ECONOMIC OVERVIEW
TOP STORIES DURING THE LAST 12 MONTHS

Cambodian airports up passenger volume by 25%

Angkor Wat Voted World’s Top Tourism Site in TripAdvisor Awards

What the belt and road project means for Cambodia

Chinese firm wins bid to upgrade, maintain national road in Cambodia

Vann Molyvann, Architect Who Molded Cambodia’s Capital, Dies at 90

China's big money trumps U.S. influence in Cambodia

Cambodian Garment and Footwear Workers to Get Minimum Wage Hike by 2018

Siem Reap to construct new international airport next year

Rising middle classes set to snap up mid-range properties
### Economic Indicators

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP (Bn USD)</td>
<td>14.1</td>
<td>15.3</td>
<td>16.7</td>
<td>18.2</td>
<td>20.2</td>
<td>21.6</td>
<td>23.1</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>6.8</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>3.5</td>
<td>2.9</td>
<td>3.2</td>
</tr>
<tr>
<td>No. of Foreign Tourist Arrivals (Million)</td>
<td>3.6</td>
<td>4.2</td>
<td>4.5</td>
<td>4.8</td>
<td>5.0</td>
<td>5.6</td>
<td>N/A</td>
</tr>
</tbody>
</table>


### Banking and Finance

<table>
<thead>
<tr>
<th></th>
<th>2015 H1</th>
<th>2015 H2</th>
<th>2016 H1</th>
<th>2016 H2</th>
<th>2017 H1</th>
<th>2017 H2</th>
</tr>
</thead>
<tbody>
<tr>
<td>KHR/USD (Official)</td>
<td>4,098</td>
<td>4,050</td>
<td>4,084</td>
<td>4,037</td>
<td>4,086</td>
<td>4,039</td>
</tr>
<tr>
<td>1-Year USD Lending rate (%)*</td>
<td>11.35</td>
<td>11.35</td>
<td>11.50</td>
<td>11.50</td>
<td>11.50</td>
<td>11.50</td>
</tr>
<tr>
<td>1-Year USD Deposit rate (%)*</td>
<td>4.30</td>
<td>4.30</td>
<td>4.25</td>
<td>4.25</td>
<td>4.25</td>
<td>4.35</td>
</tr>
</tbody>
</table>

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

*Source: National Bank of Cambodia & CBRE Research*

### Real Estate Indicators

<table>
<thead>
<tr>
<th></th>
<th>2016 Q1</th>
<th>2016 Q2</th>
<th>2016 Q3</th>
<th>2016 Q4</th>
<th>2017 Q1</th>
<th>2017 Q2</th>
<th>2017 Q3</th>
<th>2017 Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prime Office Rent (USD/SQM/Month)</td>
<td>22.67</td>
<td>22.85</td>
<td>22.85</td>
<td>22.38</td>
<td>22.2</td>
<td>25.4</td>
<td>25.4</td>
<td>25.4</td>
</tr>
</tbody>
</table>

*Source: CBRE Research, Q4 2017*
CAMBODIA GDP

Cambodia Real GDP Growth

Source: World Bank

Tourism: 5.6m / +11.8% Y-o-Y

Manufacturing: 115 new factories

Exports: US$9.55Bn / +19%

Construction: US$6.8Bn / +22%

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GDP GROWTH – WORLD VS. ASEAN-5 VS. CAMBODIA

ADB Expects Robust Growth for Cambodia’s Economy, Retains Forecast for 2017 and 2018

Cambodia to sustain strong growth: World Bank

Source: World Bank / NBC
Investment by Country in 2016

- China: 30%
- Cambodia: 28%
- Japan: 23%
- Thailand: 5%
- Korea: 5%
- U.S.A: 3%
- Singapore: 3%
- Vietnam: 2%
- Other: 1%

