MarketView
Office Market – Caracas

Quick Stats (Class A)

	Current	Change from last Qtr.	Change from last Sem.
Vacancy	3,42%	↓	↓
Lease Rate	Bs. 332	↑	↑
Sale Price	BsF 26,381	↔	↓
New Supply	0 K m²	↔	↔

*The arrows are trend indicators over the specified time period and do not represent a positive or negative value.

New Developments

Centro Empresarial La Castellana, currently under construction -- completion has been postponed for the 2nd quarter of 2010.

While maintaining control of the Bolivar's exchange rate, on January 8th the government modified its value -- from 2.15 BsF per U.S. dollar to 4.30 BsF per dollar. This was a a 100% devaluation. As a result of this move, the real estate market stood still during the month of January as investors, owners, and tenants waited to see what impact a devaluation of that magnitude would have on the economy. The paralysis resulted in a lack of offers for lease or sale, as everybody waited for the real estate market to stabilize.

By mid February, real estate market activity resumed and the devaluation's impact became clear. First quarter's asking lease rates showed a huge increase from fourth quarter's rates for both Class A and B offices – they were 19.8% and 25.3% higher, respectively. Class B asking sales prices also jumped significantly (23%) over the same time frame.

However, asking sale prices for Class A unexpectedly remained almost equal to the previous quarter's level, standing at 26,281 BsF./ Sqm /month. It is important to mention that during 2009, Class A asking sale prices showed only slight variations throughout 2009. It appears that the stability in Class A asking sales prices will continue despite the devaluation.

Another change resulting from the devaluation is that the market shifted towards leased properties. The offer that traditionally prevailed (up through 2009) was for sale, but now properties for lease dominate the market accounting for 63.2% of the available space in the market.

Interpreting these results in light of the devaluation's impact on the wider economy, it seems that owners' expectations may have changed. They are now looking to expedite the return on their investments by raising rental rates and offering more space available for lease [and they are correspondingly more willing to sell at more reasonable prices than last year].

The vacancy rate fell slightly for the Class A market and significantly for the Class B market. The Class A market fell to just 3.4% at the quarter's end, down from 3.5% at December's end. The Class B rate fell to 2.6%, down from 4.3% in the previous quarter.

No new office supply came to market during the 1st quarter of 2010 since Centro Empresarial La Castellana had a delay in its delivery. The most recent schedule anticipates delivery during the 2nd quarter this year. The remaining projects in the pipeline have also postponed their completion schedules.

Development Pipeline

Submarket	Building	Usable Area m²	Available Area m²	Completion
La Castellana	Recreo La Castellana	6,000	6,000	2nd Semester 2013
La Castellana	C.E. Plaza La Castellana	22,000	2,680	1st Semester2010
La Castellana	Financial Tower Caracas	12,000	0	2nd Semester 2010
La Castellana	Paseo La Castellana	20,000	20,000	2nd Semester 2013
	Total	**60,000**	**28,680**	

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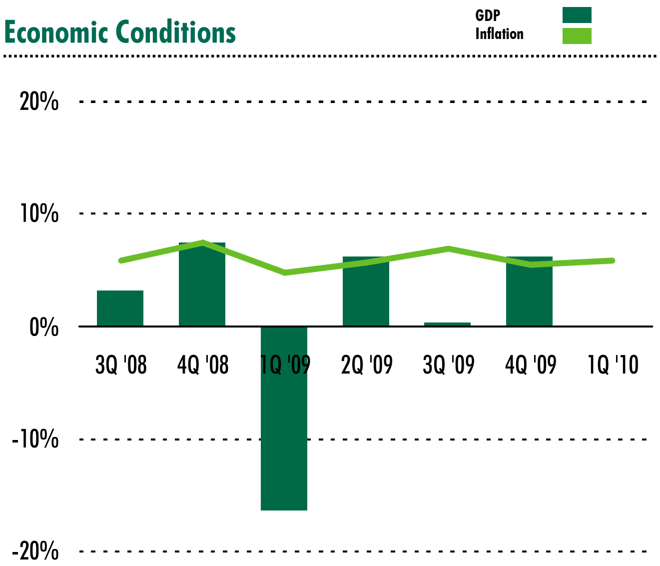
Caracas – Class A Office Market

