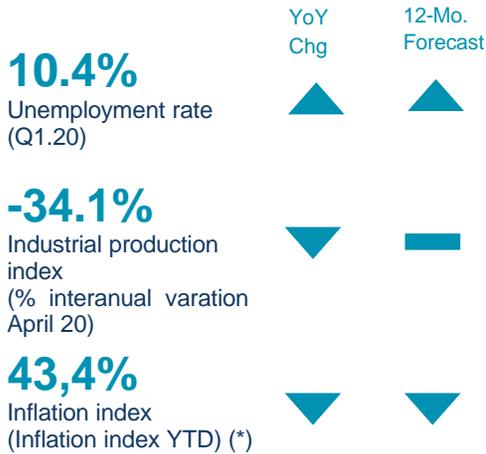


Industrial H1 2020



ECONOMIC INDICATORS S1.2020



Source: National Statistical and Census Institute (INDEC)
(*) Corresponds to May 2020

MARKET OUTLOOK:

The first half of 2020 started with challenges for the logistics market, due to consequences of demand in the e-commerce platforms initiating a new path towards the new consumer spending habits under this purchase experience. Regarding occupied surface, at the end of this half-year period, the class A logistic centers lease market is made up of 56.6% by Logistics Operators. The Massive Consumer sector follows with 26.6% of market share and retail in last place at 10.6%. For its part, 787,000 sqm of own logistics centers are registered, outside the rental market among which 60% corresponds to Retail.

SUPPLY AND DEMAND:

The vacancy rate of the first semester was 17.6%, which represents 1PP higher through the last half of 2019. This shows an upward trend within the area offered. The highest availability occurred in the "Triángulo de San Eduardo", with 175,202 sqm, followed by South Zone, represented with 129,243 sqm. Within this area, most of it corresponds to available surface range between 10,000 and 25,000 sqm.

The semester negative absorption was (-) 105,614 sqm, 83% of this vacant area was registered in "Triángulo de San Eduardo", mostly due to tenants who moved their operations to the South Zone. On the other hand, the gross absorption was 80,670 sqm, among which 64% of rented spaces were in the South Zone, whereas 21% were taken in "Triángulo de San Eduardo". This represents a balance of (-) 24,944 sqm as Net Absorption. Despite being a negative number, it shows the dynamic that took place in the market for the first part of 2020.

PRICING:

The weighted average in the North Zone remains stable at 5.6 USD/sqm/month. It is followed by the South Zone, where the weighted average is 5.4 USD/sqm/month. One key factor observed since the end of 2019 is the stability of the Argentinean Pesos against the American Dollar, in the first 6 months of 2020 increased only 19%. This is a key component for the update in the majority of rental agreements which were set in local currency.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT (*)



ECONOMIC OUTLOOK

The COVID-19 crisis has intensified pre-existing economic issues in Argentina. The pandemic hit the region weeks after Europe and Asia, allowing the government to foresee anticipated policies to counteract the impact. Access the most recent information specific to COVID [here](#).

Unemployment in the first quarter shows a slight rise of 10.4%. At the same time, manufacturing industry fell a (-) 34.4%, a figure which concerns the logistics industry. Regarding inflation, between May '19 and May '20 it accumulated 43.4%, contained to a certain extent by the program that monitors the maximum prices and also, the drops in consumption.

Within the logistic environment, as of the writing of this report, the sector is considered an essential activity. Therefore, operations continued throughout the mandatory quarantine. This has been a competitive advantage of the logistics assets since operations were able to continue with special protocols.

Three economic indicators for the logistics sector were seen in the first six months of 2020. Firstly, the official dollar increased its value a 19%, secondly the index of Argentina's Chamber of Construction was 9%, and thirdly, the CEDOL/UTN index, which is the sector that analyzes the logistical cost without transport, shows a 12% increase. It will be important to follow these indicators in the second part of the year to analyze whether the sector can reset to more favorable rental prices.

FUTURE OUTLOOK

At the moment, there are 287,120 sqm under construction, 56% of which are located in the North Zone, 20% in the South Zone and 24% in the West Zone. However, construction is not an essential activity, therefore the projects are in stand by and it is only allowed to collect construction materials.

Among the most representative projects, the Malvinas Argentina's Logistics Center is under construction, with 31,000 sqm located in the "Triángulo de San Eduardo" market. On the other side, the Project Management area of Cushman & Wakefield is managing the largest logistics work in progress, which involves a 53,000 sqm AAA warehouse in Pilar.

Finally, surface in project is represented by 795,617 sqm, partly subject to the evolution of the market in the coming months.

