

***RLH Properties (“RLH A”), the first listed company focused on high-end hotels in Mexico, announces its financial results for the second quarter of 2018.***

**Mexico City, July 27, 2018.** - RLH Properties (MEXBOL: RLH A), the first listed company focused on luxury hotels in Mexico, announces its financial results for the second quarter of 2018. Unless noted, all figures included herein were prepared in accordance with the International Financial Reporting Standards (“IFRS”) and are stated in nominal Mexican pesos.

**Second quarter of 2018 highlights**

- In March and early April, RLH closed the first and second phases of a capital increase for a total amount of **Ps. \$6,076 million** (331,997,080 new shares at a Ps\$ 18.30 price per share). This transaction was **fully subscribed by current shareholders**, including the contribution of the Mandarin project in the Riviera Nayarit, where up to approx. 148 One&Only and Rosewood branded residences could be developed.

The cash portion of the capital increase will be mainly allocated to: (i) the acquisition of the remaining minority stake of OHL in the hotels and golf course in Mayakoba, (ii) the acquisition of the branded residential business also in the Mayakoba Master Plan as well as other related assets to this project, (iii) potential acquisitions of hotel assets, and (iv) the ongoing development of the One&Only Mandarin and Rosewood Mandarin hotels in the Riviera Nayarit.

Adding this capital increase to all the equity the company has raised since its IPO on November 2015, RLH Properties has obtained a total of **Ps\$13,728 million**. Considering the 22.7% increase in the company’s price per share since the IPO, RLH Properties’ current market capitalization stands at Ps\$16,448.6 million as of today. During this process, RLH has obtained a solid and diversified type of shareholders.

- On April 24th, 2018 RLH Properties successfully closed the acquisition of the Minority stake of OHLD in the Mayakoba master plan and some related assets (El Pueblito, Marina Mayakoba and 27.2% of the lot 5’) located in the Riviera Maya, Quintana Roo. Currently, the Company owns 100.0% of the Four Seasons Hotel in Mexico City, 100 % of the Rosewood Mayakoba hotel and the El Camaleón Golf Course, 95% of the Banyan Tree Mayakoba hotel, 90% of the Fairmont Mayakoba Hotel, and 60% of the Andaz Mayakoba Hotel. **The transaction value was Usd. \$57.2 million (~Ps. \$1.0 billion).**

## Relevant information regarding the portfolio's performance during the second quarter of 2018

As of June 30, 2018, RLH has **10 assets or business lines** which represent **1,351 hotel rooms (1,116 currently operating and 235 under development)**, potential to develop **approx. 148 One&Only** and **Rosewood** branded residences, **approx. 58 full ownership residences and 168 fractional units with the Fairmont Heritage Place brand**, and **1 golf course** with 18 holes at the high-end segment:

- **Operating Assets** (5 hotels with 1,116 rooms and an 18-hole golf course):
  - A. **Stabilized Assets (4 hotels, 902 rooms):** Four Seasons Mexico City (240 rooms), Rosewood Mayakoba (129 rooms), Banyan Tree Mayakoba (132 rooms), and Fairmont Mayakoba (401 rooms).
  - B. **Assets in Ramp Up (1 hotel, 214 rooms):** Andaz Mayakoba hotel. This hotel began operations in December 2016, so it is currently in a ramp up period, i.e. stabilization process.
  - C. **Other Assets (one 18-hole golf course):** The golf course El Camaleon was designed by the famous golfer Greg Norman, and it is the first one to host a PGA Tournament outside the US and Canada.
- **Assets under Development** (2 hotels with 235 rooms, approx. 148 One&Only and Rosewood branded residences, and approx. 58 full ownership residences and 168 fractional units with the Fairmont Heritage Place brand):
  - **One&Only Mandarin hotel** (108 rooms): The hotel is in its development phase and its opening is estimated to be on the third quarter of 2019.
  - **Rosewood Mandarin hotel:** The hotel is in its conceptual design and technical studies phase.
  - **Mandarin branded residences** (up to approx. 148 residences): After the contribution of the Mandarin project from Actur to RLH, the number of residences with a hotel brand that will be marketed and developed have gone from 20 up to approx. 148 residences. Currently, the One&Only residences are in the marketing and construction phase. As for the Rosewood residences, they are on conceptual design phase.
  - **Mayakoba branded residences<sup>1</sup>** (total of approx. 58 full ownership residences and 168 fractional units): The **Fairmont Heritage Place Mayakoba** business has an inventory of approx. 38 full ownership residences and 67 fractional residences which are being marketed and built.
- Regarding the year to date (YTD) results of the Stabilized Assets, **the aggregated occupancy was 69.9%**, which represents an **increase of 2.4 pp** compared to the same period in 2017. The aggregated **Average Daily Rate** (“ADR”) was **Usd. \$473, 4.7% above** compared to the same period in 2017. **The RevPAR was Usd. \$331, an increase of 8.3%** in US dollars, compared to the same period last year. This increase in RevPAR was mainly explained by the excellent performance of all the portfolio in the first quarter and the year to date exceptional results of the Four Seasons Hotel Mexico City.

