



## Hoteles City Express Announces Results for Second Quarter 2016

**Mexico D.F., July 20, 2016 – Hoteles City Express S.A.B. de C.V. (BMV: HCITY) (“Hoteles City Express” or “the Company”)**, announced today its results for the second quarter of 2016 (“2Q16”). The figures have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and are presented in Mexican Pesos (“\$”)

### Financial and Operating Highlights (2Q16)

- At the Chain level, occupancy in 2Q16 came to 62.6%, in line with the same period last year. The Average Daily Rate (“ADR”) and Revenue per Available Room (“RevPAR”) showed increases of 7.2% and 7.1% in comparison with 2Q15, coming to \$812 and \$508, respectively.
- Total Revenues were \$497.5 million, which represents a 16.7% year-on-year increase, primarily due to a 10.4% rise in the number of Occupied Room Nights at the Chain level, as well as a 7.1% increase in RevPAR.
- Operating Income was \$89.6 million in 2Q16, an increase of 10.2% over the same quarter last year.
- EBITDA and Adjusted EBITDA were \$164.2 million and \$167.0 million, respectively, reflecting increases of 13.2% and 13.3% compared with the same period in 2015. EBITDA margin and Adjusted EBITDA margin for the period came to 33.0% and 33.6%, respectively.
- Net Income for the period reached \$66.6 million. Net Income margin was 13.4% for the quarter.
- At the close of the second quarter of 2016, the Chain was operating 109 hotels; an increase of 11 new units compared to the 98 hotels operating at the close of the same period in 2015. The number of rooms in operation in 2Q16 was 12,236, an increase of 10.3% in comparison with the 11,092 at the close of 2Q15.
- From June 30, 2016 to the date of this report, the Company has opened two additional hotels: City Express CDMX Alameda and City Express Reynosa Aeropuerto; to reach 111 hotels in operation, with 12,456 available rooms.



### INVESTOR RELATIONS CONTACTS:

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Operating and Financial Highlights	2Q16	2Q15	2Q16 vs 2Q15	6M16	6M15	6M16 vs 6M15
			% Change			% Change
<b>Operating Statistics for the Chain</b>						
Number of Hotels at the End of the Period	109	98	11.2%	109	98	11.2%
Number of Rooms at the End of the Period	12,236	11,092	10.3%	12,236	11,092	10.3%
Number of Installed Room Nights	1,109,102	1,004,399	10.4%	2,195,769	1,987,143	10.5%
Number of Occupied Room Nights	694,653	629,322	10.4%	1,339,483	1,190,457	12.5%
Average Occupancy Rate (%)	62.6%	62.7%	-2 bps	61.0%	59.9%	109 bps
ADR(\$)	812	757	7.2%	811	759	6.8%
RevPAR(\$)	508	475	7.1%	495	455	8.8%
<b>Consolidated Financial Information (Thousands of Pesos)</b>						
Total Revenues	497,482	426,282	16.7%	952,435	802,676	18.7%
Operating Income	89,644	81,365	10.2%	164,204	139,959	17.3%
Operating Income Margin	18.0%	19.1%	-107 bps	17.2%	17.4%	-20 bps
Adjusted EBITDA	166,980	147,362	13.3%	315,535	268,060	17.7%
Adjusted EBITDA Margin (%)	33.6%	34.6%	-100 bps	33.1%	33.4%	-27 bps
EBITDA	164,178	145,034	13.2%	309,036	263,803	17.1%
EBITDA Margin (%)	33.0%	34.0%	-102 bps	32.4%	32.9%	-42 bps
Net Income	66,610	66,373	0.4%	113,825	111,551	2.0%
Net Income Margin (%)	13.4%	15.6%	-218 bps	12.0%	13.9%	-195 bps

Adjusted EBITDA = Operating Income + Depreciation + Non recurring expenses associated with new hotel openings

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

"Hoteles City Express key results for the second quarter of 2016 affirm a positive trend, reflected in a 7.1% RevPAR increase, a 16.7% rise in Revenues, and Adjusted EBITDA margin of 33.6%. Under that note, Established Hotels- or those with at least 36 months in operation- reported 68.2% occupancy at the end of the quarter, with growth in ADR and RevPAR of 8.1% and 9.6%, respectively.

An adequate geographical, industrial and commercial diversification enables us to maintain consistent growth in an economy that is moving in divergent directions across regions. For example, we are achieving record occupancy levels at hotels located in the northern maquila corridor, cities that are state capitals and larger metropolitan markets, with double-digit increases in RevPAR. By contrast, hotels in the Gulf of Mexico and those within the hydrocarbon extraction zone are maintaining occupancy figures below the Chain average. Hotels in large and medium-sized cities, as well as those in state capitals, are seeing significant rises in ADR due to a larger number of consumers seeking high quality accommodation.

Regarding productivity, Hoteles City Express is maintaining discipline in cost control and expenses. In 2Q16 we achieved an Adjusted EBITDA margin of 33.6%, which reflects the establishment of 11 new hotels in the last twelve months. Towards the end of this year, we will be strengthening our practices for expense control, both in our hotels and operating company, with the aim of profitably absorbing the opening of 12 to 16 new hotels over the remainder of 2016.

