

### ECONOMIC SCENARIO

During the second quarter of 2022 there was an increase in uncertainties about the global macroeconomic situation. In Brazil, some indicators of economic activity were positive in the quarter, although the scenario is still quite adverse and challenging for the Central Bank. In the sphere of commerce, data from the April 2022 Monthly Trade Survey showed a 0.9% increase in retail sales volume in its seasonally adjusted series. The Consumer Confidence Index (ICC), after advancing 3.8 points in April, fell 3.1 points in May, and ended the quarter with growth of 3.5 points, impacted by increased consumer confidence with higher incomes. The expectations of low-income consumers, on the other hand, are worsening, mainly due to high inflation. This scenario of high global inflation, associated with the deterioration of the country's fiscal situation and the proximity of the presidential elections, caused the IIE-Br (Economic Uncertainty Indicator) to advance 0.5 point in June to 116.4 points. Regarding the unemployment rate, the last Continuous National Household Sample Survey (PNAD) recorded a rate of 9.8% for the mobile quarter that was finished in May 2022, a drop of 1.4 p.p. QOQ and 4.9 p.p. YOY. Regarding inflation, the IPCA was 0.47% MOM in May, falling 0.59 p.p. This result was mainly impacted by the Transport (0.30 p.p.) and Health and Personal Care (0.12 p.p.) groups. In the last 12 months, the index accumulates a high of 11.73%, and in the year 4.78%. The INCC - M (National Construction Cost Index - M) advanced 2.81% in June and already accumulates a high of 7.20% in the year and 11.75% in 12 months. Finally, first-quarter GDP rose 1%, and in the accumulated four quarters ended in March increased 4.7%.

### Market Overview

The second quarter of 2022 showed an increase in the number of transactions. It was recorded 13 transactions compared to six recorded in the first quarter. Sales totaled BRL 7,658,558,034 and the total number of sq.m transacted was 571,478. In a YOY comparison, when 39 transactions were recorded, the financial volume was significantly lower than those recorded in the second quarter of 2022. A considerable part of this difference can be explained by the transactions of the office segment in the period. About the average cap rate of office, industrial and retail operations, there was a stability in relation to the first quarter of this year, with the industrial market being the most impact on the average.

### MARKET STATISTICS

PROPERTY TYPE	TRANSACTIONS	SALES VOLUME (BRL)	TOTAL SQ.M	PRICE/SQ.M	CAP RATE
Retail	6	569,955,593.86	58,237.59	9,786.73	8.65%
Industrial	4	319,119,208.92	96,865.06	3,294.47	9.09%
Office	2	6,769,483,231.08	416,375.02	16,258.14	6.70%
<b>Total</b>	<b>12</b>	<b>7,658,558,033.86</b>	<b>571,477.67</b>	<b>13,401.33</b>	<b>7,65%</b>

YOY Chg 12-Mo Forecast

<b>1.7%</b> GDP Q12022	▲	▲
<b>11.1%</b> Unemployment Rate (Q12022)	▼	▼
<b>11.73%</b> IPCA (12 months)	▲	▼
<b>14.21%</b> Brazil 10-Year Bond Yield	▲	▲

Source: LCA

YOY Chg 12-Mo Forecast

<b>7,65%</b> Average Cap Rate	▼	▲
<b>7,7 Bi</b> Total Volume (BRL)	▲	▲
<b>12</b> Total Properties Sold	▲	▲
<b>571,5 K</b> Area (sq.m) (all classes)	▲	▲

### Office

During this quarter, two transactions in the office market were accounted for. Both transactions involved considerable amounts. The financial volume of the two transactions was BRL 6,769,483,232 and the total sq.m of 416,376.

One transaction involved the sale of part of BR Properties' portfolio to Brookfield for about BRL 5.92 billion, the assets traded are in São Paulo, Barueri, Rio de Janeiro and Brasília.

The other transaction refers to the sale of 62% of GTIS Partners' stake in the Infinity Tower building, located in the Itaim Bibi region of São Paulo. The value of the transaction was approximately BRL 848 million, with an estimated cap rate of 6.7% p.a.

