

The background of the slide features a low-angle shot of several modern skyscrapers with glass facades. The buildings are partially obscured by a soft, hazy light, possibly from a sunrise or sunset, creating a warm, golden glow. The glass reflects the sky and other buildings, adding depth to the scene.

LEECHIU
PROPERTY CONSULTANTS

INSIGHTS ON THE PHILIPPINE REAL ESTATE MARKET

David Leechiu - CEO
January 10, 2017

ADB raised its growth forecast for the Philippines to 6.4% from 6% in the earlier Asian Development Outlook.
- September 2016

Philippines gross domestic product (GDP) expanded by 7.1% during the third quarter of 2016.
-Philippine Statistics Authority. November 2016



PHILIPPINES

THE COUNTRY IS FUNDAMENTALLY STABLE.

Philippines earned one notch above in terms of Investment Grade. Fitch affirms the Philippines at 'BBB-'; Outlook Positive
- April 2016

“Philippines likely remains the fastest growing economy in the 2Q of 2016 among the major emerging economies in Asia.”
- Socioeconomic Planning Secretary Ernesto Pernia, August 2016

Metro Manila Cityscapes

- Most of these districts will be **fully developed by 2018**.
- There will be **little land left for development**.
- The most important districts moving forward will be **Bonifacio Global City, Bay Area, Filinvest City, and Arca South**.

3 MAJOR CBDs

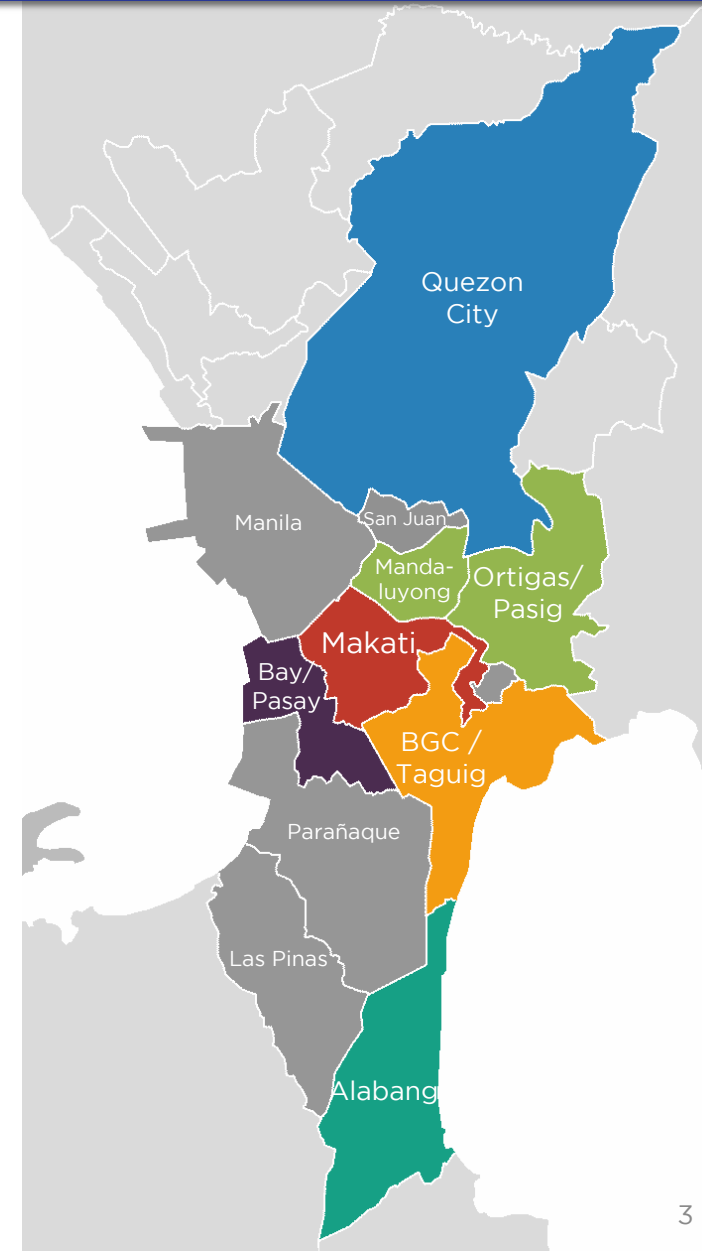
MAKATI MAKATI CBD. CENTURY CITY. ROCKWELL CENTER. CIRCUIT MAKATI.

ORTIGAS ORTIGAS CBD. ROCKWELL BUSINESS CENTER. ARCOVIA CITY. SILVER CITY. CAPITOL COMMONS.

BGC BONIFACIO GLOBAL CITY. MCKINLEY WEST. MCKINLEY HILL. UPTOWN. VERITOWN.

46 BUSINESS PARKS

QUEZON CITY. UP TECHNOHUB. EASTWOOD CITY. ETON CENTRIS. ARANETA, CYBERARK. ROBINSONS BRIDGETOWNE IT PARK. VERTIS NORTH. UP TOWN CENTER. FAIRVIEW TERRACES. ALI CLOVERLIEF BALINTAWAK. NUVO.
MANDALUYONG. GREENFIELD DISTRICT. ROBINSONS CYBERGATE. ROCKWELL SHERIDAN. **SAN JUAN**. ROCKWELL HILLSIDE. **MUNTINLUPA**. FILINVEST CORPORATE CITY. LA FUERZA. NORTHGATE CYBERZONE. MADRIGAL BUSINESS PARK. ALABANG WEST. **TAGUIG**. ARCA SOUTH. **LAS PINAS**. PORTOFINO. EVIA.
PASAY. NEWPORT CITY. SM MALL OF ASIA COMPLEX. METROPOLITAN BUSINESS PARK. DOUBLE DRAGON CYBERCAMPUS. FILINVEST CYBERZONE PASAY. **PARANAQUE**. ASIAWORLD CITY. ASEANA BUSINESS PARK. AYALA ASEANA. **MANILA**. CITYPLACE. SAN LAZARO.



Regional Cityscapes

LAOAG. CAMELLA. VALDEZ CENTER. **CAGAYAN.** CAGAYAN SPECIAL ECONOMIC ZONE AND FREEPORT. **BAGUIO.** BAGUIO AYALA LAND TECHNOHUB. SM BAGUIO CYBERZONE BUILDING. PCH IT CENTER. ABANAO SQUARE. **TARLAC.** LUISITA BUSINESS PARK. TARLAC PROVINCIAL IT PARK. **BULACAN.** PDC TECHNOPARK. ALTARAZA. FIRST BULACAN IT PARK. CIUDAD DE VICTORIA. ABS-CBN CAMPUS. **URDANETA.** CB MALL.

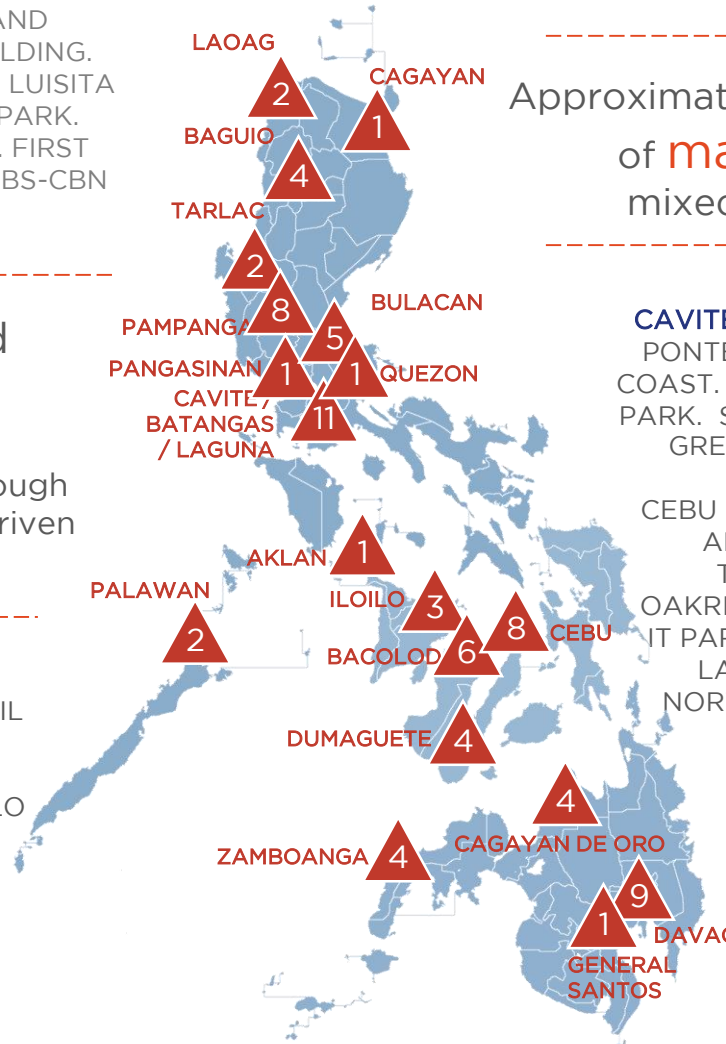
Unprecedented countryside development.

Approximately **130,200 hectares** of **master-planned** or mixed-use developments

Over **80 I.T. parks** and business districts

Countryside development going through unprecedented construction boom driven by **BPO** and **tourism.**

PAMPANGA. CLARK SPECIAL ECONOMIC ZONE. PHILEXCEL BUSINESS PARK. BERTAPHIL BUSINESS PARK. SM CITY CLARK. CLARK GREEN CITY. GGLC. ALVIERRA. CAPILION. **AKLAN.** BORACAY NEW COAST. **ILOILO.** ILOILO TECHNOHUB. ATRIA PARK DISTRICT. GAISANO CAPITAL. **BACOLOD.** LOPUE'S EAST IT CENTER. ONE AND TWO SANPARQ. THE BLOCK IT PARK. ROBINSONS CYBERGATE CENTER. LOPUE'S SOUTHSQUARE IT PARK. **BACOLOD** IT PARK. CAPITOL CENTRAL. **DUMAGUETE.** DUMAGUETE BUSINESS PARK. LINKSYS IT PARK. LP IT PARK. YY STAR DAS.



Legend:
▲ Number of townships

CAVITE. **BATANGAS.** **LAGUNA.** VERMOSA. PONTEFINO. SUNTECH IT PARK. HAMILO COAST. SMDM IT CENTER. SOUTHFORBES IT PARK. SOUTHWOODS. NUVALI. ETON CITY. GREENFIELD CITY. PUERTO AZUL. **CEBU.** CEBU IT PARK. CEBU BUSINESS PARK. MACTAN NEWTOWN. ABOITIZLAND CEBU. WATERFRONT TOWNSHIP. CITTA DE MARE. SMC. OAKRIDGE BUSINESS PARK **DAVAO.** MATINA IT PARK. ABREEZA. DAVAO PARK DISTRICT. LANANG IT PARK. DAMOSA IT PARK. NORTHPOINT. CAMELLA. CIUDADES. LUBI ISLAND PLANTATION. **PALAWAN.** LIO RESORT TOWN. SAN VICENTE. **QUEZON.** BALESIN ISLAND CLUB **ZAMBOANGA.** MEGALAND MALL. CITYMALL ZAMBOANGA. ZAMBOECOZONE AND FREEPORT NEW TOWNSHIP. ZAMBOECOZONE HIGHLANDS. **CAGAYAN DE ORO.** LIMKETKAI CENTER. SM CITY BPO 2. CENTRIO. ONE PROVIDENCE.



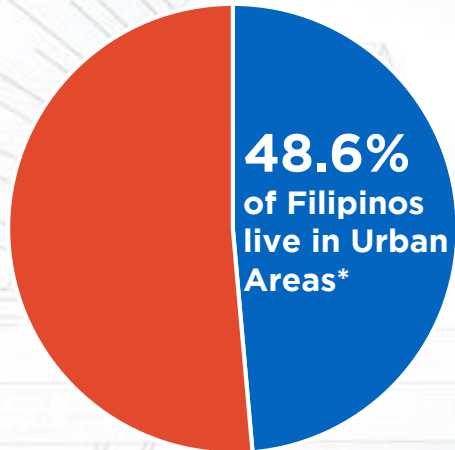
Urban
Population Growth



BPO Employee's
Housing Need



Overseas Filipino
Remittances



48.6%
of Filipinos
live in Urban
Areas*

It is projected to rise to **56.3%**
by 2030 and **66%** by 2050.

Growing
number of
BPO workers



Need to live
near
their
workplace.

**Housing backlog needs
to be addressed and
demand for dormitories
will rise.**

10 million

OF's can invest in Real
Estate

More than 50%
of remittances
are real estate
related



OFFICE MARKET

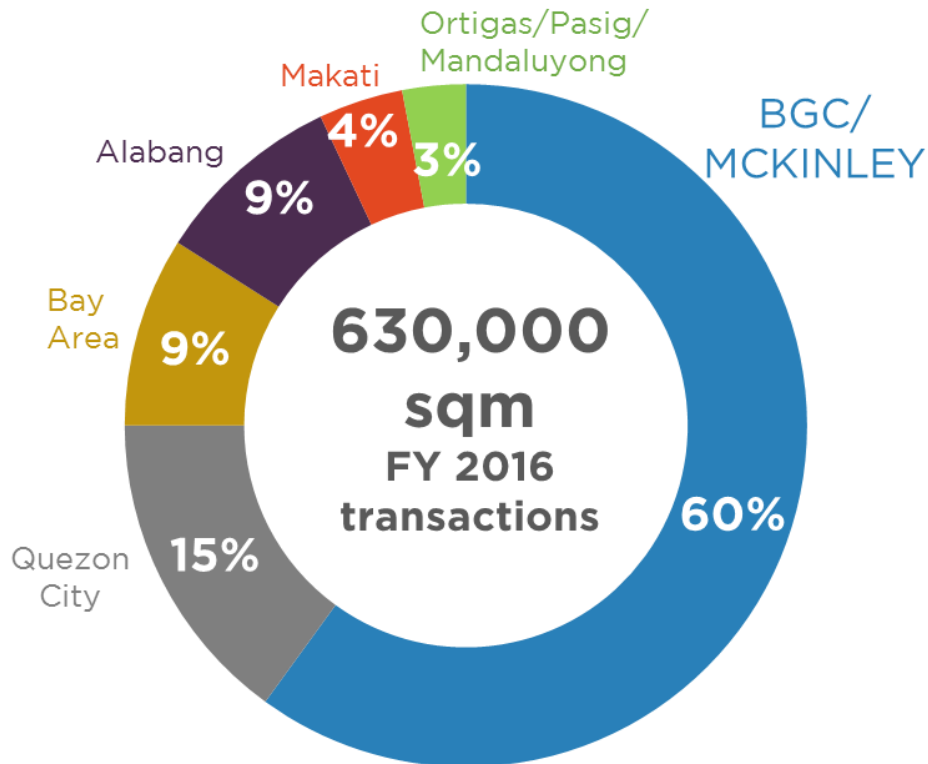
Metro Manila Market Insights

Metro Manila Demand Activity

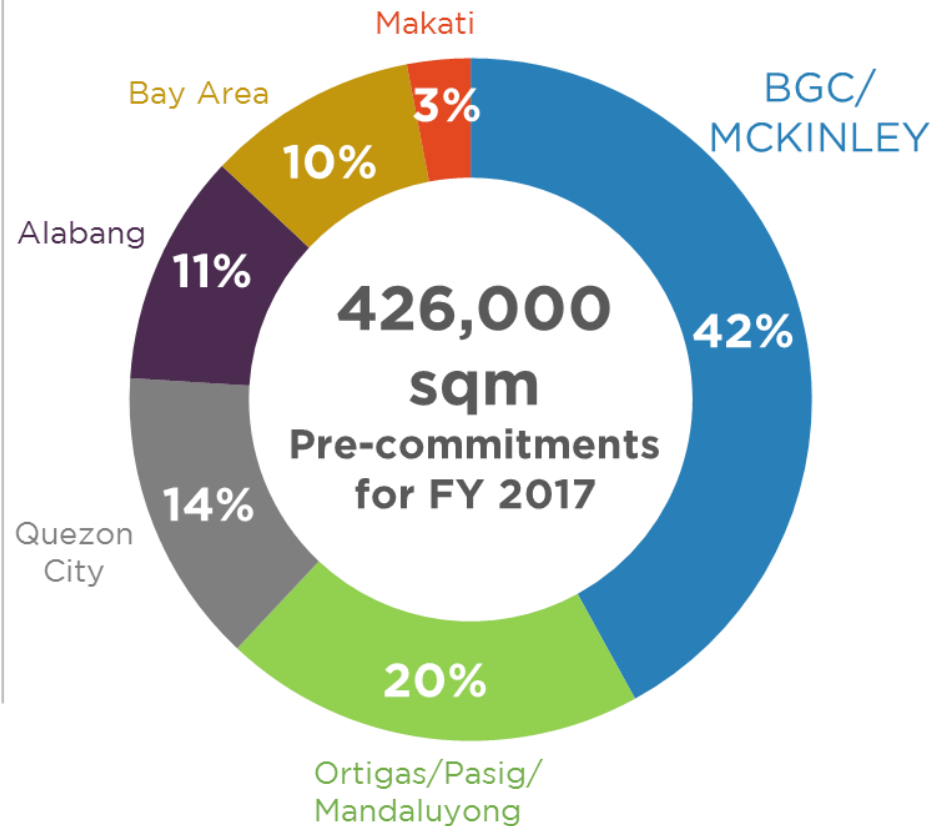
By Location | 2017E vis-à-vis 2016

Bonifacio Global City remains to be the undisputed preferred location for tenants.

