



HOTEL reports 39% and 37% growth in Total Revenues and EBITDA respectively for 4Q17

Mexico City, February 22, 2018 – Grupo Hotelero Santa Fe S.A.B. de C.V. (BMV: HOTEL) (“HOTEL” or “the Company”), announced its consolidated results for the fourth quarter (“4Q17”) and full-year ended December 31, 2017. Figures are expressed in Mexican Pesos, are unaudited and are in accordance with International Financial Reporting Standards (“IFRS”) and may vary due to rounding.

Highlights

- 2017 EBITDA reached Ps. 528.2 million, in line with our revised 2017 guidance, representing a 24.0% increase compared to 2016.
- 2017 Total Revenues reached Ps. 1,581.5 million, in line with our revised 2017 guidance, representing a 29.5% increase compared to 2016.
- We will release our 2018 Guidance on our conference call tomorrow February 23rd. Details of the call are on page 14.
- 4Q17 Total Revenue reached Ps. 441.3 million, a 38.5% increase compared to 4Q16, driven by the following increases: i) 37.7% in Room Revenue, ii) 68.6% in Food and Beverages, and iii) 3.2% in Other Hotel Revenue which more than compensated for a 30.8% decline in in management fees related to third-party owned hotels.
- 4Q17 EBITDA¹ reached Ps. 146.7 million, a 37.1% increase compared to 4Q16 driven by revenue growth. 4Q17 EBITDA margin was at 33.2%.
- We posted a 4Q17 Net Income loss of Ps. 116.8 million. The increase in income from operations was offset by an FX loss, higher financing costs and higher income taxes.
- 4Q17 Net operating cash flow for was Ps. 149.7 million, an increase of 16.9% compared to the Ps. 128.1 million reported in 4Q16. This increase was mainly due to variations in working capital.
- Net Debt/EBITDA (LTM) ratio was 4.0x at the end of 4Q17. Operating cash flow in dollars represented 78.0% of total operating cash flow, thereby maintaining a natural hedge of the dollarized financial debt.
- HOTEL’s total portfolio at the end of 4Q17 reached 6,137 rooms, a 16.2% increase compared to the 5,282 rooms at end of 4Q16.
- RevPAR² for the Company-owned hotels declined by 2.9% in 4Q17 compared to 4Q16, due to a 6.0 percentage points decrease in occupancy which was partially compensated by an increase of 6.6% in ADR². Lower occupancies were driven by the inclusion of new properties in the early stages of stabilization combined with the consequences of the external factors mentioned in our 3Q17 report.

Figures in thousands of Mexican Pesos	Fourth Quarter				12 months ended December 31			
	2017	2016	Var.	% Var.	2017	2016	Var.	% Var.
Total Revenue	441,308	318,628	122,680	38.5	1,581,496	1,221,165	360,332	29.5
EBITDA	146,683	106,978	39,705	37.1	528,200	426,119	102,082	24.0
EBITDA Margin	33.2%	33.6%	(0.4 pt)	(0.4 pt)	33.4%	34.9%	(1.5 pt)	(1.5 pt)
Operating Income	78,501	66,618	11,883	17.8	335,065	289,913	45,152	15.6
Net Income	(116,838)	45,750	(162,588)	NA	187,382	160,219	27,163	17.0
Net Income Margin	(26.5%)	14.4%	(40.9 pt)	(40.9 pt)	11.8%	13.1%	(1.3 pt)	(1.3 pt)
Operating Cashflow	149,652	128,064	21,588	16.9	518,492	442,756	75,736	17.1
Occupancy	62.9%	69.1%	(6.2 pt)	(6.2 pt)	66.1%	70.0%	(3.9 pt)	(3.9 pt)
ADR	1,437	1,453	(16)	(1.1)	1,445	1,384	61	4.4
RevPAR	904	1,004	(100)	(10.0)	956	969	(13)	(1.4)

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

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

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

Comments from the Chief Executive Officer

Mr. Francisco Zinser, stated:

2017 was a great year for the company, and the fourth quarter was no exception. Tourism in Mexico continues to post strong growth with solid underlying fundamentals. In 2017 Mexico reached 8th place for the country that received most international travelers, marking a new historical milestone. In 2017 International travelers in Mexico increased 5%, reaching 39 million. Also, Income from international tourists in 2017 increased 5% to US\$ 21 Billion. The sector is well positioned considering recent events including the removal of Cancun and Los Cabos from the latest travel warning from the US. Local tourism also posted healthy increases, complementing our results.

In terms of our annual results, we posted solid Revenue and EBITDA growth of 30% and 24%, respectively. In terms of our operating indicators of company-owned hotels, we maintained our RevPAR stable driven by a 6.4% increase in ADR which compensated a 4.6 percentage point decrease in occupancy. The lower occupancy is attributable to the inclusion of a significant amount of new rooms in the early stages of stabilization, combined with the consequences of the external factors mentioned in our 3Q17 report.

At the beginning of the year we closed an important acquisition for the Company, which was comprised of a 50% stake of two hotels in Los Cabos and Nuevo Vallarta, where we had no presence. Both locations are strategic as the growth projections of these destinations are very attractive and have solidified our portfolio with a wide footprint that now embraces all the main Resort destinations in Mexico. Both Krystal Grand Hotels are operating with 934 rooms.

Regarding other hotel openings, firstly, the opening of the *Altitude Tower* of the *Krystal Grand Punta Cancun* with 100 suites which were added to the 295 existing ones of the hotel. Secondly, we announced the opening of the *Krystal Grand Suites Insurgentes* property located on Insurgentes Sur. It has 150 long-stay suites including kitchenettes. In 2017 we also announced the signing various of a Management Contracts including the *AC by Marriot Distrito Armida*, *Curio Collection Zacatecas* and the *Ibis Irapuato*. Third-party hotels continue to significantly contribute to our results. In the first half of 2019 we plan on opening the *Krystal Grand Insurgentes* with 250 suites located in front of the World Trade Center in Mexico City.

Lastly, I would like to mention that none of these achievements would have been possible without the support of our dedicated employees, experienced management team and the confidence placed in us by 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 Leon
3	Krystal Urban Cd. Juárez	120	100%	Urban	4 stars	>36	Yes	Ciudad Juarez	Chihuahua
4	Krystal Urban Cancun	231	100%	Urban	4 stars	>36	In Process	Cancun	Quintana Roo
5	Krystal Satelite Maria Barbara	215	100%	Urban	5 stars	32	In Process	Estado de Mexico	Estado de Mexico
6	Hilton Garden Inn Monterrey Aeropuerto	134	15%	Urban	4 stars	28	In Process	Monterrey	Nuevo Leon
7	Hampton Inn & Suites Paraíso Tabasco	117	-	Urban	4 stars	27	In Process	Paraíso	Tabasco
8	Krystal Urban Aeropuerto Ciudad de Mexico	96	-	Urban	4 stars	24	In Process	Mexico City	Mexico City
9	Krystal Urban Guadalajara	140	100%	Urban	4 stars	22	In Process	Guadalajara	Jalisco
10	Krystal Monterrey	207	-	Urban	5 stars	18	In Process	Monterrey	Nuevo Leon
11	Krystal Pachuca	124	-	Urban	4 stars	11	In Process	Pachuca	Hidalgo
12	Ibis Irapuato	140	-	Urban	3 stars	7	In Process	Irapuato	Guanajuato
13	Krystal Grand Suites Insurgentes	150	50%	Urban	Grand Tourism	4	In Process	Mexico City	Mexico City
Subtotal Urban		2,274							
14	Krystal Resort Cancun	502	-	Resort	5 stars	>36	Yes	Cancun	Quintana Roo
15	Krystal Resort Ixtapa	255	-	Resort	5 stars	>36	Yes	Ixtapa	Guerrero
16	Krystal Resort Puerto Vallarta	260	-	Resort	5 stars	>36	Yes	Puerto Vallarta	Jalisco
17	Hilton Puerto Vallarta Resort	259	100%	Resort	Grand Tourism	>36	Yes	Puerto Vallarta	Jalisco
18	Krystal Beach Acapulco	400	100%	Resort	4 stars	>36	Yes	Acapulco	Guerrero
19	Krystal Grand Punta Cancun	395	100%	Resort	Grand Tourism	>36	Yes	Cancun	Quintana Roo
20	Krystal Grand Los Cabos	454	50%	Resort	Grand Tourism	7	In Process	Los Cabos	Baja California Sur
21	Krystal Grand Nuevo Vallarta	480	50%	Resort	Grand Tourism	2	In Process	Nuevo Vallarta	Jalisco
Subtotal Resort		3,005							
Total in Operation		5,279							
22	Krystal Grand Insurgentes	250	50%	Urban	Grand Tourism	Expected opening 2H-19		Mexico City	Mexico City
23	AC by Marriot Distrito Armida	168	-	Urban	4 stars	Expected opening 2Q-19		Monterrey	Nuevo Leon
24	Curio Collection Zacatecas	32	-	Urban	Boutique	Expected opening 2H-18		Zacatecas	Zacatecas
	Expansion of Hilton Puerto Vallarta	192	100%	Resort	Grand Tourism	Expected opening 1Q-18		Puerto Vallarta	Jalisco
	Expansion of Krystal Puerto Vallarta	216	-	Resort	5 stars	Expected opening 1Q-18		Puerto Vallarta	Jalisco
Total in Construction		858							
Total		6,137							

