CUSHMAN & WAKEFIELD

CAPITAL MARKETS

SOUTH AMERICA | 2021

CONTENTS

EXECUTIVE SUMMARY

Real estate markets showed a strong recovery during 2021, with above average investment volumes driven by high liquidity, solid economic growth and a low interest rate environment. Clearly, the strongest investment sectors were multifamily, industrial and life science, also commonly identified as sheds, beds and meds.

South America presented a similar trend: e-commerce growth accelerated the industrial investments and investor demand benefited multifamily sector. Although there were difficulties to deploy capital in this segment due to limited supply, except for countries like Chile where this asset class had emerged well before.

Marc Royer

Managing Partner Capital Markets South America

"It is expected that investors will continue to increase their allocations to real estate in the region as a good risk-adjusted investment in a high inflation environment, with a general focus on more core and resilient assets in the main gateway markets."

Investment activity was strong especially in Brazil in the first three quarters of the year with recent equity raisings from FIIs (REIT equivalents) with some very large transactions taking place in office and retail. Towards the second half of the year, the rapid tightening of monetary policies spread across the region started to weigh on buyers that have acquired over the past years with floating interest rate leverage.

A similar trend occurred in Chile where interest rates increased more than twice - being before the lowest in South America - further slowing down investments prior to the presidential elections.

Colombia showed robust activity due to the economic output and continuous development of the industrial and office market.

Argentina presented some relatively large investment transactions driven by multinational companies looking for capital preservation through real estate, mainly in the Central Business District office assets and logistic warehouses.

Peru's investment activity experienced a slowdown due to significant changes in the political scenario (Presidential elections). However, investors' confidence is returning, and they are resuming their real estate allocations, based on an economy that remains healthy.

Latin America proved to be quite resilient in comparison to the rest of the world, especially since the war in Ukraine started, with stock markets outperforming developed markets in the first quarter. It is expected that investors will continue to increase their allocations to real estate in the region as a good risk-adjusted investment in a high inflation environment, with a general focus on more core and resilient assets in the main gateway markets.

SOUTH AMERICA

REGIONAL OUTLOOK

REGIONAL OUTLOOK

A recognizable but moderate economic recovery took place during the second half of 2021, led by public and private efforts to promote investments and business activity, resulting in a rise in private consumption. Despite this, there is a generalized increase in inflation indexes and a GDP variation drop. Unemployment rate showed contractions in all countries of the region, due to the economic upturn since the beginning of 2021 and the easing of pandemic-related restrictions.

2022 is marked by social and political dynamics, due to the government changes that took place in most countries during 2021. Although the uncertainty surrounding the pandemic crisis continues, it is expected that by the end of 2022 the economic scenario will be closer to pre-pandemic levels.

In Argentina, GDP rebounded by 10.3% compared to EOY 2020. On the other hand, inflation closed the year at 51.4%, exposing the prevailing economic instability.

In Brazil, consumption was affected by the rise in the inflation index, ultimately reflecting in the GDP.

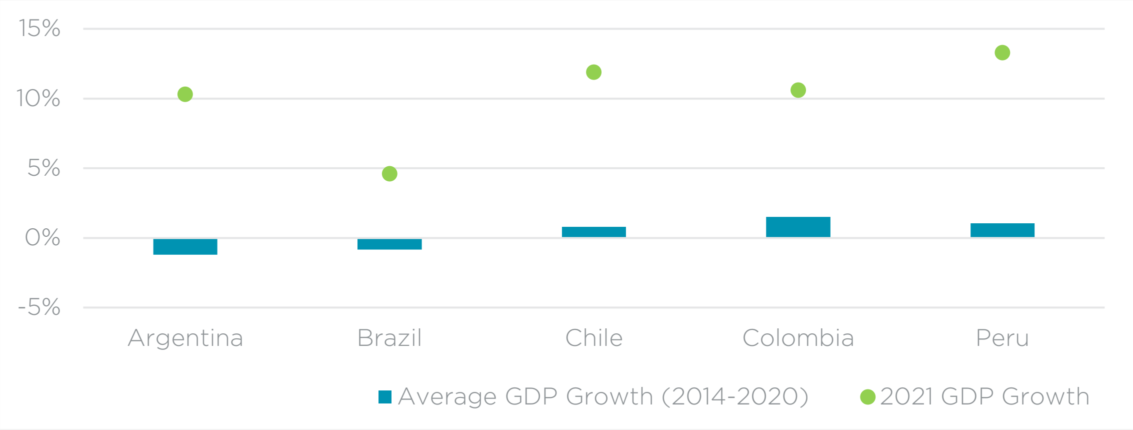
The economic development of Chile during the second half of 2021, showed clear signs of recovery, due to the increase in consumption and the reduction in the unemployment rate; however, inflation is projected to remain close to 7% for a few months.

As for the Colombian economy, GDP indicated a year-on-year growth of 10.6%, while unemployment level dropped by almost 4 points, which generates a positive outlook.

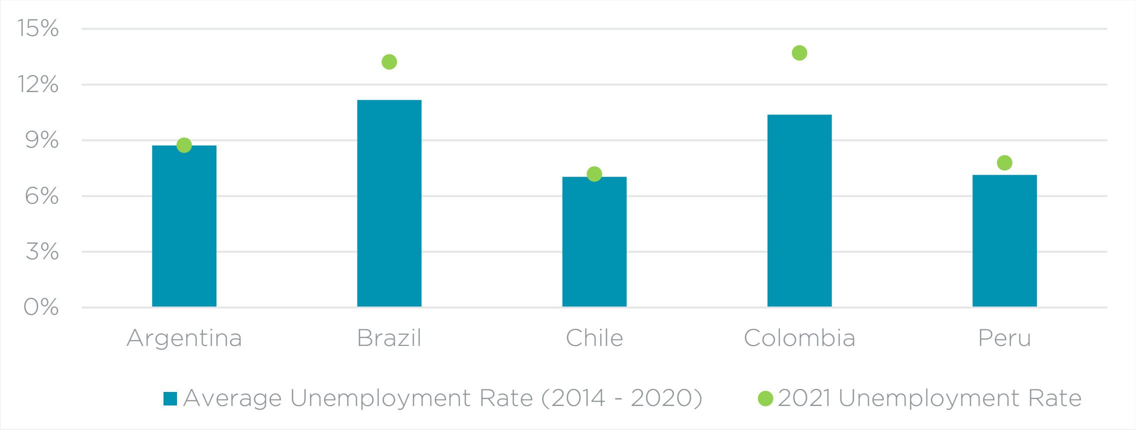
Even though Peru's GDP variation decreased, and its inflation index rose almost 4 points, it is still one of the countries in the region expected to have a relatively quick recovery of its economic indicators.

The regional data supports a foreseen recovery of the economy compared to the first half of the year, when a much volatile scenario was perceived. The second period of the year was characterized by a steady recovery of the economies, after having undergone through the most challenging period of the pandemic.

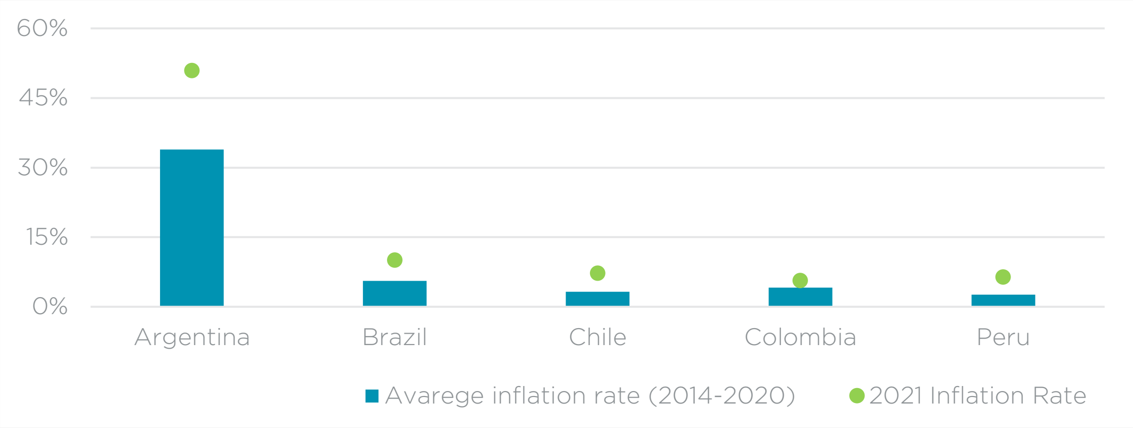
Average GDP Growth (2014-2020)
vs 2021 GDP Growth



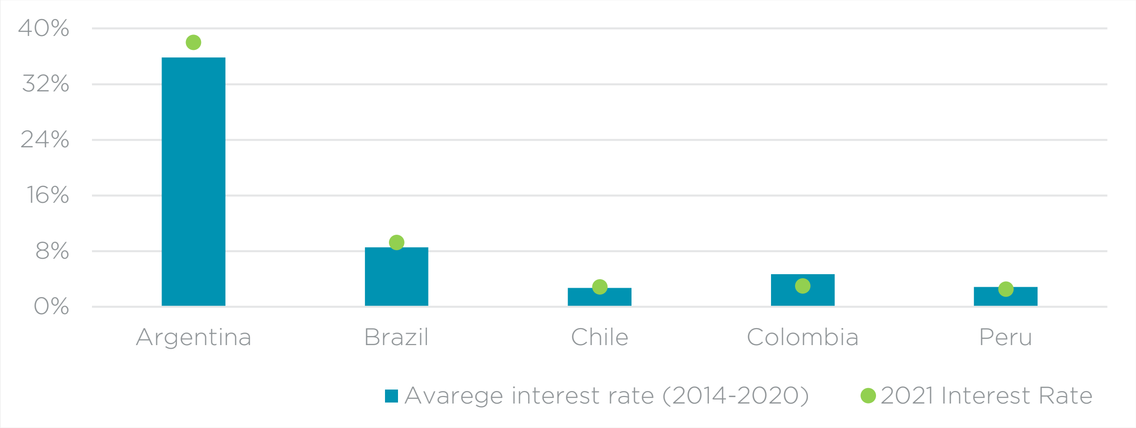
Average Unemployment Rate (2014 - 2020)
vs 2021 Unemployment Rate



