MARKETBEAT

Office Snapshot Q2 2016

Buenos Aires, Argentina

BUENOS AIRES

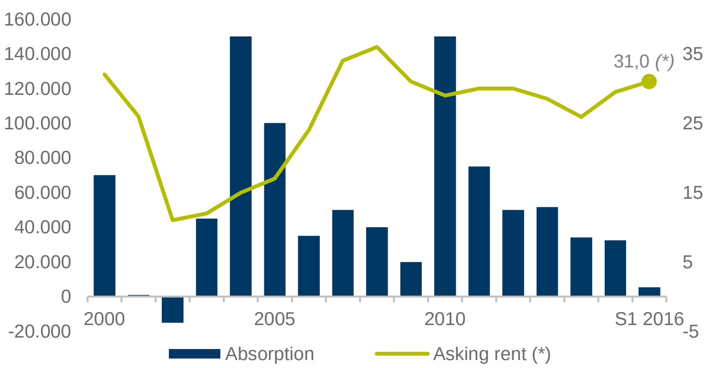
Economic indicators

	Q2 15	Q2 16	12-Month Forecast
Unemployment rate *(Q1 2015 / Q1 2016)*	8,4%	8,6%	▬
GDP variation rate *(Q1)*	0,0%	0,5%	▼
Inflation index YTD *(January-June)*	11,2%	24,9%	▼

Market indicators (Class A)

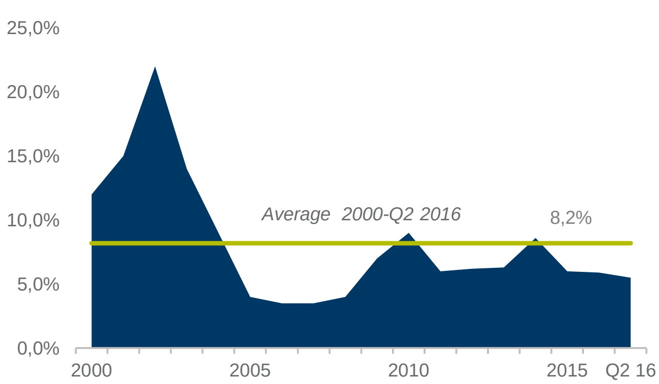
	Q2 15	Q2 16	12-Month Forecast
Overall vacancy	7,5%	5,5%	▼
Net absorption (sqm) YTD	10.100	4.000	▬
Under construction (sqm)	166.817	319.360	▲
Average asking rent *(*)* *(USD/sqm/month)*	28,0	31,0	▲

Net absorption (sqm) / Asking rent (USD/sqm/month) (Class A)



(*) corresponds to average of submarkets Catalinas-Plaza Roma and Retiro-Plaza San Martín.

Overall vacancy (%) (Class A)



Economic outlook

During the first quarter of the year, the government has focused all its effort in the implementation of a plan to reduce the physical deficit, what has driven to a generalized stagnation of the economy. The increase in public service tariffs has reduced the disposable income of households, which was already deteriorated by the inflationary context, causing a decrease in internal consumption.

During the first quarter of 2016, GDP registered a slight growth of 0,5% (INDEC), with this information the private consultants have revised downwards the growth forecast for the rest of the year. Nevertheless, it is expected, given the policies implied by the government during this year, for the economy to grow in a healthier economic context towards 2017.

The end of the conflict with the holdouts and improvement in credibility towards the international markets, should facilitate the access to external credit, which would reduce the physical deficit financing through own resources. In addition, it should ease the recovery of foreign investment attracted by the withdrawal of control over the exchange market and the agreement with the holdouts, which would be vital for the process of normalization of the economy.

Office market outlook

In a context of limited availability of class A areas, demand has tilted towards supply of under construction buildings, being in some areas the only option.

Likewise, the preference of demand for quality products, of constructive and technical techniques of higher efficiency, validates the ascendant tendency of rental prices, especially in the CBD area.

The reactivation of demand continues pushing downwards the vacancy rate, which retreated 5,5% this quarter. Nevertheless, the completion of new area is delayed and its massive incorporation to the market could elevate in the short term the supply of Premium area, which would be concentrated in CBD (Catalina-Plaza Roma, Puerto Madero and 9 de Julio submarkets).

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It is predicted for the following quarter the incorporation to the market of 67.500 sqm. Although only 44% of this surface will be speculative (29.800 sqm), reducing considerably the new class A office inventory.

Added to this is the limited availability of large areas in a same building, as a result, some under construction projects have already leased a large part of the rentable area, keeping the market over supplied in the future.

