash flows of the Trust Fund. The use of financial derivatives is governed by the policies of the Trust, which have been approved by its management, which includes interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments and investment of liquidity surplus (the internal control policy of the Trust requires that the acquisition of credit requires analysis prior to their authorization). The Trust seeks to minimize the effects of interest rate risk using derivative financial instruments to hedge exposures to such risk.

e. **Market risk**

The Trust is exposed primarily to interest rates risk (see section i) below), The Trust has concluded that the changes in foreign currency exchange rates are not material. The Trust entered into a variety of derivative financial instruments (interest rate swaps) to manage its exposure to foreign currency risk and interest rate risk.

There has been no change to the Trust's exposure to market risks or the manner in which these risks are managed and measured.

(i) **Interest rate risk management**

In 2015 and 2014, the Trust was exposed to interest rate risk as it borrowed funds at floating interest rates. The risk is hedged by the Trust by engaging in interest rate swap agreements. Hedging activities are evaluated regularly to align with interest rate expectations and defined risk appetite, ensuring the most cost-effective hedging strategies are applied.

- Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for both derivatives and non-derivative financial instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming that the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase and decrease is used when reporting interest rate risk internally to key management personnel to assess the impact on changes in interest rates.

If interest rates had been 0.50, basis points higher/lower and all other variables were held constant:

- Net income for the year ended December 31, 2015 and 2014 would decrease/increase by \$5,749, and \$7,293, respectively. This is mainly attributable to the Trust's exposure to interest rates on its variable rate borrowings.

f. **Credit risk management**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Trust. In the case of the Trust, maximum credit risk exposure as of December 31, 2016, 2015 and 2014, is presented in cash and cash equivalents and restricted cash, in accounts receivables (both, short and long term).

The Trust has a policy to maintain the cash and the cash equivalents only with highly rated institutions. Credit risk originates from accounts receivable, as they represent only amounts receivable from the AICM.

g. **Liquidity risk management**

Historically the principal sources of the liquidity for the Trust has been the cash flows generated by resources obtained from TUA collection and the resources obtained from loans guaranteed with future TUA.

The table below was prepared based on the undiscounted cash flows related to each obligation beginning from when the first payment is due; however, the table does not estimate payments of excess TUA held by the Trust. The table includes payment of principal and interest. It was calculated using the interest rate as of December 31, 2016, 2015 and 2014 and the estimated value of the exchange rate at each payment period, considering inflation determined by Bank of Mexico, which was 3% annual.

As of December 31, 2016	1 year	2 to 4 years	5 to 10 years	Total
Accounts payable to Trustor	\$ (2,715,160)	\$ -	\$ -	\$ (2,715,160)
Long-term bonds	-	-	(41,238,800)	(41,238,800)
Bank interest expense	<u>(2,256,106)</u>	<u>(6,114,941)</u>	<u>(12,235,466)</u>	<u>(20,606,513)</u>
Total	<u>\$ (4,971,266)</u>	<u>\$ (6,114,941)</u>	<u>\$ (55,474,266)</u>	<u>\$ (64,560,473)</u>
As of December 31, 2015	1 year	2 to 4 years	5 to 10 years	Total
Accounts payable to Trustor	\$ (4,561,006)	\$ -	\$ -	\$ (4,561,006)
Long-term bank loans	-	-	(17,248,700)	(17,248,700)
Bank interest expense	<u>(327,123)</u>	<u>(1,425,948)</u>	<u>(849,265)</u>	<u>(2,602,336)</u>
Total	<u>\$ (4,888,129)</u>	<u>\$ (1,425,948)</u>	<u>\$ (18,097,965)</u>	<u>\$ (24,412,042)</u>
As of December 31, 2014	1 year	2 to 4 years	5 to 10 years	Total
Accounts payable to Trustor	\$ (1,230,739)	\$ -	\$ -	\$ (1,230,739)
Long-term bank loans	-	(520,466)	(4,759,232)	(5,279,698)
Bank interest	<u>(72,069)</u>	<u>(317,601)</u>	<u>(119,838)</u>	<u>(509,508)</u>
Total	<u>\$ 1,302,808</u>	<u>\$ (838,067)</u>	<u>\$ (4,879,070)</u>	<u>\$ (7,019,945)</u>

h. ***Fair value measurements of financial instruments***

This note provides information about how the Trust determines fair values of various financial assets and financial liabilities.

