



HOTEL reports double-digit growth in both Total Revenues and EBITDA for 3Q17

Mexico City, October 25, 2017 – Grupo Hotelero Santa Fe S.A.B. de C.V. (BMV: HOTEL) (“HOTEL” or “the Company”), announced its consolidated results for the third quarter (“3Q17”) ended September 30, 2017. Figures are expressed in Mexican Pesos, are unaudited and are in accordance with International Financial Reporting Standards (“IFRS”) and may vary due to rounding.

Highlights

- 3Q17 EBITDA¹ reached Ps. 121.1 million, a 11.8% increase compared to 3Q16 mainly driven by revenue growth. 3Q17 EBITDA margin contracted to 31.5% as a result of lower occupancy during the quarter driven by external factors such as hurricanes, rainfall and earthquakes among others.
- 3Q17 Total Revenue reached Ps. 384.8 million, a 24.7% increase compared to 3Q16, driven by the following increases: i) 20.8% in Room Revenue, ii) 45.2% in Food and Beverages Revenue and iii) 15.6% in Other Hotel Revenue which more than compensated a 14.1% decrease in Third Party Hotel Management Fees driven by the sale of *Krystal Grand Reforma*.
- 3Q17 Net Income reached Ps. 45.1 million, a 29.9% decrease compared to 64.4 million for the same quarter 2016. This variation is explained by increased interest expenses due to lower interest expenses in 3Q16 driven by the interest income from the cash received from the follow-on in that quarter.
- 3Q17 Net operating cash flow was Ps. 102.5 million, an increase of 3.2% compared to the Ps. 99.4 million reported in 3Q16. This increase was driven by a higher Cashflow before working capital variations which more than compensated a higher working capital due to the inclusion of *Krystal Grand Los Cabos* and *Krystal Grand Nuevo Vallarta*.
- Net Debt/EBITDA (LTM) ratio was 1.6x at the end of 3Q17. Operating cash flow in dollars represented 55.0% of total operating cash flow, thereby providing a natural hedge of the dollarized financial debt.
- HOTEL's total portfolio at the end of 3Q17 reached 5,014 rooms in operation, a 12.1% increase compared to the 4,472 rooms at the end of 3Q16.
- RevPAR² for the Company-owned hotels decreased by 9.0% in 3Q17 compared to 3Q16, due to lower occupancy driven by external factors such as hurricanes, rainfall and earthquakes among others.
- The Company announces its updated 2017 guidance. 2017e Total Revenue: Ps. 1,550 million. 2017e EBITDA: Ps. 530 million. This guidance has been prepared using an average exchange rate of US Dollar/Mexican Peso of US\$: \$19.00

Figures in thousand Mexican Pesos	Third Quarter				9 months ended September			
	2017	2016	Var.	% Var.	2017	2016	Var.	% Var.
Total Revenue	384,812	308,471	76,341	24.7	1,140,188	902,537	237,651	26.3
EBITDA	121,126	108,300	12,826	11.8	381,517	319,141	62,376	19.5
EBITDA Margin	31.5%	35.1%	(3.6 pt)	(3.6 pt)	33.5%	35.4%	(1.9 pt)	(1.9 pt)
Operating Income	81,089	77,249	3,839	5.0	256,564	223,295	33,269	14.9
Net Income	45,146	64,402	-19,255	(29.9)	304,220	114,401	189,818	NA
Net Income Margin	11.7%	20.9%	(9.1 pt)	(9.1 pt)	26.7%	12.7%	14.0 pt	14.0 pt
Operating Cashflow	102,528	99,356	3,172	3.2	389,038	314,692	74,346	23.6
Occupancy	61.9%	69.8%	(7.9 pt)	(7.9 pt)	64.7%	68.6%	(4.0 pt)	(4.0 pt)
ADR	1,339	1,305	34	2.6	1,389	1,306	83	6.3
RevPAR	829	911	-82	(9.0)	898	896	2	0.3

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

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:

2017 continues to be a great year for the Mexican tourist industry as growth remains robust, supported by solid underlying fundamentals. According to figures from the Secretary of Tourism, Mexico's international visitors grew 12% in 1H17 and foreign investment in tourism, in the same period, almost doubled the figure recorded in 2016.

HOTEL posted solid results for the first nine months of the year, with both revenues and EBITDA growing 20% or above. As for the quarterly results, revenues and EBITDA increased by 25% and 12% respectively, compared to 3Q16. These numbers were below expectations as occupancy in the quarter was affected by multiple external factors. First off, we were affected by hurricanes and bad weather which impacted the markets in Los Cabos, Vallarta and Cancun among others, thus impacting our properties. Secondly, the meteorological phenomena that impacted the US in Texas and Florida generated some, cancellations from US customers that were unable to travel amongst other destinations to Mexico. Thirdly, we experienced the earthquake in Mexico generating a general slowdown impacting travel around the country. Furthermore, this year we did not have a long weekend for Mexican Independence Day as the 16th of September this year was a Saturday. Lastly, we had the US government travel warning which has impacted travel from US customers. All of these factors combined with the incorporation of new hotels during the year which are just beginning their maturation curve, resulted in an 8 percentage point lower occupancy of 61.9% for our owned hotels, remaining above the average of the country.

Regarding openings, we announced a couple this quarter. First, the opening of the *Altitude Tower* of the *Krystal Grand Cancun*. The building has 100 suites which were added to the 295 existing suites of the hotel which will achieve a 50% higher ADR than the Company's average. The investment in the project was in line with our budget of Ps. 222 million. Secondly, we announced the opening of the *Krystal Grand Suites* property located on Insurgentes Sur. It has 150 long-stay suites including kitchenettes. The investment in the project was in line with our budget of Ps. 493 million pesos and the property began its preopening at the end of the quarter, as planned.

We are excited about the fourth quarter of the year as we will have a full quarter of all the hotels we opened this year, combined with the expansions of the *Krystal Grand Nuevo Vallarta* and the *Hilton Puerto Vallarta* which will both open by the end of 4Q17.

