Santa Fe
grupo | hotelero

HOTEL

Grupo Hotelero Santa Fe Reports Increase of 36% in Total Revenue and 46% EBITDA for 1Q16

Mexico City, April 21, 2016 – Grupo Hotelero Santa Fe S.A.B. de C.V. (BMV: HOTEL) ("HOTEL" or "the Company"), announced today its consolidated results for the first quarter period ("1Q16") ended March 31, 2016. Figures are expressed in Mexican Pesos, are unaudited and are in accordance with International Financial Reporting Standards ("IFRS").

Highlights for 1Q16

- Total Revenue for 1Q16 reached Ps. 322.2 million, 36.1% higher compared to 1Q15, driven by the following increases: 34.9% in Room Revenue, 37.2% in Food and Beverages, 25.0% in Other Hotel Revenue and 64.5% in management fees related to third-party owned hotels.

- As a result of the revenue growth and efficiencies from operating leverage achieved in 1Q16, EBITDA[1] reached Ps. 129.3 million, 46.4% higher compared to the figure reported in 1Q15. EBITDA margin rose by 2.8 percentage points compared to 1Q15, to reach 40.1% in 1Q16.

- Net operating cash flow for 1Q16 was Ps. 115.2 million, an increase of 101.3% compared to the Ps. 57.3 million reported in 1Q15. The increase was 72.0% driven by the EBITDA growth and a more efficient working capital management.

- Net Debt/EBITDA (LTM) ratio for 1Q16 was 2.5x. Operating cashflow in dollars represented 75.8% of total operating cashflow, thereby maintaining a natural hedge of the dollarized financial debt.

- HOTEL's total portfolio at the conclusion of 1Q16 reached 4,265 rooms in operation, a 21.6% increase compared to the 3,507 rooms at end of 1Q15. The 758-room increase was the result the following: 47% from the addition of Company-owned hotels to the portfolio, 46% from new contracts for third-party owned hotels managed by the Company and 7% from the remodeling and/or expansion of third-party owned managed by the Company.

- RevPAR[2] for the Company-owned hotels rose by 17.0% in 1Q16 compared to 1Q15, driven by an 8.0% ADR[2] increase and a 5.4 percentage point occupancy increase.

- During March 2016, the Company initiated operations in the Krystal Urban Guadalajara, with 140 rooms, the first use conversion hotel developed by the Company.

	First Quarter			3 months ended March		
Figures in thousand Mexican Pesos	2016	2015	% Var.	2016	2015	% Var.
Total Revenue	322,151	236,672	*36.1*	322,151	236,672	*36.1*
EBITDA	129,276	88,287	*46.4*	129,276	88,287	*46.4*
EBITDA Margin	*40.1%*	*37.3%*	*2.8 pt*	*40.1%*	*37.3%*	*2.8 pt*
Operating Income	98,829	64,044	*54.3*	98,829	64,044	*54.3*
Net Income	70,391	16,218	*334.0*	70,391	16,218	*334.0*
Net Income Margin	*21.9%*	*6.9%*	*15.0 pt*	*21.9%*	*6.9%*	*15.0 pt*
Operating Cashflow	115,217	57,246	*101.3*	115,217	57,246	*101.3*
Occupancy	70.5%	65.1%	*5.4 pt*	70.5%	65.1%	*5.4 pt*
ADR	1,398	1,294	*8.0*	1,398	1,294	*8.0*
RevPAR	986	843	*17.0*	986	843	*17.0*

Note: Occupancy, ADR and RevPAR figures belong to owned hotels.

[1] *EBITDA is calculated by adding Operating Income, Depreciation and Total Non-recurring expenses.*
[2] *Revenue per Available Room ("RevPAR") and Average Daily Rate ("ADR").*

Comments from the Chief Executive Officer

Mr. Francisco Zinser, stated:

The tourism industry and specifically the hotel industry demonstrate significant signs of strength and growth. According to *Sectur*[3], just in the first two months of the year, Mexico registered a 6.8% increase in foreign currency inflows related to international tourism. 5.6 million international tourists visited the country during this period, an increase of 10.8% compared with the 5.0 million visitors received during January and February of 2015. Of the total number of international tourists, those that came by air travel increased by 12.5%, from 2.7 to 3.0 million. Border tourism also increased 4.7% during the same period.

For HOTEL, 1Q16 has been extraordinary in many ways. Company-owned hotels increased, both in terms of occupancy and rates, driving RevPAR growth of 17%. It is important to highlight that 47% of this increase was the result of average daily rates (ADR). Revenues reached Ps. 322 million and EBITDA reached Ps. 129 million, increases of 36% and 46%, respectively, versus the previous year. As a result, 1Q16 has been the highest quarter in terms of revenue generation in our history.

Notably, this growth was driven by significant improvements across all of the revenue line items and was further driven by the fact that the Easter holiday fell in March, instead of in April. The peso-dollar depreciation also created a positive impact, as it encourages a higher number of international and domestic tourists, the latter whom may find foreign destinations more expensive. In particular, the EBITDA margin reached 40.1%, with 2.8 percentage point growth compared to 1Q15.

February marked the first anniversary of the Krystal Rewards® loyalty program where the rate of new program affiliates, as well as its popularity among our guests, has exceeded our expectations. The main goal of the program is to increase the loyalty of our clients and guests and to seek direct sales via promotions and custom-made products. This is based on behavior we have observed in the use of loyalty cards and "Krystal" point redemptions throughout our vacation destinations.

During mid-March, we inaugurated the Krystal Urban Guadalajara hotel, the first of our properties developed under use conversion. This property has been well-received by the market and has experienced a positive operating performance.

HOTEL is on the right path towards becoming the leading hotel company in Mexico with the top management team and employee base, recognized for their passion and commitment. This, together with high efficiency levels and growth, shall enable us meet our objective. As always, we are thankful for the trust and support of our shareholders.

