ECONOMIC FUNDAMENTALS
2016 HAS BEEN DRIVEN BY...

Q4 2016
THE BIG STORIES OF 2016

$100 Million
New Bottling Plant @ PPSEZ

Coca-Cola opens new $100 million plant in Cambodia

Lower-Middle Income
Cambodia’s Economy Graduated

$2 Billion
Chinese concessional loans for infrastructure improvements

Booming Growth Pushes Cambodia to Lower-Middle Income Status

The Cambodian Daily
All the News Without Fear or Favor / The Daily Newspaper of Record Since 1998

PASSENGER TRAIN TO RESUME OPERATIONS ON APRIL 9

China Pledges Multimillion-Dollar Development Aid to Cambodia

$8.2 Billion
Real Estate Investment Capital – to end of Nov 2016

Real estate investment caps off 2016 at record levels
### Economic Indicators

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP (Bn USD)</td>
<td>14.054</td>
<td>15.251</td>
<td>16.734</td>
<td>18.219</td>
<td>20.231</td>
<td>21.627</td>
<td>23.119</td>
</tr>
<tr>
<td>GDP Growth (%)</td>
<td>7.3</td>
<td>7.4</td>
<td>7.1</td>
<td>7.0</td>
<td>7.0</td>
<td>7.0</td>
<td>6.9</td>
</tr>
<tr>
<td>GDP Per Capita (USD)</td>
<td>973</td>
<td>1,042</td>
<td>1,135</td>
<td>1,216</td>
<td>1,301</td>
<td>1,391</td>
<td>1,487</td>
</tr>
<tr>
<td>Inflation (%)</td>
<td>2.9</td>
<td>2.9</td>
<td>3.9</td>
<td>3.0</td>
<td>2.8</td>
<td>3.7</td>
<td>6.9</td>
</tr>
<tr>
<td>FDI (Bn USD)</td>
<td>1.410</td>
<td>1.453f</td>
<td>1.627f</td>
<td>1.749f</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>


### Banking and Finance

<table>
<thead>
<tr>
<th></th>
<th>2014 Q1</th>
<th>2015 Q1</th>
<th>2016 Q2</th>
<th>2016 Q3</th>
<th>2016 Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>KHR/USD (Official)</td>
<td>4,015</td>
<td>4,010</td>
<td>4,100</td>
<td>4,100</td>
<td>4,037</td>
</tr>
<tr>
<td>1-Year USD Lending rate (%)*</td>
<td>11.18</td>
<td>11.35</td>
<td>11.50</td>
<td>11.50</td>
<td>11.50</td>
</tr>
<tr>
<td>1-Year USD Deposit rate (%)*</td>
<td>4.27</td>
<td>4.30</td>
<td>4.25</td>
<td>4.25</td>
<td>4.25</td>
</tr>
</tbody>
</table>

* Average rate of Aceleda, UCB, Canadia, Vattanac, Maybank, Bank of China, CIMB & ABA

Source: National Bank of Cambodia, 30th December 2016 & CBRE Research

### Real Estate Indicators

<table>
<thead>
<tr>
<th></th>
<th>2015 Q1</th>
<th>2015 Q2</th>
<th>2015 Q3</th>
<th>2015 Q4</th>
<th>2016 Q1</th>
<th>2016 Q2</th>
<th>2016 Q3</th>
<th>2016 Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prime Condo Price (USD/SQM)</td>
<td>2,952</td>
<td>2,952</td>
<td>2,969</td>
<td>3,024</td>
<td>3,195</td>
<td>3,180</td>
<td>3,190</td>
<td>3,131</td>
</tr>
<tr>
<td>Prime Office Rent (USD/SQM/Month)</td>
<td>21.40</td>
<td>21.40</td>
<td>21.87</td>
<td>22.20</td>
<td>22.67</td>
<td>22.85</td>
<td>22.85</td>
<td>22.38</td>
</tr>
</tbody>
</table>

