Audit Committee's Annual Report to the Board of Directors of Alsea, S.A.B. de C.V.

Mexico City, February 25, 2015

In compliance with the provisions of Sections 42 and 43 of the Securities Exchange Act and the Rules of the Audit Committee, I hereby inform you about our activities during the year ending on December 31, 2014. During the performance of our work, we have taken into account the recommendations set out in the Code of Best Practices on Corporate Governance and, in accordance with a work program developed from the Committee Rules, we met at least once every quarter to perform the following activities:

I. RISK ASSESSMENT

We reviewed, jointly with the Administration and External and Internal Auditors, critical risk factors that could affect the Company's operations, and determined that they have been adequately identified and managed.

II. INTERNAL CONTROL

We ensured that the Administration, in fulfillment of its responsibilities regarding internal control, had established adequate policies and processes. In addition, we followed up on the comments and observations in this respect made by the External and Internal Auditors in the performance of their work.

III. EXTERNAL AUDIT

We recommended that the Board of Directors hire the external auditors for the Group and subsidiaries for the fiscal year 2014. To this end, we made sure of their independence and compliance with the requirements established by law. We jointly analyze their approach and work program.

We maintained ongoing and direct communication to stay informed on the progress of their work, and take note of their comments on their review and the annual financial statement. We were promptly informed of their conclusions and reports on the annual financial statement and implemented their observations and recommendations resulting from their work.

We authorized the fees paid to external auditors for auditing services and other authorized services, making sure that these would not interfere with their independence from the company. Taking into account the Administration's point of view, we evaluated its services for the previous year and stated an evaluation process for the year 2014.

IV. INTERNAL AUDIT

In order to maintain its independence and objectivity, the Internal Audit area reports functionally to the Audit Committee.

In due course, we reviewed and approved its annual program of activities. To that end, Internal Audit participated in the process of identifying risks, determining controls and verifying them.

We received periodic reports regarding the progress of the approved work program, changes that might have occurred and the reasons that caused them.

We followed up on the observations and suggestions made by this area and implemented them appropriately.

V. FINANCIAL INFORMATION, ACCOUNTING POLICIES AND THIRD PARTY REPORTS

We reviewed together with the people responsible, the process of preparation of quarterly and annual financial statements for the Company and recommended the Board of Directors approving and authorizing their dissemination. As part of this process we took into consideration external auditors' opinions and observations and made sure that the criteria, accounting and information policies used by the Administration to prepare the financial information were adequate and sufficient and had been applied consistently with those for the previous year. As a consequence, the information presented by the Administration reasonably reflects Alsea's financial situation, operating results and changes in its financial status for the year that ended on December 31, 2014.

We also reviewed the quarterly reports prepared by the Administration to be presented to the shareholders and the general public, verifying that they were prepared using the same accounting criteria used to prepare the annual information. We verified that there is a comprehensive process that provides reasonable confidence as to its contents. In conclusion, we recommend that the Board authorize its publication.

Our review also included reports and any other financial information required by Mexican Regulatory Bodies.

We reviewed and confirmed that during the year 2014 Alsea continued using and implementing the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) to prepare its Financial Statements.

VI. COMPLIANCE WITH REGULATIONS, LEGAL ASPECTS AND CONTINGENCIES

We confirm the existence and reliability of the controls established by the Company, to ensure compliance with any various mandatory legal provisions, making sure that they were properly disclosed in the financial information.

We periodically reviewed the various tax, legal and labor contingencies faced by the company, monitoring the efficiency of the identification and follow-up procedure, as well as their proper disclosure and recording. There were two tax issues in the year to highlight:

a) The Ministry of Finance of Mexico City determined to the society Italcafé S.A. de C.V. taxable income over deposits made to their bank accounts derived from the operation of several restaurants owned by Grupo Amigos de San Angel, S.A. de C.V., nonetheless, such revenues were accumulated by the latter company, giving it all related tax effects. If such determination proceeds, the responsibility of payment of the aforementioned tax credit, although charged to Itlacafe SA de CV, will have to be paid by the former owners of the society.

b) The "Servicio de Administración Tributaria" (SAT) initiated two legal procedures in order to cancel the trades in favor of Distribuidora e Importadora Alsea, S.A. de C.V. and Café Sirena, S. de R.L. de C.V., through which it had authorized the application of 0% VAT rate on sandwiches (during the years 2010, 2011, 2012 and 2013); such procedures are currently under review by the authorities.

VII. ADMINISTRATIVE ASPECTS

We held regular meetings with the Administration, to keep informed about the operations of the Company, its relevant and unusual activities and events. We also met with internal and external auditors to discuss their progress of their work and any constrains they might have encountered, and to facilitate any private communications they wished to have with the Committee.

Whenever we deemed it advisable, we requested independent experts to provide support and opinions. Similarly, we had no knowledge of any significant lack of compliance with the operating policies, internal control systems, and accounting records policies.

We held executive meetings with the exclusive participation of Committee Members, during which we reached agreements with and made recommendations to the Administration.

The Chairman of the Audit Committee reported our activities to the Board of Directors on a quarterly basis.

Our work was duly documented in records and prepared for each meeting, which were appropriately reviewed and approved by Committee Members.

Sincerely,

C.P. Ivan Moguel Kuri
Chairman of the Audit Committee