RealtyCorp Analytics

Office & Industrial

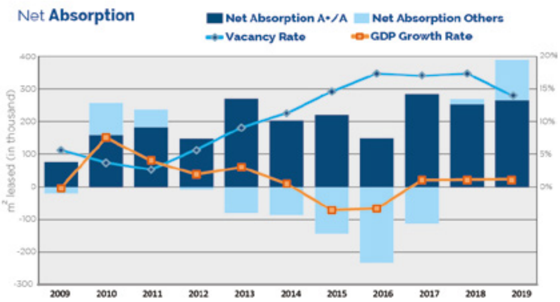
1st Quarter **2020**

OFFICE

São Paulo[3]

The city of São Paulo has 11 million m² of office space in corporate buildings (Corporate[1]) and 5.05 million m² in Office[1] buildings (small commercial suites). Of the total inventory, 14,60% are Corporate A+, 9,90% Corporate A and 44,05% Corporate Class B and C buildings (known as Others), reaching a total of 68,54% of Corporate office space in the city of São Paulo.

The city of São Paulo closed 2019 with a positive net absorption of 388 thousand m² in Corporate office buildings - the largest net absorption of Corporate buildings in the historical series. Unlike what was recorded between 2013 and 2017, as depicted in the adjacent graph, where a significant part of the A and A+ absorption originated from the so-called Flight-to-Quality movement, in 2018 and, primarily in 2019, the net absorption of A and A+ buildings was brought about by the recovery of the Brazilian economy, increased GDP and the drop in the unemployment rate. The expectation for 2020 is that the net corporate absorption will remain positive and volumes should remain similar or greater than what we saw in 2019, mainly in more peripheral regions, particularly Chácara Santo Antônio district, where the vacancy rate is still high.



The data in this chart refers to the universe of corporate buildings in the city of São Paulo.

Occupancy, Vacancy and Construction Activity[3, 4]

Region	Vacancy Rate (%)	Vacancy	Ocuppation Class A+	Ocuppation Class A	Construction Activity
Pinheiros/ Faria Lima	0,33%	495	150.113		40.899
	3,04%	4.086		130.249	6.000
Chucri Zaidan	14,18%	78.965	478.054		219.313
	11,61%	13.323		101.473	20.938
Berrini	6,10%	14.640	225.327		16.495
	18,39%	37.851		167.985	9.792
Vila Olímpia	2,62%	4.014	149.037		0
	4,13%	4.013		95.230	17.400
Paulista	6,46%	9.661	139.828		16.266
	8,39%	20.483		223.726	29.395
Leopoldina/ Barra Funda	37,03%	53.023	90.176		28.334
	16,48%	27.526		139.457	48.600
Chácara Santo Antônio	58,57%	73.371	51.892		30.000
	24,25%	13.533		42.273	0
Other Regions	29,11%	57.513	140.062		46.318
	21,73%	60.983		219.662	23.177
Alphaville	21,96%	60.631	215.409		84.100
	36,81%	110.035		188.923	12.279

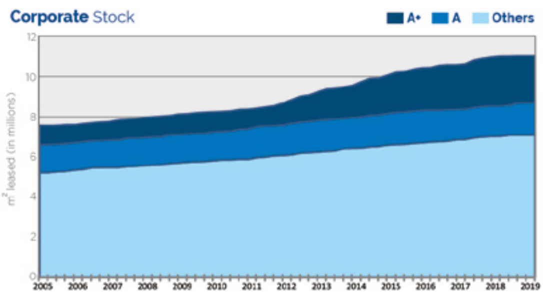
The data in this table refers to the universe of corporate buildings.[1]

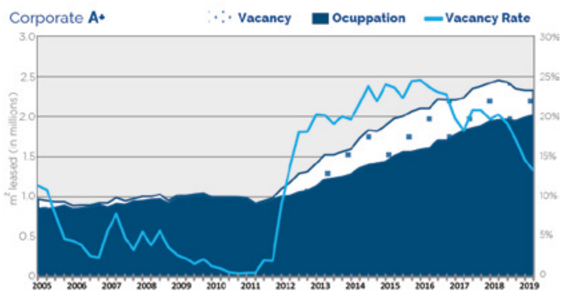
(m² leased)

