



HOTEL reports 27% and 34% increases in Total Revenues and EBITDA respectively for 2016

Mexico City, February 22, 2017 – Grupo Hotelero Santa Fe S.A.B. de C.V. (BMV: HOTEL) (“HOTEL” or “the Company”), announced its consolidated results for the fourth quarter (“4Q16”) ended December 31, 2016. Figures are expressed in Mexican Pesos, are unaudited and are in accordance with International Financial Reporting Standards “IFRS”).

Highlights

- 2016 EBITDA reached Ps. 426.1 million, with a 34.9% margin representing a 210 basis point outperformance of our 2016 EBITDA margin guidance and a 13.6 outperformance of our 2016 upper range guidance.
- 2016 Total Revenues reached Ps. 1,221.2 million, representing a 6.75% outperformance of our 2016 upper range guidance.
- We will release our 2017 Guidance on our conference call tomorrow. Details of the call are on page 14.
- On February 21 2017, HOTEL closed the acquisition of 50% of two hotels in Los Cabos and Nuevo Vallarta that will be rebranded into Krystal Grand® hotels in the Grand Tourism Category, with a total of 933 rooms under the All-Inclusive model. With these projects, HOTEL will reach 23 hotels and 6,493 rooms. The Krystal Grand® brand will grow from 2 to 4 hotels, and the Company will grow 16% in number of operated rooms of and 37% in owned rooms.
- 4Q16 Total Revenue reached Ps. 318.6 million, a 20.3% increase compared to 4Q15, driven by the following increases: i) 20.0% in Room Revenue, ii) 14.1% in Food and Beverages, iii) 27.4% in Other Hotel Revenue and iv) 44.7% in management fees related to third-party owned hotels.
- 4Q16 EBITDA¹ reached Ps. 107.0 million, a 20.1% increase compared to 4Q15 driven by revenue growth and efficiencies from operating leverage achieved in the quarter. 4Q16 EBITDA margin remained at 33.6%.
- 4Q16 Net Income for reached Ps. 45.6 million, equal to a 14.3% net income margin, driven by higher operating income combined with lower income taxes.
- 4Q16 Net operating cash flow for was Ps. 128.1 million, an increase of 68.2% compared to the Ps. 76.1 million reported in 4Q15. This increase was mainly due to Net income growth and variations in working capital.
- Net Debt/EBITDA (LTM) ratio was -0.9x at the end of 4Q16. Operating cash flow in dollars represented 64.3% of total operating cash flow, thereby maintaining a natural hedge of the dollarized financial debt.
- HOTEL's total portfolio at the end of 4Q16 reached 5,268 rooms in operation, a 16.7% increase compared to the 4,515 rooms at end of 4Q15.
- RevPAR² for the Company-owned hotels rose by 10.8% in 4Q16 compared to 4Q15, driven by an increase of 7.4% in ADR² and 2.1 percentage points in occupancy.

Figures in thousand Mexican Pesos	Fourth Quarter				12 months ended December			
	2016	2015	\$ Var.	% Var.	2016	2015	\$ Var.	% Var.
Total Revenue	318,628	264,889	53,738	20.3	1,221,165	960,119	261,045	27.2
EBITDA	106,978	89,102	17,876	20.1	426,119	318,813	107,305	33.7
EBITDA Margin	33.6%	33.6%	0.0 pt	0.0 pt	34.9%	33.2%	1.7 pt	1.7 pt
Operating Income	66,618	61,599	5,019	8.1	289,913	208,958	80,955	38.7
Net Income	45,587	24,467	21,120	86.3	159,988	10,026	149,962	1495.7
Net Income Margin	14.3%	9.2%	5.1 pt	5.1 pt	13.1%	1.0%	12.1 pt	12.1 pt
Operating Cashflow	128,064	76,144	51,920	68.2	442,756	319,120	123,635	38.7
Occupancy	69.1%	65.3%	3.8 pt	3.8 pt	70.0%	68.6%	1.4 pt	1.4 pt
ADR	1,453	1,336	116	8.7	1,384	1,253	131	10.5
RevPAR	1,004	873	131	15.0	968	860	109	12.7

Note: operating figures belong to owned hotels.

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

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

Comments from the Chief Executive Officer

Mr. Francisco Zinser, stated:

2016 was a very good year for the company, and the fourth quarter was no exception. In Mexico, tourism continues to post strong growth with solid underlying fundamentals. The sector is well positioned in light of recent events including the depreciation of the Mexican Peso. This fact alone will bring more international tourists to Mexico, given the exchange rate benefit. On the other hand, local tourism is also poised to grow as Mexicans will prefer to travel inside the country as international travel has become more expensive. This year Mexico grew 9% in terms of international travelers, per the Mexican Tourism Minister who also stated that in November the number of international visitors from the US that entered Mexico by plane grew by 12%.

I would also like to mention that a few days ago, as we previously announced, we closed a large transaction to acquire 50% of two hotels in Los Cabos and Nuevo Vallarta that will be rebranded into Krystal Grand®. Both locations are strategic for us as the growth projection of both destinations are very attractive and will solidify our portfolio with presence all the main Resort destinations in Mexico. Also, we will be adding dollar denominated revenue to our P&L. With these projects, we will reach 23 hotels and 6,493 rooms. The Krystal Grand® brand will grow from 2 to 4 hotels, and the Company will grow 16% in number of operated rooms and 37% in owned rooms.

Moving on to our annual results, we posted solid results. In terms of company-owned hotels, we reached a balanced growth both in terms of occupancy as well as ADR; RevPAR grew by 15.1% with half of the growth coming from the ADR increase. Revenues of Ps. 1,221.2 million and EBITDA of Ps. 426.1 million increased by 27% and 34% respectively, compared to 2015.

As part of our expansion plan, we continue working on the *Krystal Grand Insurgentes* and *Krystal Suites Insurgentes* in Mexico City. Additionally, the Company is working on the 100-room suite expansion at the *Krystal Grand Punta Cancun* and with the expansion of 192 rooms at the *Hilton Puerto Vallarta*.

Also, I would like to highlight that we reached 20.3% growth in Total Revenue, compared to 4Q15, which was mostly derived from the solid performance of our hotel portfolio, the inclusion of the Krystal Urban Guadalajara as a Company-owned hotel, as well as the Krystal Monterrey, a third-party owned hotel managed by the Company, which were not in the portfolio during 4Q15. Third-party hotels continue to significantly contribute to our results.

Lastly, I would like to mention that none of these achievements would have been possible without the support of our dedicated employees, experienced management team and the confidence placed in us by our investors.