### Industrial

The Industrial market had four transactions in the current quarter, involving assets in Minas Gerais and São Paulo, totaling 96,865 sq.m transacted.

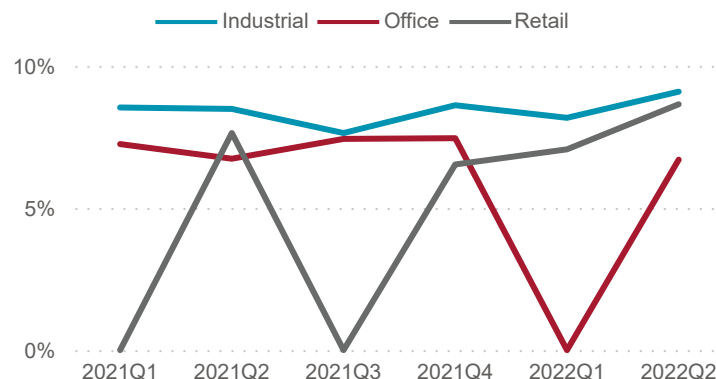
The financial volume of transactions totaled BRL 319,119,209 with an average cap rate of 9.09%. The cap rate that most impacted the average value was the asset CL Imigrantes III, located in the large ABC, which presented a cap rate of 11.38%.

### Retail

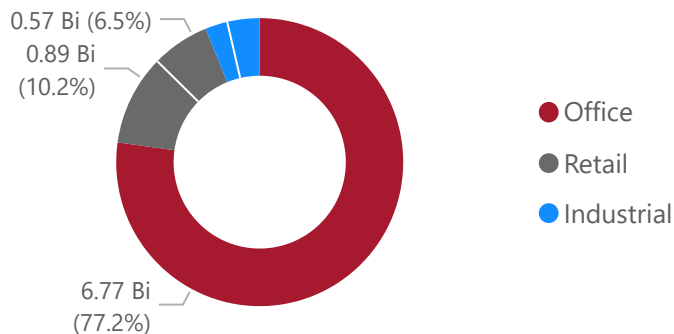
The retail segment presented six transactions in the second quarter, totaling 58,238 sq.m. The assets are in São Paulo and Minas Gerais.

The total financial volume was BRL 569,955,594. Thus, the average retail cap rate was 8.65% p.a. The main transaction of impact on the cap rate was the Uberaba Shopping Mall, with a cap rate of 8.75% p.a. The venture was acquired by the fund by HSI Malls - Real Estate Investment Fund, which now owns 100% of the asset.

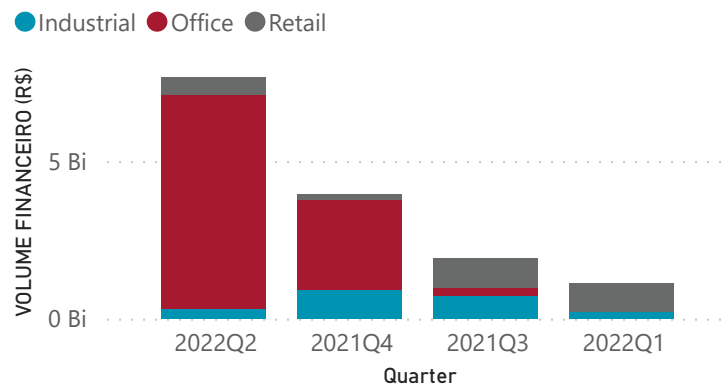
### CAP RATE TRENDS BY SECTOR



### 2022 YTD CAPITAL VOLUME BY PROPERTY TYPE



### CAPITAL VOLUME (BRL) BY PROPERTY TYPE



## Main transactions

In the Office market, the highlight is the sale of part of the assets of BR Properties portfolio to Brookfield. The assets included in the operation are: Panamérica Park, TNU, Panamérica Green Park I, Complexo JK - Bloco B, Complexo Centenário Plaza, Parque da Cidade - Paineira, Aroeira and Jatobá, Alphaville, Glória, Ed. Headline, Ed. Ventura - West Tower, Ed. Ventura - East Tower, Brasília, and the grounds Panamérica Green Park II and Panamérica Green Park III. The total area traded was 394,730 sq.m, for the amount of BRL 5,921,647,798.

