

CONSTRUCTORA CONCONCRETO'S TELECONFERENCE ON 1T2020 RESULTS

Operator: Good morning to everyone. Welcome to the Teleconference on Constructora Conconcreto's First Quarter 2020 results.

We'd like to remind you that you can ask your questions through the platform or send them to Email ir@conconcreto.com. Later on, there will be a space where they will be answered.

Please keep in mind that this teleconference is being recorded.

From this moment on, I give the floor to Dr. Juan Luis Aristizábal, CEO of Constructora Conconcreto.

Dr. Juan Luis Aristizábal, you may begin.

Juan Luis Aristizábal: Good morning to everyone, and I hope that everyone is healthy and that you or your families have not been affected by COVID.

We are going to have a short presentation on the First Quarter 2020 results; then we will talk about the strategies and plans that the Company has put in place to deal with this crisis. I think that the question-and-answer session today will be very active, attending all the concerns you have.

In the Relevant Events of the First Quarter of 2020: The most important of all is that we continued with the Divestment Plan, and in the first two months of the year, we managed to divest a real-estate project we had in the city of Bogotá; it was a piece of land belonging to the Colombian Institute of Family Welfare (*Instituto Colombiano de Bienestar Familiar*, ICBF), that later passed to an individual, where there was a commitment to make a large investment. We ended the business because there were conditions that were not met; this allowed us to free up COP 10.800 million, and we do not have to fulfill a commitment to pay a similar amount in a very short time.

Also, in the first three months of the year, we completed the main tunnel of the *La Línea* Tunnel project. Today, the tunnel is fully adequated; there are already contractors who are working at this time on everything that has to do with the electromechanical assembly. I'd like to remind you that *Invías* made three tenders to finish the attached works, which are all access roads and access viaducts to the main tunnel of the *La Línea* Tunnel. We expect or expected that it would be operational this year, but surely, with COVID, it will have some delays.

In the Business Lines, we have the *Vía 40 Express* Project, the Bogotá-Girardot concession, with the pronouncement of the Delegated Superintendent in which he recommended, in his reasoned report, to close the case of the investigation for the alleged corruption in the filing of the contract. We will restart activities to put the project in operation at its normal levels. The most important points were to restart the mobilization of the *Epecista* or Engineering, Procurement and Construction (EPC) contractor to be able to have all their work teams again, to start working on everything

that is planning the work and, simultaneously, to obtain all the credits that are required to finance the project.

In view of the fact that reactivating the financial closure is a little more delayed, a strategy of obtaining a bridge loan was sought. We hope to finish this process, which has also had some delays due to the current situation, but we hope to have the bridge-loan process finished within the next 30 to 60 days in order to start the normal operation of remobilization of the EPC Contractor and start of works at the end of second semester of this year.

At this time, in this concession and in all the conditions of the country, the toll barriers are up. We are doing traffic counts at all the concessions and, obviously, we will have to sit down with the ANI, to reach agreements on the economic impact that this is going to have on the concessions and how we are going to seek an economic balance due to this effect of the lifting of the barriers and traffic flow without paying tolls.

We are awaiting the final report of the SIC. If you remember, today a large part of the government entities are in suspension of terms in all processes, except criminal ones. We are currently at that juncture as well, but we hope that once the quarantine period is over, then the SIC can resume its activities and we will quickly have the final decision of the SIC.

We are also working together with ANI to reach an agreement for the purchase of the additional period that would be required to complete the work, given that we had a suspension of nearly two years of construction works. At this time there is no sanctioning process; we do not have any type of breach, but we will have to resort to the possibility of buying an additional term for the construction stage in order to be able to move forward with construction.

At this time, I would say that, if we had not had the effect of COVID, this project would be recovering to normal conditions. It was in agreements with the financial and international sector to seek financial closure, and we were also quite advanced with ANI in everything related to the conditions to restart the work as quickly as possible. Today, we continue working with ANI, with the financial sector, obviously at slower rates, but we hope to complete these two stages, which are the most important, in obtaining project financing and reaching definitive agreements with ANI in order to return to the normality of the project.

The next project is *Devimed*. *Devimed* is a mature concession. We are in the final stage of the concession that has a case until 2026. This concession has a guaranteed minimum income, and with the surpluses above the guaranteed minimum, works were being carried out in the San Nicolás Valley, in eastern Antioquia. At this time, also, like the other concessions in the country, the barriers are up; we are not collecting tolls. This will have an impact on the cash flow of the concessionaire, but finally there are some accounts in which there are some resources from the concession, and we hope to reach agreements with the ANI to seek to restore the cash flow lost in this period in the which barriers were raised. And then, at the end of the year, reach a negotiation agreement regarding the Guaranteed Minimum Income (GMI), because this concession is protected by that guaranteed minimum income. The road is operating almost normally. It was left open for cargo traffic, like Bogotá-Girardot, and

for those vehicles that have transit authorization by means of a government permit for some priority sectors of the economy.

