



Grupo Hotelero Santa Fe Reports 29% Increase in Total Revenue and 40% Increase in EBITDA for 3Q16

Mexico City, October 20, 2016 – 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 (“3Q16”) ended September 30, 2016. Figures are expressed in Mexican Pesos, are unaudited and are in accordance with International Financial Reporting Standards “IFRS”).

3Q16 Highlights

- Total Revenue for 3Q16 reached Ps. 308.5 million, 28.6% higher compared to 3Q15, driven by the following increases: 30.6% in Room Revenue, 24.6% in Food and Beverages, 15.6% in Other Hotel Revenue and 49.9% in management fees related to third-party owned hotels.
- As a result of the revenue growth and efficiencies from operating leverage achieved in 3Q16, EBITDA¹ reached Ps. 108.3 million, 39.5% higher compared to the figure reported in 3Q15. EBITDA margin rose by 2.8 percentage points compared to 3Q15, to reach 35.1% in 3Q16.
- Net Income for 3Q16 reached Ps. 64.4 million, equal to a net income margin of 20.9%, mainly as a result of lower net financing costs, as the Company increased its U.S. dollar position to hedge all of its U.S. dollar-denominated financial liabilities.
- Net operating cash flow for 3Q16 was Ps. 99.4 million, an increase of 20.3% compared to the Ps. 82.6 million reported in 3Q15. This increase was mainly due to EBITDA growth and variations in working capital.
- Net Debt/EBITDA (LTM) ratio was -1.8x at the end of 3Q16. Operating cash flow in dollars represented 48.9% of total operating cash flow, thereby maintaining a natural hedge of the dollarized financial debt.
- HOTEL's total portfolio at the conclusion of 3Q16 reached 4,472 rooms in operation, a 14.7% increase compared to the 3,898 rooms at end of 3Q15. The 574-room increase was the result the following: 73% from new contracts for third-party owned hotels managed by the Company, 24% from the inclusion of Company-owned hotels to the portfolio and 2% from the remodeling and/or expansion of third-party owned hotels that were already managed by the Company.
- RevPAR² for the Company-owned hotels rose by 21.4% in 3Q16 compared to 3Q15, driven by an increase of 9.3% in ADR² and 6.9 percentage points in occupancy.

Figures in thousand Mexican Pesos	Third Quarter				9 months ended September			
	2016	2015	\$ Var.	% Var.	2016	2015	\$ Var.	% Var.
Total Revenue	308,471	239,911	68,560	28.6	902,537	695,230	207,307	29.8
EBITDA	108,300	77,608	30,692	39.5	319,141	229,711	89,429	38.9
EBITDA Margin	35.1%	32.3%	2.8%	8.5	35.4%	33.0%	2.3%	7.0
Operating Income	77,249	51,022	26,228	51.4	223,295	147,360	75,935	51.5
Net Income	64,402	(30,608)	95,010	NA	114,401	(14,441)	128,842	NA
Net Income Margin	20.9%	(12.8%)	33.6%	NA	12.7%	(2.1%)	14.8%	NA
Operating Cashflow	99,356	82,600	16,757	20.3	314,692	208,846	105,846	50.7
Occupancy	69.8%	62.9%	6.9%	11.0	68.6%	63.3%	5.3%	8.4
ADR	1,305	1,194	111	9.3	1,306	1,212	94	7.8
RevPAR	911	751	160	21.4	896	767	129	16.8

Note: operating figures belong to owned hotels.

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

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

Comments from the Chief Executive Officer

Mr. Francisco Zinser, stated:

Results continue to follow a very positive trend, as was evident in the quarterly figures. Additionally, the tourism industry continues to experience very solid fundamentals. As such, the tourism boom that is being felt throughout the country will allow the various annual sector indicators to reach very strong growth at the close of 2016, in line with the projections of the National Tourism Board (*Consejo Nacional Empresarial Turístico*) and Anahuac University's Tourism and Gastronomy Faculty (*Facultad de Turismo y Gastronomía*). According to the latest report drafted by both institutions, entitled "Mexican Panorama", for 2016, the arrival of international tourists is expected to increase by 10%, to reach 35.3 million. This will give the country the opportunity to climb up the ranking of the most visited destinations in the world, where Mexico is currently in ninth place.

Once again, this quarter has been extraordinary. In the Company-owned hotels, we reached balanced growth both in terms of occupancy as well as ADR that drove 21.4% RevPAR growth with almost half of the growth coming from the ADR increase. Revenues of Ps. 308.4 million and EBITDA of Ps. 108.3 million rose by 29% and 40%, respectively, versus the previous year. In the nine-month results, we can see EBITDA growth of 38.9% reaching Ps. 319.1 million. It is important to mention that EBITDA for the accumulated nine months was 35.4%, a new record for the Company.

As part of our expansion plan, we continue working on the 2 projects located on *Insurgentes* in Mexico City; these are in line with the formerly-announced plan. Additionally, the Company is working on the 100-room suite expansion at the Krystal Grand Punta Cancun.

I wish to highlight that we reached 51% growth in Operating Revenue, compared to 3Q15, which was mostly derived from the solid performance of our hotel portfolio, the inclusion of the Krystal Urban Guadalajara as a Company-owned hotel, as well as three third party-owned hotels managed by the Company, which were not in the portfolio during 3Q15.. It is important to mention that this last segment continues to contribute significantly to our results. During 3Q16, the Krystal Monterrey was added to this portfolio; this 207-room hotel is located in the central part of the city of Monterrey. With this inclusion, we have three hotels in this city, which represents 9.7% of the total portfolio.

Lastly, I want to mention that none of these achievements would have been possible without the support of our great management team, our dedicated employees who work alongside us, as well as the confidence placed in us by you, our investors.