[3] *Mexican Tourism Ministry.*

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 Juarez	Chihuahua
4	Krystal Grand Reforma Uno	500	-	Urban	Grand Tourism	28	In Process	Mexico City	Mexico City
5	Krystal Urban Cancún	212	100%	Urban	4 stars	15	In Process	Cancun	Quintana Roo
6	Krystal Satélite María Bárbara	215	100%	Urban	5 stars	11	In Process	Estado de Mexico	Estado de Mexico
7	Hilton Garden Inn Monterrey Aeropuerto	134	15%	Urban	4 stars	7	In Process	Monterrey	Nuevo León
8	Hampton Inn & Suites Paraíso Tabasco	117	-	Urban	4 stars	6	In Process	Paraiso	Tabasco
9	Krystal Urban Aeropuerto Ciudad de México	96	-	Urban	4 stars	3	In Process	Mexico City	Mexico City
10	Krystal Urban Guadalajara	140	100%	Urban	4 stars	1	In Process	Guadalajara	Jalisco
Subtotal Urban		**2,134**							
11	Krystal Resort Cancún	502	-	Resort	5 stars	>36	Yes	Cancun	Quintana Roo
12	Krystal Resort Ixtapa	255	-	Resort	5 stars	>36	Yes	Ixtapa	Guerrero
13	Krystal Resort Puerto Vallarta	420	-	Resort	5 stars	>36	Yes	Puerto Vallarta	Jalisco
14	Hilton Puerto Vallarta Resort	259	100%	Resort	Grand Tourism	>36	Yes	Puerto Vallarta	Jalisco
15	Krystal Beach Acapulco	400	100%	Resort	4 stars	36	In Process	Acapulco	Guerrero
16	Krystal Grand Punta Cancún	295	100%	Resort	Grand Tourism	31	In Process	Cancún	Quintana Roo
Subtotal Resort		**2,131**							
Total in Operation		**4,265**							
17	Krystal Grand Insurgentes	250	50%	Urban	Grand Tourism	Expected opening 1S-18		Mexico City	Mexico City
Total in Development		**250**							
Total		**4,515**							

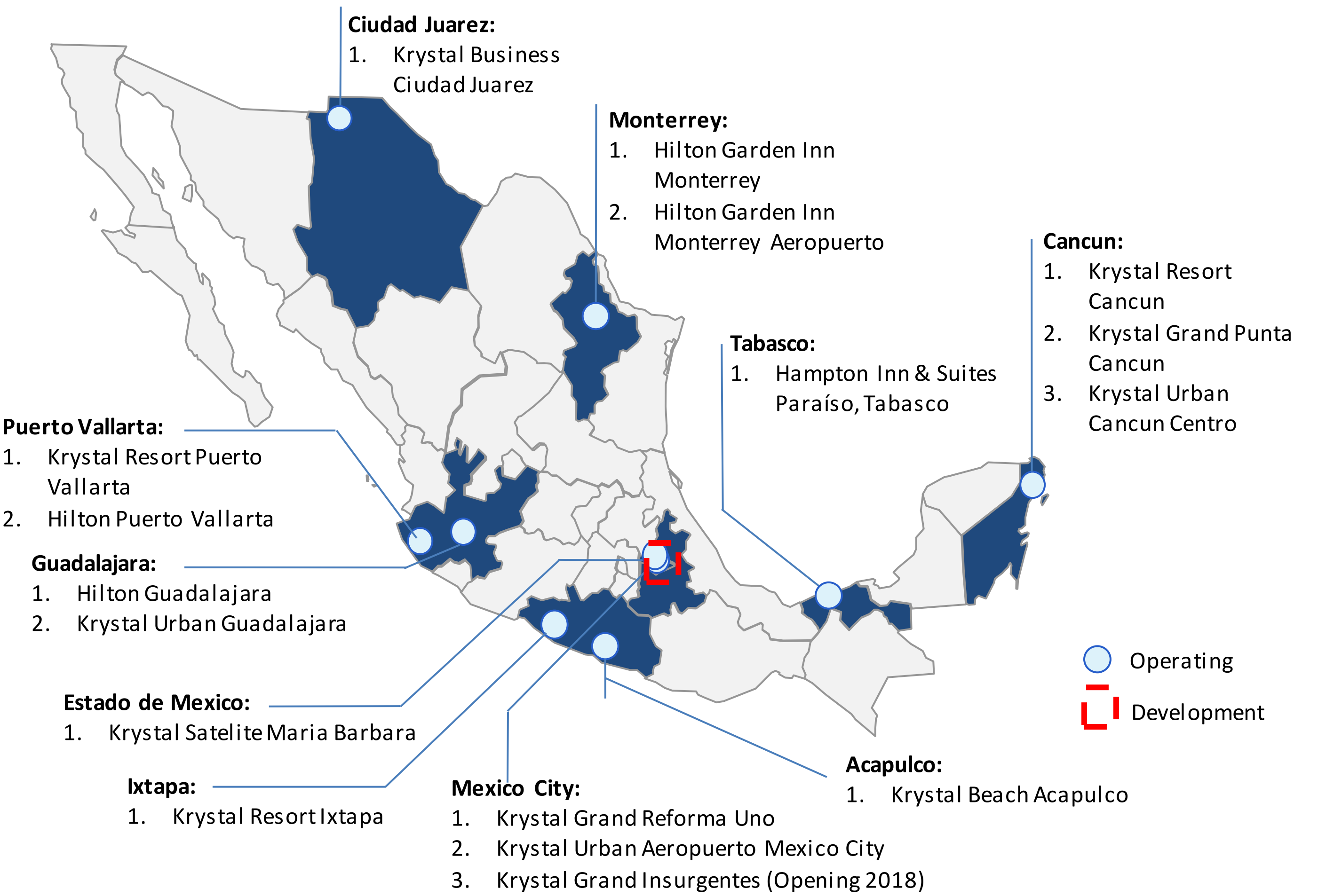
At the conclusion of 1Q16, HOTEL had a total of 16 hotels under operation, of which 9 are Company-owned and the remaining 7 are third-party owned[4]. This represents 5 additional properties compared to the 11 hotels under operation at the close of 1Q15.

The total number of rooms in operation in 1Q16 was 4,265, a 21.6% increase compared to the 3,507 under operation for the same period of the previous year. Of the 758 additional rooms, 355 are from the acquisition of the Krystal Satelite Maria Barbara and the opening of the Krystal Urban Guadalajara, 347 are from new agreements with third-party owned hotels managed by the Company (Hilton Garden Inn Monterrey Aeropuerto, Hampton Inn & Suites Paraiso and Krystal Urban Aeropuerto Ciudad de Mexico) and 56 are 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 250 rooms under construction in Mexico City, for a total of 17 hotels and 4,515 rooms.

