

OUR OUTLOOK SOLIDITY IN THE LONG RUN

PEI Asset Management presents the
ANNUAL MANAGEMENT REPORT

2018

Cittium Industrial Logistics Park

Plaza Central Shopping Center

Éxito CEDI

Torre Empresarial Pacific Building

North Tower – One Plaza Building

Capital Towers

PEI

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QBE CENTRAL SEGUROS BUILDING

CHAPTER 1

LETTER OF THE PRESIDENT

LETTER OF THE PRESIDENT

OUR HORIZON: LONG-TERM STRENGTH

Real estate investment vehicles are designed as a tool that provides alternatives to the financial market, affording access to the benefits associated to the profile of its underlying asset, real estate. Because of their characteristics, real estate assets are meant for the long term and, accordingly, the investments associated with this sector must also be structured, assessed, and analyzed likewise.

It is no coincidence that PEI has been structured as a vehicle with a 99 years-horizon and a spirit of perpetuity. A long-term vision is our main reference for investment's decision-making purposes, in the definition of the vehicle's capital structure and the acquisition and management of the asset portfolio.

2018, a year marked by the electoral uncertainty experienced in the country and the economic instability associated with both this situation and the global environment, constituted a scenario that very clearly exemplifies the importance of always maintaining that direction.

The long-term solidity of a real estate investment vehicle results from variables such as: a capital structure aligned with its investment proposition, a robust portfolio of current and updated assets, investments with a vocation for permanence and stability, a corporate governance framework aligned and updated to the characteristics and needs of both the vehicle and a portfolio of tenants with excellent credit risk and, of course, a team with the skills and talents necessary to properly make the real estate assets portfolio's and the vehicle's management decisions.

In this way, during 2018, the most relevant actions made in connection with PEI's management were aligned with this long-term vision.

Bond issue: a better capital structure toward the long term

During PEI's first decade, its acquisition management was based on a short-term debt structure allowing the purchase of assets to, subsequently, carry out the securitizations corresponding to specific asset packages.

The solidity and credibility of the vehicle allowed --and still allow us-- to resort to credit lines with the financial sector, in accordance with the needs and policies of PEI's prospectus.

However, this capital structure had opportunities for optimization through a bond issue that will be able to align the financial obligations' payment term, stemming from the portfolio's growth, with the term for the generation of revenue therefrom.

We believe that 2018 was an auspicious time to present for the first time to the market, a bonds issuance aimed at improving PEI's capital structure.

The reduction of the costs of the vehicle's debt and increasing by 3.6 times its average duration are the main results of the bonds' placement, worth 500,000 million pesos, in 3, 10, and 25 years-series and biddings for 777,986 million pesos, almost 2 times the amount offered.

Our long-term solid bases were key to generate these biddings and, with the results obtained, we were able to positively impact the generation of value for our investors.

"It is very satisfactory for PEI to present the management results for 2018, with a portfolio that reached 141 real estate assets and over 5 thousand million pesos in assets under management, which support the long-term strategy; the incorporation of stabilized commercial, offices, and logistics real estate assets, and the honoring of our principle of diversification, both location-wise and in terms of the type of assets."

Portfolio Management: Assets for the present and the future

This year, the average life of the portfolio's leases or concession contracts reached an average of 6.5 years. So far, none of the assets acquired by PEI have been subject to divestment. These two realities confirm the principle of acquiring assets with an aim to their future projection and always manage them, aiming toward their ability to generate value looking forward.

The main objective in this aspect is to ensure that the portfolio assets continue to be the most attractive option for the tenants with the best profiles, which are willing to pay lease fees commensurate to the added values offered.

Because of the age of some of the assets, it is necessary to make relevant investments, aimed at updating and valuing their market perception. In 2018, PEI invested more than COP \$14,922 MM in asset renewal, maintenance, and improvement works that shall be reflected in variables such as their appraisal value, a decrease of the vacancy metrics, and the generation and updating of the associated rents.

Management team: management, vision, and discretion based on talent

The growth of the portfolio and the number of active investors in the issuance of debt securities and bonds, has motivated PEI Asset Management's strengthening process of its work team.

Given the current size of the vehicle and the financial and administrative dynamics associated to its management, we have reinforced this area of our structure with the entry of a new Financial Vice President and a team with extensive experience in the sector.

On the other hand, the increase in the number of investors and their diversification has prompted us to deepen the work of our Investor Relations Management Office. As of this year, we have consolidated a team aimed at positioning itself as both the investors' voice toward the vehicle and the vehicle's ears toward the market.

We bet that this work shall facilitate and consolidate our current relationships with our investors' base and, at the same time, outline and perform strategies that will attract many new potential investors with access to the liquidity and stability benefits of the vehicle, through issues in both the primary and secondary markets for securities.

As to the assets' management, the constant growth of the portfolio has also confronted us to size-related and specialization challenges connected with the different sectors and types of management. In 2018 we began the structuring of specialized teams for both the vehicle's investment lines and the different management stages of the real estate assets we handle.

We are sure that we are consolidating a high-performance team, with the experience and knowledge to make decisions based on the criteria and objectivity necessary to optimize the vehicle's projection toward the future.

Investments: portfolio's projection and consolidation

Throughout this year, our criterion to make acquisitions was very specifically based on the use of strategic opportunities for PEI's investment lines.

In the case of Commercial Assets, we seek to consolidate our position as one of the most important owners and operators of shopping centers in the country. In the long term, this capacity will provide us with greater experience and specialization in the management of this type of assets, as well as benefits in the comprehensive management of their trade, administration, and maintenance.

LETTER FROM THE PRESIDENT

In the Developing Assets segment, we have sensibly and objectively advanced in the formalization of relevant positions, through binding documents. We believe that these will be some of the real estate developments with the greatest projection in the country in the coming years.

On the other hand, we structured two acquisitions with a long-term vocation, dynamic, and with high growth and their impact for the country in the industrial and medical sector under the BTS development model, associated with the technology and health sectors.

Reaching the milestone of a real estate portfolio under management for over 5 thousand million pesos is both a huge achievement and a massive responsibility. All our efforts are focused on demonstrating, not only that we have managed to consolidate these assets, but that we have the necessary abilities to manage and project them as the largest and most important real estate portfolio in the country.

PEI prospect: Acting in the present to shape the future

The Real Estate Manager's proposals, submitted at the Assemblies held during the year, were motivated in the need to update the prospects governing PEI's

operation, to reiterate its long-term investment and low risk income generation proposal.

Thus, the rotation of the appraisal firms, the Distributable Cash Flow's payment periodicity, the vehicle's exposure limits to variables such as the collective share of a single tenant, the financial indebtedness, the distribution of short- and long-term debt, and the share of Developing Assets, were reviewed in order to align them with PEI's current reality and with future projection in terms of management and growth.

These modifications are a clear example of this long-term vision and PEI Asset Management's interest, as the vehicle's manager, to continue to promote PEI's more aligned conditions and structure with the challenges to maintain its leadership and strength in the long term.

Thus, as managers of the leading real estate investment vehicle in Colombia, we are proud of the results obtained and asserting and conveying to the investors a message on PEI's security and projection, which allows us to continue to align with a common outlook: the vehicles and its investments' strength in the long term.

JAIRO ALBERTO CORRALESCASTRO
President
PEI Asset Management

Hada International

Mauricio Trujillo

Executive Vicepresident

Hada International was created 63 years ago in the city of Manizales, as an artisan soap factory that, over the years, became transformed and modernized. Hada's exponential growth required having two plants; the first one in the city of Manizales, where all the chemical processes were carried out, and another in La Cayena Free Trade Zone in the city of Barranquilla.

Unfortunately, on April 18, 2017, the Manizales plant suffered a loss that caused the building to be damaged in its functional part, so that soap could not continue to be manufactured in this location. As a result of this event, we got to meet PEI Asset Management's team, which listened to our needs and offered support from the beginning. Though Hada's operation was small, solutions were sought and the conclusion was that the best option was ceasing to be the owners of the factories and look for the best alternative to move the production plant to the city of Barranquilla. At that time commenced the construction process of the property in a land owned by the company, which PEI acquired later under a Sale and Lease Back scheme.

Our relationship with PEI Asset Management has been very professional and our operation with PEI has brought many benefits. We had certain cash coming into the company at a very important time, which allowed us to lower our debt by 70%, in addition to building a new plant meeting all the standards we were looking for. In terms of costs, we have benefited beyond what we imagined; this competitiveness gives us peace of mind for future businesses. PEI's work model is very advantageous because it allows entrepreneurs not to freeze money as real estate owners and rather allocate such resources in the business itself.

PACÍFICO FREE TRADE ZONE

CHAPTER 2

MANAGEMENT SUMMARY

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Financial Management

COP \$500 kMM
First Ordinary Bonds' Issue

9.05% EA 4,62 %
Profitability Dividend Yield

COP \$385 kMM
Invoiced revenue

COP \$164 kMM
Distributable Cash Flow

COP \$72 kMM
Financial Cost

7.25% EA COP \$1.7 Bm
Average cost Debt at Closing

Liquidity in the Secondary Market

COP \$3.2 kMM
VNDP¹

792 kMM
Volume traded in the secondary market

96%
Days traded

158 3,475
New Investors
Investors

Real Estate Investments

COP \$871 kMM
Investments Amount

123.023 m²
Acquired GLA

COP \$385 kMM
Amount in executed
binding documents

7 Acquisitions
Stabilized Assets

¹ Average Daily Trade Value

REAL ESTATE PORTFOLIO'S MANAGEMENT

Vacancy

4.0% Economic

4.9 % Physic

27,500 m²
Leased

Tenants' Retention

51,887 m2
Renewed contracts

COP \$ 31,990 MM
Annual revenue from renewed
contracts

89%
of renewed contracts from the
renewal budget

Debt portfolio

COP \$12,235 MM
Renewed contracts, balance as of
the closing od December¹

3.6%
of revenue

¹The debt portfolio's balance of the EEFs for COP \$17,902 MM includes COP \$5,667, invoiced as of December 31, 2018 and collected in the first week of January 2019.

MANAGEMENT SUMMARY

Assets Management

COP \$5.43 Bn \$AUM	967 thousand m ² GLA
1,473 Tenants	1,978 Contracts under management
4 Asset categories	30 Cities



78% Occupancy
+ 20% Traffic increase
+ 8% Sales Growth



91% Occupancy
+ 38% Traffic increase
+ 22% Sales Growth



99% Occupancy



44% Bed occupancy
81% Commercial premises
occupancy



99% Occupancy



81% Occupancy

Cali

2.1 Regulatory environment 2018

2018 was a year with a dynamic regulatory environment and relevant to the securities market. Important points to highlight in connection with PEI, were the issuance of Decree 0059 of January 17, 2018. This decree modified the investment regime of the Special Programmed Retirement Fund ("SPRF"), made up by resources of people who have already obtained their pension and chose this savings alternative. This modification allowed for up to 10% of the amount of any given SPRF to be invested in so called "alternative investments", which include PEI's equity securities.

On the other hand, Decree 1984 of June 19, 2018 was issued, modifying the rules on the legal capacity for the issuance of commercial notes, to eliminate the trusts' restriction to issue this type of securities. This change opens the possibility for trusts (as PEI) to obtain short-term debt resources in the capital market, which may contribute to the obtainment of efficiencies in this type of vehicles' capital structure.

Finally, on June 18, 2018, the Colombian Securities Exchange amended its Single Rules, so that equity securities resulting from securitization processes and security units issued by investment funds may be traded on the equity securities market (instead of in the Colombian electronic market, where they are currently traded). However, the entry into force of this amendment was postponed twice by the Colombian Stock Exchange and we are now on February 18, 2019. This resulted from an expectation that the tax legislation would introduce an amendment to facilitate the negotiation of this type of equity securities in the equity securities market. In this line, the Financing Act eliminated the withholding tax on equity securities-related disposals made through the Colombian stock exchange (such as PEI's equity securities). Thus, as of February 18, 2019, the new Single Rules of the Colombian Stock Exchange shall take effect, which until now urges the issuers of this type of equity securities to migrate them to the equity securities market within a one year-period from the entry into force of the new Single Rules.

In tax matters, the Financing Act executed on December 28, 2018, introduced the wealth tax. Under the Financing Act, this wealth tax shall apply from 2019 to 2021 and is applicable to individuals and all foreign investors whose liquid net worth as of January 1, 2019 was equal to or exceeded COP \$5,000,000 .000.

**CENTRO DE EXCELENCIA OPERACIONAL
(CEO) AVIANCA BUILDING**

CHAPTER 3

STRUCTURE OF THE VEHICLE

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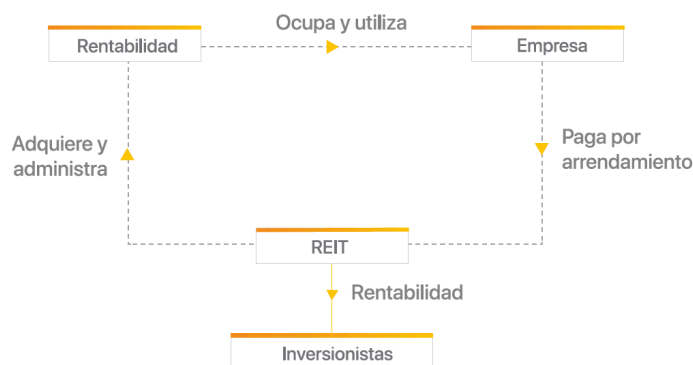
Estrategias Inmobiliarias Trust ("PEI") was established as a real estate investment vehicle allowing investors to participate in a diversified portfolio of income generating real estate. PEI's characteristics are similar to those of international real estate trusts, commonly known as REITs (Real Estate Investment Trusts).

REITs are vehicles primarily created to diversify real estate investment and allow the investors' direct exposure to the real estate sector.

REITs are an industry widely developed internationally, with great acceptance by the market, as they allow structured investors to access a professionally managed investment alternative and retail investors to participate in a high capital-demand investment such as real estate.

Internationally, REITs are specialized by type of asset and development stage, having interests in lots of land, development, and rents.

As to the REITs' structure, the vehicle and the portfolio assets are managed by a professional and expert administrator, both in real estate and financial matters. The REITs' profitability mainly comes from the portfolio assets' leases and appreciation.



* "Rentabilidad" = Profitability; "Ocupa y Utiliza" = Occupies and Uses; "Empresa" = Business; "Adquiere y Administra" = Acquires and Manages; "Paga por Arrendamiento" = Pays for the Lease; "Inversionistas" = Investors.

In Colombia, PEI has adopted the real estate assets securitization model. For these purposes, Estrategias Corporativas S.A. (nowadays Inversiones y Estrategias Corporativas S.A.S. Under Liquidation), interested in promoting a real estate securitization process through a trust, entered into an irrevocable business trust agreement with Fiduciaria Corficolombiana S.A. (the "Trust Agreement").

Under the Trust Agreement, Inversiones y Estrategias Corporativas S.A.S. Under Liquidation, is the trustor or originator who created the PEI trust. On the other hand, Fiduciaria Corficolombiana S.A. (the "Trustee" or "Management Agent") is the management agent, and acts as PEI's spokesperson and manager. PEI issues equity securities (the "Securities") and ordinary bonds ("Ordinary Bonds"), that are traded in the capital market.

PEI Securities' issues have been carried out under an issuance program authorized by the Financial Superintendency of Colombia (the "Program"), structured under a global ceiling, through several issues of Securities publicly offered in the primary market, during a given term. The Program has been developed through the issuance of ten different tranches, in the terms and conditions expressed in each of their prospectus.

STRUCTURE OF THE VEHICLE

The issuance of new tranches implies an increase of the securities outstanding in the stock market, as well as a growth of PEI trust with the new securitized assets, which, together with the all of the previously existing assets, support, pro rata, all the Securities outstanding under the different tranches of the Program.

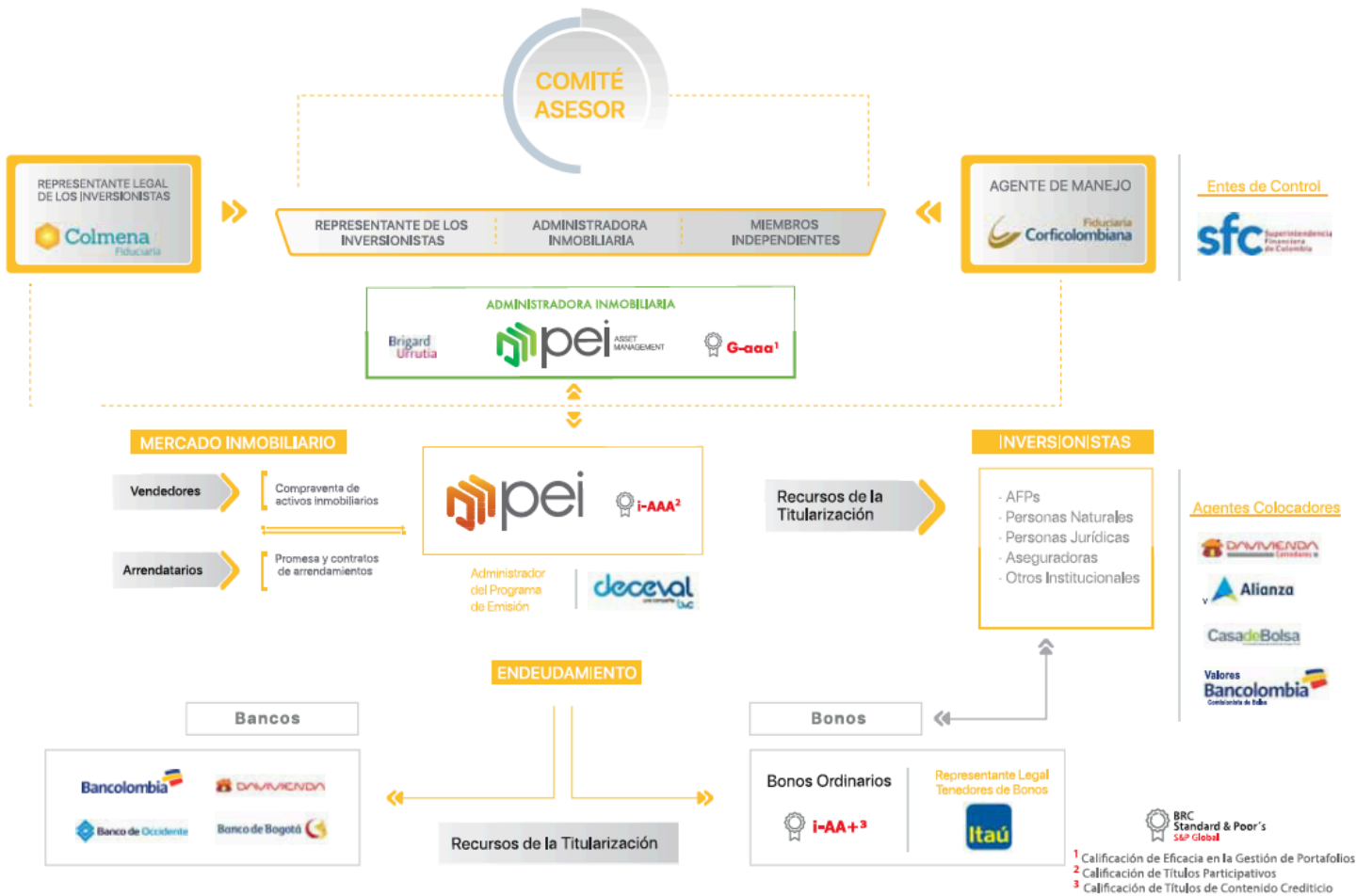
The Securities under the different tranches of the Program are fungible and, accordingly, have the same rights, regardless of the tranche under they were issued. Thus, PEI's Securities investors acquire a right or aliquot of PEI trust. The Securities are registered with the Securities and Issuers National *Registry [Registro Nacional de Valores y Emisores (RNVE)]* managed by the Financial Superintendency of Colombia and traded on the Colombian Stock Exchange.

The resources from the Program are used to purchase the real estate assets of PEI's real estate portfolio. In most cases, the assets have been previously acquired through indebtedness with financial entities; thus, the resources coming from the program's issuances are used to pay these financial obligations. The real estate assets securitization cannot exceed one hundred and ten percent (110%) of the real estate assets' commercial appraisal under any circumstance, and any excess over the real estate assets' commercial appraisal is destined to cover the securitization process costs described in the prospect.

On the other hand, PEI Asset Management S.A.S. is PEI's Real Estate Manager. The Real Estate Manager manages PEI's real estate assets portfolio, performing tasks aimed at its conservation and administration, as well as to the promotion, structuring, and placement of new tranches, which are submitted to the Advisory Committee's approval. The Real Estate Manager is also in charge of the webpage through which Investors are regularly informed on the securities' behavior and the rest of the activities foreseen under the real estate management contract.

STRUCTURE OF THE VEHICLE

Structure of the Vehicle – Real Estate Assets Securitization



* "Comité Asesor" = Advisory Committee; "Representante Legal de los Inversionistas" = Investors' Legal Representative; "Representante de los Inversionistas" = Investors' Representative; "Administradora Inmobiliaria" = Real Estate Assets Manager; "Miembros Independientes" = Independent Members; Agente de Manejo = "Management Agent; "Entes de Control" = Control Authorities; "Mercado Inmobiliario" = Real Estate Market; "Vendedores" = "Sellers"; "Compraventa de Activos Inmobiliarios" = Purchase and Sale of Real Estate Assets; "Recursos de la Titularización" = Securitization's Resources; "Inversionistas" = Investors; "AFP's" = Pension and Cesantías Management Funds; "Personas Naturales" = Individuals; "Personas Jurídicas" = Legal Entities; "Aseguradoras" = Insurance Companies; "Otras Instituciones" = Other Institutions; "Agentes Colocadores" = Placement Agents; "Arrendatarios" = Tenants; "Administrador del Programa de Emisión" = Issuance Program Manager; "Bancos" = Banks; "Endeudamiento" = Indebtedness; "Bonos" = Bonds; "Bonos Ordinarios" = Ordinary Bonds; "Representante Legal Tenedores de Bonos" = Bondholders' Legal Representative;

¹ Efficacy in Portfolio Management Rating
² Equity Securities Rating
³ Debt Securities Rating

3.1 Main players and their roles

Real Estate Manager:	Is PEI Asset Management S.A.S., responsible for PEI's MANAGEMENT OF THE REAL ESTATE PORTFOLIO, including the conservation and management of the assets, as well as the promotion, structuring, and placement of the new tranches submitted to the Advisory Committee's approval, the webpage's management whereby Investors shall be regularly informed on the securities' behavior, and any other activities stipulated in the real estate management agreement.
Placement Agents:	Are the stockbrokerage companies designated by PEI's Advisory Committee to place the securities issued in the market.
Management Agent:	Is Fiduciaria Corficolombiana, acting as PEI's spokesperson and manager.
Investors General Assembly:	Is the assembly consisting of PEI's Securities investors, complying with the quorum and conditions foreseen in the prospectus.
Bondholders General Assembly:	Is the meeting where the Ordinary Bondholders validly and legally adopt resolutions in connection with the Ordinary Bonds.
Brigard Urrutia Abogados	Is the legal advisor of the vehicle, responsible for all matters related to the vehicle's structure, as well as for the legal structuring of eligible investments and all other legal matters of PEI.
Colombian Stock Exchange:	Is Bolsa de Valores de Colombia S.A., a private entity incorporated to manage the equity securities, derivatives, and fixed equity market of the Colombian stock market.
Advisory Committee:	Is PEI's advisory body, which makes decisions on the Permitted Investments, the Program's fulfillment, the purchase and sale of real estate assets, and PEI's financial indebtedness, among other matters.
Depósito Centralizado de Valores – DECEVAL S.A. Centralized Securities Depository of Colombia]:	Is the entity acting as manager of the Program and the Ordinary Bonds.
Trustor:	Is Inversiones y Estrategias Corporativas S.A.S. Under Liquidation.
Investors:	Are the individuals or legal entities, either public or private, national or foreign, who have acquired Securities.
Investors' Legal Representative:	Is Fiduciaria Colmena S.A. or the entity selected by the Investors General Assembly to replace it, which is in charge of representing PEI's Investors.
Ordinary Bondholders:	Are all those acquiring Ordinary Bonds.

3.2 The Real Estate Manager

PEI Asset Management S.A.S. is PEI's Real Estate Manager. In 2018, in exercise of its duties, continued to manage PEI's real estate portfolio and its other functions under the real estate management contract, through a team that continued to strengthen during the same period through the newly created Financial and Administrative Vicepresidency, the Financial Planning and Risks Division, and the Treasury Department, as well as a larger number of staffs for the different work teams.

The Real Estate Manager's team is summarized below:

Carlos Angulo Ladish

Carlos Angulo is a partner of Estrategias Corporativas S.A.S., a leading investment bank in the Andean Region, mainly focused on advising private sector companies on mergers, acquisitions, disposals, and associations with financial and strategic partners. At Estrategias Corporativas S.A.S., he has been involved in transactions for over USD \$1.5 thousand million MM, advising Colombian and international companies with their expansion and/or divestment plans in Colombia and the region. At Estrategias Corporativas S.A.S., Carlos participated in Terranum's creation and currently presides PEI's Advisory Committee.

Prior to joining Estrategias Corporativas S.A.S., Carlos worked for Citibank's corporate banking in Medellín and Bogotá, and for 8 years at Goldman, Sachs & Co. in New York, where he was involved in the structuring and placement of bonds and shares and the sale and purchase of companies in Latin America. Mr. Angulo also worked in debt- and shares-related financing transactions in the international markets for companies, governments, and non-state cooperative companies in Brazil, Colombia, Mexico, and Venezuela. Within his experience in the mergers and acquisitions area, he participated in sales, purchases, mergers, and joint ventures with retail, telecommunications, energy and petroleum, industrial, and financial companies.

Carlos is an economist of Universidad de los Andes and has an MBA from J.L. Kellogg School of Management at Northwestern University. Carlos coursed University of los Andes's High Government program, directed to government officials and senior executives.

Jairo Alberto Corrales Castro

Jairo Alberto Corrales joined PEI Asset Management S.A.S. in November 2009 and serves as its General Manager since May 1, 2013. Mr. Corrales worked as PEI's Real Estate Manager since August 2012 and before that, as the Asset Management Office Director.

Jairo has significant experience planning, structuring, and developing real estate and other businesses in the real sector, has over 20 years of experience in project management, and more than 9 years in asset management. He was involved in the structuring and positioning of Atlantis Plaza, an important shopping center in Bogotá that was one of the first projects structured under a single-owner scheme in Colombia. Mr. Corrales worked as Director for Casa Editorial El Tiempo's Real Estate Management Unit, which involved the management of assets such as the World Business Port office building and the cinema halls of El Tesoro Commercial Park.

Jairo Corrales is a Civil Engineer of University de los Andes with a specialization in Finance from the same University; he completed an undergraduate program in shopping centers' management and marketing at the International Council of Shopping Centers in Buenos Aires - Argentina.

PEI Asset Management's Directive Team

JAIRO ALBERTO CORRALES CASTRO

Title

President

Years of experience

+20

Experience

- Civil Engineer, University de los Andes. Specialist in Finance from the same University;
- Undergraduate program in shopping centers' management and marketing, International Council of Shopping Centers in Buenos Aires - Argentina.
- 9 years with PEI.

ANDRÉS FELIPE RUÍZ

Experience

- Professional in Finance, North Carolina University .
- Value Investors Program, Columbia University.
- MBA Executive, Cornell University.

Title

Finance and Administrative

Vicepresident

Years of experience

+10

JIMENA MAYA

-

Title

Investors Relations Director

Years of experience

+19

Experience

- Industrial Engineer, Universidad de los Andes.
- MBA, INALDE.
- 8 years with PEI.

ALEJANDRO VARGAS

Experience

- Architect, Pontificia Universidad Javeriana. Specialist in Business Management, Universidad del Rosario
- 5 years with PEI.

Title

Assets Management Director

Years of experience

+20

STRUCTURE OF THE VEHICLE

MARÍA ALEJANDRA CARDOZO

Experience

- Professional in Finance and International Relations, Universidad Externado.
- MBA IE Business.
- 3 years with PEI.

Title

Investments Director

Years of experience

+10

LUISA GONZÁLEZ

-

Title

Investments Director

Years of experience

+10

Experience

- Economist, Universidad de los Andes.
- MBA, INSEAD Singapore and Fontainebleu, France.
- 3 years with PEI.

3.3 TEIS Equity Securities

3.3.1 Technical Sheet

TECHNICAL SHEET - TEIS			
1. Issuer's Information			
Estrategías Inmobiliarias Trust			
Tin	800.256.769	DV	6
City	Bogotá	Jairo Corrales – General Director Jimena Maya – Investor Relations Manager	
2. Real Estate Manager's Information			
Pei Asset Management			
Name	Calle 80 # 11-42 Piso 10		Contact
Address	Bogotá		Ana Maria Bernal
City			Telephone
(57-1) 744 8999			
3. Management Agent			
Fiduciaria Corficolombiana S.A.			
Name	Edwin Diaz		Contact
Contact	PEI's Manager		Johana Patricia Alomía
Title	(57-1) 7448999		Title
Telephone			Accounting and Tax Manager
(57-1) 3538795 ext. 2031			
4. Investors Representative			
Fiduciaria Colmena S.A.			
Name	Luz Maria Alvarez		Contact
Contact	President		Claudia Pérez
Title	(57-1) 2105040		Title
Telephone			Operations Manager
(57-1) 2105040 ext. 221			
5. Issue's Information			
TYPE OF SECURITY:		Estrategías Inmobiliarias' Equity Securities ("TEIS") – Fungible, regardless of the tranche under which they are issued.	
ISIN CODE - International Securities Identification Numbering System		COV34PT00013	
TERM		99 years as of February 2, 2006, extendable.	
PROGRAM'S AUTHORIZED AMOUNT		\$5,000,000,000,000.00	
AMOUNT ISSUED AS OF TO DATE		\$2,900,067,160,000	LAST ISSUANCE DATE
DENOMINATION		December 20, 2017	
NUMBER OF SECURITIES OUTSTANDING		Colombian Pesos	
CIRCULATION RULES		353,649 Securities	
PREEMPTION RIGHT		Nominative	
RECIPIENTS		Is the right that the Investors appearing in DECEVAL's records as owners of "TEIS", on the publication date of the offering notice of the relevant Tranche, shall have to preemptively subscribe the "TEIS" of the new Tranche, in the same proportion of the number of "TEIS" they own on such date, with respect to the total number of "TEIS" outstanding on such date.	
AMORTIZATION OF CAPITAL		The general public, including pension and "cesantías" funds.	
SURPLUS'S PAYMENT PERIODICITY		No.	
PAYMENT MODALITY		Twice a year (February and August)	
TAX CONDITIONS		In arrears	
SECURITIES RATING AGENCY		The distributable yields consist of the period's cash flow (after the relevant deductions established in the prospectus). Additionally, periodical distributions may include a partial reimbursement of the initial investment.	
ISSUANCE PROGRAM RATING		(i) On the portion corresponding to the Profits, an income withdrawal at source applies; and (ii) On the income received in Bogotá and Barranquilla, the Industry and Commerce-ICA tax withholding applies.	
Efficiency in Portfolios Management Rating		BRC STANDARD & POOR'S	LAST REVIEW'S DATE
CITIES OF OPERATION: Estrategías Inmobiliarias Trust shows operations and income in the cities of: Bogotá, Cali, Barranquilla, Medellín, Itagüí, Manizales, Palmira, Tenjo, Yumbo, Armenia, Chia, Dos Quebradas, Ibagué, Valledupar, Aguachica, Bucaramanga, La Estrella, Mosquera.		April 18, 2018	
* Complying with that provided for in Accords 469 of 2011 of Bogotá and Accord 0006 of 2011 of Barranquilla, the Trustee and/or the Trust are Industry and Commerce-ICA Tax Withdrawal Agents, applicable on any income received through the Trust, to the taxpayers provided for in the relevant legal provisions. The Trust issues the relevant tax withdrawal certificates.		"i-AAA"	
		"G-aaa"	

STRUCTURE OF THE VEHICLE

3.3.2 Update of Equity Securities – TEIS’ issuance and placement prospectus

In 2018, PEI Asset Management’s team worked on identifying certain adjustments to the vehicle’s rules, that were discussed during the Ordinary Assembly held in June and the Extraordinary Assembly held in December.

