ANNUAL
REPORT 2023

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1. LETTER FROM THE PRESIDENT

Dear Investors

We address you a propos of PEI's annual Management Report for 2023, to share the significant events and **achievements that defined a year framed by a challenging context**.

Throughout the year, the economy's main ratios faced a series of shocks that generated uncertainty, ranging from high inflation levels to volatility in capital markets.

However, the main macroeconomic variables have experienced **correction trends during the last quarters, though at a slower pace than that expected by market analysts.**

In light of the above, as PEI's Real Estate Manager, **we drew up a roadmap based on the vehicle's attributes and reaction capability** where the portfolio's diversification played a decisive role.

The over **150 assets** –including corporate, commercial, logistics and specialized use– **present in more than 30 cities and municipalities in the country, and over 1,600 tenants**, enabled the vehicle to respond to the economic environment's challenges.

PEI's Strategic Plan prioritized the following work fronts: On the one hand, the **real estate asset portfolio's optimization**, which fully incorporates the investment cycle and, on the other one, **strengthening an efficient capital structure** focused on enabling new financing facilities.

In parallel, we made progress with the sustainability agenda and enabled the conditions to expand the investor base in the local and international capital markets.
We concluded the update process of the vehicle's equity securities prospectus, during the Investors Extraordinary Assembly held in December, after working in it throughout the year.

This amendment aimed at updating PEI's profile for the following years, focusing on achieving a closer alignment of interests with those of the investors and a new compensation structure for the Real Estate Manager, **maintaining a conservative debt profile and strengthening the corporate governance standards.**

The portfolio's performance showed the real estate business's ability to adapt to various scenarios, reducing the **portfolio's vacancy level through an occupancy rate close to 96%, the highest in the last five years. In line with this, the agreement's renewal rate reached 98%.**

which responds to a commercial management strategy focused on the creation and delivery of **greater value to customers with comprehensive product and service proposals such as m4** (meters to the power of four).

With this, PEI achieved sustained growth of its operating income throughout the year, represented by a 15% increase compared to 2022, reaching revenues for COP 703,580 MM and operating efficiencies that resulted in an 82.6% NOI margin.

The portfolio expenses also decreased as a result of the **unilateral discount**, effectively applied from January to December 2023, in addition to the **vehicle's operating cost structure management**, which drove the EBITDA margin to close at 71%.

With respect to the capital structure, **the debt service corrected, influenced by the gradual deceleration of inflation**. However, the interest expense reached COP 437,000 MM, generating a Distributable Cash Flow of COP 63,000 MM, represented by an equity dividend yield of 1.12%.

It is important to note that the security's market value experienced a substantial recovery, **closing the year at COP 64,300, corresponding to an 80% appreciation.**

It is important to note that, throughout 2023, PEI was the most valued security among the species listed with the Colombian Stock Exchange's equities trading system.

In line with the above, the security's average daily trading volume increased from COP 72 MM in December 2022 to COP 665 MM in December 2023, i.e., 9.2 times.

By virtue of the above, we are confident to assert that say that material results were achieved in 2023, even in the midst of the economic environment's

challenges and that, once again, **PEI leveraged on the intrinsic strengths of its solid and tangible real estate assets portfolio, while at the same time highlighting the potential of real estate investments in Colombia.**

We thank all investors for your trust and, in our capacity as real estate managers for the country's leading investment vehicle, **are now preparing for the new stage in PEI's evolution, contributing to the economic development of the industry.**

2. INVESTMENT THESIS

LEADER IN THE REAL ESTATE MARKET	A DIVERSIFIED PORTFOLIO WITH FIRST LEVEL TENANTS	CONSERVATIVE REAL ESTATE STRATEGY	LONG TERM AGREEMENTS AND LOW VACANCY RATIOS	GOOD OPERATING AND FINANCIAL PERFORMANCE	AN EXPERIENCED MANAGEMENT TEAM WITH A SUCCESSFUL TRACK RECORD WITHIN THE INDUSTRY

1. LEADER IN THE REAL ESTATE MARKET

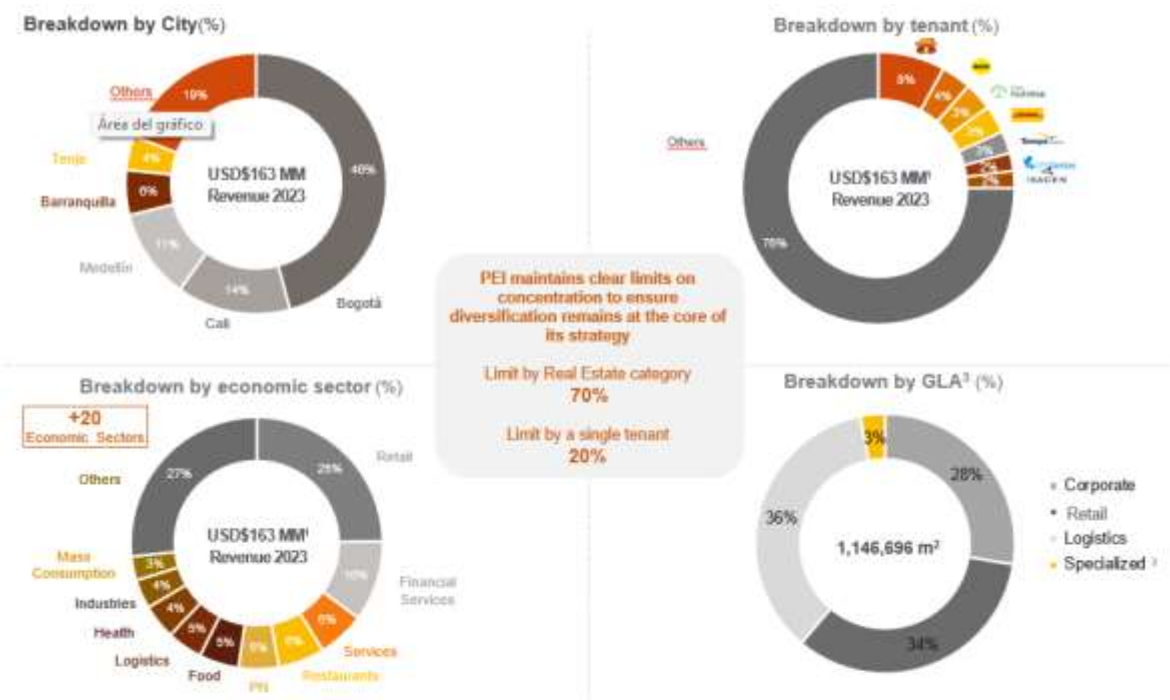
- PEI is the leading real estate investment vehicle in terms of AUM's[1](COP 9.3 Bn), leasable area – GLA[2] (1,147 million m2) and revenues (COP 704,000 MM).

[1] Assets Under Management.
[2] Gross Leasable Area

- 17 years-experience in the Colombian market.
- A real estate investment vehicle that replicates the REITs.

2. A DIVERSIFIED PORTFOLIO WITH FIRST LEVEL TENANTS

- PEI's portfolio consists of corporate, commercial,logistics, and specialized real estate assets.
- Geographic distribution in over 30 cities, mainly Bogota, Medellin, Cali, and Barranquilla.
- A client-focused strategy with long-term contracts and first level tenants



1. Figures converted to USD assuming a USDCOP exchange rate of 4.325 calculated as the daily average rate of 2023.
2. Specialized assets include low complexity health care facilities and hospitality assets.
3. GLA Breakdown excludes specialized hospitality assets (City U university dorms and hotels).

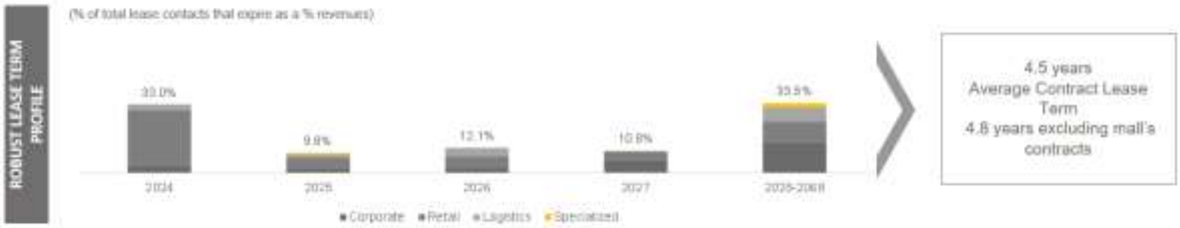
3. CONSERVATIVE REAL ESTATE STRATEGY

- Focused on the acquisition and management of income-generating real estate assets.
- Incorporates lease agreements indexed to inflation.
- PEI has a portfolio of high-specification tangible assets.

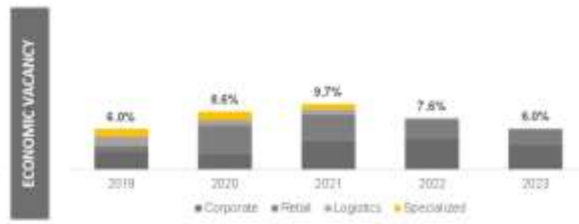
4. LONG-TERM AGREEMENTS AND LOW VACANCY RATIOS

- Vencimiento promedio de los contratos en 4.5 años (4.8 años excluyendo centros comerciales

- The average agreements’ maturity is 4.5 years (4.8 years excluding shopping centers)



- Stabilized portfolio vacancy, physical at 4.33% and economic at 6.03%



- Agreement’s Retention Ratio in 2023: 98.4%

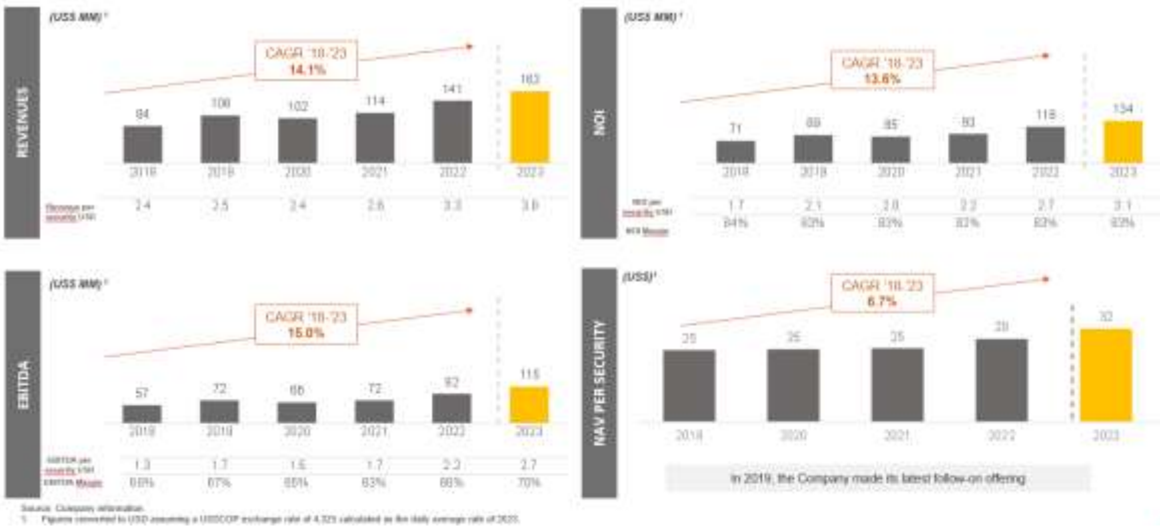
5. GOOD OPERATING AND FINANCIAL PERFORMANCE

- LTV[3] indebtedness levels **34.1% in line with the nature of the industry** and below international standards.

- The revenue’s performance, NOI[4], and EBITDA[5] reflects in a CAGR[6] of **14.1%, 13.6%** and **15.0%,** Respectively, since 2018.

- Growing and diversified investors base with **6,414 investors.**

[3] LTV: Loan-to-Value ratio
[4] NOI: Net Operating Income
[5] EBITDA: Earnings Before Interest, Taxes, Depreciation, and amortization
[6] CAGR: Compound Annual Growth Rate.



6. AN EXPERIENCED MANAGEMENT TEAM WITH A SUCCESSFUL TRACK RECORD WITHIN THE INDUSTRY

- 70 years of joint experience in the real estate and investment industries
- External Vehicle with a certified track record identifying and executing transactions in Colombia
- Real Estate Manager with incentives aligned to PEI, exclusively devoted to the vehicle's management.