Portfolio of Hotel Properties

No.	Hotel Name	Total Rooms	Ownership	Type	Category	Months in Operation	Stabilized	City	State
1	Hilton Guadalajara	450	100%	Urban	Grand Tourism	>36	Yes	Guadalajara	Jalisco
2	Hilton Garden Inn Monterrey	150	100%	Urban	4 stars	>36	Yes	Monterrey	Nuevo León
3	Krystal Business Cd. Juárez	120	100%	Urban	4 stars	>36	Yes	Ciudad Juárez	Chihuahua
4	Krystal Grand Reforma Uno	500	-	Urban	Grand Tourism	34	In Process	Mexico City	Mexico City
5	Krystal Urban Cancún	212	100%	Urban	4 stars	22	In Process	Cancun	Quintana Roo
6	Krystal Satélite María Bárbara	215	100%	Urban	5 stars	17	In Process	Estado de Mexico	Estado de Mexico
7	Hilton Garden Inn Monterrey Aeropuerto	134	15%	Urban	4 stars	13	In Process	Monterrey	Nuevo León
8	Hampton Inn & Suites Paraíso Tabasco	117	-	Urban	4 stars	12	In Process	Paraíso	Tabasco
9	Krystal Urban Aeropuerto Ciudad de México	96	-	Urban	4 stars	9	In Process	Mexico City	Mexico City
10	Krystal Urban Guadalajara	140	100%	Urban	4 stars	7	In Process	Guadalajara	Jalisco
11	Krystal Monterrey	207	-	Urban	5 stars	3	In Process	Monterrey	Nuevo Leon
Subtotal Urban		2,341							
12	Krystal Resort Cancún	502	-	Resort	5 stars	>36	Yes	Cancun	Quintana Roo
13	Krystal Resort Ixtapa	255	-	Resort	5 stars	>36	Yes	Ixtapa	Guerrero
14	Krystal Resort Puerto Vallarta	420	-	Resort	5 stars	>36	Yes	Puerto Vallarta	Jalisco
15	Hilton Puerto Vallarta Resort	259	100%	Resort	Grand Tourism	>36	Yes	Puerto Vallarta	Jalisco
16	Krystal Beach Acapulco	400	100%	Resort	4 stars	>36	Yes	Acapulco	Guerrero
17	Krystal Grand Punta Cancún	295	100%	Resort	Grand Tourism	>36	In Process	Cancún	Quintana Roo
Subtotal Resort		2,131							
Total in Operation		4,472							
18	Krystal Residences & Suites	200	50%	Urban	5 stars	Expected opening 3Q-17		Mexico City	Mexico City
19	Krystal Grand Insurgentes	250	50%	Urban	Grand Tourism	Expected opening 1S-18		Mexico City	Mexico City
	Expansion of Krystal Grand Punta Cancun	100	100%	Resort	5 stars	Expected opening 3Q-17		Cancún	Quintana Roo
Total in Development		550							
Total		5,022							

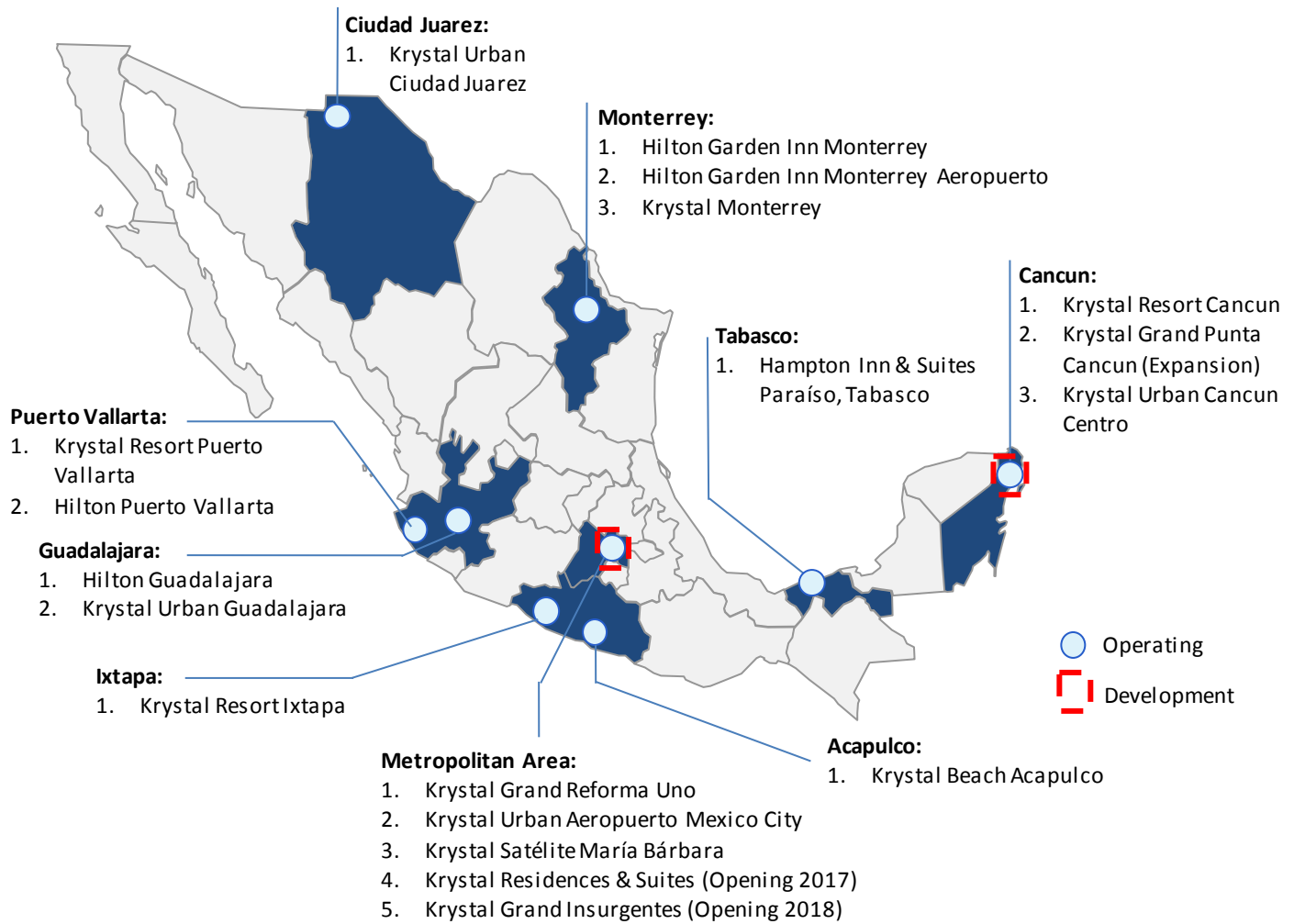
At the conclusion of 3Q16, HOTEL had a total of 17 hotels under operation of which 9 are Company-owned and the remaining 8 are third-party owned³. This represents 4 additional properties compared to the 13 hotels under operation at the close of 3Q15.

The total number of rooms in operation during at the end of 3Q16 was 4,472, a 14.7% increase compared to the 3,898 under operation for the same period of the previous year. Of the 574 additional rooms, 420 are from new agreements with third-party owned hotels managed by the Company (*Hampton Inn & Suites Paraíso*, *Krystal Urban Aeropuerto Ciudad de Mexico* and *Krystal Monterrey*), 140 rooms are from the opening of *Krystal Urban Guadalajara* and 14 rooms from hotel renovations and/or expansions of third-party owned hotels managed by the Company (*Krystal Grand Reforma Uno* and *Krystal Resort Cancun*).

Additionally, HOTEL has 550 rooms under construction, including 450 rooms in Mexico City and 100 that correspond to the expansion of the *Krystal Grand Punta Cancun* hotel, for a total portfolio of 19 hotels and 5,022 rooms.

