RLH Properties ("RLH A"), the first public Company specializing in high-end hotels In Mexico and the Caribbean, announces its fourth quarter 2023 and year 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 fourth quarter of 2023 and year 2023. Except where otherwise noted, all figures in the report were prepared following International Financial Reporting Standards ("IFRS") and expressed in nominal Mexican pesos.

4Q 2023 and year 2023 Relevant Information

Consolidated P&L

Figures in thousands MXN $ except where otherwise indicated

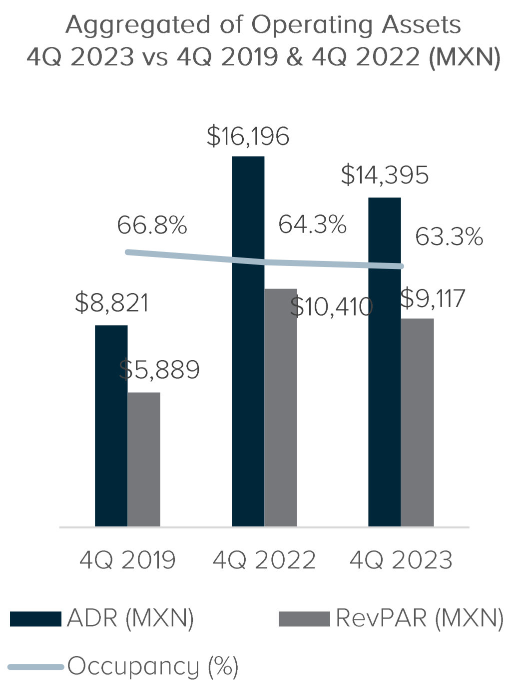
	4Q 2023	%	4Q 2022	%	Var. a/a trimestral		2023	%	2022	%	Var. y/y	
Total Revenues	2,054,658	100%	2,695,100	100%	(640,442)	-24%	7,482,947	100%	9,030,292	100%	(1,547,345)	-17%
Hotel Costs and Expenses	(1,421,525)	-69%	(1,696,059)	-63%	274,534	-16%	(5,317,450)	-71%	(5,990,863)	-66%	673,413	-11%
Residence Costs and Expenses	(228,410)	-11%	(542,614)	-20%	314,204	-58%	(699,360)	-9%	(1,405,711)	-16%	706,351	-50%
Indirect Expenses	(15,401)	-1%	(8)	0%	(15,393)	192413%	(20,318)	0%	(953)	0%	(19,365)	2032%
Gross Operating Profit (GOP)	389,322	19%	456,419	17%	(67,097)	-15%	1,445,819	19%	1,632,765	18%	(186,946)	-11%
Margin (%)	19%		17%		10%		19%		18%		12%	
EBITDA	323,968	16%	390,047	14%	(66,079)	-17%	1,178,452	16%	1,355,457	15%	(177,005)	-13%
Margin (%)	16%		14%		10%		16%		15%		11%	

During the quarter, total revenues showed a decrease of 24% compared to the same period of last year, mainly due to the divestment of the assets in Spain in 2022, which represented 5% of revenues. Comparative revenues, excluding the assets in Spain, showed a decrease of 20%, mainly due to lower hotel occupancy affected by an adjustment in demand explained by the recovery of competitive destinations in Europe and Asia and the appreciation of the Mexican peso against the US dollar[1]. In turn, the comparative total annual revenues showed a decrease of 17% compared to 2022.

Gross operating profit (GOP) for the fourth quarter was 390M, 15% lower than the result of the same period of the previous year. The 2023 result reached 1,446M, representing a decrease of 11% compared to 2022.

Consolidated recurring EBITDA after corporate expenses of RLH for the fourth quarter decreased 17% year-over-year to 324M. Includes LIV event and other residential expenses.

[1] The appreciation of Mexican peso was 12.0% compared to the fourth quarter of the previous year, going from an average of MXN19.70/USD in the fourth quarter of 2022 to MXN17.58/USD in the fourth quarter of 2023.

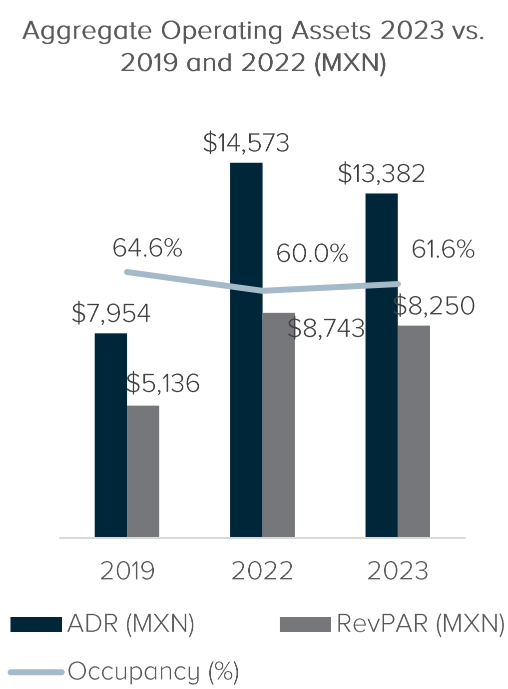


The **occupancy rate** was 63.3%, registering a decrease of 0.9 p.p. compared to the same period of the previous year and a decrease of 3.4 p.p. compared to the same period in 2019.

The **average rate** was 14,395 (827 USD), representing a decrease of 11.1% versus the previous year and an increase of 63.2% with respect to 2019 in local currency. On the other hand, the rate in US dollars registered an increase of 0.1% compared to the previous year and an increase of 80.0% compared to 2019.

