

Mexico City, July 25, 2019 – Grupo Hotelero Santa Fe S.A.B. de C.V. (BMV: HOTEL) (the “HOTEL” or the “Company”), announced its consolidated results for the second quarter (“2Q19”) ended June 30, 2019. 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

- 2Q19 EBITDA¹ was Ps. 134.2 million, a 0.8% increase compared to 2Q18, driven by revenue growth. 2Q19 EBITDA margin was 24.8%, compared to 28.2% in 2Q18.
- 2Q19 Total Revenues were Ps. 541.9 million, a 14.8% increase compared to 2Q18, driven by the following increases: i) 3.7% in Room Revenue, ii) 25.6% in Food and Beverages Revenue, iii) 46.8% in Other Hotel Revenue, and iv) 16.3% in Third-Party Hotels' Management Fees.
- 2Q19 Net Income posted a gain of Ps. 19.7 million, compared to a loss of Ps. 77.8 million in 2Q18. A foreign exchange gain offset lower operating income and higher interest expenses.
- 2Q19 Net Operating Cash Flow was Ps. 163.4 million, an increase of 13.1% compared to the Ps. 144.4 million reported in 2Q18. This increase was driven by Net Income growth.
- At the end of 2Q19, Net Debt/LTM EBITDA ratio was 4.1x. Operating Cash Flow in US dollars represented 89.1% of total operating cash flow, thereby providing a natural hedge of the dollarized financial debt.
- HOTEL's total portfolio at the end of 2Q19 was 6,058 rooms in operation, a 5.3% increase compared to the 5,756 rooms in operation at the end of 2Q18.
- RevPAR² for Company-owned hotels decreased by 8.0% in 2Q19 compared to 2Q18, driven by a 7.6% decline in ADR² combined with a 0.3 percentage point decrease in Occupancy.

Figures in thousands of Mexican pesos	Second Quarter				6 months ended June 30			
	2019	2018	Var.	% Var.	2019	2018	Var.	% Var.
Total Revenue	541,934	472,176	69,758	14.8	1,164,525	1,047,145	117,380	11.2
EBITDA	134,180	133,096	1,084	0.8	345,393	358,730	(13,337)	(3.7)
EBITDA Margin	24.8%	28.2%	(3.4 pt)	(3.4 pt)	29.7%	34.3%	(4.6 pt)	(4.6 pt)
Operating Income	64,751	77,434	(12,683)	(16.4)	216,164	248,793	(32,629)	(13.1)
Net Income	19,740	(77,818)	97,558	NA	126,102	127,131	(1,029)	(0.8)
Net Income Margin	3.6%	(16.5%)	20.1 pt	20.1 pt	10.8%	12.1%	(1.3 pt)	(1.3 pt)
Operating Cashflow	163,403	144,434	18,969	13.1	329,144	340,091	(10,947)	(3.2)
Occupancy	60.7%	61.0%	(0.3 pt)	(0.3 pt)	62.8%	67.0%	(4.3 pt)	(4.3 pt)
ADR	1,288	1,393	(106)	(7.6)	1,338	1,446	(109)	(7.5)
RevPAR	782	850	(68)	(8.0)	840	969	(129)	(13.3)

Note: operating figures include hotels with 50%+ ownership.

¹EBITDA is calculated by adding together Operating Income, Depreciation and Total Non-Recurring Expenses.

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

Comments from the Executive Vice-President

Mr. Francisco Zinser, stated:

Despite a turbulent year for the Mexican tourism sector, our sequential growth improved. Even so, our quarterly results were below our expectations due to external factors, which were partially offset by the Holy Week shift from March (2018) to April (2019). In Mexico, tourist activity at both resort and urban destinations continued to show softer dynamics. At resort destinations, the main headwind was the slowdown in international tourism that began at the end of last year, driven by the combined effect of perception of decreased security in certain markets, and the large amounts of sargassum (brown algae) washing up along the beaches in Cancún and the Riviera Maya. Regarding urban destinations, the slowdown in economic activity continued to affect booking activity in several segments, including meetings and conventions, corporate accounts, and government accounts due to austerity measures.

Our quarterly results were impacted by the aforementioned items, combined with the maturation curve of the *Reflect Krystal Grand* properties, (which have been negatively affected by the same factors), which weighed on our performance. Quarterly revenue totaled Ps. 541.9 million, up 14.8% compared to 2Q18. 2Q19 EBITDA, on the other hand, was Ps. 134.2 million, up 0.8% compared to 2Q18. Regarding Company-owned hotels, RevPAR decreased by 8.0%, due to the combined effect of a 7.6% decrease in ADR and a 0.3 percentage point contraction in Occupancy.

We would like to emphasize our increasingly stringent cost-cutting initiatives to maintain profitability, which have proved to be effective on a sequential basis. The lower-than-expected results in *Reflect Krystal Grand* properties affected our profitability, since this brand has higher standards and therefore higher operating costs. The foregoing is normal, as higher standards must be met in order to achieve higher ADR growth over time. The strategic alliance with AMResorts will bring about accelerated revenue growth for HOTEL, coupled with a higher proportion of dollar-denominated revenue. Our dollarized income is starting to grow and we estimate this trend will continue.

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

Sustainability Highlights

Grupo Hotelero Santa Fe has a strong commitment to sustainability, which has been validated year after year by adopting several national and international methodologies. These actions have resulted in the evolution of the Company's strategic decisions as it considers external social and environmental factors.

In 2018, expectations and horizons regarding our sustainable performance expanded, therefore we concluded a Materiality Study regarding the methodology proposed by Global Reporting Initiative (GRI). This not only allowed us to outline the relevant issues for the hotel sector in Mexico and for our Company, but it also allowed us to communicate and interact with the various parties involved, with the result being valuable learning experiences and knowledge gained that will help us in our drive towards ongoing improvement in the upcoming years.

Also as a result of this work, we defined the most important issues with their respective performance indicators, to which Grupo Hotelero Santa Fe will pay special attention in measuring impacts. Starting in 2020, we are committed to reporting our sustainable performance using GRI methodology, in coordination with the Global Compact in a unified report. Today, Grupo Hotelero Santa Fe also has a Sustainability Model that was defined as part of the result of the Materiality Study, including the viewpoints of various stakeholders. This Model was subsequently validated by management, and contains ten relevant issues that will be pursued diligently in order to step into a new phase of maturity, allowing us to align criteria so that we can easily compare our performance every year.

