

OFFICE LIMA

Economic Indicators (*)

	Q1 18	Q1 19	12 month forecast
Unemployment rate	8.1%	8.2%	▲
GDP Variation (Nov 2018)	2.83%	1.83%	▲
Inflation Variation	1.2%	2.2%	▬

(*)Sources: Statistics and Informatics National Institute, Central Bank, Economy and Finance Ministry.

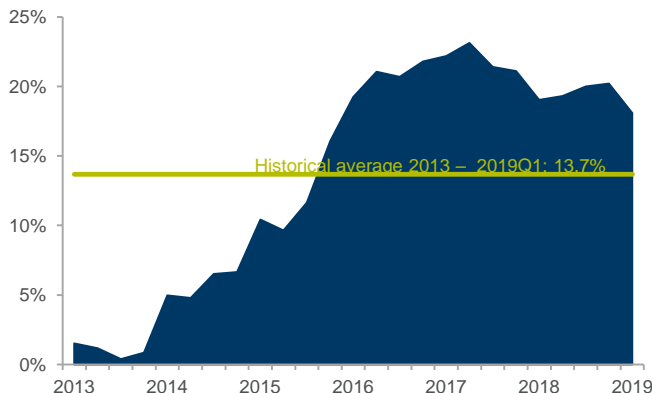
Market Indicators (Class A)

	Q1 18	Q1 19	12 month forecast
Vacancy rate	19.0%	18.1%	▼
Net Absorption (,000 sqm)	29.4	47.7	▬
Under construction (,000 sqm)	212.1	53.8	▼
Average asking rent (USD/month/sqm)	\$17.1	\$17.2	▲

Net Absorption (sqm) / Asking Rent (USD/sqm/month) (Class A)



Vacancy Rate (%) (Class A)



Economic Overview

In 2019, it is expected a continuous and positive growth of the economy, with a moderate internal demand and lower public spending that could be compensated by mining production and higher private spending.

According to the National Institute of Statistics and Informatics (INEI), during January and February, the GDP indicated an accumulated growth of 1.8%. In February, the growth reached was 2.1%, compared to the previous month, reflecting an improvement in the majority of the productive sectors. On the contrary, the construction sector showed a contraction due to the pause in several public works by the regional and local government; however, the consumption of cement increased due to works in mining centers, construction of shopping centers, multifamily housing, among others.

GDP growth projections remain stable on the first quarter of the year, indicating a positive advance. The Central Reserve Bank of Peru projects the continuity of this trend under the expectation that by the end of 2019 it will close near to 4%.

According to the National Institute of Statistics and Informatics, the cumulative annual variation of the inflation indicator was 2.3% in Lima. It is expected that inflation will be around 2% in 2019, according to the inflation goal proposed by Central Reserve Bank, which contemplates a range between 1% and 3%.

The Peruvian real estate market manages rental and sale prices for offices and other properties in US dollars, therefore, they are influenced by changes in the exchange rate, in addition to the interaction of supply and demand, which could be the cause of future adjustments. The exchange rate remained stable during February and March and closed the quarter at S / 3.32 / USD.

Looking ahead to the coming months, it is expected that the stability of the growth of the world economy will benefit the economy, sustained by an improvement in the value in exports. An increase of 2.8% in private investment and public spending is also expected, together with the greater dynamism in domestic demand, despite a significant decrease in the growth of public investment.

Market Overview

In the first quarter of the year, the Class A office market reflected a downward adjustment of the vacancy indicator, maintaining the average asking price stable. Class A office inventory doubled compared to 2014, despite this, during this first quarter, there was only one office project completed.

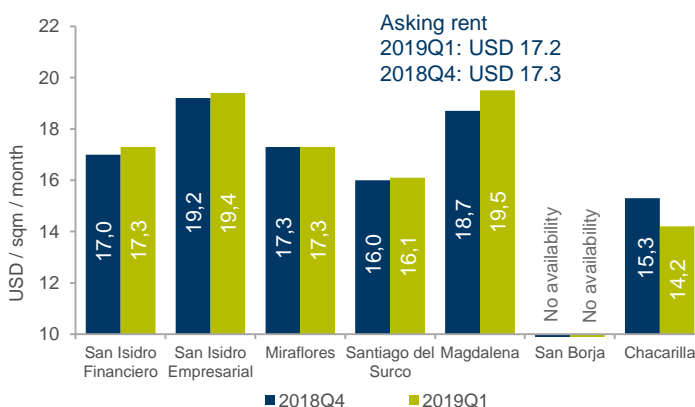
The vacancy rate remains in a downward trend and closed at 18.1%, which means a 2.2 p.p. less than the one registered on the previous quarter. The available area decreased by 9.6% compared to the previous quarter, due to the lease by co-working companies.