Average Inflation Rate (2014-2020)
vs 2021 Inflation Rate



Average Interest Rate (2014 - 2020)
vs 2021 Interest Rate



Source: Moody's Q42021

BRAZIL

- The advance of the vaccination campaign in Brazil during 2021, improved the health situation of the country, enabling the resumption of mobility and economic activity.
- In 2020, the Selic rate suffered consecutive reductions, and reached in August the historic level of 2% p.a., a value that was maintained until March 2021, when the Central Bank began the cycle of economic tightening, mainly due to inflationary pressure.
- The depreciation of the exchange rate was intensified by the increase in fiscal uncertainties and added to the rise in commodity prices contributed to the inflationary shock.
- The scenario of rising inflation and interest rates boosted household indebtedness and decreased credit.
- GDP grew 4.6% in 2021, recovering losses in 2020. The result was greatly impacted by the rise of the service and industry sectors. The construction sector increased 9.7%.
- In the fiscal sphere, uncertainties increased, and the path of debt/GDP continued to be discouraging.

Celina Antunes

CEO South America

"The Brazilian outlook is still positive for investors, although high inflation and pandemic situation may still cause some momentarily instability.

On the economy side, 2021 started with high inflation and ended with high-interest rates, contributing to the decrease in credit.

Nevertheless, the office market in Sao Paulo, the main city in Brazil, held a positive perspective with positive net absorption, even with the high volume of new inventory.

M&A and sales of class A /A+ buildings were high even with compressed Cap rates, however, Logistic is attracting more institutional investors, and Multifamily is starting to gain space."

ARGENTINA

- The Argentine economy continued its recovery process, registering an improvement in most indicators, despite the appearance of new variants of SARS-CoV-2.
- The GDP registered, by the end of 2021, a year-on-year rise of 10.3%.
- Argentina continues to show signs of recovery in economic activities as the pandemic continues. Most of the components of aggregate demand were showing an upturn throughout the second half of the year, the exporting sector being the most predominant, with a rise of 7.3%.
- A pre-pandemic similar economic scenario is visualized. Even the most affected activities, such as tourism and gastronomy, are showing recovery due to increased circulation.

Herman Faigenbaum

Executive Managing Director Southern Cone

"The regular economic fluctuations in Argentina generate a diversification in the investment portfolios with an important share assigned to corporate real estate. The country is seen as a regional opportunity because of its highly qualified human resources and a historical under-supplied premium market, which invites permanent investment from the main players."

COLOMBIA

- 2021 was a year of economic recovery characterized by public and private efforts to promote investments and businesses, encouraged by the lifting of COVID restrictions in the middle of the year, ultimately boosting private consumption.
- On the other hand, 2022 will be marked by social and political dynamics given the presidential and legislative elections.
- Complications in the supply chain have caused the inflation indicator to rise, closing at 5.07%, almost 4 percentage points higher than the end of 2020; in accordance with the Bank of the Republic.
- GDP increased to 10.6% by the end of the year, due to a noticeable reactivation in consumption, while the unemployment rate reached 12.7%, a decrease of 3.2% compared to the same period in 2020.

Juan Delgado

Colombia Country Manager

"The logistics market is at its best moment, as evidenced by its low vacancy rate, which reached 4.91% at the end of the year, 4 percentage points lower than in 2020.

An interest is observed of some logistics operators to develop their distribution centers within the Calle 80 submarket. On the other hand, there has been an increased demand for space near Bogota for last mile operations, thus Bogota joins the regional trend for accelerated absorption in this segment."

CHILE

- Chile's GDP grew 11.9% in 2021, its highest annual rise since records began, mainly due to a gradual opening of the economy and increase in consumption.
- On the other hand, Central Bank´s most recent report estimated growth between 1% and 2% in 2022; and between -0.25% and 0.75% in 2023.
- Regarding annual inflation, it will remain at about 7% for the first two months of 2022, it is expected to decline rapidly during the last months of 2022, reaching around 3% by early 2024. The decline in inflation will be intensified by a decline in energy and some food prices. Core inflation, on the other hand, will weakening more slowly, more influenced by the reversal of the activity gap. However, it will also be around 3% by the beginning of 2024.
- Investment registered an increase because of the reactivation of building projects and engineering works related to mining, reaching in 2021 the highest values in the last 5 years.

Ariel Benzaquen

Chile Country Manager

"By the end of 2021, the industrial market registered 440,000 sqm leased, being the highest in the last 3 years, this generated an historical vacancy of 0%. The flexibility and adaptation despite negative externalities, social crisis, and pandemic, were the key that gave this market agility being one of the most demanded real estate assets in South America"

PERU

- Peru has activated most economic sectors, and responsiveness of the industries to consumer needs has evolved, which has allowed the reactivation of the national economy.
- The improvement of the vaccination process, covering more than half of the population, has provided certain economic and social stability to the country during the last quarter of the year.
- At the end of 2021 national GDP grew by 13.30% according to the INEI. In 2022, GDP is expected to grow 3%, only if economic reactivation continues, and a scenario of economic and political stability provides confidence to the different markets.
- An unemployment rate of 4.5% was registered by the end of year.
- The annualized inflation rate reached 6.0%, as the highest in more than a decade.
- Current presidential administration finishes 5 months of government with significant changes in the main macroeconomic and social indicators, however, it is necessary to maintain a conservative profile on the impact for the next few years.

Aissa Lavalle

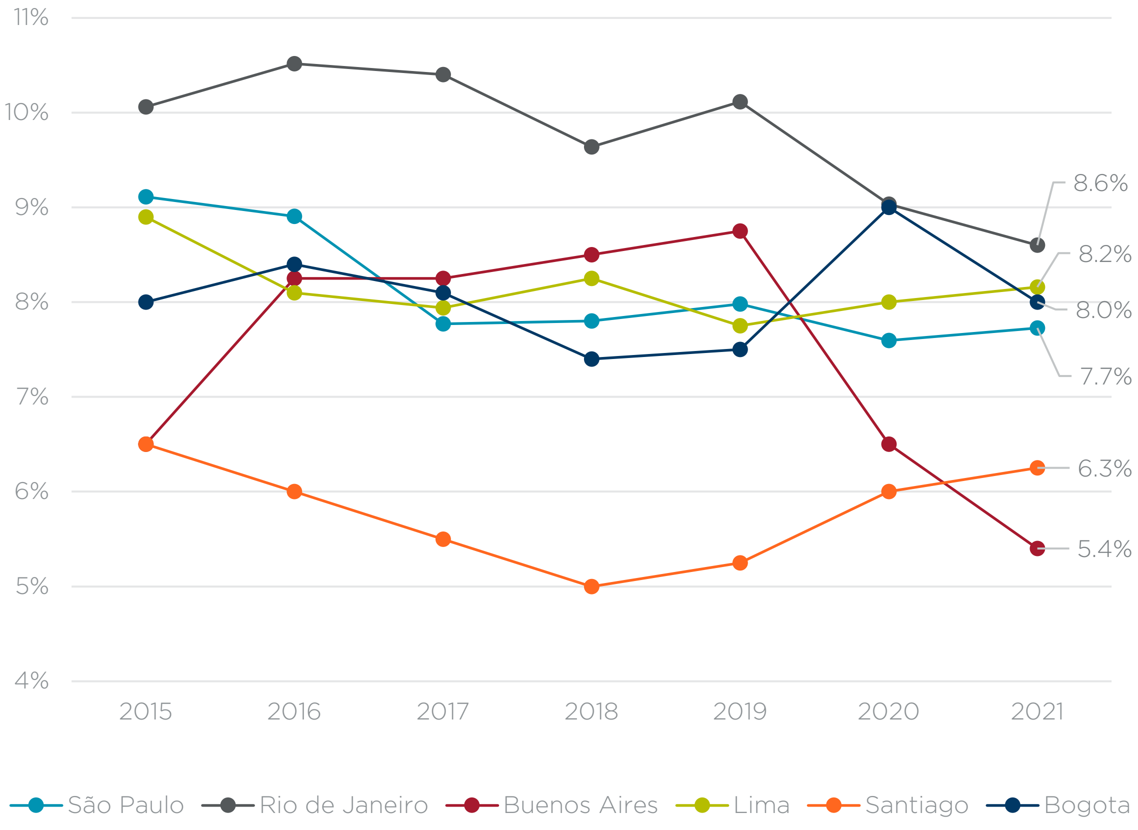
Peru Country Manager

“Due to political issues in 2021, there was a significant flight to safety of high-net-worth individuals’ capital, generating a direct impact on the real estate sector and granting institutional players a center stage in our asset class. Because of high vacancy in office spaces, the industrial and logistic market currently generate the greatest investment interest. Industrials are mainly required for sale & lease and built to suit operations; and logistics, for traditional purchases with assured cash flows.”

