RESULTS CONFERENCE
May 9, 2023

Provider

Welcome to PEI's Q1-2023 Investor s Results Conference Call. The conference call will start in __ minutes, thank you for waiting.

Welcome to the PEI’s Investors First-Quarter Results Conference. My name is [____], and I will be your operator for today's call. All attendants are currently in silent mode.

You may ask questions through the web platform or live, through your phones. Questions 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. Andrés Felipe Ruiz, Pei Asset Management’s Finance and Investor Relations Vicepresident.

Good morning, it is a pleasure to greet you and kick off our results conference for the first quarter of 2022. Pei Asset Management’ President –Mr. Jairo Corrales– and Commercial Manager –Mr. Alejandro Alzate– are joining us today.

We will begin the conference with a few words from our President, Mr. Jairo Corrales, who will share the general view of the quarter, highlighting the most relevant facts. Next, we will discuss the progress of the portfolio’s commercial management and financial results, and our president will share our updated outlook for 2023. We will close our presentation with our usual Q&A session.

I now give the floor to our President, Jairo Corrales.

MESSAGE FROM THE PRESIDENT (Slide 4)

Dear Investors,

After a year of uncertainty resulting from high inflation levels, the rise of the interest rates, and the exchange rate's volatility, our vision for 2023 –although considers the correction of metrics as inflation and the interest rates by the end of the year–, still poses short-term challenges for critical metrics as the distributable cash flow, as we explained in our February call.

This, in a context where the Colombian economy is expected to grow moderately and inflation to gradually decline. Certain signs are already beginning, with inflation standing at 12.82% last week.

In line with what we shared during our Investors Assembly on March 31st, the temporary concession by Pei Asset Management became effective, retroactively as of January 1st, 2023. Thus, today I can announce that we have revised upward our forecast for the 2023 dividend yield, which we expect to stand between 1.0% and 1.3%.

Notwithstanding this year of contrasts, we continue to deliver positive results in the real estate business, guided by our operational efficiency and the rental fees' inflation readjustment. Additionally, the agreements retention increased 3.6% compared to the end of 2022, corresponding to a 99.6% retention in the first quarter of this year.

To this extent, revenues for the first quarter registered a 16.2% increase compared to the same period of 2022. On the other hand, in connection with the efficiencies achieved on the vehicle's cost structure, the NOI margin increased, closing the period at 83.5%, while the vehicle's administrative expenses decrease drove the EBITDA margin to stand at 72.4%.

Regarding the security's performance in the secondary market, as publicly disclosed in recent weeks, greater market dynamics have increased operations and liquidity, showing a daily trading average of COP 832 million in April and a variation of the price, going from COP 22,000 per security in March to COP 33,700 by the end of April.

We continue to work on the 4 strategic fronts prioritized for the year under the real estate portfolio's optimization plans: emphasis on divestments, substitution of liabilities, amendments to the prospectus for discussion at the extraordinary assembly, and the investor base expansion, supplemented by a communications plan and financial education.

Jairo Alberto Corrales
President
Pei Asset Management

I now give the floor to Andrés Felipe Ruiz, who will discuss the vehicle's commercial and financial management. Continue Andres.

MANAGEMENT SUMMARY 1Q-2023

Slide # 5 - Portfolio Figures 1Q-2023

In this first quarter of 2023, the portfolio closed at over 8.8 trillions in assets under management –according to the appraisals conducted by independent third parties–, represented by almost 1.14 million m2 of leasable area, subject to executed lease agreements h that have strengthened PEI's relationships with nearly 3,000 tenants, within the frame of the trust placed by almost 5,600 investors. This, preserving the diversification strategy with 41% of the investment properties in shopping centers, 3% in commercial premises, 36% in corporate assets, 15% in logistics assets, and 5% in the specialized assets category of.

Slide # 6 - Capital Market Backgound

Slide # 6 shows the capital market's background and the security's value performance during the first months of the year. The upper left graph shows the security's price performance between December 31, 2022 and April 30, 2023. In this period, the security decreased close to 37% between January and the end of March, mainly influenced by intrinsic market factors and the political uncertainty. **The security subsequently increased its value in the market, reaching levels between COP 33,000 and COP 35,000 by the end of April.** Volumes also recovered in this period, translating into daily trading amounts between COP 512 million and COP 4,000 million, approximately, compared to the past days when this range did not exceed COP 1,200 million.

