Da Nang - Hoi An Coastal

Located in the central key economic region, which includes Thua Thien–Hue, Quang Nam, Quang Ngai and Binh Dinh, Da Nang City is the 4th largest city in Vietnam with a land area of 1,267km². With a strong strategic location (in the middle of North–South transportation route and at the beginning of the North–South East–West Economic Corridor), good transport links to foreign trade partners (both road, sea and air routes), and one of most developed infrastructure systems in Vietnam, Da Nang is emerging as one of the most important destinations for investors.

Adjoining Da Nang, Hoi An City is one of three world heritage sites in Vietnam and therefore attracts a significant amount of tourists, providing stimulus for the hotel sector. The coastal area from Da Nang to Hoi An is emerging as one of the most important destinations for both tourists and investors

RESORT MARKET

Quick Stats

	End 2009	Y-o-y
International travellers	315,412	↓
Domestic travellers	988,400	↑
4-star ADR	US$101	↑
5-star ADR	US$189	↓
4-5 star Occupancy Rate	50%	↓

Hot Topics

- The total existing supply of 4 and 5-star hotel rooms on the Da Nang - Hoi An coast is 1,355 spread across 12 developments.
- International travellers have fallen 13% y-o-y but domestic travellers have continued to increase by 7% y-o-y.
- Da Nang resorts' occupancy rate is 8% lower than the Hoi An resorts.
- ADR of 5-star resorts declined by as much as 28% y-o-y.

COASTAL MARKET – HOTEL

OVERVIEW After experiencing steady growth during 2006, 2007 and the first half of 2008, the Da Nang – Hoi An coastal hotel resort market saw a lessening in demand from international tourists in 2009. This was a reflection of the global financial crisis and in part owing to fears relating to the H1N1 virus. International tourist visitor numbers fell 13% y-o-y at the end of 2009.

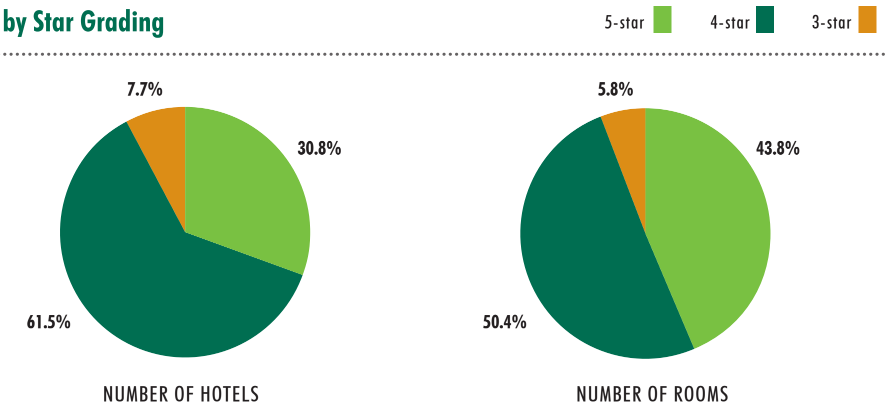
This decrease in international tourists was counter-balanced by the increase in Vietnamese travellers to Da Nang in 2009. 2009 saw a 7% y-o-y increase in domestic tourist numbers, which proved that despite the decrease in international visitors, overall tourist arrivals to Da Nang actually increased by 1% y-o-y in 2009, (1.29 million visitors). This trend highlights the importance of Vietnamese guests to hotel operators.

In a bid to further increase visitor numbers there was a concerted effort to increase revenue by targeting MICE events that occur at the end of the year.

SUPPLY At present there are a total of 1,438 hotel rooms on the Da Nang – Hoi An coast. These figures comprise of 630 5-star rooms, split across 4 resorts and 725 4-star rooms spread across 8 developments, the other 83 rooms are within the 3-star category. Da Nang itself currently accounts for only 23% of total 4-star and 5-star resort rooms on Da Nang beach, with one 5-star resort (Furama) and one 4-star resort (Sandy Beach). The remainder of the rooms are located along Hoi An beach.

