

FIBRA EDUCA: 3Q24 Results

Neutral results with revenues, NOI and FFO in line with expectations; pending acquisitions could take place in the short-term

EDUCA 18	BUY
Target Price (MXN\$)	\$ 65.00
Expected Dividend	\$ 2.44
Current Price (MXN\$)	\$ 56.70
Min / Max (L12M - MXN\$)	\$ 47.50 - 56.70
Total Return	18.9%
Mkt Cap (Mn of MXN)	69,606
CBFI's Outstanding (Mn)	1,227.6
Float	31.8%
ADTV (6M - MXN\$ Mn)	0.2

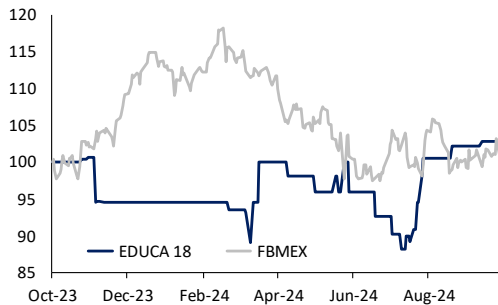
Opinion and recommendation

FIBRA EDUCA reported neutral results that were practically in line with our projections in terms of revenues, NOI, and FFO. We continue with a BUY recommendation with a MXN\$65.0/CBFI target price after this report.

Portfolio

The GLA expanded 9.5% YoY to 590 thousand M² as a result of the acquisitions that FIBRA EDUCA made during the last 12 months. On the other hand, the rent collection from the Acapulco property remains suspended. The Fibra is still in the process of claiming insurance.

Regarding the acquisition that FIBRA EDUCA plans to carry out, the Fibra constituted a seriousness deposit in favor of the seller amounting to MXN\$350 million. This transaction is still pending as a result of suspensive conditions and corresponding regulatory authorizations. It will be canceled if such conditions are not met within 90 days after the signing of the sale contract.



3Q24 Results

Total revenues decreased 1.6% YoY to MXN\$1.04 billion, mainly due to the impact on the Acapulco property since October last year, which was almost entirely offset by the May and August acquisitions, as well as inflationary adjustments on rents.

NOI decreased 1.3% YoY to MXN\$907 million due to lower revenue. NOI margin stood at 87.0%, with a slight 24 bps expansion. However, FFO increased 4.9% YoY to MXN\$800 million due to lower net interests. This resulted in a 4.7 PP improvement in the FFO margin to 76.7%. For the same reason, AFFO increased 4.5%.

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Leverage was 20% at the end of 3Q24, compared to 15% in 3Q23, due to last year's bond issuances and the revaluation of the UDI denominated debt.

Distribution

On November 25th, FIBRA EDUCA will distribute MXN\$759 million as part of the 2024 fiscal result and capital reimbursement. This distribution will be the largest since the Fibra began operations in June 2018. It will represent 100% of the AFFO.

(Figures in Millions of Pesos)	3Q24	3Q24E	Diff	3Q23	Change
Leasing Revenues	1,042.9	1,028.1	1.4%	1,059.3	-1.6%
Total Expenses	137.4	137.1	0.2%	141.5	-2.9%
Operating Profit	891.7	877.2	1.7%	905.9	-1.6%
Financing Result	(186.3)	(109.3)	70.5%	(181.8)	2.5%
Net Profit	705.4	767.9	-8.1%	724.1	-2.6%
NOI	906.8	891.8	1.7%	918.6	-1.3%
NOI Margin	87.0%	86.7%		86.7%	
FFO	800.2	826.7	-3.2%	762.8	4.9%
FFO Margin	76.7%	80.4%		72.0%	
AFFO	758.7	787.9	-3.7%	725.9	4.5%
AFFO Margin	72.7%	76.6%		68.5%	

Discounted Cash Flow Model

(Figures in Millions of Pesos)	2025E	2026E	2027E	2028E	2029E	Perp.
FFO	3,899	4,032	4,215	4,405	4,604	4,891
Capex Reserve	- 105	- 105	- 105	- 105	- 105	112
ESG Initiative Expenses	64	72	80	80	80	85
AFFO	3,729	3,854	4,030	4,220	4,418	4,694
Interest Expenses	695	696	697	697	697	740
FFCE	4,425	4,551	4,726	4,917	5,115	7,065
Perpetuity Growth Rate						6.2%
PV of Explicit Period (2025 - 2029E)						17,162
Perpetuity Value						132,845
PV of Perpetuity						68,916
Enterprise Value						86,078
Net Debt						6,281
Market Value						79,797
Outstanding CBFIs						1,228
Target Price						P\$ 65.00
Current Market Price						P\$ 56.70
Potential Return w/Dividends						18.9%
Average Cost of Debt						8.8%
Cost of Equity						12.3%
Market Risk Premium						6.0%
Risk-Free Rate						10.5%
Beta						0.30
% Total Debt						20%
% Equity						80%
WACC						11.6%