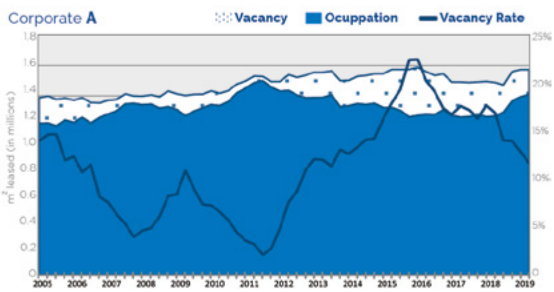
Trend Panel[2]

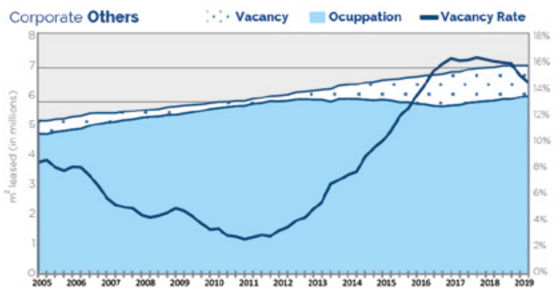
Corporate Market	A+ Q3/2019	A+ Q4/2019		A Q3/2019	A Q4/2019		OTHERS Q3/2019	OTHERS Q4/2019	
Vacancy Rate	14,66%	13,36%	↘	13,24%	11,99%	↘	15,16%	14,60%	↘
Ocuppation (m^2)	1.988.934	2.028.901	↗	1.377.803	1.397.573	↗	5.993.931	6.035.571	↗
New Stock (m^2)	23.012	-	↘	25.570	-	↘	1.148	2.818	↗
Construction Activity (m^2)	448.331	448.331	↔	157.858	167.148	↗	42.011	39.193	↘

(m^2 leased)



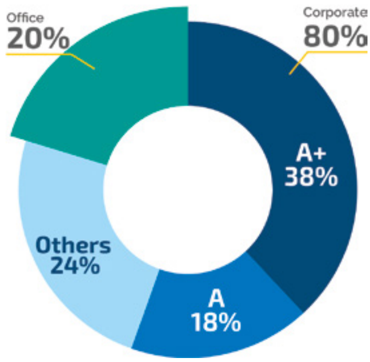




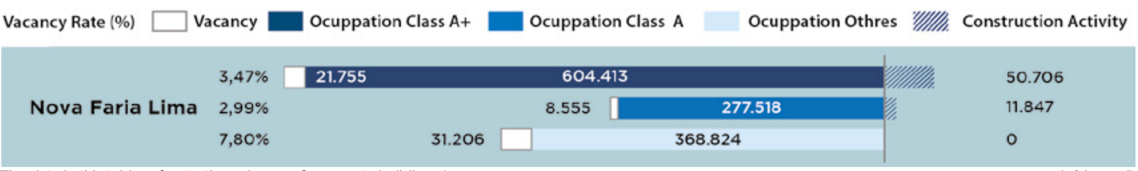


Nova Faria Lima[3,4]

- The total inventory of office space in the Nova Faria Lima[4] region is 1.65 million m^2. Of this total, 20.26% consists of Office[1] buildings (small commercial suites), 38.50% in Corporate[1] Class A+, 17.38% in Corporate A and 24.31% in Corporate B and C buildings (Others), reaching 79.74% of the total inventory in Corporate buildings.
- The vacancy rate in the Nova Faria Lima´s Corporate buildings universe has reached a very low level at 4.69%, and this downward trend that has been constant month on month since the beginning of 2016, when it peaked at 22.90%, as shown in the graph below. This scenario has pressured rent prices in the region upward: in 2019 alone there was an average increase of 14.02% in rent prices for Corporate Other buildings (B and C) and 17.79% increase in the rents of Corporate A and A+ buildings in the Nova Faria Lima region.
- The vacant space in Corporate offices in the region today totals 61 thousand m^2, representing a mere 4% of the total Corporate inventory available in the city. Expectations are that this scenario should stimulate new class A developments in the surrounding districts of the Nova Faria Lima region, in the very few available sites that are still able to accommodate high-end corporate developments.

