OCUPANTES
Corporate Real Estate

MARKET BULLETIN

3RD QTR 2016 • SÃO PAULO | RIO DE JANEIRO | OTHER CITIES

OFFICES

	SÃO PAULO		RIO DE JANEIRO	
	↗ VACANCY RATES	↘ AVERAGE ASKING PRICES	↗ VACANCY RATES	↘ AVERAGE ASKING PRICES

INDUSTRIAL

	STATE OF SÃO PAULO		STATE OF RIO DE JANEIRO	
	↗ VACANCY RATES	— AVERAGE ASKING PRICES	↘ VACANCY RATES	— AVERAGE ASKING PRICES

MARKET BULLETIN IS A QUARTERLY PUBLICATION PROVIDING THE KEY MARKET INDICATORS
FOR THE CORPORATE REAL ESTATE (OFFICE AND INDUSTRIAL) MARKETS OF SÃO PAULO AND RIO DE JANEIRO.

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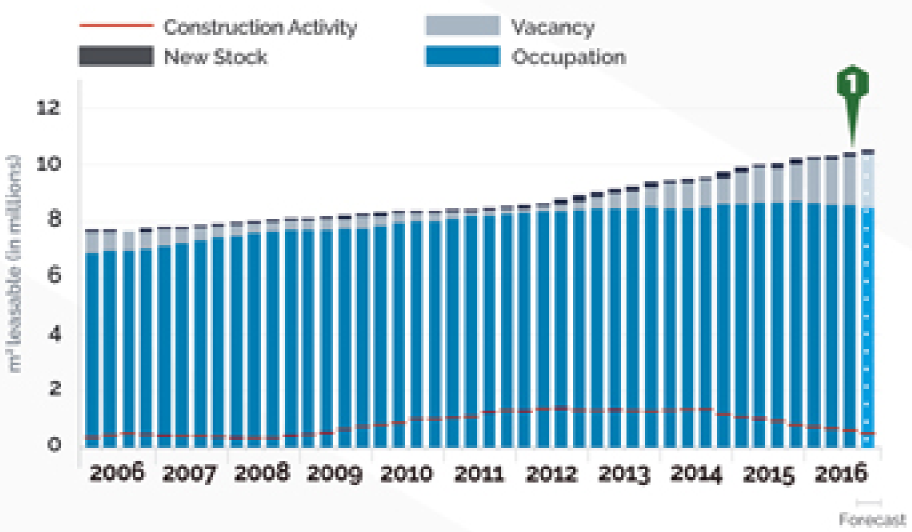
OFFICES

SÃO PAULO

CONSTRUCTION ACTIVITY 724.106 m² | NEW STOCK 83.952 m² | NET ABSORPTION -12.658 m² | GROSS ABSORPTION 107.788 m² | VACANCY RATE 17,62% | AVERAGE ASKING PRICES

Corporate Universe (Class A and Others)

NEW STOCK/VACANCY/OCCUPATION



The corporate office market in the city of São Paulo still has a considerable volume of vacant space, even though the latest data shows a decrease in the pace in which the vacancy rate has increased. On the other hand, the fall in asking rent prices is still a clear reflection of the current macroeconomic crisis in Brazil.