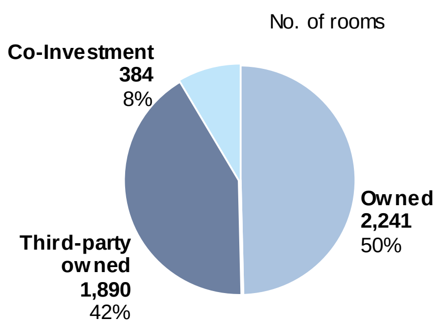
[4] *The Company operates the Hilton Garden Inn Monterrey Aeropuerto hotel, in which it has a 15% ownership position. According to IFRS, although the results of this property are not consolidated in the Company's financial statements, third-party hotel's management fees are included as Other Revenues,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

The hotel portfolio is geographically distributed as follows:

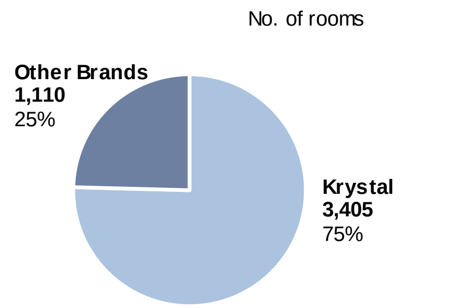


In terms of rooms under operation and rooms under development (including rooms under construction and conversion), at 1Q16 the hotel portfolio was as follows:

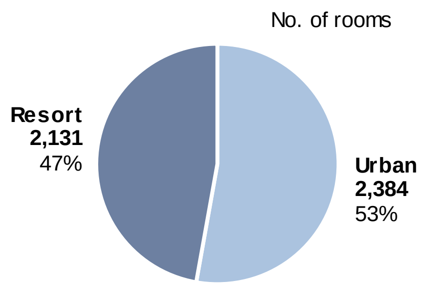
Ownership



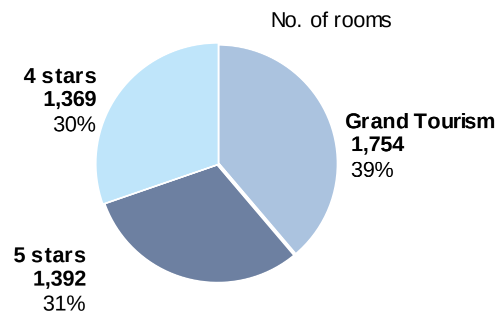
Brand



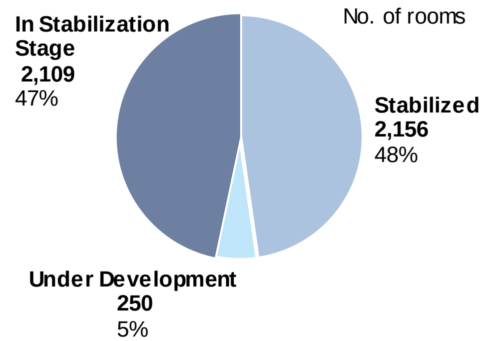
Segment



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 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 1Q16, HOTEL had 9 company-owned hotels and 7 third-party owned hotels under management

Of a total of 4,265 hotel rooms under operation, the operating indicators for 1Q16 include 3,863 rooms. The inclusion of 402 rooms, excluded of the present analysis, is included at the end of this report in Appendix 1.

The following table is a summary of the main 1Q16 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.

Figures in Pesos	First Quarter			3 months ended March		
Hotel Classification	**2016**	**2015**	**%Var.**	**2016**	**2015**	**%Var.**
Total Hotels in Operation	**16**	**11**	***45.5***	**16**	**11**	***45.5***
Number of rooms	3,863	3,044	*26.9*	3,863	3,020	*27.9*
Occupancy	72.5%	72.4%	*0.1 pt*	72.5%	72.4%	*0.1 pt*
ADR	1,436	1,284	*11.8*	1,436	1,284	*11.8*
RevPAR	1,041	930	*11.9*	1,041	930	*11.9*
1 Total Owned Hotels	**9**	**7**	***28.6***	**9**	**7**	***28.6***
Number of rooms	2,067	1,813	*14.0*	2,067	1,800	*14.8*
Occupancy	70.5%	65.1%	*5.4 pt*	70.5%	65.1%	*5.4 pt*
ADR	1,398	1,294	*8.0*	1,398	1,294	*8.0*
RevPAR	986	843	*17.0*	986	843	*17.0*
1.1 Stabilized Owned Hotels (1)	**4**	**3**	***33.3***	**4**	**3**	***33.3***
Number of rooms	979	720	*36.0*	979	712	*37.5*
Occupancy	66.8%	58.1%	*8.7 pt*	66.8%	58.1%	*8.7 pt*
ADR	1,352	1,173	*15.2*	1,352	1,173	*15.2*
RevPAR	903	681	*32.5*	903	681	*32.5*
1.2 Owned Hotels in Stabilization Stage (2)	**5**	**4**	***25.0***	**5**	**4**	***25.0***
Number of rooms	1,088	1,093	*(0.4)*	1,088	1,088	*0.0*
Occupancy	73.8%	69.7%	*4.1 pt*	73.8%	69.7%	*4.1 pt*
ADR	1,437	1,361	*5.5*	1,437	1,361	*5.5*
RevPAR	1,060	949	*11.7*	1,060	949	*11.7*
2 Third-party Hotels Under Management (3)	**7**	**4**	***75.0***	**7**	**4**	***75.0***
Number of rooms	1,796	1,231	*45.9*	1,796	1,220	*47.3*
Occupancy	74.8%	83.2%	*(8.4 pt)*	74.8%	83.2%	*(8.4 pt)*
ADR	1,477	1,273	*16.1*	1,477	1,273	*16.1*
RevPAR	1,104	1,059	*4.3*	1,104	1,059	*4.3*

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) During 4Q15, the Hilton Puerto Vallarta hotel had been in operations for over 36 months, and according to the Company's hotel classification, it was reclassified from hotel in stabilization stage to stabilized hotel.

(2) In 1Q16, the change in the number of hotels is minimal due to the fact that the reclassification of the Hilton Puerto Vallarta as a stabilized hotel was offset by the incorporation of the Krystal Satélite María Bárbara hotel (which was not part of the portfolio in 1Q15) and the Krystal Urban Guadalajara hotel (which started operations on March 20, 2016).

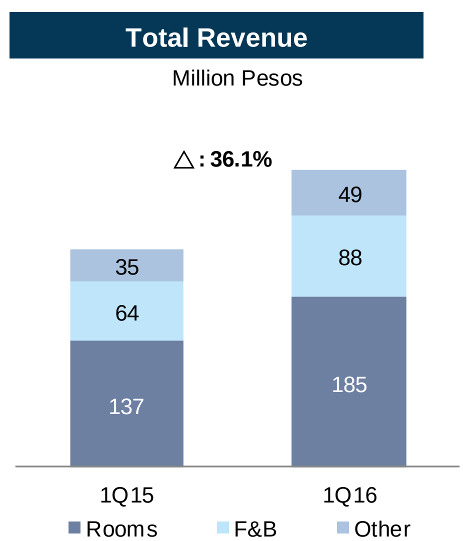
(3) The number of hotel rooms rose as a result of the inclusion of the Hilton Garden Inn Airport Monterrey, Hampton Inn & Suites Paraiso and the Krystal Urban Aeropuerto Mexico City, the expansion of the Krystal Resort Cancun and part of the room inventory of the Krystal Grand Reforma Uno that was not available during 1Q15 as it was being remodeled.