3. STRATEGIC PLAN'S PROGRESS

In 2023, PEI's strategic agenda was prioritized in relation to the following work fronts:

- **Optimization of the real estate asset portfolio** Divestment, reconversion, and redevelopment of assets that will generate operating results efficiencies.

- **Optimization of the capital structure,** substitution of liabilities, and reduction of debt.

- **Expansion and diversification of the investors base** Hiring of an international consultant to prepare the entry of new investors to the vehicle.

- **Alignment of interests in vehicle's structure costs** PEI AM's commission structure update in two phases.

REAL ESTATE PORTFOLIO'S OPTIMIZATION

This initiative seeks to maintain a comprehensive approach to the investment cycle throughout the useful life of the real estate assets, which make up the portfolio based on the evolution of the assets' potential, and its tenants' needs :

Investment
Meets the **diversification, profitability, and responsible investment guidelines** defined in the vehicle's investment policy.

Reconversion
It refers to the ability to undertake asset updating projects focused on making use of the maximum potential of the lot in terms of rental exploitation areas that encompasses a change of urban use.

Redevelopment
Refers to the ability to undertake assets' updating projects focused on using the maximum potential of the lot in terms of rental exploitation areas. In this case, a new construction project is ongoing.

Disinvestment
Focused on delivering value to the assets profitability through the materialization of the appreciation experienced by the asset over its time with the portfolio.

At the end of 2023, we executed a binding document for the divestment of a logistics asset for COP 8,800 MM and the structuring of 2 redevelopment and reconversion projects into corporate assets, which will begin in 2024.

In addition to the portfolio's optimization, **progress the implementation of the m4 product** (meters to the power of four) continued throughout the year.

Eco-efficiency programs, adding value to the physical spaces available to tenants (see sections below).

EFFICIENT CAPITAL STRUCTURE AND EXPANSION OF THE INVESTOR BASE

Management on this front focused on enabling new lines of sustainable financing, leveraged on the progress of the ESG agenda structured for the portfolio during the last 2 years, which will facilitate access to lower the debt costs. The work agenda was mainly framed in a credit quota with the International Financial Corporation, IFC.

On the other hand, the commercial management and investor relations agenda provided us with 1,005 new capital investors in the portfolio, i.e., a 17.2% increase of the investor base.

Within the equity securities prospectus update agenda, formalized in 2023, two adjustments were implemented in connection with the capital structure, focused on enhancing the portfolio's profitability through leverage, maintaining a conservative debt profile:

A reduction of the general indebtedness limit from 40% to 35% to assets, also reflected in the short- and long-term indebtedness limits that may not exceed, each, 30% of the LTV. Additionally, an interest hedging condition that incorporates the financing cost as a leverage criterion for the real estate assets acquisition was included. Under this condition, any borrowings for new acquisitions will only activate when the profit from the operation's last three months exceeds 1.7 times the financial expense for the same period.

THE REAL ESTATE MANAGER'S REMUNERATION

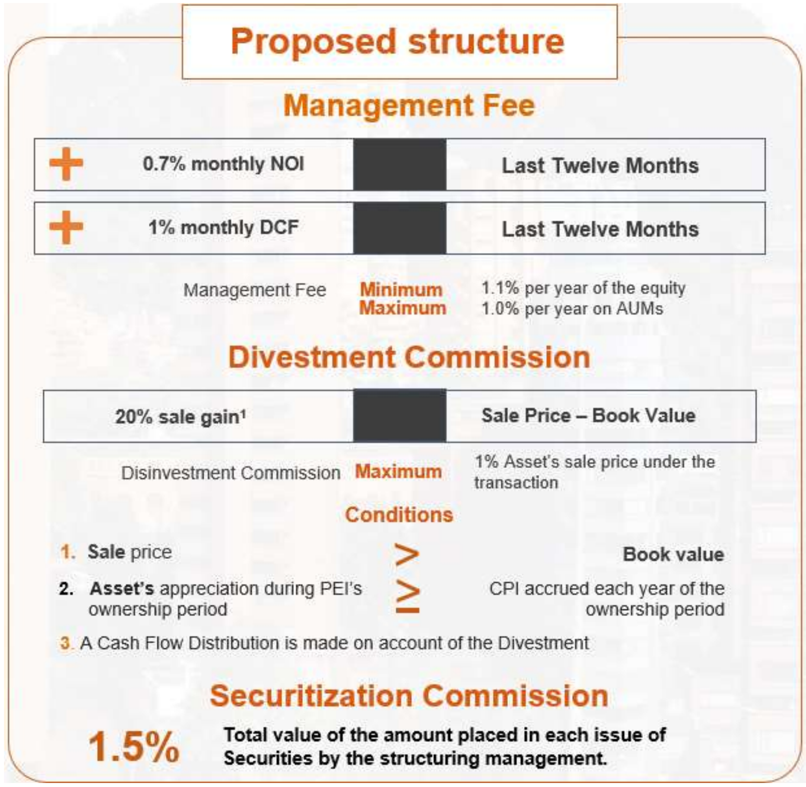
Considering the current situation, **PEI Asset Management granted a unilateral 37.5% discount on its management fee for 2023, which contributed to mitigate the impact of the high financial expenses** on the distributable cash flow.

Additionally, the following new remuneration scheme was approved for the Real Estate Manager:

Management Fee based on the business metrics' performance, such as the NOI (operating profits and Distributable Cash Flow delivered to investors).

Divestment Commission on the profit from the sale of real estate assets, conditional on the assets' appreciation and the distribution of the divestment's cash flow to investors.

Equity securities' securitization fee, remunerating the real estate manager's structuring's management of the placement process for any securities issues in the capital market.



DISTRIBUTABLE CASH FLOW

In terms of the Distributable Cash Flow, the alternative of **distributing an extraordinary payment on a basis other than quarterly**, was established.

CORPORATE GOVERNANCE

The vehicle's governance standards were deepened, including with respect to the Advisory Committee and the Investors Legal Representative:

The tenure of the Advisory Committee's independent individual members was established at 2 years, **extendable up to a maximum of 10 years.**

The Investors Legal Representative ratification by the Investors Assembly, every 3 years, was included.

STRATEGIC PLAN'S STRUCTURE

Additionally, the structure of PEI's Strategic Plan was updated, consolidating 3 "megas" for the vehicle:

Mega 1

Be the investors' preferred real estate **investment alternative** in Colombia.

Mega 2

Be the **tenants'** real estate **ally**, distinguished by its high standards of service.

Mega 3

Create **value** for **stakeholders** through **sustainability**.

4. Management 2023

a. Macroeconomic análisis

In 2023, PEI went through a macroeconomic adaptation period, mainly stemming from prior circumstances –such as the pandemic–, which generated **high consumption levels and major increases in the prices of goods and services within the economy**.

Inflation and the monetary policy's rates became the focus for economists, affecting in turn the economic growth's pace, the financial markets' performance, and the savings and investment decisions made by homes and businesses.

Throughout the year, the market's reaction to Colombia's congressional and presidential elections; the health, pension and labor system reforms; the interest rates' increase; and the consumers' confidence **affected the economic results.**

Although the global economic growth during 2023 was more robust than expected, reaching a 2.9% (according to the OECD's projected data), it was actually moderate during the second half of the year, mostly due to tighter financial conditions, the weaker businesses' growth, and lower levels of consumer confidence.

In this context, Colombia showed signs of deceleration, to the extent that the **GDP's growth for the year 2023 closed at 0.60%.**

In terms of employment generation, 2023 **closed at 10.0%, lower than the 10.3% registered in 2022**, as a result of the economic boost coming from prior periods.

Analysts predict that the weakening of the construction, commerce, industry, and hotel and restaurant service sectors **will entail a lower growth in 2024**.

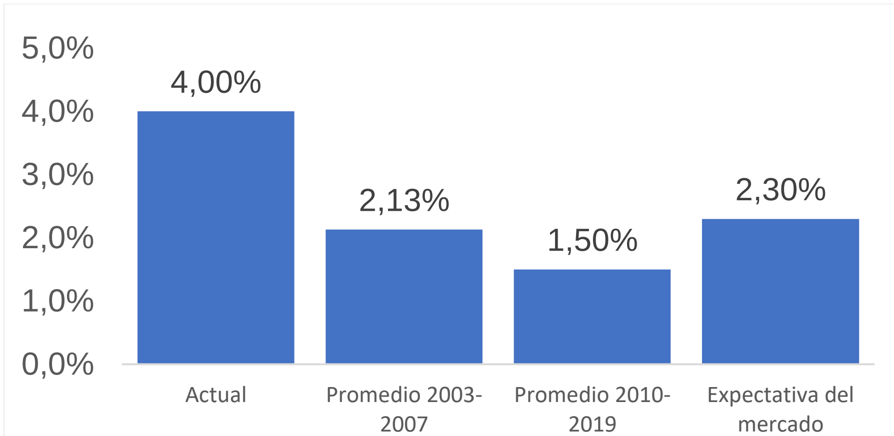
On the other hand, the United States' and Europe's central banks seem to have reached the end of the rates increases cycle, closing at 5.5% for the FED[7] and 4.5% for the ECB[8].

The interest rates' increase by international central banks began to alleviate inflation. Thus, the United States closed 2023 at 3.4%, which represents a **positive evolution compared to**

[7] United States Federal Reserve
[8] European Central Bank.

2021 and 2022 where inflation stood at 7.0% and 6.5% respectively, but still far away from the FED's 2.0% target.

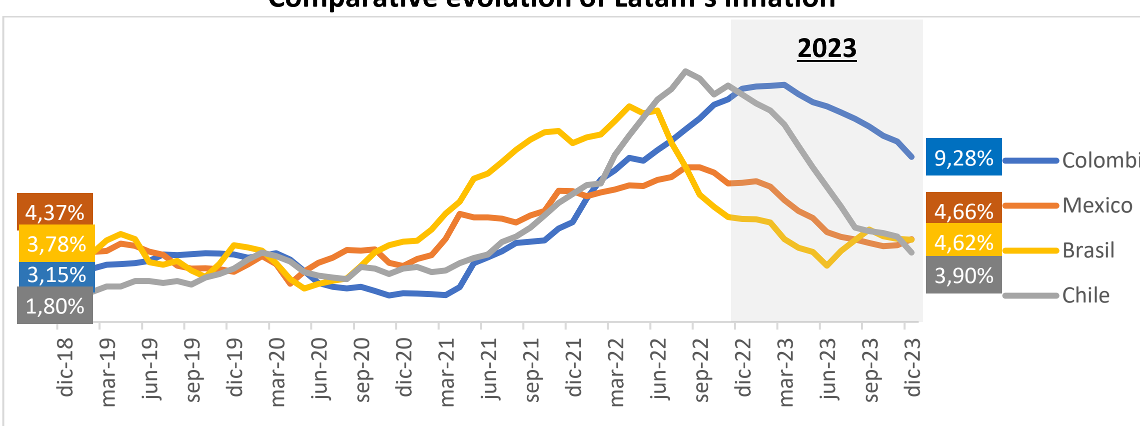
Inflation in developed countries[9]



For its part, Colombia experienced one of the highest and latest inflationary peaks, being one of the last countries to show decreases in its inflation levels.

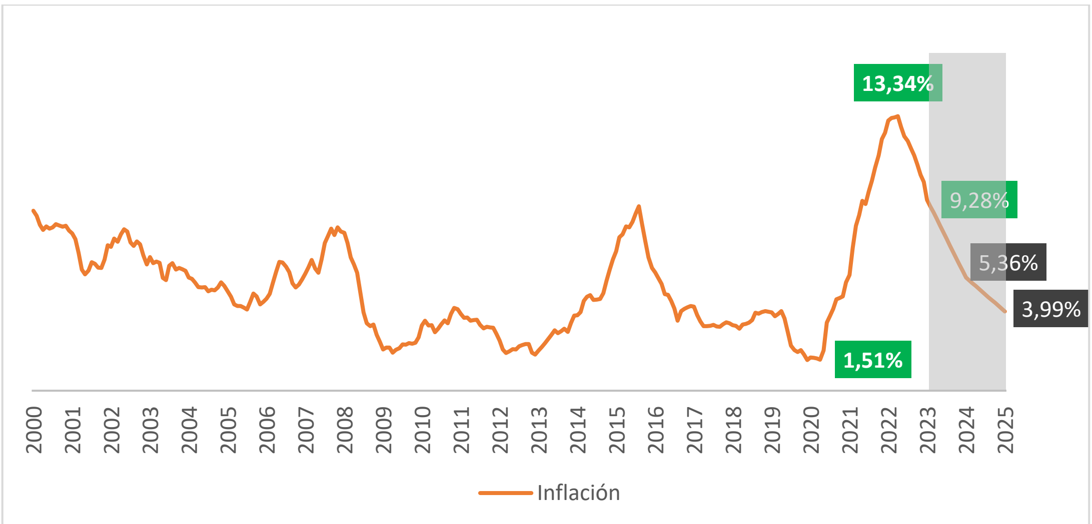
In Latin America, the central banks adopted behaviors similar to those of their peers in the United States and Europe, raising their intervention rates in tandem with the higher inflation levels.

