



Corporate Presentation

Hoteles City Express

July 2019



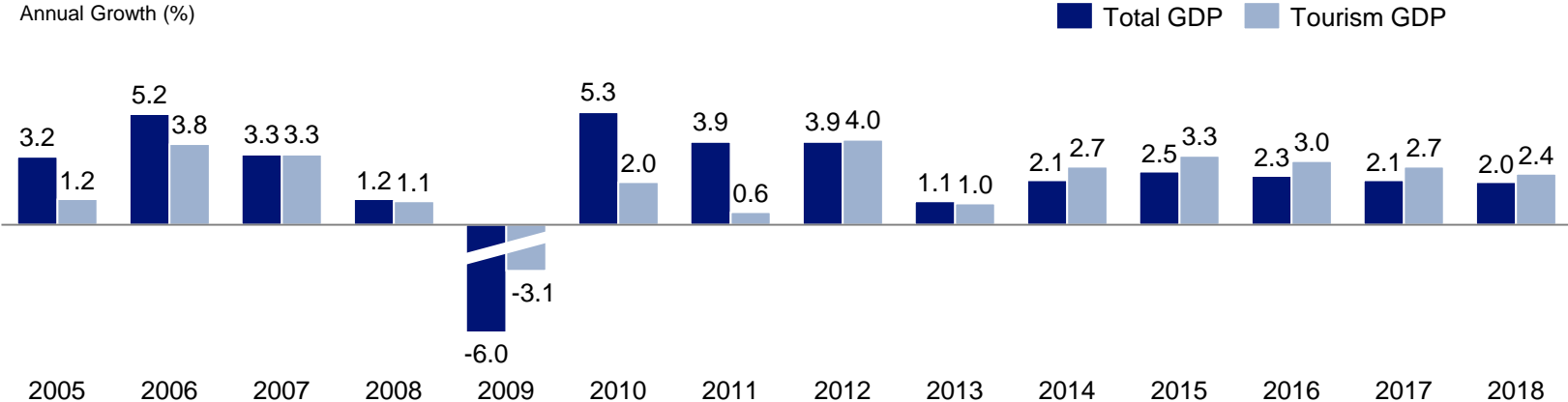
cityexpress.
hoteles

Mexico's Hospitality Market Update

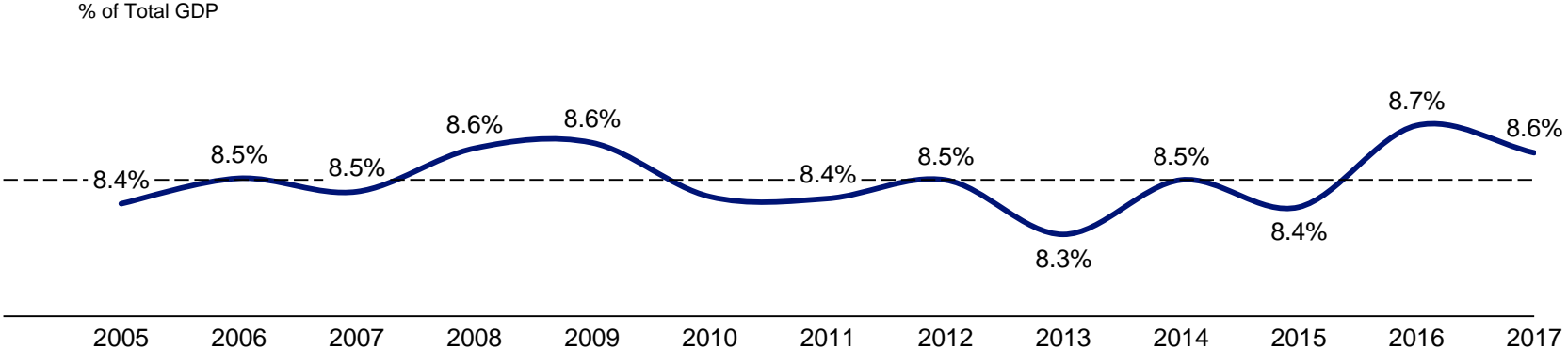
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Tourism Contributes with 9% of Mexico's GDP

Tourism GDP and Total GDP Historical Evolution



Tourism Expenditure as Percentage of Total GDP

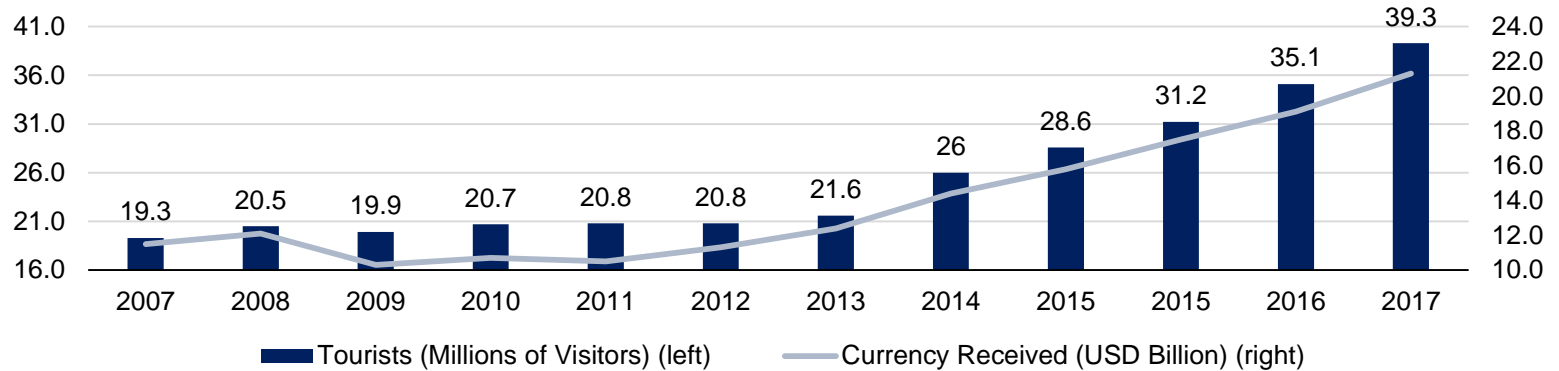


Source: Elaboration and seasonality adjustments by Banco de México with respect to data from the Tourism Ministry of the Federal Government and Airports and Auxiliary Services.



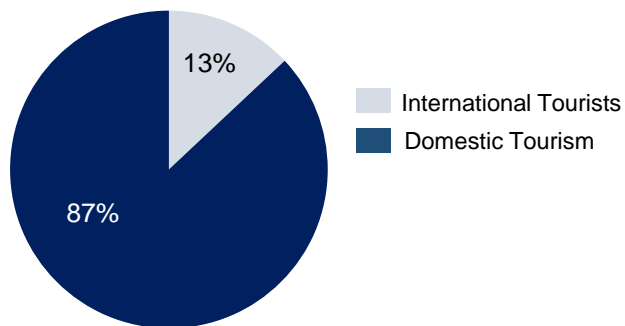
Tourism Strength Derived From Both Domestic Momentum and International Visitors

International Tourist Arrivals and Currency Surplus



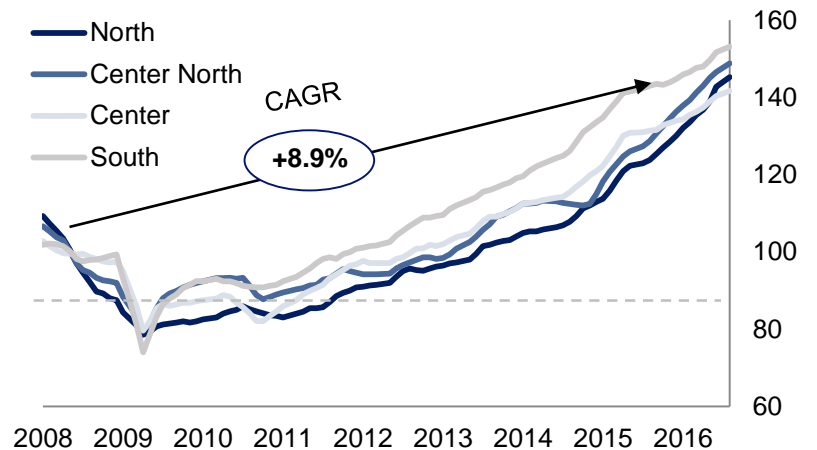
Tourism Expenditure by Origin

2017



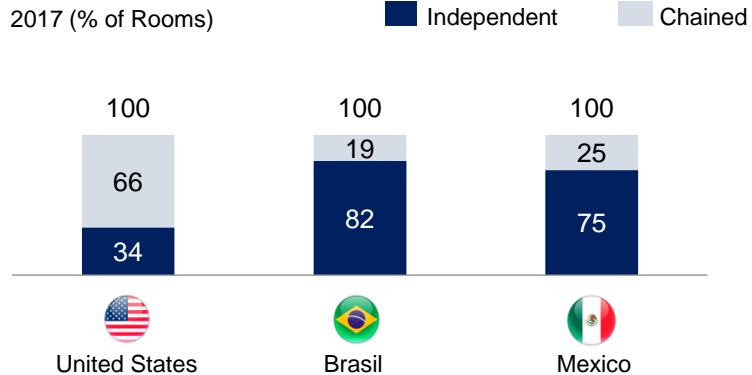
Hotel Occupancy Index

Base 2008 (2008 = 100)

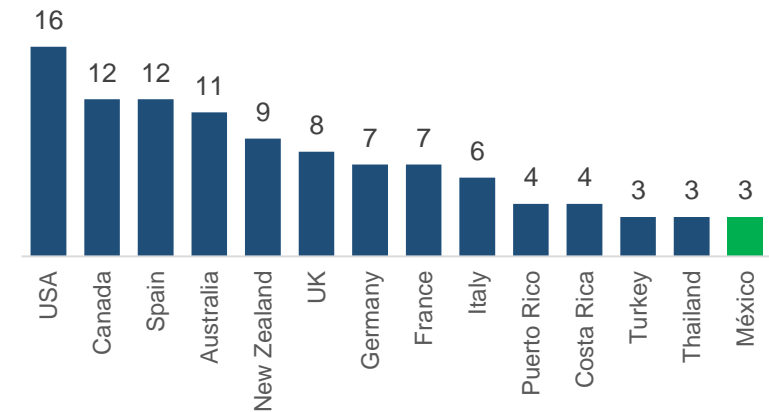


Hospitality Industry with Consolidation Opportunities Due to Fragmentation

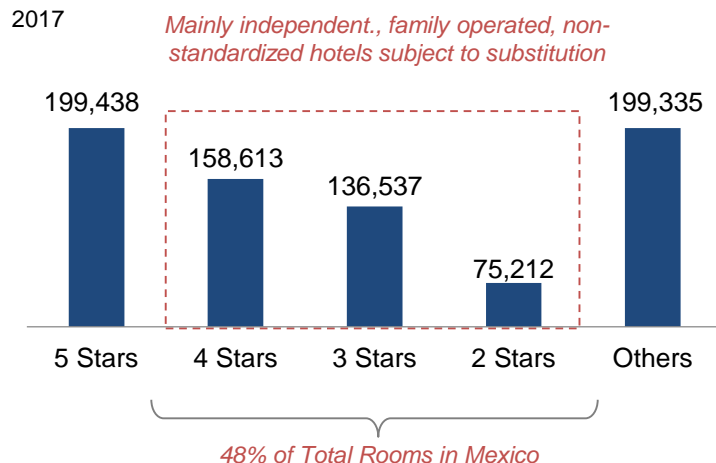
Breakdown of Independent and Chained Hotels



