LOGAN

INVESTMENT REPORT

Peru 2024

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METHODOLOGY

The Peru 2024 Investment Report consists of three main sections: Assets Under Management (AUM), General Partners (GPs) and Limited Partners (LPs).

AUM: Based on information from regulators and fund managers' financial filings, supplemented by data from real estate vehicles and public sources. Figures are in USD and may vary due to local currency conversions. This edition includes new managers and historical updates.

GPs: Based on LOGAN 2024 surveys, reflects fluctuations due to new participants and changes in averages and ranges. Sectors with few responses are not published.

LPs: Derived from the LOGAN 2024 surveys, with responses from new participants included, which has an impact on the averages and ranges.

This comprehensive approach provides an accurate and up-to-date analysis of the real estate sector in Peru.

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SURVEY RESPONDENTS

General Partners:

- AC Capitales
- CAPIA
- Core Capital
- Credicorp Capital
- Faro Capital
- FIBRA Prime
- SURA Investments
- Fibra - Larrain Vial

Developers:

- Administradora Jockey Plaza
- Capital Center
- Grupo Centenario
- Grupo Patio
- Paladin
- Parque Arauco Peru
- LPA

Pension Fund Managers:

- AFP Integra
- Prima AFP
- Profuturo

Insurance Companies:

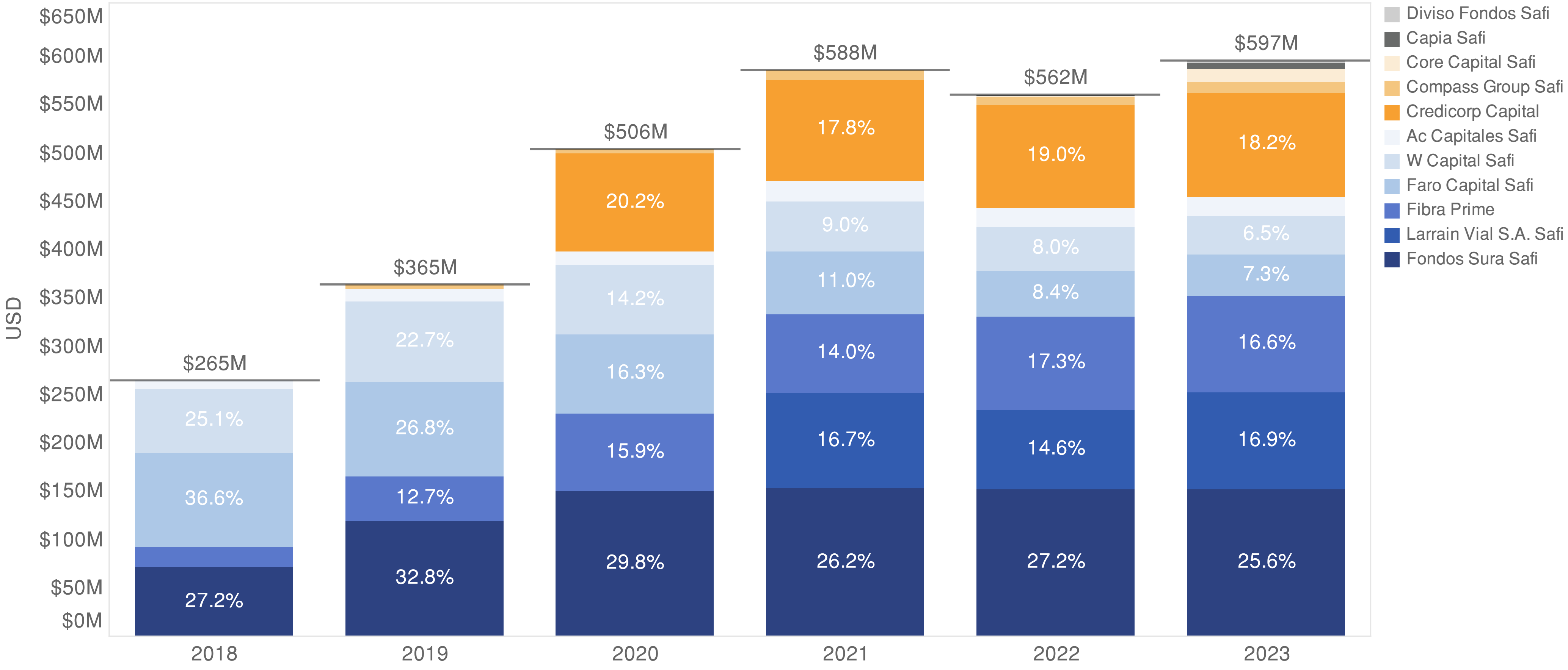
- Interseguro
- La Positiva Seguros
- Pacifico Seguros

Others:

- Resurge Capital
- BTG Pactual

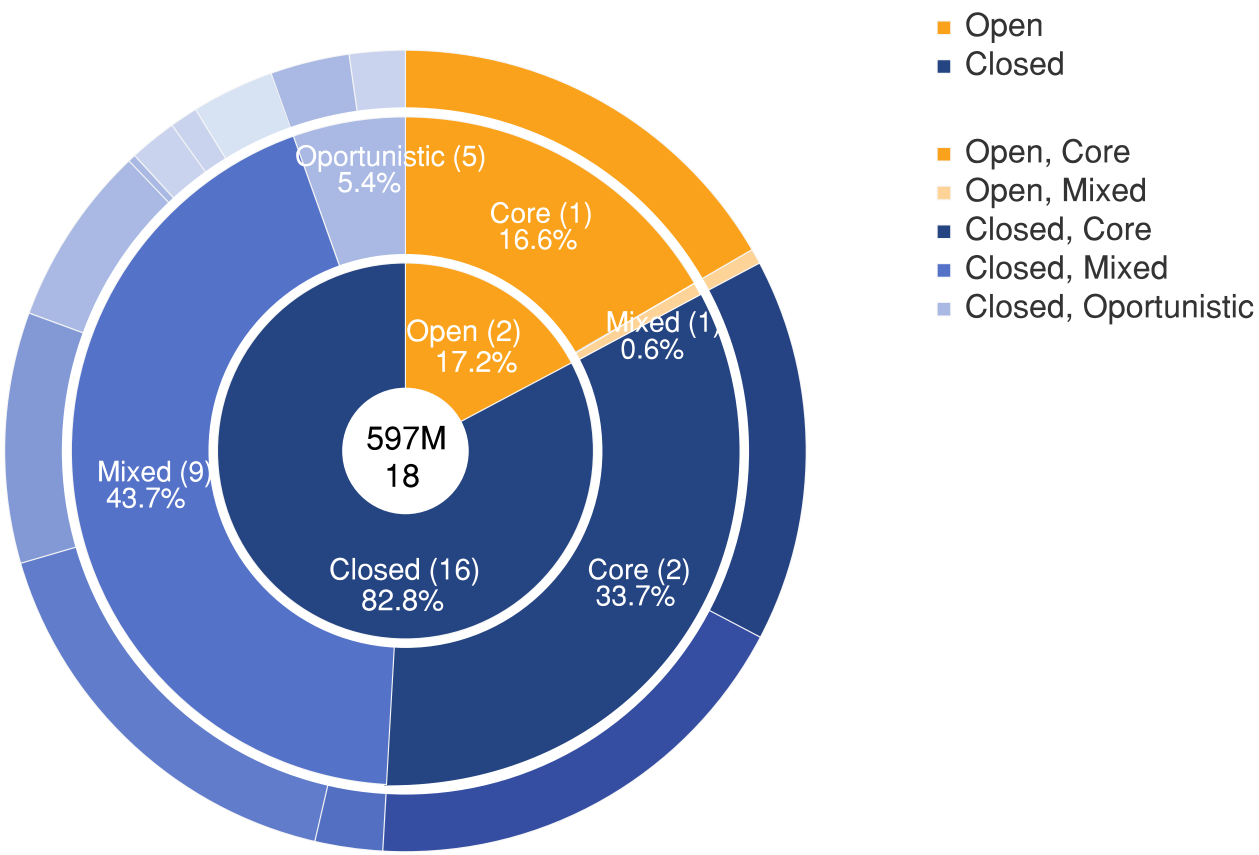
ASSETS UNDER MANAGEMENT – GENERAL PARTNERS

The value of assets under management increased in 2023 due to asset valuation, driven by favorable conditions in Peru. **During 2024, significant transactions have been observed in the market, reinforcing expectations of growth in the value of assets under management by the end of 2024.** In addition, interest rates in Peru have shown progressive reductions as part of a government strategy to stimulate the economy, taking advantage of moderating inflation. This context generates a favorable outlook for asset purchases in the country.



