



## Grupo Hotelero Santa Fe Reports Increase of 37% in Total Revenue and 49% EBITDA for 3Q15

Mexico City, October 22, 2015 – Grupo Hotelero Santa Fe S.A.B. de C.V. (BMV: HOTEL) (“HOTEL” or “the Company”), announced today its consolidated results for the third quarter period ended September 30, 2015 (“3Q15”). Figures are expressed in Mexican Pesos, are unaudited and are in accordance with International Financial Reporting Standards (“IFRS”).

### Highlights for 3Q15

- Total Revenue for 3Q15 reached Ps. 239.9 million, 37.0% higher compared to 3Q14, driven by increases of 42.1% in Room Revenue, 37.6% in Food and Beverages and 18.7% in Other Revenue.
- As a result of the revenue growth and operating efficiencies, EBITDA<sup>1</sup> reached Ps. 77.6 million, 48.8% higher than the figure reported in 3Q14. EBITDA margin increased 2.6 percentage points versus 3Q14, reaching 32.3% for 3Q15.
- Dollar-denominated revenue represented 14.9% of total revenue of 3Q15, thereby maintaining a natural hedge of the dollarized financial debt and a Net Debt/EBITDA ratio equal to 3.1x for the last 12 months period.
- Operating cash flow reached Ps. 82.6 million in 3Q15, 75.6% higher compared to Ps. 47.0 million in 3Q14. Operating cash flow for the first nine months of 2015 was Ps. 243.0 million, up 68.2% compared to Ps. 144.5 million from the same period of 2014. The increase was mainly driven by the growth in EBITDA and a more efficient working capital management.
- HOTEL’s total portfolio at the end of 3Q15 reached 3,898 rooms in operation, an 18.3% increase compared to the 3,295 rooms the Company operated at the end of 3Q14. The 603 room increase is the result of acquisitions (71%), properties under development (22%) and hotel expansions (7%).
- RevPAR<sup>2</sup> of Company-owned hotels grew 14.1% vs. 3Q14, driven by an ADR increase of 9.2% and 2.7 percentage point increase in occupancy.
- As a result of the strategic alliance between HOTEL and Grupo Aeroportuario del Centro Norte, S.A.B. de C.V. (BMV: OMA), at the end of August HOTEL started operating the 134-room *Hilton Garden Inn Monterrey Aeropuerto*. The Company holds a 15% ownership and is in charge of the hotel operations.

<i>Figures in thousand Mexican Pesos</i>	Third Quarter			9 months ended September		
	2015	2014	% Var.	2015	2014	% Var.
Total Revenue	239,911	175,133	37.0	695,230	535,198	29.9
EBITDA	77,608	52,155	48.8	229,711	153,875	49.3
EBITDA Margin	32.3%	29.8%	2.6 pt	33.0%	28.8%	4.3 pt
Operating Income	51,022	32,988	54.7	147,360	93,416	57.7
Net Income	(30,608)	(2,352)	1201.5	(14,441)	35,819	(140.3)
Net Income Margin	(12.8%)	(1.3%)	(11.4 pt)	(2.1%)	6.7%	(8.8 pt)
Operating Cashflow	82,600	47,030	75.6	242,977	144,479	68.2
Occupancy	62.9%	60.1%	2.7 pt	63.3%	61.0%	2.3 pt
ADR	1,194	1,094	9.2	1,212	1,113	8.9
RevPAR	751	658	14.1	767	679	13.0

*Note: operating figures belong to owned hotels.*

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

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

## Comments from the Chief Executive Officer

Mr. Francisco Zinser, stated:

During the third quarter of 2015 we continued to generate outstanding profits. Revenues increased 37% while our EBITDA increased 48.8% with respect to 3Q14. These results were mainly driven by growth in occupancy and ADR equal to 2.7 percentage points and 9.2%, respectively. In addition, we continued our efforts to improve margins at the recently-acquired hotels such as *Krystal Grand Cancun*, *Krystal Urban Cancun* and *Krystal Satelite Maria Barbara*.

On August 27, we incorporated the *Hilton Garden Inn Monterrey Aeropuerto* hotel to our portfolio, as a result of a co-investment with OMA. Our Company owns 15% of the property and signed a contract to operate the hotel. This property had a successful start, given its extraordinary product and excellent location within the airport premises. After the end of the quarter, on October 15, we inaugurated the *Hampton Inn & Suites Paraíso, Tabasco* hotel. This property is owned by a third party and is the sixth hotel that has been added to the portfolio under the third-party operating agreement, which further demonstrates our operational capacity.

This quarterly report is especially significant for the Company as it marks HOTEL's first anniversary of listing on the Mexican Stock Exchange. It is important to highlight that the EBITDA for the last 12 months reached US\$288.5 million, which is at the higher end of our 2015 guidance. During the same period, we have added three hotels and a total of 603 rooms, 78% of which operate under the *Krystal* brand, in line with our strategy to increase the brand's presence. In line with our goals, our presence within the urban destinations rose from 43% to 49% of our portfolio.

The sector continues to demonstrate solid fundamentals. From January to August 2015, international passenger traffic has increased 8.4% compared with the same period of 2014, while revenue generated by this segment increased 8.0%. Airport traffic grew 12.2%; this average is the result of increases of a 12.8% and 11.2% growth in the domestic and international segments, respectively. As a result of the aforementioned, Mexico has risen from 15<sup>th</sup> place to 10<sup>th</sup> in terms of international tourist passenger arrivals<sup>3</sup>.

We continue to focus on client service and quality in order to provide our clients with an enjoyable experience during their stay at our hotels, maintaining the hospitality standards that characterize us.

Once again we thank our shareholders for their trust in our Company and we continue to focus on generating outstanding financial results for them. We have achieved these results, largely as a result to the professional work of each one of our employees throughout the 9 cities, 13 hotels and 3,898 rooms in operation. The third quarter concludes with 73% of our rooms under the *Krystal*® brand, growing in line with our strategy to be present in unique locations, and maintaining our objective of becoming the leading hotel operator in Mexico.

<sup>3</sup> Source: DATATUR 2015.

