

UPSITE: Initiation of coverage

Successful Investment Cycle

BUY	
Target Price 2020E (MXN\$)	\$ 45.00
Current Price (MXN\$)	\$ 37.00
Min / Max (L12M - MXN\$)	37.00
Total Return	21.6%
Mkt Cap (Mn of MXN)	1,199
CBFI's Outstanding (Mn)	32.4
Float	24.0%
NAV (P\$)	\$ 53.24

We are initiating coverage on FIBRA UPSITE ("UPSITE", BMV: FIBRAUP18), with a BUY recommendation and a year-end target price of MXN\$45.0 per CBFI. Our recommendation is mainly due to the UPSITE's solid fundamentals and the low valuation of its certificates (CBFI's).

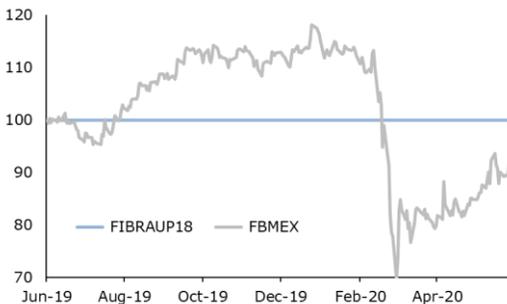
Investment Thesis

Business Model. UPSITE is the only pure play Mexican Fibra (Real Estate Investment Trust or REIT) which dedicates itself to the development of real estate properties for leasing, focusing on the most dynamic and export-oriented industries. This business model allows UPSITE to generate a higher return on investment compared to traditional Fibras.

Recently Finished Portfolio. UPSITE recently finished 3 world-class buildings with a gross leasable area of 54,221 square meters located in Tijuana, Ciudad Juárez and Tlaxcala. With these developments, the Fibra has completed its first investment cycle and given the opportunities that currently exist in Mexican industrial real estate sector, it plans to carry out a second cycle based on organic growth and "Build-to-Suit" projects for clients in high-growth and export-oriented industries.

Management team with a proven track record of value creation. Total assets and the investment property value have grown at an average annual rate of 36% and 103%, respectively, between 3Q18 and 1Q20, without any additional capital nor debt.

Favorable Outlook. UPSITE is currently structuring an aggressive long-term investment plan that will allow it to raise more capital and leverage its existing and new properties in a conservative way, which will accelerate the growth of its portfolio.



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We expect the second stage of UPSITE's investment plan to begin late this year or early next year, supported by the long-term financing plan. The Fibra plans to invest between US\$100-110 million in the development of approximately 358,545 square meters of new buildings within its existing land reserve over a 48-month period. We estimate that these properties will generate US\$1.7 million in monthly revenues with a 95% NOI margin once the portfolio is stabilized.

Valuation

UPSITE CBFI's currently trade at a significant 31% discount against the MXN\$53.24 NAV/CBFI. We estimate that its NAV/CBFI will be MXN\$53.81 at the end of the current year since we do not anticipate significant changes in the composition of its portfolio, or its financial structure.

We set a year-end MXN\$45.00/CBFI, assuming that the discount against the NAV/CBFI will gradually decrease to 16%, from the current level of 31%, as a result of the launching of the long-term investment plan, which we see as an important catalyst since it will allow UPSITE to begin the second cycle of investments and, therefore, accelerate the growth of its portfolio. We estimate that UPSITE's NAV will reach around MXN\$4.5 billion by the end of 2024, translating into a MXN\$90.21 NAV/CBFI.

Main Risks

UPSITE's main risks are: i) the prevailing health and macroeconomic situation; ii) possible dilution in the future with subsequent offers; iii) increased competition; iv) changes in the administrative team; and, vi) low capitalization and low liquidity of the CBFI's.

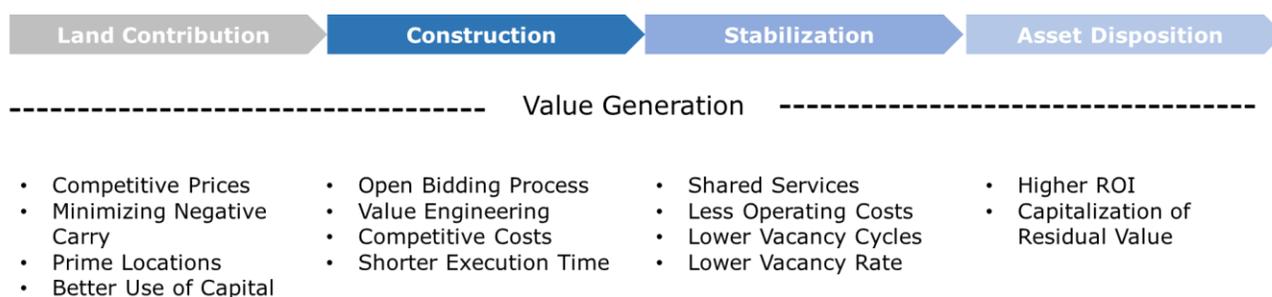
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UPSITE'S MAIN ADVANTAGES

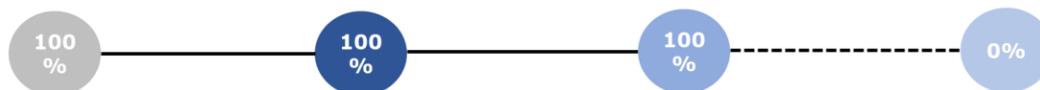
Attractive Business Model

UPSITE is the only pure play Mexican Fibra (Real Estate Investment Trust or REIT) which dedicates itself to the development of industrial real estate properties for leasing, focusing on Mexico's most dynamic and exporting industries. We believe that UPSITE's business model is more attractive than that of traditional Fibras since it can generate very interesting capital gains (around 25-30%) in the development of its properties, which it shares with its CBFIs holders. Traditional Fibras cannot generate such high capital gains as they acquire stabilized properties at market prices and they normally do not engage themselves in the development process.

