

BUENOS AIRES OFFICE MARKET

FLEXIBILITY IN THE WORKPLACE

THE OFFICE MARKET

Buenos Aires is the largest office market in Argentina, with nearly 27.0 million square feet of total stock, including 17.1 million square feet of rentable Class A space.

The first quarter of 2020 continued the trend of both low vacancy and positive net absorption. The vacancy rate increased from the previous quarter, closing at 7.90%.

New Class A office space came on the market during this quarter at the Della Paolera 200 Tower in the Catalinas Retiro submarket and the Centro Empresarial Libertador Tower in the Midtown/Zona Norte CABA submarket. Other additions to the stock are expected for second-quarter 2020.

No significant transactions occurred among the vacancies from the previous quarter. Variations were the result of small transactions on isolated floors. The average asking rent dropped slightly from the previous quarter, reaching \$29.67/SF.

Political and economic uncertainty characterized 2019 and continues to have effects in the current year. The COVID-19 crisis is now added into the mix, which affects not only Argentina but the world.

Despite these conditions, first-quarter 2020 showed a positive net absorption of 733,689 square feet as a consequence of the new office space mentioned above.

ARGENTINA

Capital City	Buenos Aires
Population	45,376,763
GDP MM (Q4 2019)	USD 672,49
GDP per capita	USD 14,820
Currency	Peso
Unemployment Rate (Q4 2019)	8.9%



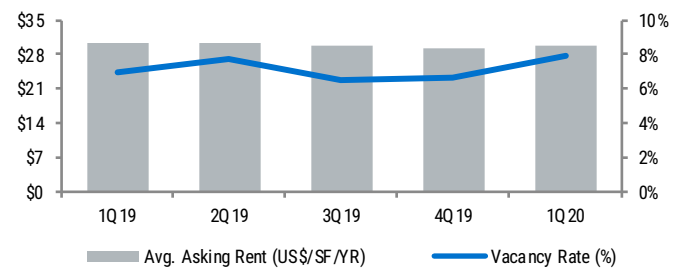
CURRENT CONDITIONS

The weighted average asking price increased slightly from the prior quarter, averaging \$29.67/SF. Premium asking prices average \$35.12/SF.

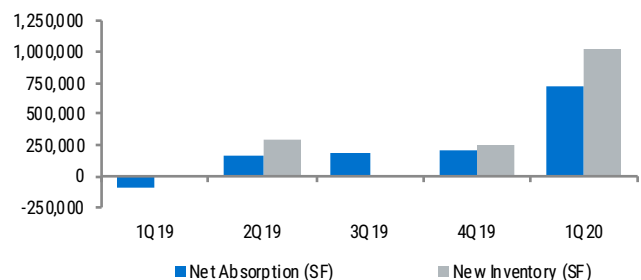
Class A vacancy raised compared to the previous quarter, averaging 7.90%, one of the lowest vacancy rates in Latin America.

MARKET ANALYSIS

Asking Rent and Availability



Net Absorption



MARKET SUMMARY

	Current Quarter	Prior Quarter	Year Ago Period	12 Month Forecast
Total Inventory	27,0 MSF	25,3 MSF	24,3 MSF	↑
Availability Rate	7.90%	6.68%	7.01%	→
Quarterly Net Absorption	733,689 SF	212,587 SF	-95,573 SF	→
Average Asking Rent	\$29.67	\$29.52	\$30.36	→
Under Construction	3,4 MSF	4,4 MSF	4,7 MSF	↑

RENT VALUES BY SUBMARKET

Every submarket has a particular area or property that outperforms the rest. Significant variations can be verified between certain properties and the average of each submarket.

The blocks located in Catalinas between Avenida Leandro N. Alem and Avenida Madero have average asking rents as high as \$44.59/SF, compared with \$32.89/SF for the rest of the submarket.

In Northern Buenos Aires, the most popular and most expensive buildings are located around the intersection of Avenida General Paz and Autopista Ingeniero Pascual Palazzo, recently renamed Polo Dot. Some properties there command as much as \$33.44/SF, whereas asking rents in that submarket average only \$29.35/SF.

Lastly, the Panamericana Corridor has areas that are in high demand because of the submarket's geographical distribution and extension. The most in-demand offices are located in the Lumina Panamericana, Thames Office Parc, Urbana, Optima Business Park, Bureau Parc San Isidro and Edision Officia complexes. Although asking rents in these buildings reach \$27.87/SF, the average rent is \$24.53/SF for the rest of the submarket.