## Portfolio of Hotel Properties

No.	Hotel Name	Total Rooms	Ownership	Type	Category	Months in Operation	Stabilized	City	State
1	Hilton Guadalajara	450	100%	Urban	Grand Tourism	>36	Yes	Guadalajara	Jalisco
2	Hilton Garden Inn Monterrey	150	100%	Urban	4 stars	>36	Yes	Monterrey	Nuevo León
3	Krystal Business Cd. Juarez	120	100%	Urban	4 stars	>36	Yes	Ciudad Juarez	Chihuahua
4	Krystal Grand Reforma Uno	489	-	Urban	Grand Tourism	22	In Process	Distrito Federal	Distrito Federal
5	Krystal Urban Cancun	212	100%	Urban	4 stars	9	In Process	Cancún	Quintana Roo
6	Krystal Satélite María Bárbara	215	100%	Urban	5 stars	5	In Process	Estado de México	Estado de México
7	Hilton Garden Inn Monterrey Airport	134	15%	Urban	4 stars	1		Monterrey	Nuevo León
<b>Subtotal Urban</b>		<b>1,770</b>							
8	Krystal Resort Cancún	499	-	Resort	5 stars	>36	Yes	Cancún	Quintana Roo
9	Krystal Resort Ixtapa	255	-	Resort	5 stars	>36	Yes	Ixtapa	Guerrero
10	Krystal Resort Puerto Vallarta	420	-	Resort	5 stars	>36	Yes	Vallarta	Jalisco
11	Krystal Grand Punta Cancún	295	100%	Resort	Grand Tourism	25	In Process	Cancún	Quintana Roo
12	Hilton Puerto Vallarta Resort	259	100%	Resort	Grand Tourism	36	In Process	Vallarta	Jalisco
13	Krystal Beach Acapulco	400	100%	Resort	4 stars	30	In Process	Acapulco	Guerrero
<b>Subtotal Resorts</b>		<b>2,128</b>							
<b>Total in Operations</b>		<b>3,898</b>							
14	Hampton Inn & Suites Paraíso Tabasco	117	-	Urban	4 stars			Paraíso	Tabasco
15	Krystal Urban Guadalajara	140	100%	Urban	4 stars			Guadalajara	Jalisco
	Expansion - Krystal Resort Cancún	4	-	Resort	5 stars			Cancún	Quintana Roo
<b>Total Under Development</b>		<b>261</b>							
<b>Total</b>		<b>4,159</b>							

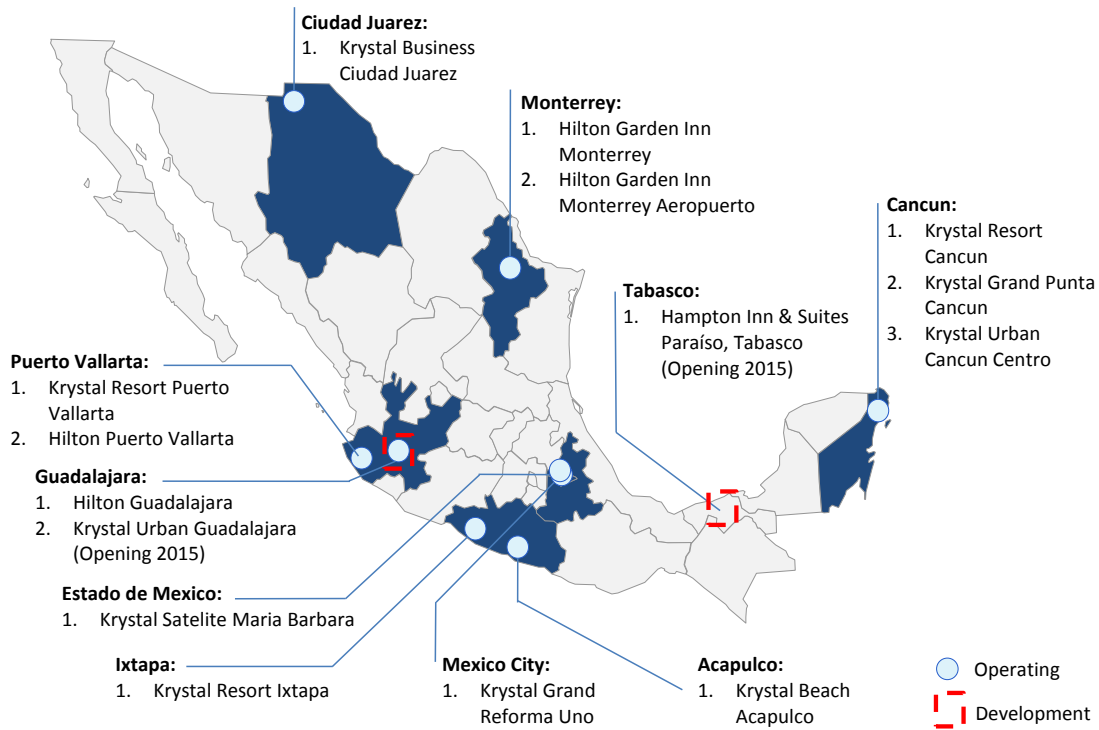
At the end of 3Q15, HOTEL had a total of 13 properties under operation, of which 8 are Company-owned and the remaining 5 are third-party owned<sup>4</sup>. This represents three additional properties compared to the 10 hotels, which the Company had in operation at 3Q14.

The total number of rooms under operation in 3Q15 was 3,898, a 18.3% increase compared to 3,295 for the same period of the previous year. From the 603 additional rooms, 427 are derived from acquisitions during the period (*Krystal Urban Cancun Centro* and *Krystal Satelite Maria Barbara*), 134 from developments (*Hilton Garden Inn Monterrey Aeropuerto*) and 42 from hotel expansions (*Krystal Resort Cancun*).

Additionally, HOTEL has 117 rooms under construction in Paraíso, Tabasco, inaugurated during October 2015, 140 under conversion in Guadalajara, which will open by year end, as well as the expansion of 4 additional rooms in the *Krystal Cancun* hotel, for a total of 15 hotels and 4,159 rooms.

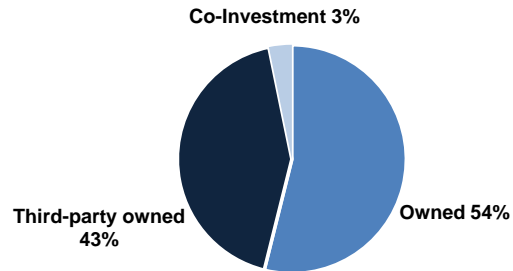
<sup>4</sup> The Company operates the Hilton Garden Inn Monterrey Aeropuerto hotel, in which it has a 15% ownership position. According to IFRS, although the results of this property are not consolidated in the Company's financial statements, third-party hotel's management fees are included as Other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

The hotel portfolio is geographically distributed as follows:

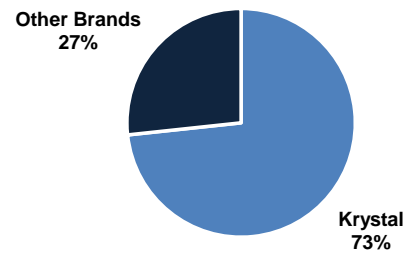


In terms of rooms under operation and rooms under development (including rooms under construction and conversion), by the end of 3Q15 the hotel portfolio was composed as following:

