

Pei's Results - First Semester 2020

Structural strengths, commercial management, and support to tenants in response to an unprecedented situation

- During the first half of 2020, in the midst of the unprecedented juncture resulting from the health emergency, the vehicle generated a Distributable Cash Flow of COP \$64,943 MM.
- The vehicle's commercial management achieved a 92% contracts-retention and commercial arrangements in connection with 1.012 thereof, associated with the impact that the tenants were subjected to, as a result of the mandatory preventative isolation measures.
- The period's average physical vacancy stood at 8.3%, while the average economic vacancy was at 9.5%.
- The Debt-to-Assets Ratio was at 28%, while the debt service decreased by 16 basic points, reaching a 6.70% D/A.
- Pei's securities rank 15 among the most traded in the Colombia Stock Exchange. The average daily volume of TEIS transactions during the first semester was COP 2.841 million.
- The protection of the property users, the real estate management team, and the investments has been prioritized to ease the continuity and resumption of all the portfolio assets' operations.

Bogotá, August 2020. The strengths of Pei --the country's main real estate investment vehicle-- lay on its portfolio's diversification, commercial risks' hedging schemes, liquidity, and a long-term conservative indebtedness scheme. These strengths have been fundamental to the vehicle's facing of the current situation.

The vehicle's preparation, aimed at easing the portfolio assets' full activity, enabled a 42.4% occupancy --measured in number of people--, by the end of June. Such a preparation required investments associated with the new sanitary regulations and protocols, amounting to nearly COP \$1.166 MM.

The permanent assistance to the tenants resulted in reliefs under commercial arrangements structured for 1.012 lease agreements, generating an 11.4% estimated impact on Pei's annual revenues.

In connection with the portfolio assets' occupancy metrics, the commercial and corporate categories' physical vacancies were mainly impacted, standing on average at 8.3% during the period. In turn, the economic vacancy registered an increase as a result of the recent acquisitions and lower invoicing in the commercial and specialized categories, standing at

9.5%. The logistics and industrial categories registered no significant variations during the second quarter, given the health emergency's lower impact thereon.

The vehicle implemented a non-essential savings strategy that has resulted in a stable Net Operative Income (NOI) during the period, mitigating the impact of the revenues' decrease resulting from both the reliefs granted to the tenants and the variable income's decrease associated with the tenants' sales and others, such as the revenues from parking spaces and common areas.

In the context of the unprecedented situation taking place in the second quarter of the year, the vehicle's Distributable Cash Flow (DCF) from the operation in the first 6 months of the year, amounted to COP \$64.943MM. This sum, added to the DCF paid on last February, amounts to a 4.52% annual profit paid as Distributable Cash Flow (Dividend Yield) in 2020.

As in every year, the portfolio assets appraisal's update is ongoing. By the end of the first semester of the year, commercial appraisals for 64% of the assets under management were conducted, resulting in a total variation of -0.6% on the portfolio's value. This impact has already been incorporated into the daily unit value released to the market.

The health situation affected the vehicle's debt portfolio behavior. The net debt portfolio balance was at COP \$46,112 MM pesos, 64% of which corresponds to the current debt portfolio associated to the reliefs granted by the vehicle, while the net past due debts correspond to 36%.

The vehicle closed the period with a debt amounting to COP 2.05 Bn, of which 15% is short-term debt and 85% long-term debt. Because of the debt portfolio's management during the last months and the interest rates decline, the debt's weighted cost stands at 6.70% D/A.

SECOND SEMESTER OF 2020

The following priority activities, for the remaining months of 2020, were highlighted during the teleconference:

Continued assistance to tenants and reopening of properties: Pei team's main work focus during the next months will be the detailed and permanent review of the tenants situation. This, with an aim to address their requests and needs without disregarding the investors interests, based on the fundamental premise of achieving a balance between the short and long terms.

The properties' reopening process will also continue, encouraging the continuity of those whose occupation and operation have not decreased, and achieving a gradual and safe return to activities of those whose occupation was affected.

Capital market activity: TEIS securities' migration to the Colombian Stock Exchange's equity market is expected in the third quarter. The ordinary bonds', commercial papers', and green bonds' issuance and placement programs will continue during the period.

Pei's 2020 Investors General Assembly: The teleconference attendees were confirmed that Pei's 2020 Investors Ordinary General Assembly would be held virtually, for the first time ever, on Thursday, August 20.

Assets' Management in the Sustainable Development Goals Framework: The sustainability and responsible investment international standards and principles' incorporation process into Pei and its assets portfolio will continue, in line with Pei Asset Management's commitment therewith.

These actions are and will continue to be framed in 3 SDGs as follows: SDG # 7 - Affordable and Clean Energy, SDG # 11 - Sustainable Cities and Communities; and SDG # 12 - Responsible Production and Consumption.

ABOUT PEI

Pei is Colombia's leading real estate investment vehicle. Pei is a pioneer in the professionalization of investment alternatives in the real estate sector, enabling investors to be part of a diversified portfolio of income-generating real estate assets.

Currently, Pei's assets portfolio has a leasable area exceeding one million square meters in 146 properties located in over 30 cities in Colombia, that represent COP \$6.77 billions in assets under management.

Using as a reference the international Real Estate Trusts - REITs, Pei offers equity securities – TEIS– that are traded in the Colombian Stock Exchange.

Since 2011, BRC Standard & Poor's has awarded to the TEIS its highest equity rating: i-AAA.

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ABOUT PEI ASSET MANAGEMENT

Pei Asset Management is a company specialized in the structuring and management of real estate investment portfolios in Colombia. Pei Asset Management expert team's extensive knowledge on real estate and capital markets, has enabled the company's pioneering into providing innovative investment alternatives.

Pei Asset Management is the real estate manager of Pei, Colombia's leading real estate investment vehicle. Within its management, Pei Asset Management aims at optimizing the value of the assets making up the vehicle's portfolio, to obtain attractive yields transferrable to investors.

Since 2009, BRC Standard & Poor's has awarded Pei Asset Management its highest rating for Portfolio Management Effectiveness: G-aaa.

Committed with sustainability, Pei Asset Management is a signatory to the Principles for Responsible Investment (PRI) and embraces the Sustainable Development Goals (SDG).

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