

Office MarketView

Metro-Manila

SECOND QUARTER 2007

QUICK STATS

MAKATI CBD Prime/Grade A

	2Q07	1Q07
Supply	Flat	Flat
Demand	Up	Up
Vacancy	Down	Down
Prime Rents	Up	Up

ECONOMIC OVERVIEW

The country's gross domestic product (GDP), which is the total value of goods and services produced locally grew by 6.9% in 1Q 2007, the highest since the first quarter of 1990. The surge mainly came from the services sector with 4.4 percentage points, industry sector with 1.7 percentage points, and AFF with 0.8 percentage points. Such upsurge was linked to overseas investment and remittances coming from Filipino nationals working abroad resulting to an increased consumer spending at 5.9% further facilitating the first quarter domestic economy growth.

Meanwhile, the Philippine Peso breached the PhP45:US\$1 level for the first time in nearly seven years during the last weeks of May. This is attributed to the positive outlook persisting in the economy and a subsequent increase in consumer spending brought by the increased remittances and possibly from election spending.

The nationwide inflation rate stood at 2.4% as of May 2007 while the core inflation, which excludes certain food and energy items, was steady at 2.6%, this was mainly due to the decreasing base effect of VAT on inflation referring to the one-time impact of the increase in the value added tax rate last year. The inflation rate for all commodity groups eased except for fuel, light and water, which rose by four percent from 2.2 percent in April.

In the first quarter of 2007, there were 790,888 international visitors, 8.8% more than what was recorded in the same period in 2006. Korea remains to be the country's prime source of tourists with an 18.6% growth posted in the first quarter of 2007 at around 171,716 visitors.

Analysts estimate that BPO workers will further grow to one million in 2010. Such a phenomenon has significantly driven the success of the property industry, which is now in a frenetic pace of construction due to the large demand for office spaces.

Remittances from Filipinos working overseas rose by a quarter to US\$1.09 billion in February, the 10th straight month that inflows have surpassed US\$1 billion. Annual inflows coursed through banks surged 23% to US\$2.2 billion in the first two months of the year. The jump came despite a 12% drop in the number of Filipinos gaining work overseas and reflected the increasing number of people employed in higher-earning positions.

METRO-MANILA PROPERTY MARKET FACTSHEETS

MAKATI CBD (PRIME/GRADE A ONLY)

Average Vacancy : 1.1%

Average Rent : increased by 4% to PhP1,000/sqm

New Supply

No new supply within the CBD

Major Office Buildings (Prime)

Ayala Tower One, The Enterprise Center, Philam Life Tower, & RCBC Plaza.

ORTIGAS CBD (PRIME/GRADE A ONLY)

Average Vacancy : 7.6% to 7.8%

Average Rent : unchanged at PhP400/sqm to PhP600/sqm

New Supply

AIC Burgundy Empire Tower

Major Office Buildings (Prime)

Discovery Center, Robinsons Equitable-PCI Tower, SMPPI Corporate Center, Taipan Place, Union Bank Plaza, Wynsum Corporate Plaza

EASTWOOD CITY

Average Vacancy : 1.8% to 2%

Average Rent : unchanged at PhP460/sqm to PhP470/sqm

New Supply

No new supply within the CBD

Major Office Buildings (Prime)

Citibank Square, CyberOne, Epixtar House, IBM Plaza, & TechnoPlaza One., 1800 Building

ALABANG

Average Vacancy : 2.5% to 3%

Average Rent : unchanged at PhP400/sqm to PhP600/sqm

New Supply

No new supply within the CBD

Major Office Buildings (Prime)

Asian Star, Ayala Life-FGU Center, Insular Life Corporate Center, & the Northgate Cyber Plaza@ B & C

FORT BONIFACIO

Average Vacancy : approximately 4%

Average Rent : up by 4.2% to about PhP625/sqm

New Supply

No new supply within the CBD

Major Office Buildings (Prime)

Net One, Net Square, HSBC Center, Bonifacio Technology Center, BGC Promenade

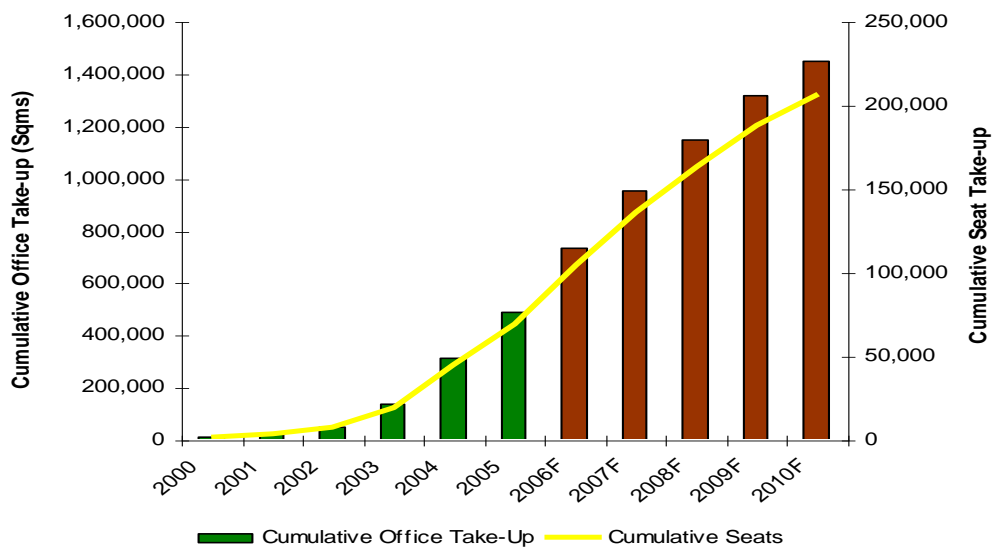
METRO-MANILA OFFICE MARKET

The Metro Manila office market has continued to show robust performance in the 2Q2007 due to the continued growth of the BPO/call center industry. Call centers/BPO companies are the major occupiers of office space in Metro Manila accounting to 65% of total office occupiers in the Makati and Ortigas CBDs.

Tenants are choosing to locate in emerging business districts (e.g. Fort Bonifacio, Bay Area, Alabang) and functional space such as malls and warehouse spaces, fringes and suburban facilities in search of cheaper office locations. The strong demand amidst limited new supply in traditional CBDs (i.e. Makati and Ortigas) resulting in record-low vacancy rates. Meanwhile, rental rates have surged to record-highs reaching pre-crisis levels mainly because demand has remained to outpace new supply in the market. Investment yields, on the other hand, have continuously increased making it in the country two to three times higher than other Asian countries.

Majority of the country's new supply of office space are biased towards BPO/call center companies that are in much need of Build-to-Suit IT office buildings which are more affordable alternatives for Prime/Grade A office buildings in Makati.

Cumulative Call Center Seat and Real Estate Take-up



Source: CB Richard Ellis Philippines, Inc. & Business Process Outsourcing Association of the Philippines (BPA/P)

OFFICE & CALL CENTER/BPO NEWS

Selected headlines compiled from CBRE's daily Compass over the 2Q2007.

