

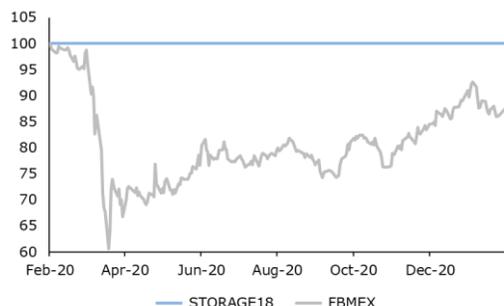
FIBRA STORAGE: Initiation of Coverage

The Leader in Self-Storage

BUY	
Target Price 2020E (MXN\$)	\$ 23.50
Expected Dividend	\$ 0.74
Current Price (MXN\$)	\$ 15.30
Min / Max (L12M - MXN\$)	\$ 15.30
Total Return	58.4%
Mkt Cap (Mn of MXN)	3,060
CBFI's Outstanding (Mn)	200.0
Float	12.5%

Executive Summary

We are initiating coverage on Fibra Storage (BMV: STORAGE 18), the leader in self-storage in Mexico, with a BUY recommendation and a year-end 2021 target price of MXN\$23.50 per CBFI. We believe that Fibra Storage's fundamentals are very solid, which includes its successful business model, high growth potential, a robust financial structure, its institutionalization, and the track record of its management team.



Favorable Outlook. We expect revenues, NOI and FFO to grow at a CAGR of 20%, 21% and 21%, respectively, during the 2021-2026 period driven by strong organic expansion in the Gross Leasable Area (GLA) and higher occupancy levels. We believe that our projections are conservative since they do not include potential acquisitions that Fibra Storage could eventually undertake in the future of warehouses owned by its competitors or by U-Storage, its administrator.

Valuation. Fibra Storage trades at a discount against its international counterparts. It operates at a non-stabilized 5.8% cap rate (6.7% stabilized) and 0.86x P/NAV, compared to the averages of 4.6% and 3.81x, respectively, of its international peers. We believe that such discounts represent a clear investment opportunity considering that Fibra Storage offers greater long-term growth potential, registers higher margins, and has a lower leverage.

Target Price. We established a year-end 2021 target price of MXN\$23.50/CBFI, using a discounted flow model with the following variables: i) a 5.1% growth rate in perpetuity in nominal terms; and; ii) a discount rate ("WACC" for its acronym in English) of 11.4%. The potential return against the current price is 58.4%, which includes a 4.8% dividend yield.

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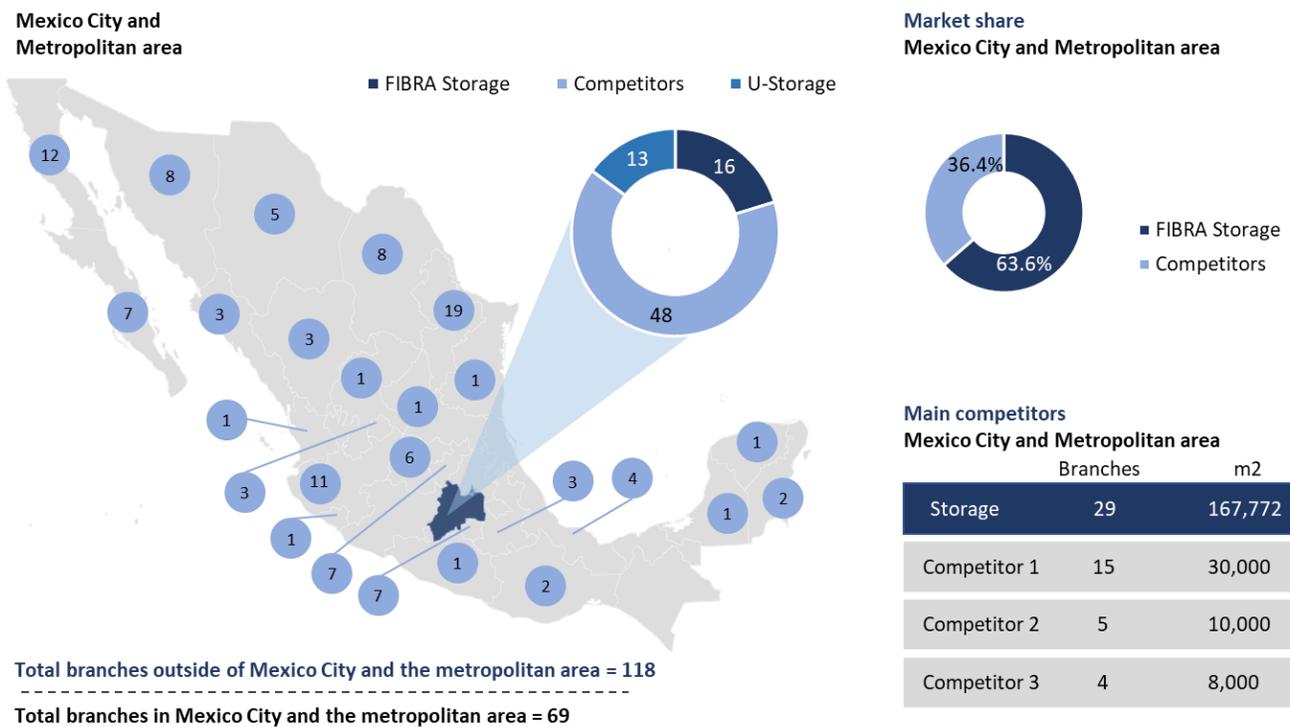
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MEXICO’S SELF-STORAGE INDUSTRY

In Mexico there were 192 self-storage branches with different sizes of warehouses at the end of 2019. Seventy-four of these branches are located in the metropolitan area of Mexico City and the rest in interior cities. U-Storage, FIBRA Storage’s Administrator, is the market leader since it has 29 branches in operation (13 of which belong to U-Storage and are operated by U-Storage, with the remaining 16 being owned by Fibra Storage). Competitors are concentrated outside of Mexico City. In addition, they follow a different business model since they prefer to rent their properties.

