RESULTS CONFERENCE
August 11, 2022

Arkadin

Welcome to PEI's Second Quarter of 2022’s Investor Results Call. The call will start in __ minutes, thanks for waiting.

My name is [____] and I will be your operator for today's call. Currently, all participants are in silent mode.

You can ask questions through the web platform. They will be answered at the end of the session. Please note that this conference is being recorded.

We now begin the results conference. I give the floor to Mr. Andres Felipe Ruiz, PEI Asset Management’s Finances Vice-president.

Good morning everyone, it is a pleasure to greet you and begin with our results conference for the second quarter of 2022. Jairo Corrales, Pei Asset Management’s president and Jimena Maya and Alejandro Alzate, members of the company’s management team are here with us.

Jairo Corrales, will start today's agenda with a summary of the management and most relevant events of this second quarter of the year. He will also share some of the changes that we have implemented in connection with the Real Estate Manager’s structure. Later we will discuss the progress on the portfolio’s commercial management and the financial results for the period, also covering an update of our perspectives for the end of 2022 and ending the session with our usual Q&A session.

I now give the floor to our president, Jairo Corrales. Jairo, go ahead!

Jairo Corrales

Dear investors,

Undoubtedly, the last two years have brought challenges for PEI which, from the Manager, have been dealing with through strategic initiatives with an aim to continue as Colombia's leading real estate investment vehicle.

This is why it is a great pleasure to share the vehicle's positive throughout this year. During this second quarter of 2022, the portfolio closed with over 8 billion in assets under management, represented in nearly 1.15 million square meters of leasable area. This was achieved while preserving the diversification strategy: with 42% of the investment properties in shopping centers, 4% in commercial premises, 33% in corporate assets, 15% in logistics assets, and 6% in the specialized assets the category and our more than 4,600 investors and nearly 1,800 tenants.

During this last quarter, we reached operating revenues exceeding 151 thousand million pesos, 27% above those achieved in the same period of 2021. Furthermore, we recorded an EBITDA of nearly 98 thousand million pesos corresponding to a 30% increase, compared to the second quarter of 2021. Profitability reached operating margins (or NOI) of 82.5% and an EBITDA of 63.7%. This resulted from the physical vacancy's reduction, which registered levels of 5.9% , thus stabilizing the economic vacancy at 7.9%, thanks to our fine commercial management and the real estate sector's dynamics.

So, I am pleased to announce that on next August 12 we will be making the third payment of the Distributable Cash Flow for COP 42,544 million, thus reaching over COP 166 thousand million so far this year, which represent more than COP 386 thousand pesos per security and a 3.4% increase compared to 2021. In this context, the equity yield per share for the last 12 months reached 13.4%.

Also, within the framework of the vehicle's profitable growth goal, we want to share with you that during the second quarter of 2022 we perfected the acquisition of an additional 10% at City U university residences, for COP 23,400 million pesos and an additional GLA of 2,897 square meters, consolidating a 60% share. Moreover, in the shopping centers category and, in the context of the economic recovery, we acquired an additional 5% in the *Unico* shopping centers portfolio, represented by 4,795 additional square meters, consolidating an 85% share.

In the context of the capital market and in line with the business actions aimed at promoting the liquidity of PEI's Equity Securities, the migration of these securities to the variable income system of the Colombian Stock Exchange [*Bolsa de Valores de Colombia – BVC*], will take place in the week of August 22, enabling the activation of other mechanisms such as the securities' splits and the liquidity provider, whose purpose is to contribute to the securities' better price formation and PEI's further visibility among the international investors community.

Precisely to bring this plan to fruition and in an effort to be up to the challenges posed by this ambitious project –continuing with what we have done for 15 years–, we made some changes in Pei Asset Management's team [PEI's Real Estate Manager] through a a group of professionals that has become our investors' main ally.

Andrés Felipe Ruiz, whom you already know and has served as Finances Vicepresident for over 4 years, will now be leading the Investor Relations area. This, hand in hand with the financial planning, treasury, and capital markets areas, which he is also in charge of. Andrés Felipe's over 17-years' experience in the finance and investment sector has enabled him to develop important financial projects and his contributions will continue to be valuable to the business's evolution.

Jimena Maya, who has been with the company for more than 12 years, being part of PEI's growth and development, will now lead the Strategy, Innovation, and Communications Management Office, where she will continue to support the organization's strategic initiatives. A special thanks to her for these 4 years of work leading the construction of PEI's investors service model and consolidating the work team that will continue to this front.

Dear investors, to wrap things up, we wish to confirm our commitment to continue proving you you with a permanent service, in addition to building long-term relationships through new communication channels, and working on the business actions outlined, to lead this sector.

With this, I give the floor to Andrés Felipe Ruiz who will explain in detail the results for this period. Go ahead Andres!

PORTFOLIO'S COMMERCIAL MANAGEMENT

Slide # 12 - Portfolio's Occupancy

Jairo, thank you very much. We will now present the results obtained in connection with the portfolio's commercial management. After, we will review in detail the performance per category.

