CUSHMAN & WAKEFIELD

CAPITAL MARKETS


01
EXECUTIVE
SUMMARY

EXECUTIVE SUMMARY

2020 was marked by the coronavirus pandemic, which had a strong impact on the South America economies. Based on the current market scenario, this report analyzes investments in corporate office, providing an overview of the economy and how capital markets reacted during the outbreak. The analysis involves indicators such as cap rates, FDI (Foreign direct investment), CRE data, T Bonds, among others. Moreover, this report will bring a regional outlook about what can be expected throughout 2021 that may affect the corporate sector in South America.

According to The World Bank´s data in 2019, 80.87% of the population in Latin America & Caribbean was characterized as urban, which represents an increase of 7.1% compared to 2000, when the urban population was 75.48%. One reason for this increase is the lack of infrastructure in the rural zone, which leads many rural residents to move out in search of life quality. As a result, the demand of jobs is higher than the supply in the cities. Therefore, with control and planning, the rural emigration can stimulate the economy, creating many investments opportunities.

Infrastructure investment is essential for an efficient urbanization process. It provides a better control of rural migration and, consequently, it creates more formal jobs. Developed countries are more used to investing in infrastructure than emerging countries, resulting in a greater number of production factors and levels of technology, in addition of having greater efficiency. Thereby, countries such as Argentina, Brazil, Chile, Colombia and Peru have a little room for savings, limiting the countries growth. However, technological progress should lead to economic development, which is achieved by investing in infrastructure. Thus, with better government spending, South America has a high potential to grow.

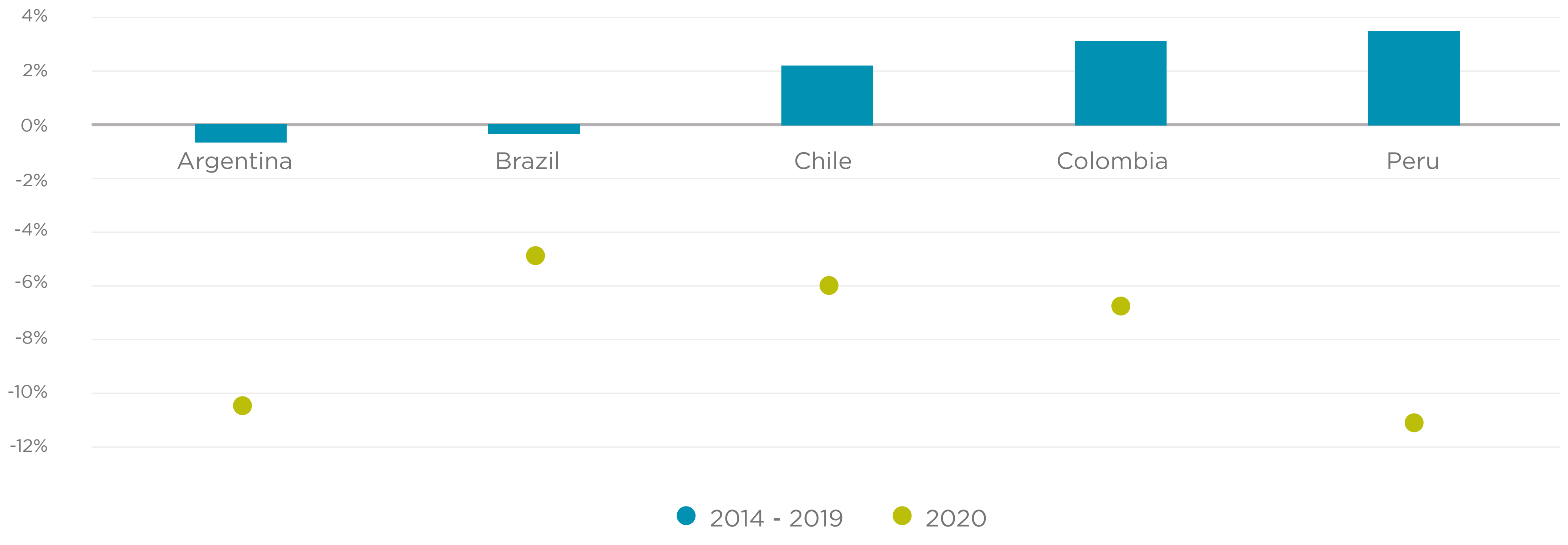
In general, most of Latin-American countries should become more attractive for investments in the post-pandemic scenario, given the devaluation of several assets during the sanitary crisis, combined with the exchange rate devaluation. Therefore, foreign investors can have a great investment opportunity in the region, as the pandemic crisis will affect the emerging markets more, increasing the government's debt and leading many companies to an unprecedent financial challenge. As a result, the government and the companies may have to sell several assets below their fair value. In addition, the recently elected US President Joe Biden is expected to take a less conservative position on trade relations, which could impact Latin America positively.

Marc Royer
Managing Partner Capital Markets South America

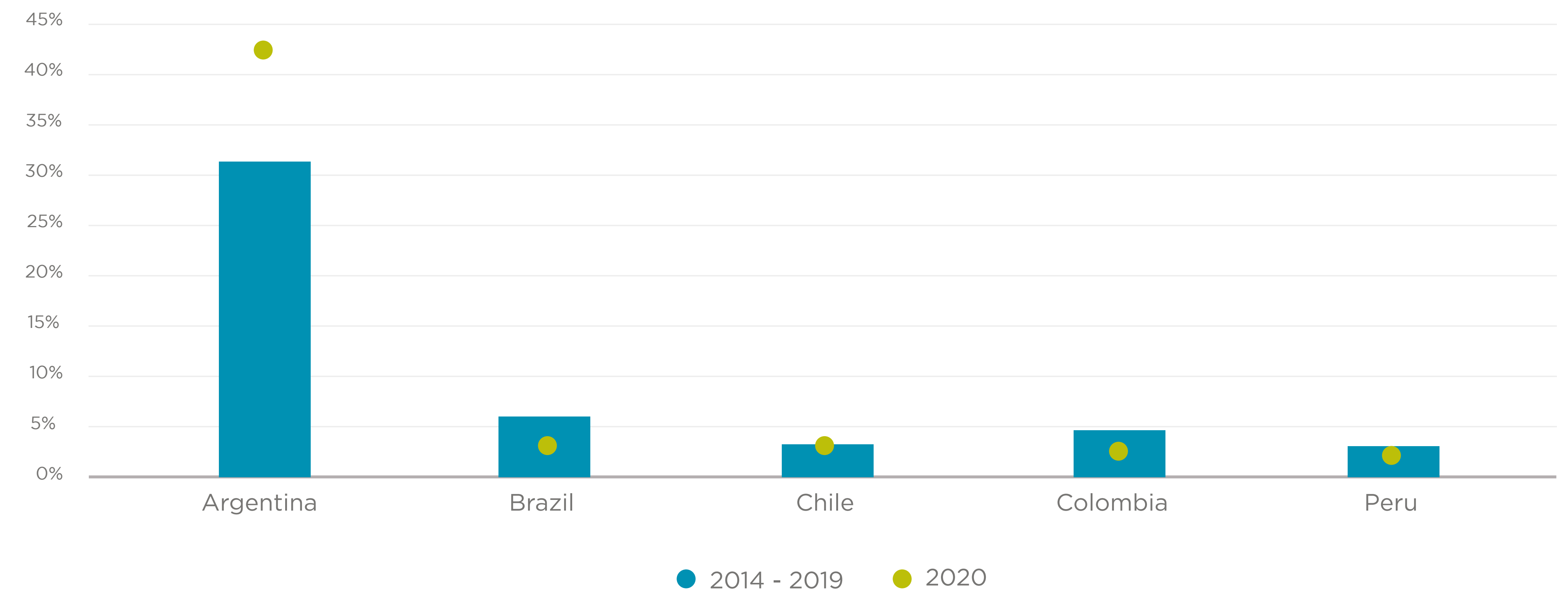
> Historically low interest rates in most markets of the region have created opportunities for dividend yield investors, accelerating a shift from fixed income assets to real estate. While there still is a wait-and-see approach from investors caused by the COVID disruption in specific sectors more affected by the pandemic, appetite for more resilient and crisis-proof assets such as multifamily and industrial has continuously grown across the region, following global real estate capital market trends.

SOUTH AMERICA ECONOMY

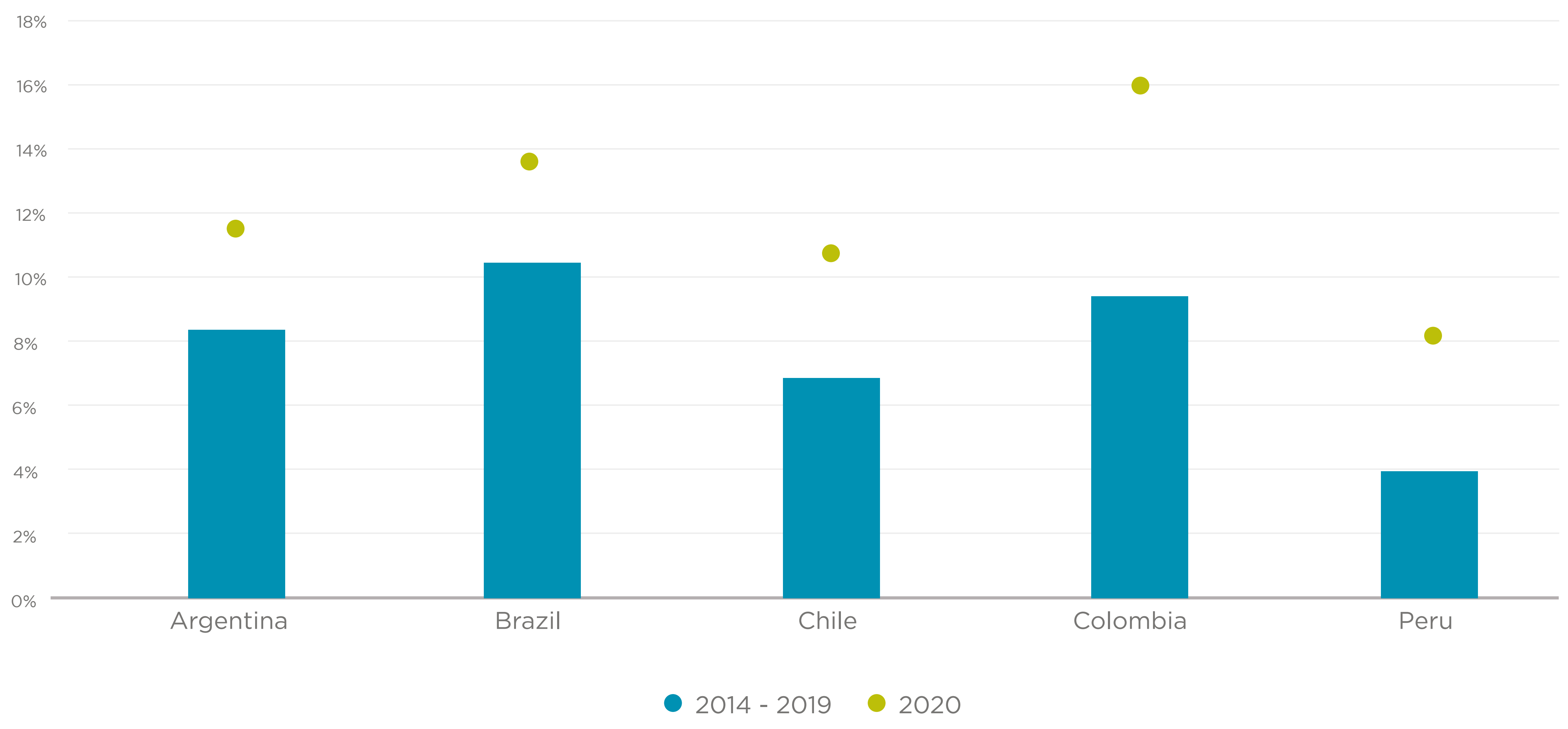
AVERAGE GDP GROWTH (2014-2019) VS 2020 GDP GROWTH



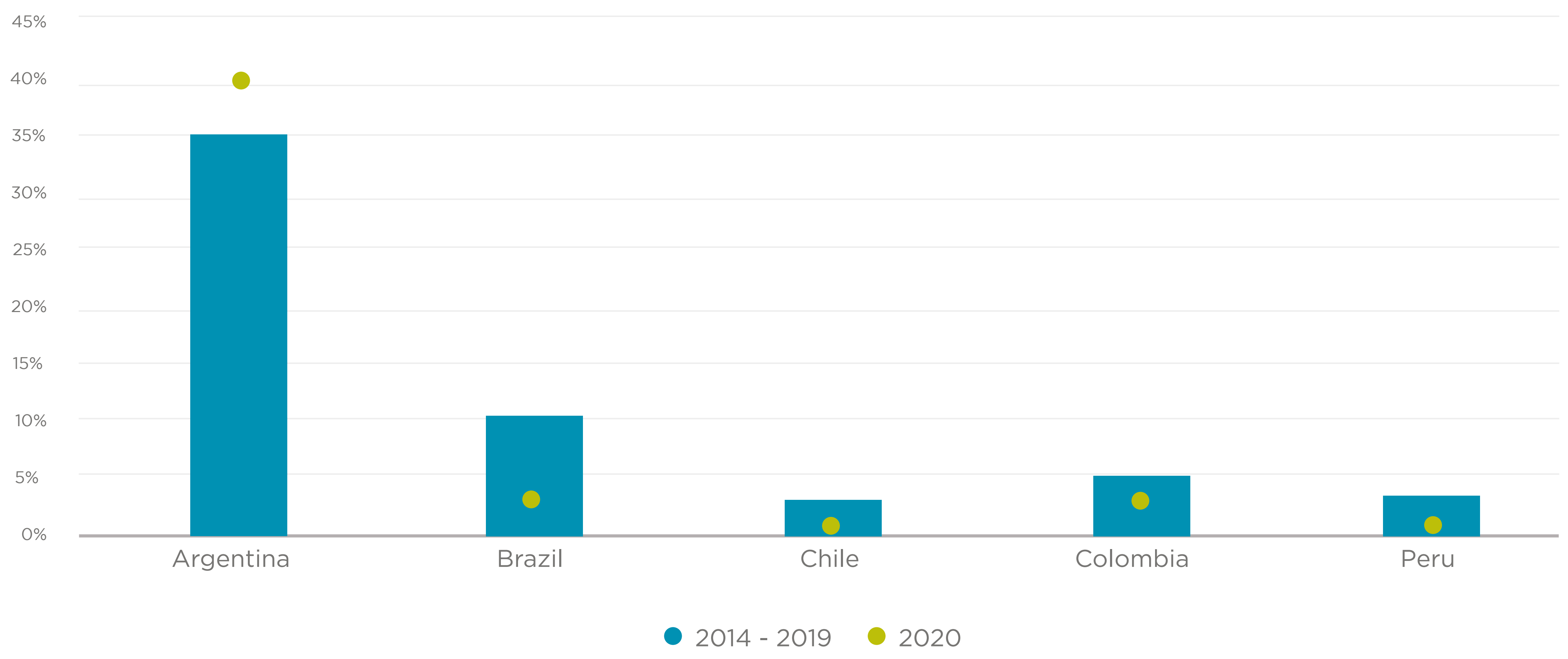
AVERAGE INFLATION RATE (2014 - 2019) VS 2020 INFLATION RATE



AVERAGE UNEMPLOYMENT RATE (2014 - 2019) VS 2020 UNEMPLOYMENT RATE

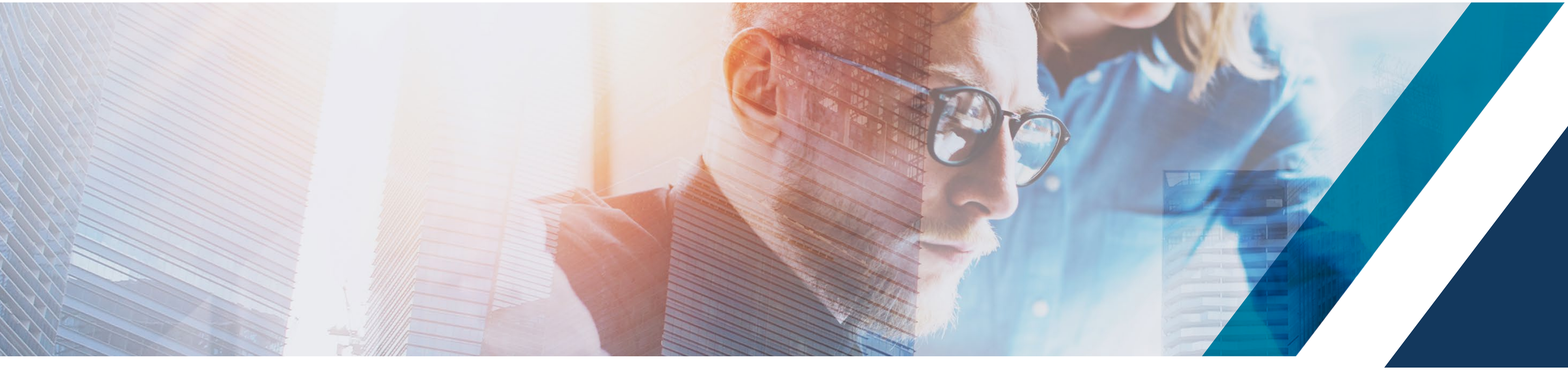


AVERAGE INTEREST RATE (2014 - 2019) VS 2020 INTEREST RATE



Source: Moody´s data from 03/11/2021

02 ECONOMIC OUTLOOK



ECONOMIC OUTLOOK

The health crisis caused by Covid-19 is challenging the world and has required momentary changes in the way of living, where social distancing became significantly important to break the pandemic spread. Furthermore, in order to contain the speed of the contagion, governments around the world determined the closure of in-person business activity throughout 2020. As a result, the pandemic caused a shock of demand and supply in the global economy, mostly affecting South American countries.

