

HOTELES CITY EXPRESS, S.A.B. DE C.V.
INFORMATION STATEMENT ON CORPORATE RESTRUCTURING
JANUARY 22, 2018



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Securities of HOTELES CITY EXPRESS, S.A.B. DE C.V. traded on Bolsa Mexicana de Valores,
S.A.B. de C.V.

Ticker Symbol: HCITY*

This information statement on corporate restructuring (the "Information Statement") is filed pursuant to Article 104 Section IV of the LMV, Article 35, and "Exhibit P" to the CUE, by Hoteles City Express.

Through this Information Statement, Hoteles City Express informs the holders of "HCITY" shares, and investors at large, of the possible creation of a trust that will issue CBFIs, known as a FIBRA, through the contribution by Hoteles City Express of an Initial Portfolio of 42 wholly-owned properties.

HCITY* shares are common, single series, registered, freely subscribed shares with no par value registered in the RNV and are traded on the BMV.

Overview of the Corporate Restructuring

Hoteles City Express, the leading and fastest growing limited service hotel chain in Mexico plans to contribute a portfolio of 42 wholly-owned Real Estate Assets to a trust under a hotel FIBRA Model, and to offer a minority percentage of CBFIs issued by the Trust among investors at large through an Initial Public Offering, keeping an interest of more than 50% in such Trust, by holding a majority percentage of CBFIs.

The Transaction described above will be executed for the purpose of adding value to the shareholders by: (a) creating a vehicle that works as a trigger to make the market value of hotel assets of Hoteles City Express more transparent, tangible and accessible; (b) obtaining liquidity to reinforce the growth in number of hotels for the 2019-2022 period; (c) establish a sustainable asset recycling mechanism, with no dilution for shareholders, that enables continuous growth; and (d) generating transparency regarding the performance and profitability of Hoteles City Express.

Hoteles City Express will continue to fully consolidate the results of such Trust in its financial statements, since (i) it will maintain a majority interest in such Trust, and (ii) the Real Estate Assets contributed to such Trust will continue to be operated by Operadora de Hoteles City Express ("OHCE"), a direct subsidiary of Hoteles City Express. The investments made by the Trust will be through Investment Trusts. Each of the Investment Trusts has executed a Hotel Operation and Management Agreement with OHCE to manage the operation of the Real Estate Assets that have been contributed to such Investment Trusts. Such agreements are substantially similar

to those executed with co-investors of Hoteles City Express, in addition to those executed with third parties for hotels under the management and franchise model.

Pursuant to the bylaws of Hoteles City Express, the execution of the Transaction that is the subject matter of this Information Statement is subject to the approval of the ordinary shareholders' meeting of Hoteles City Express. The respective notice of meeting was published on January 23, 2018, which will be held on February 15, 2018.

Important Information

The shares representing the capital stock of Hoteles City Express are registered in the RNV, which is kept by the CNBV. Likewise, such shares are listed and traded on the BMV.

The registration in the RNV does not entail a certification on the value of the securities, the creditworthiness of Hoteles City Express, or on the accuracy or veracity of the information included in this Information Statement, and it does not ratify actions that, as applicable, may have been carried out in contravention of the law.

A copy of this Information Statement is available to shareholders of Hoteles City Express that so require it, through a written request sent to the offices of Hoteles City Express located at *Juan Salvador Agraz 69, Santa Fe, Cuajimalpa, Ciudad de México, México*, or at the telephone number 52498050 or through the email address smayoral@hotelescity.com, and in the website of Hoteles City Express www.cityexpress.com/en/investors

The electronic version of this Information Statement is available at the BMV's website, www.bmv.com.mx.

Translation for informational purposes only.

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GLOSSARY OF DEFINED TERMS

“Actinver”, means Banco Actinver, S.A., Institución de Banca Múltiple, Grupo Financiero Actinver, División Fiduciaria.

“Real Estate Assets”, means, jointly, (a) real estate property (which may comprise one or several lots), with everything that may *de iure* or *de facto* correspond, used to operate mainly as hotels; and (b) the buildings and constructions on real estate property used to operate mainly as hotels.

“ADR”, means the average daily rate, which is calculated, for any period, by dividing the total income generated by the rooms during that period by the total number of room nights rented during that same period.

“Affiliate”, means, with respect to any Person, any Person that directly or indirectly Controls, or is Controlled by, or is under common Control with such Person.

“Governmental Authority”, means any nation, government, agency, state, municipality, or any political subdivision thereof, or any other entity or agency performing administrative, executive, legislative, judicial, monetary, or regulatory duties of the government or pertaining thereto.

“BMV”, means the Mexican Stock Exchange (*Bolsa Mexicana de Valores*).

“CBFIs”, means real estate trust certificates (for its acronym in Spanish: *certificados bursátiles fiduciarios inmobiliarios*).

“CNBV”, means the National Banking and Securities Commission (*Comisión Nacional Bancaria y de Valores*).

“Agent”, means Servicios Centrales de Cobranza Hotelera, S.A. de C.V., in its capacity as agent under the Agency Agreement.

“Agency Agreement”, means the agency agreement executed by the Agent and the Investment Trusts, the general terms of which are described in Section 7 d) of this Information Statement.

“Lease Agreements”, means all lease agreements on the Real Estate Assets (or any part thereof) that may be contributed to the Trust.

“Accommodation Agreements”, means all accommodation or accommodation services agreements related to the Real Estate Assets that may be contributed to the Trust.

“Hotel Operation and Management Agreements”, means each of the hotel operation and management agreements executed by the Investment Trusts and OHCE, for the operation and management of the hotels, the general terms of which are described in Section 7 e) of this Information Statement.

“Control” including the terms “controlling”, “controlled by”, and “under common control with” means, with respect to any Person, the power of any other Person or group of Persons to (i) impose, directly or indirectly, decisions on the general shareholders’ meeting or similar bodies of such Person, or to appoint or remove a majority of the directors, managers, or equivalent positions of such Persons; (ii) maintain the ownership of rights that allow, directly or indirectly, to exercise the voting rights of more than 50% (fifty percent) of the capital stock of such Person; or (iii) direct, directly or indirectly, the

management, strategy, or policies of a Person, whether through voting securities, by contract, or otherwise.

“Technical Committee”, means the technical committee of the Trust.

“Secured Loan”, means the loan agreement dated December 19, 2017, executed by Actinver, solely and exclusively in its capacity as trustee of the Investment Trusts identified as irrevocable management trusts with right to reversion right number F/3254 and F/3203, as borrowers, Scotiabank as lender, the general terms of which are described in Section 7 c) of this Information Statement.

“Intercompany Loan”, means the loan agreement executed by IHCE, as lender, and the Investment Trusts, as borrowers, for an outstanding balance of \$1,800.0 million as of December 31, 2017, which bears interests at the TIIE rate +1.80% and matures in 2019, which will be settled in full with funds from the FSTAY issue.

“CUE”, means the General Rules Applicable to Securities Issuers and Other Securities Market Participants (*Disposiciones de Carácter General aplicables a las Emisoras de Valores y a otros Participantes del Mercado de Valores*), published in the Federal Official Gazette (*Diario Oficial de la Federación*) on March 19, 2003, as amended, either in full or in part, supplemented, or otherwise modified from time to time.

“FIBRA-Related Tax Provisions”, means Articles 187 and 188 of the LISR, Rules 3.21.3.1., 3.21.3.4., 3.21.3.5., 3.21.3.6., 3.21.3.7. and 3.21.3.8. of the Miscellaneous Tax Resolution (*Resolución Miscelánea Fiscal*), as applicable, and any other tax provision applicable to trusts engaged in the acquisition or construction of real estate or to the parties to such trusts, or any other provisions that may substitute these from time to time.

“Distribution”, will have the meaning given to such term in Section 7 subsection a) of this Information Statement.

“EBITDA”, means the sum of operating profit and depreciation for the period.

“Adjusted EBITDA”, means the sum of operating profit, depreciation for the period, and non-recurring expenses for hotel openings.

“Trust” or “FSTAY” or “Fibra STAY”, means the irrevocable trust agreement issuer of CBFIs to be executed by Actinver as trustee, Promotora FHCE, S.A. de C.V. as grantor, the Manager as manager, and the Common Representative, as common representative, for purposes of the Transaction.

“Investment Trusts”, means, jointly, irrevocable management trusts F/ 3203 F/3254 and F/3265 created in Mexico, in which the Trust will hold, directly or indirectly, an investment to acquire Real Estate Assets, either directly or indirectly through such Investment Trusts; provided that the purposes of such Investment Trusts must allow such Investment Trusts to qualify as non-business trusts for purposes of the LISR or otherwise to not be considered as entities subject to the payment of taxes under the LISR. Such Investment Trusts are detailed in Section 3 of this Information Statement.

“FIBRA”, means the real estate investment trusts (for its acronym in Spanish: *Fideicomiso de Inversión en Bienes Raíces*) issuers of real estate trust certificates (*certificados bursátiles fiduciarios inmobiliarios*) referred to in Article 7 Section VII of the Single Circular, Article 187 of the LISR, and FIBRA-Related Applicable Provisions.

“Information Statement”, means this information statement on corporate restructuring pursuant to Article 104 Section IV of the LMV, Article 35, and “Exhibit P” to the CUE.

“Hoteles City Express”, means Hoteles City Express, S.A.B. de C.V.

“IFRS”, means the International Financial Reporting Standards issued by the International Accounting Standards Board.

“IHCE”, means Inmobiliaria Hotelera City Express, S.A. de C.V.

“Occupancy Rate”, means the occupancy rate of rooms during a certain period of time, calculated by dividing the total number of rented rooms during such period of time by the total number of available rooms during that same period of time.

“Lease Income”, means income from granting the use or enjoyment of the retail spaces of the Real Estate Assets (or any part thereof) arising from the Lease Agreements pursuant to the applicable legal provisions.

“Accommodation Income”, means income from granting the use or enjoyment of the Real Estate Assets (or any part thereof) arising from the Accommodation Agreements pursuant to the applicable legal provisions.

“Service Income”, means income from the services related to the operation of the Hotels, excluding Accommodation Income and Lease Income.

“Indeval”, means S.D. Institución para el Depósito de Valores, S.A. de C.V.

“ISAI”, means the Real Estate Acquisition Tax (*Impuesto sobre Adquisición de Inmuebles*) corresponding to the state or municipality in question and other applicable similar taxes and/or taxes that may substitute and/or supplement it from time to time.

“ISR”, means the Mexican Income Tax (*Impuesto Sobre la Renta*) and other applicable similar taxes and/or taxes that may substitute and/or supplement it from time to time.

“VAT”, means Value Added Tax (*Impuesto al Valor Agregado*) and other applicable similar taxes and/or taxes that may substitute and/or supplement it from time to time.

“LISR”, means the Mexican Income Tax Law (*Ley del Impuesto sobre la Renta*), as amended, either in full or in part, supplemented, or otherwise modified from time to time.

“LMV”, means the Mexican Securities Market Law (*Ley del Mercado de Valores*).

“Mexico”, means the United Mexican States.

“NOI”, means net operating income.

“Initial Public Offering”, means the public offering of CBFIs to be made by the Trust.

“OHCE”, means Operadora de Hoteles City Express, S.A. de C.V., as operator of the hotels under the Operation and Management Agreements.

“Transaction”, means the contribution of a portfolio of 42 Real Estate Assets, wholly-owned by Hoteles City Express, to a trust under a hotel FIBRA Model, for the purpose of offering a minority percentage of CBFIs issued by such Trust among investors at large through an Initial Public Offering. Hoteles City Express will keep an interest of more than 50% in such Trust, by holding a majority percentage of CBFIs.

“Person”, means any natural or legal person, trust, joint venture, partnership or business association, Governmental Authority, or any other entity of any nature.

“Distribution Policies”, means the distribution policy of the Trust, as proposed and amended by the Manager and approved by the Technical Committee from time to time, which will be notified to Actinver, in its capacity as trustee.

“Initial Portfolio”, means the Real Estate Assets that will form part of the Trust property, which comprises 42 hotels geographically spread out in 20 states and 27 cities in Mexico. The Initial Portfolio comprises all but one of the wholly-owned hotels of Hoteles City Express in Mexico that have been operating for more than 2 years¹.

“FSTAY Prospectus”, means the offering prospectus to be used for purposes of the Transaction.

“FIBRA Tax Model”, means the tax treatment provided in the FIBRA-Related Tax Provisions applicable to trusts engaged in the acquisition or construction of property.

“Common Representative”, means Evercore Casa de Bolsa, S.A. de C.V. (Trust Division).

“Annual Report”, means the annual report of Hoteles City Express for the year ended December 31, 2016, prepared in accordance with the applicable legal provisions.

“RevPAR”, means revenue per available room, calculated by multiplying the ADR in any period of time by the Occupancy Rate in such period of time. RevPAR is a performance metric used in the hotel industry to identify information on trends with respect to revenue per room and to assess the performance of a hotel with respect to a segment or group.

“ROIC”, means the annualized EBITDA per hotel/total initial investment per hotel.

“Scotiabank”, Scotiabank Inverlat, S.A., Institución de Banca Múltiple, Grupo Financiero Scotiabank Inverlat.

“limited service”, means, with respect to hotels, those that offer a combination of limited services such as Internet, public areas with a limited selection of food choices, limited spaces for meeting rooms, fitness centers, and reduced business centers.

“TIIE”, means the equilibrium interbank interest rate (*tasa de interés interbancaria de equilibrio*) published by the Mexican Central Bank (*Banco de México*).

“TINSA”, means Tasaciones Inmobiliarias de México, S.A. de C.V.

¹ Except for the City Express Saltillo Sur Hotel, which is under final acquisition processes and which will be contributed to the portfolio in subsequent contributions as soon as such processes are completed.

Presentation of Certain Information

Unless otherwise expressly specified or required by the context, the words “we” and “our”, references to “Hoteles City Express”, and all expressions involving the use of the plural first person, refer to Hoteles City Express, S.A.B. de C.V., parent company of City Express Group.

Information on Currency

In this Information Statement, the term “peso”, the abbreviation “MXN”, and the “\$” symbol refer to the legal tender in Mexico; and the term “dollars” and “US\$” refer to the legal tender in the United States of America.

Rounding

Certain figures included in this Information Statement have been subject to rounding adjustments. Accordingly, figures shown as totals in certain columns may not be an arithmetic aggregation of the figures that precede them.

Units of Measurement

The standard unit for measuring area or surface in the real estate market in Mexico is the square meter (m²). Unless otherwise indicated, all units of area or surface included in this Information Statement are expressed in square meters.

Forward-looking Statements

This Information Statement includes forward-looking statements. Examples of these forward-looking statements include, but are not limited to: (i) statements regarding the results of the Trust, (ii) statements regarding the plans, objectives, or goals, and (iii) statements of underlying assumptions of these statements. Words such as “objective”, “anticipate”, “believe”, “may”, “estimate”, “expect”, “project”, “guide”, “intend”, “plan”, “potential”, “predict”, “seek”, “should”, “will”, and similar expressions are intended to identify forward-looking statements, but are not the exclusive means of identifying these statements.

By their nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that the predictions, forecasts, projections, and other forward-looking statements will not be achieved. Investors are cautioned that a number of important factors could cause actual results of Hoteles City Express or of the Trust to differ materially from the plans, objectives, expectations, estimates, and intentions expressed in, or implied by, these forward-looking statements.

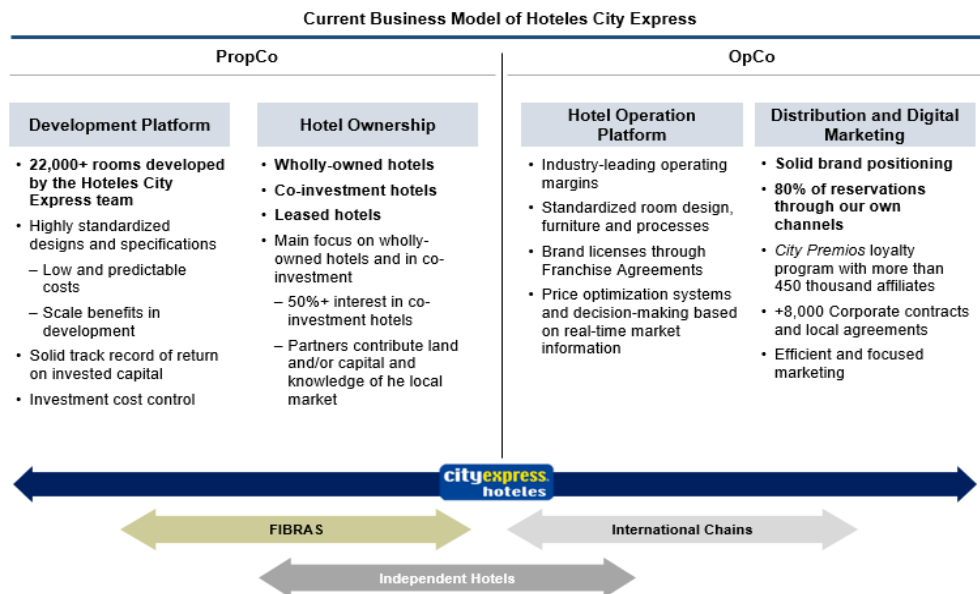
1.- EXECUTIVE SUMMARY

This summary highlights selected information contained elsewhere in this Information Statement and does not contain all of the information that you should consider before investing in the stock of Hoteles City Express. For a more complete description about us, our business, and the restructuring, please read our entire 2016 Annual Report, including the “Risk Factors” and the financial information that appears elsewhere in the 2016 Annual Report, and in the quarterly reports filed from time to time, which are available at the CNBV website, www.gob.mx/cnbv, or at the BMV Information Center, located at Reforma No. 255, Colonia Cuauhtémoc, C.P. 06500, Mexico City, or at its website, www.bmv.com.mx. Likewise, throughout this document, there may be capitalized defined terms, which will be referenced in the 2016 Annual Report of Hoteles City Express, the FSTAY Prospectus, and the FIBRA STAY Trust Agreement, which are available to Investors at Large at the addresses provided above.

