

HOTELES CITY[®]

Investor Presentation

Sale of Hoteles City Brand to Marriott International

October 2022

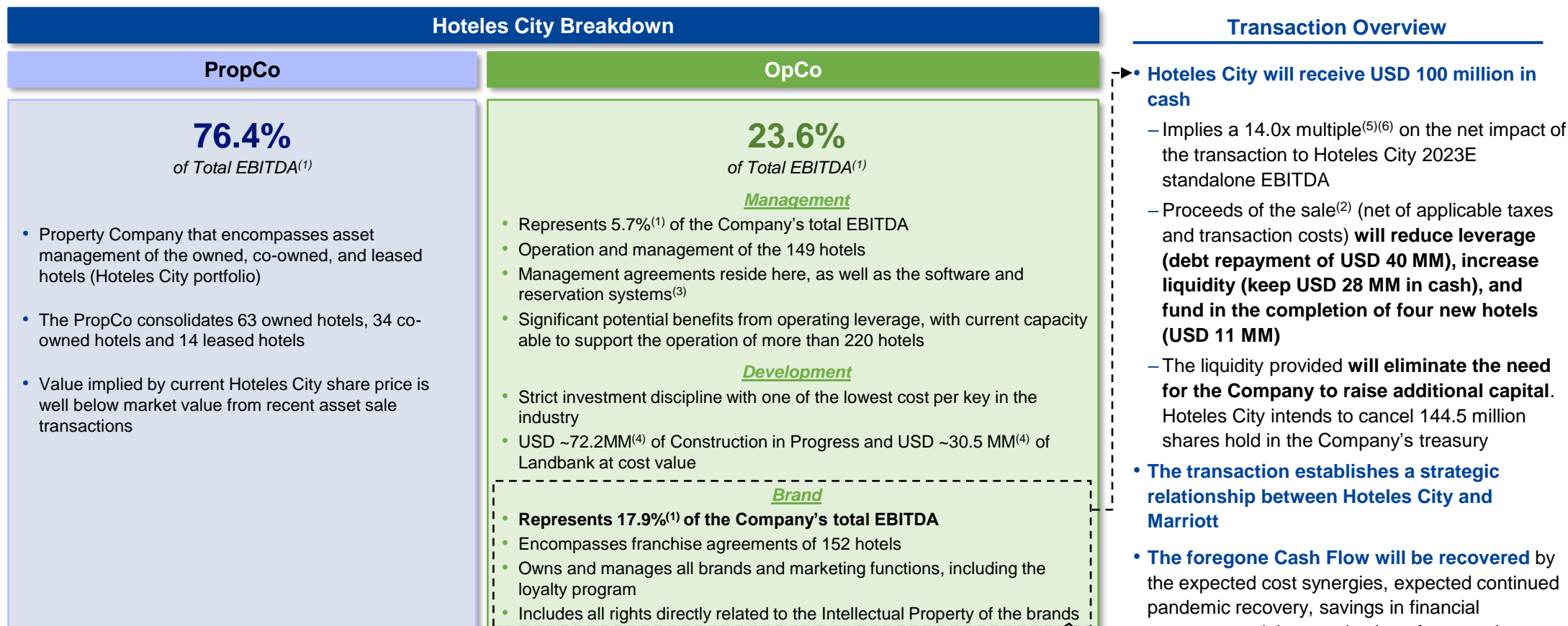


Hoteles City Announces the Entry Into a Strategic Relationship with Marriott International and the Sale of Its Brands to Marriott International

- **Hoteles City will sell its five brands and its Loyalty Program to Marriott International, Inc. (“Marriott”) for USD 100 million**
 - Hoteles City will sell its five brands (City Express, City Express Plus, City Express Suites, City Express Junior and City Centro), associated trademarks and related intellectual property, the City Premios loyalty program, as well as other assets and liabilities related to the brands (the “Brand”)
 - 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 and given the opportunity to sign a new agreement
 - As a result of the transaction, Hoteles City’s corporate structure will remain unchanged
 - The Company will retain all its Management Agreements, development activities, and ownership of hotels (wholly-owned, co-owned, and leased hotels)
 - All Hoteles City brand names are expected to be renamed with Marriott’s signature endorsement (“*by Marriott*”)
 - It is estimated that the transaction closes between end of 2022 and first half of 2023, subject to customary closing conditions
- **As part of the transaction, Hoteles City will enter into a strategic relationship with Marriott in order to realize the full value of its brands and benefit from an affiliation with a leading global hotel franchisor**
 - 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 markets
 - Additionally, Hoteles City will become an approved operator, developer, project manager and construction supervisor in Latin America and the Caribbean (the “Region”) for future properties with respect to City Express brands and other Marriott select service brands
- **The transaction and go-forward relationship represents a unique opportunity with several potential benefits to help Hoteles City shareholders**
 - Hoteles City will monetize an intangible asset at a compelling value
 - The affiliation with Marriott is expected to bring cost efficiencies and revenue opportunities for the Company, and serves to unlock Hoteles City’s full growth potential
 - The proceeds from the Transaction will strengthen and reposition Hoteles City’s capital structure by reducing leverage and enhancing liquidity, as well as equip the Company to invest in reactivation and completion of several projects that were paused due to the COVID-19 pandemic

