

Corporate Presentation

July 2016

Disclaimer

This presentation has been prepared with information about Hotels City Express, S.A.B. de C.V. ("HCITY" or the "Company"). The presentation is not intended to be exhaustive and does not necessarily include all the information the receiver should want to be informed of the Company. The forward-looking statements contained in this presentation are based on the current assumptions and outlook of the Company's management. Actual results, performance and events may differ significantly from those expressed or implied in these forward-looking statements as a result of several factors such as the general and economic conditions in Mexico and abroad, interest and exchange rates, future renegotiations, pre-payments of liabilities or loans denominated in foreign currency, changes in laws and regulations, and general competitive factors (regionally, nationally or internationally).

All communications, inquiries and requests for information related to these materials should be directed to the contacts listed below.



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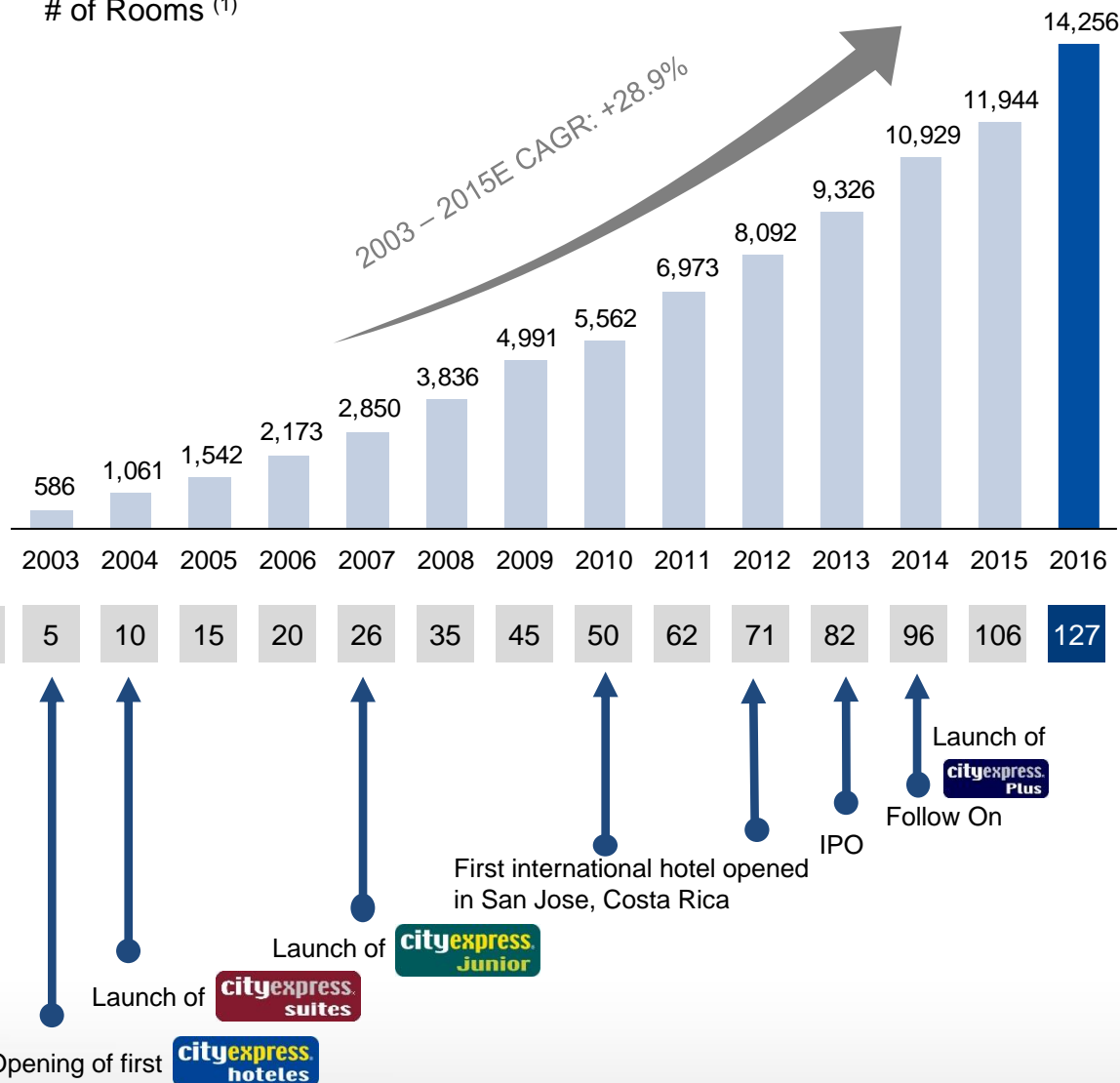
We are the Leading & Fastest Growing Hospitality Platform in Mexico

Business Platform that Provides a Unique Exposure to Hospitality in Mexico

- ✓ The largest limited service hotel chain in Mexico
- ✓ Fully integrated platform spanning the complete hospitality value chain with best-in-class development and distribution capabilities
- ✓ Three distinct lodging formats designed to serve the domestic business traveler and capture middle class expansion in Mexico
- ✓ Diversified geographic footprint geared towards expected GDP growth in Mexico
- ✓ Significant embedded growth in recently built inventory
- ✓ Organic expansion potential in our target markets due to lower density of hotels per capita, ADRs and occupancy rates
- ✓ State-of-the-art distribution systems at the forefront of industry trends
- ✓ Consistent track record of financial performance

Accelerated Growth in the Economy & Budget Lodging Segments Through New-Hotel Development

of Rooms ⁽¹⁾



(1) Number of hotels and rooms at the end of the period.

Business Model Tailored to Best Serve Our Target Segments

Our Portfolio of Three Targeted Limited Service Hotel Brands...

Hoteles City Express Brand Portfolio



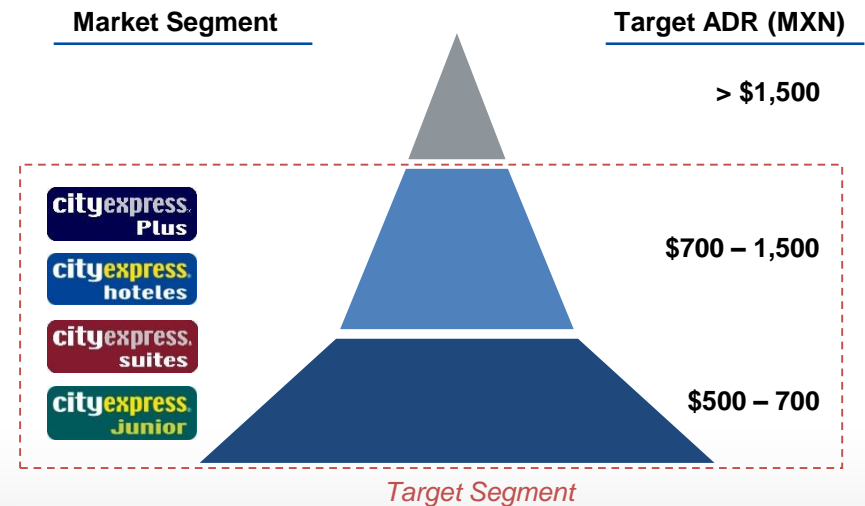
Description	<ul style="list-style-type: none"> Flagship brand Essential amenities Economy segment 	<ul style="list-style-type: none"> City express product located in premium locations 	<ul style="list-style-type: none"> Budget segment brand Same quality but smaller rooms 	<ul style="list-style-type: none"> Extended-stay brand Apartment-style layout Economy segment
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)
Average Daily Rate (ADR) (MXN)	\$ 600 – 1,200	\$ 1,000 – 1,500	\$ 500 – 750	\$ 750 – 1,700
Rooms per Hotel	100 – 150	70 - 150	105 – 134	26 – 120
# of Hotels ⁽¹⁾	75 (68%)	12 (11%)	15 (13%)	9 (8%)
# of Rooms ⁽¹⁾	8,636 (69%)	1,612 (13%)	1,678 (14%)	535 (4%)

...Offers a Differentiated Value Proposition Within our Segment...



