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SAVILLS REPORT ON HN REAL ESTATE MARKET

Q4/2013

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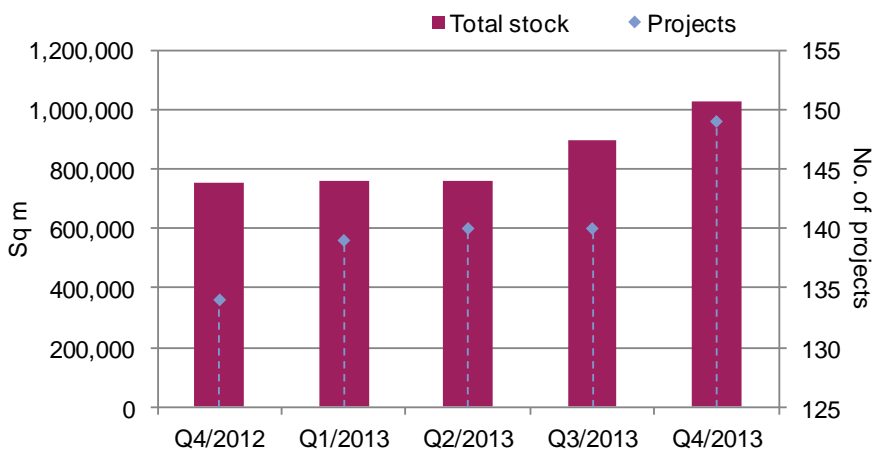
1.RETAIL

Supply

In Q4/2013, there was approximately 1 million sq m of retail area, provided by 149 projects, a sharp increase of 15% quarter-on-quarter (QoQ) and 37% year-on-year (YoY).

Nine new projects came online, with a total leasable area of approximately 130,000 sq m. Three were shopping centres, four were electronic marts and two were supermarkets.

Stock, Q4/2013



Source: Savills Research & Consultancy

Performance

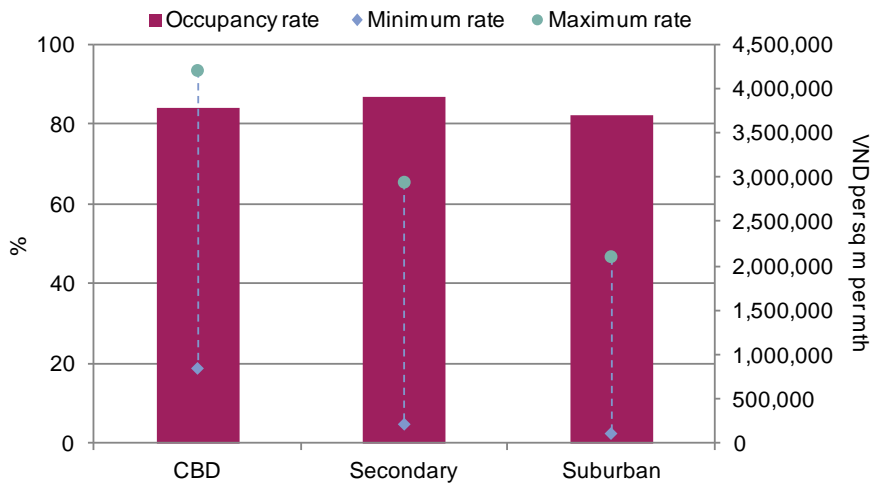
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Both the average rent and occupancy continued a downward trend, with occupancy at 83%, down -2 ppts QoQ and -6 ppts YoY. Average rent was approximately VND 1.1 million/ sq m/ mth, down -2% QoQ and -5% YoY.

Retail podiums had the largest decrease in occupancy compared with the previous quarter, due to strong competition with shophouses in the prime districts. New shopping centres had much softer rent.

Market performance, Q4/2013



Demand

Retail take-up was approximately 102,000 sq m, decreasing slightly by -5% QoQ.

The demand for electronic marts and supermarkets continues to increase as leading retailers are expanding.

Outlook

There is potentially a large future supply with 99 projects, providing approximately 1.8 million sq m of retail.

From 2014 to 2016, approximately 880,000 sq m of retail area is expected to come online.

Secondary districts are the biggest supplier for future retail at 42 percent. The suburban districts rank second with 40 percent.