In the logistics sector, BlueCap Renda Logística - REIT completed the acquisition of the "G1" "G2" and "G3" warehouses of the CityGate Extrema I condominium, located in Extrema, Minas Gerais. The asset has a total built area of 38,000 sq.m and is 100% leased by Alpargatas, Mobly and Bauducco. The transaction amount was BRL 124,000,000.

In the retail segment, it was highlight the transaction of Shopping Uberaba, located in Uberaba, Minas Gerais. The sale was made by Jaguará Empreendimentos Imobiliários S.A. and JPL Estacionamentos S.A. to HSI Malls - REIT for BRL 332,952,874, which will be paid through a securitization operation for receivables. The REIT acquired 100% of the asset. The total built-up area sold was 25,111 sq.m.

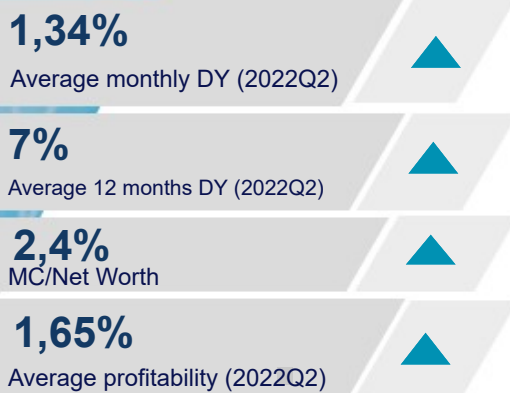
NAME	PROPERTY TYPE	BUYER	SELLER	TOTAL SQ.M	PURCHASE PRICE (BRL)	PRICE / SQ.M	REGION
Shopping Uberaba	Retail	HSI MALLS FUNDO DE INVESTIMENTO IMOBILIÁRIO	Jaguara Empreendimentos Imobiliários S.A. e JPL Estacionamentos S.A.	25,111.00	332,952,873.86	13,259.24	
Panamérica Park, TNU, Panamérica Green Park I, Complexo JK - Bloco B, Complexo Centenário Plaza, Parque da Cidade - Paineira, Aroeira e Jatobá, Alphaville, Glória, Ed. Manchete, Ed. Ventura - Torre Oeste, Ed. Ventura - Torre Leste, Brasília, Panamérica Green Park II e Panamérica Green Park III	Office	Brookfield	BR PROPERTIES S.A.	394,730.00	5,921,647,797.68	-	
CL Imigrantes III	Industrial	RBR LOG - Fundo de Investimento Imobiliário	-	1,800.00	5,048,031.00	2,804.46	Grande ABC

## Projections and trends

Expectations for the second half of the year and for 2023 are not favorable, and the effects of recession should appear more severely from that second half. Although the Central Bank began the contractionary cycle in March 2021, inflation remains persistent and widespread to date. To this end, inflation forecasts are deteriorating rapidly, and the cycle of interest rate hikes is expected to continue until August 2022. Regarding the country's fiscal situation, fiscal risk indicators show a worsening in expectations, although the country's fiscal statistics indicate some improvement. In addition, the proximity of the elections also raises uncertainties in the domestic scenario.

During the second quarter, the real estate market performed well. The logistics sector and offices remain strong in major cities, undermining the growth of e-commerce, and the resumption of mobility and the labor market, which should continue to advance. The expectation is that the housing market will continue to warm, yet the forecasts for the coming months should be considered with caution, mainly due to the current adverse macroeconomic scenario, and the possible surprises that may emerge.