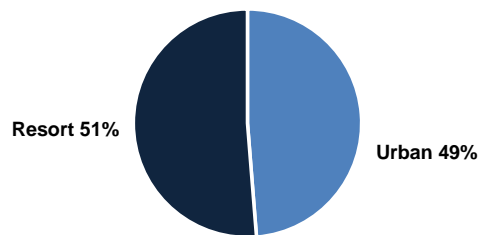
### Ownership



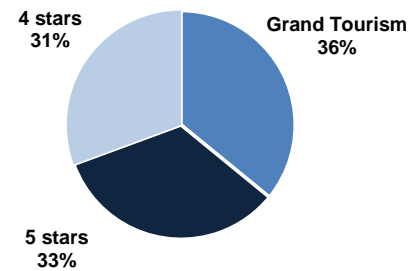
### Brand



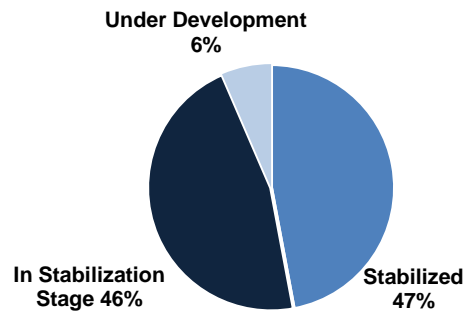
### Segment



### Category



### Stabilization Stage



## 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. This rationale for this classification is that the majority of revenue is driven by company-owned hotels. While commercially important and relevant for the hotel platform, hotels under management only generate management fees for the Company, which are shown in the P&L under Other Income.

Company-owned hotels are classified according to the stage in the stabilization cycle for each hotel. As a result of this classification, hotels that have been in operation for at least 36 months are considered mature or stabilized, while hotels that have been in operation for less than 36 months are considered in their stabilization stage or in their maturing period.

At the close of 3Q15, HOTEL had 8 company-owned hotels and 5 third-party owned hotels under management<sup>5</sup>.

The operating indicators for 3Q15 include 3,333 hotel rooms under operation out of a total of 3,898 rooms, excluding 565 rooms, which are part of i) 281 rooms part of the Vacation Club<sup>6</sup>; ii) 201 rooms that were under renovation (172 rooms in *Krystal Grand Reforma Uno*, 20 in *Krystal Urban Cancun Centro* and 9 in *Krystal Satelite Maria Barbara*); and iii) the impact of 83 fewer rooms during the period, considering that 134 rooms in the *Hilton Garden Inn Aeropuerto Monterrey* hotel were not available during the totality of the period, since that hotel was inaugurated on August 27, 2015.

The operating indicators for the 9 month period of January to September 2015 included 3,186 hotel rooms under operation out of a total of 3,898 rooms, excluding 712 rooms, which are part of: i) 281 rooms part of the Vacation Club, ii) 182 rooms under renovation (162 rooms in *Krystal Grand Reforma Uno* and 20 rooms in *Krystal Urban Cancun Centro*); and iii) the impact of 249 fewer rooms during the period, considering that 215 rooms of the *Krystal Satelite Maria Barbara* hotel, 42 rooms of the expansion of *Krystal Resort Cancun* and 134 rooms of the *Hilton Garden Inn Aeropuerto Monterrey* were not available during the totality of the period, since such properties were added to the portfolio in May, July and August of 2015, respectively.

<sup>5</sup> See footnote 5.

<sup>6</sup> 281 rooms are part of Vacation Club, of which 53 rooms are company-owned, and 228 rooms are third-party owned under the Company's management. Vacation Club revenue is included in the P&L under Other Income, and is, therefore, excluded from this analysis.

The following table is a summary of the main 3Q15 operating indicators compared to 3Q14, based on the aforementioned classification:

Figures in Pesos

Hotel Classification	Tercer Trimestre			Acumulado Enero - Septiembre		
	2015	2014	% Var.	2015	2014	% Var.
<b>Total Hotels in Operation</b>	<b>13</b>	<b>10</b>	<b>30.0</b>	<b>13</b>	<b>10</b>	<b>30.0</b>
Number of rooms	3,333	3,014	10.6	3,186	3,011	5.8
Occupancy	69.6%	65.2%	4.4 pt	69.9%	65.4%	4.5 pt
ADR	1,218	1,105	10.3	1,222	1,122	8.9
RevPAR	848	721	17.6	854	734	16.4
<b>1 Total Owned Hotels</b>	<b>8</b>	<b>6</b>	<b>33.3</b>	<b>8</b>	<b>6</b>	<b>33.3</b>
Number of rooms	2,019	1,621	24.6	1,924	1,621	18.7
Occupancy	62.9%	60.1%	2.7 pt	63.3%	61.0%	2.3 pt
ADR	1,194	1,094	9.2	1,212	1,113	8.9
RevPAR	751	658	14.1	767	679	13.0
<b>1.1 Stabilized Owned Hotels</b>	<b>3</b>	<b>3</b>	<b>0.0</b>	<b>3</b>	<b>3</b>	<b>0.0</b>
Number of rooms	720	720	0.0	720	720	0.0
Occupancy	61.9%	59.6%	2.2 pt	60.5%	57.7%	2.8 pt
ADR	1,189	1,083	9.8	1,140	1,038	9.8
RevPAR	735	646	13.9	689	599	15.1
<b>1.2 Owned Hotels in Stabilization Stage</b>	<b>5</b>	<b>3</b>	<b>66.7</b>	<b>5</b>	<b>3</b>	<b>66.7</b>
Number of rooms	1,299	901	44.2	1,204	901	33.6
Occupancy	63.4%	60.5%	2.9 pt	65.0%	63.7%	1.3 pt
ADR	1,197	1,103	8.6	1,252	1,167	7.3
RevPAR	759	668	13.7	813	743	9.5
<b>2 Third-party Hotels Under Management</b>	<b>5</b>	<b>4</b>	<b>25.0</b>	<b>5</b>	<b>4</b>	<b>25.0</b>
Number of rooms	1,314	1,393	(5.7)	1,262	1,390	(9.2)
Occupancy	80.0%	71.2%	8.8 pt	80.0%	70.6%	9.4 pt
ADR	1,247	1,116	11.8	1,234	1,131	9.2
RevPAR	998	794	25.6	987	798	23.7

Note: excludes 281 rooms from Vacation Club as well as 162 rooms from Krystal Grand Reforma Uno and 20 from Krystal Urban Cancún Centro that are being remodeled.

For comparable purposes, 33 rooms of the Mosquito Beach hotel in Playa del Carmen that the Company operated during the first 8 months of 20 are excluded as owner decided to change the use of the property.

