

FIBRA EDUCA: 4Q24 Results

Favorable quarterly results due to portfolio growth and higher rents; additional acquisitions in the education sector are in the pipeline

EDUCA 18	BUY
Target Price (MXN\$)	\$ 65.00
Expected Dividend	\$ 2.62
Current Price (MXN\$)	\$ 57.00
Min / Max (L12M - MXN\$)	\$ 47.50 - 57.00
Total Return	18.6%
Mkt Cap (Mn of MXN)	69,975
CBFI's Outstanding (Mn)	1,227.6
Float	31.8%
ADTV (6M - MXN\$ Mn)	0.4

Opinion and recommendation

FIBRA EDUCA posted favorable quarterly results, which were slightly above our expectations in terms of revenue, NOI, FFO and AFFO. We are reiterating our BUY recommendation with a MXN\$65.0/CBFI target price.

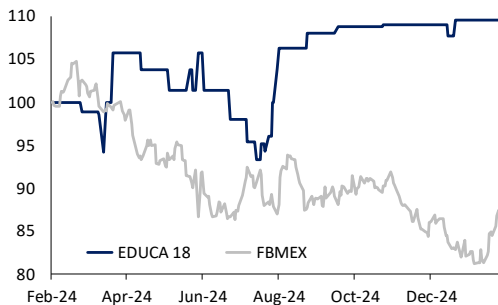
4Q24 Results

GLA rose 8.8% during the year due to the acquisitions of 6 educational properties which included 10 additional lease contracts.

Lease revenues were up 5.0 YoY to MXN\$1.05 billion, due to the portfolio expansion and inflationary rent adjustments on those tenants who turned one year older. This was partially offset by the absence of revenues from the Acapulco property during the full quarter.

Operating and maintenance expenses rose 10.7% as a result of higher labor costs and material costs. Additionally, administrative expenses increased 15.3%. This generated a 3.9% NOI growth, but a contraction in the NOI margin to 85.7% in 4Q24, from 86.5% in 4Q23. Meanwhile, FFO registered a significant 10.1% rise due to lower interest paid thanks to a lower interest rate, as well as reduced commissions. The NOI margin improved significantly to 74.5%. AFFO registered a similar performance with a 9.6% increase. FIBRA EDUCA expects to distribute MXN\$773.7 million (equivalent to MXN\$0.630224/CBFI) no later than March 14th, corresponding to 4Q24 results. This figure represents 100% of AFFO.

FIBRA EDUCA is awaiting approval from COFECE to complete pending acquisitions. The Fibra has cash reserves of MXN\$2.14 billion and additional financing capacity given its low leverage with a 20% LTV.



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March 7th, 2025

Tax credit

FIBRA EDUCA announced it received a fiscal credit from tax authorities amounting to MXN\$4 billion (including fines, surcharges and adjustments) related to a 2018 VAT refund. Tax authorities determined that such a refund was incorrect. FIBRA EDUCA will file the appropriate defense measures since it considers it has the legal arguments. It estimates that the process will take around 4-5 years to conclude. It does not have to create reserves according to accounting standards.

The tax credit represents around 5.7% of FIBRA EDUCA's current market value.

(Figures in Millions of Pesos)	4Q24	4Q24E	Diff	4Q23	Change
Leasing Revenues	1,053.0	1,027.3	2.5%	1,003.0	5.0%
Total Expenses	152.5	137.8	10.7%	136.8	11.5%
Operating Profit	1,663.8	1,175.8	41.5%	1,933.0	-13.9%
Financing Result	(179.5)	(164.6)	9.1%	(223.3)	-19.6%
Net Profit	1,484.3	1,011.2	46.8%	1,709.6	-13.2%
NOI	901.9	889.6	1.4%	867.8	3.9%
NOI Margin	85.7%	86.6%		86.5%	
FFO	784.9	765.4	2.5%	712.9	10.1%
FFO Margin	74.5%	74.5%		71.1%	
AFFO	773.7	726.7	6.5%	706.0	9.6%
AFFO Margin	73.5%	70.7%		70.4%	

