



Executive Summary



ECONOMY

The Philippines is benefitting from a period of political stability with economic growth accelerating. The country's GDP significantly grew to 7.8% in 1Q 2013, above the market consensus of approximately 6.0%. Strong domestic expenditures led the manufacturing sector to grow by 9.7%, while investments in construction grew by double digits for the fourth consecutive period. Due to a healthy business climate backed by a solid macroeconomic environment, the majority of economists expect the country's GDP to grow between 6.5 and 7.0% in 2013.

OFFICE

In 2Q 2013, the Grade A office vacancy rate in the Makati CBD increased substantially to 7.8% versus the 2.1% recorded the previous quarter - mainly a result of the low take-up rate registered in Alphaland Makati Tower. Despite the increase, the strong demand in the Premium and Grade B segments reduced the overall vacancy rate in the district, which settled at the sub-4.0% level. The rental rate in the district is expected to increase between 5 and 7% in 2Q 2014, as take-up is estimated to build-up amidst the lack of appropriate space.

RESIDENTIAL

In all five submarkets tracked by Colliers, an average of 6,225 high-rise residential units are expected to be completed annually, leading to a total supply of over 78,000 units by the end of 2016. The Makati CBD and BGC will have the strongest supply pipeline, collectively representing 60% of new stock in the five submarkets over the next four years. While leasing transactions remain strong in premium residences, lessors of the smaller unit segments in BGC find heavy competition in attracting tenants, resulting in weakened bargaining capacities. The asking rental rates for studio and one-bedroom units in BGC dropped by nearly 6% QoQ to PHP780 per sq m.

HOTEL & LEISURE

Harnessing the growing opportunities in the tourism industry, real estate firms confidently venture into the hotel and leisure businesses with various plans currently laid out. Metro Manila alone anticipates an average of 4,200 new rooms annually from 2014 to 2016. Additionally, in the rest of the country, over 10,000 hotel rooms are underway, set to be completed in the span of four to five years. However, despite the strong business environment, hotel room rates in Metro Manila grew only at modest rate in the 1H13 owed to a tightened market resulting from the increasing number of hotel developments.

INDUSTRIAL

Expansions are starting to be implemented in various economic zones in Cavite, Laguna and Batangas, with their PEZA accreditation currently in process. This recent development indicates growing requirements in the manufacturing industry backed by a favorable investment climate. Average land lease hold rate in all of Cavite in the region increased significantly by 29%, while lease rates for warehouse and logistics facilities improved by 1.7%.

MARKET INDICATORS

OFFICE	↑
RESIDENTIAL	↑
HOTEL & LEISURE	↑
INDUSTRIAL	↑

ECONOMIC INDICATORS^a

	2007	2008	2009	2010	2011	2012	1Q 2013
Gross National Product	6.10	6.00	6.50	8.40	3.20	5.80	7.10
Gross Domestic Product	6.60	4.20	1.10	7.60	3.90	6.60	7.80
Personal Consumption Expenditure	4.60	3.70	2.30	3.40	6.10	6.10	5.10
Gov't Expenditure	6.90	0.30	10.90	4.00	1.00	11.80	13.20
Capital Formation	-0.50	23.40	-8.70	31.60	8.10	-4.40	17.90
Exports	6.70	-2.70	-7.80	21.00	-4.20	8.70	-7.00
Imports	1.70	1.60	-8.10	22.50	0.20	4.20	1.60
AHFF ^b	4.70	3.20	-0.70	-0.20	2.70	2.70	3.30
Industry	5.80	4.80	-1.90	11.60	2.30	6.50	10.90
Services	7.60	4.00	3.40	7.20	5.10	7.40	7.00
Average Inflation ^c	2.90	8.30	4.10	3.90	4.60	3.20	3.20
Budget Deficit (Billion Pesos)	(PHP12.4)	(PHP68.1)	(PHP298.5)	(PHP314.4)	(PHP197.7)	(PHP242.8)	(PHP66.4)
P:US\$ (Average)	P46.1	P44.7	P47.6	P45.10	P43.31	42.09	P41.7
Average 91-Day T-Bill Rates	3.40	5.20	4.00	3.70	1.37	1.58	-

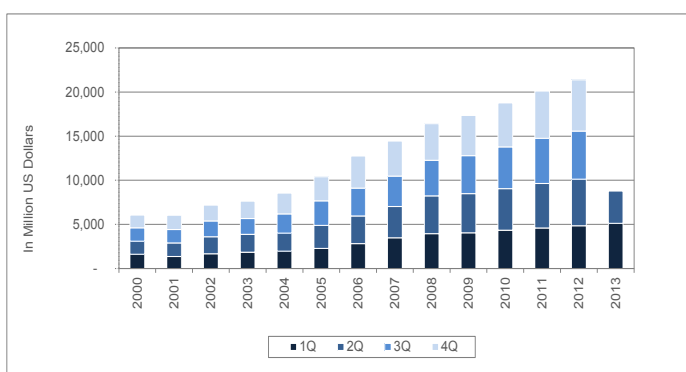
^a At constant 2000 price

^b Agriculture, Hunting, Forestry, Fishing

^c at constant 2006 prices

Source: National Statistical Coordination Board, Bangko Sentral ng Pilipinas, Bureau of Treasury

