

LIMA OFFICE

Economic Indicators	Q3 16	Q3 17	12 month forecast
GDP Variation(%)	4.0%	2.3%	▲
Inflation Variation(%)	2.2%	2.8%	■
Unemployment rate (%)	6.6%	6.4%	■

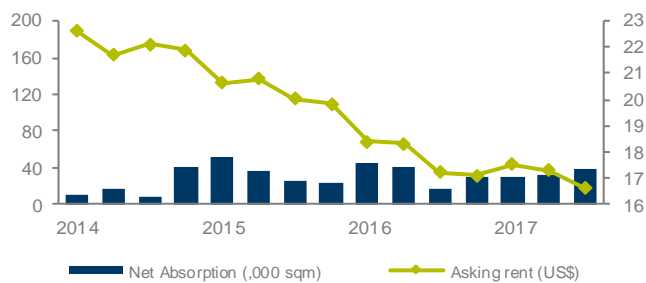
*Source: National Institute of Statistics and Informatics, Central Bank, Economy and Finance Ministry

Market Indicators (Class A)	Q3 16	Q3 17	12 month forecast
Vacancy rate	20.7%	21.4%	▼
Net Absorption (,000 sqm)	16.1	38.5	■
Under construc. (,000 sqm)	731.8	234.4	▼
Average asking rent (*)	\$17.4	\$16.6	▲

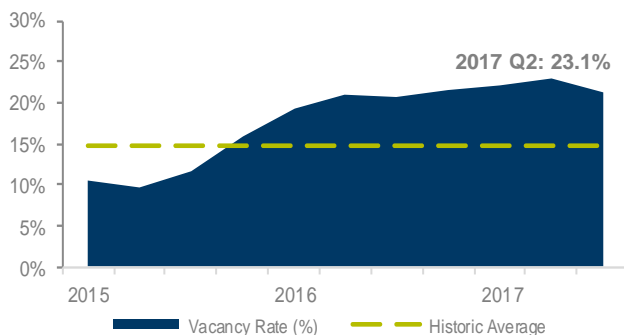
(*) The average represents net values by sqm / month

Net Absorption/Asking Rent (Class A)

Trend 2017 Q3



Overall Vacancy (Class A)



Economic Overview

Official results for the third quarter of the year have not yet been finalized, however, through the end of August, according to the National Institute of Statistics and Informatics (Instituto Nacional de Estadística e Informática in Spanish, INEI), annual GDP growth was 2.6%. This was the 8th consecutive yearly increase, despite the natural disasters and political turmoil that shook the country during the first half of the year. With this figure in mind, the International Monetary Fund (IMF) forecasts a GDP growth of 2.7% through the end of the year, with the expectation that this trend will continue to be positive and, in 2018, will leap to 3.8%. According to the INEI, the sectors that invigorated economic activities between January and August were Fishing (+ 39.96%), Public administration, Defense and others (+ 4.20%), Telecommunications and Other services (+7.55) % and Mining and Hydrocarbons (+ 2.88%). Although the construction sector recovered by 4.78% in August, it still slowed down of -1.89% for the year, due to lower consumption of cement and delay of public work projects.

The annual variation for the inflationary indicator was 2.03% nationally, and 1.87% for Metropolitan Lima, at the end of the third quarter. The inflation rate is expected to remain within the target range (2%) during the fourth quarter of this year and 2018. This forecast considers a positive change in food prices that were affected by the adverse effects associated with the El Niño Phenomenon (excessive rains) during the first quarter, and its impact on the supply of these products during the third quarter.

Finally, the exchange rate closed the third quarter of the year at 3.26 Nuevos Soles per US Dollar, according to the National Superintendence of Tax Administration. This figure has remained below 3.30 Nuevos Soles per US dollar, however, fluctuations for this indicator have been trending upwards. It is expected that by the end of the year this ratio will remain between 3.20 and 3.30 nuevos soles per US dollar.

Market Overview

Despite a growing inventory, the Class A office market in Lima registered a vacancy rate decrease of 1.7 pp between quarters, and now stands at 21.4%. Available space decreased as tenant demand for space was high even with the addition of newly completed projects, including Torre del Parque (9,547 sqm), developed by Urbanova, which was 100% occupied immediately.

