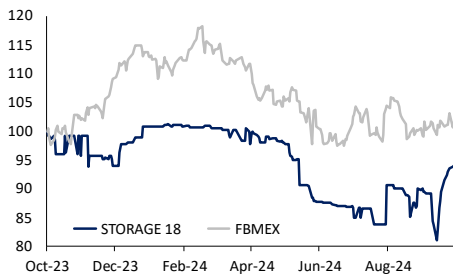


STORAGE: 3Q24 Results

Record results due to continued expansion in the available GLA and higher monthly rents; we reiterate BUY and are raising our target price to MXN\$27.50/CBFI

STORAGE 18	BUY
Target Price (MXN\$)	\$ 27.50
Expected Dividend	\$ 0.36
Current Price (MXN\$)	\$ 17.10
Min / Max (L12M - MXN\$)	\$14.30 - 17.89
Total Return	62.9%
Mkt Cap (Mn of MXN)	4,563
CBFI's Outstanding (Mn)	266.9
Float	12.5%
ADTV (MXN\$ Mn)	0.9



Opinion and recommendation

STORAGE reported positive quarterly results with revenues, NOI, EBITDA and FFO that were above our expectations due to higher-than-expected increases in the available and occupied portfolio, and monthly rents. We reiterate our BUY recommendation and are slightly raising our target price to MXN\$27.50/CBFI, from MXN\$27.00/CBFI.

We continue to believe that STORAGE's outlook is favorable as it offers a significant growth potential in terms of revenues, NOI and FFO with an average annual rate of 18%, 19% and 25%, respectively, during the 2024-2029 period supported by portfolio expansion and higher rents. The fibra continues to develop a GLA of more than 60 thousand M2, which will increase its built GLA by 32% through an investment of more than MXN\$1.0 billion. Additionally, the valuation of its certificates is attractive with an 8.6% cap rate and a 31% discount to NAV.

Portfolio

The total portfolio consists of 41 properties with a constructed GLA of 189.5 thousand M2, which represented a 12.7% YoY growth, although it remained unchanged from 2Q24. Meanwhile, the available GLA increased 18.8% YoY and 1.8% QoQ, reaching 185.8 thousand M2.

3Q24 Results

STORAGE's total revenues (excluding MXN\$31.8 million in extraordinary revenues for insurance and tax recoveries) were up 22% to MXN\$166 million, exceeding our MXN\$162 million projection.

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This performance was largely due to a greater GLA combined with a 9.0% increase in the effective monthly rent (the second largest adjustment in the last five quarters and above the inflation of the period due to the optimization of pricing strategies), thus offsetting the 486 bps decrease in occupancy levels. Worth mentioning that the latter indicator reached its highest level in the last four quarters.

Due to higher total revenues, NOI grew 25.4% YoY to MXN\$132 million (against our MXN\$124 million expectation) with a 79.1% margin, from 76.9%. Meanwhile, FFO rose 49.7% to MXN\$72 million (vs. MXN\$71 million estimated).

Financial structure / Buybacks

The financial structure strengthened with an 18.87% LTV at the end of 3Q24, compared to 19.89% in 3Q23. This was the result of a 9.8% increase in the value of investment properties, which included a MXN\$108 million revaluation in the quarter, along with stable debt.

On the other hand, STORAGE repurchased 2.56% of outstanding CBFIs during the quarter, thus improving the liquidity. Its buy-back fund owns 7.3 million certificates.

MAIN OPERATING INDICATORS	3Q24	3Q24E	Diff.	3Q23	Change
Built GLA (m2)	189,536	189,497	0.0%	168,183	12.7%
Available GLA (m2)	185,837	182,517	1.8%	156,412	18.8%
Occupied GLA (m2)	147,293	144,188	2.2%	131,577	11.9%
Monthly effective rate - MXN\$	363.1	356.5	1.8%	333.2	9.0%
Occupancy (%-m2)	79.3%	79.0%		84.1%	
RevPaM (MXN\$-EoP)	287.8	281.7	2.2%	280.3	2.7%
INCOME STATEMENT	3Q24	3Q24E	Diff.	3Q23	Change
Total Revenues	198	162	22.3%	137	45.2%
Leasing Revenues	158	154	2.4%	129	22.1%
Other Revenues	40	8	404.4%	7	462.7%
Operating Expenses (Incl. Asset Tax)	28	29	-3.7%	25	11.3%
Corporate Expenses, Fees & Other	37	37	2.1%	33	13.4%
NOI	132	124	5.8%	105	25.4%
NOI Margin	79.1%	77.6%		76.9%	
EBITDA	95	88	8.5%	73	31.2%
EBITDA Margin	57.2%	54.7%		53.1%	
FFO	72	71	1.6%	48	49.7%
FFO Margin	43.1%	42.6%		35.1%	

