

RESULTS TELECONFERENCE

May 13-2021

Welcome to Pei's Investors Conference Call. My name is Silvia and I will be the operator for today's call. Currently, all participants are in silent mode. Questions may be asked through the web platform or during the conference. There will be a Q&A session at the end, to make your questions through your phones. Please note that this Conference Call is being recorded. I will now give the floor to Mr. Jairo Corrales, Pei Asset Management's President.

Jairo Corrales:

Good morning everyone. As always, it is a pleasure to be with you. We welcome you to the Pei's Second Results Teleconference. This time we will refer to the results for the first quarter of the year.

First, I want to deliver a message, hoping that you are very well at home, with your families and companies. We cannot ignore what has happened recently in the country and I want, in the first place, reassure that the protests of the last two weeks had no material impact on Pei's assets.

Fortunately, Pei's over 150 assets are distributed in nearly 30 cities and municipalities that were not materially affected. The damages were minor as a result of certain demonstrations but let's also remember that Pei, within its risk mitigation strategy, has always considered a very robust insurance plan that protects all properties against events such as riots, terrorism, and mines. Likewise, we cautiously decided to strengthen our program and included additional protections dealing with terrorism-related tort liability. Therefore, we are not only covered for eventual physical damages, but also for damages caused to third parties.

Slide # 4 - Main Figures

We want to start by presenting the main figures or milestones of the first quarter of 2021. The first thing is to say is that we successfully completed our appraisals' update cycles for all of Pei's assets. This is very important because all of Pei's assets were appraised after the COVID-19 pandemic started. Thus, the effects of this high-impact event are already reflected in the vehicle's financial statements. The vehicle's assets under Pei Asset Management's administration amount to COP 6.91 million, with a leasable area exceeding 1.060.000 m². As you also know —and we shared previously to you—, our current top-quality tenants' portfolio amounts over 1,400 tenants. And a very relevant fact, today the country has more than 4,600 investors and, for us, it is very satisfying to inform you that in the last year, during this pandemic, the number of investors increased. Today, as I was saying, we have over 4,600 investors.

Slide # 6 – Quarter's Milestones

Some important milestones reached during the first quarter of 2021. The first thing is that we made two important acquisitions and investments. The first one refers to KOBAs' distribution center —a very important Colombian company—, which operates the D1 stores. Pei engaged in

this transaction under a BTS scheme, covering the distribution center for the Ibagué and the country's central areas. This is an asset worth almost to COP 30,000 million, developed in an industrial park called Parque Industrial Strategik. Similarly, as you know, Pei had a stake in *El Tesoro* shopping center in Medellín; this shopping center's expansion welcomed important.

brands, complementing it with a mixed-use area consisting of a health-related offices tower. Pei's stake in the expansion is 26%. It is important to mention that, despite the challenging situation, this expansion was successfully furthered. We have important brands such as the first H&M store in Medellín and several of Inditex group's brands. Today, *El Tesoro's* fourth expansion occupancy rate exceeds 90%.

Another very important topic —that brings us great satisfaction and is excellent news for investors, — is the security's significant reaction in the secondary market. At this conference, we can inform that the security's value increased more than 500 basis points during the period discussed, that is, from December 2020 to March 2021. Likewise, it is worth highlighting that we have continued to handle the closure ordered in certain cities due to the health emergency. As you know, last year we made significant efforts through relief consisting of discounts and deferrals to our tenants, mainly in the commercial category. In the first semester of the year, we had a similar situation, supporting our tenants with an amount close to COP 5000 million, which ensued a contracts' retention 'close to one hundred percent, we were at 99%. This is very important considering Pei's long-term calling. Though these COP 5000 million will obviously affect our revenues in 2021, they will support the cash flow's long-term stability.

We are also very satisfied to inform that that our collection of the deferrals offered in 2020 was above 70%, resulting, as you will see later, in a significant decrease of the vehicle's receivables. And an important news that we informed through certain media and deem relevant, is that Standard & Poor's —an external agency— that rated the country, reviewed the ratings for both the vehicle and the real estate sector and affirmed its highest i-AAA and G-AAA ratings for both. This reflects the confidence in the vehicle's metrics and management.

Finally, I want to share with you more good news: Tomorrow we will be delivering distributable yields amounting COP 116,000 per security that, in total, exceed COP 50,000 million. If we add to this the returns distributed from February, the two distributions made in February and May of this year, we exceed COP 107,000 million figure, which is a very important metrics and reflects the vehicle's strength.

Now, I would like to give the floor to Jimena Maya, who will present us the vehicle's most relevant issues from the commercial, financial, and other points of view, among which the sustainability issue stands out. As you know, we became PRI signatories since last year and believe that this is a very important decision. We will be informing our investors of the progress achieved on the different fronts.

