

FIBRA INN: 4Q24 Results

Favorable results due to strong ADR increase; revenues and NOI in line, but FFO exceeded our estimates

FINN 13	BUY
Target Price (MXN\$)	\$ 8.50
Current Price (MXN\$)	\$ 4.99
Min / Máx (L12 M)	4.63 - 5.88
Expected Dividend (MXN\$)	\$ 0.33
Expected Return	77.0%
Market Cap. (MXN\$)	3,738
Outstanding CBFIs	749.0
Float	95.1%
ADTV (MXN\$ Mn)	\$ 0.38

Opinion and recommendation

FIBRA INN reported favorable quarterly results that were in line with our expectations in terms of revenues and NOI, but above in FFO. We expect a positive short-term reaction and reiterate our BUY recommendation with a MXN\$8.50/CBFI target price.

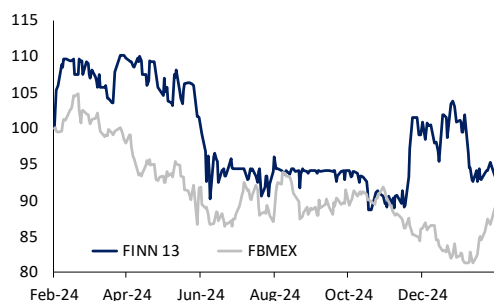
The valuation of FIBRA INN's CBFIs remains very attractive as they currently trade at a 12.8% cap rate and a 61% discount to NAV.

4Q24 Results

Total revenues were up 6.2% YoY mainly due to a 6.9% increase in lodging revenues, supported by an 11.3% ADR rise, partially offset by a 3.5 PP drop in occupancy levels to 60.0%. Lease revenues decreased 11.2%.

NOI grew 3.2% YoY due to higher operating expenses. However, FFO was up 162.9% YoY driven by a 61.3% reduction in non-operating expenses, highlighting a 73.4% fall in administrative expenses. FFO margin registered a 12 PP expansion to 20.2%. In addition, AFFO advanced 255.2% YoY, while the margin improved 11.7 PP to 16.7%. The Fibra expects to distribute MXN\$66.2 million (MXN\$0.09/CBFI) corresponding to the 4Q24 results no later than March 30th. This figure represents 65% of the AFFO for the period.

FIBRA INN expects to carry out the acquisition of a property, possibly on the beach, to diversify its portfolio, taking advantage of its low leverage with an LTV of 27.8% and MXN\$1.71 billion cash position.



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February 27th, 2025

(Figures in MXN\$ Mn)	4Q24	4Q24E	Diff.	4Q23	Change
Total Revenues	614	614	-0.0%	578	6.2%
Lodging Revenues	594	594	-0.0%	556	6.9%
Property Leasing	20	20	0.2%	22	-11.2%
Operating Expenses	-419	-419	-0.0%	-390	7.6%
Total NOI	195	195	-0.0%	189	3.2%
<i>Total NOI Margin</i>	31.7%	31.7%		32.6%	
Adjusted EBITDA	168	168	0.0%	99	69.7%
<i>Adjusted EBITDA Margin</i>	27.4%	27.4%		17.1%	
FFO	124	110	12.7%	47	162.9%
<i>FFO Margin</i>	20.2%	17.9%		8.2%	

Discounted Cash Flow Model

MXN\$ Mn	2026E	2027E	2028E	2029E	2030E	Perp.
FFO	518	555	604	668	735	759
Maintenance Capex	-96	-102	-108	-115	-121	-125
AFFO	422	453	495	553	614	633
Interest Gains	107	89	95	100	106	110
Interest Expenses	-386	-407	-404	-405	-408	-421
AFFO before interest payments	701	771	804	857	915	945
Perpetuity Growth Rate						3.2%
PV of Explicit Period (2026 -2030E)						2,920
Perpetuity Value						11,504
PV of Perpetuity Value						6,013
Enterprise Value						8,933
Net Debt						2,567
Market Value						6,366
<i>Outstanding CBFI's</i>						749
Target Price						P\$ 8.50
Current Price						P\$ 4.99
Potential Return incl/ Div.						76.9%
Average Cost of Debt						9.1%
Cost of Capital						12.4%
Market Risk Premium						6.0%
Risk Free Rate						9.9%
Beta						0.41
% of Debt						29%
% of Capital						71%
WACC						11.4%

