Samsung expansion relies on Ocupantes' know-how

The Korean company Samsung has operated for over 70 years in a diverse number of sectors, from technology, to home appliances, petrochemical through to hotels, among other segments.

In Brazil the company operates in some of these business segments and has decided to focus on the home appliances market, taking advantage of the federal government tax break on IPI (Industrial) tax awarded to this segment.

Samsung was determined to enter this new business segment, and to do so they required a new industrial facility with easy access to a highway and within a radius of 100 km from the city of Campinas, in the interior of São Paulo state, where the company already has an industrial complex.

Ocupantes *Corporate Real Estate* was engaged to perform the real estate survey, undertaken by the team led by Thomas Govier.

Upon completing the survey, Ocupantes contacted the local municipal government, landowners and local real estate brokers to locate possible sites. The company prepared an in-depth report detailing the available sites, the cities with the infrastructure requirements, population, educational levels, per capita income, proximity to large highways, the main industries established in the region, among other relevant information for establishing an industrial facility.

In the first phase, more than 40 industrial sites were presented to the client. The endeavour covered a wide radius which led Ocupantes as far as the cities of Taubaté and Pindamonhangaba on the Dutra highway, Boituva and Tatuí on the Castelo Branco highway, Leme and Pirassununga, on the Anhanguera highway, as well as São Carlos and Araraquara on the Washington Luis highway. Reporting to the customer was carried throughout the process, both in Portuguese and English. After a thorough selection process, the alternatives were narrowed down to four cities located well within the search radius: Limeira, Jacareí, Itu and Santo Antonio de Posse. All sites available for development, each with their own advantages and disadvantages.

Finally, the site which best suited the criteria ranked by the client was Limeira, bordering the Anhanguera Highway. The city offered a good quality site with an area of approximately 400 thousand m^2.

After several negotiation rounds with the landowners of the targeted site, followed by agreements with the local municipal government regarding tax incentives, the purchase was successfully completed. ■


Aerial view of the Samsung land's region

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The market forecasts the largest delivery of corporate office space in the state capital

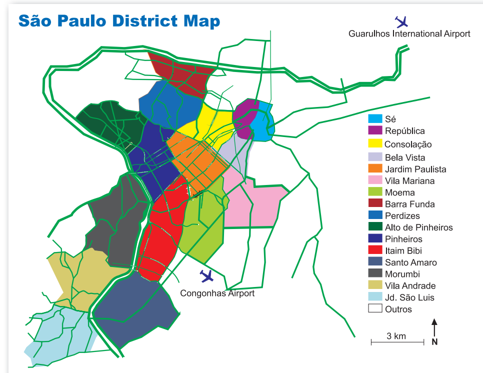
Market Indicators	Vacancy Rate ↗	Net Absorption ↘	Construction Activity ↘	New Stock ↗

A heated real estate market in the São Paulo state capital continued during the last quarter of 2011 despite the slowing down of construction activity and the drop in net absorption, as demonstrated in the graphs below. During this period, the net absorption in São Paulo was 55,775 m^2, 62.00% lower than in the previous quarter.

Despite delivery of 90,997 m^2 of new corporate office stock, represented by 17,565 m^2 in Class A* and 73,431 m^2 in the Others segment, vacancy rates remained stable on the whole, up from 2.68% to 3.01% in both segments. This rate is also a reflection of delayed deliveries adding up to 80 thousand m^2 over to the next quarter.

The Moema and Morumbi regions standout as a result of the increased vacancy rates. In Moema the level is up from 2.78% in the 3rd quarter to 7,84%, mainly in Class A segment from 0% to 32.5%. This is a reflection of the delivery of corporate office space Vertex Moema with 10,244 m^2 and Superia Moema Corporate with 7,321 m^2. The vacancy rates in Morumbi rose from 0.78% to 4.33% as a result of the delivery of Capital Building located in the Cidade Jardim Corporate Center with a total of 14,816 m^2 of rentable space.

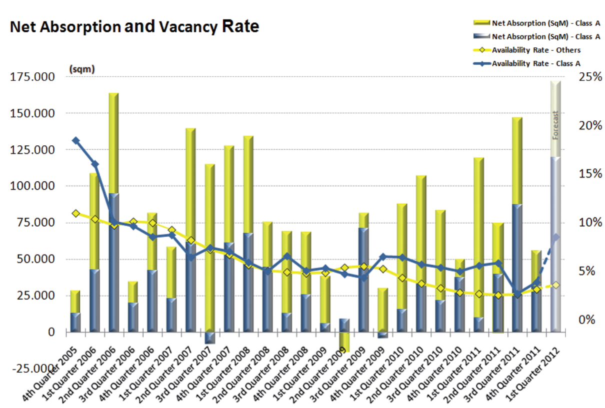
According to developers the delivery forecast for the 1st quarter 2012 is in excess of 320 thousand m^2, of which 230 thousand m^2 in Class A and 94 thousand m^2 in the Others segment. Notably, this is due to the delivery of: Patio Malzoni, another tower of Rochaverá, WTorre JK and WTorre Paulista, which should be ready in the first few months of the year. If this expectation is confirmed, São Paulo will undergo the largest delivery of corporate office space in the last decade.

