



## Hoteles City Announces a Strategic Relationship and the Sale of its Brands to Marriott International, Inc.

**Hoteles City's leading select-service hotel portfolio will be strengthened by Marriott's global base of travelers.**

**Benefits of the transaction include strengthening the financial structure and liquidity of the Company.**

**MEXICO CITY, October 19, 2022 – Hoteles City Express, S.A.B. de C.V.** ("Hoteles City" or "the Company") (BMV: HCITY) announces today its entry into a strategic relationship with Marriott International, Inc. ("Marriott") and the sale of its five brands (City Express, City Express Plus, City Express Suites, City Express Junior and City Centro), associated trademarks, domains and related intellectual property, the City Premios Rewards loyalty program, as well as other assets and liabilities related to the brands (the "Brand") to Marriott for US\$100,000,000.00 (one hundred million dollars) (the "Transaction"). In connection with the Transaction, all leased and wholly owned hotels will enter into long-term franchise agreements with Marriott, while all franchise contracts of co-invested, franchise and managed properties will be assigned to Marriott with the opportunity to sign a new agreement. The Company will retain all its Management Agreements, development activities and ownership of hotels (wholly owned, co-owned and leases). In addition, all Hoteles City brand names are expected to be renamed with Marriott's signature "by Marriott" endorsement.

The Transaction establishes a strategic relationship between Hoteles City, one of the leading hotel chains in Mexico in the select-service segment, and Marriott, the world's largest hotel company. As part of the strategic relationship, both parties expect to work towards expanding the presence and strengthening the distribution of the City Express brands in Latin America (including Mexico, Central America, and South America), the Caribbean and other locations. Additionally, Operadora de Hoteles City Express will become an approved operator, developer, project manager and construction supervisor in Latin America and the Caribbean for future properties with respect to the City Express brands and other Marriott select service brands.

Hoteles City believes that the Transaction represents a unique opportunity that will provide Hoteles City with a wider scope of opportunity in other markets as well as bring several benefits to the Company through leveraging its existing IT platforms.

HOTELES CITY.

CITY CENTRO. CITY EXPRESS  
Suites.

CITY  
EXPRESS  
PLUS.

cityexpress.  
hoteles

cityexpress  
Junior

CityPremios.  
Rewards by Hoteles City



### INVESTOR RELATIONS CONTACTS:

**Héctor Vázquez Montoya**  
Corporate Finance VP & Investor Relations  
**Phone:** +52 55-5249-8067  
**Email:** [hvazquez@hotelescity.com](mailto:hvazquez@hotelescity.com)

**Damian Fraser**  
Miranda IR  
**Phone:** +52 55-5402-1295  
**Email:** [damian.fraser@miranda-partners.com](mailto:damian.fraser@miranda-partners.com)



# HOTELES CITY.

Hoteles City will migrate to Marriott's global distribution system, which is expected to improve profitability of existing hotels due to the realization of various cost synergies, including savings in distribution channels, cost of access to and support for digital platforms, and reservation systems, amongst others, while still maintaining on-property management systems. Additionally, Hoteles City believes the strategic relationship will lead to additional revenue opportunities from the Marriott network's unparalleled access to a wider universe of international travelers. Furthermore, current City Premios Rewards members will have access to Marriott Bonvoy, one of the world's largest loyalty programs across the lodging industry with over 169 million members worldwide. City Premios Rewards members are expected to be transitioned into the Marriott Bonvoy program over the course of 2023 through an exchange rate of points that will retain the value of accrued points earned under City Premios Rewards.

The sale of the Brand allows Hoteles City to monetize a portion of the value that the Company has created since its inception and crystalize an intangible asset. In addition, the proceeds from the Transaction, net of applicable taxes and transaction costs, will allow Hoteles City to strengthen its balance sheet by reducing leverage and enhancing liquidity, and equip the Company to invest in maintenance Capex and to complete/reactivate several projects that were paused due to the COVID-19 pandemic.

