LOGAN

INVESTMENT REPORT

Costa Rica 2024

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METHODOLOGY

The **Costa Rica 2024 Investment Report** includes three main sections: **Assets Under Management (AUM)**, **Professional Managers (GPs)** and **Limited Partners (LPs)**, developed with a specific focus:

Assets Under Management AUM: Based on regulatory filings and fund manager financial reports and supplemented by public information. Figures are in US dollars (USD) and may include local currency conversions. Differences from previous editions are due to the inclusion of new managers and the updating of historical data.

General Partners Report (GPs): Based on surveys conducted by LOGAN in 2024, reflects data influenced by new participants and variations in averages. Sectors with insufficient responses are not published.

Limited Partners Report (LPs): Presents data impacted by new participants, affecting ranges and averages, derived from 2024 surveys.

This holistic approach provides a more accurate analysis of the sector.

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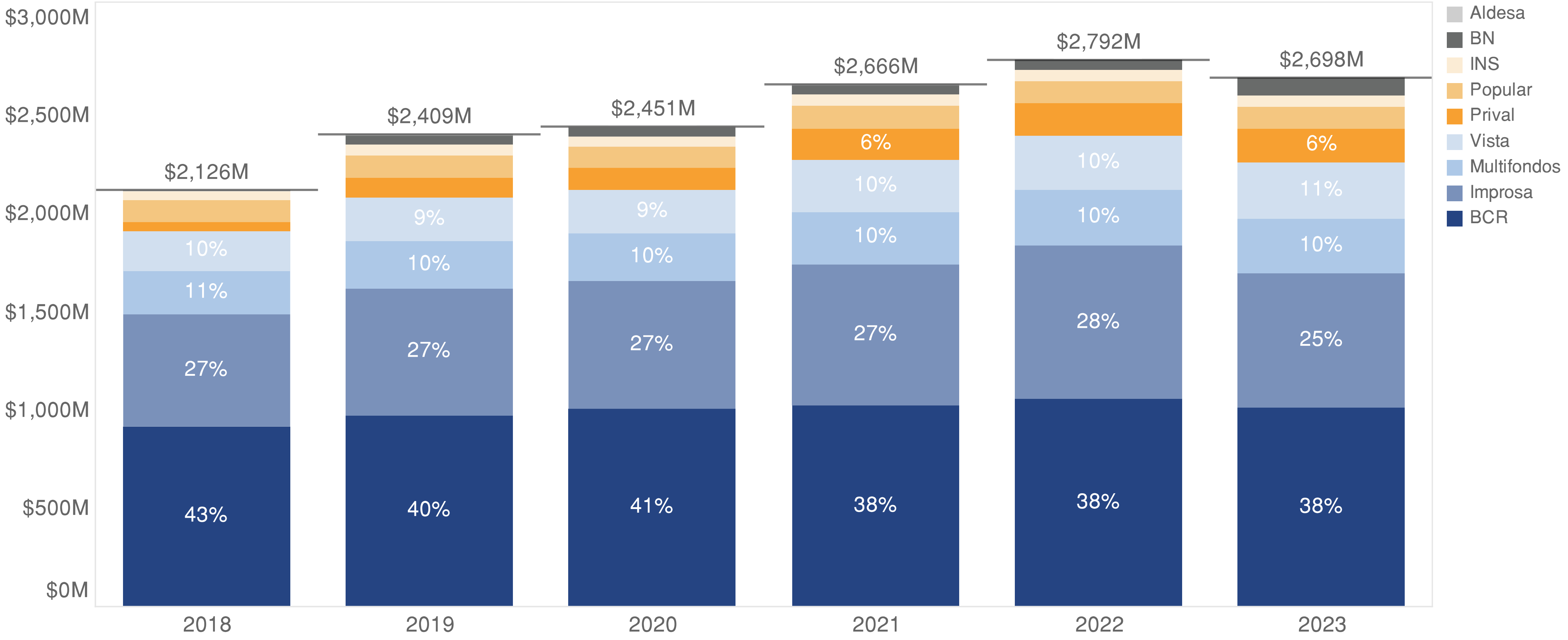
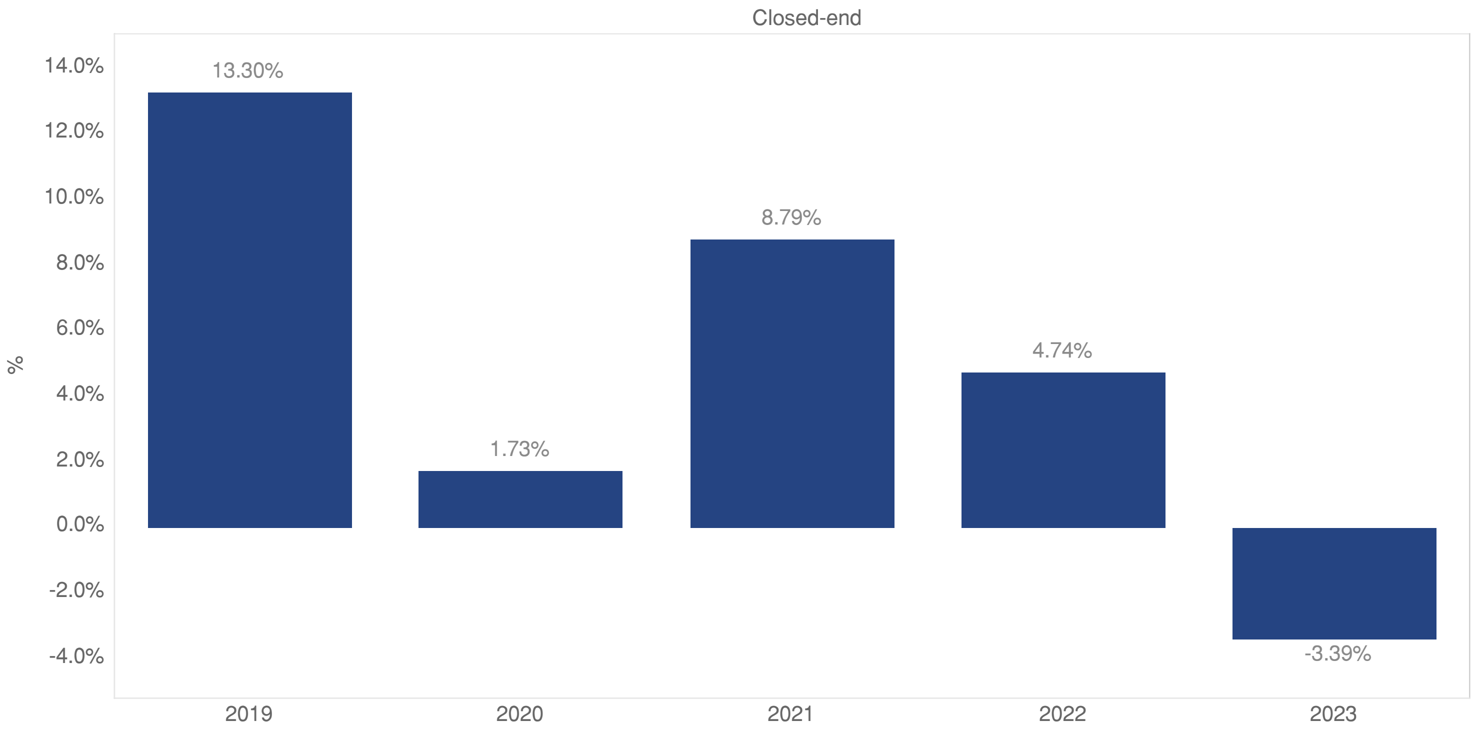
ASSETS UNDER MANAGEMENT

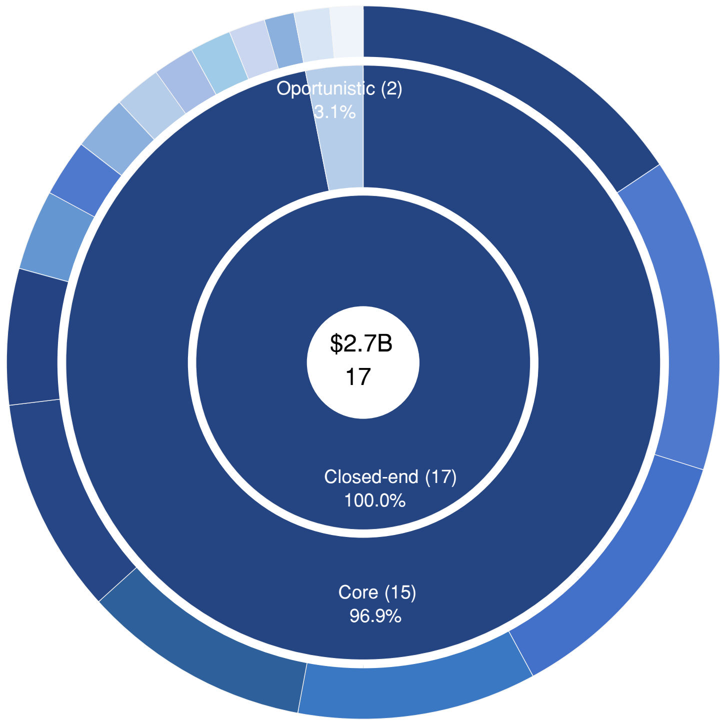
There was a decrease in assets under management (AUM), probably due to the sale of several assets: Universidad U Latina, sold by the Gibraltar fund after the exercise of the buy-back option by the tenant; Plaza del Sol; and Hospital La Católica, both sold by BCCR. This trend may reflect the increasing maturity of Costa Rica as a market, which has led funds to refocus their investment strategies and realize gains on their investments in these properties.