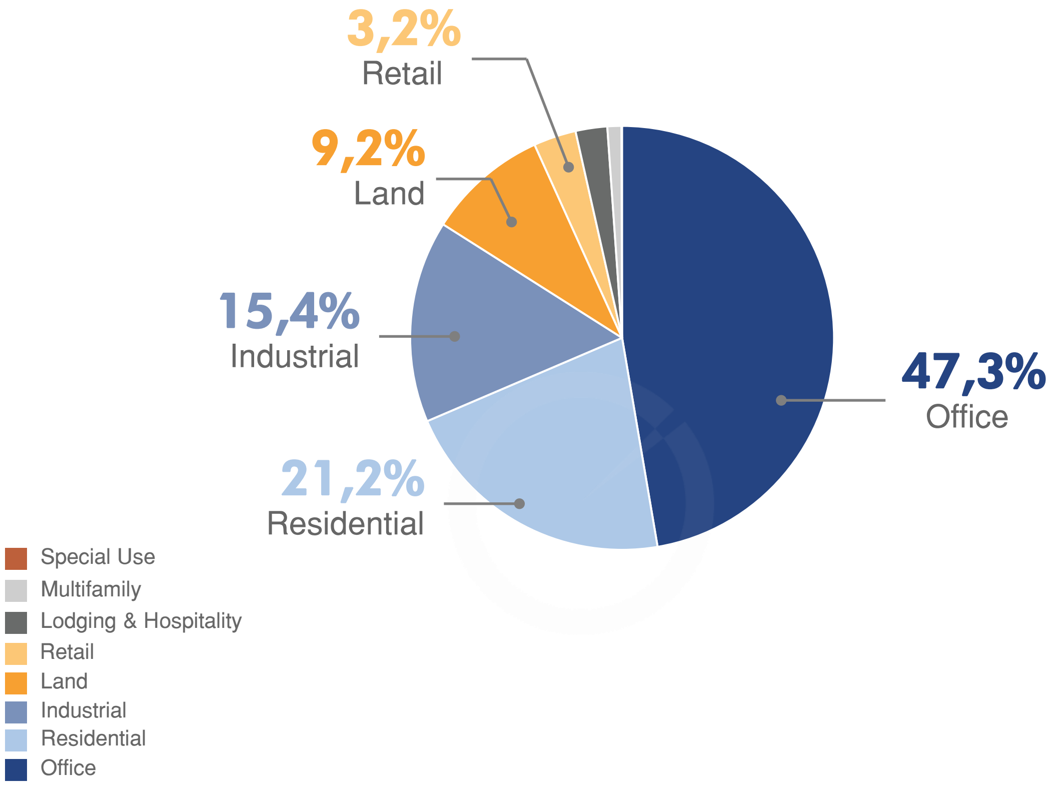
ASSETS UNDER MANAGEMENT ANNUAL GROWTH – GENERAL PARTNERS

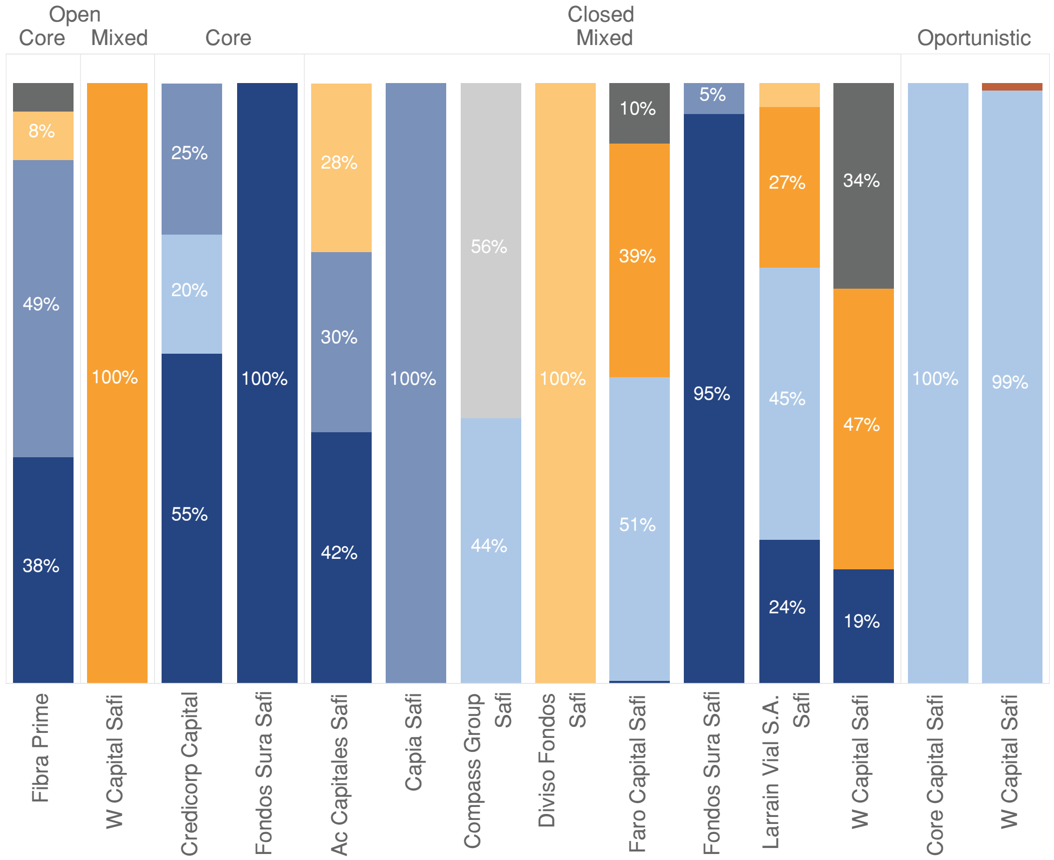
The Peruvian market at present is mainly composed of closed-end vehicles, which allow investors to commit their capital for a certain period, which is ideal for long-term investment strategies, such as those used in the real estate sector with core-type strategies. However, there are some open-ended vehicles that are typically listed. This presents an opportunity for investors, including retail investors, seeking to diversify their investment options into real estate vehicles, as they offer the flexibility to enter and exit at any time without the typical lock-up periods of closed-end vehicles.



DISTRIBUTION OF ASSETS UNDER MANAGEMENT BY SECTOR – GENERAL PARTNERS

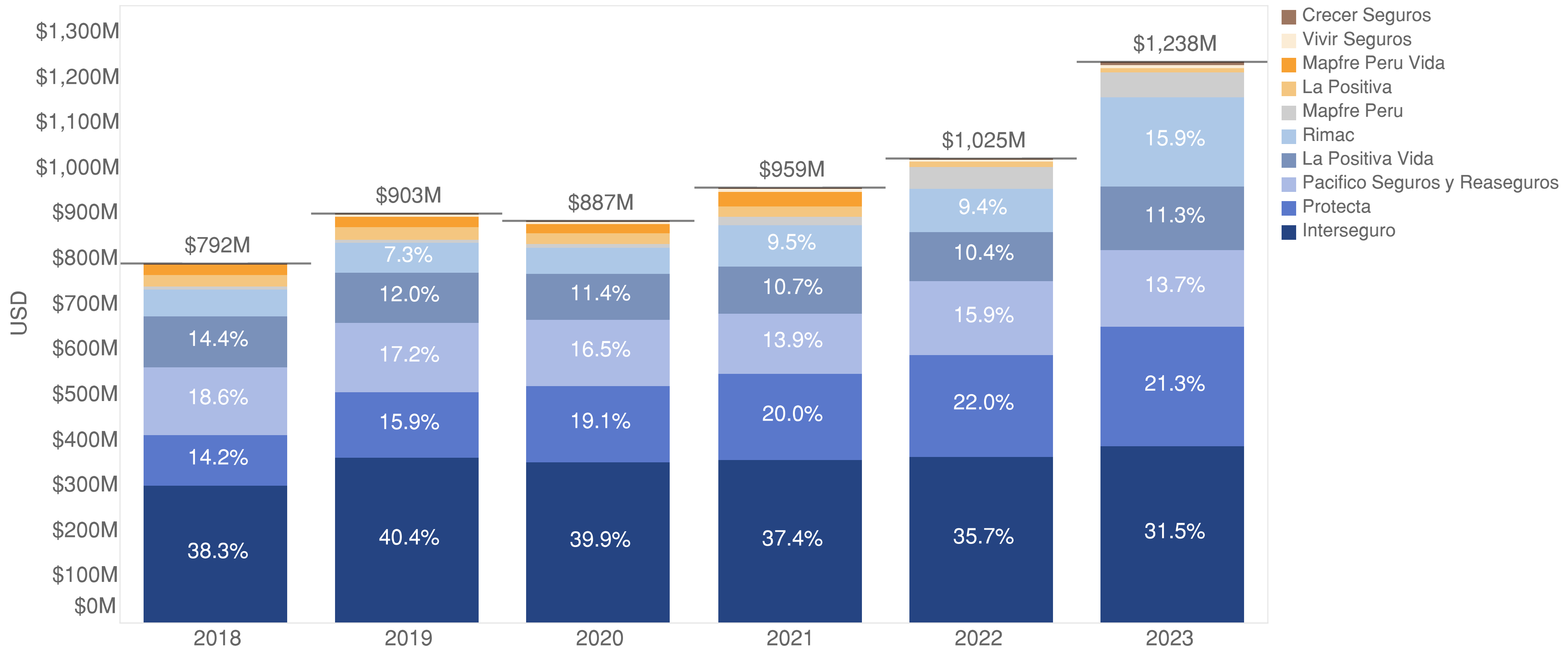
Approximately 47% of investment funds AUM in Peru is in the office sector. Prior to the pandemic, this segment was considered one of the most attractive for investors due to its stability and ability to generate sustainable long-term returns. However, the health emergency and political instability between 2021 and 2022 negatively impacted its performance and reduced its importance in investment strategies. **In contrast, the logistics sector has become more relevant in recent years, consolidating itself as a strategic investment alternative and representing nearly 15% of AUM in 2023.**





