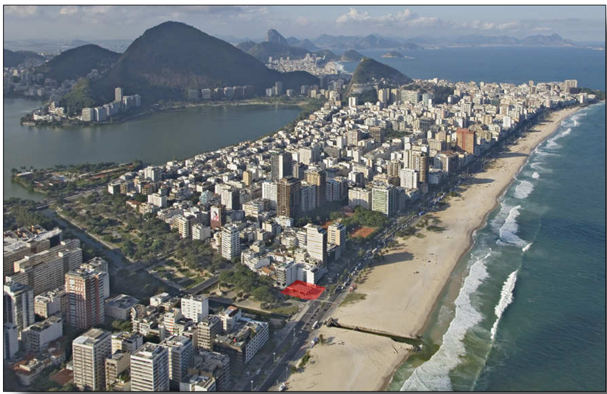
Exxon Mobil maximizes the sale value of land on Ipanema, in a bid process coordinated by Ocupantes.

Ocupantes, The Tenant Rep Company, coordinated the sale of the last development site fronting the sea of Ipanema Beach, Rio de Janeiro. The transaction resulted in the highest value ever per square meter in Brazil.

Through an international partnership, Ocupantes was retained by Exxon Mobil, owner of the Esso brand in Brazil, to coordinate the process of disposal of excess properties within its Brazilian portfolio. Among these, Ocupantes moved ahead with the sale process on site that still operated as a filling station, soon to be de-activated. The site, with 760 m², is located on the Vieira Souto Ave., in Ipanema, one of the most prime addresses in Rio, facing the sea and next to a park known as Jardim de Alá (Alah's Garden). (See red outline on the photo).



Red outline: Esso Filling Station, Ipanema Beach.

In order to maximize the sale proceeds, Ocupantes, together with Exxon, opted to undertake an informal tender or Bid Process, under the coordination of Ocupantes.

First, Ocupantes undertook a study and best use analysis to identify the site's vocation (residential, commercial, hotel/flat, retail). The result pointed to a residential development, in light of the high demand for very high standard apartments in the region as well as the fact that this was the last remaining developable site in Ipanema that faced the sea. Considering this scenario, Ocupantes appraised the land adopting discounted cash-flows from a developer's viewpoint. In this way, Ocupantes was able to identify maximum values that could be attained in order that a residential development could succeed at that location.

Ocupantes' sale team began the Bid Process by inviting several companies, national and international, to take part. Among the invitees were developers and real estate investors as well as individuals who might have interest in the property. After the first phase of publicizing, the parties interested in bidding registered their interest and received an RFP containing all the information pertaining to the transaction, such as site characteristics, procedures, site documentation and minimum price, define on the basis of the appraisal undertaken.

The result could not have been better. All who registered presented proposals in accordance with the established rules, in sealed envelopes. Ocupantes carefully analyzed the documentation of the prospective buyers and chose, together with Exxon, the best financial proposal. In June 2007, following several hurdles and procedures, and at a price 24% higher than the minimum price, the transfer was completed to an investor from Rio's real estate market. The price per square meter is considered the highest ever reached in Brazil.

One of the main challenges overcome by Ocupantes in this process was to administer, in parallel, the deactivation of the filling station according to a timeline that would not interfere with the sale of the land. Ocupantes was successful in coordinating this process, harmonizing the timelines and reaching the best sale result in Brazil.■

Marcos Alves,
Marcos Alves, Partner-Director at Ocupantes, headed the Bid Process.

HIGHLIGHTS

SÃO PAULO

The corporate real estate market in São Paulo follows the country´s economic trend and grows for the 8th consecutive quarter.

RIO DE JANEIRO

Some relief may come to the corporate office market in Rio at the end of 2007, with the delivery of 63,000 m² of class A space in Barra region.

ABCD e ALPHAVILLE

A fall in non-class A availability in the ABCD markets signals their growth.