The Real Estate Manager submitted proposals to the investors, based on the need to update the securities’ issuance and placement prospectus in order to reiterate PEI’s investment proposal as a low risk, long-term and income-generation vehicle, covering the following approvals:

Appraisal of real estate assets

Asset appreciations are carried out annually for each of the portfolio's assets, using the discounted cash flow methodology, where variables such as projected income, discount rate, and the CPI’s future value are crucial for the result of the asset’s present value.

In order to deepen the objectivity of the portfolio assets’ appraisal, a mandatory rotation of the properties’ appraisal firm --at least every 3 years--, was added.

Distributable Cash Flow’s Periodicity

The investors approved changing the yield payment scheme from a semi-annual periodicity in February and August, to a quarterly payment in the months of February, May, August, and November on the immediately preceding quarter.

This modification requires the implementation of audited quarterly financial closings; therefore, an operational preparation period of was authorized, implementation of which must take place not later than in 2020.

Exposure limits

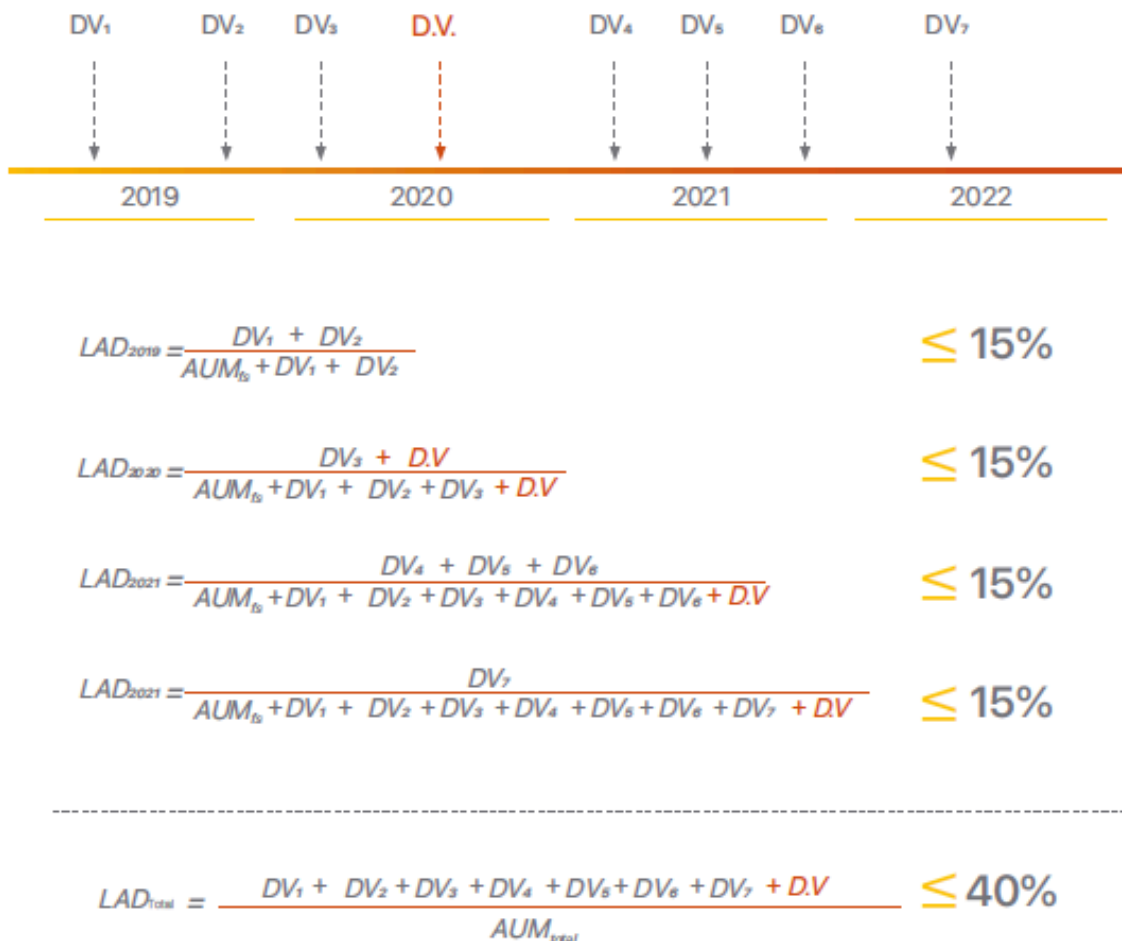
After the first decade of operation, the update of certain portfolio diversification’s levels limits was approved, as follows:

- The tenant’s (and its related companies) participation limit in the portfolio, was reduced from 40% to 20% on income and asset value.
- The definition of Financial Indebtedness was updated, including not only the credits with banking entities and through debt securities, but also accounts payable associated with term payments of the Permitted Investments’ price. The effect thereof, is that the debt limit becomes more conservative as it anticipates in the debt positions metric that, although they are committed to the sellers of the assets, they have not been perfected yet.
- The restatement of the 65% Financial Indebtedness Limit of the equity, to its equivalent of 40% of the assets under management.
- The limits for short and long-term indebtedness were modified, so that both short and long-term indebtedness, each independently, cannot exceed 35% of the assets under management, also respecting the 40% limit the total indebtedness measured in connection with the assets.
- The definition of **Developing Assets** was incorporated to identify the assets under construction or to be built, which the vehicle acquires a binding commitment on for their future acquisition, once their construction is completed and they are able to generate flows associated to lease agreements of their areas. Also, the definition of **Binding Document** was introduced to identify the above businesses.

- The limit of the advance payments of the price for Developing Assets was reduced from 20% to 10% of the portfolio assets' value, including the value of the assets that the advance payment refers to.
- In order to control the pace of incorporation of Developing Assets and maintain its profile of a stabilized, long-term rents portfolio, the Developing Assets Limit was established as a proportion of the portfolio's projected assets, so that this value represents no more than 15% per year and up to 40% in the aggregate for all future years with binding businesses.

Setting a limit for Developing Assets

Upon requesting the Advisory Committee's approval to execute a binding document for a business opportunity referring to a Developing Asset, the Manager shall calculate the Developing Asset's Annual Limit for each calendar year (the "Measured Year") running between the relevant Request Date and the last calendar year that the Trust is expected to acquire real estate assets under the Binding Documents executed, as follows:



AUM_{total} corresponds to the value of PEI's projected Assets Under Management, including all eligible investments that PEI expects to acquire from the request date until the last measured year.

STRUCTURE OF THE VEHICLE

3.4 Debt Securities

3.4.1 Technical Sheet

TECHNICAL SHEET – ORDINARY BONDS			
1. Issuer's Information			
Estrategias Inmobiliarias Trust			
Tin	800.256.769	DV	6
City	Bogotá	Jairo Corrales – General Director	
		Jimena Maya – Investor Relations Director	
2. Real Estate Manager's Information			
Pei Asset Management			
Name	Calle 80 # 11-42 Piso 10		Contact
Address	Bogotá		Ana Maria Bernal
City			Telephone
			(57-1) 744 8999
3. Management Agent			
Fiduciaria Corficolombiana S.A.			
Name	Edwin Diaz		Contact
Contact	PEI's Manager		Johana Patricia Alomía
Title	(57-1) 7448999		Accounting and Tax Manager
Telephone			(57-1) 3538795 ext. 2031
4. Investors Representative			
Fiduciaria Itau S.A.			
Name	Edwin Díaz		Contact
Contact	President		Claudia Pérez
Title			Operations Manager
Telephone	(57-1) 2105040		Telephone
			(57-1) 2105040 ext. 221
5. Issue's Information			
TYPE OF SECURITY OFFERED:	Ordinary Bonds		
CIRCULATION RULES:	Registered Bonds		
ISSUANCE AND PLACEMENT PROGRAM'S GLOBAL CEILING:	Up to COP 500,000,000,000		
NUMBER OF ORDINARY BONDS:	Five-hundred thousand (500,000) Ordinary Bonds.		
NUMBER OF SERIES:	Twelve (12) Series: A, B, C, D, A-Pr, B-Pr, C-Pr, D-Pr, A-Am, B-Am, C-Am, and D-Am.		
PAR VALUE PER BOND:	COP \$1,000,000		
SUBSCRIPTION PRICE:	See subparagraph 1.10 of this Information Prospectus.		
MINIMUM INVESTMENT VALUE:	One million pesos (COP \$1,000,000), i.e. one (1) Ordinary Bond, unless another amount is specified in the relevant Public Offering Notice.		
REDEMPTION TERMS:	All Series have redemption terms from one (1) year to up to thirty (30) years, counted as of the Issue Date.		
STOCK EXCHANGE:	The securities shall be listed with the Bolsa de Valores de Colombia S.A.		
MANAGEMENT OF ISSUES:	This issue shall be completely dematerialized and managed by DECEVAL S.A. Consequently, the securities' acquirers waive the possibility of materializing the Ordinary Bonds that are issued.		
FEES AND RELATED EXPENSES FOR SUBSCRIBERS	The securities' subscription entails no payment of fees or related expenses by the subscriber.		
SECURITIES' RIGHTS:	See section 1.3 of this Information Prospectus.		
ORDINARY BONDHOLDERS' LEGAL REPRESENTATIVE:	Itaú Asset Management		
OFFERING RECIPIENTS:	The Ordinary Bonds' recipients shall be Investors in general.		
ORDINARY BONDS ISSUANCE AND PLACEMENT PROGRAM'S RATING:	BRC Investor Services S.A. rated PEI's Ordinary Bonds' Issuance and Placement Program as "AA+" long-term debt. The complete Rating Report is enclosed as Annex 1 to this Information Prospectus.		
REGISTRATION MODALITY:	Normal registration.		
OFFERING'S TARGET MARKET:	Primary Market.		
OFFER AND PLACEMENT'S TERMS:	See subparagraphs 2.2 y 2.3 of this Information Prospectus		

3.5 Control Authorities

The Financial Superintendency of Colombia has been monitoring PEI's activities. In 2018, different meetings were held at the Financial Superintendency, where the vehicle's structure, main intervening parties, and operation were presented, as well as the regulatory issues allowing the vehicle to be at the forefront in this connection. Each of these presentations were led by the Real Estate Manager and the Trustee.

3.6 Risk Rating Firm

BRC Investor Services S.A. reviewed PEI's Equity Securities' and Ordinary Bonds' ratings in 2018, and ratified and confirmed the i-AAA ratings for the Equity Securities Program and the AA+ rating for the Ordinary Bonds Issuance and Placement Program.

CAPITAL TOWERS

CHAPTER 4

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

In order to deepen in the best Corporate Governance practices, in 2018 the Real Estate Manager continued to work in the implementation of the Deloitte's recommendations following its corporate governance, risk management, and information management assessment.

As to the Advisory Committee's structure, the role as alternate member of the Advisory Committee was eliminated so that all the members have the status of principals. Accordingly, PEI's Advisory Committee shall onwards consist of nine (9) principal members as follows: four (4) independent members, the Investors Legal Representative, and four (4) members representing the Real Estate Manager .

Fiduciaria Colmena's remuneration as the Investors Legal Representative was updated and as of January 1, 2018 corresponds to a monthly fee of 18 CLMMW.

4.1 Advisory Committee

PEI has a top-level Advisory Committee responsible for making the main decisions on the vehicle's acquisitions, indebtedness, issues, and in general, the monitor of its performance. PEI's Advisory Committee has a mixed composition consisting of independent members and members of the Real Estate Manager .

The Independent Members are chosen by the Real Estate Manager and ratified jointly by the Investors Legal Representative and the Management Agent. The Real Estate Manager takes into account the business track-record, reputation, and experience as important criteria to choose the independent members of the Advisory Committee.

In 2018, the Investors Assembly approved an amendment to the Advisory Committee's composition in order to increase its number of members from five (5) to nine (9), elected for periods of two (2) years, distributed as follows:

- (a) The Investors Legal Representative: Fiduciaria Colmena
- (b) Three Manager's representatives: (1) Carlos Angulo Ladish; (2) Ana María Bernal; (3) Carlos Fradique-Méndez.
- (c) The Manager's general director or president: Jairo Alberto Corrales; and
- (d) Four independent professionals: (1) Julio Manuel Ayerbe; (2) Ricardo Obregón; (3) Sol Beatriz Arango; (4) Roberto Holguín.

In 2018, the Independent Members of the Advisory Committee had no changes with respect to 2017. This afforded continuity to the follow-up of PEI's evolution and such an important year's growth.

Also, the Advisory Committee's meetings in 2018 were held on a monthly basis and they had an average assistance of 98%, following the guidelines applicable for decision-making purposes in with investments, indebtedness, securities issues, and other duties .

In addition to its ordinary meetings, three strategic meetings of the Advisory Committee were held in February, June, and October 2018.

2 independent members

Sol Beatriz Arango

Production Engineer from Universidad Eafit, with a postgraduate degree in Finances from the same university and a postgraduate degree in Strategic Management from Pace University in New York.

Director Experience



Julio Manuel Ayerbe

Industrial Economist from Universidad de las Andes. President of Organización Corona S.A. and linked for 28 years to Corporación Financiera del Valle, Corfivalle.

Director Experience



Ricardo Obregon*

Business Manager from Universidad Eafit, Master in Economic Development of London University, Executive MBA of Universidad de los Andes.

Director Experience



Roberto Holguín*

Economist from Georgetown University, Specialist in Finance from Universidad de los Andes. Has participated several times in the CEO/WPO seminar at Harvard University.

Director Experience



*Alternates

2 Real Estate Manager Members

Carlos Angulo

Economist from Universidad de los Andes and MBA from J.L. Kellogg School of Management at Northwestern University. Worked for 8 years at Goldman, Sachs & Co. in New York.

Director Experience



Carlos Fradique

Lawyer from Universidad del Rosario. Master in Banking and International Finance from Boston University, Specialist in Financial Law from Universidad de las Andes.

Director Experience



CORPORATE GOVERNANCE

1 Investors Legal Representative President



CORPORATE GOVERNANCE

As to the new Investors Legal Representative (ILR) appointment process, during the investors' assemblies held throughout the year, steps were taken to receive service proposals for the role as ILR from trust companies, in accordance with PEI's Equity Securities Issuance and Placement Prospectus. In order to invite trust companies to submit their proposals, the Manager considered that such companies had no actual or potential conflicts of interest and/or lack of independence, as provided for in Decree 2555 of 2010. Additionally, some of the proposals received did not include all the duties provided for purposes of the Equity Securities Issuance and Placement Prospectus, reason why they could not be nominated. In the end, three proposals were submitted to the investors: Fiduciaria Renta4Global, Fiduciaria Central, and Fiduprevisora. The decision to appoint the Investors Legal Representative requires a special assembly quorum and, during the voting in both the ordinary session of June and the extraordinary meeting of December, it was not possible to make the designation Fiduciaria Colmena's replacement.

Fiduciaria Colmena reiterated its willingness to continue in its role as ILR, until such time as the Investors Assembly makes a decision on the appointment of a new entity qualified to serve as such.

4.2 Relevant information

In connection with the relevant information, the standards for the disclosure of information were maintained in accordance with Decree 2555.

In addition, and in order to facilitate access to vehicle's information, in 2018 a copy of the relevant information published in the SIMEV (Integral Securities Market Information System) was posted in website www.PEI.com.co).

www.PEI.com.co/content/information-relevante-0

4.3 Transactions with Related Parties

In accordance with the good transparency practices to manage the vehicle's transactions, any investment transactions in connection with real estate assets and the execution of lease agreements with companies related to the Real Estate Manager or with any member of the Advisory Committee, must be previously disclosed. This, in order to properly handle any eventual non-participation by the members of the Committee under the current policies.

Investments in assets

In 2018, a binding document for the future acquisition of the D1 Distribution Center in Ibagué, for COP \$28,400 million, was executed. D1 is the hard-discount retail stores brand owned by Koba Colombia S.A.S., a company related to PEI Asset Management.

Lease Agreements

By the end of 2018, PEI had lease or concession agreements executed with companies related to PEI Asset Management. The monthly income from these lease agreements amounts to 3.3% of PEI's average in 2018.

Property	Tenant	Area m ²
Plaza Central Shopping Center	CINE COLOMBIA	3,885
Plaza Central Shopping Center	BOGOTÁ BEER COMPANY S.A.S.	334
Plaza Central Shopping Center	DECAMERÓN	56
Pacífico Free Trade Zone	INDUSTRIA GRÁFICA LATINOAMERICANA S.A.	8,393
City U	BOGOTÁ BEER COMPANY S.A.S.	90
Suppla Salomia Warehouse	SUPPLA S.A.	15,312
Suppla Bogotá Warehouse	SUPPLA S.A.	21,140
El Cortijo – Warehouse 9	SUPPLA S.A.	28,857

In the first half of 2018, Suppla's shareholding, a company linked to PEI Asset Management due to its shareholders' relationship, was sold to DHL. Therefore, from that moment the relationship as a related party disappeared; these contracts represented 2.2% of the portfolio's revenues in 2018.

In furtherance of the vehicle's operation, companies specialized in specific activities are hired; some of such services providers are PEI Asset Management's related or subordinated companies, as follows:

Property Management

Property Management contracts are executed in connection with those Commercial Assets requiring a specialized operator. These contracts include activities related to the asset's general operation. By the end of 2018, 3 of the 12 Commercial Assets with a specialized operator have a contract with Accuro, in shopping centers Atlantis Plaza, Ideo Itagüí, and Ideo Cali. The annual cost of these services is COP \$1,367MM.

Facility Management

Facility Management agreements are common in all of PEI's asset categories (Commercial, Corporate, and Warehouses) and their purpose is the operational management of the buildings' common areas. The associated costs are paid by the tenants through the administration fee and /or expenses common funds.

By the end of 2018, of the 62 horizontal properties where PEI has assets, 6 have contracts with Accuro, as follows: In the Corporate Assets category - Torre Pacific and the Amadeus buildings; in the Warehouses category - Cittium Industrial and Logistics Park; and in the Commercial Assets category -Atlantis Plaza, Ideo Itagüí, and Ideo Cali.

The annual cost of these services is COP \$2,158MM.

Under PEI's Procurement Policy, the Good Corporate Governance Code, and the Advisory Committee's Internal Rules, the previous transactions were submitted to the Advisory Committee's authorization. Each of these was unanimously authorized by the independent members and the Investors Legal Representative.

BODYTECH CALI

CHAPTER 5

FINANCIAL PORTFOLIO'S MANAGEMENT

FINANCIAL PORTFOLIO'S MANAGEMENT

FINANCIAL PORTFOLIO'S MANAGEMENT

2018 was a challenging year for all industries and, particularly, for the real estate sector, which completed almost 3 years of negative cycle, where the economy and companies had to make efforts to advance their businesses and budgets for the year.

The political uncertainty surrounding the electoral process during the first half of the year delayed decisions in connection with the expansion of operations and the opening of new branches and sales points, and accelerated others, such as the cases of multinational companies that left the country. This translated into a deceleration of the business activity during the first months of the year, businessmen refraining from making important decisions and, in general, slow dynamics in the economy's rhythm.

Again, the trade sector faced a difficult year, reflected in lower sales of goods and increases in the debt portfolio, sometimes with situations of insolvency, as was the case of the logistics operation company Redetrans.

PEI's closing of 2018 reflects a year of stabilization with its operational results experiencing a 12% growth compared to 2017, a 4.6% dividend yield, and a 9.08% profitability, much in line with the results for the last year.

The total revenues of COP \$385 thousand million for the year, include the flows from over 140 income generating assets by the end of December, averaging monthly invoices around COP \$32,100 million. In 2018, the commercial stabilization of assets such as One Plaza corporate office building in Medellín and Elemento business tower in the Calle 26 corridor in Bogotá was achieved. On the other hand, assets such as Plaza Central and CityU, which improved their traffic and sales levels metrics, are still below the estimated employment and income generation levels. Also, certain Logistics Assets, such as Redetrans, recorded lower revenues for COP \$3,448 million during the second half of the year, because the company became insolvent under the law.

The operational costs' results were in line with the revenues, as reflected in an 84% operation margin.

5.1 Securities Liquidity

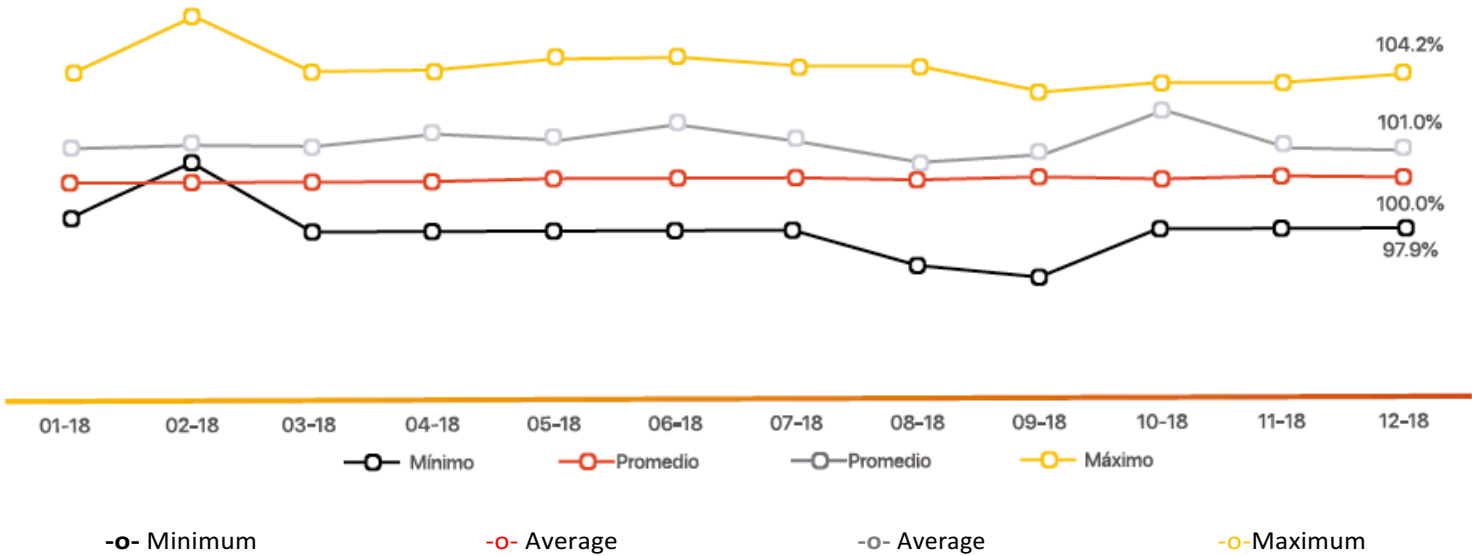
As mentioned earlier, the economy was slow and, in general, had a weak growth in 2018 throughout several economic sectors. This was the case of the capital market, where the of stock market transactions' volume went from COP \$33,54 Bn in 2017 to COP \$35,88 Bn in 2018, i.e. growth in cash transactions of only 6.96% less.

The political uncertainty of the country, mainly during the first semester of 2018, reflected in the capital investors behavior, which showed a rebound in the second half of the year. In the case of the TEIS, the volume of secondary market transactions during the year was COP \$792 kMM, of which COP \$518 MM were registered as of July. The average transaction amount was COP \$225 MM, which is equivalent to an average daily transaction volume (ADTV)¹ of COP \$3,200 million.

In addition, 2018 faced a complex scenario from the investments perspective: the interest rates' reduction on the one hand and, on the other, investment alternatives available in the Colombian securities market that did not offer appealing returns, generated a defensive position from Investors looking for investment alternatives, such as PEI, offering stable cash flows. This meant that, 2018 showed a continuous demand for TEIS, but not an enough supply in the secondary market, boosting the security's average transaction price above the reference value, standing at 101.4%. The spread between the maximum and the minimum was equivalent to 63 bps, a number that has been decreasing over the years, meaning that lower premiums are increasingly paid and that the security's sale becomes less punished.

¹ Average daily trading value

Teis' Price in the Secondary Market (% above reference price)



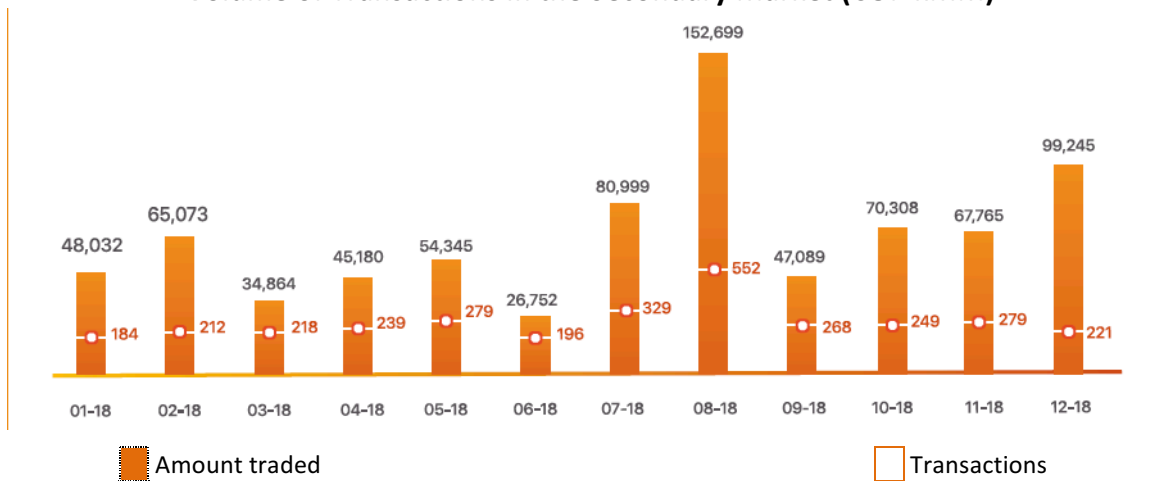
2018						
	Amount Traded (COP kMM)	Number of Trades	% business days traded	Average Vol. traded	Average Col. business days traded	Number of TEIS traded
January	48,032	184	90%	261	2,287	4,770
February	65,073	212	95%	307	3,254	6,458
March	34,864	218	91%	160	1,585	3,503
April	45,180	239	100%	189	2,259	4,484
May	54,345	279	100%	195	2,588	5,363
June	26,752	196	95%	136	1,338	2,610
July	80,999	329	100%	246	4,263	7,963
August	152,699	552	100%	277	7,271	15,205
September	47,089	268	95%	176	2,242	4,664
October	70,308	249	100%	282	3,196	6,888
November	67,765	279	100%	243	3,388	6,572
December	99,245	221	90%	449	4,726	9,569

The months with the highest volume of transactions were August with COP \$153 kMM, December with COP \$99 kMM, and July with COP \$81 kMM. August had the security's historical record of monthly liquidity.

In spite of the situation, the security's trade frequency maintained its level, with an average 96% of business days traded and a 100% record of days traded for half of the year's months.

FINANCIAL PORTFOLIO'S MANAGEMENT

Volume of Transactions in the Secondary Market (COP kMM)



Debt securities

On August 28, 2018, PEI made its first bond's issue for COP \$500,000 million. During the last months of the year, PEI's bonds registered a liquidity close to COP \$134 thousand million; the series with the highest liquidity is the 3-year series, with a 78% of the volume traded. The 10 and 25 years-series, respectively, showed a 15% and 7% of the transactions recorded in the secondary market.

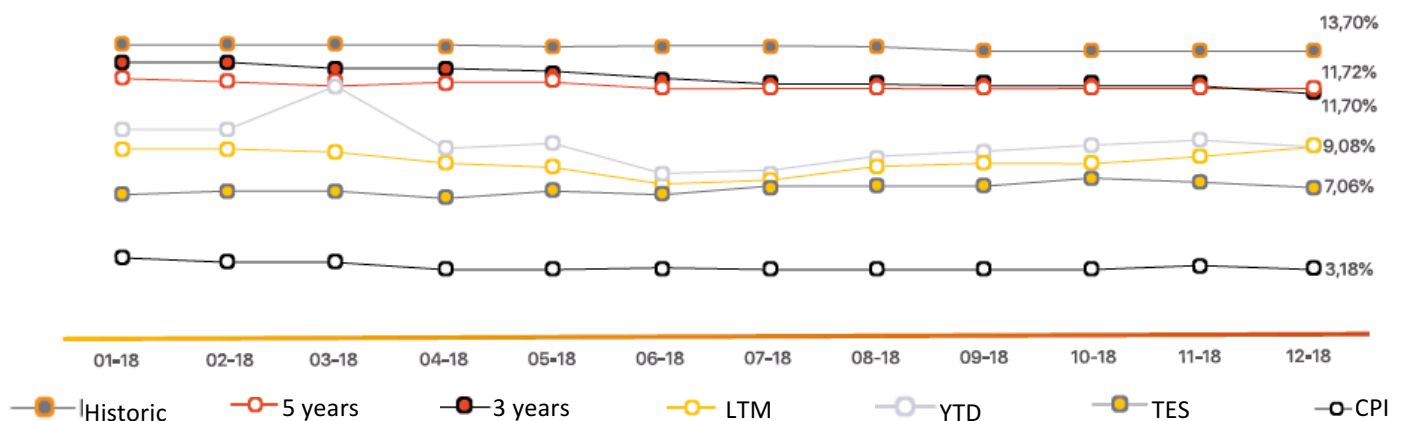
5.2 Profitability

As mentioned earlier, 2018 was a year where the portfolio's stabilization work deepened. This was reflected in the profitability levels.

As evidenced in the graph, long-term returns had a stable trend as follows: around 13% for the 10-year horizon, close to 11% for the 5-year period, and near to 10% for 3 years.

For the twelve-months period corresponding to 2018, the portfolio's profitability was 9.08% E.A., with a flow component of 4.92% and a portfolio's appreciation of 4.02%.