INVENTORY CHANGE

As new space incorporated during first-quarter 2020, two buildings came on the market: the Della Paolera 200 Tower in the Catalinas Retiro submarket, with a total of 667,362 square feet and a profitable 373,152 square feet; and the Centro Empresarial Libertador Tower in the Midtown/Zona Norte CABA submarket, with a total of over 1.07 million square feet and a profitable 647,061 square feet.

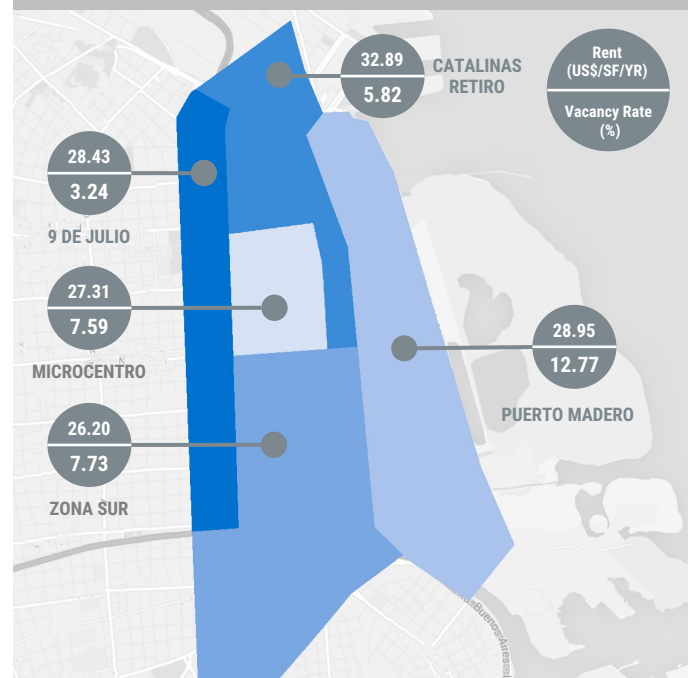
The Della Paolera 200 building is 80.0% occupied, with 73,937 square feet available. The Centro Empresarial Libertador building is 90.0% occupied, with 63,109 square feet available.

As a result of these new additions, positive net absorption for first-quarter 2020 totaled 733,689 square feet.

For second-quarter 2020, expect the incorporation of the Bureau Diagonal building with 134,549 profitable square feet and the Millenium Global Building with 218,281 profitable square feet, both in the Microcentro submarket.

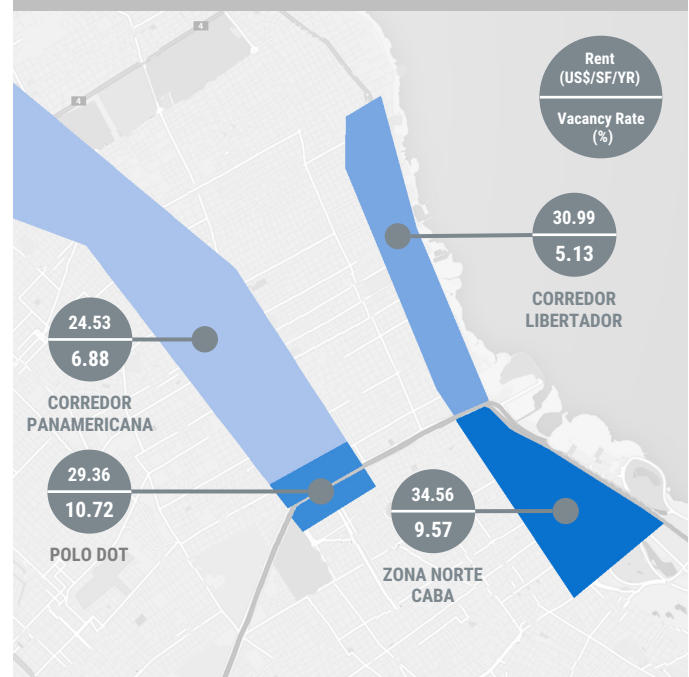
CABA SUBMARKETS

Average Asking Rent (\$/SF/YR) – Availability Rate (%)



NORTHEN AREA SUBMARKETS

Average Asking Rent (\$/SF/YR) – Availability Rate (%)



FLEXIBILITY IN THE WORKPLACE

Flexibility is the key driver in a new office project. In contexts like the current one, with local conjunctures and factors that affect the global reality, the adaptability of both spaces and organizations take a primary role.