OFW Remittances^a



Source: Bangko Sentral ng Pilipinas
^a as of April 2013

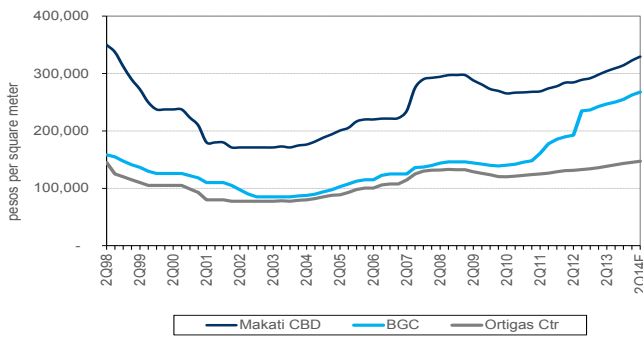
ECONOMY

The Philippines is benefitting from a period of political stability with economic growth accelerating. The country's GDP significantly grew to 7.8% in 1Q 2013, above the market consensus of approximately 6.0%. This was the highest in the region, exceeding China (+7.7%), Indonesia (+6.0%), Thailand (+5.3%), India (+5.0%) and Vietnam (+4.9%), among others.

The stellar GDP growth in the first quarter was highly attributed to the increase in government and consumer spending, as well as the robust performance of the manufacturing and construction industries. Strong domestic expenditures led the manufacturing sector to grow by 9.7%, while investments in construction grew by double digits for the fourth consecutive period translating into a 32.5% increase in 1Q 2013. Consumer spending remains the main growth contributor, comprising approximately 80% of the quarter's total GDP. Consequently, strong local demand will be continually buoyed by benign inflation (3%), all-time low lending rates (5 - 8%), and the sustained inflow of OFW remittances, which reached US\$6.9 billion (+5.7%) from January to April of this year.

Meanwhile, the recent investment upgrades from S&P and Fitch have led to a heightened level of interest among foreign investors and a more upbeat business and consumer sentiment. Due to this healthy business climate backed by a solid macroeconomic environment, the majority of economists expect the country's GDP to grow between 6.5 and 7.0% in 2013, up from the previous projections of 6.0%. However, the recent quantitative easing in the U.S. might signal an increase in domestic interest rates which will possibly hamper growth moving forward.

Makati CBD, Ortigas & Fort Bonifacio Average Land Values



Source: Colliers International Philippines Research

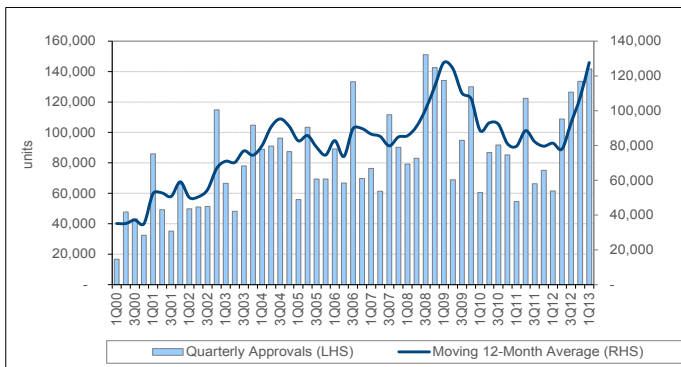
LAND VALUES

Implied land values in the Makati CBD appreciated by 2.0% in 1Q 2013, resulting in an average price of PHP304,230 per sq m or an accommodation value of PHP19,015 per sq m. Ortigas land values grew at a relatively marginal rate of 1.7%, pegged at an average of PHP138,395 per sq m. In BGC, land values sustained double-digit growth annually, currently with an average accommodation value of PHP24,690 per sq m. Land values in both Makati and BGC are expected to grow between 8 and 9% in 2Q 2014, while a 6.4% increase is estimated in Ortigas Center.

COMPARATIVE LAND VALUES					
PESO / SQ M	2Q 2013	1Q 2013	% CHANGE (QoQ)	2Q 2014F	% CHANGE (YoY)
MAKATI CBD	283,185 - 325,275	280,380 - 315,800	2.06	289,455 - 369,655	8.32
ORTIGAS CENTER	104,925 - 171,860	101,870 - 170,160	1.75	115,815 - 178,840	6.45
BGC	200,850 - 292,900	195,000 - 290,000	1.80	223,864 - 311,730	8.47

Source: Colliers International Philippines Research

HLURB Licenses



Source: Housing and Land Use Regulatory Board

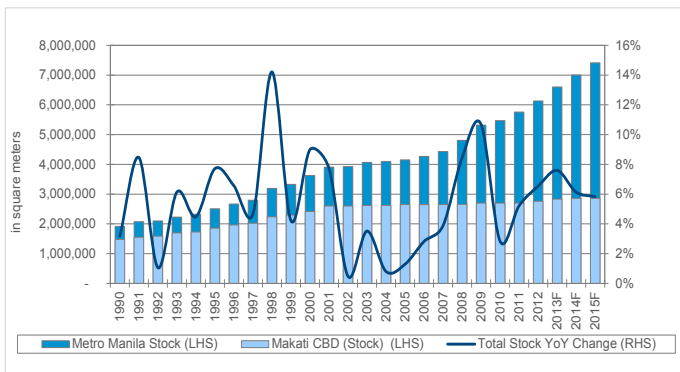
LICENSES TO SELL

Overall residential licenses issued by the HLURB increased by 31% in 1Q 2013. The latest figures indicate that 46,502 units were licensed during this three-month period, up by around 10,915 units compared to the same period a year ago. The increase was mainly driven by the growth of licenses issued in the high-rise segment numbering 16,252 units, 67% higher than in 1Q 2012. The licenses issued for socialized housing grew by 37% YoY with 10,427 units. While the approved licenses in the socialized housing segment continue to increase, its growth rate slowed to 8.8% compared to its double-digit increase in 2012. On the other hand, despite the downward trend in the number of issued licenses for open-market housing last year, it has shown signs of recovery with growth registering at 7.3% YoY.