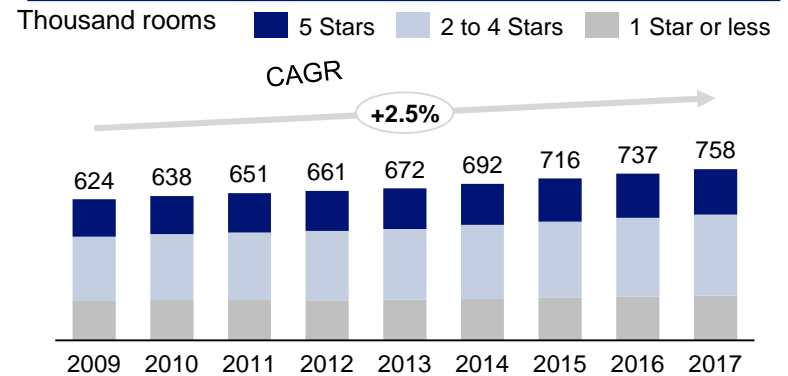
Hotel Rooms per Thousand Inhabitants



Hotel Rooms in Mexico by Number of Stars

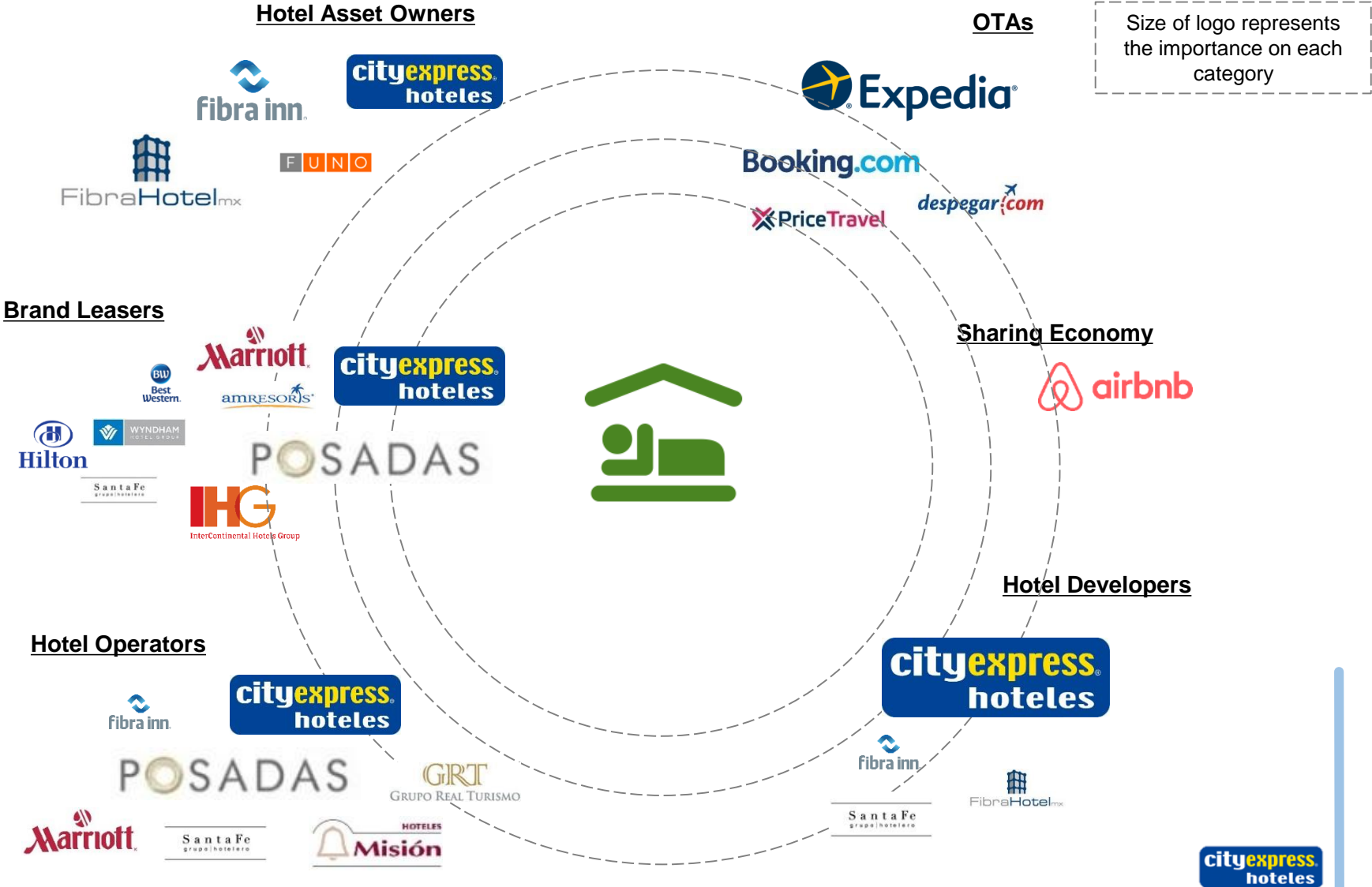


Hotel Supply Growth



Source: INEGI, Ministry of Tourism, Ministry of Communications and Transportation, JLL, PwC, Euromonitor.

Hospitality Market Players in Mexico



Hoteles City Express Today

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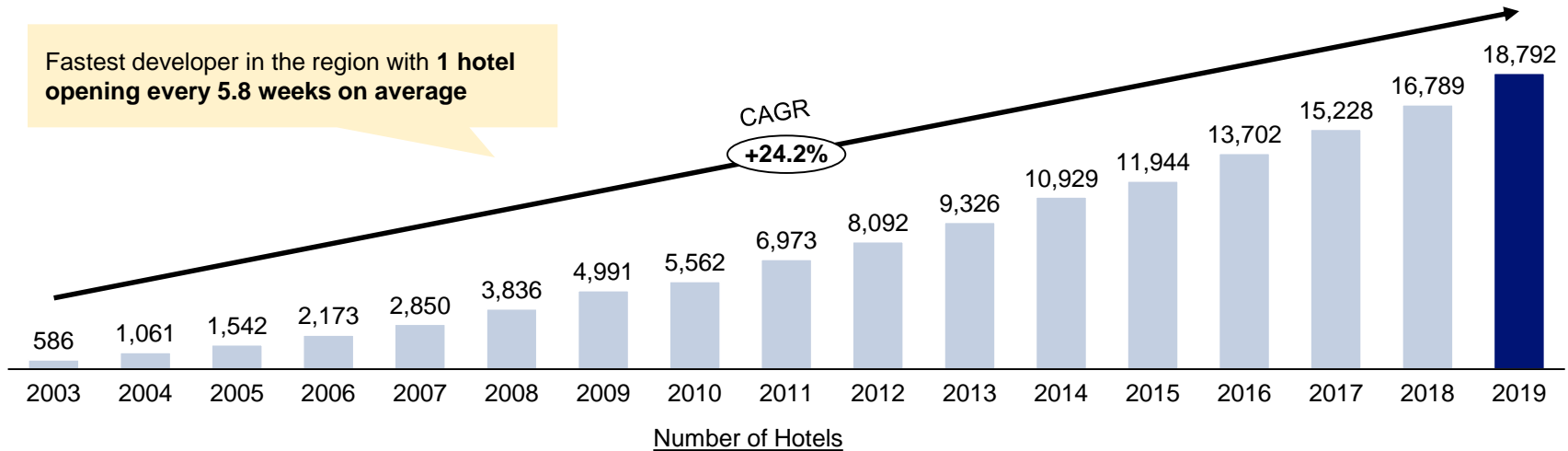


We Are the Fastest Growing Hotel Chain in Mexico...

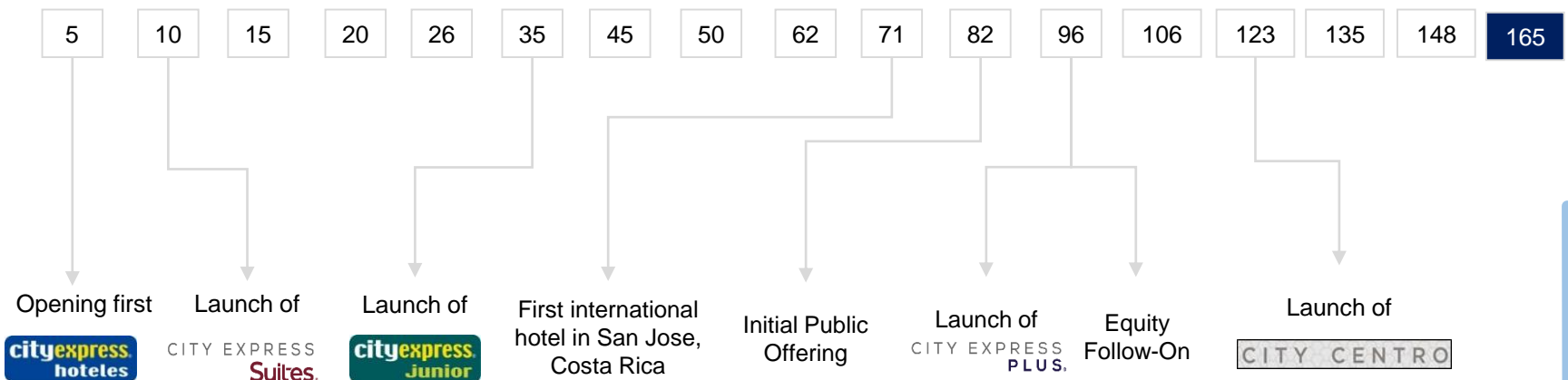
Historical Chain Growth

Installed Rooms




Fastest developer in the region with **1 hotel opening every 5.8 weeks on average**

