

Perspectives on Capital Markets and Investment Opportunities in Real Estate

Asia Real Estate Summit
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THE PHILIPPINE
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INC.

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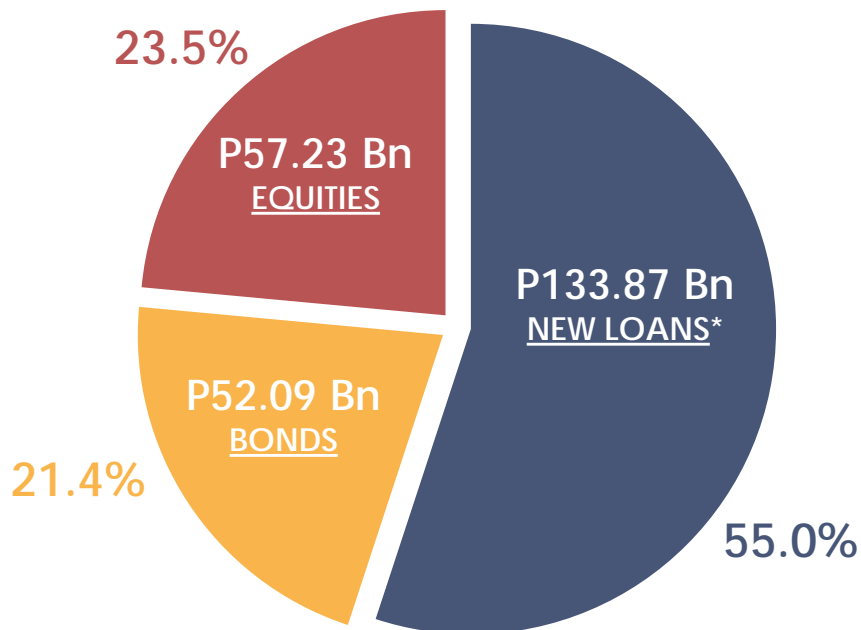
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Presentation Outline

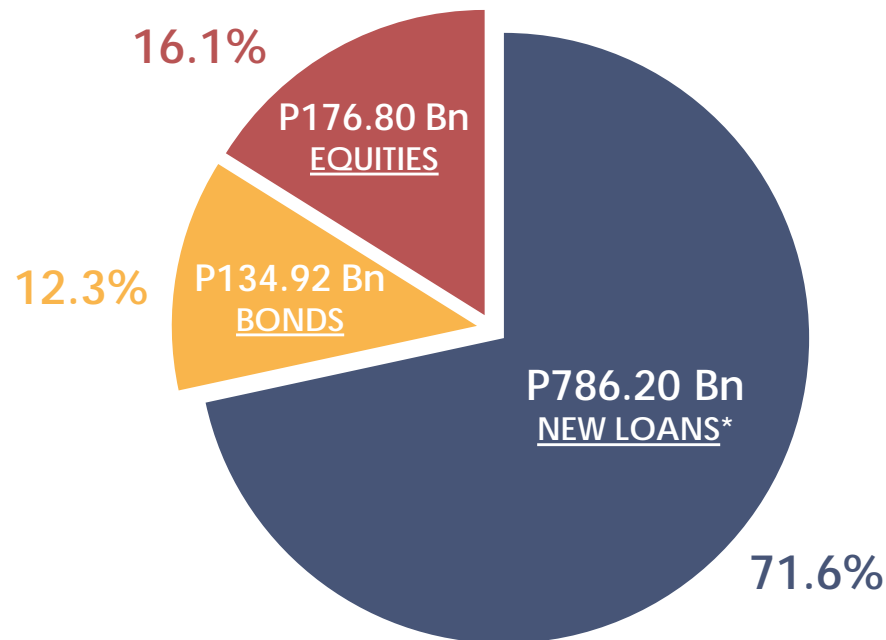
- Property Sector at the PSE
- Trends in Real Estate
- Case Study: DoubleDragon Properties Corp.