Source: The Council of Development of Cambodia

The New York Times

**Cambodia Finds New Target for Real Estate: Chinese Investors**

Cambodia attracts over 333 mln USD investment from ASEAN in 2017

The Phnom Penh Post

**China accounts for 27% of fixed-asset investment**

Key agreements signed with China on expressway, airport
Chinese company injecting $700m in new project
CAMBODIA KEY FUTURE INFRASTRUCTURE PROJECTS

1. PHNOM PENH BANGKOK RAILWAY LINK
   LINKING PHNOM PENH AND BANGKOK VIA POIPET CITY

2. NATIONAL ROAD 4 EXPANSION
   ADDS AN ADDITIONAL 2 LANES, 135km LONG

3. PHNOM PENH – HO CHI MINH TOLLWAY
   CONNECTS PHNOM PENH TO HO CHI MINH CITY VIA BAVET

ADB signs $180M in loans to Cambodia

Japan Provides Loans, Grants for Infrastructure

PHNOM PENH
- CLASS 4F AIRPORT PLANNED
- NEW AIRPORT PLANNED

SIEM REAP
- NEW AIRPORT PLANNED

KOH KONG
- NEW AIRPORT PLANNED

SIHANOUKVILLE
- EXPANSION OF EXISTING PORT
- EXISTING AIRPORT UPGRADES
- NEW FERRY TERMINAL

CAMBODIA | FEARLESS FORECAST 2018
PHNOM PENH KEY FUTURE INFRASTRUCTURE PROJECTS
PHNOM PENH LAND AND INVESTMENT MARKET
1. Significant investment sale
   Phnom Penh Tower sold to Prince Real Estate Group

2. Central districts experienced slower price growth: ~5% - 8% Y-o-Y
   Most secondary districts saw sustained growth: ~0% - 17% Y-o-Y

3. Increased volume of transactions in H2 2017

4. Record level of approved investment into construction:
   US$6.8Bn
CHAMKARMON


Daun Penh
Chamkarmon
7Makara
Toul Kork
Russey Keo
Sen Sok
Chroy Changvar

Average: +6.6% y-o-y

Source: CBRE Research, Q4 2017
CAMBODIA CONSTRUCTION INVESTMENT

Approved Investment Into Construction by Value and Number of Projects (Q1 2015 – Q4 2017)

Source: MLMUPC, Q4 2017

- US$6.8Bn
- 3,418 Projects
- +22%

Chinese demand drives construction boom in Cambodia

Source: MLMUPC, Q4 2017
## BCI DATA – ONGOING PROJECTS

<table>
<thead>
<tr>
<th>Cambodia</th>
<th>Phnom Penh</th>
<th>Siem Reap</th>
<th>Sihanoukville</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>148</td>
<td>9</td>
<td>2</td>
</tr>
<tr>
<td>Office</td>
<td>19</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Retail</td>
<td>19</td>
<td>5</td>
<td>1</td>
</tr>
<tr>
<td>Hotels</td>
<td>23</td>
<td>5</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>209</strong></td>
<td><strong>19</strong></td>
<td><strong>4</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Regional Comparison</th>
<th>Phnom Penh, Cambodia</th>
<th>Vientiane, Laos</th>
<th>Yangon, Myanmar</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>148</td>
<td>12</td>
<td>836</td>
</tr>
<tr>
<td>Office</td>
<td>19</td>
<td>9</td>
<td>65</td>
</tr>
<tr>
<td>Retail</td>
<td>19</td>
<td>1</td>
<td>56</td>
</tr>
<tr>
<td>Hotels</td>
<td>23</td>
<td>8</td>
<td>43</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>209</strong></td>
<td><strong>30</strong></td>
<td><strong>1,000</strong></td>
</tr>
</tbody>
</table>

Source: CBRE Cambodia / BCI Data, Q4 2017
Central districts – price growth will remain muted
Secondary districts – continuation of substantial increases

Southern districts – price speculation on the back of the new airport announcement

Strong growth in Chinese investment with a number of large projects announced in H1 2018