Source: CBRE Research, Q4 2016

### New Launched Projects

<table>
<thead>
<tr>
<th></th>
<th>2015 Q1</th>
<th>2015 Q2</th>
<th>2015 Q3</th>
<th>2015 Q4</th>
<th>2016 Q1</th>
<th>2016 Q2</th>
<th>2016 Q3</th>
<th>2016 Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Condominiums (Units)</td>
<td>3,226</td>
<td>1,080</td>
<td>3,339</td>
<td>1,653</td>
<td>4,158</td>
<td>2,796</td>
<td>1,022</td>
<td>260</td>
</tr>
<tr>
<td>Office with Strata-tile (SQM)</td>
<td>7,920</td>
<td>0</td>
<td>31,371</td>
<td>26,050</td>
<td>17,260</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Source: CBRE Research, Q4 2016

---

**CBRE CAMBODIA**

4 MARKET REVIEW AND FEARLESS FORECAST
## Regional Dashboard

### Economic Indicators

<table>
<thead>
<tr>
<th>Economic Indicators</th>
<th>China</th>
<th>Thailand</th>
<th>Indonesia</th>
<th>Vietnam</th>
<th>Lao PDR</th>
<th>Myanmar</th>
<th>Cambodia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inflation (CPI %)</td>
<td>2.10%</td>
<td>0.30%</td>
<td>3.70%</td>
<td>2.00%</td>
<td>-3.30%</td>
<td>9.80%</td>
<td>3.10%</td>
</tr>
<tr>
<td>GDP Growth (%)</td>
<td>6.60%</td>
<td>3.30%</td>
<td>4.90%</td>
<td>6.10%</td>
<td>7.50%</td>
<td>8.10%</td>
<td>7.00%</td>
</tr>
<tr>
<td>GDP Per Capita (USD)</td>
<td>8,539.21</td>
<td>5,958.69</td>
<td>3,464.58</td>
<td>2,228.20</td>
<td>1,919.75</td>
<td>1,305.40</td>
<td>1,239.80</td>
</tr>
<tr>
<td>Currency Valuation vs USD (Y-o-Y)</td>
<td>-9.5%</td>
<td>2.06%</td>
<td>4.07%</td>
<td>-1.25%</td>
<td>0.06%</td>
<td>-4.93%</td>
<td>0.57%</td>
</tr>
</tbody>
</table>

### Graphical Representation

- **GDP per Capita (US$)**
- **Inflation (CPI %)**
- **GDP Growth (%)**

ASEAN GROWTH & INTEGRATION SET TO CONTINUE

ASEAN's regional trade pact gaining growing momentum

GDP Growth (%)

Source: World Bank, Q1 2017

ASEAN's time to shine

Community bursting with potential as it enters second year

A year into the AEC’s ambitious project of economic integration in Southeast Asia -- a collective market of $2.6 trillion and 6.22 billion people -- ASEAN economies continue to grow at a healthy clip of around 5 percent annually compared to a global growth rate of 3.32 percent per year. Against this backdrop of increased opportunity as well as ambiguity, what is the outlook for those of us in the real estate business?

Thailand, Singapore firms lead the way as ASEAN gains ground with investors

CBRE CAMBODIA  6  MARKET REVIEW AND FEARLESS FORECAST
**The Face of a Changing Geo-Political Landscape**

*The World Isn’t Waiting for Trump on Trade*

China and other nations are already developing their own initiatives and blocs.

**FDI by Investor’s Origin (2015)**

- China: 60.6%
- UK: 9.8%
- Singapore: 7.1%
- Vietnam: 6.3%
- Malaysia: 5.2%
- Japan: 4.2%
- Thailand: 3.8%
- Korea: 0.7%
- Canada: 0.6%
- Other: 1.7%

**South China Morning Post**

As Trump kills the TPP, can China-backed RCEP fill the gap?

**Financial Times**

China draws Cambodia closer in diplomatic embrace

Closer ties are part of efforts to quell regional opposition to Beijing’s territorial claims in Asia

**The Phnom Penh Post**

Cambodia’s Labour Ministry praises Trump’s pledge to kill TPP

**Globe**

Cambodia caught between China and US amid superpower showdown

**VOA**

Infrastructure Funding Puts Cambodia on Front Line of Global Politics
LARGE SCALE INFRASTRUCTURE DEVELOPMENT HIGHLIGHTS