Full Year 2016



2017 Full Year Pre-commitments

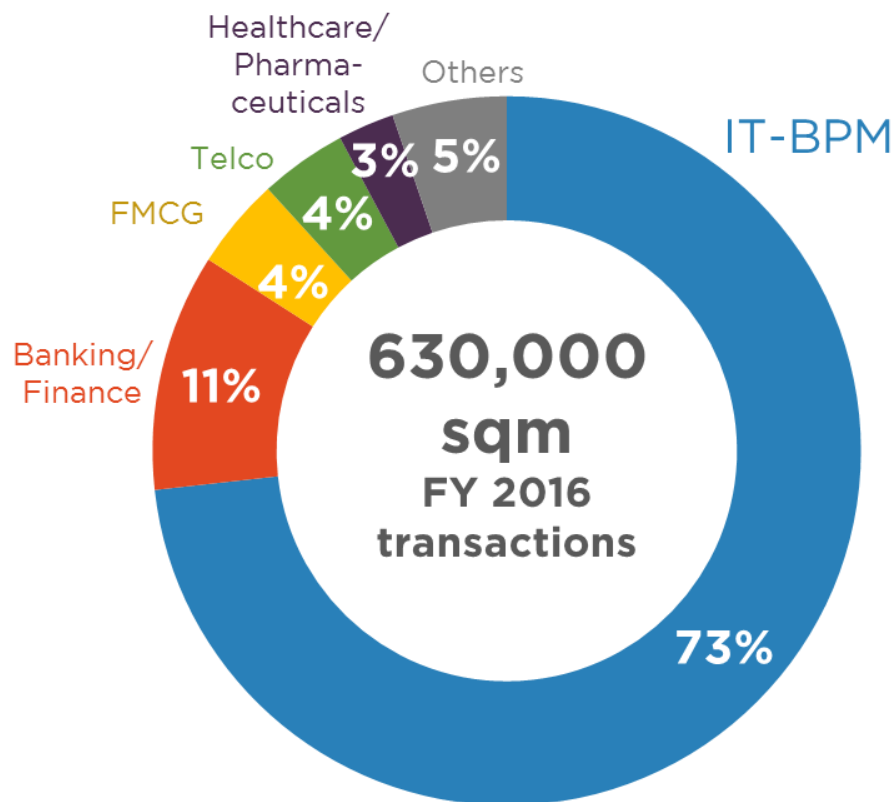


Metro Manila Demand Activity

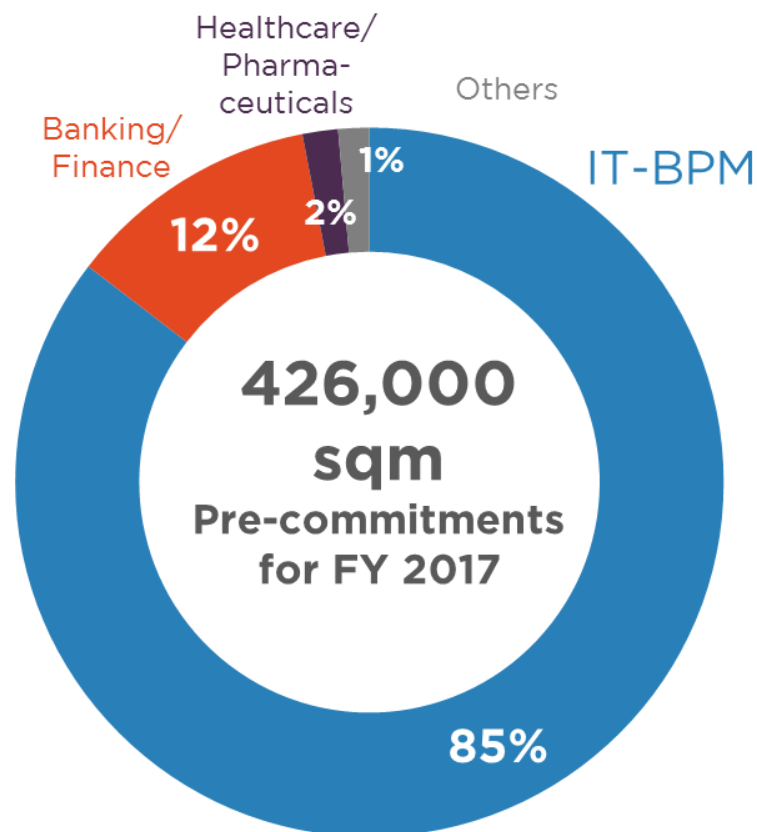
By Industry | 2017E vis-à-vis 2016

The IT-BPM industry relentlessly drives the demand for office space in Metro Manila, retaining a share of above 70% for 2016 and 2017E.

Full Year 2016



2017 Full Year Pre-commitments



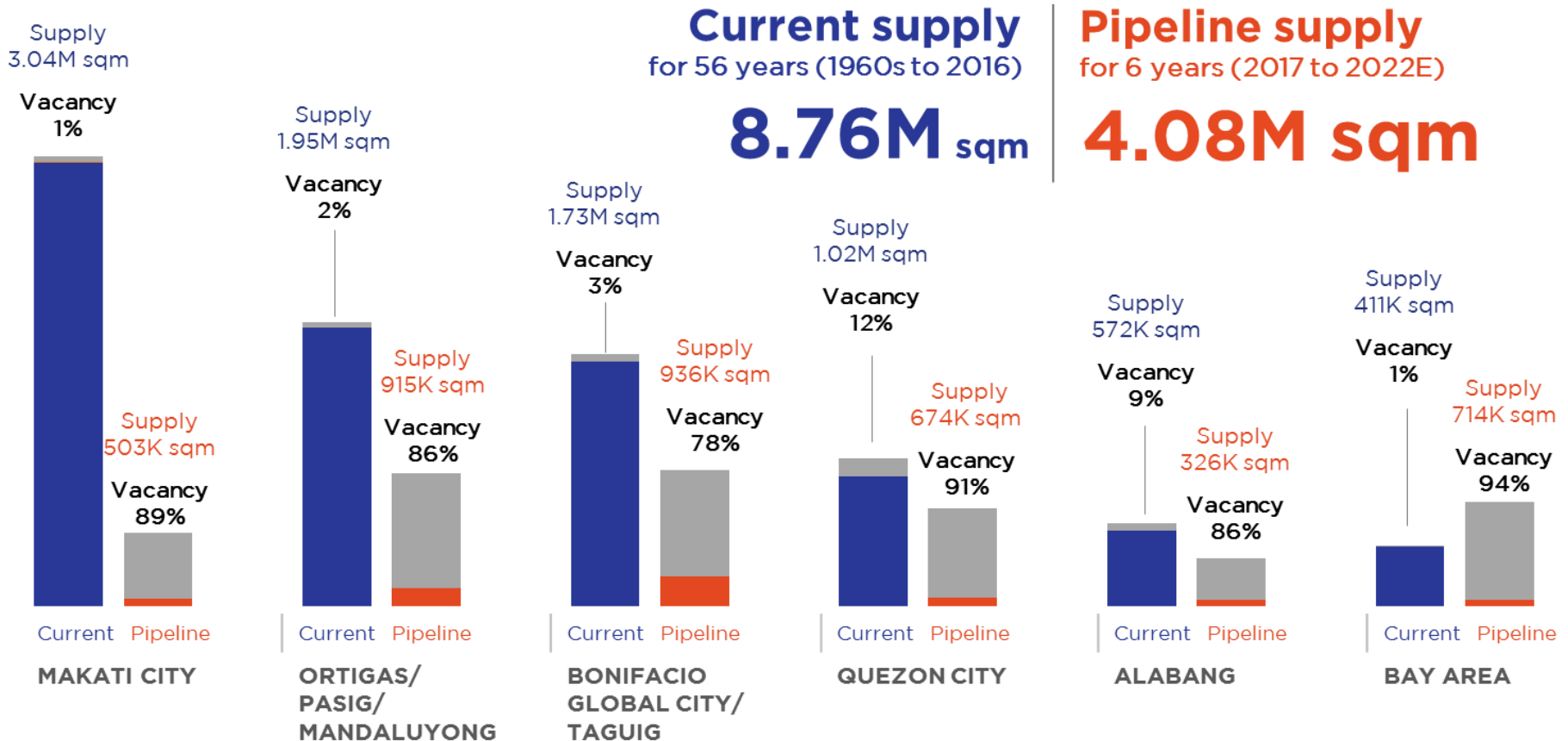
Metro Manila Current vs. Pipeline Supply

Current vacancy rate across Metro Manila is at an all time low of 3.6%.

As of January 2017, there is a record number of 426,300 sqm pre-commitments for office space for 2017.

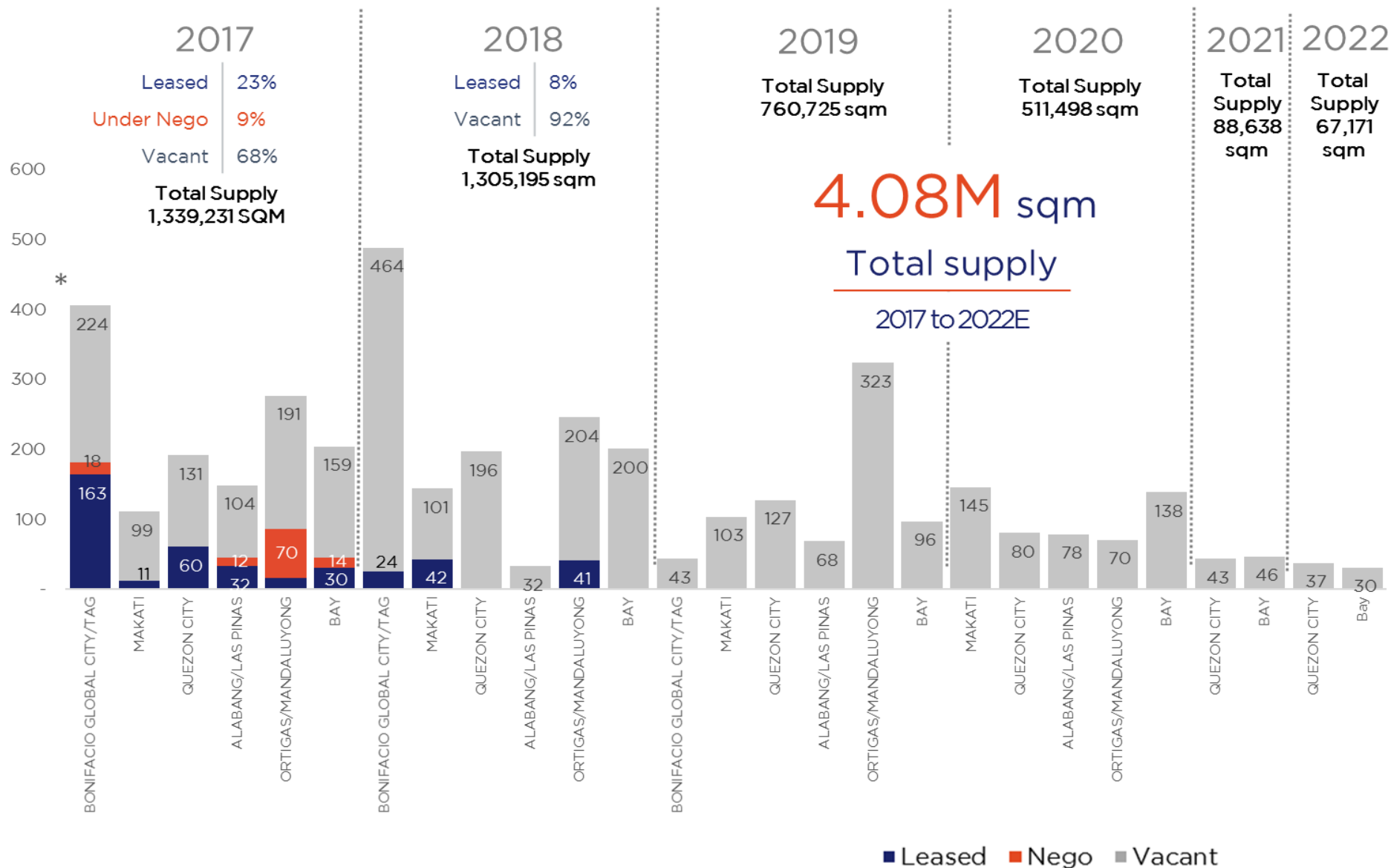
Bonifacio Global City, Quezon City, and Bay Area will more or less double its office space stock in the next 6 years.

Future office supply will mostly come from BGC, followed by Ortigas/Pasig/Mandaluyong, and Bay Area.