WAREHOUSE AND LOGISTIC CENTER CLASS A HEAT MAP



— North Zone
 — West Zone
 — South Zone
 0.00 236k 472k 708k 944k

(*) Sources: © 2020 TomTom © HERE © 2020 Microsoft Corporation

MARKET STATISTICS

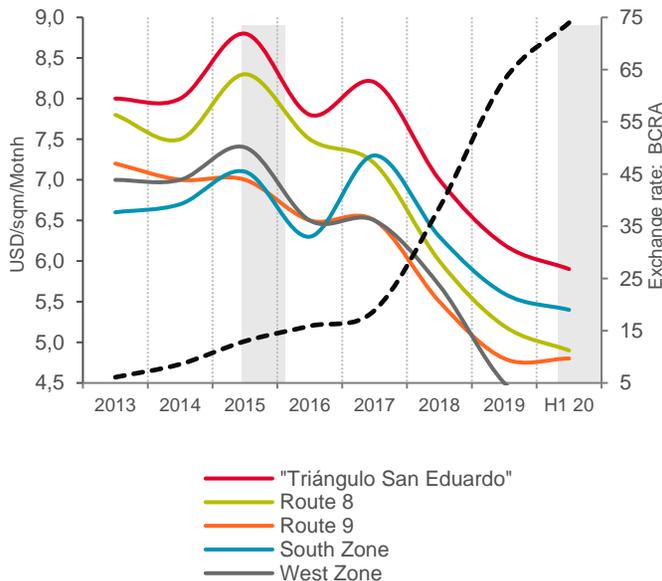
SUBMARKETS	INVENTORY CLASS A (SQM) (*)	NUMBER OF LOGISTICS CENTERS	AVAILABLE SURFACE (SQ.M)	VACANCY RATE (%)	YTD OVERALL NET ABSORPTION (SQM)	UNDER CONSTRUCTION (SQM) (*)	PROJECTED (SQM) (*)	OVERALL AVG ASKING RENT CLASS A (ARS/SQM/MONTH) (***)	OVERALL AVG ASKING RENT CLASS A (USD/SQM/MONTH) (***)
TRIANGULO SAN EDUARDO	998,447	27	175,202	17.7 %	- 70,344	60,258	287,000	AR\$ 435.9	USD 5.90
ROUTE 8	225,231	8	37,100	16.5 %	- 3,100	53,000	162,377	AR\$ 365.8	USD 4.90
ROUTE 9	239,195	10	42,835	17.9 %	11,500	48,350	25,000	AR\$ 351.7	USD 4.80
NORTH ZONE	1,452,873	45	255,137	17.6 %	- 61,944	161,608	474,377	AR\$ 411.6	USD 5.60
SOUTH ZONE	692,810	19	129,243	18.7 %	37,000	55,512	151,240	AR\$ 398.2	USD 5.40
WEST ZONE	64,000	4	5,045	7.9 %	-	70,000	170,000	AR\$ 296.0	USD 4.00
TOTAL	2,209,683	68	389,425	17.6%	- 24,944	287,120	795,617	AR\$ 405.6	USD 5.50

(*) An inventory review was performed. This led to a rise in stock

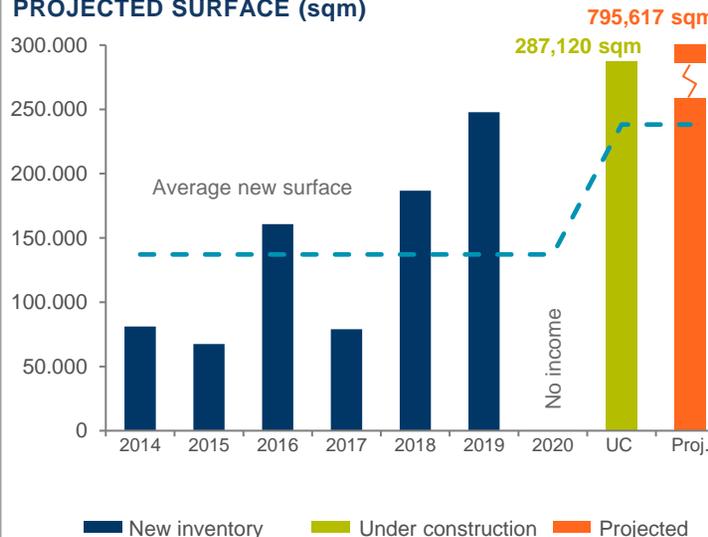
(**) Values expressed in Argentinean Pesos. Source: BNA. Date: 03/07/2020. USD 1,00 = \$ 74,0

(**) Corresponds to weighted average of asking rent.

ASKING RENT PER SUBMARKET (USD/sqm/Month)



NEW INVENTORY (sqm) PROJECTED SURFACE (sqm)



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