Graph 1.- Investment Program



1st Investment Cycle: IPO



2nd Investment Cycle: Subscription



Source: UPSITE

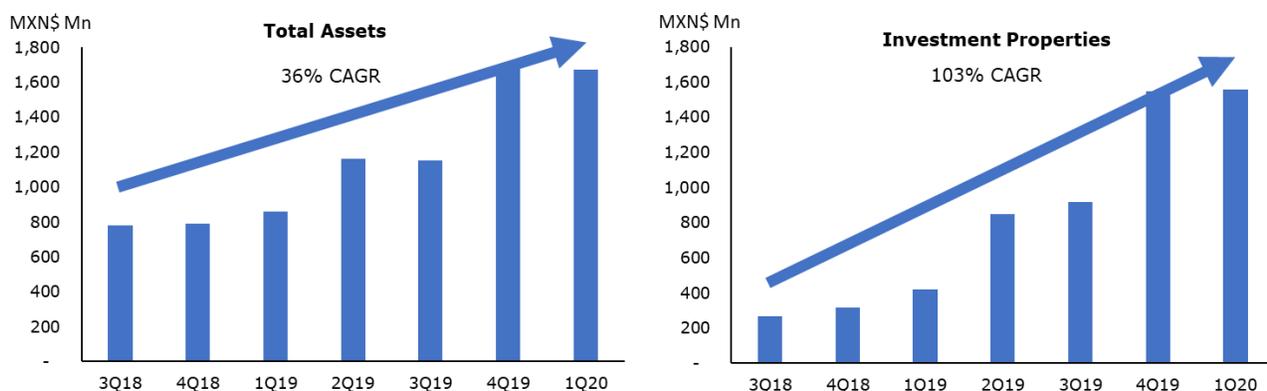
Value Creation / Goal Achievement

UPSITE management has a proven track record of value creation. The clearest example of this is that the value of total assets and investment properties was MXN\$1,672 million and MXN\$1,559 million at the end of 1Q20, when the first investment cycle concluded, with an average annual growth of 36% and 103%, respectively, compared to 3Q18 (first quarter with investment properties) and without any additional capital or debt. We do not anticipate significant revaluations of the existing portfolio since it has already been valued at market prices. It is worth mentioning that the current book value is practically in line with the objectives set in the IPO prospectus. In

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the case of new constructions, we expect them to generate a capital gain of between 25-30% in the future.

Graph 2.- Total Assets and Investment Properties



Source: UPSITE

Solid Corporate Governance

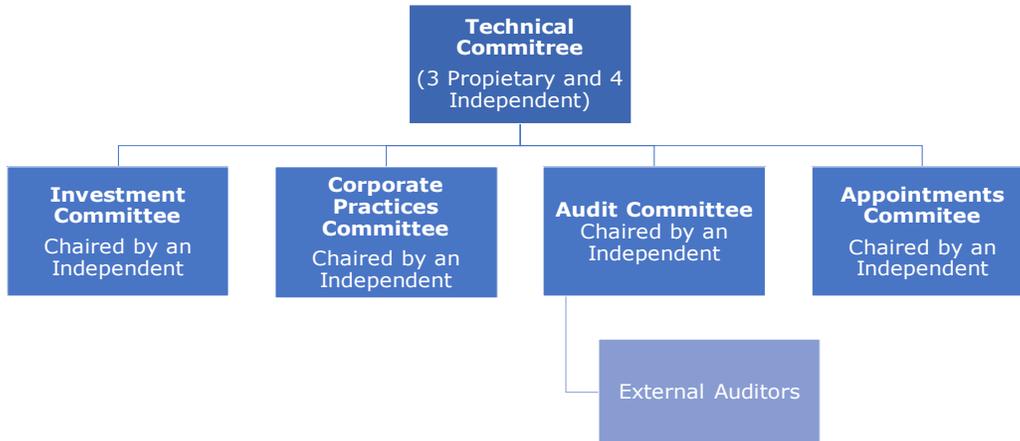
We believe that UPSITE has strong corporate governance. Its Technical Committee has 7 members, of which 4 are independent, the Audit and Corporate Practices Committees are entirely formed of independent members, while the Investment and Nomination Committees are chaired by independent members, thus ensuring a proper supervision and operation of the Fibra.

The Technical Committee is in charge of UPSITE's strategy and supervises the Administrator, which manages the Fibra's portfolio.

The Administrator has a service contract which does not include any commissions but only an annual operating budget that has to be approved by the Technical Committee. Salaries of the Administrator's executives also have a variable portion that depends on certain Key Performance Indicators (KPI's), which are reviewed each year by the Corporate Practices Committee and the Technical Committee.