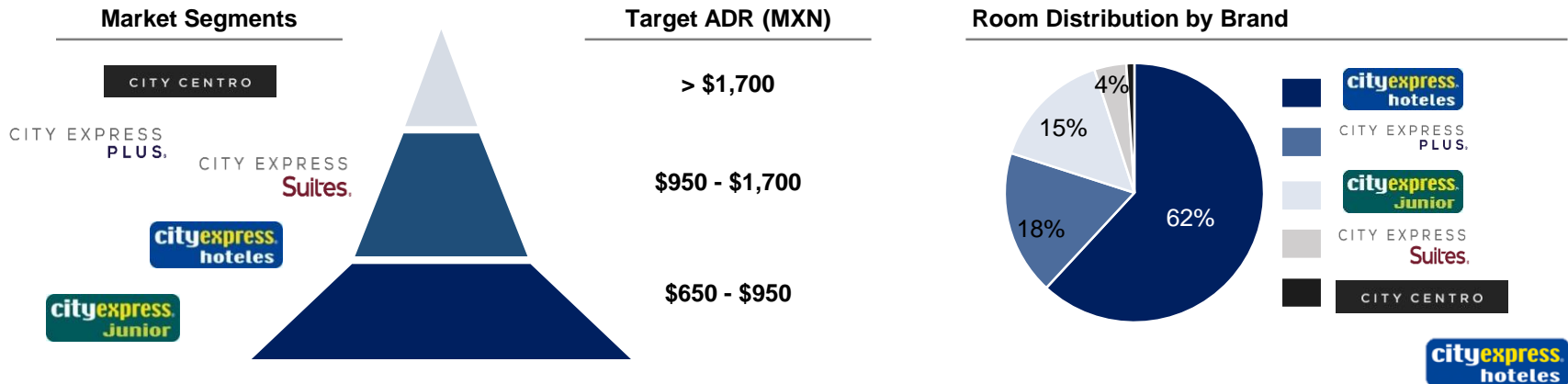


Number of Hotels

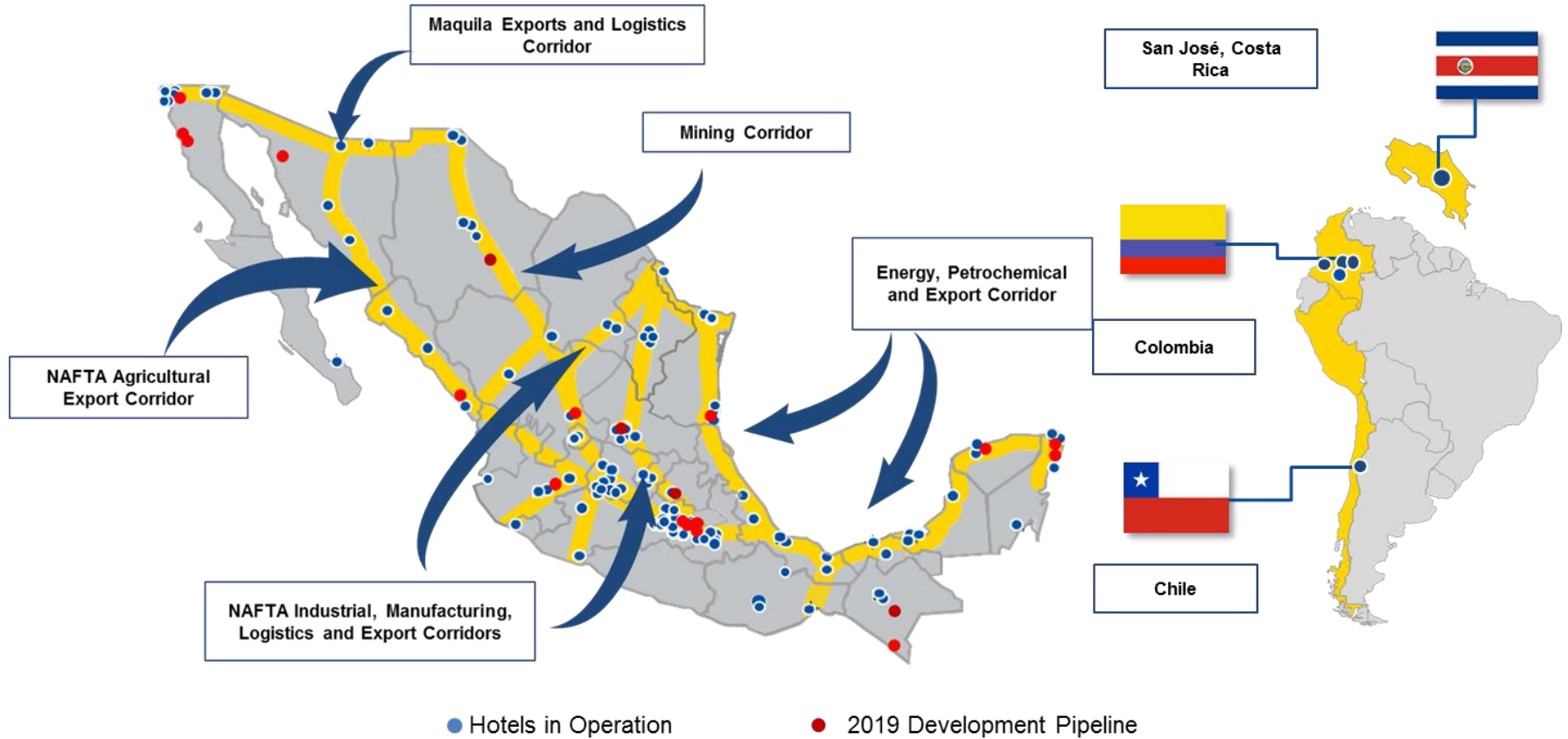


With One Brand and Five Successful Products to Serve our Market Segment

		CITY EXPRESS PLUS.		CITY EXPRESS Suites.	
Description	<ul style="list-style-type: none"> Flagship Brand Essential amenities Economy segment 	<ul style="list-style-type: none"> City Express product located in Premium locations 	<ul style="list-style-type: none"> Budget segment brand Same quality within smaller rooms 	<ul style="list-style-type: none"> Extended stay brand Apartment-style layout 	<ul style="list-style-type: none"> City Express product within city downtowns with Premium decor
Average Room Size	23 m ² (248 ft ²)	23 m ² (248 ft ²)	17 m ² (183 ft ²)	30 m ² (323 ft ²)	23 m ² (248 ft ²)
Average Daily Rate (ADR)	MXN \$850 – \$1,200	MXN \$1,000 – \$1,500	MXN \$650 – \$950	MXN \$750 – \$1,700	MXN \$ 1,800 – \$3,000
Rooms per Hotel	100 – 150	70 – 150	105 – 134	26 – 120	35 – 80
# of Hotels	91	24	23	12	2
# of Rooms	10,581	3,205	2,572	721	147



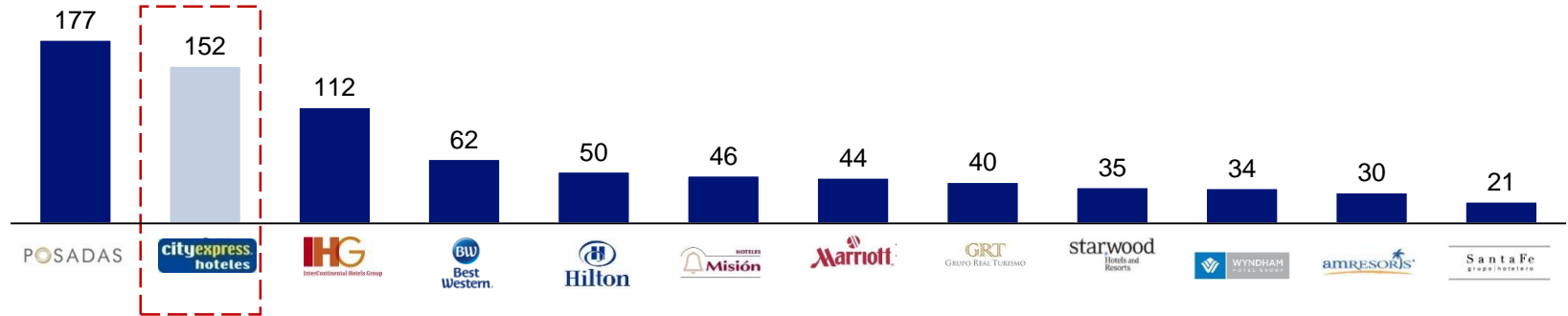
...And Significant Diversification Across Geographies and Countries



Reflected in the Build Up of the Largest Branded Inventory in Mexico

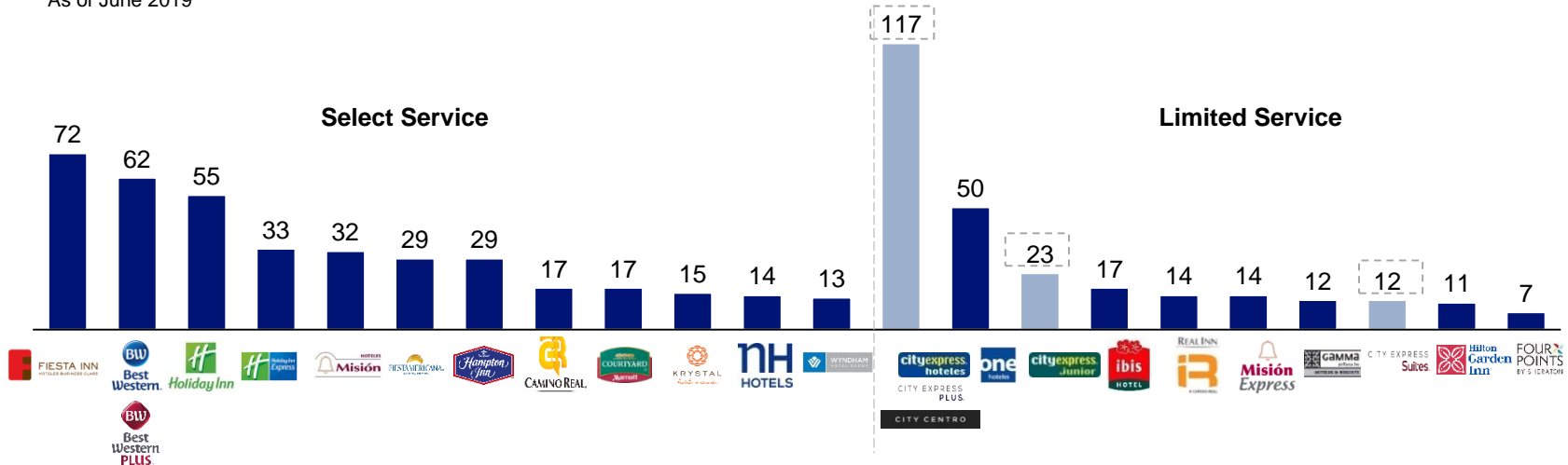
Number of Hotels by Chain in Mexico

As of June 2019



Number of Hotels by Brand in Mexico

As of June 2019

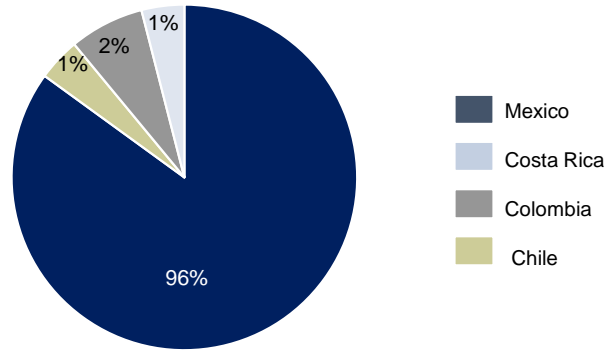


Source: Information prepared by the Company based on publicly available information including prospectuses, quarterly reports, websites and press releases

...And Favoured by Exposure to Different Economic Activities, Brands and Ownership Structures

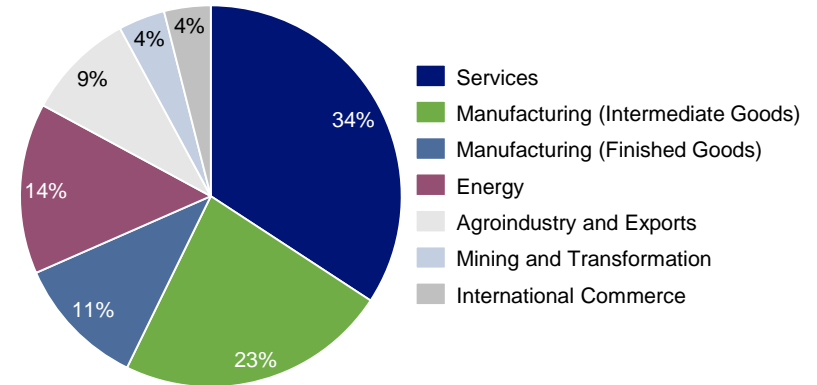
Geographic Coverage by Country

As of June 2019



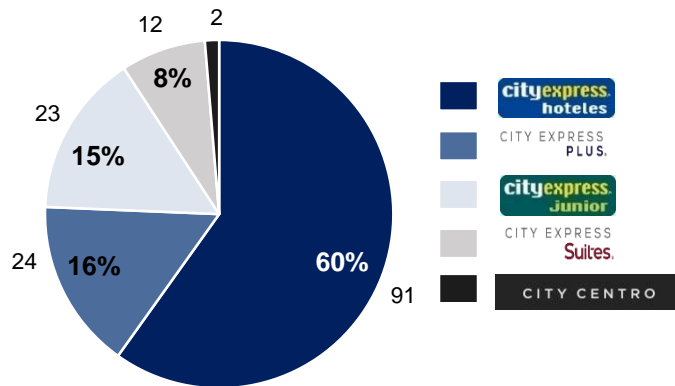
Presence in Mexico by Economic Activity

As of June 2019, % of Total Portfolio based on Number of Hotels



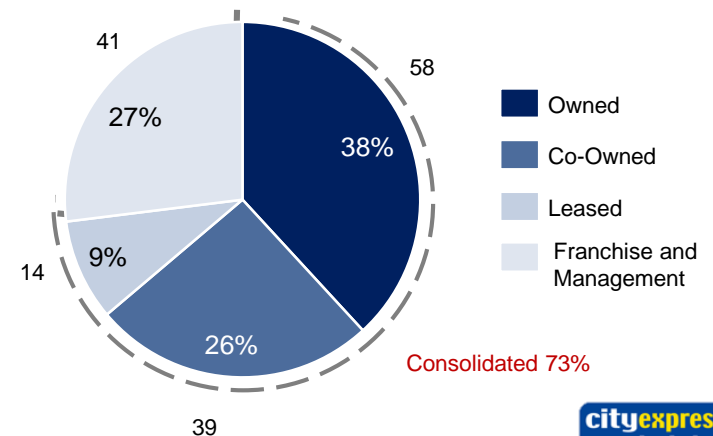
Hotel Portfolio by Brand

As of June 2019, # of Hotels and % of Total Portfolio



Hotel Portfolio by Ownership

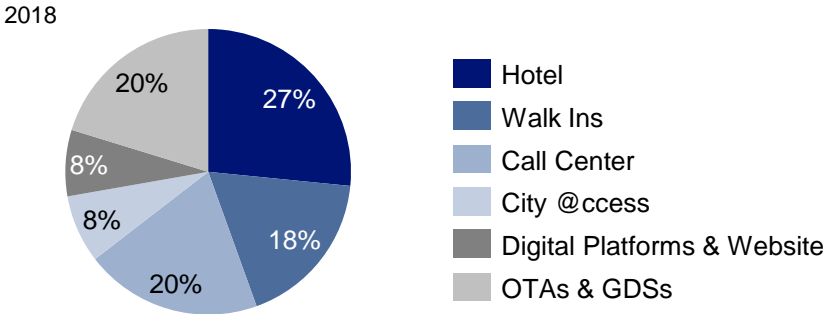
As of June 2019, # of Hotels and % of total Portfolio