Consolidated Financial Results

Figures in thousand Mexican Pesos	First Quarter			3 months ended March		
Income Statement	**2016**	**2015**	**% Var.**	**2016**	**2015**	**% Var.**
Room Revenue	185,422	137,500	*34.9*	185,422	137,500	*34.9*
Food and Beverage Revenue	88,212	64,275	*37.2*	88,212	64,275	*37.2*
Other Revenue from Hotels	28,145	22,512	*25.0*	28,145	22,512	*25.0*
Third-party Hotels' Management Fees	20,372	12,385	*64.5*	20,372	12,385	*64.5*
Total Revenue	**322,151**	**236,672**	***36.1***	**322,151**	**236,672**	***36.1***
Cost and Operating Expenses	113,871	88,771	*28.3*	113,871	88,771	*28.3*
Sales and Administrative	75,124	56,351	*33.3*	75,124	56,351	*33.3*
Other Expenses	3,880	3,263	*18.9*	3,880	3,263	*18.9*
Depreciation	24,632	21,029	*17.1*	24,632	21,029	*17.1*
Total Costs and Expenses	**217,507**	**169,414**	***28.4***	**217,507**	**169,414**	***28.4***
Total Non Recurring Expenses	**5,815**	**3,214**	***80.9***	**5,815**	**3,214**	***80.9***
EBITDA	**129,276**	**88,287**	***46.4***	**129,276**	**88,287**	***46.4***
EBITDA Margin(%)	*40.1%*	*37.3%*	*2.8 pt*	*40.1%*	*37.3%*	*2.8 pt*
Operating Income	**98,829**	**64,044**	***54.3***	**98,829**	**64,044**	***54.3***
Operating Income Margin (%)	*30.7%*	*27.1%*	*3.6 pt*	*30.7%*	*27.1%*	*3.6 pt*
Net Financing Result	**(5,988)**	**(43,635)**	***(86.3)***	**(5,988)**	**(43,635)**	***(86.3)***
Undistributed income from subsidiaries, net	710	56	*NA*	710	56	*NA*
Income before taxes	93,551	20,465	*357.1*	93,551	20,465	*357.1*
Total income taxes	23,160	4,247	*445.3*	23,160	4,247	*445.3*
Net Income	**70,391**	**16,218**	***334.0***	**70,391**	**16,218**	***334.0***
Net Income Margin (%)	*21.9%*	*6.9%*	*15.0 pt*	*21.9%*	*6.9%*	*15.0 pt*

Total Revenue

During 1Q16, Total Revenue increased 36.1%, from Ps. 236.7 million in 1Q15 to Ps. 322.2 million, driven by a 34.9% growth in Room Revenue, 37.2% in Food and Beverage, 25.0% in Other Revenue and 64.5% in Management Fees received related to third-party owned hotels.



Room revenue growth was driven by: i) performance of *Krystal Grand Punta Cancun, Krystal Urban Cancun* and *Krystal Beach Acapulco* hotels, which are in the stabilization stages; ii) the acquisition of the *Krystal Satelite Maria Barbara* hotel, which was not part of the portfolio in 1Q15; iii) the solid performance of stabilized hotels, and iv) the inclusion of *Hilton Garden Inn Aeropuerto Monterrey, Hampton Inn & Suites Paraiso, Tabasco* and *Krystal Urban Aeropuerto Ciudad de Mexico* under the scheme of third-party hotels under management and were not included in the portfolio in 1Q15.

During 1Q16, Room Revenue increased 34.9% compared 1Q15, derived from 14.0% in the number of rooms in operation of Company-owned hotels and an improvement in RevPAR equal to 17.0%, which in turn was comprised of an ADR increase of 8.0% and 5.4 percentage point increase in occupancy.

The portfolio of stabilized Company-owned hotels for 1Q16 experienced 78.2% growth in Room Revenue from a 36.0% increase in the number of rooms, a 15.2% growth in ADR and an 8.7 percentage point increase in occupancy, compared to

1Q15. The increase in the number of rooms was due to the Hilton Puerto Vallarta hotel, which in October 2015 completed 36 months of operations. In accordance with the Company's classification, this hotel went from the stabilization stage to a stabilized property. Excluding the impact of the *Hilton Puerto Vallarta* reclassification, growth in Room Revenue in the Company-owned stabilized hotels was 25.1%, comprised of a 5.2% increase in ADR and 13.5 percentage points in occupancy.

In addition, Company-owned hotels in the stabilization stage experienced a growth of 10.0% on Room Revenue derived from a 11.7% increase in RevPAR and a 25.0% growth in the number of rooms due to the reclassification of the *Hilton Puerto Vallarta* hotel to stabilized, the inclusion of *Krystal Satelite Maria Barbara* since its acquisition in May 2015 and the addition of *Krystal Urban Guadalajara* in March 2016, the Company's first hotel which was developed under the mixed-use scheme. Excluding the impact of the *Hilton Puerto Vallarta* reclassification, growth in Room Revenue in the Company-owned of hotels in stabilization stages was 39.5%, comprised of a 23% increase in the number of rooms, 5.0% increase in ADR and 4.6 percentage points in occupancy.

Food and Beverage revenue increased 37.2%, from Ps. 64.3 million in 1Q15 to Ps. 88.2 million in 1Q16. This growth was 57.4% attributed to the evolution of the stabilization stage presented at the *Krystal Grand Punta Cancun* and *Krystal Beach Acapulco* hotels, as well as the addition of the *Krystal Satelite Maria Barbara,* which during 1Q15 was not yet part of our portfolio. The remaining 42.6% of growth was attributed to the performance of Company-owned stabilized hotels.

Lastly, Other Income, which includes among other items, event room rentals, parking, laundry, telephone, and leasing of commercial spaces, increased 25.0%, from Ps. 22.5 million in 1Q15 to Ps. 28.1 million in 1Q16, driven by increased activity in the hotels.

