

This highly anticipated and long discussed amendment has had support from all levels of the government and throughout the property industry. It allows foreigners to lease and own a maximum of 30% of an apartment building or up to a maximum of 250 villas or townhouses. This effectively provides a registered 50 year leasehold title.

The recent amendment follows the relaxation on Overseas Vietnamese who now have full and unfettered ownership rights. In 2013 overseas remittances were up 10% year on year to US\$11B, much of this can now effectively and confidently be held in real estate.

Foreigners now have an enforceable title, at the same time opening up a far deeper purchaser pool. This will add greater liquidity to the residential market that is now showing signs of a modest recovery across the nation. Importantly the amendment helps Vietnams property market become more competitive within the region. It will also allow investors with entry visas to have exposure to a very attractive asset class within an emerging market that has excellent structural characteristics and strong growth potential.

The decree also allows foreigners to *'pay for the property via a financial organization operating in Vietnam'*. The retail banking sector is highly competitive, this should flow though to promoting easier access to property mortgages for foreigners.

These amendments follow wholesale legal reform influencing many sectors and comes at a time when foreign investors are showing increasing interest. Vietnam's rapidly changing legal landscape is creating greater business certainty and a healthier and more competitive financial environment.

HOUSING LAW AMMENDMENTS

Why is housing important to the economy?

- Engine room of the economy.
- Makes up a large store of the nations wealth.
- Drives labour markets.
- Monetary policy can influence the economy.
- Total loans for RE in banking system increased by 12% (SBV, Sep '14).

Why is Foreign Investment important to the housing market?

- It provides demand. Local market initiatives provide supply.
- High regional competition for capital.
- Viet Kieu – Foreign Remittances 2013 ~ \$11B (+10% YoY).

HOUSING LAW AMMENDMENTS

- 2008 Resolution No. 19/2008/QH12 approved; pilot program for allowing foreign ownership.
- Q2/2013, 126 foreigners bought property in Viet Nam; 80% (108) individual and 20% corporate.
- “Foreign Investment in Residential Real Estate” , Australian House of Representatives Standing Committee on Economics, November 2014.

COMPETITIVE SET



Country	Tenure	Type	Restrictions	Property tax	Score
Cambodia	50 years	Apartments and condominium	Foreigners may acquire leasehold and concessions. The leasehold period for foreigner is usually 50 year which can be renewed for another 50 years at the end of the period.	Annual tax for used land with value of over US\$25,000 is approximately 0.1% Annual tax for unused land is 2%	4
Hong Kong	50 years	Residential and commercial	- Residential property acquired by non-permanent Hong Kong resident or a company will be subject to buyers' stamp duty at 15% of transaction value.	15%	3
Indonesia	25 years	Residential and commercial with Right of Use title	- Foreign individuals or companies that are not registered under current Indonesian laws enjoy only the Right of Use - Individual foreigners providing benefits to the national development, reside permanently or temporarily in Indonesia and have immigration documents or visa are allowed to own residential property with Right of Use title	Property tax on land and buildings is a maximum of 0.3% of the sale value of the property	3
Japan	N/A	Residential and commercial	- No restrictions on overseas ownerships of land and buildings	6%	5
Malaysia	99 years	Residential, commercial and land	- Low entry point of RM1 million for purchase - No need Foreign Investment Committee approval for purchase below MYR20 million - Foreigners are not allowed to purchase property on Malay reserved land nad agriculture land	Depending on holding period: 5 yrs: 30% >5 yrs: 5%	5
Philippines	50 years (up to 75 years after renewal)	Land, residential and commercial	- Overseas nationals are restricted from owning private land. - Overseas ownership in condominium projects can own up to 40% of the project. - Legal as long as the foreigner does not own the land on which the house is build. - The number of the alien members on BOD of Landholding company must be limited to 40% able to take ownership of a private land, residential house and commercial building.	annual tax of 1% to 2% of accessed value	4
Singapore	99 years	Non-restricted residential properties	Foreign persons are restricted from purchasing: - Vacant land, landed residential property - Residential property in a building of less than 6 levels Foreigners who wish to own restricted properties must obtain approval from Singapore Land Authority	10% of the annual value, which is the estimated annual rent of the property, excluding the rent for the furniture, fittings and service charge	3
Taiwan	20 years	Houses and land	Foreigners are prohibited from owning: forestry land, fisheries, hunting ground, salted field, land with mineral deposits, source of water, land within fortified and military area, land adjacent to the national frontiers	- House tax: 1.2% to 5% of the current accessed value of the house, depend on the type of use - Land tax: is payable on annual basis to the local county or special municipality, ranging from 1% to 5.5%	2
Thailand	30 years	All types of land or buildings	- No restrictions on overseas ownerships - For condominiums, foreigners can buy a condo freehold without restrictions, but only buy the leasehold of 49% total supply of a building.	annual tax of 0.25% to 0.95% of the appraised value of the property	4
Vietnam	50 years	Apartments, townhouses and villas	- Foreign individuals are who are allowed to enter Vietnam. - Enterprises with foreign investment, foreign enterprise's branches and representative offices, foreign investment funds and foreign bank branches operating in Vietnam. - Organizations and individuals investing in housing construction project in Vietnam - The total number of units owned by foreigners must not exceed 30 per cent of the total units in one building, or not exceed 250 houses in one particular administrative area.	10% of the property value	4