Hoteles City Will Monetize an Intangible Asset at a Compelling Value...

Will Achieve an Attractive Price for Its Brand While Expecting to Recover Foregone Cash Flow in Less Than 2 Years After Closing



The Brand will be sold to Marriott

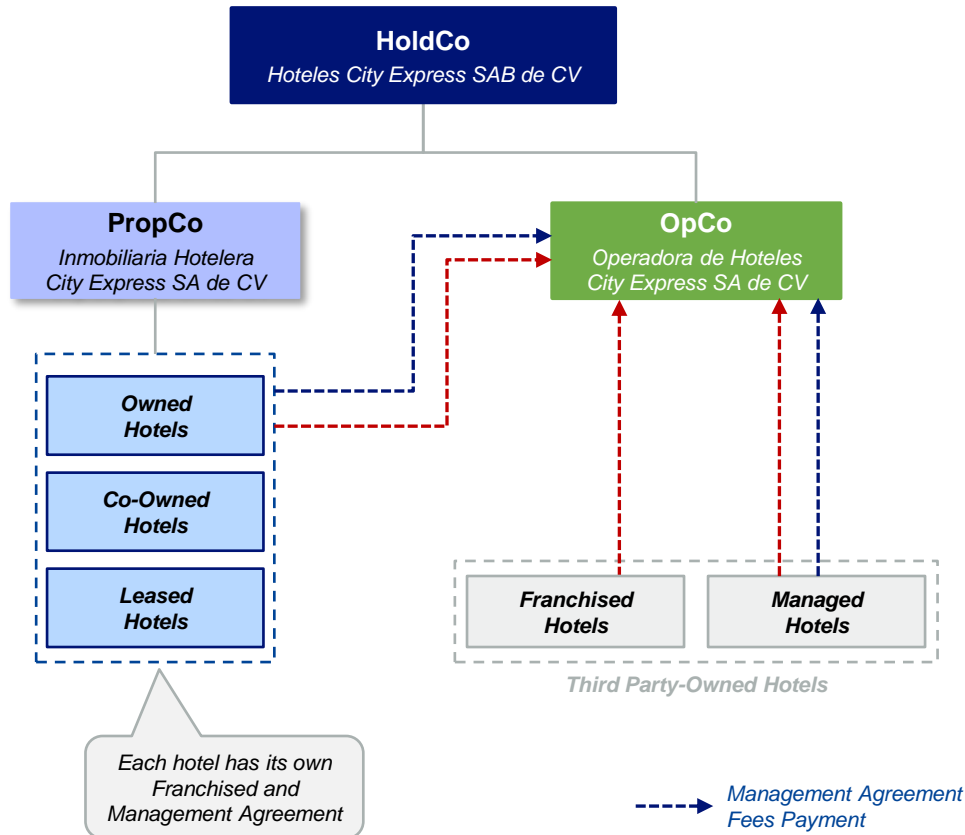
Notes:

1. Considering 2018. Due to 2019 fuel crisis and subsequent impact of Covid-19, the best historical stabilized year for brand and management generated EBITDA is 2018
2. Illustrative use of proceeds
3. Operating system excluded from the transaction perimeter and will remain owned by Hoteles City post-closing
4. Based on 2Q22 balance sheet. Converted using an FX rate of MXN 20.0 per USD
5. Multiple calculated as Purchase Price (USD 100 MM) divided by estimated approximately USD 7 MM reduction in Hoteles City 2023E EBITDA as a result of the contemplated transaction. Estimated EBITDA reduction based on standalone Franchise Fees calculated as 4.5% of Total Chain Room Revenues, offset by the expenses associated with the new franchise agreements to be executed as part of the transaction. Estimated 2023E Total Chain Room Revenues of MXN 4,334 MM
6. Considers an FX rate of MXN 20.0 per USD

