



Hoteles City Express Announces Results for First Quarter 2017

México D.F., April 26, 2017 – Hoteles City Express S.A.B. de C.V. (BMV: HCITY) (“Hoteles City Express” or “the Company”), announced today its results for the first quarter (“1Q17”). The figures have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and are presented in Mexican Pesos (“\$”).

Financial and Operating Highlights (1Q17)

- At the Chain level, Average Daily Rate (“ADR”) and Revenue per Available Room (“RevPAR”) increased by 18.0% and 10.6% in comparison with 1Q16, to \$957 and \$532, respectively. Chain occupancy in 1Q17 was 55.6%.
- Total Revenues were \$571.3 million, which represents a 25.6% increase with respect to the same quarter in 2016, primarily due to a 14.2% increase in the number of Installed Room Nights at the Chain level, as well as a 10.6% increase in RevPAR.
- Operating income was \$109.9 million in 1Q17, an increase of 47.4% over the same quarter the year before.
- EBITDA and Adjusted EBITDA were \$193.8 million and \$196.1 million, respectively, reflecting year on year increases of 33.8% and 32.0%. EBITDA margin and Adjusted EBITDA margin for the period came to 33.9% and 34.3%, respectively.
- Net Income for the period reached \$38.4 million. Net Income margin was 6.7% for the quarter.
- At the close of the quarter, the Chain was operating 124 hotels; an increase of 18 new units compared to the 106 hotels operating at the close of the same period in 2016. The number of rooms in operation in 1Q17 was 13,829, an increase of 15.8% in comparison with the 11,944 at the close of 1Q16.



HCITY



INVESTOR RELATIONS CONTACTS:

Santiago Mayoral

Corporate Finance and Investor Relations

Phone: + (5255) 5249-8067

E-mail: smayoral@hotelescity.com

Jane Searle

MBS Value Partners

Phone: + 1 (212) 710 9686

E-mail: jane.searle@mbsvalue.com

Operating and Financial Highlights	1Q17	1Q16	1Q17 vs 1Q16
			% Change
Operating Statistics for the Chain			
Number of Hotels at the End of the Period	124	106	17.0%
Number of Rooms at the End of the Period	13,829	11,944	15.8%
Number of Installed Room Nights	1,240,857	1,086,667	14.2%
Number of Occupied Room Nights	690,076	644,830	7.0%
Average Occupancy Rate (%)	55.6%	59.3%	-373 pbs
ADR(\$)	957	811	18.0%
RevPAR(\$)	532	481	10.6%
Consolidated Financial Information (Thousands of Pesos)			
Total Revenues	571,308	454,953	25.6%
Operating Income	109,870	74,560	47.4%
Operating Income Margin	19.2%	16.4%	284 pbs
Adjusted EBITDA	196,076	148,556	32.0%
Adjusted EBITDA Margin (%)	34.3%	32.7%	167 pbs
EBITDA	193,761	144,859	33.8%
EBITDA Margin (%)	33.9%	31.8%	207 pbs
Net Income	38,417	47,213	-18.6%
Net Income Margin (%)	6.7%	10.4%	-365 pbs

Adjusted EBITDA= Operating income + depreciation+ amortization + non-recurring costs (expenses associated with new hotel openings).

Comments by Luis Barrios, Chief Executive Officer of Hoteles City Express:

"Our first quarter 2017 results reflect standout performance for Hoteles City Express across all aspects of the business.

In this quarter, macroeconomic uncertainty was offset by strong key demand generators in Mexico, especially consumption, exports, services and industry. In an economic landscape positively shaped by historically low unemployment, consistently growing salary mass and a solid base for gross fixed investment, our hotel inventory is reaping the benefits of diversification across all industries and geographies.

That said, in trying to absorb the impact of higher inflation and boost productivity at the asset level, we continued to push ADR growth. During the first quarter, ADR increased 18.0% and RevPAR posted an impressive 10.6% growth. We are selling a larger inventory of rooms at a significantly higher rate.

It is worth noting that the company's priority remains maximizing our RevPAR for as long as we see robust market dynamics across the Chain's portfolio. This reflects the Company's commitment to boost the productivity of its asset base, resulting in strong revenue and productivity growth with less intensive room use.

Turning to our financial performance, our results demonstrate strong and profitable growth, with a 26% rise in Total Revenues and 47% growth in Operating Income. Adjusted EBITDA margin recorded its highest level for comparable periods since our IPO, reaching 34.3% as the Company's scaling efforts start to unfold. Notably, results from our Operating Company again show the relevance of its business posting an attractive 40% growth in revenues before intercompany consolidation.

Our state-of-the-art digital marketing, distribution and room operation platform continues to bolster the Company's returns. A first-class user experience for each one of our guests, double-digit increases in rates, and margins above 30% are just the some of the benefits from our investments on this front. Now more than ever, we are committed to a process-gearred organization that allow us to generate bottom-up innovation.

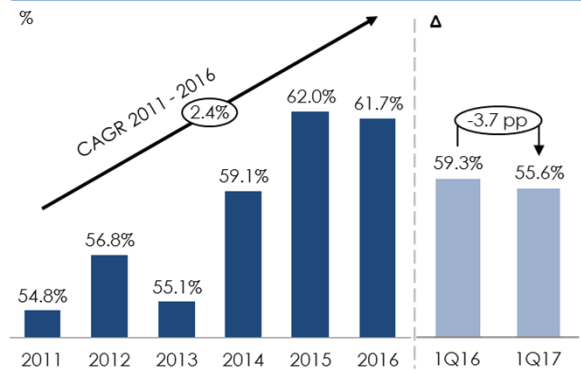
Regarding our 2017 development plan, we are on track with all projects. Our cost discipline and expertise in the development process will see us have 140 hotels in operation within the next twelve months, as we apply our cash balance to ramp up the utilization of our landbank. In terms of our international properties, our hotel in Medellín is due to open toward the end of the year.

Looking ahead, we will work hard to ensure that our impressive first quarter results mark the start of another record year for Hoteles City Express."

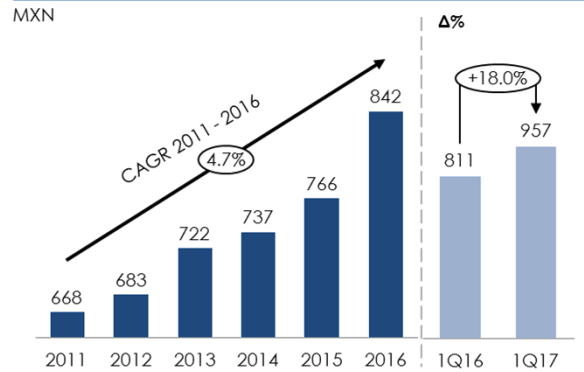
Operating Results: Hotel Chain

As a result of our efforts to optimize room inventory, Chain occupancy showed a planned decline of 4 percentage points during the first quarter of 2017, at 55.6%, reflecting an 18.0% increase in ADR that led RevPAR for the Chain to register growth of 10.6% in comparison with the same period in 2016.

