EXECUTIVE SUMMARY

This section, along with the "Questions and Answers regarding the Internalization of Management". summarizes certain information contained herein but does not address all the relevant information for investors. Investors shall carefully read this document, including its exhibits, in order to have a complete understanding of the issues to be discussed and, as applicable, approved at the corresponding meeting.

General Characteristics of the Internalization of the Management

With the purpose of appropriately aligning the incentives of the Holders, the Advisor and Manager and the Seller Shareholders in case of a possible scenario of increased volatility in the markets and, as a consequence, a lower rate of origination of Mortgage Portfolios, and to be in a position to continue to increase profitability, as well as profits per CBFI, and in accordance with the approval granted by the Technical Committee, with the prior favorable opinion of the Corporate Practice Committee, the Holders are hereby informed of the proposal to internalize the management of FHipo, which, if approved by the Extraordinary Shareholders Meeting, will consist in the early termination of the Advisory and Management Agreement, the acquisition by FHipo of all capital stock shares of such Advisor and Manager and the execution of a new Internal Management Agreement with the Advisor and Manager.

The set of operations described in the preceding paragraph will be referred to throughout this document as the "Internalization of the Management" or the "Acquisition".

In the event that the Internalization of the Management is completed, the Issuer would cease to be managed externally and would be internally managed in accordance with the following:

- FHipo would, directly or indirectly, acquire 100% of the capital stock of the Advisor and Manager, becoming the controller and sole owner of the entity that renders all services related to its management;

- The Advisory and Management Agreement, which currently establishes the terms and conditions under which FHipo is managed, would be terminated; provided, that (i) during 2019 a reduced Management Fee would be paid (for clarity purposes only the first three quarters will be covered) and (ii) after such cancellation, a new Internal Management Agreement would enter into force;

- The Trust Agreement would be modified to terminate all rights of CH to receive CBFIs in its capacity as Second Place Beneficiary; and

- Immediately after the Internalization of the Management has taken place,

    - FHipo would cease to be obligated to (i) pay the Management Fee and, if applicable, the Termination Payment, currently provided for in the Advisory and Management Agreement, and (ii) deliver CBFIs to CH in its capacity as Second Place Beneficiary, pursuant to the Trust Agreement; and

    - The Advisor and Manager would maintain (i) Mr. Daniel Michael Braatz Zamudio, as general director, Mr. Ignacio Gutiérrez Sainz, as finance director and Mr. José de Jesús Gómez Dorantes, as director of operations, who will continue to have the same authorities and responsibilities as they had prior to such internalization; (ii) the number of employees necessary to provide the Management Services, on the same terms and conditions as on this date; (iii) leasing the same physical space in which it currently performs its duties; (iv) the software licenses that it uses to this date to provide the Management Services; and (v) those suppliers that are necessary to maintain the ordinary course of its operations.

Key steps to implement the Internalization of the Management

Once the Extraordinary Shareholders Meeting approves the Internalization of the Management, the Trustee and the Common Representative shall take all the necessary or appropriate actions to implement such internalization, including, but not limited to:

- FHipo will enter into an agreement with the Seller Shareholders whereby the Issuer and/or any of its Underlying Vehicles will acquire, subject to compliance with or waiver of all the Conditions Precedent for the Internalization, 100% of the capital stock shares of the Advisor and Manager, in exchange for payment of the Sale Price.

- FHipo will enter into an agreement with the Seller Shareholders under which the Seller Shareholders will be required to capitalize FHipo by underwriting 50,000,000 CBFIs at a price of $13.670596 per CBFI, which may be reduced pursuant to the Subscription Price Adjustment Amount, in certain cases, as described in further detail throughout this document.

