RLH | PROPERTIES

RLH Properties ("RLH A"), the first public Company specializing in high-end hotels in Mexico and the Caribbean, announces its third quarter 2023 financial results.

Mexico City. - RLH Properties (BMV: RLH A), the first public Company specializing in luxury and ultra-luxury hotels in Mexico, announces its financial results for the third quarter of 2023. Except where otherwise noted, all figures in the report were prepared following International Financial Reporting Standards ("IFRS") and expressed in nominal Mexican pesos.

3Q 2023 Relevant Information

Total revenues show a decrease of 30% compared to the same period of last year, due in part to the divestment of the assets in Spain in 2022, representing 16% of revenues in the third quarter of last year. Comparative revenues, excluding the assets in Spain, show a decrease of 19%, mainly due to the opening of the international market and the appreciation of the Mexican peso against the US dollar (16% average for the quarter).

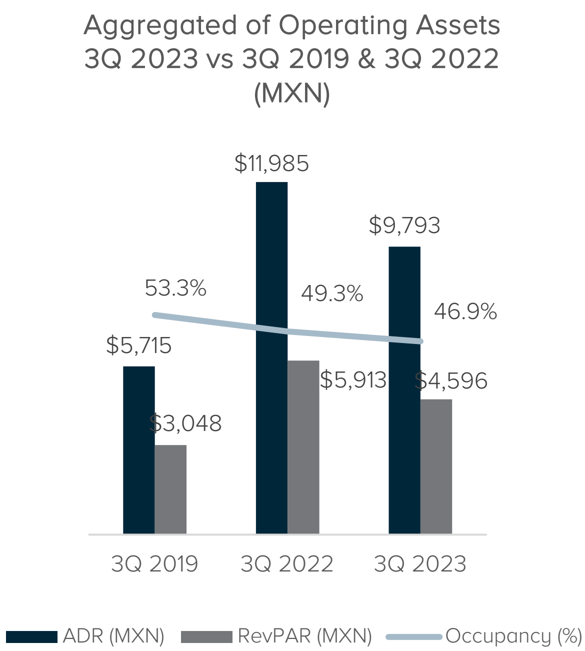
Consolidated P&L

Figures in thousands of MXN $ except where otherwise indicated

	Quarter					
	3Q 2023	%	3Q 2022	%	Var. 3Q 2023 vs. 3Q 2022	
Total Revenues	1,155,107	100%	1,649,124	100%	(494,017)	-30%
Hotel costs and expenses	(1,011,762)	-88%	(1,318,899)	-80%	307,137	-23%
Residence costs and expenses	(157,680)	-14%	(230,312)	-14%	72,632	-32%
Indirect expenses	(212)	0%	(406)	0%	194	-48%
Gross Operating Profit (GOP)	(14,547)	-1%	99,507	6%	(114,054)	-115%
Margin (%)	-1%		6%		23%	
EBITDA (after Owner Expenses)	(91,568)	-8%	43,268	3%	(134,836)	-312%
Margin (%)	-8%		3%		27%	

Operating gross profit (GOP) for the third quarter was MXN -$14.5 million, 115% lower than the same period of the previous year. Excluding assets in Spain, it represented a 19% decrease.

Consolidated recurring EBITDA after RLH corporate expenses for the third quarter was MXN -91.5 million, which included LIV and other residential expenditures, that accounted for 14% of the decrease.



The **occupancy rate** was 46.9%, registering a decrease of 2.4 p.p. compared to the same period of the previous year and a decrease of 6.4 p.p. compared to the same period in 2019.

The **average rate** was 9,793 (575 USD), representing a decrease of 18.3% versus the previous year and an increase of 71.3% compared to 2019 in local currency. On the other hand, the rate in US dollars registered a decrease of 2.9% compared to the previous year and an increase of 95.2% compared to 2019.

RevPAR was 4,596 (270 USD), which represented a decrease of 22.3% compared to the previous year and an increase of 50.8% compared to 2019 in local currency. Meanwhile, RevPAR, in US dollars, recorded a decrease of 7.6% over the previous year and an increase of 71.8% over 2019.

