BRAZIL
INVESTMENTS Q1 2025

ECONOMIC INDICATORS

	YOY Chg	12-Mo Forecast
0.2% GDP (2024Q4- Quarterly Variation)	▼	▼
6.2% Unemployment Rate (2024Q4)	▼	▲
5.06% IPCA (12 months)	▲	▼
7.61% NTN-B 2035	▲	▬

Source: LCA

	YOY Chg	12-Mo Forecast
9.53% Average Cap Rate	▲	▬
2.70 Bn Total Volume (BRL)	▼	▲
18 Total Properties Sold	▼	▲
863 K Area (sq.m)	▲	▲

(all classes)

ECONOMIC SCENARIO

• In 2024, GDP grew by 3.4% compared to the previous year, totaling BRL 11.7 trillion. From the production perspective: Agriculture, Industry, and Services varied by -3.2%, 3.3%, and 3.7%, respectively. From the expenditure perspective, Government Consumption increased by 1.9% and Household Consumption by 4.8%. Investments (Gross Fixed Capital Formation) rose by 7.3%, while Exports of Goods and Services increased by 2.9% and Imports of Goods and Services grew by 14.7%. Compared to the third quarter of 2024, GDP grew by 0.2%.

• The IPCA (Broad National Consumer Price Index) accumulated an increase of 5.06% over 12 months, with pressures mainly coming from food, industrial goods, and services. Inflation remains widespread across different groups, with price increases both in items more sensitive to the labor market and in components influenced by regulatory factors.

• The labor market remained strong, but with recent signs of cooling. The unemployment rate rose to 6.8% in the quarter ending in February, partly due to seasonal factors. Nevertheless, the growth in formal employment and real average income supports the wage bill at a high level, contributing to sustained domestic demand and making it difficult for inflation to slow down.

• The basic interest rate (Selic) is at 14.25% per year, after a 1.00 p.p. increase in the last Copom meeting. The decision was made in a context of inflation expectations, resilient economic activity, and a still tight labor market.

• In the U.S., the Federal Reserve maintained the basic interest rate in the range of 4.25% to 4.50%. The monetary authority adopted a cautious stance, assessing that the current level is adequate while monitoring data developments and uncertainty regarding the economic outlook.

MARKET OVERVIEW

In the first quarter of 2025, a total of 18 transactions were recorded, moving BRL 2,703,638,093 in financial volume. The total transacted area amounted to 863,118 sq.m, with an average price of BRL 3,132 per sq.m. The average capitalization rate of the transactions stood at 9.53% per year. The highlight of the period was the industrial segment, which concentrated approximately 84% of the total negotiated area and was responsible for about 54% of the quarter's financial volume. Despite only three transactions during the period, the sector stood out due to the scale of the assets involved. Despite differences among segments, the consolidated data indicate consistent activity in the sector, with significant transactions across all segments.

MARKET STATISTICS

PROPERTY TYPE	TRANSACTIONS	SALES VOLUME (BRL)	TOTAL SQ.M	PRICE/SQ.M	CAP RATE
Retail	7	702,119,571	72,009	9,750	8.71%
Office	8	534,923,816	67,499	7,925	10.10%
Industrial	3	1,466,594,706	723,611	2,027	10.01%
Total	**18**	**2,703,638,093**	**863,118**	**3,132**	**9.53%**

Office

During this quarter, 8 transactions took place in the office market, totaling BRL 534,923,816 in 67,499 sq.m of transacted area. The assets are located in São Paulo, Rio de Janeiro, and Paraná. The average cap rate of the transactions was 10.1% per year. Highlights include transactions involving the buildings: Itaú Unibanco – Eusébio Matoso and Sulacap.

