

*Real Estate Universalidad TIN -
Managed by Titularizadora Colombiana
S.A. - Hitos*

*Financial Statements at December 31, 2021 and 2020
and Statutory Auditor's Report.*



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REPORT OF EXTERNAL AUDITOR

To the members of the Board of Directors of
TITULARIZADORA COLOMBIANA S.A. - HITOS and to the Legal Representative
of the securities issued by REAL ESTATE UNIVERSALIDAD TIN:

REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of REAL ESTATE UNIVERSALIDAD TIN (hereinafter “the Universalidad”), which comprise the statement of financial position at December 31, 2021, the statements of income, changes in bondholders’ equity and cash flows for the year then ended, and the notes to the financial statements including a summary of the significant accounting policies.

In our opinion, the accompanying financial statements, taken from the accounting records, reasonably present, in all material respects, the financial position of the Universalidad at December 31, 2021, the results of its operations and its cash flows for the year then ended, in conformity with the Accounting and Financial Reporting Standards accepted in Colombia.

Basis for the Opinion

We have conducted our audit in accordance with the International Standards on Auditing accepted in Colombia. Our responsibilities in accordance with those standards are described below in the section Auditor’s Responsibilities. We are independent from the Universalidad and Titularizadora Colombia S.A. - Hitos (hereinafter “the Titularizadora”), manager of the Universalidad, in accordance with the ethical requirements that are relevant to our audit of the financial statements in Colombia and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Key Audit Matters

The key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the current period’s financial statements. These matters were covered in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, therefore we do not express a separate opinion on these matters.

To determine the reasonable value of the investment properties of the Universalidad, the Management of Titularizadora (hereinafter “the Management”) engages expert appraisers who apply methodologies for the determination of the reasonable value of the properties and involve comparative market and income approaches.

As auditors and for a selected sample, we have analyzed the valuation technique applied, verifying that the values determined by the appraisers are within reasonable ranges, based on independent analyses performed by our appraisal specialists. We have also verified the professional suitability of the appraisers by inspecting the certificates that accredit them as active members of the National Register of Appraisers - R.N.A. [acronym in Spanish] and the Open Register of Appraisers.

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The results of our audit tests were reasonable and we consider suitable the methodology applied, which result in the reasonable value of the real estate properties.

Responsibility of the Management and those Responsible for the Governance regarding the financial statements

The management of Títularizadora, as manager of the Universalidad, is responsible for the preparation and correct presentation of these financial statements according to the Accounting and Information Standards accepted in Colombia, and for the internal control considered relevant by the management to deal with the risk management, the preparation and correct presentation of the financial statements free from significant misleading, by fraud or by error.

In preparing the financial statements, the Management is responsible for evaluating the capacity of the Entity to keep going on as an operating company, disclosing, as appropriate, the issues related to the operating company and using the accounting principle of operating company, unless the activities foreseen in the regulations for issue stop being executed or any condition arises leading to a settlement of the Universalidad.

Those responsible for the governance of the Títularizadora as managing company of the Universalidad, are accountable for the supervision of the process to report the financial information of the Universalidad.

Responsibilities of the auditor regarding the audit of the financial statements

Our purpose is to obtain a reasonable assurance that the financial statements are free of material misstatement, due to fraud or error, and to issue and audit report containing our opinion.

A reasonable assurance is a high degree of assurance, but does not guarantee that an audit carried out in accordance with the International Standards on Auditing accepted in Colombia always detect a material error when there is one. Misstatements may be due to fraud or error and are considered material if, individually or as a whole, they may be reasonably expected to influence the economic decisions made by the users based on the financial statements.

As part of an audit in accordance with the International Standards on Auditing accepted in Colombia, we apply our professional judgment maintaining a professional skepticism attitude along the whole audit. Likewise:

- We identify and evaluate the risks of material misleading in the financial statements, due to fraud or error, we design and apply audit procedures to address such risks and we obtain enough and appropriate audit evidence to provide a basis for our opinion. The risk of not detecting a material misleading due to fraud is higher than that in the case of a material misleading due to error, given that the fraud may imply collusion, forgery, deliberate omissions, intentionally erroneous misstatements, or circumvention of internal control.
- We obtain a knowledge of the internal control, relevant to the audit in order to design audit procedures appropriate to the circumstances and not with the purpose to issue an opinion on the effectiveness of the internal control of Títularizadora as managing company of the Universalidad.
- We evaluate the suitability of the accounting policies applied and the reasonability of the accounting estimates and the related disclosures made by the Management.
- We conclude on the suitability of the use made by the Management, of the accounting principle of operating company and, based on the evidence of the audit obtained, we conclude if there exists or not a -----

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material uncertainty related to facts or conditions that might generate significant doubts over the capacity of the Universalidad to continue as an operating company. If we conclude that there is a material uncertainty, it is required that in our audit report we attract attention over the corresponding information disclosed in the financial statements or, if those disclosures are not appropriate, that we express a modified opinion. Our conclusions are based upon the evidence of the audit obtained to the date of our audit report. However, future facts or conditions might cause that the Universalidad ceases to be an operating company.

- We evaluate the presentation, structure and contents of the financial statements, included the disclosed information, and if the financial statements represent the relevant transactions and events in a way that they achieve a reasonable presentation.

We communicate to those in charge of the governance of the Titularizadora, as managing company of the Universalidad, among other matters, the planned scope and opportunity of the audit and the significant results of the audit, as well as any significant deficiency in the internal control, if any, identified during the audit.

We also provide to those in charge of the governance of the Titularizadora, a statement about the compliance with the relevant ethic requirements regarding independence, and communicate all the relations and other matters from which it may be reasonably expected that they affect our independence and, in that case, the applicable safeguards.