COMPETITIVE SET

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Global Competitiveness Report Says Malaysia is World's 20th Most Competitive Economy
In the latest (2014-2015) Global Competitiveness Report, Malaysia ranked ahead of some more developed economies such as Austria, Australia, France and South Korea when it was placed at the 20th spot, out of 144 nations.

Malaysia My Second Home (MMSH)

Population 30m; 90,000 foreigners, 12,000 have purchased through MMSH.

2,000 to 4,000 applications per annum.

Mostly (>50%) China and Japan. In 2013 Europe and Americas were combined only 5%.

10 year renewable visa.





Minimum of RM 2m (US\$570k) and annual payments.

CGT and dividend repatriation?










MARKET PERFORMANCE

HCMC Apartments

Supply

- Ten new and 4 existing projects (~4,600 units)
- Primary stock: **17,100** units ( 13% QoQ,  14% YoY)
- Secondary stock: **75,800** units ( 4% QoQ,  7% YoY)

Market performance




- Absorption rate: **19%** ( 2ppts QoQ,  7 ppts YoY)
- Transaction volume by grade:
 - Grade A:  15% QoQ,  10% YoY
 - Grade B:  49% QoQ,  96% YoY
 - Grade C:  23% QoQ,  85% YoY
- Apartment Index: 89.5 (stable QoQ,  0.7 point YoY)

Outlook











- Q4/2014-2017: ~70,100 units
- Q4/2014-1H/2015: ~2,700 units

Hanoi Apartments

Supply

- Seven new projects (~1,600 units)
- Primary stock: **10,000** units ( 7% QoQ,  8% YoY)
- Secondary stock: **90,670** units ( 8% QoQ,  34% YoY)