Besides that, expansionary policies have been implemented to reduce the Covid-19 impacts. For example, Central Banks of all analyzed countries chose to reduce interest rate looking for keeping it in a low level to stimulate consumption and heat up the economy. Moreover, the expansionary fiscal policy was implemented to contain the impacts of the pandemic, such as the income decrease and the unemployment rate growth. However, these measures can cause a fiscal imbalance if they are extended for a long period. In addition, the increase in external indebtedness to contain the pandemic impact can limit the economic recovery of all countries, also stagnate or decrease the growth rate, especially when emergent countries have their local currencies devaluated against the US dollar in the past years.

On the other hand, during 2021, inflation will need to be controlled and the overnight rate (known as Federal Funds rate) kept at low levels. Moreover, it is possible that unemployment rate may remain high and face some recovery difficulties along the next couple of years. Thus, the expected GDP growth in 2021 for all countries depends on the vaccine efficiency and distribution throughout the year, advanced economies foreseen a pandemic control in the third quarter and most of South America countries around the fourth quarter. Therefore, since South America economies significantly contracted during 2020, a strong GDP growth is expected for 2021, however, the projected improvement will partially compensate the losses generated by the outbreak.

ECONOMY BRAZIL

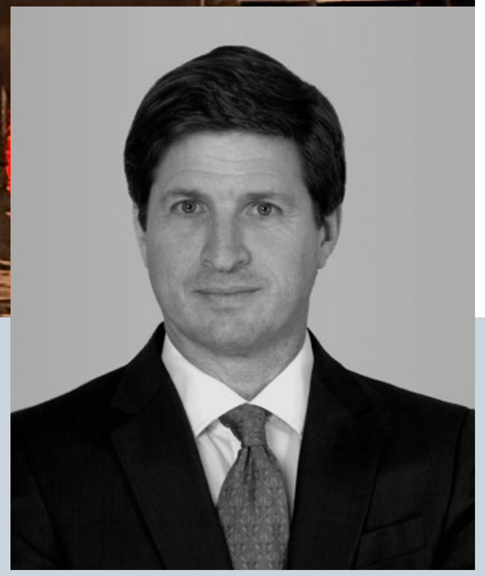
The Brazilian economy was in a recovery path, recording three consecutive years of growth until the start of COVID-19 outbreak in 2020. The country registered 1.31% of growth in 2018, due to a liberal reform agenda aimed at fiscal balance. Moreover, the reduction of the interest rate (SELIC) target and the controlled inflation (closing 2018 at 3.67%) were also important issues for the GDP growth. In 2019, the Brazilian economy was marked by a timid recovery and growth rates have slowed down, with the GDP growing 1.1%. Nevertheless, the construction sector had the first high result since 2014, mainly due to the real estate sectors likewise residential, logistics and office. After three years of growth, the GDP closed out at -4.1%. Taking into consideration these points, the economy in 2020 was affected by a shock on the demand and supply side, something unusual in the financial crises.

Facing a trade-off between economic balance and prioritizing health, the Brazilian government adopted expansionary measures aimed at mitigating the impacts of the pandemic. Thus, there was a high injection of liquidity (SELIC target at the historic low of 2% p.a.) and an increase in public spending. These measures had the goal of stabilize the economy in the short term. However, such expansionist policies will have a high cost in the long run, especially in a country that already had a fiscal gap. Moreover, all those facts will challenge the government to balance the public debt, employment, inflation target, investments and consumption redemption.

Celina Antunes
CEO South America

The COVID-19 outbreak hits all countries across the globe. The Brazilian government responded through monetary and fiscal policy to aim the economy and mitigating the economic impact. Alternatively, Brazil continues with its historically lowest interest rates, which contribute to Investment Funds (REITs) keep their allocation in an order to capture the corporate market rebound. São Paulo´s market started to deliver a large amount of new inventory due to massive investments in the past years. Additionally, Rio de Janeiro still building its way toward recovery.

Buenos Aires´ office market is structurally undersupplied, which has historically led to low vacancy rates. Within the limited inventory, companies have a preference to lease those of highest quality to house a sophisticated, highly educated labor force. Local tenants have recently increased their occupancy, especially technology companies that have expanded in other markets and geographies.



Herman Faigenbaum
Executive Managing Director Southern Cone

ECONOMY
ARGENTINA

Argentina started the pandemic in a complicated scenario in terms of economic activity. After two consecutive GDP falls of -2.6% and -2.1% in 2018 and 2019, the emergence of COVID-19 allied with the government measures forced entire sectors of the economy to practically stop production. The GDP for the second quarter of 2020, in the middle of the pandemic situation, fell by -19.1% annually. Inflation is contained when compared to the levels shown in 2019. Moreover, the annual inflation registered a clear decrease since January, going from 53.8% to 36.1% (end of period). The slowdown is explained by the sharp drop-in economic activity, the absence of wage negotiations and the significant number of suspensions and layoffs, as a result of the outbreak. The uncertainty about the economic and health direction of the country continues to be present. The reaching of an agreement with external creditors and the current negotiations with the IMF brought the country to calm times, but it is unclear if this will be the beginning of a sustainable growth path. For the last quarter of 2020, an acceleration of the monthly inflation rate was expected, driven by the economic recovery and the increase in liquidity, due to the necessity to solve the fiscal deficit.

ECONOMY CHILE

The economic outlook predicted a full recovery in 2021, the unfavorable scenario in 2020 was due to the fall in trade flows and the global economic recession that would particularly affect China's expansion, and with it, the price of copper. Chile experienced a recovery in GDP and closed out at 2.40% this year, also Chile is the only analyzed country to keep growth in 2020. Furthermore, the projection is around 5.5% to 6.5% for 2021 and 3% to 4% for 2022.

The "step-by-step" plan has allowed the government to have a better infection control, giving the path to a gradual reopening of commercial premises, which, together with the pension funds withdrawal, have pushed a temporary increase in consumption. However, there is still uncertainty regarding to economic impact of a new full lock-down due to a third wave, which could significantly compromise the economy recovery and have consequences on the well-being of families and the feasibility of several businesses.

The December fiscal and monetary policy report, states that "China has led the recovery, with several indicators that equal or exceed pre-pandemic levels", which has positively impacted the price of copper (USD 3 per pound), due to the high demand for refined copper in the country, projecting higher levels for the next two years (USD 3.15 per pound).

Ariel Benzaquen
Chile Country Manager

"As the government has provided incentives for economic revival and for the health control, together with the arrival of the vaccine, there will be more certainty in the following months regarding how recovery will look like in the future. This will be the key for projects that are currently under construction and for vacancy indicators, as the latest estimation shows that it could reach 10% in a worse scenario."

ECONOMY
COLOMBIA

2021 is a year of challenges and opportunities, as a result, the Colombian government has a series of measures to create investment opportunities and business climate. Additionally, it has promoted initiatives related to tax incentives, modernization processes, construction incentives, support for electronic commerce, free trade zones, and franchises. Moreover, it is expected that with the economic reactivation initiatives and the vaccine roll out, the country's economy will activate faster, helping the occupancy of class A offices not to decrease and allow construction companies to continue the projects that are currently under approval and/or in process, counting around 800.000 sq.m for the upcoming years."

Juan Delgado
Colombia Country Manager

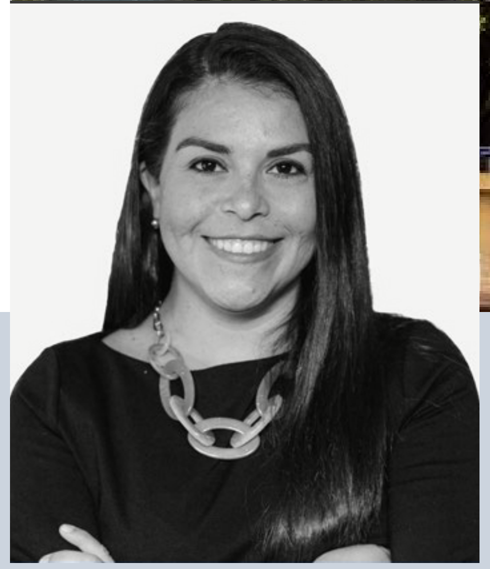
The economy began its recovery process in the third quarter of 2020, after having contracted -15.8% in the second quarter of the year. Moreover, in the fourth quarter it decreased by 3.6% compared to Q42019. In overall, the GDP contracted by 6.8% in 2020. The real estate and the financial sector were the least affected by the COVID-19 outbreak. Urban unemployment had an unusual growth in 2020, going from 11.5% in February, to ending the year below 20%. Import and export contractions were lower than expected and the trade deficit remains. For 2020 a fiscal deficit of -8.9% of GDP is expected and -7.6% of GDP in 2021.

On the other hand, to stimulate the economy and help it to emerge from the crisis, an expansionary monetary policy has been carried out: the market has been given liquidity and interest rates have been lowered. Currently, the inflation is under control, also the Standard and Poor's granted the country a BBB- level. There is a relative optimism regarding GDP growth expectations for 2021, which is around 3.39% (year average).

ECONOMY
PERU

After several years of sustained growth, Peru's economic activity suffered the largest GDP contraction compared to other countries in the region during the outbreak, the government applied a more severe virus containment measures, therefore, a greater number of activities were paralyzed and a restrict national quarantine lasted over 100 days. The stoppage of activities directly affected the employed population, while social immobilization made job finding and the reincorporation to the labor force more difficult, which contributed to increase the unemployment rate above 10%.

However, with the progressive resumption and the application of monetary and fiscal stimulus, the GDP started its recovery from the fall of 39.2% registered in April 2020, additionally a growth over 10% is expected for 2021, the best among all the analyzed countries in the region. Despite the scenario of the first half of 2020, inflationary indicators remained within the target range (1% - 3%) established by the Central Bank, an entity that has also been in charge to maintain the stability of exchange rate between the local currency (Sol) and the US dollar that closed out the year with a 9% growth. Furthermore, the political scenario and the proximity of the second round of the presidential election process (June 2021) will form an essential part of the future economic and political course for the next 5 years.



Aissa Lavalle
Peru Country Manager

"Considering the current events, Peru's position has been one of the most impacted in the region. Despite political and economic changes during 2020, Peru remains one of the most attractive countries for investment, mainly related to the real estate sector. Thus, with the recent booming of corporate market in surface volume and asking rent values per sq.m, the expectation is that the continuous investments in the office sector, retail and industrial markets will reflect a higher return than other South American countries. As a result, this will continue to generate a particular interest for local and foreign investors to analyze and participate in the options currently presented by the market."

03 REGIONAL ECONOMIC FORECAST

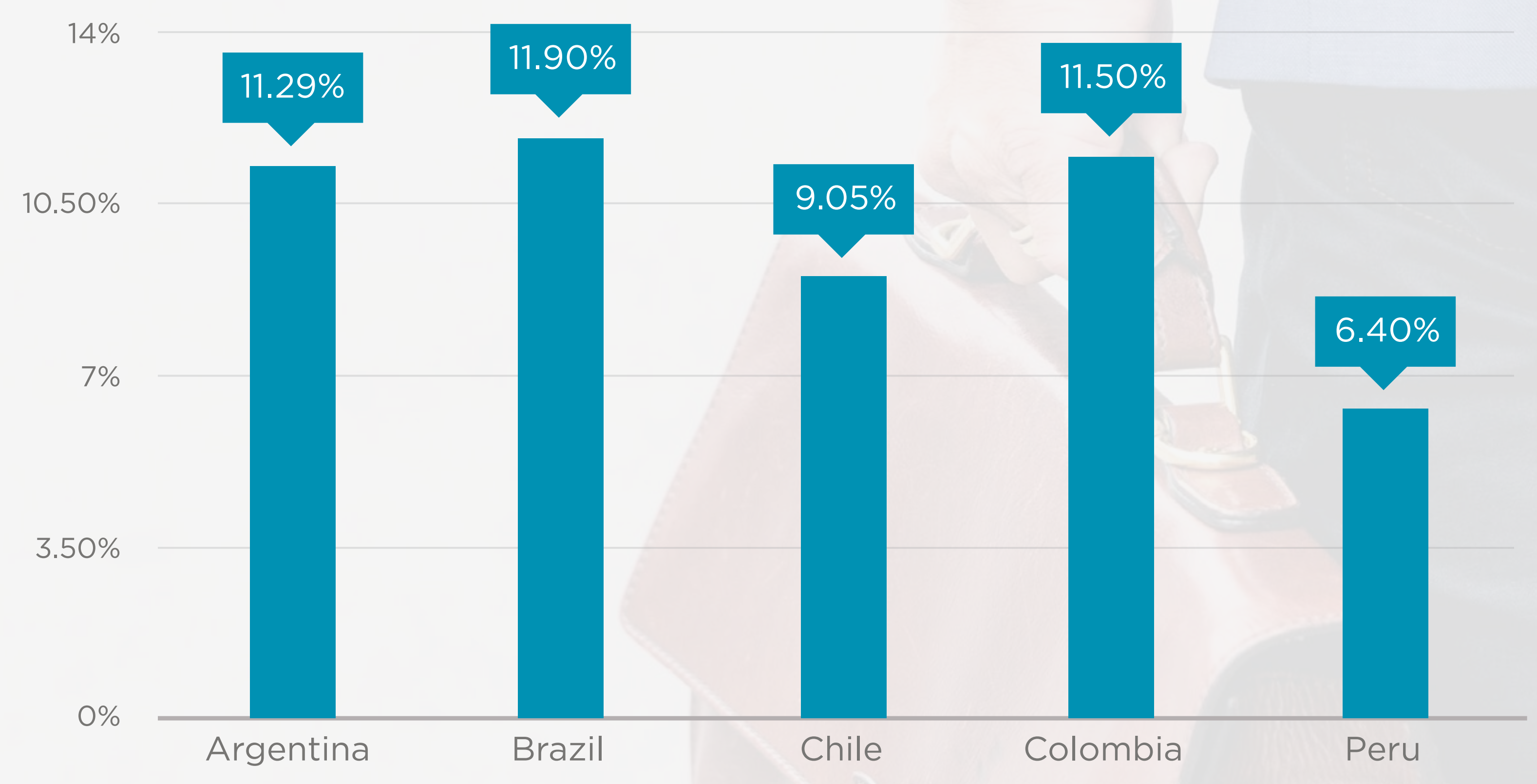
REGIONAL ECONOMIC FORECAST

In the short term, South American countries are likely to be positively impacted by the efficiency and distribution of the Covid-19 vaccine. In addition, the recently elected U.S. President, Joe Biden, should restore a better relationship with South American countries. Furthermore, the economic situation and the consequent devaluation of assets of the countries analyzed creates a favorable scenario for developed countries to carry out long-term investments. Therefore, these events will impact in the foreign capital flow, and the country's export.

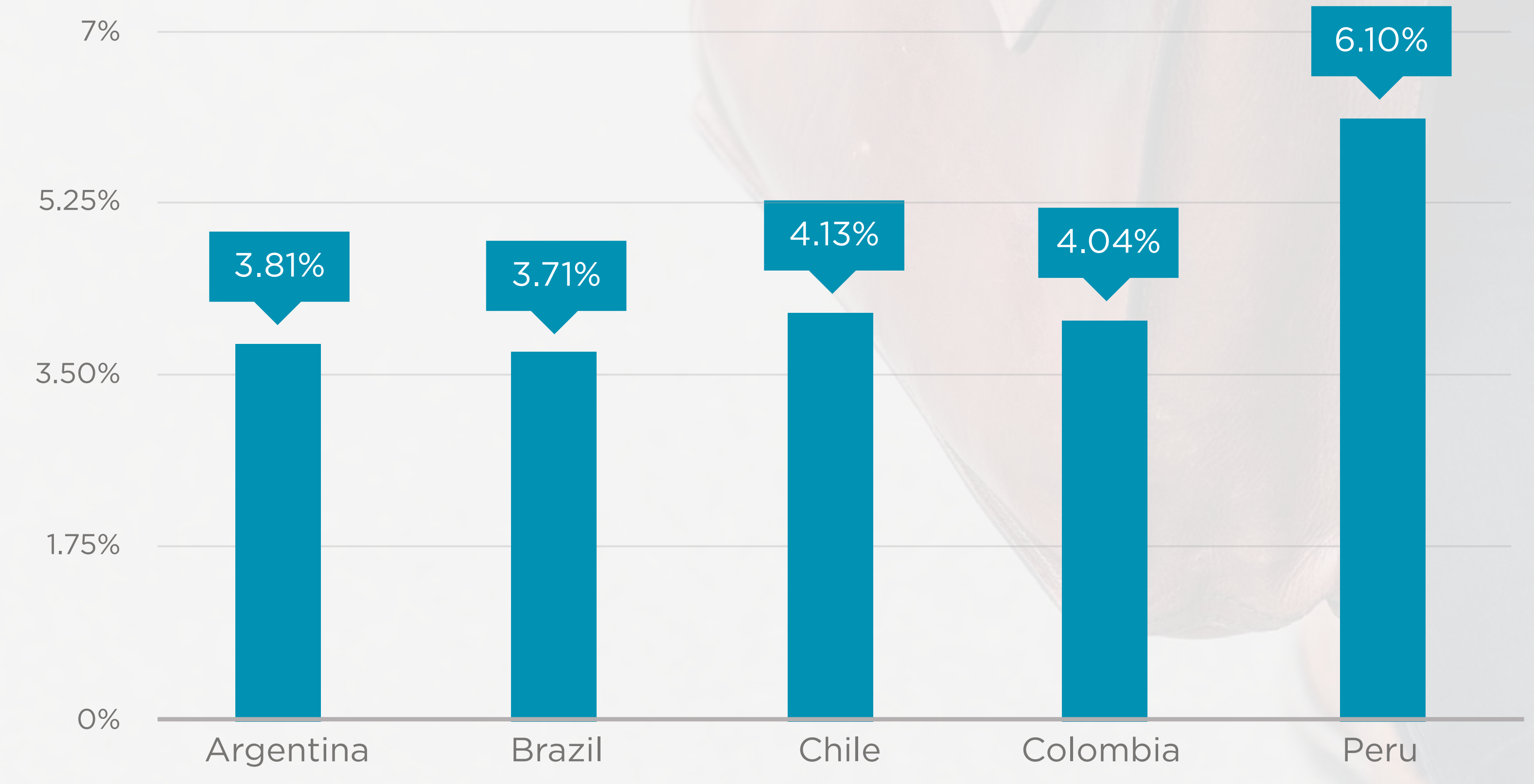
After the significant GDP decrease in 2020, the economies are expected to experience a progressive recovery from the losses caused by the pandemic in the following years. However, this recovery may seem lower than others in developed countries. The monetary policy implemented in the outbreak have accelerated the downward trend of the nominal interest rates shown in recent years, therefore it is expected that the rates remain at low levels for the next few years, except for Argentina that is experiencing a more complicated situation.