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Graph 3.- Governance Structure



Focus on ESG Practices

UPSITE is at the forefront in terms of ESG (Environmental, Social and Corporate Governance), which gives it a clear advantage compared to most Mexican Fibras and companies. Furthermore, it is the only one that publishes all of its ESG indicators on a quarterly basis. The ESG strategy includes 4 pillars aligned with its different stakeholders. These pillars include "Business Model", "Corporate Governance and Leadership", "Social Capital" and "Reputation". Worth mentioning that one of the Technical Committee members has more than 20 years of experience in this area.

Table 1.- ESG Strategy

ESG Strategy					
<p>Business model and innovation</p> <ul style="list-style-type: none"> - No Fees - Administration contract with no poison pills -Exclusive administrator -Alignment of interest with shareholders 	<p>Corporate governance and leadership</p> <ul style="list-style-type: none"> - Technical Committee and Support Committees -Transparency and reporting -ESG risk management -Alignment to ESG reporting of pension funds 	<p>Social capital</p> <ul style="list-style-type: none"> - SME's ecosystem - Employees - Social and Environmental impact of assets - Decalogue of Federal Government principles 	<p>Reputation</p> <ul style="list-style-type: none"> - Stakeholders -Design and materials of developments - Business ethics 		
Investors	Members of the Technical Committee	Customers	Brokers	Employees	Community

Source: UPSITE

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FAVORABLE OUTLOOK

In our opinion, UPSITE's long-term prospects are very favorable for several reasons including: i) it recently finished the construction of three properties that already have signed contracts denominated in US dollars; ii) it will launch an aggressive long-term financing plan, including equity and debt, which will allow it to begin the second stage of investments and accelerate the growth of its portfolio; iii) the current expenses structure of the administrator allows it to generate significant economies of scale; and, iv) we expect UPSITE to start paying dividends towards the end of 2022.

Recently Finished Portfolio

UPSITE recently finished the construction of 3 world-class buildings with a gross leasable area of 54,221 square meters located in Tijuana, Ciudad Juárez and Tlaxcala. The current MXN\$1,559 million book value is practically in line with the MXN\$1,663 million budget estimated in the IPO prospectus. These developments have been valued at market prices since 4Q19, so we do not anticipate additional revaluations in the future. The Fibra currently has no leverage.

The lease contracts have an average term of 8.4 years. The companies that rented belong to the e-commerce, food and beverage distribution, light manufacturing, and tile sectors, as can be seen in the following table. We estimate that the NOI margin will be 95%. With these developments, UPSITE has completed its first investment cycle.

Table 2.- Breakdown of Lease Agreements

Tenant	Tenant's S&P 500 customers	Location	Industry	Activity	GLA (M2)	Currency	Final
Printful	Amazon	Tijuana	E-commerce	Exports	4,780	USD	01/04/2027
LogistiK	CostCo	Tijuana	Food & Beverages	Local distribution	3,620	USD	01/05/2023
Tecma	Apparel Retail	Cd. Juárez	Light Manufacturing	Exports	13,901	USD	01/08/2027
Stone Ceramics	Lowe's	Tlaxcala	Tile	Exports	31,920	USD	30/01/2030
Total					54,221		

Source: UPSITE

Given the current macroeconomic situation, we do not expect UPSITE to develop more buildings with its existing resources. However, it can participate in the construction of "Build-to-Suit" properties for specific clients, in high-growth, export-oriented and e-commerce industries

Operating Leverage

We expect UPSITE's operating expenses to be approximately MXN\$50 million this year and to grow in line with inflation during the next few years. The Fibra can expand its portfolio and increase its revenues while operating expenses will remain under control given that the Administrator does not charge any commissions.

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Long-Term Investment Plan

UPSITE is structuring an aggressive long-term investment plan that will allow it to raise more equity and leverage its existing and new properties in a conservative way, which will accelerate the growth of its current portfolio. UPSITE will thus initiate the second investment cycle. This plan includes the following:

- Subscription by existing investors of up to 30 million CBFIs out of 102 million that are in treasury; at current market prices, we estimate that UPSITE could raise up to MXN\$1,110 million;
- Leverage existing and new properties with an LTV between 40-45%;
- Issuance of 100 million CBFIs during a 5-year period which will be open to all investors; this transaction was recently approved by the holders' assembly.

Second Investment Cycle

We expect UPSITE's second investment cycle to begin late this year or early next year, supported by the long-term financing plan. The Fibra plans to invest between US\$100-110 million in the development of approximately 358,545 square meters of new buildings within its existing land reserve over a 48-month period. We estimate that these properties will generate a monthly rent of around US\$1.7 million with a 95% NOI margin, once they are stabilized. Worth mentioning that UPSITE is currently renting above market rates. Our model considers that the new rates will be in line with existing market rates. We expect UPSITE to finance itself as follows:

- New debt amounting to US\$15-16 million (with a 50% LTV) on existing buildings to be raised by the end of the current year; these properties have a US\$35 million book value;
- Issuance of CBFIs with a US\$35 million market value towards the end of the current year; at a price in line with the NAV, the Fibra would place 13 million CBFIs; at the current market price, it would issue 19 million new CBFIs;
- Additional US\$50 million debt (also with a 50% LTV) on the new properties.

