telesites

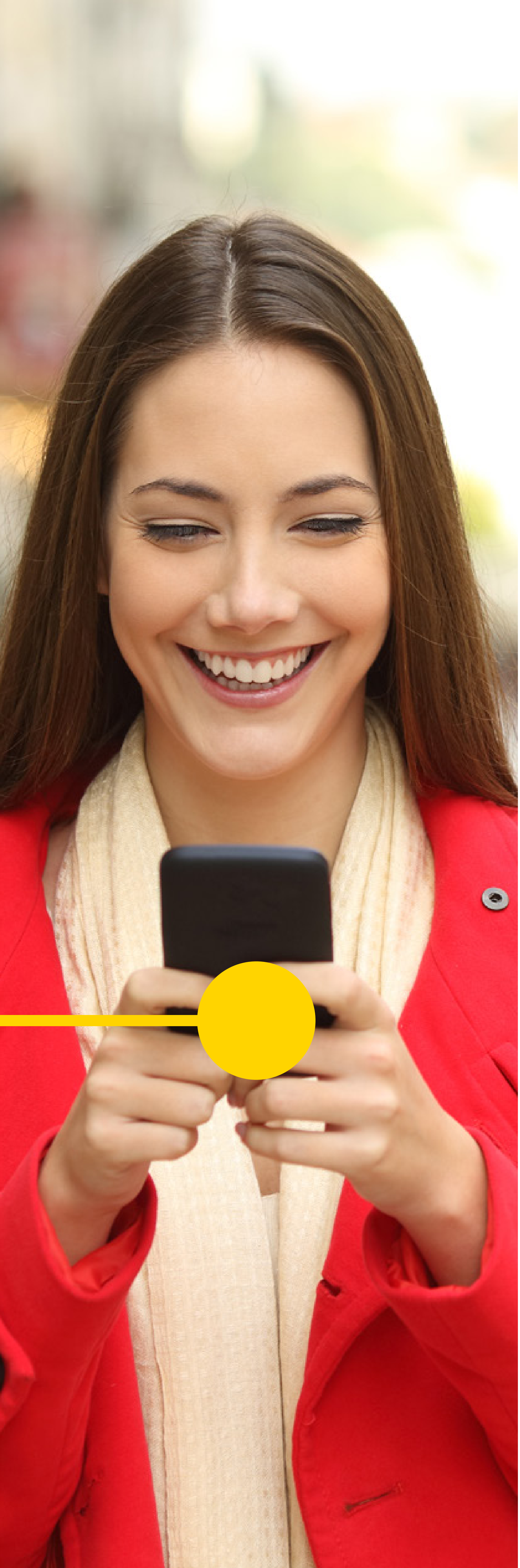
ANNUAL REPORT 2016

ON FIRMER FOOTING

ABOUT THE COMPANY

Telesites is a Mexican company that builds, installs, maintains, operates and sells various types of passive telecommunications infrastructure—towers and support structures, physical spaces and other non-electronic elements. With almost 15,000 towers spread across the 9 regions of Mexico and Costa Rica, Telesites is the largest tower operator in Mexico, and the second largest in Latin America.

Faced with growing demand from a population whose use of voice and data services is growing exponentially, and rapidly evolving telecommunications technology, carriers need more infrastructure for providing their services. This means that Telesites has a strong source of growth potential.



2016 WAS A VERY ACTIVE YEAR, WITH TOWER CONSTRUCTION ADVANCING MORE RAPIDLY THAN EXPECTED. THE RESULTS OF THE RED COMPARTIDA TENDER PRESENT HUGE POTENTIAL. GROWING OUR TOWER PORTFOLIO AND FOCUSING ON THE NEEDS OF OUR CLIENTS ARE OUR PRIORITIES, AND TWO KEY FACTORS IN OUR ABILITY TO GENERATE VALUE FOR OUR SHAREHOLDERS.

TELESITES AT A GLANCE

LOCATION OF OUR SITES

14,756
TOWERS IN MEXICO

REGION 1 743
Baja California
Baja California Sur

REGION 2 1,112
Sinaloa
Sonora

REGION 3 818
Chihuahua
Durango

REGION 4 1,728
Coahuila
Nuevo Leon
Tamaulipas

REGION 5 1,803
Colima
Jalisco
Michoacan
Nayarit

REGION 6 1,700
Aguascalientes
Guanajuato
Queretaro
San Luis Potosi
Zacatecas

REGION 7 2,415
Guerrero
Oaxaca
Puebla
Tlaxcala
Veracruz

REGION 8 1,698
Campeche
Chiapas
Quintana Roo
Tabasco
Yucatán

REGION 9 2,739
Mexico City
State of Mexico
Hidalgo
Morelos

14,974
TOWERS WORLDWIDE IN 2016

218
TOWERS IN COSTA RICA

TIMELINE

Tower construction
Other events

MARCH 31
Mexico 13,238 towers
Costa Rica 79 towers

JUNE 30
Mexico 13,873 towers
Costa Rica 170 towers

JANUARY
Start of operations in Costa Rica

TYPES OF SITES

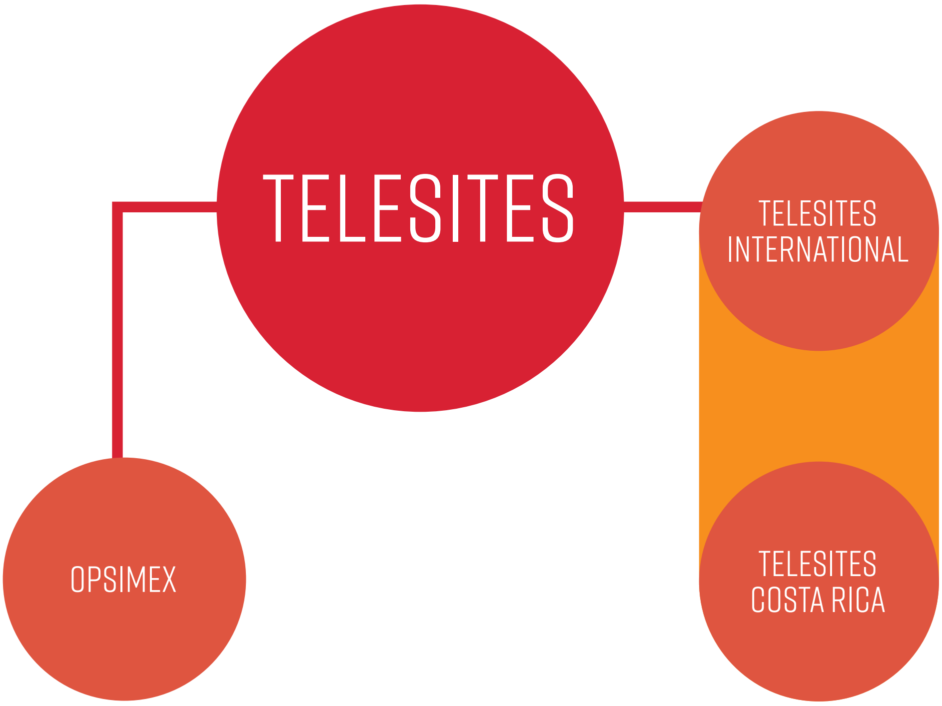
GUYED

SELF-SUPPORTING

MAST (ROOFTOP)

UNIPOLAR

CORPORATE STRUCTURE



JULY 15
Series A, AA and L shares are combined into a single B1 series

SEPTEMBER 30
Mexico 14,347 towers
Costa Rica 204 towers

DECEMBER 31
Mexico 14,756 towers
Costa Rica 218 towers

TO OUR SHAREHOLDERS

Mexico City, April 5, 2017

Over the course of 2016, a series of events stirred up volatility in the financial markets, including the referendum in the United Kingdom in which British voters decided to withdraw from the European Union, and the presidential elections in the U.S., which strengthened the dollar, particularly against the peso.

The U.S. economy grew 1.6% during the year, spurred on by a 5.77% increase in consumer durables and limited by a 1.55% reduction in private investment. The Federal Reserve reacted to high employment and inflation that exceeded its target by beginning a monetary policy normalization, consisting of a 25 basis points hike in the benchmark rate during the year.

For Mexico, Gross Domestic Product grew by 2.3%, and formal employment expanded by 4.10%. Service sector activities were strong enough to offset lower oil production and the modest advance in the manufacturing industry. The rise in remittances—which reached record highs—combined with low interest rates and higher real wages favored domestic consumption. Inflation reached 3.4% in the year, driven by higher electricity and energy prices and the peso's depreciation toward the end of the year.

The peso lost 18% of its value against the dollar in 2016, and was highly volatile amid the uncertainty over the results of the U.S. presidential election, particularly its implications for NAFTA. The devaluation helped sharply reduce our country's trade deficit in the last months of 2016. In response to the peso's depreciation, Banco de México modified the monetary policy, hiking the benchmark rate five times, from 3.25% to 5.75%.

The operating surplus generated by the revaluation of Banco de México's international reserves, the monetization of public assets, Mexico's solid export industry, tourism, domestic industry and other competitive advantages, along with expectations of economic growth in the United States, which will mean higher demand for goods and jobs, all put our country on stronger footing to face new global challenges.

One of last year's main events for the telecommunications industry was the successful conclusion of the public tender for the Red Compartida project, which was awarded to the Altán Redes consortium (Altán). The consortium is now responsible for installing a wireless telecommunications network using two bands of the 700MHz spectrum contributed by the federal government, with a targeted coverage of 92% of the population by the year 2023.

Report on operating and financial results

At the beginning of 2016, Telesites had a portfolio of 12,874 towers. Over the course of the year, we grew our portfolio of towers by a record 16.3% a year, closing December of last year with 14,974 towers installed—14,756 of them in Mexico and 218 in Costa Rica.

In the Mexican market, we built 1,882 new towers, bringing the total to 14,756 at the end of the year. Backed by a reference offer, our company signed Master Lease Agreements with Telcel, Telefónica, AT&T and Altán, the last of which was recently awarded the Red Compartida project. Together with this, we continue to increase the number of new contracts, based on the exceptional service we have always provided, totaling 244 contracts with AT&T and 29 with Telefónica at the end of the year.

In addition to the impressive growth achieved in Mexico during the year, Telesites took the first step in its international expansion, starting up operations in Costa Rica. By the end of the year, it had built and rented 218 new towers in that country.

Telesites earned revenues of Ps.5.4 billion in 2016, a year-to-year growth of 14.3%, and with a margin of 56.3%, we generated Ps.3.0 billion in EBITDA. Our investment during the year totaled Ps.2.8 billion, destined to building 2,100 towers in Mexico and abroad.

As we announced in the Informational Brochure for the subscription of company shares, in April 2016, a shareholders' meeting was held to vote on unifying the Company's stock series so that all shareholders had the same economic and corporate rights. The resolution was approved, and on July 16, the listing of this company's shares on the Mexican Stock Exchange and in the National Securities Registry of the National Banking and Securities Commission was updated to convert all AA, A, and L series shares into a single B-1 series with full voting rights.

In 2017, Telesites will continue growing its portfolio, and will remain closely focused on collocations.

Our company continues to direct its efforts toward creating value by: i) focusing on colocations with our clients; ii) seeking out new opportunities for organic and non-organic growth in the regions where we operate; iii) ensuring efficient resource management; iv) forging closer ties with our clients, suppliers and employees; and v) continuously improving our planning, construction and maintenance processes.

Telesites remains Mexico's top tower company, not just in terms of the number of sites in our portfolio but because of our capacity to respond to the growing demand for telecommunications in our country and in Latin America, providing tailor-made solutions that adapt to the continuous pace of technological change.

Sincerely,

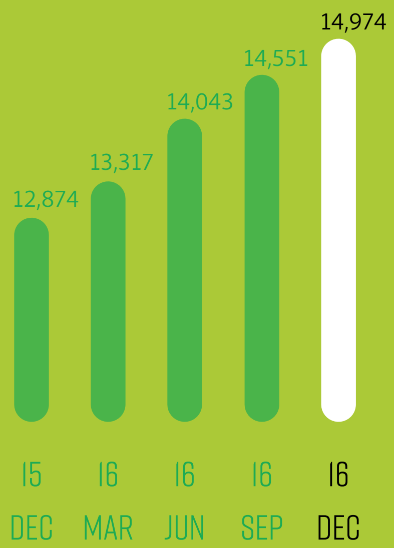
ING. GERARDO KURI KAUFMANN
Chief Executive Officer
Telesites, S.A.B. de C.V.