Furthermore, having experienced a lack of dynamism in economic activity that resulted in the reduction in CPI inflation, the analyzed countries, except Chile, expect average inflation to remain low and controlled for the next few years. Meanwhile, Argentina will maintain the same high levels it has been experiencing but with a downward trend. Finally, in overall the unemployment rate increased due to the pandemic impact. As a result, these countries will face some difficulties for future recovery and this indicator may remain in high levels for the next years. Despite this scenario, Peru and Chile are the countries with the highest recovery power, forecast of returning to pre-pandemic unemployment levels in a couple of years.

AVERAGE UNEMPLOYMENT RATE (2021-2014)



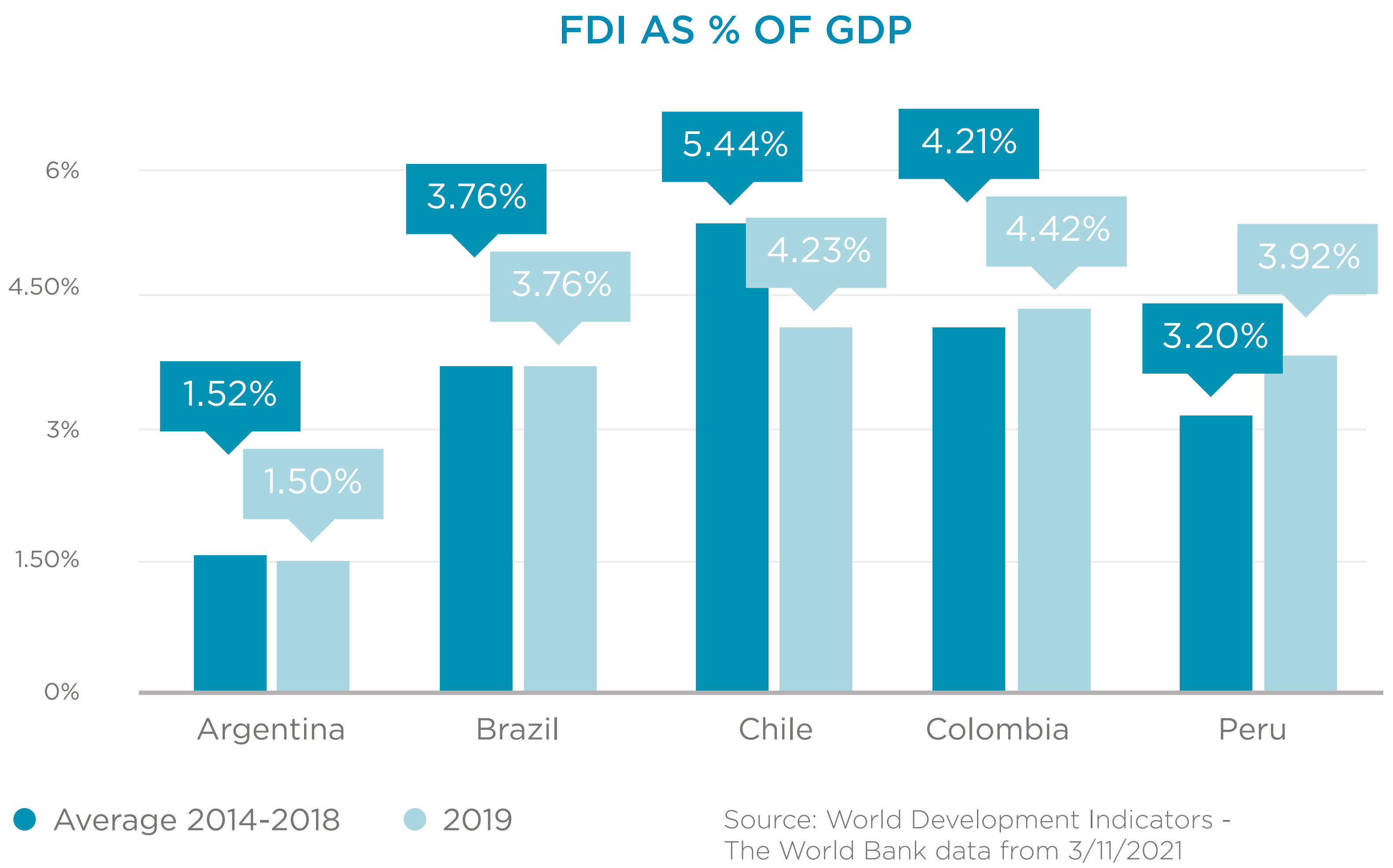
AVERAGE GDP (2021 - 2024)



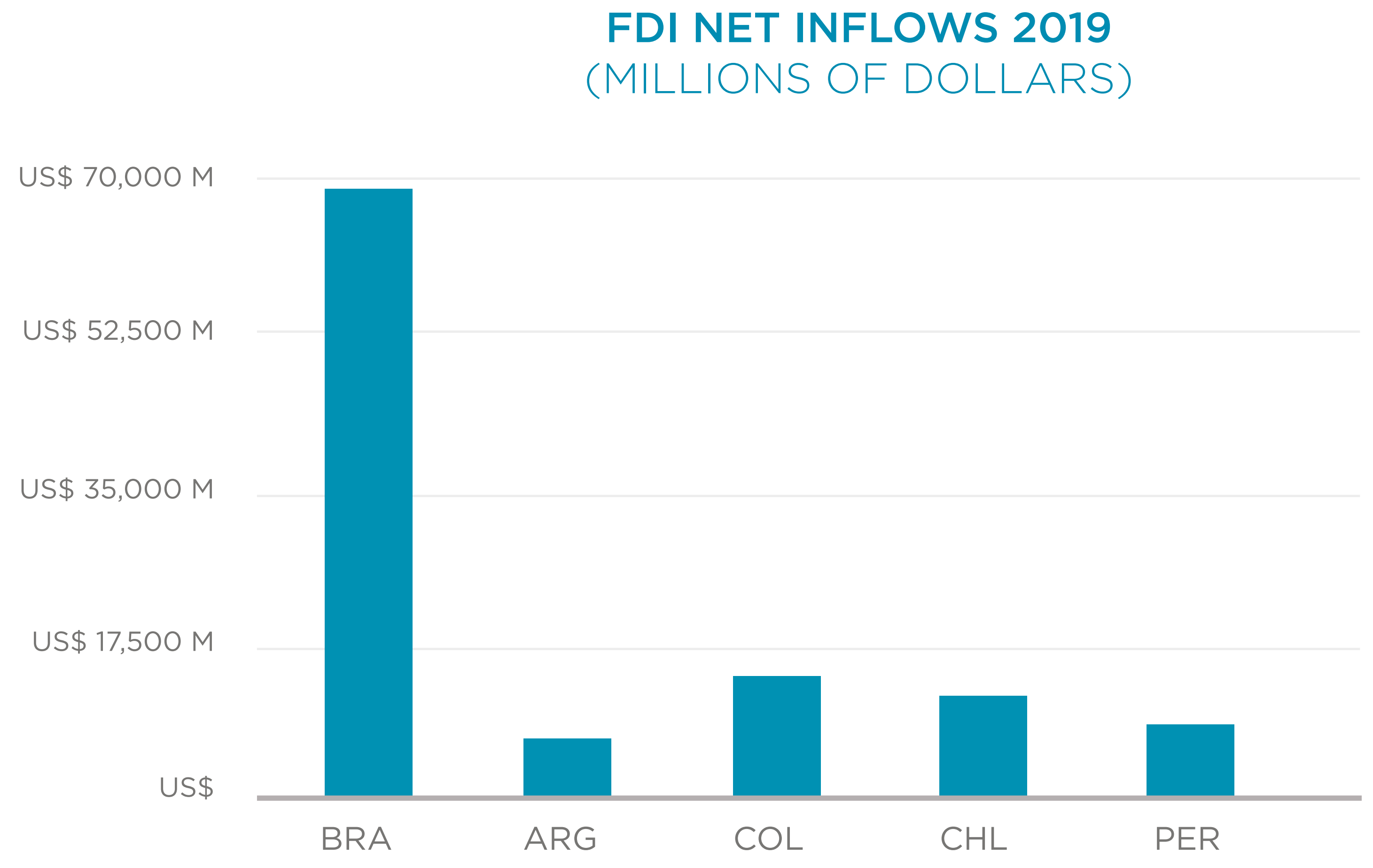
Source: Moody's data from 03/10/2021

04 CAPITAL MARKETS

CAPITAL MARKETS



Source: World Development Indicators - The World Bank data from 3/11/2021



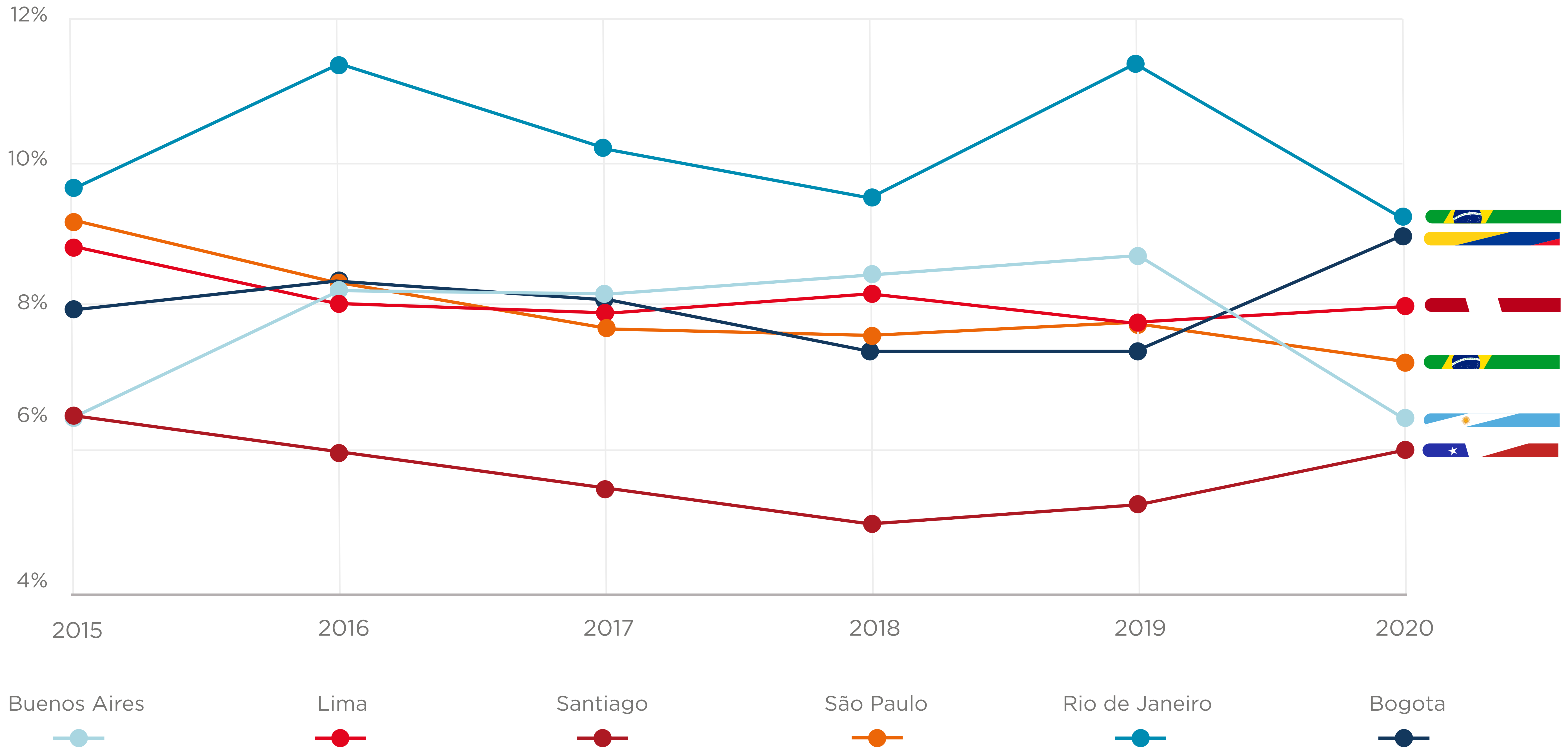
Source: World Development Indicators - data from 3/11/2021

Analyzing the investment market in general, in 2018 Brazil received approximately US$ 78.16 billion of foreign investments, while in 2019 the value was US$ 69.17 billion or 11.5% down. The other countries in the region had significant differences in FDI (Foreign Direct Investment) in both years 2018 and 2019, however, Brazil is behind Colombia, Chile and Peru in proportional FDI to GDP. It is worth mentioning that Chile and Colombia closed 2019 with interest rates average of 2.49% and 4.25%, respectively, while Brazil and Argentina had an annual average of 6.04% and 65.42%, respectively. Thus, it must be considered that Chile and Colombia demonstrated more capacity to raise funds than Brazil and Argentina in 2019, even though they presented lower interest rates. Besides that, the FDI average proportional to GDP 2014-2018 of Chile and Colombia is also good, which means that the performance is not restricted to 2019. Moreover, the FDI proportional growth of Chile and Colombia is related to the reduction of their interest rates in historical series. Peru, despite receiving less investment than Brazil in absolute values, presented a similar performance in terms of proportional FDI, also demonstrating its efficiency in raising funds.

The 2020 global economic crisis encouraged governments to lower or keep their interest rates to contain the impacts of COVID-19 in the economy. Thus, the 10-year North American T-Bond registered a significant decrease, -1.26 percentage points, considered the biggest contraction in the last 6 years This measure means an incentive in Real Estate Investment Trusts (REITs), because of the reduction in interest rates implies a disincentive to fixed-income investments, as a result, the average cap rate of the South American corporate market contracted from 2019 to 2020, leaving 8.08% and reaching 7.68%. Furthermore, the lower T-Bond yield made the spread between Cap Rate and risk-free Bonds larger. Besides, the low risk of investing in T-Bond may not compensate the lower yield, so investors seek other markets. Consequently, emerging countries can be favored of T-Bond yield reduction.

In 2020, among all the cities analyzed, it should be noted that most of South American's countries were strongly impacted by the exchange rate. Therefore, Brazil, Chile and Colombia work with their local currency, which depending on the city have experienced rental increases, such as São Paulo where rents increased 13,33% (YoY) at local currency but have decreased in dollar terms by -12% (YoY). Non-dollarized markets,

AVERAGE CAP RATE (ALL CLASSES)*



*Cap Rates are merely indicative and may not reflect accurately current pricing due to lack of transaction in some countries.
Note: Cap rates reflect A buildings in CBD and NCBD regions

Source: Cushman & Wakefield

such as São Paulo and Rio de Janeiro, presented an important growth in their Capital Value in local currency, about 7% (YoY) and 21%(YoY), respectively. Thus, it is worth to mention the solid appetite by the local REITs in recent years, reflected either by cap rate compression and/ or effective rental price growth.

Differing from São Paulo city, Rio de Janeiro's rental price decrease, but with a strong compression in Cap Rate as well. Moreover, the city showed a reduction in dollarized Capital Value, around -6.30% (YoY), which could lead us to understand that the assets traded in 2020 were extremely impacted by the FX when compared to the assets traded in 2019. Therefore, due to some important transactions with fully leased buildings, Rio de Janeiro registered a cap rate contraction from 11.45% in 2019 by 9.29% in 2020.