Discounted Cash Flow Model

(Figures in Millions of Pesos)	2026E	2027E	2028E	2029E	2030E	Perp.
FFO	3,977	4,141	4,309	4,473	4,644	4,943
Capex Reserve	- 107	- 107	- 107	- 107	- 107	113
ESG Initiative Expenses	72	80	80	80	80	85
AFFO	3,919	4,074	4,243	4,407	4,577	4,873
Interest Expenses	715	735	756	777	800	852
FFCE	4,633	4,809	4,998	5,184	5,377	5,724
Perpetuity Growth Rate						6.5%
PV of Explicit Period (2026 - 2030E)						18,335
Perpetuity Value						125,881
PV of Perpetuity						67,278
Enterprise Value						85,613
Net Debt						5,822
Market Value						79,791
Outstanding CBFIs						1,228
Target Price						P\$ 65.00
Current Market Price						P\$ 57.00
Potential Return w/Dividends						18.6%
Average Cost of Debt						8.6%
Cost of Equity						11.6%
Market Risk Premium						6.0%
Risk-Free Rate						9.8%
Beta						0.30
% Total Debt						21%
% Equity						79%
WACC						11.0%

(Figures in Millions of Pesos)

OPERATING INDICATORS	2024	2025E	2026E	2027E	2028E	2029E	2030E
Total GLA (M2)	589,702	632,702	632,702	632,702	632,702	632,702	632,702
GLA Universities	532,088	575,088	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%
Average Revenue / M2 (MXN\$)	\$ 599.0	\$ 633.9	\$ 653.5	\$ 679.6	\$ 706.8	\$ 735.1	\$ 764.5
INCOME STATEMENT	2024	2025E	2026E	2027E	2028E	2029E	2030E
Leasing Revenues	4,062.7	4,649.2	4,961.7	5,160.1	5,366.5	5,581.2	5,804.5
Operating Expenses	455.4	497.5	521.0	531.5	542.0	563.7	586.3
Administrative Expenses	101.1	125.5	134.0	139.3	144.9	150.7	156.7
Total Expenses	556.5	623.0	654.9	670.8	686.9	714.4	743.0
Gain on Fair Value Adjustment	776.8	350.0	400.0	400.0	400.0	400.0	400.0
ESG Initiative Expenses	54.7	64.0	72.0	80.0	80.0	80.0	80.0
Operating Profit	4,228.2	4,312.2	4,634.7	4,809.3	4,999.6	5,186.8	5,381.5
Financing Result	- 620.5 -	- 636.4 -	- 643.7 -	- 668.1 -	- 694.2 -	- 721.7 -	- 750.5 -
Net Profit	3,607.8	3,675.9	3,991.2	4,141.3	4,305.5	4,465.2	4,631.1
NOI	3,511.0	4,026.2	4,306.7	4,489.3	4,679.6	4,866.8	5,061.5
FFO	3,134.7	3,790.7	3,977.2	4,140.6	4,309.2	4,473.3	4,643.6
AFFO	2,999.0	3,740.2	3,918.7	4,074.1	4,242.7	4,406.8	4,577.1
AFFO per CBF1	\$ 2.4430	\$ 3.0467	\$ 3.1921	\$ 3.3187	\$ 3.4560	\$ 3.5897	\$ 3.7284
BALANCE SHEET	2024	2025E	2026E	2027E	2028E	2029E	2030E
TOTAL ASSETS	40,976.4	41,131.2	41,431.6	41,736.0	42,045.7	42,361.0	42,682.4
Total Current Assets	2,162.2	2,378.5	2,437.8	2,431.3	2,420.4	2,404.8	2,384.1
Total Non-Current Assets	38,814.3	38,752.7	38,993.8	39,304.7	39,625.3	39,956.2	40,298.2
Investment Properties	38,433.6	38,372.1	38,613.2	38,924.1	39,244.7	39,575.6	39,917.6
TOTAL LIABILITIES	8,230.2	8,449.4	8,677.5	8,914.8	9,161.7	9,418.7	9,686.1
Total Current Liabilities	238.6	238.6	238.6	238.6	238.6	238.6	238.6
Total Non-Current Liabilities	7,991.6	8,210.8	8,438.9	8,676.2	8,923.1	9,180.1	9,447.5
TOTAL EQUITY	32,746.2	32,681.8	32,754.1	32,821.2	32,884.0	32,942.3	32,996.2
Total Debt	7,961.6	8,180.7	8,408.8	8,646.1	8,893.1	9,150.0	9,417.5
Net Debt	5,819.2	5,822.0	5,990.8	6,234.6	6,492.4	6,765.0	7,053.1
LTV	21%	21%	22%	22%	23%	23%	24%

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