



Corporate Presentation

Hoteles City Express

February 2019



- Mexico's Hospitality Market Update
- Hoteles City Express Today
- Expansion, Financial and Operating Results
- Fibra STAY Portfolio



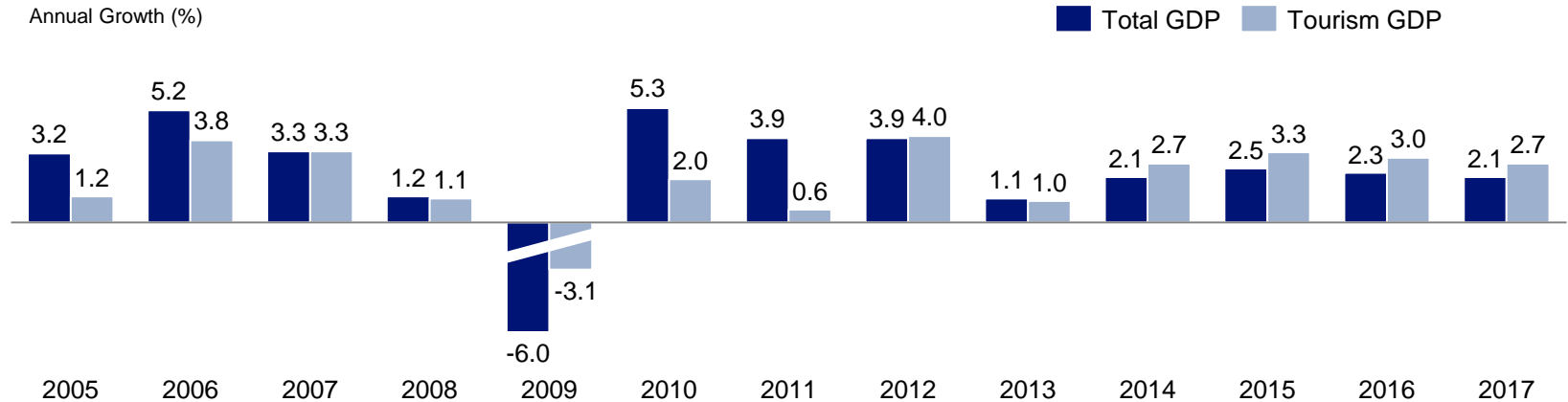
cityexpress
hoteles

Mexico's Hospitality Market Update

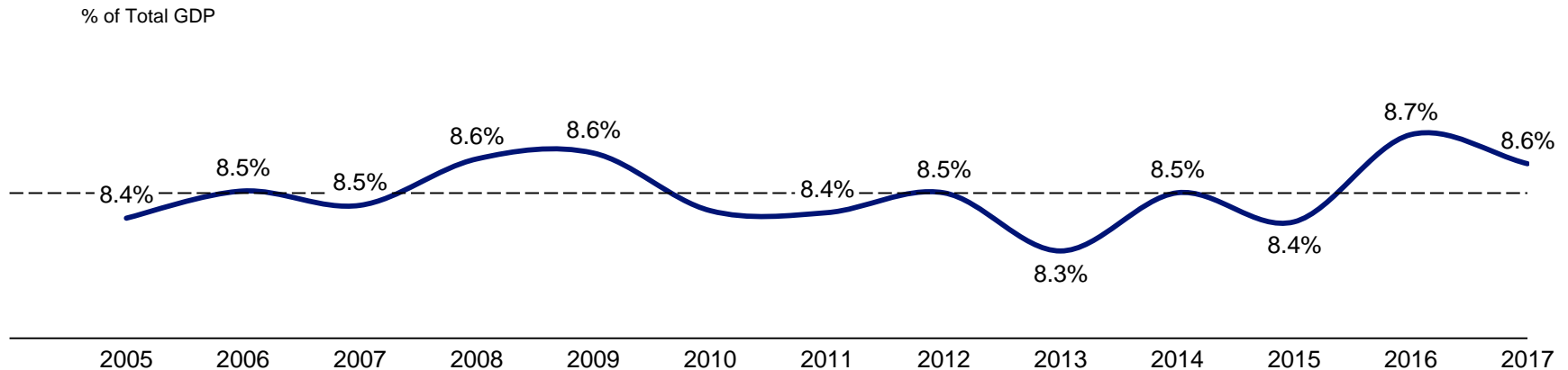
Tourism Contributes with 9% of Mexico's GDP



Tourism GDP and Total GDP Historical Evolution



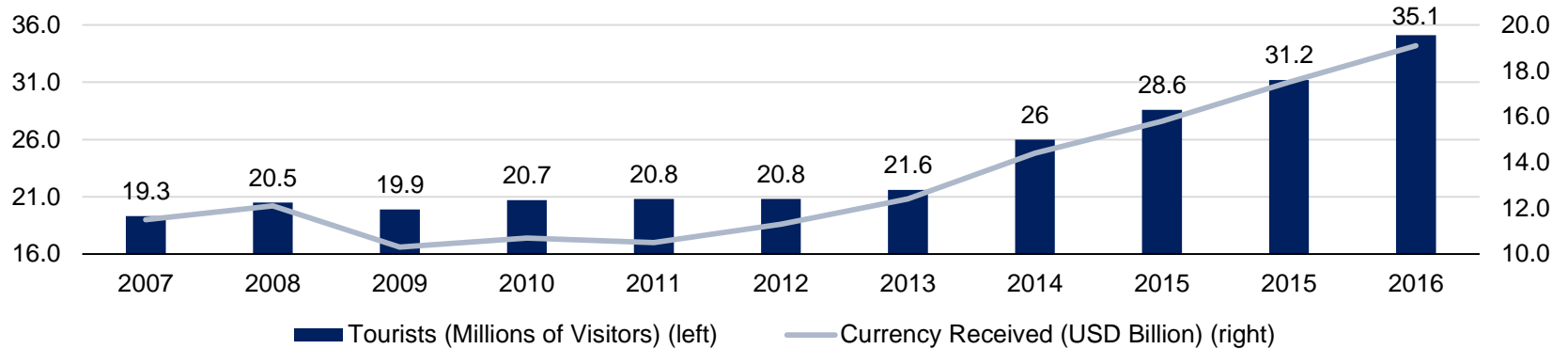
Tourism Expenditure as Percentage of Total GDP



Tourism Strength Derived From Both Domestic Momentum and International Visitors

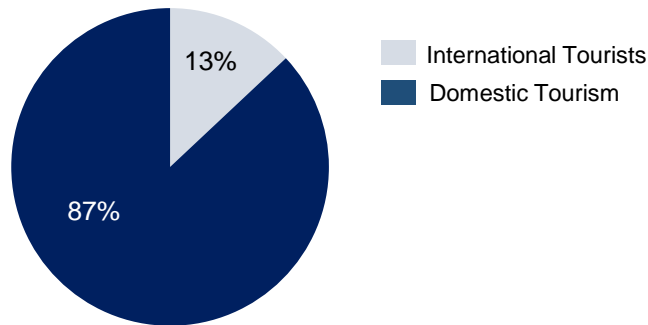


International Tourist Arrivals and Currency Surplus



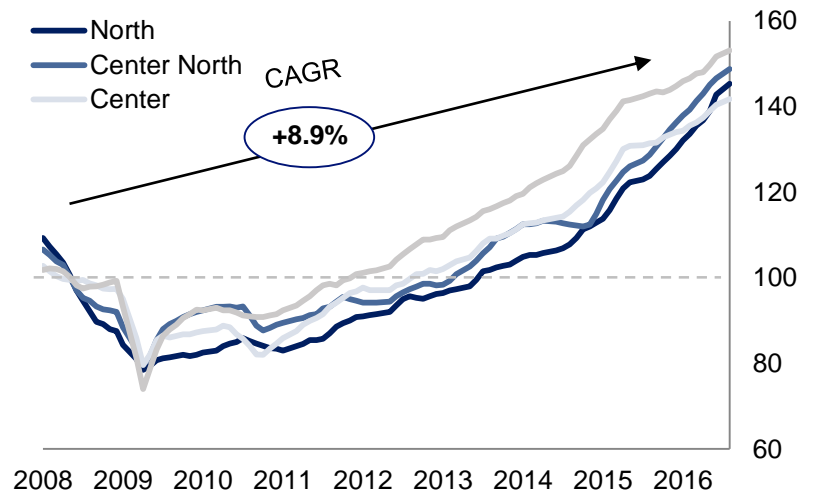
Tourism Expenditure by Origin

2017



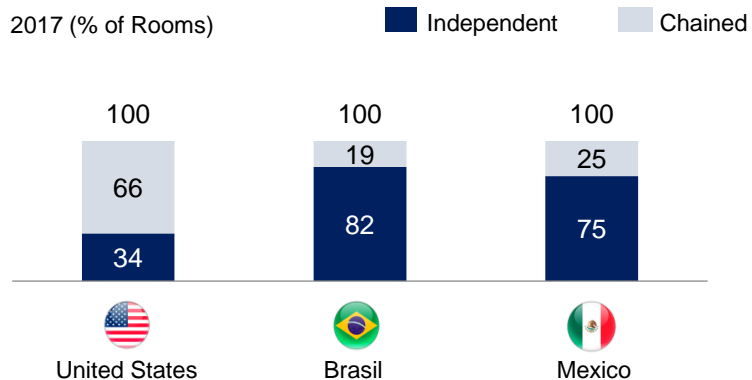
Hotel Occupancy Index

Base 2008 (2008 = 100)

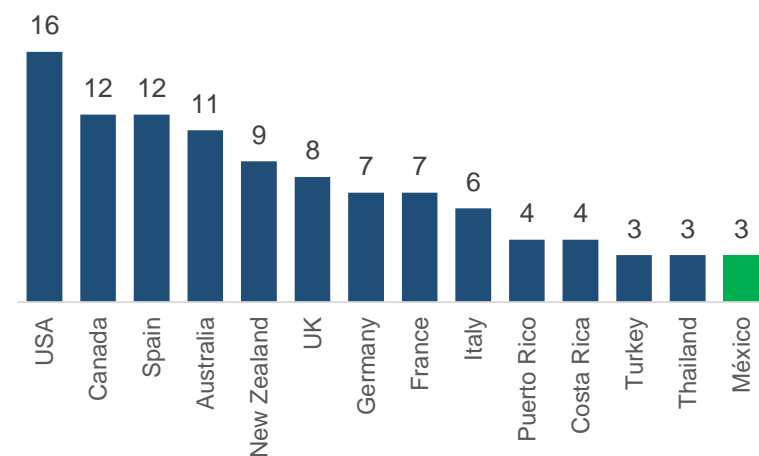


Hospitality Industry with Consolidation Opportunities Due to Fragmentation

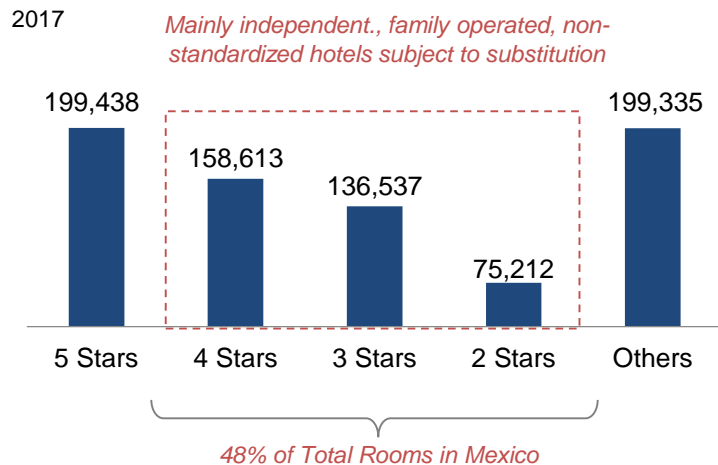
Breakdown of Independent and Chained Hotels