Graph 1.- Market Share at the End of 2019

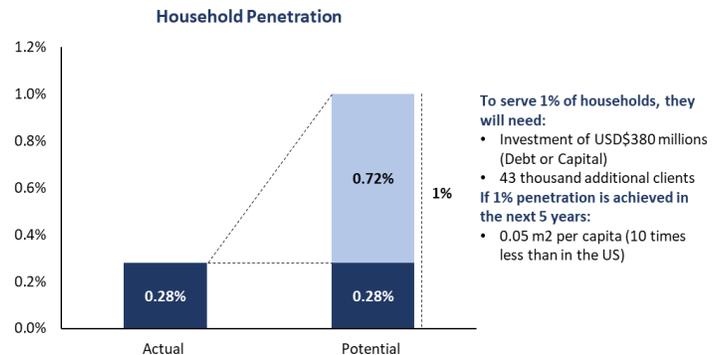


Source: Fibra Storage

The growth potential of the Mexican self-storage industry is enormous. The metropolitan area of Mexico City only had 53 branches and 256 thousand meters of storage capacity, equivalent to a 0.28% penetration of existing homes according to www.neighbor.com. This compares with 45,547 branches in the United States, with 158.8 million square meters built and a 9.4% penetration of homes. In addition, the Mexico City metropolitan area is one of the world’s most populated areas with around 25.9 million inhabitants. Another relevant point is that the Mexican economy is formed mainly by small and medium-sized companies, with a 52% GDP contribution.

Table 1.- US vs. Mexico Self-Storage

Unattended Market	US	Mexico City and Metropolitan area
# Branches	45,547	53*
Square Meters	158.8 million	216 thousands*
Square meters per capita	0.5	0.01
Households that store in warehouses	1 in 11	1 in 360
Household Penetration	9.4%	0.28%



Source: www.neighbor.com

Traditional Fibras (Immediate Dividends). In Mexico there are two types of Fibras, traditional and non-traditional. Traditional Fibras acquire finished and stabilized properties (shopping centers, office buildings, industrial warehouses or hotels, among others) in order to immediately distribute dividends to their CBFI’s holders. They are normally do not engage in the construction or development of real estate.

Most of the larger Fibras in the country (such as Funo, Fibra Prologis, Terrafina, Fibra MacQuarie, Fibra Danhos, FMTY, Fibra Inn, etc.) are within this group. Their main advantage is that they distribute dividends from the acquired properties. Their main disadvantage is that they normally acquire real estate at market prices, which limits the generation of capital gains. Furthermore, the long-term growth potential of traditional Fibras’ revenues is limited since it depends on the increase in rents, which is in line with inflation or the exchange rate depreciation.

Non-Traditional Fibras (Capital Gain + Dividends in the Medium Term). The second group includes Fibras that build properties from scratch, rent them out and, after a reasonable period, distribute dividends to their holders. They can also sell these properties at a significant profit. Fibra Storage, Fibra Upsite and Fibra Plus are part of this group. Their main advantage is that they generate a very interesting capital gain on the construction of properties (25-30% above the price of the land + construction) that they share with their holders. However, they do not pay out dividends immediately, but until after the property is completed and stabilized, which can take some time.

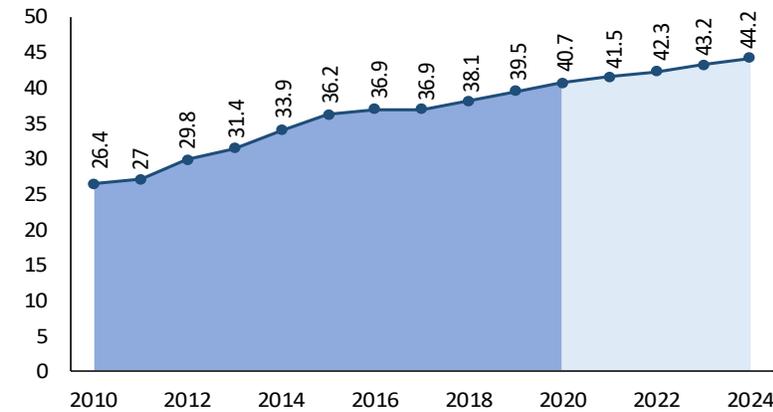
THE UNITED STATES’ SELF-STORAGE INDUSTRY

We consider that the US self-storage industry represents a good parameter to analyze the growth potential of the Mexican industry.

Revenues of the US self-storage industry amounted to US\$39.5 billion in 2019, up 49.4% compared to 2010, which translates into an average annual growth of 4.1%, according to www.neighbor.com with data from IBISWorld. This significant revenue growth was driven mainly by a 340% increase in the amount invested in the construction of new units over the last decade (2008-2018), reaching US\$4.99 billion at the end of 2018. The number of units was around 45,547 at end of 2018, with a 9.4% penetration of households. Despite this

industry’s strong expansion, occupancy rose from a low of 75.7% in 2017 to 91.7% at the end of 2018 due to the high demand for this type of services.

Graph 3.- US Self-Storage Revenues (USD Billion)



Source: www.neighbor.com

FIBRA STORAGE’S MAIN ADVANTAGES

Leadership Position / Privileged Location. Fibra Storage is the leader in the Mexican self-storage market. Its portfolio is strategically located in the main avenues of Mexico City’s metropolitan area, which assures a rapid occupation and stabilization. The distribution of its real estate assets was planned based on in-depth demographic studies, which allows the Fibra to focus on a diversified group of clients within the same location.

Development Fibra. Fibra Storage is dedicated to the development of its own properties and can thus generate a 13% stabilized cap rate in this process. It is worth mentioning that Fibra Storage develops its properties at a lower price and generates a higher NOI per square meter than its competitors. In addition, the property development business normally generates a 25-30% capital gain, that Fibra Storage shares with its investors.

Accredited Virtual Platform. The commercialization of the spaces is done through the www.u-storage.com.mx website. This allows Fibra Storage to have a greater presence than its competitors by deploying branches according to the visitors’ location.

Diversified Client Base. Fibra Storage’s client base is highly diversified since none of them represents more than 1% of the Fibra's revenues. Around 80% belong to the residential segment and the remaining 20% to the business segment.

Revenue Management. Fibra Storage has a professional team dedicated to managing revenues and occupancy at each of its 12,303 warehouses (“revenue management”). This allows the Fibra to adjust prices in line with demand and maximize profitability of each warehouse. It also allows it to upgrade its new buildings depending on the existing demand. Fibra Storage’s database is gigantic, making it very difficult to replicate by its competitors.