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

Portfolio of Hotel Properties

No.	Hotel Name	Total Rooms	Ownership	Type	Category	Months in Operation	Stabilized	City	State
1	Hilton Guadalajara	450	100%	Urban	Grand Tourism	>36	Yes	Guadalajara	Jalisco
2	Hilton Garden Inn Monterrey	150	100%	Urban	4 stars	>36	Yes	Monterrey	Nuevo León
3	Krystal Urban Cd. Juárez	120	100%	Urban	4 stars	>36	Yes	Ciudad Juárez	Chihuahua
4	Krystal Urban Cancún	231	100%	Urban	4 stars	34	In Process	Cancun	Quintana Roo
5	Krystal Satélite María Bárbara	215	100%	Urban	5 stars	29	In Process	Estado de México	Estado de México
6	Hilton Garden Inn Monterrey Aeropuerto	134	15%	Urban	4 stars	25	In Process	Monterrey	Nuevo León
7	Hampton Inn & Suites Paraíso Tabasco	117	-	Urban	4 stars	24	In Process	Paraíso	Tabasco
8	Krystal Urban Aeropuerto Ciudad de México	96	-	Urban	4 stars	21	In Process	Mexico City	Mexico City
9	Krystal Urban Guadalajara	140	100%	Urban	4 stars	19	In Process	Guadalajara	Jalisco
10	Krystal Monterrey	207	-	Urban	5 stars	15	In Process	Monterrey	Nuevo Leon
11	Krystal Pachuca	124	-	Urban	4 stars	8	In Process	Pachuca	Hidalgo
12	Ibis Irapuato	140	-	Urban	3 stars	4	In Process	Irapuato	Guanajuato
13	Krystal Grand Suites Insurgentes	150	50%	Urban	Grand Tourism	1	In Process	Mexico City	Mexico City
Subtotal Urban		2,274							
14	Krystal Resort Cancún	502	-	Resort	5 stars	>36	Yes	Cancun	Quintana Roo
15	Krystal Resort Ixtapa	255	-	Resort	5 stars	>36	Yes	Ixtapa	Guerrero
16	Krystal Resort Puerto Vallarta	260	-	Resort	5 stars	>36	Yes	Puerto Vallarta	Jalisco
17	Hilton Puerto Vallarta Resort	259	100%	Resort	Grand Tourism	>36	Yes	Puerto Vallarta	Jalisco
18	Krystal Beach Acapulco	400	100%	Resort	4 stars	>36	Yes	Acapulco	Guerrero
19	Krystal Grand Punta Cancún	395	100%	Resort	Grand Tourism	>36	Yes	Cancún	Quintana Roo
20	Krystal Grand Los Cabos	454	50%	Resort	Grand Tourism	7	In Process	Los Cabos	Baja California Sur
21	Krystal Grand Nuevo Vallarta	215	50%	Resort	Grand Tourism	7	In Process	Nuevo Vallarta	Jalisco
Subtotal Resort		2,740							
Total in Operation		5,014							
22	Krystal Grand Insurgentes	250	50%	Urban	Grand Tourism	Expected opening 4Q-18		Mexico City	Mexico City
23	AC by Marriot Distrito Armida	168	-	Urban	4 stars	Expected opening 2Q-19		Monterrey	Nuevo Leon
24	Curio Collection Zacatecas	32	-	Urban	Boutique	Expected opening 2S-18		Zacatecas	Zacatecas
	Expansion of Hilton Puerto Vallarta	192	100%	Resort	Grand Tourism	Expected opening 4Q-17		Puerto Vallarta	Jalisco
	Expansion of Krystal Puerto Vallarta	216	-	Resort	5 stars	Expected opening 4Q-17		Puerto Vallarta	Jalisco
	Expansion Krystal Grand Nuevo Vallarta	264	50%	Resort	Grand Tourism	Expected opening 4Q-17		Nuevo Vallarta	Nayarit
Total in Construction		1,122							
Total		6,136							

At the end of 3Q17, HOTEL recorded a total of 21 hotels in operation of which 12 are Company-owned³, and the remaining 9 are third-party owned⁴. This represents 4 additional properties compared to the 17 hotels in operation at the end of 3Q16.

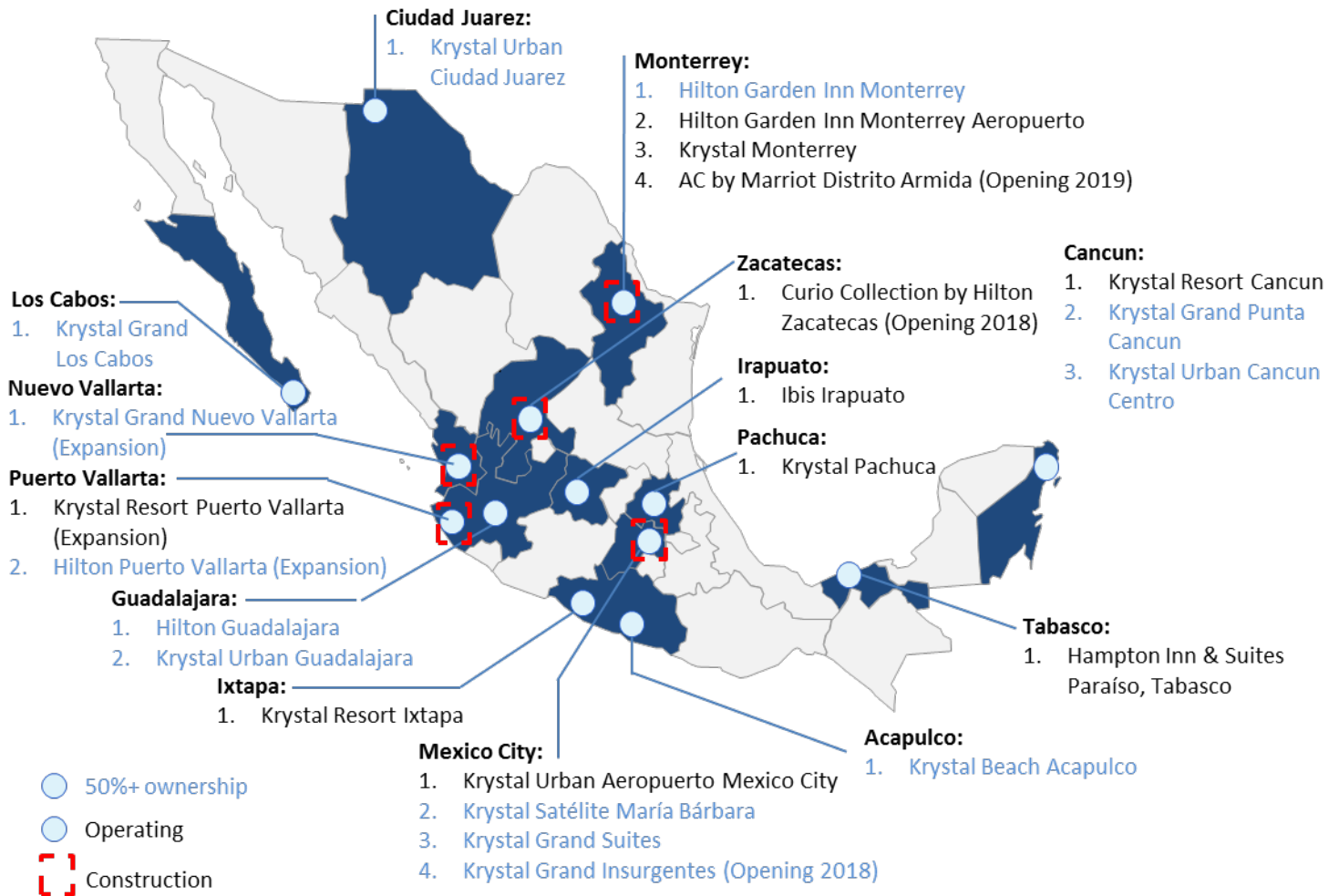
The total number of rooms in operation at the end of 3Q17 was 5,014, a 12.1% increase compared to the 4,472 in operation for the same period last year. Of the 542 net additional rooms, we added 1,202 rooms and have 660 less rooms, where 500 were removed due to the sale of the *Krystal Grand Reforma* and 160 are currently being renovated in the *Hilton Puerto Vallarta*. Out of the 1,202 rooms we added, 454 are from the opening of the *Krystal Grand Los Cabos*, 215 from the *Krystal Grand Nuevo Vallarta*, 100 from the expansion of the *Krystal Grand Cancun* 124 from the *Krystal Pachuca*, 140 from the opening of *Ibis Irapuato*, 150 from the opening of the *Krystal Grand Suites Insurgentes* and 19 from the expansion of the *Krystal Urban Cancun*.