Management Fees received related to third-party owned hotels increased 64.5% compared to 1Q15, due to 45.9% growth in the number of rooms under operation during the period, as well as a 4.3% increase in RevPAR. Growth in RevPAR was driven by the 16.1% increase in ADR and an 8.4 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 *Hilton Garden Inn Aeropuerto Monterrey, Hampton Inn & Suites Paraiso, Tabasco* and *Krystal Urban Aeropuerto Ciudad de Mexico* hotels under the structure of third-party hotels under management, which were not part of the portfolio during 1Q15; 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

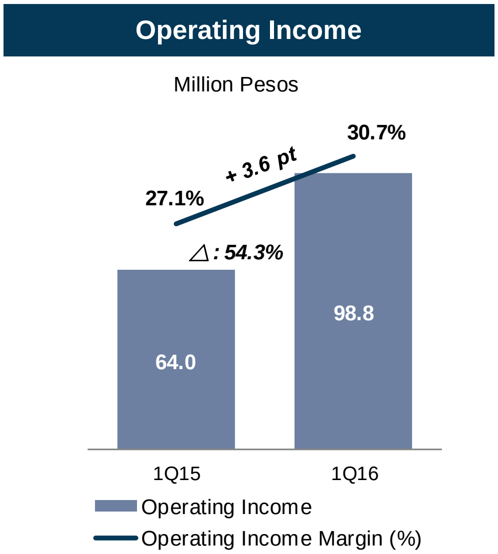
Operating Costs and Expenses increased 28.3%, from Ps. 88.8 million in 1Q15 to Ps. 113.9 million in 1Q16. The increase was mainly in terms of direct costs, which were proportional to the revenue increase, as well as to higher department fees derived from stabilization curve of *Krystal Grand Punta Cancun, Krystal Urban Cancun Centro* and *Krystal Beach Acapulco* and the inclusion of *Krystal Satelite Maria Barbara* into the portfolio. However, the Company achieved operating efficiencies of 2.2 percentage points, since in 1Q16 operating costs and expenses represented 35.3% of total revenues compared to 37.5% in 1Q15.

During 1Q16, Operating Costs and Expenses rose 33.3%, from Ps. 56.4 million in 1Q15 to Ps. 75.1 million. The increase was driven 19.6% by the inclusion of *Krystal Satelite Maria Barbara* and *Krystal Urban Guadalajara* hotels, which were not part of the Company's portfolio during 1Q15 and 28.9% by the increase in direct costs, as a result of revenue increases.

Given efficiencies driven by operating leverage, the Company was able to improve its margin by 50 basis points, since costs and expenses as a percentage of total revenues represented 23.3% in 1Q16 compared to 23.8% in 1Q15.

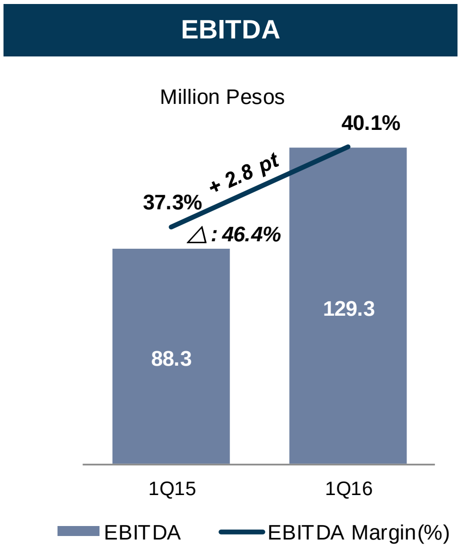
Operating Income

During 1Q16, operating income increased 54.3%, from Ps. 64.0 million in 1Q15 to Ps. 98.8 million. The combined effect of revenue growth, the inclusion of 2 Company-owned hotels and 3 third-party owned hotels to the portfolio during 1Q16 as well as efficient management impacted the operating margin in a positive manner. As a result, the operating margin rose by 3.6 percentage points, from 27.1% in 1Q15 to 30.7% in 1Q16.



EBITDA

For 1Q16, EBITDA reached Ps. 129.3 million, compared to Ps. 88.3 million in 1Q15, an increase of 46.4%. EBITDA margin increased 2.8 percentage points, from 37.3% in 1Q15 to 40.1% in 1Q16. The Company's margin expansion was driven by increased revenues and operating leverage resulting from efficient management.



(Cifras en miles de Pesos)	1Q16	1Q15	% Var.	3M16	3M15	% Var.
Operating Income	98,829	64,044	*54.3*	98,829	64,044	*54.3*
(+) Depreciation	24,632	21,029	*17.1*	24,632	21,029	*17.1*
(+) Development and hotel opening expenses[5]	4,497	1,567	*187.0*	4,497	1,567	*187.0*
(+) Other non-recurring expenses[6]	1,318	1,647	*(20.0)*	1,318	1,647	*(20.0)*
EBITDA	129,276	88,287	*46.4*	129,276	88,287	*46.4*
EBITDA Margin	*40.1%*	*37.3%*	*2.8 pt*	*40.1%*	*37.3%*	*2.8 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 1Q16, Net Financing Result resulted in a loss of Ps. 6.0 million from a loss of Ps. 43.6 million in 1Q15. This variation was mainly derived from an increase in foreign exchange impact that went from a loss of Ps. 37.6 million in 1Q16 to a gain of Ps. 7.6 million in 1Q16. The aforementioned was the result of the 0.5% appreciation of the peso versus the dollar, which went from Ps. 17.33 at December 31, 2015 to Ps. 17.25 at March 31, 2016. During 1Q15, depreciation of the peso versus the dollar was 3.4%, which went from Ps. 14.73 at December 31, 2014 to Ps. 15.24 at March 31, 2015. The Company's financial debt is 89.2% dollar-denominated.

In addition, net financing result was equal to a loss of Ps. 12.1 million in 1Q16 from Ps. 5.7 million in 1Q15, given the foreign exchange devaluation during the period, as well as to an increase of 35 basis points in the reference rates for dollar-denominated debt. At the close of 1Q15, LIBOR rate was 0.27%, while at the end of 1Q16 it was equal to 0.63%. The increase was also driven by the Ps. 120.0 million in interests related to debt entered into during December 2015, which did not exist in 1Q15. Lastly, the variation was affected by a non-comparable item related to interest earned during 1Q15 that resulted from the September 2014 IPO proceeds, which offset the financial expenses during that period.

Net Income

Net Income increased 334.0% from Ps. 16.2 million during 1Q15 to a profit of Ps. 70.4 million in 1Q16. This increase was mainly driven by operating margin increase of 54.3% and the effect of the foreign exchange loss in 1Q15. Net income margin was 21.9% in 1Q16, compared to 6.9% in 1Q15.