(Figures in Millions of Pesos)

OPERATING INDICATORS	2023	2024E	2025E	2026E	2027E	2028E	2029E
Total GLA (M2)	540,637	589,702	632,702	632,702	632,702	632,702	632,702
GLA Universities	483,023	532,088	575,088	575,088	575,088	575,088	575,088
GLA Learning Centers	22,707	22,707	22,707	22,707	22,707	22,707	22,707
GLA Offices	34,907	34,907	34,907	34,907	34,907	34,907	34,907
Occupancy Rate	100%	100%	100%	100%	100%	100%	100%
INCOME STATEMENT	2023	2024E	2025E	2026E	2027E	2028E	2029E
Leasing Revenues	4,090.1	4,080.0	4,818.5	5,053.4	5,255.6	5,465.8	5,684.4
Operating Expenses	459.0	449.0	505.9	520.5	530.8	541.1	551.4
Administrative Expenses	76.5	98.5	130.1	136.4	141.9	147.6	153.5
Total Expenses	535.6	547.5	636.0	656.9	672.7	688.7	704.9
Gain on Fair Value Adjustment	1,078.7	300.0	350.0	400.0	400.0	400.0	400.0
ESG Initiative Expenses	47.0	55.0	64.0	72.0	80.0	80.0	80.0
Operating Profit	4,586.2	3,777.5	4,468.5	4,724.5	4,902.8	5,097.1	5,299.5
Financing Result	- 767.4 -	- 605.3 -	- 687.5 -	- 681.8 -	- 690.1 -	- 698.2 -	- 706.9 -
Net Profit	3,818.9	3,172.2	3,781.0	4,042.7	4,212.7	4,398.9	4,592.7
NOI	3,558.3	3,535.9	4,182.5	4,396.5	4,582.8	4,777.1	4,979.5
NOI Margin	87.0%	86.7%	86.8%	87.0%	87.2%	87.4%	87.6%
FFO	2,914.7	3,152.7	3,898.7	4,031.6	4,214.9	4,405.4	4,603.6
FFO Margin	71.3%	77.3%	80.9%	79.8%	80.2%	80.6%	81.0%
AFFO	2,832.7	2,989.4	3,729.4	3,854.4	4,029.7	4,220.2	4,418.4
AFFO Margin	69.3%	73.3%	77.4%	76.3%	76.7%	77.2%	77.7%
AFFO per CBF1	\$ 2.3078	\$ 2.4352	\$ 3.0379	\$ 3.1397	\$ 3.2825	\$ 3.4377	\$ 3.5992
BALANCE SHEET	2023	2024E	2025E	2026E	2027E	2028E	2029E
TOTAL ASSETS	40,039.8	40,417.9	40,493.1	40,686.1	40,870.1	41,048.9	41,223.2
Total Current Assets	3,475.5	1,660.3	1,859.4	1,847.6	1,815.2	1,777.4	1,733.7
Total Non-Current Assets	36,564.2	38,757.6	38,633.7	38,838.5	39,054.8	39,271.5	39,489.6
Investment Properties	36,532.1	38,377.5	38,253.6	38,458.4	38,674.7	38,891.4	39,109.4
TOTAL LIABILITIES	7,974.2	8,113.4	8,137.0	8,141.7	8,142.6	8,142.8	8,142.8
Total Current Liabilities	226.4	171.0	171.0	171.0	171.0	171.0	171.0
Total Non-Current Liabilities	7,747.9	7,942.3	7,966.0	7,970.6	7,971.5	7,971.7	7,971.8
TOTAL EQUITY	32,065.5	32,304.5	32,356.1	32,544.4	32,727.5	32,906.2	33,080.4
Total Debt	7,717.1	7,913.0	7,936.6	7,941.3	7,942.2	7,942.4	7,942.4
Net Debt	4,254.2	6,281.0	6,105.6	6,122.0	6,155.3	6,193.3	6,237.1
LTV	21%	21%	21%	21%	21%	20%	20%

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