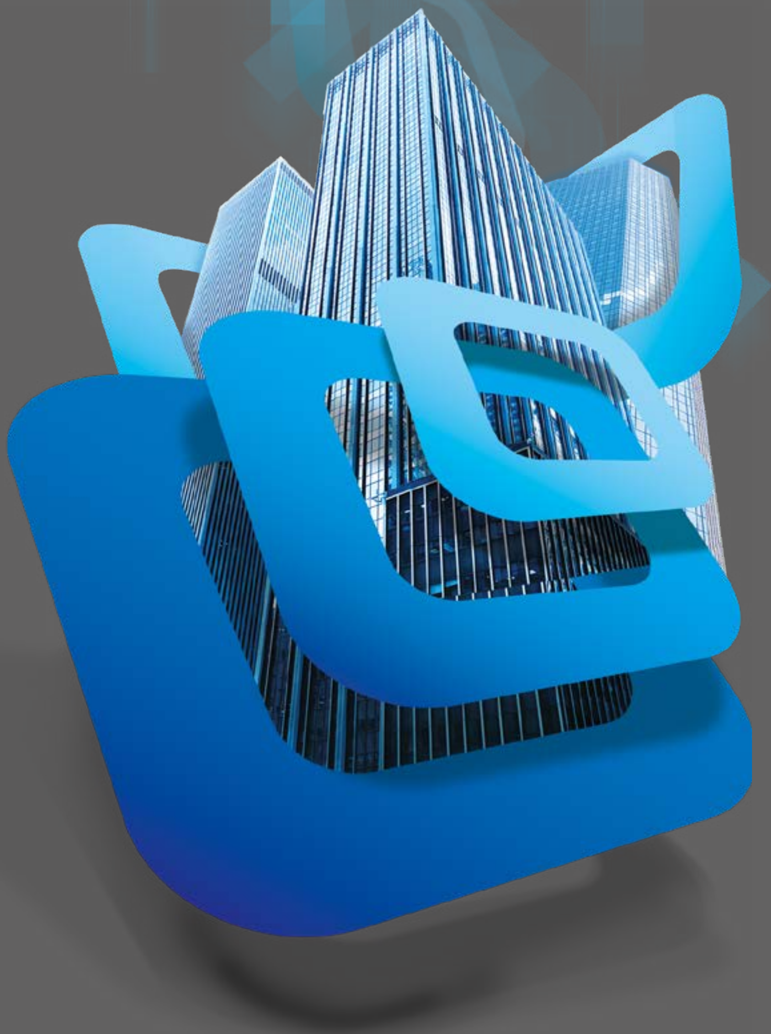
RealtyCorp

Analytics

3rd Quarter 2018 - Office & Industrial



SERVICES
(Office, Retail and Industrial)

Lease

Successfully achieving excellent business transactions by identifying and connecting demand with property, swiftly and efficiently.

• Lease management, identifying potential tenants;
• Management of Build-to-Suit projects;
• Up-to-date database of landlords, tenants, offers and transactions;
• Coordination of leases in partnership with other markets players;
• Strategy for identifying demand in the market;
• Representing companies in the search, analysis and negotiation of properties.

Sale and Acquisition

Market intelligence, information and efficiency in the search of business opportunities that meet our clients' interests.

• Divestment of Real Estate Assets;
• Direct Sale or sale through Bid Process;
• Relationship with brokers and key market players;
• Representing investors and/or developers for the acquisition of properties for development;
• Marketing strategy;
• Management of Sale & Leaseback transactions;
• Representing investors in general for property acquisition for income;
• Representing companies in general for property acquisition for their own occupation.

Valuation and Consultancy

High-level real estate valuations, undertaken by professionals with experience and credibility, certified by first-class Brazilian institutions and particularly by international institutions such as RICS - Royal Institution of Chartered Surveyors.