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 Ciudad 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	224	100%	Urban	4 stars	25	In Process	Cancun	Quintana Roo
6	Krystal Satélite María Bárbara	215	100%	Urban	5 stars	20	In Process	Estado de Mexico	Estado de Mexico
7	Hilton Garden Inn Monterrey Aeropuerto	134	15%	Urban	4 stars	16	In Process	Monterrey	Nuevo León
8	Hampton Inn & Suites Paraíso Tabasco	117	-	Urban	4 stars	15	In Process	Paraíso	Tabasco
9	Krystal Urban Aeropuerto Ciudad de México	96	-	Urban	4 stars	12	In Process	Mexico City	Mexico City
10	Krystal Urban Guadalajara	140	100%	Urban	4 stars	10	In Process	Guadalajara	Jalisco
11	Krystal Monterrey	207	-	Urban	5 stars	6	In Process	Monterrey	Nuevo Leon
Subtotal Urban		2,353							
12	Krystal Resort Cancún	502	-	Resort	5 stars	>36	Yes	Cancun	Quintana Roo
13	Krystal Resort Ixtapa	255	-	Resort	5 stars	>36	Yes	Ixtapa	Guerrero
14	Krystal Resort Puerto Vallarta	260	-	Resort	5 stars	>36	Yes	Puerto Vallarta	Jalisco
15	Hilton Puerto Vallarta Resort	259	100%	Resort	Grand Tourism	>36	Yes	Puerto Vallarta	Jalisco
16	Krystal Beach Acapulco	400	100%	Resort	4 stars	>36	Yes	Acapulco	Guerrero
17	Krystal Grand Punta Cancún	295	100%	Resort	Grand Tourism	>36	Yes	Cancún	Quintana Roo
Subtotal Resort		1,971							
Total in Operation		4,324							
18	Krystal Suites Insurgentes	200	50%	Urban	5 stars	Expected opening 3Q-17		Mexico City	Mexico City
19	Krystal Grand Insurgentes	250	50%	Urban	Grand Tourism	Expected opening 1S-18		Mexico City	Mexico City
	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
Total in Development		958							
Total		5,282							

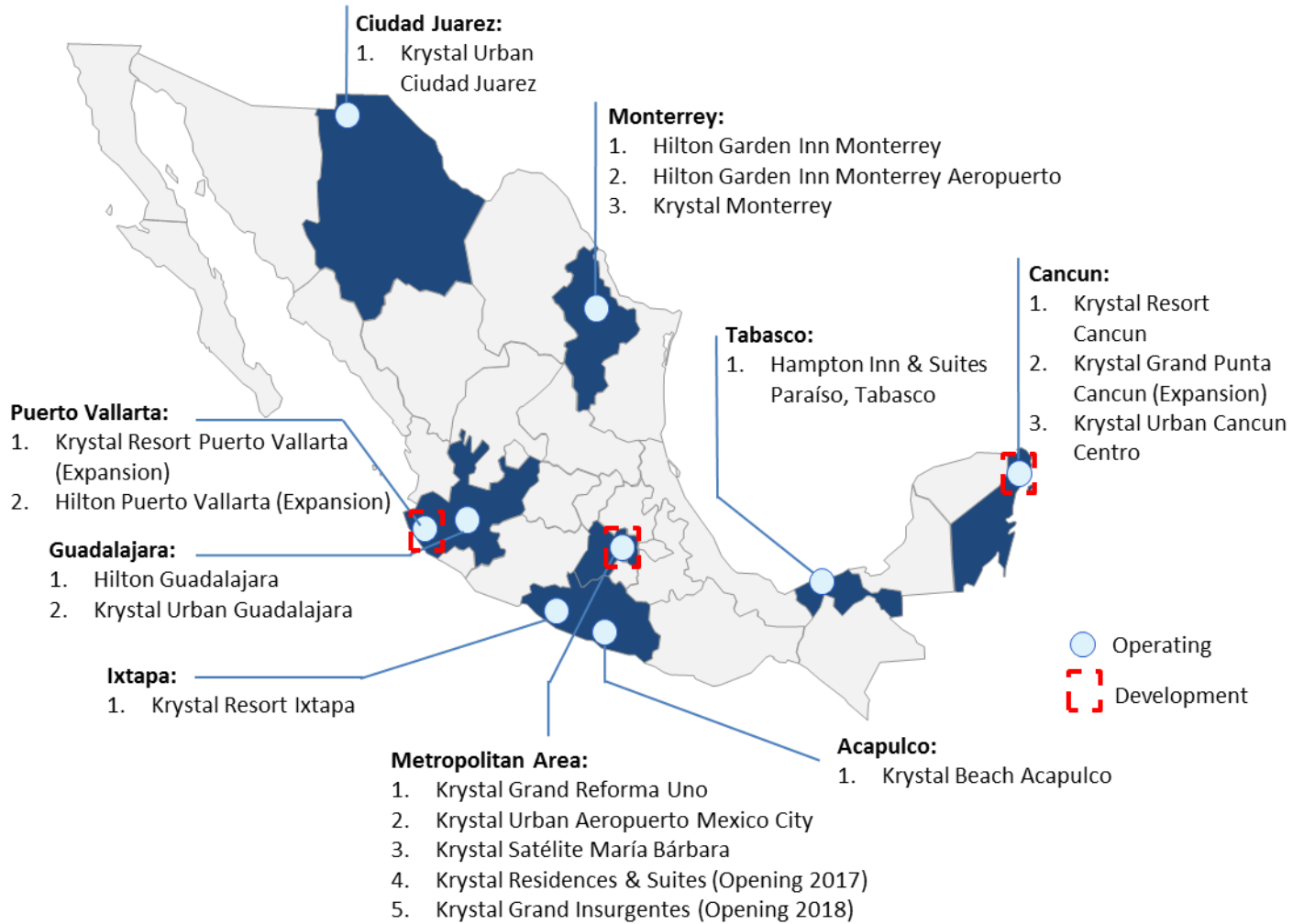
At the end of 4Q16, HOTEL had a total of 17 hotels under operation of which 9 are Company-owned and the remaining 8 are third-party owned³. This represents 2 additional properties compared to the 15 hotels under operation at the end of 4Q15.

The total number of rooms in operation during at the end of 4Q16 was 4,324, a 4.6% increase compared to the 4,125 under operation for the same period last year. Of the 185 additional rooms, we added 361 rooms and have 162 less rooms which are currently being renovated in the *Hilton Puerto Vallarta*. Out of the 361 rooms we added, 140 rooms are from the opening of *Krystal Urban Guadalajara*, 207 rooms are from the opening of *Krystal Monterrey* and 14 from the expansion of the *Krystal Urban Cancun*.