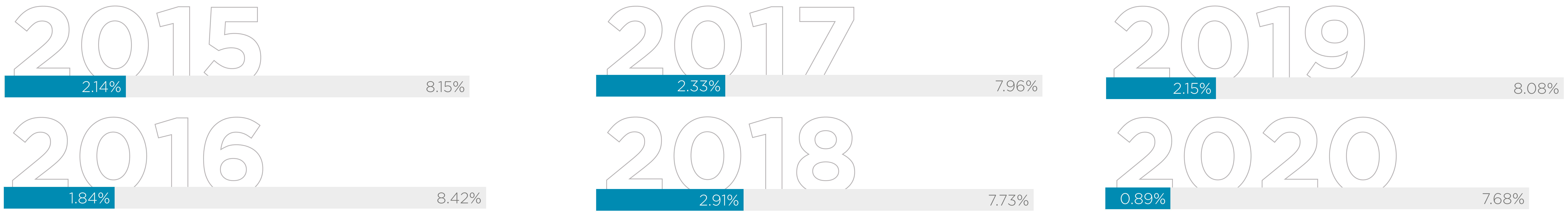
Buenos Aires was the market with the biggest drop-in cap rates, about -2.25 p.p. contraction. Moreover, the city registered a significant growth in Capital Value of 32.5% (YoY), shows the investor appetite in 2020 were much better compared to 2019. However, closing prices slightly decreased due to pandemic impact in the vacancy rate. It is worth mentioning that the main driver for this cap rate compression is the dollar's restriction in Argentina, and the impossibility to distribute dividends outside of the country, converting CRE in a wealth preservation instrument for multinational companies "stuck" with pesos in a high inflation environment.

On the other hand, Bogotá had the highest YoY growth in cap rates, corresponding to 1.50 p.p. Thus, in contrast to Buenos Aires market movement, the investor appetite was affected by the uncertainties in 2020, for this reason the Capital Value decreased by 9.1% (YoY) in 2020. Nevertheless, when converted to Colombia Peso, the Capital Value presented a minor decrease of 3.1%(YoY).

Finally, in cities such as Lima and Santiago, where the YoY changes in Capital Value were -2.9% and -13.9%, the cap rates presented a YoY change of 0.25 p.p. and 0.75 p.p. respectively. Furthermore, Santiago continues to register a decrease of the Capital Value in local currency, of about -18.1%.

SOUTH AMERICA CAP RATE VS USA TBOND 10 YEARS

Source: Cushman & Wakefield; Moody's



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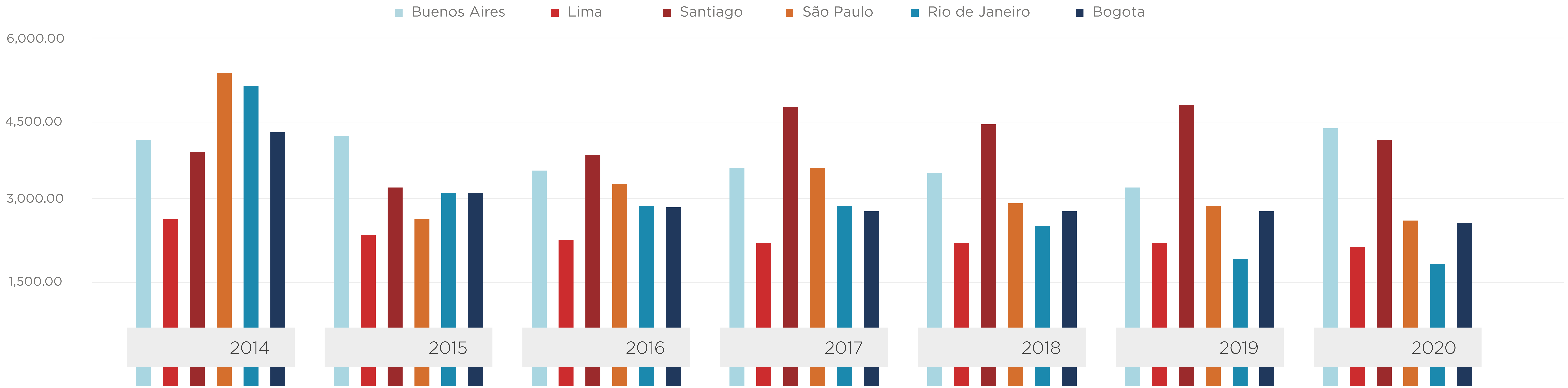
Average Cap Rate US T-bond 10 years

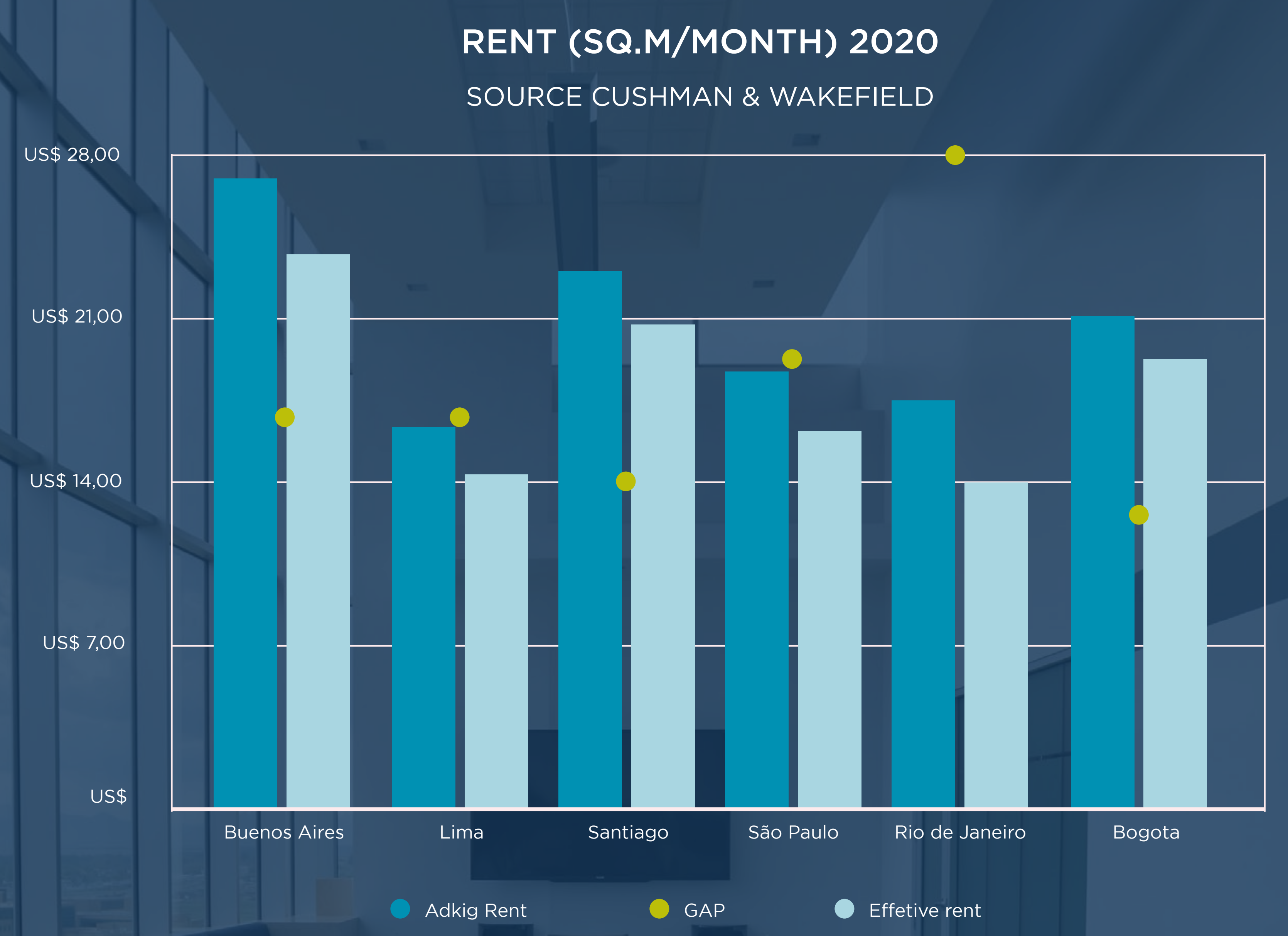
CAPITAL VALUE (USD/SQ.M)



Source: Cushman & Wakefield

05
OFFICE

> The 2020 pandemic brought uncertainty about the future of the offices…”

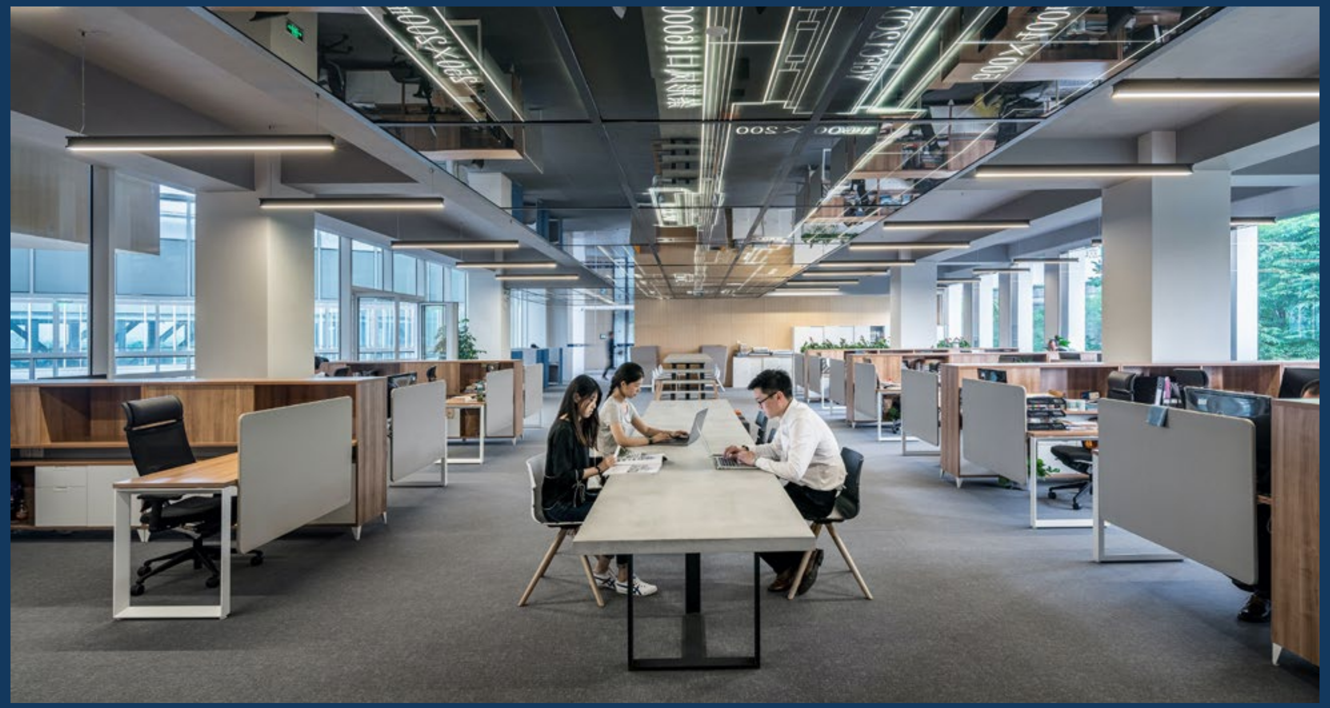


Office

OFFICE

The 2020 pandemic brought uncertainty about the future of the offices, because of the possibility of companies adopting the hybrid model. However, Real estate market tends to be more resilient during the crisis, mainly because it is a sector with long term contracts. Unless there are markets in an oversupplied scenario, which will contribute to increase the availability space with favorable situation to the tenants.

Buenos Aires was the most affected city due to the significant increase in vacancy rate, which went from 7.3% in 2019 to 12.9% in 2020, followed by Bogota, that also experienced a growth of this indicator



resulting in 13.6% in 2020, after reaching 9.3% in the previous year. Moreover, the prime office market among other South American countries were less affected, however, experienced a slight increase as well. Except for Rio de Janeiro, that continues to register reductions in the long run. It is worth to mention there are several leases in prime buildings that have been done throughout 2020 and may not be linked to the pandemic, but rather to locations that were already planned or due to flight-to-quality opportunities.

The different moments of the cities in the real estate cycle can be measured by various proxies, such as supply, demand, vacancy rate, also the gap between the effective rent and the asking rental prices. Thus, the acceleration of vacancy rate in Buenos Aires caused a rising gap, from 10% in 2019 to 12% in 2020. In turn, Bogota is in a favorable moment for landlords, as the asking rent is going up and the gap is decreasing. Lima was the city that suffered the least volatility and maintained the gap of 12%. Furthermore, Santiago had its biggest gap since 2015, reaching 10%. Finally, São Paulo presented an outstanding performance in the asking rent in local currency, however, the exchange rate had a strong impact and closed the year 12% (YoY) down. Moreover, São Paulo's' gap increased to 14%, while Rio de Janeiro did not have significant changes in the gap, but experienced downturn rental price in local currency of -5% (YoY) and by the exchange rate in -26% (YoY).

SÃO PAULO

OFFICE

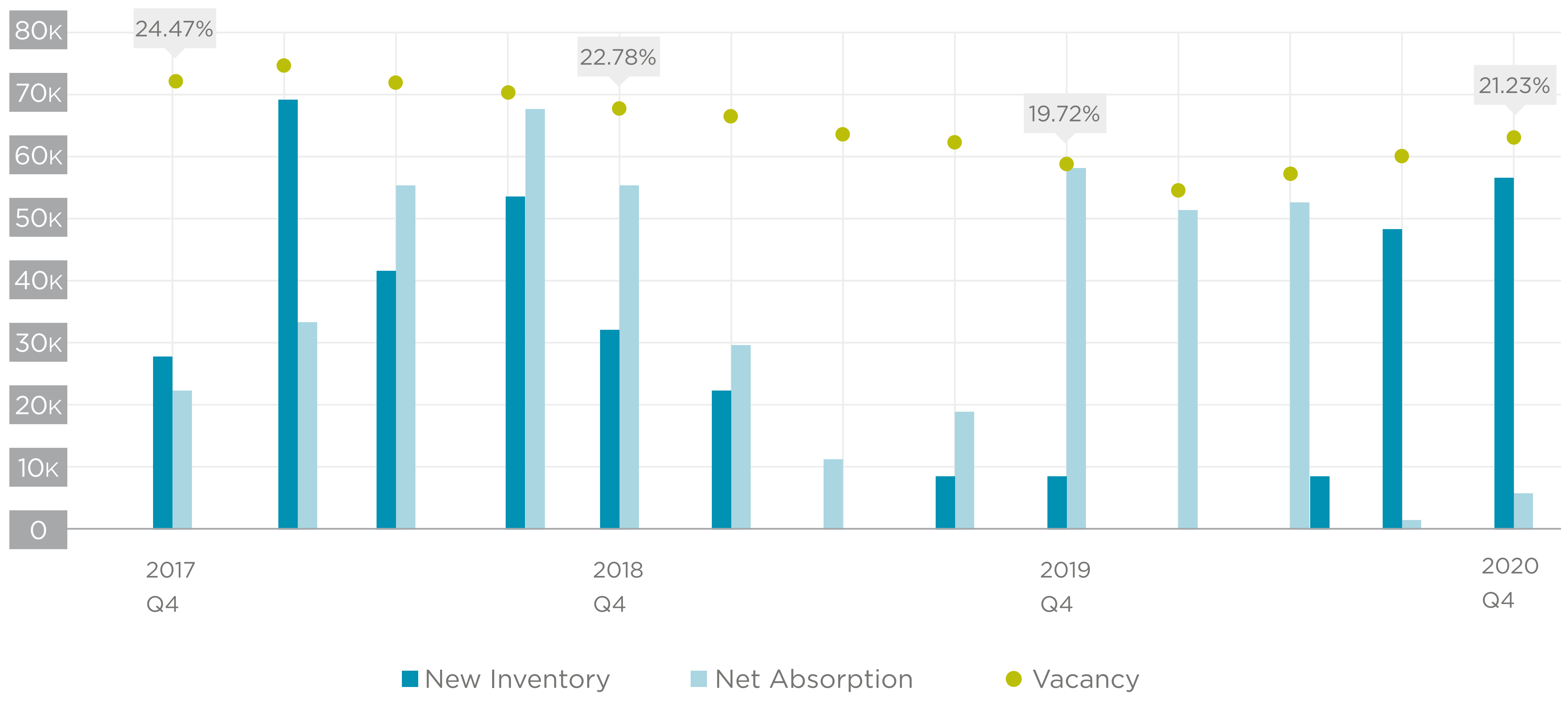
The economic center of Brazil, after a period of crisis that culminates in the city's highest vacancy rate of 28.25% in 2016, observed a process of economy recovery after the Presidential impeachment in the same year. Therefore, São Paulo attractiveness increased, stimulating the Real Estate industry, with several companies targeting expansion processes and the flexible space/coworking sector gaining strength in the region. Thus, the vacancy of the prime offices of São Paulo closed 2019 at 19.72%, evidencing the city's recovery.

After an optimistic forecast for the prime offices market in 2020, the pandemic halted the sector's resumption in the second quarter of the year. As a result, the most populous city in South America, after two years at a downward trend, reached a vacancy rate of 21.23% at the end of the year, almost returning to the second quarter of 2019 level.

Although the net absorption of 70k in 2020 was lower compared to recent years, as the world faces a sanitary and economic crisis, the result was good.