HLURB LICENCES TO SELL			
UNITS	1Q 2013	1Q 2012	% CHANGE YoY
Socialized Housing	10,427	7,588	37.4
Low-Cost Housing	13,914	12,791	8.8
Open-Market Housing	5,909	5,509	7.3
High-Rise Residential	16,252	9,699	67.6
Commercial Condominium	471	67	603.0
Farm Lot	0	0	0.0
Memorial Park	22,135	24,725	-10.5
Industrial Subdivision	0	0	0.0
Commercial Subdivision	16	57	-71.9
Total (Philippines)	69,124	60,436	14.4

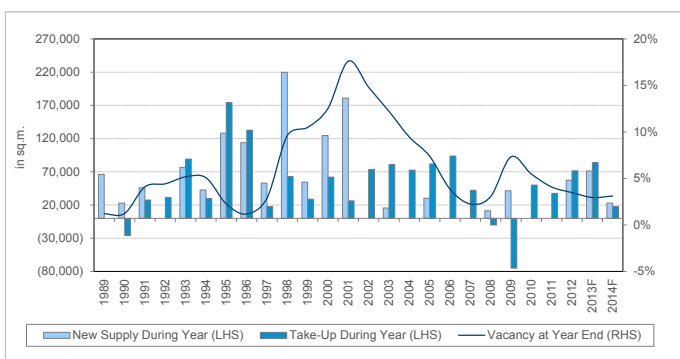
Source: Housing and Land Use Regulatory Board

Makati CBD vs. Metro Manila Office Stock



Source: Colliers International Philippines Research

Makati CBD Office Supply and Demand



Source: Colliers International Philippines Research

MAKATI CBD COMPARATIVE OFFICE VACANCY RATES (%)			
	1Q 2013	2Q 2013	2Q 2014F
PREMIUM	5.83	4.88	3.29
GRADE A	2.13	7.88	5.69
GRADE B & BELOW	3.25	1.88	2.97
ALL GRADES	3.38	3.53	3.58

Source: Colliers International Philippines Research

OFFICE SECTOR

Supply

Over 560,000 sq m of new office space is set to be delivered in Metro Manila this year; nearly half were already introduced in 1H 2013. Four new office buildings were completed in 2Q 2013, equivalent to more than 69,000 sq m of net usable space. The delivery of these new buildings depicts further expansions in campus-type developments such as the addition of Science Hub 4 (18,800 sq m) and 8 Campus Place Tower 2 (6,730 sq m) in McKinley Hill, and Building L (8,380 sq m) in UP Ayala Techno Hub - all buildings catering to BPO companies. On the other hand, Alphaland Makati Tower, a recently completed HQ-type office in the Makati CBD, aims to attract traditional and multinational firms with approximately 38,000 sq m of leasable space.

Meanwhile, the Makati CBD's current office supply stands at 2.8 million sq m and will be at the same level in the long term with no new office supply in the pipeline besides V-Corporate Tower (28,900 sq m), scheduled to be completed in 2Q 2014. Outside the Makati CBD, construction activity remains high with some 300,000 sq m of office space bound to be delivered in the remainder of the year. Moreover, demand coming from the O&O industry continues to fuel office developments with some 400,000 sq m of new supply in each of 2014 and 2015.

Demand

In 2Q 2013, the Grade A office vacancy rate in the Makati CBD increased substantially to 7.8% versus the 2.1% recorded the previous quarter - mainly a result of the low take-up rate registered in Alphaland Makati Tower. Despite the increase, the strong demand in the Premium and Grade B segments reduced the overall vacancy rate in the district, which settled at the sub-4.0% level. It is estimated that the vacancy rate in the district will contract to 3.0% by year-end but consequently escalate to 3.5% once V-Tower is completed in 2Q 2014.

Rents

The Makati CBD strongly remains a landlords' market as take-up remains generally high, tied to the lack of appropriate office space. In 2Q 2013, average premium rental rates grew by 3.5% QoQ to exceed the PHP1,000 per sq m monthly level, last witnessed in 2007. Meanwhile Grade A and Grade B rental rates were at an average of PHP745 (+1.0% QoQ) and PHP540 (+4.9% QoQ) per month, respectively. The rental rate in the district is expected to increase between 5 and 7% in 2Q 2014.