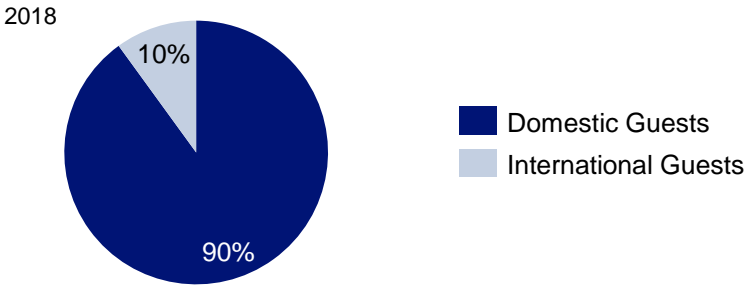
Coupled With an Innovative and Disruptive Room Operation and Distribution Platform

- Innovative technological platform receiving **more than 80% of reservations through own channels.**
- Optimized **Yield Management System** executed in real time focused on maximizing RevPAR.
- *City Premios – Loyalty program* with over **819,000 active members** accountable for **20%** of total occupied room nights.
- More **than 8,000 corporate agreements** that account for approximately **40%** of total occupied room nights.
- Solid **commercial agreements and partnerships** that turn into sales.

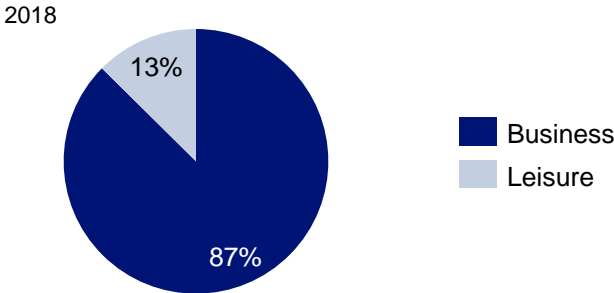
Room Nights Sold by Channel



Room Nights Sold by Guest Type



Room Nights Sold by Travel Purpose



...And Supported by Best in Class Environmental Social and Corporate Governance Practices

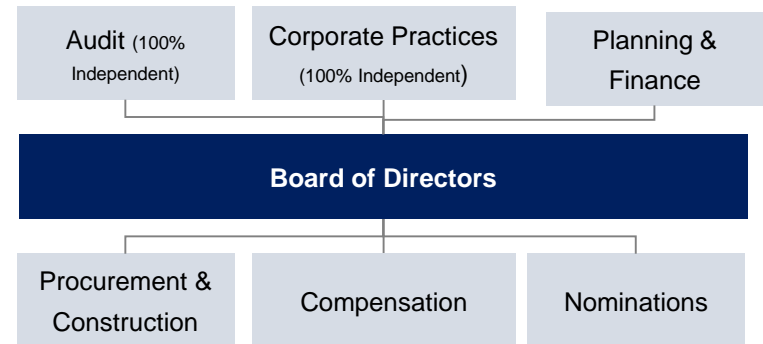
Strong Institutional Sponsors that Fueled Growth



- Practices aligned to protect minority interests
- Zero corruption tolerance.
- Corporate Governance Manuals and Policies effectively implemented: <https://goo.gl/vFvNOV>
- Mainly independent Board of Directors – 10 out of 11 members are independent

Committed and Capable Board of Directors

Board Committees



Sustainability Strategy that Generates Results

- **Sustainability policy and committee** effectively implemented.
- **Top environmental practices** and international certifications for hotels.
- **Catalyst of positive social, economic and environmental impacts** in all our locations.
- Deeply committed with UN's **2030 Goals for Sustainable Development**.

Portfolio of Certifications



Strategic Pillars and Initiatives

Economic	Entrepreneurship program, committed to growing employment opportunities
Environmental	Resource optimization and minimization of Carbon Footprint initiatives
Social	Labor Inclusion and' welfare programs for employees



Download our 2018 Sustainability Report

<http://cityexpress.com/sustainability>

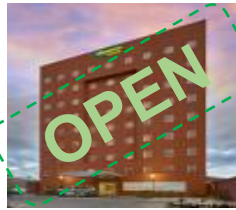


Expansion, Financial and Operating Results

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Hotel Development and Inventory Expansion

Hotel Openings In the Last 24 Months



Cj SLP Z. Ind
May 2017



Cj Puebla Ang.
July 2017



Ce Altamira
July 2017



Ce Mérida
(Expansion)
July 2017



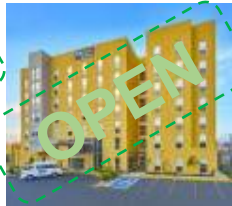
CeP Puerto
Vallarta
July 2017



CeP Medellín
Sept. 2017



Cj Tuxtpec
Sept. 2017



Ce Tijuana Otay
Dec. 2017



Cj León CC
Dec 2017



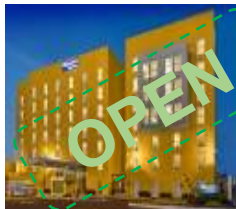
Ce Mt.
Lindavista
Dec. 2017



CC Oaxaca
Dec. 2017



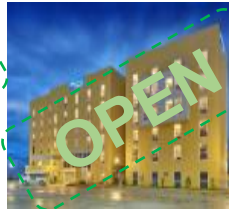
CeP León CC
Dec 2017



Ce Tepic
Jan. 2018



Ce Atlixco
March 2018



Ce Comitán
June 2018



CS Cancún
Aeropuerto
Oct. 2018



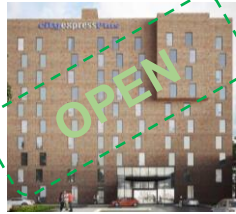
CeP Cancún
Aeropuerto
Oct. 2018



CeP Interlomas
Nov. 2018

Hotel Development and Inventory Expansion

2019 – 2020 Development Pipeline



CeP Tampico
Nov. 2018



Cj CDMX
Sullivan
Dec. 2018



CeP Mérida
Dec. 2018



CeP Ensenada
Dec. 2018



Ce Ensenada
Dec. 2018



CeP Tijuana
Dec. 2018



Ce CDMX
Tlalpan
Feb. 2019



Ce Tapachula
Mar. 2019



Ce Mty Aeropuerto
(Ampliación)
Mar. 2019



Ce CDMX La
Villa
Apr. 2019



CeP Chihuahua
Apr. 2019



CC SLP
3Q19



CP Gdl. Prov
4Q19



CeP Mexicali
4Q19



Ce Guaymas
4Q19



CP San Luis
4Q19



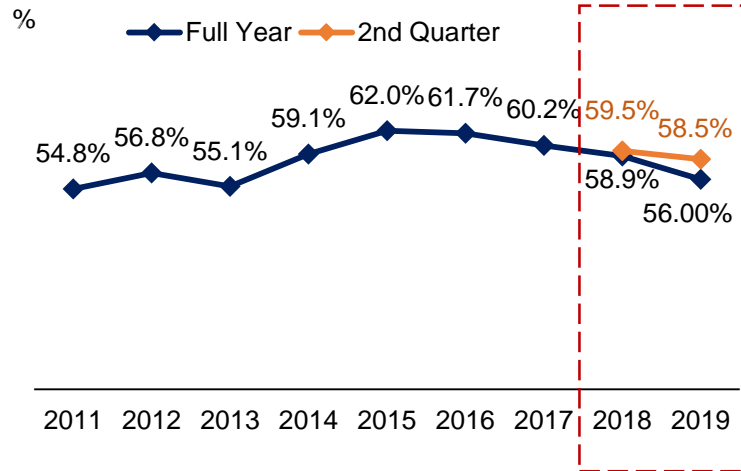
CeP Mérida
Siglo XXI
1Q20



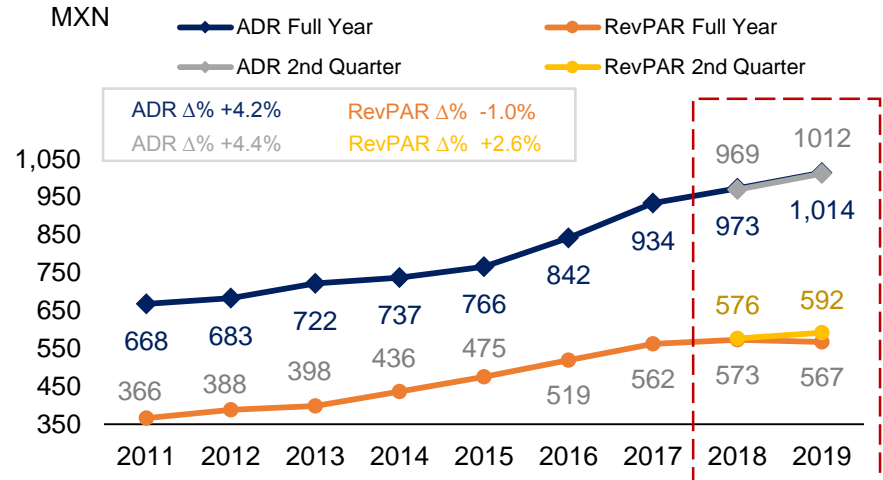
Ce CDMX
Anzures
1Q20

Operating And Financial Summary

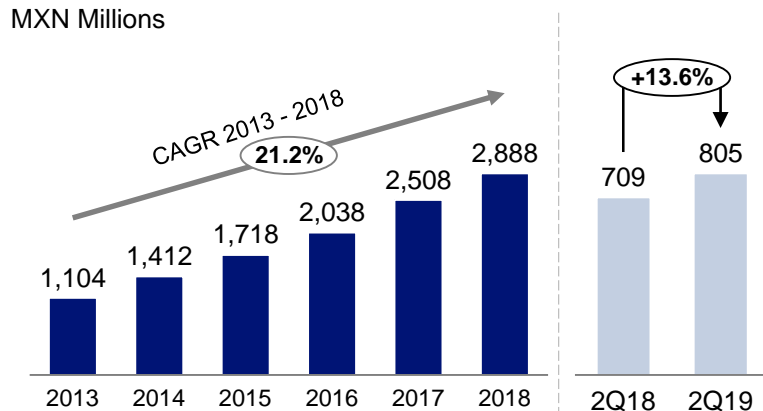
Occupancy



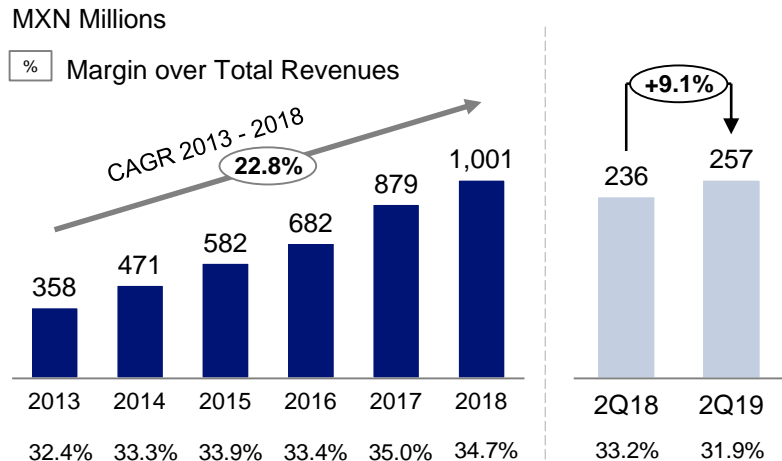
Average Daily Rate (ADR) and Effective Daily Rate (RevPAR)