Additionally, HOTEL has 1,122 rooms under construction, including 250 rooms in Mexico City, 216 rooms from the expansion of *Krystal Puerto Vallarta*, 192 rooms from the expansion of *Hilton Puerto Vallarta* (renovation of 160 rooms and development of 32 rooms), 264 rooms from the expansion of *Krystal Grand Nuevo Vallarta*, 32 rooms from the *Curio Collection Zacatecas* and 168 rooms from the *AC by Marriot Distrito Armida* for a total portfolio of 24 hotels and 6,136 rooms.

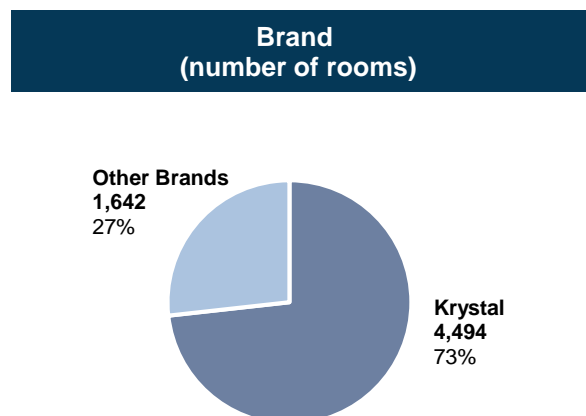
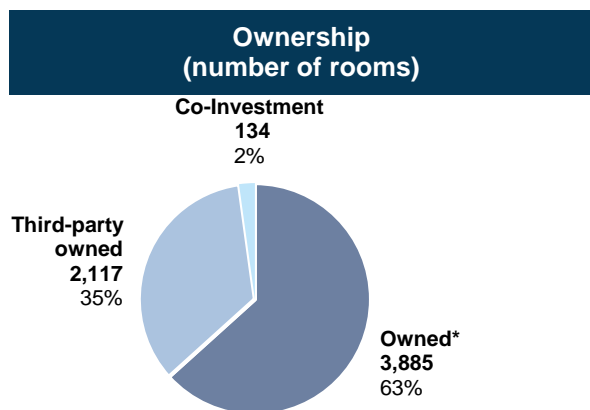
³ The Company operates the *Krystal Grand Los Cabos*, *Krystal Grand Nuevo Vallarta* and *Krystal Grand Suites* in which it also has a 50% ownership position. According to IFRS, the results of these properties are consolidated in the Company's financial statements.

⁴ 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 management fees are included as "Other Revenues", given that the property is considered a third-party hotel under management.

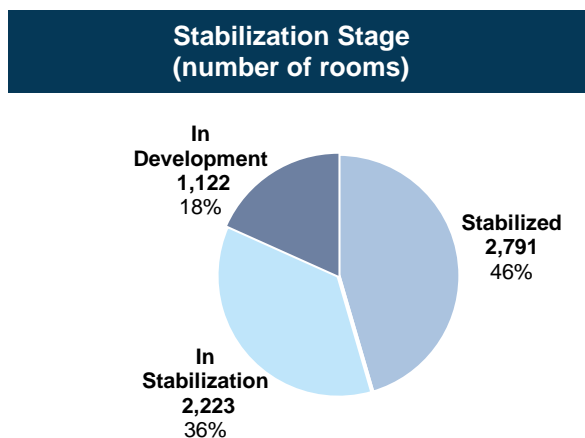
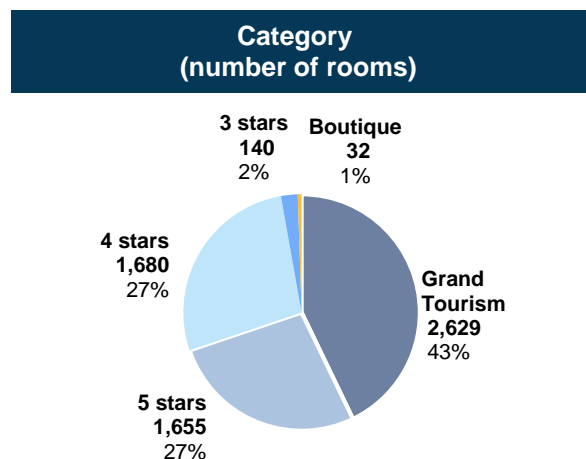
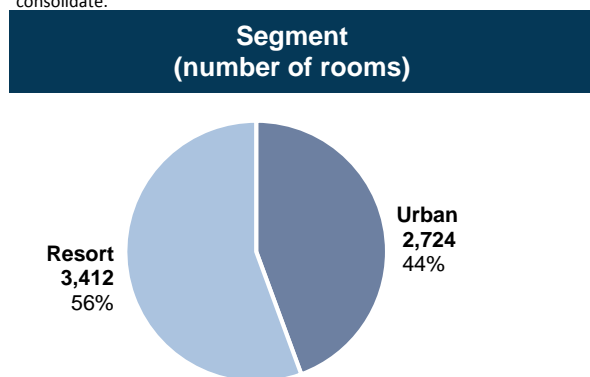
The hotel portfolio is geographically distributed as follows:



In terms of rooms under operation and rooms under development (including rooms under construction and conversion), at 3Q17 the hotel portfolio was as follows:



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



Hotel Classification

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

Company-owned hotels are classified according to their 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 3Q17, HOTEL had 12 operating company-owned hotels and 10 operating third-party owned hotels under management.

Of a total 5,014 hotel rooms under operation, the operating indicators for 3Q17 include 4,714 rooms. 300 rooms (227 corresponding to Vacation Club and 73 unavailable rooms), excluded from the present analysis, and are included at the end of this report in Appendix 1. The Operating indicators still include the *Krystal Grand Reforma* which was sold in July.