FORECAST OFFICE NEW SUPPLY					
LOCATION	End of 2012	2013F	2014F	2015F	Total
MAKATI CBD	2,771,784	74,130	24,248	-	2,870,162
ORTIGAS	1,175,350	66,999	39,773	-	1,282,122
FORT BONIFACIO	747,116	226,497	149,069	154,214	1,276,896
EASTWOOD	313,864	-	-	-	313,864
ALABANG	303,866	31,131	59,106	51,797	445,900
OTHER LOCATIONS ^a	872,983	161,407	132,507	202,364	1,369,261
TOTAL	6,184,963	560,164	404,703	408,375	7,558,205

^aManila, Pasay, Mandaluyong, Quezon City and other fringe locations

Source: Colliers International Philippines Research

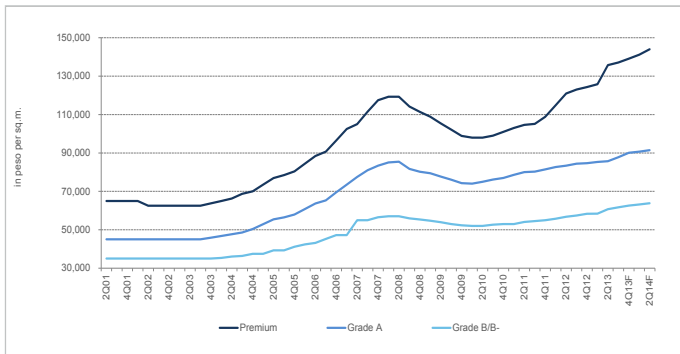
COMPARATIVE OFFICE RENTAL RATES (PESOS/SQM/MONTH)

MAKATI CBD (BASED ON NET USEABLE AREA)

	1Q 2013	2Q 2013	% CHANGE (QoQ)	2Q 2014F	% CHANGE (YoY)
PREMIUM	860 - 1,100	860 - 1,170	3.6	915 - 1,263	7.3
GRADE A	575 - 900	580 - 900	1.0	630 - 950	6.8
GRADE B	450 - 575	455 - 620	4.9	488 - 645	5.4

Source: Colliers International Philippines Research

Makati CBD Office Capital Values



Source: Colliers International Philippines Research

Capital Values

As with rental rates, average capital values for premium buildings in the Makati CBD grew by 2.3% QoQ to PHP135,750 per sq m and will reach over PHP144,000 per sq m by 2Q 2014. Meanwhile, Grades A and B capital values are currently at an average of PHP85,735 and PHP60,735 per sq m, respectively. Values for both grades are seen to increase between 5 and 7% in the next twelve months.

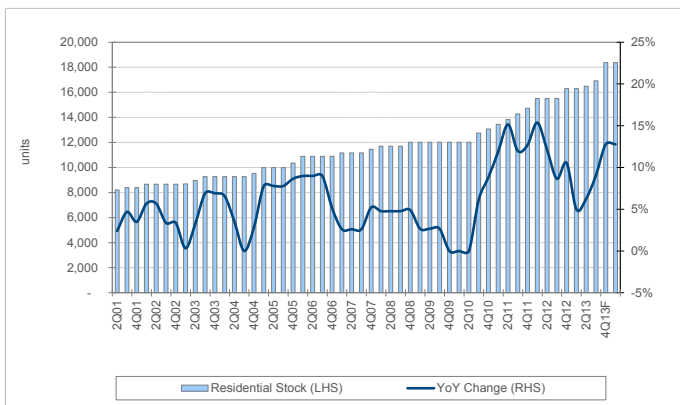
COMPARATIVE OFFICE CAPITAL VALUES (PESOS / SQM)

MAKATI CBD (BASED ON NET USEABLE AREA)

	1Q 2013	2Q 2013	%CHANGE (QoQ)	1Q 2014F	%CHANGE (YoY)
PREMIUM	120,000 - 131,600	132,000 - 139,496	2.3	141,480 - 146,600	6.1
GRADE A	71,725 - 98,890	72,085 - 99,385	0.5	76,490 - 104,950	5.8
GRADE B	49,500 - 67,300	51,480 - 69,990	4.7	54,100 - 73,555	5.1

Source: Colliers International Philippines Research

Makati CBD Residential Stock



Source: Colliers International Philippines Research

RESIDENTIAL SECTOR

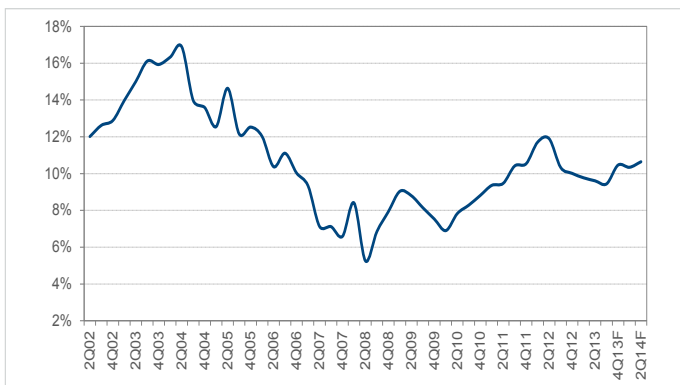
Supply

In all five submarkets tracked by Colliers, an average of 6,225 high-rise residential units are expected to be completed annually, leading to a total supply of over 78,000 units by the end of 2016. The Makati CBD and BGC will have the strongest supply pipeline, collectively representing 60% of new stock in the five submarkets over the next four years. However, the majority of the upcoming supply in both districts is not seen to fulfill end-user and expatriate requirements, as only a quarter of the total inventory is allocated to multi-bedroom units. In the Makati CBD alone, about 1,700 studio-to-one-bedroom units are slated to be delivered this year, roughly 85% of the total new supply.