From the matters communicated to those in charge of the governance of the Titularizadora, we determined that those matters were of the most importance in the audit of the financial statements of the current period and are, thus, the key matters of the audit. We describe these matters in our audit report unless the laws or regulations prevent a public disclosure of the matter or when, under extremely rare circumstances, we determine that a matter should not be communicated in our audit report because it might be reasonably expected that the adverse effects of doing so would exceed the benefits of a public interest on such communication.

Emphasis of matter

Without modifying our opinion, we put forward Note 2 to the attached financial statements, where the Management explains that in the Universalidad was corrected the presentation of the financial statements at December 31, 2020, to present charged to Equity the yields for the amount of \$15,193,616 (thousands) paid to the Bondholders, in accordance with NIC 32, and that they had been previously presented charged to the income state for the year. Consequently, the financial position statements at December 31, 2020 and income statement for the year ended in that date, previously reported, and on which we issued an unqualified opinion on March 4, 2021, have been restated retroactively to reflect the said adjustments as if they were made in those dates.

This report is issued additionally complying with that required by the Colombia Financial Superintendency in the Legal Basic Circular.

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HAYDER FABIAN ROMERO SÁNCHEZ

P.C. 185306-T

Designated by Deloitte & Touche Ltda.

March 3, 2022.

REAL ESTATE UNIVERSALIDAD TIN

MANAGED BY TITULARIZADORA COLOMBIANA S.A. - HITOS

STATEMENTS OF FINANCIAL POSITION AT DECEMBER 31, 2021 AND 2020

(Figures in thousand Colombian pesos)

ASSETS	Note	December 31, 2021	December 31, 2020	Restated (Note 2)
Cash and Cash Equivalents	5	17,189,497		3,847,427
Accounts Receivable, net	6	95,522		83,907
Investment Properties	7	429,102,773		285,886,110
Prepaid Expenses	8	140,306		89,867
Total Assets		<u>446,528,098</u>	<u></u>	<u>289,907,311</u>
LIABILITIES AND EQUITY				
LIABILITIES				
Financial Obligations	9	142,477,211		11,539,900
Tax Liabilities	10	532,279		378,128
Accounts Payable	10	5,736,126		1,262,634
Provision for Management Commissions	11	1,619,751		226,998
Other Liabilities	12	3,700,739		0
Total Liabilities		<u>154,066,106</u>	<u></u>	<u>13,407,660</u>
EQUITY				
Real Estate Equity	13	263,025,000		263,025,000
Premium for Securities Underwriting		4,724,100		4,724,100
Previous Fiscal Years Income		8,750,550		6,638,200
Fiscal Period Income		15,962,342		2,112,351
Period Profit		33,816,806		17,305,967
Yields Paid to Investors		(17,854,464)		(15,193,616)
Total Equity		<u>292,461,992</u>	<u></u>	<u>276,499,651</u>
Total Liabilities and Equity		<u>446,528,098</u>	<u></u>	<u>289,907,311</u>

The accompanying notes are an integral part of the financial statements.

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Andrés Lozano Umaña
Legal Representative

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Wilson Alonso Acevedo
Public Accountant
Professional Card No. 67776-T

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Hayder Romero Sánchez
Statutory Auditor
Professional Card No. 185306-T
(See my attached report)
Designated by Deloitte & Touche Ltda.

REAL ESTATE UNIVERSALIDAD TIN

MANAGED BY TITULARIZADORA COLOMBIANA S.A. - HITOS

STATEMENTS OF INCOME AT DECEMBER 31, 2021 AND 2020 RESTATED

(Figures in thousand Colombian pesos)

		December 31, 2021	December 31, 2020 Restated (Note 2)
OPERATING INCOME			
Financial Yield Income	14	223,870	165,767
Lease Income	14	26,939,484	22,795,851
Net Income from Increase in Price of Real Estate Assets	14	14,488,745	1,561,829
Various	14	707,987	337,820
Total Income		42,360,086	24,861,267
OPERATING EXPENSES:			
Bank Loans Interest	15	1,760,760	1,168,602
Fees and Commissions		3,723,816	3,870,048
Taxes and Duties	15	2,094,330	1,997,578
Insurance		148,544	83,688
Leases	15	107,740	57,070
Maintenance and Repairs	15	317,023	93,877
Accounts Receivable Impairment	15	15,381	52,070
Various Expenses	15	375,686	232,367
Total Operating Expenses		8,543,280	7,555,300
NET INCOME		33,816,806	7,555,300
 Unit Value at December 31		 5,559.59	 5,260.88

The accompanying notes are an integral part of the financial statements.

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REAL ESTATE UNIVERSALIDAD TIN

MANAGED BY TITULARIZADORA COLOMBIANA S.A. - HITOS

STATEMENTS OF CHANGES IN EQUITY AT DECEMBER 31, 2020 AND 2019

(Figures in thousand Colombian pesos)

	Real Estate Equity	Premium for Securities Underwriting	Preceding Period Accumulated (Losses) Profit	Fiscal Period Income	Total Equity
BALANCES AT DECEMBER 31, 2019	\$ 162,750,000	\$ -	\$ (13,483,298)	\$ 20,121,498	\$ 169,388,200
Previous Fiscal Years Accumulated Profits	0	0	20,121,498	(20,121,498)	0
Tranche II Issue - February 17, 2020	100,275,000	0	0	0	100,275,000
Premium for Securities Underwriting	0	4,724,100	0	0	4,724,100
Yields Paid to investors			0	(15,193,616)	(15,193,616)
Fiscal Period Income	0	0	0	17,305,967	17,305,967
BALANCES AT DECEMBER 31, 2020	\$ 263,025,000	\$ 4,724,100	\$ 6,638,200	\$ 2,112,351	\$ 276,499,651
RESTATE (Note 2)					
Previous Fiscal Years Accumulated Profits	-	-	2,112,351		2,112,351
Yields Paid to investors				(17,854,464)	(17,854,464)
Fiscal Period Income	-	-	-	33,816,806	33,816,806
Transfer to Previous Fiscal Years Profits				(2,112,351)	(2,112,351)
BALANCES AT DECEMBER 31, 2021	\$ 263,025,000	\$ 4,724,100	\$ 8,750,550	\$ 15,962,342	\$ 292,461,992

The accompanying notes are an integral part of the financial statements.