FINANCIAL AND OPERATING HIGHLIGHTS

2016 FINANCIAL AND OPERATING HIGHLIGHTS

Initial portfolio	12,874
New sites	2,100
Total portfolio 2016	14,974
Tenancy ratio	1.04
Total revenues (Ps. million)	5,416.6
Tower rent revenues (Ps. million)	3,389.9
EBITDA (Ps. million)	3,049.0
EBITDA margin	56.3%

TOTAL TOWERS MEXICO AND COSTA RICA



ON FIRMER FOOTING

1

CORPORATE INDEPENDENCE

Telesites has the most experienced team in the Mexican tower industry, and this asset permeates our relationship with each client, encouraging a growing interest in increasing the occupancy of our sites.

2

FORGING TIES WITH NEW CLIENTS

We have proven our capacity to provide solutions that meet our clients' needs with outstanding levels of service and quality. As a result, we signed 273 new contracts during the year.

3

RED COMPARTIDA: STRONG POTENTIAL CLIENT

Deploying new data transfer generation means higher demand for the equipment and space needed to support them. Some studies have shown that migrating from 3G to 4G requires 60% more sites, and the move from 4G to 5G will require 10 times more than that.

14,756

SITES IN MEXICO BY THE END OF THE YEAR

A UNIQUE PORTFOLIO IN VARIOUS REGIONS

Our telecommunications tower infrastructure covers more territory in Mexico than any other company, which means we offer substantial growth potential for operators with less coverage, as well as immediate space availability in our towers.

In addition, Latin America presents tremendous opportunities for our company’s growth, as exemplified by the startup of operations in Costa Rica in 2016.

ANNUAL REVENUE GROWTH **14.3%**

TOTAL REVENUES
(Ps. million)

NEW PORTFOLIO IN THE MARKET

The Mexican telecommunications industry continues to develop, grow and evolve constantly, requiring more advanced technologies and more infrastructure. Deploying new data transfer generations means higher demand for the equipment and space needed to support them. Some studies have shown that migrating from 3G to 4G requires 60% more sites, and the move from 4G to 5G will require 10 times more than that. Furthermore, in some developed countries there are around 2,000 subscribers per tower, while in Mexico there are about 4,100 per tower, which means that to offer a similar service to what other economies enjoy, Mexico would need around 50,000 towers, compared to an existing supply of about 29,000.

For this company, new opportunities for expansion lie in generating value beyond geographic barriers. If we begin operations in a new market, we are confident we can obtain an appropriate return for our investors.

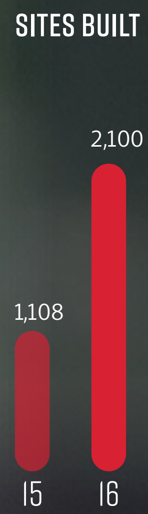
1,882
TOWERS BUILT IN MEXICO IN 2016

BUILD-TO-SUIT CONSTRUCTION ON A LARGE SCALE

2016 was a very active year for Telesites. We built a record number of new sites, resulting in a 16.3% growth in the global tower portfolio compared to the previous year. During the year, we built 1,882 towers in Mexico and 218 in Costa Rica, making us Mexico's leading tower company in terms of build-to-suit capacity. At the close of the year, Telesites was operating the largest telecommunications tower portfolio in Mexico, and the second largest in Latin America.

This year was one of intense work, and thanks to the efforts of all our employees, we laid solid foundations for Telesites' future, building and strengthening close ties with our clients; in other words, with the leading mobile carriers participating in the markets where we operate.

16.3% GROWTH IN GLOBAL PORTFOLIO



OPERATING SUMMARY

REVENUES	MARGIN	EBITDA
Ps.5,416.6 MILLION	56.3%	Ps. 3,049.0 MILLION

TELESITES' OPERATIONS FOR THE PERIOD BEGAN ON THE FIRST OF JANUARY 2016 THROUGH ITS SUBSIDIARIES OPSIMEX AND TELESITES INTERNACIONAL, THE LATTER BEING THE OWNER OF TELESITES COSTA RICA.

In 2016 Telesites took the steps necessary to unify its series A, AA and L shares into a single B1 series. Telesites does not have an ADR program, so its stock is only quoted locally, on the Mexican Stock Exchange.

PRINCIPAL EVENTS

In the year 2016, under a reference offering, the company signed Master Lease Agreements with AT&T and Telefónica for the use of our towers. Outside Mexico, the company began operations in Costa Rica with a project consisting of 280 towers.

By the close of 2016, Telesites was managing a portfolio of 14,756 towers in Mexico, therefore becoming the leading operator in this country. Outside of Mexico, we built 218 new towers in Costa Rica during the year, bringing the total to 14,974 towers overall.

This means we built 2,100 new towers this year, for a year-to-year growth of 16.3%.

We have succeeded in increasing occupancy per tower to 1.046 carriers during the mentioned period.

RESULTS

Revenues in 2016 totaled Ps.5,416.6 million, of which Ps.3,389.9 million, or 62.5%, came from tower rentals. Land rental results are transferred fully to the client and do not entail the use of cash or receipt of revenues; these totaled Ps.1,789.9 million in the year.

Revenues also included Ps.236.7 million from activities not directly related to the company's core business.

EBITDA during the year resulted in a margin of 56.3%, and totaled Ps.3,049.0 million. At the end of 2016, the company reported debt totaling Ps.21,866.1 million, and a net cash position of Ps.231.5 million. The result was a net debt of Ps.21,634.4 million. The leverage ratio (net debt/EBITDA) was equivalent to 7.0x.

At the end of 2016, the company's debt was composed of three tranches with long-term maturities (between 5 and 15 years) and around 20% was at floating rates. The debt also includes a short-term loan denominated in dollars.

CORPORATE GOVERNANCE

Administration of the company is the responsibility of a Board of Directors, which is currently made up of six (6) regular directors and no designated alternates. Telesites's bylaws stipulate that the Board of Directors have between five and twenty-one directors and an equal number of alternate directors. Directors need not be shareholders, but a majority of the directors of the alternate directors must be Mexican citizens and elected by Mexican shareholders.

Directors and alternate directors are elected or reelected at each annual general meeting of shareholders. In accordance with the Mexican Securities Market Law (LMV), the determination as to the independence of Telesites's directors is made by Telesites's shareholders, though the Mexican Banking and Securities Commission may challenge this determination. Pursuant to our bylaws and the Mexican Securities Market Law, at least 25% of Telesites's directors must be independent. Currently close to 70% of our directors are independent, significantly higher than the proportion required by law. Meetings of the Board of Directors may be legally called to order if the majority of its members are present.

Our bylaws also state that the members of the Board of Directors are elected for a term of one year. Pursuant to the General Law on Commercial Corporations (LGSM), however, members of the Board continue in their positions after the expiration of their terms for up to an additional thirty-day (30) period if new members are not elected and substitutes have either not been designated for the departing member of the Board or have not assumed their roles. Furthermore, in certain circumstances provided under the LMV, the Board of Directors may elect temporary directors who then may be elected or replaced at the shareholders' meetings.

BOARD OF DIRECTORS

The following is a list of the current members of the Board of Directors, their position on the Board, their business experience and other board experience.

DIRECTOR	POSITION/TYPE	BIOGRAPHY
Juan Rodríguez Torres	Regular Independent Member	Mr. Rodríguez received a bachelor's degree in Civil Engineering from the Universidad Nacional Autónoma de México and has a master's degree in Operations Research and Industrial Engineering. He is 77 years old. He is also a member of the board of directors of Procorp, S.A. de C.V., a capital investment company, Grupo Sanborns, S.A.B. de C.V. and Elementia, S.A. de C.V. (for which he also serves as chairman of the audit committee), board member of Minera Frisco and chairman of its audit committee, and a consulting board member of Grupo Financiero Banamex. In addition, Mr. Rodríguez serves as a board member of the following Spanish corporations: Fomento de Construcciones y Contratas, S.A. and Cementos Portland Valderribas, S.A. and their committees; and as the non-executive president of the real estate group REALIA Business, S.A. Mr. Rodríguez is the founder of various companies in the real estate and footwear industries.
Daniel Díaz Díaz	Regular Independent Member	Mr. Díaz has a bachelor's degree in Civil Engineering from the Universidad Nacional Autónoma de México. He is 82 years old. He served in the public sector as under secretary for Infrastructure and Secretary of Communications and Transportation. From 1990 to 1997 he served as a member of the board of the Universidad Nacional Autónoma de México. He served as General Director of the Instituto Mexicano del Transporte and, from 2000 to 2001, as general director of Caminos y Puentes Federales de Ingresos y Servicios Conexos. From 2003 to 2005 he was an infrastructure project advisor to the Fundación del Centro Histórico de la Ciudad de México, A.C., and currently serves on the boards of Carso Infraestructura y Construcción, S.A. de C.V. and Impulsora del Desarrollo y el Empleo en América Latina, S.A.B. de C.V.
Luis Ramos Lignan	Regular Independent Member	Mr. Ramos has an undergraduate degree in Civil Engineering and a master's degree in Hydraulics from the Universidad Nacional Autónoma de México. He is 77 years old. He has served as chairman of the Colegio de Ingenieros Civiles de México and the Cámara Nacional de Empresas de Consultoría. He is currently CEO of Ingeniería y Procesamiento Electrónico, S.A. de C.V. and president of the Instituto Mexicano de Auditoría Técnica, A.C.
Daniel Goñi Díaz	Regular Independent Member	Mr. Goñi Díaz has an undergraduate degree in Law from the Universidad Nacional Autónoma de México. He is 65 years old. He is notary public number 80 in the State of Mexico and has served as secretary, vice president and president of the Mexican Red Cross on several occasions. He has also been citizen board member of the Electoral Board of the State of Mexico.
Víctor Adrián Pandal González	Regular Related Member	Mr. Pandal has an undergraduate degree in Business Administration from the Universidad Iberoamericana. He is 43 years old. He also holds a master's degree in Business Administration from Boston University. From April 2002 to the present, he has served as general director of the Fundación del Centro Histórico de la Ciudad de México, A.C.
Gerardo Kuri Kaufmann	Regular Related Member	Mr. Kuri holds a bachelor's degree in Industrial Engineering from the Universidad Anáhuac. He is 33 years old. From 2008 to 2010, he served as purchasing director of Carso Infraestructura y Construcción, S.A. de C.V. Since the founding of Inmuebles Carso, S.A.B. de C.V., and until April 2016, he was CEO of that company. He is also a member of the board of directors of Minera Frisco, S.A.B. de C.V.; Elementia, S.A. de C.V.; Fomento de Construcciones y Contratas, S.A. and Cementos Portland Valderrivas, S.A.B. and Carso Infraestructura y Construcción, S.A. de C.V.

REPORT OF THE AUDIT AND CORPORATE PRACTICES COMMITTEE

BOARD OF DIRECTORS OF TELESITES, S.A.B. DE C.V.

Dear shareholders:

In accordance with article 43, sections I and II of the Securities Market Law (SML), and pursuant to the recommendations contained in the Code of Best Corporate Practices, on behalf of the Audit and Corporate Practices Committee of TELESITES, S.A.B. DE C.V. (the "Company" or "TELESITES"), we hereby present to you our report on the activities carried out by this corporate committee in the performance of its duties during the fiscal year ended December 31, 2016.

One of the basic responsibilities of Company management is to issue financial statements that have been prepared on the basis of applicable financial reporting standards. These financial statements should reflect in a clear, sufficient and appropriate manner the operations of the Company and the corporations it controls. Furthermore, Company management is charged with introducing appropriate internal control and internal audit systems, and appropriately and promptly disclosing any material information for the investing public as provided for by law. As an auxiliary body of the Board of Directors, the Audit and Corporate Practices Committee is responsible for overseeing the management, direction and execution of the Company's businesses and those of the corporations it controls, and for verifying the Company's compliance with various operating and internal control procedures.