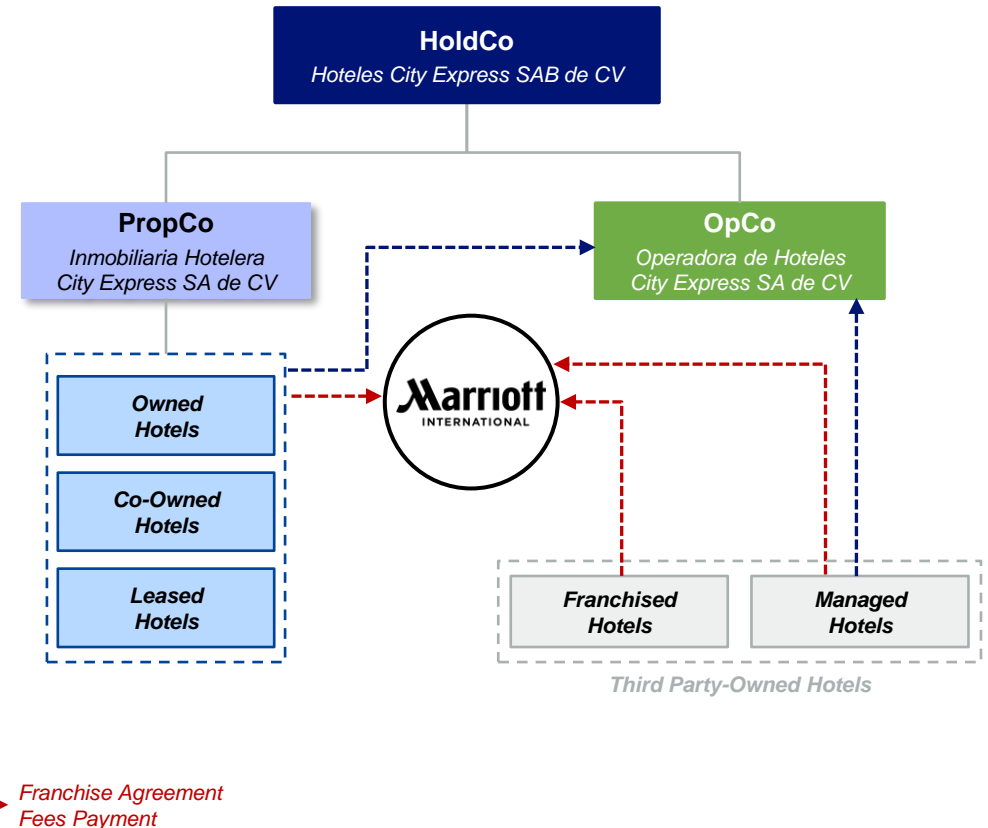
...While Maintaining Its Current Corporate Structure

The Only Meaningful Change is that Franchise Fees Will be Paid to Marriott Instead of Hoteles City

Pre-Transaction Operating Structure



Post-Transaction Operating Structure



The Transaction Represents a Unique Opportunity with Several Potential Benefits to Hoteles City and Its Stakeholders

1

Enhance Value for Hoteles City Shareholders

- Allows Hoteles City to monetize a portion of the value created since inception
- Crystallizes value not reflected in the balance sheet
- A brand platform like Marriott can enhance the value of the affiliated real estate for lenders, equity investors or property buyers
- Provide the operator and developer access to additional growth opportunities with third party owners
- De-risking the business enhances Company's value

2

Significant and Tangible Benefits for Hoteles City

- The affiliation with Marriott is expected to bring cost efficiencies and revenue opportunities for the Company from:
 - Access to wider universe of international travelers and new guest segments
 - Marriott's systems and vendor relationships
 - Marriott's distribution infrastructure allows for savings

3

Unlock Hoteles City Full Growth Potential

- Exposure to international markets allows Hoteles City to identify new possible sites
- Possibility of exercising existing Hoteles City's landbank of new Hoteles City properties or another appropriate brand
- As Marriott works to grow the brands, Hoteles City's portfolio should benefit from the increased brand awareness and global footprint
- Affiliation with a global brand franchisor like Marriott could potentially improve the access to and cost of capital to drive growth

