

Apartment for Sale

Ho Chi Minh City, Vietnam

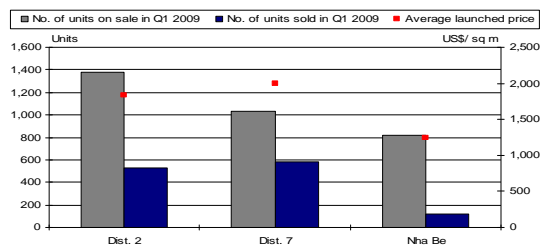
Q1/2009

Supply Trends

In the apartment for sale primary market for Q1 2009, there were a total of 31 active projects offering about 5,447 apartment units. Most current projects are targeting the medium to high-end market segments. District 2 and Dist. 7 contributed the largest supply of apartment units for sale in the market in Q1 2009. The Q1 2009 average launched price showed a decrease of around 5% against Q4 2008.

Meanwhile, in the period 1998 – 2008, there were 135 projects with 30,554 apartments 100% sold out. Average secondary prices in Q1 2009 of 100% sold out projects in HCMC across districts decreased slightly compared with Q4 2008.

Total current supply in Q1 2009 in Dist. 2, Dist. 7, and Nha Be Dist.



Source: Savills Research & Consultancy, Q1 2009

Demand Trends

In Q1 2009, the affects of the global economic downturn on Viet Nam's economy appeared more clearly. Faced with an uncertain economy, and few financing options, purchasing power among homebuyers will likely be dampened for some time. Although there is a downward trend of mid-end and high-end apartment prices, purchasers are sitting on the sidelines waiting to see how low the prices might go which is contributing to the slowing down of the market.

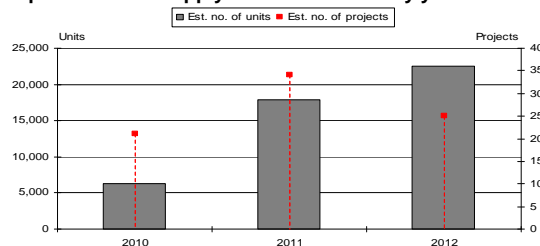
Demand for apartments within the CBD (Dist. 1 and Dist. 3) has remained high, however there was no active selling project in Q1 2009 in this area. Binh Thanh District with its advantage of being very close to the CBD has achieved the highest primary price at US\$2,200 per sq m Dist. 2 and Dist. 7

are still the most exciting markets. Dist. 2 with its promising infrastructure projects connecting it to the CBD and Dist. 7 with its brand name developers have achieved an average primary price at approximately US\$1,900 per sq m.

Outlook

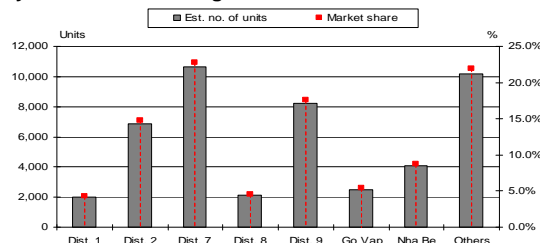
Most new apartment for sale projects are concentrated in the New Urban Areas, particularly those located to the south and the east of HCMC. It is expected that the new supply will continue increasing from 2010 until 2012.

Expected future supply of HCMC market by year



Source: Savills Research & Consultancy, Q1 2009

Expected future supply of HCMC market (2010E – 2012E) by districts accounting for more than 4% of market share



Source: Savills Research & Consultancy, Q1 2009

It is expected that projects that feature affordable apartment products will prove more successful and sustainable in the coming years. The fundamentals for residential property demand in HCMC will persist, as changing lifestyle preferences, urbanization, and rising per capita incomes should support this sector in the mid to long-term.

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Office for lease

Ho Chi Minh City, Vietnam

Q1/2009

Supply Trends

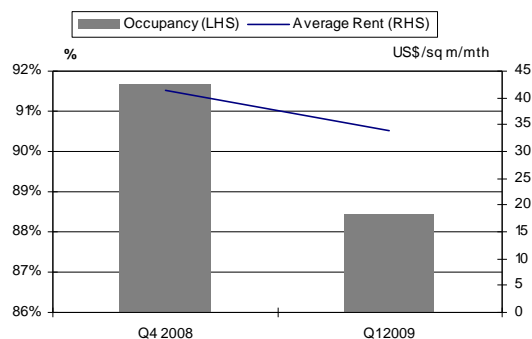
There are 34 office buildings of Grade A and Grade B in HCMC accounting for approximately 390,000 sq m net. Top Grade A rents currently average around US\$70/ sq m/ month.