Golden Sand's is currently the largest supplier of rooms to the market with 212 5-star resort rooms available. It is followed by the Furama and the Palm Garden Resort. The Nam Hai has the smallest amount of rooms, with only 60 available.

Supply by Star Grading



Source: CB Richard Ellis Vietnam

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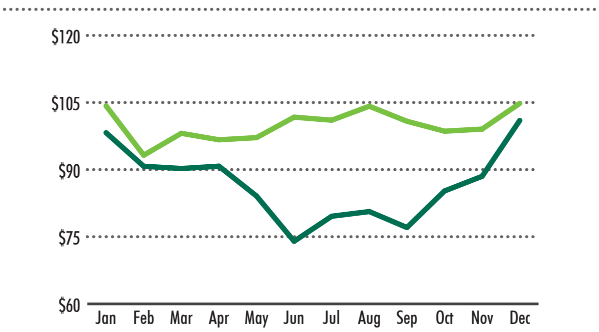
Hotel Average Daily Rates, 2009 (US$)

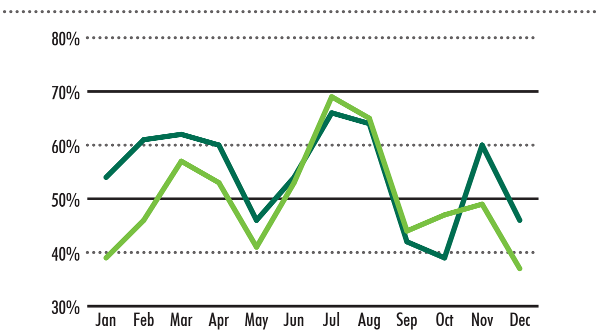


*5-star excluding The Nam Hai
Source: CB Richard Ellis Vietnam

AVERAGE DAILY RATES The average daily room rate at 5-star (excluding the Nam Hai) and 4-star hotels at the end of 2009 was US$105 and US$101 dollars respectively. This represented a 4.5% y-o-y decrease in the 5-star category and a 1% y-o-y increase in the 4-star sector. As is highlighted on the graph included prices have shown no obvious trend towards an upwards or downwards movement in 2009 and the most interesting trend is the narrow gap between 4 and 5-star hotels. Analysis shows that there are some 4-star hotels that charge in excess of their 5-star competitors.

OCCUPANCY Occupancy rates fluctuated throughout 2009 and were understandably highest during the peak months of June to August, when the weather conditions are most favourable. The peak average occupancy rate for both 5 and 4-star hotels was in July and stood at 57% and 62% respectively. The occupancy rate in December was 37% for 5-star hotels, which mirrored that seen in 2008, whilst the 4-star occupancy rate decreased from 48% in December 2008 to 46% in December 2009.

Hotel Occupancy, 2009 (%)



*5-star excluding The Nam Hai
Source: CB Richard Ellis Vietnam

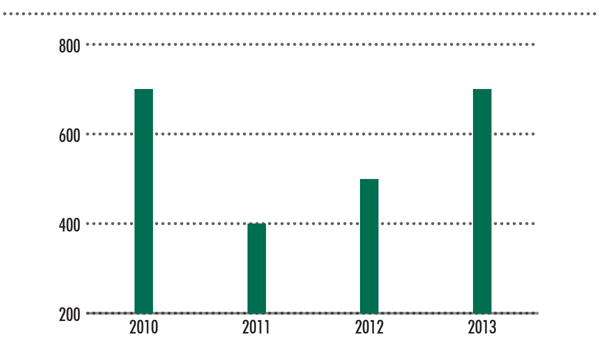
The overall 2009 figures, for resorts along Da Nang – Hoi An beach, show an average occupancy rate of 50%. The 4-star resorts achieved an average occupancy rate of 54%, higher than the 47% of the 5-star resorts. Da Nang resorts have shown a lower performance with an average occupancy rate of around 44%, 8% lower than the Hoi An resorts.

OUTLOOK The expected continued recovery of the global economy in 2010 and the easing fears relating to the H1N1 virus suggest that international tourist arrivals to Vietnam and Da Nang are likely to increase in 2010.