• Serviços gerais de avaliações imobiliárias, incluindo avaliações de portfólios;
• Análise de viabilidade de empreendimentos industriais, comerciais e de serviços;
• Estudo de desenvolvimento imobiliário;
• Análises de melhores usos - vocação imobiliária;
• Avaliação patrimonial para fins contábeis.

Gestão Estratégica de Ativos Imobiliários

Gerenciamento inteligente de carteiras imobiliárias e busca constante de eficiência na gestão administrativa e no monitoramento do mercado imobiliário.

• General valuation services, including portfolio valuations;
• Viability analysis of industrial, commercial and service developments;
• Real estate development studies;
• Best use analysis – real estate vocation;
• Valuation of Real Estate assets for accounting purposes.

Development and Investment studies

Structuring and management of investments in the real estate market, consultancy and development in real estate, creating specific solutions with the main goal of value generation for the client, in a transparent and sustainable manner.

• Real Estate Investment Consulting and Management - Product formatting, investment quality analysis, investment vehicle structuring and management of the entire investment and divestment cycle. Structuring and managing new products by partnering with investors, investment funds and developers;
• Structuring of Investments – Structuring of real estate investment funds (FIIs) and acting as real estate consultancy for FIIs;
• Strategic and Operational Management for Real Estate Development – Project implementation in diverse market segments. Monitoring every step, including the definition of the commercial and marketing strategies, legal approvals, project and works management, monitoring of economic and financial performance, through to the implementation of risk management and monitoring policies.
• New Real Estate opportunities in the U.S. market – Business Consultancy & Development – Property Financing, market research of properties and new business opportunities in the U.S. Partnerships with lawyers, accountants and financial market agents specialized in the American real estate market.

DIFFERENTIALS

AGILITY - We bring an agile response to all the stages of the negotiation process until the successful conclusion of the business;

EXPERIENCE - Team of professionals with extensive and solid market experience;

RELATIONSHIP - We value long-term business partnerships, not immediate gains;

ETHICS - Our approach in negotiations bears our clients' interests;

MARKET INTELLIGENCE - We offer consultancy services, rather than a simple brokerage. We are committed to offering a broader and strategic market perspective, providing our clients with our market insight through well founded opinions and recommendations;

COMMITMENT - We actively support the client´s legal team in obtaining the documentation from buyers and tenants, as well as preparing the required lease agreements which will be executed;

INFORMATION - We have a comprehensive database with Information on landlords, tenants, asking prices and transactions of corporate and industrial developments.

CASES

WeWork

Paulista

São Paulo/SP

Relocation completed in December/2017, process coordinated by RealtyCorp.

Keyrus is one of the largest French companies dedicated to Data Intelligence - Digital Experience and Management & Transformation consultancy. Their Brazilian headquarters was located in a very old building in the city of São Paulo. The strong growth in the technology sector meant the size of the office no longer could support the company´s expansion requirements. The solution was to seek new opportunities and rent a larger and more modern office space or alternatively look at the possibility of renting a ready structured office available in WeWork (coworking). After a detailed financial and qualitative analysis was prepared by RealtyCorp, Keyrus opted to relocate to WeWork.

Edifício WT Morumbi

Chucri Zaidan

São Paulo/SP

New lease concluded in December/2017, process coordinated by RealtyCorp.

VF Corporation is one of the world´s largest brand owners. Brands such as Vans, Reef, Timberland, The North Face are all part of its portfolio. The company´s operation in Brazil was split across three halves of a floor, in the Brooklin district of the city of São Paulo. Hence, there was a need to consolidate and expand their current occupation. With this objective, RealtyCorp carried out a thorough market analysis and presented all the available options in the market. VF Corporation selected the WT Morumbi Building, which presented favorable commercial conditions and met the company´s requirements, coupled with an excellent corporate image in a AAA building.

Edifício Zabo Fl Corporate

Faria Lima

São Paulo/SP

New lease concluded in March/2018, process coordinated by RealtyCorp.