Slide # 8 - Real Estate's Portfolio Diversification

Thanks Jairo. Good morning to all investors. Slide number 8 shows the portfolio's commercial management. The graph on the left shows the portfolio income sources' diversification per economic sector. Standing out, Pei's exposure does not exceed 22% in any of the economic sectors where the income comes from. As to the diversification per type of asset, based on the investment properties' value, the category with the highest share is commercial with 42%; however, this is divided, in turn, into shopping centers representing 37% and commercial premises with 6%. Corporate assets correspond to 37% of the investment properties, while two logistics companies represent 17% and specialized assets 3%. In addition to the above and, as you know, at the end of the first quarter of 2021 the maximum exposure to a same tenant is 11%, contributing to the mitigation of economic cycles' impact and per sector.

Slide # 9 – Portfolio's Occupancy

Slide# 9 shows both the physical and economic vacancies. The portfolio's physical vacancy at the end of the quarter was 12.3% and the average vacancy in the same period closed at 10.2%. This increase resulted from Alfacer's return of the leasable area it occupied in the warehouse at La Cayena Free Trade Zone, in furtherance of an insolvency proceeding under Act 1116 that the company was admitted to a few months ago. Thanks to the manager's proactive actions in April 2021, we can confirm the closing of the negotiations to relocate the entire area received from Alfacer. The main tenant of this space will be Industrias y Materiales Emo, a construction company with more than 7 years in the Colombian market and 39 stores throughout the country. The space's relevant renovation and re-placement processes are ongoing, so that in the coming months Industrias y Materiales Emo is operating in La Cayena Free Trade Zone's warehouse owned by Pei. Consequently, as of April, the logistics' main tenants diversification will vary.

Another part of the area received from Alfacer will be destined to an expansion for Hada International, another of the Pei's tenants, which is currently occupying the logistics park. Considering that these contracts have already been executed, the physical vacancy for the month of April would correct by about 250 basis points. As Jairo mentioned, 99% of the contracts approaching expiry —equivalent to 34,850 m²— were renewed in the first quarter. Also, 10,200 m² of warehouse space and shopping center premises were rented to companies in the communications, technology, and entertainment sectors. At the end of March, 239 commercial prospects to manage the portfolio's vacancy remain active, which may translate into nearly 99,000 m² in 17 properties of the portfolio.

The portfolio's economic vacancy ended March at 13.4%, increasing 480 basis points compared to the previous measurement, among others, given Atrio Bogotá's hedging, which shifted from secured income to preferential flow as of 2021.

Slide # 10 - Pei's Vacancy v. Market's Vacancy

Slide 10 compares Pei's and the real estate market's physical vacancy. On the left, the corporate category shows that Pei's physical vacancy levels have remained close to 12% during the last 12

months, since Atrio's incorporation. In the first quarter of 2021, as mentioned a moment ago, this asset's hedging shifted, affecting the corporate category's economic vacancy.

At the end of March, the category has 34,287 m² available, with over 40 prospects negotiating areas. On the right, we see the commercial category where, in spite of the restrictions implemented in light of the current situation during the first 3 months of the year, the metric continues below the market's vacancy, which at the end of 2020 stood at 18.3%. Pei's physical vacancy decreased to 8.7%, driven by the placement of approximately 4000 m² in shopping centers. On the other hand, the commercial category's economic vacancy closed at 12.7% —an increase resulting from the income's normalization, which had increased due to the year's end seasonal effect of variable income in the first quarter of the year. The commercial category's vacant area amounts to 29,200 m² and negotiations are ongoing with over 140 commercial prospects.

Slide # 11 - Pei's Vacancy v. Market's Vacancy

Slide 11 shows the logistics and industrial category's performance. Physical Vacancy in March stood at 14.6%, while Economic Vacancy at 9.8%. This increase resulted from Alfacer's return of the warehouses, mentioned earlier. Prospectively and, given the relocation mentioned, the correction of the logistics category's vacancy metric shall reflect in the coming months. To date, this category has about 60,000 m² available and 9 active commercial prospects.

SLIDE # 13 - FINANCIAL FIGURES

In connection with the portfolio's financial management, let's begin with slide # 13 that shows the portfolio's income performance. The upper left graph shows that the operating income in the first quarter reached COP 115,000 million, which represents a 7% decrease compared to the same period of 2020 —not impacted by the COVID-19 situation—. The measures adopted by the Government in the first 3 months of 2021 have impacted the portfolio's estimated operating income, especially in the commercial category. As Jairo stated earlier, in the context of the COVID-19 situation, the commercial reliefs materialized into discounts amounting COP 5,100 million, granted to the tenants. On the other hand, the vehicle's operating expenses for the first quarter of 2021 showed a slight 0.9% increase, going from COP 19.323 million to COP 19,545 million. However, the NOI margin remains at stable levels —as mentioned in previous results conferences— and represents a margin to revenues of around 83% at the end of March 2021. The NOI, in absolute value for the first quarter, was COP 96,000 million.

With respect to the EBITDA, this metric decreased 3 percentage points in margin, closing March 2021 at 65% EBITDA margin to income. It is worth mentioning that the portfolio's expenses decreased COP 260 million during the quarter, with an absolute EBITDA result amounting COP 75.229 million.