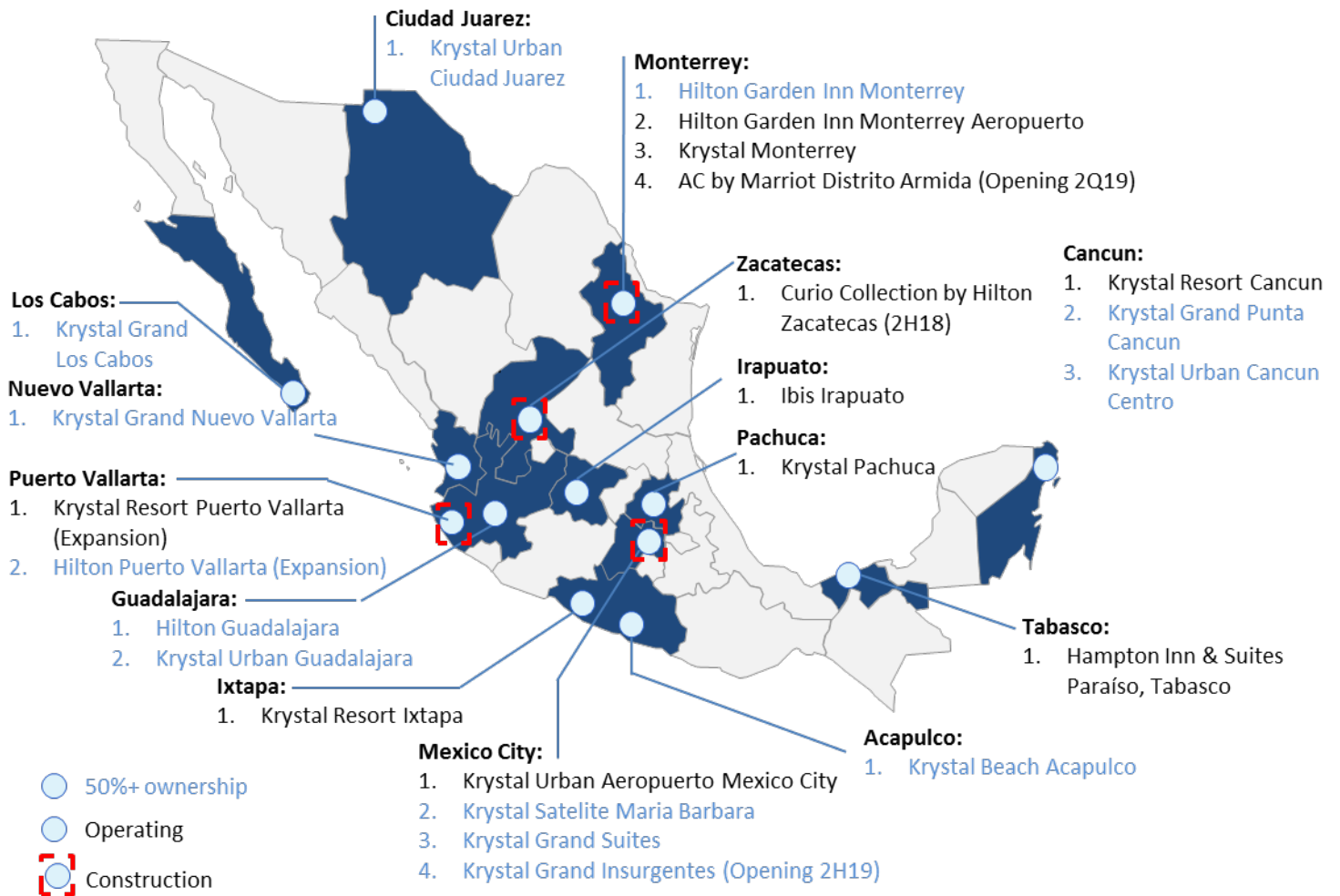
At the end of 4Q17, HOTEL recorded a total of 21 hotels in operation of which 12 are Company-owned³, and the remaining 9 are third-party owned⁴. This represents 4 additional properties compared to the 17 hotels in operation at the end of 4Q16. The total number of rooms in operation at the end of 4Q17 was 5,279, a 22.1% increase compared to the 4,324 in operation for the same period last year. Of the 955 net additional rooms, we added 1,455 rooms and 500 were removed due to the sale of the *Krystal Grand Reforma*. Out of the 1,455 rooms we added, 454 are from the opening of the *Krystal Grand Los Cabos*, 480 from the opening of the *Krystal Grand Nuevo Vallarta*, 100 from the expansion of the *Krystal Grand Punta Cancun*, 124 from the opening of the *Krystal Pachuca*, 140 from the opening of *Ibis Irapuato*, 150 from the opening of the *Krystal Grand Suites Insurgentes* and 7 from the expansion of the *Krystal Urban Cancun*.

Additionally, HOTEL has 858 rooms under construction, including 250 rooms in Mexico City, 168 rooms from the *AC by Marriot Distrito Armida*, 32 rooms from the *Curio Collection Zacatecas*, 192 rooms from the expansion of *Hilton Puerto Vallarta* (renovation of 160 rooms and development of 32 rooms) and 216 rooms from the expansion of *Krystal Puerto Vallarta*, for a total portfolio of 24 hotels and 6,137 rooms.