SOUTH AMERICA

CAPITAL MARKETS

Office Average Cap Rates (2015 – 2021)



DRIVERS

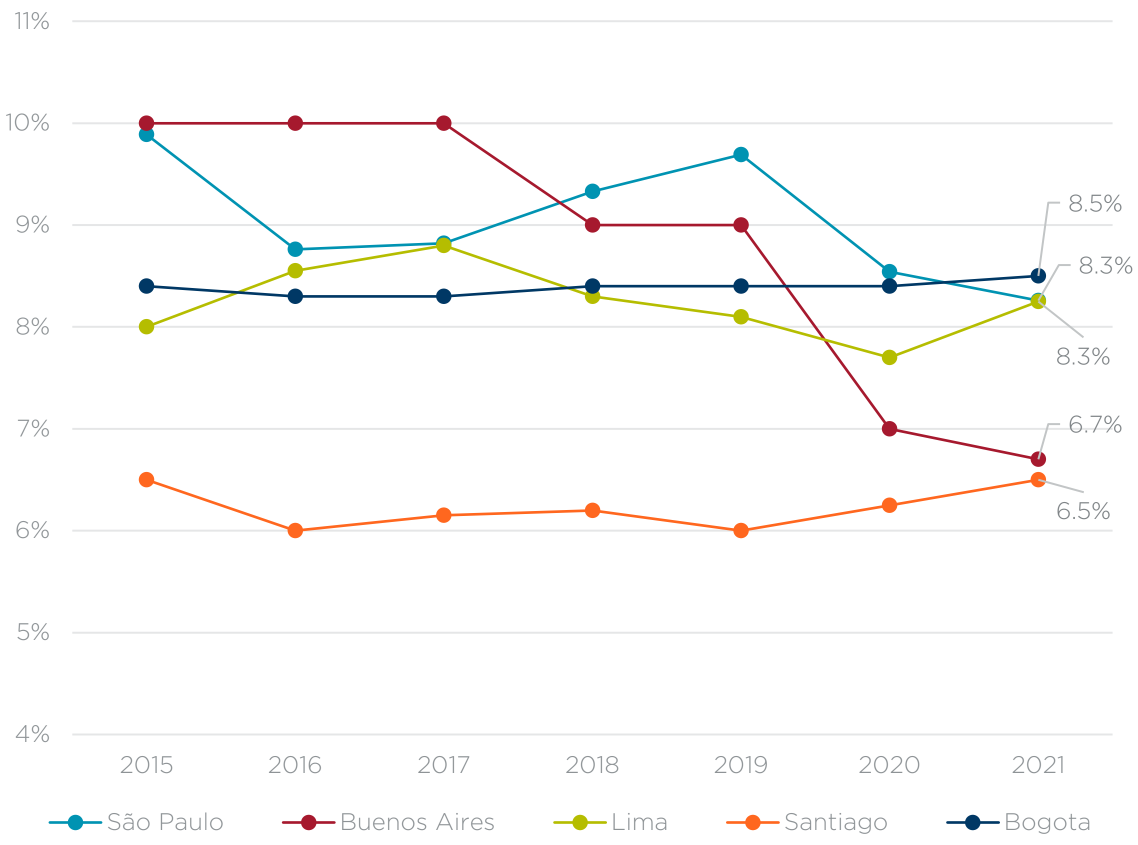
As in almost any other part of the world, the office sector in South America has suffered during the last two years the aftermaths of the pandemic. Following a steep and sudden emptying of office spaces by tenants during the first quarter of 2020, the segment began to show signs of recovery during 2021, with companies calling workers in back again under a balanced office-work from home mixed program.

However, the hardest hit was taken in the occupancy-leasing side of the business. On the contrary, asset values remained relatively stable and while market dynamic was mostly scarce (as a direct consequence of the pandemic), cap rate upward corrections were mainly for non-core product with only minor adjustments for core product. This outcome was fostered by the low indebtedness in property ownership in general throughout the region and the consequent lack of necessity to offload assets and cash out.

In Brazil, some Core/Core+ office transactions took place, with cap rates as low as 5.5%. Nevertheless, we experienced a slight increase in average cap rate driven by slow occupier dynamics and diminished investor demand for the sector, as well as the interest rate increase.

Nevertheless, closing prices slightly decreased due to pandemic impact in the vacancy rate. In the case of Argentina, it is worth mentioning that the main driver for this cap rate compression is the restriction in the free availability of dollar currency and therefore the impossibility to distribute dividends abroad, converting commercial real estate in a wealth preservation instrument for multinational companies that generate Argentinian pesos in a high inflationary environment.

Industrial Average Cap Rates (2015 – 2021)



DRIVERS

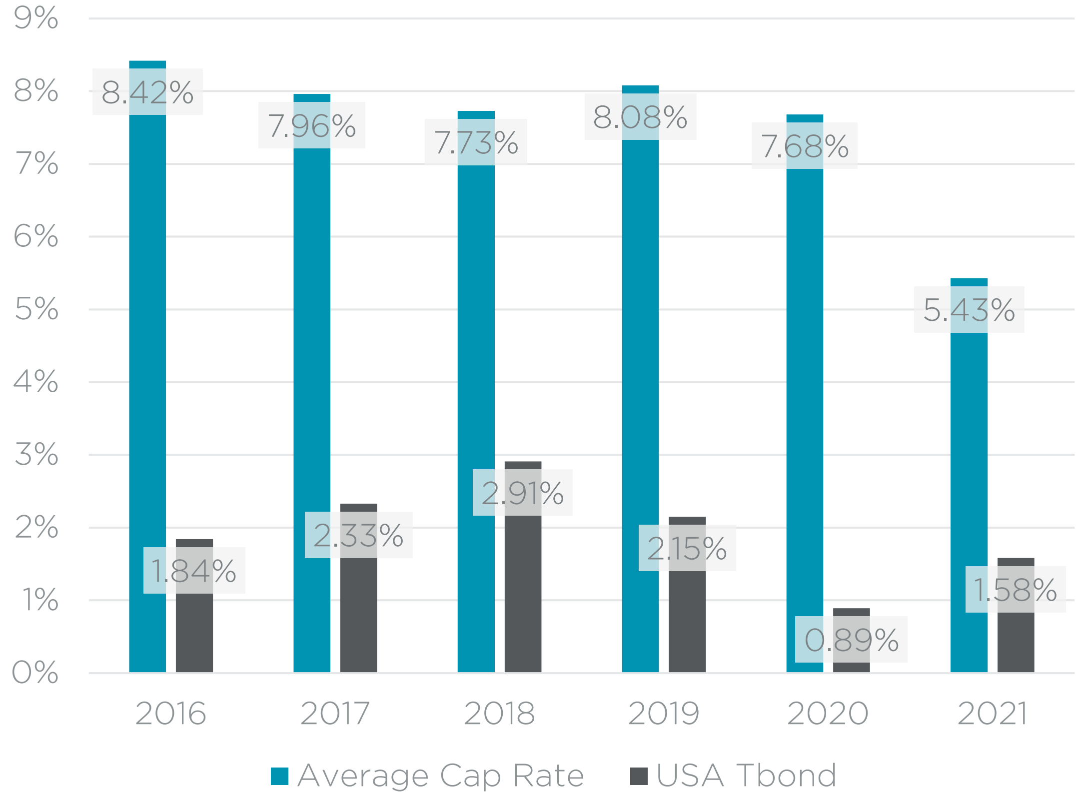
The industrial segment in South America is characterized by an owner-user dominant scene. A large share of industrial space is owned by manufacturing companies and consequently the on-spec space available for lease in these markets still represents a lesser portion of the whole built area.

While markets' dynamics in terms of investment sales have been historically low, the strong performance of logistics during the pandemic and the shift away from office and retail, have increased asset allocation to this sector, driving increasing investor demand; however, the amount of transactions is still limited in comparison to the US or Europe. Indeed, most real estate companies which own and operate industrial assets are developers with a specific and sometimes exclusive focus on this segment; they develop to hold and collect rent and transfer of property between real estate players still needs to increase. Notwithstanding the afore mentioned, asset transactions between real estate investors/developers and corporate users are present: the build-to-suit model is widely used, and sale & leaseback transactions are also part of the scene.

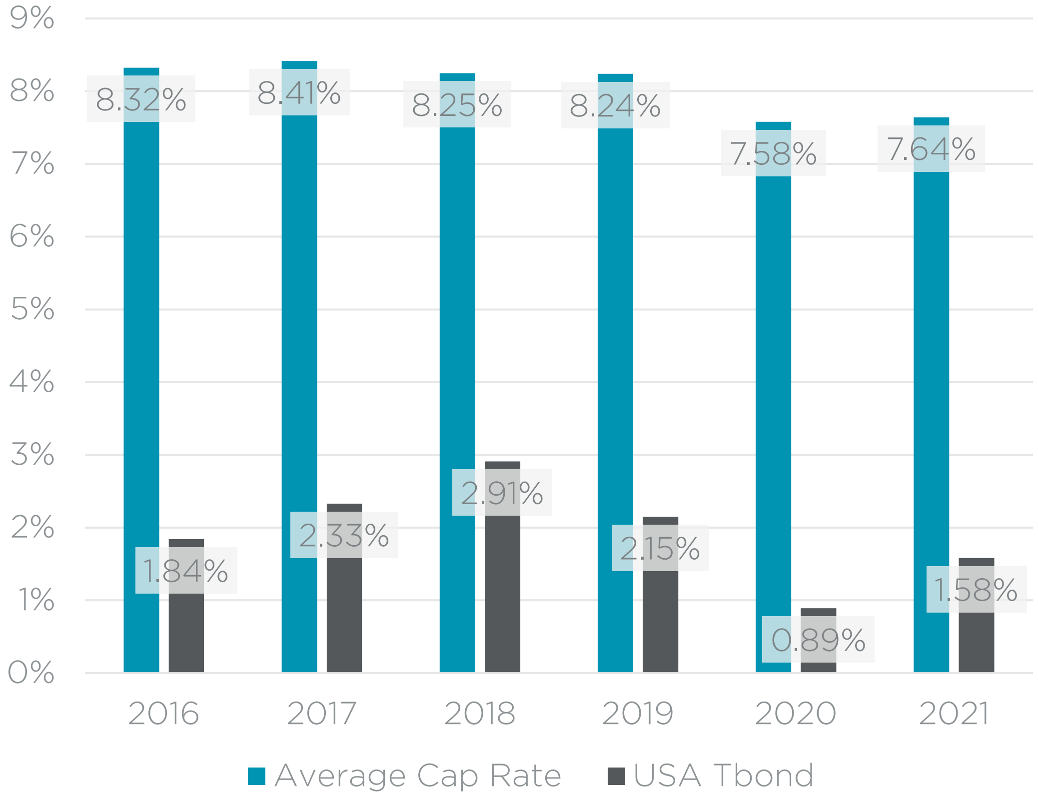
Industrial transactions in São Paulo are still very strong, with developers building new assets to attend e-commerce growth. Despite the tightening of monetary policies with a sharp increase in interest rates, FIIs (local REITs) were still raising capital and investing in stabilized assets, putting further pressure on cap rates, causing a slight cut back decrease in comparison to 2020.