A building designed today comes into the market in four or five years, and then it has to live and function for at least another 50 years.

This means that in four or five years, it has to provide solutions for the demands companies will have at the time, and it will be likely to do so for 50 or 60 more years, adapting and reinventing itself. It is not simply a matter of creating desirable buildings but of responding to issues that have been unheard of until recently in the workplace.

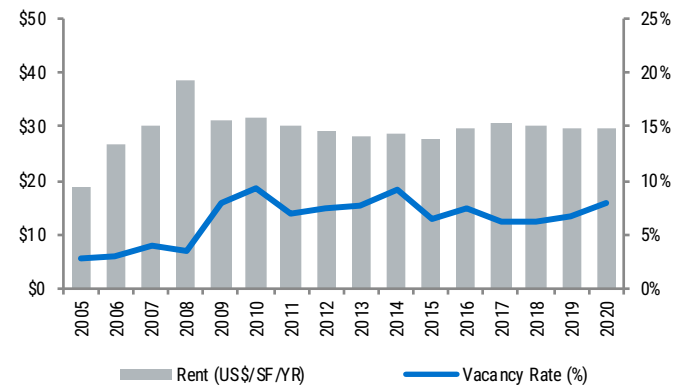
Half of the buildings in Argentina today were built prior to the existence of the personal computer, not to mention cell phones. This means that adaptation and flexibility are necessary, in terms of how the space is used and other factors, such as dimensions, lighting, technology, et cetera.

For the first time, four generations coexist in the same workplace where the elderly are not necessarily those who protect or teach. Feedback among these generations and the use of space is a true reflection of this.

Collaborative areas, technology, bringing the work environment home and making the workspace similar to the home environment are becoming more and more diverse, making the agenda richer and more complex.

