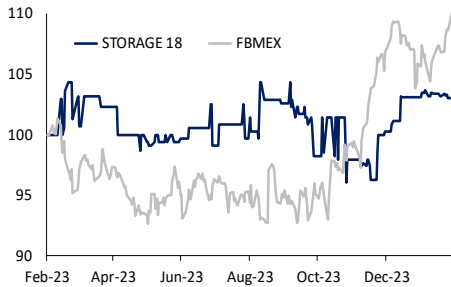


STORAGE: 4Q23 Results

Positive results driven by new branch openings and rising rents, partially offset by a lower occupancy

STORAGE 18	BUY
Target Price (MXN\$)	\$ 27.00
Expected Dividend	\$ 0.36
Current Price (MXN\$)	\$ 17.77
Min / Max (L12M - MXN\$)	16.10 - 18.00
Total Return	54.0%
Mkt Cap (Mn of MXN)	4,699
CBFI's Outstanding (Mn)	264.5
Float	12.5%
ADTV (MXN\$ Mn)	0.1



Opinion and recommendation

STORAGE once again reported positive results with revenue, NOI and FFO that were above our projections. We reiterate our BUY recommendation and raised the target price to MXN\$27.00/CBFI, from MXN\$26.0/CBFI, after incorporating these results into our model.

Portfolio

STORAGE operated 38 properties at the end of 4Q23, after opening 5 branches during the last twelve months, of which 3 of them were in 4Q23. This included 21 stabilized properties, 10 in the process of stabilization, and 7 lands for future development. As a result, the built GLA grew 17.3% YoY to 183.7 thousand M2, while the available GLA expanded by 20.3%, reaching 178.5 thousand M2. After the close of the quarter, the Fibra announced the acquisition of two pieces of land in Monterrey, with which it will begin its expansion in that high-growth region.

STORAGE's expansion plan contemplates MXN\$944 million in investments during 2024 and 2025, which will include the construction of nearly 49 thousand additional M2, which will represent 27% of the current GLA.

4Q23 Results

STORAGE's total revenue increased 22.6% YoY to MXN\$145 million (vs. our MXN\$132 million forecast), which was primarily attributed to portfolio expansion combined with a 6.7% adjustment in the average monthly rent (which accelerated relative to the previous three quarters). This was partially offset by a 405 bps reduction in occupancy to 75.7% due to 4Q23 openings. However, same property occupancy was 86.7%, compared to 84.3% the previous year. The Fibra registered a positive net absorption of 3,626 M2 during the quarter. The RevPaM rose 1.3% to MXN\$262.

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As a result of significant revenue growth, NOI and FFO were up 22.5% YoY to MXN\$112 million (vs. MMXN\$99 million E) and 23.9% YoY to MXN\$64 million (vs. MXN\$45 million E), respectively. NOI margin contracted 150 bps to 76.9%, while FFO margin decreased 40 bps to 44.2%. However, we believe profitability will gradually improve with higher occupancy.

Financial structure

The value of investment properties rose 18.9% YoY, including capital gains and new investments, while total debt remained unchanged at MXN\$1.5 billion, which translated into an LTV of only 21.9%, compared to 19.9% in 3Q23. On the other hand, cash increased 44.4% to MXN\$776 million and the recoverable VAT was MXN\$205 million. This means that the Fibra has sufficient resources to finance its expansion and/or carry out new acquisitions.

(Figures in Millions of Pesos)	4Q23	4Q23E	Diff.	4Q22	Change
Total Revenues	145	132	9.6%	118	22.6%
Leasing Revenues	138	125	10.1%	110	25.8%
Other Revenues	7	7	1.6%	9	-17.9%
Operating Expenses (Incl. Asset Tax)	27	25	7.8%	20	32.3%
Corporate Expenses, Fees & Other	37	32	15.6%	23	61.8%
NOI	112	99	12.6%	91	22.4%
NOI Margin	76.9%	76.0%		78.4%	
EBITDA	75	67	11.2%	68	9.3%
EBITDA Margin	51.6%	51.6%		58.9%	
FFO	64	45	44.0%	52	23.9%
FFO Margin	44.2%	34.2%		44.6%	

