Richard Teo :

VIETNAM SYMPOSIUM

"Insights to Vietnam's Booming Real Estate Development and Construction Opportunities".

October 4, 2004
STI Auditorium at Capital Tower
168 Robinson Rd, S068912

ANEXUS
www.anexus.com.sg

Organiser: Anexus Management Pte Ltd

SYMPOSIUM AGENDA

1.00 pm	:	Registration
1.30 pm	:	Welcome Speech & Introduction of Distinguish Speakers. (by Mr Kelvin Thia from Anexus Management)
1.35 pm	:	Keynote Address: "Insights to Vietnam's Booming Real Estate Development & Construction Opportunities" . (by Mr Peter Dinning, Managing Director from Dinning & Associates-Vietnam)
2.15 pm	:	Speech on: "Property Development in Vietnam: Legal Considerations". (by Mr Nigel Russell, Partner from Phillips Fox-Vietnam)
2.45 pm	:	Tea Break and Networking session
3.15 pm	:	Speech on: " Tax Regulation & Issues concerning Real Estate Investment in Vietnam". (by Mr David Fitzgerald, Director for Tax & Consulting from PricewaterhouseCoopers-Vietnam)
3.45pm		Speech on: " Hot Real Estate Development Opportunities". (by Mr Peter Dinning, Managing Director from Dinning & Associates-Vietnam)
4.15pm	:	Briefing on: Upcoming "Real Estate" Visiting Trips to Vietnam (by Mr Kelvin Thia from Anexus Management)
4.20 pm	:	Questions and Answers Session
5.30 pm	:	Symposium Ends

About our Speakers:

Mr Peter Dinning

Peter Dinning is the Founder and Managing Director of Dinning & Associates Real Estate Consultants in Ho Chi Minh City. Prior to establishing his own company, Peter was a director and shareholder of Chesterton Petty Vietnam. He is a qualified member of the Royal Institution of Chartered Surveyors(UK) as well as the Institute of Rating and Revenues Valuers (UK).

Peter has been resident in Vietnam for seven years and has extensive experience and knowledge of the real estate market. He has specialized in property valuations feasibility studies, development appraisals as well as property management and marketing and is the longest serving chartered surveyor in South Vietnam.

Dinning & Associates with offices in Ho Chi Minh City and Hanoi has been operating for over two years and consists of a team of 7 professionally qualified staff 5 of which are expatriate with in total over 25 years of Vietnam property experience. A small professional team dedicated to protecting our clients property assets and adding valuable local knowledge to what can appear to be a rather daunting country to do business in.

Dinning & Associates is the first International Real Estate Service Provider to be instructed by 100 % Vietnamese owned companies such as REE Corporation the largest company listed on the Vietnamese Stock Exchange and Bitexco Land both of which are large real estate developers in Vietnam, highlighting our ability to show how we can add value even to Vietnamese Clients who always consider that they can do it without assistance !

Mr Nigel Russell

Nigel Russell is a Partner from Phillips Fox (Vietnam) and has lived and practice law in Vietnam for the past 11 years. During that time he has advised clients investing in a range of different sectors, including property. Mr Russell acted for two foreign companies who recently obtained licenses permitting them to develop residential properties for-sale, which are amongst the first such licenses issued to date in Vietnam. He also has considerable experience in relation to tendering, construction and dispute resolution.

Phillips Fox is an Australian and New Zealand based law firm, with over 800 lawyers. It was the first foreign law firm to open a licensed office in Hanoi.

Mr David Fitzgerald

David Fitzgerald is the Tax & Legal Services Director of PricewaterhouseCoopers (Vietnam) Ltd and has lived and worked in Vietnam for the past 2.5 years, following a previous 3 year assignment in neighbouring Cambodia. He is a member of the Institute of Chartered Accountants in Australia.

David provides advice on a broad range of taxation and regulatory matters to clients in a cross section of industries. His experience includes assisting foreign contractors in dealing with the ever changing withholding tax provisions, advising existing investors on operational tax issues and helping new investors with tax incentive, licensing and pre-operating issues.

David will discuss the key tax issues affecting Vietnam's property sector, from the perspective of a property developer, property manager and a construction contractor.

PricewaterhouseCoopers (Vietnam) Ltd has been in operation for more than 10 years and has offices in Hanoi, Ho Chi Minh City and Haiphong. Also managed out of Vietnam are PricewaterhouseCoopers offices in Cambodia and Laos. In total, the PricewaterhouseCoopers Indochina operations have in excess of 350 employees.

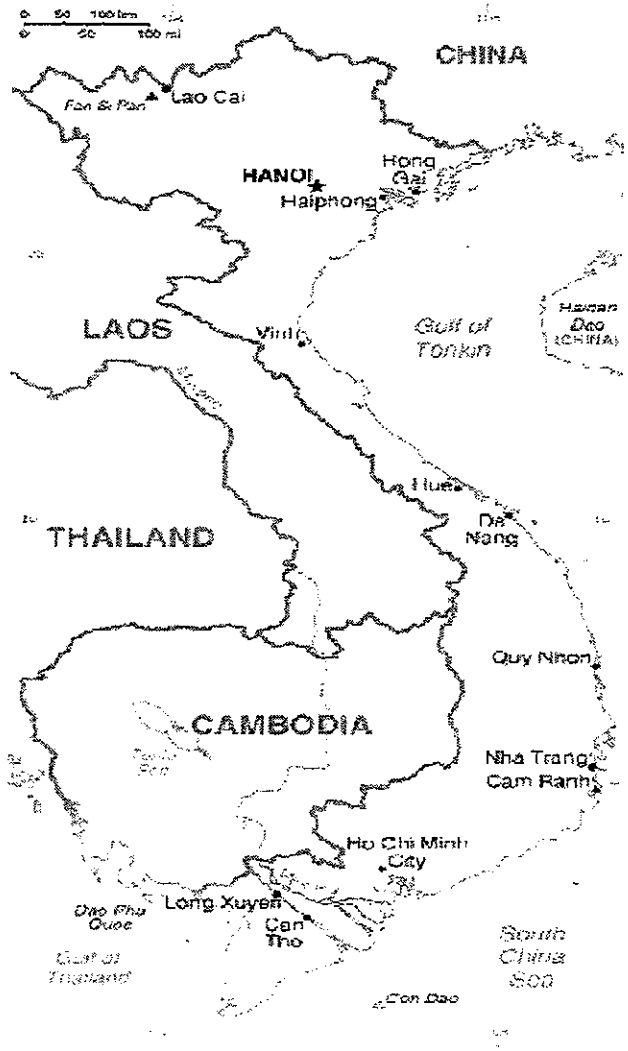
Insights into Vietnams booming real estate development and construction opportunities

4th October 2004

DINNING & ASSOCIATES & VinaCapital

AGENDA

- The basics
  - Vietnam economy
  - Recent history of the property market
- Focus – Ho Chi Minh City
  - Office market
  - Residential market
  - Hotel market
  - Retail market
  - Industrial market
  - Construction opportunities
  - Opportunities and challenges of all market
- Summary

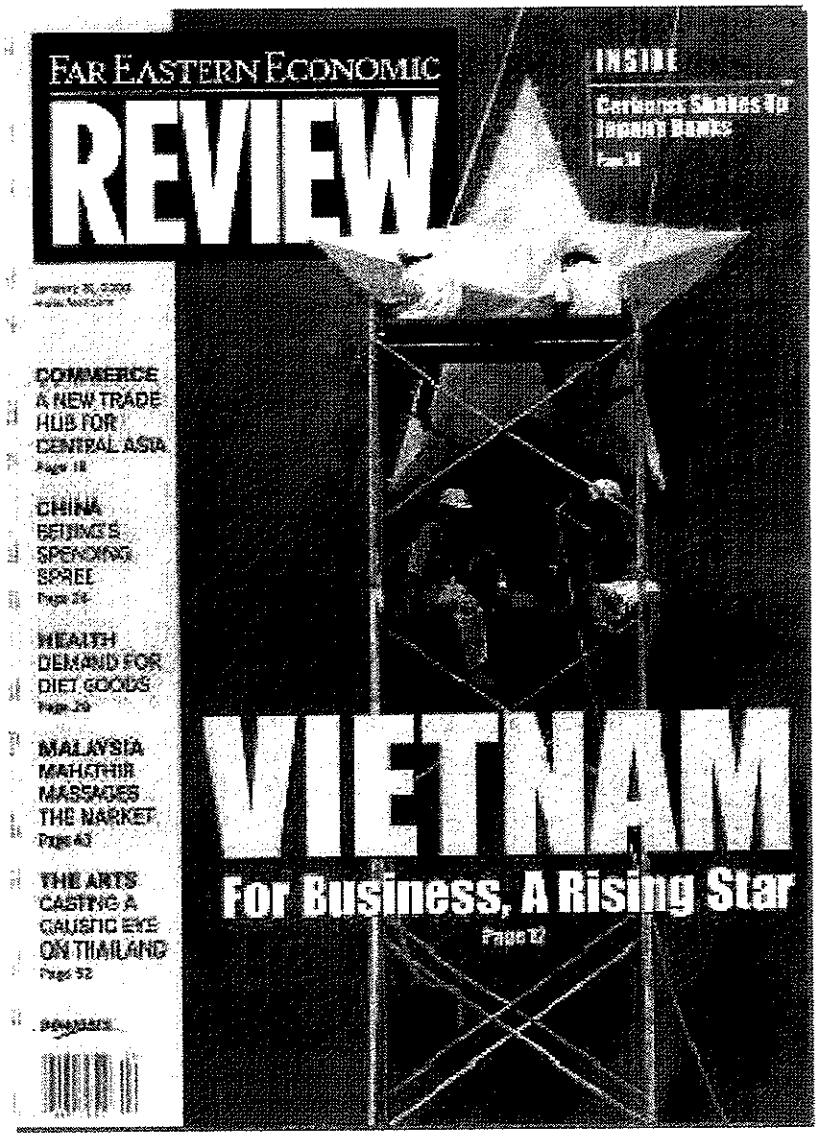


AGENDA

- The basics
- Focus – Ho Chi Minh City
- Summary

Agenda

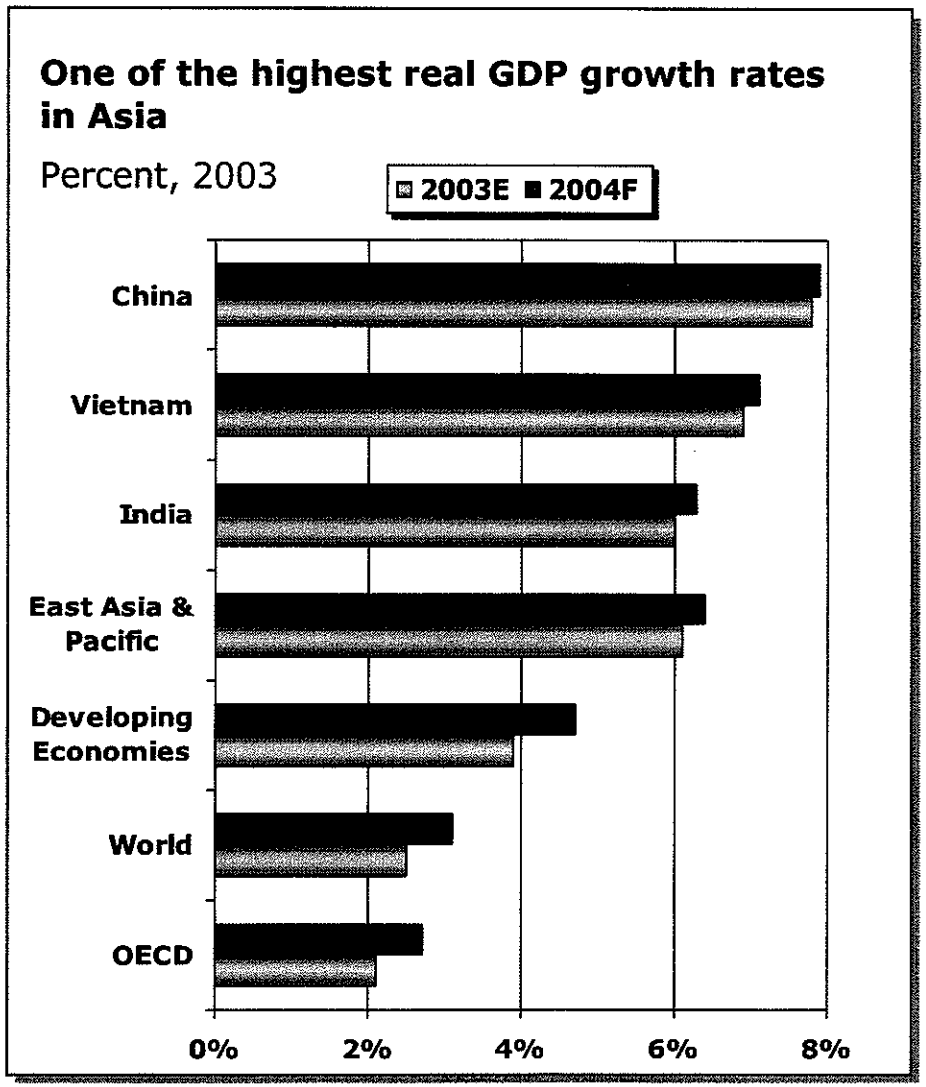
- Vietnam Economy: a Rising Star
- Exciting Investment Opportunities
  - Infant Stock Market
  - Privatization of State-Owned Enterprises (SOEs)
  - Strengthening Banking Sector
  - Developing Real Estate Market