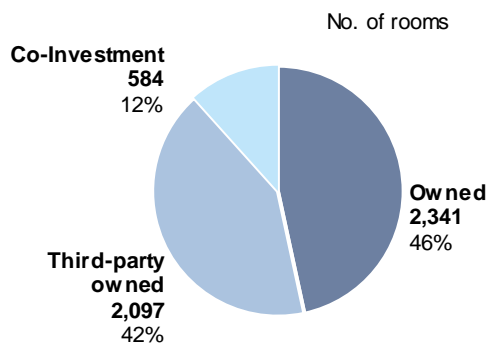
³ The Company operates the Hilton Garden Inn Monterrey Aeropuerto hotel, in which it also has a 15% ownership position. According to IFRS, although the results of this property are not consolidated in the Company's financial statements, third-party hotel's management fees are included as Other Revenues,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

The hotel portfolio is geographically distributed as follows:

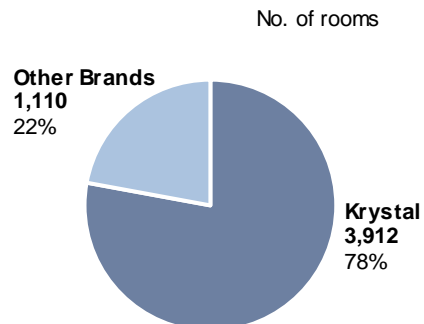


In terms of rooms under operation and rooms under development (including rooms under construction and conversion), at 3Q16 the hotel portfolio was as follows:

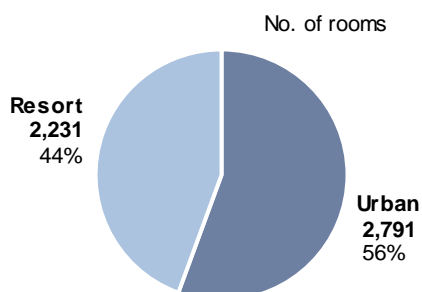
Ownership



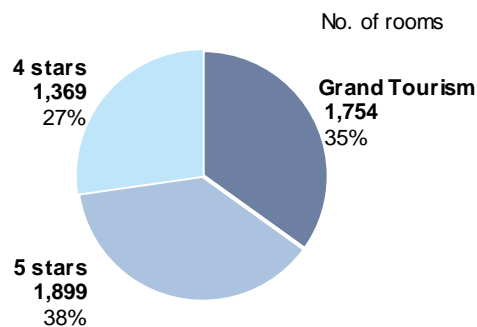
Brand



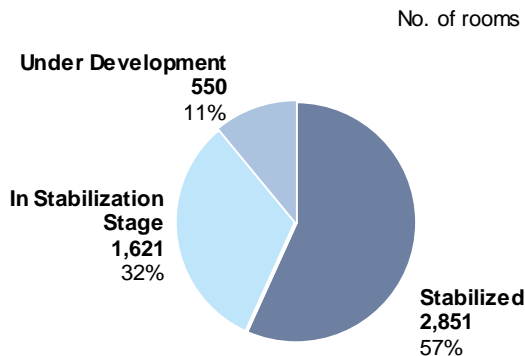
Segment



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 profit and loss statement under Third-Party Hotels' Management Fees.

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

At the close of 3Q16, HOTEL had 9 company-owned hotels and 8 third-party owned hotels under management.⁴

Of a total 4,472 hotel rooms under operation, the operating indicators for 3Q16 include 4,175 rooms. The inclusion of 297 rooms (281 corresponding to Vacation Club and 16 under renovation), excluded of the present analysis, and is included at the end of this report in Appendix 1.

The following table is a summary of the main 3Q16 operating indicators compared to the same period of the prior year, based on the aforementioned 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.

⁴ See note 4.

Figures in Pesos

Hotel Classification	Third Quarter				9 months ended September			
	2016	2015	Var.	%Var.	2016	2015	Var.	%Var.
Total Hotels in Operation	17	13	4	30.8	17	13	4	30.8
Number of rooms	4,175	3,333	842	25.3	4,003	3,186	817	25.6
Occupancy	69.8%	69.6%	0.2%	0.3	70.3%	69.9%	0.4%	0.4 pt
ADR	1,350	1,218	132	10.8	1,360	1,222	138	11.3
RevPAR	943	848	95	11.2	956	854	102	11.9
1 Total Owned Hotels	9	8	1	12.5	9	8	1	12.5
Number of rooms	2,172	2,019	153	7.6	2,137	1,924	213	11.1
Occupancy	69.8%	62.9%	6.9%	11.0	68.6%	63.3%	5.3%	5.3 pt
ADR	1,305	1,194	111	9.3	1,306	1,212	94	7.8
RevPAR	911	751	160	21.4	896	767	129	16.8
1.1 Stabilized Owned Hotels⁽¹⁾	6	3	3	100.0	6	3	3	100.0
Number of rooms	1,621	720	901	125.1	1,621	720	901	125.1
Occupancy	70.3%	61.9%	8.5%	13.7	69.7%	60.5%	9.2%	9.2 pt
ADR	1,381	1,189	193	16.2	1,380	1,140	241	21.1
RevPAR	972	735	236	32.1	961	689	272	39.5
1.2 Owned Hotels in Stabilization Stage⁽²⁾	3	5	(2)	(40.0)	3	5	(2)	(40.0)
Number of rooms	551	1,299	(748)	(57.6)	516	1,204	(688)	(57.1)
Occupancy	68.2%	63.4%	4.8%	7.5	65.3%	65.0%	0.3%	0.3 pt
ADR	1,074	1,197	(123)	(10.3)	1,056	1,252	(196)	(15.6)
RevPAR	732	759	(27)	(3.5)	690	813	(124)	(15.2)
2 Third-party Hotels Under Management⁽³⁾	8	5	3	60.0	8	5	3	60.0
Number of rooms	2,003	1,314	689	52.4	1,866	1,262	604	47.8
Occupancy	69.8%	80.0%	-10.1%	(12.7)	72.2%	80.0%	-7.7%	(7.7 pt)
ADR	1,399	1,247	152	12.2	1,419	1,234	185	15.0
RevPAR	977	998	(20)	(2.1)	1,025	987	38	3.8

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

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

(2) Variation in hotel and room number is due to the reclassification from note (1) above and the incorporation of the Krystal Urban Guadalajara hotel that was not part of the hotel portfolio during 3Q15.

(3) The increase in number of hotels and rooms is due to the incorporation of the Hampton Inn & Suites Paraiso Tabasco, Krystal Urban Aeropuerto Mexico City and the Krystal Monterrey hotels, that were not part of the hotel portfolio during 3Q15.