Informov is one of the largest Engineering & Architecture companies focusing on Turn-Key solutions for the corporate office market. Founded more than 25 years ago, Informov has assisted a large number of national and multinational companies in their process of setting up new offices, as well as modernizing existing occupied office space. Informov´s existing office was now too small with their continued growth and stopgap measures such as renting additional space in the same building meant their occupation was inefficient, despite renting three floors. The solution was to seek for a more modern and efficient building where the entire operation could be suitably located in the same space, ensuring that fixed costs were kept the same. The ideal solution was achieved by occupying a space in Ed. Zabo FL Corporate building, located in the city of São Paulo.

Edifício Cardoso de Melo 1308

Vila Olímpia

São Paulo/SP

New lease concluded on May/2018, process coordinated by RealtyCorp.

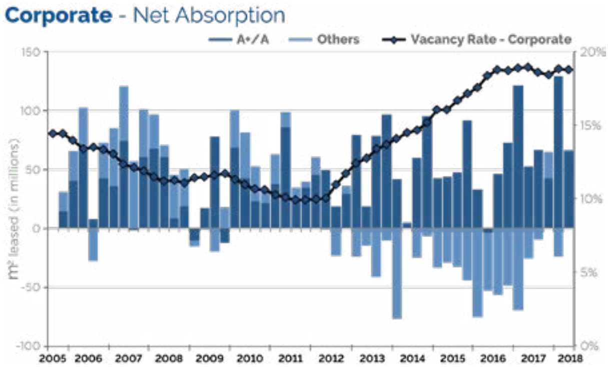
Sterlite Power is an Indian-based company that builds power transmission lines. The company contacted RealtyCorp and requested a real estate market report, including options of the best available opportunities according to the guidelines established by the company. Aiming at a swift process, after very interesting options were presented, Sterlite requested to take a look at a fully furnished alternative complete with all the infrastructure. RealtyCorp analyzed and presented several opportunities. Among the options, RealtyCorp found a space that was being vacated by a large engineering and architecture company that fit the needs of Sterlite. The Indian company was able to immediately relocate to the new premises, while lowering costs significantly, when compared to a regular lease acquisition.

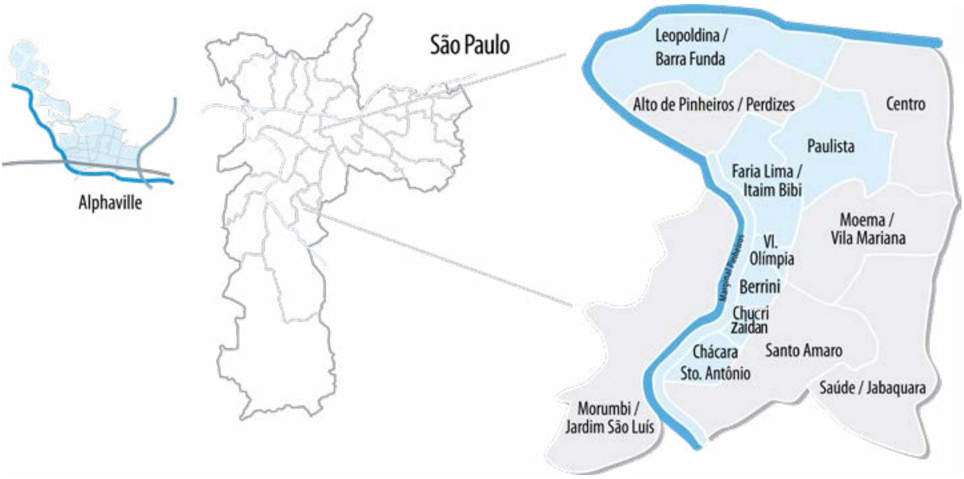
OFFICE

São Paulo[3]

- The City of São Paulo currently has 15.88 million m^2 of office space. Out of this total universe, 68% consist of corporate offices (Corporate[1]) and 32% in buildings classified as Office[1]. Of the total inventory, 14% consist of Corporate A+ buildings, 10% in Corporate A buildings and 44% in Corporate Classes B and C buildings (classified as Others). The remaining 32% consist of buildings classified as Office[1] (small commercial suites).

