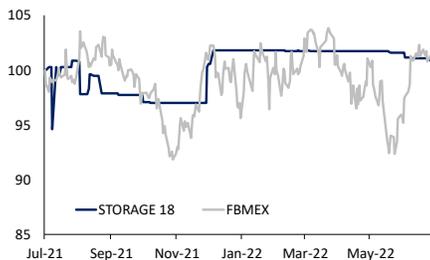


STORAGE: 2Q22 Results

Significant revenue growth due to acquisitions, but lower profitability due to internalization, in line

STORAGE 18	BUY
Target Price (MXN\$)	\$ 23.50
Expected Dividend	\$ 0.35
Current Price (MXN\$)	\$ 16.00
Min / Max (L12M - MXN\$)	15.00 - 16.15
Total Return	49.1%
Mkt Cap (Mn of MXN)	3,567
CBFI's Outstanding (Mn)	222.9
Float	12.5%



Opinion and recommendation

STORAGE reported positive 2Q22 results, in line with our expectations. Total revenue and NOI rose more than 40% due to acquisitions and higher average rates. However, the Fibra recognized extraordinary expenses related to the first stage of the internalization, which generated an 11% decline in EBITDA and a 23% reduction in FFO. Excluding these extraordinary expenses, EBITDA increased 3.9% and FFO was slightly below the previous year, basically in line with our projections, due to the internalization process and the Guardabox leases expenses.

Portfolio

The GLA built during the period increased 25.6% to 150,546 M2 due to the acquisitions that STORAGE carried out. During the current quarter, it integrated a branch and a piece of land. The Fibra now has 33 properties of which 26 are operating and 7 are lots for future developments. The GLA under development is 50,842 M2, which translates into a potential GLA of 201,389 M2.

Revenues

STORAGE reported total revenue of MXN\$108 million, up 43.2% YoY. Leasing revenues advanced 46.0% to MXN\$104 million (vs. our projection of MXN\$106 million), which was primarily due to the expansion of the property portfolio. In addition, the average monthly fee rose 6.8%. On the other hand, occupancy decreased slightly to 74.7% we believe as a result of the integration of the new branches. RevPaM improved 6.5% to MXN\$236. Net absorption for the quarter was 3,293 M2.

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Profitability

Property expenses rose 49.8% to MXN\$27 million, corresponding to maintenance, insurance and other services. The expenses to sales ratio was 25.0%, from 23.9% in 2Q21. The NOI grew 41.1% to MXN\$81 million with a contraction in the NOI margin to 75.0%, compared to 76.1% in the same period of the previous year.

Due to internalization during the quarter, operating expenses rose significantly to MXN\$36 million. In addition, the Fibra recorded extraordinary expenses of MXN\$9.2 million. Reported EBITDA fell 10.8% to MXN\$45 million. However, adjusted EBITDA excluding extraordinary items was MXN\$52 million (vs. MXN\$56 million E), up slightly 3.9%. For its part, the FFO fell 23% to MXN\$30 million also due to internalization expenses, lease of Guardabox branches and higher interests paid. Excluding extraordinary expenses, FFO was MXN\$37 million (vs. MXN\$38 million E), slightly lower than the previous year.

Investment Properties

The value of investment properties reached MXN\$5,072 million, with a MXN\$228 million quarterly increase due to the acquisition of land.

Financial Structure

STORAGE ended the quarter with a MXN\$1,490 million debt, leverage of 24.6% (below the maximum set by the shareholder's assembly of 50%) and debt service coverage of 7.12x.

(Figures in Millions of Pesos)	2Q22	2Q22E	Diff	2Q21	Change
Leasing Revenues	104,425,918	103,417,253	1.0%	71,513,617	46.0%
Other Revenues	3,690,659	2,094,105	76.2%	4,004,402	-7.8%
Total Revenues	108,116,577	105,511,358	2.5%	75,518,019	43.2%
Operating Expenses	27,840,744	18,615,106	49.6%	16,615,370	67.6%
Fees & Corporate Expenses	29,084,596	26,377,840	10.3%	6,808,843	327.2%
Asset Tax	1,736,406	1,817,197	-4.4%	1,430,073	21.4%
Depreciation	45,012	37,830	19.0%	36,921	21.9%
Other Expenses	134,257	1,050,445	-87.2%	206,339	-34.9%
Total General Expenses	58,841,015	47,898,418	22.8%	25,097,546	134.4%
Operating Profit	53,163,645	65,112,941	-18.4%	70,229,850	-24.3%
Net Financial Cost	6,119,039	18,602,974	-67.1%	12,413,117	-50.7%
Pretax Profit	47,044,606	46,509,967	1.1%	57,816,733	-18.6%
Taxes	-	-	N.A.	-	N.A.
Net Profit	47,044,606	46,509,967	1.1%	57,816,733	-18.6%
NOI	81,081,778	83,579,056	-3.0%	57,472,576	41.1%
NOI Margin	75.5%	79.2%		76.1%	
EBITDA	45,032,562	56,150,771	-19.8%	50,457,394	-10.8%
EBITDA Margin	41.9%	53.2%		66.8%	
FFO	29,835,366	37,547,797	-20.5%	38,692,437	-22.9%
FFO Margin	27.8%	35.6%		51.2%	

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