The new supply of resort rooms is expected to be dramatic in 2010 when approximately 700 resort rooms will come on line. These will be from the Silver Shores International Resort (550 rooms), Olalani (300 rooms) and Life Resort (182 rooms). This does not include the associated villas and condominiums. The total number of 4 and 5-star resort rooms in Da Nang – Hoi An could be over 2,000 rooms, of which the number of 4 and 5-star resort rooms in Da Nang would be approximately 1,000 rooms – triple the current supply. These resorts have completed much of their construction and the first rooms will be coming on line in the first quarter of 2010.

It is suggested that the coastal resorts will benefit from the increased publicity generated by the new launches, which are set to occur in 2010, and that visitor numbers will therefore continue to increase. However, given the significant amount of new supply that is coming on stream and the bedding in period required by new hotels it is suggested that as the supply increases the average daily room rate will remain flat or soften in the short-term. Because of

Estimated New 3-5 Star Supply (rooms)



Source: CB Richard Ellis Vietnam

the new supply that is expected to out-pace demand in the short-term, it is suggested that average occupancy rates may also soften in 2010.

34 projects along the Da Nang – Hoi An beach are forecast to supply over 8,000 resort rooms in the next seven years.

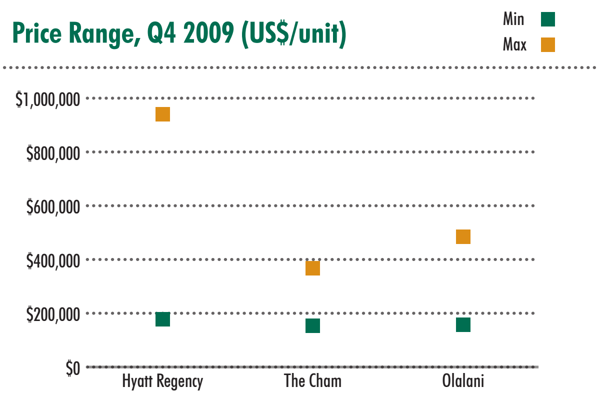
COASTAL MARKET – CONDOMINIUM FOR SALE

OVERVIEW The condominium market has developed greatly since the launch of the first 88 Olalani apartments in late 2007. 2009 saw the successful launch of the Hyatt Regency condominium project (by Indochina Land) in the second quarter. This was followed by the launch of the fourth phase of The Ocean Villas, The Cham, in the last quarter of 2009.

CAPITAL VALUES Asking prices varied very little throughout 2009. At the end of 2009, the asking price of condominiums ranged between US$1,500–$3,900 psm and the average was US$2,500. The current highest price achievable in the market is around US$950,000 per unit. At least 10% of the individual condominiums are currently priced above US$400,000 per unit showing the confidence of developers.

SUPPLY The total supply of resort condominiums in Da Nang reached 374 units at the end of 2009 – triple the market supply at the end of 2008. This supply comes from three projects: Olalani Condotel (88 units), Hyatt Regency (154 units) and The Cham (132 units), which are located in Ngu Hanh Son District (Marble Mountain area). It must be remembered that these figures are condominium launches and not actual physical completions.

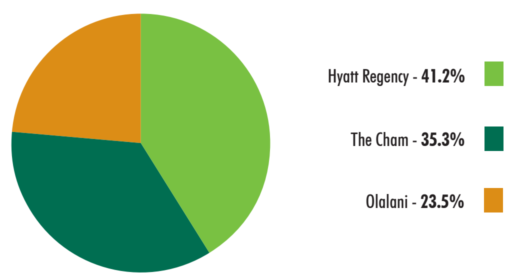
Price Range, Q4 2009 (US$/unit)



Source: CB Richard Ellis Vietnam

Two-bedroom condominiums, with an average area of 125 sm, dominate the market. At the end of 2009, two-bedroom condominiums represented 51.3% of total supply. One-bedroom condominiums with an average size of 78 sm contributed to 35% of supply, whilst the remainder was three-bedroom condominiums that averaged 170 sm. Currently there are no four-bedroom resort condominiums.

Resort Condo Existing Supply, 2009 (units)



Source: CB Richard Ellis Vietnam

DEMAND At the end of 2009 approximately 63% of the total available stock in Da Nang had been sold. As such, approximately 140 condominiums were still available for sale.