In the pursuit of its duties, the Company's Audit and Corporate Practices Committee has reviewed the consolidated financial statements with figures as of December 31, 2016, and the opinion of the Company's External Auditors regarding that information.

In fulfillment of its primary Audit duties, the Committee carried out the following activities:

A) In regular meetings of this corporate body we were informed of transactions carried out by the Company and the corporations it controls in the pursuit of their respective corporate purposes, and the expected results of those projects.

B) We evaluated the performance of Despacho Mancera, S.C., a member of Ernst & Young Global Limited, and found it to be acceptable and, accordingly, we recommended that the Board of Directors ratify its appointment as External Auditor, to review the financial statements and prepare the corresponding audit opinion of the Company and the corporations it controls for fiscal year 2016. To do so, we verified the appropriate preparation and presentation of the interim financial information for the Company, corroborating whether it was clear, precise and in compliance with international financial reporting standards.

C) We approved the fees paid to the External Auditor as well as the program for issuing its opinion on the financial statements for fiscal year 2016.

D) We found no relevant cases of non-compliance with the operating or accounting guidelines or policies of the Company or its subsidiaries as of December 31, 2016.

E) Because it was not necessary to acquire services that would expand or complement the external audit, this Committee did not issue any opinion in that regard.

F) We reviewed the financial statements for the Company and its subsidiaries as of December 31, 2016, the External Auditor's report, and the accounting policies used in preparing the financial statements, and verified that the necessary information was disclosed in keeping with current regulations. After having discussed their content with the persons responsible for preparing them, and having heard the comments of the External Auditor, who is responsible for providing an opinion on the reasonableness of the financial statements and the extent to which they conform to financial reporting standards, we recommended that the Company's Board of Directors approve those statements for presentation to the ordinary annual shareholders' meeting of the Company, because we believe they reasonably reflect the financial situation of the Company as of the date indicated.

G) There were no modifications and/or authorizations regarding the accounting policies of the Company or its subsidiaries during the year.

H) We followed up on implementation of the Company's policies and processes regarding risk management, internal control and auditing, and the status of the internal control system as a result of that supervision. Furthermore, the Committee was informed of various non-relevant deficiencies or discrepancies detected by

the internal audit area, and in this respect the Company management also informed us of the measures taken to correct them. It should be noted that we detected no relevant breaches of the internal control policies established by the Company.

I) We approved the work program of the internal auditor for fiscal year 2016 and followed up on and verified that it was followed.

J) We supported the Board of Directors in preparing the reports referred to in article 28, section IV of the SML.

K) We reviewed and recommended that the Board of Directors approve the transactions carried out by the Company under the terms mentioned in article 28 of the Securities Market Law, particularly with regard to transactions with related parties, verifying that these were carried out at market values and on the basis of the corresponding transfer price studies; and we saw to it that these transactions were reviewed by the Company's External Auditor, as indicated in the corresponding note to transactions with related parties in the report on the consolidated financial statements of the Company with data as of December 31, 2016.

L) We followed up on the resolutions of the shareholders' meeting and the board of Directors.

Additionally, and in fulfillment of its primary Corporate Practices duties, the Committee carried out the following activities:

A) Evaluated the performance of key executives of the Company and its subsidiaries.

B) Reviewed and followed up on TELESITES' transactions with related parties and those of the corporations it controls, which were carried out during the ordinary course of business and under market conditions.

C) Analyzed the process of compensation for Company employees, including its key executives.

D) Based on the analysis of the Company's results and the interviews held with key executives, we found its performance during the fiscal year to have been satisfactory.

E) No requests were received relating to the permissions mentioned in article 28, section III, point f) of the SML.

F) Continued our supervision of the Company's corporate and legal situation, verifying that it remained in compliance with the applicable laws and regulations.

We received no observations from shareholders, board members, key executives, employees or third parties regarding accounting practices, internal controls or issues relating to internal or external audits of the Company, nor were there any reports of actions or situations deemed irregular in its administration.

We have reviewed the consolidated financial statements of the Company for the fiscal year ended December 31 2016, and the opinion of the Company's External Auditor, finding that those financial statements were prepared in accordance with accounting policies, procedures and practices consistent with financial reporting standards, and we agree with the content of that opinion as we believe they reasonably reflect the financial position of the company as of December 31, 2016, and we believe the management, direction and execution of the company's businesses during fiscal year 2016 was carried out appropriately by Company management.

We make the foregoing statement for the purpose of complying with the obligations entrusted to this corporate body and provided for in the SML, and with any other duty that has been or is entrusted to us by the Company's Board of Directors, further noting that in the preparation of this report we took into account the opinion of key executives of the company.

Sincerely,

ING. DANIEL DÍAZ DÍAZ
Chairman of the Audit and Corporate Practices Committee
TELESITES, S.A.B. de C.V.

CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT AUDITORS

TO THE SHAREHOLDERS OF TELESITES, S.A.B. DE C.V. AND SUBSIDIARIES

Opinion

We have audited the accompanying consolidated financial statements of Telesites, S.A.B. de C.V. and subsidiaries (the Company), which comprise the consolidated statement of financial position as at 31 December 2016, and the consolidated statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Telesites, S.A.B. de C.V. and subsidiaries as at 31 December 2016 and their consolidated financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for audit opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are described in the Auditor's Responsibilities for the Audit of the Financial Statements section of this report. We are independent from the Company within the meaning of the Code of Ethics for Accounting Professionals of the International Ethics Standards Board for Accountants (IESBA) and the ethical requirements applicable to our audit of the financial statements in Mexico established by the Code of Ethics of the Mexican Institute of Public Accountants (IMCP, Spanish acronym) and have fulfilled our other responsibilities under those relevant ethical requirements and the Code of Ethics of the IESBA.

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

Key audit matters

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

We have fulfilled the responsibilities described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

1. PROPERTY AND EQUIPMENT

Description of key audit matter
We considered the passive infrastructure under property and equipment as a key audit matter because the valuation of these assets requires the use of assumptions that involve calculations that are subjective and complex, since they require that we seek assistance from specialists of the Company's management and audit specialists to carry out our audit procedures.

How we addressed key audit matters
We evaluated the assumptions used to measure and recognize property and equipment on the basis of a fair value review that we performed in accordance with International Accounting Standard (IAS) 27. For this review, we considered and evaluated the reconciliation of the beginning and ending balances of property and equipment. Based on audit samples, we analyzed the increases reflected in property and equipment accounts by reviewing and comparing significant items to their respective support documentation. We tested asset depreciation by verifying the mathematical calculations underlying the depreciation and we carried out substantive analytical procedures as well. To determine the existence of potential indicators of impairment, we sought assistance from specialists and we assessed the Company's presentation and disclosure of passive infrastructure in accordance with IFRS.

Notes 2g) and 7 to the accompanying consolidated financial statements include disclosures regarding the Company's construction and property and equipment.

2. CURRENT AND DEFERRED INCOME TAX

Description of key audit matter
We considered current and deferred income tax a key audit matter due to the significant degree of subjectivity inherent in some of the tax criteria adopted by the Company and which given the diversity of interpretations of Mexican tax laws, the tax authorities may or may not agree with. We also focused on this area due to the fact that differences in interpretations of the tax laws could give rise to contingencies for the Company, which could ultimately affect the recoverability of its deferred tax assets. The Company's income tax matters should be handled by personal specialized technical skills in taxes.

How we addressed key audit matters
We compared the book amounts considered in the calculation of current and deferred taxes against the Company's audited amounts at the same date. We assessed the financial projections that support the Company's decisions regarding the recognition of deferred tax assets based on their recoverability. We sought assistance from in-house tax specialists to perform the required tax audit procedures. We analyzed the reconciliation of the Company's effective income tax rate and we test significant items. We also evaluated the Company's presentation and disclosure of current and deferred income tax in accordance with the applicable accounting requirements.

Note 2o) to the accompanying consolidated financial statements includes disclosures regarding the Company's policies in respect of current and deferred income tax deferred tax assets.

3. SHORT-TERM AND LONG-TERM DEBT

Description of key audit matter
We considered the Company's short-term and long-term debt (structured notes and bank loans) a key audit matter due to the high level of professional judgement required for the valuation of these financial liabilities, which are measured at amortized cost, and since they require that we seek assistance from specialists of the Company's management and audit specialists to carry out our audit procedures.

How we addressed key audit matters
We evaluated management's calculation of the Company's debt. We also applied analytical testing to interest accrued on the debt and we compared the results of this testing to the reconciliation of the Company's interest payable. We analyzed the determination of the market values of the debt and the calculation of accrued interest and we assessed these amounts for consistency with the terms and conditions of the respective loan agreements. We compared the book balances of the debt with the balances reported in the balance confirmations received from the financial institutions with which the Company contracted the debt. We evaluated the Company's risk from fluctuations in the interest rates of the debt. To execute these procedures, we received assistance from a valuation specialist to value the Company's debt recognized at amortized cost. We also evaluated the Company's presentation and disclosure of its structured notes in accordance with IFRS.

Note 2.e to the accompanying consolidated financial statements includes disclosures related to this matter.

4. ASSET RETIREMENT OBLIGATION

Description of key audit matter
We considered the Company's asset retirement obligation a key audit matter due to high the professional judgement required to calculated this obligation and because it requires the use of assumptions that involve estimates that are subjective and complex, since they require that we seek assistance from specialists of the Company's management and audit specialists to carry out our audit procedures.

How we addressed key audit matters
We reviewed the Company's calculation of its asset retirement obligation and we verified the correct valuation of the principal components of the provision in accordance with IAS 37. Using audit samples, we reviewed the Company's lease agreements to verify the term of each asset retirement obligation. We also received assistance from a valuation specialist to verify the reasonableness of the provision and we assessed the correct presentation and disclosure of the Company's asset retirement obligation in accordance with IFRS.

Note 2.l to the accompanying consolidated financial statements includes disclosures related to the Company's asset retirement obligation.

5. REVENUE RECOGNITION

Description of key audit matter
We considered revenue recognition a key audit matter due to the importance of this area for users of the Company's financial statements and due to the importance of having audit evidence regarding revenue recognition in accordance to IAS 18, as well as to fact that revenue recognition encompasses a number of audit considerations, including the calculation, recognition, disclosure of revenue and tax aspects relating to the taxability of the Company's revenue.

How we addressed key audit matters
As part of our audit we verified the Company's correct revenue recognition in accordance with IFRS on the basis of substantive tests, which included verifying the existence of support documentation for a sample of significant items selected in accordance with international standards on auditing, the execution of analytical procedures that included variance analyses, cut-off of forms to verify recognition of revenue in the correct period, a review of revenue calculations, and a review of the Company's current lease agreements.

Note 2c) to the accompanying consolidated financial statements includes disclosures regarding the Company's revenue recognition policies.

Other information

Management is responsible for the other information. The other information comprises the information included in the annual report filed with the National Banking and Securities Commission (the Commission) and the annual report submitted to the shareholders, but does not include the consolidated financial statements and our auditor's report thereon. We expect to obtain the other information after the date of this auditor's report.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information when we have access to it and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read and consider the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and to issue a statement on the Annual Report required by the CNBV that contains a description of the matter.

Responsibilities of Management and of those charged with governance for the consolidated financial statements

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

In preparing the consolidated financial statements, Management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the consolidated Financial Statements

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

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

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

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

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

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

  Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 consolidated 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.

The engagement partner on the audit resulting in this independent auditor's report is Jose Andres Marin.

Our audit opinion and the accompanying financial statements and footnotes have been translated from the original Spanish version into English for convenience purposes only.