Hotel Assets Operating Statistics[1] 3Q2023

The following are the main aggregate operating indicators[2] of RLH Properties' **Hotel Assets** portfolio, as of the **third quarter** of **2023**:

Operating Indicators as of the 3rd Quarter of 2023

Stabilized Assets and Other Assets

Indicator	3Q 2019	3Q 2022	3Q 2023	% Var. 3Q 2023 vs. 3Q 2019	% Var. 3Q 2023 vs. 3Q 2022
ADR (USD)	$304	$533	$527	73.3%	(1.1%)
ADR (MXN)	$5,902	$10,794	$8,977	52.1%	(16.8%)
Occupancy (%)	58.1%	49.2%	47.2%	(11.0 pp)	(2.1 pp)
RevPAR (USD)	**$177**	**$263**	**$249**	**40.6%**	**(5.3%)**
RevPAR (MXN)	**$3,431**	**$5,315**	**$4,233**	**23.4%**	**(20.3%)**
Total Revenues (USD '000)	$28,110	$51,283	$51,145	81.9%	(0.3%)
Total Revenues (MXN '000)	$545,338	$1,038,018	$871,366	59.8%	(16.1%)
EBITDA* (USD '000)	$1,033	$5,019	$1,039	0.6%	(79.3%)
EBITDA* (MXN '000)	$19,088	$101,994	$17,949	(6.0%)	(82.4%)
EBITDA* Net of FF&E Reserve (USD '000)	$99	$3,424	($573)	(678.5%)	(116.7%)
EBITDA* Net of FF&E Reserve (MXN '000)	$983	$69,717	($9,511)	(1,067.2%)	(113.6%)
EBITDA Margin (%)	**3.5%**	**9.8%**	**2.1%**	**(1.4 bps)**	**(7.8 bps)**
EBITDA Net of FF&E Reserve Margin (%)	**0.2%**	**6.7%**	**-1.1%**	**(1.3 bps)**	**(7.8 bps)**

Operating Assets

Indicator	3Q 2019	3Q 2022	3Q 2023	% Var. 3Q 2023 vs. 3Q 2019	% Var. 3Q 2023 vs. 3Q 2022
ADR (USD)	$295	$592	$575	95.2%	(2.9%)
ADR (MXN)	$5,715	$11,985	$9,793	71.3%	(18.3%)
Occupancy (%)	53.3%	49.3%	46.9%	(6.4 pp)	(2.4 pp)
RevPAR (USD)	**$157**	**$292**	**$270**	**71.8%**	**(7.6%)**
RevPAR (MXN)	**$3,048**	**$5,913**	**$4,596**	**50.8%**	**(22.3%)**
Total Revenues (USD '000)	$30,680	$60,900	$60,533	97.3%	(0.6%)
Total Revenues (MXN '000)	$595,249	$1,232,650	$1,031,244	73.2%	(16.3%)
EBITDA* (USD '000)	($169)	$5,762	($285)	(68.6%)	(104.9%)
EBITDA* (MXN '000)	($4,245)	$117,243	($4,696)	(10.6%)	(104.0%)
EBITDA* Net of FF&E Reserve (USD '000)	($1,180)	$4,003	($2,115)	(79.3%)	(152.8%)
EBITDA* Net of FF&E Reserve (MXN '000)	($23,847)	$81,652	($35,881)	(50.5%)	(143.9%)
EBITDA Margin (%)	**-0.7%**	**9.5%**	**-0.5%**	**(0.3 bps)**	**(10.0 bps)**
EBITDA Net of FF&E Reserve Margin (%)	**-4.0%**	**6.6%**	**-3.5%**	**(0.5 bps)**	**(10.1 bps)**

* Aggregated EBITDA (SoTP) of the operating assets, unauditted without adjustments due to financial consolidation.

[1] The indicators and results presented do not consider the results of the LIV GOLF tournament held during February 2023 at Camaleón Mayakoba, nor the results of the assets in Spain for 2022, for comparative purposes.

[2] Aggregate operating hotel information is based on USALI (Uniform System of Accounts for the Lodging Industry) and includes the sum of hotel assets.

Occupancy Rate

The occupancy rate was 46.9%, registering a decrease of 2.4 p.p. compared to the same period of the previous year and a decrease of 6.4 p.p. compared to the same period in 2019.