## Consolidated Financial Results

Figures in thousand Mexican Pesos

Income Statement	Third Quarter			9 months ended September		
	2015	2014	% Var.	2015	2014	% Var.
Room Revenue	139,427	98,120	42.1	402,793	300,458	34.1
Food and Beverage Revenue	65,957	47,930	37.6	193,057	146,160	32.1
Other Revenue	34,526	29,083	18.7	99,380	88,579	12.2
<b>Total Revenue</b>	<b>239,911</b>	<b>175,133</b>	<b>37.0</b>	<b>695,230</b>	<b>535,198</b>	<b>29.9</b>
Cost and Operating Expenses	94,582	74,836	26.4	275,845	232,862	18.5
Sales and Administrative	64,077	44,652	43.5	179,017	138,755	29.0
Other Expenses	3,644	3,491	4.4	10,657	9,707	9.8
Depreciation and Amortization	23,011	16,273	41.4	65,598	51,950	26.3
<b>Total Costs and Expenses</b>	<b>185,314</b>	<b>139,251</b>	<b>33.1</b>	<b>531,117</b>	<b>433,273</b>	<b>22.6</b>
<b>Total Non Recurring Expenses</b>	<b>3,575</b>	<b>2,894</b>	<b>23.5</b>	<b>16,754</b>	<b>8,509</b>	<b>96.9</b>
<b>EBITDA</b>	<b>77,608</b>	<b>52,155</b>	<b>48.8</b>	<b>229,711</b>	<b>153,875</b>	<b>49.3</b>
EBITDA Margin(%)	32.3%	29.8%	2.6 pt	33.0%	28.8%	4.3 pt
<b>Operating Income</b>	<b>51,022</b>	<b>32,988</b>	<b>54.7</b>	<b>147,360</b>	<b>93,416</b>	<b>57.7</b>
Operating Income Margin (%)	21.3%	18.8%	2.4 pt	21.2%	17.5%	3.7 pt
<b>Net Financing Result</b>	<b>(89,235)</b>	<b>(40,568)</b>	<b>120.0</b>	<b>(165,503)</b>	<b>(53,681)</b>	<b>208.3</b>
Undistributed income from subsidiaries, net	(47)	141	NA	93	(19)	NA
Total income taxes	(7,652)	(743)	929.2	(3,610)	3,898	(192.6)
Minority Interest	-	4,343	NA	-	-	NA
<b>Net Income</b>	<b>(30,608)</b>	<b>(2,352)</b>	<b>1,201.5</b>	<b>(14,441)</b>	<b>35,819</b>	<b>(140.3)</b>
Net Income Margin (%)	(12.8%)	(1.3%)	(11.4 pt)	(2.1%)	6.7%	(8.8 pt)

## Total Revenue

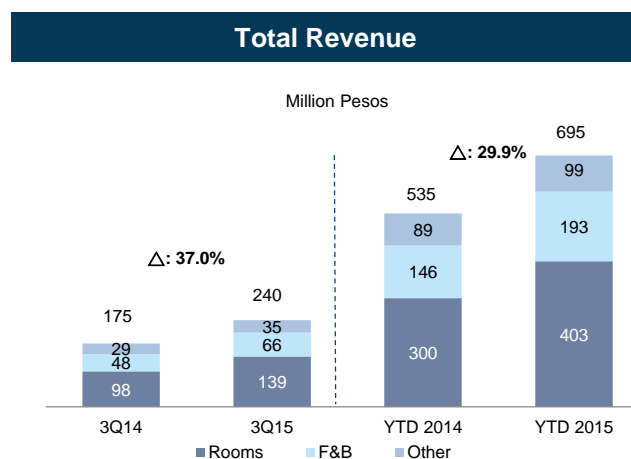
During 3Q15, Total Revenue increased 37.0%, from Ps. 175.1 million in 3Q14 to Ps. 239.9 million, driven by a 42.1% growth in room revenue, 37.6% in food and beverage and 18.7% in other revenue.

Room revenue in 3Q15 had an increase of 42.1% compared to 3Q14 derived from a 24.6% growth in the number of Company-owned rooms and an improvement of 14.1% growth in RevPAR, comprised by a 9.2% improvement in ADR and 2.7 percentage points growth in occupancy.

The portfolio of company-owned stabilized in 3Q15 had a 13.9% growth in room revenue from a 9.8% growth in ADR and a 2.2 percentage point increase in occupancy, compared to 3Q14.

In addition, owned hotels in the stabilization stage had a growth of 63.9% on room revenue derived from a 13.7% increase in RevPAR and a 44.2% growth in the number of rooms due to the acquisitions of *Krystal Urban Cancun Centro* in December 2014 and *Krystal Satellite Maria Barbara* in May 2015.

Food and Beverage revenue increased 37.6%, from Ps. 47.9 million in 3Q14 to Ps. 66.0 million in 3Q15. This growth was mainly driven by the evolution of the stabilization stage presented at the *Krystal Grand Punta Cancun* and *Hilton Puerto Vallarta* hotels, as well as the addition of the *Krystal Urban Cancun Centro* and *Krystal Satellite Maria Barbara* hotels that



during the 3Q14 were not yet part of our portfolio.

Lastly, Other Income, which includes among other items, management fees received related to third-party owned hotels, as well as other hotel income, such as parking, laundry, telephone, and leasing of commercial spaces, among others, increased 18.3% from Ps. 29.1 million in 3Q14 to Ps. 34.5 million. The following table illustrates the composition of Other Income:

Figures in thousand Mexican Pesos			Third Quarter			9 months ended September		
Other Revenue Breakdown			2015	2014	% Var.	2015	2014	% Var.
Other Revenue from Hotels			21,858	18,377	18.9	63,833	57,229	11.5
Third-party Hotels' Management Fees			12,668	10,706	18.3	35,548	31,350	13.4
<b>Total Other Revenue</b>			<b>34,526</b>	<b>29,083</b>	<b>18.7</b>	<b>99,380</b>	<b>88,579</b>	<b>12.2</b>

Although during 3Q15 RevPAR of hotels under management increased 25.6% compared to 3Q14, the current renovation in place by the owner of *Krystal Grand Reforma Uno* hotel, in accordance with the Krystal Grand® brand standards, decreased the comparable base of available rooms by 5.7%, with respect to the previous year. As a result, room revenue increased 18.5%, which had an impact on management fee income.

The Company sees an opportunity to continue with 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 Expenses increased 26.4%, from Ps. 74.8 million in 3Q14 to Ps. 94.6 million in 3Q15. The increase was mainly in terms of direct costs, which are in proportion to the revenue increase, as well as to an increase in management expenses derived from the addition of *Krystal Urban Cancun Centro* and the *Krystal Satellite Maria Barbara* hotels. However, the Company achieved operating efficiencies of 3.3 percentage points, since in 3Q15 operating costs and expenses represented 39.4% of total revenues compared to 42.7% in 3Q14.