Cash Flow Summary

Figures in thousand Pesos	First Quarter			3 months ended March		
Cash Flow Statement	**2016**	**2015**	**%Var.**	**2016**	**2015**	**%Var.**
Cashflow from operating activities						
Net income	70,391	16,218	*334.0*	70,391	16,218	*334.0*
Depreciation and amortization	24,632	21,029	*17.1*	24,632	21,029	*17.1*
Income taxes	23,160	4,247	*445.3*	23,160	4,247	*445.3*
Unrealized gain (loss) in foreign currency exchange	(4,993)	37,513	*(113.3)*	(4,993)	37,513	*(113.3)*
Net interest expense	12,136	5,689	*113.3*	12,136	5,689	*113.3*
Other financial costs	1,442	339	*325.6*	1,442	339	*325.6*
Cashflow before working capital variations	**126,768**	**85,036**	***49.1***	**126,768**	**85,036**	***49.1***
Working capital	(11,552)	(27,789)	*(58.4)*	(11,552)	(27,789)	*(58.4)*
Net operating cashflow	**115,217**	**57,246**	***101.3***	**115,217**	**57,246**	***101.3***
Non recurring items	(4,410)	41,025	*(110.7)*	(4,410)	41,025	*(110.7)*
Cashflow net from non recurring items	**110,807**	**98,271**	***12.8***	**110,807**	**98,271**	***12.8***
Investment activities	(112,298)	(219,211)	*(48.8)*	(112,298)	(219,211)	*(48.8)*
Financing activities	21,281	(36,290)	*(158.6)*	21,281	(36,290)	*(158.6)*
Net (decrease) increase in cash and cash equivalents	**19,789**	**(157,230)**	***(112.6)***	**19,789**	**(157,230)**	***(112.6)***
Cash and cash equivalents at the beginning of the period	97,729	348,133	*(71.9)*	97,729	348,133	*(71.9)*
Cash and cash equivalents at the end of the period	**117,519**	**190,903**	***(38.4)***	**117,519**	**190,903**	***(38.4)***
Cash in acquired business	-	-	*NA*	-	-	*NA*
Total Cash at the end of the period	**117,519**	**190,903**	***(38.4)***	**117,519**	**190,903**	***(38.4)***

At the close of 1Q16, operating cash flow reached Ps. 115.2 million, compared to the Ps. 57.3 million reported in 1Q15, an increase of 101.3%. 72.0% of this increase was driven by higher EBITDA, while the remaining 28.0% was the result of a more efficient working capital management.

Balance Sheet Summary

Figures in thousand Mexican Pesos

Balance Sheet Summary	Mar-16	Mar-15	Var $	Var %
Cash and cash equivalents	117,519	378,403	(260,884)	(68.9%)
Accounts receivables and other current assets	139,026	112,286	26,740	23.8%
Creditable taxes	117,807	102,854	14,953	14.5%
Escrow deposit for hotel acquisition	10,250	194,660	(184,410)	NA
Total current assets	**384,601**	**788,202**	**(403,601)**	**(51.2%)**
Restricted cash	56,562	42,102	14,459	34.3%
Property, furniture and equipment	2,941,809	2,378,721	563,088	23.7%
Other fixed assets	267,938	193,398	74,540	38.5%
Total non-current assets	**3,266,309**	**2,614,221**	**652,088**	**24.9%**
Total Assets	**3,650,911**	**3,402,423**	**248,487**	**7.3%**
Current installments of long-term debt	93,882	263,312	(169,430)	(64.3%)
Ohter current liabilities	205,018	111,646	93,372	83.6%
Total current liabilities	**298,900**	**374,958**	**(76,058)**	**(20.3%)**
Long-term debt	994,215	859,424	134,791	15.7%
Other non-current liabilities	89,876	33,579	56,297	167.7%
Total non-current liabilities	**1,084,091**	**893,003**	**191,087**	**21.4%**
Total Equity	**2,267,920**	**2,134,462**	**133,458**	**6.3%**
Total Liabilities and Equity	**3,650,911**	**3,402,423**	**248,487**	**7.3%**

Cash and Equivalents

At the end of 1Q16, the Company's cash and equivalents reached Ps. 174.1 million. This position consists of Ps. 117.5 million in cash and equivalents and Ps. 56.6 million in restricted cash related to the Company's debt. 40.7% of this amount is denominated in U.S. dollars.

Cash and equivalents of Ps. 378.4 million at the end of 1Q15 included the funds raised as a result of the Company's IPO 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 1Q15, 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 for a one-year period, to be used as a guaranty deposit to cover any liability or contingency. At the end of 4Q15 the Company has paid off Ps. 21.5 million corresponding to the liabilities resulting from the acquisition of this property. The remaining amount in trust deposit at the close of 1Q16 was Ps. 10.3 million.

Property, Furniture & Equipment

This line item represented Ps. 2,942 million at the close of 1Q16, a 23.7% increase compared to Ps. 2,378 million at the close of 1Q15. The increase was mainly driven by the acquisition of *Krystal Satelite Maria Barbara* for Ps. 266.0 million in May 2015, the conversion of *Krystal Urban Guadalajara* and the work in progress of *Krystal Grand Insurgentes*. In addition, the Company continues to carry out routine remodeling and renovation projects in its fixed assets on an on-going basis. Notably, hotels that underwent renovations include *Krystal Satelite Maria Barbara* and *Krystal Urban Cancun Centro,* as well as new shopping centers in the *Hilton Guadalajara* hotel and improvements in our portfolio of Company-owned hotels.

Figures in thousand Mexican Pesos	1Q16	
Capex for the period	**Amount**	**% Total**
Hotel in development	85,376	63.4
Use conversion	24,744	18.4
Improvements in owned hotels	14,219	10.6
Ordinary capex	3,078	2.3
New point of sale	3,820	2.8
Other renovations and constructions	3,374	2.5
Total Capex	**134,611**	**100.0**

Net Debt and Maturity

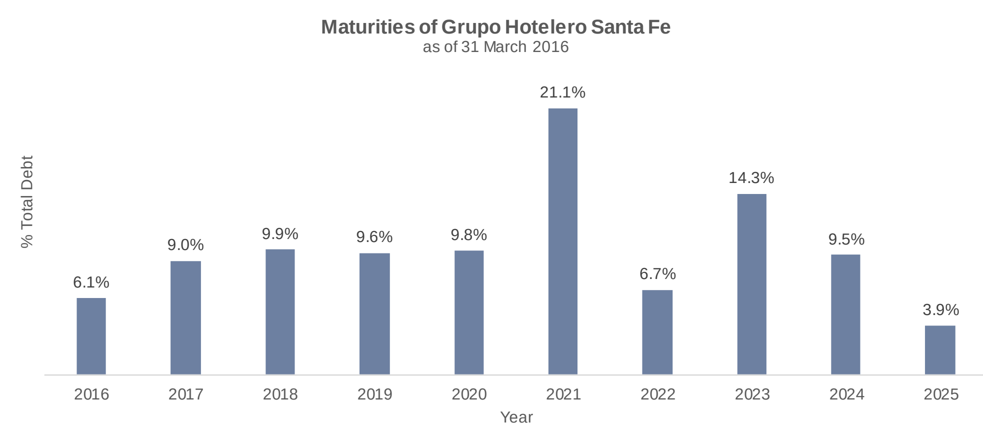
Net Debt was Ps. 914.0 million at the end of 1Q16. Total Debt, of which 89.2% is U.S.-dollar denominated, has an average cost of 3.73%, and 10.8% is peso-denominated, with an average cost of 7.07%. 91.4% of debt maturities are long-term (see *Maturity* breakdown and chart).