In addition to the fact that the third quarter of the year represents the season with the lowest demand for most of Mexico's beach destinations, these destinations experienced, during the quarter, an adjustment in demand caused by the recovery of competitive destinations with historical relevance, mainly in Europe and Asia. This effect was much more noticeable in the luxury segment, considering that its preponderantly North American demand had modified its travel trends due to pandemic-related restrictions, thus benefiting Mexican markets.

At the beginning of the quarter, the Middle East was already positioned internationally with the best cumulative recovery levels, being the only region with a tourist flow level above 2019. Europe's second-greatest recovery reached 91% of pre-pandemic levels, with solid domestic and US demand.

The recovery of international air traffic in Asia during the quarter presented levels that almost doubled those achieved during the same period of the previous year. However, there is still a gap compared to 2019 levels. Air traffic in Mexico's main beach destinations during the quarter remained at similar levels to the same period of the previous year; however, there was a net effect between the increase in domestic demand and the decrease in international demand.

Within the portfolio, Banyan Tree Mayakoba hotel stood out, whose strategy allowed demand volume to increase over the previous year's level, which had already reached a significant level despite demand adjustments following the complete opening of international destinations. Meanwhile, Banyan Tree Mayakoba and Rosewood Mayakoba hotels managed to position their demand levels significantly above 2019 levels. The Fairmont Mayakoba Hotel presented significant growth over the previous year related to the availability of its total inventory after its renovation.

Ultimately, the One&Only Mandarina and Andaz Mayakoba hotels had the most significant negative impact on demand compared to the previous year. On the one hand, One&Only Mandarina hotel, as one of the main ultra-luxury competitors in the destination, had repercussions due to the tourist reconfiguration after the international reopening, with a decrease in North American demand during the quarter. The impact of Andaz Mayakoba hotel was related to a much more competitive market than the rest of the assets in the portfolio.

Average Rate

The average rate was 9,793 (575 USD), representing a decrease of 18.3% compared to the previous year and an increase of 71.3% compared to 2019 in local currency. Meanwhile, the rate in US dollars registered a decrease of 2.9% compared to the previous year and an increase of 95.2% compared to 2019.

Considering that the portfolio's rates are set in US dollars, the pricing strategy avoided a significant downward impact despite the pressures caused by the generalized contraction in demand. The negative effects of rates on Mexican pesos were directly related to the appreciation of this currency against the US dollar.

In this sense, **the third quarter of 2023 registered an appreciation of the Mexican peso of 17.5% compared to the previous year**, going from an average of 20.05 MXN/USD in the third quarter of 2022 to 17.06 MXN/USD in the third quarter of 2023. As for **2019, there was a 13.8% appreciation, with the average exchange rate** going from 19.42 MXN/USD in Q3 2019 to 17.06 MXN/USD in Q3 2023.

Fairmont Mayakoba Hotel **recorded the most significant rate increase in the quarter**, capitalizing on its new positioning after the renovation. **Four Seasons Mexico City** hotel had the **second-largest increase in the portfolio, which is** related to the hotel's sustained dominance in the market in which it operates.

RevPar

RevPAR was 4,596 (270 USD), which represented a decrease of 22.3% compared to the previous year and an increase of 50.8% compared to 2019 in local currency. Meanwhile, RevPAR, in US dollars, recorded a decrease of 7.6% over the previous year and an increase of 71.8% over 2019.

The negative impact on RevPAR during the quarter was directly related to the contraction in demand. However, the pricing strategy achieved a **lower effect on most of the assets in the portfolio than the generalized impact of the markets in which they compete**. In this regard, **Rosewood Mayakoba and Banyan Tree Mayakoba** hotels stand out, as during the quarter, they **led the RevPAR level of the market in which they compete**, considering that both hotels belong to the same segment within the same destination.

Although **One&Only Mandarina hotel was impacted by the contraction in demand** during the quarter, it is worth mentioning that it **has positioned itself as the leader in the luxury segment in the destination in which it competes** by presenting the highest RevPAR level, both in the quarter and cumulatively since the beginning of the year.

The **Four Seasons Mexico City hotel continued to significantly lead the market in which it competes during the quarter**; therefore, this asset, which currently represents the only urban asset in the portfolio, has provided an important balance when seasonality has impacted demand for other assets.

Finally, the **Fairmont Mayakoba Hotel presented the highest RevPAR growth in the portfolio during the quarter, primarily** due to the availability of its total inventory after its renovation.

