RealtyCorp Analytics

Office & Industrial

3rd Quarter **2020**

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.

CASES

Paulista 1100

Paulista
São Paulo/SP
Lease acquisition concluded in March/2020. Process coordinated by RealtyCorp.

Headquartered in São Paulo since 2011, Sumitomo Chemical Latin America (SCLA) houses all business units in the Health and Culture Sciences sector in the Latin America Region. The company occupied two non-contiguous floors in an old building on Av. Paulista and after completing the acquisition of Nufarm it decided to unify the two offices. The solution was to identify a company that was handing back two floors in the Paulista district and execute a lease agreement in order not miss the opportunity, due to the heated market.

Sky Corporate

Vila Olímpia
São Paulo/SP
Rent Review concluded in February/2020. Process coordinated by RealtyCorp.

RealtyCorp was engaged by one of the largest landlords in the Ed. SKY Corporate building to carry out a rent review of one of its tenants (Votorantim). Initially, RealtyCorp prepared a market report with information on asking prices and lease transactions in the building and in similar developments in Vila Olímpia district. The report identified an imbalance between the rent amount paid by the tenant and the market value. After a few rounds of negotiation, RealtyCorp was able to bring the rent amount to market level.

Amsterdam Sauer

Ipanema
Rio de Janeiro/RJ
Lease acquisition concluded in June/2020. Process coordinated by RealtyCorp.

One of the key agents for XP Investimentos Monte Bravo, a company in the financial services segment located in Barra da Tijuca region, realized that its office space could no longer support its operation. With the need to expand, they decided to seek for availability in the Ipanema, Leblon and Lagoa districts. Three buildings were visited in the process and the client selected the Amsterdam Sauer building in the Ipanema district which suited their needs. After a few rounds of negotiations, we succeeded to obtain some benefits for Monte Bravo, which made them feel confident to relocate – despite the ongoing pandemic scenario.

HD873

Chucri Zaidan / Shopping Morumbi
São Paulo/SP
Lease acquisition and expansion concluded in February/2020. Process coordinated by RealtyCorp.

After completing transactions exceeding 11,000m², including sales and lease acquisition in the HD 873 Corporate building, RealtyCorp concluded two additional deals in early 2020. Expansion for Netza's occupation, a company that had already occupied the project since 2019. Additionally, we also concluded the lease acquisition for Alert System, a company in the technology and property security solutions segment, which had visited the building in the past, but had postponed the project to 2020. In 2019, they decided to survey the market for office space, the HD 873 building was selected as the best option due its proximity to a sister company in the same group.

To access more RealtyCorp Cases, access **www.realtycorp.com.br/cases**

OFFICE

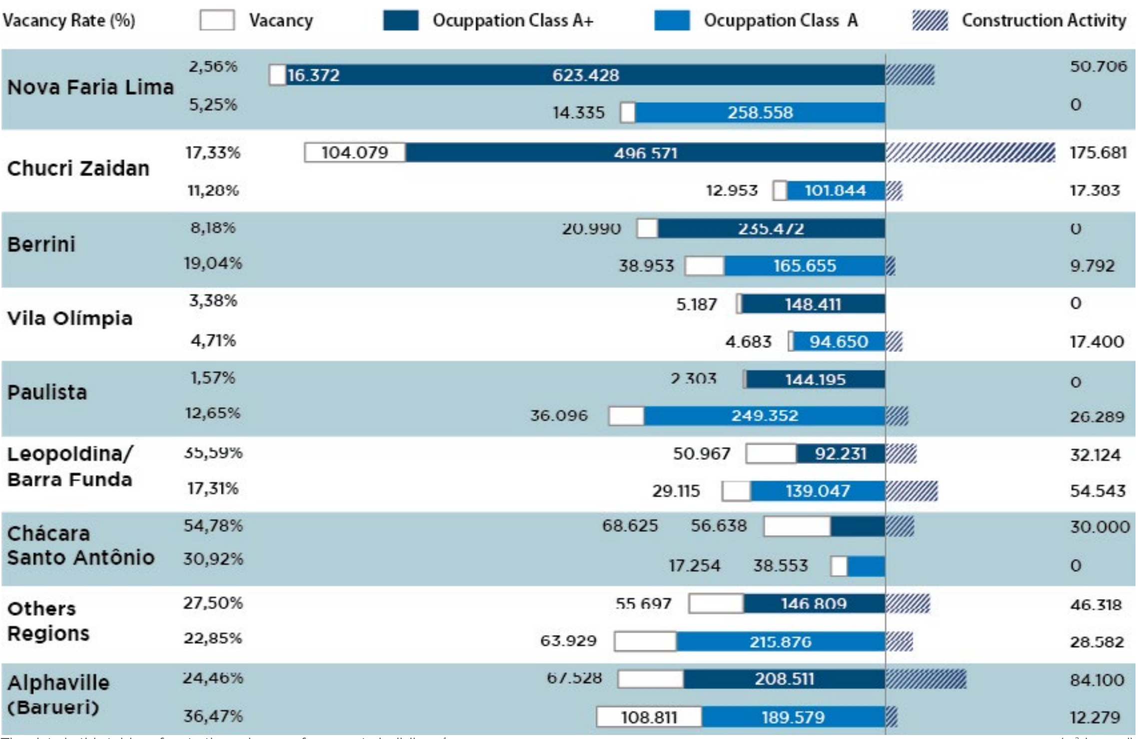
São Paulo[3]