Demand for income bearing assets be substantial but supply will remain limited
PHNOM PENH RESIDENTIAL MARKET
Tenancy rates remained robust in most locations

The market showed divergence – focus on high-end & affordable sectors affected prices

The volume of launches was low & focused on secondary districts

Total supply reached 8,600 units by Q4; 107% increase y-o-y
PHNOM PENH CONDOMINIUM SUPPLY

Supply by Grade & Annual % Increase

Sector Descriptor: (based on Net Internal Area)

**Affordable:** <$1,500 per sqm
**Mid-Range:** $1,500 >= $3,000 per sqm
**High-End:** >$3,000 per sqm

Source: CBRE Research, Q4 2017
PHNOM PENH CONDOMINIUM SUPPLY

No. of New Launches

Source: CBRE Research, Q4 2017

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19
CAMBODIA | FEARLESS FORECAST 2018
PHNOM PENH KEY CONDOMINIUM PROJECTS LAUNCHED IN 2017

Source: CBRE Research, Q4 2017
SELECTED CONDOMINIUM SUPPLY TO BE COMPLETED IN 2018

- TK Royal One
  - 143 units
- Bodaiju Residence A&B
  - 372 units
- Axis Residence
  - 556 units
- North Park Condominium
  - 185 units
- Prince Central Plaza
  - 918 units
- Star City
  - 1,697 units
- Sky Villa
  - 256 units
- One 18 Residence
  - 705 units
- One Park Residence
  - 1636 units
- The Bridge
  - 762 units
- The Penthouse
  - 458 units
- D.I. Riviera A&B
  - 705 units
- Diamond Twin Tower
  - 322 units
- Skylar by Meridien
  - 175 units
- Embassy Central
  - 117 units
- 352 Platinum
  - 130 units
PHNOM PENH CONDOMINIUM PRICES

Average Price Per Sqm of Phnom Penh Condominiums (Q1 2015-Q4 2017)

$3,750
$3,250
$2,750
$2,250
$1,750
$1,250


+3% y-o-y
-4% y-o-y
-11% y-o-y

Source: CBRE Research, Q4 2017
PHNOM PENH CONDOMINIUM RENTS

Monthly Rents and Average Per Sqm Rents Per Month of Phnom Penh Condominiums (High-End & Mid-Range) (USD)

Gross Rental Yield: 5-7%

Source: CBRE Research, Q4 2017
1. Oversupply will be seen in some locations but not widespread.

2. Rents will face downward pressure in some locations.

3. Market divergence will continue with the high-end and affordable sectors being a focus for new launches.

4. New launches will be dominated by a small number of large scale Chinese projects in secondary locations.
1. Occupancy reached its highest level since early 2009

2. Rents improved for Grade B buildings outside of the CBD

3. Grade A made substantial gains in occupancy rate

4. Space was absorbed by Chinese tenants and expanding companies already present in the city
PHNOM PENH OFFICE SUPPLY

Centrally Owned - Office Supply by Grade (Sqm) & Occupancy Rate (%) (2008-2019f)

Highest Occupancy since 2009

Strata-title - Office Supply by Grade (Sqm) (2017-2019f)

Source: CBRE Research, Q4 2017
### NEW OFFICE SUPPLY – COMPLETED DURING 2017

<table>
<thead>
<tr>
<th>Building Name (Grade)</th>
<th>Size (sqm)</th>
<th>Occupancy (Q4)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exchange Square (A)</td>
<td>18,000sqm</td>
<td>75%</td>
</tr>
<tr>
<td>City Tower (B)</td>
<td>5,820sqm</td>
<td>62%</td>
</tr>
<tr>
<td>H Silver (C)</td>
<td>3,507sqm</td>
<td>46%</td>
</tr>
<tr>
<td>Sokea Centre (C)</td>
<td>11,256sqm</td>
<td>100%</td>
</tr>
<tr>
<td>Legacy (C)</td>
<td>6,000sqm</td>
<td>66%</td>
</tr>
</tbody>
</table>