...to Primarily Target Value Conscious Domestic Business Travelers

Hotel Industry Market Segments



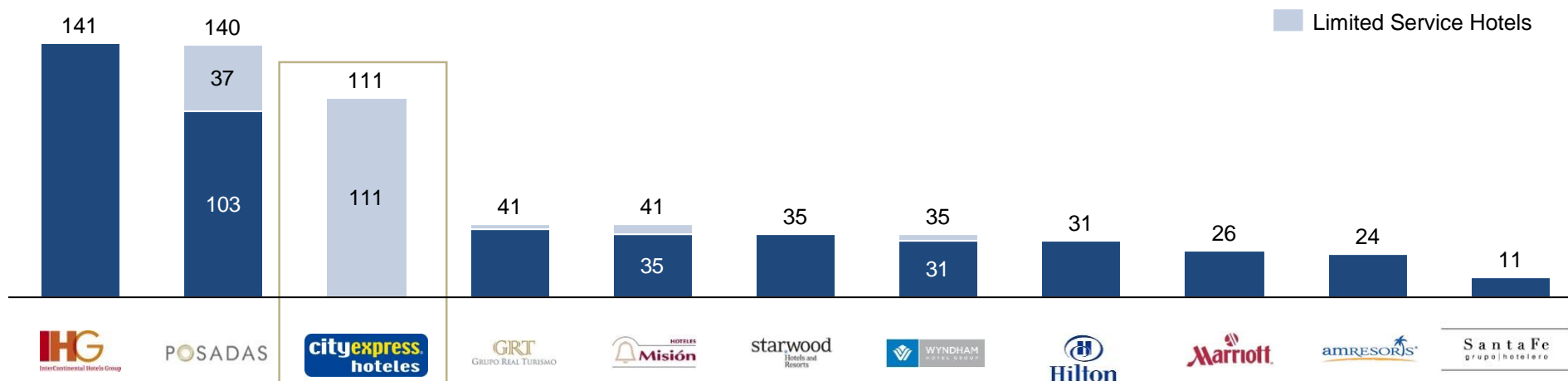
(1) As of July, 2016



Largest Hotel Chain in our Target Segment

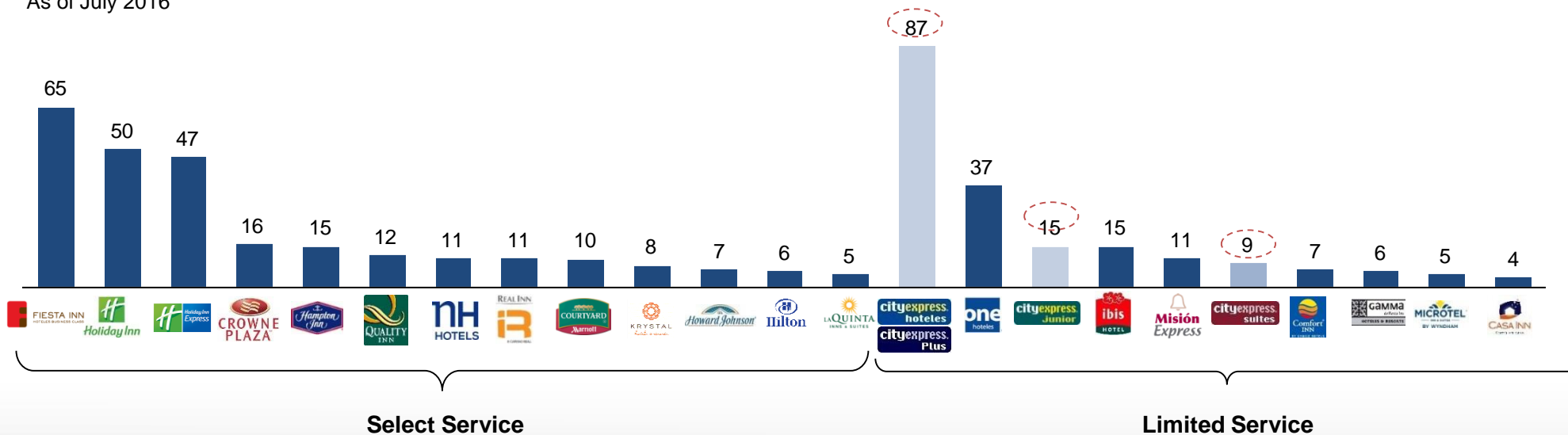
Number of Hotels by Chain in Mexico

As of July 2016



Number of Hotels by Brand in Mexico

As of July 2016

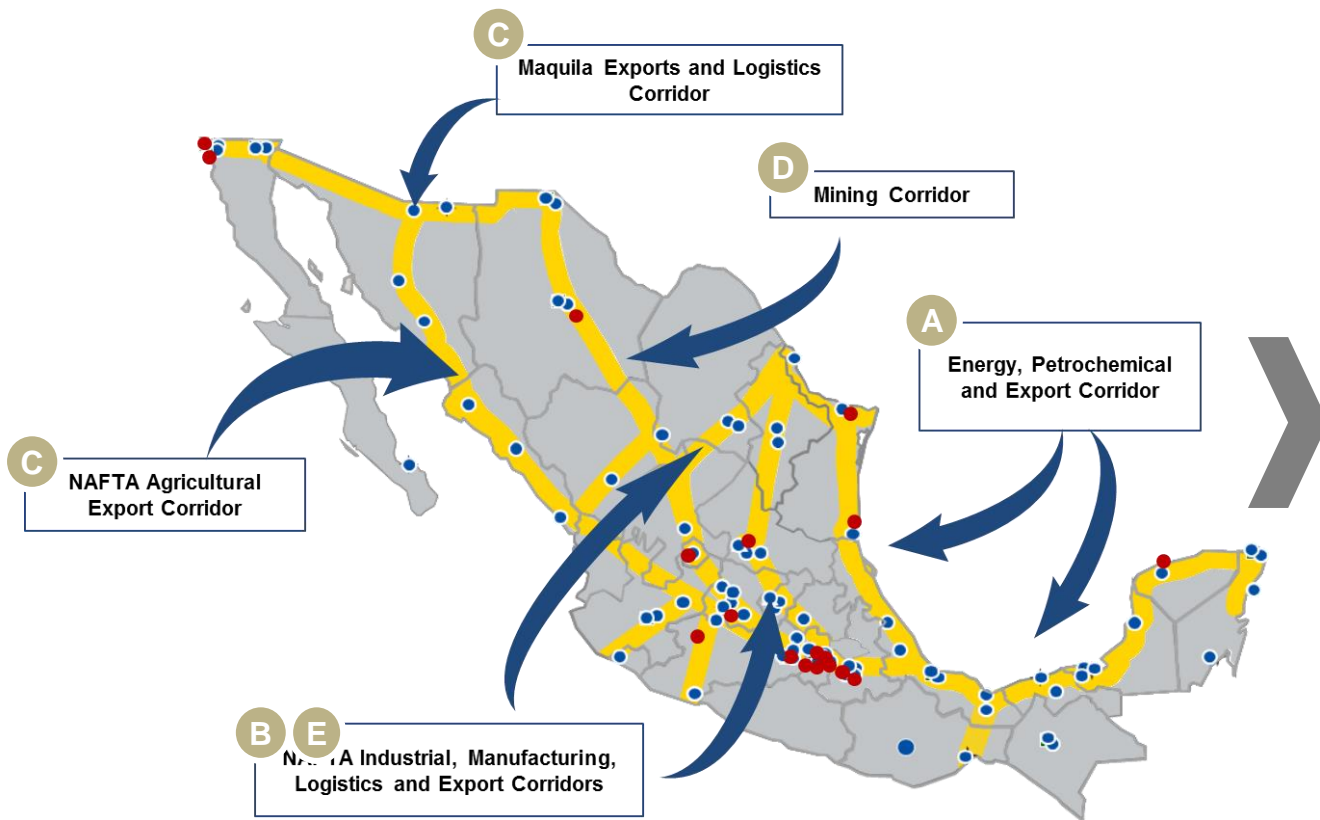


Source: Information prepared by the Company based on publicly available information including, prospectuses, quarterly reports, websites and press releases.

Strategically Planned Geographic Footprint and Deployment of Capital Aligned with the Key Drivers of Economic Activity

Strategically Planned Footprint Provides Diversified Exposure to Mexico's Main Business, Industrial and Commercial Hubs and Corridors...