SLIDE # 14 - RECEIVABLES

The next slide shows the receivables' performance, which also showed good results in the first quarter of the year. Net receivables decreased 30% compared to the end of December 2020 and the 10-day turnover remained steady. This resulted, mainly, from the deferrals' payment under the commercial category, which were expected under the schedule of the commercial arrangements reached with the tenants and the current receivables' recovery. Gross receivables amounted COP 37.444 million, while net receivables stood close to COP 11,000 million, 71% of which corresponded to current receivables. It is also worth noting that at the end of March, the portfolio did not represent more than 2.54% of Pei's income, decreasing by 69 basis points with respect to the December measurement.

SLIDE # 15 - APPRAISALS

The next slide shows the portfolio appraisals' update which, during the first quarter of 2021, recorded a portion equivalent to COP 2.7 million of Pei's investment properties. Accordingly, as Jairo mentioned, 100% of the assets' appraisal cycle was completed after the COVID-19 situation unleashed. In this connection, we reiterate the security's value as of to date already incorporates the effect of the appraisals' results.

The appraisals' update in the first quarter of 2021 entailed a -2.62% impact, comparing the investment properties' book value from one appraisal to the other. This, as a result of the CPI curve's change which, as everyone knows, is the metric that the revenue from the portfolio's lease agreements is adjusted to. The lower left graph shows the composition by category of the appraisals conducted in the first quarter of the year. Of the COP 2.7 million in investment properties with updated appraisals, 34% corresponds to commercial appraisals, 49% to corporate appraisals, 16% to logistics assets appraisals, and about 1% to specialized assets appraisals.

SLIDE # 16 – INDEBTEDNESS

Slide # 16 shows the debt portfolio's performance. Indebtedness closed March 2021 at COP 2.2 million, 91% of which is long-term debt, while 9% is short-term, considering the principles of the vehicle's capital structure. Indebtedness, which appears in the upper right graph, is equivalent to a 31% loan to value index, which reflects the gross debt to assets ratio. This measurement is 9 percentage points below the vehicle's 40% limit. In order to reduce short-term debt maturities, and as a result of the debt portfolio's active management, it has been possible to capture the rates' decrease in the market throughout 2020 and so far, 2021. In the first quarter of 2021, loan novations will be entered into for approximately COP 490.000 million, enabling the debt maturities' management for 2022, 2023, and 2024. We also want to let you know that the 3-year bonds series issued by Pei in 2018, mature in August 2021. The manager intends to replace this debt using the current financing limit with the banks and taking advantage of the convenient market rates existing at the time. At the end of the first quarter of 2021, 56% of the debt portfolio was indexed to the CPI and 28% to the IBR, enabling the decrease from these two debt indices to be incorporated in the average financing cost. Thus, Pei debt portfolio's average interest rate

dropped 230 basis points, from an average 6.9% annual effective rate in 2020 to a 4.57% annual effective year to date.

SLIDE # 17 - PROFITABILITY

Also, as Jairo mentioned at the beginning of the conference, we want to remind you that tomorrow, Friday, May 14, the distributable cash flow for the first quarter of 2021 will be paid, amounting COP 116.552 per security, for a total COP 50.283 million. The upper left chart shows the total amount that an investor will receive by the end of this first semester of the year. The COP 133.000 per security delivered in February will complete, with tomorrow's COP \$117.000 per security, a total of COP 250.000 in distributable cash flow per security, received in the course of 2021. In absolute value, the total amount paid in the first semester would reach COP 107.713 million.

The bottom left graph shows the evolution of the 12-month dividend yield metric during the last 5 years, which has reached 4.7% to 4.8% levels. Under the analysis of the scenarios for 2021, the year's dividend yield is estimated to be between 4.4% and 4.8% depending, among other variables, on the reliefs granted during the year and the restrictions whose compliance is required in 2021.

The right side of the slide shows the analysis of the vehicle's historical returns, which have increased over time based on a longer investment term; we also want to share with the investors' audience an illustrative exercise with the calculation of very short-term returns in the context of the securities' price juncture in the secondary market. The bottom right side of the slide shows a rate of return exercise for an investor who acquired securities in the last year. In this scenario, the investor has received the cash flow corresponding to 4 quarters and, hypothetically, he/she/it would have settled his/her/its investment at the end of the first quarter of 2021, i.e., March 31, 2021, obtaining an additional return from a discounted purchase price. The graph shows that the purchase price at the beginning of the third quarter of 2020—which was around 87.2% of the security's equity value—, received 4 periods of cash flow corresponding to COP 312.000 and settled at price of 93% on the date indicated at the end of the first quarter of 2020. Profitability under this scenario reaches a 12.6% level. We observe then, a capitalization of the increase in profitability, resulting from the investors' confidence, which in the midst of the current situation and in spite of the market's price drop in 2020, joined us by investing in the vehicle.

SLIDE # 19 - WORK AGENDA

To conclude, regarding our work agenda for 2021, three relevant issues are worth highlighting: The sustainability program that Jairo also mentioned in his introduction; the change in the equity securities' valuation methodology, effective as of the next month; and the failed tax reform.