In this context, not all submarkets show the same behavior. The area CBD shows a higher acceleration in the rental prices, accumulating an increase of 6,3% during the first quarter, facing 0,4% of area NON CBD. The projects next to be delivered in Catalinas and Puerto Madero are driving the growth of revenues in the area CBD.

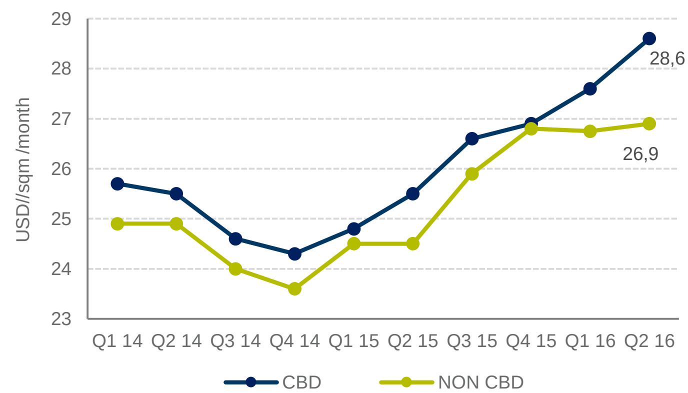
In terms of vacancy, all submarkets of CBD have evolved downwards, emphasizing the fall of available area in 9 de Julio corridor, as a result of the occupation of Belgrano 955 building.

Market outlook

- The area CBD shows a greater acceleration in the rent prices than the NON CBD area.
- Limited availability of Class A offices.
- Demand is tilting towards quality products.
- In spite of the high production of new space, the future supply continues limited.

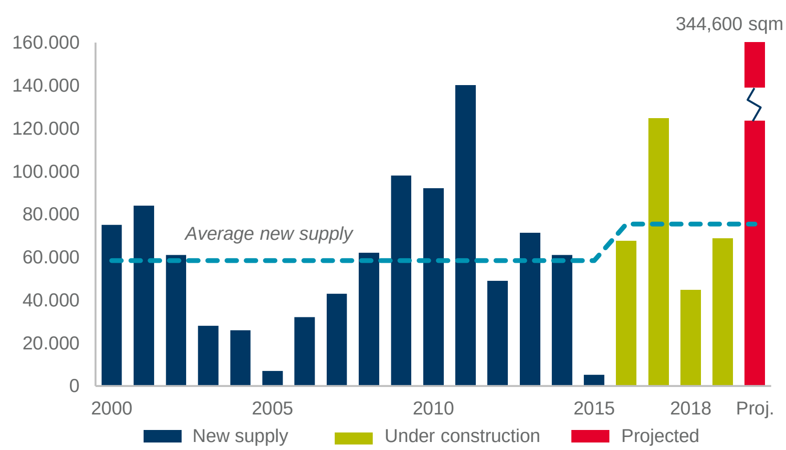
Class A asking rent CBD / NON CBD

THE ASKED RENT IN CBD AREA INCREASED A 12,2% DURING THE LAST YEAR



New supply (sqm) / Projected surface (sqm)

UNDER CONSTRUCTION AND PROJECTED SPACE RISES 29% OVER THE HISTORICAL AVERAGE



SUBMARKET	INVENTORY CLASS A	SURFACE AVAILABLE (SQM)	VACANCY RATE	AVERAGE ASKING RENT (USD/SQM/MONTH)	UNDER CONSTRUCTION (SQM)	PROJECTED (SQM)
Puerto Madero	229.110	18.620	8,1%	29,0	14.060	30.300
Catalinas-Plaza Roma	255.250	10.750	4,2%	35,5	124.000	39.900
Microcentro	68.910	710	1,0%	25,0	-	-
9 de Julio	68.510	6.400	9,3%	27,0	19.230	-
Centro Sur	24.160	-	-	-	35.000	19.500
Retiro-Plaza San Martín	77.450	2.150	2,8%	26,5	13.800	-
CBD	**723.390**	**38.630**	**5,3%**	**28,6**	**206.090**	**89.700**
Subtotal Panamericana + Philips	222.680	12.900	5,8%	26,0	6.500	172.230
- Distrito del Conocimiento	163.260	9.280	5,7%	25,5	-	48.110
- Distrito de la Innovación *(included Philips area)*	59.420	3.620	6,1%	26,5	6.500	124.120
Libertador GBA	75.875	4.990	6,6%	28,0	56.770	82.670
Libertador CABA	12.385	-	-	27,5	50.000	-
NON CBD	**310.940**	**17.890**	**5,8%**	**26,9**	**113.270**	**254.900**
TOTAL CLASS A	1.034.330	56.520	5,5%	27,8	319.360	344.600