... with a Balanced Leverage to the Main Drivers of Economic Activity



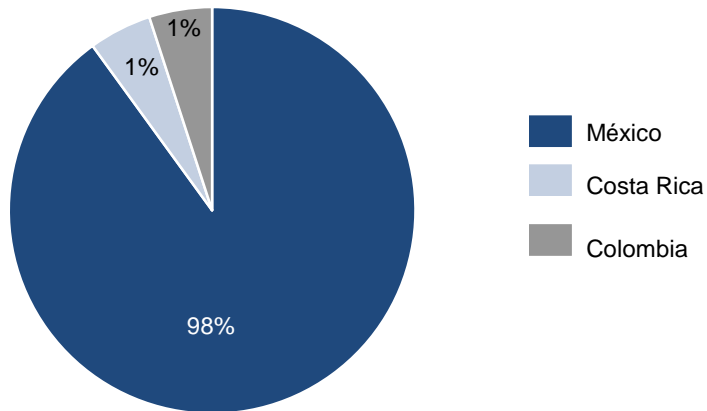
● Hotels in Operation ● 2016 Development Pipeline

- A** • Recently enacted **Energy Reform**
 - Opening of **oil and gas sector** to private participants
- B** • Growth of Mexico's **manufacturing sector** driven by competitive and logistic advantages of the Country
 - Recently announced **investments by automotive industry, aviation industry and infrastructure**
- C** • Economic **recovery of the United States**, Mexico's main business partner
 - **Resurgence of maquila** industry
 - Decreasing levels of violence in northern Mexico
- D** • Recently enacted **structural reforms** in the mining sector
- E** • Resuming **government spending** in transportation infrastructure

Geographic Coverage and Portfolio Mix by Industry and Sector

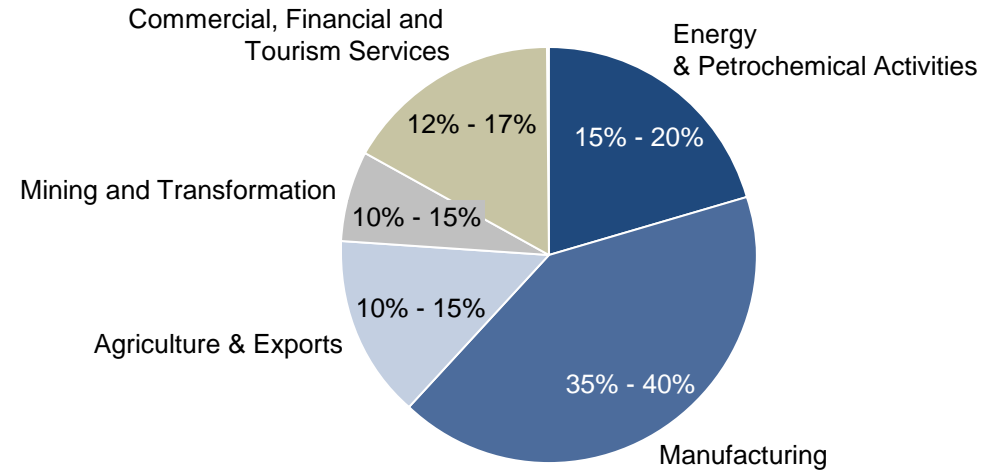
Geographic Coverage by Country

As of July 2016



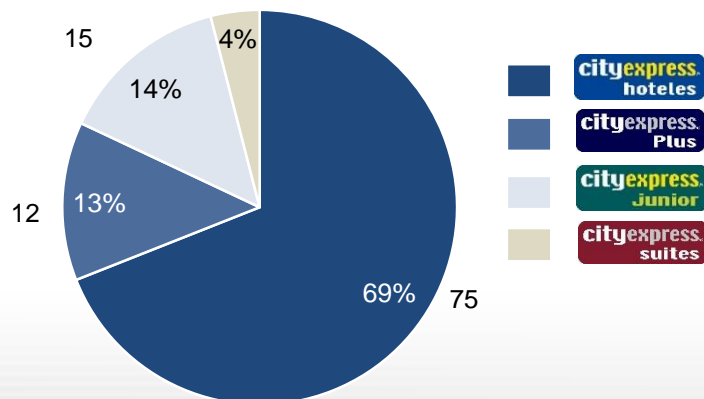
Presence in Mexico by Economic Activity

As of July 2016, % of Total Portfolio based on number of hotels



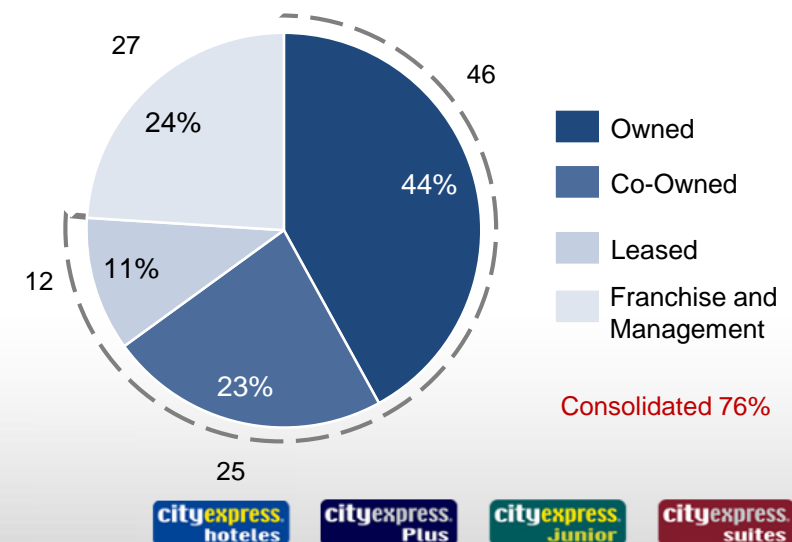
Hotel Portfolio by Brand

As of July 2016, # Hotels and % of Total Portfolio



Hotel Portfolio by Ownership

As of July 2016, # Hotels and % of Total Portfolio





Macroeconomic & Industry Fundamentals



Tourism Sector in Expansion

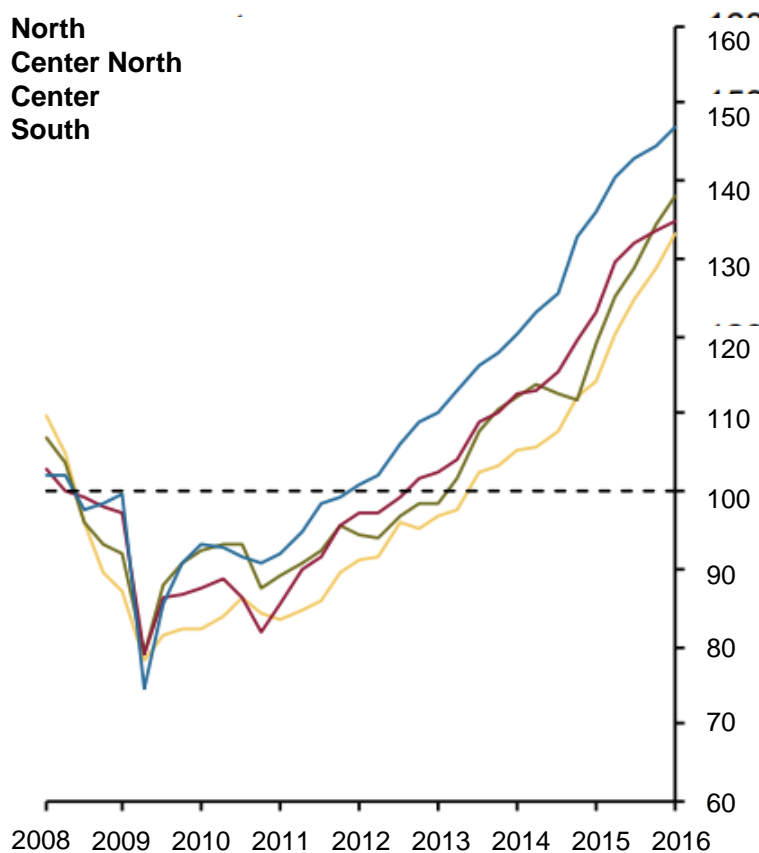
Regional Indicators of Activity in the Tourism Sector

Positive Trend on Tourist Arrivals

Passenger Arrivals to Airports Index

Base 2008 (2008 = 100)