Portfolio of Properties

No.	Property	Total Rooms	Ownership	Type	Category	Months in Operation	Stabilized	City	State
1	Hilton Guadalajara	450	100%	Urban	Grand Tourism	>36	Yes	Guadalajara	Jalisco
2	Krystal Urban Monterrey	150	100%	Urban	4 stars	>36	Yes	Monterrey	Nuevo Leon
3	Krystal Urban Cd. Juarez	120	100%	Urban	4 stars	>36	Yes	Ciudad Juarez	Chihuahua
4	Krystal Urban Cancun	246	100%	Urban	4 stars	>36	Yes	Cancun	Quintana Roo
5	Krystal Satellite Maria Barbara	215	100%	Urban	5 stars	>36	Yes	Estado de Mexico	Estado de Mexico
6	Hilton Garden Inn Monterrey Aeropuerto	134	15%	Urban	4 stars	>36	Yes	Monterrey	Nuevo Leon
7	Hampton Inn & Suites Paraiso Tabasco	117	-	Urban	4 stars	>36	Yes	Paraiso	Tabasco
8	Krystal Urban Aeropuerto Mexico City	96	-	Urban	4 stars	>36	Yes	Mexico City	Mexico City
9	Krystal Urban Guadalajara	140	100%	Urban	4 stars	>36	Yes	Guadalajara	Jalisco
10	Krystal Monterrey	207	-	Urban	5 stars	36	In Process	Monterrey	Nuevo Leon
11	Ibis Irapuato	140	-	Urban	3 stars	25	In Process	Irapuato	Guanajuato
12	Krystal Grand Suites Insurgentes	150	50%	Urban	Grand Tourism	20	In Process	Mexico City	Mexico City
13	Clevia Grand Leon	140	50%	Urban	Grand Tourism	10	In Process	Leon	Guanajuato
14	Hyatt Place Aguascalientes	144	-	Urban	4 stars	4	In Process	Aguascalientes	Aguascalientes
15	DoubleTree by Hilton Toluca	142	-	Urban	4 stars	1	In Process	Toluca	Estado de Mexico
Subtotal Urban		2,591							
16	Krystal Resort Cancun	502	-	Resort	5 stars	>36	Yes	Cancun	Quintana Roo
17	Krystal Resort Ixtapa	255	-	Resort	5 stars	>36	Yes	Ixtapa	Guerrero
18	Krystal Resort Puerto Vallarta	530	-	Resort	5 stars	>36	Yes	Puerto Vallarta	Jalisco
19	Hilton Puerto Vallarta Resort	451	100%	Resort	Grand Tourism	>36	Yes	Puerto Vallarta	Jalisco
20	Krystal Beach Acapulco	400	100%	Resort	4 stars	>36	Yes	Acapulco	Guerrero
21	Reflect Krystal Grand Punta Cancun	395	100%	Resort	Grand Tourism	>36	Yes	Cancun	Quintana Roo
22	Reflect Krystal Grand Los Cabos	454	50%	Resort	Grand Tourism	25	In Process	Los Cabos	Baja California Sur
23	Reflect Krystal Grand Nuevo Vallarta	480	50%	Resort	Grand Tourism	20	In Process	Nuevo Vallarta	Nayarit
Subtotal Resort		3,467							
Total in Operation		6,058							
24	Hyatt Regency Insurgentes Mexico City	250	50%	Urban	Grand Tourism	Expected opening 1H-20		Mexico City	Mexico City
25	AC by Marriott Distrito Armida	168	-	Urban	4 stars	Expected opening 2H-19		Monterrey	Nuevo Leon
26	Curio Collection Zacatecas	32	-	Urban	Boutique	Expected opening 2H-19		Zacatecas	Zacatecas
27	Breathless Tulum Resort & Spa	300	25%	Resort	Grand Tourism	Expected opening 2H-21		Tulum	Quintana Roo
Total in Construction		750							
Total		6,808							

At the end of 2Q19, HOTEL recorded a total of 23 properties in operation, of which 13 are Company owned,³ and the remaining 10 are third-party owned.⁴

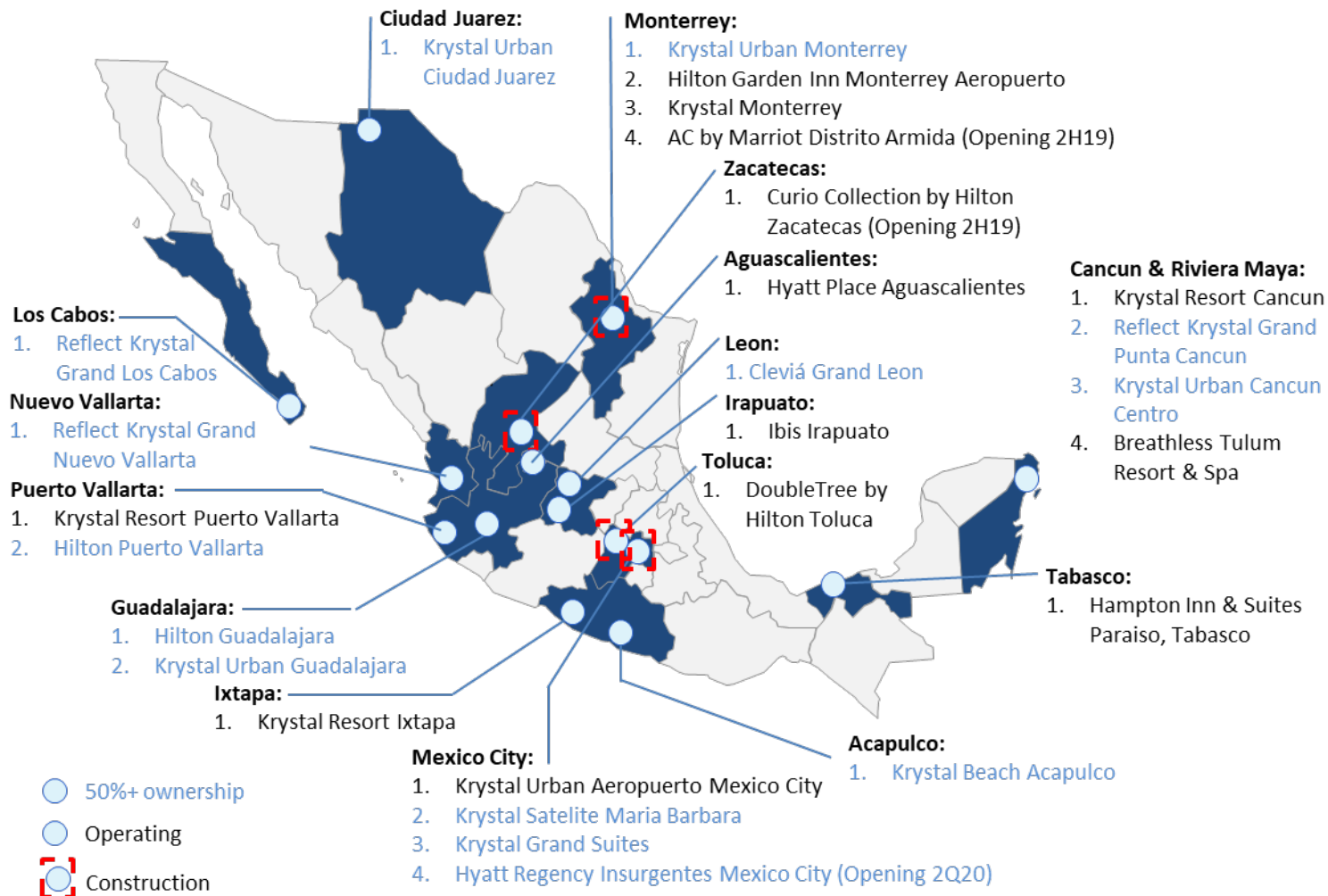
The number of rooms in operation at the end of 2Q19 was 6,058, a 5.3% increase compared to 5,756 under operation for the same period last year. Of the 302 net additional rooms, we added 426 rooms and have 124 fewer rooms due to the removal of *Krystal Pachuca* from the portfolio. Of the 426 rooms we added, 140 rooms are from the opening of *Clevia Grand León*, 144 rooms from the opening of the *Hyatt Place Aguascalientes*, and 142 are from the inclusion of the *DoubleTree by Hilton Toluca* in the portfolio.