Vietnam has strong and consistent growth

One of the highest real GDP growth rates in Asia

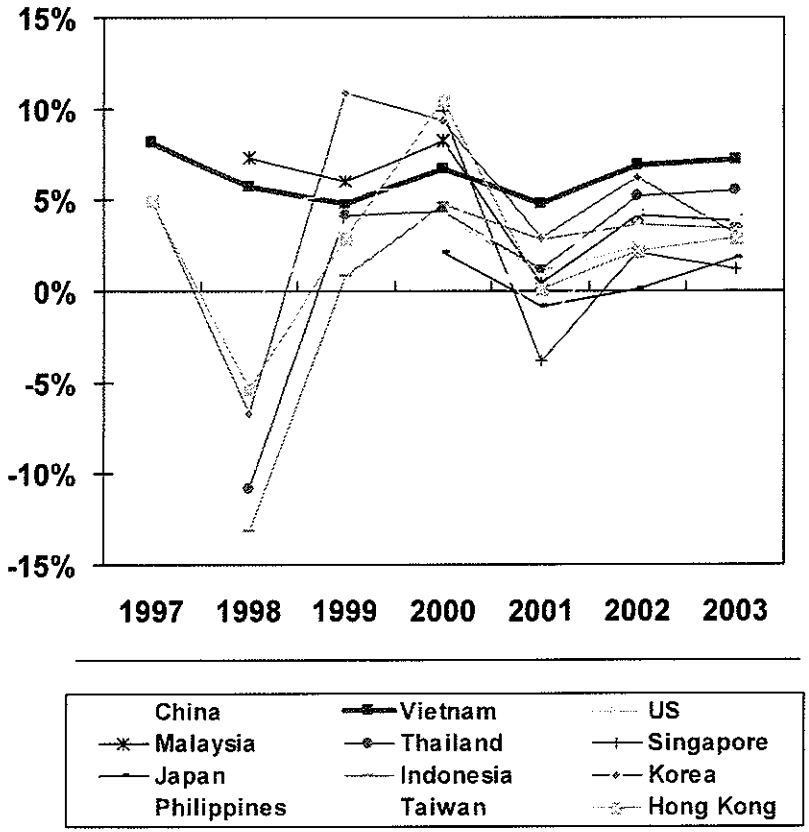
Percent, 2003



with more consistent growth than most regional competitors who are more exposed to the global economy

Growth in real GDP

Percent

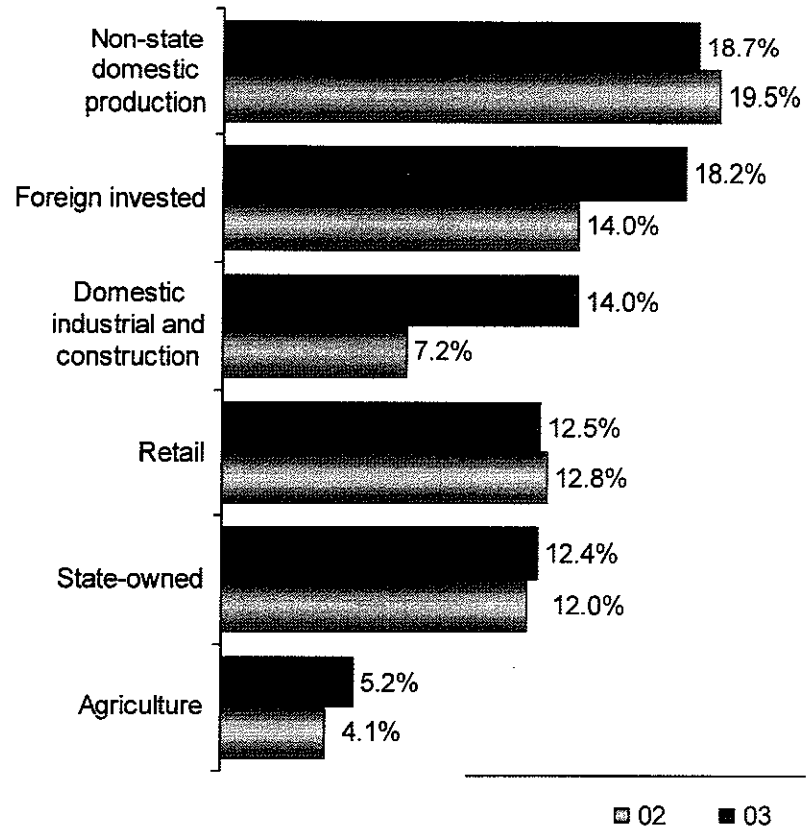


Source: Asian Development Bank; JP Morgan; Goldman Sachs; CLSA; HSBC; Bank of America; UBS Warburg; World Bank; BMI

A dynamic domestic economy drives overall growth

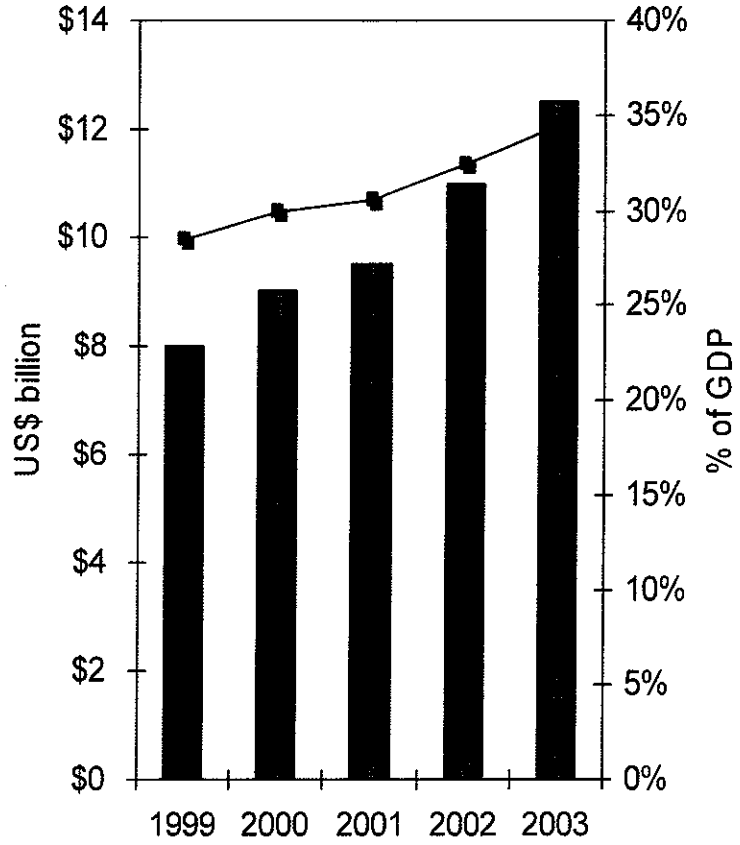
A recent entrant to the world markets, Vietnam has proven itself robust with continuous growth even amid a weak global economy

Growth, percent



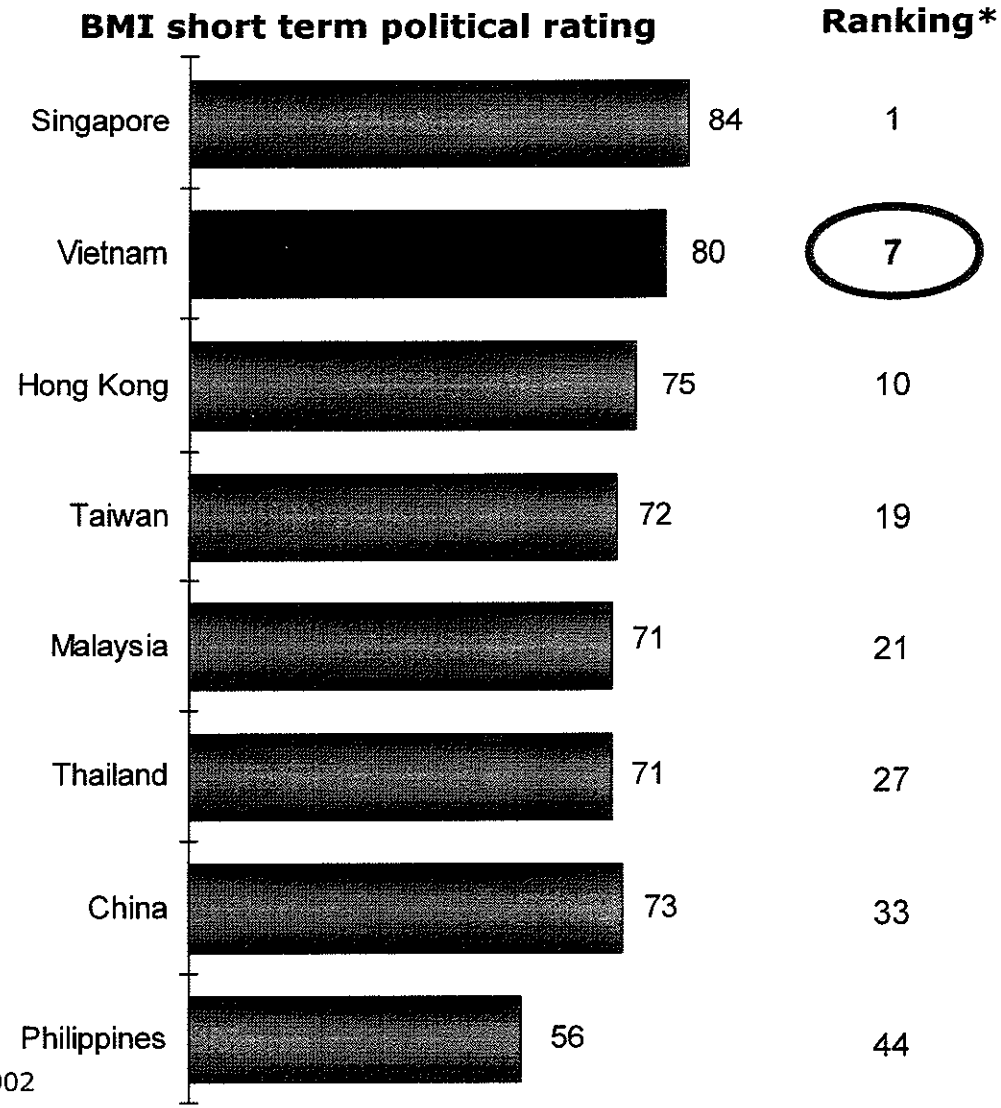
Source: International Monetary Fund, World Bank

An unbroken growth in investment



Stable social and political environment

- No ethnic or religious divisions
- Stable unemployment
- Labor force more motivated than militant
- No terrorism or kidnapping



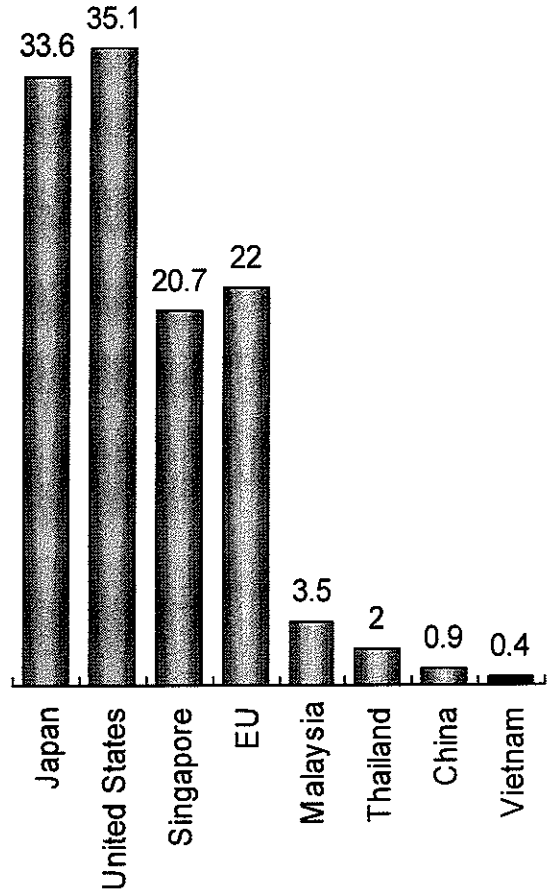
* Ranking among 64 emerging markets, November 2002

