



## HOTEL reports 20% and 17% increases in Total Revenues and EBITDA respectively for 1Q17

Mexico City, April 20, 2017 – Grupo Hotelero Santa Fe S.A.B. de C.V. (BMV: HOTEL) (“HOTEL” or “the Company”), announced its consolidated results for the first quarter (“1Q17”) ended March 31, 2017. Figures are expressed in Mexican Pesos, are unaudited and are in accordance with International Financial Reporting Standards (“IFRS”) and may vary due to rounding.

### Highlights

- 1Q17 EBITDA<sup>1</sup> reached Ps. 150.6 million, a 16.5% increase compared to 1Q16 driven by revenue growth and efficiencies from operating leverage achieved in the quarter. 1Q17 EBITDA margin reduced to 38.9% due to a tough comparable base driven by holy-week in 1Q16 which this year was in April.
- 1Q17 Total Revenue reached Ps. 387.0 million, a 20.1% increase compared to 1Q16, driven by the following increases: i) 18.0% in Room Revenue, ii) 18.8% in Food and Beverages Revenue, iii) 34.1% in Other Hotel Revenue and iv) 26.0% in management fees related to third-party owned hotels.
- 1Q17 Net Income reached Ps. 184.9 million, a 162.7% increase compared to 1Q16. Net income margin was 47.8%, driven by an FX gain combined with a higher operating income.
- 1Q17 Net operating cash flow was Ps. 157.9 million, an increase of 37.1% compared to the Ps. 115.2 million reported in 1Q16. This increase was mainly due to working capital variations combined with a higher operating income.
- Net Debt/EBITDA (LTM) ratio was 0.9x at the end of 1Q17. Operating cash flow in dollars represented 64.3% of total operating cash flow, thereby providing a natural hedge of the dollarized financial debt.
- HOTEL's total portfolio at the end of 1Q17 reached 5,124 rooms in operation, a 20.1% increase compared to the 4,265 rooms at end of 1Q16.
- RevPAR<sup>2</sup> for the Company-owned hotels rose by 6.5% in 1Q17 compared to 1Q16, driven by an increase of 6.8% in ADR<sup>2</sup> with a stable occupancy.

<i>Figures in thousand Mexican Pesos</i>	First Quarter			3 months ended March		
	2017	2016	% Var.	2017	2016	% Var.
Total Revenue	387,041	322,151	20.1	387,041	322,151	20.1
EBITDA	150,646	129,276	16.5	150,646	129,276	16.5
EBITDA Margin	38.9%	40.1%	(1.2 pt)	38.9%	40.1%	(1.2 pt)
Operating Income	110,336	98,829	11.6	110,336	98,829	11.6
Net Income	184,926	70,391	162.7	184,926	70,391	162.7
Net Income Margin	47.8%	21.9%	25.9 pt	47.8%	21.9%	25.9 pt
Operating Cashflow	157,933	115,217	37.1	157,933	115,217	37.1
Occupancy	70.3%	70.5%	(0.2 pt)	70.3%	70.5%	(0.2 pt)
ADR	1,493	1,398	6.8	1,493	1,398	6.8
RevPAR	1,049	986	6.5	1,049	986	6.5

*Note: operating figures belong to owned hotels.*

<sup>1</sup>EBITDA is calculated by adding Operating Income, Depreciation and Total Non-recurring expenses.

<sup>2</sup>Revenue per Available Room (“RevPAR”) and Average Daily Rate (“ADR”).

## Comments from the Chief Executive Officer

Mr. Francisco Zinser, stated:

2017 is off to a good start for HOTEL; results for the first quarter exceeded our expectations especially considering that this year holy week was in April compared to last year when it was in March. In Mexico, tourism continues to post robust growth with solid underlying fundamentals. We have seen an increase in both national and international travelers as reported in the public monthly airport data. For the full year, the number of international visitors to the country grew by 9% compared to 2016.

A couple of months ago we closed an important acquisition for the Company, which was comprised of a 50% stake of two hotels in Los Cabos and Nuevo Vallarta. Both locations are strategic as the growth projections of these destinations are very attractive and have solidified our portfolio with a wide footprint that now embraces all the main Resort destinations in Mexico. The *Krystal Grand Los Cabos* is already operating under our brand with 454 rooms and the *Krystal Grand Nuevo Vallarta* is currently in expansion and will be a 479-room hotel by November 2017; currently the hotel is in operation with 215 rooms.

Moving on to our quarterly results, we posted solid numbers. In the quarter, revenues were Ps. 387.0 million and EBITDA was Ps. 150.6 million, which increased by 20% and 17% respectively, compared to 1Q16. Regarding company-owned hotels, we reached a RevPAR growth of 6.5% with a 6.8% ADR increase with a stable occupancy.

In the quarter, we also announced two new management contracts for third-party owned hotels. The first one is the *Krystal Pachuca* which is a 124-room hotel which we are already operating since February. The second one is the *AC by Marriot Distrito Armida* in Monterrey which will be a 168-room hotel that is in construction. With these contracts, we are reaching 10 hotels under a third-party Management Contract that has been added to the Company's portfolio, a clear sign of trust from real estate investors on HOTEL's operating capacity.

We are confident to achieve our previously released 2017 guidance of which comprises growth rates of 40% and 45% for Revenues and EBITDA respectively. This growth will be mainly fueled by the *Krystal Grand Los Cabos* combined with new rooms becoming available from our expansions at *Krystal Grand Punta Cancun*, *Hilton Puerto Vallarta*, and *Krystal Grand Nuevo Vallarta* and the inauguration of the *Krystal Grand Suites* in Mexico City.

We are on the right track to become a leading hotel company in Mexico. Our top management team and associates which are recognized for their passion and commitment combined with high efficiency levels and growth will enable us to meet our goal. As always, we are thankful for the trust and support of our shareholders.

## Portfolio of Hotel Properties

No.	Hotel Name	Total Rooms	Ownership	Type	Category	Months in Operation	Stabilized	City	State
1	Hilton Guadalajara	450	100%	Urban	Grand Tourism	>36	Yes	Guadalajara	Jalisco
2	Hilton Garden Inn Monterrey	150	100%	Urban	4 stars	>36	Yes	Monterrey	Nuevo León
3	Krystal Business Cd. Juárez	120	100%	Urban	4 stars	>36	Yes	Ciudad Juárez	Chihuahua
4	Krystal Grand Reforma Uno	500	-	Urban	Grand Tourism	>36	Yes	Mexico City	Mexico City
5	Krystal Urban Cancún	231	100%	Urban	4 stars	27	In Process	Cancun	Quintana Roo
6	Krystal Satélite María Bárbara	215	100%	Urban	5 stars	23	In Process	Estado de Mexico	Estado de Mexico
7	Hilton Garden Inn Monterrey Aeropuerto	134	15%	Urban	4 stars	19	In Process	Monterrey	Nuevo León
8	Hampton Inn & Suites Paraiso Tabasco	117	-	Urban	4 stars	18	In Process	Paraiso	Tabasco
9	Krystal Urban Aeropuerto Ciudad de México	96	-	Urban	4 stars	15	In Process	Mexico City	Mexico City
10	Krystal Urban Guadalajara	140	100%	Urban	4 stars	13	In Process	Guadalajara	Jalisco
11	Krystal Monterrey	207	-	Urban	5 stars	9	In Process	Monterrey	Nuevo Leon
12	Krystal Pachuca	124	-	Urban	4 stars	2	In Process	Pachuca	Hidalgo
<b>Subtotal Urban</b>		<b>2,484</b>							
13	Krystal Resort Cancún	502	-	Resort	5 stars	>36	Yes	Cancun	Quintana Roo
14	Krystal Resort Ixtapa	255	-	Resort	5 stars	>36	Yes	Ixtapa	Guerrero
15	Krystal Resort Puerto Vallarta	260	-	Resort	5 stars	>36	Yes	Puerto Vallarta	Jalisco
16	Hilton Puerto Vallarta Resort	259	100%	Resort	Grand Tourism	>36	Yes	Puerto Vallarta	Jalisco
17	Krystal Beach Acapulco	400	100%	Resort	4 stars	>36	Yes	Acapulco	Guerrero
18	Krystal Grand Punta Cancún	295	100%	Resort	Grand Tourism	>36	Yes	Cancún	Quintana Roo
19	Krystal Grand Los Cabos	454	50%	Resort	Grand Tourism	1	In Process	Los Cabos	Baja California Sur
20	Krystal Grand Nuevo Vallarta	215	50%	Resort	Grand Tourism	1	In Process	Nuevo Vallarta	Jalisco
<b>Subtotal Resort</b>		<b>2,640</b>							
<b>Total in Operation</b>		<b>5,124</b>							
21	Krystal Grand Suites Insurgentes	200	50%	Urban	5 stars	Expected opening 3Q-17		Mexico City	Mexico City
22	Krystal Grand Insurgentes	250	50%	Urban	Grand Tourism	Expected opening 1S-18		Mexico City	Mexico City
23	AC by Marriott Distrito Armida	168	-	Urban	4 stars	Expected opening 2Q-19		Monterrey	Nuevo Leon
	Expansion of Krystal Grand Punta Cancun	100	100%	Resort	Grand Tourism	Expected opening 3Q-17		Cancun	Quintana Roo
	Expansion of Hilton Puerto Vallarta	192	100%	Resort	Grand Tourism	Expected opening 4Q-17		Puerto Vallarta	Jalisco
	Expansion of Krystal Puerto Vallarta	216	-	Resort	5 stars	Expected opening 4Q-17		Puerto Vallarta	Jalisco
	Expansion Krystal Grand Nuevo Vallarta	264	50%	Resort	Grand Tourism	Expected opening 4Q-17		Nuevo Vallarta	Jalisco
<b>Total in Development</b>		<b>1,390</b>							
<b>Total</b>		<b>6,514</b>							