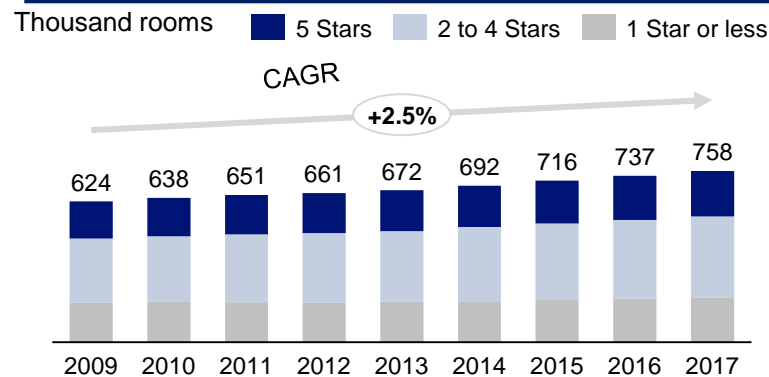
Hotel Rooms per Thousand Inhabitants



Hotel Rooms in Mexico by Number of Stars

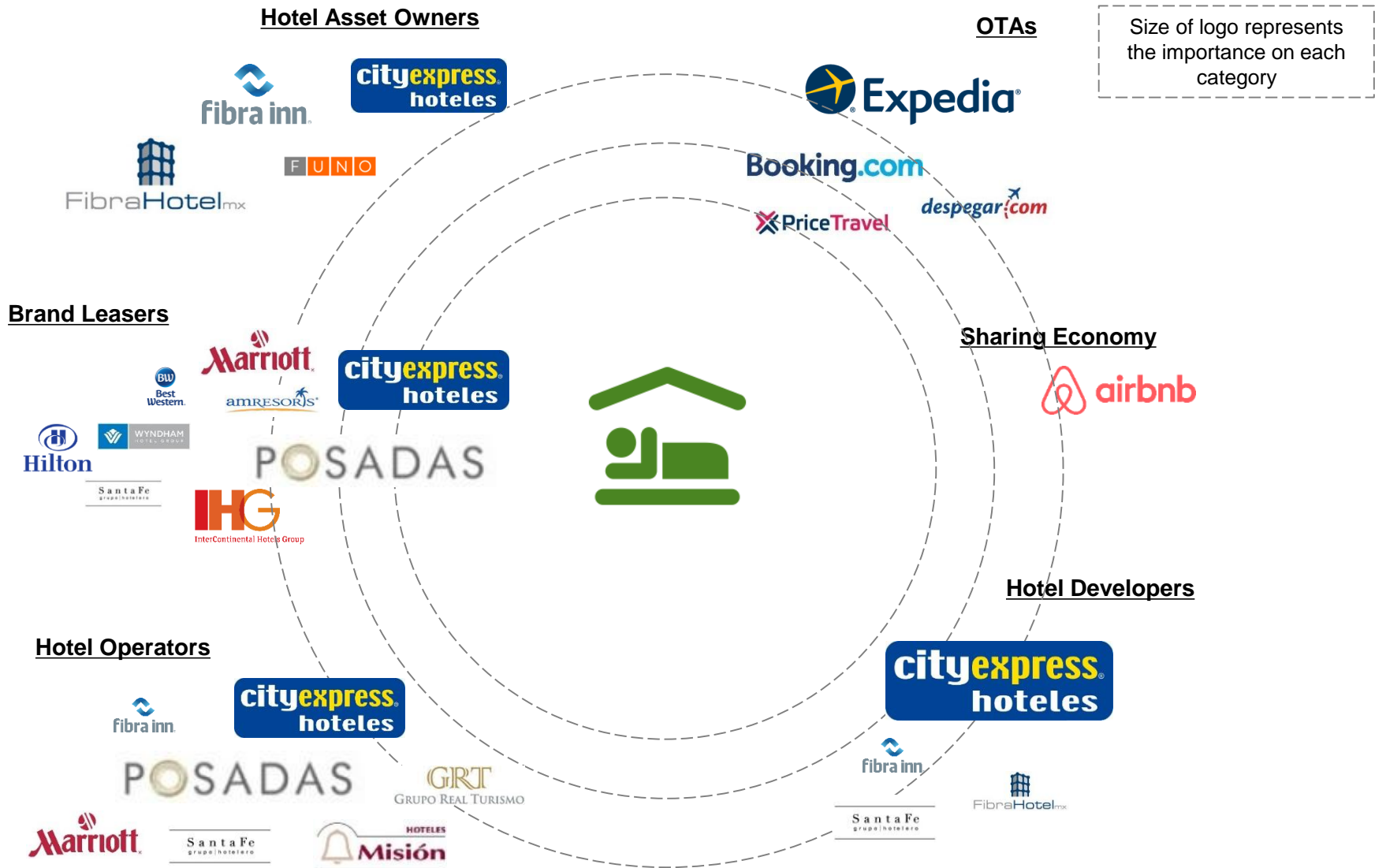


Hotel Supply Growth



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

Hospitality Market Players in Mexico



cityexpress Plus

cityexpress
hoteles

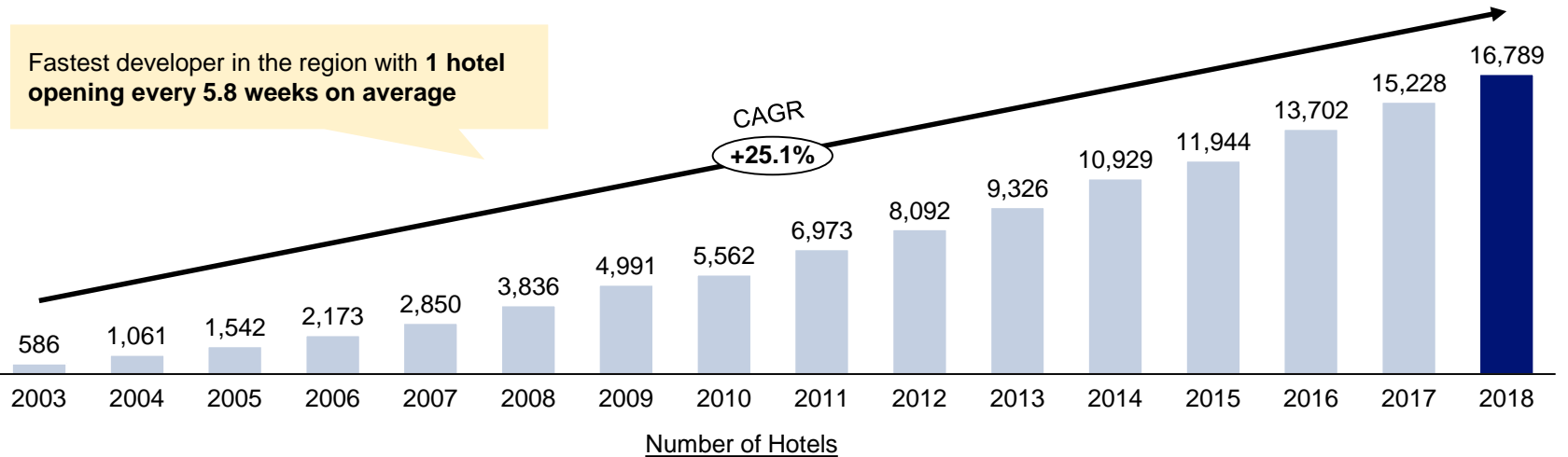
Hoteles City Express Today

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

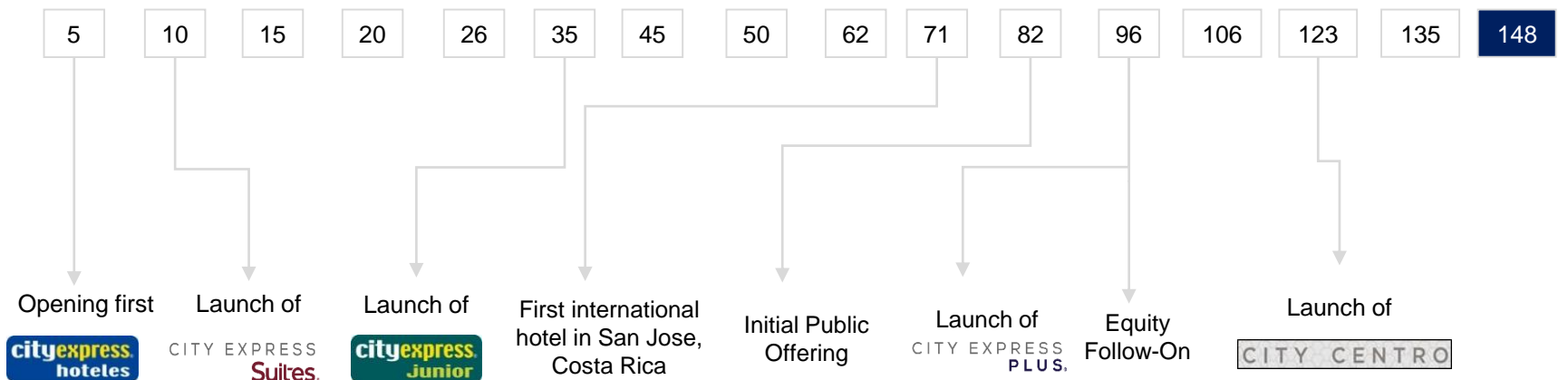


Historical Chain Growth

Installed Rooms



Number of Hotels



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



| | | CITY EXPRESS PLUS. | | CITY EXPRESS Suites. | CITY CENTRO |
|----------------------------|--|---|---|---|---|
| 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 \$600 – \$1,200 | MXN \$1,000 – \$1,500 | MXN \$500 – \$750 | MXN \$750 – \$1,700 | MXN \$ 1,800 – \$3,000 |
| Rooms per Hotel | 100 – 150 | 70 – 150 | 105 – 134 | 26 – 120 | 35 – 80 |
| # of Hotels ⁽¹⁾ | 88 | 23 | 23 | 12 | 2 |
| # of Rooms ⁽¹⁾ | 10,262 | 3,087 | 2,572 | 721 | 147 |

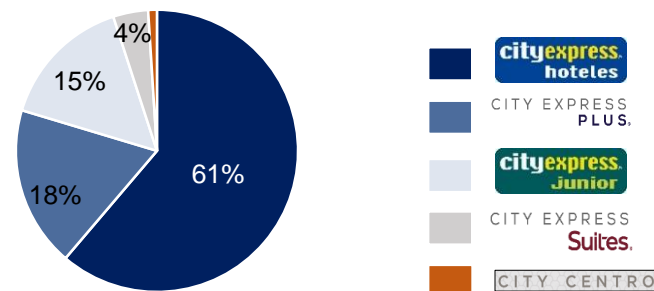
Market Segments



Target ADR (MXN)

