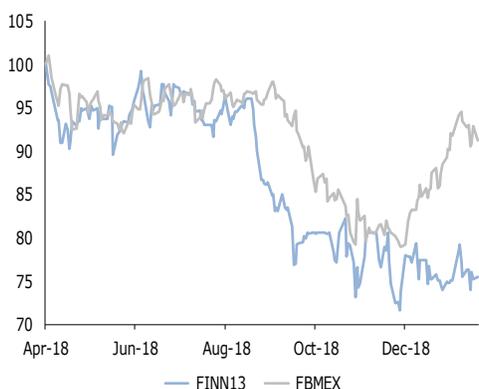


# FIBRA: 1Q19 RESULTS

## Slightly Weak Hotel Results Partially Offset by Higher Commissions from the "Hotel Factory"

### BUY

12M Target Price (MXN\$)	\$	9.50
Expected Dividend (MXN\$)	\$	0.63
Current Price (MXN\$)	\$	7.78
Potential Return		30.2%
Market cap. (MXN\$ Mn)		4,924
Cap Rate		10.2%
Div. Yield		8.0%
P/NAV		0.4x



### Opinion and Recommendation:

- **As we broadly anticipated, FIBRA INN presented slightly weak results in the traditional hotel business, which were partially offset by the commissions received by the properties that are being developed under the "Hotel Factory" scheme. For this reason, and due to last year's follow-on, the distribution for CBFI's holders decreased significantly.**
- **We are maintaining our long-term BUY recommendation on FIBRA INN due to its attractive valuation with a 10.2% cap rate, an 8.0% dividend yield and a 58% discount to NAV. In addition, we believe that FIBRA INN's results will gradually improve during the coming quarters with a more favorable macroeconomic performance and also because the company will receive additional structuring, development and administration fees from the JW Marriott Monterrey Valle from 2Q19.**

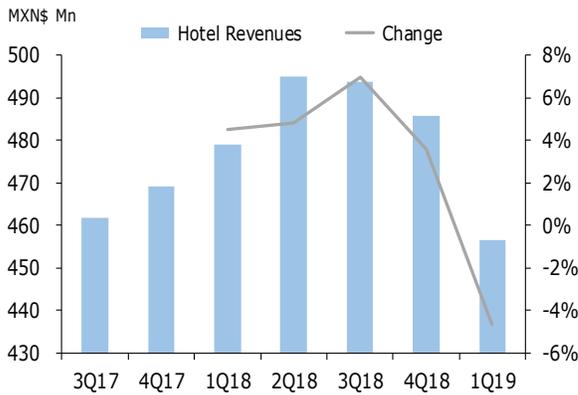
### 1Q19 Results

FIBRA INN concluded the quarter with a portfolio of 42 hotels, unchanged both annually and sequentially. The number of rooms was of 6,785 at the end of 1Q19, from 6,748 in 1Q18 and in line with those of 4Q18. Hotel revenues (which represented 95% of total) were down 4.7% YoY to MXN\$456.4 million in 1Q19. This performance was mainly due to the macroeconomic impact, which dragged down the occupancy rate by 5.1 percentage points to 58.1%. The average daily rate was MXN\$1,294, with an annual increase of 3.8%. Therefore, RevPar fell 4.6% YoY in 1Q19. The decrease in hotel revenues was partially offset by a 7.7% YoY rise in rental revenues (which contributed the remaining 5% to total revenues).

Total expenses remained practically unchanged at MXN\$320.0 million. However, they represented 66.7% of total revenues, from 64.0% in 1Q18, due to higher expenses in electricity, lodging, administration, maintenance, and property taxes. This was partially offset by lower expenses in online digital campaigns and lower royalties and insurance expenses.