Table 3.- Developments of the Second Stage

1Q20	Reserve Sq. Mt.	Portfolio Sq. Mt.	Buildable Area Sq. Mt.	Estimated Rent per Sq. Mt. (USD)
Querétaro	315,468	-	145,854	\$ 4.55
Irapuato	302,085	-	128,206	\$ 4.95
Tijuana	100,104	8,400	43,422	\$ 4.61
Cd. Juárez	69,719	13,901	30,356	\$ 4.95
Tlaxcala	-	31,920	-	\$ 3.90
Naucalpan	7,235	-	10,707	\$ 5.20
Total	794,611	54,221	358,545	

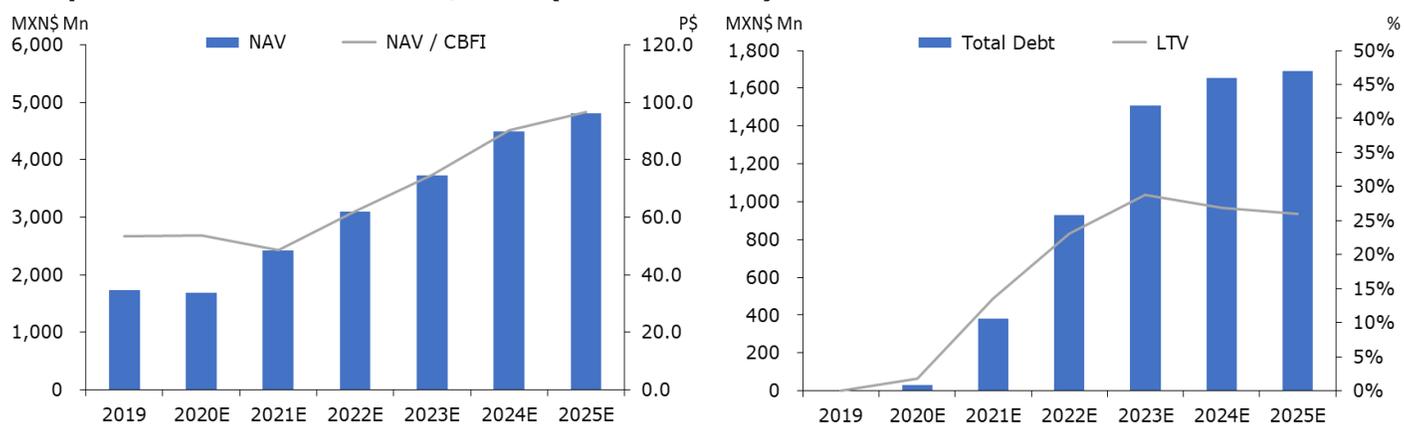
Source: UPSITE, Miranda Global Research

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NAV Calculation

We estimate that UPSITE's total NAV will reach around MXN\$4.5 billion by the end of 2024, which includes US\$35 million of current buildings, US\$233 million of new buildings, and a US\$73 million debt. This will translate into a NAV/CBFI of MXN\$90.21.

Graph 4.- Total NAV and NAV/CBFI (2019 - 2025E)



Source: Miranda Global Research

To value the new properties, we used a discounted flow model, which includes the following variables:

- 358,545 square meters of Gross Leasable Area;
- Average monthly rent of US\$4.75 per M2 which will rise in line with an estimated 1.5% US inflation rate;
- 95% NOI margin;
- 9% discount rate, in line with the valuation of UPSITE's current properties;
- 8% cap rate for the terminal value.

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Table 4.- Valuation of New Properties

New Buildings												
GLA (Sq. Mtr.)		358,545										
Average Monthly Rent / (Sq. Mtr.)	\$	4.75										
Total Monthly Rent (USD Mn)	\$	1.70										
US Inflation		1.5%										
Discount Rate		9.5%										
PV of Cash Flows (USD Mn)	\$	129										
Perpetuity Value @ 8% Cap Rate	\$	282										
PV of Perpetuity Value (USD Mn)	\$	104										
Total PV of New Buildings (USD Mn)	\$	233										
Discounted Cash Flow Model		2025	2026	2026	2027	2028	2029	2030	2031	2032	2033	Perp.
Annual Rent (USD Mn)	\$	20.45	\$ 20.76	\$ 21.07	\$ 21.39	\$ 21.71	\$ 22.03	\$ 22.36	\$ 22.70	\$ 23.04	\$ 23.39	
NOI	\$	19.43	\$ 19.72	\$ 20.02	\$ 20.32	\$ 20.62	\$ 20.93	\$ 21.25	\$ 21.56	\$ 21.89	\$ 22.22	\$ 22.55
NOI Margin		95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	

Source: Miranda Global Research

Dividends Are Likely in 2022

We believe that UPSITE will be able to start paying dividends in 2022. However, this largely depends on the aforementioned long-term financing plan.

COVID-19 PROOF

The Federal Government recently included the construction, mining and transportation equipment manufacturing industries as essential industries, so they were able to restart activities on June 1st. It also announced the gradual opening of non-essential activities in various regions, subject to traffic lights that will depend on the levels of contagion in each of these areas. Under the new normality, people would likely prefer the home office during the coming months. However, we do not believe that this situation will be permanent.

On the other hand, we believe that UPSITE could benefit from this situation because its contracts are fully denominated in dollars, as long as its existing and new clients maintain healthy operating and financial performance and are able to successfully face the prevailing health and macroeconomic situation. As of the date of this report, UPSITE has not received any notification to modify the conditions of its lease contracts, which highlights its business model's defensive characteristics.