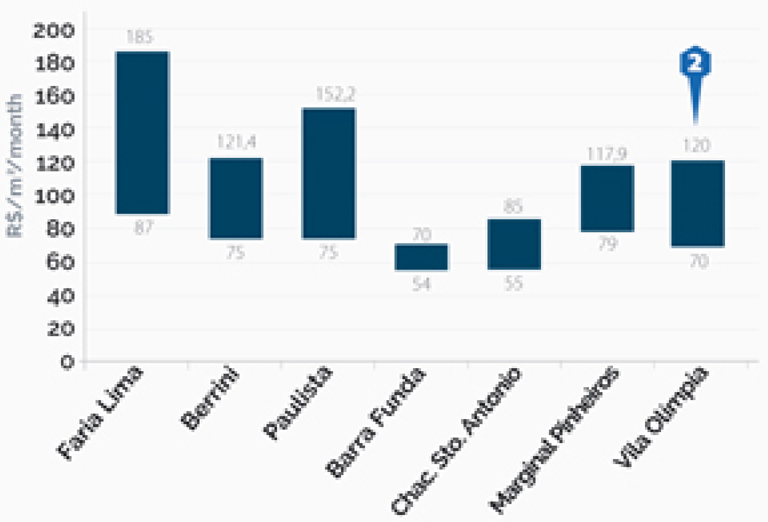
1. Achieving cost savings during lease reviews of existing lease agreements, is far more easily attained through a corporate real estate consultancy service like that of Ocupantes, that explores all the available options and has no ties with developers and lessors of office space.

2. Ocupantes has recorded considerable differences between the asking rents and the actual closing rents. The reduction in asking rent prices does not explain the whole story of what has actually been happening in São Paulo, and this is the reason why many companies are turning to Ocupantes' services to gain access to relevant transactions that can provide the necessary basis for a more aggressive approach, while negotiating lease reviews and renewals.

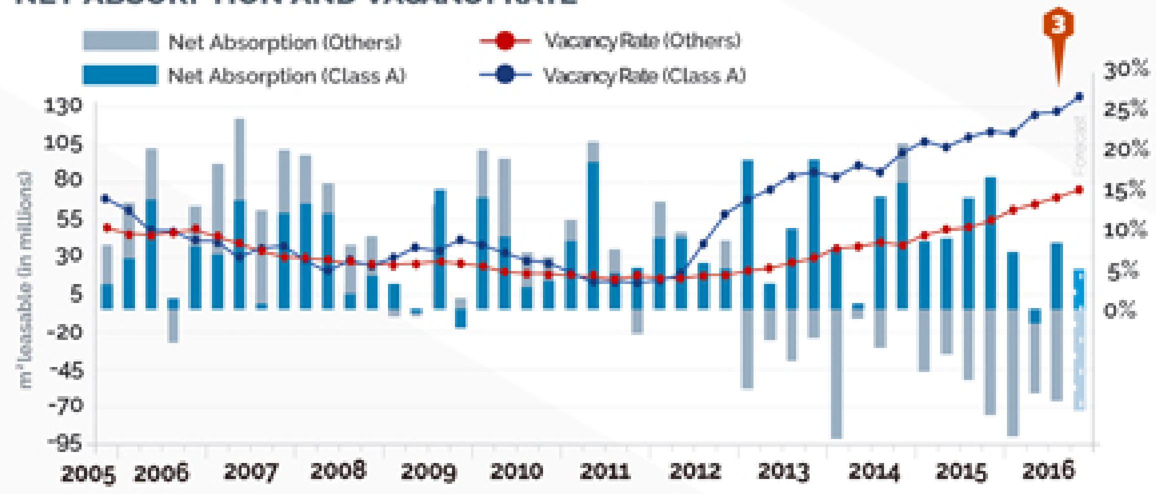
3. Amid large lease agreements, the net absorption in the universe of Class A corporate buildings was positive in the 3rd QTR 2016, reaching approximately 50 thousand m², the highest number recorded since the beginning of the year, even though this represents almost half of the net absorption seen in the same quarter of the previous year. As in lease reviews of existing lease agreements, negotiation margins in the new buildings are far more easily attained through a consultancy service like that of Ocupantes, that explores all available options and has no ties with developers and lessors of office space.