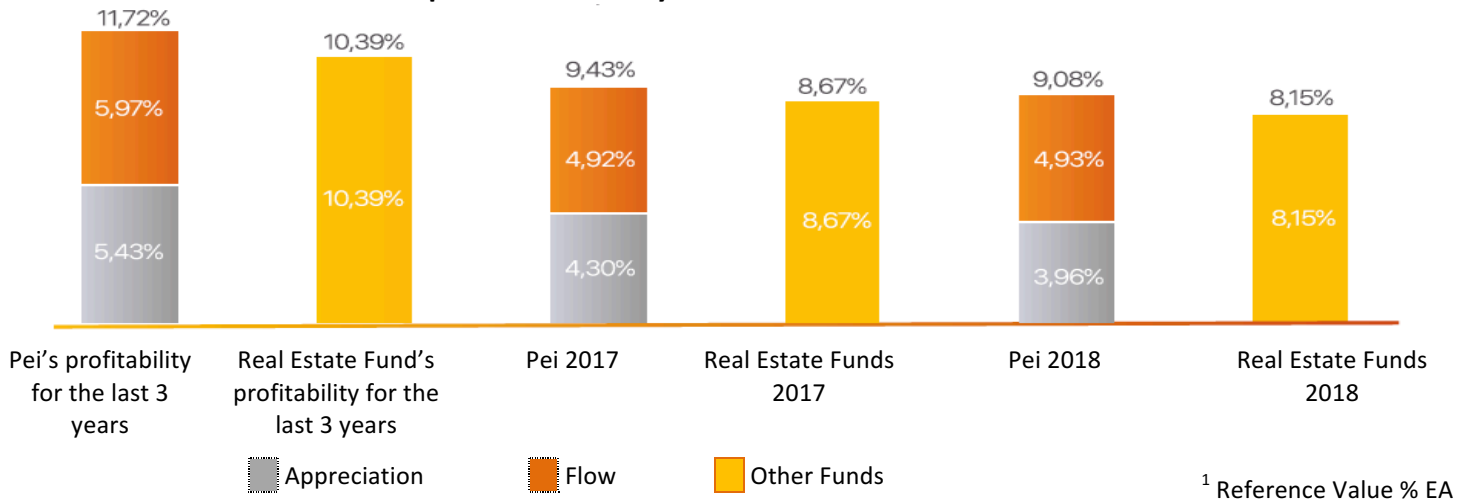
Profitability based on Investment's Term¹



Regarding the previous year and the real estate market's performance, PEI's results:

- In 2018 remained at the same levels of the previous year in terms of cash flow generation, very close to 5% E.A.
- The portfolio's appreciation in real terms was higher than the previous year; in 2018 was 20 bps above inflation, while in 2017 was 4 bps.
- PEI's profitability was 93 bps higher than the real estate market alternatives' average; the vehicle remains as a premium differential investment alternative compared to the other options.

Compared Profitability Pei v. Other Real Estate Funds¹



5.3 Financial summary

Given the nature of PEI's business, whose main purpose is the generation of cash flow from the real estate assets' lease and exploitation, the business's analysis is done by monitoring the operating cash flow therefrom, as observed in the following table:

	2017 (COP MM)	2018 (COP MM)
Operational income	343,620	385,217
NOI	272,720	306,949
EBITDA	255,634	248,189
Cash Flow Before CAPEX¹ and Work Capital	117,217	177,882
CAPEX and Work Capital	23,780	14,091
Distributable Cash Flow	147,178	163,791
Dividend Yield	4,70%	4,62%

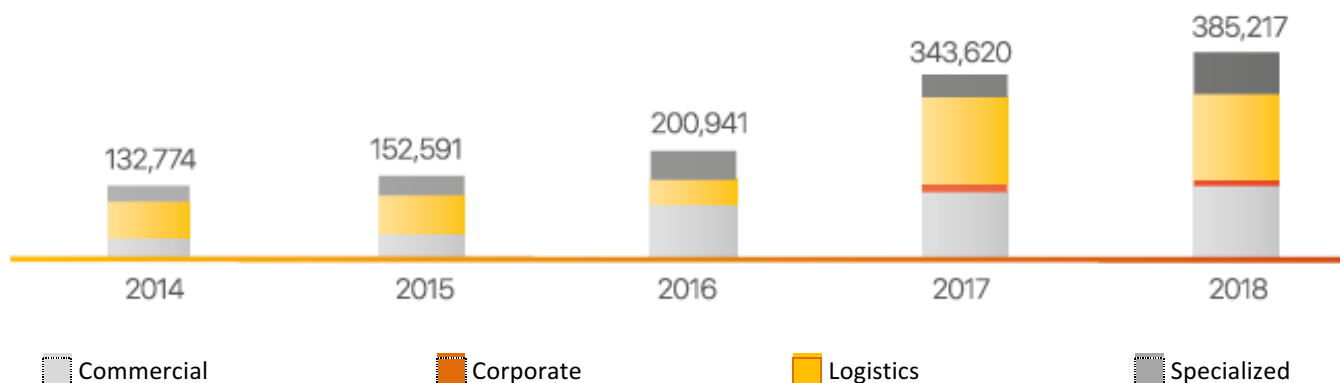
Operating income includes rental revenues from lease agreements and concession contracts on the productive areas of the assets, amounting to COP \$343,409 million, which represent 94.4% of all revenues. Income from coverage is associated with assets under stabilization process, this is, properties that entered PEI's portfolio just after being completed, without having reached the level of occupancy agreed to with the seller. These assets have

¹ Corresponds to improvements of the real estate assets that generate a greater value for the holders of Securities, through investments in the assets making up the real estate portfolio.

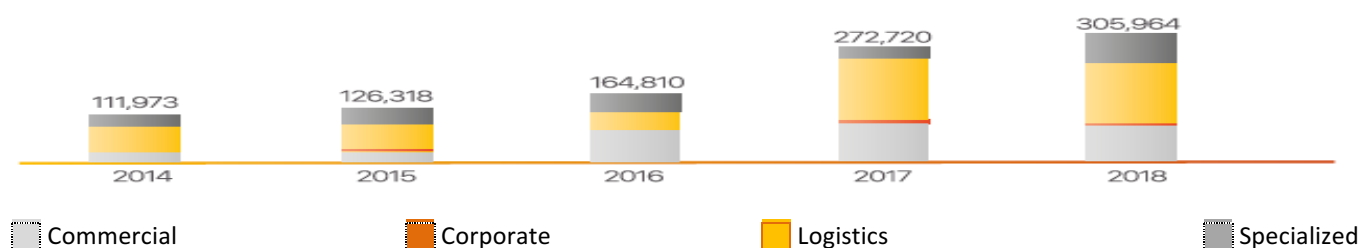
FINANCIAL PORTFOLIO'S MANAGEMENT

a commercial risk coverage-associated scheme as the guaranteed income or preferential flow: this item represented COP \$9,546 million pesos in 2018, 2.6% of the revenues, and the other 3% corresponded to revenue from the parking lots and common areas, mostly in Commercial Assets close to 10,000 million pesos.

Operational Profits (COP MM)



NOI: Net Operating Income (COP MM)



Operating costs registered COP \$39,933 million, from which the main expense is the property tax paid for a total COP \$23,879 million, i.e. 60% of the expense, equivalent to 6.2% of the portfolio's income; this expense's behavior has been difficult to estimate in recent years due to updates in the cadastral values of some properties as a result of certain cities' local tax administrations decisions.

Other expenses associated with the buildings' operation are the Commercial Assets' specialized operators' fees, corresponding to COP \$5,173 million, the insurance program's premium for COP \$2,413 million, and the repairs and maintenance cost for COP \$2,555 million.

Thus, the operating margin or NOI margin (Net Operative Income) was COP \$306,649 million, this is, 84% of the total revenues.

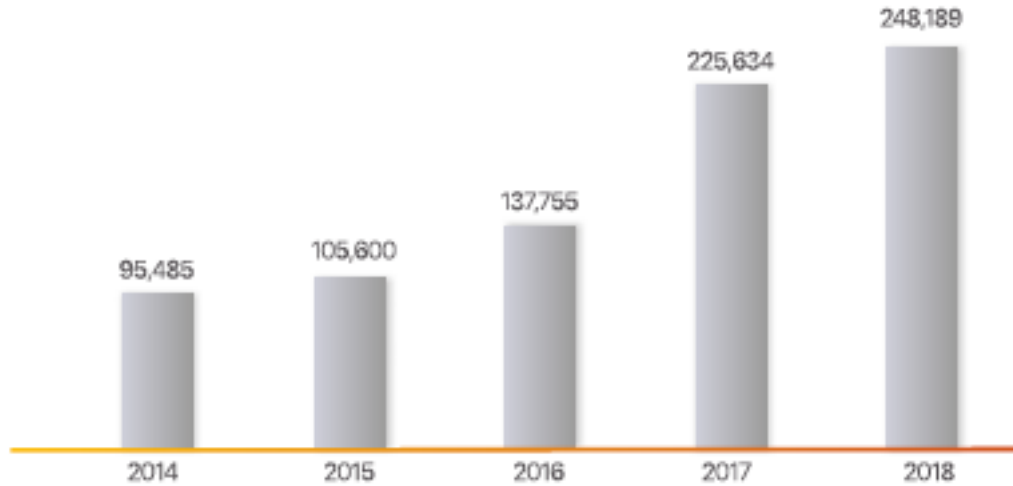
The vehicle's structure expenses were COP \$57,213 million, including the Real Estate Manager's (PEI Asset Management), Management Agent's (Fiduciaria Corficolombiana), Investors Legal Representative's (Fiduciaria Colmena), and the Advisory Committee's fees, among others.

As a result, the EBITDA totaled COP \$248,189 million, this is, 64.4%.

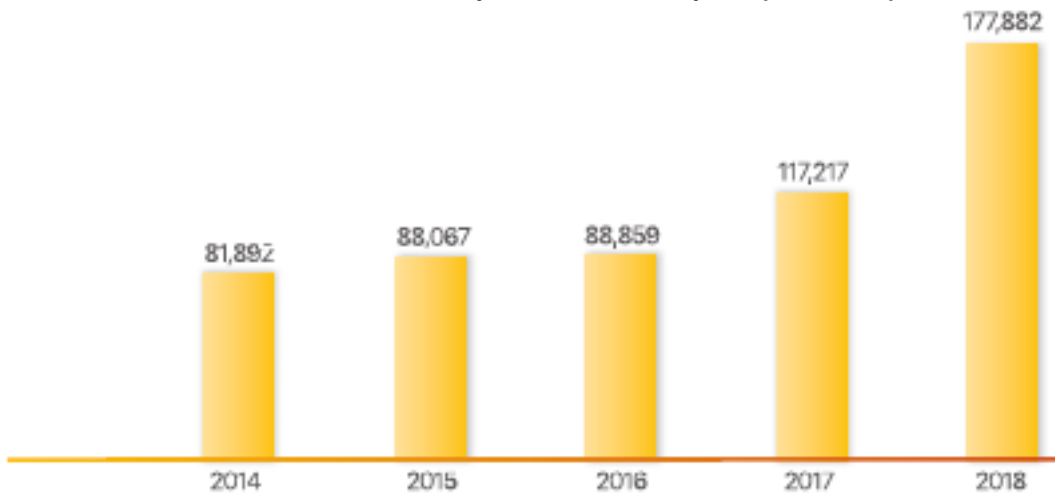
In 2018, a strategy optimizing the capital structure of the vehicle was implemented: a first bond's issue, worth COP \$500,000 million was placed in the market, allowing a reduction of the vehicle's debt cost and an increase of

the debt's average term, aligning it with the lease agreements' expiration. In 2018, the total financial expense's share in the year's income was 17.7%, corresponding to COP \$68,310 million, which represented a 38% decrease compared to the same figure of 2017 and a similar debt level.

EBITDA (COP MM)



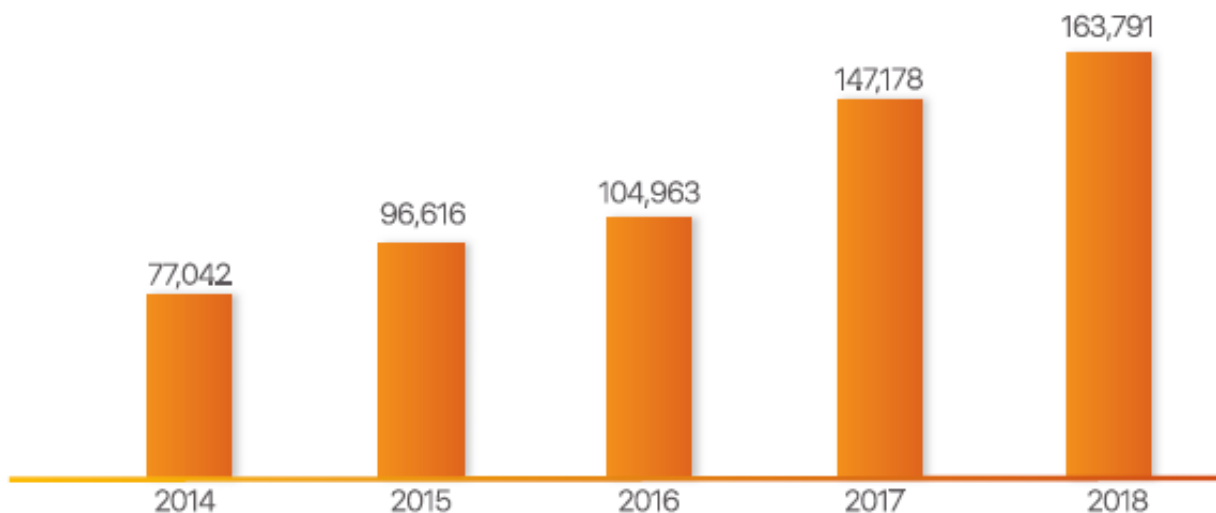
Cash flow before capex and work capital (COP MM)



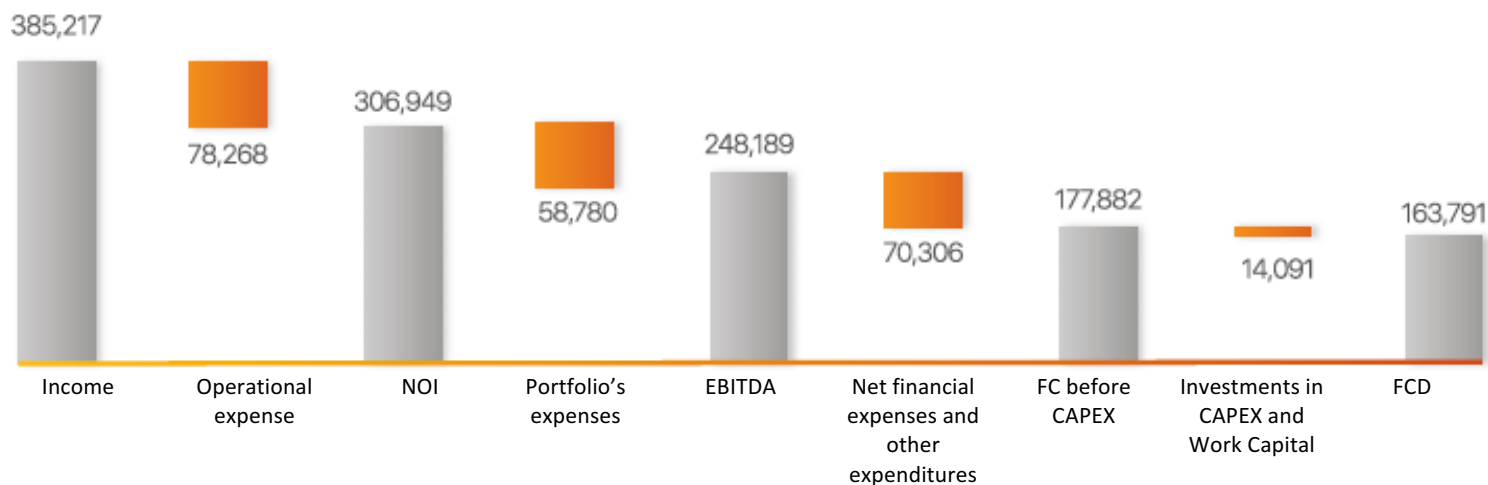
FINANCIAL PORTFOLIO'S MANAGEMENT

Finally, the **Distributable Cash Flow** generated by the operation was COP \$163,791 million, this is, a final margin of 42.5% on the revenues, which means a 4.62% dividend yield's rate on the capital invested for 2018.

Distributable cash flow (COP MM)



Annual distributable cash flow (COP MM)



5.4 Report of Consolidated Financial Years based on Financial Statements for 2018 and 2017

This report is based on PEI's Financial Statements audited by Ernest & Young in 2018, which were prepared and issued exclusively for informational purposes.

The Financial Statements for 2018 were prepared pursuant to the International Financial Reporting Standards (IFRS), as provided for in Act 1314 and its regulatory decrees for the preparation thereof, complying with the IFRS's application in Colombia. The general information purposes Financial Statements objective is to provide information on PEI's financial situation, performance, and cash flows. A fair presentation is a reliable presentation of the transactions' effects, as well as of the operation's events and conditions, in accordance with the definitions and criteria for the recognition of assets, liabilities, income, and expenses.

The Financial Statements are duly certified and reviewed every six months by the Management Agent, Fiduciaria Corficolombiana S.A.

As to PEI's main figures by the end of 2018, the following are worth noting:

PEI's total assets as of December 31, reached COP \$5.4 thousand million, showing a 19% increase (COP \$849,973 MM) compared to 2017, mainly related to the acquisitions of assets in 2018. Six acquisitions were made in 2018, in the following categories:

- Logistics: LG Palmira Distribution Center,
- Commercial: 19.3% share increase in Nuestro Monteria Shopping Center and a local Divercity in the Santa Fe Shopping Center in Medellín.
- Corporate: Torre Alianza and Expansion of the Corporate Building QBE, Floor 8.
- Others: Property 81.13 of the Atlantis Shopping Center (for future expansion).

In 2018, a first Bond Issuance was carried out for COP \$500,000MM, allowing the substitution of short-term financial obligations, optimizing the debt portfolio's financing rate by 38 basic points, and increasing from 7.39% EA to 7.01% EA. As a result of the acquisitions made during the year, PEI's liabilities closed 2018 at COP \$1.8 thousand million, showing a 66% increase (COP \$708.67 thousand million) compared to the previous year.

The equity's value at the end of the year reached COP \$3.6 thousand million, representing a 4% increase (COP \$141.296 MM) with respect to 2017.

Revenues as of December 31 totaled COP \$732,368MM, representing a 15% increase (COP \$93,983MM) compared to the previous year. This growth is represented by the annual increases provided for in the lease and concession agreements, and the lease and concession's income from the properties acquired during the year. Additionally, revenues related to joint operations¹ registered a 20% increase associated with the transactions carried out during the year, such as the annualization effect of the revenues from acquisitions made in the last quarter of 2017, such as Nuestro Monteria Shopping Center, IDEO-Cali Shopping Center, Avianca's Centro de Excelencia Operacional "CEO", and the C26 Corporate Building, as well as the incorporation of a majority stake in five (5) Outlet Shopping Centers, in addition to an increase in revenues and a better performance of some Commercial Assets which continued to advance their stabilization phase, such as Plaza Central-Bogotá, Nuestro Monteria, and Ideo Cali Shopping Centers. Finally, such operations' revenues represented 23.17% of PEI's income as a proportion of the total revenues.

¹ Joint Operation: Agreement between the owners of the shopping centers' operation, where control is shared according to the stake.

INVESTORS RELATIONS

Total expenditures by the end of the year totaled COP \$424.229MM, representing a 17% increase (COP \$60,933) compared to the previous year. This increase is mainly represented by the expenses related to the joint operations, which registered a 12%, increase. This increase came with Plaza Central - Bogotá, Nuestro Monteria, and Ideo Cali Shopping Center's operations stabilization. Additionally, the increment was explained by the growth of the assets under management, which generated greater fees' expense from management, the management agent, and the Real Estate Manager.

As defined in the International Financial Reporting Standards - IFRS, appreciation income and expenses must be presented in separate accounts and cannot be recorded in a single account; however, it must be clarified that the net value of the buildings making up PEI's real estate reached COP \$138,530MM, as a result of the new acquisitions and the CPI's appreciation caused in 2018.

Finally, the accounting profit for 2018 was COP \$308,139MM, represents a 12% increase with respect to 2017. This accounting result does not reflect the distribution of returns, taking into account that the appreciations and depreciations of the real estate assets are not effective revenues and, accordingly, are not reflected in PEI's distributable cash flow.

*Amounts in millions of pesos

ASSETS	2018	2019	VARIATION %
Available	1,271	14,345	-91%
Investments	39,374	57,885	-32%
Accounts receivable	33,114	40,908	-19%
Investment properties	5,329,782	4,464,563	19%
Property, plant, and equipment	98	609	-84%
Operational expenses	31.341	6,696	368%
Total Assets	5.434.980	4,585,007	19%

LIABILITIES	2018	2019	VARIATION %
Ordinary bonds	498,747	-	0%
Bank credits	1,191,006	983,647	21%
Accounts payable	81,534	77,130	6%
Advanced income	17,892	19,726	-9%
Total Liabilities	1,789,179	1,080,502	66%
Total Equity	3,645,801	3,504,505	4%
Total Liabilities and Equity	5,434,980	4,585,007	19%

*Amounts in millions of pesos

INCOME	2018	2019	VARIATION %
Income for use of real estate	305,263	271,499	12%
Investment Properties Appreciation (Net)	138,530	174,815	-21%
Refund Provisions Accounts receivable	1,652	1,213	36%
Income from joint operation activities	78,886	65,832	20%
interest	982	2,048	-52%
Income from parking and common areas	2,789	2,661	5%
Total Income	528,102	518,068	2%

EXPENSES	2018	2019	VARIATION %
Commissions	59,262	51,700	15%
Fee	3,385	2,944	15%
Leases	-	39	-100%
Interest from credits and other obligations ¹	64,868	101,335	-36%
Contributions and affiliations	268	303	-12%
Insurance	2,037	1,960	4%
Taxes	23,830	25,392	-6%
Maintenance and repairs	2,601	2,764	-6%
Impairment	3,399	2,882	18%
Depreciation	-	36	-100%
Joint operations expenses	43,294	38,680	12%
Other operating expenses	6,177	3,646	69%
Administration	10,842	9,857	10%
Prior financial years' expenses	-	1,441	-100%
Total Expenses	219,963	242,979	-9%
Net profit or Loss	308,139	275,089	12%

¹ Within the joint operations' expenses, COP \$2,710 MM and COP \$2,085 MM are included in the financial obligations for 2018 and 2017, respectively.

SEGUROS DEL ESTADO CORPORATE HEADQUARTERS

CHAPTER 6

CAPITAL STRUCTURE

CAPITAL STRUCTURE

CAPITAL STRUCTURE

Initially and during its first two years, PEI acquired the real estate with the investors' capital; thereafter and until the first semester of 2018, the usual mechanism used for the acquisitions was short-term financial indebtedness through banking entities, which was replaced by the investors' capital at the time of placing an equity securities issue.

In 2018, PEI positioned itself as the first real estate vehicle in Colombia to issue ordinary bonds in the stock market. The first issuance of the Ordinary Bonds' issuance and placement program was carried out under an ordinary bonds issuance and placement program authorized by the Financial Superintendency of Colombia.

The first issuance of PEI's bonds was worth COP \$500,000 million and meant aggregate values for the vehicle and its investors, generating savings in financial expenses, harmonizing the financing term with the assets' generation of income term, and aligning the debt's indexation metric with the income's update to the CPI metric, which allowed a natural coverage for the financing cost.

6.1 Bond Issuance

The bonds' issue was structured in 3 series of 3, 10, and 25 years. The results of the placement were with a bid to cover 1.55x the amount placed and 1.94x the base amount offered to the market (COP \$400 thousand million), with a weighted 7.05%, debt cost that allowed cuts for up to 30 bps (basic points) below the proposed ceiling rates.

SERIES	CEILING RATE	MINIMUM RATE	DIFFERENCE	AWARDED RATE	DIFFERENCE	AWARDED	BID	BID COVERING BASE AMOUNT	BID TO COVER PLACED AMOUNT
3 years	3,20%	2,60%	-0,60%	2,79%	-0,41%	116,005	254,592	2,94x	2,19x
10 years	4,25%	3,78%	-0,47%	3.96%	-0,29%	209,426	316,325	1,89x	2,19x
25 years	4,60%	4,10%	-0,50%	4.30%	-0,30%	174,569	207,069	1,48x	1,18x
Weighted Cost				7,05%		500,000	777,986	1,94x	1,55x

As for the award process, the premise was to increase the debt's term optimizing the rates demanded. The 10 years-series had the highest bid with COP \$316 thousand million, and the 25-year series had excellent cut-off rates, which is why 84% of the amount was awarded; 65% of the 10-year series was bid, and 46% of the 3-year series bid was awarded. For the 3-year series, cut-off rate was the CPI + 2.79%, 41 bps below the ceiling rate; in the 10-year series, the cut-off was the CPI + 3.96%, 29 bps below its ceiling rate; and for the 25 years-series, the cut-off was 30 bps below, at the CPI + 4.30%.

The final award per series was the following: COP \$209 thousand million for the 10-year series, representing 42% of the issue; COP \$175 thousand million for the 25-year series, equivalent to 34.9% of the issue; and the remaining 23% for the 3-year series, with COP \$116 thousand million.

With the bonds' issuance, the cost of the vehicle's debt reduce, reaching a 7% E.A. weighted average cost.

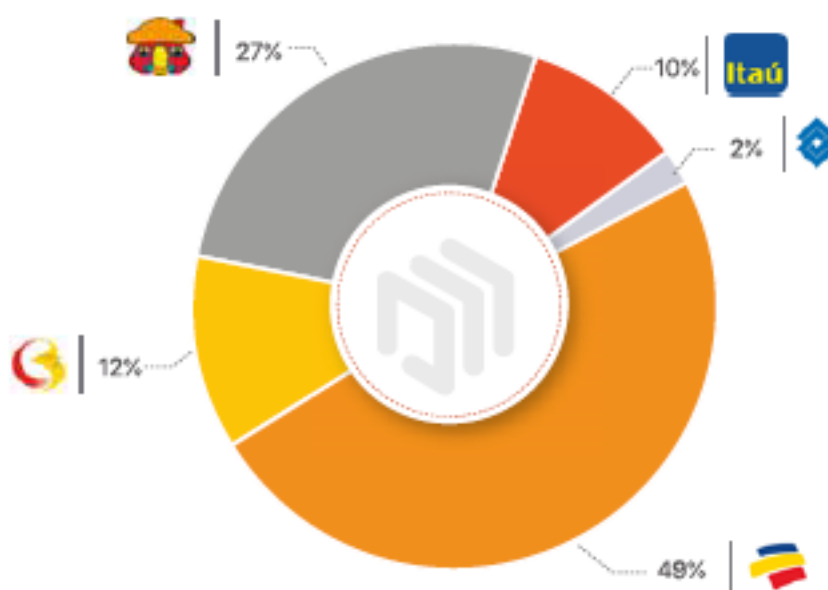
As of the second semester, the strategy of increasing the duration of the debt term was reflected, investing the distribution between short- and long-term debt.

6.2 Indebtedness

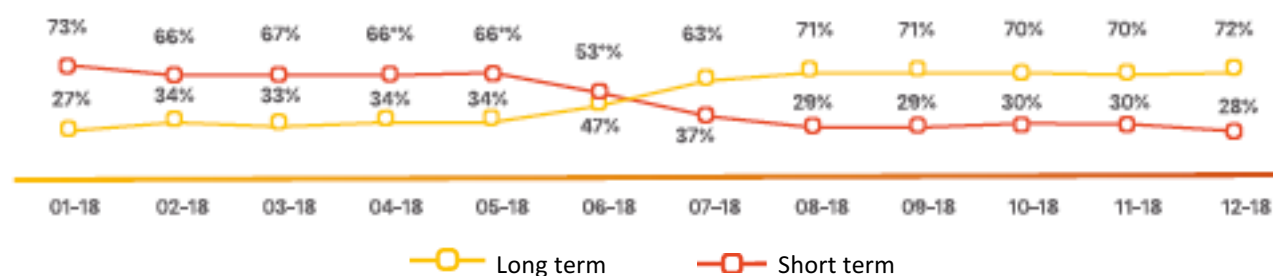
In 2018, the financial entities' diversification for the expansion and opening of credit lines was worked on. This made it possible to advance a credit study process with two new banks, which resulted credit in lines for COP \$250 thousand million pesos for PEI.

Thus, by the end of December, PEI had credit lines with 5 different national banking groups, approved for COP \$2 thousand million, as shown in the graph and assessment processes with international financing entities:

Credit lines with financial entities (% on total amount)



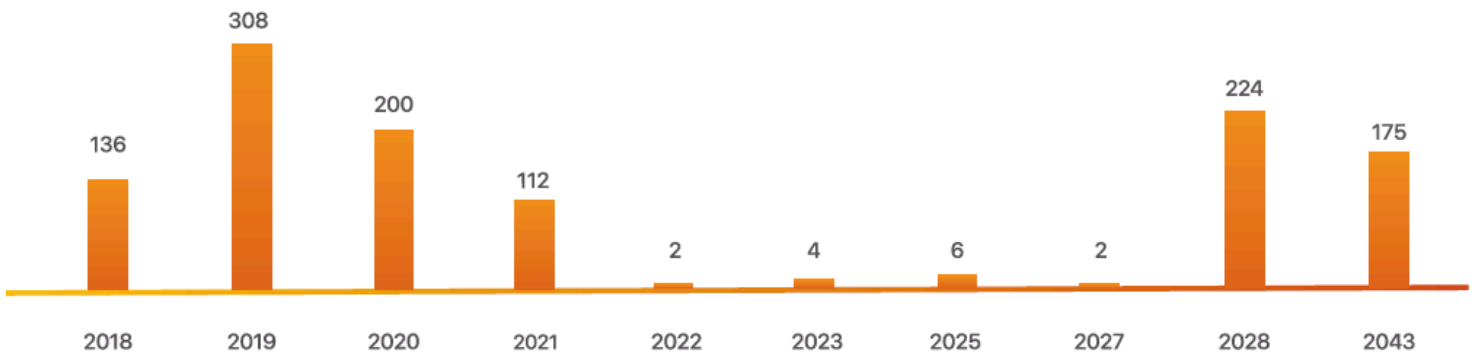
Debt's behavior (% EA)



As of the second semester, the strategy of increasing the debt's term duration was reflected, investing the distribution between short and long-term debt.

CAPITAL STRUCTURE

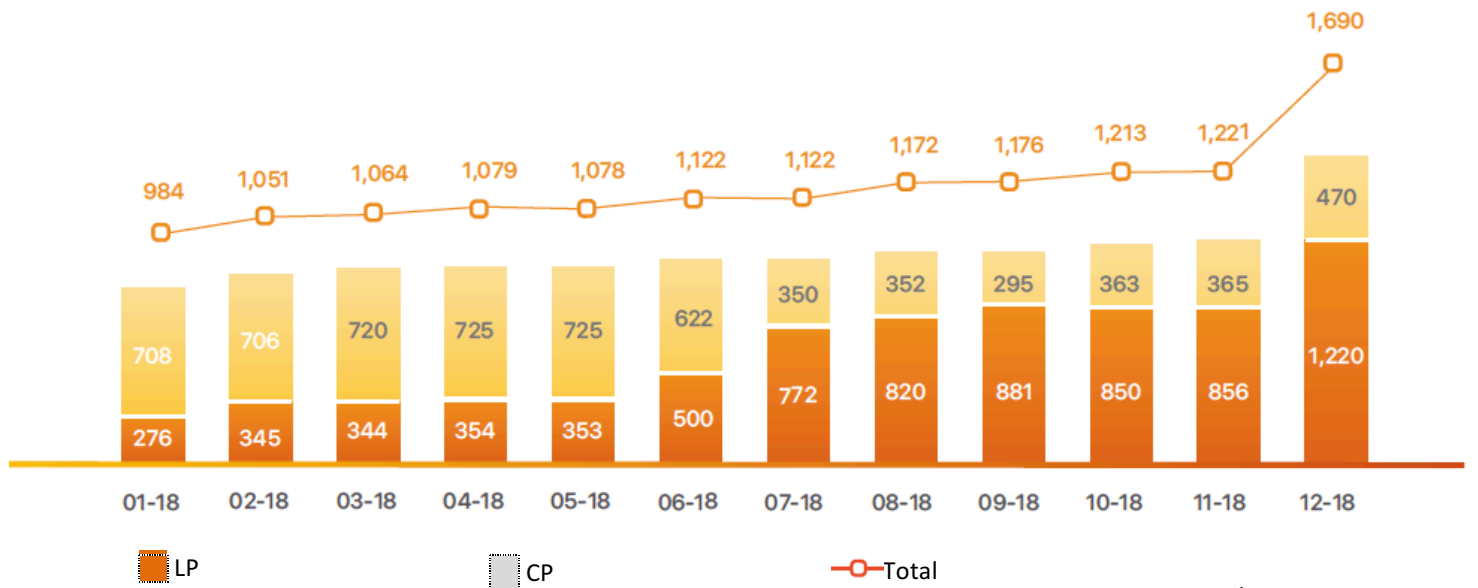
Profile of debt maturities COP kMM)



In 2018 the debt's level remained within the indebtedness limits established, as seen in the graph, closing the year with the indebtedness measurement metric's update over the assets, in accordance with the Investors Assembly approval.