Siem Reap International Airport

Railway From Phnom Penh to Thailand

Chrey Thom Bridge

Bridge Connecting Krouch Chamr and Steung Trang

Sak Sampov Bridge

Koh Kong Airport

Connecting Road from Phnom Penh to Sihanoukville

Existing Railway Phnom Penh to Sihanoukville

Kep Marine Ferry Terminal

Source: CBRE Research

*Indicative Locations Only

CRBC SIGNS THE INVESTMENT FRAMEWORK AGREEMENT ON SIHANOUKVILLE EXPRESSWAY PROJECT

On October 14, CRBC President Lu Shan, on behalf of CRBC, and Sun Chanthol – Minister of State and Minister of Public Works and Transport of Cambodia signed the investment framework agreement on Phnom Penh–Sihanoukville Expressway (hereinafter referred to as Sihanoukville Expressway).
REGIONAL INFRASTRUCTURE CONNECTIVITY

Main Sources of Infrastructure Funding

Cambodia eyes AIIB loan

South China Morning Post
China transforms smaller Southeast Asian neighbours with railway, power plant and property investment
# EASE OF BUSINESS REMAINS A STRUGGLE

## World Bank, Ease of Doing Business Survey 2017

<table>
<thead>
<tr>
<th>Country</th>
<th>Ranking / 190</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Myanmar</td>
<td>170</td>
<td>44.56</td>
</tr>
<tr>
<td>Lao PDR</td>
<td>139</td>
<td>53.29</td>
</tr>
<tr>
<td>Cambodia</td>
<td>131</td>
<td>54.79</td>
</tr>
<tr>
<td>Phillipines</td>
<td>99</td>
<td>60.4</td>
</tr>
<tr>
<td>Indonesia</td>
<td>91</td>
<td>61.52</td>
</tr>
<tr>
<td>Vietnam</td>
<td>82</td>
<td>63.83</td>
</tr>
<tr>
<td>China</td>
<td>78</td>
<td>64.28</td>
</tr>
<tr>
<td>Thailand</td>
<td>46</td>
<td>72.53</td>
</tr>
<tr>
<td>Malaysia</td>
<td>23</td>
<td>78.11</td>
</tr>
<tr>
<td>Singapore</td>
<td>2</td>
<td>85.05</td>
</tr>
</tbody>
</table>

Cambodia struggles with
- Starting a Business
- Dealing with **Construction Permits**
- Getting Electricity
- **Registering Property**
- & Enforcing **Contracts**

... and scores well for
- Getting **Credit**
- Resolving Insolvency

Source: World Bank / CBRE Research
SIGNIFICANT MARKET EVOLUTION SINCE THE LAST CYCLE

<table>
<thead>
<tr>
<th>GDP per Capita (USD) &amp; GDP Growth (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016(e)</td>
</tr>
<tr>
<td>1,239.80</td>
</tr>
<tr>
<td>629.28</td>
</tr>
<tr>
<td>2008</td>
</tr>
<tr>
<td>6.7%</td>
</tr>
<tr>
<td>7%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Condominium Supply (Units)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
</tr>
<tr>
<td>168</td>
</tr>
<tr>
<td>2016</td>
</tr>
<tr>
<td>3,820</td>
</tr>
<tr>
<td>2,174%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Office Supply (SQM)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
</tr>
<tr>
<td>79K</td>
</tr>
<tr>
<td>2016</td>
</tr>
<tr>
<td>293K</td>
</tr>
<tr>
<td>271%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Retail Supply (SQM)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
</tr>
<tr>
<td>65K</td>
</tr>
<tr>
<td>2016</td>
</tr>
<tr>
<td>225K</td>
</tr>
<tr>
<td>247%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Inflation (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016(f)</td>
</tr>
<tr>
<td>2.8%</td>
</tr>
<tr>
<td>2008</td>
</tr>
<tr>
<td>7.7%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Value of Construction (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
</tr>
<tr>
<td>$8.53 Bn</td>
</tr>
<tr>
<td>2008</td>
</tr>
<tr>
<td>$3.2 Bn</td>
</tr>
</tbody>
</table>

PHNOM PENH LAND AND INVESTMENT MARKET

Q4 2016
PHNOM PENH LAND PRICE

Phnom Penh Land Value (USD/SQM) (2010 – 2016)