Hoteles City Express is the leading and fastest growing limited service hotel chain in Mexico, which specializes in offering high quality, comfortable and safe lodging, at affordable prices through properties aimed mainly at domestic business travelers. Hoteles City Express operates through an integrated lodging business platform, which develops, selectively acquires, manages, and grants hotel franchises mainly in the economic and budget segments, mostly in Mexico.

As of December 31, 2017, Hoteles City Express had 135 hotels in operation, with presence in 29 of the 32 States of Mexico and in 3 additional countries in Latin America. Hoteles City Express contemplates the opening of 5 hotels in addition to the 135 existing hotels for the first quarter of 2018 and it has a development plan of 15 to 20 additional hotels for that full year.

Hoteles City Express integrates 4 business pillars within its business model: a) the hotel development platform, b) the hotel ownership real estate business, c) the hotel operation platform, and d) a strong distribution network and digital marketing.



Source: Internal information of Hoteles City Express.

These four business pillars allow Hoteles City Express to have significant advantages vis-a-vis its competitors, by allowing it to horizontally integrate the whole value chain of the Mexican hotel industry.

The foregoing has been fundamental to achieve sufficient scale and a critical mass of hotels that represent the largest brand by inventory in Mexico. As a result, Hoteles City Express has decided to follow international trends, and start to turn its hotel ownership real estate business independent.

The Transaction

Pursuant to the foregoing, and to achieve the objectives described above, Hoteles City Express plans to contribute an Initial Portfolio of 42 Real Estate Assets, which it wholly owns, to a newly created hotel FIBRA trust, for the purpose of offering a minority percentage of the CBFIs issued by such Trust among investors at large through an Initial Public Offering, holding an interest of more than 50% in such vehicle, by holding a majority percentage of the CBFIs.

The objectives of the Transaction are:

- a) Capture the market value of the Real Estate Assets of Hoteles City Express.
- b) Obtain liquidity to reinforce growth in number of units for the 2019-2022 period.
- c) Establish a sustainable asset recycling mechanism, without any dilution for shareholders, enabling continuous growth.
- d) Generate transparency in the performance and profitability of Hoteles City Express.

Investors that acquire CBFIs in the Initial Public Offering of FSTAY will be entitled to the distributions made by such vehicle in the future according to the hotel FIBRA model. It is important to mention that there will be no exchange of Hoteles City Express certificates for those of the FSTAY vehicles, or vice versa, and there will be no changes in the characteristics of the Hoteles City Express shares as a result of the Transaction. Shareholders that hold Hoteles City Express certificates after the Transaction will continue with the same rights that they had prior to the Transaction.

For more information about the purposes of the Transaction, please see Section 2. *Detailed Information of the Transaction, of this Information Statement.*

Hoteles City Express will continue to fully consolidate the results of the Trust in its financial statements since it will maintain a majority interest in such hotel FIBRA and the Real Estate Assets contributed to such Trust will continue to be operated by OHCE, a direct subsidiary of Hoteles City Express. Such agreements are substantially similar to those executed with co-investors of Hoteles City Express, in addition to those executed with third parties for hotels under the management and franchise model. *For more information about the Operation and Management Agreement, see Section 7. Relevant Agreements.*

Likewise, Hoteles City Express estimates that the Transaction will generate sufficient transparency to achieve the adequate valuation of its assets – which are currently maintained at the 2010 historical cost in its financial statements. Moreover, it will capture such value by recycling capital without any dilution to current shareholders by investing such funds in additional growth for the business plan of Hoteles City Express, and thus leverage the attractive opportunity of the limited hotel segment in Mexico.

Preliminarily, Hoteles City Express estimates that the Transaction will represent approximately from \$2,000.0 million to \$2,500.0 million as funds therefrom, the use of which will be to reinforce the development plan of Hoteles City Express, by increasing its capacity to operate

between 18 and 24 hotels per year from 2019 to 2022, and to pay expenses and taxes resulting from the transaction. This information statement will assume a total raise of \$2,000.0 million for illustrative purposes.

The accounting impact on Hoteles City Express from the Transaction is limited as a result of Hoteles City Express continuing to consolidate in its results 100% of the performance of the Trust. However, Hoteles City Express contemplates an increase in its available cash, retained earnings, non-controlling interest, and some other movements in other line items of its financial statements. The financial impact is detailed in the unaudited pro forma information included in *Section 5.- selected financial information and in Exhibit 1 of this Information Statement*.

For more information about the purposes of the Transaction, please see Section 2. *Detailed Information of the Transaction*, of this Information Statement.

The Trust and the Initial Portfolio

The Transaction will result in the creation of a hotel FIBRA called FIBRA STAY, with ticker symbol FSTAY, which will consist of a leading vehicle of its kind in terms of corporate governance, transparency, and alignment of interests between the market and the Manager. The Manager of FIBRA STAY will be 100% internalized, and its compensation does not contemplate the payment of any fees. The members of the senior management team of the Manager will be selected by the Technical Committee of the Trust and they may be removed by the Holders' Meeting pursuant to the mechanisms provided in the FSTAY Prospectus and in the Trust Agreement.

The Initial Portfolio that will be contributed to FSTAY will be composed of 42 hotels that are geographically diversified in 20 states and 27 cities in Mexico. Such Initial Portfolio integrates all of the wholly-owned hotels of Hoteles City Express in Mexico, which have been operating more than 2 years².

Hoteles City Express adopted IFRS accounting standards in 2010 and opted to record all its Real Estate Assets at historical cost to avoid book value volatility related to the temporary appreciation or depreciation of the Real Estate Assets. Thus, the portfolio of the Real Estate Assets of Hoteles City Express is recorded in the statement of financial position in accordance with the following criteria:

- a) For Real Estate Assets acquired or developed before December 2010, the accounting record of its fixed asset was updated based on an appraisal by a specialized firm to determine the value of the property as of that date.
- b) For Real Estate Assets acquired or developed after December 2010, their accounting record was made at historical cost.

Resulting from positive market dynamics and from the productivity and profitability of the Real Estate Assets, the current portfolio of Hoteles City Express is significantly undervalued in its accounting records compared to the market value calculated by independent third parties.

As a comparative analysis, according to the records of Hoteles City Express, the Initial Portfolio that will be contributed to the Trust has an initial hotel investment value of \$3,560.4 million and a book value net of depreciation of \$4,016.5 million, while an assessment of the Initial Portfolio by TINSA, an independent appraisal firm specialized in hotel and real estate investments, amounts

² Except for the City Express Saltillo Sur Hotel, which is under final acquisition processes and which will be contributed to the portfolio in subsequent contributions as soon as such processes are completed.

to approximately \$5,722.2 million. An increase exceeding 61% of the initial investment value of the Initial Portfolio and 42% of the book value net of depreciation.

The Initial Portfolio is allocated in three Investment Trusts. The trustees of two of the three Investment Trusts executed the Secured Loan with Scotiabank, which had an outstanding balance of \$1,200 million as of December 31, 2017. This Secured Loan is guaranteed by a non-possessory pledge on the beneficiary rights arising from the relevant Investment Trusts, which was executed by each of the grantors of such Investments Trusts in their capacity as pledgors, in favor of Scotiabank in its capacity as pledgee. Moreover, in order to secure the performance of the obligations arising from the Secured Loan, Hoteles City Express is the joint and several obligor of the Investment Trusts. The joint and several obligation will be released once FSTAY becomes the joint and several obligor of the relevant Investment Trusts. The terms of such financing are referenced in *Section 2. Detailed Information of the Transaction*.

The Transaction will be submitted for the approval of the ordinary general shareholders' meeting of Hoteles City Express, the notice of meeting of which was published on January 23, 2018 in the official means. For more information about the notice of meeting or the procedure for obtaining the admission cards, please contact the Investor Relations department of Hoteles City Express, whose contact information is included in *Section 8. Responsible Persons*.

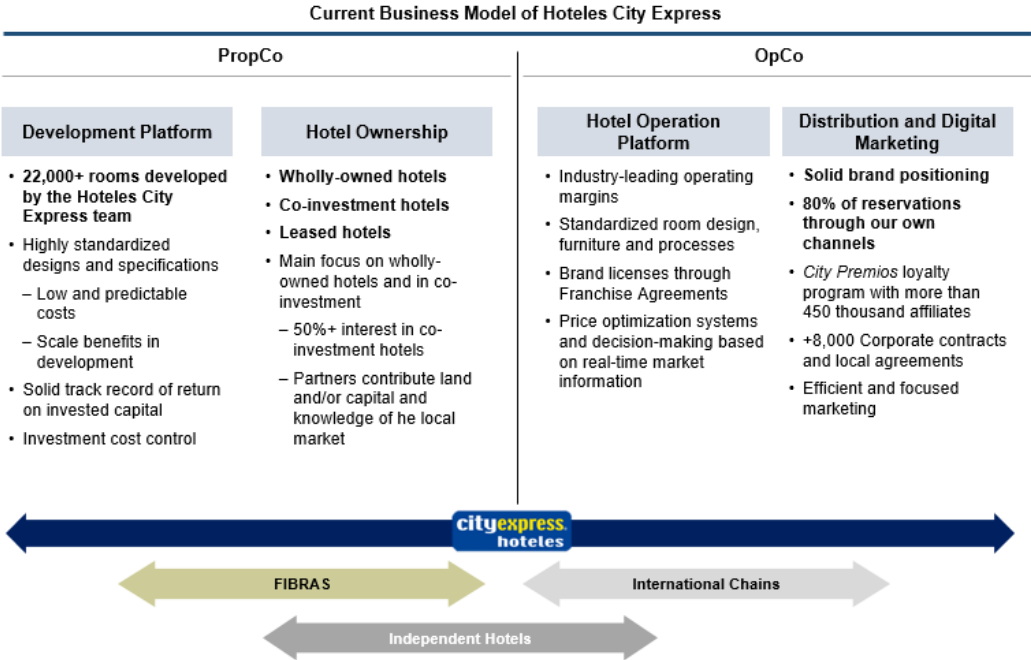
2.- DETAILED INFORMATION OF THE TRANSACTION

2.1 Detailed Description of the Transaction

Hoteles City Express is the leading and fastest growing limited service hotel chain in Mexico, which specializes in offering high quality, comfortable and safe lodging, at affordable prices through properties aimed mainly at domestic business travelers. Hoteles City Express develops its operation through a comprehensive lodging business platform, which develops, selectively acquires, manages, and grants hotel franchises mainly in the economic and budget segments, mostly in Mexico.

As of December 31, 2017, Hoteles City Express had 135 hotels in operation, with presence in 29 of the 32 States of Mexico and in 3 additional countries in Latin America. Hoteles City Express contemplates the opening of 5 hotels in addition to the 135 existing hotels for the first quarter of 2018 and it has a development plan of 15 to 20 additional hotels for that full year.

Hoteles City Express integrates 4 business pillars within its business model: a) the hotel development platform, b) the hotel ownership real estate business, c) the hotel operation platform, and d) a strong distribution network and digital marketing.



Source: Internal information of Hoteles City Express.

These four business pillars allow Hoteles City Express to have significant advantages vis-a-vis its competitors, by allowing it to horizontally integrate the whole value chain of the Mexican hotel industry.

The foregoing has allowed it to achieve sufficient scale and a critical mass of hotels that represent the largest brand inventory in Mexico. Currently, Hoteles City Express has decided to follow international trends, and start to turn part of its hotel ownership real estate business independent.

Hoteles City Express plans to make an offering of part of its Real Estate Assets in the market through a hotel FIBRA. This Transaction consists of Hoteles City Express contributing an Initial Portfolio of 42 wholly-owned Real Estate Assets to a trust under a hotel FIBRA called FIBRA STAY, and offering a minority percentage of such Initial Portfolio in the capital markets through an Initial Public Offering of such Trust, with Hoteles City Express maintaining an interest of more than 50% therein, by holding a majority interest of the CBFIs.

Investors that participate in the Initial Public Offering of FSTAY will receive CBFIs to be issued by the Trust, and will receive the distributions made by the Trust in the future according to the Distribution Policies. It is important to mention that no exchange of Hoteles City Express certificates for the FSTAY CBFIs, or vice versa, will occur. Hoteles City Express' shareholders will continue to have the same corporate and economic rights in Hoteles City Express as those that they had prior to the Transaction.

Due to the existence of Intercompany Loans, as of the execution date of the Transaction, a number of formation transactions have been entered into, pursuant to which the Trust will acquire the Initial Portfolio. Having said that, the funds will be used to repay the Intercompany Loans and to pay the ISAI. *For more information about the formation transactions, please see the FSTAY Prospectus.*

Preliminarily, Hoteles City Express estimates that the Transaction will represent an approximate amount in the range of \$2,000.0 million to \$2,500 million, which will settle the Intercompany Loans, for an outstanding amount of \$1,800.0 million as of December 31, 2017. Once the funds have been received by IHCE, it will invest these in reinforcing the Hoteles City Express development plan, by increasing its capacity to start operations of between 18 and 24 hotels per year from 2019 to 2022. This information statement will assume a total raise of \$2,000.0 million for illustrative purposes.

The Transaction will be submitted for the approval of the ordinary general shareholders' meeting of Hoteles City Express, the notice of meeting of which was published on January 23, 2018 in the official means. For more information about the notice of meeting or the procedure for obtaining the admission cards, please contact the Investor Relations department of Hoteles City Express, whose contact information is included in *Section 8. Responsible Persons.*

2.2 Objectives of the Transaction

The objectives of the Transaction are:

- a) Capture the market value of the Real Estate Assets of Hoteles City Express.
- b) Obtain liquidity to reinforce growth in number of units for the 2019-2022 period.
- c) Establish a sustainable asset recycling mechanism, without any dilution for shareholders, enabling continuous growth.
- d) Generate transparency in the performance, profitability, and actual value of Hoteles City Express.

Each of the objectives is described in detail below.

Make more transparent, capture and take advantage of market value of the Real Estate Assets of Hoteles City Express.

With an inventory of 135 Real Estate Assets, Hoteles City Express has the largest hotel brand inventory in Mexico. Of this inventory, 54 hotels are wholly-owned, 33 are co-investments, 14 are leased hotels, 5 are hotels under franchise agreements, and 29 are under Hotel Operation and Management agreements.

The total net fixed assets associated with the wholly-owned Real Estate Assets of Hoteles City Express, the co-investments with its partners, the leased hotel equipment, and the operating infrastructure of the Hoteles City Express subsidiaries in September 2017 reached \$9,518.2 million.

Hoteles City Express adopted IFRS accounting standards in 2010 and opted to record all its Real Estate Assets at historical cost to avoid book value volatility related to the temporary appreciation or depreciation of the Real Estate Assets. Thus, the portfolio of the Real Estate Assets of Hoteles City Express is recorded in the statement of financial position in accordance with the following criteria:

- c) For Real Estate Assets acquired or developed before December 2010, the accounting record of its fixed asset was updated based on an appraisal by a specialized firm to determine the value of the property as of that date.
- d) For Real Estate Assets acquired or developed after December 2010, their accounting record was made at historical cost.

Resulting from positive market dynamics and from the productivity and profitability of the Real Estate Assets, the current portfolio of Hoteles City Express is significantly undervalued in its accounting records compared to the opinions of the market value of independent third parties.

As a comparative analysis, according to the records of Hoteles City Express, the Initial Portfolio that will be contributed to the Trust has an initial hotel investment value of \$3,560.4 million and a book value net of depreciation of \$4,016.5 million, while an opinion of value on the Initial Portfolio by TINSA, an independent appraisal firm specialized in hotel and real estate investments, amounts to approximately \$5,722.2 million. An increase exceeding 61% of the initial investment value of the Initial Portfolio and 42% of the book value net of depreciation.