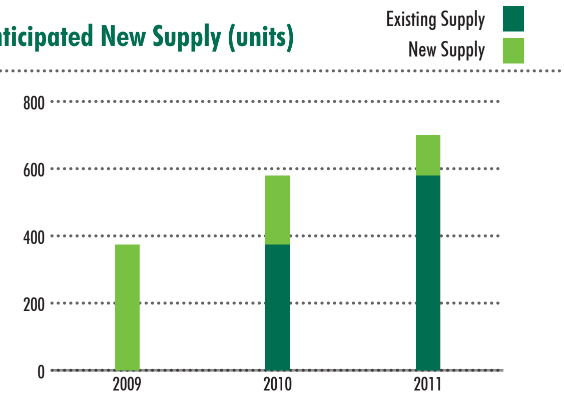
Demand is currently driven by Vietnamese buyers from Hanoi, while the purchasing power of Da Nang people is still limited and buyers from HCMC prefer locations such as Nha Trang and Vung Tau. The latest surveys suggest that as many as 80% of the condominiums sold in the Da Nang coastal region have been to purchasers from Hanoi.

Whilst projects are still under construction, sales on the secondary market will remain limited. At present, the Olalani Condotel is nearing completion and is likely to enter operation in the first half of 2010. Meanwhile, the Hyatt Regency is at the initial stage of superstructure construction and The Cham is currently progressing with foundation works.

It should be noted that speculation is quite high at present as many of the purchases have been in the form of 'reservations'. Actual selling rates may be lower and will be verified when the buyers pay the next instalments according to the construction progress.

FUTURE SUPPLY With the perceived sales success of current projects and positive signs from the Vietnamese economy, some projects along Da Nang beach have restarted construction after a period of idleness. However, most of the projects along Da Nang beach are currently at the planning stage and thus it is expected that supply in the coming year will be attributed to a few developments only. Supply in the period of 2010–2011 will come mainly from the An Vie Da Nang Resort, owned by Hon Ngoc Vien Dong JSC with 120 condominiums and the Le Meridien (149 units) developed by Saigon–Da Nang Investment JSC. Further to this, it is expected that there will be more condominium launches from existing developments such as the Hyatt Regency and Ocean Villas. Thus, anticipated supply in the Da Nang coastal condominium market is expected to reach over 700 units in the 2010–2011 period, a total of 80,000 sm and a market value of US$200 million.

Anticipated New Supply (units)



Source: CB Richard Ellis Vietnam

Although not strictly within the coastal market, owing to their proximity to Da Nang CBD, it must be noted that the Da Nang residential market will see two high-end condominiums enter the city residential market. VinaCapital will provide 218 units at the Azura project located at Tran Hung Dao Street, with units ranging from 1 to 4 bedrooms. Dong A Real Estate will provide 372 units to the residential market at their Golden Square development on Nguyen Thai Hoc Street. Golden Square will provide units ranging from studios to three beds and penthouses. It is anticipated that both projects will launch in March 2010. Azura and Golden Square will provide alternatives to Blooming Park Tower, the only high-end condominium development currently selling units in the Da Nang CBD.

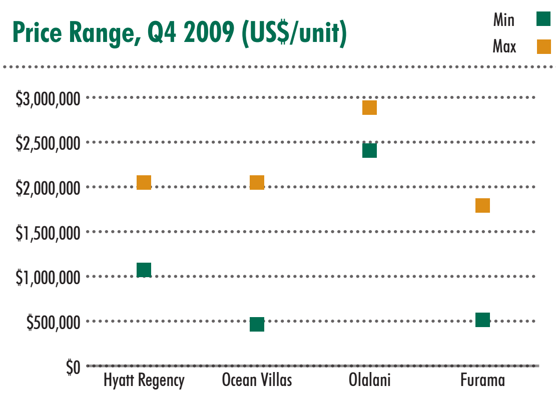
COASTAL MARKET – VILLA FOR SALE

OVERVIEW The coastal villa market formed in Da Nang in 2006 with the launch/opening of the first 24 villas at the Son Tra Resort. Since this period the amount of villas planned for the Da Nang beach coastal strip has increased considerably. However, few of these projects were actually invested, leading some to suggest that the prospects may not be as first anticipated.