RANGE OF LEASE ASKING PRICES/REGION

CORPORATE (CLASS A)



NET ABSORPTION AND VACANCY RATE

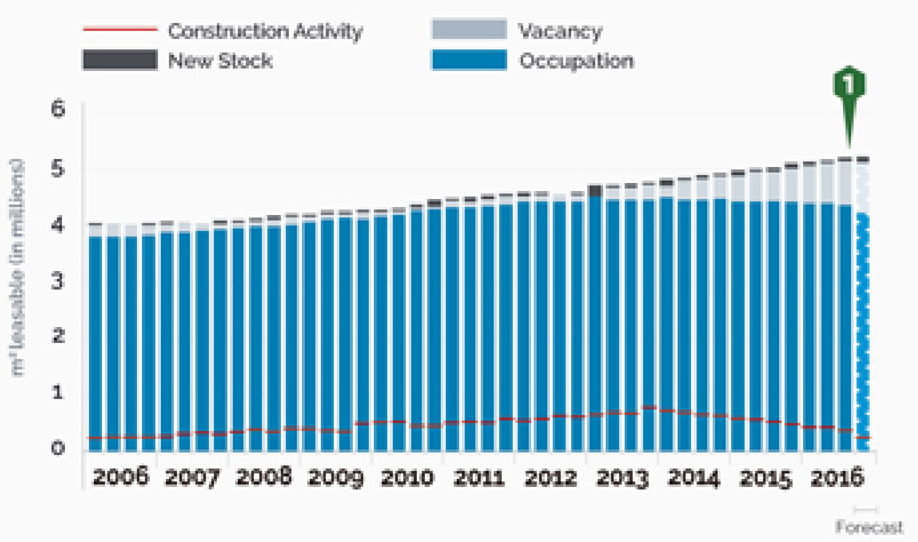


RIO DE JANEIRO

CONSTRUCTION ACTIVITY 376.113 m² | NEW STOCK 56.648 m² | NET ABSORPTION -36.297 m² | GROSS ABSORPTION 27.750 m² | VACANCY RATE 16,17% | AVERAGE ASKING PRICES

Corporate Universe (Class A and Others)

NEW STOCK/VACANCY/OCCUPATION



After a heated quarter in the city of Rio de Janeiro, because of the Olympics, the market for corporate buildings has now returned to negative figures in the 3rd QTR 2016. As a direct consequence of the return and reduction of space previously occupied by Petrobrás, or by other companies in the Oil & Gas industry, a significant increase in the vacancy rate was registered. This has reached approximately 16% across the city for the entire universe of corporate buildings.

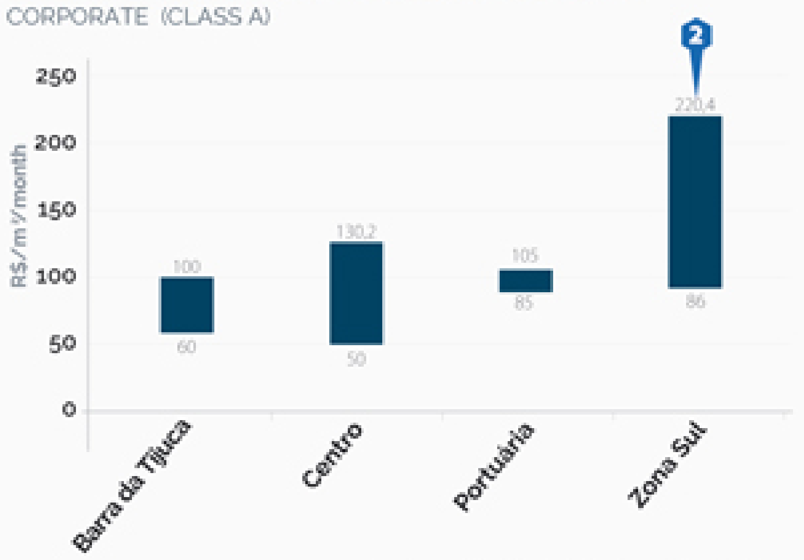
1. In the 3rd QTR 2016, a total of 56 thousand m² of New Stock in corporate buildings was delivered in the city of Rio de Janeiro, divided between the South and Central regions. There is an upward trend in the stock of corporate buildings over the next quarter, with deliveries forecasted to reach an additional 260 thousand m², mainly as a reflection of the incentive to revitalize the Central and Porto Maravilha regions.