<sup>1</sup> Does not consider approx. 33 Rosewood Mayakoba Residences which are being acquired subject to customary precedent conditions; this transaction is expected to be closed in the second half-year.

- The YTD Stabilized Assets EBITDA was Ps. \$589 million (Usd. \$31 million), an increase of 5.6% compared to the same period in 2017 (a 9.5% increase in Usd.), driven by the increase in room revenues, followed by a solid performance in Food & Beverage in Four Seasons Mexico City, Fairmont Mayakoba and Rosewood Mayakoba.
- The EBITDA from Operating Assets was Ps. \$600 million (Usd. \$32 million), showing an increase of 15.4% over the same period of 2017 (19.8% in US dollars), driven by the aforementioned reasons, as well as the positive results of the Andaz Hotel.

RLH's portfolio as of the second quarter of 2018

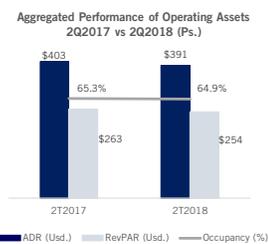


## Operating Portfolio:

*Rosewood Mayakoba, Banyan Tree Mayakoba, Fairmont Mayakoba, Andaz Mayakoba, Four Seasons Mexico City, El Camaléon Golf Course.*

The following table shows the evolution of RLH's **Operating Assets** in the second quarter of 2018 compared to the same period in 2017.

Operating Indicators as of the 2nd Quarter of 2018								
Stabilized Assets and Other Assets								
Indicator	1T2017	2Q2017	3Q2017	4Q2017	1Q2018	2Q2018	LTM 2Q2018	% Var. 2Q2018 vs. 2Q2017
ADR (Usd.)	\$498	\$403	\$347	\$503	\$545	\$391	\$452	(2.9%)
ADR (Ps.)	\$10,041	\$7,500	\$6,191	\$9,598	\$10,180	\$7,519	\$8,470	0.2%
Occupancy (%)	69.7%	65.3%	57.0%	58.2%	74.9%	64.9%	63.7%	(0.4 pp)
RevPAR (Usd.)	\$348	\$263	\$198	\$293	\$408	\$254	\$288	(3.5%)
RevPAR (Ps.)	\$7,003	\$4,899	\$3,528	\$5,584	\$7,623	\$4,883	\$5,395	(0.3%)
Total Revenues (Usd. '000)	\$47,539	\$40,736	\$31,172	\$50,817	\$56,322	\$40,217	\$178,528	(1.3%)
Total Revenues (Ps. '000)	\$955,937	\$758,457	\$555,474	\$974,659	\$1,052,213	\$774,828	\$3,357,175	2.2%
EBITDA (Usd. '000)	\$16,890	\$11,727	\$4,797	\$12,490	\$21,325	\$9,997	\$48,608	(14.7%)
EBITDA (Ps. '000)	\$338,943	\$218,871	\$84,936	\$238,437	\$398,469	\$190,838	\$912,680	(12.8%)
EBITDA Net of FF&E Reserve (Usd. '000)	\$15,287	\$10,231	\$3,888	\$10,508	\$19,367	\$8,706	\$42,469	(14.9%)
EBITDA Net of FF&E Reserve (Ps. '000)	\$306,711	\$191,064	\$68,755	\$200,307	\$361,890	\$166,337	\$797,288	(12.9%)
EBITDA Margin (%)	35.5%	28.9%	15.3%	24.5%	37.9%	24.6%	27.2%	(4.2 pp)
EBITDA Net of FF&E Reserve Margin (%)	32.1%	25.2%	12.4%	20.6%	34.4%	21.5%	23.7%	(3.7 pp)
Operating Assets								
Indicator	1T2017	2Q2017	3Q2017	4Q2017	1Q2018	2Q2018	LTM 2Q2018	% Var. 2Q2018 vs. 2Q2017
ADR (Usd.)	\$473	\$391	\$329	\$484	\$523	\$379	\$434	(3.2%)
ADR (Ps.)	\$9,538	\$7,281	\$5,860	\$9,243	\$9,778	\$7,279	\$8,143	(0.0%)
Occupancy (%)	63.2%	58.1%	52.3%	53.0%	69.5%	58.9%	58.4%	0.8 pp
RevPAR (Usd.)	\$299	\$227	\$172	\$256	\$364	\$223	\$253	(1.9%)
RevPAR (Ps.)	\$6,030	\$4,229	\$3,066	\$4,895	\$6,799	\$4,283	\$4,752	1.3%
Total Revenues (Usd. '000)	\$50,540	\$43,275	\$33,287	\$53,867	\$61,948	\$43,341	\$192,443	0.2%
Total Revenues (Ps. '000)	\$1,016,384	\$805,741	\$593,161	\$1,032,893	\$1,157,564	\$834,863	\$3,618,482	3.6%
EBITDA (Usd. '000) <sup>(1)</sup>	\$16,187	\$10,449	\$3,027	\$11,685	\$22,312	\$9,607	\$46,632	(8.1%)
EBITDA (Ps. '000) <sup>(1)</sup>	\$324,523	\$195,239	\$53,379	\$223,396	\$416,996	\$182,957	\$876,728	(6.3%)
EBITDA Net of FF&E Reserve (Usd. '000)	\$14,524	\$8,903	\$2,077	\$9,643	\$20,242	\$8,253	\$40,214	(7.3%)
EBITDA Net of FF&E Reserve (Ps. '000)	\$291,082	\$166,486	\$36,443	\$184,101	\$378,310	\$157,255	\$756,110	(5.5%)
EBITDA Margin (%)	31.9%	24.2%	9.0%	21.6%	36.0%	21.9%	24.2%	(2.3 pp)
EBITDA Net of FF&E Reserve Margin (%)	28.6%	20.7%	6.1%	17.8%	32.7%	18.8%	20.9%	(1.8 pp)