THE MEXICAN FIBRA INDUSTRY

Traditional Fibras (Immediate Dividends)

In Mexico, there are two types of Fibras, the traditional ones and the non-traditional ones. Traditional Fibras acquire finished and stabilized properties (shopping malls, office buildings, industrial warehouses or hotels, among others) in order to immediately collect rents and distribute dividends to the CBFIs' holders. They normally do not dedicate themselves to the construction or development of real estate properties.

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Most of Mexican Fibras (such as Funo, Fibra Prologis, Terrafina, Fibra MacQuarie, Fibra Danhos, FMTY, Fibra Inn, etc,) form part of this group. Their main advantage is that they distribute dividends from the acquired properties. Their main disadvantage is that they normally buy real estate at market prices, which generates a much lower capital gain than those of the construction Fibras. In addition, their long-term growth potential is limited as their revenues usually perform in line with inflation or the depreciation of the exchange rate.

Non-Traditional Fibras (Capital Gain + Dividends in the Medium Term)

The second group includes Fibras that build properties, rent them out and after a reasonable period distribute dividends to their holders. They can also divest from such properties at a significant gain. UPSITE and Fibra Plus are part of this group. Their main advantage is that they develop properties and can thus generate a 25-30% capital gain on the price of the land + construction, which they share with their CBFI's holders. However, they do not distribute dividends immediately, until the property is finished and stabilized, which can take around 1-1.5 years.

Internalization of the Administration

In our opinion, an internal management that does not charge any commissions reduces the Fibra's operating expenses. During the last few years, some Fibras like Fibra Inn or companies such Fideicomiso Hipotecario, have carried out internalization processes of their administration.

Table 5.- Administration of Mexican Fibras

	Fibra UPSITE	Fibra INN	Terrafina	Fibra Prologis	Fibra Hotel	Fibra UNO
Administration / Advisory	Internal	Internal	Internal	External	External	External
Technical Committee Members	7	8	8	8	11	12
Independent Members	57%	63%	75%	63%	36%	33%
Property Administration Commission	NO	NO	0.5% of real estate gross value	0.75% of appraisal value 3% of revenues	1.0% of book value net of debt	0.5% of non-depreciated book value of assets minus debt + IVA
Acquisition Commission	NO	NO	NO	NO	NO	3.0% of appraisal value except from related parties
Leasing Commission	NO	NO	NO	5% of leasing value	NO	1% of collected revenues + VAT
Construction / Development Commission	NO	NO	NO	4% of construction cost	NO	NO
Performance / Incentive Commission	YES	NO	10% of change in capitalization value	10% above a 9.0% return	NO	Based on the CBFI's performance and other metrics
	Fibra Danhos	Fibra Macquarie	Fibra MTY	Fibra HD	Fibra Shop	
Administration / Advisory	External	External	Internal	Internal	External	
Technical Committee Members	11	5	8	12	10	
Independent Members	27%	100%	75%	42%	40%	
Property Administration Commission	1.125% of initial portfolio + 1.0% of other assets	1% of market capitalization + 100% of costs and expenses	Costs and expenses	Costs and expenses + 4.0% margin	Costs and Expenses + 3.2% margin NOI * 4.5%	
Acquisition Commission	NO	NO	NO	NO		
Leasing Commission	2.0% of rents	NO	NO	NO		
Construction / Development Commission	NO	NO	NO	NO		
Performance / Incentive Commission	NO	Based on return	NO	NO		

Source: Fibras

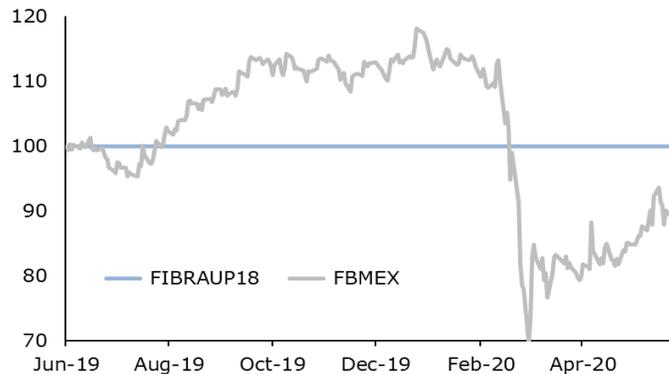
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VALUATION

Performance vs. FBMEX

UPSITE's CBFIs have remained at MXN37.0, thus outperforming the FBMEX Fibras index for the past 12 months.

Graph 5.- UPSITE* vs. FBMEX



Source: Bloomberg

Valuation Methodology

Since UPSITE has just finished developing three properties, is starting to collect rents and is not yet paying dividends, we believe that the only way to value this Fibra is through a Price to NAV multiple.

P/NAV

UPSITE's total net asset value ("NAV") currently stands at MXN\$53.24 per CBFi. This means that its CBFi's currently trade at a significant 31% discount, which compares against the average 50% discount of the other Mexican Fibras.

In the long term, we believe that there is more upside potential in UPSITE's NAV than in traditional Fibras, mainly because it dedicates itself to property development and can thus generate greater capital gains once the construction is finished. In fact, we expect the NAV/CBFi to reach MXN\$90.21/CBFi by the end of 2024.