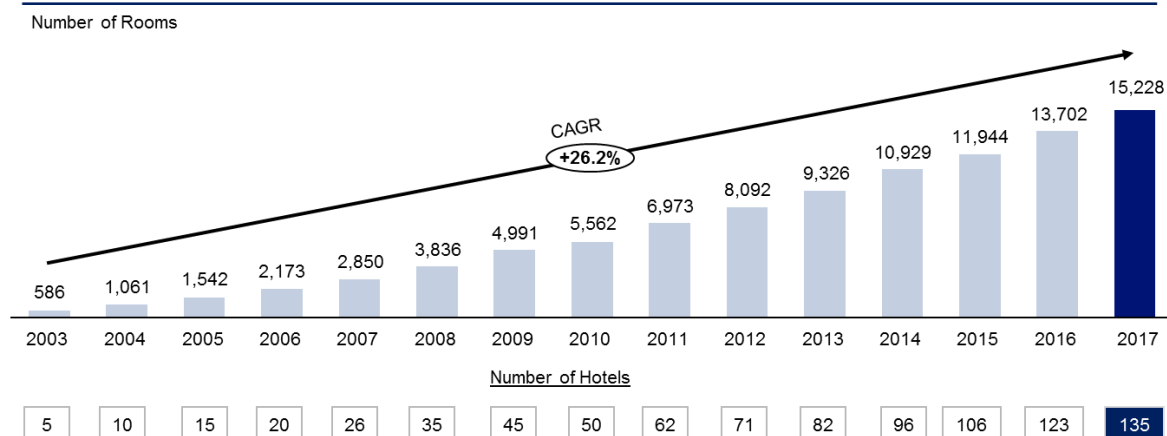
With this, one of the main objectives of the Transaction is to capture unrecognized value of the Real Estate Assets of Hoteles City Express, and leverage such revaluation to generate an equity financing mechanism for future developments.

Obtain liquidity to reinforce growth in number of units for the 2019-2022 period.

From its start, Hoteles City Express has been characterized for being the fastest growing hotel chain in Mexico. With a track record of opening one hotel every 6 weeks on average, Hoteles City Express has an experienced hotel development team, having built over 25,000 rooms, which Hoteles City Express considers unprecedented in Mexico.

Below is a graph of the historical evolution of the growth of Hoteles City Express from its inception to December 31, 2017.

Historic Growth of the Hotel Chain



Source: Internal information.

To achieve the historical growth observed, Hoteles City Express has had to plan 18 months prior to acquiring land and structuring projects, and to start processing the permits and licenses to continue the development and opening of each of its projects. The execution capacity of Hoteles City Express allows it to, on average, build a hotel in 6 to 12 months after starting construction.

Currently, Hoteles City Express has a development plan that contemplates opening 15 to 20 hotels in 2018, in addition to 5 properties corresponding to its 2017 development plan, and according to its current liquidity levels, it could develop from 2019 onwards a total of 10 to 15 hotels (75% as wholly-owned hotels and co-investments) using only the cash flow that it generates, and loan-to-cost of 40% for each new project.

Hoteles City Express estimates that, for daily operations, it needs a daily level of cash equivalent to at least \$900.0 million. Below is a chart showing the possible funding of the development plan prior to the execution of alternative strategies.

Flow generation and cash requirements 2019 and thereafter	MXN MM
Cash flow before hotel investment 2017 Annualized on a linear basis as of September 30, 2017	\$841.6
Annual cash flow historical growth Last 3 years	20.3%
Available cash for hotel investment in 2019	\$1,217.0
Additional leverage (40% LTC)	\$811.30
Total available for hotel investment	\$2,028.3
2019 development plan estimated key cost	\$1.35
Average room number per hotel	130
Maximum development potential with current resources in wholly-owned units	12

Source: Internal information.

As shown in the table above, if no strategic alternative is executed, the sustained growth of Hoteles City would continue at an important pace, but it could be less than that of the past few years.³

Hoteles City Express estimates that the Transaction will allow it not only to maintain the current growth rate, but also to increase it to a total of up to 24 hotels (75% wholly-owned and co-investments) per year. This would represent growth of approximately 60% in the development capacity of Hoteles City Express.

The table below provides a description of the expected effects on the results of the development plan once the Transaction has been carried out:

2019-2022 Development Plan Reinforcement	Current	After the Transaction	Variation
Development capacity limit in:			
Number of hotels under any investment plan	15	24	60.0%
Number of rooms under any investment plan	1,956	3,120	59.5%

Source: Internal information.

Hoteles City Express has continuously increased its capacity to develop hotels since it was established, reinforcing the structure of its development team to the extent that the hotel development plans have increased. The maximum number of openings that Hoteles City Express has carried out in a 12 month period is 17 hotels, and it expects to open 20 hotels in 2018. We expect to achieve such target and continue to with our growth plans since the reinforcing of the development area of the company in the last 18 months, implementing matrix processes, and a transformational culture aimed at empowering the mid-levels of the corporate structure. Likewise, Hoteles City Express expects to continue growing, while maintaining strict cost per room controls to sustain the expected profitability levels.

Reinforcing the development plan of Hoteles City Express in time is a relevant source of value for the company, given the additive performance of each new hotel vis-à-vis the estimated capital cost of the company.

This way, historically, and as we can see from the metrics of the Initial Portfolio, Hoteles City Express has demonstrated discipline in cost control, and in the productivity of its hotels, reaching average ROIC levels of 12% to 14% once its hotels reach the stabilization phase. Below is a calculation of the ROIC of the Initial Portfolio based on the information provided in this Information Statement.

³ The 2017 estimates assumes a lineal annualized performance (divided by 9 months and multiplied by 12 months) based on the results presented as of September 30, 2017.

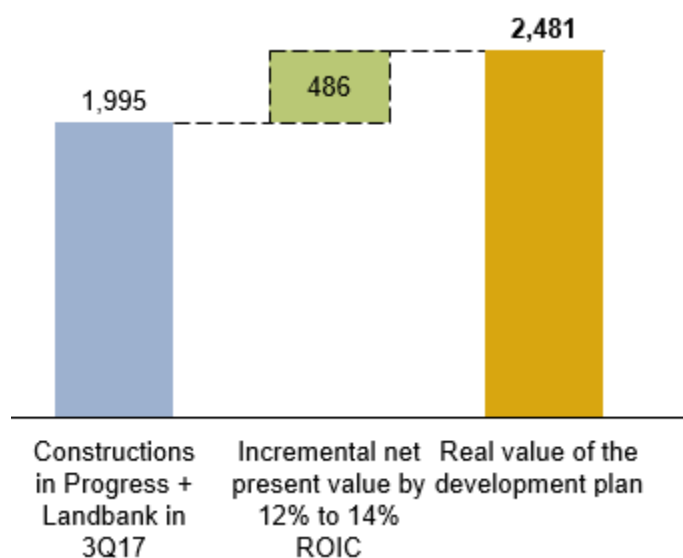
FSTAY Initial Portfolio Profitability	MXN MM
Estimated EBITDA 2017 (3Q17 annualized on a linear basis)	\$414.,10
Portfolio initial investment	\$3,460.40
ROIC	12.0%

Source: Internal information.

Given that each of the projects that Hoteles City Express develops generates incremental value to construction costs, it values the development plan based on the net present value that each new project would generate. Below is a table showing a value approximation of the current development plan of Hoteles City Express based on such criteria:

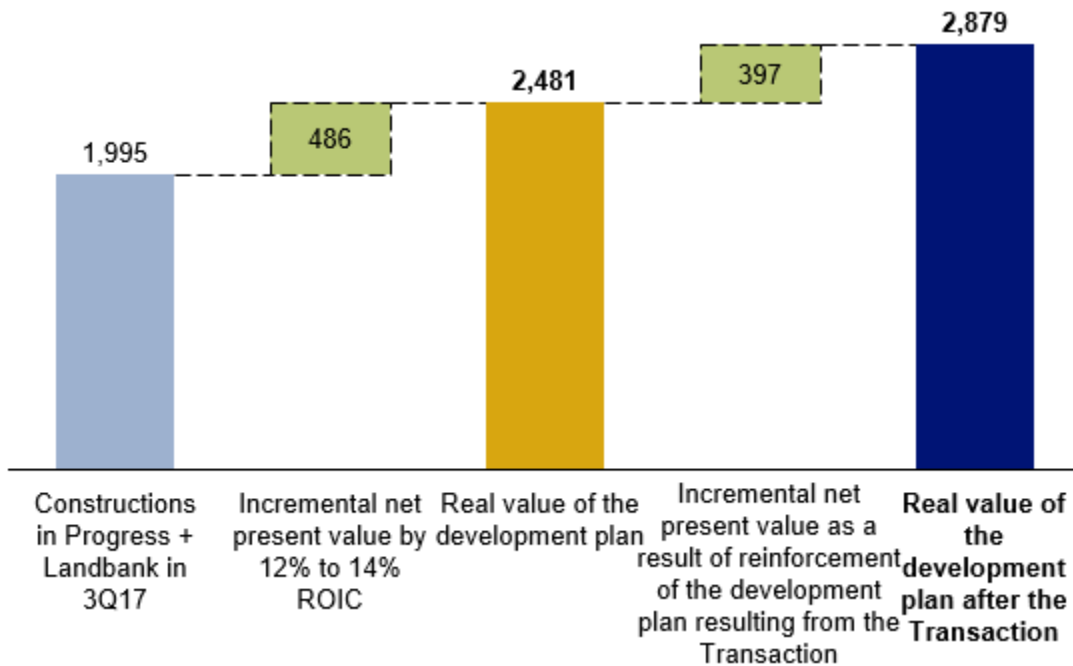
Current Development Plan As of September 30, 2017	Hotels	Rooms	Historical Cost (MXN MM)
Constructions in progress	20	2,500	\$1,484
Additional Landbank	17	2,380	\$511
Total Current Development Plan	37	4,880	\$1,995

Source: Internal information.



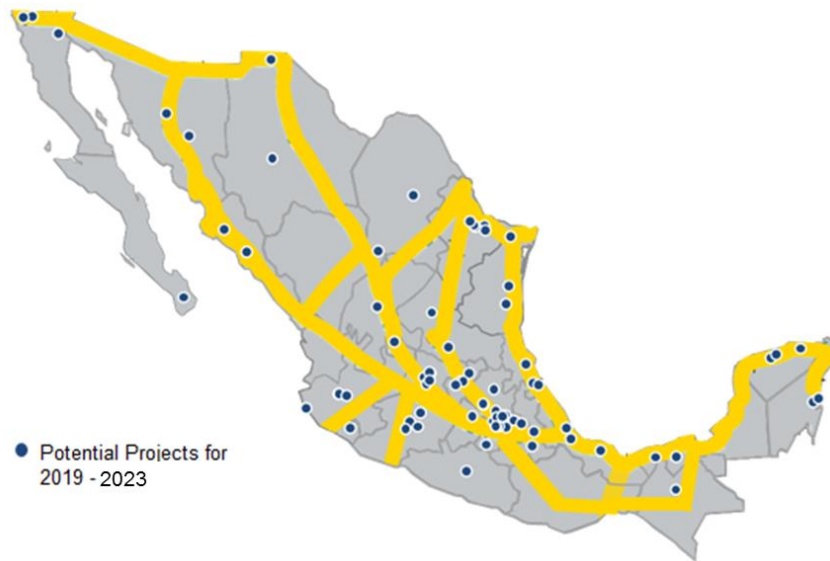
Source: Internal information.

Additionally, by executing the Transaction and increasing the development capacity of Hoteles City Express by 60% (in terms of number of rooms and hotels developed) as a result of the liquidity obtained by the FSTAY vehicle, hotel development should increase the value of the development plan. The following graph shows such consideration.



Source: Internal information.

Finally, it is important to mention that Hoteles City Express expects to continue investing its funds in projects that generate ROIC levels of 12% or more thanks to the attractive development opportunities in Mexico. Currently, Hoteles City Express has a strong list of potential projects, which, in the opinion of the Company, show solid and attractive market conditions and demand factors, in each of their respective locations. Below is a map showing some locations where Hoteles City Express could explore future developments under its current different brands.



Source: Internal information.

Establish a sustainable asset recycling mechanism, without any dilution for shareholders, enabling continuous growth.

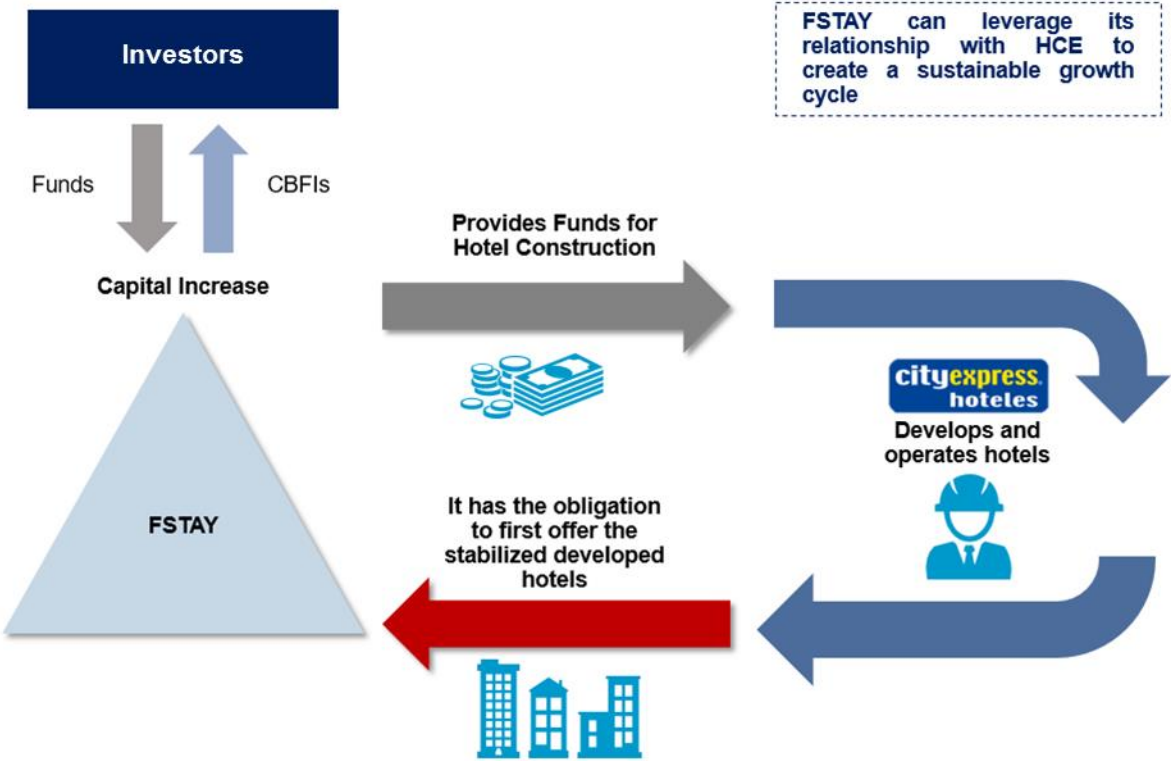
By executing the Transaction, Hoteles City Express plans to establish a continuous asset recycling vehicle. This way, the Trust will be the first of its kind, with clear inorganic growth potential, and solid corporate governance, aligned with the interests of its investors.

If the Transaction is completed, Hoteles City Express would invest part of the funds raised therefrom in developing and starting operations of new hotels under the wholly-owned and co-investment models. In this regard, Hoteles City Express would operate these new developments with the goal to reach their stabilization phase within a maximum term of 3 years.

FSTAY will be entitled to a right of first refusal on the wholly owned properties that Hoteles City Express develops, which would be offered after their third anniversary or once they have a ROIC equal to or exceeding 12.0%, whichever occurs first. This way, FSTAY could directly and recurrently acquire high-quality hotel portfolios operated by Hoteles City Express under the standards of the latter.

By establishing FSTAY, Hoteles City Express would obtain a constant flow of funds for development without dilution for its shareholders, and it will become a hotel development and operation vehicle adhering to a mostly asset light model.

Below is a chart that shows the Real Estate Asset recycling process.



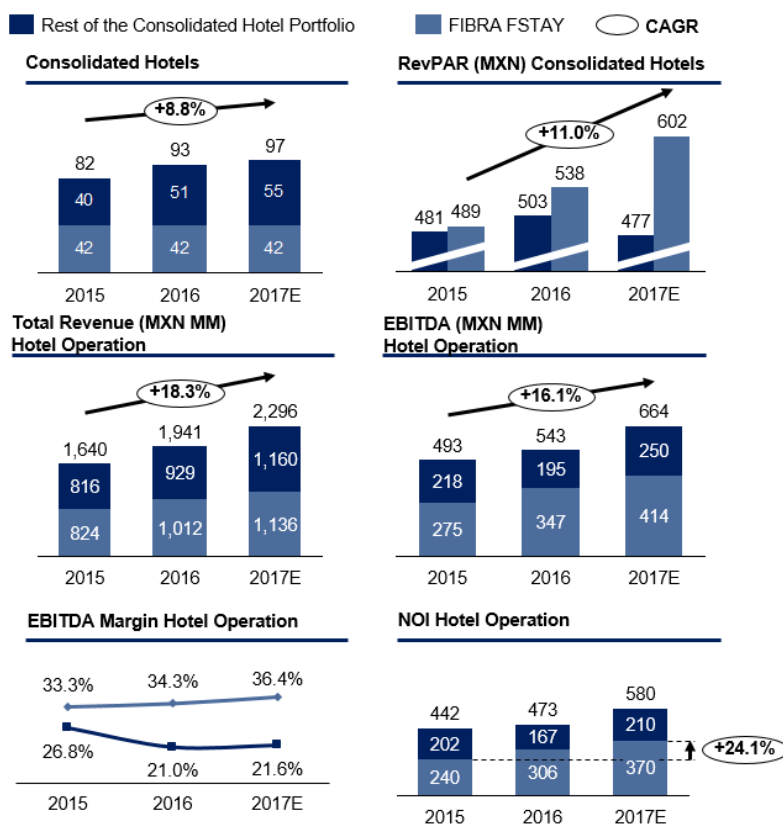
Source: Internal information.

