A FTSE – 250 listed company established in the UK in 1855

Unrivalled international experience and expertise

Group profit before tax of £ 47.3 million in 2010, presents an 88% increase as compared to 2009
Savills Vietnam — Our Story

A Proven Track Record...

- Established in 1995 as Chesterton Petty
- 100% foreign-owned business license granted in 1998
- Hundreds of satisfied developers, investors, owners and occupiers
Savills Vietnam — Our Awards

Bloomberg Asia Pacific Property Awards 2011

Region-wide awards:
✓ Best Real Estate Agency
✓ Best Real Estate Agency Marketing
✓ Best Property Consultancy Marketing

Nation-wide awards:
✓ Best Real Estate Agency
✓ Best Real Estate Agency
✓ Best Property Consultancy Marketing
✓ Best Property Consultancy

Vietnam Real Estate Market Presentation
Savills Vietnam — Our People

The Savills Team...

- Over 750 employees in Vietnam who offer premium quality property services
- Our people are creative and entrepreneurial
- Dynamic and distinctive individuals who believe in quality
Presentation Structure

I. Country & Macroeconomics Overview

II. Market Overview

III. Investment in Vietnam

IV. Investment Opportunities
Part I

Country & Macroeconomics Overview
About Vietnam

- Land area: 331,210 sq km, extending 1,650 km north to south

- Coastline: 3,444 km

- Labour force: approx. 47 million (2010 est.)

Source: CIA – The World Factbook
Population in Vietnam

- Population: approx. 90 million (July 2011 est.)

- With 65% of the population aged 30 or younger, Vietnam is a country of youth.

- GDP per capita: approx. $1,170 (2010 est.)
  - Ho Chi Minh City: approx. $2,800 (2010 est.)
  - Hanoi: approx. $1,950 (2010 est.)

Economic indicators

GDP growth to be 6% in 2011 was targeted by the Government.

Source: GSO
Economic indicators

- Inflation rate to be 18-19% in 2011
- Inflation rate of 9 months 2011 reached 16.63% against Dec. 2010

Source: General Statistics Office, World Economic Outlook April 2011, ADB forecast
Economic indicators

- Viet Nam Gold market performance fluctuated sharply in line with world market during the quarter
- Private owned gold in Vietnam: approx. 500 tons of gold, approx. US$ 35 billion
- Stock market performance in Q3/2011 continued the downtrend of Q2/2011
Economic indicators

- Inter-bank average rate of VND versus USD were stable during Q3/2011

Source: State Bank of Viet Nam (SBV)
Economic indicators

Vietnam inter-bank interest rates

Source: CEIC
- Ceiling interest rate at 14% for capital mobilization was strictly applied.

**Source:** State Bank of Viet Nam
Credit growth was 10.5% at the end of August 2011 compared with the end of 2010.

The tighter monetary policy continued to be implemented.

Source: State Bank of Viet Nam
Economic indicators

- Retail sale of 9 months 2011 reach US$67.5 million.
- Increasing 18% Y-o-Y

Source: GSO
Part II

Market Overview

Q3/2011
Overview

- Despite the low season, Hotel is the best performing sector in HCMC in the last quarter.

- Hanoi Retail has achieved the highest average occupancy of 93% (+4% QoQ).

- Market performance of Serviced Apartment and Office for lease sectors in both cities remained stable or slightly decreased.

- Absorption rates of Residential for sales dropped in HCMC but increased in Hanoi for Apartments. Possible built up demand from Q4 2011 onwards.
Ho Chi Minh City Market

Savills
HCMC Office

Supply
- 11 new buildings with 60,000 sq m
- Total supply: 1.2 mil. sq m (+5% q-o-q)

Market performance
- Avg. occupancy: 80% (-2% q-o-q)
- Avg. rent rate:
  - Grade A: US$50/sq m (-1% q-o-q)
  - Grade B: US$29/sq m (-2% q-o-q)
  - Grade C: US$20/sq m (-1% q-o-q)

Outlook
- 20,000 sq m to come in next 2 quarters
- 440,000 sq m to come in 2012-2013
CBD is the choice of tenants. Grade B is the main supplier.