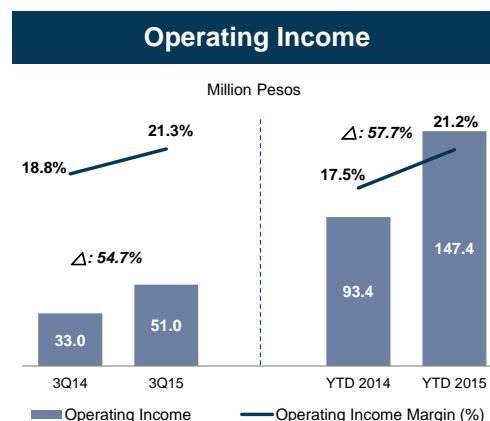
*Sales and Administrative Costs and Expenses* increased 43.5%, from Ps. 44.6 million in 3Q14 to Ps. 64.1 million in 3Q15. There was a non-comparable effect as approximately 12.5% of this increase stemmed from costs related to being a public company, which was not the case during 3Q14, since HOTEL's IPO took place in September 2014. Excluding the non-comparable effect, the increase in Sales and Administrative Costs and Expenses was 38.1%.

The majority of the aforementioned increase was related to expenses for *Krystal Urban Cancun Centro* and the *Krystal Satellite Maria Barbara*, which were not yet part of the hotel portfolio during 3Q14; and being a recent acquisition, they continue to achieve operational efficiency of the maturing hotel portfolio. Additionally, the Company incurred expenses related to the launching campaign of the Krystal Grand brand, which started on the second half of 2015.

Administrative costs and expenses as a percentage of total revenue, increased from 25.5% in 3Q14 to 26.7% in 3Q15. Excluding the non-comparable effect, this line item would have reached 25.7%, in line with the previous year.

## Operating Income

For 3Q15, operating income increased 54.7% from Ps. 33.0 million in 3Q14 to Ps. 51.0 million. The operating efficiencies had a positive impact on the operating margin, which increased 2.4 percentage points from 18.8% in 3Q14 to 21.3%.



## EBITDA

For 3Q15, EBITDA reached Ps. 77.6 million, compared to Ps. 52.2 million in 3Q14, an increase of 48.8%. EBITDA margin increased 2.6 percentage points, from 29.8% in 2Q14 to 32.3% in 2Q15.

(Cifras en miles de Pesos)	3Q15	3Q14	% Var.	Acum. 2015	Acum. 2014	% Var.
Operating Income	51,022	32,988	54.7	147,360	93,416	57.7
(+) Depreciation and Amortization	23,011	16,273	41.4	65,598	51,950	26.3
(+) Development and hotel opening expenses <sup>7</sup>	3,171	1,468	116.0	11,277	3,150	258.0
(+) Other non-recurring expenses <sup>8</sup>	403	1,426	(71.7)	5,476	5,359	2.2
EBITDA	77,608	52,155	48.8	229,711	153,875	49.3
EBITDA Margin	32.3%	29.8%	2.6 pt	33.0%	28.8%	4.3 pt

## Net Financing Result

For 3Q15, Net Financing Result resulted in a loss of Ps. 89.3 million from a loss of Ps. 40.6 million in 3Q14. This variation was mainly derived from an increase in foreign exchange impact that went from a loss of Ps. 32.7 million in 3Q14 to a loss of Ps. 80.8 million in 3Q15. This was due to the 9% depreciation of the peso against the dollar which went from Ps. 15.66 on June 30, 2015 to Ps. 17.08 on September 30, 2015; and given that the total financial debt of the Company is dollar-denominated.

However, during January to September period, approximately 22.6% of total revenues were dollar denominated. After considering costs and expenses in dollars, these were sufficient to cover financial debt in both principal and interest.

Additionally, going forward, the Company will balance its debt between pesos and dollars, according to the dollar flow from its hotel portfolio.

## Net Income

Net Income decreased from a net loss of Ps. 2.4 million during 3Q14 to a net loss of Ps. 30.6 million in 3Q15. This decline was mainly due to the exchange rate loss that took place during the third quarter of 2015.

<sup>7</sup> Gastos de expansión y apertura de nuevos hoteles incluyen gastos efectuados por el área de nuevos desarrollos y están relacionados con la adquisición y búsqueda de oportunidades de adquisición.

<sup>8</sup> Otros gastos no recurrentes incluyen gastos por liquidaciones y asesorías relacionadas con la toma de posesión de hoteles adquiridos.

## Operating Cash Flow

At the close of 3Q15, operating cash flow reached Ps. 82.6 million, compared to the Ps. 47.0 million reported in 3Q14, an increase of 75.6%, mainly driven by the EBITDA increase and the efficient management of working capital.

Operating cash flow for the first nine months of 2015 was Ps. 243.0 million, compared to Ps. 144.5 million during the same period of 2014, representing a 68.2% increase mainly due to EBITDA growth and an efficient management of working capital.

## Balance Sheet Summary

*Figures in thousand Mexican Pesos*

Balance Sheet Summary	Sep-15	Sep-14	Var \$	Var %
Cash and cash equivalents	52,801	734,901	(682,101)	(92.8%)
Accounts receivables and other current assets	104,467	95,516	8,950	9.4%
Creditable taxes	96,324	102,703	(6,379)	(6.2%)
Escrow deposit for hotel acquisition	16,553	-	16,553	NA
<b>Total current assets</b>	<b>270,144</b>	<b>933,120</b>	<b>(662,977)</b>	<b>(71.0%)</b>
Restricted cash	47,125	27,841	19,284	69.3%
Property, furniture and equipment	2,696,982	2,089,242	607,740	29.1%
Other fixed assets	320,173	147,873	172,300	116.5%
<b>Total non-current assets</b>	<b>3,064,280</b>	<b>2,264,957</b>	<b>799,323</b>	<b>35.3%</b>
<b>Total Assets</b>	<b>3,334,424</b>	<b>3,198,077</b>	<b>136,347</b>	<b>4.3%</b>
Current installments of long-term debt	83,559	113,655	(30,096)	(26.5%)
Other current liabilities	160,964	99,765	61,199	61.3%
<b>Total current liabilities</b>	<b>244,523</b>	<b>213,419</b>	<b>31,104</b>	<b>14.6%</b>
Long-term debt	920,100	794,323	125,778	15.8%
Other non-current liabilities	70,832	2,337	68,495	2931.0%
<b>Total non-current liabilities</b>	<b>990,932</b>	<b>796,659</b>	<b>194,273</b>	<b>24.4%</b>
<b>Total Equity</b>	<b>2,098,969</b>	<b>2,187,999</b>	<b>(89,030)</b>	<b>(4.1%)</b>
<b>Total Liabilities and Equity</b>	<b>3,334,424</b>	<b>3,198,077</b>	<b>136,347</b>	<b>4.3%</b>

## Cash and Equivalents

At the end of 3Q15, the Company's cash and equivalents reached Ps. 99.9 million. This position consists of Ps. 52.8 million in cash and equivalents and Ps. 47.1 million in restricted cash related to the Company's debt. The U.S. dollar cash position of the Company is equal to 65.5%.