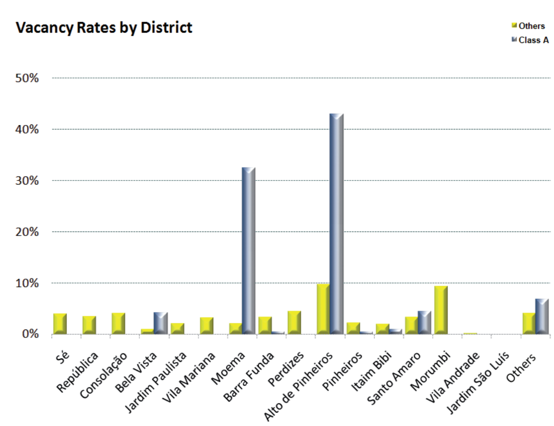


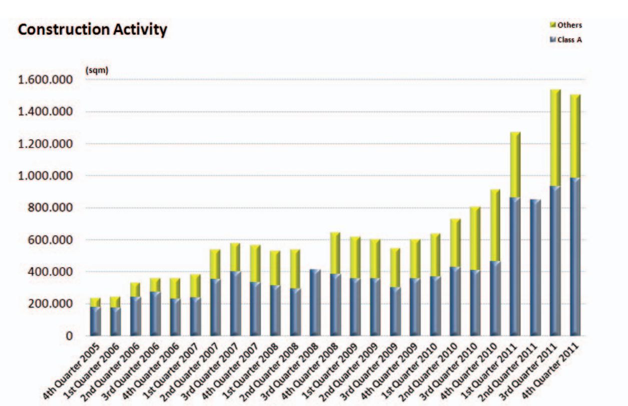
Itaim Bibi leads the construction activity of corporate office space

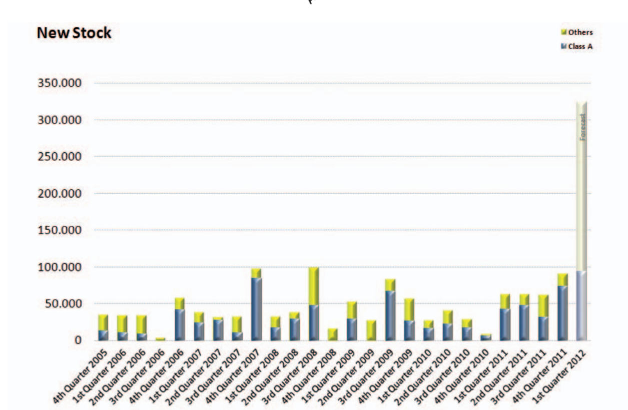
As a result of the many number of corporate developments delivered this quarter, the construction activity in the São Paulo state capital dropped slightly from 1,539,961 m^2 to 1,505,424 m^2 in Class A and Others segments. Out of this total, 115.335 m^2 are relative to buildings that began their construction in this period.

The Itaim Bibi region still continues to receive the largest investments in new corporate developments in São Paulo with a construction activity of 530,189 m^2 over the last three months. **









* *Class A: Buildings delivered after 1990, with a leasable area of 700 m2 per floor-plate, and high technical standards.* ** *Ocupantes works with information supplied by constructors and developers.*

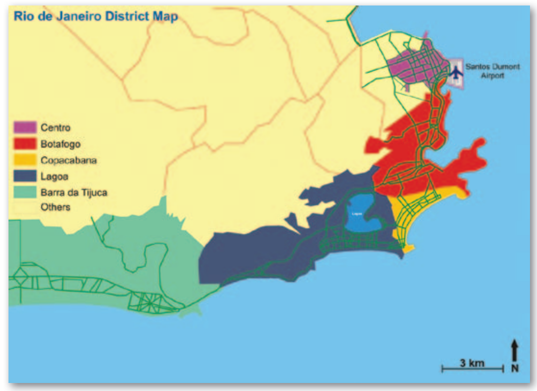
New developments increase the vacancy rate in Rio de Janeiro

Market Indicators	Vacancy Rate	Net Absorption	Construction Activity	New Stock
	↗	↗	↗	↗

The state capital of Rio de Janeiro had a busy year end in the corporate real estate market as shown in the graphs below. Vacancy rates were driven upwards as a direct result of Class A* segment, rising from 5.67% in the 3rd quarter to 9.39% in the 4th quarter.