RevPAR was 9,117 (524 USD), which represented a decrease of 12.4% compared to the previous year and an increase of 54.8% compared to 2019 in local currency. Meanwhile, RevPAR, in US dollars, recorded a decrease of 1.4% over the previous year and an increase of 70.7% over 2019.

2023 Relevant Information



The **occupancy rate** was 61.6%, registering an increase of 1.7 p.p. compared to the same period of the previous year and a decrease of 2.9 p.p. compared to the same period in 2019.

The **average rate** was 13,382 (750 USD), which represented a decrease of 8.2% with respect to the previous year and an increase of 68.2% with respect to 2019 in local currency. On the other hand, the rate in US dollars registered an increase of 3.3% compared to the previous year and an increase of 81.0% compared to 2019.

RevPAR was 8,250 (462 USD), which represented a decrease of 5.6% with respect to the previous year and an increase of 60.6% with respect to 2019, in local currency. Meanwhile, RevPAR, in US dollars, recorded an increase of 6.1% over the previous year and an increase of 72.8% over 2019.

Hotel Assets Operating Statistics 4Q2023

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

Operating Indicators as of the 4th Quarter of 2023

Stabilized Assets and Other Assets

Indicator	4Q 2019	4Q 2022	4Q 2023	% Var. 4Q 2023 vs. 4Q 2019	% Var. 4Q 2023 vs. 4Q 2022
ADR (USD)	$486	$746	$750	54.3%	0.5%
ADR (MXN)	$9,329	$14,602	$13,035	39.7%	(10.7%)
Occupancy (%)	69.1%	64.5%	63.6%	(5.5 bps)	(0.9 bps)
RevPAR (USD)	**$336**	**$481**	**$477**	**42.0%**	**(0.9%)**
RevPAR (MXN)	**$6,443**	**$9,420**	**$8,288**	**28.6%**	**(12.0%)**
Total Revenues (USD '000)	$49,670	$90,699	$90,387	82.0%	(0.3%)
Total Revenues (MXN '000)	$954,741	$1,777,371	$1,574,349	64.9%	(11.4%)
EBITDA* (USD '000)	$15,516	$30,177	$25,822	66.4%	(14.4%)
EBITDA* (MXN '000)	$297,742	$590,739	$447,606	50.3%	(24.2%)
EBITDA* Net of FF&E Reserve (USD '000)	$13,876	$27,296	$22,956	65.4%	(15.9%)
EBITDA* Net of FF&E Reserve (MXN '000)	$266,231	$534,262	$397,670	49.4%	(25.6%)
EBITDA Margin (%)	**31.2%**	**33.2%**	**28.4%**	**(2.8 bps)**	**(4.8 bps)**
EBITDA Net of FF&E Reserve Margin (%)	**27.9%**	**30.1%**	**25.3%**	**(2.6 bps)**	**(4.8 bps)**

Operating Assets

Indicator	4Q 2019	4Q 2022	4Q 2023	% Var. 4Q 2023 vs. 4Q 2019	% Var. 4Q 2023 vs. 4Q 2022
ADR (USD)	$459	$826	$827	80.0%	0.1%
ADR (MXN)	$8,821	$16,196	$14,395	63.2%	(11.1%)
Occupancy (%)	66.8%	64.3%	63.3%	(3.4 bps)	(0.9 bps)
RevPAR (USD)	**$307**	**$531**	**$524**	**70.7%**	**(1.4%)**
RevPAR (MXN)	**$5,889**	**$10,410**	**$9,117**	**54.8%**	**(12.4%)**
Total Revenues (USD '000)	$55,734	$106,597	$108,153	94.1%	1.5%
Total Revenues (MXN '000)	$1,071,234	$2,090,458	$1,885,275	76.0%	(9.8%)
EBITDA* (USD '000)	$16,769	$33,353	$29,578	76.4%	(11.3%)
EBITDA* (MXN '000)	$321,697	$653,135	$513,085	59.5%	(21.4%)
EBITDA* Net of FF&E Reserve (USD '000)	$14,947	$30,083	$26,174	75.1%	(13.0%)
EBITDA* Net of FF&E Reserve (MXN '000)	$286,690	$588,995	$453,753	58.3%	(23.0%)
EBITDA Margin (%)	**30.0%**	**31.2%**	**27.2%**	**(2.8 bps)**	**(4.0 bps)**
EBITDA Net of FF&E Reserve Margin (%)	**26.8%**	**28.2%**	**24.1%**	**(2.7 bps)**	**(4.1 bps)**

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

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

Occupancy Rate

The occupancy rate was 63.3%, registering a decrease of 0.9 p.p. compared to the same period of the previous year and a decrease of 3.4 p.p. compared to the same period in 2019.

During the quarter, Mexico's main destinations continued to experience the effect of the adjustment in demand, caused by the recovery of competitive destinations with historical relevance, mainly in Europe and Asia.

In this sense, the portfolio strategy was focused on maintaining occupancy as high as possible, without sacrificing the average rate. Thus, the average occupancy of the portfolio reached a level close to that recorded in the previous year and, above all, did not show such a significant gap with respect to the level recorded before the pandemic.

The Four Seasons Mexico City and Banyan Tree Mayakoba hotels stood out, showing growth in occupancy compared to the same period of the previous year, leading the hotels in their competitive groups. In fact, the level achieved by the before mentioned assets partially neutralized the decrease experienced by the rest of the portfolio in the same comparative period.

Average Rate

The average rate was 14,395 (827 USD), which represented a decrease of 11.1% compared to the previous year and an increase of 63.2% compared to 2019 in local currency. On the other hand, the rate in US dollars recorded an increase of 0.1% over the previous year and an increase of 80.0% over 2019.