Furthermore, after a few projects delivered in 2019, the new inventory returned to grow to 166k. The highlight was the delivered of Birmann 32, with a gross rentable area of 50,661 sq.m. The year was also marked by some major transactions. For example, the Morumbi Corporate - Diamond Tower was purchased by BTG office fund, corresponding to an area of 36,918 sq.m and a cap rate of 7.25%. Moreover, as the pandemic delayed several projects in the city, some new completions were postponed to 2021.

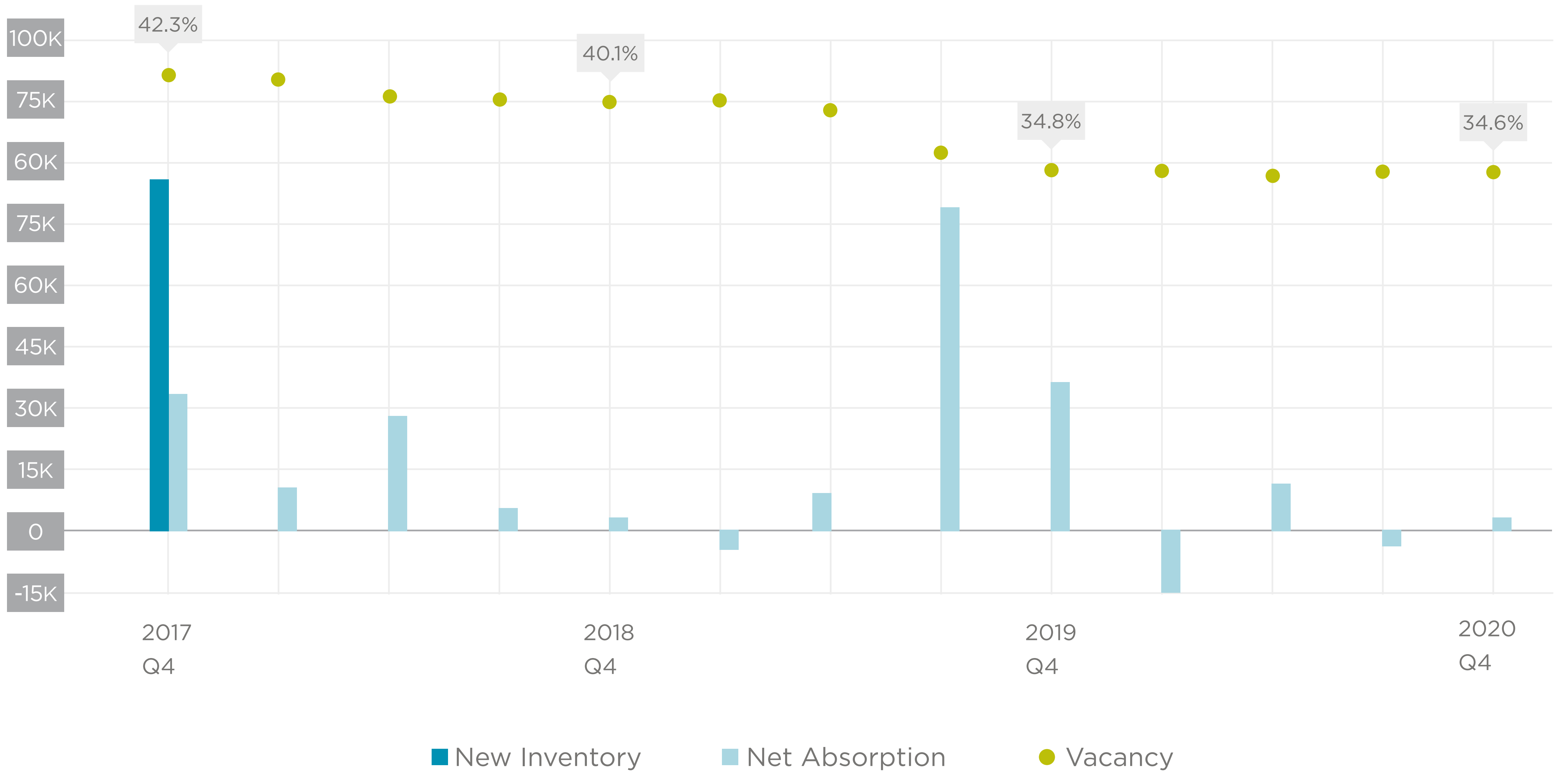
SÃO PAULO CBD/NCBD AA+



CBD/NCBD AA+	ASKING RENT* USD/SQ.M/MONTH
São Paulo (USD)	2020
Asking Rent	18.86
GAP	14%
Effective rent	16.25

*Net (excluding cond/municipality tax/insurance)

RIO DE JANEIRO CBD/NCBD AA+



OFFICE

RIO DE JANEIRO

Rio de Janeiro suffered a major crisis in the last decade, based on the country's recession in 2014 and the local government's fiscal debt. In addition, the involvement in "Lava Jato corruption operation" where several companies had large real estate projects in the city, mainly in the "Zona Portuária" – a new corporate major market; combined with the decline of oil prices, devastated the Oil & Gas sector in the city, all these issues negatively reflected in the vacancy rate that closed out at 42.32% in 2017.

In 2019, there were signs of a gradual recovery, with the vacancy rate at a downward trend, mainly boosted by financial, insurance, health care, fintech and energy companies that occupied a significant amount of corporate space in the city, so the vacancy rate closed at 34.76%,

In 2020, the sanitary crisis changed the optimist scenario and caused uncertainties, because it was a health crisis that precluded offices to function properly. However, Rio de Janeiro showed a slight decrease in the vacancy rate of 0.17 p.p., reinforcing the continuity of long run recovery. Nevertheless, with the unfavorable economic scenario faced by the country with COVID-19, landlords had to stop their constructions and new projects continued to be postponed, consequently the new inventory was zero for the third year in a row. Despite this, as constructions tend to last a few years, the lack of new completions can lead to a range of opportunities in the region. Finally, the net absorption closed almost at 3k. Although the low value, the positive result shows signs of continuous improvement to the city, which has been presenting positive figures since 2017.

CBD/NCBD AA+	ASKING RENT* USD/SQ.M/MONTH
Rio de Janeiro (USD)	2020
Asking Rent	17.57
GAP	20%
Effective rent	14.06

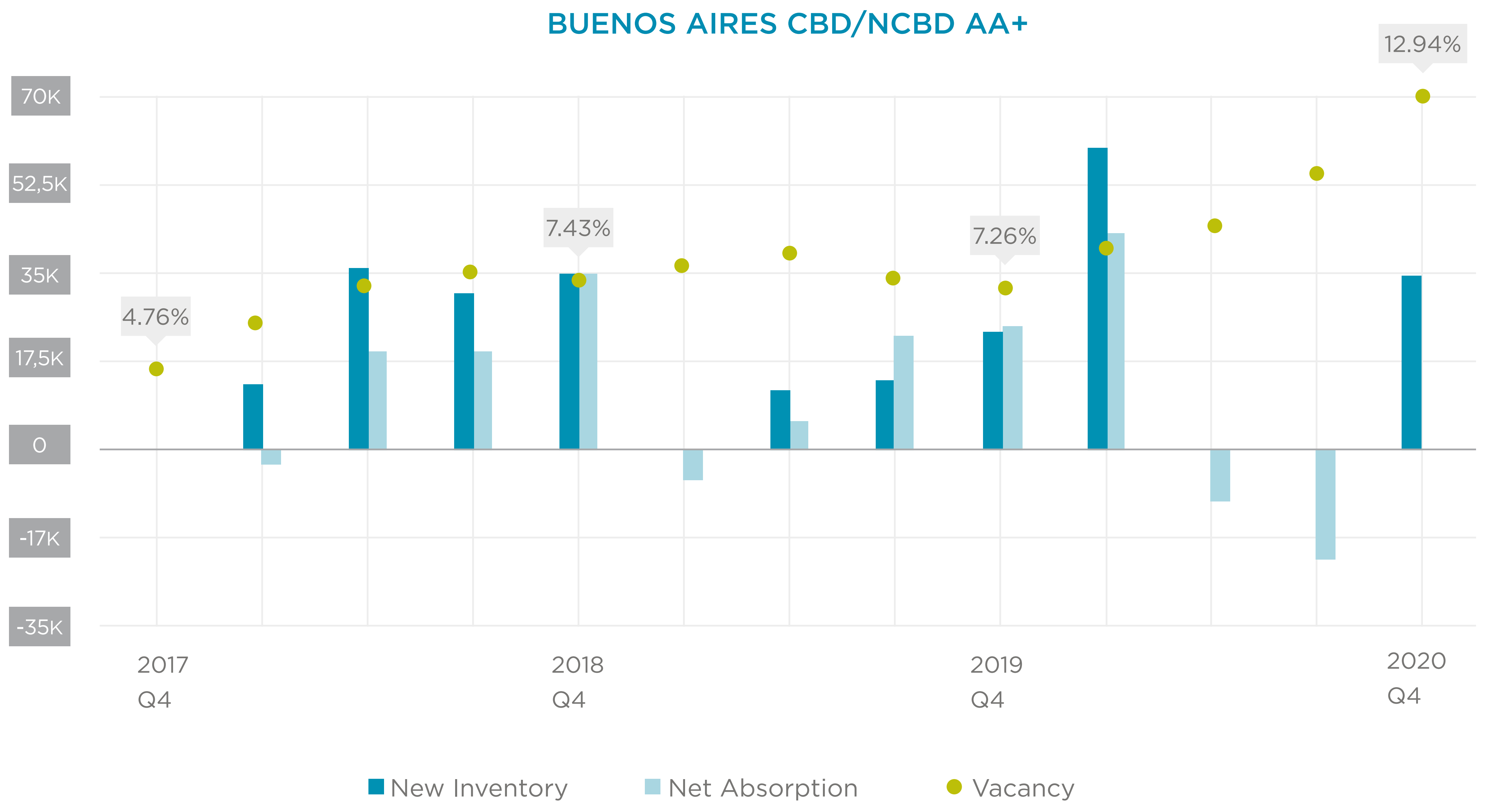
*Net (excluding cond/municipality tax/insurance)

OFFICE

BUENOS AIRES

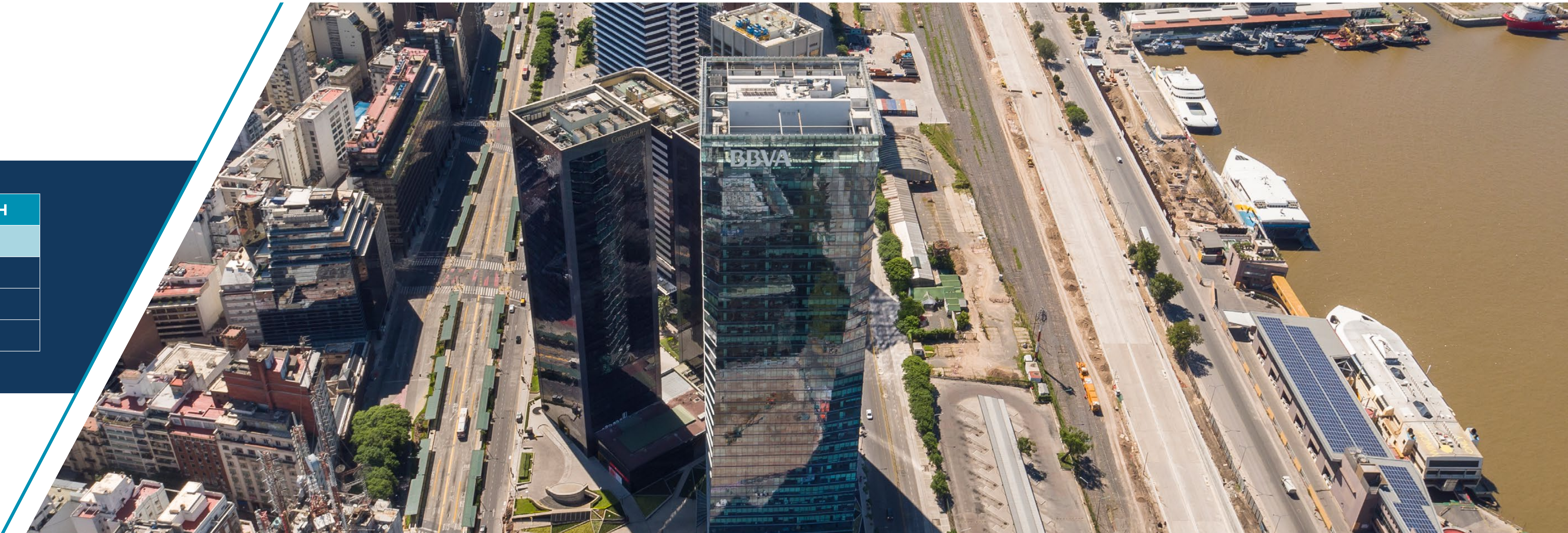
2020 ended with a more active demand in a market that was mostly affected by the restrictions of the pandemic for a long part of the year. The vacancy rate closed out at 12.9%, strongly increased its value compared to the previous year. The rising vacancy contributed to an extension in the negotiation margin and flexibility in the closing rent, in addition to better delivery conditions of space that does not imply important investments to be occupied, were the key points for the lease transactions in 2020. On the other hand, during the second half of 2020, several important acquisitions and sale operations were registered, mainly due to the exchange restrictions for multinational companies which have decided to diversify, dollarizing their excess of Argentinean pesos through the acquisition of class A offices. The annual net absorption reached a total of 9,911 sq.m, in part registered in the new buildings like 200 Della Paolera and Centro Empresarial Libertador, therefore, the majority of demand concentrated in the NON-CBD region (62.9%).

The new availabilities in the north of the city opens the perspective towards this area, proposing new possibilities for companies that seek to relocate in less traditional places with high-tech buildings and greater recreational benefits. Regarding to the under-construction activity, it is worth to mention that is expected to increase the total inventory of class A in 14.7% by 2023, although that could be delayed due to the COVID-19 protocols that had to be implemented in the construction industry. Furthermore, there are other projects/proposed developments with 622,095 sq.m by 2030. Forecast are placed on the submarkets where there would be the highest growth: Zona Dot (+104.6%), Catalinas-Plaza Roma (+67.3%) and Corredor Panamericana (+47.7%).



CBD/NCBD AA+	ASKING RENT* USD/SQ.M/MONTH
Buenos Aires (USD)	2020
Asking Rent	27.14
GAP	12%
Effective rent	23.88

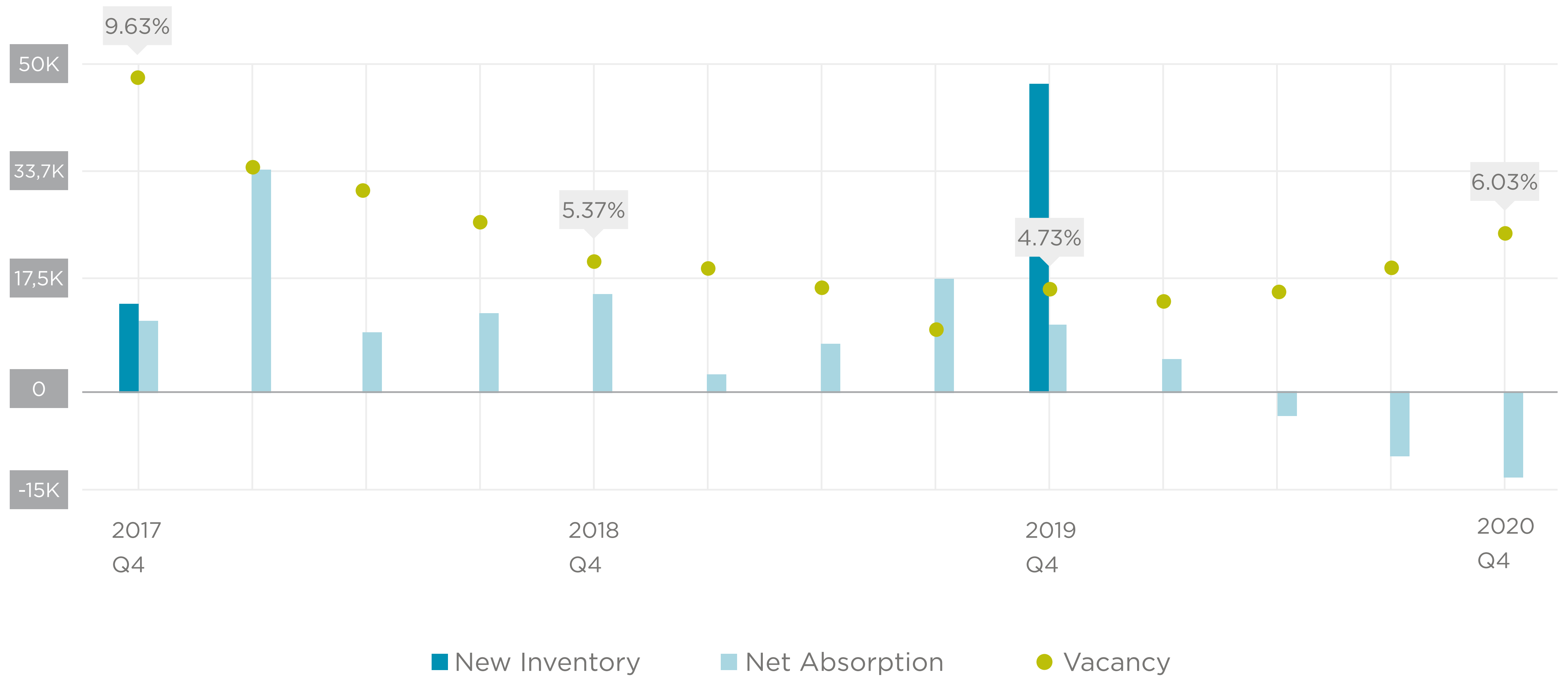
*Net (excluding cond/municipality tax/insurance)



OFFICE

SANTIAGO

SANTIAGO CBD/NCBD AA+



The class A office market has been stable in face of recent events such as the social strikes experienced in October 2019 and now the COVID-19 outbreak. The vacancy levels closed out at 6.03%, also it is worth to mention that Santiago did not have completions, likewise the full year of 2018 and the first three quarters of 2019, which helped to pressure down the vacancy rate to reach the lowest level ever achieved, 3.7%. Moreover, the fourth quarter of 2019 registered the largest completion since 2017Q1, about 47,393 sq.m, as a result, the vacancy rate increased and since then it maintained the upward trend in consequence of the negative net absorptions in 2020.

