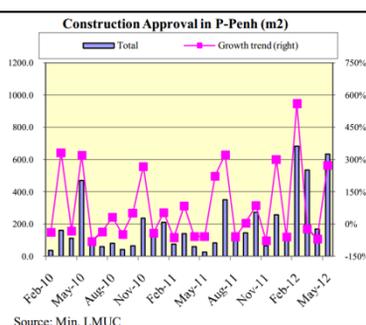


Quick Stats

DATA	Jul-12
GDP	US\$14 billion
GDP Growth	6.20%
GDP per capita	US\$955
Inflation	1.30%
Interest Rate (1yr)	12.48%
Exchange Rate (US\$=)	4,059 Riel
FDI Approvals	US\$5,088 mil
Exports	US\$5,303 mil
Imports	US\$6,742



DATA	Y-O-Y % CHANGE
GDP	+10.7
GDP Growth	-1.6
GDP per capita	+9.3
Inflation	-5.8
Interest Rate (1yr)	-4.73
Exchange Rate (US\$=)	-0.9
FDI Approvals	+13.8
Exports	+24.3
Imports	+13.2

Source: Economic Institute of Cambodia, 2012

ECONOMIC OVERVIEW

Cambodia's main economic boom period occurred between 2004 and 2008, the average growth being 10.3%. The double digit growth rate figures can be attributed to the rapidly growing service sector and FDI inflows.

Cambodia has seen positive GDP growth in 2012, driven largely by exports, this has had a positive impact on the economy and outlook for 2013 and beyond is positive. Predictions for growth in 2013 have been stated at 7%.

The economy is also driven largely by the Foreign Direct Investment that has seen a 13.8% approval increase. Most of the investment is directed to infrastructure or agricultural projects in rural areas. A clear indicator for this are the fixed asset investments in agriculture approved by the Council for the Development of Cambodia (CDC) in Q4 of last year rising by 255.7% Q-o-Q.

Cambodia's demographics are positively structured for growth with the majority of the population being below 30. There is strong growth in consumer goods driven by the young and aspirational society. Phnom Penh is still at the heart of the Cambodian economy with roughly 15% of the population residing in the city. While statistics put Phnom Penh's official population at 1.6 million, the figure is more likely to be two million.

In May 2012 the Ministry of Land Management, Urban Planning and Construction provided construction approval on 600,000sq.m of property in Phnom Penh an increase of approximately 275% month on month.

The Municipality of Phnom Penh statistics state that in March 2012 construction approvals equated to US\$150.5 million. Within March 17.8% of the construction approvals value was invested into the development of condominiums and apartments.

The sector with the lowest number of approvals were villas and houses with 1.1% of approvals. However, the villa and housing market hit a peak in August last year with US\$80,000,000 in approvals within one month.

Within the real estate market the increase in construction approvals specifically for residential flats shows the an increase in the domestic development market. In the first quarter of 2012 the total amount of gross loans provided by commercial banks reached US\$4.7billion a Y-o-Y increase of 33.6% indicating strong growth in domestic economic activities.



Agriculture and garment manufacturing are still showing strong signs of growth specifically in the rural areas of Cambodia with FDI in agriculture leading to large land transactions. It is promising to see the continued growth in construction approvals to meet the future demand of the market.

Owen Williams, Surveyor, CBRE Cambodia

Increase in tax revenues demonstrates the fact that Cambodian economy is growing. In April the total government revenue went up 32% from the previous month with domestic taxes increasing 26.2% Y-o-Y. The increase in government revenue shows signs that the government is becoming more self sufficient and less reliant on foreign aid. Tax revenues increasing also indicates domestic businesses becoming more legitimate making partnerships with foreign companies easier.

One of the main service sectors seeing rapid growth is the tourism sector. Developments on the South Coast ,such as Song Saa, have been increasing tourist arrival numbers. The region has seen a Y-o-Y growth as of January 2012 of 57.5% for local tourists and 50.9% for international tourists. The launch of the new air routes between Sihanoukville and Siem Reap helped the tourist number increase in the south coast and boosted the average period of stay in Cambodia.

With the launch of the Cambodian Stock Exchange (CSE) and signs of the government being less dependent on foreign aid, the next few years will be a period of positive transition for the country. The economy is set to accelerate next year with the GDP growth increasing to 7%. Cambodia is still a frontier economy, emerging from a low economic base. The economy is still dependent on garment manufacturing and rural agriculture. However, the soaring numbers of construction approvals will boost the property market and provides strong indication of the high demand currently experienced in the market.



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For more information regarding the MarketView, please contact:

Owen Williams: M. +855 12 930 709

owen.williams@cbre.com

T. +855 23 964 099

F. +855 23 964 088

cambodia@cbre.com

CB Richard Ellis (Cambodia) Co. Ltd.

9th Floor, Phnom Penh Tower

#445 Monivong Blvd, Corner Street 232

Boeung Prolet Quarter,

7 Makara District

Phnom Penh, Cambodia