SLIDE # 20 - SUSTAINABILITY

With respect to sustainability, slide # 20 shows the six sustainable development goals adopted by both the vehicle and the manager, considering the environmental, social, and governance pillars.

As mentioned in earlier teleconferences, two objectives were adopted to support the environmental pillar: Affordable and non-polluting energy, and responsible production and consumption. Also, three objectives were adopted to support the social pillar: gender equality, decent work, and economic growth and strong cities and communities. Finally, in connection with the governance pillar, we are working on the Peace, Justice, and Solid Institutions objective. In the first quarter of 2021, four projects have been advanced to contribute to these Sustainable Development Goals adopted in Pei's work agenda.

The first one is the measurement of the carbon footprint, established in the pilot program for 16% of Pei's leasable area. This refers to the measurement of the selected assets' energy consumption, the design of alternatives to reduce consumption, and the implementation of any relevant tools to move forward with the carbon footprint's reduction. As of March 2021, we have progressed with the definition of the operational limits to identify any greenhouse gas emission sources and manage the positive evolution in these measurements' decrease. A specialized environmental consultant will advise us in this connection.

The second project that was worked on during the first quarter, is the assets' modernization and efficiency. For this, hand in hand with consultant Green Loop —a leader in the sustainable construction, energy efficiency, and renewable energies local consulting market—, we have generated actions to modernize the country's assets, focused on the energy consumption's efficiency. Implementation of the actions identified is expected, in order to begin with the 19% impact on the leasable area during the second quarter of 2021.

Furthermore, Pei Asset Management joined *Propacífico*, a non-profit association that works for the Pacific region's sustainable development with different players and the industry in the region. This selection was driven by the fact that *Valle del Cauca* holds nearly 20% of the portfolio's leasable area, in assets with a significant impact at the local level.

Pei Asset Management continues to build the corporate sustainability model. As of the first quarter, all stakeholders relevant to the vehicle and the manager's activity have been identified. The process to characterize these stakeholders as providers of capital, workers, guilds, and allies is ongoing, so that we can identify common material issues where to focus our efforts. At this time, we have identified interests in financial education, research, education, and donations to populations of impact.

SLIDE # 21 - INDEBTEDNESS

In the next slide we address a topic that is relevant for all investors and the industry: the change in the securities' valuation methodology. As informed in earlier Teleconferences and several other spaces, both Pei and the industry in general, are waiting for the Financial Superintendency and the Colombian Stock Exchange to notify the date when the equity securities will migrate to

the equity trading session. So far, there is still not an exact date for the migration to the equity market, as certain questions that particularly impact a number of issuers whose nature is different from that of the country's real estate securitization structure, are under review. We are looking forward and actively promoting this change to take place as soon as possible.

On the other hand, through external circular 006 of March 24, 2021, the Financial Superintendency established that as of June 1, 2021, any equity securities registered with the National Securities and Issuers Registry and issued, among others, through securitization processes, such as Pei's case, must be valued by reference to the price determined by pricing services providers at market prices. In general, the valuation methodologies proposed by pricing service providers maintain the general principles applicable to the equity market, consider the market trades and define a price marking level for a representative volume of transactions that takes into account variables such as daily trades, and each transaction's amount and price.

The entities supervised by the Financial Superintendency may opt for a 6-months adjustment period as of June 1, recording their equity securities investments at the average between the fair market value and the equity value issued by the securities' management agent. Non-monitored investors will see the effects of this change in the statements issued by their stockbrokers, who will report the investment —for example in TEIS-, valued at the market price reported by the pricing service providers.

Once again, we want to remind you that this change in the valuation is not optional for the issuers; however, while will not change the nature of the security, will bring some benefits such as a permanent update of the investment's valuation at the prices offered by the Stock Market. Fulfilling the promise made during the last Investors Assembly, we prepared the next slide with our legal advisor, Brigard & Urrutia, to show investors the most relevant aspects of their investment with the vehicle, mentioned in the draft decree. However, as you know, the Presidency of the Republic withdrew the draft on May 2 and will process a new project in the following months. We look forward to informing you on the new draft's possible effects.

So far, we have covered Pei's results by the end of the first quarter of 2021, in the context of the country's economic situation. Once again, thank you for your assistance. Our intention is to keep you permanently informed on the portfolio and your investment's most relevant events and metrics. Thank you very much for your attention.

I give the floor to Jairo Corrales, again, to deliver the final messages before the Q&A session begins. Thank you.

Jairo Corrales:

Thank you, Jimena. As Jimena mentioned, before moving on to our Q&A section, we want to express that Pei Asset Management is very aware of the situation that the is experiencing and its consequent challenges. In Pei's almost 15 years of existence, we have distinguished by facing complex situations with the full confidence that we can find a solution, carry out the projects,

and meet the vehicle's goals overcoming any obstacles and having a very clear long-term vision, where we innovate and consider the needs and goals of the vehicle's different stakeholders. For this reason, several companies have recently come together to promote a campaign —*Te Reto a Construir* [I Dare you To Build]— which delivers a message of positivism and invites us to provide a solution from each one of our positions. I invite you to follow and reinforce the campaign with the hashtag *#TeRetoAConstruir*, already launched on different social media. We end thus our presentation and open the space for any questions you want to make. Thank you.