Comparative evolution of Latam's inflation [10]



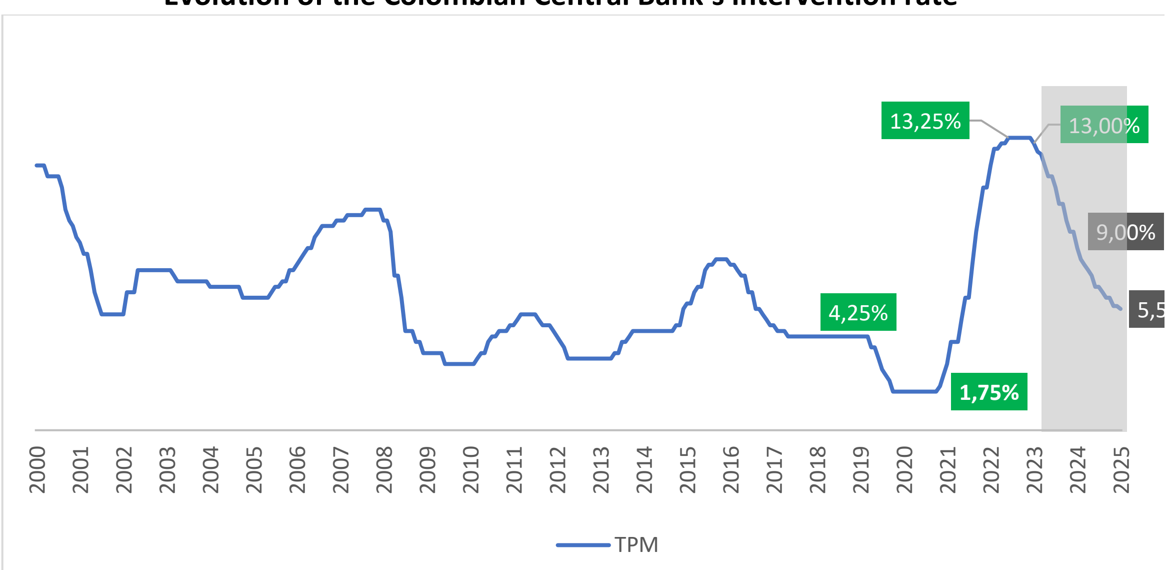
[9] Source: J.P Morgan Asset Management, Bloomberg.
[10] Source: "Inflation 2023: Laggards in the decline" weekly report, Corficolombiana's economic research team

Inflation's evolution in Colombia[11]



In Colombia, inflation reached historic lows of 1.51% at the end of the third quarter of 2021, therefrom growing up to 13.34% two years later. In this context, Colombia's Central Bank responded with one of the largest monetary policy adjustments seen over the last two decades –increasing by 1,150 basis points the intervention rate, which rose from 1.75% to 13.25%.

Evolution of the Colombian Central Bank's intervention rate[12]



[11] Source: Bloomberg. Graphics by PEI

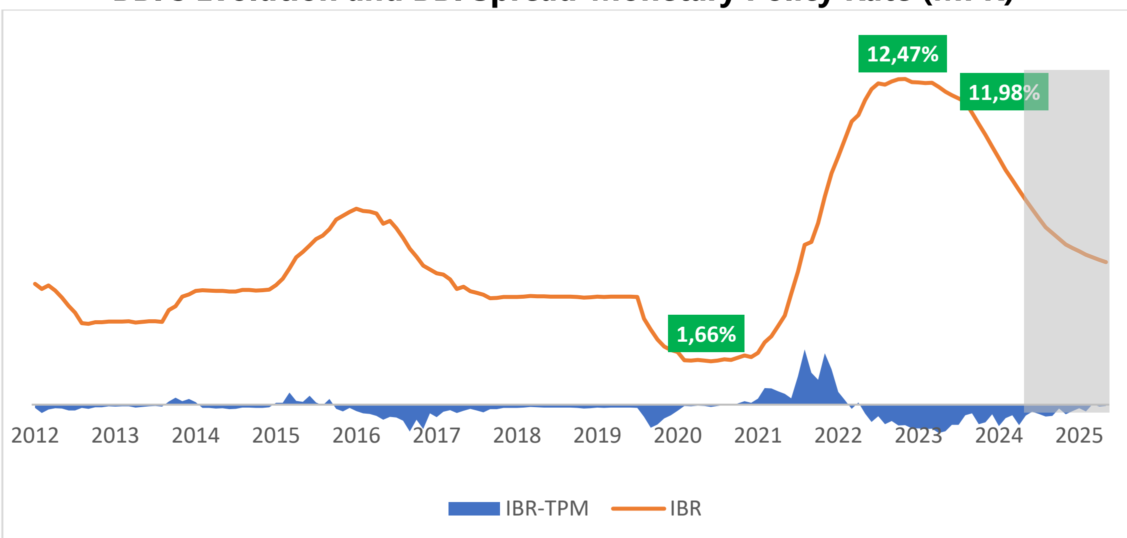
[12] Source: Colombian Central Bank (Banco de la Republica). Graphic by PEI.

Effects on the financing costs

At the interest rates level, the monetary policy adjustment was followed by variations of the Overnight Benchmark Banking Indicator – BBI, which **showed a similar behavior, going from 1.66% at its lowest during the pandemic to levels close to 12.50% during the second quarter of 2023.**

In addition to the higher inflation levels and the central bank's stricter monetary policy, the entry into force of the regulatory changes accentuated the interest rates' increase, **inducing an escalation of the financial entities' deposit rates.**

BBI's Evolution and BBI Spread-Monetary Policy Rate (MPR)[13]



Economic outlook

At the end of 2024 the economy shoes a more moderate inflation compared to 2022 and a flatter economic growth. The analysts' expectations are focused on the start of the rates cuts and their pace during the coming months.

With a weak economic performance, there is uncertainty on the effect that certain events may have upon businesses and production, while inflation levels may remain high for longer periods than those than expected.

In contrast, **economic growth may strengthen to the extent that consumers increase their purchasing levels** by using the savings accumulated during the pandemic, and there is a greater disposable income provided that the central banks lower their interest rates and adopt a more flexible monetary policy.

[13] Source: Colombian Central Bank. Graphic by PEI.

According to the OECD[14], **economic activity may show a 2.7% increase in 2024** –lower than in 2023–, and of 3.0% in 2025, subject to the potential household income's positive performance, to the extent that it strengthens in real terms as the inflation's levels decrease.[15]

On the local front and according to the analysts' expectations, although 2024 will experience more comfortable financial conditions compared to 2023 –with lower inflation and interest rates–, **certain economic sectors and events may potentially slow down the economy, so that the expectation is for lower dynamics compared to 2023.**

Additionally, the National Government's efforts will have a central role in the results at the end of the year. Fronts such as public spending, the relations with unions and companies, counter-cyclical fiscal and stimulus measures, and the government's agenda on reform –which includes, among others, health, pensions, and taxes– have the potential to accelerate or slow down the economic activity and affects the households' and investors' confidence'.

b. Pei's financial ratios

First, we highlight the main items differentiating the figures under the audited Financial Statements for the year and the management figures herein.

It is important to mention that PEI's Financial Statements are prepared under the IFRS, according to which the information must be kept in independent income and expense accounts, while in the financial figures under the management report:

Appear in net balances under the account corresponding to income or expenses.

Non-actual income or expenses, such as revenue figures or appreciation expenses, are not included.

Adjustments from previous periods, provisions, and accounting movements not implying money entries or exits, are not included.

[14] Organization for Economic Cooperation and Development
[15] OECD Economic Outlook.

MANAGERIAL FINANCIAL FIGURES OF THE VEHICLE

+ REVENUE
- Lease Income
- Grace periods
- Relief
- Coverage
- Other Income (Parking, Common Areas, others) + Coverages
- Net Calablanca
- Net M4
- Write-offs and accounts receivable forgiveness

− OPERATING EXPENSES
- Property Taxes
- Appreciation Tax
- Insurance
- Specialized Operator Fees
- Administration fees
- Parking
- Appraisals
- Repairs and maintenance
- Sustainability
- Net reimbursable expenses of assets
- Other

= NOI[1] | OPERATING PROFIT
- Billable income (-) Operating expenses

− ADMINISTRATIVE EXPENSES
- **Vehicle Expenses:** Real Estate Management Fee, Trustee Commission, BVC Issuance Program Maintenance Cost, Deceval, Advisory Committee Fees.

= EBITDA
- NOI (-) Administrative Expenses

− NET FINANCE EXPENSE
- Income from cash surpluses
- Interest on financial obligations
- Bank fees and fees

+/− INV. WORKING CAPITAL
- Operational assets and liabilities

= DISTRIBUTABLE CASH FLOW
- Final amount available to be delivered to investors, product of the result of the portfolio operation.

1. Net operating Income | 2. Earnings Before Interest, Taxes, Depreciation, and Amortization

Revenue

Below is the detail of the income's reconciliation:

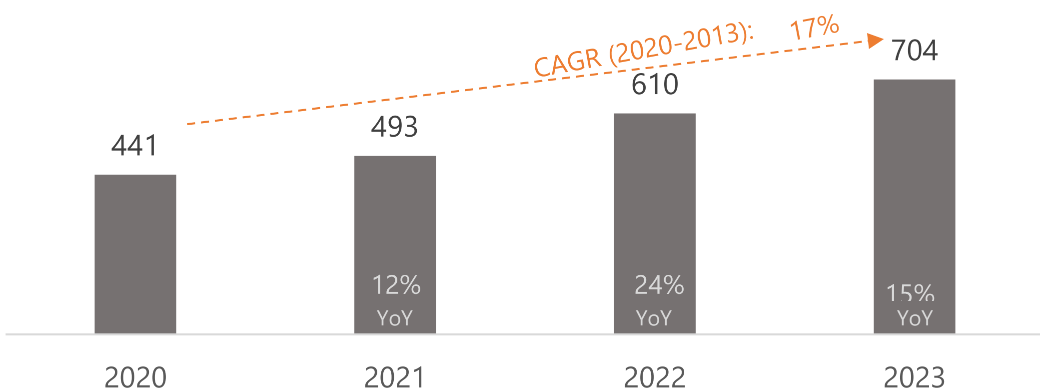
Figures in millions of COP	dec-23
Operating Income (audited FFSS)	**756,085**
Hospitality Category's Operation costs	37,493
Expense m4	8,824
Receivables write-offs	1,170
Financial relief	436
Reclassification of reimbursable income	4,582
PEI's Operating Income	**703,580**

At the end of the year, both the physical and economic vacancies reached 4.3% and 6.0% levels, respectively, showing a **135 bps and 160 bps** decrease compared to the same period of 2022.

Thanks to high occupancy levels in 2023, **operating income reached over COP 703,580 thousand million** during the year, **15.3%** above those for the same period of 2022.

The above allowed us to achieve an operating profit or NOI exceeding COP 580 thousand million and an EBITDA close to COP 500 thousand million, registering **15.5% and 24.9% increases**, respectively, compared to 2022.

Operating Income (Figures in thousands MM of COP)



The income's performance is mainly attributed to the fixed rental revenues' increase, which registered a 13.8% rise, equivalent to an **additional COP 70,000 MM.**

This increase results from the rental fees' readjustment following the agreements' indexation to the CPI and the above mentioned vacancy reduction during the year.

From this increase, 57% corresponds to commercial premises and shopping centers, 21% to the corporate category, 11% to the logistic assets category, and 11% to specialized assets. On the other hand, the variable income, largely influenced by the businesses dynamics, showed a positive 11.3% variation compared to 2022, going from COP 58,000 MM to COP 65,000 MM.