At the end of 1Q17, HOTEL recorded a total of 20 hotels under operation of which 11 are Company-owned<sup>3</sup>, and the remaining 9 are third-party owned<sup>4</sup>. This represents 4 additional properties compared to the 16 hotels under operation at the end of 1Q16.

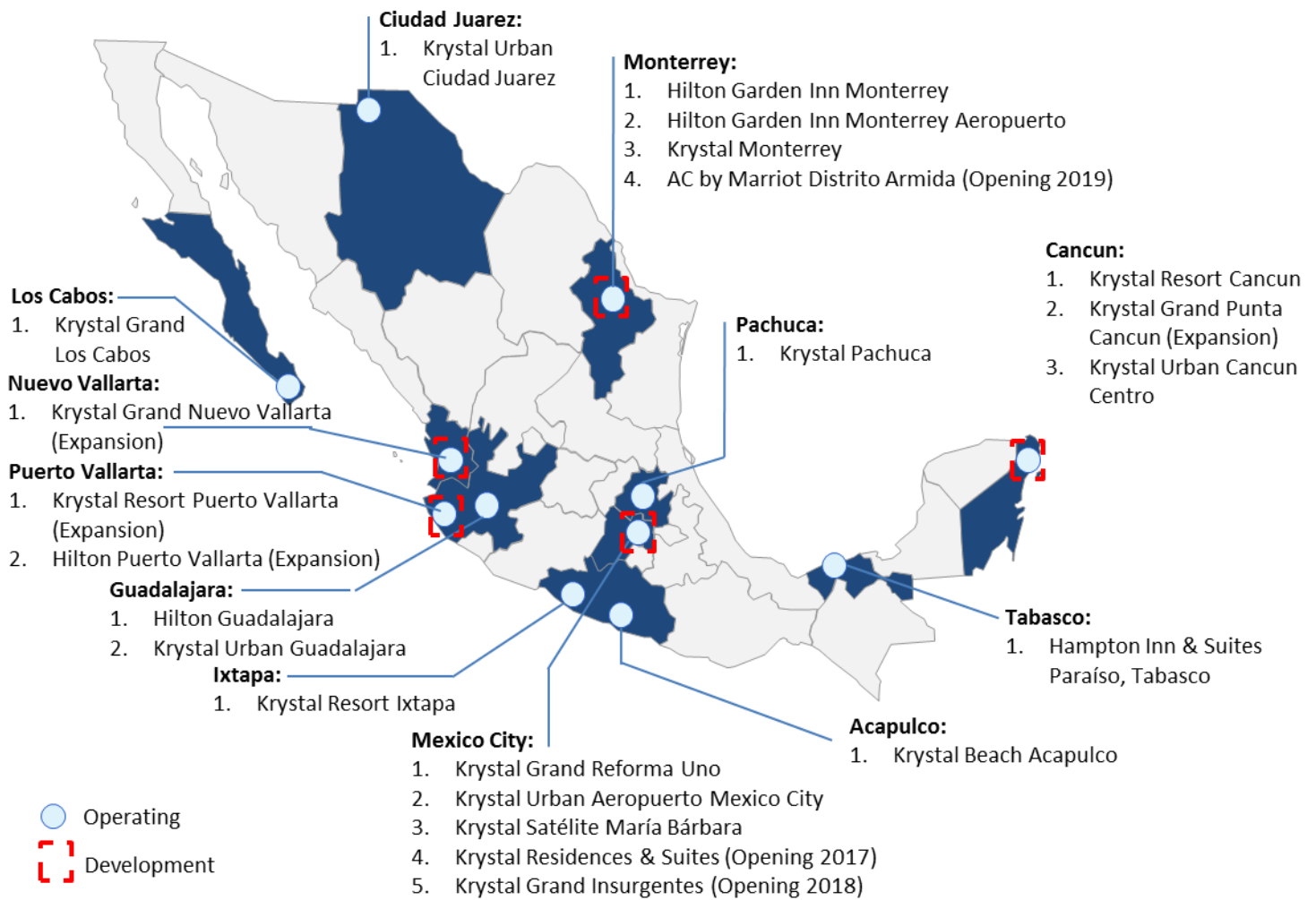
The total number of rooms in operation at the end of 1Q17 was 5,124, a 20.0% increase compared to the 4,265 under operation for the same period last year. Of the 857 additional rooms, we added 1,019 rooms and have 160 less rooms which are currently being renovated in the *Hilton Puerto Vallarta*. Out of the 1,019 rooms we added, 454 from the opening of the *Krystal Grand Los Cabos*, 215 from the *Krystal Grand Nuevo Vallarta*, 124 from the *Krystal Pachuca*, 207 rooms are from the opening of *Krystal Monterrey* and 19 from the expansion of the *Krystal Urban Cancun*.

Additionally, HOTEL has 1,390 rooms under construction, including 450 rooms in Mexico City, 100 rooms from the expansion of the *Krystal Grand Punta Cancun* hotel, 216 rooms from the expansion of *Krystal Puerto Vallarta*, 192 rooms from the expansion of *Hilton Puerto Vallarta* (renovation of 160 rooms and development of 32 rooms) and 264 rooms from the expansion of *Krystal Grand Nuevo Vallarta* for a total portfolio of 23 hotels and 6,514 rooms.

<sup>3</sup> The Company operates the *Krystal Grand Los Cabos* and *Krystal Grand Nuevo Vallarta*, in which it also has a 50% ownership position. According to IFRS, the results of these properties are consolidated in the Company's financial statements.

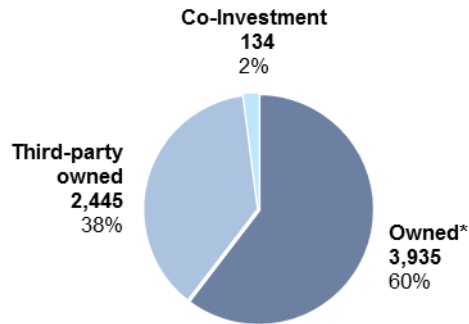
<sup>4</sup> The Company operates the *Hilton Garden Inn Monterrey Aeropuerto* hotel, in which it also has a 15% ownership position. According to IFRS, although the results of this property are not consolidated in the Company's financial statements, third-party hotel's management fees are included as "Other Revenues", given that the property is considered a third-party hotel under management.