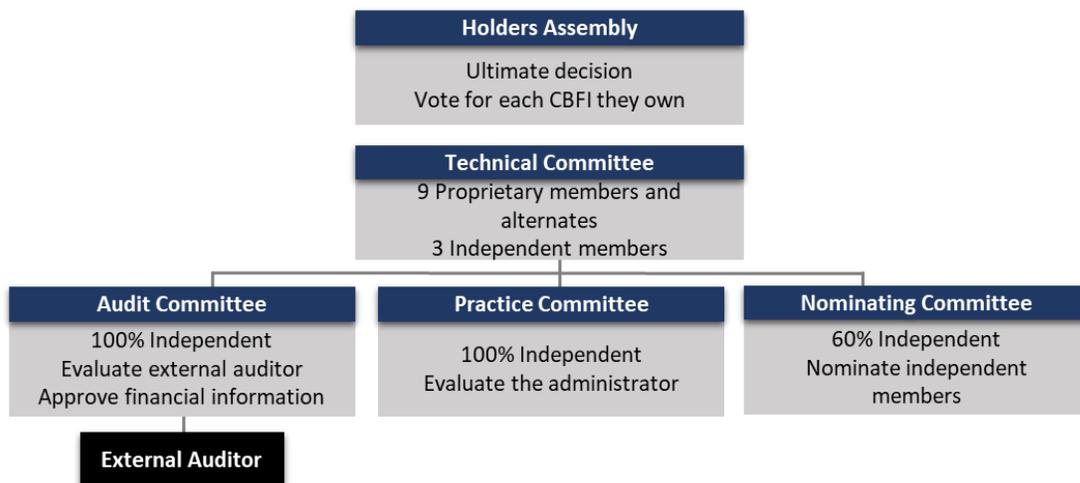
High Quality of Service. The branches have access 24/7 and have 24-hour security. They have forklifts, loading and unloading areas, elevators, little trucks, parking, maneuvering equipment, pest control and working areas with internet for customers. The quality of Fibra Storage’s service is first world, but with an affordable price.

Defensive Business Model. Revenues were not impacted during the pandemic. On the contrary, during the last quarters the Fibra experienced greater demand as its rates remained practically unchanged. We do not anticipate any disruption in the future.

Possibility of Dividends from 2021. Fibra Storage could begin to distribute dividends from 2021 as we expect it to generate a positive tax profit.

Institutionalization/Solid Corporate Governance. We believe that Fibra Storage has solid corporate governance since its Technical Committee has 9 proprietary members and 3 independent members, thus complying with the Securities Market Law. In addition, Fibra has Audit, Corporate Practices and Nomination committees, which are chaired by independent members of the Technical Committee.

Graph 4. Corporate Governance Structure



Source: Fibra Storage

Technical Committee

The Technical Committee has different powers that cannot be delegated, such as:

- Establish the Trust’s investment policies and the eligibility criteria of the Issuing Trust, after a favorable opinion from the Practices Committee;
- Approve the acquisition or disposal of assets, property or rights with a value equal to or greater than 5% but less than 20% of the trust’s equity;
- Approve the execution of any transaction with Related Persons with the majority of votes from independent members;
- Establish terms and conditions that the Administrator has to comply with, which will be established in the Administration Contract.

Table 2.- Members of the Technical Committee

		Name	Additional Information
Patrimonial Members		Jaime Isita Ortega	Founder and Chairman of the Board of "Grupo U-Storage" since 2003. He has 30 years of experience in the financial sector as an asset advisor, including 25 years of experience in the real estate sector.
		Diego Isita Portilla	Founding Partner of "Grupo U-Storage" de México since 2003. He has 14 years of experience in the real estate sector, including real estate development, operation and financing. He is a member of the Metropolitan Regional Council of Grupo Financiero Banorte, a member of the Large Owners Council (LOC) and the Self Storage Association. He is also a member of the Council of Asociación Mexicana de Autoalmacenaje, A.C. (AMDAAC).
		Santiago Riveroll Mendoza	Investment Director at LCA Capital since 2010, and responsible for LCA Mexico's office since 2012. Previously, he worked as a debt analyst in troubled situations at Deutsche Bank from 2007 to 2010, and as an investment banking analyst at Credit Suisse from 2004 to 2007. He is a member of the Operative Committee of Grupo Aeroportuario del Pacífico, and participates as a Director to Desarrolladora Atlas' Board, Sala Uno Salud and Corporativo Laudex. He graduated from the Universidad Iberoamericana as an Industrial Engineer and he holds the CFA Charterholder designation.
		José Ignacio Rivero Dávila	Deputy Director of Investments at LCA Capital since 2013. He has a Master's in Business Administration (MBA) from the University of Chicago Booth. He holds a Computer Engineer degree and a Bachelor in Business Administration from the ITAM.
		Carlos Alberto Rohm	Managing Director at LCA Capital New York office since 2007. He has more than 23 years of experience in the financial sector, working in institutions such as Chase Manhattan Bank and JP Morgan Partners. Additionally, he is a Director to the Board of Grupo Aeroportuario del Pacífico, Montego Bay Airport in Jamaica and a series of real estate related companies. He studied at the University of San Andrés in Buenos Aires, Argentina.
		Arturo Ángel	
Independent Members		Jorge Quizaños Oria	Partner at Grupo Invertierra since 2002. He has worked at various consortiums such as Banco Santander, Bank of Boston and Fleet Bank and is a Director to the following boards: Grupo Invertierra, Stadia Suites, Amanali Country Club & Náutica and Acuarios Michin. He holds a degree in Business Administration from the Universidad Iberoamericana and a postgraduate degree at the IPADE where he completed a master's degree in Business Management.
		Enrique Castillo Badía	He is currently the VP of Investments and Finance at Grupo MRP. Previously, he was Managing Director at H.I.G Capital México, a partner at Nexxus Capital where he worked for 10 years. Also, he directed a large number of investment portfolios in different commercial sectors such as: Financial Services, Hospitals, Consumption, Education and Real Estate. He is a member of the board of directors Crédito Real Sofom, S.A de C.V. On the other hand, he served as a member of the Investment Committee of the Infonavit Housing Savings Fund. He is a graduate of the Universidad Iberoamericana and has a Master of Business Administration (MBA) from INSEAD.
		Jaime Alverde Losada	Current CEO of Office Depot and Radio Shack, operating more than 544 stores in Mexico, Central and South America in 9 different countries. He is a Director to ANTAD's Board, VP of the Association of Real Estate Developers (ADI), member of the Board of Trustees of the Salvador Zuribáan National Institute of Medical Sciences and Nutrition, Director of Fibra Plus, in addition to other important organizations and companies such as Fhipo and A&L. He is a graduate of the Universidad Iberoamericana, and holds a Masters degree in Business Administration (MBA) from Tulane University.

