

LIMA OFFICE

Economic Indicators	Q4 16	Q4 17	12 month forecast
GDP Variation(%)	3.7%	2.8%	▲
Inflation Variation(%)	3.3%	-0.53%	■
Unemployment rate (%)	6.2%	6.5%	■

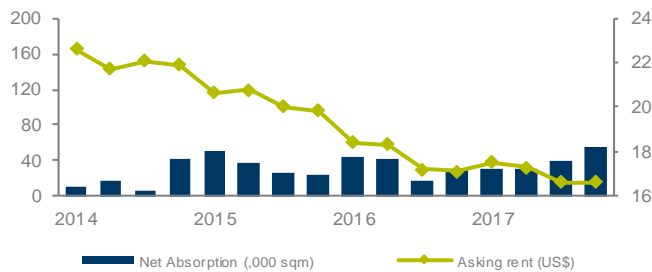
*Source: National Institute of Statistics and Informatics, Central Bank, Economy and Finance Ministry

Market Indicators (Class A)	Q4 16	Q4 17	12 month forecast
Vacancy rate	21.7%	21.1%	▼
Net Absorption (,000 sqm)	29.8	54.3	■
Under construc. (,000 sqm)	418.0	180.6	▼
Average asking rent (*)	\$17.1	\$16.6	▲

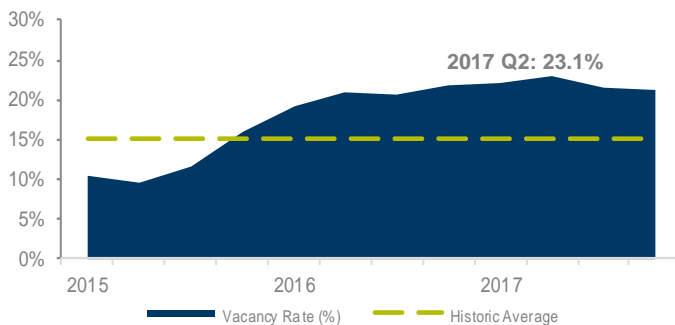
(*) The average represents net values by sqm / month

Net Absorption/Asking Rent (Class A)

Trend 2017 Q4



Overall Vacancy (Class A)



Economic Overview

Official results for the last quarter of the year have not yet been finalized, however, through the end of November, according to the National Institute of Statistics and Informatics (Instituto Nacional de Estadística e Informática in Spanish, INEI), annual GDP growth was 2.4%. This was the 8th consecutive yearly increase, despite the political turmoil that shook the country during the year. With this figure in mind, the International Monetary Fund (IMF) forecasts a GDP growth of 2.8% through the end of the year, lower than the original forecast at the beginning of the year (4%). It is expected 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 November were Fishing (+ 20.37%), Telecommunications and Other services (+8.01%) Public administration, Defense and others (+ 4.14%), and Mining and Hydrocarbons (+ 2.92%). In addition, the Construction sector continues its growth and showed a recovery of 5.33% in November, in cumulative terms it still recorded a growth of 1.29%, caused by the improvement in the consumption of cement and the progress of public works.

The annual variation for the inflationary indicator was 1.5% nationally, and 1.36% for Metropolitan Lima, at the end of the year. The inflation rate is expected to remain within the target range (2%) during the next year 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.

Finally, the exchange rate closed the third quarter of the year at 3.24 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

Lima's Class A office market maintained vacancy levels indicated on the third quarter rates, reaching 21.1% at the end of 2017. The vacancy rate remain stable due to the occupancy of the area available in the last quarter and the almost total occupancy of some projects delivered at the end of the year, such as Real 2 (11,950 sqm), developed by Inversiones Centenario, which was occupied immediately. Of the 63,890 sqm of Class A buildings delivered this quarter, 10,725 sqm correspond to Aliaga 360 Office Building, 11,950 sqm to Real 2 in San Isidro Empresarial and 19,998 sqm to Miraflores Business Center IV, developed by Nuevo Mundo and located in the district of Miraflores. The inventory forecast for the end of 2018 is 1,594,001 sqm, with a growth of 9.4% compared to the figures indicated at the end of 2017. This percentage may vary if some project delay their delivery date mainly those to be delivered in the last quarter of the year and whose delivery may be delayed until the first quarter of 2019.

Evolution of availability - Vacancy rate

Compared to the same quarter last year, availability decreased by 2.8%, adding 307,649 sqm of available area in Class A buildings. This availability is mainly concentrated in the San Isidro Financiero (105,831 sqm), Santiago de Surco (72,863 sqm) sub-markets and Magdalena del Mar (46,315 sqm)

The sub-markets that have affected their vacancy rate with respect to the previous quarter (2017T3) are San Isidro Financiero with an increase of 1.7% (24.8%), Miraflores with an increase of 4.3% (19.2%) and San Isidro Empresarial with a decrease of 4.5% (2.1%). This stability in the vacancy rates is the result of the immediate absorption of a large quantity of square meters delivered during the last quarter of the year; Of the 63,890 sqm delivered, at least 24,067 sqm were absorbed, with which the net absorption closed the last quarter of the year in 54,300 sqm for the Class A office market evidenced, mainly, in the San Isidro Empresarial submarket (12,929 sqm) and Miraflores (16,520 sqm).

With respect to the same quarter of last year, the vacancy rates that have experienced significant variations have been Magdalena del Mar (-13.1%), Santiago de Surco (-5.7%), and San Isidro Financiero (+ 4.2%).