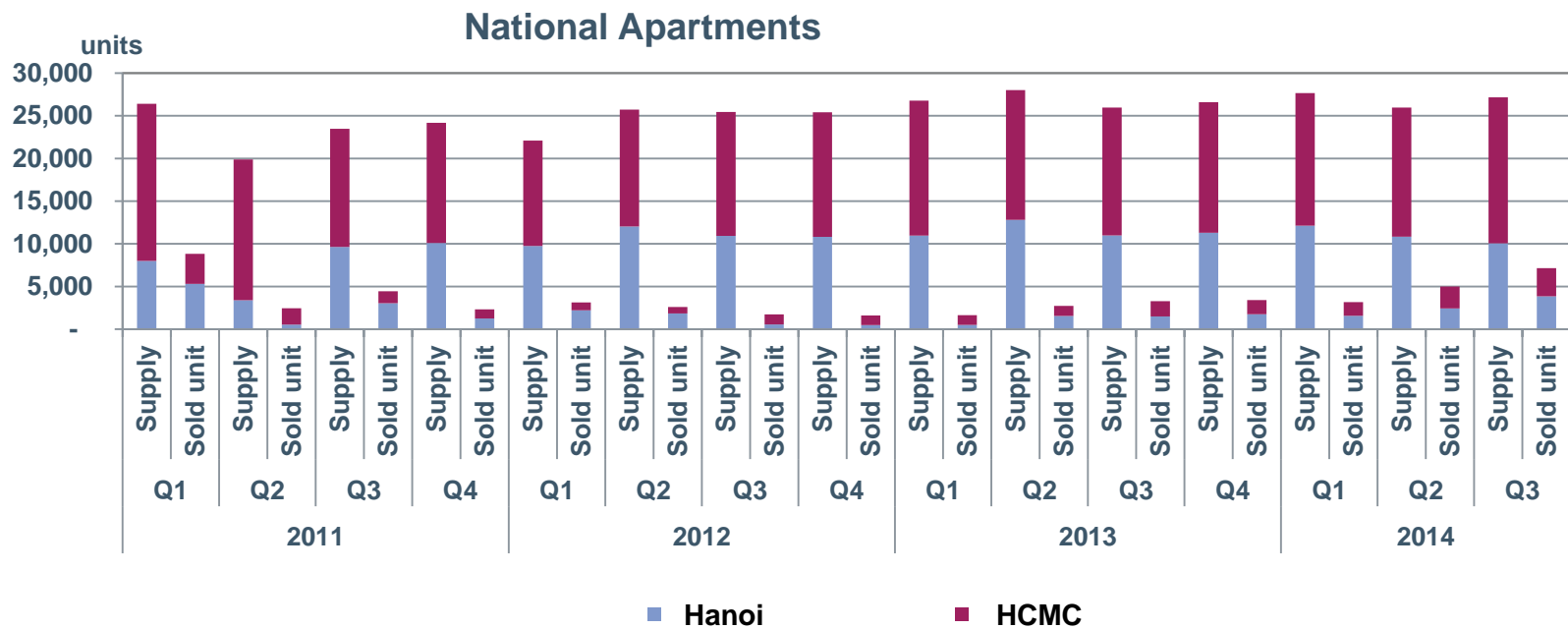
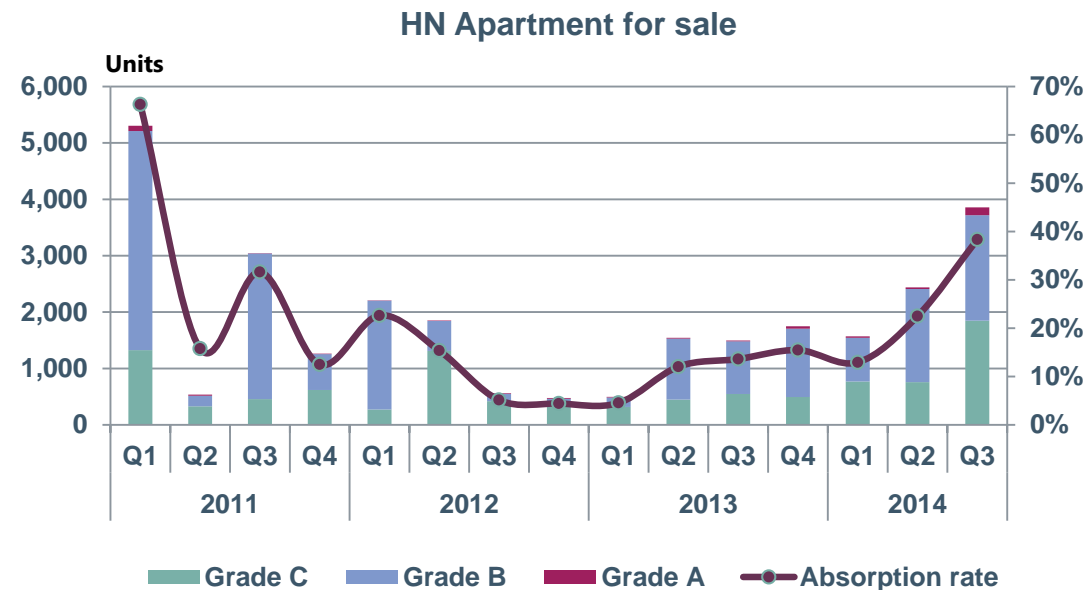
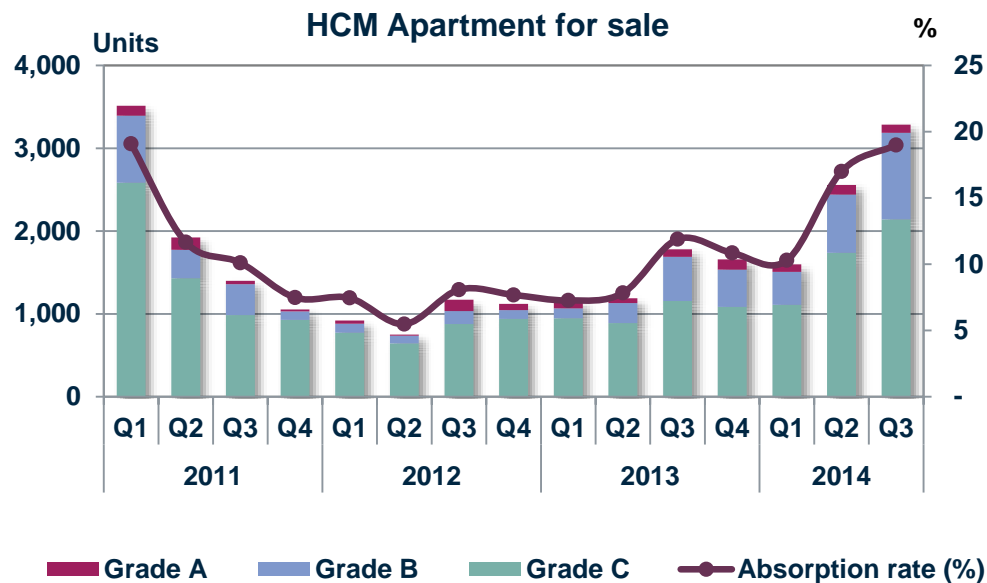
Market performance