The hotel portfolio is geographically distributed as follows:



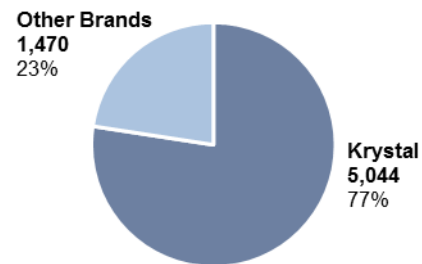
In terms of rooms under operation and rooms under development (including rooms under construction and conversion), at 1Q17 the hotel portfolio was as follows:

#### Ownership (number of rooms)

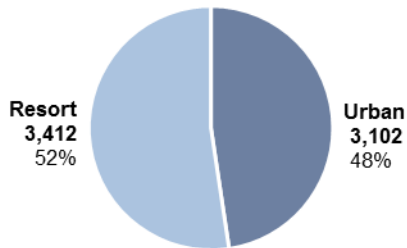


\* Includes Krystal Grand Los Cabos and Krystal Grand Vallarta of which we own 50% equity, operate and consolidate.

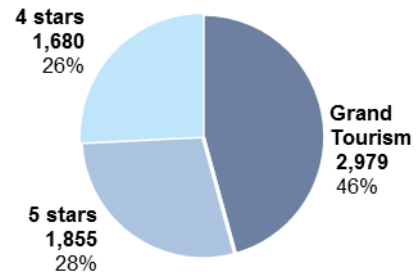
#### Brand (number of rooms)



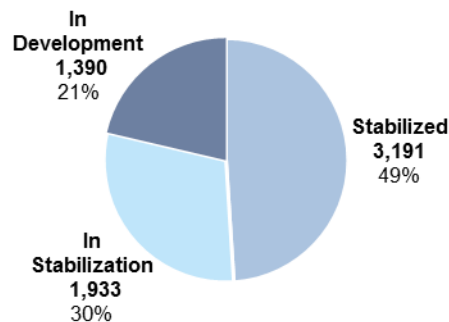
#### Segment (number of rooms)



#### Category (number of rooms)



#### Stabilization Stage (number of rooms)





## Hotel Classification

For comparison purposes, the hotel portfolio is classified between (i) company-owned hotels and (ii) those owned by third parties that are managed by HOTEL. The rationale for this classification is that the majority of revenue is supported by Company-owned hotels. While commercially important and relevant for the hotel platform, hotels under management only generate management fees for the Company, which are shown in the profit and loss statement under Third-Party Hotels' Management Fees.

Company-owned hotels are classified according to the stage in the stabilization cycle for each hotel. As a result of this classification, hotels that have been in operation for at least 36 months are considered mature or stabilized, while hotels that have been in operation for less than 36 months are considered in their stabilization stage or in their maturing period. At the end of 1Q17, HOTEL had 11 company-owned hotels and 9 third-party owned hotels under management<sup>(3)</sup>.

Of a total 5,122 hotel rooms under operation, the operating indicators for 1Q17 include 4,360 rooms. The inclusion of 762 rooms (227 corresponding to Vacation Club and 535 unavailable rooms), excluded of the present analysis, and is included at the end of this report in Appendix 1. The following table is a summary of the main 1Q17 operating indicators compared to the same period of last year, based on the classification. The methodology used to determine the number of rooms considers the total number of available rooms divided by the corresponding number of days in each period.

Figures in Pesos		First Quarter				3 months ended March			
Hotel Classification		2017	2016	Var.	%Var.	2017	2016	Var.	%Var.
<b>Total Hotels in Operation</b>		<b>20</b>	<b>16</b>	<b>4</b>	<b>25.0</b>	<b>20</b>	<b>16</b>	<b>4</b>	<b>25.0</b>
Number of rooms		4,360	3,863	497	12.9	4,360	3,863	497	12.9
Occupancy		71.6%	72.5%	-0.9%	(0.9 pt)	71.6%	72.5%	-0.9%	(0.9 pt)
ADR		1,568	1,436	132	9.2	1,568	1,436	132	9.2
RevPAR		1,122	1,041	81	7.8	1,122	1,041	81	7.8
<b>1 Total Owned Hotels</b>		<b>11</b>	<b>9</b>	<b>2</b>	<b>22.2</b>	<b>11</b>	<b>9</b>	<b>2</b>	<b>22.2</b>
Number of rooms		2,382	2,067	315	15.2	2,382	2,067	315	15.2
Occupancy		70.3%	70.5%	-0.2%	(0.2 pt)	70.3%	70.5%	-0.2%	(0.2 pt)
ADR		1,493	1,398	95	6.8	1,493	1,398	95	6.8
RevPAR		1,049	986	64	6.5	1,049	986	64	6.5
<b>1.1 Stabilized Owned Hotels<sup>(1)</sup></b>		<b>6</b>	<b>4</b>	<b>2</b>	<b>50.0</b>	<b>6</b>	<b>4</b>	<b>2</b>	<b>50.0</b>
Number of rooms		1,621	979	642	65.6	1,621	979	642	65.6
Occupancy		69.1%	66.8%	2.3%	2.3 pt	69.1%	66.8%	2.3%	2.3 pt
ADR		1,636	1,352	285	21.1	1,636	1,352	285	21.1
RevPAR		1,131	903	228	25.3	1,131	903	228	25.3
<b>1.2 Owned Hotels in Stabilization Stage<sup>(2)</sup></b>		<b>5</b>	<b>5</b>	<b>-</b>	<b>0.0</b>	<b>5</b>	<b>5</b>	<b>-</b>	<b>0.0</b>
Number of rooms		761	1,088	(327)	(30.1)	761	1,088	(327)	(30.1)
Occupancy		72.7%	73.8%	-1.1%	(1.1 pt)	72.7%	73.8%	-1.1%	(1.1 pt)
ADR		1,203	1,437	(233)	(16.2)	1,203	1,437	(233)	(16.2)
RevPAR		874	1,060	(186)	(17.5)	874	1,060	(186)	(17.5)
<b>2 Third-party Hotels Under Management<sup>(3)</sup></b>		<b>9</b>	<b>7</b>	<b>2</b>	<b>28.6</b>	<b>9</b>	<b>7</b>	<b>2</b>	<b>28.6</b>
Number of rooms		1,978	1,796	182	10.1	1,978	1,796	182	10.1
Occupancy		73.1%	74.8%	-1.6%	(1.6 pt)	73.1%	74.8%	-1.6%	(1.6 pt)
ADR		1,653	1,477	176	11.9	1,653	1,477	176	11.9
RevPAR		1,209	1,104	105	9.5	1,209	1,104	105	9.5

Note: The number of rooms varies in respect to the number of rooms in the portfolio due to renovations, acquisitions or recent openings in each period.

(1) Variation in hotels and room number is due to the evolution of the Krystal Beach Acapulco and Krystal Grand Punta Cancun hotels that were reclassified from hotels in stabilization stage to stabilized hotels

(2) Variation in hotel and room number is due to the reclassification from note (1) above and the incorporation of the Krystal Grand Los Cabos and the Krystal Grand Nuevo Vallarta hotels that were not part of the portfolio in 1Q16

(3) The increase in number of hotels and rooms is due to the incorporation of the Krystal Monterrey hotel and the Krystal Pachuca hotel that were not part of the hotel portfolio during 1Q16.

