

VINTE (BUY, T.P. MXN\$55.0)

Announces agreement to acquire 100% of Derex Desarrollo Residencial

VINTE announced it has signed an agreement to acquire 100% of the shares of Derex Desarrollo Residencial, S.A. de C.V., which operates primarily in the states of Sonora and Baja California and has built more than 23,000 homes in its 20 years of operation. Derex builds approximately 600 homes per year (around 4% of VINTE's current volume) in the cities of Hermosillo, Tijuana, and Nogales and has a leverage of 2.25x. In 2018, it received the National Housing Award and was included in a Harvard University case study. The transaction amount was not disclosed, but VINTE stated that its leverage will increase by only 0.06x.

We believe this transaction is strategically positive for VINTE, as it will consolidate its position as Mexico's largest developer and complement the company's presence in the Northwest region. In fact, VINTE has a development underway in Tijuana, which will be operated by Derex. We reiterate our BUY recommendation with a MXN\$55.00/share target price.

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