HK telecom firm licenses call center business in RP

(Inquirer, 4/6/07) Hong Kong-based telecommunications firm PCCW Limited has expanded its regional call center business into the Philippines through a partnership with local firm IPVG Corp. PCCW, through its subsidiary PCCW Teleservices, has entered into an exclusive licensing agreement with IP Contact Center Outsourcing Inc. (IPCCO), a subsidiary of IPVG, for the latter to establish and operate the Hong Kong firm's call center business in the country. Under the agreement, PCCW Teleservices will provide its proprietary technology and methodology while IPCCO will provide the infrastructure and local workforce. PCCW Teleservices operates 11 call centers sites across Asia with a total capacity of more than 5,000 seats.

Ayala Land eyes residential and BPO facilities at Yulo estate

(Business World, 4/9/07) Ayala Land Inc. (ALI) is developing a mixed-use campus in the old Yulo estate in Canlubang, Laguna, where a number of residential and business process outsourcing (BPO) facilities would rise this year. Miriam Katigbak, ALI head of signature project for the landbank management group, said development in the 1,600-hectare land owned by the Yulo family is already in its first phase. The largest real-estate developer in the country has allocated P1 billion for the infrastructure and landscaping, excluding residential and office buildings. The real estate arm of the Ayala group is aggressively pursuing the BPO office market as demand for office space has gone up in the last few years. At present, the combined gross leasable area of its BPO building along De la Rosa Street in Makati and the HSBC building in Fort Bonifacio is 36,000 square meters.

Accenture to expand and beef up work force

(Business World, 4/12/07) New York-listed global management consulting, technical and outsourcing company Accenture is set to hire more Filipinos this year as it expands its operations and services in the country. Accenture Country Managing Director for the Philippines Beth G. Lui told reporters that the company's work force in the country is expected to increase to 15,000 by August this year, from the current 11,000. This as Accenture plans to launch its operations in Cebu this year, its first location outside Metro Manila. The Cebu office will be Accenture's ninth location in the country. The firm currently has five offices in Makati City, and one each in the cities of Pasig, Mandaluyong and Quezon. Ms. Lui said Accenture will likely lease an existing facility in Cebu to jump-start the company's operations that will initially have 500 seats. She said Accenture currently has 10,000 seats occupied by employees in two to three shifts. "The company has been looking at different locations, and we found Cebu very favorable for us. For one, there is a big pool of talent there. We have many employees from Cebu, and Visayas, and I am sure they will be willing to return to the province once we start our operations there," she said.

PLDT expansion gets green light

(Business World, 4/12/07) Philippine Long Distance Telephone Co. (PLDT) will spend hundreds of million pesos in the next five years on the installation of landline telephones and Internet services in areas nationwide not covered by its license. PLDT's project to install and operate a local telephone service that integrates information communications technology in certain areas nationwide was approved by the National Telecommunications Commission on April 10.

Lucio Tan's property unit plans foray into call-center sector

(Manila Times, 4/12/07) The property arm of airline and tobacco tycoon Lucio Tan will put up its first building by the second half this year in Ortigas Center to be followed by the development of a high-end residential condominium in the heart of the Makati Central Business District. Eton Properties Philippines, Inc. will start construction of the 17-storey Eton IT Center (EIC) on Garnet and Sapphire streets in Ortigas Center by the third quarter this year. The 30,000-sq meter property will house business process outsourcing offices. By the second quarter of next year the company will build The Eton Residences Greenbelt (TERG), an all-loft luxury condominium that will rise from the Philippine Airlines offices in Legaspi Village, Makati. TERG targets the upper class and the Filipino-American markets that have shown interest in buying units at The Greenbelt, a premier shopping center

Megaworld sets P1.5 billion for Eastwood BPO building

(Business World, 4/12/07) Publicly listed property developer Megaworld Corp., has earmarked P1.5 billion for its 27-storey office tower in Eastwood City's new Palm District, the company's chairman said. In a statement, Megaworld Chairman and Chief Executive Andrew L. Tan said that the project, called "Global One Center," will offer 42,000 square meters of office spaces to capitalize on the country's booming business process outsourcing (BPO) industry needs. Mr. Tan said Global One Center will add to the growing mixed-use facilities in Eastwood City Cyberpark in Libis, Quezon City — home of various residential areas, shopping centers, and restaurants that Megaworld has also developed. "Again and again, this model has proved to be the makings of successful BPO firms at Eastwood City. Our growing list of more than 60 locators attests to this," he said. The building, which is set for completion in the first quarter of 2009, is near Eastwood City Walk 2 and also gives office locators easy access to C5 via a new road, Eastwood Palm Tree Avenue. It will also provide 500 parking slots in two basement and five podium parking levels.

US based IT outsourcing firm to expand in RP

(Business World, 4/20/07) United States-based IT-services outsourcing firm ProV International is looking to outsource half of its global account — including some from business process outsourcing (BPO) leader India — to the Philippines. ProV Founder and Chairman Ajit Nair said in a phone interview that he is looking to make the Philippines its Asian hub for outsourced IT-related services such as enterprise resource planning, software development and data warehousing, among others. "We will manage data of our global customers from the Philippines, he said, adding that the company's "primary focus is to do work offshore and [is] moving some of [its] work [from India] to the Philippines." ProV's other "data hubs" are in the Netherlands, United Kingdom, and India, among others, while its main office is based in Tampa, Florida. Mr. Nair, the founder of Aces International, Ltd., co-founded ProV in 2003 with Jim Lynch, a former corporate officer for American telecom giant AT&T. The company "provides a unique spectrum of a fully integrated IT consulting and networking services."

Contact centers building additional facilities and beefing up employee count

(Business World, 4/20/07) The local unit of TeleTech Holdings, Inc. plans to open two to three more customer management centers by the third quarter of this year even as existing sites intensify efforts to find additional personnel. Scott Sim, TeleTech executive director, said construction of the new sites in Iloilo City in Panay and in Bacoor, Cavite, is ongoing. Another facility is being planned in Novaliches. He said the firm wants to be able to open all three facilities by the third quarter of this year, but the Iloilo and Bacoor sites will probably be opened ahead of the Novaliches facility. "This would give us a bigger footprint in the Philippines. We're looking at [increasing the work force to] 15,000 people by the end of this year," Mr. Sim said.

US firm puts up new call center in RP

(Business World, 4/20/07) Nasdaq-listed PFSweb, Inc. will boost its customer care services operations with a 6,500-square foot call center in the country which opened early this month to initially house the customer service department of subsidiary eCOST.com. In an e-mail correspondence, PFSweb corporate communications manager Laura Osborne said the company will open 108 seats in Tycoon Center Building in Ortigas Center, Pasig City, for call center and customer service functions. The company, she added, also has plans to expand the facility in the future. "We are utilizing the facility to serve our eCOST.com subsidiary, an online electronics site, with international reach. We plan to offer this call center to current clients and prospects which would include all markets." She declined to give cost estimates, but based on the industry rule of thumb, a call center seat costs anywhere between \$7,000 and \$8,000 to operate.

BPO sector gets boost

(Philippine Star, 4/20/07) Business process outsourcing (BPO) in the Philippines is showing clear indicators of a strong and steady boom. Not only does it continue to generate more jobs. It also powers a host of other industries: real estate, transportation, communication, food, personal care and even entertainment. From 2,000 employees in 2001, the BPO sector registered 250,000 workers in 2006 with \$3 billion worth of generated revenues, according to figures presented in February by the Department of Trade and Industry's e-Services Philippines. Analysts project that the number of BPO workers will further grow to one million in 2010. Such a phenomenon has significantly driven the success of the property industry, which is now in a frenetic pace of construction due to the large demand for office spaces.