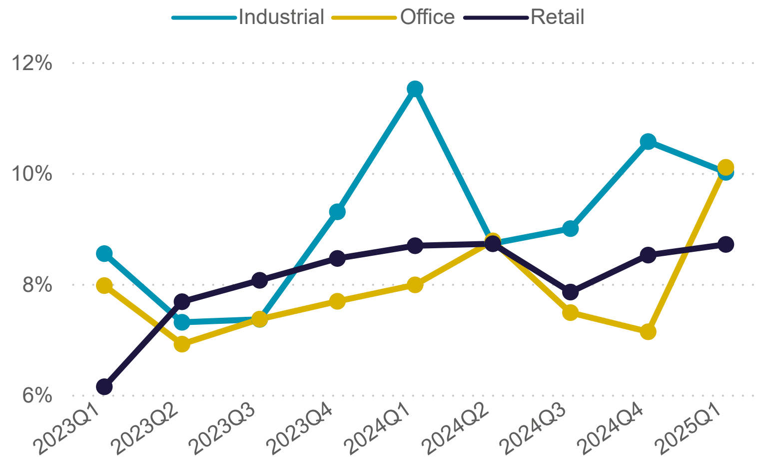
Industrial

The industrial market recorded 3 transactions this quarter, involving assets in Pernambuco, São Paulo, Rio de Janeiro, and Paraná, totaling 723,611 sq.m transacted and a financial volume of BRL 1,466,594,706. The average cap rate was 10% per year. A key highlight was the transaction involving the acquisitions of CD Jundiaí, CD Cajamar, CD Duque de Caxias, and CD Ribeirão Preto by Maúa Capital Logístico FII (MCLO11) for BRL 1,070,244,706, with an estimated average cap rate of 11% per year.

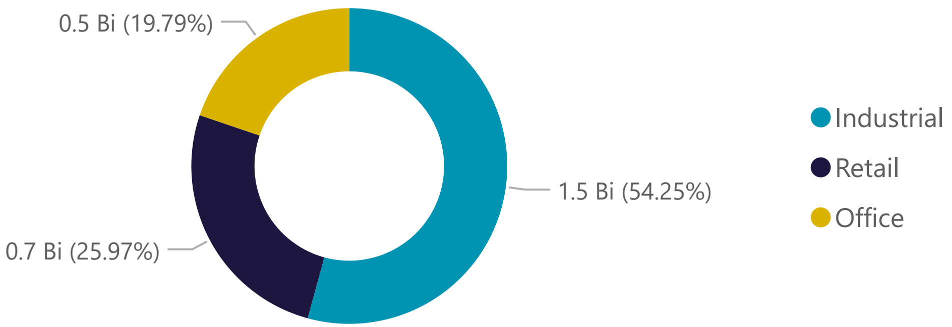
Retail

The retail segment totaled 7 transactions this quarter, summing 72,009 sq.m and BRL 702,119,571. The assets are located in São Paulo, Rio de Janeiro, Rondônia, and Paraná. The average cap rate was 8.7% per year, with highlights including the acquisition of Plaza Sul Shopping, Carioca Shopping, and Shopping Tijuca by XP Malls FII (XPML11) for BRL 395,757,927.