In relation to real estate funds, the brick fund segment should remain attractive, with the REITs mostly trading at considerable discounts. The paper funds segment, in turn, continues to benefit from the current macroeconomic scenario, high interest rates and inflationary pressure. In general, the expectation is that REITs will value themselves in the medium and long term.



### REAL ESTATE FUNDS

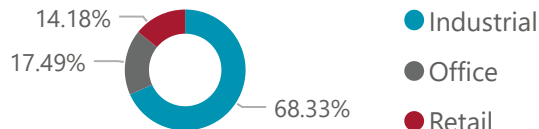
During this quarter, the real estate fund market expanded, according to data from B3 in April. There are 431 REITs listed, which form a net worth of BRL 179 billion. The number of investors is approximately 1.68 million.

The cumulative change in the Ifix index in the first quarter of 2022 was 0.57%. In April, the index showed a positive change of 1.19% MOM, followed by 0.26% MOM in May, and a drop of 0.88% MOM in June.

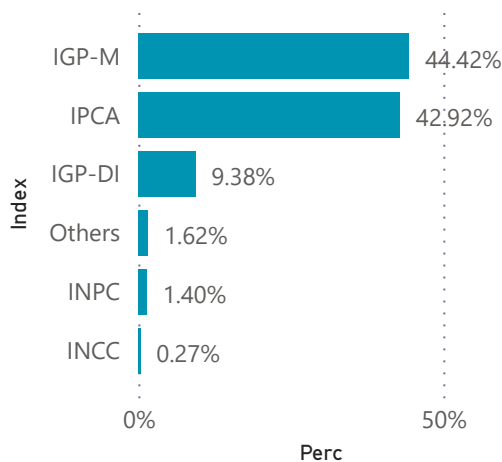
Regarding the indexation of the REITs' contracts that is monitored and according to data referring to the first quarter of 2022, the IGP-M is still the most relevant indexer, being used as a reference in 44.42% of the contracts, followed by the CPI, used in 42.92%. Despite the current scenario of high of both indexes, it was not possible to observe a significant rediscussion of the indexes in rental contracts when compared to the last quarter of the previous year. In fact, there was a 2.9% decrease in the number of contracts indexed to the IGP-M and an increase of 7.46% in the number of contracts indexed to the CPI.

In relation to the results, REITs remain more attractive when compared to long-term NTN-Bs. With regard to paper funds, the current macroeconomic scenario of high inflation and high interest rates favors the profitability of this segment, and positively impacts on its income distributions. Brick funds, in turn, are already incorporating the interest rate hike, many of them trading below their replacement cost.

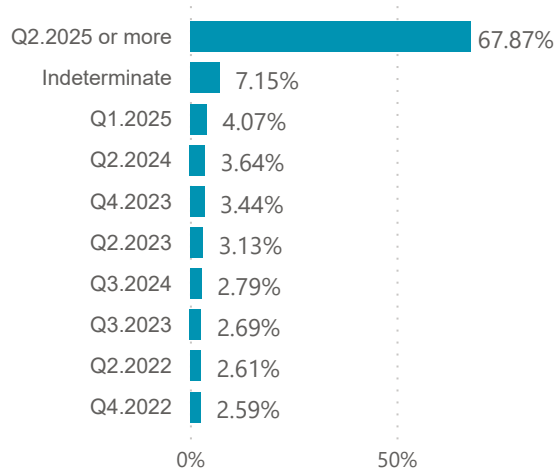
### Portfolio Area by sector (sq. m)



### Revenue from rent by indexes



### Lease contracts by renewal date



#### LUIS FERNANDO DEAK

Head of Market Research & Business Intelligence  
South America

#### RENATO PAGLARIN

Coordinator of Market Research & Business Intelligence  
South America  
[research.brazil@cushwake.com](mailto:research.brazil@cushwake.com)

#### A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

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 400 offices and 60 countries. In 2020, the firm had revenue of \$8.8 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services. To learn more, visit [www.cushmanwakefield.com](http://www.cushmanwakefield.com) or follow @CushWake on Twitter.

©2022 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable.

The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.