## Consolidated Financial Results

Figures in thousand Mexican Pesos

Income Statement	First Quarter			3 months ended March		
	2017	2016	% Var.	2017	2016	% Var.
Room Revenue	218,857	185,422	18.0	218,857	185,422	18.0
Food and Beverage Revenue	104,785	88,212	18.8	104,785	88,212	18.8
Other Revenue from Hotels	37,737	28,145	34.1	37,737	28,145	34.1
Third-party Hotels' Management Fees	25,661	20,372	26.0	25,661	20,372	26.0
<b>Total Revenue</b>	<b>387,041</b>	<b>322,151</b>	<b>20.1</b>	<b>387,041</b>	<b>322,151</b>	<b>20.1</b>
Cost and Operating Expenses	135,196	113,871	18.7	135,196	113,871	18.7
Sales and Administrative	96,461	75,124	28.4	96,461	75,124	28.4
Other Expenses	4,738	3,880	22.1	4,738	3,880	22.1
Depreciation	28,497	24,632	15.7	28,497	24,632	15.7
<b>Total Costs and Expenses</b>	<b>264,893</b>	<b>217,507</b>	<b>21.8</b>	<b>264,893</b>	<b>217,507</b>	<b>21.8</b>
<b>Total Non Recurring Expenses</b>	<b>11,812</b>	<b>5,815</b>	<b>103.1</b>	<b>11,812</b>	<b>5,815</b>	<b>103.1</b>
<b>EBITDA</b>	<b>150,646</b>	<b>129,276</b>	<b>16.5</b>	<b>150,646</b>	<b>129,276</b>	<b>16.5</b>
EBITDA Margin(%)	38.9%	40.1%	(1.2 pt)	38.9%	40.1%	(1.2 pt)
<b>Operating Income</b>	<b>110,336</b>	<b>98,829</b>	<b>11.6</b>	<b>110,336</b>	<b>98,829</b>	<b>11.6</b>
Operating Income Margin (%)	28.5%	30.7%	(2.2 pt)	28.5%	30.7%	(2.2 pt)
<b>Net Financing Result</b>	<b>98,220</b>	<b>(5,988)</b>	<b>(1,740.3)</b>	<b>98,220</b>	<b>(5,988)</b>	<b>(1,740.3)</b>
Total income taxes	24,265	23,160	4.8	24,265	23,160	4.8
<b>Net Income</b>	<b>184,926</b>	<b>70,391</b>	<b>162.7</b>	<b>184,926</b>	<b>70,391</b>	<b>162.7</b>
Net Income Margin (%)	47.8%	21.9%	25.9 pt	47.8%	21.9%	25.9 pt

## Total Revenue

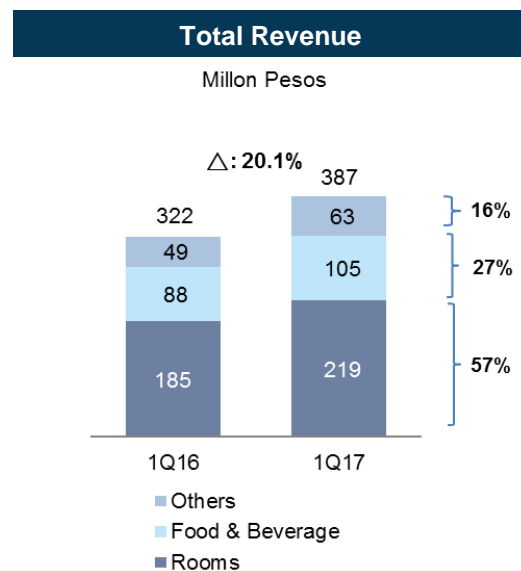
During 1Q17, Total Revenue increased 20.1%, from Ps. 322.2 million in 1Q16 to Ps. 387.0 million, driven by an 18.0% growth in Room Revenue, 18.8% in Food and Beverage Revenue, 34.1% in Other Revenue and 26.0% in Management Fees received related to third-party owned hotels.

Room revenue growth was driven by: i) the opening of the *Krystal Grand Los Cabos* and *Krystal Grand Nuevo Vallarta*, which were added to the portfolio in 1Q17; ii) performance of the *Krystal Satellite Maria Barbara* and *Krystal Urban Cancun*, which are in the stabilization stages, and iii) the solid performance of stabilized hotels, including *Krystal Grand Punta Cancun*.

During 1Q17, Room Revenue increased 18.0% compared to 1Q16, derived from the 15.2% increase in the number of rooms in operation of Company-owned hotels and a RevPAR improvement of 6.5%, which in turn was comprised of an 6.8% ADR increase with a stable occupancy.

The portfolio of stabilized Company-owned hotels experienced a 105.2% growth in Room Revenue during 1Q17, derived from a 65.6% increase in the number of rooms, a 21.1% increase in ADR and a 2.3 percentage point increase in occupancy, compared to 1Q16. The increase in the number of rooms was due to the *Krystal Beach Acapulco* and *Krystal Grand Punta Cancun*, which completed 36 months of operations. In accordance with the Company's classification, these hotels have gone from the stabilization stage to a stabilized property.

Company-owned hotels in the stabilization stage experienced decrease in the number of rooms, given the aforementioned reclassification explained, which was partially offset by the inclusion of the *Krystal Grand Los Cabos* and the *Krystal Grand*



*Nuevo Vallarta* to the portfolio. As a result of the new hotel mix in the portfolio of hotels in the stabilization stage including the exit of the *Krystal Beach Acapulco* and *Krystal Grand Punta Cancun* from this classification, RevPAR decreased 17.5%, driven by a 16.2% ADR decrease and a 1.1 percentage point decrease in occupancy.

Food and Beverage revenue increased 18.8%, from Ps. 88.2 million in 1Q16 to Ps. 104.8 million in 1Q17. Approximately half of this growth was attributed to the stabilized hotels presented mainly in food and beverage shopping points at the *Krystal Grand Punta Cancun* and *Hilton Puerto Vallarta*. The remaining percentage was due to the performance of Company-owned hotels in the stabilization stages and the inclusion of the *Krystal Urban Guadalajara*, which was not part of the hotel portfolio until March 2016.

Other Income, which includes among other items, event room rentals, parking, laundry, telephone, and leasing of commercial spaces, increased 34.1%, from Ps. 28.1 million in 1Q16 to Ps. 37.7 million in 1Q17, driven by increased hotel activity.

Management Fees related to third-party owned hotels increased by 26.0% compared to 1Q16, due to a 10.1% growth in the number of rooms under operation during the period. RevPAR increase of 9.5% was driven by the 11.9% increase in ADR and a 1.6 percentage point decrease in occupancy as a result of the recent incorporation of 4 hotels, which are beginning their stabilization stage. The number of rooms in operation rose as a result of: i) the inclusion of the *Krystal Monterrey* and the *Krystal Pachuca*, under the structure of third-party hotels under management, which were not part of the portfolio during 1Q16; and ii) the owner-driven expansion of the *Krystal Resort Cancun* and *Krystal Grand Reforma Uno*.

The Company sees an opportunity to continue its expansion plans by means of third-party operating contracts, mainly with the Krystal® brand without significantly impacting the operating structure.

## Costs and Expenses

Operating Costs and Operating Expenses increased 18.7%, from Ps. 113.9 million in 1Q16 to Ps. 135.2 million in 1Q17. This increase was mainly in terms of direct costs, which were proportional to the revenue increase, as well as to higher department fees derived from the inclusion of *Krystal Urban Guadalajara*, *Krystal Grand Los Cabos* and *Krystal Grand Puerto Vallarta* into the portfolio and from the stabilization curve of *Krystal Grand Punta Cancun*, *Hilton Puerto Vallarta* and the *Krystal Urban Cancun Centro*.

Administration and Sales Expenses rose 28.4%, from Ps. 75.1 million in 1Q16 to Ps. 96.5 million in 1Q17. Administration and sales expenses were equal to 24.9% of revenues, compared to 23.3% in 1Q16. This increase was due to i) expenses related to the executive stock option plan, ii) increases related to the strengthening of the management team and new corporate positions, which did not exist during the same quarter of last year, iii) the inclusion of the *Krystal Urban Guadalajara* hotel, the *Krystal Grand Los Cabos* and the *Krystal Grand Nuevo Vallarta* which were not in the portfolio during 1Q16 iv) an increase in cost of sales, driven by higher operating activity and v) a high comparable base driven by holy-week in 1Q16 which this year was in April.



## Operating Income

During 1Q17, operating income increased 11.6%, from Ps. 98.8 million in 1Q16 to Ps. 110.3 million. This result was driven by the combined effect of revenue growth, the inclusion of the *Krystal Urban Guadalajara*, the *Krystal Grand Los Cabos* and the *Krystal Grand Nuevo Vallarta* as a Company-owned hotel and *Krystal Monterrey* and *Krystal Pachuca* as a third-party hotel to the portfolio. Operating margin decreased by 2.2 percentage points, from 30.7% in 1Q16 to 28.5% in 1Q17 mainly driven by a high comparable base due to holy-week in 1Q16 which this year was in April combined with the inclusion of the *Krystal Grand Los Cabos* and *Krystal Grand Nuevo Vallarta* which currently have lower margins.