The lower left graph shows the transactions classification by volume range. Although 74% of the transactions corresponded to amounts equivalent to COP 10 million or less, they only represented 6% of the total liquidity traded in the equities session. In contrast, transactions over COP 100 million explain 51% of the security's liquidity.

Finally, some final relevant remarks to highlight: 74% of the transactions were below COP 10 million. We also observed that individual investors have decreased the number of securities by 17% in the first quarter of 2023, compared to the same period of 2022.

Slide # 7 - Financial and Operating Results

We continued to maintain healthy real estate ratio-level during this first quarter, reaching 5.7% in physical vacancy and 8.0% in economic vacancy, 37 basic points higher than the vacancy figures of December 2022, due to the lower variable income in the commercial category and the corporate category's vacancy resulting from adjustments to its calculation for assets such as *Fijar 93* and *Torre Pacific*. *Carvajal* also showed a reduced "coverage" fee at 50%, and *Famoq* returned the area rented.

As to the business results, the operating income stood at COP 169 thousand million, 16% above the same period in 2022. The NOI stood at COP 141 thousand million and the EBITDA at COP 122 thousand million, registering 18% and 26% increases, respectively, compared to the first quarter of 2022. In turn, profitability reached operating margins (or NOI) of 83.5% and an EBITDA of 72.4%.

As a result, the dividend yield's projections for 2023 were adjusted, increasing from a 0.3% - 0.8% range to 1.1% that represent an expected Distributable Cash Flow of COP 63 thousand million, equivalent to COP 1,470 per security for 2023. Accordingly, COP 15 thousand million, corresponding to the first quarter of 2023's Cash Flow will be distributed in the next few days. This amount considers the Real Estate Manager's commission adjustment, proposed during the last Investors General Assembly.

PORTFOLIO'S COMMERCIAL MANAGEMENT

Slide # 9 - Portfolio's Vacancy

Slide # 9 shows the portfolio's commercial management results and the real estate category's performance.

In the upper left graph illustrates the physical vacancy's evolution from Q1-2022 to the end of Q1-2023. As you can see, this ratio decreases to levels of 5.7%, below last year's average physical vacancy, which stood at 6.1%

Economic vacancy –illustrated on the upper right graph– closed at 8.0%, decreasing over 100 basis points compared to 2022, explained by the integration of the exposed tenants prior to their prompt incorporation into the assets and the end of the grace periods. However, it had a 37 basis points increase with respect to the previous quarter, resulting from increases in the corporate and commercial categories that we will discuss in detail in the next slides.

Furthermore, over 32 thousand m2 of leasable area were retained in the first quarter of the year, translating into a renewed contracts ratio of 99.6%, as a proportion of the revenues. On the other hand, placements in the quarter referred to the commercial category and were close to 3 thousand m2.

Slide # 10 Corporate

Slide # 10 shows that the corporate category's physical vacancy decreased 160 basis points compared to the end of the first quarter of 2022; however, it increased 66 basis points compared to the last quarter, essentially as a result of a coverage readjustment in the *Carvajal* asset, where revenues from 2,451 m2 are no longer received, increasing the physical vacancy in this category.

Economic vacancy reduced by 35 basis points compared to the immediately previous quarter, given the end of *Fijar 93* and *Torre Pacific*'*s* grace periods.

Traffic in the corporate assets remained constant during this first quarter, standing close to 70%, compared to 2019's trends. This shows the category's performance stabilization under the new presence dynamics implemented by some of our tenants.

Slide # 11 Commercial

Slide # 11 illustrates the commercial category's physical vacancy, showing that it decreased by 57 basis points compared to the previous quarter, driven by the sale of 2,895 m2 –represented by over 60 tenants that became part of our shopping centers portfolio–. These placements concentrated in the food and commercial industry sectors, where tenants as *Home Center* stand out.

On the other hand, economic vacancy in the quarter increased 2 percentage points compared to the end of 2022, driven by the potential revenues' decrease. This is a result of the consumption cyclicality, shifting from a high-level commercialization period –the December season– to a usually lower period that takes place during the first months of the year. As a result, the previously received variable income causes a in revenues that generates the aforementioned decrease. However, it is important to consider that we have observed 9% increases in the average monthly sales per square meter in our shopping centers, compared to the same period of 2022, supporting the impact of the good sector dynamics for the portfolio's performance.