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

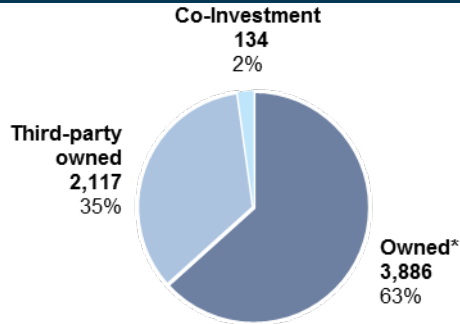
⁴ The Company operates the *Hilton Garden Inn Monterrey Aeropuerto* hotel, in which it also has a 15% ownership position. According to IFRS, although the results of this property are not consolidated in the Company's financial statements, third-party hotel management fees are included as "Other Revenues",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

The hotel portfolio is geographically distributed as follows:

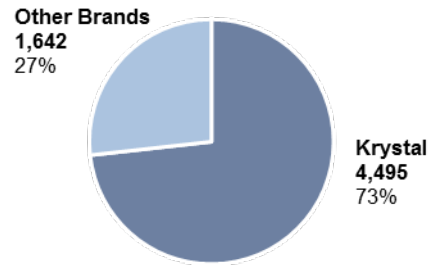


In terms of rooms under operation and rooms under development (including rooms under construction and conversion), at 4Q17 the hotel portfolio was as follows:

**Ownership
(number of rooms)**

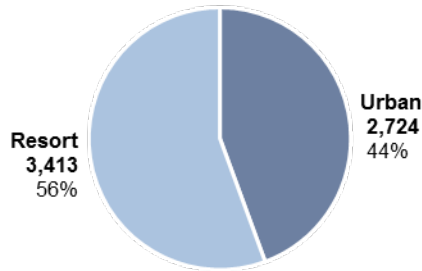


**Brand
(number of rooms)**

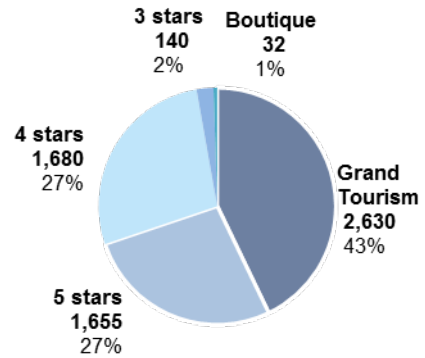


* Includes Krystal Grand Los Cabos, Krystal Grand Vallarta, Krystal Insurgentes and Krystal Suites Insurgentes of which we own 50% equity, operate and consolidate.

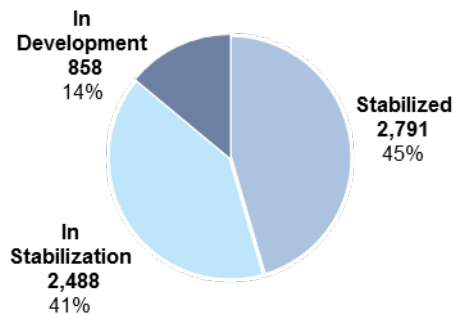
**Segment
(number of rooms)**



**Category
(number of rooms)**



**Stabilization Stage
(number of rooms)**



Hotel Classification

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

Company-owned hotels are classified according to their stage in the stabilization cycle for each hotel. As a result of this classification, hotels that have been in operation for at least 36 months are considered mature or stabilized, while hotels that have been in operation for less than 36 months are considered in their stabilization stage or in their maturing period. At the end of 4Q17, HOTEL had 12 operating company-owned hotels and 9 operating third-party owned hotels under management.

Of a total 5,279 hotel rooms under operation, the operating indicators for 4Q17 include 4,763 rooms. 516 rooms (227 corresponding to Vacation Club and 289 unavailable rooms), excluded from the present analysis, and are included at the end of this report in Appendix 1.

The following table is a summary of the main 4Q17 operating indicators compared to the same period of last year, based on the classification. The methodology used to determine the number of rooms considers the total number of available rooms divided by the corresponding number of days in each period.

Hotel Classification		Fourth Quarter				12 months ended December 31			
		2017	2016	Var.	%Var.	2017	2016	Var.	%Var.
Total Hotels in Operation		21	17	4	23.5	22	17	5	29.4
Number of rooms		4,763	4,119	644	15.6	4,644	4,032	612	15.2
Occupancy		62.9%	69.1%	(6.2 pt)	(6.2 pt)	66.1%	70.0%	(3.9 pt)	(3.9 pt)
ADR		1,437	1,453	(16)	(1.1)	1,445	1,384	61	4.4
RevPAR		904	1,004	(100)	(10.0)	956	968	(13)	(1.3)
1	Total Owned Hotels (50%+ ownership)	12	9	3	33.3	12	9	3	33.3
Number of rooms		3,102	2,186	916	41.9	2,763	2,150	613	28.5
Occupancy		61.0%	67.0%	(6.0 pt)	(6.0 pt)	63.6%	68.2%	(4.6 pt)	(4.6 pt)
ADR		1,452	1,362	90	6.6	1,404	1,320	84	6.4
RevPAR		885	912	(27)	(2.9)	893	900	(7)	(0.8)
1.1	Stabilized Owned Hotels⁽¹⁾	7	6	1	16.7	7	6	1	16.7
Number of rooms		1,952	1,621	331	20.4	1,887	1,621	266	16.4
Occupancy		63.4%	64.6%	(1.1 pt)	(1.1 pt)	67.8%	68.4%	(0.6 pt)	(0.6 pt)
ADR		1,558	1,457	101	6.9	1,477	1,398	79	5.6
RevPAR		988	940	48	5.1	1,001	956	45	4.7
1.2	Owned Hotels in Stabilization Stage⁽²⁾	5	3	2	66.7	5	3	2	66.7
Number of rooms		1,150	565	585	103.4	876	529	347	65.7
Occupancy		56.8%	73.9%	(17.1 pt)	(17.1 pt)	54.6%	67.6%	(13.0 pt)	(13.0 pt)
ADR		1,251	1,125	127	11.3	1,210	1,076	133	12.4
RevPAR		710	831	(120)	(14.5)	661	728	(67)	(9.2)
2	Third-party Hotels Under Management⁽³⁾	9	8	1	12.5	10	8	2	25.0
Number of rooms		1,661	1,933	(272)	(14.1)	1,881	1,882	(1)	(0.1)
Occupancy		66.5%	71.5%	(5.0 pt)	(5.0 pt)	69.9%	72.0%	(2.2 pt)	(2.2 pt)
ADR		1,411	1,549	(137)	(8.9)	1,499	1,452	47	3.2
RevPAR		939	1,108	(169)	(15.2)	1,048	1,046	1	0.1

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 Krystal Grand Cancun from stabilization stage to stabilized stage

(2) Variation in hotel and room number is due to the reclassification from note (1) above and the incorporation of incorporation of the Krystal Grand Los Cabos and the Krystal Grand Nuevo Vallarta hotels that were not part of the portfolio in 4Q16

(3) The decrease in number of hotels and rooms is due to the sale of the Krystal Grand Reforma which was partially compensated by the incorporation of the the Krystal Pachuca and the Ibis Irapuato that were not part of the hotel portfolio during 4Q16.