Despite the adjustment in demand seen in Mexico's main destinations, the portfolio's strategy consisted of maintaining its rate positioning compared to the same period in recent years.

It is worth noting that, in US dollars, the portfolio's average rate didn´t show a negative impact, despite the pressures caused by the generalized contraction in demand. The negative impact of the Mexican peso rate was directly related to the appreciation of the Mexican peso against the US dollar.

In this sense, the fourth quarter of 2023 recorded an appreciation of the Mexican peso of 12.0% compared to the previous year, going from an average of 19.70 MXN/USD in the fourth quarter of 2022 to 17.58 MXN/USD in the fourth quarter of 2023. Compared to 2019, an appreciation of 9.7% was recorded, going from an average of 19.28 MXN/USD in the fourth quarter of 2019 to 17.58 MXN/USD in the fourth quarter of 2023.

RevPar

RevPAR was 9,117 (524 USD), which represented a decrease of 12.4% compared to the previous year and an increase of 54.8% compared to 2019, in local currency. Meanwhile, RevPAR in US dollars recorded a decrease of 1.4% over the previous year and an increase of 70.7% over 2019.

The RevPAR level in US dollars achieved during the quarter showed fruits of the strategy implemented, achieving a certain stability in the results, despite the contraction in demand in the destinations where the portfolio's assets are located and the resulting pressure on prices. The decrease in RevPAR in local currency was directly related to the appreciation against the US dollar.

The Four Seasons Mexico City hotel continued to significantly lead the market in which it competes during the quarter, providing an important balance in the portfolio's results. For their part, Rosewood Mayakoba and Banyan Tree Mayakoba hotels were positioned with the best RevPAR level of their competitive sets during the period.

EBITDA

EBITDA for the quarter was below the level recorded last year, but above the level recorded in 2019. The results compared to last year were related to an increase in hotel spending and to the impact of the appreciation of the Mexican peso against the US dollar, considering the pressure this puts on the hotels' expense structure. On its part, the positioning of the results with respect to 2019 was directly related to the significant growth in the portfolio's rates.

Total revenue generation in US dollar terms was in line with that of the previous year; however, there was an impact on profitability that was even more critical in local currency terms. In this regard, it is estimated that the appreciation of the Mexican peso during the quarter had a negative impact of 4.7 percentage points on the EBITDA margin of the portfolio.

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Hotel Assets Operating Statistics 2023

The following are the main aggregate operating indicators[3] of the 2023 RLH Properties Hotel Assets portfolio:

Operating Indicators of 2023

Stabilized Assets and Other Assets

Indicator	2019	2022	2023	% Var. 2023 vs. 2019	% Var. 2023 vs. 2022
ADR (USD)	$433	$651	$684	58.2%	5.1%
ADR (MXN)	$8,307	$13,063	$12,203	46.9%	(6.6%)
Occupancy (%)	68.0%	59.7%	62.0%	(6.1 bps)	2.3 bps
RevPAR (USD)	**$294**	**$389**	**$424**	**44.1%**	**9.1%**
RevPAR (MXN)	**$5,651**	**$7,796**	**$7,561**	**33.8%**	**(3.0%)**
Total Revenues (USD '000)	$176,414	$290,720	$327,618	85.7%	12.7%
Total Revenues (MXN '000)	$3,389,542	$5,832,627	$5,842,197	72.4%	0.2%
EBITDA* (USD '000)	$47,710	$80,036	$87,099	82.6%	8.8%
EBITDA* (MXN '000)	$913,665	$1,605,170	$1,572,073	72.1%	(2.1%)
EBITDA* Net of FF&E Reserve (USD '000)	$41,833	$70,933	$76,628	83.2%	8.0%
EBITDA* Net of FF&E Reserve (MXN '000)	$800,759	$1,422,555	$1,385,281	73.0%	(2.6%)
EBITDA Margin (%)	**27.0%**	**27.5%**	**26.9%**	**(0.0 bps)**	**(0.6 bps)**
EBITDA Net of FF&E Reserve Margin (%)	**23.6%**	**24.4%**	**23.7%**	**0.1 bps**	**(0.7 bps)**

Operating Assets

Indicator	2019	2022	2023	% Var. 2023 vs. 2019	% Var. 2023 vs. 2022
ADR (USD)	$414	$726	$750	81.0%	3.3%
ADR (MXN)	$7,954	$14,573	$13,382	68.2%	(8.2%)
Occupancy (%)	64.6%	60.0%	61.6%	(2.9 bps)	1.7 bps
RevPAR (USD)	**$267**	**$436**	**$462**	**72.8%**	**6.1%**
RevPAR (MXN)	**$5,136**	**$8,743**	**$8,250**	**60.6%**	**(5.6%)**
Total Revenues (USD '000)	$197,411	$347,603	$386,874	96.0%	11.3%
Total Revenues (MXN '000)	$3,792,536	$6,977,364	$6,902,023	82.0%	(1.1%)
EBITDA* (USD '000)	$50,006	$93,905	$95,797	91.6%	2.0%
EBITDA* (MXN '000)	$957,157	$1,884,962	$1,731,624	80.9%	(8.1%)
EBITDA* Net of FF&E Reserve (USD '000)	$43,499	$83,706	$83,767	92.6%	0.1%
EBITDA* Net of FF&E Reserve (MXN '000)	$832,161	$1,680,346	$1,516,975	82.3%	(9.7%)
EBITDA Margin (%)	**25.2%**	**27.0%**	**25.1%**	**(0.1 bps)**	**(1.9 bps)**
EBITDA Net of FF&E Reserve Margin (%)	**21.9%**	**24.1%**	**22.0%**	**0.0 bps**	**(2.1 bps)**

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

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

Occupancy Rate

The occupancy rate was 61.6%, registering an increase of 1.7 p.p. compared to the same period of the previous year and a decrease of 2.9 p.p. compared to the same period in 2019.