The rise in vacancy rates are primarily a result of the delivery of new developments in the city. The Galeria Sul América with 30,000 m², Marques dos Reis with 8,400 m², Office Tower with 13,631 m² and Virtus Corporate Office with 13,819 m², all located in downtown Rio de Janeiro, were delivered generating a new stock of 65,850 m² Class A and the São Bento Corporate (13,420 m²) in the Others segment.

Out of the total 4th quarter forecast of 114 thousand m², 79 thousand m² were delivered and the remainder postponed until 1st quarter 2012. The net absorption in Rio de Janeiro continues positive with an additional 50 thousand m² in both segments. Delivery forecast for new corporate office space for the first few months of the year is 219 thousand m² which will continue to move the vacancy rates in Rio de Janeiro upwards.

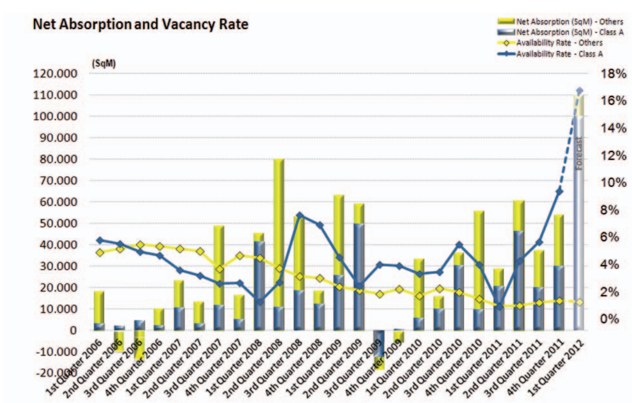


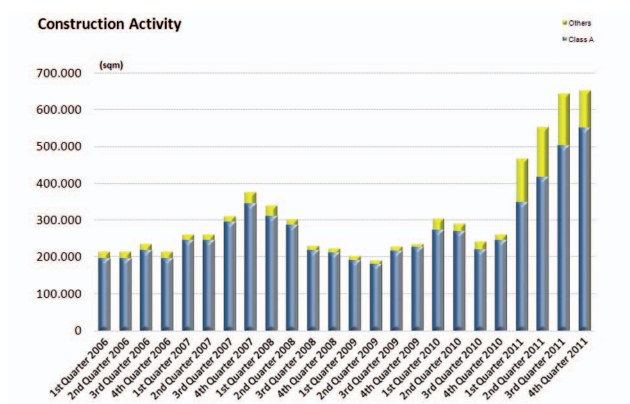
Construction activity in Rio de Janeiro continues on the rise

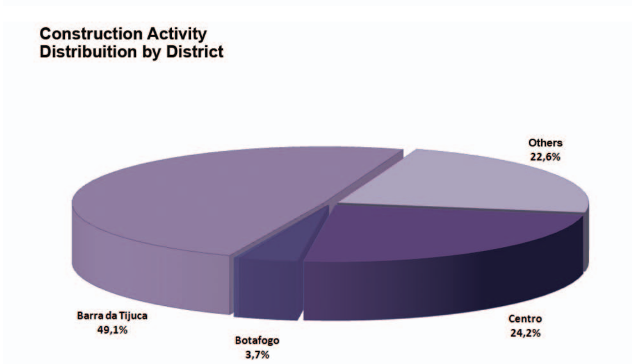
Construction activity in Rio de Janeiro continues to rise. Despite the large number of deliveries in this quarter, new developments have increased from 643,748 m² in the 3rd quarter to 652,082.19 m² in the 4th quarter.

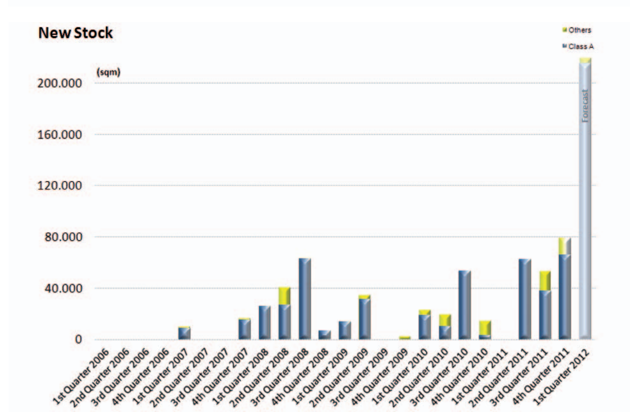
The Barra da Tijuca region continues to receive the highest investments in new developments with 319,891 m² in construction activity. The highlight is the four CEO Corporate Executive Offices towers totalling 58,296 m².