Consolidated Financial Results

Figures in thousands of Mexican Pesos

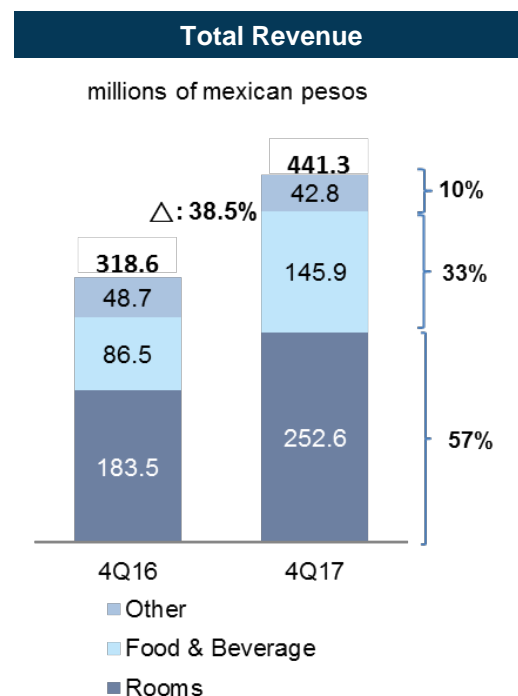
Income Statement	Fourth Quarter				12 months ended December 31			
	2017	2016	\$ Var.	% Var.	2017	2016	\$ Var.	% Var.
Room Revenue	252,630	183,469	69,161	37.7	900,505	708,014	192,491	27.2
Food and Beverage Revenue	145,875	86,506	59,369	68.6	477,621	332,351	145,270	43.7
Other Revenue from Hotels	27,743	26,880	863	3.2	123,407	102,590	20,817	20.3
Third-party Hotels' Management Fees	15,059	21,772	(6,713)	(30.8)	79,962	78,209	1,753	2.2
Total Revenue	441,308	318,628	122,680	38.5	1,581,496	1,221,165	360,332	29.5
Cost and Operating Expenses	186,945	120,714	66,231	54.9	644,544	457,166	187,378	41.0
Sales and Administrative	100,250	86,346	13,905	16.1	384,742	320,489	64,253	20.0
Other Expenses	7,429	4,590	2,839	61.9	24,010	17,391	6,619	38.1
Depreciation	50,889	36,883	14,006	38.0	144,173	112,058	32,115	28.7
Total Costs and Expenses	345,513	248,532	96,981	39.0	1,197,470	907,104	290,365	32.0
Total Non Recurring Expenses	17,293	3,477	13,816	NA	48,962	24,148	24,815	NA
EBITDA	146,683	106,978	39,705	37.1	528,200	426,119	102,082	24.0
EBITDA Margin(%)	33.2%	33.6%	(0.4 pt)	(0.4 pt)	33.4%	34.9%	(1.5 pt)	(1.5 pt)
Operating Income	78,501	66,618	11,883	17.8	335,065	289,913	45,152	15.6
Operating Income Margin (%)	17.8%	20.9%	(3.1 pt)	(3.1 pt)	21.2%	23.7%	(2.5 pt)	(2.5 pt)
Net interest expenses	(35,192)	(7,646)	(27,546)	NA	(77,584)	(33,294)	(44,290)	NA
Net foreign currency exchange result	(136,586)	(15,396)	(121,189)	NA	20,440	(59,471)	79,911	NA
Other financial costs	735	880	(146)	(16.5)	(3,376)	(2,158)	(1,218)	56.4
Net Financing Result	(171,044)	(22,163)	(148,881)	NA	(60,520)	(94,923)	34,403	(36.2)
Total income taxes	25,311	(524)	25,834	NA	90,315	37,262	53,054	NA
Net Income	(116,838)	45,750	(162,588)	NA	187,382	160,219	27,163	17.0
Net Income Margin (%)	(26.5%)	14.4%	(40.9 pt)	(40.9 pt)	11.8%	13.1%	(1.3 pt)	(1.3 pt)
Income attributable to:								
Controlling interest	(45,910)	45,587	(91,497)	NA	215,991	159,988	56,003	35.0
Non-controlling interest	(70,928)	163	(71,091)	NA	(28,609)	231	(28,840)	NA

Total Revenue

During 4Q17, Total Revenue increased 38.5%, from Ps. 318.6 million in 4Q16 to Ps. 441.3 million, driven by a 37.7% growth in Room Revenue, 68.6% in Food and Beverage Revenue and 3.2% in Other Revenue which were offset by a 30.8% decrease in in Management Fees received related to third-party owned hotels.

Room revenue growth was driven by: i) the opening of the *Krystal Grand Los Cabos*, *Krystal Grand Nuevo Vallarta* and *Krystal Grand Suites Insurgentes*, ii) the performance of the *Krystal Grand Punta Cancun* considering the opening of the new *Altitude Tower*, and iii) the performance of the *Krystal Urban Guadalajara* which is in stabilization.

During 4Q17, Room Revenue increased 37.7% compared to 4Q16, derived from the 41.9% increase in the number of rooms in operation of Company-owned hotels. This increase more than offset a RevPAR contraction of 2.9%, which was due to a 6.6% ADR increase combined with a 6.0 percentage point contraction in occupancy driven by the inclusion of new properties that were in the early stages of stabilization combined with the consequences of the external factors mentioned in our 3Q17 report.



The portfolio of stabilized Company-owned hotels posted a 20.4% increase in the number of rooms, a 6.9% increase in ADR and a 1.1 percentage point decrease in occupancy, compared to 4Q16. The decrease in occupancy was driven by the inclusion of new properties in the early stages of stabilization combined with the consequences of the external factors mentioned in our 3Q17 report. The increase in number of rooms was due to the inclusion of the *Krystal Grand Punta Cancun*.

Company-owned hotels in the stabilization stage posted an increase in the number of rooms by the inclusion of the *Krystal Grand Los Cabos*, the *Krystal Grand Nuevo Vallarta* and the *Krystal Grand Suites Insurgentes* to the portfolio. As a result of the new hotel mix of the hotel portfolio in the stabilization stage, RevPAR decreased 14.5% mainly due to an 17.1% decrease in occupancy, driven by the inclusion of new properties in the early stages of stabilization combined with the consequences of the external factors mentioned in our 3Q16 report.

Food and Beverage revenue increased 68.6%, from Ps. 86.5 million in 4Q16 to Ps. 145.9 million in 4Q17 mainly driven by: i) the incorporation of the *Krystal Grand Los Cabos* and the *Krystal Grand Nuevo Vallarta* which are in the early stages of stabilization, and ii) the performance of the *Krystal Grand Punta Cancun* considering the opening of the new Altitude Tower.

Other Income, which includes event room rentals, parking, laundry, telephone, and leasing of commercial spaces, among other items, increased 3.2%, from Ps. 26.9 million in 4Q16 to Ps. 27.7 million in 4Q17, driven by increased hotel activity.

Management Fees related to third-party owned hotels decreased by 30.8% compared to 4Q16, due to an 14.1% reduction in the number of rooms under operation during the period combined with lower RevPAR. The 15.2% decrease in RevPAR was driven by the 5.0 percentage points contraction of occupancy combined with an 8.9% reduction in ADR. Lower occupancies in the quarter were driven by the consequences of external factors mentioned in our 3Q16 report. The number of rooms in operation declined due to the sale of the *Krystal Grand Reforma*. The Company sees an opportunity to continue its expansion plans by means of third-party operating contracts, mainly with the Krystal® brand without significantly impacting the operating structure.

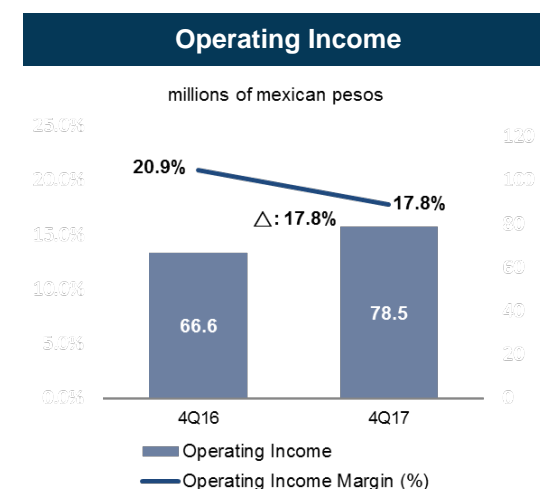
Costs and Expenses

Operating Costs and Operating Expenses increased 54.9%, from Ps. 120.7 million in 4Q16 to Ps. 186.9 million in 4Q17. This increase was mainly in terms of direct costs, and higher department fees derived from the inclusion of *Krystal Grand Los Cabos* and *Krystal Grand Nuevo Vallarta* into the portfolio.

Administration and Sales Expenses increased 16.1%, from Ps. 86.3 million in 4Q16 to Ps. 100.3 million in 4Q17. Administration and sales expenses were equal to 22.7% of revenues, compared to 27.1% in 4Q16. This was the result of the continuous efforts of the company to reduce costs and expenses.