EBITDA

EBITDA for the quarter was below the level recorded last year and in 2019. This impact was directly related to the generalized contraction of demand in the luxury segment and the effect of the appreciation of the Mexican peso against the US dollar.

Although the portfolio's rates are fixed in US dollars, the expense structure is mostly in local currency. So, the appreciation of the Mexican peso against the US dollar has brought significant pressure on the portfolio's profitability. When analyzing the impact in Mexican pesos, it becomes evident that the rates set in US dollars result in a lower equivalence than expected; this, in turn, leads to a decrease in the volume of income available to cover a fixed expense structure that has not been affected in the same manner. On the other hand, if the effect in US dollars is analyzed, the volume of revenues will remain constant considering expectations, but a greater investment of US dollars will be required to cover the fixed cost structure, given the favorable equivalence in Mexican pesos. In both cases, the profitability margin is affected either by lower revenue generation or the higher investment required to cover the fixed cost structure.

During the quarter, total revenue generation in US dollars was very close to that of the previous year, i.e., despite the contraction in demand in the luxury segment, the portfolio as a whole managed to achieve a level of total revenue that almost doubled that recorded in 2019. However, profitability was impacted to such a degree that the EBITDA level was below that recorded in 2019. This impact on profitability has the same effect in Mexican pesos and US dollars, so the EBITDA variations compared to the previous year in both currencies are very similar.

The appreciation of the Mexican peso during the quarter is estimated to have had a negative impact of 7.4 percentage points on the EBITDA margin of the portfolio.

Information related to the Residential Business

The following are the main commercial indicators for RLH's Residential Business [3] as of the third quarter of 2023:

Component	Total Inventory	Sales 2023 [3]	Sales held as of September 30, 2023	Available Inventory	Purchase Agreements Signed in 2023
Residences	319	11	230	89	7
Mayakoba	279	10	210	69	6
Rosewood Residences	33	-	31	2	1
Fairmont Heritage Place (FO) (a)	54	3	37	17	2
Fairmont Heritage Place (FC) (b)	192	7	142	50	12
Mandarin	40	1	20	20	2
Mandarina Private Homes O&O (c)	40	1	20	20	2

(a) FO refers to units that are marketed as "Full Ownership."
(b) FC means units that are marketed as "Fractions."
(c) Only the units of the lots that are active are reported.

[3] Under International Financial Reporting Standards, income from the sale of residences is recognized when control of the property is transferred, which is at the time the property is deed. under International Financial Reporting Standards.

Third quarter 2023 results

Total Revenues

During the quarter, total revenues showed a decrease of 30% compared to the same period last year, mainly due to the divestment of the assets in Spain in 2022, which represented 16% of revenues in the third quarter of last year; likewise, excluding the revenues from Spain in 2022, the portfolio showed a 19% decrease compared to the same period the previous year.

Hotel revenues decreased by 17%, excluding Spain, mainly due to lower hotel occupancy as a result of seasonality, the opening of the international market, and the appreciation of the Mexican peso against the US dollar by 13% compared to the third quarter of 2022, which had a net negative impact on our results of 19% in the beach hotels and 8% in the Four Seasons Hotel in Mexico City.

The 29% decrease in residential revenues is mainly because one more unit was deeded during the same quarter of the previous year.

RLH Properties' total revenues for the quarter amounted to $1,155.1M:

- 545.4M in revenues from room and residence rentals (47% of revenues).
- 330.9M in revenues from food and beverage (29% of revenues).
- 145.7M in other hotel revenues (13% of revenues).
- 133.1M in revenues from residential sales (11% of revenues).

Costs and expenses

During this quarter, RLH Properties' costs and overhead expenses were $1,140.4M:

- 240.1M in food and beverage costs and expenses (21% of costs and overhead).
- 234.3M in IT and telecommunications, marketing, and maintenance expenses (21% of costs and overhead).
- 174.8M in administrative and operating expenses (15% of costs and overhead).
- 181.4M in room expenses (16% of costs and overhead).
- 131.7M in other departmental expenses and essential services (12% of costs and overhead).
- 99.1M in costs from the sale of residences (8% of costs and overhead).
- 79.0M in operating fees, insurance, and property expenses (7% of costs and overhead).