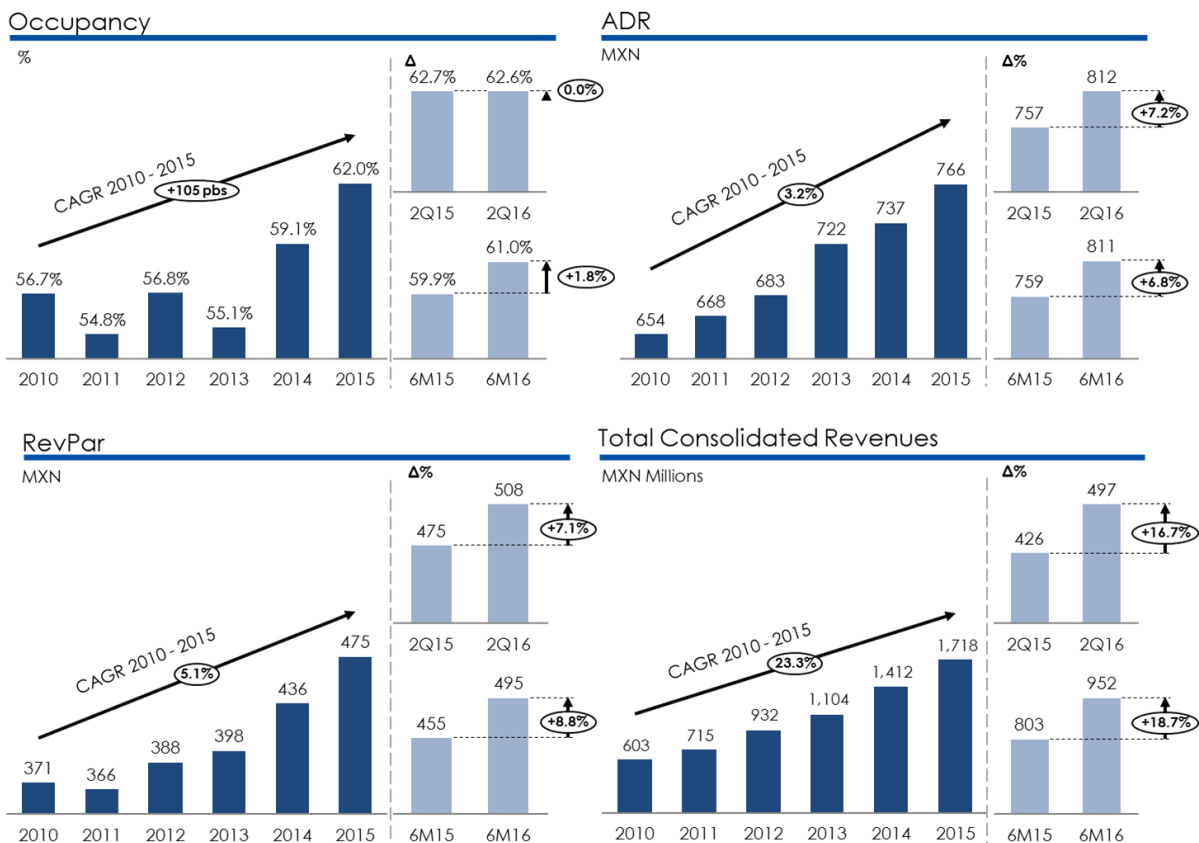
Our development plan and new property openings continue on schedule. We currently have 111 hotels in operation, and have achieved our goal for new openings in the first half

of the year. With the support of an extraordinary team specialized in hotel development, we are maintaining strict oversight over all phases of construction, equipment and opening for new units. Our goal of having between 123 and 127 hotels by the end of 2016 remains intact.

Everyday we are progressing to position Hoteles City Express's reputation as a first-rate company in the lodging & accommodation industry, characterized by modernity, innovation, warmth and service excellence. At the same time, we are focused on ensuring our robust commercial platform incorporates the latest technology, providing superior service for guests whenever they need us."

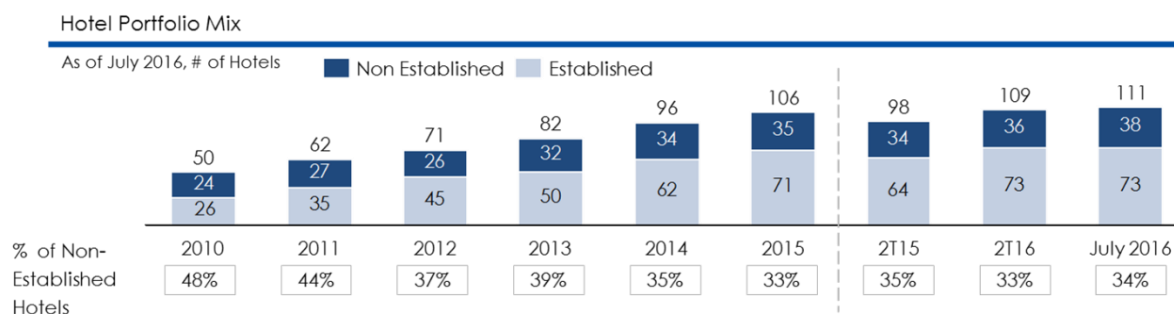
### Operating Results: Hotel Chain

Chain occupancy registered a strengthening trend in the second quarter of 2016, reaching 62.6%. ADR and RevPAR registered solid gains of 7.2% and 7.1%, respectively, compared to the same period in 2015.