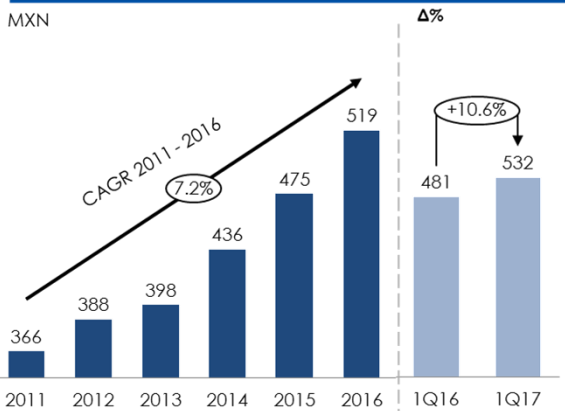
Occupancy



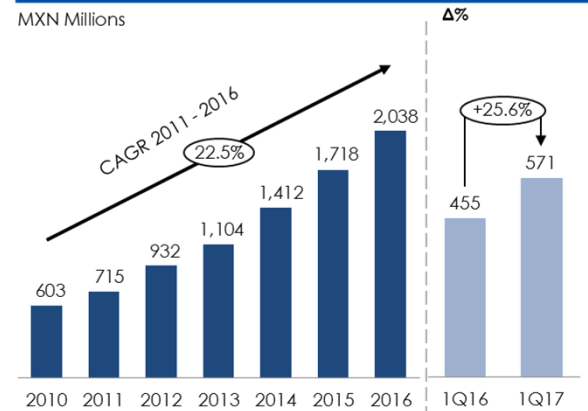
ADR



RevPAR

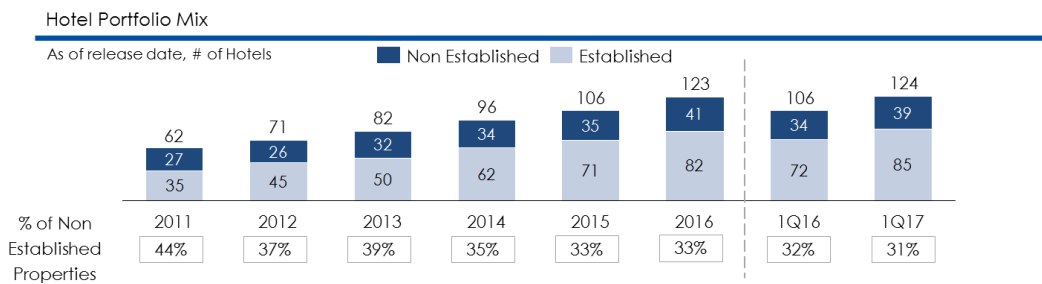


Total Consolidated Revenues



Operating Results: Established Hotels

To allow for an appropriate comparison of its hotels with similar maturity periods, Hoteles City Express defines as “Established Hotels” those hotels that, on a given date, have been in operation for a period of at least 36 months. Once hotels have reached the third anniversary of their opening date, they have usually achieved their stabilized cycle, although this does not mean that these hotels cannot reach higher levels of Occupancy, ADR and RevPAR over time. Similarly, hotels classified as “Non-established” are those that have less than 36 months of operation on a given date, and consequently are in a phase of market penetration, with greater potential for gains in RevPAR.



At the close of 1Q17, the Chain had 85 Established Hotels and 39 Non-Established Hotels.

During the quarter, Established Hotels registered an increase in RevPAR of 8.0% over the same period last year, driven mainly by efforts to optimize installed capacity, as reflected in a 17.2% increment in ADR, and a decrease of 5 percentage points in its occupancy. Up to now, the Company has not seen any deceleration in its portfolio thanks to its geographical and industry diversification.

Established Hotels	1Q17	1Q16	Change
Hotels	85	72	18.1%
Rooms	9,698	8,232	17.8%
Occupancy	59.9%	65.0%	-506 bps
ADR (\$)	933	796	17.2%
RevPAR (\$)	559	517	8.0%

The growth potential of our chain is illustrated in the RevPAR for our Established Hotels, which is more than 5.0% above than that for the Chain overall.

Results by Business Segment (Non-IFRS figures)

Hoteles City Express reports using IFRS. Certain revenues and inter-company expenses are therefore eliminated during the process of consolidation, primarily management fees and franchise royalties of hotels that are owned, co-owned and leased. The table below presents Results by Business Segment prior to these eliminations.

Revenues by Segment (Thousands of Pesos)	1Q17	1Q16	1Q17 vs 1Q16
			% Change
Hotel Operation	539,348	437,629	23.2%
Hotel Management	154,549	110,814	39.5%
Total	693,897	548,443	26.5%

Revenues from the Hotel Operations segment increased 23.2%, from \$437.6 million in 1Q16 to \$539.3 million in 1Q17, due to the increase in Occupied Room Nights and an 18.0% increase in ADR.

Revenues from Hotel Management rose 39.5%, from \$110.8 million in 1Q16 to \$154.5 million in 1Q17, due to increased activity in Hotel Operations for the period, as well as an increase in revenues for supervision in the development of new hotels.

Total revenues for the combined segments increased 26.5%, from \$548.4 million in 1Q16 to \$693.9 million in 1Q17.

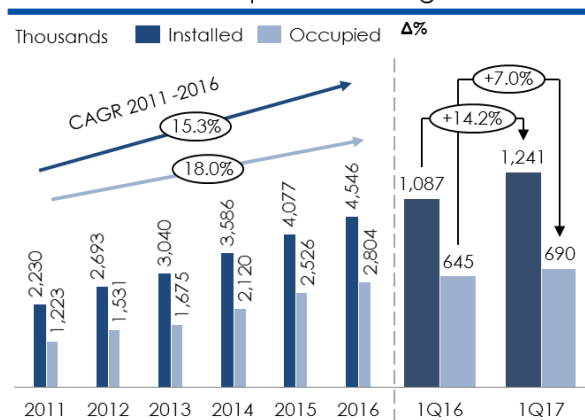
Consolidated Financial Results (IFRS Figures)

Income Statement Highlights (Thousands of Pesos)	1Q17	1Q16	1Q17 vs 1Q16
			% Change
Rooms in Operation	13,829	11,944	15.8%
Revenues from Hotel Operation	537,065	434,184	23.7%
Revenues from Hotel Management	34,243	20,769	64.9%
Total Revenues	571,308	454,953	25.6%
Operating Income	109,870	74,560	47.4%
Operating Income Margin	19.2%	16.4%	284 pbs
Adjusted EBITDA	196,076	148,556	32.0%
Adjusted EBITDA Margin	34.3%	32.7%	167 pbs
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Net Margin	6.7%	10.4%	-365 pbs