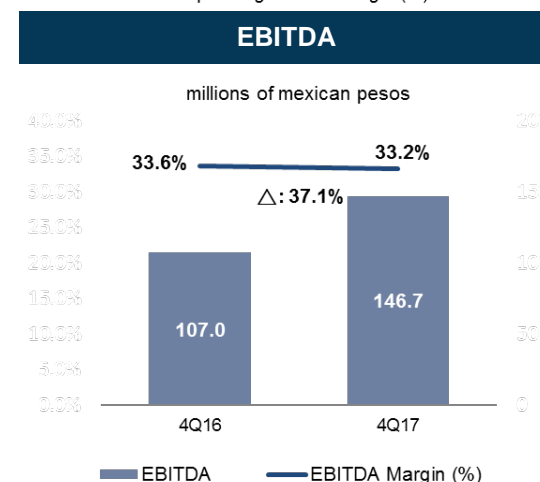
Operating Income

During 4Q17, operating income increased 17.8%, from Ps. 66.6 million in 4Q16 to Ps. 78.5 million. This result was driven by the combined effect of revenue growth, the inclusion of the *Krystal Grand Los Cabos* and the *Krystal Grand Nuevo Vallarta* as Company-owned hotels and the performance of the *Krystal Grand Punta Cancun*. Operating margin decreased by 3.1 percentage points, due to lower occupancies in the quarter which were driven by the inclusion of new properties in the early stages of stabilization combined with the consequences of the external factors mentioned in our 3Q17 report.



EBITDA

4Q17 EBITDA reached Ps. 146.7 million, compared to Ps. 107.0 million in 4Q16, an increase of 37.1%. 4Q17 EBITDA margin decreased by 0.4 percentage points, from 33.6% in 4Q16 to 33.2% in 4Q17.



(Figures in millions of Mexican Pesos)	4Q17	4Q16	% Var.	2017	2016	% Var.
Operating Income	78,501	66,618	17.8	335,065	289,913	15.6
(+) Depreciation	50,889	36,883	38.0	144,173	112,058	28.7
(+) Development and hotel opening expenses ⁵	15,360	4,354	NA	42,321	18,287	NA
(+) Other non-recurring expenses ⁶	1,933	(876)	NA	6,641	5,860	13.3
EBITDA	146,683	106,978	37.1	528,200	426,119	24.0
EBITDA Margin	33.2%	33.6%	(0.4 pt)	33.4%	34.9%	(1.5 pt)

Net Financing Result

For 4Q17, Net Financing Result went from a Ps. 22.2 million loss in 4Q16 to a Ps. 171.0 million loss. This variation is explained by: i) an FX loss posted in 4Q17 due to the effect of appreciation of the Mexican peso compared to the US dollar on our cash and debt position, and ii) increased interest expenses due to a higher indebtedness level.

Net Income

We posted a Net Income loss of Ps. 116.8 million in 4Q17 compared to a Ps. 45.7 million gain in 4Q16. The increase in income from operations was offset by an FX loss, higher financing costs and a higher income tax.

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

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

Cash Flow Summary

Figures in thousand of Mexican Pesos

Cash Flow Statement	Fourth Quarter			12 months ended December 31		
	2017	2016	% Var.	2017	2016	% Var.
Cashflow from operating activities						
Net income	(116,838)	45,750	NA	187,382	160,219	17.0
Depreciation and amortization	50,889	36,883	38.0	144,173	112,058	28.7
Income taxes	25,311	(524)	NA	90,315	37,262	NA
Unrealized gain (loss) in foreign currency exchange	109,290	22,748	NA	(47,655)	70,530	NA
Net interest expense	35,192	7,646	NA	77,584	33,294	NA
Other financial costs	735	(430)	NA	3,376	2,608	29.4
Minority interest	(1,015)	(703)	44.4	(3,152)	(2,491)	26.6
Cashflow before working capital variations	103,563	111,370	(7.0)	452,023	413,480	9.3
Working Capital	46,088	16,694	NA	66,469	29,276	NA
Net operating cashflow	149,652	128,064	16.9	518,492	442,756	17.1
Non recurring	(63,688)	(19,125)	NA	(51,251)	16,066	NA
Cashflow net from non-recurring items	85,964	108,939	(21.1)	467,240	458,822	1.8
Investment activities	(420,252)	(394,619)	6.5	(1,789,129)	(722,336)	NA
Financing activities	24,533	86,672	(71.7)	(125,404)	1,897,373	NA
Net (decrease) increase in cash and cash equivalents	(309,755)	(199,008)	55.6	(1,447,293)	1,633,859	NA
Cash and cash equivalents at the beginning of the period	597,770	1,930,596	(69.0)	1,731,587	97,729	NA
Cash and cash equivalents at the end of the period	288,015	1,731,588	(83.4)	284,294	1,731,588	(83.6)
Cash in business acquisition	-	-	NA	3,720	-	NA
Total Cash at the end of the period	288,015	1,731,588	(83.4)	288,015	1,731,588	(83.4)

By the end of 4Q17, operating cash flow reached Ps. 149.7 million, compared to Ps. 128.1 million reported in 4Q16, a 16.9% increase. This increase was driven by a higher positive working capital due to the inclusion of *Krystal Grand Los Cabos* and *Krystal Grand Nuevo Vallarta*.

Balance Sheet Summary

Figures in thousand Mexican Pesos

Balance Sheet Summary	2017	2016	Var \$	Var %
Cash and cash equivalents	288,015	1,731,587	(1,443,572)	(83.4%)
Accounts receivables and other current assets	185,687	122,013	63,674	52.2%
Creditable taxes	344,154	157,205	186,950	NA
Escrow deposit for hotel acquisition	24,176	11,570	12,606	NA
Total current assets	842,032	2,022,374	(1,180,342)	(58.4%)
Restricted cash	103,655	67,486	36,169	53.6%
Property, furniture and equipment	6,510,002	3,046,944	3,463,059	NA
Non-productive fixed assets	1,080,229	405,987	674,242	NA
Other fixed assets	490,382	296,482	193,900	65.4%
Total non-current assets	8,184,269	3,816,899	4,367,369	NA
Total Assets	9,026,301	5,839,274	3,187,027	54.6%
Current installments of long-term debt	168,361	138,031	30,330	22.0%
Other current liabilities	358,603	212,454	146,149	68.8%
Total current liabilities	526,964	350,485	176,479	50.4%
Long-term debt	2,342,279	1,264,592	1,077,687	85.2%
Other non-current liabilities	817,998	79,263	738,735	NA
Total non-current liabilities	3,160,277	1,343,855	1,816,422	NA
Total Equity	5,339,061	4,144,934	1,194,127	28.8%
Total Liabilities and Equity	9,026,301	5,839,274	3,187,027	54.6%

Cash and Equivalents

By the end of 4Q17, the Company's cash and cash equivalents reached Ps. 288.0 million. Of this figure, Ps. 139.8 million are peso-denominated and Ps. 148.2 million are dollar-denominated.

Accounts Receivable and Other Current Assets

This line item increased 52.2%, from Ps. 122.0 million in 4Q16 to Ps. 185.7 million in 4Q17 driven by the inclusion of the *Krystal Grand Los Cabos* and the *Krystal Grand Nuevo Vallarta*.

Property, Furniture & Equipment

This line item was Ps. 6,510.0 million at the end of 4Q17 compared to Ps. 3,046.9 million at the end of 4Q16. This increase was mainly driven by the acquisition of 50% of the *Krystal Grand Los Cabos* and *Krystal Grand Nuevo Vallarta*. In addition, the Company continues to carry out routine improvements, remodeling and renovation projects in its fixed assets. Some hotels that underwent renovations in 2017 include the *Hilton Garden Inn Monterrey Aeropuerto*, *Hilton Guadalajara*, *Krystal Urban Cancun* and *Krystal Urban Ciudad Juarez*.