Opportunities for Expansion of Capital Markets

2006



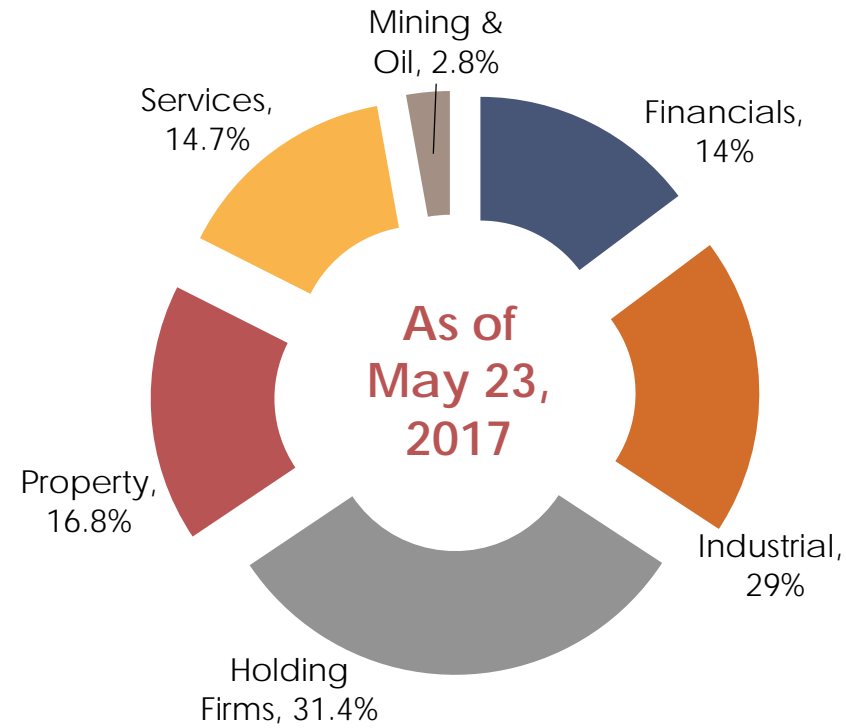
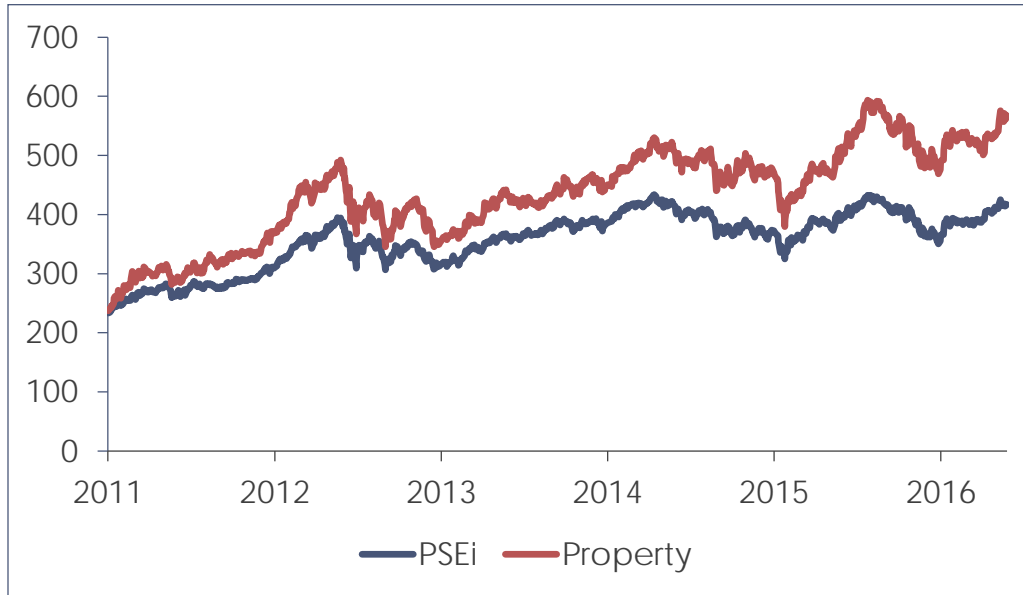
2016



Source: Press Releases - PDS Group Website; Asian Bonds Online; PSE Data; BSP Data

*excludes loans for household consumption; new loans are computed based on the difference of the outstanding loans from year to year

PSEi vs. Property Sector



	YTD Rate of Return (as of May 23, 2017)	5-YR CAGR (2011-2016)
PSEi	14.2%	9.4%
Property Index	15.7%	15.7%

Property Sector in the PSE

Real Estate Fund Raising (2011-May 2017)