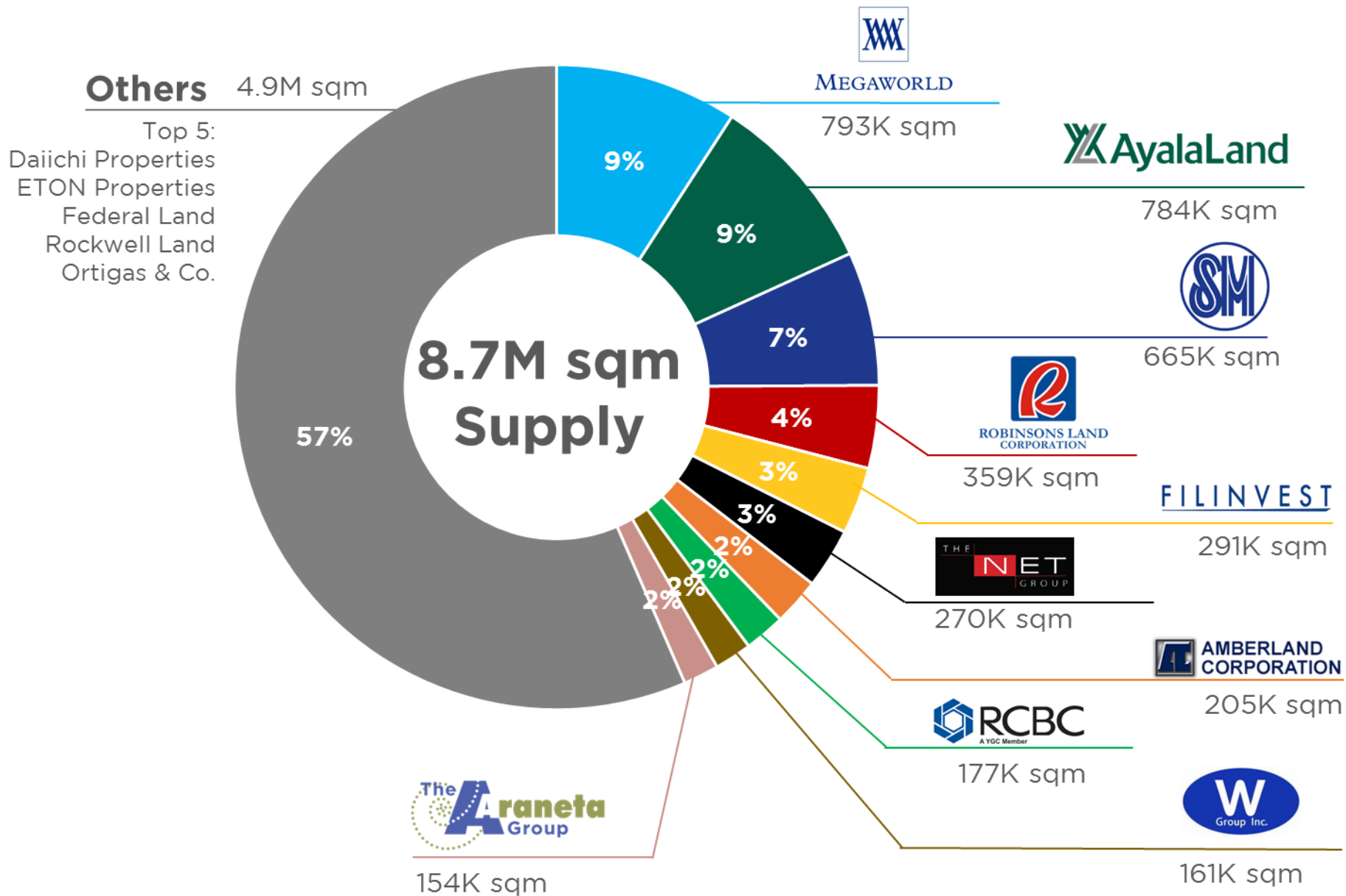
Metro Manila Supply Pipeline

Per District, per Year (2017 to 2022E)



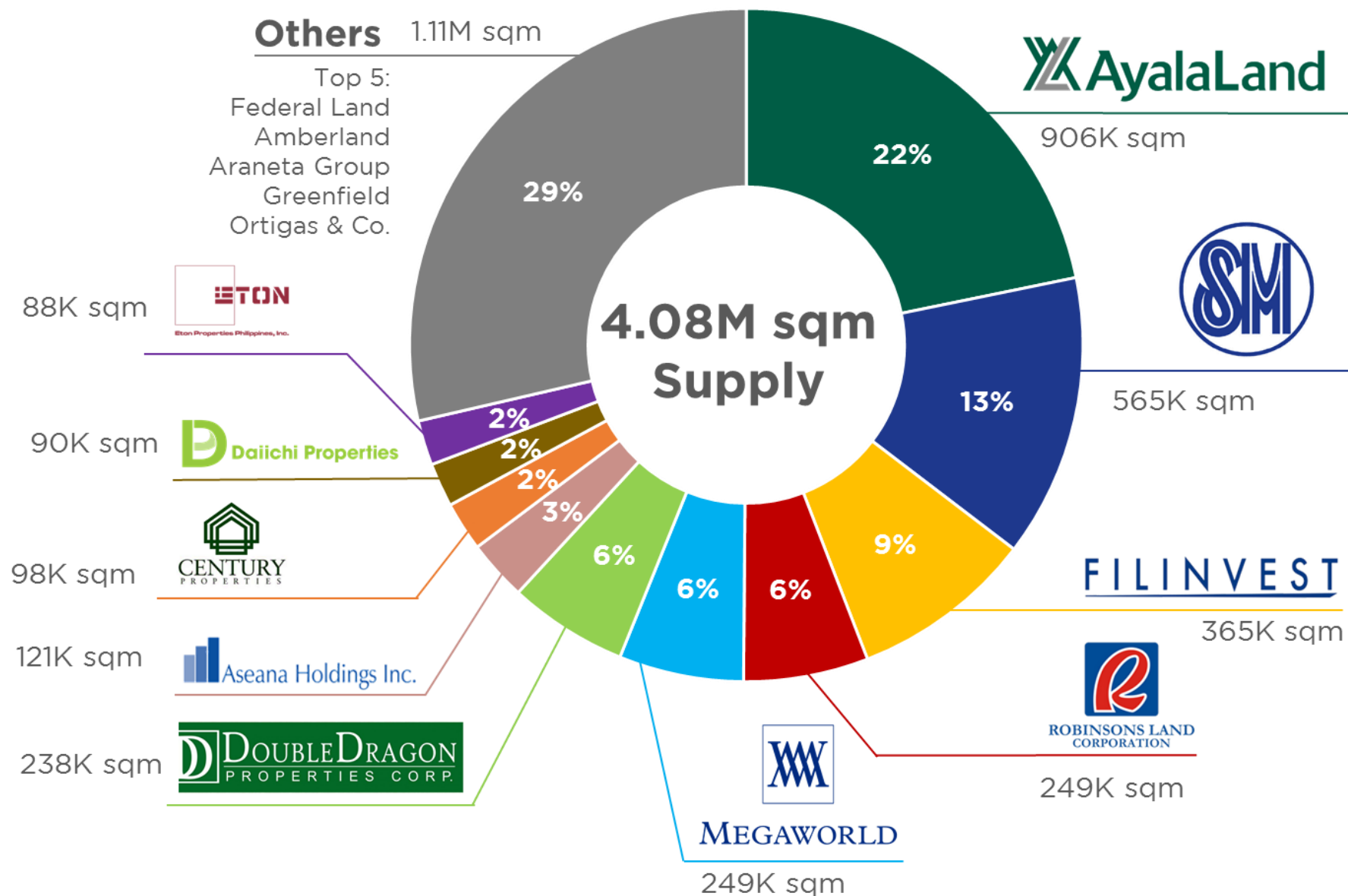
*Gross Leasable Area in thousands (sqm)

Metro Manila Current Supply Developer Market Share (1960's to 2016)



Metro Manila Supply Pipeline

Developer Market Share (2017 to 2022E)

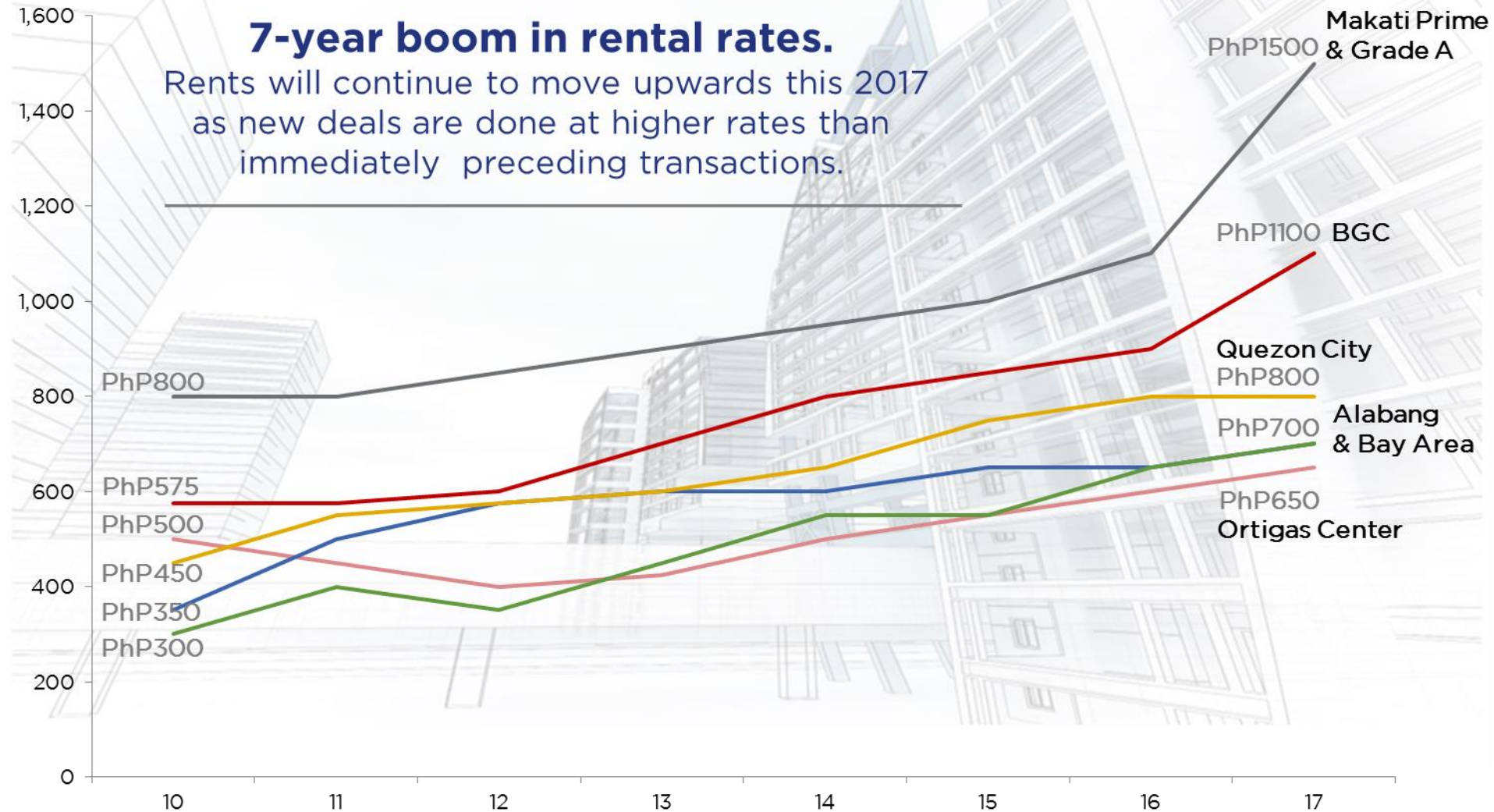


Metro Manila Rental Range

(PhP per sqm. per month)

7-year boom in rental rates.

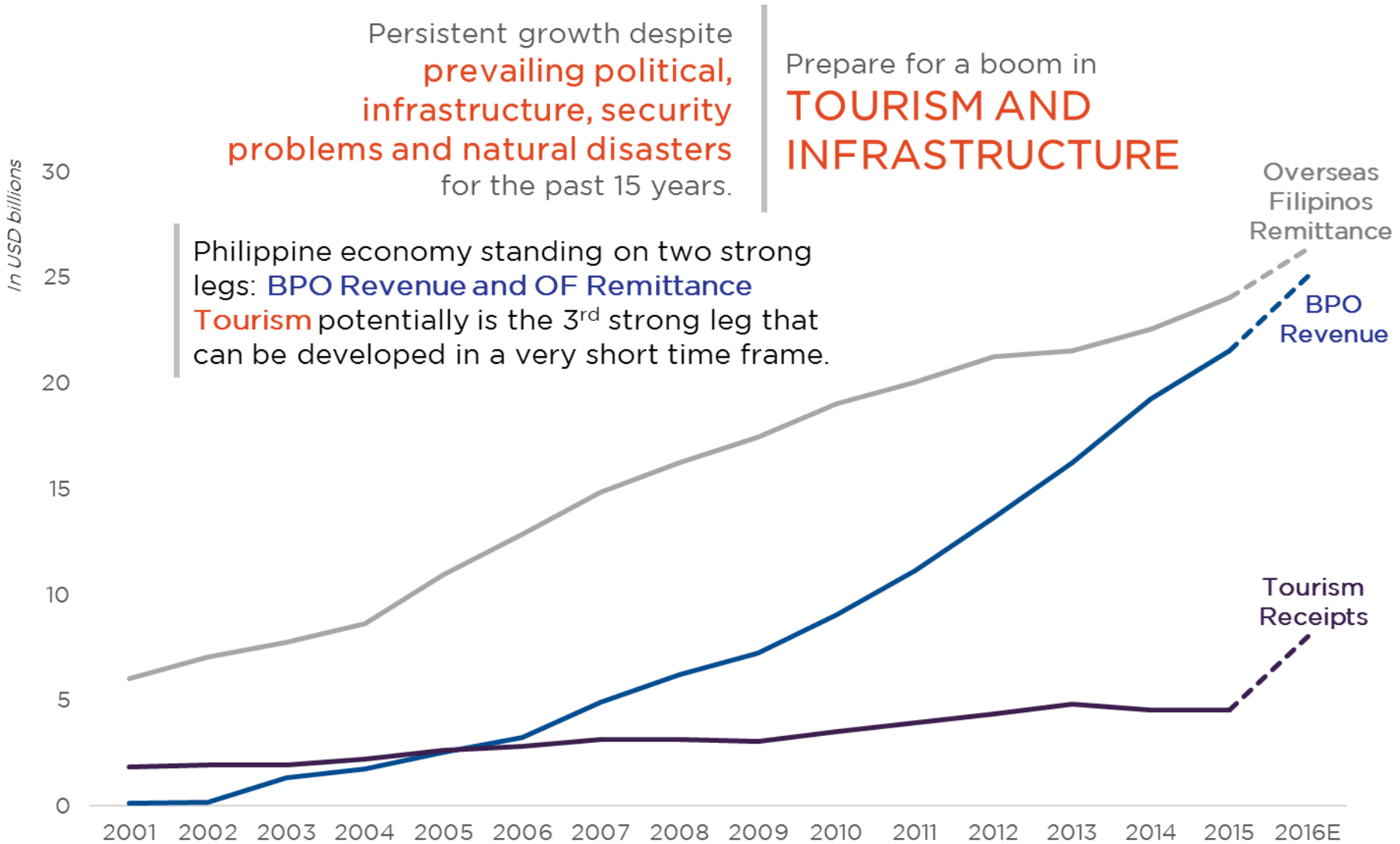
Rents will continue to move upwards this 2017 as new deals are done at higher rates than immediately preceding transactions.



