

RIO DE JANEIRO

MARKET REPORT OFFICE

CLASSES A+, A AND B OFFICE MARKET REPORT



DRECREASING ASKED LEASE PRICES MARKED 2013

| | | | | | | |
|---|---|--|--|------------------------|------------------------------------|---|
| Existing Inventory: 2.39 million sqm | Under Construction Inventory: 519 thousand sqm | Under Project Inventory: 320 thousand sqm | Delivered in the Quarter: 23 thousand sqm | Availability: 13.0% | Net Absorption: 13 thousand sqm | Average Asked Lease Price: R\$ 129/sqm/month General R\$ 156/sqm/month: A+ A |
|---|---|--|--|------------------------|------------------------------------|---|

ECONOMIC AND MARKET OVERVIEW

The year of 2013 was characterized by a warm economy, lower growth staying below the estimated on the previous years.

Inflation rate, for example, ended the year at 5.91% according to IBGE (Brazilian Institute of Geography and Statistics). About the monetary policy, COPOM (Monetary Policy Committee) raised Selic (interest rate) to 10%, after closing 2012 at 7.25%. With respect to the exchange rate, was announced by the Central Bank at the end of 2013 that intervention policies should prevail in 2014, however, in a smaller scale. The price of US Dollar ended the year at R\$ 2.36.

In the opposite direction, the employment generation remains increasing. The unemployment rate reached the minimum historical in December with 4.3%. The average of real income increased by 0.7% in November compared to the previous month.

Following the same pace of São Paulo's corporate market, 2013 had as the great characteristic a decreasing average asked lease price, a fact that goes in the opposite direction of consecutive increases experienced in recent years. Although this be a reflection of a moment with an oversupply, other condition that can be influenced the market's performance were negative issues for companies such as Petrobrás, OGX and others.

The margin for negotiation between the parties is a current theme as well the review of delivery condition of several projects. Another important aspect is the infrastructure being realized around the city that will benefit the mobility and the development of real estate market.

The market's behavior tends for migration of companies located in oldest for modern buildings and should be frequently in the next two years. There is also a great expectative regarding the inventory to be delivered in Porto Maravilha project perimeter that will soon be in one of most strategic areas of the market.

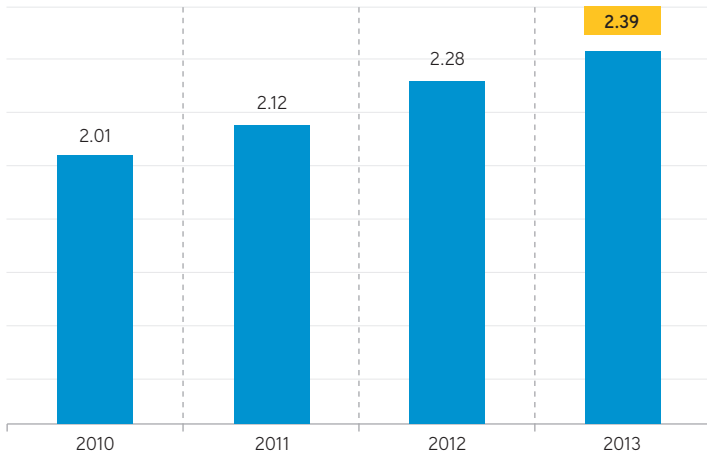
Currently, the situation is more favorable to the tenants, however, Rio de Janeiro remains among the cities with highest lease prices worldwide. Colliers estimates for the next two years decreasing asked prices, increasing availabilities rate (especially in classes A+ and A) and accumulated annual net absorption around 100,000sqm.



EXISTING INVENTORY

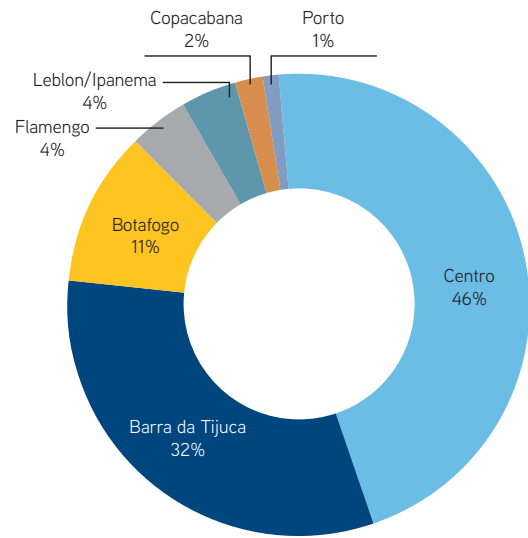
Rio de Janeiro ended 2013 with 2.39 million existing square meters. There was an increase of 5% or 111,000sqm over the previous period. During fourth quarter were delivered 23,000sqm represented by two buildings, Rio Business Center (Barra da Tijuca), and Torre Oscar Niemeyer – FGV (Botafogo). Throughout 2014, the forecast is that 256,000sqm are added to the current inventory, with most of this total located at submarket of Porto.