ASSETS UNDER MANAGEMENT BY FUND TYPE AND STRATEGY

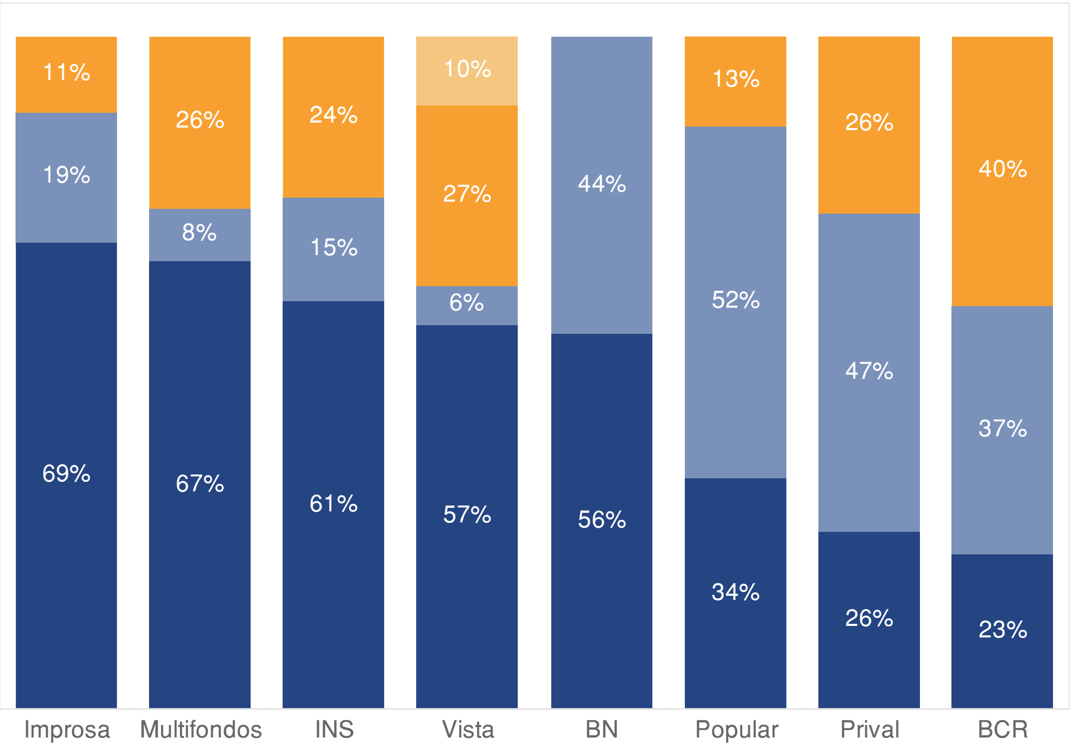
Costa Rica market is chiefly focused on **real estate investment funds with a Core strategy**. This could be because although it is a **transparent** market with **accessible information**, it is still in a **maturing** process and its **small** size limits the number of projects that can absorb demand. In addition, development is not as widespread possibly **since most raw materials are imported**, which increases costs and reduces **profitability margins** for this type of fund.

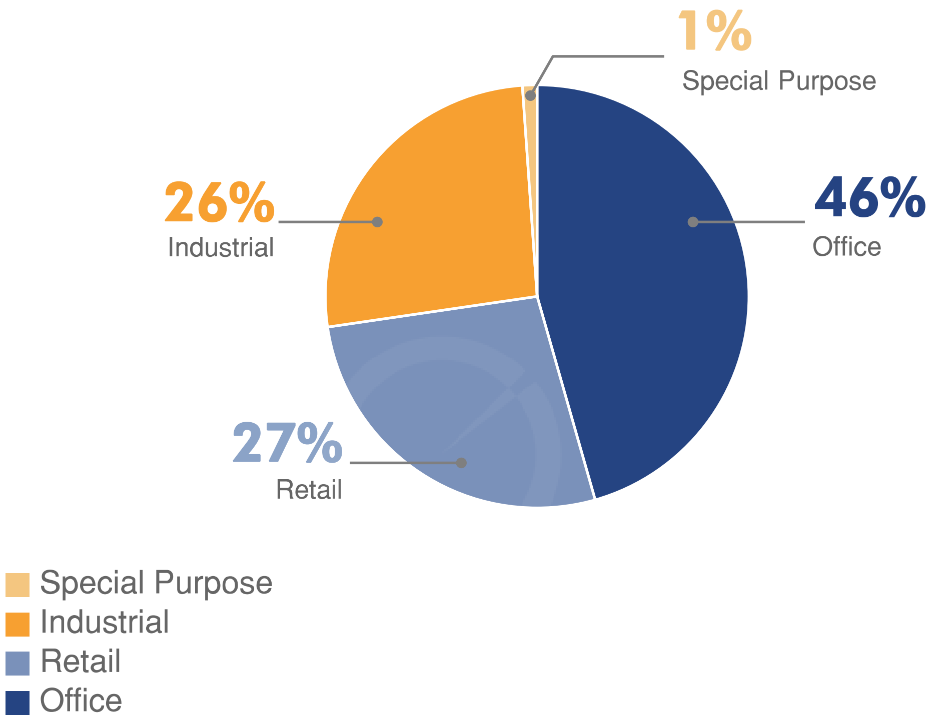




ASSETS UNDER MANAGEMENT BY SECTOR

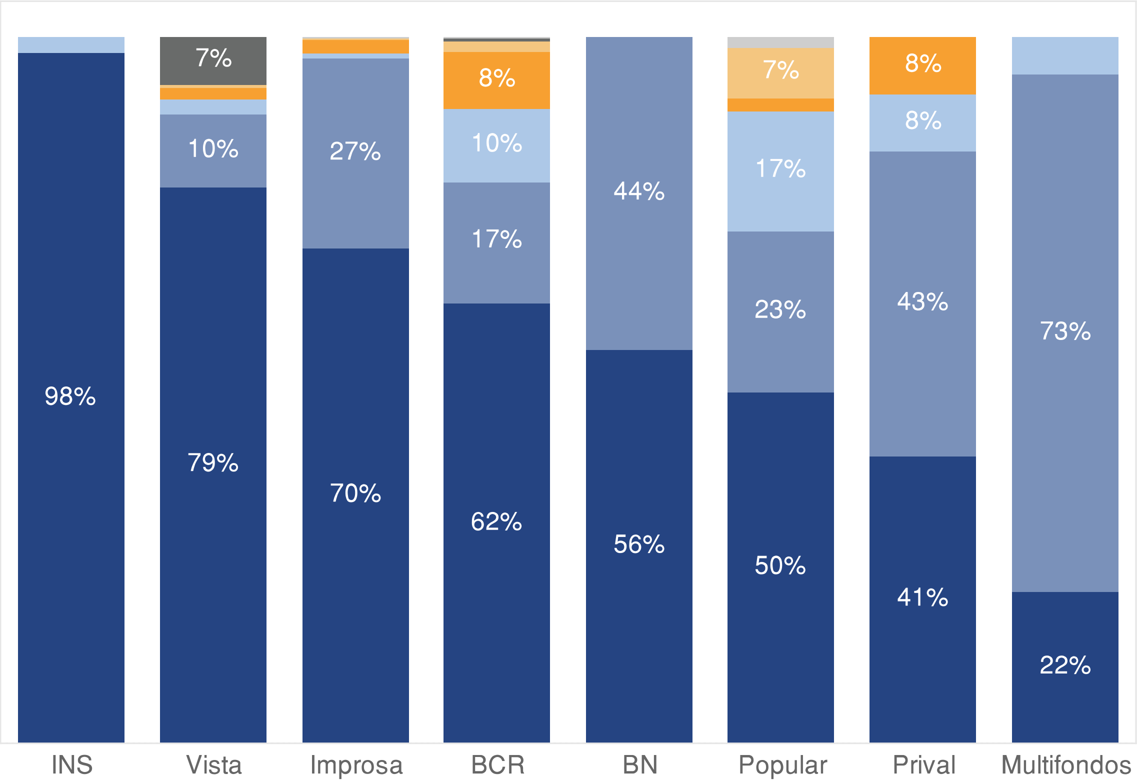
The industrial sector is increasing its share in the distribution of the total value of AUM in the country, with an increase of approximately 2% compared to last year. **This sector has the potential for further growth through the adoption of practices such as "friendshoring", which favors supply networks with countries considered political and economic allies.** An example of this is the implementation of the U.S. CHIPS Act which gives Costa Rica an advantage in the production of semiconductors and directs efforts towards the development of research in this field. According to the World Integrated Trade Solution (WITS), this practice is beneficial for the country since approximately 40% of Costa Rica's exports are destined for the United States.