The upper left graph shows the physical vacancy's evolution from the 2Q of 2021 to the end of the 2Q of this year; we can see a constant decrease of the physical vacancy, closing the quarter at 5.9% ; this, compared to the immediately preceding quarter, represents a 50 basis points decrease, rendering the average physical vacancy for the first half of 2022 to be 6.4%. This result was mainly driven by important placements in the main categories: the occupation of nearly 4,000 m2 in the corporate segment and almost 4,000 m2 in the supermarket, commercial, and restaurant sector of the commercial category, among others.

Economic vacancy closed at 7.9%, which compared to the immediately previous quarter represented a 90 basis points decrease, rendering the average economic vacancy for the semester to stand at 8.8%. This result was mainly driven by the end of the grace periods, adjustments for tenants, such as Lynxus, in the corporate category, and a better invoicing performance in shopping centers resulting therefrom. Important dates in the commercial sector such as the VAT-free Day and Father's Day in June, also contributed to these results.

During the second quarter, 24,000 m2 were retained, contributing to a whole 144,000 m2 retention for the first half of 2022, which translated into a 96% contract renewal rate, corresponding to 144,000 m2 renewed during the year. The most important renewals in the quarter referred to assets in the logistics and commercial categories. Also, 9,000 m2 were placed in the second quarter, mainly in the corporate and commercial categories, for a total 19,000 m2 placed during the first 6 months of the year.

Slide # 13 - Corporate

Slide # 13 shows that the corporate category's physical vacancy decreased by about 1 percentage point, reaching 9.7%, below the market's physical vacancy of 10.7%. This resulted from the placement of about 4,707 m2 with companies *Habi* and *Rushbet*, and the placement of commercial premises with *Jumbo* at the Rivana building during the last period. Economic vacancy decreases by 10 basis points due to the end of the grace periods granted to several tenants who entered the portfolio during this period. It is worth noting that, during the quarter, traffic in corporate assets continued to recover, reaching levels of 64%, compared to the average traffic levels registered in 2019.

Slide # 14 - Commercial

Physical vacancy decreased by 60 basis points in the commercial category, going from 7.7% to 7.1%, standing below the market's physical vacancy of 11.9%. Quarter by quarter, physical vacancy decreased by 230 basis points. This reduction was driven by the placement of spaces exceeding 4,300 m2 in shopping centers as *Jardín Plaza Cúcuta*, *Nuestro Bogota*, *Nuestro Cartago*, *Plaza Central*, and *Ideo Itagüí*. Placements concentrated in areas with restaurants, commerce, and design and construction businesses, with brands such as H&M in *JP Cucuta* and *Jumbo* at the Atlantis shopping center in Bogota, standing out.

Economic vacancy, quarter by quarter, decreased by 210 basis points driven by a better invoicing, compared to the end of the previous quarter. This stemmed from new payments and the end of the grace periods. Also, important dates for business such as the VAT-free Day and Father's Day contributed to the good results in sales.

Monthly traffic in the shopping centers category during the 2Q of 2022 stood at 117%, compared to the average monthly traffic for 2019, corresponding to 16.4 million people during the quarter. Moreover, our tenants' sales per square meter increase by 79%, confirming the dynamism of the category.

Slide # 15 - Logistics

Slide # 15 shows that the economic vacancy of the logistics category decreased by 10.3 percentage points between the 2Q of 2021 and the 2Q of 2022, due to the placement of spaces and the end of the grace periods granted to tenants as *Magnum*, *DHL*, *Coordinadora*, and *Dinissan*. Physical vacancy stood at 2.6%, below the 6.5% registered by the market, maintaining a stable trend compared to the immediately previous period.

It is worth noting that economic vacancy (1.0%) stands below physical vacancy (2.6%), as vacant square meters represent a marginal income on the category's potential income.

Slide # 17 - Specialized and Hospitality

In the Hospitality category, university residences showed an average occupancy of 61% at the end of the semester, stemming from the good dynamics and results that the university residences subcategory has been experiencing.

Similarly, Calablanca Hotel met its income close standing to 100%, achieving an average 37% occupancy, in line with the expectations for its first year of operation.

Finally, the health and education-related assets continue to provide stability to the portfolio due to the long-term relationships built with our tenants.

Slide # 18 - Receivables

The portfolio's good commercial performance during the semester drove receivables to continue to evolve positively, closing at COP 5,190 million. This figure corresponds to an 89% reduction compared to the balance reached for the second quarter of 2020. The net receivables ratio, as a proportion of the last twelve months' income, stood at 0.93%, showing our tenants' financial health after reaching levels of 9.9% in 2020.

The above results were also supported by the continuous improvement in the collection of receivables, which reached levels of 104% compared to the receivables invoiced during the quarter under the Covid-19-relief scheme. To this extent, the receivables' turnover maintained a downward trend, dropping from 5 to 3 days –a 40% decrease in turnover, compared to the same period of 2021–.

FINANCIAL RESULTS

Slide # 19 - Financial Figures

Next –with slide 19–, we will discuss the portfolio's financial management which, as Jairo mentioned at the beginning of the session, shows significant recoveries on all the metrics.