- Office space in the city of São Paulo totals 11.11 million square meters, consisting of corporate buildings (Corporate[1]) and 5.04 million square meters of office space in Office[1] buildings (small commercial suites). Of the total inventory, 14,97% are Corporate A+ buildings, 9,94% in Corporate A buildings and 43,86% in Corporate Classes B and C buildings (known as Others), totalling 68,77% of Corporate offices in the city from Sao Paulo. The remaining 31,23% consist of Office[1] buildings (small commercial suites).

Os dados deste gráfico referem-se ao universo de edifícios *corporate* da cidade de São Paulo.

- Due to the impact caused by the Covid-19 pandemic, net absorption in 2nd quarter of 2020 was negative in the corporate buildings universe for the city of São Paulo, -16,453 m² in the universe of Class A / A + buildings and -71,795 m² in universe of class B and C buildings (Others). It's important to stress that this has not occurred since the 3rd quarter of 2016. This retraction led to a rise in the vacancy rate of the A/A+ universe from 11,66% to 13,56% in the 2nd quarter of 2020 and from 14,25% to 15,31% in B and C universe (Others). While considering GDP projections for the end of 2020 and increased unemployment rate, the expectation is that a vacancy rate around 18% for the entire Corporate universe (A/A + / B/C). In 2nd quarter of 2020 the vacancy rate for this same universe reached 14,67%.

Occupancy, Vacancy and Construction Activity[3,4]



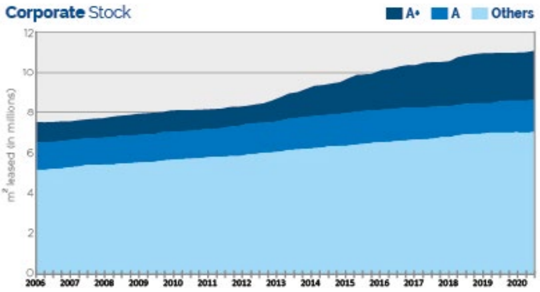
The data in this table refers to the universe of corporate buildings.[1]

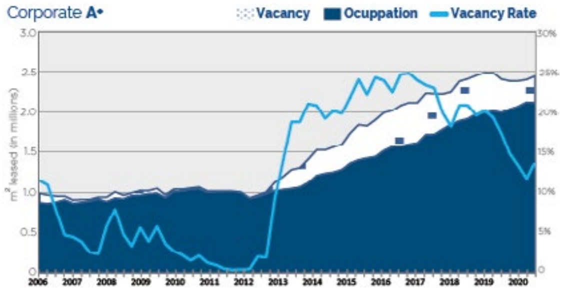
(m² leased)

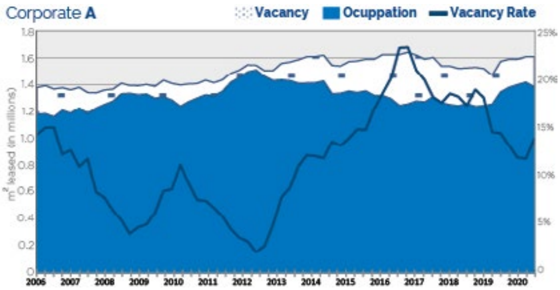
Trend Panel[2]

