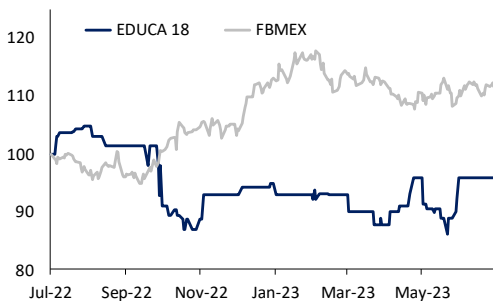


FIBRA EDUCA: 2Q23 Results

Favorable results, in line with our expectations; we increased our target price to MXN\$63.0/CBFI

EDUCA 18	HOLD
Target Price (MXN\$)	\$ 63.00
Expected Dividend	\$ 2.36
Current Price (MXN\$)	\$ 53.99
Min / Max (L12M - MXN\$)	\$ 48.50 - 61.22
Total Return	21.1%
Mkt Cap (Mn of MXN)	66,266
CBFI's Outstanding (Mn)	1,227.4
Float	31.8%
ADTV (6M - MXN\$ Mn)	0.1



Opinion and recommendation

FIBRA EDUCA once again reported favorable results in 2Q23 with revenues, NOI, FFO and AFFO that were pretty much in line with our projections. We are raising our target price to MXN\$63.00/CBFI, from MXN\$60.50/CBFI, after having incorporated this report into our model. We downgraded our recommendation to HOLD, from BUY, as we believe the certificates are fairly valued at current levels.

Portfolio

FIBRA EDUCA's portfolio remained unchanged sequentially with 65 properties and a gross leasable area of 538,382 M2. The Fibra began the expansion of two educational properties in Querétaro and San Luis Potosí to meet the rising demand in this sector. In addition, it carried out the rehabilitation of the roofs of 4 other properties in the same sector.

Revenues

Leasing revenues reached MXN\$1.015 billion in 2Q23, up 25.5% YoY. This figure was practically in line with our MXN\$1.020 billion projection. It was fueled by the acquisitions of the previous year, as well as an estimated increase in rents of 16%.

Profitability

NOI grew 26.1% to MXN\$884.4 million (vs. MXN\$883.6 million estimates) as the margin expanded to 87.2% (vs. 86.6% E) in the current quarter, from 86.7% in the same period a year ago. Operation and maintenance expenses rose 25.4%, in line with the performance of revenues. However, administrative expenses decreased 4.3%.

July 31st, 2023

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

FFO advanced 4.5% while AFFO remained stable as the strong growth at the NOI level was offset by the interest paid on the loan that the Fibra raised last year with a variable interest rate.

The Technical Committee approved a MXN\$700.8 million distribution (in line with our forecasts) corresponding to 2Q23 results, from next August 24th. It represents 100% of the AFFO for the period.

Financial structure

Cash increased annually and sequentially thanks as FIBRA EDUCA recovered MXN\$111.2 million of VAT during the current quarter. On the other hand, leverage remained stable at 15% compared to 1Q23.

The Fibra has a program of up to MXN\$20 billion (or its equivalent in UDIs) of long-term revolving Cebures, of which it will initially use MXN\$12 billion to prepay the outstanding credit and carry out acquisitions. FIBRA EDUCA received AA+.mx and HR AAA credit ratings.

(Figures in Millions of Pesos)	2Q23	2Q23E	Diff	2Q22	Change
Leasing Revenues	1,014.7	1,020.1	-0.5%	808.7	25.5%
Total Expenses	131.0	127.2	3.0%	108.2	21.2%
Operating Profit	872.3	881.1	-1.0%	689.8	26.5%
Financing Result	(186.7)	(172.5)	8.3%	(26.3)	610.5%
Net Profit	685.5	708.7	-3.3%	663.5	3.3%
NOI	884.4	883.6	0.1%	701.2	26.1%
NOI Margin	87.2%	86.6%		86.7%	
FFO	712.2	702.0	1.5%	681.6	4.5%
FFO Margin	70.2%	68.8%		84.3%	
AFFO	700.8	699.2	0.2%	702.9	-0.3%
AFFO Margin	69.1%	68.5%		86.9%	

Discounted Cash Flow Model

(Figures in Millions of Pesos)	2024E	2025E	2026E	2027E	2028E	Perp.
FFO	3,124	3,313	3,510	3,717	3,934	4,219
Capex Reserve	- 101	- 101	- 101	- 101	- 101	109
ESG Initiative Expenses	56	64	72	80	80	86
AFFO	3,067	3,248	3,437	3,636	3,852	4,132
Interests Expenses	841	841	841	841	841	902
FFCE	3,908	4,088	4,278	4,476	4,693	5,033
Perpetuity Growth Rate						7.2%
PV of Explicit Period (2024 - 2028E)						15,591
Perpetuity Value						125,156
PV of Perpetuity						65,945
Enterprise Value						81,535
Net Debt						4,205
Market Value						77,331
Recoverable VAT						-
Adjusted Market Value						77,331
Outstanding CBFIs						1,227
Target Price						P\$ 63.00
Current Market Price						P\$ 53.99
Potential Return w/Dividends						21.1%
Average Cost of Debt						13.8%
Cost of Equity						10.8%
Market Risk Premium						6.0%
Risk-Free Rate						8.9%
Beta						0.32
% Total Debt						15%
% Equity						85%
WACC						11.3%

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