As a result of international experience, transforming from a capital-intensive, asset heavy model to a model that is much more focused on the operation would generate higher valuation multiples for the cash flows generated, which Hoteles City Express considers could have a positive impact on the price of its shares.

Generating transparency in performance, profitability, and real value of Hoteles City Express

Historically, and as result of the rapid growth, Hoteles City Express has to consistently invest in land bank and maintain high levels of constructions in progress. Additionally, the accounting records of Hoteles City Express have not allowed to differentiate the performance of hotels with stabilized operation dynamics. Likewise, by executing the Transaction and as a consequence of the segmentation of the operating and financial results of all the Real Estate Assets and of the Initial Portfolio, it is possible to demonstrate the growth potential of the Real Estate Assets in operation that are still not stabilized.

Below is the historical evolution of non-IFRS hotel operating and financial indicators segmented between the Trust and the rest of the consolidated hotels (wholly-owned, co-investment, and leased hotels) of Hoteles City Express. The foregoing is derived from the segment note presented in the 2016 Annual Report of Hoteles City Express, and the publication of the combined financial statements of the Initial Portfolio.⁴

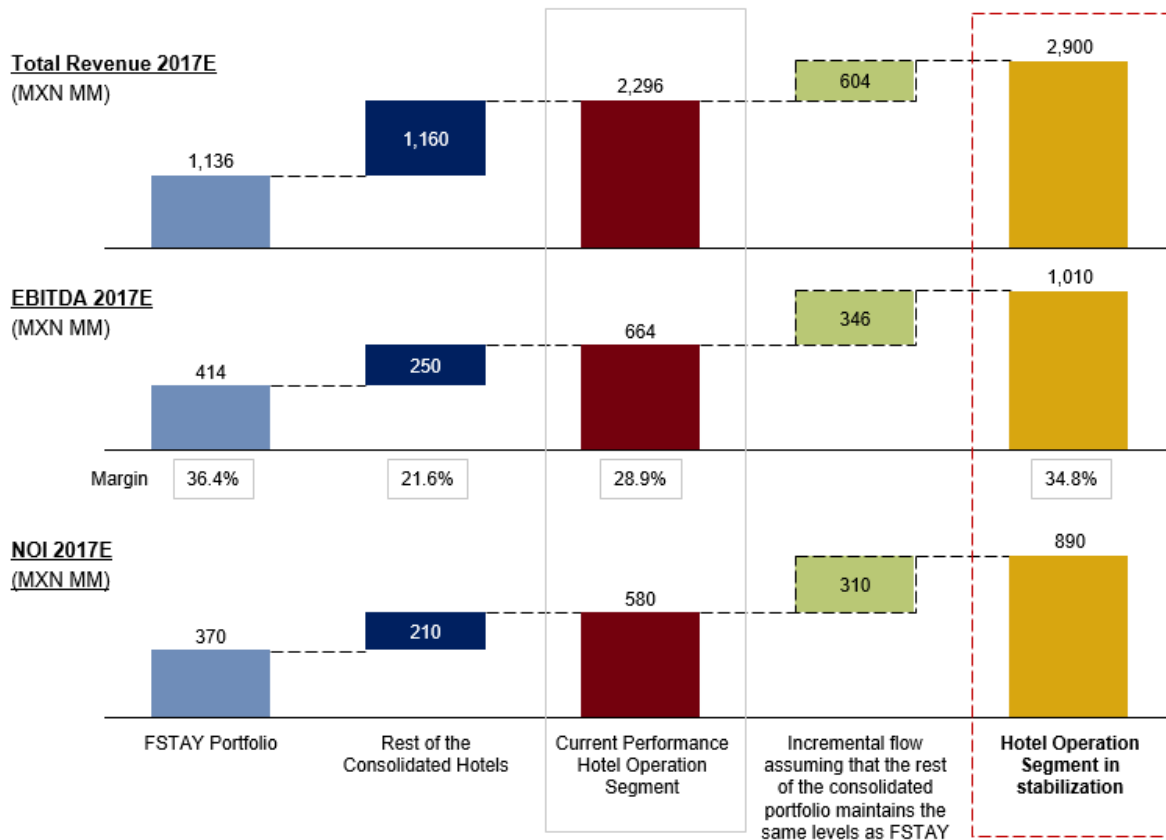


Source: Internal information.

⁴ For the 2017 estimate, we assume the linear annualized performance of the hotel operation segment based on the results presented as of September 30, 2017.

Since the Initial Portfolio contributed to the Trust shows similar dynamics to those of a stabilized portfolio, we can infer the potential of non-stabilized hotels upon reaching their stabilization stage.

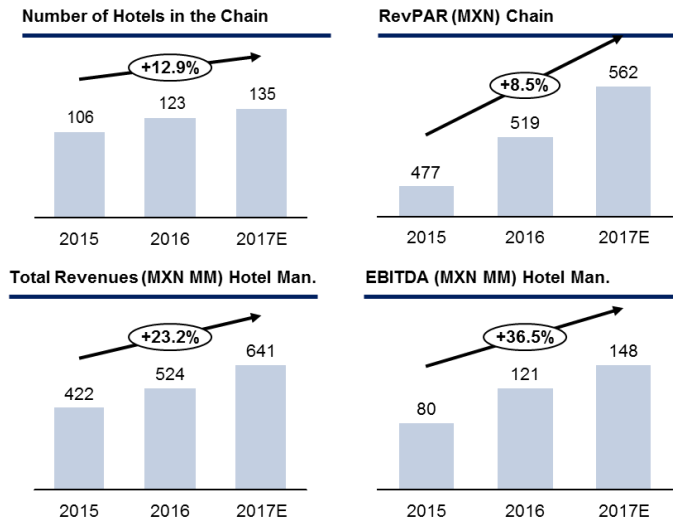
The following graph provides an analysis to exemplify the aforementioned effect.



Source: Internal information.

Likewise, the stabilization of the hotel portfolio may also strengthen the revenue and productivity metrics of the hotel management segment, which consists of the collection of operating and franchise fees by OHCE. Additionally, Hoteles City Express estimates that the operating platform of OHCE has high operating leverage potential, since approximately 80% of the total costs are fixed; therefore, the additional revenue should not entail a material increase in expenses that translate into a rapid margin expansion.

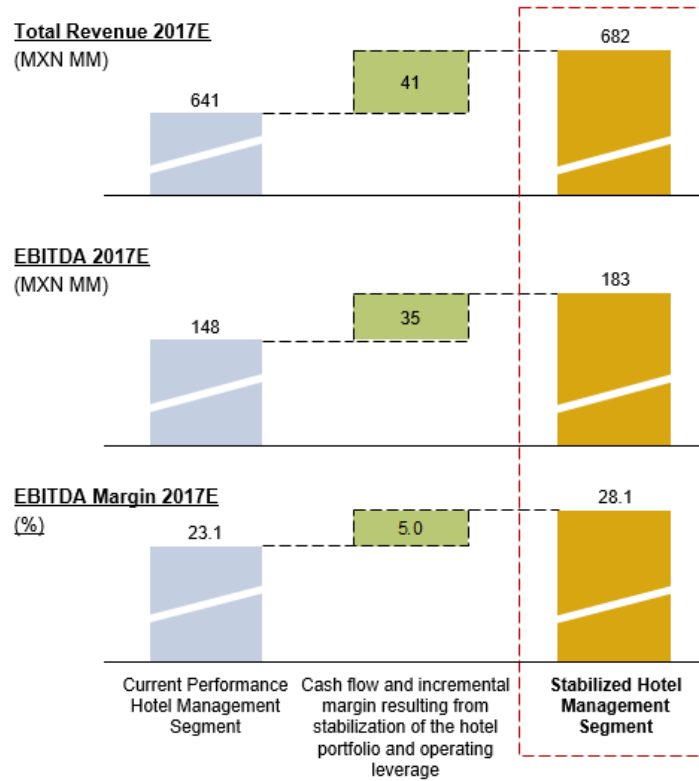
The following image shows the historical evolution of the operating and financial indicators of hotel management.



Source: Internal information.

As for the hotel operation segment, it is also possible for the hotel management segment to infer the potential for additional revenue and EBITDA once the hotels in the process of stabilization reach their stabilization stage, and operating scale is achieved.

Below is an analysis exemplifying the abovementioned effect.

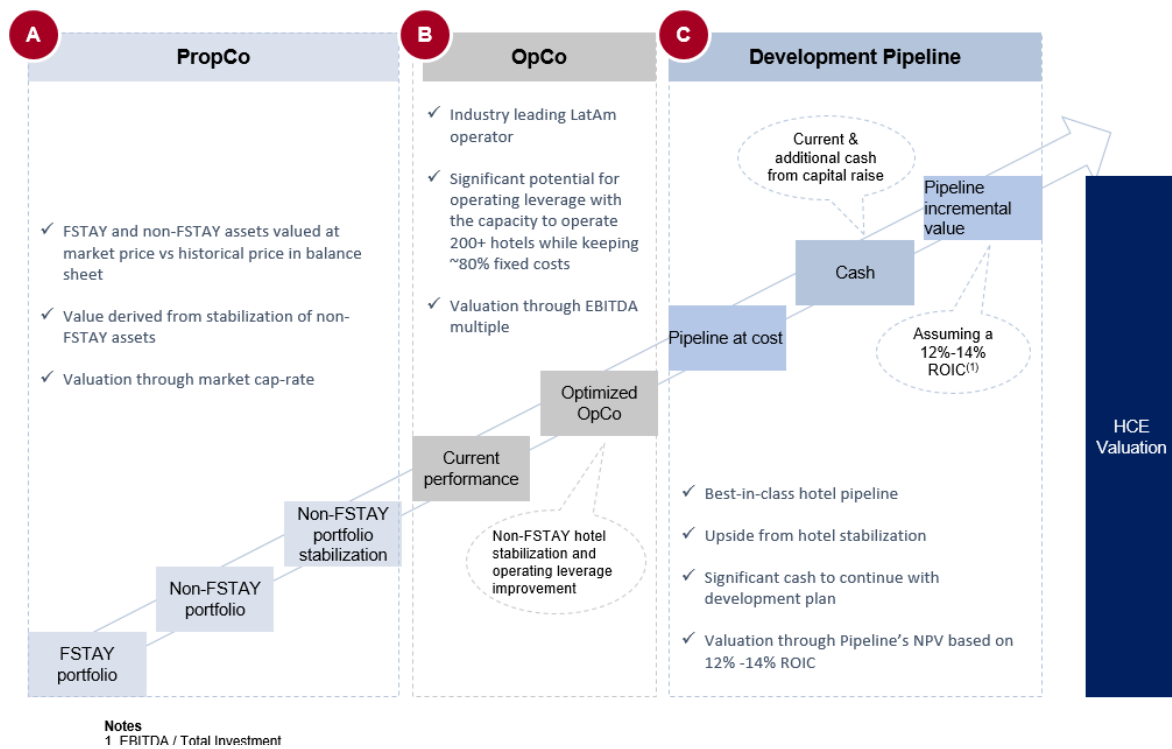


Source: Internal information.

Lastly, it is important to mention that in addition to the possible estimate of the incremental value resulting from the correct valuation of both segments, the Transaction would entail listing two vehicles with different accounting record dynamics according to IFRS. This way, Hoteles City Express will continue recording its assets at historical cost, which allows to calculate ROIC according to the total investment, while FSTAY will record its assets at market value determined by a specialized third party, which could be updated on an annual basis.

Hoteles City Express estimates that the execution of the Transaction would allow the market to adequately identify the sources of incremental value resulting from the stabilization of its hotels once there is public information available on the performance of a portfolio showing stabilized property dynamics.

The following diagram shows a valuation model of the different parts of Hoteles City Express based on what has been mentioned above.



Source: Internal information.

Additionally, by having 2 vehicles (HCITY and FSTAY), investors have greater flexibility to choose between a growth platform (HCITY) and a stabilized hotel portfolio (FSTAY) considering different risks.

2.3 Sources of Financing and Expenses Arising from the Transaction

The offering expenses associated with the Transaction will be covered with funds obtained from the offering and will be registered in equity of Hoteles City Express.

Preliminarily, we assume that the costs and expenses arising from the Transaction will be approximately \$250.0 million, including the resulting payment of net taxes.

For more information about the expenses associated with the Transaction, please see the FSTAY Prospectus that is available in the BMV website.

2.4 Transaction Approval Date

The Transaction was submitted to and approved by the board of directors of Hoteles City Express on January 23, 2018 to be proposed to the ordinary general shareholders meeting of Hoteles City Express.

Pursuant to the bylaws of Hoteles City Express, the execution of the Transaction that is the subject matter of this Information Statement is subject to the approval of the ordinary shareholders' meeting of Hoteles City Express. The respective notice of meeting was published on January 23, 2018 in the official means, which will be held on February 15, 2018.

For more information about the notice of meeting or the procedure for obtaining the admission cards, please contact the Investor Relations department of Hoteles City Express, whose contact information is included in *Section 8. Responsible Persons*.

2.5 Liens on the Assets Involved in the Transaction

The Initial Portfolio is distributed in three Investment Trusts. Such Investment Trusts executed the Intercompany Loans with IHCE, which have an outstanding balance of \$1,800.0 million as of December 31, 2017, bear interest at a TIIE + 1.80% rate, and mature in 2019. Additionally, the trustees of two of the three Investment Trust executed the Secured Loan, as borrowers. Pursuant to the foregoing, only one of the 3 existing Investment Trusts, except for the Intercompany Loans, is debt-free.

For the purpose of hedging the variable rate of the Secured Loan, the Investment Trusts that executed the Secured Loan have entered an interest rate hedge agreement with different subsidiaries of Hoteles City Express, which in turn had interest rate hedges, for a total fixed interest rate for the Secured Loan of 8.55%.

The Secured Loan is secured with a non-possessory pledge on the beneficiary rights arising from the relevant Investment Trusts, which was executed by each of the trustors of such Investment Trusts as pledgees in favor of Scotiabank, in its capacity as pledgor. Likewise, for the purpose of securing compliance with the obligations arising from the Secured Loan, Hoteles City Express became a joint and several obligor of the Investment Trusts. Such joint and several obligation will be released once FSTAY becomes a joint and several obligor of the relevant Investment Trusts.

It is important to mention that an opinion of value by TINSA was used for the bank financing referenced in the preceding paragraph, in compliance with a loan-to-value ratio. Such opinion was comprehensively validated and fully accepted by the real estate asset valuation areas of Scotiabank.⁵ *For more information about the market value of the assets, please see subsection Valuation Report in this section of the Information Statement.*

⁵ According to the valuation of the assets that compose the Initial Portfolio, the loan-to-value ratio as of the closing of 2017 was 20.9%.

2.6 Valuation Report

The Initial Portfolio has an initial hotel investment value of \$3,560.4 million and a book value net of depreciation of \$4,016.5 million.

Likewise, for the purpose of clarifying the market valuation of the Initial Portfolio, Hoteles City Express requested an opinion of value from TINSAs, an independent valuation firm specialized in hotel and real estate investment in Spain, Mexico, and the rest of Latin America. The market valuation of the Initial Portfolio, according to the opinion issued by TINSAs, is \$5,722.2 million.

The value of the Initial Portfolio determined by TINSAs was obtained through a future rent capitalization methodology, supported by different additional valuation methods such as the physical and cost method. Such opinion of value was built based on individual appraisals of each of the Real Estate Assets that compose the Initial Portfolio. Individual valuations were made contemplating that the value determination date was at the end of 2017.

Notwithstanding that the opinion of value was made based individual valuations, it is adjusted for a portfolio effect assuming the market value of the Real Estate Assets, as if they were acquired jointly and not individually.

Contemplating the historical compound annual growth rate of the NOI of the Initial Portfolio, and the level of such NOI in 2017 to estimate the metrics for 2018 (which is the basis of the TINSAs valuation approximation), the opinion of value on the Initial Portfolio would show a cap rate of approximately 8.0%.

Based on the foregoing, below is the opinion of value on the Initial Portfolio provided by TINSAs.

Mexico City, December 25, 2017

Hoteles City Express

According to your request, I hereby inform you that Tinsa México made a valuation of a portfolio of 42 City Express hotels spread nation-wide during the year 2017, the total value of which amounted to Ps **\$5,722,152,000.00** with a total of 4,980 rooms; EXHIBIT I hereto specifies each hotel, as well as the Tinsa folio number for further reference.

I remain at your disposal for any further clarification or question.

Regards,

Sincerely



Ing. Arq. E.V.I. César Gómez Pastrana
Special Project Management
TINSA Mexico
Tasaciones Inmobiliarias de México, S.A. de C.V.