Additionally, HOTEL has 958 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* and 192 rooms from the expansion of *Hilton Puerto Vallarta* (renovation of 162 rooms and development of 30 rooms) for a total portfolio of 19 hotels and 5,282 rooms.

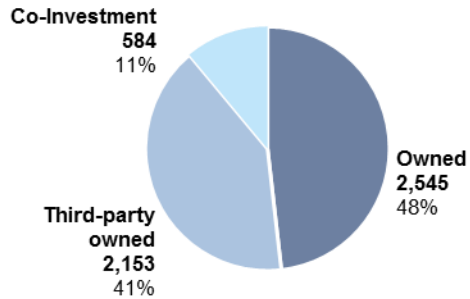
³ The Company operates the Hilton Garden Inn Monterrey Aeropuerto hotel, in which it also has a 15% ownership position. According to IFRS, although the results of this property are not consolidated in the Company's financial statements, third-party hotel's management fees are included as Other Revenues, given that the property is considered a third-party hotel under management.

The hotel portfolio is geographically distributed as follows:

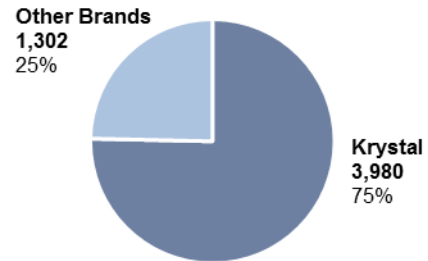


In terms of rooms under operation and rooms under development (including rooms under construction and conversion), at 4Q16 the hotel portfolio was as follows:

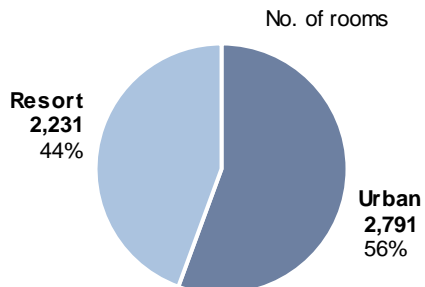
Ownership (number of rooms)



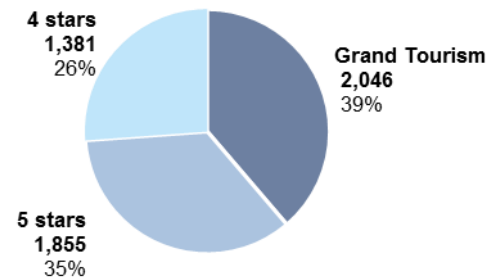
Brand (number of rooms)



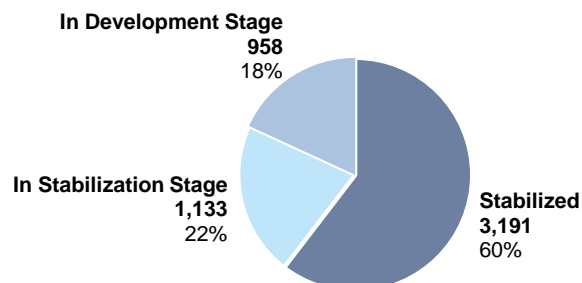
Segment (number of rooms)



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 driven 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 4Q16, HOTEL had 9 company-owned hotels and 8 third-party owned hotels under management⁽³⁾.

Of a total 4,324 hotel rooms under operation, the operating indicators for 4Q16 include 4,119 rooms. The inclusion of 205 rooms (227 corresponding to Vacation Club, 36 rooms in inventory reduction and 14 under renovation), 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 4Q16 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		Fourth Quarter				12 months ended December			
Hotel Classification		2016	2015	Var.	%Var.	2016	2015	Var.	%Var.
Total Hotels in Operation		17	15	2	13.3	17	15	2	13.3
Number of rooms		4,119	3,702	417	11.3	4,032	3,316	716	21.6
Occupancy		69.1%	65.3%	3.8 pt	3.8 pt	70.0%	68.6%	1.4 pt	1.4 pt
ADR		1,453	1,336	116	8.7	1,384	1,253	131	10.5
RevPAR		1,004	873	131	15.0	968	860	109	12.7
1 Total Owned Hotels		9	8	1	12.5	9	8	1	12.5
Number of rooms		2,186	2,019	167	8.3	2,150	1,948	202	10.4
Occupancy		67.0%	64.9%	2.1 pt	2.1 pt	68.2%	63.7%	4.5 pt	4.5 pt
ADR		1,362	1,268	94	7.4	1,320	1,227	93	7.6
RevPAR		912	823	89	10.8	900	782	118	15.1
1.1 Stabilized Owned Hotels⁽¹⁾		6	4	2	50.0	6	4	2	50.0
Number of rooms		1,621	979	642	65.6	1,621	979	642	65.6
Occupancy		64.6%	66.3%	(1.7 pt)	(1.7 pt)	68.4%	62.5%	5.9 pt	5.9 pt
ADR		1,457	1,228	229	18.7	1,398	1,153	245	21.3
RevPAR		940	814	126	15.5	956	721	236	32.7
1.2 Owned Hotels in Stabilization Stage⁽²⁾		3	4	(1)	(25.0)	3	4	(1)	(25.0)
Number of rooms		565	1,040	(475)	(45.7)	529	969	(440)	(45.4)
Occupancy		73.9%	63.6%	10.3 pt	10.3 pt	67.6%	65.0%	2.6 pt	2.6 pt
ADR		1,125	1,307	(183)	(14.0)	1,076	1,298	(222)	(17.1)
RevPAR		831	832	(1)	(0.1)	728	843	(116)	(13.7)
2 Third-party Hotels Under Management⁽³⁾		8	7	1	14.3	8	7	1	14.3
Number of rooms		1,933	1,683	250	14.9	1,882	1,368	514	37.6
Occupancy		71.5%	65.8%	5.7 pt	5.7 pt	72.0%	75.6%	(3.6 pt)	(3.6 pt)
ADR		1,549	1,417	131	9.3	1,452	1,284	169	13.1
RevPAR		1,108	933	175	18.7	1,046	970	76	7.8

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 Urban Guadalajara hotel that was not part of the portfolio in 4Q15

(3) The increase in number of hotels and rooms is due to the incorporation of the Krystal Monterrey hotel that were not part of the hotel portfolio during 4Q15.