Grade	No. of Buildings	Supply (sq m)	Occupancy (%)	Average Rent* (US\$/ sq m/ month)
Grade A	5	74,307	93%	\$69.81
Grade B	29	315,782	91%	\$33.35
Grade C	78	252,754	84%	\$23.97
Total/ Average	112	642,843	88%	\$33.88

Source: Savills Research & Consultancy, Q1 2009

* Rents are based on quoted rents and package net, inclusive of service charge but exclusive of VAT (10%).

Performance of HCMC office market (all grades), Q4 2008 – Q1 2009



Source: Savills Research & Consultancy, Q1 2009

The office market is not immune to the global economic recession. Even though there is no new Grade A supply, average rent in Grade A has seen a significant decline of 19% q-o-q and average occupancy has seen a slight decrease of 3% q-o-q. Grade B and C office supply increased by around 26% in Q1 2009. Average rents fell by around 15% to 16% q-o-q and average occupancy by up to 5% q-o-q.

The main growth areas for new office buildings are in suburban areas such as districts 7, Binh Thanh and Tan Binh.

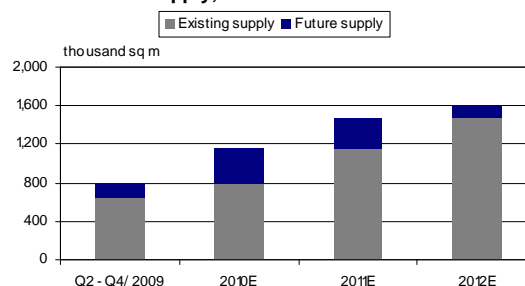
Demand Trends

In contrast with last year's encouraging FDI record, the total registered FDI capital in Viet Nam has suffered a sharp decrease of 40% compared with the same period last year. This factor has had a significant impact on the office performance demonstrated by the downward office rent and occupancy trends.

As a result of the lower rents, there has been an increase in leasing enquires. More Grade A office tenants are considering to move to more affordable Grade B buildings. Besides, other tenants may move to Grade B buildings since they can achieve the same rent with higher quality. Grade B offices are now holding the most stable demand in the market.

Outlook

Stock and New Supply, Q2 2009E – 2012E



Source: Savills Research & Consultancy, Q1 2009

Savills expects that up to 968,000 sq m net of office space may come on line within the next four years, adding 150 per cent to the existing stock. By the end of 2009, some major office buildings are to be completed, namely Crescent Plaza, Kumho Asiana Plaza, Centec Tower and CentrePoint adding about 98,000 sq m office space to the market.

It is anticipated that Grade A rents will continue to fall throughout 2009. When Kumho Asiana Plaza comes on line in Q3 2009, more office tenants will move to this new building, thus adding further pressure to the already declining rent. The downward trend will also continue in Grade B and C buildings during 2009.

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Retail

Ho Chi Minh City, Vietnam

Q1/2009

Supply Trends

At present, there are only 25 major shopping centres and department stores, 57 supermarkets and 3 wholesale markets with a total area of approximately 429,402 sq m in Ho Chi Minh City. As this is considered low for a city of eight million people, the retail market in HCMC is at its nascent stage.

Rents in shopping centres and department stores in this quarter range from US\$30 to US\$150 per sq m, depending on location. In general, retail rents have remained steady during Q1 2009

The Retail Market by Area, Q1 2009

Retail Market	Area (sq m)	Percentage (%)
Shopping Centres/ Department Stores	196,380	45.7
Supermarkets	182,022	42.4
Wholesale Markets	51,000	11.9
Total	429,402	100

Source: Savills Research & Consultancy, Q1 2009

The Retail Market by Location, Q1 2009

Location	Area (sq m)	Percentage (%)
CBD	85,880	20
Secondary	158,678	37
Suburban	184,844	43
Total	429,402	100

Source: Savills Research & Consultancy, Q1 2009

Retail area by type by quarter, Q1 2005 – Q1 2009



Source: Savills Research & Consultancy, Q1 2009

Retail areas in shopping centres and supermarkets have increased since Q1 2008. There has been no new stock in the wholesale market since Q1 2007.