Finally, there are three effects of the pandemic impact in Santiago:

i) the first one corresponds to the reduction of the leased area, by 72% (YoY), explained in part by the decrease in sales by companies and uncertainties; also, it is projected if 2021 reaches similar levels, it could strongly impact the vacancy rate to reach near 11%;

ii) the second corresponds to the postponed projects and under construction buildings, that were planned to be deliver about 74,171 sq.m in 2020, but were transferred to 2021, adding a total of 116,189 sq.m by the end of the year;

iii) Finally, working from home (WFH) also impacted the use of office area, which has led to increase the subletting surface. Although it is not considered a "traditional" lease, it provides more opportunities for future tenants, flexibility, and better economic conditions for current tenants.

CBD/NCBD AA+	ASKING RENT* USD/SQ.M/MONTH
Santiago (USD)	2020
Asking Rent	23.14
GAP	10%
Effective rent	20.83

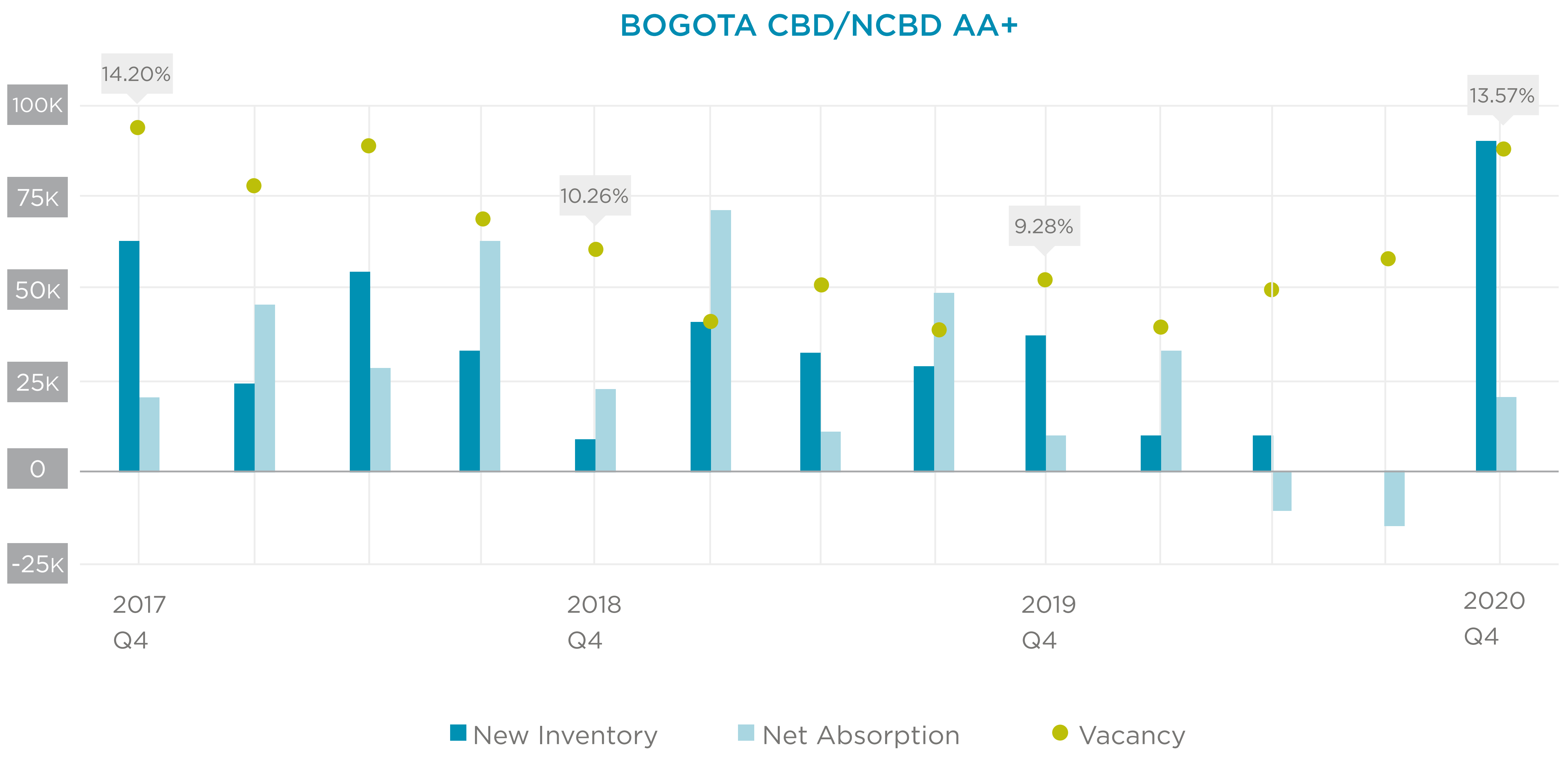
*Net (excluding cond/municipality tax/insurance)

BOGOTA

OFFICE

During the fourth quarter of 2020, most of the economic activities in the country reactivated and several companies reopened their offices following the biosafety protocols and maximum allowed capacity. Most of them continue with a flexible work scheme, also some buildings that were previously under construction, were delayed given the market situation. These events had a significant effect on the vacancy rate, as the buildings entered partially occupied, pushing the indicator up to 13.57%. Likewise, some tenants returned their spaces in premium buildings, which had an important impact on the indicator. Moreover, the city's inventory grew by 7% (YoY), reaching 1.68 million sq.m., considering the new completions of 111,134 sq.m.

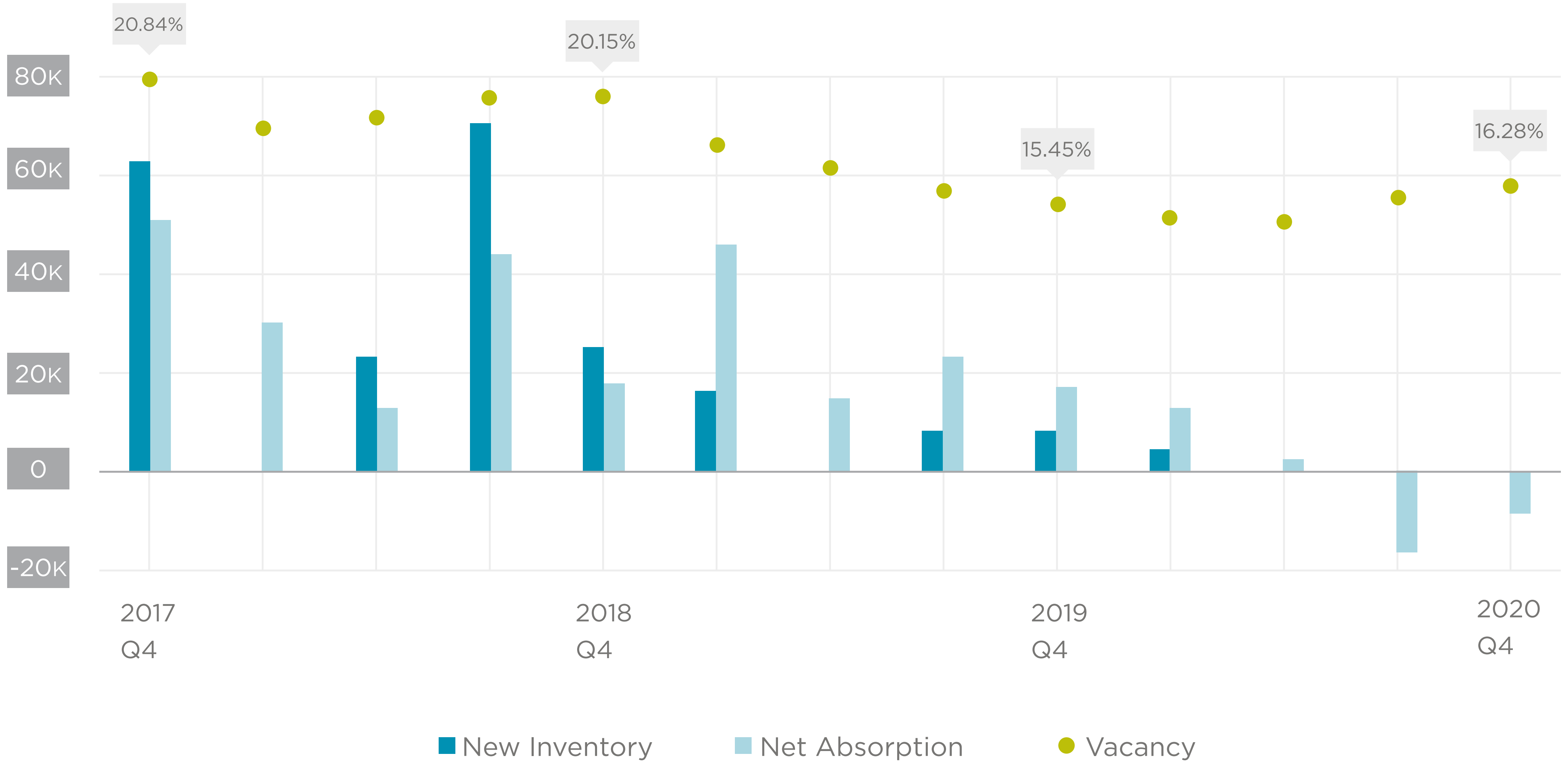
On the other hand, a positive net absorption of 21,123 sq.m was registered, driven by a significant pre-leased occupancy in a brand-new building. Furthermore, the average asking rent increased and closed out at 74.293 COP/sq.m/month, mainly due to a higher asking rent from this new completion, combined with the rental prices of recently vacated spaces, which increased in 12% (YoY) the rental price in local currency. During 2020, buildings such as Colina CE, FIC 92-11, Sequoya, Gold 8 and Gold 9 in Connecta, and Atrio Tower began operating. Currently, there are 143,490 sq.m in under construction to be delivered by 2023, plus 659,680 sq.m in project/proposed status that could enter by 2030.



CBD/NCBD AA+	ASKING RENT* USD/SQ.M/MONTH
Bogota	2020
Asking Rent	21.26
GAP	9%
Effective rent	19.35

*Net (excluding cond/municipality tax/insurance)

LIMA CBD/NCBD AA+



LIMA OFFICE

2020 began as a year where the expectations regarding the main indicators changed from the second quarter, mainly due to usual market behavior and the beginning of the pandemic. After a period of oversupply – an excessive delivery of class A surface – the market expected the vacancy rate would start a downward trend, after reaching the levels of 20.1% in 2018 to better levels around 15.5% by the end of 2019. However, the current situation turns it to an upward trend as vacancy rate increased 0.82 p.p. (YoY) combined with the pause in the occupancy decisions from several companies, this has caused an impact in the vacancy rate to grow and close at 16.3% in 2020.

The annual net absorption (-8,393 sqm) turned out with to be negative after several years of maintaining levels above 100 thousand sq.m. Despite this scenario, the asking rents remained stable around USD 16.3 per sq.m/mo., as the owners chose to adopt strategies that went beyond a price adjustment and involved contract conditions that could have a significant effect for both parties in the short and long term. Additionally, there are few projects that were in the under-construction stage and were paused by the strict sanitary measures that the government took to contain the outbreak, which delayed for up to 3 months. Currently, there are about 116 thousand sq.m under construction for the next 3 years. In this scenario, developers prefer to maintain a conservative and cautious profile for new projects and evaluate the start of construction as the market readjust.

CBD/NCBD AA+	ASKING RENT* USD/SQ.M/MONTH
Lima (USD)	2020
Asking Rent	16,33
GAP	12%
Effective rent	14,37

*Net (excluding cond/municipality tax/insurance)

OFFICE REPOSITIONING AND TRENDS

The global economic crisis experienced by the Coronavirus outbreak affected the corporate performance worldwide in 2020, as well as challenge 2021. However, the arrival of the vaccine provides a more optimistic view for the economy and, consequently, for the corporate real estate market.

Being said that, the office market should take the opportunity to reevaluate its strategies for coping with technological, workspace challenges and offer practical solutions to specific alternatives to maximize business results. After all, as many of the clients are on hold, undecided about investing, expanding or reduce their own portfolio, this is the best time to make changes and reposition the office's role for the future, with design solutions that address current sanitary concerns, wellness, efficiency, engagement, sustainability, and results. The next 6 to 12 months promise a period of continuous transition and reinvention.

In this context, some points should guide the corporate market and workspaces in the coming years:

1. The future must be engaged to the community: Having passed the experience of social isolation, corporate properties now must meet the needs of those who lives and work in the surrounding area. Physical barriers and office towers must be integrated to promote interaction between users and visitors who circulate there, and also with the community. Buildings will play their role as promoters of social responsibility and well-being, without losing sight of the concern with sustainability and the rational use of resources.

2. Health and well-being: Among the factors that are expected to impact buildings in the long term, safety in the workplace has become crucial. The new coronavirus pandemic served as a warning about the importance of ensuring that physical contact does not mean a threat. Good hygiene practices must endure. Moreover, there are already certifications, such as Fitwel, which assesses the level of health and well-being of the environment.

3. Mobility and the reformulation of common spaces: large number of people began to opt for personal transport, and micro mobility gained even more prominence. It will be necessary to reformulate the parking lots and facilitate access in order to accommodate cars, bicycles and mopeds. In large commercial centers, quick and dedicated access to bike lanes has become a differential.

Inside the buildings, the ordinances must now be automated to ensure safe and dedicated access for occupants and employees — the visitors' control and the reception of goods and food, the volume of which has reached unprecedented levels. Delivery services require specific areas of appropriate reception and storage, in addition to professionals trained to sort according to hygiene and safety protocols. Natural ventilation, fresh air, sun, and uncovered areas overlap indoors, especially as long as circulation restrictions persist, but they are certainly here to stay.

4. Reorganization of office and meeting spaces: The reality has changed, wide spaces with an open floor plan that housed several users now present a challenge regarding the positioning of furniture to ensure adequate distance and ventilation. And considering the large number of people who will continue to work remotely or on a mixed basis, smaller spaces with private rooms for rotating use and meeting rooms equipped with resources to integrate present and remote employees in real time are now preferred by corporate occupiers.

The moment demands the restructuring of commercial properties in order to accommodate the new corporate culture, contemplate the rationalization of resources and ensure the integral well-being of its users. These are trends that have been outlined for some time - smart buildings, which privilege natural resources and living spaces, meeting health requirements, and targeting the community, strengthening corporate culture and attracted the investor's appetite for a long-term exposure.

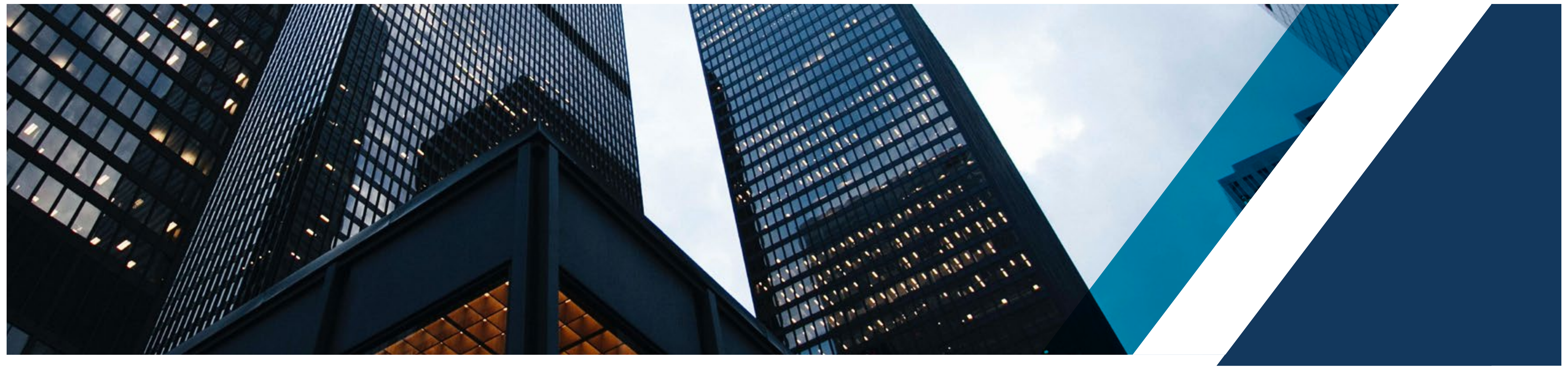
06 OUTLOOK

INVESTOR OUTLOOK

	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021
COVID UPDATE	**Second wave**	Start of immunization process	Vaccine Rollout	Restrictions lifted. Vaccine Rollout	Pandemic control
ECONOMIC UPDATE	**Severe economic recession**	**Economic recession**	High economic growth	High economic growth	Growth slows fromQ2 and Q3
OCCUPIER	**Weaker demand – vacancy rises**	Some restrictions rein stated	Demand remains cautious	Recovery build the way of optimism	Back to near normal
CAPITAL MARKETS	**Transaction volumes low**	**Investors remain cautious**	Investment activity start	Competition increases - Risk vs Return	Recovery in most markets
SUMMARY	**Low demand for properties**	**Uncertainties still in place - low start**	Recovery process – investment activity picks up	Momentum continues -building confidence	Regional growth accelerates

Worsening/ contracting	Turning point/slight improvement	Uptrend/strong improvement

The COVID-19 outbreak has been changing the economic scenario across South American countries, moreover the pandemic crisis has intensified the effects of pre-existing political, social, and economic challenges. Therefore, local governments have taken different measures in order to counteract the socioeconomic and health impacts. 2021 could be very positive for emergent assets given the combination of early vaccines, local currency devaluation against USD, a moderate GDP rebound (3.7 - 5.8%), key commodity prices firm, and external conditions improvement. However, the concerns of risks related to debt sustainability could hold back the post-pandemic recovery.