The average occupancy level for the year included a solid performance in the first quarter, which offset the impact of the decline in demand experienced mainly in the third quarter, caused by the recovery of competitive destinations with historical relevance at a global level. At both the overall level and at the portfolio level, the impact on demand had a greater repercussion in beach destinations than in the country's urban centers.

In context, according to the World Tourism Organization, **the volume of international tourists in 2023 grew by 44% compared to the previous year and reached 88% of the level recorded before the pandemic.** This recovery is related, on the one hand, to the recovery in the Middle East, where there was a 22% growth compared to 2019 and, on the other hand, to the significant reactivation of Europe as a major tourist destination in the world, reaching 94% of pre-pandemic levels. In Asia, the recovery was weaker, with 65% of the 2019 level, despite the lifting of sanitary restrictions in China since the beginning of the year.

According to the Mexican Ministry of Tourism, **the country's average occupancy rate in 2023 stood at 59.6%**, which represented a growth of 2.8 p.p. with respect to the previous year. However, in the same comparison, the country's beach resorts reported a growth of 0.5 p.p., while cities reported a 4.9 p.p. growth.

Specifically, **within the portfolio, the Fairmont Mayakoba and Banyan Tree Mayakoba hotels stood out, with the highest average occupancy growth compared to the previous year.** The growth of the Fairmont Mayakoba hotel was related to the availability of its total inventory after its renovation. The Banyan Tree Mayakoba hotel's growth was the result of a solid strategy to capture demand, having led the average occupancy level of its competitive group during all months of the year.

Average Rate

The average rate was 13,382 (750 USD), which represented a decrease of 8.2% with respect to the previous year and an increase of 68.2% with respect to 2019, in local currency. On the other hand, the rate in US dollars registered an increase of 3.3% over the previous year and an increase of 81.0% over 2019.

Despite the adjustment in demand seen, particularly during the second half of the year, **the portfolio's strategy was to maintain its tariff positioning compared to recent years.** The strong performance during the first quarter of the year contributed significantly to the increase in the full-year US dollar rate.

In context, according to Mexico's Ministry of Tourism, **tourists arriving to the country by air recorded an average expenditure of US$1,126 in 2023, which** represented a growth of 1.8% over the previous year.

That said, **the portfolio's average rate in local currency suffered a negative impact, which was directly related to the appreciation of the Mexican peso against the US dollar.** In this regard, 2023 registered a 13.0% appreciation of the Mexican peso with respect to the previous year, going from an average of 20.08 MXN/USD in 2022 to 17.77 MXN/USD in 2023. With respect to 2019, an appreciation of 8.4% was recorded, going from an average of 19.26 MXN/USD in 2019 to 17.77 MXN/USD in 2023.

Four Seasons Mexico City and Rosewood Mayakoba stood out with the largest average rate increases in the portfolio during the year, directly related to the positioning they both have in their destinations and in the segment in which they compete. Specifically, the Four Seasons Mexico City hotel achieved a steady increase in rates compared to each quarter of the previous year.

RevPar

RevPAR was 8,250 (462 USD), which represented a decrease of 5.6% over the previous year and an increase of 60.6% over 2019 in local currency. Meanwhile, RevPAR in US dollars recorded an increase of 6.1% over the previous year and an increase of 72.8% over 2019.

In context, according to leading competitive intelligence provider STR, most markets globally have shown remarkable recovery from the significant declines caused by the pandemic. It is reported that, in 2023, 85% of these markets managed to exceed the RevPAR levels recorded in 2019. While RevPAR growth in most of the world has been led by rate increases, it is noteworthy that 37% of markets gained in occupancy.

The portfolio's RevPAR level in US dollars in 2023 reflects the results of the strategy implemented in the portfolio's assets. Despite the contraction in demand, this year marked a milestone by representing the highest RevPAR in the portfolio's history. On the other hand, the decrease in RevPAR in local currency is directly related to the appreciation of this currency against the US dollar.

Specifically, the Four Seasons Mexico City hotel has demonstrated solid leadership in the market in which it competes, maintaining the highest RevPAR level within its competitive set for the second consecutive year. This success has been achieved even after the stabilization of the new supply that has emerged in recent years. For their part, both Rosewood Mayakoba and Banyan Tree Mayakoba also managed to position themselves as RevPAR leaders within their respective competitive sets during all months of the year.

EBITDA

Annual EBITDA was 1,731.6M (95.8 MDD), which represented a decrease of 8.1% compared to the previous year and an increase of 80.9% compared to 2019 in local currency. In US dollars, it recorded an increase of 2.0% over the previous year and an increase of 91.6% over 2019.

Total revenues had an increase compared to the previous year in US dollars and remained relatively stable in local currency. It is worth mentioning that total revenues in US dollars for the first half of the year showed a 21.1% growth compared to the previous year, offset by the results of the second half, which showed no growth in the same comparative.

However, the impact on the EBITDA margin of the portfolio, despite the results achieved in total revenues, is directly related to the increase in hotel expenses and the appreciation of the Mexican peso against the US dollar. In context, 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 brings significant pressures to the portfolio's profitability. If the effect is analyzed in Mexican pesos, the rates set in US dollars materialize with a lower equivalence than expected, which implies a lower volume of income to face a fixed expense structure that has not had the same downward impact. In both cases, the profitability margin is affected, either by having a lower revenue generation or by the higher investment required to cover the fixed cost structure. In this sense, **it is estimated that only the effect of the appreciation of the Mexican peso during the year had a negative impact of 4.6 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[4] as of the fourth quarter of 2023:

Component	Total Inventory	Sales 2023	Sales held as of December 31, 2023	Available Inventory	Sale and Purchase Agreements Signed in 2023
Residences	319	16	234	85	22
Mayakoba	**279**	**15**	**214**	**65**	**20**
Rosewood Residences	33	-	31	2	4
Fairmont Heritage Place (FO) (a)	54	4	38	16	5
Fairmont Heritage Place (FC) (b)	192	11	145	47	14
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) The units of the lots that are active are reported.