Fair value hierarchy

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 is described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Trust 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.

1. Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

	2016		2015		2014	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities held at amortized cost:						
Variable and fixed interest rate bank loans and bonds	\$ 41,029,840	\$41,029,840	\$ 16,489,883	\$17,833,416	\$ 4,115,851	\$ 4,684,521

	Fair value hierarchy as of December 31, 2016			
	Level 1	Level 2	Level 3	Total
Financial liabilities held at amortized cost:				
Fixed interest rate bonds	\$ -	\$ -	\$41,029,840	\$41,029,840

	Fair value hierarchy as of December 31, 2015			
	Level 1	Level 2	Level 3	Total
Financial liabilities held at amortized cost:				
Variable interest rate bank loans	\$ -	\$ -	\$17,833,416	\$17,833,416

	Fair value hierarchy as of December 31, 2014			
	Level 1	Level 2	Level 3	Total
Financial liabilities held at amortized cost:				
Variable interest rate bank loans	\$ -	\$ -	\$ 4,684,521	\$ 4,684,521

The fair values of the financial assets and financial liabilities included in the level 3, categories above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

7. **Accounts receivable**

Accounts receivables from the AICM and in US dollar translated to local currency, are as follows:

	2016	2015	2014
Balance as of January 1	\$ 44,346,105	\$ 13,758,034	\$ 3,515,905
Amount TUA received	(8,447,742)	(6,762,761)	(3,515,905)
TUA collection rights acquired	49,974,822	35,400,660	13,427,945
Interest income	4,162,771	4,321,118	1,215,839
Exchange (loss) profit	7,780,184	3,651,720	(21,157)
Balance as of December 31	97,816,140	50,368,771	14,622,627
Short-term receivable balance	(9,084,079)	(6,022,666)	(864,593)
Long-term receivable balance	\$ 88,732,061	\$ 44,346,105	\$ 13,758,034

There are no overdue balances in any period.

8. Bank loans and bonds

a. As of December 31, bank loans and bonds payable are composed as follows:

	2016	2015	2014
Senior secured bonds for USD 1,000,000,000 at a fixed rate of 4.25%, maturing in 2026.	\$ 20,663,017	\$ -	\$ -
Senior secured bonds for USD 1,000,000,000 at a rate of 5.5%, maturing in 2046.	20,653,145	-	-
Long-term revolving credit, guaranteed and preferential, for an authorized amount as of December 31, 2016 and 2015 of USD 3,000,000 for the payment of previous credit, and working capital for the construction of the new airport. As of December 31, 2016 there was no disposal in force and as of December 31, 2015 the Trust withdrew USD1,000,000 generating interest payable on a quarterly basis with a BBA LIBOR rate plus a margin of 1.5% in the first year to 2.25%. The maturity date is October 7, 2020.	-	17,371,305	4,384,229
	41,316,162	17,371,305	4,384,229
Issuance cost	(286,322)	(881,421)	(268,378)
Less – Current portion (includes interest payment for \$2,256,106, \$52,958 and \$13,474 on December 31, 2016, 2015, and 2014 respectively)	(2,256,106)	(52,958)	(83,658)
Total	<u>\$ 38,773,734</u>	<u>\$ 16,436,926</u>	<u>\$ 4,032,193</u>

b. Maturity of the 2026 and 2046 bonds is October 31, 2026 and October 31, 2046, respectively.

c. Through the maturity of the financial debt the Trust and the AICM must comply with certain conditions, the most important of which are the following:

- Payment Obligation: To pay as the obligations and liabilities become due.
- Preservation of existence: To preserve and maintain valid the Trust Agreement of the borrower.
- Books and registrations: Maintain the books and records in conformity with Mexican GAAP.
- Use of funds: The funds of the credit are to be exclusively used at to repay the entire existing debt obligation as of the closing date and to fund the debt service reserve fund.
- To provide Guarantee Obligation (up to October 29, 2014, the date of which the new credit agreement was obtained which does not contemplate such guarantee)

