

FIBRA STORAGE: 4Q20 Results

Favorable Performance with a Significant Growth in Revenues, NOI and FFO

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%



Opinion and Recommendation

FIBRA STORAGE delivered a very favorable performance in 4Q20, as its promotion and discount strategies boosted its revenues and occupancy levels in a significant way. In addition, the Fibra benefited from a high operating leverage, which helped it to post higher margins.

We reiterate our BUY recommendation on FIBRA STORAGE due to a high organic growth potential, solid financial structure, high cash levels and experienced management team. Furthermore, we continue to believe that the Fibra can also expand through acquisitions in the future.

4Q20 Results

STORAGE's total revenues reached MXN\$72.7 million in 4Q20, up 38.0% YoY. This performance was due mainly to the increases of 29.2% in leasing and 541.5% in other income. The leasing business was supported by the implementation of an aggressive promotion and discounts strategy since the effective rate remained stable on an annual basis at MXN\$ 289.6 and decreased by 3.7% sequentially. This boosted this quarter's occupancy rate by 4.8 percentage points to to 75.3%. Thus, RevPaM (calculated as an occupancy rate) rose 6.5% YoY to MXN\$218.1 in 4Q20. In addition, the gross leasable area grew 14.4% annually, reaching 76,020 M2 at the end of 4Q20. The significant rise in other revenues corresponded to the sale of accessories. They represented 8% of total revenues, against only 3% of the previous year.

Operating expenses, which in this quarter included property and asset management commissions, advanced 20.1% YoY to MXN\$20.1 million. Other expenses stood at MXN\$8.5 million, up 15.8% YoY as a result of expenses related to the administration of the Fibra. However, no extraordinary expenses were incurred during the period.

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In 4Q20, STORAGE registered a MXN\$51.9 million NOI, which was up 46.3% YoY because of its high operating leverage. EBITDA was MXN\$43.4 million, 45.9% higher than in 4Q19. FFO increased 1,813.2% to MXN\$39.4 million due to a favorable comparison base since last year this item included a significant amount for property revaluation.

NOI, EBITDA and FFO margins expanded by 4.8, 3.9 and 50.9 percentage points compared to 4Q19, confirming the successful implementation of the promotion and discount strategies that generated a high operating leverage.

Portfolio

STORAGE had 21 properties at the end of the fourth quarter, of which 5 are land for future development and 16 are in operation. Of the properties in operation, 7 are already stabilized with an occupancy greater than 85% and 9 in the stabilization process. The GLA built was 111,847 M2 rising 6.4% YoY, of which 100,923 M2 are operational (+ 7.2% YoY) and 41,922 M2 under development (-17.8% YoY). This translated into a potential GLA of 153,769 M2, which once completed will represent 37.5% of the GLA built at the end of the current quarter. STORAGE expects the fulfillment of the development plan during 2022 and estimates a Capex of MXN\$626.5 million to complete these additional phases.

Customers / Net Absorption

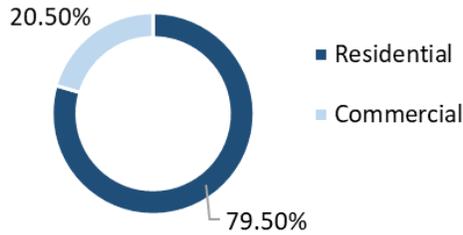
STORAGE closed the quarter with 7,907 clients, of which 79.5% were in the residential segment while the rest were in the commercial one. During the quarter, net absorption was positive by 2,743 M2. Move-ins represented 5.4% of total clients, which was partially offset by a 4.2% move-out rate, within the historical average.

Financial Structure

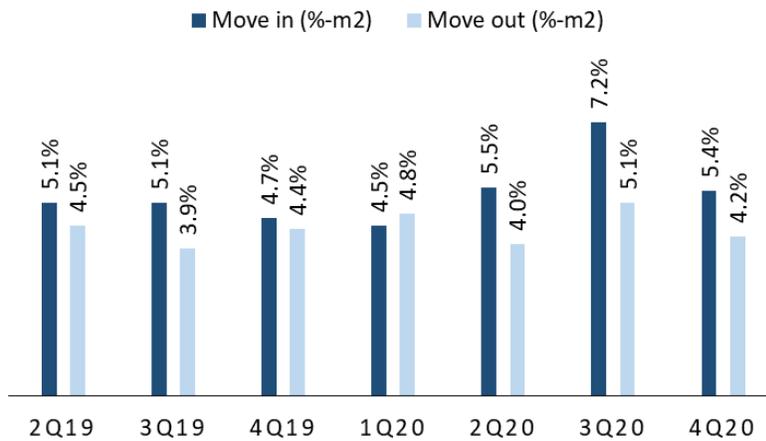
STORAGE has a very solid financial structure with an 11.23% LTV, well below the previous 50% maximum level. Total assets rose 0.3% YoY which included a slight 1.2% adjustment in investment properties. Cash rose 80.2% YoY fueled by the cash flow generation and a MXN\$6.4 million VAT recovery. The Fibra has sufficient cash reserves to support future portfolio expansions.

STORAGE reported a total debt of MXN\$500.4 million, which corresponded to a loan denominated in pesos, which is made up of three portions. In 2Q20 it reached a standstill agreement that has allowed it to defer the debt amortization during a twelve-month period. However, it is still paying interests.

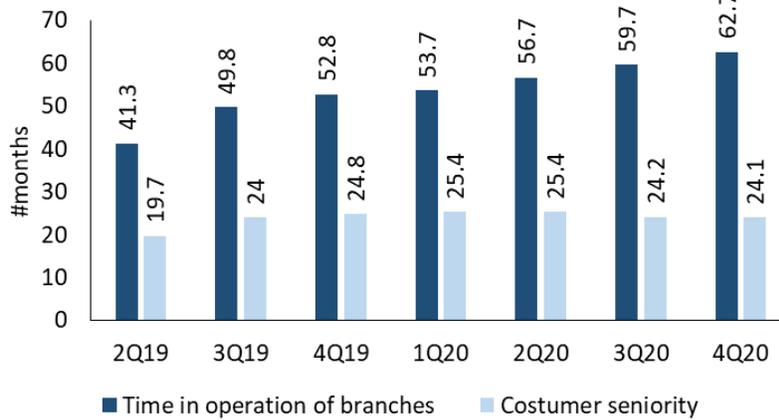
Customer Breakdown At the End of 4Q20



Net Client Absorption



Customer age vs. Branch time



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