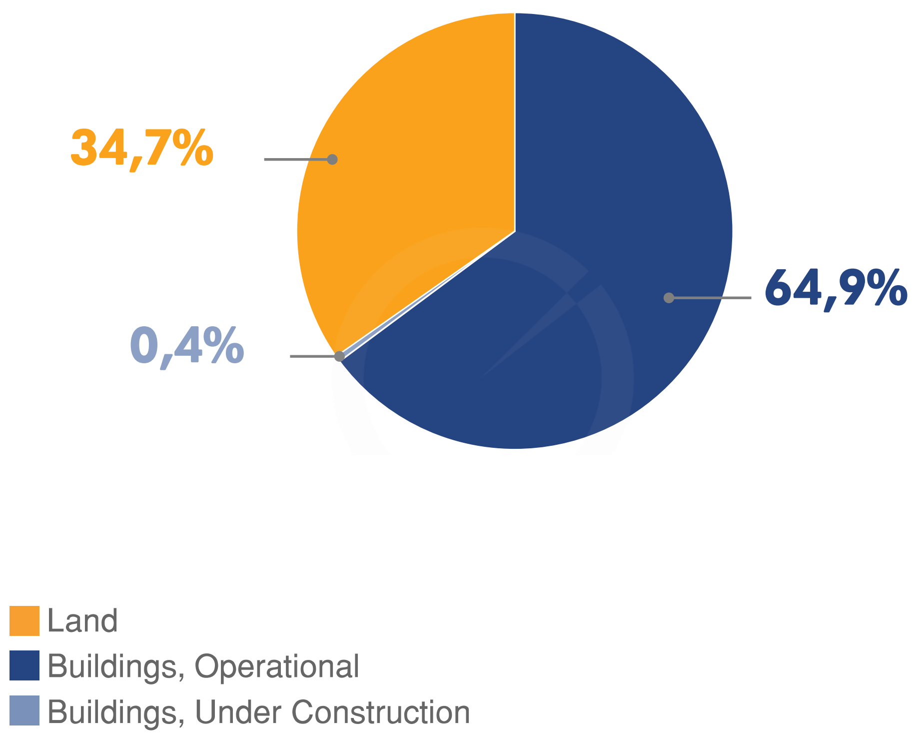
ASSETS UNDER MANAGEMENT – INSURANCE COMPANIES

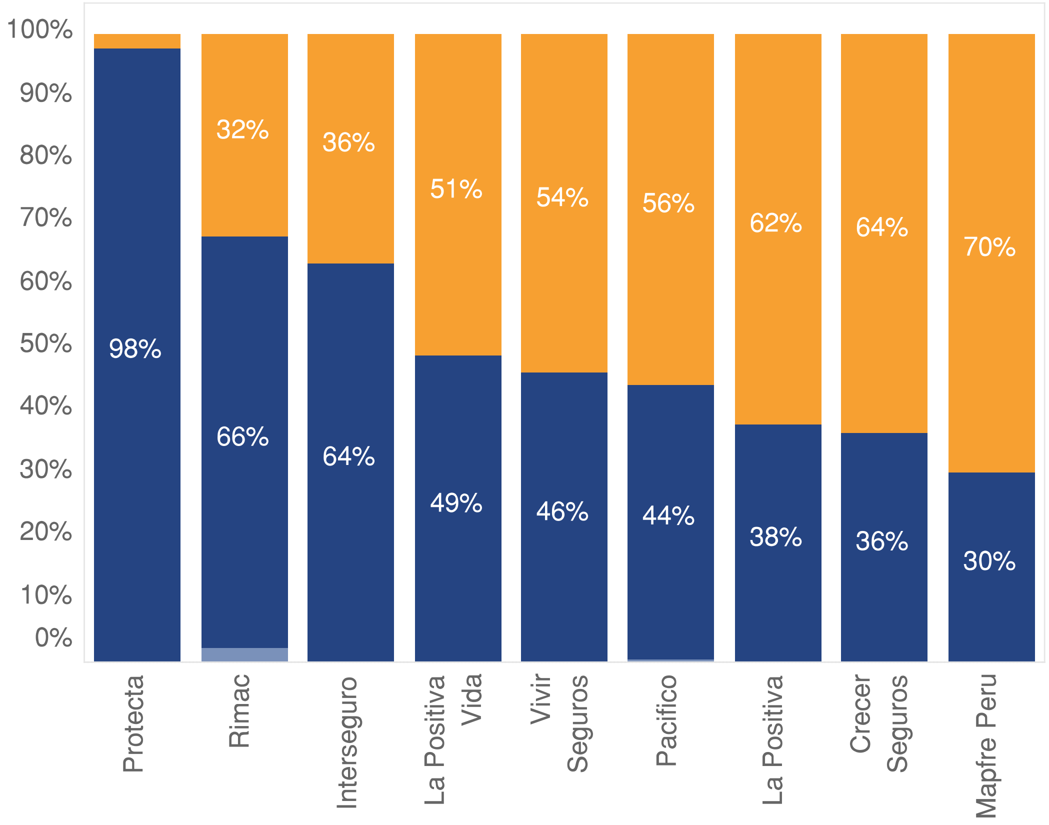
In Peru, insurance companies are authorized to make direct investments in real estate assets, which are regulated by 'Superintendencia de Banca, Seguros y AFP (SBS)'. These investments form part of the insurance companies' technical reserves and risk capital. Thanks to their liquidity capacity, insurance companies have positioned themselves as key players in the local real estate market. **Over the past 15 years, their participation has shown a growing trend, driven by the benefits that these assets offer, such as stable returns and sustainable income streams over the medium and long term.** This allows them to efficiently manage their long-term liabilities, especially in products like life annuities and private income insurance.



DISTRIBUTION OF ASSETS UNDER MANAGEMENT BY SECTOR – INSURANCE COMPANIES

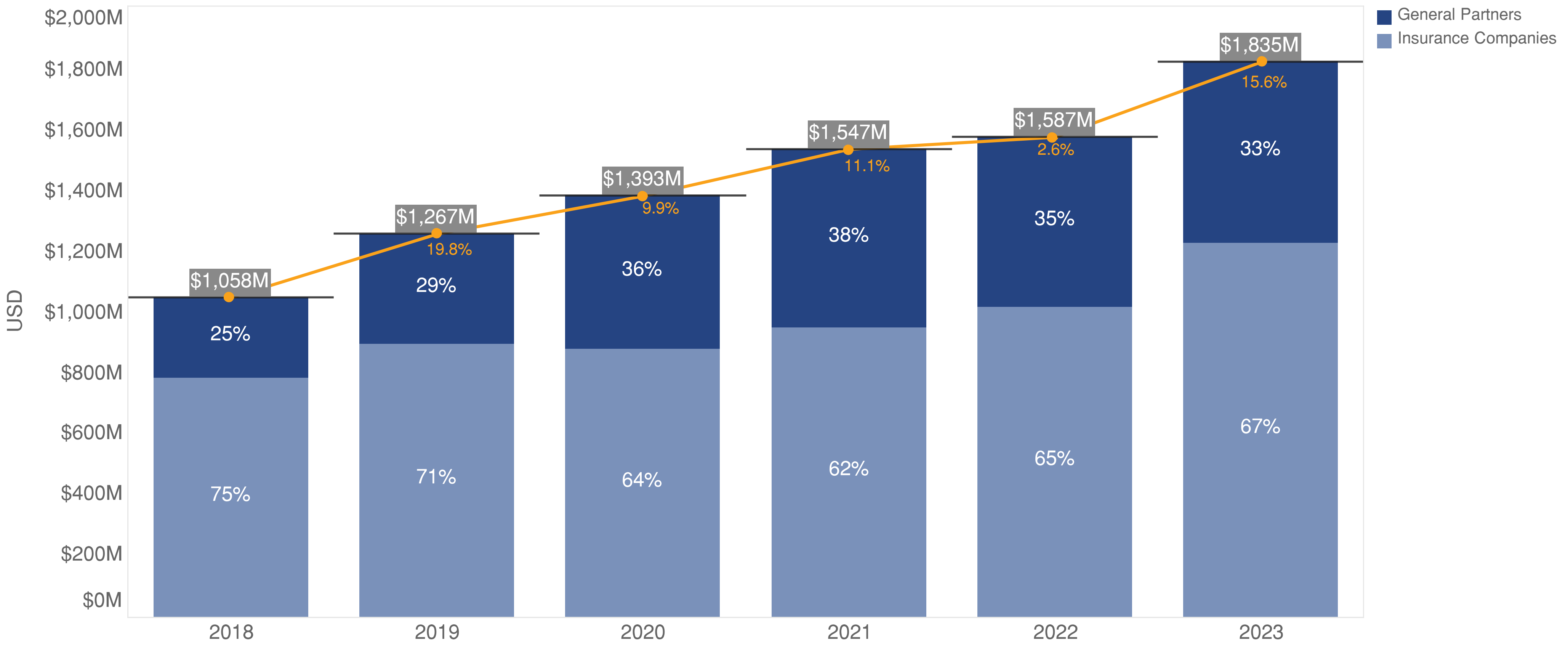
Insurance companies' real estate investment portfolios are predominantly income-producing assets, representing approximately 65% of AUM. Currently, insurers are showing a clear preference for acquiring stabilized assets rather than land for future development. In line with this strategy, many have opted to divest land, prioritizing assets that generate steady income streams and allow them to efficiently manage their liabilities while minimizing exposure to risks associated with real estate development.





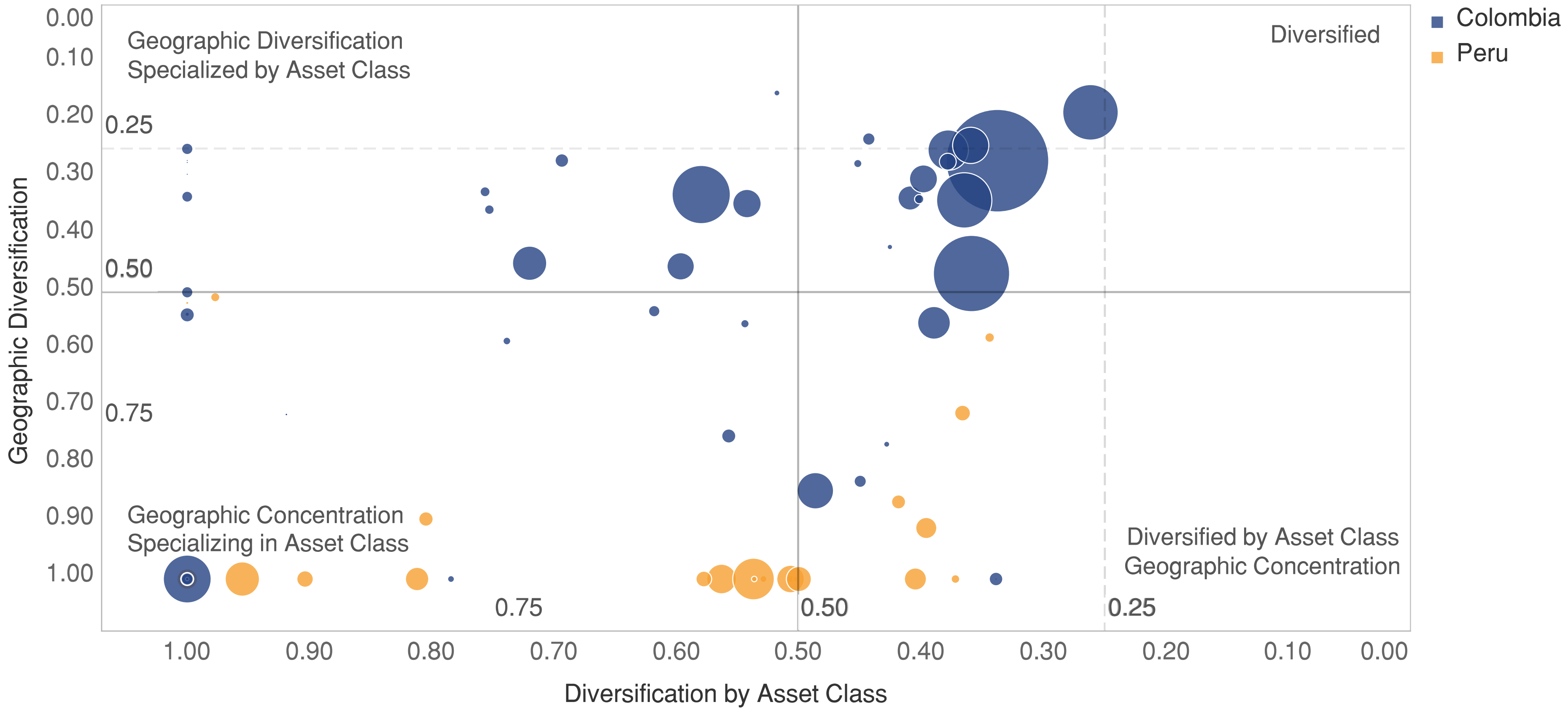
ASSETS UNDER MANAGEMENT – GENERAL PARTNERS & INSURANCE COMPANIES

Insurance Companies manage large sums of money from insurance premiums, allowing them to make significant and diversified investments, particularly in real estate, with a long-term focus. This allows them to assume a more conservative risk profile and focus on long-term stability and profitability, unlike some Fund Managers, which tend to be more focused on generating short- and medium-term returns.



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, meaning that the closer the points on both axes are to zero, the more diversified the fund is. **This chart shows that larger funds, especially those with a core strategy, tend to be more diversified by both sector and geography.** In contrast, some closed-end funds shown in the chart are more specialized, focusing on a specific sector or city, or even both.