Figures in thousand Mexican Pesos

Capex for the period	4Q17		2017	
	4Q17	% Total	2017	% Total
Hotels in development	500,958	96.3%	1,090,214	92.3%
Improvements in owned hotels	1,806	0.3%	35,758	3.0%
Ordinary capex	17,545	3.4%	53,977	4.6%
New point of sale	-	0.0%	1,471	0.1%
Total Capex	520,308	100.0%	1,181,420	100.0%

Net Debt and Maturity

Net Debt was Ps. 2,119.0 million at the end of 4Q17, which represented a Net Debt / EBITDA (LTM) ratio equal to 4.0x. 85.2% of Total Debt is U.S.-dollar denominated and has an average cost of 4.36%. The remaining 14.8% is peso-denominated, with an average weighted cost of 10.42%. In addition, 84.0% of debt maturities are long-term.

At the end of 4Q17, the Mexican peso appreciated 4.4% from Ps. 20.6640 as of December 31, 2016 to Ps. 19.7354 as of December 30, 2017 having a positive impact on the financial cost of the Company. The short U.S. dollar position of the Company by the end of 4Q17 was US\$101.6 million, equal to Ps. 2,005.8 million.

During 4Q17 the company issued a dollar-denominated bank loan for US. 60.3 million to pay for the Los Cabos and Nuevo Vallarta Acquisition. This is the reason why our Net Debt / EBITDA ratio increased to 4.0x. This ratio should begin normalizing in 2018, considering that these hotels had not generated 12 months of EBITDA by the end of the year.

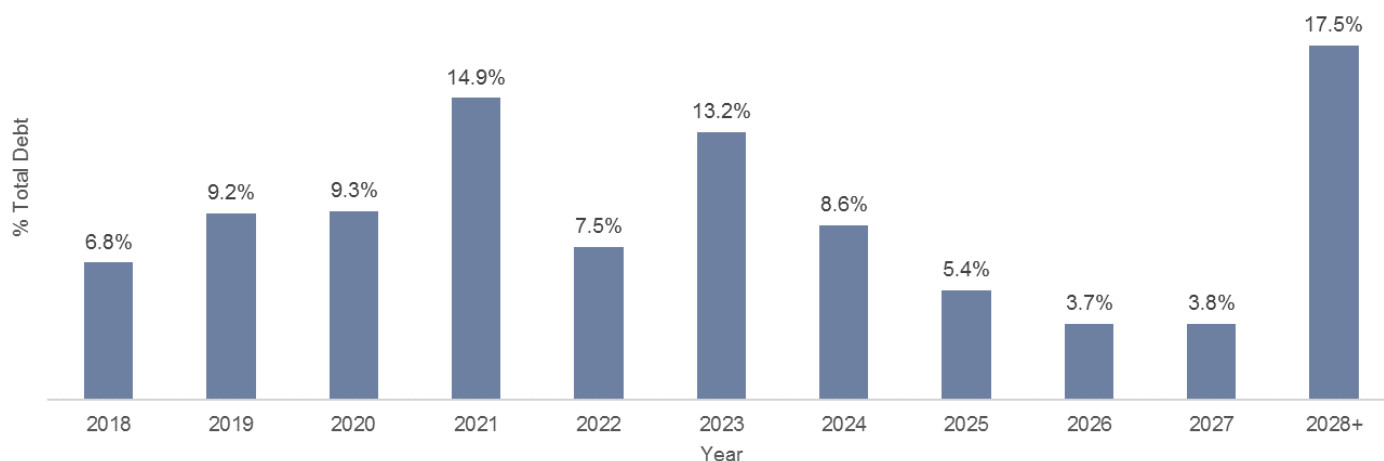
The following graphs show the Company's debt and cash position, as well as the debt maturity.

Figures in thousand Mexican Pesos	Denominated in (currency):		
	Pesos	Dollars	Total
Debt*			
Short Term	26,935	141,425	168,361
Long Term	345,695	1,996,584	2,342,279
Total	372,630	2,138,009	2,510,640
% Total	14.8%	85.2%	100.0%
Average rate of financial liabilities	10.42%	4.36%	5.26%
Cash and equivalents	139,796	148,219	288,015
Restricted cash	9,696	93,959	103,655
Cash and equivalents**	149,492	242,178	391,670
Net Debt	223,138	1,895,832	2,118,970
Net Debt / LTM EBITDA (as of December 31, 2017)			4.0x

*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 December 31 2017



In accordance with its growth plans, the Company will continue to balance its debt between pesos and dollars. Both peso and dollar-denominated debts are hedged over reference rates (TIIE and LIBOR), with a strike price at 7.5% and 2.5%, respectively.

According to IFRS, the exchange rate used was Ps. 19.7354 / US\$ as of December 31, 2017, as published in Mexico's *Official Federal Gazette*.

Currency Hedging

Figures in thousands of Mexican Pesos	Fourth Quarter 2017			2017		
	Denominated in Pesos	Denominated in USD	Total in Pesos	Denominated in Pesos	Denominated in USD	Total in Pesos
Total Revenue	301,879	139,429	441,308	1,051,765	529,731	1,581,496
% of Total Revenue	68.4%	31.6%	100.0%	66.5%	33.5%	100.0%
(-) Total Costs and Expenses	306,974	38,539	345,513	1,044,374	153,095	1,197,469
(-) Non-recurring Expenses	17,293	-	17,293	48,962	-	48,962
Operating Income	(22,388)	100,890	78,502	(41,570)	376,636	335,066
(+) Depreciation	50,889	-	50,889	144,173	-	144,173
Operating Cashflow	28,501	100,890	129,391	102,603	376,636	479,239
% of Operating Cashflow	22.0%	78.0%	100.0%	21.4%	78.6%	100.0%
Interest	4,926	25,438	30,364	20,045	71,516	91,561
Principal	7,359	313,547	320,906	26,519	388,925	415,444
Total Debt Service	12,285	338,985	351,270	46,564	460,441	507,005
Interest Coverage ratio 1	5.8x	4.0x	4.3x	5.1x	5.3x	5.2x
Debt Service Coverage Ratio 2	2.3x	0.3x	0.4x	2.2x	0.8x	0.9x

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

In 4Q17, approximately 31.6% of revenues and 78.0% of operating cash flow were denominated in dollars. Dollar-denominated operating cash flow was enough to cover financial debt, both interest and principal, with a ratio of 0.3x for 4Q17. This position corroborated the Company's expectations to benefit from lower financing costs, given that hotels which contracted financial debt have a natural hedge to volatile scenarios.

At the end of 4Q17 and 2017 the Company's debt coverage ratio was 0.4x and 0.9x. This was due to the prepayment of a financial debt of US 15 million in the quarter from the acquisition of Los Cabos and Nuevo Vallarta which was refinanced. Excluding this effect, the Company's debt coverage ratio in 4Q17 and 2017 would have been 2.34x and 2.27x, respectively. In addition, HOTEL had a dollar-denominated cash balance of Ps. 242.2 million at the close of 4Q17, decreasing its total exposure to currency risks.

Recent Events

During 4Q17, and until the date of this report, HOTEL's recent developments included:

- On October 16 the Company announced the opening of the *Krystal Grand Suites Insurgentes* property located on Insurgentes Sur. It has 150 oversized long-stay suites with kitchenette. The investment in the project was in line with our budget of Ps. 493 million pesos. For more information about the property please visit krystal-grand-suites.com
- On December 18, the Company announced the opening of the *Krystal Grand Nuevo Vallarta* located on the Riviera Nayarit. It has 480 suites, out of which 265 were added to the original 215. The hotel has six restaurants and meeting rooms for 1,000 people under the standards of the Krystal Grand brand. The project was delivered on time and in budget. HOTEL owns 50% of the equity, operates the property and consolidates its results.
- On January 26, the Company announced the renewal of its market maker agreement with UBS Casa de Bolsa, S.A. de C.V., UBS Grupo Financiero. This agreement renewal underlines the Company's commitment of improving the stocks liquidity. UBS Casa de Bolsa, S.A. de C.V., UBS Grupo Financiero as the market maker will continue trading HOTEL shares listed on the Mexican Stock Exchange. With the renewal of the market maker agreement, together with the share repurchase program authorized by the board, HOTEL underlines its commitment to investors to improve the stock's liquidity.
- On February 12, the Company announced the signing of a Management Contract for a 4-star hotel, the *Hyatt Place Aguascalientes* with 144 rooms located in Aguascalientes, Aguascalientes. The hotel is under construction and is expected to open by 1Q19. This Management Contract is in line with the Company's expansion plan which contemplates growth in the urban hotel segment, with third party brands at strategically located hotels.

