RESULTS CONFERENCE
February 13, 2023

Welcome to PEI's 4Q-2022 Investor Results Conference Call. The conference call will start in __ minutes, thank you for waiting.

Welcome to the PEI's Investor 4Q-Results Conference. My name is [____] and I will be your operator for today's call. Currently all participants are in silent mode.

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

Good morning everyone, it is a pleasure to greet you and start our results conference for the 4Q-2022. Jairo Corrales, Alejandro Alzate, and Jimena Maya, Pei Asset Management's President, Commercial Manager, and Communications Strategy Manager, respectively, are joining us,

We will begin the conference with a few words from our President, Jairo Corrales, who will share a general vision of the year, highlighting the most relevant events and the initiatives developed. Later, we will discuss the progress of the portfolio's commercial management and the financial results. Finally, we will close the presentation with our President's outlook for 2023 and end it with our usual Q&A session. I now give the floor to our President, Jairo Corrales, for the general vision of the year.

MESSAGE FROM THE PRESIDENT (Slides 4 to 7)

Dear Investors,

2022 was an extremely challenging year for PEI. As a real estate investment vehicle that emulates REITS on an international level, PEI has a portfolio of income-generating real estate assets represented by equity securities traded in the capital market. Although the operating results of the business were positive, the dynamics of the security's value in the secondary market is not correspondent to the real estate assets' value or the vehicle's operating results.

By the end of 2022, the assets under management exceeded COP 8.5 billion –according to the appraisals conducted by independent third parties–, represented by 1.14 million leasable square meters subject to executed lease agreements that have built and strengthened the business's relationships with over 2,200 tenants with an excellent credit risk profile. PEI's current real estate assets portfolio consolidates it as the investment vehicle with the largest number of square meters under management in the country.

The economy's growth in 2022, coupled with the commercial team's proactive management of potential tenants and obtainment thereof, and the high technical specifications of the properties, drove the occupancy levels to stand close to 95%. Likewise, over 96% of the lease agreements were renewed –in many cases with actual rents increases–, contributing to the income's growth in excess of 23%. All of the above made the vehicle's operating results to be very positive in 2022, with NOI and EBITDA margins exceeding 82% and 65%, respectively.

The year ran within a global environment marked by high levels of inflation, leading the central banks in most countries to implement a contractionary strategy where interest rates rapidly and steeply increased. Because Colombia was no exception and interest rates were significantly raised during the second half of the year, although PEI's debt did not grow significantly, its financial cost went from COP 116,882 MM to COP 270,492 MM.

Accordingly, 177 thousand million pesos were distributed in 2022, representing a dividend yield of 3.5%, dropping by 130 basis points compared to the amount delivered in 2021. In this context, as mentioned previously, we anticipate that the inflationary environment and high interest rates leading to the profit distributions' decrease in 2022, will continue in 2023. However, in the medium term, the good real estate operating results, the lease agreements' continued adjustments to inflation, and the debt service's normalization by 2024 will enable us to return to our historical distribution levels.

In this sense, the real estate portfolio's excellent results contrast with the negative performance of PEI's equity securities value in the secondary market. In 2022, the financial sector dynamics were challenging and volatile, and the capital market significantly punished the price of financial assets worldwide, including real estate funds' securities.

This situation has recurred several times in history, such as in 2008 when the global mortgage crisis caused sharp devaluations in the markets, including real estate funds, which over time proved to be resilient investments with outstanding performances, backed by their physical assets and long-term lease agreements.

As investors are aware, in 2022 Pei AM implemented strategies in the capital market aimed at improving the securities' liquidity in the long term. These strategies include the securities split, their migration to the equities trading session, and the securities reacquisition mechanism. Simultaneously, we put in place a plan to strengthen the communication with our investors, making it closer and more frequent.

Within the strategic plan's framework, Pei Asset Management continued to implement the Corporate Sustainability Model, with PEI becoming part in 2022 of the *Best Buddies* inclusion program through *City U* and *Atlantis*' customer service areas. PEI's assets portfolio also progressed with the eco-efficiencies diagnosis in 62% of the leasable area, identifying 15 eligible assets to start the LEED certification process in operation and maintenance.