- North
- Center North
- Center
- South

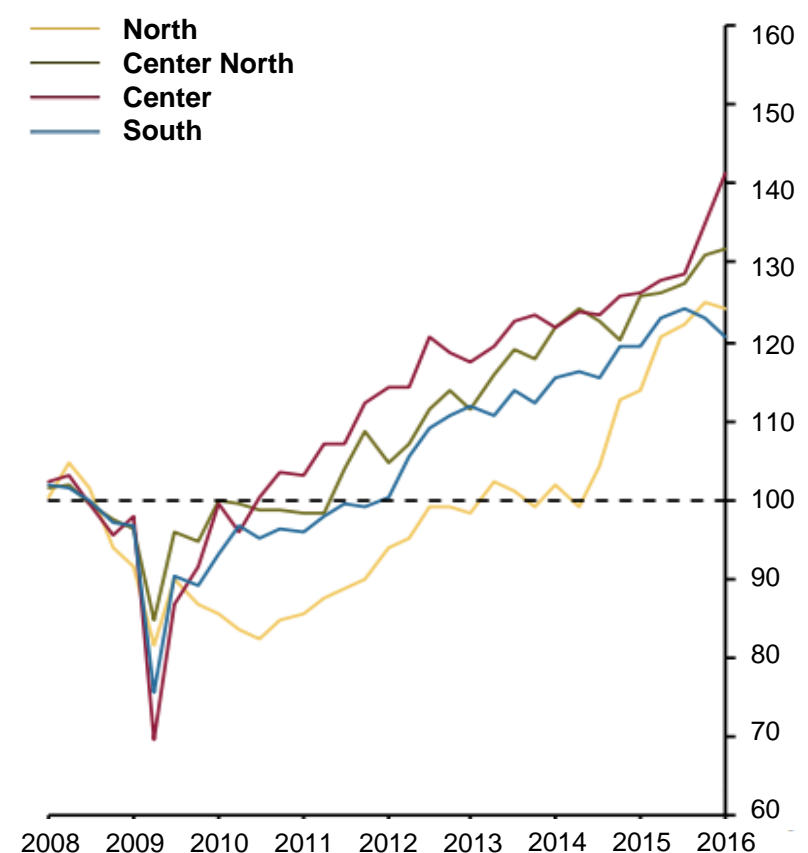


Adequate Absorption of Installed Capacity that Translates into Increasing Occupancy

Hotel Occupancy Index

Base 2008 (2008 = 100)

- North
- Center North
- Center
- South



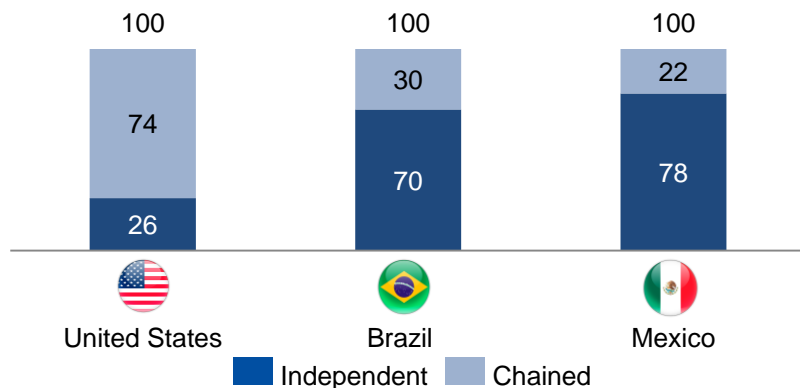
Source: Elaboration and seasonality adjustments by Banco de México with respect to data from the Tourism Ministry of the Federal Government and Airports and Auxiliary Services.

Fragmented Industry that Presents Consolidation Opportunities

Hotel Supply – Fragmented and Dominated by Independent, Non-Standardized Hotels

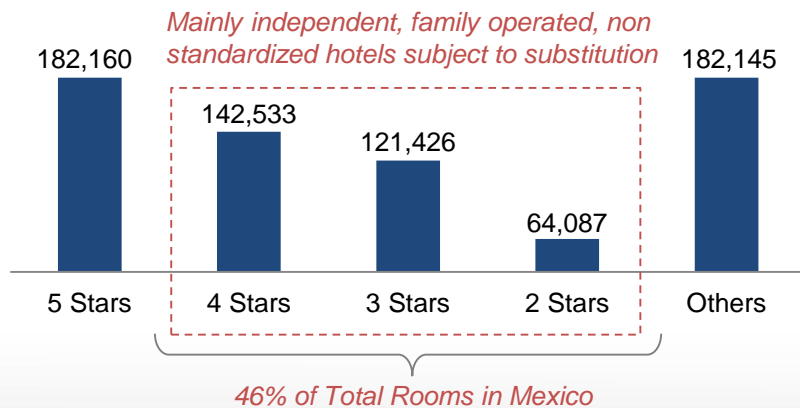
Breakdown of Independent and Chained Hotels

2014 (% of Rooms)



Hotel Rooms in Mexico by Quality – Breakdown by Number of Stars

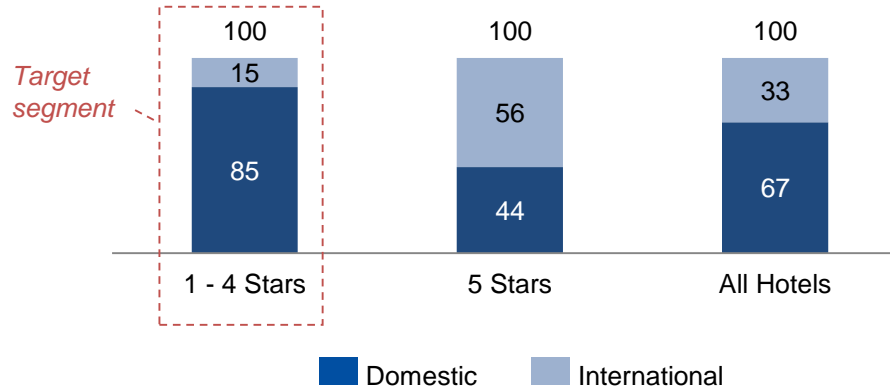
2014



Hotel Demand – Driven by our Target Customers

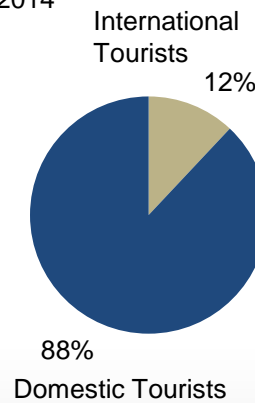
Occupied Room Nights by Nationality of Guests

2014 (% of Occupied Room Nights)



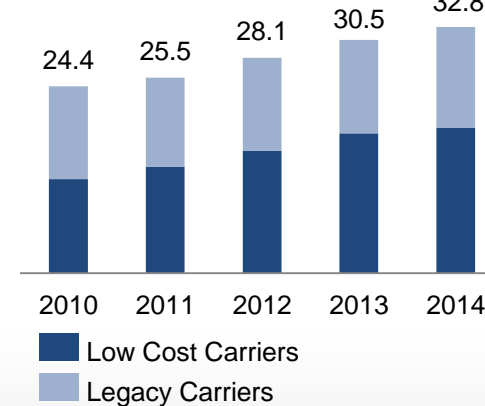
Tourism Spending in Mexico

2014

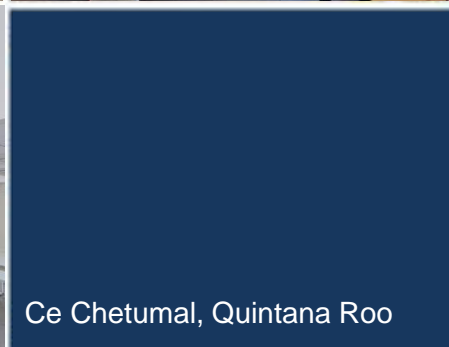


Domestic Airline Passengers

(Million Passengers)



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



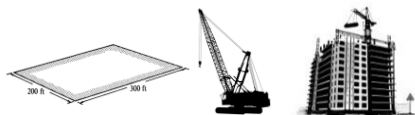
**Business Model that
Boosts Value Creation
with Each New Hotel**



Our Fully Integrated Business Model Provides Broad Exposure to Hospitality in Mexico

Fully integrated platform provides flexibility and control over investment cost, growth, marketing and customer experience

Development



- **20,000+ rooms developed by the Hoteles City Express team**
- Systematic and streamlined design and development
 - Low, predictable costs
 - Benefit from scale in development
- Strong ROIC track record
- Control over “going in” cap rates

Hotel Ownership



- **47 owned hotels** ⁽¹⁾
- **25 co-owned hotels** ⁽¹⁾
- **12 leased hotels** ⁽¹⁾
- Primary focus on ownership and co-ownership of hotels
 - 50%+ ownership in co-owned hotels
 - Business partners contribute land and/or equity and local market insight

Hotel Management & Franchising



- Best-in-class operating margins
- Standardized room layouts, furnishings and processes
- Brand licensing to third-party hotel owners under management contracts

Marketing and Distribution



- **Strong brand recognition**
- **Own distribution channels account for vast majority of reservations**
- *City Premios* guest loyalty program
- Corporate and local agreements
- Targeted and cost-efficient marketing
- At the forefront of digital and social media distribution



(1) As of July 2016; excludes managed and franchised hotels.