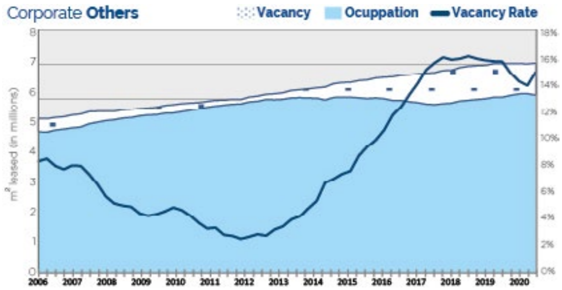
Corporate Market	A+ Q1/2020	A+ Q2/2020		A Q1/2020	A Q2/2020		OTHERS Q1/2020	OTHERS Q2/2020	
Vacancy Rate	11,61%	13,41%	↗	11,27%	13,79%	↗	14,25%	15,30%	↗
Ocuppation (m²)	2.099.240	2.094.362	↘	1.425.323	1.391.433	↘	6.049.118	5.999.830	↘
New Stock (m²)	16.495	43.632	↗	28.803	23.347	↘	4.379	4.960	↗
Construction Activity (m²)	419.360	375.728	↘	178.908	160.966	↘	44.319	39.359	↘

(m² leased)







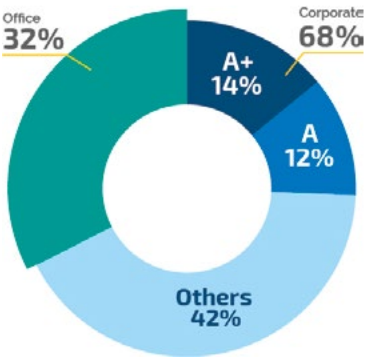


Pinheiros/Faria Lima[3,4]

- The total inventory of office space in the Pinheiros/Faria Lima Region is 1.06 million square meters rentable area. Out of this total stock, 32,48% consist of Office[1] buildings (small commercial suites), 14,08% in Corporate[1] Class A+ buildings, 11.54% in Corporate A buildings and 41,90% in Corporate B and C buildings (Others), totalling 67,52% of the Corporate buildings inventory.

- The vacancy rate in Corporate buildings in the Pinheiros/Faria Lima Region is 4,08%. Looking at the vacancy rates by class, we notice that the vacancy rate in the Corporate Class A+ universe is 0%, in the Corporate A universe 4,09%, while in the Corporate Others universe it is 5,45%, as shown the chart below.

- The Pinheiros/Faria Lima Region is one of the most consolidated regions in the city of São Paulo and, therefore, most probably will be the region that will experience the least effects of the pandemic. However, when we compare the 2nd quarter of 2020 with the 1st quarter of 2020, the vacancy rate increased from 2,63% to 4,08%.

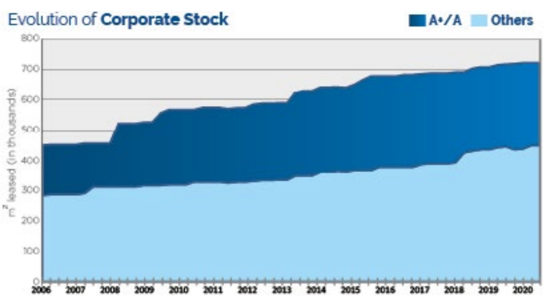


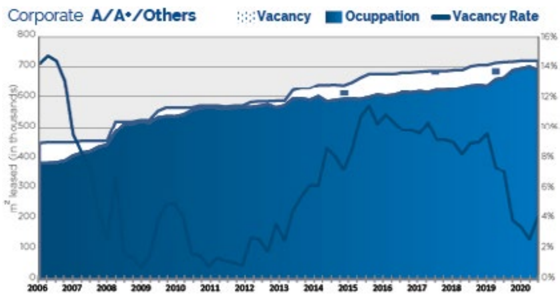
Occupancy, Vacancy and Construction Activity[3,4]

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

Region	Vacancy Rate (%)	Vacancy	Ocuppation	Construction Activity
Pinheiros/ Faria Lima	0,00%	0	150.608	40.899
	4,09%	5.046	118.385	6.977
	5,45%	24.451	423.874	8.380

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





Rio de Janeiro[3]

Trend Panel[2]

Corporate Market	A+ / A Q1/2020	A+ / A Q2/2020		OTHERS Q1/2020	OTHERS Q2/2020	
Vacancy Rate	38,83%	38,58%	↘	14,40%	14,63%	↗
Ocuppation (m²)	1.098.746	1.103.214	↗	3.147.003	3.139.652	↘
New Stock (m²)	-	-	↔	-	1.521	↗
Construction Activity (m²)	109.776	109.776	↔	8.922	7.402	↘