Questions:

Thank you all very much. We will begin by answering the questions received through the web platforms.

Juan David Ballén: How much can the vehicle and the yields benefit from the inflation's increase that Colombia is expected to have this year?

Andrés Ruíz: Good morning Juan David and good morning everyone, Andrés Ruiz speaking. Indeed and, very good question. Inflation, as everyone knows, is the most relevant metric for the vehicle and, and impacts —I would tell you— mainly two elements: The first one, revenues, as a result of the indexation that all of our lease contracts are subjected to; and second, the assets' appreciation. As Jimena mentioned during the presentation, one of the variables impacting the commercial appreciation of our assets during last year and the beginning of this one, is a better expectation in connection with inflation. Hence, the better inflation expectations for 2021 and the following years, should result in a better performance of the leases and, in turn, a better or higher commercial appreciation of our real estate investment properties.

Jairo Corrales: Thank you, Andrés. I would like to make an additional comment, in the sense that we must remember that Pei's long-term debt —represented in bonds— is indexed to the CPI. This is how we match the risk of — let's say— what has to do with the debt component, as revenues and debt are indexed to the same metric, which is inflation. Therefore, because Pei is a non-speculative vehicle, inflation levels such as those existing today affect revenues, but also create a scenario where the cost of debt is lower. When inflation grows, the rents' adjustments also increase, but also, our part in proportion of the debt which, is indexed to inflation, also increases. We believe that the current inflation levels are very low, obviously due to the situation that the country experienced. We considered an inflation of 3.5 in the long term, with the benefits that Andrés Felipe mentioned before.

Juan Diego Villegas: Are the returns presented nominal or real?

Andrés Felipe Ruíz: Juan Diego, the profitability that Jimena presented, specifically on the profitability slide, is nominal and, what we always do talking about profitability is the CPI plus 1 spread. We would have to deflate this by the last 12-months inflation, which has been around 1.6%; then, we would be talking about returns corresponding to the CPI + 10.5%. This to give you an idea of how they would actually look like.

Maribel Rincón: In terms of rates —in connection with the warehouses that Alfacer returned back—, were they placed at the same rate or decreased?

Andrés Felipe Ruíz: Maribel, Alfacer's warehouses. First, I'll provide a little context, which is important. Nearly 45,000 m² at La Cayena Free Trade Zone were reassigned to other tenants: Hada Internacional —which is already one of Pei's tenants— with about 3,600 m² and Materiales Emo, to whom we rented about 41,700 m². The average price or, better said, the price of each

of these contracts varies because the needs are different. The average [price] of that lease is basically the same as before, marginally a 2.8% below of what we had with Alfacer. A warehouse in this privileged area of Barranquilla, given the physical and infrastructure characteristics that the area has, can range between COP 11 thousand and 12 thousand billion, and this was the range within which we reassigned this warehouse.

Dani Guavita: How have the recent events in the country affected the portfolio?

Thanks for the question. As I mentioned during the introduction to an intervention, fortunately, during the recent demonstrations and public disorder events, Pei was not significantly affected. We estimated the damages and, luckily, they do not exceed COP 40 million; and we had no personal injuries to regret for. This does not mean that we have not taken measures: we reinforced the security schemes with all of our operators to ensure that no damages take place. What has been inevitable, is that many of the assets —mainly the commercial ones—, have been forced to close; they have not operated normally and, for this reason, as also stated, we have been required to grant a series of reliefs and aids to our commercial tenants. But in terms of the properties' physical structure, we can deliver a message of tranquility.

María Fernanda López: You did not mention the reliefs granted during the first quarter. If reliefs were granted, which was their extent and, in connection with those granted in 2020, how much has been recovered?

Jairo Corrales: Ok. We did refer to them. In the first slides we mentioned that during the first quarter we granted reliefs for COP 5,100 million. These COP 5,100 million were basically granted in January, which was a difficult month, with closures in several cities. You may recall that in 2020 the total reliefs exceeded COP 60,000 million —close to COP 40,000 million in discounts and COP 20,000 million in deferrals—. As we also had the opportunity to inform, the deferrals' performance has been very positive. It has been 100% fulfilled and, as of this conference's cut-off date, we have collected over 70% of all the deferrals granted. Now, we will surely refer to this also. The last quarter of the year was very positive in terms of the assets' operation, particularly the commercial ones; the shopping centers' sales were very close to 100% of those existing.

before the COVID-19, enabling us, even, to receive an amount as variable income —unlike what happens in the first quarter, where we do not receive variables associated with the months of November and December— and this is why you see that there is not such a noticeable decrease, though we passed from being close to COP 57.000 million —which we distributed in February—, to COP 50,000 —that we distributed in May—.