Proprietary Marketing and Distribution Platforms at the Forefront of Evolving Consumer Behavior and Industry Trends

Leading Marketing and Distribution Platforms in Mexico

Sales and Marketing Levers

Market Intelligence

- **150+** regional, national and international in-house hotel **market studies**

Marketing Programs

- **CityPREMIOS** loyalty program, accounting for **~20% of our reservations** during 2015
- Active marketing on social media:



Central Reservation System ("CRS")

- Own system that manages room night sales, corporate agreements, third-party vendors and e-commerce
- **Efficient inventory, ADR and yield management**

Corporate Sales

- 26 sales executives across Mexico and an office in Miami for international sales
- **8,500+ corporate and local agreements**, accounting for **~60% of our occupied room nights** during 2015

Corporate Alliances

- Airlines: **AEROMEXICO** **interjet**
 volaris **AVIANCATACA**

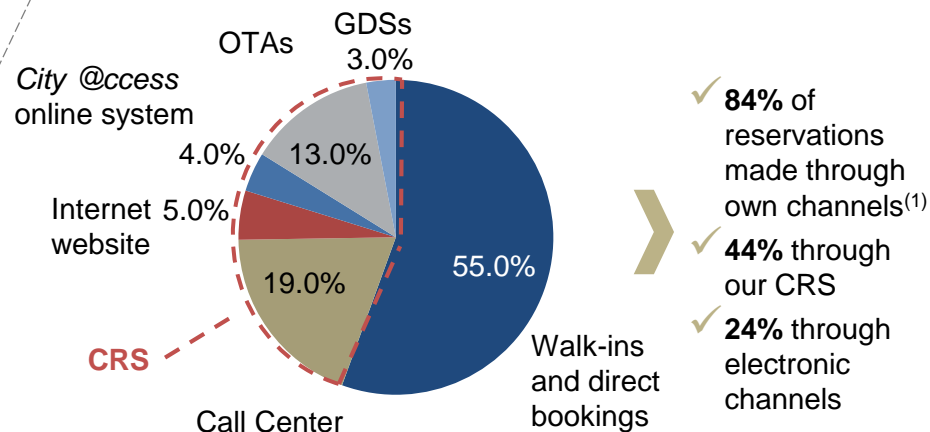
PR and Publicity

- Diversified media advertising
- Internet, pay TV, in-flight magazines, radio

Multi-channel Proprietary CRS

- Multi-channel reservation platform:

2015 Room Nights Sold by Channel



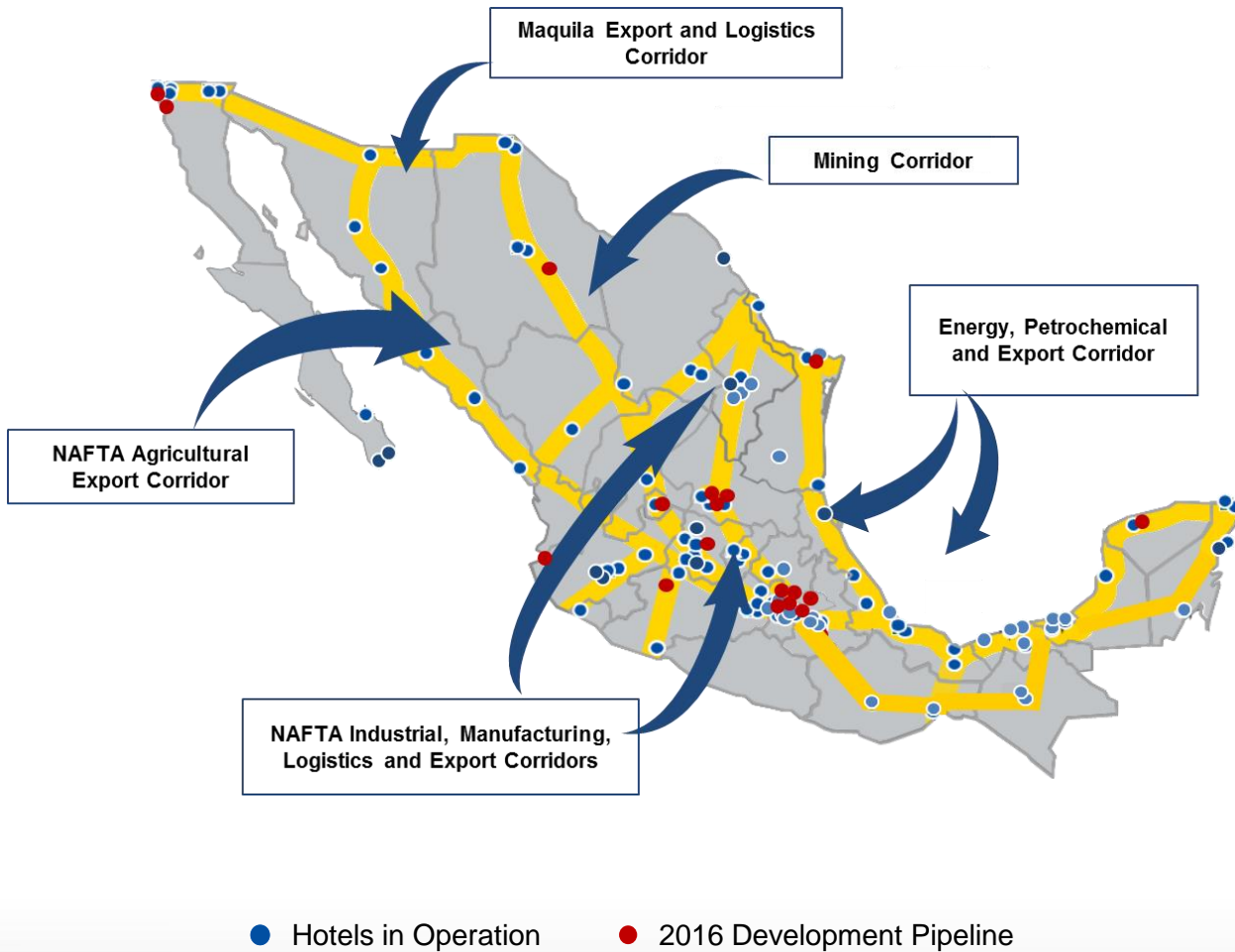
- State-of-the-art digital media platform:



(1) Includes walk-ins and reservations made directly at the hotel.