Total Revenues



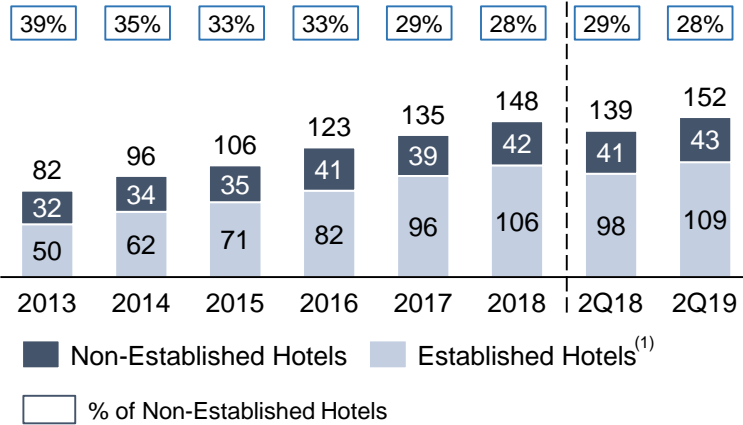
Adjusted EBITDA and EBITDA Margin



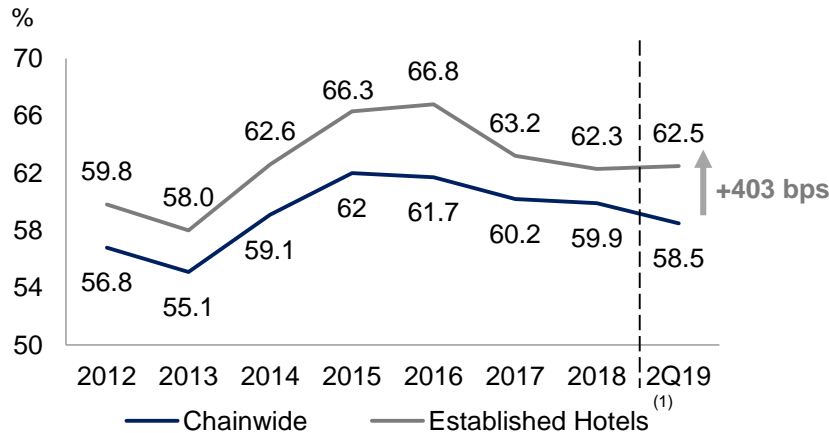
Established Hotels Metrics

Number of Hotels in Operation

of Hotels in Operation at the End of Each Period

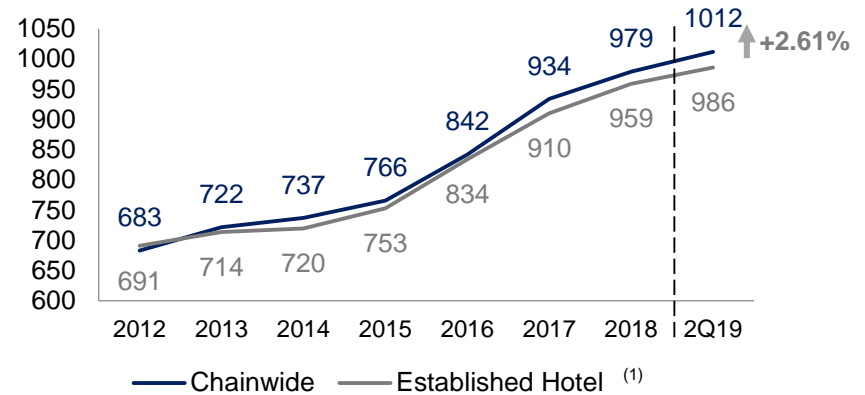


Occupancy



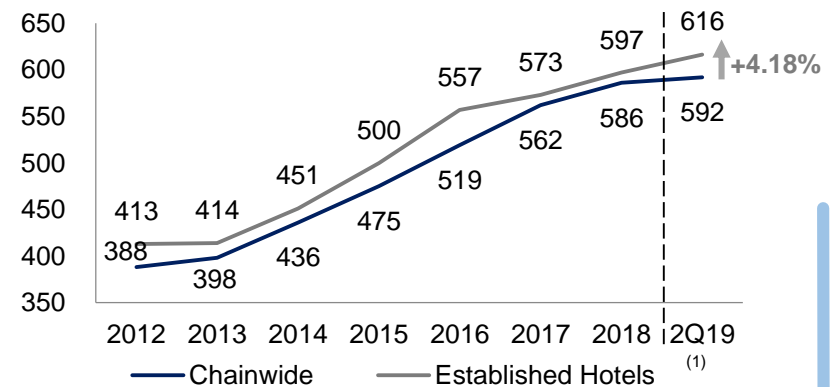
ADR

MXN



RevPAR

MXN

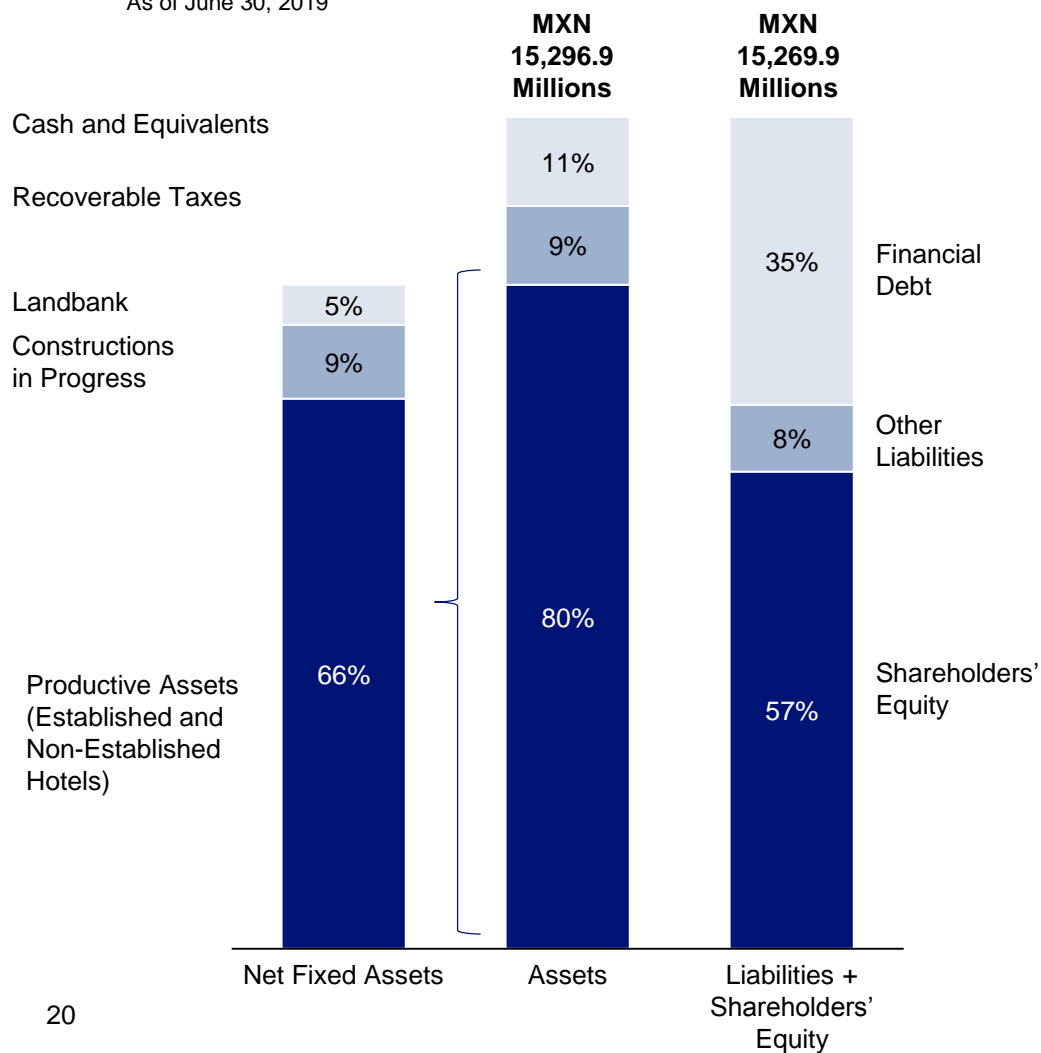


(1) Defined as the hotels with at least 36 months of operation

Capital Structure and Financial Position

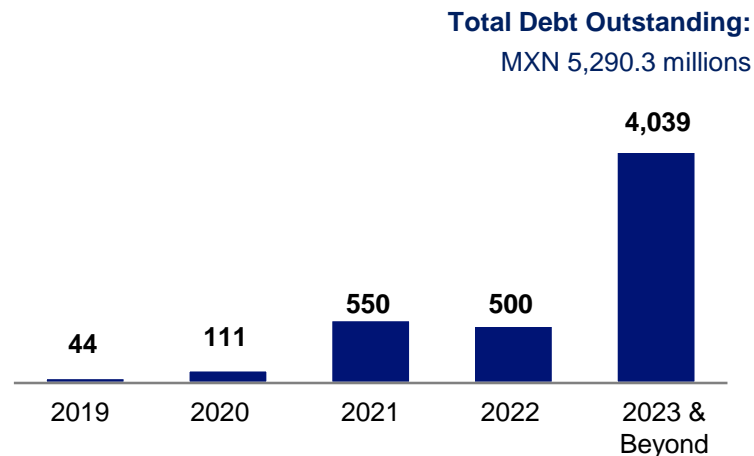
Balance Sheet Structure

As of June 30, 2019



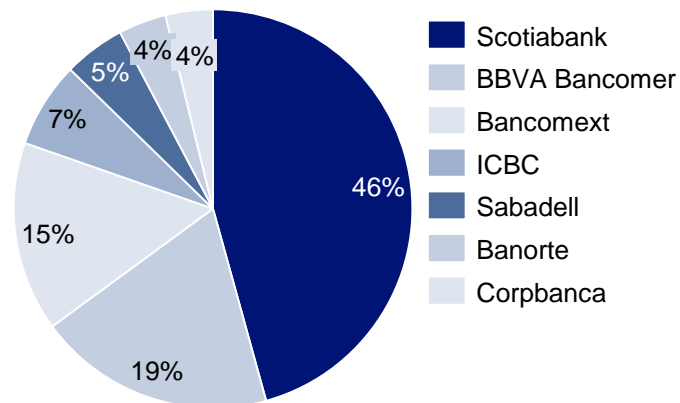
Financial Debt Maturity Schedule

As of June 30, 2019

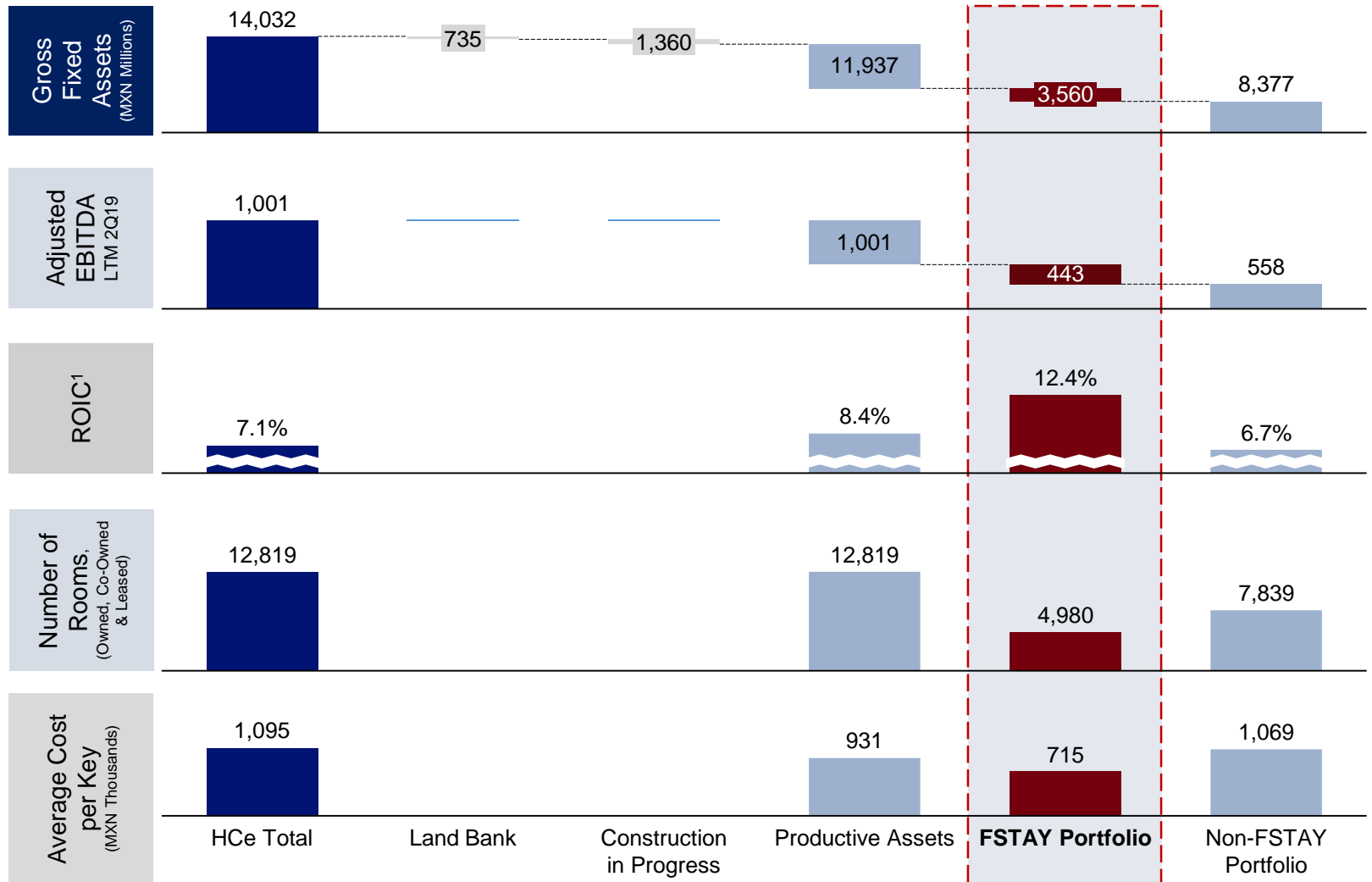


Access to Diversified Financing Sources








Bank Debt by Counterparty as of June 30, 2019



Return On Invested Capital



Pristine Execution Characterized by Robust Performance on All Fronts

		Initial Public Offering (November 2013)	2nd Quarter 2019	
Hotel Platform	Hotels / Rooms in Operation	72 / 8,201	152 / 17,226	 110.0%