Costs and overheads showed a 25% decrease compared to the same period in 2022.

EBITDA

Hotel EBITDA for the quarter reached 10.7M, registering a decrease of 92% compared to the same period of 2022, while total EBITDA stood at -62.2M, reporting a reduction of 244% compared to the same period of 2022. The decrease in recurring EBITDA is mainly attributed to the opening of the international market and the appreciation of the peso against the US dollar of 13% versus the exchange rate of the same quarter of the previous year.

Corporate expenses

During the quarter, recurring corporate expenses showed a 30% increase compared to the same period in 2022, mainly due to a lag in expense execution.

Comprehensive financing result

During the quarter, the financial debt and the foreign exchange loss generated a financial cost of 290M, while the net financing cost decreased to 46.1M and is broken down as follows:

Comprehensive financing result

Figures in thousands MXN $ except where otherwise indicated

	3Q 2023	3Q 2022	Var. y/y
Financing Costs			
Interest and financial costs	(119,175)	(132,637)	13,462
Foreign exchange loss	(170,824)	(126,052)	(44,772)
Financial cost	(289,999)	(258,689)	(31,310)
Interest earned	50,267	16,287	33,980
Exchange profit	193,649	138,352	55,297
Financing costs	(46,083)	(104,050)	57,967

Net loss for the period

During the quarter, the net loss was 79.1M, a decrease of 51% compared to the same quarter of the previous year, due to the reduction of costs and selling expenses and the activation of tax loss carryforwards.

Cash flow 2023

Net cash flow from operating activities was negative 526.2M due to several factors, including in particular, the decrease in advanced deposits from hotel services, the payment of taxes and employee profit sharing (PTU), the increase in real estate inventory, and a reduction in accounts payable and provisions of 1,183.5M, offset by non-cash items of 197.1M and EBITDA of 854.5M. Net cash flow from investing activities was negative 951.7M due to CAPEX and intangible investments of 1,098.7M, offset by 147.0M of interest income. Net cash flow from financing activities was negative 530.6M due to bank loan repayments of 222.0M and interest paid of 308.6M.

Financial Status

Cash and Liquidity

As of September 30, 2023, the cash and cash equivalents RLH position is 3,056.4M, showing a decrease of 2,008.5M compared to December 31, 2022, originated by the investment in CAPEX and intangibles for 1,078.0M, cash flow used in operating activities for 591.6M, the payment of the principal loan and interest for 530.6M, partially offset by interest collected of 147.1M.

Accounts Receivable.

As of September 30, 2023, show a decrease of 355.1M compared to December 31, 2022, mainly due to a reduction in accounts receivable from customers of 253.4M, recovery of Income Tax, and application of credit balances of 62.3M, recovery and application of VAT of 16.7M and a decrease in other accounts receivable of 54.4M; offset by an increase in accounts receivable from related parties of 28.0M (mainly condominium fees).

Real estate inventories

As of September 30, 2023, short-term real estate inventories show a balance of 1,433.1M and are comprised of land under development for 423.2M and work in progress for 1,009.9M, an increase of 19.0M compared to December 31, 2022, mainly due to the advancement of residences under construction. Long-term real estate inventories correspond to land to be developed for 762.6M.

Fixed assets, goodwill, and intangible assets

As of September 30, 2023, fixed assets had a net decrease of 466.5M compared to December 31, 2022, mainly due to the negative translation effect as a result of the appreciation of the peso against the dollar (9% for the nine months of the year) concerning the valuation of fixed assets in foreign currency for 1,120.5M, depreciation for 402.2M and write-offs for 21.8M; offset by fixed asset additions and investments in construction in progress for 1,078.0M.

As of September 30, 2023, intangible and other assets had a net decrease of 61.7M compared to December 31, 2022, mainly due to the negative translation effect derived from the appreciation of the peso against the dollar for 33.1M and the amortization of the period for 49.1M, offset by additions of 20.7M.

Goodwill of $142.4M shows a decrease of $9.4M due to the negative translation effect derived from the appreciation of the peso against the US dollar.

Customer advances

As of September 30, 2023, total customer advances amounted to $1,837.7M, comprised of $1,050.0M of deposits received from the promise of sale contracts for villas and $787.7M of advances from hotel customers.