Jimena Maya: Thank you, Jairo. That is what Mr. Hernando Rivas said. He asked, why did the flow distributed in May is less than that distributed in February?

Jairo Corrales: Ok. The reason is what I already mentioned: The good performance of the sales in the last quarter of the year, which will not show the same seasonality as in the first quarter of this year.

Carlos Saavedra: What is the minimum economic occupancy to cover the debt service?

Andres Felipe Ruíz: Carlos, very good question. And the first comment –observation— that I would make to your question. Is that it involves a very important variable: the vehicle's indebtedness level.

My answer relates to the vehicle's current indebtedness level, which is around –and afterwards has been around, more or less— 30% or marginally higher than 30%. And vacancy —I will not speak in terms of occupancy—, but the maximum economic vacancy that the vehicle could afford with its current indebtedness level, should be around 65%: very similar to the vehicle's EBITDA margin considering this level of leverage. Obviously, this sensitivity —at lower leverage levels— could be a higher level of economic vacancy. Another observation: this theoretical exercise is very unlikely. We have never seen this during the 14-year history of the vehicle. Even during the last year —let's say in the most critical moments of the situation—, as you know, the vacancy levels did not exceed those reported, which are around 12%.

So, it is a very good question, though we believe it is a tremendously remote scenario because these rental vehicles —not only in Colombia but around the world— tend to have tremendously high EBITDA margins. And this is the reason why —and Jairo mentioned it at the beginning, when I referred to the highlights of the quarter— the rating was affirmed, even in a scenario as challenging as this one. The rating agency acknowledges how solid the vehicle is, given its ability to generate income even in scenarios such as the one we are handling.

Jairo Corrales: Okay, and we must remember the very generous margins that the real estate business has. Let's remember that the operating income margin —what we call the NOI— of the entire portfolio may be above 83% - 84% and, as Andrés said, the business is very good in that and, even in connection with the vacancies: we run stress scenarios and, even with 20% vacancy levels and actual depreciations, the vehicle yields remain above the CPI + 4.5, so this is one of the great strengths and appeals of real estate investment vehicles.

Juan David Villegas: In terms of indebtedness, a slight increase is observed from the 30% in the 2Q of 2020 to 32% in the 2Q- 2021. Which is the expected indebtedness level in the medium term, and do you expect it to be closer to the limit?

Andres Felipe Ruíz: Juan David, thank you very much for the question. The answer is, and if we hope to reach the limit and it is very fast, no. We have not done it in the past, and we anticipate that 2021 will be the year in which that would happen.

In all of our acquisition commitments, we permanently monitor the indebtedness's projected value, which we do not anticipate will approach the maximum limits established in the prospectus and anticipate that should be very similar to the current level. It should not have large variations. Remember that the indebtedness level not only depends on the volume of the debt, but on the investment properties or assets under management performance, whose appreciation system is indexed to inflation. Therefore, to the extent that this also generates this appreciation component, a balance is maintained, an equilibrium between the debt ratios.

Additionally, I know that there are some questions associated with the capital market transactions. There is a question on the bond issues: Last year we opened a process for a potential bond issue that has not been made. We have processed all the relevant authorizations with the Financial Superintendency, but the reason why we have not progressed further is —as Jimena mentioned on the financial indebtedness slide— that the terms of the financing rates with the banking sector that we managed to access are so interesting that, approaching the bond market has not been necessary. This does not mean that we will not consider it in the future. On the other hand, and, thinking about the leverage, we are constantly looking at which may be the best option or best time to assess a potential issuance of equity securities. We analyze this every year and, of course, this year is no exception. We have nothing specific on this matter but are constantly evaluating it in furtherance of management of the capital structure.

Camilo Franco: What percentage of the contracts expire in 2021 and what type of assets [do they refer to]? What are your expectations in connection with the negotiation of the rental fees and, have any renewed contracts experimented decreases in their rental fees?

Jairo Corrales: Camilo good morning. We expect contracts to expire in 2021, representing 24% of the portfolio. It is important to say that, to date, i.e., this March teleconference's cut-off date, 99% of the contracts approaching expiry have been renewed. This figure, which may sound a bit high, has a clear reason and it is that the expiry of the commercial asset contracts, due to a strategy that has worked very well and is consistent with the type of tenants we have for the commercial assets. These assets have medium and short-term contracts because this is how we manage and optimize their tenant's mix.

So, while in the corporate and logistics [category] we have 10 and up to 15-year contracts, its normal for many contracts in shopping centers to be renewed after one year, through with extremely high retention percentages or probabilities —the 99% already mentioned—. In the case of such an important portfolio as *Unico* —representing about 10% of the vehicle's total AUMs—, this strategy goes hand in hand with our operating partner, who has always followed the strategy of not entering into long-term contracts, thus capturing higher-price opportunities and having the flexibility to retain the important contracts and, in connection with the mix, fortunately, those assets whose relevant agreements have expired have not entailed a decrease of the rental fees. In certain few cases in the corporate [category] we needed to make some adjustments, but they do not materially impact the vehicle's revenues.