	Development Pipeline (Projects in Process)	13	30	 130.8%
Operating Metrics ¹	Occupancy	55.1%	58.5%	 340 bps
	Average Daily Rate (ADR)	\$722	\$1,012	 40.2%
	Revenue per Available Room (RevPAR)	\$398	\$592	 48.7%
Financial Performance ¹	Total Revenues	\$968 MM	\$3,015 MM	 211.5%
	Adjusted EBITDA / Margin	\$311 MM / 30.5%	\$1,001 MM / 33.2%	 221.9%

(1) Operating metrics calculated as of 2Q19 and financial performance calculated considering last 12 months

Fibra STAY



Fibra STAY Objectives

1

Enhance transparency, capture and take advantage of the market value of HCE's real estate assets



2

Generate liquidity to support the growth in hotel units for the 2019 – 2022 period



3

Establish a sustainable asset recycling mechanism allowing continuous growth without diluting shareholders

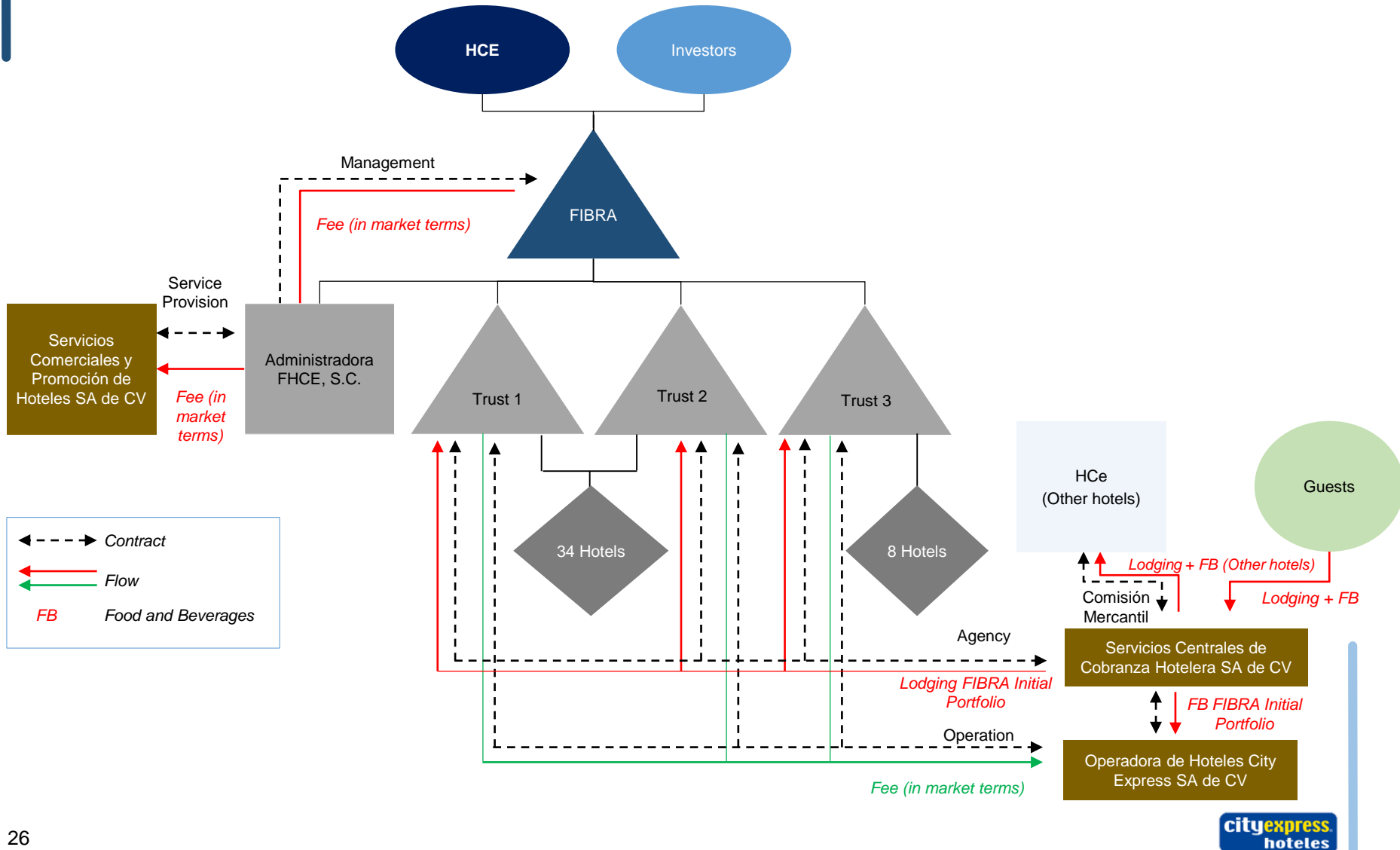


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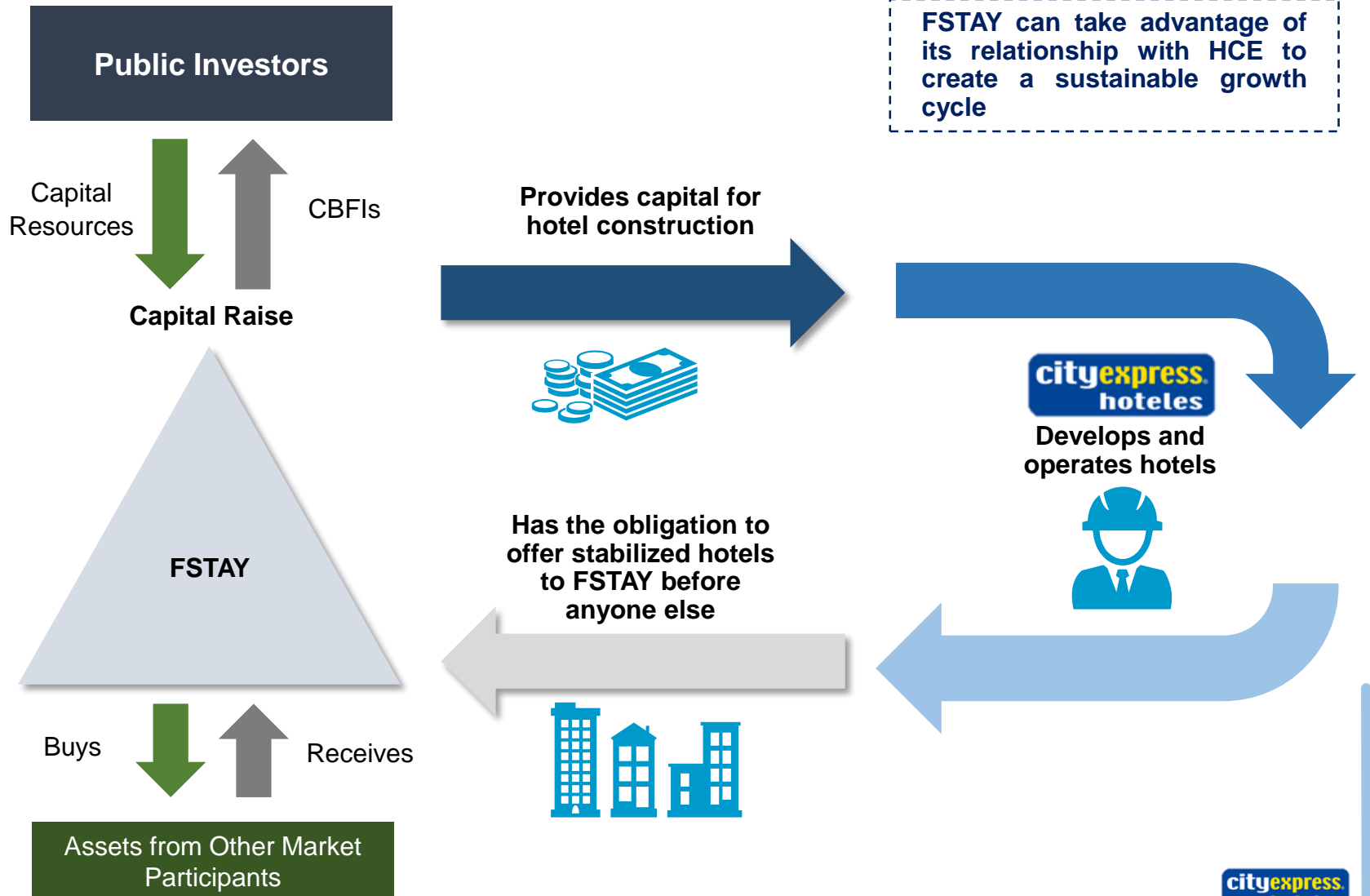
Generate transparency on performance and profitability HCE key business segments