Receivables

Below is the detail of the receivables' reconciliation:

Cifras en millones de pesos		dec-23
Accounts receivables FFSS 2023 (COP MM)		
Taxes, miscellaneous, and others		**37,547**
Accounts receivable from trustors	-	17,393
Advances to suppliers	-	4,458
Accounts receivable Adjusted FFSS	-	5,171
Cuentas por cobrar EEFF 2023 (COP MM)		**10,525**

The collection efforts pursued in 2023 enabled the portfolio to maintain its receivables close to the levels registered in 2022, which have been historically low, reaching a gross receivables figure at the end of 2023 of COP 10,525 MM, which increased 2.7% compared to the end of 2022.

Similarly, the net receivables (gross receivables, less accounting provisions) increased by COP 996 MM, **reaching COP 3,616 MM at the end of 2023.**

However, at the end of 2023, the **net receivables' turnover remained at 2 days, while the net receivables amounted to 0.51% of the operating revenue for the year.**

Expenses

So far this year, the total operating expenses registered a COP 16 thousand million increase compared to 2022, going from COP 107,000 MM to COP 123,000 MM, which represent a **14.6% increase compared to 2022, that is nonetheless lower than the 15.3% revenue growth.**

The expenses' operating efficiency has to do with the lower increase of the property tax expenses –representing more than 35% of the vehicle's operating expenses– and which increased only 9%, reflecting the efforts made before the tax authorities to obtain a reduction of the cadastral appraisals for certain properties. **In addition, the higher asset occupancy levels led to a 14.7% increase of the net reimbursable expenses**.

In the repairs and maintenance subject, the largest interventions focused on **waterproofing, drainage works, and roof repairs, mainly in certain logistics and commercial assets.**

NOI

As to the operating profit, the NOI stood at COP 581 thousand million, representing a COP 78,000 MM increase or a 16% variation compared to the COP 503,000 MM registered in

2022. **46% of this increase corresponds to shopping centers, 21% to corporate assets, 17% to specialized assets, and 13% to the logistics assets category.** The above made it possible for the NOI margin to go from 82.5% in 2022 to 82.6% by the end of 2023, explained by a reduction in vacancies and the entry of new tenants, in addition to the effect of the agreements' indexation to the CPI, which led to a **variation of the total income that rose 15.3% compared to the total operating expenses, which registered a slower 14.6% growth rate**

EBITDA

Regarding the operating profit before deducting any financial expenses, depreciation, and amortizations, **the EBITDA closed at nearly COP 500,000 MM in 2023, equivalent to a 25% increase compared to 2022 and an absolute variation of COP 100,000 MM.**

It is important to note that the EBITDA margin levels registered in 2023 **incorporate the 37.5% discount granted by the real estate manager in 2023**, which ended on December 14 with the fee structure's modification approved by the Assembly.

Additionally, a 63% reduction of the expenses from improvements for new tenants (TIS) was achieved, compared to 2022, **which was partially offset by the 18% increase in lease fees.**

This decrease in TIS spending is explained by **certain non-recurring works made in 2022 in connection with the commercial category assets.**

Distributable Cash Flow

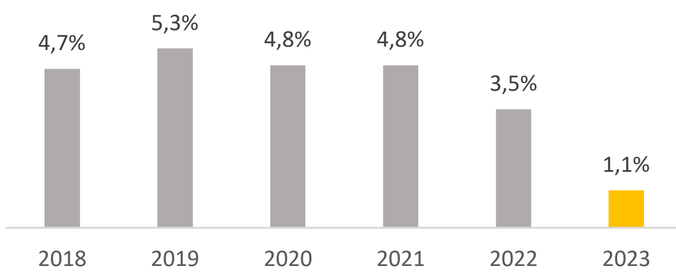
In 2023, **COP 63,1450 MM** were distributed, representing an equity dividend yield of 1.12%, **a 240 basis points reduction compared to the dividend delivered in 2022.**

This decrease was attributed to the country's macroeconomic environment, which experimented the highest inflation recorded in over 25 years, resulting in an accelerated rise of the interest rates that generated an increase in financial spending. However, **thanks to the vehicle's operating and real estate management, the readjustments made as a result of the inflation to the lease agreements, the debt portfolio's management, and the unilateral fees discount by the Real Estate Manager, made it possible to partially offset the financial effect.**

The distribution of the Cash Flow for 2023 was made in 4 payments:

1Q **COP 11,002 MM** in February	**2Q** **COP 15,026 MM** in May	**3Q** **COP 18,537 MM** in August	**4Q** **COP 18,579 MM** in November

Historic Dividend Yield



Profitability

The vehicle's total profitability consists of the flow paid to investors – mentioned in the Distributable Cash Flow section– and the assets' appreciation within the relevant period.

The appreciation's estimation considers the whole year and is **carried out through the appraisals updating schedule** for the portfolio assets and the continuous readjustment of the properties' value to inflation.

In aggregate, the portfolio's total profitability closed the year at 13.8% E.A., explained in a 90.8% by equity appreciation and 9.2% by the cash flow's distribution. The appreciation component represented a 12.5% return, with the price per equity security going from COP 124,048 at the end of 2022 to COP 139,559.

Consequently, the appraisals' update of the over 150 assets making up the portfolio was entirely conducted throughout 2023. Each of the appraisal's activation was immediately incorporated into the vehicle's daily profit and, accordingly, in the equity value published on a daily basis to the market. The assets' appraisal conducted by independent firms combines several methodologies, including **direct capitalization and market comparables, but the discounted cash flow methodology stands out**.

Capital structure and indebtedness

PEI has diversified financing sources that include the issuance of equity and debt securities in the capital markets, as well as indebtedness with the financial system.

Access to the capital market through the PEIS Equity Securities Issuance Program has an approved limit is COP 5 billion pesos. Because no PEIS were issued n 2023, the **available limit for new issuances of equity securities at the end of the year amounted to COP 1.38 Bn.**

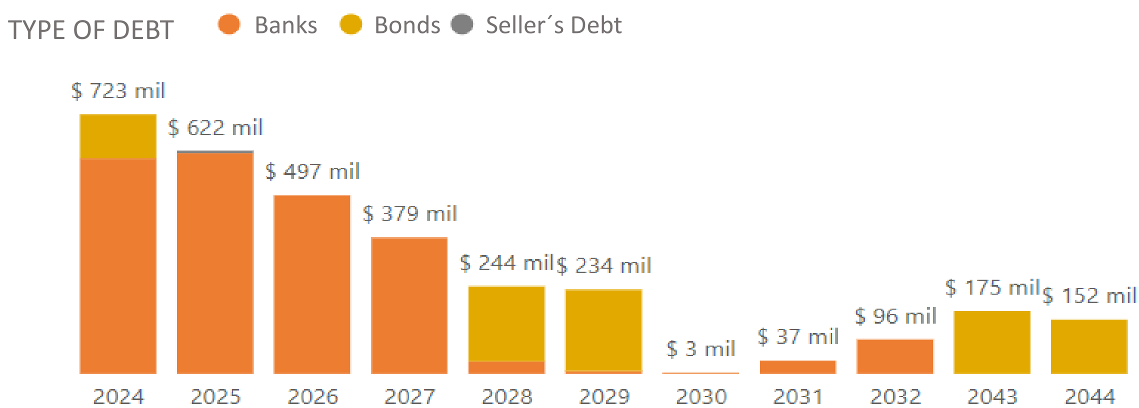
Additionally, the vehicle may access the capital market through its debt securities – specifically bonds– issuance program.

So far in 2023, no new bond¡ issues, redemptions, or replacements of any series linked to this type of debt were carried out.

The par value of the five series in force corresponds to COP 884,000 MM and there is an additional available limit of up to COP 500,000 MM for future debt securities issues.

Debt Maturity Profile

At the end of 2023, **PEI's total indebtedness COP 3.16 billion, 77% of which is long-term debt and 23% short-term debt.** Thus, the Loan-To-Value ratio measuring the net debt to total assets closed 2023 at **34%,** approximately 2% below 2022.



With respect to the cost of borrowing money, the increase of the spreads[16] –upon renewing the credit facilities and of the reference rates– in light of the high inflation and elevated intervention rates, led to an increase of the portfolio's interest rates during the first half of the year.

At the end of 2023, the financing costs reached 14.08%, with a peak in April of **15.52%** and 13 basis points below the end of 2022, when it reached **14.21%.**

It is critical to note the debt portfolio's composition –41.5% at the BBI, 39.5% at CPI, and 19.0% at a Fixed Rate–, that reflects how the management's efforts focused on mitigating the debt service and enabling the relative cost of the debt to remain stable, even under aggressive interest rate increase scenarios.

c. **Capital market dynamics**

[16] Refers to the differential or margin.

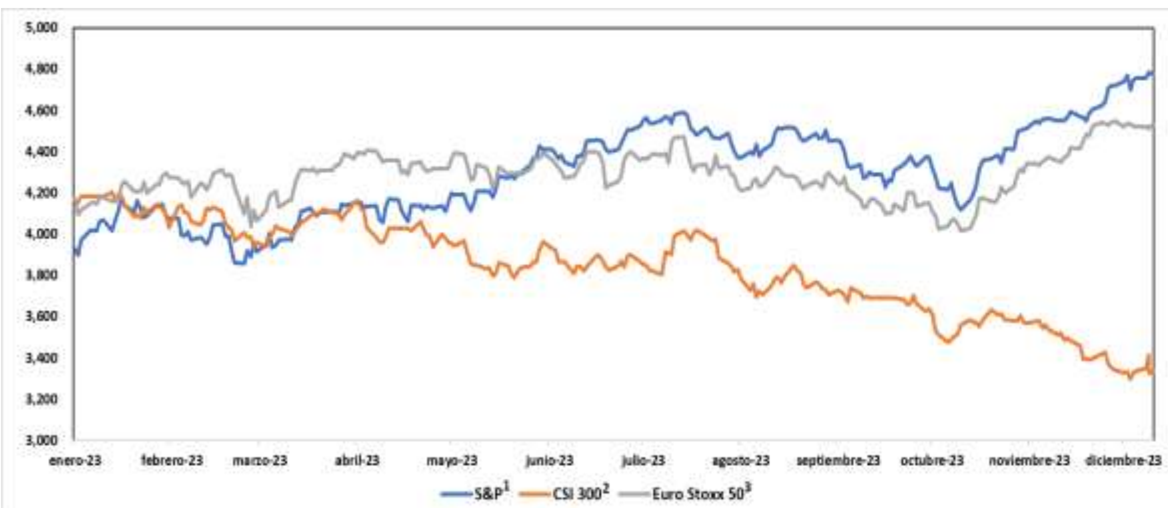
2023 was challenging for the capital markets, marked by high inflation and a global economic slowdown that negatively affected the prices and transaction volumes of shares and equities, among other financial assets.

In terms of international and local fixed income, during the year the upward trend of the interest rates and inflation led to depreciations all around the world, with this trend partially reversing only during the last quarter, according to the data on the inflation's partial control and the prospect of lower interest rates, signaling the end of the monetary policy cycles.

In the first part of the year the global equity markets generally showed a positive behavior, driven by a better perception of the risk, attributable to the good business results and a resilient economic environment.

However, the volatility originated in the uncertainty stemming from the FED's and the European Central Bank's elevated interest rates, paired with unfavorable economic conditions for China, and the United States' and several North American banks' credit rating downgrade.

Stock Market ï Main economies



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[1] US stock market index, which includes the 500 most representative stocks of the country's economy.

[2] Stock index replicating the performance of the 300 main stocks traded in the Shanghai and Shenzhen stock exchanges.

[3] Stock market index representing the 50 largest companies in the eurozone in terms of stock market capitalization.

In terms of the markets in the region, strong appreciations were observed, such as in Brazil and Chile, with 26.14% and 17.29%, increases, respectively. In the local context, the MSCI COLCAP dropped close to 11%. This decline is attributed to the weak corporate results in the banking sector and the possibility of a reclassification of the Colombian stock market to a frontier market in light of the low market's liquidity resulting from the fixed income's elevated interest rates.

Stock Market ï Main Economies in the Latin American region

Liquidity of the Securitization Markets and Real Estate Funds in Colombia

In 2023, Colombia's capital market liquidity contracted in its trading volumes. In this context, the total trades of the 6 most representative real estate vehicles in the **Colombian market[17] amounted to COP 186,381 MM, representing a 3.96% variation compared to the COP 179,276 MM reached in 2022.**

In spite of the real estate market's low trades, **PEI's securities (PEIS) represented 90.70% of the total traded volume** by the benchmark vehicles.