Mancera, S.C.
A Member Practice of
Ernst & Young Global Limited

JOSE ANDRES MARIN

Mexico City
5 April 2017

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts in thousands of Mexican pesos)

	As at 31 December			
		2016		2015
Assets				
Current assets:				
Cash and cash equivalents (Note 4)	Ps.	231,533	Ps.	470,279
Accounts receivable		3,779		618
Related parties (Note 6)		104,969		10,593
Recoverable taxes		165,715		9,545
Other current assets (Note 5)		144,528		200,993
Total current assets		650,524		692,028
Non-current assets:				
Licenses and software		8,755		-
Property and equipment, net (Note 7)		43,173,883		38,687,768
Deferred tax assets (Note 16)		28,492		31,271
Other non-current assets (Note 5)		190,001		145,436
Total assets	Ps.	44,051,655	Ps.	39,556,503
Liabilities and equity				
Current liabilities:				
Short-term debt and interest (Note 9)	Ps.	345,486	Ps.	1,000,377
Interest payable on long-term debt (Note 9)		476,492		388,908
Accounts payable and accrued liabilities (Note 14)		430,122		264,899
Taxes and contributions payable		77,363		572,778
Related parties (Note 6)		190,518		205,823
Employee benefits (Note 13)		7,505		3,201
Total current liabilities		1,527,486		2,435,986
Non-current liabilities:				
Long-term debt (Note 9)		21,520,659		18,769,543
Deferred tax liabilities (Note 16)		10,488,050		9,886,089
Retirement benefits (Note 12)		3,767		1,199
Asset retirement obligation (Note 8)		831,670		732,990
Total liabilities		34,371,632		31,825,807
Equity (Note 15):				
Share capital		35,000		35,000
Other components of equity		(16,228,640)		(16,228,640)
Surplus from revaluation of assets		23,861,672		22,446,129
Components of other comprehensive income		616		-
Retained earnings		2,962,554		1,411,023
Net (loss)/income for the year		(951,179)		67,184
Total equity		9,680,023		7,730,696
Total liabilities and equity	Ps.	44,051,655	Ps.	39,556,503

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in thousands of Mexican pesos)

		FOR THE YEAR ENDED 31 DECEMBER 2016		FOR THE PERIOD FROM 5 JANUARY TO 31 DECEMBER 2015
Operating revenue:				
Infrastructure rent	Ps.	5,179,879	Ps.	4,230,638
Revenue from alteration services		214,778		66,464
Other income (Note 2s)		21,999		438,124
		5,416,656		4,735,226
Operating costs and expenses:				
Depreciation (Note 7)		2,557,196		2,322,780
Leases (Note 11)		1,734,151		1,552,339
Alteration service costs		201,062		63,141
Operating expenses		396,896		242,912
Other expenses		35,530		211
		4,924,835		4,181,383
Operating income		491,821		553,843
Net financing cost:				
Accrued interest income		38,250		143,662
Accrued interest expense		(1,349,273)		(422,280)
Foreign exchange loss, net		(235,494)		(126,320)
		(1,546,517)		(404,938)
(Loss)/income before income tax		(1,054,696)		148,905
Income tax (Note 16)		103,517		(81,721)
Net (loss)/income for the year	Ps.	(951,179)	Ps.	67,184
Components of other comprehensive income:				
Revaluation surplus, net of taxes	Ps.	1,415,543	Ps.	22,446,129
Labor obligations, net of taxes		(86)		-
Foreign currency translation reserve		702		-
Total other comprehensive income		1,416,159		22,446,129
Comprehensive income for the period	Ps.	464,980	Ps.	22,513,313
Weighted average number of outstanding shares (thousands of shares)		3,300,000		3,300,000
Net (loss)/income per share attributable to equity holders of the parent	Ps.	(0.28)	Ps.	0.020

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Year Ended 31 December 2016 and the Period from 5 January to 31 December 2015
(Amounts in thousands of Mexican pesos) (Note 15)

	SHARE CAPITAL	OTHER COMPONENTS OF EQUITY	RETAINED EARNINGS: LEGAL RESERVE	RETAINED EARNINGS: UNAPPLIED INCOME	RETAINED EARNINGS: TOTAL
Spin-off balances as at 5 January 2016 (Note 1)	Ps. 35,000	Ps.(16,228,640)	Ps. -	Ps. -	Ps. -
Revaluation surplus, net of taxes	-	-	-	-	-
Allocation effect of surplus, net of taxes	-	-	-	1,411,023	1,411,023
Net income of the period	-	-	-	67,184	67,184
Comprehensive income for the period	-	-	-	-	-
Balance as at 31 December 2015	35,000	(16,228,640)	-	1,478,207	1,476,207
Creation of legal reserve	-	-	3,359	(3,359)	-
Foreign currency translation effect	-	-	-	-	-
Retirement benefits, net of taxes	-	-	-	-	-
Revaluation surplus, net of taxes	-	-	-	-	-
Allocation effect of surplus, net of taxes	-	-	-	1,484,347	1,484,347
Net loss of the year	-	-	-	(951,179)	(951,179)
Comprehensive income for the yea	-	-	-	-	-
Balance as at 31 December 2016	Ps. 35,000	Ps.(16,228,640)	Ps. 3,359	Ps.2,008,016	Ps.2,011,375

The accompanying notes are an integral part of these financial statements.

OTHER COMPREHENSIVE INCOME				
EFFECT OF LABOR OBLIGATIONS	FOREIGN CURRENCY TRANSLATION RESERVE	REVALUATION SURPLUS	COMPREHENSIVE INCOME	TOTAL EQUITY
Ps. -	Ps. -	Ps. -	Ps. -	Ps. (16,193,640)
-	-	23,857,152	23,857,152	23,857,152
-	-	(1,411,023)	(1,411,023)	-
-	-	-	67,184	67,184
-	-	-	Ps. 22,513,313	
-	-	22,446,129		7,730,696
-	-	-	-	-
-	702	-	702	702
(86)	-	-	(86)	(86)
-	-	2,899,890	2,899,890	2,899,890
-	-	(1,484,347)	(1,484,347)	-
-	-	-	(951,179)	(951,179)
-	-	-	Ps. 464,980	
Ps. (86)	Ps. 702	Ps. 23,861,672		Ps. 9,680,023

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in thousands of Mexican pesos)

	For the year ended 31 December 2016	For the period from 5 January to 31 December 2015
Operating activities		
(Loss)/income before income tax	Ps. (1,054,696)	Ps. 148,905
Items not affecting cash flows:		
Depreciation	2,557,196	2,322,780
Accrued interest expense	(38,250)	(143,662)
Accrued interest income	1,349,273	422,280
Foreign exchange loss, net	235,494	126,320
Net periodic benefit cost	617	1,199
	3,049,634	2,877,822
Changes in operating assets and liabilities:		
Accounts receivable	(3,161)	(618)
Related parties	(109,681)	195,230
Other current and non-current assets	11,900	(346,429)
Accounts payable and accrued liabilities	178,948	321,252
Asset retirement obligation	-	419,783
Taxes and contributions payable	(1,186,101)	111,836
Net cash flows from operating activities	1,941,539	3,578,876
Investing activities		
Interest received	38,250	143,662
Licenses and software	(8,755)	-
Property and equipment	(2,801,931)	(6,615,695)
Net cash flows used in investing activities	(2,772,436)	(6,472,033)
Financing activities		
Payment of long-term debt	(1,000,000)	-
Short-term debt	344,963	1,000,377
Issuance of long-term debt	2,500,000	18,642,058
Structured note premium	3,156	-
Interest paid on short-term debt	(9,575)	(6,422)
Interest paid on long-term debt	(1,246,393)	(70,227)
Loans from related party spin-offs	-	21,000,000
Loans repaid to related parties	-	(21,000,000)
Interest paid to related parties	-	(8,710)
Spun off share capital	-	35,000
Other components of equity	-	(16,228,640)
Net cash flows from financing activities	592,151	3,363,436
Net (decrease)/increase in cash and cash equivalents	(238,746)	470,279
Cash and cash equivalents at beginning of period	470,279	-
Cash and cash equivalents at end of period	Ps. 231,533	Ps. 470,279

The accompanying notes are an integral part of these financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2016 and 2015
(Amounts in thousands of Mexican pesos, unless otherwise indicated)

I. DESCRIPTION OF THE BUSINESS AND RELEVANT EVENTS

I. DESCRIPTION OF THE BUSINESS

Telesites, S.A.B. de C.V. and subsidiaries (the Company) was incorporated in Mexico City on 19 October 2015. The Company was created as a result of its spin-off from América Móvil, S.A.B. de C.V. (AMX) and it is primarily engaged in leasing passive mobile telecommunications infrastructure comprised of physical space on its towers for the installation of signal transmission and reception equipment and auxiliary equipment (including power generators, backup batteries, air conditioning systems, alarm systems and other equipment).

The Company's operating period and fiscal year is from 1 January through 31 December 2016.

The Company's head offices are located in Mexico City, at Lago Zurich No. 245, Edificio Presa Falcón, 14th floor, Ampliación Granada, Miguel Hidalgo, postal code 11529.

On 5 April 2017, the Company's Board of Directors authorized the issue of the accompanying consolidated financial statements.

II. RELEVANT EVENTS

A) SPIN-OFF

At an ordinary shareholders meeting held in April 2015, the shareholders of AMX agreed to spin off Telesites, S.A.B. de C.V. from AMX. As a result of the spin-off, certain assets and liabilities of AMX were transferred to the newly created company. An analysis of the consolidated effects of the spin-off are as follows:

		AS AT 5 JANUARY 2015
Assets		
Current assets:		
Cash and cash equivalents	Ps.	216,626
Recoverable taxes		4,422
Other current assets		37,952
Total current assets		259,000
Non-current assets:		
Property and equipment, net		6,239,999
Other non-current assets		77,653
Prepaid expenses		27,634
Total assets	Ps.	6,604,286
Liabilities and equity		
Current liabilities:		
Accounts payable and accrued liabilities	Ps.	191,067
Related parties		21,000,000
Total current liabilities		21,191,067
Non-current liabilities:		
Asset retirement obligation		1,480,919
Deferred tax		125,940
Total liabilities		22,797,926
Equity:		
Share capital		35,000
Accumulated deficit		(16,228,640)
Total equity		(16,193,640)
Total liabilities and equity	Ps.	6,604,286

B) NEW ENTITIES
Telesites, S.A.B. de C.V.

After receiving approval from the Federal Telecommunications Institute (IFT) and the Tax Administration Service (SAT) to be spun off from AMX, Telesites was incorporated on 19 October 2015 to be the group's controlling company.

Promotora de Sites, S.A. de C.V.

After receiving approval from the Federal Telecommunications Institute (IFT) and the Tax Administration Service (SAT) to be spun off from Sercotel, S.A. de C.V. (Sercotel), Promotora de Sites, S.A. de C.V. (Promotora) was incorporated on 19 October 2015 to be an intermediate holding company of the group.

Telesites Internacional, S.A. de C.V.

Telesites Internacional, S.A. de C.V. (Teleint) was incorporated on 5 November 2015 as an intermediate holding company of foreign related parties.

Operadora de Sites Mexicanos, S.A. de C.V.

Operadora de Sites Mexicanos, S.A. de C.V. (Opsimex) was incorporated on 5 January 2015 as a result of its spin-off from Radiomóvil Dipsa, S.A. de C.V. (Telcel) and it is primarily engaged in leasing towers and physical space for passive mobile telecommunications infrastructure to mobile carriers in Mexico.

Demonsa, S.A. de C.V.

Demonsa, S.A. de C.V. (Demonsa) was incorporated on 10 December 2014 and is primarily engaged in providing personnel services to Opsimex.

Telesites Costa Rica, S.A.

Telesites Costa Rica, S.A. (TLC) was incorporated on 14 December 2015 and this entity is primarily engaged in leasing cell towers and physical space for installations of passive mobile telecommunications infrastructure to mobile carriers in Costa Rica.

Telesites Colombia, S.A.S.

Telesites Colombia, S.A.S. (Teleco) was incorporated on 5 January 2016 and this entitiy is primarily engaged in leasing cell towers and physical space for installations of passive mobile telecommunications infrastructure to mobile carriers Colombia. Teleco had no operations during the year ended 31 December 2016.

C) MERGER
At an extraordinary shareholders' meeting held on 17 March 2016, the Company's shareholders agreed to merge Promotora into Opsimex. As a result of this merger, certain assets and liabilities of Promotora were transferred to Opsimex.

2. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A) BASIS OF PREPARATION
The accompanying financial statements have been prepared in accordance with the International Financing Reporting Standards (IFRS), effective as at 31 December 2016, as issued by the International Accounting Standards Board (IASB).