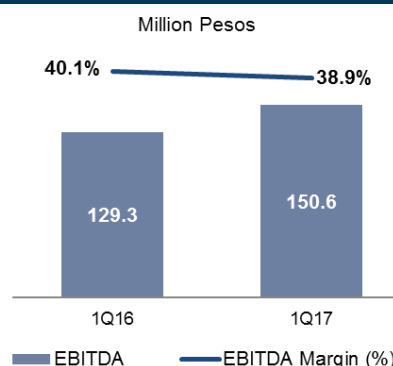
## Operating Income



## EBITDA

1Q17 EBITDA reached Ps. 150.6 million, compared to Ps. 129.3 million in 1Q16, an increase of 16.5%. 1Q17 EBITDA margin decreased by 1.2 percentage points, from 40.1% in 1Q16 to 38.9% in 1Q17 mainly driven by a high comparable base due to holy-week in 1Q16 which this year was in April combined with the inclusion of the *Krystal Grand Los Cabos* and *Krystal Grand Nuevo Vallarta* which currently have lower margins.

## EBITDA



(Figures in million Pesos)	1Q17	1Q16	% Var.	2017	2016	% Var.
Operating Income	110,336	98,829	11.6	110,336	98,829	11.6
(+) Depreciation	28,497	24,632	15.7	28,497	24,632	15.7
(+) Development and hotel opening expenses <sup>5</sup>	10,844	4,497	141.1	10,844	4,497	141.1
(+) Other non-recurring expenses <sup>6</sup>	968	1,318	(26.6)	968	1,318	(26.6)
EBITDA	150,646	129,276	16.5	150,646	129,276	16.5
EBITDA Margin	38.9%	40.1%	(1.2 pt)	38.9%	40.1%	(1.2 pt)

## Net Financing Result

For 1Q17, Net Financing Result went from a Ps. 6.0 million loss in 1Q16 to a Ps. 98.2 million gain. This gain was mainly due to the FX gain driven by the effect of the mark-to-market valuation effect of a lower USD/MXN exchange rate applied to our Dollar Denominated Debt.

## Net Income

Net Income went from of Ps. 70.4 million in 1Q16 to Ps. 184.9 million in 1Q17, an increase of 162.7% driven by the previously mentioned foreign exchange (FX) gain and higher income from operations. Net income margin was 47.8% in 1Q17 compared to 21.9% in 1Q16, an increase of 25.9 percentage points.

<sup>5</sup> Expenses incurred in hotel expansions and openings, including new developments, and are related to the acquisition and research of acquisition opportunities.

<sup>6</sup> Other non-recurring expenses, including settlement expenses and consulting fees related to the takeover of hotels acquired.

## Cash Flow Summary

### GRUPO HOTELERO SANTA FE, S.A.B. de C. V.

#### Consolidated Cash Flow

For the three month period ended 31 March 2017 and 2016

Figures in thousand Pesos

Cash Flow Statement	First Quarter			3 months ended March		
	2017	2016	% Var.	2017	2016	% Var.
<b>Cashflow from operating activities</b>						
Net income	184,926	70,391	162.7	184,926	70,391	162.7
Depreciation and amortization	28,497	24,632	15.7	28,497	24,632	15.7
Income taxes	24,265	23,160	4.8	24,265	23,160	4.8
Unrealized gain (loss) in foreign currency exchange	(118,908)	(4,993)	2281.7	(118,908)	(4,993)	2281.7
Net interest expense	8,693	12,136	(28.4)	8,693	12,136	(28.4)
Other financial costs	1,136	1,442	(21.2)	1,136	1,442	(21.2)
<b>Cashflow before working capital variations</b>	<b>127,975</b>	<b>126,768</b>	<b>1.0</b>	<b>127,975</b>	<b>126,768</b>	<b>1.0</b>
Working Capital	29,958	(11,552)	(359.3)	29,958	(11,552)	(359.3)
<b>Net operating cashflow</b>	<b>157,933</b>	<b>115,217</b>	<b>37.1</b>	<b>157,933</b>	<b>115,217</b>	<b>37.1</b>
Non recurring items	(24,908)	(4,410)	464.8	(24,908)	(4,410)	464.8
<b>Cashflow net from non recurring items</b>	<b>133,025</b>	<b>110,807</b>	<b>20.1</b>	<b>133,025</b>	<b>110,807</b>	<b>20.1</b>
Investment activities	(767,565)	(112,298)	583.5	(767,565)	(112,298)	583.5
Financing activities	(57,701)	21,281	(371.1)	(57,701)	21,281	(371.1)
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(692,242)</b>	<b>19,789</b>	<b>(3598.1)</b>	<b>(692,242)</b>	<b>19,789</b>	<b>(3598.1)</b>
Cash and cash equivalents at the beginning of the period	1,731,587	97,729	1671.8	1,731,587	97,729	1671.8
<b>Cash and cash equivalents at the end of the period</b>	<b>1,039,345</b>	<b>117,518</b>	<b>784.4</b>	<b>1,039,345</b>	<b>117,518</b>	<b>784.4</b>
Cash in Business Acquisition	3,720	-	NA	3,720	-	NA
<b>Total Cash at the end of the period</b>	<b>1,043,065</b>	<b>117,518</b>	<b>787.6</b>	<b>1,043,065</b>	<b>117,518</b>	<b>787.6</b>

By the end of 1Q17, operating cash flow reached Ps. 157.9 million, compared to Ps. 115.2 million reported in 1Q16, a 37.1% increase that was mainly due to variations in working capital. These variations were driven by the inclusion of the *Krystal Grand Los Cabos* and *Krystal Grand Nuevo Vallarta* hotels combined with a whole quarter of the *Krystal Urban Guadalajara* which was incorporated in March 2016.

## Balance Sheet Summary

Figures in thousand Mexican Pesos

Balance Sheet Summary	Mar-17	Mar-16	Var \$	Var %
Cash and cash equivalents	1,043,065	117,519	925,547	787.6%
Accounts receivables and other current assets	158,042	139,026	19,016	13.7%
Creditable taxes	260,069	117,807	142,263	120.8%
Escrow deposit for hotel acquisition	11,621	10,250	1,370	NA
<b>Total current assets</b>	<b>1,472,797</b>	<b>384,601</b>	<b>1,088,196</b>	<b>282.9%</b>
Restricted cash	67,429	56,562	10,868	19.2%
Property, furniture and equipment	6,025,054	2,941,809	3,083,245	104.8%
Other fixed assets	295,492	267,938	27,553	10.3%
<b>Total non-current assets</b>	<b>6,387,975</b>	<b>3,266,309</b>	<b>3,121,666</b>	<b>95.6%</b>
<b>Total Assets</b>	<b>7,860,773</b>	<b>3,650,911</b>	<b>4,209,862</b>	<b>115.3%</b>
Current installments of long-term debt	126,622	93,882	32,740	34.9%
Other current liabilities	1,292,922	205,018	1,087,903	530.6%
<b>Total current liabilities</b>	<b>1,419,543</b>	<b>298,900</b>	<b>1,120,643</b>	<b>374.9%</b>
Long-term debt	1,405,874	994,215	411,660	41.4%
Other non-current liabilities	84,981	89,876	(4,895)	(5.4%)
<b>Total non-current liabilities</b>	<b>1,490,855</b>	<b>1,084,091</b>	<b>406,765</b>	<b>37.5%</b>
<b>Total Equity</b>	<b>4,950,375</b>	<b>2,267,920</b>	<b>2,682,455</b>	<b>118.3%</b>
<b>Total Liabilities and Equity</b>	<b>7,860,774</b>	<b>3,650,911</b>	<b>4,209,863</b>	<b>115.3%</b>

### Cash and Equivalents

By the end of 1Q17, the Company's cash and cash equivalents reached Ps. 1,043.1 million, mainly derived from the June 2016 secondary public offering proceeds. Of this figure, Ps. 543.1 million are peso-denominated and Ps. 567.3 million are dollar-denominated.

### Accounts Receivable and Other Current Assets

This line item increased 13.7%, from Ps. 139.0 million in 1Q16 to Ps. 158.0 million in 1Q17; mainly due to the Company's effort to increase sales via its direct distribution channels, which resulted in higher group sales, as well as the inclusion of the *Krystal Urban Guadalajara*, the *Krystal Grand Los Cabos* and the *Krystal Grand Nuevo Vallarta*, which were not part of the portfolio in 1Q16.