Source: BMI Consulting London

Young, motivated and highly educated human capital

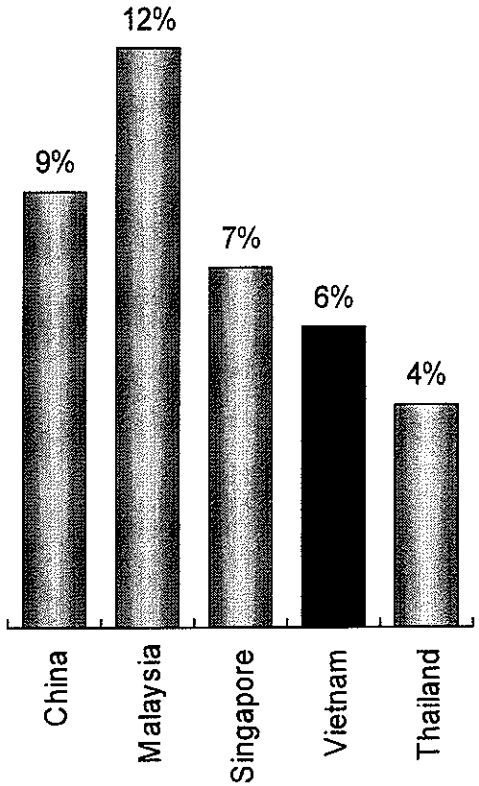
Labour costs are low

2002 GNI per Capita
US$ 000 s



level of education is high

2002 Illiteracy Rate
Percent



and cultural factors are positive

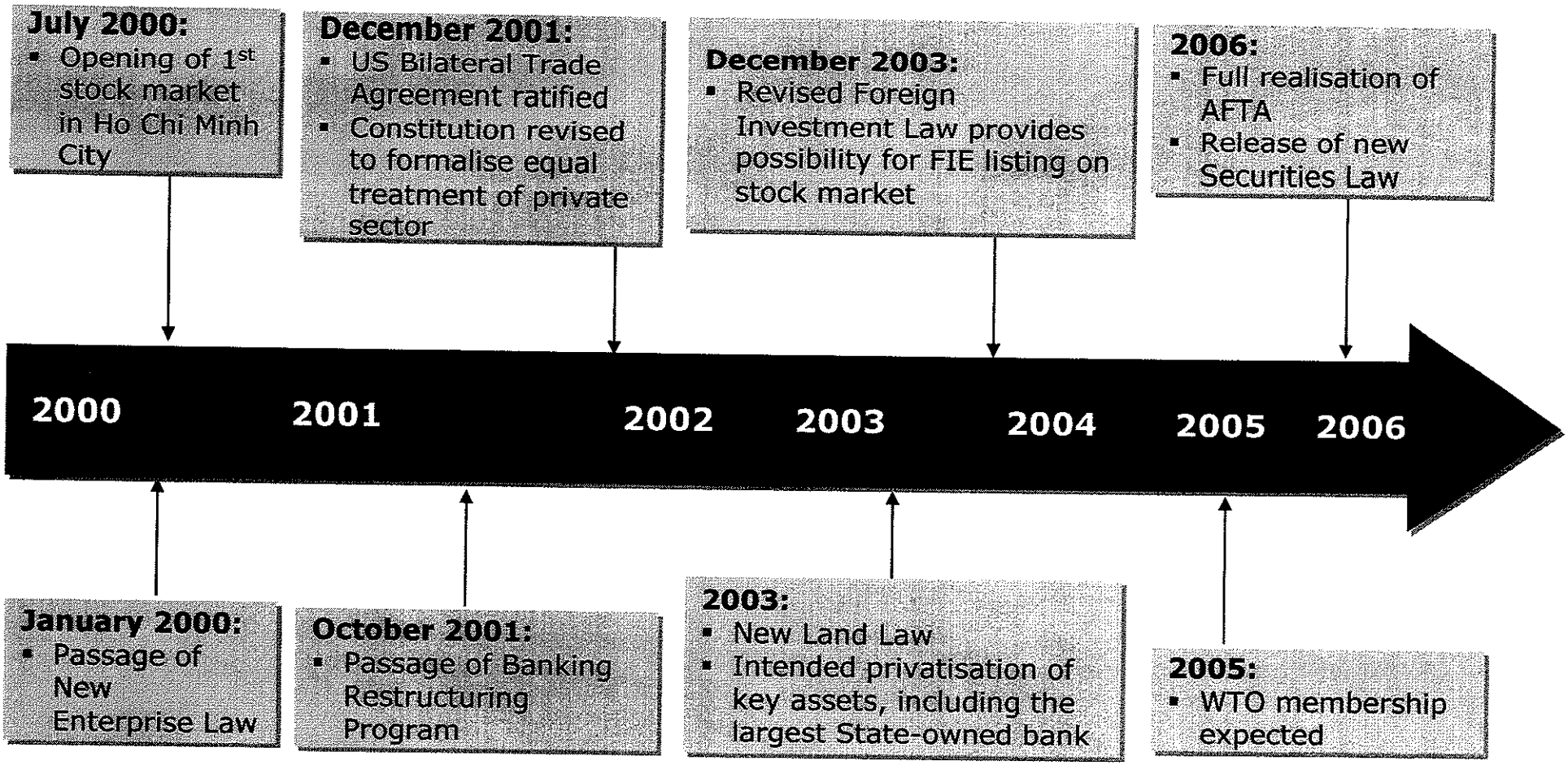
- Highly motivated with "Chinese" style work ethic
- Over 72,000 new SMEs were registered from 2000 – 2003 showing entrepreneurial spirit
- Culturally more "European" and open than China
- Many speak English

with unique demographics

- 70% of population below 35

Source: World Bank Vietnam

A Government committed to reform



Overall – value and the fundamentals for sustained growth

○ Unfavourable ● Favourable

	China	Vietnam	Philippines	Thailand	Malaysia
Population (million)	1,304	81	80	63	24
GDP Growth Percent 2003	8.3	7.3	4.0	5.5	3.9
Exposure to world economy	◕	●	◑	◑	◔
Regulations / reform / political risk	◑	◑	○	◑	◑
Human capital	◕	◕	◔	◑	◕
Infrastructure	◕	◑	◔	◑	●
Valuations P/E, YE2003	38*	10	15	14	15
Dividend yield	1%	6%	17%	3%	3%

Source: Bloomberg; PAIML, BVSC

*Weighted average of Shanghai & Shenzhen

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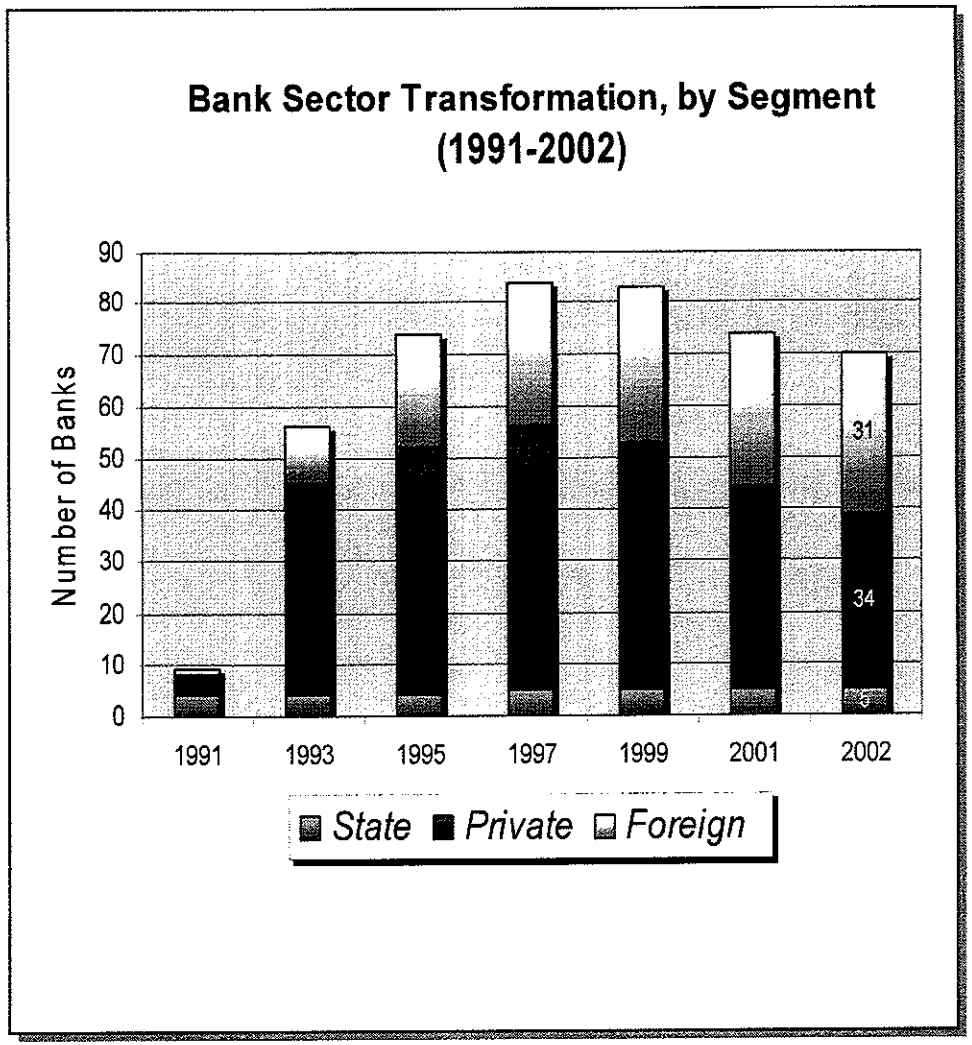
A strengthening banking sector

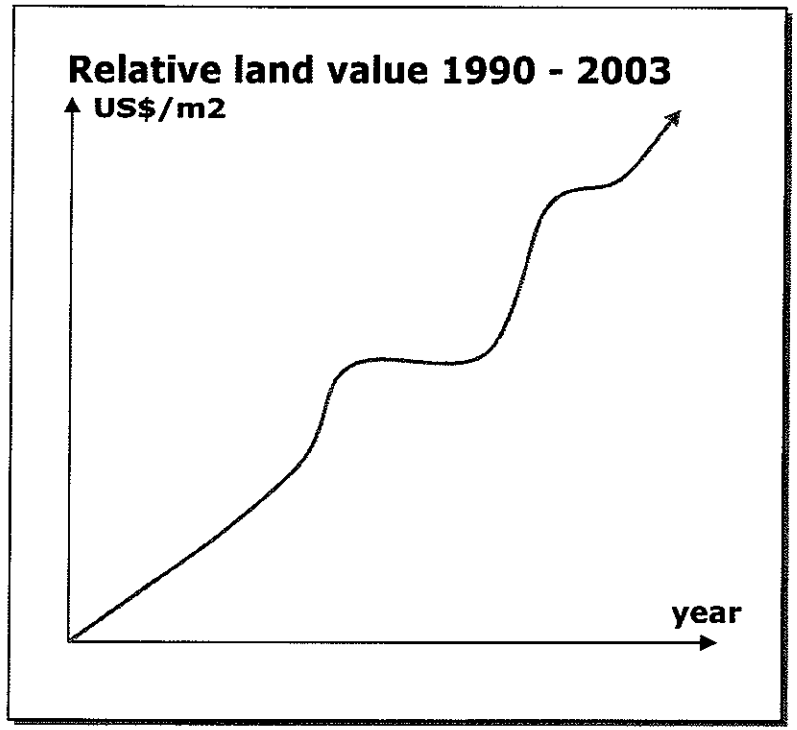
- Rapidly growing demand for banking services from large number of new private enterprises and increasing personal incomes
- Government encouraging development of strong banking sector
  - Encourage foreign competition through WTO and US BTA over 2005-2010
  - Consolidation and listing of private banks
  - Privatization of large State banks
  - Cleaning up Non-performing loans (8% in 2002) through asset management company



Source: State Bank of Vietnam

A NEWLY BORN REAL ESTATE MARKET

- **People virtually did not purchase or sell properties prior to 1990s**
- **Real estate market started in early 1990s**
  - Concentration in key cities (HCMC, Hanoi, Danang)
  - Land and property prices since then have increased more than 100 times
- **Speculation and investment played an important role in market formation and activities**
  - Peaks at 1996-1997 and 2001-2002 when land prices doubled and tripled in one year.
- **Land predominantly owned by the state or state-owned enterprise**
  - Majority of land belongs to the state or stated-owned enterprises due to the Vietnamese constitution and historic reasons.