[4] In accordance with International Financial Reporting Standards, income from the sale of residences is recognized at the time control of the property is transferred, i.e., at the time of the deed to the property.

Fourth quarter 2023 results

Total Revenues

During the quarter, total revenues showed a decrease of 24% compared to the same period of last year, mainly due to the divestment of the assets in Spain in 2022, which represented 5% of revenues. Compared to the same period of last year, revenues excluding the assets in Spain showed a 20% decrease compared to the same period of last year mainly explained by a 54% decrease in residential revenues, caused by the deed registration of four more units in the same period of 2022 than in the current quarter.

Hotel revenues decreased 13% excluding Spain, mainly due to the opening of the international market and the appreciation of the peso against the US dollar by 12% compared to the average of the fourth quarter of 2022.

RLH Properties' total revenues for the quarter amounted to $2,054.7M:

- 1,102.8M of income from rental of rooms and residences (54% of income).
- 513.4M in food and beverage revenues (25% of revenues).
- 253.5M of other hotel revenues (12% of revenues).
- 184.9M of income from the sale of residences (9% of income).

During the quarter, other non-recurring income amounted to 25.6M.

Costs and expenses

During this quarter, RLH Properties' costs and overhead expenses were $1,665.3M:

- 336.9M in food and beverage costs and expenses (20% of costs and overhead).
- 322.5M in administrative and operating expenses (19% of costs and overhead).
- 283.1M in room expenses (17% of costs and overhead).
- 243.1M in IT and telecommunications, marketing, and maintenance expenses (15% of costs and overhead).
- 176.9M in residential sales costs (11% of costs and overhead).
- 158.1M in other departmental expenses and basic services (9% of costs and overhead).
- 144.8M in operating fees, insurance, and property expenses (9% of costs and overhead).

Costs and overhead showed a 26% decrease compared to the same period in 2022.

EBITDA

Hotel EBITDA for the quarter reached 444.7M, registering a 23% decrease compared to the same period of 2022, while total EBITDA reached 324M, registering a 17% decrease compared to the same period of 2022; the decrease in 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 decrease of 77% compared to the same period of 2022, mainly due to the restructuring of corporate operations.

Comprehensive financing result

During the quarter, the financial debt and the foreign exchange loss generated a financial cost in results of 377.6M. On the other hand, the net financing cost decreased to 58.5M and is broken down as follows:

Comprehensive financing result

Figures in thousands MXN $ except where otherwise indicated

	4Q 2023	4Q 2022	Var. y/y
Financing Costs			
Interest and financial costs	(138,236)	(134,403)	(3,833)
Foreign exchange loss	(239,365)	(163,437)	(75,928)
Financial cost	(377,601)	(297,840)	(79,761)
Interest earned	57,472	34,469	23,003
Exchange profit	261,610	181,422	80,188
Financing costs	(58,519)	(81,949)	23,430

Net loss for the period

During the quarter, the net loss amounted to 43.9M, a decrease of 111% compared to the same quarter of the previous year, mainly due to the decrease in deferred tax benefits, which were reduced due to the application of long-term restructuring provisions, the amortization of tax losses from previous years and the acquisition of land for real estate development.

Annual results for 2023

Total Revenues

During the period, total revenues showed a decrease of 17% compared to the previous year, mainly due to the divestment of the assets in Spain in 2022, which represented 9% of revenues last year. Excluding the revenues from Spain in 2022, the portfolio shows a 9% decrease compared to the previous year.

Comparative hotel revenues, excluding the two assets of Spain[5] , show a decrease of 2%, mainly due to the decrease in hotel occupancy because of the opening of the international market and the appreciation of the peso against the dollar by 13% compared to 2022.

The decrease in residential revenues by 54% is mainly because during 2023 residences are in the construction phase.

RLH Properties' total revenues for the year amounted to $7,482.9M:

- 3,939.9M of revenues from rental of rooms and residences (53% of revenues).
- 2,052.3M in food and beverage revenues (27% of revenues).
- 938.9M of other hotel revenues (13% of revenues).
- 551.8M of income from residential sales (7% of income).

During the year, other non-recurring income amounted to 28.6M.

Costs and expenses

During the year, RLH Properties' costs and overhead were $6,037.1M:

- 1,244M in food and beverage costs and expenses (21% of general costs and overhead).
- 1,054.1M in administrative and operating expenses (17% of costs and overhead).
- 1,020.8M in room expenses (17% of costs and overhead).
- 996.4M in IT and telecommunications, marketing, and maintenance expenses (17% of general costs and overhead).
- 644.4M in other departmental expenses and basic services (10% of costs and overhead).
- 538.8M in operating fees, insurance, and property expenses (9% of costs and overhead).
- 538.7M in residential sales costs (9% of costs and overhead).

Costs and overhead showed a decrease of 18% compared to 2022.

[5] The revenue contribution from Spain's assets was 156M in 2022.

EBITDA

Hotel EBITDA for the period reached 1,538.4M, registering a 15% decrease compared to the same period of 2022, while total EBITDA reached 1,178.5M, registering a 13% decrease compared to the same period of 2022; the decrease in EBITDA is mainly attributed to the divestment of the assets in Spain, which represented 7%, the opening of the international market and the appreciation of the peso against the dollar of 13% versus the previous year's exchange rate.