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REAL ESTATE UNIVERSALIDAD TIN

MANAGED BY TITULARIZADORA COLOMBIANA S.A. - HITOS

STATEMENTS OF CASH FLOWS AT DECEMBER 31, 2021 AND 2020 RESTATED

(Figures in thousand Colombian pesos)

	December 31, 2021	December 31, 2020 Restated
Period Profit	\$ 33,816,806	\$ 17,305,967
Adjustments to reconcile net income for the period to cash (used in) provided for operating activities:		
Investment Properties Increase in Price Profit	(14,488,745)	(1,561,830)
Accounts Receivable Impairment	15,381	52,070
		0
Changes in Operating Assets and Liabilities		
		0
Accounts Receivable Increase	(26,995)	(123,560)
Prepaid Expenses Increase	(50,440)	(52,176)
Tax Liabilities Increase (Decrease)	154,151	(445,605)
Accounts Payable Increase (Decrease)	4,473,492	(972,355)
Management Commissions Provision Increase (Decrease)	1,392,753	(259,229)
Other Liabilities Increase	3,700,739	-
Net Cash provided for Operating Activities	28,987,142	13,943,282
Cash Flows from Investment Activities		
Investment Properties Increase	(128,727,918)	(16,464,202)
Net Cash used in Investment Activities	(128,727,918)	(16,464,202)
Cash Flows from Financing Activities		
Real Estate Securities	0	104,999,100
Bank Loans and Other Financial Obligations Net Increase (Decrease)	130,937,311	(87,824,140)
Yields Paid to Investors	(17,854,464)	(15,193,616)
Net Cash provided by Financing Activities	113,082,846	1,981,344
Cash Net Increase (Decrease)	13,342,070	(539,576)
Cash at Period Beginning	3,847,427	4,387,003
Cash at Period End	17,189,497	3,847,427

The accompanying notes are an integral part of the financial statements.

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REAL ESTATE UNIVERSALIDAD TIN MANAGED BY TITULARIZADORA COLOMBIANA S.A. - HITOS

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED DECEMBER 31, 2021 AND 2020 (Figures in thousand Colombian pesos)

1. CORPORATE INFORMATION

Titularizadora Colombiana S.A. - HITOS, is a private entity, domiciled in the city of Bogotá D.C. at Calle 72 # 7-64 Piso 4, Edificio Acciones y Valores. Created in accordance with Colombian norms, it is a securitization company of exclusive purpose specialized in the mobilization of assets, governed mainly by Law 546 of 1999 and Decree 2555 of 2010 and other rules that regulate and add to them.

Titularizadora, as managing entity of the Universalidad, in the development of its corporate purpose and the special powers granted to it by the laws that govern it, acquired a group of properties with the purpose of issuing, through a securitization process, securities to be placed in the capital market. In accordance with that established in Law 546 of 1999, and especially in Article 2.21.1.1.4 of Decree 2555 of 2010, the assets that are part of the securitization processes managed by the securitization companies, must form *universalidades* separate from the equity of the securitization company, so that such assets and the flows generated by them, are destined exclusively to the payment of the securities issued and the other expenses and guarantees inherent to the process, in the manner established in the issue regulations. The *Universalidades* are regulated according to that established in Law 546 of 1999, Decree 2555 of 2010 of the Ministry of Finance and Public Credit, and the other regulatory provisions.

The Colombian Financial Superintendency by means of Official Letter No. 2021161203-012-000 dated September 9, 2017, authorized the renewal of the term of authorization of the public offering of the TIN Real Estate Securities Issue and Placement Program for a term of five (5) years counted from the date of the aforementioned official letter.

Real Estate Universalidad TIN - Tranche I and Tranche II will have a term of one hundred (100) years. In any case, the term of the Universalidad may be extended by the Titularizadora in those cases in which it is necessary for the termination of the Securitization Process or by decision of the Bondholders' Meeting and the Titularizadora.

The incorporation of the Real Estate Universalidad was completed on October 25, 2018, for the underlying assets that comprise the Real Estate Assets acquired subject to the Investment Policy set forth in Section 10.7 of the Prospectus, which are leased primarily to financial institutions. Likewise, the Real Estate Universalidad - TIN is made up by the properties, contracts, assets, rights and obligations related to the real estate properties referred to in Section 10.5 of the Issue Prospectus.

During their term, the yields of the Securities are subject to Income tax and Supplementary taxes, which will be paid by the Bondholders.

The parties involved in the Management of the Real Estate Universalidad are the following:

Master Servicer of the Securitization Process	-	Titularizadora Colombiana S.A.
Real Estate Portfolio Agent	-	Fundamento S.A.S. - Péntaco
Real Estate Manager	-	Commerce Real Estate Services - CBRE

COVID effect on operations – During 2021, the pandemic declared by the World Health Organization (WHO) caused by the coronavirus (COVID-19) has spread in the country, which is why the National Government has taken measures in health, social and economic areas to prevent the spread of the virus, which included restrictions on the mobility of people, travel restrictions, temporary closure of businesses and other limitations in operation.