4

Strengthen and Reposition Hoteles City Capital Structure

- Proceeds will be used to complete new developments and reactivate projects, which will potentially result in an increase of the Company's EBITDA
- The Company will use the proceeds to deleverage its balance sheet and increase its liquidity position, resulting in a healthier balance sheet
- The increased liquidity will eliminate the need for the Company to raise additional capital, and will give the Company the opportunity to negotiate new terms and conditions on its debt

1 The Transaction and Go-Forward Relationship Enhance Value for Hoteles City Shareholders...

- **Hoteles City has built a strong, well-established brand for over 20 years**
 - Highly recognized company in Mexico
 - Highly acclaimed brand with several awards and recognitions including the prestigious designation of “Marca Notoria” in Mexico
- However, we believe that **Hoteles City has been underappreciated by the public equity markets** in Mexico in recent years
- **The transaction brings several potential benefits for Hoteles City shareholders**
 - Allows Hoteles City to monetize a portion of the value at an attractive price
 - Price is more than Hoteles City’s current equity market capitalization
 - Transaction multiples is compelling relative to both our own historical trading multiples and public global lodging comparables
 - Crystallizes value that is not currently reflected in Hoteles City balance sheet
 - The affiliation with Marriott is expected to bring benefits to the Company potentially enhancing the value of the real estate portfolio
 - Provides the operator and developer access to additional growth opportunities
 - De-risking the business enhances the Company’s value



2 ...With Significant and Tangible Benefits

The Strategic Relationship with Marriott Expected to Bring Cost Efficiencies and Revenue Opportunities to Hoteles City

- Hoteles City expects cost synergies of USD 1.6MM for 2023E⁽¹⁾
 - This is equivalent to ~4% of the 2023E WholeCo EBITDA, excluding the foregone Brand EBITDA
 - Not considering potential revenue opportunities that could potentially increase the EBITDA
- Integration plan is expected to capture synergies beginning in the short to medium term, after closing
 - Integration plan expected to end 6 months after closing the transaction

Expected Cost Synergies and Revenue Opportunities for Hoteles City

<p>A Affiliation Cost Savings</p>	<ul style="list-style-type: none"> • Ability to benefit from Marriott's systems and vendor relationships, potentially lowering credit card fees
<p>B Distribution Cost Savings</p>	<ul style="list-style-type: none"> • Leveraging Marriott's distribution infrastructure allows for savings on travel agent commissions and OTA fees • Other various potential savings in cost of access to and support for digital platforms, and reservation systems
<p>C Loyalty Program Opportunities</p>	<ul style="list-style-type: none"> • City Premios members will be transitioned to Marriott Bonvoy, a highly recognized loyalty program with over 169 million members worldwide • Opportunity to increase revenues by increasing the customer base
<p>D Other Revenue Opportunities</p>	<ul style="list-style-type: none"> • Possibility to widen the distribution funnel • Opportunity to drive expansion into new markets and new guest segments • Additional revenue opportunities from the Marriott network's unparalleled access to a wider universe of international travelers

Notes:

1. Converted at FX rate of MXN 20.0 per USD for illustrative purposes only

3 Affiliation with Marriott Serves to Unlock Hoteles City's Full Growth Potential

Marriott Driving Brand Growth Highly Complements Hoteles City's Operating and Development Platform and Owned Hotel Portfolio



Potential opportunity to strengthen and expand the City Express brands' presence and distribution in other markets, **resulting in a potential increase of Hoteles City's portfolio revenues**



Affiliation with a global brand franchisor like Marriott could potentially **improve the access to and cost of capital** to drive growth



Possibility of **exercising existing Hoteles City's landbank** of new Hoteles City properties or another appropriate brand, including select service brands from Marriott's portfolio



Hoteles City will become an approved operator, developer, project manager and construction supervisor in the Region for future properties with respect City Express brands and other Marriott select service brands



A significant portion of the fees that go into Brand's International Marketing Fund **will be reinvested in the Region**



Hoteles City believes the transaction to be a **unique opportunity** to access a **wider scope of guests in new segments and markets**

4 The Transaction Will Strengthen and Reposition Hoteles City Capital Structure

Hoteles City Will Receive USD 100 Million in Cash That Will Strengthen the Balance Sheet and Accelerate Growth Opportunities

Illustrative Use of Proceeds

A Reduced Leverage

- Hoteles City will use USD 40MM to repay a portion of the syndicated loan
- Hoteles City will have no significant debt maturities before 2026