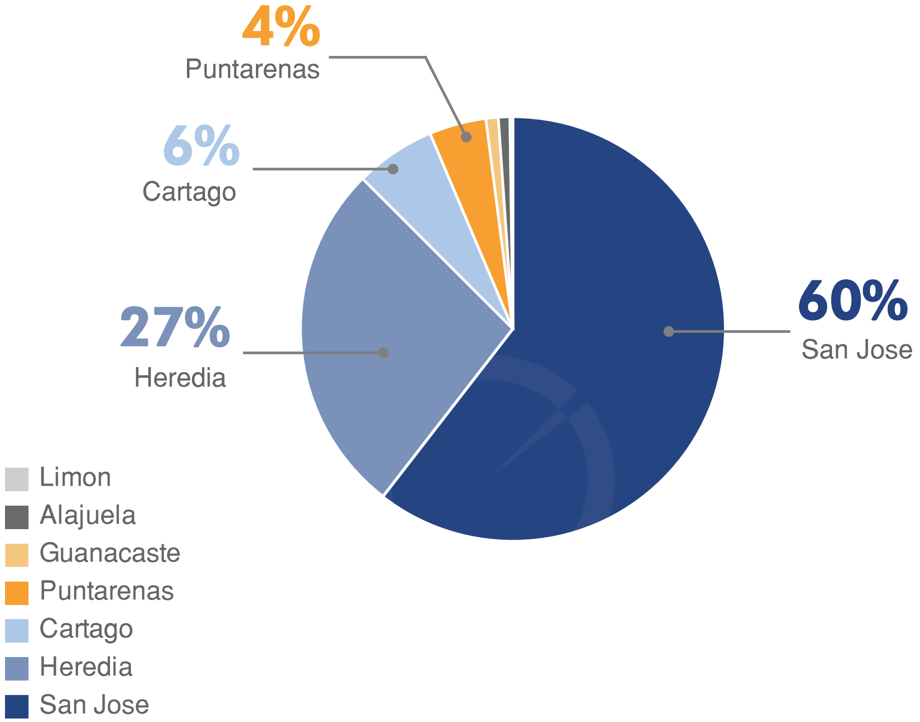




ASSETS UNDER MANAGEMENT BY GEOGRAPHIC LOCATION

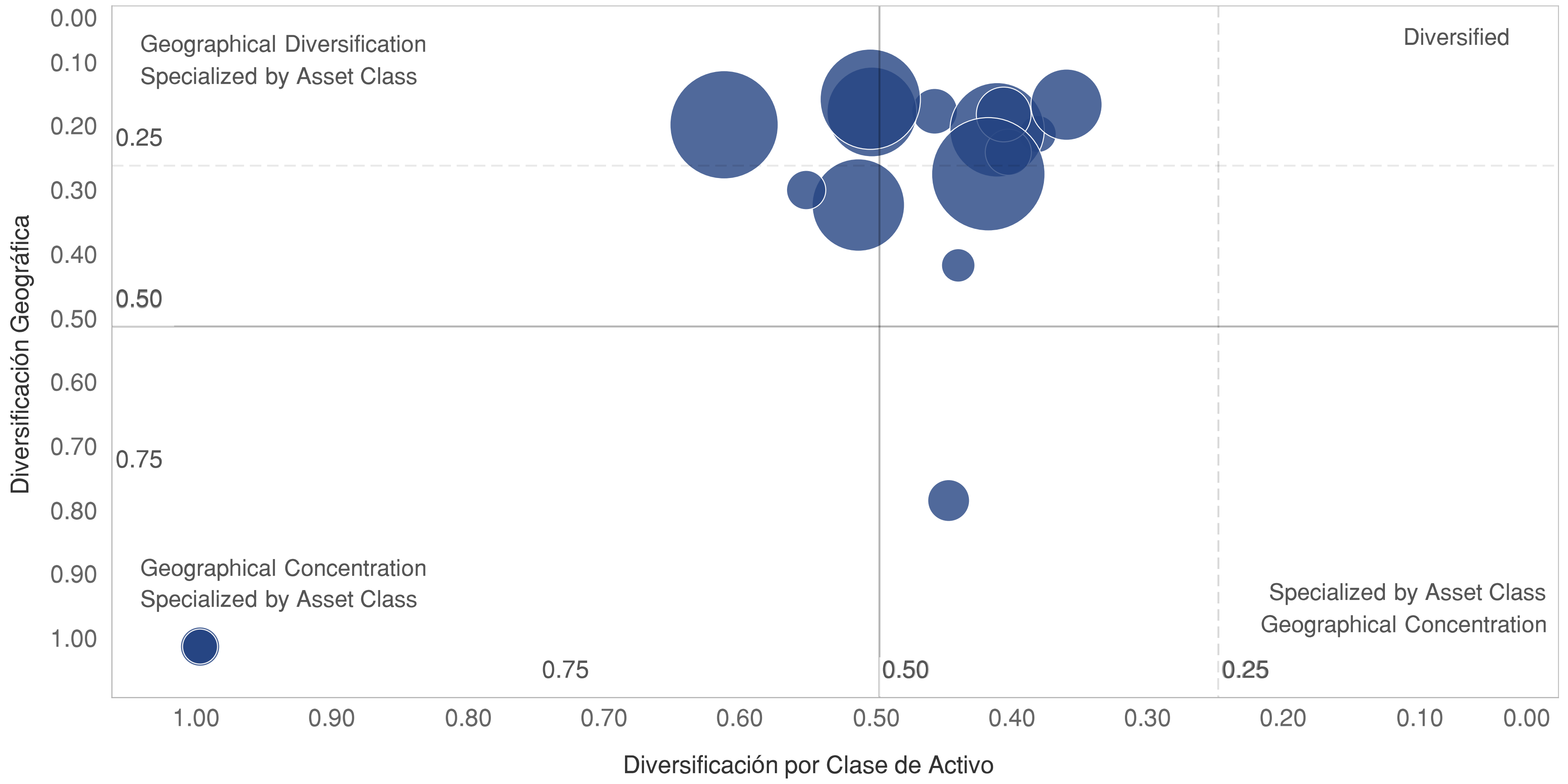
Currently there is a **growing trend** to acquire assets outside of San José, possibly due to managers seeking a **better cost-benefit ratio**, as properties in these areas tend to be **more affordable**. Notable **2023** transactions in **Heredia** include '**Centro de Datos**' acquired by '**BN SAFI**' and '**Centro Educativo Bilingüe Pasos de Juventud**' purchased by '**Vista**'.





DIVERSIFICATION

The chart plots the Herfindahl-Hirschman Index (HHI) by sector on the x-axis and the HHI by geography on the y-axis. Both axes are inverted, which means that the closer the points on both axes are to zero, the more diversified the fund is. **This chart shows that larger funds, and in particular those with a Core strategy tend to be more diversified in terms of both sectorally and geographically**. In contrast, some of the closed-end funds shown in the chart are more specialized, focusing on a particular sector or city, or even both.