Source: Fibra Storage

Committees

Table 3.- Committees’ Members

Audit Committee		Practice Committee		Nominating Committee	
Enrique Castillo Badia	President	Enrique Castillo Badia	President	Enrique Castillo Badia	President
Jorge Quinzaños Oria	Proprietary	Jorge Quinzaños Oria	Proprietary	Jorge Quinzaños Oria	Proprietary
José Legarrea Molinaria	Proprietary	José Legarrea Molinaria	Proprietary	José Legarrea Molinaria	Proprietary
				Jaime Isita Ortega	Proprietary
				Santiago Riveroll Mendoza	Proprietary

: Independent Members
 : Proprietary Members

Source: Fibra Storage

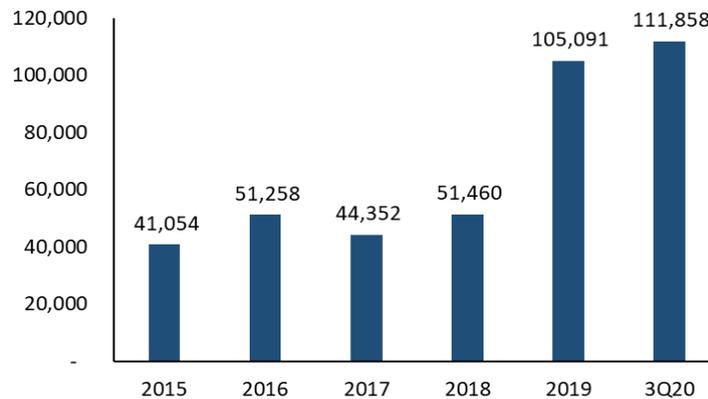
Administrator

Fibra Storage is managed externally by Self Storage Management, S. de R.L. de C.V. according to the administration contract, which charges the following commissions:

- Basic services. Monthly consideration equivalent to one twelfth of 35 basis points multiplied by the gross value of all real estate assets according to the last quarterly report;
- Development services. Consideration equivalent to 5% of the costs incurred in the development or improvements made to the properties or new developments; such commission will also include the acquisition value of development properties; acquisitions of real estate assets that are already operating or ready to operate will not be included in this calculation;
- Property management services. The Administrator receives 7% of revenues from the lease of self-storage units and the sale of accessories.

Management Team with a Proven Track Record. Fibra Storage's management team has several years of experience in the self-storage business in Mexico, having served more than 38,000 clients. It has generated a 29% CAGR in the GLA during the 2015-2020 period.

Graph 5.- Gross Leasable Area



Source: Fibra Storage

Network Effect. Fibra Storage benefits from the network effect since its clients can use any of the warehouses in its different branches. This strategy helps the Fibra to face the competition in a more appropriate way, which strengthens the operations. The network effect also takes place because the cost of attracting customers for the larger branches is lower through the remote channel; in other words, there is a lower cost per new user.

New Real Estate Asset. Fibra Storage is the only public Mexican Fibra which dedicates itself to self-storage. We believe it is very well positioned to benefit from the substantial growth opportunities that currently exist in this sector.

FIBRA STORAGE FAVORABLE OUTLOOK

Significant GLA Growth with a Higher Occupancy. We project that the Gross Profitable Area (GLA) will grow by 15,000 m² by 2021; 25,000 m² for 2022 and 2023; and by 10,000 m² per year thereafter. This means that the portfolio will reach 213,858 m² at the end of 2026, with which the value of investment properties will reach MXN\$7,397 million. We also estimate that occupancy will reach 81% by the end of 2026, compared to the current level of 72%.

We believe that our projections are conservative given that they do not include potential acquisition that Fibra Storage could undertake in the future of warehouses that are currently owned by its competitors or by U-Storage.

Rising Rates in the Future. The monthly rate has decreased sequentially over the last few quarters due to Fibra Storage’s strategy to boost demand and face the pandemic. In the long term, we estimate that this rate may increase at an average annual rate of 6%, above the expected inflation of 3.5%. Fibra Storage's business model allows it to increase its rates in a significant way due to high client turnover, the fact that it charges higher rates to new customers, and that most of its portfolio consists of small spaces.

Strong Revenue Growth. As a result of the expected GLA expansion, in conjunction with a higher occupancy and rising rates, we project that Fibra Storage's revenues will grow at a 20% CAGR during the 2021-2026 period. We

believe this performance is achievable since revenues have grown at an average annual rate of 28% in the 2015-L12M period.

Operating Leverage. Operating expenses represented 28% of leasing revenues in 2019 but decreased to 25.5% in the first nine months of 2020 as a result of operating efficiencies. For the next few years, we expect them to stabilize at 25% of total revenues. Commissions and fees, as well as depreciation will grow in line with revenues, but property tax will go up below them. As a result, we project that the NOI margin will gradually expand to 75.8% in 2026, while the FFO margin will remain around 55% over the next several years.

Solid NOI and FFO Performance. We estimate that NOI will rise at a 21% CAGR given strong revenue growth, from MXN\$103 million in 2019 to MXN\$622 million in 2026. The FFO will experience a similar performance, reaching MXN\$453 million in 2026.

Solid Financial Structure. We expect Fibra Storage to maintain a solid financial structure during the next few years with an LTV of 32% by the end of 2026, which compares to 11.3% today. We expect Fibra Storage to finance part of its expansion with additional debt.

VALUATION

Comparison Against the Self-Storage REIT Sector

Fibra Storage trades at a discount against its international counterparts as can be seen in our valuation table. It trades at a 5.8% non-stabilized cap rate (6.7% stabilized) and a P/NAV of 0.86x, compared to the averages of 4.6% and 3.81x of its international peers.

We believe that Storage has to trade at a discount, maybe around 20%, to its international peers due to its lower size and the fact that its operations are located in Mexico. However, current discounts (26% in terms of cap rate and 77% in terms of P/NAV) seem very high to us. We believe that this situation represents a clear investment opportunity considering that Fibra Storage offers greater long-term growth potential, registers higher margins, and has lower leverage.

Table 4.- Valuation of Self-Storage REITs

	Price 8-Feb-21	Change		Mkt Cap (Million)	EV (Million)	Implicit		Price / NAV	Price / AFFO	Price / BV	NOI	
		5D	YTD			Cap Rate (NOI/ EV)*	Dividend Yield**				Margin 3Q20	LTV
Fibra Storage	\$ 0.77	0.0%	-0.3%	153	168	5.8%	n.d.	0.86x	n.d.	0.9x	70.1%	11.3%
Public Storage	\$ 232.51	-0.1%	0.7%	40,573	42,779	4.5%	3.4%	4.57x	21.9x	4.8x	65.4%	22.0%
Extra Space Storage	\$ 117.18	0.5%	1.1%	15,105	20,577	3.7%	3.1%	4.70x	22.4x	5.5x	56.1%	63.3%
Cube Smart	\$ 35.75	0.5%	6.4%	6,925	8,930	5.2%	3.7%	3.43x	20.3x	3.8x	66.9%	49.9%
Life Storage	\$ 84.13	1.2%	5.7%	3,971	6,170	6.6%	5.1%	1.67x	13.8x	1.7x	65.5%	49.2%
National Storage Aff	\$ 37.48	0.1%	4.0%	2,594	4,343	6.6%	3.6%	1.71x	14.7x	1.9x	65.8%	53.8%
Total / Average				69,320	82,967	4.6%	3.5%	3.81x	20.8x	4.1x	65.0%	43.8%