Consolidated Financial Results

Figures in thousand Mexican Pesos

Income Statement	Third Quarter				9 months ended September			
	2016	2015	\$ Var.	% Var.	2016	2015	\$ Var.	% Var.
Room Revenue	182,055	139,427	42,627	30.6	524,545	402,793	121,752	30.2
Food and Beverage Revenue	82,154	65,957	16,197	24.6	245,845	193,057	52,788	27.3
Other Revenue from Hotels	25,276	21,858	3,418	15.6	75,711	63,833	11,878	18.6
Third-party Hotels' Management Fees	18,985	12,668	6,317	49.9	56,437	35,548	20,889	58.8
Total Revenue	308,471	239,911	68,560	28.6	902,537	695,230	207,307	29.8
Cost and Operating Expenses	115,872	94,582	21,290	22.5	336,453	275,845	60,608	22.0
Sales and Administrative	79,884	64,077	15,807	24.7	234,143	179,017	55,126	30.8
Other Expenses	4,415	3,644	771	21.2	12,801	10,657	2,144	20.1
Depreciation	25,759	23,011	2,748	11.9	75,175	65,598	9,577	14.6
Total Costs and Expenses	225,930	185,314	40,616	21.9	658,572	531,117	127,455	24.0
Total Non Recurring Expenses	5,291	3,575	1,717	48.0	20,670	16,754	3,916	23.4
EBITDA	108,300	77,608	30,692	39.5	319,141	229,711	89,429	38.9
EBITDA Margin(%)	35.1%	32.3%	2.8%	2.8 pt	35.4%	33.0%	2.3%	2.3 pt
Operating Income	77,249	51,022	26,228	51.4	223,295	147,360	75,935	51.5
Operating Income Margin (%)	25.0%	21.3%	3.8%	3.8 pt	24.7%	21.2%	3.5%	3.5 pt
Net Financing Result	7,995	(89,235)	97,230	NA	(72,761)	(165,503)	92,742	(56.0)
Undistributed income from subsidiaries, net	620	(47)	667	NA	1,720	93	1,628	1,757.9
Income before taxes	85,865	(38,260)	124,125	NA	152,254	(18,051)	170,305	NA
Total income taxes	21,402	(7,652)	29,054	NA	37,785	(3,610)	41,395	NA
Net Income	64,402	(30,608)	95,010	NA	114,401	(14,441)	128,842	NA
Net Income Margin (%)	20.9%	(12.8%)	33.6%	33.6 pt	12.7%	(2.1%)	14.8%	14.8 pt

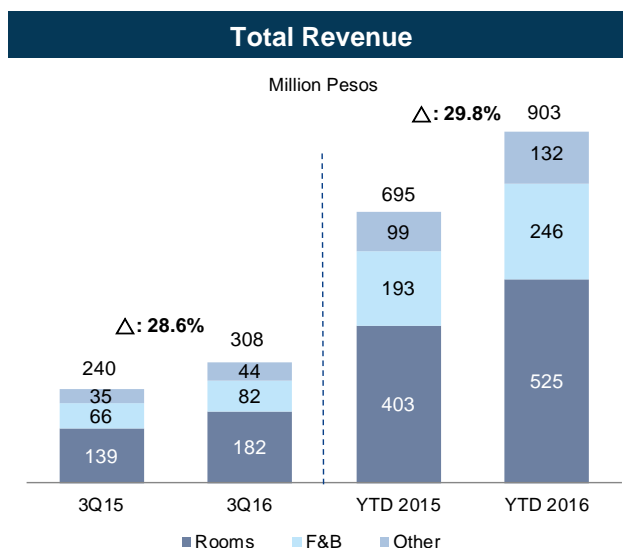
Total Revenue

During 3Q16, Total Revenue increased 28.6%, from Ps. 239.9 million in 3Q15 to Ps. 308.5 million, driven by a 30.8% growth in Room Revenue, 24.6% in Food and Beverage, 15.6% in Other Revenue and 49.9% in Management Fees received related to third-party owned hotels.

Room revenue growth was driven by: i) performance of the *Krystal Satellite Maria Barbara* and *Krystal Urban Cancun*, which are in the stabilization stages; ii) the solid performance of stabilized hotels, including *Krystal Grand Punta Cancun* hotel; iii) the addition of *Hampton Inn & Suites Paraiso, Tabasco* and *Krystal Urban Aeropuerto Ciudad de Mexico* and *Krystal Monterrey* hotels under the structure of third-party hotels under management and were not included in the portfolio in 3Q15; and iv) the opening of the *Krystal Urban Guadalajara* hotel, which was added to the portfolio in 1Q16.

During 3Q16, Room Revenue increased 30.6% compared to 3Q15, derived from the 7.6% increase in the number of rooms in operation of Company-owned hotels and a RevPAR improvement of 21.4%, which in turn was comprised of a 9.3% ADR increase and a 11.0 percentage point increase in occupancy.

The portfolio of stabilized Company-owned hotels experienced 198% growth in Room Revenue during 3Q16, derived from a 125% increase in the number of rooms, a 16.2% increase in ADR and a 13.7 percentage point increase in occupancy, compared to 3Q15. The increase in the number of rooms was due to the *Hilton Puerto Vallarta*, *Krystal Beach Acapulco*



and *Krystal Grand Punta Cancun* hotels, which completed 36 months of operations. In accordance with the Company's classification, these hotels went from the stabilization stage to a stabilized property. Excluding the impact of the reclassification of these hotels, growth in Room Revenue in the Company-owned stabilized hotels was 31.4%, comprised of a 14.6% ADR increase and a 9.1 percentage point occupancy increase.

In addition, Company-owned hotels in the stabilization stage experienced a 59.1% decrease in Room Revenue compared to 3Q15, mainly driven by a decrease in the number of rooms, given the reclassification explained above, which was partly offset by the inclusion of the *Krystal Urban Guadalajara* to the portfolio. As a result of the new hotel mix in the portfolio of hotels in the stabilization stage, RevPAR decreased 3.5%, driven by a 10.3% ADR decrease and a 7.5 percentage point increase in occupancy. Excluding the impact of the *Hilton Puerto Vallarta*, *Krystal Beach Acapulco* and *Krystal Grand Punta Cancun* reclassification, as well as the inclusion of the *Krystal Urban Guadalajara*, growth in Room Revenue in the Company-owned of hotels in the stabilization stage was 20.6%, comprised of a 1.0% increase in the number of rooms under operation, a 8.2% increase in ADR and a 6.6 percentage points increase in occupancy.

Food and Beverage revenue increased 24.6%, from Ps. 65.9 million in 3Q15 to Ps. 82.1 million in 3Q16. 67.8% of this growth was attributed to the evolution of the stabilization stage presented mainly in food and beverage shopping points at the *Krystal Grand Punta Cancun* and *Hilton Guadalajara*. The remaining 32.2% was due to the performance of Company-owned hotels in the stabilization stages and the inclusion of the *Krystal Urban Guadalajara*, which was not part of the hotel portfolio in 3Q15.

Other Income, which includes among other items, event room rentals, parking, laundry, telephone, and leasing of commercial spaces, increased 15.6%, from Ps. 21.9 million in 3Q15 to Ps. 25.3 million in 3Q16, driven by increased hotel activity.

Management Fees related to third-party owned hotels increased by 49.9% compared to 3Q15, due to a 52.4% growth in the number of rooms under operation during the period. RevPAR decrease of 2.1% was driven by the 12.2% increase in ADR and a 10.1 percentage point decrease in occupancy as a result of the recent incorporation of 3 hotels, which are beginning their stabilization stage. The number of rooms in operation rose as a result of: i) the inclusion of the *Hampton Inn & Suites Paraiso, Tabasco*, *Krystal Urban Aeropuerto Ciudad de Mexico* and *Krystal Monterrey* hotels under the structure of third-party hotels under management, which were not part of the portfolio during 3Q15; and ii) the owner-driven expansion of the *Krystal Resort Cancun* and *Krystal Grand Reforma Uno*.