The preparation of the Company's consolidated financial statements in accordance with IFRS requires the use of critical estimates and assumptions that affect the reported amounts of certain assets and liabilities, and revenue and expenses. It also requires management to exercise judgment in how it applies the Company's accounting policies.

The Company's functional and reporting currency is the Mexican peso.

B) CONSOLIDATION
The accompanying consolidated financial statements include the accounts of Telesites and those of the subsidiaries over which the Company exercises significant control. The financial statements of the subsidiaries have been prepared for the same reporting period and following the same accounting policies as those of the Company. Most of the companies operate in the telecommunications sector or provide services to companies related to these activities. All intercompany balances and transactions have been eliminated on consolidation.

The operating results of the subsidiaries were included in the Company's consolidated financial statements as of the month following their incorporation.

A description of the Company's main investments in its subsidiaries as at 31 December 2016 and 2015 is as follows:

COMPANY NAME	% EQUITY INTEREST AS AT 31 DECEMBER		COUNTRY	DATE OF FIRST CONSOLIDATION	TYPE OF OPERATIONS
	2016	2015			
Intermediate holding company					
Promotora de Sites, S.A. de C.V.	-	99.99%	Mexico	October 2015	Intermediate holding company
Telesites Internacional, S.A. de C.V.	100.00%	100.00%	Mexico	November 2015	Intermediate holding company
Infrastructure					
Operadora de Sites Mexicanos, S.A. de C.V.	100.00%	99.99%	Mexico	January 2015	Infrastructure
Telesites Costa Rica, S.A.	100.00%	-	Costa Rica	January 2016	Infrastructure
Services					
Demonsa, S.A. de C.V.	99.99%	99.99%	Mexico	January 2015	Services

C) REVENUE RECOGNITION

Rental income

The Company recognizes its revenue from passive infrastructure rentals as it accrues based on the terms of each lease agreement. Rent charged for infrastructure is reviewed and increased based on the National Consumer Price Index (NCPI) and the amount of rent is generally determined based on the specific characteristics of the location of the leased passive infrastructure.

D) USE OF ESTIMATES

The preparation of financial statements in accordance with IFRS requires the use of estimates and assumptions in certain areas. Actual results could differ from these estimates. The Company based its assumptions and estimates on the best available information at the time the consolidated financial statements were prepared. However, the existing circumstances and assumptions about future events may change due to changes in the market or circumstances that are beyond the Company's control. Such changes are reflected in the estimates and their effects are shown in the financial statements as they occur.

These assumptions mostly refer to:

- Useful life estimates of items of property and equipment
- Allowance for doubtful accounts
- Impairment in the value of long-lived assets
- Fair value measurement of financial instruments
- Employee benefits

E) FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabilities that are within the scope of International Accounting Standard (IAS) 39 *Financial Instruments: Recognition and Measurement* generally include investments in financial instruments, debt and equity instruments, accounts receivable and other accounts receivable, loans and financing, accounts payable and accrued liabilities.

Financial assets and liabilities are initially measured at fair value, plus directly attributable transaction costs, except for those designated upon initial recognition at fair value through profit or loss. Financial assets and liabilities are subsequently measured based on their classification into one of the following categories: (i) at fair value through profit or loss; (ii) held-to-maturity or available-for-sale; or (iii) loans and receivables.

The Company's financial assets consist of cash and cash equivalents, accounts receivable and other assets.

The Company's financial liabilities are classified as either: i) financial liabilities measured at fair value through profit or loss, or ii) financial liabilities measured at amortized cost.

The Company's financial liabilities consist of short- and long-term debt, accounts payable and accrued liabilities, and related party payables. The Company's debt under its issuances of structured notes is recognized as a financial liability measured at amortized cost.

Offsetting of financial instruments

Financial assets and financial liabilities are offset with the net amount reported in the consolidated statement of financial position if, and only if, (i) there is a currently enforceable legal right to offset the recognized amounts; and (ii) there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Assets and liabilities measured at fair value on a recurring basis

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's-length market transactions; reference to the current fair value of another financial instrument that is substantially the same; a discounted cash flow analysis or other valuation models.

The hierarchy used for determining fair values is as follows:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: Variables other than the quoted prices included in level 1 that are observable for assets or liabilities, either directly (prices) or indirectly (price derivatives); and

Level 3. Variables used for assets or liabilities that are not based on observable market data (unobservable variables).

Note 10 provides an analysis of the fair values of the Company's financial instruments.

F) CASH AND CASH EQUIVALENTS

Cash in banks earns interest at floating rates on daily account balances. Cash equivalents are represented by short-term deposits made for terms ranging from one to three days, and which bear interest at rates common for each type of short-term investment. These investments are stated at cost plus uncollected accrued interest, which is similar to their market value.

G) PROPERTY AND EQUIPMENT, NET

The Company's property includes passive infrastructure, which includes non-electronic components used in telecommunications networks, including masts, towers and poles. These fixed assets are measured at fair value using the revaluation model specified in IAS 16 *Property, Plant and Equipment*. Company management periodically reviews the stated amounts of the Company's fixed assets whenever it believes that there is a significant difference between the carrying amount of an asset and its fair value. Depreciation is determined on fair values on a straight-line basis over the estimated useful lives of the assets starting at the time the assets are available for use.

The Company's equipment is carried at cost, net of accumulated depreciation, in accordance with IAS 16 *Property, Plant and Equipment*. Depreciation is determined on carrying amounts on a straight-line basis over the estimated useful lives of the assets starting in the first month after they are available for use.

The Company periodically reviews the residual values, useful lives and depreciation methods of its fixed assets and adjusts them prospectively where appropriate at the end of each reporting period, in accordance with IFRS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in other operating income or other operating expenses when the asset is derecognized.

Depreciation rates are as follows:

Passive infrastructure	6.25% and 5%
Automotive equipment	25%
Other equipment	10%

The carrying amount of property and equipment is reviewed annually whenever there are indicators of impairment in the value of such assets. When the recoverable amount of an asset, which is the higher of the asset's expected net selling price and its value in use (the present value of future cash flows), is less than its net carrying amount, the difference is recognized as an impairment loss.

As at 31 December 2016 and 2015, there were no indicators of impairment in the values of the Company's fixed assets.

H) LICENSES AND SOFTWARE

The licenses and software acquired by the Company are classified as intangible assets with finite useful lives that are recognized at cost. Amortization of these intangible assets is calculated on the assets' carrying amounts on a straight-line basis based on the estimated useful lives of the assets.

The annual amortization rate for acquired licenses is 15%.

I) IMPAIRMENT IN THE VALUE OF LONG-LIVED ASSETS

The Company assesses at each reporting date whether there is an indication that its long-lived assets may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount, which is the higher of an asset's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired, and its carrying amount is written down to its recoverable amount, and the loss is immediately recognized in profit or loss.

The depreciation and amortization expense for future periods is adjusted to the new carrying amount during the remaining useful life of the related assets. Recoverable amounts are determined for each individual asset, unless the asset generates cash inflows that are closely dependent on the cash flows generated by other assets or group of assets (cash generating units).

J) LEASES

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement. The arrangement is, or contains, a lease if fulfillment of the arrangement is dependent on the use of a specific asset and whether the arrangement conveys a right to use the asset or assets.

- Operating leases

Leases in which the Company does not transfer substantially all of the risks and rewards inherent to the ownership of the asset are classified as operating leases. Payments made under operating lease agreements are recognized in the statement of comprehensive income on a straight-line basis over the term of the lease.

K) PROVISIONS, CONTINGENT LIABILITIES AND COMMITMENTS

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

If the effect of the time value of money is material, provision amounts are determined as the present value of the expected outflow of resources to settle the obligation. The provisions are discounted using a pre-tax rate that reflects the current market conditions at the date of the statement of financial position and, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingent liabilities are recognized only when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Also, contingencies are recognized only when they generate a loss.

L) ASSET RETIREMENT OBLIGATION

The Company records a reserve for the decommissioning costs associated with the sites where its passive infrastructure is located. Decommissioning costs are measured at the estimated fair values of the asset costs expected to be incurred to settle the Company's obligation to decommission the assets. These fair values are determined on the basis of the estimated cash flows associated with the method of settlement. Asset retirement costs are capitalized as part of the carrying amounts of the related assets. For purposes of this calculation, cash flows are discounted at a pre-tax rate that reflects the risks associated with the asset retirement obligation. Reversals of previous discount rates are recognized in profit or loss as a financing cost as incurred. Estimated future decommissioning costs are reviewed annually and are revised where needed. Changes in future cost estimates or discount rates are recognized as an increase or a decrease in the carrying amount of the asset.

M) EMPLOYEE BENEFITS

The Company annually recognizes the liability for seniority premiums based on independent actuarial calculations applying the projected unit credit method, using financial assumptions net of inflation. The latest actuarial calculation was prepared on 31 December 2016.

The Company creates a provision for the cost of compensated absences, such as paid annual leave, which is recognized using the accrual method.

N) EMPLOYEE PROFIT SHARING

Current employee profit sharing is presented as part of operating expenses in the statement of comprehensive income.

O) INCOME TAX

Current income tax is recognized as a current liability, net of prepayments made during the year.

Deferred income tax is calculated using the asset and liability method established in IAS 12 *Income Taxes*.

Deferred income tax is calculated using the asset and liability method, based on the temporary differences between financial reporting and tax values of assets and liabilities at the reporting date.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be used. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

P) EARNINGS PER SHARE

Earnings per share are determined by dividing net income for the year by the weighted-average number of shares outstanding attributable to ordinary equity holders of the parent during the year.

Q) STATEMENT OF CASH FLOWS

The statement of cash flows reports the cash generated and used by the Company during the year. It first shows the Company's (loss)/income before income tax, followed by its cash flows resulting from operating activities, then its cash flows resulting from investing activities, and lastly its cash flows resulting from financing activities.

For the year ended 31 December 2016 and the period from 5 January to 31 December 2015, the statement of cash flows was prepared using the indirect method.

R) CONCENTRATION OF RISK

The main financial instruments used to fund the Company's operations are comprised of bank loans, lines of credit, accounts payable and related party payables. The Company holds several financial assets, such as cash and cash equivalents, accounts receivable, related party receivables and other current assets that are directly related to its business.

The main risks associated with the Company's financial instruments are cash flow risk and market, credit and liquidity risks. The Company performs sensitivity analyses to measure potential losses in its operating results based on a theoretical increase of 100 basis points in interest rates. The Board of Directors approves the risk management policies that are proposed by the Company's management.

Credit risk is the risk that the counterparty will default on its payment of obligations with the Company. The Company is also exposed to market risks associated with fluctuations in interest rates.

Financial assets which potentially subject the Company to concentrations of credit risk are cash and cash equivalents, short-term deposits and debt instruments. The Company's policy is designed to not restrict its exposure to any one financial institution.

The Company continuously monitors its customer accounts and a portion of the Company's surplus cash is invested in time deposits in financial institutions with strong credit ratings.

S) STATEMENT OF COMPREHENSIVE INCOME PRESENTATION

Costs and expenses shown in the Company's statement of comprehensive income are presented based on a combination of their function and their nature, which provides a clearer picture of the components of the Company's operating income, since such classification allows for comparability of the Company's financial statements with those of other companies in its industry.

Operating income is recognized in the statement of comprehensive income, since it is an important indicator used for evaluating the Company's operating results. Operating income consists of ordinary revenues and operating costs and expenses.

An analysis of the Company's other income is as follows:

		2016		2015
Reversal of provisions from prior years	Ps.	14,676	Ps.	-
Sale of automotive equipment		7,244		-
Sale of scrap		79		3,402
Changes in estimates underlying the asset retirement obligation		-		434,722
	Ps.	21,999	Ps.	438,124

3. NEW ACCOUNTING PRONOUNCEMENTS

The standards and interpretations that are issued, but not yet effective, up to the date of issue of the Company's financial statements are disclosed below.

IFRS 9 *FINANCIAL INSTRUMENTS: CLASSIFICATION AND MEASUREMENT*

This standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required but comparative information is not compulsory. Application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before 1 February 2016.

IFRS 15 *REVENUE FROM CONTRACTS WITH CUSTOMERS*

IFRS 15 was issued in May 2015 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue.