The Titularizadora as manager of the vehicle and in order to ensure the stability and profitability of the Universalidad, performs periodic and detailed reviews of the properties and tenants that make up the portfolio of the Universalidad, to analyze the impact that the pandemic situation may have had on each of them. The income corresponding to leases of premises in malls, where there was a greater affectation due to the restrictive measures of mobility of people and opening of businesses decreed by the government, the respective agreements with each of the tenants are permanently monitored. As the vaccination process progressed and the restrictive measures on mobility and trade were lifted, the situation has been normalizing.

The Titularizadora as manager of the Universalidad TIN, has also identified the risks and has taken the necessary measures in the following items:

1. Regarding human resources
2. Regarding the continuity of processes and the business operation
3. Regarding the availability of information
4. Regarding supplier relations

2. Adoption of new and modified International Financial reporting standards

a. Impacts of restatement

The financial statements of Universalidad at December 31, 2020 were restated in order to correct the presentation of the financial statements, in the sense of presenting the yields paid to the Bondholders for \$15,193,616 as a charge to Equity in accordance with IAS 32, since they had previously been presented as a charge to the statement of income for the year. The above, based on paragraph 35 of IAS 32, which defines that “Distributions to holders of an equity instrument shall be recognized by the entity directly against equity”.

As a result, the statements of financial position at December 31, 2020 and January 1, 2020, and the statement of income for the year ended December 31, 2020, previously reported, have been restated retroactively to reflect such adjustments as if they had been made on those dates.

The management has determined that this situation is purely presentational and does not affect the returns recognized to investors.

The following table summarizes the impact in the prior period on the financial statements of the Real Estate Universalidad.

	December 31, 2020	Restatement Adjustments	December 31, 2020 Restated
EQUITY			
Real Estate Equity	263,025,000	-	263,025,000
Premium for Securities Underwriting	4,724,100	-	4,724,100
Previous Fiscal Periods Income	6,638,200	-	6,638,200
Fiscal Period Income	2,112,351	-	2,112,351
Fiscal Year Profit	2,112,351	15,193,616	17,305,967
Yields Paid to (1) Investors	-	- 15,193,616	-15,193,616
Total Equity	276,499,651	- 0	276,499,651
TOTAL INCOME	24,861,267		24,861,267
OPERATING EXPENSES:			
Bank Loans Interests	1,168,602	-	1,168,602
Yields Paid to Investors (1)	15,193,616	- 15,193,616	-
Fees and Commissions	3,870,048	-	3,870,048
Taxes and Duties	1,997,578	-	1,997,578
Insurance	83,688	-	83,688
Leases	57,070	-	57,070
Maintenance and Repairs	93,877	-	93,877
Accounts Receivable Impairment	52,070	-	52,070
Various Expenses	232,367	-	232,367
Total Operating Expenses	22,748,916	-15,193,616	7,555,300
NET RESULT	2,112,351	15,193,616	17,305,967

(1) The correction consists of transferring \$15,193,616 of the yields paid to the holders that had been presented in the expense and classifying them in equity, in compliance with the requirements of IAS 32, the impact generated is a greater value in the net result for the mentioned value, at the level of Equity there is no variation.

b. Application of the standards incorporated in Colombia as of January 1, 2021

IAS 1 - Presentation of the financial statements - classifications of liabilities as current or non-current

By Decree 938 dated August 2021, the Entity adopted the modification to IAS 1 in the presentation of liabilities as current or non-current in the statement of financial position and not in the amount or timing of recognition of any asset, liability, income or expense, or the information disclosed about those items.

The modifications clarify that the classification of liabilities as current or non-current is based on the rights that exist at the end of the reporting period, specify that the classification is not affected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights exist if covenants are breached at the end of the reporting period, and introduce a definition of "settlement" to make it clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

In the current fiscal year, the Entity has applied the modifications to IAS 1 (issued by the IASB in January 2020) before its effective date, which had no impact on the presentation of the Financial----

Statements.

c. Issued by the IASB not incorporated in Colombia – The following standards have been issued by the IASB, but have not yet been incorporated by Decree in Colombia:

IFRS 17	Insurance Contracts
IFR 10 and IAS 28 (modifications)	Sale or contribution of assets between an investor and its associate or joint venture
Modifications to IAS 1	Classification of liabilities as current or non-current
Modifications to IFRS 3	References to the conceptual framework
Modifications to IAS 16	Property, Plant and Equipment - prior to use
Modifications to IAS 37	Onerous contracts - costs of compliance
Annual improvements to IFRS cycle from 2018 - 2020	Modifications to IFRS 1 First adoption of International Financial Reporting, IFRS 9 Financial Instruments, IFRS 16 Leases and IAS 41 Agriculture
Modifications to IAS 1 and IFRS 2 practice statements	Disclosure of accounting policies
Modifications to IAS 8	Definition of accounting estimates
Modifications to IAS 12	Deferred taxes related to assets and liabilities arising from a single transaction.

Management does not expect the adoption of the aforementioned standards to have a material impact on the Entity's financial statements in future periods.

3. Principal accounting policies

3.1. Accounting Standards Applied

The Universalidad, in accordance with the provisions in force issued by Law 1314 of 2009 regulated, compiled and updated by Decree 938 of 2021, Decree 1432 of 2020 and previous decrees, prepares its financial statements in accordance with accounting and financial reporting standards accepted in Colombia - NCIF, which are based on the International Financial Reporting Standards (IFRS) together with their interpretations translated into Spanish and issued by the International Accounting Standards Board (IASB) in force as of December 31, 2018.

3.2. Bases of Preparation

For the preparation of the financial statements of the universalidad, it is established in the Regulations of the issue that the Titularizadora will keep the accounts and prepare and issue the financial statements of the Universalidad in accordance with the legal regulations in force and the accounting rules generally accepted, and will be issued in a monthly basis and accumulated for the corresponding fiscal year. For legal purposes in Colombia, the principal financial statements are the financial statements, which are stated in Colombian pesos, for being the presentation or reporting currency for all purposes. The functional -----

currency is the Colombian peso, which corresponds to the main economic environment in which the Universalidad operates.