Consolidated Financial Results

Figures in thousand Mexican Pesos

Income Statement	Fourth Quarter				12 months ended December			
	2016	2015	\$ Var.	% Var.	2016	2015	\$ Var.	% Var.
Room Revenue	183,469	152,937	30,532	20.0	708,014	555,730	152,284	27.4
Food and Beverage Revenue	86,506	75,794	10,712	14.1	332,351	268,851	63,500	23.6
Other Revenue from Hotels	26,880	21,107	5,773	27.4	102,590	84,940	17,651	20.8
Third-party Hotels' Management Fees	21,772	15,051	6,721	44.7	78,209	50,599	27,611	54.6
Total Revenue	318,628	264,889	53,738	20.3	1,221,165	960,119	261,045	27.2
Cost and Operating Expenses	120,714	108,385	12,329	11.4	457,166	384,230	72,936	19.0
Sales and Administrative	86,346	63,551	22,795	35.9	320,489	242,568	77,921	32.1
Other Expenses	4,590	3,852	739	19.2	17,391	14,508	2,883	19.9
Depreciation*	36,883	22,072	14,811	67.1	112,058	87,670	24,388	27.8
Total Costs and Expenses	248,532	197,860	50,673	25.6	907,104	728,977	178,128	24.4
Total Non Recurring Expenses	3,477	5,431	(1,953)	(36.0)	24,148	22,185	1,963	8.8
EBITDA	106,978	89,102	17,876	20.1	426,119	318,813	107,305	33.7
EBITDA Margin(%)	33.6%	33.6%	0.0 pt	0.0 pt	34.9%	33.2%	1.7 pt	1.7 pt
Operating Income	66,618	61,599	5,019	8.1	289,913	208,958	80,955	38.7
Operating Income Margin (%)	20.9%	23.3%	2.4 pt	2.4 pt	23.7%	21.8%	1.9 pt	1.9 pt
Net Financing Result	(22,163)	(25,062)	2,900	(11.6)	(94,923)	(190,565)	95,642	(50.2)
Undistributed income from subsidiaries, net	771	(44)	815	NA	2,491	48	2,442	NA
Income before taxes	45,226	36,492	8,733	23.9	197,480	18,441	179,039	970.9
Total income taxes	(524)	12,025	(12,549)	(104.4)	37,262	8,415	28,846	342.8
Net Income	45,587	24,467	21,120	86.3	159,988	10,026	149,962	1,495.7
Net Income Margin (%)	14.3%	9.2%	5.1 pt	5.1 pt	13.1%	1.0%	12.1 pt	12.1 pt

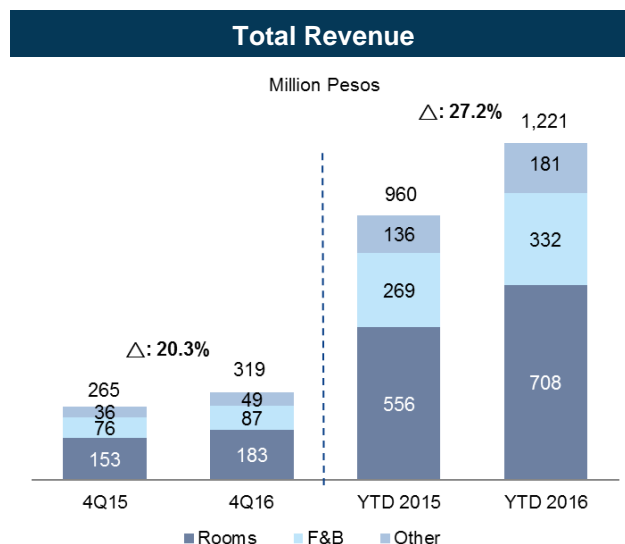
Total Revenue

During 4Q16, Total Revenue increased 20.3%, from Ps. 264.9 million in 4Q15 to Ps. 318.6 million, driven by a 20.0% growth in Room Revenue, 14.1% in Food and Beverage, 27.4% in Other Revenue and 44.7% in Management Fees received related to third-party owned hotels.

Room revenue growth was driven by: i) the opening of the *Krystal Urban Guadalajara* hotel, which was added to the portfolio in 1Q16; ii) performance of the *Krystal Satelite 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* hotel.

During 4Q16, Room Revenue increased 20.0% compared to 4Q15, derived from the 8.3% increase in the number of rooms in operation of Company-owned hotels and a RevPAR improvement of 10.8%, which in turn was comprised of an 7.4% ADR increase and a 2.1 percentage point increase in occupancy.

The portfolio of stabilized Company-owned hotels experienced 91.2% growth in Room Revenue during 4Q16, derived from a 65.6% increase in the number of rooms, a 18.7% increase in ADR and a 1.7 percentage point decrease in occupancy, compared to 4Q15. The increase in the number of rooms was due to the *Krystal Beach Acapulco* and *Krystal Grand Punta Cancun* hotels, 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 reclassification explained above, which was partially offset by the inclusion of the *Krystal Urban Guadalajara* to the portfolio. As a result of the new hotel mix in the portfolio of hotels in the stabilization stage, RevPAR decreased 0.1%, driven by a 14.0% ADR decrease and a 10.3 percentage point increase in occupancy.

Food and Beverage revenue increased 14.1%, from Ps. 75.8 million in 4Q15 to Ps. 86.5 million in 4Q16. Approximately half of this growth was attributed to the evolution of the stabilization stage 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 4Q15 hotel portfolio.

Other Income, which includes among other items, event room rentals, parking, laundry, telephone, and leasing of commercial spaces, increased 27.4%, from Ps. 21.1 million in 4Q15 to Ps. 26.9 million in 4Q16, driven by increased hotel activity.

Management Fees related to third-party owned hotels increased by 44.7% compared to 4Q15, due to a 14.9% growth in the number of rooms under operation during the period. RevPAR increase of 18.7% was driven by the 9.3% increase in ADR and a 5.7 percentage point increase in occupancy as a result of the recent incorporation of 3 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* hotel under the structure of third-party hotels under management, which was not part of the portfolio during 4Q15; 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.