Also, as part of the value-added proposal for tenants, in 2022 we moved forward with the m^4 initiative under which certain projects were developed, mainly in the corporate category, reaching close to 36,000 m2 of intervened area.

On the other hand, the real estate portfolio's optimization strategy continued, considering the properties' reconversion, redevelopment, and divestment as inherent to the real estate funds' business model, with an aim to maintain, enhance, or monetize the assets' profitability from their acquisition.

Finally, note that for over 15 years, Pei AM has consolidated a portfolio of more than 150 real estate assets with first-rate tenants and long-term agreements that have enabled us to navigate highly uncertain environments. We ratify our firm intention to work for the evolution of the real estate sector and the development of the capital markets in Colombia.

Jairo Alberto Corrales
President
Pei Asset Management

I now give the floor to Andrés Felipe Ruiz, who will discuss the commercial and financial management of the vehicle. Please, go ahead Andres.

PORTFOLIO'S COMMERCIAL MANAGEMENT

Slide # 9 - Portfolio's Occupancy

Thank you, Jairo. Slide 9 shows the portfolio's commercial management results and here we will also review the real estate's performance per category.

The upper left graph illustrates the physical vacancy's evolution from Q4-2021 to the end of Q4-2022. We see that this metric decreases to a 5.7% level, below the years' average physical vacancy that stood at 6.1%, equivalent to 64,913 m2 of the total leasable area and representing a reduction of 127 basis points. It is noteworthy that throughout the year, representative tenants became part of the portfolio and drove this reduction: *Dinissan*, *Habi*, *Amare*y, *Command Alkon*, *Seratta Gourmand Market*, and *H&M*.

In turn, economic vacancy closed at 7.6%, decreasing 205 basis points compared to 2021. This is explained by the incorporation of the mentioned tenants and the end of the grace periods.

Additionally, close to 83,000 m2 of leasable area were retained during the 4Q-2022, contributing to our retention of over 150,000 m2. This translated into a renewed agreements to revenue ratio of 96%. On the other hand, the most important placements in the quarter referred to the corporate and commercial categories and were close to 7 thousand m2, consolidating a m2 absorption or placement exceeding 29 thousand m2 in 2022.

Slide # 10 - Corporate

Slide # 10 shows that the corporate category's physical vacancy decreased 179 basis points compared to the end of 2021, driven by the placement of almost 10,000 m2 during the year and 2,540 m2 in the 4Q-2022. These placements include *Amarey's* 1,839 m2 at the *Capital Towers* building and *Pei Asset Management*'s 1,401 m2 in the *Atrio* building at *Calle 26*, deepening our commitment and alignment with the portfolio's management. On the other hand, economic vacancy decreased 77 basis points as a result of the end of the grace periods of tenants *Command Alkon* and *Rushbet*, which joined the portfolio during the 3Q-2022.

Additionally, during the 4Q-2022, traffic in our corporate assets remained close to 70% compared to the levels in 2019, showing the category use's stabilization, driven by the return of people's personal work in the offices and the implementation of hybrid and mixed working schemes by some of our tenants.

Slide # 11 Commercial

Slide 11 shows that the commercial category's physical vacancy decreased by 166 basis points during the year, as more than 13,613 m2 were placed with 200 tenants who joined our shopping centers portfolio. 2,775 m2 were rented during the 4Q-2022 in *Plaza Central* shopping center, *Ideo* design and construction shopping centers portfolio, *Unico* shopping center portfolio, *Nuestro* shopping center portfolio in *Bogota* and *Cartago*, *Jardin Plaza* in *Cali* and *Cucuta*, and *City U's* commercial premises. In turn, the market vacancy also decreased 7.5 percentage points, reaching the levels registered by PEI throughout the year.

Placements concentrated in the restaurants, retail, and health services sectors, where tenants as *Reebok, Clinica Castellana, Elegant Home, Cocina Ideal Colombia,* and *La Tipica*, among others, stand out.

Economic vacancy in the year decreased 299 basis points compared to the end of 2021, and 361 basis points during the quarter, driven by the shopping centers' higher variable revenues resulting from the good dynamics experienced by trade during the year.