HISTORICAL EXISTING INVENTORY (MILLION SQM)



According to year's results, the submarkets of Centro and Barra da Tijuca have together 78% of the total existing inventory.

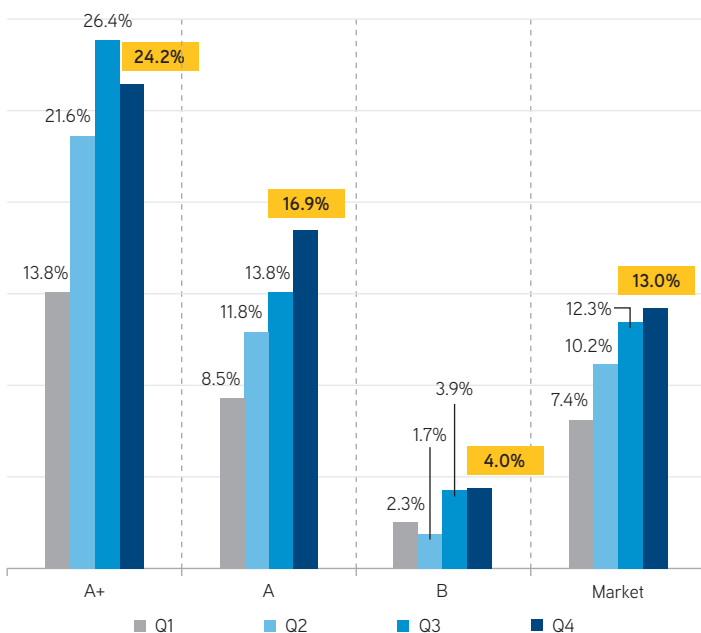
DISTRIBUTION OF EXISTING INVENTORY (% BY SUBMARKET)



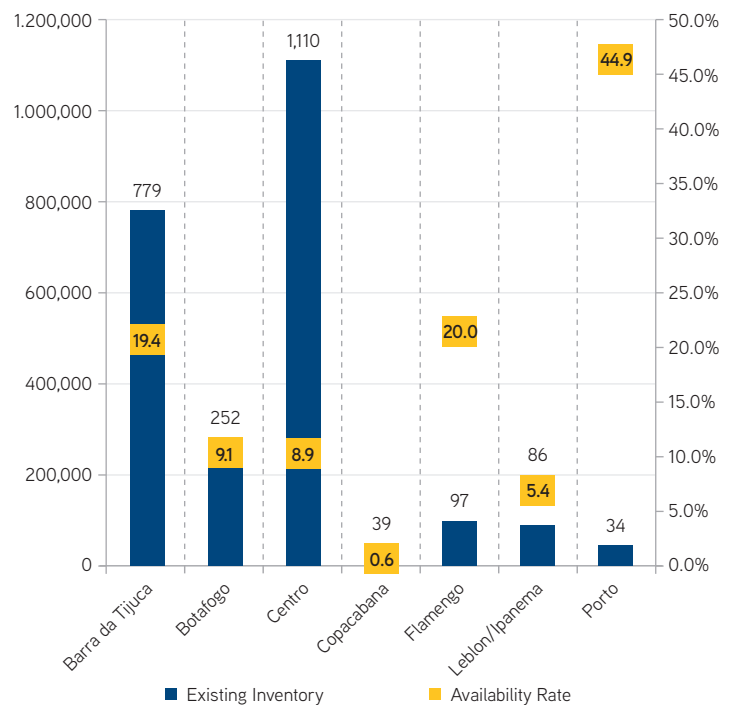
AVAILABILITY RATE

With a gradual increase in the availability rate, the result of Q4 was 19.5% for classes A + and A and 4.0% for B generating a percentage of 13.0% for the market.