### 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 2Q16, the chain had 73 Established Hotels and 36 Non-Established Hotels.

Established Hotels	2Q16	2Q15	Change
Hotels	73	64	14.1%
Rooms	8,391	7,206	16.4%
Occupancy	68.2%	67.3%	92 bps
ADR (\$)	803	742	8.1%
RevPAR (\$)	548	500	9.6%

During the quarter, Established Hotels continued to demonstrate progress, registering occupancy of 68.2%, representing a growth of 92 basis points (“bps”) compared to the same quarter of the year before. In this sample of hotels, RevPAR showed a gain of 9.6%, driven by 8.1% growth in ADR.

### Results by Business Segment (Non-IFRS figures)

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

Revenues by Segment (Thousands of Pesos)	2Q16	2Q15	2Q16 vs 2Q15	6M16	6M15	6M16 vs 6M15
			% Change			% Change
Hotel Operation	469,282	411,857	13.9%	906,911	775,079	17.0%
Hotel Management	130,644	100,518	30.0%	241,458	184,678	30.7%
<b>Total</b>	<b>599,926</b>	<b>512,376</b>	<b>17.1%</b>	<b>1,148,369</b>	<b>959,758</b>	<b>19.7%</b>

Revenues for the Hotel Operations segment increased 13.9%, from \$411.9 million in 2Q15 to \$469.3 million in 2Q16, due to the increase in Occupied Room Nights, and a 7.1% increase in RevPAR.

Revenues from Hotel Management rose 30.0%, from \$100.5 million in 2Q15 to \$130.6 million in 2Q16.

Total revenues for the combined segments rose 17.1%, from \$512.4 million in 2Q15 to \$599.9 million in 2Q16.

### Consolidated Financial Results (IFRS Figures)

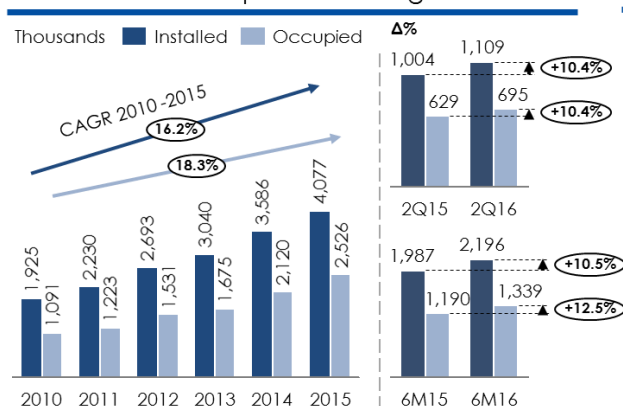
Income Statement Highlights (Thousands of Pesos)	2Q16	2Q15	2Q16 vs 2Q15	6M16	6M15	6M16 vs 6M15
			% Change			% Change
Rooms in Operation	12,236	11,092	10.3%	12,236	11,092	10.3%
Revenues from Hotel Operation	465,912	407,798	14.3%	900,096	767,555	17.3%
Revenues from Hotel Management	31,570	18,484	70.8%	52,339	35,121	49.0%
<b>Total Revenues</b>	<b>497,482</b>	<b>426,282</b>	<b>16.7%</b>	<b>952,436</b>	<b>802,676</b>	<b>18.7%</b>
Operating Income	89,644	81,365	10.2%	164,204	139,959	17.3%
Operating Income Margin	18.0%	19.1%	-107 bps	17.2%	17.4%	-20 bps
Adjusted EBITDA	166,980	147,362	13.3%	315,535	268,060	17.7%
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EBITDA	164,178	145,034	13.2%	309,036	263,803	17.1%
EBITDA Margin	33.0%	34.0%	-102 bps	32.4%	32.9%	-42 bps
Net Income	66,610	66,373	0.4%	113,825	111,551	2.0%
Net Margin	13.4%	15.6%	-218 bps	12.0%	13.9%	-195 bps

### Revenues

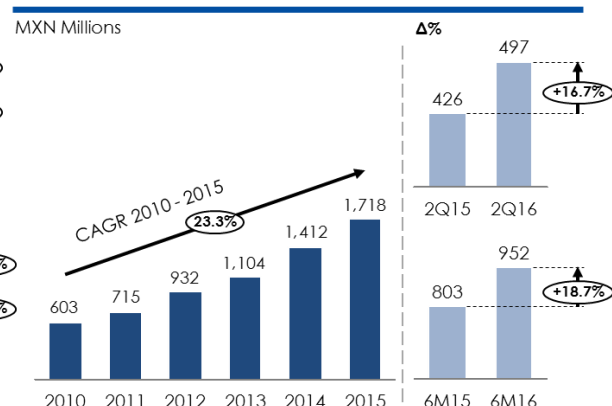
In 2Q16, Total Revenues recorded an increase of 16.7% from \$426.3 million in 2Q15 to \$497.5 million in 2Q16. This growth was mainly due to a gain of 10.4% in the number of Installed Room Nights, due to the opening of 11 hotels, as well as the same increase in the number of Occupied Room Nights and a rise 7.1% gain in RevPAR.

Total Revenues were driven by Hotel Management Revenues, which rose 70.8% over the same quarter of the year before to \$31.6 million, mainly due to the increase in fees associated with supervision of hotels under development.