Titularizadora Colombiana S.A. as manager of the Universalidad, prepared these financial statements of the issue under de Ongoing Business assumption, given that the issue is configured for a duration of 100 years from the date of issue, and there are no known situations that may affect its operation or structure in a significant manner in the near future.

The company has applied in the Universalidad the significant accounting policies, judgments, estimates and assumptions described in notes 3 and 4.

Significant Accounting Policies

The accounting policies and calculation methodologies applied in the Financial Statements of the Universalidad at December 31, are summarized below:

3.3.1. Cash and Cash Equivalents - Cash and cash equivalents include cash on hand, deposits with banks and other short-term liquid investments in active markets with original maturities of three months or less from the date of acquisition.

3.3.2. Functional Currency - The Management of Titularizadora Colombiana considers that the Colombian peso is the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions of the Universalidad, since the accounts receivable it manages are in Colombian pesos as functional currency; for the preparation of the financial statements and accompanying disclosures, values are approximated to thousands of pesos and no cents.

3.3.3. Accounts Receivable Impairment

Impairment is recognized for expected credit losses on lease receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since the initial recognition of the respective financial instrument, using a simplified impairment model based on the behavior and permanence of the items reviewing, among other impairment indicators, objective financial difficulty, violations of contractual clauses, concessions or advantages granted by the tenant, bankruptcy or financial reorganization of the tenant, measurable decrease in its estimated future cash flows and in general adverse changes in the payment status or economic conditions.

3.3.4. Financial liabilities and capital

Classification as debt or capital

Debt and capital instruments are classified as financial liabilities or as capital according to the content on the contractual agreements and the definitions of a financial liability and a capital instrument.

Capital instruments

A capital instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Capital instruments issued by the Entity are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Entity's own capital instruments is recognized and deducted directly in the capital. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Entity's own capital instruments.

Financial Liabilities

All financial liabilities are subsequently measured at amortized cost using the effective interest method or at reasonable value through profit or loss.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continued participation approach is applied, and the financial guarantee contracts issued by the Entity, are measured in accordance with the specific accounting policies detailed below.

3.3.5. Investment Properties - These are properties held to produce income, and/or to value capital, and are not used in the production or supply of goods and services, administrative purposes, or for sale in the ordinary course of operations.

Initial recognition is at acquisition cost, taking into account that technical appraisals were made, which in turn corresponds to the reasonable value, afterwards it is updated with the Consumer's Price Index in order to recognize the inflationary effects. It should be mentioned that in accordance with the issue regulations the annual updating of technical appraisals is considered. The effects of the appraisal are registered in the income statement.

3.3.6. Prepaid Expenses – Prepaid expenses are expenses that were recorded as an asset and are to be used within one year or in a short-term financial cycle.

These expenses correspond mainly to the value recorded for insurance policies and real estate taxes, which are deferred and amortized over the term of the policy.

Other prepaid expenses represent disbursements for future expenses. They are recognized in the statement of income as incurred.

3.3.7. Equity Securities - Since they are Equity Securities, they will not have a guaranteed profitability, but this will depend on the performance of the Eligible Investments that make up the Portfolio of the Universalidad. The profitability of the Securities will be given by:

- a. The value of Distributable Income to be distributed to the Bondholders, which corresponds to the Free Cash Flow explained in the Regulations of the Universalidad, and
- b. The change in the net asset value of the securities calculated daily by the profit or the loss for the year.

Based on the considerations under IAS 32 and the characteristics of the Real Estate TIN issue, we consider appropriate the classification of the Real Estate Security as an equity instrument, taking into account the following:

- It meets the definition of an Equity Instrument, since the bondholders have a residual interest in the assets of the issue, after deducting all its liabilities.

- There is no contractual obligation with respect to the yields to be paid to investors, nor a fixed interest rate, since these are Equity Securities, they will not have a guaranteed yield, but this will depend on the performance of the Eligible Investments that make up the Portfolio of the Universalidad.
- The instrument does not incorporate a contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or liabilities with another entity under conditions that are potentially unfavorable to the Universalidad.
- The instrument will or may be settled with the issuer's own equity instruments.

3.3.8. Income - Income is recognized to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be measured reliably. The following specific recognition criteria must also be met before income is recognized.

- (i) Operating Income - corresponds to the amount of rent installments paid by tenants for the use of real estate of the Universalidad.
- (ii) Valuation Income - corresponds to the updating of commercial appraisals, which is carried out annually as stipulated in the Regulations of the Universalidad. Likewise, these properties are valued daily with respect to the Consumers' Price Index.
- (iii) Interest - corresponds to the yields originated in bank accounts.

4. ACCOUNTING JUDGMENTS AND ESTIMATES

In applying the accounting policies, which are described in Note 3, the Management must make judgments, estimates and assumptions about the carrying amounts of the assets and liabilities of the Universalidad, which apparently do not arise from other sources. The associated estimates and assumptions are based on historical experience and other factors that are considered relevant. Actual results could differ from those estimates.

The underlying estimates and assumptions are reviewed regularly. Revisions to accounting estimates are recognized in the period of the revision if the revision affects only that period, or in future periods if the revision affects both current and subsequent periods.

The following are essential judgments, made by the Management during the process of applying the accounting policies of the Universalidad and have a significant effect on the amounts recognized in the financial statements:

4.1. Reasonable Value Estimates - The Investment Properties that are the underlying asset of the Securitization are measured at reasonable value for financial reporting purposes.

Reasonable value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

An active market is a market in which transactions for assets or liabilities are carried out with sufficient frequency and volume to provide price information on an ongoing basis.

