

FIBRA INN

Low Occupancy Rate in August

BUY

Target Price 2019E (MXN\$)	\$ 8.20
Current Price (MXN\$)	\$ 7.13
Max / Min (L12M - MXN\$)	6.43 - 12.19
Expected Dividend (MXN\$)	\$ 0.15
Total Return	17.1%
Mkt Cap (Mn of MXN)	3,770
Enterprise Value (Mn of MXN\$)	6,502
CBFI's Outstanding (Mn)	528.8
Float	84.6%
ADTV (MXN\$ Mn)	\$ 3.16



FIBRA INN presented its hotel indicators for the month of August, which continued to show a lower occupancy, both annually and monthly, partially offset by a slight improvement in the average daily rate. These results are in line with our expectations, which is why we are maintaining our BUY recommendation and year-end target price of MXN\$8.20 per CBFI. We believe that the occupancy rate will remain around current levels during the rest of the year and will bounce back in 2020.

Regarding same store sales, which included 41 hotels in operation, FIBRA INN registered an occupancy rate of 57.8% in August this year, which was below last year's 64.0% level, we believe as a result of the prevailing macroeconomic situation, as well as the lack of signing of the USMCA. However, the average daily rate per room rose 1.8% YoY to MXN\$1,272.5. This resulted in a 8.0% YoY reduction in the RevPar (calculated as occupancy rate multiplied by average daily rate) to P \$ 736.0, which in turn generated a 6.1% YoY reduction in hotel revenues to MXN\$151.1 million.

In terms of total sales, which included 41 hotels in August of this year and 43 in August of the previous year, the occupancy rate fell 5 percentage points annually. The average daily rate per room rose 3.1% YoY, thereby the RevPar decreased 5.1% YoY and hotel revenues fell 8.4% YoY.

On the other hand, FIBRA INN announced that it has finalized the sale of the Holiday Inn & Suites Guadalajara Centro Histórico hotel for P\$99 million +VAT. The Fibra will use these funds for hotel remodelings, projects under the "Hotel Factory" and share buy-backs.

Same-store sales	Aug-19	Aug-18	Chg. YoY	Jul-19	Chg. MoM
Hotels	41	41		41	
Room Revenue (MXN\$ Mn)	\$ 151.10	\$ 160.90	-6.1%	\$ 157.60	-4.1%
Occupancy	57.8%	64.0%	-6.2 PP	63.1%	-5.3 PP
ADR (MXN\$)	\$ 1,272.5	\$ 1,250.3	1.8%	\$ 1,243.7	2.3%
RevPar (P\$)	\$ 736.0	\$ 799.7	-8.0%	\$ 784.8	-6.2%
Total Monthly Sales	Aug-19	Aug-18	YoY Chg.	Jul-19	MoM Chg.
Hotels	41	43		42	
Room Revenue (MXN\$ Mn)	\$ 151.10	\$ 164.90	-8.4%	\$ 163.70	-7.7%
Occupancy	57.8%	62.8%	-5.0 PP	63.1%	-5.3 PP
ADR (MXN\$)	\$ 1,272.50	\$ 1,234.30	3.1%	\$ 1,255.30	1.4%
RevPar (P\$)	\$ 736.00	\$ 775.20	-5.1%	\$ 791.40	-7.0%

Source: FIBRA INN

Disclaimer

The current report was prepared by Miranda Global Research ("Miranda GR") for Vector Casa de Bolsa, S.A. de C.V. The information is presented in summarized form and is not meant to be complete. There are no declarations or guarantees, expressed or implicit, in respect to the accuracy, impartiality or integrity of the information.

Miranda GR, in accordance to applicable legislation, has made sure that the presented personalized recommendation is reasonable to the client, as it has verified congruency between the client's profile and the profile of the financial product. Under no circumstance should it be understood that the fulfillment of the previously mentioned recommendation, guarantees the result or the success of the proposed strategies in the presented document.

The information included in this presentation was obtained from public and/or private sources. Projections or previsions included in this presentation, are a generalized recommendation and are based on subjective assumptions and estimations about events and circumstances that have not yet happened and are subjected to significant variations. Therefore, it is not possible to guarantee that any of the results included in the current report will happen in the future, in other words, it does not guarantee the result or the success of the posed strategies.

This report has been prepared solely with informational purposes. No declarations are made in respects to precision, sufficiency, veracity or accuracy of the information and opinions hereby included. Miranda GR will not answer (either because of negligence or for any other reason) for any damage or detriment derived or related to the use of this report or its content, or any connection to the report. Miranda GR is not responsible for the use or association with this report, including but not limited to, any declaration, expressed or implicit or guarantees or omissions included in this information.

This report is based on facts and/or events that have happened up to this date, consequently any future facts and/or events can impair the conclusions hereby expressed. Miranda GR does not assume any responsibility to update, review, rectify or invalidate this report based on any future occurrence.

The opinions related to this report eventually expressed by Miranda GR, should be considered only as suggestions/recommendations to better operate various topics related to the presentation.

This report and its contents are property of Miranda GR and cannot be reproduced or broadcast in part or in its entirety without the previous written consent of Miranda GR.

Miranda Global Research receives fees from FIBRA INN for independent analyst services.