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Table 6.- Net Asset Value (NAV), 1Q20

Total Investment Properties	1,559
Cash and Cash Equivalents	36
Accounts Receivable	8
Income Tax (ISR) to Recover	69
Total Assets	1,671
Reserved CBFI's	122
CAPEX and Provisions to Reserve	-57
Other Accounts Payable and Liabilities	-11
Total Capex and Liabilities Adjustment	-68
Total Adjustments of Liabilities and Capital	54
Adjusted NAV	1,725
CBFI's Total Float	32
NAV per CBFI in Float	\$ 53.24

* CBFI's at the close of 03/31/2020

Source: UPSITE; Figures in Millions of Pesos, MXN

Table 7.- Valuation of Mexican Fibras

	Price 9-Jul-20	Change (P\$)		Mkt Cap (Million)	EV (Million)	Implicit		Price / NAV	Price / AFFO	Price / BV	NOI	
		5D	YTD			Cap Rate (NOI/ EV)*	Dividend Yield**				Margin 1Q20	LTV
Fibra Upsite	\$ 37.00	0.0%	0.0%	1,199	1,163	n.d.	n.d.	0.69x	n.d.	0.8x	n.d.	0.0%
Funo11	\$ 18.00	-0.4%	-37.0%	70,708	195,775	8.5%	12.9%	0.44x	7.7x	0.5x	79.0%	44.7%
FibraMQ	\$ 23.92	2.1%	-0.3%	18,316	33,087	10.4%	7.6%	0.67x	9.3x	0.7x	88.0%	36.3%
Terrafina	\$ 26.73	2.3%	-12.0%	21,133	44,032	8.5%	8.3%	0.58x	10.3x	0.6x	94.2%	39.9%
Fibra Prologis	\$ 41.72	-2.0%	0.1%	28,430	46,351	7.6%	12.1%	0.61x	15.4x	0.6x	86.8%	28.8%
Fibra Danhos	\$ 21.26	-5.6%	-25.3%	30,426	32,881	13.8%	12.3%	0.51x	8.1x	0.5x	80.9%	8.7%
FMTY	\$ 9.80	-1.6%	-17.2%	9,416	12,026	9.5%	10.7%	0.68x	9.4x	0.7x	90.2%	31.4%
Fibra Shop	\$ 6.00	-2.4%	-33.9%	2,670	10,878	10.5%	7.5%	0.22x	13.3x	0.2x	75.5%	40.4%
Fibra Hotel	\$ 4.45	-1.1%	-49.2%	3,496	7,521	14.7%	0.0%	0.27x	9.0x	0.3x	31.1%	28.0%
Fibra HD	\$ 4.96	-0.6%	-39.3%	2,122	4,070	11.1%	14.8%	0.54x	6.8x	0.6x	73.5%	46.8%
Fibra Inn	\$ 5.35	3.1%	-24.8%	2,663	5,744	4.8%	4.0%	0.33x	24.8x	0.4x	19.2%	30.4%
Fibra Plus	\$ 11.40	0.0%	-5.0%	4,261	4,939	n.a.	n.a.	0.63x	n.a.	0.6x	96.7%	11.4%
Total / Average				194,837	398,468	9.1%	10.8%	0.50x	9.4x	0.5x	74.1%	36.2%

Source: Fibras; n.a.= not available

* Annualized 1Q20 NOI / EV; ** Annualized 1Q20 dividend vs. current price; *** Price / annualized 1Q20 AFFO

Target Price

We estimate that the NAV/CBFI of UPSITE will be MXN\$53.81 at the end of the current year (practically in line with the current level of MXN\$53.24) since we do not anticipate significant changes in the composition of its portfolio, or its financial structure.

We set a year-end target price of MXN\$45.00 per CBFI, assuming that the discount against the NAV/CBFI reduces gradually to 16%, from the current level of 31%, as a result of the launching of the long-term investment plan, which we see as an important catalyst since it will allow UPSITE to begin the second investment cycle thus accelerate the growth of its portfolio.

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Table 8.- Target Price 2020E MXN\$

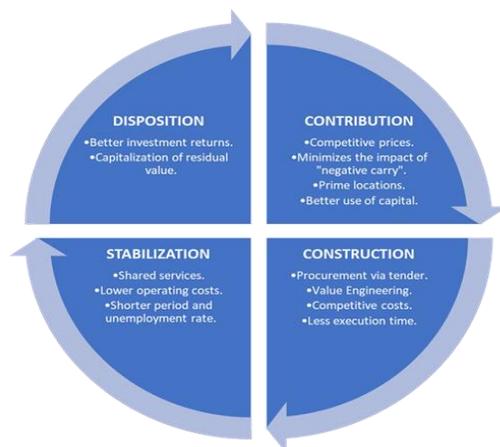
NAV 2020E	Discount	Target Price 2020E
\$ 44.55	-33%	\$ 30.00
\$ 44.55	-17%	\$ 37.00
\$ 44.55	-10%	\$ 40.00
\$ 44.55	1%	\$ 45.00
\$ 44.55	12%	\$ 50.00
\$ 44.55	23%	\$ 55.00
\$ 44.55	35%	\$ 60.00
\$ 44.55	46%	\$ 65.00

Source: Miranda Global Research

UPSITE DESCRIPTION

UPSITE is a Mexican Fibra which dedicates itself to the development and lease of industrial real estate with a focus on the most dynamic and export-oriented industries in the country that include medical devices, pharmaceutical, biotechnology, agro-industrial, light manufacturing, advanced manufacturing and e-commerce. Under this business model, the Fibra can acquire properties through the exchange for CBFIs. Once the developed properties are stabilized, the Fibra will be able to sell them in order to capture the residual value.