The reasonable value hierarchy has the following levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs; these are unobservable inputs for assets or liabilities.

The level in the reasonable value hierarchy is considered according to the criteria indicated above, for this purpose, the significance of an input is assessed in relation to the reasonable value measurement as a whole. Investment properties that do not have a market that is considered active, but are valued by means of technical appraisals by qualified independent appraisers supported by observable sources of inputs, are classified in Level 2.

The appraisal of the importance of a particular input to the reasonable value measurement as a whole requires judgment, taking into account specific factors of the asset or liability.

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Financial Assets/ Financial Liabilities	Reasonable Value Hierarchy	Appraisal Techniques and Key Indicators	Main Assumptions Used
1) Investment Property - Real Estate Properties	Level 2	Commercial Technical Appraisal	<p>Comparative Market Approach</p> <ul style="list-style-type: none"> Based on the principle of substitution, which establishes that appraisal is defined by the cost of acquiring a property equally desirable in the same market area. Defines some value ranges according to a weighing with characteristics that allow comparing transactions. Should include sufficient comparable transactions for validity. May be subjective according to market comparable transactions. <p>Income Approach</p> <ul style="list-style-type: none"> Based on the rental income generation potential. Incorporates aspects such as current rents, operating expenses, vacancy and management expenses. <p>Direct Capitalization Method: Year 1 operating net income / appropriate capitalization rate.</p> <p>Discounted Cash Flow Method: Converts cash flows projected in time into present value through an appropriate discount rate.</p>

5. CASH AND CASH EQUIVALENTS

The composition of cash and cash equivalents of the Universalidad at the end of the first quarter of the year is as follows:

	December 31, 2021	December 31, 2020
Cash and Cash Equivalents		
Cash in Hand and Banks	16,788,463	3,451,884
Cash in Trust Companies	401,034	395,543
Total Cash and Cash Equivalents	17,189,497	3,847,427

At the date of issue of these financial statements, the Universalidad has no restrictions on cash, nor are there any known future cash impairments to any of the accounts of the Universalidad.

The description of the balance of the items recorded as cash and cash equivalents at December 31, 2021 and 2020 correspond to the savings account constituted in the name of the Universalidad in the Bancolombia bank. Additionally, the balance of the fiduciary assignment in Fiduciaria Bancolombia is classified as cash equivalents since they mature in a term equal to or less than three months from their acquisition date. These investments are held to cover short-term commitments and are subject to an insignificant value risk.

6. ACCOUNTS RECEIVABLE, NET

The composition of this item in the Universalidad at the end of the reporting period is as follows:

Accounts Receivable	December 31, 2021	December 31, 2020
VAT Withholdings	3,642	0
Leases	120,360	135,977
Impairment (1)	(28,480)	(52,070)
Total Accounts Receivable	95,522	83,907

(1) The decrease corresponds to the recovery of impairment on accounts receivable recorded at December 31 2020, especially for the collection of royalties that were between 6 and 12 months that were the result of renegotiation and/or payment agreements.

7. INVESTMENT PROPERTIES

The balance of the investment property account is detailed below:

Investment Properties Description	December 31, 2021	December 31, 2020
Cost of Properties (1)	399,165,454	270,180,656
Increase in price of Properties (2)	29,849,524	15,360,779
Sub-total	429,014,978	285,541,435
Initial Expenses	87,795	344,675
Total Investment Properties	429,102,773	285,886,110

(1) The variation in the cost of Investment Properties corresponds mainly to the acquisition of the properties of the Ventura Terreros, Jamar, Spring Step, and Zona Franca portfolio and the variation in the acquisition cost of the Arroba property, acquired for the Securitization of Tranche III, which is expected to be completed in 2022.

- (2) The variation corresponds to the increase in the appraisals of the properties in the portfolio and their variation in the reasonable value with respect to year 2020.

The following is a list of the type of Real Estate Assets that make up the issue and their value according to the appraisal:

TYPE OF PROPERTY	Value of Properties			
	Classification	Dec-21	% Dec-2021	Dec-20
Premise in Mall	111,000,449	25.9%	90,414,767	31.7%
Commercial Premise on Street	74,997,526	17.5%	71,057,452	24.9%
Commercial Premise	52,219,820	12.2%	50,595,688	17.7%
Office	75,272,056	17.5%	73,473,528	25.7%
Warehouse	115,525,126	26.9%	-	0.0%
TOTAL	429,014,978	100.0%	285,541,435	100.0%

GEOGRAPHICAL DISTRIBUTION	Value of Properties			
	Classification	Dec - 21	% Dec - 2021	Dec - 2020
Bogotá D.C.	245,653,604	57.3%	189,130,105	66.2%
Barranquilla	104,401,513	24.3%	29,500,677	10.3%
Other	29,593,186	6.9%	28,236,336	9.9%
Cartagena	23,612,846	5.5%	13,949,839	4.9%
Medellín	17,922,313	4.2%	17,120,949	6.0%
Cali	7,831,516	1.8%	7,603,529	2.7%
TOTAL	429,014,978	100.0%	285,541,435	100.0%

The contractual agreements are in effect for an average of 5.81 years weighted by the value of the lease. These assets have no ownership restrictions.

8. PREPAID EXPENSES

The composition of this item in the Universalidad at the end of the reporting period is as follows:

Prepaid Expenses	December 31, 2021	December 31, 2020
Prepaid Insurance (1)	140,306	89,867
Total Prepaid Expenses	140,306	89,867

- (1) Corresponds to the balance to be amortized of the All-risk Insurance Policies for material damage and rent for sudden and unforeseen accidental events, which cover the properties contracted with the companies Seguros Comerciales Bolívar and BBVA Seguros Colombia.

