



Fibra Inn Announces Subscription of CBFIs to be Proposed at Shareholders' Meeting

Monterrey, Mexico, March 31, 2023 – CIBanco, S.A., Institución de Banca Múltiple, as the final and universal beneficiary of Deutsche Bank México, Institución de Banca Múltiple, Fiduciary Division, Trust DB/1616 or Fibra Inn (BMV: FINN13) (“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 General Ordinary Shareholders’ Meeting for CBFI holders (“the Shareholders’ Meeting” or “the Meeting”) that will take place on April 27, 2023 at 10.00 am. The purpose of this announcement is to ensure that shareholders receive timely and transparent information prior to the Meeting. These items, as well as all the information that will be presented, may be found at: <https://www.fibrainn.mx/en/investors/cbfi-holder-information>

Ordinary Shareholders’ Meeting of CBFI Holders FINN13

Fibra Inn shares its opinion regarding the agenda items of the Ordinary Shareholders’ Meeting to be held at 10:00am on April 27, 2023:

- 1. Proposal, review, and submission for approval of the issuance of Real Estate Certificates (CBFIs) for up to \$1,500,000,000.00 (one thousand one hundred million pesos 00/100 M.N), which will be subscribed in a preferential manner to current Holders, with the understanding that: (i) the CBFIs that are not acquired preferentially by the current Holders, in accordance with the procedure authorized by the Shareholders’ Meeting, may be acquired by potential strategic investors; and (ii) the acquisition of CBFIs equal to or greater than 10% of the outstanding CBFIs will require Technical Committee authorization, with the exception of those acquisitions that are independently carried out by Retirement Fund Specialized Investment Groups, in accordance with the thirtieth clause of the Trust.**

A subscription of CBFIs will be proposed for an amount up to Ps. 1,500 million, *to be preferentially subscribed by the current Holders.*

It is essential for the Company to ensure and motivate all current CBFI Holders to participate in this subscription and acquire CBFIs at *pro rata* in proportion to their ownership, as well as to decrease a possible dilutive effect for those Holders who choose not to subscribe. An adequate balance will be sought when promoting the subscription considering a discount over the listing price of the CFBI. The subscription process is detailed later in this document. Likewise, the resources obtained as a result of this subscription will be applied entirely to strategic projects for Fibra Inn, including paying down debt payment that have high interest rates, improvements to the existing hotels and/or the partial and/or total acquisition of properties that strengthen the Company profile.



As a result, if this proposal is approved, the Company will carry out all the necessary acts and procedures with the appropriate authorities and entities for the issuance of the CBFIs for the subscription, including without limitation the National Banking and Securities Commission (“CNBV”), S.D. Indeval Institución para el Depósito de los Valores, S.A., de C.V. (“Indeval”) and the Mexican Stock Exchange, S.A.B. de C.V. (“BMV”).

Once completed, the subscription process may begin; and the beginning of the subscription process will be determined in accordance with the times of the corresponding issuance process.

As per the above, the subscription will consist of two rounds that will take place during a total of 15 (fifteen) business days. The first round will be exclusive for all current CBFi Holders, who may subscribe for up to the amount up to or equal to the percentage of CBFIs they hold. The second round will be exclusive for Holders who have exercised their 100% subscription right in the first round and wish to exercise their right to subscribe CBFIs in an additional proportion and with the objective of achieving the subscription goal sought by the Company. In this regard, the following method and relevant dates must be observed:

First Round:

1. Business day 1. Date of publication of the Subscription Notice through EMISNET (or “Rights Notice”).
 - Regarding the subscription price, the Company announces that the Financial Committee will hold a meeting during the first two weeks of April to recommend the subscription price to the Shareholders’ Meeting, which will be disclosed to the Holders to complement the information in this document and as soon as this Committee reaches a recommendation.
2. Business day 5. Deadline for Holders or those interested in being Holders to carry out purchase or sale operations of CBFIs, in order to acquire, maintain or forfeit the right to subscribe as a current Holder in this First Round, respectively.
3. Business day 6. Ex-date. The ex-date corresponds to the business day immediately following the deadline to carry out operations in accordance with the above item 2. The CBFIs that are acquired as of this date will no longer be considered in favor of any Holder for the purposes of the subscription (neither percentage of ownership reached, nor the acquisition of the right to subscribe).
4. Business day 7. Registration date. (Start Date of the First Round) The Registration Date corresponds to the date on which the securities traded are settled on the deadline to carry out purchase or sale operations of securities referred to in item 2 above. This settlement occurs 2 business days following the deadline (item 2 above). Likewise, as of this date, the Holders, through their Intermediaries, may notify Indeval of their intention to participate in the first round, since as of this date it has been formalized who has the right to participate in the subscription process and in which proportion, they have the right to do so. Likewise, they must send a copy of the application to the Issuer and the Common Representative.



5. Business day 10. Deadline for the Holders to participate in the First Round. Holders entitled to subscribe may acquire CBFIs up to or equal to the percentage of CBFIs they hold at the time of the deadline referred to item 2 above. As such, the Holders are required to notify Indeval regarding their intention to participate in the first round through their intermediaries, by also sending a copy of the application to the Issuer and the Common Representative.
6. Business day 12. Completion date of the First Round. Additionally, date of publication of the Notice of Completion of the First Round in EMISNET and date of delivery and payment of the CBFIs subscribed in the First Round. On this date, the Common Representative will inform Holders of the amount of CBFIs not subscribed in the First Round and the amount available to be subscribed in the Second Round, exclusively by those Holders who have exercised their 100% subscription right in the First Round.

At the end of the First Round, each intermediary will be responsible for the corresponding calculation to determine if the Holders that subscribed CBFIs during the First Round have the right to subscribe during the Second Round, understanding that those parties that subscribe CBFIs in the Second Round without having the right to do so, will not be recognized as Holders by the Issuer.

Second Round:

7. Business day 13. Start date of the Second Round. Also, date of publication of the Notice to begin the Second Round through EMISNET.
8. Business day 14. Deadline for notification of the Holders to participate in the Second Round. Since the allocation of the CBFIs in this Second Round will be a general *pro rata* based on the bids received, Holders entitled to subscribe (those who have exercised 100% of their subscription right in the First Round) may request that their intermediaries notify the Indeval of the number of CBFIs they wish to acquire (copying the Issuer and the Common Representative), with the understanding that the corresponding allocation will be made *pro rata* in accordance with their participation.
9. Business day 15. End date of the Second Round. Additionally, date of publication of the Notice of Completion of the Second Round in EMISNET and date of delivery and payment of the CBFIs subscribed in the Second Round.

The CBFIs that are not subscribed in a preferred manner by the current Holders will be cancelled, so in this subscription program will not be considered an offering to potential strategic investors. The remaining terms related to the subscription method will be included in the Subscription Notice mentioned in the above item 1.

Thus, in order to protect the interests of current Holders in the approval of this proposal, Fibra Inn shares the information related to the strategic projects that could potentially materialize, which would add value to the Company.

- a. **Background:** During 2018 and 2019, Fibra Inn experienced a significant impact to its revenues and FFO, and by 4Q19 the initial impact caused by the first year of the government in power and its related budget cuts reflected a cash level that was 12.5% lower than the cash level in 2018. During the pandemic, the revenue



drop strongly impacted the Company's cash levels, generating an accumulated cash burn of Ps. 646 million. As a consequence, it was necessary to reduce the capital investments for the maintenance of assets for Ps. 84 million.