Development Pipeline

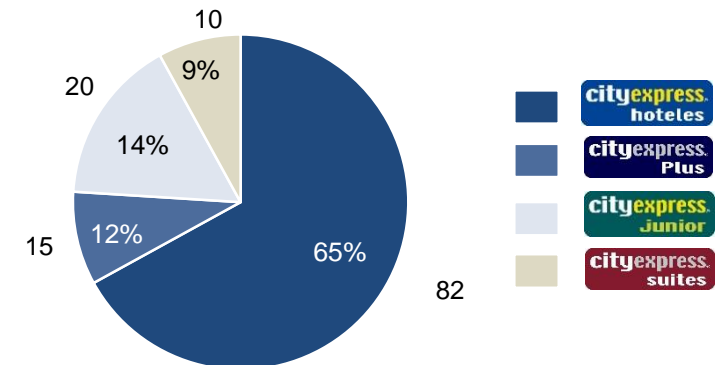
Footprint Provides Diversified Exposure to Mexico's Main Business, Industrial and Commercial Hubs and Corridors



Hotel, Toom and City Count	2015	2016E	Change
Hoteles	106	127	19.8%
Cuartos	11,944	14,256	19.4%
Ciudades	61	66	8.2%

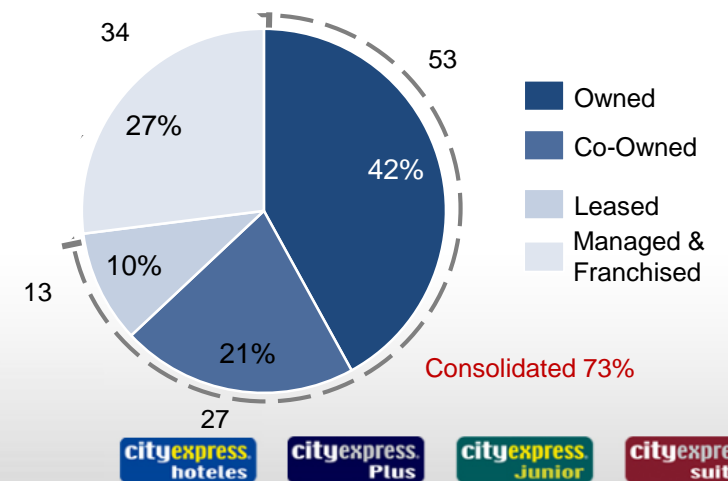
Hotel Portfolio by Brand

Pro-forma as of End of 2016 Pipeline, % of total rooms



Hotel Portfolio by Investment Scheme

Pro-forma as End of 2016 Pipeline, % of total rooms





Operation and Financial Performance

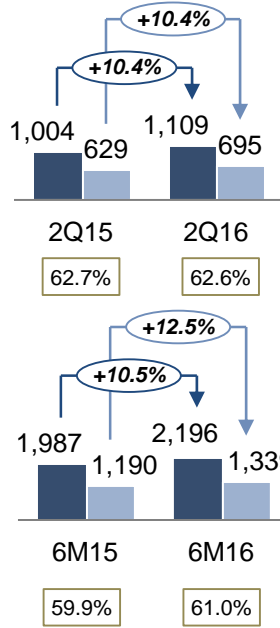
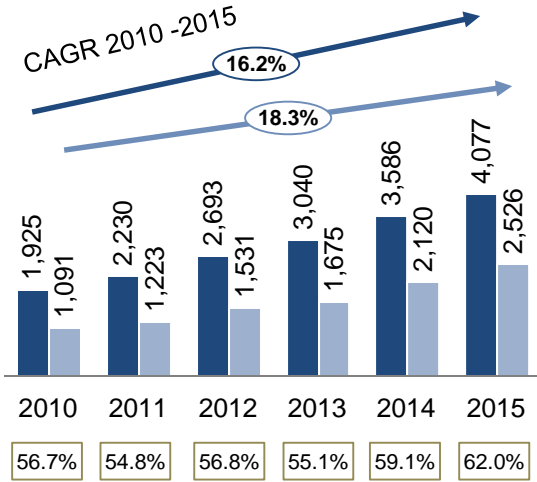


Growth in Key Operating and Financial Indicators

Installed and Occupied Room Nights

Thousand Rooms

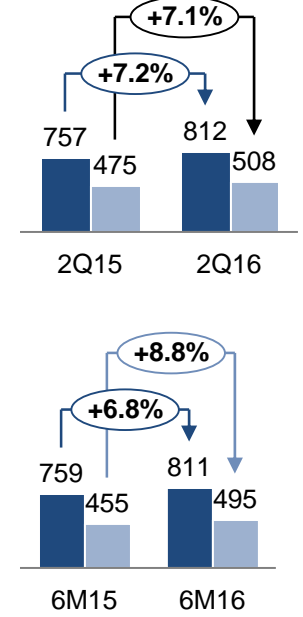
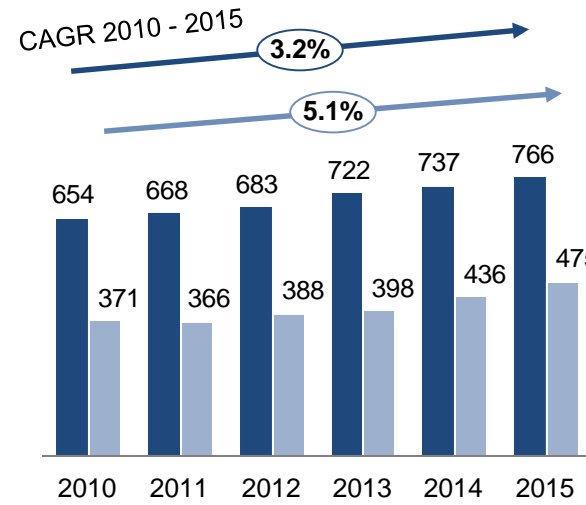
■ Installed ■ Occupied % Occupancy



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

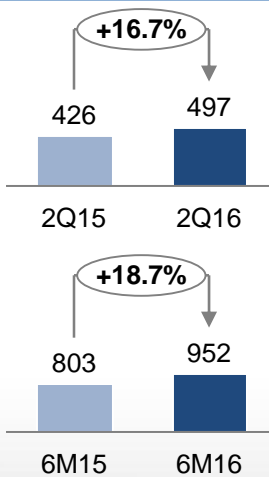
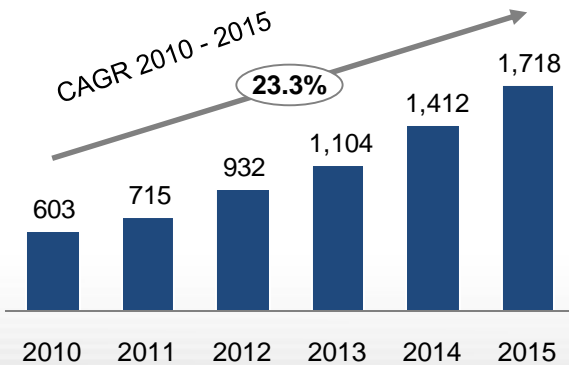
MXN

■ ADR ■ RevPAR



Total Revenues

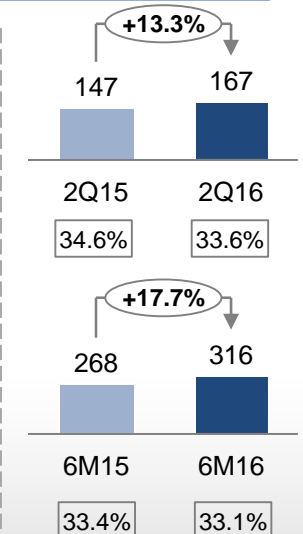
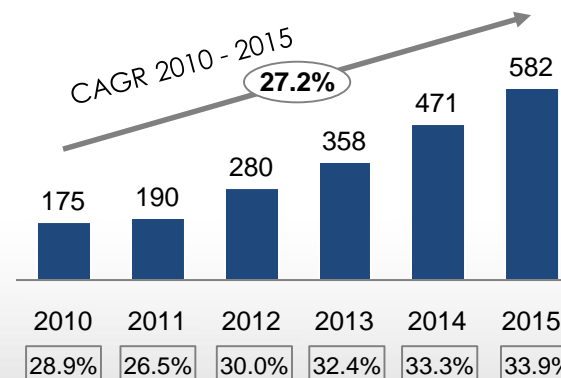
MXN millions



Adjusted EBITDA⁽¹⁾

MXN Millions

■ Margin over Total Revenues

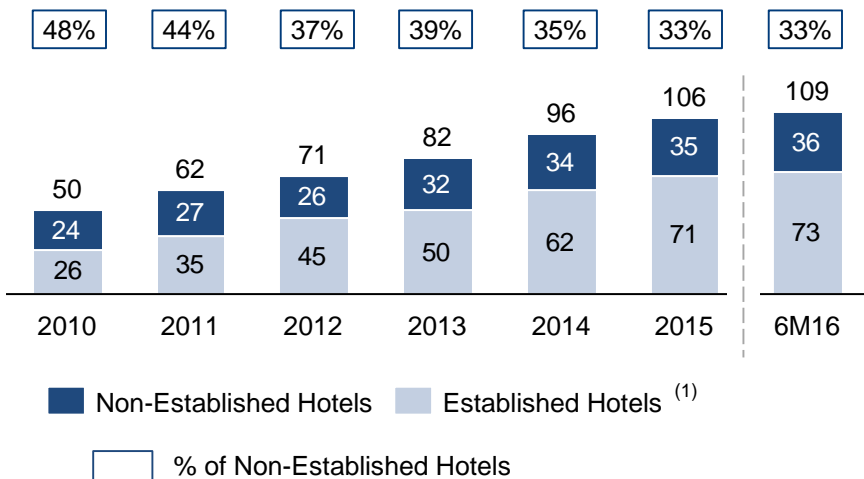


(1) Adjusted EBITDA calculated as operating income + depreciation + amortization + expenses associated with the opening of new hotels.