As a result, the net absorption was 47,726 sqm during the first quarter of 2019, representing an increase of 57.8% compared to the same quarter of the previous year. Whereas, during the past year, the average of this indicator was around 26,000 sqm. By submarkets, 84% of the total net absorption focused in San Isidro Empresarial (33.2%), Magdalena del Mar (25.3%) and Miraflores (24.6%).

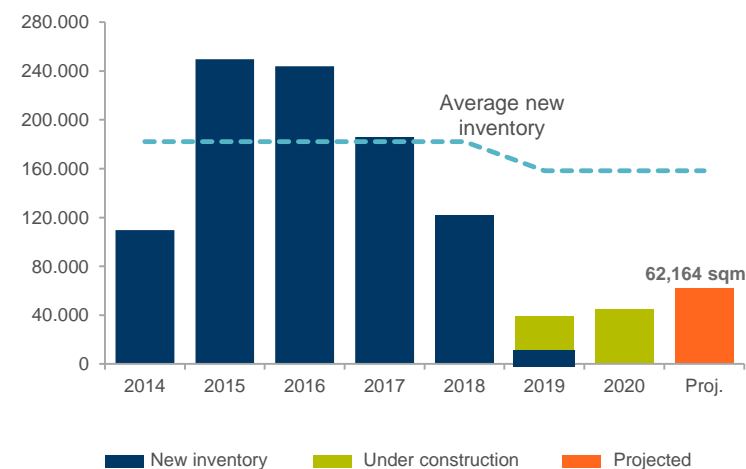
Despite the decrease in the available area compared to the previous quarter, it must be mentioned that most of it is still located in San Isidro Financiero, 36.7% of the total, followed by Santiago de Surco with 29.2%.

The sub-markets that reflected a positive change in the vacancy rate were Magdalena del Mar with a 7% reduction compared to the previous quarter and Miraflores indicated a reduction of 2.7%

Asking Rent by submarket (USD/sqm/month)



New inventory (sqm) / Projected Surface (sqm)
THE PROPOSED AND UNDER CONSTRUCTION SURFACE DECREASES THE HISTORICAL AVERAGE OF A NEW ÁREA BY 13.1%



IN THE FIRST QUARTER OF 2019, NET ABSORPTION INCREASED IN 57.8% COMPARED TO THE SAME QUARTER IN 2018

The average asking rent, remained stable and closed at USD 17.2 per sqm/month, although this evidenced a minimum change, the the average asking rent in Chacarilla adjusted + 7.2% compared to the previous quarter .

Currently, 83,807 sqm are under construction and, 47.7% of this area is located in Santiago de Surco and the rest in San Isidro Financiero y Empresarial.

101,144 sqm of new Class A inventory is expected between 2019 and 2020, representing a 5.3% growth compared to the curent Class A inventory at the end of the first quarter of 2019.

SUBMARKET	INVENTORY CLASS A	SURFACE AVAILABLE (SQM)	VACANCY RATE	AVERAGE ASKING RENT (USD/SQM/MONTH)	UNDER CONSTRUCTION (SQM) (*)	PROJECTED (SQM) (**)
San Isidro Financiero	516,331	104,703	20.2%	17.3	20,947	24,000
San isidro Empresarial	241,482	23,938	9.9%	19.4	13,789	21,000
Miraflores	216,415	24,555	11.3%	17.3	-	17,164
Santiago de Surco	342,305	83,033	24.2%	16.1	40,022	-
Magdalena del Mar	171,564	34,789	20.2%	19.5	-	-
San Borja	35,588	0	0%	-	-	-
Chacarilla	15,576	2,441	15.6%	14.2	9,049	-
LIMA TOTAL CLASS A	1,570,431	284,643	18.1%	17.2	83,807	62,164

(*) Square meters under construction between 2019Q2 to 2020Q4

(**) Square meters proposed between 2021Q1 forward

Note: Some of the buildings were reclassified, therefore there is a change in Class A inventory. However, the data remains comparable.