Given that, the outlook by quarter has been developed, however, these scenarios can change due to the circumstance of each country and the vaccine roll out:

Quarter 1: According to YoY GDP forecasts, most of South America countries will contract in 2021Q1. The vaccine arrival, and consequently, the start of immunization process, provides an optimistic perspective for the market, but not in short term. It happens, because countries are all undeveloped, so the lack of infrastructure to attend the huge populations makes the vaccination process slower. Therefore, this scenario challenges the investors to have a clear horizon about tenant's occupancy and doubts on expand leased areas in a recessionary environment.

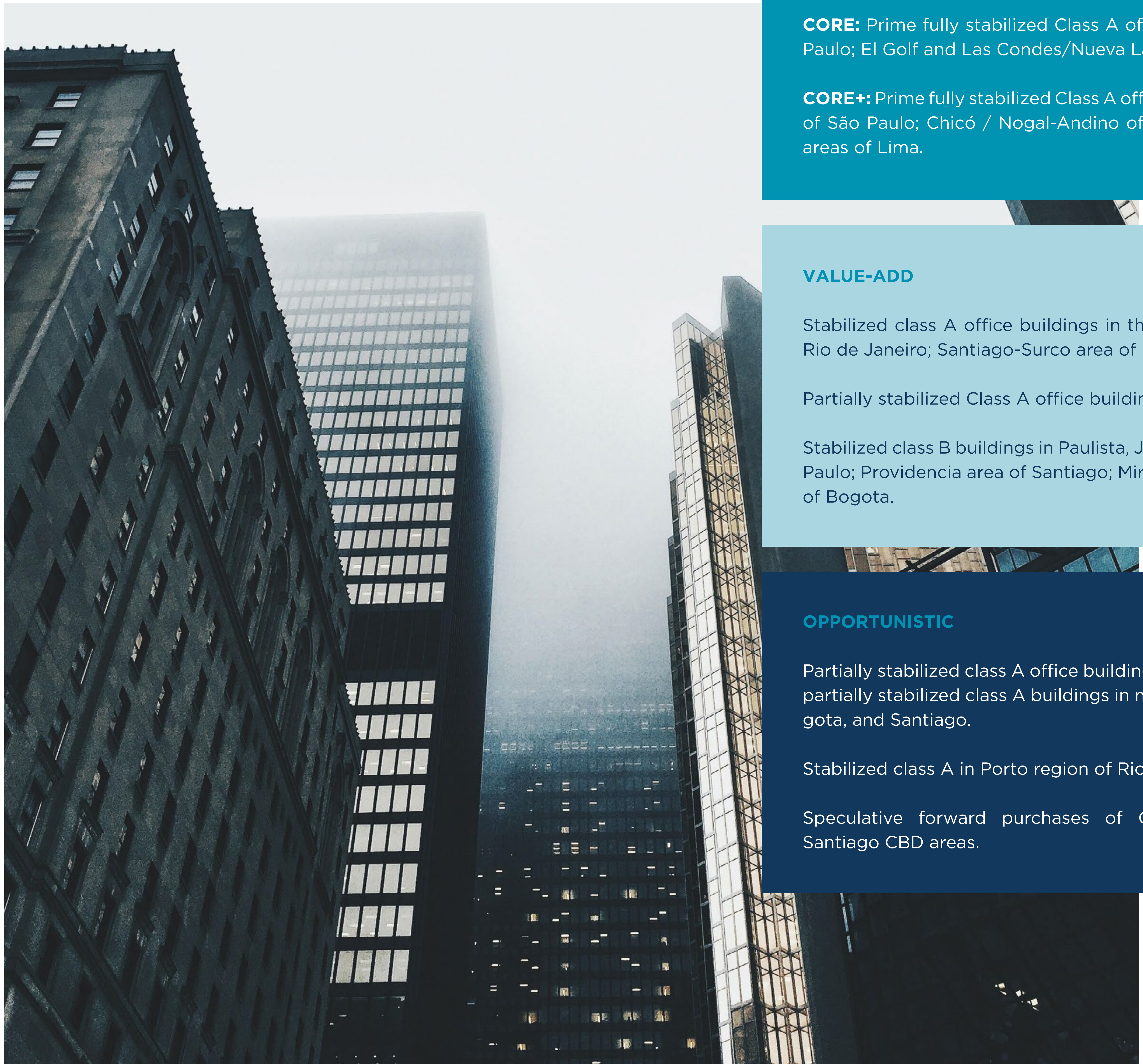
Quarter 2: It is expecting a strong economic growth for most South American countries in 2021Q2 onwards, which is related to the expectation of activities reopening. The immunization process should be in a more advanced phase, which means that more people would be protected from the virus and consequently would gradually start coming back to offices, schools, stores, and restaurants. Thus, this beginning of market returning, and the probable scenario of continuous low interest rates should be the drivers of the start of market resumption which favors the real estate industry and variable income investments.

Quarter 3: The forecast of economy performance in Q3 is also positive. As a continuation of Q2, we are expecting a similar scenario, also immunization might be one level above and reopening process would continue working very well combined with stabilized interest rate, except for Brazil and Colombia which expect an increase of 125bps and 25 bps, respectively. On the debt side, continues to be interesting due to interest rate low level and strong demand for credit by the companies that is facing difficulty. Also, may favorite to Sales & Lease back (S&LB) operations.

Quarter 4: At this phase, we expect a considerable number of people will be immunized, which means a better control of pandemic, and by consequence, economic situation would be more stabled. Thus, we expect a strong resume of leasing activities due to the clarity scenario. That means, more leasing activities, better asset prices to take post-pandemic, which may accelerate the investors' appetite in take risks - which presumes a lower level of cap rates.

INVESTMENT TARGETS

Accordingly, find below a macro analysis related to market risks for the asset acquisition according to various major markets compared on regional levels of attractiveness for investors, whose are seeking for the best opportunities considering your own profile and expected performance in order to expand their footprint and/or start to invest in one or multiple cities in the region:



CORE / CORE+

CORE: Prime fully stabilized Class A office buildings in Faria Lima and Itaim of São Paulo; El Golf and Las Condes/Nueva Las Condes of Santiago;

CORE+: Prime fully stabilized Class A office buildings in JK and Paulista major markets of São Paulo; Chicó / Nogal-Andino of Bogota; San Isidro Empresarial/ Financiero areas of Lima.

VALUE-ADD

Stabilized class A office buildings in the CBD of Buenos Aires, Centro market in Rio de Janeiro; Santiago-Surco area of Lima; and Vitacura-Estoril of Santiago.

Partially stabilized Class A office buildings in the CBD of São Paulo and Santiago.

Stabilized class B buildings in Paulista, Jardins and Pinheiros' major markets of São Paulo; Providencia area of Santiago; Miraflores of Lima; and Chicó / Nogal-Andino of Bogota.

OPPORTUNISTIC

Partially stabilized class A office buildings in Centro region of Rio de Janeiro; and partially stabilized class A buildings in non-CBD areas of Buenos Aires, Lima, Bogota, and Santiago.

Stabilized class A in Porto region of Rio de Janeiro;

Speculative forward purchases of Class A buildings in São Paulo and Santiago CBD areas.

São Paulo

In Core and Core+ section, Faria Lima, Itaim, JK and Paulista major markets, can be considered low risk regions, because both are the most prime business hub in São Paulo City, where can easily find large financial companies, boutique investment firms, several national and multinational headquarters institutions, including for the LATAM region. Moreover, these major markets are extremely consolidated and demanded location, which is worth to mention that most of them have a little space for developing new projects due to land scarcity, so there are very limited room to grow their inventory in the upcoming years. Finally, Chucri Zaidan can be considered a very good opportunity region, considering there is availability of land for development, also this region has been considered the new vector of growth, which recently has been target for several REITs for acquisitions. Therefore, as the region is developing, the value of assets tends to appreciate in the long-term.

Rio de Janeiro

Centro region is the largest corporate market in Rio de Janeiro, which has the largest class A inventory, also concentrated large Financial and Oil & Gas institutions. The high traffic of people and the concentration of companies make it the most consolidated in the market. For this reason, in general, assets are quickly absorbed, so it is a less risky region for investors. Porto's region is the new corporate vector of the city, it registered many completions along 2016 and 2017, where it was partially absorbed in 2019, but there is still a lot to absorb, as the region's vacancy closed out at 43.61% in 2020. Besides that, Porto is close to Centro major market, which favors the new region. For this reason, we can consider it as opportunistic, despite being in growth, it is not yet consolidated as the Centro market. Finally, Barra da Tijuca would be a high-risk region, considering that it is located far from the business region of Rio, also the logistics became a disadvantaged. On the other hand, it is a region of high growth due to plenty of available land to develop in future.

Buenos Aires

Catalinas-Plaza Roma has always stood out for being the submarket chosen by great companies, where everyone can see the most important towers of the city. During 2020, were registered an amount of USD 169,000,000 in transactions, representing more than 32,000 sq.m sold. Currently has a projected surface of 280,000 sq.m for the next five years. On the other side, Libertador Corridor in all its extent, keeps coming as an important office point attracted by the level of human resources in the area and for the connectivity and transport. At last, and as an opportunity, Corredor Panamericana and Zona DOT, keep attracting investments for the construction and leases for offices. Despite being in the NON-CBD, these submarkets are considered by companies that choose the northern zone of Buenos Aires. However, there is no recognition in the asking rent as can be seen in the CBD area, but clearly it is a region in constant growth.

Santiago

El Golf and Nueva Las Condes submarkets are defined as the "Sanhattan" sector, means, the main financial district of Santiago, concentrating 67% of the total class A office inventory. Moreover, 56% of under construction area in these submarkets is expected to be delivered by 2021. Estoril/ Vitacura are submarkets that have connectivity problems, and they are further away from the barycenter. This problem will be solved by the Santiago subway, since the subway line will be built in the future (2028), which will come along with an increase in office demand, in addition to the possibility of turning it into an attractive pole for the construction of class A buildings. Santiago Centro suffered the hardest impact among all submarkets in the city, since it was the epicenter of the social strikes then the COVID-19 outbreak helped to exacerbate several problems with the tenants, who decided to migrate to other submarkets. In addition to that, the vacancy rate increased 3.2 p.p. (YoY), ended up at 6,12% and the rental prices decreased 9% (YoY) in local currency.

Bogota

In the Chicó and Nogal-Andino submarkets, many international companies located their headquarters due to the central and exclusive location in the city, as well as their proximity to the city's best-known shopping malls, gastronomy and entertainment areas. Also, here can be found the most high-end residential areas of the city. The Salitre submarket concentrates 35% of the city's inventory with almost 600,000 of leasable area. Class A buildings have been occupied at a good pace, however there is a lot of competition between projects. The region still has enough potential for future development in office, retail and residential projects. The Downtown area, where the city began, will have a lot of potential in the future due to its excellent location and the district's renewal plans for the sector. Large-scale projects have already started in this sub-market. The Noroccidente submarket (NON CBD) is traditionally residential. However, successful office projects have been executed.

Lima

The submarkets of San Isidro Financiero and San Isidro Empresarial have stood out for being located in the financial and business zone of the city. Currently, they both represent 48% of the total inventory of class A offices. There are more than 75,000 sq.m in under construction status and around 5.000 sq.m in a project stage in these two markets. Since the beginning of its business and commercial development, Miraflores submarket has stood out as a submarket with significant real estate developments on the main commercial avenues of the district. It is a zone that benefits from great housing development with an important office and commercial supply that maintain the attractiveness of the submarket for developers. Finally, Santiago de Surco is one of the submarkets that grew exponentially since 2015, resulting in vacancy rates above 20%. Due to the high availability related to the size of the project delivered, it has been an economical alternative for those companies that did not need to be located in the business area of San Isidro. Currently, there are still 40,022 sq.m to be delivered in the next 2 years, and the construction of a road project is expected to be developed in an important avenue (Javier Prado Ave.), which seeks to improve the current vehicular transit of the area.

CONSTRUCTION ACTIVITY OUTLOOK

2021 will be the year of sorting out the impact of COVID-19 in the construction activity and occupancy needs. Non-necessarily should expect a more hybrid work approach requiring a smaller footprint, for instance large companies have been reducing their density related to headcount versus leasable areas in recent years, which means wide workspace, recreation lounges, kitchen, cabin booth for individual conferences etc. However, after a year of retrenching due to economic impact, occupiers will start to make longer term commitments and the volume of leasing activity will pick up materially in the second half of 2021.

Exit from the pandemic and subsequent economic recovery will tend to lag developments in other regions, which will weigh on investors ability to develop conviction. Global capital flows will remain restrained for the foreseeable future. Investments will be primarily domestic or regional targets on the major cities with growing focus on core markets. Work from home will be more limited in the region which could support an office recovery.

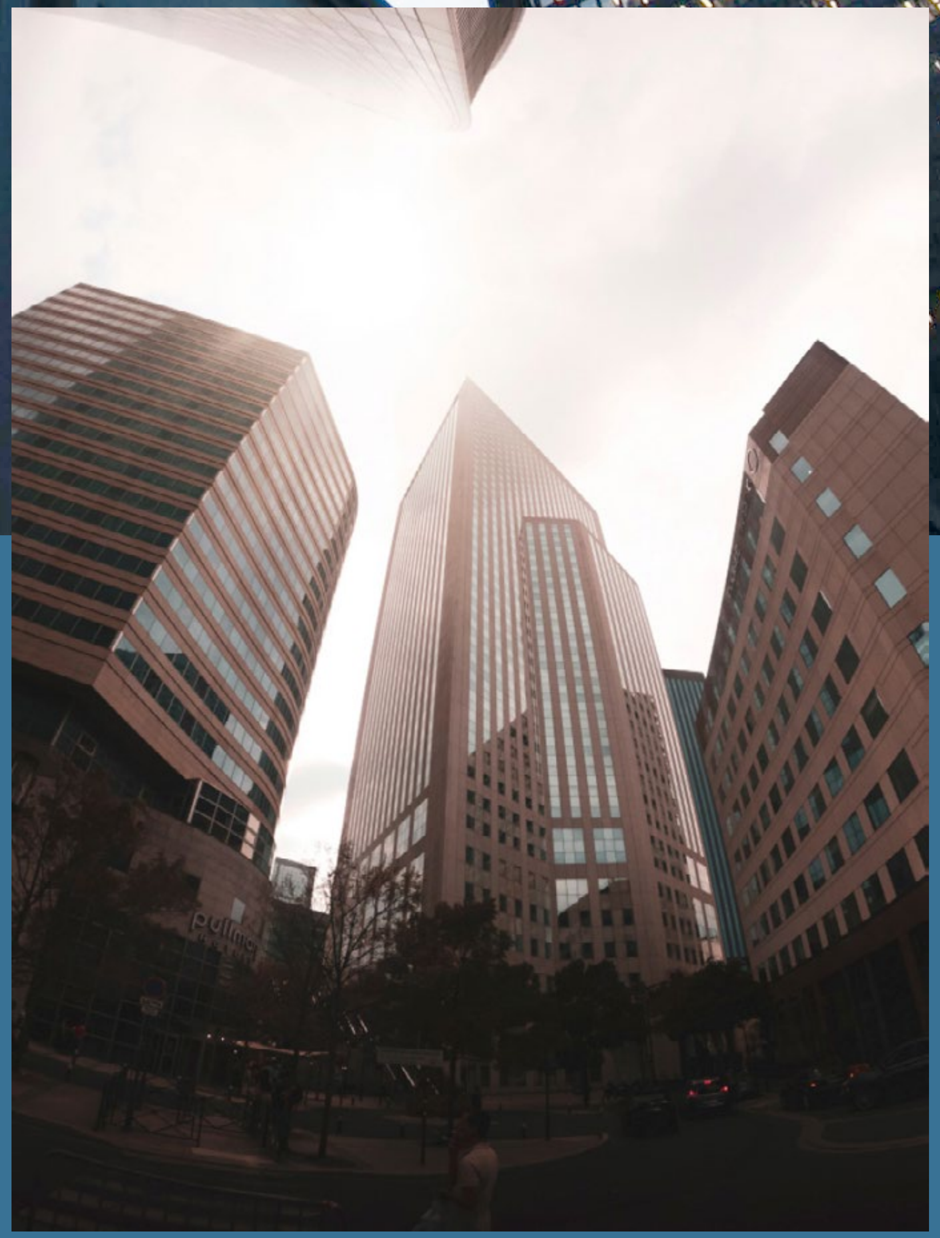
Being said that, South America real estate shows itself a high-yielding ground for investors that look for opportunities in an under-exploited market, and despite it is often analyzed as a region, each city has a unique reality, allowing different investor profiles to find different opportunities.