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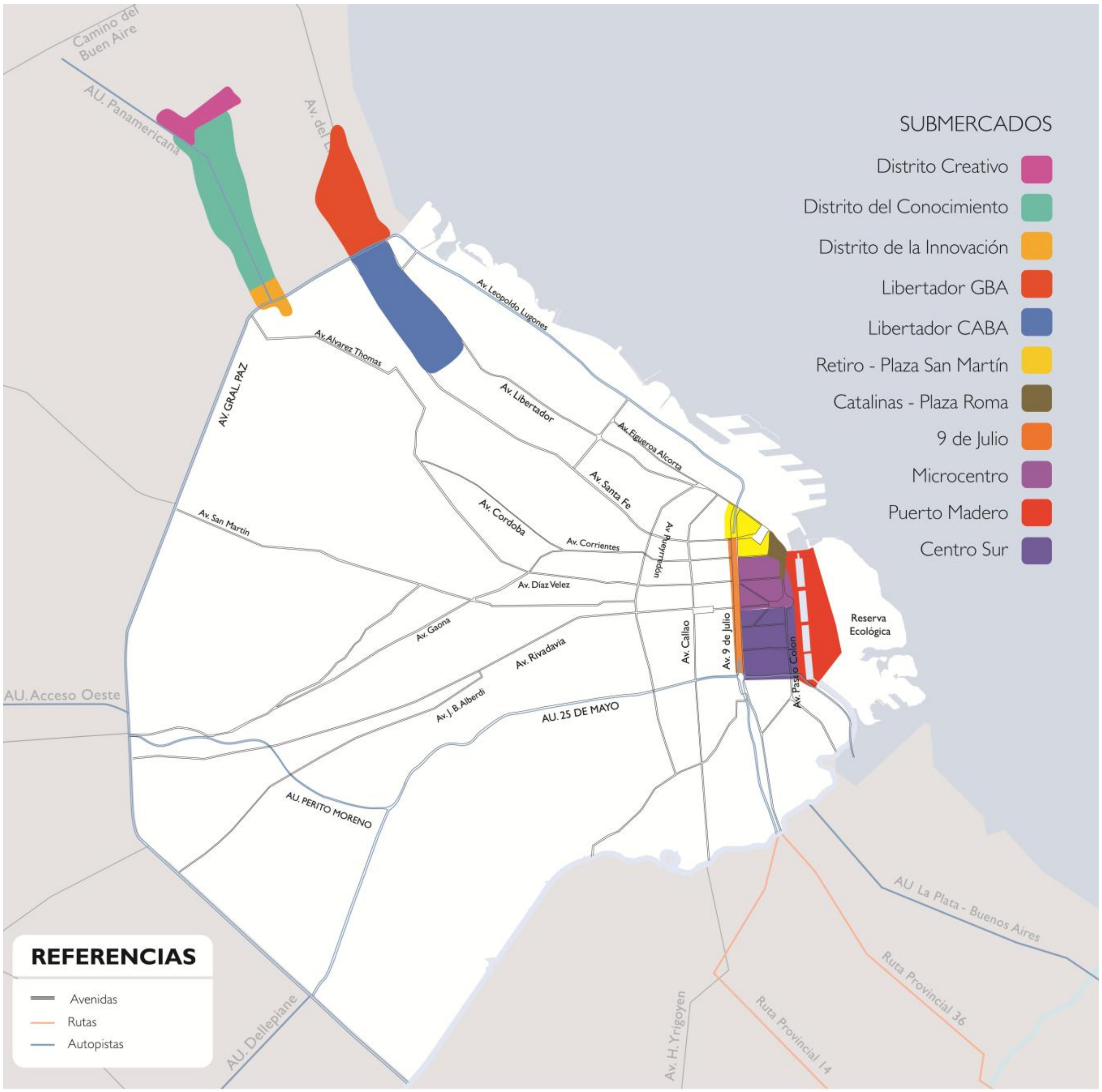
OFFICE MARKET MAP WITH SUBMARKET DIVISION

BUENOS AIRES / ARGENTINA



Cushman & Wakefield
Carlos Pellegrini 1141, 6° floor
C1009, Buenos Aires, Argentina
Tel: +11 5555 1111
Fax: +11 5555 1100
www.cushmanwakefield.com.ar

For more information, contact:
Karina Longo
Head of Research
Tel +11 5555 1134
Karina.longo@sa.cushwake.com