Cash and equivalents of Ps. 734.9 million at the end of 3Q14 included the funds raised as a result of the Company's initial public offering during September 2014.

## Trust Deposit for the Hotel Acquisition

As part of the pursuit and analysis of investment opportunities for hotels and real estate properties in order to carry out its expansion plan, during 2Q15, the Company announced that it has signed an acquisition contract for the *Krystal Satelite Maria Barbara*. As part of this acquisition, the Company agreed with the seller to withhold Ps. 31.8 million of the acquisition price for a one-year period, to be used as a guaranty deposit to cover any liability or contingency. At the end of 3Q15 the Company has paid off Ps. 15.2 million corresponding to the liabilities resulting from the acquisition of this property. The remaining amount in trust deposit is Ps. 16.6 million.

## Property, Furniture & Equipment

This line item represented Ps. 2,697.0 million for 3Q15, a 29.1% increase compared to Ps. 2,089.0 million in 3Q14. The increase was mainly driven by the acquisition of Kystal Urban Cancun Centro hotel for Ps. 254 million during December 2014, the acquisition of *Krystal Satellite Maria Barbara* for Ps. 266.0 million in May 2015 and the conversion of *Krystal Urban Guadalajara*, which is expected to open by year-end. In addition, the Company continues to carry out remodeling and renovation projects in its fixed assets on an on-going basis.

## Net Debt and Maturity

Net Debt was Ps. 903.7 million at the end of 3Q15. Total Debt, which is mostly U.S.-dollar denominated, has an average cost of 3.43%, and 90.0% of the debt as a long-term maturity (see Maturity breakdown and chart). In addition, given the Company's revenues in U.S. dollars, 65.5% of its cash is denominated in U.S. dollars, which is to pay its financial liabilities. A breakdown of debt and cash position of the Company, as well as a table of debt maturities are included below.

According to IFRS, the exchange rate used was Ps. 17.0771 / US\$ as of September 30, 2015, as published in Mexico's *Diario Oficial de la Federación*.

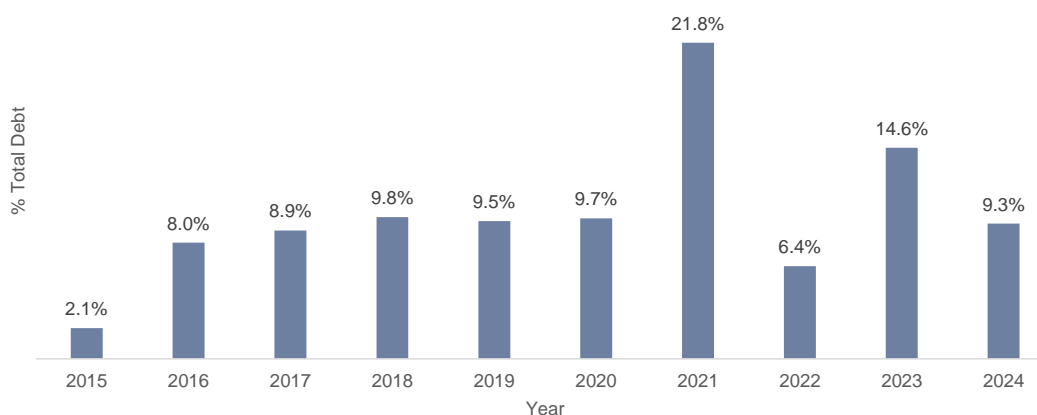
Figures in thousand Mexican Pesos			Deuda <sup>1</sup>		Caja y Bancos <sup>2</sup>	Deuda Neta
Financing	Short Term	Long Term	Total			
<b>Total</b>	<b>83,559</b>	<b>920,100</b>	<b>1,003,659</b>		<b>99,925</b>	<b>903,734</b>
Denominated in Pesos	-	-	-		34,641	(34,641)
Denominated in Dollars	83,559	920,100	1,003,659		65,285	938,375
Average rate of financial liabilities	3.43%	3.43%	3.43%			

Net Debt / LTMEBITDA (as of 30 September 2015) 3.1x

1) Included accrued interests and effect of financial instruments related to financial debt.

2) Includes restricted cash related to bank debt.

Maturities of Grupo Hotelero Santa Fe  
as of 30 September 2015



## Currency Hedging

The Company's financial debt is dollar-denominated since a large part of revenues of the *Krystal Grand Punta Cancun*, *Hilton Puerto Vallarta* and *Hilton Guadalajara* hotels are in U.S. dollars.

During 3Q15, and despite the fact that the months of July and August are typically vacation seasons in the domestic market, approximately 14.9% of the total revenue was denominated in dollars. For the nine-month period ended September 2015, approximately 22.6% of total revenue was dollar denominated. After taking into account costs and expenses in dollars, revenue denominated in dollars was sufficient to cover the financial debt, both in terms of interest as well as principal.

Debt coverage ratio resulting from dollar cash flows is 1.2x for the nine-month period ended September 2015, and is equal to 2.8x considering the Company's cash flow in both dollars and pesos, as depicted on the following table.

Going forward, the Company will balance its debt between pesos and dollars in accordance with the currency generation of each hotel.

*Figures in thousand of Mexican Pesos*

Currency Hedging Analysis	3T15	% Tot.	Ene-Sep 15	% Tot.
Ingresos denominados en Pesos	204,198	85.1%	538,196	77.4%
Revenue denominated in dollars	35,713	14.9%	157,034	22.6%
<b>Ingresos Totales</b>	<b>239,911</b>	<b>100.0%</b>	<b>695,230</b>	<b>100.0%</b>
Cost and Expenses denominated in Pesos	138,383	85.3%	403,715	86.7%
Cost and Expenses denominated in dollars	23,921	14.7%	61,804	13.3%
<b>Total Cost and Expenses</b>	<b>162,303</b>	<b>100.0%</b>	<b>465,519</b>	<b>100.0%</b>
Cashflow denominated in Pesos	65,815	84.8%	134,481	58.5%
Cashflow denominated in dollars	11,793	15.2%	95,230	41.5%
<b>Total Cashflow</b>	<b>77,608</b>	<b>100.0%</b>	<b>229,711</b>	<b>100.0%</b>
Interest	8,479		24,192	
Principal	20,309		58,055	
<b>Total Debt Service</b>	<b>27,737</b>		<b>81,196</b>	
<b>Coverage Ratios</b>				
Interest Coverage ratio <sup>1</sup>	9.2x		9.5x	
Debt Service Coverage Ratio <sup>2</sup>	2.8x		2.8x	
Cashflow in dollars / Interest <sup>3</sup>	1.4x		3.9x	
Cashflow in dollars / Debts Service <sup>4</sup>	0.4x		1.2x	

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

3) Cashflow in dollars / Interest; 4) Cashflow in dollars / Total Debt Service

*Note: debts service excludes prepayment of bank loans related to acquisitions of the Krystal Urban Cancun Centro and Krystal Satellite María Bárbara hotels, for Ps. 188.0 million in May 2015 and Ps. 55.0 in June 2015, respectively.*

## Recent Events

During 3Q15 and until the time of this report, the Company's relevant events included:

- Inauguration of 134-room Hilton Garden Inn hotel in the Monterrey Airport, as a result of the strategic alliance between HOTEL and Grupo Aeroportuario del Centro Norte, S.A.B. de C.V. (BMV: OMA).