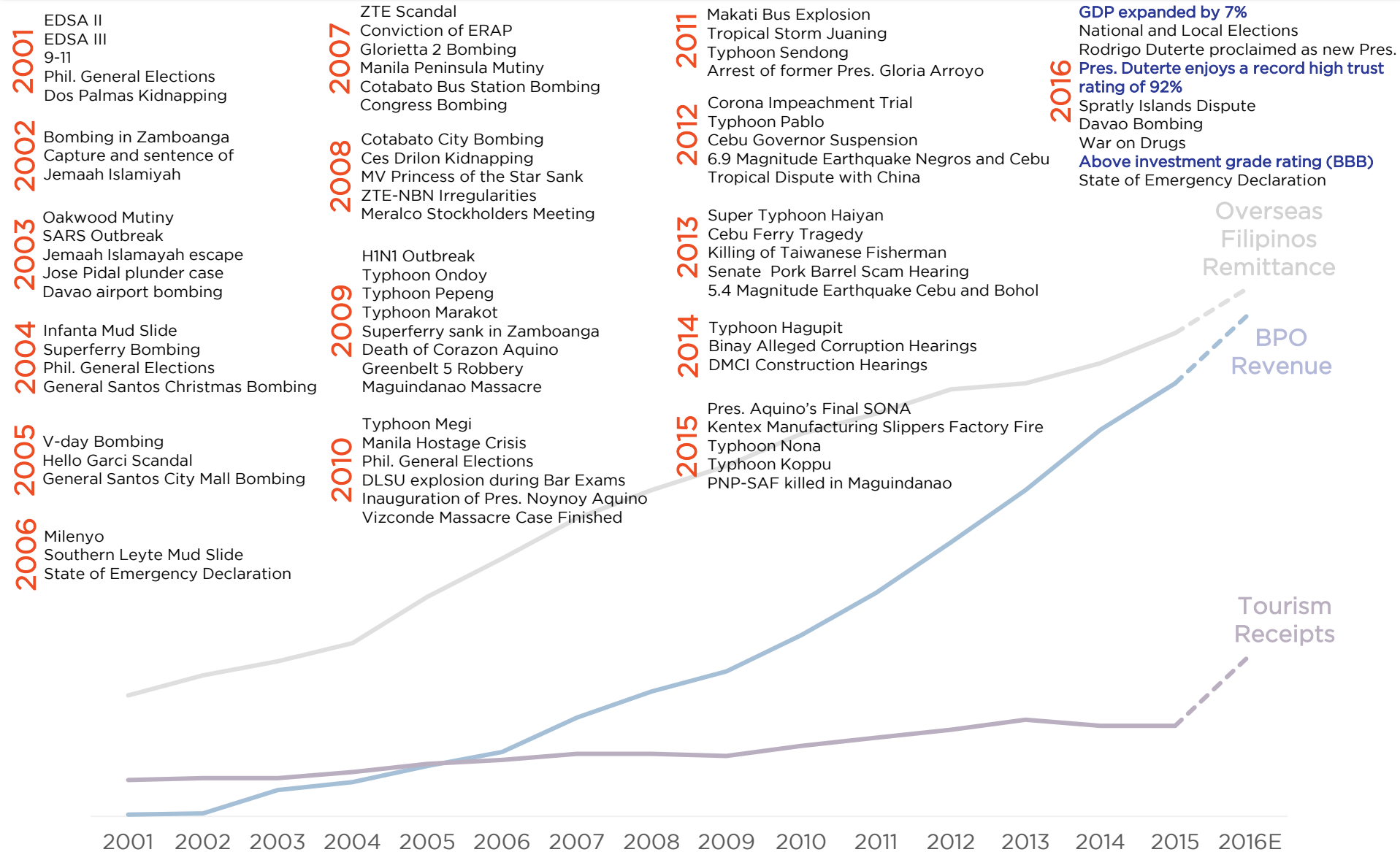
Land Values by Business District

Business District	*FAR Range	Y-o-Y Increase % (2014-2015)	Land Values Php/sqm (2015)	Accommodation Value GFA/sqm (2015)	Land Values Php/sqm (2016)	Accommodation Value GFA/sqm (2016)	Y-o-Y Increase % (2015-2016)
Filinvest City	6 - 14	17%	99k - 264k	19,000	120k-280k	20,000	6%
Arca South	6 - 8	0%	210k - 220k	28,000	210k-280k	35,000	27%
Bay City	6	38%	150k - 180k	30,000	198k	33,000	10%
Bonifacio Global City	6 - 15	14%	270k - 600k	40,000	360k-900k	60,000	50%
Makati	6 - 16	27%	210k - 560k	35,000	300k - 800k	50,000	43%
Ortigas	N/A	10%	109k - 223k	N/A	200k - 350k	N/A	57%

Bonifacio Global City still has the highest land values in the Philippines in the last 10 years.



PH Growth Amidst Historical Events



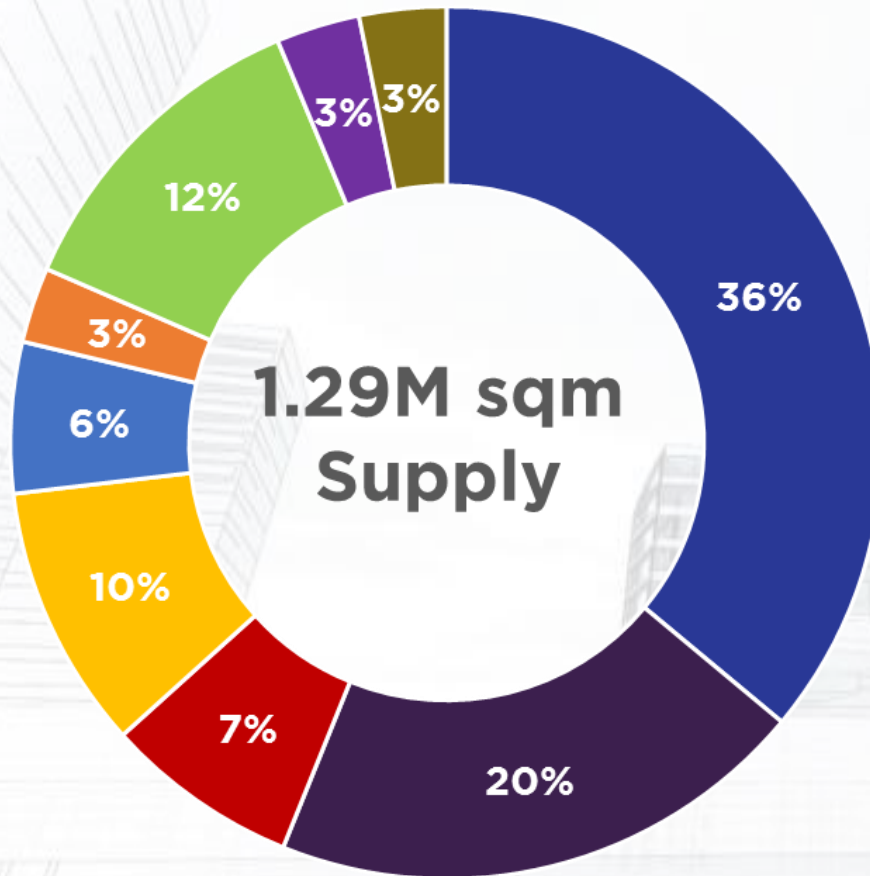


PROVINCIAL MARKET

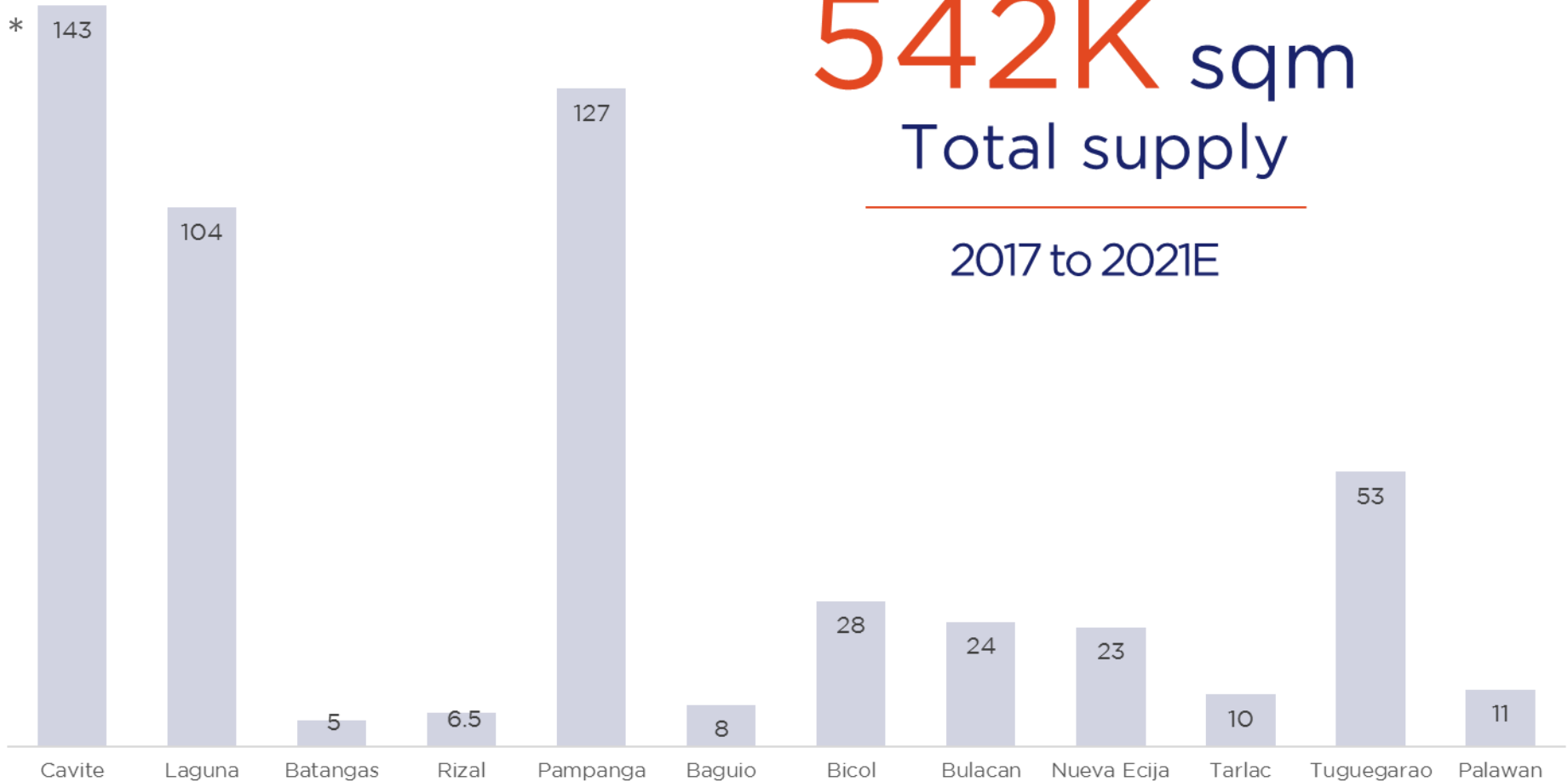
Metro Manila Market Insights

Provincial Pipeline

(2017 to 2022E)



PROVINCES	Supply (sqm)
CEBU	464,766
CALABARZON	258,777
DAVAO	92,919
PAMPANGA	126,614
ILOILO	72,168
BACOLOD	36,000
REST OF LUZON	156,590
REST OF VISAYAS	40,039
REST OF MINDANAO	41,565
TOTAL	1.29M sqm



Legend:

Leased

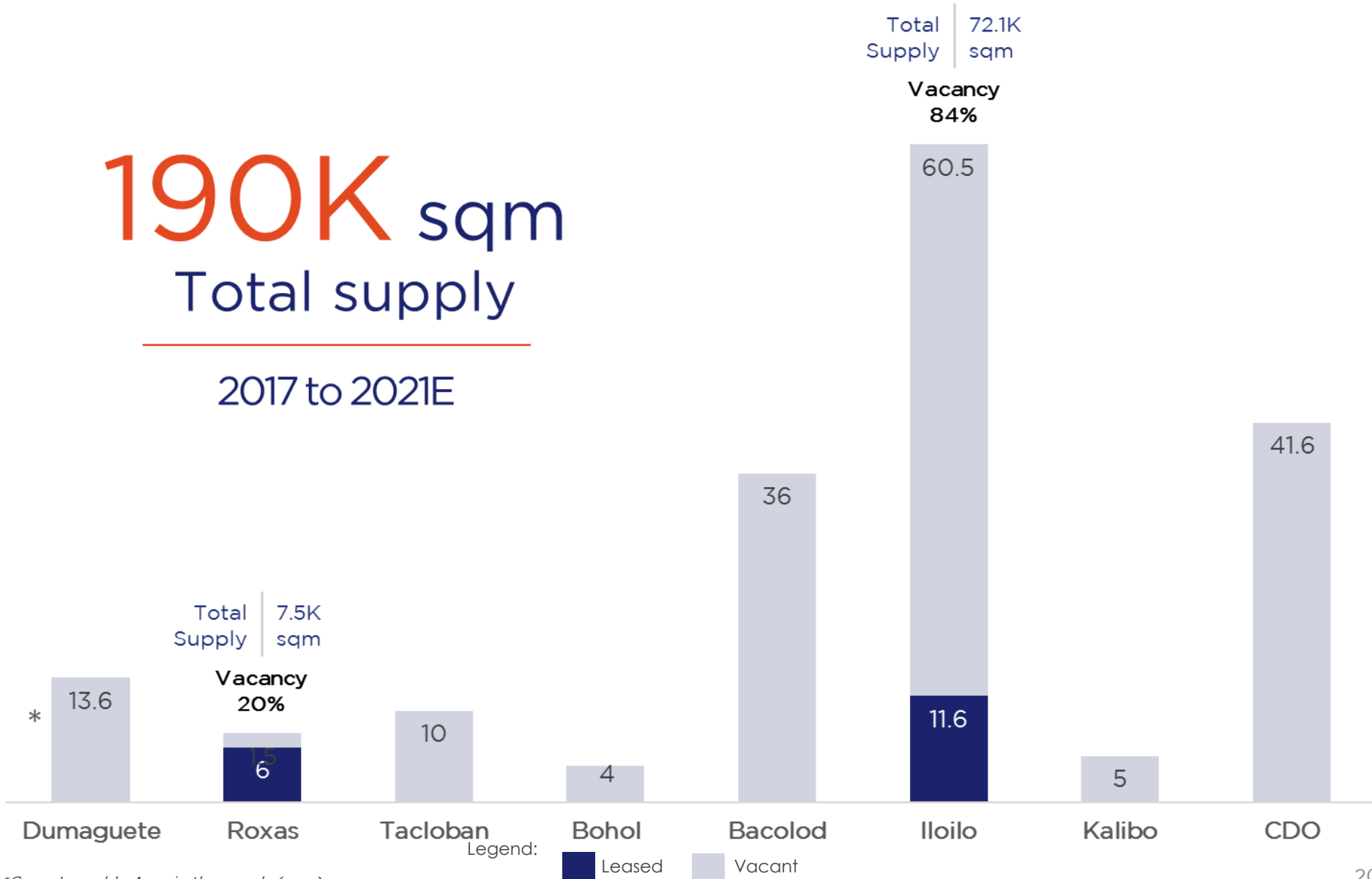
Vacant

Visayas and Mindanao

Excluding Cebu and Davao | Supply Pipeline (2017 to 2021E)