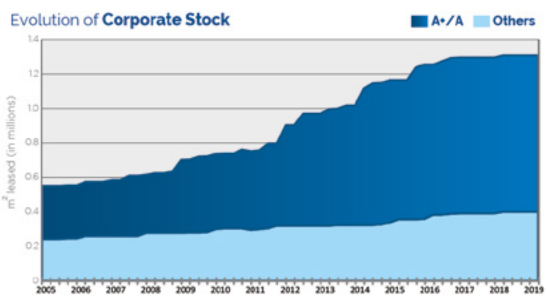


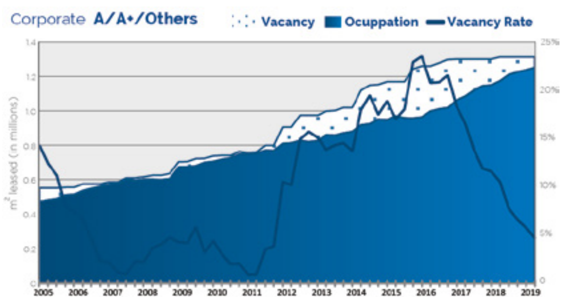
Occupancy, Vacancy and Construction Activity[3,4]



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

(m^2 leased)





Rio de Janeiro[3]

Trend Panel

Corporate Market	A+ / A Q3/2019	A+ / A Q4/2019		OTHERS Q3/2019	OTHERS Q4/2019	
Vacancy Rate	39,49%	38,33%	↘	13,38%	14,21%	↗
Ocuppation (m^2)	1.095.592	1.121.730	↗	3.191.931	3.161.352	↘
New Stock (m^2)	-	8.379	↗	-	-	↔
Construction Activity (m^2)	93.355	84.975	↘	7.402	7.402	↔

(m^2 leased)

Occupancy, Vacancy and Construction Activity[3, 4]

Vacancy Rate (%) · Vacancy · Ocuppation Class A/A+ · Ocuppation Class Others · Construction Activity

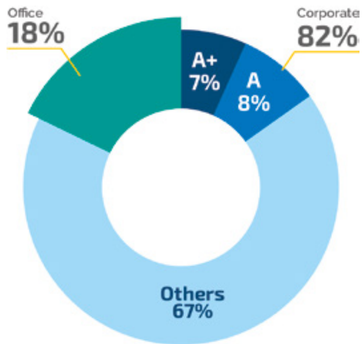
Barra da Tijuca	39,53%	133.109	203.599	20.297
	26,74%	28.879	79.117	0
Portuária	29,80%	65.472	154.2018	49.089
	17,34%	18.100	86.289	3.802
Centro	41,98%	344.361	475.896	10.000
	12,88%	320.407	2.166.306	3.600
Other Regions	38,19%	125.028	202.341	0
	11,81%	56.484	421.991	0

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

(m^2 leased)

Botafogo[3, 4]

- The total inventory of office space in the Botafogo region is 757 thousand m^2. Of this total stock, only 17,81% consists of Office[1] buildings (small commercial suites), 6,71% in Corporate[1] Class A+, 8,46% in Corporate A and 67,01% in Corporate B and C buildings (Others), resulting in 82,19% of the total inventory in Corporate buildings.
- Corporate buildings in the Botafogo region consist primarily of older buildings stock and a small growth curve over the last decade, as depicted in the stock evolution graph. Note that about 82% of the Corporate buildings are in Class B and C (Others) and over 20 years old.
- Although inventory growth of office space in the Botafogo region over the past 10 years has been very modest, the region's Corporate vacancy rate jumped from just 0,23% in 2011 to 23,25% in 2016. This increase was mainly due to the accumulation of negative net absorptions between 2012 and 2016, caused by the political-financial crisis that impacted the State of Rio de Janeiro over these years. Currently, Corporate vacancy rate in the Botafogo region stands at 20,71%.



