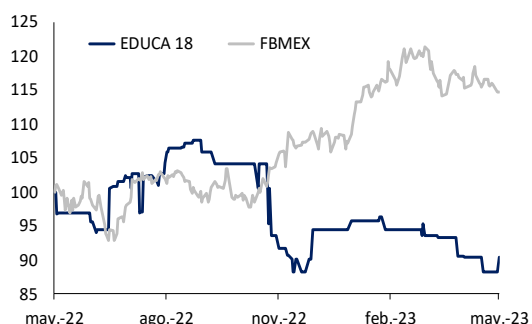


FIBRA EDUCA: 1Q23 Results

High revenue and NOI growth due to acquisitions and rising rents; independent technical committee members increase

EDUCA 18	BUY
Target Price (MXN\$)	\$ 60.50
Expected Dividend	\$ 2.34
Current Price (MXN\$)	\$ 51.22
Min / Max (L12M - MXN\$)	\$ 49.99 - 61.22
Total Return	22.7%
Mkt Cap (Mn of MXN)	62,871
CBFI's Outstanding (Mn)	1,227.5
Float	31.8%
ADTV (6M - MXN\$ Mn)	0.4



Opinion and recommendation

FIBRA EDUCA reported positive 1Q23 results that were practically in line with our expectations in terms of revenue, NOI, FFO and AFFO. We expect a positive reaction in the short term. The recommendation is BUY with a MXN\$60.50/CBFI.

Portfolio

FIBRA EDUCA's portfolio includes 65 properties with a total GLA of 538,382 M2. It increased 15.6% annually thanks to the acquisitions that the Fibra carried out during the previous year, mainly of a property in Aguascalientes. 89% of the portfolio is in the education sector, 4% are learning centers and the remaining 6% are offices. Occupancy remained at 100%.

The Fibra's holders approved a long-term domestic bond program of up to MXN\$20 billion in pesos or its equivalent in UDIs, of which it will initially use MXN\$12 billion to prepay the simple credit and carry out acquisitions.

Revenues

Revenues were up 26.0% to MXN\$1.0 billion in 1Q23, supported by the aforementioned acquisitions, in combination with updated rents in those contracts with an additional year in operation. We estimate that the average monthly rent increased 10% annually.

The NOI grew 27.3% to MXN\$887.5 million. Operation and maintenance expenses advanced 20.5% due to the acquired properties, while administrative expenses only rose 4.9% due to operating leverage. The NOI margin expanded 86 bps to 87.6%.

May 3rd, 2023

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FFO rose 2% and AFFO was flat as the strong operating performance was offset by interest paid related to the simple loan that the Fibra raised last year.

Distribution

On April 17th, the holders approved the payment of a MXN\$700 million distribution of the 2023 fiscal result and equity reimbursement corresponding to 1Q23, which will be paid no later than May 15th.

ESG

FIBRA EDUCA complied with the 2022 KPIs of its simple credit related to the “Fibra Educa Scholarship Program” and with the environmental certifications in four of its properties (3 with EDGE Advanced and one with EDGE Certified). As a result, it will have a 10 bps reduction in the spread of its simple credit.

Corporate governance

The holders approved a restructuring of the Technical Committee, which will now include 6 independent members (3 women and 3 men) and one proprietary member. Alba Aguilar Priego, Marta Vaca Viana and Diego Laresgoiti Matute were appointed as new independent members, with which 85.71% of the Technical Committee members will be independent. We believe this change is positive since it reinforces Fibra's corporate governance.

Technical Committee	
Name	Position
Jorge Nacer Gobera	Chairman (Patrimonial)
Blanca Patricia Rodríguez Otriz	Independent
Alba Aguilar Priego	Independent
Marta Vaca Viana	Independent
Diego Laresgoiti Matute	Independent
Alejandro Creel Cobián	Independent
José Miguel Fabre Mendoza	Independent
Fuente: Fibra Educa	

(Figures in Millions of Pesos)	1Q23	1Q23E	Diff	1Q22	Change
Leasing Revenues	1,013.1	1,025.6	-1.2%	804.0	26.0%
Total Expenses	126.4	133.3	-5.2%	107.2	17.8%
Operating Profit	875.0	1,081.5	-19.1%	686.0	27.6%
Financing Result	(175.5)	(154.2)	13.8%	16.9	-1141.8%
Net Profit	699.5	927.3	-24.6%	702.8	-0.5%
NOI	887.5	893.0	-0.6%	697.4	27.3%
NOI Margin	87.6%	87.1%		86.7%	
FFO	726.8	754.3	-3.6%	713.6	1.9%
FFO Margin	71.7%	73.5%		88.8%	
AFFO	700.0	720.5	-2.8%	701.4	-0.2%
AFFO Margin	69.1%	70.3%		87.2%	

Discounted Cash Flow Model

(Figures in Millions of Pesos)	2024E	2025E	2026E	2027E	2028E	Perp.
FFO	3,197	3,386	3,584	3,791	4,009	4,294
Capex Reserve	101	101	101	101	101	108
ESG Initiative Expenses	56	64	72	80	80	86
AFFO	3,040	3,221	3,411	3,610	3,827	4,100
Interests Expenses	787	787	787	787	787	843
FFCE	3,827	4,008	4,198	4,397	4,614	4,942
Perpetuity Growth Rate						7.1%
PV of Explicit Period (2024 - 2028E)						15,305
Perpetuity Value						119,538
PV of Perpetuity						63,058
Enterprise Value						78,364
Net Debt						4,218
Market Value						74,146
Recoverable VAT						111
Adjusted Market Value						74,257
Outstanding CBFIs						1,227
Target Price						P\$ 60.50
Current Market Price						P\$ 51.22
Potential Return w/Dividends						22.7%
Average Cost of Debt						12.5%
Cost of Equity						11.0%
Market Risk Premium						6.0%
Risk-Free Rate						9.1%
Beta						0.32
% Total Debt						15%
% Equity						85%
WACC						11.2%

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