

UPSITE: 1Q24 Results

Positive quarter with stronger-than-expected NOI, EBITDA and FFO; the GLA will double in the medium term with the expansion program

FIBRAUP 18	BUY
Target Price (MXN\$)	\$ 55.00
Current Price (MXN\$)	\$ 28.00
Min / Max (L12M - MXN\$)	24.00 - 31.30
Total Return	96.4%
Mkt Cap (Mn of MXN)	1,600
CBFI's Outstanding (Mn)	57.1
Float	62.0%
NAV / CBFI (P\$)	\$ 54.96
Discount vs. NAV	49%

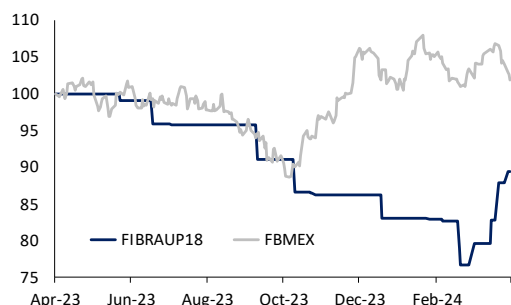
Opinion and recommendation

UPSITE recorded a positive operating performance in 1Q24 with NOI, EBITDA and FFO above our expectations.

UPSITE's prospects are very favorable as it is currently working on a US\$250 million expansion plan to continue taking advantage of the “nearshoring” process. Furthermore, the valuation of its CBFIs remains at very attractive levels with a 49% discount to NAV/CBFI. We thus continue with a BUY recommendation and MXN\$55.0/CBFI target price after this quarterly report.

Expansion plan

UPSITE announced that it is working on a US\$250 million expansion plan for the 2024-2030 period, to take advantage of the high demand generated by the “nearshoring” process. The Fibra expects to issue 150 million CBFIs under the multivalued program once it receives authorization from the CNBV. The Holders’ Meeting authorized MXN\$5.0 billion in total debt under the same program (compared to the current level of MXN\$1.425 billion). UPSITE will use these funds to develop its land reserves in the Bajío region and Mexico City’s Naucalpan neighborhood, as well as the acquisition of additional reserves in Tijuana and Ciudad Juárez. It currently owns land with a total area of nearly 625 thousand M2 with a potential GLA of around 285 thousand M2 in the cities of Querétaro, CDMX (Naucalpan) and Irapuato, which, once developed, will boost the GLA by more than 100% during the following years.



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Martin Lara
 +5255-6413-8563
 martin.lara@miranda-gr.com

1Q24 Results

UPSITE recorded total revenues of MXN\$62.4 million in 1Q24, up 62.4% YoY, mainly due to the new contracts in Ciudad Juárez and the start of the contract in Tlaxcala. The properties' operating cost increased 41.1% due to operating leverage, generating a significant 67.1% NOI growth to MXN\$52.6 million and a 230 bps expansion in the NOI margin to 84.3%. For its part, administration expenses decreased 9.5% since they did not include the variable part of the administrator's salaries, thus boosting the EBITDA to MXN\$24.7 million in the quarter, from MXN\$0.7 million in 1Q23. FFO was MXN\$6.6 million positive, from a negative MXN\$9.4 million figure.

The value of investment properties grew 5.4% YoY to MXN\$3.8 billion. This was partially offset by a higher debt level (LTV was 31.47% in 1Q24, from 26.2% in 1Q23), resulting in a NAV/CBFI of MXN\$54.96 in 1Q24, practically unchanged from the previous year and in line with our MXN\$55.04 projection.

UPSITE has used 22% of its share buyback reserve, which can reach up to 5% of outstanding CBFI.

(Figures in Millions of MXN\$)	1Q24	1Q24E	Diff.	1Q23	Change
Revenues	62	66	-5.5%	38	62.4%
Operating Cost	-10	-10	0.2%	-7	41.1%
NOI	53	51	2.6%	31	67.1%
<i>Margen NOI</i>	<i>84.3%</i>	<i>77.6%</i>		<i>82.0%</i>	
EBITDA	25	20	22.0%	1	3397.0%
<i>EBITDA Margin</i>	<i>39.7%</i>	<i>30.7%</i>		<i>1.8%</i>	
Financial Gains	19	5	260.9%	64	-69.9%
Financial Cost	-26	-29	-13.3%	-15	67.5%
Net Profit	19	-4	n.a.	49	-61.5%
NAV / CBFI	P\$ 54.96	P\$ 55.04	-0.1%	P\$ 55.09	-0.2%

(Figures in Millions of MXN\$)

INCOME STATEMENT	2023	2024E	2025E	2026E	2027E	2028E	2029E
Revenues	200	250	276	328	384	438	456
Operating Cost	-33	-39	-42	-49	-57	-63	-65
NOI	167	211	234	279	327	375	391
General Expenses	-131	-111	-122	-142	-166	-188	-192
EBITDA	36	99	112	137	161	187	199
Financial Gains	49	139	142	146	149	168	180
Financial Cost	-78	-102	-129	-142	-153	-174	-203
Net Profit	7	138	126	142	159	183	179
BALANCE SHEET	2023	2024E	2025E	2026E	2027E	2028E	2029E
TOTAL ASSETS	4,601	4,728	5,270	5,469	5,735	6,195	6,663
Current Assets	791	768	814	534	362	365	367
LT Assets	3,810	3,960	4,456	4,936	5,373	5,830	6,297
TOTAL LIABILITIES	1,566	1,555	2,045	2,176	2,357	2,708	3,071
TOTAL DEBT	1,450	1,425	1,898	2,007	2,164	2,499	2,855
NET DEBT	850	817	1,247	1,641	1,974	2,309	2,665
Stockholder's Equity	3,035	3,173	3,225	3,293	3,378	3,487	3,592
NAV	3,120	3,237	3,296	3,372	3,466	3,581	3,688
NAV / CBF1	\$ 55.46	\$ 56.67	\$ 57.69	\$ 59.02	\$ 60.66	\$ 62.68	\$ 64.56
CASH FLOW STATEMENT	2023	2024E	2025E	2026E	2027E	2028E	2029E
Net Profit	7	138	126	142	159	183	179
Total Adjustments	73	128	120	123	124	119	115
Cash Flow from Operations	80	266	246	265	283	303	293
Net Cash Flow from Operating Activities	80	266	246	265	283	303	293
Net Cash Flow from Investment Activities	-409	-50	-225	-138	-276	-276	-276
Net Cash Flow from Financing Activities	436	-25	399	34	83	261	282
Net Incr. (Decr.) in Cash & Eq. Before FX Impact	107	7	43	-285	-176	0	0
Net Incr. (Decr.) in Cash & Eq. After FX Impact	107	7	43	-285	-176	0	0
Beg. of Period Cash and Eq.	494	601	608	651	366	190	190
End of Period Cash and Eq.	601	608	651	366	190	190	190

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