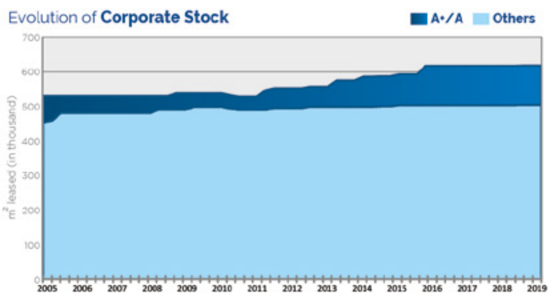
Occupancy, Vacancy and Construction Activity[3, 4]

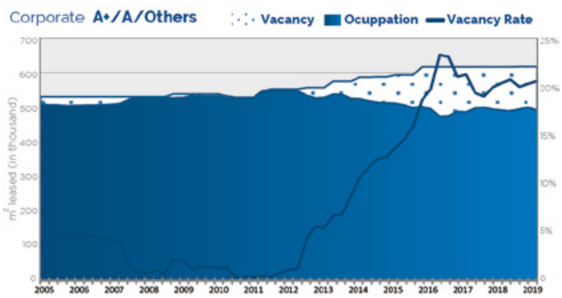
Vacancy Rate (%) · Vacancy · Ocuppation Class A+ · Ocuppation Class A · Ocuppation Others · Construction Activity

Botafogo	20,30%	10.320	40.512	0
	29,48%	18.877	45.165	5.589
	19,65%	99.689	407.650	0

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

(m^2 leased)





INDUSTRIAL

State of São Paulo[3]

- Brazil has 22,32 million m² of warehouse space in industrial and/or logistical condominiums. The Southeast region alone accounts for 17,05 million m² of this inventory, that is, 76,40% of the total Brazilian market. The State of São Paulo represents 57,52% of the total Brazilian inventory, while Rio de Janeiro represents 11,08% and Minas Gerais 6,75%.

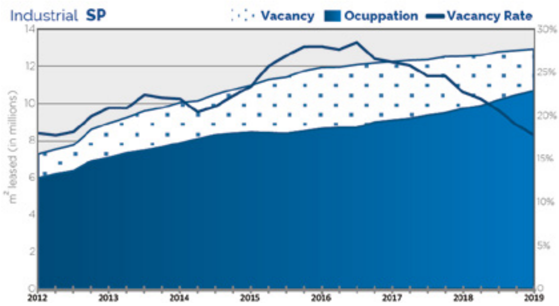
- The vacancy rate in the State of São Paulo fell from 18,75% in the 3rd QTR 2019 to 18,00% in the 4th QTR 2019. The current average asking rent prices across the State is R$ 17,58 / m², down 2,87% on the previous quarter. Asking rent prices range from R$ 7,77/m²/ month to R$ 32,40/m²/month, depending on the region and the technical specifications of the warehouses.

- The average asking rent prices for warehouse space in industrial and/or logistical condominiums fell on the Anchieta / Imigrantes, Fernão Dias, Regis Bittencourt, Dutra SP, Castelo Branco and Bandeirantes / Anhanguera axes. Only in São Paulo (Capital) did the average rent prices increase, as shown in the table below.

- The Bandeirantes / Anhanguera axis has the largest inventory in industrial and/or logistical condominiums in the State of São Paulo, reaching 5.84 million m² - representing 45,53% of the total inventory in the State of São Paulo. The vacancy rate stands at 19,95%.