2. OFFICE

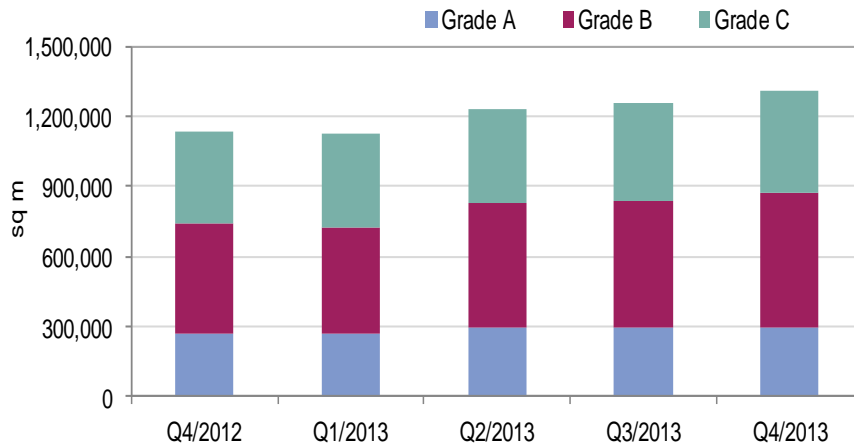
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Supply

The total office stock in Q4/2013 was 1,308,000 sq m from 153 buildings, up 4.3% quarter-on-quarter (QoQ) and 15% year-on-year (YoY). Two Grade B buildings and one Grade C building entered the market, supplying a total of 42,000 sq m.

Stock, Q4/2012–Q4/2013



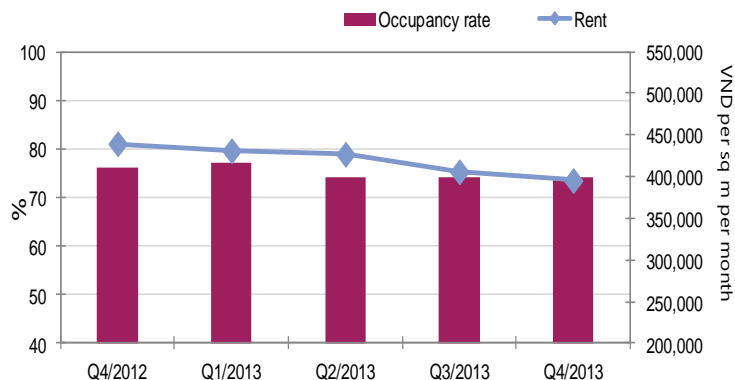
Source: Savills Research & Consultancy

Performance

Occupancy was 74%, remaining unchanged QoQ, but down -2 pts YoY. Average rent continued to decrease for nine consecutive quarters to VND 395,000/ sq m/ mth, down -2.6% QoQ and -10% YoY.

Grade A occupancy was 75%, a slight increase of 1 ppt QoQ. Grade B was 67%, down -1 ppt and Grade C was 83%, unchanged QoQ.

Performance, Q4/2012–Q4/2013



Source: Savills Research & Consultancy

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The average rent for Grade A was VND 610,000/ sq m/ mth, down -1.7% QoQ. Grade B rent decreased -3.1% QoQ to VND 379,000/ sq m/ mth and Grade C fell -3.3% QoQ to VND 267,000/ sq m/ mth.

Demand

Take-up increased sharply in Q4/2013 to approximately 30,500 sq m. All grades had positive take-up this quarter.

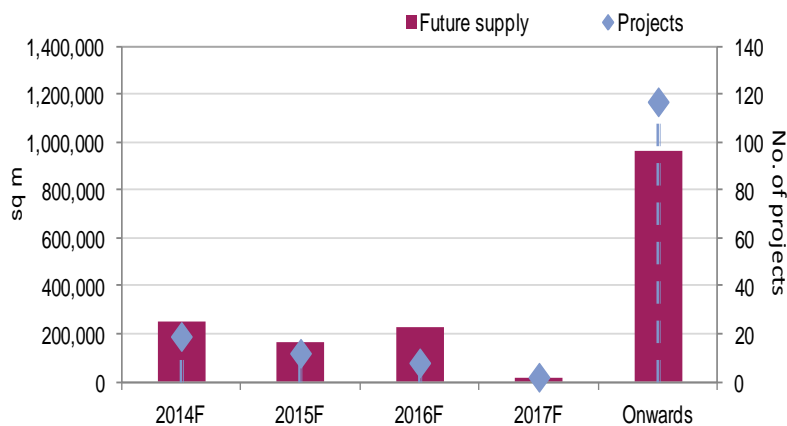
Grade B, supplying approximately 19,000 sq m, accounted for 62% of the total additional leased area.