Growing service charge in total rent

Source: Savills Research and Consultancy
New supply vs. Take-up

FDI vs. Rent of Grades A&B

Source: Savills Research and Consultancy
HCMC Retail

Supply
- 1 new retail centre with 1,000 sq m
- Total supply: 620,000 sq m (-1% q-o-q)
- 8 retail podiums, 7 department stores, 17 shopping centres, 57 supermarkets, 3 wholesale markets

Market performance
- Avg. occupancy: 86% (+1% q-o-q)
- Avg. rent rate: US$65/sq m (unchanged)

Outlook
- 72,000 sq m to come in 2H/2011
- 740,000 sq m to come in 2012-2015
Department stores had the best performance

Only suburban area had an increase in rent

Source: Savills Research and Consultancy
HCMC Hotel

Supply

- No new hotel
- Total supply: 10,185 rooms (stable q-o-q)
- 13 five-star hotels, 14 four-star hotels, 47 three-star hotels

Market performance

- Avg. occupancy: 66% (+6% q-o-q)
- Room rate:
  5-star: US$128/room/night (+1% q-o-q)
  4-star: US$85/room/night (remained stable)
  3-star: US$47/room/night (+1% q-o-q)

Outlook

- 3,300 rooms to come in 2012-2013
International visitors vs. Occupancy of 4 and 5-star hotels

Source: Savills Research and Consultancy
HCMC Serviced Apartments

Supply
- 2 new projects with 58 units
- Total supply: 3,207 units (+2% q-o-q)

Market performance
- Avg. occupancy: 85% (-1% q-o-q)
- Avg. Prices:
  - Grade A: US$30/sq m/mth (+7% q-o-q)
  - Grade B: US$26/sq m/mth (-1% q-o-q)
  - Grade C: US$16/sq m (stable q-o-q)

Outlook
- 2,400 units to come in 2012-2014
- 470 units entering in 2012
HCMC Villas & Townhouses

Supply
- No new project entered the market
- Primary supply: 130 villas & 120 townhouses (-30% q-o-q)
- Secondary supply: 3,000 dwellings

Market performance
- Market absorption rate: 4% (-17% q-o-q)
- Primary price:
  Villa: US$230,000 - US$2,380,000
  Townhouse: US$96,000 - US$345,000
- Avg. transacted price:
  US$390,000 per unit (-8% q-o-q)

Outlook
- Until 2012: more than 1,700 dwellings
- 2013-2014: more than 3,000 dwellings
HCMC Apartments

Supply

- 5 new projects with 812 units
- Primary supply: 14,100 units (-14% q-o-q)
- Secondary supply: 65,800 units

Market performance

- Market absorption rate: 10% (-2 percentage points q-o-q)
- Avg. transacted prices:
  Grade A: US$1,834/sq m (-17% q-o-q)
  Grade B: US$1,769/sq m (-10% q-o-q)
  Grade C: US$700/sq m (+3% q-o-q)

Outlook

- Next 2 quarters: 3,538 units
- Next 5 quarters: 20,200 units
Grade C remains the market driver, accounting for 75% absorbed units.

The market achieved a low absorption rate of approximately 10%.

Primary transaction volume dropped -27% q-o-q. 

Source: Savills Research and Consultancy
Hanoi Market
Hanoi Office

Supply
- 115 buildings, 868,000 sq m (+9% QoQ; +21% YoY)
- 16 Grade A, 40 Grade B and 60 Grade C
- Four new Grade B buildings (65,000 sq m) and one new Grade C building (5,300 sq m)

Market performance
- Occupancy: 86% (+0% QoQ; +0% YoY)
- Rental rate: US$25.5/sq m/mth (+2% QoQ; -3% YoY)
- Grade A: 87% (+1% point QoQ), US$37.8 (+3.4% QoQ)
- Grade B: 85.1% (-7% points QoQ), US$25.6 (-0.7% QoQ)
- Grade C: 88% (+8% points QoQ), US$17.7 (+0% QoQ)