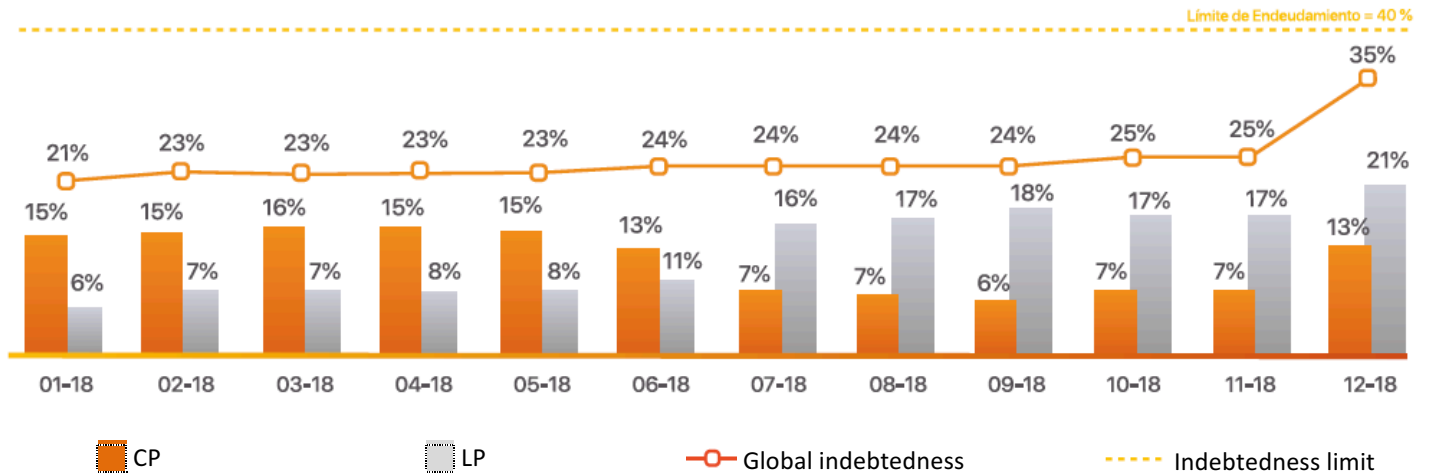
Thus, by the end of 2018 the vehicle's total indebtedness limit represented 35% of the assets, with a 40% limit.

Indebtedness level 2018 (COP kTM¹)



¹ Measured on the equity

Indebtedness limit 2018¹ (% of AUM)



¹ Measured on the AUM

6.3 Equity Securities Program

As for the Equity Securities Program, by the end of 2018 the global ceiling approved therefor remained at 5 thousand million pesos, of which 2.9 thousand million have accumulated in the value of the issue, with 10 tranches placed on the market as of December 2018.

In 2018 no equity securities were issued, so the source to replace the bank debt during the year were the resources from the bond's issue, this is, COP \$500,000 million.

PLAZA CENTRAL SHOPPING CENTER

CHAPTER 7

REAL ESTATE MARKET'S

BEHAVIOR

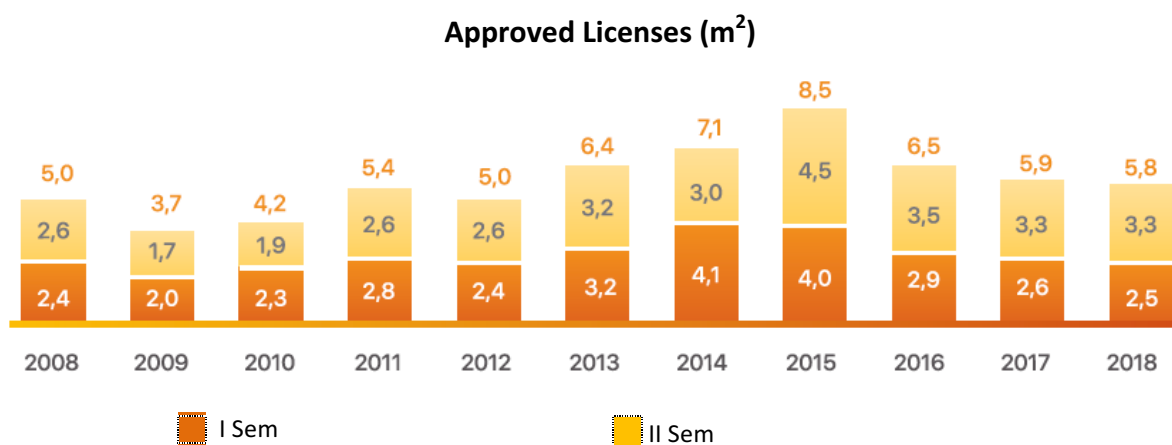
REAL ESTATE MARKET'S BEHAVIOR

In general terms, 2018 was a year marked by high vacancy levels and a decline of market prices, making it a favorable scenario for both purchasers and tenants. However, the inventory absorption levels performed fine, allowing us to foresee a rebound of the real estate cycle and expect vacancy declines and price increases during the next 12 to 18 months.

7.1 Approved Licenses

As of December 2018, over 22.4 MM m² of construction licenses have been approved, including housing licenses in Colombia that represent a 4.6% decrease compared to the same period of 2017. This result is explained by the 5.9% housing licenses and 0.9% non-residential licenses decreases. Although approved non-residential licenses decreased in sectors such as Warehouses, Hotels, and Commerce by 635,551 m², the offices and industry sector contributed 354,192 m² in new construction licenses.

The Bogotá's Mayor Office is expected to approve a new Territorial Ordering Plan (TOP) in 2019, which may generate a considerable increase of the licenses approved for the different categories within the country's capital, as it has been traditional upon the TOP's update.



Source: Construction licenses' statistics (CLS), DANE – Calculations: PEI Asset Management

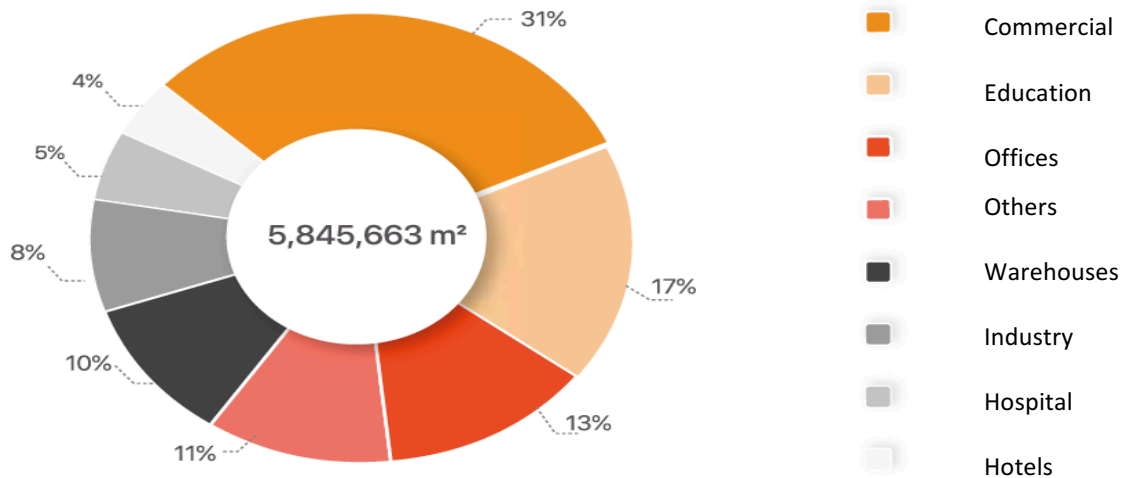
Non-residential licenses approved per economic sector

Of the licenses approved for non-residential uses as of December 2018, the commercial sector had the largest share with 31% (1.8 MM m²), followed by Education with 17% (1.0 MM m²), and Offices with 13% (0.8 MM m²).

The office category had the highest increase in licensed m², with 0.8 MM m² approved, a 55% increase compared to the same period of the preceding year. On the other hand, the licenses approved for the industrial sector closed at 0.5 MM m², increasing by 20% compared to the same period of the preceding year.

In the commerce sector, 1.8 MM m² were approved, decreasing by 6% compared to the same period of the previous year. Similarly, in the warehouses sector the number of approved licenses declined by 39%, so that 0.6 MM m² were approved by the end of 2018.

Non-residential licenses approved per economic sector (% on m²)



Source: Construction licenses' statistics (CLS), DANE – Calculations: PEI Asset Management

Non-residential licenses approved per department and in Bogotá D.C.

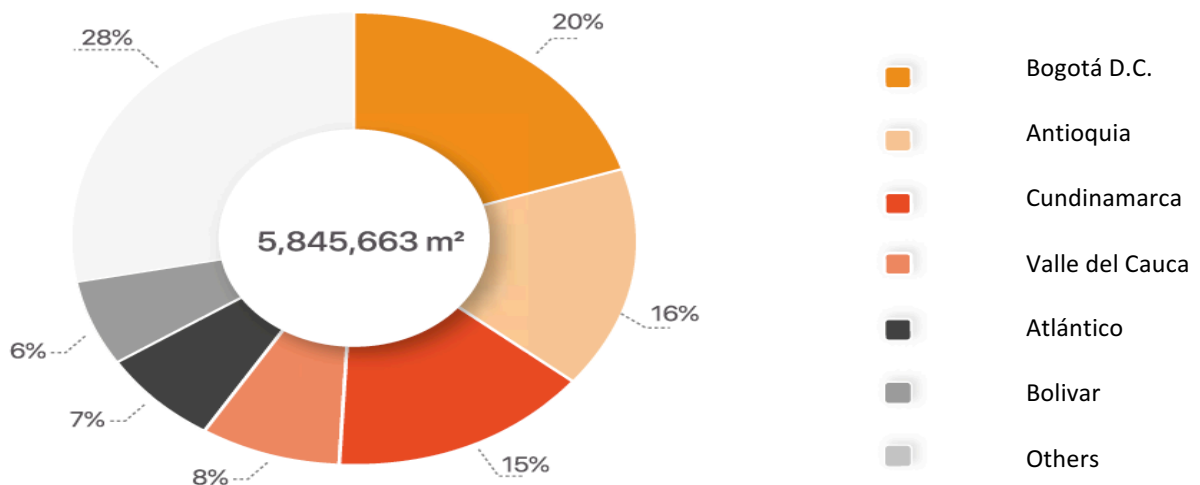
It worth noting that 51% of the approved non-residential licenses concentrated in the city of Bogotá and the departments of Antioquia and Cundinamarca, where 1.2 MM m², 1.0 MM m², and 0.9 MM m² were licensed, respectively.

The approved licenses m² increase in Bogotá, with 205,808 m², equivalent to 11%, is significant compared to the same period of the previous year. Th office sector was the main driver.

Within the principal departments, the most dynamic ones, compared to the same period of the previous year, were Cundinamarca with a 77,029 m² increase, followed by Bolívar with a 66,033 m² increase, and Atlántico with an increase of 58,994 m² of approved non-residential licenses .

It should be noted that, in the case of Cundinamarca, the non-residential licenses' 10% increase was driven by the warehouses and hospital sector, while the commercial and offices largely sector drove Bolívar's 24% increase of approved licenses. Finally, in Atlántico, the approved licenses' increase was driven by the commercial and industrial sectors.

Non-residential licenses approved per department and in Bogotá (% on m²)



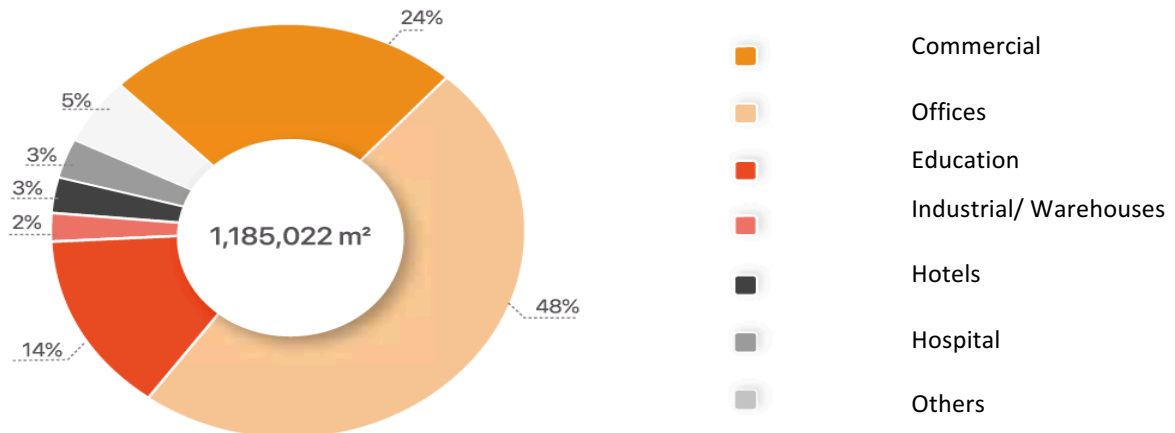
Source: Construction licenses' statistics (CLS), DANE – Calculations: PEI Asset Management

REAL ESTATE MARKET'S BEHAVIOR

In Bogotá, more than 1.2 MM m² were approved, equivalent to a 20% share of the national total. The office category grew by 259,196 m², reaching a total 572,323 licensed m², followed by commercial, which increased by 49,329 m², achieving a total 277,434 licensed m². Lastly, as of to date, the hotels sector grew by 15,723 m², for a total 32,551 m² in approved licenses.

On the other hand, the approved licenses in the education sector declined by 44%, equivalent to 140,363 m², reaching a total 179,220 licensed m². Likewise, in the warehouse sector the approved licenses decreased by 4,541 m², placing the total at 1,703 licensed m².

Non-residential licenses approved in Bogotá per economic sector (% on m²)



Source: Construction licenses' statistics (CLS), DANE – Calculations: PEI Asset Management

Each of the categories' performance for the non-residential inventory of m² showed the following behaviors in terms of inventory, vacancy, and rental prices:

7.2 Office market's behavior

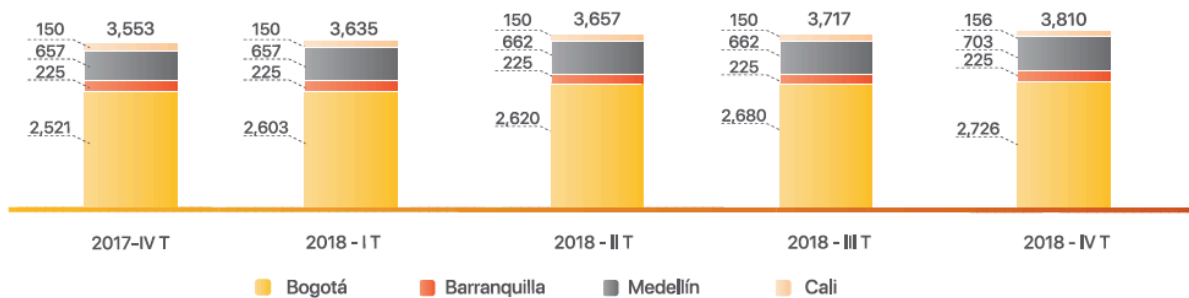
According to Colliers International¹, the inventory of the four main cities of the country as of December 2018 was 3.8 MM m², representing a 7.2% increase with respect to the same period of the previous year. Inventories increased in three of the four cities, save for Barranquilla, which maintained its inventory at 225 thousand m². Bogotá D.C. closed the year with an inventory of 2.7MM m², representing a 72% share of the national total. Medellín reached 730 thousand m² of inventory, growing 7% compared to the same period of the previous year. On the other hand, Cali increased its office inventory by 4%, closing at 156 thousand m².

In Bogotá, the inventory increased because 23 buildings, such as Central Point, Elemento Torre Agua, Plaza Claro, and Torre 100 began to operate, representing 55 thousand m² (2% of the total inventory). It is worth noting that, in the coming years, around 593 thousand m² will be represented by 39 new projects, of which 44% are type A buildings, among them Urban 165, Torre 126, and Floresta Business Center. Additionally, 33% of the projects will be type A+, with Atrio's North Tower standing out with 61 thousand m² and 7-100 with 69 thousand m²; the remaining 23% of the projects will be type B.

In Medellín, the 7% increase resulted from the entry of 41 thousand m² represented in 5 projects located in Las Palmas and El Poblado corridors. Within these projects, BIO 26 Torre Norte, Q Office, 35 Plams, and Square Trade & Home buildings stand out. 89% of the new office supply in Medellín concentrates in Las Palmas and El Poblado corridors and, by 2019, the delivery of 4 projects totaling more than 46,000 thousand m² is expected.

With respect to Cali, the 4% inventory's increase resulted from the completion of the Zona América 1 building, with 7 thousand m² of corporate area. It worth noting that, by 2019, no significant variations are projected in the city's inventory; however, the Zona América project, southbound of the city, seeks to be the first free trade zone focused on services and technology, with a long-term goal of housing 18 office buildings.

Inventory of offices per city (MM m²)



Source: Office Market Report Q4 - 2018, Colliers International – Calculations PEI Asset Management.

The Corporate Assets ' average market vacancy stood at 11.8%, equivalent to 449 thousand m², compared to the same period of 2017. Vacancy in the four cities was reduced by 0.3%.

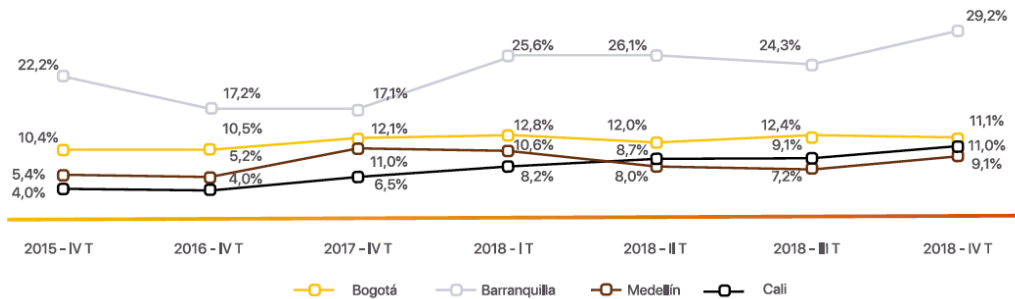
For several years. Barranquilla has shown oversupply levels in the category, particularly with the vacancy closing 2018 at 29%, due to the inventory's increase resulting from new buildings such as Centro Empresarial Atlántico and Centro Empresarial Buenavista, which continue to show a high availability percentage and low absorption.

As to Cali, the vacancy rose from 6.5% to 11% due to the offer in buildings such as Word Trade Center, Centennial Business Center Tower, and ZF Towers Versailles in the north of the city.

On the other hand, vacancy decreased in Bogotá by 1% compared to the previous year, mainly because of the occupation of large spaces by Coworking companies, government companies, and BPOs.

Finally, Medellín was the city with the highest vacancy reduction, declining 2% from 11% to 9%, as a result of the rapid absorption of the city's type A buildings.

Total vacancy percentage



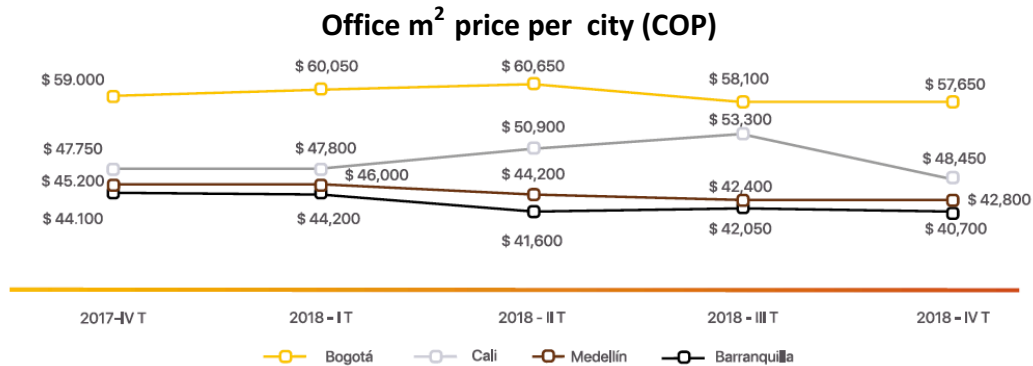
Source: Office Market Report Q4 - 2018, Colliers International – Calculations PEI Asset Management.

In general terms, the rentals' market prices in the four main cities decreased, showing a negative variation of 4% compared to the closing of 2017. Due to its high vacancy levels, Barranquilla was the city with the greatest price variation, recording an 8% fall. In Medellín, prices decreased by 5% compared to the end of the previous year, as a result of the demand's shift toward type A buildings, which forced prices to decrease for the available spaces in type B buildings.

REAL ESTATE MARKET'S BEHAVIOR

Bogotá D.C. had the highest values per m² in the country, with an average COP \$57,650. These prices showed a 1% downward trend compared to the same month of the previous year.

On the other hand, Cali's office prices decreased by 1% compared to the end of 2017; however, during the second and third quarters of the year rental prices increased in the city as a result of the entry of type A building inventory.

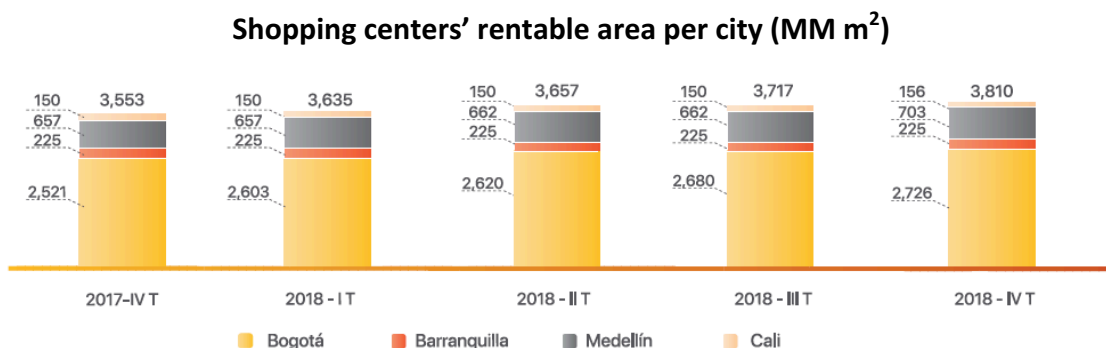


Source: Office Market Report Q4 - 2018, Colliers International – Calculations PEI Asset Management.

7.3 Commercial market behavior

The analysis carried out by La Galería Inmobiliaria, a company with over 20 years of experience in the real estate sector and managing a database of 174 shopping centers in different areas of the country, reported more than 3.3 MM m² of rentable area in Shopping Centers by the end of the third quarter of 2018 in the 4 main cities of the country, showing a 7.4% growth compared to the same period of 2017. This resulted from the entry of four new shopping centers, including Viva Envigado in Medellín with 105 thousand m², consolidating as the largest shopping center in the country, in addition to La Central and Plaza Arrayanes shopping centers. In Bogotá, Gran Plaza Ensueño and Plaza Claro were inaugurated, totaling 75 thousand m². Also, La Central, De Moda Outlet, and Plaza Arrayanes shopping centers entered the market in Medellín, and Carnival shopping center in Barranquilla.

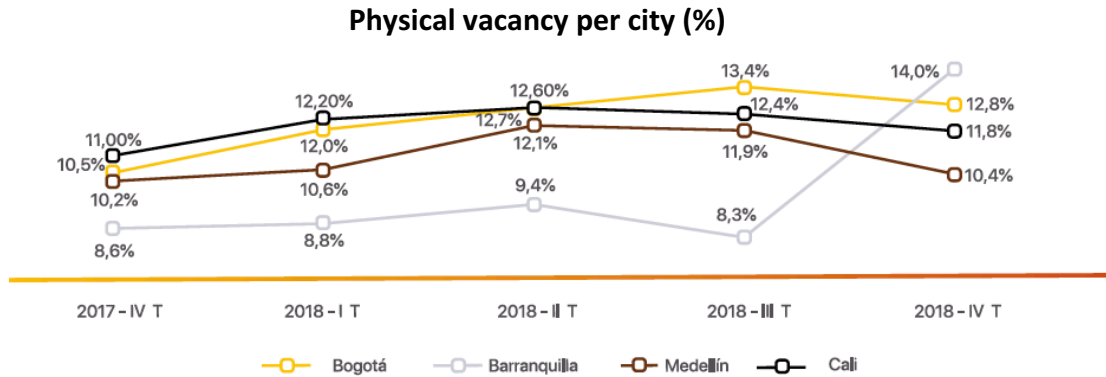
According to La Galería Inmobiliaria's reports for 2019, nine projects are expected to open during the second half of the year in the 4 major cities of the country, equivalent to over 333 thousand m². In Bogotá, 145K m² concentrated in the Paseo Villa del Rio and El Edén 1st Stage projects are expected. In second place is Barranquilla, where a new offer of 122 thousand m² is expected, distributed in the Allegra projects, and Mall Plaza, Plaza Campestre, and Plaza 63's expansions. Cali follows with two new projects, Marcas Mall and Cosmocentro 360, totaling 57 thousand m². Finally, 9 thousand m² are projected to operate in Medellín, with the opening of Pradera del Sur Shopping Center.



Source: "Comercio 01-19 Presentation", La Galería Inmobiliaria – Calculations PEI Asset Management.

The shopping centers' vacancy closed in the third quarter of 2018 at 12.3% and 409 thousand available m². Compared to the same period of the previous year, the available m² increased in 73 thousand m².

According to La Galería Inmobiliaria¹, there was a general increase in vacancy in the four main cities of the country. In Barranquilla, physical vacancy increase by 5.4%, due to the opening of Carnival shopping center, which marked a 59% vacancy. In Bogotá, vacancy increased by 2%, translating into 45 thousand m², as a result of new offerings in the market such as Plaza Ensueño shopping center and Plaza Claro, which registered a 33% vacancy. The case was similar in Medellín, where the new shopping centers incorporated a significant supply of m², leading Medellín's commercial category to register a vacancy of 10.4%. In Cali, vacancy did not show major variations, although it increased in 3 thousand m² or 0.8%, corresponding to 5 thousand m².



Source: "Comercio 01-19 Presentation", La Galería Inmobiliaria – Calculations PEI Asset Management.

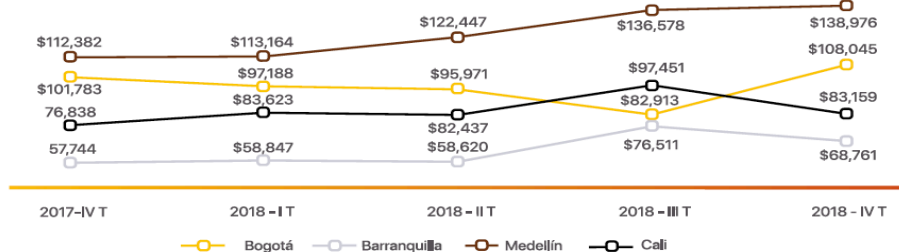
The average price per m² in the four main cities of the country stood at COP \$399,735, increasing by 14% compared to the same period of 2017. In the case of Medellín, the price per m² increased by 24%, in large part because of the new offerings in shopping centers such as Viva Envigado, La Central, and Plaza Arrayanes which, due to their location and high demand, showed a value per m² of COP \$154,032, boosting the shopping centers' average rental price in the city.

Likewise, the prices per m² in Barranquilla increased by 19% due to new offerings in the Super Regional shopping centers, of the demand within them [sic], which evidenced in the city's vacancy decrease.

On the other hand, the average price increased by 6% in Bogotá, reaching COP \$108,045.

As to Cali, prices per m² reached on average COP \$83,159 per m², growing an 8% compared to the previous year, due to the increase of available spaces in shopping centers such as Unicentro and Chipichape, which marked the prices per m² around COP \$150,000.

Market prices in shopping centers for the four main cities of Colombia (COP)



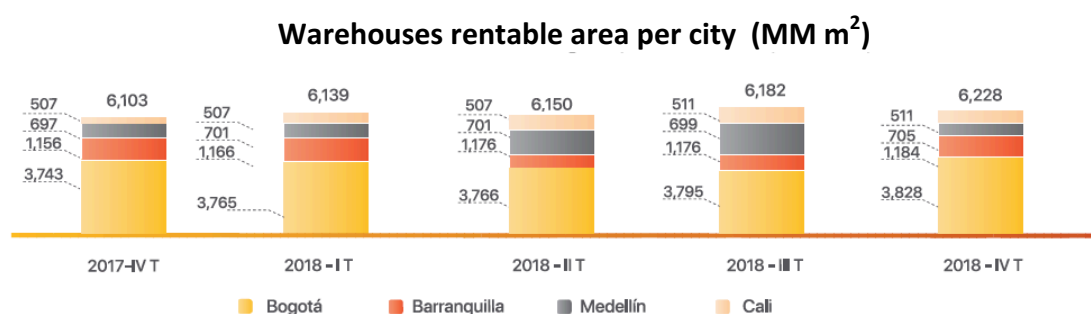
Source: "Comercio 01-19 Presentation", La Galería Inmobiliaria – Calculations PEI Asset Management.

7.4 Warehouse market's behavior

Based on the studies of Colliers International¹, the warehouses inventory in the four main cities of the country, as of December 2018, was 6.2MM m², representing a 2.0% increase over the same period of the previous year². The cities with the greatest dynamism were: Bogotá and its neighboring areas, due to the entry into operation of several industrial parks such as Interpark, Logika Siberia, and Zol-Funza; and Barranquilla, with Hada's warehouse expansion in La Cayena Free Trade Zone (asset owned by PEI) and the start of operations of the Zilog and Las Américas industrial parks.

By the end of 2018, Bogotá D.C. and its neighboring areas closed with an inventory of 3.8MM m², which represents a 2% increase, i.e. 85K m². Barranquilla increased its inventory by 28K m², followed by Medellín with 8K m², and finally Cali, which grew by 1%, equivalent to 5K m².

An increase is expected for 2019 in three of the main cities of the country. In Barranquilla, a large increase in inventory is projected due to the completion of projects, especially warehouses with BTS characteristics, which would contribute over 944K m². Bogotá and its neighboring areas will show a similar behavior, with an inventory increase expected in 2019 due to the development of BTS warehouses and the consolidation of industrial parks in municipalities near the capital. Medellín is also expected to have the same dynamics, given the entry of industrial parks such as Qbox, Quality Center, and Parque Industrial Fote, among others. Finally, lower growths are expected for Cali, compared to other cities, because few construction projects are currently being developed in the region.



Source: "Comercio 01-19 Presentation", La Galería Inmobiliaria – Calculations PEI Asset Management.