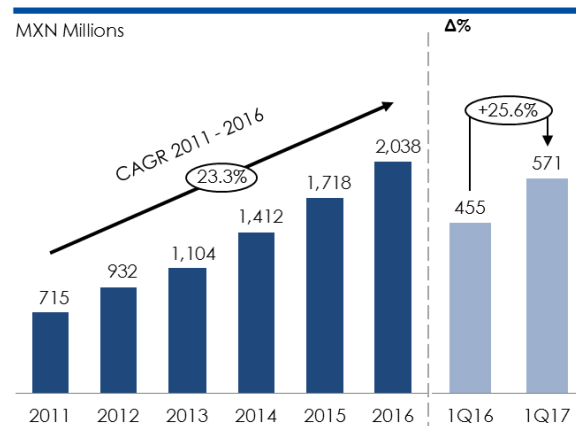
Revenues

Total Revenues increased by 25.6%; from \$455.0 million in 1Q16 to \$571.3 million in 1Q17. This increase was primarily due to a 14.2% rise in the number of Installed Room Nights, due to the opening of 18 hotels, as well as an 18.0% increase in ADR, due to efforts to optimize the Company's installed capacity.

Installed and Occupied Room Nights



Total Consolidated Revenues



Costs and Expenses

Total Costs and Expenses rose 21.9%, from \$376.7 million in 1Q16 to \$459.1 million in 1Q17. This increase was primarily due to growth in Installed Room Nights and Selling and Administration expenses.

Selling & Administrative expenses rose 30.4%, from \$71.9 million in 1Q16 to \$93.7 million in 1Q17.

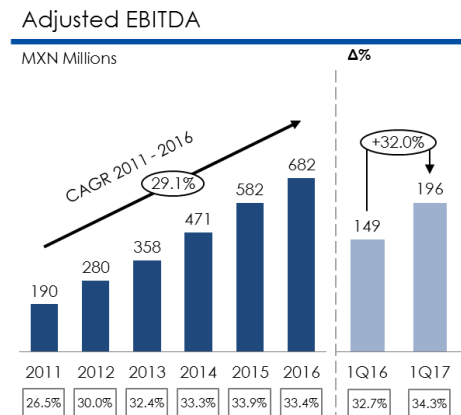
Operating Income

Operating Income for the first quarter of 2017 was \$109.9 million, compared to \$74.6 million for 1Q16; a 47.4% increase. Operating Income margin rose 284 bps from 16.4% in 1Q16 to 19.2% in 1Q17.

EBITDA and Adjusted EBITDA

In 1Q17, EBITDA and Adjusted EBITDA increased 33.8% and 32.0%, respectively, compared to the first quarter of 2016. EBITDA reached \$193.8 million in 1Q17, and Adjusted EBITDA was \$196.1 million for the same period. This represents an EBITDA margin of 33.9%, and an Adjusted EBITDA margin of 34.3%.

Hoteles City Express calculates Adjusted EBITDA by adding Operating Income to depreciation expenses and non-recurring expenses related to hotel openings. Adjusted EBITDA is a useful measure that Hoteles City Express uses to compare its performance with that of other companies, thereby facilitating an appropriate comparison of its consolidated performance during different periods by eliminating from its operating results the impact of specific, non-recurring expenses related to hotel openings.



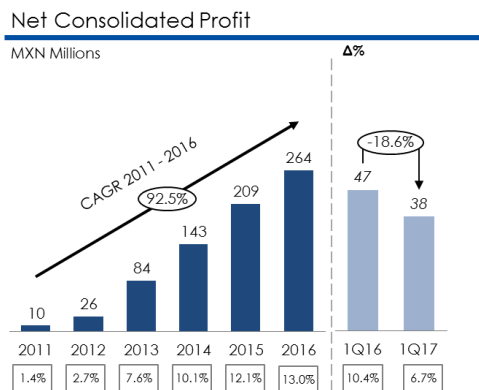
Financial Expenses

Total Financial expenses increased to \$63.0 million in 1Q17, due to: a) credit lines disbursements during the last 12 months, b) financial products of lower cash balances, c) increase in financial costs resulting from higher interest rates, and c) unrealized depreciation of a US Dollars cash position for hedging financings in that currency.

In the last 12 months, total financial expenses increased from \$2,298.3 million in 1Q16 to \$2,488.1 million in 1Q17, a growth of 8.2%. Net financing cost¹ went from \$14.1 million in 1Q16 to \$35.6 million in 1Q17, owing to a reduced cash position and higher financial costs. Finally, the net foreign exchange result for 1Q17 showed a loss of \$27.4 million resulting from unrealized depreciation of the US dollars cash position that acts as a natural hedge for 6.4% of the total debt portfolio which is in the same currency.

As of March 31, 2017, Hoteles City Express had a Total Debt to Total Assets ratio of 22.1%, and a Net Debt to EBITDA ratio of 1.3x. Furthermore, the Company is up to date with all of its financial obligations.

Net Income



Net Income in 1Q17 stood at \$38.4 million, compared to Net Income of \$47.2 million reported for the same quarter last year. The decrease is mainly due to greater financial costs for the reasons explained in the previous section. Majority Net Income registered \$40.7 million, in line with the \$41.0 million in 1Q16.

¹ Net financing cost is calculated as Finance Costs minus Finance Income.

Financial Position and Leverage

Balance Sheet Highlights	As of March 31, 2017	As of December 31, 2016	March 31, 2017 vs December 31, 2016
<i>(Thousands of Pesos)</i>			% Change
Cash and Equivalents	1,560,756	1,854,626	-15.8%
Financial Debt ⁽¹⁾	2,477,051	2,569,101	-3.6%
Net Debt	916,296	714,475	28.2%

1. Does not include interest payable of \$11.1 million as of March 31, 2016 and \$15.5 million as of December 31, 2016.

At the close of 1Q17, the Company had \$1,560.8 million in Cash and equivalents, a decline of 15.8% compared to the close of December 2016 as a result of the use of its own resources for development, as well as deferred disbursements of credit lines during the quarter, both actions with the objective of optimizing the Company's balance sheet and maximizing global ROIC.

Debt with financial institutions net of interest went down 3.6% compared to the close of December 2016, coming to \$2,477.1 million, of which \$174.4 million is due over the next twelve months, and \$414.8 million are denominated in Foreign Currency. In the first quarter of 2017, the Company made principal payments for \$53.3 million and did not disburse any additional credit loans. As of today, the Company has credit lines backed by financial institutions available for disbursement for approximately \$500.0 million.

At the close of the quarter ended March 31, 2017, the Company's Net Debt was \$916.3 million, compared to that at the close of December 31, 2016, of \$714.5 million.

Breakdown of Productive Fixed Assets

In anticipation of expected future growth, the Company's Total Assets are comprised of various layers of assets.