Source: Bloomberg; n.a.= not available

* Annualized 3Q20 NOI / EV; ** Annualized 3Q20 dividend vs. current price; *** Price / annualized 3Q20 AFFO

Discounted Cash Flow / Target Price Model

We established a year-end 2021 target price of MXN\$23.50 / CBFi, using a discounted cash flow model with the following variables: i) a growth rate in perpetuity of 5.1% in nominal terms; and; ii) a discount rate (“WACC” for its acronym in English) of 11.4%. The potential return against the current market price is 58.4%, which includes a 4.8% dividend yield.

Table 5.- Discounted Cash Flow Model

MXN\$ 000's	2022E	2023E	2024E	2025E	2026E	Perp.
Net Profit	252,727,652	313,241,272	370,152,092	420,088,890	473,829,965	497,966,863
Restatement of Investment Property Value	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	31,528,200
Depreciation	297,753	435,940	638,260	934,477	1,368,167	1,437,861
FFO	223,025,405	285,177,212	343,790,352	396,523,366	452,698,132	467,876,525
Growth Capex	525,000,000	525,000,000	252,000,000	210,000,000	210,000,000	0
FFO after Capex	301,974,595	239,822,788	91,790,352	186,523,366	242,698,132	467,876,525
Interest paid	50,186,212	67,920,823	86,106,982	103,366,122	121,037,100	127,202,730
Free Cash Flow	(251,788,382)	(171,901,965)	177,897,334	289,889,488	363,735,232	595,079,255
Perpetuity Growth Rate						5.1%
PV of Explicit Period (2022 -2026E)						164,214,915
Terminal Value						9,420,282,482
PV of Terminal Value						4,926,012,269
Enterprise Value						5,090,227,184
Net Debt						679,920,076
Market Value						4,410,307,107
Recoverable VAT						290,456,165
Adjusted Market Value						4,700,763,272
CBFIs outstanding						200,000,000
Target Price						P\$ 23.50
Current Price						P\$ 15.30
Potential Return incl/ Div.						58.4%
Target Multiples						
Cap Rate						4.5%
Dividend Yield						3.8%
P/ FFO						26.0x
Average Cost of Debt						9.3%
Cost of Capital						11.9%
Market Risk Premium						6.0%
Risk Free Rate						5.9%
Beta						1.00
% of Debt						18%
% of Capital						82%
WACC						11.4%

Source: Miranda Global Research

Sensitivity Analysis

We ran a sensitivity analysis based on different levels of cap rates, dividend yields, and P/FFO. Our target price implies that Fibra Storage’s CBFi’s will trade at a cap rate of 4.5% and a P/FFO of 26.0x at the end of 2021, more in line with its international peers.

Sensitivity Analysis (Cap Rate vs. Total NOI)

	-10%	-5%	<i>Projected</i>	+5%	+10%
Total NOI	216,957,377	229,010,564	241,063,752	253,116,939	265,170,127
Cap Rate					
3.0%	33.00	35.02	37.05	39.07	41.09
3.5%	27.77	29.50	31.23	32.97	34.70
4.0%	23.86	25.37	26.88	28.40	29.91
4.5%	20.81	22.16	23.50	24.85	26.19
5.0%	18.38	19.59	20.80	22.01	23.22
5.5%	16.40	17.49	18.59	19.69	20.79

Source: Miranda Global Research

Sensitivity Analysis (Dividend Yield vs. FFO)

	-10%	-5%	<i>Projected</i>	+5%	+10%
FFO	162,427,832	171,451,600	180,475,369	189,499,137	198,522,906
Div. Yield					
2.3%	34.72	36.65	38.58	40.50	42.43
2.8%	28.60	30.19	31.78	33.37	34.96
3.3%	24.32	25.67	27.02	28.37	29.73
3.8%	21.15	22.33	23.50	24.68	25.85
4.3%	18.72	19.76	20.80	21.84	22.88
4.8%	16.78	17.71	18.65	19.58	20.51

Source: Miranda Global Research

Sensitivity Analysis (P/FFO vs. FFO)

	-10%	-5%	<i>Projected</i>	+5%	+10%
FFO	162,427,832	171,451,600	180,475,369	189,499,137	198,522,906
P/FFO					
24.5x	19.94	21.04	22.15	23.26	24.37
25.0x	20.34	21.47	22.60	23.73	24.86
25.5x	20.75	21.90	23.05	24.21	25.36
26.0x	21.15	22.33	23.50	24.68	25.85
26.5x	21.56	22.76	23.96	25.15	26.35
27.0x	21.97	23.19	24.41	25.63	26.85

Source: Miranda Global Research

DESCRIPTION

Fibra Storage is the only Mexican trust specialized in the acquisition, development and management of real estate for the lease of self-storage warehouses. It was founded in 2002. Fibra Storage's business model allows it to generate solid performance by offering various types of warehouses from 2 m² to 100 m². This allows the Fibra to diversify its client portfolio from individuals, couples or families to small, medium and large companies. Shareholders have a direct or indirect participation in the operation and administration of the business.

Fibra Storage is also open to undertake selective acquisitions of warehouse development projects. This will ultimately depend on the Fibra’s ability to place CBFIs in the stock market and to obtain financing. On the other hand, it offers long-term investment opportunities that could include land for development, or the consolidation of existing warehouses or branches under the “U-Storage” brand.

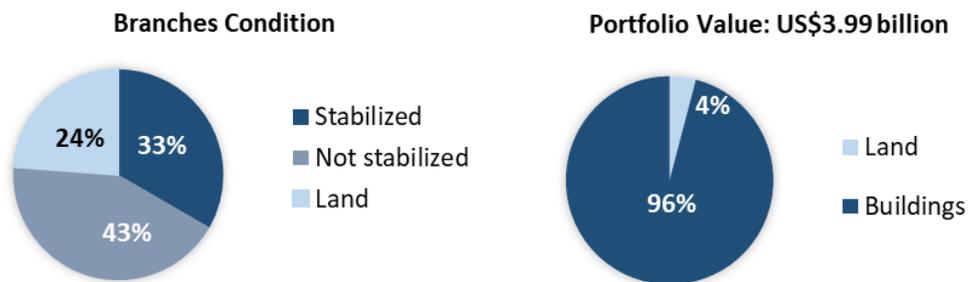
Type of Products (Warehouses) or Services

Fibra Storage has warehouses with different sizes:

- Lockers are those of smaller size, with an area of 2.25 m² and a height that ranges between 1.2 and 1.5 meters.
- Small and medium-sized mini-warehouses which vary between 3m² and 24 m². They have different heights of 2.2, 2.4, 2.8 and 4 meters.
- Large and extra-large warehouses between 25 m² and 100 m², with the same heights than the mini-warehouses.