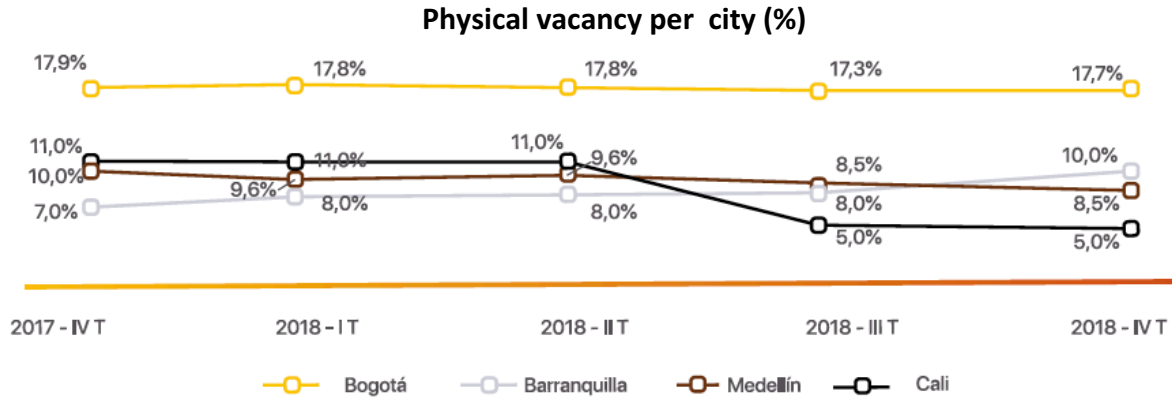
The average market vacancy in the warehouses stood at 14.2%, equivalent to 881K m². Compared to the same period in 2017, the vacant meters increased by 5K m².

Cali had the largest vacancy reduction, decreasing by 6% due to the entry of companies mainly focused on the food sector in the region, which occupied the available spaces. Medellín recorded a 1.5% vacancy reduction compared to the end of 2017, resulting from an increased demand, particularly by auto-parts importers, and the food, logistics, and textile industries.

Bogotá and its neighboring areas have vacancy oversupply levels of 17.7%, mainly due to the unemployment resulting from migrations to warehouses with better specifications and built-to-suit CEDIs.

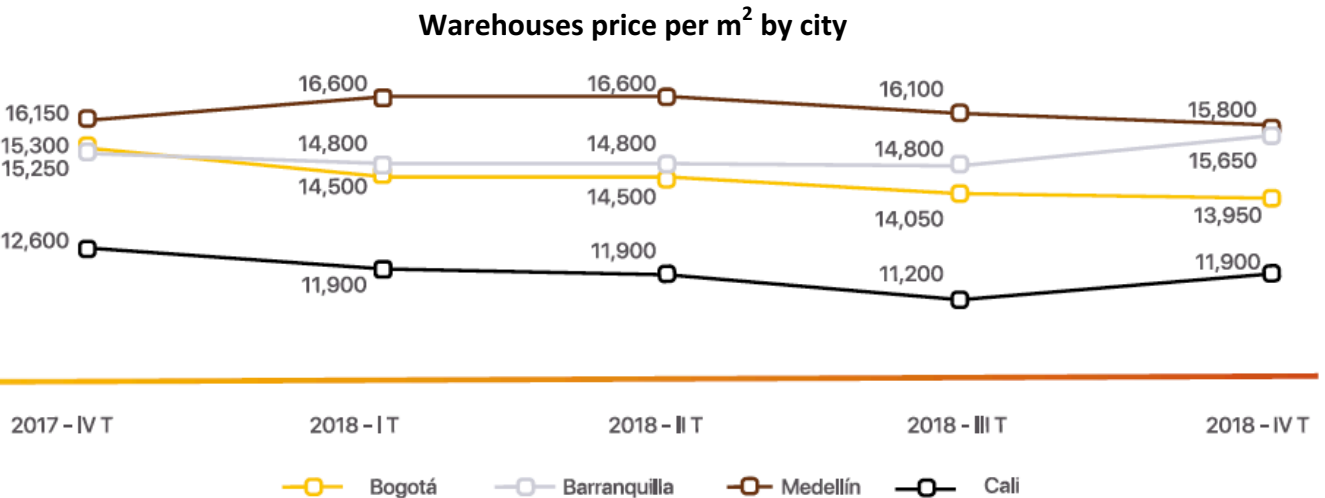
Barranquilla showed a 3% vacancy increase compared to the end of 2017, consequence of the offer's growth in different sectors thereof and in industrial parks such as Las Américas and Malambo-PIMSA.

According to the Monthly Manufacturing Survey published by DANE in November, the industrial sector's figures for the end of 2018 show recovery, revealing an annual 4.7% variation in real production and a 4.8% increase in sales, evidencing a good economic outlook for the end of the year. Therefore, a reduction of the warehouse inventory's oversupply may be expected by 2019, both for industrial park projects and warehouses under the BTS model.



Source: Office Market Report Q4 - 2018, Colliers International – Calculations PEI Asset Management.

In general terms, the average market prices in the warehouse category decreased by 3%. In the case of Bogotá and its neighboring areas, the average value per m² (COP \$13,950) decreased by 9% compared to the same period of the preceding year, as a result of the high vacancy levels of different corridors in the category. Cali had a 6% decline of the average rental fees, due to a reduction in the availability rate of A-type warehouses and Free Trade Zones, while B-type warehouses' availability increased by 1% driving the market price downwards. Finally, in Medellín, where market prices reduced by 2% due to the Free Trade Zones' price adjustment resulting from long availability periods, the case was similar with A+-type warehouses. As to Barranquilla, the average rental fee increased by 3% compared to the closing of the fourth quarter of 2017, mainly driven by the offer of properties with better specifications in the Barranquilla Free Trade Zone and in A+-type warehouses.



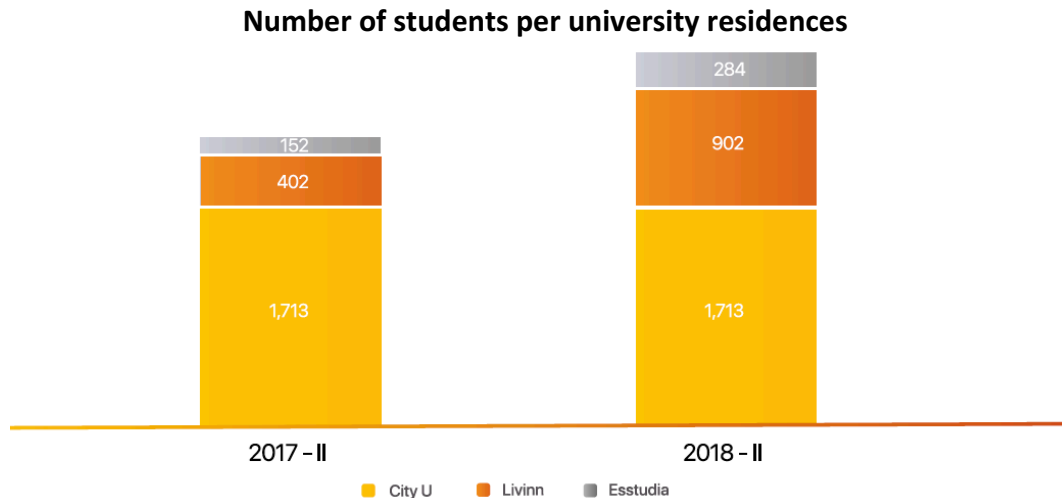
Source: Office Market Report Q4 - 2018, Colliers International – Calculations PEI Asset Management.

7.5 University residences

According to information from the Ministry of Education of Colombia, 4,689,279 students are enrolled at undergraduate and graduate levels, and 52% of them are located in Bogotá D.C. This reveals the city's need and potential to host a university residences business mode. Additionally, the plentiful benefits of living in university residences, such as the networking and academic performance's improvement have been demonstrated, helping to reduce student desertion in the first semesters. This is a completely new category in the Colombian market though, posing challenges for everybody: developers, investors, operators and, of course, users.

In 2018 the inventory of rooms in university residences in Bogotá grew over 28% due to new offerings in Livinn¹ and Esstudia⁴³.

The center zone of Bogotá concentrates 95% of the offering of university residences, due to their proximity to Los Andes, Rosario, Externado, and Jorge Tadeo Lozano universities, totaling 116,212 students enrolled in the different programs, of which Universidad de los Andes contributes 40% of the sample.



Calculations PEI Asset Management.

Additionally, 5 projects for sale are being developed in Bogotá D.C., focused on university students or student housing, which could be substitutes for CityU. These projects will represent a new offer exceeding 1,540 rooms and the most outstanding are La Quinta (2020), Barcelona Tower in Bogotá (2019) and Chia (2021), 33DC (2023), Saint Pierre, and Davinci.

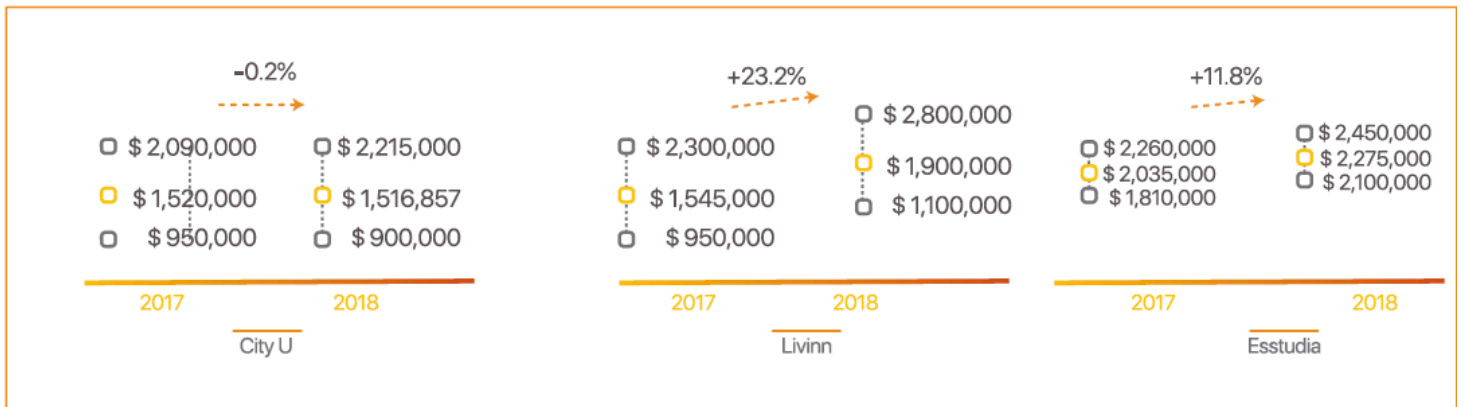
University housing's rental prices in the center of the city range between COP \$900 thousand and COP \$2.8 million, depending on the type of room and services offered. In the case of City U and Livinn, the price difference results from the variety of accommodations offered, from individual to quadruple. On the other hand, Esstudia only offers individual accommodations.

The price comparison to 2017 shows that Livinn increased its average prices by 23% due to the opening of a new 500 rooms-building - focused on the young entrepreneurs and/or professionals' market. Esstudia also increased

¹ Source: Base " Higher Education Enrollments - Colombia 2017", April 2018, Ministry of National Education - Higher Education National Information System (HENIS).

REAL ESTATE MARKET'S BEHAVIOR

its prices by 12%, due to the opening of a new tower at Carrera 7 and Calle 43, where a new Premium room model with wider spaces is being offered. On the other hand, City U made strategic adjustments in certain types of rooms, according to the occupancy preference, with marginal adjustments to its rates.



Calculations: PEI Asset Management.

CHAPTER 8

MANAGEMENT OF PEI'S

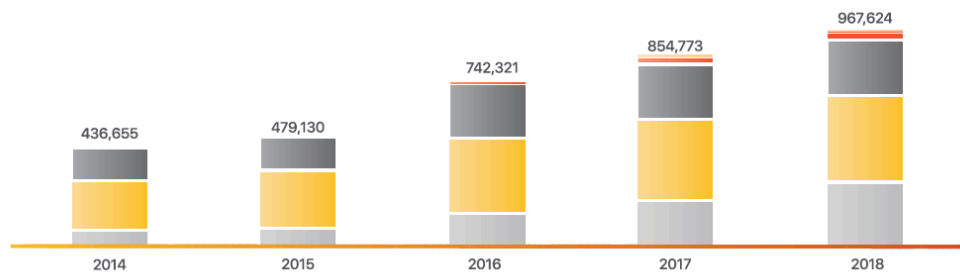
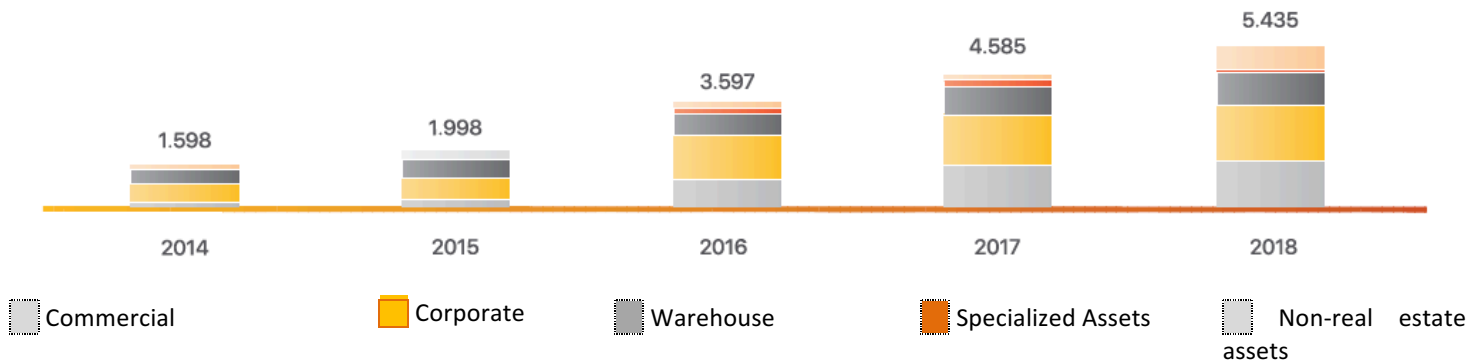
REAL ESTATE PORTFOLIO

MANAGEMENT OF THE REAL ESTATE PORTFOLIO

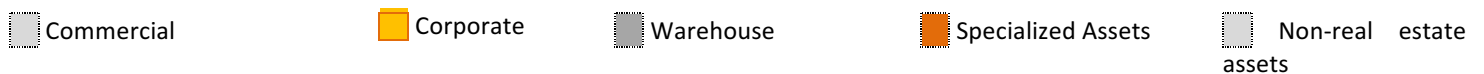
8.1 Assets Under Management

As a result of the asset acquisition operations during the year, the portfolio's rentable area increased by 123,851 m², closing the year with 967,624 m², which represents a growth of 13% compared to the end of December 2017. In 2018 several properties entered to the portfolio: in the Commercial Assets' category, the most representative is Único's portfolio, consisting of five outlet-type shopping centers in different cities; in addition, PEI's share in Nuestro Monteria shopping center increased in 3,636 m². In the Corporate Assets ' category, 93% of the Torre Alianza building was acquired, as well as the 8th floor of the QBE building; and in the warehouse category, the BTS for LG in Palmira and Hada's expansion in La Cayena Free Zone in Barranquilla, entered the portfolio.

Assets Under Management (kMM) - AUM



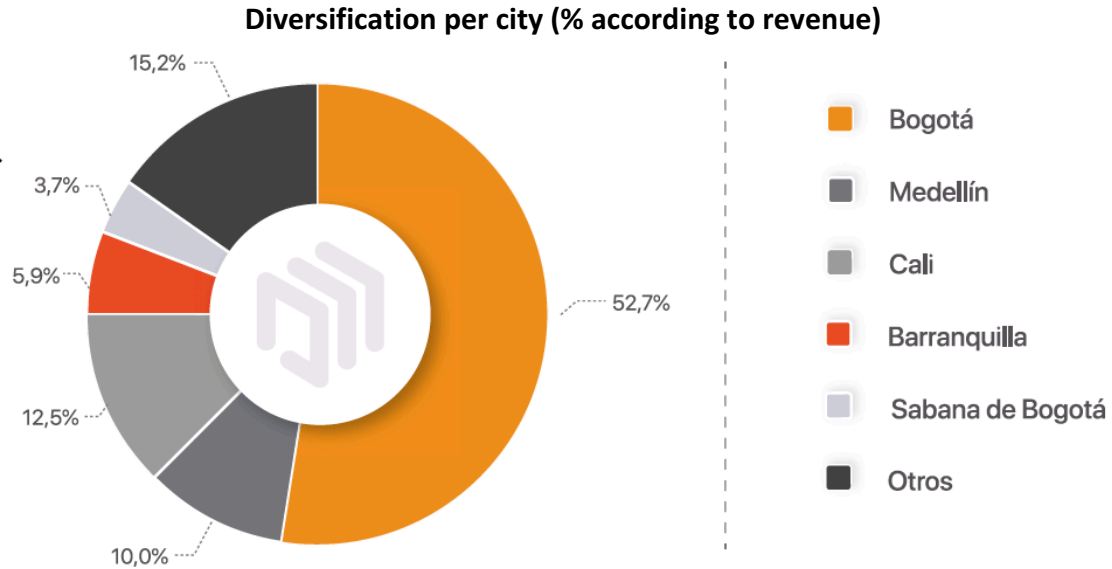
Gross rentable area (m²) - GLA



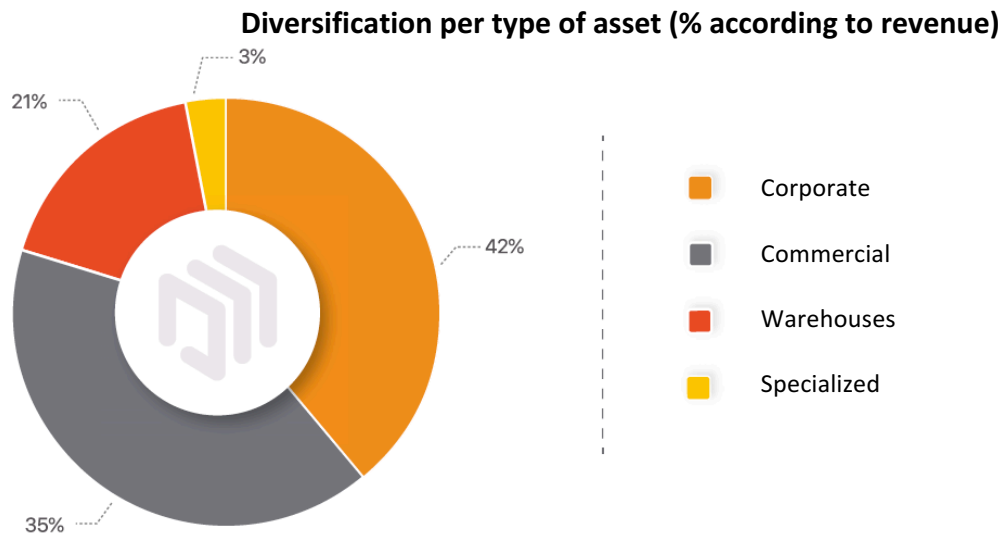
8.1.1 Diversification of the portfolio

Bogotá continues to be the city with the largest share in the portfolio, 52.7%, decreasing by 12% compared to the same period of the previous year, due to the incorporation of the Único shopping center's portfolio. For this reason, it was possible to deepen the diversification in cities such as Cali, which became the second with the highest share in the portfolio's revenues, growing by 5% compared to 2017 and, followed by Medellín, which that now has a 10% share of PEI's income. Barranquilla also increased its income share from 2% in 2017 to 5.9% by the end of 2018. In addition to Único's properties, our share in Nuestro Monteria shopping center also increased, which is why the "Others" category, made up by cities such as Monteria, Yumbo, and Villavicencio, grew its share in the portfolio from 4% to 15.2%.

MANAGEMENT OF THE REAL ESTATE PORTFOLIO

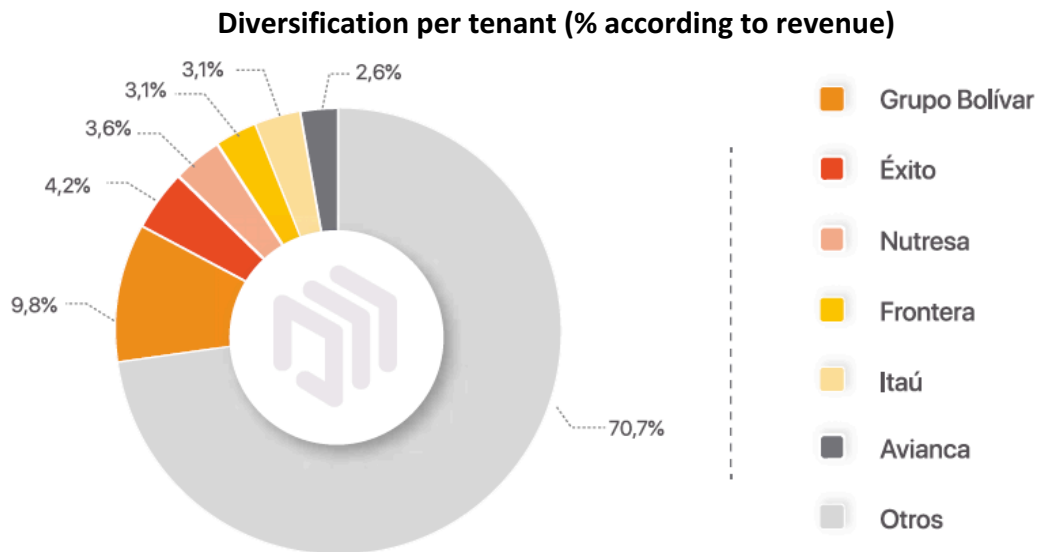


Commercial Assets represent 35% of the portfolio, ranking as the second largest category, while Corporate Assets continue to hold a 42% share. The third category are Warehouses with a 21% share and, finally, Specialized Assets have a 3% share.



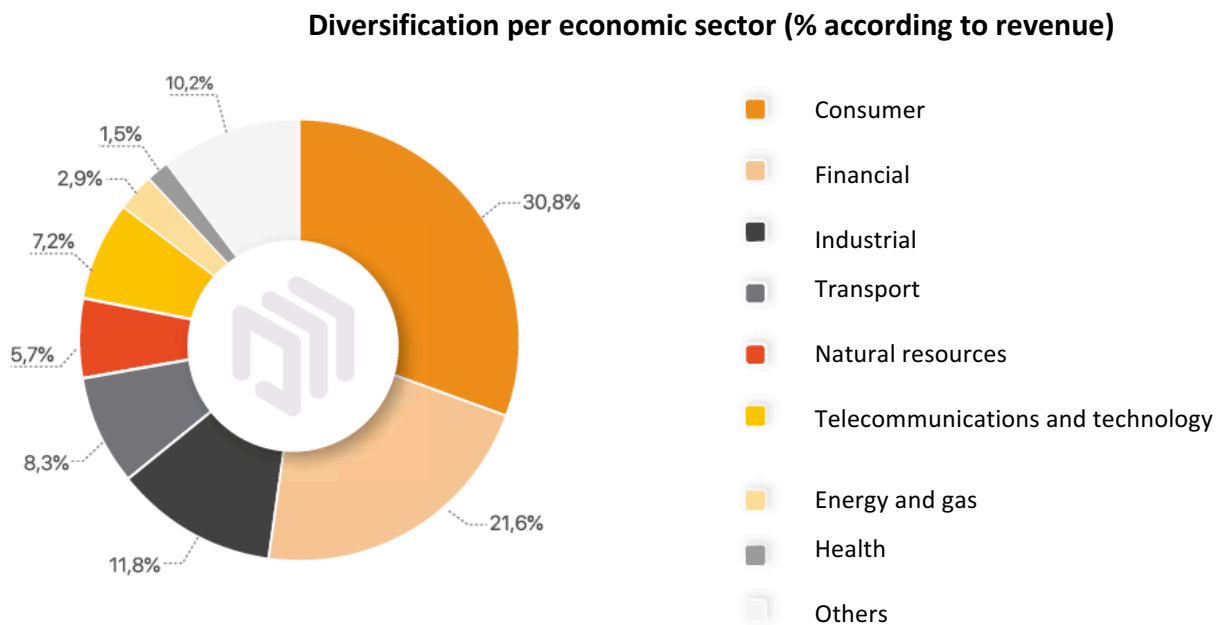
Único shopping centers entry to the portfolio contributed to dilute the main tenants' share in the vehicle's revenues. This is how the 5 main tenants of the vehicle had a 28.4% share in 2017, that by the end of 2018 had declined to 23.8%. Davivienda, PEI's main tenant, went from representing 11% of the revenues in 2017, to contribute 9% in 2018, in addition to other companies of Grupo Bolívar. Likewise, Grupo Éxito went from representing 5% of the revenues to 4%. Nutresa, which in 2017 represented 5% of revenues, in 2018 represented 4%. This is also the case of Frontera, Itaú, and Avianca, each representing 4% of the vehicle's revenues in 2017, and only 3% in 2018.

MANAGEMENT OF THE REAL ESTATE PORTFOLIO



* *Otros* = Others.

PEI is very diversified per economic sectors, with over 15 activities, where Commercial stands out (30%) with shopping centers such as Único, Plaza Central and Jardín Plaza; Financial (21%) has with tenants such as Davivienda, Itaú, Alianza, and some insurance companies, while Consumer (31%) has tenants such as Johnson & Johnson; and Industrial (12%), tenants such as Stanley Black & Decker.



In terms of the business's operation and, within the difficult macroeconomic context of 2018, PEI managed to maintain a stable performance for the principal real estate metrics of the portfolio.

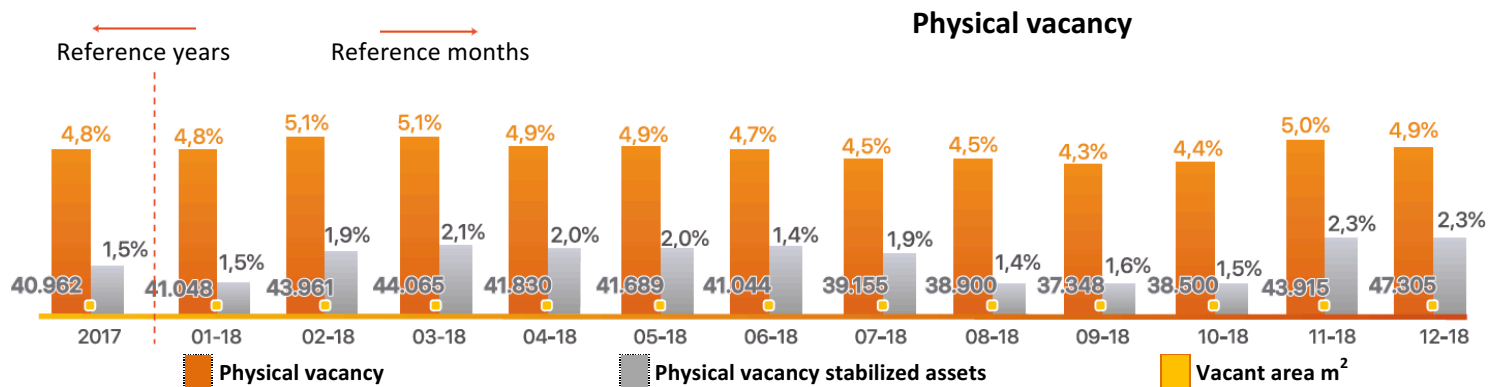
8.1.2 Occupation

Nearly 27,500 m² of rentable area were placed in 2018, represented by 142 new leases, among which is Plaza Central’s commercialization of 8,000 m² to tenants such as Sura, Colsubsidio, and Colmédica; also, 5,615 m² were placed in the One Plaza building in Medellín and 3,940 m² in Elemento in Bogotá. These assets reached the end of their guaranteed income coverage period, with a 99% occupancy. As to the Logistics Assets, in the second half of the year, 2,721 m² were leased at Cittium logistics park to Lactopack, a company that manufactures plastic containers for the industry.

On the other hand, 5,615 m² of the Redetrans warehouse in Medellín were returned in November, as a result of the result of the insolvency process that such company faced in 2018. This restitution will allow PEI’s offering of the warehouse to the market, so as to generate a stable income and reduce the exposure risk of this tenant for the vehicle.

In December, 5 Único shopping centers with a GLA of 75,407 m², totally stabilized and with a weighted vacancy of 2%, entered the portfolio; corporate building Torre Alianza in Bogotá, also entered the portfolio with 7,360 m², with 2 vacant floors representing 23% of the whole asset. A guaranteed rent scheme was agreed upon for 6 months in connection with this asset.

The average **physical vacancy** in 2018 was 4.8%, closing the year at 4.9%, which means an increase of 0.1% compared to the same period of the preceding year. The physical vacancy of the stabilized assets stood at 2.3%, increasing by 0.8% compared to that at the closing of the previous year; this increase is mainly explained by the restitution of Redetrans’s warehouse in Medellín.

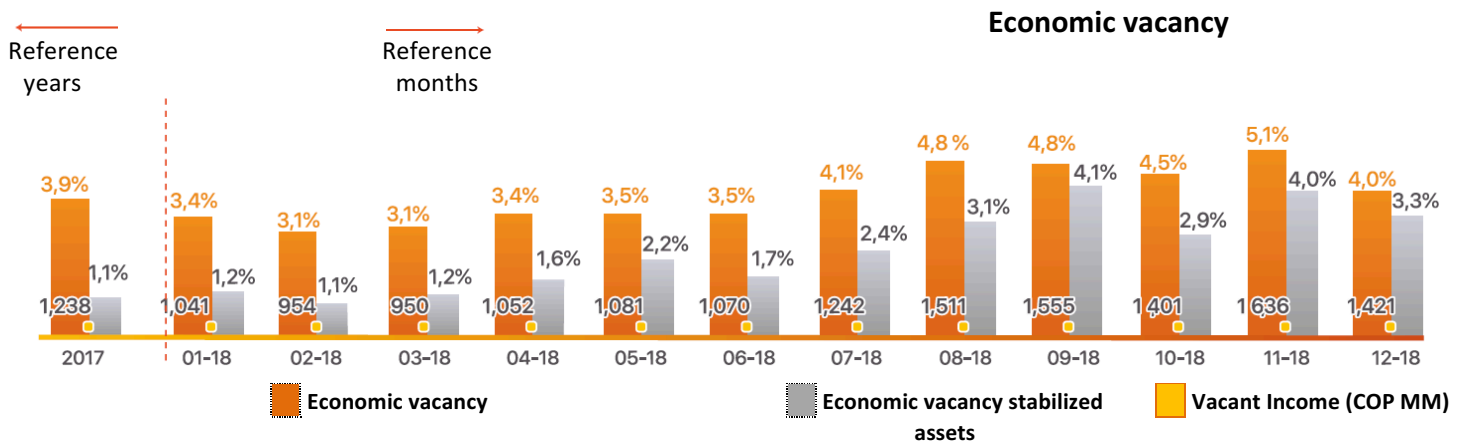


The portfolio’s **economic vacancy** stood at 4.0% by the end of 2018, showing a 0.1% increase compared to the same period of the last year, with an average value of 3.9% during the year.

It is important to note that, in 2018, new tenants entered the portfolio, representing monthly revenues for COP \$1,026MM; among the most representative are Black & Decker, Genius Sports, and Globant at One Plaza; Seguros Bolívar at Elemento; and Lactopack at Cittium. Additionally, Itaú's participation as a tenant in the Capital Tower Building was strengthened, as it leased floors 20 and 21 of Tower 1, expanding the property’s occupied area to 6,734 m² and consolidating as the main tenant in the building with 40% of the property owned by PEI. As mentioned earlier, the incorporation of the Único shopping centers meant COP \$3,302MM in December.