GOVERNMENT'S POLICY ON LAND

- **Quasi-ownership concept of land title:**
  - State is the "ultimate owner" of all land
  - Individuals/companies are given a "Land Use Right" (LUR) which grants similar rights to "ownership status" (rights of usage, sale, development, bequest and mortgage)
  - Ownership right is recognised for buildings and structures
  - Property and LUR are sold and bought in the market in a manner similar to any other market economy
- **Government's confiscation of land**
  - No confiscation of land, especially foreign-invested projects without compensation
  - Ongoing development of compulsory purchase and compensation legislation
- **Government's policy on land title**
  - Toward a more open system of land title
  - 2003 revised Land Law for the first time recognized the "real estate market" as part of the domestic economy
  - No-turning-back policy on economic reform, and consequently land issues
  - Property ownership inevitable consequence of economic reform

A BRIEF HISTORY OF PROPERTY DEVELOPMENT

- Foreign investors joint venture with local land owners to develop commercial real estate (office/apartment for lease) in CBD
- Limited large urban development projects, most notably Saigon South, and recently Saigon Sports City Keppel Land
- Activities significantly reduced after 1999. A come-back beginning to appear in 2004 - 2005



- Small scale developments by local developers
- Concentration on "land chopping" scheme where basic infrastructure is installed into a large parcel of land, then division of the land into smaller lots for sale
- Pre-sales were popular (an important financing source for developers)
- Activities slowed down due to increased compensation price, unavailability of land (within city's boundary) and government's tightened control

- Local developers become more sophisticated
- Local investments in commercial real estate (office and retail centers)
- Local investment in apartments for sale in CBD

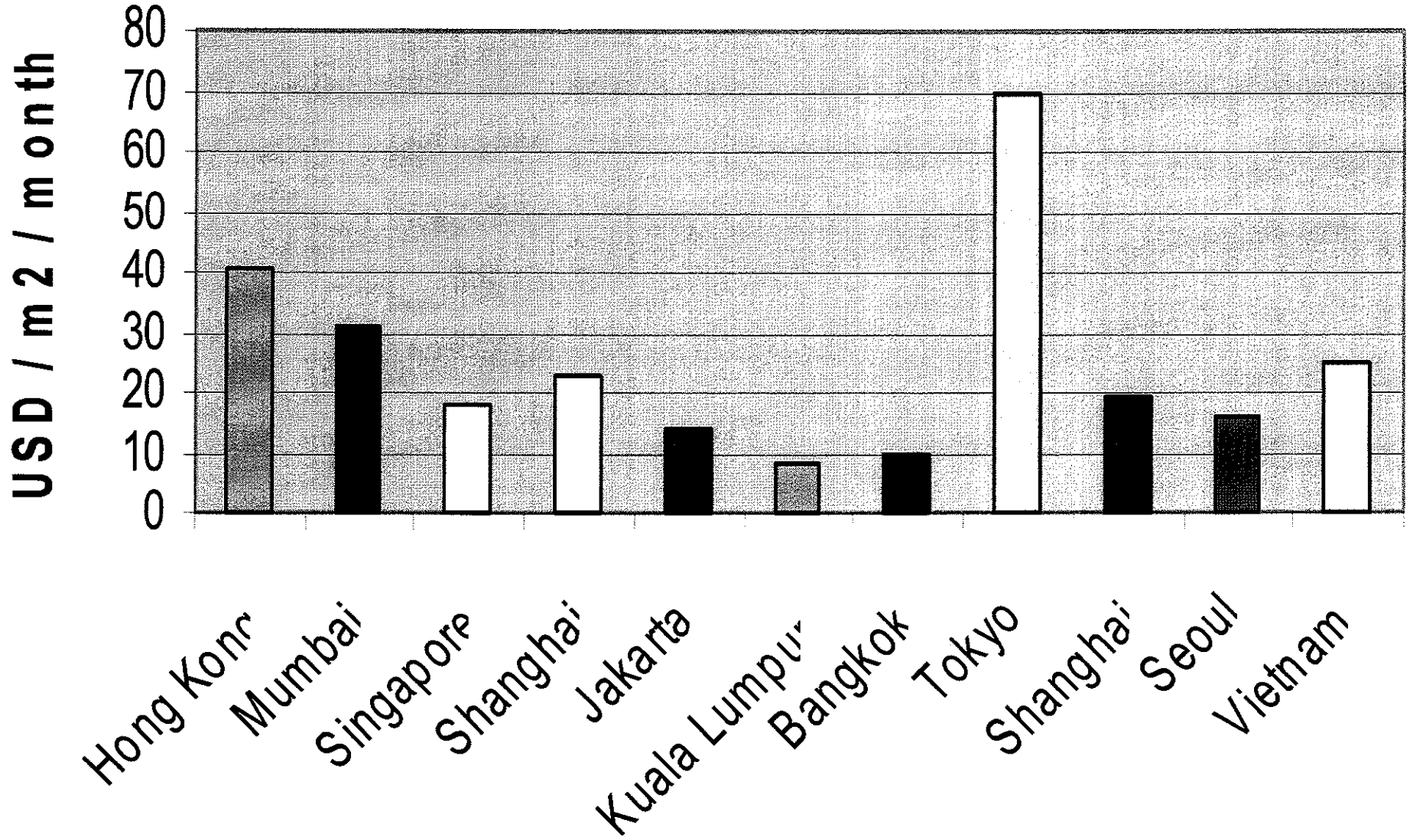
GOVERNMENT'S POLICY TOWARDS REAL ESTATE DEVELOPMENT

- **Quasi-ownership land title and a complicated legal system prevent normal operation of market**
  - Large parcels of land predominantly owned by the State or state-owned companies
  - Difficulty in obtaining land from the State for 100% foreign development
  - Complicated legal procedures and red-tape prolonging development timeframe
- **The government recognises the need for a properly functioning real estate market**
  - Revised Land Law effective in 1 July 2004
  - Residential housing is on top of priority issues
  - The need for private investments in real estate market
- **Significant steps taken to stabilize and encourage market development**
  - Revised Land Law and continuing debate on "land ownership" issues.
  - Tax incentives and encouragement for real estate developers.
  - Auction of government land for real estate development purpose for first time in 2004.

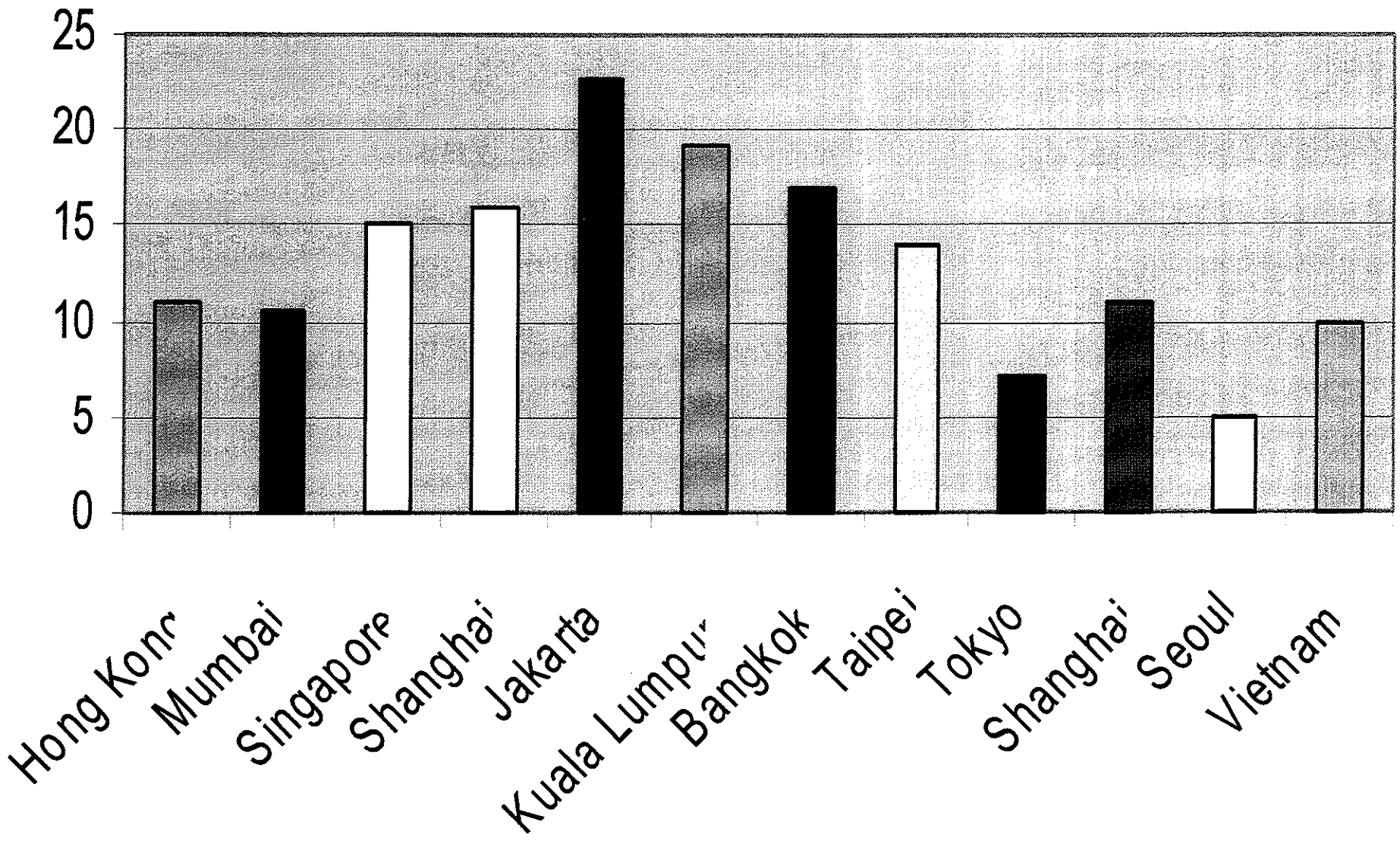
AGENDA

- Focus – Ho Chi Minh City
  – Office market

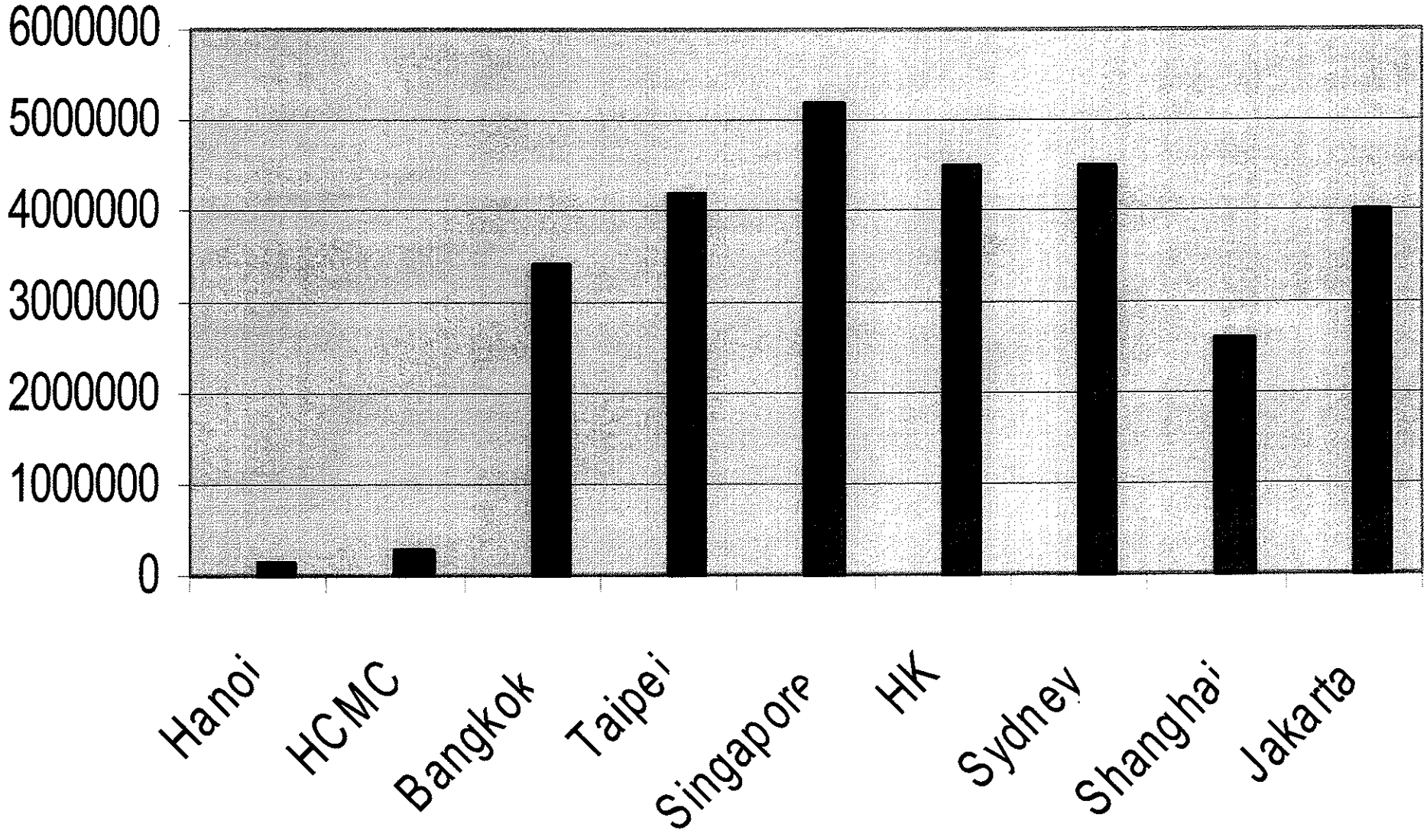
Office Rentals in Asia



Asia Pacific Office Vacancy (%)

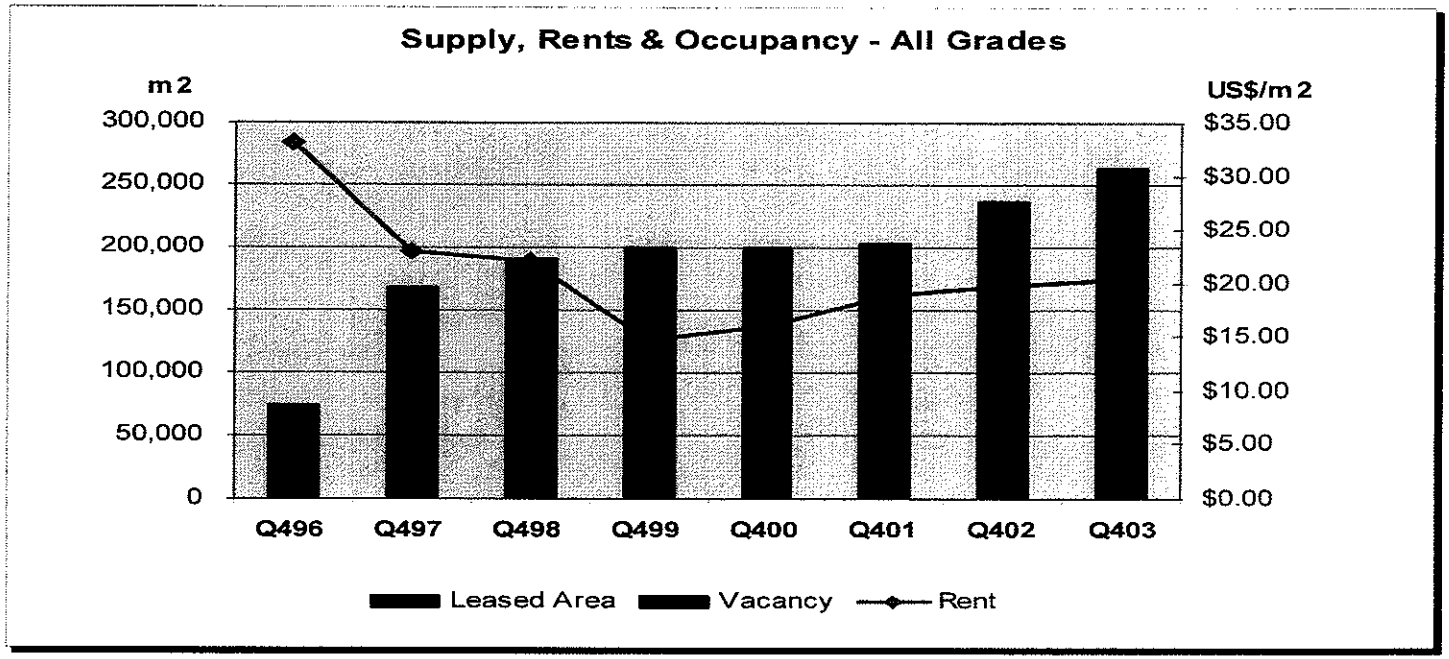


Office Supply by City (m2)