9. FINANCIAL OBLIGATIONS

The composition of this item in the Universalidad at the end of the reporting period is as follows:

Financial Obligations	December 31, 2021	December 31, 2020
Loans with Banks	142,007,000	11,500,000
Bank Loans Interest	470,211	39,900
Total Financial Obligations	142,477,211	11,539,900

During 2021, financial obligations were created with Bancolombia and AV Villas, guaranteed with promissory notes, and used for the purchase of real estate that made up the third tranche of the issue, as well as for the payment of real estate taxes in the city of Bogotá.

The general terms and conditions of the loans are as follows:

At December 31, 2021:

Condition\Entity	Scotiabank	Bancolombia		AV Villas	
Term	12 months				
Type	Bullet				
Interest	Quarterly				
IBR(t)+ Rate	1.05%MA	0.90%MA	1.00%MA	0.85%MA	0.80%MA
Initial Amount	\$11,556,079	\$1,625,000	\$48,465,587	\$798,545	\$80,032,000

At December 31, 2020:

Corresponds to the financial obligation with Banco AV Villas, had the following general terms and conditions:

- Term: 1 year (up to Feb - 2021)
- Type: Bullet
- Interest: Quarterly
- Rate: IBR(t)+ 1.5%
- Initial Amount: 11,500,000

10. ACCOUNTS PAYABLE AND TAX LIABILITIES

The composition of this item in the Universalidad at the end of the reporting period is as follows:

Accounts Payable	December 31, 2021	December 31, 2020
Withholdings	53,674	37,853
Other Taxes Payable	478,605	340,275
Tax Liabilities	532,279	378,128
Accounts Payable (1)	5,736,126	1,262,634
Total Accounts Payable	6,268,405	1,640,762

There are no accounts payable in the Universalidad with a term of more than 12 months.

- (1) The accounts payable of the Universalidad at December 31, 2021, correspond mainly to the balance of the real estate negotiated for Tranche III for \$5,729,942, which will be cancelled at the end of the notary and registry process. At December 31 it corresponded mainly to the balance of the real estate acquired from Arroba.

11. PROVISION FOR MANAGEMENT COMMISSIONS

The following is a detail of the provisions included in the balance sheet of Universalidad at December 31:

Provisions	December 31, 2021	December 31, 2020
Real Estate Management Fee (1)	156,070	91,371
Master Servicing Fee (1)	120,108	135,627
Structuring Fee (2)	1,112,318	0
Various (3)	231,255	0
Total Provisions	1,619,751	226,998

- (1) The provision for real estate management commissions corresponds to the amounts pending invoicing for each item.
- (2) The provision for the structuring fee corresponds to the purchase of assets for the issue of Tranche III and will be paid at the time of issue.
- (3) Corresponds to Due Diligence provision for the purchase of real estate for Tranche III.

12. OTHER LIABILITIES

The composition of this item in the Universalidad at the end of the reporting period is as follows:

	December 31, 2022	December 31, 2020
Guarantees Received	3,700,739	0
Total Other Liabilities	3,700,739	0

Resources received from Jamar as security for future lease payments, established in the contractual agreement.

13. EQUITY

The composition of bondholders' equity, at December 31 is as follows :

Equity Securities at Reasonable Value	December 31, 2021	December 31, 2021
Outstanding Equity Securities	263,025,000	263,025,000
Total Equity Securities	263,025,000	263,025,000

Real estate securities are recorded at their nominal value and correspond to the amount delivered by the Investors of the issue.

On October 06, 2021, the rating of the securities was updated by rating agency Fitch Ratings, which maintained the rating of (AAA) Triple A, with stable outlook for the Tranche I and Tranche II real estate issue. At the end of December 2021 this rating remains in effect.

14. INCOME

The following is the detail of income received by the Universalidad at December 31 :

Income from Operating Activities	December 31, 2021	December 31, 2020
Income for Financial Yields	223,870	165,767
Income for Leases	26,939,484	22,795,851
Income from valuation of Real Estate Assets, net (1)	14,488,745	1,561,829
Various	707,987	337,820
Total Operating Income	42,360,086	24,861,266

Income from financial yields corresponds to income received from funds held in the bank accounts of the Universalidad; likewise, income from leasing corresponds to the amount received from rent installments on investment properties.

- (1) Corresponds to the updating of the appraisal of the properties prepared by appraisal experts who apply methodologies for the determination of the reasonable value of the properties and which involve comparative market and income approaches, as well as the recognition of the adjustment indexed to the Consumer's Price Index which is prepared on a daily basis on the balance of each property, in accordance with the Issue Prospectus.

15. OPERATING EXPENSES

The following is the detail of the balance of the operating expenses of the Universalidad at the end of the reporting period:

Operating Expenses of the Issue	December 31, 2021	December 31, 2020
Bank Loans Interest	1,760,760	1,168,602
Commissions (1)	2,941,728	3,172,444
Fees	782,088	697,604
Taxes and Rates (2)	2,094,330	1,997,578
Insurance	148,544	83,688
Lease of Properties	107,740	57,070
Maintenance and Repairs	317,023	93,877
Accounts Receivable Impairment	15,381	52,070
Various	375,686	232,367
Total Expenses	8,543,280	7,555,300

(1) The commissions correspond to the recognition for administration and business structuring in accordance with the issue prospectus. Master Servicer of the Issue 0.50%, Real Estate Portfolio Agent 0.15% and Real Estate Manager 0.20%, settled on the monthly balance of the properties.

(2) Taxes correspond to real estate property taxes, in accordance with current regulations.

16. RELATED PARTY TRANSACTIONS

The following is the detail of the transactions and balances with the company that manages the issue:

Related Party Transactions	December 31, 2021	December 31, 2020
Structuring Commissions Expenses	1,510,493	40,550
Total Related Party Transactions	2,985,846	1,516,405

17. RISK MANAGEMENT AND ADMINISTRATION

The activities of the Universalidad expose it to a variety of financial risks: market risk, credit risk and liquidity risk. In addition to the above, the Universalidad is exposed to operating and legal risks, but these risks are assumed directly by Titularizadora Colombiana as manager of the Universalidad.