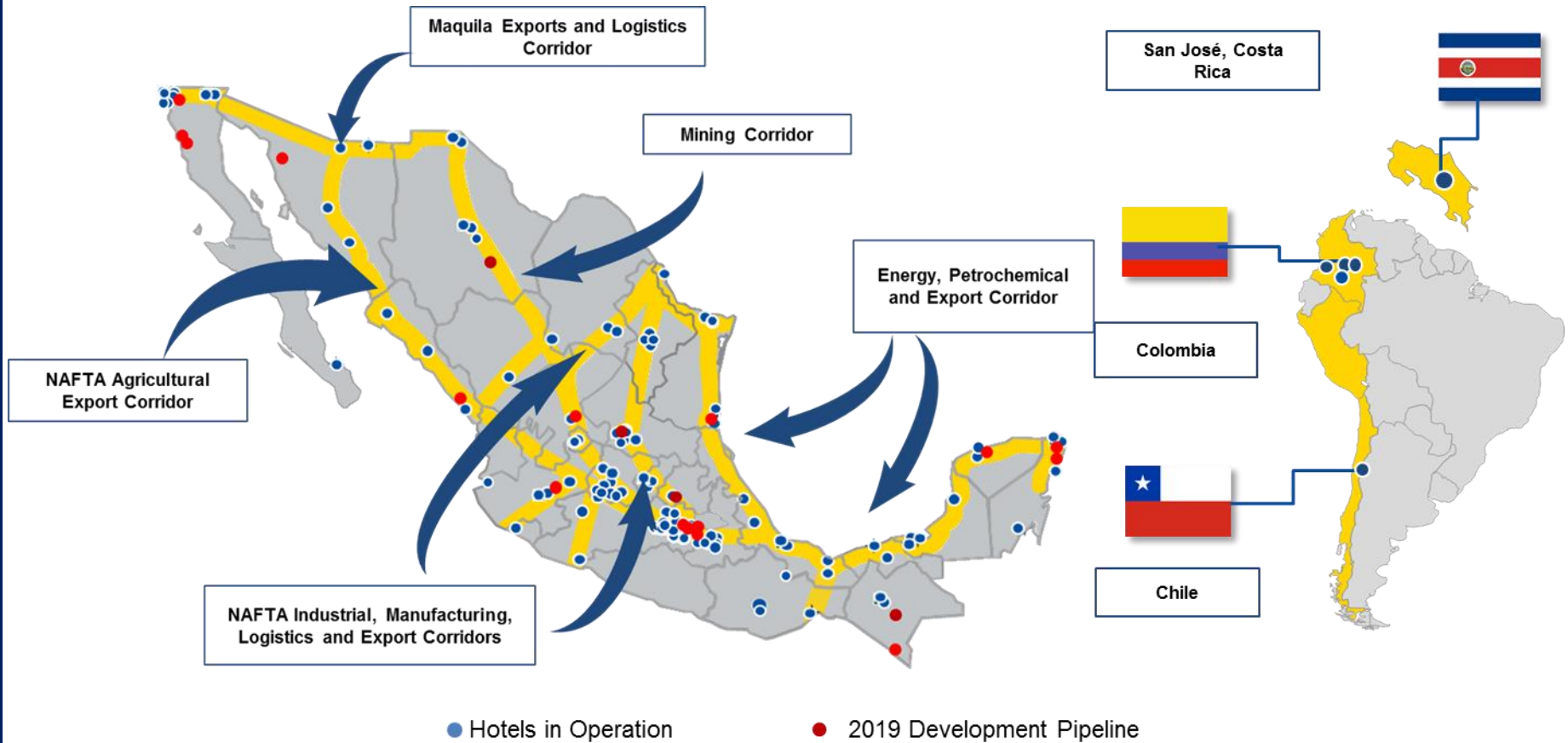


Room Distribution by Brand



(1) As of February 2019

...And Significant Diversification Across Geographies and Countries

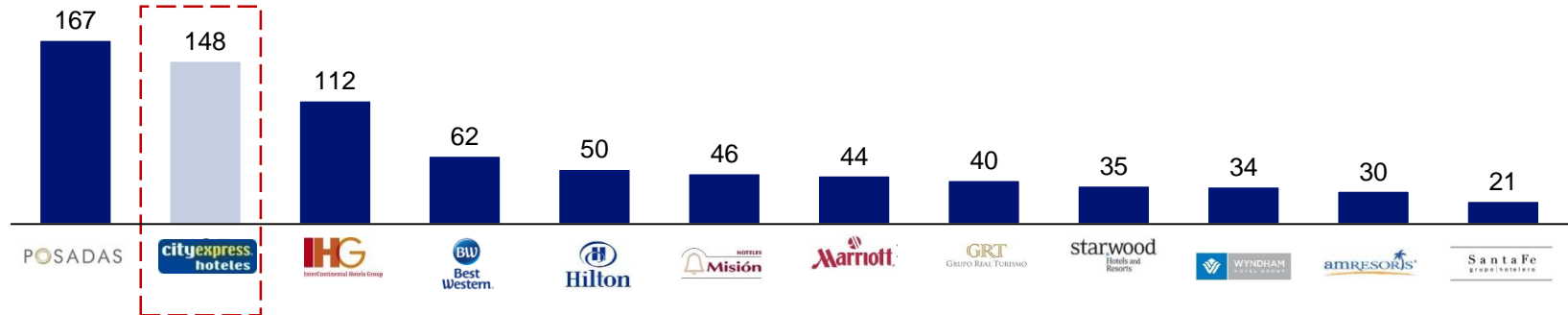


Reflected in the Build Up of the Largest Branded Inventory in Mexico



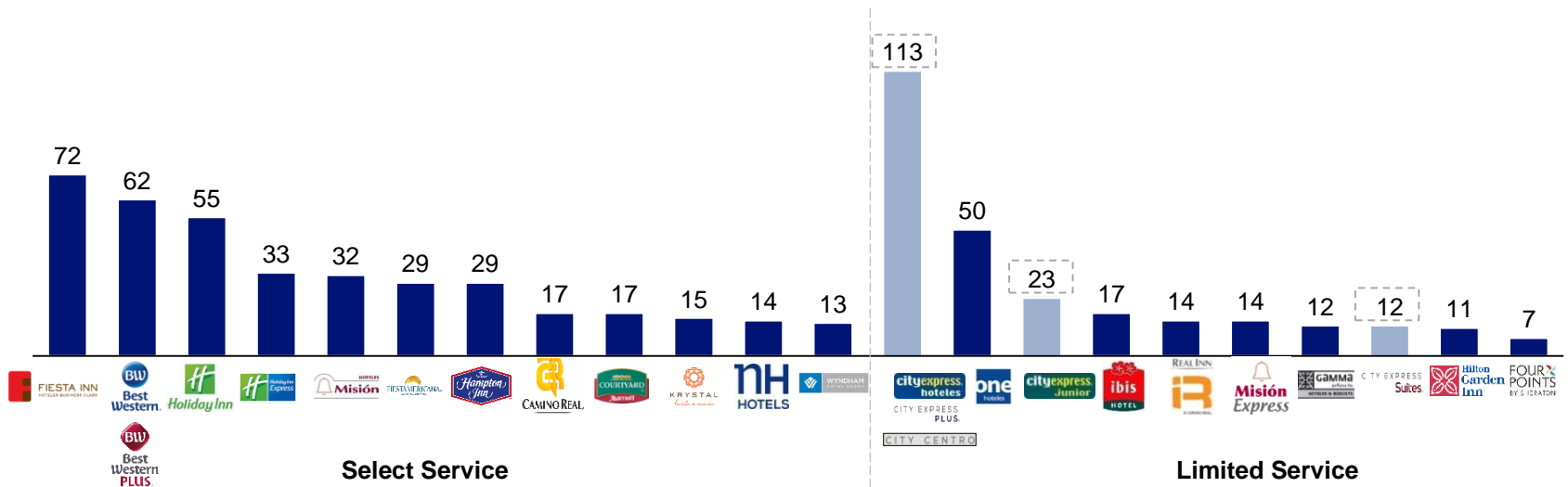
Number of Hotels by Chain in Mexico

As of February 2019



Number of Hotels by Brand in Mexico

As of February 2019

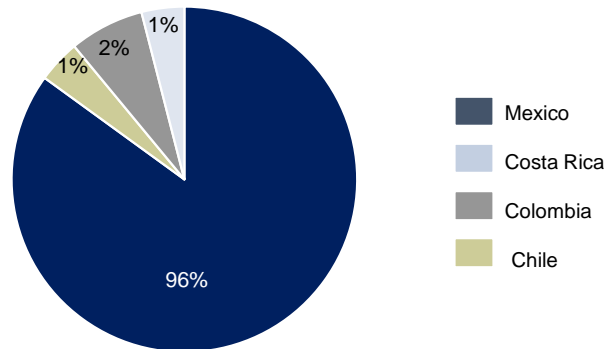


...And Favoured by Exposure to Different Economic Activities, Brands and Ownership Structures



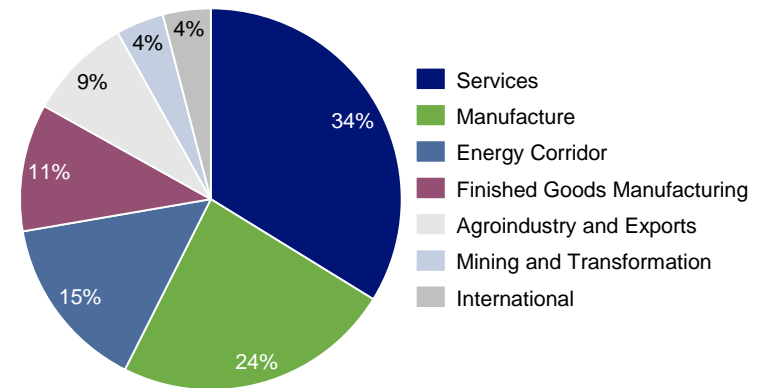
Geographic Coverage by Country

As of February 2019



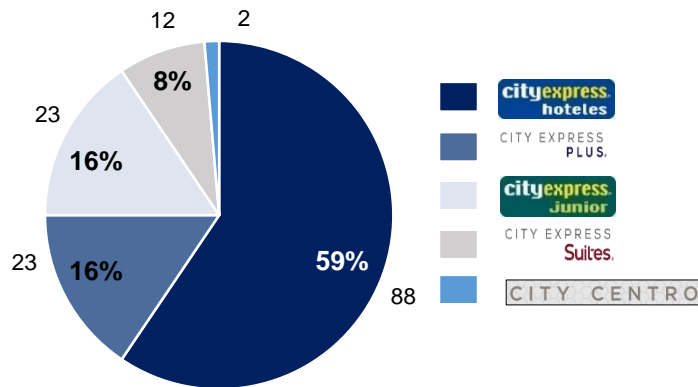
Presence in Mexico by Economic Activity

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



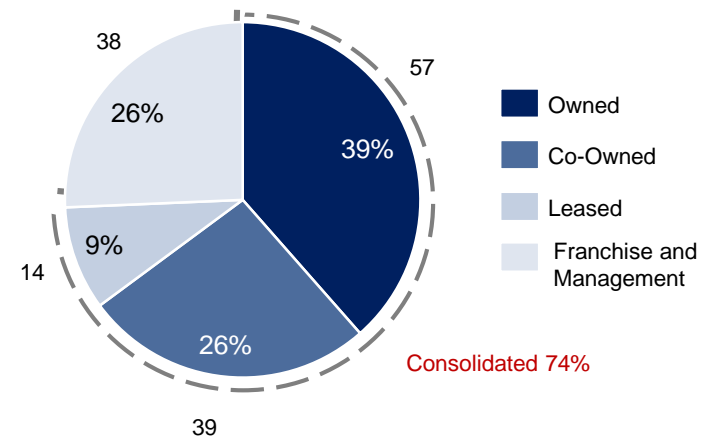
Hotel Portfolio by Brand

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



Hotel Portfolio by Ownership

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



Coupled With an Innovative and Disruptive Room Operation and Distribution Platform

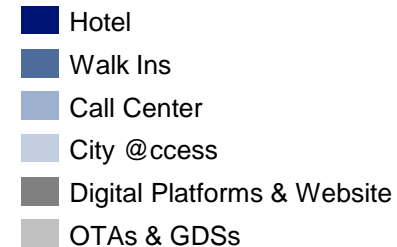
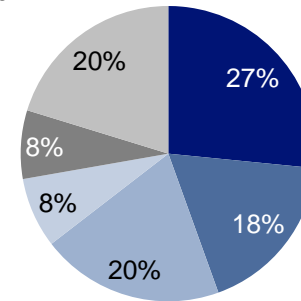


- Innovative technological platform receiving **more than 80% of reservations through own channels.**
- **Optimized Yield Management System** executed in real time focused on maximizing RevPAR.
- **City Premios – Loyalty program** with over **785,000 active members** accountable for **20%** of total 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.