- Net absorption in the City of São Paulo for high standard corporate Buildings (Class A and A+) completed the 1st half of 2018 with a positive balance of 193 thousand m^2. Historically, this is the largest ever net absorption recorded in Class A/A+ in a single semester. As depicted in the graph alongside, only a small part of the net absorption of Class A/A+ originated from the Flight-to-Quality trend. The majority of the net absorption is a result of the growth in demand for high-end office buildings. The negative net absorption in Class B and C (Others) was very minor in the 1st half 2018, which indicates the strong decline in the Flight-to-Quality trend.





Occupancy, Vacancy and Construction Activity[3]

Vacancy Rate (%)

Vacancy | Ocuppation Class A+ | Ocuppation Class A | Construction Activity

Region	Vacancy Rate (%)	Vacancy	Occupation	Construction Activity
Marginal Pinheiros	40,92%	247.859	357.882	41.689
	6,75%	8.284	114.380	0
Berrini/ Chucri Zaidan	13,68%	57.753	364.344	20.500
	26,23%	68.768	193.418	49.023
Vila Olímpia	3,91%	9.676	238.077	0
	17,16%	30.230	145.934	29.148
Paulista	5,99%	3.845	60.300	42.565
	14,78%	38.849	223.971	29.148
Leopoldina/ Barra Funda	53,05%	63.763	56.437	28.334
	18,39%	32.162	142.759	48.600
Chácara Santo Antonio	0,00%	0	0	0
	26,69%	14.897	40.910	0
Other Regions	21,30%	37.597	138.947	41.259
	26,54%	77.774	215.267	47.355
Alphaville	24,77%	67.875	206.176	63.100
	35,45%	106.829	194.508	12.279

The data in this table refers to the universe of corporate buildings.[1]

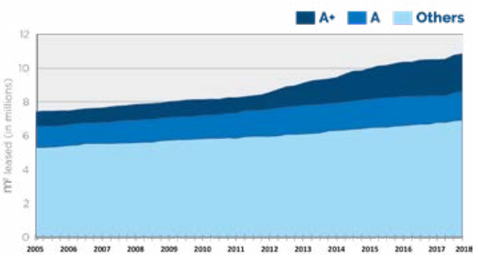
(m² leased)

Trend Panel[2]

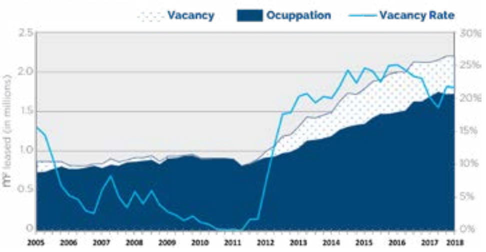
Corporate Market	A+ Q1/2018	A+ Q2/2018		A Q1/2018	A Q2/2018		OTHERS Q1/2018	OTHERS Q2/2018	
Vacancy Rate	21,95%	21,87%	↘	18,79%	17,53%	↘	16,43%	16,67%	↗
Ocuppation (m²)	1.731.757	1.737.429	↗	1.326.395	1.371.265	↗	5.762.975	5.790.705	↗
New Stock (m²)	138.738	30.552	↘	66.698	21.417	↘	-	26.863	↗
Construction Activity (m²)	198.874	225.847	↗	225.670	204.253	↘	62.024	35.161	↘

Evolution[2]