From a leasing perspective, the pandemic accelerated the already ongoing situation set forth by e-commerce. Demand for logistic space has been robust, with vacancies dropping and rents increasing across almost all markets, especially in Colombia. From big-box large, bulk warehouse spaces in the outskirts of population centers to in-fill, last-mile warehouses, the whole segment has seen strong momentum and solid rental growth.

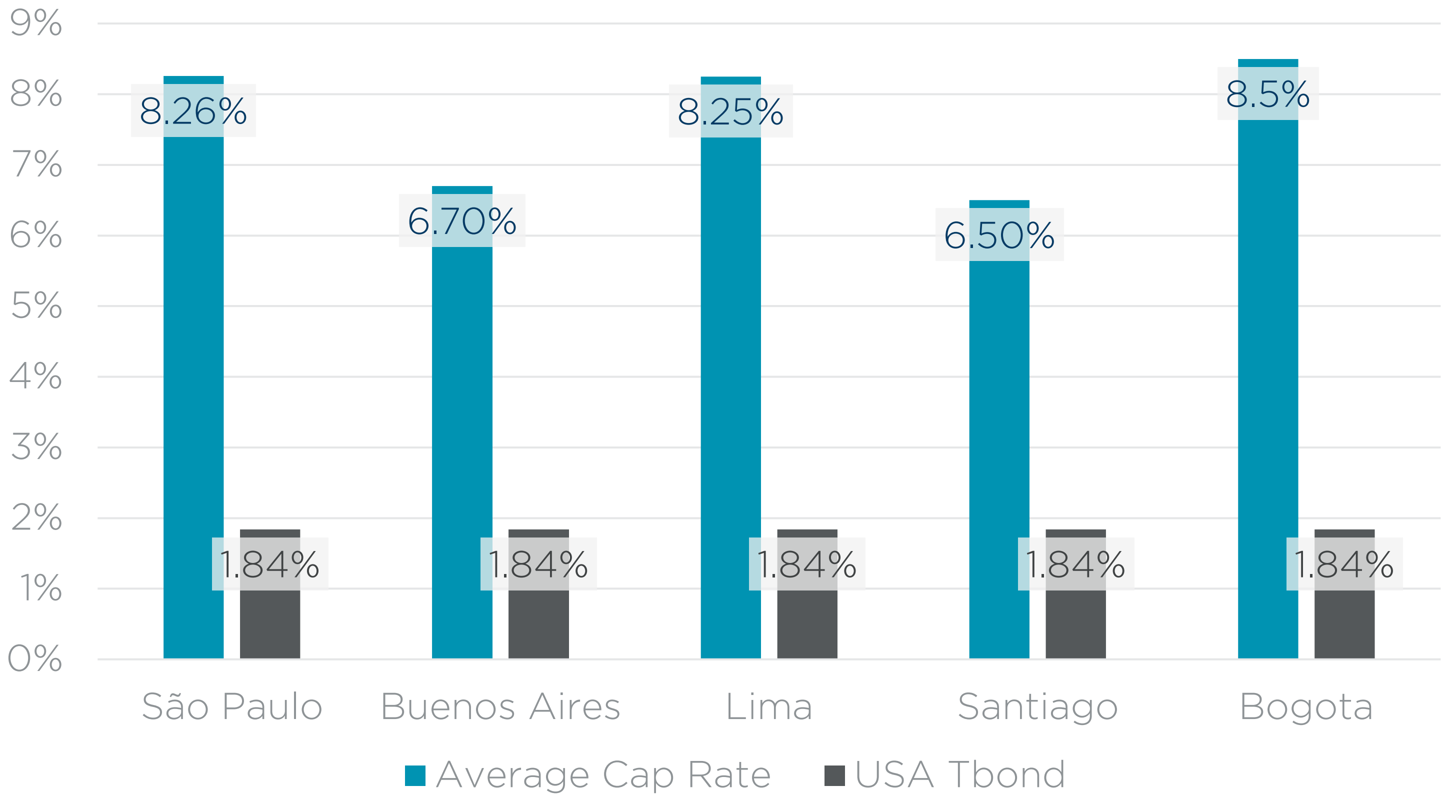
SOUTH AMERICA OFFICE CAP RATE
vs USA TBOND 10 YEARS



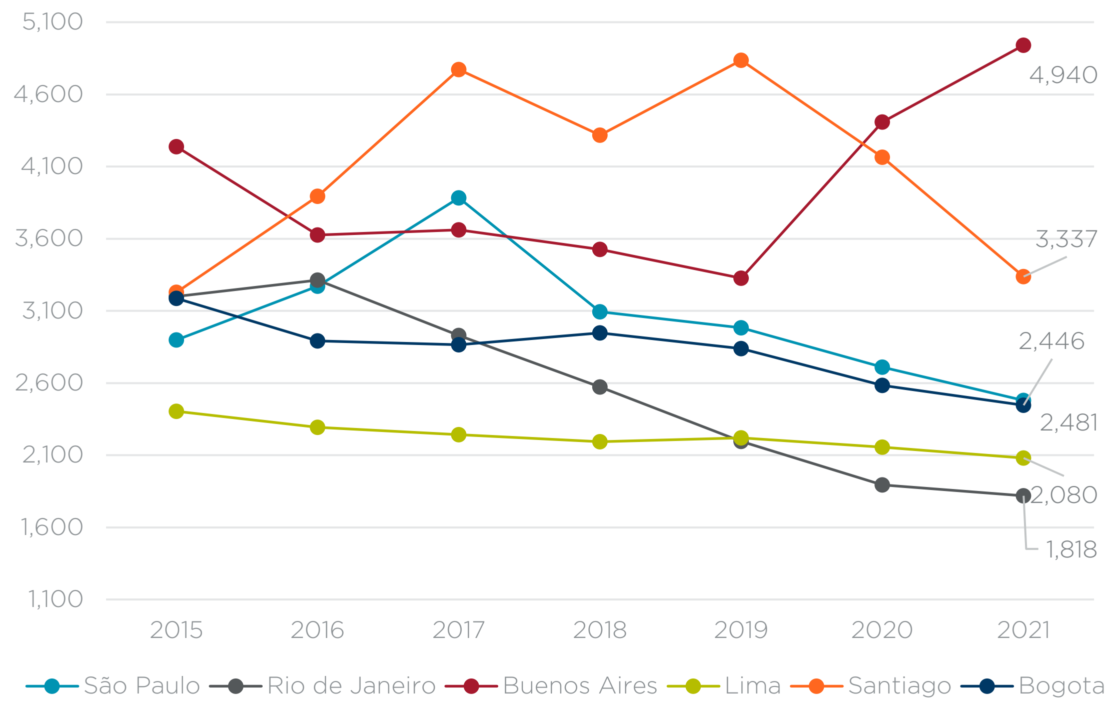
SOUTH AMERICA INDUSTRIAL CAP RATE
vs USA TBOND 10 YEARS



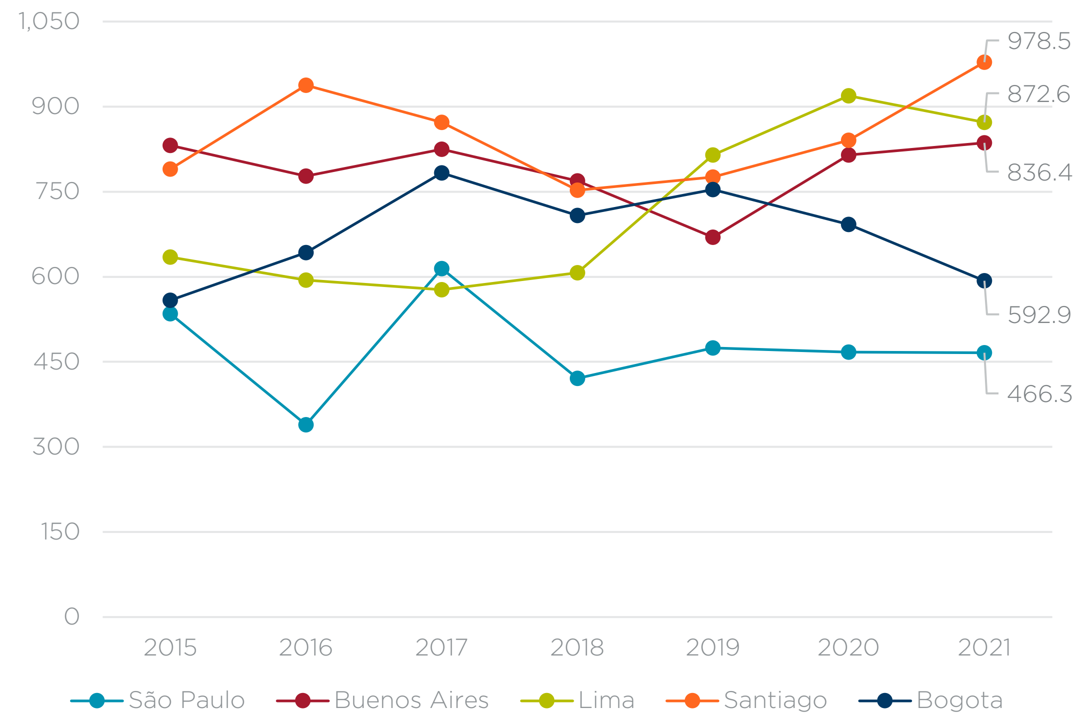
2021 INDUSTRIAL CAP RATE
vs USA TBOND 10 YEARS