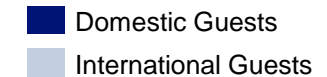
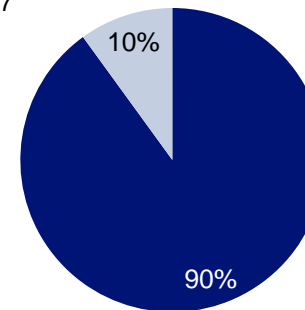
Room Nights Sold by Channel

2018 YTD



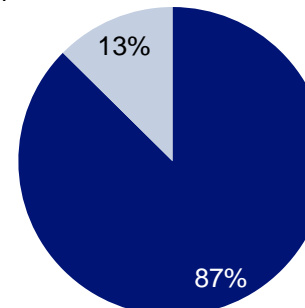
Room Nights Sold by Guest Type

2017



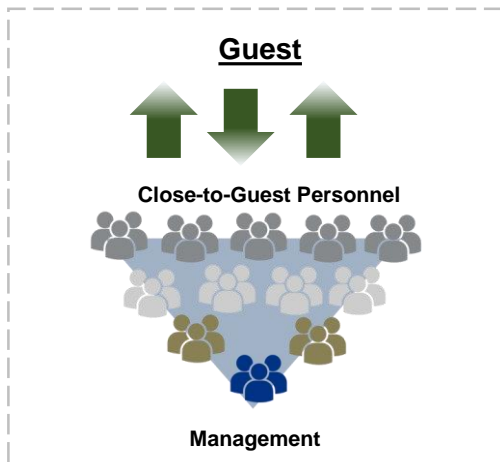
Room Nights Sold by Travel Purpose

2017



Interlinked Within a Matrix Organization Enhancing Operation on All Fronts...

- **Bulletproof operation system** due to **matrix structures** defined by business processes
- **Personnel empowerment** that allows a **quick, efficient and guest-oriented decision making**
- **Closeness to the guest** as an “inverted pyramid”
- **Channel sales optimization** maximizing rates and encouraging **profitable commercial drive**



Matrix Organization by Business Process

| Segment / Channel | | Hotel | Call Center | Website | City Access | OTAs & GDS |
|-----------------------------|-----------|------------|-------------|---------|-------------|------------|
| Segment Leaders | Groups | ○ | ○ | ○ | ○ | ○ |
| | Wholesale | ○ | ○ | ○ | ○ | ○ |
| | Business | ○ | ○ | ○ | ○ | ○ |
| | Leisure | ○ | ○ | ○ | ○ | ○ |
| | Others | ○ | ○ | ○ | ○ | ○ |
| Branch Directors | | | | | | |
| | | Operations | Marketing | IT | Digital | |
| Executive Management | | | | | | |

...And Supported by Best in Class Corporate Governance and Sustainability Practices



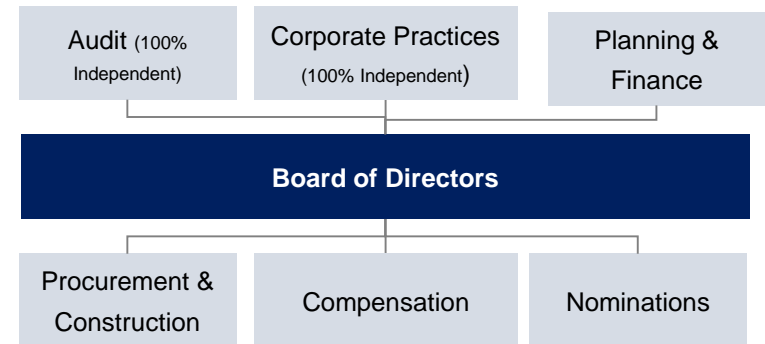
Strong Institutional Sponsors that Fueled Growth



- 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

Hotel Development and Inventory Expansion

Hotel Openings In the Last 24 Months



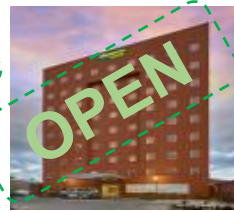
CS Querétaro II
Dec. 2016



CC CDMX
Dec. 2016



Ce Celaya Gal.
Jan 2017



Cj SLP Z. Ind
May 2017



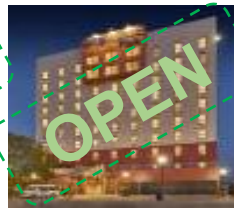
Cj Puebla Ang.
July 2017



Ce Altamira
July 2017



Ce Mérida
(Expansion)
July 2017



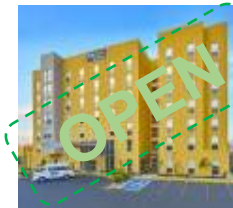
CeP Puerto
Vallarta
July 2017



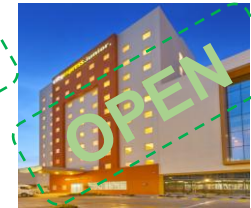
CeP Medellín
Sept. 2017



Cj Tuxtepec
Sept. 2017



Ce Tijuana Otay
Dec. 2017



Cj León CC
Dec 2017



Ce Mty.
Lindavista
Dec. 2017



CC Oaxaca
Dec. 2017



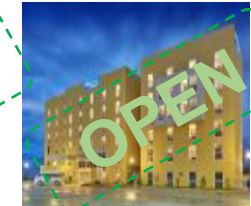
CeP León CC
Dec 2017



Ce Tepic
Jan. 2018



Ce Atlixco
Mar. 2018



Ce Comitán
Jun. 2018

Hotel Development and Inventory Expansion

2018 – 2019 Development Pipeline



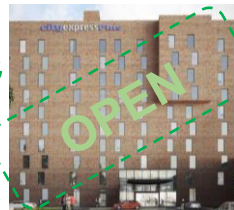
CS Cancún
Aeropuerto
Oct. 2018



CeP Cancún
Aeropuerto
Oct. 2018



CeP Interlomas
Nov. 2018



CeP Tampico
Nov. 2018



Cj CDMX
Sullivan
Dic. 2018



CeP Mérida
Dic. 2018



CeP Ensenada
Dic. 2018



Ce Ensenada
Dic. 2018



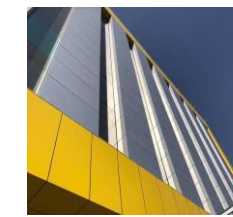
CeP Tijuana
Dic. 2018



CC SLP
1Q19



Ce CDMX La
Villa
1Q19



Ce CDMX
Tlalpan
1Q19



CeP Chihuahua
2Q19



Ce Tapachula
2Q19



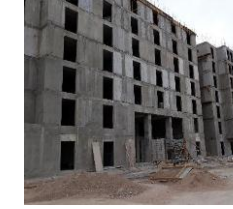
CeP Gdl. Prov
4Q19



Ce Cuautitlán
4Q19



Ce CDMX
Anzures
4Q19



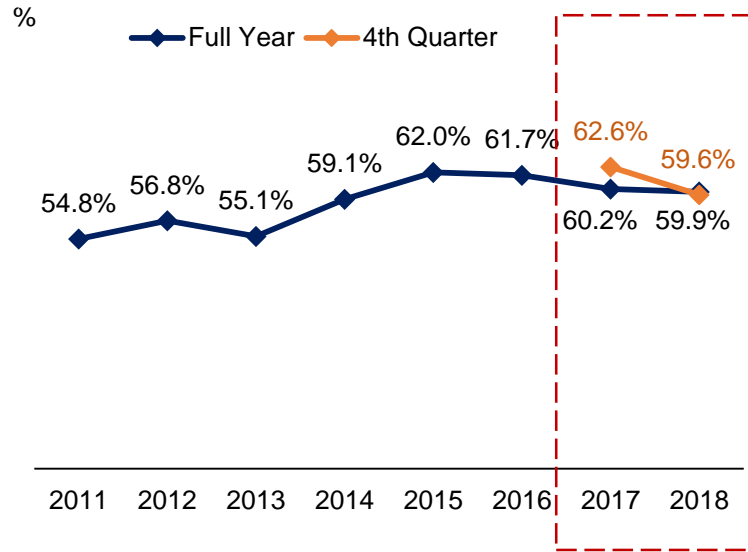
Ce Caborca
4Q19

* Pictures don't reflect the actual status of the hotel

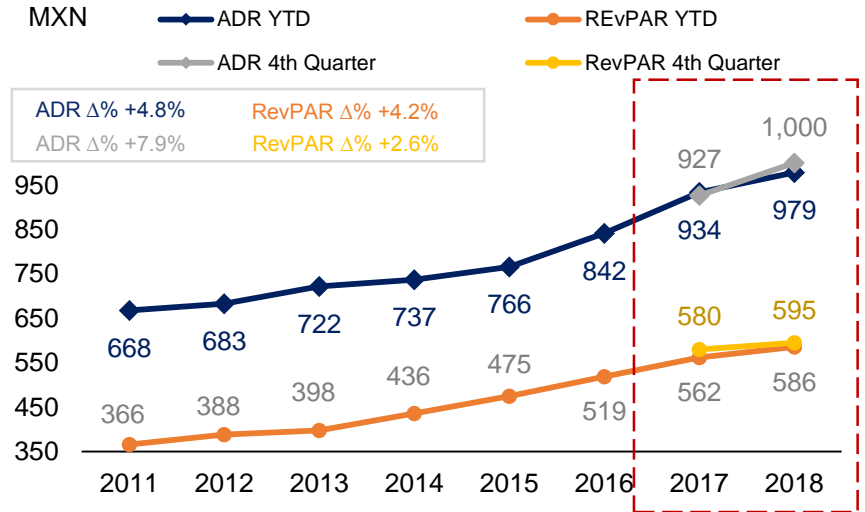
Operating And Financial Summary



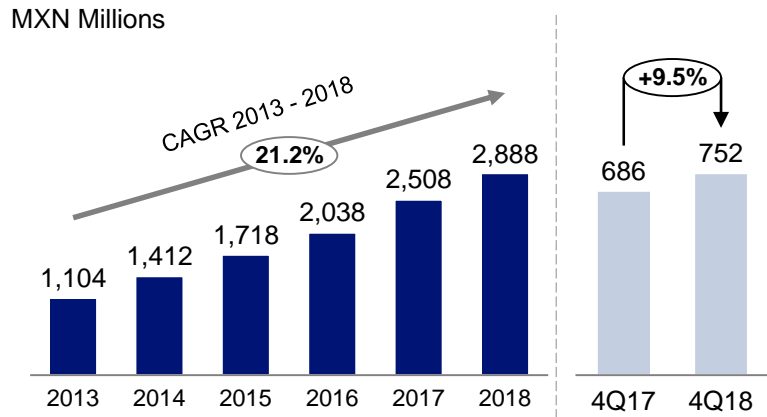
Occupancy



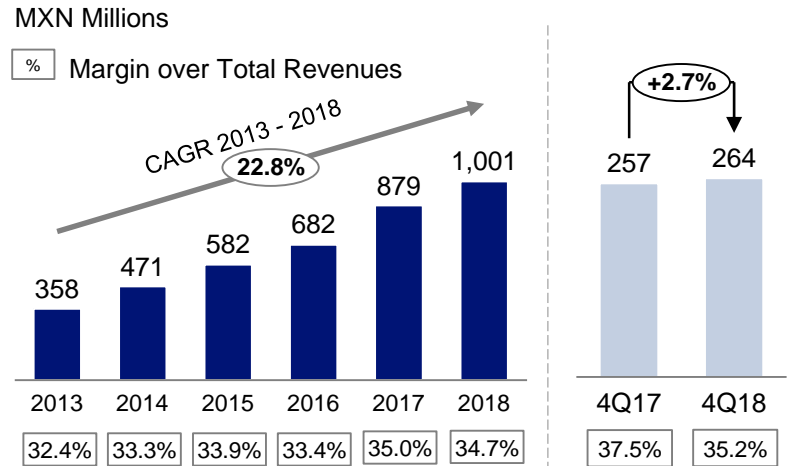
Average Daily Rate (ADR) and Effective Daily Rate (RevPAR)