The market did see some change in the second quarter of 2009 following the successful launches of Hyatt Regency villas (Indochina Capital) and The Ocean Villas (VinaCapital), along with Furama Pool Villas, which launched 134 villas in the fourth quarter.

CAPITAL VALUES As with the condominium market, villa prices alter little from quarter to quarter. Prices did decrease in the fourth quarter of 2009 but this was a result of new supply at the Furama Villas as opposed to any significant movement in the market. The asking prices of villas currently range from approximately US$465,000 to US$2,890,000. The average selling price is currently US$2,700 psm GFA.

Price Range, Q4 2009 (US$/unit)



Source: CB Richard Ellis Vietnam

The Olalani Villas occupy the top of the market, with asking prices of US$2,890,000 (US$5,000 psm GFA) for a three-bedroom villa with furniture. The 27 villas at the Hyatt Regency are also positioned towards the top of the market and have transacted between US$1.0–$2.0 million per unit. There are currently 55 villas for sale in excess of US$1 million, representing 18% of the total for sale.

SUPPLY At the end of 2009 there were five villa projects offering units for sale along the Da Nang – Hoi An coast. This compares with the four that were on sale at the end of the third quarter. Only the Son Tra Resort is completed and sold out. The remaining projects are at various stages of construction. The Olalani is expected to become operational in the first half of 2010, whilst the Hyatt Regency and The Ocean Villas are expected to hand over in late 2010 and 2011.

With additional supply from Furama Villas, the total resort villa supply reached 303 units by the end of 2009. Furama Villas make up 44% of total supply with 134 villas. This is followed by The Ocean Villas, which make up 38% of total supply and the Hyatt Regency which represents 9% of total supply.

Three-bedroom villas still dominate the market. By the end of 2009 three-bedroom villas accounted for 68% of the existing villa supply, whilst two-bedroom villas accounted for 18% and 4–5 bedroom villas accounted for 14% of the existing supply. The land area of resort villas in the market ranges from 500 sm to 1,300 sm, with site coverage at an average of 20%. The typical built area ranges from 270–580 sm, the average plot ratio is around 1.7 and the maximum height is two storeys.

DEMAND It is estimated that 51 villas were purchased during the fourth quarter of 2009, which compares to the estimated 40 that were sold during the third quarter. A high proportion of the villas sold have been at the Furama Villa, which launched in mid-November and, according to the developer, sold 25% of the available units by the end of 2009.

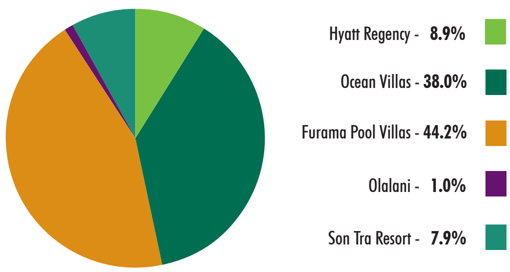
It should be noted that the fourth quarter saw a drop q-o-q in the sales figures at the Hyatt Regency and The Ocean Villas. Only 17 villas were sold in comparison with 40 in the third quarter. There are a number of possible reasons for this; increased choice owing to the Furama launch, only garden view villas remaining at the Hyatt Regency or a fundamental shift in the market.

The majority of the villas are sold at the asking price offered by developers and few are available on the secondary market whilst still under construction. The Olalani is expected to be completed in the first quarter of 2010, whilst the Hyatt Regency and The Ocean Villas are under the first phase of construction. The first villas at The Ocean Villas are expected to be handed over in 2010 should construction run to schedule. It should again be noted that a large proportion of purchasers are speculators and that true demand may not be evident until the second instalments are payable based on the construction schedule.

FUTURE SUPPLY The flurry of activity that occurred in 2009 has led to some developers restarting projects that had been put on hold. The progress that has occurred at the Furama, the Hyatt Regency, The Ocean Villas and the Olalani has encouraged other developers to seriously consider their options in the area. As such the An Vie Da Nang and VinPearl Da Nang are both speeding up their development process. Depending on the exact market conditions possible villas that could launch to the market in 2010 include An Vie Da Nang, Le Meridien, Nam Long, Montgomerie, VinPearl Da Nang, Ocean Villas (Phase 5) and Son Tra Resort (Phase 2).