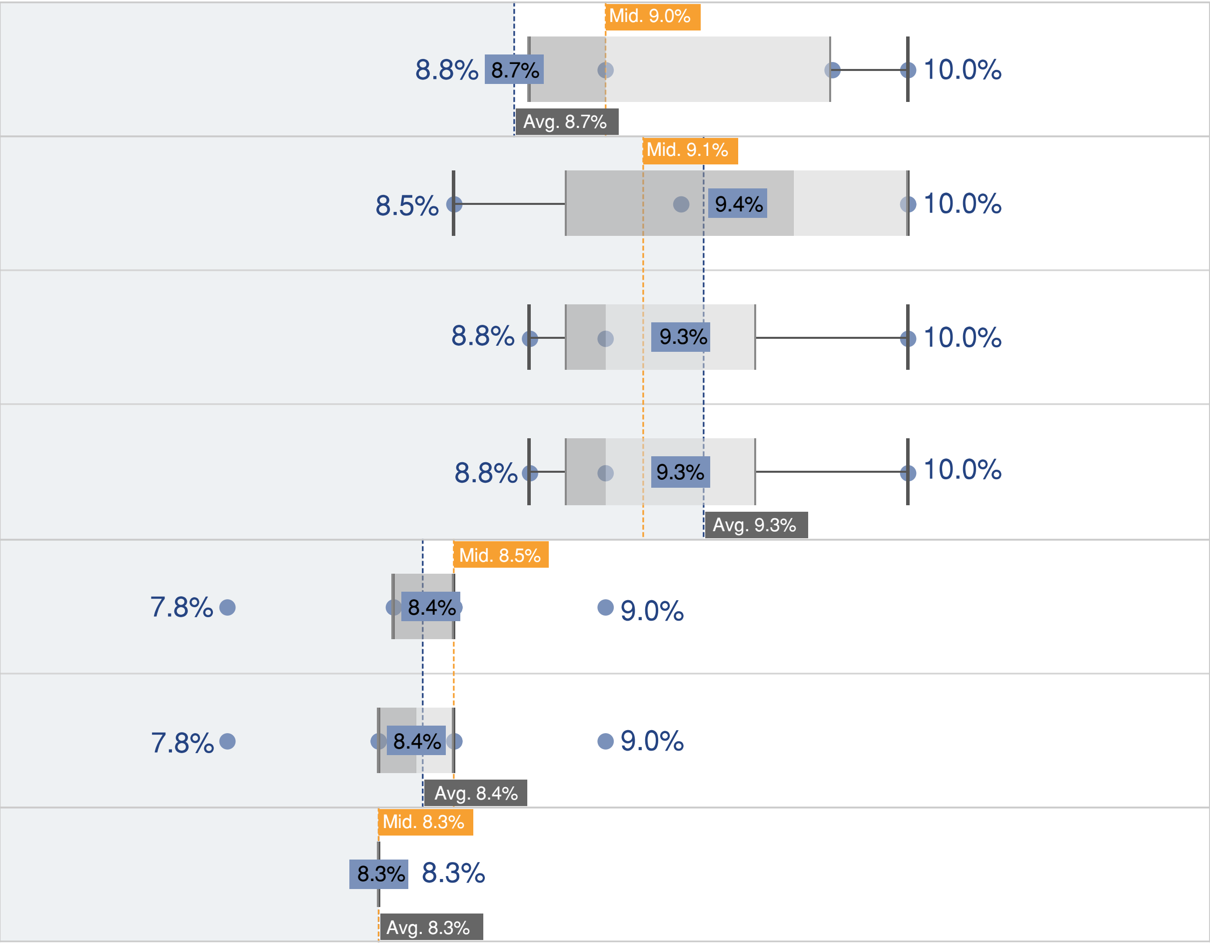
NET CAP RATES

We have seen a slight shift in the perception of the office market among the executives we surveyed. Although absorption has been steady and stable, there is some cautious optimism about the future of the sector as **Class A office space continues to be occupied and new deliveries have been limited**. According to official data from the BCCR, on the industrial side FDI (Foreign Direct Investment) in the complex manufacturing sector will continue to grow in 2024. This capital will be concentrated outside of the GAM, promoting the growth of these areas.

Sector	2021	2022	2023	2024	2021	2022	2023	2024	Forecast 2025
Office	10.5% 7.5%	11.0% 8.0%	10.0% 8.0%	10.0% 8.8%	8.6%	9.1%	9.0%	8.7%	→
Retail	9.8% 8.5%	13.0% 9.0%	10.0% 9.0%	10.0% 8.5%	9.0%	10.0%	9.5%	9.3%	→
Industrial	10.5% 7.5%	10.0% 8.0%	9.0% 7.5%	9.0% 7.8%	8.7%	8.6%	8.2%	8.8%	→
Multifamily for Rent	nd	9.0%	11.0%	8.3%	nd	9.0%	11.0%	8.3%	→
Lodging & Hospitality - Business	11.0% 9.5%	10.0% 9.0%	11.5% 9.5%	9.5% 7.4%	10.1%	9.6%	10.4%	8.2%	→

NET CAP RATES 2024

Office	Office
Retail	Regional Shopping Center
	Neighborhood Shopping Center (Conveniencia)
	Stand Alone
Industrial	Logistics
	Manufacturing
Multifamily for Rent	Multifamily for Rent



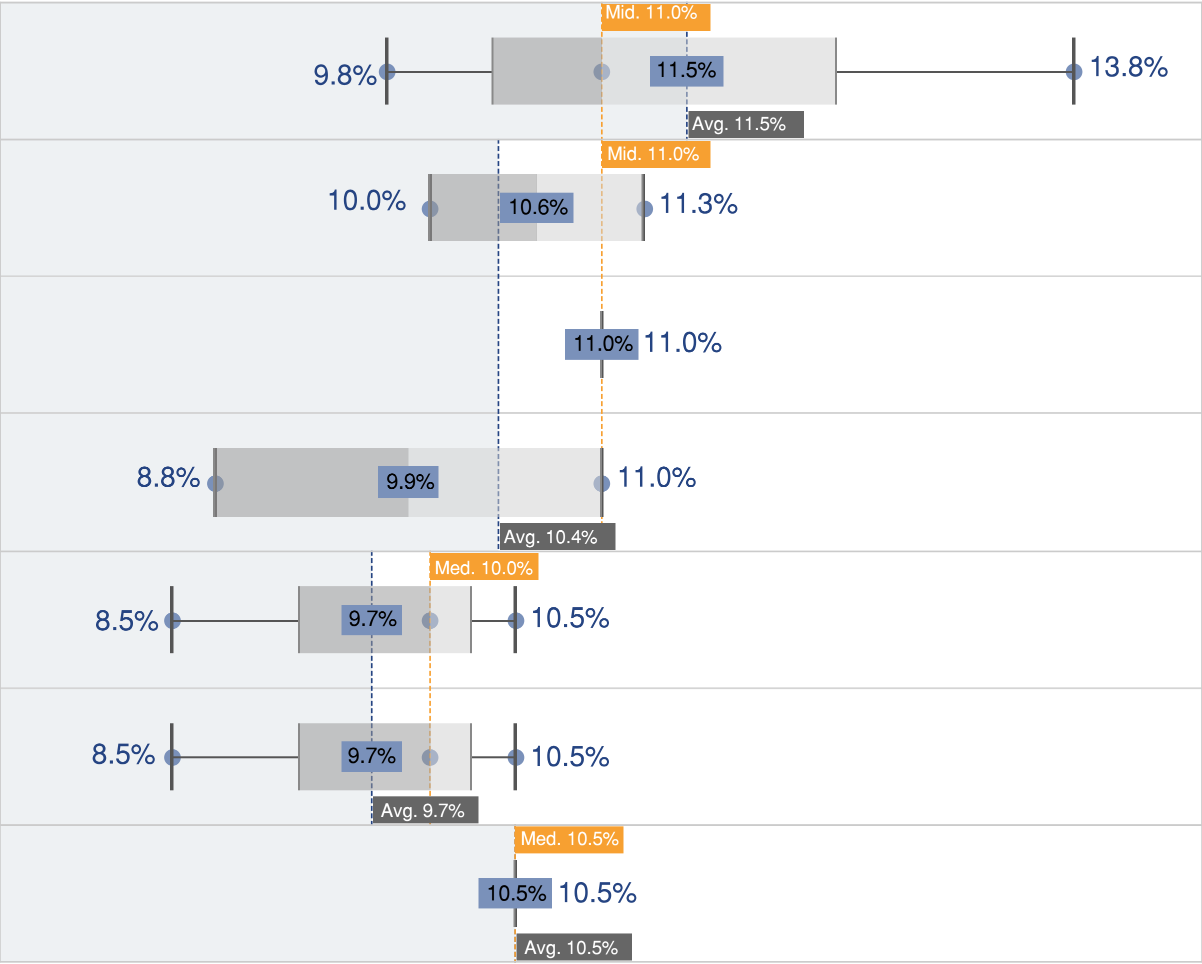
INTERNAL RETURN RATE (IIR)

According to the respondents, the industrial sector has the lowest internal rate of return. **According to 'Colegio Federado de Ingenieros y Arquitectos de Costa Rica (CFIA)', almost 958,000 m² will be processed for development in 2024.** This market is attractive for international brands looking to expand in Costa Rica, as it is considered a strategic point in Central America.