USD/SQM

0 500 1,000 1,500 2,000 2,500 3,000 3,500 4,000 4,500


Daun Penh Chamkarmon 7 Makara
Toul Kork Chroy Changvar Sen Sok

Source: CBRE Research, Q4 2016

Increasing land prices prove a blow to aspiring investors

CBRE CAMBODIA

Phnom Penh CBD $US6,500/sqm
Bangkok CBD $US15,000/sqm
Hanoi CBD $US25,000/sqm
Ho Chi Minh CBD $US22,000/sqm
CONSTRUCTION INVESTMENTS REACHED NEW HEIGHT IN 2016

Construction Investment
Skyrockets in 2016

2016
2,636 Projects
US$8.5 Billion

2015
2,305 Projects
US$3.5 Billion

143%

Real estate market still attractive, but headwinds remain in 2017
Construction industry cooling down: analysts

Property Analysts: Positive View on the Cambodia Property Markets

Money and real estate

Investments to Cambodia Fuel the Phnom Penh Real Estate Markets

China tops the list of Asian Investments to Cambodia
PHNOM PENH CONDOMINIUM MARKET

2015
34 Projects
9,298 Units
High-end
US$3,024 / SQM

2016
21 Projects
8,236 Units
High-end
US$3,117 / SQM

Source: CBRE Research, Q4 2016
2016 – A TALE OF TWO HALVES?

Number of Project Launches by Unit Volume & Location

Due to Market Recession, The Bay on Hold

Developers Entering The Cambodia Markets, Sales Booming

Specific condo types growing in appeal to the middle class

Sino Great Wall consortium wins contract for Cambodia's twin towers

Dec 29 A consortium led by Sino Great Wall International has won a $2.7 billion contract to build the 133-storey Twin Trade Center in Phnom Penh in Cambodia, which will be one of the world's tallest buildings, parent Sino Great Wall Co Ltd said on Thursday.
PHNOM PENH CONDOMINIUM SUPPLY

Supply by Grade & Annual % Increase

Source: CBRE Research, Q4 2016
AVERAGE CONDOMINIUM PRICE BROADLY STABLE

- Growth has slowed or fallen back in the 2nd half of the year.
- Quoting prices in secondary market were stable.

### Average Phnom Penh Condominium Price per Sqm

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>High-End</td>
<td>-1.8%</td>
<td>+3.5%</td>
</tr>
<tr>
<td>Mid-Range</td>
<td>+1.0%</td>
<td>+5.0%</td>
</tr>
<tr>
<td>Affordable</td>
<td>+0.3%</td>
<td>+4.7%</td>
</tr>
</tbody>
</table>

Source: CBRE Research, Q4 2016
CONDOMINIUM MARKETS IN THE REGION

Source: CBRE Research, Q1 2016

CBRE CAMBODIA

MARKET REVIEW AND FEARLESS FORECAST

Source: CBRE Research, Q4 2016

Based on CBRE Research's read of the markets
Average Prime Condominium Price and Estimated Yield in the Southeast Asia (Q4, 2016)

Source: CBRE Research, Q4 2016

Gross Rental Yields in South East Asian Cities

Source: CBRE Research, Q3 2016
PHNOM PENH SERVICED APARTMENTS

Supply of Serviced Apartments (2010 – 2016)

THE STRAITSTIMES
Ascott to manage 1st international serviced residence in Cambodia

hospitalitynet
Ascott’s Expansion Hits High Gear As It Crosses 50,000 Units Globally With Record Breaking 10,000 Units Added in 2016
Latest additions of 10 new contracts in Southeast Asia as region presents huge untapped potential

The Phnom Penh Post
Apartments take on new life as hotels

Source: CBRE Research, Q4 2016
PHNOM PENH OFFICE MARKET

**Supply**

- **2015**
  - 31,476 Sqm
  - Average Prime Rents: $22.2 / SQM

- **2016**
  - 31,587 Sqm
  - Average Prime Rents: $22.4 / SQM
## FUTURE OFFICE SUPPLY (GRADES A & B)