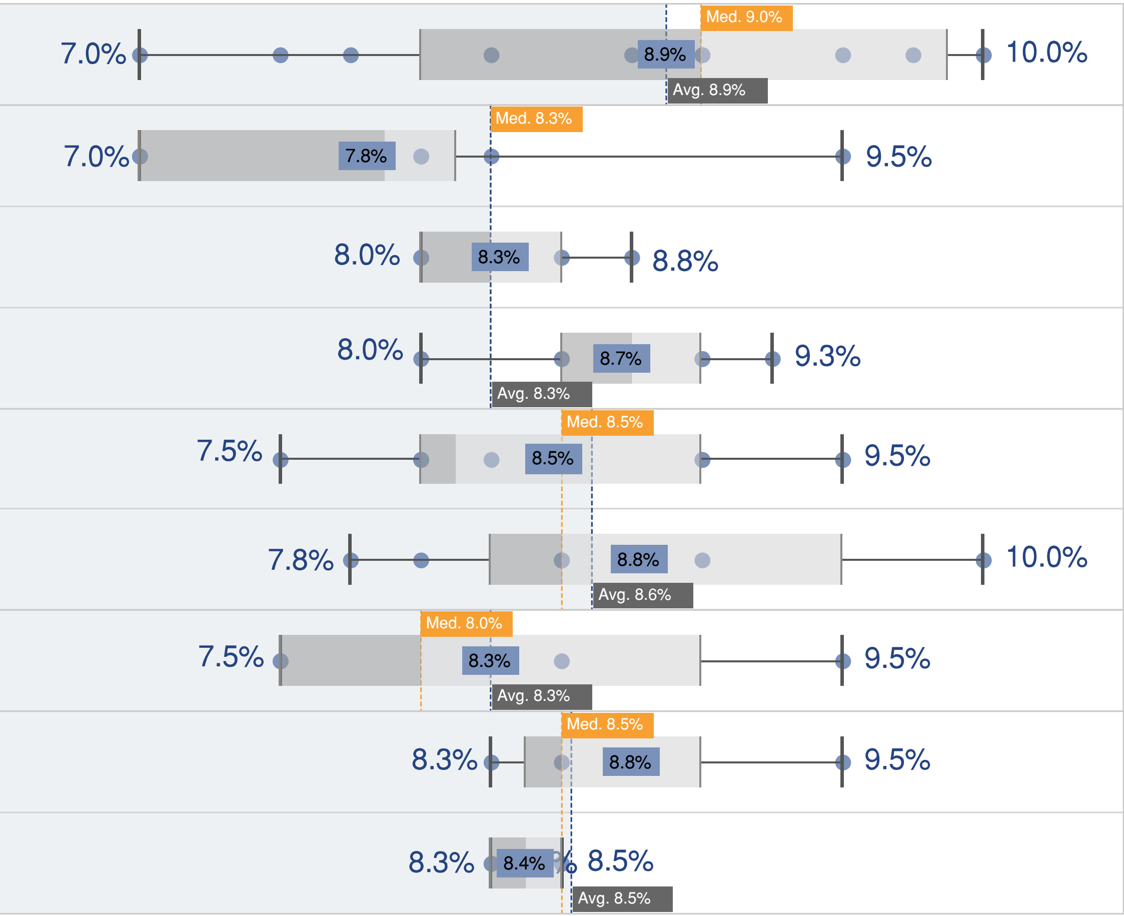
NET CAP RATES

According to respondents, the sectors with the lowest rates are: Retail, Multifamily and Logistics - Industrial. The latter has attracted increasing interest from investors due to its high growth potential in the medium and long term. **The development of infrastructure, with key projects such as the new Port of Chancay and the Airport City project, together with the implementation of Special Private Economic Zones (ZEEP), which offer tax and customs incentives, could significantly boost development and demand in this sector.**

Sector	2021	2022	2023	2024	2021	2022	2023	2024	Forecast 2025
Office	9.0% / 8.0%	9.5% / 7.5%	10.5% / 7.0%	10.0% / 7.0%	8.3%	8.6%	8.7%	8.9%	→
Retail	10.0% / 8.0%	10.0% / 7.5%	10.0% / 6.8%	9.5% / 7.0%	9.0%	9.0%	8.9%	8.3%	↘
Industrial	9.0% / 8.0%	9.0% / 7.0%	9.0% / 6.3%	10.0% / 7.5%	8.3%	8.2%	8.0%	8.6%	↘
Multifamily	nd	9.5% / 7.0%	9.5% / 6.0%	9.5% / 7.5%	nd	8.2%	8.0%	8.3%	→
Lodging & Hospitality	12.0% / 9.0%	11.0% / 7.5%	11.5% / 9.3%	11.5%	10.3%	9.9%	10.1%	11.5%	→
Healthcare	nd	9.0% / 8.0%	9.8% / 8.0%	9.5% / 8.3%	nd	8.5%	8.8%	8.5%	↘

NET CAP RATES 2024

Office	Office
Retail	Regional Shopping Center
	Neighborhood Shopping Center (Convenience)
	Stand Alone
Industrial	Logistics
	Manufacturing
Multifamily	Multifamily
Heathcare	High Complexity
	Low Complexity



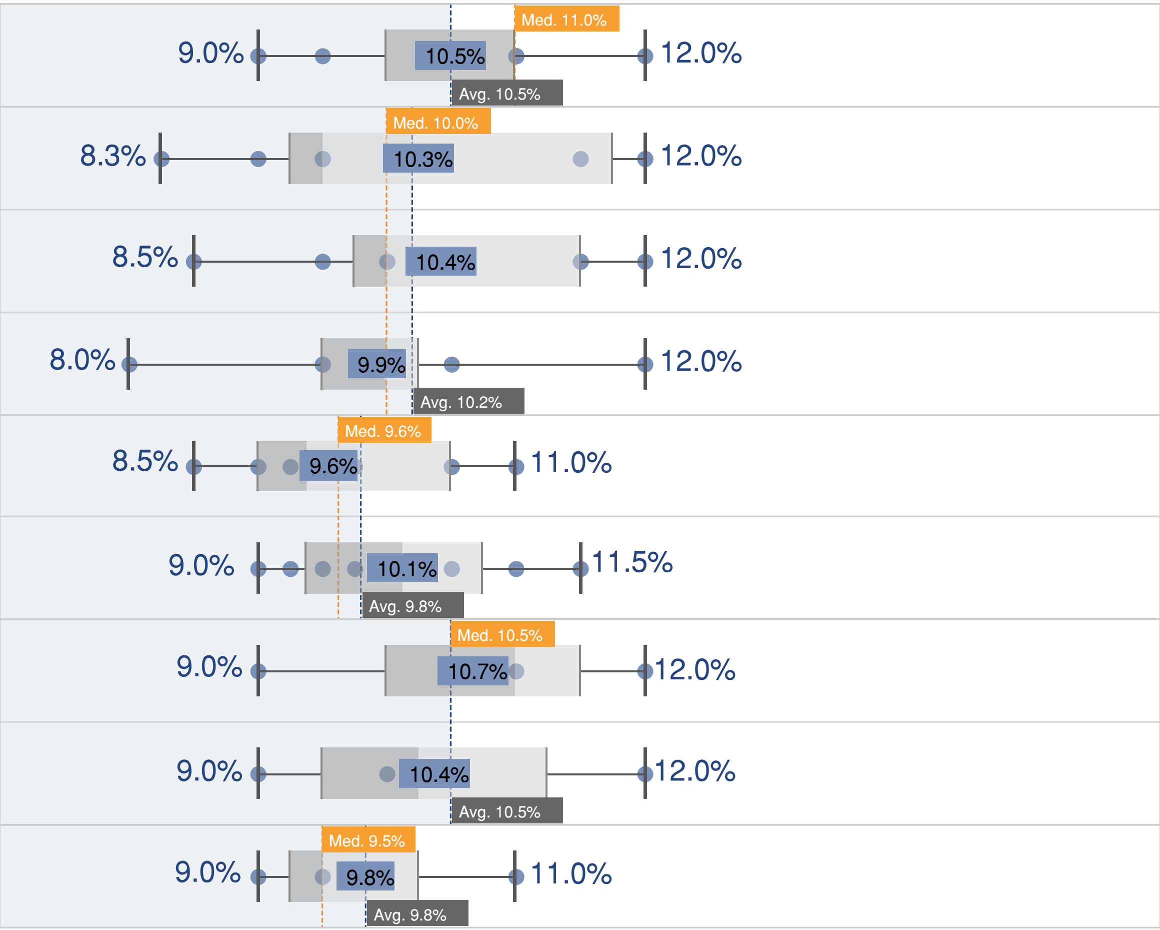
INTERNAL RATE OF RETURN (IRR)

In general terms, respondents' return expectations for the Office, Retail, Industrial and Multifamily sectors decreased. In particular, the office market is in a recovery phase, which is reflected in a positive net absorption in 2024, a reduction in the vacancy rate and a sustained increase in rental prices. Improved growth forecasts for the Peruvian economy in 2025, together with more favorable market conditions, have rekindled the interest of certain investors in this asset.

Sector	2021	2022	2023	2024	2021	2022	2023	2024	Forecast 2025
Office	11.0% / 8.5%	12.0% / 8.5%	14.0% / 9.0%	12.0% / 9.0%	9.8%	10.5%	11.0%	10.5%	→
Retail	11.0% / 9.5%	13.0% / 8.5%	13.5% / 10.0%	12.0% / 8.0%	10.3%	11.3%	11.3%	10.2%	↘
Industrial	12.0% / 9.0%	12.0% / 9.5%	12.0% / 8.8%	11.5% / 8.5%	10.4%	10.8%	10.6%	9.8%	↘
Multifamily	nd	12.0% / 9.0%	13.0% / 8.8%	11.0% / 9.0%	nd	10.0%	11.0%	9.8%	→
Lodging & Hospitality	12.0% / 10.0%	15.0% / 10.0%	11.5% / 10.5%	13.5%	11.1%	12.9%	11.1%	13.5%	→
Healthcare	nd	12.0% / 9.5%	10.5% / 9.5%	12.0% / 9.0%	nd	10.5%	10.1%	10.5%	↘

INTERNAL RATE OF RETURN (IRR) 2024

Office	Office
Retail	Regional Shopping Center
	Neighborhood Shopping Center (Convenience)
	Stand Alone
Industrial	Logistics
	Manufacturing
Healthcare	High Complexity
	Low Complexity
Multifamily	Multifamily