OFFICE CAPITAL VALUES (USD/sqm) (2015-2021)



INDUSTRIAL CAPITAL VALUES (USD/sqm) (2015-2021)



Exchange rate EOY

SOUTH AMERICA

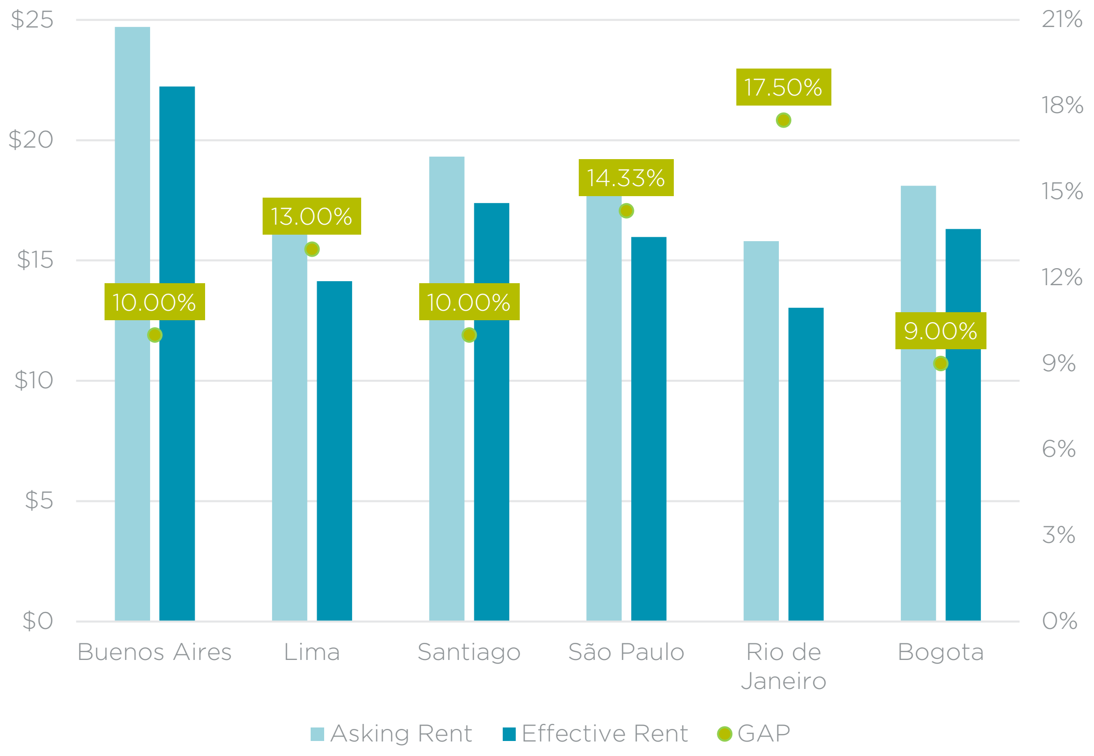
OFFICE

During 2021, even though the office market experienced relative stability, with insignificant vacancy changes, there was an upward trend in vacant spaces, mainly due to the uncertainty about future occupancy. This increase was caused mainly by companies' restructuration, instead of government restrictions. The stability in the indicators is expected to continue during 2022 with possible drops in the unemployment levels in some cities of the region.

Buenos Aires closed the year with a vacancy rate of 15.3%. Rio de Janeiro, which has already adopted the hybrid model in most of its offices, showed a stable trend, ended the year with a vacancy of 35.2%. At the end of 2021, many companies returned to the São Paulo offices, some with mixed models, which resulted in a 15% increase in gross absorption compared to the first half. This had been anticipated since the city had more than 140,000 sqm for rent and close to 4,255 sqm waiting to be opened for the second half of the year.

Vacancy in Santiago closed the year at 9%, with an increase of only 0.9 percentage points compared to the first half of 2021. Therefore, signs of stability are beginning to be perceived after the significant increases in unemployment. Following the drift of the other regions, the vacancy in Bogotá increased by only 0.2 percentage points compared to the first half of the year, closing at 13.1%. On the other hand, for several quarters, the vacancy in Lima continues with an upward trend, due to the accumulated oversupply and the paused decision-making of companies. However, the progressive return to office spaces and with a surface area under construction and in project significantly lesser than previous years, this trend could be reversed in the coming years.

ASKING RENT (sqm/MONTH) 2021



SÃO PAULO

The economic center of Brazil, after a period of crisis, maintained vacancy rate in high levels till the end of 2018, when started to drop, reaching its lowest at the first quarter of 2020 (15.38%). On the other hand, as companies started to work from home due to the global pandemic, vacancy rate started to climb again, reaching its highest value in 2021Q3 (27.60%). Nevertheless, one of the reasons for this increase was the high number of new deliveries in the year, resulting in non-occupied areas. After an optimistic forecast for the prime office market in 2020, the pandemic halted the sector's resumption during the year. As a result, the most populous city in South America started to show negative net absorptions and closed out 2021 with a negative -32,894 sqm, even though the last quarter of the year had positive results (24,573 sqm). Yet, São Paulo received the highest new inventories in 2021Q1, notably Parque da Cidade (128,876 sqm). The year was also marked by some major transactions, such as the purchase of Rochavera Corporate Towers by BTG, Safra and Kinea with an area of 56,738 sqm and a 7.25% cap rate. Moreover, as the pandemic delayed several projects in the city, some new completions were postponed to 2022.

CBD/NCBD AA+	2021
CAP rate	8.60%
Asking rent	15.80
GAP	17%
Effective rent	13.03

RIO DE JANEIRO

Rio de Janeiro suffered a major crisis in the last decade, caused by the country's recession in 2014 and the local government's fiscal debt. In addition, the involvement in the "Lava Jato" corruption operation, (when several companies had large real estate projects in the city, mainly in the "Zona Portuária" – a new corporate major market –), combined with the decline of oil prices, devastated the City's Oil & Gas sector. All these issues negatively reflected in the vacancy rate which closed out at 42.53% in 2017. Two years after, there were signs of a gradual recovery, with vacancy rate showing a downward trend, mainly boosted by financial, insurance, health care, fintech and energy companies that occupied a significant amount of corporate space. In 2020, the sanitary crisis changed the optimist scenario and brought up uncertainties, in connection with office functionality in the light of the health crisis. However, Rio de Janeiro showed a slight decrease in the vacancy rate, reinforcing the continuity of a long run recovery. Nevertheless, with the unfavorable economic outlook faced by the country during COVID-19, people started to work from home. As a result, the prime regions in 2021 closed out with a negative net absorption of -6,847 sqm and a vacancy rate of 35.72%. Ongoing developments were halted, and new projects continued to be postponed, consequently the new inventory was zero for the third year in a row.

CBD/NCBD AA+	2021
CAP rate	7.73%
Asking rent	18.65
GAP	14%
Effective rent	15.98

BUENOS AIRES

Net absorption continued to be negative during 2021, with 10,588 sqm unoccupied. The upward trend of the "Non-CBD" area has accentuated, 100% of new occupancy occurred in this sector. The Corredor Panamericana submarket was the most affected during 2021, with 7,801 sqm available by the end of year. Similar situation presents Catalinas-Plaza Roma, a submarket where 6,276 sqm were vacant. Zona Dot and Distrito Tecnológico were the submarkets with the highest positive absorption. The average asking rent for class A offices ended at 24.7 USD/sqm, continuing the downward trend with a year-on-year variation of - 8.9%. The Centro Sur submarket showed a different dynamic, with rental asking prices being reduced by 30%. On the other hand, the drop in the asking price on the "Non-CBD" area has mitigated, and Catalinas-Plaza Roma is once again the most appreciated sector with an average price of 30 USD/sqm.

CBD/NCBD AA+	2021
CAP rate	8.00%
Asking rent	18.10
GAP	9%
Effective rent	16.31

BOGOTÁ

2021 ends with stable indicators but a promising situation for premium corporate office segment, with high vacancy rates in Bogota city and the reorganization of large office spaces in terms of design and space distribution for the employees. This has improved consumer trust and shows the intention to maintain the return to offices, increasing the distance between workstations and implementing the hybrid work model, which will continue to be the option of several companies for the coming year. In the last quarter of the year there was an increase occupancy, with positive net absorptions; on the other hand, a significant availability of offices with areas below 300 sqm remains. During the last quarter, a recovery in the Class A office market was identified, with an 8% increase in net absorption with respect to the same period in 2020, as well as a reduction in available area of 4%. The average rental price reflected a 3% year-over-year drop, closing at 18.1 USD/sqm, however, at the end of the year there was an increase in some submarkets, due to the release of premium offices in traditional submarkets such as: Avenida Chile (2%) and Calle 100 (2%). In addition, negotiation margins and flexibility on contract terms remain in some high-vacancy projects.