Grade C achieved 9,700 sq m, whilst Grade A increased slightly by 1,700 sq m.

Outlook

Up to 2015, approximately 420,000 sq m from 31 projects maybe supplied. The future supply will be mainly in the western area, including the Cau Giay and Tu Liem districts, with 191,500 sq m of new office space, accounting for 45% market share.

Estimated future supply, 2014F - onwards



Source: Savills Research & Consultancy

3. HOTEL

Supply

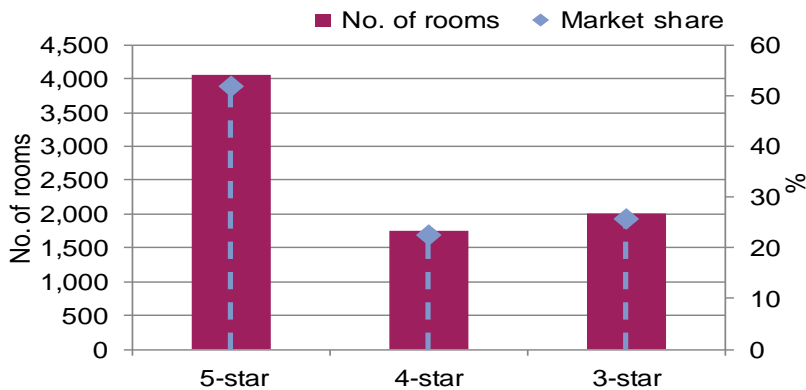
The market is comprised of 54 three to five-star hotels with 7,800 rooms, up 1% quarter-on-quarter (QoQ) and 5% year-on-year (YoY).

One 5-star hotel added 450 rooms in the Tu Liem district. However, the supply decreased by 144 rooms due to two five-star hotels converting sections into serviced apartments.

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Current stock by grade, Q4/2013



Source: Savills Research & Consultancy

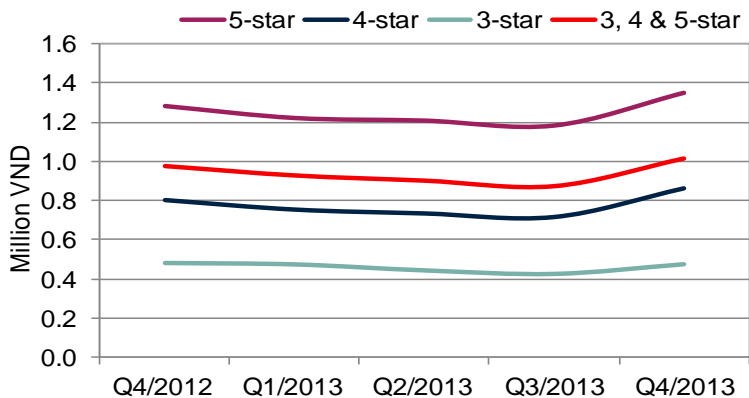
Performance

The market saw better performance in all sectors. The overall revenue per available room (RevPAR) was VND 1 million, up 16% QoQ and 4% YoY.

The average room rate across all grades achieved VND 1.67 million/ room/ night, up 1% QoQ and 1% YoY.

The average occupancy across all grades was 61%, increasing 8 pts QoQ and 1 ppt YoY.

RevPAR by grade



Source: Savills Research & Consultancy

Demand

The average number of occupied rooms in Q4/2013 was 4,700, increasing by 16% QoQ and 7% YoY. Five-star hotels accounted for 52% with the largest share.

According to the Department of Culture, Sports and Tourism, in 2013, the total number of visitors to Ha Noi was estimated at 16.6 million, an increase of 15% YoY; international visitors were 2.6 million, increasing 23% YoY.

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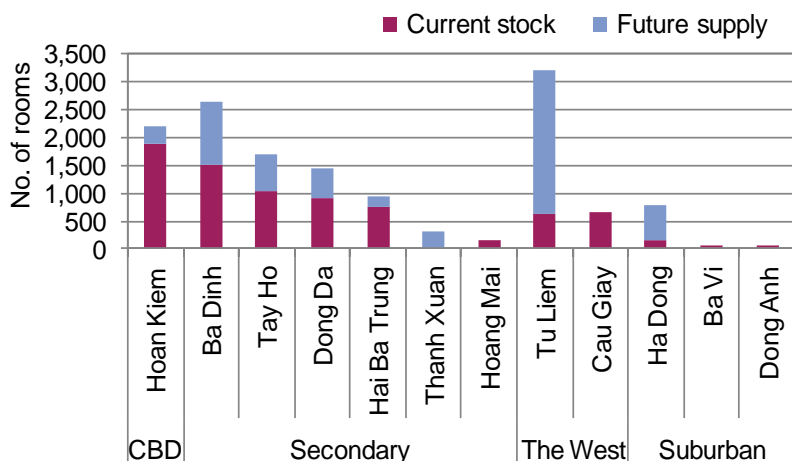
Outlook

The future supply includes 40 projects, 22 will supply approximately 6,400 rooms. In 2014, six projects with 1,100 rooms are expected to enter the market.