At the close of the quarter, the Company had a land bank with an approximate historical cost of \$490.0 million, as well as Construction in Progress, Refurbishments and land related to those constructions for more than \$1.38 billion. Productive assets or Gross Assets related to hotels in operation reached \$8.396 billion. Of the properties that form the Company's productive assets at the close of 1Q17, 69% were Established Hotels, and the remaining 31% were Non-Established properties.

Cash Flow Generation and Use of Share Repurchase Program

Regarding cash flow generation, in 1Q17 Hoteles City Express generated \$158.7 million in Cash Flow Net from Operating Activities, which represents a 26.7% increase, as compared to the \$125.3 million generated during the same period in 2016. The Company invested \$400.6 million in payments of property, equipment and leasehold improvements, as compared with \$351.9 million in 1Q16, and obtained net financing flows of (\$101.9 million) versus the \$123.4 million reported in 1Q16.

In 1Q16 the Company allocated \$10.4 million to its share repurchase fund, an amount representing approximately 615,000 shares.

It should be noted that the shares acquired through the buyback fund continue to be part of total shares in circulation, and that this number of shares in circulation has not been reduced or modified since the Company's follow-on in October 2014. Furthermore, due to the method used to record these shares, the Company is able to sell the shares in the market without any restrictions, and at the price determined on each trading day.

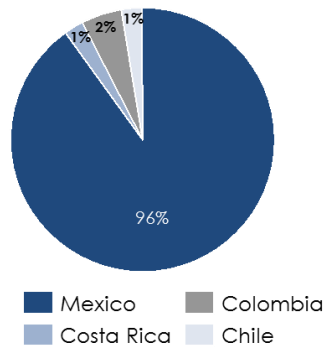
Portfolio of Hotel Assets

Hoteles City Express has a portfolio of 124 hotels with a presence in 29 states and 63 cities in Mexico, as well as three hotels in Colombia, one hotel in Costa Rica, and one in Chile. Below is a breakdown of Hoteles City Express' portfolio:

Hotel Portfolio by Geographic Location

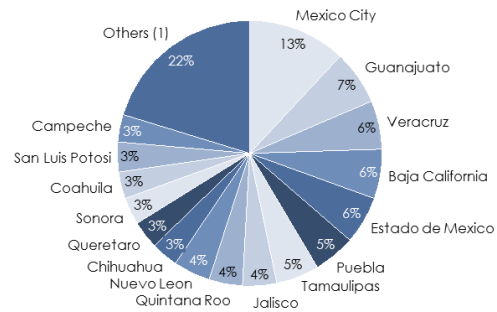
By Country

As of release date



Mexico

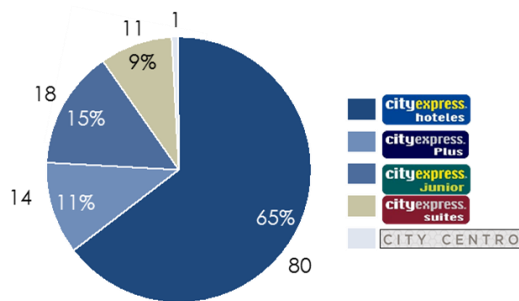
As of release date



(1) Others: Sinaloa, Michoacán, Tabasco, Baja California Sur, Chiapas, Yucatan, Aguascalientes, Oaxaca, Colima, Zacatecas, Hidalgo, Durango and Tlaxcala

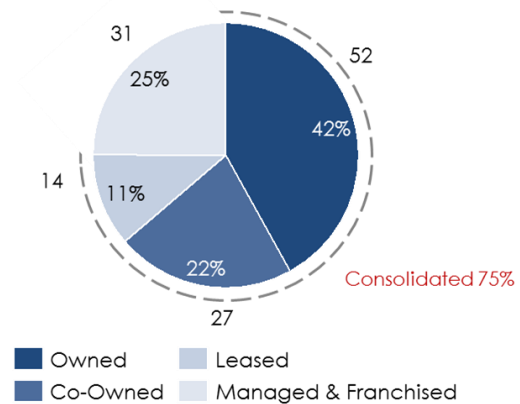
Hotel Portfolio by Brand

As of release date, # of Hotels and % of Total Portfolio



Hotel Portfolio by Ownership

As of release date, # of Hotels and % of Total Portfolio

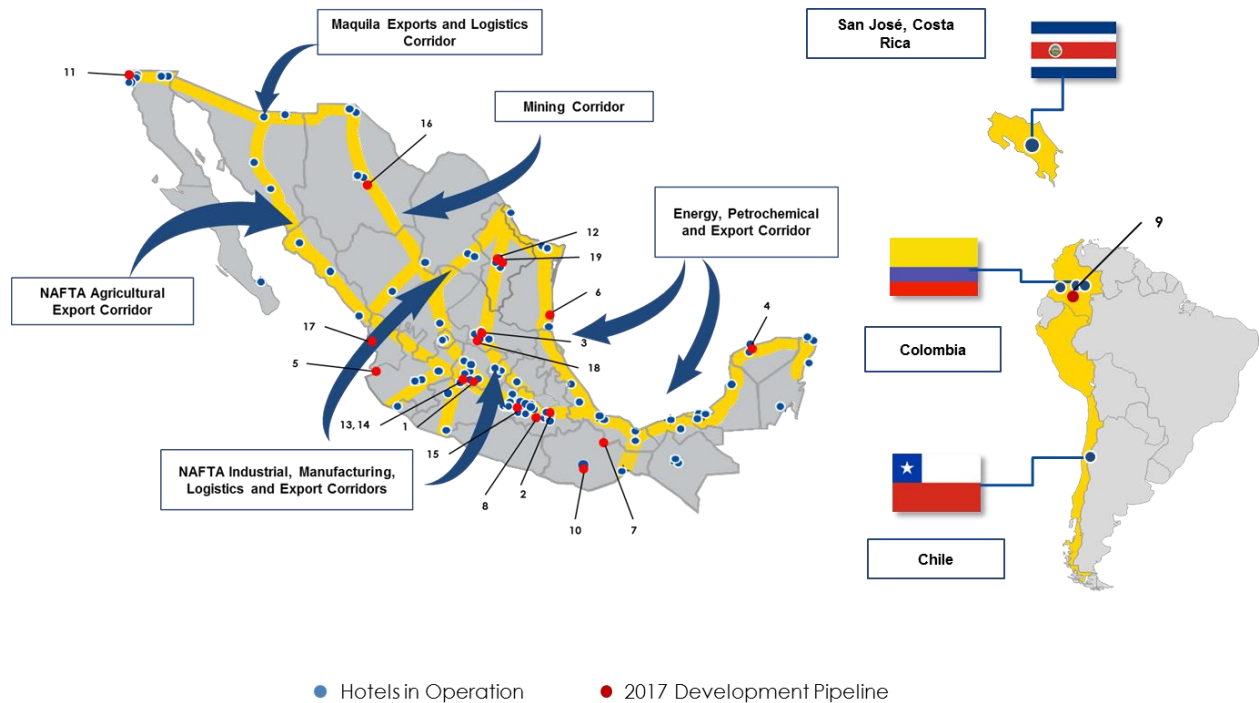


Hotel Development

Hoteles City Express' development plan focuses on areas characterized by attractive demand-generating market dynamics. Currently, we have more than 30 projects in different stages of development and at advanced stages of permitting and licensing, mainly in Mexico.

