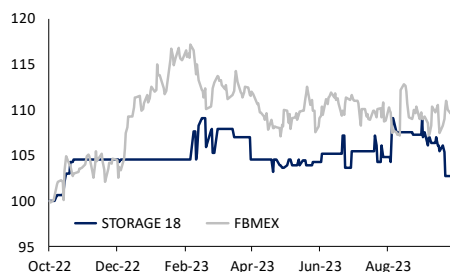


STORAGE: 3Q23 Results

Positive results fueled by the expansion of the portfolio and record occupancy levels; financial structure strengthens

STORAGE 18	BUY
Target Price (MXN\$)	\$ 26.00
Expected Dividend	\$ 0.36
Current Price (MXN\$)	\$ 17.00
Min / Max (L12M - MXN\$)	16.10 - 18.00
Total Return	55.1%
Mkt Cap (Mn of MXN)	4,496
CBFI's Outstanding (Mn)	264.5
Float	12.5%
ADTV (MXN\$ Mn)	0.1



Opinion and recommendation

STORAGE posted a positive quarter with revenue, NOI and FFO that were above our expectations, supported by continued portfolio expansion combined with record occupancy levels.

We reiterate our BUY recommendation and are raising our target price to MXN\$26.00/CBFI, from MXN\$25.00/CBFI, after having included this quarterly report in our model.

Portfolio

STORAGE closed the quarter with 37 branches, of which 28 are in operation and 9 in development. Built GLA increased 11.9% annually to 168,183 M2, while available GLA rose 6.4% to 156,412 M2. In addition, the Fibra has 58,602 M2 in development, for a potential GLA of 226,785 M2. It expects to open the Rio San Joaquín, Lerma II and Insurgentes Sur branches during the rest of the year.

3Q23 Results

Quarterly revenues were up 17.1% to MXN\$136.6 million (vs. our MXN\$128.7 million estimate), due to a significant 664 bps improvement in occupancy levels to a record of 84.1% (85% in 3 branches). The net absorption for the period was 4,085 M2. The aforementioned GLA expansion also contributed, as well as a 3.0% adjustment in the monthly effective rate. The monthly RevPaM thus advanced 11.8% to MXN\$280.3.

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October 27th, 2023

Total NOI grew 19.4% to MXN\$104.9 million (vs. MXN\$96.0 million estimated) driven by a favorable revenue performance, which offset higher operating and leasing expenses. For the same reason, FFO rose 12.4% to MXN\$47.9 million (vs. MXN\$32.8 million E).

Financial structure

The LTV was slightly down to 22.6% in the current quarter, from 24.5% a year earlier. The Fibra carried out a subscription offer in August and September, raising MXN\$684.3 million, which boosted its cash reserves by 56.9% to MXN\$843 million.

MAIN OPERATING INDICATORS	3Q23	3Q23E	Diff.	3Q22	Change
Built GLA (m2)	168,183	175,333	-4.1%	150,341	11.9%
Available GLA (m2)	156,412	157,800	-0.9%	147,056	6.4%
Occupied GLA (m2)	131,577	124,820	5.4%	113,949	15.5%
Monthly effective rate - MXN\$	333.2	326.3	2.1%	323.6	3.0%
Occupancy (%-m2)	84.1%	79.1%		77.5%	
RevPaM (MXN\$-EoP)	280.3	258.1	8.6%	250.8	11.8%
INCOME STATEMENT	3Q23	3Q23E	Diff.	3Q22	Change
Total Revenues	137	129	6.1%	117	17.1%
Leasing Revenues	129	121	6.8%	108	20.1%
Other Revenues	7	8	-4.6%	9	-19.5%
Operating Expenses (Incl. Asset Tax)	25	25	3.8%	21	20.4%
Corporate Expenses, Fees & Other	33	33	-0.6%	30	9.0%
NOI	105	96	9.3%	88	19.4%
NOI Margin	76.6%	75.8%		77.0%	
EBITDA	73	63	15.4%	58	25.9%
EBITDA Margin	53.1%	49.6%		50.5%	
FFO	48	33	46.2%	43	12.4%
FFO Margin	35.1%	25.9%		37.3%	

