

Rating report

PROGRAM FOR THE ISSUANCE AND PLACEMENT OF ORDINARY BONDS, GREEN BONDS AND COMMERCIAL PAPERS UP TO THE SUM OF COP 1.5 TRILLION OF PATRIMONIO ESTRATEGIAS INMOBILIARIAS

This English version is provided on request and reflects the translation from the original one provided only in Spanish by BRC Ratings – S&P Global S.A. Sociedad Calificadora de Valores on April 10, 2025, under the title “Programa de emisión y colocación de bonos ordinarios, bonos verdes y papeles comerciales hasta por la suma de \$1.5 billones de pesos colombianos del Patrimonio Autónomo de Estrategias Inmobiliarias”. In case of any discrepancy between this English version and the original in Spanish, the Spanish version shall apply.

Contacts:

Edgar Mauricio Robles Cifuentes

edgar.robles@spglobal.com

Lina Vélez Ramírez

lina.velez@spglobal.com

ISSUE AND PLACEMENT PROGRAM OF ORDINARY BONDS, GREEN BONDS AND COMMERCIAL PAPERS UP TO COP1.5 TRILLION OF PATRIMONIO ESTRATEGIAS INMOBILIARIAS

BOND CHARACTERISTICS

Securities:	Ordinary Bonds
Issuer:	Patrimonio Estrategias Inmobiliarias (PEI)
Total limit:	COP1.5 trillion
	Amount issued: COP1 trillion
	Amount to be issued: COP500 billion

FIRST ISSUANCE

Amount issued	Total: COP500 billion C3 Tranche: COP116,005 million – Paid C10 Tranche: COP209,426 million C25 Tranche: COP174,569 million C3: 3 years
Redemption deadlines	C10: 10 years C25: 25 years
Issue and placement date:	August 28, 2018
BONDS CHARACTERISTICS	Ordinary bonds The returns will be paid in each quarter in arrears.
Interest payment period	C3 Tranche: CPI+2.79% C10 Tranche: CPI+3.96% C25 Tranche: CPI+4.3%

SECOND ISSUANCE

Amount issued	COP500 billion A5 Tranche: COP122 billion – Paid A10 Tranche: COP226 billion C25 Tranche: COP 152 billion
Issue and placement date:	November 7, 2019
BONDS CHARACTERISTICS	Ordinary Bonds
Redemption schedules:	A5: 5 years A10: 10 years C25: 25 years
Frequency of interest payment:	The returns will be paid in each quarter in arrears. A5 Tranche: 6.5% APR

ISSUE AND PLACEMENT PROGRAM OF ORDINARY BONDS, GREEN BONDS AND COMMERCIAL PAPERS UP TO COP1.5 TRILLION OF PATRIMONIO ESTRATEGIAS INMOBILIARIAS

	A10 Tranche: 7.28% APR C25 Tranche: CPI + 3.79% APR
Guarantees and priority:	Payments for capital and interest will be met with the cash flows generated by PEI. The bonds are not backed by any real guarantee; therefore, they are unsecured obligations of the issuer.
Legal representative of the holders:	Itaú Asset Management
Legal adviser:	Brigard & Urrutia Abogados SAS
Custodian:	Depósito Centralizado de Valores S.A.

THIRD ISSUANCE

Amount to be issued:	COP500 billion
Issue and placement date:	To be defined
BONDS CHARACTERISTICS	Ordinary Bonds or commercial papers
Redemption schedules:	To be defined
Frequency of interest payment:	To be defined

I. OVERVIEW

- We affirmed the AA+ and BRC 1+ ratings of the Issuance and Placement Program for ordinary bonds, green bonds, and commercial paper for up to \$1.5 trillion Colombian pesos (COP) of the Patrimonio Autónomo de Estrategias Inmobiliarias (PEI).
- The bond rating considers the favorable trend in PEI's EBITDA generation, as well as the reduction of its leverage levels to ranges between 4x (times) and 5x. This is based on a conservative financial policy and awaiting the results of an issue of equity securities on the market.
- The PEI maintains a strong business position, a characteristic that we do not foresee changing in the short or medium term. The investment vehicle reflects adequate diversification by tenant and geography, which adds to its strength in the quality of its managed assets.
- For 2025, the rating agency assesses PEI's liquidity as sufficient given the projected sources-to-uses ratio of 1.1x, but we continue seeing tight conditions in 2026. This risk would be mitigated by the flexibility provided by its extensive access to banking and capital markets.

II. RATING ACTION:

BRC Ratings – S&P Global SA, Sociedad Calificadora de Valores, has affirmed the AA+ long-term debt rating and the BRC 1+ short-term debt rating of the Issuance and Placement Program for ordinary bonds, green bonds, and commercial paper for up to \$1.5 trillion Colombian pesos (COP) of the Patrimonio Autónomo de Estrategias Inmobiliarias (PEI).