Outlook
- Up to 2014: 84 projects, 1.2 million sq m
- Q4/2011: 5 out of 13 projects with >10,000 sq m occupying 66% total supply in Q4/2011
- The further from the CBD, the lower price

- Grade A concentrated within 2km radius of CBD

- Largest variation of price Grade A
Hanoi Office
Grade B increased sharply in office take-up

Average take-up space by quarter (Q4/2009 – Q3/2011): 41,000 sq m
Hanoi Retail

Supply
- 143 projects, 463,000 sq m
- 2 new projects: 12,000 sq m

Performance
- Average occupancy: 93% (+4 % points  QoQ)
- Rental rate:
  - Shopping centre: US$15 to US$150/ sq m/ mth
  - Department store: US$20 to US$100/ sq m/ mth
  - Hypermarket: US$15 to US$100/ sq m/ mth
  - Retail podium: US$40 to US$200/ sq m/ mth

Outlook
- In next four years: 90 projects, ~1.6 million sq m
- Mainly in Thanh Xuan, Hai Ba Trung, Cau Giay, Tu Liem and Ha Dong districts
Hanoi Retail
CBD continues to have high occupancy

All retail projects in CBD achieved 100% occupancy
Hanoi Hotel

Supply
- 49 hotels, ~7,350 rooms
  - 5-star: 11 hotels, ~ 3,600 rooms
  - 4-star: 11 hotels, ~ 1,800 rooms
  - 3-star: 26 hotels, ~ 1,950 rooms

Market performance
- Occupancy: 51% (-4 % points QoQ, -5 % points YoY)
- Rental rate: US$83/room/ night (-4% QoQ, -1% YoY)
  - 5-star: 50% (-2 % points QoQ), US$110 (-5% QoQ)
  - 4-star: 54% (-6 % points QoQ), US$71 (-5% QoQ)
  - 3-star: 50% (-5 % points QoQ), US$41 (-2% QoQ)

Outlook
- 27 out of 41 projects provide 6,600 rooms
- Q4/2011: ~250 rooms from 2 hotels
- Mainly in Tu Liem district
Hanoi Hotel
RevPAR: Decreased across all grades q-o-q

US$/room

- 5-star
- 4-star
- 3-star

Q1  Q2  Q3  Q4  2006
Q1  Q2  Q3  Q4  2007
Q1  Q2  Q3  Q4  2008
Q1  Q2  Q3  Q4  2009
Q1  Q2  Q3  Q4  2010
Q1  Q2  Q3  Q4  2011
Hanoi Serviced Apartments

Supply
- Total stock: 43 buildings, 2,459 units
- Ha Noi Lakeview decreased -14 units due to being renovated.
- Mainly in Tay Ho and Ba Dinh districts.

Performance
- Average occupancy: 87% (same as Q2/2011)
- Average rent: US$26.7/sq m/ mth ( -1.7% QoQ)

Outlook
- 12 out of 31 future projects: 2,600 units
- Tu Liem district is the largest future supplier
Hanoi Villas & Townhouses

Supply
- 114 projects, ~38,100 dwellings
- In which, 84 SC projects, ~23,865 dwellings

Market performance
- Inactive market with few transactions
- Large gap in price between SC and CCC projects
- SC projects:
  - Villa:
    - US$1,200 to US$12,700/ sq m
    - US$147,000 to US$3,030,000/dwelling
  - Townhouse:
    - US$1,000 to US$15,000/ sq m
    - US$108,000 to US$1,215,000/dwelling
Hanoi Villas & Townhouses

Market performance
- CCC projects:
  - Villa:
    - US$730 to US$6,000/ sq m
    - US$192,500 to US$1,272,000/
      dwelling
  - Townhouse:
    - US$1,200 to US$2,700/ sq m
    - US$93,900 to US$298,000/ dwelling