Discounted Cash Flow Model

(Figures in Millions of Mexican Pesos)	2025E	2026E	2027E	2028E	2029E	Perp.
FFO	338	422	471	508	547	571
Growth Capex	670	0	0	0	0	0
FFO after Capex	-332	422	471	508	547	571
Interest paid	141	157	167	190	216	226
FCFF	-192	579	638	698	763	796
Perpetuity Growth Rate						4.4%
PV of Explicit Period (2025 -2029E)						1,680
Terminal Value						12,127
PV of Terminal Value						6,510
Enterprise Value						8,191
Net Debt						1,255
Market Value						6,935
Recoverable VAT						205
Adjusted Market Value						7,140
CBFIs outstanding						264
Target Price						P\$ 27.00
Current Price						P\$ 17.77
Potential Return incl/ Div.						54.0%
Average Cost of Debt						9.60%
Cost of Capital						11.3%
Market Risk Premium						6.0%
Risk Free Rate						9.3%
Beta						0.33
% of Debt						20%
% of Capital						80%
WACC						10.92%

MAIN OPERATING INDICATORS	2023	2024E	2025E	2026E	2027E	2028E	2029E
Built GLA (m2)	183,724	204,724	232,645	232,645	232,645	232,645	232,645
Available GLA (m2)	178,504	184,252	227,992	227,992	227,992	227,992	227,992
Occupied GLA (m2)	135,202	150,165	190,373	194,933	199,493	204,053	208,613
Unoccupied GLA	43,302	34,087	37,619	33,059	28,499	23,939	19,379
Occupancy (%-m2)	76%	82%	84%	86%	88%	90%	92%
Monthly effective rate - MXN\$	345.6	362.9	384.7	407.7	432.2	458.1	485.6
RevPaM (MXN\$-EoP)	261.8	295.7	321.2	348.6	378.2	410.0	444.3
INCOME STATEMENT	2023	2024E	2025E	2026E	2027E	2028E	2029E
Total Revenues	533	593	825	967	1,050	1,138	1,234
Leasing Revenues	504	565	785	920	999	1,083	1,174
Other Revenues	29	29	40	47	51	55	60
Operating Expenses (Incl. Asset Tax)	99	113	156	181	194	210	228
Corporate Expenses, Fees & Other	132	145	199	228	244	260	276
Total General Expenses	232	259	355	410	438	470	505
Revaluation of Investment Properties	389	74	77	80	85	90	90
Operating Profit	690	408	547	637	697	758	819
Interest Gains	34	73	47	61	67	73	79
Interest Expense	- 113	- 137	- 141	- 157	- 167	- 190	- 216
FX Gain	0	1	1	1	1	1	1
Unrealized valuation effect of financial instruments	- 4	1	1	1	1	1	1
Unrealized valuation effect investment instruments	10	-	-	-	-	-	-
Net Financial Cost	- 107	- 138	- 141	- 158	- 168	- 191	- 217
Net Profit	584	270	405	479	529	567	602
NOI	409	445	632	748	816	886	962
<i>NOI Margin</i>	<i>76.8%</i>	<i>76.0%</i>	<i>77.4%</i>	<i>77.9%</i>	<i>78.3%</i>	<i>78.4%</i>	<i>78.4%</i>
EBITDA	276	299	433	519	572	626	685
<i>EBITDA Margin</i>	<i>51.9%</i>	<i>51.2%</i>	<i>53.0%</i>	<i>54.1%</i>	<i>54.9%</i>	<i>55.4%</i>	<i>55.9%</i>
FFO	197	233	338	422	471	508	547
FFO Margin	37.0%	39.8%	41.4%	43.9%	45.2%	44.9%	44.6%
BALANCE SHEET	2023	2024E	2025E	2026E	2027E	2028E	2029E
TOTAL ASSETS	7,818	8,788	9,266	9,828	10,573	11,454	12,403
Current assets	1,002	568	708	795	845	899	958
Total non current assets	6,815	8,221	8,558	9,033	9,728	10,555	11,446
Intangible Assets	30	30	30	30	30	30	30
TOTAL LIABILITIES	1,797	1,911	2,028	2,144	2,393	2,738	3,111
Current liabilities	165	271	378	235	223	307	418
Long-term liabilities	1,632	1,640	1,650	1,910	2,170	2,431	2,693
TOTAL EQUITY	6,021	6,277	6,638	7,083	7,580	8,116	8,692
Total Debt	1,494	1,594	1,682	1,777	2,008	2,335	2,687
Net Debt	718	1,255	1,211	1,225	1,409	1,685	1,983

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