190K sqm
Total supply

2017 to 2021E



*Gross Leasable Area in thousands (sqm)

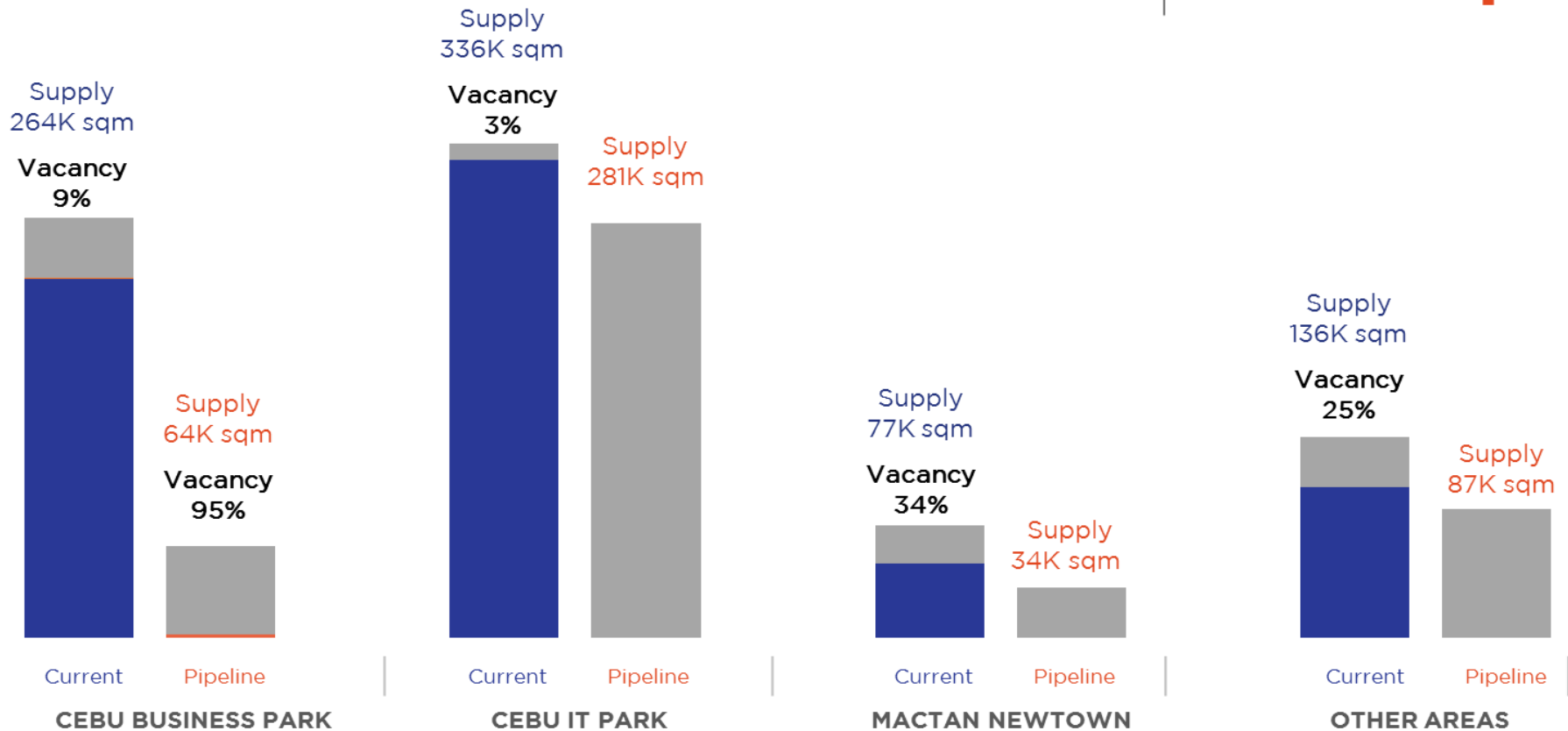
Cebu Current vs. Pipeline Supply

Current supply
1990s to September 2016

831K sqm

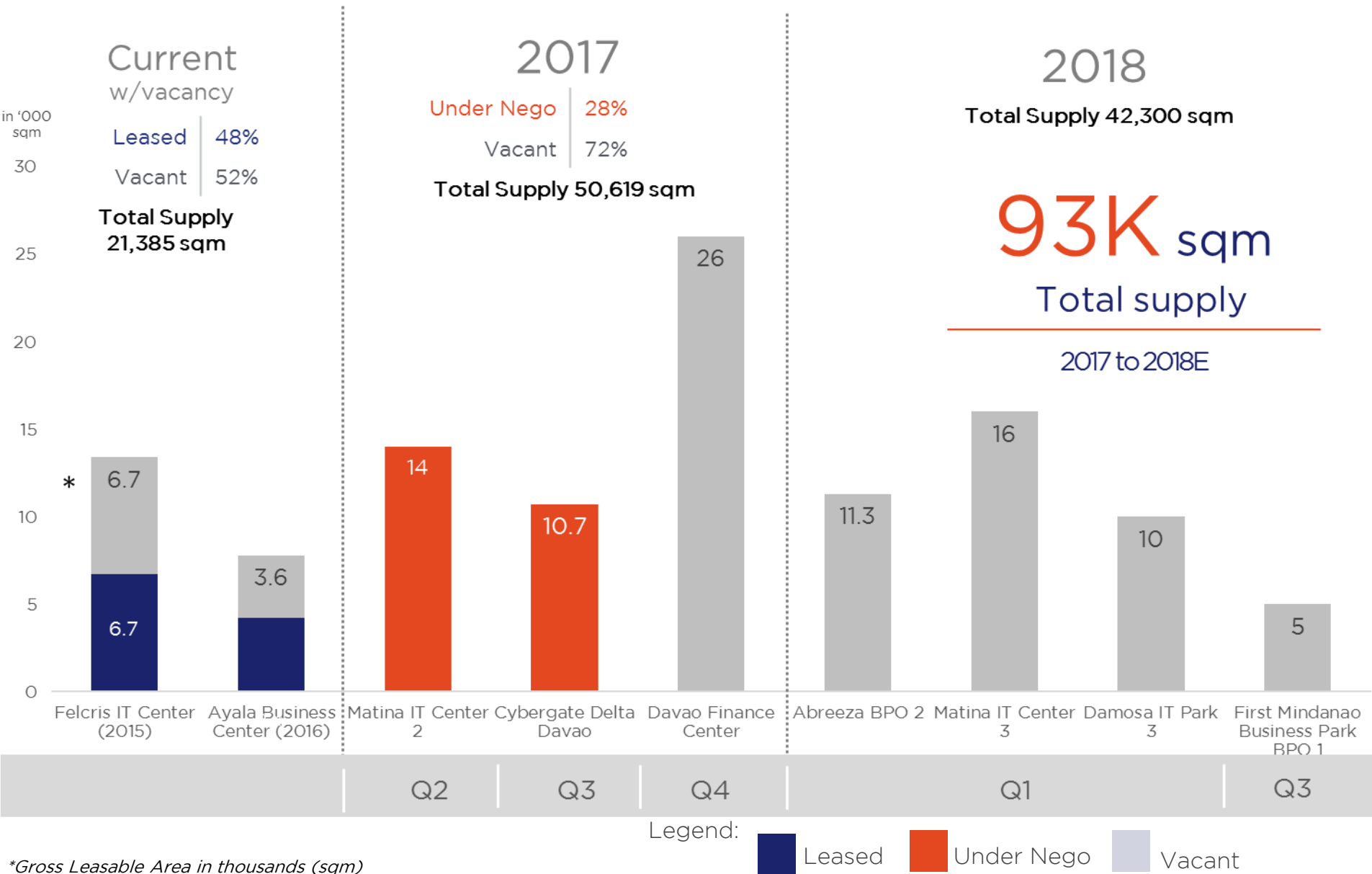
Pipeline supply
2017 to 2023E

465K sqm



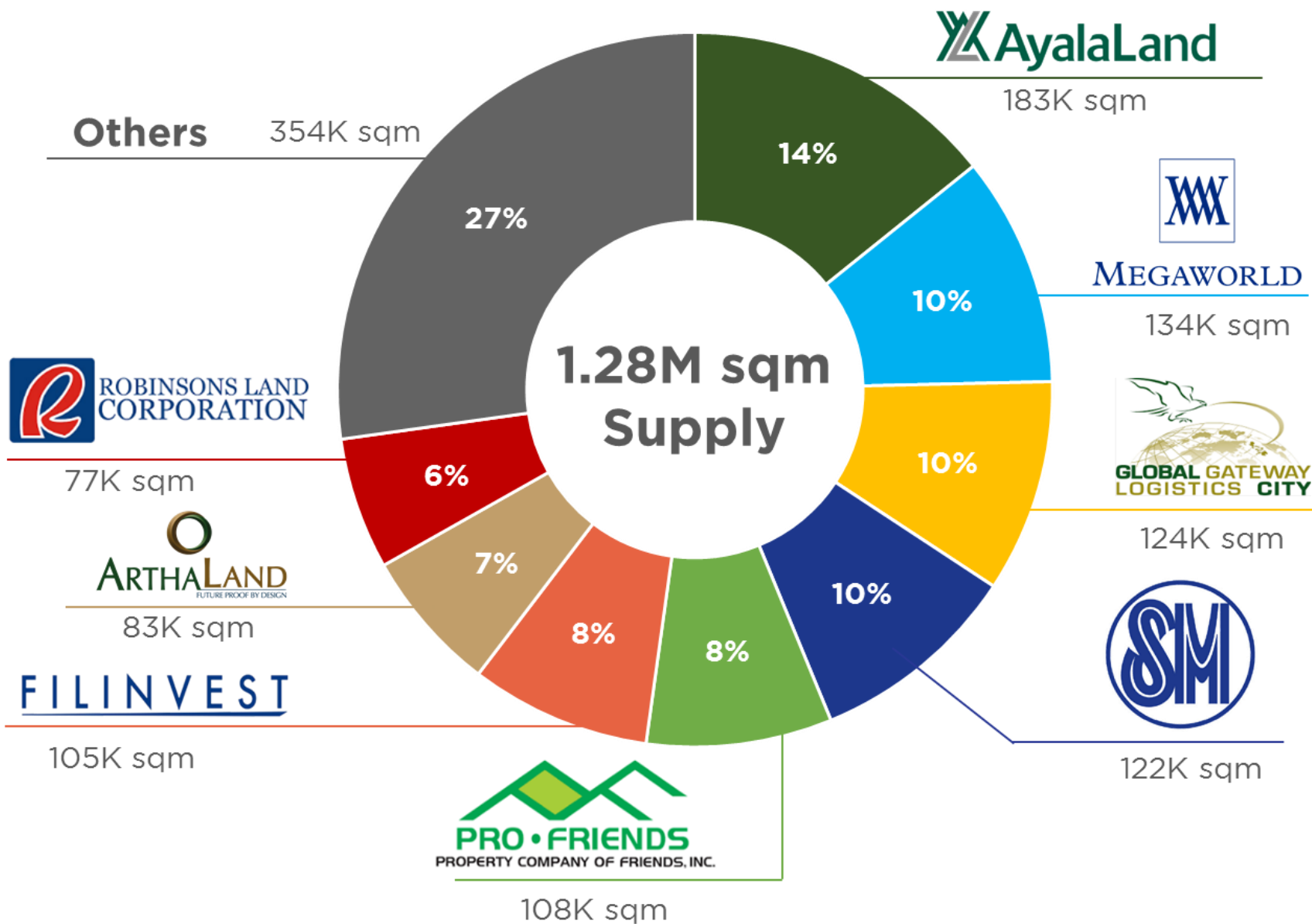
Davao Supply Pipeline

(Current Buildings with Vacancy to 2018E)



*Gross Leasable Area in thousands (sqm)

Provincial Pipeline Developer Market Share (2017 to 2022E)





SUPPLY VS. DEMAND

Metro Manila Market Insights

Metro Manila

Demand vs. Supply (4Q 2016 to 2022E)

4Q 2016:
788,427
FTEs**

METRO MANILA DEMAND
(1.8M PH FTEs by 2022 and 70% are in Metro Manila)

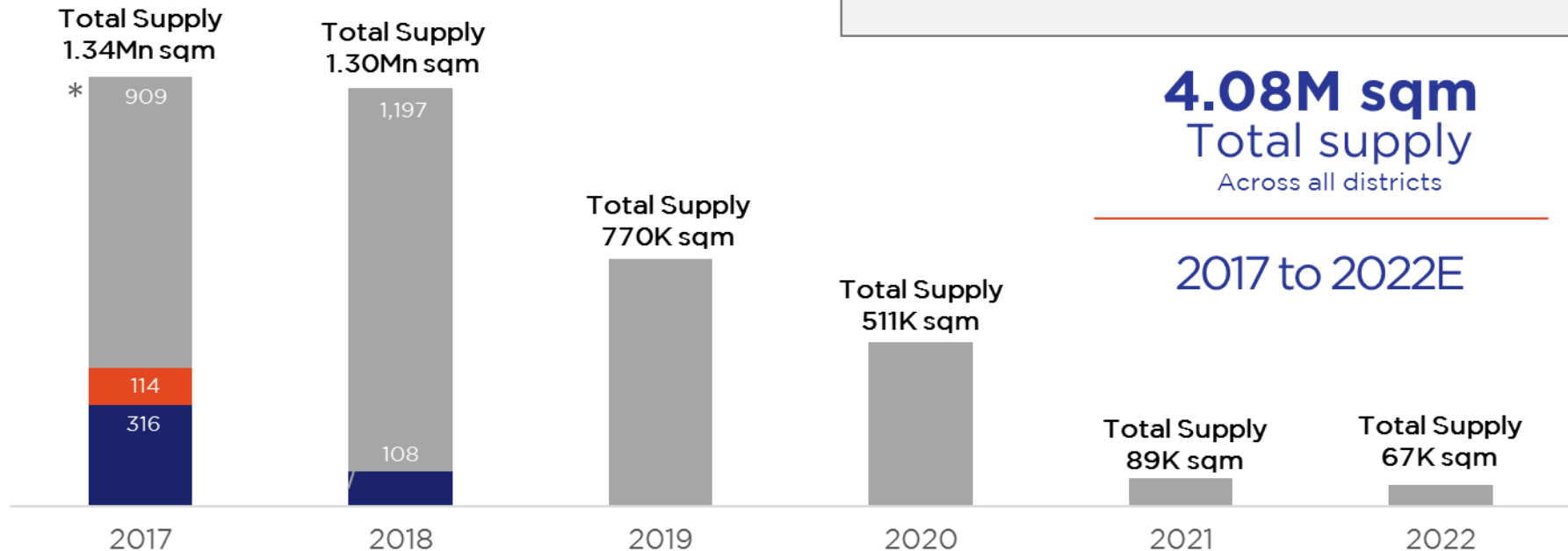
2022E:
1,303,680
FTEs

The increase of 65% or **515K FTEs** by 2022 translates to **2.79M sqm of office space demand**

DEMAND

SUPPLY

There will be an oversupply of 1.29M sqm of office space



*Gross Leasable Area in thousands (sqm)
** Philippine FTE count as of 2016: 1.15M FTEs
Source of FTE projections: IBPAP