4Q17 Conference Call Details:

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

Date: Friday, February 23, 2018
Time: 12:00 p.m. Mexico City Time
 1:00 p.m. New York Time

To participate in the conference call and Q&A session please dial:

Telephone: U.S.: 1 800 863 3908
 International +1 334 323 7224
 Mexico: 01 800 847 7666

Conference password: HOTEL 000

Webcast: The webcast will be in English. To follow the presentation and audio of the call, please visit <https://hotel.adobeconnect.com/hotel/>

About Grupo Hotelero Santa Fe

HOTEL is a leading company in the Mexican hotel industry, centered on acquiring, converting, developing and operating its own hotels as well as third party-owned hotels. The Company focuses on strategic hotel location and quality, a unique hotel management model, strict expense control and the proprietary Krystal® brand as well as other international brands. As of year-end 2017, the Company employed over 2,800 people and generated revenues of Ps. 1,582 million. For more information, please visit www.gsf-hotels.com

Contact Information

Enrique Martínez Guerrero

Chief Financial Officer

inversionistas@gsf-hotels.com

Maximilian Zimmermann

Investor Relations Director

mzimmermann@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 on the understanding of its managers, as well as on assumptions and information currently available for the Company. Such statements reflect the current view of Grupo Hotelero Santa Fe regarding future events subject to a number of risks, uncertainties and assumptions. Several features may cause that the results, performance or current achievements of the Company may differ materially with respect to future results, performance or attainments of Grupo Hotelero Santa Fe that may be included, expressly or implied within such statements in regard to the future, including among others, alterations in the economic general conditions and/or politics, governmental and commercial changes globally or within the countries in which the Company has any business interests, changes in interests rates and inflation, exchange rates volatility, changes in demand and regulations of the products marketed by the Company, changes in price of raw materials and other goods, changes in business strategies and several other features. If one or more these of risks or uncertainties are materialized, or if the assumptions used result to be incorrect, the real results may materially differ from those described herein as anticipated, believed, expected or envisioned. Grupo Hotelero Santa Fe undertakes no obligation to update or revise any forward-looking statements.

Income Statement

GRUPO HOTELERO SANTA FE, S.A.B. de C.V.

Consolidated Income Statement

For the three and twelve-month period ended December 31, 2017 and 2016

(Figures in thousands of Mexican Pesos)

	Fourth Quarter				12 months ended December 31			
	2017	2016	\$ Var.	% Var.	2017	2016	\$ Var.	% Var.
Revenue								
Room Revenue	252,630	183,469	69,161	37.7	900,505	708,014	192,491	27.2
Food and Beverage Revenue	145,875	86,506	59,369	68.6	477,621	332,351	145,270	43.7
Other Revenue from Hotels	27,743	26,880	863	3.2	123,407	102,590	20,817	20.3
Third-party Hotels' Management Fees	15,059	21,772	(6,713)	(30.8)	79,962	78,209	1,753	2.2
TOTAL REVENUE	441,308	318,628	122,680	38.5	1,581,496	1,221,165	360,332	29.5
COSTS AND EXPENSES								
Operating Costs and Expenses	186,945	120,714	66,231	54.9	644,544	457,166	187,378	41.0
Sales and Administration	100,250	86,346	13,905	16.1	384,742	320,489	64,253	20.0
Property Expenses	7,429	4,590	2,839	61.9	24,010	17,391	6,619	38.1
Depreciation and Amortization	50,889	36,883	14,006	38.0	144,173	112,058	32,115	28.7
TOTAL COSTS AND EXPENSES	345,513	248,532	96,981	39.0	1,197,470	907,104	290,365	32.0
Development and hotel opening expenses	15,360	4,354	11,007	NA	42,321	18,287	24,034	NA
Other non-recurring expenses	1,933	(876)	2,809	NA	6,641	5,860	780	13.3
ADJUSTED EBITDA	146,683	106,978	39,705	37.1	528,200	426,119	102,082	24.0
<i>ADJUSTED EBITDA Margin (%)</i>	<i>33.2%</i>	<i>33.6%</i>	<i>(0.4 pt)</i>	<i>(0.4 pt)</i>	<i>33.4%</i>	<i>34.9%</i>	<i>(1.5 pt)</i>	<i>(1.5 pt)</i>
OPERATING INCOME	78,501	66,618	11,883	17.8	335,065	289,913	45,152	15.6
<i>Operating Income Margin (%)</i>	<i>17.8%</i>	<i>20.9%</i>	<i>(3.1 pt)</i>	<i>(3.1 pt)</i>	<i>21.2%</i>	<i>23.7%</i>	<i>(2.5 pt)</i>	<i>(2.5 pt)</i>
Net interest expenses	(35,192)	(7,646)	(27,546)	NA	(77,584)	(33,294)	(44,290)	NA
Net foreign currency exchange result	(136,586)	(15,396)	(121,189)	NA	20,440	(59,471)	79,911	NA
Other financial costs	735	880	(146)	(16.5)	(3,376)	(2,158)	(1,218)	56.4
Net Financing Result	(171,044)	(22,163)	(148,881)	NA	(60,520)	(94,923)	34,403	(36.2)
Undistributed income from subsidiaries, net	1,015	771	244	31.7	3,152	2,491	662	26.6
Income before taxes	(91,527)	45,226	(136,753)	NA	277,697	197,480	80,217	40.6
Total income taxes	25,311	(524)	25,834	NA	90,315	37,262	53,054	NA
Net Income	(116,838)	45,750	(162,588)	NA	187,382	160,219	27,163	17.0
<i>Net Income Margin (%)</i>	<i>(26.5%)</i>	<i>14.4%</i>	<i>(40.9 pt)</i>	<i>(40.9 pt)</i>	<i>11.8%</i>	<i>13.1%</i>	<i>(1.3 pt)</i>	<i>(1.3 pt)</i>
Income attributable to:								
Controlling interest	(45,910)	45,587	(91,497)	NA	215,991	159,988	56,003	35.0
Non-controlling interest	(70,928)	163	(71,091)	NA	(28,609)	231	(28,840)	NA

Balance Sheet

Grupo Hotelero Santa Fe, S.A.B. de C.V.
Consolidated Balance Sheet
As of December 31, 2017 and 2016

