



COLLIERS INTERNATIONAL | LIMA

The Knowledge Report

RETAIL | SECOND QUARTER | 2008

MALL AVENTURA PLAZA®

Mall Aventura Plaza Bellavista should start operating November next year. Besides the commercial mix, it is also projected to install an entrepreneurial center and a health center. These same formats will be present at the shopping center being built in Arequipa. The next Mall Aventura Plaza to be developed in Lima will be located in the district of Santa Anita.



The Trump hotel chain is one of the five groups interested in becoming part of the mixed development working for Parque Arauco in San Isidro. Parque El Golf will also have office buildings and a really wide commercial area. It is currently in the design stage, and is projected to open during the first months of 2010.

INTRODUCTION

The construction activity remains the economic sector with the highest growing rate within the country, due, partially, to the emergent commercial development; not to forget the residential and office building fields, which, for at least the next two years will continue growing. However, we must evaluate the impact of law, which does not allow an automatic construction license anymore, delaying the execution of several projects. Other fundamental variables for the retail business are the prices per m² in Lima, which have rapidly increased during the last few years, mainly due to the lack of available offer. Generating an offer, results in speculation and the rise of values.

The local commercial panorama remains positive. In Lima and provinces, among other projects and constructions, we can find no less than 10 shopping centers owned by the main players in this field, such as Mall Aventura Plaza, Interseguro, Parque Arauco, Malls Perú, Familia Wong, Grupo Brescia and Grupo Romero. During the month of July, a new shopping center should be inaugurated in the North of Lima: Real Plaza Pro, a project of Interseguro, where we can already find a Plaza Vea Hypermarket working. This group will also develop the Real Plaza Puruchuco shopping center (in Ate); a project that was originally thought by the Grupo Bertolero many years ago. This mall would start operations during the second semester of 2009, and they have apparently paid an amount close to US\$ 20 for it.

The inauguration of the new Mall Aventura Plaza Shopping Center, in the district of Bellavista, is programmed for November, while Malls Perú is carrying out what will become the new Open Plaza Canta Callao.

Towards the end of this year the first stage of Plaza Norte Shopping Center would start operations, a complex being developed by W Administración y Servicios (in charge of the Wong family commercial projects) within the district of Independencia.

Inside the country, Grupo Interbank continues working on the Real Plaza Huancayo Shopping Center, where, in this month of July, a new Plaza Vea Hypermarket should start operating. Meanwhile, in the city of Ica, Grupo Romero is building what will become the Palza del Sol Ica Shopping Center. Furthermore, Mall Aventura Plaza has already demolished what used to be the Porongoche Racetrack in Arequipa, where a new commercial complex will take place. This complex will have an entrepreneurial area, and a health center, just like the one in Bellavista, Callao. Malls Perú has initiated the construction of a power center in Trujillo: Los Jardines Open Plaza, with an investment of US\$ 20 million. They expect to inaugurate at the end of this year. It will have a Tottus hypermarket and a Sodimac store, as well as many other smaller operators.

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With five stores in Venezuela, two about to open in Colombia and soon entering the Mexican market, the national chain Topitop is being consolidated abroad. In Peru, it will become part of the commercial developments of Interseguro.



There are 12 new hypermarkets projected for the 2008 – 2009 period. The next openings will take place in Lima, Bellavista and Comas. The first Tottus store in Villa María del Triunfo will be inaugurated in December.



Real Plaza Pro in Lima Norte, Real Plaza Puruchuco in Lima Este and the commercial development in the Centro Cívico will set the guidelines of Interseguro (Real Estate branch of Interbank) in our capital city. In the rest of the country, the following projects will be Real Plaza Huancayo y Real Plaza Piura.

Numbers are accompanying the bet for shopping centers. In the year 2007, sales in these centers reached US\$ 1,600 million; but we estimate this amount will reach US\$ 2,250 million in 2008.

Regarding other projects, Mall Aventura Plaza continues developing its new shopping center in Lima (Santa Anita). Parque Arauco has a similar design to what will become Parque El Golf, a shopping center that would operate at the beginnings of 2010, with an investment of US\$ 100 million. A new feature of this mall would be the development of a 5-star hotel. The group also has two pieces of land destined to shopping centers in the districts of Santa Anita and Villa María del Triunfo. Grupo Brescia would soon start working on the Monterrico Plaza, where we will find a Plaza Vea Hypermarket and the first Department Store of the Grupo Interbank.