The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted.

The Company does not expect this standard to have significant effects, primarily due to the fact that revenue recognition of rent is restricted to monthly periods established in the contracts with customers.

IFRS 16 *LEASES*

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17.

The standard includes two recognition exemptions for lessees – leases of 'low-value' assets and short-term leases (i.e., lease agreements with terms of 12 months or less). At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right to use the asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases. IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17. IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach.

The Company expects the adoption of this standard to have significant effect on its financial information due primarily to the high number of leases that the Company has and which it currently accounts for as operating leases, since the accounting treatment of these leases may need to be modified after the Company adopts IFRS 16.

AMENDMENTS TO IAS 16 AND IAS 38 *CLARIFICATION OF ACCEPTABLE METHODS OF DEPRECIATION AND AMORTIZATION*

The amendments clarify the principle in IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets* that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is a part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. The amendments are applied prospectively and do not have any impact on the Company, given that it has not used a revenue-based method to depreciate its non-current assets.

ANNUAL IMPROVEMENTS 2012-2014 CYCLE

These improvements include:

IFRS 7 *FINANCIAL INSTRUMENTS: DISCLOSURES*

(i) Servicing contracts

The amendments clarify that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and the arrangement against the guidance for continuing involvement in IFRS 7 in order to assess whether the disclosures are required. The assessment of which servicing contracts constitute continuing involvement must be done retrospectively. However, the required disclosures would not need to be provided for any period beginning before the annual period in which the entity first applies the amendments.

(ii) Applicability of the amendments to IFRS 7 to condensed interim financial statements The amendment clarifies that the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report. The amendment will be applied retrospectively.

IAS 34 *INTERIM FINANCIAL REPORTING*

The amendment clarifies that the required interim disclosures must be either in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms and at the same time as the interim financial statements. The amendment must be applied retrospectively.

IFRS 5 *NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS*

Assets (or disposal groups) are generally disposed of either through sale or distribution to the owners. The amendment clarifies that changing from one of these disposal methods to the other would not be considered a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in IFRS 5. This amendment is applied prospectively.

AMENDMENTS TO IAS 1 *DISCLOSURE INITIATIVE*

The amendments to IAS 1 *Presentation of Financial Statements* clarify, rather than significantly change, the existing IAS 1 requirements.

- The materiality requirements in IAS 1
- That specific line items in the statement(s) of profit or loss and other comprehensive income and the statement of financial position may be disaggregated
- That entities have flexibility as to the order in which they present the notes to financial statements
- That the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss
- Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and other comprehensive income. These amendments do not have any impact on the Company.

4. CASH AND CASH EQUIVALENTS

An analysis of cash and cash equivalents as at 31 December 2016 and 2015 is as follows:

	2016	2015
Cash	Ps. 52	Ps. 45
Banks	216,836	469,716
Readily marketable securities	14,645	518
	Ps. 231,533	Ps. 470,279

5. OTHER CURRENT AND NON-CURRENT ASSETS

An analysis of this caption as at 31 December 2016 and 2015 is as follows:

	2016	2015
Advances to supplier	Ps. 83,623	Ps. 132,808
Value added tax payable, net	59,012	68,185
Prepaid insurance	1,893	-
Total other current assets	Ps. 144,528	Ps. 200,993
Security deposits	Ps. 97,388	Ps. 85,758
Rent paid in advance	92,613	59,678
Total other non-current assets	Ps. 190,001	Ps. 145,436

6. RELATED PARTIES

a) An analysis of balances due from and to the Company's related parties as at 31 December 2016 and 2015 is provided below. The companies mentioned in this note are considered associates or affiliates of the Company, since the Company's principal shareholders hold direct or indirect stakes in these companies.

	2016	2015
Receivables:		
Radiomóvil Dipsa, S.A. de C.V. (i)	Ps. 104,969	Ps. 10,593
Payables:		
Operadora Cicsa, S.A. de C.V. (ii)	Ps. 185,847	Ps. 97,526
Radiomóvil Dipsa, S.A. de C.V. (iv)	-	106,167
PC Industrial, S.A. de C.V. (vi)	4,300	-
Other related parties	371	2,130
	Ps. 190,518	Ps. 205,823

b) During the years ended 31 December 2016 and 2015, the Company had the following transactions with its related parties:

		2016	2015
Revenue:			
Radiomóvil Dipsa, S.A. de C.V.	Leasing (i)	Ps. 5,013,831	Ps.4,229,915
	Alteration services (i)	214,778	66,464
Expenses:			
Operadora Cicsa, S.A. de C.V.	Construction (ii)	$ 160,213	$ 553,458
Seguros Inbursa, S.A., Grupo Financiero Inbursa	Insurance (iii)	30,410	15,902
Radiomóvil Dipsa, S.A. de C.V.	Leasing (iv)	271,392	124,389
PC Industrial, S.A. de C.V.	Maintenance (vi)	3,707	-
Carso Global Telecom, S.A. de C.V.	Interest (v)	-	4,923
Empresas y Controles en Comunicaciones, S.A de C.V.	Interest (v)	-	3,787

(i) On 23 March 2015, the Company entered into a five-year agreement with Telcel to lease its passive infrastructure and to provide alteration services to the related party. Leased passive infrastructure is comprised of non-electronic components used in telecommunications networks, including masts, towers, posts, sites, land and physical space. Alteration services refer to the modifications that the Company makes to passive infrastructure as requested by Telcel. For the year ended 31 December 2016 and the period from 5 January to 31 December 2015, revenue earned from these passive infrastructure leasing and alteration services totaled Ps. 5,228,609 and Ps. 4,296,379, respectively. The account receivable due from Telcel as at 31 December 2016 and 2015 is Ps. 104,969 and Ps. 10,593, respectively.

(ii) During 2016 and the period from 5 January to 31 December 2015, the Company had transactions related to the construction of passive infrastructure with Operadora Cicsa, S.A. de C.V. (CICSA). Maintenance expense under operating leases was Ps. 160,213 and Ps. 553,458, respectively. The account payable due to CICSA as at 31 December 2016 and 2015 is Ps. 185,847 and Ps. 97,526, respectively.

(iii) During 2016 and the period from 5 January to 31 December 2015, the Company entered into insurance agreements, as required under its passive infrastructure lease agreements, with Seguros Inbursa, S.A., Grupo Financiero Inbursa (Inbursa). The Company's total insurance expense was Ps. 30,410 and Ps. 15,902, respectively. As at 31 December 2016 and 2015, the Company has no account payable to Inbursa.

(iv) For the year ended 31 December 2016 and the period from 5 January to 31 December 2015, revenue earned from leases of locations and land for passive infrastructure with Telcel totaled Ps. 271,392 and Ps. 124,389, respectively. As at 31 December 2016, the Company has no account payable to Telcel. As at 31 December 2015, the account payable to Telcel is Ps. 106,167.

(v) During the period from 5 January to 31 December 2015, as a result of the spin-off, the Company had a loan of Ps. 10,000,000 that is received from Empresas y Controles en Comunicaciones, S.A. de C.V. (ECC), which bears annual interest of 7.322%, and two loans that it received from Carso Global Telecom, S.A. de C.V. (Telecom) of Ps. 8,000,000 and Ps. 3,000,000, which bear annual interest of 7.322% and 6.254%, respectively. For the period from 5 January to 31 December 2015, the Company's interest expense under these loans was Ps. 3,787 and Ps. 4,923, respectively. As at 31 December 2015, the loans payable to ECC and Telecom have been repaid in full.

(vi) The Company provided preventive maintenance to the passive infrastructure of PC Industrial, S.A. de C.V. (PCIS) in 2016 and the total maintenance expense for the year was Ps. 3,707. As at 31 December 2016, the Company's account payable to PCIS is Ps. 4,300.

7. PROPERTY AND EQUIPMENT, NET

The Company has two main types of towers: rooftop towers and greenfield towers, which are located in open areas. Most of the Company's greenfield towers can accommodate up to three customers, except for towers that are more than 45 meters high, which can accommodate up to five customers. Rooftop towers equipped with additional masts can accommodate more customers, provided that there is sufficient floor space available on-site to install the additional masts. As at 31 December 2016, the Company's passive infrastructure is comprised of 14,302 towers (12,346 towers as at 31 December 2015).

The Company's passive infrastructure is located in Mexico, distributed across nine cellular regions as defined by telecommunications sector rules and regulations. As at 31 December 2016, the Company has 166 towers in Costa Rica.

An analysis of property and equipment as at 31 December 2016 and 2015 is as follows:

ITEM	PASSIVE INFRASTRUCTURE	AUTOMOTIVE EQUIPMENT	OTHER EQUIPMENT	CONSTRUCTION IN PROCESS	LAND	TOTAL
Investment:						
As at 5 January 2015	Ps. 5,235,866	Ps. 4,403	Ps. 456	Ps. 348,395	Ps. -	Ps. 5,589,120
Revaluation gain (Note 2g)	32,994,758	-	-	-	-	32,994,758
Additions	1,048,265	573	6,333	994,494	711	2,050,376
Additions from revaluation surplus (Note 2g)	1,086,887	-	-	-	-	1,086,887
Disposals	-	-	-	(1,048,265)	-	(1,048,265)
As at 31 December 2015	Ps.40,365,776	Ps. 4,976	Ps. 6,789	Ps. 294,624	Ps. 711	Ps. 40,672,876
Additions	2,954,276	6,703	6,198	2,758,066	33,326	5,758,569
Additions from revaluation surplus (Note 2g)	4,142,701	-	-	-	-	4,142,701
Disposals	-	(4,848)	-	(2,954,276)	-	(2,959,124)
As at 31 December 2016	Ps.47,462,753	Ps. 6,831	Ps. 12,987	Ps. 98,414	Ps. 34,037	Ps. 47,615,022
Depreciation:						
As at 5 January 2015	Ps. -	Ps. -	Ps. -	Ps. -	Ps. -	Ps. -
Depreciation for the period	2,320,279	2,042	459	-	-	2,322,780
Disposals	-	-	-	-	-	-
As at 31 December 2015	Ps. 2,320,279	Ps. 2,042	Ps. 459	Ps. -	Ps. -	Ps. 2,322,780
Depreciation for the year	2,527,229	1,717	1,718	-	-	2,530,664
Disposals	-	(2,485)	-	-	-	(2,485)
As at 31 December 2016	Ps. 4,847,508	Ps. 1,274	Ps. 2,177	Ps. -	Ps. -	Ps. 4,850,959
Asset retirement obligation:						
As at 5 January 2015	Ps. 650,879	Ps. -	Ps. -	Ps. -	Ps. -	Ps. 650,879
Cancellations	(341,567)	-	-	-	-	(341,567)
Increase for the year	28,360	-	-	-	-	28,360
As at 31 December 2015	Ps. 337,672	Ps. -	Ps. -	Ps. -	Ps. -	Ps. 337,672
Cancellations	-	-	-	-	-	-
Amortization	(26,532)	-	-	-	-	(26,532)
Increase for the year	98,680	-	-	-	-	98,680
As at 31 December 2016	Ps. 409,820	Ps. -	Ps. -	Ps. -	Ps. -	Ps. 409,820
Carrying amount:						
As at 31 December 2016	Ps.43,025,065	Ps. 5,557	Ps. 10,810	Ps. 98,414	Ps. 34,037	Ps.43,173,883
As at 31 December 2015	Ps. 38,383,169	Ps. 2,934	Ps. 6,330	Ps. 294,624	Ps. 711	Ps.38,687,768

Depreciation expense for the period ended 31 December 2016 and 2015 was Ps. 2,557,196 and Ps. 2,322,780, respectively.

8. ASSET RETIREMENT OBLIGATION

An analysis of the Company's asset retirement obligation as at 31 December 2016 and 2015 is as follows:

	2016	2015
Balance as at 5 January 2015	Ps. -	Ps. 1,480,919
Balance as at 1 January 2016	732,990	
Effects of changes to cash flow estimates and discount rates:		
Effect on property and equipment	-	(341,567)
Effect on net earnings for the year	-	(434,722)
	-	(776,289)
Increase for additions of passive infrastructure	98,680	28,360
Charges	-	-
Balance as at 31 December	Ps. 831,670	Ps. 732,990

As at 31 December 2016, the review of the cash flow estimates and discount rates gave rise to no changes in these variables compared to the prior year. The review of the cash flow estimates and discount rates for the period from 5 January 2015 to 31 December 2015 primarily resulted in a reduction in expected decommissioning costs on a per-asset basis, and an increase in both the discount rate and the expected long-term inflation rate.