Cebu's Asiatown IT Park is now home to Convergys

(Manila Times, 4/28/07) "The growth of Convergys in Cebu has been amazing," says Arlene "Pinky" Mante, senior HR manager of Cebu. "In just three years we have grown the site to over a thousand people and now a second site is born that would make Convergys operations in Cebu grow even bigger by year-end. Imagine a workforce of more than 11,000 highly diversified and highly talented people!" This is exactly the exciting sentiment that is the drive behind the opening of Convergys' second contact center site in Cebu's Asiatown IT Park.

Cebu City new call center to hire 400 agents

(Manila Times, 5/3/07) Despite being a new player in the Cebu's business process outsourcing (BPO) industry, a US-based contact center is bullish in providing short-term fast

career advancement for its employees. US-based ePerformax Philippines, in a joint venture with ePerformax US and Transnational Diversified Group Philippines, opened its first site outside Manila in JY Square Mall, Cebu City last Saturday. "We strive to promote every determined and passionate individual within a year," ePerformax president and chief executive officer Teresa Hartsaw said. Because its Cebu site is starting up, she said the company is targeting 100 hires per month to fill the 400-seater facility. Hartsaw said ePerformax Cebu has only about 50 employees to date, but is now training around 80 individuals.

PLDT to boost call centers, BPO companies via tech investments

(Philippine Star, 5/5/07) The Philippine Long Distance Telephone Co. (PLDT) has earmarked P20 billion in capital expenditures per year for the next three years, or a total of P60 billion, to develop state-of-the-art technology to support call centers and business process outsourcing (BPO) companies in the country. In his speech during the recent International ICT Awards-Manila 2007 organized by the Canadian Chamber of Commerce, Corporate Business Group head Eric Alberto said PLDT would invest in technologies that would enhance its fixed, wireless and converged network capabilities. "We hope that by these investments we would have contributed our fair share in nation-building and assist the country in its journey toward sustainable growth and progress," he said.

Ayala Land to expand BPO space inventory

(Inquirer, 5/15/07) Property developer Ayala Land Inc. will speed up its development of office spaces for business processing outsourcing (BPO) companies in the next three years, a company official said. Its goal is to build 500,000 square meters of BPO spaces by 2010, compared with its current inventory of 52,000 square meters, mostly in the cities of Makati and Taguig and in Laguna province, said Marivic Añonuevo, head of Ayala Land's corporate business group. BPO-friendly developments are planned in Quezon City, Manila, Alabang, Cebu, and Davao, Añonuevo said. The company is currently exploring options in other key cities in the country, she added.

Global BPO firms eye Cebu

(Sun Star, 03/13/07) Cebu's positioning as the next information technology (IT) hub in Asia has proven to be a magnet for big names in the business process outsourcing (BPO) industry, as they are now contemplating on expanding their operations in the province. Joel Mari Yu, Cebu Investments Promotions Center managing director, announced the entry of Fluor Corp., Accenture, and IBM's outsourcing firm IBS Philippines, indicating an employment of about 3,000 Filipinos. In an interview, Yu said he could not determine a specific timetable when the companies will begin operations in Cebu, as things are currently under negotiations. US-based Fluor Corp., which Yu described to be the world's largest construction company will need between 500 to 700 software engineers, among others. Yu added that Fluor Corp. is considering opening its Cebu branch either at the Cebu Business Park or at the Asiatown IT Park. The Cebu office is an expansion of its Alabang operations in Luzon, which currently operates with over 1,500 people. Fluor Corp., is one of the world's largest, publicly owned engineering, procurement, construction and maintenance service companies.

eTelecare building big facility in Mandaluyong

(Inquirer, 5/19/07) eTelecare Global Solutions Inc., a leading provider of complex multi-shore business process outsourcing solutions, yesterday said it will build its biggest BPO facility in the country. The new center, eTelecare's sixth facility in the country, will be located in a 13,000-square meter property in

Mandaluyong City. It will have 2,500 seats and employ 3,000 employees. eTelecare vice president and general manager Benedict Hernandez said the facility would start commercial operations in July this year. "This is an expression of our confidence on what the Philippines has to offer and confidence on the BPO industry," Hernandez said. eTelecare's recent initial public offering of American Depository shares, which generated \$78 million in net proceeds, will finance construction of the new center.

BPO revenues expected to grow threefold by 2010

(Inquirer, 5/25/07) Signs of a maturing call center sector are even more compelling when viewed in terms of revenue contribution. According to estimates of the Business Processing Association of the Philippines, the business process outsourcing (BPO) industry's revenues are expected to grow almost threefold to \$12.1 billion by 2010 from the end-2006 level of \$3.45 billion. At the end of 2006, however, call center firms continued to bring in the bulk of revenues from foreign clients, contributing over 77 percent of the industry's sales.

TeleTech to open provincial facilities in Cavite and Iloilo

(Business World, 5/31/07) Business process outsourcing company TeleTech Holdings, Inc. is set to open two more provincial facilities in Cavite and Iloilo later this year, the company's ninth and 10th facilities in the country. The facilities will be located inside SM malls in Bacoor, Cavite, and Iloilo. The Bacoor site can fit up to 1,300 seats while the Iloilo site can fit up to 650 seats. The new facilities are designed to complement the company's existing 7,000-seat operation with work force of about 12,000. In a press briefing yesterday, Maulik Parekh, vice-president and general manager for Asia, said the move was part of its strategy to tap provincial locations and was "proof" of the world-class talent of Filipinos.

7 NY based BPO firms to set up shop in RP

(Business World, 6/7/07) At least seven New York-based companies engaged in business process outsourcing (BPO) are set to start operations in the next few years following the successes and phenomenal revenue growth gained by US companies that have already set up operations here, said an official of the Philippine Consulate General in New York. Consul general Cecilia Rebong said in a report to the Department of Foreign Affairs (DFA) that the Philippines' outstanding qualities as a haven for BPOs were cited during the forum on "Global Sourcing and Finance and Accounting Business Process Outsourcing Services" held in late May in New York. Rebong, however, did not name the seven New York-based companies. She said chief executive officers (CEOs), presidents and managers of major American financial, banking and investment companies based in New York attended the forum organized by the Business Process Outsourcing Council, the Philippine Consulate General and the Philippine Trade Office in New York. Cynthia Houlton, senior analyst of RBC Capital Markets, in her speech said that the US companies already in the Philippines and consider it as a top destination for their offshoring services are ACN (Accenture), Genpact, ICT Group Inc., TTEC (Teletec Holdings, Inc.), ETEL (eTelecare Global Solutions, Inc.), and PCPT (People Support, Inc.).