Interseguro has announced the development of Real Plaza Piura and, in Lima, a shopping center within the Centro Cívico. Tottus Hypermarkets announced it has an US\$ 80 million-dollar budget to develop up to 12 new hypermarkets between 2008 and 2009. In the following months, they will inaugurate in Lima (Tacna Ave.) Open Plaza Canta Callao and Mall Aventura Plaza Bellavista; and by the end of the year, in Villa María del Triunfo (Av. Pachacútec), they will also be within the commercial area of the La Pólvora project, in El Agustino. They have recently acquired another piece of land in Puente Piedra for another development, and in provinces, they will open the Plaza del Sol Ica and the Mall Aventura Plaza Arequipa.

Supermercados Peruanos (SPSA) has inaugurated a Plaza Vea hypermarket in Comas (Real Plaza Pro). The next step is the construction of a hypermarket in Puente Piedra, which will start operating in December. In the meantime, they are converting the Santa Isabel store in Magdalena in a Vivanda supermarket. The Plaza Vea store in the Real Plaza Huancayo Shopping Center is expected to be inaugurated within the next weeks.

Other formats, such as the Strip Center, are starting to be developed in Lima. Currently, Grupo Brescia is leading the field with two of these formats operating (San Borja and La Molina), and others just waiting to be developed. The transnational Kimco Realty also enters this field, for they have already announced they will invest US\$ 2.5 million to develop their first strip center which will be located in San Isidro and will be oriented to High Fashion. Parque Arauco estimates to open its first strip center during the first months of 2009, which will be located in Chorrillos and will represent an investment of US\$ 5 million. Other players of this field are the structuralist Jaime Polo, who already has a strip center, the Balboa Strip Mall in Miraflores, and has two more in project. Estrategia y Acción (E&A) is also planning to develop its first strip center in Lima. Likewise, Grupo Algeciras is analyzing the possibility of installing and operating these formats in Lima.

After concluding its first stage, and with part of the second floor already operating, Plaza San Miguel shopping center initiated works in the second stage of its extension last February. This one is expected to be finished by November this year. It includes four underground parking lots (additional to the ones it already has in front of La Marina Ave.) with a capacity of 700 vehicles, plus two levels of stores, and a food court on the second floor, all of which are first class stores. With both stages of this extension, Plaza San Miguel will increase in approximately 50,000 m² its built area, and in near 18,000 m², its leasable area. On part of this 2-story edification, they might build a third floor during the first semester of 2009.

Grupo Torvisco (Anypsa paintings, Ampay beer) is incursionating in the retail market, for they will install in Puente Piedra their first Úniko Supermarket. It is also known that the project is much more ambitious since, on the same premises, they will develop a shopping center, which will be called Centro Imperial Norte.



Maestro Home Center will open three more stores this year in Lima: one in the Plaza Norte de la Familia shopping center, one in Wong, on Av. Colonial in Lima and one in Minka in el Callao. Meanwhile, the construction of the Metro Hypermarket that will be part of the power center being developed in Ate have already begun.



The development of the power center on the Carretera Canta Callao in Lima is still on. In provinces, the construction of Los Jardines Open Plaza in the city of Trujillo have already begun, and is projected to be finished by the end of this year. Huancayo will also have the next Open Plaza.

The Peruvian company Topitop is starting to consolidate within the foreign market. With 5 stores in Venezuela and 2 more, soon to be open in Colombia (between the months of August and September this year), they are also studying the possibility of entering Mexico, for which they are evaluating two locations in the Mexican capital city.

The HSBC continues opening agencies in our capital city. Regarding its entry into provinces, it has been announced that there will be agencies in Piura, Trujillo and Arequipa. Citibank has also announced the installation of agencies in the cities of Arequipa and Trujillo.

Sur Plaza Boulevard shopping center in Asia has a new shareholder; Carlos Ibárcena, a businessman who recently became the majoritary shareholder of this company. This contribution will reinforce the launching of the 2009 summer campaign and will also improve the complex.

The power center being installed by Maestro Home Center in the district of Ate is starting to shape up. Construction works of the Metro Hypermarket to be located there have already begun. This, in addition to the Maestro Home Center store currently working at this location. This offer will compete with a banking area and other minor operators. The home center chain has projected to open three more stores in the Cono Norte, Downtown Lima and Callao.