Additionally, HOTEL has 750 rooms under construction (owned and third-party), including 250 at *Hyatt Regency Insurgentes Mexico City*, 168 rooms at *AC by Marriott Distrito Armida*, 32 rooms at *Curio Collection Zacatecas*, and 300 at *Breathless Tulum Resort & Spa*, for a total portfolio of 27 hotels and 6,808 rooms.

³ The Company operates Reflect Krystal Grand Los Cabos, Reflect Krystal Grand Nuevo Vallarta, Krystal Grand Suites Insurgentes and Clevia Grand Leon, in which it also has a 50% stake. According to IFRS, the results of these properties are consolidated in the Company's financial statements.

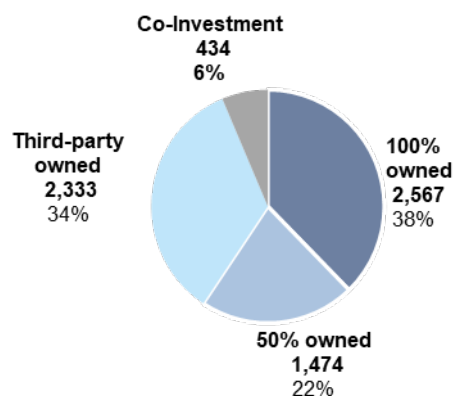
⁴ The Company operates Hilton Garden Inn Monterrey Aeropuerto hotel, in which it has a 15% stake, and it is developing the Breathless Tulum Resort & Spa, in which it has 25% stake. According to IFRS, although the results of this property are not consolidated in the Company's financial statements, third-party hotels' management fees are included as "Other Revenues," given that the property is considered to be a third-party hotel under management.

The hotel portfolio is geographically distributed as follows:

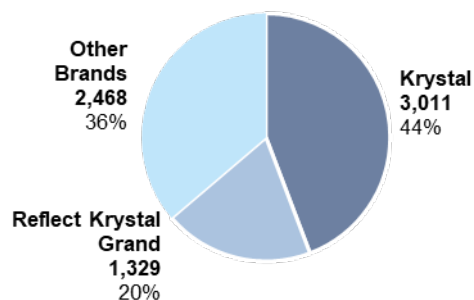


In terms of rooms under operation and rooms under development (including rooms under construction and conversion), at 2Q19 the hotel portfolio was as follows:

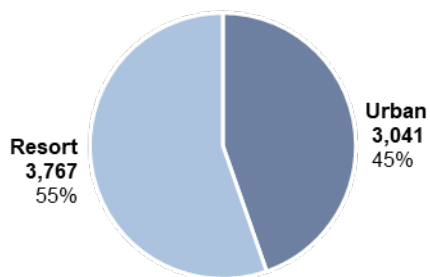
Ownership (number of rooms)



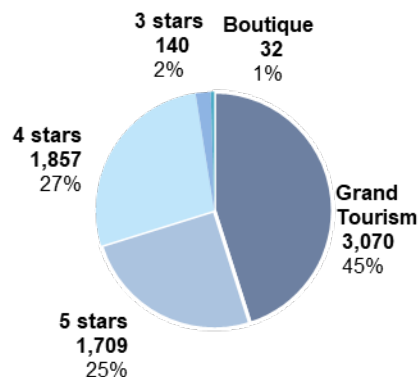
Brand (number of rooms)



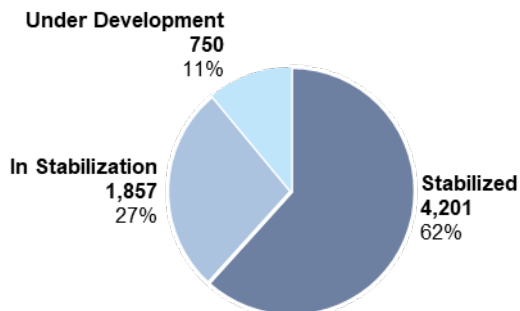
Segment (number of rooms)



Category (number of rooms)



Stabilization Stage (number of rooms)



Hotel Classification

For comparison purposes, the hotel portfolio is classified by: (i) Company-owned hotels and (ii) those owned by third parties that are managed by HOTEL. The rationale for this classification is that the largest portion of revenue is supported by Company-owned hotels. While commercially relevant for the hotel platform, hotels under management only generate management fees for the Company, which are shown in the P&L 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 to be in their stabilization stage or in their maturation period. At the end of 2Q19, HOTEL had 13 Company-owned hotels in operation and 10 third-party-owned hotels under management in operation.

Of a total 6,058 hotel rooms in operation, the operating indicators for 2Q19 include 5,795 rooms, as 263 rooms are part of the Vacation Club and are excluded from this analysis. They are detailed at the end of this report in Appendix 1. The following table is a summary of 2Q19 key operating metrics compared to the same period of last year, based on the classification. The methodology used to determine the number of rooms considers the number of available rooms divided by the corresponding number of days in each period.

Figures in Mexican pesos		Second Quarter				6 months ended June 30			
Hotel Classification		2019	2018	Var.	%Var.	2019	2018	Var.	%Var.
Total Hotels in Operation		23	21	2	9.5	23	21	2	9.5
Number of rooms		5,795	5,214	581	11.1	5,743	5,079	664	13.1
Occupancy		64.2%	62.2%	2.0 pt	2.0 pt	66.0%	67.3%	(1.4 pt)	(1.4 pt)
ADR		1,361	1,415	(53)	(3.8)	1,405	1,469	(63)	(4.3)
RevPAR		874	880	(5)	(0.6)	927	989	(62)	(6.3)
1 Total Owned Hotels (50%+ ownership)		13	12	1	8.3	13	12	1	8.3
Number of rooms		3,738	3,319	419	12.6	3,738	3,256	482	14.8
Occupancy		60.7%	61.0%	(0.3 pt)	(0.3 pt)	62.8%	67.0%	(4.2 pt)	(4.2 pt)
ADR		1,288	1,393	(106)	(7.6)	1,338	1,446	(109)	(7.5)
RevPAR		782	850	(68)	(8.0)	840	969	(129)	(13.3)
1.1 Stabilized Owned Hotels⁽¹⁾		9	8	1	12.5	9	8	1	12.5
Number of rooms		2,514	2,311	203	8.8	2,514	2,248	266	11.8
Occupancy		61.6%	60.7%	0.9 pt	0.9 pt	64.0%	66.0%	(2.0 pt)	(2.0 pt)
ADR		1,302	1,451	(149)	(10.3)	1,359	1,521	(162)	(10.7)
RevPAR		801	880	(79)	(8.9)	870	1,005	(135)	(13.4)
1.2 Owned Hotels in Stabilization Stage⁽²⁾		4	4	-	0.0	4	4	-	0.0
Number of rooms		1,224	1,008	216	21.4	1,224	1,008	216	21.4
Occupancy		59.0%	61.7%	(2.7 pt)	(2.7 pt)	60.3%	69.2%	(8.9 pt)	(8.9 pt)
ADR		1,258	1,265	(6)	(0.5)	1,291	1,287	5	0.4
RevPAR		742	780	(38)	(4.9)	778	891	(112)	(12.6)
2 Third-party Hotels Under Management⁽³⁾		10	9	1	11.1	10	9	1	11.1
Number of rooms		2,057	1,895	162	8.5	2,005	1,823	182	10.0
Occupancy		70.9%	64.3%	6.6 pt	6.6 pt	72.2%	67.9%	4.3 pt	4.3 pt
ADR		1,481	1,450	32	2.2	1,522	1,509	13	0.9
RevPAR		1,051	933	118	12.7	1,099	1,024	74	7.3