Jimena Maya: Thank you. There are several questions relating the valuation modification subject, so we are going to address them.

Pedro Jaramillo: Every month, Fiduciaria Corficolombiana delivers a return other than the one informed and paid by Davivienda.

Jimena Maya: Mr. Pedro, thank you very much for this question. I believe this is a permanent concern by several investors and that it is very important to discuss it here. What Corficolombiana reports is the equity value —or the NAV— on the security's value. Actually, it does so every day,

and has been sending investors a report on this value and the securities that each investor has on each month's cut-off date.

Actually, this is not a profitability measurement, but a mere measurement of the investment's equity value in terms of the number of securities owned by each investor. What any stockbroker reports to the investor, actually is the distributable cash flow generated, i.e., tomorrow's event. Therefore, they are really two different data. It is not a daily valuation, I repeat, at the equity value calculated on a daily basis by Fiduciaria Corficolombiana —as the management agent—. Another thing is the information paid, i.e., the portion of the dividend yield that the investor receives and is not the complete profitability. Anyway, if you want to discuss the subject further, contact us directly and we will gladly arrange it.

Oscar Orjuela: With the valuation change, what is the security price's expected reaction in the short and medium terms? What is the security's current price in the secondary market?

Of course, this is a very good question. Which should be the market's reaction? This valuation issue has two components. I believe the first one is that, today, all of our investors' portfolios will reflect, indeed, the purchase and sale intentions in the secondary market.

Let's remember that though securities are traded on the fixed income session, most of the transactions —about 95%— are made through the registry system, entailing that when someone intends to buy or sell through the stockbroker, the latter registers this purchase and sale transaction, right? The expectation that it may happen is, I believe, must be very similar to what we have been discussing, because last year, when the prices dropped with respect to the NAV reference price, and have had a marginal increase in volatility that is normal in light of the equity securities' nature, but we would not anticipate any changes additional to those evidenced in 2020.

The reference price, which I believe is a very good question, last year traded at 85% levels of the NAV reference value or equity value. This year has had a tremendous recovery, the equity securities as mentioned by Jimena in the profitability section, have even operated at 92% levels, generating double-digit returns for those who invested in 2020 and returns even above 20% for those who managed to access prices that, in some cases, were below 80% of the reference value, perhaps during the height of the COVID-19 juncture, last year; that would be the answer.

Camilo García Rojas: So far, the TEIS valuation and dynamics have not been speculative. Once the migration to the equity session is completed, will the vehicle's valuation incorporate a speculative ingredient? What risks do you anticipate for the vehicle as a result of this valuation?

Andres Felipe Ruíz: There are two elements and an important point. Let's talk about the valuation. The valuation just mentioned, is basically a methodological change where pricing service providers will take as sample the transactions recorded in the registry system or operated in the fixed income session. These transactions have existed for long time ago, since Pei came into existence. In fact, sometimes they are actually traded above PAR or sometimes marginally below PAR.

Last year, particularly due to the capital markets' dynamics, the equity securities in Colombia of both Pei and all the real estate vehicles experienced a drop. Now, that in the face of how they operate today and have been operating, and how the valuation methodologies nowadays seek to collect these transactions.

The second point is the stock market's migration project. The stock exchange's migration project aims for any transactions currently taking place in this registry system, to be transferred to the equity trading session, where a series of mechanisms incorporated by the stock market into the systems guarantee the prices and liquidity formations and mitigate volatility through the mechanisms established. Therefore, we believe that migration is the best of all worlds in the sense that it allows the valuation to reflect the prices at which the security operates in the secondary market but guarantees an adequate formation of liquidity and prices, mitigating any increase in volatility.

Jose Luis Hernández: Will the new valuation be very similar to those of the secondary market or an average between said value and the equity value?

Hernández Rivas: Will selling below 100%, sharply decrease the value once the market prices begin to operate or not?

Andres Felipe Ruíz: The first thing is that the methodologies belong to two pricing service providers: Precia and PiP, and that though they are similar, they are not identical. Each of them has defined certain methodologies that the Financial Superintendency considered and did not object to. An objection to the methodologies means that it is not accepted to become effective as of June 1.

These methodologies aim at collecting the prices registered or traded at in the fixed income wheel and that, in the absence of transactions in the session or in the registration systems, there should be a period where the last valuation price registered and the NAV price or equity value — that we will continue to report—are averaged, because the equity value is the value of the trust's equity divided by the number of securities outstanding; to gradually reach a reference point.

So, if your intention is to make a connection between the prices of the transactions and the NAV, only in the absence of market transactions within a period between provider and provider, it ranges between 30 and 60 days.

Jimena Maya: You are making a question in connection with the investments in student housing, would you like to know what is the specialized assets performance, the physical and economic vacancy, how is student housing operating, do you see some type of investment in this sector in 2021?