■ Leased ■ Nego ■ Vacant

Provincial

Demand vs. Supply (4Q 2016 to 2022E)

4Q 2016:
361,573
FTEs*

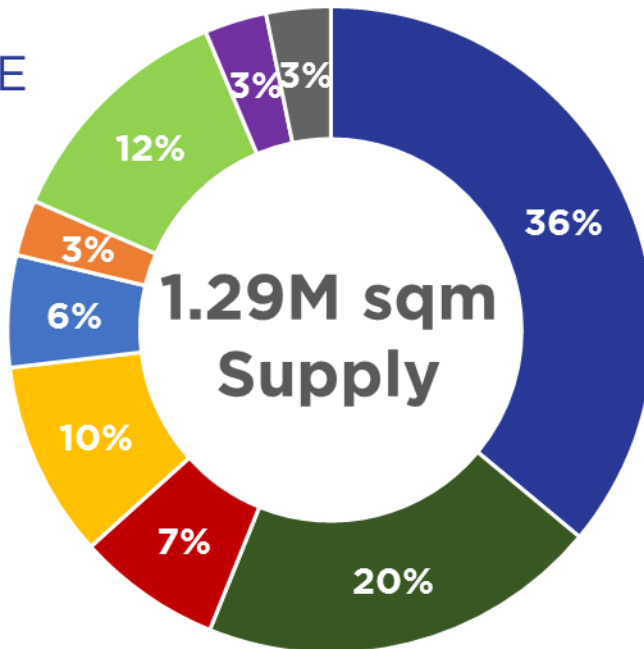
PROVINCIAL DEMAND
(1.8M PH FTEs by 2022 and 30% are in the provinces)

2022E:
496,320
FTEs

The increase of 37% or **135K FTEs** by 2022 translates to **730K sqm of office space demand**

DEMAND

SUPPLY
2017 to 2022E



There will be an oversupply of 560K sqm of office space

PROVINCES	Supply (sqm)
CEBU	464,766
CALABARZON	258,777
DAVAO	92,919
PAMPANGA	126,614
ILOILO	72,168
BACOLOD	36,000
REST OF LUZON	156,590
REST OF VISAYAS	40,039
REST OF MINDANAO	41,565
TOTAL	1.29M sqm

* Philippine FTE count as of 2016: 1.15M FTEs
Source of FTE projections: IBPAP



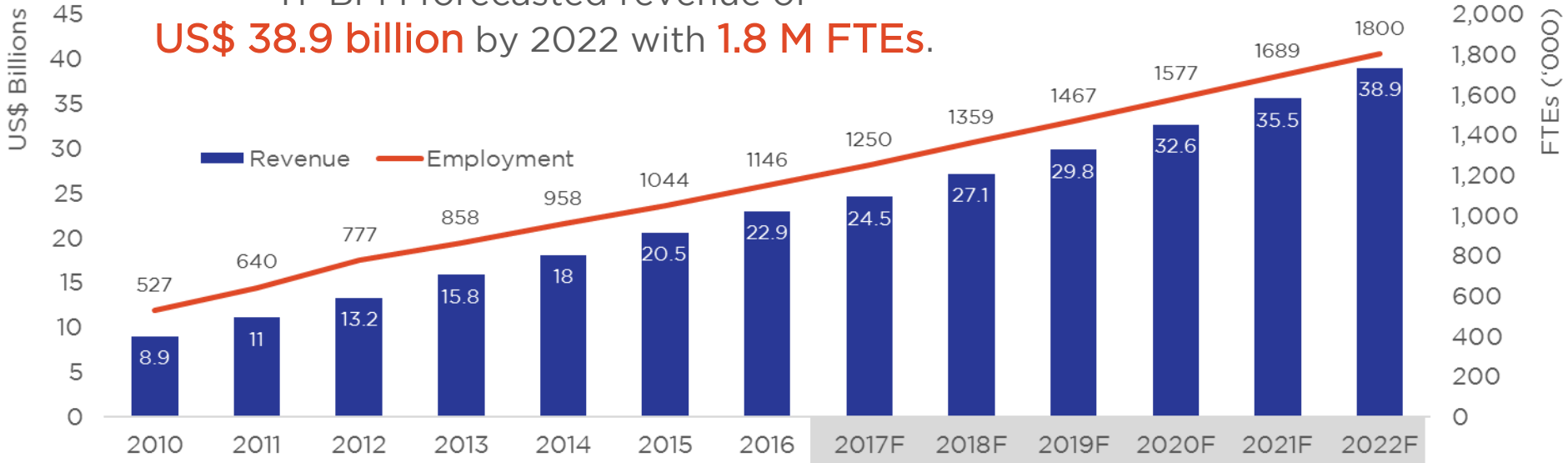
BPO MARKET

Metro Manila Market Insights

Philippine IT-BPM Sector

Revenue and Employment Forecast

IT-BPM forecasted revenue of **US\$ 38.9 billion** by 2022 with **1.8 M FTEs**.



2022 Outlook

Philippines will move up the value curve with the help of **high-value services**.

Contact Center & BPO

- Engineering Services Outsourcing (ESO)
- Data Analytics
- Performance Management
- Legal Process Outsourcing (LPO)

IT Services

- Application Development
- Management (ADM)
- System Integration
- Automation Enablement
- IoT-enablement languages

Health Information Management

- Preventive Health
- Remote Healthcare Management
- Provider Services

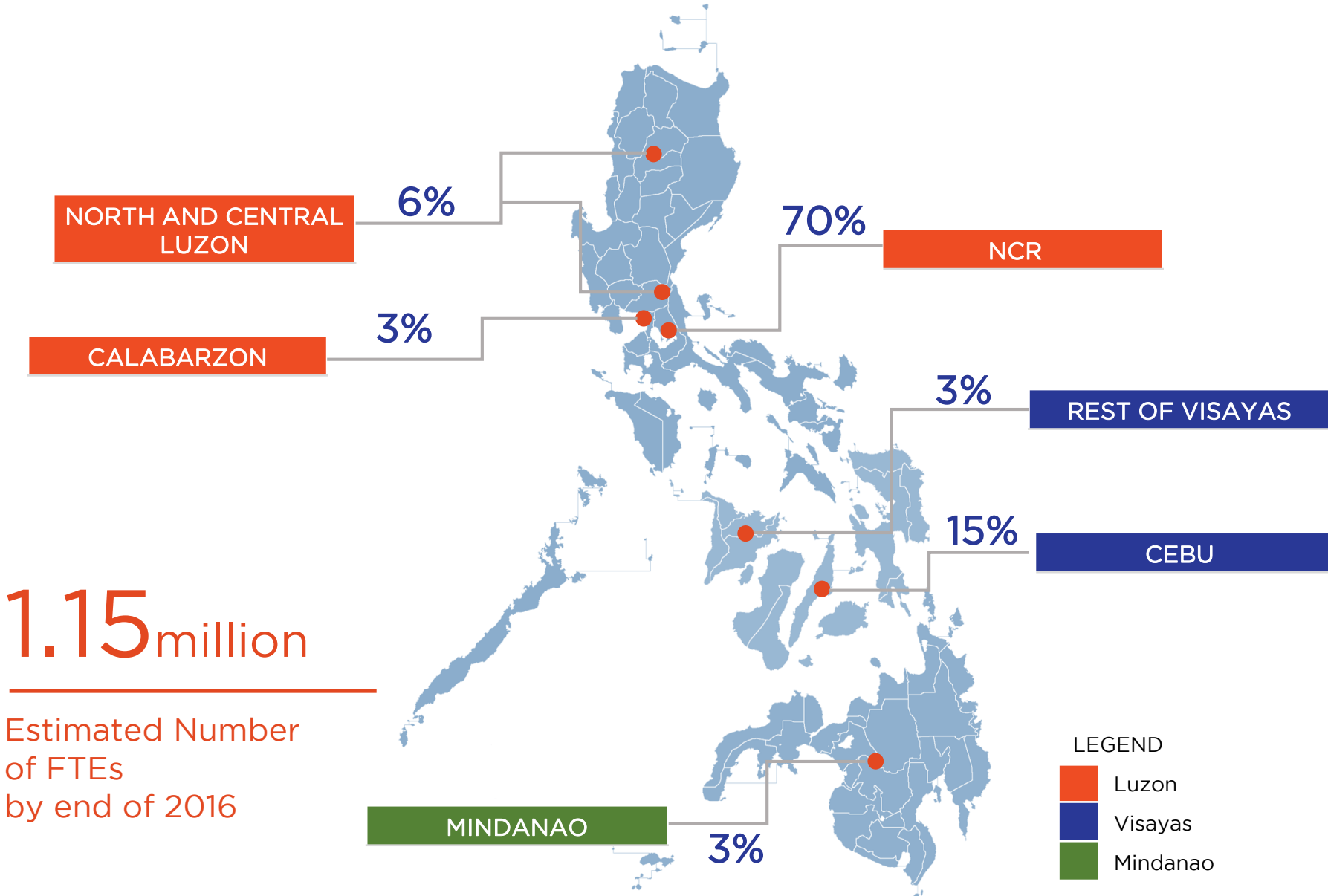
Animation and Game Development

- 3D Animation
- Augmented & Virtual Reality (AR/VR)
- Gamification

Global In-house Center

- Industry specific services for Telecom, Healthcare, Insurance and Pharmaceutical