- Swap Agreements: On and after entering into the new debt, maintain every swap agreement as required by the credit line requirements and the additional authorized debt through their maturity dates.
- Insurance agreement: The Trust will ensure AICM makes reasonable efforts to obtain insurance policies for consequential losses and endorsements agreed in the Transfer Agreement of the TUA rights.
- Insurance: On or before the trigger date, the Trust will ensure that the developers provide an insurance study with the probable maximum loss and an analysis to expand the insurance coverage.
- Mercantile Commission Agreement of NAICM: On or after the trigger date, execute the Mercantile Commission Agreement of NAICM for the services related to the coverage of the TUA2.
- Limitation of encumbrances
- Limitation of debt: Limitations to issue, obtain, incur, and assume the existence of debt except for the following:
 - The authorized additional debt has an amortization calendar substantially similar to the remaining credit line.
 - The swap agreement with respect to the amount of the main credit line and the additional authorized credit line that accrues interest at a variable rate will have simultaneous maturities or will be valid from the date of execution of the additional allowed credit line that accrues interest at a variable rate.
- Modification to the Trust Agreement: With the exception of any modification, reform or supplement of administrative or technical character, no other modifications shall negatively affect the Creditor.

The Trust was in compliance with these covenants as of December 31, 2016, 2015 and 2014.

9. Operating expenses

Operating expenses are as follows:

	2016	2015	2014
Fees	\$ 72,099	\$ 55,075	\$ 10,124
Other taxes	69,258	24,501	2,429
Commissions	<u>178,725</u>	<u>58,268</u>	<u>-</u>
	<u>\$ 320,082</u>	<u>\$ 137,844</u>	<u>\$ 12,553</u>

10. Trust Capital

In accordance with the Trust Agreement, Trust capital is comprised, among other things, of the following:

- i. The existing amounts of the original contributions to this Trust, under the understanding that such amounts are part of the Trust's cash.
- ii. Returns on investments
- iii. Beneficiaries' rights under the Trust Agreement
- iv. The right to collect TUA, which is contributed in guarantee by the Trustee in favor of the Creditors
- v. The Right over insurance, which is contributed in guarantee by the Trustee in favor of the Creditors
- vi. The Indemnification Right, that is contributed in guarantee by the Trustee in favor of the Creditors
- vii. The Bond rights, that is contributed in guarantee by the Trustee in favor of the Creditors

- viii. The amounts in cash received by any hedging agreements
- ix. The Rights, resources and obligation of any of the credit documents, the TUA Assignment Agreement and the Recollection and Delivery of TUA Agreement
- x. The rights and obligations under the NAICM credit documents
- xi. Any amount paid by AICM, GACM or any other party to the Trustee, under the TUA Assignment Agreement and the NAICM credit documents, respectively
- xii. Any other asset that the Trustee receives or any other payments that the Trustee receives by a third party for the payment of the NAICM credit

Once all the guaranteed obligations have been paid, the Beneficiaries in the first place (A and B) will be the owners and sole beneficiaries of any existing Trust right, including the express capacity to terminate the Trust, acquire the remaining patrimony, and proceed to cancel the assignment agreements and credit documents that have been included in the public commerce register and/or any other register.

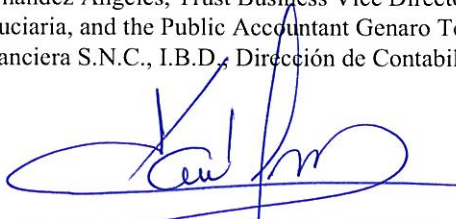
11. Tax matters

The Trust qualifies as a transparent figure for tax matters in México, and thereby is relieved of tax obligations that are generally applicable to other types of business trusts.


The Trustee must keep an account for each of the people that take part as Trustor and Beneficiaries in the Trust, individually registering their contributions to the Trust. Likewise, those individuals should comply with their individual tax obligations in accordance with Chapter IV or V of the Mexican Income Tax Law, depending on the type of income they generate, when they are individuals residing in México or abroad.

12. Authorization to issue the financial statements

The financial statements and their notes were reviewed and authorized for issue on April 24, 2017, by Karina Hernández Ángeles, Trust Business Vice Director of Nacional Financiera S.N.C., I.B.D., Dirección Fiduciaria, and the Public Accountant Genaro Téllez Chávez, Trust Accounting Vice Director of Nacional Financiera S.N.C., I.B.D., Dirección de Contabilidad y Presupuesto.



Lic. Karina Hernández Ángeles
Trust Business Vice Director



C.P. Genaro Téllez Chávez
Trust Accounting Vice Director

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