- FHipo will enter into an agreement with the Advisor and Manager, by means of which:

    - As of the fourth quarter of 2019, and including it, FHipo will cease to pay the Advisor and Manager the Managemnet Fee and will, instead, pay the cost incurred by the Advisor and Manager for rendering the relevant services during such quarter; in accordance with the annual budget of expenses and costs for Management Services, as approved for such purpose by the Technical Committee, as may be adjusted, plus a margin of 5%; and

    - FHipo will assume the obligation to pay the Transition Fee to CH at the time of the Closing of the Internalization, as a result of the management during 2019 of the Internalization of the Management, as detailed herein;

- The Trustee, the Settlor and the Common Representative shall enter into an amendment agreement to the Trust Agreement, and, to the extent necessary, the Global Certificate that represents the CBFIs, to, among others, (i) establish the authority of the Technical Committee to approve the annual budget of expenses (including working capital) of the Advisor and Manager, and to adjust it from time to time as necessary; (ii) establish that the Trustee may own capital stock shares of companies that provide management services to the Trust, and (iii) with effect from the date of the Closing of the Internalization, terminate all rights of CH to receive CBFIs in its capacity as Second Place Beneficiary.

- FHipo will enter into an agreement with the Advisor and Manager so that, as of the date of the Closing of the Internalization, the Advisory and Management Agreement, which currently provides the terms and conditions pursuant to which FHipo is managed, will be terminated and a new Internal Management Agreement will enter into effect, which will establish the terms and conditions under which FHipo is managed, where the fee payable by the Issuer would be, mainly, the expenses and costs incurred by the Advisor and Manager, according to the annual budget of expenses and costs (including working capital) for Management Services approved for such purpose by the Technical Committee, as such may be adjusted, plus a margin of 5%.

The Extraordinary Shareholders Meeting will entrust the Technical Committee with the authority to authorize, with the favorable vote of the majority of its Independent Members, the execution of any other act not expressly contemplated in the previous description, which purpose is to complete the Internalization of the Management, with the only limitation that the Internalization Cost is not modified.

Conditions Precedent for Internalization

The obligations of FHipo and the Seller Shareholders to complete the Internalization of the Management shall be subject to the prior satisfaction (or waiver), on or prior to the closing date, of each of the following conditions precedent (the "Conditions Precedent for Internalization"):

- the Internalization of the Management shall be notified to, and authorized by, COFECE;

- all Series B shares of the Advisor and Manager must have been cancelled and, accordingly, the Seller Shareholders must be the sole owners of 100% of the capital stock of CH immediately prior to the Closing of the Internalization;

- the Advisor and Manager shall keep in place the agreement with Servicios Especializados en Gestión de Portafolios REIT, S. de R.L. de C.V., in order for such entity to continue rendering its services to the Advisor and Manager under the same terms and conditions existing at the date hereto;

- the Advisor and Manager shall keep in place in the lease, sublease or similar agreements that pursuant to which it possesses the physical space necessary for rendering the Management Services to FHipo;

- the Advisor and Manager shall keep in place those agreements of software license or intellectual property that enable it to rely on the technological tools necessary for rendering the Management Services to FHipo;

- the Adviser and Manager shall maintain those contracts necessary for rendering the Management Services;

- with regard to any agreement, arrangement or instrument that includes any provision that prohibits or limits all or any of the acts related to the Internalization of the Management (including, without limitation, clauses that prohibit changes of control of the Advisor and Manager, its spin-off, the transfer or sale of its assets or issuing distributions, among others) the respective counterparties must have granted waivers, or consented to the amendments, applicable to each case so that such prohibitions or limitations are not an obstacle to the completion of the Internalization of the Management;

- all bank or related party loans and all assets of the Advisor and Manager (including, without limitation, (a) collection rights originated before or after the Extraordinary Shareholders Meeting that, as the case may be, approves the Internalization of the Management, and (b) the right to receive the Transition Fee) otherwise maintained by the Advisor and Manager immediately prior to the Closing of the Internalization, shall be separated from such entity, whether by spin-off, issuing distributions, refunds or dividends to all or any of the Seller Shareholders, or any other form permitted by applicable law, or any combination of the foregoing, with the sole limitation that (i) the agreements that allow the provision of Management Services by the employees or directors of CH in favor of FHipo, (ii) the lease agreements for the use of space by CH, (iii) CH's agreements for the use of software licenses or any other intellectual property, and (iv) certain assets related to the provision of Management Services, such as furniture, computer equipment, real estate improvements, security deposits and deferred taxes; shall, in each case, remain within the assets of the Advisor and Manager at the time of the Closing of the Internalization;

- the annual tax declaration of the Advisor and Manager for fiscal year 2019 must have been filed with the competent authorities;

- there shall not be any precautionary measure, judgement or resolution, issued by a governmental authority, that prevents the completion of the Internalization of Management; and

- no event or circumstance shall have occurred, which, individually or jointly, can be considered a material adverse effect

The Extraordinary Shareholders Meeting will grant the Technical Committee the powers to authorize, with the favorable vote of the majority of its Independent Members, any waiver of the Conditions Precedent for the Internalization, which, as the case may be, is requested by the Seller Shareholders, with the sole limitation that all bank loans that otherwise would be held by the Advisor and Manager immediately prior to the Closing of the Internalization must be separated from such entity.