Total Revenues



Adjusted EBITDA and EBITDA Margin

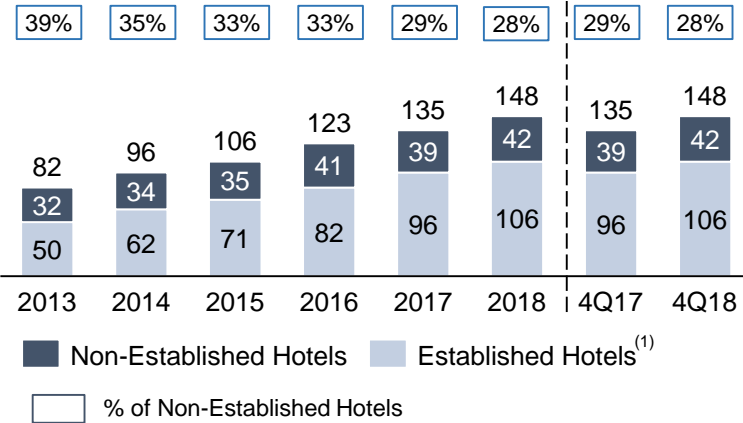


Established Hotels Metrics



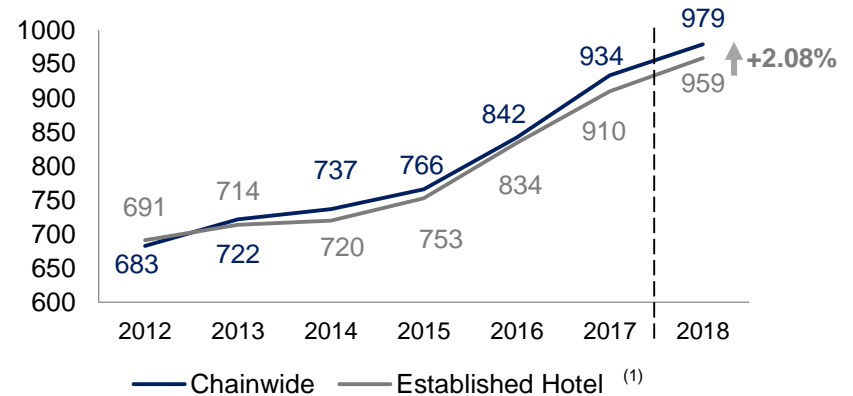
Number of Hotels in Operation

of Hotels in Operation at the End of Each Period

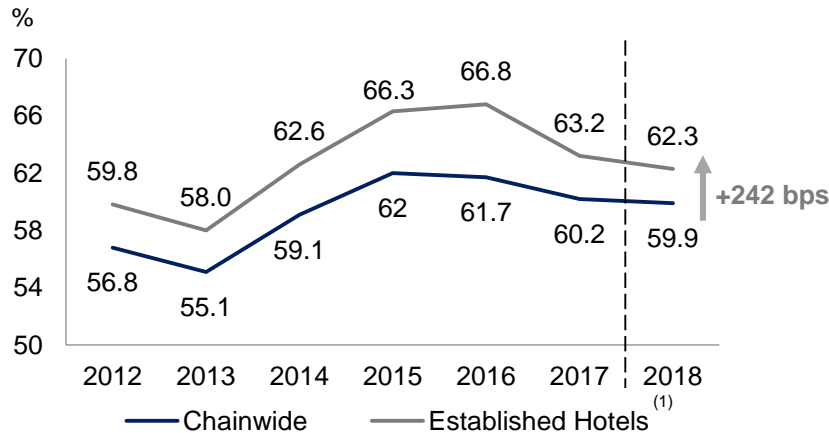


ADR

MXN

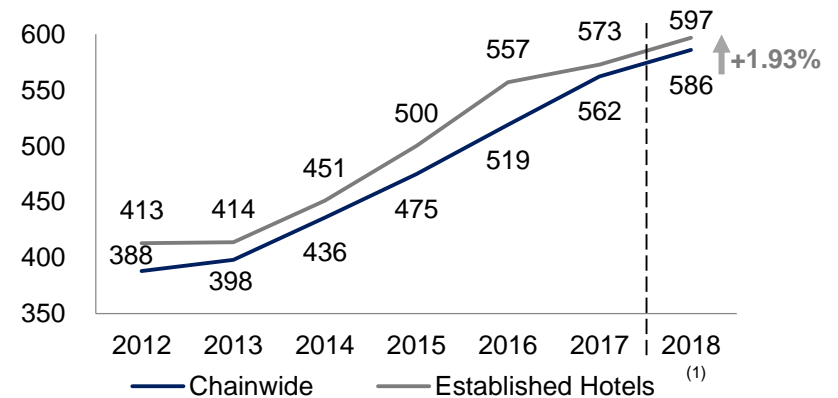


Occupancy



RevPAR

MXN



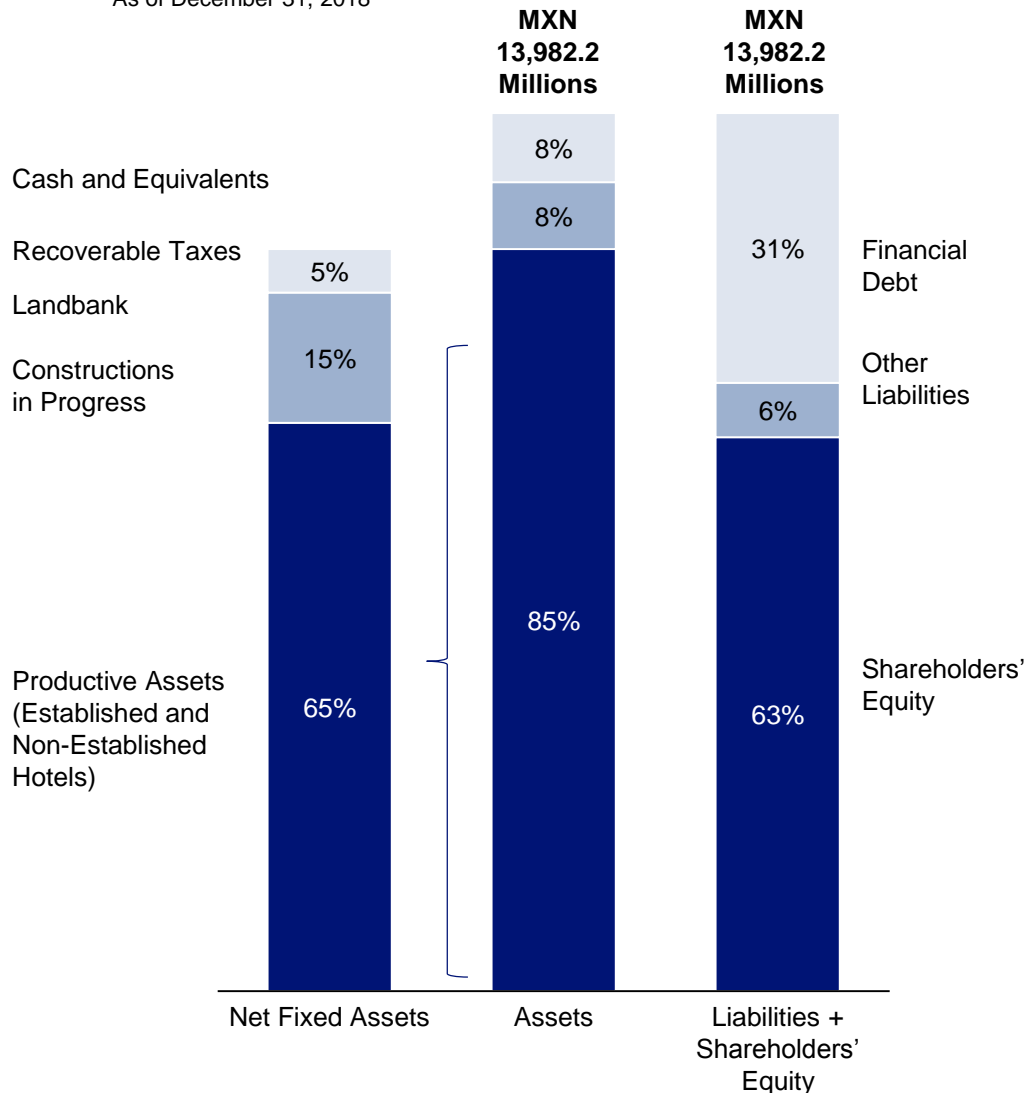
(1) Defined as the hotels with at least 36 months of operation