Installed and Occupied Room Nights



Total Consolidated Revenues



### Costs and Expenses

Total Costs and Expenses rose 18.2%, from \$342.7 million in 2Q15 to \$405.0 million in 2Q16. This rise was primarily due to outlays associated with new hotel startups, increased expenses related to sales commissions and payroll during the quarter, as well as expenses for the openings scheduled for July.

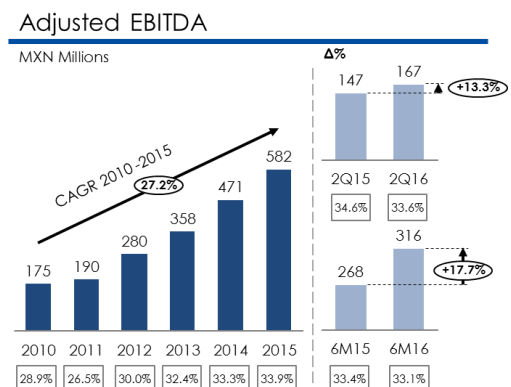
Selling and Administrative expenses grew 9.5%, from \$68.5 million in 2Q15 to \$74.9 million in 2Q16. This increase is the result of additional payroll expenses, as well as operating and technology outlays related to the opening of hotels that will begin operations in the coming months. As a percentage of total revenues, Selling & Administrative expenses are beginning to reflect the Company's operating leverage, decreasing from 16.1% in 2Q15 to 15.1% in 2Q16; a 99 basis point reduction.

### Operating Income

Operating Income for the second quarter of 2016 was \$89.6 million, compared to \$81.4 million for 2Q15; a 10.2% increase. Operating Income margin declined 107 basis points, from 19.1% in 2Q15 to 18.0% in 2Q16, due to increases in Costs and Expenses for hotel operations.

### EBITDA and Adjusted EBITDA

In 2Q16, EBITDA and Adjusted EBITDA increased by 13.2% and 13.3% respectively, compared to the second quarter of 2015. EBITDA reached \$164.2 million in 2Q16, and Adjusted EBITDA was \$167.0 million for the same period. This represents an EBITDA margin of 33.0%, and an Adjusted EBITDA margin of 33.6%.



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.

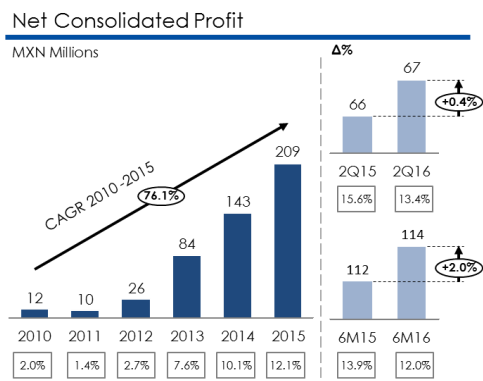


### Financial Expenses

Total financial expenses increased to \$4.2 million in 2Q16. This is due to outlays from disbursed credit lines to support hotel construction, as well as the decline in the Company's cash position resulting from investment in new hotels. In the last twelve months ("LTM"), financial liabilities rose from \$1.87 billion in 2Q15 to \$2.31 billion in 2Q16; a 24.7% increase. Due to this additional debt, net financing costs<sup>1</sup> rose from \$9.2 million in 2Q15 to \$22.2 million in 2Q16, and the net result for foreign currency exchange operations in 2Q16 resulted in earnings of \$17.9 million, compared to earnings of \$5.8 million in 2Q15.

As of June 30, 2016, Hoteles City Express had a Total Debt to Total Assets ratio of 21.3% and an Net Debt to LTM EBITDA ratio of 0.4 times. The Company is current and in full compliance of all its financial obligations.

### Net Income



Net Income for 2Q16 reached \$66.6 million, compared to Net Income of \$66.4 million reported in the same quarter last year. Net Income margin reached 13.4% by the close of the quarter.

<sup>1</sup> Net financing cost is calculated as interest paid minus interest earned



**Statement of Financial Position and Statement of Cash Flow**

Balance Sheet Highlights	As of June 30, 2016	As of December 31, 2015	June 30, 2016 vs December 31, 2015
(Thousands of Pesos)			% Change
Cash and Equivalents	2,088,417	2,426,565	-13.9%
Financial Debt <sup>(1)</sup>	2,311,658	2,145,924	7.7%
<b>Net Debt</b>	<b>223,241</b>	<b>(280,640)</b>	<b>NM</b>

1. Does not include interest of \$14.6 million to be paid on June 30, 2016, and \$13.8 million on December 31, 2015.

At the close of 2Q16, the Company had a cash position of \$2.08 billion; a 13.9% decrease since the end of December 2015. This was primarily due to use of funds related to the development of new hotels.

Debt with financial institutions net of interest increased by 7.7% since the end of December 2015, reaching \$2.31 billion, \$147.4 million of which are due over the next 12 months, \$179.3 million are denominated in US dollars and \$248.7 million are denominated in Chilean pesos. During the second quarter, \$48.6 million were disbursed for projects under development, in accordance to the Company's financing plan.

At the close of the quarter ended on June 30, 2016, the Company had a Net Debt of \$223.2 million, compared to December 31, 2015 Net Debt, of (\$280.6) million.