FORECAST						
RESIDENTIAL NEW SUPPLY						
	end of 2012	2013	2014	2015	2016	Total
MAKATI CBD	16,288	2,081	1,596	2,812	779	23,556
ROCKWELL	3,718	-	441	-	-	4,159
FORT BONIFACIO	15,491	3,798	1,276	2,977	3,741	27,283
ORTIGAS	10,987	934	792	1,560	405	14,678
EASTWOOD	6,830	440	278	-	988	8,536
TOTAL	53,314	7,253	4,383	7,349	5,913	78,212

Source: Colliers International Philippines Research

Makati CBD Residential Vacancy



Source: Colliers International Philippines Research

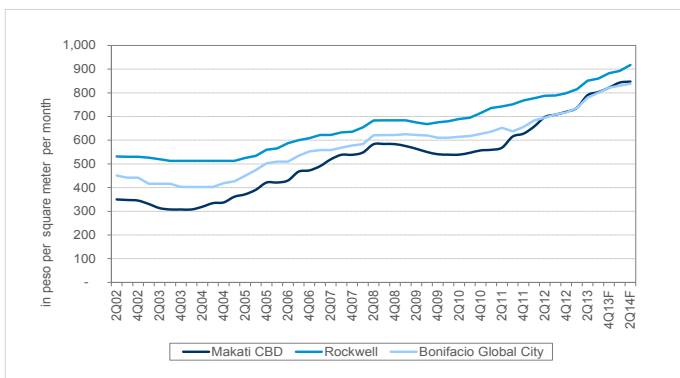
Demand

In 2Q 2013, premium condominiums in the Makati CBD remain highly preferred, with its vacancy rate decreasing by 1.3% QoQ to 3.4%. On the other hand, vacancy rates in both Grades A and B slightly increased to 10.5% QoQ and may reach 11.1% by year-end owing to the substantial upcoming supply. Similarly, in BGC, Grade B vacancy grew to 11.0% and might expand further by 2 - 4%, with close to 3,000 units slated for completion in the second half of the year.

MAKATI CBD			
COMPARATIVE RESIDENTIAL VACANCY RATES (%)			
	1Q 2013	2Q 2013	2Q 2014F
LUXURY	4.7	3.4	
OTHERS	10.4	10.5	
ALL GRADES	9.8	9.6	10.6

Source: Colliers International Philippines Research

Makati CBD, Rockwell, Bonifacio Global City Prime 3BR Units Residential Rents



Source: Colliers International Philippines Research

Rents

Premium three-bedroom rental rates in the Makati CBD grew significantly by 7.2% QoQ and are pegged at PHP790 per sq m monthly on average. This translates to a monthly rate of PHP197,500 for a 250 sq m unit. Meanwhile in BGC, rental rates grew by 6.0% QoQ to average at PHP780 per sq m monthly. Rents in both CBDs will improve by 7 - 8% in the next twelve months as the demand and supply gap remains narrow.

While leasing transactions remain strong in premium residences, lessors of the smaller unit segments in BGC find heavy competition in attracting tenants, resulting in weakened bargaining capacities. The asking rental rates for studio and one-bedroom units in BGC dropped by nearly 6% QoQ to PHP780 per sq m monthly in 2Q 2013. The decline in the rates signals a continuing trend in the short term as the level of inventory increases.

METRO MANILA RESIDENTIAL CONDOMINIUM					
COMPARATIVE LUXURY 3BR RENTAL RATES					
	1Q 2013	2Q 2013	%CHANGE (QOQ)	2Q 2014F	%CHANGE (YOY)
MAKATI CBD	540 - 930	540 -1,040	7.24	550 - 1,145	7.20
ROCKWELL	700 - 930	705 - 995	4.42	780 - 1,055	7.80
BONIFACIO GLOBAL CITY	580-890	590-970	6.03	625-1,050	7.40

Source: Colliers International Philippines Research

COMPARATIVE RESIDENTIAL LEASE RATES			
THREE-BEDROOM, SEMI-FURNISHED TO FULLY FURNISHED			
	MINIMUM	AVERAGE	MAXIMUM
Apartment Ridge / Roxas Triangle			
Rental Range ^a	110,000	150,000	250,000
Average Size ^b	210	280	330
Salcedo Village			
Rental Range	70,000	100,500	135,000
Average Size	170	190	330
Legaspi Village			
Rental Range	70,000	190,000	270,000
Average Size	120	210	280
Rockwell			
Rental Range	150,000	200,000	300,000
Average Size	200	260	330
Fort Bonifacio			
Rental Range	85,000	175,000	285,000
Average Size	130	200	300

^a Php per month
^b in square meters

Source: Colliers International Philippines Research

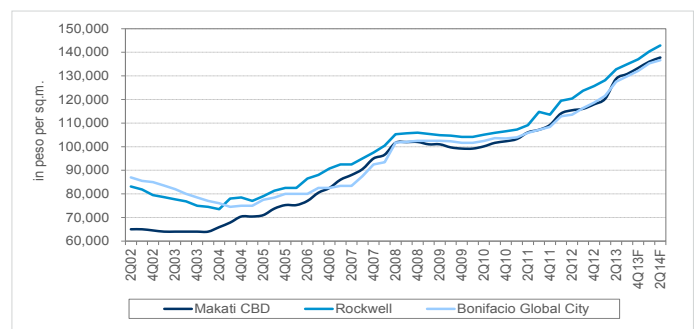
COMPARATIVE RESIDENTIAL LEASE RATES (EXCLUSIVE VILLAGES)		
3BR - 4BR, UNFURNISHED TO SEMI-FURNISHED		
	LOW	HIGH
Forbes Park	260,000	550,000
Dasmariñas Village	200,000	450,000
Urdaneta Village	200,000	450,000
Bel-air Village	100,000	300,000
Ayala Alabang Village	85,000	300,000
San Lorenzo Village	90,000	280,000