III. RATING RATIONALE:

ISSUE AND PLACEMENT PROGRAM OF ORDINARY BONDS, GREEN BONDS AND COMMERCIAL PAPERS UP TO COP1.5 TRILLION OF PATRIMONIO ESTRATEGIAS INMOBILIARIAS

The repayment capacity of the bond and commercial papers program issued by the PEI is directly linked to that of the investment vehicle, as it is an unsecured debt with no additional collateral or funds prioritizing the payment of interest or principal.

Our revised PEI case presents a favorable and clearer scenario regarding the reduction of its leverage levels and the ability to capture returns on its asset portfolio. However, we believe the investment vehicle still presents risks associated with its liquidity profile, an aspect we have monitored over the past two years.

The risk factors within PEI's liquidity profile, related to the concentration of its debt maturities, will continue to be successfully managed in 2025 and 2026, considering the company's access to local banks and its openness to the capital markets. In 2024, the investment vehicle replaced financial liabilities worth more than COP2.39 trillion with improved financial conditions, whose strategy will continue to apply to maturities of COP697 billion (as of March 2025) over the following two years.

At the end of 2024, the net debt-to-EBITDA ratio was 5.7x, lower than the 6.2x in 2023 and 7.5x in 2022, figures that reflected the operational challenges imposed by the pandemic on portfolio management. In our base case scenario, the ratio will be between 4x and 5x between 2025 and 2027, given the company's ability to capitalize on its assets and its potential to access the capital market through the issuance of equity securities (approximately COP 500 billion), resources whose sole purpose would be to reduce the investment vehicle's debt levels.

It's important to note that if PEI fails to implement its debt reduction strategies over the next 12 months, its leverage, measured as net debt to EBITDA, would remain higher than that of other AA+-rated entities. Although this level would be within the limits established in the prospectus, lack of progress in debt reduction could significantly compromise its credit profile. Furthermore, current debt maturity conditions have been lowered, with sources-to-use ratio expected to approach 1x in 2026. Any significant deviation from these metrics could result in a rating action.

PEI's high asset quality, solid operating platform, and management's deep industry knowledge are factors that predict the investment vehicle's favorable performance in the coming years. In 2024, the company reported an net operating profit (NOI) of COP 641,704 million and an EBITDA of COP 548,499 million, with increases of 10.5% and 9.9% compared to 2023. As a result, a NOI margin of 83.05% and an EBITDA margin of 70.98% were achieved, figures higher than those recorded in recent years. We forecast that these margins will remain within similar ranges over the next two years, thanks to the proven ability to adjust fees, at least in line with inflation levels, a reduction in vacancy rates, and efficiency programs.

As part of its real estate management, in 2024 PEI carried out two divestment processes and proceeded with the negotiation of a third, totaling nearly COP 90 billion, approximately 1% of the total portfolio. These resources are intended for debt reduction. In 2025, the investment vehicle's efforts will focus on redevelopment projects, sustainability, and the implementation of models that generate greater value for tenants, resulting in capital expenditures (capex) of nearly COP 63 billion. In 2026, this amount is expected to fall to an average of COP 25 billion, as a result of the stabilization of necessary adjustments to the asset portfolio.

IV. LIQUIDITY

ISSUE AND PLACEMENT PROGRAM OF ORDINARY BONDS, GREEN BONDS AND COMMERCIAL PAPERS UP TO COP1.5 TRILLION OF PATRIMONIO ESTRATEGIAS INMOBILIARIAS

Unlike previous revisions, our projection of PEI's sources and uses for the next 12 months is expected to remain at 1.1x, thanks to the administration's timely efforts during the first quarter of 2025 to reprofile its debt maturities by 54% to COP232 billion compared to the profile it had at the end of 2024.

Looking ahead to 2026, PEI's liquidity position will remain tight, reflected in a sources and uses ratio of less than one-time, due to scheduled debt amortizations of COP 465 billion. We believe there are several factors that provide the investment vehicle with room to manage its maturities, which would allow it to largely secure the resources necessary to meet its financial, operational, and investor commitments:

- The investment vehicle has uncommitted bank credits amounting to COP3 trillion (as of March 2025) and still has a balance outstanding from the bond and commercial paper program amounting to COP500 billion.
- The returns it pays to investors depend on the fulfillment of its other obligations, giving it the flexibility to use these resources in priority situations.
- There are guarantee mechanisms that allow it to defer investments if the business does not meet specified conditions.
- The ability to monetize its real estate assets at its discretion.