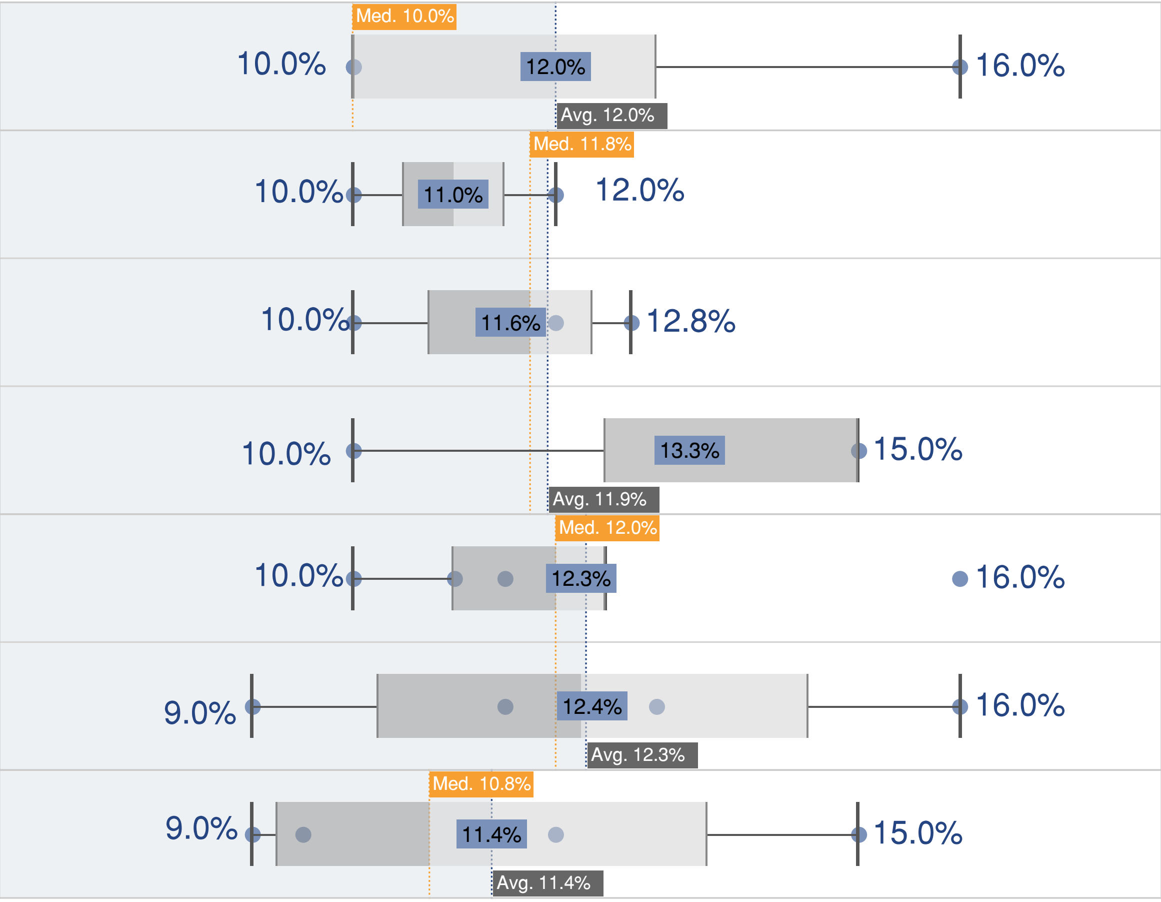
DEVELOPMENT INTERNAL RATE OF RETURN (IRR)

In general, there is a downward trend in internal rates of return for the development of various real estate asset classes. This is due to an improvement in the general conditions of the sector. **The market is seeing growing investor interest in the development of Class A logistics warehouses, driven by the increasing demand for this type of asset.**

Sector	2021	2022	2023	2024	2021	2022	2023	2024	Forecast 2025
Office	17.5% / 10.0%	20.0% / 11.0%	16.0% / 11.5%	16.0% / 10.0%	13.4%	14.7%	14.6%	12.0%	
Retail	19.0% / 8.8%	18.0% / 10.0%	16.0% / 12.0%	15.0% / 10.0%	13.5%	13.7%	14.5%	11.9%	
Industrial	20.0% / 8.0%	18.0% / 10.5%	16.0% / 10.5%	16.0% / 9.0%	13.3%	13.7%	13.0%	12.3%	
Multifamily	nd	17.0% / 10.0%	17.0% / 11.8%	15.0% / 9.0%	nd	13.3%	14.3%	11.4%	
Lodging & Hospitality	nd	20.0% / 12.0%	15.0% / 13.0%	nd	nd	15.3%	14.1%	nd	
Healthcare	nd	13.0% / 10.5%	15.0% / 10.0%	nd	nd	11.8%	13.1%	nd	

DEVELOPMENT INTERNAL RATE OF RETURN (IRR) 2024

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



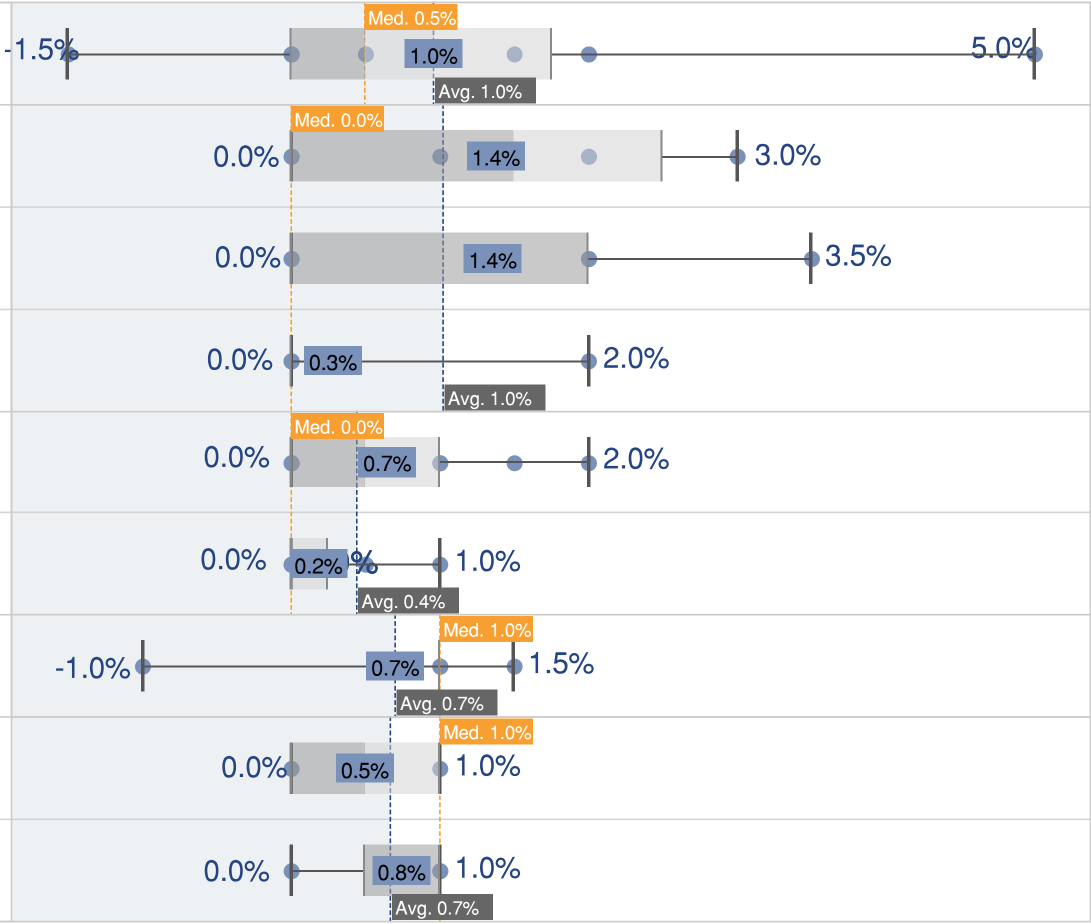
REAL MARKET RENT GROWTH

The reactivation of the retail sector has generated a very positive perception among respondents. According to them, the retail sector represents one of the highest growth rates in rents over inflation for the next 5 years. **The dynamism of both e-commerce and face-to-face commerce reflects the positive outlook of consumers. Both types of commerce, physical and electronic, coexist in a complementary manner.** Shopping centers have adapted by incorporating new technologies and innovative store formats to attract consumers. A steady growth of this type of assets is expected, considering the low penetration of the Peruvian market, with approximately 9.1 m^2 of ABL per 100 inhabitants, while the average in Latin America is approximately 12.4 m^2 per 100 inhabitants.

Sector	2022	2023	2024	2022	2023	2024	Forecast 2025
Office	2.5% / -0.5%	3.0% / 0.0%	5.0% / -1.5%	0.8%	0.5%	1.0%	
Retail	2.5% / 0.0%	4.0% / -0.8%	3.0% / 0.0%	1.1%	1.4%	1.0%	
Industrial	2.5% / 1.0%	3.0% / 0.0%	2.0% / 0.0%	1.7%	1.2%	0.4%	
Multifamily	2.5% / 0.0%	2.0% / 0.0%	1.5% / -1.0%	1.3%	1.2%	0.7%	
Healthcare	2.5% / 0.0%	2.5% / 0.0%	1.0% / 0.0%	1.1%	0.6%	0.7%	

REAL MARKET RENT GROWTH BY SUBSECTOR

Office	Office	
Retail	Regional Shopping Center	
	Neighborhood Shopping Center	
	Stand Alone	
Industrial	Logistics	
	Manufacturing	
Multifamily	Multifamily	
Healthcare	High Complexity	
	Low Complexity	



RESIDENTIAL INTERNAL RATE OF RETURN

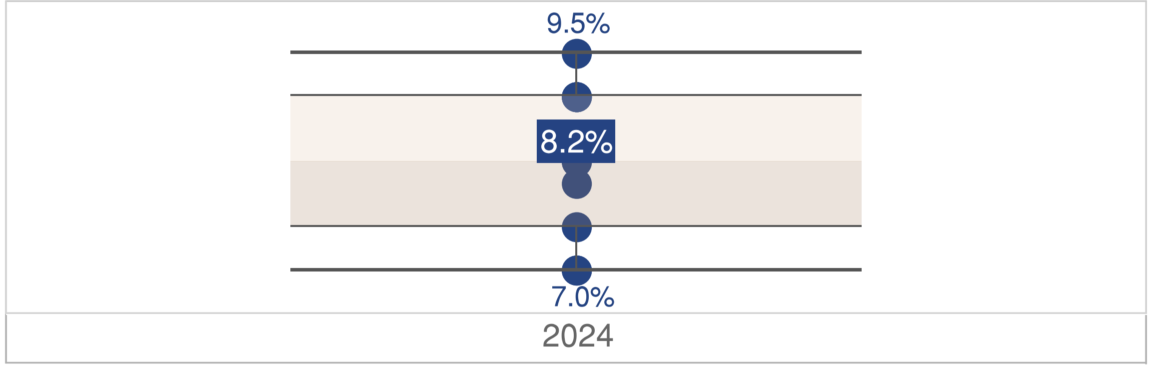
Urban population growth and increasing demand for affordable housing in Peru, coupled with improved economic forecasts, have driven momentum in the housing sector. The implementation of public policies and subsidy programs has facilitated access to housing, creating a favorable environment for developers, especially in the low- and middle-income segments, and improving profitability prospects. This positive trend is expected to continue through 2025, creating new investment and development opportunities in the real estate market.