The following table is a summary of the main 3Q17 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		Third Quarter				9 months ended September			
Hotel Classification		2017	2016	Var.	% Var.	2017	2016	Var.	% Var.
Total Hotels in Operation		22	17	5	29.4	22	17	5	29.4
Number of rooms		4,714	4,175	539	12.9	4,652	4,003	649	16.2
Occupancy		63.8%	69.8%	(6.0 pt)	(6.0 pt)	67.3%	70.3%	(3.0 pt)	(3.0 pt)
ADR		1,362	1,350	11	0.8	1,448	1,360	88	6.5
RevPAR		869	943	(74)	(7.9)	974	956	18	1.9
1 Total Owned Hotels (50%+ ownership)		12	9	3	33.3	12	9	3	33.3
Number of rooms		2,885	2,172	713	32.8	2,696	2,137	559	26.1
Occupancy		61.9%	69.8%	(7.9 pt)	(7.9 pt)	64.7%	68.6%	(3.9 pt)	(3.9 pt)
ADR		1,339	1,305	34	2.6	1,389	1,306	83	6.3
RevPAR		829	911	(82)	(9.0)	898	896	2	0.3
1.1 Stabilized Owned Hotels		6	6	-	0.0	6	6	-	0.0
Number of rooms		1,662	1,621	41	2.6	1,635	1,621	14	0.9
Occupancy		65.9%	70.3%	(4.5 pt)	(4.5 pt)	67.8%	69.7%	(1.8 pt)	(1.8 pt)
ADR		1,458	1,381	76	5.5	1,505	1,380	125	9.0
RevPAR		960	972	(12)	(1.2)	1,021	961	60	6.2
1.2 Owned Hotels in Stabilization Stage ⁽¹⁾		6	3	3	100.0	6	3	3	100.0
Number of rooms		1,223	551	672	122.0	1,061	516	545	105.5
Occupancy		56.5%	68.2%	(11.7 pt)	(11.7 pt)	59.8%	65.3%	(5.5 pt)	(5.5 pt)
ADR		1,151	1,074	77	7.2	1,185	1,056	129	12.2
RevPAR		650	732	(82)	(11.2)	709	690	19	2.8
2 Third-party Hotels Under Management ⁽²⁾		10	8	2	25.0	10	8	2	25.0
Number of rooms		1,829	2,003	(174)	(8.7)	1,956	1,866	90	4.9
Occupancy		66.8%	69.8%	(3.1 pt)	(3.1 pt)	70.8%	72.2%	(1.4 pt)	(1.4 pt)
ADR		1,395	1,399	(4)	(0.3)	1,523	1,419	104	7.3
RevPAR		931	977	(46)	(4.7)	1,079	1,025	54	5.2

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 hotel and room number is due to the incorporation of the Krystal Grand Los Cabos, Krystal Grand Nuevo Vallarta and Krystal Grand Suites that were not part of the portfolio in 3Q16

(2) The increase in number of hotels and rooms is due to the incorporation of the Krystal Pachuca and the Ibis Irapuato that were not part of the hotel portfolio during 3Q16. These numbers also include the Krystal Grand Reforma which was part of our portfolio until the end of July

Consolidated Financial Results

Figures in thousand Mexican Pesos

Income Statement	Third Quarter			9 months ended September		
	2017	2016	% Var.	2017	2016	% Var.
Room Revenue	219,971	182,055	20.8	647,875	524,545	23.5
Food and Beverage Revenue	119,321	82,154	45.2	331,746	245,845	34.9
Other Revenue from Hotels	29,208	25,276	15.6	95,664	75,711	26.4
Third-party Hotels' Management Fees	16,311	18,985	(14.1)	64,903	56,437	15.0
Total Revenue	384,812	308,471	24.7	1,140,188	902,537	26.3
Cost and Operating Expenses	165,722	115,872	43.0	457,599	336,453	36.0
Sales and Administrative	91,828	79,884	15.0	284,492	234,143	21.5
Other Expenses	6,137	4,415	39.0	16,581	12,801	29.5
Depreciation	31,885	25,759	23.8	93,284	75,175	24.1
Total Costs and Expenses	295,571	225,930	30.8	851,956	658,572	29.4
Total Non Recurring Expenses	8,152	5,291	54.1	31,669	20,670	53.2
EBITDA	121,126	108,300	11.8	381,517	319,141	19.5
EBITDA Margin(%)	31.5%	35.1%	(3.6 pt)	33.5%	35.4%	(1.9 pt)
Operating Income	81,089	77,249	5.0	256,564	223,295	14.9
Operating Income Margin (%)	21.1%	25.0%	(4.0 pt)	22.5%	24.7%	(2.2 pt)
Net Financing Result	(26,525)	7,995	NA	110,524	(72,761)	NA
Total income taxes	10,121	21,402	(52.7)	65,005	37,785	72.0
Net Income	45,146	64,402	(29.9)	304,220	114,401	NA
Net Income Margin (%)	11.7%	20.9%	(9.1 pt)	26.7%	12.7%	14.0 pt

Total Revenue

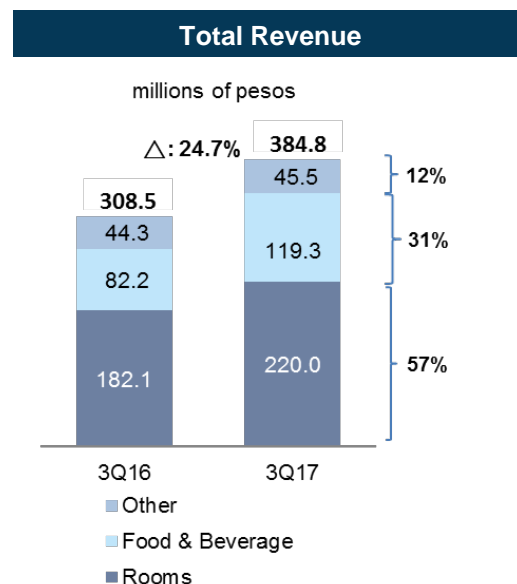
During 3Q17, Total Revenue increased 24.7%, from Ps. 308.5 million in 3Q16 to Ps. 384.8 million, driven by a 20.8% growth in Room Revenue, 45.2% in Food and Beverage Revenue and 15.6% in Other Revenue which more than offset a 14.1% decrease in in Management Fees received related to third-party owned hotels.

Room revenue growth was driven by: i) the opening of the *Krystal Grand Los Cabos* and *Krystal Grand Nuevo Vallarta*, and ii) performance of the *Krystal Urban Cancun* and *Krystal Urban Guadalajara* which are in stabilization.

During 3Q17, Room Revenue increased 20.8% compared to 3Q16, derived from the 32.8% increase in the number of rooms in operation of Company-owned hotels. This increase more than offset a RevPAR contraction of 9.0%, which was due to a 2.6% ADR increase combined with a 7.9 percentage point contraction in occupancy driven by external factors such as hurricanes, rainfall, earthquakes and the recent US travel warning.

The portfolio of stabilized Company-owned hotels posted a 2.6% increase in the number of rooms, a 5.5% increase in ADR and a 4.5 percentage point decrease in occupancy, compared to 3Q16. The decrease in occupancy was driven by external factors. The increase in number of rooms was due to the expansion of 100 rooms in the *Krystal Grand Cancun* which entered mid-September.

Company-owned hotels in the stabilization stage posted an increase in the number of rooms by the inclusion of the *Krystal Grand Los Cabos*, the *Krystal Grand Nuevo Vallarta* and the *Krystal Grand Suites* to the portfolio. As a result of the new hotel mix of the hotel portfolio in the stabilization stage, RevPAR decreased 11.2% mainly due to an 11.7% decrease in



occupancy driven by the inclusion of new properties in the early stages of stabilization combined with external factors such as hurricanes, rainfall, earthquakes and the recent US travel warning.

Food and Beverage revenue increased 45.2%, from Ps. 82.2 million in 3Q16 to Ps. 119.3 million in 3Q17 mainly driven by the incorporation of the *Krystal Grand Los Cabos* and the *Krystal Grand Nuevo Vallarta* which are in the early stages of stabilization.

Other Income, which includes event room rentals, parking, laundry, telephone, and leasing of commercial spaces, among other items, increased 15.6%, from Ps. 25.3 million in 3Q16 to Ps. 29.2 million in 3Q17, driven by increased hotel activity.