Submarket	Leasable Area (m^2)	Vacancy Rate	Construction (m^2)	Av. Asking Lease Rate (BsF/m^2/month)*
El Rosal	155,097	3.00%	—	BsF 303
Campo Alegre	17,021	0.0%	—	—
La Castellana	97,277	4.43%	60,000	BsF 366
Los Palos Grandes / Altamira	71,275	3.93%	—	BsF 300
Total	**340,670**	**3.42%**	**60,000**	**BsF 332**

* In Venezuela, foreign exchange is government-controlled at a fixed exchange rate of VEF 4.3/USD (introduced on January 8, 2010; previously VEF 2.15/USD. Therefore, USD values for the Caracas Market are not applicable in this report, as fixed exchange rate may differ from the parallel exchange rate.

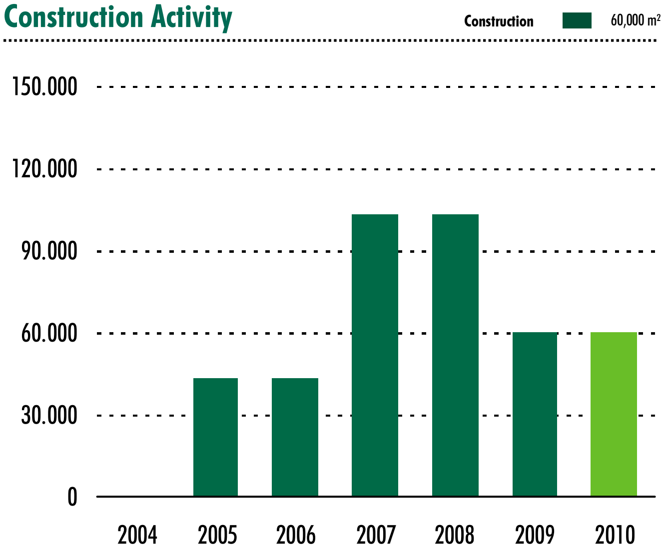
Economic Conditions



According to the Central Bank of Venezuela, the accumulated inflation rate for the 1stQ 2010 reached 5.8%, an increase of 5.7% on the previous quarter and 15.8% higher than the 1st quarter 2009. This is in line with economists' expectations of higher inflation by the end of 2010.

GDP values from the 1st quarter 2010 are not yet available, however the last quarter 2009 closed with positive figures. This means that the Q4 GDP grew 6.2% from the previous quarter, though GDP declined 3.4% the year of 2009.

Construction Activity



There was no new supply delivered during the first quarter.

Centro Empresarial La Castellana is almost completed but the 1st quarter 2010 delivery date was not realized. Completion of this project will probably occur during the 2nd quarter.

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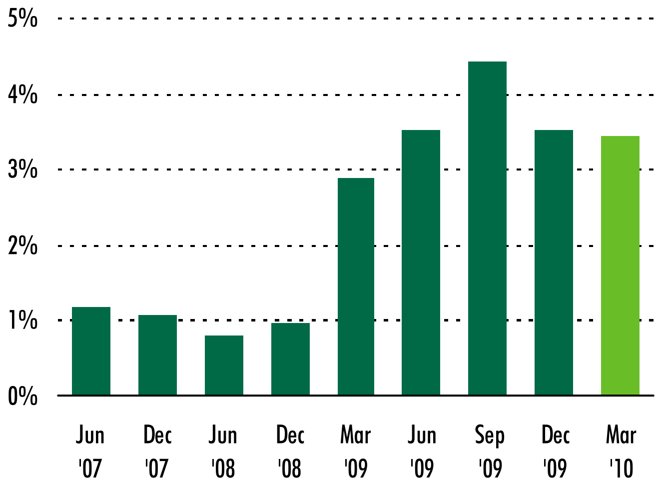
Vacancy