Net Property, equipment and leasehold improvements increased by 11.2% since the close of December 31, 2015, which is directly related to cash outlays associated with land purchases and hotel development, as well as with construction in progress.

At the close of the second quarter 2016, the Company had a land bank at historical cost of approximately \$565.2 million as well as Construction in Progress and Refurbishments for more than \$1.2 billion. The Company continues to acquire new land as the construction process for new projects begins.

Regarding cash flow generation, Hoteles City Express generated \$236.3 million in cash flow net from operating activities in 2Q16, in comparison with the \$217.6 million generated during the same period in 2015. The Company invested \$444.0 million in property, equipment and leasehold improvements, in comparison with the \$318.0 million in investments made in 2Q15, and recorded net financing flows of (\$12.8) million versus the (\$8.0) million reported in 2Q15.

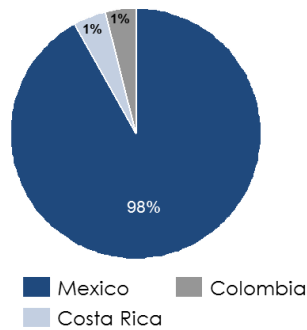
### Portfolio of Hotel Assets

Hoteles City Express has a portfolio of 111 hotels with a presence in 29 states and 61 cities in Mexico, as well as one hotel in Colombia, one hotel in Costa Rica, and another hotel soon to open in Chile. Below is a breakdown of Hoteles City Express' portfolio:

#### Hotel Portfolio by Geographic Location

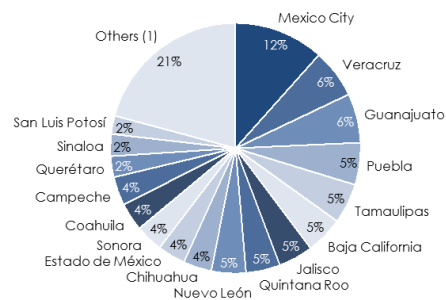
##### By Country

As of July 2016



##### Mexico

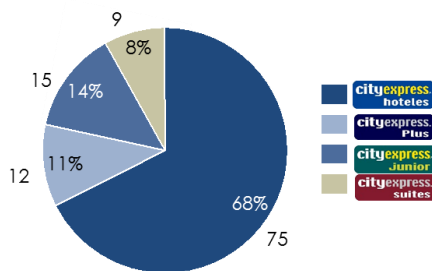
As of July 2016



(1) Others: Aguascalientes, Baja California Sur, Chiapas, Colima, Durango, Hidalgo, Michoacán, Oaxaca, Tabasco, Tlaxcala, Yucatán y Zacatecas.

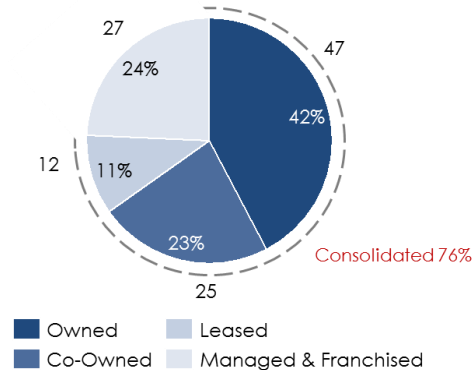
##### Hotel Portfolio by Brand

As of July 2016, #of Hotels and % of Total Portfolio



##### Hotel Portfolio by Ownership

As of July 2016, #of Hotels and % of Total Portfolio

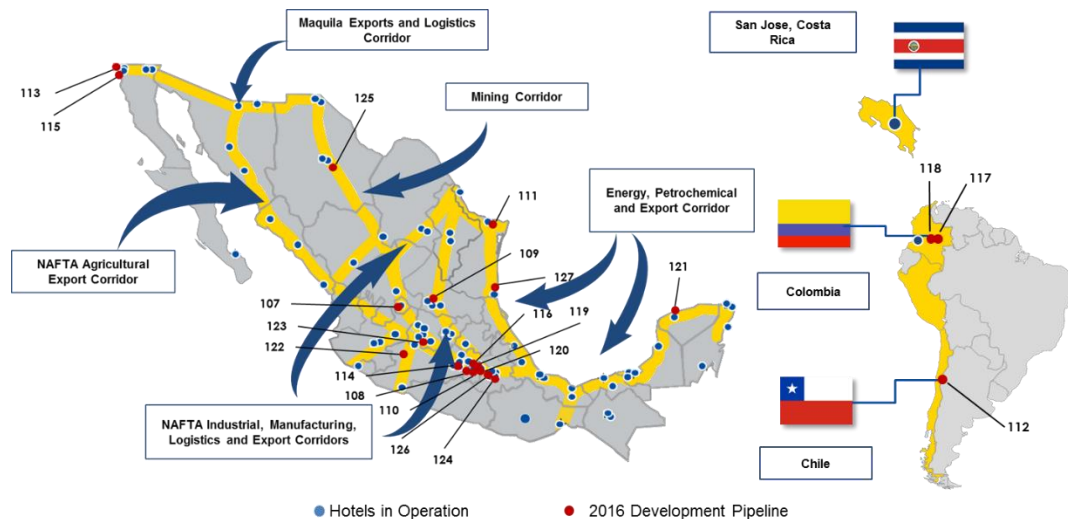


### Hotel Development

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. Of these projects, about 80% have already commenced construction.