Current Portfolio. At the end of 3Q20, the portfolio comprised 21 properties located in Mexico City metropolitan area, which included 16 branches in operation (7 fully stabilized and 9 in stabilization process) and 5 lots. These properties had a book value of MXN\$3.99 billion.

Graph 6.- Branches and Portfolio



Source: Fibra Storage

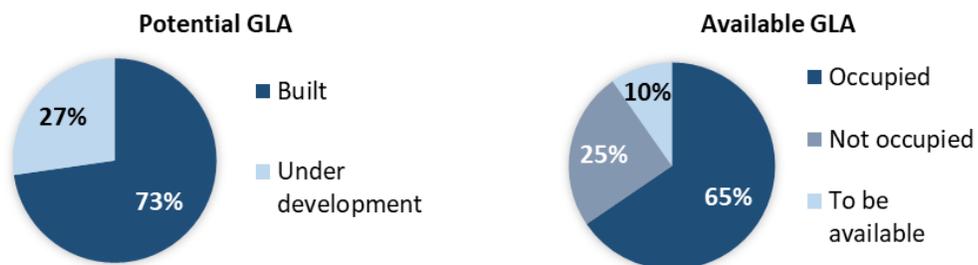
Table 7.- Real Estate Properties

No.	Branch Offices	Situation	Location
1	Vasco de Quiroga	Stabilized	CDMX
2	Lerma	Stabilized	EDOMEX
3	Universidad	In stabilization	CDMX
4	Tlalpan 949	In stabilization	CDMX
5	Del Valle	In stabilization	CDMX
6	Cuajimalpa	In stabilization	CDMX
7	México-Tacuba	In stabilization	CDMX
8	Revolución	In stabilization	CDMX
9	Anzures	In stabilization	CDMX
10	Tepeyac	In stabilization	CDMX
11	Interlomas	In stabilization	EDOMEX
12	Cuemanco	Land	CDMX
13	Lerma II	Land	EDOMEX
14	Plutarco	Land	CDMX
15	Mariano Escobedo	Land	CDMX
16	Añil	Land	CDMX
17	Circuito	Stabilized	CDMX
18	Periférico	Stabilized	CDMX
19	Tlalpan Coapa	Stabilized	CDMX
20	Santa Fe	Stabilized	CDMX
21	Lindavista	Stabilized	CDMX

Source: FIBRA Storage

The Gross Leasable Area (GLA) was 111,858 m² at the end of 3Q20, of which 100,951 m² were in operation. The GLA under development is 41,922 m², which translates into a total potential GLA of 153,780 m². Of the 12,302 warehouses in existence, 7,530 are occupied.

Graph 7.- Gross Leasable Area



Source: Fibra Storage, Miranda Global Research

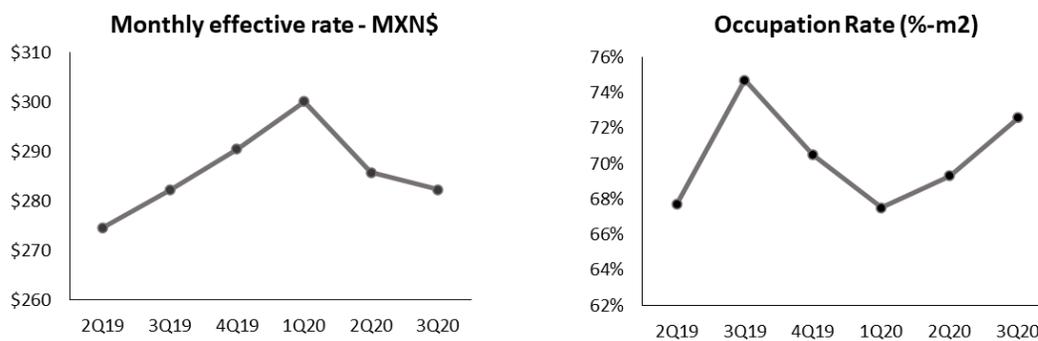
3Q20 Results

Favorable Revenue Growth Despite Lower Rates. Total revenues were up 85.0% YoY to MXN\$73.0 million, as a result of strong growth in the available GLA, which was partially offset by a lower occupancy.

Strategies During the Pandemic. Since 2Q20, Fibra Storage carried out two strategies in order to boost demand and occupancy during the adverse macroeconomic situation which derived from the pandemic. The first was to limit rate hikes. In fact, the monthly effective rate decreased 4.8% in 2Q20 and another 1.2% in 3Q20. The second strategy consisted in the implementation of promotions such as the “first free month”.

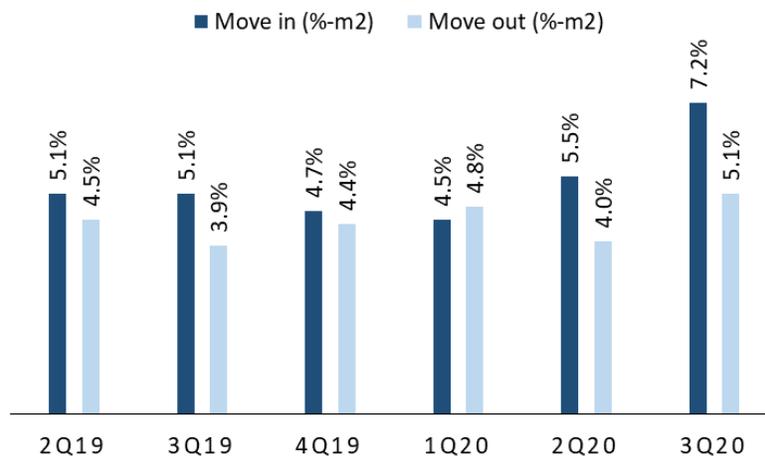
These measures led to a 72.6% occupancy in 3Q20, compared to 69.3% in 2Q20 and 67.5% in 1Q20. However, occupancy was lower than the 73.8% in 3Q19. This allowed the RevPaM (calculated as the average monthly rate multiplied by occupancy) to reach MXN\$204.9 in 3Q20, from MXN\$197.9 in 2Q20 and MXN\$202.5 in 1Q20. However, it was 1.7% below the 3Q19 level. The aforementioned strategies allowed net Move-Ins (new inbound customers) to be positive for the second consecutive quarter, after two quarters of negative net Move-Ins.