9. SHORT- AND LONG-TERM DEBT

BREAKDOWN OF DEBT		2016	2015
Bank loans	Short-term	Ps. 345,486	Ps. 1,000,377
Issue of structured notes	Long- term	21,576,196	18,835,584
Amortized cost		(55,537)	(66,041)
		21,520,659	18,769,543
Interest payable on structured notes	Short-term	476,492	388,908
Total debt		Ps. 22,342,637	Ps. 20,158,828

A) ISSUE OF STRUCTURED NOTES

On 17 July 2015, as part of its structured note placement program through Inversora Bursátil, S.A. de C.V., Casa de Bolsa Grupo Financiero Inbursa (Inversora), Opsimex was authorized to issue five-year structured notes of up to Ps. 22,000,000 or its equivalent in UDIs (investment units). Opsimex issued the following structured notes under this program:

i) On 5 August 2015, Opsimex issued series 1 OSM-15 Mexican peso structured notes for a total issue of Ps. 3,500,000 and with a maturity date of 23 July 2025. These structured notes bear annual gross interest of 7.97%.

ii) On 23 September 2015, Opsimex reissued its series 1 OSM-15R Mexican peso structured notes for a total issue pf Ps. 3,710,000 and with a maturity date of 23 July 2025. These structured notes bear annual gross interest of 7.97%.

iii) On 5 August 2015, Opsimex issued series 2 OSM-152 Mexican peso structured notes for a total issue of Ps. 4,500,000 and with a maturity date of 29 July 2020. These structured notes bear annual gross interest of 0.5% plus the 28-day Mexican weighted interbank rate (TIIE).

iv) On 5 August 2015, Opsimex issued series 3 OSM-15U structured notes denominated in UDIs for a total issue of Ps. 7,000,000 (equal to 1,324,169 UDIs) and with a maturity date of 17 July 2030. These structured notes bear annual gross interest of 4.75%.

v) On 18 February 2016, Opsimex reissued its series 1 OSM-15 2R Mexican peso structured notes for a total issue of Ps. 2,500,000 and with a maturity date of 23 July 2025. These structured notes bear annual gross interest of 7.97%.

An analysis of the historical amounts and the outstanding accrued interest under the structured notes of Opsimex as at 31 December 2016 is as follows:

SERIES	MATURITY DATE	LONG-TERM DEBT	INTEREST PAYABLE
OSM-15 Mexican pesos series 1	23 July 2025	Ps. 3,500,000	Ps. 116,229
OSM-15R Mexican pesos series 1	23 July 2025	3,710,000	123,203
OSM-15 2R Mexican pesos series 1	23 July 2025	2,500,000	83,021
OSM-152 Mexican pesos series 2	29 July 2020	4,500,000	8,250
OSM-15U UDIs series 3	17 July 2030	7,366,196	145,789
		Ps. 21,576,196	Ps. 476,492

An analysis of the historical amounts and the outstanding accrued interest under the structured notes of Opsimex as at 31 December 2015 is as follows:

SERIES	MATURITY DATE	LONG-TERM DEBT	INTEREST PAYABLE
OSM-15 Mexican pesos series 1	23 July 2025	Ps. 3,500,000	Ps. 114,679
OSM-15R Mexican pesos series 1	23 July 2025	3,710,000	131,083
OSM-152 Mexican pesos series 2	29 July 2020	4,500,000	4,000
OSM-15U UDIs series 3	17 July 2030	7,125,584	139,146
		Ps. 18,835,584	Ps. 388,908

As at 31 December 2016 and 2015, the value of one UDI was $ 5.5628 pesos and $ 5.3812 pesos, respectively. As at 5 April 2017, the date of the audit report on these financial statements, the value of the UDI was $ 5.7294 pesos per UDI.

REDEMPTIONS

The Series 1 (OSM-15, OSM-15R, OSM- 15 2R), Series 2 (OSM-152) Mexican peso structured notes and Series 3 (OSM-15U) structured notes in UDIs of Opsimex do not stipulate early redemptions during their lifetimes, and principal is repayable to noteholders at maturity.

B) BANK LOANS

An analysis of the Company's short-term bank loans as at 31 December 2016 is as follows:

CURRENCY	LENDER	RATE	MATURITY DATE	SHORT-TERM DEBT	INTEREST
Mexican pesos:	Bank of America, N.A. (iv)	1.625%+Libor	28 February 2017	Ps. 290,734	Ps. 458
	Bank of America, N.A. (v)	1.625%+Libor	28 February 2017	27,424	60
	Bank of America, N.A. (vi)	1.625%+Libor	28 February 2017	26,805	5
	Total debt			Ps. 344,963	Ps. 523

An analysis of the Company's short-term bank loans as at 31 December 2015 is as follows:

CURRENCY	LENDER	RATE	MATURITY DATE	SHORT-TERM DEBT	INTEREST PAYABLE
Mexican pesos:	Banco Santander, S.A. (i)	0.45%+TIIE	25 January 2016	Ps. 400,000	Ps. 177
	BBVA Bancomer, S.A. (ii)	0.45%+TIIE	26 January 2016	400,000	133
	Banco Nacional de Mexico S.A. (iii)	0.45%+TIIE	27 April 2016	200,000	67
	Total debt			Ps. 1,000,000	Ps. 377

(i) On 27 October 2015, the Company obtained a loan of Ps. 400,000 from Banco Santander S.A. (Santander) which matures on 25 January 2016. The loan bears annual interest equal to 0.45 basis points plus the 28-day Mexican Weighted Interbank Rate (TIIE), which is payable monthly.

(ii) On 27 October 2015, the Company obtained a loan of Ps. 400,000 from BBVA Bancomer, S.A. (Bancomer) which matures on 26 January 2016. The loan bears annual interest equal to 0.45 basis points plus the 28-day TIIE, which is payable monthly.

(iii) On 27 October 2015, the Company obtained a loan of Ps. 200,000 from Banco Nacional de México, S.A. (Banamex), which matures on 27 April 2016. The loan bears annual interest equal to 0.45 basis points plus the 28-day TIIE, which is payable monthly.

In 2016, the Company repaid in full its loans received from Santander, Bancomer and Banamex of Ps. 400,000, Ps. 400,000 and Ps. 200,000, respectively.

(iv) On 9 December 2016, the Company obtained a line of credit of USD 14,100,000 Ps.(290,734) from Bank of América, N.A. (BOFA) which matures on 28 February 2017. The loan bears annual interest equal to 1.6250% basis points plus the London Interbank Offered Rate (LIBOR), which is payable monthly.

(v) On 30 November 2016, the Company obtained a line of credit of USD 1,330,000 Ps.(27,424) from BOFA which matures on 28 February 2017 The loan bears annual interest equal to 1.6250% basis points plus the LIBOR, which is payable monthly.

(vi) On 28 December 2016, the Company obtained a line of credit of USD 1,300,000 Ps.(26,805) from BOFA which matures on 28 February 2017 The loan bears annual interest equal to 1.6250% basis points plus the LIBOR, which is payable monthly.

10. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

An analysis of the Company's financial assets and financial liabilities as at 31 December 2016 and 2015 is as follows:

	2016		2015	
	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Long-term debt	Ps. 21,520,659	Ps. 21,231,322	Ps. 18,769,543	Ps. 18,761,287

The fair values of financial assets and financial liabilities are equal to the amounts at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Cash and cash equivalents, trade receivables, trade payables and accrued liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

11. LEASES

The Company has entered into various operating lease agreements for the properties where its passive infrastructure is located. The agreements are for periods ranging from five to ten years, and the minimum annual lease payments are adjusted for inflation each year based on the NCPI. An analysis of the Company's future minimum lease payments for the next five years is as follows:

	2016
2017	Ps. 1,792,423
2018	1,852,654
2019	1,914,908
2020	1,979,254
2021	2,045,762
Total	Ps. 9,585,001

For the year ended 31 December 2016 and the period from 5 January to 31 December 2015, rent under operating leases was Ps. 1,734,151 and Ps. 1,552,339, respectively.

12. RETIREMENT BENEFITS

An analysis of the net periodic benefit cost, the net defined benefit liability and plan assets associated with the Company's post-employment benefits (pension plan, seniority premiums and termination benefit plan) as at and for the years ended 31 December 2016 and 2015 is as follows:

a) Net periodic benefit cost

	2016					
	Retirement benefits		Termination benefits		Total	
Analysis of net periodic benefit cost:						
Current year service cost	Ps.	240	Ps.	132	Ps.	372
Net interest on net defined benefit liability		159		86		245
Net periodic benefit cost	Ps.	399	Ps.	218	Ps.	617

	2015					
	Retirement benefits		Termination benefits		Total	
Analysis of net periodic benefit cost						
Current year service cost	Ps.	80	Ps.	-	Ps.	80
Interest cost		50		-		50
Net periodic benefit cost	Ps.	130	Ps.	-	Ps.	130

b) An analysis of changes in the Company's net defined benefit liability is as follows:

	Retirement benefits		Termination benefits		Total	
Net defined benefit liability:						
Net defined benefit liability as at 5 January 2015	Ps.	988	Ps.	-	Ps.	988
Current year service cost		80		-		80
Interest cost		50		-		50
Actuarial loss on defined benefit obligation		81		-		81
Net defined benefit liability as at 31 December 2015		1,199		-		1,199
Remeasurements of net defined benefit liability		-		2,182		2,182
Current year service cost		132		240		372
Interest cost		86		159		245
Benefits paid		(108)		-		(108)
Actuarial (gain)/loss		8		(131)		(123)
Net defined benefit liability as at 31 December 2016	Ps.	1,317	Ps.	2,450	Ps.	3,767

c) An analysis of the net defined benefit liability is as follows:

	2016		
	RETIREMENT BENEFITS	TERMINATION BENEFITS	TOTAL
Provisions for:			
Vested benefit obligation	Ps. 1,317	Ps. 2,450	Ps. 3,767
Defined benefit liability	Ps. 1,317	Ps. 2,450	Ps. 3,767

	2015		
	RETIREMENT BENEFITS	TERMINATION BENEFITS	TOTAL
Provisions for:			
Vested benefit obligation	Ps. 1,199	Ps. -	Ps. 1,199
Defined benefit liability	Ps. 1,199	Ps. -	Ps. 1,199

d) The key assumptions used in the actuarial study, expressed in absolute terms, were as follows:

	2016	2015
Financial assumptions		
Discount rate	7.64%	7.31%
Expected salary increase rate	4.00%	4.00%
Inflation rate	3.50	3.50%
Biometric assumptions:		
Mortality rate	EMSSA 2009	EMSSA 2009
Disability	IMSS - 97	IMSS - 97

e) In 2015, the Company assumed the employer obligations of the technical personnel transferred to it from Telcel. These employees are distributed across the nine geographic regions where the Company's passive infrastructure is located.

As at 31 December 2016 and 2015, the Company does not have any material contingent liabilities for employee benefits.

13. EMPLOYEE BENEFITS

As at 31 December 2016 and 2015, the Company has recognized accrued liabilities for short-term employee benefits. An analysis is as follows:

	BALANCE AS AT 31 DECEMBER 2015	INCREASES FOR THE YEAR	CHARGES	BALANCE AS AT 31 DECEMBER 2016
Paid annual leave	Ps. 1,194	Ps. 207	Ps. 91	Ps. 1,310
Vacation premium	2,007	5,317	4,916	2,408
Employee profit sharing	-	3,787	-	3,787
	Ps. 3,201	Ps. 9,311	Ps. 5,007	Ps. 7,505

The Company has no employee profit sharing payable, since in accordance with Article 126 of the Mexican Labor Law, newly incorporated companies are exempt from paying employee profit sharing in their first year of operations. The Company determined the amount of its employee profit sharing payable for 2016.

14. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

An analysis of the Company's accounts payable and accrued liabilities is as follows:

	2016	2015
Suppliers and accounts payable	Ps. 319,974	Ps. 122,646
Rent payable	92,684	122,763
Provisions and accrued liabilities	17,464	19,490
Total	Ps. 430,122	Ps. 264,899

The above-mentioned provisions represent expenses incurred in 2016 and 2015 or services contracted during these years that are to be paid in the following year. There is uncertainty as to both the final amounts payable and the timing of the Company's cash outlay and thus, the amounts shown above may vary.

15. EQUITY

a) An analysis of the Company's share capital as at 31 December 2016 and 2015 is as follows:

		2016	
SERIES	SHARE CAPITAL	SHARES	AMOUNT
B-1	Fixed minimum	4,774,486,209	Ps. 35,000

		2015	
SERIES	SHARE CAPITAL	SHARES	AMOUNT
A	Fixed minimum	31,593,716	Ps. 232
AA	Fixed minimum	1,169,231,633	8,571
L	Fixed minimum	3,573,660,860	26,197
		4,774,486,209	Ps. 35,000

b) The Company's share capital is variable, with an authorized fixed minimum of Ps. 35,000, represented by 4,774,486,209 common registered shares with no par value; all of the Company's shares are issued and outstanding.

c) As at 31 December 2016, the Company had treasury shares comprised of 1,474,486,209 Series B-1 shares for subsequent reissuance in terms of the Mexican Securities Trading Act.

d) At an extraordinary shareholders' meeting held on 28 April 2016, the shareholders approved the conversion of all of the Company's common registered Series "L" shares with limited voting rights and common registered Series "A" and "AA" shares, all with no par value, into common registered Series "B-1" shares with no par value. The shareholders received one Series "B-1" share for every Series "L", "A" or "AA" share that they redeemed.

e) In accordance with the Mexican Corporations Act, the Company is required to appropriate at least 5% of the net income of each year to increase the legal reserve. This practice must be continued each year until the legal reserve reaches 20% of the value of the Company's share capital. The legal reserve is recognized as part of retained earnings. As at 31 December 2016, the Company's legal reserve is Ps. 3,359 and as at 31 December 2015, the Company has not created such a reserve.

f) Earnings distributed in excess of the Net taxed profits account (CUFIN) balance will be subject to the payment of corporate income tax at the statutory rate at that time. The payment of this tax may be credited against the Company's current income tax.

g) As a result of the 2014 Mexican Tax Reform, dividends paid to foreign individuals and corporations from earnings generated as of 1 January 2014 shall be subject to an additional 10% withholding tax.

16. INCOME TAX

A) INCOME TAX

The Mexican Income Tax Law (MITL) establishes a corporate income tax rate for Mexico of 30% for 2016.

b) An analysis of income tax recognized in the statement of comprehensive income for the year ended 31 December 2016 and for the period from 5 January to 31 December 2015 is as follows:

	2016	2015
Current year income tax	Ps. 534,516	Ps. 577,336
Deferred income tax	(638,033)	(495,615)
Total income tax	Ps. (103,517)	Ps. 81,721

c) A reconciliation of the Company's net deferred income tax assets and liabilities is as follows:

	2016	2015
As at 5 January 2015	Ps. -	Ps. (125,940)
As at 1 January 2016	(9,854,818)	-
Current deferred income tax	638,033	495,615
Deferred income tax recognized in other comprehensive income	(606,624)	(9,619,769)
Deferred income tax reclassified to retained earnings	(636,149)	(604,724)
As at 31 December	Ps. (10,459,558)	Ps. (9,854,818)

d) A reconciliation of the statutory corporate income tax rate to the effective income tax rate recognized by the Company for financial reporting purposes is as follows:

	2016	2015
Statutory income tax rate	30%	30%
Effect of reconciled items:		
Taxable effects of inflation	(25)	(15)
Property and equipment, net	7	126
Non-deductible items	(1)	5
Non-taxable revenue	-	(88)
Other items	(1)	2
Effect of spun-off balances	-	(85)
Tax losses not expected to be carried forward	-	80
Effective income tax rate	10%	55%

e) An analysis of the effect of temporary differences giving rise to deferred tax assets and liabilities is as follows:

	2016	2015
Deferred tax assets:		
Provisions and accrued liabilities	Ps. 5,959	Ps. 6,020
Rent payable to individuals	16,716	23,931
Amortized cost	2,372	-
Employee benefits	2,252	960
Retirement benefits	1,130	360
Tax losses	63	-
Total deferred tax assets	28,492	31,271
Deferred tax liabilities:		
Property and equipment, net	Ps. 233,080	Ps. 247,813
Surplus from revaluation of assets	10,226,431	9,619,769
Rent paid in advance	27,451	17,904
Prepaid expenses	1,088	-
Amortized cost	-	603
Total deferred tax liabilities	10,488,050	9,886,089
Deferred tax liability, net	Ps. 10,459,558	Ps. 9,854,818

f) For the years ended 31 December 2016 and 2015, the Company reported taxable income of Ps. 1,781,720 and Ps. 1,924,452, respectively, on which income tax payable was Ps. 534,516 and Ps. 577,336, respectively.

g) As at 31 December 2016 and 2015, the Company had the following tax balances:

	2016		2015	
Restated contributed capital account (CUCA)	Ps.	36,708	Ps.	35,514
Net taxed profits account (CUFIN)		10,329		4,294

17. CONTINGENCIES AND COMMITMENTS

Since 2013, the Mexican government has been formulating a new regulatory framework for the country's telecommunications and the broadcast sectors. This new regulatory framework is based on a set of constitutional reforms that were enacted in June 2013, which took effect in July 2014, and which led to the enactment of a new Federal Telecommunications and Broadcasting Law and Mexican Public Broadcasting System Law to replace the existing regulatory framework.

The Federal Telecommunications Institute (IFT) was created as an independent agency tasked with promoting and regulating access to Mexico's telecommunications and broadcast infrastructure (including passive infrastructure).

The IFT also has the power to oversee fair competition in the telecommunications and broadcast sectors by imposing asymmetric regulations on sector participants that it deems market dominant and it may also declare that a company is a so-called "preponderant economic agent" in either of these two sectors.

In March 2014, the IFT issued a ruling (the Ruling) through which it declared that America Movil and Telcel, together with others market participants, represented an "economic interest group" that is a so-called "preponderant economic agent" in the telecommunications sector. The IFT ordered America Movil and Telcel to take specific actions to force both companies to grant access to and to share their passive infrastructure with other carriers. Telcel's passive infrastructure includes new tower space, as well as space on towers where telecommunications equipment is already installed.

The Federal Telecommunications and Broadcasting Law that was published in July 2014 states that the IFT shall be tasked with promoting the execution of agreements between asset owners and customers in order for the former to provide access to this passive infrastructure to the latter. Whenever the negotiations surrounding these agreements prove unsuccessful, the IFT may intercede to determine the pricing and the terms of the commercial agreements. The IFT also has the power to regulate the terms of passive infrastructure agreements between assets owners and their customers, and it may assess the agreements in terms of fair competition and take actions to ensure that the terms and conditions for the use and sharing of the passive infrastructure are non-discriminatory.

REFERENCE OFFER

As per the Ruling and in terms of the new regulatory framework, Telcel was ordered to create a reference offer and submit it to the IFT for approval. Telcel submitted this reference to the IFT and the IFT approved its offer for shared access to its passive infrastructure, which was valid until 31 December 2015. As a result, Opsimex, as the transferee of Telcel and owner of the passive infrastructure, is subject to the terms of the Ruling.

As per the terms of the reference offer, carriers must sign both a general agreement and an individual agreement for each site they acquire access to. Although the terms and conditions of these agreements will vary, they must all be for a minimum term of ten years, except when the associated property lease agreement is for a longer term. The term of the Company's first reference offer expired on 31 December 2015, and a new reference offer was approved by the IFT on November 2015. The term of the new reference offer is from 1 January 2016 to 31 December 2017. In accordance with the new regulations, in July of each year the Company will be required to file a new reference offer for approval by the IFT. These new reference offers shall take effect on 1 January of the following year, although operators may agree on reference offers with longer terms than their current reference offers.

Customers who sign the general agreement may choose to use available spaces at the site or they may choose one of the options set forth in the reference offer.

TOWERS AND ANTENNAS

The Company is subject to regulatory requirements regarding the registration, zoning, construction, lighting, demarcation, maintenance and inspection of towers, as well as land-use restrictions for the land on which the Company's towers are located. Failure to comply with these regulations may lead to fines for the Company. The Company believes that it complies substantially with all applicable regulations.

18. SEGMENT INFORMATION

The Company has passive infrastructure installed throughout Mexico and in various points abroad. Its principal business segment is leasing this infrastructure. At the reporting date, the Company's business is geographically divided into the following nine regions:

		2016		2015	
REGION	MEXICAN STATES	INFRASTRUCTURE RENTAL REVENUE	LEASE EXPENSE	INFRASTRUCTURE RENTALE REVENUE	LEASE EXPENSE
1	Baja California Sur and Baja California	Ps. 248,470	Ps. 98,714	Ps. 210,285	Ps. 77,992
2	Sinaloa and Sonora	371,751	117,017	296,543	89,674
3	Chihuahua and Durango	237,772	67,073	197,337	54,447
4	Nuevo Leon, Tamaulipas and Coahuila	615,434	196,537	463,658	160,921
5	Jalisco, Michoacan, Colima and Nayarit	605,630	210,763	524,934	186,589
6	Queretaro, Guanajuato, San Luis Potosi, Aguascalientes and Zacatecas	625,165	233,409	516,889	201,963
7	Puebla, Veracruz, Oaxaca and Guerrero	800,772	272,573	665,997	229,571
8	Yucatan, Campeche, Tabasco, Chiapas and Quintana Roo	554,804	171,545	443,138	149,255
9	Hidalgo, Morelos and Mexico City	1,080,988	350,212	911,857	401,927
	Total	Ps. 5,140,786	Ps. 1,717,843	Ps. 4,230,638	Ps. 1,552,339

		2016		2015	
REGION	OTHER FOREIGN LOCATIONS	INFRASTRUCTURE RENTAL REVENUE	LEASE EXPENSE	INFRASTRUCTURE RENTALE REVENUE	LEASE EXPENSE
1	Costa Rica	Ps. 39,093	Ps. 16,308	Ps. -	Ps. -
	Total foreign locations	Ps. 39,093	Ps. 16,308	Ps. -	Ps. -
	Total	Ps. 5,179,879	Ps. 1,734,151	Ps. 4,230,638	Ps. 1,552,339

19. SUBSEQUENT EVENTS

A) SHORT AND LONG-TERM DEBT

I. On 31 January 2017, the Company issued short-term structured notes of Ps. 505,000 under ticker symbol OSM 00117. These instruments matured on 28 February 2017 and they were paid in full at maturity.

II. On 28 February 2017, the Company issued short-term structured notes of Ps. 350,000 under ticker symbol OSM 00217. These instruments matured on 28 March 2017 and they were paid in full at maturity.

III. In January, February and March 2017, the Company paid interest of Ps. 391,243, Ps. 71,050, and Ps. 178,748, respectively, on its Series 1 OSM-15 and Series 2 OSM-152 Mexican-peso structured notes and its Series 3 OSM-15U UDI-denominated structured notes, respectively.

IV. On 28 February 2017, the Company renewed its short-term debt for the full amount of the three bank loans obtained from BOFA of USD 16,730,000. The new maturity date of this debt is 26 May 2017.

b) On 8 March 2017, the Company entered into an amending agreement to the Framework Agreement for passive infrastructure leasing and adaptation services entered into with Telcel on 23 March 2015. The amending agreement establishes an extension to the term of the original Framework Agreement to 10 years with a maturity date of 4 January 2025.

c) On 17 February 2017, Altán Redes, S.A.P.I. de C.V. (Altán), the Company that won the bid to operate the 700 megahertz (MHz) shared network in Mexico, entered into a Framework Service Agreement with Opsimex for access and shared use of passive infrastructure. This agreement will expire on 31 December 2017.

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STOCK INFORMATION

Telesites, S.A.B de C.V. B1 series is listed on the Mexican Stock Exchange under the ticker symbol “SITES”.

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