The Company currently expects to reach a portfolio of 123 to 127 hotels as well as doubling the room count of CS Querétaro by the close of the first quarter of 2017. The following table shows the status of the Development Plan.

Hotel Number	Development Pipeline	Hotel	Brand	Investment Scheme	Opening	Rooms	Location	Development Stage
107	1	Aguascalientes Centro	City Express Junior	Managed	2Q16	66	Aguascalientes	Open
108	2	CDMX Aeropuerto	City Express	Managed	2Q16	98	Mexico City	Open
109	3	San Luis Potosí Carranza	City Express Junior	Owned	2Q16	128	San Luis Potosí	Open
110	4	CDMX Alameda	City Express	Managed	3T16	112	Mexico City	Open
111	5	Reynosa Aeropuerto	City Express	Owned	3Q16	113	Tamaulipas	Open
112	6	Santiago Aeropuerto	City Express	Co-Owned	3Q16	142	Santiago, Chile	Under Construction
113	7	Tijuana	City Express Suites	Managed	3Q16	65	Baja California	Under Construction
114	8	Toluca Centro de Convenciones	City Express Junior	Managed	3Q16	102	Baja California	Under Construction
115	9	Rosarito	City Express	Owned	4Q16	120	Baja California	Under Construction
116	10	CDMX	City Centro	Leased	3Q16	44	Mexico City	Under Construction
117	11	Bogotá Aeropuerto	City Express Plus	Owned	4Q16	120	Bogotá, Colombia	Under Construction
118	12	Bogotá Aeropuerto	City Express Junior	Owned	4Q16	116	Bogotá, Colombia	Under Construction
119	13	Satélite Mundo E	City Express	Leased	4Q16	120	Mexico City	Under Construction
120	14	CDMX La Raza	City Express	Owned	4Q16	124	Mexico City	Under Construction
121	15	Mérida Altabrisa	City Express Junior	Co-Owned	4Q16	106	Yucatán	Under Construction
122	16	Zamora	City Express	Managed	4Q16	120	Michoacán	Under Construction
123	17	Celaya Galerías	City Express	Managed	4Q16	120	Guanajuato	Under Construction
124	18	Atlixco	City Express	Managed	4Q16/1Q17	120	Puebla	Under Construction
125	19	Delicias	City Express	Managed	4Q16/1Q17	115	Chihuahua	Under Construction
126	20	Puebla Angelopolis	City Express Junior	Co-Owned	4Q16/1Q17	109	Puebla	Under Construction
127	21	Altamira	City Express	Co-Owned	4Q16/1Q17	108	Tamaulipas	Under Construction
		Querétaro (Rooms Addition)	City Express Suites	Owned	4Q16/1Q17	44	Querétaro	Under Construction
<b>Total</b>						<b>2,312</b>		



## Environmental, Social and Economic Sustainability

Hoteles City Express has the following Sustainability Policy:

*"To be an innovative and environmentally conscious hospitality company focused on energy and water conservation, as well as waste reduction, thereby contributing to the communities in which we operate through long-term value creation."*

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.
- 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. The Company received three additional certifications in January 2015 for the Hoteles City Express Junior Ciudad del Carmen, City Express Irapuato Norte and City Express Junior Puebla Autopista, 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; 39 Hoteles City hotels are currently certified.
- Distintivo Empresa Socialmente Responsable: granted by the Centro Mexicano para la Filantropía (CEMEFI), awarded to Hoteles City for the second consecutive year. Hoteles City Express ranks 48 of 364 companies, and within the Top 10% of companies with the Best Business Ethics in Mexico.
- 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.

Regarding its Social Responsibility practices Hoteles City Express focus on high impact projects that generate social engagement and promote the social and economic well-being within the communities where we operate. For this reason, the Company focuses on initiatives related to social inclusion and entrepreneurship that generate sustainable long-term benefits.

Along these lines, recently the Company launched an initiative in the northern part of Mexico to employ hearing impaired staff, reflecting the Company's leadership position to change and improve those countries in which it has a presence.

For more information on Hoteles City Express initiatives, please visit the website: <https://www.cityexpress.com/en/sustainability>.

**Conference Call Details:**

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

**Date:** Thursday, July 21, 2016  
**Time:** 12:00 pm Eastern Time / 11:00 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:** 2588238  
**Webcast:** <http://services.choruscall.com/links/hcity160721>

**Conference Replay will be available for 30 days:**

U.S.: 1-877-344-7529/ International: 1-412-317-0088  
Passcode: 10087921

**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 111 hotels located in Mexico, Costa Rica and Colombia, Hoteles City Express operates four distinct brands: City Express, City Express Plus, City Express Suites and City Express Junior, 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 is covered by the following financial institutions and analysts:

Actinver (Pablo Duarte), Bank of America Merrill Lynch (Carlos Peyrelongue), Citigroup (Dan McGoey), ITAU BBA (Enrico Trotta), J.P. Morgan (Adrián Huerta), Morgan Stanley (Nikolaj Lippman), Santander (Cecilia Jiménez), Signum Research (Armando Rodriguez), and UBS (Marimar Torreblanca).