Management Fees related to third-party owned hotels decreased by 14.1% compared to 3Q16, due to an 8.7% reduction in the number of rooms under operation during the period combined with lower RevPAR. The 4.7 decrease in RevPAR was driven by the 3.1 percentage points contraction of occupancy combined with flat ADR. Lower occupancies in the quarter were driven by external factors such as hurricanes, rainfall, earthquakes and the recent US travel warning. The number of rooms in operation declined due to the sale of the *Krystal Grand Reforma*. 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.

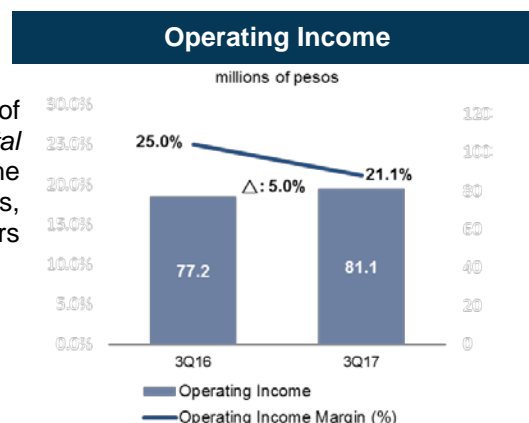
Costs and Expenses

Operating Costs and Operating Expenses increased 43.0%, from Ps. 115.9 million in 3Q16 to Ps. 165.7 million in 3Q17. This increase was mainly in terms of direct costs, and higher department fees derived from the inclusion of *Krystal Grand Los Cabos* and *Krystal Grand Nuevo Vallarta* into the portfolio.

Administration and Sales Expenses increased 15.0%, from Ps. 79.9 million in 3Q16 to Ps. 91.8 million in 3Q17. Administration and sales expenses were equal to 23.9% of revenues, compared to 25.9% in 3Q16.

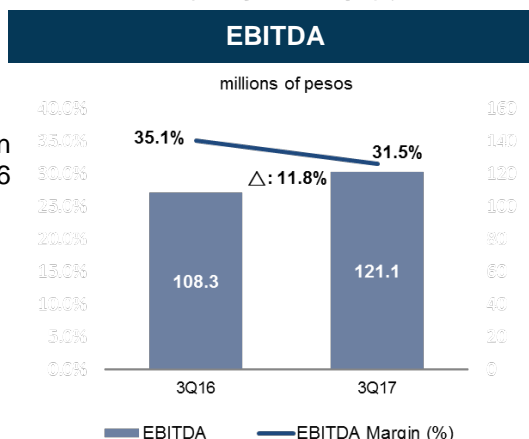
Operating Income

During 3Q17, operating income increased 5.0%, from Ps. 77.2 million in 3Q16 to Ps. 81.1 million. This result was driven by the combined effect of revenue growth, the inclusion of the *Krystal Grand Los Cabos* and the *Krystal Grand Nuevo Vallarta* as Company-owned hotels and the performance of the *Krystal Grand Cancun*. Operating margin decreased by 3.9 percentage points, due to lower occupancies in the quarter which were driven by external factors such as hurricanes, rainfall, earthquakes and the recent US travel warning.



EBITDA

3Q17 EBITDA reached Ps. 121.1 million, compared to Ps. 108.3 million in 3Q16, an increase of 11.8%. 3Q17 EBITDA margin decreased by 3.6 percentage points, from 35.1% in 3Q16 to 31.5% in 3Q17.



(Figures in million Pesos)	3Q17	3Q16	% Var.	YTD'17	YTD'16	% Var.
Operating Income	81,089	77,249	5.0	256,564	223,295	14.9
(+) Depreciation	31,885	25,759	23.8	93,284	75,175	24.1
(+) Development and hotel opening expenses ⁵	6,440	3,099	NA	26,961	13,934	93.5
(+) Other non-recurring expenses ⁶	1,712	2,192	(21.9)	4,708	6,736	(30.1)
EBITDA	121,126	108,300	11.8	381,517	319,141	19.5
EBITDA Margin	31.5%	35.1%	(3.6 pt)	33.5%	35.4%	(1.9 pt)

Net Financing Result

For 3Q17, Net Financing Result went from a Ps. 8.0 million gain in 3Q16 to a Ps. 26.5 million loss. This variation is explained by: i) a deterioration in the net financing result, driven by increased interest expenses due to a higher indebtedness level; and, ii) the non-recurring FX gain in 3Q16.

Net Income

Net Income decreased 29.9% from Ps. 64.4 million in 3Q16 to Ps. 45.1 million in 3Q17. The increase in income from operations was offset by higher financing costs. Net income margin was 11.7% in 3Q17 compared to 20.9% in 3Q16, a decrease of 9.2 percentage points.

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

⁶ 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	Third Quarter			9 months ended September		
	2017	2016	% Var.	2017	2016	% Var.
Cashflow from operating activities						
Net income	45,146	64,402	(29.9)	304,220	114,401	NA
Depreciation and amortization	31,885	25,759	23.8	93,284	75,175	24.1
Income taxes	10,121	21,402	(52.7)	65,005	37,785	72.0
Unrealized gain (loss) in foreign currency exchange	12,390	(13,416)	NA	(156,945)	47,782	NA
Net interest expense	21,499	3,797	NA	42,392	25,647	65.3
Other financial costs	1,036	836	24.0	4,110	3,038	35.3
Minority interest	(703)	(620)	13.4	(2,137)	(1,720)	24.3
Cashflow before working capital variations	121,375	102,160	18.8	349,928	302,110	15.8
Working Capital	(18,847)	(2,803)	NA	39,109	12,582	NA
Net operating cashflow	102,528	99,356	3.2	389,038	314,692	23.6
Non-recurring items	(25,019)	33,013	NA	(131,809)	35,191	NA
Cashflow net from non-recurring items	77,509	132,370	(41.4)	257,229	349,883	(26.5)
Investment activities	(220,584)	(95,515)	NA	(1,243,608)	(327,717)	NA
Financing activities	(44,591)	202,413	NA	(149,938)	1,810,701	NA
Net (decrease) increase in cash and cash equivalents	(187,667)	239,268	NA	(1,136,317)	1,832,867	NA
Cash and cash equivalents at the beginning of the period	785,436	1,691,329	(53.6)	1,731,587	97,729	NA
Cash and cash equivalents at the end of the period	597,770	1,930,596	(69.0)	595,270	1,930,596	(69.2)
Cash in business acquisition	-	-	NA	2,499	-	NA
Total Cash at the end of the period	597,770	1,930,596	(69.0)	597,770	1,930,596	(69.0)

By the end of 3Q17, operating cash flow reached Ps. 102.5 million, compared to Ps. 99.4 million reported in 3Q16, a 3.2% increase. This increase was driven by a higher Cashflow before working capital variations which more than compensated a higher working capital due to the inclusion of *Krystal Grand Los Cabos* and *Krystal Grand Nuevo Vallarta*.

By the end of 3Q17, Non-recurring items posted a loss of Ps. 25.0 million, driven by VAT paid for the purchase of certain properties, pending reimbursement.