The city's central region plays an important role within the Rio de Janeiro market. Construction activity is well underway with 157,935 m², where the highlight is the four Centro Empresarial Senado towers totalling 107,165 m², to be fully occupied by Petrobrás. **



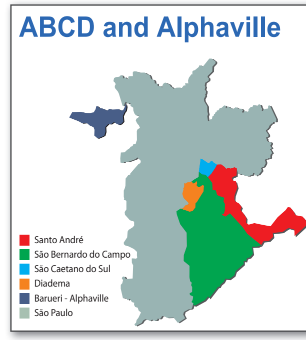






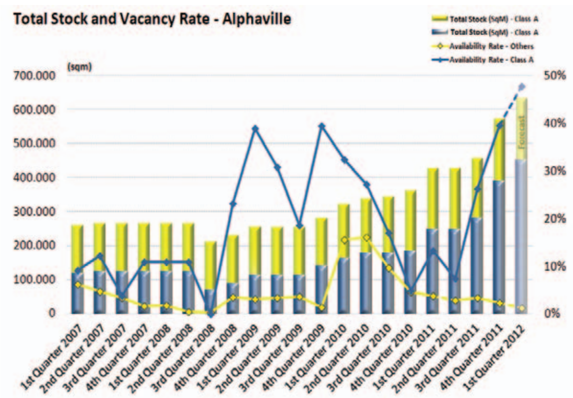
Information contained in this document is a result of research undertaken by Ocupantes, with the aim of estimating trends in the corporate real estate market. It does not constitute a legal document.

Alphaville remains the highlight of Greater São Paulo



Construction activity in the Greater São Paulo regions of Alphaville and ABCD has dropped from 414,977 m² in the 3rd quarter to 303,523 m² in 4th quarter 2011. However, vacancy rates increased during this same period from 11.99% to 19.21%.

Corporate office space in the Class A segment continues to expand in a favourable market environment in Alphaville, demonstrated by construction activity of 200,385 m², approximately 66% of the total stock available in corporate office space. Vacancy rates for this segment grew from 26.27% in the 3rd quarter to 39.55% in the 4th quarter 2011.



This increase is a result of the largest delivery of corporate office space over the last 5 years, with 100,000 m² Class A distributed in the following developments: CA Rio Negro – Jauaperi with 11,535 m², Lazulli Offices with 6,327 m², the two Brascan Century Plaza towers with 63,968 m² and the Block II of Castelo Branco Office Park with 26,600 m². Along with the additional 80,000 m² forecasted for 1st quarter 2012, the vacancy levels for this segment should continue to rise.

Meanwhile, in the Others segment in the ABCD region, the vacancy rates fell from 3.40% in the 3rd quarter to 2.16% in the 4th quarter 2011, as a result of the largest net absorption displayed over the past two years of 18,538 m².

Success Stories - The search for corporate office space for L'Bel

L'BEL

Newly arrived in Brazil, L'Bel cosmetics is an internationally recognized company accumulating awards and a great deal of prestige over the years. Besides the Brazilian market, the brand is represented in 15 other countries.

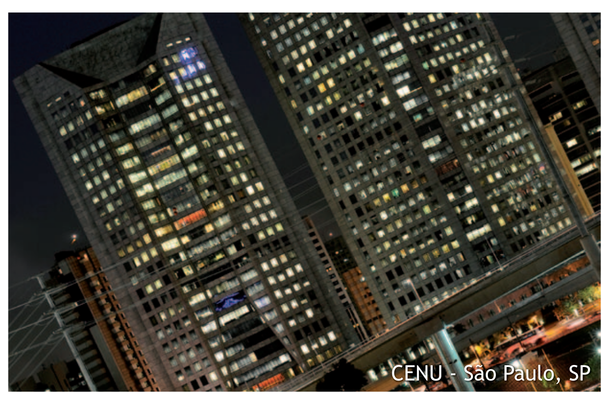
As a newcomer, the company's challenge was to find a suitable facility as headquarters for the new operation. With this objective in mind, they engaged Ocupantes *Corporate Real Estate*.

Ocupantes examined all the requirements determined by the client to establish the pertinent strategy. After having established that the new office would be in São Paulo, L'Bel engaged Ocupantes *Project Management* to conduct the subsequent stage in their expansion process.

A number of developments in São Paulo were surveyed. Taking into account all the client's needs, the best suited corporate location for L'Bel was the CENU – Centro Empresarial Nações Unidas, located in the Marginal Pinheiros / Berrini region of São Paulo.

Ocupantes' team held detailed discussions with the respective landlords on the lease amounts and other commercial conditions. Subsequently, Ocupantes provided assistance to L'Bel's lawyers on contractual revision and due diligence relative to the site and lessors.

All the Ocupantes team committed to the success of locating new facilities, kept close follow-up until project conclusion. Additionally to achieving the client's satisfaction, yet another success story for the company. ■


CENU - São Paulo, SP