Sector	2021	2022	2023	2024	2021	2022	2023	2024	Forecast 2025
Low Income	25.0% 15.0%	25.0% 15.0%	25.0% 12.0%	25.0% 20.0%	20.3%	20.8%	26.7%	22.7%	↘
Mid Income	23.0% 15.0%	23.0% 14.0%	28.0% 12.0%	25.0% 20.0%	19.3%	18.8%	23.8%	22.7%	→
High Income	25.0% 13.0%	25.0% 13.0%	30.0% 12.0%	25.0% 20.0%	19.3%	19.6%	24.5%	22.5%	↗

FINANCIAL INDICATORS

In 2024, inflation was within the target range, prompting the BCRP to lower the policy rate from a high of 6.75% in December 2023 to 5.00% in December 2024. However, financing rates for real estate projects and asset acquisitions remain relatively high. **According to respondents, the average financing rate is 8.2%, with terms of up to 9 years and an approximate 'Loan To Value' of 63%.** Faced with this scenario, investors are looking for innovative financing alternatives that will allow them to optimize the growth of their assets under management (AUM).

Effective Annual Interest Rate

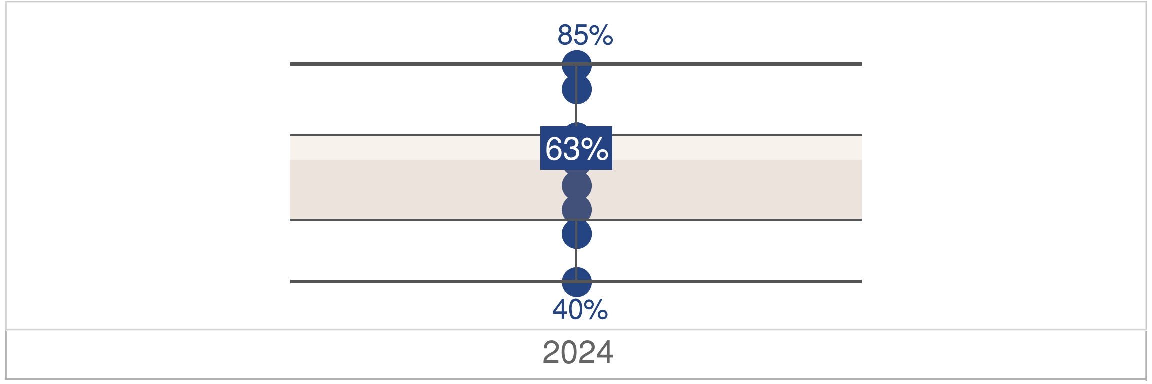


Max. Term

2024

9 Years

Max. Loan To Value



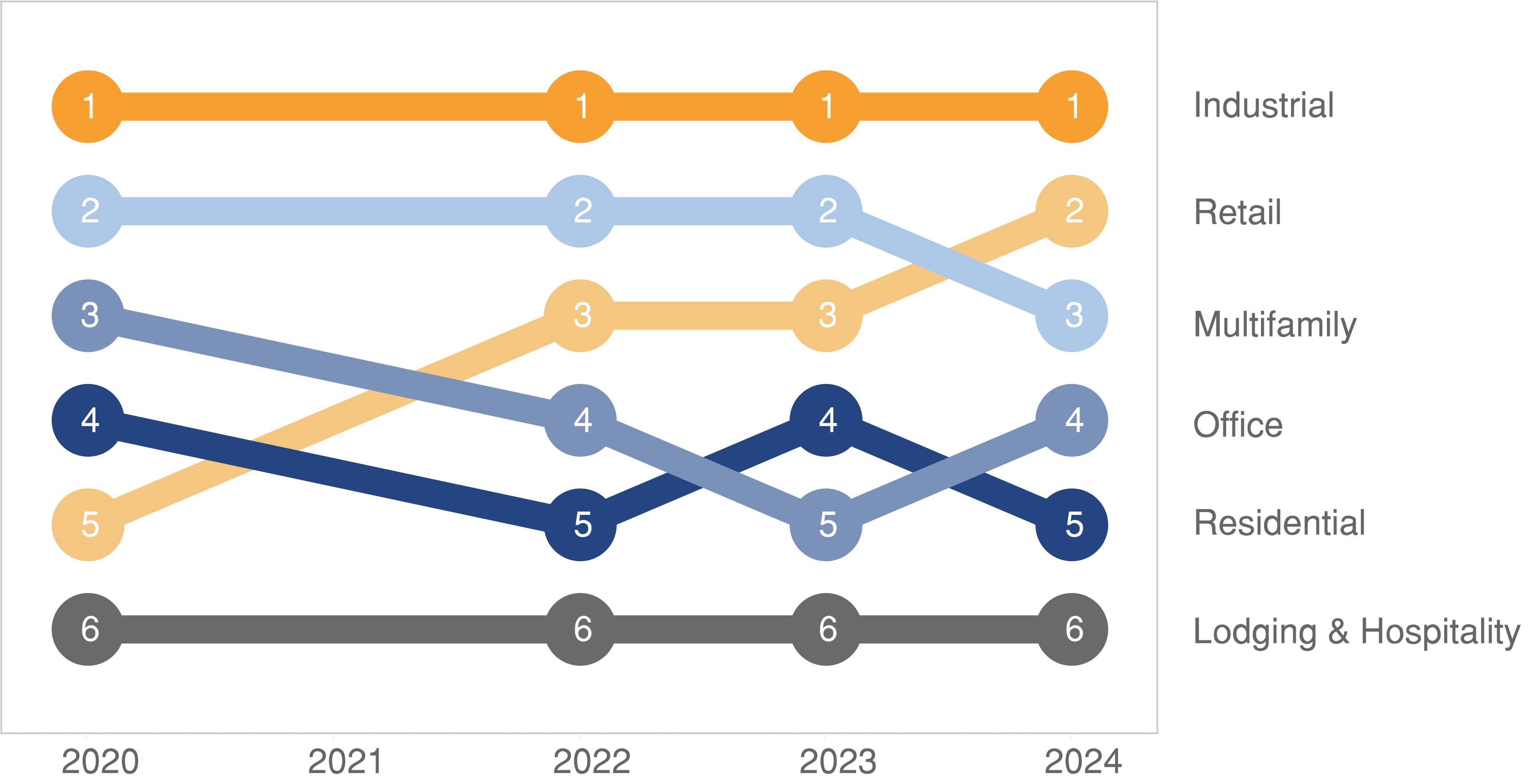
Spread Currency

2024

163 Bps

MOST ATTRACTIVE SECTOR FOR INVESMENT

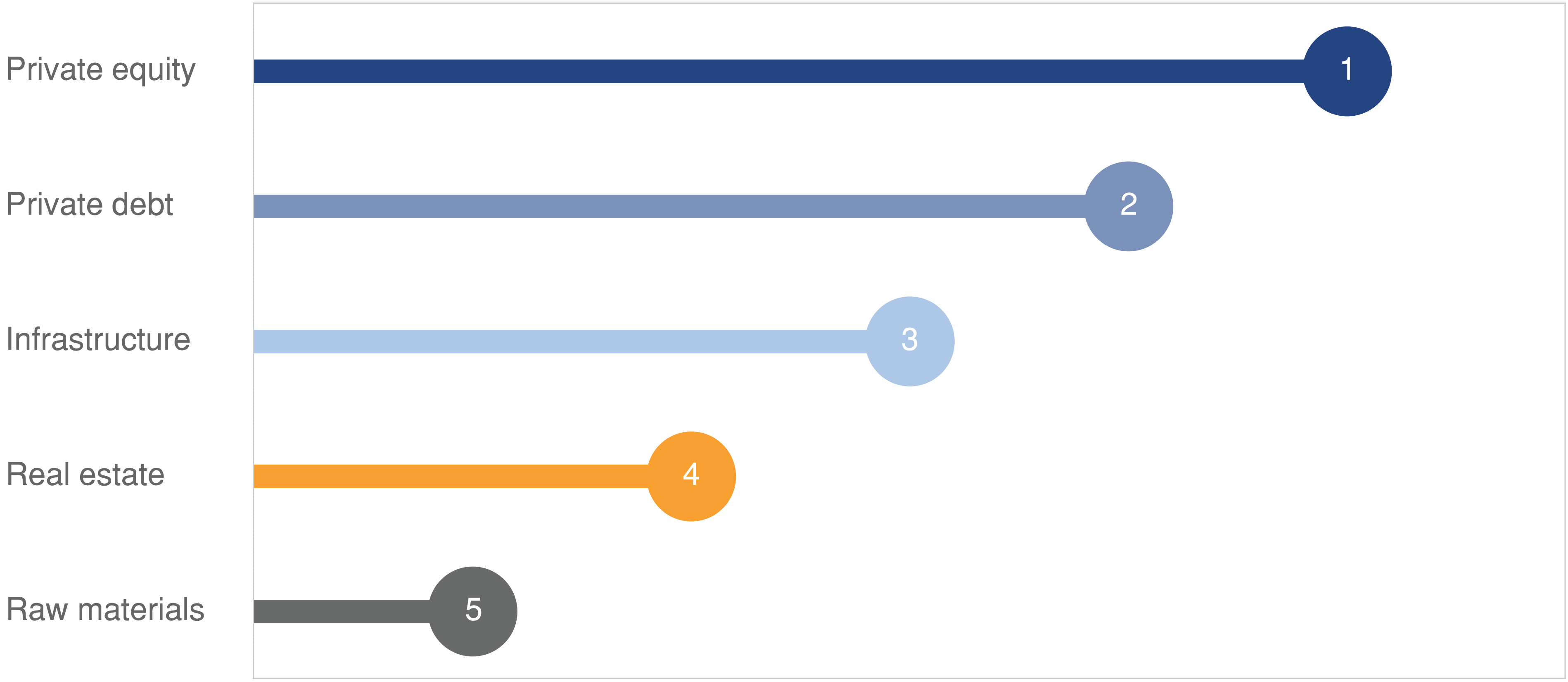
Respondents continue to view **the industrial sector as the most attractive sector for investment.** This interest is in response to the favorable outlook for demand for industrial and warehouse space, driven by the country's improving economic conditions, the boom in e-commerce and the development of strategic infrastructure projects such as the Port of Chancay. In addition, **the chart reflects a remarkable recovery in confidence in the retail sector**, which rises from fifth place in 2020 to second place in 2024. This increase is due to the strong recovery of the sector after the pandemic, which consolidates its attractiveness for investors.