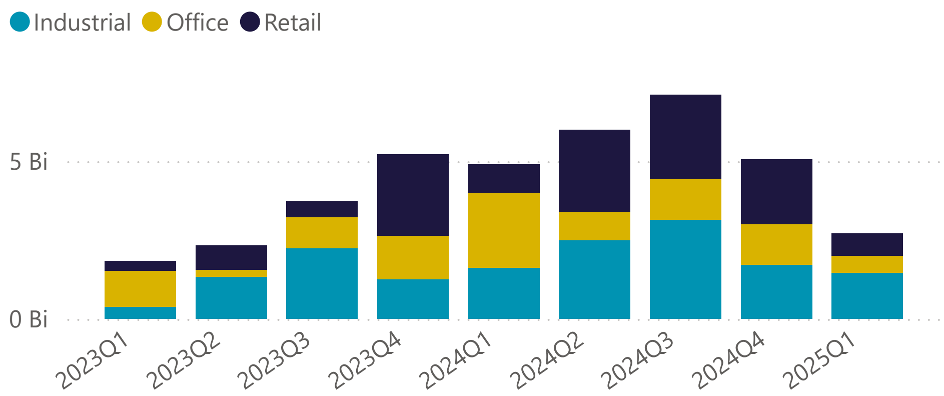
CAP RATE TRENDS BY SECTOR



2025 YTD CAPITAL VOLUME BY PROPERTY TYPE



CAPITAL VOLUME (BRL) BY PROPERTY TYPE



MAIN TRANSACTIONS

NAME	PROPERTY TYPE	BUYER	SELLER	TOTAL SQ.M	PURCHASE PRICE (BRL)	PRICE / SQ.M	REGION
Imóvel	Retail	-	Pátria Renda Urbana FII (HGRU11)	988	4,935,862	4,993	Ibiporã
Imóvel Barueri	Retail	-	Santander Renda de Aluguéis FII (SARE11)	18,885	62,000,000	3,283	Barueri
Loja Assaí Guarujá (Via quotas da Sociedade TLMC19)	Retail	Alianza Trust Renda Imobiliária FII (ALZR11)	TEN Desenvolvimento FII	17,554	140,406,804	7,999	Guarujá
Loja Assaí RJ (Via quotas da Sociedade TLMC12)	Retail	Alianza Trust Renda Imobiliária FII (ALZR11)	TEN Desenvolvimento FII	12,132	72,183,978	5,950	Rio de Janeiro
Plaza Sul Shopping; Carioca Shopping;Shopping Tijuca	Retail	XP Malls FII (XPML11)	Allos (ALOS3)	12,960	395,757,927	30,537	São Paulo e Rio de Janeiro
Rede Mineirão - Porto Velho	Retail	-	Pátria Renda Urbana FII (HGRU11)	7,868	21,500,000	2,733	Porto Velho
SJC1669 e SJC1679	Retail	-	Zavit Real Estate Fund (ZAVI11)	1,621	5,335,000	3,291	São José dos Campos
Docas do Rio	Office	CTV - Construrora Tavares e Videira	PortosRio Autoridade Portuária	5,676	8,300,000	1,462	Rio de Janeiro
Editora Moderna/Santillana	Office	Empresa do grupo Diálogo Engenharia	Alianza Trust Renda Imobiliária FII (ALZR11)	9,261	53,000,000	5,723	São Paulo
Imóvel	Office	-	Pátria Escritórios FII (HGRE11)	9,164	43,558,518	4,753	Curitiba
Itaú Unibanco - Eusébio Matoso	Office	Centro Capital	Itaúsa Empreendimentos	25,000	300,000,000	12,000	São Paulo
Parigot de Souza	Office	Conselho Regional de Engenharia e Agronomia do Paraná	Fibra - Fundação Itaipu	4,500	38,000,000	8,444	Curitiba
Passeio 56	Office	INTI - Empreendimentos Imobiliários	São Carlos Empreendimentos e Participações	6,794	21,700,000	3,194	Rio de Janeiro
Sulacap	Office	Prefeitura do Rio de Janeiro	Construtora Internacional	6,985	69,605,298	9,965	Rio de Janeiro
The Cittyplex (salas 610, 611 e 612)	Office	-	V2 Renda Imobiliária FII (VVRI11)	119	760,000	6,403	Osasco

MAIN TRANSACTIONS

NAME	PROPERTY TYPE	BUYER	SELLER	TOTAL SQ.M	PURCHASE PRICE (BRL)	PRICE / SQ.M	REGION
Aurora São José dos Pinhais	Industrial	Superfrios Armazéns Gerais S.A.	Riza Equitus Real Estate FII	14,305	83,000,000	5,802	São José dos Pinhais
CD Jundiaí , CD Cajamar, CD Duque de Caxias, CD Ribeirão Preto	Industrial	Maúa Capital Logístico FII (MCLO11)	ICON Realty	599,253	1,070,244,706	1,786	Jundiaĺ, Cajamar, Duque de Caxias,Ribeirão Preto
Galpão G01 do Condomínio Logístico e Industrial Cone Multimodal 02	Industrial	GOLGI FII	NE Logistic FII	110,053	313,350,000	2,847	Cabo de Santo Agostinho