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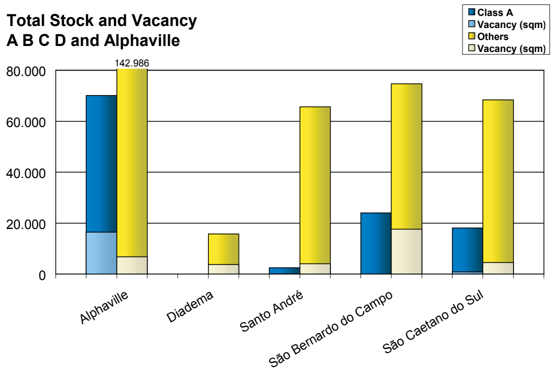
04716-003, São Paulo - SP
Tel. (5511) 5182.3455

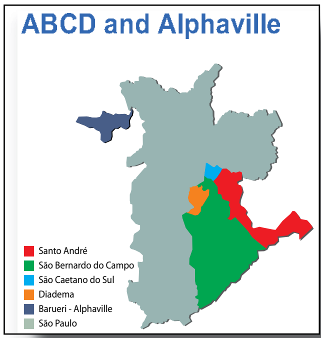
A FALL IN NON-CLASS A AVAILABILITY IN THE ABCD MARKETS SIGNALS THEIR GROWTH.

Alphaville – In the 2nd quarter 2007 the vacancy rate for the Class A segment is 21.71%, slightly higher than the previous quarter, which was 16.78%. One of the factors is the delivery of the new block in the Araguaia complex, with 4,150 m². There is no forecast for further deliveries this year so another fall in vacancy is expected. As of 2009, developers expect to deliver an additional 24,000 m² in two new buildings. On the other hand, there has been a drop in vacancy in the lower standard buildings ("Others") in comparison to the previous quarter, from 11.6% to 6.16%, signaling growth in the segment as well.

ABCD Region – Numbers have not changed much between the 1st and 2nd quarters of this year. On the other hand, for buildings classed as "Others", vacancy has reduced, also signaling a heated market. There are no forecasts for deliveries in 2007 or 2008 and construction activity is concentrated in São Caetano, with a mere 7.500 m² of non-class A space to be delivered in 2009. In light of this scenario, if growth in demand continues, there shall be a strong fall in vacancy over the next few quarters.



Both in Alphaville and ABCD there has been a fall in vacancy rate for non-class A space. This signals a growth of these markets matching the growth trend of Greater São Paulo.



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The Company – Founded 45 years ago, EDS is a world leader in technology services, operating in 30 countries and providing IT solutions to governments, companies of diverse sectors, such as financial, industrial, health, communications, energy, transport and retail. In Brazil since 1985, EDS is present in the South, Southeast and Northeast of the country, with 6,000 employees and growing 30% per annum. In Brazil EDS occupies second place in IT services and first in the processing of electronic transactions.

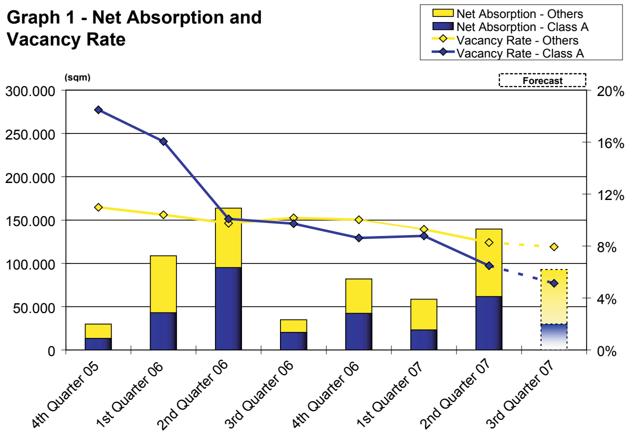
The Initial Situation – With the growth of the company, several specific need arose, such as the need to combine flexibility and agility to attend new demands, to control critical dates of the existing leases as well as eventual terminations and relocations. For this, EDS's Real Estate Department needed the backing of good and relevant market information and the support of a partner/supplier who could offer presence in all the cities where EDS operates. In addition, this supplier had to defend EDS's interests in front of landlords and their agents, proactively proposing solutions to EDS's occupational plans.

Results Obtained – The solutions proposed by Ocupantes included some terminations but mainly the renewal and revision of rents for the 25,000 m² that EDS occupied in 7 different cities, as well as the lease of an additional 30,000 m² (see article in the front page), in order to strategically realign their occupational plan. Over a period of two years, Ocupantes sought opportunities to reduce rents and align them to market realities, and negotiated such reductions with the landlords, while still maintaining a good relationship between them and EDS. Ocupantes also defended EDS's interests at lease termination, minimizing exit and restoration costs. Ocupantes dedicated part of its structure to fully attend EDS, acting in close harmony with Corporate Real Estate. This partnership and synergy gave Ocupantes a full understanding of needs and demands, which, combined with market knowledge, resulted in practical and comprehensive solutions for EDS.