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

(1) Variation in number of hotels and rooms is due to the evolution of Krystal Urban Guadalajara that was reclassified from hotels in the stabilization stage to stabilized hotels combined with the new rooms added from the Hilton Vallarta expansion

(2) Variation in number of hotels and rooms is due to the reclassification from note (1) above, the incorporation of Clevia Grand León combined with the availability of some rooms of the Reflect Krystal Grand Nuevo Vallarta that was being remodeled in 2Q18

(3) The increase in number of rooms is due to the incorporation of Hyatt Place Aguascalientes and DoubleTree by Hilton Toluca

Consolidated Financial Results

Figures in thousands of Mexican pesos

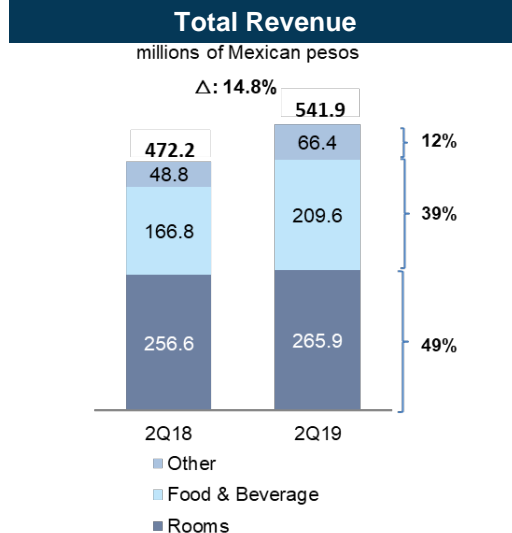
Income Statement	Second Quarter				6 months ended June 30			
	2019	2018	Var.	%Var.	2019	2018	Var.	%Var.
Room Revenue	265,968	256,581	9,387	3.7	568,328	571,251	(2,923)	(0.5)
Food and Beverage Revenue	209,560	166,841	42,719	25.6	452,072	367,778	84,294	22.9
Other Revenue from Hotels	46,679	31,792	14,887	46.8	104,408	72,592	31,816	43.8
Third-party Hotels' Management Fees	19,727	16,962	2,765	16.3	39,716	35,523	4,193	11.8
Total Revenue	541,934	472,176	69,758	14.8	1,164,525	1,047,145	117,380	11.2
Cost and Operating Expenses	259,817	213,296	46,521	21.8	522,348	436,185	86,163	19.8
Sales and Administrative	138,338	118,010	20,328	17.2	278,693	237,375	41,318	17.4
Other Expenses	9,600	7,774	1,825	23.5	18,091	14,855	3,236	21.8
Depreciation	63,075	50,596	12,479	24.7	115,214	94,829	20,385	21.5
Total Costs and Expenses	470,829	389,677	81,153	20.8	934,346	783,244	151,102	19.3
Total Non Recurring Expenses	6,355	5,066	1,289	25.4	14,014	15,108	(1,093)	(7.2)
EBITDA	134,180	133,096	1,084	0.8	345,393	358,730	(13,337)	(3.7)
EBITDA Margin(%)	24.8%	28.2%	(3.4 pt)	(3.4 pt)	29.7%	34.3%	(4.6 pt)	(4.6 pt)
Operating Income	64,751	77,434	(12,683)	(16.4)	216,164	248,793	(32,629)	(13.1)
Operating Income Margin (%)	11.9%	16.4%	(4.5 pt)	(4.5 pt)	18.6%	23.8%	(5.2 pt)	(5.2 pt)
Net Financing Result	(40,074)	(179,392)	139,318	(77.7)	(55,998)	(85,492)	29,494	(34.5)
Total income taxes	5,568	(23,244)	28,812	NA	35,567	37,974	(2,407)	(6.3)
Net Income	19,740	(77,818)	97,558	NA	126,102	127,131	(1,029)	(0.8)
Net Income Margin (%)	3.6%	(16.5%)	20.1 pt	20.1 pt	10.8%	12.1%	(1.3 pt)	(1.3 pt)
Income attributable to:								
Controlling interest	27,448	(26,765)	54,213	NA	118,377	124,738	(6,361)	(5.1)
Non-controlling interest	(7,708)	(51,053)	43,345	(84.9)	7,725	2,393	5,333	NA

Total Revenue

During 2Q19, Total Revenue increased 14.8%, from Ps. 472.2 million in 2Q18 to Ps. 541.9 million, driven by 3.7% growth in Room Revenue, 25.6% in Food and Beverage Revenue, 46.8% in Other Revenue, and 16.3% in Third-Party Hotels' Management Fees.

Room revenue growth was driven by the Holy Week shift from March (2018) to April (2019) and the performance of the *Reflect Krystal Grand Cabos*, *Krystal Grand Nuevo Vallarta* and *Hilton Vallarta*, which together more than offset the negative effects of public security issues and large amounts of sargassum (brown seaweed) washing up on beaches, which impacted resort hotels, and lower economic activity, which affected urban hotels' performance.

During 2Q19, Room Revenue increased 3.7% compared to 2Q18, derived from the 12.6% increase in the number of rooms in operation of Company-owned hotels, which more than offset a decrease in RevPAR of 8.0%, which was comprised of a 7.6% decrease in ADR and a 0.3 percentage point contraction in Occupancy due to external factors.



The portfolio of stabilized Company-owned hotels experienced an 8.8% increase in the number of rooms. This portfolio posted an 8.9% decrease in RevPAR, derived from a 10.3% reduction in ADR; this more than offset a 0.9 percentage point increase in Occupancy. The increase in the number of stabilized rooms is due to the evolution of *Krystal Urban Guadalajara*, which was reclassified from hotels in the stabilization stage to stabilized hotels, in combination with the new rooms added from the expanded *Hilton Vallarta*.