As information, we'd like to tell you that about 50% of normal traffic is passing, which means that there is a very high volume of economic activity that has to do with mobility between the San Nicolás Valley and the Aburrá Valley. Traffic has been impacted by the March period, in which we had the beginning of the quarantine and, additionally, by the subsequent lifting of the toll barriers and the non-collection of tolls. However, for this concession, it is basically a negotiation with the ANI to reach agreements on how to find a balance by not collecting the tolls, which is guaranteed by the GMI.

The following table shows the investment in PACTIA. I'd like to remind you: PACTIA has a net operating income in which 42.1% is commerce, 25.1% is logistics and 32.8% is offices and hotels. In this crisis, the greatest impact has been received by the Hotel Business. At the moment, hotels are in a quite complex situation regarding their business recovery. We'd like to remind you that we have hotels in Bogotá, on Avenida el Dorado, next to the airport, and the Hilton Hotel in Corferias. In Barranquilla we have a Movich. And in Neiva, in Yopal we have two hotels that are attached to shopping centers. And also in Guatapurí, in the shopping center, in Valledupar, there is a hotel that is also currently in total recession or total closure. These hotels are taking all the measures that have been recommended in the hotel business worldwide. They are keeping their minimal operation. There are some hotels that are operating with occupations between 10% and 20%. All measures that are taken with respect to cost and operating expenses, the necessary measures are being taken. It is going to be a business that will be highly impacted in the rest of the year, and, basically, measures are being sought that – when the reactivation begins, especially for airlines and tourism – allow travelers and business travelers to have the possibility of having hotels with biosecurity protocols that allow travelers to rest easy.

The second niche affected is that of shopping centers. PACTIA, like other shopping-center operators, have made leasing decisions during the quarantine period in which leases to small merchants are being reduced or waived. There are some merchants that are open, which are the priority basic services, such as food, medicine, the financial sector and some other specific ones. Those are operating normally in shopping centers. We have not closed any shopping center in anything that has to do with large stores, food and pharmacies and banks.

This is a sector that has also taken quite a beating during the quarantine, but we think that the Government is already receiving messages from industrialists, manufacturing and even from the general public that while trade does not open, it does not make sense production chains to be reactivated if there will be no consumers. There we are going to have the challenge of operating shopping centers, fulfilling all biosecurity protocols and avoiding contagion. I believe that it is feasible to do so, as we have done it at the Company level or at the level of construction projects. Mechanisms will also be sought so that shopping centers are safe, but they will not have the same traffic, at least in the next six months.

In terms of logistics and storage, the situation is completely opposite. There is a very high demand for logistics storage space; a high growth is being noticed and a high demand for storage spaces in order to strengthen the logistics chain nationwide. And in terms of offices, today the business operates normally. All clients are paying the

lease; there may be some situations in the short renegotiation period of some leases of companies that are having difficulties, but to date the collection of leases in offices and self-storage is operating normally.

From the point of view of operation, at the end of the First Quarter of 2020, PACTIA had 828,000 square meters for lease, GLA. Commerce accounts for 26.3%, 51% is logistics, 18% are offices and hotels, and 4.5% is international offices and hotels. These are projects that are in Panama and in the United States. As you see, 51% of the GLA is logistical, where we are not going to see any kind of crisis. In the United States, the projects are stable; they are active in the state of Virginia, stabilized assets. In Miami there is a project called Legion 850, which is two months away from completing construction. Today, about 200 people are working on the project, construction has not stopped there in South Florida, and we hope to complete this project in August to begin the operation of leased office areas and leased rental housing areas.

In general, the outlook for PACTIA changes a bit due to the crisis, especially in retail and hotels, but the fund has an important defense in everything that has to do with space in logistics and storage and offices.

Today I'd like to remind you: 54% of assets are stabilized, 36.9% are about to stabilize and there are only 2.9% in projects. And also the participation in this fund of the partners is 37.18% Concreto; 37.18%, Grupo Argos; and 25.64%, the *Protección* private pension fund.

There also appears the occupation of the average assets. Commerce was occupying 93%, logistics and self-storage, 89%, offices and hotels, 76% and international, 56%, because an office building in Panama, Dream Plaza, is in the process of occupation and, obviously, with the crisis in the country of Panama, this curve has been slower than expected.

