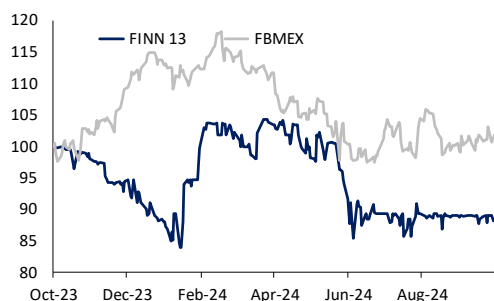


FIBRA INN: 3Q24 Results

Neutral quarter with revenues, EBITDA, NOI and FFO in line with expectations

FINN 13	BUY
Target Price (MXN\$)	\$ 8.50
Current Price (MXN\$)	\$ 4.70
Min / Máx (L12 M)	4.69 - 5.88
Expected Dividend (MXN\$)	\$ 0.23
Expected Return	85.7%
Market Cap. (MXN\$)	3,649
Outstanding CBFIs	776.4
Float	95.1%
ADTV (MXN\$ Mn)	\$ 0.74



Opinion and recommendation

FIBRA INN reported neutral 3Q24 results with revenues, NOI, EBITDA and FFO that were in line with our projections. We reiterate our BUY recommendation with a MXN\$8.50/CBFI target price, after having updated our model.

The valuation of FIBRA INN's CBFIs continues to be attractive as they currently trade at a 12.2% cap rate and 59% discount to NAV.

FIBRA INN expects to maintain a conservative strategy, focusing on improving its ADR's and occupancy to maximize profitability and generate high returns for investors. In addition, it continues to analyze investment opportunities that generate long-term value and that meet its profitability standards.

3Q24 Results

FIBRA INN's total revenues increased 4.2% YoY to MXN\$590.4 million (in line with our MXN\$590.3 million estimate), mainly due to a 5.3% rise in hotel revenues, which was partially offset by a 21.8% decrease in leasing revenues.

The ADR of hotels in operation rose 8.5% to MXN\$1,806 thanks to a favorable FX effect. However, occupancy decreased 2.3 PP to 61.4% because of seasonal and political factors. RevPar thus improved 4.6% to MXN\$1,109, driven by the tariff adjustment.

NOI fell 4.2% YoY to MXN\$176.6 million (vs. MXN\$176.8 million E), with a 29.9% margin, lower than the 32.5% of the previous year, due to higher operating expenses (room expenses +9.2% and administrative expenses +11.5%).

For its part, FFO grew 10.9% YoY to MXN\$103.5 million (vs. MXN\$103.1 million E), thanks to a 1 PP expansion in the margin to 17.5%, benefiting from lower financial expenses. The Fibra expects to distribute MXN\$55.4 million (MXN\$0.075/CBFI) as capital reimbursement corresponding to 3Q24 results. This figure represents 67% of AFFO.

Martin Lara

+5255-6413-8563

martin.lara@miranda-gr.com

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LTV was 29.1% at the end of 3Q24, practically in line with 29.3% in 3Q23. During the quarter, the Fibra prepaid debt with higher rates, generating a 5 bps improvement in the average debt cost.

(Figures in MXN\$ Mn)	3Q24E	3Q24E	Diff.	3Q23E	Change
Total Revenues	590	590	0.0%	569	3.8%
Lodging Revenues	572	572	0.0%	543	5.3%
Property Leasing	18	18	0.5%	23	-21.8%
Operating Expenses	-414	-414	0.1%	-382	8.3%
Total NOI	177	177	-0.1%	187	-5.4%
<i>Total NOI Margin</i>	29.9%	30.0%		32.8%	
Adjusted EBITDA	142	149	-4.6%	149	-4.8%
<i>Adjusted EBITDA Margin</i>	24.1%	25.3%		26.3%	
FFO	103	103	0.4%	93	10.9%
<i>FFO Margin</i>	17.5%	17.5%		16.4%	