The liquidity provided by this Transaction will eliminate the need for the Company to raise additional capital and will give the Company the opportunity to negotiate better terms and conditions on its existing syndicated loan. Hoteles City currently holds 144.5 million shares in the Company Treasury, raised and issued during the 2021 capital increase, which it intends to cancel upon completion of the Transaction.

According to Luis Barrios, Hoteles City's CEO, "This strategic relationship will create awareness with international travelers, particularly those in the US. Additionally, the strengthened financial position provided by the Transaction will also enable the Company to incorporate 676 additional rooms into its inventory over the coming several months. All this, together with the great operational improvement that Hoteles City is experiencing during the recovery period allows Hoteles City to stand in a solid position to continue growing and creating value for all its stakeholders."

The strategic relationship with Marriott will strengthen Hoteles City's future growth opportunities in Mexico and Latin America and opens the possibility to grow in other markets as well. The Company retains full optionality with respect to its wholly owned hotel portfolio, including the potential launch of the *Fibra* vehicle when the macro and capital market conditions become more favorable.

"Marriott opened its first hotel outside of the US in Mexico in 1969 and we're thrilled to come together with such a highly regarded Mexico-based company for this exciting transaction," said Brian King, President, Caribbean and Latin America, Marriott International. "We have great admiration for the excellent brands that the management team have built over the years and the broad appeal of those brands in the Latin American market. We're excited by what we see as a significant opportunity to expand the City Express brand into new international markets, and we also appreciate that there

is tremendous cultural alignment between our two companies centered on a shared commitment to warm and approachable hospitality.”

Hoteles City’s strong record of global quality and care for its guest for over 20 years, is now reinforced by being added to Marriott’s portfolio of brands. Following the closing and regulatory approval, Hoteles City’s guests will be transitioned to the industry leading Marriott Bonvoy loyalty program, gaining access to the program’s breadth of hotels, rewards and experiences.

The Transaction has been approved by the Board of Directors of the Company and the informative memorandum with the detailed information of the Transaction and the parties involved has been published by Hoteles City. The closing of the Transaction is subject to various customary conditions, including the approval by COFECE. Hoteles City estimates the transaction could close between end of 2022 and first half of 2023.

Morgan Stanley & Co. LLC acted as exclusive financial adviser to Hoteles City.  
Proskauer and Galicia Abogados, S.C acted as legal adviser to Hoteles City.

For more information about the transaction, please review the informative memorandum (folleto informativo) prepared by the Company and available at the following web pages: [www.gob.mx/cnbv](http://www.gob.mx/cnbv); [www.bmv.com.mx](http://www.bmv.com.mx); <https://www.cityexpress.com/inversionistas>

Hoteles City Express will host a conference call to further discuss the transaction:

**Date:** Thursday, October 20, 2022  
**Time:** 11:00am EST / 10:00am Mexico City time  
**Dial-In:** USA toll free: 1-844-802-2441 / International toll free: 1-412-317-5136  
Mexico toll free: 001-855-817-7630

Conference ID: 10171955

#### **About Hoteles City:**

Hoteles City is the leading chain for select-service hotels with the greatest growth in Mexico in terms of number of hotels, number of rooms, geographic presence, market share, and revenues. Founded in 2002, Hoteles City specializes in high quality, comfortable, and safe lodging at reasonable prices chiefly targeting local businessmen through a select-service hotel chain. With 152 hotels located in Mexico, Costa Rica, Colombia, and Chile, Hoteles City operates under 5 distinct brands in order to reach different segments of its target market: City Express, City Express Plus, City Express Suites, City Express Junior, and City Centro. On June 2013, Hoteles City completed its Initial Public Offering (“IPO”) and began trading in the Mexican Stock Exchange (Bolsa Mexicana de Valores) under the ticker “HCITY”; on October 8, 2014, Hoteles City Express completed a Follow-On equity offering with the goal of accelerating new hotel growth in the coming years.

For further information, please visit our website: <https://www.cityexpress.com/inversionistas/>