Balance Sheet Summary

Figures in thousand Mexican Pesos

Balance Sheet Summary	Sep-17	Sep-16	Var \$	Var %
Cash and cash equivalents	597,770	1,930,597	(1,332,827)	(69.0%)
Accounts receivables and other current assets	184,650	122,636	62,013	50.6%
Creditable taxes	322,053	124,417	197,635	NA
Escrow deposit for hotel acquisition	12,034	10,250	1,784	17.4%
Total current assets	1,116,506	2,187,901	(1,071,395)	(49.0%)
Restricted cash	64,755	62,681	2,074	3.3%
Property, furniture and equipment	5,489,190	2,797,621	2,691,569	96.2%
Non-productive fixed assets	1,778,873	313,606	1,465,267	NA
Other fixed assets	442,316	269,090	173,226	64.4%
Total non-current assets	7,775,134	3,442,998	4,332,136	NA
Total Assets	8,891,640	5,630,899	3,260,741	57.9%
Current installments of long-term debt	133,521	112,258	21,262	18.9%
Other current liabilities	1,223,031	199,774	1,023,257	NA
Total current liabilities	1,356,552	312,032	1,044,520	NA
Long-term debt	1,320,131	1,147,784	172,347	15.0%
Other non-current liabilities	709,379	92,878	616,501	NA
Total non-current liabilities	2,029,510	1,240,662	788,848	63.6%
Total Equity	5,505,578	4,078,205	1,427,373	35.0%
Total Liabilities and Equity	8,891,640	5,630,899	3,260,741	57.9%

Cash and Equivalents

By the end of 3Q17, the Company's cash and cash equivalents reached Ps. 597.8 million. Of this figure, Ps. 86.8 million are peso-denominated and Ps. 510.9 million are dollar-denominated.

Accounts Receivable and Other Current Assets

This line item increased 50.6%, from Ps. 122.6 million in 3Q16 to Ps. 184.6 million in 3Q17 driven by the inclusion of the *Krystal Grand Los Cabos* and the *Krystal Grand Nuevo Vallarta*.

Property, Furniture & Equipment

This line item was equal to Ps. 5,489.2 million at the end of 3Q17, a 96.2% increase compared to Ps. 2,797.6 million at the end of 3Q16. This increase was mainly driven by the acquisition of 50% of the *Krystal Grand Los Cabos* and *Krystal Grand Nuevo Vallarta*. In addition, the Company continues to carry out routine improvements, remodeling and renovation projects in its fixed assets. Some hotels that underwent renovations include the *Hilton Garden Inn Monterrey Aeropuerto*, *Hilton Guadalajara*, *Krystal Urban Cancun* and *Krystal Urban Ciudad Juarez*.

Figures in thousand Mexican Pesos

Capex for the period	3Q17		YTD'17	
	3Q17	% Total	YTD'17	% Total
Hotels in development	214,782	93.1%	589,256	89.1%
Improvements in owned hotels	4,924	2.1%	33,952	5.1%
Ordinary capex	10,346	4.5%	36,433	5.5%
New points of sale	677	0.3%	1,471	0.2%
Total Capex	230,728	100.0%	661,112	100.0%

Net Debt and Maturity

Net Debt was Ps. 791.1 million at the end of 3Q17, which represented a Net Debt / EBITDA (LTM) ratio equal to 1.6x. 80.6% of Total Debt is U.S.-dollar denominated, and has an average cost of 4.44%. The remaining 19.4% is peso-denominated, with an average weighted cost of 10.42%. In addition, 88.0% of debt maturities are long-term.

At the end of 3Q17, the Mexican peso appreciated 6.2% from Ps. 19.4086 as of September 30, 2016 to Ps. 18.1979 as of September 3, 2017 having a negative impact on the financial cost of the Company. The short U.S. dollar position of the Company by the end of 3Q17 was US\$33 million, equal to Ps. 605.3 million.

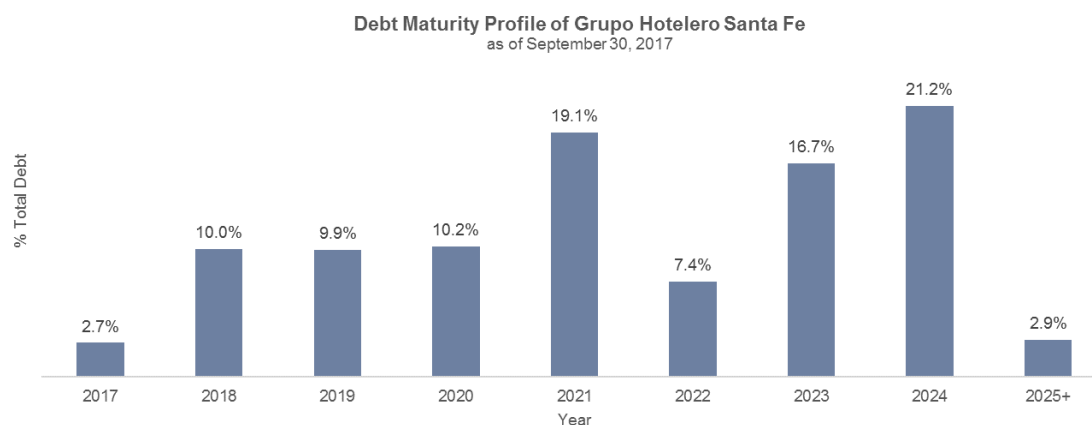
The following graphs show the Company's debt and cash position, as well as the debt maturity.

Figures in thousand Mexican Pesos	Denominated in (currency):		
	Pesos	Dollars	Total
Debt*			
Short Term	33,549	99,972	133,521
Long Term	248,559	1,071,572	1,320,131
Total	282,108	1,171,544	1,453,652
% Total	19.4%	80.6%	100.0%
Average rate of financial liabilities	10.42%	4.44%	5.60%
Cash and equivalents	86,825	510,944	597,770
Restricted cash	9,501	55,254	64,755
Cash and equivalents**	96,326	566,199	662,525
Net Debt	185,782	605,345	791,127

Net Debt / LTM EBITDA (as of September 30, 2017) 1.6x

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

**Includes restricted cash related to bank debt.



In accordance with its growth plans, the Company will continue to balance its debt between pesos and dollars. Both peso and dollar-denominated debts are hedged over reference rates (TIIE and LIBOR), with a strike price at 7.5% and 2.0%, respectively.

According to IFRS, the exchange rate used was Ps. 18.1979 / US\$ as of September 30, 2017, as published in Mexico's Official Federal Gazette.

Currency Hedging

Figures in thousands of Mexican Pesos

Currency Hedging Analysis	Third Quarter 2017			YTD September '17		
	Denominated in Pesos	Denominated in USD	Total in Pesos	Denominated in Pesos	Denominated in USD	Total in Pesos
Total Revenue	283,230	101,582	384,812	749,886	390,302	1,140,188
% of Total Revenue	73.6%	26.4%	100.0%	65.8%	34.2%	100.0%
(-) Total Costs and Expenses	256,120	39,451	295,571	737,400	114,556	851,956
(-) Non-recurring Expenses	8,152	-	8,152	31,669	-	31,669
Operating Income	18,958	62,131	81,089	(19,182)	275,746	256,564
(+) Depreciation	31,885	-	31,885	93,284	-	93,284
Operating Cashflow	50,843	62,131	112,974	74,102	275,746	349,848
% of Operating Cashflow	45.0%	55.0%	100.0%	21.2%	78.8%	100.0%
Interest	4,926	13,366	18,292	15,119	46,078	61,197
Principal	7,359	14,220	21,579	19,160	75,378	94,538
Total Debt Service	12,285	27,586	39,871	34,279	121,456	155,735
Interest Coverage ratio ¹	10.3x	4.6x	6.2x	4.9x	6.0x	5.7x
Debt Service Coverage Ratio ²	4.1x	2.3x	2.8x	2.2x	2.3x	2.2x

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

In 3Q17, approximately 26.4% of revenues and 55.0% of operating cash flow were denominated in dollars. Dollar-denominated operating cash flow was enough to cover financial debt, both interest and principal, with a ratio of 2.3x for 3Q17. This position corroborated the Company's expectations to benefit from lower financing costs, given that hotels which contracted financial debt have a natural hedge to volatile scenarios.