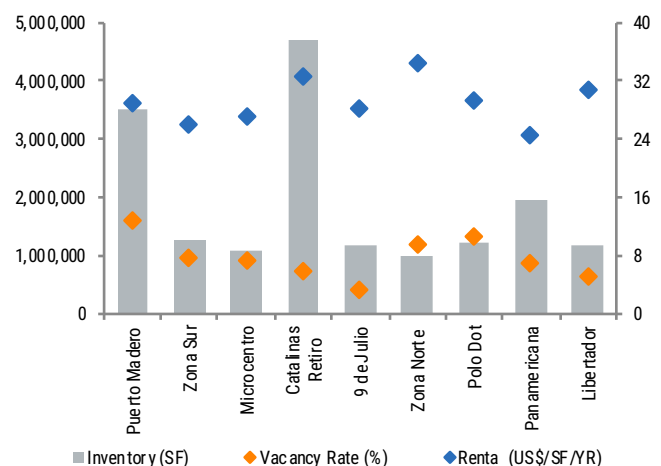
AVERAGE ASKING RENT vs AVAILABILITY

Class A

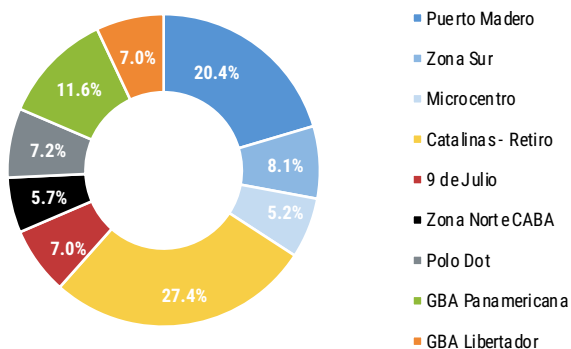


AVERAGE ASKING RENT - AVAILABILITY

Inventory By Submarket

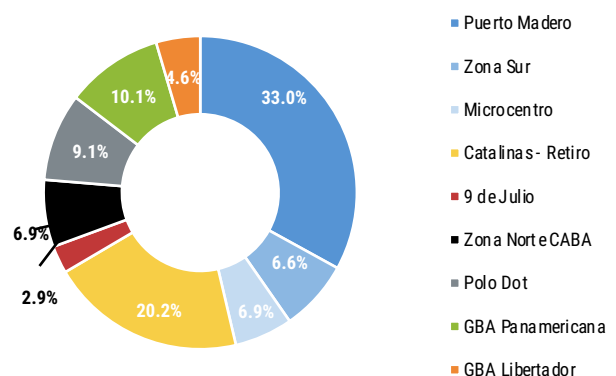


INVENTORY COMPOSITION



Source: U.S. Bureau of Labor Statistics

AVAILABILITY COMPOSITION



Source: U.S. Bureau of Labor Statistics

Concepts such as wellness, environmental certifications, rest areas, gym classes, yoga, and new issues that have been recently added to the agenda such as gender and sustainability are enormously important today, incorporating the concepts of equality, integration, awareness and social responsibility.

The impact of IoT and the incorporation of new technologies will make us consider parking spaces in the same way as fixed equipment and security controls in offices and reception areas are implemented nowadays. The mere existence of 5G in 12 or 24 months will make a lot of wiring disappear from buildings. Many functions can be carried out not only on the fifth floor of the building, but also on the fourth floor underground and on the sixtieth floor.

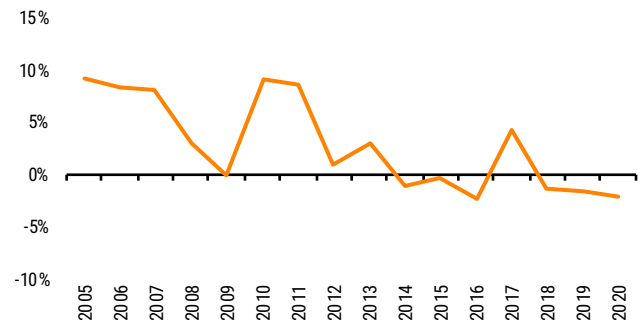
WORK IN THE CORONAVIRUS CRISIS

The current crisis that not only Argentina but the entire world is going through forces companies to rethink infrastructure and adaptability.

Companies must rethink operations, taking into account factors such as the following:

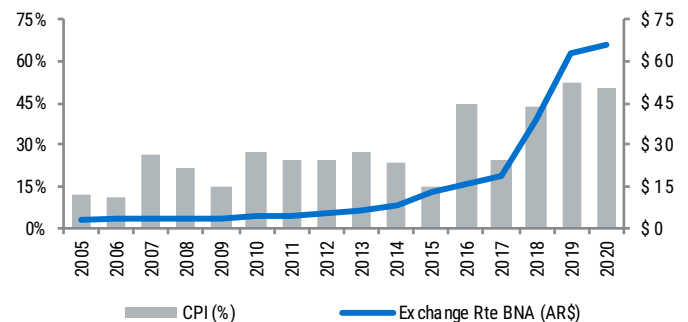
- Employee protection.
- The definition of a team that is indispensable to the business.
- Ensuring the liquidity of the company.
- Guaranteeing supplies necessary for the operation of the company.
- Preparing for new client attitudes.
- Generating virtual communication channels with employees.