### Trust Deposit for the Hotel Acquisition

As part of the analysis of investment opportunities for hotels and real estate to carry out its expansion plan, during 2Q15 the Company created a management trust for the acquisition of *Krystal Satellite Maria Barbara*. As part of this acquisition, the Company agreed with its counterparty to withhold Ps. 31.8 million of the acquisition price to be used as a secured deposit to cover any liability or contingency. At the end of 1Q17, the Company has paid off Ps. 20.2 million. The remaining amount in trust deposit at the close of 1Q17 was Ps. 11.6 million.

## Property, Furniture & Equipment

This line item was equal to Ps. 6,025.0 million at the end of 1Q17, a 104.8% increase compared to Ps. 2,941.8 million at the end of 1Q16. This increase was mainly driven by the acquisition of 50% of the *Krystal Grand Los Cabos* and *Krystal Grand Nuevo Vallarta*, work in progress of the *Krystal Grand Suites* and *Krystal Grand Insurgentes* and the expansion work of the *Krystal Grand Punta Cancun* and *Hilton Puerto Vallarta*. In addition, the Company continues to carry out routine improvements, remodeling and renovation projects in its fixed assets. Notably, hotels that underwent renovations include *Krystal Satellite Maria Barbara* and *Krystal Urban Cancun Centro*, which was recently included in the Company's portfolio, as well as new shopping centers and hotel and improvements in our portfolio of Company-owned hotels.

Figures in thousand Mexican Pesos		1Q17	
Capex for the period	Amount	% Total	
Hotels in development	150,148	87.3%	
Use conversion	-	0.0%	
Improvements in owned hotels	9,082	5.3%	
Ordinary capex	12,012	7.0%	
New point of sale	795	0.5%	
<b>Total Capex</b>	<b>172,036</b>	<b>100.0%</b>	

## Net Debt and Maturity

Net Debt was Ps. 422.0 million at the end of 1Q17, which represented a Total Debt / EBITDA (LTM) ratio equal to 0.9x. 81.0% of Total Debt is U.S.-dollar denominated, and has an average cost of 4.10%. The remaining 19.0% is peso-denominated, with an average weighted cost of 9.14%. In addition, 91.7% of debt maturities are long-term.

During 1Q17, the Mexican peso appreciated 9.5% by the end of the quarter, from Ps. 20.6640 as of December 2016, to Ps. 18.7079 as of March 31 2017, having a positive impact on the financial cost of the Company. The short U.S. dollar position of the Company by the close of 1Q17 was US\$36 million, equal to Ps. 674.0 million.

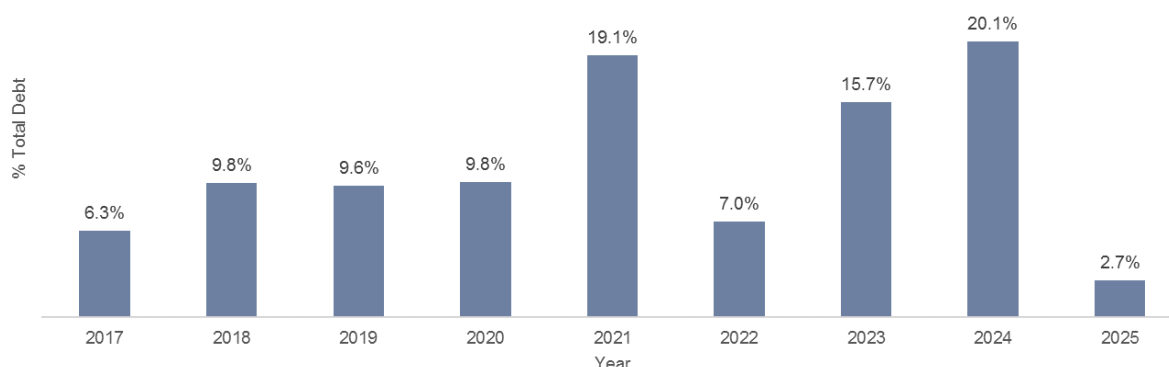
The following graphs shows the Company's debt and cash position, as well as the debt maturity.

Figures in thousand Mexican Pesos		Denominated in (currency):		
Debt*	Pesos	Dollars	Total	
Short Term	29,436	97,186	126,622	
Long Term	261,744	1,144,131	1,405,874	
<b>Total</b>	<b>291,179</b>	<b>1,241,317</b>	<b>1,532,496</b>	
% Total	19.0%	81.0%	100.0%	
Average rate of financial liabilities	9.14%	4.10%	5.06%	
Cash and equivalents	533,971	509,095	1,043,065	
Restricted cash	9,179	58,251	67,429	
<b>Cash and equivalents**</b>	<b>543,149</b>	<b>567,345</b>	<b>1,110,495</b>	
<b>Net Debt</b>	<b>(251,970)</b>	<b>673,971</b>	<b>422,001</b>	
Net Debt / LTM EBITDA (as of 31 March 2017)				0.9x

\*Includes accrued interests and effect of financial instruments related to financial debt.

\*\*Includes restricted cash related to bank debt.

Maturities of Grupo Hotelero Santa Fe  
as of 31 March 2017



To continue with its growth plans, the Company will continue to balance its debt between pesos and dollars. Both peso and dollar-denominated debt are hedged over reference rates (TIIE and LIBOR), with a strike price at 5.0% and 2.0%, respectively.

According to IFRS, the exchange rate used was Ps. 18.7079 / US\$ as of March 31, 2017, as published in Mexico's *Official Federal Gazette*.

### Currency Hedging

Figures in thousand of Mexican Pesos

First Quarter 2017

Currency Hedging Analysis	Denominated in Pesos	Denominated in USD	Total in Pesos
Total Revenue	240,693	146,348	387,041
% of Total Revenue	62.2%	37.8%	100.0%
(-) Total Costs and Expenses	229,721	35,172	264,893
(-) Non-recurring Expenses	11,812	-	11,812
<b>Operating Income</b>	<b>(840)</b>	<b>111,176</b>	<b>110,336</b>
(+) Depreciation	28,497	-	28,497
<b>Operating Cashflow</b>	<b>27,657</b>	<b>111,176</b>	<b>138,833</b>
% of Operating Cashflow	19.9%	80.1%	100.0%
Interest	4,442	18,859	23,301
Principal	5,154	39,535	44,689
<b>Total Debt Service</b>	<b>9,596</b>	<b>58,394</b>	<b>67,990</b>
Interest Coverage ratio <sup>1</sup>	6.2x	5.9x	6.0x
Debt Service Coverage Ratio <sup>2</sup>	2.9x	1.9x	2.0x

1) Operating Cashflow / Interest; 2) Operating Cashflow / Total Debt Service

In 1Q17, approximately 37.8% of revenues and 80.1% of operating cash flow were denominated in dollars. Dollar-denominated operating cash flow was enough to cover financial debt, both interest and principal, with a ratio of 1.9x for 1Q17. This position corroborated the Company's expectations to benefit from lower financing costs, given that hotels which contracted financial debt have a natural hedge to volatile scenarios.

At the end of 1Q17 the Company's debt coverage ratio was 2.0x. In addition, HOTEL has a dollar-denominated cash balance of Ps. 567.3 million at the close of 1Q17, decreasing its total exposure to currency risks.