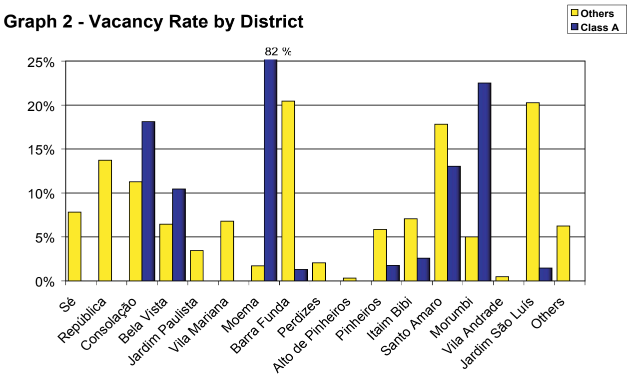
One of EDS` offices.
Centro Empresarial Office Park
Florianópolis, SC.

THE CORPORATE REAL ESTATE MARKET IN SÃO PAULO FOLLOWS THE COUNTRY´S ECONOMIC TREND AND GROWS FOR THE 8TH CONSECUTIVE QUARTER.

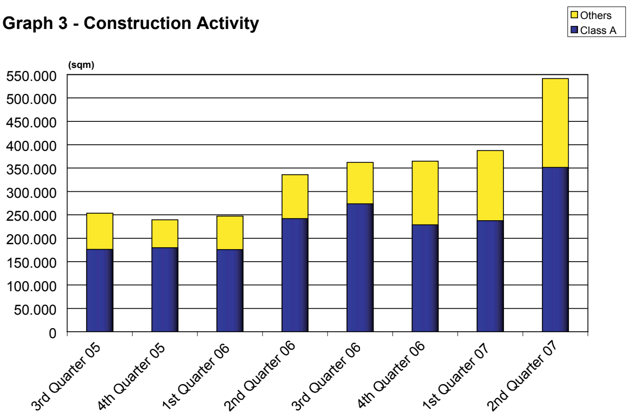
Graph 1 - Net Absorption and Vacancy Rate



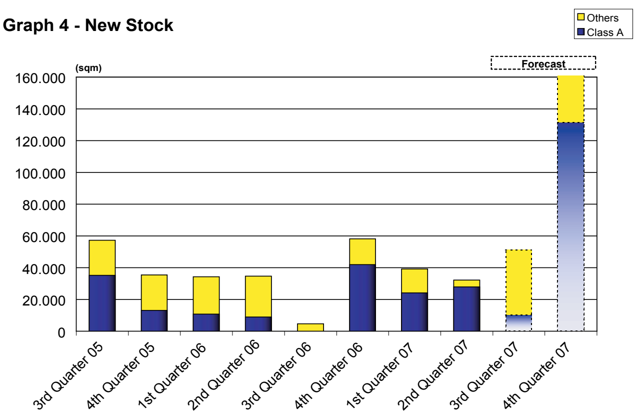
Graph 2 - Vacancy Rate by District



Graph 3 - Construction Activity



Graph 4 - New Stock

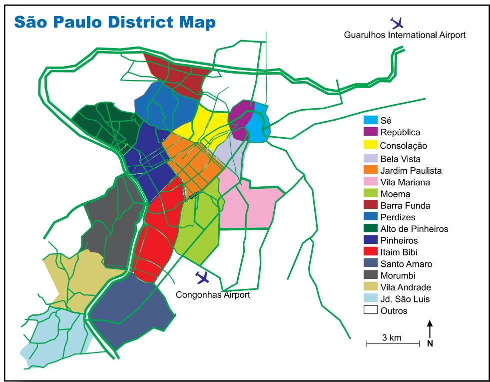


Net Absorption and Vacancy Rate (Graph 1): Confirming forecasts of growth in demand, the vacancy rate continues falling for the third consecutive year (since the 3rd quarter of 2004). The vacancy remained high for almost two years soon after the boom in 2000, which was followed by many new developments and growth in the size of the market. After the two years of high vacancy, the rate has been gradually falling, and has shown a more accentuated drop in the last two years. In the Class A* segment, the fall has been 2.3 percentage points, reaching 6.49%, one of the lowest rates in recent years. Net absorption was larger than in the previous quarter, clearly indicating a heated market.