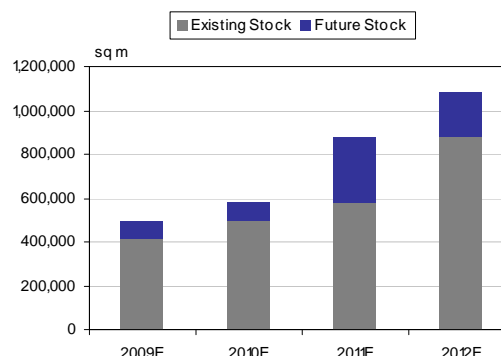
Demand Trends

The foundations for retail sector growth in HCMC are present, as rising GDP per capita and consumption levels have fuelled this market over the past few years. Demand has persisted into Q1 2009, but slowing GDP growth will have an impact on consumption and investment decisions in Viet Nam. Despite the present economic downturn, long-term prospects for retail are compelling, as evidenced by Viet Nam's number one ranking in the A.T. Kearney 2008 Global Retail Development Index.

Demand for international-standard retail property products should rise in the coming 1-3 years, particularly for those in central business districts, as Viet Nam is now obligated to provide equal legal treatment for domestic and international retailers as part of WTO accession. From now on, the retail sector in Viet Nam is open to 100% foreign ownership.

Outlook

Stock and New Supply, 2009E – 2012E



Source: Savills Research & Consultancy, Q1 2009

The year 2011 is clearly the one to watch, as supply and demand dynamics start to mature. An expected influx of retail supply may apply downward pressure on both rents and occupancy levels.

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Hotel

Ho Chi Minh City, Vietnam

Q1/2009

Supply Trends

There are 20 hotels from '4-star' to '5-star' in HCMC, totalling 5,263 rooms. No new 5-star or 4-star hotels entered the market in Q1 2009, making the current hotel supply stable this quarter.

District 1 has the most hotels from 4-star to 5-star, accounting for 70% of the market.

In 2007 and 2008, some hotels were upgraded into 4 & 5-star hotels. Total supply has not significantly increased in the last three years in HCMC, which has allowed the 5-star hotels to raise room rates. The 4-star hotels have typically achieved higher occupancy rates.

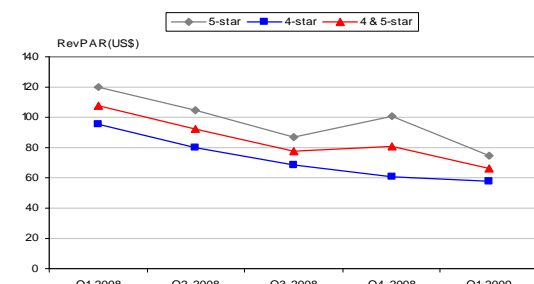
Hotel performance in Q1 2009

Grades	No. of Hotels	No. of Rooms	Average Occupancy (%)	Average Room Rate* (US\$/room/night)
5-star	12	3,983	51	147.42
4-star	8	1,280	62	94.00
Total/Average	20	5,263	57	120.71

Source: Savills Research & Consultancy, Q1 2009

* Estimated average achievable room rate inclusive service charge and breakfast, exclusive of VAT.

Revenue per available room (RevPAR), Q1 2008 – Q1 2009



Source: Savills Research & Consultancy, Q1 2009

The decline of RevPAR has been significant over the last year and continued in Q1 2009 due to the current low occupancy resulting from the volatility in the domestic and global economy. RevPAR of 4 & 5-star hotels in Q1 2009 is at US\$66, a decrease of 18% compared to Q4 2008.

Demand Trends

Demand has clearly been affected by the global economic recession. In Q1 2009 international visitors to Viet Nam only reached about one million persons, decreasing by 16% compared to the same period last year.

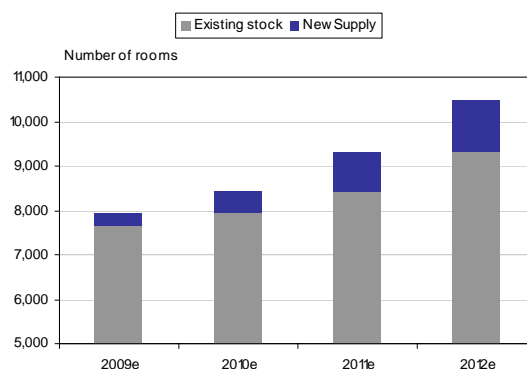
Besides, business visitors to Viet Nam decreased 13% compared with last quarter. This sector is important to four and five-star hotels.