Company-owned hotels in the stabilization stage recorded a 21.4% increase in the number of rooms, driven by the incorporation of *Cleviá Grand León*, and the availability of some rooms at the *Reflect Krystal Grand Nuevo Vallarta*, which was being remodeled in 2Q18, plus the evolution of *Krystal Urban Guadalajara* from a hotel in stabilization to a stabilized property. As a result of the new hotel mix in the portfolio of stabilized hotels, RevPAR decreased 4.9%, due to a 2.7 percentage point decrease in Occupancy, and a 0.5% ADR decrease.

Food and Beverage Revenue increased 25.6%, from Ps. 166.8 million in 2Q18 to Ps. 209.6 million in 2Q19, as a result of the maturation curve of the *Reflect Krystal Grand Los Cabos* and *Reflect Krystal Grand Nuevo Vallarta*, as well as growth at the *Hilton Puerto Vallarta Resort* derived from *The Hacienda by Hilton* expansion.

Other Income, which includes, among other items, event room rentals, parking, laundry, telephone, and leasing of commercial spaces, increased 46.8%, from Ps. 31.8 million in 2Q18 to Ps. 46.7 million in 2Q19, driven by the growth at the *Reflect Krystal Grand Cancun* and *Hilton Puerto Vallarta Resort* derived from *The Hacienda by Hilton* expansion.

Management Fees related to third-party-owned hotels increased by 16.3% compared to 2Q18, due to the combined effect of an 8.5% increase in the number of rooms under operation and 12.7% growth in RevPAR during the period. The higher RevPAR was driven by the 6.6 percentage point increase in Occupancy, combined with a 2.2% improvement in ADR. The number of rooms in operation increased due to incorporation of the *Hyatt Place Aguascalientes* and the *DoubleTree by Hilton Toluca*. 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 its operating structure.

Costs and Expenses

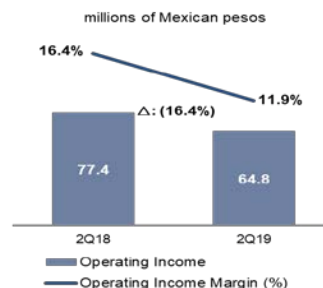
Operating Costs and Operating Expenses increased 21.8%, from Ps. 213.3 million in 2Q18 to Ps. 259.8 million in 2Q19. This increase was mainly due to higher costs and expenses at the *Reflect Krystal Grand* hotels. The operation of this new brand implies higher operating costs that have not yet been matched by revenue growth, due to the longer-than-expected maturity curve of these properties, as certain external factors affecting performance at nearly all of those properties have been weighing on their performance over the past few months.

Administrative and Sales Expenses rose 17.2%, from Ps. 118.0 million in 2Q18 to Ps. 138.3 million in 2Q19. Administrative and Sales Expenses accounted for 25.5% of total revenue in 2Q19, compared to 25.0% in 2Q18, due to higher costs and expenses at the *Reflect Krystal Grand* hotels, due to the above-mentioned factors.

Operating Income

During 2Q19, operating income decreased 16.4%, from Ps. 77.4 million in 2Q18 to Ps. 64.8 million. This result was attributed to higher operating costs and expenses at the *Reflect Krystal Grand* hotels. Operating Margin decreased by 4.5 percentage points, from 16.4% in 2Q18 to 11.9% in 2Q19.

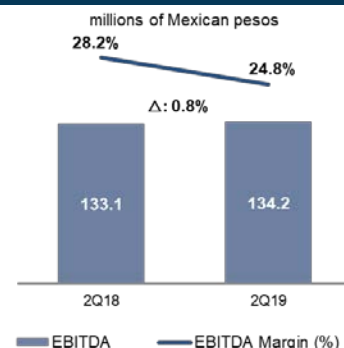
Operating Income



EBITDA

2Q19 EBITDA was Ps. 134.2 million, compared to Ps. 133.1 million in 2Q18, an increase of 0.8%. 2Q19 EBITDA margin decreased by 3.4 percentage points, from 28.2% in 2Q18 to 24.8% in 2Q19.

EBITDA



(Figures in thousands of Mexican pesos)	2Q19	2Q18	% Var.	2019	2018	% Var.
Operating Income	64,751	77,434	(16.4)	216,164	248,793	(13.1)
(+) Depreciation	63,075	50,596	24.7	115,214	94,829	21.5
(+) Development and hotel opening expenses ⁵	3,995	5,966	(33.0)	9,809	12,092	(18.9)
(+) Other non-recurring expenses ⁶	2,359	(900)	NA	4,206	3,016	39.5
EBITDA	134,180	133,096	0.8	345,393	358,730	(3.7)
EBITDA Margin	24.8%	28.2%	(3.4 pt)	29.7%	34.3%	(4.6 pt)

Net Financing Result

For 2Q19, the Net Financing Result went from a Ps. 179.4 million loss in 2Q18 to a Ps. 40.1 million loss in 2Q19. This result was mainly attributed to the FX gain generated by the impact from the mark-to-market valuation due to a lower USD/MXN exchange rate applied to our dollar-denominated debt, which more than offset higher interest expenses derived from our larger debt balance.

Net Income

Net Income went from a Ps. 77.8 million loss in 2Q18 to a Ps. 19.7 million gain in 2Q19, driven by the previously mentioned factors.

⁵ Expenses incurred in hotel expansions and openings, including new developments, which are related to researching and acquiring investment opportunities.

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

Cash Flow Summary

Figures in thousands of Mexican Pesos

Cash Flow Statement	Second Quarter				6 months ended June 30			
	2019	2018	Var.	% Var.	2019	2018	Var.	% Var.
Cash flow from operating activities								
Net income	19,740	(77,818)	97,558	NA	126,102	127,131	(1,029)	(0.8)
Depreciation and amortization	63,075	50,596	12,479	24.7	115,214	94,829	20,385	21.5
Income taxes	5,568	(23,244)	28,812	NA	35,567	37,974	(2,407)	(6.3)
Unrealized FX loss (gain)	(19,976)	139,826	(159,801)	NA	(70,384)	6,649	(77,032)	NA
Net interest expense	55,361	27,539	27,823	NA	97,123	57,185	39,938	69.8
Other financial costs	1,451	(95)	1,546	NA	3,966	1,439	2,527	NA
Minority interest	(631)	(895)	264	(29.5)	(1,503)	(1,804)	301	(16.7)
Cash flow before working capital variations	124,588	115,907	8,681	7.5	306,086	323,403	(17,317)	(5.4)
Working Capital	38,815	28,527	10,288	36.1	23,059	16,689	6,370	38.2
Net operating Cash flow	163,403	144,434	18,969	13.1	329,144	340,091	(10,947)	(3.2)
Non-recurring items	(375)	20,312	(20,687)	NA	(44,321)	1,540	(45,862)	NA
Cash flow net from non-recurring items	163,028	148,565	14,463	9.7	272,823	296,970	(24,147)	(8.1)
Investment activities	(70,501)	(126,983)	56,482	(44.5)	(174,941)	(216,731)	41,790	(19.3)
Financing activities	(131,574)	(79,582)	(51,993)	65.3	(96,377)	(146,883)	50,506	(34.4)
Net (decrease) increase in cash and cash equivalents	(39,047)	(58,000)	18,953	(32.7)	1,504	(66,645)	68,149	NA
Cash and cash equivalents at the beginning of the period	143,356	279,370	(136,014)	(48.7)	102,804	288,015	(185,211)	(64.3)
Cash and cash equivalents at the end of the period	104,308	221,370	(117,061)	(52.9)	104,308	221,370	(117,062)	(52.9)
Cash in business acquisition	-	-	-	NA	-	-	-	NA
Total Cash at the end of the period	104,308	221,370	(117,061)	(52.9)	104,308	221,370	(117,062)	(52.9)

By the end of 2Q19, operating cash flow was Ps. 163.4 million, compared to Ps. 144.4 million reported in 2Q18, a 13.1% increase driven by higher cash flow and improved working capital.