Significant Embedded Growth In Recently Built Inventory

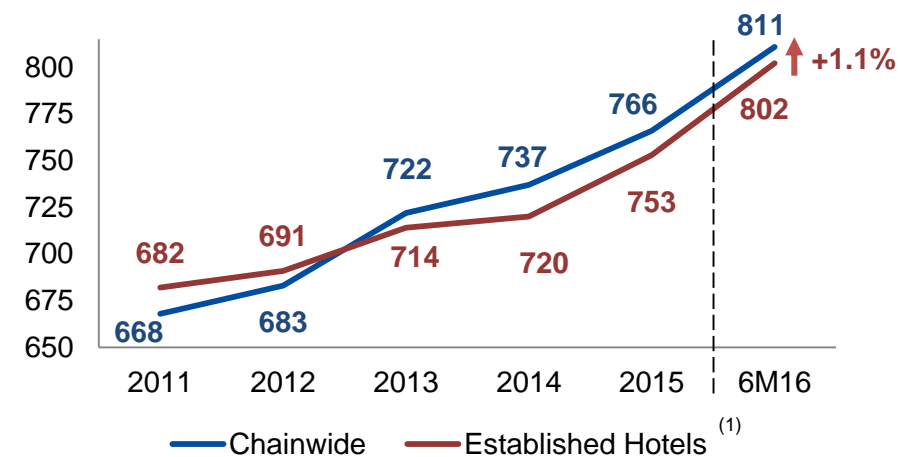
Number of Hotels in Operation

of Hotels in Operation at the End of Each Period



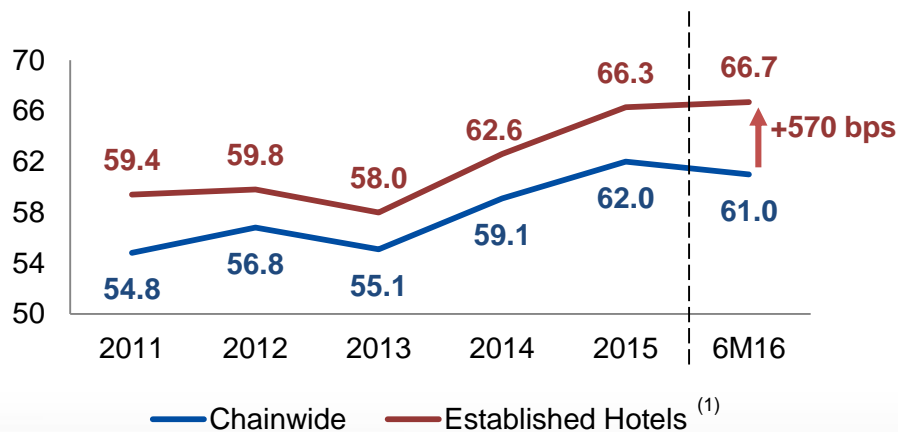
Average Daily Rate ("ADR")

MXN



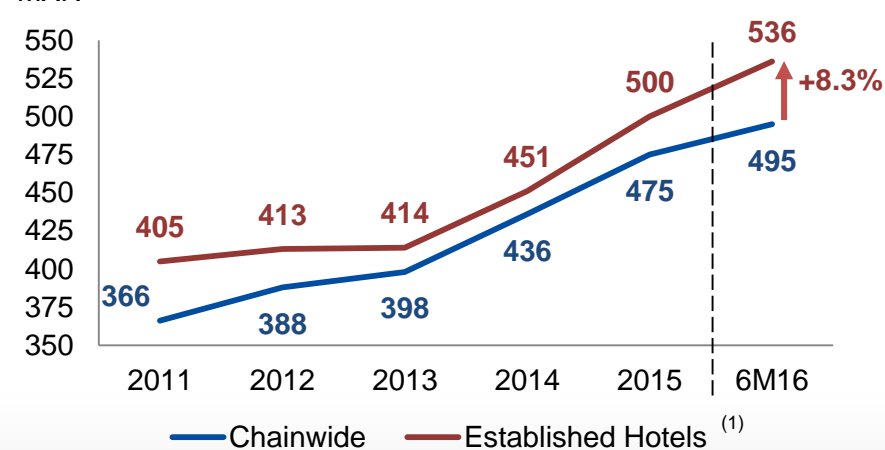
Occupancy

%



Revenue per Available Room ("RevPAR")

MXN

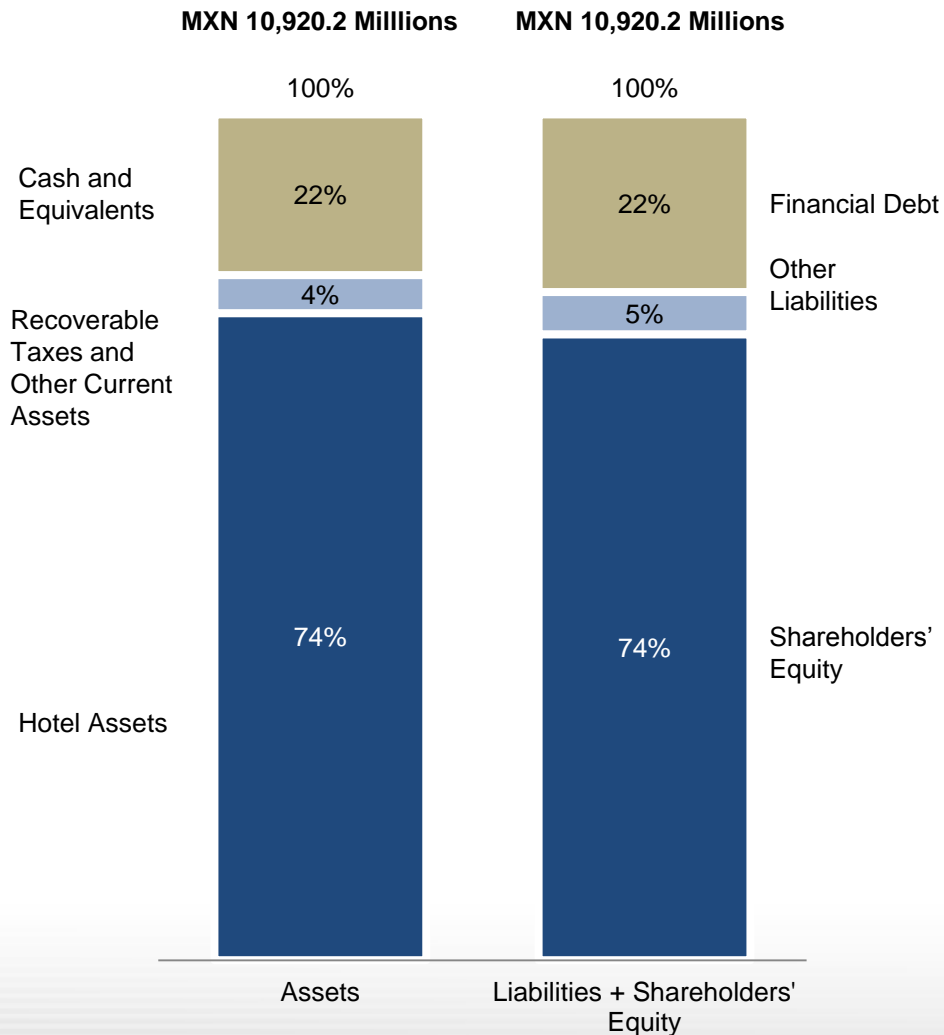


(1) Defined as hotels with at least 36 months in operation at a defined period.