The Company expects to open more than 2,000 rooms in 19 new units – 17 hotels and 2 expansions of existing hotels – during the next 12 months. The following table shows the current status of the Development Plan.

Hotel Number	Development Pipeline	Hotel	Brand	Investment Scheme	Opening	Rooms	Location	Development Stage
124	1	Celaya Galerías	City express	Managed	1Q17	127	Guanajuato	Open
125	2	Puebla Angelópolis	City express junior	Co-Owned	2Q17	122	Puebla	Under Construction
126	3	SLP Zona Industrial	City express junior	Managed	2Q17	110	San Luis Potosí	Under Construction
	4	Mérida (Rooms Addition)	City express	Co-Owned	3Q17	42	Yucatán	Under Construction
127	5	Puerto Vallarta	City express Plus	Owned	3Q17	127	Jalisco	Under Construction
128	6	Altamira	City express	Co-Owned	3Q17	127	Tamaulipas	Under Construction
129	7	Tuxtepec	City express junior	Managed	3Q17	110	Oaxaca	Under Construction
130	8	Atlixco	City express	Managed	4Q17	108	Puebla	Under Construction
131	9	Medellín	City express Plus	Owned	4Q17	141	Colombia	Under Construction
132	10	Oaxaca	City Centro	Co-Owned	4Q17	103	Oaxaca	Under Construction
133	11	Tijuana Otay	City express	Co-Owned	4Q17	120	Baja California	Under Construction
134	12	Monterrey Lindavista	City express	Managed	4Q17	131	Nuevo León	Under Construction
135	13	León Centro de Convenciones	City express Plus	Co-Owned	4Q17	132	Guanajuato	Under Construction
136	14	León Centro de Convenciones	City express junior	Co-Owned	4Q17	137	Guanajuato	Under Construction
137	15	CDMX Sullivan	City express junior	Owned	4Q17	98	Ciudad de México	Under Construction
138	16	Delicias	City express	Managed	4Q17 / 1Q18	115	Chihuahua	Under Construction
139	17	Tepic	City express	Managed	4Q17 / 1Q18	125	Nayarit	Under Construction
140	18	San Luis Potosí	City Centro	Owned	4Q17 / 1Q18	49	San Luis Potosí	To Begin Construction
	19	Monterrey Aeropuerto (Rooms Addition)	City express	Owned	4Q17 / 1Q18	36	Nuevo León	To Begin Construction
Total						2,060		



Environmental, Social and Economic Sustainability

Hoteles City Express has the following Sustainability Policy:

"To be a catalyst for positive economic, social and environmental results in every community we have a presence, incorporating innovation and integral development through long-term value creation."

All of Hoteles City Express' hotels are built to comply with international certification standards. The following are among the most important sustainability and social responsibility certifications and awards granted to Hoteles City Express:

- **LEED-EB-O&M Certification**: Granted by the United States Green Building Council (USGBC). Hoteles City Express was the first chain in Latin America to receive LEED Silver certification for the Hotel City Express San Luis Potosi. The following hotels currently have this certification: City Express Guadalajara, City Express Irapuato, City Express Puebla Centro, City Express Querétaro, City Express Monterrey Santa Catarina and City Express Playa del Carmen. Importantly, on April 2017 City Express Reynosa was awarded with LEED Gold certification, establishing a new standard for the Chain subsequent certifications.
- **EDGE (Excellence in Design for Greater Efficiencies)**: a certification system created by the World Bank International Financial Corporation (IFC). Hoteles City Express was the first company in the world to receive green building EDGE certification for its Hotel City Express Villahermosa. This certification was also awarded to City Express Santa Fe, City Express Durango, City Express Queretaro Jurica, City Express Costa Rica and City Express Suites Santa Fe. In January 2015, we obtained 3 additional certifications for City Express Junior Ciudad del Carmen, City Express Irapuato Norte and City Express Junior Puebla Autopista hotels, with estimated savings of 50% for energy, 45% for water use, and 36% for efficiency of construction materials compared to similar properties
- **Biosphere Responsible Tourism Certification**: created by the Responsible Tourism Institute (ITR): Hoteles City Express was awarded this certification as the first company in the world to certify all hotels within its chain; 65 Hoteles City Express hotels are currently certified.
- **Distintivo Hotel Hidro Sustentable**: Recognition granted by members of the Alianza por la Sustentabilidad Hídrica en el Turismo, which encourages best environmental practices in the use and care of water, as well as the application of Mexican law. Hoteles City Express has won this award at 10 hotels: City Express Plus Insurgentes Sur, City Express Plus Patio Universidad, City Express El Ángel Reforma, City Express Plus EBC Reforma, City Express Buenavista, City Express Campeche, City Express Cd. Del Carmen, City Express Mérida, City Express Villahermosa and City Express Paraíso Tabasco.

- Distintivo "S" Garantía de Sostenibilidad: The Ministry of Tourism in collaboration with EarthCheck and Rainforest Alliance recognizes Hoteles City Express for sustainable practices subject to sustainability criteria established by the World Tourism Organization (WTO). 8 hotels have won this distinction: City Express Mérida, City Express Suites Puebla Autopista, City Express San Luis Potosí Universidad, City Express Irapuato Sur, City Express Suites Anzures, City Express Manzanillo, City Express Cananea and City Express Zacatecas.
- Distintivo Empresa Socialmente Responsable: a badge granted by the Centro Mexicano para la Filantropía ranking Hoteles City Express as one of the best evaluated companies for corporate governance, company quality of life, environmental commitment and social engagement in Mexico, with a score placing it 35% higher than all other applications submitted for the third consecutive year.
- Adherence to the UN Global Compact: by complying with the UN Global Compact, the Company has joined a global commitment to ten universally accepted principles related to human rights, labor standards, environmental conservation and anti-corruption.
- Adherence to the National Code of Conduct for the Protection of Girls, Boys and Adolescents in the Travel and Tourism Sector. At present, Hoteles City Express has 51 properties that have signed and implemented the code of conduct, undertaking to perform actions to prevent the sexual and labor exploitation of girls, boys and adolescents in the tourism sector.

Regarding its Social Responsibility practices, Hoteles City Express focuses on high-impact projects that promote social engagement and social and economic well-being within the communities in which it operates. The Company therefore focuses on initiatives related to education and entrepreneurship that generate sustainable long-term benefits.