For further information, please visit our website: [www.cityexpress.com/en/investors](http://www.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)	2Q16	2Q15	2Q16 vs 2Q15	6M16	6M15	6M16 vs 6M15
			% Change			% Change
Total Revenues						
Revenues from Hotel Operation	465,912	407,798	14.3%	900,096	767,555	17.3%
Revenues from Hotel Management	31,570	18,484	70.8%	52,339	35,121	49.0%
<b>Total Revenues</b>	<b>497,482</b>	<b>426,282</b>	<b>16.7%</b>	<b>952,435</b>	<b>802,676</b>	<b>18.7%</b>
Costs and expenses						
Hotel operating costs and expenses	255,559	210,596	21.4%	490,080	409,822	19.6%
Selling and administrative expenses	74,944	68,458	9.5%	146,815	124,738	17.7%
Depreciation and amortization	74,534	63,669	17.1%	144,833	123,844	16.9%
<b>Total Costs and Expenses</b>	<b>405,037</b>	<b>342,723</b>	<b>18.2%</b>	<b>781,728</b>	<b>658,404</b>	<b>18.7%</b>
Expenses assoc. with new hotel openings	2,802	2,328	20.4%	6,499	4,257	52.7%
Other non-recurring (income) / expenses	0	(134)	(100.0%)	5	56	(90.7%)
<b>Total</b>	<b>2,802</b>	<b>2,194</b>	<b>27.7%</b>	<b>6,504</b>	<b>4,313</b>	<b>50.8%</b>
<b>Operating Income</b>	<b>89,644</b>	<b>81,365</b>	<b>10.2%</b>	<b>164,204</b>	<b>139,959</b>	<b>17.3%</b>
Operating Income Margin (%)	18.0%	19.1%	-107 bps	17.2%	17.4%	-20 pbs
<b>Adjusted EBITDA</b>	<b>166,980</b>	<b>147,362</b>	<b>13.3%</b>	<b>315,535</b>	<b>268,060</b>	<b>17.7%</b>
Adjusted EBITDA Margin (%)	33.6%	34.6%	-100 bps	33.1%	33.4%	-27 pbs
<b>EBITDA</b>	<b>164,178</b>	<b>145,034</b>	<b>13.2%</b>	<b>309,036</b>	<b>263,803</b>	<b>17.1%</b>
EBITDA Margin (%)	33.0%	34.0%	-102 bps	32.4%	32.9%	-42 pbs
Finance income	(17,073)	(18,980)	(10.0%)	(36,149)	(39,335)	(8.1%)
Finance costs	39,240	28,188	39.2%	72,430	50,206	44.3%
Effects of valuation of financial instruments	0	47	(100.0%)	0	48	(100.0%)
Exchange result, net	(17,919)	(5,816)	208.1%	(18,005)	(5,359)	236.0%
<b>Financial Expenses</b>	<b>4,247</b>	<b>3,439</b>	<b>23.5%</b>	<b>18,276</b>	<b>5,560</b>	<b>228.7%</b>
Profit before income tax	85,397	77,927	9.6%	145,928	134,399	8.6%
Income tax expense	18,787	11,553	62.6%	32,103	22,848	40.5%
<b>Net Income for the Period</b>	<b>66,610</b>	<b>66,373</b>	<b>0.4%</b>	<b>113,825</b>	<b>111,551</b>	<b>2.0%</b>
Net Majority Income	63,612	59,767	6.4%	104,607	97,104	7.7%



## Consolidated Statement of Financial Position

Consolidated Balance Sheet <i>(Thousands of Pesos)</i>	As of June 30, 2016	As of December 31, 2015	June 30, 2016 vs December 31, 2015
			% Change
<b>Cash and equivalents</b>	2,088,417	2,426,565	(13.9%)
Trade receivables, net	116,127	95,033	22.2%
Recoverable taxes	297,863	272,387	9.4%
Prepaid expenses	74,304	60,398	23.0%
<b>Total Current Assets</b>	<b>2,576,711</b>	<b>2,854,383</b>	<b>(9.7%)</b>
Property, equipment and leasehold improvements	8,312,950	7,474,301	11.2%
Guarantee deposits	2,898	2,898	0.0%
Other assets	27,610	24,732	11.6%
<b>Total Long Term Assets</b>	<b>8,343,458</b>	<b>7,501,931</b>	<b>11.2%</b>
<b>Total Assets</b>	<b>10,920,169</b>	<b>10,356,314</b>	<b>5.4%</b>
<b>Liabilities</b>			
Current Liabilities:			
Bank loans and accrued interests	162,025	173,179	(6.4%)
Trade accounts payable	80,359	58,874	36.5%
Other taxes and accrued expenses	138,526	100,474	37.9%
Income tax payable	11,641	21,136	(44.9%)
Direct employee benefits	15,326	12,010	27.6%
<b>Total Current Liabilities</b>	<b>407,877</b>	<b>365,673</b>	<b>11.5%</b>
Long-term debt	2,164,241	1,986,510	8.9%
Deferred revenues	13,127	10,672	23.0%
Other Liabilities	107,814	61,606	75.0%
Employee benefits	2,355	1,904	23.7%
Derivative financial instruments	9,553	11,771	(18.8%)
Deferred income tax	124,616	112,581	10.7%
<b>Total Long Term Liabilities</b>	<b>2,421,706</b>	<b>2,185,044</b>	<b>10.8%</b>
<b>Total Liabilities</b>	<b>2,829,583</b>	<b>2,550,717</b>	<b>10.9%</b>
<b>Equity</b>			
<b>Equity Attributable to the Owners of the Entity</b>			
Issued capital	6,089,449	6,151,175	(1.0%)
Retained earnings	1,097,391	992,784	10.5%
Other Comprehensive Income	5,459	(82,502)	(106.6%)
<b>Total Equity Attributable to the Owners of the Entity</b>	<b>7,192,299</b>	<b>7,061,457</b>	<b>1.9%</b>
Non-controlling interests	898,287	744,140	20.7%
<b>Total Equity</b>	<b>8,090,586</b>	<b>7,805,597</b>	<b>3.7%</b>
<b>Total Liabilities + Equity</b>	<b>10,920,169</b>	<b>10,356,314</b>	<b>5.4%</b>

