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TORRE CENTRAL DAVIVIENDA



## TIN 1Q-2024 Results Teleconference Presentation



**Questions and  
answers**

## Question

1. What expectations do you have for Dividend Yield for the year 2024 taking into account the high interest rates and the change in inflation trends?

## Answer

In the 2024 budget approved by the advisory board, a debt cost was assumed that decreases throughout the year, going from 15.06% to 8.26% for the renewals of Universality TIN credits. Taking into account this cost of debt, the operating income, operating expenses and administrative expenses of the vehicle, there is an average budgeted Dividend Yield for the year of 4.17%.

The excellent debt management (mention 2024 strategy of migrating loans from fixed rate to variable rate taking into account downward IBR projections starting in October 2023) has allowed us to increase the distribution of returns to our investors and have a projected value of DY according to the budgeted value of 4.17%.

## Question

2. Taking into account the change in trend in inflation levels and TIN's debt level, what strategy has the vehicle followed to take advantage of the impact that lower inflation may have on interest rates? What proportion of the debt is indexed to a Variable Rate?

## Answer

- We hope that in the coming months and to the extent that liquidity actually improves and we begin to have a decrease in the rates of the economy, the strategy proposes considering rates indexed to IBR for indebtedness, since this indicator quickly captures the movements of the intervention rate. As of the date of this report, March 31, 2024, of the total debt, 74.4% is variable and 25.6% is fixed rate. This behavior is inverse to the debt structure that we had in December 2023 with a variable and fixed rate composition of 28.1% and 71.9%, respectively.
- Short-term credits are proposed to accelerate the adjustment of lower rates when the cycle of decreasing the repo rate begins at the local level Periodically quote interest rates and analysis of prepayment and credit replacement
- Permanent evaluation of debt alternatives such as synthetic credits to detect market opportunities

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## Question

3. Taking into account the market situation for this type of real estate investments, how have you planned to continue growing the size of TIN? When do you plan to make the next issue corresponding to Tranche 3?

## Answer

Currently we have prepared and qualified the issuance of tranche 3 for approximately \$175,000 million. We hope to be able to show our current and future investors the portfolio to be issued next semester for a potential issuance at the end of the semester.

## Question

4. Good afternoon. I would like to know if you have plans for new acquisitions?

## Answer

Actually, with the situation of rate increases, from the Board of Directors and the advisory board, the message was to be very conservative and prudent about new acquisitions, therefore, we stopped acquisitions and the last ones we had were in the last quarter of 2021. Likewise, we have never stopped exploring the market and feeding the pipeline by doing all the respective analysis of the opportunities we see in the market.

However, the current focus is on the issuance of the existing Tranche 3 portfolio in order to continue growing and pay off the vehicle's existing debt.

## Question

5. What percentage of contracts are indexed to the CPI? Have you had any type of renegotiation of this increase with the tenants?

## Answer

100% of the contracts are indexed to the CPI, therefore, there is coverage for the high inflation rates we are currently experiencing. With respect to negotiations raised by the tenants to not increase 100% of the CPI, the strategy is a very close relationship with the tenants in which fees are later negotiated for additional years to the duration of the contract; the latter to guarantee that the profitability with which the asset was acquired is met and that it meets our promise of value to investors. Going into the details of the renewals, it is important to mention that 24% of the contracts are indexed with the inflation of the last 12 months and 76% are indexed with the inflation of the immediately previous year; This is very relevant taking into account the bearish behavior of the CPI that we have been seeing for some time.



**Question**

6. Have you continued exploring variable income? How this migration can contribute to TIN participating in some index that increases the liquidity of the title in the secondary market.

**Answer**

Yes, we have evaluated the migration as part of our fiduciary role that we must have as Master Administrator who must always be looking for the best conditions for investors. In this sense, we consider that there are important advantages in migrating to variable income, especially in terms of alignment with international standards, investor diversification, more transparent price formation, and visibility of the security internationally. However, we consider it very important to evaluate the timing of this migration. In that order of ideas, we still consider that some important challenges persist in the market in the short term. So in that sense we are going to take this issue to the next Ordinary Assembly 2024 in the month of March, for information purposes to raise it with investors and we will continue to evaluate the conditions of the secondary market to indicate what is the best moment for this migration and when it will take place. deems appropriate, we will put it to a vote in an Extraordinary Assembly of Investors

## Question

7. They could give us an update on the discount to the administration fee equivalent to 8%.

## Answer

The discount applied to the administration fee, equivalent to 8%, has been applied since January 2024; Consequently, as of the date of this report it has had a 3-month discount. The total discount to date is COP 125,555,490 (approximately COP 42 million monthly). The impact on the dividend yield is 11 bps and in terms of EBITDA, if we assume the budgeted value for 2024; The annual EBITDA margin after discount is approximately 100 bps higher than the scenario without discount. Approximate EBITDA margin of 72-73%.

## Question

8. What is the composition of the economic vacancy and how is the commercialization process of unoccupied spaces going?

## Answer

As of the cut-off date of this report, the economic vacancy is at 2.32%, which is equivalent to potential vacant income of \$84 million over the total potential income of the portfolio of \$3,632 million. This economic vacancy is distributed by type of property, 48% in commercial premises and 52% in offices. By geographical location, 18% in Bogotá and 82% in Barranquilla. The physical vacancy is around 3% and differs from the economic one due to the strictness in the departure or termination of the contracts by the tenant. Thus guaranteeing a lower economic vacancy and a relocation time without marking economic vacancy.