Along these lines, Hoteles City Express has an initiative in the northern part of Mexico to employ hearing impaired staff, reflecting the Company's focus on being an inclusive company as well as a force for change and improvement in those countries where we have a presence. Our aim is to replicate this program initially throughout Mexico, and subsequently, in Costa Rica, Colombia and Chile.

For more information on Hoteles City Express initiatives, please visit: www.cityexpress/en/sustainability

Conference Call Details:

Hoteles City Express will host a conference call to discuss these results:

Date: Thursday, April 27, 2017
Time: 10:00 am Eastern Time / 09:00 am Mexico City Time
Dial-in: 1-888-317-6003 (from within the U.S.) / 1-412-317-6061 (outside the U.S.)
001-866-6754-929 (toll-free from within Mexico)
Passcode: 6077831
Webcast: <http://services.choruscall.com/links/hcity170420.html>

Conference Replay will be available for 30 days:

U.S.: 1-877-344-7529/ International: 1-412-317-0088
Passcode: 10103808

About Hoteles City Express:

Hoteles City Express is considered the leading and fastest-growing limited-service hotel chain in Mexico, in terms of number of hotels, number of rooms, geographic presence, market share and revenues. Founded in 2002, Hoteles City Express specializes in offering high-quality, comfortable and safe lodging at affordable prices via a limited-service hotel chain geared mainly towards domestic business travelers. With 124 hotels located in Mexico, Costa Rica and Colombia, Hoteles City Express operates five distinct brands: City Express, City Express Plus, City Express Suites, City Express Junior, and City Centro to serve different segments of its target market. In June 2013, Hoteles City Express completed its IPO and began trading on the Mexican Stock Exchange under the ticker symbol "HCITY;" furthermore, in October of 2014, Hoteles City Express completed a follow on with the aim of accelerating its growth in new hotels in the short- and medium-term.

HCITY has formal coverage, notes and analytical assessments by the following financial institutions and analysts: Actinver (Pablo Duarte), Bank of America Merrill Lynch (Carlos Peyrelongue), Citigroup (Alejandro Lavín), GBM (Héctor Vázquez), ITAU BBA (Enrico Trotta), J.P. Morgan (Adrián Huerta), Morgan Stanley (Nikolaj Lippman), Santander (Cecilia Jiménez), Signum Research (Armando Rodríguez) and UBS (Marimar Torreblanca).

For further information, please visit our website: <https://cityexpress.com/en/investors/>

Disclaimer:

The information presented in this report contains certain forward-looking statements and information regarding Hoteles City Express, S.A.B. de C.V. and its subsidiaries (jointly, "the Company"), which are based on the understanding of its management, as well as assumptions and information currently available to the Company. These statements reflect the Company's current vision regarding future events and are subject to certain risks, factors of uncertainty and assumptions. Many factors may cause the results, performance or current achievements of the Company to be materially different with respect to any future result, performance or accomplishment of the Company that might be included, expressly or implicitly, within such forward-looking statements, including, among other things: changes in general economic and/or political conditions, governmental and commercial changes at the global level and in the countries in which the Company does business, changes in interest rates and inflation, exchange rate volatility, changes in business strategy and various other factors. If one or more of these risks or uncertainty factors should materialize, or if the assumptions used prove to be incorrect, actual results could differ materially from those described herein as anticipated, estimated or expected. The Company does not intend to assume, and does not assume any obligation whatsoever to update these forward looking statements.

-Financial Tables Follow-

Consolidated Income Statement

Consolidated Income Statement (Thousands of Pesos)	1Q17	1Q16	1Q17 vs 1Q16 % Change
Total Revenues			
Revenues from Hotel Operation	537,065	434,184	23.7%
Revenues from Hotel Management	34,243	20,769	64.9%
Total Revenues	571,308	454,953	25.6%
Costs and expenses			
Hotel operating costs and expenses	281,521	234,521	20.0%
Selling and administrative expenses	93,710	71,871	30.4%
Depreciation and amortization	83,891	70,299	19.3%
Total Costs and Expenses	459,122	376,690	21.9%
Expenses assoc. with new hotel openings	2,316	3,697	(37.4%)
Other (income) / Non-recurring expenses	0	5	(100.0%)
Total	2,316	3,702	(37.5%)
Operating Income	109,870	74,560	47.4%
Operating Income Margin (%)	19.2%	16.4%	284 bps
Adjusted EBITDA	196,076	148,556	32.0%
Adjusted EBITDA Margin (%)	34.3%	32.7%	167 bps
EBITDA	193,761	144,859	33.8%
EBITDA Margin (%)	33.9%	31.8%	207 bps
Finance income	(10,646)	(19,075)	(44.2%)
Finance costs	46,294	33,190	39.5%
Exchange result, net	27,372	(85)	NM
Financial Expenses	63,020	14,030	349.2%
Profit before income tax	46,850	60,530	(22.6%)
Income tax expense	8,433	13,317	(36.7%)
Net Income for the Period	38,417	47,213	(18.6%)
Net Majority Income	40,694	40,994	(0.7%)

Consolidated Statement of Financial Position

Consolidated Balance Sheet	As of March 31, 2017	As of December 31, 2016	March 31, 2017 vs December 31, 2016
(Thousands of Pesos)			% Change
Cash and equivalents	1,560,756	1,854,626	(15.8%)
Trade receivables, net	117,847	93,783	25.7%
Recoverable taxes	270,763	256,132	5.7%
Prepaid expenses	94,026	58,695	60.2%
Assets Available for Sale	15,574	15,574	0.0%
Total Current Assets	2,058,966	2,278,810	(9.6%)
Property, equipment and leasehold improvements	9,156,581	8,969,701	2.1%
Guarantee deposits	2,898	2,898	0.0%
Other assets	24,409	23,022	6.0%
Total Long Term Assets	9,183,888	8,995,621	2.1%
Total Assets	11,242,854	11,274,431	(0.3%)
Liabilities			
Current Liabilities:			
Bank loans and accrued interests	185,505	181,551	2.2%
Trade accounts payable	138,473	75,612	83.1%
Other taxes and accrued expenses	212,483	160,982	32.0%
Income tax payable	7,959	15,801	(49.6%)
Direct employee benefits	19,102	16,916	12.9%
Total Current Liabilities	563,522	450,862	25.0%
Long-term debt	2,301,643	2,403,038	(4.2%)
Deferred revenues	12,241	13,033	(6.1%)
Other Liabilities	119,487	128,082	(6.7%)
Employee benefits	2,712	2,245	20.8%
Derivative financial instruments	19,041	11,329	68.1%
Deferred income tax	110,852	114,629	(3.3%)
Total Long Term Liabilities	2,565,976	2,672,356	-4.0%
Total Liabilities	3,129,498	3,123,218	0.2%
Equity			
Equity Attributable to the Owners of the Entity			
Issued capital	5,928,943	5,935,688	(0.1%)
Retained earnings	1,289,122	1,248,428	3.3%
Other Comprehensive Income	5,556	83,737	(93.4%)
Total Equity Attributable to the Owners of the Entity	7,223,621	7,267,853	-0.6%
Non-controlling interests	889,735	883,360	0.7%
Total Equity	8,113,356	8,151,213	-0.5%
Total Liabilities + Equity	11,242,854	11,274,431	-0.3%