GDP



Source: INDEC
GSP 2015 = 1,00 Cepal

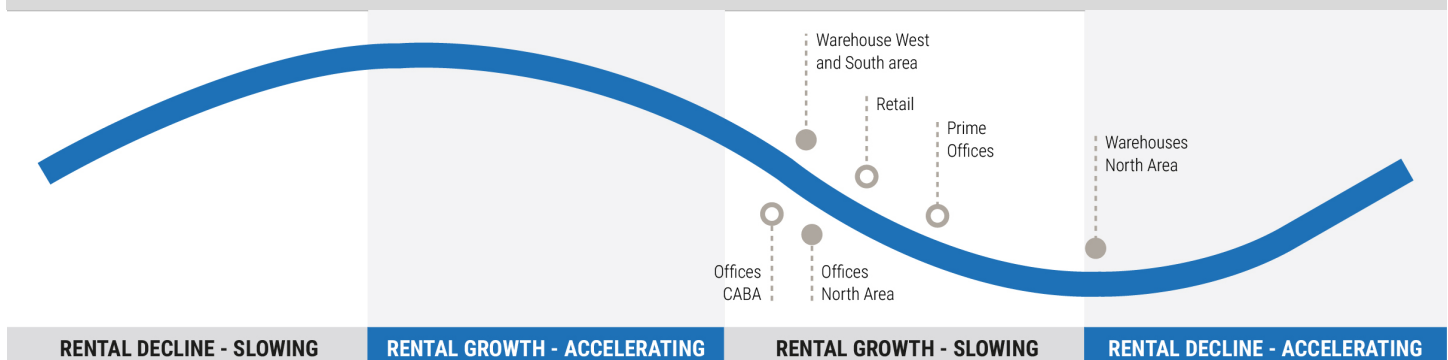
EXCHANGE RATE - CPI



Source: Banco de la Nación Argentina, INDEC
1999-2007/2015-2017 INDEC
2008-2014 Calculated through the price for the consumer geometrical average calculated by statistical institutes

REAL ESTATE CYCLE







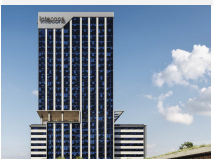



Office Market, Industrial Market, Retail



MARKET STATISTICS

	Total Inventory (SF)	Under Construction (SF)	Total Availability Rate	Qtr Absorption (SF)	YTD Absorption (SF)	Direct Asking Rent (US\$/SF/YR)	Sublet Asking Rent (US\$/SF/YR)	Total Asking Rent (US\$/SF/YR)
By Submarket								
CABA								
Puerto Madero	3,498,946	58,125	12.77%	-42,076	-42,076	\$28.95	N/A	\$28.95
South Area	1,282,648	0	7.73%	0	0	\$26.20	N/A	\$26.20
Microcentro	1,072,644	353,228	7.59%	9,182	9,182	\$27.31	N/A	\$27.31
Catalinas-Retiro	4,694,471	800,834	5.82%	250,196	250,196	\$32.89	N/A	\$32.89
9 de Julio	1,194,158	0	3.24%	-31,323	-31,323	\$28.43	N/A	\$28.43
Midtown	979,989	605,426	9.57%	563,479	563,479	\$34.56	N/A	\$34.56
Polo Dot	1,228,979	329,375	10.72%	-12,432	-12,432	\$29.36	N/A	\$29.36
GBA								
Panamericana Corridor	1,979,363	880,810	6.88%	-3,337	-3,337	\$24.53	N/A	\$24.53
Libertador Corridor	1,200,326	342,873	5.13%	0	0	\$30.99	N/A	\$30.99
By Class								
Class A	17,131,522	3,370,672	7.90%	733,689	733,689	\$29.67	N/A	\$29.67

MAIN CLASS A BUILDINGS UNDER CONSTRUCTION

	Project	Submarket	Total Area (SF)	Rentable Area (SF)	Date	Leed
	Lex Tower	Microcentro	259,410	215,278	Q2 2020	
	Worko	GBA Panamericana	526,279	421,019	Q4 2020	
	Al Río Torre Norte	Corredor Libertador	435,894	342,876	Q4 2021	
	Torre Safra	Catalinas Retiro	645,834	452,084	Q4 2021	
	Intecons Plaza	Zona Norte	70,000	36,000	Q4 2022	
	Lumina Florida	Polo Dot	369,363	243,242	2022	
Note: Areas of the projects are approximate pictures are illustrative						

GLOSSARY OF TERMS

Absorption

A measure of the change in occupied space

Availability

Space marketed for lease regardless of when the space will be available or whether the space is vacant or occupied

Deliveries

The total RBA of properties added to the inventory once construction has been completed

Direct Space

Available space offered for lease by the building owner, landlord, or owner representative

Leasing Activity

The volume of leases signed including new leases, direct and sublet leases, extensions and renewals, and leases signed in proposed or under construction buildings

Occupancy

Any space physically occupied by a tenant, regardless of lease status of the space

Rentable Building Area (RBA)

A measurement of the total square feet in a building including the tenant and common areas such as the lobby and hallways

Sublet Space

Available space offered for lease by a building tenant seeking a subtenant to fulfill the remaining lease obligation

Under Construction

Buildings under construction are defined by the time the foundation is poured through the time the building is certified for occupancy

Vacancy

Space not physically occupied by a tenant, regardless of the lease status or availability of space

Weighted Average Rent

The asking dollar amount for the use of available space, weighted by size--the average does not include negotiable or unpublished rates and is reported as full service including operating costs

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