Source: Colliers International Philippines Research

Capital Values

Average premium secondary capital values in the Makati CBD slightly edged out that of BGC but remain essentially at par with a minimal difference of PHP1,500 per sq m. Premium three-bedroom units in the Makati CBD and BGC were priced at PHP128,730 and 127,575 per sq m, respectively. Similar to premium rents, a 7 - 8% growth in secondary prices is expected in both districts by 2Q 2014. Meanwhile, in Rockwell Center, the average capital value was PHP132,770 per sq m, and is expected to improve by 8% in the next twelve months.

Makati CBD Residential Capital Values

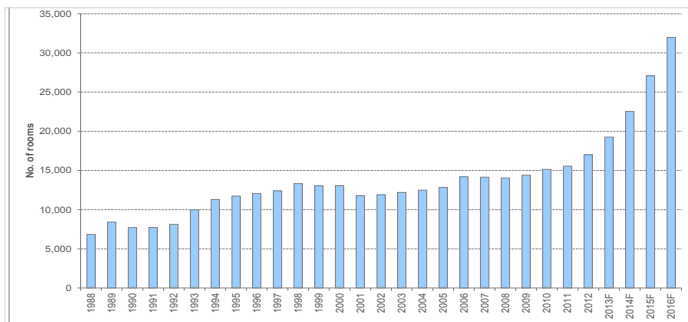


Source: Colliers International Philippines Research

METRO MANILA RESIDENTIAL CONDOMINIUMS					
COMPARATIVE LUXURY 3BR CAPITAL VALUES (PESOS / SQ M)					
	2Q 2013	1Q 2013	% CHANGE (QOQ)	2Q 2014F	% CHANGE (YoY)
MAKATI CBD	87,365 - 170,095	81,650-165,870	7.00	95,030 - 180,530	7.03
ROCKWELL	106,110 - 159,430	103,020-153,300	3.60	114,835 - 170,880	7.60
BONIFACIO GLOBAL CITY	98,265 - 156,885	93,585-149,415	5.00	108,450 - 164,870	7.12

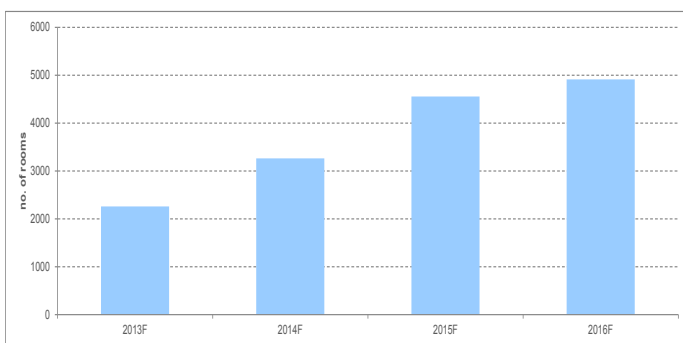
Source: Colliers International Philippines Research

Metro Manila Hotel Room Stock



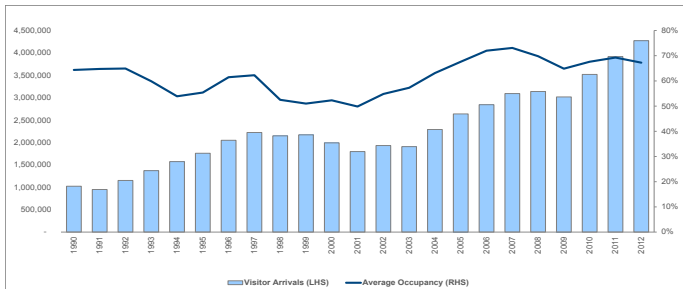
Source: Department of Tourism, Colliers International Philippines Research

Forecast on New Hotel Room Supply



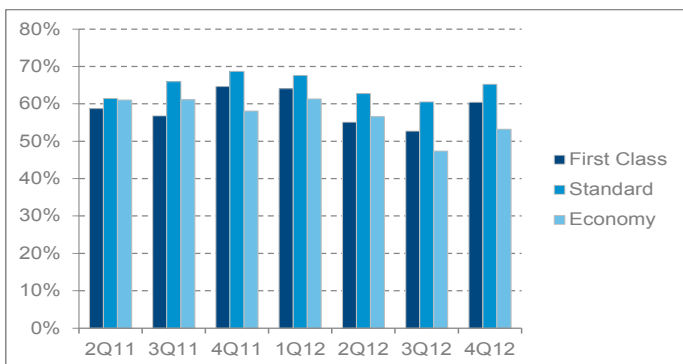
Source: Colliers International Philippines Research