Consolidated Cash Flow Statements

Consolidated Cash Flow Statement (Thousands of Pesos)	1Q17	1Q16
Profit before income tax	46,850	60,530
Operating Activities		
Depreciation	83,891	70,299
Loss on disposal of equipment	1,150	185
Finance income	(10,646)	(19,075)
Finance costs	46,294	33,190
(Gain) Loss on Valuation of Financial Instruments	2,005	0
Expenses Related to Payments Based on Stocks	(3,675)	0
Unrealized foreign currency fluctuations	(39,733)	320
	<u>126,136</u>	<u>145,449</u>
Changes in Working Capital:		
Trade receivables	(24,065)	(20,359)
Recoverable taxes	(14,629)	(5,233)
Prepaid expenses, net	(35,331)	(26,920)
Trade and other payables	62,861	5,998
Accrued Expenses, others and taxes to be paid	50,708	34,478
Employee benefits	2,653	1,160
Income tax and business flat tax paid	(9,593)	(9,306)
Net Cash Flows from Operating Activities	<u>158,740</u>	<u>125,267</u>
Investing Activities:		
Payments for property, equipment and leasehold improvements	(400,606)	(351,872)
Other assets	(1,388)	(1,337)
Finance income received	10,645	19,075
Net Cash Flows used in Investing Activities	<u>(391,349)</u>	<u>(334,134)</u>
Financing Activities:		
Proceeds from the issuance of equity instruments	3,677	13,480
Proceeds from contributions rec. from non-controlling interests	8,652	22,431
Proceeds for future capital increases	(8,595)	9
Repurchase of shares	(10,422)	(17,652)
Finance cost paid	(41,899)	(36,858)
Proceeds from short- and long-term borrowings	0	177,193
Repayment of borrowings	(53,312)	(35,234)
Net Cash Flows used in Financing Activities	<u>(101,899)</u>	<u>123,369</u>
Net increase (decrease) in cash and equivalents	(334,508)	(85,498)
Cash at the beginning of the period	1,854,626	2,426,565
Effects of exchange rate changes on the balance of cash held in foreign currencies and effects of balances of foreign operations	40,638	(17,003)
Cash at the End of the Period	<u>1,560,756</u>	<u>2,324,064</u>

Hotel Portfolio

Number	Hotel	Brand	Investment Scheme	Opening	Rooms	Location
1	Saltillo	City Express	Owned	May-03	120	Coahuila
2	San Luis	City Express	Owned	Jul-03	120	San Luis Potosí
3	Monterrey Santa Catarina	City Express	Owned	Oct-03	105	Nuevo León
4	Querétaro	City Express	Owned	Nov-03	121	Querétaro
5	León	City Express	Owned	Dec-03	120	Guanajuato
					586	
6	Anzures	City Express Suites	Leased	Apr-04	26	Ciudad de México
7	Puebla	City Express	Owned	May-04	124	Puebla
8	Nuevo Laredo	City Express	Managed	Aug-04	107	Tamaulipas
9	Ciudad Juárez	City Express	Owned	Oct-04	114	Chihuahua
10	Irapuato	City Express	Owned	Nov-04	104	Guanajuato
					1,061	
11	Reynosa	City Express	Co-Owned	Feb-05	104	Tamaulipas
12	Cancun	City Express	Leased	Mar-05	128	Quintana Roo
13	Tepatitlán	City Express	Managed	Apr-05	80	Jalisco
14	Tuxtla Gutiérrez	City Express	Franchise	Dec-05	124	Chiapas
15	Querétaro	City Express Suites	Owned	Dec-05	45	Querétaro
					1,542	
16	Chihuahua	City Express	Franchise	Mar-06	104	Chihuahua
17	Guadalajara	City Express Plus	Owned	Jul-06	145	Jalisco
18	Tampico	City Express	Co-Owned	Nov-06	124	Tamaulipas
19	Mexicali	City Express	Owned	Dec-06	117	Baja California
20	Toluca	City Express	Owned	Dec-06	141	Estado de México
					2,173	
21	EBC Reforma	City Express	Owned	Jan-07	70	Ciudad de México
22	Hermosillo	City Express	Co-Owned	Apr-07	120	Sonora
23	Celaya	City Express	Leased	May-07	104	Guanajuato
24	Insurgentes Sur	City Express Plus	Owned	Jul-07	159	Ciudad de México
25	Coatzacoalcos	City Express	Co-Owned	Aug-07	118	Veracruz
26	Tepozotlán	City Express	Leased	Dec-07	109	Estado de México
					2,853	
27	Toluca	City Express Junior	Leased	Feb-08	106	Estado de México
28	Mazatlán	City Express	Managed	Jun-08	110	Sinaloa
29	Morelia	City Express	Franchise	Jul-08	60	Michoacán
30	Lázaro Cárdenas	City Express	Owned	Nov-08	119	Michoacán
31	Puebla Angelópolis	City Express	Co-Owned	Nov-08	118	Puebla
32	Tijuana Río	City Express	Managed	Dec-08	131	Baja California
33	Silao	City Express	Owned	Dec-08	121	Guanajuato
34	Toluca	City Express Suites	Owned	Dec-08	91	Estado de México
35	Monterrey Aeropuerto	City Express	Owned	Dec-08	130	Nuevo León
					3,839	
36	El Angel	City Express Plus	Owned	Jan-09	137	Ciudad de México
37	Mexicali	City Express Junior	Owned	Feb-09	106	Baja California
38	Chihuahua	City Express Junior	Franchise	Mar-09	105	Chihuahua
39	Tula	City Express	Managed	Mar-09	103	Hidalgo
40	Los Mochis	City Express	Owned	Jun-09	124	Sinaloa
41	Zacatecas	City Express	Managed	Jun-09	109	Zacatecas
42	Tijuana Otay	City Express Junior	Co-Owned	Jun-09	134	Baja California
43	Veracruz	City Express	Leased	Sep-09	124	Veracruz
44	Saltillo Sur	City Express	Owned	Dec-09	107	Coahuila
45	Cancun	City Express Junior	Leased	Nov-09	106	Quintana Roo
					4,994	
46	Tlaquepaque	City Express Junior	Leased	Feb-10	107	Jalisco
47	Ciudad Juárez	City Express Junior	Owned	Mar-10	128	Chihuahua
48	Poza Rica	City Express	Co-Owned	Mar-10	118	Veracruz
49	Nogales	City Express	Owned	Nov-10	109	Sonora
50	San Luis Univ.	City Express	Co-Owned	Dec-10	109	San Luis Potosí
					5,565	