Fibra STAY Structure



Sustainable Recycling Capital Vehicle



Potential Acquisition Pipeline From HCITY

72

Potential Projects in Mexico

Investment Scheme	
Owned	40
Co-Owned	16
Managed	16
Leased	0
Franchise	0
Total	72

Geographic Area	
North Border	13
Bajio Region	14
Metropolitan Areas	20
Center	5
Pacific	7
Energy Corridor	7
International	0
South	6
Total	72

Geographically Diversified Pipeline 2019-2022

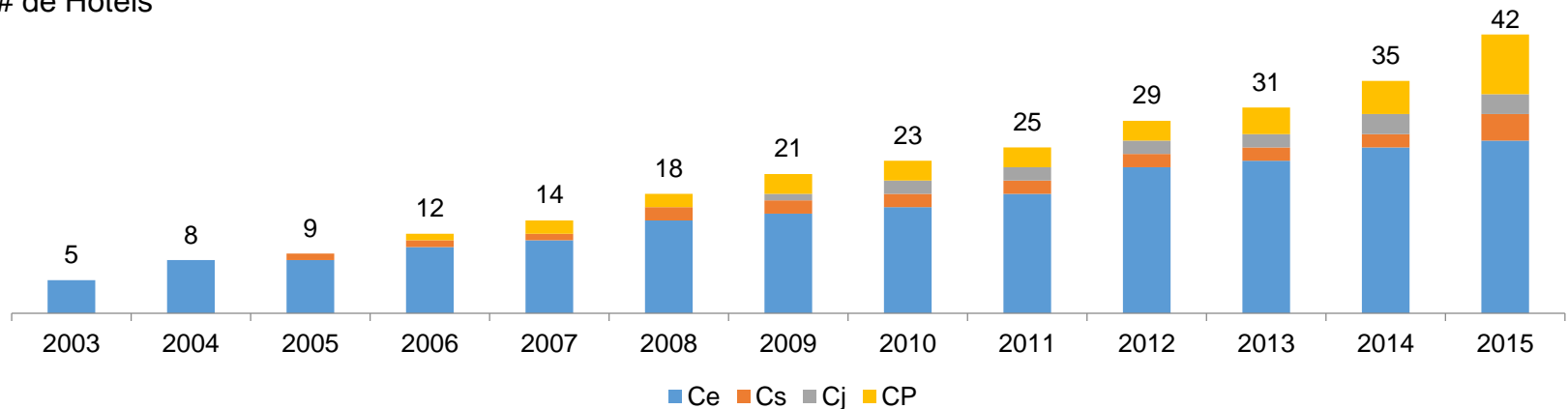


● Potential Projects 2019-2022

Best in Class Diversified and Established Portfolio

Portfolio Development by Brand

de Hotels



Key Points

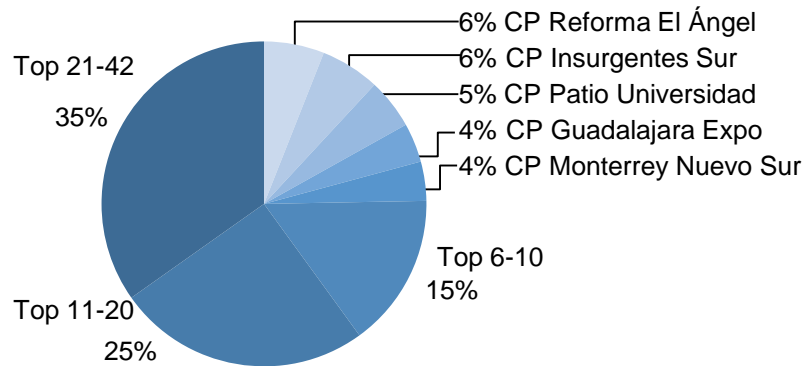
- Hotels developed and operated by Hoteles City Express under the highest quality standards.
- Assets strategically located in regions with high demand for lodging by business travelers and with growth potential.
- Established Portfolio of hotels – All the assets have at least 24 months in operation, and 83% has 36 months or more. No discrimination criteria in addition to compliance with the average stabilization period.



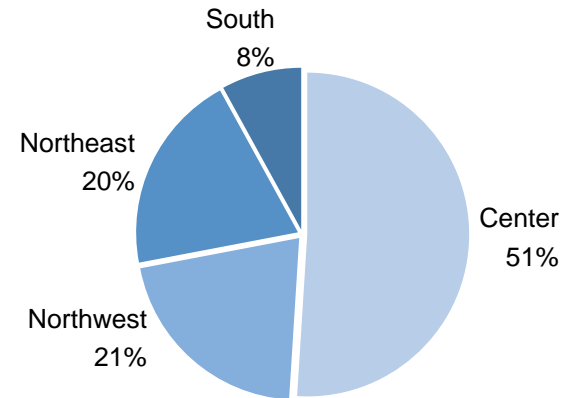
Diversified Portfolio with Exposure to Different Industrial Regions