However, this situation is gradually changing with the government's stimulus and the "Vietnam Impressive" program organized by VNAT*. Through this program, Viet Nam is expected to receive 4.5 million international visitors in 2009, according to VNAT.

* Viet Nam Administration of Tourism

Outlook

Stock and New Supply, 2009E – 2012E



Source: Savills Research & Consultancy, Q1 2009

Based on future projects, there are approximately 1,500 4 and 5-star rooms to enter the market in the next four years. Future supply will continue to concentrate in District 1. There is considerable investment interest in the luxury hotel market.

However, economic woes in Q1 2009 and in the near future, have probably had a negative impact on the financial capacity of many developers which may lead to project delays and possibly some cancellations in all sectors.

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Serviced Apartment

Ho Chi Minh City, Vietnam

Q1/2009

Supply Trends

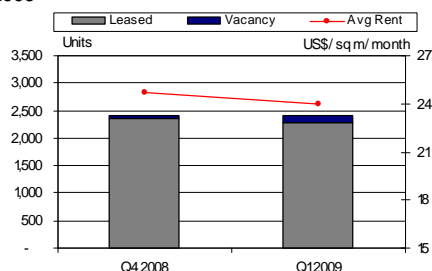
There are 48 buildings of all grades from A to C, including 2,416 international and local serviced apartments for lease in HCMC. Nearly half of those apartments are two bedroom units and mainly disbursed in the Central Business District. Supply in District 1 and District 3 accounts for 63% of the total units.

Grade	No. of Buildings	Supply (Unit)	Occupancy (%)	Avg. Monthly Rent* (US\$/sq m)
Grade A	6	398	97%	29.3
Grade B	12	1,282	96%	24.8
Grade C	30	736	92%	17.5
Total/ Average	48	2,416	95%	23.9

Source: Savills Research & Consultancy, Q1 2009

* Estimated average rent inclusive service charge, exclusive of VAT, on a net area basis.

Performance of Serviced apartments (All Types), Q4 2008 – Q1 2009



Source: Savills Research & Consultancy, Q1 2009

Supply has not increased much in the last three years in HCMC, which has allowed Grade 'A' buildings to keep high rents and occupancy.

This quarter's rent and occupancy performance of the whole market has been soft, with Grade B and Grade C showing more fluctuation than Grade A.

The highest monthly rents achievable, for smaller Grade A apartments, are currently in the order of US\$25 to US\$40 per sq m.

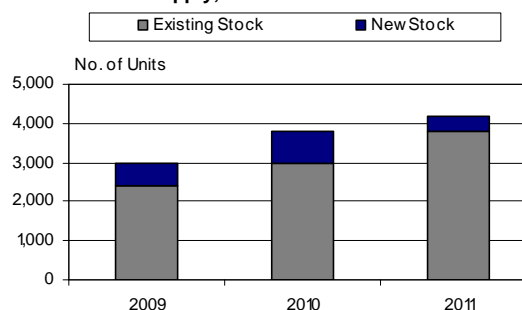
Demand Trends

Demand for serviced apartments has been clearly established in HCMC. Demand should remain relatively stable for the next few years and increase with Viet Nam's continued integration into the global economy.

Given the anticipated lower levels of global trade and investment, it is likely that multinational corporate budgets for staff housing will be reduced over this year, which could negatively impact the serviced apartment market in Ho Chi Minh City.

Outlook

Stock and New Supply, 2009E – 2011E



Source: Savills Research & Consultancy, Q1 2009

There is little new demand because of the current financial crisis. It is inevitable that the performance of serviced apartments across all grades will fall as supplies increase.

The Grade 'A' sector will likely be more competitive following the entry of Kumho Asiana and Crescent this year. Completion of a large serviced apartment project such as this will have a significant impact in this small market. Rents are likely to continue to decline as more developments are completed.

Whilst city centre locations are likely to maintain higher rent than other districts, serviced apartments in areas such as District 7, District 2 and District 10 with better infrastructure, facilities and more reasonable prices are becoming strong competitors to the CBD.

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