AVAILABILITY RATE BY CLASS (%)



EXISTING INVENTORY (THOUSAND SQM) X AVAILABILITY RATE (%)

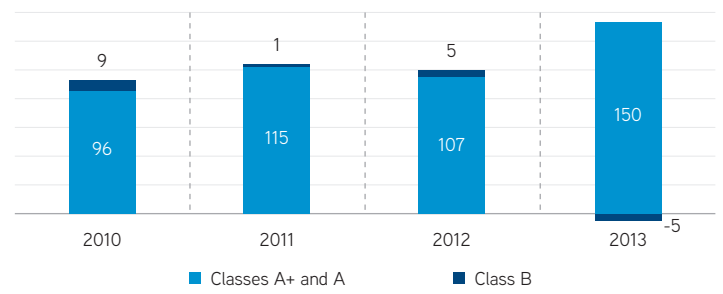


NET ABSORPTION

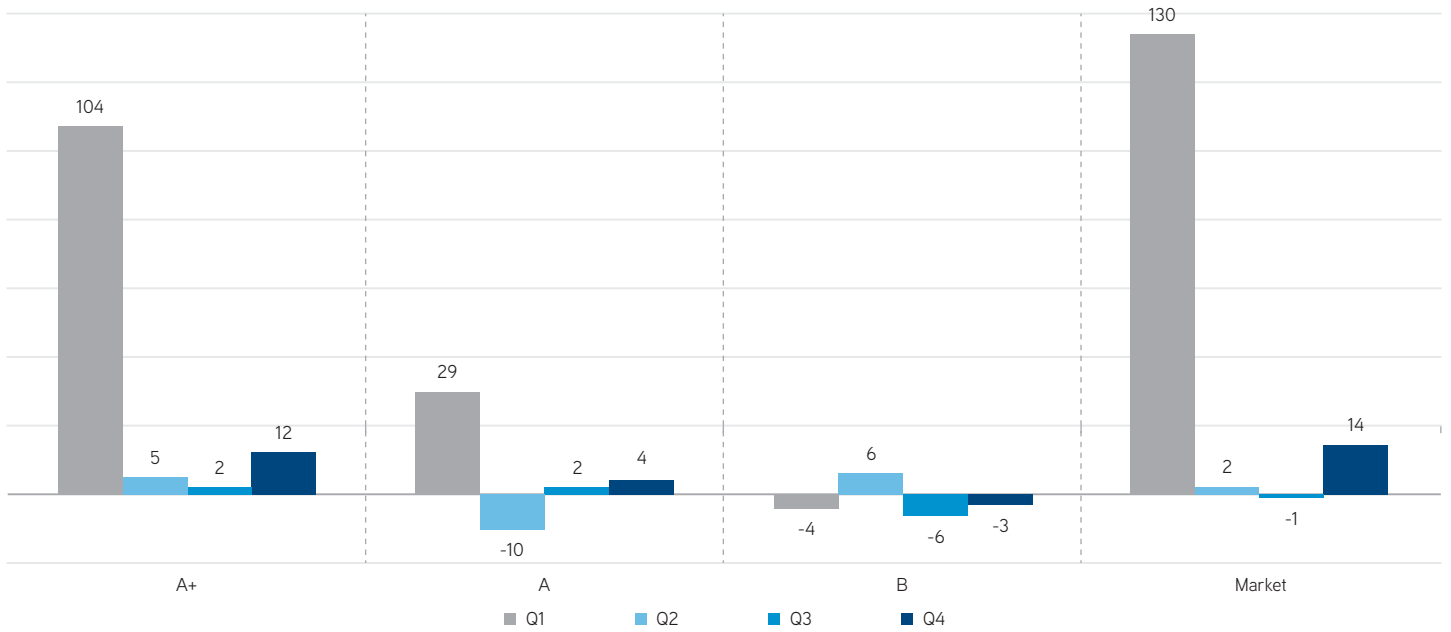
Accumulated net absorption for 2013 was 144,000 sqm. Considering this total, it was observed that 74% is explained by the pre-leasing of built-to-suit Centro Empresarial Senado by Petrobrás.

Except for this fact, the year 2013 was marked by few transactions.