Sector	2021	2022	2023	2024	2021	2022	2023	2024	Forecast 2025
Office	11.5% 10.0%	14.0% 9.0%	11.0% 8.5%	13.8% 9.8%	10.8%	11.0%	9.5%	11.5%	↘
Retail	12.5% 10.0%	15.0% 10.0%	12.0% 8.5%	11.3% 8.8%	11.3%	11.8%	10.1%	10.4%	→
Industrial	14.5% 10.0%	12.0% 8.0%	12.0% 8.5%	10.5% 8.5%	10.9%	11.0%	9.9%	9.7%	↘
Multifamily for Rent	10.0%	14.0%	10.0%	10.5%	10.0%	14.0%	10.0%	10.5%	→
Lodging & Hospitality	14.0% 11.3%	12.0% 10.0%	17.0% 10.0%	nd	12.6%	11.0%	12.8%	nd	→

INTERNAL RETURN RATE (IIR) 2024

Office	Office
Retail	Regional Shopping Center
	Neighborhood Shopping Center (Conveniencia)
	Stand Alone
Industrial	Logistics
	Manufacturing
Vivienda para Renta	Multifamily for Rent

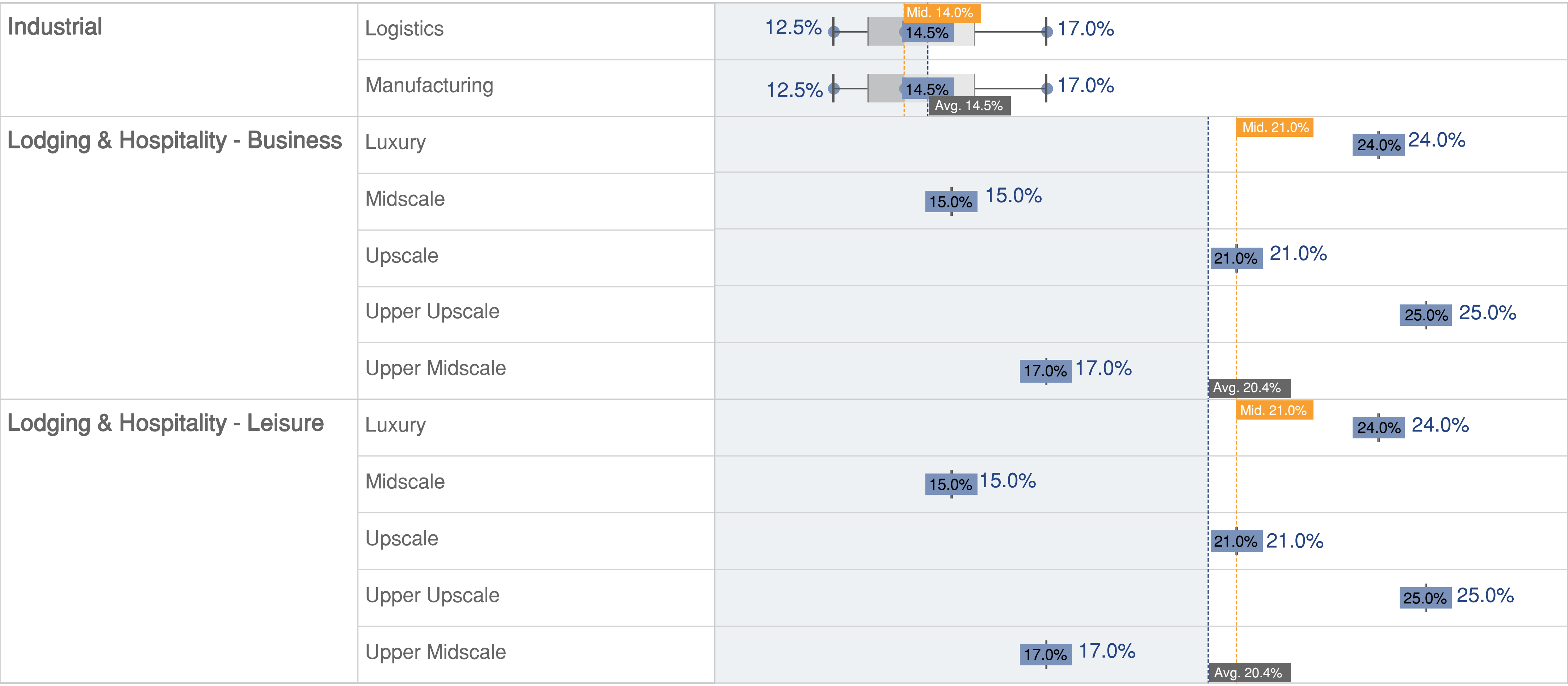


INTERNAL RETURN RATE (IIR) ON DEVELOPMENT

Two notable areas of development have been industrial 'built-to-suit' projects for multinational companies, offering long-term contracts with AAA-rated guarantees. In addition, the hotel market is also in a favorable position with acquisitions of existing hotels, both full-service and luxury hotels as well as small boutique hotels. Occupancy and RevPAR remain high, reflecting insufficient demand and supply.

Sector	2021	2022	2023	2024	2021	2022	2023	2024	Forecast 2025
Office	18.0% 12.0%	20.0% 15.0%	15.0%	nd	15.4%	16.8%	15.0%	nd	→
Retail	20.0% 14.0%	25.0% 17.0%	18.0%	nd	18.0%	19.8%	18.0%	nd	→
Industrial	15.0% 10.0%	20.0% 12.0%	15.5% 13.0%	17.0% 12.5%	12.4%	14.9%	14.2%	14.5%	↘
Multifamily for Rent	14.0%	18.0% 12.0%	15.0%	nd	14.0%	15.0%	15.0%	nd	→
Lodging & Hospitality	nd	nd	25.0% 14.0%	25.0% 15.0%	nd	nd	19.0%	20.4%	→

INTERNAL RETURN RATE (IIR) ON DEVELOPMENT 2024



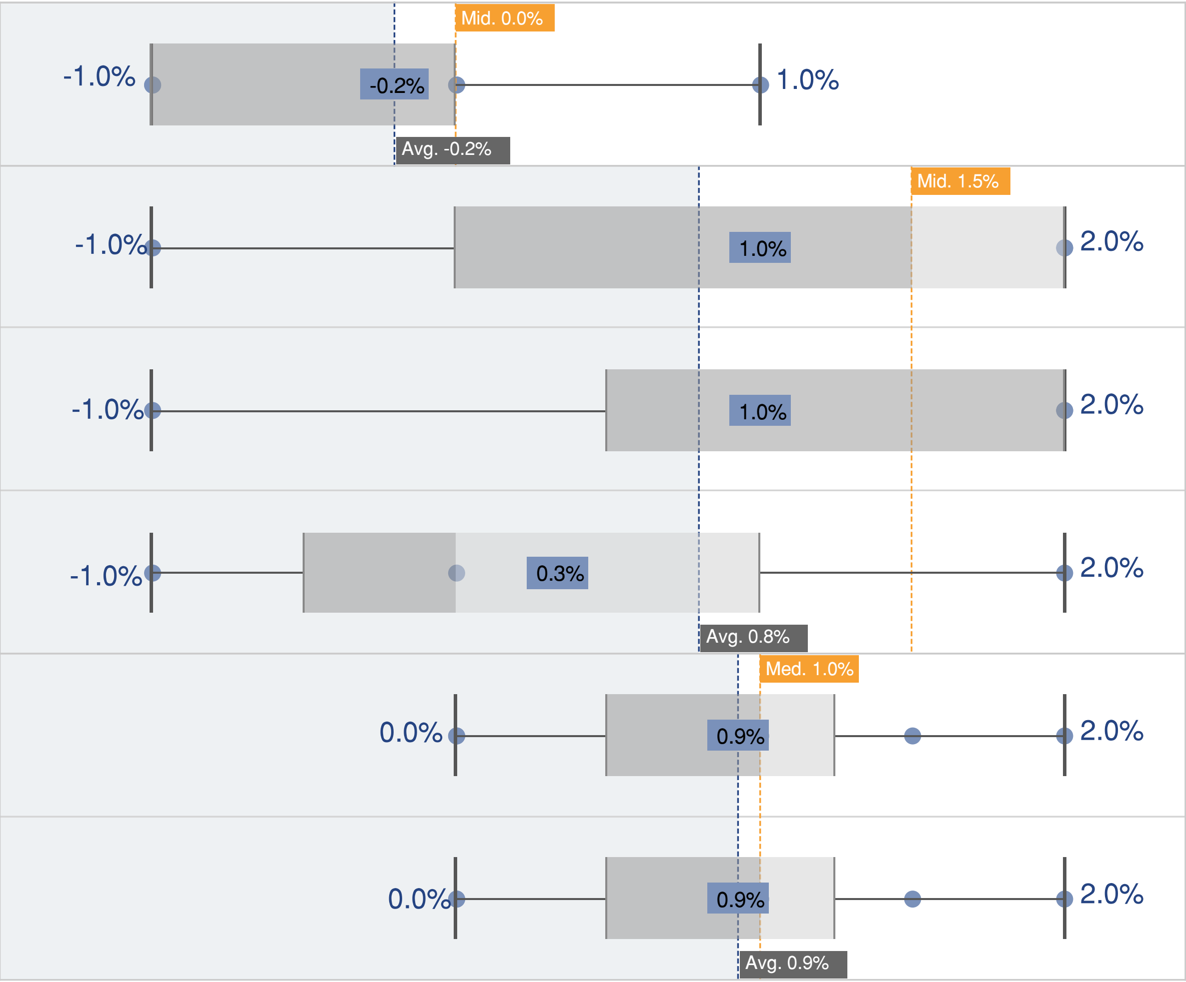
MARKET RENT GROWTH

There has been a slight shift in the outlook for market rent growth in the retail sector, and some respondents question whether the average consumer will have more disposable income from the significant new and higher-paying jobs associated with growth in the industrial sector.