Philippine Tourist Arrivals vs. Hotel Occupancy Rate



Source: Colliers International Philippines Research

Metro Manila Hotels – Average Occupancy Rate



Source: Department of Tourism

HOTEL & LEISURE

Supply

In 2012, the number of new hotel rooms in Metro Manila reached 1,440 and cumulatively ended with an estimated stock of 17,007 rooms. Some 2,260 new rooms (+57% YoY) are expected this year, majority of which have been delivered in the first half. These new rooms are found in various hotel developments, such as the new branches of limited-service brands Microtel Inn & Suites (84 rooms) in Quezon City, and Go Hotels (118 units) in Manila. Moreover, international brand Holiday Inn & Suites recently opened in Makati with 696 rooms. In Pasay City, gaming hotel Solaire Manila (500 rooms) has established its footprint, becoming the first hotel to open its doors in the much anticipated Entertainment City. Towards the remainder of the year, roughly 862 more rooms are expected to be delivered.

Harnessing the growing opportunities in the tourism industry, real estate firms confidently venture into the hotel and leisure businesses with various plans currently laid out. In the next two to three years, Travelers International Hotel Group is bringing in the Hilton and Sheraton brands, translating to about 700 rooms, into the Resorts World Leisure Complex. Meanwhile, the SM Group plans to build one new hotel each year, with Park Inn as its main brand driver. Furthermore, under its home-grown Crimson hospitality brand, Filinvest plans to introduce Crimson Resort & Spa in Boracay, consisting of 200 luxury hotel rooms. Overall, Metro Manila alone anticipates an average of 4,200 new rooms annually from 2014 to 2016. Nationwide, over 10,000 hotel rooms are underway, set to be completed in the span of four to five years.

Demand

Despite an all-time high in tourist arrivals in 2012, government data shows that the average occupancy rate in Metro Manila decreased to 67% from the 69% recorded in 2011. Meanwhile, the average length of stay is unchanged at 2.48 nights. With the majority of hotels opening in the latter part of 2012, the initial introduction stage suggests a low take-up rate, possibly resulting in an artificial drop in the year's overall hotel occupancy. Moreover, the improved accessibility of new domestic and international airports has drawn local and foreign travellers from the metropolitan areas to other popular destinations such as Clark, Cebu, Davao, Kalibo and Iloilo, reducing the need for longer stays in Manila.

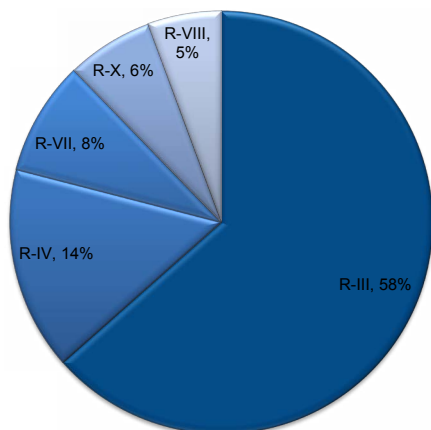
Rates

A strong business environment drove hotel room rates to consistently increase in Metro Manila, but at a modest rate owing to tightening competition. Average five-star room rates grew marginally by 1.08% to US\$321 per night in 1H 2013 versus its double-digit increase in the same period last year. Similarly, four-star room rates increased by a minimal 2.3% HoH to US\$270. In contrast, three-star hotels remain resilient, benefitting mostly from the increasing local and foreign guests. The average three-star room rates improved significantly by 7% HoH to US\$147 per night. Meanwhile, corporate rates grew considerably across classifications, at an average of 15% YoY due to the anticipated growth in business travellers.

MM Average Hotel Room Rates				
CLASS	Published Rates (US\$)		Corporate Rates (US\$)	
	2H 2012	1H 2013	2012	2013
5 - Star	318	321	209	235
4 - Star	263	270	191	224
3 - Star	137	147	118	138

Source: Colliers International Philippines Research

Philippines Industrial Supply Stock by Region of Highest Supply (Manufacturing)^a



Source: Philippine Economic Zone Authority
^a PEZA Accredited Economic Zones

INDUSTRIAL

Supply

As of 1H 2013, the number of manufacturing economic zones in the Philippines registered with the Philippine Economic Zones Authority (PEZA) grew by a meager 0.3% to 55,354 ha versus the previous half. Stock remains unchanged in all of Laguna, Cavite and Batangas at 6,210 ha. However, expansions are starting to be implemented in various economic zones in the region such as in First Philippine Industrial Park, Light Industry & Science Park II, AG&P Special Economic Zone, and LTI, with their PEZA accreditation currently in process. This recent development indicates growing requirements in the manufacturing industry backed by a favorable investment climate. The manufacturing industry grew by a significant 9.7% in 1Q 2013 which facilitated the significant growth in the country's GDP.