HISTORICAL NET ABSORPTION (THOUSAND SQM)

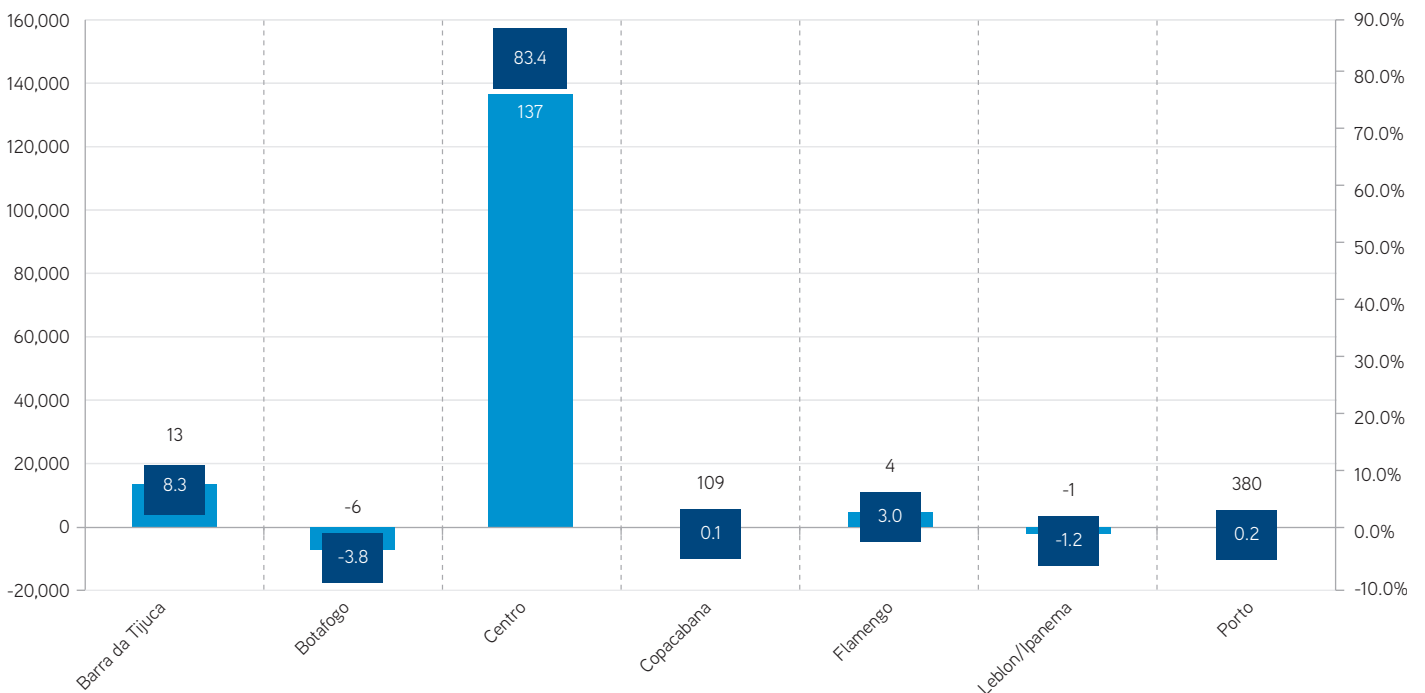


NET ABSORPTION BY CLASS (THOUSAND SQM)



Of the accumulated in the year, the largest percentage is attributed to Centro with 83.4%, followed by Barra da Tijuca with 8.3%. Botafogo and Leblon / Ipanema presented negative net absorption.