Graph 8.- Rates and Occupation



Source: Fibra Storage

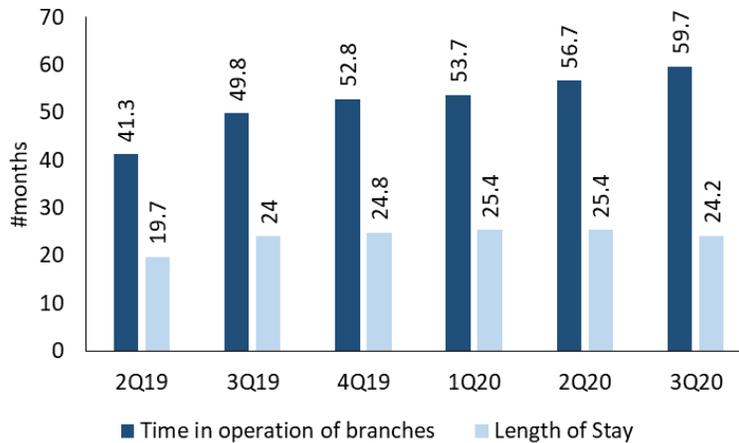
Graph 9.- Customer Absorption



Source: FIBRA Storage

Examining client absorption trends, we can see that these strategies boosted the demand mainly from the residential sector, since 78.9% of Move-Ins belong to this sector. This is in line with the percentages in previous periods. Additionally, the length of clients stays remained practically unchanged at 24 months in 3Q20.

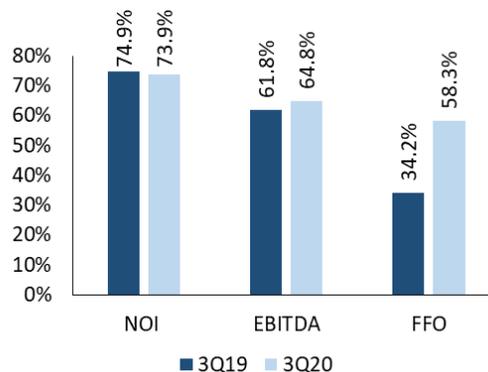
Graph 10.- Length of Stay



Source: Fibra Storage

The NOI increased 73.3% YoY, with which the NOI margin contracted one percentage point to 73.9%. EBITDA grew 84.0% YoY which boosted the EBITDA margin by three percentage points to 64.8%. Finally, FFO was up 199.5% YoY, which translated into an AMEFIBRA FFO margin of 58.3% in the current quarter, from 34.2% in the same period of the previous year. Worth mentioning that the FFO included a MXN\$3.7 million VAT refund.

Graph 11.- Margins



Source: Fibra Storage

Solid Financial Structure. Fibra Storage reported a solid financial structure in 3Q20 with an LTV of only 11.3%. It also registered a debt service coverage ratio of 2.77x, higher than the minimum regulatory level of 1.0x.

Additionally, cash and equivalents rose 29.6% YoY, mainly due to higher FFO, higher recovered VAT and lower Capex.

Fibra Storage holds an interest rate “cap” that limits the equilibrium interbank interest rate (TIIE) to 9%. It covers half of the 3 blocks of debt and is subject to renewal in the fourth year of each loan.

CBFI’s Holders Structure

The control group owns 87.46% of outstanding CBFIs, while the remaining 12.54% are in the market. We only identified Laura Renée Diez Barroso Azcárraga as the holder of more than 10% of the CBFIs. Holders of 10% of certificates can appoint one Director to the Technical Committee.

Main Risks

Health Contingency. The temporary closure of non-essential activities had a negative effect on the performance of the Mexican economy. However, Fibra Storage was able to adapt quickly to the prevailing environment.

Greater Competition. Fibra Storage business has very favorable growth prospects, which could attract competition from international companies in the future.

Warehouse Content. Customers are responsible for the content of the leased warehouses.

Property Seizure. The Mexican Government has the power to seize private property if it is an instrument, object or product of certain crimes.

Low Liquidity. Fibra Storage’s certificates have a low liquidity as they barely trade in the Mexican stock market.