EXHIBIT I

No.	Hotel	Brand	Subsidiary	No. of Rooms	Tinsa Folio No.
1	Ce Saltillo Norte	Ce	Inmobiliaria City Express	120	Enc. 330417
2	Ce San Luis Potosí Zona Industrial	Ce	IP San Luis	120	Enc. 0343938
3	Ce Monterrey Santa Catarina	Ce	IP Monterrey Santa Catarina	105	Enc. 330422
4	Ce Querétaro	Ce	IP Querétaro	121	Enc. 0330424-1
5	Ce León	Ce	IP León	120	Enc. 0330625_1
6	Ce Puebla Centro	Ce	IP Puebla	124	Enc. 0330423
7	Ce Ciudad Juárez	Ce	Inmobiliaria Hotelera City Express	114	Enc. 0340468
8	Ce Irapuato	Ce	Administradora de Hoteles BC	104	Enc. 330413_1
9	CS Querétaro	CS	Rivera del Mar	89	Enc. 0343939
10	CP Guadalajara Expo	CP	IP Guadalajara	145	Enc.0330626_1
11	Ce Mexicali	Ce	IP Baja Norte	117	Enc. 0330418
12	Ce Toluca	Ce	IP Lerma	141	Enc. 0343940
13	Ce EBC Reforma	Ce	Eduhoteles	70	Enc. 343941
14	CP Insurgentes Sur	CP	IH Insurgentes Sur	159	Enc. 330416-2
15	Ce Silao Aeropuerto	Ce	Desarrolladora Hotelera del Bajío	121	Enc. 0343942
16	Ce Lázaro Cárdenas	Ce	Rivera del Mar	119	Enc. 343943
17	CS Toluca	CS	IP Lerma	91	Enc. 0330629
18	Ce Monterrey Aeropuerto	Ce	IP Monterrey Santa Catarina	166	Enc. 330628
19	CP Reforma El Ángel	CP	Operadora Metropol	137	Enc. 330427-2
20	Cj Mexicali	Cj	IP Baja Norte	104	Enc. 0330630
21	Ce Los Mochis	Ce	IP Puebla	124	Enc. 0330631-1
22	Cj Ciudad Juárez Consulado	Cj	IP San Luis	128	Enc. 0343944
23	Ce Nogales	Ce	IP Baja Norte	109	Enc. 343945
24	Ce Aguascalientes Sur	Ce	IP Guadalajara	123	Enc. 0330419_1
25	Ce Manzanillo	Ce	IH Insurgentes Sur	116	Enc. 0330634-1
26	Ce Ciudad Obregón	Ce	Inmobiliaria City Express	120	Enc. 0330635-1
27	Ce Campeche	Ce	IP Guadalajara	110	Enc. 0343946
28	Ce Villahermosa	Ce	IP Querétaro	155	Enc. 0343947
29	Ce Tijuana Insurgentes	Ce	IP Lerma	127	Enc. 0343948
30	CP Patio Universidad	CP	Administradora de Hoteles BC	124	Enc. 332481
31	Ce La Paz	Ce	IP Villahermosa	124	Enc. 343949
32	CP Monterrey Nuevo Sur	CP	IP Villahermosa	138	Enc. 330426_1
33	Ce Matamoros	Ce	Administradora de Hoteles BC	113	Enc. 0330646
34	Ce Salamanca	Ce	IH Insurgentes Sur	113	Enc. 0330638
35	Cj Villahermosa	Cj	IP Querétaro	136	Enc. 0343950
36	CS Cabo San Lucas	CS	IP Querétaro	28	Enc. 0343951
37	CP Cabo San Lucas	CP	IP Querétaro	135	
38	CP Guadalajara Palomar	CP	IH Insurgentes Sur	113	Enc.0330642_1
39	Ce Piedras Negras	Ce	Administradora de Hoteles BC	113	Enc. 330648
40	CP Periférico Sur Tlalpan	CP	IP Baja Norte	137	Enc. 330647_1
41	CP Monterrey San Jerónimo	CP	IP León	149	Enc. 330643_1
42	CS Silao Aeropuerto	CS	Desarrolladora Hotelera del Bajío	58	Enc. 0343942

2.7 Description of the Initial Portfolio

At its inception, the Trust will have the Initial Portfolio, which comprises 42 hotels, geographically diversified in 20 states and 27 cities in Mexico. Such Initial Portfolio includes hotels with an average age of 7.7 years. From the 42 Real Estate Assets that compose the Portfolio, 31 have more than 3 years in operation; 4 have been in operation between 2 and 3 full years; and 7 have been in operation between 1 and 2 full years.

Below is the composition of the Initial Portfolio by opening date:

Year	Hotels	Rooms
2003	5	586
2004	3	342
2005	1	89
2006	3	403
2007	2	229
2008	4	497
2009	3	365
2010	2	237
2011	2	239
2012	4	512
2013	2	248
2014	4	500
2015	7	733
Total	42	4,980

Source: Internal information.

The Initial Portfolio comprises 42 hotels under the City Express, City Express Plus, City Express Junior and City Express Suites brands. For more information with respect to brand description, see the Annual Report.

The Real Estate Asset inventory that the Initial Portfolio comprises is composed as follows:

Hotel	Brand	Opening	Rooms	Location
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Ce Saltillo Norte	City Express	may-03	120	Coahuila
Ce San Luis Potosí Zona Industrial	City Express	aug-03	120	San Luis Potosí
Ce Monterrey Santa Catarina	City Express	sept-03	105	Nuevo León
Ce Querétaro	City Express	nov-03	121	Querétaro
Ce León	City Express	dec-03	120	Guanajuato
Ce Puebla Centro	City Express	may-04	124	Puebla
Ce Ciudad Juárez	City Express	oct-04	114	Chihuahua
Ce Irapuato	City Express	nov-04	104	Guanajuato
CS Querétaro	City Express Suites	dec-05	89	Querétaro
CP Guadalajara Expo	City Express Plus	jul-06	145	Jalisco
Ce Mexicali	City Express	dec-06	117	Baja California
Ce Toluca	City Express	dec-06	141	State of Mexico
Ce EBC	City Express	jan-07	70	Mexico City
CP Insurgentes Sur	City Express Plus	jul-07	159	Mexico City
Ce Silao	City Express	nov-08	121	Guanajuato
Ce Lázaro Cárdenas	City Express	dec-08	119	Michoacán
CS Toluca	City Express Suites	dec-08	91	State of Mexico
Ce Monterrey Aeropuerto	City Express	dec-08	166	Nuevo León
CP Reforma El Ángel	City Express Plus	jan-09	137	Mexico City
Cj Mexicali	City Express Junior	feb-09	104	Baja California
Ce Los Mochis	City Express	jun-09	124	Sinaloa
Cj Ciudad Juárez Consulado	City Express Junior	mar-10	128	Chihuahua
Ce Nogales	City Express	nov-10	109	Sonora
Ce Aguascalientes Sur	City Express	aug-11	123	Aguascalientes
Ce Manzanillo	City Express	nov-11	116	Colima
Ce Ciudad Obregón	City Express	feb-12	120	Sonora
Ce Campeche	City Express	abr-12	110	Campeche
Ce Villahermosa	City Express	jul-12	155	Tabasco
Ce Tijuana Insurgentes	City Express	dec-12	127	Baja California
CP Patio Universidad	City Express Plus	dec-13	124	Mexico City
Ce La Paz	City Express	dec-13	124	Baja California Sur
Ce Matamoros	City Express	dec-14	113	Tamaulipas
Ce Salamanca	City Express	dec-14	113	Guanajuato
CP Monterrey Nuevo Sur	City Express Plus	dec-14	138	Nuevo León
Cj Villahermosa	City Express Junior	dec-14	136	Tabasco
CS Cabo San Lucas	City Express Suites	abr-15	28	Baja California Sur
CP Cabo San Lucas	City Express Plus	abr-15	135	Baja California Sur
CP Guadalajara Palomar	City Express Plus	jul-15	113	Jalisco
Ce Piedras Negras	City Express	dec-15	113	Coahuila
CP Periférico Sur Tlalpan	City Express Plus	dec-15	137	Mexico City
CP Monterrey San Jerónimo	City Express Plus	dec-15	149	Nuevo León
CS Silao	City Express Suites	dec-15	58	Guanajuato

Source: Internal information.

The following table shows the number of hotels and rooms of the Initial Portfolio by brand:

Brand	Hotels	Rooms
City Express	26	3,109
City Express Plus	9	1,237
City Express Suites	4	266
City Express Junior	3	368
Total	42	4,980

Source: Internal information.

Asset Performance

The Trust property will be composed first of the Initial Portfolio. Such Initial Portfolio involves hotels with an average age of 7.7 years.

Below are the operating and financial metrics of the Initial Portfolio.⁶

Summary of Operating and Financial Metrics (amounts in MXN)	2015	2016	2017	Compound Annual Growth
Occupancy	61.5%	61.2%	62.1%	
Average daily rate	\$795	\$879	\$970	10.5%
Effective rate	\$489	\$538	\$602	11.0%
Hotel activity income	\$818,389,462	\$1,005,741,027	\$1,129,916,075	17.5%
Lease income	\$5,682,975	\$6,152,291	\$6,423,270	6.3%
Total Income	\$824,072,436	\$1,011,893,318	\$1,136,339,344	17.4%
EBITDA ¹	\$274,595,657	\$347,384,939	\$414,103,558	22.8%
NOI ²	\$239,984,615	\$305,897,313	\$369,786,324	24.1%

1. Calculated as Operating Profit + Depreciation

2. Calculated as EBITDA less Maintenance Capex Reserve

Source: Internal information.

Even though the performance of the Initial Portfolio, when compared to that of the average of the Hoteles City Express hotel inventory, is better, this does not entail that the Real Estate Assets that compose such Initial Portfolio do not have optimization potential for their occupancy levels, average rate, effective rate, productivity margins, and ROIC.

Having stated the above, 4 of the hotels that comprise the Initial Portfolio were opened in 2014 which, as of the third quarter of 2017, had an average occupancy of 49.0%. Hoteles City Express estimates that the lower occupancy of such hotels is mainly due to isolated market dynamics in locations where we expect gradual growth in demand in the following years. In turn, the average occupancy as of the third quarter of 2017 of the 7 hotels of the Initial Portfolio that were opened in

⁶ The results for 2017 were calculated based on the performance of the portfolio as of the third quarter of 2017, which were annualized on a linear basis (divided by 9 and multiplied by 12).

2015 was 53.7%. The lower occupancy of this portfolio visa-vis the rest of the hotels that are finalizing their stabilization process, i.e., 36 months of operation from their opening date.

Hoteles City Express is continuing to analyze business strategies to maximize revenue and profitability of the hotels that compose the Initial Portfolio, and if the Transaction is executed, it will work with the management team of the Manager of FSTAY in such efforts.

Hoteles City Express expects that, to the extent that demand in the markets where the portfolio hotels increases, the occupancy of these will increase at rates that are in line with those of the other properties in the portfolio that have already been stabilized.⁷

Compliance with the Business Plan and Investment Schedule

By executing the Transaction, Hoteles City Express will strengthen its business plan and its development schedule.

Below is a summary of the operating and financial metrics of Hoteles City Express from its initial public offering on June 2013 to September 30, 2017.

		Initial Public Offering (June 2013)	3rd Quarter 2017	
Hotel Platform	Hotels / Rooms in Operation	72 / 8,201	130 / 14,606	↑ 78.1%
	Development Pipeline (Projects in Process)	13	35	↑ 169.2%
Operating Metrics ¹	Occupancy	55.1%	62.1%	↑ 697 bps
	Average Daily Rate (ADR)	\$722	\$915	↑ 26.7%
	Revenue per Available Room (RevPAR)	\$398	\$568	↑ 42.7%
Financial Performance ¹	Total Revenue	\$968 MM	\$2,374 MM	↑ 145.2%
	Adjusted EBITDA / Margin	\$311 MM / 30.5%	\$802 MM / 33.8%	↑ 157.9%

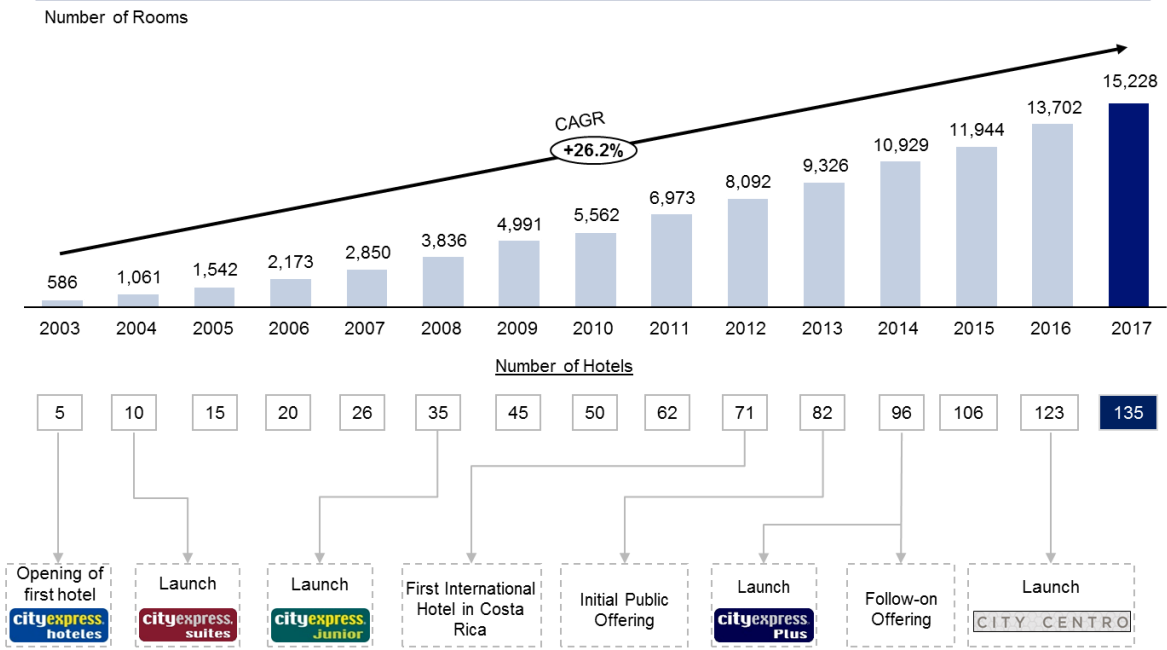
(1) Operating metrics and financial performance calculated considering figures as of 3Q17

Source: Internal information.

⁷ Generally, the stabilized properties of Hoteles City Express are characterized for having occupancy levels between 62% and 68%, EBITDA margins between 36% and 42%, and ROIC levels between 12% and 14%.

Hoteles City Express has been able to expand its inventory at a rate of one hotel opening every 6 weeks on average after opening its first hotel. Likewise, it has the capacity to (i) identify potential locations, (ii) structure new projects, and (iii) develop real estate assets that positions Hoteles City Express as an in industry leading company in Latin America. No other hotel chain in Mexico has been able to grow at the same speed as Hoteles City Express.

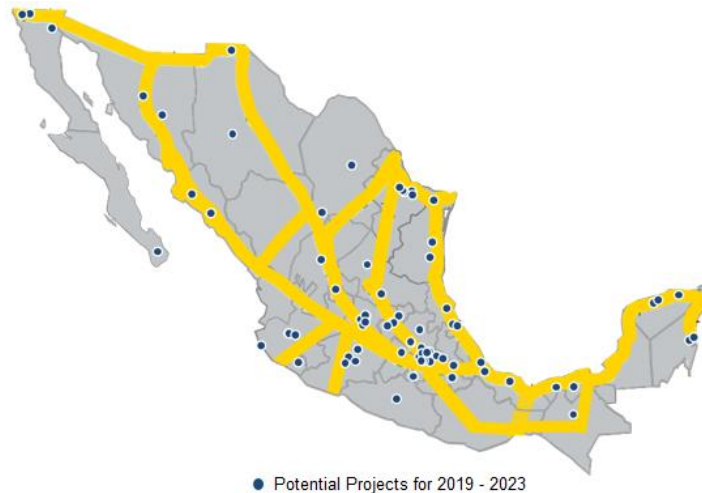
Historic Growth of the Hotel Chain



Source: Internal information.

Hoteles City Express, through its market intelligence, franchise promotion, new business structuring, and hotel development teams has defined a critical pipeline of more than 70 potential projects in Mexico for the years 2019 to 2022, under its different investment models (wholly-owned hotels, co-investments, and hotels under operation and franchise agreements).

Below is a summary of the geographical diversification of such potential locations.



Source: Internal information.

Approximately 80% of the potential projects identified correspond to hotels in which Hoteles City Express will prioritize developments with its own funds or through co-investments, while the remaining 20% will correspond to hotels under Hotel Operation and Management and franchise agreements.

If the Transaction is approved and executed, it will be a trigger for the development plan, enabling an increase of approximately 20% in the number of hotels to be developed by Hoteles City Express in the next 5 years, as compared to the current business plan.

Hoteles City Express seeks to finance its future growth with a similar equity structure as that which it has used historically, which entails loan-to-cost leverage of 40% per project. In this sense, Hoteles City Express would contribute funds to generate its organic cash flow for hotel investment.

The funds obtained from the Transaction would be disbursed to acquire land and develop hotels from 2018 to 2022.

2.8 Accounting Treatment of the Transaction

The accounting treatment of the Transaction will be made pursuant to the provisions of the IFRS issued by the International Accounting Standards Board. The Transaction will have a limited accounting impact on the consolidated financial statements of Hoteles City Express, since the FSTAY vehicle will continue to fully consolidate the operation of such vehicle in the financial statements of Hoteles City Express. Hoteles City Express will continue recording the assets contributed to FSTAY at depreciated cost.

2.9 Relevant Differences between the Rights of the Securities Before and After the Transaction

Investors that participate in the Initial Public Offering of FSTAY will receive CBFIs to be issued by the Trust, and will receive the distributions made by such Trust in the future according to the Distribution Policies. It is important to mention that there will be no exchange of the certificates of Hoteles City Express for the FSTAY CBFIs, or vice versa, and the shareholders of Hoteles City Express will continue having the same corporate and financial rights in Hoteles City Express that they had prior to the Transaction.