Market Indicators

Vacancy Rate	↘
Net Absorption	↗
New Stock	↘
Construction Ativity	↗

Vacancy Rates by District (Graph 2): Four highlights this quarter indicate the growth of the corporate office market. In Bela Vista, the delivery of the Santa Catarina building on the Paulista Ave., which raise the district' vacancy; the total occupation of the Linklaters Building in Alto de Pinheiros, resulting in a vacancy of 0% for the district; a fall in the rate to 1.47% in Jardim São Luiz, due to the nearly full occupation of Panamerica Park; and the fall in vacancy for the 6th consecutive quarter in the Itaim region.



Construction Activity and New Stock (Graphs 3 and 4): What calls attention in the second quarter of 2007 is the significant increase in Construction Activity, especially in the Class A segment. From the graphs it can be seen that, despite the new Class A stock being slightly above 27,000 m² in the 2nd quarter, there has been an inclusion of an additional 86,000 m², totaling 350,000 m² of Class A under construction in the city of São Paulo. There is also a development that is being launched, the Villa Lobos Office Park, to provide 32,000 m² of Class A space. Even though the expected delivery of new buildings in the 3rd quarter is low, the accumulated amount in the 4th quarter should reach almost 130,000 m², one of the largest delivery rates in the history of the city, according to the panning of the construction companies**. (In recent years, the other quarter in which delivery surpassed 100,000 m² was the 3rd quarter of 2003). If this delivery forecast is met, we should see some breathing space and a possible stabilizing of the vacancy rate**.**

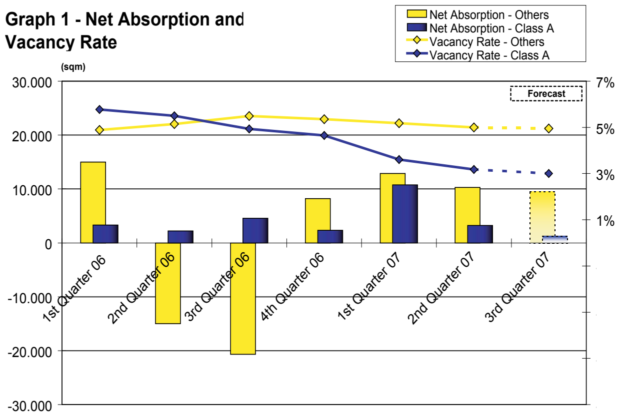
The growth in the corporate office market, especially in the Class A segment, is a reflection of Brazil's economic scenario. The stability of the currency and the reduction in Country Risk have directly influenced economic growth. According to the media, the classification of Brazil as "investment grade" may further increase foreign investments in the country. With a growth in the economy as a whole, the real estate market also grows in light of the growing need for space. In general terms, the outlook for coming years is of optimism and growth.

** Class A: Buildings delivered after 1987, with a leaseable area per floor of over 700 m²,and high technical specifications.*

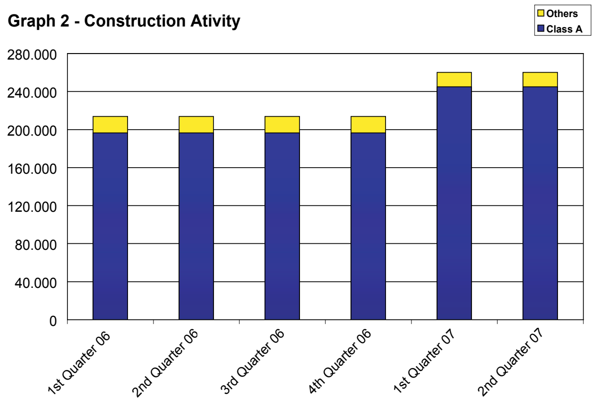
*** Ocupantes' numbers are based on information provided by developers and construction companies.*

SOME RELIEF MAY COME TO RIO AT THE END OF 2007, WITH THE DELIVERY OF 63,000 m² OF CLASS A SPACE IN THE BARRA REGION.