At the end of 3Q17 the Company's debt coverage ratio was 2.2x. In addition, HOTEL had a dollar-denominated cash balance of Ps. 566.2 million at the close of 3Q17, decreasing its total exposure to currency risks.

Recent Events

During 3Q17, and until the date of this report, HOTEL's recent developments included:

- On September 18, The Company announced the opening of the Altitude tower of the Krystal Grand Cancun. The building has 100 suites which were added to the 295 existing suites of the Krystal Grand Punta Cancun. These suites are an inventory expansion of the hotel which has a 50% higher ADR than the Company average. The investment in the project was in line with our budget of Ps. 222 million.
- On September 21, the Company announced that after the earthquake in the center of Mexico, there were no incidents among our employees, our properties and hotels under management did not suffer any damage and continued operating normally.
- On October 16, the Company announced the opening of the Krystal Grand Suites property located on Insurgentes Sur. It has 150 oversized long-stay suites with kitchenettes. The investment in the project was in line with our budget of Ps. 493 million pesos. Krystal Grand Suites began its preopening this past September, in line with our announcement to open in 3Q17
- The Company announces its updated 2017 guidance:
2017e Total Revenue: Ps. 1,550 million.
2017e EBITDA: Ps. 530 million.

This guidance has been prepared using an average exchange rate of US Dollar/Mexican Peso of US\$: \$19.00

3Q17 Conference Call Details:

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

Date: Thursday, October 26, 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 presentation and audio of the call, please visit <https://hotel.adobeconnect.com/hotel/>

About Grupo Hotelero Santa Fe

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

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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 on the understanding of its managers, as well as on assumptions and information currently available for the Company. Such statements reflect the current view of Grupo Hotelero Santa Fe regarding 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 interests rates and inflation, exchange rates volatility, changes in demand and regulations of the products marketed by the Company, changes in price of raw materials and other goods, changes in 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 nine-month period ended September 30 2017 and 2016

(Figures in thousands of Mexican Pesos)

	Third Quarter			9 months ended September		
	2017	2016	% Var.	2017	2016	% Var.
Revenue						
Room Revenue	219,971	182,055	20.8	647,875	524,545	23.5
Food and Beverage Revenue	119,321	82,154	45.2	331,746	245,845	34.9
Other Revenue from Hotels	29,208	25,276	15.6	95,664	75,711	26.4
Third-party Hotels' Management Fees	16,311	18,985	(14.1)	64,903	56,437	15.0
TOTAL REVENUE	384,812	308,471	24.7	1,140,188	902,537	26.3
COSTS AND EXPENSES						
Operating Costs and Expenses	165,722	115,872	43.0	457,599	336,453	36.0
Sales and Administration	91,828	79,884	15.0	284,492	234,143	21.5
Property Expenses	6,137	4,415	39.0	16,581	12,801	29.5
Depreciation and Amortization	31,885	25,759	23.8	93,284	75,175	24.1
TOTAL COSTS AND EXPENSES	295,571	225,930	30.8	851,956	658,572	29.4
Development and hotel opening expenses	6,440	3,099	NA	26,961	13,934	93.5
Other non-recurring expenses	1,712	2,192	(21.9)	4,708	6,736	(30.1)
ADJUSTED EBITDA	121,126	108,300	11.8	381,517	319,141	19.5
<i>ADJUSTED EBITDA Margin (%)</i>	<i>31.5%</i>	<i>35.1%</i>	<i>(3.6 pt)</i>	<i>33.5%</i>	<i>35.4%</i>	<i>(1.9 pt)</i>
OPERATING INCOME	81,089	77,249	5.0	256,564	223,295	14.9
<i>Operating Income Margin (%)</i>	<i>21.1%</i>	<i>25.0%</i>	<i>(4.0 pt)</i>	<i>22.5%</i>	<i>24.7%</i>	<i>(2.2 pt)</i>
Net interest expenses	(21,499)	(3,797)	NA	(42,392)	(25,647)	65.3
Net foreign currency exchange loss	(3,989)	12,629	NA	157,026	(44,075)	NA
Other financial costs	(1,036)	(836)	24.0	(4,110)	(3,038)	35.3
Net Financing Result	(26,525)	7,995	NA	110,524	(72,761)	NA
Undistributed income from subsidiaries, net	703	620	13.4	2,137	1,720	24.3
Income before taxes	55,267	85,865	(35.6)	369,224	152,254	NA
Total income taxes	10,121	21,402	(52.7)	65,005	37,785	72.0
Net Income	45,146	64,402	(29.9)	304,220	114,401	NA
<i>Net Income Margin (%)</i>	<i>11.7%</i>	<i>20.9%</i>	<i>(9.1 pt)</i>	<i>26.7%</i>	<i>12.7%</i>	<i>14.0 pt</i>

Balance Sheet

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

Consolidated Balance Sheet

As of September 30, 2017 and 2016

(Figures in thousands of Mexican Pesos)

(Figures in thousands of Mexican Pesos)	2017	2016	Var \$	Var %
ASSETS				
Current Assets				
Cash and cash equivalents	597,770	1,930,597	(1,332,827)	(69%)
Accounts receivables from clients	123,767	77,539	46,228	60%
Accounts receivables from related parties	17,402	11,262	6,140	55%
Creditable taxes	322,053	124,417	197,635	NA
Other current assets	43,481	33,835	9,645	29%
Escrow deposit for hotel acquisition	12,034	10,250	1,784	17%
Total current assets	1,116,506	2,187,901	(1,071,395)	(49%)
Non-current Assets				
Restricted cash	64,755	62,681	2,074	3%
Property, furniture and equipment	5,489,190	2,797,621	2,691,569	96%
Non-productive fixed assets	1,778,873	313,606	1,465,267	NA
Other assets	17,965	44,880	(26,916)	(60%)
Investment in subsidiaries	34,963	31,955	3,008	9%
Deferred income taxes	111,540	84,261	27,280	32%
Goodwill	277,848	107,994	169,854	NA
Total non-current assets	7,775,134	3,442,998	4,332,136	NA
Total assets	8,891,640	5,630,899	3,260,741	58%
LIABILITIES AND SHAREHOLDERS EQUITY				
Current liabilities				
Current installments of long-term debt	133,521	112,258	21,262	19%
Suppliers	89,383	65,778	23,605	36%
Accrued liabilities	966,685	66,772	899,912	NA
Accounts payable to related parties	12,653	0	12,653	NA
Payable taxes	95,149	37,041	58,108	NA
Client advanced payments	59,161	30,182	28,979	96%
Total current liabilities	1,356,552	312,032	1,044,520	NA
Non-current liabilities				
Long-term debt	1,320,131	1,147,784	172,347	15%
Other non-current liabilities	709,379	92,878	616,501	NA
Total non-current liabilities	2,029,510	1,240,662	788,848	64%
Total liabilities	3,386,062	1,552,694	1,833,367	NA
Equity				
Capital stock	3,437,036	3,410,240	26,796	1%
Legal reserve	190,493	190,493	-	0%
Premium on subscription of shares	80,000	80,000	-	0%
Net income	304,220	114,402	189,818	NA
Retained earnings	382,962	222,974	159,988	72%
Shareholder's Equity	4,394,711	4,018,110	376,601	9%
Non-controlling interest	1,110,867	60,095	1,050,772	NA
Total Equity	5,505,578	4,078,205	1,427,373	35%
Total liabilities and equity	8,891,640	5,630,899	3,260,741	58%

