How Far Have We Come?

*Brief Review of Foreign Ownership Laws in Vietnam*
History of Foreign Ownership Laws

How Far Have We Come?

Foreign Ownership Laws 2005

- A foreign individual cannot own property in Vietnam
- Foreigner holding valid 3 month visa can purchase one condo 50 year leasehold (for living purposes)
- Restrictions – sublease, mortgage, transfer rights, or use for capital contribution
- Overseas Vietnamese can own one condo or house (must have document proving Vietnamese nationality)

Foreign Ownership Laws Amended 2009

- No significant changes to foreign ownership
- Overseas Vietnamese granted slightly more flexibility
- This resolution expired 2013 – gov’t to improve flexibility moving forward

The Manor – Phase 1 (2005)

### History of Foreign Ownership Laws

**How Far Have We Come?**

#### Summary of Foreign Ownership Laws – 2009 vs 2014

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<th>Housing Law 2009</th>
<th>Housing Law 2014 (Effective 01 July 2015)</th>
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| **Conditions to Purchaser** | - Direct investment  
- Special contributions to the state  
- Specialists working for the state  
- Married to VN | - All foreigners granted a 3 month Visa  
- Foreign funds, banks, and rep offices of overseas companies |
| **Property Type** | - Only condominiums | - All types of residential property  
- Condo's, landed property, and townhouses |
| **Number of Properties** | - Permitted to own one (1) condo | - No limit for individuals or companies  
- Total units in project not exceed 30% ownership by foreigners |
| **Ownership Period** | - 50 years leasehold | - 50 years with extension possibility (waiting further guidance)  
- Foreigner married to VN can own freehold |
| **Restriction on Purchase** | - Foreigners cannot sublease, mortgage, inherit, use as capital contribution, or transfer property | - Foreigner permitted to use property as local purchasers  
- Permitted to sublease, mortgage, capital contribution |
| **Overseas Vietnamese** | - Require temporary residence certificate  
- May own one condo or house for family or their residence | - No limit on volume of residential properties  
- Purchase all types of residential property  
- Use of all commercial purposes (lease, mortgage etc)  
- No temporary residence certificate required |
History of Foreign Ownership Laws

How Far Have We Come?

What Does This All Mean?

- Gov’t committed to accelerate RE market recovery
- Vietnamese property a viable investment for foreigners
- Local expats to purchase condo’s and villas for investment (sublease)
- Regional investors will seek rental yields in Ho Chi Minh
- Savvy developers to begin targeting foreign buyers
- Boost second homes markets (regional + local expats)
- High end segment will be focus of foreign buyers
Indochina Land’s Track Record

A History of Attracting Foreign Purchasers
North to Central to South Footprint

Indochina Plaza Hanoi
Mixed-Use Development
Condominiums: 386
Retail (NFA): 18,000 m²
Office (NFA): 14,400 m²

Hyatt Regency Resort and Spa
Luxury Resort Complex
Hotel Rooms: 200
182 Condo’s and 27 Villas

Indochina Riverside Towers
Mixed-Use Development
Condominiums: 95

The Nam Hai, Hoi An
Luxury Beach Resort
Hotel Villas: 60
Residential Villas: 40

River Garden, Ho Chi Minh
Urban Residential
Condominiums: 212

Six Senses Con Dao
Luxury Beach Resort
Residential Villas: 27
Hotel Villas: 23
Track Record Highlights

- Nearly 10 years of experience targeting foreign purchasers
- Total sales over $100 million to foreign purchasers across nearly 175 purchasers
- Includes sales of resort and urban condominium projects
- Urban condo sales driven by rental yields and capital appreciation
- Resort sales driven by balance of investment and lifestyle returns
Foreign Investor Characteristics

- **Hong Kong** buyer purchase primarily for investment purchases
- **European clientele** focus on luxury holiday homes with investment prospects
- **These investors** are investment savvy and often wealthy (Net Worth + $5 million)

*NOTE – The figures above totals 95% the remaining 5% is allocated to others (Canada, Australia, Cambodia, Dubai etc.)
**Offshore Ownership Structure**

**V Share Structure (Offshore)**

- Required given previous ownership laws
- Pioneered by ICC in 2006
- Key to sales of Nam Hai, SSCD, and Hyatt
- Rental Program offered by operators
- Permits investors to earn rental income
- An excellent option for those looking for holiday home or investment upside
- Successfully applied for nearly 10 years

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**Offshore Holding Company**

*British Virgin Islands*

A Villa investor purchases a V Share that allocates the right to use a specific villa.

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**Onshore Holding Company**

*A Vietnamese legal entity*

Holds investment license under Law of Foreign Investment to rent villas long term (100% owned by Offshore Holding Company).

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**Lease from the Hotel**

Onshore Holding Company leases villas and associated land from the Resort for 50 years.

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**Nam Hai – 2BR Villa**
What are Foreign Buyers Preferences?

Review of Successful Sale Programs
Successful Sale Programs

**Offshore Ownership Structure**

### Hospitality Projects

- Partnering with market leaders in design / management
- Buyers seek Investment + Lifestyle Returns
- Rental Program – 3% yields / 90 day use
- Offer “Care Free” management for investors
- 5 Star service and facilities

### Urban Condo’s

- **Location, Location, Location!**
- Rental yields between 4% - 6% +
- Developing infrastructure / surrounding amenity
- Property management is key (Savills at River Garden)
- Liquidity is critical (exit strategy)
Property Highlights

- Managed by GHM
- Luxury amenities and facilities
- Villas sales between $1.0M – $2.5M
- 99% Sold to Foreign Buyers
- Rental Program
  - 50 / 50 split of rental income
  - 90 days use per year
  - Rental yields avg. 3%
  - 3BR Villas earning $45k per annum
Successfull Sale Programs

**Six Senses Con Dao**

**Property Highlights**
- Managed by Six Senses
- Luxury eco-friendly resort
- Villas sales between $1M – $2M
- Entire development sold to foreign buyers
- Rental Program
  - 50 / 50 split of rental income
  - 45 – 90 days use per year
  - Rental yields avg. 3%
  - 3BR Villas earning $35k per annum
Property Highlights

- Managed by Hyatt International
- Condo sales between $200k – $800k
- Villa sale between $1M – $1.8M
- 25% foreign buyers
- Rental Program
  - 50 / 50 split of rental income
  - 90 days use per year
  - Rental yields avg. 2%
  - 2BR condo earning $10k per annum
Indochina Riverside Towers

Property Highlights

- Best urban location in Da Nang
- Condo sales between $50k – $500k
- Highly liquid resale market
- 40% sold to foreign buyers
- Long Term Leases
  - 1 year rental term
  - 2BR rent for $1,100/month
  - Avg. rental yields of 6% - 7%
Property Highlights

- Ideally located in Thao Dien
- Condo sales between $120k – $600k
- Highly liquid resale market
- 25% sold to foreign buyers
- Long Term Leases
  - 1 year rental term
  - 3BR rent for $1,400/month
  - Avg. rental yields of 5% - 6%