## Recent Events

During 1Q17, and until the date of this report, HOTEL's recent developments included:

- On January 11<sup>th</sup>, we published HOTEL's first Progress Report based on the ten principles of the UN Global Compact. This publication strengthens the Company's commitment towards sustainability, which has been an ongoing effort with continuous improvement. This process began in 2010 since the inception of HOTEL.
- On January 16<sup>th</sup>, we announced the signing of a Management Contract of a Krystal® hotel with 124 rooms in the city of Pachuca, Hidalgo. This hotel, owned by a third party, is located at Blvd. Rojo Gómez 104, adjacent to the central bus station and only 10 minutes away from the Historic City Center. The hotel was operated by a renowned international brand until February 1<sup>st</sup> of this year, when the company took over under the brand Krystal® Pachuca. Additionally, the hotels owner will invest approximately to Ps. 26 million according to a thorough renovation plan to comply with our Krystal® brand and product standards.
- On January 24<sup>th</sup>, we announced the signing of a Management Contract of a four-star business hotel with 168 rooms that is being developed in Valle Oriente, Monterrey, Nuevo Leon. The hotel, which is under construction and owned by a third party, is located at a real estate development named "Distrito Armida", in the heart of Valle Oriente, where many corporate offices, businesses and service providers are located. Distrito Armida is a five-stage development of almost 600,000 square meters of construction; the hotel will be developed in the first stage. The Company will operate the hotel under the franchise of a recognized international brand and is expected to open in the second quarter of 2019.
- On January 30<sup>th</sup>, we announced the renewal of HOTEL's market maker agreement with UBS Casa de Bolsa, S.A. de C.V., UBS Grupo Financiero. This agreement renewal underlines the Company's commitment of improving the stock liquidity.
- On February 15<sup>th</sup>, we announced the acquisition and expansion of two hotels that will be rebranded into Krystal Grand® 5 star hotels, with a total of 933 rooms under the All-Inclusive model. The Krystal Grand® brand will grow from 2 to 4 hotels, and the Company will grow 16% in number of operated rooms. The hotels are located in Los Cabos and Nuevo Vallarta, two of the most important resorts destinations in Mexico, which are recognized internationally recognized as top tourist destinations with significant connectivity to the main North American and European markets. The total value of the assets is US\$119.8 million, approximately half of which will be financed with debt. HOTEL will contribute US\$29.8 million which represents 50% of the equity and will consolidate both hotels' operations. The other 50% of the equity will remain with the group of private Mexican investors who currently own the hotels.
- On February 21<sup>st</sup>, we announced the closing of the acquisition and expansion of 50% of two hotels in Los Cabos and Nuevo Vallarta that will be rebranded into Krystal Grand® 5 star hotels, with a total of 933 rooms under the All-Inclusive model.

## 1Q17 Conference Call Details:

HOTEL will host its earnings webcast (audio + presentation) to discuss results:

**Date:** Friday, April 21, 2017

**Time:** 12:00 p.m. Mexico City Time  
1:00 p.m. New York Time

To participate in the conference call and Q&A session please dial:

**Telephone:** U.S.: 1 800 863 3908  
International +1 334 323 7224  
Mexico: 01 800 847 7666

Conference password: HOTEL 000

**Webcast:** The webcast will be in English. To follow the Power Point presentation and the audio of the call, please visit our website [www.gsf-hotels.com/investors](http://www.gsf-hotels.com/investors)

## About Grupo Hotelero Santa Fe

HOTEL is a leading company in the Mexican hotel industry, centered on acquiring, converting, developing and operating its own hotels as well as third party-owned hotels. The Company focuses on strategic hotel location and quality, a unique hotel management model, strict expense control and the proprietary Krystal® brand as well as other international brands. As of year-end 2016, the Company employed over 2,800 people at 23 hotels in Mexico and generated revenues of Ps. 1,221 million. For more information, please visit [www.gsf-hotels.com](http://www.gsf-hotels.com)

## Contact Information

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### Legal Note on Forward Looking Statements:

The information provided in this report contains certain forward-looking statements and information related to Grupo Hotelero Santa Fe, S.A.B. de C.V. and its subsidiaries (jointly “Grupo Hotelero Santa Fe”, “HOTEL”, or the “Company”) which are based in the understanding of its managers, as well as in assumptions and information currently available for the Company. Such statements reflect the current view of Grupo Hotelero Santa Fe in regard to future events subject to a number of risks, uncertainties and assumptions. Several features may cause that the results, performance or current achievements of the Company may differ materially with respect to future results, performance or attainments of Grupo Hotelero Santa Fe that may be included, expressly or implied within such statements in regard to the future, including among others, alterations in the economic general conditions and/or politics, governmental and commercial changes globally or within the countries in which the Company has any business interests, changes in the interests rates and inflation, exchange rates volatility, changes in the demand and regulations of the products marketed by the Company, changes in the price of raw materials and other goods, changes in the business strategies and several other features. If one or more these of risks or uncertainties are materialized, or if the assumptions used result to be incorrect, the real results may materially differ from those described herein as anticipated, believed, expected or envisioned. Grupo Hotelero Santa Fe undertakes no obligation to update or revise any forward-looking statements.

## Income Statement

**GRUPO HOTELERO SANTA FE, S.A.B. de C.V.**  
Consolidated Income Statement  
For the three-month period ended March 31 2017 and 2016  
(Figures in thousand Mexican Pesos)

	First Quarter			3 months ended March		
	2017	2016	% Var.	2017	2016	% Var.
<b>REVENUE</b>						
Room Revenue	218,857	185,422	18.0	218,857	185,422	18.0
Food and Beverage Revenue	104,785	88,212	18.8	104,785	88,212	18.8
Other Revenue from Hotels	37,737	28,145	34.1	37,737	28,145	34.1
Third-party Hotels' Management Fees	25,661	20,372	26.0	25,661	20,372	26.0
<b>TOTAL REVENUE</b>	<b>387,041</b>	<b>322,151</b>	<b>20.1</b>	<b>387,041</b>	<b>322,151</b>	<b>20.1</b>
<b>COSTS AND EXPENSES</b>						
Operating Costs and Expenses	135,196	113,871	18.7	135,196	113,871	18.7
Sales and Administration	96,461	75,124	28.4	96,461	75,124	28.4
Property Expenses	4,738	3,880	22.1	4,738	3,880	22.1
Depreciation and Amortization	28,497	24,632	15.7	28,497	24,632	15.7
<b>TOTAL COSTS AND EXPENSES</b>	<b>264,893</b>	<b>217,507</b>	<b>21.8</b>	<b>264,893</b>	<b>217,507</b>	<b>21.8</b>
Development and hotel opening expenses	10,844	4,497	141.1	10,844	4,497	141.1
Other non-recurring expenses	968	1,318	(26.6)	968	1,318	(26.6)
<b>EBITDA</b>	<b>150,646</b>	<b>129,276</b>	<b>16.5</b>	<b>150,646</b>	<b>129,276</b>	<b>16.5</b>
EBITDA Margin (%)	38.9%	40.1%	(1.2 pt)	38.9%	40.1%	(1.2 pt)
<b>OPERATING INCOME</b>	<b>110,336</b>	<b>98,829</b>	<b>11.6</b>	<b>110,336</b>	<b>98,829</b>	<b>11.6</b>
Operating Income Margin (%)	28.5%	30.7%	(2.2 pt)	28.5%	30.7%	(2.2 pt)
Net interest expenses	(8,693)	(12,136)	(28.4)	(8,693)	(12,136)	(28.4)
Net foreign currency exchange loss	108,049	7,590	1323.6	108,049	7,590	NA
Other financial costs	(1,136)	(1,442)	(21.2)	(1,136)	(1,442)	(21.2)
<b>Net Financing Result</b>	<b>98,220</b>	<b>(5,988)</b>	<b>(1740.3)</b>	<b>98,220</b>	<b>(5,988)</b>	<b>NA</b>
Undistributed income from subsidiaries, net	635	710	(10.5)	635	710	(10.5)
Income before taxes	<b>209,191</b>	<b>93,551</b>	<b>123.6</b>	<b>209,191</b>	<b>93,551</b>	<b>123.6</b>
Total income taxes	24,265	23,160	4.8	24,265	23,160	4.8
<b>Net Income</b>	<b>184,926</b>	<b>70,391</b>	<b>162.7</b>	<b>184,926</b>	<b>70,391</b>	<b>162.7</b>
Net Income Margin (%)	47.8%	21.9%	25.9	47.8%	21.9%	25.9

## Balance Sheet

### GRUPO HOTELERO SANTA FE, S.A.B. de C.V.

Consolidated Balance Sheet

As of March 31 2017 and 2016

(Figures in thousand Mexican Pesos)