The following graphic shows the Company's Backlog. At the end of March 2020, we had a Backlog of COP 1.8 trillion; that is, more or less two years of Company operation. Of that, about COP 343,000 million will be executed between April and December, and for the following years, we have about COP 200,000, 300,000 million already in Backlog. These are projects like *TransMilenio*: the *TransMilenio* in Soacha, the two *TransMilenio* on Avenida 68 and the construction of the Bogotá-Girardot concession.

In this Backlog there is nothing related to Hidroituango. The contract that we currently have with EPM for the completion of Hidroituango expires in June 2020 and we are in the process of negotiating the terms to complete the work, especially the major activities that will take place between now and December of this year. What follows after 2020 are minor works; minor works that we will wait until we are close to this deadline to see if our client continues with us in the completion.

From the point of view of building or construction Backlog, at the end of February we had a high volume of projects in structuring and in pre-sale levels that were very close to achieving a break-even point to start construction. Today, obviously, all this is in uncertainty. There was also a Backlog of a lot of commercial activity with medium- and large-construction projects, all of which have been displaced in time by the

Coronavirus crisis, and we hope once they resume, therefore, to continue with the commercial activity with our clients to recover some of these projects.

In Housing, as I have mentioned to you here, two years ago this Company made the decision to lower its exposure to Housing because we showed that there was going to be a slowdown in the Real-Estate Business since 2018. Today we have eight completed projects, eight projects in advanced stages of construction and five projects in presales, and we have relatively low inventory levels that do not represent any high exposure in everything that is the Real-Estate Business of home sales.

In addition, for a long time the Company has been preparing for a digital transformation throughout the real-estate sales process. Today, almost everything that we have – about 80%, 85% of all the processes in the sale of a real-estate asset – are totally digital, which in the month of April, despite having a total quarantine throughout the country, allowed us to have sales budgets close to 80%, compared to 2019. This means that the Company's digital strategy is working. We sold properties entirely online, without the buyer having to go to the sales room, see the property or go to a Concreto office to see the plans. Those are the changes that we will see in the future, and Concreto is fully prepared to face these challenges of digital transformation, especially in the Real-Estate Business.

From a financial point of view, in the First Quarter of 2020 the Company was in a frank revival of its business. We had high expectations, as I mentioned, to close large contracts with private clients during the first semester to start construction in the second semester, and we were very optimistic about 2020 and, above all, 2021. We hope or think that there will be a review of all these big projects; eventually they will be delayed six months, eight months, a year, while the clients make the decision to restart the projects, but obviously we were already very advanced in closing stages with the client, and we hope that when normal activities of each of the economic sectors are resumed, we can reactivate these projects.

Regarding results in March 2020, we had revenues from ordinary activities of COP 169,000 million; a profit plus gross profit of COP 31,352 million, which is a 12% drop compared to March 2019; a gross margin of 18.5%, an operating profit of COP 34,498 million, which is a 20% drop compared to March 2019. This is basically evident because on March 19, we closed the business of selling the Fontibón-Faca-Los Alpes concession, which generated a profit for us, but it also distributed dividends to us during the first quarter of 2019. We did not have that in the first quarter of 2020, and it was partially offset by the results of the PACTIA Private Capital Fund, which also had a distribution in the first quarter of 2019 of surpluses. In the First Quarter of 2020, there was no distribution of surpluses, with which the unit was valued more and we did not obtain the income by cash.

So, there is a compensation between PACTIA and the sale of the Fontibón-Faca-Los Alpes concession in the first two quarters of the year. However, considering that we were paralyzed for almost three weeks in March, the Company's operating results were significant. The operating margin was 20%; we had a before-tax profit of COP 29,455 million in the First Quarter and a net profit of COP 20,000 million, with a net margin of 11.8% and an EBITDA of COP 44,689 pesos. As you can see, they were or are extremely good results for a First Quarter that had an impact of two or three

weeks of the coronavirus crisis, and we were seeing a frank recovery in the construction industry.

From the point of view of the Company's balance sheet, in the First Quarter of 2020, we had total assets of COP 2,907,000,000,000. There was a variation of the decrease in current assets of COP 23,000 million, which is basically the Company's working capital in the First Quarter, and an increase in long-term assets of COP 57,000 million, which is compliance with the Investment Plan in Bogotá-Girardot, in real-estate projects in the First Quarter; there were some investment commitments, etc.