All Conditions Precedent for the Internalization shall be met, or waived, within 15 months of the date approval by the Extraordinary Shareholders Meeting.

Internalization Cost

As total consideration for the Internalization of the Management, FHipo will pay the total amount of $741,529,800.00, including applicable VAT, at the time of the Closing of the Internalization, as follows:

- **Transition Fee:** FHipo shall pay to the Advisor and Manager, for the activities carried out during 2019 for the Internalization of the Management, the amount of $239,352,466.00, plus VAT.

  The Transition Fee will be paid immediately after the Closing of the Internalization. In the event that the Closing of the Internalization does not occur within 15 months of the date of the approval of the Extraordinary Shareholders Meeting, then (i) FHipo shall pay to the Advisor and Manager the Management Fee corresponding to all quarters beginning in the fourth quarter of 2019, and including it, that have not been covered in accordance with the Advisory and Management Agreement, discounting operating expenses plus a margin of 5% which, if applicable, were already covered, and (ii) the obligation to pay the Transition Fee shall replace the obligation to pay the Management Fee that otherwise would have been paid under subparagraph (i) above, and, thereafter, in accordance with the Advisory and Management Agreement; provided that such Transition Fee shall be payable on the same dates on which the Management Fee would have been paid, including the payment provided for in subsection (i) above, and in partial amounts equivalent to the amounts that would have corresponded to such payment dates; provided, however, that once the accumulated amount of such partial amounts equals $239,352,466.00, plus VAT; then, the Management Fee provided in the Management Agreement shall be collected again.

- **Sale Price:** FHipo will be required to pay the Seller Shareholders, as consideration for the sale of all the capital stock shares of the Advisor and Manager, the amount of $463,880,939.44.

  The Sale Price will be paid immediately after the Closing of the Internalization is completed. In the event that all of the Conditions Precedent for Internalization are not complied with or waived within 15 months following the date on which the Extraordinary Shareholders Meeting approves the Internalization of the Management, then the Internalization of the Management shall not be completed and, consequently, the obligation to pay the Sale Price will be terminated.

Capitalization of FHipo by the Seller Shareholders

As part of the alignment of interests that the Internalization of the Management seeks to promote, the Seller Shareholders will capitalize FHipo by underwriting of 50,000,000 CBFIs, at a price of $13.670596 per CBFI, which is the average of the closing prices per CBFI reported by the BMV in the last 90 days prior to, and including, March 21st, 2019.

In the event that, at any time from the first day of the third quarter of 2019 until the date of the Closing of the Internalization, FHipo makes one or more distributions to the Holders representing Surplus Distributions, that is, for an amount exceeding that which would otherwise have been distributed under the Current Distribution Policy, then the subscription price for CBFI described in the preceding paragraph will be reduced by an amount equal to the Subscription Price Adjustment Amount (*i.e.*, by the sum of all Surplus Distributions).

The underwritten CBFIs will be paid at the time of the Closing of the Internalization.

Lock-up Period

The 50,000,000 CBFIs underwritten and paid by the Seller Shareholders, as described herein, will be subject to a stepped 3-year lock-up period; where (i) 20,000,000 of such CBFIs (40% of the total CBFIs delivered) will be released from such restriction as of the second anniversary of the date of the Closing of the Internalization, and (ii) the remainder of such CBFIs (30,000,000 CBFIs) will be released from such restriction as of the third anniversary of the date of the Closing of the Internalization. If at any time within the described lock-up period, the closing price reported by the BMV is equal to or greater than $22.50 per CBFI, then 34% of the 50,000,000 (*i.e.*, 17,000,000) CBFIs will automatically be free of such restriction, without prejudice to the number of CBFIs that will be released in accordance with the schedule described above, adjusting, as a consequence, the number of CBFIs subject to release starting with those CBFIs to be released as of the third anniversary.

