



## Update Regarding First Item of the Extraordinary Bondholders' Meeting Agenda for FINN18 Holders to be held on July 27, 2020

**Monterrey, Mexico, July 23, 2020** – Deutsche Bank Mexico, S.A., Banking institution, Trust Division F/1616 or Fibra Inn (BMV: FINN13, ADR OTC: DFBRY) (“Fibra Inn” or “the Company”), a Mexican real estate investment trust internally managed specializing in the hotel industry serving the traveler with global brands, informs regarding each of the discussion items for the Extraordinary Bondholders' Meeting of FINN18 (“the Meeting”) that will take place on July 27, 2020. This is in order to ensure that bondholders receive timely and transparent information prior to the Meeting. These items, as well as all the information that will be presented at the Meeting, may be found at: <https://www.fibrainn.mx/site/en/cbfi-holder-information/>

### Extraordinary Bondholders' Meeting of CBF Holders FINN18

Fibra Inn shares its opinion about the agenda of the Extraordinary Bondholders' Meeting to be held at 11:00 am as follows:

- 1. Presentation, discussion and submission for approval for a temporary waiver to grant Fibra Inn with respect to compliance with the debt service covenant provided in subsection (iii), section k, clause twenty-third of the title of FINN18 Certificates.**

In accordance with Fibra Inn's strategy to incorporate into its hotel portfolio luxury properties with high barriers to entry, since its inception the capital structure was defined as 60% equity and 40% debt; as such Fibra Inn has been negotiating the corresponding bank loans since 2019.

Fibra Inn has been working to obtain the financing necessary to develop the Westin Monterrey Valle hotel (up to Ps. 315 million) to recover the temporary financing given to the project for up to Ps. 278 million, in order to strengthen its liquidity position.

Additionally, in order to keep a healthy liquidity level in light of the current situation of the country, as well as to keep the hotel portfolio at competitive levels, Fibra Inn expects to utilize up to Ps. 400 million in the Trust F/1616 for temporary financing of the VAT tax, working capital, financial expenses, among others.

Due to the COVID-19 health emergency and its effects on Fibra Inn's income and, consequently, its EBITDA, it is considered likely that as of 2Q20, the Company will not meet its debt service ratio stipulated in section (iii), fraction k, twenty-third clause of the title related to the FINN 18 certificates. This implies that Fibra Inn and its subsidiary Trust CIB/3096 of the Westin Monterrey Valle hotel may not acquire additional debt until the minimum level required is met (1.5 times of the Available Consolidated Income for the Debt Service of the last four quarters plus the proforma applied to the resources of the new debt



divided by the Debt Service of the last four quarters plus the proforma of the 12-month period of the additional Debt Service).

Throughout the tenure of the debt issuance, Fibra Inn has complied with the obligations determined in the FINN 18 Title, including the required levels of the financial covenants.

Financial Covenants - Debt Issuance							
Covenants		1T17	2T17	3T17	4T17	1T18	2T18
Loan to Value	Equal or lower than 50%	29.5%	29.9%	29.9%	24.7%	25.8%	27.3%
Debt Service Coverage	Equal or higher than 1.0	2.9	3.1	2.4	2.1	2.1	2.4
Debt Service	Equal or higher than 1.5	5.5	4.9	4.5	4.4	2.6	2.5
Total Assets no taxable	Equal or higher than 150%	326%	322%	322%	384%	334%	335%
Debt to Total Assets	Equal or lower than 40%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Financial Covenants - Debt Issuance								
Covenants		3T18	4T18	1T19	2T19	3T19	4T19	1T20
Loan to Value	Equal or lower than 50%	24.3%	25.2%	26.7%	26.5%	27.6%	30.2%	30.7%
Debt Service Coverage	Equal or higher than 1.0	3.4	3.0	2.3	1.9	1.6	1.8	2.2
Debt Service	Equal or higher than 1.5	2.8	2.8	2.7	2.6	1.8	1.8	1.7
Total Assets no taxable	Equal or higher than 150%	379%	364%	370%	383%	378%	342%	305%
Debt to Total Assets	Equal or lower than 40%	0.0%	0.0%	1.7%	1.6%	1.6%	1.7%	3.5%

Projections of the financial ratios for 2020 and 2021 are presented below:

Financial Covenants - Debt Issuance									
Covenants		1T20	Projection 2T20	Projection 3T20	Projection 4T20	Projection 1T21	Projection 2T21	Projection 3T21	Projection 4T21
Loan to Value	Equal or lower than 50%	30.7%	33.1%	36.1%	37.4%	37.4%	36.2%	36.2%	36.2%
Debt Service Coverage	Equal or higher than 1.0	2.2	1.7	1.8	1.9	2.0	2.3	2.4	2.9
Debt Service	Equal or higher than 1.5	1.7	1.0	0.5	0.2	0.2	0.6	1.0	1.2
Total Assets no taxable	Equal or higher than 150%	305%	315%	304%	283%	283%	291%	291%	291%
Debt to Total Assets	Equal or lower than 40%	3.5%	6.8%	11.0%	10.9%	10.9%	10.2%	10.2%	10.2%

The temporary waiver related to Fibra Inn's obligation (its compliance is essential to acquire additional financing) is requested in order to permit Fibra Inn and its subsidiaries to access additional debt in the upcoming months that will permit an important recovery of resources, with the following characteristics:

- The credit for the Westin Monterrey Valle hotel will not be more than Ps. 315 million and will not be amortized against the assets of Fibra Inn (it is guaranteed exclusively by the project's cash flow and assets of its Subsidiary the Trust CIB/3096).
- The additional debt for the temporary financing of Fibra Inn's short term requirements shall not be higher than Ps. 400 million.
- The financing of the JW Marriott Monterrey hotel development -for up to Ps. 612 million in preferred debt and financing for the recoverable VAT of up to Ps. 140 million- does not require a waiver as it was signed in January 2020, when the ratio still complied. Currently, more than 66% of the total available of this credit has been utilized and the remaining amount will be tapped during the rest of the construction, equipping and opening of the hotel. This will not be amortized against the assets of Fibra Inn (it is guaranteed by the project's assets and cash flow of its Subsidiary the Trust CIB/3097).
- The financing for Fibra Inn (up to Ps. 400 million) and for its Subsidiary the Trust CIB/3096 (the Westin Monterrey Valle hotel up to Ps. 315 million) are approved by



its respective committees at Fibra Inn, and the one related to the Westin Monterrey Valle hotel project is also authorized by its own corporate governance.

- In regard to the financing of up to Ps. 400 million, we estimate to amortize such credit with the VAT recovered, which currently is in process; as well as the resources generated from the disinvestment of non-strategic assets. The financing of the Subsidiary of the Trust CIB/3096 (the Westin Monterrey Valle hotel) will be amortized with the cash flow generated by the operation of the hotel.
- The resources obtained from the referred financing will be used to finance Fibra Inn's requirements (working capital, debt service, etc.) and the necessary CAPEX to protect the competitiveness and profitability of the hotels of the current portfolio.
- The waiver for compliance of the referred ratio will be effective from the date of its approval by the Bondholders' Meeting and until Fibra Inn reaches an EBITDA (equivalent to the Consolidated Income Available defined in the FINN 18 Title) of the last four quarters higher than Ps. 625 million or for a period not exceeding the first quarter 2022, whichever occurs first; with the understanding that (i) for the remainder period of time of the FINN18 issuance, Fibra Inn must comply with a maximum limit of Guaranteed Debt (as defined in the Title of the FINN 18 Certificates) of 15% (which will be the reason why the Title referred exclusively to reflect this change) and (ii) the use of resources from credit lines for up to Ps. 400 million must be used to finance short-term requirements, such as recoverable VAT, working capital, financial expenses, among others.

The Management considers that acquiring these abovementioned credits will strengthen the liquidity of the Trust and the loan to value could reach an estimated 37% during the fourth quarter of 2020.

The Company recommends voting **FOR** this item.

## **2. Appointment of Special Delegates to fulfill the resolutions approved during the Meeting.**

At this point, the Common Representative's will be proposed as a Special Delegate to publish the resolutions authorized at the Bondholders' Meeting. Likewise, Fibra Inn's Chief Executive Officer and Chief Financial Officer will be proposed as Special Delegates to carry out the necessary actions related to the resolutions adopted in this Meeting.

The Company recommends voting **FOR** this item.

## **3. Transcription, drafting and, as applicable, submission for approval of the Meeting Minutes.**

At this point, all of the approvals of the Meeting must be presented in the minutes of the Meeting.

The Company recommends voting **FOR** this item.

The Company is committed to providing bondholders with sufficient timeliness and transparency in anticipation of the next Bondholders' Meeting, in order to promote a voting process that is aligned with best corporate practices. Fibra Inn is certain that by sharing this level of information,



each CBFi holder shall be able to make decisions using the best information available for the individual and collective benefit of Fibra Inn's bondholders.

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### **About the Company**

Fibra Inn is a Mexican trust formed primarily to acquire, develop and rent a broad range of hotel properties in Mexico aimed at the business traveler. The Company has signed franchise, license and brand usage agreements with international hotel brands for the operation of global brands as well as the operation of national brands. Additionally, the Company has development agreements. These hotels enjoy some of the industry's top loyalty programs. Fibra Inn trades its Real Estate Certificates (Certificados Bursátiles Fiduciarios Inmobiliarios or "CBFIs") on the Mexican Stock Exchange under the ticker symbol "FINN13"; its ADRs trade on the OTC market in the U.S. under the ticker symbol "DFBRY".

[www.fibrainn.mx](http://www.fibrainn.mx)

#### Note on Forward-Looking Statements

This press release may contain forward-looking statements. These statements are statements that are not historical facts and are based on management's current view and estimates of future economic circumstances, industry conditions, Company performance and financial results. Also, certain reclassifications have been made to make figures comparable for the periods. The words "anticipates", "believes", "estimates", "expects", "plans" and similar expressions, as they relate to the Company, are intended to identify forward-looking statements. Statements regarding the declaration or payment of dividends, the implementation of principal operating and financing strategies and capital expenditure plans, the direction of future operations and the factors or trends affecting financial condition, liquidity or results of operations are examples of forward-looking statements. Such statements reflect the current views of management and are subject to a number of risks and uncertainties. There is no guarantee that the expected events, trends or results will actually occur. The statements are based on many assumptions and factors, including general economic and market conditions, industry conditions, and operating factors. Any changes in such assumptions or factors could cause actual results to differ materially from current expectations.