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

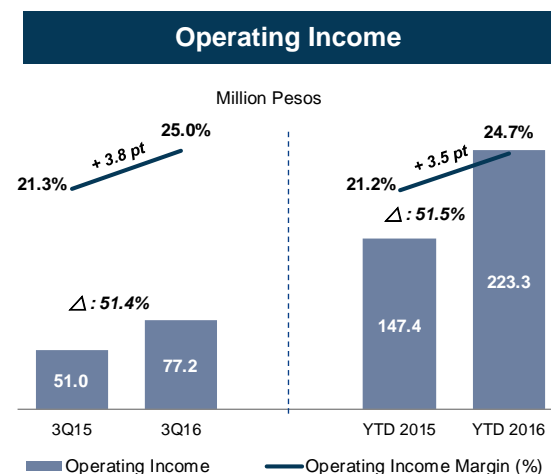
Costs and Expenses

Operating Costs and Operating Expenses: increased 22.5%, from Ps. 94.6 million in 3Q15 to Ps. 115.9 million in 3Q16. This increase was mainly in terms of direct costs, which were proportional to the revenue increase, as well as to higher department fees derived from stabilization curve of *Krystal Grand Punta Cancun*, *Krystal Satellite Maria Barbara*, *Krystal Urban Cancun Centro*, as well as the inclusion of *Krystal Urban Guadalajara* into the portfolio.

Administration and Sales Expenses: rose 24.7%, from Ps. 64.1 million in 3Q15 to Ps. 79.9 million in 3Q16. Despite the nominal increase and as a result of operating leverage achieved from higher revenues, administration and sales expenses were equal to 25.9% of revenues, compared to 26.7% in 3Q15. This increase was comprised as follows: 39.7% from an increase in cost of sales, driven by higher operating activity 26.9% from increases related to the strengthening of the management team and new corporate positions, which did not exist during the same quarter of the prior year, 16.1% from the inclusion of *Krystal Urban Guadalajara* hotel, which was not in the portfolio during 3Q15 and the remaining 17.3% from expenses related to the executive stock option plan.

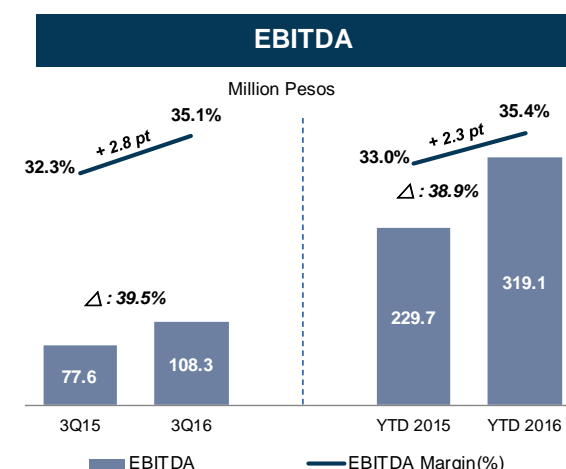
Operating Income

During 3Q16, operating income increased 51.4%, from Ps. 51.0 million in 3Q15 to Ps. 77.2 million. The combined effect of revenue growth, the inclusion of the *Krystal Urban Guadalajara* as a Company-owned hotel and 3 third-party hotels to the portfolio impacted the operating margin in a positive manner. As a result, the operating margin rose by 3.8 percentage points, from 21.3% in 3Q15 to 25.0% in 3Q16.



EBITDA

For 3Q16, EBITDA reached Ps. 108.3 million, compared to Ps. 77.6 million in 3Q15, an increase of 39.5%. EBITDA margin increased 2.8 percentage points, from 32.3% in 3Q15 to 35.1% in 3Q16. The Company's margin expansion was driven by the increased revenues with an improved cost and expense structure.



(Figures in million Pesos)	3Q16	3Q15	% Var.	9M16	9M15	% Var.
Operating Income	77,249	51,022	51.4	223,295	147,360	51.5
(+) Depreciation	25,759	23,011	11.9	75,175	65,598	14.6
(+) Development and hotel opening expenses ⁵	3,099	3,171	(2.3)	13,934	11,277	23.6
(+) Other non-recurring expenses ⁶	2,192	403	443.5	6,736	5,476	23.0
EBITDA	108,300	77,608	39.5	319,141	229,711	38.9
EBITDA Margin	35.1%	32.3%	2.8 pt	35.4%	33.0%	2.3 pt

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.

Net Financing Result

For 3Q16, Net Financing Result went from a loss of Ps. 89.2 million in 3Q15 to a gain of Ps.7.9 million. This variation was mainly derived from a foreign exchange gain registered in 3Q16 that was Ps. 12.6 million compared to a loss of Ps. 80.7 million in 3Q15.

The above gain was the result of the increase of the Company's U.S. dollar position to hedge its dollar-denominated debt, obtained from part of the proceeds from the secondary offering that took place during June 2016. By the end of 3Q16 the peso depreciation versus the dollar, which was equivalent to 4.8%, a variation from Ps. 18.5550 to Ps. 19.4086 per dollar, from June 30 to September 30 2016, did not have a negative impact on the Company's net financial result, given that the average cost of its position was Ps.18.15.

In addition, net financing result declined from Ps. 8.3 million in 3Q15 to Ps. 3.7 million in 3Q16, driven by the interest earned during 3Q16, as a result of the proceeds obtained from the secondary offering, which offset financial expenses during the period.

Net Income

Net Income went from a net loss of Ps. 30.6 million in 3Q15 to a net gain of Ps. 64.4 million in 3Q16. This increase in net income was mainly driven by the effect of the foreign exchange gains registered during the period. This foreign exchange gain is an accounting entry that has no impact on the operating cash flow, given the natural currency hedge and the long-term maturity profile of the Company.

Cash Flow Summary

Figures in thousand Pesos

Cash Flow Statement	Third Quarter				9 months ended September			
	2016	2015	\$ Var.	%Var.	2016	2015	\$ Var.	%Var.
Cashflow from operating activities								
Net income	64,402	(30,608)	95,010	(310.4)	114,401	(14,441)	128,842	(892.2)
Depreciation and amortization	25,759	23,011	2,748	11.9	75,175	65,598	9,577	14.6
Income taxes	21,402	(7,652)	29,054	(379.7)	37,785	(3,610)	41,395	(1146.6)
Unrealized gain (loss) in foreign currency exchange	(13,416)	83,845	(97,260)	(116.0)	47,782	139,465	(91,682)	(65.7)
Net interest expense	3,797	8,329	(4,532)	(54.4)	25,647	22,315	3,332	14.9
Other financial costs	836	109	727	664.9	3,038	590	2,448	414.7
Minority interest	(620)	-	(620)	NA	(1,720)	-	(1,720)	NA
Cashflow before working capital variations	102,160	77,034	25,126	32.6	302,110	209,917	92,193	43.9
Capital de trabajo	(2,803)	5,566	(8,369)	(150.4)	12,582	(1,071)	13,654	(1274.4)
Net operating cashflow	99,356	82,600	16,757	20.3	314,692	208,846	105,846	50.7
Non recurring items	33,013	(10,563)	43,576	(412.5)	35,191	55,368	(20,177)	(36.4)
Cashflow net from non recurring items	132,370	72,037	60,333	83.8	349,883	264,213	85,670	32.4
Actividades de inversión	(95,515)	(72,509)	(23,006)	31.7	(327,717)	(224,916)	(102,802)	45.7
Actividades de financiamiento	202,413	(30,581)	232,994	(761.9)	1,810,701	(335,727)	2,146,428	(639.3)
Net (decrease) increase in cash and cash equivalents	239,268	(31,053)	270,320	(870.5)	1,832,867	(296,429)	2,129,296	(718.3)
Cash and cash equivalents at the beginning of the period	1,691,329	83,854	1,607,475	1917.0	97,729	348,133	(250,404)	(71.9)
Cash and cash equivalents at the end of the period	1,930,596	52,801	1,877,795	3556.3	1,930,596	51,704	1,878,892	3633.9
Cash in business acquisition	-	-	-	NA	-	1,097	(1,097)	NA
Total Cash at the end of the period	1,930,596	52,801	1,877,795	3556.3	1,930,596	52,801	1,877,795	3556.4