At the end of the second quarter of 2022, the vehicle's operating revenues exceeded COP 151 thousand million, increasing by 28.3%, compared to the same period of 2021. This growth was largely driven by the rental income's increase in the commercial, logistics, and corporate categories by 48%, 14.5%, and 14%, respectively.

At the end of the second quarter of 2022, the accumulated operating income for the year was COP 296,991 million, representing a positive variation of 27% compared to 2021. This increase mostly stemmed from the total revenue's growth in the shopping center, commercial premises, and logistics assets categories. On the other hand, operating revenues for the same meters reached COP 263,708 million, a figure 19% higher than the one achieved for the same period of 2021.

With regard to the operating expenses, they experienced a 25% increase compared to the second quarter of 2021. The accumulated results at the end of June show a 27%, variation, registering a value close to COP 52 thousand million. The revenues and expenses dynamics fostered the operating income's growth by 29% and 27% for the second quarter and so far in 2022, respectively, obtaining margins for both periods of 82.5%.

In line with the above, EBITDA grew by 33% for both the 2Q of 2022 and the year-to-date periods, reaching an EBITDA margin close to 65% for the first six months of the year, which corresponds to an increase of 180 basis points above the margin recorded for the first half of 2021.

Slide # 20 - - Indebtedness 2Q 2022

Slide number 20 shows the debt portfolio's performance. The amount of the debt closed at COP 2.9 billion pesos, 74.4% of which corresponds to long-term debt and 25.6% to short-term debt. This is equivalent to a Loan-to-Value or gross debt-to-assets ratios of 35.9%, which remains within the the limits established in our Prospectus. During the second quarter of 2022, the debt portfolio showed an increase, mainly associated with the acquisitions made during the quarter.

At the end of the second quarter of 2022, 46% of the debt portfolio was indexed to the CPI and 41% to the Overnight Benchmark Banking Indicator (IBR by its acronym in Spanish), showing a decrease of the CPI ratio, with an aim to optimize the vehicle's debt service. Also worth noting is that, thanks to our structured debt strategy, 14% of our debt has a fixed rate that has enabled us to mitigate the debt service's increase. Thus, the portfolio's YTD average interest rate stood at 9% --increasing by 434 basis points compared to 2021--, explained by the effect of the increases in inflation and the Central Bank's (*Banco de la Republica*) intervention rates.

However, the debt portfolio's long-term IRR remains at levels of 8.2% that incorporate the markets' expectations for inflation from 2023 onwards.

It is important to highlight that the increases in inflation are being incorporated in the revenues due to the necessary readjustment of our lease agreements that, by their very nature, are indexed to inflation. These permanent effects on the income's composition will be gradually incorporated. On the other hand, the increase in financial spending is a transitional effect associated with the seasonality of the CPI indicator, considering that the expectations of a market reduction --according to the Central Bank's latest survey-- stand at 5.3% for the end of 2023, below the 9.7% expected for the end of 2022.

Slide # 21 – Portfolio's Appreciation

In line with the increases on inflation, 27 appraisals were activated during the 2Q of 2022, corresponding to 33.6% of the portfolio's investment properties (COP 2.5 billion). The investment properties' appreciation, hand in hand with the appraisals update and the operating results, impacted the valuation per security by 3.5%, reaching a book value per security of COP 11.7 million. The update of the appraisals corresponding to 49% of the investment properties is scheduled for the second semester.

<u>OUTLOOK 2022</u>

Slide # 24 – PEI's portfolio outlook for the end of 2022

Here, we want to provide an update of our outlook for the end of 2022, both at the operating and financial levels.

In terms of physical vacancy, we predict that the portfolio will close the year with a vacancy between 5.5% and 6.5%, 100 basis points below our previous estimate. This, given to the positive real estate and commercial dynamics evidenced throughout the year.

Consistent with the physical vacancy's results and the inflationary effects observed so far throughout this year, we are increasing our revenue forecast for the year to a range between COP 595 thousand and COP 615 thousand million.

In light of the improvement in revenues and the cost structure's stability, we are also increasing our operating profitability's estimate, expressed as the NOI margin, to a range between 82.5% and 83.5%.

With respect to our estimation of the yield per security or Dividend Yield, we are modifying the estimated range for 2022 between 3.6% and 3.7%, mainly driven by the transitory increase of the financial expenses.

The above leads us to estimate that the equity profitability for 2022 should be between 15% and 16%.

Finally, in this context, the return on equity, expressed as the actual return on the estimated inflation for 2022, should be between the CPI +6% and the CPI +7%, consistent with the long-term return on equity.

With this, we end the section on the outlook for 2022. I now give the floor to Jimena Maya, our Strategy, Innovation, and Communications Manager. Go ahead Jimena!

ARKADIN OPERATOR

Thank you. We now open our Q&A session. If you have a question, please press star 1 on your phone. If you want to remove yourself from the waiting list, please write it on the Q&A.

Q&A SESSION

Jimena Maya:

As always, we appreciate your participation in this conference where, for the last hour and a half, we have presented the vehicle's results for the end of the second quarter of 2022. We look forward to meeting you in November, to share the vehicle's results for the third quarter of 2022.

Good day to all.