Slide # 12 Logistics

Slide 12 shows that physical vacancy remained relatively unchanged compared to the immediately previous quarter. The 2-basis points difference resulted from area adjustments due to remeasurements in *Cortijo 9*. Along the same lines, economic vacancy decreased 5 basis points driven by the increases of the rental fees.

Additionally, we would like to mention that the high occupancy levels have driven the prices per square meter in the logistics category to increase in the main cities of the country. In particular, Cali, Medellín, and Bogota reported 9.5%, 15.2%, and 6.2% increases during the first quarter of the year, respectively, compared to the same period of 2022.

It is also important to consider that economic vacancy was below the physical vacancy, because vacant square meters represent a lower value per square meter than the category's average.

Slide # 13 Specialized and Hospitality

Slide 13, shows how health and education-related assets continue to generally provide stability to the **portfolio** by virtue of their long-term lease schemes and the long-term relationships that we have been building with our tenants.

Furthermore, in the Hospitality category, *City U* university residences' average occupancy rate was 90%, while the average income compliance stood at 92%, driven by this asset's continued recovery since 2021, after students began to attend the universities in person again.

On the other hand, Hotel *Calablanca* in Baru –operated by *Sofitel*– showed a 105% average income compliance with respect to the budget, and a 64% average occupancy in the first quarter, showing unprecedented stability in its operation.

Finally, *Boho's* first months of operation registered occupancy rates of 62% and 65% in February and March, respectively.

<u>**FINANCIAL RESULTS**</u>

Slide # 15 - Financial Figures

The discussion on the portfolio's financial management starts with Slide 15. As we mentioned at the beginning of the session, the vehicle's operating performance has shown a significant growth.

At the end of the first quarter of 2023, the vehicle's operating income evidenced a 16% increase compared to the same period of 2022, exceeding COP 169 thousand million, driven by the rental fees' adjustment and constant occupation of the portfolio's vacant spaces.

As to the operating profit or NOI, it closed the quarter at COP 141,192 MM, registering a 17% growth compared to the $120,205 MM for the 1Q-2022. In turn, the NOI margin increased 90 basis points, consolidating the fine management of vehicle's operating costs.

In line with the above, the EBITDA reported a value of COP 122,443 MM in the 1Q-2023, representing a 26% growth compared to the COP 96,843 MM registered for the same period of 2022. This resulted in a 586 basis points increase, above the margin registered in the 1Q-2022, supporting the commitment to readjust the real estate manager's commission scheme to generate a greater alignment of interests with the investors, acquired during the last Ordinary Investors Assembly.

In connection with the gross receivables, they have consistently decreased with respect to the 1Q-2021 and the 1Q-2022. The ratio stood at COP 12,674 million in this quarter –equivalent to a 54% reduction compared to the same period of 2022–, resulting in net receivables amounting to COP 5,241 million, which represent 0.8% of the last 12 months' income. The net receivables turnover was set at 2 days, evidencing the solid relationship with our tenants and the proper fulfillment of their obligations.

Slide # 16 - Indebtedness Q4-2022

Slide # 16 illustrates the debt portfolio's behavior. The upper graph shows a 1 percentage point decrease in the Loan-To-Value ratio compared to the 1Q-2022. With this in mind, our outlook for the coming years is based on a gradual reduction of the vehicle's indebtedness level, always aiming at a long-term majority composition consistent with the Trust's term.

We also want to tell you how the debt is currently indexed, and how we expect to reconsider these distributions in the following years in order to achieve an optimal and realistic debt service considering the anticipated inflation and interest rates. So, the 1Q-2023 shows an average debt service of 15.27%, which corresponds to a little more than double of that reported for the same period of 2022. This is clearly driven by debt portfolio's high exposure to variable rates. Accordingly, we expect to reduce this exposure through a constant increase of the fixed rate share and a probable reduction of the rates in the future, thus reducing the debt service levels to 8%. This will –of course– generate reductions in financial expenses that will directly improve the distributable cash flow, reaching standards of COP 8,000 per security.

<u>OUTLOOK</u>

Slide # 18 - Real Estate Market Background

Slide # 18 shows the real estate market's general background and our outlook therefor.