By the close of 3Q16, operating cash flow reached Ps. 99.4 million, compared to Ps. 82.6 million reported in 3Q15, an increase of 20.3%. This result was mainly driven by higher EBITDA. In addition, the working capital growth was due to the Company's effort to increase sales via its direct distribution channels, which resulted in higher group sales and, as a consequence, in an increase in margins and higher accounts receivable.

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

Balance Sheet Summary

Figures in thousand Mexican Pesos

Balance Sheet Summary	Sep-16	Sep-15	Var \$	Var %
Cash and cash equivalents	1,930,597	52,801	1,877,796	3556.4%
Accounts receivables and other current assets	122,636	104,467	18,170	17.4%
Creditable taxes	124,417	96,324	28,094	29.2%
Escrow deposit for hotel acquisition	10,250	16,553	(6,302)	NA
Total current assets	2,187,901	270,144	1,917,758	709.9%
Restricted cash	62,681	47,125	15,557	33.0%
Property, furniture and equipment	3,111,226	2,696,982	414,244	15.4%
Other fixed assets	269,090	320,173	(51,083)	(16.0%)
Total non-current assets	3,442,998	3,064,280	378,718	12.4%
Total Assets	5,630,899	3,334,424	2,296,475	68.9%
Current installments of long-term debt	112,258	83,559	28,699	34.3%
Other current liabilities	199,774	160,964	38,810	24.1%
Total current liabilities	312,032	244,523	67,509	27.6%
Long-term debt	1,147,784	920,100	227,684	24.7%
Other non-current liabilities	92,878	70,832	22,046	31.1%
Total non-current liabilities	1,240,662	990,932	249,730	25.2%
Total Equity	4,078,205	2,098,969	1,979,236	94.3%
Total Liabilities and Equity	5,630,899	3,334,424	2,296,475	68.9%

Cash and Equivalents

By the end of 3Q16, the Company's cash and equivalents reached Ps. 1,930.6 million, mainly derived from the proceeds from the recent secondary global offering that took place during June 2016. Of the total of cash and equivalents, Ps. 854.2 million are peso-denominated and Ps. 1,076.3 million are dollar-denominated.

Accounts Receivable and Other Current Assets

This line item increased 17.4%, from Ps. 104.5 million in 3Q15 to Ps. 122.6 million in 3Q16; this was mainly due to the Company's effort to increase sales via its direct distribution channels, which resulted in higher group sales, as well as the inclusion of the *Krystal Urban Guadalajara* hotel, which was not part of the portfolio in 3Q15.

Tax Credits

The non-comparable increase in tax credit was mainly derived from VAT expenses equal to Ps. 10.1 million resulting from expenses from the secondary offering, and also from VAT expenses for Ps. 46.7 million resulting from construction and renovations carried out during the year, which were offset by a VAT reimbursement obtained for Ps. 34.8 million.

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 created a management trust for the acquisition of *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 to be used as a secured deposit to cover any liability or contingency. At the end of 3Q16, the Company has paid off Ps. 21.5 million. The remaining amount in trust deposit at the close of 3Q16 was Ps. 10.3 million.

Property, Furniture & Equipment

This line item was equal to Ps. 3,111.2 million at the close of 3Q16, a 15.4% increase compared to Ps. 2,696.9 million at the close of 3Q15. This increase was mainly driven by work in progress of the *Krystal Grand Insurgentes* hotel and the expansion work of the *Krystal Grand Punta Cancun* hotel, in addition to the use conversion carried out for the opening of the *Krystal Urban Guadalajara* hotel in March. In addition, the Company continues to carry out routine improvements, remodeling and renovation projects in its fixed assets. Notably, hotels that underwent renovations include *Krystal Satelite Maria Barbara* and *Krystal Urban Cancun Centro*, which was recently included in the Company's portfolio, as well as new shopping centers and hotel and improvements in our portfolio of Company-owned hotels.

Figures in thousand Mexican Pesos		3Q16		YTD 2016	
Capex for the period		Amount	% Total	Amount	% Total
Hotels in development		53,151	55.0%	182,071	51.7%
Use conversion		4,790	5.0%	40,162	11.4%
Improvements in owned hotels		940	1.0%	65,924	18.7%
Ordinary capex		24,250	25.1%	38,884	11.0%
New point of sale		13,478	14.0%	24,931	7.1%
Total Capex		96,609	100.0%	351,972	100.0%

Net Debt and Maturity

Net Debt was negative Ps. (733.2) million at the end of 3Q16, which represented a Total Debt / EBITDA (LTM) ratio equal to -1.8x. Total Debt, of which 83.1% is U.S.-dollar denominated, has an average cost of 3.95%, and 16.9% is peso-denominated, with an average weighted cost of 8.22%. In addition, 91.1% of debt maturities are long-term (see *Maturity* breakdown and chart).

During 3Q16 the Company increased its U.S. dollar position to hedge its U.S. dollar-denominated financial liabilities. As a result, the Mexican peso depreciation of 4.8% by the end of the quarter, from Ps. 18.5550 as of June 2016 to Ps. 19.4086 as of September 30 2016, did not have a negative impact on the financial cost of the Company, given that the average cost of its hedge position was Ps.18.15. The long U.S. dollar position of the Company by the close of 3Q16 is US\$4.3 million, equal to Ps. 83.4 million.

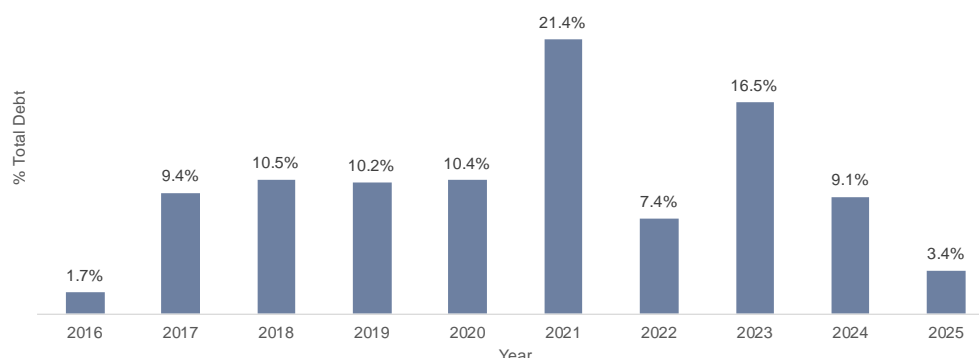
The following graphs show the Company's debt and cash position, as well as the debt maturity.