FINANCIAL PROJECTIONS

MAIN OPERATING INDICATORS	2019	2020E	2021E	2022E	2023E	2024E	2025E	2026E
Constructed GLA (m2)	105,091	116,858	131,858	156,858	181,858	193,858	203,858	213,858
Available GLA (m2)	94,178	104,229	119,276	143,117	167,377	179,974	190,888	201,963
Stabilized (m2)	44,363	46,475	53,404	64,786	76,568	83,171	89,092	95,173
Non stabilized (m2)	49,814	57,754	65,873	78,331	90,809	96,803	101,796	106,790
% Available / Constructed	90%	89%	90%	91%	92%	93%	94%	94%
Occupied GLA (m2)	66,423	75,816	88,523	108,032	128,507	140,497	151,473	162,857
Stabilized and occupied (m2)	37,675	38,621	45,191	55,605	66,631	73,376	79,669	86,249
Occupied to stabilized(m2)	28,748	37,195	43,332	52,428	61,875	67,120	71,804	76,608
Occupation (%-m2)	71%	73%	74%	75%	77%	78%	79%	81%
Occupation (% - Units)	59%	0%	0%	0%	0%	0%	0%	0%
Monthly effective rate - P\$	290.4	290.0	307.4	325.8	345.4	366.1	388.1	411.4
RevPaM (P\$-FdP)	204.8	210.9	228.1	246.0	265.2	285.8	308.0	331.7
INCOME STATEMENT	2019	2020E	2021E	2022E	2023E	2024E	2025E	2026E
Leasing Revenues	139,433,116	249,722,324	303,834,801	383,822,816	489,801,979	590,820,005	679,786,779	775,750,425
Services	-	-	-	-	-	-	-	-
Other Revenues	7,068,351	19,212,637	17,622,418	22,261,723	28,408,515	34,267,560	39,427,633	44,993,525
Total Revenues	146,501,467	268,934,961	321,457,219	406,084,540	518,210,494	625,087,566	719,214,412	820,743,950
Operating Expenses	41,570,794	63,398,411	75,958,700	95,955,704	122,450,495	147,705,011	169,946,695	193,937,606
Commissions and fees	21,757,701	27,155,597	33,421,828	42,220,510	53,878,218	64,990,201	74,776,546	85,332,547
Asset Tax	1,830,091	4,676,590	4,434,767	4,369,277	4,518,793	4,685,860	4,775,507	4,873,121
Leasing	-	-	-	-	-	-	-	-
Depreciation	58,985	132,774	203,369	297,753	435,940	638,260	934,477	1,368,167
Other Expenses	2,986,596	1,352,339	1,549,520	1,674,531	1,768,148	1,856,472	1,947,058	2,041,696
Total General Expenses	68,204,167	96,715,711	115,568,185	144,517,775	183,051,594	219,875,794	252,380,282	287,553,137
Revaluation of Investment Properties	671,773,979	95,044,680	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000
Operating Profit	750,071,279	77,174,570	235,889,034	291,566,764	365,158,900	435,211,771	496,834,130	563,190,813
Interest Expense	32,292,939	36,686,571	34,806,693	50,186,212	67,920,823	86,106,982	103,366,122	121,037,100
Interest Gains	9,097,918	13,367,335	9,190,670	11,349,182	14,502,365	18,047,347	21,120,959	24,176,222
FX Gain	960	18,817	1,011	2,082	829	44	77	30
Unrealized valuation effect of financial instruments	-	199,876	-	-	1,500,000	3,000,000	5,500,000	7,500,000
Unrealized valuation effect investment instruments	-	1,165,430	-	-	-	-	-	-
Net Financial Cost	- 23,196,081	- 24,665,724	- 25,617,035	- 38,839,112	- 51,917,629	- 65,059,679	- 76,745,240	- 89,360,848
Pretax Profit	726,875,198	52,508,845	210,271,999	252,727,652	313,241,272	370,152,092	420,088,890	473,829,965
Taxes	-	-	-	-	-	-	-	-
Net Profit	726,875,198	52,508,845	210,271,999	252,727,652	313,241,272	370,152,092	420,088,890	473,829,965
NOI	103,100,582	200,859,960	241,063,752	305,759,559	391,241,206	472,696,704	544,492,210	621,933,223
<i>NOI Margin</i>	70.4%	74.7%	75.0%	75.3%	75.5%	75.6%	75.7%	75.8%
EBITDA	78,356,285	172,352,023	206,092,404	261,864,518	335,594,840	405,850,031	467,768,606	534,558,980
<i>EBITDA Margin</i>	53.5%	64.1%	64.1%	64.5%	64.8%	64.9%	65.0%	65.1%
FFO	55,160,204	148,651,853	180,475,369	223,025,405	285,177,212	343,790,352	396,523,366	452,698,132
<i>FFO Margin</i>	37.7%	55.3%	56.1%	54.9%	55.0%	55.0%	55.1%	55.2%
BALANCE SHEET	2019	2020E	2021E	2022E	2023E	2024E	2025E	2026E
Cash and equivalents	114,543,902	184,362,155	224,311,698	283,364,340	361,605,430	436,183,869	501,865,245	572,712,194
Account receivable	2,712,425	7,455,709	9,225,687	11,873,468	15,012,772	17,565,422	17,042,213	19,428,152
Related parties	3,207,736	11,864,727	12,842,762	13,901,418	15,047,342	16,287,727	17,630,360	19,083,668
Other receivables: mainly VAT	207,594,389	238,726,401	290,456,165	366,922,100	468,234,725	564,804,665	649,854,000	741,592,118
Advance payments	400,265	3,032,898	2,894,236	2,847,520	2,836,649	2,834,594	2,834,268	2,834,227
Current assets	328,458,717	445,441,889	539,730,548	678,908,847	862,736,919	1,037,676,277	1,189,226,086	1,355,650,359
Restricted cash	33,218,048	38,913,933	58,775,065	82,625,511	108,552,402	133,709,528	157,948,227	183,951,006
Long-term accounts receivable	5,213,445	1,831,121	1,215,076	1,231,127	1,235,958	1,234,925	1,235,044	1,235,036
Furniture and equipment	305,942	341,830	384,530	456,688	529,217	564,074	593,159	622,253
Investment properties	4,074,130,000	4,089,985,750	4,514,578,993	4,983,250,489	5,500,576,127	6,071,606,834	6,701,917,891	7,397,663,359
Deposits for the acquisition of investment properties	-	14,760,719	14,760,719	14,760,719	14,760,719	14,760,719	14,760,719	14,760,719
Total non current assets	4,112,867,435	4,145,833,353	4,589,714,383	5,082,324,534	5,625,654,422	6,221,876,081	6,876,455,039	7,598,232,374
TOTAL ASSETS	4,441,326,152	4,591,275,243	5,129,444,931	5,761,233,381	6,488,391,342	7,259,552,358	8,065,681,125	8,953,882,733
Short term debt	76,753,878	90,876,640	263,146,914	461,806,839	648,245,078	767,080,964	801,391,709	773,969,473
Suppliers and creditors	7,525,730	8,740,281	28,864,306	36,463,168	46,531,188	56,127,901	64,579,744	73,696,290
Provisions and accrued liabilities	4,883,776	8,308,564	9,719,845	11,370,844	13,302,279	15,561,785	18,205,087	21,297,377
Related parties	12,344,661	18,154,194	17,773,249	18,522,126	19,280,789	20,059,063	20,871,050	21,715,649
Guaranty deposits	192,205	192,205	192,205	192,205	192,205	192,205	192,205	192,205
Advance payments	8,550,702	8,796,736	9,984,186	12,116,315	14,399,642	15,741,364	16,971,051	18,246,503
Current liabilities	110,250,952	135,068,620	329,680,704	540,471,496	741,951,181	874,763,281	922,210,847	909,117,498
Long-term debt	460,747,380	507,799,256	641,084,861	809,354,867	1,021,791,872	1,289,988,696	1,628,581,007	2,056,045,999
TOTAL LIABILITIES	570,998,332	642,867,876	970,765,565	1,349,826,363	1,763,743,052	2,164,751,976	2,550,791,854	2,965,163,497
TOTAL EQUITY	3,870,327,820	3,948,407,366	4,158,679,366	4,411,407,018	4,724,648,289	5,094,800,381	5,514,889,271	5,988,719,236
TOTAL EQUITY + LIABILITIES	4,441,326,152	4,591,275,243	5,129,444,931	5,761,233,381	6,488,391,342	7,259,552,358	8,065,681,125	8,953,882,733
TOTAL DEBT	537,501,258	598,675,896	904,231,775	1,271,161,706	1,670,036,950	2,057,069,659	2,429,972,716	2,830,015,472
NET DEBT	422,957,356	414,313,742	679,920,076	987,797,366	1,308,431,519	1,620,885,791	1,928,107,471	2,257,303,278

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