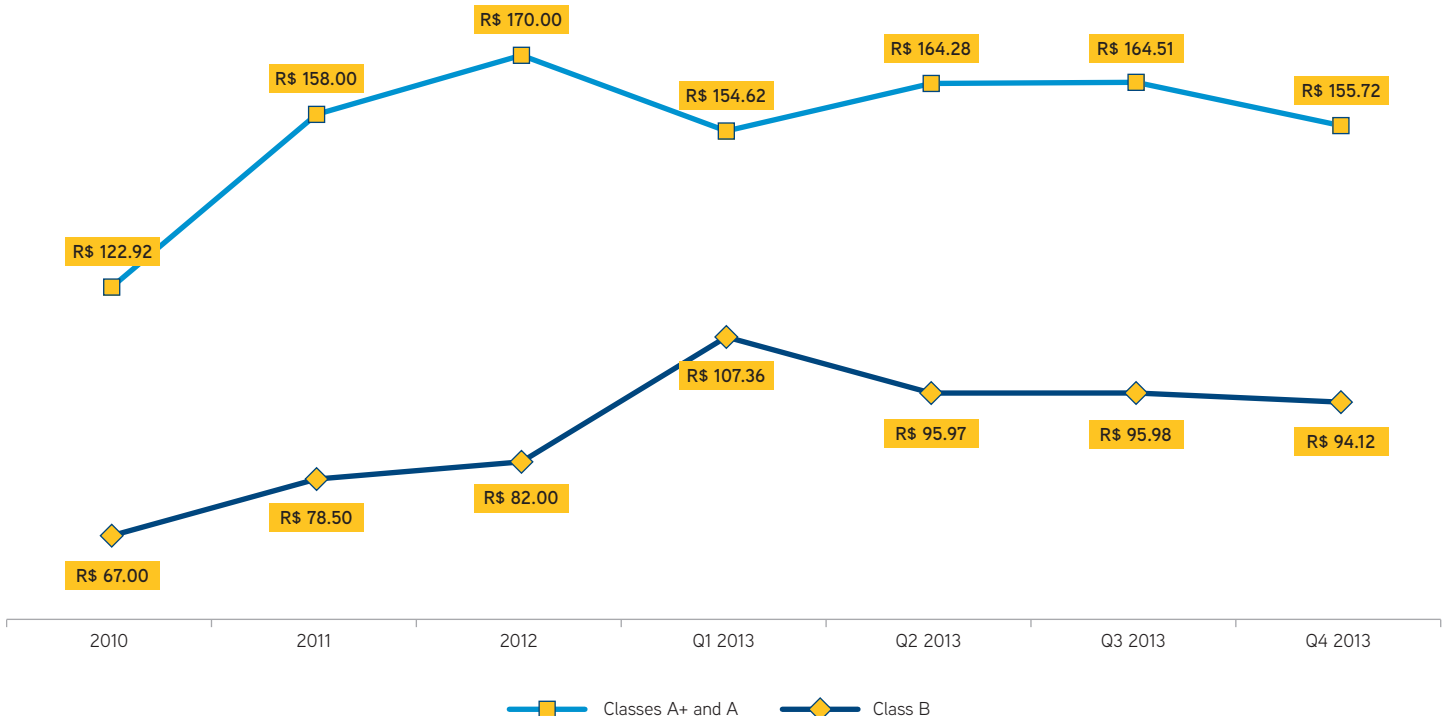
CUMULATED NET ABSORPTION BY SUBMARKET (THOUSAND SQM) (%)



PRICES

The decrease of 8.4% on average asked lease prices for classes A+ and A reflects the sensitivity of the market over the demand and new inventory. Class B buildings have remained stable during the course of 2013.

HISTORICAL AVERAGE ASKED LEASE PRICE (R\$/SQM/MONTH)



AVERAGE ASKED LEASE PRICE BY CLASS AND SUBMARKET (R\$/SQM/MONTH) – Q4 2013



STATISTICS TABLE

TOTAL A+ A AND B (EXISTING MARKET)

| SUBMARKET | TOTAL AREA (SQM) | AVG PRICE A+ A (R\$/SQM/MONTH) | AVG PRICE B (R\$/SQM/MONTH) | AVG MARKET (R\$/SQM/MONTH) | AVAILABLE AREA (SQM) | AVAILABILITY (%) |
|-----------------|------------------|--------------------------------|-----------------------------|----------------------------|----------------------|------------------|
| Barra da Tijuca | 779,105 | R\$ 91.95 | R\$ 72.89 | R\$ 85.60 | 150,842 | 19.4% |
| Botafogo | 252,126 | R\$ 170.71 | R\$ 140.50 | R\$ 155.61 | 22,834 | 9.1% |
| Centro | 1,110,944 | R\$ 138.95 | R\$ 69.67 | R\$ 115.86 | 98,469 | 8.9% |
| Copacabana | 39,140 | R\$ 180.00 | R\$ 43.75 | R\$ 111.88 | 230 | 0.6% |
| Flamengo | 97,421 | R\$ 165.00 | R\$ 99.08 | R\$ 143.03 | 19,529 | 20.0% |
| Leblon/Ipanema | 86,803 | R\$ 260.86 | R\$ 167.74 | R\$ 214.30 | 4,663 | 5.4% |
| Porto | 34,228 | R\$ 85.00 | R\$ 73.75 | R\$ 79.38 | 15,372 | 44.9% |
| Total | 2,399,767 | R\$ 156.07 | R\$ 94.12 | R\$ 129.38 | 311,939 | 13.0% |