The increase of the stabilized assets’ economic vacancy and, accordingly, that of the portfolio during the second half of 2018, is explained by the grace period granted to Suppla as new tenant at El Cortijo 9, and the restitution of Redetrans’s warehouse in Medellín in November.

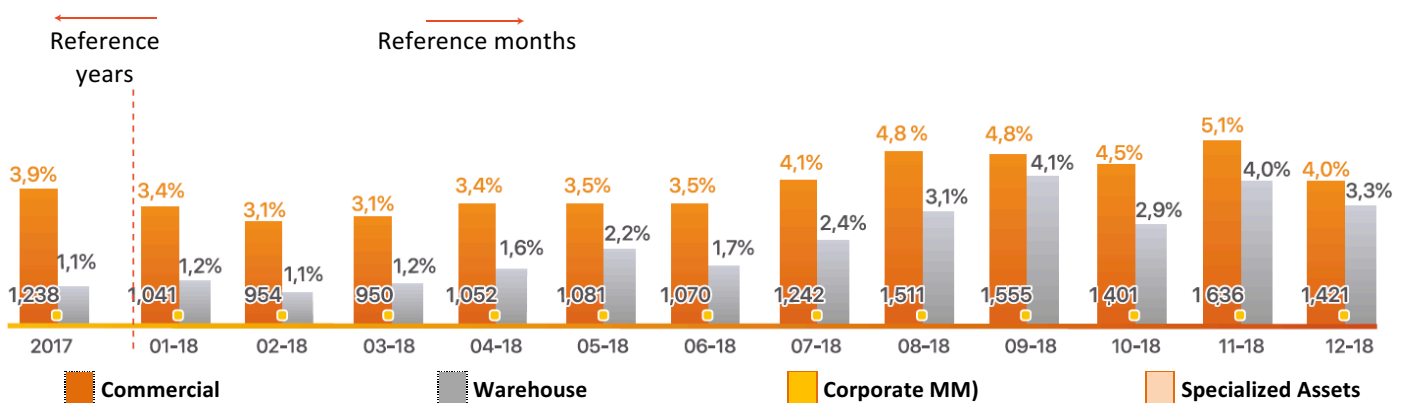
MANAGEMENT OF THE REAL ESTATE PORTFOLIO



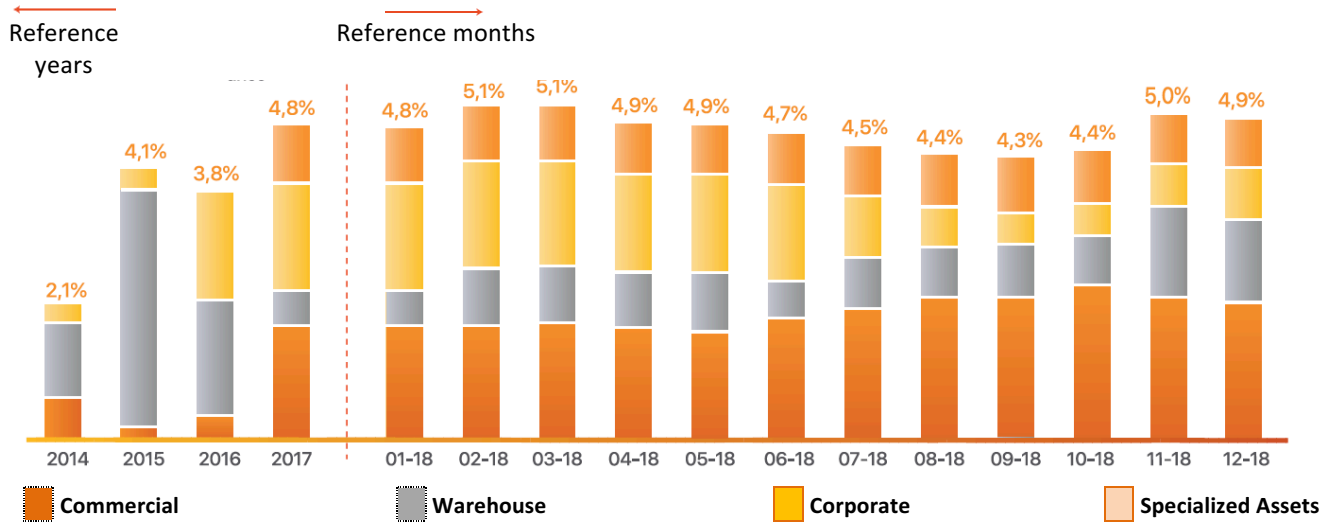
As to the vacancy's behavior per type of asset, it decreased significantly for the Corporate Assets ' category, while it increased for the commercial and logistics categories, as follows:

- The Corporate Assets ' vacancy was 1.2% at the end of the year.** The Corporate Assets ' economic vacancy at the end of 2018 represented 22% of the portfolio vacancy, decreasing by 62% compared to the previous year. The physical vacancy of the Corporate Assets ' at the end of 2018 represented 17% of the portfolio vacancy, decreasing by 19% with respect to the end of 2017. This resulted from the occupation of more than 9,421 m² in One Plaza and Elemento, by tenants such as Black & Decker, Globant, Genius Sports, and Seguros Bolívar.
- The Commercial Assets' vacancy ' was 2.3% at the end of the year.** The Commercial Assets' economic vacancy at the end of 2018 represented 33% of the total portfolio, increasing by 20% compared to the end of 2017. On the other hand, the physical vacancy represented 43% of the total portfolio, increasing by 7.2% with respect to the previous year. This resulted from the fact that several agreements were terminated at Atlantis and Plaza Central, due to default issues.
- The year closed with a warehouses' economic vacancy** amounting 38% of the portfolio, increasing with respect to 2017, by 34%. Also, the physical vacancy of the warehouses closed the year with a 26% share of the portfolio's vacancy, increasing by 14% with respect to the previous year. This is explained by the grace period granted to Suppla as new tenant at El Cortijo 9, and the restitution of Redetrans's warehouse in Medellín.
- The economic vacancy of the Specialized Assets closed 2018 with 3.7%, while the physical vacancy closed with a 15%, both resulting from the vacancy of towers 1 and 3 of City U.

Economic vacancy per type of asset (%)



Physical vacancy per type of asset (% of the portfolio)

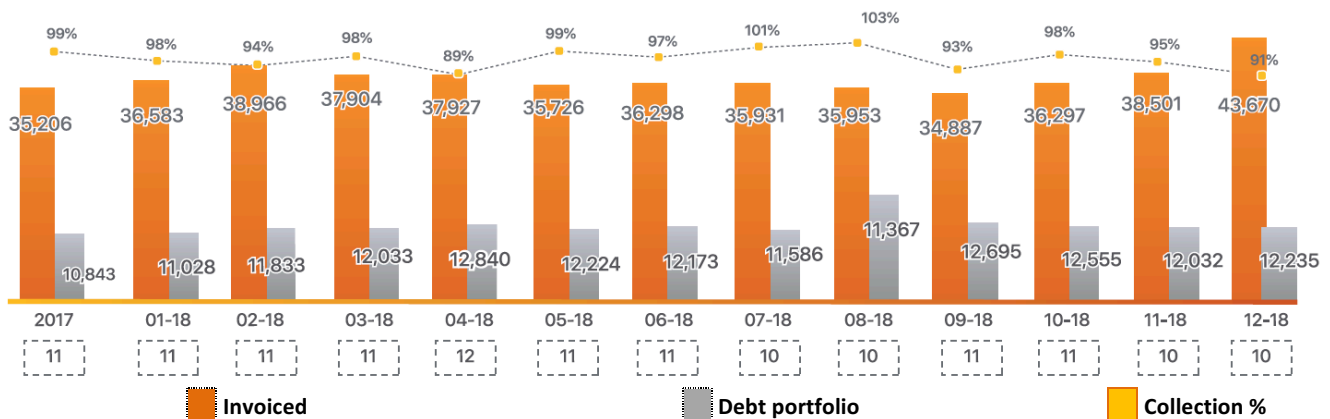


8.1.3 Debt Portfolio

The portfolio experienced a 24% increase of its monthly invoiced revenues in 2018, going from 35 thousand to 44 thousand million pesos per month.

At the end of December, the balance of the debt portfolio increased by COP \$1,392MM compared to the end of 2017; however, the rotation days decreased from 11 to 10, due to the higher income turnover from the stabilization of some assets and the incorporation of new real estate to the portfolio.

Debt portfolio's evolution 2018 /COP MM)



The debt portfolio's balance for COP \$17,900 million under the Financial Statements, results from the fact that ÚNICO's variable lease fees were recorded as revenues for COP 5,667 million in December 31 and were collected in the first days of January 2019.

The asset category with the highest debt balance is Warehouses, with COP \$5,610MM, due to amounts outstanding from Sánchez Polo and Redetrans, companies under a reorganization proceeding (Act 1116), which represent 77% of the portfolio's entire category and 35% of the total amounts owed under the portfolio.

Under Sanchez Polo's reorganization proceeding in 2018, the Manager, in coordination with the legal counsel for the proceeding, worked on the reconciliation of the accounts payable, PEI's rating under the credit priority, and the reorganization's payment plan. The debt levels of this tenant have remained within the current range.

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Tenant Redetrans was admitted for reorganization under Act 1116 in the third quarter of 2018. Since then, the Manager has made all efforts to recover the debt, reduce the tenant's exposure risk, negotiate the fines for default, and improve PEI's credits' rating under the insolvency proceeding.

On the other hand, the Commercial Assets closed the year with a debt balance of COP \$5,377MM, with assets such as Plaza Central, Atlantis, and Ideo representing over 72%. It is worth noting that recovery strategies have been implemented in connection with these properties, ranging from payment agreements to their restitution, seeking a balance between the assets' stabilization and their occupation.

The Specialized Assets' debt increased due to the dispute with Universidad de los Andes in connection with CityU, due to the market value's settlement. This resulted from the fact that when the lease was executed, the underlying asset was the only of its kind in Colombia and the market value of the m2 for rent as student residences was unknown; this is why an annual review of the fees was established in the contract. By the end of December, there are discrepancies as to the price's settlement, which are expected to be reconciled in the first months of 2019.

As for the Corporate Assets, they have maintained during the year a healthy debt that does not exceed 1 day of rotation and is regularly normalized before 30 days have elapsed.

8.1.4 Duration of agreements

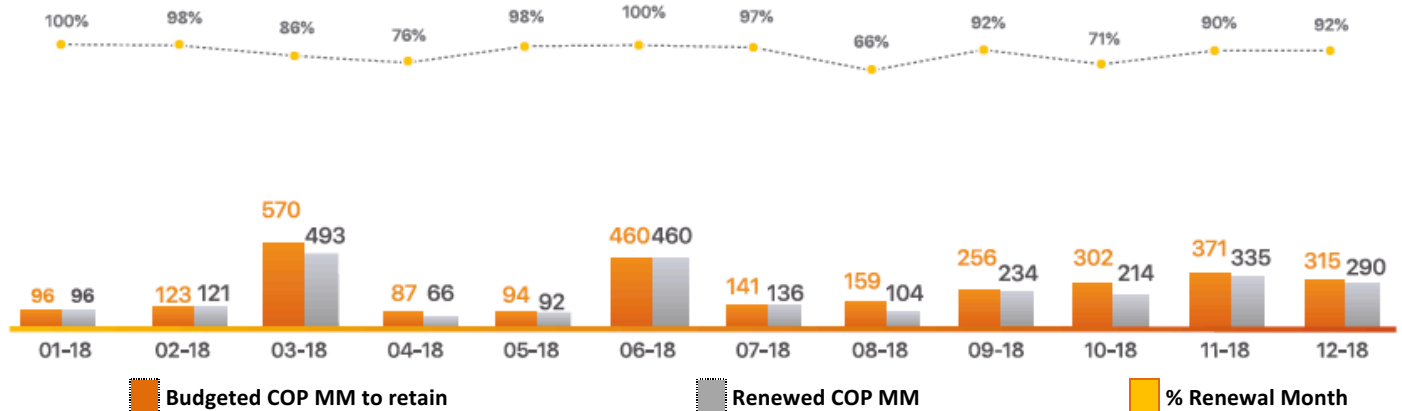
The agreements' average duration by the end of December 2018 was 6.5 years, a metric that decreased by 1.5 years compared to the same period of the previous year, as a result of the increase in contracts in the commercial category that, due to their nature, have shorter terms. Excluding the shopping centers, the portfolio's agreements average duration is 8.3 years. It should be noted that 54% of the agreements, measured in income, have a maturity horizon exceeding 6 years; thus, they expire after 2024.



8.1.5 Retention

Of the COP \$2,973MM of revenues associated with agreements budgeted to be retained, in 2018 we were able to renew contracts for COP \$31,680MM or COP \$2,640MM in revenue, which translates into retentions for over 55,000 m² and 205 contracts in the year.

Retention of tenants (COP MM)

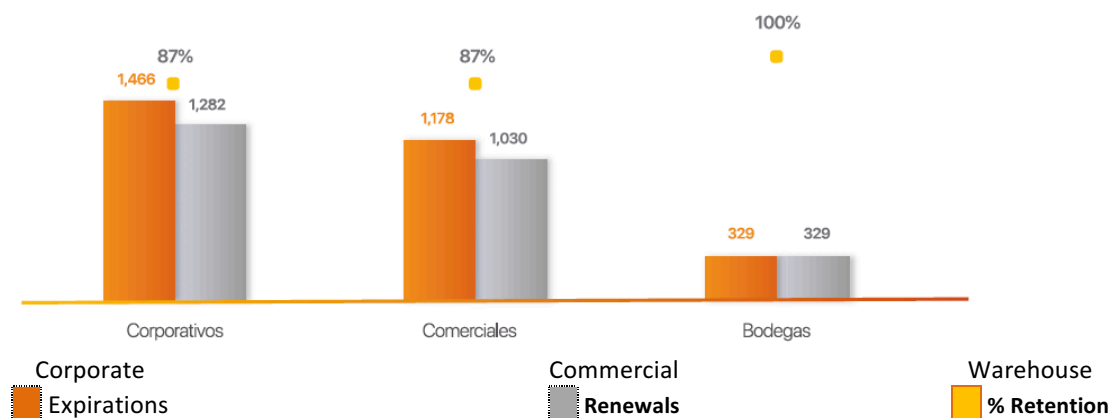


The Corporate Assets’ retention in 2018 was 87%, equivalent to COP \$1,282MM. In March 2018 we were able to retain 5 of the 6 Hewlett Packard’s floors; however, this did not generate a vacancy as the area was leased to Itaú in order to strengthen its share in the asset. Additionally, due to changes in government policies, in October and November we were not able to retain Asesorías Minner’s contracts, which had sublease contracts with Instituto Colombiano de Bienestar Familiar (ICBF) and Fondo de Financiamiento de la Infraestructura Educativa (FFIE) in the WBP building.

In Commercial Assets, 85% of the contracts were retained, representing monthly revenues for COP\$ 1,030MM. In 2018, 42 contracts were renewed at Jardín Plaza, 30 at Atlantis Plaza, and 11 at Plaza Central. Among the non-renewed contracts, the most representative was Le Collezioni which, we decided not to renew due to its debts.

As to the Logistics Assets, the budgeted retention of contracts was 100%. The termination of LG’s contract in El Cortijo 9 and its transfer to BTS in Palmira is worth highlighting; , however, this did not entail any physical vacancy because Suppla is the new tenant of the warehouse.

Retention per type of tenant (%)



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8.1.6 Capex

COP \$14.922MM were invested in Capex in the different buildings of PEI, during 2018. The category with the most investments was Warehouses with COP \$7.433MM, highlighting the second stage of Cittium's adjustments (COP \$4.563MM) and the recognition of improvements (COP \$1.540MM) made by the Suppla tenant in the Property in Bogotá. This allowed PEI to write-off the purchase obligation that the tenant had over the warehouse and maintain the asset's ownership through a new lease agreement.

Investments for COP \$5,630MM were made in the Commercial Assets, mainly represented by COP \$3.879MM that are part of the first stage of Atlantis and Jardín Plaza shopping center's renovations, with COP \$1,311MM (value borne by PEI according to its stake) invested in the improvement of outdoor circulation spaces with domes and sailcloth canopies.

Capex was executed for COP \$1,854MM in connection with the Corporate Assets, with the most representative investment corresponding to a 500KW load increase at the Elemento Tower to cover the needs of one of the tenants. Likewise, civil works adjustments were made to the Exxon offices, for COP \$408MM in the Itaú Tower, which were reimbursed in full by the tenant.

Property	Work	Property's Value COP \$MM
Specialized Assets		4
Cesde	Design of fire detection system - Pascasio Headquarters	4
Commercial		5,630
Atlantis Plaza	Stage 1 of the shopping center's renovation, guided parking system, and change of CCTV	3,879
Jardín Plaza Cali	Installation of life lines, construction of dome, and sailcloth canopies	1.311
Ideo Itagüí	Installation of escalators, elevator, change of lights, and supply of transformer	425
Éxito Itagüí	Waterproofing of drinking water tank	6
Éxito Belén	Waterproofing of roofs	3
Bodytech Cali	Design of parking extraction system	3
Corporate		1,854
Elemento's Fuego Tower	Increase of energy load to 500KW and installation of anti-panic bars	592
Torre Itaú	Adjustments to Exxon's offices	408
One Plaza	Adjustments to Black & Decker's offices and extension of El Corral local load	259
Xerox	Change of hydraulic and ejection pumps	206
WPB	Adjustments to Office 901	133
Isagén	Life lines, handrails, installation of measurement panels and bathroom sensors, and update of illumination system	116
Fijar 93B	Designs for the building's renovation and reinforcement of the basement's floor	102
Davivienda Bavaria Building	Installation of fire detection system	17
Emergia	Change of tank	9
Torre Pacific	Installation of valves	9
Itaú Bogotá	Pump control panel	3
Warehouses		
Cittium	Adjustments to warehouses 2 nd stage and installation of life lines and anchoring point	
Suppla Bogotá	Review of improvements made by the tenant to remove the obligation to purchase the property	
Suppla Cali	Change of warehouse's led lights	
Ciplas	Construction of roof and installation of screening system	
ZFP	Second stage of roof's change and extraordinary installment	
Mapfre	Third stage of roof's change	
Quadratto	Construction of solids' trap, installation of shaded roofs in Warehouses C and D, and security films	
La Cayena Free Trade Zone	Expansion works	\$35
El Cortijo (formerly LC Palmira)	Hydrological studies in El Cortijo's warehouse	\$30

Capital Expenditure (Capex) corresponds to improvements in the real estate assets that generate a greater value to the Securities holders, through investment in the assets making up the real estate portfolio.

8.2 Investments in real estate assets 2018

2018 marks a significant milestone for the vehicle: reaching the first 5 thousand million pesos in assets under management (AUMs) and a portfolio of almost 1 million m² of rentable area.

The assets' acquisition transactions in 2018 referred to all the asset categories; some transactions increased the share in certain assets that PEI did not own a 100%. One aspect to highlight, common to all acquisitions, is that they all refer to commercially stabilized assets, that is, 100% flow generators.

Productive assets already incorporated into the portfolio

2 Corporate Assets	8,423 m2 Rentable area	1,68% of the income
8 Commercial Assets	95,010 m2 Rentable area	17,90% of the income
1 Logistics Assets	19,590 m2 Rentable area	0,93% of the income

- In the commercial category, the negotiation for the acquisition of an 80% majority share in the outlet malls under the ÚNICO brand in different cities of the country, was concluded. Although the assets' ownership transfer will be perfected in the following 6 months, as of December, the revenues corresponding to ÚNICO Cali, ÚNICO Yumbo, ÚNICO Barranquilla, ÚNICO Neiva, and ÚNICO Villavicencio were incorporated in PEI's portfolio, representing 75,407 m² of rentable area. These properties' incorporation supplements PEI's portfolio with a fully stabilized outlet business model, with occupations of up to 98%, with a mix of strong local brands and a business plan that can be potentiated in the future with international brands. It also allows to deepen the vehicle's geographical diversification.
- In October, 6,358 m² were acquired in the Santafé Shopping Center in Medellín, with three associated tenants: Divercity, the children theme park; a gym; and a trampoline park, also for children's entertainment, consolidating a total 5.66% share in the shopping center. The value of this acquisition was COP \$24,000 MM.
- In March 2018, the acquisition of 19.29% /3,635 m² in NUESTRO MONTERÍA shopping center became perfected, consolidating PEI's 70.2% ownership percentage in the asset. NUESTRO shopping centers' value proposition is to serve the medium and medium-low consumption segments in intermediate populations with a commercial mix of anchors, semi-anchors, and local brands widely recognized among the target segment's consumers. The amount of the transaction was COP \$17,329 MM.

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- Within the expansion plan projected for Atlantis shopping center, we advanced with the acquisition of the commercial premises contiguous to the shopping center, which were not part of it, so that this larger optimizes the commercial mix of the property with the inclusion of anchors and semi-anchor stores. Specifically, 393 m² of the premises located in the south-eastern corner of Carrera 14 and Calle 81 were acquired.
- In the corporate assets' category, the most relevant transaction was the acquisition of a 92.53% stake in the Alianza Tower in Bogotá, in December: This property has a corporate area of 6.478m² and a commercial space with a rentable area of 882m². The building is newly built and houses Grupo Alianza's corporate headquarters.
- We also acquired a floor in the QBE Seguros building in Bogotá, consolidating a total of 3,351 m² in the property that represent a 33% share. The area acquired is occupied by insurance company Zurich (which acquired QBE Seguros), which already occupied 2 floors owned by PEI in the building.
- In July, we incorporated into the real estate portfolio the logistics BTS built by Proinversiones Free Trade Zone of Bogotá for LG, one of PEI's oldest tenants. This transaction resulted from our constant attention to the tenants, aimed at projecting long-term relationships with them and meet their needs over time. The property is located near the logistics corridor of Palmira, has an area of 19,500 m², and a purchase value of COP \$39,000 million.
- At La Cayena Free Trade Zone in the department of Atlántico, HADA INTERNATIONAL's production plant was expanded, incorporating an area of 11,224 m², with an asset value of COP \$28,181 MM. Hada International is a Colombian company engaged in the production of soaps for the national and international markets, that managed to benefit from the advantages of the S&LB scheme with its real estate assets, freeing up resources that were channeled into and boosted the business.

DEVELOPING LONG-TERM RELATIONSHIPS

LG

Ricardo Sánchez

LG Electronics' Supply chain manager

Initially we had a 10 years-lease for a logistics property with PEI; however, our needs changed and it was necessary to assess, along with PEI Asset Management's team, the possibility of structuring a Build to Suit project, where a company expert in the development of logistics centers built a custom-made property that PEI acquired upon its completion for LG to move its operation therein. The property left by LG was placed with another tenant, without generating any vacancy for the portfolio.

PEI has become a strategic partner for us, because of its ability to adapt to our growth and needs. There is no doubt that they have allowed us to build an efficient and competitive logistics infrastructure to serve our market.

What we most highlight of PEI is the generation of competitive alternatives with top leading companies, the suitable professionals that PEI Asset Management counts with, and the support we have by doing businesses together.

MANAGEMENT OF THE REAL ESTATE PORTFOLIO

CORPORATE AMADEUS BUILDING

City: Bogotá	PEI's share: 100%	Total rentable area: 10,207 m ²
Location: Santa Bibiana	No. Parking Spaces: 254	Main Tenants: DIRECTV, Coca-Cola
Description of the property: The Amadeus Building is located at Autopista Norte and Calle 103, in Bogotá. This property consists of 9 offices floor and 2 basements. It is located on one of the main highways of the city, very close to the Calle 100, characterized by A+ specifications buildings and the development of mixed activities. The property has lease agreements with Coca Cola Servicios de Colombia S.A. and DIRECTV Colombia LTDA.	Investments and maintenance 2018 The roof's waterproofing was executed in 2018. Projects 2019 The supply and installation of water meters in each floor, the repair of the southern terrace's floor 2, and the construction of a showers' battery for the building's bicycle users will take place.	

MANAGEMENT OF THE REAL ESTATE PORTFOLIO

CORPORATE
CARVAJAL ADMINISTRATIVE HEADQUARTERS

<p>City: Bogotá</p>	<p>PEI's share: 100%</p>	<p>Total rentable area: 21,856 m²</p>
<p>Location: Calle 26's Office Corridor</p>	<p>No. Parking Spaces: 200</p>	<p>Main Tenants: Carvajal</p>
<p>Description of the property: The property is located at Avenida 26, where Transmilenio's main road operates, and Avenida Ciudad de Cali, two of the city's main arteries.</p> <p>Investments and maintenance 2018 In 2018, the RCI's main pump and Jockey were changed. The tenant was in charge of this activity.</p>		<p>Projects 2019 There are no projects budgeted by PEI in 2019.</p>

MANAGEMENT OF THE REAL ESTATE PORTFOLIO

CORPORATE ANDIRENT BUILDING

City: Bogotá	PEI's share: 100%	Total rentable area: 4,585 m ²
Location: Barrios Unidos	No. Parking Spaces: 72	Main Tenants: Andirent
Description of the property: The Andirent building is located at Carrera 29c No. 71-48 of Bogotá. The sector where the Andirent Building is located, has a great potential for the future development of back office spaces for the financial companies located in the Calle 72 corridor.	Investments and maintenance 2018 The two towers' cylinder heads waterproofing was executed in 2018. Projects 2019 The power plants' synchronization will be carried out.	

<p>City: Bogotá</p>	<p>PEI's share: 100%</p>	<p>Total rentable area: 6,117 m²</p>
<p>Location: Puente Aranda Industrial Zone</p>	<p>No. Parking Spaces: 22</p>	<p>Main Tenants: ML Colombia Conduent</p>
<p>Description of the property: The property is located in the Puente Aranda sector, an area characterized by the development of mixed activities. The asset is served by Carrera 65 and Carrera 62, which connect it to main roads such as Calle 13, Avenida 68, and Avenida de Las Américas.</p>		<p>Investments and maintenance 2018 The fire detection system's installation, updating of the illumination automation system, intervention of the roof to mitigate leakages through skylights, and the repair of the parking lot's pavement were carried out. Projects 2019 Thermograph to verify the status of the electrical installations will be carried out this year.</p>

MANAGEMENT OF THE REAL ESTATE PORTFOLIO

CORPORATE

COLSANITAS'S CORPORATE HEADQUARTERS

City: Bogotá	PEI's share: 100%	Total rentable area: 9,060 m ²
Location: Calle 100 Office Corridor	No. Parking Spaces: 49	Main Tenants: Colsanitas
Description of the property: The corporate headquarters of prepaid healthcare company Colsánitas have a privileged location, northbound of the city, in the Calle 100 corridor between Carreras 11B and 12, with direct access to Calle 100 and Calle 99. Investments and maintenance 2018 The façade's renovation project was initiated, under the tenant's responsibility.	Projects 2019 There are no projects budgeted by PEI in 2019.	

MANAGEMENT OF THE REAL ESTATE PORTFOLIO

CORPORATE
ELEMENTO BUILDING - TORRE FUEGO

<p>City: Bogotá</p>	<p>PEI's share: 100%</p>	<p>Total rentable area: 21,073 m²</p>
<p>Location: Salitre</p>	<p>No. Parking Spaces: 448</p>	<p>Main Tenants: Johnson & Johnson, Famoc Depanel, Seguros Bolívar</p>
<p>Description of the property: Torre Fuego of the Elemento Business Complex is located at Avenida El Dorado, on the Salitre corridor, in Bogotá.</p> <p>The asset is located in a high development area, due to its strategic road connections to the airport and the city center.</p> <p>The Elemento Business Center consists of four office towers, each 18 stories-high, with a total built-up area of 160,490 m². Among the benefits within its facilities</p>		<p>are an auditorium with capacity for 250 people, heliport, food court, nursery, among others.</p> <p>Investments and maintenance 2018 Because this is a new building with stability insurance policies in force, it did not require any works in 2018.</p> <p>Projects 2019 There are no projects budgeted for 2019.</p>

MANAGEMENT OF THE REAL ESTATE PORTFOLIO

CORPORATE ITAÚ BOGOTÁ

City: Bogotá	PEI's share: 100%	Total rentable area: 12,034 m ²
Location: International Center Corridor	No. Parking Spaces: 104	Main Tenants: Itaú
Description of the property: The building is located in the San Diego area of the city of Bogotá D.C., with access to several banking entities, and hotel areas, such as the Tequendama hotel, due to its location. Investments and maintenance 2018 The parking lot's and VIP elevators' modernization was executed. The parking lot's barrier at the vehicle's access in Carrera 7 was also changed. Additionally, the	first stage of the seismic vulnerability study and the design of the new panels for the drinking water and rainwater pumps were executed. Projects 2019 The second phase of this building's seismic vulnerability study will be contracted in 2019, as well as the fire detection and extinction system update's design.	

City: Manizales	PEI's share: 100%	Total rentable area: 7,820 m ²
Location: Barrio Campín	No. Parking Spaces: 0	Main Tenants: Emergia
Description of the property: The property has access to important roads such as Calle 48 and Calle 49, and is also served by Carrera 25 (parallel) and Calle 50.		Projects 2019 The roof is planned to be changed in 2019 due to the end of its useful life, as well as the correction of leakages through the façade, and the installation of supports to the hydraulic network to reduce breakage resulting from the water hammer
Investments and maintenance 2018 The drinking water reserve tank's waterproofing, the phreatic level's control in the library area, and the treatment of leakages through the façade were carried out in Emergia during 2018.		

MANAGEMENT OF THE REAL ESTATE PORTFOLIO

CORPORATE

FIJAR CENTRO 93B BUILDING

City: Manizales	PEI's share: 100%	Total rentable area: 4,686 m ²
Location: Chicó Office Corridor	No. Parking Spaces: 165	Main Tenants: Famoc Depanel, Ericsson
Description of the property: The property is served by main roads such as Avenida 15 and Calle 94, in an area of great development and tradition for the city, the Chico sector. Investments and maintenance 2018 Supply and installation of the new emergency lighting in the basement were carried out at Fijar and the reception's and first floor elevator hall's renovation started.	Projects 2019 The reception's renovation will be completed in 2019 and adjustments will be made to the elevator hall on upper floors, the auditorium, the terrace, and the administration office. Bike racks will be also installed in basement 1.	

MANAGEMENT OF THE REAL ESTATE PORTFOLIO

CORPORATE
DELOITTE BUILDING

<p>City: Manizales</p>	<p>PEI's share: 99%</p>	<p>Total rentable area: 4,451 m²</p>
<p>Location: El Nogal Office Corridor</p>	<p>No. Parking Spaces: 52</p>	<p>Main Tenants: Deloitte</p>
<p>Description of the property:</p> <p>Deloitte & Touche's corporate center is distributed in two office towers. Tower A has an area of 3,200 m² distributed in 9 floors and two basements. Tower B has seven floors, a built-up area of 2,702 m², and 1,193 m² of private area. The property is located in a privileged area, served by Calle 72, Calle 76, Carrera 7a, Carrera 5a, Carrera 9a, and Avenida Caracas.</p>		<p>Investments and maintenance 2018 No projects were carried out in 2018.</p> <p>Projects 2019 The design and installation of a detection system for the common areas and technical rooms will be carried out, as well as the diagnosis and design of the screening system and the elevator's modernization.</p>

MANAGEMENT OF THE REAL ESTATE PORTFOLIO

CORPORATE

ISAGÉN'S CORPORATE HEADQUARTERS

City: Medellín	PEI's share: 100%	Total rentable area: 14,916 m ²
Location: El Poblado Office Corridor	No. Parking Spaces: 258	Main Tenants: Isagén
Description of the property: The property is located in El Poblado, an exclusive sector of the city where commercial, hotel, residential, and business activities commingle. The asset was custom built for Isagén in two interconnected blocks of 6 and 13, with a total 258 parking spaces. It has a LEED Gold certification.		Investments and maintenance 2018 The expansion of the rainwater grid in access No.2, the 7th and 8th floor terraces' waterproofing, installation of handrails and anchoring points in technical terrace 16, and the first stage of the false veiling's change, which has leakages, were executed in 2018. Projects 2019 In 2019 the supply of an Air Conditioning equipment for the UPS 1 and 2's enclosing within the substation will be carried out, as well as the purchase of a UPS, the construction of the fall arrest system in the water tanks, the cooling tower and the side voids, and the maintenance of the floor in technical areas of terrace 14 (water tanks and cooling tower).