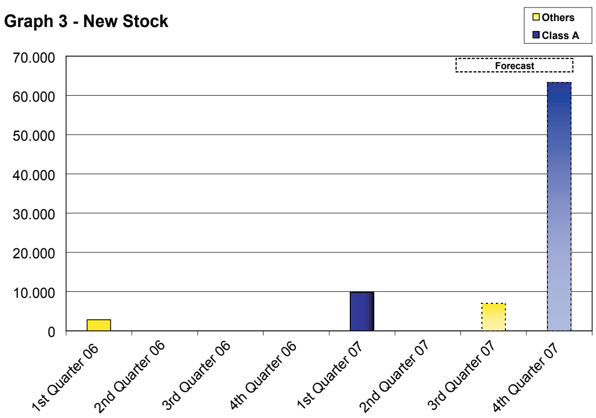
Graph 1 - Net Absorption and Vacancy Rate



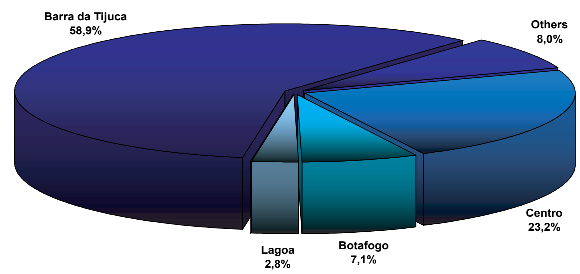
Graph 2 - Construction Ativity



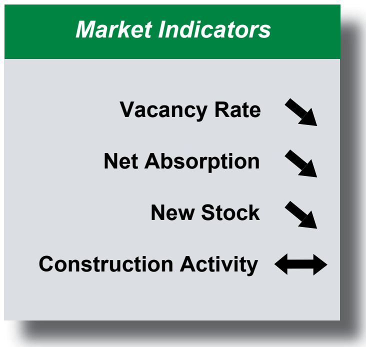
Graph 3 - New Stock



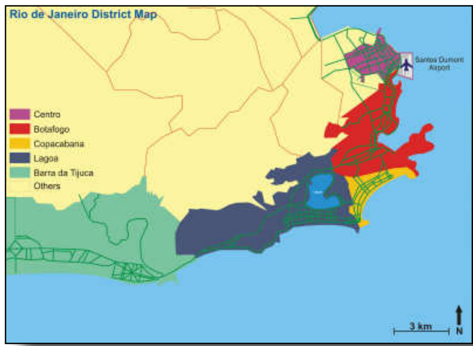
Graph 4 - Total Stock - Class A (Multi-Tenant) Distribution by Administrative Region



Net Absorption and Vacancy Rate (Graph 1): Confirming the forecasts in the 1st Quarter 2007, there has been a fall of 0.44 percentage points in the Class A* segment in Rio. Considering that 3.61% in the 1st quarter was already a very low vacancy, now, with 3.17%, the situation remains delicate and prices are rising. Net absorption in the 2nd quarter was smaller than before, yet positive, confirming a still hot market. It is notable that in the quarter when more buildings were delivered, the absorption was also much bigger, clearly indicating a lack of corporate office space in Rio.



Construction Activity and New Stock (Graphs 2 e 3): The heated market seems to have sparked the developers and builders. There has been an inclusion of 57,000 m² in new construction, all Class A, now totaling over 244,000 m² under construction in Rio de Janeiro. According to the planning of the construction companies** a new building will be delivered in the Barra market, with 63,000 m² at the end of 2007. If this occurs, there will be an 8.6% growth in the Class A stock of the city. To exemplify the impact that this can have, the vacancy rate in the Class A segment, which is today at 3.17%, would jump to 8.91%, if total occupation remains constant. Continued investments in Barra confirm its standing as the major hub for corporate buildings in Rio de Janeiro.



Total Stock Class A (Multi-occupier) per Administrative region (Graph 4): (Multi-occupier buildings exclude those with one occupier or government institutions) Graph 4 clearly shows a concentration of the Class A market in Barra da Tijuca, with almost 60% of the stock, or 321,805 m². If the planned deliveries occur, this percentage will rise to 70.5%. Over the next few years this trend should continue, considering that the traditional locations of the city are saturated with buildings, considerably restricting new buildings.

The corporate office market in Rio is giving signs of a healthier growth if we consider the new construction. What is expected is a fall in vacancy rate by the end of the year after which the situation will improve, if deliveries are maintained. In 2008 Rio could enter a new phase, offering more attractive conditions to new companies and a continuous growth in the corporate office market.

** Class A: Buildings delivered after 1987, with a leaseable area per floor of over 700 m²,and high technical specifications.*

*** Ocupantes' numbers are based on information provided by developers and construction companies.*

OCUPANTES is the first Brazilian Real Estate consulting firm to exclusively represent corporate end users in Brazil. It is composed of highly skilled professionals with ample experience representing Brazilian and multinational companies.