Megaworld forays into build-to-suit facilities

(Business World, 6/7/07) Listed property Megaworld Corp. is introducing campus-type and build-to-suit facilities for business process outsourcing (BPO) firms in its latest project, One Campus Place at McKinley Hill Cyberpark in Fort Bonifacio. First Vice-President Jericho Go said the gated one-hectare One Campus Place is Megaworld's response to the clamor of BPO

firms for fast turnover of facilities that suit their requirements. Earlier, CB Richard Ellis and other property research firms predicted that the BPO sector will need two million square meters of office space from 2007 to 2010. "Between now and 2010, a good number of BPO companies will reach the end of their lease contract and will need to renegotiate their lease rates," Mr. Go said in a statement. "They may find the rates much higher compared to the start of their contract. Thus, we will likely see BPO firms scrambling for space that offers lower or highly competitive lease and escalation rates. One Campus Place will address this," he added. One Campus Place will consist of two six-storey buildings, each to be constructed to meet the needs and specifications of BPO companies. Each building will provide 10,600 square meters of office space.

IBM commits to grow RP outsourcing business

(Inquirer, 6/18/07) IBM has committed to growing its outsourcing business in the Philippines in the long-term, eyeing to increase its workforce to at least 60 percent by the end of the year. IBM currently employs about 5,000 workers in the country divided between IBM Business Services (IBS) and IBM Daksh, its call center unit that resulted from the acquisition of India-based Daksh in 2004. IBS, meanwhile, does human resources or HR outsourcing and has recently expanded into financial and accounting services. IBM's Manila delivery centers (IBS and IBM Daksh) provide services to about 30 clients, according to Randy Walker, IBM general manager for Managed Business Processes Services for Asia Pacific. IBM's global outsourcing network includes three delivery centers in Asia Pacific located in India, China and the Philippines. IBM's China delivery center addresses the Japanese and Korean markets.

Contact center association aims for 500,000 workers by 2010

(Inquirer, 6/18/07) The Contact Center Association of the Philippines (CCAP) is aiming to grow the industry further to at least 500,000 workers by 2010. Raffy David, CCAP director, said in a phone interview that industry estimates peg the total current industry workforce at around 200,000 workers. Since call centers began setting up around the early part of the decade, the industry has been doubling its workforce annually but has tapered off in recent years due to concerns in the supply of skilled labor. This is one of the perennial issues CCAP wants to address in an industry road map currently in development. CCAP plans to unveil this roadmap, basically detailing a strategy for the industry until 2010, in its annual conference this July.

Cebu emerging as second-tier location for BPOs

(Manila Bulletin, 6/23/07) The Philippines is eyeing a bigger share of the global business-process outsourcing (BPO) market in three years, the Business Processing Association of the Philippines (BPAP) said. In a statement, Oscar Sañez, BPAP chief executive, said that the country's BPO players are eyeing to increase their share of the global market to 10 percent by 2010 from the current 3 percent. Sañez said the global market will be worth \$130 billion by 2010, and it is growing at 25 percent a year. He also projected that all segments of the business would grow especially the higher-value services such as engineering design, animation, software development and back-office services. Manila and Cebu account for a combined 85 percent to 90 percent of the total BPO industry in the Philippines, Sañez said, adding Cebu is becoming an important tier-two location after Manila. "The way Cebu is set up in terms of education and pool of knowledge workers, international airline connections, and lifestyle is very strategic, and its infrastructure and real-estate market can support more BPO companies in the future," he said.

MAKATI CBD OFFICE MARKET

Office leasing activity in the Makati CBD remains on a positive note mainly due to the strong demand of BPO/call center companies. As the country positions itself as a major player in the global outsourcing stage, BPO/call center companies have dramatically driven rental rates and dropped vacancy levels in the office market.

Vacancy levels for Prime/Grade A office space plunged from 1.3% in 1Q2007 to 1.1% in 2Q2007.

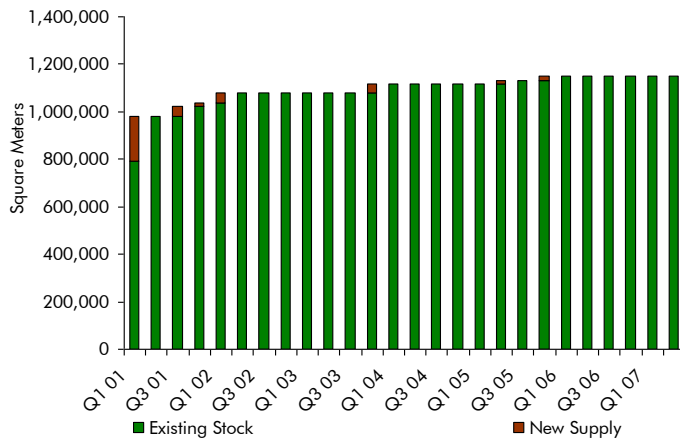
During the 2Q2007, average lease rate for Prime/Grade A Makati office space surged to a new weighted average of Php1,000 per sqm (US\$1.98 per sf).

As for Prime/Grade A office capital value estimates, Makati CBD registers about PhP70,000 to PhP75,000 per sqm of office space.

Meanwhile, the limited supply of suitable Prime/Grade A and or Build-to-Suit IT office space in the Makati CBD will keep vacancy levels in the single digits for the near and medium term while lease expirations in 2007 will be closely watched as they are expected to impact the amount of available space. Some Prime/Grade A buildings even report that office space may be available only starting 2008.

NEW SUPPLY AND CONSTRUCTION ACTIVITY

Makati Prime/Grade A Stock and New Supply



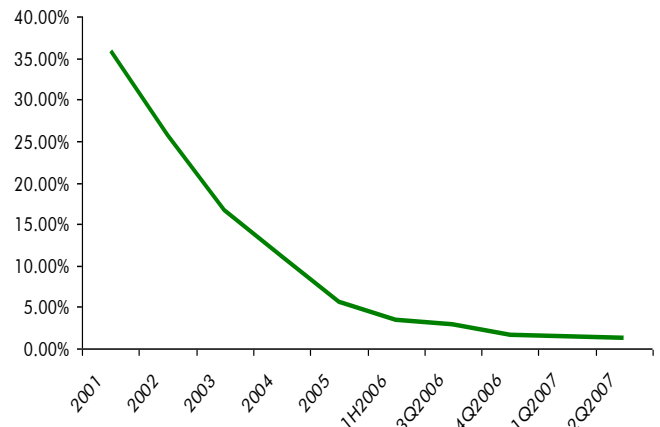
Source: CB Richard Ellis Philippines, Inc.

There is no significant amount of new Makati CBD office space as of this date since the newest office space to come online was last 4Q2005 which was the 14,400 sqm (155,000 sf) 1,500 seat Convergys facility along Ayala Avenue.

Yet, there is an expected amount of additional office space for the Makati CBD brought by the construction of Dela Rosa E- Services Building, a BPO building that is being developed by Ayala Land Inc. The building will rise on a 3,600-sqm property with 24 storeys, each with a floor plate of around 3,300 square meters and is expected to be completed in 2008.

MAKATI DEMAND AND VACANCY

Vacancy levels for Prime/Grade A office space further plunged from the 1.30% level in 1Q2007 to 1.10% in 2Q2007. As of the end of 2Q2007, Philam Life Tower, GT Tower reported full occupancy levels.