PROJECTIONS AND TRENDS

Economic activity is expected to grow at a more moderate pace in 2025, following the stronger performance of recent years. Expansion is likely to be led by the agricultural sector, supported by a positive harvest, while industry and services are expected to show more limited growth. Household consumption and investments should lose momentum throughout the year, reflecting still tight financial conditions and reduced fiscal stimulus. The GDP projection points to an increase of 1.8% in 2025, decelerating to 1.6% in the following year. In the labor market, the outlook remains favorable, with the unemployment rate near historical lows and the wage bill at elevated levels. However, signs of weaker momentum are emerging, with a slowdown in job creation — especially in informal employment — and a moderation in labor force growth. This trend tends to limit income gains throughout the year, reducing demand momentum, although formal employment remains resilient. By the end of 2025, the unemployment rate is estimated at 7.01%, rising to 8.25% in 2026.

Regarding inflation, the scenario remains challenging. Price pressures continue to be widespread across groups, particularly in food, industrial goods, and services. The resilience of domestic demand, a depreciated exchange rate, and a still tight labor market are hindering the disinflation process. Expectations remain high for the coming years, reinforcing a more persistent inflationary environment. Inflation is expected to close 2025 at 5.56%, with a gradual decline to 4.30% in 2026.

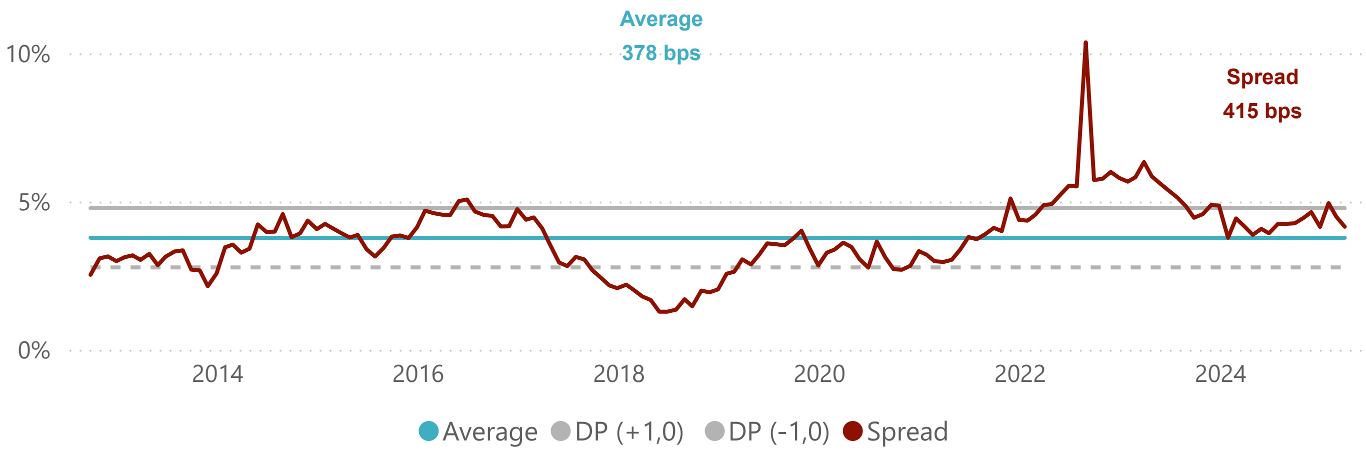
In terms of monetary policy, the Selic rate was raised to 14.25% in response to persistent inflation, unanchored expectations, and labor market pressures. Financial conditions remain restrictive, with high real interest rates reinforcing the contractionary stance of monetary policy. The Selic is expected to remain at a high level throughout 2025, ending the year at 15% per year, before declining to 11% per year in 2026. In the exchange rate market, the real has shown recent fluctuations, reflecting both the external environment and domestic fiscal uncertainties. Although there has been some appreciation in recent months, the exchange rate still operates at elevated levels, contributing to sustained inflationary pressures, especially in sectors more sensitive to exchange rate variation. The expectation is that the dollar will end both 2025 and 2026 at USD/BRL 5.80, reflecting persistent uncertainty and still fragile fiscal fundamentals. The fiscal outlook remains one of the main challenges for the Brazilian economy. Despite meeting the primary result target in 2024 and the prospect of another delivery in 2025, the perception of fragility persists. Projections indicate continued deficits and an upward trajectory of public debt in the coming years. For 2025, a primary deficit of 0.5% of GDP is expected, along with a nominal deficit of 9.1% of GDP, driven by nominal interest expenditures of 8.6% of GDP. The General Government Gross Debt (GGGD) is expected to reach 80.9% of GDP, while the Public Sector Net Debt (PSND) may reach 66.5% of GDP in the same period.