And as for Liabilities, there was a change in the short-term liability to the long-term liability and basically it was the negotiation of the fine imposed by the SIC, in which an agreement was reached with the Superintendency of Industry and Commerce to pay it in quarterly installments, whereby Current Liabilities decreased due to the effect of the debt deduction and due to passing the recommendation [unintelligible- 00:22:16] of the SIC from the short term to the long term.

The Total Liability had a decrease of COP 18,604 million to place it at COP 1,315,000,000,000, and the Company's Equity is nearly COP 1.6 million, and basically that is our greatest asset to overcome this crisis. We have a company with significant solidity, but, in addition, I will mention later that we also have an important liquidity position to face this crisis.

As for the Company's Liabilities, we closed the First Quarter of 2020 with a Consolidated Liability of COP 724,000 million and a Liability of the NIT Concreto for COP 586,000 million, and basically the difference between these two figures is largely due to those Liabilities of consortiums in which we have an interest and we have to consolidate the Liability in the Consolidated Results. All these Liabilities of the consortia are paid with the execution of the project and if the project is going to yield profits, then, obviously, we must first pay the Liability and then distribute the profits or surpluses to the consortia, with which that Liability is, obviously, consolidated in Concreto and is Concreto's responsibility, but unless the project is losing money, it is an obligation that NIT Concreto does not have to pay.

The following table is a summary of Consolidated Income and EBITDA. There, we have income that went from COP 192,000 million in the First Quarter of 2019 to COP 169,000 million in the First Quarter of 2020. And EBITDA went from COP 53,000 million to COP 44,000 million.

Basically, the big difference in EBITDA is highlighted in, which is Investments. In the First Quarter, we had the sale of the Fontibón-Faca-Los Alpes concession, which is not reflected in the First Quarter of 2020. However, the execution of construction projects during the First Quarter was very important from the point of view of EBITDA generation. The Construction EBITDA went from COP 11,900 million in 2019 to COP 19,981 million in 2020. That is reflected in that the projects are yielding higher margins than expected, that we have good operational execution in the projects and we were generating a higher cash than expected in terms of execution of construction contracts.

In the second part, we are going to talk about the situation of the coronavirus. Simply as an introduction, I would tell you that in this Company our priority is the protection of all our employees. Today we basically want to safeguard the life and health of our employees; we also want to keep the jobs of all the people who are working with us or who have been working with us at the start of the crisis and, obviously, also look for alternatives to the Company's long-term survival.

I would also like to remind you that despite the fact that there was quarantine throughout the country in the second half of March, the Company continued to operate normally. During this time, in the Hidroituango project, there was a slight slowdown. Due to the projection of procurement of inputs, some decisions were made to lower some work fronts that were not fully prioritized in order to have the necessary inputs on those fronts that were a priority. During the entire beginning of the quarantine, the Company operated in Hidroituango in the Hidroituango Construction Consortium, at almost 70%, 80% of its capacity. We did not have any infected workers; we had supremely strict biosafety protocols that they observed, even before the State or the Government released the biosafety protocols for the construction sector. What this shows is that - through Hidroituango - the Company has been preparing to face the crisis and that we went out to work on the construction fronts starting 15 days ago and we have reactivated a part of the projects, as we will see later.

It is also very important that stopping a construction company is quite complex. When they gave us the instructions to quarantine, it was a feat to be able to close all the projects, close the works, leave them in a safe state so that they did not have any kind of incident; close warehouses, take all the people to their homes, because a lot of the people who work on our projects live far from the projects, so that was quite an expensive task.

Immediately, almost ten days later, the Company began preparing for the reactivation, because just as it is difficult to suspend projects, it is also equally complex to restart projects. As of April 27, which was the date on which the Government allowed the restart of construction projects, from that same day we already had biosecurity protocols approved for many projects. We restarted works on Monday, April 27, and today we have a representative number of projects that are already operating, that have already adapted to all of these protocols, and that we are already tasked with achieving higher volumes of on-site productivity.

In order to protect all our workers, we actively participate with the unions in the definition of these protocols and we have made the necessary adjustments so that they allow us to carry out the activities. To date we have not had any indication of contagion in our projects. We are operating normally with all biosafety protocols and, as I have told you, we are improving productivity levels, because of all the different shifts, coordinating people, complying with isolation, being attentive to all the measures that we must comply with for the Government.

From the point of view of protecting the Company's liquidity and guaranteeing long-term survival, we had the discipline to be able to comply with the banks with a fairly strong asset-divestment strategy that we had been complying with, even in advance. I'd like to remind you that we paid the 2019 installments in advance and we were

preparing to pay the two installments of the principal due in 2020, which was in June and December, amounting to about COP 130,000 million.