IDENTIFIED MAKATI CBD LEASING TRANSACTIONS

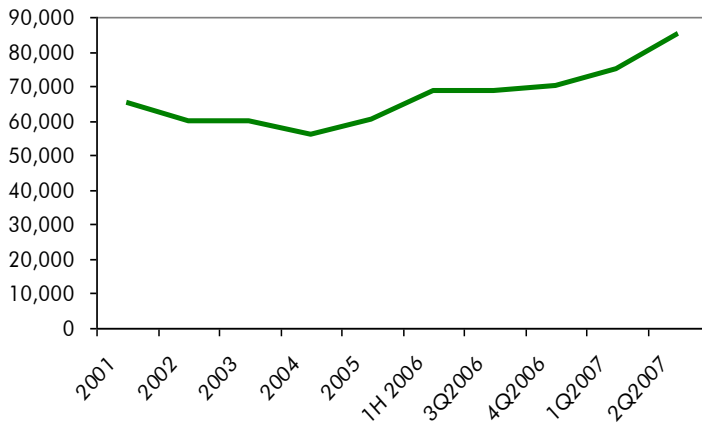
Property	Tenant	Unit	Size of Takeup (Sqm/Sf)
151 EDSA	Archen Technologies	Ground	2,389 sqm/25,714 f
Trident Tower	Pearson Vue	27 Unit A	499.57 sqm/5,377sf
Citibank Tower	Cargill Philippines Inc.	29 Units A & D	967.27 sqm/10,412 sf
151 EDSA	Archen Technologies	Ground	2,389 sqm/25,715sf
Market! Market!	Infosys	5	3,653 sqm/ 39,321sf
Vacant Lot in Cebu Business Park	Primary Properties Corp	Not Available	1,341 sqm/14,434 sf
The Enterprise Center	White & Case	Not Available	Not Available
One Corporate Plaza	You-Net Enterprise Network Solutions	5 Unit 4	169 sqm/1,819 sf
PBCom Tower	Misys	18	1,377.81 sqm/14,831 sf
Pioneer House Cebu	Accenture Inc.	Ground, 2-6	4,436.49 sqm/47,754 sf
Eurovilla IV Building	Another Level Consultancy	3	470 sqm/5,059 sf
San Miguel Properties Center	Hewlett Packard	Not Available	1196 sqm/12,874 sf
Cityland Tower 2	Avecshares Asia, Inc.	2 Unit 6	75.99 sqm/818 sf

MAKATI RENTAL TRENDS

During the 2Q2007, average lease rates for Prime/Grade A Makati office space surged to a new weighted average of Php1,000 per sqm (US\$1.98 per sf). With the limited availability of suitable Prime/Grade A office space, landlords continue to achieve long lease terms with rental escalation clauses in the 5 to 10% range per year.

MAKATI CAPITAL VALUE TRENDS

Makati Prime/Grade A Capital Value



Capital value estimates for Prime/Grade A office space surged from about PhP75,000 per sqm (US\$148.25 per sf) in the 1Q2007 to about PhP85,000 per sqm per sqm (US\$148.30 per sf). Meanwhile, capital value range for Grade B office space is unchanged at the PhP35,000 to PhP50,000 level (US\$69.99 to US\$98.83 per sf)

Source: CB Richard Ellis Philippines, Inc.

ORTIGAS CBD OFFICE MARKET

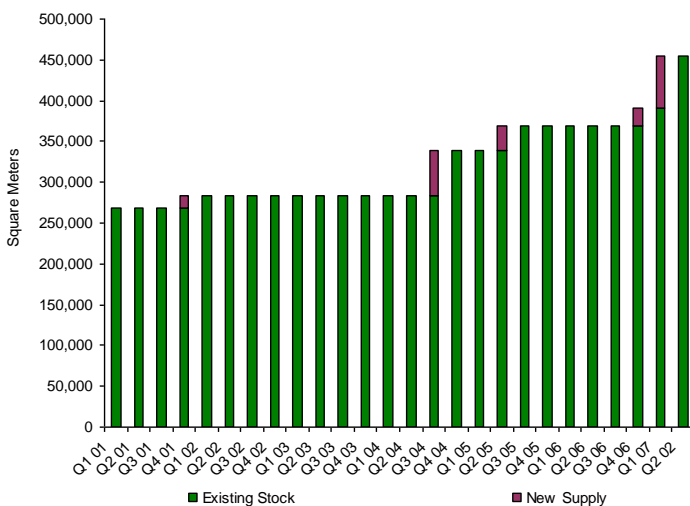
Office leasing activity in the Ortigas CBD continues to show favorable performance during the 2Q2007. AIC Burgundy Empire Tower opened this quarter providing an additional 65,000 sqm (699,654 sf).

Average lease rates for office space in Grade A buildings , on the other hand, increased to PhP400 per sqm (US\$0.79 per sf) to PhP600 per sqm (US\$1.18 per sf), while sale transactions of office space continue to remain limited for the quarter.

At the end of 2Q2007, average vacancy rate for Grade A office space slightly dipped to 7.8% from the previous quarter's 8.0%.

NEW SUPPLY AND CONSTRUCTION ACTIVITY

Ortigas Prime/Grade A Stock and New Supply



The newest available office supply in Ortigas CBD was brought by the completion of AIC Burgundy Empire Tower providing 65,000 sqm of leasable office space creating a total of 455,222 sqm leasable office space available in this location.

There is a new supply expected to be completed this 1Q2008, One Corporate Plaza situated in the intersection of Julia Vargas Avenue and Meralco Avenue, this 54-storey building will offer 7 commercial floors and 80,000 sqm of office space.

Source: CB Richard Ellis Philippines, Inc.

ORTIGAS DEMAND AND VACANCY

At the end of the 2Q2007, average vacancy rates for Grade A office space remained unchanged at about 7.6% to 8% with much of the available space still consisting of cut-up units or portions of floors. As such, new office space will only be available by early 2008.

ORTIGAS RENTAL AND CAPITAL VALUE TRENDS

Average lease rates for Grade A office space in Ortigas for the 2Q2007 remained at an average of PhP500 per sqm (US\$0.99 per sf). As sale transactions are very limited, capital values are estimated to be in the PhP55,000 per sqm (US\$108.76 per sf) level.

FUTURE OFFICE SUPPLY

Project	Developer	Location	Gross Leasable Area (Sqm/Sf)*	Estimated Completion Date*
5132 Place	Cyberzone Properties	Alabang CBD	9,324 sqm/100,326.24 sf	3Q2007
iHub Building 1	Cyberzone Properties	Alabang CBD	9,324 sqm/100,326.24 sf	3Q2007
One E-com Center	SM Investments	Bay Area	90,000 sqm/968,400 sf	3Q2007
One World Square	Megaworld	Bonifacio Global City	25,000 sqm/269,000 sf	3Q2007
GT Tower	Metrobank	Makati CBD	40,924 sqm/440,342.24 sf	4Q2007
Net Cube	19-1 Realty	Bonifacio Global City	16,000 sqm/172,160 sf	3Q2007
Net Quad	19-1 Realty	Bonifacio Global City	22,500 sqm/242,100 sf	4Q2007
iHub Building 2	Cyberzone Properties	Alabang CBD	13,986m sqm/150,489.36 sf	4Q2007
Metropolitan Park Plaza (Phase 1)	Federal Land	Pasay City	12,000 sqm/129,120 sf	4Q2007
Fusion Mall	MC Mall Group	Ortigas CBD	10,000 sqm/107,600 sf	4Q2007
BTS Building 1	Ayala Land	Quezon City	10,523 sqm/113,227.48 sf	4Q2007
6786 Ayala	Undisclosed	Makati CBD	16,146 sqm/173,730.96 sf	1Q2008
1880 Eastwood	Megaworld	Eastwood CBD	35,000 sqm/376,600 sf	1Q2008
Fort 26 th Building	Mar-Nol Realty	Bonifacio Global City	16,000 sqm/172,160 sf	1Q2008
Sun Plaza	AIMCOR Holdings	Mandaluyong City	18,628 sqm/200,437.28 sf	1Q2008
One Corporate Center	Amberland Corporation	Ortigas CBD	80,000 sqm/860,800 sf	1Q2008
Robinsons Cybergate 3	Robinsons land	Mandaluyong City	42,000 sqm/451,920 sf	2Q2008