Capital Structure and Financial Position



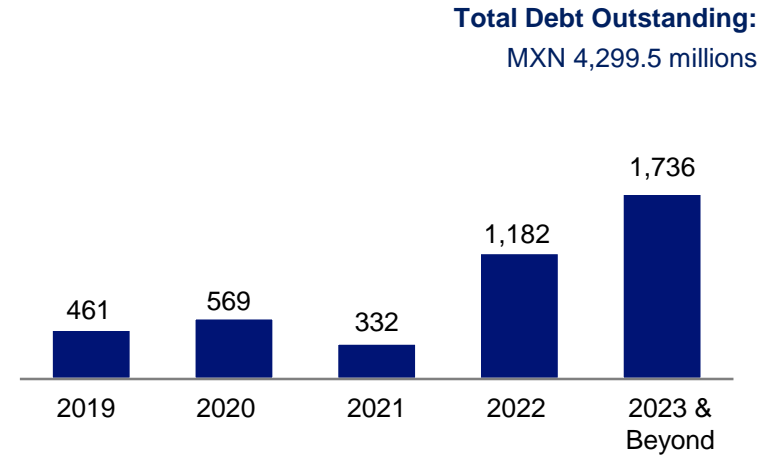
Balance Sheet Structure

As of December 31, 2018



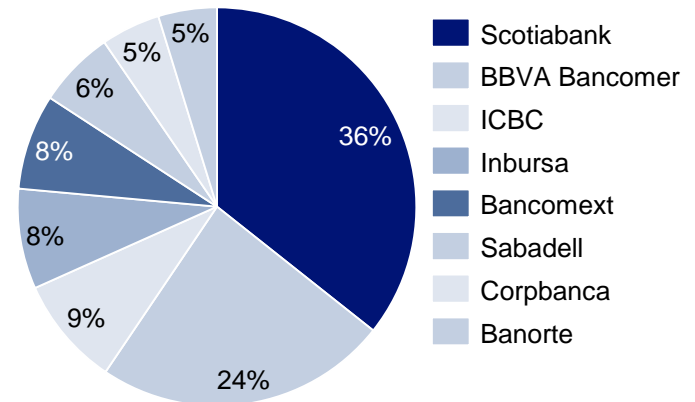
Financial Debt Maturity Schedule

As of December 31, 2018

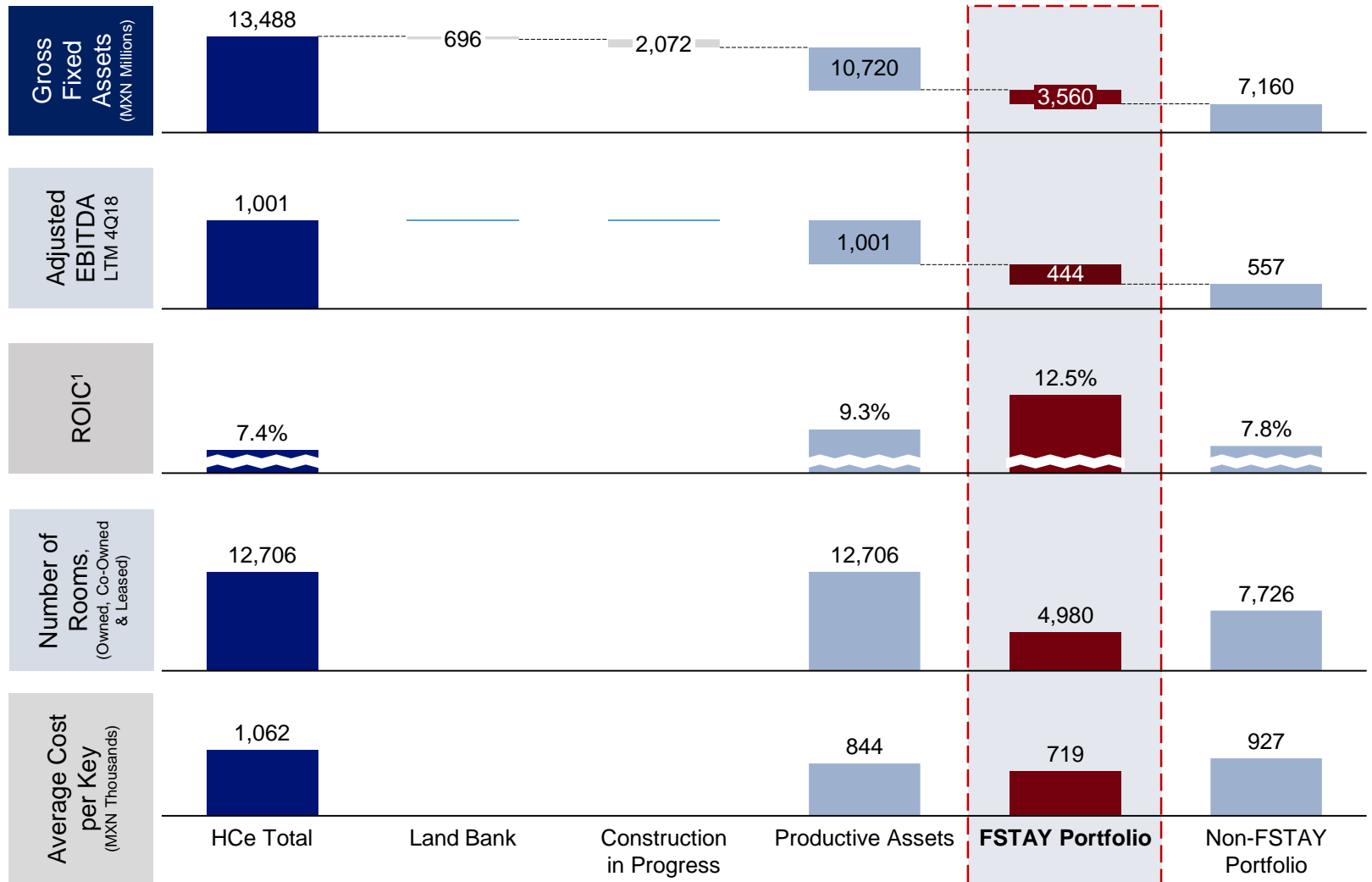


Access to Diversified Financing Sources

Bank Debt by Counterparty as of December 31, 2018



Return On Invested Capital



1. ROIC calculated as EBITDA / Total Investment

Pristine Execution Characterized by Robust Performance on All Fronts



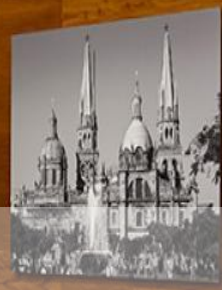
| | | Initial Public Offering (November 2013) | 4th Quarter 2018 | |
|------------------------------------|--|--|--------------------|---------|
| Hotel Platform | Hotels / Rooms in Operation | 72 / 8,201 | 148 / 16,789 | 104.7% |
| | Development Pipeline (Projects in Process) | 13 | 40 | 207.7% |
| Operating Metrics ¹ | Occupancy | 55.1% | 59.6% | 450 pbs |
| | Average Daily Rate (ADR) | \$722 | \$1,000 | 38.5% |
| | Revenue per Available Room (RevPAR) | \$398 | \$595 | 49.5% |
| Financial Performance ¹ | Total Revenues | \$968 MM | \$2,888 MM | 198.3% |
| | Adjusted EBITDA / Margin | \$311 MM / 30.5% | \$1,001 MM / 34.7% | 221.9% |

(1) Operating metrics and financial performance calculated considering figures as of 4Q18

cityexpress
Plus

cityexpress
hoteles

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

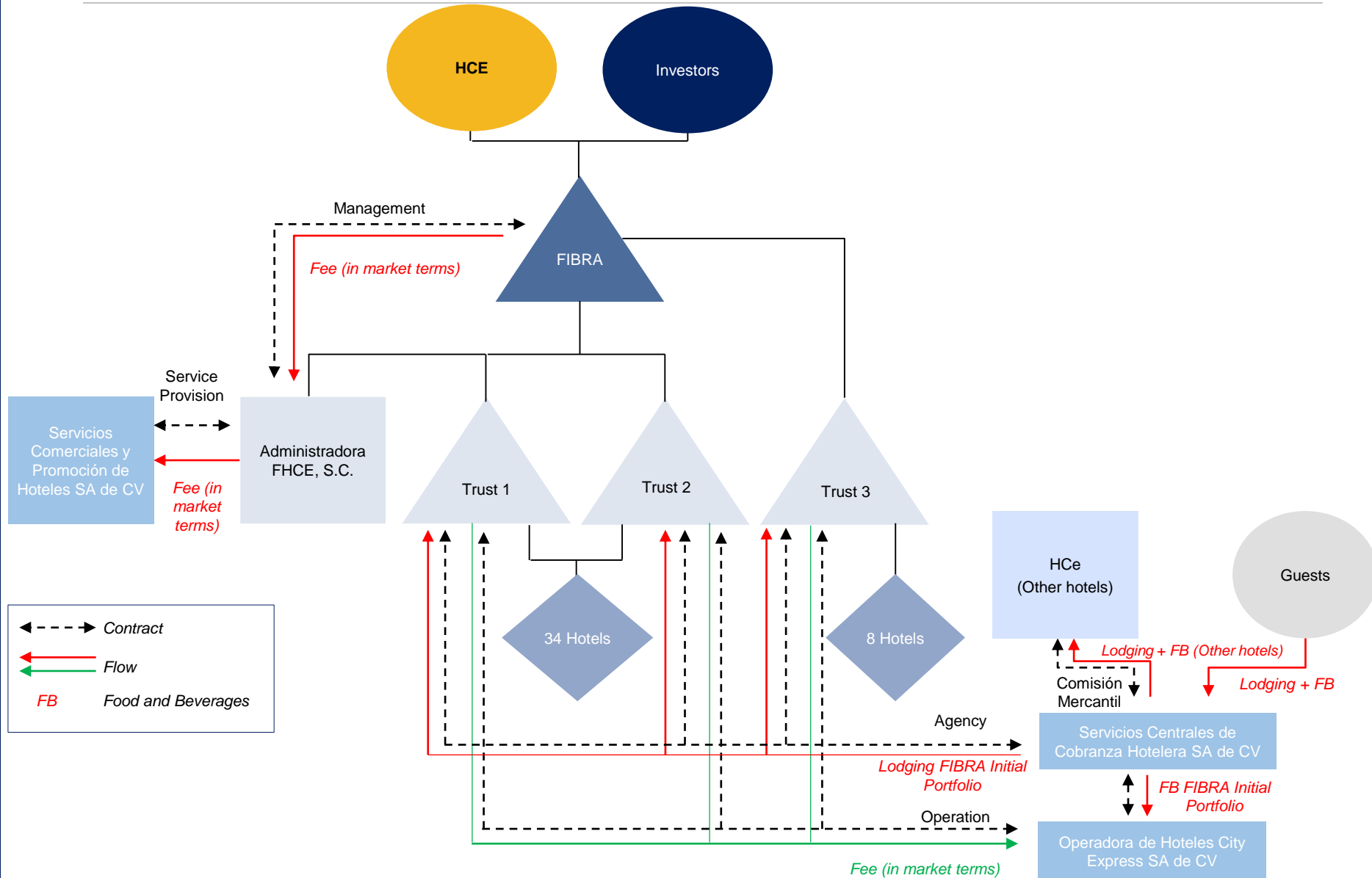


4

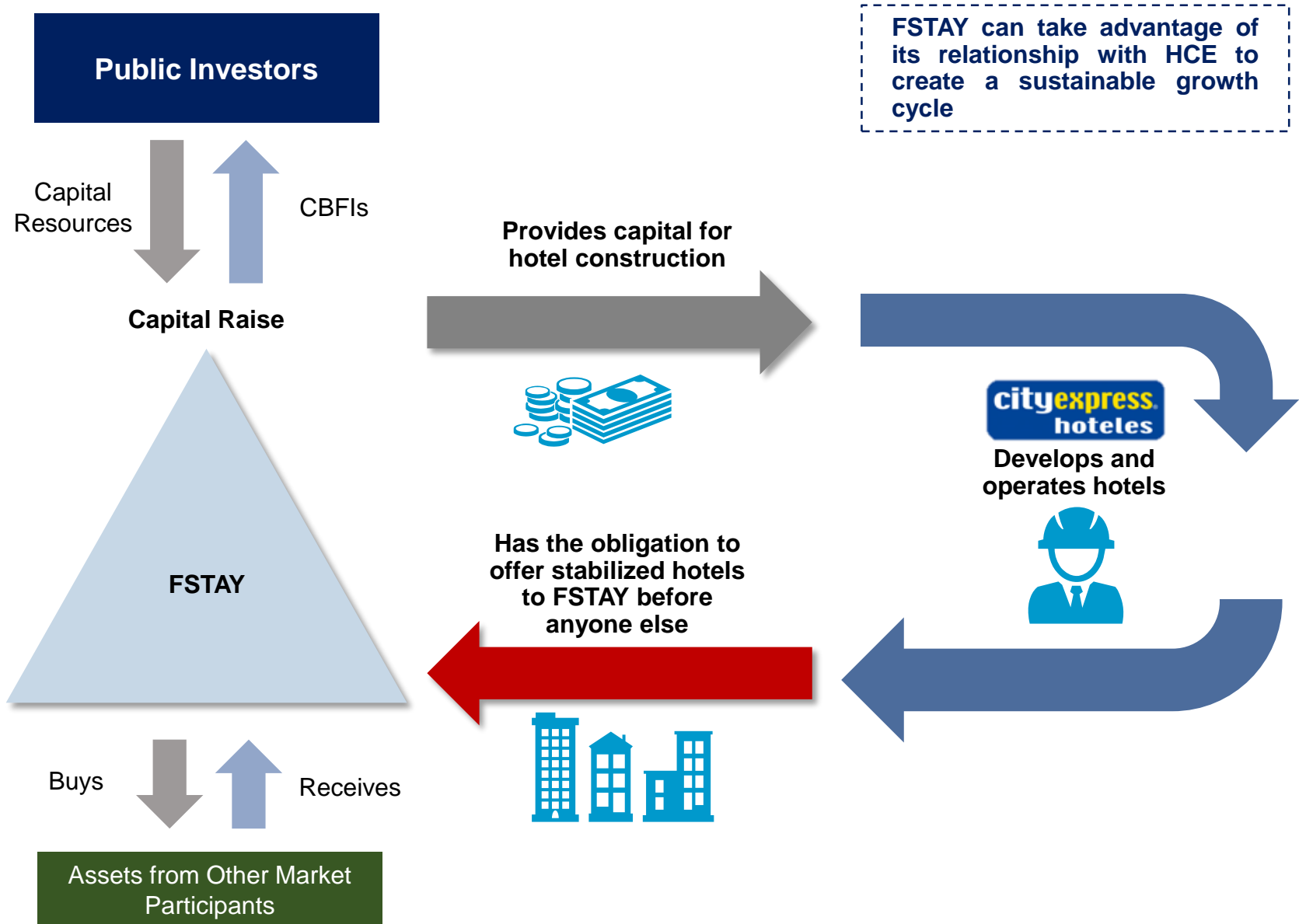
Generate transparency on performance and profitability HCE key business segments