(Figures in MXN\$ Mn)

INCOME STATEMENT	2024	2025E	2026E	2027E	2028E	2029E	2030E
Lodging Revenues	2,316.6	2,495.4	2,663.8	2,842.7	3,008.9	3,184.6	3,370.3
Property Leasing	72.6	74.9	79.9	85.3	90.3	95.5	101.1
Total Revenues	2,389.2	2,570.3	2,743.7	2,928.0	3,099.2	3,280.1	3,471.4
Operating Expenses	- 1,633.5	- 1,755.5	- 1,852.0	- 1,967.6	- 2,076.4	- 2,191.1	- 2,308.5
Total NOI	755.8	814.8	891.7	960.4	1,022.7	1,089.0	1,162.9
<i>Total NOI Margin</i>	<i>31.6%</i>	<i>31.7%</i>	<i>32.5%</i>	<i>32.8%</i>	<i>33.0%</i>	<i>33.2%</i>	<i>33.5%</i>
Indirect Expenses	- 126.8	- 156.8	- 167.4	- 178.6	- 189.0	- 200.1	- 211.8
EBITDA	629.0	658.0	724.3	781.8	833.7	888.9	951.2
<i>EBITDA Margin</i>	<i>26.3%</i>	<i>25.6%</i>	<i>26.4%</i>	<i>26.7%</i>	<i>26.9%</i>	<i>27.1%</i>	<i>27.4%</i>
Acquisition and Organization Expenses	0.7	33.4	35.7	38.1	40.3	42.6	45.1
Adjusted EBITDA	629.7	691.4	760.0	819.8	874.0	931.5	996.3
<i>Adjusted EBITDA Margin</i>	<i>26.4%</i>	<i>26.9%</i>	<i>27.7%</i>	<i>28.0%</i>	<i>28.2%</i>	<i>28.4%</i>	<i>28.7%</i>
Operating Profit	- 88.5	413.9	498.3	557.2	601.9	647.8	700.4
<i>Operating Margin</i>	<i>-3.7%</i>	<i>16.1%</i>	<i>18.2%</i>	<i>19.0%</i>	<i>19.4%</i>	<i>19.7%</i>	<i>20.2%</i>
Net Profit	- 252.3	179.4	230.0	252.7	311.7	363.8	419.4
FFO	442.0	469.9	517.6	555.4	603.8	667.6	735.3
<i>FFO Margin</i>	<i>18.5%</i>	<i>18.3%</i>	<i>18.9%</i>	<i>19.0%</i>	<i>19.5%</i>	<i>20.4%</i>	<i>21.2%</i>
FFO per CBFI	\$ 0.575	\$ 0.627	\$ 0.691	\$ 0.741	\$ 0.806	\$ 0.891	\$ 0.982
BALANCE SHEET	2024	2025E	2026E	2027E	2028E	2029E	2030E
TOTAL ASSETS	13,900.3	14,321.9	14,839.6	15,129.6	15,490.8	15,884.1	16,173.5
Current Assets	2,003.8	1,711.3	1,264.6	1,336.3	1,402.8	1,473.1	1,547.5
Long-Term Assets	11,896.5	12,610.6	13,575.0	13,793.3	14,088.0	14,411.0	14,626.0
Property, Plant and Equipment	11,631.6	12,345.1	13,308.9	13,526.5	13,820.5	14,142.7	14,357.0
TOTAL LIABILITIES	4,427.4	4,566.5	4,778.3	4,759.9	4,781.4	4,820.2	4,739.2
Current Liabilities	573.9	713.0	724.8	706.5	728.0	766.7	685.7
Long-Term Liabilities	3,853.5	3,853.5	4,053.5	4,053.5	4,053.5	4,053.5	4,053.5
Total Debt	3,858.3	3,980.9	4,179.7	4,145.7	4,152.4	4,175.7	4,078.8
Net Debt	2,145.2	2,567.2	3,219.4	3,120.9	3,067.7	3,027.7	2,863.8
Trustee's Capital	9,473.0	9,755.4	10,061.3	10,369.7	10,709.4	11,063.9	11,434.3
Minority Interest	1,423.5	1,465.9	1,511.9	1,558.2	1,609.3	1,662.6	1,718.2
Stockholder's Equity	8,049.5	8,224.9	8,479.8	8,735.8	9,017.0	9,308.8	9,612.7

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