Discounted Cash Flow Model

(Figures in Millions of Mexican Pesos)	2025E	2026E	2027E	2028E	2029E	Perp.
FFO	343	440	524	582	642	676
Growth Capex	528	730	0	0	0	0
FFO after Capex	-185	-290	524	582	642	676
Interest paid	142	168	185	191	203	214
FCFF	-43	-121	709	773	845	889
Perpetuity Growth Rate						5.2%
PV of Explicit Period (2025 -2029E)						1,349
Terminal Value						13,467
PV of Terminal Value						6,879
Enterprise Value						8,228
Net Debt						1,099
Treasury CBFIs						125
Market Value						7,253
Recoverable VAT						86
Adjusted Market Value						7,339
CBFIs outstanding						267
Target Price						P\$ 27.50
Current Price						P\$ 17.10
Potential Return incl/ Div.						62.9%
Average Cost of Debt						9.42%
Cost of Capital						12.4%
Market Risk Premium						6.0%
Risk Free Rate						10.4%
Beta						0.33
% of Debt						19%
% of Capital						81%
WACC						11.85%

MAIN OPERATING INDICATORS	2023	2024E	2025E	2026E	2027E	2028E	2029E
Built GLA (m2)	183,724	197,636	219,636	250,036	250,036	250,036	250,036
Available GLA (m2)	178,504	189,731	215,243	245,035	245,035	245,035	245,035
Occupied GLA (m2)	135,202	150,836	175,423	204,604	209,505	214,406	219,307
Unoccupied GLA	43,302	38,895	39,820	40,431	35,530	30,629	25,729
Occupancy (%-m2)	76%	80%	82%	84%	86%	88%	90%
Monthly effective rate - MXN\$	345.6	366.3	388.3	411.6	436.3	462.5	490.2
RevPaM (MXN\$-EoP)	261.8	291.2	316.5	343.7	373.0	404.7	438.8
INCOME STATEMENT	2023	2024E	2025E	2026E	2027E	2028E	2029E
Total Revenues	533	693	776	965	1,115	1,210	1,312
Leasing Revenues	504	615	744	926	1,069	1,160	1,258
Other Revenues	29	78	32	39	46	50	54
Operating Expenses (Incl. Asset Tax)	99	113	138	171	198	215	233
Corporate Expenses, Fees & Other	131	141	171	214	249	270	287
Total General Expenses	231	254	309	386	447	485	521
Revaluation of Investment Properties	389	238	138	146	154	162	165
Operating Profit	691	677	605	725	822	887	956
Net Financial Cost	- 107 -	- 68 -	- 52 -	- 78 -	- 95 -	- 101 -	- 113
Net Profit	584	610	553	647	727	786	843
NOI	408	507	602	757	878	954	1,036
<i>NOI Margin</i>	<i>76.7%</i>	<i>78.5%</i>	<i>78.5%</i>	<i>79.1%</i>	<i>79.3%</i>	<i>79.4%</i>	<i>79.5%</i>
EBITDA	276	365	432	543	630	684	749
<i>EBITDA Margin</i>	<i>51.7%</i>	<i>56.5%</i>	<i>56.3%</i>	<i>56.7%</i>	<i>56.9%</i>	<i>57.0%</i>	<i>57.4%</i>
FFO	207	284	343	440	524	582	642
<i>FFO Margin</i>	<i>38.8%</i>	<i>44.0%</i>	<i>44.7%</i>	<i>46.0%</i>	<i>47.3%</i>	<i>48.4%</i>	<i>49.2%</i>
BALANCE SHEET	2023	2024E	2025E	2026E	2027E	2028E	2029E
TOTAL ASSETS	7,818	8,115	8,791	9,702	10,451	11,414	12,349
Current assets	1,002	852	944	1,076	1,180	1,246	1,317
Total non current assets	6,815	7,264	7,847	8,626	9,271	10,169	11,032
Intangible Assets	30	32	32	32	32	32	32
TOTAL LIABILITIES	1,797	1,717	1,889	2,195	2,250	2,458	2,572
Current liabilities	165	422	585	633	429	376	230
Long-term liabilities	1,632	1,295	1,303	1,562	1,822	2,081	2,342
TOTAL EQUITY	6,021	6,581	7,094	7,708	8,412	9,178	10,010
Total Debt	1,494	1,530	1,686	1,974	2,012	2,204	2,302
Net Debt	718	1,099	1,166	1,326	1,263	1,392	1,421

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