The decrease of 123.0M from December 31, 2022, mainly in hotel advances of 217.0M due to low hotel occupancy as a result of seasonality during the third quarter, the opening of the international market, and 378.0M for the sale of residences, offset by the increase in residential advances of 309.2M.

Total bank debt

As of September 30, 2023, the group's total debt is 5,750.0M, showing a decrease of 840.7M compared to the balance of December 31, 2022; such decrease is mainly due to the exchange rate fluctuation derived from the appreciation of the peso against the dollar (12%) for 593.0M, loan payments for 221.9M and the amortization of opening costs for 25.8M.

As of September 30, 2023, 100% of the Company's total debt is denominated in US dollars, with a weighted average financial cost of 6.49%. Additionally, debt maturities are long-term.

The following table presents the details of the debt position:

Component	3Q2023	Currency	Interest rate	Expiration
Figures in thousands of USD except where otherwise indicated.				
Four Seasons Mexico City	54,669	USD	2.76%+ SOFR	2030
Fairmont Mayakoba	63,483	USD	2.76%+ SOFR	2032
Rosewood Mayakoba	46,122	USD	2.66%+ SOFR	2028
Banyan Tree Mayakoba (Section a)	14,620	USD	2.59%+ SOFR	2030
Banyan Tree Mayakoba (Section b)	25,448	USD	2.69%+ SOFR	2030
Andaz Mayakoba	48,921	USD	3.00%+ SOFR	2032
One&Only Mandarin	73,077	USD	2.97%+ SOFR	2029
Total debt position (1)	326,340			

(1) Banxico's USD applied TC at the end of 3Q2023

Derivative financial instruments

As of September 30, 2023, the financial instruments held by the group to hedge the interest rate risk of its bank loans, which are presented at fair value, show an increase due to the expected trend of rising market rates and offset by the 9% appreciation of the peso against the US dollar, and such effect reflects a positive hedge in the amount of 26.6M, the effect of which was recorded in other comprehensive income. These products, with maturities until 2031, were paid at the time of closing the operations and have the following characteristics:

Company	Notional Pesos	Date of hire	Expiration	Fixed-rate	Variable rate	Fair value at	
					September 30, 2023	September 30, 2023	December 31, 2022
Four Seasons Derivative 1	200,432	26-Jun-18	24-Nov-25	3.03%	5.38%	$23,848	$15,222
Four Seasons Derivative 2	450,973	01-Mar-17	24-Nov-23	2.32%	5.38%	$3,793	$13,350
Rosewood	613,605	Dec 14, 18	15-Jun-27	2.99%	5.41%	$33,791	$28,083
Banyan Tree Derivative 1	312,731	24-Jul-18	09-May-27	1.95%	5.37%	$27,590	$28,716
Banyan Tree Derivative 2	208,487	24-Jul-18	10-May-27	1.95%	5.37%	$18,451	$19,734
Fairmont Derivative	1,015,260	23-Jul-20	20-Jun-31	1.61%	5.40%	$125,561	$126,515
O&O Mandarin	977,222	16-Jun-22	30-Jun-26	3.46%	5.39%	$29,362	$16,319
Active financial instruments						$262,396	$247,939

Stockholders' equity

The decrease in stockholders' equity of 575.4M is due to the appreciation of the peso against the dollar, resulting in a reduction of the valuation of assets of 490.3M and the net loss for the period of 111.8M, offset by the positive result of the valuation of financial instruments of 26.6M.

Corporate Governance

On October 23, 2023, the Board of Directors of RLH held a meeting to approve the Financial Statements as of September 30, 2023, which were unanimously approved.

Annexes

Portfolio:

As of September 30, 2023, RLH has **10 business components in the luxury and ultra-luxury segment** totaling **approx. 1,392 hotel rooms** (1,253 in operation and approx. 140 under development), **approx. 235 *full-ownership* residences and 192 fractional units,** both with associated hotel brands, and one 18-hole golf course:

- **Operating Assets** (6 hotels with 1,253 rooms and one 18-hole golf course):
  - **Stabilized Assets** (5 hotels, 1,148 rooms): Four Seasons Mexico City Hotel (240 rooms), Rosewood Mayakoba Hotel (129 rooms), Banyan Tree Mayakoba Hotel (164 rooms), Fairmont Mayakoba Hotel (401 rooms) and the Andaz Mayakoba hotel (214 rooms).
  - **Assets in *Ramp Up*** (1 hotel, 105 rooms): One&Only Mandarina Hotel. This hotel started operations in November 2020 and is currently in stabilization.
  - **Other Assets** (1 golf course, 18 holes): The El Camaleón golf course was designed by famed Australian golfer Greg Norman and is the first to host a PGA tournament outside the United States and Canada.
- **Assets under development** (1 hotel with approximately 140 rooms, 235 *full ownership* residences, and 192 fractional units, both with hotel brand):
  - **Rosewood Mandarina Hotel** (approx. 140 rooms): The Rosewood Mandarina hotel is currently under construction.
  - **Residences in Mandarina with One&Only and Rosewood brands** (up to 148 residences): The One&Only Mandarina residences are in the marketing and construction stage. Rosewood Mandarina residences will be developed in the future as the Rosewood Mandarina hotel progresses.
  - **Fairmont and Rosewood branded residences at Mayakoba** (approx. 87 *full ownership* residences and 192 fractional units): Fairmont Heritage Place considers an inventory of approx. *Fifty-four full-ownership* residences and 192 fractional units. Rosewood Residences has an inventory of 33 *full-ownership* residences.

Reconciliation between Operating Results and Consolidated Income Statements

The main variations between the Consolidated Income Statement and the Aggregate Operating/Hotel Results are shown below:

The Consolidated Income Statement presents EBITDA before corporate expenses plus other income, compared to aggregate hotel Operating EBITDA.

MXN million		
Hotel EBITDA 3Q2023		**1,217**
Owner's Expenses/Income	MXN (161M)	(32)
Residential Business Results		(68)
Golf Tournament (LIV)		(41)
Classification under IFRS		(16)
Holdings and Canalan		(4)
Consolidated Income Statement 3Q2023		**1,056**

The net difference of MXN ($161M) derives from:

i. Owner's income/expenses are not included in hotel EBITDA. They are recorded in the consolidated income statement. Various factors, such as extraordinary CAPEX of assets and legal fees, influence the owner's income/expenses. (MXN $(32) Million).
ii. MXN ($68) million from the Results of the Residences: Fairmont Heritage Place, Rosewood Residences, Mandarina Private Homes.
iii. The LIV Tournament, held in February at the Camaleón, generated MXN $(41) million, not considered in the Hotel EBITDA.

Income Statement 3Q2023

The main 3Q2023 consolidated financial results of RLH are shown below:

Consolidated P&L

Figures in thousands of MXN $ except where otherwise indicated

	Quarter					
	3Q 2023	%	3Q 2022	%	Var. 3Q 2023 vs. 3Q 2022	
Hotel Revenues	1,022,006	88%	1,460,483	89%	(438,477)	-30%
Hotel costs and expenses	(1,011,265)	-88%	(1,318,899)	-80%	307,634	-23%
Hotel EBITDA	**10,740**	**1%**	**141,584**	**9%**	**(130,844)**	**-92%**
Residences	133,101	12%	188,641	11%	(55,540)	-29%
Residence costs and expenses	(96,018)	-8%	(198,948)	-12%	102,930	-52%
Sales and marketing expenses	(32,840)	-3%	(31,364)	-2%	(1,476)	5%
Indirect expenses	(212)	0%	(406)	0%	194	-48%
Operating Profit	**14,772**	**1%**	**99,507**	**6%**	**(84,735)**	**-85%**
Owner expenses	(81,785)	-7%	(62,760)	-4%	(19,025)	30%
Other non-recurring income	4,764	0%	6,521	0%	(1,757)	-27%
				0%		
EBITDA	**(62,249)**	**-5%**	**43,268**	**3%**	**(105,517)**	**-244%**
Depreciation & Amortization	(151,911)	-13%	(181,445)	-11%	29,534	-16%
Financing costs	(46,083)	-4%	(104,050)	-6%	57,967	-56%
				0%		
(Loss) Profit before income taxes	**(260,243)**	**-23%**	**(242,227)**	**-15%**	**(18,016)**	**7%**
Deferred tax benefit	152,847	13%	162,433	10%	(9,586)	-6%
Inccome Tax provision	28,272	2%	(82,349)	-5%	110,621	134%
				0%		
(Loss) Net Profit	**(79,124)**	**-7%**	**(162,143)**	**-10%**	**83,019**	**-51%**

Financial Status

The consolidated balance sheet of RLH as of September 30, 2023, is shown below.