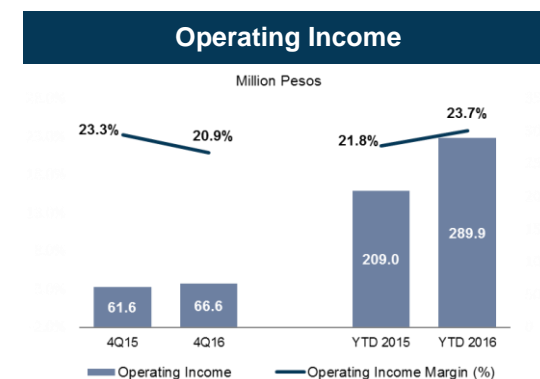
Costs and Expenses

Operating Costs and Operating Expenses increased 11.4%, from Ps. 108.4 million in 4Q15 to Ps. 120.7 million in 4Q16. 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* 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 35.9%, from Ps. 63.5 million in 4Q15 to Ps. 86.3 million in 4Q16. Despite the nominal increase and as a result of operating leverage achieved from higher revenues, administration and sales expenses were equal to 27.1% of revenues, compared to 24.0% in 4Q15. 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 *Krystal Urban Guadalajara* hotel, which was not in the portfolio during 4Q15 and iv) an increase in cost of sales, driven by higher operating activity.

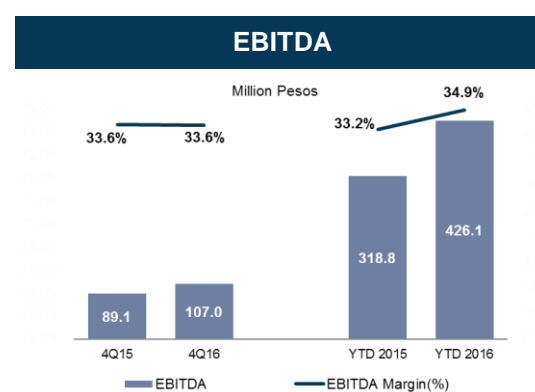
Operating Income

During 4Q16, operating income increased 8.1%, from Ps. 61.6 million in 4Q15 to Ps. 66.6 million. The combined effect of revenue growth, the inclusion of the *Krystal Urban Guadalajara* as a Company-owned hotel and *Krystal Monterrey* as a third-party hotel to the portfolio impacted the operating margin in a positive manner. Operating margin declined by 2.4 percentage points, from 23.3% in 4Q15 to 20.9% in 4Q16.



EBITDA

4Q16 EBITDA reached Ps. 107.0 million, compared to Ps. 89.1 million in 4Q15, an increase of 20.1%. 4Q16 EBITDA margin remained stable at 33.6%.



(Figures in million Pesos)	4Q16	4Q15	% Var.	2016	2015	% Var.
Operating Income	66,618	61,599	8.1	289,913	208,958	38.7
(+) Depreciation	36,883	22,072	67.1	112,058	87,670	27.8
(+) Development and hotel opening expenses ⁴	4,354	1,888	130.5	18,287	13,166	38.9
(+) Other non-recurring expenses ⁵	(876)	3,542	NA	5,860	9,019	(35.0)
EBITDA	106,978	89,102	20.1	426,119	318,813	33.7
EBITDA Margin	33.6%	33.6%	0.0 pt	34.9%	33.2%	1.7 pt

Net Financing Result

For 4Q16, Net Financing Result went from a Ps. 25.1 million loss in 4Q15 to a Ps. 22.2 million loss. This decrease was mainly due to higher interest income related to a higher cash position driven by the 2016 follow-on.

Net Income

- Net Income went from of Ps. 24.5 million in 4Q15 to Ps. 45.6 million in 4Q16 an increase of 86.3% driven by higher operating income combined with lower income taxes.

⁴ Expenses incurred in hotel expansions and openings, including new developments, and are related to the acquisition and research of acquisition opportunities.

⁵ Other non-recurring expenses, including settlement expenses and consulting fees related to the takeover of hotels acquired.

Cash Flow Summary

Figures in thousand Pesos

Cash Flow Statement	Four Quarter			12 months ended December		
	2016	2015	% Var.	2016	2015	% Var.
Cashflow from operating activities						
Net income	45,587	24,467	86.3	159,988	10,026	1495.7
Depreciation and amortization	36,883	22,072	67.1	112,058	87,670	27.8
Income taxes	(524)	12,025	(104.4)	37,262	8,415	342.8
Unrealized gain (loss) in foreign currency exchange	22,748	16,949	34.2	70,530	156,413	(54.9)
Net interest expense	7,646	9,449	(19.1)	33,294	31,764	4.8
Otros costos financieros	(430)	1,337	(132.2)	2,608	1,927	35.3
Cashflow before working capital variations	111,370	86,299	29.1	413,480	296,216	39.6
Capital de trabajo	16,694	(10,155)	(264.4)	29,276	22,905	27.8
Net operating cashflow	128,064	76,144	68.2	442,756	319,120	38.7
Partidas no recurrentes	(19,126)	(1,892)	910.9	16,065	19,344	(17.0)
Fujos netos de efectivo de partidas no recurrentes	108,938	74,252	46.7	458,821	338,465	35.6
Actividades de inversión	(394,619)	(137,227)	187.6	(722,336)	(357,354)	102.1
Actividades de financiamiento	86,671	107,903	(19.7)	1,897,373	(232,611)	(915.7)
Net (decrease) increase in cash and cash equivalents	(199,009)	44,928	(543.0)	1,633,858	(251,501)	(749.6)
Cash and cash equivalents at the beginning of the period	1,930,596	52,801	3556.4	97,729	348,133	(71.9)
Cash and cash equivalents at the end of the period	1,731,587	97,729	1671.8	1,731,587	96,632	1691.9
Efectivo en adquisición de negocio	-	-	NA	-	1,097	NA
Total Cash at the end of the period	1,731,587	97,729	1671.8	1,731,587	97,729	1671.8

By the end of 4Q16, operating cash flow reached Ps. 128.1 million, compared to Ps. 76.1 million reported in 4Q15, an increase of 68.2%. This increase was mainly due to Net Income growth and variations in working capital. In addition, the working capital growth was due to the Company's effort to increase sales via its direct distribution channels, which resulted in higher group sales and, therefore an increase in margins and higher accounts receivable.

Non-recurring items are considered non-operating and correspond to VAT paid for construction and remodeling, expenses related to the follow-on, and the foreign exchange gain derived from the acquisition of foreign currency.