Today, we are in rapprochement with the financial sector. We need to find a solution. We do not want or do not need that neither the Government nor the financial sector solves our problem or gets us out of the crisis; we are going to get out of it with the operation of our business. However, like all companies in the world, we are going to need open dialogues with the financial sector to find solutions that are convenient for both parties, that satisfy the needs of both parties in order to guarantee the sustainability of the business in the long term.

Today we have cash reserves to operate the business. I'd also like to remind you that this business is intensive to working capital; our reserves are high. However, our billing rate is close to 90 days, with which we need reserves to pay the payroll, reserves to be able to pay the suppliers that supply us with materials in the works and to be able to fulfill the billing cycles that are extensive and long in our business.

The Company is prepared to operate almost until the middle of the second semester with normal operation and, obviously, we will anticipate some decisions that will have to be made in case the crisis extends after the Third Quarter of this year.

Today we have negotiated the SIC payments; we are attentive to all the measures that the Government takes regarding liquidity, and, in addition, the Company's second- and third-level Management Group, made the decision to cut our wages – which are the Company's highest salaries – by 20% and 30%. They represent a large percentage of the Company's payroll expense and we are making a contribution that we believe is important to ensure that we have the cash resources for the longest time possible. This, together with the relief of parafiscal contributions in pensions and with the measures that the Government is implementing regarding taxes, etc., will allow or extend the fund to operate for more weeks in the year.

Our goal is to pass this crisis and reactivate ourselves as quickly as possible to reach a normal operation and be able to fulfill all the obligations according to the negotiations that we have made with the banks.

The following table shows the entire list of employees who were with us when the crisis began. We have 1,700 directly and indirectly related persons: 1,248 direct employees and 451 labor contractors. The Company made the decision to preserve all employees through quarantine, and after quarantine, we have made the decision to seek mechanisms and measures that will allow us to preserve the Company's know-how and knowledge in the medium term. We do not want to take measures to cut personnel because we know how expensive and complex it is to retrain the workforce in this sector.

In addition to that, the Company went the extra mile to sustain 451 workers on labor subcontracts dealing with platers, painters, plumbers, operational jobs. If a labor contract is suspended, the contractor has to immediately let them go. We supported 451 people who were working on our projects during the month of March, and in April we already restarted activities on the works, since these people are re-engaging with our labor contractors, thereby guaranteeing that these people will not have difficulties

during the six, seven weeks that the quarantine in the construction industry lasted for them.

Today, the Company's operating personnel are all teleworking. Today I am at Concreto's headquarters, complying with all biosafety protocols. We know that the Company has to start to activate partially and slowly to return to normality, complying with all protocols, and we think that this is a task that we have to plan in the medium term.

We understand that teleworking is here to stay; it will be a complement for the Company. We are already thinking how logistically we are going to do it to be able to attend this new modality of work and to contribute to the control of coronavirus for at least the next six or eight months.

And in the following table, there are some campaigns that we have carried out with the Company's employees at all levels. We understand that working from home is not easy. We have enabled digital learning centers for months, years. Today, we have a Corporate University in which different courses are taken, both for Company tasks and for training people. We have 514 employees who have entered all these new activities on the Company Intranet and we have 335 employees who have completed training courses at the Corporate University.

We are trying to support all our employees in the abrupt change in their lifestyle and in their work style. We are complementing the work days with other types of activities that allow them to adapt to the new challenges posed by this crisis.

The following table shows the projects that have already been reactivated in the Company. As I have mentioned, it is a fairly long list; restarting each of these projects requires negotiation with regional and local authorities. We have managed to reactivate projects in Medellín, Barranquilla and Cali, and we are already restarting in Bogotá, which was more difficult with the local Government to reactivate everything that has to do with construction projects.

Today we are actively working on all the infrastructure projects. There is a project that is very slow at the beginning due to opposition from a local Government that does not want to allow workers from outside the region to enter. However, all of this is being gradually resolved with our clients, the Ministry of Transport, ANI, *Invías* and with regional and local authorities.

And in terms of general construction, we have about 55% of the projects reactivated; the rest of the projects have not been reactivated, either because our clients have decided to wait until today where officially – despite the fact that construction that was already enabled to work – today there are much clearer rules. Some clients preferred to wait until today to reactivate their projects, and there are some clients who have told us: "Give me a few weeks or a couple of months to make decisions regarding expansions, enlargements or projects that are under construction."

We have seen quarantine as a great challenge, both in the Company's deactivation and in its reactivation. We have already achieved this, I would say that with 60%, 70% of the Company. Hidroituango never suspended activities. We see that it is possible

to work, relying on biosafety protocols; it is possible to work avoiding the risk of contagion. We have achieved this for many weeks in Hidroituango; we have already been working for two continuous weeks on many projects throughout the country, and we hope to continue with all these protocols.

