

MESSAGE FROM THE PRESIDENT

Dear investors,

2022 posed enormous challenges and trials for PEI. As a real estate investment vehicle –emulating the REITS on an international level–, PEI’s portfolio of income-generating real estate assets is represented by equity securities subject to trade in the capital markets. Though the business’s operating results were positive, the security’s price dynamics in the secondary market is not corresponding with the real estate assets’ value and the vehicle’s operating results.

According to the appraisals conducted by independent third parties, the assets under management exceeded COP 8.5 trillion by the end of 2022, represented in 1.14 million leasable square meters. Lease agreements have been executed with over 2,200 tenants with excellent credit risk profiles, thus building and strengthening our commercial relations therewith. As of today, PEI’s real estate assets portfolio consolidates it as the investment vehicle with the highest square meters under management in the country.

The economy’s growth in 2022, added to the commercial team’s proactive work with potential tenants and achievement thereof, as well as the real estate’s high technical specifications, drove the occupancy levels to stand close to 95%. Similarly, over 96% of the lease agreements were renewed, in many cases with actual rent increases reflected in a growth in revenue exceeding 23%. All of the above resulted in the vehicle showing very positive operating results and NOI and EBITDA margins above 82% and 65%, respectively, in 2022.

A global environment with high levels of inflation marked 2022, leading most countries’ central banks to implement tightening strategies whereby interest rates accelerated and increased steeply. Colombia was no exception and interest rates grew sharply during the second half of the year, driving the vehicle’s interest expense to increase significantly, from COP 116,882 MM to COP 270,492 MM, although the debt amount did not increase significantly.

In line with the above, COP 177 thousand million were distributed in 2022, corresponding to a 3.5% dividend yield, a 130-basis points reduction compared to the returns delivered in 2021. In this context, we anticipate that the mentioned inflationary environment and high interest rates that drove the returns distributions to decrease in 2022, will protract to 2023. However, in the medium term, the real estate’s good operating results, certain permanent inflation readjustments to the lease agreements, and the normalization of the financing costs by 2024 will enable us to return to the historical distribution levels achieved.

In this sense, the real estate portfolio’s excellent results contrast with the negative performance of PEI’s equity securities in the secondary market. In 2022 the financial sector’s dynamics were both challenging and volatile, and the capital market considerably punished the financial assets price, including the real estate funds’ assets all around the world.

This has already happened several times throughout history, such as in 2008, when the global mortgage crisis drove a deep devaluation in the markets, including real estate funds, which nonetheless

eventually proved to be resilient investments with outstanding performances, backed by physical assets and long-term lease agreements.

As investors are aware, PEI AM implemented strategies within the capital market in 2022, aimed at improving the security's liquidity in the long run. These strategies include the securities' split, their migration to the equity market, and the "stock buyback". At the same time, we implemented a plan aimed at deepening our communication with investors, through a closer and more frequent approach.

Within the strategic plan's framework, Pei Asset Management continued to implement the corporate sustainability model. To this extent, in 2022 PEI implemented the "*Amigos del Alma*" (Best Buddies) program in the customer service area of assets such as *City U* and *Atlantis*. Likewise, we made progress with the diagnosis of the eco-efficiencies in 62% of the portfolio's leased area, identifying 15 eligible assets to initiate the *LEED* certification process in operation and maintenance activities.

Also, as part of the added aggregate value proposal for tenants, throughout 2022 we made progress with m⁴ initiative, thanks to which certain projects were developed, mainly in the corporate category, reaching about 36,000 m² of intervened area.

We also continued to move forward with the real estate portfolio's optimization strategy, which considers the reconversion, development, and disinvestment of real estate assets as inherent to the real estate funds' business model and is intended to maintain, potentiate, or monetize the profitability of the assets from their acquisition.

Finally, it is worth noting that for over 15 years Pei AM has consolidated a portfolio of more than 150 real estate assets with first-level tenants and long-term agreements enabling us to navigate high-uncertainty environments. Therefore, we ratify our firm resolution to continue to work for the real estate sector's evolution and the development of capital markets in Colombia.

Jairo Alberto Corrales
President
Pei Asset Management

INVESTOR RELATIONS:

investors@pei.com.co

PEI recorded a yearly operating income of COP 609,979 million in 2022, corresponding to a 24% increase compared to 2021.

Physical vacancy closed at 5.7%, a decrease of more than 125 bps, while the lease agreements renewal stood at 96%.

The business operation margins –NOI and EBITDA– increased to 82.5% and 65.5%, respectively.

Bogota, February 13, 2023 - PEI (BVC: PEI) (Bloomberg: PEI CB EQTY reported) today its financial results for the fourth quarter of 2022 and the year ended on December 31, 2022.

At the end of the fourth quarter of 2022, operating income stood at COP 165,281 MM. Thus, **the accumulated income for the year was COP 609,979 MM, showing a 24% increase** compared to 2021.

In 2022, **96% of the agreements were renewed**, with retention exceeding 150 thousand m2 and absorption 29 thousand m2. Moreover, **physical vacancy during the fourth quarter closed at 5.7% and economic vacancy at 7.6%.**

Operating income (NOI) was COP 137,359 MM in the fourth quarter and **COP 502,967 MM** for the year, with operating margins of 83.1% and 82.5%, respectively. On the other hand, EBITDA in 2022 was **COP 399,318 MM with a 65.5% margin** representing a **28% variation** compared to 2021.

The **average financing costs stood at 9.9%**, an increase associated with the inflation’s evolution during the last twelve months, which may influence financing spending throughout 2023.

Additionally, the fourth quarter closed with a **Net Receivables amounting COP 2,620 MM**, equivalent to a 57% decrease compared to the fourth quarter of 2021 and representing **0.4% of the year’s revenues.**

In 2022, COP 177,714 MM equivalent to COP 4,119 per security –representing 3.5% of the equity’s value– were delivered. The distributable cash flow corresponding to the fourth quarter of 2022 will be paid on February 14, with a total **COP 11.002 MM equivalent to COP 257 per security.**

Finally, as part of the liquidity strategy, **331,451 securities** were reacquired in 2022, **equivalent to COP 12,233 MM** at an average price of COP 36,878.

FINANCIAL RESULTS

COP MM Except for the DCF per security	QUARTER			YEAR		
	4Q 2021	4Q 2022	VARIATION %	2021	2022	VARIATION %
INCOME	\$136,744	\$165,281	20.9%	\$493,713	\$69,979	23.5%
NOI	\$110,578	\$137,359	24.2%	\$403,290	\$502,967	24.7%
NOI MARGIN	80.9%	83.1%	2.8%	81.7%	82.5%	0.9%
EBITDA	\$84,653	\$108,206	27.8%	\$311.230	\$399,318	28.3%
EBITDA MARGIN	61.9%	65.5%	5.8%	63.0%	65.5%	3.8%
NET RECEIVABLES	\$6,034	\$2,620	-56.6%	\$6,034	\$2,620	-56.6%
DCF PAID per security	\$1,508	\$256	-83.0%	\$5,245	\$4,119	-21.5%

*DCF: Distributable Cash Flow. The quarter’s data shows the amount paid in November of the relevant year. The flows actually paid during the exercise are included for the year.