(1) EBITDA proforma agregado (SoTP) de la totalidad de los activos, no auditados y sin ajustes de consolidación.

During the **second quarter of 2018**, the Four Seasons Hotel Mexico City continued its excellent performance. On the other hand, overall results were mainly impacted by the fact that the Easter Holidays in 2018 occurred during March 2018, while in 2017 they occurred during the second quarter. In addition, the two travel alerts issued by the government of the United States of America (one in August 2017 and the other one in March 2018), affected the demand of the Hotels in Mayakoba.

Stabilized Assets reported the following operating indicators:

- **Occupancy** of 64.9%, representing a decrease of 0.4 pp (0.6%) compared with second quarter of 2017, as a net effect of the increase in the occupancy in the Four Seasons Hotel Mexico City and the decrease in the Stabilized Assets in Mayakoba.
- **ADR** of Ps. \$7,519 (Usd. \$391) and **RevPAR** of Ps. \$4,883 (Usd. \$254), which represents a decrease of 2.9% and 3.5% (in Usd.), respectively, compared with the same period of last year, mainly driven for the promotions launched by Mayakoba Hotels to encourage the demand.
- **EBITDA** reached Ps. \$190.8 million (Usd. \$9.9 million), registering a decrease of 14.7% (in Usd.) compared with the same period of last year, due to the effect on dates (2017 vs. 2018) of the Easter Holiday mentioned above and the two travel alerts mentioned above.
- **EBITDA Net of FF&E Reserve** was Ps. \$166.3 million (Usd. \$8.7 million), representing a decrease of 14.9% (in Usd.) compared with the same period of last year.

Regarding the **Operating Assets**, during the second quarter of 2018 the following operating indicators were reported, explained mostly by the comments in the previous section but considering the impact of our Asset in Ramp Up:

- The **Occupancy** was 58.9%, registered a slight increase compared with what was reached in the same period of last year.
- The **ADR** was Ps. \$7,279 (Usd. \$379) and **RevPAR** Ps. \$4,283 (Usd. \$223), which respectively stood 3.2% and 1.9% (in Usd.) below the same period of 2017.
- **EBITDA** reached Ps. \$182,957 million (Usd. \$9,607 million), representing a decrease of 8.1% (in Usd.) compared with the same period of last year, driven by the deviation of the results of the Stabilized Assets, compensated by the growth of the Andaz Hotel, which contributes positively to the variation of the year to date EBITDA of the Operating Assets YoY.
- **EBITDA Net of FF&E Reserve** was Ps. \$157.2 million (Usd. \$8.2 million), representing a decrease of 7.3% (in Usd.) compared with the same period of last year.

## Development Portfolio:

### *One&Only Mandarin hotel*

The Management Plan on 3 fronts continues with its execution. Regarding the jetty, the construction works of the chosen 3 structures started: one jetty structure and two breakwaters. As for the mock-up rooms, 37 rooms are currently being built (compared to 15 rooms in the last quarter), from which two stand out that have been finished and experienced: a *tree house* and an *ocean cliff*.

For more detail please visit the new web page: [www.discovermandarina.com](http://www.discovermandarina.com)

### *Branded One&Only and Rosewood Villas*

In April 2018, the Mandarin project was contributed by Actur to RLH. This implies that, to date, RLH is the owner of the entire marketing and development business of up to approx. 148 residences with the brands One&Only and Rosewood.

As of today, the pre-sale of 7 residences with the One&Only brand have been formalized. These residences are in the phase of executive design and construction. The construction and infrastructure of the internal roads shows a ~60% completion and is in line with the estimated scheduled.