PEI increased its traded volume, **rising to COP 169,229 MM, 35.00% more** than in 2022, while the other real estate comparable vehicles traded on average COP 3,432 MM.

Hence, the month with the highest trading volume for **PEIS was September, with a total COP 24,827 MM**, followed by November with **COP 24,827 MM.**

Securitization Markets' Liquidity and Real Estate Funds in Colombia

The liquidity 's decrease in the market, resulting from the reduction of foreign capital and the lower appetite for risk assets, **slowed down the trading of this type of securities.**

In this environment, the PEIS market price traded in the secondary on average a 30% above the NAV. At the end of the year, the market price reached COP 40,587 on average.

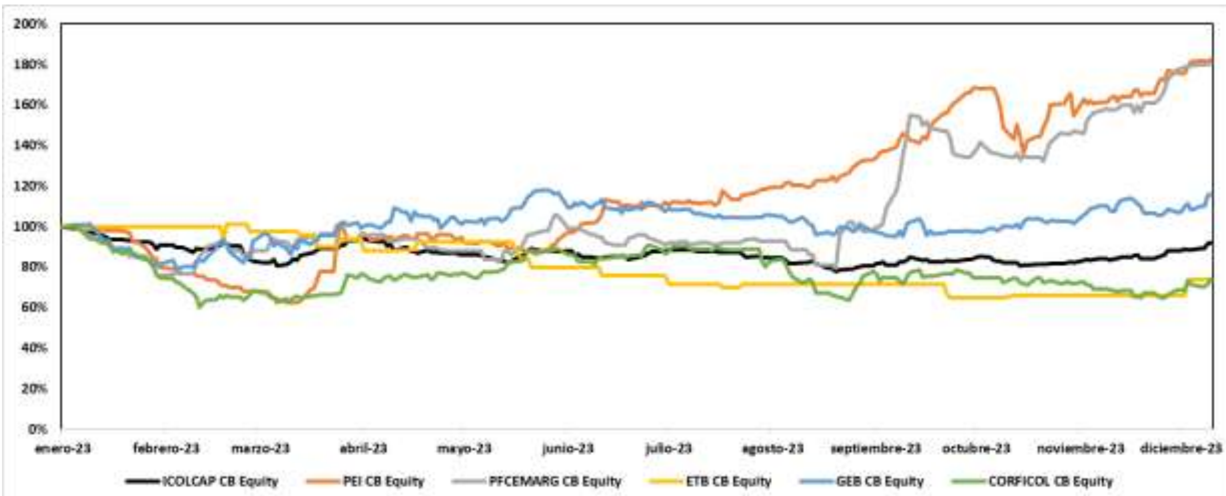
[17] The real estate vehicles considered were: PEI, *FICI Davivienda, Skandia CPA, Inmoval, Visium,* and *TIN*.

Although the real estate sector has not been exempted from the negative impact of the challenging situation in 2023, **the PEIS have managed to sustain a constant growth throughout the year.**

Starting with a price per security of COP 35,789 in January and, **closing at COP 64,300, the PEIS**

appreciated by 79.76%, consolidating as the best-performing equity at the Colombian Stock Exchange in 2023.

MOST REPRESENTATIVE STOCKS ACCORDING TO MSCI COLCAP, AND PEIS SECURITIES

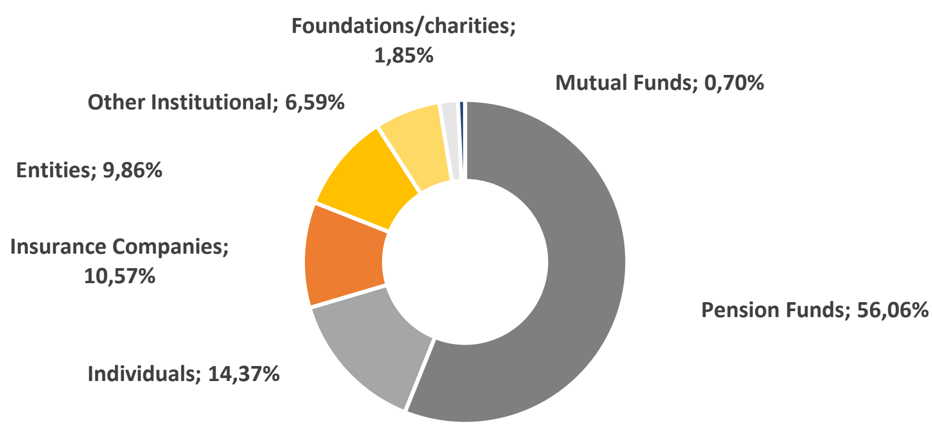


PEI Investors' Composition

PEI investors' composition varied in 2023, compared to 2022, as a result of the securities migration to the equities trading session and the PEI securities' Split, which entailed a **17.2% increase, for a total 6,414 investors by the end of 2023**.

We thus observed a **higher entry of individuals and entities to the portfolio**, in contrast to the exit of institutional investors.

Base composition per investor type as of December 31, 2023:



d. Agenda with investors

As always, **a close and frequent communication with our investors was constant in 2023, remaining central to the Real Estate Manager's relations strategy**.

Framed within a very dynamic year marked by an uncertain capital market, we followed our ordinary agenda with the investors, which included quarterly results conferences, the Investors Ordinary Assembly and, roadshows and presentations with investors. We also held an Extraordinary Assembly in December.

Accordingly, the Ordinary Assembly was held in March of 2023 and the extraordinary assembly –with two prior calls–, in December. Both assemblies were held under a mixed modality.

The Management Report for 2022[18], financial statements for 2022, and the 2023 Strategic

Plan were approved during the ordinary assembly, completing all the points in the agenda.

The quorum for this ordinary Assembly, was **73.25% of the securities outstanding**.

Roadshows were also held in Bogota, Medellin, Cali, and Barranquilla, **in order to present to investors certain proposals on the issues dealt with during the Extraordinary Assembly**.

The valuable contributions received from the investors generated certain adjustments that ended with a more robust version for approval.

As mentioned, the Investors Extraordinary Meeting was preceded by two calls. After the second call, the assembly reached a 72.87% quorum of the securities outstanding, so

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[18] Attendees to the assembly were able to choose between attending it virtually or in person

several issued where deliberated upon, including **the Real Estate Manager's proposed remuneration scheme**.

Certain aspects related to PEI's capital structure were also addressed during the meeting, as earlier described in the 'Strategic plan progress' chapter.

As part of the Manager's administration and within the framework of the strategy to expand the investor base, **solutions fostering the arrival of international investors, including different information sessions**, have been adopted. This work was carried out hand in hand with an international consultant.

Additionally, with the **Real Estate Manager's support, investors continue to count with the opinion of independent analysts** such as *Corredores Davivienda, Valores Bancolombia, Itau Comisionista de Bolsa*, and *Casa de Bolsa* through their reports, which refer to the appreciation and price that, in their opinion, the PEIS should have in the secondary market.[19]

In our efforts to maintain a fluid communication with investors, the website has been essential to all of the vehicle's stakeholders. The website contains an information repository where all the available information in connection with the assemblies, conferences, monthly reports, and other relevant events can be consulted. **Additionally, it includes a section aimed at strengthening the connection with investors ("PEI Connection" - CRM Contact | PEI), where all requests are managed.**

In line with the high standards, timeliness, and quality of the periodic information published through its different communication channels with the capital market and all investors**, during the last quarter of the year the BVC awarded, once again, its IR Recognition to PEI.**

This Recognition is obtained by companies **that provenly show their commitment to connecting with and transforming the market through their information disclosure practices.** In this respect, PEI also obtained an additional recognition for being one of the issuers with the greatest advances in this regard.

Anexos

- **Financial Statements**

[19] For additional information on these reports, please click on https://PEI.com.co/portal-inversionistas-nuevo/analisis-de-cobertura/

e. Real Estate Environment

According to DANE[20], the real estate sector's contribution to Colombia's GDP in the third quarter of 2023 was 8.8%, with a 1.75% growth compared to the same period of 2022.

On the other hand, the share of the residential and non-residential buildings sector was 2.3% of the total GDP, showing a 5% decrease compared to the third quarter of 2022.

The moderate growth of the real estate sector and the decrease in the residential and non-residential buildings construction is aligned with the construction costs increase, which in 2023 continued to rise.

The ICOCED (index measuring the building construction costs) registered an annual increase of 7.54% –in line with Colombia's macroeconomic situation–, mainly driven by the growth in labor costs that rose by 11.3% compared to 2022.

Also, construction materials prices increased 6.6% and services (finishings, structures, installations, among others) increased 6.5%.

In connection with the approval of construction permits at the national level, between 2019 and 2022 permits grew by 16.7%, in contrast with **2023 which shows an evident slowdown with permits growing by barely 0.8%. Decreases particularly stand in the logistics (31.7%), commercial (21%), and corporate categories (9.8%).**

This reflects a lower growth in completed works, mainly in the corporate category, followed by the commercial category where marginal rises or fall were observed in the number of m2 entering the market. **To this extent, we see that the inventory in the main cities of Colombia (Bogota being the most representative) remained stable.**

The industrial, commercial, and corporate categories' inventories in Barranquilla, Medellin, Cali, and Bogota exceeds **15 million m2, with an annual 0.9% variation: the lowest inventory growth in the last 4 years.**

The lower growth in completed works together with a larger absorption of spaces, translated into a reduction of the available areas in the main cities of Colombia, with the physical vacancy reaching 5.3%. We observed substantial changes in categories such as logistics, where the **available inventory of 842 thousand m2 in 2019 went to barely 268 thousand m2 in 2023, that is, 574 thousand m2 were absorbed.**

Given the absence of new supply for completed works and less available areas –with a tendency for both the physical and economic vacancies to reach minimum ratios–, **we anticipate an eventual increase of the rental prices per square meter.**

Real estate sector per category

[20] National Administrative Statistics Department [Departamento Nacional de Estadistica].

Corporate

Amid a general increase of the construction prices, the offices inventory in Barranquilla, Medellin, Cali, and Bogota increased by 38,746 m2, i.e., 0.90% compared to the end of 2022.

Bogota represents **70.32% of the inventory with 3,053,573 m2**, while Cali shows the lowest inventory, but also the highest physical vacancy: 10.26%. To highlight, Barranquilla and Medellin showed stable inventory levels.

Sustainable construction, the supply of comfortable, equipped, and high-spec facilities, have driven the creation of new spaces in spite of the post-pandemic delays of remote work.

Throughout 2023, companies have shown interest in returning to physical workspaces both in the hybrid and 100% personal presence modalities, which in turn translated into a **decrease in the market's physical vacancy, going from 10.61% in 2022 to 8.76% in 2023.**

These vacancy drops were mainly driven by the placement of spaces in the pharmaceutical, technology, and outsourcing services sectors.

Logistics

The market for logistics and industrial spaces continues to maintain its greatest concentration in the main cities: Bogota, Medellin, Cali, and Barranquilla.

However, in 2023 the trend was to locate logistics spaces and industrial developments in secondary cities such as Pereira, Bucaramanga, and Ibague, among others, mainly driven by the low availability of warehouses in the main cities and the high-development cost of tailor-made constructions.

Additionally, although there is high demand for type-A spaces, the elevated construction costs have affected cities such as Cali with high inventories of land, new projects arise in consideration to the high cost of rented m2, resulting from the transfer of the construction and labor costs increases.

In this category, the most relevant city continues to be Bogota –as well as its neighboring areas–, as the country's business and industrial center, so the development of warehouses and the higher demand for assets concentrates there, reflecting the market dynamics at the national level.

The main sectors where this type of assets locate are the *Calle 80 corridor,* the *Via Funza-Cota, Calle 13, Fontibon, and Zona Norte*, with an average rent for the city of 18,500 (COP/m2/month).

Commercial

Even with an adverse macroeconomic scenario, the shopping centers category has stably performed throughout the year.

Physical vacancy in cities such as Barranquilla, Cali, Medellin, and Bogota registered lower figures than those in 2019, accompanied by an increase in demand by multinational brands **seeking to expand and consolidate following the pandemic-caused contraction**, in niches such as sports and household items.