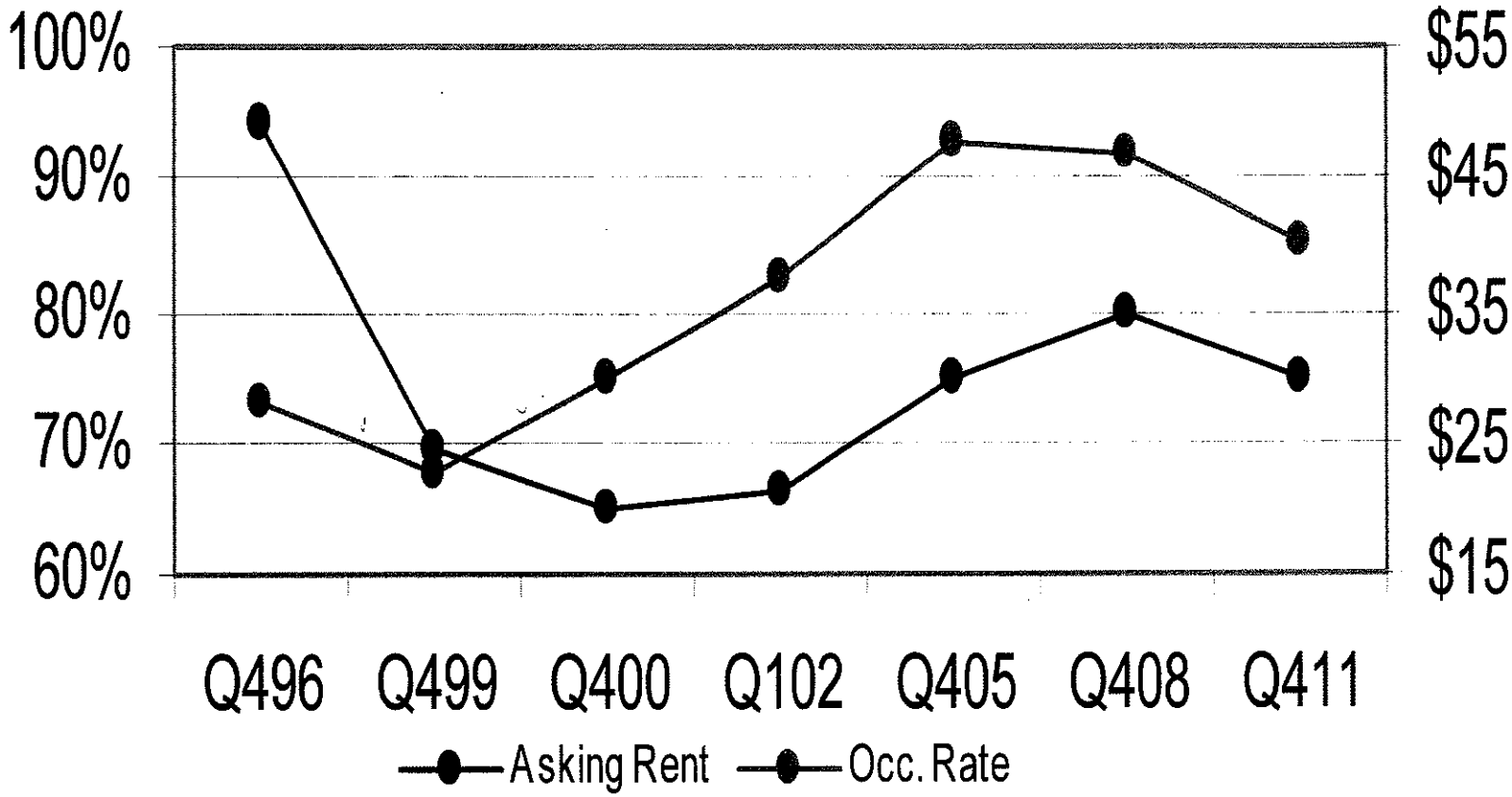


CURRENT AND FUTURE MARKET CONDITIONS - OFFICE MARKET

- **Prospects**
  - Bangkok with a population of 8 million people has 3.2 million sqm office space
  - HCMC currently has 0.5 million sqm office space including government offices
  - Assuming 15-years behind schedule, HCMC is expected to build 130,000 sqm office per year to make up the difference
  - Manila with a population of 8 million people Makati CBD 2.5 million sqm's.
  - Jakarta with a population of 15 million CBD 4 million sqm's.



HCM City Office Market Forecast for New Developments



CURRENT AND FUTURE MARKET CONDITIONS - OFFICE MARKET

- **Supply and rate**
  - Total of 70,000 sqm new office space to be supplied in next 3 years, but mostly Grade B buildings
  - Continuing rising rents at least until 2007
  - Lack of new Grade A building in CBD
  - No building under construction today
  - Expected next building to be complete end 2006 – VinaCapital
  - Continuing rising rents and stability with high occupancy rates over all grades
- **Investment yields**
  - Significant lower construction costs (compared to mid 1995 periods)
  - Land acquisition is the most important issue
  - IRR+18-25% expected for office projects (Construction costs down)

OFFICE MARKET – RECENT CASE STUDIES – DINNING & ASSOCIATES

- Bitexco office building – Grade B standard
- 6,000 sqm's net leasable area
- Leased 100% within nine months of completion August 2003
- Average rents entire building USD 16/sqm/month net
- Highest rent in the building USD 20/sqm/month net



OFFICE MARKET – RECENT CASE STUDIES – DINNING & ASSOCIATES

- E-Town – Out of town business park – Grade A facilities
- 30,000 sqm's net leasable area
- Leased up to 85% within 20 months from 11/02
- Sets standard for out of CBD office developments
- Average net rents USD 11/sqm/month



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- Focus
  - Ho Chi Minh City
  - Residential market

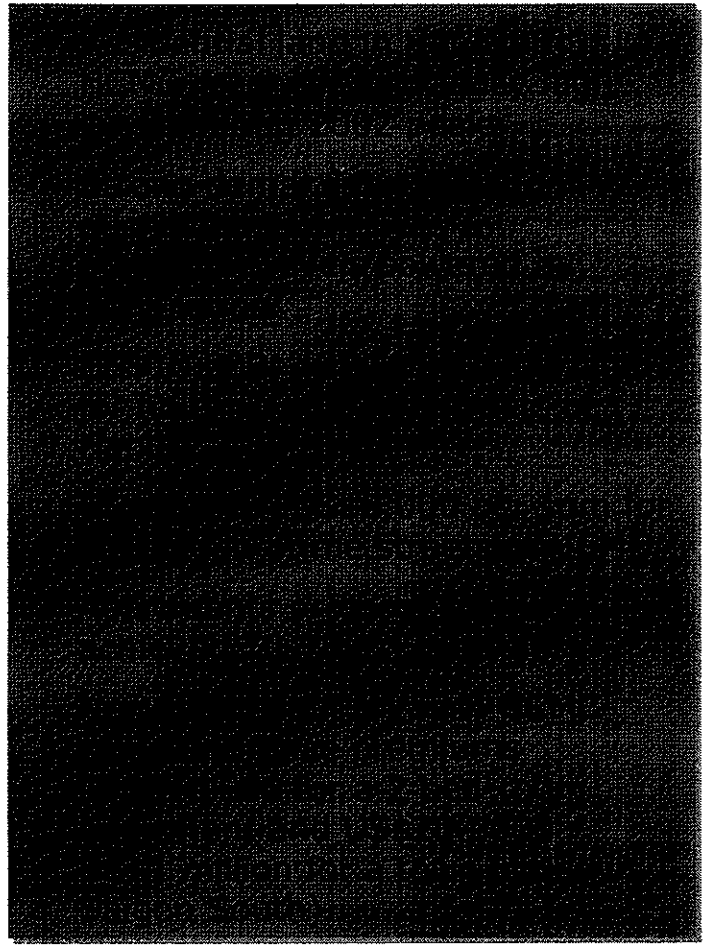
CURRENT AND FUTURE MARKET CONDITIONS – RESIDENTIAL MARKET

Supply is limited

- Current housing space is between 6 – 10 sqm/person (comparing to 20 sqm+/person in developed countries)
- Very limited large scale developers for residential housing, especially in HCMC
- Estimated 100,000 (or 50 million sqm) new apartments are needed in HCMC from now to 2010

while

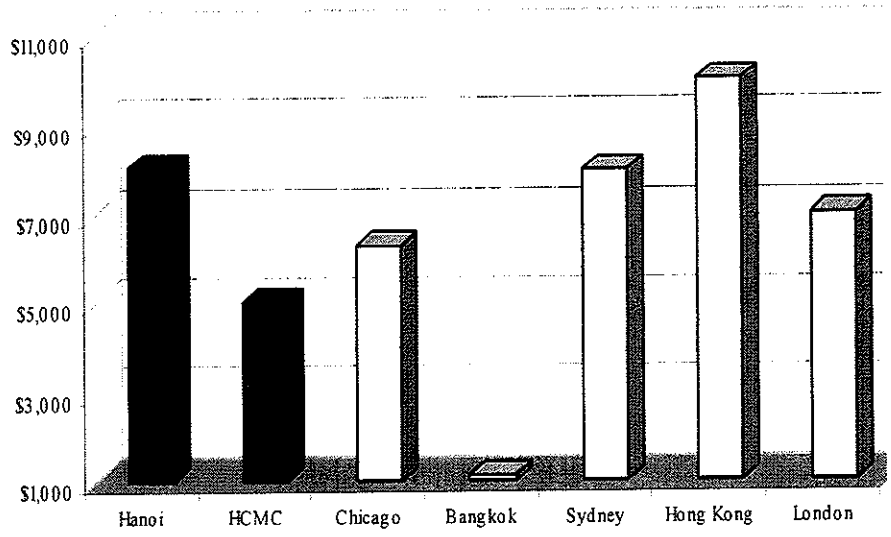
Demand is growing



CURRENT AND FUTURE MARKET CONDITIONS – RESIDENTIAL MARKET

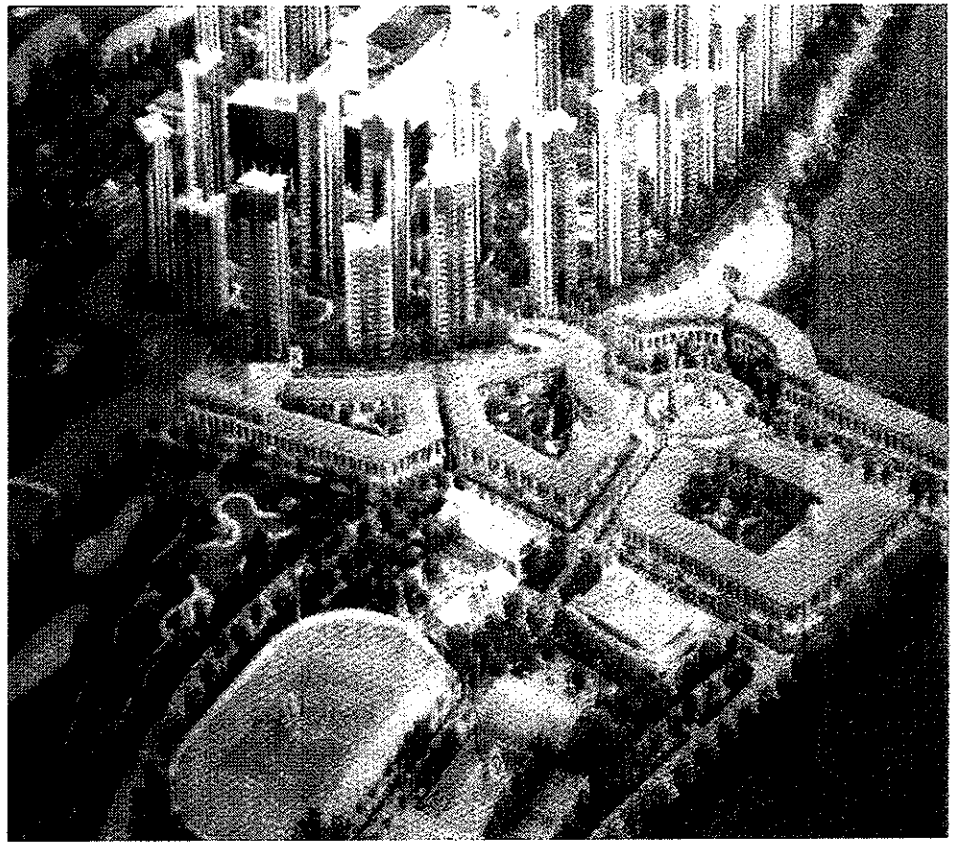
- Expatriate for lease market currently 1,750 units
- Rental levels high at between US$17-25/sqm/month
- First high end for sale units under construction expected 2,500 units between 2006-2007
- Current pre-selling at US$1,400-2,000/sqm
- All units in the high end market built by Vietnamese developers e.g., Bitexco land "The Manor"
- Expected future rental market decline as 50% of units bought by Vietnamese for investment purposes
- High demand for medium price range apartments for lease and for sale
- Total number of current planned and under construction low-medium range 20,000 units