Jairo Corrales: In the specialized category, we also have two types of assets that perform differently. The specialized [category] has health centers developed for Sanitas's medical centers and university residences.

In relation to the first subcategory —medical centers—, we have had a very positive performance. Both of Sanitas’s medical centers in Cali have been operating at one hundred percent and we have received the rental fees without any impact whatsoever. We plan to increase the exposure to this type of assets, so we are currently working on that, not to limit ourselves to these assets in Cali but, hopefully, to expand to other cities like Bogotá, Barranquilla, and Medellín.

Regarding university residences—a subcategory that has certainly been very affected at this time—, we have CityU in Bogotá’s center, which fortunately has a long-term lease contract with the Universidad de los Andes, that has prevented us from being one hundred percent vulnerable to the situation that the country is facing due to the COVID pandemic.

The long-term contract with the University covers about 40% of the units making up the three towers. In the last months in 2020 we granted some discounts to the University for this first semester of 2021, which amount approximately 30%.

Additionally, our operator is required to market the rooms individually, a situation that has been very complex for the last 12 months, leading this particular asset’s vacancy to exceed 60% for reasons more than obvious. However, we must remember that, in economic terms, the contract with the university has allowed us to mitigate the risk associated with the very particular situation that this type of properties face.

In the medium and short and medium terms, we do not plan to invest in student housing. Of course, conditions may change and to the extent that they become more favorable, and we find a project with good specifications and a great location, we may consider it; but, at this time, we do not have it in mind within the short and medium terms.

Jimena Maya: You ask about the acquisitions. Pei formalized the last acquisition of *Nuestro Bogotá* for COP 320.000 million. Previously, it made two acquisitions for COP 55.000 million in Montería and COP 45,000 million in Cartago. Which is the strategic analysis for purchases in terms of opportunities, weaknesses, strengths, and threats and what are the main reasons behind the definition of the ownership percentages?

Jairo Corrales: We believe that shopping centers is a very important category today. Among the Commerce bouquet, 40% is based in two subcategories—specifically shopping centers—, which represent a little over 30%, and what we call “commercial boxes”, which represent another 10%. In the development of the growth plans with our partners, *Nuestro* has been a very positive experience for Pei. We opened the first asset in Montería about 4 years ago, managed to achieve very low vacancies, and occupancies above 90%. *Nuestro* has a clear investment vision: reach socioeconomic strata 3 and 4, where we see very good opportunities.

As discussed in earlier conferences, shopping centers must coexist with shopping platforms and a good shopping center —with a great location and a good tenant mix— has the ability to offer experiences to its customers or visitors and thus, perform correctly.

So we are prudent and careful in looking at each of the investments. Each location is the result of a demographic, purchasing capacity, and competition study. We always anchor the projects properly; we never engage in a project without mitigating its commercial risks and, in recent years, we have placed a very important emphasis on technology and omnichannel issues.

Shopping centers, ultimately offer a space to live experiences, but also become the purchase end point, even for commercial platforms and e-commerce platforms where customers often prefer to pick up the product in the shopping center.

So, both *Nuestro* and the recent purchase in Bogotá, resulted from a commitment acquired about 3 years ago. The investment in the shopping center exceeds COP 650 thousand billion and Pei's share amount to over 50%. A fundamental premise of our investments is to be able to manage the commercial assets, make the decisions, determine what type of businesses will be the anchors, the term of the contracts that I was referring to. So, our strategy to own more than 50% —to make the material decisions on the asset— has proven to be successful.

In connection with this asset in particular, we had the unfortunate coincidence of its opening with the demonstrations. However, we are sure that once this situation is overcome, performance will be good. We are opening with an occupancy exceeding 85% which, under a situation like the current one, is extremely good. We have excellent anchors —an H&M store; the only multiplex cinema opening in Colombia this year, with Cinecolombia; and Éxito supermarket; and a total of 300 top-class brands where gastronomy is very important—.

We are very confident that, as Montería and Cartago, this investment will have very interesting results. It should also be noted that, as usual with commercial assets, we agreed with our partners certain hedges to mitigate the shopping center's consolidation risk and, accordingly, during the asset's first two years of operation Pei will receive a preferential flow that ensures profitability under our financial model.

Hernando Rivas: Because its being sold below 100%, the value should sharply fall once entering to market prices, doesn't it?

Andres Felipe Ruíz: Hernando, pleased to greet you. The answer is super important, because it can raise many questions in connection with the change in methodology or the migration. In theory no. Theory says that the market already has its own behavior and dynamics. Actually, the current changes in connection with the valuation issue and the later ones regarding the migration, will facilitate a strengthening of such mechanisms, and should not entail additional changes or concerns in the market. Quite the contrary, greater transparency, greater visibility, better price formation, and better liquidity which, I believe results in a better secondary market for all of our securities investors.

Jimena Maya: Thank you Andrés, thank you Jairo. Dear investors, thank you very much for your participation in today's conference call. The information shared will be available on our website and we look forward to solving any additional questions through the investor assistance channels. Thank you very much for joining us today.