

FIBRAPL

Quarterly Report

October 21, 2021

Increased demand and more favorable outlook

- **FIBRAPL reported its 3Q21 results, which were supported by portfolio growth and solid demand for logistics space, although it showed profitability pressures**
- **A yield of 1.2%, in line with expectations, in the distribution per CBF. The outlook for the sector has become more favorable and we will be revising our estimates with positive implications**

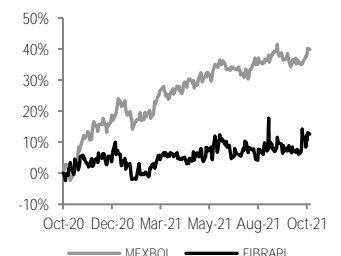
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Inorganic growth and good sector performance benefit operating indicators, but margins drop. FIBRAPL reported a 3Q21 with advances in dollar terms in most of its figures, in line with estimates, although in local currency they declined due to the peso/dollar appreciation. Revenues rose 9.5% y/y to \$61 million (-1.2% y/y in pesos), due to additional GLA of ~3.4% vs. 3Q20, as well as the greater dynamism in demand for logistics space, which reflected an increase in occupancy of 0.6pp to 97.0%, with Mexico City and Guadalajara standing out. This supported a mid-single-digit increase in average rent per square foot. Furthermore, NOI grew 8.1% y/y to \$53 million (-2.9% in pesos), but with a 1.1pp decline in the margin to 86.6%. Meanwhile, EBITDA contracted 1.9% y/y to \$46 million (-11.8% in pesos), and with this, the margin decreased by 8.8pp to 75.6%, due to a 15.7% y/y increase in management fees and a lower FX benefit. At the net level, a more favorable record in property value drove net income to \$89 million (+34.7% y/y). On the other hand, the AFFO achieved a 3.1% y/y increase, albeit with a lower margin (-3.0pp to 47.5%). Finally, the REIT announced a distribution per CBF of \$0.0269 (MXN 0.5483), equivalent to a 1.2% yield. **The positive outlook is getting stronger.** FIBRAPL's geographic and strategic position will allow it to continue capitalizing on a more favorable environment, given the increased demand for logistics space due to e-commerce and near-shoring, and the economic recovery. Thus, we will be updating our estimates and PT with a positive bias.

HOLD	
Current Price	\$46.99
PT	\$47.00
Distribution	\$0.55
Distribution (%)	1.2%
Upside Potential	1.2%
Max – Min LTM (\$)	50.00 – 39.91
Market Cap (US\$m)	1,970.9
CBFs Outstanding (m)	849.2
Float	53%
Daily Turnover (\$m)	27.8
Valuation metrics LTM	
P/FFO	13.8x
P/AFFO	17.4x
FV/EBITDA	15.5x
MSCI ESG Rating*	N.A.

Relative performance to MEXBOL LTM



Financial Statements

MXN, million	2019	2020	2021E	2022E
Revenues	3,825	4,662	4,818	5,158
Operating Income	2,745	3,567	3,398	3,948
EBITDA	2,863	3,794	3,680	3,978
EBITDA Margin	74.8%	81.4%	76.4%	77.1%
Net Income	2,159	3,563	4,870	3,232
Net Margin	56.5%	76.4%	101.1%	62.7%
Total Assets	44,926	58,071	63,357	66,894
Cash	183	434	402	317
Total Liabilities	15,012	17,529	18,948	20,664
Debt	14,551	17,043	18,129	19,823
Common Equity	29,914	40,542	44,409	46,230

Source: Banorte

Valuation and financial metrics

	2019	2020	2021E	2022E
FV/EBITDA	15.6x	14.9x	15.7x	14.9x
P/U	14.1x	11.2x	8.2x	12.3x
P/VL	1.0x	1.0x	0.9x	0.9x
P/FFO	14.6x	13.7x	13.3x	12.1x
P/AFFO	18.7x	18.8x	16.9x	15.7x
Cap Rate (NOI/FV)	7.4%	7.2%	7.3%	7.6%