Source: CBRE Research, Q4 2017
SELECTED PHNOM PENH OFFICE FUTURE SUPPLY (2018-19F)

Source: CBRE Research, Q4 2017
PHNOM PENH OFFICE RENTS

Average Quoting Office Rents By Grade and Location (2008-2017)

Grade B

$15 – $26 psm

% Change

CBD: 0%

NCBD: +3%

Grade C

$9 – $16 psm

% Change

CBD: +4%

NCBD: -3%

Avg. Change: +1% y-o-y

Source: CBRE Research, Q4 2017
FORECAST OFFICE RENTAL GROWTH 2018

Forecast Prime Office Rental Growth – Regional Comparisons

Source: CBRE Research, Q4 2017
72 of Global Fortune 500 in Cambodia as of 31 Dec 2017

Number of Global Fortune 500 in Cambodia by Sectors

Source: CBRE Research, Q4 2017

72 vs. 230
PHNOM PENH OFFICE DEMAND

Office Enquiries by Size & Top Industries (2016)

Source: CBRE Research, Q4 2017
PHNOM PENH OFFICE – OCCUPANCY DRIVERS

- Fire Safety
- Efficiency
- Visibility / Prestige
- Ease of Access
- Quality of Environment
- Amenities in Vicinity
- Car & Moto Parking
- Staff Retention
- Location
- Total Occupancy Costs
Occupancy will improve further for centrally owned properties.

Strata-title developments delivered for the first time. Occupancy in this sector will be limited by significant competition.

Co-working will take off with the introduction of international operators.

Quoting rents across all Grades will be stable.
1. New supply was minimal, with only Exchange Square delivering new stock to the market.

2. E-payment solutions have changed customer behavior.

3. Project launches focused on Community Malls, spearheaded by local developers.

PHNOM PENH RETAIL SUPPLY

Retail Supply By Type SQM (2009 – 2019F)

Source: CBRE Research, Q4 2017
SELECTED FUTURE RETAIL SUPPLY (2018-2020F)

Source: Google Maps, CBRE Research, Q4 2017

CBRE CAMBODIA
New Retail Entrants in 2017 – Regional Comparison

Source: CBRE Research, Q4 2017
Average Quoting Retail Rents By Type (USD/SQM)

- **Prime Shopping Mall**: $31.6
- **Prime Retail Podium**: $30.6
- **Community Mall**: $26.8
- **Prime High Street**: $32.0

Source: CBRE Research, Q4 2017

CBRE CAMBODIA
FORECAST RETAIL RENTAL GROWTH 2018

Forecast Retail Rental Growth – Regional Comparisons

Source: CBRE Research, Q4 2017
PHNOM PENH RETAIL—2018 FORECAST

1. More Thai and Japanese retail brands will enter the market

2. E-commerce and Fin-Tech innovations will shape consumer demand, with discounts and promotions more widely used

3. International Mall Developer/Operators will launch projects in the city

4. The Community Mall trend will continue, largely in support of new residential developments
INDUSTRIAL MARKET
MINIMUM WAGES – REGIONAL COMPARISONS

Source: CBRE Research
CAMBODIA’S INDUSTRY DIVERSIFYING

Number of Manufacturers in Cambodia (2012 vs. 2017)

CAMBODIA'S EXPORT PRODUCT DIVERSIFICATION

% of Total Merchandise Exports

Export Diversification – Regional Comparisons


Walmart to Buy More Apparel, Luggage from Cambodian Manufacturers

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47

CAMBODIA | FEARLESS FORECAST 2018
Phnom Penh Industrial Rents (USD/SQM/Month)

- **SEZs**: Rental Range for Ready-Built
- **Industrial Parks**: Rental Range for Ready-Built
- **Standalone (Outskirt, Industrial Area)**: Rental Range for Ready-Built
- **Build-to-Suit**: Rental Range for Build-To-Suit