Balance Sheet Summary

Figures in thousand Mexican Pesos

Balance Sheet Summary	Dec-16	Dec-15	Var \$	Var %
Cash and cash equivalents	1,731,587	97,729	1,633,858	NA
Accounts receivables and other current assets	122,013	101,750	20,264	19.9%
Creditable taxes	157,205	113,291	43,914	38.8%
Escrow deposit for hotel acquisition	11,570	14,660	(3,091)	(21.1%)
Total current assets	2,022,374	327,430	1,694,944	NA
Restricted cash	67,486	56,792	10,695	18.8%
Property, furniture and equipment	3,452,931	2,830,696	622,234	22.0%
Other fixed assets	296,482	294,986	1,496	0.5%
Total non-current assets	3,816,899	3,182,474	634,425	19.9%
Total Assets	5,839,274	3,509,904	2,329,370	66.4%
Current installments of long-term debt	138,031	91,726	46,305	50.5%
Other current liabilities	212,454	163,713	48,741	29.8%
Total current liabilities	350,485	255,439	95,046	37.2%
Long-term debt	1,264,592	1,023,284	241,308	23.6%
Other non-current liabilities	79,263	90,830	(11,567)	(12.7%)
Total non-current liabilities	1,343,855	1,114,114	229,741	20.6%
Total Equity	4,144,934	2,140,351	2,004,583	93.7%
Total Liabilities and Equity	5,839,274	3,509,904	2,329,370	66.4%

Cash and Equivalents

By the end of 4Q16, the Company's cash and equivalents reached Ps. 1,731.6 million, mainly derived from the proceeds from the recent secondary global offering that took place during June 2016. Of the total of cash and equivalents, Ps. 825.5 million are peso-denominated and Ps. 973.5 million are dollar-denominated.

Accounts Receivable and Other Current Assets

This line item increased 19.9%, from Ps. 101.7 million in 4Q15 to Ps. 122.0 million in 4Q16; this was 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* hotel, which was not part of the portfolio in 4Q15.

Tax Credits

The non-comparable increase in tax credit was mainly driven by expenses from follow-on amounting Ps. 46.7 million

Trust Deposit for the Hotel Acquisition

As part of the analysis of investment opportunities for hotels and real estate properties to carry out its expansion plan, during 2Q15 the Company created a management trust for the acquisition of *Krystal Satelite 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 4Q16, the Company has paid off Ps. 20.2 million. The remaining amount in trust deposit at the close of 4Q16 was Ps. 11.6 million.

Property, Furniture & Equipment

This line item was equal to Ps. 3,452.9 million at the end of 4Q16, a 22.0% increase compared to Ps. 2,830.7 million at the close of 4Q15. This increase was mainly driven by work in progress of the *Krystal Grand Insurgentes* hotel and the expansion work of the *Krystal Grand Punta Cancun* hotel, in addition to the use conversion carried out for the opening of the *Krystal Urban Guadalajara* hotel in March. 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	4Q16		2016	
Capex for the period	Amount	% Total	Amount	% Total
Hotels in development	321,803	85.2%	503,873	69.1%
Use conversion	8,983	2.4%	49,145	6.7%
Improvements in owned hotels	24,637	6.5%	90,561	12.4%
Ordinary capex	12,129	3.2%	51,012	7.0%
New point of sale	10,111	2.7%	35,043	4.8%
Total Capex	377,663	100.0%	729,635	100.0%

Net Debt and Maturity

Net Debt was negative Ps. 396.4 million at the end of 4Q16, which represented a Total Debt / EBITDA (LTM) ratio equal to -0.9x. Total Debt, of which 78.9% is U.S.-dollar denominated, and has an average cost of 4.10%. 21.1% is peso-denominated, with an average weighted cost of 9.23%. In addition, 90.2% of debt maturities are long-term.

During 4Q16, the Mexican peso depreciated of 6.5% by the end of the quarter, from Ps. 19.4086 as of September 2016, to Ps. 20.6640 as of December 31 2016, having a negative impact on the financial cost of the Company. The short U.S. dollar position of the Company by the close of 4Q16 was US\$6.5 million, equal to Ps. 133.4 million.

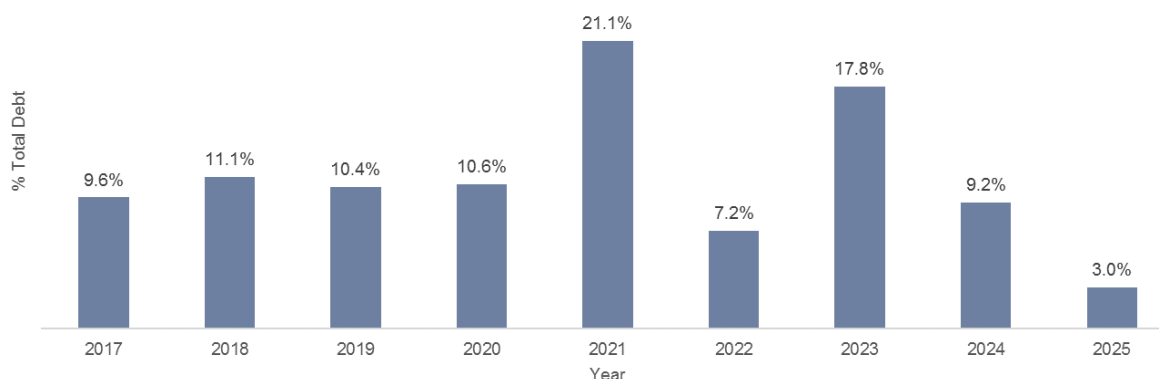
The following graphs show the Company's debt and cash position, as well as the debt maturity.

Figures in thousand Mexican Pesos	Denominated in (currency):		
Debt*	Pesos	Dollars	Total
Short Term	26,519	111,512	138,031
Long Term	269,103	995,489	1,264,592
Total	295,622	1,107,001	1,402,623
% Total	21.1%	78.9%	100.0%
Average rate of financial liabilities	9.23%	4.10%	5.18%
Cash and equivalents	816,428	915,158	1,731,587
Restricted cash	9,114	58,373	67,486
Cash and equivalents**	825,542	973,531	1,799,073
Net Debt	(529,920)	133,470	(396,450)
Net Debt / LTM EBITDA (as of 4Q16)	-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 December 31 2016



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. 20.6640 / US\$ as of December 31, 2016, as published in Mexico's *Official Federal Gazette*.

