

## **FIBRA INN (BUY, T.P. MXN\$7.50)**

### Two groups plan to acquire significant equity stakes

FIBRA INN announced that two groups plan to acquire significant stakes. The first group includes Origin Patrimonial S.A. de C.V. and/or Factoring Azteca, S.A. de C.V. by themselves or through their shareholders or legal representatives José Carlos Laviada Ocejo, Laura Renee Diez Barroso Azcárraga and Diego Andrés Cisneros Salas. This group requested authorization from FIBRA INN's Technical Committee to acquire, through the open market and/or through the ownership of the Founders Trust, up to less than 30% of outstanding CBFIs. This transaction was approved by FIBRA INN's Technical Committee at its December 15<sup>th</sup> meeting.

Additionally, the group of Comercial Hotelera Mexicana de Occidente, S.A. de C.V., Hotel Financing Found LLC and Ernesto Fernando Echavarría Salazar requested authorization from FIBRA INN's Technical Committee to acquire, any of them individually or jointly, a minimum of 40% to a maximum of 49%, of outstanding CBFIs and / or of the corporate, economic rights or rights of any nature corresponding to FIBRA INN by carrying out a mandatory tender offer. The Technical Committee also authorized this operation in its December 15<sup>th</sup> session.

We believe that these possible transactions highlight FIBRA INN's solid fundamentals as well as its attractive valuation. Our fundamental recommendation is BUY. We are updating our target price to MXN\$7.50/CBFI, from MXN\$5.50/CBFI.

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## Discounted Cash Flow Model

MXN\$ Mn	2023E	2024E	2025E	2026E	2027E	Perp.
Total NOI	705	770	843	922	1,006	1,073
Indirect Expenses	(158)	(172)	(186)	(202)	(218)	(232)
Acquisition and Organization Expenses / Capex	11	12	13	14	15	16
Adjusted EBITDA	558	610	669	734	803	856
Interest Gains	23	25	27	29	32	34
Interest Expenses	(445)	(455)	(461)	(457)	(486)	(518)
FX Gain (Loss)	(11)	(11)	(12)	(12)	(12)	(13)
FFO	125	169	224	294	337	359
Maintenance Capex	(64)	(70)	(75)	(82)	(88)	(94)
AFFO	60	100	149	212	249	265
AFFO before interest payments	483	530	582	640	703	749
Perpetuity Growth Rate						6.6%
PV of Explicit Period (2023 -2027E)						2,216
Perpetuity Value						9,040
PV of Perpetuity Value						5,732
Enterprise Value						7,948
Net Debt						4,171
Market Value						3,777
<i>Outstanding CBF's</i>						504
Target Price						P\$ 7.50
Current Price						P\$ 5.87
Potential Return incl/ Div.						29.2%
Target Multiples						
Cap Rate						7.7%
Dividend Yield						1.1%
P/ AFFO						89.2x
Average Cost of Debt						9.3%
Cost of Capital						9.7%
Market Risk Premium						6.0%
Risk Free Rate						8.8%
Beta						0.14
% of Debt						37%
% of Capital						63%
WACC						9.5%

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