- Absorption rate: **38%** ( 16ppts QoQ,  25 ppts YoY)
- Transaction volume by grade:
 - Grade A:  400% QoQ,  900% YoY
 - Grade B:  18% QoQ,  101% YoY
 - Grade C:  125% QoQ,  237% YoY
- Apartment Index: 102.7 ( 2.4 point QoQ,  0.6 point YoY)

Outlook

- Q4/2014- Q4/2016: ~13,500 units
- Q4/2014- Q4/2015: ~ 12,780 units

MARKET PERFORMANCE



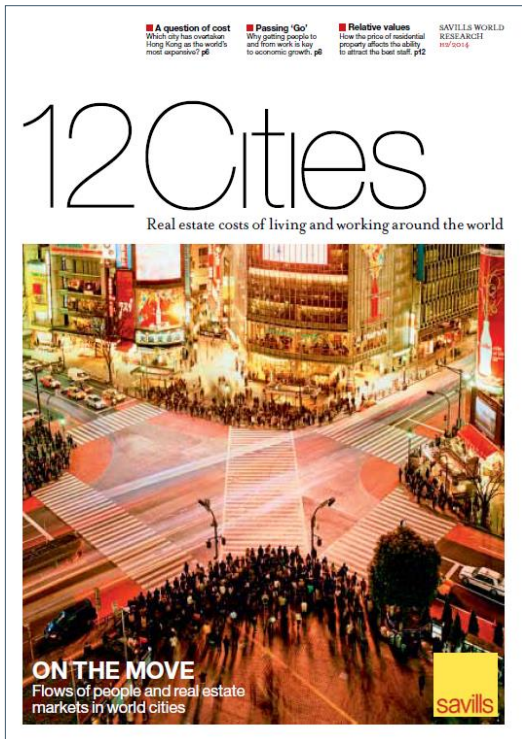
OUTLOOK

- Currently 100,000 dwellings (HCMC & Hn) will be delivered to 2017.
- Vietnam household occupancy 4.1.
- High urbanization (and population) rate 3.03%.
- HCMC & Hn population 15,000,000 will need 110,000 dwellings pa.

