

HCITY (BUY, T.P. MXN\$11.00)

Will reduce debt with net proceeds from the sale of its 50% of City Express Plus by Marriott SLP and the acquisition of 50% of City Express by Marriott SLP Universidad

As part of its asset recycling strategy, NORTE 19 announced it sold a 50% equity stake in the City Express Plus by Marriott San Luis Potosí hotel for MXN\$110 million, above replacement cost and book value. In addition, it will stop consolidating this property's debt of another MXN\$95 million. As a result, NORTE 19's portfolio will have 151 hotels and 17,394 rooms. At the same time, the company acquired the remaining 50% equity stake of City Express by Marriott San Luis Potosí Universidad hotel for MXN\$52 million. It will use the net proceeds of MXN\$58 million to prepay its syndicated loan, thus reducing interest payments and leverage, which we consider to be favorable news.

October 18th, 2024

Martin Lara
+5255-6413-8563
martin.lara@miranda-gr.com

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