Corporate expenses

During the year, recurring corporate expenses showed a decrease of 53% compared to the same period of 2022, due to the restructuring of corporate operations.

Comprehensive financing result

During the year, the financial debt and the foreign exchange loss generated a financial cost in results of 1,236.4M. The net financing cost decreased to 372.8M and is broken down as follows:

Comprehensive financing result

Figures in thousands MXN $ except where otherwise indicated

	2023	2022	Var. y/y
Financing Costs			
Interest and financial costs	(482,744)	(470,262)	(12,482)
Foreign exchange loss	(753,628)	(626,968)	(126,660)
Financial cost	(1,236,372)	(1,097,230)	(139,142)
Interest earned	204,538	89,743	114,795
Exchange profit	659,033	554,338	104,695
Financing costs	(372,801)	(453,149)	80,348

Net loss for the period

During the year, the net loss amounted to 155.7M, showing a decrease of 138% compared to the previous year, mainly due to the decrease in deferred tax benefits, which were reduced due to the application of long-term restructuring provisions, the amortization of tax losses from previous years, tax loss carryforwards, tax loss carryforwards, deduction of deferred interest and the acquisition of land for real estate development.

Other comprehensive income

During the year, other comprehensive income represented a loss of 758.6M, mainly due to the appreciation of the peso against the dollar resulting in a decrease in the valuation of assets of 712.8M and the negative result of the valuation of financial instruments of 45.8M.

Deferred tax expense:

The expense of 109.3M in 2023 corresponds mainly to the application of restructuring incentive provision of 73.8M, the amortization of tax losses of 50.5M, the decrease in customer advances of 64.8M; offset by the inflationary adjustment in fixed assets.

Cash Flow

Net cash flow as of December 31, 2023 from operating activities was negative 377.2M, mainly due to a combination of factors, including: the decrease in advances for hotel services, the payment of taxes and PTU, the increase in real estate inventories and the decrease in accounts payable and provisions of 1,321.4M and non-cash items of 234.3M; offset by EBITDA of 1,178.5M. Net cash flow from investing activities was negative 1,895.6M, due to CAPEX and intangible investments of 1,918.8M and the acquisition of the minority interest in the Banyan Tree Mayakoba hotel for 181.3M; offset by 204.5M of interest collected. Net cash flow from financing activities was negative 340M, due to bank loan repayments of 303.8M, interest paid of 448.4M and lease payments of 40M; offset by bank borrowings of 452.3M.

Financial Situation

Cash and Liquidity

As of December 31, 2023 the RLH position of cash and cash equivalents is 2,452M, showing a decrease of 2,612.8M with respect to December 31, 2022 mainly originated by the investment in CAPEX and intangibles of 1,918.8M, cash flow used in operating activities for 384.8M, principal and interest payments of 752.2M, the acquisition of the minority interest in the Banyan Tree Mayakoba hotel for 181.3M and lease payments of 40M; offset by bank borrowings of 452.3M and interest collected of 204.5M.

Accounts Receivable

As of December 31, 2023 shows a decrease of 112.4M with respect to December 31, 2022, mainly due to a decrease in accounts receivable from customers of 68.8M, recovery of ISR and application of credit balances of 32.6M and a decrease in other accounts receivable of 35.6M (mainly The Peak); offset by an increase in accounts receivable from related parties of 20.7M from fees to subdomains and VAT recoverable of 21.6M.

Real estate inventories

As of December 31, 2023, short-term real estate inventories show a balance of 1,484.8M and are comprised of land under development for 550.4M and work in progress for 934.5M, these present an increase of 70.7M with respect to December 31, 2022, mainly due to the progress of residences under construction. Long-term real estate inventories correspond to land to be developed for 1,115.7M, showing an increase of 353.2M with respect to December 31, 2022, mainly due to the acquisition of land for residential development.

Fixed assets, goodwill, and intangible assets

As of December 31, 2023, fixed assets had a net decrease of 319.6M with respect to December 31, 2022, mainly due to the negative translation effect as a result of the appreciation of the peso against the dollar with respect to the valuation of fixed assets in foreign currency for 1,586.1M, depreciation for 534.5M and write-offs for 20M; offset by fixed asset additions and investments in construction in progress for 1,824.7M.

As of December 31, 2023, intangible and other assets had a net decrease of 13.8M with respect to December 31, 2022, mainly due to the amortization for the period of 69.7M, the negative translation effect derived from the appreciation of the peso against the dollar of 34.7M and the write-offs of intangible assets of 7.1M; offset by additions of 94.1M.

Goodwill of 138.5M shows a decrease of 13.4M due to the negative translation effect derived from the appreciation of the peso against the US dollar.

Customer advances

As of December 31, 2023, total customer advances amounted to $1,838.2M, comprised of $1,037.6M of deposits received from the promise of sale contracts for villas and $800.6M of advances from hotel customers.

The decrease of 284.9M compared to December 31, 2022, is mainly in hotel advances of 203.7M due to the decrease in hotel occupancy as a result of the opening of the international market, the appreciation of the peso against the dollar by 13% and applications of 574.7M for the sale of residences, offset by advances received from residences of 493.5M.

Total bank debt

As of December 31, 2023 the group's total debt is 5,874.3M showing a decrease of 716.4M compared to the balance as of December 31, 2022, such decrease is mainly due to the exchange rate fluctuation derived from the appreciation of the peso against the dollar of 13% for 829.1M, loan payments for 303.8M and unamortized costs for 35.7M; compensated by the obtaining of bank loans for 452.3M.

As of December 31, 2023, 100% of the Company's total debt is denominated in US dollars, with a weighted average financial cost of 6.66%. Additionally, debt maturities are long-term.