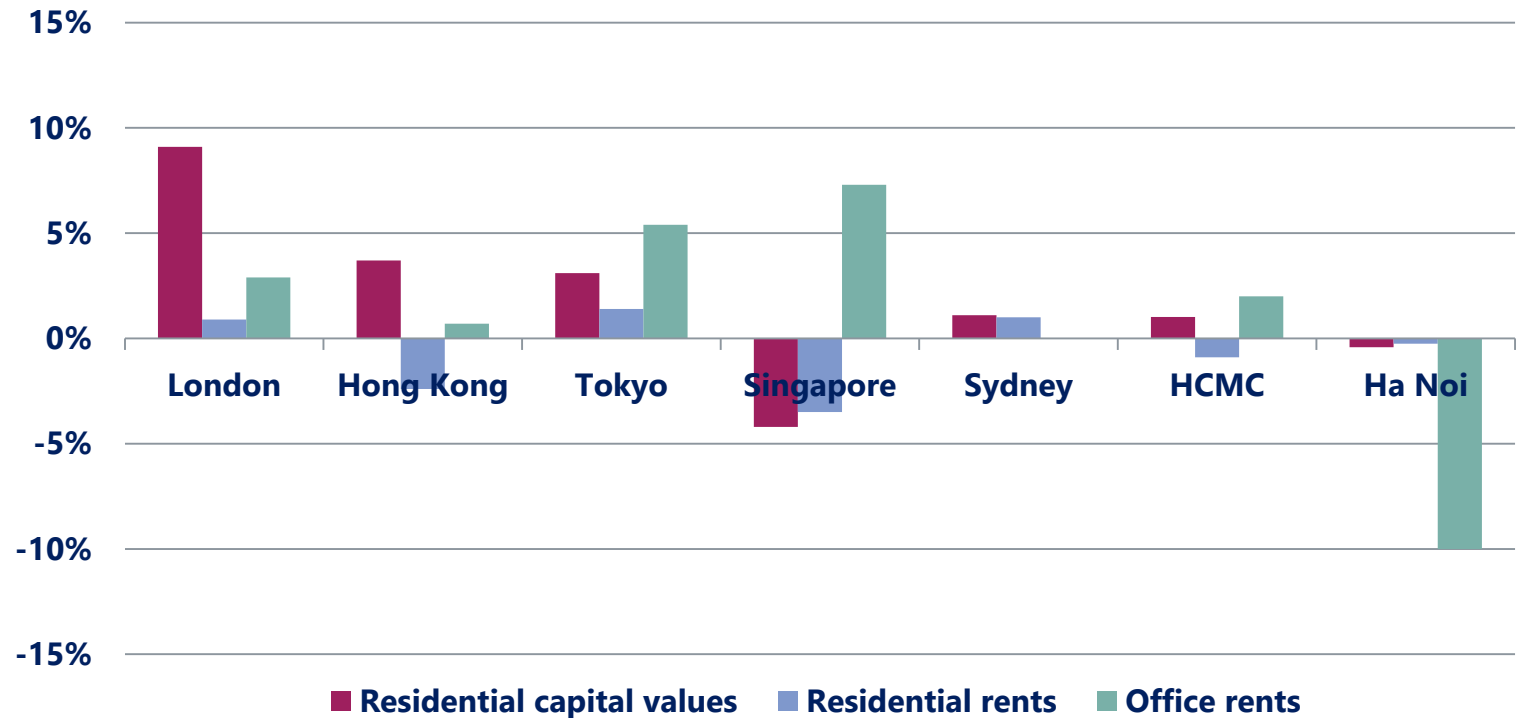
- 74,000 foreigners in Vietnam (GSO).
 - most have a 2 year working visa.
 - SBV FI regulations and local restrictions on borrowing.

- Foreign ownership in mature economies is 5% to 10% of all property transactions.
 - ~ 35,000 transactions annually @ 7.5% ~ 2,600 (MMSH 3,000pa)
 - average price of \$120,000 = \$312m sales pa
 - chop / stamp duty / processing @ \$1,500 = \$3.9m
 - Policy - banking LVRs, stamp duty, CGT, sectoral capital requirements.

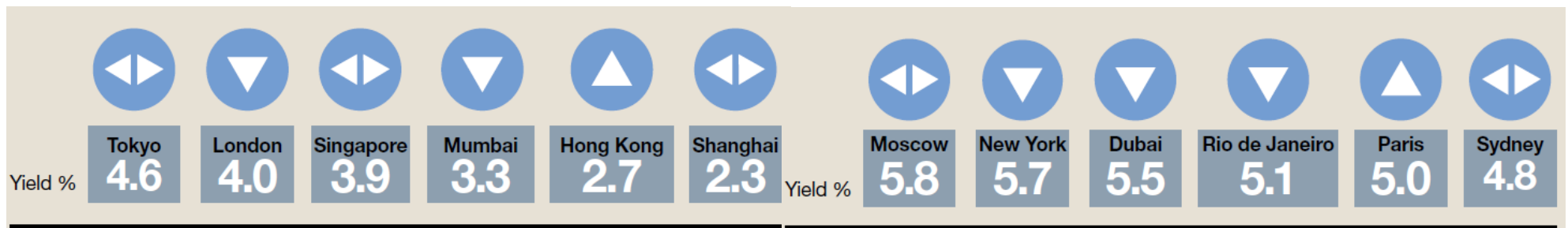
Q: Buying new stock only, visas, processing, SBV, Investor v. Occupier, inclusive (off the plan marketing).