The restriction described above shall not apply to liens (including pledges and securities pledges) or collateral mechanisms (including guarantee trust agreements) that the Seller Shareholders impose or establish with respect to the aforementioned CBFIs, nor to the sale or foreclosure that, as the case may be, result from such liens or collateral mechanisms. Additionally, such restriction may be waived by the majority vote of the Independent Members of the Technical Committee.

Date, Time and Place of the Extraordinary Shareholder´s Meeting

The Extraordinary Shareholders Meeting, which will decide on the approval of the Internalization of the Management and other matters described herein, will take place at the address of the Common Representative, in the offices located at Av. Paseo de la Reforma No. 284, floor 9, Col. Juárez, Cuauhtémoc, C.P. 06600, Mexico City, Mexico, on the date and time to be announced at least 10 calendar days in advance through the BMV.

Quorum and Votes Required for the Proposals at the Extraordinary Shareholders Meeting

Pursuant to our Trust Agreement, in order for the Extraordinary Holders' Meeting which discusses and, if applicable, approves the Internalization of Management to be validly installed on first call, Holders representing at least 75% of the total outstanding CBFIs must be present at such meeting, and each resolution shall be validly adopted when approved by the vote of 50% of the Holders of the outstanding CBFIs.

If the Extraordinary Shareholders Meeting convenes pursuant to a second or subsequent call, it shall be considered validly installed if the Holders representing 50% of the outstanding CBFIs are present and each resolution shall be validly adopted when approved by the vote of at least 50% of the Holders of the outstanding CBFIs.

QUESTIONS AND ANSWERS REGARDING THE INTERNALIZATION OF THE MANAGEMENT

The following questions and answers briefly address some of the most common questions regarding the approval of the Internalization of the Management. The following section does not include all of the questions and answers that may arise with respect to each of the Acquisitions, nor all of the information that may be useful to Holders. Any person interested in the foregoing should read this document in its entirety, as well as any additional documents referred to herein.

Q: Why am I receiving this document?

A: Holders convened at an Extraordinary Shareholders Meeting are requested to consider and, in due course, vote, among other matters, on whether or not to approve the Internalization of the Management, for the authorizing and subsequently completing such internalization. This document includes information that we believe to be of the utmost importance for the Holders to make an informed decision.

Q: What will be approved at the Extraordinary Shareholders Meeting?

A: The Extraordinary Shareholders Meeting shall approve, with the prior authorization of the Technical Committee and with the favorable opinion of the Corporate Practices Committee, among other matters, the Internalization of the Management, for the purpose of authorizing and subsequently completing such internalization. The approval will also include the execution of all necessary acts for such purpose, including agreements with the Seller Shareholders and with CH, the amendment of the Trust Agreement and the global certificate that represents the CBFIs, the termination of the Advisory and Management Agreement and the execution of a new Internal Management Agreement, as well as the payment of the Internalization Cost in terms substantially similar to those described herein.

Q: When is the Internalization of the Management expected to be completed?

A: A maximum period of 15 months starting from the date of approval of the Extraordinary Shareholders Meeting has been set for the fulfillment, or waiver, of all the Conditions Precedent for the Internalization of the Management. We expect to complete the Internalization of Management within such term.

Q: What will happen after the Internalization of the Management?

A: If the Internalization of the Management is approved and once it is completed, FHipo will, directly and indirectly, own 100% of the capital stock of the Advisor and Manager and will be managed in accordance with the new Internal Management Agreement. Under the new Internal Management Agreement, the Advisor and Manager shall receive, on a quarterly basis, a management fee equivalent to the cost incurred for rendering the services established therein during said quarter; in accordance with the annual budget of expenses and costs for Management Services approved for such purpose by the Technical Committee, as the same may be adjusted, as the case may be, plus a margin of 5%.

As a result of the foregoing, FHipo would become an internally managed vehicle, with ample opportunities -in our opinion- to extend its profitability under the new strategy described herein.

Q: What conditions should be met to complete the Internalization of Management?

