

# UPSITE: 3Q21 Results

Positive Results with a NAV/CBFI of MXN\$60.05 (+17.3% YoY); Begins Construction of a New Building

FIBRAUP18	BUY
Target Price (MXN\$)	\$ 55.00
Current Price (MXN\$)	\$ 36.50
Min / Max (L12M - MXN\$)	33.78-38.51
Total Return	50.7%
Mkt Cap (Mn of MXN)	2,053
CBFI's Outstanding (Mn)	56.3
Float	62.0%
NAV / CBFI (P\$)	\$ 60.05
Discount vs. NAV	39%

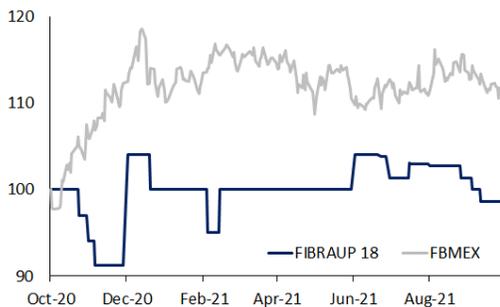
## Opinion and Recommendation

During the quarter, UPSITE received two new BTS buildings with a GLA of more than 30 thousand M2, which are 100% rented. It also began the construction of a new building in Ciudad Juárez with a GLA of more than 20 thousand M2, which is expected to be ready in 2Q22. This means that the portfolio's GLA will reach 134,360 M2 during the next year, from the original 54,221 M2 level, which will represent a 148% expansion. Operating results were above our projections.

The NAV/CBFI was MXN\$60.05 in the current quarter, above our estimates. UPSITE's CBFI's are now trading at a significant 39% discount against NAV/CBFI, which we believe is very attractive. We continue with a BUY recommendation and MXN\$55.0/CBFI target price. We consider that UPSITE's outlook is favorable due to the high portfolio growth, the proximity of several of its properties to the US and the "nearshoring" trend.

## Portfolio

The existing portfolio included the three original properties (Tijuana, Ciudad Juárez and Tlaxcala) with a GLA of 54,221 M2, which remain 100% rented. In addition, UPSITE recently received two new BTS buildings (Tijuana and Ciudad Juárez), with an area of more than 30 thousand M2, which are 100% rented. In September, it signed a binding commitment letter with an existing client to lease a 6,578 M2 available space within the BTS building in Ciudad Juárez.



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UPSITE expects to receive another property (Tijuana) of nearly 30 thousand M2 in 1Q22, in line with what was originally planned. The Fibra is developing a new building in Ciudad Juárez with a GLA of more than 20 thousand M2, which will likely be ready in 2Q22. This means that the portfolio's GLA will reach 134,360 M2 during the next year, from the original 54,221 M2, which will represent a 148% expansion. In addition, it has more than 769 thousand M2 of land with a buildable area of around 355 thousand M2.

### **Property Value**

Property value amounted to MXN\$2.48 billion (+ 4% vs. estimated), up 30.6% YoY. During the quarter, UPSITE registered a MXN\$132.3 million revaluation of the Tijuana and Juárez properties.

### **NAV/CBFI**

The NAV/CBFI reached MXN\$60.05 in 3Q21, increasing 17.3% YoY, and slightly higher QoQ. This indicators has delivered a 18.6% CAGR since the IPO. It exceeded our projections by 6.4% mainly due to the revaluation of properties.

### **Results**

UPSITE recorded 3Q21 revenues of MXN\$19.7 million, up 11.1% YoY which was mainly due to the fact that the two new buildings started to generate rents in September. The operating cost rose 101.4% to MXN\$2.9 million due to the operation of the new properties. However, administrative expenses grew only 10.4%, clearly showing Fibra's economies of scale, despite the lease of two new BTS buildings. This resulted in a 10.4% drop in EBITDA. Net profits stood at MXN\$137.4 million, as it included a MXN\$132.3 million property revaluation. The FFO (calculated as net profits less adjustments) was down 62.8% to MXN\$5.1 million, due to higher operating costs and interest expenses.

### **Financial Structure**

UPSITE registered an 8% LTV in 3Q21, which means that it has significant additional leverage capacity. In fact, after the end of the quarter, the Fibra carried out the second disposal with Bancomext amounting to US\$13.45 million, which is part of a global US\$50 million line, with a 7-year term and an interest rate of only 3.85%. It will only pay interests during the first two years. Subsequently, it will pay principal and interests over a 25-year period.

### **ESG**

UPSITE remains at the forefront in terms of ESG. It presented its quarterly ESG indicators, which remained unchanged compared to 2Q21. They continued to include indicators in terms of Corporate Governance, Independence of the Technical Committee, Technical and Diversity Committee, Corporate Practices and ESG Committee, Investment Committee, Nominating Committee, Audit Committee, Social Indicators and Environmental Indicators.

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(Figures in Millions of MXN\$)	3Q21	3Q21E	Diff	3Q20	Change
Revenues	20	15	29.1%	18	11.5%
Operating Profit	4	1	n.a.	5	-13.0%
<i>Operating Margin</i>	22.3%	6.5%		<i>n.a.</i>	
EBITDA	4	1	n.a.	5	-12.1%
<i>EBITDA Margin</i>	22.3%	6.5%		<i>n.a.</i>	
Financial Gains	136	5	n.a.	9	n.a.
Financial Cost	-3	-3	0.9%	0	n.a.
Pre-Tax Profit	137	3	n.a.	14	n.a.
Net Profit	137	3	n.a.	14	n.a.

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