Balance Sheet Summary

Figures in thousands of Mexican Pesos

Balance Sheet Summary	Jun-19	Jun-18	Var.	Var %
Cash and cash equivalents	104,308	221,370	(117,061)	(52.9%)
Accounts receivable and other current assets	300,845	199,102	101,743	51.1%
Creditable taxes	390,192	344,591	45,601	13.2%
Escrow deposit for hotel acquisition	-	24,333	(24,333)	(100.0%)
Total current assets	795,346	789,396	5,950	0.8%
Restricted cash	150,714	104,659	46,056	44.0%
Property, furniture and equipment	8,130,777	7,361,313	769,464	10.5%
Non-productive fixed assets (under development) □	598,635	362,864	235,770	65.0%
Other fixed assets	626,321	490,421	135,900	27.7%
Total non-current assets	9,506,447	8,319,256	1,187,190	14.3%
Total Assets	10,301,792	9,108,653	1,193,140	13.1%
Current installments of long-term debt	264,062	202,910	61,152	30.1%
Other current liabilities	482,315	379,616	102,699	27.1%
Total current liabilities	746,377	582,526	163,851	28.1%
Long-term debt	2,691,266	2,248,833	442,433	19.7%
Other non-current liabilities	877,617	818,340	59,277	7.2%
Total non-current liabilities	3,568,883	3,067,173	501,710	16.4%
Total Equity	5,986,532	5,458,953	527,579	9.7%
Total Liabilities and Equity	10,301,792	9,108,652	1,193,140	13.1%

Cash and Cash Equivalents

By the end of 2Q19, the Company's cash and cash equivalents were Ps. 104.3 million. Of this figure, Ps. 46.2 million is peso-denominated, and Ps. 58.1 million is dollar-denominated.

Accounts Receivable and Other Current Assets

This line item increased 51.1%, from Ps. 199.1 million in 2Q18 to Ps. 300.8 million in 2Q19, driven by the inclusion of the expansion of the *Hilton Puerto Vallarta Resort* and the incorporation of *Cleviá Grand Leon*.

Property, Furniture & Equipment

This line item was equal to Ps. 8,130.8 million at the end of 2Q19, a 10.5% increase compared to Ps. 7,361.3 million at the end of 2Q18. This increase was mainly driven by the inclusion of the *Cleviá Grand Leon* and *The Hacienda at Hilton Puerto Vallarta Resort*. In addition, the Company continues to carry out routine improvements, remodeling and renovation projects on its fixed assets. Notably, hotels that underwent renovations include *Krystal Urban Monterrey*.

Figures in thousands of Mexican pesos

	2Q19		YTD June 30, 2019	
Capex for the period	% Total		% Total	
Hotels in development	17,454	28.2%	73,353	45.3%
Improvements in owned hotels	6,590	10.6%	31,277	19.3%
Ordinary capex	37,878	61.2%	57,174	35.3%
Total Capex	61,922	100.0%	161,803	100.0%

Net Debt and Maturity

Net Debt was Ps. 2,700.3 million at the end of 2Q19, which represented a Total Debt / LTM EBITDA ratio equal to 4.1x. 91.8% of Total Debt is US-dollar denominated and has an average cost of 5.42%. The remaining 8.2% is peso-denominated, with an average cost of 11.5%. In addition, approximately 91% of debt maturities are long term.

During 2Q19, the Mexican peso appreciated 1.1% against the US dollar, from Ps. 19.3793 on March 31, 2019, to Ps. 19.1685 on June 30, 2019, positively impacting the Company's financial costs. The Company's short US dollar position by the end of 2Q19 was US\$121.1 million, equal to Ps. 2,322.0 million.

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

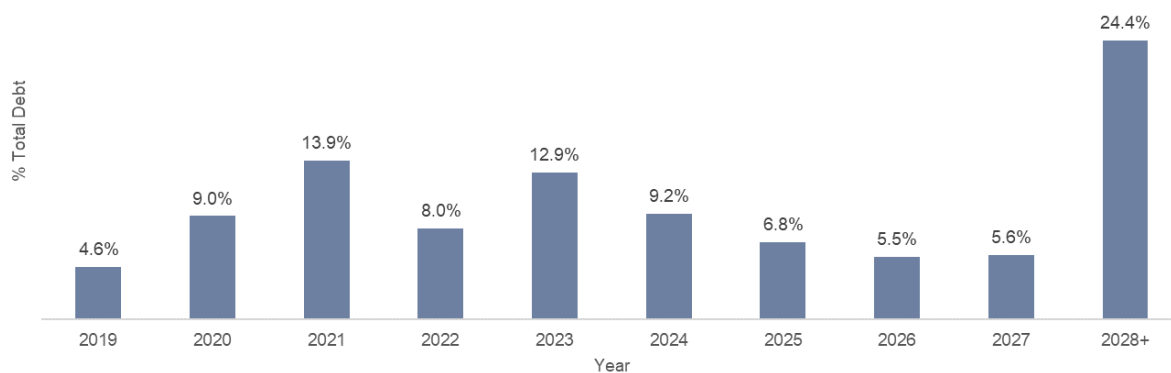
Figures in thousands of Mexican Pesos	Denominated in (currency):		
	Pesos	Dollars	Total
Debt*			
Short Term	15,835	248,228	264,062
Long Term	227,146	2,464,119	2,691,266
Total	242,981	2,712,347	2,955,328
% Total	8.2%	91.8%	100.0%
Average rate of financial liabilities	11.52%	5.42%	5.92%
Cash and cash equivalents	46,235	58,073	104,309
Restricted cash	17,125	133,589	150,714
Cash and equivalents**	63,361	191,662	255,023
Net Debt	179,621	2,520,685	2,700,305

Net Debt / LTM EBITDA (as of June 30, 2019) 4.1x

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

**Includes restricted cash related to bank debt.

Debt Maturity Profile of Grupo Hotelero Santa Fe
as of June 30, 2019



To continue with its growth plans, the Company will continue to balance its debt between Mexican pesos and US dollars. Both peso- and dollar-denominated debt are hedged over reference rates (TIIE and LIBOR), with a strike price at 8.5% and 2.5%, respectively.

According to IFRS, the exchange rate used was Ps. 19.1685 / US\$ as of June 30, 2019, as published in Mexico's *Official Federal Gazette*.