Discounted Cash Flow Model

MXN\$ Mn	2025E	2026E	2027E	2028E	2029E	Perp.
FFO	449	482	513	562	615	643
Maintenance Capex	-88	-94	-100	-106	-112	-117
AFFO	361	389	414	457	503	526
Interest Gains	132	94	75	80	85	88
Interest Expenses	-386	-386	-409	-404	-408	-427
AFFO before interest payments	615	681	747	781	826	865
Perpetuity Growth Rate						4.6%
PV of Explicit Period (2025 -2029E)						2,605
Perpetuity Value						12,144
PV of Perpetuity Value						6,233
Enterprise Value						8,838
Net Debt						2,238
Market Value						6,599
<i>Outstanding CBF's</i>						776
Target Price						P\$ 8.50
Current Price						P\$ 4.70
Potential Return incl/ Div.						85.7%
Average Cost of Debt						9.2%
Cost of Capital						12.9%
Market Risk Premium						6.0%
Risk Free Rate						10.4%
Beta						0.41
% of Debt						30%
% of Capital						70%
WACC						11.8%

(Figures in MXN\$ Mn)

INCOME STATEMENT	2023	2024E	2025E	2026E	2027E	2028E	2029E
Lodging Revenues	2,146.4	2,298.3	2,433.5	2,596.5	2,769.7	2,930.9	3,101.4
Property Leasing	79.1	70.0	73.0	77.9	83.1	87.9	93.0
Total Revenues	2,231.3	2,368.3	2,506.5	2,674.4	2,852.8	3,018.8	3,194.4
Operating Expenses	- 1,499.7	- 1,623.4	- 1,681.8	- 1,783.8	- 1,897.1	- 1,998.5	- 2,114.7
Total NOI	731.6	745.0	824.6	890.6	955.7	1,020.4	1,079.7
<i>Total NOI Margin</i>	32.8%	31.5%	32.9%	33.3%	33.5%	33.8%	33.8%
Indirect Expenses	- 228.4	- 130.9	- 175.5	- 187.2	- 199.7	- 211.3	- 223.6
EBITDA	503.1	614.1	649.2	703.4	756.0	809.1	856.1
<i>EBITDA Margin</i>	22.5%	25.9%	25.9%	26.3%	26.5%	26.8%	26.8%
Acquisition and Organization Expenses	25.1	2.4	32.6	34.8	37.1	39.2	41.5
Adjusted EBITDA	528.3	611.7	681.8	738.1	793.1	848.3	897.6
<i>Adjusted EBITDA Margin</i>	23.7%	25.8%	27.2%	27.6%	27.8%	28.1%	28.1%
Operating Profit	11.1	479.4	514.1	562.0	610.6	653.1	685.8
<i>Operating Margin</i>	0.5%	20.2%	20.5%	21.0%	21.4%	21.6%	21.5%
Net Profit	- 239.7	306.1	267.9	280.3	290.9	347.2	383.0
FFO	240.5	416.8	448.5	482.4	513.4	562.4	614.8
<i>FFO Margin</i>	10.8%	17.6%	17.9%	18.0%	18.0%	18.6%	19.2%
FFO per CBFI	\$ 0.344	\$ 0.537	\$ 0.578	\$ 0.621	\$ 0.661	\$ 0.724	\$ 0.792
BALANCE SHEET	2023	2024E	2025E	2026E	2027E	2028E	2029E
TOTAL ASSETS	13,580.8	13,450.3	14,072.7	14,613.7	15,036.3	15,419.4	15,899.0
Current Assets	2,193.9	1,974.2	1,575.6	1,132.1	1,193.4	1,250.5	1,310.9
Long-Term Assets	11,386.9	11,476.1	12,497.0	13,481.7	13,842.9	14,168.8	14,588.1
Property, Plant and Equipment	11,176.5	11,287.6	12,308.0	13,292.0	13,652.5	13,977.7	14,396.2
TOTAL LIABILITIES	4,503.6	4,375.4	4,578.3	4,703.0	4,712.0	4,649.1	4,672.4
Current Liabilities	563.4	530.9	733.8	658.5	667.5	604.6	627.9
Long-Term Liabilities	3,940.3	3,844.5	3,844.5	4,044.5	4,044.5	4,044.5	4,044.5
Total Debt	3,932.6	3,896.1	4,090.5	4,200.2	4,192.7	4,114.9	4,121.2
Net Debt	2,010.0	2,238.2	2,837.2	3,397.9	3,336.9	3,209.3	3,162.9
Trustee's Capital	9,077.1	9,074.9	9,494.3	9,910.8	10,324.3	10,770.3	11,226.6
Minority Interest	1,184.0	1,176.9	1,231.3	1,285.3	1,338.9	1,396.7	1,455.9
Stockholder's Equity	7,893.1	7,855.1	8,212.8	8,571.6	8,927.3	9,309.2	9,699.7

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