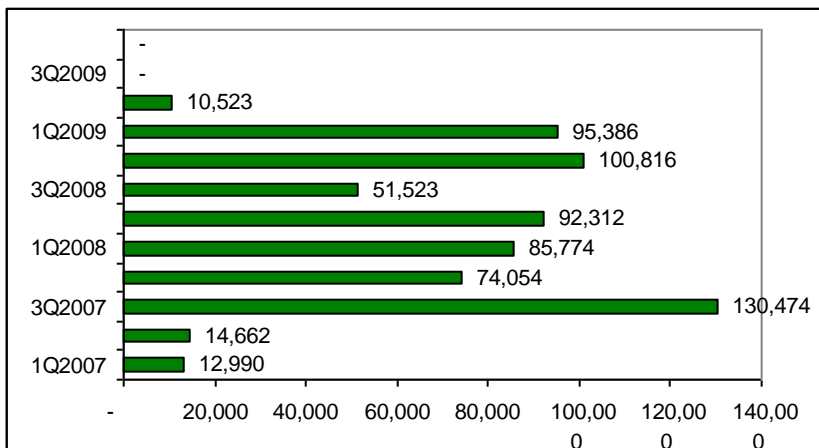
Project	Developer	Location	Gross Leasable Area (Sqm/Sf)*	Estimated Completion Date*
Metropolitan Park Plaza Phase 2	Federal Land	Pasay City	12,000 sqm/129,120 sf	2Q2008
Two World Square	Megaworld	Bonifacio Global City	25,000 sqm/269,000 sf	2Q2008
Three World Square	Megaworld	Bonifacio Global City	25,000sqm/269,000 sf	3Q2008
Net Square, Pioneer	Chinatrust/Rufino Group	Mandaluyong City	16,000 sqm/172,160 sf	3Q2008
BTS Building 2*	Ayala Land	Quezon City	10,523 sqm/113,227.48 sf	3Q2008
BTS Building*	Ayala Land	Bonifacio Global City	10,878 sqm/117,047.28 sf	4Q2008
BTS Building*	Ayala Land	Bonifacio Global City	22,938 sqm/246,812.88 sf	4Q2008
Mayflower Building	Greenfield	Mandaluyong City	50,000 sqm/538,000 sf	4Q2008
Winace Building	Winace Holdings	Bonifacio Global City	17,000 sqm/182,920 sf	4Q2008
Tower One - Dela Rosa 3 Building Complex	Ayala Land	Makati CBD	46,868 sqm/504,299.68 sf	1Q2009
Pioneer House	Pioneer Insurance	Bonifacio Global City	17,000 sqm/182,920 sf	1Q2009
BTS Building	Ayala Land	Bonifacio Global City	25,518 sqm/274,573.68 sf	1Q2009
Metropolitan Park Plaza (Phase 3) 1 Module	Federal Land	Pasay City	6,000 sqm/64,560 sf	1Q2009
BTS Building 3*	Ayala Land	Quezon City	10,523 sqm/113,227.48 sf	2Q2009

*BTS stands for Build-to-Suit; specifically catered to BPO/call center and ITES companies that have large space requirements

Metro-Manila Space Projections (Total Leasable Space Available)

Timing	Projected Available Space (Sqm/Sf)
1Q2007	12,990 sqm/139,772.40 sf
2Q2007	14,662 sqm/157,763.12 sf
3Q2007	130,474 sqm/1,403,900.24 sf
4Q2007	74,054 sqm/796,821.04 sf
1Q2008	85,774 sqm/922,928.24 sf
2Q2008	92,312 sqm/993,277.12 sf
3Q2008	51,523 sqm/554,387.48 sf
4Q2008	100,816 sqm/1,084,780.16 sf
1Q2009	95,386 sqm/1,026,353.36 sf
2Q2009	10,523 sqm/113,22.48 sf
3Q2009	-
4Q2009	-

Source: CB Richard Ellis Philippines, Inc.



Source: CB Richard Ellis Philippines, Inc.

METRO-MANILA MARKET OUTLOOK

The Philippine office market will continue to benefit from the boom of the BPO/call center industry, fuelling office take-up and driving up demand for new office spaces.

Makati CBD will continue to enjoy single-digit vacancy rates. New supply is expected to come online in 2008 with the completion Dela Rosa E-Services Building by Ayala Land Inc.

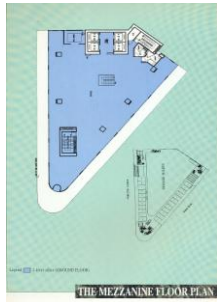
In Ortigas CBD, vacancy, lease rates and capital values are expected to remain relatively stable over both the short and medium-term. New supply is expected to be ready in 2009 with the completion of One Corporate Plaza providing 80,000 sqm of leasable office space.

Given the strong promotion of the country as a favored location for business process outsourcing (BPO) operations, the office market expects more supply of office space in the next years. Developers are geared towards satisfying market demands by providing well-planned and integrated office facilities to BPOs and contact centers in strategic locations not only in Metro Manila but in the provinces as well.

The overall outlook of the office sector remains to be bullish in the next years with the Philippines requiring at least half a million square meters of prime office space to support the growth of its business process outsourcing industry well into 2010. This requirement is likely to increase, given the influx of locators from the non-voice and other high-value BPO sectors such as engineering and design, animation and IT and software services. As such, emerging business districts at the Bay Area, Fort Bonifacio, Alabang, Laguna, Clark, Subic and Davao would also benefit from the continued increase in the demand for office space, immediate need for ready-for-occupancy spaces and the general hesitation to build traditional facilities.

OFFICE MARKET OPPORTUNITIES

Sun Plaza



Mezzanine Floor Plan



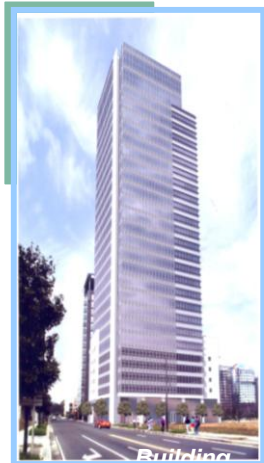
Ground Floor Plan

Located along Princeton Street and Shaw Boulevard, Mandaluyong City, this 22-storey office condominium offers a rental fee of Php450 sqm per month. Available floors include the ground floor, and 2nd to 21st floors with a floor area of 880 sqm. Its amenities include:

- 4 modern high-speed elevators
- Standby generator
- Underground water reservoir
- Underground and overhead domestic water tank
- Ample parking space
- Fire detection alarm system
- Emergency voice evacuation system

For further inquires, please contact the CBRE office services team at (632) 752-2580.