In addition, and given the Company's revenue generation in U.S. dollars, 41.0% of its cash is U.S.-dollar denominated. A breakdown of debt and cash position of the Company, as well as a table of debt maturities are included below.

Figures in thousand Mexican Pesos	Denominated in (currency):		
Debt*	**Pesos**	**Dollars**	**Total**
Short Term	8,615	85,267	93,882
Long Term	109,231	884,984	994,215
Total	**117,846**	**970,250**	**1,088,096**
Average rate of financial liabilities	*7.1%*	*3.7%*	*4.1%*
Cash and equivalents**	102,787	71,293	174,080
Net Debt	**15,059**	**898,957**	**914,016**
Net Debt / LTM EBITDA (as of 31 March 2016)			2.5x

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

***Includes restricted cash related to bank debt.*



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. 17.2509 / US$ as of March 31, 2016, as published in Mexico's *Official Federal Gazette*.

Currency Hedging

Figures in thousand of Mexican Pesos

Currency Hedging Analysis	Denominated in Pesos	Denominated in USD	Total in Pesos
Total Revenue	203,848	118,303	**322,151**
% of Total Revenue	*63.3%*	*36.7%*	*100.0%*
(-) Total Costs and Expenses	192,797	24,711	**217,507**
(-) Non-recurring Expenses	5,815	-	**5,815**
Operating Income	**5,236**	**93,592**	**98,829**
(+) Depreciation	24,632	-	**24,632**
Operating Cashflow	**29,869**	**93,592**	**123,461**
% of Operating Cashflow	*24.2%*	*75.8%*	*100.0%*
Interest	1,984	10,550	**12,534**
Principal	2,154	22,568	**24,722**
Total Debt Service	**4,138**	**33,118**	**37,256**
Interest Coverage ratio [1]	15.1x	8.9x	**9.8x**
Debt Service Coverage Ratio [2]	7.2x	2.8x	**3.3x**

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

At the close of 1Q16, 89.2% of the Company's financial debt was dollar-denominated since a large part of revenues from the *Krystal Grand Punta Cancun, Hilton Puerto Vallarta* and *Hilton Guadalajara* hotels are in U.S. dollars, as they are located in markets that generate them U.S. dollar revenues. In 1Q16, approximately 75.8% of the Company's Operating Cashflow was denominated in dollars.

U.S.-dollar denominated Operating Cashflow was sufficient to cover financial debt, both interest and principal, with a ratio of 2.8x. 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 1Q16 the Company's debt coverage ratio was 3.3x.

Recent Events

During 1Q16, and until the time of this report, the Company's recent events included:

- Renewal of the market maker contract with UBS Casa de Bolsa, S.A. de C.V., UBS Grupo Financiero.
- Inauguration of 140-room *Krystal Urban Guadalajara* hotel, the Company's first hotel developed under use conversion.
- Analysis of alternatives to fund expansion plans, among which is included an initial public offering in the Mexican Stock Exchange.

1Q16 Conference Call Details:

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

Date: Friday, April 22, 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 Growth Companies 2015* and have over 2600 employees in Mexico.

For additional information, please visit www.gsf-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 month period ended 31 March 2016 and 2015

(Figures in thousand Mexican Pesos)

Figures in thousand Mexican Pesos	First Quarter			3 months ended March		
Income Statement	**2016**	**2015**	**% Var.**	**2016**	**2015**	**% Var.**
Room Revenue	185,422	137,500	*34.9*	185,422	137,500	*34.9*
Food and Beverage Revenue	88,212	64,275	*37.2*	88,212	64,275	*37.2*
Other Revenue from Hotels	28,145	22,512	*25.0*	28,145	22,512	*25.0*
Third-party Hotels' Management Fees	20,372	12,385	*64.5*	20,372	12,385	*64.5*
Total Revenue	**322,151**	**236,672**	***36.1***	**322,151**	**236,672**	***36.1***
Cost and Operating Expenses	113,871	88,771	*28.3*	113,871	88,771	*28.3*
Sales and Administrative	75,124	56,351	*33.3*	75,124	56,351	*33.3*
Other Expenses	3,880	3,263	*18.9*	3,880	3,263	*18.9*
Depreciation	24,632	21,029	*17.1*	24,632	21,029	*17.1*
Total Costs and Expenses	**217,507**	**169,414**	***28.4***	**217,507**	**169,414**	***28.4***
Bargain purchase gain*	-	-	*NA*	-	-	*NA*
Development and hotel opening expenses	4,497	1,567	*187.0*	4,497	1,567	*187.0*
Other non-recurring expenses	1,318	1,647	*(20.0)*	1,318	1,647	*(20.0)*
Total Non Recurring Expenses	**5,815**	**3,214**	***80.9***	**5,815**	**3,214**	***80.9***
EBITDA	**129,276**	**88,287**	***46.4***	**129,276**	**88,287**	***46.4***
EBITDA Margin(%)	*40.1%*	*37.3%*	*2.8 pt*	*40.1%*	*37.3%*	*2.8 pt*
Operating Income	**98,829**	**64,044**	***54.3***	**98,829**	**64,044**	***54.3***
Operating Income Margin (%)	*30.7%*	*27.1%*	*3.6 pt*	*30.7%*	*27.1%*	*3.6 pt*
Net interest expenses	(12,136)	(5,689)	*113.3*	(12,136)	(5,689)	*113.3*
Net foreign currency exchange loss	7,590	(37,607)	*(120.2)*	7,590	(37,607)	*(120.2)*
Other financial costs	(1,442)	(339)	*325.6*	(1,442)	(339)	*325.6*
Net Financing Result	**(5,988)**	**(43,635)**	***(86.3)***	**(5,988)**	**(43,635)**	***(86.3)***
Undistributed income from subsidiaries, net	710	56	*NA*	710	56	*NA*
Income before taxes	93,551	20,465	*357.1*	93,551	20,465	*357.1*
Total income taxes	23,160	4,247	*445.3*	23,160	4,247	*445.3*
Net Income	**70,391**	**16,218**	***334.0***	**70,391**	**16,218**	***334.0***
Net Income Margin (%)	*21.9%*	*6.9%*	*15.0 pt*	*21.9%*	*6.9%*	*15.0 pt*

Balance Sheet

Grupo Hotelero Santa Fe, S.A.B. de C.V.
Consolidated Balance Sheet
As of 31 March 2016 and 2015
(Figures in thousand Mexican Pesos)