MANAGEMENT OF THE REAL ESTATE PORTFOLIO

CORPORATE
GRANAHORRAR BUILDING P.H.

<p>City: Medellín</p>	<p>PEI's share: 7%</p>	<p>Total rentable area: 13,261 m²</p>
<p>Location: El Poblado Corridor</p>	<p>No. Parking Spaces: 12</p>	<p>Main Tenants: Itaú</p>
<p>Description of the property:</p> <p>Both the offices and the branch are located in the Granahorrar P.H., near the Dann Carlton Hotel, between Calles 5a and 7a. An important point of commercial confluence at El Poblado neighborhood, which has a wide variety of restaurants, stores, and leisure centers, ideal to develop mixed activities.</p>	<p>Investments and maintenance 2018 No projects were carried out in 2018.</p> <p>Projects 2019 There are no projects for 2019.</p>	

MANAGEMENT OF THE REAL ESTATE PORTFOLIO

CORPORATE

ONE PLAZA BUILDING - NORTH TOWER

City: Medellín	PEI's share: 95%	Total rentable area: 13,941 m ²
Location: El Poblado	No. Parking Spaces: 210	Main Tenants: Delima Marsh, Suramericana, Black & Decker, Genius Sports, and Globant
Description of the property: One Plaza is located on the so-called Golden Mile, the most important business and financial corridor in the city. Located in front of the Dann Carlton Hotel, one block from Parque del Poblado, near the Oviedo shopping center and the Medellin Clinic, One Plaza is currently the corporate building with the best specifications in the city of Medellin.		Investments and maintenance 2018 The electrical load of commercial premise 123 was extended. Projects 2019 The energy and water measurement equipment of commercial premise 119 will be separated.

MANAGEMENT OF THE REAL ESTATE PORTFOLIO

CORPORATE
QBE CENTRAL SEGUROS BUILDING

<p>City: Bogotá</p>	<p>PEI's share: 34%</p>	<p>Total rentable area: 10,683 m²</p>
<p>Location: El Nogal</p>	<p>No. Parking Spaces: 64</p>	<p>Main Tenants: Zurich</p>
<p>Description of the property:</p> <p>In October 2019, PEI acquired an additional corporate offices floor, consolidating its share in the property with 3 corporate offices floors and a commercial space. QBE Central Seguros Building is located at Carrera 7a No. 76-35 in the city of Bogotá.</p> <p>The sector where QBE Building is located is one of the most important corridors in the city, concentrating the main companies of the financial sector in Bogotá. The corporate offices' tenant is QBE Seguros.</p>		<p>Investments and maintenance 2018 The co-ownership changed the 5 elevators.</p> <p>Projects 2019 There are no projects scheduled for 2019.</p>

MANAGEMENT OF THE REAL ESTATE PORTFOLIO

CORPORATE

CORPORATE HEADQUARTERS INSURANCE OF THE STATE

City: Bogotá	PEI's share: 100%	Total rentable area: 3,634 m ²
Location: Chicó Office Corridor	No. Parking Spaces: 30	Main Tenants: Seguros del Estado
Description of the property: The property is located at the north of Bogotá, in the Chicó neighborhood. It has an important front on Carrera 11 and Calle 90, a sector with high recovery expectations thanks to the various uses it offers: business, commercial, and residential.	Investments and maintenance 2018 No projects were carried out in 2018. Projects 2019 There are no projects scheduled for 2019.	

<p>City: Bogotá</p>	<p>PEI's share: 46%</p>	<p>Total rentable area: 30,390 m²</p>
<p>Location: Calle 100 Office Corridor</p>	<p>No. Parking Spaces: 368</p>	<p>Main Tenants: Itaú, HP, Metlife</p>
<p>Description of the property:</p> <p>The property consists of Tower II, with 21 floors, and floors 20 and 21 of Tower I. It has 368 parking spaces.</p> <p>The building is located in the Calle 100 office corridor, a sector is characterized by office buildings such as the World Trade Center. Additionally, the offer of hotels and restaurants has grown significantly.</p> <p>The recent development of the vehicular bridge at Calle 100 and Carrera 15, and the extension of Carrera 11, generate the ideal conditions for vehicular and pedestrian access to the property from any point of the city.</p>		<p>Investments and maintenance 2018</p> <p>The co-ownership was in charge of the designs to renovate the reception, bathrooms in certain fixed points, the auditorium, and the lobby.</p> <p>Projects 2019</p> <p>The execution of the works corresponding the reception, common areas' bathrooms, auditorium, and lobby are planned. These works will be in charge of the co-ownership.</p>

**MANAGEMENT OF THE REAL ESTATE PORTFOLIO
CORPORATE
TORRE EMPRESARIAL PACIFIC BUILDING**

City: Bogotá	PEI's share: 36%	Total rentable area: 34,920 m ²
Location: Santa Bárbara	No. Parking Spaces: 260	Main Tenants: Frontera Energy
Description of the property: <p>The property consists of Tower II, with 21 floors, and floors 20 and 21 of Tower I. It has 368 parking spaces.</p> <p>Frontera Energy and Geofundaciones's corporate headquarters are located in one of the corridors with the greatest development and appreciation opportunities in Bogotá, the Santa Bárbara corridor, served by main roads such as Carrera 9, Carrera 7 and Carrera 11.</p>		Investments and maintenance 2018 <p>Geofundaciones's air conditioning maintenance was carried out.</p> Projects 2019 <p>Office 801's air conditioning maintenance will be carried out as well as the certification of Frontera office's internal elevators.</p>

MANAGEMENT OF THE REAL ESTATE PORTFOLIO

CORPORATE
WORLD BUSINESS PORT BUILDING

<p>City: Bogotá</p>	<p>PEI's share: 52%</p>	<p>Total rentable area: 13,685 m²</p>
<p>Location: Salitre Office Corridor</p>	<p>No. Parking Spaces: 137</p>	<p>Main Tenants: Situando, Mercer Colombia</p>
<p>Description of the property: The building is located in the Salitre corridor, served by the Transmilenio system and near main arteries connecting the entire city, such as Avenida Boyacá, Avenida 68, Avenida El Dorado, and Avenida La Esperanza</p> <p>Investments and maintenance 2018 The Co-Ownership completed the modernization of five elevators, the installation of another one, and the corresponding integration with the access turnstiles.</p>		<p>Projects 2019 The private areas' architectural survey will be carried out.</p>

**MANAGEMENT OF THE REAL ESTATE PORTFOLIO
CORPORATE
C26 CORPORATE BUILDING**

City: Bogotá	PEI's share: 67%	Total rentable area: 14,486 m ²
Location: Av. El Dorado	No. Parking Spaces: 327	Main Tenants: RMR Investments
Description of the property: C26 Corporate Building is located on the south side of El Dorado Avenue corridor, between Avenida Ciudad de Cali and Avenida Boyacá. The 12 stories-high corporate building has a large entrance hall surrounded by 3 commercial premises and 10 office floors, where 34 offices and 22 technical rooms, 2 parking basements for tenants and visitors, and a semi-basement where the management offices are located, including the security room, technical rooms, and parking areas.		Investments and maintenance 2018 No projects were carried out. Projects 2019 There are no projects scheduled for 2019.

MANAGEMENT OF THE REAL ESTATE PORTFOLIO

CORPORATE

AVIANCA CEO BUILDING

City: Bogotá	PEI's share: 100%	Total rentable area: 16,636 m ²
Location: Avenida 26 and Avenida Ciudad de Cali	No. Parking Spaces: 440	Main Tenants: Avianca
Description of the property: In August 2017, the acquisition of Avianca's Centro de Excelencia Operacional (CEO) Building was completed. This property is located on the south side of El Dorado Avenue corridor and Avenida Ciudad de Cali in Bogotá. Avianca's Centro de Excelencia Operacional (CEO) has 6 stories high and 2 basements, with a significant number of specialized equipment, instruction areas, and simulators capable of training nearly 36,000 students per year.	Investments and maintenance 2018 No projects were carried out. Projects 2019 There are no projects scheduled for 2019.	

MANAGEMENT OF THE REAL ESTATE PORTFOLIO

CORPORATE TORRE ALIANZA

City: Bogotá	PEI's share: 93%	Total rentable area: 7,944 m ²
Location: Carrera 15 # 82 - 99	No. Parking Spaces: 208	Main Tenants: Alianza
Description of the property: The asset is strategically located in the northern area of the city of Bogotá and its main access road (Carrera 15) is one of the main commercial hubs in the north of the city. Avenida Calle 85 and Calle 80 communicate the east with the west and vice versa, allowing for several access points to the property.	Investments and maintenance 2018 The extension of the parking area was executed and works on the third area commenced. Asset in process of acquisition in the month of January 2019. Projects 2019 There are no projects scheduled for 2019.	

MANAGEMENT OF THE REAL ESTATE PORTFOLIO

COMMERCIAL
EL TESORO SHOPPING CENTER - CINEMARK

<p>City: Medellín</p>	<p>PEI's share: 13%</p>	<p>Total rentable area: 46,504 m²</p>
<p>Location: Carrera 15 # 82 - 99</p>	<p>No. Parking Spaces: 1,386 (of the Shopping Center)</p>	<p>Main Tenants: Cinemark</p>
<p>Description of the property: The property is located in El Tesoro Shopping Center, one of the main and most modern of its kind in Medellín.</p> <p>The Shopping Center has a commercial area of 46,504 m² and availability for 1,386 parking spaces. The asset has access to the main roads of the sector such as Avenida Las Palmas and Calle 3; it is also served by alternate routes such as Carrera 27 and Calle 1.</p>		<p>Investments and maintenance 2018 The pitometry of the RCI's internal network of the property was carried out in 2018, to verify the correct operation of the system.</p> <p>Projects 2019 There are no projects scheduled for 2019.</p>

MANAGEMENT OF THE REAL ESTATE PORTFOLIO

COMMERCIAL PASAJE 10 - 60

City: Bogotá	PEI's share: 100%	Total rentable area: 4,867 m ²
Location: Puente Aranda Commercial Cluster	No. Parking Spaces: 0	Main Tenants: Gef, Tennis, Lec Lee, Aquiles
Description of the property: The property has fronts on Carrera 60, Calle 10, and Calle 11, as well as important access roads such as Avenida Las Américas, Avenida 68, and Calle 13.	Investments and maintenance 2018 The new guardhouse and emergency elements cabinet were built. Projects 2019 The corridor's floor will be repaired.	

MANAGEMENT OF THE REAL ESTATE PORTFOLIO

COMMERCIAL

ATLANTIS PLAZA SHOPPING AND ENTERTAINMENT CENTER

City: Bogotá	PEI's share: 13%	Total rentable area: 46,504 m ²
Location: Antiguo Country	No. Parking Spaces: 465	Main Tenants: Cinemark, Pepe Ganga, Hard Rock Café, Farmatodo, Chuck E Cheese
Description of the property: The property has more than 46,504 rentable m ² divided into five levels, with local anchors such as Hard Rock Café, El Corral Gourmet, Cinemark, Pepe Ganga, and Chuck E. Cheese's, among others, as well as smaller commercial premises and a large food court stand out. Atlantis Plaza shopping center is located in the north of the capital between Calles 81 and 80 and Carreras 13 and 14, in the area known as Zona Rosa.	Investments and maintenance 2018 The renovation of the façades on 80th and 81 streets continued in 2018, the CCTV's update was completed, and the garbage rooms and loading area were improved. Projects 2019 The façade project will be completed and the RCI pipes in the basements and the parking lots' ventilation ducts will be changed by Jet Fans in 2019. Also, the cinemas' roof of will be replaced due to the end of its useful life.	

MANAGEMENT OF THE REAL ESTATE PORTFOLIO

COMMERCIAL

PLAZA CENTRAL SHOPPING CENTER

City: Bogotá	PEI's share: 77%	Total rentable area: 76,573 m ²
Location: Puente Aranda Industrial Zone	No. Parking Spaces: 2671	Main Tenants: Bodytech, Cine Colombia, Falabella, Jumbo, and H&M.
Description of the property: Plaza Central is projected as one of the largest and most modern shopping centers in Bogotá. It is located in the popular outlets area of Las Americas. Investments and maintenance 2018 The lighting of the food court was changed, and the fairs and events room, and a training room were adapted.	Projects 2019 The installation of walkways on the deck, anchor points, and lifelines' installation is planned for 2019. The structural joints will be subject to maintenance works and the parking and periphery's lighting will be changed. Additionally, solar panels will be installed to reduce the shopping center's energy consumption.	

MANAGEMENT OF THE REAL ESTATE PORTFOLIO

COMMERCIAL
IDEO ITAGÜÍ DESIGN AND CONSTRUCTION CENTER

<p>City: Itagüí</p>	<p>PEI's share: 60%</p>	<p>Total rentable area: 16,947 m²</p>
<p>Location: Municipality of Itagüí</p>	<p>No. Parking Spaces: 304</p>	<p>Main Tenants: Corona, Alfa, Decoceramic</p>
<p>Description of the property: The property has a privileged location for commerce and industry in general, facing Autopista Sur. The asset is a commercial use complex intended to the construction, remodeling, and decoration fields. It is the first in the country with these characteristics, with over 140 stores and five large anchors exclusively dedicated to this activity.</p> <p>The property's versatility reflects in its construction, which can be adapted for offices and commercial premises in the second level. It also has availability for expansion in the parking tower, which currently has 304 parking spaces.</p>		<p>Investments and maintenance 2018 The fire detection system in the common areas and electrical substations was installed in 2018, also stage 1 of the walkway's improvement was finished, as well as stage 3 of the corridor's and halls' lighting improvement, and the fire system's update advanced.</p> <p>Projects 2019 The following projects are scheduled for 2019: fourth stage of the corridor's lighting, second stage of the walkway's improvement, construction of the RCI tank, and change of pump. Additionally, 2 escalators will be changed due to the end of their useful life.</p>

MANAGEMENT OF THE REAL ESTATE PORTFOLIO

COMMERCIAL

IDEO ITAGÜÍ DESIGN AND CONSTRUCTION CENTER

City: Cali	PEI's share: 60%	Total rentable area: 17,975 m ²
Location: Avenida 1 and Calle 62	No. Parking Spaces: 220 vehicles, 114 motorcycles	Main Tenants: Corona, Dercoceramica
Description of the property: The commercial complex has 3 floors distributed in 5 modules and an outdoor area. Each of the modules has local sub-anchors and commercial premises, for a total of 72 commercial premises. The shopping center's total rentable area is 17,975 m ² , distributed over 3 floors within the commercial complex, 4 warehouses at Calle 62, and 2 stores at Carrera 1. The property has extensive green areas on the perimeter and internal warehouses.		Investments and maintenance 2018 In 2018, the perimeter's lighting was installed for the warehouses at Calle 62, as well as the manual irrigation system for the green areas and the electrical connection points for the common areas. In addition, access was paved for the warehouse occupied by Corona and the transit area between the warehouses, occupied Cerámica Italia. A new commercial premise was also adapted, next to Dollarcity, for the arrival of a new tenant. Projects 2019 The works scheduled for 2019 are the installation of the parking lots' enclosure and speed reducers; also, the business room will be adapted, pedestrian paths will be built, a CCTV will be installed for the warehouses and elevators, and a luminous façade will be installed along with locker-room for the employees.

MANAGEMENT OF THE REAL ESTATE PORTFOLIO

COMMERCIAL

JARDÍN PLAZA CALI SHOPPING CENTER

City: Cali	PEI's share: 49%	Total rentable area: 31,368 m ²
Location: Ciudad Jardín	No. Parking Spaces: 911	Main Tenants: Falabella, Bodytech, Bershka, Zara, Roya Film
Description of the property: <p>In August 2015, PEI acquired 49% of the trust rights on the trust that owned the property where Jardín Plaza Shopping Center operates. As part of the transaction, PEI acquired the right to participate in future expansions of the Shopping Center.</p> <p>In 2016, the first expansion of the shopping center was carried out, for approximately 10,000 m² of additional GLA.</p> <p>With more than seven years of operation, 168 stores, and an occupation close to 100%, Jardín Plaza has established itself as one of the main shopping centers in the south of Cali.</p>		Investments and maintenance 2018 <p>The shopping center work commenced the third stage of its expansion in 2018.</p> Projects 2019 <p>The works scheduled for 2019 are the whole routine maintenance and investment necessary to keep the shopping center in optimal conditions; additionally, the shopping center's third stage of its expansion will continue.</p>

MANAGEMENT OF THE REAL ESTATE PORTFOLIO

COMMERCIAL

NUESTRO MONTERÍA SHOPPING CENTER

City: Monteria	PEI's share: 71%	Total rentable area: 18,841 m ²
Location: Glorieta de los Toros	No. Parking Spaces: -	Main Tenants: Euro Supermercado, Flamingo, Happy City, Royal Films, and Bodytech
Description of the property: PEI consolidated its majority share in the shopping center, through the additional acquisition of 19,294% of its property. PEI increased its interest in a shopping center with occupancy levels above 90%. Increase of PEI portfolio's geographical diversification.		

MANAGEMENT OF THE REAL ESTATE PORTFOLIO

COMMERCIAL

SANTAFÉ- DIVERCITY SHOPPING CENTER

<p>City: Medellín</p>	<p>PEI's share: 10%</p>	<p>Total rentable area: 64,421 m²</p>
<p>Location: Santafé Shopping Center</p>	<p>No. Parking Spaces: -</p>	<p>Main Tenants: Diversity, Action Fitness, Zero Gravity</p>
<p>Description of the property: Within a competed process, PEI was chosen to acquire three stores that operate as entertainment anchors on the fourth floor of the Santafé Shopping Center in Medellin, where Diversity, Zero Gravity, and Action Fitness currently operate. Santafé Shopping Center is located in the heart of Medellin's Golden Mile and, according to Fenalco and Acecolombia's figures, this is the shopping center with the highest number of visitors per year in Medellin and the fifth in the country.</p>		

MANAGEMENT OF THE REAL ESTATE PORTFOLIO

LOGISTICS

CITTIUM LOGISTIC INDUSTRIAL PARK

City: Tenjo	PEI's share: 100%	Total rentable area: 64,333 m ²
Location: Calle 80's Industrial Corridor	No. Parking Spaces: 375	Main Tenants: Siemens, Sofasa, Santillana, Lactopack
Description of the property: This asset is located on the sub-urban corridor of Calle 80, which stands out as the corridor with the largest projection for logistics parks and due to its proximity to El Dorado International Airport in Bogotá. This property has a LEED Silver certification. Investments and maintenance 2018 The stage 2 of the warehouses' separation was completed, in addition, the extraction system of the Free Trade Zone building's bathrooms was changed; lifelines were installed in the warehouses (phase 3) and	cameras at blind spots in the parking lot. Also, the projects to change the casino and free zone buildings' elevators and the independence of the warehouse's energy service were commenced. Projects 2019 The works scheduled for 2019 are building the RCI perimeter ring, the separation of the access control system and the energy service, and the completion of the casino and free zone buildings' elevators installation. Additionally, 200 bicycle racks will be installed.	

MANAGEMENT OF THE REAL ESTATE PORTFOLIO

LOGISTICS

ESTRA'S PRODUCTION PLANT AND CORPORATE HEADQUARTERS

City: Medellín	PEI's share: 100%	Total rentable area: 16,966 m ²
Location: Belén Industrial Zone	No. Parking Spaces: 15	Main Tenants: Estra
Description of the property: The property is located westbound of Medellín, in the Belén industrial zone, 1.5 kilometers from the Olaya Herrera Airport in Medellín. Investments and maintenance 2018 In 2018, translucent roof tiles were replaced in the skylights (stage 1) and a design for the expansion of the water network was also made.	Projects 2019 The works scheduled for 2019 are the change of translucent tiles (stage 2) and aluminum in the CEDI and the plant. The expansion of the water network will also be carried out.	

MANAGEMENT OF THE REAL ESTATE PORTFOLIO

LOGISTICS

EL CORTIJO WAREHOUSE

City: Yumbo	PEI's share: 100%	Total rentable area: 28,810 m ²
Location: Yumbo Industrial Area	No. Parking Spaces: 34 Docks	Main Tenants: Suppla
Description of the property: The warehouse occupied by Suppla, is located in El Cortijo Logistics Center, industrial sector of Yumbo, 20 minutes from the Alfonso Bonilla Aragón Airport and two hours from the Buenaventura Port. Investments and maintenance 2018 El Cortijo building's roofs and maneuvering yard's ways were subjected to maintenance. The designs for the perimeter wall's reconstruction were also contracted.	Projects 2019 Due to the new tenant's incoming entry, several activities will be carried out in 2019, as follows: perimeter wall's reconstruction, maintenance of the warehouse storage area's floor joints, warehouse and offices' general painting, façade's panel arrangement, furnishings' edges. Adjustments will also be done to the administrative offices' bathrooms, the gate room, the septic tank, and the emergency exits.	

City: Bogotá	PEI's share: 100%	Total rentable area: 29,557 m ²
Location: Las Américas Industrial Zone	No. Parking Spaces: 52	Main Tenants: Ciplas
Description of the property: The property is located in the Puente Aranda Industrial Zone. It has fronts on Carrera 60, Calle 10, and Calle 11, as well as important access roads such as Av. Las Américas, Av. 68, and Calle 13.		Investments and maintenance 2018 The west warehouse's roof change was completed, including the structure, and the plant's shielding system design was also made. Projects 2019 The metallic canal will be changed and repaired because its useful life will be over.

MANAGEMENT OF THE REAL ESTATE PORTFOLIO

LOGISTICS

MAPFRE

City: Bogotá	PEI's share: 100%	Total rentable area: 4,099 m ²
Location: Las Floresta Industrial Zone	No. Parking Spaces: 45	Main Tenants: Mapfre
Description of the property: The asset is located in La Floresta industrial zone, toward the northwest of the city. This sector is an automotive cluster, where commercial use and storage real estate assets have also developed.	Investments and maintenance 2018 The third stage of the roof's replacement was carried out at Mapfre. Projects 2019 The third stage of the roof's replacement and the demarcation and signaling of the technical rooms will be made.	

MANAGEMENT OF THE REAL ESTATE PORTFOLIO

LOGISTICS

QUADRATTO INDUSTRIAL AND LOGISTICS PARK

City:

City: Tenjo	PEI's share: 100%	Total rentable area: 20,216 m ²
Location: Calle 80 Industrial Corridor	No. Parking Spaces: 35	Main Tenants: Jerónimo Martins, Sánchez Polo
Description of the property: The asset is located in Calle 80's suburban corridor, which stands out as the corridor with the largest logistics parks projection, thanks to the large amount of land available to develop. Investments and maintenance 2018 In 2018, the installation of the eastern side's lighting pole was carried out and the treatment plant's jet pump (Ptard) was installed at Quadratto. Additionally, 14 canopies and security films were installed in warehouses C and D.	Projects 2019 The connection to the sewage waters system is projected for 2019, as well as the installation of the terraces' anchoring points. Also, an emergency exit will be built at warehouse B and the pumps will be connected to the alarm system.	

MANAGEMENT OF THE REAL ESTATE PORTFOLIO

LOGISTICS

LA CAYENA FREE TRADE ZONE - ALFACER WAREHOUSES

City: Barranquilla	PEI's share: 100%	Total rentable area: 186,802 m ²
Location: Juan Mina Industrial Corridor	No. Parking Spaces: 0	Main Tenants: Alfacer, Alfatrading
Description of the property: The asset is located in La Cayena Free Trade Zone, at Kilometer 8 Vía Barranquilla – Tubará, and is part of the Juan Mina industrial corridor, characterized by important logistics parks such as Galapark, ZOFIA, and Metroparque. Investments and maintenance 2018 No projects were carried out this year.	Projects 2019 The metallic structures' maintenance is projected for 2019.	

MANAGEMENT OF THE REAL ESTATE PORTFOLIO

LOGISTICS

LA CAYENA FREE TRADE ZONE- HADA WAREHOUSE

<p>City: Barranquilla</p>	<p>PEI's share: 100%</p>	<p>Total rentable area: 186,802 m²</p>
<p>Location: La Cayena Industrial Park</p>	<p>No. Parking Spaces: 5 Loading docks</p>	<p>Main Tenants: Hada International</p>
<p>Description of the property: The main module concentrates the production and raw materials and finished products storage areas. The second module, consists of the administrative and gear area. Additionally, the plant has 5 loading and unloading docks and seven parking lots for heavy vehicles.</p>	<p>Investments and maintenance 2018 Phase II and phase III of the asset's expansion were executed in the two lots adjacent to the plant, with an area of 9,251 m²</p> <p>Projects 2019 There are no projects scheduled for 2019</p>	

MANAGEMENT OF THE REAL ESTATE PORTFOLIO

LOGISTICS

PACÍFICO FREE TRADE ZONE

City: Palmira	PEI's share: 100%	Total rentable area: 214,452 m ²
Location: Yumbo – Palmira Road	No. Parking Spaces: 28	Main Tenants: Indugral, Magnum Logistics, Furukawa
Description of the property: The property is located just ten minutes from the Alfonso Bonilla Aragón International Airport and 140 kilometers from the Buenaventura Port (main Colombian seaport on the Pacific Ocean). Investments and maintenance 2018 Pacific Free Trade Zone's roof tiles and the lighting of the Magnum warehouse (B17) were changed in 2018;		Indugral's terraces were also waterproofed and the Magnum warehouse (G1,2)'s illumination was partially changed and its bathroom battery repaired. The Furukawa warehouse's roof reinforcement and floor slab of the maneuvering yard were also. Projects 2019 At the Furukawa warehouse, the structural reinforcement of the roof will be carried out and the cobblestone will be partially replaced by concrete in the maneuvering yard. In addition, two leveling platforms will be installed in the docks.

MANAGEMENT OF THE REAL ESTATE PORTFOLIO**LOGISTICS****CEDI LG PALMIRA**

City: Palmira, Valle del Cauca	PEI's share: 100%	Total rentable area: 19,590 m ²
Location: Palmira	No. Parking Spaces: -	Main Tenants: LG Electronics Colombia
Description of the property: LG Electronics Colombia, one of the first tenants of PEI's portfolio, was retained through the development of a distribution center tailored to its expansion needs and operation requirements. Increase of PEI's portfolio geographical diversification.		

MANAGEMENT OF THE REAL ESTATE PORTFOLIO

SPECIALIZED CESDE

City: Medellín	PEI's share: 100%	Total rentable area: 15,823 m ²
Location: Medellín Downtown	No. Parking Spaces: 162	Main Tenants: Cesde
Description of the property: The CESDE property is located at Carrera 42 # 48 - 20 in Medellín's downtown. It is distributed in 3 buildings. The main building has 6 floors, the Ayacucho building 9 floors; and the Pascasio building 3 floors.		Investments and maintenance 2018 The acrylic tiles of the patios in the Pascasio headquarters were changed and a wall was reconstructed in the headquarters' basement due to structural failures. Projects 2019 The correction of settlement cracks in the coliseum floor is scheduled for 2019. Also, the storage drinking water tank in the main headquarters will be changed and the Pascasio building's detection system will be installed.