Currency Hedging

Figures in thousand of Mexican Pesos

Currency Hedging Analysis	Fourth Quarter 2016			Year-to-date 2016		
	Denominated in Pesos	Denominated in USD	Total in Pesos	Denominated in Pesos	Denominated in USD	Total in Pesos
Total Revenue	214,253	104,374	318,628	832,652	388,512	1,221,165
% of Total Revenue	67.2%	32.8%	100.0%	68.2%	31.8%	100.0%
(-) Total Costs and Expenses	210,738	37,795	248,532	784,942	122,162	907,104
(-) Non-recurring Expenses	3,477	-	3,477	24,148	-	24,148
Operating Income	38	66,579	66,618	23,562	266,350	289,913
(+) Depreciation	36,883	-	36,883	112,058	-	112,058
Operating Cashflow	36,921	66,579	103,501	135,621	266,350	401,971
% of Operating Cashflow	35.7%	64.3%	100.0%	33.7%	66.3%	100.0%
Interest	4,594	5,324	9,918	13,390	33,703	47,093
Principal	2,917	11,993	14,910	9,378	81,108	90,487
Total Debt Service	7,511	17,318	24,828	22,768	114,811	137,579
Interest Coverage ratio ¹	8.0x	12.5x	10.4x	10.1x	7.9x	8.5x
Debt Service Coverage Ratio ²	4.9x	3.8x	4.2x	6.0x	2.3x	2.9x

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

In 4Q16, approximately 33.8% of revenues and 64.3% of operating cash flow were denominated in dollars. Dollar-denominated operating cash flow was sufficient to cover financial debt, both interest and principal, with a ratio of 3.8x for 4Q16 and 2.3x for 2016. 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 close of 4Q16 the Company's debt coverage ratio was 4.2x and 2.9x for 2016. In addition, HOTEL has a dollar-denominated cash balance of Ps. 973.5 million at the close of 4Q16, decreasing its total exposure to currency risks.

Recent Events

During 4Q16, and until the time of this report, HOTEL's recent developments included:

- On October 26th, the Company announced the acquisition of real estate properties consisting of 54 units for hotel-only purposes, as well as an undeveloped land plot of 1,043 square meters, which is currently comprised of 162 hotel suites, located in usable area of approximately 15,100 square meters, and is adjacent to the Hilton® Puerto Vallarta hotel.
- On November 3rd, the Company announced the expansion of the Krystal Puerto Vallarta Hotel, a third party owned hotel managed by the Company, consisting in 216 hotel rooms, in addition to complementary services, under the Krystal Hotels and Resorts brand standards, with which the Krystal Puerto Vallarta Hotel will grow from 258 to 474 hotel rooms

4Q16 Conference Call Details:

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

Date: Thursday, February 23, 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, please visit our website at:
<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 2,600 people at 23 hotels in Mexico and generated revenues of Ps. 1,221 million. For more information, please visit www.gsf-hotels.com

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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 31 December 2016 and 2015
(Figures in thousand Mexican Pesos)

	Fourth Quarter				12 months ended December			
	2016	2015	\$ Var.	% Var.	2016	2015	\$ Var.	% Var.
Revenue								
Room Revenue	183,469	152,937	30,532	20.0	708,014	555,730	152,284	27.4
Food and Beverage Revenue	86,506	75,794	10,712	14.1	332,351	268,851	63,500	23.6
Other Revenue from Hotels	26,880	21,107	5,773	27.4	102,590	84,940	17,651	20.8
Third-party Hotels' Management Fees	21,772	15,051	6,721	44.7	78,209	50,599	27,611	54.6
TOTAL REVENUE	318,628	264,889	53,738	20.3	1,221,165	960,119	261,045	27.2
COSTS AND EXPENSES								
Operating Costs and Expenses	120,714	108,385	12,329	11.4	457,166	384,230	72,936	19.0
Sales and Administration	86,346	63,551	22,795	35.9	320,489	242,568	77,921	32.1
Property Expenses	4,590	3,852	739	19.2	17,391	14,508	2,883	19.9
Depreciation and Amortization	36,883	22,072	14,811	67.1	112,058	87,670	24,388	27.8
TOTAL COSTS AND EXPENSES	248,532	197,860	50,673	25.6	907,104	728,977	178,128	24.4
Development and hotel opening expenses	4,354	1,888	2,465	130.5	18,287	13,166	5,121	38.9
Other non-recurring expenses	(876)	3,542	(4,419)	(124.7)	5,860	9,019	(3,159)	(35.0)
EBITDA	106,978	89,102	17,876	20.1	426,119	318,813	107,305	33.7
EBITDA Margin (%)	33.6%	33.6%	-0.1%	0.0 pt	34.9%	33.2%	1.7%	1.7 pt
OPERATING INCOME	66,618	61,599	5,019	8.1	289,913	208,958	80,955	38.7
Operating Income Margin (%)	20.9%	23.3%	-2.3%	(2.4 pt)	23.7%	21.8%	2.0%	1.9 pt
Net interest expenses	(7,646)	(9,449)	1,803	(19.1)	(33,294)	(31,764)	(1,530)	4.8
Net foreign currency exchange loss	(15,396)	(15,423)	27	(0.2)	(59,471)	(158,021)	98,550	(62.4)
Other financial costs	880	(190)	1,070	NA	(2,158)	(780)	(1,378)	176.6
Net Financing Result	(22,163)	(25,062)	2,900	(11.6)	(94,923)	(190,565)	95,642	(50.2)
Undistributed income from subsidiaries, net	771	(44)	815	NA	2,491	48	2,442	NA
Income before taxes	45,226	36,492	8,733	23.9	197,480	18,441	179,039	NA
Total income taxes	(524)	12,025	(12,549)	(104.4)	37,262	8,415	28,846	NA
Net Income	45,587	24,467	21,120	86.3	159,988	10,026	149,962	NA
Net income Margin (%)	14.3%	9.2%	5.1%	5.1 pt	13.1%	1.0%	12.1%	12.1 pt

Balance Sheet

Grupo Hotelero Santa Fe, S.A.B. de C.V.

Consolidated Balance Sheet

As of 31 December 2016 and 2015

(Figures in thousand Mexican Pesos)