For more detail please visit the new web page: [www.discovermandarina.com](http://www.discovermandarina.com)

**Selected data from consolidated and proforma Financial Results as of June 30, 2018.**

***Factors with a significant impact on the comparability of the presented data***

On April 24, 2017, RLH acquired a stake of 51% in the Rosewood Mayakoba, Fairmont Mayakoba, Banyan Tree Mayakoba and Andaz Mayakoba hotels, as well as the El Camaleón golf course, through the signing of a Sales and Purchase Agreement (“SPA”). Additionally, on May 19th, 2017, RLH acquired an additional stake of 29% (reaching a total stake of 80%) in the Rosewood Mayakoba and Fairmont Mayakoba hotels. On April 24, 2018, RLH acquired the remainder of OHL’s stake and, as a result of the acquisition, holds a 100% stake in the Rosewood Mayakoba Hotel, 89.84% of the Fairmont Mayakoba Hotel, 94.40% of the Banyan Tree Mayakoba Hotel, 60% of the Andaz Mayakoba Hotel and a 100% of the "El Camaleon" golf course. As a result, RLH’s consolidated statement from January 1 to March 31, 2017 only considers income from the Four Seasons Hotel in Mexico City.

However, for informative purposes, a proforma income statement is included from January 1 to June 30, 2017, considering the operations of all hotels (including the Mayakoba Perimeter). This proforma is compared to the actual results of 2018. The main financial indicators are shown on this section<sup>2</sup>.

**Selected Data from Consolidated and Proforma Financial Results as of June 30, 2018**

*Figures in Ps. \$ '000s, unless stated otherwise*

	<b>Aggregated Proforma<sup>1</sup> (1H 2017)</b>	<b>Consolidated (1H 2018)</b>	<b>Y-o-Y</b>
<b>Total Revenues</b>	<b>\$1,822,126</b>	<b>\$1,992,723</b>	<b>9.4%</b>
Rooms Revenues	\$1,044,106	\$1,133,077	8.5%
<i>% of total revenue</i>	<i>57.3%</i>	<i>56.9%</i>	
Food & Beverage Revenues	\$574,643	\$646,511	12.5%
<i>% of total revenue</i>	<i>31.5%</i>	<i>32.4%</i>	
Other Revenues	\$203,377	\$213,135	4.8%
<i>% of total revenue</i>	<i>11.2%</i>	<i>10.7%</i>	
<b>Recurring EBITDA<sup>(2)</sup></b>	<b>\$519,761</b>	<b>\$601,777</b>	<b>15.8%</b>
<i>Margin (%)</i>	<i>28.5%</i>	<i>30.2%</i>	
<b>Recurring EBITDA after corporate expenses<sup>(3)</sup></b>	<b>\$440,425<sup>(4)</sup></b>	<b>\$510,457</b>	<b>15.9%</b>
<i>Margin (%)</i>	<i>24.2%</i>	<i>25.6%</i>	

(1) Aggregated adjusted unaudited proforma with no IFRS adjustments that consists of the sum of RLH and the Mayakoba Perimeter for the 1Q2018.

(2) Recurring EBITDA is calculated as the GOP less real estate expenses (taxes and insurance).

(3) Recurring EBITDA after corporate expenses is calculated as the EBITDA from operating assets less RLH's corporate expenses. It doesn't consider non-recurring expenses nor non-recurring income.

(4) RLH's corporate expenses do not consider overhead related to the Mayakoba Perimeter, since the acquisition hadn't taken place yet. The acquisition was closed on May 2017.

<sup>2</sup> Gross Operating Profit (GOP) and EBITDA are not IFRS measures.

***Recurring EBITDA***

RLH's consolidated **recurring EBITDA was Ps. \$601.8 million, which represents a margin of 30.2%.**

Assuming the transaction would have taken place on January 1, 2017, EBITDA would have been Ps. \$519.8 million, which represents **an increase of 15.8% YoY.**

***Recurring EBITDA after corporate expenses***

RLH's recurring EBITDA after corporate expenses was Ps. \$510.5 million, which represents a **margin of 25.6%.**

Assuming the transaction would have taken place on January 1, 2017, the recurring EBITDA after corporate expenses would have been Ps. \$440.4 million, representing **an increase of 15.9%** above the same period of 2017.

## Cash Flow Statement

RLH's consolidated cash flow statement as of June 30, 2018 is shown below.