Currency Hedging Analysis

Figures in thousands of Mexican Pesos

Currency Hedging Analysis	Second Quarter 2019			YTD June 30, 2019		
	Denominated in Pesos	Denominated in USD	Total in Pesos	Denominated in Pesos	Denominated in USD	Total in Pesos
Total Revenue	365,163	176,771	541,934	692,088	472,437	1,164,525
% of Total Revenue	67.4%	32.6%	100.0%	59.4%	40.6%	100.0%
(-) Total Costs and Expenses	407,963	62,866	470,829	817,331	117,015	934,346
(-) Non-recurring Expenses	6,354	-	6,354	14,014	-	14,014
Operating Income	(49,154)	113,905	64,751	(139,257)	355,422	216,165
(+) Depreciation	63,075	-	63,075	115,214	-	115,214
Operating Cash Flow	13,921	113,905	127,826	(24,043)	355,422	331,379
% of Operating Cash Flow	10.9%	89.1%	100.0%	(7.3%)	107.3%	100.0%
Interest	15,790	34,963	50,753	25,652	68,375	94,027
Principal	208,246	79,674	287,920	218,108	93,783	311,891
Total Debt Service	224,036	114,637	338,673	243,760	162,158	405,918
Interest Coverage Ratio 1	0.9x	3.3x	2.5x	(0.9x)	5.2x	3.5x
Debt Service Coverage Ratio 2	0.1x	1.0x	0.4x	(0.1x)	2.2x	0.8x

1) Operating Cash Flow / Interest; 2) Operating Cash Flow / Total Debt Service

In 2Q19, approximately 32.6% of revenue and 89.1% of operating cash flow were denominated in US dollars. In 2Q19 we prepaid two existing Mexican peso-denominated bank loans and obtained two new US dollar-denominated credit facilities for the same amounts. Therefore US dollar-denominated operating cash flow was not enough to cover financial debt including both interest and principal, with a ratio of 0.4x for 2Q19. Excluding this effect, debt service coverage ratio would have been 1.0x

At the end of 2Q19, the Company's debt coverage ratio was 0.4x due to the same reasons explained above. In addition, HOTEL had a US dollar-denominated cash balance of Ps. 191.7 million at the end of 2Q19, decreasing its total exposure to currency risks.

Recent Events

During 2Q19, and as of the date of this report, HOTEL did not publish any recent events.

2Q19 Conference Call Details:

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

Date: Friday, July 26, 2019
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: US: 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

About Grupo Hotelero Santa Fe

HOTEL is a leading company in the Mexican hotel industry, focused 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. At year-end 2018, the Company employed over 3,500 people and generated revenues of Ps. 2,065 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- and six-month periods ended June 30, 2019 and 2018

(Figures in thousands of Mexican Pesos)

	Second Quarter				6 months ended June 30			
	2019	2018	Var.	% Var.	2019	2018	Var.	% Var.
Revenue								
Room Revenue	265,968	256,581	9,387	3.7	568,328	571,251	(2,923)	(0.5)
Food and Beverage Revenue	209,560	166,841	42,719	25.6	452,072	367,778	84,294	22.9
Other Revenue from Hotels	46,679	31,792	14,887	46.8	104,408	72,592	31,816	43.8
Third-party Hotels' Management Fees	19,727	16,962	2,765	16.3	39,716	35,523	4,193	11.8
TOTAL REVENUE	541,934	472,176	69,758	14.8	1,164,525	1,047,145	117,380	11.2
COSTS AND EXPENSES								
Operating Costs and Expenses	259,817	213,296	46,521	21.8	522,348	436,185	86,163	19.8
Sales and Administration	138,338	118,010	20,328	17.2	278,693	237,375	41,318	17.4
Property Expenses	9,600	7,774	1,825	23.5	18,091	14,855	3,236	21.8
Depreciation and Amortization	63,075	50,596	12,479	24.7	115,214	94,829	20,385	21.5
TOTAL COSTS AND EXPENSES	470,829	389,677	81,153	20.8	934,346	783,244	151,102	19.3
Development and hotel opening expenses	3,995	5,966	(1,971)	(33.0)	9,809	12,092	(2,283)	(18.9)
Other non-recurring expenses	2,359	(900)	3,260	NA	4,206	3,016	1,190	39.5
ADJUSTED EBITDA	134,180	133,096	1,084	0.8	345,393	358,730	(13,337)	(3.7)
<i>ADJUSTED EBITDA Margin (%)</i>	<i>24.8%</i>	<i>28.2%</i>	<i>(3.4 pt)</i>	<i>(3.4 pt)</i>	<i>29.7%</i>	<i>34.3%</i>	<i>(4.6 pt)</i>	<i>(4.6 pt)</i>
OPERATING INCOME	64,751	77,434	(12,683)	(16.4)	216,164	248,793	(32,629)	(13.1)
<i>Operating Income Margin (%)</i>	<i>11.9%</i>	<i>16.4%</i>	<i>(4.5 pt)</i>	<i>(4.5 pt)</i>	<i>18.6%</i>	<i>23.8%</i>	<i>(5.2 pt)</i>	<i>(5.2 pt)</i>
Net interest expenses	(55,361)	(27,539)	(27,823)	NA	(97,123)	(57,185)	(39,938)	69.8
Net foreign currency exchange loss	16,739	(151,948)	168,687	NA	45,091	(26,868)	71,960	NA
Other financial costs	(1,451)	95	(1,546)	NA	(3,966)	(1,439)	(2,527)	NA
Net Financing Result	(40,074)	(179,392)	139,318	(77.7)	(55,998)	(85,492)	29,494	(34.5)
Undistributed income from subsidiaries, net	631	895	(264)	(29.5)	1,503	1,804	(301)	(16.7)
Income before taxes	25,308	(101,063)	126,371	NA	161,669	165,105	(3,436)	(2.1)
Total income taxes	5,568	(23,244)	28,812	NA	35,567	37,974	(2,407)	(6.3)
Net Income	19,740	(77,818)	97,558	NA	126,102	127,131	(1,029)	(0.8)
<i>Net Income Margin (%)</i>	<i>3.6%</i>	<i>-16.5%</i>	<i>20.1 pt</i>	<i>20.1 pt</i>	<i>10.8%</i>	<i>12.1%</i>	<i>(1.3 pt)</i>	<i>(1.3 pt)</i>
Income attributable to:								
Controlling interest	27,448	(26,765)	54,213	NA	118,377	124,738	(6,361)	(5.1)
Non-controlling interest	(7,708)	(51,053)	43,345	(84.9)	7,725	2,393	5,333	NA

Balance Sheet

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

Consolidated Balance Sheet

As of June 30, 2019 and 2018

(Figures in thousands of Mexican pesos)