Figures in thousand Mexican Pesos		Denominated in (currency):		
Debt*		Pesos	Dollars	Total
Short Term		14,449	97,809	112,258
Long Term		199,090	948,695	1,147,784
Total		213,538	1,046,504	1,260,043
% Total		16.9%	83.1%	100.0%
<i>Average rate of financial liabilities</i>		<i>8.22%</i>	<i>3.95%</i>	<i>4.67%</i>
Cash and equivalents		854,295	1,076,302	1,930,597
Restricted cash		8,997	53,685	62,681
Cash and equivalents**		863,292	1,129,987	1,993,278
Net Debt		(649,753)	(83,483)	(733,236)
Net Debt / LTM EBITDA (as of 30 June 2016)				-1.8x

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

**Includes restricted cash related to bank debt.

Maturities of Grupo Hotelero Santa Fe
as of 30 September 2016



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

According to IFRS, the exchange rate used was Ps. 19.4086 / US\$ as of September 30, 2016, as published in Mexico's *Official Federal Gazette*.

Currency Hedging

Figures in thousand of Mexican Pesos

Currency Hedging Analysis	Third Quarter 2016			Year-to-date 2016		
	Denominated in Pesos	Denominated in USD	Total in Pesos	Denominated in Pesos	Denominated in USD	Total in Pesos
Total Revenue	227,961	80,509	308,471	618,399	284,138	902,537
% of Total Revenue	73.9%	26.1%	100.0%	68.5%	31.5%	100.0%
(-) Total Costs and Expenses	195,838	30,092	225,930	574,205	84,367	658,572
(-) Non-recurring Expenses	5,291	-	5,291	20,670	-	20,670
Operating Income	26,832	50,417	77,249	23,524	199,771	223,295
(+) Depreciation	25,759	-	25,759	75,175	-	75,175
Operating Cashflow	52,591	50,417	103,008	98,700	199,771	298,470
% of Operating Cashflow	51.1%	48.9%	100.0%	33.1%	66.9%	100.0%
Interest	4,582	8,789	13,371	8,796	28,379	37,174
Principal	2,154	23,551	25,704	6,462	69,115	75,576
Total Debt Service	6,736	32,340	39,076	15,257	97,494	112,751
Interest Coverage ratio ¹	11.5x	5.7x	7.7x	11.2x	7.0x	8.0x
Debt Service Coverage Ratio ²	7.8x	1.6x	2.6x	6.5x	2.0x	2.6x

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

In 3Q16, approximately 26.1% of revenues and 48.9% of operating cash flow were denominated in dollars. Dollar denominated operating cash flow was sufficient to cover financial debt, both interest and principal, with a ratio of 1.6x for 3Q16 and 2.0x for the nine-month period. This position corroborated the Company's expectations to benefit from lower financing costs, given that hotels which contracted financial debt have a natural hedge to volatile scenarios.

At the close of 3Q16 the Company's debt coverage ratio was 2.6x for both the three-month and nine-month periods. In addition, HOTEL has a dollar-denominated cash balance of Ps. 1,129.9 million at the close of 3Q16, decreasing its total exposure to currency risks.

Recent Events

During 3Q16, and until the time of this report, HOTEL's recent events included:

- On July 1, the Company initiated operations of the *Krystal Monterrey* hotel with 207 rooms under the structure of third-party hotels under management.

3Q16 Conference Call Details:

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

Date: Friday, October 21, 2016

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: 01 800-847-7666

Conference password: HOTEL 000

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

About Grupo Hotelero Santa Fe

HOTEL is 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.

Our shares are listed on the Mexican Stock Exchange (BMV: HOTEL); we are part of the ranking *Super Empresas Expansión 2015* and have over 2600 employees in Mexico.

For additional information, please visit www.qsf-hotels.com

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 three and nine-month period ended 30 September 2016 and 2015

(Figures in thousand Mexican Pesos)

Figures in thousand Mexican Pesos	Third Quarter				9 months ended September			
Income Statement	2016	2015	\$ Var.	% Var.	2016	2015	\$ Var.	% Var.
Room Revenue	182,055	139,427	42,627	30.6	524,545	402,793	121,752	30.2
Food and Beverage Revenue	82,154	65,957	16,197	24.6	245,845	193,057	52,788	27.3
Other Revenue from Hotels	25,276	21,858	3,418	15.6	75,711	63,833	11,878	18.6
Third-party Hotels' Management Fees	18,985	12,668	6,317	49.9	56,437	35,548	20,889	58.8
Total Revenue	308,471	239,911	68,560	28.6	902,537	695,230	207,307	29.8
Cost and Operating Expenses	115,872	94,582	21,290	22.5	336,453	275,845	60,608	22.0
Sales and Administrative	79,884	64,077	15,807	24.7	234,143	179,017	55,126	30.8
Other Expenses	4,415	3,644	771	21.2	12,801	10,657	2,144	20.1
Depreciation	25,759	23,011	2,748	11.9	75,175	65,598	9,577	14.6
Total Costs and Expenses	225,930	185,314	40,616	21.9	658,572	531,117	127,455	24.0
Development and hotel opening expenses	3,099	3,171	(72)	(2.3)	13,934	11,277	2,656	23.6
Other non-recurring expenses	2,192	403	1,789	443.5	6,736	5,476	1,260	23.0
Total Non Recurring Expenses	5,291	3,575	1,717	48.0	20,670	16,754	3,916	23.4
EBITDA	108,300	77,608	30,692	39.5	319,141	229,711	89,429	38.9
EBITDA Margin(%)	35.1%	32.3%	2.8%	2.8 pt	35.4%	33.0%	2.3%	2.3 pt
Operating Income	77,249	51,022	26,228	51.4	223,295	147,360	75,935	51.5
Operating Income Margin (%)	25.0%	21.3%	3.8%	3.8 pt	24.7%	21.2%	3.5%	3.5 pt
Net interest expenses	(3,797)	(8,328)	4,531	(54.4)	(25,647)	(22,315)	(3,332)	14.9
Net foreign currency exchange loss	12,629	(80,797)	93,426	NA	(44,075)	(142,598)	98,523	(69.1)
Other financial costs	(836)	(110)	(726)	663.3	(3,038)	(590)	(2,448)	414.7
Net Financing Result	7,995	(89,235)	97,230	NA	(72,761)	(165,503)	92,742	(56.0)
Undistributed income from subsidiaries, net	620	(47)	667	NA	1,720	93	1,628	1,757.9
Income before taxes	85,865	(38,260)	124,125	NA	152,254	(18,051)	170,305	NA
Total income taxes	21,402	(7,652)	29,054	NA	37,785	(3,610)	41,395	NA
Net Income	64,402	(30,608)	95,010	NA	114,401	(14,441)	128,842	NA
Net Income Margin (%)	20.9%	(12.8%)	33.6%	33.6 pt	12.7%	(2.1%)	14.8%	14.8 pt

Balance Sheet

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

Consolidated Balance Sheet

As of 30 September 2016 and 2015

(Figures in thousand Mexican Pesos)