	2016	2015	Var $	Var %
ASSETS				
Current Assets				
Cash and cash equivalents	117,519	190,903	(73,384)	(38%)
Restricted cash	-	187,500	(187,500)	100%
Accounts receivables from clients	98,975	79,253	19,722	25%
Accounts receivables from related parties	15,482	6,274	9,209	147%
Creditable taxes	117,807	102,854	14,953	15%
Other current assets	24,568	26,759	(2,190)	(8%)
Escrow deposit for hotel acquisition	10,250	194,660	(184,410)	100%
Total current assets	**384,601**	**788,202**	**(403,601)**	**(51%)**
Non-current Assets				
Restricted cash	56,562	42,102	14,459	34%
Property, furniture and equipment	2,941,809	2,378,721	563,088	23.7%
Other assets	40,380	41,808	(1,428)	(3%)
Investment in subsidiaries	30,887	21,586	9,301	43%
Deferred income taxes	88,677	84,140	4,537	5%
Goodwiil	107,994	45,864	62,131	135%
Total non-current assets	**3,266,309**	**2,614,221**	**652,088**	**25%**
Total assets	**3,650,911**	**3,402,423**	**248,487**	**7%**
LIABILITIES AND SHAREHOLDERS EQUITY				
Current liabilities				
Current installments of long-term debt	93,882	263,312	(169,430)	(64%)
Suppliers	74,836	25,221	49,615	197%
Accrued liabilities	57,611	41,490	16,121	39%
Accounts payable to related parties	2	900	(898)	100%
Payable taxes	42,876	23,905	18,971	79%
Client advanced payments	29,694	20,131	9,563	48%
Total current liabilities	**298,900**	**374,958**	**(76,058)**	**(20%)**
Non-current liabilities				
Long-term debt	994,215	859,424	134,791	16%
Other non-current liabilities	89,876	33,579	56,297	168%
Total non-current liabilities	**1,084,091**	**893,003**	**191,087**	**21%**
Total liabilities	**1,382,991**	**1,267,961**	**115,029**	**9%**
Equity				
Capital stock	1,644,073	1,634,802	9,271	1%
Legal reserve	190,493	190,493	-	0%
Premium on subscription of shares	80,000	80,000	-	0%
Net income	70,391	16,219	54,172	334%
Retained earnings	222,974	212,948	10,026	5%
Shareholder's Equity	**2,207,932**	**2,134,462**	**73,469**	**3%**
Non-controlling interest	59,988	-	59,988	0%
Total Equiy	**2,267,920**	**2,134,462**	**133,458**	**6%**
Total liabilities and equity	**3,650,911**	**3,402,423**	**248,487**	**7%**

Cash Flow Statement

Grupo Hotelero Santa Fe, S.A.B. de C. V.
Consolidated Cash Flow
For the three and twelve-month period ended 31 March 2016 and 2015

Figures in thousand Pesos	First Quarter		3 months ended March	
Cash Flow Statement	**2016**	**2015**	**2016**	**2015**
Cashflow from operating activities				
Net income	70,391	16,218	70,391	16,218
Depreciation and amortization	24,632	21,029	24,632	21,029
Income taxes	23,160	4,247	23,160	4,247
Unrealized gain (loss) in foreign currency exchange	(4,993)	37,513	(4,993)	37,513
Net interest expense	12,136	5,689	12,136	5,689
Other financial costs	1,442	339	1,442	339
Cashflow before working capital variations	**126,768**	**85,036**	**126,768**	**85,036**
Accounts receivable from clients	(23,838)	(19,797)	(23,838)	(19,797)
Accounts receivable from related parties	(8,480)	(1,394)	(8,480)	(1,394)
Other current assets	(4,959)	(8,848)	(4,959)	(8,848)
Creditable taxes	(4,515)	4,059	(4,515)	4,059
Suppliers	24,252	546	24,252	546
Accrued liabilities	(527)	1,327	(527)	1,327
Accounts payable to related parties	(54)	631	(54)	631
Downpayments from clients	9,607	5,443	9,607	5,443
Payable taxes	(3,036)	(9,755)	(3,036)	(9,755)
Net operating cashflow	**115,217**	**57,246**	**115,217**	**57,246**
Non recurring items				
Accrued liabilities	(4,410)	-	(4,410)	-
Receivable tax from real estate acquisition	-	41,025	-	41,025
Early termination provision of operating contract	-	-	-	-
Cashflow net from non recurring items	**110,807**	**98,271**	**110,807**	**98,271**
Investment activities				
Change in restricted cash	230	(1,441)	230	(1,441)
Acquisition of property, furniture and equipment	(134,611)	(24,739)	(134,611)	(24,739)
Acquisition of ongoing business (Maria Barbara hotel)	4,410	-	4,410	-
Escrow deposit for hotel acquisition	4,410	(194,660)	4,410	(194,660)
Investment in subsidiary	(610)	(56)	(610)	(56)
Other net assets and labilities	13,474	(751)	13,474	(751)
Interest gained	398	2,437	398	2,437
Cashflow from investment activities	**(112,298)**	**(219,211)**	**(112,298)**	**(219,211)**
Financing activities				
Net increase in paid-in capital from IPO	-	-	-	-
Net increase in paid-in capital from merger	-	-	-	-
Net increase in paid -in capital from non controlling company	59,988		59,988	
Repurchase of shares	(2,810)	(9,460)	(2,810)	(9,460)
Obtained loans	-	-	-	-
Payment of interet and loan amortization*	(35,898)	(26,830)	(35,898)	(26,830)
Obtained loans from shareholders	-	-	-	-
Effect from non-controlling interest merger	-	-	-	-
Cashflow form financing activities	**21,281**	**(36,290)**	**21,281**	**(36,290)**
Net (decrease) increase in cash and cash equivalents	**19,789**	**(157,230)**	**19,789**	**(157,230)**
Cash and cash equivalents at the beginning of the period	97,729	348,133	97,729	348,133
Cash and cash equivalents at the end of the period	**117,519**	**190,903**	**117,519**	**190,903**
Cash in acquired business		-		**-**
Total Cash at the end of the period	**117,519**	**190,903**	**117,519**	**190,903**

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For more information please visit our website: www.gsf-hotels.com

Appendix 1: Integration of Rooms under Operation

Operating indicators for 1Q16 consider 3,863 hotel rooms under operation out of 4,265. The integration of 402 rooms excluded is detailed as follows:

i) 281 rooms part of the Vacation Club[7];
ii) 105 rooms that were not available during the period (140 rooms in *Krystal Urban Guadalajara* were not available during the period, since those hotels were inaugurated on March 15, 2016) and
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 1Q16	Owned Hotels	Third-party owned hotels	Total Rooms
In Operation	2,067	1,796	**3,863**
Vacational Club	53	228	**281**
Unavailable	105	-	**105**
In Renovation	16	-	**16**
Hotel Expansion	-	-	**-**
Total Rooms	**2,241**	**2,024**	**4,265**

[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.*