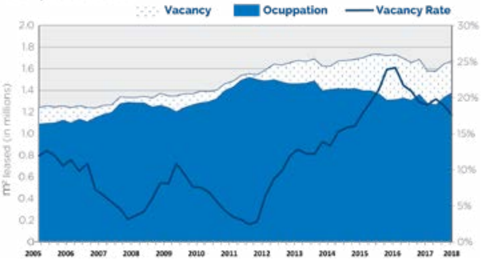
Corporate Stock



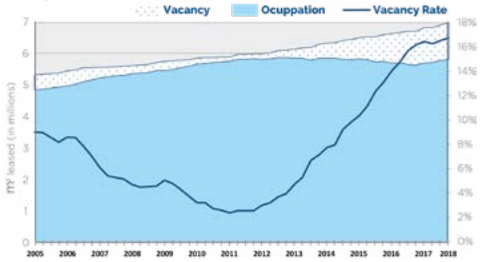
Corporate A+



Corporate A



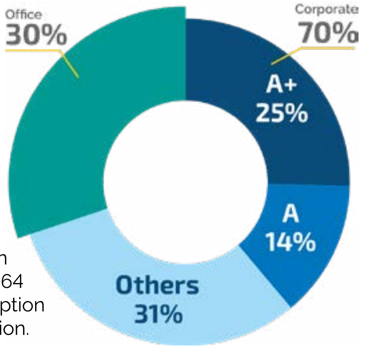
Corporate Outros



Faria Lima / Itaim Bibi[3]

- Total office stock in the Faria Lima/Itaim Bibi is 2.31 million m², of which 70% of this universe consist of corporate buildings (Corporate[1]) and 30% classified as Office[1]. Of this total, 25% consist of Corporate A+ buildings, 14% of Corporate A and 31% Corporate Class B and C buildings (known as others).

- The Faria Lima/Itaim Bibi region is a well-recognized high-end area of the city of São Paulo. The current vacancy rate in the Corporate universe within this region stands at 11.56%. However, when we consider the universe of Corporate A and A+ Buildings vacancy rate is lower at 9.56%, which is much lower than the city´s average for the same universe which is 20%.



- Asking rent prices in the Faria Lima/Itaim Bibi regions range between R$ 85/m²/month and R$ 180/m²/month (the universe of Corporate A and A+ buildings). This year, the region is experiencing an excellent positive net absorption, reaching 64 thousand m² in the 1st half 2018. The greater part of this absorption results from growth of the existing companies located in the region.

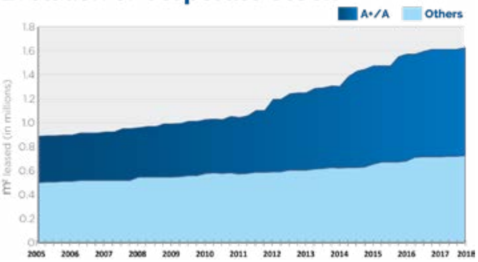
Occupancy, Vacancy and Construction Activity[3]

Vacancy Rate (%)

The data in this table refers to the universe of corporate buildings.[1]

(m² leased)

Evolution of Corporate Stock



Corporate A+/A/Others

Rio de Janeiro[3]

Trend Panel[2]

Corporate Market	A+/A Q1/2018	A+/A Q2/2018		OTHERS Q1/2018	OTHERS Q2/2018	
Vacancy Rate	45,48%	45,60%	↗	11,72%	11,76%	↗
Ocuppation (m²)	979.839	975.772	↘	3.158.722	3.161.942	↗
New Stock (m²)	17.800	-	↘	-	1.974	↗
Construction Activity (m²)	69.386	69.386	↔	29.788	27.814	↘

Occupancy, Vacancy and Construction Activity[3]

Vacancy Rate (%)

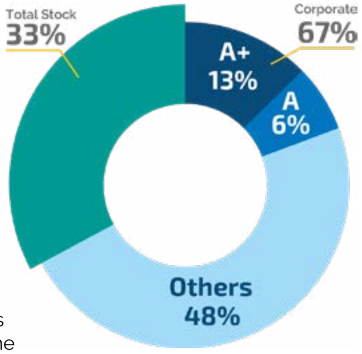
Vacancy | Ocuppation Class A+ | Ocuppation Others | Construction Activity