B Increased Liquidity Position

- Hoteles City will add USD 28MM in its cash balance to improve its cash position
- Cash balance after the transaction covers nearly 3.0x Hoteles City's debt principal payments through 2026

C Capital Expenditures for Growth

- The transaction provides additional capital to invest in reactivation and completion of several projects that were paused due to the COVID-19 pandemic
- The new hotels will increase EBITDA and allow the Company to continue executing its growth plan

Illustrative Use of the Sale's Proceeds⁽¹⁾

Uses	USD MM	MXN MM	%
A Debt Repayment	40	800	40.0%
B Cash to the Balance Sheet	28	554	27.7%
C Funding of Capex	11	226	11.3%
Net Uses	79	1,580	79.0%
Taxes & Transaction Costs	21	420	21.0%
Total Uses	100	2,000	100.0%

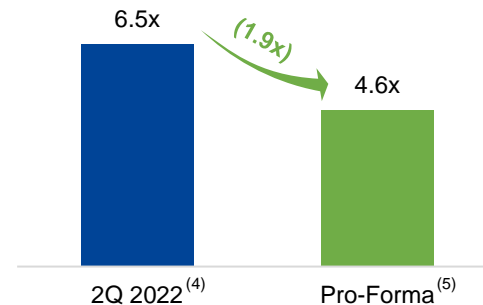
Illustrative Pro-Forma Financial Debt

MXN MM	2Q 2022	Change	Pro-Forma
Syndicated Loan	3,794	A (800)	2,994
Mortgage Debt	466	-	466
Hotel SPV Level Debt	1,286	-	1,286
Financial Debt⁽²⁾	5,546	(800)	4,746
Cash & Cash Equivalents	956	B 554	1,510
Net Financial Debt	4,589	(1,354)	3,235

Illustrative Impact on Hoteles City Balance Sheet

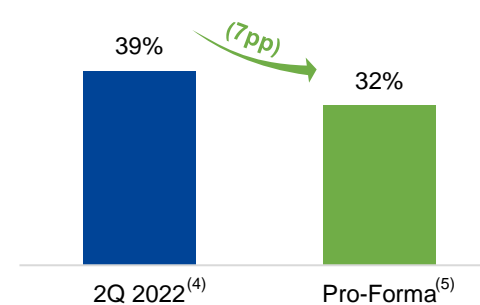
Lower Leverage

Net Financial Debt⁽²⁾ to LTM EBITDA⁽³⁾ (x) | As of 2Q22



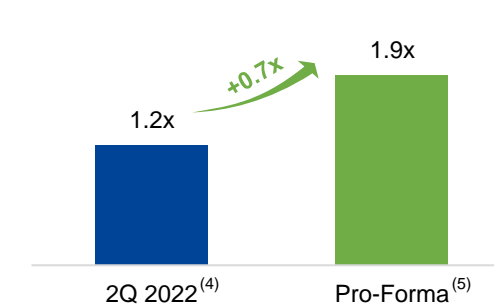
Stronger Capital Structure

Financial Debt to Total Assets (%) | As of 2Q22



Increased Liquidity Position

Cash to Current Liabilities (x) | As of 2Q22



Notes:

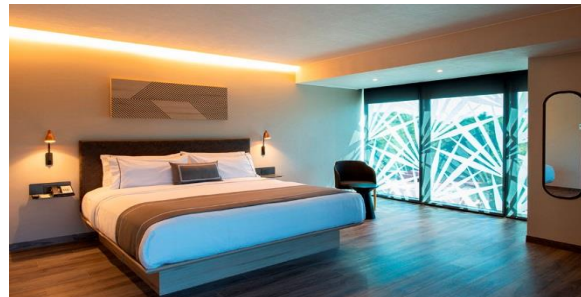
- Considers an FX rate of MXN 20.0 per USD for the sale's proceeds
- Financial Debt includes accrued interests of MXN 22MM
- 2Q 2022 LTM EBITDA of MXN 705MM
- Considers Financial Debt of MXN 5,546MM, Cash of MXN 956MM, Total Assets of MXN 14,052MM, and Current Liabilities of MXN 781MM (all at Book Value as reflected in the Balance Sheet)
- Considers Financial Debt of MXN 4,746MM, Cash of MXN 1,510MM, Total Assets of MXN 14,606MM, and Current Liabilities of MXN 781MM (all at Book Value as reflected in the Balance Sheet)

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