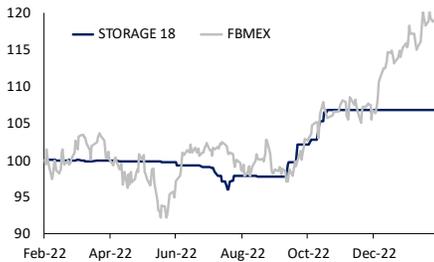


STORAGE: 4Q22 Results

Positive results due to portfolio expansion, higher tariffs and occupancy, and higher-than-expected profitability levels due to internalization

STORAGE 18	BUY
Target Price (MXN\$)	\$ 25.00
Expected Dividend	\$ 0.35
Current Price (MXN\$)	\$ 17.25
Min / Max (L12M - MXN\$)	15.50 - 17.25
Total Return	47.0%
Mkt Cap (Mn of MXN)	3,844
CBFI's Outstanding (Mn)	222.8
Float	12.5%



Opinion and recommendation

STORAGE reported very solid quarterly results with high revenue growth driven by continued portfolio expansion, higher occupancy and rates. In addition, it benefited from economies of scale due to the internalization of its administration, which generated a higher-than-expected profitability at the NOI and FFO level. Leverage decreased.

We reiterate our BUY recommendation. We are slightly raising our target price to MXN\$25.00/CBFI, from MXN\$24.50/CBFI, after having included this report in our model.

Portfolio

STORAGE continued to develop its properties, which allowed it to increase the GLA built by 8,119 M2 during the year, equivalent to 6%. The Fibra plans to invest MXN\$778 million during the 2023-2024 period to develop an additional 43,113 M2. This means that the GLA could expand by a further 28% from the current level. After the end of the quarter, STORAGE announced the opening of the new Mariano Escobedo branch and the acquisition of land in the Escandón neighborhood, both in Mexico City.

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Stephanie Aroesti
+5253-1403-6659
stephanie.aroesti@miranda-gr.com

Martin Lara
+5255-6413-8563
martin.lara@miranda-gr.com

Revenues

STORAGE registered total revenues of MXN\$118.3 million in 4Q22, up 23% YoY. It was mainly due to the expansion of the GLA built, which reached 156,656 M2. In addition, occupancy improved more than 6 percentage points to 79.8%, while the effective monthly rate rose 10% to MXN\$324, resulting in a 19% increase in RevPaM to MXN\$259. The net absorption of the quarter was 4,402 M2, accumulating 10,497 M2 in the year.

STORAGE closed the quarter with 12,402 clients, of which 82% are from the residential segment and the rest from the commercial sector. The average term was 26.8 months, compared to 25.7 months the previous year.

Profitability

The internalization process was carried out during 2022, concluding at the end of that year, which helped to improve profitability. Total NOI grew 35% to MXN\$91.1 million, which translated into an NOI margin of 78.4%, from 69.9%. In addition, FFO advanced 49%, with a margin of 44.6%, from 36.1%.

Financial structure

The value of investment properties increased 16% to MXN\$5.62 billion, while total debt remained stable at MXN\$1.5 billion. LTV decreased to 23.1% in 4Q22, compared to 24.6% in 4Q21. This means that STORAGE has the adequate financial structure to continue investing in the development of its properties, and to acquire more assets.

MAIN OPERATING INDICATORS	4Q22	4Q22E	Diff.	4Q21	Change
Constructed GLA (m2)	156,656	150,341	4.2%	148,537	5.5%
Available GLA (m2)	148,331	147,334	0.7%	141,735	4.7%
Occupied GLA (m2)	118,351	114,184	3.6%	104,549	13.2%
Monthly effective rate - P\$	323.9	323.3	0.2%	293.9	10.2%
Occupancy (%-m2)	79.8%	77.5%		73.8%	
RevPaM (P\$-FdP)	258.4	250.5	3.1%	216.8	19.2%
INCOME STATEMENT	4Q22	4Q22E	Diff.	4Q21	Change
Total Revenues	118	120	-1.2%	97	22.6%
Leasing Revenues	110	111	-0.9%	92	19.0%
Other Revenues	9	9	-6.0%	4	98.8%
Operating Expenses (Incl. Asset Tax)	20	22	-5.9%	27	-23.8%
Corporate Expenses, Fees & Other	23	31	-27.0%	9	153.5%
NOI	91	91	0.3%	67	35.1%
NOI Margin	78.4%	77.1%		69.9%	
EBITDA	68	58	18.7%	58	17.0%
EBITDA Margin	58.9%	50.5%		59.8%	
FFO	52	43	21.4%	35	48.8%
FFO Margin	44.6%	37.4%		36.1%	