Fort 26th

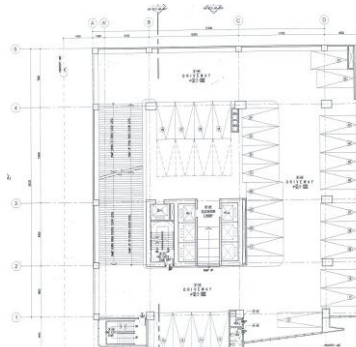


Developed by Jemeli Realty Corporation, Fort 26th is located at 4th avenue corner 26th street in Bonifacio Global City. It is a 26- Storey office building with over 16,000 square meter available leasable space offered at Php700 per sqm. Its features include:

- 2 Power transformers (2.0 MVA, 34.5 KV-230V, 3 Phase, 60 Hz padmounted type) will be provided by the Developer.
- Two-1500 KW and one-1500 KW (back up genset in case of prolonged power failure), 230 volts, 3phase, 60 Hz diesel engine driven generator sets will be provided.
- Complete structured telephone system will also be provided.
- Fire detection and alarm system will be supplied.
- For its tenant and guests, amenities such as Club Six One Seven (prime bar cum function room) and Etcetera Café (an elegant one-class dining room) are made available.



8th – 23rd floor



3rd – 4th floor

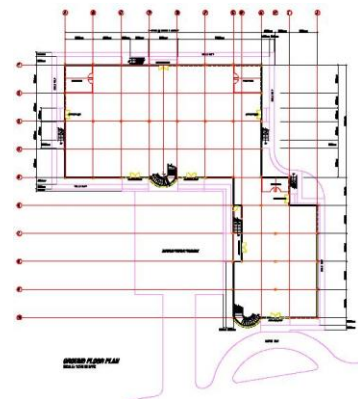
For further inquires, please contact the CBRE office services team at (632) 752-2580.

Center at Clark



Center at Clark is a master-planned facility perfect for outsourcing companies. It is located inside Bertaphil Business Park in Clark Special Economic Zone offering 1,000 sqm office modules that are expandable into 50,000 sqm. Other information and features include:

- Special incentives provided for locators
- Connected to other provinces of Central Luzon through the following major roads: McArthur Highway, North Luzon Expressway, proposed North Rail and Rainbow Highway, which will connect the Clark-Subic Growth Corridor to Cabanatuan City and Dingalan)
- Availability of high-quality housing
- Proximity to leisure and tourism estates, sports and entertainment centers
- Situated at the heart of a fiber optic loop
- International airport and sea port
- Full array of utilities/amenities (e.g. clean water, reliable power supply, excellent multiple telecommunications and data transfer facilities)



Floor Plan

METRO-MANILA OFFICE SUB-MARKETS

Metro-Manila, also known as the National Capital Region (NCR), is the economic, political, and cultural heart of the Philippines. The metropolitan area is composed of the city of Manila and 16 neighbouring cities and municipalities with a population of over 10 million people. Most office developments are concentrated in the two primary CBDs of Makati and Ortigas plus in a growing number of alternative CBDs.

The Makati CBD. Developed by the Ayala family, the Makati CBD is the financial and commercial heart of the Philippines and contains the headquarters of many banks, multinational corporations, and big local corporations. Most Prime/Grade A office buildings are located along Ayala Avenue, also known as the Wall Street of the Philippines, while Grade B and C buildings are concentrated in neighbouring Legaspi and Salcedo Villages. The Makati CBD commands the highest lease rates for offices and residential homes and condominiums.

The Ortigas CBD. Developed in part by the Ortigas family 8 kilometers North of Makati, the Ortigas CBD is the second most important commercial and business district in the country and contains the headquarters of the Asian Development Bank (ADB) and San Miguel Corporation. The Ortigas CBD is also a major shopping destination - containing the highest concentration of malls in the country.



1) Eastwood City. This 15-hectare mixed-use community is being developed by Megaworld Corp. and was the first approved IT Park in the country. The office market is dominated by approximately 60 call center/BPO and IT locators employing 15,000 people.

2) Rockwell Center. This 15.5-hectare self-contained community on the fringes of the Makati CBD was developed by the Rockwell Land Corp. (RLC). The office market is dominated by the headquarters of Nestle and The Phinma Group.

3) Bonifacio Global City. Also known as Fort Bonifacio, this 214-hectare integrated community on the fringes of the Makati CBD is being developed by the Fort Bonifacio Development Corp. (FBDC) as an extension to the Makati CBD. The office market currently consists mostly of build-to-suits.

4) Alabang. Filinvest Corporate City is a 244-hectare mixed use community developed by the Filinvest Development Corp. (FDC) while the Madrigal Business Park is a 25-hectare joint development by the Madrigal family & Ayala Land. As Manila's population continues to spread southward, call center/BPO and IT companies are increasingly choosing to locate to the Alabang area.

5) Bay Area: The Bay Area contains the Aseana Business Park and SM Mall of Asia, which is the country's largest shopping mall. The area currently offers limited existing office space as it largely remains in the early development stages. However during the 1Q2006, Dell took up 14,000 sqms (150,695 sf) of space inside the Mall of Asia's parking structure while a 98,000 sqm (1,054,863 sf) office complex will be completed in mid-2007.

6) Araneta Center (Cubao): Located in Cubao (Quezon City), the Araneta Center is a 35-hectare commercial shopping, entertainment, and transportation hub developed by the Araneta family. The new Gateway Mall includes an 8 storey office complex designed for call center/BPO tenants and there are long-standing plans to convert retail space into space for additional call center/BPO locators.

ABOUT CB RICHARD ELLIS

CB Richard Ellis is the largest, vertically integrated commercial real estate services firm in the world. With headquarters in Los Angeles, it has more than 356 principal offices in 58 countries worldwide and employs over 19,500 real estate professionals. In the Philippines, CB Richard Ellis is the leading real estate service provider offering the most comprehensive and highest level of professional services in the country.

At CB Richard Ellis, we are committed to using our extensive industry knowledge, consultative approach and vast pool of resources to help clients maximize the value of their real estate assets. We assist owners belonging to a range of sizes and classifications in developing solutions for office, residential, industrial, and commercial / retail assets. We provide a custom mix of products and services to deliver measurable returns.

The firm has established its position as the market leader in the commercial brokerage services and undertakes a large portion of Tenant Representation assignments for multinational corporations who are entering or expanding operations in the Philippines. CBRE has also facilitated the take-up of over 250,000 sqms (2.7 million sf) of space for call center/BPOs. In addition, CBRE offers industrial and residential brokerage as an integral part of the full brokerage services offered to its clients.

The company is also aggressively expanding its involvement in Asset Services as it provides property management services for over 230,000 sqms (2.5 million sf) of prime commercial, residential, and mixed-use properties. This portfolio is spread over major areas in Metro Manila, including Makati City, Ortigas Center, the Bonifacio Global City, and the City of Manila. The company also renders Facilities Management services for over 20,000 sqms (215,000 sf) of real estate for corporate clients and other large occupiers.

