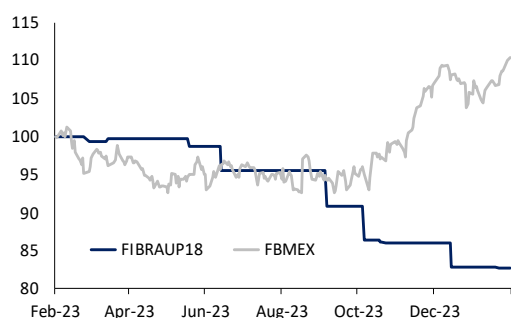


UPSITE: 4Q23 Results

Solid revenue, NOI and EBITDA performance supported by portfolio expansion and new contracts; launches long-term expansion plan

FIBRAUP 18	BUY
Target Price (MXN\$)	\$ 55.00
Current Price (MXN\$)	\$ 25.89
Min / Max (L12M - MXN\$)	25.89 - 31.40
Total Return	112.4%
Mkt Cap (Mn of MXN)	1,457
CBFI's Outstanding (Mn)	56.3
Float	62.0%
NAV / CBFI (P\$)	\$ 55.46
Discount vs. NAV	53%



Opinion and recommendation

UPSITE reported a positive quarter at the operating level with revenue, NOI and EBITDA figures above our projections. We continue with a BUY recommendation and MXN\$55.0/CBFI target price after these results. We consider that UPSITE's prospects are favorable due to the strategic location of its portfolio with high exposure to the nearshoring process, and the expansion plan for the coming years with a significant US\$200-250 million investment. In addition, its certificates trade at a 53% discount against the NAV/CBFI, and the Fibra announced that its MXN\$112.5 million buyback reserve will begin to operate in the short term.

Portfolio

UPSITE leased the last available space in its Ciudad Juárez building, which boosted the occupancy of this property to 100%, from 57% in 3Q23. As a result, the portfolio's total occupancy was 100%, while the average maturity of the contracts is 7 years and all of them are US dollar-denominated. Total GLA increased 20% YoY, although it remained unchanged from 3Q23.

The Fibra detailed its expansion plan for the 2024-2030 period, which includes additional capital amounting to US\$200-250 million that it expects to raise during 3Q24. It will use such funds to develop the territorial reserves in Bajío and Naucalpan and acquire new pieces of land in Tijuana and Ciudad Juárez. We believe that such a large investment will be favorable as UPSITE will continue to focus on high-growth markets that benefit from the nearshoring process.

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4Q23 Results

Leasing revenues were MXN\$65.1 million (vs. MXN\$61.9 million that we estimated), up 75.6% YoY, driven by the portfolio expansion and new contracts in Ciudad Juárez and Tlaxcala. Same-store rents rose 99.6%.

NOI grew 86.6% YoY to MXN\$55.5 million (vs. MXN\$51.2 million E) supported by operating leverage, since the operating cost of the properties was 31.3% higher. NOI margin improved 5 percentage points to 85.2% in the current quarter. EBITDA reached MXN\$20.5 million, compared to a negative MXN\$1.0 million figure in 4Q22, after a 14.1% rise in administrative expenses. However, FFO was negative at MXN\$1.7 million, from a positive figure of MXN\$6.0 million the previous year.

Financial Structure/ NAV

Property value increased 9.5% YoY despite a MXN\$93.6 million downward adjustment during the current quarter, we believe as a result of the appreciation of the Mexican peso. On the other hand, total debt rose 42.9%, which translated into a 32.0% LTV, from 24.5% in 4Q22. NAV/CBFI was up 2.1% YoY to MXN\$55.5 (vs. our projection of MXN\$56.01). The Fibra recovered MXN\$130 million of VAT during the quarter.

(Figures in Millions of MXN\$)	4Q23	4Q23E	Diff.	4Q22	Change
Revenues	65	62	5.3%	37	75.6%
Operating Cost	-10	-11	-9.3%	-7	31.3%
NOI	56	51	8.3%	30	86.6%
<i>Margen NOI</i>	<i>85.2%</i>	<i>82.8%</i>		<i>80.2%</i>	
EBITDA	20	11	82.0%	-1	n.a.
<i>EBITDA Margin</i>	<i>31.4%</i>	<i>18.2%</i>		<i>-2.6%</i>	
Financial Gains	-46	14	n.a.	84	n.a.
Financial Cost	-27	-24	13.6%	-14	85.9%
Net Profit	-53	2	n.a.	68	n.a.
NAV / CBFI	P\$ 55.46	P\$ 56.01	-1.0%	P\$ 54.31	2.1%

(Figures in Millions of MXN\$)

INCOME STATEMENT	2023	2024E	2025E	2026E	2027E	2028E	2029E
Revenues	200	264	280	333	390	445	462
Operating Cost	-33	-39	-41	-47	-54	-61	-62
NOI	167	225	239	286	335	384	401
<i>NOI Margin</i>	83.4%	85.2%	85.5%	85.8%	86.1%	86.4%	86.6%
General Expenses	-131	-144	-153	-183	-211	-242	-252
EBITDA	36	81	87	103	124	142	149
<i>EBITDA Margin</i>	17.9%	30.7%	30.9%	30.8%	31.9%	31.9%	32.1%
Financial Gains	49	127	139	142	147	166	176
Financial Cost	-78	-129	-149	-165	-181	-207	-241
Net Profit	7	79	76	80	90	101	84
BALANCE SHEET	2023	2024E	2025E	2026E	2027E	2028E	2029E
TOTAL ASSETS	4,601	5,035	5,376	5,572	5,835	6,293	6,759
Current Assets	791	997	842	558	384	385	385
LT Assets	3,810	4,038	4,534	5,013	5,451	5,908	6,374
TOTAL LIABILITIES	1,566	1,921	2,259	2,448	2,694	3,124	3,580
TOTAL DEBT	1,450	1,802	2,129	2,298	2,523	2,940	3,389
NET DEBT	850	995	1,478	1,932	2,333	2,750	3,199
Stockholder's Equity	3,035	3,114	3,117	3,124	3,141	3,168	3,179
NAV	3,120	3,177	3,185	3,200	3,226	3,260	3,273
NAV / CBF1	\$ 55.46	\$ 56.48	\$ 56.62	\$ 56.88	\$ 57.35	\$ 57.94	\$ 58.18
CASH FLOW STATEMENT	2023	2024E	2025E	2026E	2027E	2028E	2029E
Net Profit	7	79	76	80	90	101	84
Total Adjustments	73	67	69	74	74	71	67
Cash Flow from Operations	80	145	145	154	164	171	151
Net Cash Flow from Operating Activities	80	145	145	154	164	171	151
Net Cash Flow from Investment Activities	-409	-128	-225	-138	-276	-276	-276
Net Cash Flow from Financing Activities	436	352	253	96	152	343	377
Net Incr. (Decr.) in Cash & Eq. Before FX Impact	107	206	-156	-285	-176	0	0
Net Incr. (Decr.) in Cash & Eq. After FX Impact	107	206	-156	-285	-176	0	0
Beg. of Period Cash and Eq.	494	601	807	651	366	190	190
End of Period Cash and Eq.	601	807	651	366	190	190	190

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