Sector	2021	2022	2023	2024	2021	2022	2023	2024	Forecast 2025
Office	2.0% / 0.0%	1.0% / -0.1%	2.0% / 0.0%	1.0% / -1.0%	0.9%	0.1%	0.7%	-0.2%	→
Retail	2.0% / 0.0%	1.0% / -0.1%	2.0% / 0.0%	2.0% / -1.0%	0.9%	0.2%	0.6%	0.8%	↗
Industrial	2.0% / 0.1%	1.0%	5.0% / 0.0%	2.0% / 0.0%	1.4%	1.0%	1.1%	0.9%	→
Multifamily for Rent	1.0% / 0.0%	2.5% / 0.0%	0.0%	0.0%	0.5%	1.5%	0.0%	0.0%	↗

MARKET RENT GROWTH 2024

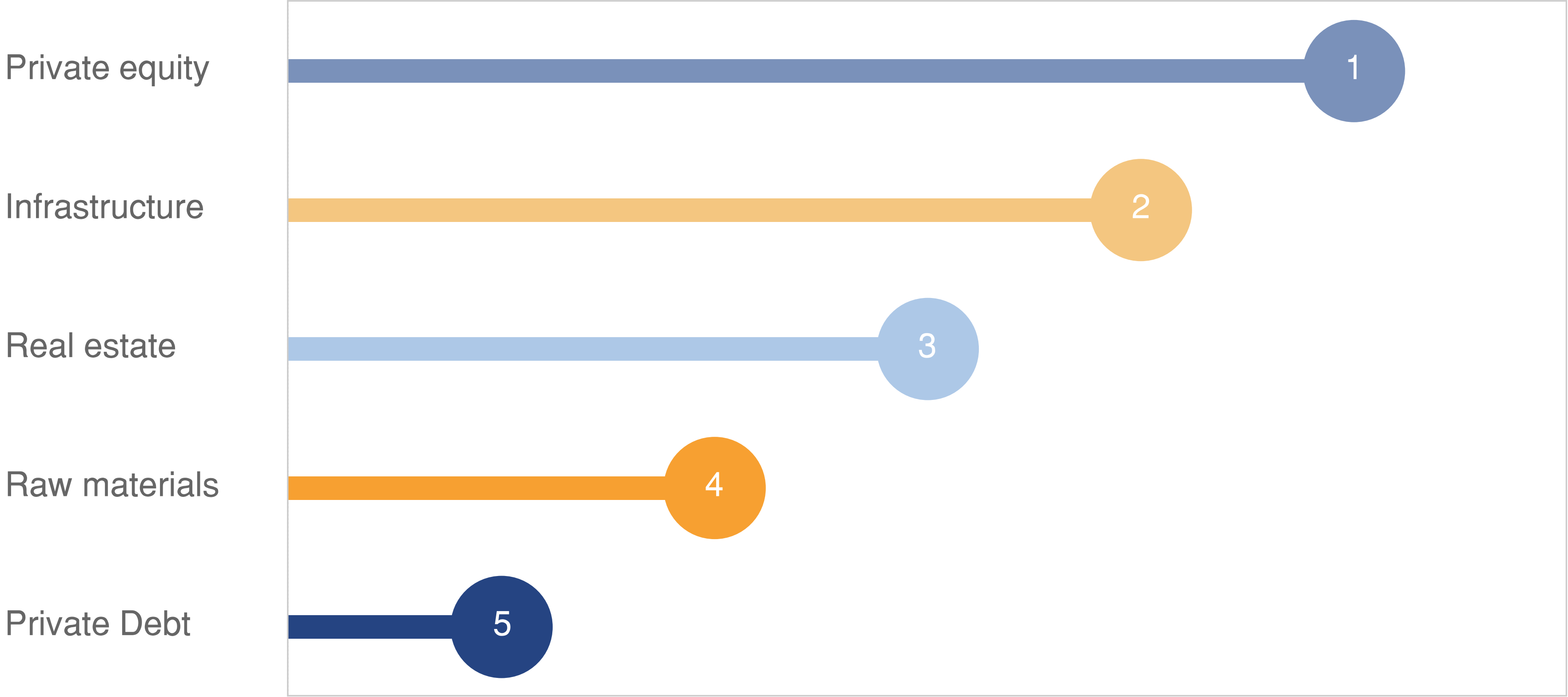
Office	Office
Retail	Regional Shopping Center
	Neighborhood Shopping Center (Convenience)
	Stand Alone
Industrial	Logistics
	Manufacturing



RETURNS BY ASSET CLASS

Returns ranking by type of investment strategy

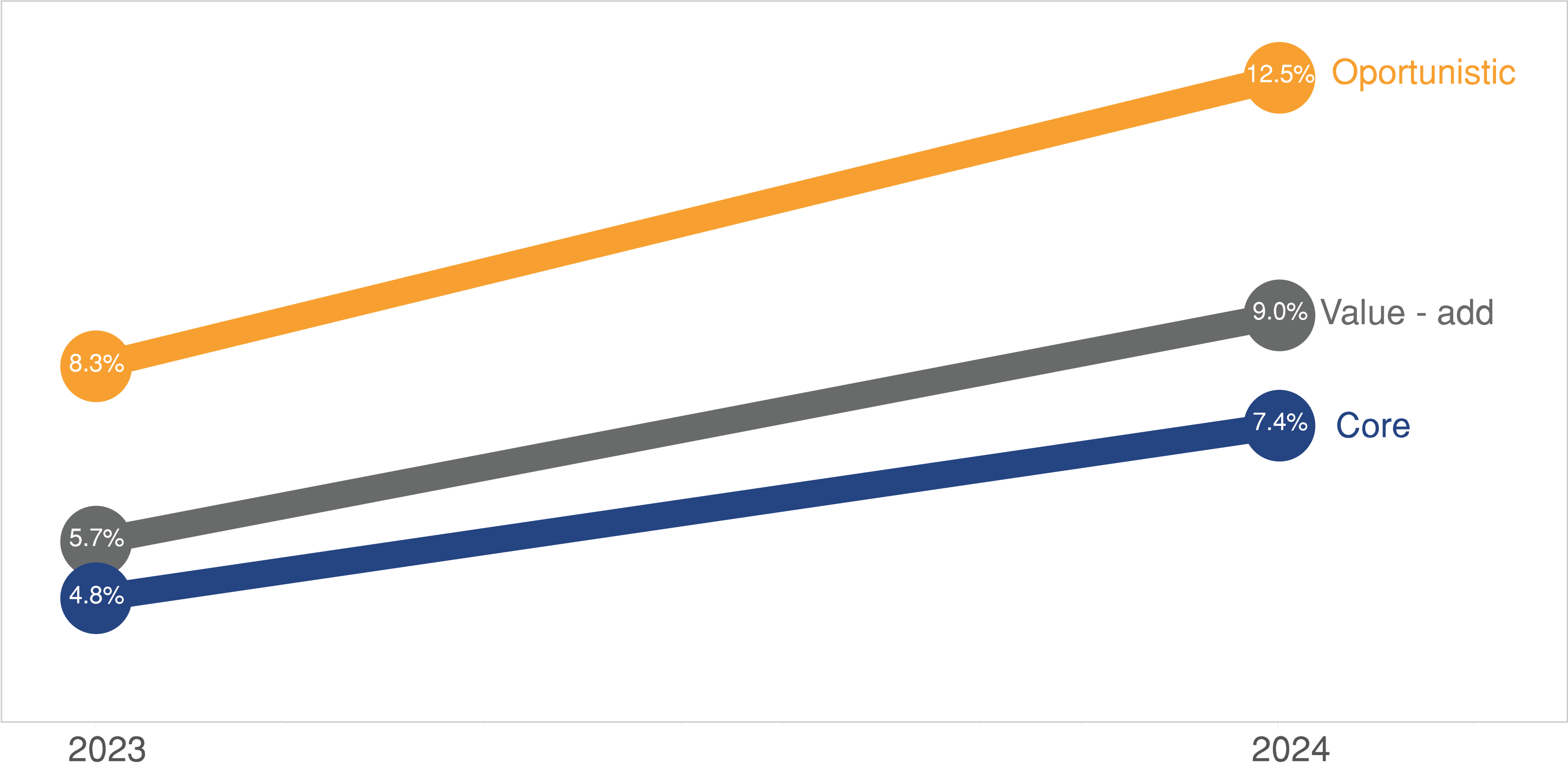
Private equity and infrastructure are perceived by respondents as offering more attractive returns. However, these strategies tend to be riskier due to their reliance on favorable macroeconomic conditions and the long-time horizons required to generate returns. **Real estate, on the other hand, although ranked third, is a solid alternative for investors allowing them to balance their portfolios with more predictable and risk-adjusted returns.**



ANNUAL RETURN EXPECTATIONS (IIR)

What is the expected annualized return (IRR) for each strategy type?

