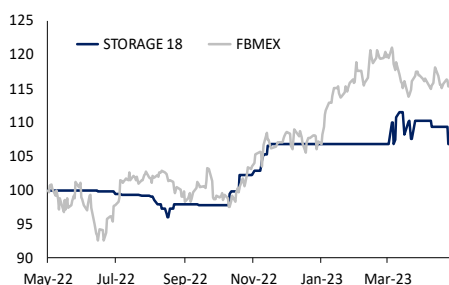


STORAGE: 1Q23 Results

Revenues fueled by the portfolio expansion, a higher occupancy and rising rates; profitability improves with internalization; positive

STORAGE 18	BUY
Target Price (MXN\$)	\$ 25.00
Expected Dividend	\$ 0.36
Current Price (MXN\$)	\$ 17.25
Min / Max (L12M - MXN\$)	15.50 - 18.00
Total Return	47.0%
Mkt Cap (Mn of MXN)	3,850
CBFI's Outstanding (Mn)	223.2
Float	12.5%



Opinion and recommendation

STORAGE posted positive 1Q23 results with revenue and NOI broadly in line with our expectations, but with FFO slightly below. We reiterate our BUY recommendation with MXN\$25.00/CBFI, after having included this quarterly report in our model.

Portfolio

STORAGE added 5 properties during the last twelve months, closing the quarter with 36 units, of which twenty-eight are operating (twelve stabilized and sixteen in the stabilization process). In addition, the Fibra owns eight lots that it will use for future developments.

The GLA built grew 13.6% to 168,395 M2. However, the available GLA increased 5.1% to 151,462 M2. Occupancy improved significantly to 79.6% in the current quarter, from 74.1% the previous year, with a positive net absorption of 2,210 M2 in the period.

STORAGE expects to invest MXN\$808 million during the 2023-2024 period in order to develop 47,223 M2 of additional GLA.

Revenues

Total revenues were up 20.2% YoY to MXN\$124.6 million, due to the expansion of the available GLA, a much higher occupancy and a 3.6% increase in the effective rate, which was lower than in previous quarters. We believe that STORAGE maintained a competitive pricing strategy in order to boost occupancy, which has yielded good results during the current quarter. For its part, the RevPaM advanced 11.4% to MXN\$263.3.

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

STORAGE continued to benefit from the internalization of its management and economies of scale, which boosted the NOI by 30.3% to MXN\$95.9 million. The NOI margin expanded to 77.3% in the current quarter, from 71.3% a year earlier. However, EBITDA rose 5.0% and FFO 12.5% due to higher leasing expenses of the units acquired from Guardabox. Margins contracted in both cases.

Financial structure

LTV stood at 22.5% at the end of 1Q23, a manageable level and much lower than the maximum limit of 50%.

MAIN OPERATING INDICATORS	1Q23	1Q23E	Diff.	1Q22	Change
Constructed GLA (m2)	168,395	171,656	-1.9%	148,203	13.6%
Available GLA (m2)	151,462	154,490	-2.0%	144,062	5.1%
Occupied GLA (m2)	120,561	123,592	-2.5%	106,706	13.0%
Monthly effective rate - P\$	330.8	325.6	1.6%	319.2	3.6%
Occupancy (%-m2)	79.6%	80.0%		74.1%	
RevPaM (P\$-FdP)	263.3	260.5	1.1%	236.4	11.4%
(Figures in Millions of Pesos)	1Q23	1Q23E	Diff.	1Q22	Change
Total Revenues	125	128	-2.4%	104	20.2%
Leasing Revenues	117	118	-0.9%	102	15.5%
Other Revenues	7	9	-21.6%	2	253.7%
Operating Expenses (Incl. Asset Tax)	23	22	3.0%	19	22.0%
Corporate Expenses, Fees & Other	30	28	5.7%	36	-18.5%
NOI	96	97	-0.9%	74	30.3%
NOI Margin	77.3%	77.1%		71.3%	
EBITDA	66	69	-3.6%	63	5.0%
EBITDA Margin	53.4%	54.7%		61.1%	
FFO	51	54	-5.7%	45	12.5%
FFO Margin	40.9%	42.8%		43.6%	