From a real-estate point of view, the risk we see is what will happen to the market and to demand. We think that the change in consumer habits is going to have a small revival in some specific niches of the real-estate and housing market. We think that at the base of a pyramid is low-income housing and middle-class housing, at low levels, COP 200 million or 300 million, will continue to be active.

In these crises, moreover, I have been an advocate that an investment-protection mechanism is in bricks; it is a good investment. What is bought today or invested today in the real-estate world has almost the guarantee in the medium term of being a very good investment because all these biosafety protocols and all the processes and forms of construction towards the future will have more demands that will make the square meter more expensive in the future.

We are optimistic about the construction sector; we are optimistic about the activation of the economy. We know there are tremendous challenges. We are aware that the Colombian Government is giving priority to the containment of the coronavirus. We already see that there are signs that are also working in parallel on the Company's revival. We have been close to all the officials of the different sectors of the economy where we participate: in the infrastructure sector, in the retail sector in commerce, in shopping centers, the leasing sector, the housing sector, in all these scenarios and unions there have been discussions aimed at finding how, safely, our businesses can be reactivated.

We are active here. As I have said, there is a small group of people who are already acting from the Company. All security protocols are being tested to return to the central office, above all, to support the Company's operational area in terms of the basic operating standard, but decisions have to be made regarding techniques, technical committees, meetings with engineers, project and cash revision, etc. Commercial management must also be done eventually with some clients to review plans, to review projects, etc. It is difficult to do this by videoconference, to present a billion-Peso project without having a plan, a space where discussions can take place. However, we are learning to manage all the biosafety standards; we are testing and adjusting, and to date I think we are already starting to look for mechanisms that allow us to reactivate the business.

With this I have finished the presentation. We are open for questions. We are going to take a five-minute break to receive your questions and begin answering them here. Thank you.

Operator: Well, thank you all very much. Remember that you can send your questions through the platform or through the email ir@conconcreto.com.

As the Company CEO said, we will give five minutes to receive the questions and we will start again. Thank you.

Good morning, again. We have collected the questions. I'm sorry we took a while, but Juan Luis had a problem and the call was cut off. But **he corrects me [unintelligible - 00:49:38]**.

Juan Luis, are you on the line?

Juan Luis Aristizábal: Yes, I am on the line, yes.

Operator: Perfect.

So if you want, we will start with questions. The dynamic is as follows: you have been sending the questions; we are going to read the question here, we will give you an answer and as others arrive, we can also answer the following questions.

So, if you want, Juan Luis, I will ask you the question and you will answer it; if not, we will support you from here.

So the first question: *"How much is the amount of the equity contribution in the third lane project? In other words, the Bogotá-Girardot project. How does this compare with the contribution to the financial closure that was estimated before the start of the SIC investigation?"*

Juan Luis Aristizábal: Well, the total contribution of both sponsors to date has been COP 450,000 million. Concreto has a 50% stake; that is, it has contributed COP 225,000 million of equity. This equity was contributed to the accounts or funding **[unintelligible - 00:50:41]** of the project's subaccounts, and to execute the section of the Functional Unit (FU) 8, which is the part of the road that... at the beginning, is in the municipality of Soacha in Bogotá. The rest of the contributions that have been made basically have been to sustain the *Epecista*, the *Epecista's* cash requirements, to advance all the designs, to advance the property work, the regulations, everything that is environmental licenses and compliance with the other standards.

At this time, the execution of FUs 1 to 7 have been postponed, and, therefore, have not required investment. That is why we are looking for the bridge loan, to accelerate the works, both in the remobilization of the builder and the start in the functional units, such as 7.

Operator: Perfect, thank you very much.

The next question, which I think came from the PACTIA point, asks: *"Does commerce include the topic of shopping centers?"*

Juan Luis Aristizábal: Basically, all of PACTIA's investment – the PACTIA Capital Fund in commerce – is represented by shopping malls and some independent businesses, which are specialty stores for retailers nationwide. But I would say that 95% are large shopping centers.

Operator: Perfect.

The next question also comes regarding the private equity fund, and they ask if the reported value of COP 884,000 million is the weighted value of Concreto or is 100% of the value of the fund.

Juan Luis Aristizábal: The PACTIA real-estate fund has about COP 4.2 trillion of assets in operation; it has a debt of nearly COP 1.5 trillion. The figure that appears there corresponds to Concreto's stake in the fund; that is, that COP 884,000 million is Concreto's stake in the fund.