<table>
<thead>
<tr>
<th>Year</th>
<th>Grade</th>
<th>Building Name</th>
<th>NLA (sqm)</th>
<th>District</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>Grade A</td>
<td>Exchange Square</td>
<td>18,000</td>
<td>Daun Penh</td>
</tr>
<tr>
<td>2017</td>
<td>Grade B</td>
<td>TK Royal One</td>
<td>7,920</td>
<td>Toul Kork</td>
</tr>
<tr>
<td>2018</td>
<td>Grade B</td>
<td>Downtown 93</td>
<td>3,010</td>
<td>Chamkarmon</td>
</tr>
<tr>
<td>2018</td>
<td>Grade B</td>
<td>Fortune Tower</td>
<td>22,000</td>
<td>7 Makara</td>
</tr>
<tr>
<td>2018</td>
<td>Grade B</td>
<td>East Commercial Centre</td>
<td>15,396</td>
<td>Chamkarmon</td>
</tr>
<tr>
<td>2018</td>
<td>Grade B</td>
<td>Dingli Sunshine City</td>
<td>12,376</td>
<td>7 Makara</td>
</tr>
<tr>
<td>2018</td>
<td>Grade A</td>
<td>Diamond Twin Tower</td>
<td>15,975</td>
<td>Chamkarmon</td>
</tr>
<tr>
<td>2018</td>
<td>Grade A</td>
<td>The Gateway</td>
<td>23,090</td>
<td>Toul Kork</td>
</tr>
<tr>
<td>2019</td>
<td>Grade B</td>
<td>Top King</td>
<td>16,400</td>
<td>Toul Kork</td>
</tr>
</tbody>
</table>

*Source: CBRE Research – All Grades*

---

**Strata-Title Office:** 24%

**Centrally-Owned Office:** 76%

---

[Source: CBRE Research – All Grades]
Office Supply by Grade (Sq m) & Occupancy Rate (%) (2008 - 2016 Q4)

Supply +26,500 sqm in 2016 (All Grade C)

Occupancy Rate +1.3% in 2016

Source: CBRE Research, Q4 2016
PHNOM PENH OFFICE MARKET

Net Take-Up, New Supply and Vacancy Rate (2008-2016 Q4)

Source: CBRE Research, Q4 2016

Average Annual Net Take-up (2012 – 2016)
+24,000 sqm

Source: CBRE Research, Q4 2016
21% of firms surveyed identified Cambodia as a target for expansion – Vietnam topped the list at 40%.

65% of respondents plan to expand their existing presence in Cambodia.

Source: US Chamber of Commerce, Singapore / CBRE Research
PHNOM PENH OFFICE DEMAND

Office Enquiries by Size & Top Industries (2016)

- 53% < 100 sqm
- 29% 100 < 300 sqm
- 6% 300 < 500 sqm
- 6% 500 < 1,000 sqm
- 6% 1,000+ sqm

- Banking & Finance
- Logistics
- Insurance & Securities
- Accountancy

Source: CBRE Research, Q4 2016
GLOBAL FORTUNE 500 IN CAMBODIA

Number of Global Fortune 500 in Cambodia by Sectors

72 of Global Fortune 500 in Cambodia as of Q4 2016

Source: CBRE Research, Q4 2016
Average Quoting Office Rents By Grade and Location (2008-2016 Q4)

Grade B (CBD) | Grade B (Non-CBD) | Grade C (CBD) | Grade C (Non-CBD)

2018F | | | |
2017F | | | |
2016 Q4 | | | |
2016 Q3 | | | |
2016 Q2 | | | |
2016 Q1 | | | |
2015 | | | |
2014 | | | |
2013 | | | |
2012 | | | |

Source: CBRE Research, Q4 2016

Grade B: +2.2% Q-o-Q, +11.2% Y-o-Y
Grade C: -0.4% Q-o-Q, -1.2% Y-o-Y
OFFICE MARKETS IN THE REGION

CBRE CAMBODIA

Source: CBRE Research, Q4 2016

Based on CBRE Research's read of the markets
OFFICE SUPPLY IN THE REGION

Office Supply/Demand in the Region

Demand
Supply

Future Office Supply in the Region

2017F
2018F
2019F

Source: CBRE Research, Q4 2016
GRADE-A OFFICE RENTS IN THE REGION

Grade A (CBD) Office Rents in the Region

USD/SQM/Month

Source: CBRE Research, Q4 2016
PHNOM PENH RETAIL MARKET

<table>
<thead>
<tr>
<th>Year</th>
<th>Supply</th>
<th>Asking Rent</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>1,020 Sqm</td>
<td>Average Prime $31.3 / SQM</td>
</tr>
<tr>
<td>2016</td>
<td>3,088 Sqm</td>
<td>Average Prime $31.4 / SQM</td>
</tr>
</tbody>
</table>