2. Asking rents have continued to fall in the city of Rio de Janeiro in the 3rd QTR 2016. The decrease was 6%, on average, compared to the second quarter of this year. The most valued region of the city, the Zona Sul, also experienced a sharp drop in the universe of corporate buildings, with average rents falling by 7.20%.

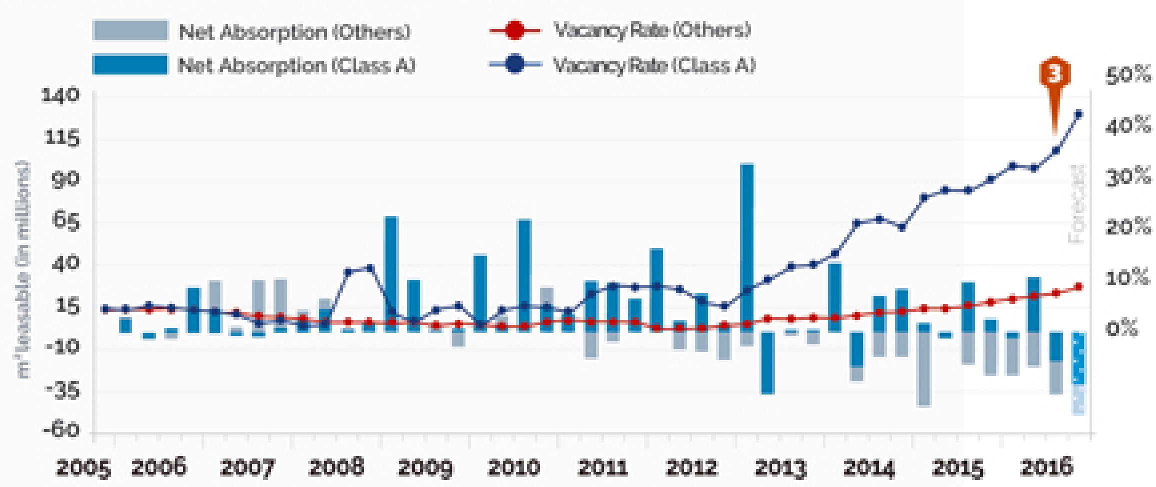
3. The net absorption registered in the 3rd QTR 2016 for corporate buildings was negative once again, in the city of Rio de Janeiro. As previously predicted, this reflects the crisis affecting the Oil & Gas industry. The downward trend is expected to continue in the forthcoming quarters, with the confirmation of the return of space occupied by Petrobrás in the Torre Almirante and Torre Castelo buildings, in addition to the space that will be vacated by companies linked to the Olympic committees in Barra da Tijuca region.

RANGE OF LEASE ASKING PRICES/REGION

CORPORATE (CLASS A)