2.10 Tax Burden of the Transaction

Since it is an initial offering of CBFIs, and consistently with the tax laws in effect, Hoteles City Express estimates that the Transaction will generate the following tax burdens:

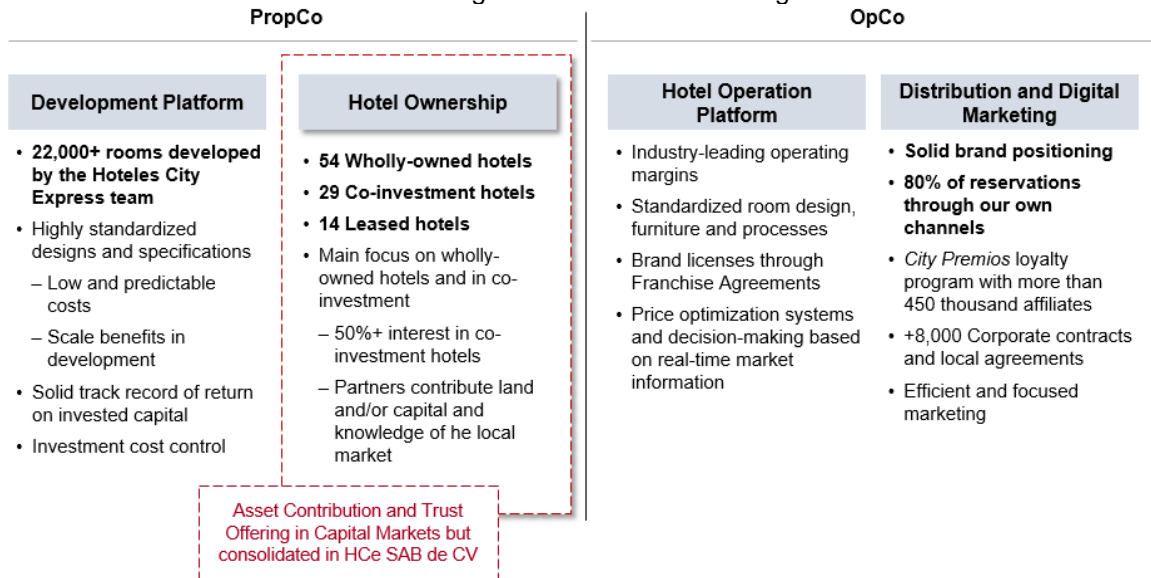
Deferred ISR for the transaction ⁸ :	\$686,835
VAT payable, with possible recovery by FSTAY:	\$670,339
ISAI:	\$177,552

⁸ The deferment in payment of ISR, for the contribution of the Initial Portfolio, will continue in force until the CFDIs obtained from contributing the assets are disposed of or the assets contributed to the FSTAY Trust are disposed of, in accordance with the tax regulations on Income Tax in effect.

3.- INFORMATION RELATED TO EACH PARTY INVOLVED IN THE TRANSACTION

To have full exposure to the hotel value chain, the business model of Hoteles City Express integrates 4 business pillars: a) the hotel development platform, b) the hotel ownership real estate business, c) the hotel operation platform, and d) a strong distribution network and digital marketing.

As a result of the Transaction, the real estate business of Hoteles City Express will be limitedly affect as a result of the offering of a minority interest in the Initial Portfolio contributed to FSTAY, which will be offered on the market through an Initial Public Offering.



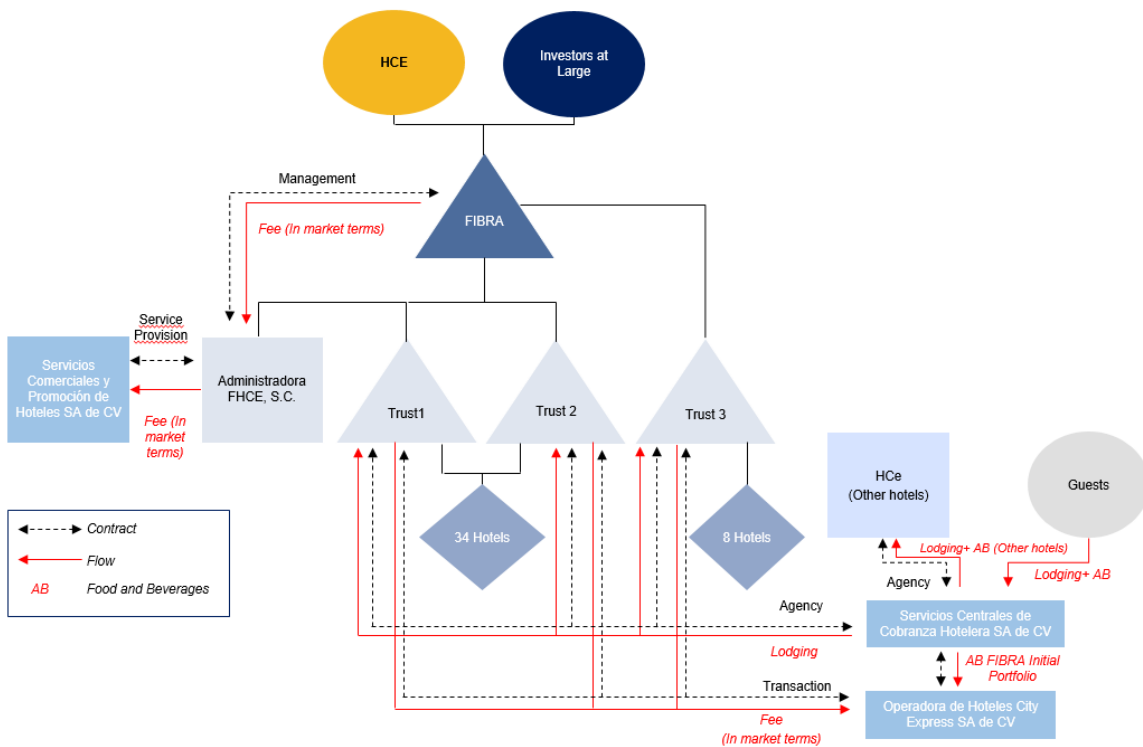
Source: Internal information.

In this regard, FSTAY will have the following characteristics and it will seek to obtain the following transactional dynamics:

- a) The Trust will be consolidated in Hoteles City Express, resulting from a controlling interest of Hoteles City Express in the vehicle.
- b) The Trust will consolidate income from room rental and lease of retail space of 3 Investment Trusts, which in turn own the Real Estate Assets comprising the Initial Portfolio.
- c) The management of FSTAY will be entrusted to the Manager; such management will be completely internal and will not charge any fees (only indispensable expenses such as: payment of senior management payroll in market conditions, lease of office space, appraisals, auditors, legal expenses, etc.).
- d) The personnel of the Manager will be outsourced to Servicios Comerciales y Promoción de Hoteles, S.A. de C.V., a subsidiary of Hoteles City Express. The consideration for such services will exclusively consist of a reimbursement of expenses, without any incentives or additional fees, and said consideration will be in line with market conditions.

- e) Hotel staff that will be contributed to the Trust will be hired Promotora Plaza Sol, S.A. de C.V., a subsidiary of Hoteles City Express. The consideration will be in line with market conditions.
- f) Each of the Investment Trusts has executed a Hotel Operation and Management Agreement with OHCE for the operations management of the Real Estate Assets contributed to such Investment Trusts. These Hotel Operation and Management Agreements have terms substantially similar to those executed by Hoteles City Express and its co-investors or third-party investors. The parameters of such Hotel Operation and Management Agreements are also in line the market.
- g) Each of the Investments Trusts has executed an agency agreement with Servicios Centrales de Cobranza Hotelera, S.A. de C.V., a subsidiary of Hoteles City Express, the sole purpose of which will be to centralize invoicing services and collection to the guests of the hotel contributed to such Investments Trusts, daily distributing the funds collected on behalf of third parties, keeping the accounts for such services with a zero balance. The Agency Agreement is executed in the same terms and conditions as the agency agreements executed by the subsidiaries of Hoteles City Express for hotels that do not form part of the Initial Portfolio.

Below, a diagram with the flow and interest of each entity described above.



Source: Internal information.

3.1 Description of Parties Involved

a. Issuer

The issuer is Hoteles City Express S.A.B. de C.V. (Ticker: HCITY), additionally, as a result of the Transaction, CBFIs will be issued by a trust under the Hotel FIBRA tax model called FIBRA STAY (Ticker: FSTAY).

b. Trustee of the Trust and of the Investment Trusts

Actinver, solely and exclusively in its capacity as trustee.

c. The Trust

The Trust will be an irrevocable trust issuer of real estate trust certificates called hotel FIBRAs, the main purpose of which will be the acquisition of real estate for lodging, pursuant to the provisions of the FIBRA-Related Tax Provisions. The Trust will be a newly-created vehicle; therefore, it has no operational background. Its main purposes will be, among others:

- To acquire or build, and/or develop Real Estate Assets in Mexico, whether directly or indirectly, for lease, lodging, or accommodation.
- To lease the Real Estate Assets or provide lodging or accommodation services, by executing Accommodation Agreements and Lease Agreements;
- To acquire the right to receive income from the Accommodation Agreements and from the Lease Agreements, and to grant financing for these purposes with a mortgage, directly by the Trust or through trusts (including, without limitation, through the Investments Trusts);
- To make Distributions in accordance with the Distribution Policies;
- To invest any amounts deposited in the Trust Accounts in Permitted Investments;
- To grant powers of attorney (including special powers of attorney, if applicable) that may be necessary to defend the Trust Property, in favor of the Persons appointed by the Manager or the Common Representative, as applicable, and to revoke such powers of attorney, as applicable;
- To repurchase CBFIs according to the instructions received from the Manager, with the prior approval of the Technical Committee, for their subsequent cancellation and/or replacement, in terms of the applicable regulations;
- To incur or assume indebtedness pursuant to the leverage guidelines provided in the Trust; provided that, notwithstanding the foregoing, the level of Indebtedness of the Trust may not exceed the maximum limit of Indebtedness permitted under the CUE at any time;
- To create liens and/or grant collateral or personal guarantees;
- To execute any agreements, documents, or instruments that may be necessary or advisable to acquire the Initial Portfolio, according to the instructions of the Manager; as well as any other agreements, documents, or instruments that may be necessary or

advisable to fulfill the purposes of the Trust;

- To hire, according to the written instructions received from the Manager and charged to the Trust property, any service provider that may be necessary, appropriate, or advisable to carry out or to fulfill the purposes of the Trust;
- To hire and remove the external auditor, as per instructions of the Manager, prior approval of the audit committee;
- To purchase insurance to protect the Trust from liability to third parties in relation to the Investments of the Trust and other activities, including payment of indemnity payable to third parties (including the Broker and other brokers); and
- In general, to carry out any other action that may be necessary or advisable to satisfy or fulfill the purposes of the Trust, the issue documents, or the applicable law.

The Trust property will be comprised, at any time, of the following assets:

- (a) the initial contribution with which the Trust will be created;
- (b) the funds obtained with the issue of the CBFIs;
- (c) the beneficiary rights of the Investment Trusts, Real Estate Assets, and/or any other investments made by the Trust pursuant to the terms of the Trust agreement;
- (d) the amounts deposited in the Trust accounts, including accommodation income and lease income;
- (e) income and cash flows received by the Trustee as consideration, return, or divestment of Investments made or permitted investments;
- (f) if applicable, the hedge agreements executed by the Trustee under the Trust Agreement, and
- (g) any and all amounts, assets, and/or rights that the Trust has or may acquire in the future under the Trust Agreement.

For more information about the purposes of the Trust, please see the FSTAY Trust Agreement available in the BMV website and to the "Relevant Agreements" section.

d. Investment Trust F3254

Irrevocable management trust that, prior to the execution of the Transaction, was executed by (i) Impulsora Plaza León, S.A. de C.V.; (ii) Impulsora Plaza Querétaro, S.A. de C.V.; (iii) Impulsora Plaza Puebla, S.A. de C.V.; (iv) Impulsora Plaza Monterrey Santa Catarina, S.A. de C.V.; (v) Impulsora Plaza San Luis, S.A. de C.V.; (vi) Impulsora Plaza Guadalajara, S.A. de C.V.; (vii) Impulsora Plaza Lerma, S.A. de C.V., and (viii) Impulsora Hotelera Insurgentes Sur, S.A. de C.V., in their capacity as grantors, with Actinver in its capacity as trustee.

e. Investment Trust F3203

Irrevocable management trust that, prior to the execution of the Transaction, was executed by (i) Impulsora Plaza Baja Norte, S.A. de C.V.; (ii) Rivera del Mar, S.A. de C.V.; (iii) Desarrolladora Hotelera del Bajío, S.A. de C.V.; and (iv) Administradora de Hoteles Business Class, S.A. de C.V., in their capacity as grantors, with Actinver in its capacity as trustee.

f. Investment Trust F3265

Irrevocable management trust that, prior to the execution of the Transaction, was executed by (i) Impulsora Plaza Villa Hermosa, S.A. de C.V.; (ii) Inmobiliaria Hotelera City Express, S.A. de C.V.; (iii) Rivera del Mar, S.A. de C.V.; (iv) Administradora de Hoteles Business Class, S.A. de C.V.; (v) Operadora Metropol, S.A. de C.V.; and (vi) Eduhoteles, S.A. de C.V., in their capacity as grantors, with Actinver in its capacity as trustee.

g. Manager

Administradora FHCE, S.C., a newly-created entity, which will be controlled by Actinver, solely and exclusively in its capacity as trustee of the Trust, as the Trust holds at least 99% of the corporate rights, including the authority to appoint its management team. The Manager will only provide services to the Trust; therefore, it may not contract the provision of services in favor of any other Person. The Manager will cause its chief executive officer, chief administrative and financial officer, and legal counsel to allocate the necessary time so that the Manager can perform all of its obligations under the Management Agreement.

h. Agent

Under the Agency Agreement, Servicios Centrales de Cobranza Hotelera, S.A. de C.V. in its capacity as Agent will be responsible for (i) receiving all income generated by the Real Estate Assets that may be contributed to the Trust; (ii) segregating income corresponding to Accommodation Income from Services Income; (iii) transferring Accommodation Income to the applicable Investment Trust; and (iv) transferring Services Income to OHCE or to the Affiliate of Hoteles City Express that may be indicated pursuant to the terms of the Agency Agreement.

i. OHCE

Company responsible for overseeing the development process, construction, equipment, management, marketing, and grant of hotel franchises under the Hotel Operation and Management Agreements, whereby OHCE agrees to operate and manage the hotels pursuant to the system and standards of the relevant brand. As of today, OHCE oversees the management of 130 hotels and has granted a franchise to 5 hotels, which are operated by the franchisee as of the end of 2017.

j. Servicios Comerciales y Promoción de Hoteles, S.A. de C.V.

Company responsible for labor and administrative human resources management of Hoteles City Express. Servicios Comerciales y Promoción de Hoteles, S.A. de C.V. will have and will make available to the Manager executive personnel for the management of the Trust and its day-to-day strategic operations, and it will not charge any fees in addition to the reimbursement of payroll expenses in market conditions.

k. Promotora Plaza Sol, S.A. de C.V.

Company responsible for labor and human resources management of personnel working in hotels owned by Hoteles City Express. Promotora Plaza Sol, S.A. de C.V. will have strategic personnel for operating each hotel, and it will charge a consideration in market terms.

3.2 Overview of the Evolution of Hoteles City Express in the First Nine Months of 2017

- At the end of the third quarter, the chain operated 130 hotels, an increase of 15 new units compared to the 115 hotels in operation at the end of that same period in 2016. The number of rooms in operation at 3Q17 was 14,606, an increase of 13.3% compared to the 12,887 rooms in operation at the end of 3Q16.
- Total cumulative income at the end of the third quarter amounted to \$1,822.4 million, which represents an increase of 22.6% compared to 2016, mainly due to an increase of 14.0% in the number of rooms/night installed at a chain level, together with a 9.0% increase in RevPAR.
- Operating profit during this period amounted to \$356.9 million at the end of 3Q17, which reflects an increase of 32.3% compared to the same period in the previous year.
- EBITDA and Adjusted EBITDA recorded \$609.5 million and \$621.8 million, respectively, which in turn results from an increase of 24.5% and 24.0% compared to the same period in the previous year. EBITDA and Adjusted EBITDA margins during the period reached 34.1% and 33.4%, respectively.
- Net income for the year amounted to \$170.8 million. In turn, the net income margin reached 9.4% at the end of the third quarter 2017.
- Hoteles City Express reports that there are no material changes in its Financial Statements since its Annual Report.

4.- RISK FACTORS ASSOCIATED WITH THE TRANSACTION

The following are the risk factors that Hoteles City Express has identified in relation to the Transaction. For more information about the other risk factors inherent to Hoteles City Express, we suggest you see the Annual Report of Hoteles City Express available at the (i) Hoteles City Express website: www.cityexpress.com; (ii) BMV website: www.bmv.com.mx; or (iii) CNBV website: www.gob.mx/cnbv. It is worth noting that there may be other risks that have not been identified and that may negatively and significantly affect the results and financial condition of Hoteles City Express in virtue of the Transaction. Additionally, for more information about the risk factors inherent to the Trust, we suggest you see the FSTAY Prospect available at the BMV website.