Source: CBRE Research, Q1 2016
PHNOM PENH RETAIL SUPPLY

Retail Supply By Type SQM (2008 – 2018F)

Key
>70,000 sqm
50,000 – 69,999 sqm
30,000 – 49,999 sqm
10,000-29,999 sqm
<9,999 sqm

Existing Supply
Future Supply

Source: CBRE Research, Q4 2016
CBRE CAMBODIA
### PHNOM PENH FUTURE RETAIL SUPPLY

<table>
<thead>
<tr>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Retail Arcade</strong></td>
<td></td>
</tr>
<tr>
<td>Naga City Walk</td>
<td>Parkson Lion City</td>
</tr>
<tr>
<td>NLA: 13,248 sqm</td>
<td>NLA: 61,000 sqm</td>
</tr>
<tr>
<td>District: Chamkarmon</td>
<td></td>
</tr>
<tr>
<td><strong>Retail Podium</strong></td>
<td></td>
</tr>
<tr>
<td>Exchange Square</td>
<td>Olympia Plaza &amp; Shop Houses</td>
</tr>
<tr>
<td>NLA: 8,000 sqm</td>
<td>NLA: 87,100 sqm</td>
</tr>
<tr>
<td>District: Daun Penh</td>
<td>District: 7 Makara</td>
</tr>
<tr>
<td><strong>Shopping Mall</strong></td>
<td></td>
</tr>
<tr>
<td>Parkson PPC</td>
<td>Aeon 2.0</td>
</tr>
<tr>
<td>NLA: 70,201 sqm</td>
<td>NLA: 70,500 sqm</td>
</tr>
<tr>
<td>District: Toul Kork</td>
<td></td>
</tr>
<tr>
<td><strong>Community Mall</strong></td>
<td>D.I Riviera</td>
</tr>
<tr>
<td>Downtown 93</td>
<td>NLA: 58,500 sqm</td>
</tr>
<tr>
<td>NLA: 3,810 sqm</td>
<td></td>
</tr>
<tr>
<td>District: Chamkarmon</td>
<td></td>
</tr>
</tbody>
</table>
Key Trends - 2016

**Food and Beverage** remains the top driver of demand, with some schemes over-supplied with enquiries.

**Entertainment** is still key to driving footfall.

**International Fashion and Accessories Brands** have increased the pace of market penetration.

**Older Stock** undertaking refurbishment to improve specification and tenant mix in order to increase footfall.

**International Brands** driven by franchise models are increasingly considering Cambodia as a relatively untapped market.
Retail Markets in the Region

- **HCMC**
  - More Buyers than Sellers
  - Prices Increase
  - Improving Fundamentals

- **Phnom Penh**
  - Seller’s Market
  - Confidence High

- **Bangkok**
  - Recovery

- **Hanoi**
  - Falling Market
  - More Sellers than Buyers

Source: CBRE Research, Q4 2016

Based on CBRE Research’s read of the markets
Retail Supply/Demand in the Region

<table>
<thead>
<tr>
<th>City</th>
<th>Demand</th>
<th>Supply</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phnom Penh</td>
<td>69%</td>
<td></td>
</tr>
<tr>
<td>Hanoi</td>
<td>95%</td>
<td></td>
</tr>
<tr>
<td>Ho Chi Minh</td>
<td>93%</td>
<td></td>
</tr>
<tr>
<td>Kuala Lumpur</td>
<td>89%</td>
<td></td>
</tr>
<tr>
<td>Singapore</td>
<td>92%</td>
<td></td>
</tr>
<tr>
<td>Bangkok</td>
<td>94%</td>
<td></td>
</tr>
</tbody>
</table>

Future Retail Supply in the Region

Source: CBRE Research, Q4 2016
PRIME RETAIL RENTS IN THE REGION

Prime Retail Rents in the Region

Source: CBRE Research, Q4 2016
China's ally Cambodia considers use of yuan to lure more tourists

