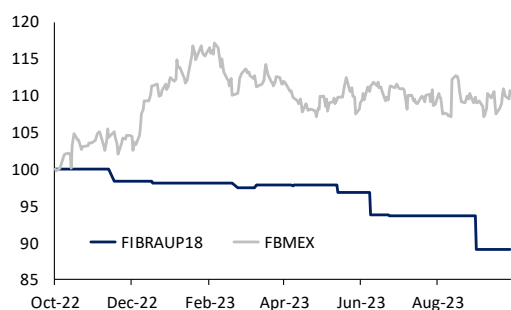


# UPSITE: 3Q23 Results

GLA grows 20% exceeding 205K square meters; revenues and NOI increase substantially due to new properties

FIBRAUP 18	BUY
Target Price (MXN\$)	\$ 55.00
Current Price (MXN\$)	\$ 29.99
Min / Max (L12M - MXN\$)	29.99 - 33.20
Total Return	83.4%
Mkt Cap (Mn of MXN)	1,687
CBFI's Outstanding (Mn)	56.3
Float	62.0%
NAV / CBFI (P\$)	\$ 55.81
Discount vs. NAV	46%



## Opinion and recommendation

UPSITE reported an outstanding quarter that included a 20% expansion in total GLA, the signing of the lease contract for the Tlaxcala building, and strong growth in the main operating indicators, exceeding our expectations.

We reiterate our BUY recommendation with a MXN\$55.0/CBFI target price. The valuation of UPSITE certificates continues to be attractive since they trade at a 48% discount to NAV, which seems very high to us. We recommend taking advantage of the current certificate price.

## Portfolio

UPSITE leased the Tlaxcala building with a GLA of 31,920 M2 to France's Schneider Electric, and completed building VI in Ciudad Juárez with a GLA of 34,237 M2, of which 17,900 M2 are leased. As a result, total GLA reached 205,335 M2 at the end of the quarter, with an annual growth of 20%. Occupancy was 92.8% in 3Q23, compared to 100% in 3Q22. The average lease term was 6.5 years.

The Fibra plans to present a new growth strategy in next year's first technical committee, which we consider to be favorable news. In fact, it has 78.2 million CBFIs in treasury, which we believe could be used for strategic acquisitions. Additionally, its financial structure supports additional leverage.

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### 3Q23 Results

Leasing revenues reached MXN\$54.2 million, up 70.3% YoY, supported by the incorporation of the new buildings in Ciudad Juárez. However, same-store rents decreased 14.6% as a result of the appreciation of the Mexican peso.

For its part, NOI grew 78.1% to MXN\$44.9 million due to operating leverage as the operating cost of the properties increased 40.7%. For this reason, the NOI margin expanded 360 bps to 82.8%. Administrative expenses fell 65%, which boosted EBITDA by 111.7%. FFO was slightly positive, comparing favorably against the negative MXN\$90.7 million figure from the previous year.

### Financial structure

The value of investment properties increased 18.6% YoY to MXN\$3.87 billion. The Fibra did register any revaluation during the current quarter.

LTV rose to 32.5%, from 25.6%, as UPSITE carried out the sixth drawdown of its US\$100 million credit line with Bancomext. The term was 7 years with an interest rate of 1-month SOFR plus 2.38%. The Fibra is negotiating an expansion of such a line to US\$150 million.

The NAV/CBFI advanced 4.2% to MXN\$55.33/CBFI (vs. our MXN\$56.87/CBFI estimate), as the significant increase in the value of investment properties was partially offset by higher debt levels. However, this indicator has registered a 10.5% CAGR since the IPO.

(Figures in Millions of MXN\$)	3Q23	3Q23E	Diff.	3Q22	Change
Revenues	54	49	11.4%	32	70.3%
Operating Cost	-9	-8	21.6%	-7	40.7%
NOI	45	41	9.4%	25	78.1%
EBITDA	9	6	51.4%	-78	n.a.
<i>EBITDA Margin</i>	<i>16.8%</i>	<i>13.8%</i>		<i>n.a.</i>	
Financial Gains	-18	39	n.a.	93	n.a.
Financial Cost	-19	-18	6.6%	-11	66.9%
Net Profit	-28	27	n.a.	4	n.a.
NAV / CBFI	P\$ 55.30	P\$ 56.87	-2.8%	P\$ 53.10	4.1%

(Figures in Millions of MXN\$)

	2022	2023E	2024E	2025E	2026E	2027E
<b>INCOME STATEMENT</b>						
Revenues	118	197	267	316	375	439
Operating Cost	-22	-34	-45	-52	-61	-69
NOI	96	163	222	264	314	369
General Expenses	-172	-136	-172	-201	-229	-265
EBITDA	-77	27	50	63	85	104
Financial Gains	131	260	181	183	182	177
Financial Cost	-40	-74	-109	-130	-154	-180
Net Profit	15	213	122	116	113	101
<b>BALANCE SHEET</b>						
TOTAL ASSETS	4,173	4,997	5,540	5,959	6,498	7,093
Current Assets	694	876	710	657	575	403
LT Assets	3,479	4,120	4,831	5,303	5,923	6,691
Investment Properties	3,473	4,112	4,822	5,292	5,910	6,676
TOTAL LIABILITIES	1,145	1,756	2,178	2,554	3,053	3,620
TOTAL DEBT	1,015	1,605	1,942	2,275	2,726	3,242
NET DEBT	521	930	1,435	1,824	2,360	3,052
Stockholder's Equity	3,028	3,241	3,363	3,405	3,445	3,473
NAV	3,055	3,302	3,427	3,479	3,528	3,566
NAV / CBF1	\$ 54.31	\$ 58.70	\$ 60.92	\$ 61.83	\$ 62.71	\$ 63.39
<b>CASH FLOW STATEMENT</b>						
Net Profit	15	213	122	116	113	101
Total Adjustments	-83	24	177	130	133	136
Cash Flow from Operations	-68	237	299	245	246	237
Net Cash Flow from Operating Activities	-68	237	299	245	246	237
Net Cash Flow from Investment Activities	-623	-474	-550	-270	-138	-276
Net Cash Flow from Financing Activities	502	590	337	260	378	443
Net Incr. (Decr.) in Cash & Eq. Before FX Impact	-189	181	-168	-56	-85	-176
Net Incr. (Decr.) in Cash & Eq. After FX Impact	-189	181	-168	-56	-85	-176
Beg. of Period Cash and Eq.	687	494	675	507	451	366
End of Period Cash and Eq.	494	675	507	451	366	190

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