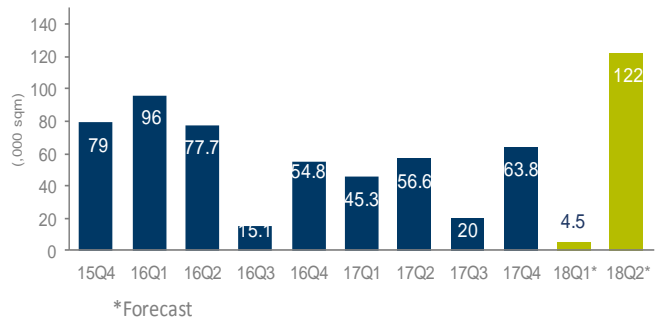
Average asking rent change

At the end of the fourth quarter of 2017, average rental price did not vary compared to the previous quarter and remained at \$ 16.6 per sqm. Currently, the price range fluctuates between a minimum of \$ 12.0 per sqm and \$ 25 per sqm. Despite this stability, some sub-markets have experienced variations in their average rental prices in Class A offices such as San Isidro Empresarial (-1%) and Miraflores (+1.7) with average market prices of \$ 19.6 and \$ 17.8 per sqm, respectively.

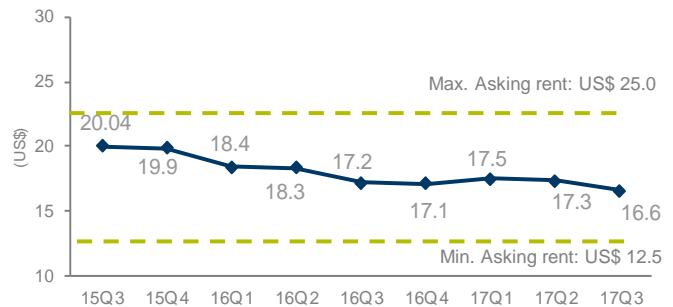
Class B Buildings Outlook

- 2017 ended with a total Class B inventory of 675,620 sqm, it showed an increase of 18,034 sqm compared to the previous quarter. This inventory is distributed among the main business districts of Lima, mainly in the area of Miraflores (24.8%), Santiago de Surco (19.4%) and San Isidro Financiero (18.4%). San Isidro Empresarial (10.5%), and other districts such as San Miguel, Surquillo, Ate Vitarte, Santa Anita, among others, have a lower percentage of this total.
- The average rental price of Class B building in the last quarter of the year increased to \$ 15.6 per sqm without considering this significant (\$ 0.2 more than the third quarter). The price range is between US \$ 7.5 and US \$ 21.5 per sqm. It is necessary to indicate that, in some cases, due to the size of the offices, these are offered with basic implementation, so the rental price increases. It is expected that by the end of 2018, the inventory of Class B offices will increase by 136,670 sqm, mainly in the district of Miraflores and Magdalena del Mar.

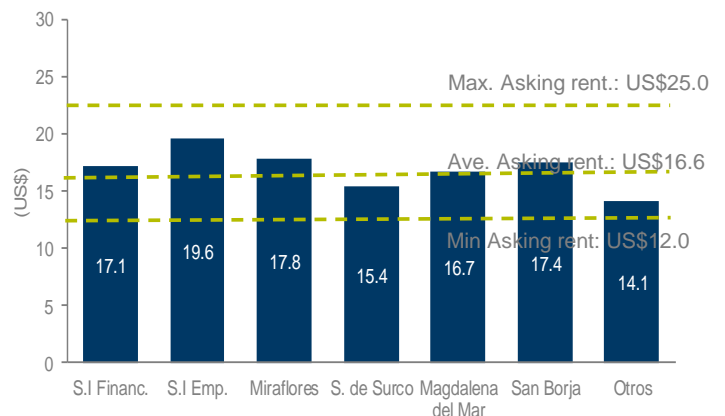
Class A - New Supply



Class A - Asking rent trend by period



Class A - Asking rent trend by submarket



MARKETBEAT

Lima

Office Q4 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	426,917	105,831	24.8%	4,882	\$17.1	\$16.4	38,011	-
San Isidro Empresarial	230,113	17,622	7.7%	12,929	\$19.6	\$17.4	4,500	-
Miraflores	215,796	41,500	19.2%	16,520	\$17.8	\$16.1	9,200	15,301
Santiago de Surco	306,915	72,863	23.8%	8,673	\$15.7	\$18.6	67,970	2,500
Magdalena del Mar	154,575	46,315	29.9%	10,496	\$16.4	\$13.5	16,989	13,666
San Borja	35,588	759	2.1%	-	\$17.4	\$18.9	-	-
Other districts	87,427	22,758	26.1%	801	\$14.1	\$13.1	-	4,381
LIMA TOTAL	1,457,331	307,649	21.1%	54,300	\$16.6	\$15.6	136,670	35,848

Significant Completions Q4 2017

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	Q4 2017	19,998	Nuevo Mundo	Miraflores

Significant projects under construction

Centro empresarial Titanium	Q1 2018	2,660	Terras Grupo Inmobiliario	San Isidro Empresarial
Plus Olguin	Q22018	26,193	Tucán Inversiones	Santiago de Surco
More (Torre Golf)	Q22017	31,689	Inmobiliari	Santiago de Surco
Torre Forum	Q22018	18,011		San Isidro Financiero
Numen Tower	Q22018	9,200		Miraflores
Edificio Primera Vision	Q22018	16,989	Primera Vision S.A.	Magdalena del Mar

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