## 3Q15 Conference Call Details:

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

**Date:** Friday, October 23, 2015

**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 (audio) please dial:

**Telephone:** U.S.: 1 800-863-3908 and 1 334-323-7224  
Mexico: 01 800-522-0034

Conference password: HOTEL 000

**Webcast:** The webcast will take place in English. To follow the Power Point presentation, please visit our website at:  
<http://www.gsf-hotels.com/investors>

## About Grupo Hotelero Santa Fe

HOTEL is one of the leading companies in the Mexican hotel industry and is focused on acquiring, developing and operating hotels. The Company has a unique business model characterized by its flexibility and adaptability as HOTEL's experience allows it to operate under different brands, local and foreign, in different segments.

The Company maintains a focus on the strengthening and positioning of its Krystal® brand, which has considerable recognition in the Mexican market. This strategy allows HOTEL to offer different experiences adapted to the specific demand in each market and to maximize the profitability of its investments.

The Company's operating model is characterized by the multi-functionality and efficiency of its personnel, as well as a strict cost control that allows a rapid adaptation and anticipation to the changing necessities of the industry. HOTEL has the capacity to add new hotels to its existing portfolio through acquisition, development and conversion of properties or through the celebration of operating contracts with third parties. The Company considers that its diversified portfolio and its management capacities focused on profitability, in addition to the property of a brand with high recognition in the market, all together help HOTEL to obtain new operating contracts for hotels owned by third parties.

### 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 of this 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 30 September 2015 and 2014

(Figures in thousand Mexican Pesos)

<i>Figures in thousand Mexican Pesos</i>	Third Quarter			9 months ended September		
Income Statement	2015	2014	% Var.	2015	2014	% Var.
Room Revenue	139,427	98,120	42.1	402,793	300,458	34.1
Food and Beverage Revenue	65,957	47,930	37.6	193,057	146,160	32.1
Other Revenue	34,526	29,083	18.7	99,380	88,579	12.2
<b>Total Revenue</b>	<b>239,911</b>	<b>175,133</b>	<b>37.0</b>	<b>695,230</b>	<b>535,198</b>	<b>29.9</b>
Cost and Operating Expenses	94,582	74,836	26.4	275,845	232,862	18.5
Sales and Administrative	64,077	44,652	43.5	179,017	138,755	29.0
Other Expenses	3,644	3,491	4.4	10,657	9,707	9.8
Depreciation and Amortization	23,011	16,273	41.4	65,598	51,950	26.3
<b>Total Costs and Expenses</b>	<b>185,314</b>	<b>139,251</b>	<b>33.1</b>	<b>531,117</b>	<b>433,273</b>	<b>22.6</b>
Bargain purchase gain	-	-	NA	-	-	NA
Development and hotel opening expenses	3,171	1,468	116.0	11,277	3,150	258.0
Other non-recurring expenses	403	1,426	(71.7)	5,476	5,359	2.2
<b>Total Non Recurring Expenses</b>	<b>3,575</b>	<b>2,894</b>	<b>23.5</b>	<b>16,754</b>	<b>8,509</b>	<b>96.9</b>
<b>EBITDA</b>	<b>77,608</b>	<b>52,155</b>	<b>48.8</b>	<b>229,711</b>	<b>153,875</b>	<b>49.3</b>
EBITDA Margin(%)	32.3%	29.8%	2.6 pt	33.0%	28.8%	4.3 pt
<b>Operating Income</b>	<b>51,022</b>	<b>32,988</b>	<b>54.7</b>	<b>147,360</b>	<b>93,416</b>	<b>57.7</b>
Operating Income Margin (%)	21.3%	18.8%	2.4 pt	21.2%	17.5%	3.7 pt
Net interest expenses	(8,328)	(6,901)	20.7	(22,315)	(21,938)	1.7
Net foreign currency exchange loss	(80,797)	(32,765)	146.6	(142,598)	(29,512)	383.2
Other financial costs	(110)	(902)	(87.9)	(590)	(2,230)	(73.5)
<b>Net Financing Result</b>	<b>(89,235)</b>	<b>(40,568)</b>	<b>120.0</b>	<b>(165,503)</b>	<b>(53,681)</b>	<b>208.3</b>
Undistributed income from subsidiaries, net	(47)	141	NA	93	(19)	NA
Income before taxes	(38,260)	(7,438)	414.4	(18,051)	39,716	(145.4)
Total income taxes	(7,652)	(743)	929.2	(3,610)	3,898	(192.6)
Minority Interest	-	4,343	NA	-	-	NA
<b>Net Income</b>	<b>(30,608)</b>	<b>(2,352)</b>	<b>1,201.5</b>	<b>(14,441)</b>	<b>35,819</b>	<b>(140.3)</b>
Net Income Margin (%)	(12.8%)	(1.3%)	(11.4 pt)	(2.1%)	6.7%	(8.8 pt)

## Balance Sheet

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

#### Consolidated Balance Sheet

As of 30 September 2015 and 2014

(Figures in thousand Mexican Pesos)