Urban Land Price Level



EXAMPLE OF RECENTLY LICENCED FOREIGN INVESTED RESIDENTIAL PROJECTS FOR SALE – MEDIUM RANGE

- Keppel land – Saigon sports city
- 90:10 joint venture company
- 75 hectare green field site with 15 ha of public sports facilities
- Development period ten years
- Expected 8,000 units for medium price range
- USD 800 – 1000/sqm sale price
- Total investment USD 400 million



EXEMPLE OF RECENTLY LICENCED FOREIGN INVESTED RESIDENTIAL PROJECTS FOR SALE – MEDIUM – HIGH END RANGE

- Vietland – consortium of Hong Kong developers
- 50:50 joint venture company
- 10 hectare site with river frontage 10 minutes drive from CBD
- Development period 5 years from 2005
- 2,200 units for medium to high end range
- Expected price USD 1,000-1,400/sqm
- Investment USD 150 million

- Focus
  - Ho Chi Minh City
  - Hotel market

CURRENT AND FUTURE MARKET CONDITIONS – HOTEL MARKET

- Recent rebound of the market with short term down turns of SARS and Chicken Flu
- Influx of tourists into Vietnam during 2003 and expected to continue in 2004 at 15% growth compared to 2003
- Occupancy rate between 50-80%, holiday seasons see occupancy rates of more than 95%
- Room rates increasing substantially (e.g., US$70 to US$130)
- Latest development complete Sheraton
- Next to be complete Park Hyatt
- No other international hotels planned or under construction
- Expected room rate increase together with increase in occupancy will stimulate development
- Total stock of rooms HCMC – less than 5,000
- Singapore - >70,000; Bangkok - >40,000 rooms

- Focus
  - Ho Chi Minh City
  - Retail market

CURRENT AND FUTURE MARKET CONDITIONS – RETAIL MARKET

- **Current status**
  - Retail space is largely undeveloped (~100,000 sqm)
  - Very small current supply of shopping mall style development in District 1 of approximately 75,000 sqm compared to Bangkok and Manila of 5,000,000 sqm
  - High occupancy and high rate of pre-commitment
  - Rents stabilised at high levels – Ground floor Diamond Plaza US$100/sqm/month, Sheraton Dong Khoi US$70/sqm/month, Dong Khoi Street US$40-70/sqm/month
  - Noticeable increase in disposable income of local population
  - Shortage of land for new developments
- **Future trends**
  - Following China's footstep of malls and super market
  - Super market boom is expected in 3-5 years
  - No emerging retail center developers
  - Import tax reductions for international brands since signing of trade agreement with America, stimulating inward investment.

- Focus
  - Ho Chi Minh City
  - Industrial market

CURRENT AND FUTURE MARKET CONDITIONS – INDUSTRIAL MARKET

- Currently 3 export processing zones "EPZ", 11 industrial zones in HCMC
- Total of approximately 3,000 hectares of designated land
- Total availability approximately 200 hectares
- Industrial land value increasing from USD 20/sqm to current levels of USD 90/sqm for closest industrial parks, during last seven years
- Values decreasing with further drive times from CBD
- 10 km's – USD 90/sqm
- 20 km's – USD 32/sqm
- 40 km's – USD 19/sqm
- Vietnam Singapore industrial estate announced recent expansion from 100 hectares for an additional 160 hectares with a further 260 hectare reserved for further development

CURRENT AND FUTURE MARKET CONDITIONS - INDUSTRIAL MARKET

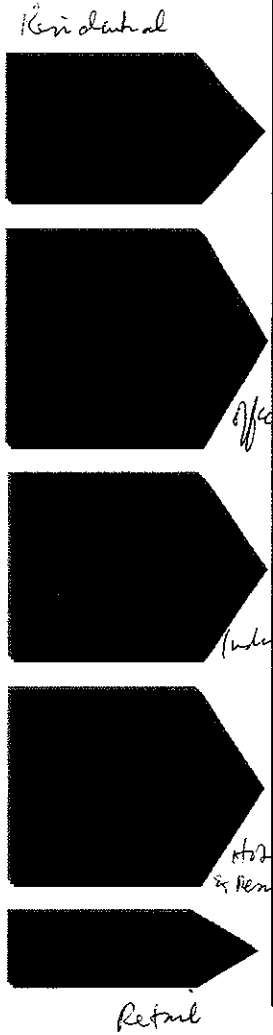
- Small supply of "For Lease" Buildings rentals range from USD 1-3/sqm/month
- Most international companies buy land use right and construct themselves with large capital investment. Construction costs between USD 60-200/sqm
- Emerging investment market expected with yields of minimum 15 - 20%
- Opportunity for first properties "for lease industrial estate"
- Potential sale and leaseback transactions for property investors
- City centre industrial uses forced to relocate outside city encouraging further industrial estate development
- Industrial land values increasing, particularly alongside new roadway infrastructure
- High demand for existing estates
- Site clearance issues becoming a problem which is maintaining land values of existing estates

- Focus
  - Ho Chi Minh City
  - Construction opportunities

CONSTRUCTION OPPORTUNITIES

- Foreign construction companies already present in Vietnam although most carry out sub contracting with local companies
- Foreign project management, QS, architects and construction managers present in Vietnam
- Large scale projects particularly infrastructure projects with ODA funding have foreign main contractor to ensure quality control
- Local construction companies beginning to have experience in high rise developments, low/medium end, with simple construction methods
- Opportunities for more modern methods of construction cost permitting particularly on high end projects
- Most likely entry by foreign construction companies by way of joint venture arrangements with local contractors – sensitive politically as high numbers of employees

OPPORTUNITIES AND CHALLENGES OF ALL MARKETS



OPPORTUNITY	CHALLENGES
▪ For lease to expatriate market – Gap between serviced apartment and Vietnamese house for middle management expatriate	▪ Identifying boutique developments to be constructed in District 1, having regard to high land values ▪ Identifying appropriate sites ready for apartment development
▪ Available in all grades in Central Business District	▪ Identifying simple office only development for immediate construction over next 3-5 years to take advantage of high rents and under supply before many planned developments come to the market and cycle downturns ▪ Identifying Business Park development site within 10 minutes drive of Ho Chi Minh CBD to compete with E-town & Broadway, Saigon South
▪ Develop first "for lease" industrial buildings estate ▪ Potential sale and leaseback transactions	▪ Identifying correct industrial site close to HCMC together with appropriate industrial developer ▪ Identifying blue chip companies for sale and leaseback transactions at sufficient yields
▪ Recent enquiries for high end hotel developments as part of large mixed schemes ▪ Forced sale opportunities of badly performing resorts as over construction in this sector	▪ Providing approved ready to go development opportunities for large hotel operators
▪ Developments of first large scale international shopping centre	▪ Identifying or assembling large enough city centre site

IN SUMMARY

- Vietnam is on the same track as China. Current position – China 1995
- Economic progress and current lack of supply means an imminent booming real estate market
- Lack of property development expertise and capital for property players
- Opportunities across a broad range of market sectors including residential, commercial and industrial properties
- Long term players required with reasonable return expectations
- A willingness to do joint ventures or participate in joint stock companies or business co-operation contracts (BCC'S)

Property Development in Vietnam: Legal Considerations

Presented by
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Suite 605 | Saigon Tower
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nigel.russell@phillipsfox.com

Status of Legal Development

- Transitional legal system
- Foreign investment laws
- New Land Law
- "Implementing" regulations

1987
2003/5 effect July 2004
Own by people
managed by Govt.

Investment Options

- Office for lease
- Residential houses/apartment for lease/sale
- Retail
- Hotel
- Resort
- Industrial

Foreign Own Buildings

Structural Options

- Need investment license for FIE (100%FOE or JVE) or BCC to implement a project
- Foreigners cannot buy/own land/property
- 100%FOE – lease of land from State
- JVE – lease from State or contribution by Vietnamese party
- BCC – Vietnamese party keeps land
- Sale of developed property

FIE
Foreign Investment Enterprise

} PR are allowed. License is required.

BCC
} Corporation Business Contract.
(Foreign party – no interest in the land, lack of defined law.

SOE	FIE	DPE
State Own E.	100% FOE OR JVE	SHARE Holding (30% to be held by Foreigner) or LTD. Co

Due Diligence on a Site

- Who is the "owner", what is its "title"?

Owner	Title
State	N/A
SOE	Lease Allocation Transfer
Private company	
FIE (distressed)	Lease Capital contribution

- Permitted use?
- Boundaries, setback?
- Zoning, planning?
- Nature/extent of potential claims by occupants/owners?
- Soil investigations, UXO?

Lease < 50 yrs.
Pre-paid rental;
Allocation — indefinitely bans (?)

Undisposed XO.

Investment License

- If JVE – agree JV contract first
- Which licensing authority – DPI, MPI (+PM)
- Application documents:
  - application form
  - (JV Contract)
  - charter
  - feasibility study
  - preliminary design
  - documents evidencing legal/financial status
  - other
- Significance
  - establishes FIE
  - approves project ("scope of activities")
  - duration
  - CIT treatment
  - other conditions
- But many more approvals, permits, etc required

JV
Capital Structure –
Ministry of Planning
MPI – Residential Imp.
DPI – Dept of Planning
Large (PM approval)
JV – Management control
General Director – F.
Duty of D. – Vietnam
CIT – Corporate Income tax.

Land Clearance and Compensation

- Investor pays but officials administer
- No guarantees re timing/cost
- Delays and cost increase common
- Hands on, local involvement is necessary

Tendering

- When required?
- What required?
  - tender plan
  - types of tender
  - tender selection

Required to be approved by Vientiane party.

Construction

- Approvals/permits
  - approval of technical design ("construction permit")
  - foreign construction contractor permit
  - foreign construction consultancy permit
  - work permits
- Contract issues
  - governing law
  - place/forum for dispute resolution
  - insurance
  - taxation
  - quirks of Vietnamese contract law
    - 3 laws
    - termination
    - damages, penalties, LDs
    - force majeure

permit ?

But persistence pays off …


N°2252 TUESDAY, AUGUST 17, 2004 VIETNAM'S ENGLISH-LANGUAGE

JV gets license to build ten hi-rises in HCMC

By Quoc Hung

Property 19

Keppel project back on after nine-year delay

By Ngoc Son

The leading guide to Vietnam's property market

Keppel eyes rich and beautiful

By Ngoc Son

A Singaporean firm is to build two new residential properties in Ho Chi Minh City over the next two years.

Keppel Land, which successfully developed Royal Park Sedona

Tax regulations and issues re real estate investment in Vietnam

Presented by
David Fitzgerald, Tax & Legal Services Director
PricewaterhouseCoopers
Singapore, 4 October 2004

Overview of the Vietnam tax system

- Legal structure
- Tax department structure
- Administration and self-assessment
- Double taxation agreement network
- Changing sources of tax revenue

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Tax incentives

- Few available incentives:
  - IZ/EPZ/HTZ infrastructure;
  - Infrastructure, public transport, car parks;
  - Locations;
  - Number of employees;
  - BOT projects.

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Import duties

- Abolishment of Minimum price
- Agreed use of GATT
- AFTA/CEPT commitments
- Exemptions

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Foreign Contractor Withholding Tax

- Turnkey projects - Goods/services and onshore/offshore
- Hybrid method
- Double taxation agreements
- Proposed changes

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Financing issues

- Debt to equity limits
- Interest withholding tax
- Corporate Income Tax deductibility

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VAT

- Non-recoverable land used rights
- LUR – exempt
- Sales or leasing of buildings, construction activities = 10%
- Registration and payment where project located
- Refunds during construction phase

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Corporate income tax

28% (2004)

- Rental income
- Property sales
- Limitations on deductible expenditure = high effective tax rate
- Depreciation
- Tax v's Accounting profit

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8

Exit strategies

- Capital assignment profits tax (25%)
- Structuring
- Double taxation agreement protection

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Personal income tax

- High PIT rates (High ~40% - Expat - in kind stock options
- Expanding scope Anyone in Vietnam - subject to income tax.
- Investment income

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Land use rights

- Entities = CIT; Households/individuals = Tax on LUR
  - CIT = tax imposed on profit from sale of LUR
  - Tax on LUR = tax imposed on sales proceeds
- Value of buildings excluded
- Delayed implementation
- Only existing surtax

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What does the future hold?