Vacancy Rate 3.4 %

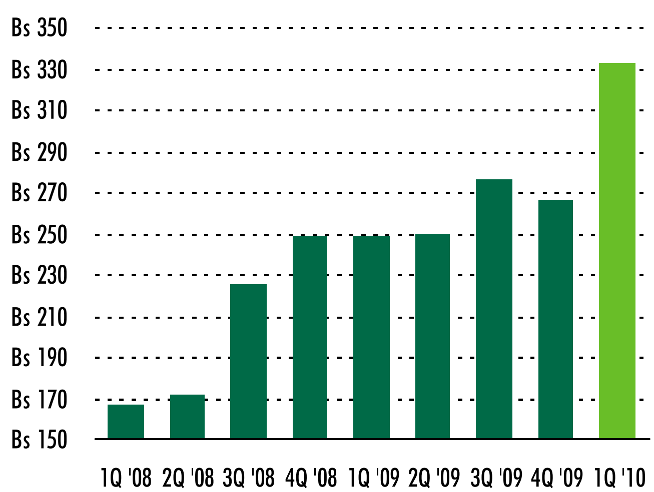


Vacancy rates continued to fall. The decline was slight for Class A office space, which ended Q1 2010 at 3.4%, down from Q4 2009's rate of 3.5%.

On the other hand, Class B vacancy fell sharply to 2.6% by the end of the 1st quarter, down from the 4.3% registered at year's end.

Lease Rate

Class A Average Asking Lease Rate 332 BsF/m²/month

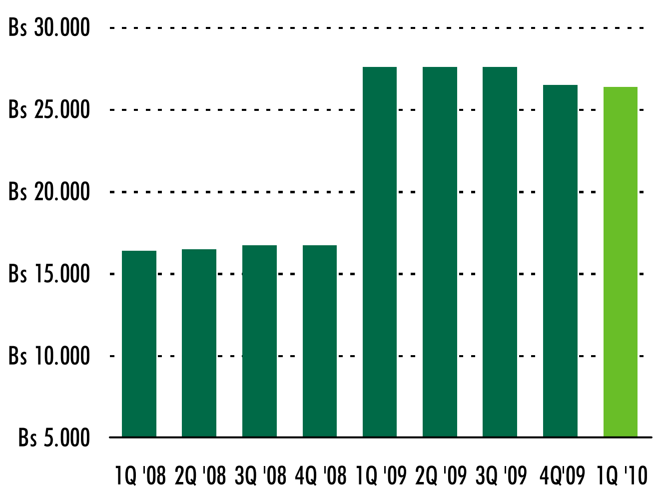


The Class A average lease rate registered an increase of 19.8% in comparison with the previous quarter, standing at 332 BsF/sqm/m by the end of March 2010.

The Class B market followed the same trend (though more pronounced) as the Class A market, with rates rising to 236 BsF/sqm/m, an increase of 25.3% from the previous quarter.

Sale Price

Average Sale Price 26,381 BsF/m²



Paradoxically, Class A average sale price practically stood still registering almost no variation (0.2%) from the previous quarter. At the end of March 2010, the average sale price was 26,381 BsF/m2, versus 26,432 BsF/sqm at the end of December 2009.

These rates are not far off of 2009's third quarter and mid-year values, when average sale prices stood at 27,521 and 27,567 BsF/sqm, respectively.

On the other hand, Class B average sale prices showed an increase of 23,27% from the previous quarter, standing at 21,557 BsF/sqm by the end of the 1st quarter 2010.