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FIBRAPL – Results 3Q21

MXN, million

Concept	3Q20	3Q21	Var %	3Q21e	Var % vs Estim.
Revenue	1,236	1,221	-1.2%	1,179	3.6%
NOI	1,089	1,057	-2.9%	1,026	3.0%
Ebitda	1,048	924	-11.8%	903	2.3%
Net Income	1,474	1,786	21.2%	757	136.1%
Margins					
NOI Margin	88.1%	86.6%	-1.5pp	87.0%	-0.5pp
Ebitda Margin	84.7%	75.6%	-9.1pp	76.6%	-1.0pp
Net Margin	119.2%	146.3%	27.0pp	64.2%	82.1pp
FFO per CBFI	\$0.97	\$0.86	-11.8%	\$0.89	-4.0%

*FX used by FIBRAPL (is established as rent payments are made), differs from the quarter FX in our estimates

Income Statement (Million pesos)					
Year	2020	2021	2021	Change	Change
Quarter	3	2	3	% y/y	% q/q
Net Revenue	1,236.4	1,202.9	1,221.2	-1.2%	1.5%
Operating costs	147.3	164.1	164.0	11.4%	-0.1%
NOI	1,089.2	1,038.7	1,057.1	-2.9%	1.8%
NOI margin	88.1%	86.4%	86.6%	-1.7%	0.2%
General expenses	141.2	453.6	139.6	-1.1%	-69.2%
Operating profit	948.0	585.2	917.5	-3.2%	56.8%
Operating Margin	76.7%	48.6%	75.1%	-2.0%	54.4%
EBITDA	1,047.5	899.2	923.8	-11.8%	2.7%
EBITDA Margin	84.7%	74.8%	75.6%	(9.1pp)	0.9pp
Interest income (expense) net	(185.2)	(164.6)	(183.8)	-0.8%	11.7%
Interest expense	202.5	149.0	176.3	-13.0%	18.4%
Interest income				N.A.	N.A.
Exchange (Income) loss	(41.5)	(6.7)	1.9	N.A.	N.A.
Other financial income (expense)	(24.2)	(22.3)	(5.6)	-76.9%	-74.9%
	(711.2)	(2,114.7)	(1,052.4)	48.0%	-50.2%
Income before taxes	1,474.0	2,535.3	1,786.1	21.2%	-29.5%
Income taxes				N.A.	N.A.
Consolidated Net Income	1,474.0	2,535.3	1,786.1	21.2%	-29.5%
Minorities				N.A.	N.A.
Net Income	1,474.0	2,535.3	1,786.1	21.2%	-29.5%
Net Margin	119.2%	210.8%	146.3%	0.2pp	(0.3pp)
FFO	823.6	732.4	726.3	-11.8%	-0.8%
AFFO	630.3	528.8	580.7	-7.9%	9.8%
FFO per CBFI	0.97	0.86	0.86	-11.8%	-0.8%

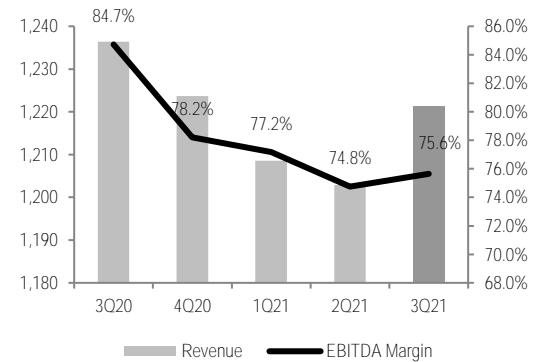
Balance Sheet (Millions)					
Total Current Assets	626.9	510.0	424.8	-32.2%	-16.7%
Cash & Short Term Investments	460.4	397.4	304.1	-34.0%	-23.5%
Long Term Assets	60,119.6	59,541.5	63,564.5	5.7%	6.8%
Property, Plant & Equipment (Net)	60,086.2	59,516.9	63,541.4	5.8%	6.8%
Properties under development				N.A.	N.A.
Total Assets	60,746.5	60,051.5	63,989.2	5.3%	6.6%
Current Liabilities	291.3	441.4	222.7	-23.6%	-49.6%
Short Term Debt	51.3	34.9	148.8	190.1%	325.9%
Accounts Payable	109.4	377.8	59.8	-45.3%	-84.2%
Long Term Liabilities	17,704.2	16,917.1	18,118.0	2.3%	7.1%
Long Term Debt	17,337.2	16,562.4	17,751.6	2.4%	7.2%
Total Liabilities	20,176.5	17,358.6	18,340.7	-9.1%	5.7%
Common Stock	42,751.0	42,693.0	45,648.6	6.8%	6.9%
Minorities				N.A.	N.A.
Total Equity	42,751.0	42,693.0	45,648.6	6.8%	6.9%
Liabilities & Equity	60,746.5	60,051.5	63,989.2	5.3%	6.6%
Net Debt	16,928.1	16,200.0	17,596.3	3.9%	8.6%