Of the 20,014 sqm of Class A buildings completed this quarter, 9,547 sqm belonged to Torre del Parque in San Isidro Financiero, and 10,467 sqm belonged to Edificio Comercial Faisanes, which was developed by Corporación Jeruth and located in Chorrillos.

By the end of 2017, it is expected that total inventory will grow to 1,425,082 sqm, (this is a 12.4% jump in inventory over last year). This total may not be reached until later in 2018 if some delivery dates moved until the first quarter of next year, which is a distinct possibility, however, as it stands now, a total of 35,575 sqm of new office area is expected to be delivered during the last quarter of the year.

Evolution of availability - Vacancy rate

Compared to the same quarter last year, Class A availability decreased by 6.9%, or 297,403. Most of this space concentrated in San Isidro Financiero (97,271 sqm), Santiago de Surco (76,160 sqm), and Magdalena del Mar (46,085 sqm).

Compared to the previous quarter, San Isidro Financiero's vacancy rate decreased by 4.5 p.p. to 23.1%, Miraflores's increased by 1.5 p.p. to 14.9%, and San Borja's decreased by 14.1 p.p. to 2.1%. These vacancy rates changes result from a decrease in project completions during the third quarter and a stable net absorption (38,554 sqm) in the Class A office market, mainly in San Isidro Financiero (25,886 sqm), Santiago de Surco (7,752 sqm) and Miraflores (2,762 sqm).

The vacancy rates that have experienced significant year-over-year variations are: Magdalena del Mar (-9.7%), Miraflores (-7.15%), San Isidro Empresarial (+ 7.12%), and San Isidro Financiero (+5.3 %). In the case of Magdalena del Mar and Miraflores, this variation resulted from a stable absorption and only 12,252 sqm of completions in Magdalena del Mar, over the last year.

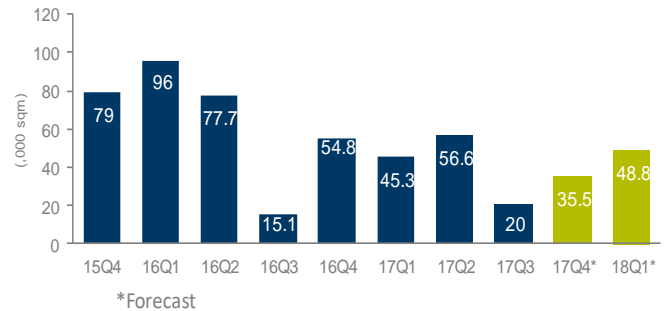
Average asking rent change

The Class A average asking rent change was minimal during third quarter, with a decrease of only \$0.7 compared second quarter. The average rate now stands at \$16.60 per sqm, and ranges between \$13.50 per sqm and \$22.00 per sqm. The sub-markets that have experienced changes in their average asking rent are mainly San Isidro financiero (-\$0.6), Miraflores (-\$0.6), and Santiago de Surco (-\$0.6) with average rent prices of \$17.10, \$ 17.50 and \$ 15.60 per sqm, respectively.

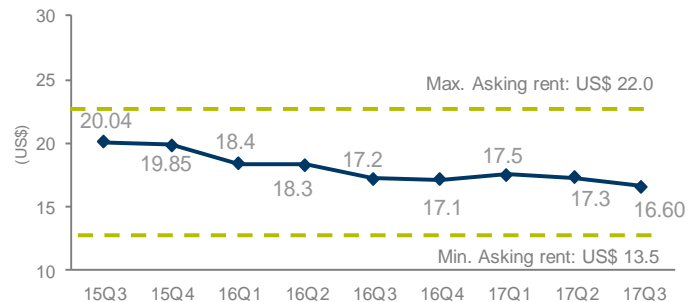
Class B Buildings Outlook

- In second quarter, the total inventory for the Class B office market was 657,586 sqm. This space is primarily located among the main business districts of Lima, mainly in: Miraflores (24.7%), Santiago de Surco (19.4%), and San Isidro Financiero (18.7%). San Isidro Empresarial, and other districts such as San Miguel, Surquillo, Ate Vitarte, Santa Anita, among others, share a much lower percentage of this total.
- The average asking rent for Class B buildings for second quarter 2017 decreased to US\$15.40 per square meter (\$ 0.4 less than first quarter). The prices range between: US\$7.50 and US\$22.00 per sqm. It is worth noting that in some cases, due to the size of the offices, leases are offered with basic implementation, which is the reason why the price is higher.
- By the end of this year, Class B office inventory will increase by 17,690 sqm, mainly in: Miraflores (9,640 sqm), Santiago de Surco (3,537 sqm) and Magdalena del Mar (3,165 sqm).

