



**Northampton Group Inc.**  
TSX-V: NHG

**For Immediate Release**

**NORTHAMPTON 2014 SALES UP 7.2% WHILE EPS MORE THAN DOUBLES**  
**In the fourth quarter, sales rise 5.1% but costs up 12.5%**

Toronto, Ontario – July 26, 2014 – Northampton Group Inc., an integrated Canadian hotelier, today posted its results for the fourth quarter and fiscal year ended March 31, 2014. In the fourth quarter, Northampton reported a quarter-over-quarter sales increase of 5.1% with net income showing the impact of increased costs; in the 12 months, sales increased by 7.2% while earnings rose by 115.8%.

“We were pleased with the top line in both the 12 months and the typically soft fourth quarter,” said Vinod Patel, President and CEO of the Northampton Group. “Rising utility prices had a stronger-than-expected impact on our costs in the quarter, but in the 12 months, continued strength in corporate bookings resulted in significant increases in EBITDA, cash flow, and earnings. We are still experiencing some specific challenges in different locations, but overall performance has improved. We anticipate steady performance through the coming year based on our experience to date and the positive predictions of industry experts.”

Calendar 2013 in Northampton’s locations saw occupancy rates increase by around a percentage point, with average daily room rates (ADRs) up more than \$3.00 in the GTA, while Montreal saw a slight decrease and Ottawa was essentially flat. Revenue per available room (RevPAR) rose by 5.2% in Toronto, 1.7% in Montreal, and less than 1% in Ottawa in 2013. According to Pannell Kerr Forster Consulting (PKF), the coming year will see a 1% lift in occupancy rates and a 2-to-3% increase in ADRs; if this is borne out, Northampton may see an improvement to sales and margins.

**Highlights of the Year:**

- In the 12 months, consolidated revenues rose 7.2% to \$30,614,114 from 28,568,630 for the previous fiscal year; for the fourth quarter, revenues increased 5.1% to \$6,380,660 from 6,068,445 in the same quarter in fiscal 2013;
- Cost of sales rose 9.5% in the year and 12.5% in the quarter. Adjusted for the costs of launching the aloft Vaughan Mills in fiscal 2013, the year-over-year increase was 6.4%. Administrative expenses decreased 5.3% in the 12 months and rose 6.1% in the quarter. The decrease reflected a one-time non-cash charge made in fiscal 2013 for stock-based compensation as well as successful realty tax appeals; the increase primarily arose from increased payroll and utility costs;
- Gross profit for fiscal 2014 rose 4.6% to \$14,084,752 from \$13,470,777 in the prior year for gross profit margin of 46% versus 47.2% in the prior year, reflecting higher costs;
- EBITDA (earnings before income taxes, interest, depreciation, and amortization) in the year ended March 31, 2014 increased 25.4% to \$8,135,412 from \$6,487,987 in the prior year, and decreased 18.0% to \$664,470 from \$809,951 in the fourth quarter in the previous year;
- Net income for the fiscal year rose 115.8% to \$1,670,869 from \$774,195 in fiscal 2013. Net income for the quarter fell to (\$280,804) from (\$40,213) in the previous year;
- Earnings per share in fiscal 2014 rose 115.8% to \$0.064 per share compared to \$0.030 in the previous year. In the quarter, earnings per share decreased to (\$0.011) from (\$0.002) in the prior period;

- Cash flow, or net income plus amortization, increased 28.8% in fiscal 2014 to \$4,514,351 or \$0.173 per share. In the quarter, cash flow decreased to \$478,335 or \$0.018 per share from \$521,137 or (\$0.020) per share in the prior period;
- Same-hotel sales rose in most of Northampton's portfolio;
- Northampton's Board of Directors approved the payment of a dividend of \$0.02 per common share, payable to shareholders of record on December 9, 2013 and disbursed December 18, 2013;
- As announced by Northampton in a news release on July 9, 2014, Northampton received a proposal from an existing shareholder to purchase all outstanding shares of the company. The Board has appointed a Special Committee of independent directors to evaluate this proposal;
- On July 24, 2014, the Special Committee retained The Commercial Capital Corporation as financial advisor to advise the Special Committee in respect of, among other things, this proposal.

The following is a tabulated summary of Northampton's results from continuing operations:

	Three months ended March 31			Twelve months ended March 31		
	2014	2013*	% change	2014	2013*	% change
Revenues	6,380,660	6,068,445	5.1	30,614,114	28,568,630	7.2
Gross profit	2,263,516	2,410,128	-6.1	14,084,752	13,470,777	4.6
Pre-tax profit	(534,591)	(203,825)	--	3,429,512	1,834,680	86.9
Profit	(332,291)	(128,325)	--	2,636,512	1,239,680	112.7
Net income	(280,804)	(40,213)	--	1,670,869	774,195	115.8
Earnings per share	(0.011)	(0.002)	--	0.064	0.030	115.8
Cash flow	478,335	521,137	-8.2	4,514,351	3,505,726	28.8
Cash flow per share	0.018	0.020	-8.2	0.173	0.134	28.1
EBITDA	664,470	809,951	-18.0	8,135,412	6,487,987	25.4

\* Please note: any changes in posted prior-year financial results arise from the Company's adoption of International Financial Reporting Standards (IFRS) 11.

For a more complete discussion of the Company's results, please see Northampton's annual filings on [www.sedar.com](http://www.sedar.com), or the annual MD&A, financials, and notes to the financial statements on the Company's website at [www.nhgi.com](http://www.nhgi.com).

### About Northampton

Northampton Group Inc. is an integrated Canadian hotelier with ownership and management interests in 1,943 rooms in 16 hotels with a selective strategic development program in place. Focused on creating a solid return for all stakeholders, Northampton's proven, market-sensitive strategy is to acquire or build hotels that provide superior overnight accommodation in the mid-price market. Northampton has consistently excelled in this sector, offering services that exceed expectations.

### FOR FURTHER INFORMATION:

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### Disclaimer:

This news release contains forward-looking statements within the meaning of the "safe harbour" provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are subject to risks and uncertainties and other factors that may cause Northampton's results to differ

materially from expectations. Such risks may relate to hotel performance, market fluctuations, investee performance, and other risks more fully described in the Company's annual report, posted on the Company's website and on SEDAR. These forward-looking statements speak only as of the date hereof. Northampton Group disclaims any intent or obligation to update these forward-looking statements.

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