Graph 6.- Business Cycle



Source: UPSITE

Products

An innovative concept called "Co-Working Industrial" was included in the Initial Public Offering Prospectus, through which spaces within the same industrial building would be offered to small and medium-sized companies (SMEs), in order to promote the integration of different types of

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operations under one roof. Although this is a concept that UPSITE will promote in the future, the current crisis has made it focus on the development of products aimed at high growth companies that are primarily export-oriented. These products are:

- Clusters: Groupings of companies within the same sector that establish operations in a common place (industrial parks or office complexes within developments) and create synergies, in addition to sharing specific infrastructure for that sector;
- Industrial "Built-To-Suit" buildings: Buildings designed according to the specific needs of companies seeking to establish operations in Mexico;
- Standard buildings: Ideal product for companies looking to start operations immediately and that have no time to design a custom building;
- Office spaces within the same developments: They support the operational centers for the establishment of the administrative and support areas of a company.

Latest Leases

The first quarter of 2020 was the busiest for UPSITE since it rented 22,301 square meters (240,046 square feet) of GLA in three contracts:

- On February 14th, 2020, it signed the lease agreement with the Tacna company with a GLA of 4,780 square meters (51,442 square feet) inside the Tijuana 01 building in the "Upsite Park Tijuana", for an 84 months period;
- On February 21st, 2020, it signed the lease agreement with Logisti-K with a GLA of 3,620 square meters (38,974 square feet) inside the Tijuana 01 building of the "Upsite Park Tijuana", for a 36-month term, with which this building reached a 100% occupancy;
- On March 17th, 2020, it signed the lease agreement with Tecma company, taking 100% of the Ciudad Juárez 01 building in the "Upsite Juárez Park" with a GLA of 13,901 square meters (149,629 square feet), for an 88 months term.

These clients are in industries that have benefited from the pandemic, such as e-commerce, which has boosted their sales and operations. UPSITE's portfolio is currently leased with 100% USD denominated contracts.

Land Reserve

UPISTE owns a land reserve of 794,610 square meters with a potential profitable gross area of 358,545 square meters. These lands are located in the states of Baja California Norte, Chihuahua, Guanajuato, Querétaro, Estado de México and Tlaxcala.

UPSITE: Initiation of Coverage

Graph 7.- Geographic Coverage



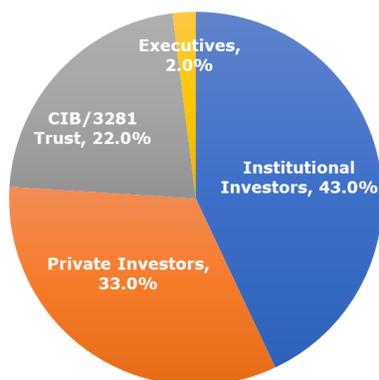
Source: UPSITE

IPO / Ownership Structure

UPSITE made its IPO on June 21st, 2018 with an issuance of 134,502,076 CBFIs which included: i) 14,990,009 CBFIs that were part of the initial public offering under a restricted modality; ii) 17,409,303 CBFIs were delivered to the original owners of the initial portfolio properties; and, iii) 102,102,764 CBFIs are held in treasury. The latter can be subscribed by the current holders, placed in Mexico or abroad through a public or private offer, given in exchange for the acquisition of properties, form part of the Administrator's executives compensation plan or delivered as payment for the Trust's obligations.

The main holders of UPSITE's CBFIs are institutional investors with a 43% equity stake, private investors with 33%, the CIB/3281 Trust with 22% and executives with 2%.

Graph 8.- Ownership Structure



Source: UPSITE

UPSITE: Initiation of Coverage

MAIN RISKS

Current Health and Macroeconomic Situation. We believe that the Mexican economy could be temporarily affected by the prevailing health contingency. However, it will likely recover in a significant way once the health contingency ends. Under the new normality, people would likely prefer the home office during the coming months. However, we do not believe that this situation will be permanent.

Possibility of Dilution with Subsequent Offer (s). UPSITE CBFI's holders could experience a dilution effect if they do not participate in any subscription or follow-on that the Fibra carries out in the future. They can also be diluted by the Founding Members Bonus.

Greater Competition. Currently, UPSITE faces competition from the largest Fibras and other development companies.

Changes in the Management Team. The price of UPSITE CBFI's could be affected if there were any change in the management team.

Low Capitalization and Liquidity of CBFI's. We believe that UPSITE's market capitalization of MXN1,199 million (approx. US\$50 million) is low. Furthermore, the liquidity of its CBFI's is also limited since they do not operate on a daily basis. However, we believe that this situation will tend to improve in the future, once Fibra's operations grow and it launches its financing plan.