- (i) Occupancy at Fibra Inn in this post-pandemic stage has strengthened to 62.6% in 4Q22 and is currently at 67.1% as of March 2023, achieving historical levels.
- (ii) Fibra Inn has strengthened its participation in the full-service segment, which include these two luxury hotels. Additionally, Fibra Inn has promoted a recycling of non-strategic assets within the limited-service segment, which already only represented 7.4% of total revenues for 4Q22.
- (iii) The transition strategy towards hotels with higher barriers of entry has allowed the average daily rate level to rise by 25.9% in the past 4 years to reach Ps. 1,611.7 in the 4Q22; the same as the RevPAR with an increase of 28.7% in the same period. This segment contributes 46% to Fibra Inn's total NOI, with the northeast region also contributing the most, with 59% of the operating profit generation.

- b. **Investment Proposal in the current portfolio:** A relevant investment will be proposed in the properties located in the northern portion of the country; these investments will be considered in the cases where Fibra Inn can expect to reach an attractive rate of return.

This proposal is based on manufacturing industry growth expected in the northern part of the country, since U.S. companies are seeking to diversify their risks due to economic uncertainty and the impact on supply chains in Asia, reallocating their production mainly in the automotive, capital goods, renewable energy, manufacturing and electronics sectors.

With recent announcements from companies such as Tesla, BMW, Noah, Brembo, among others, an investment at least of USD \$6 billion is expected in Nuevo Leon, generating approximately 8,000 new direct jobs plus additional indirect ones for the next 5 years, which will promote greater productivity and growth as most of the properties are located in the northern part of the country and specifically several hotels of the portfolio that are within a 50 kms radius to the recently announced investment by Tesla Motors.

- c. **Widening Fibra Inn's portfolio of properties:** The Company is undergoing several processes of negotiation and evaluation of potential investments that will enable it to reach significant EBITDA growth in the next 24 months. These assets to be acquired will allow Fibra Inn to diversify into the luxury segment and the resort sector in Mexico, as long as those are stabilized assets contributing to added value and improving the FFO per CBF1 to Fibra Inn. In addition to these short-term investment projects, the Company is seeking to plan the reactivation of the Playa del Carmen project, where a W Hotel will be developed with the objective that during its construction, there will be no contingency, in accordance with the contract signed with Marriott International.

The business reason to accelerate Fibra Inn's immediate participation in these projects is related to the new post-pandemic normality, where full-service hotels,



and resorts at premium locations with high barriers of entry have proven to be the most resilient; these results strengthen the thesis on which Fibra Inn's strategic vision is currently based.

- d. **Debt Prepayment:** A proposal of debt prepayment will be presented, which is at a variable rate to improve Fibra Inn's loan to value.

Fibra Inn seeks to meet the following objectives:

- Increase the Adjusted EBITDA significantly, which was Ps. 471.9 million in 2022.
- Expand and diversify the hotel portfolio with more participation of luxury hotels and resorts.
- Reduce the net debt to EBITDA ratio to strengthen Fibra Inn's debt rating and return to the original one.

Finally, the Company informs that Origin, the new group of sponsor investors has expressed its commitment to continue investing in the relaunch of the Company to achieve significant influence. Origin has recognized that the sector and the current conditions are attractive and that there are important differentiators that position Fibra Inn among the best companies to invest in. It is important to highlight that Origin, by participating in public and private Mexican companies, has shown that it works with the interests aligned to the minority investors, contributing, and reinforcing its commitment to promote the development of Mexico and, additionally, at Fibra Inn has already begun working with Origin's management to strengthening its financial, real estate, hotel, and asset management expertise.

For all the above, the Company recommends voting **IN FAVOR** of this item.

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

At this point, Oscar Eduardo Calvillo Amaya, Miguel Aliaga Gargollo y Lizeth Mariel Pedraza Nava will be proposed as a Special Delegates to instruct the Trust's Fiduciary to take any necessary action to meet the approved resolutions at the Shareholders' Meeting.

The Company recommends voting **IN FAVOR** of 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 **IN FAVOR** of this item.

The Company is committed to providing shareholders with sufficient timeliness and transparency in anticipation of the next Shareholders' Meeting, to promote a voting process that



is aligned with best corporate practices. Fibra Inn is confident 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 shareholders.

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".

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.