<b>Consolidated Cash Flow Statement</b>		
<i>Figures in Ps. \$ 000's. unless otherwise specified.</i>		
	<b>31-Dec-2017</b>	<b>30-Jun-2018</b>
<b>Operating activities</b>		
Gain (loss) before income taxes	(7,107)	(545,155)
<b>Adjustments for non cash items:</b>		
Depreciation and amortization	312,001	196,507
Income from furniture and equipment sales	(1,544)	0
Effects of Changes in Foreign Exchange Rates	0	0
Financial costs of preferred shares	19,888	0
FX of cash	364,454	(107,199)
FX of loans	(25,780)	6,355
Bargain purchase gain	(750,977)	0
Goodwill impairment	226,527	0
Interest income	(39,114)	(50,980)
Interest expense	231,878	118,551
Minority Interest	0	2,186
Long term compensation plan	0	819,072
<b>Subtotal</b>	<b>330,226</b>	<b>439,337</b>
Increase in clients and accounts receivables	(99,893)	45,133
Increase (decrease) in prepaid expenses	(21,803)	(55,439)
Change in accounts payables and accounts receivables to/from related parties	42,626	(124,925)
Increase (decrease) in inventory	(9,059)	2,222
Increase (decrease) in suppliers	39,491	(4,272)
Increase (decrease) in accounts payable and accumulated expenses	(253,438)	169,851
Increase in customer deposits	587,755	(6,402)
Income taxes paid	(74,496)	(18,677)
Compensation plan payments	0	(190,657)
<b>Net cash flow from operating activities</b>	<b>541,409</b>	<b>256,171</b>
<b>Investing activities</b>		
Furniture and equipment purchases, and Construction In Progress	(346,676)	(628,579)
Minority interest acquisition	0	(825,774)
Investment in minority interest shares	0	(246,167)
Income from furniture and equipment sales	1,544	0
Loan to related parties	0	0
Business acquisitions	(2,650,733)	0
Collected loans from related parties	40,000	(171,127)
Interest income	39,114	50,980
<b>Net cash flow from investing activities</b>	<b>(2,916,752)</b>	<b>(1,820,667)</b>
<b>Financing activities</b>		
Paid interests	(226,494)	(108,277)
Paid dividends on preferred shares	(35,148)	0
Capital increases through public offerings	2,314,486	1,918,372
Capital increase	66,438	0
Stock premium	0	1,982,319
Bank loans obtained	1,283,008	461,802
Paid loans to related parties	0	0
Bank loan payments	(1,528,004)	(463,646)
Payments due to preferred shares	(405,577)	0
Capital decrease	(12,000)	0
<b>Net cash flow from financing activities</b>	<b>1,456,708</b>	<b>3,790,570</b>
Increase (decrease) of financing activities	(918,635)	2,226,075
Cash and cash equivalents at the beginning of the period	4,913,086	3,629,998
FX gain on cash and cash equivalents	(364,454)	107,199
<b>Cash and cash equivalents at the end of the period</b>	<b>3,629,998</b>	<b>5,963,272</b>

***Cash flow from operating activities***

The cash flows from operating activities showed a positive result of Ps. \$256.1 million mainly attributed to (i) the elimination of non-cash items being the most representative, the recognition of the cost of the New Compensation Plan of Ps. \$819 million and a Ps. \$7.5 million net result from the accounts receivables and payables, (ii) partially offset by the unrealized FX gain in bank loans of Ps \$107.1 million and the payment of the compensation plan of Ps. \$190.6 million.

***Cash flow from investing activities***

The cash flows from investing activities had a negative effect of Ps. \$1,820.6 million mainly due to: (i) the Mayakoba minority acquisition of the hotels and the Golf Course to OHLA of Ps. \$825 million, (ii) to the additions of FF&E of Ps. \$628 million (Ps. \$331.3 million in acquisitions FF&E and Ps. \$297 million in investment in construction in process), (iii) the acquisition of the branded Fairmont Heritage Place Residences (FHP) of Ps. \$246 million, and (iv) loans granted to third parties of Ps. \$171 million, partially offset by interest charges of Ps. \$50.9 million.

***Cash flow from financing activities***

Net cash flow from financing activities had a positive result of Ps. \$3,790.5 million, mainly driven by the capital increase and share premium subscription of Ps. \$1,918.3 million and Ps. \$1,982.3 million, respectively, as well as for the bank loan obtained of Ps. \$463.6 million, partially offset by credit loan payment of Ps. \$463.6 million and loan interest payments of Ps. \$108.2 million.