Source: CBRE Research, Q4 2017
Low growth environment present in most regional centres
TOURIST ARRIVALS - CAMBODIA

No. of Foreign Tourist Arrivals to Cambodia

2017 Year End
Est. 5.6 Million

+11.8% Y-o-Y

Source: Ministry of Tourism, CBRE Cambodia
TOURIST ARRIVALS - CAMBODIA

No. of Tourist Arrivals by Nationality

Source: Ministry of Tourism, CBRE Cambodia
Note: Figures for the 11 months January - November
DIRECT FLIGHTS FROM CHINESE CITIES (WEEKLY)

- Phnom Penh
  - 48 Flights per week
  - $200 - $250 PAX

- Vientiane
  - 11 Flights per week
  - $250 - $300 PAX

- Hanoi
  - 162 Flights per week
  - $175 - $225 PAX
FOREIGN TOURIST ARRIVALS – REGIONAL COMPARISONS

No. of Chinese and Foreign Tourist Arrivals – Regional Comparisons

Source: CBRE Research, Various Sources
### TOURIST DESTINATIONS

<table>
<thead>
<tr>
<th>Destination</th>
<th>2016</th>
<th>2017</th>
<th>Y-o-Y Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PHNOM PENH</strong></td>
<td>2,445,830</td>
<td>2,710,208</td>
<td>+10.8%</td>
</tr>
<tr>
<td><strong>SIEM REAP</strong></td>
<td>1,954,708</td>
<td>2,190,063</td>
<td>+12%</td>
</tr>
<tr>
<td><strong>COASTAL AREA</strong></td>
<td>574,985</td>
<td>673,244</td>
<td>+17.1%</td>
</tr>
</tbody>
</table>

- CAMBODIAN OUTBOUND TOURISTS:
  - 2016: 1,306,393
  - 2017: 1,612,525
  - Y-o-Y Change: +23.4%

Source: Ministry of Tourism, CBRE Cambodia
Note: Figures for the 11 months from January to November
Greetings from CBRE Cambodia,

You are invited to join us for an evening seminar focused on trends in the tourism and hospitality sector across the Asia Pacific region, with particular focus on emerging markets and their impacts on development and hotel investment.

01 February 2018 | 6:00PM - 9:00PM

Raffles Hotel Le Royal
92 Rukhak Vithei Daun Penh, Sangkat Wat Phnom, Phnom Penh

To reserve your place, please RSVP to Mr. Sonic
sonic.sovuth@cbre.com
+855 95 777 982 or +855 23 964 099
ALTERNATIVE INVESTMENT STRATEGIES

Niche Sectors in Which Investors Are Now Active or Plan to be Active (Asia Pacific)

Source: PWC, Emerging Trends in Real Estate Asia Pacific 2018 survey

Demand for affordable housing to continue throughout 2018

Arakawa to Invest $70 Million in Affordable Housing in Sen Sok District

Regus unveils second business centre

Co-Working Spaces in Demand as Alternative to Rising Rent

Plans shown for eco-resort in Siem Reap

Healthcare

Education

CBRE CAMBODIA
Substantial levels of new supply across all sectors

Chinese interest in the Cambodian property & tourist market continues unabated

Domestic politics takes centre stage in the run up to the general election, dampening demand from international investors, with the exception of China

Strata-title offices are delivered to the market for the first time

Localisation & Internationalisation at the same time
Coastal areas receive more column inches than Siem Reap

Real estate marketing hits new heights as developers battle competition

Gold Tower 42 will get finished (in 2019)

Phnom Penh becomes weekend boutique hotel heaven

Retailers fill up new malls with F&B
Cambodia’s first ice-skating team dazzles at the Winter Olympics

Cambodia’s first ice skating team chases Winter Olympic dream

Cambodians skate over imperfections