## Consolidated Cash Flow Statements

Consolidated Cash Flow Statement (Thousands of Pesos)	2Q16	2Q15	6M16	6M15
Profit before income tax	85,397	77,926	145,928	134,399
<b>Operating Activities</b>				
Depreciation	74,534	63,669	144,833	123,844
Loss on disposal of equipment	3,760	(515)	3,945	(419)
Finance income	(17,073)	(18,980)	(36,149)	(39,335)
Finance costs	39,240	28,188	72,430	50,206
(Gain) Loss on Valuation of Financial Instruments	0	1,955	0	1,213
Expenses Related to Payments Based on Stocks	0	0	0	0
Unrealized foreign currency fluctuations	39,393	5,234	39,711	12,024
	<u>225,251</u>	<u>157,476</u>	<u>370,698</u>	<u>281,932</u>
<b>Changes in Working Capital:</b>				
Trade receivables	(736)	(4,762)	(21,094)	(15,079)
Recoverable taxes	(20,243)	18,859	(25,476)	(3,836)
Prepaid expenses, net	13,014	(6,276)	(13,906)	(34,818)
Guarantee deposits	0	0	0	0
Trade and other payables	15,488	13,368	21,486	5,518
Accrued Expenses, others and taxes to be paid	6,030	46,931	40,508	28,457
Employee benefits	2,156	1,703	3,316	(5,378)
Income tax and business flat tax paid	(4,681)	(9,720)	(13,987)	(21,015)
<b>Net Cash Flows from Operating Activities</b>	<u><b>236,279</b></u>	<u><b>217,580</b></u>	<u><b>361,545</b></u>	<u><b>235,781</b></u>
<b>Investing Activities:</b>				
Payments for property, equipment and leasehold improvements	(444,025)	(317,964)	(795,898)	(599,392)
Other assets	(1,544)	(11,914)	(2,880)	(11,699)
Finance income received	17,073	18,980	36,149	39,335
<b>Net Cash Flows used in Investing Activities</b>	<u><b>(428,496)</b></u>	<u><b>(310,898)</b></u>	<u><b>(762,629)</b></u>	<u><b>(571,756)</b></u>
<b>Financing Activities:</b>				
Proceeds from the issuance of equity instruments	(451)	11,238	13,028	11,238
Proceeds from contributions rec. from non-controlling interests	58,774	6,817	81,205	9,055
Non Controlling Interest decrease	0	(6,424)	0	(6,424)
Non Controlling Interest Dividends	(6,375)	(5,000)	(6,375)	(5,000)
Proceeds for future capital increases	46,199	0	46,208	0
Repurchase of shares	(60,306)	(5,391)	(77,958)	(25,112)
Finance cost paid	(34,730)	(23,405)	(71,587)	(61,699)
Proceeds from short- and long-term borrowings	48,555	50,000	225,749	50,000
Repayment of borrowings	(64,494)	(35,811)	(99,729)	(89,385)
Hedging Valuation Effects	0	0	0	0
Payments to acquire non-controlling interests	0	0	0	0
<b>Net Cash Flows used in Financing Activities</b>	<u><b>(12,828)</b></u>	<u><b>(7,976)</b></u>	<u><b>110,541</b></u>	<u><b>(117,327)</b></u>
Net increase (decrease) in cash and equivalents	(205,045)	(101,295)	(290,543)	(453,302)
Cash at the beginning of the period	2,324,064	2,843,215	2,426,565	3,184,474
Effects of exchange rate changes on the balance of cash held in foreign currencies and effects of balances of foreign	(30,602)	(13,936)	(47,605)	(3,187)
<b>Cash at the End of the Period</b>	<u><b>2,088,417</b></u>	<u><b>2,727,985</b></u>	<u><b>2,088,417</b></u>	<u><b>2,727,985</b></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	Mexico City
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	Mexico City
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	Mexico City
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	Mexico City
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	Mexico City
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	Mexico City
74	Santa fe	City Express Suites	Co-Owned	Aug-13	39	Mexico City
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	Mexico City
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	Mexico City
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	Mexico City
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	Mexico City
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	
107	Aguascalientes Centro	City Express Junior	Managed	Apr-16	66	Aguascalientes
108	CD MX Aeropuerto	City Express	Managed	Apr-16	98	Mexico City
109	San Luis Potosí Centro	City Express Junior	Owned	Apr-16	128	San Luis Potosí
110	CDMX Alameda	City Express	Managed	Jul-16	112	Mexico City
111	Reynosa Aeropuerto	City Express	Owned	Jul-16	113	Tamaulipas