## Financial Situation

RLH's balance sheet as of June 30, 2018, is shown below:

<b>Consolidated Balance Sheet</b>		
<i>Figures in Ps. \$'000s, unless stated otherwise</i>		
<b>Assets</b>	<b>(31 Dec 2017)</b>	<b>(30 Jun 2018)</b>
<b>Current Assets</b>		
Cash and cash equivalents	3,629,998	5,963,272
Accounts receivables	561,897	687,891
Related parties	60,437	0
Inventories, net	52,317	50,095
Customer deposits	63,724	119,163
<b>Total current assets</b>	<b>4,368,373</b>	<b>6,820,421</b>
<b>Non current assets</b>		
Plant, property, and equipment	11,950,017	13,452,175
Investment in Minority shares	0	243,981
Goodwill	154,576	150,643
Intangible Assets	592,413	576,856
Deferred taxes	144,748	151,046
Other assets, net	33,155	49,835
<b>Total non current assets</b>	<b>12,874,909</b>	<b>14,624,536</b>
<b>Total Assets</b>	<b>17,243,282</b>	<b>21,444,957</b>
<b>Liabilities and Stockholders' Equity</b>		
<b>Short term liabilities</b>		
Short term portion of bank loans	350,049	297,929
Preferred redeemable shares liability	0	0
Liability due to minorities purchase option	0	0
Suppliers	177,694	173,422
Payments in advance	594,585	588,183
Related parties	185,362	41,524
Taxes payable	18,677	4,034
Derivative financial instruments	0	0
Accounts payable and acumulated expenses	575,708	612,827
<b>Total short term liabilities</b>	<b>1,902,075</b>	<b>1,717,919</b>
<b>Long term liabilities</b>		
Long term bank loans	3,973,547	4,003,547
Liability due to minorities purchase option	1,048,153	0
Deferred income taxes	1,106,905	1,194,167
Derivative financial instruments	22,901	40,133
Workers benefits	5,627	7,028
<b>Total long term liabilities</b>	<b>6,157,133</b>	<b>5,244,875</b>
<b>Shareholders' Equity</b>		
Common stock	4,975,312	7,963,286
Additional paid-in capital	3,376,050	6,463,623
Other equity accounts	(142,941)	(142,941)
Adjustments for conversions	0	0
Accumulated results	(141,860)	(529,847)
Other integrated results	350,360	(32,529)
Minority interests	767,153	760,571
<b>Total shareholders' equity</b>	<b>9,184,074</b>	<b>14,482,163</b>
<b>Total liabilities and shareholders' equity</b>	<b>17,243,282</b>	<b>21,444,957</b>

***Cash and cash equivalents***

RLH ended the quarter with a cash and cash equivalents position of Ps. \$5,963.2 million compared to Ps. \$3,629.9 million as of December 31, 2017; the increase is mainly explained by the capital increase and share premium subscription of Ps. \$3,900.6 million, both successfully completed between March and April; partially compensated by acquisition of the Minority stake of OHL in the Mayakoba master plan and some related assets for Ps. \$825.7 million, the construction of the One&Only Mandarin Hotel and other constructions investments for Ps. \$297.0, the loan to third parties of Ps. \$ 246.1 million (Fairmont Heritage Place) and the payment of the new compensation plan for Ps \$190.6 million.

***Account Receivables***

Accounts receivables shows an increase of Ps. \$125.9 million compared to December 31, 2017, mainly driven by: (i) Ps. \$ 141 million as an account receivable regarding the recent transactions with OHL, (ii) an increase in other accounts receivables for Ps. \$ 37.4 million, and (iv) partially offset by a decrease in creditable VAT recovered through asset-level VAT refunds of the One&Only Hotel for Ps. \$ 34.3 million and decrease in clients for Ps. \$ 17.6 million.

***Related Parties***

Due to Mayakoba minority interest acquisition from OHL successfully completed in April 24, 2018, there were no accounts receivables from related parties reported as of June 30, 2018.

Liabilities with related parties as of June 30, 2018 has a balance of Ps. \$41.5 million, showing a decrease of Ps. \$ 143.8 million compared to the liability balance as of December 31, 2017, driven by the reclassification of the OHL intercompany balances into other accounts payable since are no longer considered as related parties.

***Fixed Assets, Goodwill and Intangible Assets***

The fixed assets showed a net increase of Ps. \$1,502.1 as of June 30, 2018, against December 31, 2017, mainly driven by: (i) the acquisition of the Mandarin project for Ps. \$982 million plus construction in process for Ps. \$297 million, (ii) other additions to fixed assets of Ps. \$332 million; partially compensated by the period's depreciation for Ps. \$177.2 million and a positive conversion effect from the valuation of fixed assets at the Mayakoba Perimeter in foreign currency for Ps \$68.1 million.

Regarding goodwill account, the variation is driven by the recognition of a negative conversion effect of Ps. \$3.3 million.

Intangible assets also decreased as of June 30, 2018 due to the recognition of the period's amortization for Ps. \$19.2 million and partially compensated by a positive conversion effect for Ps. \$3.6 million.

***Total bank debt and net debt***

As of June 30, 2018, the company had a total debt of Ps \$4,301.4 million, a decrease of Ps. \$22.2 million compared to the balance as of December 31, 2017; mainly explained by (i) the variation of the net debt of Ps. \$1.8 million between the amortization in debt payments and the granted debt of, and (ii) net interest between accrued and paid of Ps. \$10.3 million and FX loss in the amount of Ps. \$ 2.4 million.