Number	Hotel	Brand	Investment Scheme	Opening	Rooms	Location
51	Minatitlán	City Express	Co-Owned	Mar-11	109	Veracruz
52	Mérida	City Express	Co-Owned	Apr-11	130	Yucatán
53	Torreón	City Express	Managed	May-11	115	Coahuila
54	Culiacan	City Express	Co-Owned	Jun-11	133	Sinaloa
55	Veracruz	City Express Junior	Leased	Jul-11	104	Veracruz
56	Aguascalientes	City Express	Owned	Aug-11	123	Aguascalientes
57	Buenavista	City Express	Managed	Sep-11	103	Ciudad de México
58	Playa del Carmen	City Express	Co-Owned	Sep-11	135	Quintana Roo
59	Puebla Autopista	City Express	Co-Owned	Oct-11	108	Puebla
60	Tuxtla Gutierrez	City Express Junior	Leased	Oct-11	106	Chiapas
61	Manzanillo	City Express	Owned	Nov-11	116	Colima
62	Ciudad del Carmen	City Express	Co-Owned	Dec-11	129	Campeche
2011					6,976	
63	Ciudad Obregon	City Express	Owned	Jan-12	120	Sonora
64	Campeche	City Express	Owned	Apr-12	110	Campeche
65	San Luis Potosí	City Express Suites	Managed	Jul-12	120	San Luis Potosí
66	Villahermosa	City Express	Owned	Jul-12	155	Tabasco
67	Queretaro Jurica	City Express	Co-Owned	Sep-12	135	Querétaro
68	Durango	City Express	Co-Owned	Oct-12	120	Durango
69	San José	City Express	Owned	Nov-12	134	Costa Rica
70	Xalapa	City Express	Managed	Dec-12	126	Veracruz
71	Tijuana Insurgentes	City Express	Owned	Dec-12	127	Baja California
2012					8,123	
72	Chetumal	City Express	Leased	Mar-13	109	Quintana Roo
73	Santa fe	City Express Plus	Co-Owned	Jun-13	159	Ciudad de México
74	Santa fe	City Express Suites	Co-Owned	Aug-13	39	Ciudad de México
75	Oaxaca	City Express	Managed	Oct-13	103	Oaxaca
76	Salina Cruz	City Express	Managed	Oct-13	116	Oaxaca
77	Patio Universidad	City Express Plus	Owned	Dec-13	124	Ciudad de México
78	La Paz	City Express	Owned	Dec-13	124	Baja California Sur
79	Puebla Autopista	City Express Junior	Co-Owned	Dec-13	113	Puebla
80	Cali	City Express Plus	Owned	Dec-13	127	Colombia
81	Cananea	City Express	Co-Owned	Dec-13	98	Sonora
82	Irapuato Norte	City Express	Co-Owned	Dec-13	122	Guanajuato
2013					9,357	
83	Cd. Del Carmen Isla de Tris	City Express Junior	Managed	Feb-14	109	Campeche
84	Cd. Del Carmen Aeropuerto	City Express Junior	Co-Owned	Feb-14	124	Campeche
85	Tehuacan Puebla	City Express	Managed	Mar-14	108	Puebla
86	Dos Bocas Tabasco	City Express	Co-Owned	May-14	108	Tabasco
87	Monterrey Norte	City Express	Managed	Aug-14	115	Nuevo León
88	D.F. Central de Abastos	City Express	Leased	Sep-14	135	Ciudad de México
89	Puebla Autopista	City Express Suites	Co-Owned	Sep-14	72	Puebla
90	Apizaco	City Express	Managed	Sep-14	104	Tlaxcala
91	Cd Victoria	City Express	Managed	Oct-14	108	Tamaulipas
92	Satélite	City Express Plus	Franchise	Oct-14	89	Ciudad de México
93	Monterrey Nuevo Sur	City Express Plus	Owned	Dec-14	138	Nuevo León
94	Matamoros	City Express	Owned	Dec-14	113	Tamaulipas
95	Salamanca	City Express	Owned	Dec-14	113	Guanajuato
96	Villahermosa	City Express Junior	Owned	Dec-14	136	Tabasco
2014					10,929	
97	Los Cabos	City Express Plus	Owned	Apr-15	135	Baja California Sur
98	Los Cabos	City Express Suites	Owned	Apr-15	28	Baja California Sur
99	Tuxpan	City Express	Managed	Jul-15	108	Veracruz
100	Guadalajara Palomar	City Express Plus	Owned	Jul-15	113	Jalisco
101	Guadalajara Aeropuerto	City Express	Managed	Nov-15	118	Jalisco
102	Piedras Negras	City Express	Owned	Dec-15	113	Coahuila
103	D.F. Periférico Sur	City Express Plus	Owned	Dec-15	137	Ciudad de México
104	Monterrey San Jerónimo	City Express Plus	Owned	Dec-15	149	Nuevo León
105	Playa del Carmen	City Express Suites	Co-Owned	Dec-15	56	Quintana Roo
106	Silao	City Express Suites	Owned	Dec-15	58	Guanajuato
2015					11,944	

Number	Hotel	Brand	Investment Scheme	Opening	Rooms	Location
107	Aguascalientes Centro	City Express Junior	Managed	Apr-16	66	Aguascalientes
108	CD MX Aeropuerto	City Express	Managed	Apr-16	98	Ciudad de México
109	San Luis Potosí Centro	City Express Junior	Owned	Apr-16	128	San Luis Potosí
110	CDMX Alameda	City Express	Managed	Jul-16	112	Ciudad de México
111	Reynosa Aeropuerto	City Express	Owned	Jul-16	113	Tamaulipas
112	Tijuana	City Express Suites	Managed	Jul-16	79	Baja California
113	Santiago Aeropuerto	City Express	Co-Owned	Aug-16	142	Santiago, Chile
114	Toluca Zona Industrial	City Express Junior	Managed	Sep-16	92	Estado de México
115	Rosarito	City Express	Owned	Sep-16	113	Baja California
116	Zamora	City Express	Managed	Nov-16	114	Michoacán
117	Mundo E	City Express Plus	Leased	Dec-16	144	Estado de México
118	Bogotá Aeropuerto	City Express Plus	Owned	Dec-16	120	Bogotá, Colombia
119	Bogotá Aeropuerto	City Express Junior	Owned	Dec-16	116	Bogotá, Colombia
120	CDMX La Raza	City Express	Owned	Dec-16	127	Ciudad de México
121	Mérida Altabrisa	City Express Junior	Co-Owned	Dec-16	106	Yucatán
122	Querétaro Torre II	City Express Suites	Owned	Dec-16	44	Querétaro
123	CDMX	City Centro	Leased	Dec-16	44	Ciudad de México
					13,702	
2016						
124	Celaya Galerías	City Express	Managed	Jan-17	127	Guanajuato
					13,829	
2017						