On the side of supply, the shopping centers construction decreased harshly. 2023 will be the fourth consecutive year with **two shopping centers built per year, a figure well below the 8.9 existing since 1999.**

The decrease in the availability of spaces –specifically during the third quarter of 2023– **was driven by the seasonal behavior, because the demand for spaces in shopping centers increases as the brands expect to operate during the end-of-year season.**

The entertainment and gastronomic sectors drove both consumption and traffic in the category throughout the year. **Foreign investment played a fundamental role, especially in the food, clothing, and household items sectors, promoting the entry of important brands and facilitating international business connections.** Shopping centers were at the forefront of consumer behavior, responding to the increase in online shopping.

f. PEI's Real Estate Ratios

The portfolio's real estate ratios reflected each of the portfolio categories' good performance, achieving the placement of 52,463 m2, equivalent to a 77.65% increase compared to 2022, and a 98.4% retention of the agreements close to expire in 2023, which represented 208,795 m2.

Physical vacancy closed the year at **4.33%, i.e., a 135 basis points decrease** compared to 2022, driven by the entry of new tenants mainly in the commercial and logistics categories. On the other hand, the economic vacancy dropped, reaching 6.03% –a 159 basis points reduction–.

The above evidences how the commercial management focused on servicing the current tenants and its capacity to attract new market participants.

Corporate Category

The corporate category's physical vacancy closed at 10.7% by December 2023, as almost 21,000 m2 were placed. In line with the above, assets such as *Edificio 27-7* and *Capital T*owers – located in Bogota—were commercialized, incorporating multinational companies, public entities, and intergovernmental entities.

Economic vacancy closed at 12.01% by December 2023, showing a 68 basis points decrease compared to 2022, driven by the placements made during the year. As a result of the above, this ratio is expected to decrease by the beginning of 2024 given the end of the grace periods for placements made at the end of 2023.

Furthermore, in 2023 the corporate assets' traffic reached levels close to 70%, point out to the stabilization of the use in the category, considering the return to in-person presence at the office and the implementation of hybrid and mixed-work schemes by some of the tenants.

Logistics Category

In 2023, the logistics assets category showed a favorable behavior, representing 16% of PEI's portfolio revenues and approximately 45% of the total assets m2.

At the end of the year, the category's vacancy stood at 0%, with all of its assets being occupied after placements made in secondary cities such as Bucaramanga, the execution of long-term (between 8 and 10 years) agreements, and the renewal of contracts for spaces exceeding **123,472 m2 in urban areas of main cities with privileged locations to develop logistics operations.**

The potential of this category concentrated in the requirement of spaces for operations mostly related with the health sector, such as pharmaceuticals, soap production, and industrial gases, which in addition to being **primary sectors, tend to renew their spaces with new technologies, thus maintaining the properties duly updated with market standards**.

Specialized Use Category

Tenants in the health and education sectors –which make up the specialized use assets category– **generally continue to provide stability to the portfolio by virtue of the long-term relations built with them, which aligns with their leasing schemes.**

This dynamic materialized through **a 100% occupancy of the *Sanitas* portfolio and *CESDE* Medellin.**

In connection with the hospitality-related assets, **in 2023 the category achieved a revenue compliance exceeding 100%** and average occupancy levels of 91% at *CityU* University residences and 54% at *Calablanca* Hotel.

Meters to the Power of 4

At the end of 2023, the m4 strategy (meters to the power of four) has managed to complete a total 50,300 m2 intervened since 2021.

This area corresponds to about 4% of the portfolio's GLA. 67% of the above correspond to corporate, 25% to logistics, and 8% to commercial projects. **We have worked with more**

than 14 clients, increasing the lease fees on average by 13.8%. Throughout the year, the strategy primarily focused on the development of corporate and logistics projects, reaching almost 13,985 m2 of intervened areas.

These developments focused on high-specification adaptations, such as those performed for General Motors –an automotive sector company–, which included facility management services in one of the portfolio's main corporate buildings at the Calle 100th corridor of Bogota.

A commercial use project was also developed, potentializing premises for an important retail brand in the home and construction sector, where around 1,200 m2 were intervened. **In this case, the m4's value-added services allowed the store to adjust to the client's specific requirements**, including certain high specifications and, in this way, the necessary standards for the inclusion of the brand in the shopping center were achieved.

A project was also developed for *Hada International* – with an intervened area of 5,058 m2-, where the distribution center's technical specifications on electrical issues were improved, **enabling the client to improve its production process efficiency**.

The results for 2023 show how the strategy has evolved in terms of type of projects and market share, reaching higher specialization levels associated with each client's requirements and **positioning PEI as a strategic and competitive ally within the market.**

Potential growth is expected the future in categories such as logistics and retail, in addition to continuing with the demand in the corporate category.

Capital investments on the real estate portfolio

As part of maintaining the portfolio assets in optimal conditions as well as their high specifications, PEI invested over COP 37 thousand million pesos in 2023. **The main investments were as follows: 42% in shopping centers, 31 % in logistics and industrial, 11% in m4, and 9% in corporate.**

It is worth noting that mitigation works to control the erosion caused by a river were carried out at *La Estrella* warehouse during the year, as well as the **subsequent recovery and stabilization of the slope in 2 vertical sections so as to enable the use of the maneuvering yard and the asset's warehouse. property**. Duration 12 months - 3,200 m2 intervened.

Other maintenance projects were also carried out on assets worth COP 8,549 MM in 2023, as follows:

Adaptations, repairs, and tune-ups for new tenants, worth COP 1,640 MM.

Repair of roofs for COP 874 MM, waterproofing for COP 567 MM, and electrical maintenance for COP 545 MM.

The main types of investment work (CAPEX) corresponded to:

Construction - Revamping and Adaptations - Electrical Works - Roofs and Special Systems

g. Real Estate Portfolio By Category

Commercial

 # Properties: 82
Area's share on the total portfolio: 33.65%

Share per revenue: 46.33%

GLA: 385,885 m2

Agreements' term: 3.59 years

Representative assets: *Plaza Central, Nuestro* Portfolio (Bogota, Monteria, Cartago), *Jardin Plaza* (Cali and Cucuta), *Unico Portfolio* (Cali, Barranquilla, Villavicencio, Neiva, Pasto, and Yumbo).

Corporate

 # Properties: 36

Share in area: 27.57%

Share in revenue: 31.13%

Area's share on the total portfolio: 316,201 m2

Agreements' term: 5.44 years

Representative assets: *Atrio* (Bogota), *Rivana* (Medellin), *Elemento* (Bogota), *One Plaza* (Medellin), and *Capital Towers* (Bogota).

Logistics

 # Properties: 26 *without the Yumbo warehouse.

Share in area: 35.71%

Area's share on the total portfolio: 15.48%

GLA: 409,530 m2

Agreements' term: 4.97 years

Representative assets: *Hada* (Barranquilla), *Cittium* (Tenjo), and *CEDIs Nutresa* Portfolio.

Specialized

 # Properties: 6

Area's share on the total portfolio: 3.06%

Share in revenue: 7.05%

Area's share on the total portfolio: 35,081 m2 *Not including Calablanca and City U

Agreements' term: 4.46 years.

Representative assets: *City U* (Bogota), *Calablanca Hotel* (Baru) / *Sanitas Portfolio* (Cali and Bogota).

h. Portfolio's Optimization

Divestments

In the framework of the vehicle's divestment strategy, associated with PEI's portfolio optimization plan, the sale process of a warehouse worth COP 8,800 MM, located in Yumbo, Valle del Cauca, ended in December 2023. **This transaction is the first milestone within the divestment process.**

Acquisitions

The acquisitions made in 2023 were associated with previous investment commitments and the vast majority were used for expansions in one of the portfolio's commercial assets. The real estate results have been positive and are incorporated with occupancy levels consistent with those in the categories.

The acquisitions amounted to COP 150 thousand million, corresponding to 23,865 m2 of leasable area.

During the second quarter of 2023, the second stage of *Jardin Plaza* shopping center's northern area expansion –located toward the south of Cali–, was acquired for COP 107,894 MM.

With the above, **while PEI fulfilled the prior commitment with its partner, these developments have enabled the shopping center's expansion** to meet the tenants and customers' needs.

Moreover, PEI also consolidated its share in one of Colombia's most successful shopping centers and a leader in the city of Cali. The second stage of the northern zone's expansion added 12,325 m2 to the shopping center, for a current GLA exceeding 57 thousand m2.

The acquisition of a new priority medical care center in Popayan –Sanitas Popayan Medical Center– was made for or *Keralty Group* **in the second quarter, through a BTS scheme,** and amounted to COP 15,358 MM.

PEI continued to deepen its diversification strategy per asset type with this acquisition, focusing on the health sector within the specialized-use assets category. PEI thus continues to support its ally EPS Sanitas brand's expansion plan.

With respect to the logistics and industrial category, *Hada International's* production plant at *La Cayena* Free Trade Zone, near Barranquilla, underwent its fourth expansion through a BTS scheme during the fourth quarter of 2023. This expansion amounted to COP 25,673 MM.

In line with the vehicle's value promise of being a real estate ally for its tenants, PEI supported *Hada International* with a new expansion of the plant with A+ technical specifications.

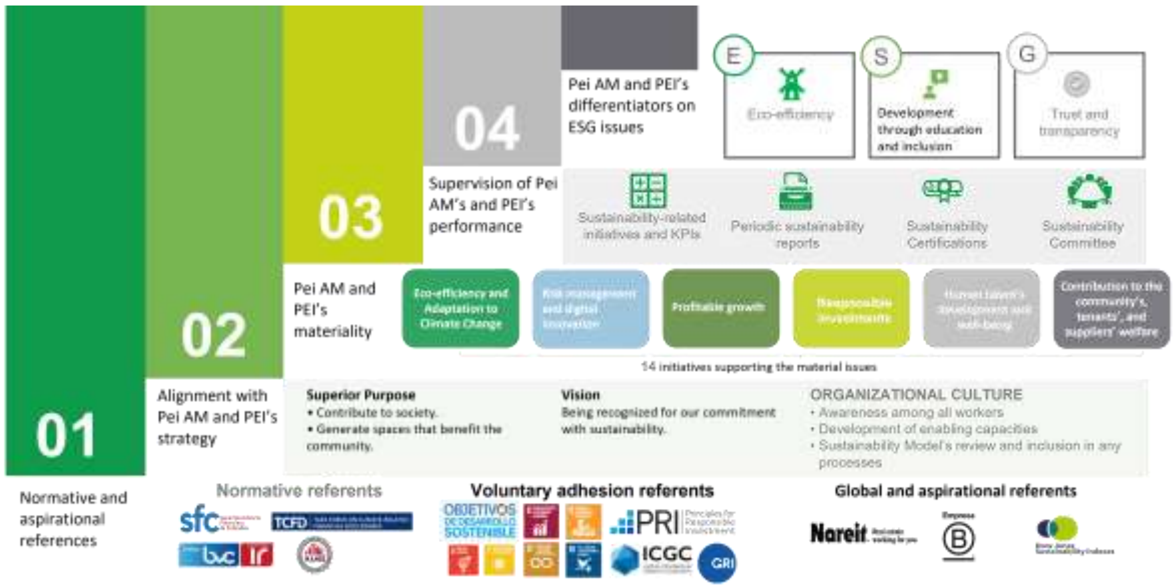
Honoring the investment commitments acquired, this asset has a leasable area of 7,945 m2 in addition to the existing 11,222 m2 and a 20-years mandatory compliance lease agreement.

5. SUSTAINABILITY

The implementation of environmental, social, and corporate governance factors in the vehicle's management continues to be a priority work front for the Manager, which through its **Corporate Sustainability Model seeks to manage those material matters most relevant to the company and PEI's stakeholders.**

The management of material matters pursues a long-lasting business and profitable business, that maintains the relationships with its stakeholders and satisfies their expectations, **while enabling the Manager to manage and operate the vehicle adapting to the new trends and tackling any environmental and socioeconomic challenges.**

Manager's Corporate Sustainability Model



Management of Material Issues

Regarding PEI's portfolio eco-efficiencies, the Manager established that one of the strategic priorities would be to **integrate sustainable and responsible practices into the assets' operation** in order to maximize their long-term financial performance, while minimizing any environmental impact.

Because decarbonization is a fundamental axis for the vehicle, we progressed **throughout 2023with the carbon footprint's measurement in 33 additional assets –for 37 assets in total–, which represent 47% of portfolio's GLA**, to determine the short, medium, and long-term carbon footprint reduction goals.