BPO Distribution

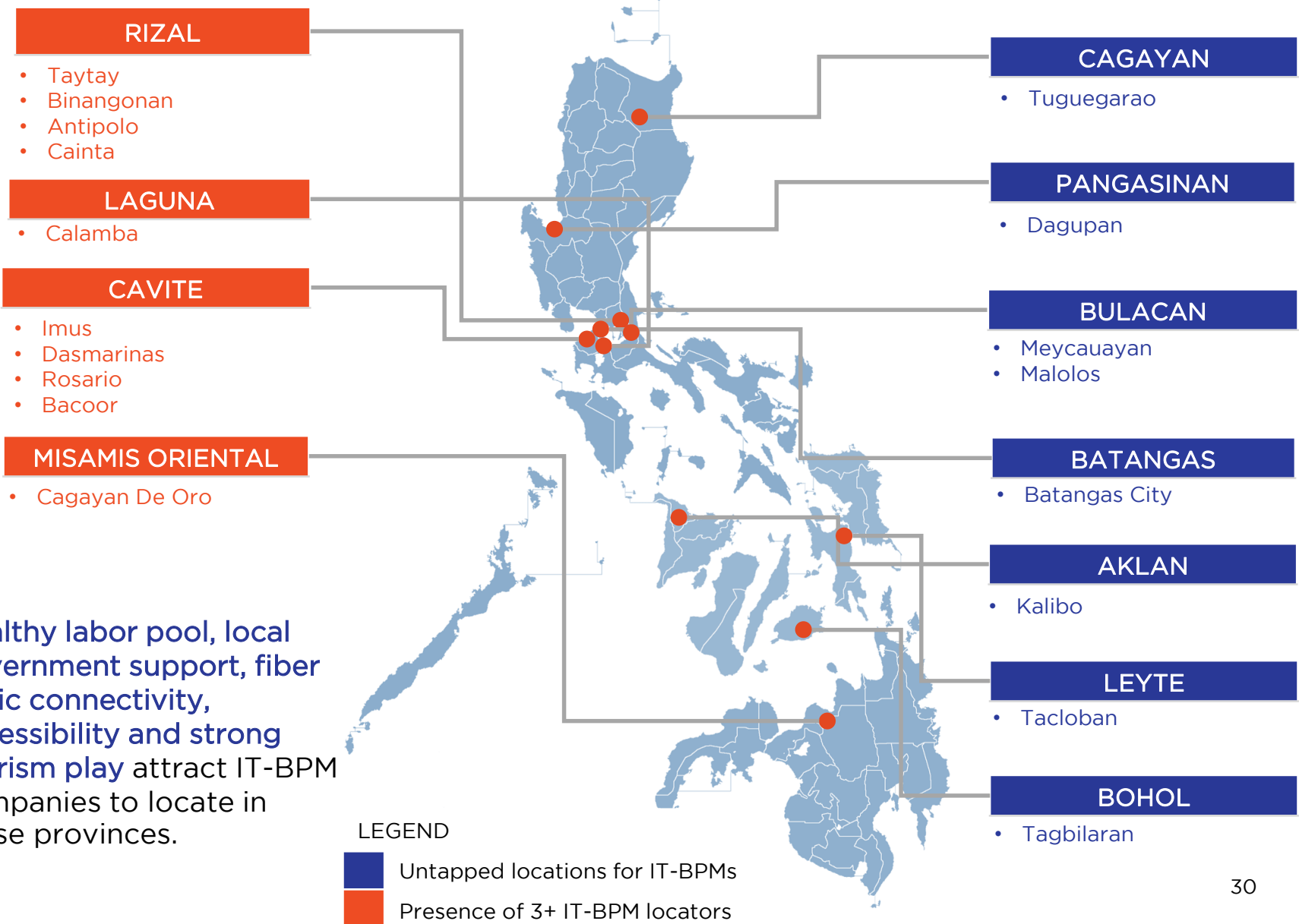


1.15 million

Estimated Number
of FTEs
by end of 2016

Next Wave Cities

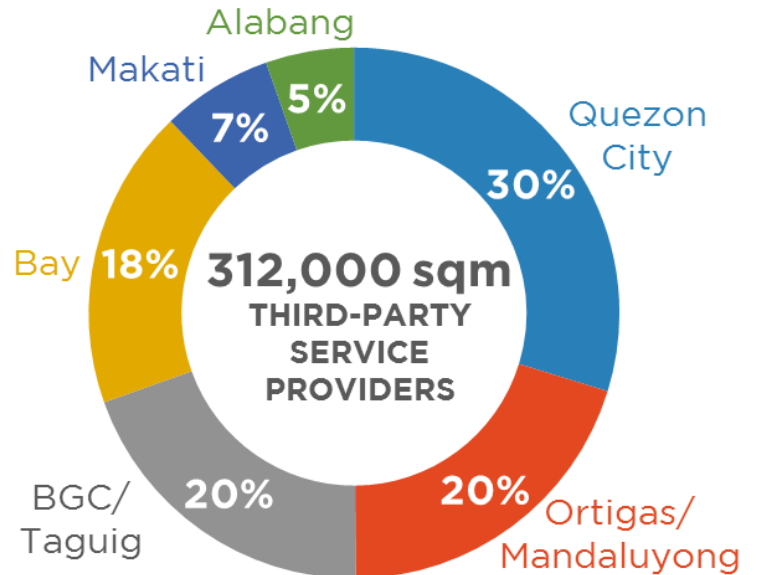
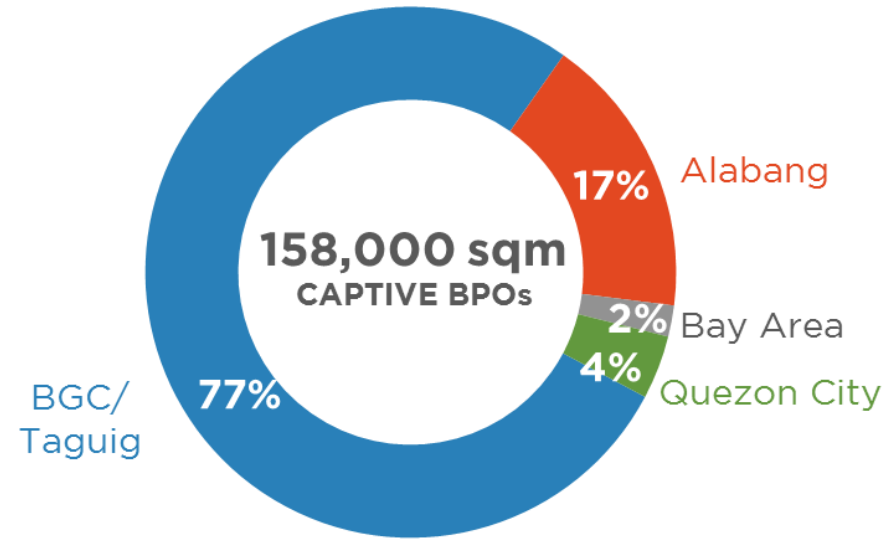
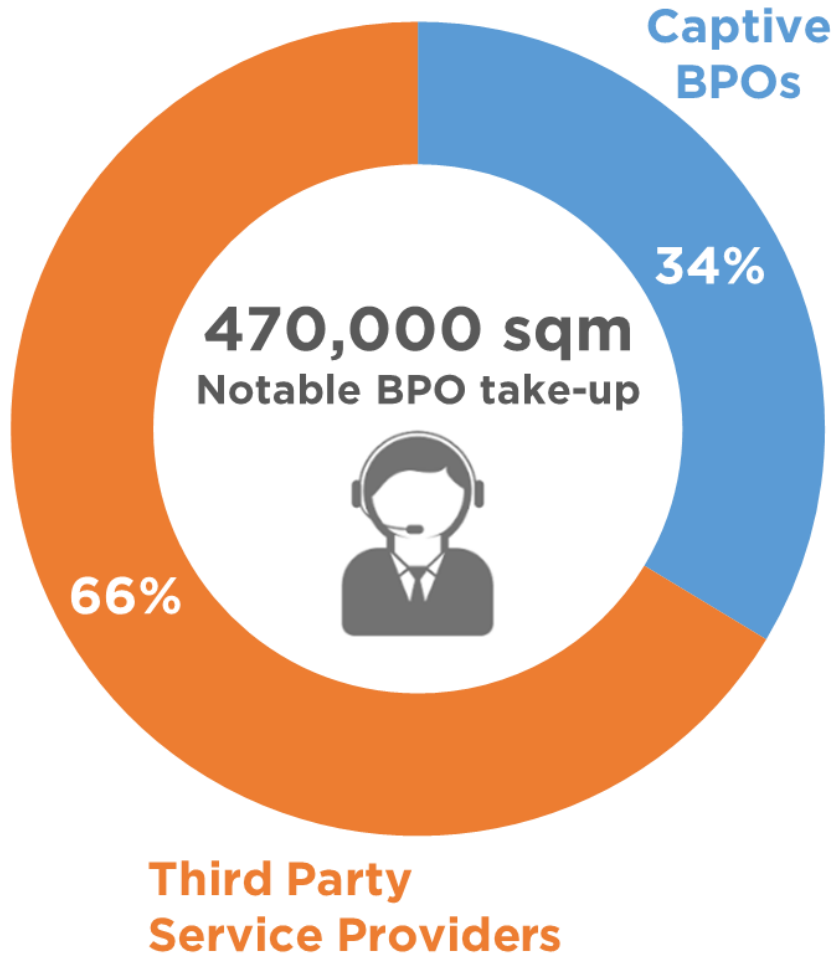
Recommended Provincial Locations



Healthy labor pool, local government support, fiber optic connectivity, accessibility and strong tourism play attract IT-BPM companies to locate in these provinces.

Notable Transactions of BPO Companies

Metro Manila | January - November 2016 Deals





RESIDENTIAL MARKET

Metro Manila Market Insights

Residential Outlook 2016

BPO sector creating a **new breed of condominium dwellers**

Strong presence of OFWs, major bulk of growing middle income market

Only **condominiums will continue to grow in NCR** because there is no more supply of developable land for residential open lots, **but reaching a plateau**

Developers have no more significant landbank, thus the **direction to go out of NCR**, looking at:

- 1) Reclamation projects along Manila Bay and Laguna de Bay and
- 2) Townships in Major Cities and Towns like Cavite, Laguna, Clark, Cebu, Iloilo and Davao
- 3) Government land and military bases

Significant unmet housing demand needs a **unified government effort** to

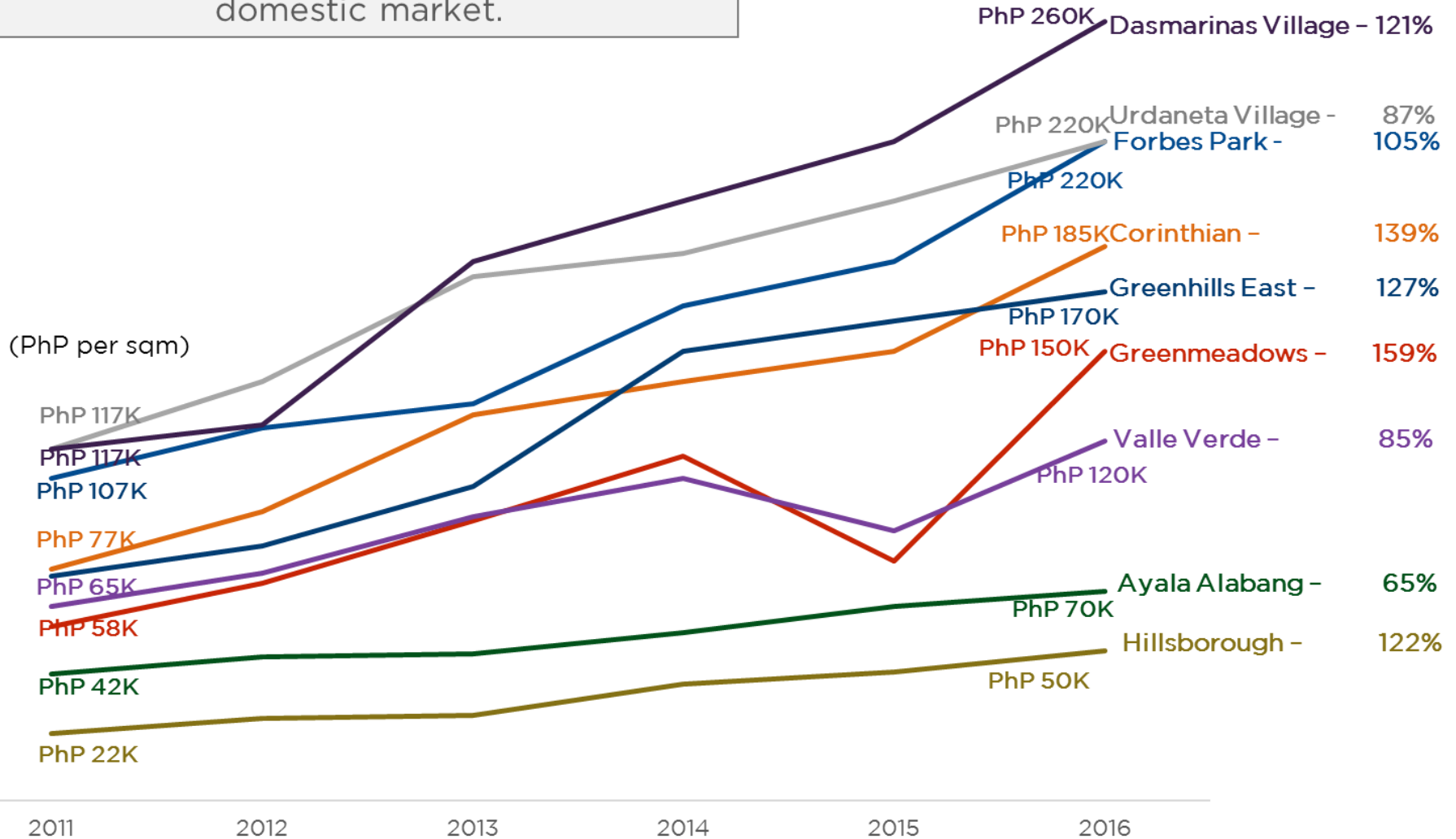
- 1) Increase attractiveness to private sector developers and
- 2) To enable target market capability to borrow or acquire such homes (specifically for **lowest income groups**)

Residential Historical Land Values

(2011 to 2015)

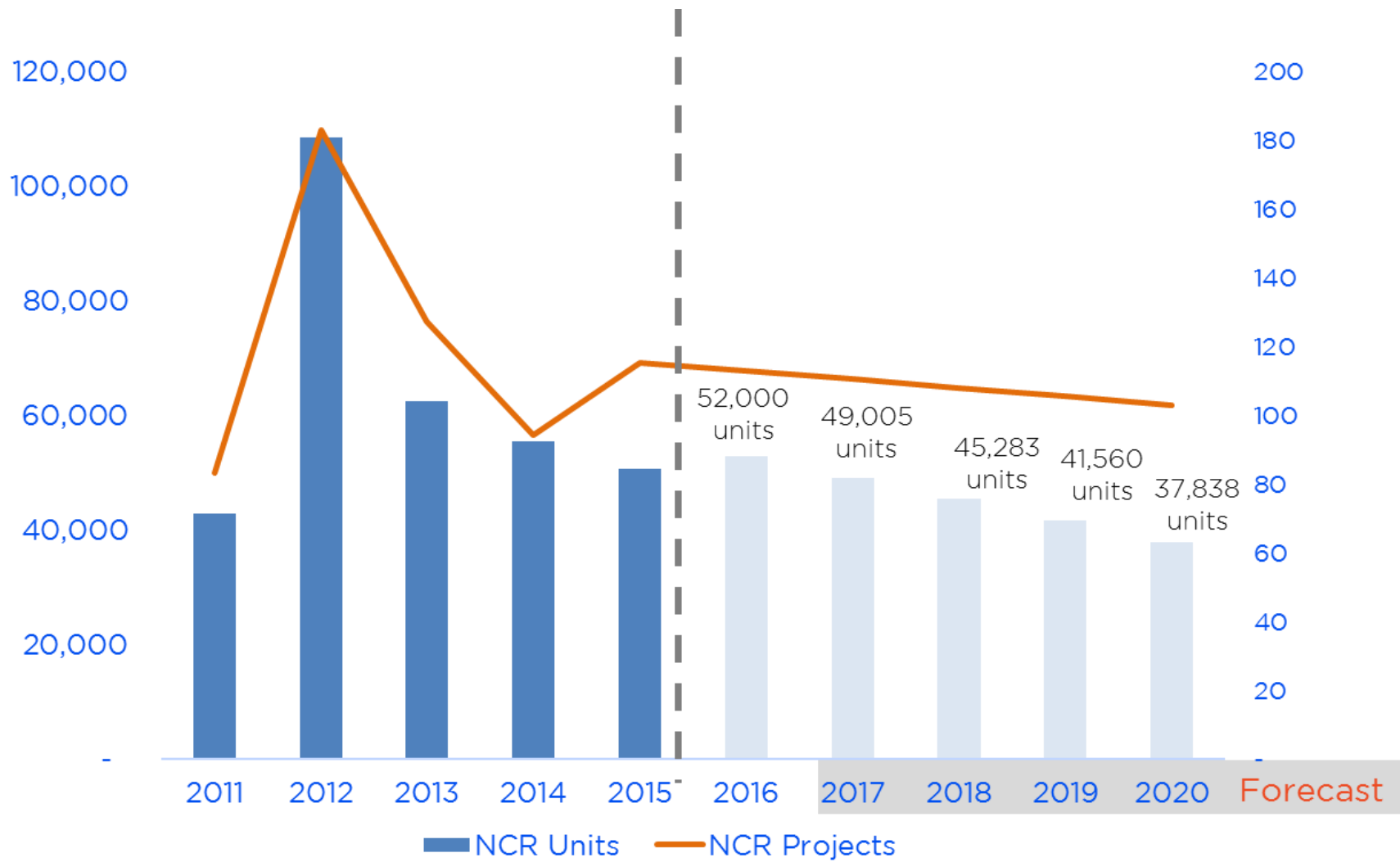
Strong growth in residential due to scarcity and increased demand from domestic market.