FSTAY Structure



Sustainable Recycling Capital Vehicle



Use of Resources

Potential Growth 2019 - 2022



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

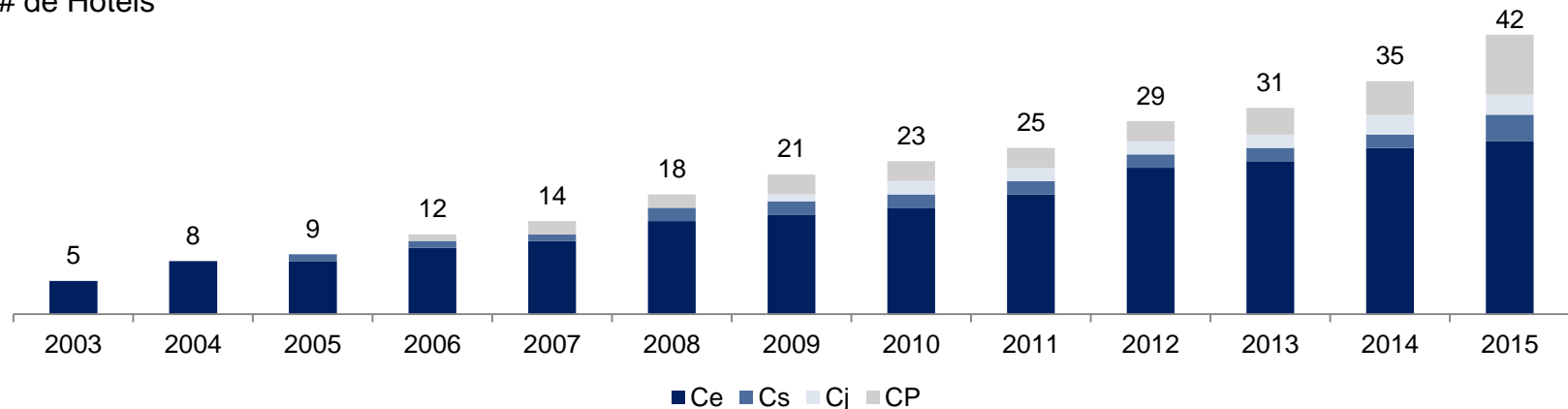
Best in Class Diversified and Established Portfolio

Portfolio Development



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.

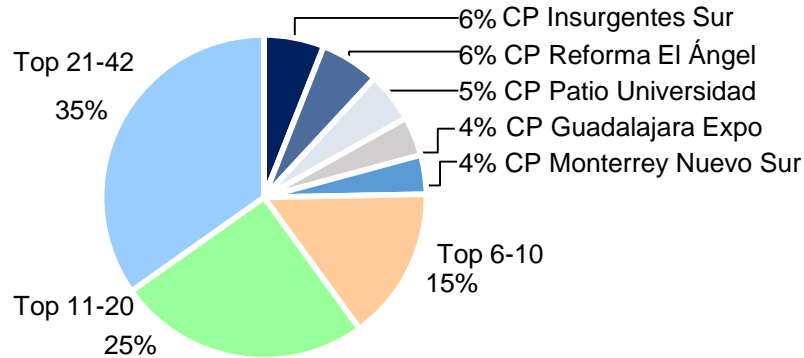


Diversified Portfolio with Exposure to Different Industrial Regions

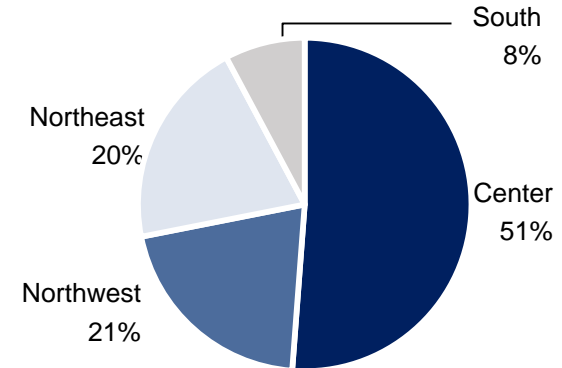


Sales Distribution 2018 - % of Total

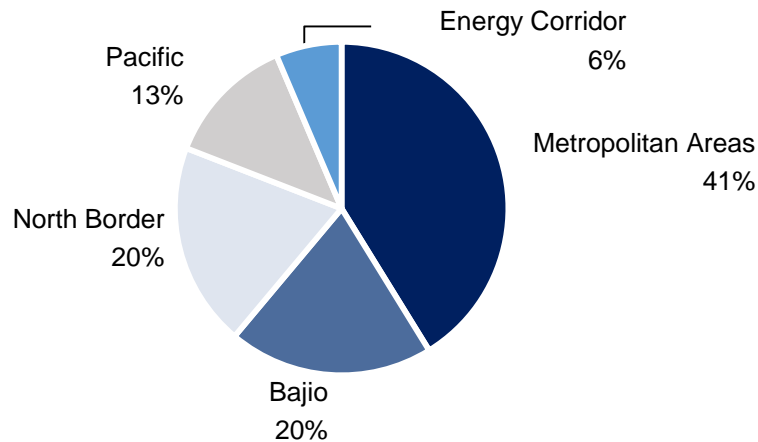
By Hotel



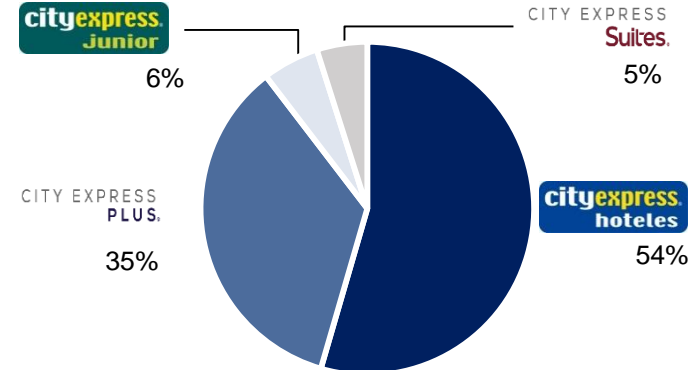
By Economic Region



By Economic Corridor



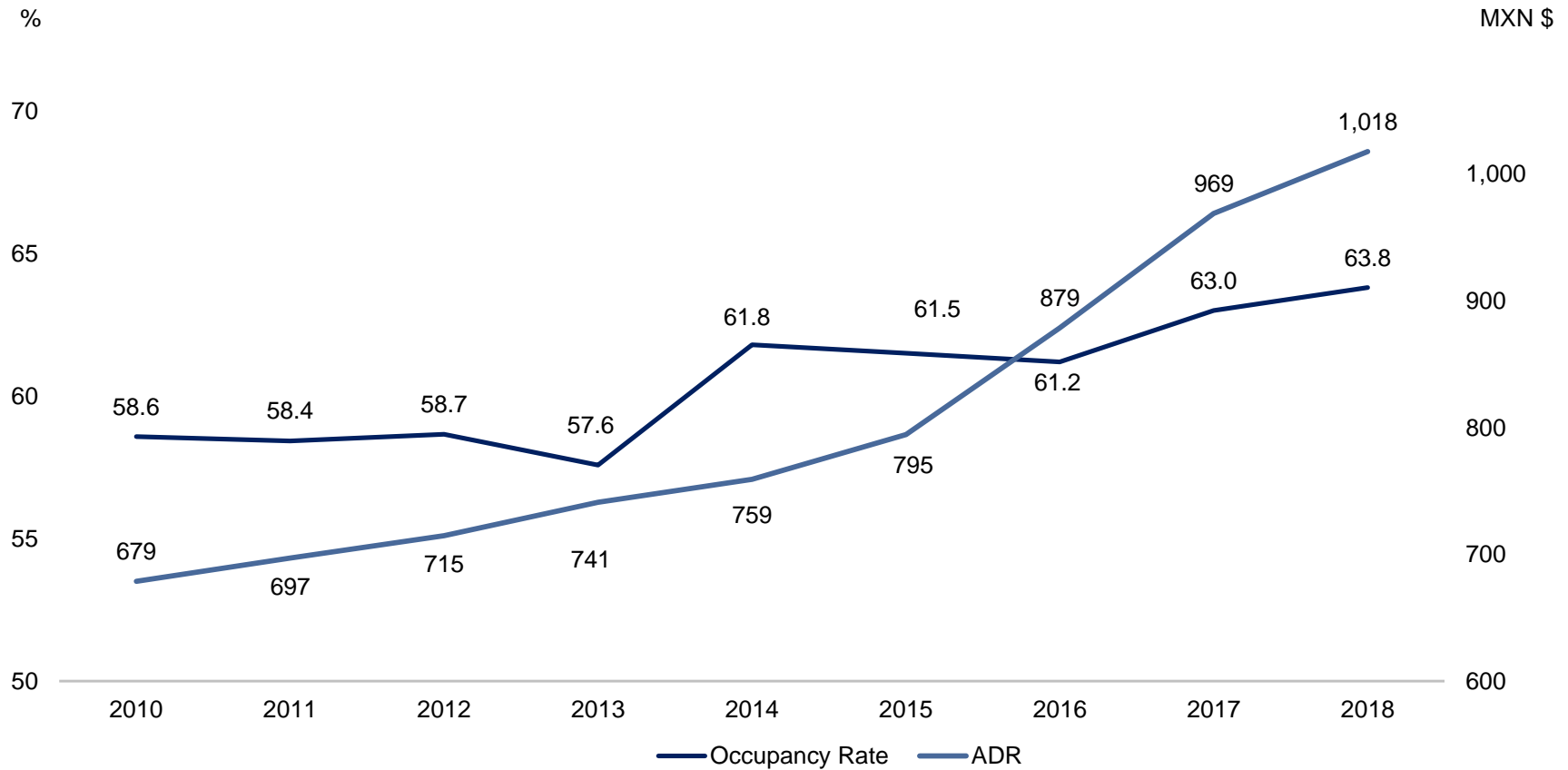
By Brand



ADR and Occupancy Rates Growing Even with Hotel Development



Occupancy Rate



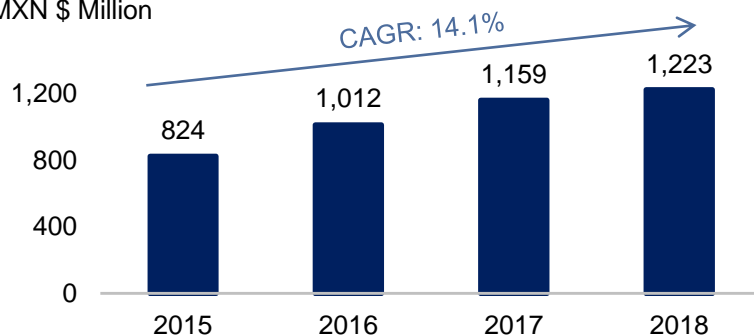
Robust Operating and Financial Performance