Discounted Cash Flow Model

(Figures in Millions of Mexican Pesos)	2024E	2025E	2026E	2027E	2027E	Perp.
FFO	326	369	412	460	506	527
Growth Capex	99	0	0	0	0	0
FFO after Capex	227	369	412	460	506	527
Interest paid	79	79	80	81	85	88
FCFF	306	447	492	540	591	615
Perpetuity Growth Rate						4.1%
PV of Explicit Period (2024 -2028E)						1,708
Terminal Value						8,940
PV of Terminal Value						4,794
Enterprise Value						6,502
Net Debt						1,256
Market Value						5,246
Recoverable VAT						179
Adjusted Market Value						5,425
CBFIs outstanding						217
Target Price						P\$ 25.00
Current Price						P\$ 17.25
Potential Return incl/ Div.						51.9%
Average Cost of Debt						9.55%
Cost of Capital						11.4%
Market Risk Premium						6.0%
Risk Free Rate						9.4%
Beta						0.33
% of Debt						23%
% of Capital						77%
WACC						10.94%

MAIN OPERATING INDICATORS	2022	2023E	2024E	2025E	2026E	2027E	2028E
Constructed GLA (m2)	156,656	195,656	199,769	199,769	199,769	199,769	199,769
Available GLA (m2)	148,331	195,656	199,769	199,769	199,769	199,769	199,769
Occupied GLA (m2)	118,351	150,655	157,818	161,813	165,808	169,804	173,799
Unoccupied GLA	29,980	45,001	41,951	37,956	33,961	29,965	25,970
Occupancy (%-m2)	80%	77%	79%	81%	83%	85%	87%
Monthly effective rate - P\$	323.9	343.3	363.9	385.8	408.9	433.5	459.5
RevPaM (P\$-FdP)	258.4	264.4	287.5	312.5	339.4	368.4	399.7
INCOME STATEMENT	2022	2023E	2024E	2025E	2026E	2027E	2028E
Total Revenues	447	620	738	806	875	950	1,031
Leasing Revenues	423	575	684	747	812	881	956
Other Revenues	23	45	54	59	64	69	75
Operating Expenses (Incl. Asset Tax)	83	117	138	149	160	171	186
Corporate Expenses, Fees & Other	125	136	161	174	187	201	217
Total General Expenses	208	253	299	323	347	373	402
Revaluation of Investment Properties	206	71	74	77	80	85	90
Operating Profit	444	438	513	560	608	663	719
Interest Expense	- 71	- 76	- 79	- 79	- 80	- 81	- 85
Interest Gains	5	5	4	4	4	5	5
FX Gain	0	1	1	1	1	1	1
Unrealized valuation effect of financial instruments	- 3	2	2	2	2	2	2
Unrealized valuation effect investment instruments	42	40	44	48	52	56	60
Net Financial Cost	- 26	- 31	- 31	- 26	- 23	- 20	- 19
Net Profit	418	407	482	534	585	643	700
NOI	345	468	564	619	676	739	803
NOI Margin	77.2%	76.4%	77.2%	77.6%	77.9%	78.4%	78.5%
EBITDA	219	331	403	445	489	537	587
EBITDA Margin	49.1%	54.1%	55.2%	55.8%	56.4%	57.0%	57.4%
FFO	155	259	326	369	412	460	506
FFO Margin	34.6%	42.2%	44.6%	46.2%	47.5%	48.8%	49.4%
BALANCE SHEET	2022	2023E	2024E	2025E	2026E	2027E	2028E
TOTAL ASSETS	6,539	6,732	7,264	7,775	8,456	9,108	9,774
Current assets	733	470	524	556	589	624	662
Total non current assets	5,806	6,262	6,739	7,219	7,867	8,484	9,113
Intangible Assets	96	96	96	96	96	96	96
TOTAL LIABILITIES	1,829	1,881	1,942	1,931	2,040	2,062	2,042
Current liabilities	190	232	283	261	358	368	335
Long-term liabilities	1,639	1,649	1,659	1,670	1,682	1,694	1,707
TOTAL EQUITY	4,710	5,117	5,598	6,132	6,717	7,359	8,059
Total Debt	1,490	1,526	1,572	1,547	1,641	1,647	1,611
Net Debt	953	1,256	1,251	1,196	1,260	1,234	1,163

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