V. FACTORS TO MODIFY THE RATING:

What can lead us to upgrade the rating

- Sustained reductions in net debt/EBITDA ratio to 4x.
- The sustainability of liquidity indicators above 1.3x for the next two years.
- A consolidated asset divestment strategy, with clear use of resources in each case.

What could lead us to downgrade the rating

- A net debt/EBITDA ratio greater than 5x in the next two years.
- Continued deterioration in the degree of diversification by asset type and tenant in its portfolio.
- Changes in the business profile in terms of the composition of stabilized assets.
- Source to use ratio less than 1x over the next 12 months.

VI. THE ISSUER AND ITS ACTIVITY

Patrimonio Estrategias Inmobiliarias - PEI is an investment vehicle that purchases, develops, and manages income-producing commercial real estate. PEI emulates infrastructure and real estate trusts (REITs), which makes it a profitable alternative for investors who want to participate in a diversified real estate portfolio.

PEI remains the largest real estate fund in the country. At the end of 2024, the vehicle had COP9.72 trillion in assets under management (AUM) and a leasable area of 1,136,042 square meters, with a portfolio diversified by geographic location and tenants. For the coming years, we anticipate that these conditions,

ISSUE AND PLACEMENT PROGRAM OF ORDINARY BONDS, GREEN BONDS AND COMMERCIAL PAPERS UP TO COP1.5 TRILLION OF PATRIMONIO ESTRATEGIAS INMOBILIARIAS

combined with the quality of its assets and the manager's extensive experience, will allow it to maintain its competitive position.

VII. INDUSTRY RISKS

Dependence on economic cycles: The construction and real estate industries are vulnerable to periods of economic slowdown, which translates into a deterioration in their revenue growth, given that they depend on their customers' spending behavior. However, PEI's portfolio has benefited from this trend in recent years, thanks to the high quality of its assets and their stabilization, which has allowed it to improve its vacancy rates and effectively manage lease payments.

High capital requirements: The construction and real estate industries are characterized by ongoing, capital-intensive requirements with long payback periods.

Project cost overruns: These amounts result from increases in raw material costs, designs that don't fit the project, delays in construction, and other factors, especially in custom projects. Currently, the national industry is under pressure on its cost structure.

Competition: The issuer participates in a market where major competitors are entering with aggressive strategies. However, PEI's presence in the business segments where it maintains its asset portfolio places it as one of the country's leading players.

Tenant quality: The ability of those who rent properties to pay is a key factor in financial performance and compliance with PEI obligations. Purchasing power within the national economy and unemployment are factors that could impact its results.

VIII. ADDITIONAL INFORMATION

Type of rating	Long-term and short-term debt
Minute number	2731
Date of the Committee	April 10, 2025
Type of review	Periodic review
Issuer	Patrimonio Estrategias Inmobiliarias
Members of the Committee	María Carolina Barón
	José Ricardo Herrera
	Fangchun Rong

Rating history

ISSUE AND PLACEMENT PROGRAM OF ORDINARY BONDS, GREEN BONDS AND COMMERCIAL PAPERS UP TO COP1.5 TRILLION OF PATRIMONIO ESTRATEGIAS INMOBILIARIAS

Periodic Review Apr./24: AA+ / BRC 1+
Periodic review Apr./23: AA+ Negative Outlook / BRC 1+
Original rating assignment Jun./15: AA+

The technical visit for the rating process was carried out with sufficient time due to the availability of the issuer and the delivery of the information was fulfilled in the foreseen times and in accordance with the requirements of BRC Ratings – S&P Global S.A. SCV.

BRC Ratings – S&P Global S.A. SCV does not perform auditing, therefore, the entity's management takes full responsibility for the integrity and veracity of all the information provided and that has served as the basis for the preparation of this report. On the other hand, BBRC Ratings – S&P Global S.A. SCV reviewed the available public information and compared it with the information provided by the entity.

The financial information included in this report is based on audited financial statements for the last three years (2022-2024).

If you have any question regarding the indicators included in this document, you can consult the glossary at www.brc.com.co

To see the definitions of our ratings visit www.brc.com.co or click [here](#).

IX. MEMBERS OF THE TECHNICAL COMMITTEE:

The resumes of the members of the Technical Rating Committee are available on our website www.brc.com.co

A CREDIT risk rating issued by BRC Ratings – S&P Global SA Sociedad Calificadora de Valores is a technical opinion and it is not intended to be a recommendation to buy, sell or hold a specific investment and/or security, nor does it imply a guarantee of payment of the title, but rather an evaluation of the probability that its capital and its yields will be paid in a timely manner. The information contained in this publication has been obtained from sources believed to be reliable and accurate; therefore, we do not take responsibility for errors or omissions or of results that arise from the use of this information.