On the other hand, the shopping centers category's traffic in the 4Q-2022 increased 23% compared to the average traffic for 2019. Additionally, the sales per square meter of our tenants evidenced the good dynamics of the category during the year.

Slide # 12 - Logistics

Slide 12 shows that physical vacancy remained at the same levels compared to the immediately previous quarter. To this extent, economic vacancy for the same period remained at levels of 1.60%, evidencing the consolidation of the demand for m2 in this category.

We also need to mention that prices per square meter in the logistics category have shown increases in the main cities of the country due to the high occupancy levels. *Cali* stands out with an increase close to 50%, reaching COP 17,400 per square meter, followed by Medellín with 12%, and Bogotá with 2%. We anticipate that this trend will remain throughout the year.

Also, important to consider, is that economic vacancy was below the physical vacancy given that vacant square meters represent one per m^2 lower than the category's average.

Slide # 13 - Specialized and Hospitality

Slide 13 illustrates how the health and education assets continue to provide stability to the portfolio by virtue of the long-term relationships built with our tenants and their long-term lease agreements scheme.

In the Hospitality category, *City U* university residences' occupancy –excluding the vacation months– stood on average at 77% in 2022 and at 85% during the last semester of the year. This was coupled with an average 72% compliance with revenue during the 4Q, due to the good dynamics and results that this asset has been showing since 2021, after personal attendance to the universities began again.

In connection with *Calablanca* Hotel in *Baru* –operated by *Sofitel–,* its average revenue compliance with respect to the budget was 103% , while the average occupancy stood at 41% during its first year of operation, with three peaks during the months of March, September, and December. December's occupancy of this beach hotel closed at 57% given the end-of-year's holiday season.

Finally, in furtherance of the vehicle's binding commitments, BOHO university residences were incorporated to the assets portfolio during the closing quarter of the year. This university residences asset, located in *Ciudad Jardin*, *Cali*, has a layout of 344 rooms or an equivalent GLA of 6,100 m2, of which PEI acquired 75% for COP 26 thousand million. BOHO's average occupancy in 2023 is expected to reach levels close to 70%.

FINANCIAL RESULTS

Slide # 15 - Financial Figures

Next, Slide 15 illustrates the portfolio's financial management. As mentioned at the beginning of the session, a significant growth in the real estate portfolio's performance is evident.

At the end of the 4Q-2022, the vehicle's operating income increased 21% compared to the same period of 2021, exceeding COP 165 thousand million. This result was largely driven by the variable lease revenues' increase in the commercial category, which rised 30%, based on the economic vacancy's reduction that went from 8.3% to 4.7% during the year. On the other hand, the accumulated operating income for the year was COP 609,979 million –representing a positive variation of 24% compared to 2021–, resulting from the variable income and acquisitions made at the end of 2021 and during 2022.

The operating profit or NOI closed the quarter at COP 137,359 MM, registering a 24% growth compared to the COP 110,578 MM of the 4Q-2021. However, the NOI increased by 25% in 2022, compared to 2021, going from COP 403,290 MM to COP 502,967 MM. An 80 basis points operating margin increase stemmed from these results, compared to the 2021, reaching 82.5% in the year.

In line with the above, EBITDA reached COP 108,206 MM for the 4Q-2022, representing a 28% growth compared to the $84,653 MM registered in the same period of 2021. Similarly, for the current year we went from COP 311,230 MM to COP 399,318 MM, which represents a 28% annual growth, reaching a 65.5% margin. This meant a 250 basis points increase above the 63.0% margin registered in 2021.

Gross receivables have been steadily declining since the pandemic period. For this 4Q-2022, receivables stood at COP 10,246 million –equivalent to a 59% reduction compared to the same period of 2021, resulting on net receivables for COP 2,620 million – representing 0.4% of the last 12 months' revenue–. Accordingly, the net portfolio's turnover was set in 2 days, being the lowest level registered during the last 3 years.

Finally, last year's inflation increased from 5.62% to 13.12%, affecting the vehicle's average financing costs. This led the Distributable Cash Flow in 2022 to stand at COP 4,119 per security – a 3.5% dividend yield below the 4.8% distributed in 2021–.