The five-star hotel sector accounts for the largest proportion, with 4,300 at 68% of the total future rooms.

Tu Liem district has the largest share with 2,600, 41% of the total future hotel rooms in Ha Noi.

Estimated future supply, 2014 – onwards



Source: Savills Research & Consultancy

4. SERVICED APARTMENT

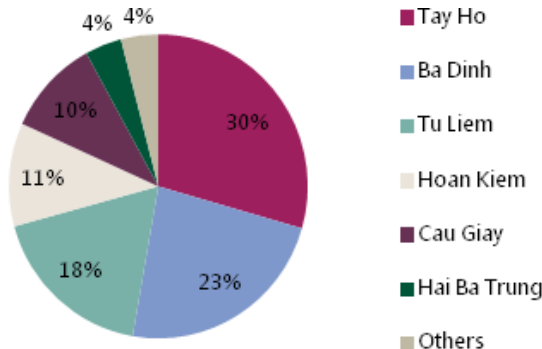
Supply

The total stock was approximately 3,190 units, up 7% quarter-on-quarter (QoQ), due to new supply in each of the grades; Grade A with 25 units, Grade B with 131 units and Grade C with 20 units.

Stock by district, Q4/2013

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Source: Savills Research & Consultancy

Performance

The occupancy rate was 80%, down -6.6 percentage points (ppts) QoQ and -3.8 ppts year-on-year (YoY). The average achievable rent was VND 534,000/ sq m/ mth, a slight decrease of -1.6% QoQ and -8.2% YoY.

Grade A average rent increased by 1.2% QoQ after decreasing for four consecutive quarters, while the occupancy rate was down -4 ppts QoQ.

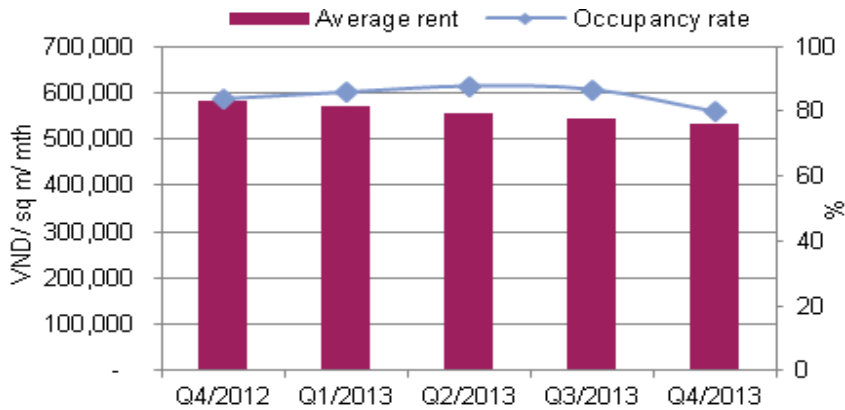
Grade B's occupancy was down -9.7 ppts QoQ and the rent rate decreased by -2.9% QoQ; some projects decreased rent rates to attract tenants.

The occupancy rate and rent of Grade C was down - 4 ppts QoQ and -2% QoQ.

Market performance, Q4/2012 – Q4/2013

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Source: Savills Research & Consultancy

Demand

The take up this quarter was negative after 13 consecutive quarters, showing positive signs. The total number of leased units in Q4/2013 decreased by -1% QoQ.

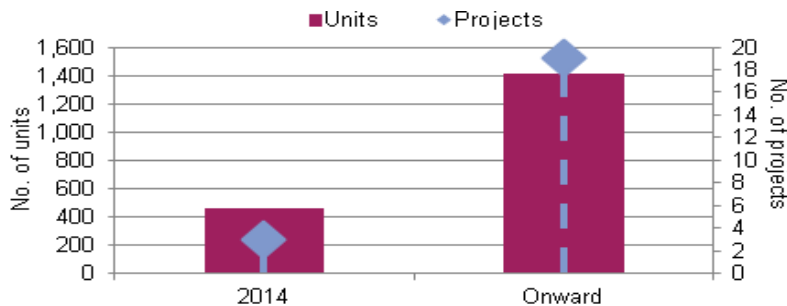
Expatriates favour the Tay Ho and Ba Dinh districts which accounted for 51% market share.