CBD/NCBD AA+	2021
CAP rate	5.40%
Asking rent	24.70
GAP	10%
Effective rent	22.23

LIMA

During 2021, the vacancy rate increased by 6.3 p.p. compared to 2020, closing at 22.5%. The rise in this indicator was the result of the construction of more than 57,000 sqm of new area delivered in the San Isidro Financiero and San Isidro Empresarial submarkets with 100% availability, and vacancies that have been increasing continuously as a result of the decisions that companies are still making about their office spaces and the type of work they are going to adopt. Thus, these submarkets are the ones that had shown the greatest variations in availability (increases between 40% and 55%), reaching vacancy rates of 25.7% and 22.6%, respectively. In addition, Miraflores increased its availability by 39.6% compared to last year, with a vacancy rate of 16.9% and Santiago de Surco experienced a similar behavior increasing its availability to 81,704 sqm (12% higher than 2020). At the end of the fourth quarter, once again the net absorption was negative, closing at –9,195 sqm, which added an accumulated annual amount of -49,784 sqm. This indicator is the result of a constant increase in unemployment and a decrease in occupancy.

CBD/NCBD AA+	2021
CAP rate	6.25%
Asking rent	19.31
GAP	10.00%
Effective rent	17.38

SANTIAGO

The year 2021 closes with 8.95% vacancy, the highest one registered since 2017. This is mainly due to the area released in submarkets El Golf, Apoquindo, Vitacura and Nueva Las Condes, which represent 85% of the trimester's vacancy. The class A office market continued to be affected by the uncertainty of the pandemic and its new variants, situation that may have a negative impact in the recovery of the economic activity. Nevertheless, the great progress achieved in the vaccination plan and the efforts to recover the economy would indicate that, if there were new mobility restrictions, the impact on the national economy would be smaller compared to the effects caused in 2020 and 2021. The downward trend in absorption identified since 2020 continues and consolidated an annual result of -49,600 sqm, the highest value of negative net absorption in the last 6 years.

CBD/NCBD AA+	2021
CAP rate	7.73%
Asking rent	18.65
GAP	14%
Effective rent	15.98

SOUTH AMERICA

INDUSTRIAL

CUSHMAN & WAKEFIELD

During 2021 the industrial market was one of the sectors boasting highest growth and an auspicious projection. The average drop-in vacancy rates regionwide and an upward trend in asking prices opened a new scenario that sets the logistic segment as a largely sought-after investment target.

The Argentine market ended 2021 with a vacancy drop of 4.52 percentage points, resulting in a 12.71% rate, near to what is considered structural vacancy.

Chile experienced an unprecedented situation in the region with 0% availability and an asking price recovery in the 15% to 20% range.

Peru, other of the countries drawing significant interest from foreign investors, ended the year with a 3.37% vacancy, while its asking price reached USD 6.36/sqm.

Colombia showed the same trend with 4.9% vacancy (an annual decrease of 4 pp) and an asking price of USD 4.0/sqm.

In the case of Brazil, its two main cities present different situations. In São Paulo vacancy closed at 10.0%, while in Rio de Janeiro was 18.5%, a figure that even though it fell 1.5 pp since the beginning of 2021, it is still the highest within the region.

ASKING RENT (sqm/MONTH) 2021

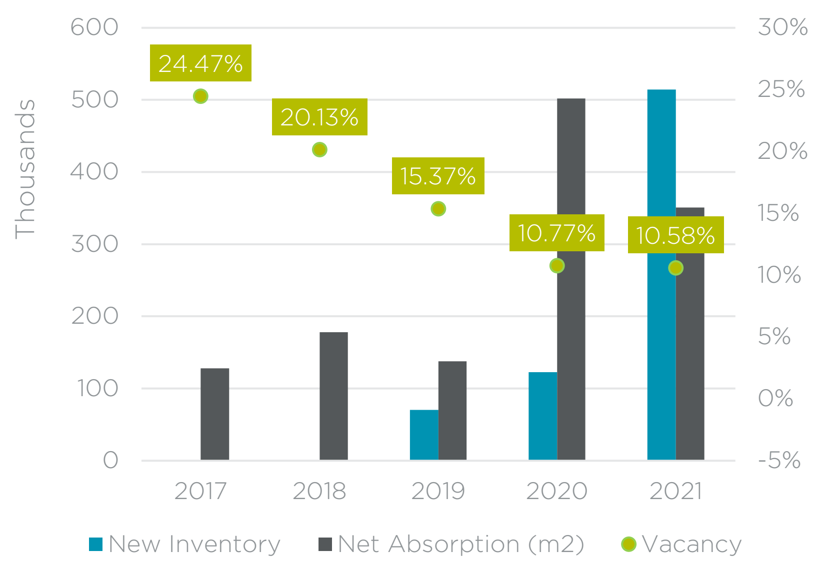
SÃO PAULO

The main logistic hub in Brazil, with more than 60% of market share, ended with the lowest vacancy rate since 2011, 10.58%, and continued to show very strong results following a record year. Big e-commerce companies expanded their operations during the pandemic, leasing large areas to position themselves in strategic markets, especially near urban areas, with a view to obtaining fast flow of goods.

After a substantial delivery of space in 2020, 2021 recorded an even higher number of Class A logistic parks, delivering a total of 989,658 sqm, representing a 61% increase year-over-year. This was a result of high demand in the last couple of years, fostered by a consolidated e-commerce as the second preferred channel for consumers. Most of the area delivered last year was in markets near São Paulo's urban area, where most online wholesalers and retailers are located. Some of the main deliveries were GLP Guarulhos II, XP WT LOG Cajamar and WTLog RBR I, with 250,000 sqm, 125,717 sqm and 95,848 sqm, respectively.

Although the net absorption of 902,577 sqm in 2021 was lower than last year's, the result was still very positive, continuing the trend that started in 2018, since when annual absorption always surpassed 500,000 sqm. 2021 was also marked by major transactions. For example, the BTLG Maua, which was purchased by BTG Pactual Logistic Fund at an 8.00% cap rate, with a total area of 88,774 sqm.

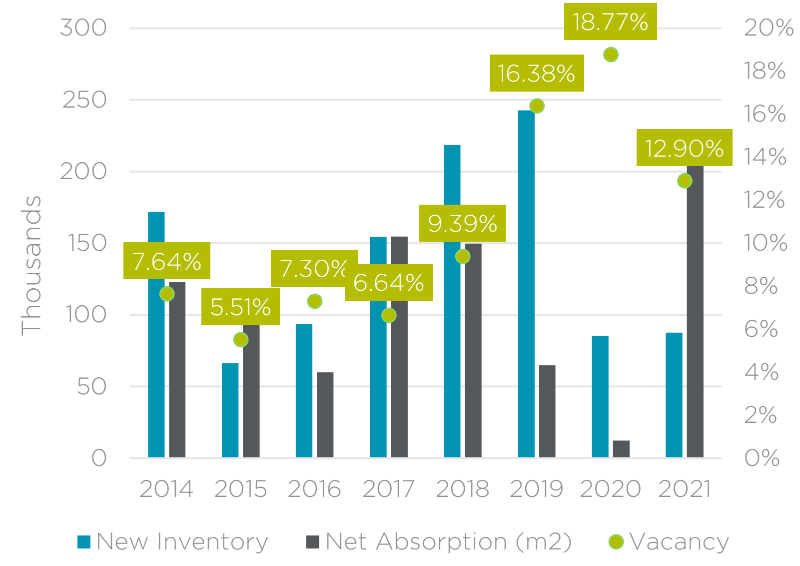
INDUSTRIAL MARKET	2021
Prime CAP rate	8.26%
Asking rent	3.62
GAP	11.2%
Effective rent	3.21



BUENOS AIRES

Buenos Aires' logistic market closes the year with a strong recovery, with a positive outlook for 2022. Amongst the key milestones, there was a 68% year-to-year drop of vacancy rate, from 18.9% to 12.9%, shifting the upward tendency that had prevailed since the end of 2018. However, some regions showed a long-term vacancy, such as South Greater Buenos Aires, where 89% of the vacant area has been offered for over 12 months. The annual net absorption closed in 203,965 sqm, as a result of 30,138 sqm vacated and 234,103 sqm newly occupied. 29% of the rented area correspond to preleased warehouses delivered to the market during 2021. Looking at each submarket, the northern suburbs Zone boast the largest rented area for the second consecutive year, reaching 80% share, being the sector known as "Triángulo de San Eduardo" particularly active. Occupancy resulted from the expansion of existing operations in logistic centers, rather than the addition of new tenants. Regarding the monthly leasing rates, the total average reached USD 5.2 sqm since the beginning of the pandemic, turning 2021 into the third consecutive year with a downward trend. A turn in leasing rates' trend is expected in view of a decrease in vacancy rates.