Zone	Vacancy Rate	Vacancy	Ocuppation	Construction Activity
South Zone	30,75%	45.652	102.804	0
	13,84%	84.492	526.179	4.400
Barra da Tijuca	41,47%	133.400	188.310	20.297
	20,47%	22.956	89.169	4.413
Port	59,06%	129.754	89.940	49.089
	18,21%	16.450	73.889	3.802

Center[3]

- The total inventory of office space in the central region of Rio de Janeiro consists of 5.55 million m², of which 67% of this universe is the corporate universe (Corporate[1]) and 33% of buildings classified as Office[1]. Of the total stock, 13% consist of Corporate A+ buildings, 6% in Corporate A and 48% in Corporate Class B and C buildings (known as Others). The remaining 33% are classified as Office[1] buildings (small-sized commercial suites.

- The corporate office market of the city of Rio de Janeiro is concentrated in the Central region, totaling 391 corporate buildings with vacancy rate at 21.50%. Expectations are that vacancy should rise over the coming months, mainly due to the large amount of new high-end developments in the Port region. The region already has a number of A+ buildings with high vacancy and correspondingly aggressive commercial terms to attract companies currently located in the Central region of the city of Rio.



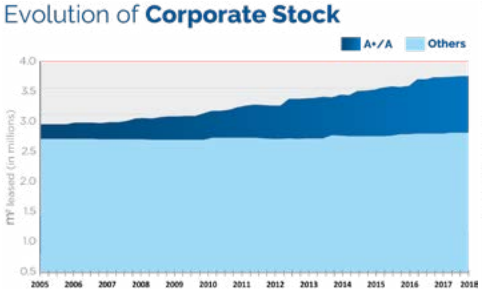
Occupancy, Vacancy and Construction Activity[3]

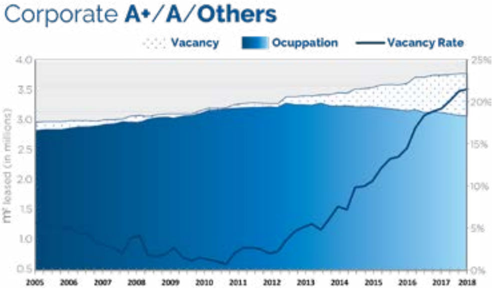
Vacancy Rate (%)

Vacancy | Ocuppation Class A+ | Ocuppation Class A | Ocuppation Others | Construction Activity

Zone	Vacancy Rate	Vacancy	Ocuppation	Construction Activity
Center	40,85%	287.011	415.666	0
	59,61%	220.063	149.138	0
	11,08%	294.307	2.361.832	15.200

The data in this table refers to the universe of corporate buildings.[1] (m² leased)





INDUSTRIAL

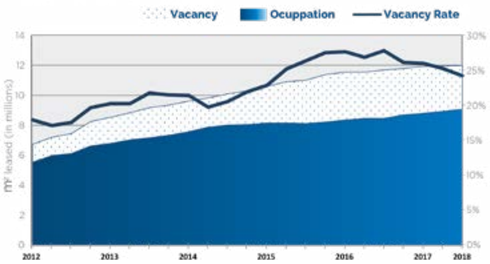
State of São Paulo[3]

- The total rentable area in gated industrial and logistical parks is currently 20.20 million m². In the state of São Paulo, alone, total inventory is 12 million m², that is, 60% of the total Brazilian stock. The 2nd largest market in Brazil is the state of Rio de Janeiro with 2.36 million m², equivalent to 11.6% of the total Brazilian inventory.
- The vacancy rate in the state of São Paulo rose from 23.86% in the 1st QTR 2018 to 24.28% in the 2nd QTR 2018. The average asking rent prices for the entire State of São Paulo is R$ 17.97/m². Asking rent prices range from R$ 9.36/m²/month to R$ 32,40/m²/month, depending in the region and the technical specifications of the warehouse.
- There was a decline in the average asking rent prices in industrial and logistical gated parks along the Fernão Dias axis, in the City of São Paulo, along the Dutra São Paulo axis and the Bandeirantes/ Anhanguera axis. Conversely asking rent prices rose along the Anchieta/Imigrantes, Regis Bittencourt and Castelo Branco axes, as shown on the graphs below.
- The region within the State of São Paulo with the largest rentable space in gated parks is located along the Bandeirantes/Anhanguera axis, totaling an inventory of 5.50 million m², representing 27% of total inventory. The vacancy rate in Class A and A+ gated parks is currently 25.61% and 22.67% in Class B and C (Others).

