

Mexico City, February 26, 2018

Annual Report by the Corporate Practices Committee to the Board of Directors of Alsea, S.A.B. de C.B.:

In keeping with Articles 42 and 43 of the Securities Market Act, and on behalf of the Corporate Practices Committee, I hereby present the report on the Committee's activities during the year ended December 31, 2017. In carrying out our work, we have followed the recommendations of the Code of Best Corporate Practices.

To analyze the material results of the Company, the Committee held meetings as necessary to ensure proper follow-up on the agreements reached in pursuit of its duties, inviting any officers of the Company it deemed appropriate to attend.

To fulfill its responsibilities, this Committee carried out the following activities:

1. During the period covered by this report, we received no requests for exemption as established in article 8, section III point f) of the Securities Market Act, so no recommendation in this regard was necessary.
2. The quarterly and year-to-date results of the 2017 Market Liquidity Plan were presented.
3. We received the updated shareholder cost calculation for the close of each quarter of 2017, using the methodology authorized by the Board of Directors.
4. We received a quarterly summary of transactions that were carried out to hedge risk through exchange-rate forwards (peso-dollar) during the year. These transactions were performed as authorized, in other words, in order to hedge the exchange-rate risk of Company operations based on the authorized budget.
5. We received the 2018-2022 Strategic Plan and recommended that it be presented to the Board for approval.
6. Together with management, we reviewed the bank financing strategy, the corresponding hedging of long-term loans, and compliance with any covenants assumed by the Company.

7. We reviewed the draft of the 2017 budget and recommended that it be presented to the Board for approval.
8. We supervised the compensation plan for key executives, and recommended that it be presented to the Board for approval.
9. We were informed of the succession and talent development plans for senior executives.
10. We received the results of the performance evaluations of key executives in 2017.
11. We received the 2017 compensation strategy prepared by the Corporate Human Resource Department for the various levels of management, and recommended that the Board approve it.
12. The Office of the Chief Executive Officer informed us of adjustments to the company's organizational structure.
13. In each and every meeting of the Board of Directors, we presented a report on the activities of the Corporate Practices Committee and recommended it to the Board for ratification and/or approval, as necessary.

Finally, I would like to comment that during the activities carried out by this committee, including preparation of this report, we have at all times been informed of and taken into consideration the viewpoint of key executives, which did not differ from our own to any material extent.

Corporate Practices Committee
Julio Gutiérrez Mercadillo
Chairman