MANAGEMENT OF THE REAL ESTATE PORTFOLIO

SPECIALIZED
CITY U

<p>City: Bogotá</p>	<p>PEI's share: 50%</p>	<p>Total rentable area: 29,086 m²</p>
<p>Location: Center</p>	<p>No. Parking Spaces: 345</p>	<p>Main Tenants: University de los Andes, Ara, Starbucks, Juan Valdez</p>
<p>Description of the property: The property is located un the university cluster at the center of Bogotá, surrounded by universities such as Los Andes, El Rosario, Externado, and Jorge Tadeo Lozano, among others. With 28,826 m² of rentable area, City U has three towers of university residences accommodating over 1,700 students and a large commercial area with brands such as Ara, Starbucks, and Juan Valdéz.</p>		<p>Investments and maintenance 2018 ESe moved the showroom to floor 1 and the increased the electric charge in three of the commercial premises. Additionally, communal kitchens were built on the 5th floor of Tower 1</p> <p>Projects 2019 City U's CCTV will be improved with the installation of cameras and monitoring systems in the blind spots. Lines of life will also be installed on the auditorium and games room, and a framework will be built on the 4th floor.</p>

MANAGEMENT OF THE REAL ESTATE PORTFOLIO

PORTFOLIOS

DAVIVIENDA

Each property of the portfolio has the following total rentable area:

<u>City</u>	<u>Location</u>	<u>Total rentable area</u>
Barranquilla	Calle 76	370 m ²
Bogotá	Alhambra	167 m ²
Bogotá	Almirante	197 m ²
Bogotá	Barrio Restrepo	300 m ²
Bogotá	Calle 94	266 m ²
Bogotá	Ceditos	583 m ²
Bogotá	Andino Shopping Center	313 m ²
Bogotá	Chicó Shopping Center	495 m ²
Bogotá	Galerías II Shopping Center	216 m ²
Bogotá	Hacienda Santa Bárbara Shopping Center	350 m ²
Bogotá	Iserra 100 Shopping Center	538 m ²
Bogotá	Milenio Plaza Shopping Center	129 m ²
Bogotá	Plaza de las Américas Shopping Center	307 m ²
Bogotá	Plaza Imperial Shopping Center	257 m ²
Bogotá	Panorama Shopping Center	222 m ²
Bogotá	Salitre Plaza Shopping Center	327 m ²
Bogotá	Salitre Plaza 2 Shopping Center	207 m ²
Bogotá	Teleport Business Shopping Center	203 m ²
Bogotá	Tintal Plaza Shopping Center	333 m ²
Bogotá	Tunal Shopping Center	299 m ²
Bogotá	Chapinero	370 m ²
Bogotá	Chico Reservado	228 m ²
Bogotá	Contador	558 m ²
Bogotá	El Retiro	482 m ²
Bogotá	Estrada	146 m ²
Bogotá	La Esmeralda	434 m ²
Bogotá	La Soledad	377 m ²
Bogotá	Multicentro Nueva Autopista	105 m ²
Bogotá	Normandía	298 m ²
Bogotá	San Nicolás	311 m ²
Bogotá	Santa Isabel	312 m ²
Bogotá	Soluzona	119 m ²
Bogotá	Timiza	358 m ²
Bogotá	Toberín	276 m ²
Bogotá	Trinidad Galán	248 m ²
Bogotá	Bavaria Building	2,101 m ²
Bogotá	Calle 72 Carrera 11 Building	1,001 m ²
Bogotá	Salud Total PH building	207 m ²
Bogotá	Torre Bolivar	4,363 m ²
Bogotá	Torre CCI	24,223 m ²
Bogotá	Torre Suramericana	2,909 m ²

<u>City</u>	<u>Location</u>	<u>Total rentable area</u>
Bogotá	Seguros Bolivar Building	476 m ²
Barranquilla	Calle 76	370 m ²
Bucaramanga	Calle 35	1,544 m ²
Bucaramanga	Calle 49 Cabellano	299 m ²
Bucaramanga	Carrera 23 Provenza	240 m ²
Cali	Café Building	5,115 m ²
Cartagena	Colseguros Building	5,115 m ²
Cartagena	Manga	428 m ²
Cartagena	Carrera 2 Bocagrande	406 m ²
Copacabana	Copacabana	218 m ²
Cúcuta	Avenida Cero	231 m ²
Cúcuta	Calle 10	980 m ²
Girardot	Unicentro Girardot	1,912 m ²
Ibagué	Main office Ibagué	243 m ²
Manizales	Manuel Sáenz Building	375 m ²
Medellín	Santafé Shopping Center	205 m ²
Medellín	La Frontera	296 m ²
Medellín	Premium Plaza	365 m ²
Medellín	Santa Teresita	261 m ²
Medellín	Visitación	447 m ²
Medellín	El Café Building Medellín	1,366 m ²
Medellín	Torre Davivienda Building	4,021 m ²
Neiva	Calle 10 # 7 - 08	1,834 m ²
Pasto	Pasaje El Liceo Building	873 m ²
Palmira	Calle 29 Palmira	361 m ²
Pereira	Calle 18 Building	1,339 m ²
Santa Marta	Avenida Libertador	188 m ²
Villavicencio	Calle 38	438 m ²

MANAGEMENT OF THE REAL ESTATE PORTFOLIO

PORTFOLIOS BODYTECH

Each property in the portfolio has the following total rentable area:

<u>City</u>	<u>Location</u>	<u>Total rentable area</u>
Armenia	Las Lomas	1,901m ²
Cali	Santa Teresita	5,250 m ²
Chía	Avenida Pradilla	1,515 m ²
Dosquebradas	Avenida Simón Bolívar	1,998 m ²
Ibagué	Avenida Ambalá	1,833 m ²

MANAGEMENT OF THE REAL ESTATE PORTFOLIO

PORTFOLIOS ÉXITO

Each property in the portfolio has the following total rentable area:

<u>City</u>	<u>Location</u>	<u>Total rentable area</u>
Bogotá	Carulla Paseo Real	1,772 m ²
Bogotá	Las Américas Industrial Zone	18,648 m ²
Itagüí	San Isidro	14,089 m ²
Medellín	Palma, Belén	4,663 m ²
Medellín	El Poblado	18,007 m ²
Valledupar	Norte	1,328 m ²

MANAGEMENT OF THE REAL ESTATE PORTFOLIO

PORTFOLIOS NUTRESA

Each property in the portfolio has the following total rentable area:

<u>City</u>	<u>Location</u>	<u>Total rentable area</u>
Aguachica	Carrera 40	2,818 m ²
Cartagena	Parque Industrial Parquiamerica	6,419 m ²
Florencia	Florencia	2,600 m ²
Monteria	Monteria	4,840 m ²
Neiva	Palermo	4,380 m ²
Pasto	Pasto	5,419 m ²
Valledupar	Norte	4,479 m ²

MANAGEMENT OF THE REAL ESTATE PORTFOLIO

PORTFOLIOS SUPPLA

Each property in the portfolio has the following total rentable area:

<u>City</u>	<u>Location</u>	<u>Total rentable area</u>
Bogotá	Las Américas Industrial area	21,140 m ²
Cali	Saloma	15,627 m ²

MANAGEMENT OF THE REAL ESTATE PORTFOLIO

PORTFOLIOS REDETRANS

Each property in the portfolio has the following total rentable area:

<u>City</u>	<u>Location</u>	<u>Total rentable area</u>
Bucaramanga	Parque Industrial Provincia De Soto II	3,564 m ²
La Estrella	Sector Industrial La Estrella	10,094 m ²
Medellín	Poblado Ciudad del Río	5,625 m ²
Mosquera	Calle 13	17,148 m ²
Yumbo	Norte	9,978 m ²

MANAGEMENT OF THE REAL ESTATE PORTFOLIO

PORTFOLIOS

ÚNICO SHOPPING CENTERS

Each property in the portfolio has the following total rentable area:

<u>City</u>	<u>Location</u>	<u>Total rentable area</u>
Barranquilla	Betania	23,713 m ²
Cali	El Sena	38,344 m ²
Yumbo	Arroyo Hondo	7,238 m ²
Neiva	Las Mercedes	12,003 m ²
Villavicencio	La Alborada	12,963 m ²

8.3 Developing Assets

2018 marks a significant milestone for the vehicle, as it reached the first 5 thousand million pesos in assets under management (AUMs) and a portfolio of almost 1 million m² of rentable area.

2018's asset acquisition operations distributed in all asset categories. Some transactions increased the interest in assets where PEI did not have a 100% ownership. One aspect to highlight, common to all acquisitions, is that they are all refer to commercially stabilized assets, that is, 100% flow generators.

3 Specialized Assets	24,964 m2 Rentable area	5 Commercial Assets	87,448 m2 Rentable area
1 Logistics Assets	13,163 m2 Rentable area	1 Corporate Assets	31,582 m2 Rentable area

Under the vehicle's Investment Policy, PEI may structure future acquisition schemes for properties under construction or that will be built, establishing within the negotiation certain stipulations aimed at mitigating the risks associated with the construction period and the commercial risks during the stabilization stage of the assets entry into operation.

At the beginning of 2018, PEI had already executed binding documents in connection with two developing assets under construction:

- A 50% stake in the North Tower of Atrium in Bogotá, for an amount close to COP \$420 thousand million; and
- A 56% share in NUESTRO BOGOTÁ shopping center, with an investment around COP \$315 thousand million.

Additionally, Binding Documents on Developing Assets were executed in 2018 for an amount close to COP \$385 thousand million pesos, among them, for properties in two new portfolio asset categories: health and hospitality.

- Clínica Las Américas is a built to suit asset that Prabyc is developing in Envigado, to satisfy the services' expansion of needs of the current headquarters located westbound of Medellín. The new clinic will have a capacity of 125 beds and complexity grade. The clinic will be operated by Promotora Médica Las Américas, property of Grupo Empresarial Las Américas, which is among the 500 largest companies of the Colombian health sector.
- The clinic will be built in an estimated 20 months-term. The relevant works' delivery will take place in November 2019 and will open to the public in the first half of 2020. PEI's investment will be 70% of the assets, in an amount of COP \$82 thousand million.

MANAGEMENT OF THE REAL ESTATE PORTFOLIO

- Within the portfolio's support strategy to the tenants, aimed at solving their real estate needs, a negotiation for the acquisition of Clinisánitas medical center in Ciudad Jardín, Cali, for COP \$14 thousand million was carried out. The medical center will be built in 12 months, so the asset should be ready for the final adjustments in the last quarter of 2019.
- The construction of the EPS Sánitas Tequendama medical care center in Cali was also completed in 2018; accordingly, the asset's incorporation in PEI's portfolio is estimated to take place during the first months of 2019. This investment amounted to COP \$18,400 million.
- After analyzing and assessing several business opportunities for the acquisition of hotels, a business agreement was perfected in 2018, whereby PEI will be the institutional owner of 60% of Hotel Calablanca on the island of Barú, under a co-investment scheme with Grupo Argos and Arquitectura & Concreto. The hotel, which will have 187 rooms, is cataloged as a luxury segment-asset and will be operated by Accor Hotels under the Sofitel brand standards. PEI's investment was agreed at COP \$120 thousand million, under a transaction scheme with a 5 years-preferential flow coverage granted by the co-investment partners.
- As part of the synergies associated to PEI's 2015 investment at Jardín Plaza shopping center in Cali, in 2018 PEI carried out a negotiation to invest in the Jardín Plaza shopping center in Cúcuta, which is estimated that will open to the public in the first quarter of 2019.
- "Jardín Plaza Cúcuta is designed to become the most important shopping center in the North East of Colombia, due to its innovative and open-air design, and its offer, designed to serve all socio-economic categories in the region. Jardín Plaza Cúcuta will offer a complete commercial mix with distinctive brands such as Alkomprar, Olímpica (SAO), Arkadia, Mac Center, Adidas, and Muebles & Accessories, among others, not currently not present in the city. It will also stand out for its management model and experiential spirit, whose owners, Central Control and , Portuguese multinational Sonae Sierra, will be in charge of."

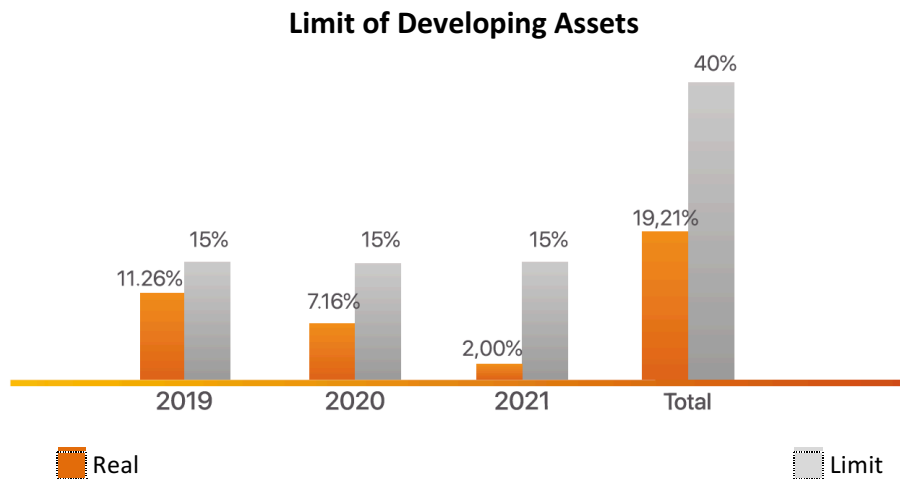
PEI's stake in the asset will be 50% of the asset, form an amount of COP \$93 thousand million.

- El Tesoro Shopping Center's expansion project, consisting of 16,000 m² of GLA, progressed in 2018 and included activities such as excavations, the creation of slopes and screen walls, and the structure's foundations and construction. The shopping center's expansion, which will include a medical offices tower that will not be part of PEI's future acquisitions, will take 24 months and is scheduled to commence operations in March 2020. H&M will be within the tenants of the new commercial areas, opening its first store in Medellín, the third store of this brand in PEI's assets.
- In the warehouse category, a binding document for the future acquisition of D1's Distribution Center in Ibagué was executed, for 13,163 m² and an amount of COP \$28,400 million. D1 is a hard discount retail stores brand that has built an important position in the country during the last years.

MANAGEMENT OF THE REAL ESTATE PORTFOLIO

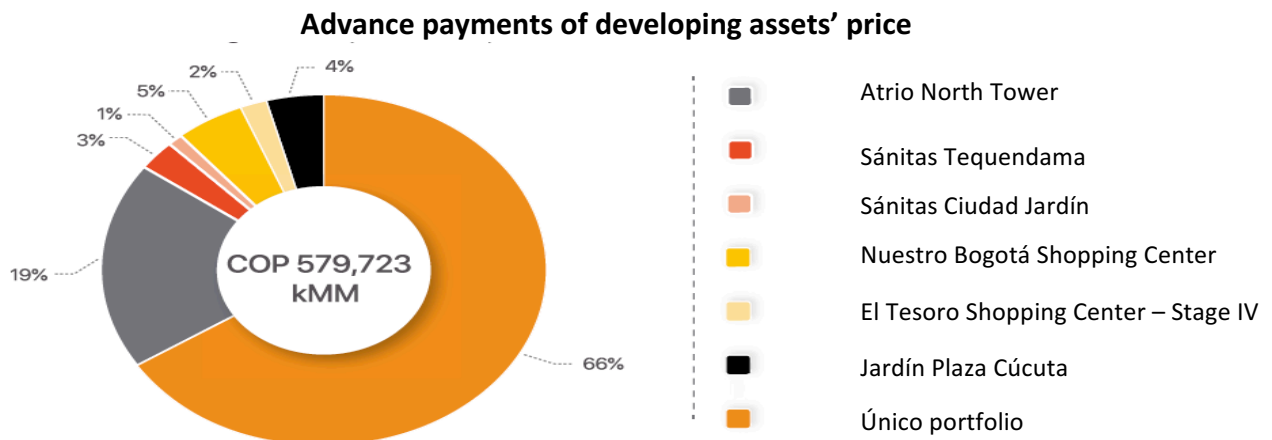
In line with the approach approved by the Investors Assembly in December, the measurement of the binding commitments for the future acquisition of the assets under construction or to be built, existing by the end of 2018, the measurement of the Developing Assets Limit (DAL) behaves according to the following graph:

The construction of the real estate assets that PEI has promised to purchase as of December 2018, are scheduled to be completed and, accordingly, incorporated to the operating properties portfolio during the following years, until 2021. The value of such assets represents 19.21% of PEI's total projected value for 2021. In this connection, 2019 is a significant year, due to Atrio's entry to the portfolio (PEI's interest in this asset is 50% of the North Tower).



As to the advance payments of the purchase price, it is important to highlight that this alternative is conceived to structure businesses both for stabilized developing assets. By the end of 2018, the amount disbursed to sellers of assets as advance payments of the purchase price was COP \$580 thousand MM, of which 66% correspond to ÚNICO shopping center's portfolio (COP \$383 thousand MM), which are fully stabilized assets whose transfer to PEI will take place in the first months of 2019. In the case of Atrio, the advance payments of the price add up to COP \$108 thousand MM and correspond to 26% of the asset's purchase price. This acquisition is expected to be formalized in the second semester of 2019.

The other advance payments of the purchase price correspond to the assets appearing in the graph below, mentioned in earlier paragraphs.



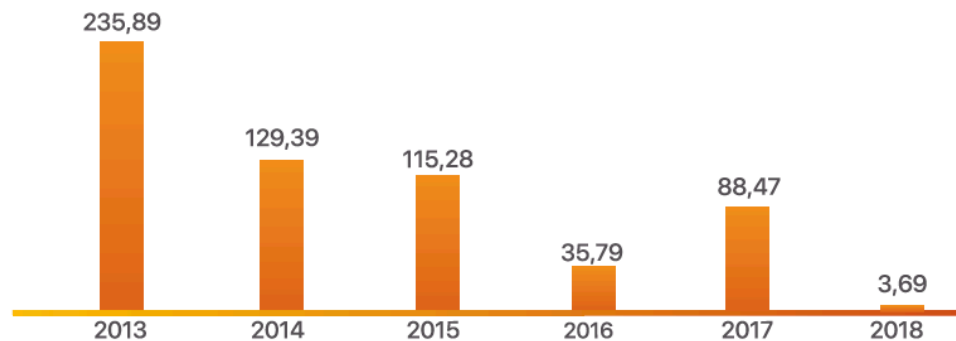
8.4 Insurance Program

The Insurance Program structured by PEI, aims to meet the needs of the vehicle in connection with the coverage and transfer of the physical and economic risks that the assets could be exposed to during the regular course of the real estate assets portfolio's investment and management activities.

Accordingly, the insurance program has been structured around the management risks concerning any material losses or damages of the assets, as well those associated with any tort liabilities resulting from damages caused to third parties during the real estate assets' operation.

In the last five years, PEI has been showing a reduction of its registered losses, compared to similar companies in the real estate sector. This, thanks to the real estate assets' management and continuous monitoring and maintenance, which includes periodic activities such as thermographies (technique to measure electrical points, machinery, or building equipment's temperatures, so as to mitigate any possibilities of fire), pitometries (procedure to obtain a diagnosis of the water supply system's operation, mainly the fire prevention networks system), and property risk inspections (such as goods, cleaning and maintenance products' storage, among others). In this connection, the low loss ratio has allowed the vehicle to gradually reduce the rates of the premiums paid, from 0.134% in 2013 to 0.075% by the end of 2018.

PEI's loss levels (COP MM)



All Physical Damage Risk Insurance Policy - APDI

This policy covers any direct losses or physical damages suffered by PEI's assets, as a result of the risks covered under the Policy (accidental, sudden and unforeseen events such as, but not limited to fire, smoke, lightning, explosion, earthquake, tremor, volcanic eruption, tsunami, high tides, hurricane, typhoon, tornado, cyclone, hail, strong winds, aircraft crash, land vehicle crash, flood, downpours, avalanche, mudslide, and water damage).

This insurance also covers loss of income, if any of the risks covered thereunder take place, resulting from the inability to operate the asset while it is rebuilt.

The insured value includes all the real estate portfolio's operative assets, in an amount equivalent to their reconstruction value plus that of any technical equipment owned by PEI.

MANAGEMENT OF THE REAL ESTATE PORTFOLIO

Every year, through the insurance broker, reputed insurance companies participate in a process aimed at renew the insurance policies. In this process, the technical and economic conditions for the new contract's validity are determined and negotiated, including the portfolio's active assets and any others incorporated during the year as a result of the procurement plan.

By the end of 2018, the portfolio's insured value included 141 real estate assets for COP \$3,289 thousand million:

APDI Rate

Insured item	Insured amount 2018 (COP MM)
Buildings, machinery, and equipment	2,649,940
Access ways and others	56,093
Rents	583,064
Total	3,289,097

Tort liability insurance - TLI

This policy covers the risks directly resulting from damages caused to third parties during the real estate portfolio asset's operation.

This policy covers all the real estate assets. Thus, the portfolio has a compensation limit contracted. In 2018, the insured value was COP \$15,000 kMM.

Also, certain Commercial Assets have additional TLI policies to cover any potential risks derived from their particular operation; this is the case of Plaza Central shopping center, and the PH's.

**DEVELOPING LONG-TERM
RELATIONSHIPS**

Círculo de Viajes Universal

**Monica Freyle
Financial Manager**

For us, PEI is a vehicle that allows different size investors' access to stabilized income real estate assets that are very well managed by its administrator, PEI Asset Management.

This instrument allows us to attain periodic revenues and enjoy a very high liquidity potential, so that whenever we wishes to recover our investment, we availability to a secondary market that is increasingly growing strong.

PEI is a very interesting vehicle for investors, for three main reasons: solvency, liquidity, and profitability.

ONE PLAZA BUILDING – NORTH TOWER

CHAPTER 9

INVESTORS RELATIONS

INVESTORS RELATIONS

2018 was the year that the Investor Relations Management Office formulated its strategy of building long-term relationships with investors, structured its processes, and designed a work plan to offer a permanent communication channel and high standards on the vehicle's performance, news, updates, activities' development, and results, among others.

INVESTORS RELATIONS MANAGEMENT 2018

4 Investors Assemblies

3 Teleconferences on Results

1 Management Report 2017

12 Monthly Reports

10 Prospect's Update Tranches

21 One on One Meetings with Investors

5 Breakfasts with Investors and update brokers

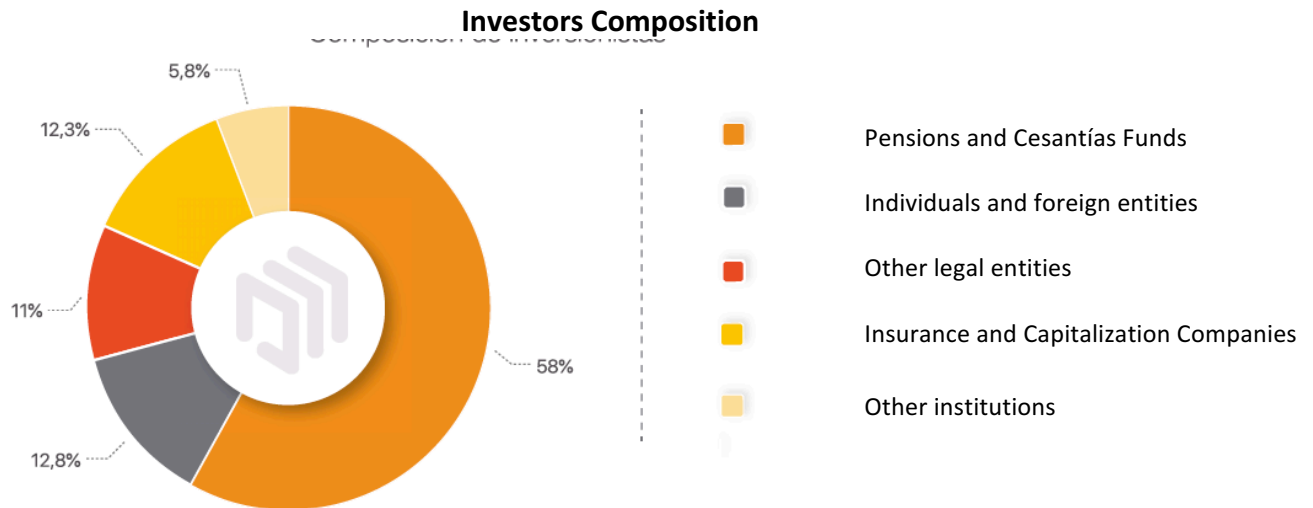
9.1 Composition of Investors

As of December 31, 2018, the vehicle had 3,475 Equity Securities investors, this is, an additional 5% than those at the end of the previous year, an increase entirely derived from secondary market transactions. This, considering that in the last 12 months no primary issuance of TEIs took place.

The specific characteristics of the profiles, nature, and investment mechanisms makes a first differentiation between the vehicle's institutional and retail investors and, in a more detailed manner, allows grouping them into 5 categories:

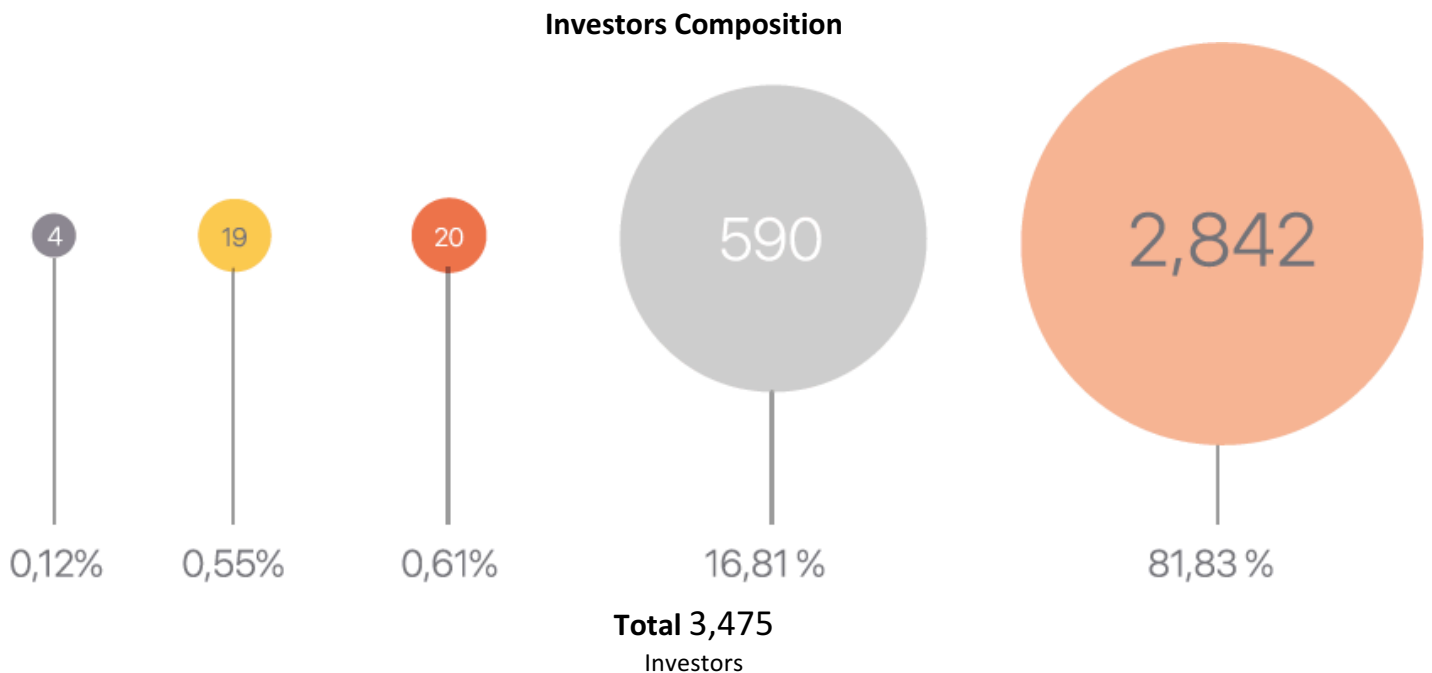
The investment capacity of institutional investors such as Pension Fund Managers, insurance companies, and trust companies drives them to maintain a majority share that is currently distributed as shown in the graph. However, the individual and legal entities category showed the greatest share increase in the vehicle, adding already to 25% of the capital.

INVESTORS RELATIONS



A comparison of the investors' composition for 2018 and 2017, shows that the category with the main variation was Other Institutions, going from 1.9% to 5.8%, i.e. a 3.9% share increase in the capital; this amounts to an additional invested amount of COP \$142 kMM. The Other Institutions category mainly consists of Trust Companies, Brokerage Companies, Trusts and Consortiums, and Mutual Investment Funds. On the other hand, insurance companies increased their share from 10.8% to 12.3% in the outstanding Securities, which is equivalent to an additional invested amount of COP \$55 kMM.

Individuals reached a 12.8% capital participation, representing the second largest group of investors; they grew in number to 101, with an 80 bps increase of their share; and legal entities grew to 57, with a 60-bps increase.



The first 3 values have a symbolic representation due to their comparative size to the following.

INVESTORS RELATIONS

9.2 Relations Channels with Investors

As to the collective contacting channels with Investors, the activities developed by the investor relations team for each of the interaction channels with investors, are detailed below:

9.2.1 Investors General Assembly

PEI's Ordinary Investors' Assembly for 2018 was held in June 2018, through two meetings: a first-call meeting on May 16 and a second-call meeting on June 21, respectively

- 154 investors attended the Ordinary Assembly's first call meeting, representing 70% of the outstanding securities. The session's proposed agenda included PEI Asset Management and Fiduciaria Corfic Colombiana's presentation of the management reports and results for 2017, in their capacity as the vehicle's Real Estate Manager and management agent, respectively, and a proposal to update the securities' issuance and placement of prospectus, which was finally discussed during the second-call meeting, as it required a quorum exceeding 70% to decide, that was not present in the first session.
- 170 investors attended the second-call meeting, equivalent to 72% of the Securities; as a result, the changes to the prospectus, related to the rotation –at least every 3 years– of the assets' appraisal firms for a same property, and the modification of the distributable cash flow payment's periodicity were approved. As of 2020, the distributable cash flow payment's periodicity will be no longer semiannual, but quarterly.

During the month of December, an extraordinary meeting was held in order to deliberate on certain proposals to update the prospectus. These proposals referred to the exposure limits and certain issues on corporate governance. Because of the special quorum required for such approvals, it was necessary, again, to make two calls; the first one for November 29, which had a 61.77% attendance of the represented Securities and a second one, on December 6, with a 76% attendance of the represented securities outstanding, corresponding to 96 investors.

- After an extensive debate on the proposals, 5 exposure limits were updated and the inclusion of the new developing assets limit was approved, as well as an update of the Advisory Committee's composition and the Investors Legal Representative's remuneration.

9.2.2 Teleconferences on Results

One of the spaces recurrently structured in 2018 with a specific purpose, were teleconferences. Accordingly, throughout 2018 three teleconferences on the vehicle's results were held with the investors: on February 22, August 23, and November 22. PEI Asset Management presented the years' first semester and third quarter results in these teleconferences, referring to very important topics such as the summary report of the vehicle's management, the background of the real estate market, and the most relevant financial figures.

Jairo Corrales - President of PEI Asset Management, Andrés Felipe Ruiz - Financial Vice President, and Jimena Maya - Investor Relations Manager, led the calls, highlighting important messages such as PEI's first ordinary bonds issuance, worth 500,000 MM, the placement of over 27,000 m² of available spaces as a result of the portfolio vacancy's management, and the vehicle's performance.

The teleconferences had over 115 attendees on average and 70% of the equity securities outstanding.

PEI Asset Management’s Investor Relations team extends an invitation for all investors to join, throughout 2019, the quarterly results teleconferences and all the spaces implemented by PEI Asset Management to keep them informed of the vehicle's events. Please update your contact information with investors@PEI.com.co and check our website www.PEI.com.co.




9.2.3 Website

The web page’s contents have been restructured and supplemented, in order to enhance it as one of the permanent and updated information channels for investors. Thus, during the past year, 14 communications were issued on specific topics such as bond issues, acquisitions, investor assemblies, and teleconferences on results; also, a tax certification unloading access was habilitated, among others.

Investors Access						
Pei	Home	What is Pei?	Portfolio	Investors	Contact	Search
COP 5,5 BILLION IN ASSETS UNDER MANAGEMENT		141 ASSETS	95% PORTFOLIO’S OCCUPANCY	967 thousand m² RENTABLE AREA		
Investors Access						
Pei	Home	What is Pei?	Portfolio	Investors	Contact	Search

Investors Access						
Pei	Home	What is Pei?	Portfolio	Investors	Contact	Search
INVESTORS						
Estrategias Inmobiliarias Equity Securities - TEIS						
				Year 2019	Year 2018	Year 2017
				Date	Unit's Value	
				March 26, 2019	10,253,309.3	
				March 25, 2019	10,250,639.9	
				March 24, 2019	10,247,913.1	
				March 23, 2019	10,245,186.8	
				March 22, 2019	10,242,397.2	
Tax Certificates						
Ratings		Reports		Investors Relations		

INVESTORS RELATIONS

						Investors Access					
Pei	Home	What is Pei?	Portfolio	Investors	Contact	Search					
INVESTORS RELATIONS Purpose Provide investors with the information necessary to make decisions as to their participation in the Estrategias Inmobiliarias Trust (PEI). Also, provide the availability of channels allowing transparent, constant, and two-way communications. Investors Relations Policy Pei's Presentation				Calendar of Events							
				Today				March 2019			
				Sun	Mon	Tue	Wed	Thu	Fri	Sat	
				24	25	26	27	28	1	2	
				3	4	5	6	7	8	9	
10	11	12	13	14	15	16					
17	18	19	20	21	22	23					
24	25	26	27	28	29	30					
31	1	2	3	4	5	6					
		 Assembly		 Dividends		 Teleconference					
Contact activities											
Investors Assembly		Quarterly Teleconference		One on One Meetings		Road Show					
Communication Channels											
<ul style="list-style-type: none"> ✓ Certificates ✓ Fiduciaria Colmena FC ✓ Informative mails ✓ Website: www.pei.com.co ✓ Investors email: inversionistas@pei.com.co 											
Investors			Rating			Reports					

Within the new sections, all the information related to the debt securities' program - PEI Bonds, corporate governance issues, and the vehicle's quarterly results was included, as well as a replica of the vehicle's relevant information published on the FSC's website.

Additionally, and as part of the investors' relations-strengthening good practices, it was voluntarily decided to follow and abide by the requirements for the accreditation of IR Issuer Recognition, granted by the Colombian Stock Exchange. These requirements refer to the vehicle information's disclosure in terms of structure, corporate governance, financial results of the business, and agenda of activities with investors.

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DEVELOPING LONG-TERM RELATIONSHIPS

Alianza Valores

Alianza Valores – PEI's Placement Agent

Ricardo Pérez

Strategy and Market Vicepresident

Four years ago, PEI allowed us offering to our clients an investment alternative that we did not have. We traditionally offered fixed income assets such as TES, bonds and CDTS, and equity assets such as shares, but we had no attractive real estate investment alternatives.

PEI provided our clients with access to a broad and diversified domestic real estate portfolio, managed by PEI Asset Management's expert team. This is how, during the last 3 years, we have managed to invest close to 200 clients with an amount around COP \$72,000 MM and interesting returns, allowing them to diversify their current asset structure.

Thanks to PEI and PEI Asset Management's administration, Alianza feels very comfortable in placing both equity securities and bonds with our institutional client base and individuals.

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