NET ABSORPTION AND VACANCY RATE



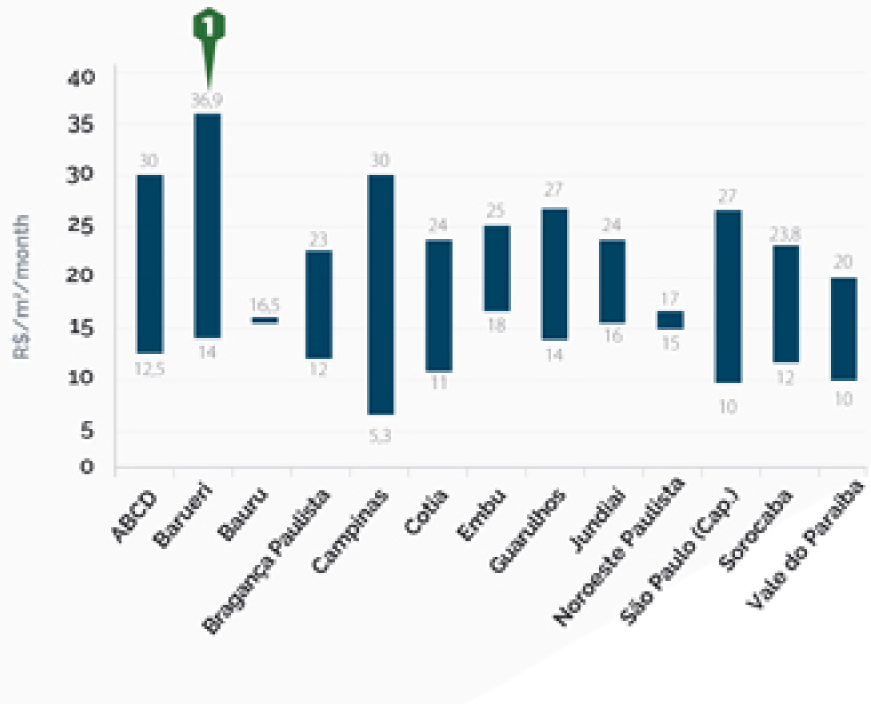
*The methodology for classification adopted by Ocupantes for office buildings is as follows - Office: buildings with office units under 100 m². Corporate: buildings with office units greater than or equal to 100m². Class A: buildings with high technical standards. For the purpose of this bulletin, only buildings classified as Corporate were considered.

INDUSTRIAL

STATE OF SÃO PAULO

CONSTRUCTION ACTIVITY 1.029.825 m^2 | NEW STOCK 284.188 m^2 | VACANCY RATE 27,38% | AVERAGE ASKING PRICES

RANGE OF LEASE ASKING PRICES/REGION



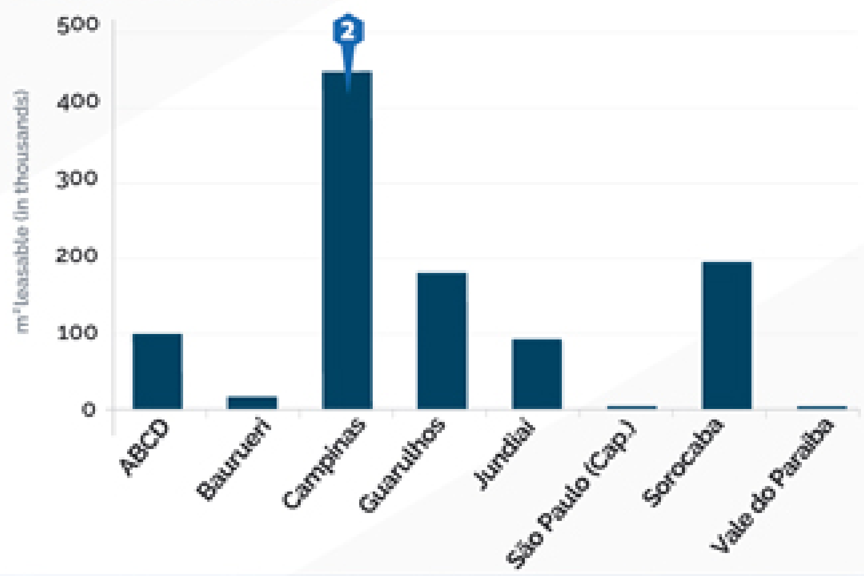
Although 2016 has been a year of great uncertainties, mainly due to the political and economic crisis experienced in Brazil, the outlook for the gated logistical condominium sector remains positive. In 3rd QTR 2016, the net absorption was positive and despite the high vacancy rate we are already beginning to notice greater movement in the market.

1. For the third consecutive quarter, the average asking rents in gated logistical parks throughout the State of São Paulo continues a downward trend. When comparing the asking rent prices with the same period last year, there has been a drop, on average by 2.96%. To obtain access to the most recent and relevant transactions, including closing rent values and grace periods, contact Ocupantes. Our specialized consultants will be able to guide your company in the negotiations with lessors and maximize the savings generated.

