



Questions and Answers
Presentation 2021-2H

Títulos
Inmobiliarios

**The secondary market volume does not reflect the excellent returns from TIN securities. Are new placements going to be held in the short term? What is being done from the TIN securities towards the recovery of the market liquidity?
Thanks**

Answer: In general, the liquidity of real estate vehicles has been hit since the start of the pandemic. In particular, TIN securities were traded for COP 10.5 billion in 2021, mostly because of the investors' liquidity requirements rather than the vehicle performance. The launching of the third tranche took place in 2021-4Q; however, due to the secondary market conditions of the real estate securities alien to the vehicle, we decided to postpone the issue until 2022. We continue monitoring the market and making purchases that generate value for the vehicle and as we meet the market window, we will issue the third tranche. We from the TIN Universalidad will be pursuing the TIN security migration to the equity market, where other investor segments such as the international will be visible, thereby providing potentially higher liquidity and a greater transparency in the price structure, which we expect will improve the market dynamics. In a like manner, the equity market enables creators of liquidity that offer permanent points of purchase and points of sale, which is being assessed in the frame of the vehicle and the laws and regulations.



We would appreciate to let us know specifically who we can contact at the brokers to talk about the sales of units; quite often the broker has no knowledge of this accompaniment. Thanks

Answer: Our underwriting agents and their contact data are listed below:



Contacto:
601-6447700
Ext: 3105 - 3244
- 3359



Contacto:
601-6062100
Ext: 22855 - 22623



Contacto:
601-5941613
601-3123300
Ext: 92460 - 92295



Contacto:
310-9120702

Nevertheless, it is relevant to mention that securities may be traded by any stock exchange broker.



What is the chance for the TIN portfolio to be subject to changes to the valuation methodology reducing the equity value as happened to PEI and CPA?

Answer: The valuation methodology has no impact on the security's equity value, which is calculated on the daily financial statements of the vehicle. Nowadays, the portfolios under the obligation to value at market prices value the TIN securities based on the valuation methodologies determined by the price providers; nonetheless, the equity value is not thereby impacted.



Why have TIN securities not been affected by the implementation of Circular Letter 006 of 2021 the way portfolios such as PEI and CPA have been?

Answer: Circular Letter 006 issued by the SFC defined that portfolios subject to valuation at market prices should be valued based on prices given by authorized price providers rather than by the equity value resulting from the financial statements of the vehicles. TIN securities, as those of the other real estate-backed fungible equity vehicles subject to the same methodologies not disputed by the SFC, are valued using a methodology in which the market operations that exceed the filters are included in the price calculation for securities. Given that breakdown, structure and results of each vehicle differ, the prices have been differently affected but overall, all the vehicles are currently traded with a discount on the equity value to a greater or lesser extent. We believe that although the TIN price is below the par value, the good outcomes resulted in TIN prices above those of other similar real estate vehicles.



Good morning. What is the migration to equity market contingent to? What is your approximate date?

Answer: Initially, the TIN securities migration to equity market depended on the isolation of systems and related laws and regulations. The *Bolsa de Valores de Colombia* (Colombian Stock Exchange) already approved the voluntary migration; thus, we are working jointly with the stockbroker companies because the operational capacity of this round has different requirements. Once the stockbroker companies confirm that the applications support the security for variable income and the market conditions are favorable, we will apply to the BVC for the migration of the securities. We expect that this will take place in 2022-1H.



Besides the segments including real estate, is there is another potential sector being watched for taking these opportunities of incursion?

Answer: Real estate segments currently owned by the Universalidad are in line with the investment policy established in the Rules of the Universalidad; commercial shops (at malls, by the street or in horizontal property), industrial type assets, offices and trust rights to assets of the above-mentioned types. Nevertheless, the opportunities evaluated in the most recent periods have been focused on the industrial sector where potential assets have been identified with a profitability of interest for TIN.



How can the near electoral risk in Colombia impact the vehicle? Have these potential variables been analyzed?

Answer: Regarding the political risk for real estate assets, the channels of transmission from the economic environment include the impact on the demand for real estate spaces (through the expectations about the economic activity) and the increase of the risk premiums materialized in the interest rates (which are transferred by the required cap rate). Two recent examples in Latin America show the impact of the political environment on the real estate valuation. In the first instance, after the election of the current Mexican president López Obrador, the real estate funds FIBRAS valuation decreased by circa 20% during the transition period until the taking of office, as a result of the uncertainty created in the potential alterations on the institutional framework of the nation. Once he was in office, the strength of the state institutions reduced the expectation of sharp structural changes; therefore, in face of a less uncertain landscape, the real estate assets recovered their value in less than three months. In the second instance, the case of Chile has also been emblematic. Since the social protests of 2019, the real estate funds have undergone a significant devaluation, in some cases over 40%. This situation resulted from an ongoing uncertainty brought by the draft of a new constitution and the composition of the members of the constituent assembly. As the landscape of the institutional structure has not been resolved, the value of the real estate assets has kept a downward trend. In summary, although the disruptive political changes impacted the real properties value, the key drivers of the real estate demand (demography, economic development) usually hold a positive slope of the fundamental value of these assets in the long term. The most damaging effect on the real estate asset valuation is the institutional and economic uncertainty that discourages any investment decisions in the long term.