RETURNS BY ASSET CLASS

Ranking of investments in order of importance by return on investment

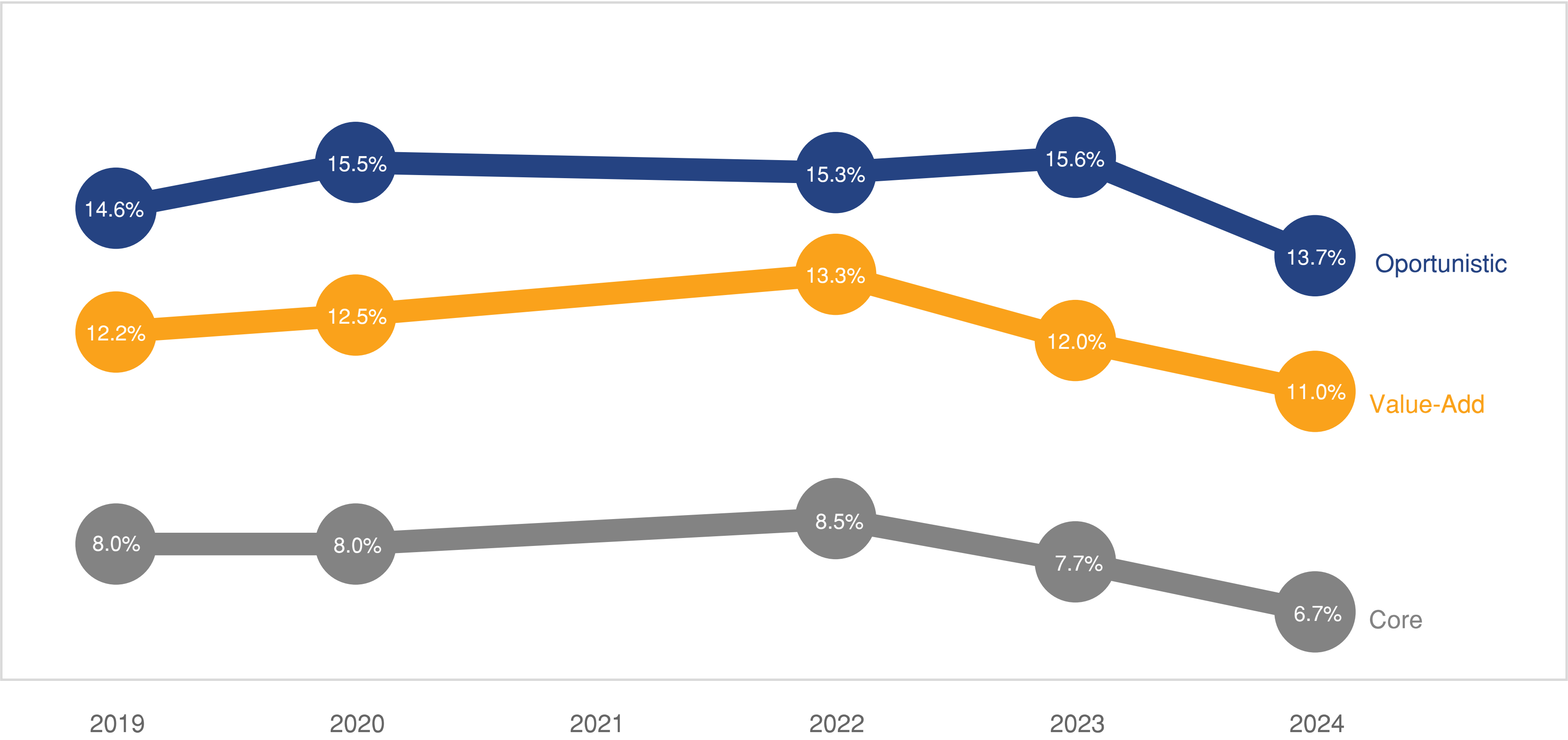
Private equity and private debt are essential in Peru because they help companies grow and stimulate strategic sectors of the economy. **These instruments provide access to flexible capital, complementing traditional sources of financing and fostering innovation and competitiveness.** On the other hand, infrastructure and real estate tend to rank lower due to country-specific challenges such as red tape in project execution, lack of adequate financing, and long time-to-revenue.



ANNUAL RETURN EXPECTATIONS (IRR)

What are the expected annual returns (IRR) by strategy type?

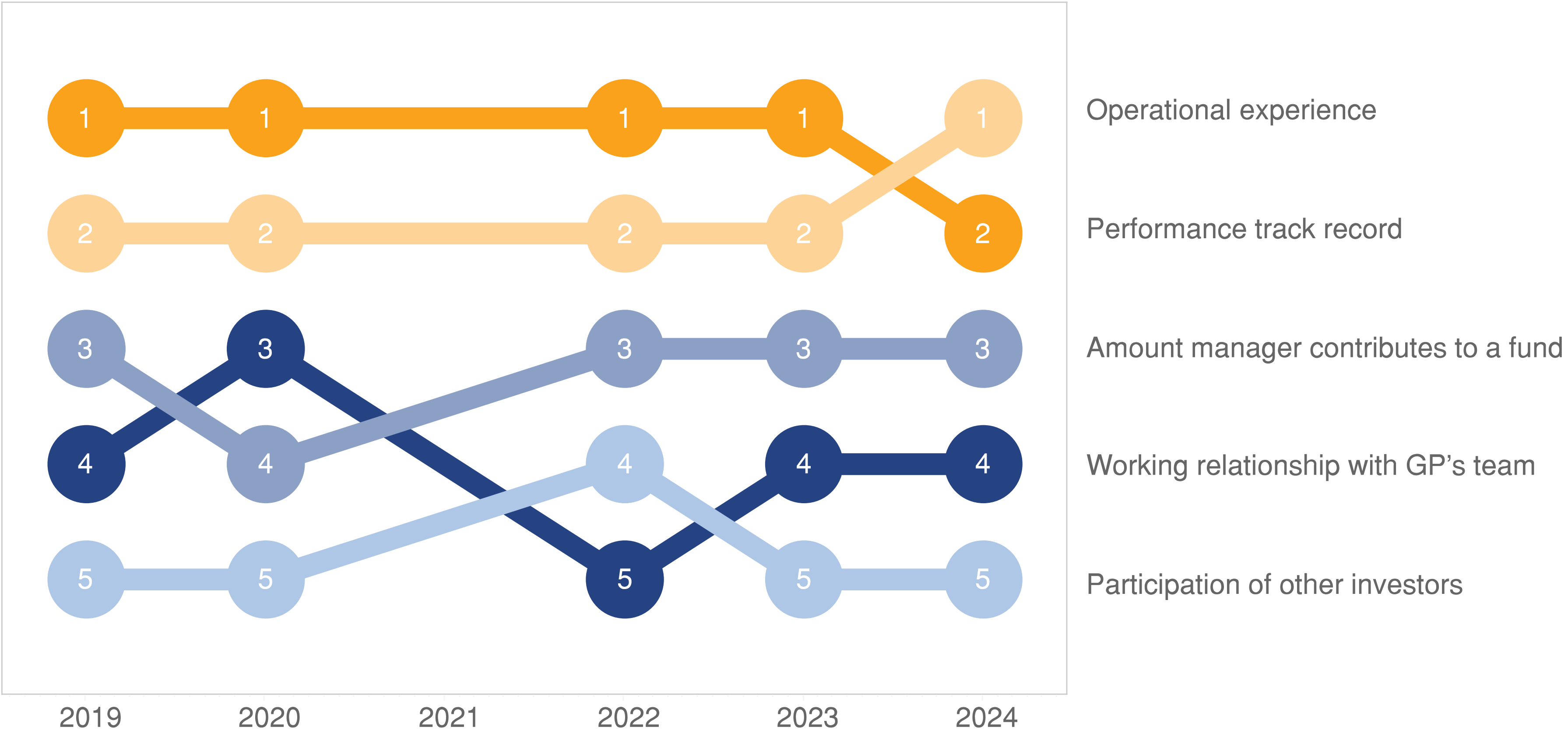
The survey results reflect a reduction in return expectations across all investment strategies. In general, there has been an improvement in the conditions of the real estate market, accompanied by a downward trend in the rates of return.



MANAGER SELECTION CRITERIA RANKING

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

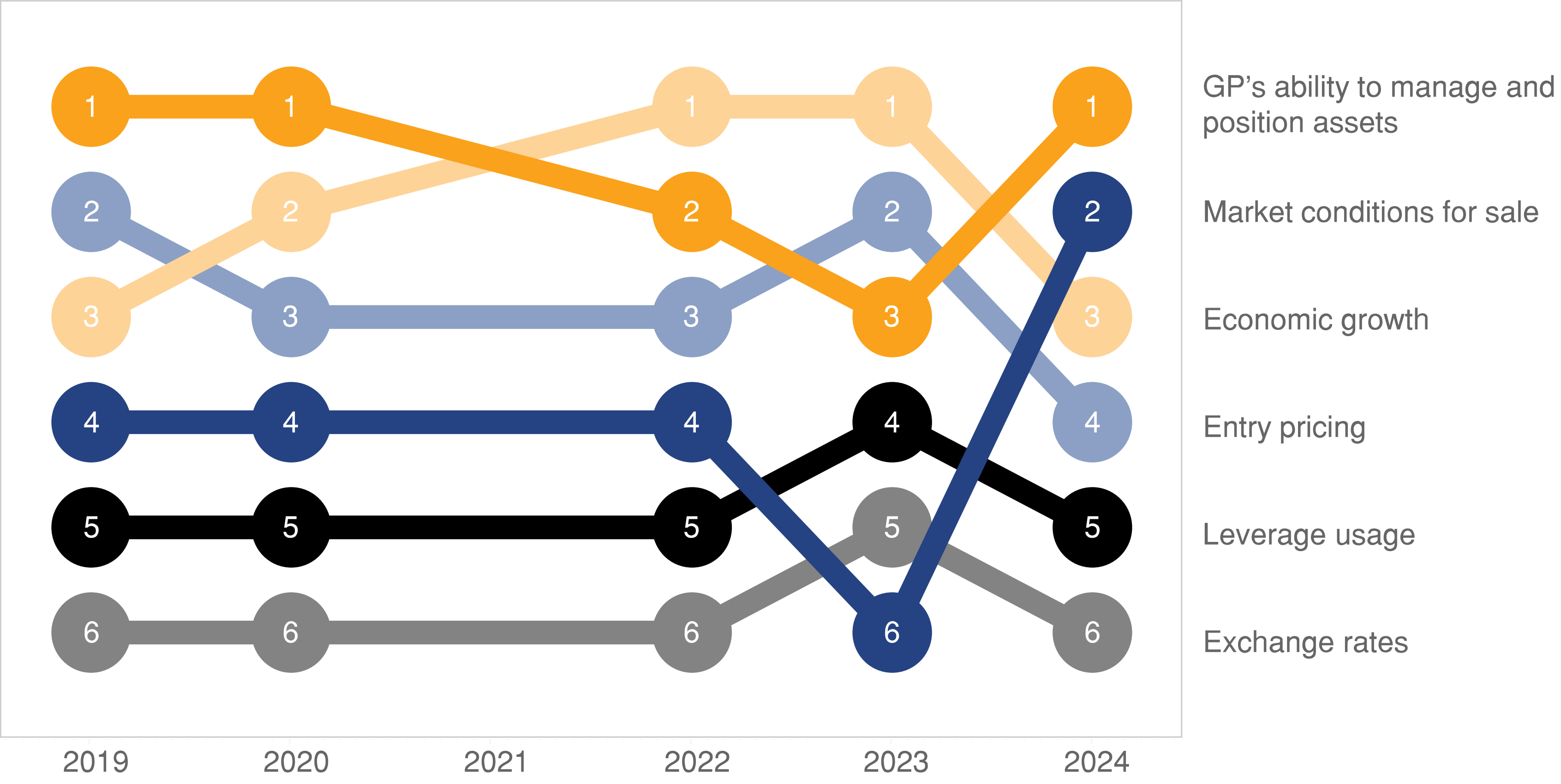
Track record and operational capability remain the primary criteria for LPs when selecting managers. This reflects the fact that efficient asset management is one of the greatest challenges in the marketplace, as it determines key factors such as optimal tenant management and control of operating expenses. Effective operational management not only ensures the financial stability of projects but also prolongs the useful life of assets and maximizes returns for investors.