Solid Capital Structure Geared to Support Growth

Balance Sheet Structure

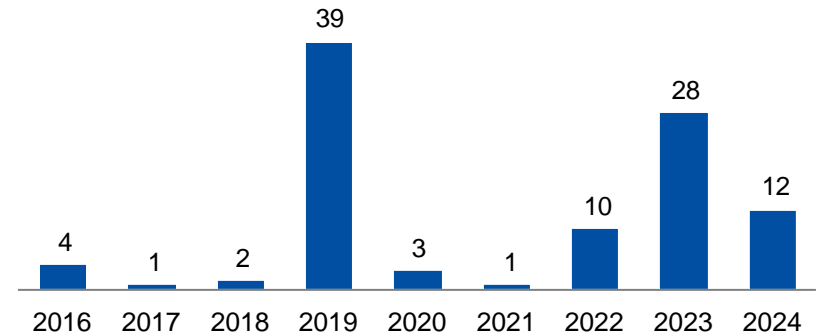
As of June 30, 2016



Financial Debt Maturity Schedule

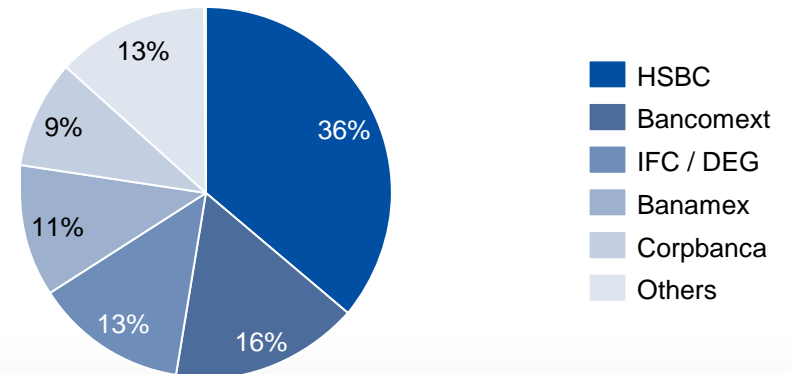
As of June 30, 2016. % of total Debt Outstanding

Total Debt Outstanding:
MXN 2,311.7 Millions



Access to Diversified Financing Sources

Bank Debt by Counterparty as of June 30, 2016



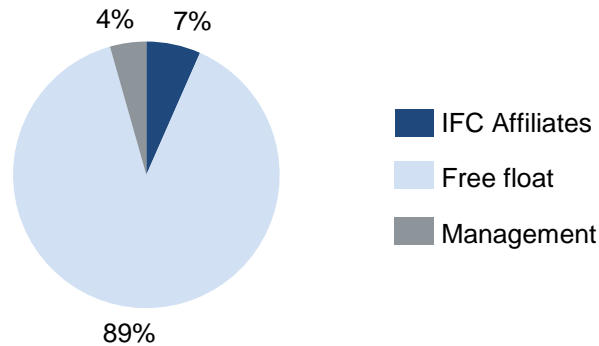


**Corporate
Governance to
Support and Lead
Growth**



Long Standing Commitment to Maintaining Corporate Governance Best Practices and Social Responsibility

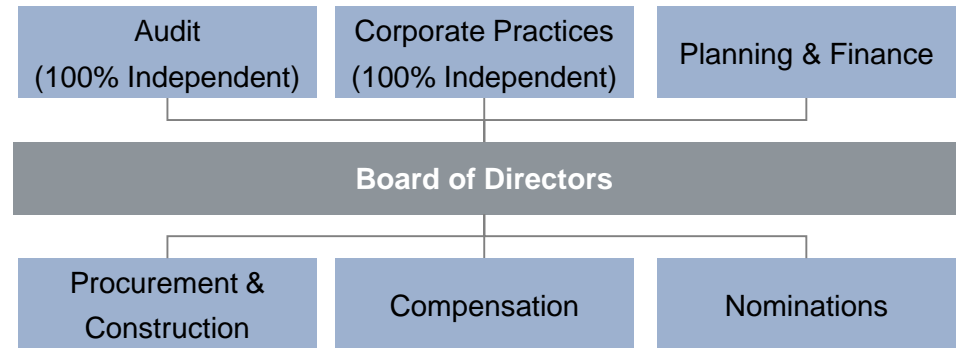
Solid Institutional Sponsorship with a Broadly Diversified Investor Base



- Mainly independent Board of Directors (12 out of 13 Board members are independent)

Institutionalized Governance Aligned with Best Practices

Board Committees



Commitment to the Environment

It is in our DNA. Why?

1. Because **we care**
2. Because our **guests and partners care**
3. Because we strictly comply with **regulations**
4. Because it **makes business sense** – 30% and 40% reductions in energy and water use, respectively, at our EDGE-certified hotels



LEED Certification (USGBC)

- First hotel in Latin America
- 7 certified hotels + 7 in process of certification



EDGE Certification (IFC)

- First certified building worldwide
- 9 hotels certified + 9 in process of certification



Biosphere Responsible Tourism (UNESCO)

- First hotel chain worldwide in process of certification
- 39 certified hotels + all hotels expected to be certified by 2016

Social Responsibility and Sustainability (1)

We collaborate with different organizations focused on promoting **social awareness** and **nature preservation**



We support initiatives aimed at creating long-term value within our communities through **education** and **entrepreneurship**



(1) Find the full Sustainability Report in: <https://www.cityexpress.com/en/sustainability>



Annex Development Pipeline



Development Report



Cj San Luis Potosí Carranza
Open since April 2016



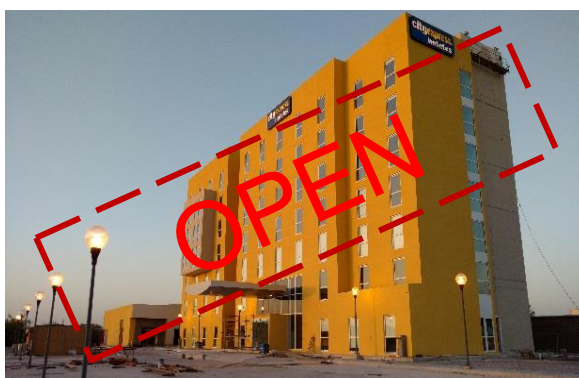
Ce CDMX Aeropuerto
Open since April 2016



Cj Aguascalientes Centro
Open since April 2016



Ce CDMX Alameda
Open since June 2016



Ce Reynosa Aeropuerto
Open since June 2016



Ce Santiago, Chile
Opening: July 2016

Development Report



CS Tijuana Río
Opening: July 2016



Cj Toluca Centro de Convenciones
Opening: July 2016



City Centro CDMX
Opening: September 2016



Ce Celaya
Opening: October 2016



Ce Rosarito
Opening: October 2016



**Ce Plus y Cj Bogotá
Aeropuerto, Colombia**
Opening: October 2016

Development Report



Ce Plus Satélite Mundo E
Opening: November 2016



Ce CDMX La Raza
Opening: November 2016



Cj Mérida Altabrisa
Opening: November 2016



Ce Zamora
Opening: November 2016

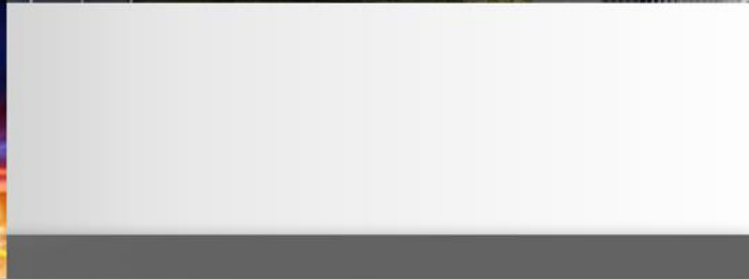


Ce Delicias
Opening: December 2016



Ce Atlixco
Opening: December 2016

cityexpress. hoteles



cityexpress.
hoteles

cityexpress.
Plus

cityexpress.
Junior

cityexpress.
suites