Avarage Asking Price Lease **m²/month**

AXIS	Gated Parks		
	Q3/2019	Q4/2019	↑↓
Anchieta Imigrantes	R$ 23,21	R$ 22,82	↓
Fernão Dias	R$ 18,71	R$ 18,43	↓
Regis Bittencourt	R$ 22,45	R$ 21,77	↓
São Paulo (Capital)	R$ 16,63	R$ 17,30	↑
Dutra SP	R$ 16,87	R$ 16,29	↓
Castelo Branco	R$ 19,07	R$ 18,90	↓
Bandeirantes/Anhanguera	R$ 17,32	R$ 16,44	↓
State of São Paulo	R$ 18,10	R$ 17,60	↓



Trend Panel - **Industrial SP**

Logistics Condominiums	A+ / A 3º TRI/2019	A+ / A 4º TRI/2019		OTHERS Q3/2019	OTHERS Q4/2019	
Vacancy Rate	19,28%	18,29%	↘	17,63%	16,09%	↘
Ocuppation (m²)	6.860.407	7.002.486	↗	3.452.260	3.523.604	↗
New Stock (m²)	45.780	70.609	↗	25.783	8.351	↘
Construction Activity (m²)	881.343	1.089.802	↗	158.404	208.404	↗

(m² leased)

Occupancy, Vacancy and Construction Activity[3, 4]

Vacancy Rate (%) | Vacancy | Ocuppation Class A+ | Ocuppation Class Others | Construction Activity

Region	Vacancy Rate (%)	Vacancy	Ocuppation	Construction Activity
Anchieta Imigrantes	14,61%	46.952	274.495	0
	5,68%	13.931	231.497	3.460
Fernão Dias	47,73%	21.868	23.952	34.000
	12,12%	27.517	199.499	0
Regis Bittencourt	9,86%	58.238	538.455	0
	1,54%	1.163	74.312	50.000
São Paulo (Capital)	14,20%	61.044	368.742	0
	11,59%	37.067	282.808	0
Dutra SP	15,56%	249.938	1.356.816	180.404
	12,89%	79.763	538.895	6.300
Castelo Branco	28,27%	328.692	833.964	96.524
	16,32%	219.189	1.124.120	34.833
Bandeirantes/ Anhanguera	18,17%	868.917	3.606.062	778.875
	21,69%	297.061	1.072.473	113.812

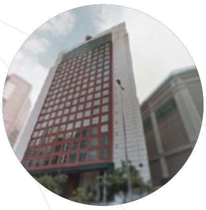
The data in this table refers to the universe of corporate buildings.[1]

(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 4th Quarter 2019 and were consolidated on 12/31/2019.
[4] RealtyCorp adopted Buildings' new regional divisions, known as Buildings 2.0 Regions. We believe this new segmentation is more consistent with the current market reality of the office regions in the cities of São Paulo and Rio de Janeiro. In the case of the city of São Paulo, the most significant change was the elimination of the Marginal region and the inclusion of the developments previously assigned to this region into other regions with more appropriately defined competitive hubs.

*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.

2019 HIGHLIGHTS



Atrium VI
Vila Olímpia - São Paulo/SP
Lease | **917 m²** | **Chediak Advogados**.

Berrini 500
Berrini - São Paulo/SP
Review | **834 m²** | **Intersystems**.

Birmann 21
Pinheiros - São Paulo/SP
Lease | **1.887 m²** | **Pra Valer**.

Brazilian Financial Center
Paulista - São Paulo/SP
Lease | **4.000 m²** | **CNN**.

Business Space Tower
Lapa - São Paulo/SP
Lease | **1.220 m²** | **Microport**.

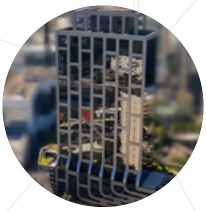
Dahruj Tower
Cambuí - Campinas/SP
Lease | **550 m²** | **TBG**.

HD873
Chácara Santo Antônio - São Paulo/SP
Leases | **2.911 m²**

Market Place II
Chucri Zaidan - São Paulo/SP
Lease | **855 m²** | **Indigo AG**.

New Office Augusta
Consolação - São Paulo/SP
Lease | **920 m²** | **HUB**.