Outlook

Approximately 1,410 serviced apartments provided by 19 projects are expected to enter the market from 2014 onward.

In 2014, four projects supplying approximately 480 units will come online; the Thanh Xuan district will have serviced apartments supply for the first time.

Estimated future supply, 2014F - onward



Source: Savills Research & Consultancy

5. APARTMENT FOR SALES

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Supply

Approximately 2,400 units entered the market this quarter.

The total primary stock was approximately 11,500 units, increasing by 15% quarter-on-quarter (QoQ).

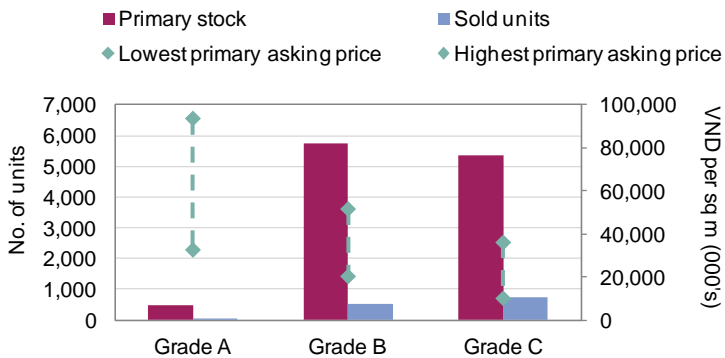
Primary market

There were decreases in prices in all grades in Q4/2013. There was a sharp reduction of -7% in Grade C apartments, as well as a -6% decrease in Grade B and -4% in Grade A.

The absorption rate was 11%, up 2 pts QoQ due to lower prices, fast construction progress, offers of shell packages and a wide range of promotions.

Grade C continued to be the key player with an absorption rate of 14% despite a 1 ppt QoQ fall. The Grade B absorption rate was at 7% and Grade A was at 8 percent.

Performance, Q4/2013



Source: Savill Research & Consultancy

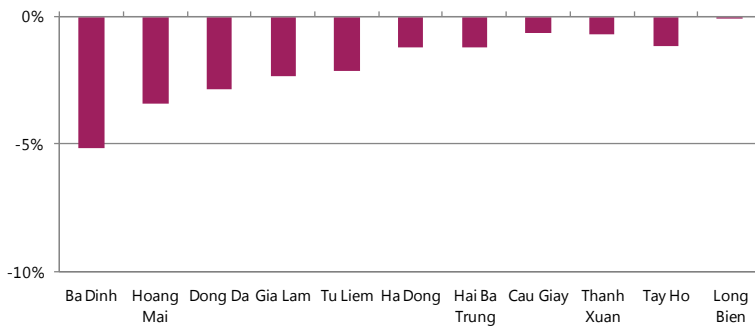
Secondary market

The average secondary asking price continued to decrease across all districts. The sharpest decrease was in Ba Dinh, falling -7% QoQ, followed by Gia Lam, Ha Dong and Dong Da which decreased by -6% in each district.

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QoQ change in secondary asking price, Q4/2013



Source: Savills Research & Consultancy

Demand

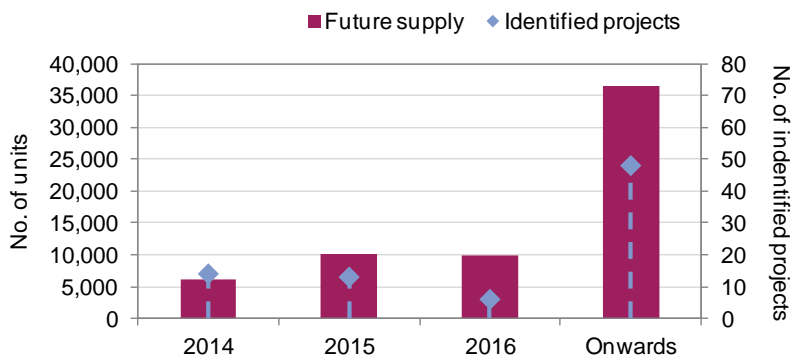
The housing demand at the end of the year generally increases. The total number of units sold this quarter was 46% higher than Q3/2013.