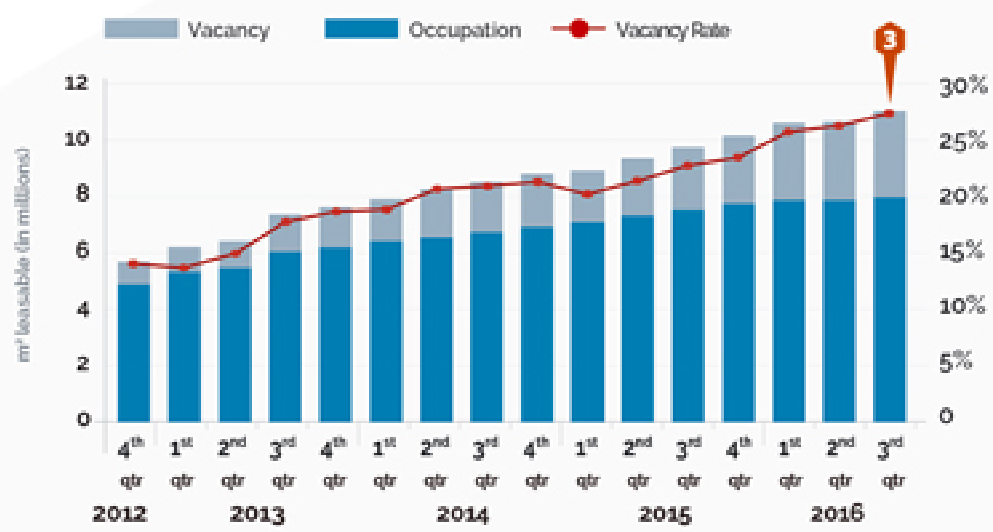
2. In the 3rd QTR 2016, the construction activity across Brazil exceeded 1.7 million m^2, and the State of São Paulo accounted for 57% of this total volume. The region of Campinas was the highlight in this quarter, representing 44% of the volume under construction throughout the State.

3. The vacancy rate continued to rise in 3rd QTR 2016, reaching 27%, the highest vacancy rate ever recorded since the beginning of the historical series in 2005. Despite the high vacancy rate, the general market outlook continues to remain positive. We have monitored the movement of companies in search of more modern options of gated condominiums at more competitive commercial terms. The continued increase in the vacancy rate can be explained by the large volume of deliveries, considering these exceeded 284 thousand m^2 of new inventory delivered in this quarter alone. We believe that by 2017, as the Brazilian economy becomes more stable, the vacancy rate will begin to gradually retreat.