Note that assets such as *Plaza Central, Amadeus, Cittium,* and *Atlantis* began their measurements in 2019, and that by 2023 a 41% reduction of their carbon footprint was achieved compared to their baseline. This resulted from the commissioning of solar panels at *Plaza Central* shopping center and the operating efficiencies implemented in the four assets.

In 2023, efforts focused on incorporating the recommendations **stemming from the eco-efficiency diagnoses carried out in connection with the portfolio's assets**, into their master plans (documents setting out the relevant assets' maintenance and repairs work plan), in order to work on any alternatives to improve consumption and the assets' carbon footprint.

Several initiatives have been advanced to contribute to the assets' eco-efficiencies and thus reduce their environmental impact. Contracts were closed during the year for the installation of solar panels in 3 additional assets, in addition to the 12 already having this technology and **reaching 18% of the portfolio's total leasable area.**

This project also aims at **generating benefits and savings for the tenants by reducing the energy consumption from traditional sources.**

On the other hand, the im**plementation of the green certification strategy on operation and maintenance** began in cooperation with an external expert, specifically focusing on the **LEED certification in Operation and Maintenance (O+M).**

We thus achieved significant progress with the LEED (O+M) certification in two representative portfolio assets: *Plaza Central* shopping center and *City U*, that we expect to have certified in 2024.

The Manager's environmental strategy not only focuses on the guidelines to improve the eco-efficiency of the assets, but also on a **comprehensive relations and socialization plan aimed at effectively aligning PEI's different stakeholders for a successful implementation**.

Trainings on the carbon footprint measurement were conducted in 2023 and our **Sustainable Operation Policy was widely discussed with 34 assets of the portfolio, initially covering around 33% of the leasable area**.

The Sustainable Operation Policy's purpose is to establish good practices, actions, or programs on environmental protection to implement in the assets.

In this connection, the Manager focused on: The **supervision of those national and international factors** that could trigger risk factors for the vehicle.

On planning the update and redefinition of the **Comprehensive Risk Management System** under ISO 31000:2018.

On the implementation of new **information security and cybersecurity** controls.

And on beginning with the identification of the appropriate methodology **to create the climate change risk matrix.**

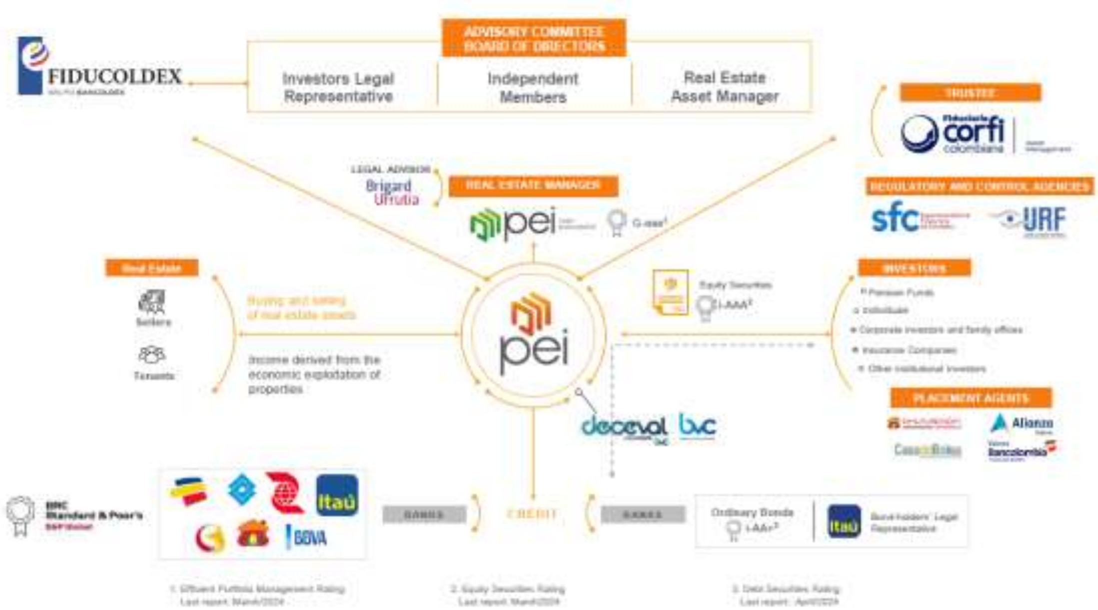
Also, the abovementioned corporate governance modifications [https://pei.com.co/sobre-pei/prospecto/], were made.

For additional information on the sustainability management for 2023, please consult the Sustainability Report at www.pei.com.co.

Corporate Governance

PEI's corporate governance structure aims at ensuring compliance with the Trust Agreement under which the vehicle was created, correctly implementing the Investment

Policy and, of course, watching over the regulatory compliance and investors rights' protection. **PEI's governing bodies are part of the corporate governance structure and interact with other intervening parties**:



1. **Governing Bodies**

a. Investors Assembly

PEI's Investors General Assembly is the vehicle's highest decision-making and governing body. All of the vehicle's investors are entitled to attend it with voice and vote, in proportion to their interest in PEI.

The Assembly's internal operating rules are available at www.pei.com.co.

b. Advisory Committee

The Advisory Committee is the body in charge of making any decisions in connection with the composition of PEI's real estate asset portfolio, financial indebtedness, and securities issues, among others.

This is a high-level body, **responsible for monitoring the vehicle's performance**.

The Advisory Committee is made up by 9 members, the majority of which are independent: 4 members of the Real Estate Manager, 4 independent individuals, and the Investors Legal Representative. A representative for the Management Agent also attends with voice, but without a vote.

The Advisory Committee gathered 16 times throughout 2023, with a 98% total attendance on average.

<table>
<tr><th colspan="2">Advisory Committee</th></tr>
<tr><th colspan="2">Independent Members</th></tr>
<tr><td>
Sol Beatriz Arango Mesa</td><td>Production Engineer from EAFIT University and specialist in Finance. Former president for Servicios Nutresa S.A.S., Sustainable Development Vicepresident for Grupo Nutresa, and General Director for Fundacion Nutresa. She is a member of Proteccion, Crystal, Banistmo, XM Colombia, and Women in Connection 's boards of directors, and part of the Colombian Stock Exchange's management council.</td></tr>
<tr><td>
Julio Manuel Ayerbe Mu¶oz</td><td>Economist from Universidad de Los Andes. Former president for Corporacion Financiera del Valle and Organizacion Corona, and consultant and advisor for different companies. He has been member of a Fondo de Garantias de Instituciones Financieras, ING Pensiones y Cesantias, CMR Falabella Compañia de Financiamiento, Compañia Colombiana de Cerámica, Inversiones Mundial,Almacenes Corona, and Electroporcelana Gamma's boards of directors. He is currently a partner at Ayerbe Abogados and serves as member of Banco Scotiabank Colpatria and Amalfi's boards of directors.</td></tr>
<tr><td>
Mar²a Victoria Ria¶o Salgar</td><td>Business Manager from Pontificia Universidad Javeriana and MBA from Universidad de los Andes. Former president for Equion Energia Limited and currently boards of directors' member for Fundacion Juanfe, Seguros Allianz, and CAEM.</td></tr>
<tr><td>
Roberto Holgu²n Fety</td><td>Economist from Georgetown University and Finance specialist from Universidad de los Andes. Former president for Delta Bolivar Compañia de Financiamiento, Credit Vicepresident for Banco Davivienda, Deputy Finance and Commercial Manager for Compañia de Energia Electrica de Bogota, and Profesionales de Bolsa's partner and Manager. He is currently a member of Davivienda Corredores, Fiduciaria Davivienda, Constructora Bolivar, Finagro, and XM Expertos en Mercado's the boards of directors. He is also a member of Banco Davivienda's corporate credit committee and of Grupo Bolivar's investment committee.</td></tr>
<tr><th colspan="2">Real Estate Manager</th></tr>
</table>

 **Carlos Angulo Ladish**	Economist from *Universidad de los Andes*, MBA from J.L. Kellogg School of Management at Northwestern University, and part of the *Programa de Alto Gobierno* at the *Universidad de los Andes*. He worked in corporate banking at Citibank and Goldman, Sachs & Co. in New York, where he structured financing operations in international markets for companies and governments in Latin America. Mr. Angulo also worked in the M&A transactions for mass consumption, telecommunications , energy and oil, industrial and financial companies. He participated in the creation of *Terranum* group and is currently a partner at *Estrategias Corporativas*, Executive Director for PEI Asset Management, and PEI Advisory Committee's chair.
 **Ana Mar²a Bernal Rueda**	Lawyer from *Universidad Javeriana*, LLM from Cornell University, Master in Public Administration (MPA) from Harvard University, specialist in Capital Market Law from *Universidad Javeriana* and Commercial Law from *Universidad de los Andes*. She led the Financial Superintendency of Colombia's regulation team, worked as In-house Counsel for Holcim in Colombia and at *Philippi Prietocarrizosa Ferrero DU & Uria* and *Dentons Cardenas & Cardenas's* Capital Markets, Banking, Finance and M&A areas advising multiple financial entities, private equity funds, international investors, and security issuers.
 **Jairo Alberto Corrales Castro**	Civil Engineer from *Universidad de los Andes* with a specialization in Finance from the same university. Pei Asset Management's President since 2009, structuring the acquisition of over 500,000 square meters of commercial, corporate, logistics, and specialized-use real estate assets. He participated in *Isagen* Corporate Headquarters in Medellin, *Plaza Central* Shopping Center, and *Torre Atrio*'s structuring, among others.
 **Carlos Fradique M®ndez**	Lawyer, graduated with honors from *Universidad del Rosario*, Master in Banking and International Finance from Boston University, Master in International Business from the University of Ottawa, specialist in Financial Legislation from *Universidad de los Andes*. Managing Partner at *Brigard & Urrutia*, with over 30 years of experience, advising companies on Capital Markets, Banking and Finance, Foreign Exchange Law, Derivatives and Structured Products, and Customs and Foreign Trade and Taxes.
Investors Legal Representative	

 **Andr®s Ra¼ Guzm§n Toro**	Economist from *Universidad Externado de Colombia*. Current President for *Fiducoldex - Fiduciaria Colombiana de Comercio Exterior S.A.* Former Commercial and Corporate Manager for *Corficolombiana* and former General Manager for *Banco Corficolombiana* Panama. He has been a member of boards of directors in the financial and real sectors.

2. Intervening Parties

In addition to the governing bodies described earlier, given PEI's real estate securitization structure, ***Fiduciaria Corficolombiana S.A.*** **("Management Agent") represents it as spokesperson and management agent**.

PEI also has a Real Estate Manager, a third party expert in real estate management **–PEI Asset Management S.A.S.–, responsible for the portfolio assets' administration and operation**.

Additionally, **an independent third party chosen by PEI's investors has been appointed to represent their interests in connection with any decisions mainly dealing with PEI's investments**, issues, and debt level. This Investors Legal Representative is *Fiduciaria Colombiana de Comercio* Exterior - Fiducoldex.

Conflicts of Interest and Related Parties Transactions

PEI's Good Governance Code requires the Advisory Committee's members, the Management Agent's employees and the Manager to act in PEI's interests, refraining from privileging any personal interests or those of their families. To this end, the Code establishes the procedure for the disclosure and management of any conflicts of interest that may arise.

Abiding by the abovementioned procedure and with the Advisory Committee's prior authorization, **Atrio Torre Norte's operation trust executed a lease agreement with the Manager to hold its corporate offices headquarters, as well as two membership agreements for the use of the flexible spaces and services on the 25th floor of the building**.

Country Code and IR Recognition

On the other hand, **PEI abides by guidelines for the execution of acquisitions, sales, or co-investment transactions in connection with related-parties assets**. According to the guidelines, these transactions must be approved by the independent members of the Advisory Committee, **based on objective and independent assessments** carried out by the

Manager, on the one hand, and an independent professional (fairness opinion), on the other one.

Under the guidelines, PEI may carry out the transaction as long as it is arms' length and transparency conditions for the market, and the best result are sought for its Investors. **The Related Party Transactions Policy is available at www.pei.com.co.**

With respect to the contracts with suppliers, these types of transactions are governed by the Procurement and Purchasing Policy, **based on the multiplicity of bidders, transparency, impartiality, and arms' length prices principles**, among others.