FASA drugstore chain has announced that its net of stores in Peru, Mexico and Chile will increase with 140 new stores during this year. The investment will be US\$ 80 million; whereas InkaFarma will continue expanding throughout the country. Its goal is to open 30 more stores before the end of 2008.

Starbucks Coffee has inaugurated a new store on Miguel Dasso Street, in San Isidro, and is planning to install a new format within the Centro Empresarial Real (in the same district). Regarding provinces, they are negotiating their entry into the city of Cusco.

Paris department store (from Cencosud) will enter our market during the first semester of 2009. Jockey Plaza and the future Plaza Norte will be the first shopping centers to have this chain within their premises.

Shopping Centers in Lima

From now on, the classification of shopping centers will be based on the definitions of the International Council of Shopping Centers (ICSC), for what our follow-up of shopping centers will apply to the following: Super Regional Centers, Community Centers and Lifestyle Centers.

SHOPPING CENTERS	
SUPER REGIONAL	Jockey Plaza
	Plaza San Miguel
	Mega Plaza
	Plaza Lima Sur
COMMUNITY	Fashion Mall Caminos del Inca
	Molina Plaza
	Primavera Park Plaza
LIFESTYLE	Larcomar
	El Polo
POWER CENTER	Open Plaza Atocongo
	Open Plaza La Marina

The total of typical premises during this second trimester is 863, from which 18 are available, resulting in a vacancy rate of 2.1%. In the Super Regional Centers, the vacancy rate is 0.5%, whereas in the Community Centers it is 5.6% and in the Lifestyle centers it is 1.8%.

Shopping Center Type	Number of Typical Stores	Vacancy (number of stores)	Vacancy Rate
Super Regional	425	2	0.5%
Community	213	12	5.6%
Lifestyle	225	4	1.8%
Total	863	18	2.1%

INDICATORS

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Gross Absorption



Net Absorption



Prices

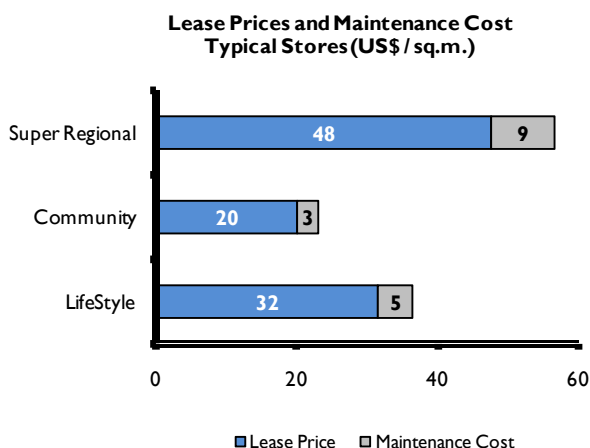


Vacancy



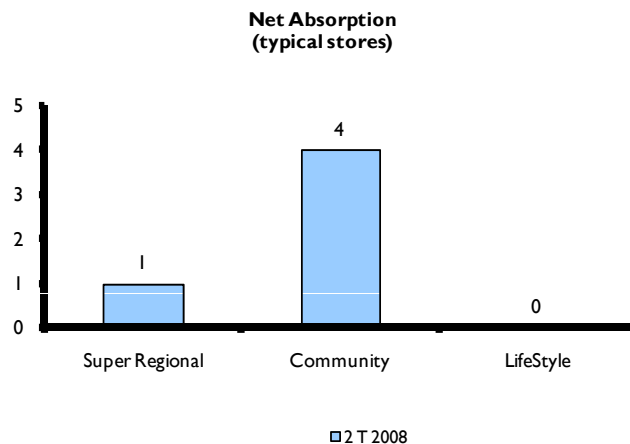
Prices

The lease prices based on this new classification appear as follows: In Super Regional Centers, the average lease price per m² is US\$ 48 and the average maintenance cost is US\$ 9 per m². In Community Centers the average lease price is US\$ 20 per m², with an average maintenance cost of US\$ 3 per m². The average lease price for Lifestyle Centers is US\$ 32 per m² and the average maintenance cost is US\$ 5 per m².