(m² leased)

Occupancy, Vacancy and Construction Activity[3, 4]

Region	Vacancy Rate (%)	Vacancy	Ocuppation Class A/A+ / Ocuppation Class Others	Construction Activity
Barra da Tijuca	38,43%	126.298	202.329	20.297
	34,30%	37.474	71.769	0
Port	26,77%	58.231	159.321	49.089
	16,24%	17.850	92.061	3.800
Botafogo	23,24%	26.694	88.100	5.589
	17,09%	86.729	420.610	0
Others Regions	42,13%	134.434	184.647	0
	12,72%	62.396	428.186	8.400

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

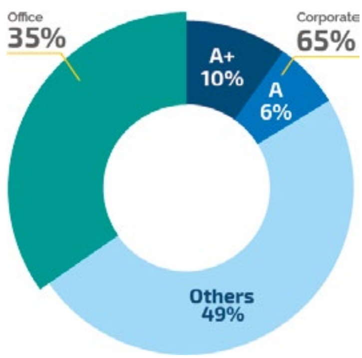
(m² leased)

Centro[3, 4]

- The total inventory of office space in the Centro district in the city of Rio de Janeiro totals 5.01 million m² and 65,32% of this total consist of Corporate[1] buildings and the remaining 34,68% of the inventory made up of Office[1] buildings (small commercial suites). Of the total stock, 9,82% are Corporate Class A+ buildings, 6,45% are Corporate Class A buildings and 49,05% are Corporate Classes B and C buildings (Others), totalling 65,32% of the total stock in Corporate buildings.

- The Centro district concentrates most of the corporate office market in the city of Rio de Janeiro. The region consists predominantly of Corporate[1] buildings, with 371 Corporate[1] buildings out of a total of 671 developments across the city. That is, 55% of all corporate buildings in the city of Rio de Janeiro which are located in the Centro district.

- Despite the prospect of an uptake in demand for office market in beginning of 2020, the Corporate[1] vacancy rate in the Centro district remained at the same level throughout 1st and 2nd quarter of 2020, at 20,76% and 20,79% respectively. The main reason is the competition which has impacted that the Centro district from developments and delivery of new corporate buildings in the Port district, a region very close to the central region of Rio and which has attracted a number of large corporations from the central region. With the advent of the pandemic, the prospect is that the vacancy rate in the Centro district of Rio de Janeiro will continue to rise further until the end of 2020.

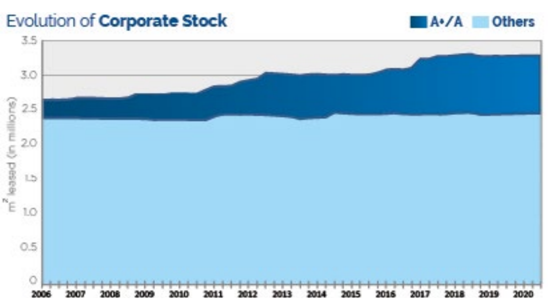


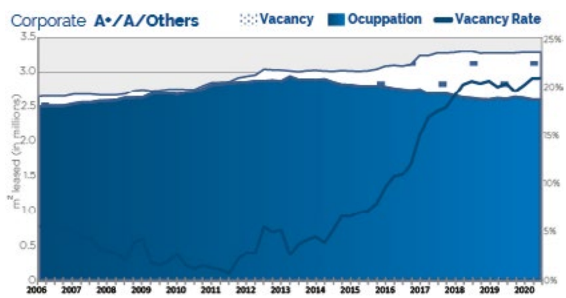
Occupancy, Vacancy and Construction Activity[3, 4]

Region	Vacancy Rate (%)	Vacancy	Ocuppation Class A+ / Ocuppation Class A / Ocuppation Class Others	Construction Activity
Centro	33,59%	165.500	327.138	10.000
	56,23%	181.915	141.599	24.800
	15,56%	333.754	2.127.026	3.600

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

(m² leased)





INDUSTRIAL

State of São Paulo[3]

- Brazil has 23.21 million m² of warehouse space in gated industrial and/or logistical condominiums, with the Southeast region alone having 17.79 million m² of rentable inventory, that is, 76,64% of the total stock in Brazil. The state of São Paulo alone has 57,60% of the total Brazilian stock, Rio de Janeiro has 10,90% and Minas Gerais 6,85%.