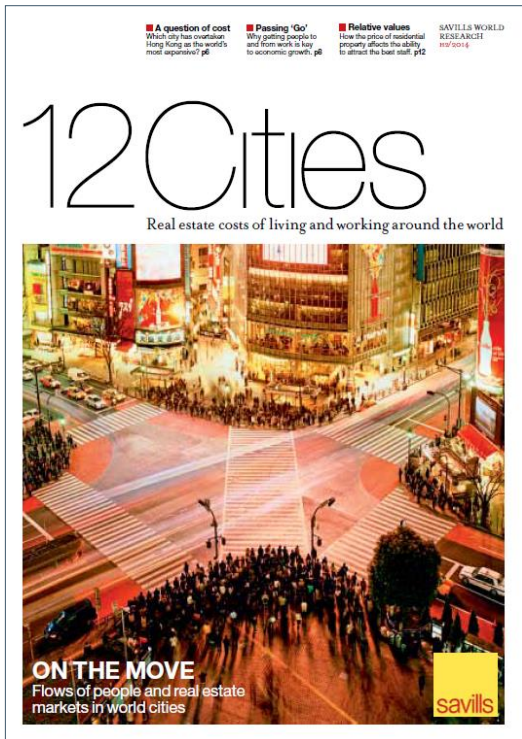


H1 2014 Performance



Vietnam residential gross yield 4% to 8%

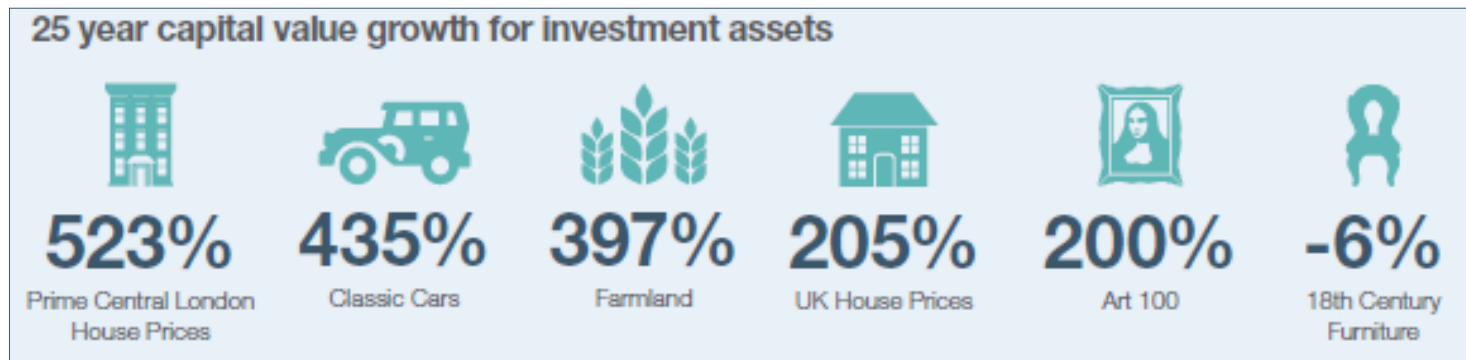




Tracks property costs of living and working around the world.

- London is the most expensive to live and work, replacing Hong Kong after 5n,
- Metro systems – transport is the key to cities economic growth,
- Capital values / rents – HK highest, Dubai values & rents have grown the greatest,

City	2014 rank
London	1
Hong Kong	2
New York	3
Paris	4
Tokyo	5
Singapore	6
Moscow	7
Sydney	8
Dubai	9
Shanghai	10
Rio de Janeiro	11
Mumbai	12



Savills – a SUPERBRAND and THE BEST

Savills has topped the real estate agents/advisors in the 2014 UK Business Superbrand chart for the sixth consecutive year, ahead of all industry competitors.



SAVILLS VIETNAM

BEST LETTINGS AGENCY - ASIA PACIFIC 2014
 BEST REAL ESTATE AGENCY - ASIA PACIFIC 2014