FINANCIAL PROJECTIONS – UPSITE

(Figures in millions of pesos, MXN\$)

INCOME STATEMENT	2019	2020E	2021E	2022E	2023E	2024E	2025E	2020E	2021E	2022E	2023E	2024E	2025E
Revenues	576	47	70	137	219	331	473	-92%	47%	97%	60%	51%	43%
NOI	0	40	66	130	208	315	449	n.a.	66%	97%	60%	51%	43%
NOI Margin	0.0%	84.5%	95.0%	95.0%	95.0%	95.0%	95.0%						
General Expenses	-51	-60	-62	-64	-67	-69	-72	18%	4%	4%	4%	4%	4%
Operating Profit	526	-12	8	73	152	262	401	n.a.	n.a.	839%	109%	72%	53%
Operating Margin	91.2%	-26.2%	11.1%	53.1%	69.5%	79.1%	84.9%						
EBITDA	526	-12	8	73	152	262	401	n.a.	n.a.	839%	109%	72%	53%
EBITDA Margin	91.2%	-26.2%	11.1%	53.1%	69.5%	79.1%	84.9%						
Financial Gains	20	1	23	587	584	571	6	-93%	n.a.	n.a.	-0%	-2%	-99%
Financial Cost	-0	-0	-0	-0	-0	-0	-0	n.a.	0%	0%	0%	0%	0%
Pre-Tax Profit	545	-11	30	660	736	833	407	-102%	n.a.	n.a.	12%	13%	-51%
Income Tax & Profit Sharing	0	-2	-9	-14	-27	-77	-122	n.a.	n.a.	50%	101%	181%	59%
Tax & Profit Sharing Rate	0.0%	-17.0%	30.0%	2.1%	3.7%	9.2%	30.0%						
Profit Before Minorities	545	-13	21	646	709	756	285	-102%	n.a.	n.a.	10%	7%	-62%
Net Profit	545	-13	21	646	709	756	285	-102%	n.a.	n.a.	10%	7%	-62%
CBFI's Outstanding	32	32	51	51	51	51	51	0%	59%	0%	0%	0%	0%
NOI/CBFI	P\$ 0.00	P\$ 1.24	P\$ 1.35	P\$ 2.53	P\$ 4.04	P\$ 6.12	P\$ 8.74	n.a.	9%	88%	60%	51%	43%
EBITDA/CBFI	P\$ 16.22	-P\$0.38	P\$ 0.16	P\$ 1.42	P\$ 2.96	P\$ 5.10	P\$ 7.81	-102%	n.a.	n.a.	109%	72%	53%
EPCBFI	P\$ 16.82	-P\$0.40	P\$ 0.43	P\$ 12.57	P\$ 13.80	P\$ 14.71	P\$ 5.54	-102%	n.a.	n.a.	10%	7%	-62%
BALANCE SHEET	2019	2020E	2021E	2022E	2023E	2024E	2025E	2020E	2021E	2022E	2023E	2024E	2025E
TOTAL ASSETS	1,698	1,723	2,800	4,027	5,236	6,151	6,500	1%	62%	44%	30%	17%	6%
Current Assets	149	134	598	626	611	278	567	n.a.	345%	5%	-2%	-55%	104%
Cash & Cash Eq.	85	36	500	500	450	70	300	n.a.	n.a.	0%	-10%	-84%	329%
LT Assets	1,549	1,589	2,202	3,402	4,625	5,873	5,933	3%	39%	54%	36%	27%	1%
Investment Properties	1,549	1,589	2,202	3,402	4,625	5,873	5,933	3%	39%	54%	36%	27%	1%
TOTAL LIABILITIES	104	117	466	1,099	1,655	1,876	2,007	13%	n.a.	136%	51%	13%	7%
TOTAL DEBT	0	32	380	929	1,508	1,653	1,689	n.a.	n.a.	n.a.	62%	10%	2%
NET DEBT	-85	-4	-120	429	1,058	1,583	1,389	n.a.	n.a.	n.a.	147%	50%	-12%
TOTAL CAPITAL	1,594	1,606	2,333	2,928	3,581	4,275	4,493	1%	45%	25%	22%	19%	5%
Stockholder's Equity	1,594	1,606	2,333	2,928	3,581	4,275	4,493	1%	45%	25%	22%	19%	5%
NAV	1,731	1,691	2,420	3,099	3,728	4,497	4,811						
NAV / CBFI	\$ 53.43	\$ 53.81	\$ 48.55	\$ 62.15	\$ 74.77	\$ 90.21	\$ 96.50	1%	-10%	28%	20%	21%	7%
CASH FLOW STATEMENT	2019	2020E	2021E	2022E	2023E	2024E	2025E	2020E	2021E	2022E	2023E	2024E	2025E
Net Profit	545	-11	30	660	736	833	407	n.a.	n.a.	n.a.	12%	13%	-51%
Total Adjustments	-496	-33	-2	-2	-2	-2	-2	-93%	-94%	0%	0%	0%	0%
Cash Flow from Operations	49	-44	28	658	734	831	405	-189%	-165%	n.a.	12%	13%	-51%
Net Cash Flow from Operating Activities	2	-44	28	658	734	831	405	n.a.	-165%	n.a.	12%	13%	-51%
Net Cash Flow from Investment Activities	-373	-37	-611	-635	-659	-683	-58	-90%	n.a.	4%	4%	4%	-92%
Net Cash Flow from Financing Activities	0	0	706	-51	-57	-62	-67	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Net Incr. (Decr.) in Cash & Eq. Before FX Impact	-371	-49	464	0	-50	-380	230	-87%	n.a.	n.a.	n.a.	n.a.	n.a.
Net Incr. (Decr.) in Cash & Eq. After FX Impact	-371	-49	464	0	-50	-380	230	-87%	n.a.	n.a.	n.a.	n.a.	n.a.
Beg. of Period Cash and Eq.	457	85	36	500	500	450	70	-81%	-58%	n.a.	0%	-10%	-84%
End of Period Cash and Eq.	85	36	500	500	450	70	300	-58%	n.a.	n.a.	-10%	-84%	329%

Source: UPSITE, Miranda Global Research

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