3

IPOs

P1.37 billion

17

Private Placements

P106.94 billion

3

Follow-On Offerings

P17.60 billion

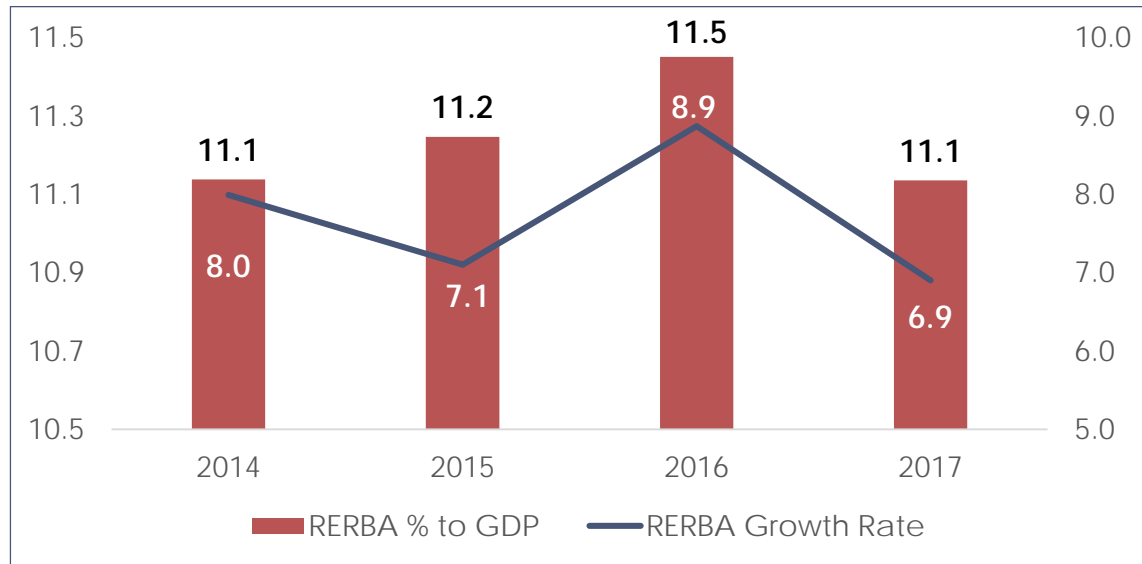
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Stock Rights Offerings

P32.56 billion

Real Estate vs. GDP

First Quarter Statistics (Year-on-Year)



	2014	2015	2016	1Q 2017
Real Estate, Renting & Business Activities (RERBA)*	798.08	854.75	930.56	223.81
GDP*	7,165.48	7,600.18	8,126.40	2,009.91
RERBA % to GDP	11.1	11.2	11.5	11.1
RERBA Growth Rate	8.0	7.1	8.9	6.9

*In Php billions

Trends in Infrastructure Development in Asia

Equities Market

S&P Dow Jones Indices and MSCI Inc. launched a new Real Estate Sector under the Global Industry Classification Standard, of which nine (9) stocks are listed in Singapore.

Trends in Infrastructure Development in Asia

- ✓ ADB estimates average investment on infrastructure in Asia at \$1.7 trillion until 2030
- ✓ Combining bank debt with institutional debt will help boost private sector debt capacity
- ✓ Infrastructure debt financing to evolve as the capital markets mature and investors take on greater risks
- ✓ Credit enhancement by multilateral development banks can mitigate credit challenges
- ✓ Asia presents an opportunity for infrastructure debt refinancing
- ✓ China has the largest infrastructure debt market

Philippine PPP Framework



- Overall policy-making body for PPP programs
- Formerly known as BOT Center.
- Acts as Secretariat of the PPP Governing Board, headed by NEDA.

PARTICIPATING LISTED COMPANIES	NO. OF PROJECTS
Megawide Construction Corporation	4
San Miguel Corporation	4
Metro Pacific Investments Corporation	4**
Ayala Corporation	3**
Ayala Land, Inc.	1
Bank of the Philippine Islands	1*
Globe Telecom, Inc.	1*
PLDT Inc.	1*
Manila Electric Company	1*

* AF Consortium

** Includes AF and Light Rail Manila Consortia

PPP Project Pipeline

School Infrastructure Project



Automatic Fare Collection System



Daang Hari-SLEX Link Road Project



- ❑ As of 21 April 2017, there were a total of 55 national PPP projects identified.
- ❑ Fifteen (15) projects have been awarded, with aggregate project cost of Php317.11 billion.
- ❑ Of which, four (4) projects have been completed and are operational, while eleven (11) are under construction and pre-construction.
- ❑ There are 40 projects in the pipeline, 10 of which have an aggregate indicative cost of Php302.04 billion.

NAIA Expressway Project (Phase II)



Source: PPP Center

New Investment Routes in the PSE

Supplemental Rules for PPP Listings

Relaxed listing and disclosure rules to allow PPP firms with no operating history to list

- ✓ Provides a viable option for PPP firms to fund projects through equity instruments
- ✓ Directly invest in companies that are solely for PPPs



Dollar Denominated Securities



Securities traded and settled in US dollars

- ✓ Offers issuers an instrument to meet US dollar capitalization requirements
- ✓ Alternative investment for investors with US dollar deposit accounts
- ✓ Attract offshore investors and reduce currency risk exposure

Real Estate Investment Trust (REIT)

UPDATES

- ✓ Industry market participants are pushing to revert to the original set of IRRs which they believe to be more workable
- ✓ SEC and BIR are currently reviewing the IRRs

Issues

- ❖ High minimum public ownership requirement
- ❖ VAT on transfer of property
- ❖ Tax incentives to be placed in escrow

Case Study: DoubleDragon



Date Listed under SME Board	Date of Transfer to Main Board	Offer Price	Capital Raised
7-Apr-14	6-Jul-15	2.00	Php1.16 billion

Market Capitalization

On Listing Date Php6.69 billion

As of May 23, 2017 Php111.49 billion

▲ 1,566.7%

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