The following table presents the detail of the debt position:

Component	4T2023	Currency	Interest rate	Expiration
Figures in thousands of USD$ except where otherwise indicated.				
Four Seasons Mexico City	58,272	USD	2.76%+ SOFR	2030
Fairmont Mayakoba	62,559	USD	2.76%+ SOFR	2032
Rosewood Mayakoba	45,733	USD	2.66%+ SOFR	2028
Banyan Tree Mayakoba (Section a)	14,648	USD	2.59%+ SOFR	2030
Banyan Tree Mayakoba (Section b)	24,795	USD	2.69%+ SOFR	2030
Andaz Mayakoba	51,513	USD	3.00%+ SOFR	2032
One&Only Mandarin	73,545	USD	2.97%+ SOFR	2029
RLH Properties	26,500	USD	2.75%+ SOFR	2026
Total debt position (1)	**6,040,524**			

(1) Banxico's USD applied C.R.R. at the end of 4Q2023

Derivative financial instruments

As of December 31, 2023, the financial instruments held by the group to hedge the interest rate risk of its bank loans and which are presented at fair value, show a decrease due to the behavior of market rates and offset by the appreciation of the peso against the dollar of 13% and such effect reflects a lower hedge in the amount of 45.8M and whose effect 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	
					December 31, 2023	December 31, 2023	December 31, 2022
Four Seasons derivative 1	609,916	26-Jun-18	24-Nov-25	3.03%	5.38%	$15,517	$15,222
Four Seasons derivative 2	n/a	01-Mar-17	24-Nov-23	2.32%	n/a	n/a	$13,350
Rosewood	579,436	Dec 14, 18	15-Jun-27	2.99%	5.38%	$16,960	$28,083
Banyan Tree derivative 1	291,692	24-Jul-18	09-May-27	1.95%	5.37%	$18,081	$28,716
Banyan Tree derivative 2	194,461	24-Jul-18	10-May-27	1.95%	5.37%	$12,178	$19,734
Fairmont derived	951,156	23-Jul-20	20-Jun-31	1.61%	5.37%	$86,214	$126,515
O&O Mandarin	931,824	16-Jun-22	30-Jun-26	3.46%	5.35%	$9,037	$16,319
Active financial instruments						$157,987	$247,939

Stockholders' equity

The decrease in stockholders' equity of 1,095.7M is mainly due to the negative valuation of assets of 712.8M derived from the appreciation of the peso against the dollar, the acquisition of the minority interest in the Banyan Tree Mayakoba hotel recognizing a loss of 181.3M, the net loss for the period of 155.7M and the negative result of the valuation of financial instruments of 45.8M.

Corporate Governance

On February 20, 2024, the Board of Directors of RLH held a meeting to approve the Financial Statements as of December 31, 2023, which were unanimously approved.

Annexes

Portfolio:

As of December 31, 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 **1 18-hole golf course**:

- **Operating Assets** (6 hotels with 1,253 rooms and 1 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 the stabilization phase.
  - **Other Assets** (1 19-hole golf course): 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. 54 *full ownership* residences and 192 fractional units. Rosewood Residences considers an inventory of 33 *full ownership* residences.

Reconciliation between Operating Results and Consolidated Statements of Income

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

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

MXN million		
Hotel EBITDA 4Q2023		**1,700**
Owner's Expenses/Income	MXN (226M)	(28)
Residential Business Results		(77)
Golf Tournament (LIV)		(45)
Classification under IFRS		(43)
Forks and Canalan		(32)
Consolidated Statement of Income 4Q2023		**1,474**

The net difference of MXN ($266M) arises mainly from:

i. Owner's income/(expenses) MXN ($28M) are not recorded in the EBITDA of the hotels, but within the consolidated income statement. Particularly, concepts such as extraordinary OPEX of assets, legal expenses, among others, are distinguished.
ii. MXN ($77M) from the results of the Residences: Rosewood Residences and Mandarina Private Homes.
iii. The LIV Tournament, an event that took place in February at EL Camaleón golf course MXN ($45M) not considered in Hotel EBITDA.
iv. Classification under IFRS, mainly generated by foreign exchange effects and interest generated by the operation of the hotels and by compliance with IFRS are shown in the comprehensive financing result MXN ($43M).
v. Holding companies and Canalan, mainly holding Company tax expenses and expenses for the Rosewood Mandarina hotel construction, not capitalizable MXN ($32M).

Income Statement 4Q2023

RLH's main consolidated financial results for 4Q2023 are shown below:

Consolidated P&L

Figures in thousands MXN $ except where otherwise indicated

	Quarter					
	4Q 2023	%	4Q 2022	%	Var. y/y quarterly	
Hotel Revenues	1,866,182	91%	2,275,220	84%	(409,038)	-18%
Hotel costs and expenses	(1,421,525)	-69%	(1,696,059)	-63%	274,534	-16%
Hotel EBITDA	444,657	22%	579,161	21%	(134,504)	-23%
Residence Revenues	184,919	9%	402,949	15%	(218,030)	-54%
Other Revenues	3,557	0%	16,931	1%	(13,374)	-79%
Residence costs and expenses	(216,012)	-11%	(485,587)	-18%	269,575	-56%
Sales and marketing expenses	(12,398)	-1%	(57,027)	-2%	44,629	-78%
Indirect Expenses	(15,401)	-1%	(8)	0%	(15,393)	192413%
Operating Profit	389,322	19%	456,419	17%	(67,097)	-15%
Owner Expenses	(90,933)	-4%	(388,174)	-14%	297,241	-77%
Other non-recurring income	25,579	1%	321,802	12%	(296,223)	-92%
EBITDA	323,968	16%	390,047	14%	(66,079)	-17%
Depreciation & Amortization	(152,944)	-7%	(230,950)	-9%	78,006	-34%
Financing costs	(58,519)	-3%	(81,949)	-3%	23,430	-29%
(Loss) Profit before income taxes	112,505	5%	77,148	3%	35,357	46%
Deferrerd tax benefit	(39,404)	-2%	370,875	14%	(410,279)	-111%
Financing costs	(117,045)	-6%	(56,741)	-2%	(60,304)	106%
(Loss) Net Profit	(43,944)	-2%	391,282	15%	(435,226)	-111%