Manager's Procurement Committee establishes has an approval procedure applicable to any contracts with related parties. Notwithstanding the above, as established under the Trust Agreement and the Prospectus, **any contracts whose amount exceeds 500 SMLMV, whether with related parties or not, must be approved by the Advisory Committee.**

To continue strengthening the information disclosure and transparency practices, **PEI voluntarily completed the Country Code Survey, keeping the relevant corporate governance, finance, strategy, social, environmental, human capital management (from the Manager), control architecture, and business ethics information, among other, available to investors and other stakeholders in its website.**

Thanks to this, the Colombian Stock Exchange **awarded the IR[21] Recognition to PEI** for the second year in a row. This recognition is awarded to those issuers with the best information disclosure practices.

6. OPERATION-RELATED RISKS

PEI Asset Management, as PEI's Real Estate Manager, seeks to protect the fund's value through an adequate risk management, **identifying and analyzing the different risk sources and uncertainty scenarios.**

The identification and monitoring of the materiality of the risks that could affect the investment alternative, the strategy, financial conditions, and operating results of the vehicle continued throughout 2023.

The following risk factors consider the national and international environments, as well as others specific to the operation, **which were identified as the main sources of risk, including their description and the Real Estate Manager's management thereof.**

[21] The IR Recognition – granted by the Colombian Stock Exchange to the relevant issuers, is not a certification on the benefits of the securities listed or the solvency of the issuer.

However, additional risks not identified as of to date, or which are currently considered not relevant and whose materialization **could impact the fund's performance and strategy**, may arise.

Strategic Risks

In spite of the constant changes in the global financial and growth outlooks, new strategic risks were not identified in 2023 and the existing ones did not experience material changes.

The Real Estate Manager continues to consider within its risk assessment and management, factors such as the national and international environments, as well as any external and/or internal factors that may prevent the strategic plan's implementation and/or compliance with the objectives set.

Market Risks

<u>Availability of financing sources</u>*: This risk refers to the likelihood of the vehicle facing difficulties to access financing whenever it needs so, either to fund its operation and investment projects, or to refinance its existing debt. This situation may result from a variety of factors including fluctuations in the financial market, significant drops of the debt securities values, or increases of the interest rates, as well as other events in the credit markets or the financial and real estate results of the vehicle.*

The Real Estate Manager permanently monitored both the market variables and the financing sources and their conditions throughout 2023, **noting that this activity became strengthened through the periodic meetings of the Financial and Capital Markets Committee**.

Additionally, considering the changing economic environment, the Real Estate Manager continued to implement its long-term liability replacement plan and to assess the different sources of capital **–under a strategy focused on**

the shorter duration of the debt portfolio–, thus contributing to the debt service's reduction.

Inflation: High inflation levels and their volatility may negatively impact the economy, the financial markets, and the vehicle's future results, thus affecting the investment's return.

In 2023 –as in 2022–, this was **constantly monitored given the inflationary pressures at the global and domestic levels**.

These pressures directly impacted the real estate assets, due to the appreciation component, additionally affecting the financial expense from the short and long-term financial obligations indexed to inflation –partially offset by the operating income's readjustment–, **considering that the lease contracts also incorporate inflation.**

Vehicle results' sensitivity to fluctuations of the interest rates: High interest rates and their potential fluctuations may impact the vehicle's ability to finance its operation and growth, comply with its acquired commitments, and pay the Distributable Cash Flow as financial expenses increase.

1. This situation was analyzed and assessed under different scenarios throughout 2023, as the market conditions and expectations changed.

2. However, the inflationary pressures leading Colombia's Central Bank to increase the interest rates drove the financial expenses to increase and the Distributable Cash Flow to be lower.

3. It is important to note that the vehicle has extensive financing sources and facilities, and a debt portfolio with diversified deadlines and ratios.

Real Estate Operation-related Risks

Adaptations and renovations*: The assets' marketing process may require adjustments to the real estate assets, as well as remodelings aligned with the portfolio's reconversion strategy. Therefore, the following may arise: (i) Risks associated with the constructions' cost and completion; and (ii) Risks associated with the times required to obtain the construction permits.*

Through the Advisory Committee's timely monitoring and the Real Estate Manager's control the portfolio's risk was properly managed. The impact thereof is analyzed through the revenues at risk of the leasable units' and real estate assets' requiring adaptations and/or remodelings.

Grace periods may be required whenever works are carried out and rental revenues are not received.

Investments in real estate assets*: The real estate market is cyclical by nature and, in general, any deterioration in its fundamentals, particularly in Colombia, may adversely impact the fund investments' performance.*

The **domestic macroeconomic environment was not only challenging** in 2023, but also uncertain at the political and sectoral levels, coming from previous years.

The above led the Real Estate Manager to be **very alert in concern with number of variables and thus determine their impact** on the real estate assets' value and the vehicle's results.

In this sense, the **real estate assets' value may be affected by several of the above described risks** and changes in the environmental and territorial planning laws, the fundamentals of real estate market's supply and demand, increases or changes in the relevant taxes applicable to the real estate activity, the tenants' bankruptcy or financial difficulties, and regulatory constrains on the leases.

***__Illiquid and long-term investments__**: The real estate investments in the vehicle have long disinvestment processes and there is no guarantee that the real estate manager may be able to sell the asset.*

The real estate assets making up the vehicle's portfolio are –under a normal operation and, by nature–, long-term income-generating assets that, accordingly, produce the Distributable Cash Flow for investors.

Considering the real estate portfolio's stabilization, maturation, optimization, and rotation process, the Manager may pursue the sale of any relevant asset.

This is generally not expected to happen before the property meets the objectives determined under the investment cycle strategy, which **by nature is long-term.**

On the other hand, the real estate assets' lack of liquidity means that because they cannot be sold quickly, this may affect the ability to monetize their appreciation and obtain cash in the short term.

***__Highly competitive market for investment and divestment opportunities__**: The identification, purchase, and sale of attractive real estate assets matching the vehicle's investment objectives are very competitive in the market and involve a high degree of uncertainty, limiting the vehicle's profitable growth.*

The real estate sector's dynamics reduce the number of investment and divestment opportunities, causing PEI Asset Management to compete for them with other real estate funds, private equity funds, companies, financial institutions, and other investors, in addition to any new competitors constantly entering the market. In certain cases, these may even include competitors partnering to leverage their position in the market.

The above may lead the Real Estate Manager to increasingly participate in competitive processes, **without meaning that the relevant investment will be awarded thereto.**

In 2023, **Pei Asset Management continued to assess new investment and divestment opportunities** that were duly presented, analyzed, and, where applicable, approved by the Advisory Committee abiding by the relevant corporate governance rules.

***__Losses of real estate assets__**: Risk events related to fires, landslides, mudslides, earthquakes, other types of natural disasters, war, terrorism, and acts of third parties may impact the vehicle's investment properties.*

The Real Estate Manager mitigates this risk through an insurance scheme consisting of: (i) All risk insurance policies against material damages; (ii) Tort liability insurance policies; and (iii) Civil liability policies against terrorist acts, all of which taken for all of the portfolio assets, and which remained in force throughout 2023.

The following are the aforementioned policies' objectives:

All risk insurance policy against material damages: Covering any material damages and losses that the portfolio's real estate assets may suffer in connection with the materialization of any insured risk.

Tort liability insurance policy: Covering the vehicle's liability for any damages, injuries, or death suffered by third parties within the real estate assets and attributable thereto.

Civil liability insurance policy against terrorist acts: Covering the vehicle's liability for any damages, injuries, or death suffered by third parties within the real estate assets as a result of terrorists acts within the premises.

Vacancy: *Covering against any fluctuation and deterioration of the commercial, corporate, and logistics categories' real estate assets' average vacancy rates, and the occupancy rates of the hospitality and specialized-use categories' real estate assets that may negatively impact the vehicle's operating income.*

The Real Estate Manager and corporate governance bodies, such as the Real Estate Management Committee and the Advisory Committee, constantly monitored, evaluated, and steered the vacant spaces' commercialization strategy throughout 2023, both for the whole portfolio and specific categories and properties.

The **strategy deployed in 2023**, in spite of the uncertainty and macroeconomic environment, enabled the vacancy to decrease in all categories –compared to the vehicle's vacancy in 2022–, placing it below that of the market in categories such as Commercial and Logistics.

Expiration of Agreements*: The agreements' expiration and impossibility to renew them under favorable price-per-square meters and duration terms creates a potential risk to the vehicle's operating income.*

In 2023, the Real Estate Manager monitored the risks, materialization sources, and probable impact on the operating and financial results of the fund from the vacancy and other types of risks' materialization.

Colombia-related Risks

Economic, politic, and social risks: The operating results, financial conditions, and investment prospects are influenced by the social, economic, politic, and legal developments in Colombia.

The Colombian economy has historically differed from those of other Latin American countries in several aspects, including the government supervision's framework and style, development level, growth rate, foreign currencies controls, and allocation of public resources.

Colombia's economy has shown uninterrupted growth since 2000, thanks to a prudent macroeconomic and fiscal management, a target inflation regime, a flexible exchange rate, and a well-defined fiscal framework.

Composition of growth in Colombia.

Economic development's slowdown in 2023, **with growth being below than expected.**

A fiscal expenditure not proportional to collection may lead, in the medium and long terms, to stricter credit markets, greater volatility in the stock market, and sudden drops in business and consumer confidence.

To the extent **that consumers delay or reduce consumption** in response to their perceived uncertainty of the economic conditions, **PEI's ability to receive income from the fund may be impacted.**

7. REAL ESTATE MANAGER

PEI Asset Management is a company specialized in structuring and comprehensively managing investment vehicles in Colombia. Since 2009, BRC Standard & Poor's S&P Global has awarded it the highest Rating –G-aaa– for Portfolio Management Effectiveness.

Since 2009, Pei Asset Management has contributed to the welfare of society through the democratization of investment opportunities, the creation of physical spaces that benefit community, and its support to its allies' growth.

Within its management purpose of remaining as a sustainable investment manager in 2023, **PEI's investment policy was updated to incorporate responsible principles and its Corporate Governance reinforced by joining the ICGC in 2021**.

Its expert team, encompassing 131 employees at the end of 2023, **works tirelessly to build and maintain long-term relationships with the investors, tenants, and other stakeholders**.

Expert Team

Jairo Alberto Corrales Castro

Title: President

Years of experience: +23

Years at PEI Asset Management: +14

Education: Civil Engineer from *Universidad de los Andes*, with a Specialization in Finance from the same university. Diploma in Shopping Centers Management and Marketing from the International Council of Shopping Centers in Buenos Aires, Argentina.

Andres Felipe Ruiz Vesga

Title: Finance and Investor Relations Vicepresident

Years of experience: +19

Years at PEI Asset Management: +5

Education: Professional in Finance from the University of North Carolina. Columbia University Value Investors Program. Executive MBA from Cornell University.

Claudia Jimena Maya Muñoz

Title: Strategy, Innovation, and Communications Manager

Years of experience: +22

Years at PEI Asset Management: +13

Education: Industrial Engineer from *Universidad de los Andes*. MBA from INALDE.

Andres Mauricio Esquivel

Title: Commercial Manager

Years of experience: +13

Years at PEI Asset Management: +13

Education: Economist from *Universidad Central*, with a specialization in Commercial and Market Intelligence from *EAN*, Diploma in Shopping Centers Management and Marketing from the ICSC (International Council of Shopping Centers) and Diploma in Real Estate Management from *Universidad Javeriana*.

Ana Maria Bernal Rueda

Title: Legal and Corporate Affairs Manager

Years of experience: +17

Years at PEI Asset Management: +6

Education: Lawyer from *Pontificia Universidad* Javeriana with a Specialization in Capital Market Law from the same university and a Specialization in Business Law from

Universidad de los Andes. Master in Public Administration from Harvard University and Master in Law from Cornell University

Maria Alejandra Cardozo

Title: Investment and New Business Manager

Years of experience: +13

Years at PEI Asset Management: +8

Education: Professional in Finance and International Relations from *Universidad Externado*. MBA from IE Business.

Ivan Dario Parra

Title: Asset Management Manager

Years of experience: +13

Years at PEI Asset Management: +6

Education: Professional in International Relations from *Universidad Jorge Tadeo Lozano,* with a Diploma in Financial Management and Administration and Real Estate Management.

Ginna Castro

Title: Human Talent Manager

Years of experience: +15

Years at PEI Asset Management: +6

Education: Psychologist from t *Universidad del Bosque,* with a Specialization in Human Management and Organizational Development from *Universidad del Rosario* and a certification in Change Management.

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