INDUSTRIAL MARKET	2021
Prime CAP rate	6.7%
Asking rent	5.19
GAP	10%
Effective rent	4.67



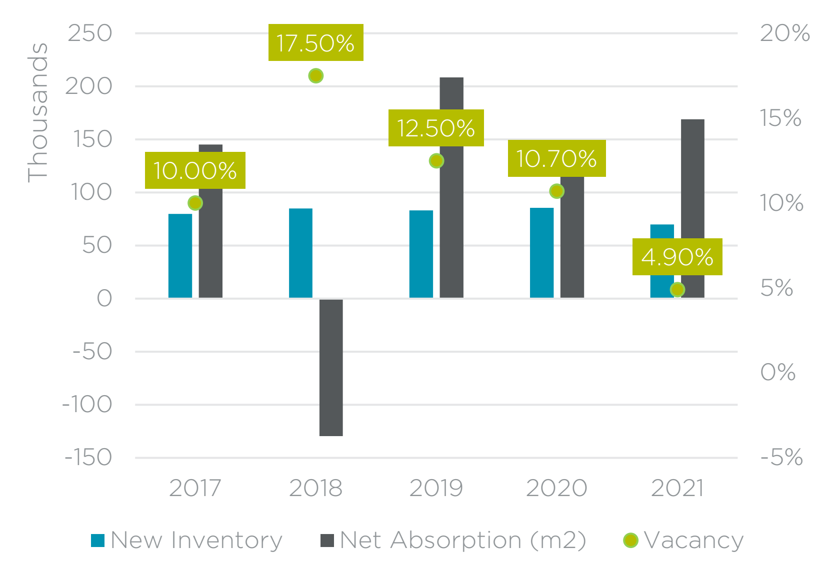
BOGOTA

Market indicators for the industrial and logistic segment closed the year with a remarkable growth and projection; this is reflected by low vacancy rates and new developments under construction, mostly in BTS. In addition, there is a clear interest in the development and investment for logistics and last mile warehousing, given by the performance of e-commerce and the strong growth of digital economy.

Although sales on e-commerce platforms had seen a reduction of 18% in the period from January to October, it claims a significant increase of 160% compared to the same period of 2019.

Vacancy rate in Bogota reached 4.9% by the end of 2021, decreasing 2% compared to the previous fourth quarter. The submarkets Occidente de Bogotá, Calle 80 and Funza obtained the best result in terms of availability with respect to their inventory.

INDUSTRIAL MARKET	2021
Prime CAP rate	8.50%
Asking rent	4.7
GAP	9%
Effective rent	4.2



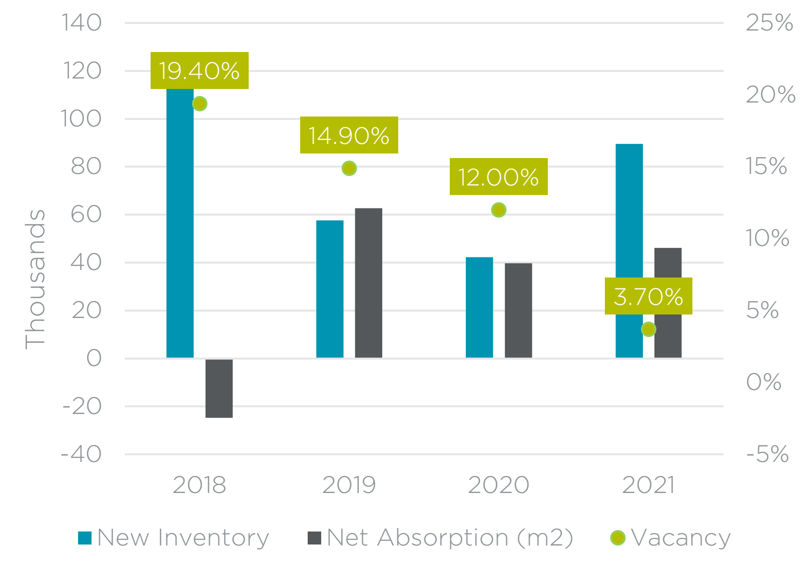
LIMA

The growth of e-commerce in various industries maintained the expansion of logistic spaces and technological innovation to date

At the end of 2021 vacancy rate showed an increase of 0.9 p.p., which represents a variation of 36.4% compared to the third quarter. This is explained by the entry of new logistic space with an 18% to 24% range of availability. Over the years there has been a significant reduction in the availability of warehouses, decreasing by 15.7% from 2018 to date. The net absorption was 46,120 sqm, 11.2% higher than previous year, which shows once again the resilience that this market has had, facing all the challenges brought on by this pandemic.

The average asking rent for the end of year was USD 6.2 per sqm. Since almost 100% of the availability is concentrated in the South zone, this reflects the pricing trend of the area. This asking rent increased by 39.1% compared to 2018, showing significant and constant growth over the years.

INDUSTRIAL MARKET	2021
Prime CAP rate	8.10%
Asking rent	6.2
GAP	5%
Effective rent	5.89



SANTIAGO

The remnant availability of the year was completely leased by retailers, driven by e-commerce, which already showed a strong performance during the previous year. This generated an impact that made vacancy reach 0% this semester. These leases correspond to companies that were already using spaces in logistic parks and took advantage of the availability to expand their operations.

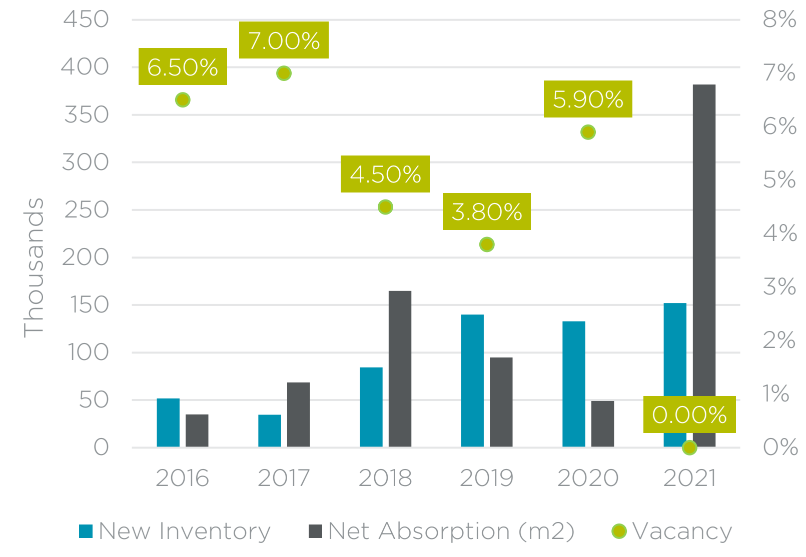
Operators are looking for options to expand their logistic centers via the acquisition of land, while the shortage in available for-lease area has hampered the entry of new tenants.

An area of 124,000 sqm in the Norte submarket entered the market, fully leased mostly by companies under the built-to-suit scheme.

Annual net absorption was of 381,870 sqm, almost 8 times higher than 2020 records, which was 49,238 sqm. This happened mainly due to some companies moving to their own built-to-suit facilities in 2020. During 2021 demand was triggered by an increase in consumption and strong e-commerce projections, caused by more stringent sanitary restrictions, generating a greater demand for warehouse space.

In view of the scarce new availability, it is likely for leasing rates to rise at least 10%, maintaining this trend in the short term due to area shortage.

INDUSTRIAL MARKET	2021
Prime CAP rate	6.5
Asking rent	5.4
GAP	6.5 %
Effective rent	5.3



SOUTH AMERICA

INVESTMENT OUTLOOK

2021 SUMMARY:

A slow pace of vaccination uptake in some countries in the past year did not stop the economic bounce back in the region but overall, the pandemic has led to an unprecedented contraction in retail and office markets while confirming the strength of industrial and logistics real estate

Countries across the region made progress with vaccination plans and this led to a progressive return to workspaces, typically with a hybrid 50:50 scheme. The economic impact of this was also clearer in most countries, with a slow improvement forecast, notably later in 2022, but also a worrying build up in inflation. Politics also remains center stage with elections in Argentina, Colombia, Chile and Brazil. The most relevant factor to consider when making investment decisions is the level of institutionalism that these countries have, both in terms of the discourse and the economic agenda they seek to implement.

FIRST HALF 2022:

This is a key transition period in the recovery, with the Autumn and Winter seasons leading to expectations of a rise in the case curve, adding to the impact of the Delta and Omicron variants.

SECOND HALF 2022:

Improvements in the macro environment are likely as the vaccination program advances, delivering higher immunity and greater confidence. An expansion of government assistance programs can also not be ruled out, which would accelerate the return to normalcy.

EARLY 2023:

Recovery trends will accelerate, with a steady but comprehensive return-to-work targeted. However, countries in the region are beginning to experience the impact of the monetary injections made during the pandemic, with a rise in inflation set to impact interest rates.

CORE

Office: Fully established buildings in major corporate districts such as San Isidro Financiero and San Isidro Empresarial in Lima and major markets of Sao Paulo.

Retail: Land or buildings in areas in districts with high commercial and tourist traffic such as San Isidro, Miraflores and the historic center of Lima as well as S&LB with the main big box retailers (tier 1) of Sao Paulo and Rio de Janeiro.

Logistics: Prime distribution centers with long-term leases, built-to-suit, sale & lease back platforms in Sao Paulo and Santiago. In Peru, logistics centers and industrial parks developed south of Lima, specifically in Chilca and Lurín.

VALUE ADD

Office: Class A building in CBD regions of Santiago (Chile) and Sao Paulo (Brazil) as well as districts such as Miraflores and Santiago de Surco in Lima (Peru).

Retail: Brazilian (tier 1) shopping centres with proven resilience. Potential to explore in provincial Peruvian markets

Residential: Colombian cities, in infill high transit locations of Santiago, high-end residential (apartments) in trend districts of Sao Paulo. In Lima, the mismatch in housing supply presents opportunities in high and mid-end apartments.

Logistics: Development in tier 1 locations and some emerging development zones around cities such as Lima.

OPPORTUNISTIC

Platforms: Brazilian logistics, especially in Sao Paulo as long-term strategy.

Office: Class A buildings in Bogotá (COL) and Class A or B in emerging zones around Lima such as Chacarilla, Ate Vitarte and La Victoria

Retail: Brazilian (tier 2) groceries anchors and shopping centers with low pricing and high yield.