The Research and Consultancy Department has an excellent track record providing professional advisory services to: financial institutions, large domestic corporations, multinational corporations and government institutions, fund managers, international real estate funds, and investment banks.

CBRE offers a full range of services consistent with other Asian CB Richard Ellis offices and includes:

- **Brokerage Services** — Office, Residential, Industrial, Retail, Hotel and Leisure, Project Marketing, Cross Border Investment.
- **Asset Services** — Asset Management, Facilities Management, Project Management, Lease Management and Administration, Project and Technical Consultancy.
- **Property Management Services** — Transaction Management, Project Management, Portfolio Management/Lease Administration, Corporate Real Estate Finance, Strategic Planning and Consulting, International Services.
- **Financial Services** — Research and Consulting, Project Valuation/ Appraisal, Feasibility Studies, Occupational Audit and Management, Portfolio strategies, Investment Advisory, Development Consultancy, Financial Due Diligence, Investment Banking Support.

The following are the most important features of office tenancy in the Philippine real estate market:

BUILDING CLASSIFICATIONS

Premium, A, B, & C.

SHORT-TERM LEASE

Typically 3 years.

LONG-TERM LEASE

Typically 5 to 10 years.

REQUIRED SECURITY DEPOSIT

3 months office rent refundable at the end of the lease period.

REQUIRED ADVANCE RENTAL

3 months applicable to the first 3 months of the lease term.

SUCCEEDING RENTS

Quarterly in advance.

NET RENT

Electricity, water, A/C costs, insurance, association and building management fees are for the Tenant's account.

SPACE MEASUREMENT

Leaseable or *"Semi-Gross"* area includes areas constructed for individual tenants such as lift lobbies, passage ways, toilet areas, & pantry areas; but excludes the stairs, elevator shafts, and machine rooms, and all vertical shafts carrying services.

TYPICAL USEABLE FLOOR AREAS

1,000 to 1,500 sqms (10,764 to 16,146 sf)

PARKING ALLOCATION

1 slot per 100 sqms (1,076 sf) leased.

BUILDING MANAGEMENT DUES

Generally covers the cost of building maintenance, common areas, staff salaries, and normal hours of air-conditioning operations.



• **CB RICHARD ELLIS OFFICES**

ASIA OFFICES

HONG KONG

Suite 3401 Central Plaza
15 Harbour Road, Wanchai
Hong Kong
Telephone: (852) 2820 2000
Facsimile: (852) 2810 0530

**BEIJING
PEOPLE'S REPUBLIC OF CHINA**

Units 10A-11, 10/F
IBM Tower, Pacific Century Place
No. 2A Worker's Stadium
Road North, Chaoyang District
Beijing 100027
People's Republic of China
Telephone: (86) 10 6530 1200
Facsimile: (86) 10 6530 1170/95

**SHANGHAI
PEOPLE'S REPUBLIC OF CHINA**

Suite 706-709
Shanghai Kerry Centre
1515 Nanjing Xi Road
Shanghai 200040
People's Republic of China
Telephone: (86) 21 6209 1200
Facsimile: (86) 21 6209 1233

**GUANGZHOU
PEOPLE'S REPUBLIC OF CHINA**

Rm 2001, Guangzhou
International Electronics Tower
403 Huananli Road East
Guangzhou 510095
People's Republic of China
Telephone: (86) 20 6732 2332
Facsimile: (86) 20 6732 2061

SINGAPORE

Six Battery Road, #32-01
Singapore 049009
Telephone: (65) 6224 8181
Facsimile: (65) 6228 1087

BANGKOK, THAILAND

46th Floor, CRC Tower
All Seasons Place
87/2 Wireless Road
Lumpini Pattumwan
Bangkok 10330
Telephone: (66) 2 654 1111
Facsimile: (66) 2 650 3300/1

JAKARTA, INDONESIA

7th Floor
Permata Bank Tower I
Jalan Jenderal Sudirman Kav. 27
Jakarta 12920, Indonesia
Telephone: (62) 21 523 7337
Facsimile: (62) 21 523 7227

TAIPEI, TAIWAN

7/F Cosmos Building
134 Sec 3, Minsheng East Road
Taipei, Taiwan
Telephone: (886) 2 2713 2266
Facsimile: (886) 2 2712 3065

TOKYO, JAPAN

8/F, Shuwa Daiichi
Hamamatsucho Building
2-2-12 Hamamatsucho Minato-ku
Tokyo 105-0013, Japan
Telephone: (81) 3 5405 8850
Facsimile: (81) 3 5405 8705

NEW DELHI, INDIA

Press Trust of India Building
Ground Floor
4 Parliament Street
New Delhi 110 001, India
Telephone: (91) 11 2335 7440/49
Facsimile: (91) 11 2331 7670

MUMBAI, INDIA

113C, Mittal Tower
Nariman Point
Mumbai 400 021, India
Telephone: (91) 22 2282 9854/55
Facsimile: (91) 22 2287 1477

BANGALORE, INDIA

3rd Floor, The Hulkul
81/37, Lavella Road
Bangalore 560 001, India
Telephone: (91) 80 8112 1240-40
Facsimile: (91) 80 8112 1230

CHENNAI (MADRAS), INDIA

2H, 2nd Floor, One One Emerald
151 Village Road
Nungambakkam
Chennai 600 034, India
Telephone: (91) 44 2821 4500/71
Facsimile: (91) 44 2821 4607

SEOUL, KOREA

12/F, Korea First Bank Building
100 Kanggyung Dang
Jangro-ku
Seoul, Korea 110-702
Telephone: (822) 2170 5800
Facsimile: (822) 2170 5899

MANILA, PHILIPPINES

Room 1004-1005
10/F Ayala Tower One
& Exchange Plaza
Ayala Avenue
1200 Makati City
Philippines
Telephone: (632) 752 2500
Facsimile: (632) 752 2571

HANOI, VIETNAM

Suite 604-2, 6/F
Metropole Centre
56 Ly Thai To Street
Hanoi, S.R. Vietnam
Telephone: (844) 936 1600
Facsimile: (844) 825 7269

HO CHI MINH CITY, VIETNAM

Unit 1301
Ma Linh Point Tower
2 Ngo Duc Ke Street, District 1
Ho Chi Minh City
S.R. Vietnam
Telephone: (848) 824 6125
Facsimile: (848) 823 8415

For more information regarding the MarketView, or our services, please contact:

CB Richard Ellis Philippines, Inc.
10th Floor Ayala Tower One & Exchange Plaza

Ayala Avenue, Makati City 1226
Phone: (632) 752-2580 / 848-7388
Fax: (632) 752-2571

<http://www.cbre.com>
<http://www.cbre.com.ph>

Trent Frankum
Trent.Frankum@cbre.com.ph
General Manager

Joey Radovan
Joey.Radovan@cbre.com.ph
Global Corporate Services

Mike Mabutul
Mike.Mabutul@cbre.com.ph
Investment Properties & Capital Markets

Victor Asuncion
Victor.Asuncion@cbre.com.ph
Global Research & Consultancy

Raffy Cenzone
Raffel.Cenzone@cbre.com.ph
Valuation & Advisory Services

Nikki Gilladoga
Nikki.Gilladoga@cbre.com.ph
Asset, Property and Facilities Management