Chinese tourists to Cambodia jumps 20% in 2016

GUANGZHOU R&F PLANS $3B IN CAMBODIA HOTELS AND MORE ASIA REAL ESTATE HEADLINES

Preah Sihanouk International Airport Welcomes 100,000th Passenger

AGENCE KAMPUCHEA PRESSE

Preah Sihanouk International Airport has reached a new stage of its nascent history on Friday last week by breaking the 100,000th passenger mark, said a press release of Cambodia Airports, the company that develops and manages the network of international airports in Cambodia.
Growth of tourist arrivals is slowing – 4.8% Y-o-Y.

Arrivals from Vietnam, Korea, Japan and Lao have fallen.

Arrivals from China and Thailand are up 16.9% and 13.4% Y-o-Y, respectively.

Visitors from the USA, UK, Malaysia and France all increased.
EXISTING AND UNDER CONSTRUCTION PROJECTS IN SIHANOUKVILLE

- Song Saa Private Island (2014) 27 Luxury Villas
- Alila Villas Koh Russey (2017) 227 Luxury Villas
- Sokha Beach Hotel (2014) 462 Keys
- Royal Sands, Koh Rong (2017) 67 Luxury Villas
- Xi Hu International Hotel (2017) 508 Keys
- Six Senses Koh Krabey (2017) 40 Luxury Villas
- Sun Moon Gulf Resort (2035+) $5bn Investment

Source: CBRE Research, Q4 2016
CAMBODIA RESORT PROPERTY IN REGIONAL CONTEXT

Source: CBRE Research, Q4 2016

---

INDEPENDENT

Cambodia’s most luxurious hotels: Private islands, posh stilt houses, and a bed in a 616ft-high building

A number of new extravagant openings look set to turn gritty Cambodia into an exclusive retreat for the travel elite

The CAMBODIA DAILY

SIHANOUKVILLE SEEKS CHINESE APPEAL AS AIRPORT EXPANS

Putting Sihanoukville on the tourist map

Source: CBRE Research, Q4 2016

Chinese to transform coastal provinces
SIHANOUKVILLE – ALTERNATIVE CONDOMINIUM MARKET

Q4 2016
EXISTING AND UNDER CONSTRUCTION PROJECTS IN SIHANOUKVILLE

Supply of Condominiums – Sihanoukville (SQM)

- **Sunshine Bay - 2018**
  900 Condo Units
  (1 – 2 Bedroom)

- **D’Seaview - 2018**
  735 Condo Units
  (Studio – 3 Bedroom)

- **Royal Bay View - 2019**
  1,344 Condo Units
  (Studio – 2 Bedroom)

- **Blue Bay - 2019**
  1,400 Condo Units
  (Studio – 2 Bedroom)

Source: CBRE Research, Q4 2016
Could Cambodia’s southern coast be Asia’s next resort hot spot?

While the property market in Phnom Penh remains robust, the country’s oft-overlooked coast is carving out its own reputation.

Cambodia readies $300m Sihanoukville port expansion

Timeshare Debuts in Sihanoukville’s Surging Market

Sihanoukville: The Next Boom Town

Source: CBRE Research, Q4 2016
2017 FEARLESS FORECAST
MUDDLED, MATURING OR MIXED?
CBRE RESEARCH FEARLESS FORECAST 2017

Macro

• Cambodia gets its 1st Real Estate degree course
• Measurement of property in Cambodia will become standardised
• A Mass Public Transport System for Phnom Penh will be announced – with Chinese backing
• Social Media Marketing – More Ad’s more often
• The Cambodian government introduces tighter fiscal rules on developers
Traffic congestion will be a major concern for buyers and tenants
The secondary market will come into its own, with purchasers more comfortable buying physical units as opposed to off-plan
Buyers will employ professional agents to ensure access to the best advice and to avoid making decisions that involve too much risk
A majority of condominium projects will delay completion beyond their initially stated target date
The affordable segment will become the focus of future condominium & borey projects
Sihanoukville cements its position as a rising star, with further large scale projects announced
CBRE CAMBODIA FEARLESS FORECAST 2017