Industrial: Infill distribution product, class B and development in secondary markets. Also, markets servicing key Brazilian cities. As well as in the main cities of the Andean region.

Alternatives: Development in data centers (urban areas and tier 2) in Sao Paulo, Bogota and Santiago and potentially Uruguay and Argentina. Also, Self-storage in Sao Paulo and Santiago (urban areas and tier 2).

BRAZIL

As the largest asset class in terms of investment in commercial real estate in the US and other developed markets, and most resilient during economic downturns, Multifamily is gaining traction in the Brazilian real estate industry.

Initially, through some start-ups focusing on services, now developers and real estate investment funds (FIIs) are increasing their multifamily investment allocation. At the end of 2021, FIIs had around R$ 650 million under management, and other companies are developing over 10,000 units.

Around 20% of Brazilian families live in rented apartments, representing more than 13 million households, of which 1 million just in São Paulo. There is therefore a huge market opportunity to institutionalize the sector that traditionally has been a family business.

Currently, one of the main hurdles to accelerate this sector's development is the recent increase of Central Bank interest rates, that after having progressively decreased over the past 3-4 years are now back to 11.75% to slow down ramping inflation.

Funding of this sector also needs to improve as the financial markets and the legal environment are more focused on family lending, and corporate debt for development remains very expensive, meaning the market is built mainly on equity in lieu of debt.

As interest rates decrease, and additional funding through FIIs and other players increases over the coming years, there is no doubt that multifamily will have some bright years ahead in Brazil real estate market, especially as it benefits from the reallocation from more cyclical sectors such as offices, which has struggled during the pandemic.

CHILE

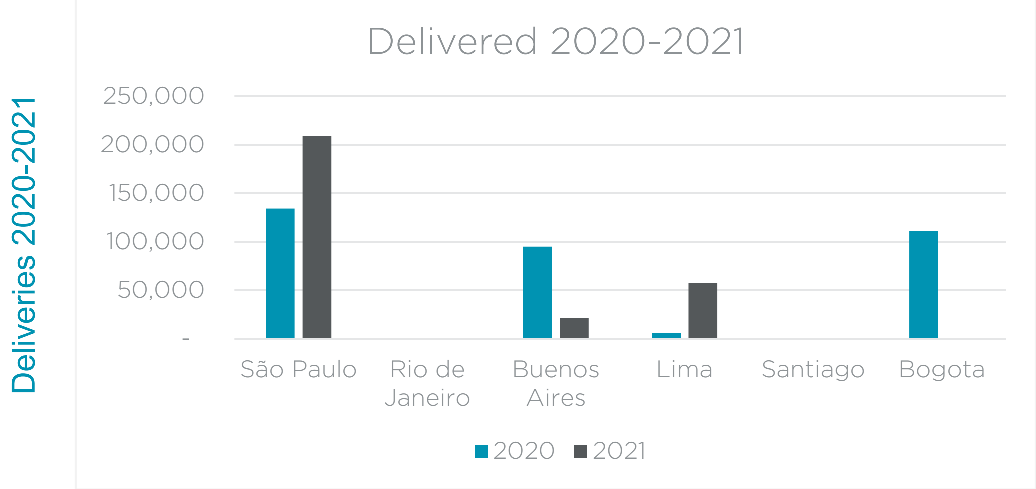
Chile has experienced a rapid growth of multifamily investments over the past 6-7 years and represents today the most developed market for this asset class in South America. Recent commitments from international investors such as Ivanhoe Cambridge in alliance with Greystar, which opened their first office in South America in Santiago, further demonstrate the allure of the Chilean multifamily market.
This development fueled by growing demand from the young middle-class, investor appetite looking to replicate the US multifamily thesis, and the quest to diversify investments from other sectors such as office or retail, especially in a market which has a relatively small investable stock in comparison to the liquidity from local players.
Multifamily also benefitted from solid local capital markets with attractive debt financing, first coming from insurance companies looking to test the waters for this asset class through debt finance in its early days, to then enter on the equity side through funds and direct acquisitions of multifamily assets. Banks and debt funds then entered the arena increasing competition and terms to obtain long term leverage for institutional owners.
After reaching record levels below 4.5%, cap rates started adjusting upwards last year with the Central Bank's increase of interest rates, as well as the new political and economic scenario.

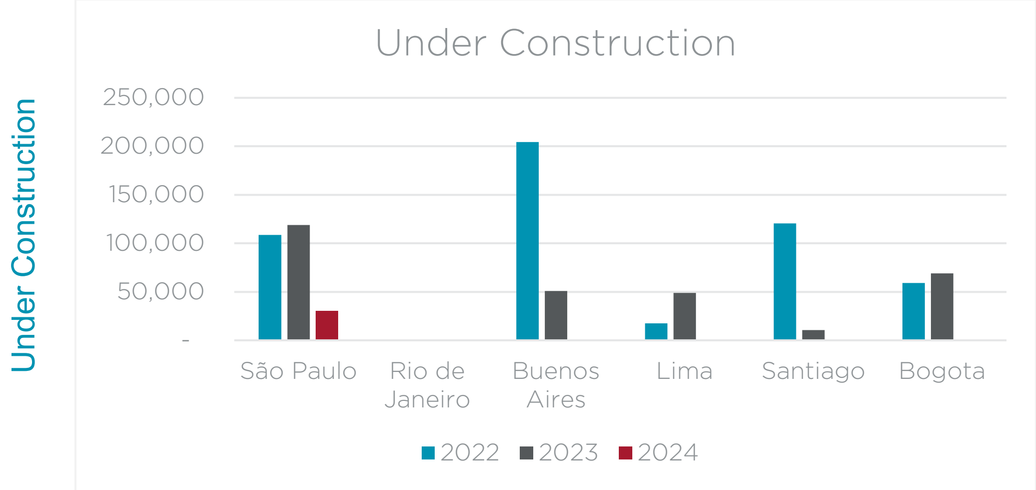
FUTURE OUTLOOK

FUTURE OUTLOOK

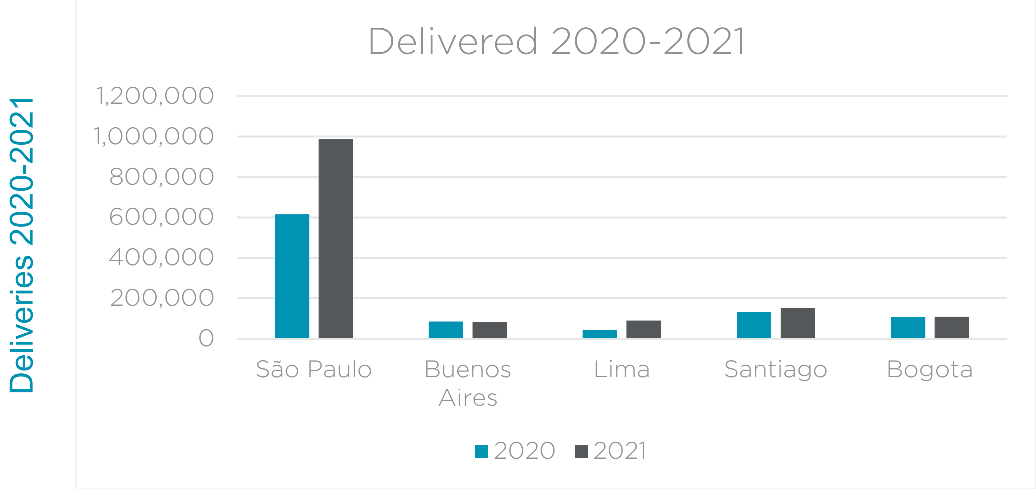
2021 DELIVERIES AND FUTURE COMPLETIONS

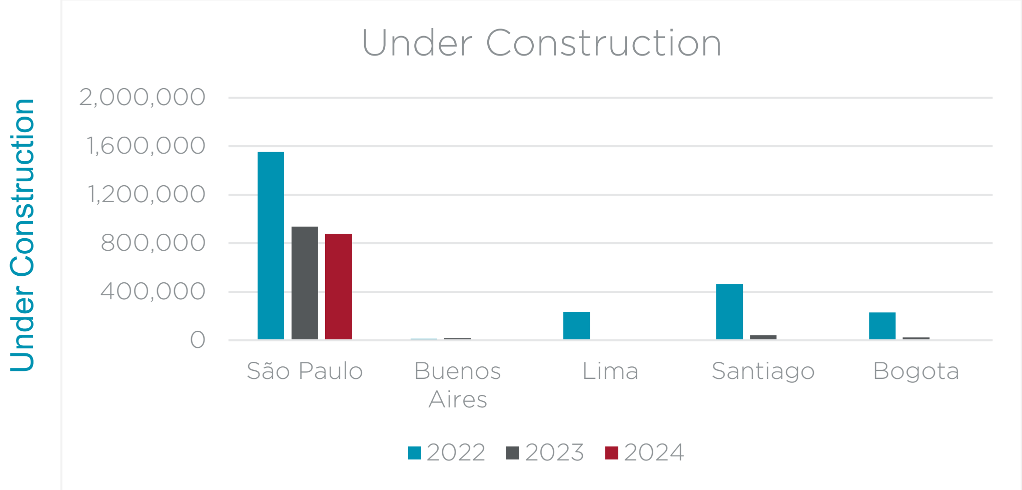
OFFICE





INDUSTRIAL





ABOUT CUSHMAN & WAKEFIELD

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 50,000 employees in over 400 offices and approximately 60 countries. In 2021, the firm had revenue of $9.4 billion across core services of property, facilities and project management, leasing, capital markets, and valuation and other services.

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LET'S TALK

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