	2016	2015	Var \$	Var %
ASSETS				
Current Assets				
Cash and cash equivalents	1,731,587	97,729	1,633,858	1672%
Restricted cash	-	-	-	100%
Accounts receivables from clients	84,788	75,137	9,650	13%
Accounts receivables from related parties	13,790	7,002	6,787	97%
Creditable taxes	157,205	113,291	43,914	39%
Other current assets	23,436	19,610	3,826	20%
Escrow deposit for hotel acquisition	11,570	14,660	(3,091)	100%
Total current assets	2,022,374	327,430	1,694,944	518%
Non-current Assets				
Restricted cash	67,486	56,792	10,695	19%
Property, furniture and equipment	3,452,931	2,830,696	622,234	22%
Other assets	43,344	57,056	(13,712)	-24%
Investment in subsidiaries	32,705	30,277	2,428	8%
Deferred income taxes	112,438	95,248	17,190	18%
Goodwill	107,994	112,404	(4,410)	-4%
Total non-current assets	3,816,899	3,182,474	634,425	20%
Total assets	5,839,274	3,509,904	2,329,370	66%
LIABILITIES AND SHAREHOLDERS EQUITY				
Current liabilities				
Current installments of long-term debt	138,031	91,726	46,305	50%
Suppliers	71,765	50,584	21,180	42%
Accrued liabilities	66,655	61,801	4,855	8%
Accounts payable to related parties	0	56	(56)	100%
Payable taxes	48,660	31,185	17,474	56%
Client advanced payments	25,374	20,087	5,287	26%
Total current liabilities	350,485	255,439	95,046	37%
Non-current liabilities				
Long-term debt	1,264,592	1,023,284	241,308	24%
Other non-current liabilities	79,263	90,830	(11,567)	(13%)
Total non-current liabilities	1,343,855	1,114,114	229,741	21%
Total liabilities	1,694,340	1,369,554	324,786	24%
Equity				
Capital stock	3,431,239	1,646,883	1,784,355	108%
Legal reserve	190,493	190,493	-	0%
Premium on subscription of shares	80,000	80,000	-	0%
Net income	159,988	10,026	149,962	1496%
Retained earnings	222,974	212,948	10,026	5%
Shareholder's Equity	4,084,694	2,140,351	1,944,343	91%
Non-controlling interest	60,240	-	60,240	0%
Total Equity	4,144,934	2,140,351	2,004,583	94%
Total liabilities and equity	5,839,274	3,509,904	2,329,370	66%

Cash Flow Statement

Grupo Hotelero Santa Fe, S.A.B. de C. V.

Consolidated Cash Flow

For the three and twelve-month period ended 31 December 2016 and 2015

<i>Figures in thousand Pesos</i>	Fourth Quarter		12 months ended December	
Cash Flow Statement	2016	2015	2016	2015
Cashflow from operating activities				
Net income	45,587	24,467	159,988	10,026
Depreciation and amortization	36,883	22,072	112,058	87,670
Income taxes	(524)	12,025	37,262	8,415
Unrealized gain (loss) in foreign currency exchange	22,748	16,949	70,530	156,413
Net interest expense	7,646	9,449	33,294	31,764
Otros costos financieros	(430)	1,337	2,608	1,927
Minority interest	(540)	-	(2,260)	-
Cashflow before working capital variations	111,370	86,299	413,480	296,216
Accounts receivable from clients	(7,248)	(8,093)	(9,650)	(12,367)
Accounts receivable from related parties	(2,528)	2,038	(6,787)	(2,122)
Other current assets	10,400	8,771	(3,826)	(3,073)
Creditable taxes	25,272	(16,967)	43,518	36,019
Suppliers	5,986	24,294	21,180	25,257
Accrued liabilities	(117)	(1,408)	8,517	14,271
Accounts payable to related parties	0	(126)	(56)	(213)
Downpayments from clients	(4,808)	(7,485)	5,287	5,399
Payable taxes	(10,263)	(11,179)	(28,907)	(40,266)
Net operating cashflow	128,064	76,144	442,756	319,120
Partidas no recurrentes				
Accrued liabilities	-	(1,892)	(4,410)	19,344
Receivable taxes	(58,059)	-	(87,431)	-
Income in aquisition of Dollars	38,934	-	107,907	-
Flujos netos de efectivo de partidas no recurrentes	108,938	74,252	458,821	338,465
Investment activities				
Change in restricted cash	(4,805)	(9,667)	(10,695)	171,369
Acquisition of property, furniture and equipment	(377,663)	(131,783)	(729,635)	(283,100)
Acquisition of ongoing business (Maria Barbara hotel)	-	-	4,410	(205,265)
Escrow deposit for hotel acquisition	(1,319)	1,893	3,091	(14,660)
Investment in subsidiary	(211)	302	(168)	(8,747)
Other net assets and liabilities	(19,021)	2,394	(10,081)	(21,374)
Interest gained	8,400	(366)	20,742	4,423
Cashflow from investment activities	(394,619)	(137,227)	(722,336)	(357,354)
Financing activities				
Net increase in paid-in follow on	19,075	-	1,787,961	-
Net increase in paid-in capital from non controlling compan	145	-	60,240	-
Repurchase of shares	1,923	16,914	(3,606)	2,621
Obtained loans	90,357	120,000	190,357	120,000
Payment of interet and loan amortization*	(24,828)	(29,011)	(137,579)	(355,232)
Cashflow form financing activities	86,671	107,903	1,897,373	(232,611)
Net (decrease) increase in cash and cash equivalents	(199,009)	44,928	1,633,858	(251,501)
Cash and cash equivalents at the beginning of the period	1,930,596	52,801	97,729	348,133
Cash and cash equivalents at the end of the period	1,731,587	97,729	1,731,587	96,632
Cash for Buisness Acquisition				1,097
Total Cash at the end of the period	1,731,587	97,729	1,731,587	97,729

Appendix 1: Integration of Rooms under Operation

Operating indicators for 4Q16 consider 4,119 hotel rooms under operation out of 4,324. The integration of 205 rooms excluded is detailed as follows:

- i) 227 rooms part of the Vacation Club⁶
- ii) The effect of 36 more rooms during the period relating to some rooms of the *Krystal Resort Puerto Vallarta* that were removed from the hotel at the end of October, but that generated income that month
- iii) 14 rooms under renovation in *Krystal Urban Cancun Centro*

The operating metrics for 2016 take into account 4,032 rooms, of a total 4,324 rooms in operation. The integration of 292 rooms excluded is detailed as follows:

- i) 227 rooms part of the Vacation Club⁶
- ii) The effect of 162 rooms of the *Krystal Resort Puerto Vallarta* that were removed from the hotel at the end of October, but that generated income from January to October
- iii) The effect of 40 rooms in *Krystal Urban Guadalajara* and 207 rooms in *Krystal Monterrey* were not available during the period, since these were in operation beginning March 15, 2016 and July 1, 2016, respectively.
- iv) 24 rooms under renovation in *Krystal Urban Cancun Centro*.

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

Rooms 4Q16	Owned Hotels	Third-party owned hotels	Total Rooms	Rooms 2016	Owned Hotels	Third-party owned hotels	Total Rooms
In Operation	2,186	1,933	4,119	In Operation	2,150	1,882	4,032
Vacational Club	53	174	227	Vacational Club	53	174	227
Unavailable	-	36	36	Unavailable	26	15	41
In Renovation	14	-	14	In Renovation	24	-	24
Hotel Expansion	-	-	-	Hotel Expansion	-	-	-
Total Rooms	2,253	2,071	4,324	Total Rooms	2,253	2,071	4,324

⁶ 281 rooms are part of Vacation Club, of which 53 rooms are Company-owned, and 228 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.