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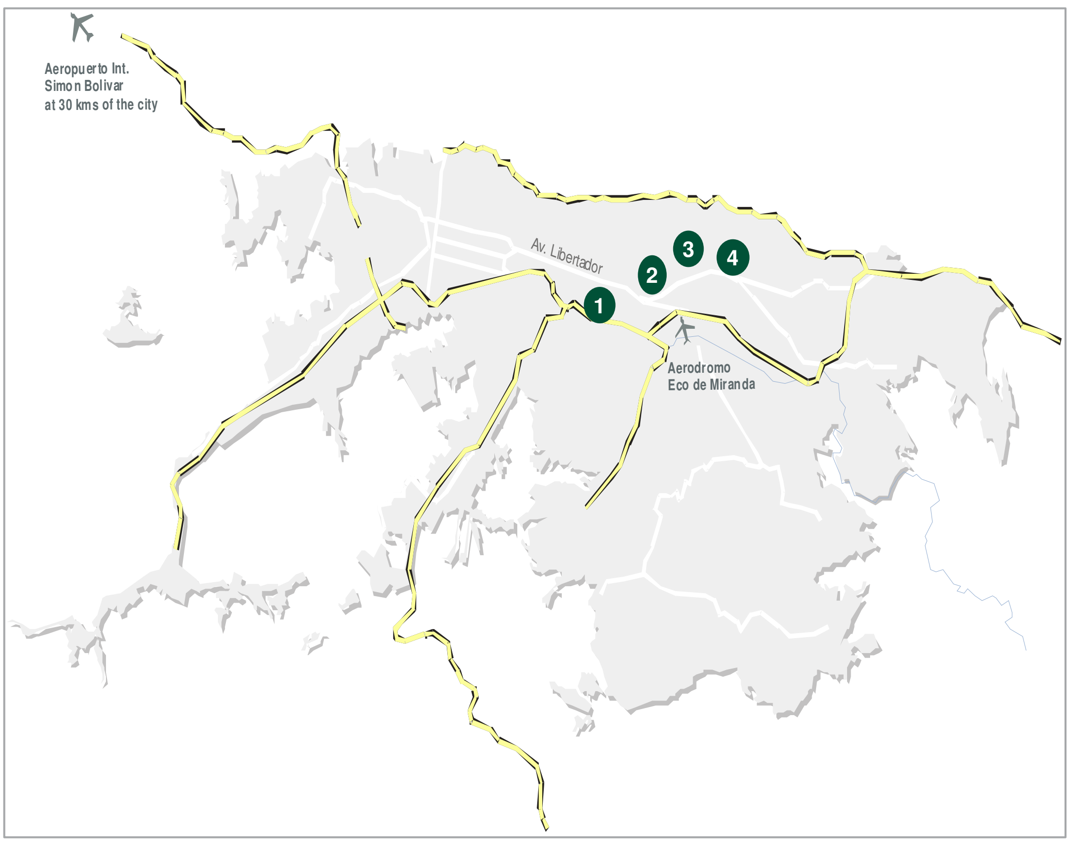
Submarket Stats (Class A)

	Submarket	Total m²	Market Share
1.	El Rosal	155,097	45.53%
2.	Campo Alegre	17,021	5.00%
3.	La Castellana	97,277	28.55%
4.	Los Palos Grandes / Altamira	71,275	20.92%
	Total Class A	340,670	

Caracas Office Submarkets



Average Asking Lease Rate
Rate determined by multiplying the asking net lease rate for each building by its available space, summing the products, then dividing by the sum of the available space with net leases for all buildings in the summary.

Market Coverage
Includes all competitive buildings.

Net Absorption
The change in occupied area from one period to the next.

Net Rentable Area
The gross building area minus the elevator core, flues, pipe shafts, vertical ducts, balconies, and stairwell areas.

Occupied Area
Building area not considered vacant.

Under Construction
Buildings which have begun construction as evidenced by site excavation or foundation work.

Available Area
Available Building Area which is either physically vacant or occupied.

Availability Rate
Available Area divided by the Net Rentable Area.

Vacant Area
Existing Building Area which is physically vacant or immediately available.

Vacancy Rate
Vacant Building Area divided by the Net Rentable Area.

Normalization
Due to a reclassification of the market, the base, number and area of buildings of previous quarters have been adjusted to match the current base. Availability and Vacancy figures for those buildings have been adjusted in previous quarters.

Venezuela
Avenida Francisco de Miranda
Edificio Parque Cristal,
Torre Este, Piso 3, Oficina 3-11-B, Los Palos Grandes, Caracas.

T. +58.212.285.2831/9469
F. +58.212.285.2656
www.cbre.com.ve

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CB RICHARD ELLIS