

# STORAGE: 1Q24 Results

Positive quarter due to the expansion in available GLA and higher monthly rents

STORAGE 18	BUY
Target Price (MXN\$)	\$ 27.00
Expected Dividend	\$ 0.36
Current Price (MXN\$)	\$ 17.44
Min / Max (L12M - MXN\$)	16.10 - 18.00
Total Return	56.9%
Mkt Cap (Mn of MXN)	4,612
CBFI's Outstanding (Mn)	264.5
Float	12.5%
ADTV (MXN\$ Mn)	0.1

## Opinion and recommendation

STORAGE reported positive 1Q24 results with significant growth in its main operating indicators fueled by portfolio expansion and higher monthly rents. Revenues, NOI, EBITDA and FFO exceeded our expectations. We reiterate BUY recommendation with a MXN\$27.0/CBFI after having updated our model.

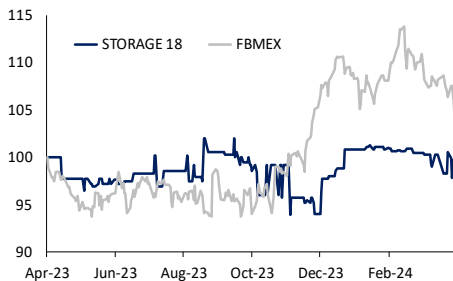
## Portfolio

STORAGE owned 41 properties at the end of 1Q24, of which 31 were in operation and the rest under development. As a result, the built ABR expanded by 9.1% to 184 thousand M2, while the available ABR grew by 18.3% to 179 thousand M2. During the quarter it announced the acquisition of a piece of land in Mexico City and two properties in Monterrey, which has excellent prospects.

The Fibra is currently developing 66 thousand M2 (vs. 49 thousand M2 at the end of 4Q23), with which its built GLA will likely grow 36% to 250 thousand M2 (vs. 233 thousand M2 at the end of 4Q23), through an investment of more than MXN\$1.1 billion. It expects to comply with this development plan during the 2024-2026 period.

## 1Q24 Results

Total revenues reached MXN\$151.4 million (vs. our MXN\$143.4 million expectation) up 21.6% YoY, driven by a 22.4% increase in leasing revenues given the expansion of the built and available GLA. Net absorption for the quarter was 1,059 M2. In addition, the monthly effective rent rose 8.0% (9.5% for the same properties) to MXN\$357.2, again accelerating with respect to previous quarters, which shows the Fibra's ability to adjust prices. However, occupancy fell to 76.1% in the current quarter, from 79.6% a year earlier. As a result, the RevPaM was 3.2% higher at MXN\$271.7.



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

NOI increased 25.6% YoY to MXN\$119.7 million (vs. MXN\$107.4 million projected) while EBITDA was up 29.4% to MXN\$84.9 million (vs. MXN\$72.2 million E) due to operating leverage. For its part, FFO advanced 20.8% to MXN\$69.9 million.

### Financial structure

Total debt remained stable while the value of investment properties was up 11.3%, translating into a 19.6% LTV in the current quarter, compared to 22.5% a year ago.

(Figures in Millions of Pesos)	1Q24	1Q24E	Diff.	1Q23	Change
Total Revenues	151	143	5.6%	125	21.6%
Leasing Revenues	144	136	5.3%	117	22.4%
Other Revenues	8	7	12.2%	7	7.7%
Operating Expenses (Incl. Asset Tax)	25	27	-7.7%	23	11.8%
Corporate Expenses, Fees & Other	33	35	-5.3%	29	14.7%
NOI	120	107	11.5%	95	25.6%
NOI Margin	79.0%	75.9%		76.8%	
EBITDA	85	72	17.5%	66	29.4%
EBITDA Margin	56.0%	51.1%		52.9%	
FFO	70	60	16.1%	58	20.8%
FFO Margin	46.2%	42.6%		46.7%	