Residential

- Serviced Apartments will focus on refurbishment, additional services and price in an attempt to differentiate themselves from Condominiums
- Grade A Serviced Apartments will continue to see 90% occupancy, lower grades will struggle
- Layouts, Facilities, Interior Design and Quality of Services will become the other most important factors in location decisions
CBRE CAMBODIA FEARLESS FORECAST 2017

Office

• Overall occupancy of Grade A offices will top 50%...
• ...With Exchange Square achieving 100% occupancy by the year end
• Significant demand drivers – Financial Services, Marketing, Insurance, Logistics, IT
• Expansion Trend – MNCs transition from rep offices and non-permanent structures to full market entry
• Flight to Quality will continue, with Grade A and B offices increasing their occupancy. Grade C offices will turn to refurbishment and in some cases redevelopment to remain competitive.
• Co-working space will be a major talking point
• The rise of Digital Nomads – millennials take advantage of remote working
• Important qualities for a successful office building in 2017; good location (lower traffic), car parking, quality vs rent ratio, high speed internet, international quality property management, safety, security, design and prestige.
CBRE CAMBODIA FEARLESS FORECAST 2017

Retail

• International F&B franchises will continue to contribute significant levels of demand, with particular interest from Chinese and Japanese style offerings
• Fashion and Accessories Brands will actively expand, targeting shopping mall, retail podium and prime high street locations
• Developers become retailers
• Shopping Centre Managers will recognize the urgent need to refurbish, rebrand and reposition flagging retail space in order to attract the best retailers
• Sihanoukville sees its first announcement of a larger scale (+30,000 sqm) retail led scheme
• Online retail will start to make in-roads, with market penetration increasing from 8% to 20%.
• ‘Retailtainment’ (the mixing of retail and entertainment experiences) will be a significant growth area
Hospitality

• International brands will focus more on mid to upper scale markets
• Two more Chinese focused hotels will announce plans to enter Sihanoukville
• More than 1.1 million Chinese tourists visit Cambodia

Industrial

• The Star Performer!
• Speculative development of international quality stock will start
• Increased investment from Japanese firms – following the lead of Minebea
• Logistics will modernize to support consumer preferences and middle-class consumption

Investment

• Phnom Penh will see its first large investment sale of a major commercial building
This presentation has been prepared in good faith based on CBRE Research’s current views of the commercial real-estate market. Although CBRE believes its views reflect market conditions on the date of this presentation, they are subject to significant uncertainties and contingencies, many of which are beyond CBRE’s control. In addition, many of CBRE’s views are opinion and/or projections based on CBRE’s subjective analysis of current market circumstances. Other firms may have different opinions, projections and analyses, and actual market conditions in the future may cause CBRE’s current views to later be incorrect. CBRE has no obligation to update its views herein if its opinions, projections, analyses or market circumstances later change.

Nothing in this presentation should be construed as an indicator of the future performance of CBRE’s securities or of the performance of any other company’s securities. You should not purchase or sell securities – of CBRE or any other company – based on the views herein. CBRE disclaims all liability for securities purchased or sold based on information herein, and by viewing this presentation you waive all claims against CBRE and the presenter as well as against CBRE’s affiliates, officers, directors, employees, agents, advisers and representatives arising out of the accuracy, completeness, adequacy or your use of the information herein.
THANK YOU

© 2016 CB Richard Ellis (Cambodia) Co., Ltd. All materials presented in this report, unless specifically indicated otherwise, is under copyright and proprietary to CBRE. Information contained herein, including projections, has been obtained from materials and sources believed to be reliable at the date of publication. While we do not doubt its accuracy, we have not verified it and make no guarantee, warranty or representation about it. Readers are responsible for independently assessing the relevance, accuracy, completeness and currency of the information of this publication. This report is presented for information purposes only, exclusively for CBRE clients and professionals, and is not to be used or considered as an offer or the solicitation of an offer to sell or buy or subscribe for securities or other financial instruments. All rights to the material are reserved and none of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party without prior express written permission of CBRE. Any unauthorized publication or redistribution of CBRE research reports is prohibited. CBRE will not be liable for any loss, damage, cost or expense incurred or arising by reason of any person using or relying on information in this publication.