Finally, the real estate market is expected to maintain solid performance throughout 2025, consolidating itself as an attractive alternative for investors. Well-positioned commercial developments, such as shopping malls in strategic locations, continue to register strong foot traffic. In the logistics sector, demand for logistics parks remains firm, driven by the growth of e-commerce. In the corporate sector, modern and well-located office buildings continue to perform well. These assets remain consistent sources of income, with the ability to preserve real value and potential for appreciation even in a more restrictive macroeconomic environment.

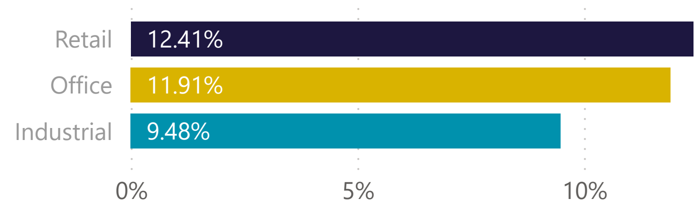
REAL ESTATE INVESTMENT TRUST

According to data from B3, the accumulated variation of the IFIX (Real Estate Investment Funds Index) in the first quarter of 2025 was +9.68%. On a monthly basis, the index recorded a variation of -3.06% in January, followed by +3.33% in February and +6.14% in March. The average dividend yield of the IFIX reached 11.76% at the end of March. Compared to long-term real interest rates, represented by the NTN-B 2035, a risk premium of approximately 415 basis points is observed. Relative to December 2024, the spread between the IFIX dividend yield and the NTN-B 2035 remained stable. Regarding the indexation of the contracts of the monitored funds, based on data from the fourth quarter of 2024, the IPCA is the most relevant index, used as a reference in 55.92% of contracts, followed by the IGP-M, used in 32.15%. As for contract maturities, 62.40% have terms longer than 36 months, meaning they mature from the first quarter of 2028 onwards.

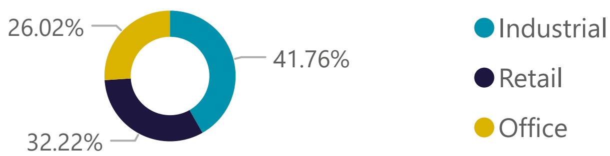
Spread NTN-B 2035 & Dividend Yield IFIX



Dividend Yield by sector



Market Cap by sector



YOY Chg

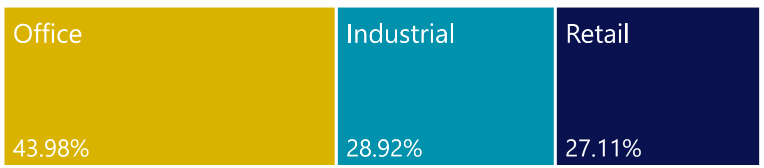
2.52%
Average 3 months DY (2025Q1) ▲

11.01%
Average 12 months DY(2025Q1) ▲

0.79
MC/Net Worth (2025Q1) ▼

5.43%
Average profitability (2025Q1) ▲

REITs by sector



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Note: 281 brick REITs were considered in this report