The Transaction may not be executed if there is no demand and/or price in the market, which may negatively affect the market price of Hoteles City Express shares.

If the Transaction is not executed for causes inherent to the lack of demand in the market and for lack of acceptance of the price thereof, the price of the securities of Hoteles City Express may be negatively affected as a result of the market perception of the causes for which the Transaction is not executed.

The Transaction may affect the market price of Hoteles City Express shares.

If the Transaction is consummated, the price of the shares of Hoteles City Express could vary as a result of the market perception of the shares. The foregoing since, as a consequence of the Transaction, Hoteles City Express will contribute material assets and operations to the Trust, which may be negatively viewed by investors, which may affect the market price of Hoteles City Express shares.

Denial or delay in the approval to execute the Transaction.

As provided in the LMV, the CUE, and the bylaws of Hoteles City Express, the Transaction has to be approved at a general ordinary shareholders' meeting of Hoteles City Express, by a majority of the holders of voting shares present at the general ordinary shareholders' meeting with a quorum of half plus one of all outstanding shares of Hoteles City Express. If the shareholders do not approve the Transaction or if they approve it after the date of the shareholders' meeting, this could be viewed negatively by investors, thus affecting the price of the shares of Hoteles City Express.

There may not be a liquid market for the CBFIs.

Presently, there is no public market for the CBFIs. Although we are considering requesting the listing of the CBFIs on the BMV, Hoteles City Express cannot guarantee that such listing will be effective or, if listed, if it will be able to generate liquidity for the CBFIs in said securities market, or the price at which the CBFIs may be sold. The market and liquidity for the CBFIs may be affected by a number of factors, including variations in exchange rates and interest rates, impairment and volatility of markets for similar securities, and any change in the liquidity of the Trust, financial conditions, credit rating, results, and profitability.

Competent Governmental Authorities may not grant their approval to complete the Transaction as planned.

The completion of the Transaction is subject to obtaining several governmental approvals. Hoteles City Express cannot guarantee that the approvals will be obtained or the date on which they will be obtained. In the event that such governmental approvals are not obtained or if such governmental approvals are obtained in terms unacceptable to Hoteles City Express, the Transaction may not be consummated or it may be consummated in terms other than those proposed.

Loss of Profitable Assets for Hoteles City Express and Risks of the New Vehicle

Upon completion of the Transaction, Hoteles City Express would be exposed to a decrease in the diversification of its hotel portfolio. On the other hand, there is the risk that, upon completion of the Transaction, market fluctuations and other adverse events will affect the Trust to a greater extent than if the transferred hotels would have continued being indirectly owned by Hoteles City Express. As an independent public vehicle, the Trust may not have the same diversification or opportunities, and it may not have the same acquisition capacity or access to capital markets that Hoteles City Express presently has.

The Trust will be a new vehicle that has never independently operated Hoteles City Express. The ability to operate as a new vehicle will be affected if the Trust is not capable of developing its own administrative and operational infrastructure, and positioning itself quickly and efficiently, cost-wise.

The pro forma financial information presented is not necessarily indicative of future results.

The accompanying unaudited pro forma financial information is presented for illustrative purposes only. Therefore, this information is not indicative of the actual results of operation that would have occurred had the Transaction been executed on the supposed dates, and it is not intended to project future results of operations or the financial condition of Hoteles City Express. The unaudited pro forma financial information of Hoteles City Express included in this Information Statement should be read together with the historical financial statements of Hoteles City Express, the notes to those statements, and the additional financial information included elsewhere in this Information Statement.

The execution of the Transaction could generate tax consequences that limit the net funds obtained from the Transaction.

Notwithstanding that Hoteles City Express believes that the Transaction will have the effect of generating deferred taxes for the concept of payment of income tax (ISR) and that this tax will not involve an outflow, tax authorities may disagree and, based on the criterion applied to the analysis of the Transaction, payment obligations could be generated that might reduce the total amount obtained as net funds from the offering.

Additionally, the recovery of VAT credit balances is subject to review by the tax authorities. We consider that this refund will be quick; however, it may be delayed if tax authorities disagree with the criteria adopted.

It is possible that the current tax treatment applicable to the FIBRA may be modified throughout the duration of the CBFIs. These changes, if any, may have an adverse effect on the return expected by the investors.

Information on Estimates and Related Risks

The information included in this Information Statement reflects the view of Hoteles City Express in relation to future events, and may contain information about financial results, economic situations, trends, and uncertain facts. The words “believe”, “expect”, “estimate”, “consider”, “anticipate”, “plan,” and other similar expressions identify such projections or estimates. In assessing such projections or estimates, your shareholders should consider the factors described in this Section and other warnings contained in this or in any other document disclosed to the public in relation to the Transaction. These risk factors and projections describe the circumstances that could cause actual results to differ materially from the expected results.

5.- SELECTED FINANCIAL INFORMATION

Below is the selected pro forma financial information of Hoteles City Express, as of the dates indicated. The selected financial information should be read in conjunction with the other information included in this Information Statement, including “Management’s Discussion and Analysis of Financial Condition and Results of Operations”.

Unaudited Pro Forma Condensed Consolidated Statement of Financial Position As of September 30, 2017 (In thousands Mexican Pesos)

Assets	Hoteles City Express and Subsidiaries	Ajustes Proforma	Hoteles City Express and Subsidiaries Pro forma balances
Current assets:			
Cash, cash equivalents and restricted cash	\$1,575,441	\$1,751,641	\$3,327,082
Accounts receivables – Net	121,857	-	121,857
Recoverable taxes – mainly value-added tax	286,482	-	286,482
Prepaid expenses	<u>79,474</u>	<u>-</u>	<u>79,474</u>
Total current assets	<u>2,063,254</u>	<u>1,751,641</u>	<u>3,814,895</u>
Non-current assets:			
Property, equipment and leasehold improvements – Net	9,518,205	-	9,518,205
Guarantee deposits	2,898	-	2,898
Deferred tax assets	146,079	-	146,079
Other assets	<u>27,186</u>	<u>-</u>	<u>27,186</u>
Total non-current assets	<u>9,694,368</u>	<u>-</u>	<u>9,694,368</u>
Total assets	<u>\$11,757,622</u>	<u>\$1,751,641</u>	<u>\$13,509,263</u>
Equity and liabilities			
Current liabilities:			
Bank loans and current portion of long-term debt	\$206,139	\$ -	\$206,139
Trade accounts payable	72,010	-	72,010
Other taxes and accrued expenses	195,723	-	195,723
Income tax payable	8,084	-	8,084
Direct employee benefits	<u>27,120</u>	<u>-</u>	<u>27,120</u>
Total current liabilities	<u>509,076</u>	<u>-</u>	<u>509,076</u>
Non-current liabilities:			
Long-term debt	2,616,447	-	2,616,447
Derivative financial instruments	16,612	-	16,612
Deferred revenue	13,590	-	13,590
Other liabilities	129,475	-	129,475
Employee benefits	2,619	-	2,619
Deferred income tax	<u>255,053</u>	<u>158,733</u>	<u>413,787</u>
Total non-current liabilities	<u>3,033,796</u>	<u>158,733</u>	<u>3,192,529</u>
Total liabilities	<u>3,542,872</u>	<u>158,733</u>	<u>3,701,606</u>
Stockholders' equity and reserves:			
Capital stock	5,946,022	-	5,946,022
Retained earnings	1,428,177	466,910	1,895,087
Accumulated other comprehensive income	<u>-31,337</u>	<u>-</u>	<u>-31,337</u>
Equity attributable to owners of the Entity	7,342,862	466,910	7,809,772
Non-controlling interest	<u>871,888</u>	<u>1,125,998</u>	<u>1,997,886</u>
Total stockholders' equity	<u>8,214,750</u>	<u>1,592,908</u>	<u>9,807,658</u>
Total stockholders' equity and liabilities	<u>\$11,757,622</u>	<u>\$1,751,641</u>	<u>\$13,509,263</u>

Unaudited Pro Forma Condensed Consolidated Income Statement

As of September 30, 2017
(In thousands Mexican Pesos)

	Hoteles City Express and Subsidiaries	Pro forma Adjustments	Hoteles City Express and Subsidiaries Pro forma balances
Revenues from hotel operation	\$ 1,712,011	\$ -	\$ 1,712,011
Revenues from third-party management	<u>110,401</u>	<u>-</u>	<u>110,401</u>
Total revenue	1,822,412	-	1,822,412
Operating costs and expenses from hotel operation	906,721	-	906,721
Selling and administrative expenses	294,313	-	294,313
Depreciation	<u>252,670</u>	<u>-</u>	<u>252,670</u>
Cost and expenses	1,453,704	-	1,453,704
Opening expenses of new hotels	<u>11,853</u>	<u>-</u>	<u>11,853</u>
Consolidated operating profit	<u>356,855</u>	<u>-</u>	<u>356,855</u>
Financing costs	144,467	-	144,467
Financing income	(41,284)	-	(41,284)
Exchange gain, net	<u>45,375</u>	<u>-</u>	<u>45,375</u>
Income before income tax	<u>148,558</u>	<u>-</u>	<u>148,558</u>
Income tax expense	208,297	-	208,297
Consolidated profit for the period	<u>37,494</u>	<u>-</u>	<u>37,494</u>
Consolidated profit for the period	<u>170,803</u>	<u>-</u>	<u>170,803</u>
Other comprehensive income, net of income tax:			
Items that may be reclassified subsequently to profit:			
Foreign currency translation effect	(110,641)	-	(110,641)
Valuation effect of hedging instruments	<u>(4,433)</u>	<u>-</u>	<u>(4,433)</u>
Total comprehensive income for the period	<u>\$ 55,729</u>	<u>\$ -</u>	<u>\$ 55,729</u>
Net income for the period attributable to:			
Owners of the Entity	\$ 179,749	\$ (41,844)	\$ 137,905
Non-controlling interests	<u>(8,946)</u>	<u>41,844</u>	<u>32,898</u>
	<u>\$ 170,803</u>	<u>\$ -</u>	<u>\$ 170,803</u>
Total comprehensive income for the period attributable to:			
Owners of the Entity	64,675	(39,889)	24,786
Non-controlling interests	<u>(8,946)</u>	<u>39,889</u>	<u>30,943</u>
	<u>\$ 55,729</u>	<u>\$ -</u>	<u>\$ 55,729</u>

Unaudited Pro Forma Condensed Consolidated Income Statement

As of December 31, 2016
(In thousands of Mexican pesos)

	Hoteles City Express and Subsidiaries	Pro forma Adjustments	Hoteles City Express and Subsidiaries Pro forma balances
Revenues from hotel operation	\$ 1,927,943	\$ -	\$ 1,927,943
Revenues from third-party management	<u>109,823</u>	<u>-</u>	<u>109,823</u>
Total revenue	2,037,766	-	2,037,766
Operating costs and expenses from hotel operation	1,025,339	-	1,025,339
Selling and administrative expenses	330,879	-	330,879
Depreciation	<u>291,361</u>	<u>-</u>	<u>291,361</u>
Cost and expenses	1,647,579	-	1,647,579
Opening expenses of new hotels	<u>18,195</u>	<u>-</u>	<u>18,195</u>
Consolidated operating profit	<u>371,992</u>	<u>-</u>	<u>371,992</u>
Financing costs	(152,358)	-	(152,358)
Financing income	72,519	-	72,519
Exchange gain, net	<u>30,405</u>	<u>-</u>	<u>30,405</u>
	<u>(49,434)</u>	<u>-</u>	<u>(49,434)</u>
Income before income tax	322,558	-	322,558
Income tax expense	<u>58,060</u>	<u>-</u>	<u>58,060</u>
Consolidated profit for the year	<u>264,498</u>	<u>-</u>	<u>264,498</u>
Other comprehensive income, net of income tax:			
Items that may be reclassified subsequently to profit:			
Foreign currency translation effect	162,211	-	162,211
Valuation effect of hedging instruments	3,555	-	3,555
Items that will not be reclassified subsequently to profit:			
Net actuarial gain from employee benefits	674	-	674
Deferred tax effects of net actuarial (loss) gain from employee benefits	<u>(202)</u>	<u>-</u>	<u>(202)</u>
Other comprehensive income (loss)	<u>166,238</u>	<u>-</u>	<u>166,238</u>
Total comprehensive income for the year	<u>\$ 430,736</u>	<u>\$ -</u>	<u>\$ 430,736</u>
Total consolidated net income for the year attributable to:			
Owners of the Entity	\$ 255,643	\$ (42,375)	\$ 213,268
Non-controlling interests	<u>8,855</u>	<u>42,375</u>	<u>51,230</u>
	<u>\$ 264,498</u>	<u>\$ -</u>	<u>\$ 264,498</u>
Total comprehensive income for the year attributable to:			
Owners of the Entity	421,882	(46,857)	375,025
Non-controlling interests	<u>8,854</u>	<u>46,857</u>	<u>55,711</u>
	<u>\$ 430,736</u>	<u>\$ -</u>	<u>\$ 430,736</u>

6.- MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The information and comments included in this section should be read in conjunction with the report at the end of the third quarter 2017 of Hoteles City Express, the purpose of which is to facilitate the analysis and understanding of the pro forma financial information for the years presented below. The comments set forth below relate to the pro forma results and financial condition that have been determined considering the statements of financial position as of September 30, 2017 and December 31, 2016, and the income statements for the nine-month period and year then ended.

a) Results of Operations (Pro Forma Financial Statement)

Total income

Cumulative total income as of September 2017 amounted to \$1,822.4 million, an increase of 22.6% compared to the same period in 2016. The foregoing is the result of an increase of 9.7% in the number of occupied rooms per night at a chain level, an increase of 9.0% in RevPAR, and a decrease of 37.5% in income from hotel management activities.

Cumulative total income as of December 2016 amounted to \$2,037.8 million, an increase of 18.6% compared to the same period in 2015. The foregoing is the result of an increase of 11.0% in the number of occupied rooms per night at a chain level, an increase of 9.3% in RevPAR, and a decrease of 42.4% in income from hotel management activities.

Given that the Trust was fully consolidated in the results of Hoteles City Express, no changes are expected for the Total Income by reason of the execution of the Transaction.

Operating Profit

Operating profit amounted to \$356.9 million as of September 2017, which reflects an increase of 32.3% compared to the same period in 2016.

Operating profit recorded \$372.0 million in 2016, which reflects an increase of 16.1% compared to 2015.

Given that the Trust was fully consolidated in the results of Hoteles City Express, no changes are expected for the Operating Profit by reason of the execution of the Transaction.

EBITDA and ADJUSTED EBITDA

EBITDA and Adjusted EBITDA amounted to \$609.5 million and \$621.4 million as of September 2017, which represents an increase of 24.5% and 24.0%, respectively, compared to the same period in 2016. In turn, EBITDA and Adjusted EBITDA margins were 33.4% y 34.1%, respectively.

EBITDA and Adjusted EBITDA amounted to \$663.4 million and \$681.5 million, which represents an increase of 15.9% and 17.2%, respectively, compared to the end of 2015. In turn, EBITDA and Adjusted EBITDA margins were 32.6% y 33.4%, respectively.

Given that the Trust was fully consolidated in the results of Hoteles City Express, no changes are expected for EBITDA or Adjusted EBITDA by reason of the execution of the Transaction.

Net Income

Cumulative net income as of September 2017 amounted to \$170.8 million, which represents a decrease of 7.9% compared to the same period in 2016. In turn, the net income margin reached 9.4% at the end of September 2017.

Net income for the year as of December 2016 amounted to \$264.5 million, which represents an increase of 26.7% compared to 2015. In turn, the net income margin reached 13.0% at the end of 2016.

As a result of the execution of the Transaction and on a pro forma basis, the amounts of Net Income Attributable to Controlling and Non-Controlling Interests would be reclassified due to an increase in the minority interests that would result from the funds obtained from the investors that would act as minority shareholders in the Trust.

The \$179.7 million of Net Income attributable to Non-Controlling Interests as of September 2017 would result in \$137.9 million, while the Net Income attributable to Controlling Interests as of September 2017 (\$8.9) million would result in \$32.9 million.

The \$255.6 million of Net Income attributable to Controlling Interests as of December 2016 would result in \$213.3 million, while the \$8.9 million Net Income attributable to Non-Controlling Interests as of December 2016 would result in \$51.2 million.

b) Financial Condition, Liquidity, and Capital Resources (Proforma Balance Sheet)

Cash and Cash Equivalents

Cash decreased by 15.1% at the end of September 2017, compared to the end of December 2016. This as a result of the use of own resources for the development process of new hotels.

Cash decreased by 23.6% at the end of December 2016, compared to the end of December 2015. This mainly due to the disbursement of funds for the development process of new hotels.

As a result of the execution of the Transaction and on a pro forma basis, the amount of Cash and Cash Equivalents would increase to the same extent as the net funds obtained from the issue of the Trust.

Total Cash and Cash Equivalents would pass from \$1,575.4 million to \$3,327.1 million at the end of September 2017.

Fixed Assets

Fixed Assets, under Net Property, Plant and Equipment at the end of the quarter ended on September 30, 2017, recorded an increase of 6.1% compared to the end of December 31, 2016, which is directly related to the disbursement of cash for the acquisition of lands and hotel development, and to works in progress.