- Dividend withholding tax (abolished ?) Maybe introduce later.
- Double taxation agreement network
- Continuing changes
- Changing revenue sources
- Stamp duties/property taxes
- China

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12

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Thank you for listening. We hope that you found the presentation valuable.

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13

Hot real estate development opportunities

October 2004

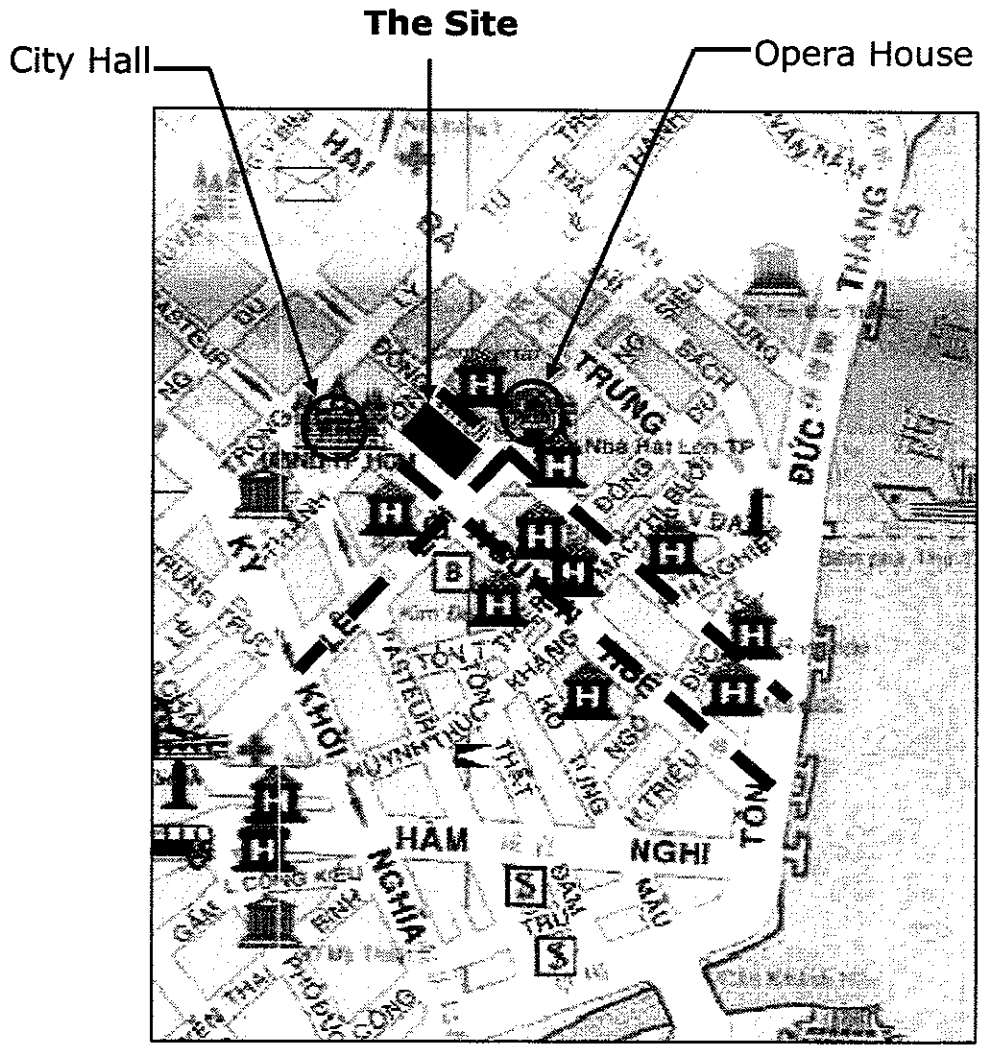
DINNING & ASSOCIATES

VinaCapital

Real estate development opportunities

- Eden mixed use development – district 1 CBD
- Thanh Da residential development scheme
- 34 Ton Duc Thang, District 1 CBD
- Residential villa complex
- Small scale apartments for sale
- Industrial buildings for lease
- Residential apartment development private land ownership
- Kim Do mixed use development – District 1 CBD

Eden - a superb location in the heart of HCMC



- Arguably the "**best**" site in Ho Chi Minh City
- One whole block of land with area of 9,000 sqm in the center of business and shopping district
- Surrounded by three primme streets in Ho Chi Minh City (Dong Khoi, Nguyen Hue, Le Loi)
- Next to major landmarks (City Hall, Opera House, Center Park, Rex Hotel)
- 5 mins walking distance to all major 5 star hotels (Continental, Rex Hotel, Caravell, Sheraton, Park Hyatt)

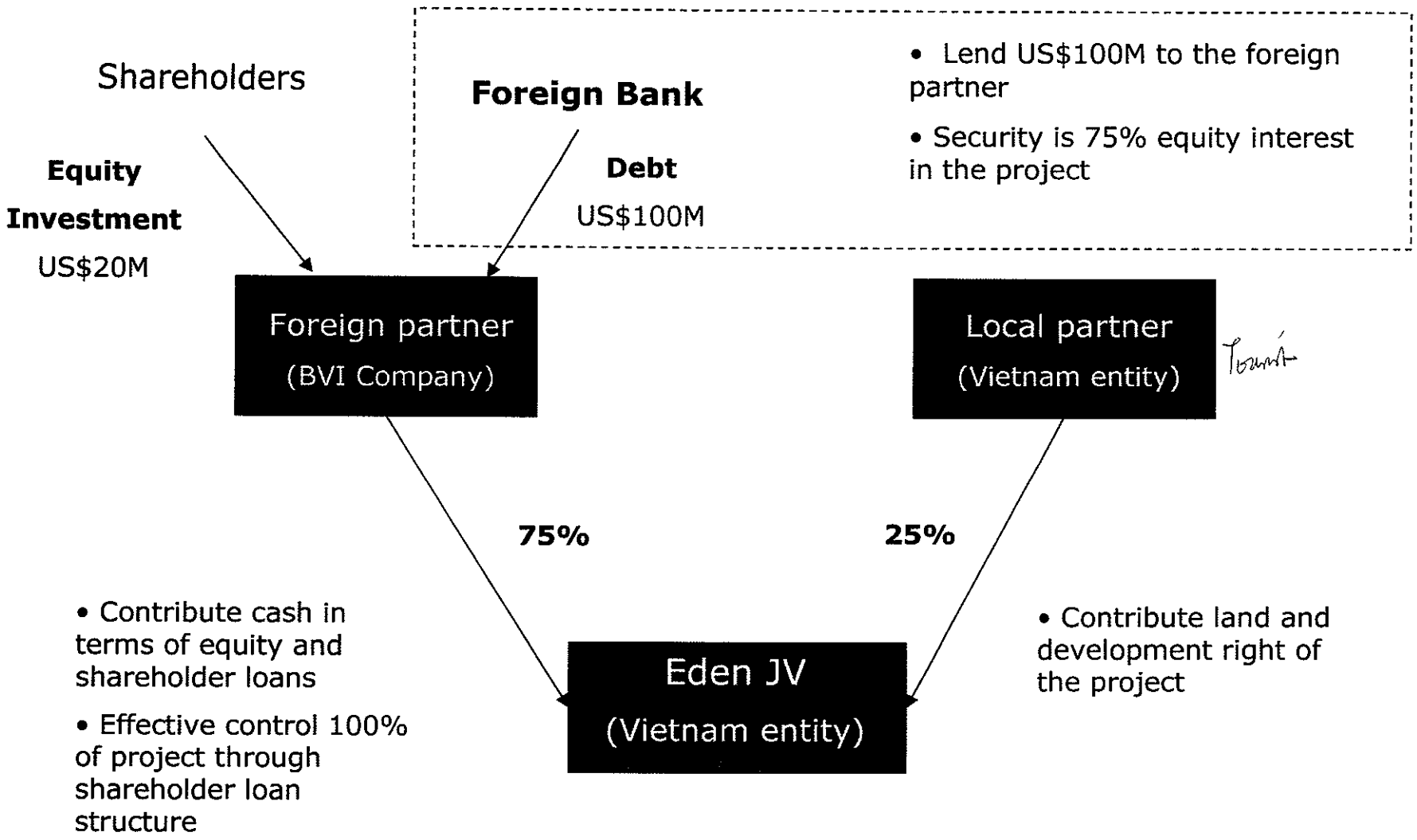
Preliminary design for a mixed use development



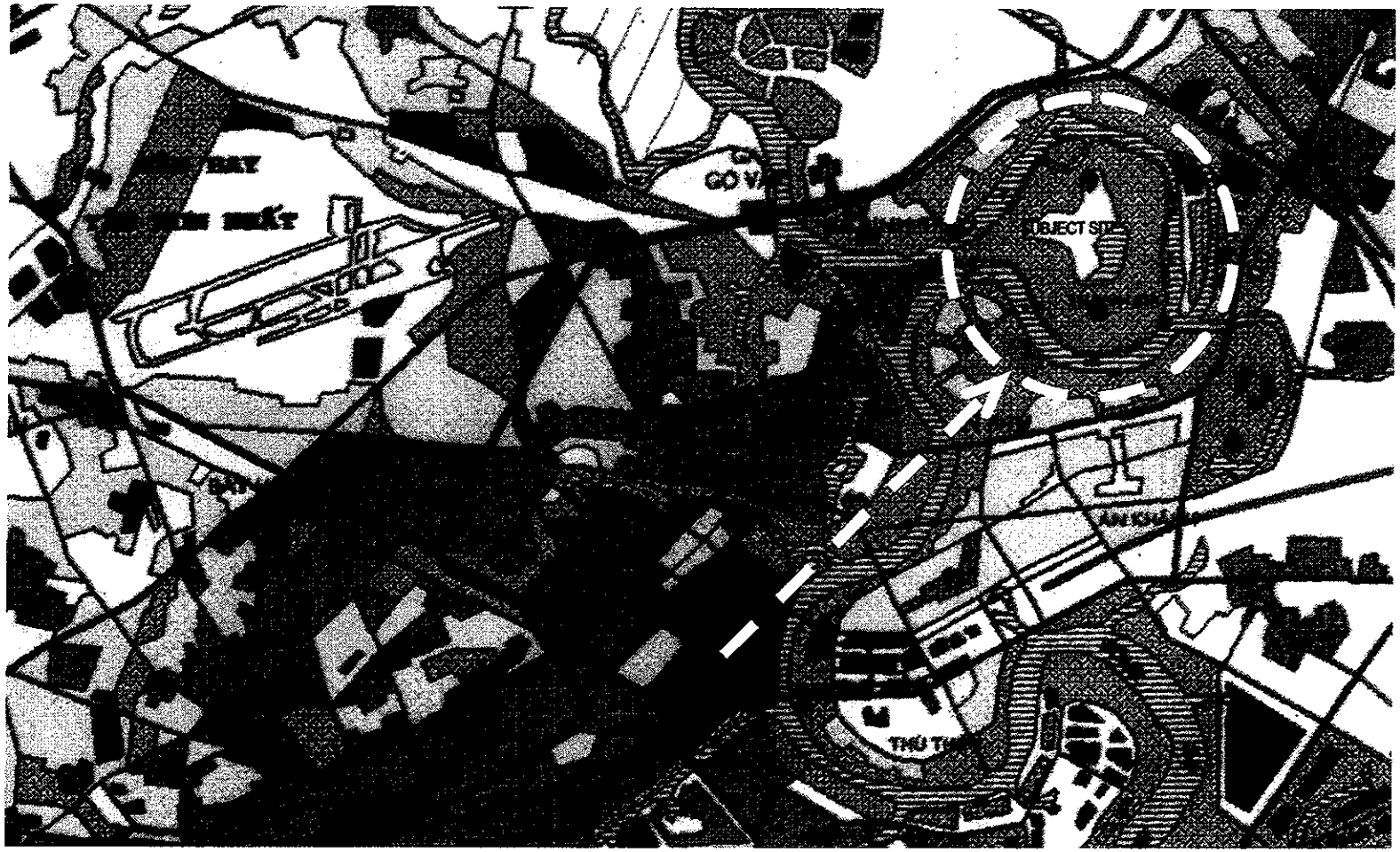
Project basics

- 9,000 sqm of land in prime CBD of HCMC
- Expected city's approval for a mixed use development of office, retail, hotel and or serviced apartment project up to 18 storeys
- The final design needs to conform with the surrounding historical landmarks to be finally approved by the city
- Estimated cost for the development is US$120M
- VinaCapital is under negotiation with local partner to establish a Joint Venture to develop the project
- Expected land value of Vietnamese share to the joint venture 25%
- Site clearance costs estimated at USD 15 million
- Expected development returns 15-20% after construction financing
- VinaCapital will prepare site, receive outline planning permission and seek offshore joint venture partners

