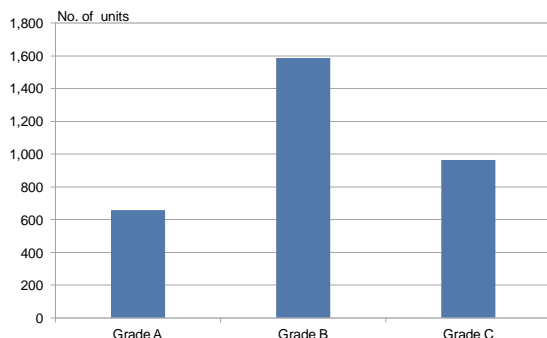


Serviced Apartments

Supply

As of Q3/2011, there were 60 serviced apartment buildings, providing 3,200 units, an increase of 2% quarter-on-quarter and 9% year-on-year. Of these, two new projects, IWA in district 1 and Hado Villas in district 10, entered the market. In terms of number of units, district 1 had the highest market share with 48% of the total stock due to its prime location in Ho Chi Minh City (HCMC).

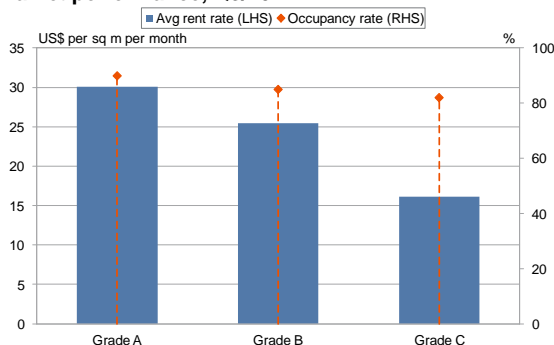
Current stock, Q3/2011



Source: Savills Research & Consultancy

The performance of the whole market was relatively stable. Occupancy was 85%, unchanged from Q2/2011, as was the average rent at US\$24 per sq m per month.

Market performance, Q3/2011



Source: Savills Research & Consultancy

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

The occupancy of Grades A and B increased slightly by 1 percentage point compared with Q2/2011.

Buy-to-let apartments and villas for rent became strong competitors of serviced apartments for long-term stays due to lower rents.

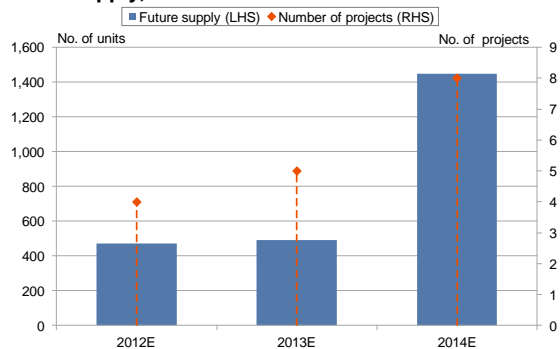
Demand

The main tenants for the serviced apartment segment come from Asian countries. According to serviced apartment owners, Japanese businesspersons are returning to HCMC after Japan's natural disaster.

Tenants, especially single ones, preferred to lease serviced apartments in the CBD due to the prime location. However, districts 2 and 7 attracted family tenants due to the larger floor areas of serviced apartments and the concentration of international schools.

Outlook

Future supply, 2012E–2014E



Source: Savills Research & Consultancy

Twenty-one projects with more than 3,400 units are expected to come onto the market over the next five years. Serviced apartments in Grades A and B might be negatively affected by high-end apartments, especially in district 2. In 2012, district 2 will have a large supply of high-end apartment projects with more than 3,300 units completed, and therefore, serviced apartments in this district will face fierce competition with buy-to-let apartments.

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