Sales Distribution 2018 - % of Total

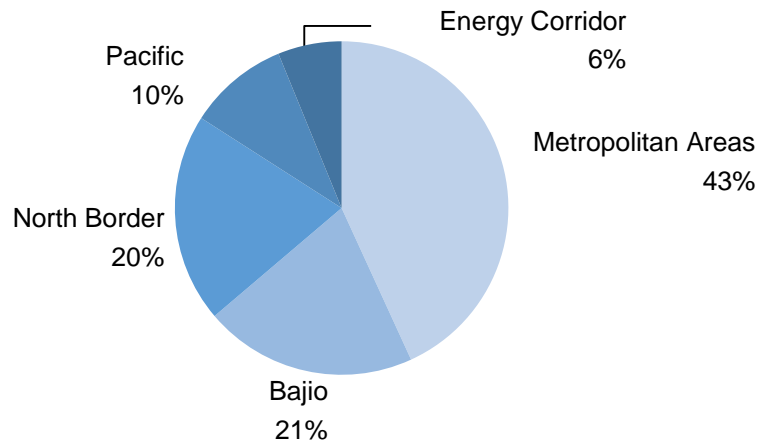
By Hotel



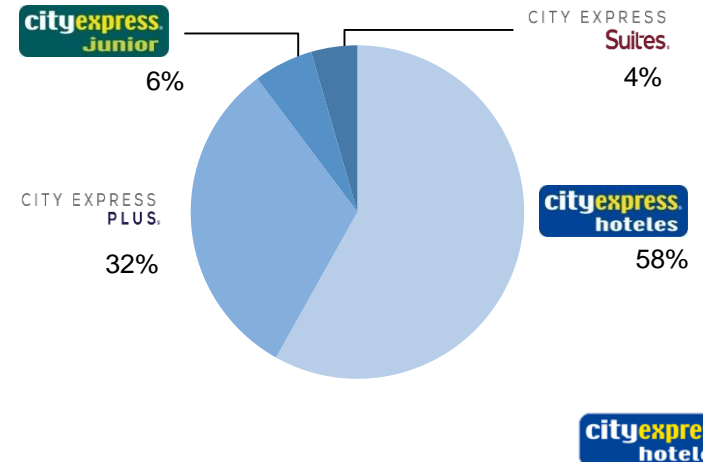
By Economic Region



By Economic Corridor

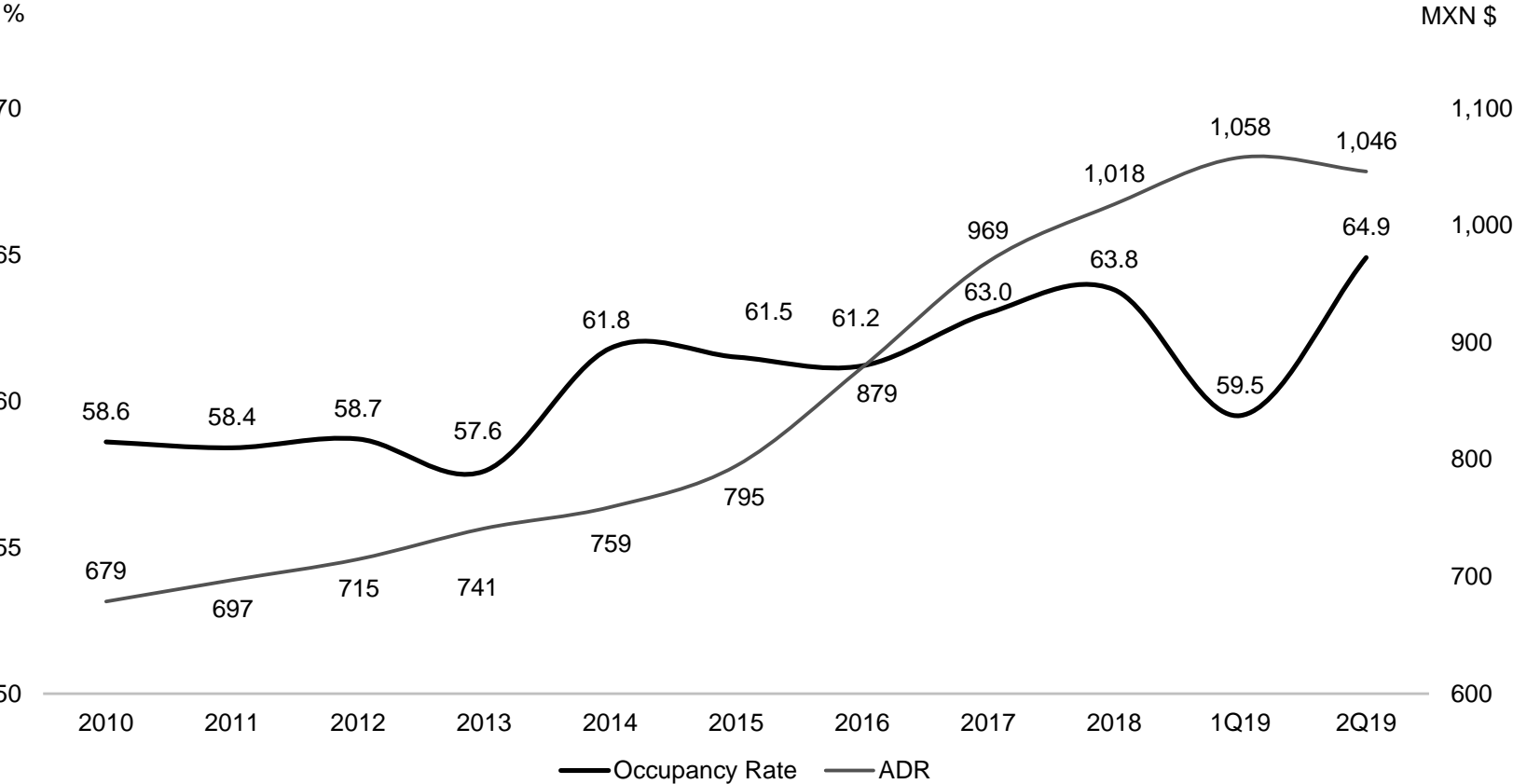


By Brand



ADR and Occupancy Rates Growing Even with Hotel Development

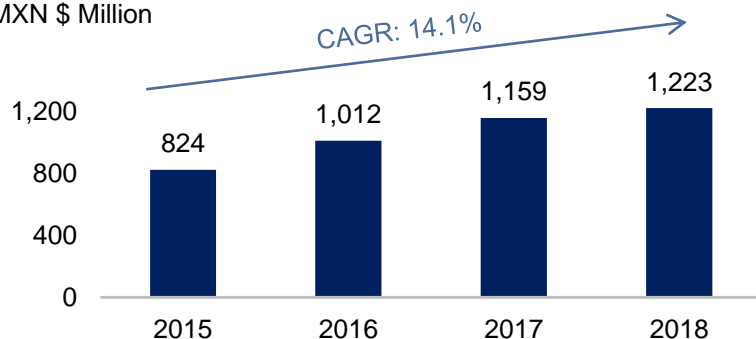
Occupancy Rate



Robust Operating and Financial Performance

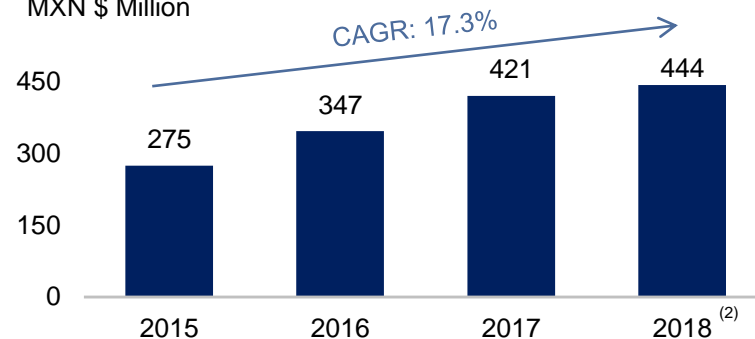
Total Sales ⁽¹⁾

MXN \$ Million



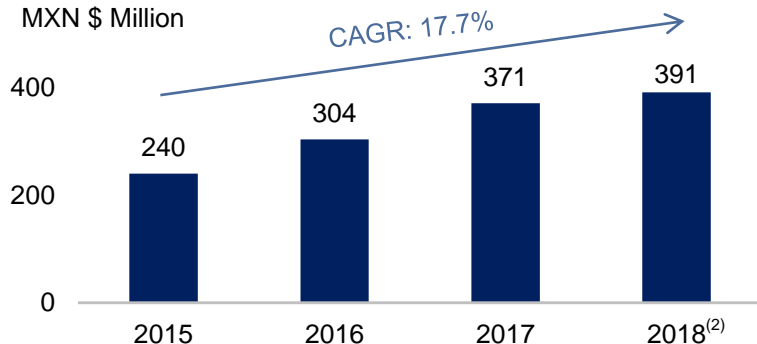
EBITDA ⁽³⁾

MXN \$ Million



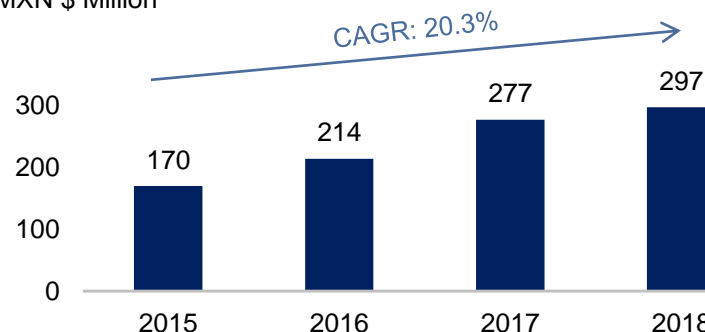
NOI ⁽³⁾

MXN \$ Million



AFFO ⁽⁴⁾

MXN \$ Million

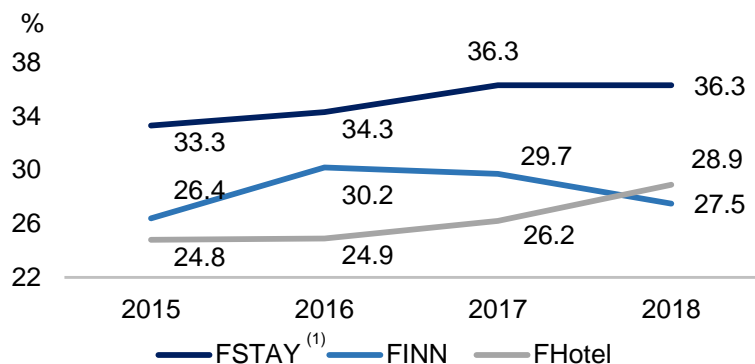


Notes

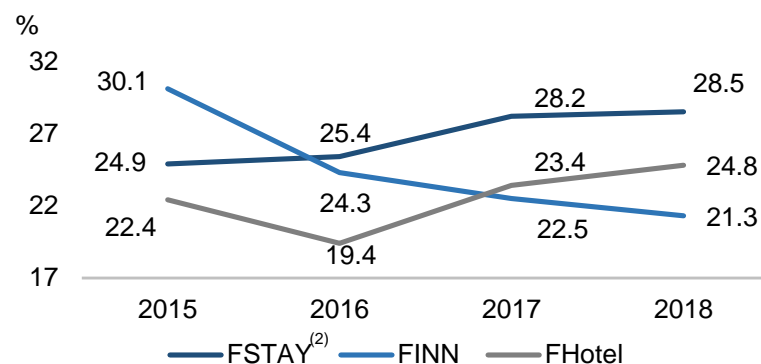
1. Considers Ps\$20.9MM, Ps\$20.7MM and Ps\$19.6MM from other revenues for 2015, 2016 y 2017, respectively
2. Does not consider Ps\$15.5MM, Ps\$15.9MM and Ps\$16.4MM of SG&A for 2015, 2016 y 2017, respectively
3. Calculated as EBITDA – FF&E
4. Net Income + Income Taxes + D&A – FF&E

Robust Operating and Financial Performance

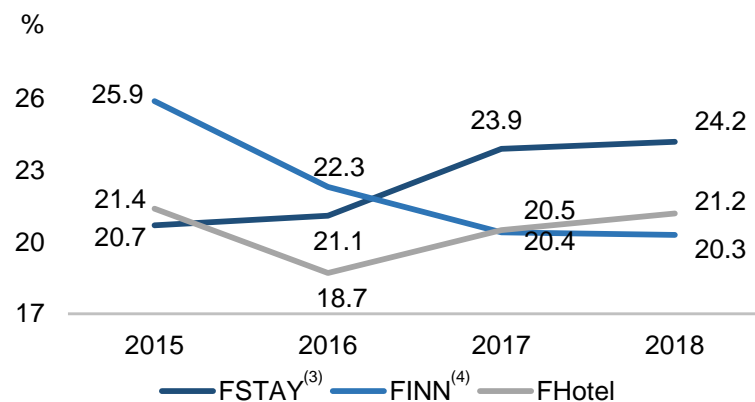
EBITDA Margin



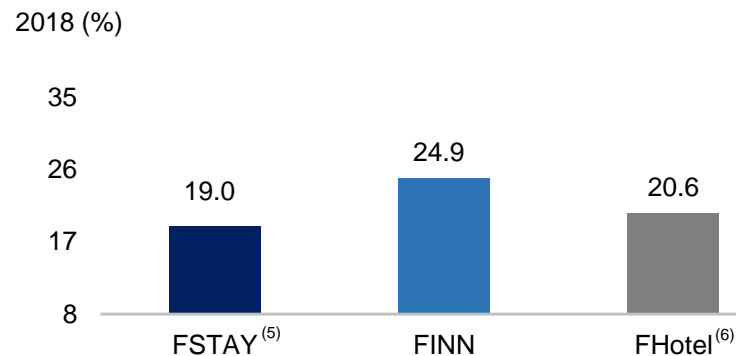
FFO Margin



AFFO Margin



LTV



Notes

- Does not consider Ps\$15.5MM, Ps\$15.9MM y Ps\$16.4MM of SG&A for 2015, 2016 y 2017, respectively
- FFO calculated as Net Income + Income Taxes + D&A
- AFFO calculated as Net Income + Income Taxes + D&A – FF&E
- Maintains ratio of 55.8% of FF&E vs Capex reserve
- Taking Ps\$1.2Bn of debt and Ps\$5.7Bn of fixed assets, according to last appraisal
- Includes "Properties in Development"

Transparent Acquisition Mechanism from HCITY

Possible Portfolio to Contribute

- HCE has the obligation to offer a *ROFR* over the portfolios developed and stabilized to FSTAY of which HCE owns 100%
- Stabilized HCE hotels based on any of the following two metrics:
 - Hotels that have more than 36 months in operation
 - Hotels based on their financial metrics have a calculated *ROIC* ⁽¹⁾ of 12% or higher

Valuation Mechanism

- The Technical Committee will have the right to choose an independent appraiser (with the majority vote of the independent members)
- The seller will have the right to choose a different independent appraiser
- In the event that the prices differ by less than 10% the price will be the average of the two
- If the price of the appraisers exceeds a 10% difference, a third appraiser must be chosen and the average of the 3 appraiser will be taken.

Approval Process

- Any acquisition of Assets owned by HCE, will require the approval of:
 - Technical Committee
 - Vote in favor of the Shareholders Assembly (related parties in the sale of the assets will not have a right to vote)

Notes

1. Defined as EBITDA / Total Investment

Conservative Capital Structure and Debt Profile

Leverage Considerations

- Maintain levels of debt / Fixed Assets lowers than 50% (21% initially)
- Actual cost of debt TIIE + 175 bps contemplating hedges of TIIE at 6.8% already signed.
- Migrate to a unsecure debt structure with a balloon payment once the issuance of the vehicle has been made

Main Debt Indicators

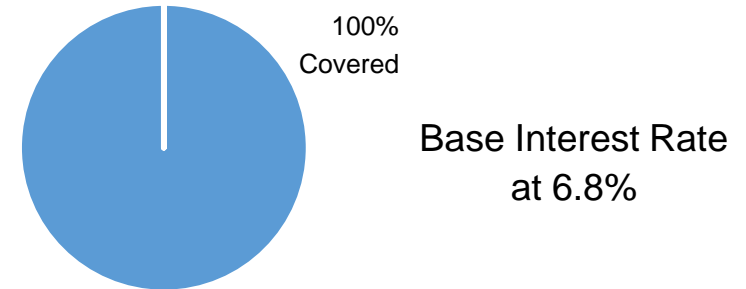
2018

- | | |
|------------------------|---------------|
| ● Total Debt | MXN \$ 1.1 Bn |
| ● LTV ⁽¹⁾ | 19% |
| ● DSCR ⁽²⁾ | 4.7x |
| ● Net Debt/ LTM EBITDA | 1.4x |
| ● % Guaranteed | 100% |

Notes

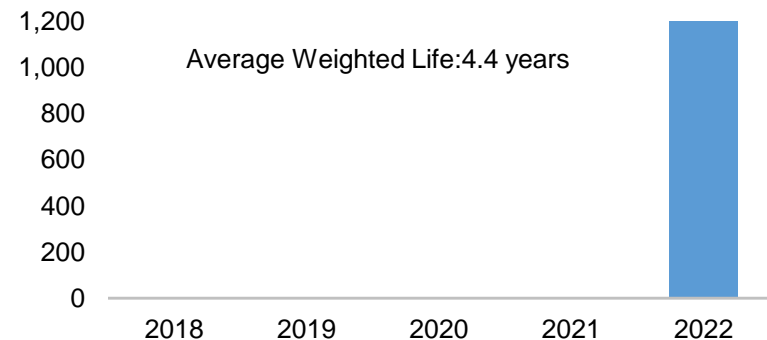
1. Total Debt / Value of the Properties according to last appraisal
2. NTM EBITDA / (Interests+ Amortization + FF&E)

Hedges over Cost of Debt



Debt Amortization Schedule

MXN \$ Million



FSTAY Re-launching

	Initial Portfolio	Co-investment and M&F Hotels	FSTAY Relaunching Portfolio
<ul style="list-style-type: none"> FSTAY re-launching could be activated as soon as market window opens. 	42 properties	32 properties	74 properties
<ul style="list-style-type: none"> Investment trust structure created, shareholders' approval set and communication model implemented. 	100% owned	JV and managed and franchise contract hotels	JV and managed and franchise contract hotels
	Asset Valuation: MXN \$5.7 billion	Asset Valuation: MXN \$3.5 billion	Asset Valuation: MXN \$9.2 billion
	Debt: MXN \$1.2 billion	Debt: MXN \$1.0 billion	Debt: MXN \$2.2 billion
<ul style="list-style-type: none"> Re-launching of vehicle bigger in size (\$9.2 billion vs \$5.7 billion) including JVs and managed and franchised properties. 	Equity: MXN \$4.5 billion	Equity: MXN \$2.5 billion	Equity: MXN \$7.0 billion
	Free float: 2.25 billion (50%)	Free float: \$1.25 billion (50%)	Free float: \$3.5 billion (50%)

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