Presid. Castello Branco
Centro - Rio de Janeiro/RJ
Sale | **1.065 m²**



Sky Corporate
Vila Olímpia - São Paulo/SP
Sale | **2.700 m²**

Torre Z
Chucri Zaidan - São Paulo/SP
Renewal | **1.950 m²** | **Arrow**.

Urbanity
Santo Amaro - São Paulo/SP
Leases | **2.349 m²**

Ventura Corporate Towers
Centro - Rio de Janeiro/RJ
Leases | **2.628 m²**

WRK
Liberdade - São Paulo/SP
Lease | **2.805 m²** | **Santander**.

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SERVICES

(Office, Reatil and Industrial)

LEASE

Concluding excellent deals by identifying and conecting demand with the product, swiftly and efficiently.

• Lease Administration, identifying potential tenants;

• Management of Build-to-Suit Projects;

• Up-to-date database of landlords, tenants, offers and transactions;

• Coordinating property lease in partnership with real estate brokers;

• Strategy for identifying demand in the market;

• Representing companies for property search, analysis and negotiation.

SALE & ACQUISITION

Market intelligence, information and efficiency in the search of business opportunities which meet our clients needs.

• Divestment of Real Estate Assets;

• Direct or Bid Process sale;

• Relationship with brokers and key market players;

• Representing investors and/ or developers in the acquisition of property for development;

• Marketing Strategy;

• Managing Sale & Leaseback Transactions;

• Representing investors and companies in property acquisition for income or for occupation;

VALUATION & CONSULTANCY

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

• General property valuation services and the valuation of real estate portfolios;

• Feasibility analysis of industrial, commercial and retail developments;

• Real estate development studies;

• Best use analysis – real estate vocation;

• Property valuation for accounting purposes

STRATEGIC MANAGEMENT OF REAL ESTATE ASSETS

Intelligent management of real estate portfolios, constantly seeking efficiency in the management and monitoring of the real estate market.

• Real Estate Management – Control of payables, inspection survey reports, documentation, representation in general meetings and public bodies.

• Management of Opportunities – Comparative analysis of market rents to identify opportunities and negotiation strategies;

• Critical Dates Management - Inflation adjustment, revisions, renewals, guarantees and insurance cover;

• Negotiation – Representing clients in rental revisions, lease agreement renewals, terminations, lease acquisitions, sale and purchase of properties.

BUSINESS IN USA

• New Real Estate business in the USA – Consultancy and Business Development – Property finance, property search and new business opportunities in the US market. Partnerships with law firms, accountants and financial agents specialized in the American real estate market.

DEVELOPMENT & INVESTMENT

Structuring and management of investments in the real estate market, consultancy and development in real estate by creating specific solutions which bring value to the client, through transparent and sustainable processes.

• 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.

DIFERENTIALS

RealtyCorp´s team of experienced real estate professionals focusses on assisting investors, developers, owners and companies that use corporate and industrial spaces. **RealtyCorp** is well recognized by its clients because of its negotiation skills and in-depth market knowledge. **RealtyCorp** is also known for promoting business opportunities and for nurturing long-term relationships. With ethics and professionalism, **RealtyCorp** will always seek, primarily, to meet the interests and needs of its clients.

COMMITMENT

We are committed to the values and mission of our clients. Thus, we actively act as a support for the legal client, so that all the premises, principles and needs of our clients are met and observed in the contracts signed.

ETHICS

Our position in the processes and in the negotiations contemplates all the legal and ethical principles of good governance. We value transparency, equity and corporate responsibility. We reject corruption.

AGILITY

We offer greater agility in the unfolding of the whole process of negotiation and closing of the business.

INTELLIGENCE

We act broadly and strategically, providing our clients with a more transparent view of the real estate market, in addition to opinions and recommendations based on data and research.

EXPERIENCE

Wide and solid experience of our team of professionals in Corporate Real Estate.

RELATIONSHIP

We value a business partnership that is long-lasting, not merely immediate profits.

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