	2017	2016	Var \$	Var %
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	1,043,065	117,519	925,547	788%
Restricted cash	-	-	-	NA
Accounts receivables from clients	112,622	98,975	13,647	14%
Accounts receivables from related parties	16,864	15,482	1,382	9%
Creditable taxes	260,069	117,807	142,263	121%
Other current assets	28,556	24,568	3,988	16%
Escrow deposit for hotel acquisition	11,621	10,250	1,370	13%
<b>Total current assets</b>	<b>1,472,797</b>	<b>384,601</b>	<b>1,088,196</b>	<b>283%</b>
<b>Non-current Assets</b>				
Restricted cash	67,429	56,562	10,868	19%
Property, furniture and equipment	6,025,054	2,941,809	3,083,245	105%
Other assets	41,423	40,380	1,044	3%
Investment in subsidiaries	33,562	30,887	2,675	9%
Deferred income taxes	112,512	88,677	23,835	27%
Goodwill	107,994	107,994	-	0%
<b>Total non-current assets</b>	<b>6,387,975</b>	<b>3,266,309</b>	<b>3,121,666</b>	<b>96%</b>
<b>Total assets</b>	<b>7,860,773</b>	<b>3,650,911</b>	<b>4,209,862</b>	<b>115%</b>
<b>LIABILITIES AND SHAREHOLDERS EQUITY</b>				
<b>Current liabilities</b>				
Current installments of long-term debt	126,622	93,882	32,740	35%
Suppliers	78,326	74,836	3,490	5%
Accrued liabilities	1,097,299	57,611	1,039,688	NA
Accounts payable to related parties	7,135	2	7,133	NA
Payable taxes	68,866	42,876	25,990	61%
Client advanced payments	41,296	29,694	11,602	39%
<b>Total current liabilities</b>	<b>1,419,543</b>	<b>298,900</b>	<b>1,120,643</b>	<b>375%</b>
<b>Non-current liabilities</b>				
Long-term debt	1,405,874	994,215	411,660	41%
Other non-current liabilities	84,981	89,876	(4,895)	(5%)
<b>Total non-current liabilities</b>	<b>1,490,855</b>	<b>1,084,091</b>	<b>406,765</b>	<b>38%</b>
<b>Total liabilities</b>	<b>2,910,398</b>	<b>1,382,991</b>	<b>1,527,408</b>	<b>110%</b>
<b>Equity</b>				
Capital stock	3,441,501	1,644,073	1,797,427	109%
Legal reserve	190,493	190,493	-	0%
Premium on subscription of shares	80,000	80,000	-	0%
Net income	184,926	70,391	114,535	163%
Retained earnings	382,962	222,974	159,988	72%
<b>Shareholder's Equity</b>	<b>4,279,882</b>	<b>2,207,932</b>	<b>2,071,950</b>	<b>94%</b>
Non-controlling interest	670,493	59,988	610,505	NA
<b>Total Equity</b>	<b>4,950,375</b>	<b>2,267,920</b>	<b>2,682,455</b>	<b>118%</b>
<b>Total liabilities and equity</b>	<b>7,860,774</b>	<b>3,650,911</b>	<b>4,209,863</b>	<b>115%</b>

## Cash Flow Statement

### GRUPO HOTELERO SANTA FE, S.A.B. de C. V.

#### Consolidated Cash Flow

For the three month period ended March 31 2017 and 2016

Figures in thousand Pesos

Cash Flow Statement	First Quarter		3 months ended March	
	2017	2016	2017	2016
<b>Cashflow from operating activities</b>				
Net income	184,926	70,391	184,926	70,391
Depreciation and amortization	28,497	24,632	28,497	24,632
Income taxes	24,265	23,160	24,265	23,160
Unrealized gain (loss) in foreign currency exchange	(118,908)	(4,993)	(118,908)	(4,993)
Net interest expense	8,693	12,136	8,693	12,136
Other financial costs	1,136	1,442	1,136	1,442
Minority interest	(635)	-	(635)	-
<b>Cashflow before working capital variations</b>	<b>127,975</b>	<b>126,768</b>	<b>127,975</b>	<b>126,768</b>
Accounts receivable from clients	(20,150)	(23,838)	(20,150)	(23,838)
Accounts receivable from related parties	(3,074)	(8,480)	(3,074)	(8,480)
Other current assets	(5,060)	(4,959)	(5,060)	(4,959)
Creditable taxes	(3,886)	(4,515)	(3,886)	(4,515)
Suppliers	4,734	24,252	4,734	24,252
Accrued liabilities	36,214	(527)	36,214	(527)
Accounts payable to related parties	3,746	(54)	3,746	(54)
Downpayments from clients	15,922	9,607	15,922	9,607
Payable taxes	1,512	(3,036)	1,512	(3,036)
<b>Net operating cashflow</b>	<b>157,933</b>	<b>115,217</b>	<b>157,933</b>	<b>115,217</b>
<b>Non recurring items</b>				
Accrued liabilities	-	(4,410)	-	(4,410)
Receivable taxes	(24,908)	-	(24,908)	-
Income in acquisition of Dollars	-	-	-	-
<b>Cashflow net from non recurring items</b>	<b>133,025</b>	<b>110,807</b>	<b>133,025</b>	<b>110,807</b>
<b>Investment activities</b>				
Change in restricted cash	5,880	230	5,880	230
Acquisition of property, furniture and equipment	(172,036)	(134,611)	(172,036)	(134,611)
Acquisition of ongoing business	(610,226)	4,410	(610,226)	4,410
Escrow deposit for hotel acquisition	(51)	4,410	(51)	4,410
Investment in subsidiary	(20)	(610)	(20)	(610)
Other net assets and liabilities	(511)	13,474	(511)	13,474
Interest gained	9,399	398	9,399	398
<b>Cashflow from investment activities</b>	<b>(767,565)</b>	<b>(112,298)</b>	<b>(767,565)</b>	<b>(112,298)</b>
<b>Financing activities</b>				
Net increase in paid-in follow on	-	-	-	-
Net increase in paid -in capital from non controlling company	27	59,988	27	59,988
Repurchase of shares	10,262	(2,810)	10,262	(2,810)
Obtained loans	-	-	-	-
Payment of interest and loan amortization*	(67,990)	(35,898)	(67,990)	(35,898)
<b>Cashflow form financing activities</b>	<b>(57,701)</b>	<b>21,281</b>	<b>(57,701)</b>	<b>21,281</b>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(692,242)</b>	<b>19,789</b>	<b>(692,242)</b>	<b>19,789</b>
Cash and cash equivalents at the beginning of the period	1,731,587	97,729	1,731,587	97,729
<b>Cash and cash equivalents at the end of the period</b>	<b>1,039,345</b>	<b>117,518</b>	<b>1,039,345</b>	<b>117,518</b>
Cash in Business Acquisition	3,720	-	3,720	-
<b>Total Cash at the end of the period</b>	<b>1,043,065</b>	<b>117,518</b>	<b>1,043,065</b>	<b>117,518</b>



## Appendix 1: Integration of Rooms under Operation

Operating indicators for 1Q17 consider 4,360 hotel rooms under operation out of 5,124. The integration of 764 rooms excluded is detailed as follows:

- i) 227 rooms part of the Vacation Club<sup>7</sup>
- ii) The effect of 535 rooms less in the period due to:
  - a. 105 rooms out of 454 rooms of the *Krystal Grand Los Cabos* were available in the quarter as operations started at the end of March (349 less rooms)
  - b. 72 rooms out of 215 rooms of the *Krystal Grand Nuevo Vallarta* were available in the quarter as operations started at the end of March (143 less rooms)
  - c. 81 rooms out of 124 were of the *Krystal Pachuca* were available in the quarter as operations started in February (43 less rooms)
- iii) 2 rooms under renovation in *Krystal Urban Cancun*

The following table summarizes the total number of rooms of the Company's portfolio:

Rooms 1Q17	Owned Hotels	Third-party owned hotels	Total Rooms
In Operation	2,382	1,978	4,360
Vacational Club	53	174	227
Unavailable	492	43	535
In Renovation	2	-	2
Hotel Expansion	-	-	-
<b>Total Rooms</b>	<b>2,929</b>	<b>2,195</b>	<b>5,124</b>

<sup>7</sup> 227 rooms are part of Vacation Club, of which 53 rooms are Company-owned, and 174 rooms are third-party owned under the Company's management. Vacation Club revenue is included in the P&L under Other Income, and is, therefore, excluded from this analysis.