Cash Flow Statement

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

Consolidated Cash Flow

For the nine month period ended September 30, 2017 and 2016

Figures in thousand Pesos

Cash Flow Statement	Third Quarter		9 months ended September	
	2017	2016	2017	2016
Cashflow from operating activities				
Net income	45,146	64,402	304,220	114,401
Depreciation and amortization	31,885	25,759	93,284	75,175
Income taxes	10,121	21,402	65,005	37,785
Unrealized gain (loss) in foreign currency exchange	12,390	(13,416)	(156,945)	47,782
Net interest expense	21,499	3,797	42,392	25,647
Other financial costs	1,036	836	4,110	3,038
Minority interest	(703)	(620)	(2,137)	(1,720)
Cashflow before working capital variations	121,375	102,160	349,928	302,110
Accounts receivable from clients	(22,086)	(10,320)	(38,979)	(2,402)
Accounts receivable from related parties	2,504	3,482	(3,612)	(4,260)
Other current assets	31,911	(3,342)	18,702	(14,225)
Creditable taxes	8,260	8,001	58,441	18,246
Suppliers	13,239	1,882	15,791	15,194
Accrued liabilities	(49,802)	(506)	(40,475)	8,634
Accounts payable to related parties	2,560	(4)	9,265	(56)
Downpayments from clients	9,194	1,063	33,787	10,095
Payable taxes	(14,627)	(3,060)	(13,810)	(18,644)
Net operating cashflow	102,528	99,356	389,038	314,692
Non recurring				
Accrued liabilities	17,411	(15,011)	(32,390)	(4,410)
Receivable taxes	(42,430)	(15,624)	(99,419)	(29,372)
Income in acquisition of Dollars	-	63,648	-	68,973
Cashflow net from non-recurring items	77,509	132,370	257,229	349,883
Investment activities				
Change in restricted cash	744	(2,433)	2,731	(5,890)
Acquisition of property, furniture and equipment	(230,728)	(96,609)	(661,112)	(351,972)
Acquisition of ongoing business (KGLC & KGNV)	-	-	(610,226)	4,410
Escrow deposit for hotel acquisition	(309)	(0)	(464)	4,410
Investment in subsidiary	100	(6)	281	43
Other net assets and liabilities	7,877	(6,908)	6,507	8,940
Interest gained	1,731	10,442	18,676	12,342
Cashflow from investment activities	(220,584)	(95,515)	(1,243,608)	(327,717)
Financing activities				
Net increase in paid-in follow on	-	-	-	1,768,886
Receivable Greenshoe	-	238,719	-	-
Net increase in paid-in capital from non-controlling company	-	64	-	60,095
Repurchase of shares	(4,720)	2,706	5,797	(5,529)
Obtained loans	-	-	-	100,000
Payment of interest and loan amortization*	(39,871)	(39,076)	(155,735)	(112,751)
Cashflow form financing activities	(44,591)	202,413	(149,938)	1,810,701
Net (decrease) increase in cash and cash equivalents	(187,667)	239,268	(1,136,317)	1,832,867
Cash and cash equivalents at the beginning of the period	785,436	1,691,329	1,731,587	97,729
Cash and cash equivalents at the end of the period	597,770	1,930,596	595,270	1,930,596
Cash in business acquisition	-	-	2,499	-
Total Cash at the end of the period	597,770	1,930,596	597,770	1,930,596

Appendix 1: Integration of Rooms under Operation

Operating indicators for 3Q17 consider 4,714 hotel rooms under operation out of 5,014. The integration of 300 rooms excluded is detailed as follows:

- i) 227 rooms part of the Vacation Club⁷
- ii) The effect of 73 rooms less in the period due to:
 - a. 337 rooms out of 395 rooms of the *Krystal Grand Cancun* were available in the quarter as the *Altitude Tower* expansion entered in September (58 less rooms)
 - b. 179 rooms out of 215 rooms of the *Krystal Grand Nuevo Vallarta* were available in the quarter as certain rooms have been brought to the *Krystal Grand* standards (36 less rooms)
 - c. 4 rooms out of 150 rooms of the *Krystal Grand Suites* available in the quarter as operations started in late September (146 less rooms)
 - d. 167 rooms of the *Krystal Grand Reforma* were available in the quarter as it was sold in late July. This hotel is no longer part of our portfolio (167 more rooms)

Operating indicators for YTD Sep'17 consider 4,652 hotel rooms under operation out of 5,014. The integration of 362 rooms excluded is detailed as follows:

- i) 227 rooms part of the Vacation Club
- ii) The effect of 134 rooms less in the period due to:
 - a. 309 rooms out of 395 rooms of the *Krystal Grand Cancun* were available in year to date as the *Altitude Tower* expansion entered in September (86 less rooms)
 - b. 319 rooms out of 454 rooms of the *Krystal Grand Los Cabos* were available year to date as operations started at the end of March (135 less rooms)
 - c. 156 rooms out of 215 rooms of the *Krystal Grand Nuevo Vallarta* were available year to date as operations started at the end of March (59 less rooms)
 - d. 1 room out of 150 rooms of the *Krystal Grand Suites* available year to date as operations started in late September (149 less rooms)
 - e. 110 rooms out of 124 of the *Krystal Pachuca* were available in the quarter as operations started in February (14 less rooms)
 - f. 61 rooms out of 140 were of the *Ibis Irapuato* were available in the quarter as operations started in September (79 less rooms)
 - g. 388 rooms of the *Krystal Grand Reforma* were available in the quarter as it was sold in late July. This hotel is no longer part of our portfolio (388 more rooms)
- iii) 1 room under renovation in *Krystal Urban Cancun* (1 less room)

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

Rooms 3Q17	Owned Hotels	Third-party owned hotels	Total Rooms	Rooms YTD Sep 2017	Owned Hotels	Third-party owned hotels	Total Rooms
In Operation	2,885	1,829	4,714	In Operation	2,696	1,956	4,652
Vacational Club	53	174	227	Vacational Club	53	174	227
Unavailable	73	-	73	Unavailable	429	295	134
In Renovation	-	-	-	In Renovation	1	-	1
Hotel Expansion	-	-	-	Hotel Expansion	-	-	-
Total Rooms	3,011	2,003	5,014	Total Rooms	3,179	1,835	5,014

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