Discounted Cash Flow Model

(Figures in Millions of Mexican Pesos)	2024E	2025E	2026E	2027E	2027E	Perp.
FFO	198	293	339	374	403	431
Growth Capex	729	0	0	0	0	0
FFO after Capex	-531	293	339	374	403	431
Interest paid	121	120	130	142	162	173
FCFF	-410	413	469	516	565	604
Perpetuity Growth Rate						6.8%
PV of Explicit Period (2024 -2028E)						961
Terminal Value						12,590
PV of Terminal Value						6,514
Enterprise Value						7,475
Net Debt						803
Market Value						6,672
Recoverable VAT						205
Adjusted Market Value						6,877
CBFIs outstanding						264
Target Price						P\$ 26.00
Current Price						P\$ 17.00
Potential Return incl/ Div.						55.1%
Average Cost of Debt						9.60%
Cost of Capital						12.1%
Market Risk Premium						6.0%
Risk Free Rate						10.2%
Beta						0.33
% of Debt						20%
% of Capital						80%
WACC						11.61%

MAIN OPERATING INDICATORS	2022	2023E	2024E	2025E	2026E	2027E	2028E
Built GLA (m2)	156,656	175,183	209,889	209,889	209,889	209,889	209,889
Available GLA (m2)	148,331	152,409	188,900	205,691	205,691	205,691	205,691
Occupied GLA (m2)	118,351	125,280	153,954	171,752	175,866	179,980	184,094
Unoccupied GLA	29,980	27,129	34,947	33,939	29,825	25,711	21,598
Occupancy (%-m2)	80%	82%	82%	84%	86%	88%	90%
Monthly effective rate - MXN\$	323.9	329.3	349.1	370.0	392.2	415.7	440.7
RevPaM (MXN\$-EoP)	258.4	270.7	284.5	309.0	335.3	363.8	394.4
INCOME STATEMENT	2022	2023E	2024E	2025E	2026E	2027E	2028E
Total Revenues	447	520	585	764	851	923	1,001
Leasing Revenues	423	492	554	724	806	875	949
Other Revenues	23	29	31	40	45	48	53
Operating Expenses (Incl. Asset Tax)	83	97	111	144	159	170	184
Corporate Expenses, Fees & Other	125	127	140	180	197	210	224
Total General Expenses	208	225	252	325	356	380	408
Revaluation of Investment Properties	206	405	74	77	80	85	90
Operating Profit	444	701	407	517	575	628	683
Interest Gains	5	18	21	11	13	14	15
Interest Expense	- 71	- 109	- 121	- 120	- 130	- 142	- 162
FX Gain	0	0	1	1	1	1	1
Unrealized valuation effect of financial instruments	- 3	- 5	- 5	- 5	- 5	- 5	- 5
Unrealized valuation effect investment instruments	42	10	44	48	52	56	60
Net Financial Cost	- 31	- 105	- 83	- 78	- 84	- 92	- 108
Net Profit	412	596	324	439	490	536	574
NOI	344	397	440	585	655	714	776
NOI Margin	77.8%	76.6%	76.2%	77.3%	77.7%	78.1%	78.2%
EBITDA	219	269	299	404	457	504	552
EBITDA Margin	49.5%	51.9%	51.9%	53.5%	54.3%	55.1%	55.6%
FFO	154	177	198	293	339	374	403
FFO Margin	34.8%	34.3%	34.3%	38.8%	40.2%	40.9%	40.6%
BALANCE SHEET	2022	2023E	2024E	2025E	2026E	2027E	2028E
TOTAL ASSETS	6,539	8,437	8,719	9,125	9,783	10,506	11,241
Current assets	733	964	451	526	562	592	625
Total non current assets	5,806	7,472	8,268	8,599	9,221	9,914	10,616
Intangible Assets	96	29	29	29	29	29	29
TOTAL LIABILITIES	1,829	1,768	1,791	1,835	2,083	2,354	2,602
Current liabilities	190	133	146	181	169	179	165
Long-term liabilities	1,639	1,635	1,644	1,654	1,914	2,175	2,437
TOTAL EQUITY	4,710	6,068	6,329	6,690	7,100	7,552	8,039
Total Debt	1,490	1,540	1,546	1,562	1,791	2,043	2,271
Net Debt	953	803	1,324	1,272	1,469	1,693	1,891

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