2013 OVERVIEW

1st QUARTER

- Reclassification and revision of existing inventory.
- Submarket Porto starts to be monitored quarterly.
- Inclusion of Class B properties in quarterly analysis
- Inventory of 2.28 million sqm, with availability of 11% for A+ and A, and 4.8% for B.
- 104,000sqm lease in the building Centro Empresarial Senado.
- Asked lease prices presented a decrease of 2%.

2nd QUARTER

- Delivery of 61,000sqm, a higher level than the average of last years.
- Availability of 15.4% for A+ and A, and 3.2% for B.
- Drastic decrease in net absorption, which ended in 2,000sqm.
- Increase on average asked price by 9.3% mainly due to the devolution of areas in the south region.

3rd QUARTER

- Delivery of 27,000sqm.
- Availability increased and ended the quarter in 18.5% for A+ and A, and 3.8% for B.
- General net absorption of -1.1 thousand sqm.
- Once again, prices decreased.

4th QUARTER

- Period favorable for tenants.
- New inventory of 23,000sqm.
- Availability rate of 19.5% for A+ and A, and 4.0% for B.
- Decrease of 8.4% in asked prices compared to the previous year.

COLLIERS OPPORTUNITIES



Porto Maravilha

Lease
 Total Area: 7,960 sqm
 Floor Plate with 1,680 sqm
 - 5 Floors and 95 Parking Spots
 Ref: 2023

REAL ESTATE MARKET

VOCABULARY

- . **Absorption:** Amount of sqm occupied in the previous period
- . **Development Category:** Real estate properties are classified as A+, A, B and C
- . **Stock / Inventory:** Amount of usable constructed area in square meters
- . **Availability Rate:** Ratio between area available area and total area
- . **Ceilings Height:** Space between the finished flooring and the 1st structure ceiling interference
- . **Build-to-Suit:** Customized construction

COLLIERS INTERNATIONAL DO BRASIL

REAL ESTATE CONSULTANCY FOR INDUSTRIAL, OFFICE, RETAIL, LAND, RURAL, HOTELS,
 HOSPITALS AND EDUCATIONAL INSTITUTIONS

- . Real Estate Investments
- . Tenant and Landlord Representation - Leasing, Acquisition and Sale
- . Advisory and Disposals for real estate assets and/or portfolios
- . Build-to-Suit and Sale & Leaseback Operations
- . Lease Administration and Property Management
- . Real Estate Valuation for Leasing, Acquisition, Sale and Guarantee
- . Market and Technical-Financial studies, Highest and Best use studies
- . Advisory for Investment Funds and Private Investors
- . Research and Market Intelligence
- . Green Consulting for LEED® certification

This document was prepared by Colliers International Brazil. All information in this material may be changed without prior notice. Colliers International is a worldwide affiliation of independently owned and operated companies. This publication is the copyrighted property of Colliers International and /or its licensor(s). © 2013. All rights reserved.

Colliers International

More than 482 offices
 in 62 countries
 in 6 continents

USA: 140
 Canada: 42
 LATAM: 20
 Asia: 38
 ANZ: 157
 EMEA: 85

- US\$ 1,95 billion in annual revenue
- More than 104 millions sqm under management
- More than 13,500 professionals

CONTACTS

Sao Paulo

R. Olimpíadas, 205
 04551-000 Sao Paulo SP
 TEL +55 11 3323 0000

Rio de Janeiro

Av. Almirante Barroso, 63
 20031-003 Rio de Janeiro RJ
 TEL +55 21 2524 4242

Recife

Av.Gov. Agamenom Magalhães, 4.575
 50070-160 Recife PE
 TEL +55 81 3037 2222

Fortaleza

Av. Dom Luis, 807
 60160-230 Fortaleza CE
 TEL +55 11 8171 2727

More information:

RESEARCH AND MARKET INTELLIGENCE
research@colliers.com.br

OFFICE

office.rj@colliers.com.br



Accelerating success.