Preliminary Not Audited Financial Information



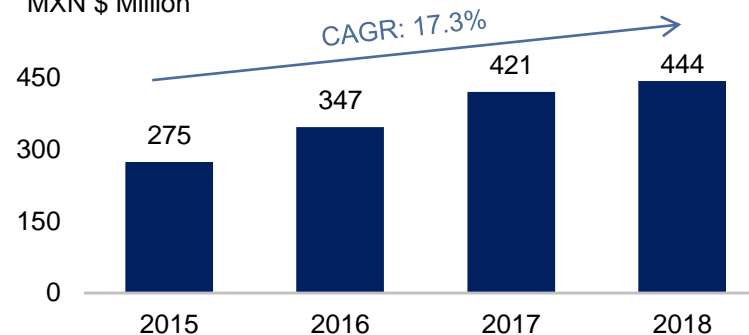
Total Sales ⁽¹⁾

MXN \$ Million



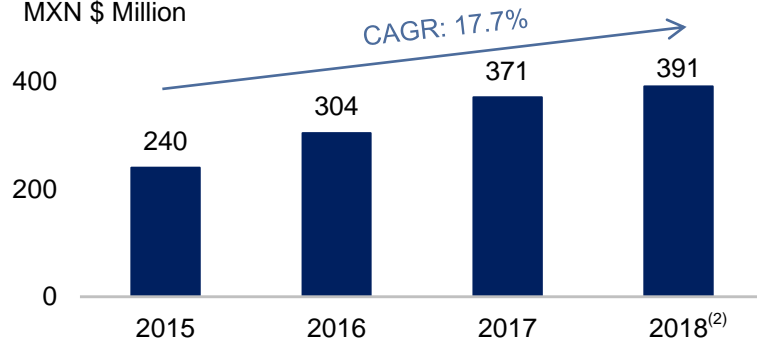
EBITDA ⁽³⁾

MXN \$ Million



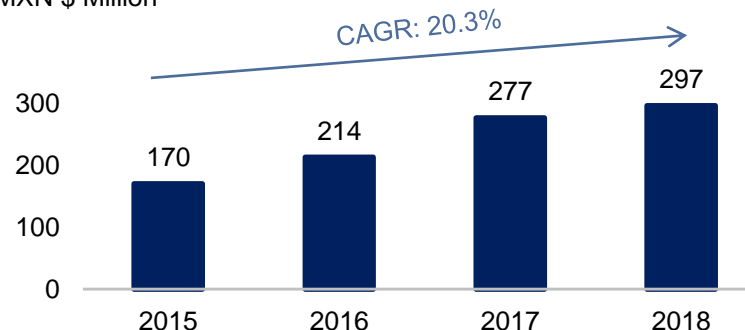
NOI ⁽⁴⁾

MXN \$ Million



AFFO ⁽⁵⁾

MXN \$ Million



Notes

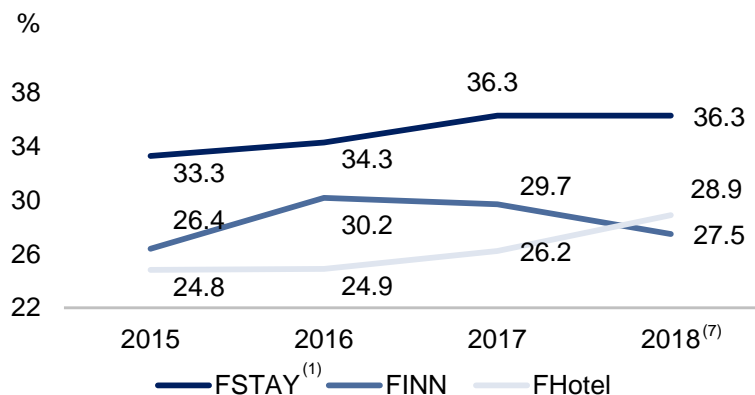
1. Considers Ps\$20.9MM, Ps\$20.7MM and Ps\$19.6MM from other revenues for 2015, 2016 y 2017, respectively
2. Accumulated Results as of December 2018
3. Does not consider Ps\$15.5MM, Ps\$15.9MM and Ps\$16.4MM of SG&A for 2015, 2016 y 2017, respectively
4. Calculated as EBITDA – FF&E
5. Net Income + Income Taxes + D&A – FF&E

Robust Operating and Financial Performance

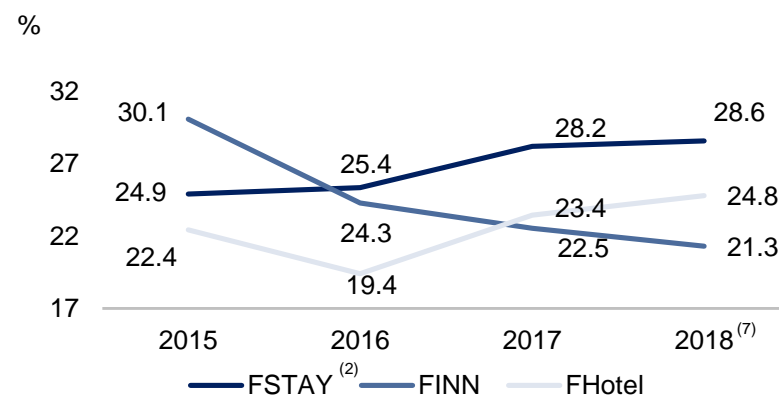
Preliminary Not Audited Financial Information



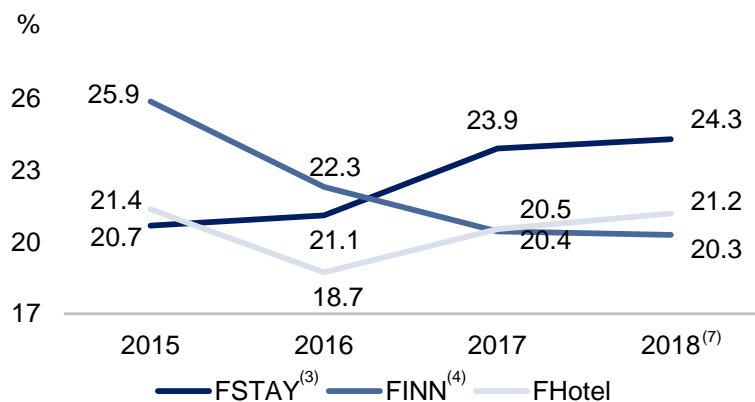
EBITDA Margin



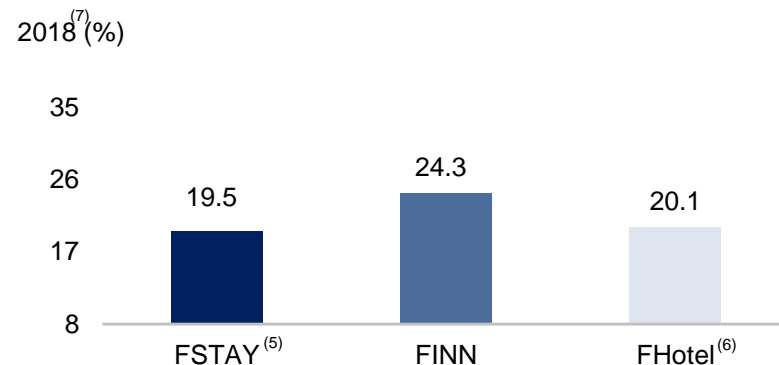
FFO Margin



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"
- FIHO and FINN numbers as of 3Q18

Growth Potential with a Disciplined Acquisition Strategy



1 Strengthen Operational Indicators of hotels Recently Opened

2 Non Established Hotels

- Option to acquire hotels from HCEs portfolio when they are established
 - 6 hotels to be establish with 714 rooms
 - This acquisitions will represent an increase of 14.3% in available rooms for our portfolio

3 Co-Owned Hotels

- Possibility to acquire the hotels of HCE under the investment scheme of Co-Owned
 - 24 hotels established with 2,815 rooms
 - 8 hotels to be established

4 Hotels in Development Pipeline

- Option to acquire the hotels that are planned to be developed between 2018 and 2022
 - Development Pipeline of 89 hotels
 - ~75% will be Owned and Co-Owned hotels

5 Reinvest in our Hotels

- Reinvestment opportunities will be considered within the FIBRA portfolio
 - Will seek to remodel and relocate the hotels
 - Objective Profitability will be between 12% and 14%

6 External Opportunities different to Hoteles City Express

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

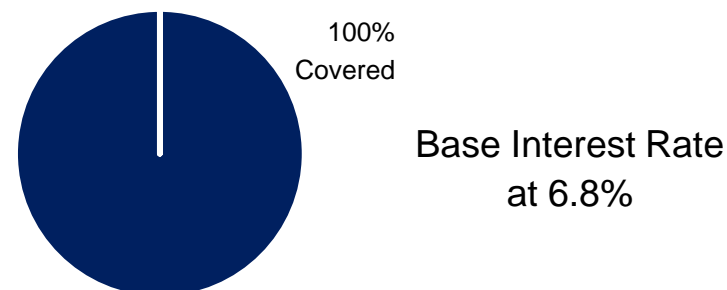
Conservative Capital Structure and Debt Profile



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 an unsecure debt structure with a balloon payment once the issuance of the vehicle has been made

Hedges over Cost of Debt



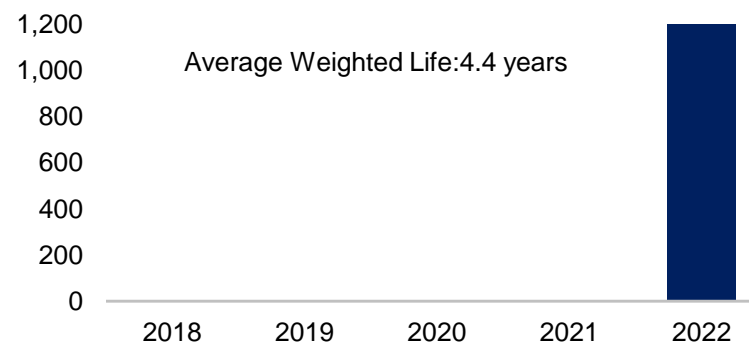
Main Debt Indicators

Estimated 2018 with 3Q18 results lineally annualized

- Total Debt MXN \$ 1.1 Bn
- LTV ⁽¹⁾ 19%
- DSCR ⁽²⁾ 4.7x
- Net Debt/ LTM EBITDA 1.6x
- % Guaranteed 100%

Debt Amortization Schedule

MXN \$ Million



Notes

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

FSTAY Re-launching



- FSTAY re-launching could be activated as soon as market window opens.
- Investment trust structure created, shareholders' approval set and communication model implemented.
- Re-launching of vehicle bigger in size (\$9.2 billion vs \$5.7 billion) including JVs and managed and franchised properties.

Initial Portfolio

42 properties

100% owned

Asset Valuation:
MXN \$5.7 billion

Debt:
MXN \$1.2 billion

Equity:
MXN \$4.5 billion

Free float:
2.25 billion
(50%)

Co-investment and M&F Hotels

32 properties

JV and managed and franchise contract hotels

Asset Valuation:
MXN \$3.5 billion

Debt:
MXN \$1.0 billion

Equity:
MXN \$2.5 billion

Free float:
\$1.25 billion
(50%)

FSTAY Relaunching Portfolio

74 properties

Owned, JV and managed and franchise contract hotels

**Asset Valuation:
MXN \$9.2 billion**

Debt:
MXN \$2.2 billion

Equity:
MXN \$7.0 billion

Free float:
\$3.5 billion
(50%)

cityexpress
hoteles

Annex

Products Focused on Maximizing the Price – Value Ratio for our Guests



Best-in-class Design Translated in Efficient and Comfortable Spaces



CITY EXPRESS
PLUS.



Products Adapted to Guest Lodging Needs and Budgets



CITY EXPRESS
Suites.



cityexpress
Junior



Presence in Premium Locations Hard to Replicate



CITY CENTRO



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