Fixed Assets, under Net Property, Plant and Equipment recorded an increase of 20.0% compared to the end of December 31, 2015, which is directly related to the disbursement of cash for the acquisition of lands and hotel development, and to works in progress.

Given that the Trust was fully consolidated in the results of Hoteles City Express and its accounting treatment under IFRS, no changes are expected for the total amount of Fixed Assets as a result of executing the Transaction.

Total Assets

Total Assets at the end of September 2017 recorded an increase of 3.0% compared to the end of December 31, 2016, which is directly related to a great extent to the increase in Fixed Assets due to hotel development and to the disbursement for the acquisition of properties for future development.

Total Assets at the end of December 31, 2016 recorded an increase of 8.9% compared to the end of December 31, 2015, which is directly related to a great extent to the increase in Fixed Assets due to hotel development and to the disbursement for the acquisition of properties for future development.

As a result of the execution of the Transaction and on a pro forma basis, the amount of Total Assets would increase to the same extent as the net funds obtained from the issue of the Trust.

Total Assets would pass from \$11,757.6 million to \$13,509.3 million at the end of September 2017.

Debt with Financial Institutions

Debt with financial institutions payable, net of interest, increased 9.2% compared to the end of December 2016 and amounted to \$2,805.2 million, of which \$188.8 million mature in the next twelve months and \$402.4 million are denominated in Foreign Currency.

At the end of the quarter ended on September 30, 2017, the Company had \$1,229.8 million in Net Debt, compared to the one recorded at the end of December 31, 2016 in the amount of \$714.5 million.

Debt with financial institutions, net of interest, increased 19.7% compared to the end of December 2015 and amounted to \$2,569.1 million, of which \$166.0 million mature in the next twelve months, \$187.7 million are denominated U.S. dollars, and \$278.6 million are in Chilean pesos. \$103.3 million were disbursed in the fourth quarter 2016, corresponding to projects under development and according to the financing plan of Hoteles City Express.

At the end of the quarter ended on December 31, 2016, Hoteles City Express had \$714.5 million in net debt, compared to the one recorded at the end of December 31, 2015 in the amount of (\$280.6) million.

Given that the Trust was fully consolidated in the results of Hoteles City Express and its accounting treatment under IFRS, no changes are expected for the total amount of Debt with Financial Institutions by reason of the execution of the Transaction.

Total Deferred Income Tax Liabilities

As a result of the execution of the Transaction and on a pro forma basis, the amount of Total Deferred Income Tax Liabilities would increase to the same extent as the difference between the

Market Value of the Assets and the Carrying Amount, multiplied by the applicable tax rate, net of Total Deferred Income Tax Assets.

The total amount of Total Deferred Income Tax Liabilities would pass from \$255.1 million to \$413.8 million at the end of September 2017.

Total Liabilities

As a result of the execution of the Transaction and on a pro forma basis, the amount of Total Liabilities would increase to the same extent as the Total Deferred Income Taxes Liabilities.

The total amount of Total Liabilities would pass from \$3,542.9 million to \$3,701.6 million at the end of September 2017.

Controlling Interest in Equity

As a result of the execution of the Transaction and on a pro forma basis, the amount of Controlling Interest in Equity would pass from \$7,342.9 million to \$7,809.8 million at the end of September 2017.

Non-Controlling Interest in Equity

As a result of the execution of the Transaction and on a pro forma basis, the amount of Non-Controlling Interest in Equity would pass from \$871.9 million to \$1,997.9 million at the end of September 2017.

Equity

As a result of the execution of the Transaction and on a pro forma basis, the amount of Equity would increase to the same extent as the Additional Paid-in Capital and the Non-Controlling Interest.

The total amount of Equity would pass from \$8,214.8 million to \$9,807.7 million at the end of September 2017.

7.- RELEVANT AGREEMENTS

a) Trust Agreement

This section includes a strictly informational summary of the main clauses of the Trust Agreement.

Parties to the Trust Agreement.

The following Persons are parties to the Trust agreement or beneficiaries of the Trust, in the capacity indicated next to their names:

Grantor:	Promotora FHCE, S.A. de C.V.
Manager:	Administradora FHCE, S.C., or any Person that substitutes it pursuant to the terms of the Trust Agreement.
Trustee:	Actinver, or its successors, assigns, or whomever substitutes it pursuant to the terms of the Trust Agreement.
Beneficiaries:	The persons holding one or more CBFIs at any time (the "Holders"), jointly represented by the Common Representative for the purposes of the Trust agreement.
Common Representative:	Evercore, or its successors, assigns, or whomever substitutes the performance of its duties.

Terms and Conditions of the CBFIs.

All CBFIs issued under each issue will be considered a part of such issue and, therefore, will be subject to the same terms and conditions, and will grant the same rights to their Holders. The trustee will issue CBFIs from time to time, pursuant to and as provided in Articles 63, 63 Bis 1, 64, and other applicable articles of the LMV; furthermore, the CBFIs must include the provisions provided in the Applicable Law, including, without limitation, the following:

- (a) Currency: CBFIs will be denominated in Pesos.
- (b) Par Value: CBFIs will be issued with no par value.
- (c) Non-redeemable CBFIs: CBFIs will not be redeemable and the Trust will not be required to redeem such CBFIs to the Holders.
- (d) Place and Method of Payment: All Distributions made to the Holders in relation to the CBFIs will be made by wire transfer through Indeval, the offices of which are located at *Av. Paseo de la Reforma No. 255, Piso 3, Col. Cuauhtémoc, C.P. 06500*, Mexico City (or at any other address if Indeval notifies the Trustee, the Common Representative, and the Manager in writing regarding a change of address).
- (e) Depositary: Indeval.

- (f) Governing Law: CBFIs will be governed by and construed in accordance with the laws of Mexico.
- (g) Terms and Conditions of the Initial Issue: The price, as well as the terms and conditions of the Initial Issue, will be determined by the Technical Committee at the initial meeting.
- (h) Terms and Conditions of Additional Issues: The terms and conditions of any additional issue will be determined by the ordinary holders' meeting that approves such additional issue, including the manner of determining the price of the respective additional CBFIs, and the amount and number of CBFIs to be issued.
- (i) No Recourse. The Trustee (except with the assets available in the Trust Property, as specifically provided in the Trust agreement), the grantor, the Manager and any member of the Technical Committee, and Hoteles City Express and the Common Representative and any of their respective Affiliates will not be liable for any Distribution and will not be personally liable for any payment of any amount in relation to the Trust. Distributions will be paid exclusively with the assets available in the Trust property. If the Trust property is insufficient to make the Distributions, the Trustee, the Grantor, the Manager, any member of the Technical Committee, Hoteles City Express, the Common Representative, the underwriter, or any of their respective Affiliates will have no obligation to make Distributions or other payments in relation to the CBFIs.

Corporate Governance

The corporate governance bodies of the Trust are:

- Holders' Meeting
- Technical Committee
- Audit Committee
- Practices Committee
- Debt Committee
- Conflicts Committee

For more information on the authority of each governing body of the Trust, please see the FSTAY Trust agreement available in the BMV website.

Distributions

The Trustee will have to make distributions to the Holders of the CBFIs (each, a "Distribution") according to the prior written instructions of the Manager; provided that a Distribution will have to be made at least once a year, at least 95% of the taxable income of the previous year generated by the Real Estate Assets comprising the Trust property, as provided by Article 187 Section VI of the LISR.

For more information about the distributions of the Trust, please see the FSTAY Trust agreement available in the BMV website.

b) Management Agreement

This section includes a strictly informational summary of the main clauses of the Management Agreement.

The Manager is appointed and agrees to perform its obligations as the manager of the Trust in accordance with and subject to the provisions of the management agreement and the Trust agreement, including to instruct the trustee as provided in the Trust agreement and in the management agreement, carry out portfolio and asset management activities related to the Real Estate Asset, real estate management activities, human resources activities, investments, divestments, distributions, loans, and to exercise, control, and manage all rights related to the interests of the Trust in any of the Investment Trusts. The Manager will have to perform its obligations under the Management Agreement for the benefit of the Trust and any of the Investment Trusts.

The Manager will have to provide to the trustee the management services described in Exhibit "A" to the Management Agreement, pursuant to the terms provided in said agreement (the "Services"). The Manager agrees to provide these Services diligently, in good faith, and in the best interest of the Trust and the Holders, pursuant to the terms provided in the Trust Agreement and in accordance with the Applicable Law.

The Manager will have to submit an annual budget to the ordinary holders' meeting of FSTAY, within the first 20 business days of each calendar year, which the ordinary holders' meeting of FSTAY will have to approve or, as applicable, return to the Manager for the applicable adjustments, so the trustee may deliver on a monthly basis the necessary amounts for the Manager to carry out its respective activities, pursuant to the management agreement, including for the payment of the expenses of the Manager.

The trustee will deliver to the Manager the amounts that the latter may indicate within the first 5 Business Days of each calendar month, provided that such amounts do not exceed 20% of the budget for the relevant month. If such amounts exceed the aforementioned percentage, the audit committee will have to approve the payment.

The Management agreement provides the reasons to remove the Manager, as well as the consequences thereof. For more information about the removal of the manager, for and without cause, please see the FSTAY Management agreement available in the BMV website.

c) Secured Loan Agreement

On December 19, 2017 Actinver, solely and exclusively in its capacity as trustee of the Investment Trusts identified as irrevocable management trusts number F/3254 and F/3203, executed in its capacity as borrower a loan agreement with Scotiabank in its capacity as lender, in an amount of \$1,200,000,000.00, which bears interest at the TIIE rate + 1.75% and matures in 2022. The Investment Trusts, in their capacity as borrowers, may use the amount of \$1,200,000,000.00, payable in twenty successive quarterly installments, at an ordinary interest rate equal to the (28-day) TIIE rate plus 175 basis points and a default interest rate equal to an annual rate equivalent to the result of adding two percent to the ordinary interest rate. This Secured Loan is secured by a non-possessory pledge on the beneficiary rights arising from the relevant Investment Trusts, which was executed by each of the grantors of such Investments Trusts in their capacity as pledgors, in favor

of Scotiabank in its capacity as pledgee. Moreover, in order to secure the performance of the obligations arising from the Secured Loan, Hoteles City Express is the joint and several obligor of the Investment Trusts. Said joint and several obligation will be released once FSTAY becomes the joint and several obligor of the relevant Investment Trusts.

As of the date of this Information Statement, all the loan has been disbursed. The obligations assumed by the parties include, among others: making several notifications to the lender, exclusively engaging in the main business, keeping and maintaining record books, allowing inspection visits, maintaining insurance policies for damages, not assuming additional debt exceeding 50% of the appraisal value of the total assets, among others.

d) Agency Agreement

Prior to this date, the Investment Trusts executed, in their capacity as principals, a certain agency agreement (*contrato de comisión mercantil*) with the Agent, in its capacity as agent, whereby the Agent has the mandate to (i) receive all income generated by the Real Estate Assets that may be contributed to the Trust; (ii) segregate income corresponding to Accommodation Income from Services Income; (iii) transfer Accommodation Income to the applicable Investment Trust; and (iv) transfer Services Income to OHCE or to the Affiliate of Hoteles City Express that may be indicated.

For services provided under the Agency Agreement, the Agent will charge the applicable Investment Trust on a monthly basis, 2.5% (two point five percent) on the total collection of the hotels, plus the applicable VAT, which will be updated on each anniversary date of the execution date of the Agency Agreement.

The main obligations of the Agent under the Agency Agreement are:

- 1) It is solely responsible for collecting, under any collection form, the outstanding amounts that may result in favor of the applicable Investment Trust for purchases and/or services by the customers and/or guests of the relevant hotels, according to the Investment Trust in question.
- 2) Issuing digital tax receipts (CFDIs, for its acronym in Spanish) covering the services and/or purchases of customers and/or guests of the hotels.
- 3) Keeping the appropriate records with respect to the management and collection of the amounts resulting from the services and/or purchases of the customers and/or guests of the hotels.
- 4) Depositing in the accounts that the relevant Investment Trust may have indicated, the amount corresponding to the collection of the services and/or purchases of the customers and/or guests of the hotels made in the name of the relevant Investment Trust (x) within 24 (twenty-four) hours following the actual collection of such amounts, for collections in cash or by credit card and (y) within 72 (seventy-two) hours following the actual collection of accounts receivable.

The Investment Trust may terminate the Agency Agreement if a cause for termination arises as provided in the subsection below. A private written notice by the Investment Trust to the Agent

regarding the termination of the Agency will suffice to terminate the Agency. The following events will be considered causes for termination:

- i. If the Agent does not immediately deliver, in due time and form, the funds it may receive from the collection of the services and/or purchases of the customers and/or guests of the hotels, to the accounts of the Investment Trust pursuant to the terms of the Agency Agreement.
- ii. If the necessary activities for the collection of the services and/or purchases of the customers and/or guests of the hotels are not simultaneously carried out in due time and form.
- iii. If the monetary funds received and managed by the Agent are used for a purpose other than the one provided in the Agency Agreement or if such funds are mishandled.

The Agency Agreement is executed in the same terms and conditions as the agency agreements executed by the subsidiaries of Hoteles City Express for hotels that do not form part of the Initial Portfolio. The Agency Agreement will be in effect as long as the Hotel Operation and Management Agreements are in effect.

e) Hotel Operation and Management Agreement

This section includes a strictly informational summary of the main clauses of the Operation Agreement.

Each Investment Trust will execute with OHCE a Hotel Operation and Management Agreement, whereby OHCE agrees to operate and manage the hotels of the relevant Investment Trust under the system and standards of the corresponding brand.

The term of the Hotel Operation and Management Agreements is 25 (twenty-five) mandatory years from their execution date; upon expiration, they will be automatically renewed for additional periods of 5 (five) years each, unless any party notifies the other party its intent to terminate the agreement at least 12 (twelve) months in advance.

As consideration for the provision of the services under the Hotel Operation and Management Agreement, each Investment Trust will pay the following fees:

- (i) Pre-operating period coordination fee, payable in a single installment.
- (ii) Service base fee, equivalent to a percentage of the total gross income, which must be paid on a monthly basis.
- (iii) Incentive fee, equal to multiplying the gross operating profit or GOP by a certain factor, which must be paid on a monthly basis.
- (iv) Fees and contributions for use of the brand and system.
- (v) Costs corresponding to the use of computer systems and management systems.

In the event that any of the hotels is sold, OHCE as a right of first refusal to acquire it under the same conditions as the third party in question.

The Investment Trust may terminate the Hotel Operation and Management Agreement early, with at least 12 months' prior notice to OHCE, provided that OHCE is paid a contractual penalty equivalent to (i) the consideration provided in the agreement during 24 (full calendar months of operations prior to the termination), (ii) if the hotel has not been in operation during said term, an amount equivalent to the annual fees contemplated by the annual budget multiplied by 2, or (iii) if the

term of the agreement will expire in less than 24 months, the amount equivalent to the remaining full months of operations prior to the termination.

f) Interest Rate Hedge Benefits Assignment Agreement

This section includes a strictly informational summary of the main clauses of the interest rate hedge benefits assignment agreement (*contrato de traspaso de beneficios por cobertura de tasas de interés*).

Prior to the Transaction, Hoteles City Express purchased, through several subsidiaries, interest rate hedging instruments from HSBC, S.A., I.B.M, Grupo Financiero HSBC, and Banco Nacional de México, S.A. part of Grupo Financiero Banamex.

These hedges jointly represent discounted swaps with an exercise price of 6.8% and 10% hedge cap. Thus, if the T.I.I.E. rate is over 6.8%, the subsidiaries would obtain a gain; otherwise, a loss. Moreover, if the T.I.I.E. rate increases above 9.7%, there would be limited exposure. The hedges have staggered maturities dates; 85.5% mature in 2019 and 14.5% mature in 2020.

On the other hand, Hoteles City Express executed an interest rate hedge benefits assignment agreement, through its various subsidiaries, with the two Investment Trusts that executed the Secured Loan.

In this way, Hoteles City Express assigns the benefits of such hedges at market price to the aforementioned Investment Trusts, which will have a total fixed bank debt of 8.5% described in the Secured Loan.

8.- RELEVANT PERSONS

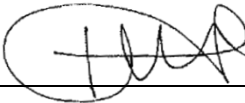
For any matter related to this Disclosure Information, please contact the investor relations department of Hoteles City Express:

Santiago Mayoral Álvarez
Corporate Finance and Investor Relations
Telephone +52 55 5249 8067
smayoral@hotelescity.com

"The undersigned represent under oath that we, within the scope of our respective duties, prepared the information related to the issuer included in this Information Statement, which, to the best of our knowledge and understanding, reasonably reflects its condition. We further represent that we have no knowledge of any relevant information being omitted or misrepresented in this Information Statement or that this Information Statement contains information that may lead investors to error.

By:  _____

Name: Luis Eduardo Barrios Sánchez
Title: Chief Executive Officer

By:  _____

Name: James Paul Smith Márquez
Title: Chief Financial and Administrative Officer

By:  _____

Name: Dina Stella Moreno De la Rocha
Title: General Counsel

9.- EXHIBITS

EXHIBIT "A": Unaudited pro forma condensed consolidated financial information as of September 30, 2017 and for the nine-month period ended September 30, 2017 and for the year ended December 31, 2016 and Independent Auditors' Report dated January 18, 2018.