Given the combination of lower revenues and stable expenses, hotel NOI decreased 11.1% YoY to MXN\$160.1 million. The NOI margin was 33.3% in 1Q19, below the 36.0% of 1Q18. The NOI

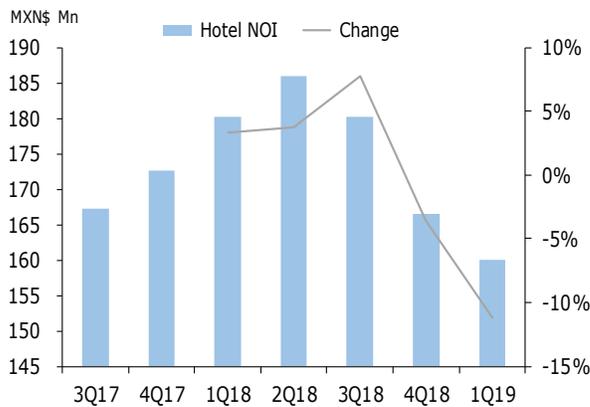
## Quarterly Results



of the other businesses included MXN\$10.6 million in fees that FIBRA INN charged to the partners of the JW Marriott Monterrey Valle for the structuring of that project. Hotel Factory's personnel and operating expenses were MXN\$4.0 million.

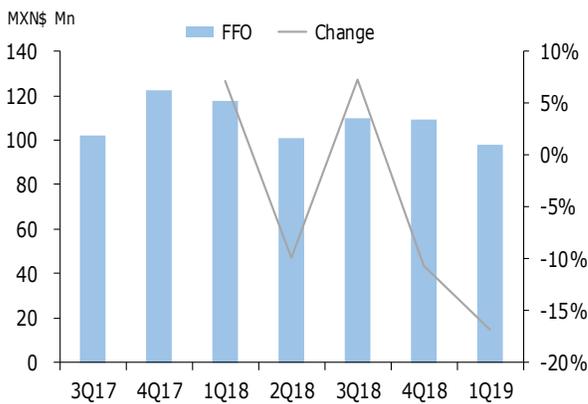
Total NOI fell 5.6% YoY to MXN\$166.7 million in 1Q19. Total NOI margin was 34.0% in 1Q19, compared to 35.3% in 1Q18. Fibra expenses were MXN\$35.0 million in 1Q19, representing 7.3% of revenues in 1Q19, from 6.1% in 1Q18, as a result of higher extraordinary maintenance, corporate, acquisition and organizational expenses.

Adjusted EBITDA decreased 7.4% YoY to MXN\$143.0 million. Adjusted EBITDA margin was 29.8% in 1Q19, from 30.9% in 1Q18.

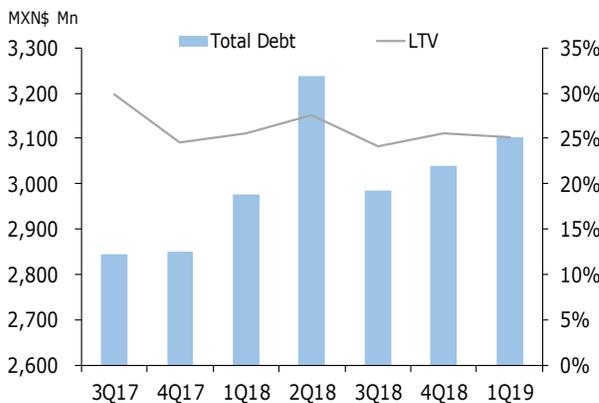


The FFO suffered a significant 16.8% YoY reduction to MXN\$117.7 million, bringing the FFO margin to 20.4% in 1Q19, from 23.5% in 1Q18.

The total distribution of the quarter was MXN\$81.1 million, which is equivalent to MXN\$0.1565 per CBF. This compares with a total distribution of MXN\$109.1 million in 1Q18, equivalent to MXN\$0.2511 per CBF. The significant decline in the 1Q19 distribution was due to the 19% increase in the number of outstanding CBFs as a result of last year's "follow-on", in addition to the weakness of the company's quarterly results. We believe that this situation will tend to normalize during the coming quarters.



FIBRA INN maintained a solid financial structure with a Loan-to-Value of 26.7%. The Fibra can raise additional debt amounting to MXN\$1.15 billion without exceeding the 33.0% Loan-to-Value limit established by the Technical Committee.



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