In accordance with the standards established by the Colombian Financial Superintendency, the risk management process of the Titularizadora is framed within the guidelines designed by the Senior Management, consistent with the general management and administration guidelines approved by the Board of Directors of the Titularizadora Colombiana.

The following is an analysis of the different risks to which the Universalidad is exposed:

- a) Market Risks - The flow collected from the Universalidad has been invested in Sight Deposits in entities with the highest short-term credit rating, which does not entail market risks for the Universalidad.
- b) Credit Risks - Credit risk consists of the possibility of deviations in the future cash flows of loans (which are projected taking into account the contractual terms of the lease contracts), as a consequence of non-compliance with the payment obligations on the part of the tenants. The credit risk is divided into (i) risk of default due to possible delays in the payment of monthly installments by the tenants and; (ii) risk of loss due to possible differences that may arise between the balance of the account payable and the amount of final recovery of such obligation.

To mitigate this risk, the Universalidad has portfolio and credit risk policies that include: analysis of tenants' financial statements, analysis of credit bureaus, guarantees upon signing the contract or insurance.

- c) Liquidity Risk - Liquidity risk is defined as the contingency of not being able to fully meet current and future expected and unexpected cash flows in a timely and efficient manner, without affecting the course of daily operations or the entity's financial condition. This contingency is manifested in the insufficiency of available liquid assets and/or in the need to assume unusual funding costs to fully meet its obligations.

In the case of the Universalidad, the free cash flow for the payment of yields on securities is evaluated on a monthly basis, for which reason the different cash appropriations that must be made to meet short- and long-term obligations are constantly monitored.

- d) Real Estate Asset Risk:
 - Vacancy Risk - Vacancy risk is related to the temporary impossibility of a Real Estate Asset to be leased and therefore not generate, over a period of time, cash flow from Economic Operations. This risk is mitigated through a strategy of diversification of the Real Estate Portfolio and the existence of a commercial management capacity of the Real Estate Portfolio Agent to relet the Real Estate Assets as soon as possible.
 - Real Estate Assets Market Risk - The market value of the Real Estate Assets may be affected adversely by: (i) The risk of devaluation of the properties due to market conditions, because of the intrinsic conditions of the property or material changes in the demand for the type of property; (ii) not finding a buyer for the Real Estate Asset when the decision to sell it is made and (iii) when having sold the property it is not possible to find a property that meets the investment policies in a timely manner and a temporary decrease in profitability is incurred.

This risk is mitigated through the diversification of the real estate portfolio, a methodical acquisition process and a good property management.

- Losses on Real Estate Assets - The occurrence of events due to natural disasters, fire, war, acts of terrorism and other acts of third parties on the Real Estate Assets.

This risk is mitigated through an insurance contracting process that allows evaluating and choosing the most appropriate coverage levels for the Real Estate Assets.

The Real Estate Assets of the Universalidad must be insured by one or more insurance companies of recognized reputation in the Colombian insurance market. The Master Servicer of the Securitization Project, in its capacity as manager and representative of the Universalidad, shall be designated as the sole insured subject and beneficiary of such policies with respect to its insurable interest in Real Estate Assets. The Real Estate Assets owned by the Trust must have an all-risk property damage policy and a tort liability policy.

The all-risk property damage policy insures, subject to the terms and conditions described in said policy, the property damage or loss suffered by the Real Estate Assets as a consequence of the occurrence of the risks covered.

The purpose of the general civil liability insurance policy is to indemnify, subject to the conditions established in said policy, damages caused by the Universalidad to third parties, covered by the general civil liability insurance policy.

In addition, the Advisory Committee may request the Real Estate Portfolio Agent to require each Tenant to take a payment insurance policy of Remuneration for Exploitation with a Colombian insurance company of recognized reputation in the Colombian insurance market. The Issuer, as manager and representative of the Universalidad, shall be designated as the sole beneficiary of the policies regarding its insurable interest.

18. EVENTS SUBSEQUENT OR FOLLOWING THE REPORTING PERIOD

At the date of the issue the managing entity has no knowledge of events subsequent to the reporting period closing that affect the structure, financial situation and running business continuity to date, or that might be needed to be disclosed or adjusted in these Financial Statements.

19. AUTHORIZATION FOR FINANCIAL STATEMENTS

The Financial Statements of the Universalidad have been authorized for disclosure by the Legal Representative of Titularizadora Colombiana S.A. on January 19, 2022, in the ALCO meeting, to be submitted for approval, to the Bondholders Meeting, which may approve and modify them.

Certification to Financial Statements

We declare that we have previously verified the assertions contained in the financial statements of the Universalidades managed by Titularizadora Colombiana S.A. - Hitos, for the annual periods at December 31, 2021 and December 31, 2020, which have been faithfully taken from the books. Accordingly:

- The assets and liabilities of the Universalidad exist at the cut-off date and the transactions recorded have been carried out during the period.
- Assets represent probable future economic benefits (rights) and liabilities represent probable future economic losses (obligations), obtained or payable by each Universalidad at the cut-off date.
- All items have been recognized as appropriate amounts.
- Economic facts have been correctly classified, described and disclosed.

Likewise, the financial statements at December 31, 2021, were authorized for disclosure by the legal representative of Titularizadora Colombiana S.A. - Hitos, on January 19, 2022 at the ALCO meeting.

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Andrés Lozano Umaña
Chairman and Legal Representative

Illegible signature

Wilson Alonso Acevedo
P.C. 67776-T Public Accountant