Outlook
- 55 projects, ~4,800 hectares
- Large supply: Quoc Oai, Me Linh, Hoang Mai & Long Bien districts
Hanoi Apartments

Supply
- Primary: 21 projects, 9,600 units, mainly Grade B
- Secondary: 140 projects, 49,000 units
- New supply: 1 project, launching 200/860 units

Market performance
- Market absorption rate: 32% (+16% points QoQ) overall
  - Grade A: 2% (-3% points QoQ), US$2,489 (+0.3% QoQ)
  - Grade B: 36% (+25% points QoQ), US$1,753 (-13% QoQ)
  - Grade C: 22% (-4% points QoQ), US$1,170 (+4% QoQ)

Outlook
- 102 projects, 46,800 units
- Q4/2011: 12 projects, 7,600 units
- 2012: 34 projects, 20,000 units
- Mainly in Ha Dong, Hai Ba Trung and Cau Giay
Hanoi Apartments
Absorption rate is better than previous quarter
Hanoi Apartments

Grade B & C are main sold products of the market during last year

Vietnam Real Estate Market Presentation Q3/2011
Currently, Vietnam has 260 IZs established, with 171 IZs in operation and 89 IZs in the process of clearance and compensation or basic construction.

Up to early December 2010 Vietnam IZs have attracted 3,900 foreign invested projects with total registered capital of nearly US$54 billion.

209 additional IZs expected to be established by 2020 with a total area of 64,310 ha.
Vietnam and Japan - Cooperation In Supporting Industry Development

- Vietnam is a very important partner of Japan in supporting industries. In the coming time, more Japanese companies will come to invest in Vietnam as well as reallocate their production facilities from China to Vietnam.

- Japan has invested nearly 1,500 FDI projects with a total registered value of US$21 billion in Vietnam, of which nearly US$12 billion has been disbursed.

- Many Japanese corporations focused on building assembly facilities in Vietnam to supply regional and global markets.
COFFEE BREAK
Part III

Investment in Vietnam

Savills
Vietnam- The investment destination

- Jan 2011: ranked fourth most preferred emerging market for investments by the Association for Foreign Investors in Real Estate (AFIRE).

- April 2011: Southeast Asia’s top investment destination, ahead of Malaysia and India - survey conducted by the National University of Singapore for the ASEAN Business Advisory Council
Demand is still there

Illustration: HCMC Apartments

Supply
- Begin its downward trend from the beginning of 2011

Sold units
- Current sold units equal to Q2/2009 level

Source: Savills Research and Consultancy
Demand is still there

Illustration: HCMC Apartments

- Average demand index 2009 – 2010: 18%
- The market underperformed in 2011
- Possible built up demand from Q4 2011 onward: ~ 4,700 units
<table>
<thead>
<tr>
<th>Location</th>
<th>Price</th>
<th>Use</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hai Phong</td>
<td>$9,450,000</td>
<td>Serviced apartments</td>
</tr>
<tr>
<td>District 1, HCMC</td>
<td>$38,000,000</td>
<td>Retail and office development</td>
</tr>
<tr>
<td>Son Tra District, Da Nang</td>
<td>$10,000,000</td>
<td>Hotel, restaurant and vacant land</td>
</tr>
<tr>
<td>Tu Liem District, Ha Noi</td>
<td>$17,000,000</td>
<td>5 floor retail podium of the two residential towers.</td>
</tr>
<tr>
<td>Dong Da District, Ha Noi</td>
<td>$14,300,000</td>
<td>Proposed development: 27 storey office building with 3 basements</td>
</tr>
<tr>
<td>Cau Giay District, Ha Noi</td>
<td>$25,200,000</td>
<td>Proposed development: 35 level mixed use building: apartment with retail/office podium</td>
</tr>
</tbody>
</table>
## Cap Rates Around Asia Pacific (Prime)