***Deferred Taxes***

Deferred tax assets show a positive effect for Ps. \$6.3 million as of June 30, 2018, compared to December 31, 2017; however, the main change was in the deferred tax liability, which shows an increase of Ps. \$87.2 million due to higher fixed assets because of FX effects.

***Derivative financial instruments***

As of June 30, 2018, the financial instruments to cover the bank-loan interest rate risk are presented at their fair value, which meant the recognition of a net decrease between assets and liabilities of Ps. \$ 0.5 million as part of the Other Integrated Results.

***Equity***

The significant increase in equity is driven by: (i) the capital increase of Ps. \$2,987.9 million and the share premium of Ps. \$3,087.5 million, (ii) the net loss for the period ended June 30, 2018 for Ps. \$ 618.3 million, (iii) recognition of other comprehensive items generated by FX revaluation of investments in foreign operations for Ps. \$306.3 million, and (iv) recognition of shares issuance corresponding to the new compensation plan which will be accrued in accordance to the vesting period for Ps. \$689.2 million.

## Information about the total gross asset value

RLH board meeting held on July 25, 2018 approved the methodology to report a “**Total gross asset value**” on a yearly basis. This methodology considers the sum of the assets’ appraisals and other transactions at cost value. As of the second quarter of 2018, the Total gross asset value **was Usd. \$1,034.5 million**, and had the following considerations according the asset type:

- **Operating Assets:** Appraisals<sup>3</sup> from a third party (Jones Lang LaSalle “JLL”), considering the following adjustments:
  - o Banyan Tree Mayakoba: Asset value calculated as appraisal value with the hotel expansion minus the remaining capex investments for this project.
  - o Andaz Mayakoba: Appraisal value considering the ramp up period.
- **Assets under development:**
  - o One&Only Mandarin hotel: Asset value calculated as appraisal value from JLL minus the remaining capex investments for this project.
  - o Rosewood Mandarin hotel: Land appraisal value from JLL, considering a hotel project is in its preliminary designing phase.
  - o Mandarin branded residences: Land appraisal value from JLL, considering the project under development on a preliminary phase.
  - o Mayakoba branded residences: at acquisition price.
- **Other assets:** La Marina, Lot 13 (former Huaribe offices), 27.2% of the Lot 5’ and El Pueblito at acquisition price.

## Corporate Governance

RLH board meeting held on July 25<sup>th</sup>, 2018 approved the second quarter Financial Statements as of June 30, 2017.

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<sup>3</sup> Appraisal values as of Dec 31, 2017

Annex I

Consolidated Income Statement (non-audited)

