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Citi Venture Capital International
Citi Alternative Investments



Presentation for LAVCA

CVCI's investment in Prisma



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Citi Alternative Investments



- **History:** Founded by Victor and Joel Zorrilla, Prisma has developed and operated 1,720 rooms in eight select-service hotels with international brands with 4 hotels sold at attractive multiples
- **Financial partner:** Partnering with CVCI allows the Zorrillas to use vast experience in the hotel industry to expand their presence throughout Mexico
- **Growth plan:** Leveraging on Prisma's existing hotel portfolio CVCI invested equity capital for the development of 1,300 rooms in 7 new select-service hotels over the next four years in Mexico's leading economic hubs
- **CVCI Securities:** Series B shares with liquidation preference equal to higher of (i) principal plus accrued 8% annual dividend (which may accrue or be paid) and (ii) the pro rata share of Prisma's exit value
- **Investment Structure:** Tailorized investment structure for Prisma given its investment needs through a two tranced investment drawn down during a 24 month period.



Hampton Inn Monterrey
Galerías



Hampton Inn Torreon

Hotel portfolio

Victor and Joel
contributed 3 hotels
To the partnership



6 new hotels as
per business plan



Merits of Investment

- **Strong and Proven Management:** Proven track record of developing 1,720 rooms in 8 hotels. Hoteles Prisma's management has on average over 20 years of experience each in hotel development, construction, finance and operation.
- **Attractive investment structure:** Investment structure was at an attractive valuation for both the Zorrillas and CVCI. The Zorrillas maintain operating control while CVCI has minority veto rights with downside protection on its investment.
- **Growth Potential:** The select-service hotel industry in Mexico has significant growth potential due to the under penetration of the format and demand for a consistent quality product offering by the cost conscious business traveler. The majority of the Mexican hotel offering is composed of Mom & Pop non-branded hotels.
- **Attractive Hotel Format:** The select-service hotel segment focused on the business traveler has shown less volatility to economic shocks than traditional full service or tourism focused hotels. The select-service hotel model offers high operating profit margins with a relatively low cost per room investment yielding an attractive ROA.

Prisma is considering doubling its original business plan



- As a result of the successful execution of its business plan and market opportunity, the Company is considering to double its expansion plan
- The new expansion will call for the construction of 5 new properties throughout Mexico; the construction would begin in 2009 with openings scheduled in 2010
- These five additional properties, along with the seven from the original business plan and the three original hotels will bring Prisma's total to **2,849 rooms in 15 hotels**



Value added of CVCI/Prisma partnership

- Provided capital to accelerate growth, unlocking value in company with significant growth potential
- Further institutionalized company at governance level
 - Proactive Monitoring
 - Corporate Formalities
- Financial Guidance
 - Guidance on capital structure and liquidity management
 - Develop expense and capex budget discipline
- Expanded availability of financing options given backing of institutional investor
 - Assistance on Financing Alternatives
 - Leverage of CVCI relationship with lender banks

Exit alternatives

- IPO
- Sale