Operator: Perfect, thanks.

Next question: *"How would the First Quarter EBITDA of 2019 compare to the First Quarter EBITDA of 2020 if you do not include the sale of the CCFC asset and the corresponding dividends?"*

Juan Luis Aristizábal: Basically, in 2019 it was affected by COP 28,000 million, which is COP 7,000 million in dividends from CCFC or Fontibón-Faca-Los Alpes, plus COP 21,000 million, which was the sale value of 25% that that Concreto had in this concession, while in 2020 there is no adjustment whatsoever because this part no longer operated. So really, the answer is COP 28,000 million.

Operator: Perfect, thank you very much.

"Is the interest income of the subordinated debt computed in the calculation of EBITDA?"

Juan Luis Aristizábal: No, it does not count in the calculation of EBITDA.

Operator: Okay.

Next question: *"How has the construction sector reactivated, which was one of the first to resume operations? What level of operations could be expected in the rest of the year?"*

Juan Luis Aristizábal: Basically, the infrastructure sector was reactivated as of April 11. The construction sector of works that had some special connotation, began on April 27. And today, on May 11, we are 100% reactivated in all construction activities.

As I mentioned, some projects have started operations, but it is difficult to achieve the rate of operation that we had prior to the coronavirus crisis due to the difficulty involved in social isolation or the distances between workers and construction shifts.

We expect to see some cost overruns that we have estimated and losses in productivity that – to date – do not have much impact in some projects; however, in others, they have a very high impact. In those projects where there is a high impact, we are in talks with clients to make an adjustment to prices if the contract allows it or to reach agreements.

We are in a process of adapting to the new rules of the game or complying with biosafety protocols and all the demands that this has, both on us and on the workforce

and on the supply chain of both materials, supplies and installation. It is a learning curve, as I have told you, we are doing it rapidly. We plan a lot, but it will have an impact on the Company. We hope, I would say that at the end of this year, we will be operating normally, and as of the second semester, well, today we are already about 70% reactivated, so hopefully we will be between 80%, 85% reactivation from the second semester, that is, in a month.

Operator: Perfect, thank you very much.

Next question: *"Can Conconcreto be a beneficiary of the decree of the Ministry of Finance regarding formal-employment subsidies?"*

Juan Luis Aristizábal: In theory, yes. We had a 20% reduction in income between April 2019 and April 2020. However, I'd like to remind you that only a very low proportion of our 1,248 employees who are on the minimum-wage base; they are above the minimum wage, but they are close to the minimum wage, with which a subsidy of that amount, therefore, does not have any impact on engineers, executives, at the high level of the Company. However, we are going to apply for the subsidy; we are going to apply to all kinds of aid offered by the Government to try to alleviate the Company's liquidity and have reserves that allow us to last longer.

Operator: Perfect, thank you very much.

Next question, regarding: *"What can be updated about the initiative process ...?"* Here there were several questions regarding this same topic, so we will answer only once. *"What can you update on the approved initiative process for the Eastern Second-Lane road?"*

Juan Luis Aristizábal: Right now, that is a project that is also suspended or in the process of being suspended. It obviously makes no sense to think of a project that requires financial closure, obtaining resources from the financial closure, and so on. It was in the most critical stage, which was to start, sign a contract, get policies, start designs and quickly start all the funding for the subaccount. In other words, there is no point in putting pressure on the bank at this time to change sub-accounts and to invest in designs without being clear about where the future of the country is going. So, both the contracting party, which is the Government of Antioquia, and the sponsor, which is Conconcreto and two other builders, are currently in suspension looking for or waiting for the effect of the crisis to pass a little to decide what is going to be done from now on.

Operator: Perfect.

"Of the income portion of the First Quarter of 2020, how much of this corresponds to the execution of works in Ituango?"

Juan Luis Aristizábal: In Ituango, revenues for COP 74,000 million were recorded in the First Quarter, approximately 38% of the Company's income in its First Quarter, and that has to do, as I have told you, with the Hidroituango work, which is quite accelerated, but also it is a project that was not suspended, with which it continues

executing almost 80%, 75%, 80% during the first weeks of quarantine. Obviously, even it had a halt.

In addition, there was also an income adjustment that had an impact on the margins in Hidroituango and other Company projects, with which margins were improved due to a better result of many projects that were being completed, such as the *La Línea* Tunnel and other projects where the project is finally closed and the final profit is known.