CONSTRUCTION ACTIVITY



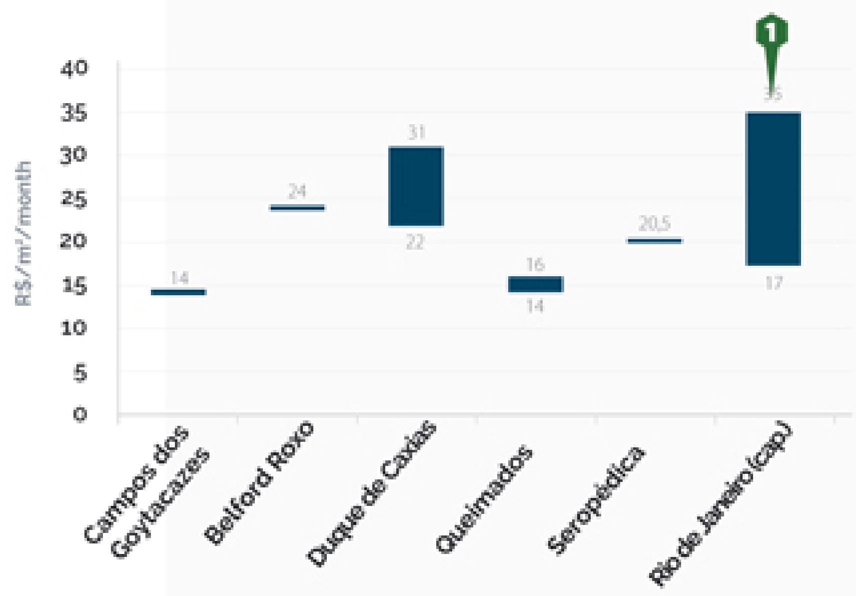
VACANCY, OCCUPATION AND VACANCY RATE



STATE OF RIO DE JANEIRO

CONSTRUCTION ACTIVITY 354.336 m^2 | NEW STOCK - | VACANCY RATE 22,14% | AVERAGE ASKING PRICES

RANGE LEASE OF ASKING PRICES/REGION



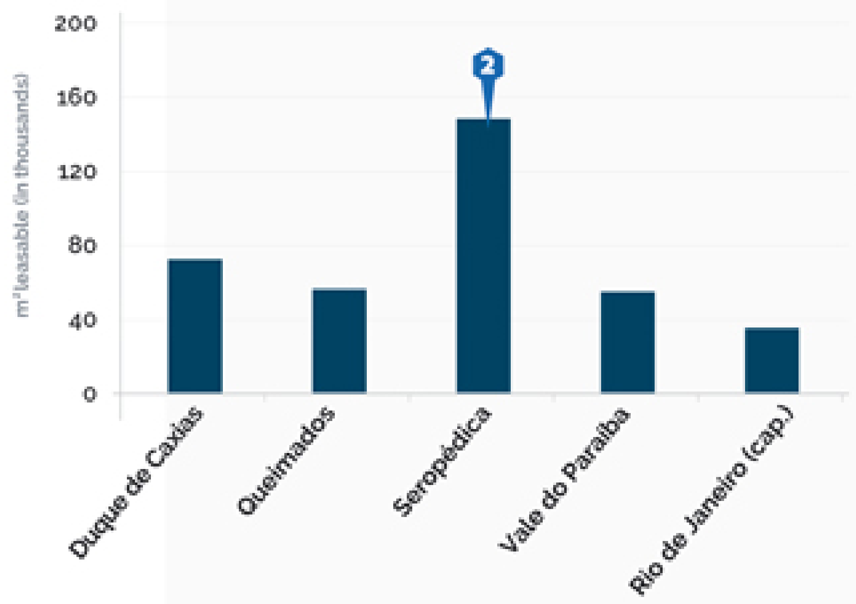
The vacancy rate fell from 24.13% to 22.14% in this quarter. It has remained at this level since the 1st QTR 2015, demonstrating that despite the significant increase in the delivery of new space, the number of new leases and expansions in this segment has been intense.

1. The average asking rent in gated logistical parks in the State of Rio de Janeiro has remained relatively stable, with only a slight drop. The region with the highest asking rent is the city of Rio de Janeiro itself, where a few developments have asking rents of up to R$ 35.00/m^2 per month. In the regions of Campos dos Goytacazes and Queimados asking rents are among the lowest, around R$ 14.00/m^2 per month.