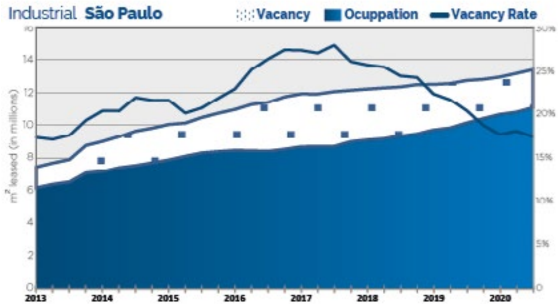
- The vacancy rate in the state of São Paulo fell from 18,05% in the 1st quarter of 2020 to 17,40% in the 2nd quarter of 2020. The current average rental prices for the entire state is R$ 18,28/m², an increase of 0,15% over the previous quarter. Asking rents range from R$ 7,62 /m²/month to R$ 36,50/m²/month, depending on the region and the technical specifications of the warehouses.

- Average rental prices for warehouses in gated industrial and/or logistical condominiums dropped along the Anchieta/Imigrantes, Fernão Dias, Regis Bittencourt and Dutra SP axes. In contrast, in the city of São Paulo (Capital), along the Castelo Branco and Bandeirantes/Anhanguera axes, the average rents rose, as shown in the table below.

- The Bandeirantes/Anhanguera axis has the largest inventory in gated industrial and/or logistical condominiums in the state of São Paulo, with 6.24 million m² of inventory, which represents 46,66% of the total inventory in the state of São Paulo. The vacancy rate for the axis reaches 19,04%, 1,45% lower than in the previous quarter.

Average Asking Price Lease **m²/month**

AXIS	Gated Parks Q1/2020	Gated Parks Q2/2020	↑↓
Anchieta Imigrantes	R$ 22,63	R$ 22,36	↓
Fernão Dias	R$ 18,05	R$ 17,40	↓
Regis Bittencourt	R$ 22,09	R$ 21,74	↓
São Paulo (Capital)	R$ 17,31	R$ 18,44	↑
Dutra SP	R$ 17,28	R$ 16,71	↓
Castelo Branco	R$ 18,61	R$ 19,15	↑
Bandeirantes/Anhanguera	R$ 17,72	R$ 17,81	↑
State of São Paulo	R$ 18,13	R$ 18,28	↑



Trend Panel - Industrial SP

Logistics Condominiums	A+ / A Q1/2020	A+ / A Q2/2020		OTHERS Q1/2020	OTHERS Q2/2020	
Vacancy Rate	19,58%	18,25%	↘	14,83%	15,58%	↗
Ocuppation (m²)	7.159.173	7.466.307	↗	3.616.049	3.584.095	↘
New Stock (m²)	218.777	230.470	↗	3.400	0	↘
Construction Activity (m²)	1.025.356	876.360	↘	201.189	201.189	↔

(m² leased)

Occupancy, Vacancy and Construction Activity[3, 4]

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

Region	Vacancy Rate (%)	Vacancy	Ocuppation	Construction Activity
Anchieta Imigrantes	7,90%	25.409	296.038	81.474
	6,15%	15.154	231.077	1.689
Fernão Dias	69,99%	55.869	23.953	0
	13,48%	30.555	196.166	0
Regis Bittencourt	9,94%	59.314	537.379	0
	8,61%	6.496	60.979	39.000
São Paulo (Capital)	16,12%	69.744	363.042	0
	7,30%	22.873	290.289	0
Dutra SP	13,96%	230.735	1.421.796	125.106
	11,62%	71.915	547.173	6.300
Castelo Branco	25,74%	307.772	888.126	91.123
	17,72%	244.064	1.133.562	34.833
Bandeirantes/ Anhanguera	18,91%	917.927	3.935.973	578.657
	19,49%	270.406	1.116.850	119.367

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 for Alphaville are not included together with the statistical data for the city of São Paulo;
[3] The statistical data for this Analytics refer to the 2nd quarter 2020 and were consolidated on June 30, 2020.
[4] RealtyCorp has adopted Buildings' new regional division, known as Buildings 2.0 Regions. We believe that this segmentation is more consistent with the 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 developments previously assigned to this region into other regions with more appropriately defined competitive hubs.

*Past trends should not be used and indicatives of future results.
*RealtyCorp shall not be responsible for decisions taken based on the information contained in this bulletin.

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.

RealtyCorp

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