A: The corresponding resolutions must be adopted by the Extraordinary Shareholders Meeting for the Internalization of the Management to be approved. Also, all acts necessary for such purpose must be performed, including, among others, the execution of certain agreements with the Seller Shareholders, CH, the Trustee and the Common Representative, and each of the Conditions Precedent for Internalization must be satisfied or waived.

Q: Is there any initiative to help ensure that FHipo will have sufficient resources to fund the payment of the Internalization of the Management?

A: Considering that the capitalization of FHipo is to be carried out by the Seller Shareholders through underwriting and paying 50,000,000 CBFI, the Internalization of the Management will require resources of $58,000,000.00. Such amount will be funded with own resources. No debt will be incurred to fund the Internalization of the Management.

Q: What percentage of CBFIs will the Seller Shareholders have as a consequence of the Internalization of the Management?

A: Based on a total of 392,384,100 CBFIs currently outstanding and considering the capitalization of FHipo, that will be carried out by the Seller Shareholders through underwriting and paying 50,000,000 additional CBFIs, we anticipate that once the Internalization of Management is completed, the ownership of CBFIs that the Seller Shareholders will have is estimated to be greater than 14% of the outstanding CBFIs. As part of its authorization, the Technical Committee, through the favorable vote of all of its Independent Members, has authorized such Seller Shareholders to exceed 10% of the outstanding CBFIs, in accordance with the provisions of Section 5.9 of the Trust Agreement.

Q: Why is the approval of the Extraordinary Shareholders Meeting required to authorize the Internalization of the Management?

A: Pursuant to the Trust Agreement, any modification to the Advisory and Management Agreement, including those amendments relating to compensation schemes and management fees or any other concept in favor of the Advisor and Manager, any modification to the compensation schemes of CH in its capacity as Second Place Beneficiary, any amendment to the Trust Agreement and the termination of the Advisory and Management Agreement, shall require prior approval of the Extraordinary Shareholders Meeting of FHipo.

Q: What is the quorum of attendance and voting necessary to consider installed the Extraordinary Shareholders Meeting that, as the case may be, approves the Internalization of the Management?

A: Pursuant to the Trust Agreement, the Extraordinary Shareholders Meetings shall be deemed to be validly installed upon first call, if the Holders representing at least 75% of the total outstanding CBFIs are present at the meeting, and each resolution shall be validly adopted when approved by the vote of 50% of the Holders of the outstanding CBFIs; provided, that if such Extraordinary Shareholders Meeting is convened pursuant to a second or subsequent call, it shall be considered validly installed if the Holders representing 50% of the outstanding CBFIs are present, and each resolution shall be validly adopted when approved by the vote of at least 50% of the Holders of the outstanding CBFIs.

Q: Will the Selling Shareholders vote?

A: No. All CBFIs owned by the Seller Shareholders, directly or indirectly, do not have the right to vote at the Extraordinary Shareholders Meeting that discusses and, as the case may be, approves the Internalization of the Management. Consequently, for the calculation of both the attendance quorum and the voting quorum described above, those CBFIs owned directly or indirectly by the Seller Shareholders will be excluded.

Q: What interests do the Seller Shareholders have for completing the Internalization of the Management?

A: When considering the proposal for the Internalization of the Management, Holders should consider that, despite their interests as Fhipo Holders, Seller Shareholders may also have interests different or additional to those of the other Holders. For example, Seller Shareholders will benefit from increases in the closing price of the CBFIs, between the date of approval of the Extraordinary Shareholders Meeting and the time of the Closing of the Internalization.

Q: What should I do now?

A: You shall read all of the information contained herein, including the "*RISK FACTORS*" section and its exhibits, and consider how the approval of the Internalization of the Management could impact you as a Holder. After this, you must attend personally or through a representative to the Extraordinary Shareholders Meeting and submit your vote in accordance with the call issued in due course.

Q: Who can help me answer further questions?

A: Ignacio Gutierrez Sainz or Xavier Martínez Buentello, Chief Financial Officer and Director of Investor Relations at FHipo, who are in charge of investor relations and can be reached at the offices of the Advisor and Manager, located at Juan Salvador Agraz 65, floor 9B, alcaldía Cuajimalpa, C.P. 05300, Mexico City, Mexico, or at telephone number +52 (55) 47441100 and e-mail ig@fhipo.com and/or xm@fhipo.com.