## Question

9. How are you seeing the behavior of the appraisals?

## Answer

As part of the Master Administration of the vehicle, we have an annual appraisal schedule in which we update all the appraisals of the portfolio. To prepare these appraisals we have 4 independent appraisers: Tinsa, Colliers, Logan and Cushman who we rotate biannually to give greater transparency to the exercise. The appraisals we carry out have 3 different methods: Market Comparables, Direct Capitalization and Discounted Cash Flow. During the year 2023, we saw an increase in capitalization rates and the discount rate for discounted cash flow, which caused assets to grow at values below inflation. For this first quarter, we have approved a total of 26 appraisals, which corresponds to 30% progress on the schedule over the 87 scheduled appraisals. Regarding the variations, we see a change in the upward trend of these interest rates, which has increased the valuation of assets by 6.96%; very aligned with inflation for the same period of the last 12 months.

## Question

10. At the 2024 ordinary Assembly, you mentioned to us the possibility of a modification in the administration commission scheme. When is this adjustment planned to be implemented and what does it consist of?

## Answer

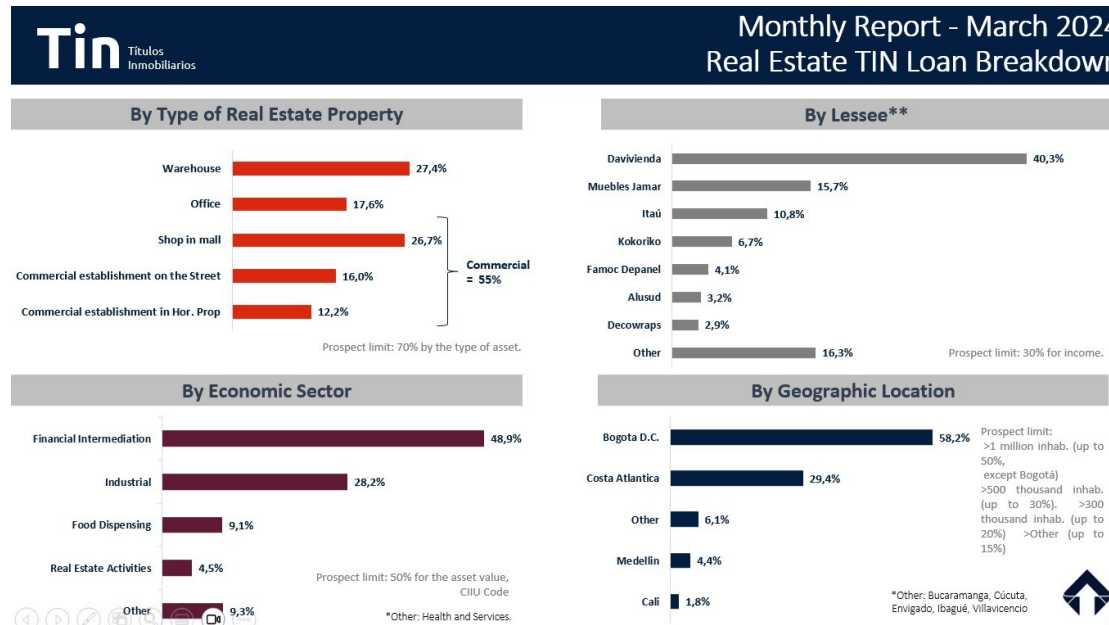
Let us remember that 1 and a half year ago, we were pioneers in the sector in the proposal to align interests with adjustments to commissions. This time we want to continue working hand in hand with investors and make a new adjustment that includes the cash flow of the last 12 months.

Question

11. What is the percentage of income per tenant and who is the main tenant?

Answer

Davivienda 40%, Muebles Jamar: 15%, Itaú: 11%, Kokoriko: 7%, Famoc Depanel: 4%, Alusud 3%, Decowraps 3% y Otros 17%. The main tenant is Davivienda



**Question**

12. Taking into account the lack of liquidity in the secondary market, how have you evaluated the possibility of selling real estate assets to pay the debt or reacquiring securities at the expense of the issuer?

**Answer**

The sale of assets is one of the options that we have as a prospect for reducing the level of debt and repurchasing securities by the issuer, and although we know that it is an alternative, we consider that, given the current situation, divesting could implicitly entail a punishment in the price of real estate assets, for which we will evaluate the divestments individually to obtain the returns that most favor our investors as we have done so far. Currently, we are marketing the assets that we have vacant, not only for rent but also for sale in order to rotate the portfolio, reduce the vacancy indicator and contribute to the payment of the debt or the reacquisition of securities at the expense of the issuer. It is important to mention that the destination given to the resources from the divestments is an issue that is put up for consideration by the advisory committee. This presentation evaluates the alternative of prepaying debt vs. reacquiring the security at the expense of the issuer with the intention of optimizing the dividend yield of investors. Therefore, to the extent that divestments are made, these two options will be considered, always thinking about optimizing profitability and distributable cash flow because for us as Master Administrator it is very important to take into account not only the value of the security in the secondary market, the returns of our investors but also the liquidity of the security in the secondary market.

## Question

13. If the inventory of warehouses is Low, how do you see the development of the sector in 2024 and in the medium term?

## Answer

We see that this inventory is low and we believe that it will remain low as long as rates are high. The projects we are looking at right now are tailor-made projects for individual tenants. As interest rates fall, we see that it will begin to be reactivated and consequently there will be more availability.

## Question

14. What do you expect from the commerce, warehouses and offices sector in this year 2024 with economic slowdown? What type of assets do you have in the pipeline to maintain the fund's profitability?

## Answer

It is important to mention the status of the portfolio with respect to offices with vacancy centralized in 1 asset and in the process of investment in capex and relocation. This vacancy is minimal and is already in the marketing process.

Regarding the pipeline, we see important activities in A+ assets with higher discount rates therefore at better prices and better returns. We are currently focused on looking for commercial and industrial assets that are presenting better results.