Potential investment structure – Joint venture



Real estate development opportunities
Thanh Da – Island residential area



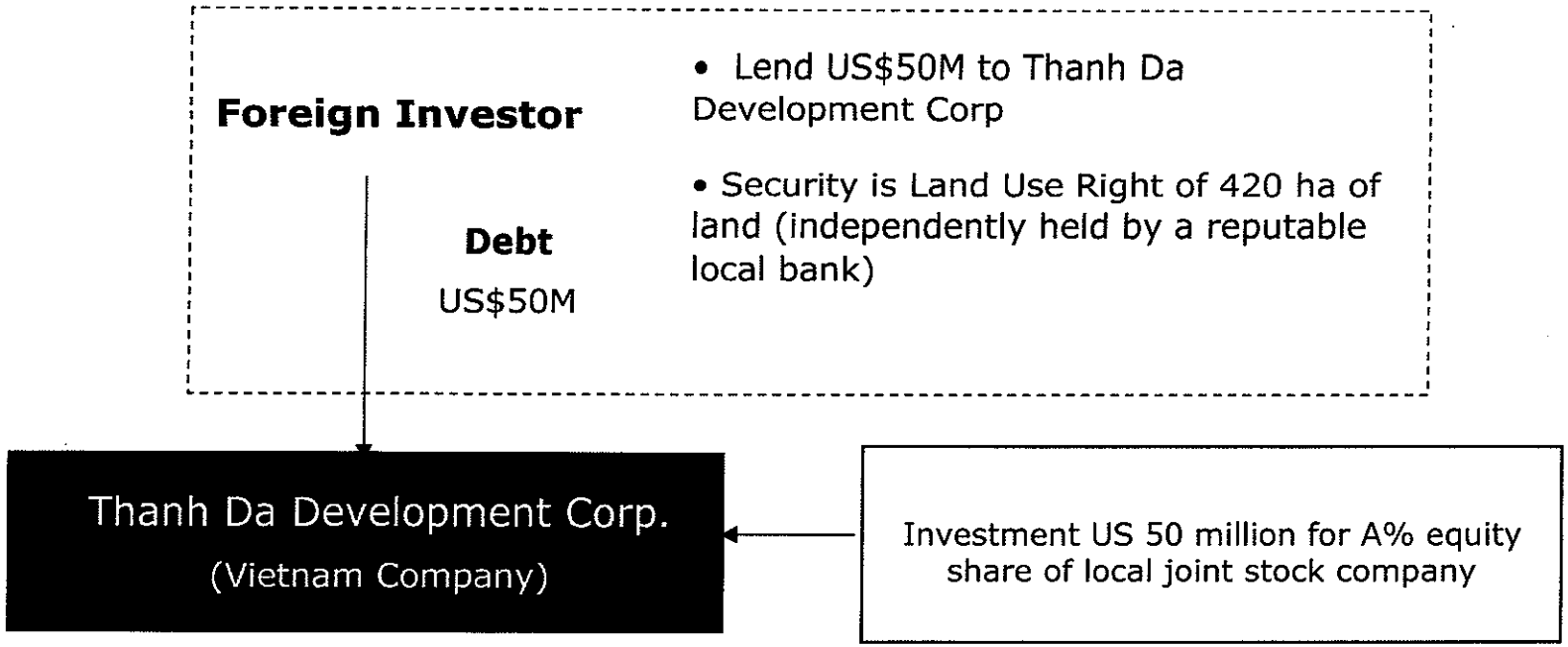
Preliminary design for a new town development



Project basics

- Around 430 ha of riverfront land
- 5km from City downtown 15 minutes drive time
- Government has allocated the land to one state-owned company for development as a new urban area
- State-owned Company has appointed M&C-VinaCapital to be leading financial advisor for the development
- Conceptual Master planning stage submitted to seek approval of City's mayor (Liu Thai Ker)
- Landmark urban development within the next 5 years
- Site clearance minimal as mostly farm land
- Locally well known for green parks and leisure use
- Master plan encourages use of water transport to C.B.D and extensive open green spaces
- Large site with minimal site clearance costs allows developers profits without high density construction
- Similar in site & planning as Saigon south development

Potential investment structure – Direct investment/equity participation



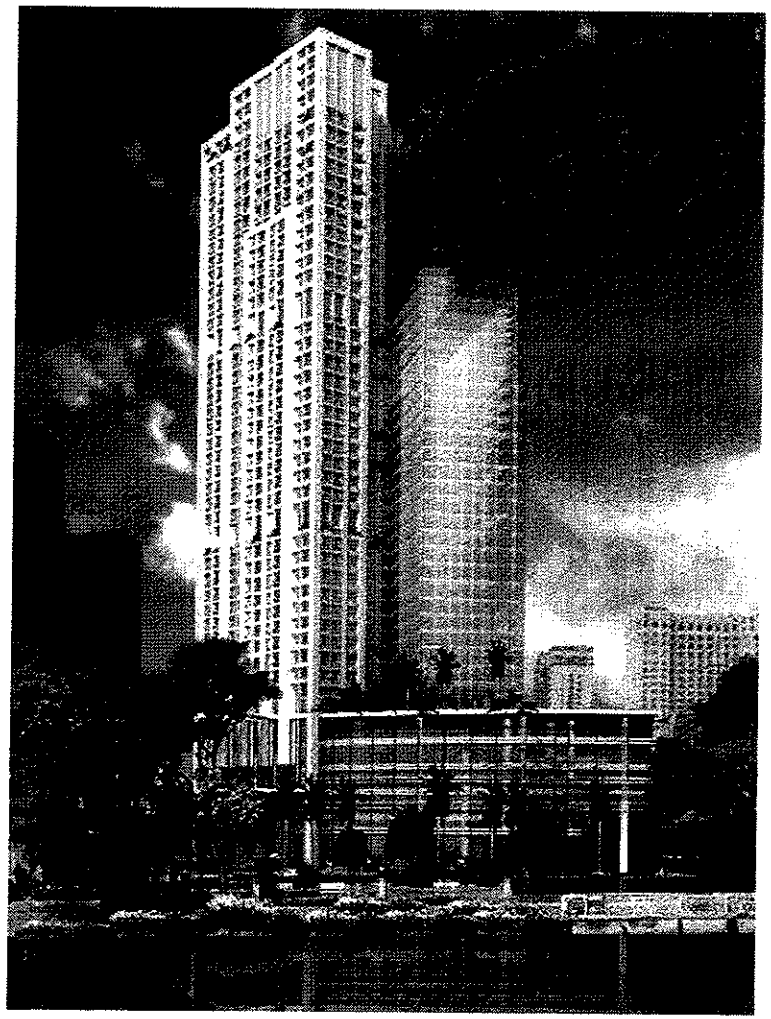
- Shareholders include **SGC** (largest state-owned construction company in HCMC), **M&C** (local private developer) and **VinaCapital**
- **Thanh Da Development Corp** will have the development right and the Land Use Right (independently valued at today value of US$1 billion)

Potential investment structure

- The US$50M borrowed/invested will be used to re-locate the sites current occupants
- Once relocation is completed, the site can be divided and sold to other property developers for specific projects within the master plan
- Allowing development of site infrastructure leading to increase in land value
- Loan default repossession of site infrastructure of LUR by local bank
- Repayment of loan on selling LUR asset at today value without infrastructure USD 1 billion
- Allocation of special portions of the site for developer/investor

Real estate development opportunities – 34 Ton Duc Thang

- Land acquisition
  - Saigon Tourist (state – owned company) owns the land from previous joint-venture
- Prime mixed use development
  - Office 23,500 sqm
  - Retail 13,170 sqm
  - Apartment 26,415 sqm
- Site cleared for immediate start after final approvals
- Initial planning permission granted by HCMC Architects Office – final approvals by end 2004
- Expected IRR of 25%
- Total development cost USD 55 million



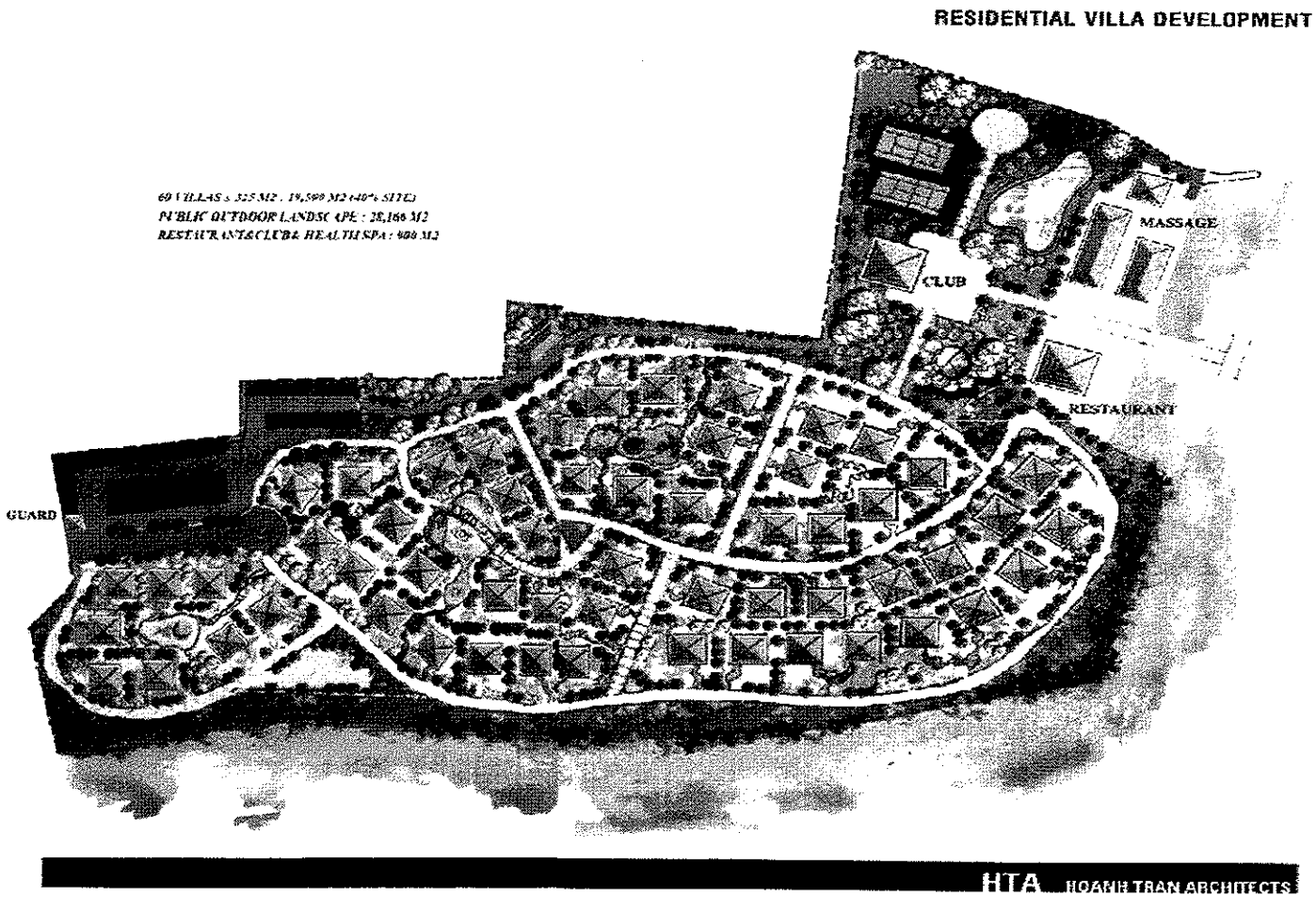
Potential investment structure

- Equity participation in local joint stock company
- Business co-operation contract – developer builds entire project and retains office & retail podium portions of the development for 50 years
- Exit strategy – sale of leased parts of retained development
- Project management & construction management under control of developer
- Completion property management by developer

Real Estate development opportunities – Residential villa complex

- 5 ha of river-front land 30 minutes from city centre by car, 20 minutes by boat
- Currently utilized as a water park (breaking even)
- Acquired controlling stake by VinaCapital
- Restructuring the water park into a villa for sale development
- Requirement for investment as gated villa community for lease to expatriate market
- Total development cost USD 15 million
- Expected investment return 15-20%

Real estate development opportunity – Residential villa complex



Potential investment structure

- Joint venture with new owners of the site
- Participation in 30% equity of new local joint stock company
- Retain development for lease
- Villa for sale to local market
- Possible exit strategy – sale as a for lease investment

Real estate development opportunities – small scale apartments for sale

- AKZO Nobel – hold 100% foreign owned license of 1,000 sqms of land
- Located 10 minutes drive from CBD
- Outline planning permission granted by architects office
- Expected developers return 15-20% for apartments for sale
- Complicated procedure overcome by BCC or J.V with local partner who buys the land use right from AKZO Nobel
- Available now

Real estate development opportunities – industrial buildings for lease

- 30 hectares of land located 40 minutes from CBD along trans asian highway leading to Thailand through Cambodia
- Located in Cu Chi area – famous historically Cu Chi tunnels
- Government keen to see foreign investment in this area
- Available as 100% foreign owned or J.V at a cost of USD 20/sqm
- Site coverage 60%
- Open market rents USD 1.5/sqm/month
- Investment returns 10-15% percent
- Potential future capital increase in land values

Real estate development opportunities – apartment developments private

- 8,200 sqm's of riverside residential land with outline planning permission in place
- Land under private ownership of overseas Vietnamese with development experience
- Owner prepared to sell equity in a joint stock company or agree a BCC
- Expected development returns min 20%
- Owner understands concept of residual valuations of land and will accept normal reasonable land value as his contribution
- Expected development cost in the region of USD 35 million
- Project financing possible with pre selling, expected sale price USD 900-1,200/sqm
- Available now

Real estate development opportunities KimDo District 1

- Prime site in the of CBD of 5,150 sqm's
- Proposed mixed use development retail, office serviced apartments and hotel
- Outline planning permission for 34 storey building
- Five level retail podium with two towers
- Possible joint venture with equity participation in joint stock company or BCC agreement
- Total development costs approx USD 50 million
- Expected yields of 15%+ with developers profit at 15%
- Possible project finance if apartments pre sold