Growth in Land Values



Residential Supply

Projected NCR Licenses to Sell Issued



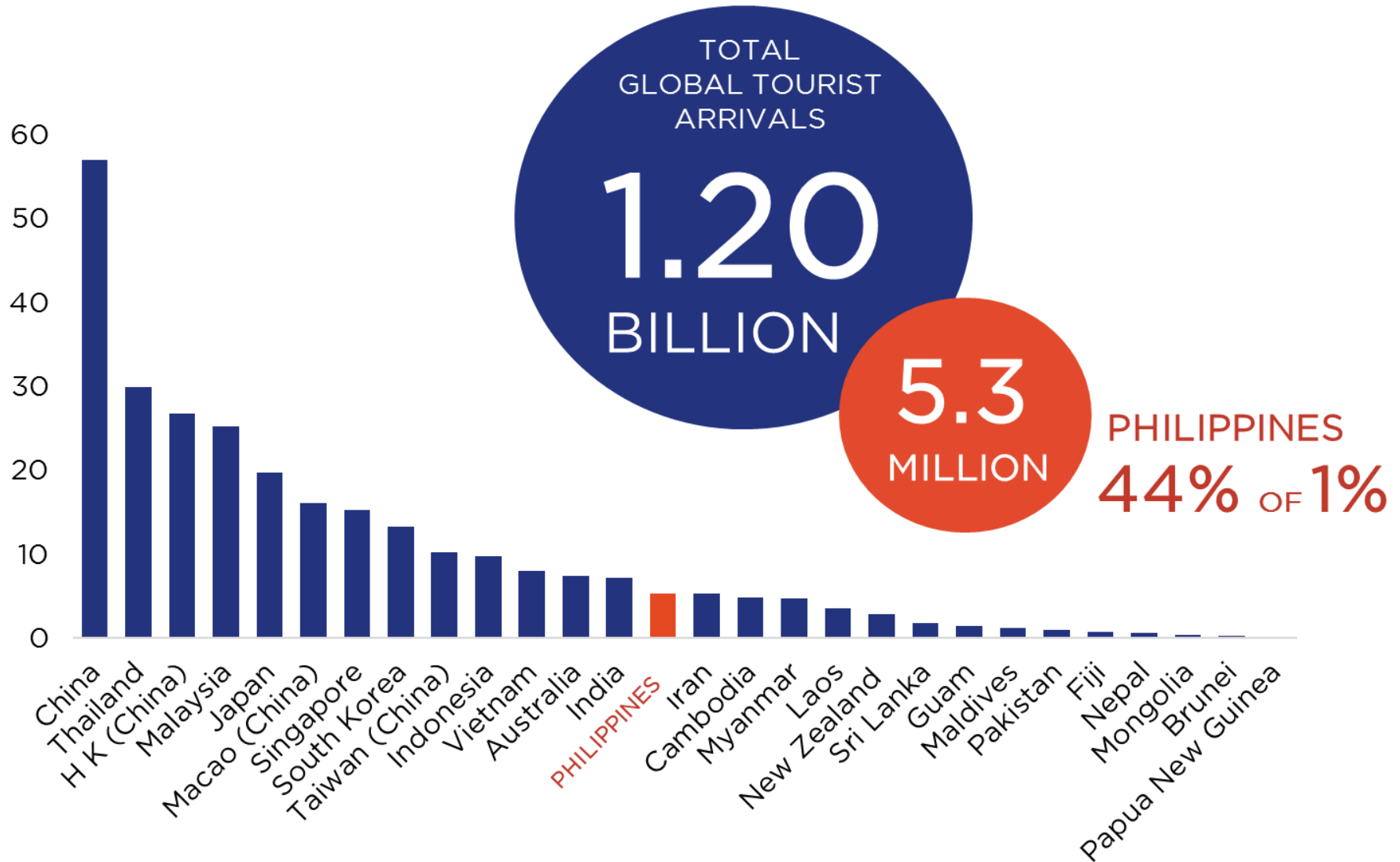


TOURISM

Metro Manila Market Insights

2015 Int'l Tourist Arrivals

Asia Pacific



Philippine Tourist Arrivals

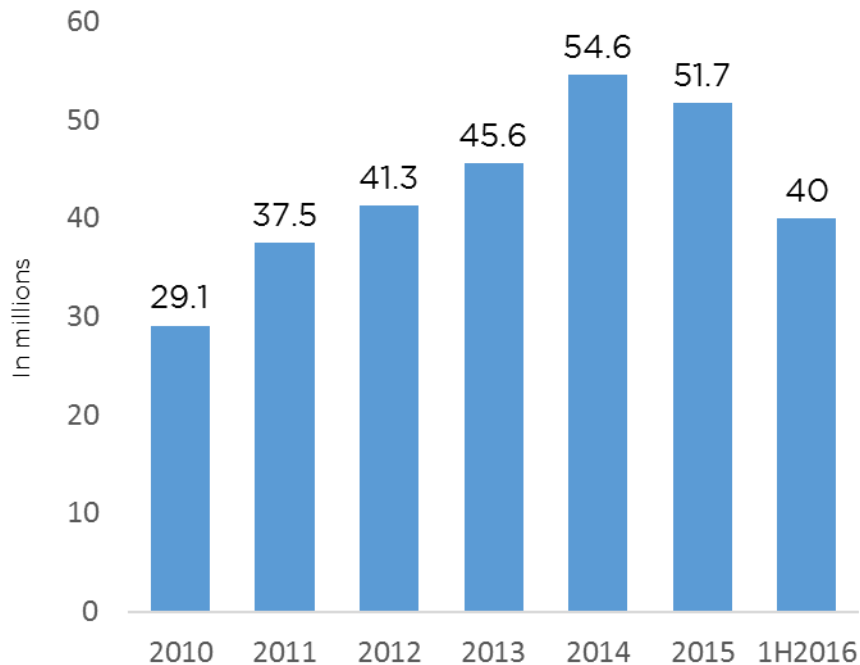
Domestic and International

1H2016: Total of 44 million tourist arrivals

Domestic Travelers

92%

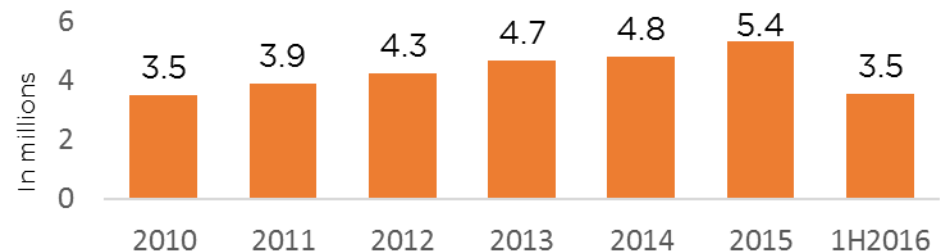
40.4M tourists



International Tourist Arrivals

8%

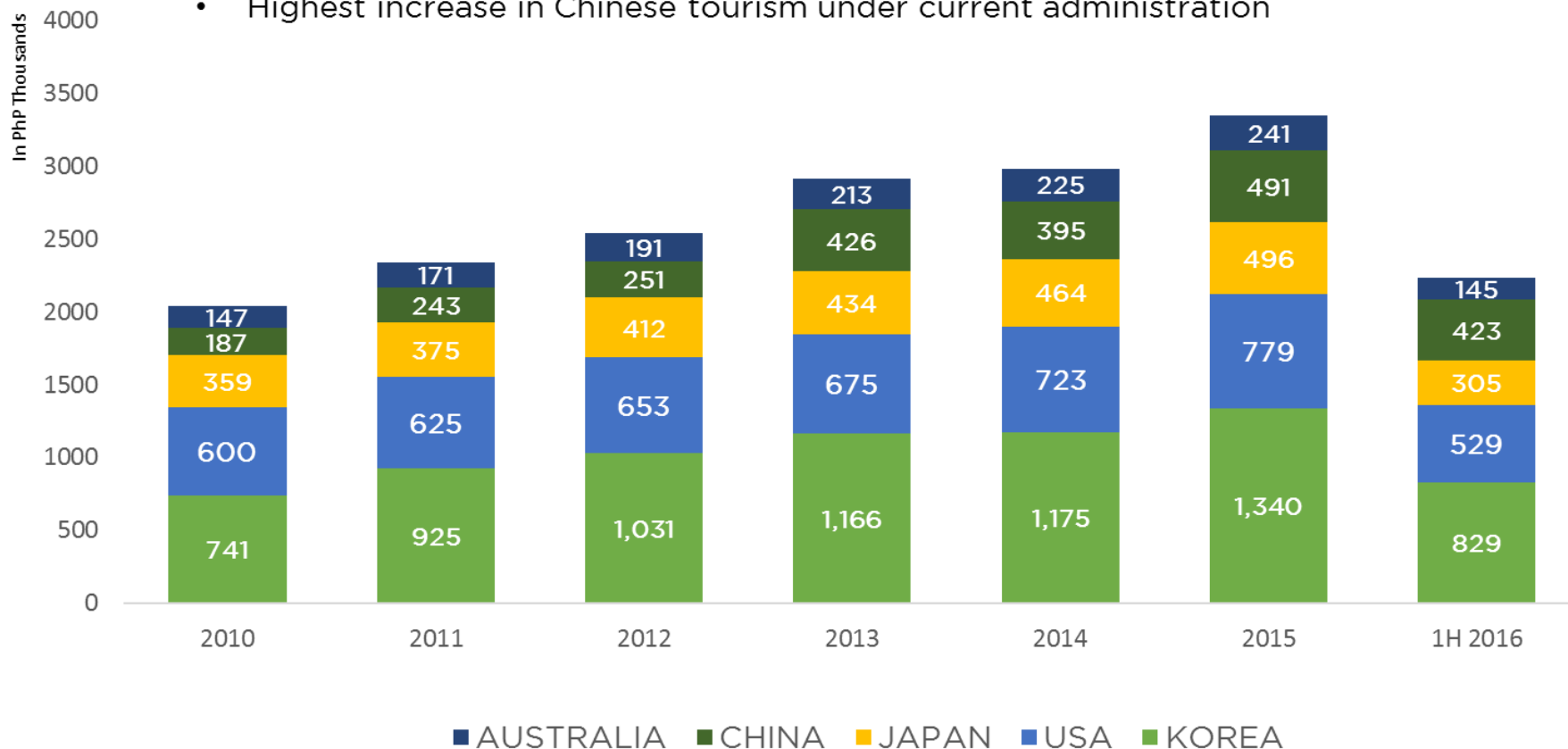
3.6M tourists



1H2016: PhP 148.56 Billion

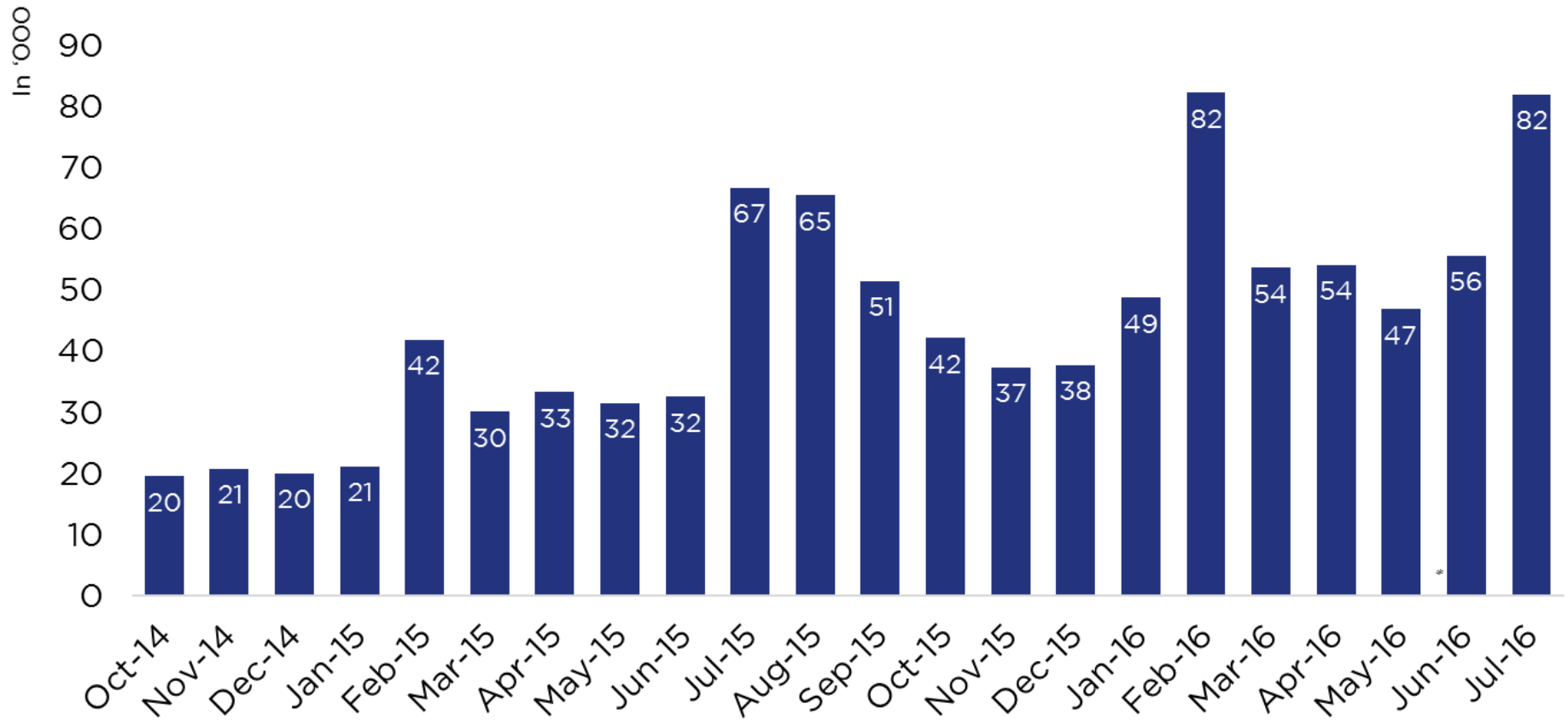
Expenditures of international visitors in the Philippines

- Korea remains largest tourism market
- Highest increase in Chinese tourism under current administration



Chinese Tourist Arrivals

2014 - 2016



*as of July 2016



ABOUT Leechiu Property Consultants

MISSION

To deliver superior value and profitable real estate solutions for like-minded partners through local, dynamic & insightful property-related expertise in corporate leasing and investments.

To be the advisor of choice who provides the most strategic and outstanding property-related advice, solutions and services to our customers. Our company values unity, integrity and passion for excellence.

VISION

Together, our firm, redefines the real estate industry by being a catalyst of sustainable growth, through principled and expert property consulting advice and action.

Our Services



**Occupier
Solutions**



**Project
Leasing**



**IT-BPM Site
Selection**



**Investment
Sales**



**Research &
Consultancy**

The Philippines' deepest bench of
seasoned real estate advisors & brokers

Occupier Solutions

Occupier Solutions transactions to date

Closed Deals

82,000 SQM

Live Deals

333,000 SQM

Our Clients

BERJAYA
MAKATI - PHILIPPINES
HOTEL



**IT-BPM Site
Selection Clients**



Project Leasing

We also advise and support landlords, building owners and real estate developers. Our leasing experts create and implement strategies for finding the right tenant mix and ensure maximum occupancy in a timely manner. Our real estate brokers have managed to lease more than thirty office buildings in Metro Manila on behalf of developers.

Currently marketing **28 projects**
Total of 734,000 sqm

BGC. Citibank Plaza. Ecoprime. Menarco Tower. Net Park. Milestone at Fifth Avenue. Orē Central. The Curve. Twenty-five Seven McKinley. Udenna Tower. W CityCenter. W Fifth Avenue. W Global Center. W Office at High Street.

QUEZON CITY. Hexagon Corporate Center. One Luna Global Connections. Panorama Technocenter.

ALABANG. Asian Star Building

MAKATI CITY. Frabelle Salcedo. Liberty Plaza. M1 Tower. MJ Corporate Plaza. Nex Tower.

ORTIGAS CENTER. St. Francis Square.

BAY AREA. DoubleDragon Plaza. Nexgen Tower.

CAVITE. Suntech iPark.

CEBU. Latitude Corporate Center. Mabuhay Tower.

Looking to exclusively handle more project leasing appointments
across the Philippines in 2017

Investment Sales

Transaction Value in under 5 months

PhP 3.5 billion
or **USD 73**
million

USD to PHP \$1 :47.80 PHP

Residential buildings in Makati City

Bonifacio Global City lots

Strata floors in Alabang, Muntinlupa City

Luxury residential condo in BGC

LPC looking to transact circa
PhP 17.6 billion or USD 383 million
in the next 6 to 12 months

Research and Consultancy

Our research and consultancy arm allows us to offer to clients a full suite of consulting services that include **business planning, highest and best use studies, market research, project conceptualization, and project feasibility.**

Completed Projects – Highest and Best Use Study

Project Cost of
PhP 58.1 billion
or USD 1,211
million

USD to PHP \$1 :48 PHP

Central Business District:

BGC and Muntinlupa

Mixed Use developments:

Lakewood City Cabanatuan

Batulao, Woodlands Batangas

Pico de Loro, Batangas

CBRE Group, Inc. Announces Strategic Alliance in the Philippines with Leechiu Property Consultants

Los Angeles, October 27, 2016 – CBRE Group, Inc. announced it has formed a strategic alliance in the Philippines with Leechiu Property Consultants to provide leasing, capital markets and consulting services.

Leechiu, based in Makati City, Metro Manila, is one of the leading real estate services firms in the Philippines, with deep experience and strong relationships throughout the country. Leechiu operates in all key Philippine markets and has arranged more than 2 million sq. m. (21.5 million sq. ft.) of office leasing transactions and more than P100 billion (US\$2.1 billion) of investment sales transactions.

Leechiu is led by David Leechiu, chief executive officer, who is regarded as one of the top real estate consultants in the Philippines.

CBRE also continues to operate a strong, wholly-owned business in the Philippines which provides facilities and project management services for its occupier clients in that country.

“We believe that our new strategic alliance – in combination with our existing facilities and project management capabilities – gives us the strongest offering to meet our clients’ needs in the Philippines as well as across Southeast Asia,” said Steve Swerdlow, chief executive officer of CBRE’s Asia Pacific region.

DISCLAIMER:

Neither CBRE nor its affiliated companies make any warranties or claims on the implied accuracy of the information contained herein.

Effective January 1, 2017



LEECHIU

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