(Figures in thousands of Mexican pesos)	2019	2018	Var \$	Var %
ASSETS				
Current Assets				
Cash and cash equivalents	104,308	221,370	(117,061)	(52.9%)
Restricted cash	-	-	-	NA
Accounts receivable from clients	173,656	120,005	53,651	44.7%
Accounts receivable from related parties	9,862	11,725	(1,863)	(15.9%)
Creditable taxes	390,192	344,591	45,601	13.2%
Other current assets	117,328	67,373	49,954	74.1%
Escrow deposit for hotel acquisition	-	24,333	(24,333)	(100.0%)
Total current assets	795,346	789,396	5,950	0.8%
Non-current Assets				
Restricted cash	150,714	104,659	46,056	44.0%
Property, furniture and equipment	8,130,777	7,361,313	769,464	10.5%
Non-productive fixed assets (under development) □	598,635	362,864	235,770	65.0%
Other assets	33,204	20,636	12,568	60.9%
Investment in subsidiaries	121,845	37,680	84,165	NA
Deferred income taxes	116,456	100,051	16,405	16.4%
Goodwill	354,815	332,053	22,762	6.9%
Total non-current assets	9,506,447	8,319,256	1,187,190	14.3%
Total assets	10,301,792	9,108,653	1,193,140	13.1%
LIABILITIES AND SHAREHOLDERS EQUITY				
Current liabilities				
Current portion of long-term debt	264,062	202,910	61,152	30.1%
Suppliers	146,156	101,975	44,180	43.3%
Accrued liabilities	135,089	102,202	32,888	32.2%
Accounts payable to related parties	10,206	20,588	(10,382)	(50.4%)
Payable taxes	136,051	102,716	33,335	32.5%
Client advanced payments	54,812	52,134	2,678	5.1%
Total current liabilities	746,377	582,526	163,851	28.1%
Non-current liabilities				
Long-term debt	2,691,266	2,248,833	442,433	19.7%
Other non-current liabilities	5,776	4,734	1,042	22.0%
Deferred income taxes	871,841	813,606	58,235	7.2%
Total non-current liabilities	3,568,883	3,067,173	501,710	16.4%
Total liabilities	4,315,260	3,649,699	665,561	18.2%
Equity				
Capital stock	3,417,728	3,434,323	(16,595)	(0.5%)
Legal reserve	190,493	190,493	-	0.0%
Premium on subscription of shares	80,000	80,000	-	0.0%
Net income	118,377	127,131	(8,754)	(6.9%)
Retained earnings	864,902	598,953	265,949	44.4%
Shareholder's Equity	4,671,501	4,430,900	240,600	5.4%
Non-controlling interest	1,315,032	1,028,053	286,979	27.9%
Total Equity	5,986,532	5,458,953	527,579	9.7%
Total liabilities and equity	10,301,792	9,108,652	1,193,140	13.1%

Cash Flow Statement

Grupo Hotelero Santa Fe, S.A.B. de C. V.
Consolidated Cash Flow
For the three- and six-month periods ended June 30, 2019 and 2018

<i>Figures in thousands of Mexican pesos</i>	Second Quarter		6 months ended June 30	
Cash Flow Statement	2019	2018	2019	2018
Cash flow from operating activities				
Net income	19,740	(77,818)	126,102	127,131
Depreciation and amortization	63,075	50,596	115,214	94,829
Income taxes	5,568	(23,244)	35,567	37,974
Unrealized FX loss (gain)	(19,976)	139,826	(70,384)	6,649
Net interest expense	55,361	27,539	97,123	57,185
Other financial costs	1,451	(95)	3,966	1,439
Minority interest	(631)	(895)	(1,503)	(1,804)
Cash flow before working capital variations	124,588	115,907	306,086	323,403
Accounts receivable from clients	44,822	66,679	(2,773)	15,182
Accounts receivable from related parties	1,783	(5,690)	394	(2,258)
Other current assets	(5,550)	(13,462)	(25,960)	(26,599)
Creditable taxes	10,566	3,903	31,739	32,072
Suppliers	(16,415)	(25,484)	(16,081)	(7,568)
Accrued liabilities	9,931	7,260	38,131	8,117
Accounts payable to related parties	861	2,341	(335)	4,664
Downpayments from clients	(6,961)	(1,144)	10,466	11,544
Payable taxes	(222)	(5,878)	(12,521)	(18,467)
Net operating Cash flow	163,403	144,434	329,144	340,091
Non-recurring items				
Accrued liabilities	-	-	(24,227)	-
Payments for rights to operate hotels	-	(16,181)	(12,000)	(44,661)
Receivable and Payable taxes	(375)	20,312	(20,095)	1,540
Income in acquisition of Dollars	-	-	-	-
Cash flow net from non-recurring items	163,028	148,565	272,823	296,970
Investment activities				
Change in restricted cash	(17,524)	(7,414)	(15,960)	(1,004)
Acquisition of property, furniture and equipment	(61,922)	(121,806)	(161,803)	(228,119)
Acquisition of ongoing business	-	-	-	-
Escrow deposit for hotel acquisition	-	(1,861)	-	(157)
Investment in subsidiary	(2,482)	0	(18)	94
Other net assets and liabilities	(414)	(3,166)	(1,205)	(1,481)
Interest gained	11,841	7,263	4,044	13,935
Cash flow from investment activities	(70,501)	(126,983)	(174,941)	(216,731)
Financing activities				
Net increase in paid-in capital from non-controlling company	3,948	-	11,957	-
Payment of Liabilities SITRA Group's subsidiaries	-	-	-	-
Repurchase of shares	3,710	(6,588)	4,388	(7,239)
Obtained loans	198,632	-	331,533	-
Loan to shareholder of non-controlling company	809	-	(38,337)	-
Payment of interest and loan amortization	(338,673)	(72,993)	(405,918)	(139,644)
Cash flow from financing activities	(131,574)	(79,582)	(96,377)	(146,883)
Net (decrease) increase in cash and cash equivalents	(39,047)	(58,000)	1,504	(66,645)
Cash and cash equivalents at the beginning of the period	143,356	279,370	102,804	288,015
Cash and cash equivalents at the end of the period	104,308	221,370	104,308	221,370
Cash in business acquisition	-	-	-	-
Total Cash at the end of the period	104,308	221,370	104,308	221,370

Appendix 1: Integration of Rooms under Operation

Operating indicators for 2Q19 consider 5,795 hotel rooms under operation out of 6,058. The integration of 263 rooms excluded is detailed as follows:

- i) 263 rooms are part of the Vacation Club⁷

Operating indicators for 1H19 consider 5,743 hotel rooms under operation out of 6,058. The integration of 315 rooms excluded is detailed as follows:

- i) 263 rooms are part of the Vacation Club⁸
- ii) The effect of 52 fewer rooms in the period due to:
 - a. 92 out of 144 rooms at *Hyatt Place Aguascalientes* were available during the quarter, and were incorporated in March (52 fewer rooms)

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

Rooms 2Q19	Owned Hotels	Third-party owned hotels	Total Rooms	Rooms YTD June 2019	Owned Hotels	Third-party owned hotels	Total Rooms
In Operation	3,738	2,057	5,795	In Operation	3,762	1,981	5,743
Vacation Club	53	210	263	Vacation Club	53	210	263
Unavailable	-	-	-	Unavailable	-	52	52
In Renovation	-	-	-	In Renovation	-	-	-
Total Rooms	3,791	2,267	6,058	Total Rooms	3,815	2,243	6,058

⁷ 263 rooms are part of Vacation Club, of which 53 rooms are Company owned, and 210 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.

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