<table>
<thead>
<tr>
<th>Cities</th>
<th>Office 1Q/2010</th>
<th>Office 1Q/2011</th>
<th>Retail 1Q/2010</th>
<th>Retail 1H/2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beijing</td>
<td>5.96%</td>
<td>5.66%</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Shanghai</td>
<td>6.60%</td>
<td>5.50%</td>
<td>7.00%</td>
<td>6.50%</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>3.10%</td>
<td>3.36%</td>
<td>3.76%</td>
<td>3.54%</td>
</tr>
<tr>
<td>Taipei</td>
<td>3.30%</td>
<td>2.80%</td>
<td>3.90%</td>
<td>3.10%</td>
</tr>
<tr>
<td>Tokyo</td>
<td>4.70%</td>
<td>4.80%</td>
<td>5.30%</td>
<td>5.20%</td>
</tr>
<tr>
<td>Seoul</td>
<td>5.90%</td>
<td>5.70%</td>
<td>7.00%</td>
<td>6.50%</td>
</tr>
<tr>
<td>Singapore</td>
<td>5.25%</td>
<td>3.88%</td>
<td>5.25%</td>
<td>4.75%</td>
</tr>
<tr>
<td>Kuala Lumpur</td>
<td>10.05%</td>
<td>10.11%</td>
<td>10.89%</td>
<td>11.61%</td>
</tr>
<tr>
<td>Hanoi</td>
<td>12.00%</td>
<td>12.00%</td>
<td>10.00%</td>
<td>10.00%</td>
</tr>
<tr>
<td>Ho Chi Minh City</td>
<td>12.00%</td>
<td>12.00%</td>
<td>10.00%</td>
<td>10.00%</td>
</tr>
<tr>
<td>Sydney</td>
<td>7.25%</td>
<td>7.00%</td>
<td>6.50%</td>
<td>6.50%</td>
</tr>
</tbody>
</table>
Japanese Wave of Investment

- Daiwa House and Kobelco Eco-Solutions Company constructing the Long Duc Industrial Zone in Long Thanh, Dong Nai Province
- Japan Asia Vietnam bought CentrePoint Building
- Nikko Cordial invested in PetroVietnam Securities
- SBI bought 20% in FPT Securities
- Unicharm bought 100% in Diana
- Mizuho – Vietcombank
- NTT Docomo from Japan bought 25% stake of Vietnam Mobile Group
- Kirin Holding bought 57% stake of Interfoods
- Daio Paper bought 48% stake of Saigon Paper

Vietnam Real Estate Market Presentation
Investing in Vietnam - Forms of investment

- Joint Venture: with Vietnam partners (typically land contribution from local partner)
- 100% FDI structures
- Co-investment into existing joint ventures and 100 percent FDI structures
- Business Corporation Contract (BCC)
- Local listed and unlisted real estate funds/companies
- Overseas listed and unlisted real estate funds/companies
Investing in Vietnam - Challenges

- Immature legal framework

- Securing clear land title

- Regulatory transparency

- Complicated and time-consuming licensing procedures

- Complications due to involvement of SOEs

- Unrealistic pricing expectations
Good time to invest in real estate in Vietnam?

- Good pricing & availability of distressed assets as local developers/investors under pressure to divest their assets due to
  ✓ Difficulty to secure bank financing
  ✓ Possibility of license being revoked
  ✓ Portfolio restructuring
  ✓ Divesting non-core real estate assets or reducing stake to raise cash for core businesses
  ✓ Creating a brand name by building partnerships with well-known developers and investors
  ✓ Delivery of returns to investors
Good time to invest in real estate in Vietnam?

- **Timing** – opportunity to benefit from completion of clearance & compensation and/or infrastructure by vendor of many projects.

- **Effective long-term alternative investment channel** compared to other channels such as stock market, gold market, etc.

- **Potential for growth** with Vietnam being an emerging market
Investment Outlook

- 2012 will see an increasing number of investment deals

- Evolving legislative framework

- Accelerated licensing of projects following the elections

- Significant volume of transactions expected to take place in the next few years

- Expected fall in inflation

- Rapid growth of housing demand due to young population and replacement of old houses
Thank You!
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