Discounted Cash Flow Model

(Figures in Millions of Mexican Pesos)	2024E	2025E	2026E	2027E	2027E	Perp.
FFO	279	378	427	472	511	533
Growth Capex	605	0	0	0	0	0
FFO after Capex	-326	378	427	472	511	533
Interest paid	74	79	88	93	105	110
FCFF	-252	456	515	565	617	643
Perpetuity Growth Rate						4.2%
PV of Explicit Period (2024 -2028E)						1,272
Terminal Value						9,967
PV of Terminal Value						5,422
Enterprise Value						6,694
Net Debt						1,298
Market Value						5,396
Recoverable VAT						183
Adjusted Market Value						5,579
CBFIs outstanding						223
Target Price						P\$ 25.00
Current Price						P\$ 17.25
Potential Return incl/ Div.						47.0%
Average Cost of Debt						9.55%
Cost of Capital						11.1%
Market Risk Premium						6.0%
Risk Free Rate						9.1%
Beta						0.33
% of Debt						26%
% of Capital						74%
WACC						10.68%

MAIN OPERATING INDICATORS	2022	2023E	2024E	2025E	2026E	2027E	2028E
Constructed GLA (m2)	156,656	190,395	215,618	215,618	215,618	215,618	215,618
Available GLA (m2)	148,331	165,644	194,056	211,306	211,306	211,306	211,306
Occupied GLA (m2)	118,351	131,190	156,215	174,327	178,553	182,779	187,005
Unoccupied GLA	29,980	34,454	37,841	36,978	32,752	28,526	24,300
Occupancy (%-m2)	80%	79%	81%	83%	85%	87%	89%
Monthly effective rate - P\$	323.9	339.3	359.7	381.2	404.1	428.4	454.1
RevPaM (P\$-FdP)	258.4	268.7	289.5	314.5	341.5	370.5	401.8
INCOME STATEMENT	2022	2023E	2024E	2025E	2026E	2027E	2028E
Total Revenues	447	527	641	809	901	978	1,061
Leasing Revenues	423	496	603	761	848	921	999
Other Revenues	23	31	37	47	53	57	62
Operating Expenses (Incl. Asset Tax)	83	96	121	152	167	179	194
Corporate Expenses, Fees & Other	125	126	140	175	193	207	223
Total General Expenses	208	222	261	326	360	386	417
Revaluation of Investment Properties	206	325	74	77	80	85	90
Operating Profit	444	630	453	560	621	677	734
Interest Expense	- 71	- 72	- 74	- 79	- 88	- 93	- 105
Interest Gains	5	6	7	8	10	11	12
FX Gain	0	1	1	1	1	1	1
Unrealized valuation effect of financial instruments	- 3	- 6	- 6	- 6	- 6	- 6	- 6
Unrealized valuation effect investment instruments	42	31	44	48	52	56	60
Net Financial Cost	- 26	- 42	- 32	- 30	- 34	- 34	- 41
Net Profit	418	589	422	529	587	643	693
NOI	344	402	488	624	699	763	829
NOI Margin	77.8%	77.3%	77.1%	77.9%	78.3%	78.7%	78.7%
EBITDA	219	277	348	449	506	556	606
EBITDA Margin	49.5%	53.2%	55.0%	56.1%	56.7%	57.3%	57.6%
FFO	154	210	279	378	427	472	511
FFO Margin	34.8%	40.3%	44.1%	47.2%	47.8%	48.7%	48.6%
BALANCE SHEET	2022	2023E	2024E	2025E	2026E	2027E	2028E
TOTAL ASSETS	6,539	6,978	7,339	7,933	8,499	9,340	10,227
Current assets	733	506	575	677	733	780	831
Total non current assets	5,806	6,472	6,764	7,256	7,766	8,559	9,396
Intangible Assets	96	17	17	17	17	17	17
TOTAL LIABILITIES	1,829	1,867	1,890	2,043	2,115	2,410	2,707
Current liabilities	190	218	231	373	183	217	250
Long-term liabilities	1,639	1,649	1,659	1,670	1,932	2,194	2,457
TOTAL EQUITY	4,710	4,511	4,849	5,290	5,784	6,329	6,920
Total Debt	1,490	1,602	1,610	1,746	1,803	2,083	2,364
Net Debt	953	1,298	1,241	1,281	1,285	1,521	1,753

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