DRIVER OF FUNDS PERFORMANCE RANKING

Rank the drivers you expect to have the greatest impact on manager performance

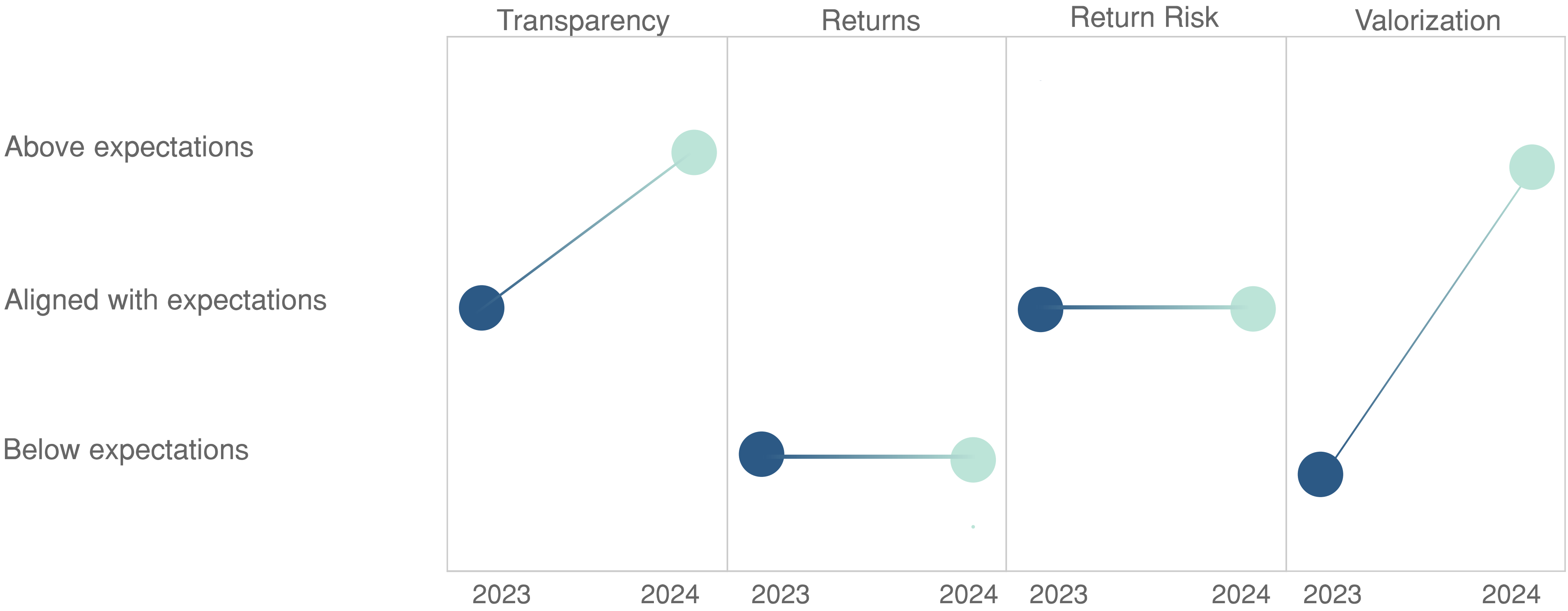
The ability of managers to manage and position assets has regained prominence among LPs as a key factor in ensuring good fund performance. In turn, market conditions at the time of the sale of the asset have become more important, possibly because of some funds in which the LPs invest are in the divestment phase. This leads investors to analyze whether it is the right time to sell or whether it is preferable to extend the life of the fund while waiting for better market conditions for the sale.



INVESTMENT EXPERIENCE

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

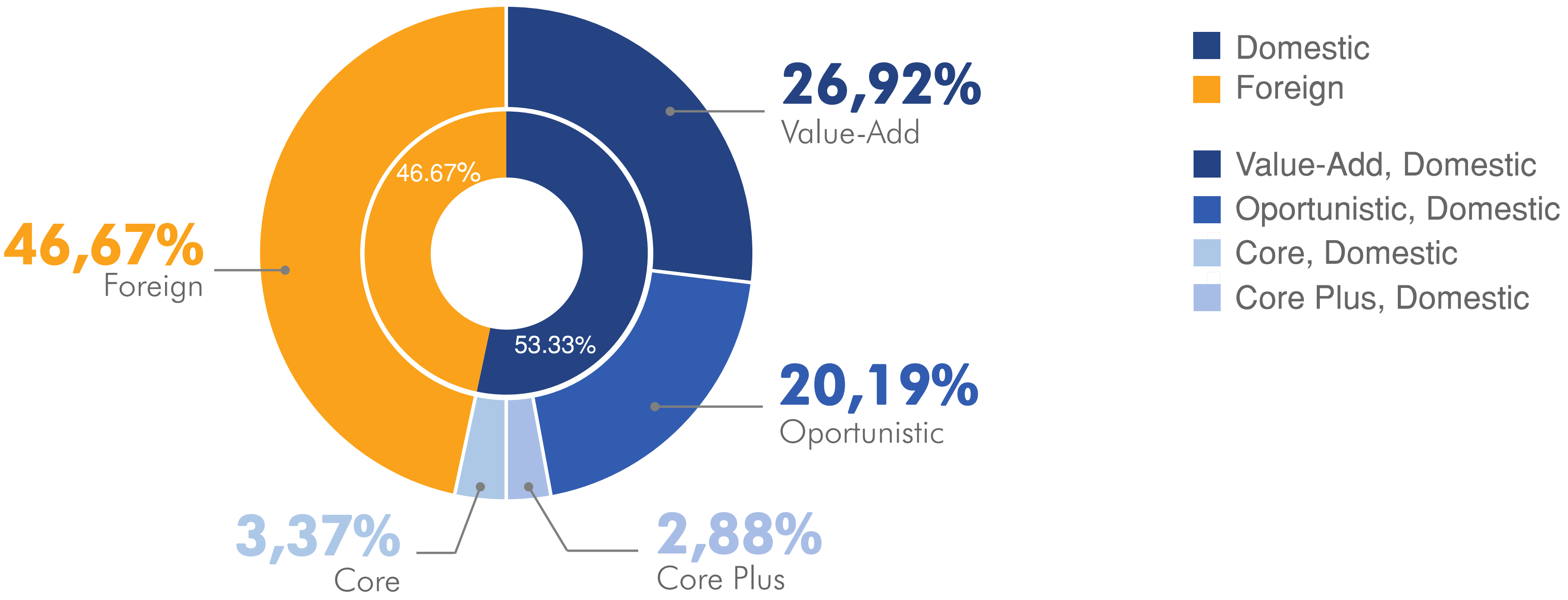
The returns earned by LPs through their managers have fallen short of initial expectations. **In most cases, these unfavorable results are due to the adverse conditions faced by some markets, such as office and commercial, first because of the pandemic and then because of the political crisis.** However, the other factors remained in line with investors' expectations, helping to maintain confidence in managers for future investments.



DOMESTIC AND FOREIGN INVESTMENT FOCUS ON REAL ESTATE

In Real Estate and its distribution by strategy type

On average, real estate investments represent 2.15% of the total investment portfolio of the Pension Fund Insurers (PFI) surveyed. Of this percentaje some PFI hold more tan 50% in domestic investments. Nevertheless, the trend suggests a greater approach on foreign markets, which are perceived to be more stable, larger in size and offer better returns.



GLOSSARY

- **Net Capitalization Rate:**

  It is a rate that reflects the relationship between the actual net operating income and the total price paid for the property.

- **Internal Rate of Return IRR:**

  The percentage that shows the expected annual return on an investment property, considering all future income and expenses, before taxes and not leveraged.

- **Internal Rate of Return on Development:**

  The percentage that shows the expected return on an investment in a development project, considering all future costs and revenues of the project, before taxes and unleveraged.

- **Real Rent Growth:**

  Growth over inflation for the next 5 years.

- **Risk Prime:**

  It is the difference between the expected Internal Rate of Return (IRR) of a real estate project under development and the IRR of a similar project already completed. This premium reflects the additional risk associated with the development of a project compared to one that is already in operation.

- **Value-Add:**

  Focuses on improving existing assets through renovations or upgrades to enhance their value and performance. Investors seek opportunities to add value and earn superior long-term returns.

- **Oportunistic:**

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

- **Core:**

  Focuses on investments 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 involve renovations, upgrades or changes in management to increase yield and investment value.

- **Returns:**

  They refer to gains obtained from an investment in properties. This includes rental income, appreciation in the value of the asset and any other financial benefits generated.

- **Return Risk :**

  Refers to the possibility that the returns on an investment may be lower than expected. This risk may 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 on costs, income, risks and management strategies. Transparency is key to building trust between investors and managers, ensuring informed decisions and a clear relationship.

LOGAN Valuation is a leading firm specializing in real estate valuation, appraisal and consulting services for institutional clients throughout Latin America. With a strong presence in Colombia, Peru, Mexico, Costa Rica, Dominican Republic and Guatemala, LOGAN is recognized for its credentials, confidentiality and exceptional service.

The firm offers a wide range of services including portfolio valuation, commercial appraisal, market studies and real estate consulting. LOGAN covers a wide 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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