## Discounted Cash Flow Model

(Figures in Millions of Mexican Pesos)	2025E	2026E	2027E	2028E	2029E	Perp.
FFO	347	447	524	577	633	666
Growth Capex	528	730	0	0	0	0
FFO after Capex	-181	-283	524	577	633	666
Interest paid	145	156	178	203	223	234
FCFF	-36	-127	702	781	856	900
Perpetuity Growth Rate						5.2%
PV of Explicit Period (2025 -2029E)						1,360
Terminal Value						13,585
PV of Terminal Value						6,965
Enterprise Value						8,325
Net Debt						1,330
Market Value						6,996
Recoverable VAT						198
Adjusted Market Value						7,193
CBFIs outstanding						266
Target Price						P\$ 27.00
Current Price						P\$ 17.44
Potential Return incl/ Div.						56.9%
Average Cost of Debt						9.60%
Cost of Capital						12.3%
Market Risk Premium						6.0%
Risk Free Rate						10.4%
Beta						0.33
% of Debt						21%
% of Capital						79%
WACC						11.78%

<b>MAIN OPERATING INDICATORS</b>	<b>2023</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>	<b>2029E</b>
Built GLA (m2)	183,724	198,738	220,738	251,138	251,138	251,138	251,138
Available GLA (m2)	178,504	178,864	216,323	246,115	246,115	246,115	246,115
Occupied GLA (m2)	135,202	142,197	176,303	205,506	210,429	215,351	220,273
Unoccupied GLA	43,302	36,667	40,020	40,609	35,687	30,764	25,842
Occupancy (%-m2)	76%	80%	82%	84%	86%	88%	90%
Monthly effective rate - MXN\$	345.6	362.9	384.7	407.7	432.2	458.1	485.6
RevPaM (MXN\$-EoP)	261.8	288.5	313.5	340.5	369.5	400.9	434.6
<b>INCOME STATEMENT</b>	<b>2023</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>	<b>2029E</b>
Total Revenues	533	591	777	974	1,125	1,220	1,323
Leasing Revenues	504	560	737	923	1,067	1,157	1,255
Other Revenues	29	31	40	50	58	63	68
Operating Expenses (Incl. Asset Tax)	99	99	134	168	194	211	228
Corporate Expenses, Fees & Other	131	130	175	221	256	278	296
Total General Expenses	231	229	309	389	451	489	525
Revaluation of Investment Properties	389	131	138	146	154	162	165
Operating Profit	691	493	606	730	828	893	963
Net Financial Cost	- 107 -	- 153 -	- 151 -	- 162 -	- 184 -	- 209 -	- 229
Net Profit	584	340	455	568	643	684	734
NOI	408	460	607	768	891	968	1,052
<i>NOI Margin</i>	<i>76.7%</i>	<i>78.6%</i>	<i>78.9%</i>	<i>79.5%</i>	<i>79.8%</i>	<i>79.9%</i>	<i>79.9%</i>
EBITDA	276	328	432	547	635	690	755
<i>EBITDA Margin</i>	<i>51.7%</i>	<i>56.1%</i>	<i>56.2%</i>	<i>56.6%</i>	<i>56.8%</i>	<i>56.9%</i>	<i>57.4%</i>
FFO	204	265	347	447	524	577	633
FFO Margin	38.3%	45.4%	45.1%	46.2%	46.9%	47.6%	48.1%
<b>BALANCE SHEET</b>	<b>2023</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>	<b>2029E</b>
TOTAL ASSETS	7,818	8,904	9,244	10,078	10,931	11,970	12,838
Current assets	1,002	569	685	808	902	962	1,026
Total non current assets	6,815	8,335	8,559	9,270	10,029	11,008	11,812
Intangible Assets	30	30	30	30	30	30	30
TOTAL LIABILITIES	1,797	1,883	1,815	2,119	2,360	2,743	2,900
Current liabilities	165	249	173	217	198	320	215
Long-term liabilities	1,632	1,634	1,643	1,902	2,162	2,423	2,685
TOTAL EQUITY	6,021	6,421	6,829	7,359	7,971	8,626	9,338
Total Debt	1,494	1,666	1,575	1,855	2,075	2,440	2,577
Net Debt	718	1,330	1,133	1,301	1,435	1,745	1,823

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