Figures in Ps. 000's, unless stated otherwise

	Three-month period from April 1 to June 30			Six-month period from January 1 to June 30		
	2017	2018	Y-o-Y	2017	2018	Y-o-Y
Rooms	265,493	439,918	174,425	360,431	1,133,077	772,646
Food and beverage	178,393	300,798	122,405	218,179	646,511	428,332
Golf	2,012	13,495	11,483	10,203	37,840	27,637
Spa & fitness	18,029	28,387	10,358	19,128	62,934	43,806
Other hotel revenues	56,599	52,258	(4,341)	55,500	112,361	56,861
<b>Total Revenue</b>	<b>520,526</b>	<b>834,856</b>	<b>314,330</b>	<b>663,441</b>	<b>1,992,723</b>	<b>1,329,282</b>
Rooms costs and expenses	(76,782)	(125,219)	(48,437)	(90,091)	(283,694)	(193,603)
F&B costs and expenses	(112,993)	(164,207)	(51,214)	(135,991)	(336,409)	(200,418)
Golf expenses	(6,131)	(7,689)	(1,558)	(6,131)	(15,083)	(8,952)
Spa & fitness costs and expenses	(8,863)	(12,198)	(3,335)	(9,625)	(25,616)	(15,991)
Other minor operated departments costs and expenses	(50,319)	(17,267)	33,052	(52,585)	(39,234)	13,351
<b>Total Departmental Expenses</b>	<b>265,438</b>	<b>508,276</b>	<b>242,838</b>	<b>369,018</b>	<b>1,292,687</b>	<b>923,669</b>
General & Administrative recurrent costs and expenses	(24,499)	(101,683)	(77,184)	(34,088)	(196,950)	(162,862)
Information and Telecommunications Systems	(8,285)	(11,347)	(3,062)	(12,137)	(22,489)	(10,352)
Sales & Marketing	(44,283)	(72,656)	(28,373)	(56,783)	(148,279)	(91,496)
Maintenance expenses	(31,625)	(38,289)	(6,664)	(35,552)	(75,056)	(39,504)
Utilities	(19,735)	(37,090)	(17,355)	(23,024)	(69,386)	(46,362)
Management fees	(25,075)	(40,829)	(15,754)	(35,134)	(120,129)	(84,995)
Insurance	(12,595)	(17,936)	(5,341)	(14,048)	(38,067)	(24,019)
Property taxes	(5,259)	(9,989)	(4,730)	(7,030)	(20,554)	(13,524)
<b>Recurring EBITDA (including corporate incomes)</b>	<b>94,082</b>	<b>178,457</b>	<b>84,375</b>	<b>151,222</b>	<b>601,777</b>	<b>450,555</b>
Non-recurring income / (expenses)	(38,474)	2,552	41,026	(45,311)	(91,320)	(46,009)
<b>EBITDA (including corporate incomes)</b>	<b>55,608</b>	<b>181,009</b>	<b>125,401</b>	<b>105,911</b>	<b>510,457</b>	<b>404,546</b>
Other non-recurring income / (expenses)	875,188	(215,008)	(1,090,196)	841,521	(873,212)	(1,714,733)
<b>EBITDA (after corporate expenses)</b>	<b>930,796</b>	<b>(33,999)</b>	<b>(964,795)</b>	<b>947,432</b>	<b>(362,755)</b>	<b>(1,310,187)</b>
Depreciation & Amortization	(45,583)	(78,360)	(32,777)	(57,736)	(196,507)	(138,771)
<b>EBIT / Operation profit / (loss)</b>	<b>885,213</b>	<b>(112,359)</b>	<b>(997,572)</b>	<b>889,696</b>	<b>(559,262)</b>	<b>(1,448,958)</b>
<b>Cost of financing</b>						
Interest paid	(46,453)	(70,243)	(23,790)	(122,421)	(129,873)	(7,452)
Cost of preferred stock	(5,330)	0	5,330	(13,627)	0	13,627
FX loss	(101,221)	(181,489)	(80,268)	(564,800)	(330,399)	234,401
Financial costs	(153,004)	(251,732)	(98,728)	(700,848)	(460,272)	240,576
Interest gain / (loss)	6,589	41,539	34,950	12,443	50,980	38,537
FX gain	222,367	314,658	92,291	366,145	425,585	59,440
<b>Comprehensive financing cost</b>	<b>75,952</b>	<b>104,465</b>	<b>28,513</b>	<b>(322,260)</b>	<b>16,293</b>	<b>338,553</b>
<b>Profit / (loss) before taxes</b>	<b>961,165</b>	<b>(7,894)</b>	<b>(969,059)</b>	<b>567,436</b>	<b>(542,969)</b>	<b>(1,110,405)</b>
Minority Interest	0	(2,186)	(2,186)	0	(2,186)	(2,186)
Tax provision	69,586	(45,257)	(114,843)	165,244	(80,964)	(246,208)
<b>Consolidated net income / (loss)</b>	<b>1,030,751</b>	<b>(55,337)</b>	<b>(1,086,088)</b>	<b>732,680</b>	<b>(626,119)</b>	<b>(1,358,799)</b>

## RLH Properties announces its Second Quarter of 2018 Conference Call Invitation

We cordially invite you to the presentation of the Second Quarter of 2018 financial results, through a conference call.

**Date:** Tuesday, July 31<sup>st</sup> 2018.

**Time:** 12:00 p.m Mexico City (13:00 p.m. New York / 18:00 p.m. London / 19:00 p.m. Madrid).

**Presented by:**

- Jerónimo Bremer, Chairman of the Executive Committee.
- Borja Escalada, Chief Executive Officer.
- Juan Novoa, Chief Financial Officer.
- Francis Muûls, Executive Vice President Chief Asset Management & Transactions Office.
- Diego Laresgoiti, Capital Markets and Investor Relations.

**To access the call, please use the following dial-in:**

Toll Free: 1-877-407-8031

International Dial in: 1-201-689-8031

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**About RLH Properties, S.A.B. de C.V.**

*RLH Properties is an asset management holding company whose subsidiaries acquire, develop and manage city and beach high-end hotels and resorts in Mexico. Its main goal is to become the leading investment platform of high-end hotels and resorts in Mexico and the Caribbean, through the development of new hotels and the selective acquisition of operating hotels. Currently, the Company owns 100.0% of the Four Seasons Hotel in Mexico City, 100 % of the Rosewood Mayakoba hotel and the El Camaleón Golf Course, 95% of the Banyan Tree Mayakoba hotel, 90% of the Fairmont Mayakoba Hotel, and 60% of the Andaz Mayakoba Hotel, located in the Riviera Maya, 100% of the lots where the One&Only Mandarin and Rosewood Mandarin will operate and approx. 148 residences with those brands will be developed in the Riviera Nayarit, 50% of the cash flows from approx. 58 full ownership residences and 168 fractional units with the Fairmont Heritage Place brand, and other related assets in Mayakoba (El Pueblito, Marina Mayakoba and 27.2% of the lot 5').*

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