Avarage Asking Price Lease **m²/month**

AXIS	Gated Parks Q1/2018	Gated Parks Q2/2018	↑↓
Anchieta Imigrantes	R$ 22.58	R$ 23.20	↑
Fernão Dias	R$ 17.82	R$ 17.54	↓
Regis Bittencourt	R$ 21.05	R$ 21.19	↑
São Paulo (Capital)	R$ 20.99	R$ 20.93	↓
Dutra SP	R$ 18.08	R$ 18.41	↑
Castelo Branco	R$ 18.75	R$ 18.99	↑
Bandeiranrtes/Anhanguera	R$ 16.50	R$ 16.26	↓
State of São Paulo	R$ 17.85	R$ 17.97	↑

Industrial **São Paulo**



Trend Panel - **Industrial SP**

Logistics Condominiums	A+/A Q1/2018	A+/A Q2/2018		OTHERS Q1/2018	OTHERS Q2/2018	
Vacancy Rate	23,86%	24,98%	↗	22,63%	22,61%	↘
Ocuppation (m²)	6.424.306	6.354.972	↘	2.738.059	2.738.840	↗
New Stock (m²)	46.017	31.515	↘	3.000	-	↘
Construction Activity (m²)	392.605	501.809	↗	161.323	161.323	↔

Occupancy, Vacancy and Construction Activity[3]

Vacancy Rate (%)

Vacancy | Ocuppation Class A+ | Ocuppation Class A | Construction Activity

Axis	Vacancy Rate (%)	Vacancy	Ocuppation	Construction Activity
Anchieta Imigrantes	11,72%	29.808	224.586	82.007
	27,75%	36.834	95.904	0
Fernão Dias	68,97%	31.603	14.218	34.000
	12,55%	29.157	203.124	0
Regis Bittencourt	13,52%	78.293	501.000	0
	4,34%	3.240	71.389	0
São Paulo (Capital)	17,45%	68.507	324.055	0
	8,50%	27.534	296.288	0
Dutra SP	23,38%	339.340	1.112.252	104.508
	37,80%	219.089	360.509	6.300
Castelo Branco	32,27%	466.822	979.620	93.637
	21,31%	211.513	781.104	12.600
Bandeirantes/ Anhanguera	25,61%	1.101.295	3.199.242	187.658
	22,67%	272.822	930.523	142.423

The data in this table refers to the universe of corporate buildings.[1] (m² leased)

[1] RealtyCorp´s classification methodology for office buildings is based on the Buildings classification, which is: Office: buildings with suites smaller than 100 m²; Corporate: buildings with suites larger or equal to 100 m²; A+: buildings equivalent to AAA and AA of the Buildings classification; A: buildings equivalent to A in the Buildings classification; Others: buildings equivalent to BB, B and C of the Buildings classification;
[2] The statistical data relating to Alphaville have not been consolidated in the data for the City of São Paulo;
[3] The statistical data of this Analytics refers to the 2nd quarter 2018 and were consolidated on 31/06/2018.

*Trends should not be taken as indicative of future results.
*RealtyCorp is not responsible for decisions taken based on the information contained in this bulletin.

RealtyCorp has a team of professionals with corporate and industrial real estate experience, focused on serviving developers, landlords and investors; built on an extensive relationship network, bringing agility and market knowledge, adding valeu to your business by highlighting market opportunities and always seeking the best negotiation.

RealtyCorp

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