Slide # 16 – Indebtedness 4Q–2022

Slide # 16 shows the debt portfolio's performance. Indebtedness closed at COP 3.07 billion, with 79.6% corresponding to long-term debt and 20.4% to short-term debt. This is equivalent to a Loan-To-Value or Gross Debt-to-Assets ratio of 36.0%. During the 4Q-2022, the debt portfolio increased by $46,978 MM, resulting from complying with binding documents, capital investments made during the 4Q, and resources allocated to repurchase equity securities.

At the end of 2022, 45.5% of the debt portfolio was indexed to the CPI, 41.4% to the IBR, and 13.1% was fixed rate. Accordingly, the debt portfolio's average YTD interest rate was 9.94%, which increased over 500 basis points compared to 2021, mainly driven by the effect the increased inflation and interest rates intervened by the Colombian Central Bank –*Banco de la República*–. In this sense, the financial expense in the quarter and for the year reached COP 90,557 MM and COP 270,492 MM, respectively, significantly increasing compared to the levels registered in 2021.

Slide # 17 - Liquidity Strategies

Finally, before moving on to the outlook for 2023, we would like to share the progress made in connection with the liquidity strategy, loosely mentioned in the previous section. 2022 ended with the total deployment of all the initiatives planned for the year. It is worth mentioning that all the efforts made on this front refer to the medium term and intend to promote the securities' good liquidity and price in the secondary market. In connection with this strategy, we would like to highlight that the repurchase mechanism was implemented during the last quarter through the securities migration to the equities trading session –where 61,351 equivalent securities were repurchased for COP 2,263 million, at a volume-weighted average price of COP 36,962–. On the other hand, on December 14 of 2021 the vehicle offered through the independent mechanism close to 10 thousand million pesos to repurchase 270,100 equity securities at a price of COP 36,876. Finally, over 12 thousand million pesos have been repurchased in total, generating stability in the price at which the *PEIS* were traded in the secondary market during the last quarter.

With end this presentation on the year's results with the above and, once again, I give the floor to Jairo Corrales, who will end the presentation with our outlook for 2023. Go ahead Jairo.

OUTLOOK

Slide # 19 - Outlook

Thanks Andrés. The outlook for this year will depend to a large extent on the rates performance and the country's economic conditions. A lower economic growth is expected, with inflation levels exceeding the goals set by the Central Banks, translating into stagflation.

In terms of revenue, values between COP 675 thousand million and 695 thousand million are expected to be reached –an increase between 11% and 14% compared to that reported by the end of 2022– as a result of the agreements' readjustments to the inflation closing 2022. We anticipate that this will result in the NOI margin's stability, consolidating at levels between 81%

and 82%.

We also anticipate that the portfolio's physical vacancy will remain between 5.5% and 6.5% as a result of the high barriers that financing costs represent, generating a lower supply of square meters entering the market. This projection is in line with 2022's closing vacancy figures, which the real estate manager considers healthy for a real estate vehicle.

We also expect the dividend yield to be between 0.3% and 0.8%, to the extent that market analysts anticipate an increased inflation during the first half of 2023 that will begin to recede in the second semester of the year, according to *Banco de la República*'s inflation forecast. This will impact the estimated equity return, which should ranges between 12% and 15% in 2023 and 2024.

We have conducted sensitivity exercises for 2024 –where inflation levels are expected to decrease, as well as interest rates–, enabling us to considerably reduce financing costs. This, coupled with the constant increase of the lease fees adjusted to inflation, should deliver revenues between COP 741 thousand million and COP 756 thousand million, and a 50-basis points reduction of the vacancy range, allowing us to generate a Distributable Cash Flow between 3.0% and 3.5%.

We end the section on the progress of the fund's strategies and the 4Q-2022 results conference, with the above. We will now proceed to the Q&A session.

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

Q&A SESSION

Andres Felipe Ruiz:

As always, we appreciate your participation in this conference where we have presented the fund's results by the end of 2022, for the last hour and a half. We look forward to seeing you in May, to discuss the results for the 1Q-2023. Good day to you all.

End