Buenos Aires is expecting almost 206,682 thousand sq.m of new class A developments by 2023. Representing 14.7% of current inventory – the largest relation growth in the region, even with the uncertainties about the economic scenario, investors are confident with this historically undersupply market and a steady rental price. Bogota which is one of the hottest markets in the region, has also more than 143 thousand sq.m in under-construction status to be delivered for the next 3 years, considering only prime offices, which represent an increase of 8.5% of the current inventory, holding the third position.

1,136,651 SQ.M

SOUTH AMERICA

NEW CLASS A DEVELOPMENTS BY 2023



Among the cities analyzed, Rio de Janeiro is the one that stands out for the lack of under construction activity until 2023, considering the real estate market indicators, due to the recent history of recession. However, the net absorption is in upward trend and the vacancy rate is decreasing due to the lack of new inventory since 2018. Large tenant's relocation as flight-to-quality movements is pointing to the resumption of the second largest market in South America.

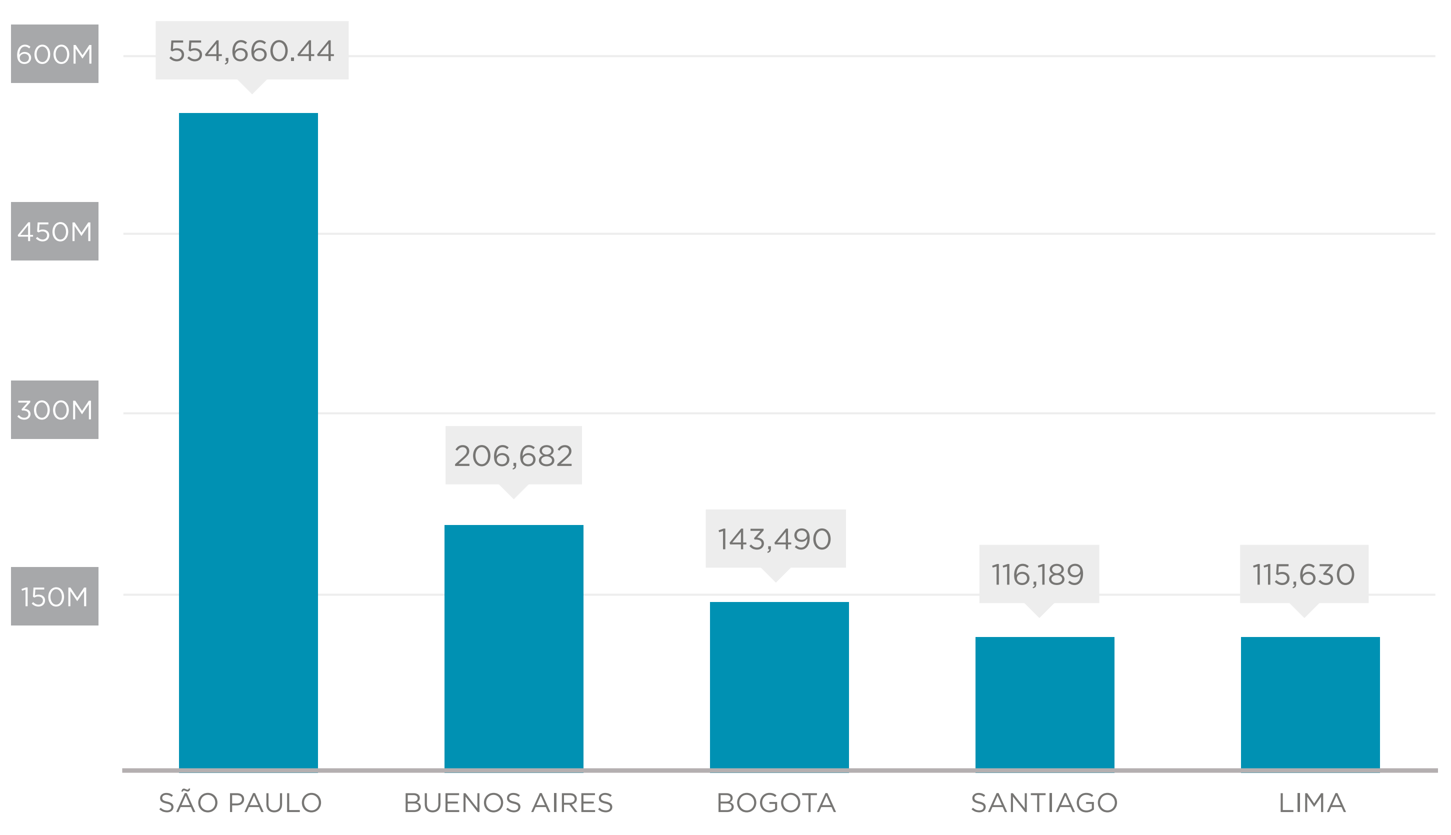
São Paulo and Lima also should increase their inventory in 13.3% and 7.2% respectively, both hold the second and fourth position relation of current inventory versus new developments by 2023. Finally, Santiago, which always presented the most stable market among those analyzed, with a history of consistency, has projected a 6.8% inventory growth in the next three years, holding the fifth position.

This positive environment of growing new inventory in almost all South America markets, in addition to economic recovery expectation by the second half, creates a unique opportunity to invest at an early stage of real estate investment institutionalization in large cities across the region and to further increase investors' returns via broader access to more competitive debt financing. While interest rates achieved its historical bottom line in many countries and in some cases started to gradually increase, alternatively the number of lenders and source of debt financing has been increasing, creating more competition between lenders that are offering improved terms for real estate financing.

As Brazil remains by far the largest economy and real estate market in the region, we foreseen increasing capital flow from investor outside the region when the currently situation present a foreseeable future through the vaccination roll out along 2021, otherwise, it may remain restrained with specific investment in stabilized assets in prime locations. Another important fact to highlight is that Chile being the most stable economy in the region, also has been presenting the best vaccination performance regarding to the share of the total population that received at least one vaccine dose. Chilean investors, continue targeting Peru and Colombia as both countries are attractive markets in the Andean Region.

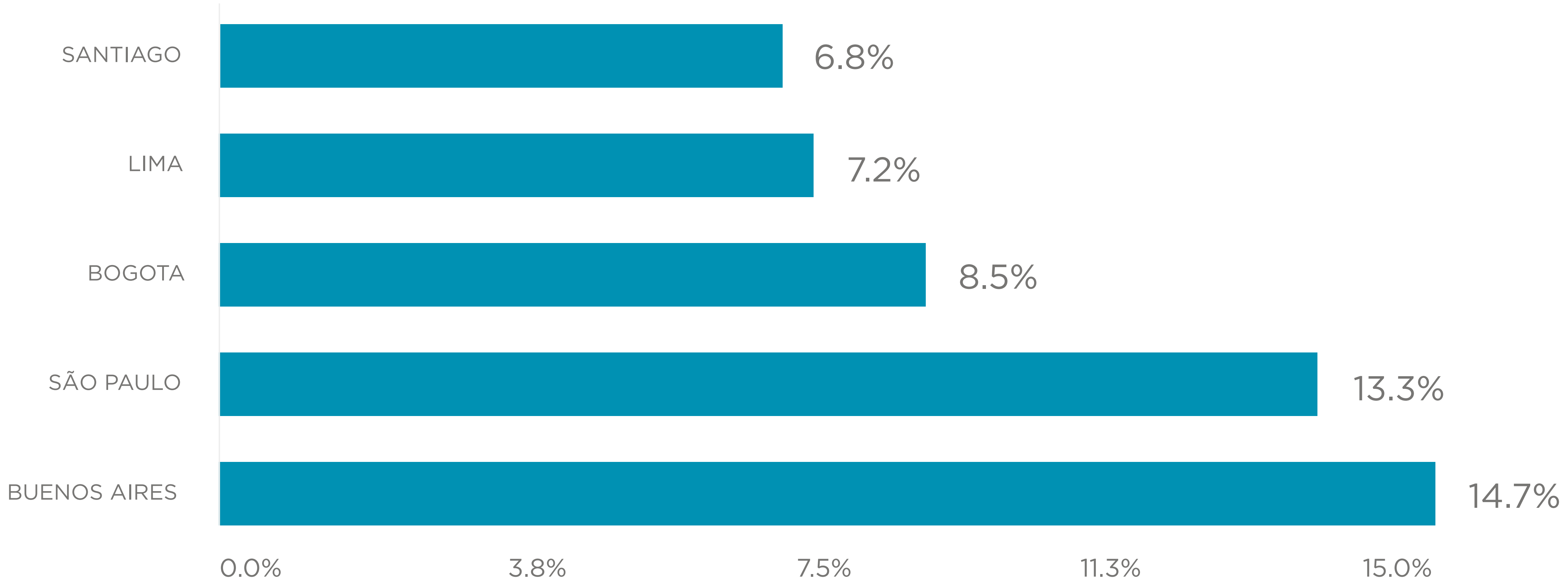
Finally, in South America there are plenty of opportunities (projects) in class A buildings at early stage with a delivery date by 2030, as per seen in the chart "Under Construction and Projected - South America". Cushman & Wakefield is currently monitoring about 2.2 million sq.m in the region, that could turn in under construction status any moment, obviously depends on each market cycle, fundraising, debt structure, project aligned with future trends and good advisory.

UNDER CONSTRUCTION (2021-2023)



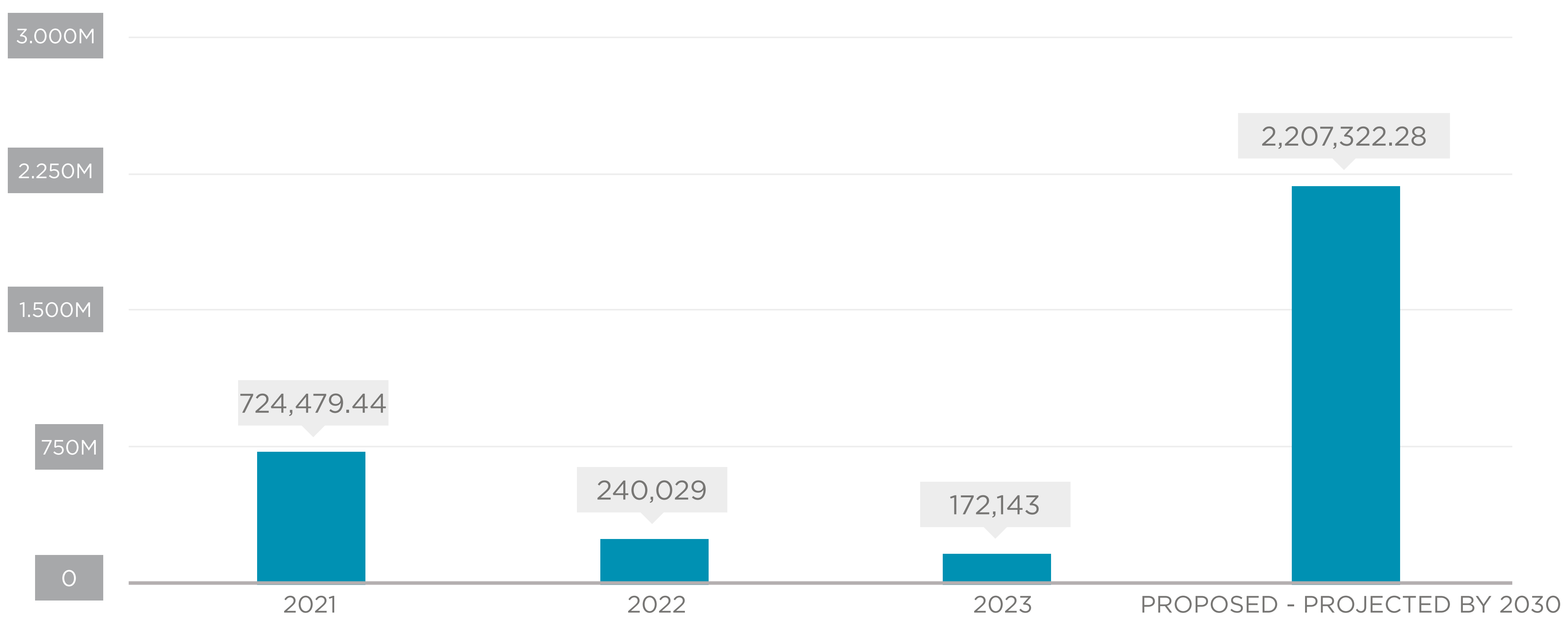
Note: Class A of CBD and NCBD regions.

NEW INVENTORY (2021 - 2023) - % AS OF 2020 TOTAL INVENTORY



Note: Class A of CBD and NCBD regions.

UNDER CONSTRUCTION AND PROJECTED - SOUTH AMERICA



Note: U/C and Pipeline figures referred to class A in CBD and NCBD regions.

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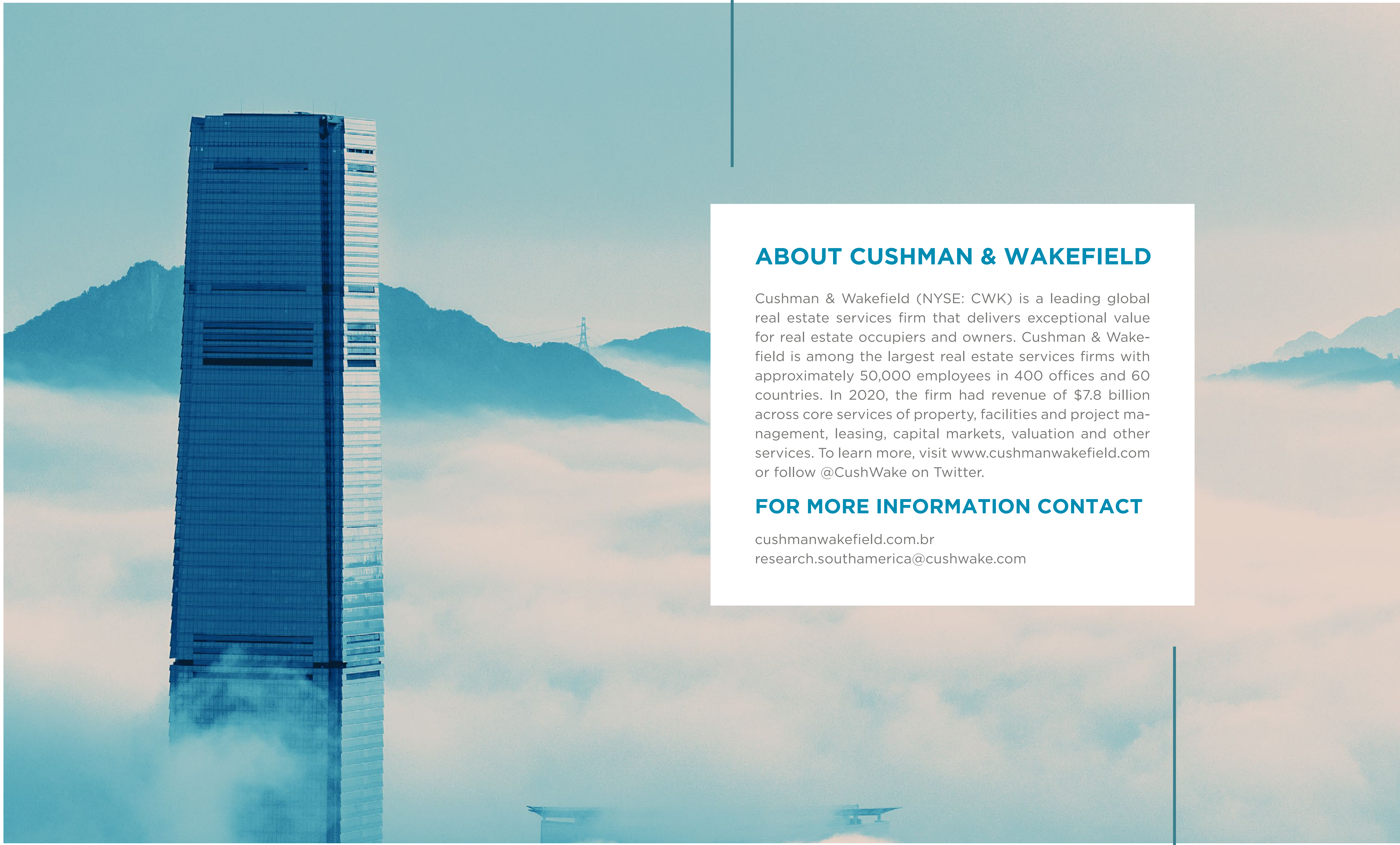

ABOUT CUSHMAN & WAKEFIELD

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 50,000 employees in 400 offices and 60 countries. In 2020, the firm had revenue of $7.8 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services. To learn more, visit www.cushmanwakefield.com or follow @CushWake on Twitter.

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