Figures in thousands of Mexican Pesos	2017	2016	Var \$	Var %
ASSETS				
Current Assets				
Cash and cash equivalents	288,015	1,731,587	(1,443,572)	(83%)
Restricted cash	-	-	-	NA
Accounts receivables from clients	135,187	84,788	50,399	59%
Accounts receivables from related parties	9,467	13,790	(4,323)	(31%)
Creditable taxes	344,154	157,205	186,950	NA
Other current assets	41,033	23,436	17,598	75%
Escrow deposit for hotel acquisition	24,176	11,570	12,606	NA
Total current assets	842,032	2,022,374	(1,180,342)	(58%)
Non-current Assets				
Restricted cash	103,655	67,486	36,169	54%
Property, furniture and equipment	6,510,002	3,046,944	3,463,059	NA
Non-productive fixed assets	1,080,229	405,987	674,242	NA
Other assets	20,377	43,344	(22,967)	(53%)
Investment in subsidiaries	35,970	32,705	3,265	10%
Deferred income taxes	101,982	112,438	(10,456)	(9%)
Goodwill	332,053	107,994	224,058	NA
Total non-current assets	8,184,269	3,816,899	4,367,369	NA
Total assets	9,026,301	5,839,274	3,187,027	55%
LIABILITIES AND SHAREHOLDERS EQUITY				
Current liabilities				
Current installments of long-term debt	168,361	138,031	30,330	22%
Suppliers	109,544	71,765	37,779	53%
Accrued liabilities	94,084	66,655	27,429	41%
Accounts payable to related parties	15,924	-	15,924	NA
Payable taxes	98,461	48,660	49,801	NA
Client advanced payments	40,590	25,374	15,216	60%
Total current liabilities	526,964	350,485	176,479	50%
Non-current liabilities				
Long-term debt	2,342,279	1,264,592	1,077,687	85%
Other non-current liabilities	4,908	4,847	62	1%
Income tax payable on reinvested earnings	813,090	74,417	738,673	NA
Total non-current liabilities	3,160,277	1,343,855	1,816,422	NA
Total liabilities	3,687,240	1,694,340	1,992,900	NA
Equity				
Capital stock	3,441,562	3,431,239	10,323	0%
Legal reserve	190,493	190,493	-	0%
Premium on subscription of shares	80,000	80,000	-	0%
Net income	187,382	160,219	27,163	17%
Retained earnings	382,962	222,743	160,219	72%
Shareholder's Equity	4,282,399	4,084,694	197,705	5%
Non-controlling interest	1,056,662	60,240	996,422	NA
Total Equity	5,339,061	4,144,934	1,194,127	29%
Total liabilities and equity	9,026,301	5,839,274	3,187,027	55%

Cash Flow Statement

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

For the three and twelve month periods ended December 31, 2017 and 2016

Figures in thousand of Mexican Pesos

Cash Flow Statement	Fourth Quarter		12 months ended December 31	
	2017	2016	2017	2016
Cashflow from operating activities				
Net income	(116,838)	45,750	187,382	160,219
Depreciation and amortization	50,889	36,883	144,173	112,058
Income taxes	25,311	(524)	90,315	37,262
Unrealized gain (loss) in foreign currency exchange	109,290	22,748	(47,655)	70,530
Net interest expense	35,192	7,646	77,584	33,294
Other financial costs	735	(430)	3,376	2,608
Minority interest	(1,015)	(703)	(3,152)	(2,491)
Cashflow before working capital variations	103,563	111,370	452,023	413,480
Accounts receivable from clients	(11,420)	(7,248)	(50,399)	(9,650)
Accounts receivable from related parties	7,935	(2,528)	4,323	(6,787)
Other current assets	2,448	10,400	18,736	(3,826)
Creditable taxes	41,586	25,272	50,227	43,518
Suppliers	20,161	5,986	35,951	21,180
Accrued liabilities	22,679	(117)	34,202	8,517
Accounts payable to related parties	3,271	-	12,536	(56)
Downpayments from clients	(18,571)	(4,808)	15,216	5,287
Payable taxes	(22,000)	(10,263)	(54,324)	(28,907)
Net operating cashflow	149,652	128,064	518,492	442,756
Non recurring				
Accrued liabilities	-	-	111,855	(4,410)
Receivable taxes	(63,688)	(58,059)	(163,106)	(87,431)
Income in acquisition of Dollars	-	38,934	-	107,907
Cashflow net from non-recurring items	85,964	108,939	467,240	458,822
Investment activities				
Change in restricted cash	(38,900)	(4,805)	(36,169)	(10,695)
Acquisition of property, furniture and equipment	(373,057)	(377,663)	(1,181,420)	(729,635)
Acquisition of ongoing business (KGLC & KGNV)	-	-	(610,226)	4,410
Escrow deposit for hotel acquisition	(12,142)	(1,319)	(12,606)	3,091
Investment in subsidiary	8	(211)	289	(168)
Other net assets and liabilities	1,888	(19,021)	34,374	(10,081)
Interest gained	1,951	8,400	16,630	20,742
Cashflow from investment activities	(420,252)	(394,619)	(1,789,129)	(722,336)
Financing activities				
Net increase in paid-in follow on	-	19,075	-	1,787,961
Receivable Greenshoe	-	-	-	-
Net increase in paid-in capital from non-controlling company	-	145	-	60,240
Payment of Liabilities to SITRA Group's subsidiaries	(895,279)	-	(895,279)	-
Share Buybacks	4,526	1,923	10,323	(3,606)
Obtained loans	1,266,557	90,357	1,266,557	190,357
Payment of interest and loan amortization*	(351,270)	(24,828)	(507,005)	(137,579)
Cashflow form financing activities	24,533	86,672	(125,404)	1,897,373
Net (decrease) increase in cash and cash equivalents	(309,755)	(199,008)	(1,447,293)	1,633,859
Cash and cash equivalents at the beginning of the period	597,770	1,930,596	1,731,587	97,729
Cash and cash equivalents at the end of the period	288,015	1,731,588	284,294	1,731,588
Cash in business acquisition	-	-	3,720	-
Total Cash at the end of the period	288,015	1,731,588	288,015	1,731,588

Appendix 1: Integration of Rooms under Operation

Operating indicators for 4Q17 consider 4,763 hotel rooms under operation out of 5,279. The integration of 516 rooms excluded is detailed as follows:

- i) 227 rooms part of the Vacation Club⁷
- ii) The effect of 289 rooms less in the period due to:
 - a. 223 rooms out of 480 rooms of the *Krystal Grand Nuevo Vallarta* were available in the quarter as certain rooms have been brought to the *Krystal Grand* standards (257 less rooms)
 - b. 118 rooms out of 150 rooms of the *Krystal Grand Suites Insurgentes* available in the quarter as operations started in late September (32 less rooms)

Operating indicators for YTD Sep'17 consider 4,644 hotel rooms under operation out of 5,279. The integration of 635 rooms excluded is detailed as follows:

- i) 227 rooms part of the Vacation Club
- ii) The effect of 407 rooms less in the period due to:
 - a. 331 rooms out of 395 rooms of the *Krystal Grand Punta Cancun* were available during the period as the *Altitude Tower* expansion entered in September (64 less rooms)
 - b. 353 rooms out of 454 rooms of the *Krystal Grand Los Cabos* were available during the period as operations started at the end of March (101 less rooms)
 - c. 137 rooms out of 480 rooms of the *Krystal Grand Nuevo Vallarta* were available during the period as operations started at the end of March and the expansion in November (343 less rooms)
 - d. 31 room out of 150 rooms of the *Krystal Grand Suites Insurgentes* available during the period as operations started in late September (119 less rooms)
 - e. 113 rooms out of 124 rooms of the *Krystal Pachuca* were available during the period as operations started in February (11 less rooms)
 - f. 81 rooms out of 140 rooms of the *Ibis Irapuato* were available during the period as operations started in September (59 less rooms)
 - g. 290 rooms of the *Krystal Grand Reforma* were available during the period as it was sold in late July. This hotel is no longer part of our portfolio (290 more rooms)
- iii) 1 room under renovation in *Krystal Urban Cancun* (1 less room)

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

Rooms 4Q17	Owned		Total Rooms	Rooms 2017	Owned		Total Rooms
	Hotels	Third-party owned hotels			Hotels	Third-party owned hotels	
In Operation	3,102	1,661	4,763	In Operation	2,763	1,881	4,644
Vacational Club	53	174	227	Vacational Club	53	174	227
Unavailable	289	-	289	Unavailable	627	220	407
In Renovation	-	-	-	In Renovation	1	-	1
Total Rooms	3,444	1,835	5,279	Total Rooms	3,444	1,835	5,279

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