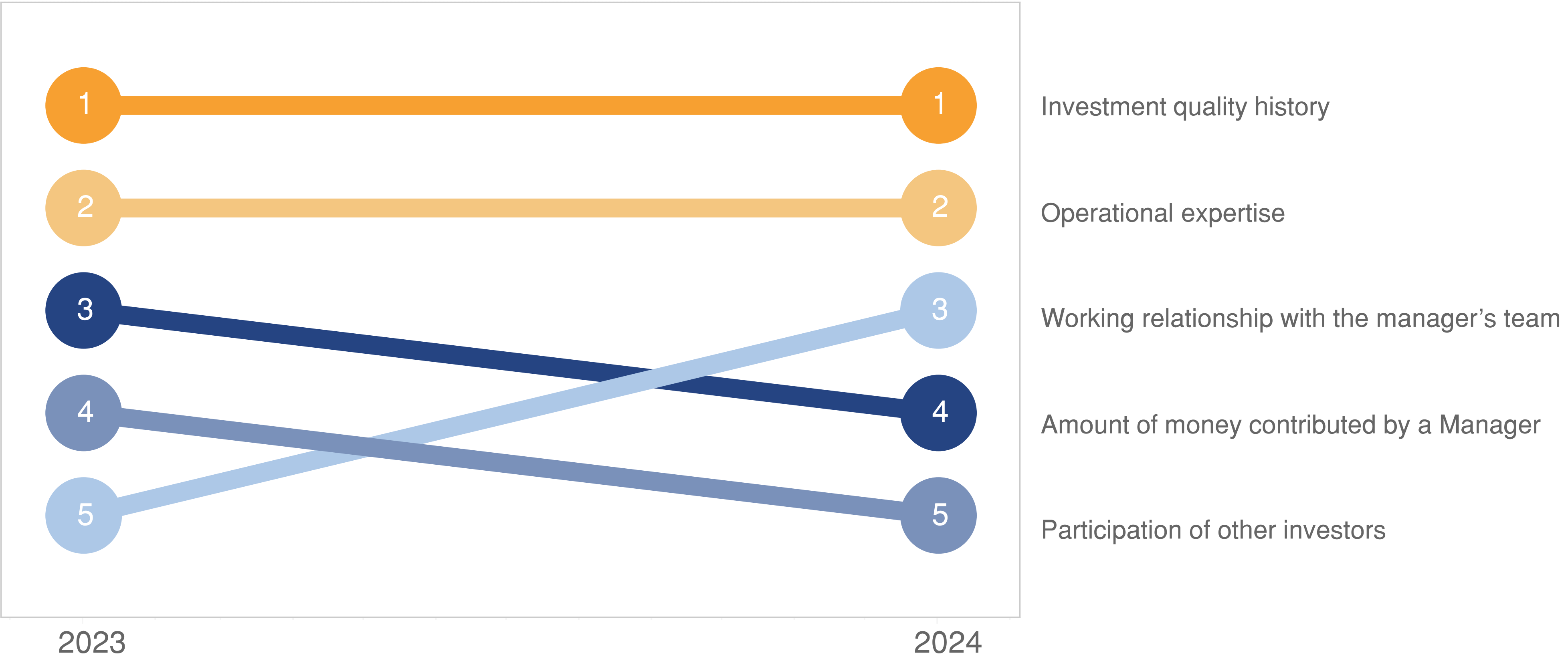
Despite improvements in Costa Rica's macroeconomic climate in 2024, investors' yield requirements have increased mainly due to more attractive investment opportunities outside the country. Although the local economy has improved, returns on property investment in Costa Rica remain low compared to the risk-return profile of international opportunities.



MANAGER SELECTION CRITERIA RANKING

Rank the following characteristics in order of importance when selecting a manager

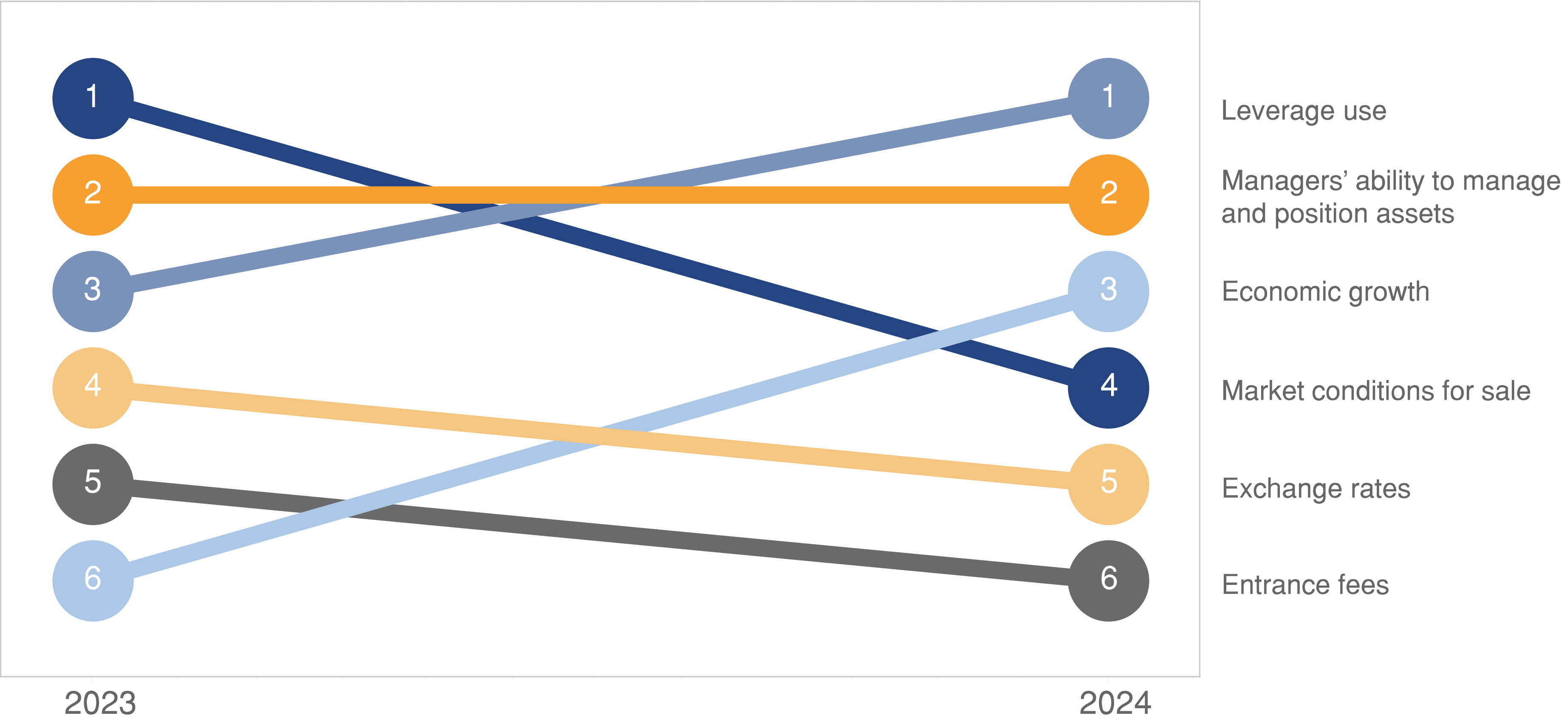
Changes in investor priorities reflect market dynamics. In 2023, the most valued factors were the investors' track record of quality and the working relationship with the manager's team and the manager's financial contribution, probably due to the caution generated by macroeconomic changes and the still nascent recovery of the real estate market. **In 2024, a greater demand for participation from other investors is perceived, possibly in response to lower confidence, especially in a context where operational risk could increase.**



DRIVERS OF FUND PERFORMANCE RANKING

Rank the factors you expect to have the greatest impact on the funds' performance