Consolidated Balance Sheet

Figures in thousands of MXN $ except where otherwise indicated

Assets	September 2023	December 2022	Var. 3Q 2023 vs. 3Q 2022	
Cash and Cash equivalents	3,056,359	5,064,823	(2,008,464)	-40%
Accounts receivable and related parties	860,544	1,215,682	(355,138)	-29%
Real estate inventories	1,433,104	1,414,089	19,015	1%
Other items of current assets	364,333	366,300	(1,967)	-1%
Current Assets	5,714,340	8,060,894	(2,346,554)	-29%
Fixed assets, intangibles and goodwill	15,789,211	16,326,852	(537,641)	-3%
Real estate inventories	762,568	762,568	0	0%
Differed Taxes	1,122,985	941,603	181,382	19%
Derivative financial instruments	258,604	234,589	24,015	100%
Other items of non-current assets	100,253	125,188	(24,935)	-20%
Non-current assets	18,033,621	18,390,800	(357,179)	-2%
Total assets	23,747,961	26,451,694	(2,703,733)	-10%
Liabilities				
Short-term portion of bank loans	362,237	333,293	28,944	9%
Advanced Deposits	1,837,715	2,123,101	(285,386)	-13%
Accounts payable	1,315,816	2,284,546	(968,730)	-42%
Short term liabilities	3,515,768	4,740,940	(1,225,172)	-26%
Long term debt	5,387,717	6,257,401	(869,684)	-14%
Differed Taxes	752,412	842,039	(89,627)	-11%
Other long term liabilities	218,228	162,064	56,164	35%
Long term liabilities	6,358,357	7,261,504	(903,147)	-12%
Equity	13,873,836	14,449,250	(575,414)	-4%
Total liabilities and equity	23,747,961	26,451,694	(2,703,733)	-10%

RLH | PROPERTIES

Cash Flow Statement

RLH's consolidated cash flow statement as of September 30, 2023, is shown below.

Consolidated Cash Flow Statement				
Figures in thousands of MXN $ except where otherwise indicated				
	30-sep-23	30-sep-22	Var. 3Q 2023 vs. 3Q 2022	
	2023	2022		
Operating Activities				
EBITDA	854,486	965,410	(110,924)	11%
"+ (-) Items without impact on cash"	(197,142)	136,340	(333,482)	-245%
"+ (-) Working Capital"	(1,183,510)	148,870	(1,332,380)	-895%
Net cash flows (used) from operating activities	(526,166)	1,250,620	(1,776,786)	-142%
Cash flow used in investing activities	(951,666)	(688,503)	(263,163)	38%
Net cash flows (used) from financing activities	(530,632)	33,402	(564,034)	-1689%
(Decrease) increase in cash and cash equivalents	(2,008,464)	595,519	(2,603,983)	-437%
(+) Cash and cash equivalent at the beginning of the period	5,064,823	4,660,894	403,929	9%
Cash and Cash Equivalents	3,056,359	5,256,413	(2,200,054)	-42%

About RLH Properties, SAB de CV.

RLH Properties is a leading company in its sector, listed on the Mexican Stock Exchange, specializing in acquiring, developing, and managing luxury and ultra-luxury hotels, resorts, and residential products associated with hotel brands. Based in Mexico City since 2013, RLH Properties is mainly owned by pension funds, institutional investors, and Mexican family wealth management offices. RLH's investment strategy focuses on AAA assets situated in unique locations with high barriers to entry, in markets with low supply in proportion to current and future demand, and in partnership with the best hotel operators internationally. RLH's current portfolio includes Rosewood Mayakoba, Fairmont Mayakoba, Banyan Tree Mayakoba, Andaz Mayakoba, Four Seasons CDMX, One&Only Mandarina, El Camaleón Mayakoba, Rosewood Residences Mayakoba, Fairmont Heritage Place Mayakoba, and One&Only Mandarina Private Homes. It also has two projects under development, Rosewood Mandarina and Rosewood Residences Mandarina, which are scheduled to open in 2024. For more information, please visit: www.rlhproperties.com