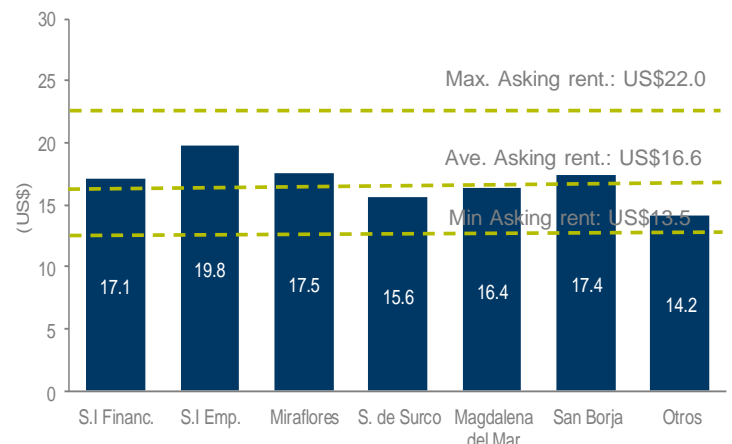
Class A - New Supply



Class A - Asking rent trend by period



Class A - Asking rent trend by submarket



MARKETBEAT

Lima

Office Q3 2017



SUBMARKET	INVENTORY (sqm)	AVAILABLE AREA (sqm)	VACANCY RATE	CURRENT NET ABSORPTION (sqm)	AVERAGE ASKING RENT (CLASS A)	AVERAGE ASKING RENT (CLASS B)	PIPELINE (UNTIL 2018) CLASS A - sqm	PIPELINE (UNTIL 2018) CLASS B - sqm
San Isidro Financiero	421,390	97,271	23.1%	25,886	\$17.1	\$16.4	43,538	1,348
San Isidro Empresarial	214,229	25,861	12.1%	840	\$19.8	\$17.3	9,887	-
Miraflores	185,484	27,708	14.9%	2,762	\$17.5	\$16.1	35,918	18,574
Santiago de Surco	301,539	76,160	25.3%	7750	\$15.6	\$18.7	63,258	6,037
Magdalena del Mar	143,850	46,085	32%	-1,385	\$16.4	\$16.4	10,725	16,831
San Borja	35,580	759	2.1%	5016	\$17.4	\$17.6	-	-
Other districts	87,427	23,559	31.9%	-	\$14.2	\$12.8	-	10,081
LIMA TOTAL	1,389,507	297,403	21.4%	38,554	\$16.6	\$15.4	163,326	52,871

Significant Completions Q3 2017

BUILDING	COMPLETION PERIOD	APROX. BLDG SQM FOR LEASE	DEVELOPER	SUBMARKET
Torre del Parque	Q3 2017	9,547	Urbanova	San Isidro Financiero
Edificio Comercial Faisanes	Q3 2017	10,467	Corporación Jeruth	Chorrillos

Significant projects under construction

BUILDING	COMPLETION PERIOD	APROX. BLDG SQM FOR LEASE	DEVELOPER	SUBMARKET
Centro Empresarial Caminos del Inca 240	Q4 2017	5,376	Grupo Chacarilla Sur	San Isidro Empresarial
San Isidro 27	Q4 2017	6,580	ICGSA	San Isidro Financiero
C.E. Torres Reales (Real 2)	Q4 2017	7,227	Inversiones Centenario	San Isidro Empresarial
Centro Empresarial Miraflores IV	Q1 2018	19,998	Nuevo Mundo	Miraflores
Plus Olguin	Q1 2018	26,193	Tucán Inversiones	Miraflores
Centro empresarial Titanium	Q1 2018	2,660	Terras Grupo Inmobiliario	San Isidro Empresarial

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