To begin, by the end of 2022 interest rates were high, at 12.00%, and inflation levels stood at 13.12%. Inflation has currently reduced by 70 basis points, seemingly pointing toward a certain slowdown compared to the growth levels of 2022. Similarly, the country's monetary policy continues to be expansive but consistent with the inflation rate's growth, reaching levels of 13.25%. Finally, according to the analysts' expectations, inflation and interest rates are expected to stand at 9.49% and 11.38%, respectively, by the end of 2023.

Also, because the prices of construction materials continue their upward trend, they will end up generating a lower growth in building permits.

All of the above leads us to believe that the high interest rates and construction costs will discourage the generation of new square meters in the market, fostering in turn a potential absorption of the market's existing square meters which will positively impact the assets' occupancy levels. Moreover, the low supply of square meters in the market will pressure prices up, generating better rents for lessors.

In conclusion, the current scenarios show a promising operation for the vehicle, reduced vacancy margins and increased lease fees that will boost profitability for investors, hand in hand with the portfolio's optimization strategy.

Slide # 19 - Outlook

Prospects for this year will largely depend on the interest rates performance and the country's economic conditions. A lower economic growth is expected considering that inflation levels are above the Central Banks' goals, translating into stagflation.

Income is expected at values between COP 695 thousand million and COP 715 thousand million –an increase between 12% and 15%, exceeding that reported for the end of 2022– driven by the agreements' readjustment to the inflation at the end of 2022. We anticipate that this will result in the NOI's margin stability, consolidating at levels between 81% and 84%.

We also anticipate that the portfolio's physical vacancy will remain between 5.5% and 6.5% sue to the high barriers of the financing costs that generate lower supplies of square meters in the market. This projection is in line with the closing vacancy figures for 2022, which the real estate manager considers healthy for real estate vehicles.

Moreover, the dividend yield is expected to be between 0.8% and 1.3%, to the extent that the market analysts' estimates anticipate a rising inflation during the first half of 2023 that will begin to decrease in the second semester according to Colombia's Central Bank's (*Banco de la República*) projections. This will result in an estimated return on equity ranging between 12% - 15% in 2023 and 2024.

According to our sensitivity analyses for 2024, both inflation levels and interest rates are expected to decrease, thus reducing financial expenses considerably. This, coupled with the constant increase of the lease payments –as a result of their inflation-related adjustments– should deliver revenue levels between COP 810 thousand million and COP 825 thousand million, and a 50-basis points reduction in vacancy resulting in a Distributable Cash Flow between 3.0% and 3.5%.

Slide # 20 - Key Messages

I want to emphasize in connection with Slide # 20 the prioritization of the strategies for 2023. As mentioned during the last Investors General Assembly, we have prioritize four objectives for this year. Our first strategy is to accelerate the portfolio's optimization so that we are able to formalize transactions –specifically the divestment of assets– in a range between COP 300 thousand and COP 400 thousand million, which is close to 5% of the assets under management. Our second objective deals with the debt's optimization through the substitution of liabilities exceeding COP 700 thousand million with a multilateral body such as the IFC, so that we are able to reduce the financial expense –which we recognize has affected the investors' returns–. For our third objective is to expand the vehicle's investor base, purpose for which we hired a leading international investor relations consultancy firm –*inspIR*– who will support us with the diagnosis, analysis, and creation of marketing plans and the attraction of new investors in the local and international capital markets. Finally, our fourth objective is aligning the interests in connection with the vehicle's structure costs. In the first phase, the Real Estate Manager unilaterally decided to grant a 37.5% discount to its current retroactive commission, from January 1 of this year, which is already incorporated into the metrics discussed today and the yields to be distributed in the coming days to investors. Also, the 3% acquisition commission was eliminated and replaced by a 1.5% structuring commission that will be charged upon carrying out any new securities issuance, instead of upon the purchase of real estate assets. In a second phase, reaping the consultancy's results and incorporating international best practices, we will modify the vehicle's commission structure through an Extraordinary Assembly to be convened before the end of June.

With this, we conclude the section on the progress of the vehicle's strategies and the 1Q-2023 results conference call. We will now proceed with the Q&A session.

XEGMENTA OPERATOR
Thank you. We will now begin with the Q&A session. You can write your comments through the questions box available on the platform.

Q&A SESSION

Andres Felipe Ruiz:

As always, we appreciate your participation in this conference where we presented the vehicle's results for the 1Q-2023 during the last hour. We look forward to seeing you in August, to share the results for the 2Q-2023. Good day to all.

End