	2015	2014	Var \$	Var %
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	52,801	734,901	(682,101)	(93%)
Accounts receivables from clients	64,967	57,960	7,007	12%
Accounts receivables from related parties	9,040	6,851	2,189	32%
Creditable taxes	96,324	102,703	(6,379)	(6%)
Other current assets	30,460	30,706	(246)	(1%)
Escrow deposit for hotel acquisition	16,553	-	16,553	100%
<b>Total current assets</b>	<b>270,144</b>	<b>933,120</b>	<b>(662,977)</b>	<b>(71%)</b>
<b>Non-current Assets</b>				
Restricted cash	47,125	27,841	19,284	69%
Property, furniture and equipment	2,696,982	2,089,242	607,740	29%
Other assets*	86,523	45,666	40,856	89%
Investment in subsidiaries	30,579	21,145	9,434	45%
Deferred income taxes	90,342	35,198	55,144	157%
Goodwill	112,729	45,864	66,866	146%
<b>Total non-current assets</b>	<b>3,064,280</b>	<b>2,264,957</b>	<b>799,323</b>	<b>35%</b>
<b>Total assets</b>	<b>3,334,424</b>	<b>3,198,077</b>	<b>136,347</b>	<b>4%</b>
<b>LIABILITIES AND SHAREHOLDERS EQUITY</b>				
<b>Current liabilities</b>				
Current installments of long-term debt	83,559	113,655	(30,096)	(26%)
Suppliers	26,290	23,829	2,461	10%
Accrued liabilities	78,807	50,616	28,192	56%
Accounts payable to related parties	182	620	(439)	100%
Payable taxes	28,101	5,079	23,022	453%
Client advanced payments	27,584	19,621	7,963	41%
<b>Total current liabilities</b>	<b>244,523</b>	<b>213,419</b>	<b>31,104</b>	<b>15%</b>
<b>Non-current liabilities</b>				
Long-term debt	920,100	794,323	125,778	16%
Other non-current liabilities	70,832	2,337	68,495	2931%
<b>Total non-current liabilities</b>	<b>990,932</b>	<b>796,659</b>	<b>194,273</b>	<b>24%</b>
<b>Total liabilities</b>	<b>1,235,455</b>	<b>1,010,079</b>	<b>225,376</b>	<b>22%</b>
<b>Equity</b>				
Capital stock	1,629,969	1,658,221	(28,252)	(2%)
Legal reserve	190,493	190,493	-	0%
Premium on subscription of shares	80,000	80,000	-	0%
Net income	(14,441)	35,819	(50,259)	(140%)
Retained earnings	212,948	223,466	(10,518)	(5%)
<b>Shareholder's Equity</b>	<b>2,098,969</b>	<b>2,187,999</b>	<b>(89,030)</b>	<b>(4%)</b>
Non-controlling interest	-	-	-	0%
<b>Total Equity</b>	<b>2,098,969</b>	<b>2,187,999</b>	<b>(89,030)</b>	<b>(4%)</b>
<b>Total liabilities and equity</b>	<b>3,334,424</b>	<b>3,198,077</b>	<b>136,347</b>	<b>4%</b>

\* Includes fixed assets downpayments and unamortized balance of management contract fee of the Krystal Grand Reforma Uno hotel, among others.

## Cash Flow Statement

Grupo Hotelero Santa Fe, S.A.B. de C. V.  
Consolidated Cash Flow  
For the nine-month period ended 30 September 2015 and 2014

Figures in thousand Pesos

Cash Flow Statement	Third Quarter		9 months ended September	
	2015	2014	2015	2014
<b>Cashflow from operating activities</b>				
Net income	(30,608)	(2,352)	(14,441)	35,819
Depreciation and amortization	23,011	16,273	65,598	51,950
Income taxes	(7,652)	-	(3,610)	-
Unrealized gain (loss) in foreign currency exchange	83,845	33,239	139,465	26,482
Net interest expense	8,328	7,536	22,315	21,760
Otros costos financieros	110	-	590	-
Minority interest	-	(4,343)	-	-
<b>Cashflow before working capital variations</b>	<b>77,034</b>	<b>50,353</b>	<b>209,917</b>	<b>136,011</b>
Accounts receivable from clients	(828)	(8,784)	(4,316)	(9,949)
Accounts receivable from related parties	(5,030)	(4,579)	(4,160)	(3,130)
Other current assets	10,941	10,249	(11,801)	(13,257)
Creditable taxes	(8,736)	3,138	52,986	4,935
Suppliers	(484)	(200)	963	(8,720)
Accrued liabilities	10,136	(4,465)	15,679	64,755
Early termination provision of operating contract	-	-	-	-
Accounts payable to related parties	(145)	(3,790)	(87)	(1,188)
Downpayments from clients	4,023	29	12,884	3,920
Payable taxes	(4,312)	5,079	(29,087)	(28,898)
<b>Net operating cashflow</b>	<b>82,600</b>	<b>47,030</b>	<b>242,977</b>	<b>144,479</b>
<b>Non recurring items</b>				
Accrued liabilities	(10,563)	-	21,237	(45,374)
Early termination provision of operating contract	-	-	-	(45,864)
<b>Cashflow net from non recurring items</b>	<b>72,036</b>	<b>47,030</b>	<b>264,213</b>	<b>53,241</b>
<b>Investment activities</b>				
Cambio en efectivo restringido	(4,243)	(1,009)	181,036	(7,137)
Acquisition of property, furniture and equipment	(51,627)	(10,190)	(127,301)	(89,595)
Adquisición de negocio (Ma Barbara hotel)	0	-	(229,280)	-
Deposito en fideicomiso adquisicion de hotel	15,247	-	(16,553)	-
Investment in subsidiary	(2,546)	(10,634)	(9,049)	(19,495)
Other net assets and liabilities	(29,341)	19,951	(23,768)	(97,368)
<b>Cashflow from investment activities</b>	<b>(72,509)</b>	<b>(1,882)</b>	<b>(224,915)</b>	<b>(213,595)</b>
<b>Financing activities</b>				
Net increase in paid-in capital from IPO	-	681,809	-	681,809
Net increase in paid-in capital from merger	-	26,837	-	26,837
Repurchase of shares	(2,843)	(8,525)	(14,294)	(8,525)
Obtained loans	-	-	-	241,567
Payment of interest and loan amortization*	(27,737)	(20,046)	(321,433)	(54,176)
Obtained loans from shareholders	-	(25,921)	-	(1,331)
Effect from non-controlling interest merger	-	-	-	(25,921)
<b>Cashflow form financing activities</b>	<b>(30,580)</b>	<b>654,154</b>	<b>(335,727)</b>	<b>860,260</b>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(31,053)</b>	<b>699,302</b>	<b>(296,429)</b>	<b>699,906</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>83,854</b>	<b>35,599</b>	<b>348,133</b>	<b>34,995</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>52,801</b>	<b>734,901</b>	<b>51,704</b>	<b>734,901</b>
<b>Efectivo en adquisición de negocio</b>	<b>-</b>	<b>-</b>	<b>1,097</b>	<b>-</b>
<b>Total Cash at the end of the period</b>	<b>52,801</b>	<b>734,901</b>	<b>52,801</b>	<b>734,901</b>

\* Includes prepayment of bank loans related to acquisitions of the Krystal Urban Cancun Centro and Krystal Satellite María Bárbara hotels, for Ps. 188.0 million in May 2015 and Ps. 55.0 in June 2015, respectively.

## Contact Information

**Enrique Martínez Guerrero**  
Chief Financial Officer  
[inversionistas@gsf-hotels.com](mailto:inversionistas@gsf-hotels.com)

**Miguel Bornacini R.**  
Head of Investor Relations  
[inversionistas@gsf-hotels.com](mailto:inversionistas@gsf-hotels.com)

For more information please visit our website: [www.gsf-hotels.com](http://www.gsf-hotels.com)