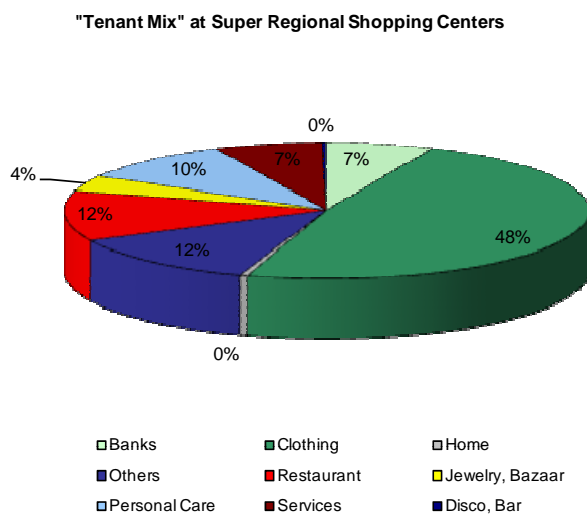
Demand

During the second trimester we have observed a greater movement of Community Centers, and consequently, a higher number of occupations. These movements translate into incomes, vacancies and changes of operators. The highest income average also belongs to this kind of centers.



Tenant Mix

The tenant mix in the Super Regional Centers is being led by the clothing field with 48% of the premises, followed by restaurants and others with 12% each. In the Community Centers, the clothing field also leads the mix with 52% of participation, followed by others with 20% and personal care with 11%. In the Lifestyle Centers, 47% of the mix belongs to the clothing field, followed by others with 18% and restaurants with 11%.



Forecast

This commercial development brings a wide variety of possibilities and changes. Not only the retail market progresses, but it also extends an invitation for other fields to enter the market and benefit from this economic and juridical stability, so necessary for a healthy development. Investments are still coming. There is an interesting hotel wave approaching: Hotel Fairmont in Tumbes; Hilton in Cusco; Accor, Westin Libertador in Lima; Double Tree in Ica (about to be inaugurated); and Grupo Posadas from Mexico, with its intention to enter our market, are some of the hotel projects currently being studied.

Not long ago, we mentioned the lack of land in Lima to develop projects; but nowadays, we must say that, according to this logic, prices have risen significantly. It is now up to investors to study the profit possibilities in the current market. There is no lack of money or administration and the development of Real Estate funds is proof of the crescent dynamism. Under these circumstances, the State started selling its properties and offering them in order to give this land a better use, for they have been the objective of several commercial and residential developers for many years now. The definition of the zoning assigned to the premises might improve and, therefore, the development of projects might become more feasible. Furthermore, the funds gathered by the State in these processes may also increase. For this, the Executive Power should work along with the local councils responsible of this definition.

In the last few years, the consultations made to our specialized department were mainly juridical, economical and about the possibilities of entering our market. Currently, these consultations concern the size of the demand, penetration indices and supermarketism. With a 10,2% growth rhythm during this first semester and higher growth projections, there is a lot of space to fulfill the commercial demand. New players will continue arriving and with that, new opportunities. In this last part, we would like to mention the qualification assigned by Standard & Poor's, which ratifies the grade of investment and recognizes the stability of our economy. The following is a scheme of the current movements of the market.

Shoppings Centers Projects - Peru

Developer	Project	Location	Current Status
Aventura Plaza	Mall Aventura Plaza Bellavista Mall Aventura Plaza Arequipa Mall Aventura Plaza Santa Anita	Bellavista Arequipa Santa Anita	Under Construction Under Construction Project
Interseguro	Real Plaza Pro Real Plaza Puruchuco Centro Cívico Real Plaza Piura	Comas Ate Lima Piura	Under Construction Under Construction Project Project
Malls Perú	Open Plaza Canta Callao Los Jardines Open Plaza Open Plaza Surquillo Open Plaza Huancayo La Pólvara	Comas Trujillo Surquillo Huancayo El Agustino	Under Construction Under Construction Project Project Under Construction
Parque Arauco	Parque El Golf Proyecto Santa Anita Proyecto Villa María del Triunfo La Pólvara	San Isidro Santa Anita Villa María del Triunfo El Agustino	Under Construction Under Construction Project Under Construction
W Administración y Servicios (Familia Wong)	Plaza Norte	Independencia	Under Construction
Grupo Brescia	Monterrico Plaza	La Molina	Project
Grupo Romero	Plaza del Sol Ica	Ica	Under Construction
Grupo Torvisco	Centro Imperial Norte	Puente Piedra	Project

293 OFFICES IN 61 COUNTRIES
ON 6 CONTINENTS

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Canada 19
Latin America 18
Asia Pacific 62
EMEA 95

868 million square feet under
management

11,000 Professionals

INFORMES

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