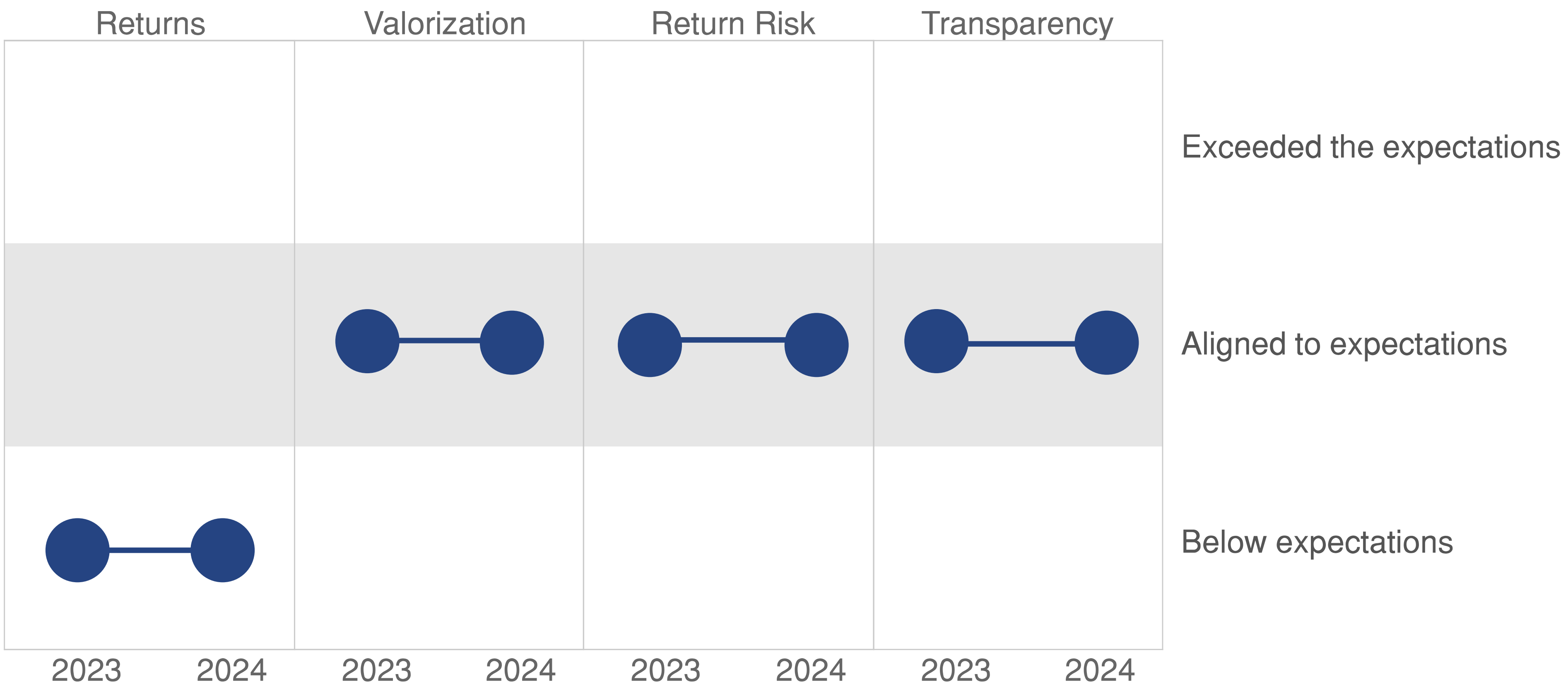
Respondents indicated that debt has had a negative impact on returns, as high interest rates have turned leverage from a positive to a negative factor. As a result, debt has lost relevance as a driver of returns in 2024. **Instead, factors such as strong asset management, with rents in dollars and operating expenses in colones, and economic growth have become more relevant.**



INVESTMENT EXPERIENCE

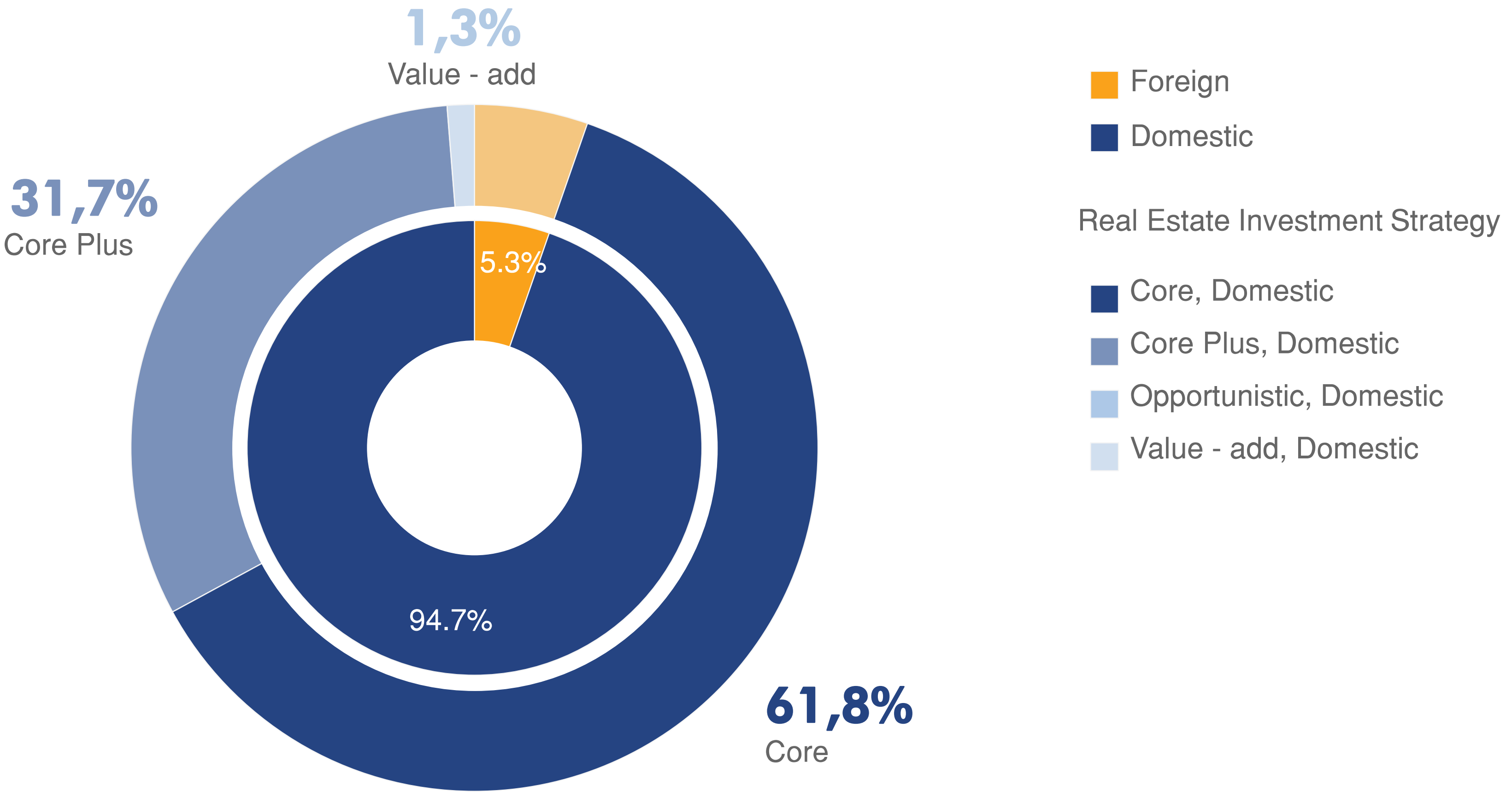
How would you rate the following aspects in relation to the experience with managers and investments in 2024?

Respondents noted that investment returns are below expectations. **This could be linked to the high cost of debt which reduces profit margins**. In addition, some investors expressed concerns about liquidity, questioning whether holdings in these funds could be easily sold due to limited liquidity in the market because of lower returns.



DOMESTIC AND FOREIGN INVESMENT FOCUS

More than 90% of the respondents' total portfolio is focused on the domestic market. This trend is driven by the Superintendence of Pensions (SUPEN) to support the country's economic development. In addition, pension funds must meet certain diversification requirements in their investments.



GLOSSARY

- **Net Cap Rate:**

  A metric that reflects the ratio of net operating income to total property value. This ratio is used to evaluate the efficient and profitabilty of a real estate investment.

- **Internal Retun Rate IIR:**

  It is the percentage that represents the expected anual return on a real estate investment, taking into account future income and expenses, before taxes and without leverage. This ratio is key to determining the financial viability of a Project.

- **Internal Return Rate on Development:**

  Reflects the projected rate of return on an investment in a real estate development project, taking into account the project´s future costs and revenues, excluding taxes and leverage. This rate is an essential criterion for evaluating the profitability of projects in the construction or planning stages.

- **Rental Growth:**

  This is the rate that projects the expected increase in a property's rental income over time, adjusted for inflation. It is a key indicator to measure the appreciation of real estate assets in the market.

- **Risk Prime:**

  It is the difference between the expected internal return rate (IRR) of a property project under development and the IRR of a similar completed project. This premium reflects the additional risk involved in developing a project compared to an asset already in operation.

- **Value - add:**

  Focuses on enhancing existing assets through renovation or improvement to increase their value and performance. Investors seek opportunities to add value and generate superior long-term returns.

- **Oportunistic:**

  It seeks to take advantage of short-term market opportunities by investing in undervalued assets or special situations to maximize returns. Although it may involve greater risk, it also offers the possibility of high returns.

- **Core:**

  Focuses on investing in stable, high-quality assets with low risk and predictable returns. Investors seek well-located, stable income properties for consistent and secure long-term returns.

- **Valorization:**

  Refers to the process of increasing the value of a property through strategic improvements or developments. This may include refurbishment, upgrading or changes in management to increase income and investment value.

- **Returns:**

  Refers to the return on an investment in real estate. This includes rental income, capital appreciation, and other financial benefits generated.

- **Return Risk:**

  Refers to the possibility that the return on an investment may be lower than expected. This risk can arise from factors such as market fluctuations, management problems or changes in economic conditions.

- **Transparency:**

  Refers to the clarity and openness of information about an investment. This includes details of costs, returns, risks and management strategies. Transparency is key to building trust between investors and managers, ensuring informed decisions and a clear relationship.

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The firm offers a wide range of services including portfolio valuation, commercial appraisal, market studies and real estate consulting. LOGAN covers a varied range of assets such as offices, industrial-logistics complexes, shopping centers, land, hotels, clinics and residential projects for sale and lease, among others.

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