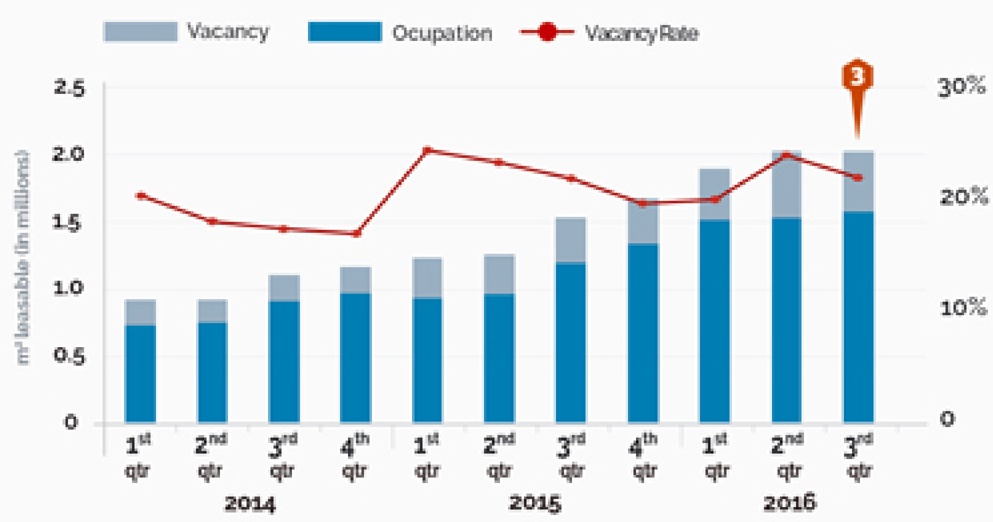
2. The State of Rio de Janeiro is the second largest market in Brazil in total stock, behind the State of São Paulo. In the 3rd QTR 2016, the State of Rio registered a total inventory, ready for occupation, of 2 million m^2. The total area under construction will add another 355 thousand m^2, with the deliveries projected over the next two years. The region of Seropédica continues to be the region with the highest volume under construction, but the region of Vale do Paraiba Fluminense (Itatiaia) is now becoming part of the market, with a construction volume of 56,130 m^2.

3. The vacancy rate in the 3rd QTR 2016 dropped from 24% to 22%, reflecting a positive net absorption exceeding 60 thousand m^2, distributed throughout the State. Another determining factor has been the delay in new deliveries, forcing companies to adapt to their existing space.

CONSTRUCTION ACTIVITY



VACANCY, OCCUPATION AND VACANCY RATE



OTHERS CITIES *OFFICES*

	VACANCY RATE	AVERAGE ASKING PRICES (R$/m²/month)	TOTAL STOCK (m²)	CONSTRUCTION ACTIVITY (m²)
BARUERI	↘ 29,61%	↘ 50,12	— 744.713	— 61.305
BRASÍLIA	↗ 10,72%	↗ 61,8	— 1.723.521	— 83.997
SANTOS	↘ 28,16%	↘ 54,11	— 208.379	— 63.475
CAMPINAS	↗ 33,93%	↗ 61,69	↗ 235.199	↘ 27.810
CURITIBA	↘ 11,26%	↘ 44,43	↗ 822.580	↘ 38.365
FLORIANÓPOLIS	↗ 17,18%	↗ 36,4	↗ 209.171	↘ 16.640
PORTO ALEGRE	↗ 7,24%	↘ 49,14	↗ 575.975	↘ 22.153
RECIFE	↘ 22,27%	— 50,51	— 266.400	—
SALVADOR	↗ 20,39%	↘ 44,78	— 225.417	— 7.640

Information on the Corporate universe (Class A and Others) of each city.

SERVICES

If you require accurate information on the region where your offices or warehouses are located, whether your aim is to review your current rent or undertake a comparative analysis of the other available options in the market, please contact us. Ocupantes has the experience and the comprehensive market data available to assist your company in reaching the best decision.

LOCATION ANALYSIS	RELOCATION, LEASE CONTRACT RENEWALS, RENT REVIEWS AND TERMINATIONS	INDUSTRIAL SERVICES	ACQUISITIONS AND EXPANSIONS	SALE & LEASEBACK	MANAGEMENT OF OPPORTUNITIES AND CRITICAL DATES	VALUATIONS AND DISPOSITIONS	PROJECT MANAGEMENT (TROUGH OCUPANTES PROJECT MANAGEMENT)

OCUPANTES
Corporate Real Estate

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Ocupantes is the first and largest Corporate Real Estate consulting company in Brazil specializing in the representation of commercial and industrial users. Ocupantes team consists of skilled professionals with extensive experience in providing advisory services as well as conducting real estate requirements for national and multinational companies in their plans for occupation.