INDUSTRIAL SUPPLY STOCK (MANUFACTURING) ^a			
Region IV	2H 2012	1H 2013	CHANGE (HoH)
	Hectares	Hectares	%
Batangas	2,690.02	2,690.02	0.0
Cavite	2,109.02	2,109.02	0.0
Laguna	1,411.03	1,411.03	0.0
Total	6,210.07	6,210.07	0.0

^a PEZA (operating, proclaimed, and development in progress), as of March 2013

Source: Philippine Economic Zone Authority

INDUSTRIAL VACANCY RATES (MANUFACTURING) ^a		
Region IV	2H 2012	1H 2013
Laguna	6.47	6.66
Cavite	15.75	18.58
Batangas	26.90	23.21
Total	16.35 ^b	15.9

Source: Colliers International Philippines Research

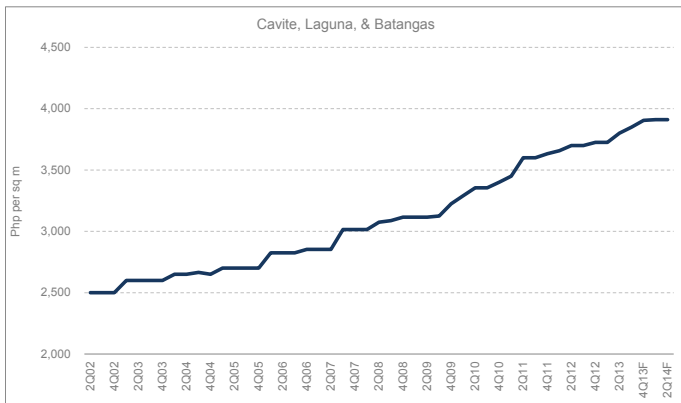
^a PEZA accredited economic zones

^b Revised and Rebased

Demand

In 1H 2013, the average industrial vacancy rate in all of Cavite, Laguna and Batangas slightly declined, for the second consecutive period, to 15.9% from the previous half's 16.3%. An improvement in the take-up rate consistently transpired in Batangas with the vacancy rate narrowing by 3.7% HoH. Apart from Cebu and Clark, Batangas remains highly preferred among export-oriented firms due to the presence of its industrial ports. Meanwhile, due to recent expansion developments in Cavite and Laguna, the vacancy rate grew by 2.8 and 0.2%, respectively.

Region IV Industrial Land Values



Source: Colliers International Philippines Research

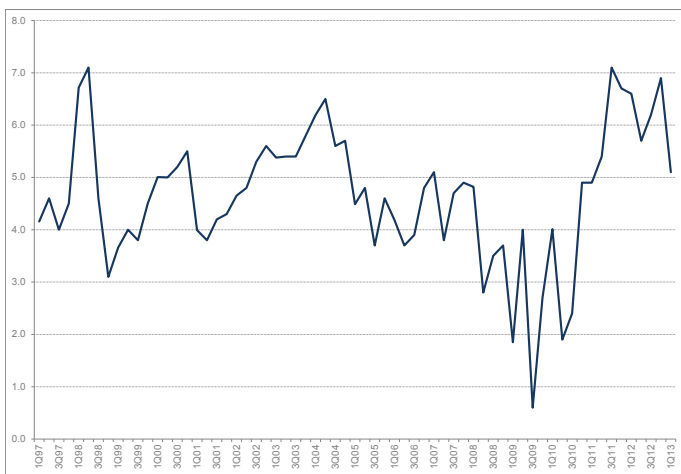
Rates

As of 2H 2012, the average land lease hold rate increased significantly by 29% HoH to average at PHP30.00 per sq m monthly. On the other hand, lease rates for warehouses and logistics facilities improved by 1.7%. The positive outlook in domestic spending will eventually improve the levels of production driving lease rates for warehouses to grow between 4 and 5% by year-end. Meanwhile, land values in all of Cavite, Laguna and Batangas grew by 3% to PHP3,800 per sq m on average. A further increase in rates will be supported by the new phases planned to be introduced in the second half of the year.

INDUSTRIAL LEASE RATES (MANUFACTURING)		
Region IV ^a	2H 12	1H 13
	(PHP/sq m/mo)	(PHP/sq m/mo)
Lease Hold (Land)	23.25	30.00
Lease Rates (SFB ^b)	168.25	171.15

Source: Colliers International Philippines Research
^a Average in Cavite, Laguna and Batangas
^b Standard Factory Building

Consumer Spending Growth Rate %



Source: National Statistical Coordination Board

Spending Indicators

Remittances from overseas Filipino workers coupled with a benign inflation rate continue to fuel the country's consumer-based market. Latest data from NSCB shows that in 1Q 2013, household spending grew by 5.1%. Basic commodities such as food, housing, water and electricity comprise over 50% of the total expenditures. On the other hand, buying patterns in Communication (+8.3%), Recreation and Culture (7.1%), and Restaurant and Hotels (7.5%) are similarly emergent. Based on the latest survey from the Bangko Sentral ng Pilipinas (BSP), overall consumer sentiment improved in 2Q 2013 with the index easing to -5.7% from the previous quarter's 11.2%. Better job opportunities, increased investment inflows, and salary increases were the main attributes which led to the respondents' optimistic outlook.

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COLLIERS INTERNATIONAL PHILIPPINES

10F Tower 2 RCBC Plaza
Ayala Avenue, Makati City
Philippines

TEL +632 888 9988

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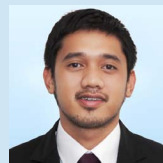
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Karlo Pobre

Research Manager
Advisory & Research Services
Main +632 888 9988 ext. 4030
Fax +632 845 2612
Email karlo.pobre@colliers.com



Julius Guevara

Associate Director
Advisory & Research Services
Main +632 888 9988 ext. 4024
FAX +632 845 2612
Email julius.guevara@colliers.com



David A. Young

Managing Director
Colliers International Philippines
Main +632 888 9988
FAX +632 845 2612
Email david.a.young@colliers.com

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