Income Statement 2023

The main consolidated financial results for 2023 of RLH are shown below:

Consolidated P&L

Figures in thousands MXN $ except where otherwise indicated

	Year					
	2023	%	2022	%	Var. y/y annual	
Hotel Revenues	6,855,845	92%	7,799,286	86%	(943,441)	-12%
Hotel costs and expenses	(5,317,450)	-71%	(5,990,863)	-66%	673,413	-11%
Hotel EBITDA	**1,538,395**	**21%**	**1,808,423**	20%	(270,028)	-15%
Residence Revenues	551,838	7%	1,205,283	13%	(653,445)	-54%
Other Revenues	75,264	1%	25,723	0%	49,541	193%
Residence costs and expenses	(643,348)	-9%	(1,256,657)	-14%	613,309	-49%
Sales and marketing expenses	(56,012)	-1%	(149,054)	-2%	93,042	-62%
Indirect Expenses	(20,318)	0%	(953)	0%	(19,365)	2032%
Operating Profit	**1,445,819**	**19%**	**1,632,765**	**18%**	(186,946)	-11%
Owner Expenses	(295,989)	-4%	(634,694)	-7%	338,705	-53%
Other non-recurring income	28,622	0%	357,386	4%	(328,764)	-92%
EBITDA	**1,178,452**	**16%**	**1,355,457**	15%	(177,005)	-13%
Depreciation & Amortization	(604,275)	-8%	(756,069)	-8%	151,794	-20%
Financing costs	(372,801)	-5%	(453,149)	-5%	80,348	-18%
(Loss) Profit before income taxes	**201,376**	**3%**	**146,239**	**2%**	55,137	38%
Deferrerd tax benefit	(109,311)	-1%	530,828	6%	(640,139)	-121%
Financing costs	(247,776)	-3%	(265,031)	-3%	17,255	-7%
(Loss) Net Profit	**(155,711)**	**-2%**	**412,036**	**5%**	(567,747)	-138%

Financial Situation

The consolidated balance sheet of RLH as of December 31, 2023, is shown below.

Consolidated Balance Sheet				
Figures in thousands MXN $ except where otherwise indicated				
;ets	December 2023	December 2022	Var. y/y Annual	
Cash and Cash equivalents	2,452,019	5,064,823	(2,612,804)	-52%
Accounts Receivable and related parties	1,103,331	1,215,682	(112,351)	-9%
Real estate inventories	1,484,836	1,414,089	70,747	5%
Other items of current assets	315,572	366,300	(50,728)	-14%
Current Assets	5,355,758	8,060,894	(2,705,136)	-34%
Fixed Assets, intangibles and goodwill	15,980,088	16,326,852	(346,764)	-2%
Real estate inventories	1,115,744	762,568	353,176	46%
Differed Taxes	1,184,519	941,603	242,916	26%
Derivative financial instruments	157,987	234,589	(76,602)	-33%
Other items of non-current assets	90,702	125,188	(34,486)	-28%
Non-Current Assets	18,529,040	18,390,800	138,240	1%
Total Assets	23,884,798	26,451,694	(2,566,896)	-10%
bilities				
Short-term portion of bank loans	363,477	333,293	30,184	9%
Advanced Deposits	1,838,221	2,123,101	(284,880)	-13%
Accounts Payable	1,881,752	2,284,546	(402,794)	-18%
Short term liabilities	4,083,450	4,740,940	(657,490)	-14%
Long term debt	5,510,861	6,257,401	(746,540)	-12%
Differed Taxes	677,839	842,039	(164,200)	-20%
Other long term liabilities	259,061	162,064	96,997	60%
Long term liabilities	6,447,761	7,261,504	(813,743)	-11%
Equity	13,353,587	14,449,250	(1,095,663)	-8%
Total liabilities and equity	23,884,798	26,451,694	(2,566,896)	-10%

RLH | PROPERTIES

Cash Flow Statement

The consolidated cash flow statement of RLH as of December 31, 2023, is shown below.

Consolidated Cash Flow Statement				
Figures in thousands MXN $ except where otherwise indicated				
	December 31, 2023	December 31, 2022	Var. y/y annual	
Operating Activities				
EBITDA	1,178,452	1,355,457	(177,005)	-13%
Net cash flows (used) from operating activities	(377,246)	1,934,433	(2,311,679)	-120%
Cash Flow used in investing activities	(1,895,606)	1,251,807	(3,147,413)	-251%
Net cash flows (used) from financing activities	(339,952)	(2,782,311)	2,442,359	88%
(Decrease) increase in cash and cash equivalents	(2,612,804)	403,929	(3,016,733)	-747%
"(+) Cash at the beggining of the period"	5,064,823	4,660,894	403,929	9%
Cash and Cash Equivalents	2,452,019	5,064,823	(2,612,804)	-52%

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

RLH Properties is a leading Company in its sector, listed on the Mexican Stock Exchange and specialized in the acquisition, development and management of luxury and ultra-luxury hotels and resorts, as well as residential products associated with hotel brands. Based in Mexico City since 2013, RLH Properties is mainly owned by pension funds, institutional investors, 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