

FIBRA EDUCA: 3Q23 Results

Quarterly results in line with our forecasts with record high AFFO generation

EDUCA 18	HOLD
Target Price (MXN\$)	\$ 63.00
Expected Dividend	\$ 2.42
Current Price (MXN\$)	\$ 55.00
Min / Max (L12M - MXN\$)	\$ 48.50 - 55.60
Total Return	19.0%
Mkt Cap (Mn of MXN)	67,506
CBFI's Outstanding (Mn)	1,227.4
Float	31.8%
ADTV (6M - MXN\$ Mn)	0.1

Opinion and recommendation

FIBRA EDUCA reported 3Q23 results that were broadly in line with our expectations in terms of revenues, NOI, FFO and AFFO. We reiterate our HOLD recommendation with a MXN\$63.0/CBFI target price.

The Fibra's cash reserves reached nearly MXN\$1.5 billion and it has additional leverage capacity, which we believe will allow it to carry out acquisitions in the future.

Portfolio

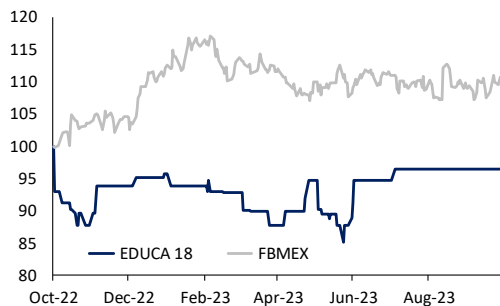
FIBRA EDUCA is currently evaluating the damage to the Acapulco property (~8% of revenue and ABR) due to the Otis Hurricane. That building is insured. At the moment, no adjustment is expected in the rent.

On the other hand, FIBRA EDUCA continued to carry out the expansion and remodeling works on the Querétaro and San Luis Potosí properties, which have already been paid almost in full, as well as maintenance on 6 other properties.

3Q23 Results

Total revenues were up 4.4% to MXN\$1.059 billion, due to higher rents since the portfolio remained unchanged (65 properties with a GLA of 538,382 M2). For the same reason, the NOI increased 3.6%. The NOI margin declined slightly to 86.7%, compared to 87.4%, due to the inflationary effect and maintenance expenses.

FFO grew 2.0% as higher revenues offset operating expenses and financial costs. Consequently, the AFFO was MXN\$725.9 million, a historically high level for the Fibra.



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Financial structure

FIBRA EDUCA recovered MXN\$254.3 million in VAT since 2Q23, which boosted its cash reserves by 25.1% annually to nearly MXN\$1.5 billion.

It maintained a solid financial structure with a 15% LTV, practically in line with that of the previous year. It has an authorized MXN\$20 billion long-term domestic bond program, of which it has issued only MXN\$3.74 billion. We believe it could use up to MXN\$12 billion of such a program for the refinancing of the simple credit and for acquisitions.

Distributions

The Fibra plans to distribute MXN\$725.9 million no later than November 24th. This means that distributions will amount to MXN\$2.82 billion during the year (MXN\$2.2954/CBFI).

ESG

FIBRA EDUCA obtained EDGE certification in another of its properties in Mexico City. It has this certification in 22% of its committed portfolio.

(Figures in Millions of Pesos)	3Q23	3Q23E	Diff	3Q22	Change
Leasing Revenues	1,059.3	1,060.7	-0.1%	1,014.7	4.4%
Total Expenses	141.5	137.0	3.3%	128.8	9.9%
Operating Profit	905.9	912.3	-0.7%	875.2	3.5%
Financing Result	(181.8)	(186.0)	-2.3%	(154.5)	17.7%
Net Profit	724.1	726.3	-0.3%	720.7	0.5%
NOI	918.6	924.5	-0.6%	886.6	3.6%
NOI Margin	86.7%	87.2%		87.4%	
FFO	762.8	753.0	1.3%	747.7	2.0%
FFO Margin	72.0%	71.0%		73.7%	
AFFO	725.9	736.6	-1.5%	706.9	2.7%
AFFO Margin	68.5%	69.4%		69.7%	

Discounted Cash Flow Model

(Figures in Millions of Pesos)	2024E	2025E	2026E	2027E	2028E	Perp.
FFO	3,127	3,315	3,511	3,717	3,933	4,209
Capex Reserve	- 96	- 96	- 96	- 96	- 96	103
ESG Initiative Expenses	56	64	72	80	80	86
AFFO	2,975	3,154	3,343	3,541	3,757	4,020
Interests Expenses	779	779	779	779	779	833
FFCE	3,753	3,933	4,122	4,320	4,535	4,853
Perpetuity Growth Rate						7.0%
PV of Explicit Period (2024 - 2028E)						15,147
Perpetuity Value						123,734
PV of Perpetuity						66,366
Enterprise Value						81,514
Net Debt						4,191
Market Value						77,323
Recoverable VAT						-
Adjusted Market Value						77,323
Outstanding CBFIs						1,227
Target Price						P\$ 63.00
Current Market Price						P\$ 55.00
Potential Return w/Dividends						19.0%
Average Cost of Debt						11.6%
Cost of Equity						10.8%
Market Risk Premium						6.0%
Risk-Free Rate						8.9%
Beta						0.32
% Total Debt						16%
% Equity						84%
WACC						10.9%

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