	2016	2015	Var \$	Var %
ASSETS				
Current Assets				
Cash and cash equivalents	1,930,597	52,801	1,877,796	3556%
Accounts receivables from clients	77,539	64,967	12,572	19%
Accounts receivables from related parties	11,262	9,040	2,222	25%
Creditable taxes	124,417	96,324	28,094	29%
Other current assets	33,835	30,460	3,375	11%
Escrow deposit for hotel acquisition	10,250	16,553	(6,302)	100%
Total current assets	2,187,901	270,144	1,917,758	710%
Non-current Assets				
Restricted cash	62,681	47,125	15,557	33%
Property, furniture and equipment	3,111,226	2,696,982	414,244	15%
Other assets	44,880	86,523	(41,642)	(48%)
Investment in subsidiaries	31,955	30,579	1,375	4%
Deferred income taxes	84,261	90,342	(6,082)	(7%)
Goodwill	107,994	112,729	(4,735)	(4%)
Total non-current assets	3,442,998	3,064,280	378,718	12%
Total assets	5,630,899	3,334,424	2,296,475	69%
LIABILITIES AND SHAREHOLDERS EQUITY				
Current liabilities				
Current installments of long-term debt	112,258	83,559	28,699	34%
Suppliers	65,778	26,290	39,488	150%
Accrued liabilities	66,772	78,807	(12,035)	(15%)
Accounts payable to related parties	(0)	182	(182)	100%
Payable taxes	37,041	28,101	8,941	32%
Client advanced payments	30,182	27,584	2,598	9%
Total current liabilities	312,032	244,523	67,509	28%
Non-current liabilities				
Long-term debt	1,147,784	920,100	227,684	25%
Other non-current liabilities	92,878	70,832	22,046	31%
Total non-current liabilities	1,240,662	990,932	249,730	25%
Total liabilities	1,552,694	1,235,455	317,239	26%
Equity				
Capital stock	3,410,240	1,629,969	1,780,272	109%
Legal reserve	190,493	190,493	-	0%
Premium on subscription of shares	80,000	80,000	-	0%
Net income	114,402	(14,441)	128,843	(892%)
Retained earnings	222,974	212,948	10,026	5%
Shareholder's Equity	4,018,110	2,098,969	1,919,140	91%
Non-controlling interest	60,095	-	60,095	0%
Total Equity	4,078,205	2,098,969	1,979,236	94%
Total liabilities and equity	5,630,899	3,334,424	2,296,475	69%

Cash Flow Statement

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

Consolidated Cash Flow

For the three and nine-month period ended 30 September 2016 and 2015

Figures in thousand Pesos

Cash Flow Statement	Third Quarter		9 months ended September	
	2016	2015	2016	2015
Cashflow from operating activities				
Net income	64,402	(30,608)	114,401	(14,441)
Depreciation and amortization	25,759	23,011	75,175	65,598
Income taxes	21,402	(7,652)	37,785	(3,610)
Unrealized gain (loss) in foreign currency exchange	(13,416)	83,845	47,782	139,465
Net interest expense	3,797	8,329	25,647	22,315
Other financial costs	836	109	3,038	590
Minority interest	(620)	-	(1,720)	-
Cashflow before working capital variations	102,160	77,034	302,110	209,917
Accounts receivable from clients	(10,320)	(828)	(2,402)	(4,316)
Accounts receivable from related parties	3,482	(5,030)	(4,260)	(4,160)
Other current assets	(3,342)	10,941	(14,225)	(11,801)
Creditable taxes	8,001	(8,736)	18,246	18,855
Suppliers	1,882	(484)	15,194	963
Accrued liabilities	(506)	10,137	8,634	15,679
Accounts payable to related parties	(4)	(144)	(56)	(87)
Downpayments from clients	1,063	4,023	10,095	12,884
Payable taxes	(3,060)	(4,312)	(18,644)	(29,087)
Net operating cashflow	99,356	82,600	314,692	208,846
Non recurring items				
Accrued liabilities	(15,011)	(10,563)	(4,410)	21,237
Receivable taxes	(15,624)	-	(29,372)	34,131
Exchange rate gain in purchase of currency	63,648	-	68,973	-
Cashflow net from non recurring items	132,370	72,037	349,883	264,213
Investment activities				
Change in restricted cash	(2,433)	(4,243)	(5,890)	181,036
Acquisition of property, furniture and equipment	(96,609)	(8,267)	(351,972)	(127,301)
Acquisition of ongoing business (Maria Barbara hotel)	-	(43,359)	4,410	(229,280)
Escrow deposit for hotel acquisition	0	15,247	4,410	(16,553)
Investment in subsidiary	(6)	(2,546)	43	(9,049)
Other net assets and liabilities	(6,908)	(29,340)	8,940	(23,768)
Interest gained	10,442	-	12,342	-
Cashflow from investment activities	(95,515)	(72,509)	(327,717)	(224,916)
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 companies	64	-	60,095	-
Repurchase of shares	2,706	(2,844)	(5,529)	(14,294)
Obtained loans	-	-	100,000	-
Payment of interest and loan amortization*	(39,076)	(27,737)	(112,751)	(321,433)
Cashflow from financing activities	202,413	(30,581)	1,810,701	(335,727)
Net (decrease) increase in cash and cash equivalents	239,268	(31,053)	1,832,867	(296,429)
Cash and cash equivalents at the beginning of the period	1,691,329	83,854	97,729	348,133
Cash and cash equivalents at the end of the period	1,930,596	52,801	1,930,596	51,704
Cash in business acquisition	-	-	-	1,097
Total Cash at the end of the period	1,930,596	52,801	1,930,596	52,801

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Appendix 1: Integration of Rooms under Operation

Operating indicators for 3Q16 consider 4,175 hotel rooms under operation out of 4,472. The integration of 297 rooms excluded is detailed as follows:

- i) 281 rooms part of the Vacation Club⁷;
- ii) 16 rooms under renovation in *Krystal Urban Cancun Centro*.

The operating metrics for the nine-month period ended September 2016 take into account 4,003 rooms, of a total 4,472 rooms in operation. The integration of 469 rooms excluded is detailed as follows:

- i) 281 rooms part of the Vacation Club⁸;
- ii) 172 rooms that were not available during the period, given that 140 rooms in *Krystal Urban Guadalajara* and 207 rooms in *Krystal Monterrey* were not available during the period, since these were in operation beginning March 15, 2016 and July 1, 2016, respectively.
- iii) 16 rooms under renovation in *Krystal Urban Cancun Centro*.

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

Rooms 3Q16	Owned Hotels	Third-party owned hotels	Total Rooms	Rooms YTD 2016	Owned Hotels	Third-party owned hotels	Total Rooms
In Operation	2,172	2,003	4,175	In Operation	2,137	1,866	4,003
Vacational Club	53	228	281	Vacational Club	53	228	281
Unavailable	-	-	-	Unavailable	35	137	172
In Renovation	16	-	16	In Renovation	16	-	16
Total Rooms	2,241	2,231	4,472	Total Rooms	2,241	2,231	4,472

⁷ 281 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.

⁸ See prior footnote.