Cash Flow (Million pesos)					
Cash Flow from Operating Activities	2,588.8	1,794.9	2,675.2		
Cash Flow from Investing Activities	(9,267.7)	(241.2)	(1,058.1)		
Cash Flow from Financing Activities	6,645.7	(1,422.4)	(1,357.8)		
FX effect on cash	310.9	(168.3)	(389.7)		
Change in Cash Balance	277.6	(37.0)	(130.3)		

Source: Banorte, BMV.

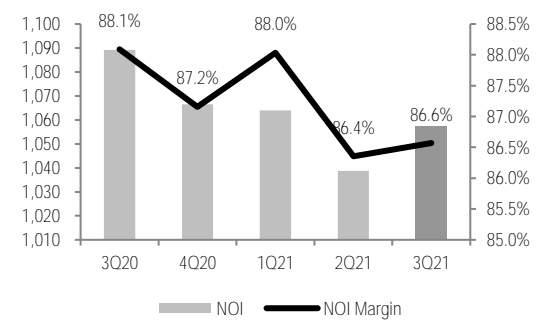
Revenue & EBITDA Margin

MXN, million



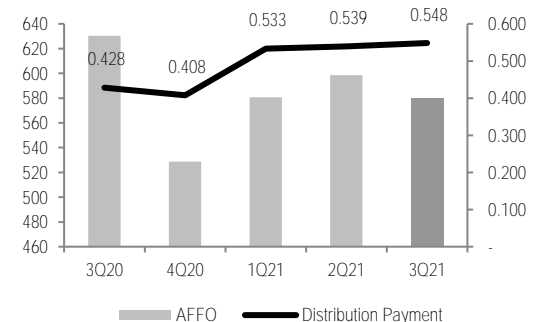
NOI & NOI Margin

MXN, million



AFFO / Distribution payment

MXN, million / pesos



Certification of Analysts.

We, Alejandro Padilla Santana, Delia María Paredes Mier, Juan Carlos Alderete Macal, Manuel Jiménez Zaldívar, Marissa Garza Ostos, Francisco José Flores Serrano, Katia Celina Goya Ostos, Santiago Leal Singer, José Itzamna Espitia Hernández, Alik Daniel García Álvarez, Víctor Hugo Cortes Castro, Hugo Armando Gómez Solís, Miguel Alejandro Calvo Domínguez, Luis Leopoldo López Salinas, Leslie Thalía Orozco Vélez, Gerardo Daniel Valle Trujillo and Juan Barbier Arizmendi, certify that the points of view expressed in this document are a faithful reflection of our personal opinion on the company (s) or firm (s) within this report, along with its affiliates and/or securities issued. Moreover, we also state that we have not received, nor receive, or will receive compensation other than that of Grupo Financiero Banorte S.A.B. of C.V for the provision of our services.

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	Reference
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HOLD	When the share expected performance is similar to the MEXBOL estimated performance.
SELL	When the share expected performance is lower than the MEXBOL estimated performance.

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History of PT and Ratings

Stock	Date	Rating	PT
FIBRAPL	22/04/2021	Hold	\$47.00
FIBRAPL	07/12/2020	Hold	\$45.00

MSCI ESG Rating scale

CCC	B	BB	BBB	A	AA	AAA
LAGGARD			AVERAGE		LEADER	

*The MSCI ESG Rating is an indicator that evaluates companies in Environment, Society and Governance (ESG) metrics.

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