Some developers changed project names to improve brand awareness. For example, Vingroup added the new name Vinhomes to all of its projects. Nam Cuong Group established The Sparks and Xuan Mai Tower was changed to Xuan Mai Parkstate.

Outlook

The total future supply is more than 62,600 units from 81 identified projects; the main providers are Ha Dong and Hoang Mai districts, supplying 47 percent.

Estimated future supply, 2014 - onwards



Source: Savills Research & Consultancy

6. VILLA/TOWNHOUSE

Supply

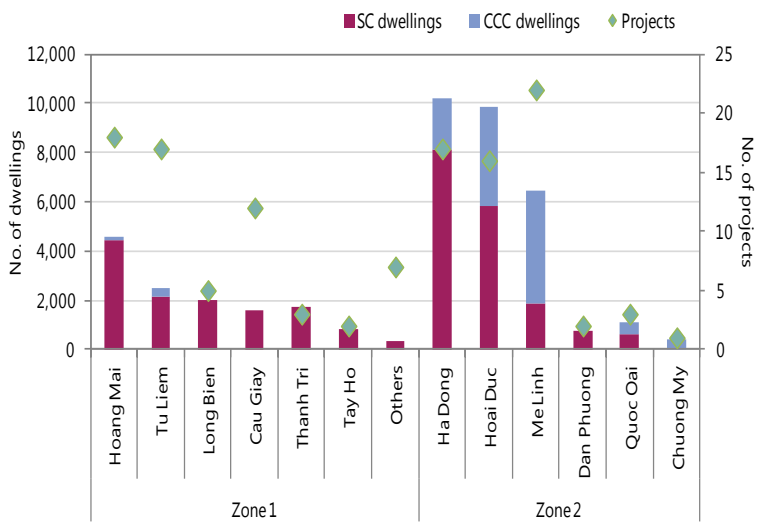
This quarter, sales contract (SC) stock added 72 new villas in the Hoang Mai district. No new supply was added to capital contribution contract (CCC) stock.

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Ha Noi's villa/ townhouse market consists of 125 projects, providing 42,400 dwellings. In which, approximately 30,400, including 17,300 townhouses and 13,100 villas, were provided by 101 projects in SC status. The remaining came from projects in CCC status.

Villas /Townhouses, Q4/2013

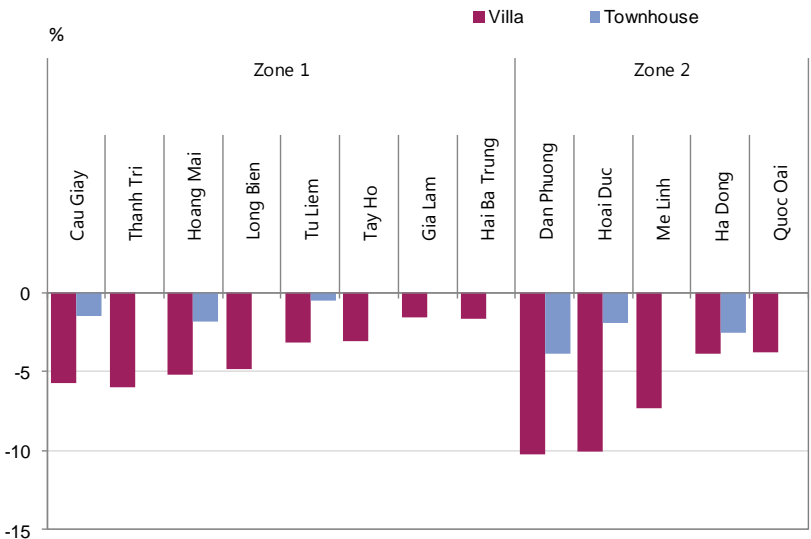


Source: Savills Research & Consultancy

Performance

The liquidity of the villa/ townhouse market remained soft this quarter. The average price of the overall market decreased slightly -3% for villas and -1% for townhouses.

Secondary price change QoQ, Q4/2013



Source: Savills Research & Consultancy

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Demand

Decree 11/2013/ND-CP and Joint Circular No. 20 between the Ministry of Construction and the Ministry of Justice, on 05 January 2014, allows investors to sell land plots with fully completed infrastructure, without a raw building. This may boost the villa/ townhouse demand in the future.

Outlook

Future villa/ townhouse supply will come from 81 projects scattered throughout 15 districts.

Sixty-two percent of the total projects are in planning and 32% are working on site clearance. This quarter recorded two projects with finished infrastructure, representing 2% of the total future projects

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