Operator: Next question: *"I would like to be clear about the concentration of short-term financial obligations given that COP 130,000 million were mentioned at the conference, but on the balance sheet in the First Quarter the maturity of obligations amounts to COP 207,000 million."*

Juan Luis Aristizábal: Let's see, there is information that is consolidated and there is information that is separate. So, we had maturities of capital, in only the obligations of the NIT Concreto, for a figure of around COP 130,000 million without counting interest and without counting maturities of the obligations of consortiums or housing projects. In other words, when I spoke to you about COP 130,000 million, it was what had to be paid to the financial sector for obligations of the NIT Concreto only.

Operator: Perfect, thank you very much.

Juan Luis Aristizábal: I would also like to clarify that leasing did not matter [unintelligible - 01:00:35], so, only payment of capital to banks.

Operator: Well, to clarify, the number you see on the balance sheet, the COP 207 million are consolidated, which does not influence either the consortia or housing and the COP 130,000 million includes, in addition to what Juan Luis mentioned, if you include leasing [unintelligible - 01:00:53], adds up to COP 130,000 million plus COP 24,000 million that they had said.

Next question. It was about the Two-Lane Highway. *"Do you have any estimates that you can share for the PACTIA Net Operating Income (NOI) in the rest of the year?"*

Juan Luis Aristizábal: Right now, I think that all the real-estate funds in the country are trying to make projections and scenarios for the rest of the year. I believe that – at this time – there are no projections that can be made, or that are accurate until it is decided when the Government is going to open trade, how the reactivation of trade will be, when we return all sectors to offices, etc. However, there are many scenarios that have been raised, probable scenarios, risk scenarios, complex scenarios, and the Company is preparing to face the crisis also from a liquidity point of view and, obviously, see how it helps all its tenants or lessees to pass the crisis.

Operator: Perfect.

The next question: *"Telework is here to stay" - I guess they are quoting you - How can you ensure the efficiency of this when you do not have the means at home, such as blueprint printers?*

Juan Luis Aristizábal: Concreto has been a company that has been in a process of digital transformation for many years. Many years ago, we started a process that was zero paper; we are very advanced in that process. With our Digital-Design Engineering Area, where we work with very powerful tools, such as Building Information Modeling (BIM), we are eliminating the printing of drawings on paper. We are using tools that allow us to see virtual models, to see all the buildings, the plans, etc., in three dimensions and we are quite digitized. Additionally, we have just finished a process of, or we have not just finished recently, a couple of months ago, we finished a process of digital signature with evidentiary value, which means that all Concreto contracts, subcontracts and contracts with clients and with suppliers of materials and supply and installation contracts, the digital signature can be made with probatory value, both the signature that corresponds to Concreto and the signature that corresponds to Concreto's external third party.

We are actively working on everything that has to do with automation processes in our transactional platform, and in general, today, more than the Company's operation, we are concerned with the comfort and the abrupt change in the habits of our employees. So I think that we have to work more when this crisis ends on how we are going to give more comfortable environments to the people who are going to telework and how we are going to lean on the transition processes that have already been done, but adapting to teleworking of the people who work with us.

Operator: Here is one last question that asks: *"Have you analyzed the possibility of deferring the payment of dividends?"*

I'd like to remind you that the Concreto's Shareholder Assembly has not been held. If you want, Juan Luis, take the opportunity to remind listeners when the Shareholders' Assembly will be held.

Juan Luis Aristizábal: The Concreto Assembly was scheduled for the end of March. In view of the fact that the Financial Superintendency gave the option of postponing the assemblies in order to hold a face-to-face meeting – because at the end of March it had to be digital – at that time, we had no knowledge of the case in which we were going to be subjected to quarantine. Today, with the restrictions on mass meetings, etc., it is already impossible to think of a face-to-face meeting, with which, at the last meeting of the Concreto Board of Directors, the new summons to the Shareholders Assembly was approved, as required by law. It will be held in virtually on May 26. The Shareholders are all cordially invited. At that Assembly, the Shareholders will make the decision regarding the dividends.

Operator: Perfect.

Well, Juan Luis, these are all the questions we have so far. On the question and answer side, We can now end the conference.

Juan Luis Aristizábal: I thank you all very much for participating. I'd like to reiterate our optimism, that only between us and together can we move the economy forward, the country, taking care of all Colombians to avoid contagion. One can sit and wait for someone else to solve the problem or one can become active in solving it.

Concreto's decision is to actively participate in the economic revival. We have the privilege that the Government gave us to be one of the first industries that started the Company's revival. We have an enormous responsibility to do it well so that we are not confined again and have to suspend activities. We are putting all our effort, resources, and people's encouragement so that this goes well and with this we can contribute to the country's economy and to get us out of this crisis quickly.

Thank you all very much and please take good care of yourselves. Have a good day.