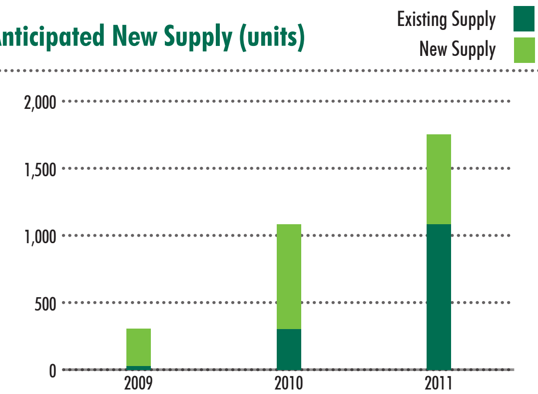
The forecast villa supply for 2010–2011 is over 700 units, almost double the current market size. Given this anticipated supply it is not unreasonable to suggest that as many as 1,400 villas may come to

Resort Villa Existing Supply, 2009 (units)



Source: CB Richard Ellis Vietnam

Anticipated New Supply (units)



Source: CB Richard Ellis Vietnam

the market within the next five years (2010–2014). Villa supply in Da Nang alone (excluding Quang Nam) could reach 1,700 units in 2014, with a total market value of US$1.4 billion. This number of units would be just less than half the number of villas currently available in Phuket, Thailand.

RESORT CONDOMINIUMS AND VILLAS MARKET OUTLOOK The final three quarters of 2009 showed encouraging sales results for both condominiums and villas. The market will see continued change in 2010 and it is possible that the top villa prices will touch US$3 million, however it is suggested that the average price will vary little.

There are a number of signs that suggest why developers and investors must be cautious when entering the market. Most obviously the high rate of speculation (particularly with buyers from Hanoi), potential over-supply from the large number of projects and the limited income return available to investors given the amount of choice from the different condominium, villa and resort developments. It is therefore suggested that developers must ensure that the quality of their finished product is of a sufficient level to prove attractive to investors/end-users and that they consider offering guaranteed returns to ensure sales success.

Still, there are a number of favourable market conditions that will become evident in 2010 and beyond. Most obvious is the positive economic forecast for both the Vietnamese and other Asian economies, as the global economic recovery speeds up. Second is the continually improving infrastructure within Da Nang, which will make the area more attractive to both domestic and international tourists. Thus, medium to long term prospects for the area should be considered reasonably positive.

DA NANG OFFICE MARKET

The majority of offices and business premises are located in Hai Chau District, particularly along Tran Phu and Nguyen Van Linh Streets where there are a number of government offices and departments and state-owned enterprises. Typically, buildings are developed by owner-occupiers, although buildings such as VCCI, Techcombank and Cienco 5 have space for lease. Further to this, hotels such as Green Plaza Hotel, Green Hotel, Daesco Hotel and Hoang Anh Da Nang Plaza have reserved space for office leasing.

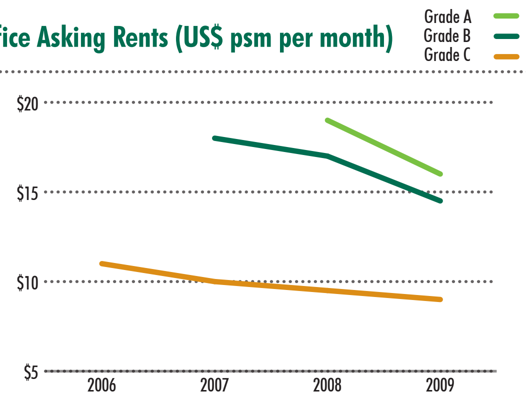
International office occupiers in Da Nang City are few in number and are dominated by small-sized representative and branch offices. The most common occupiers of office space are airline, insurance, auditing, petroleum, telecommunication, and investment companies. About 80% of existing tenants occupy office space of less than 100 sm.

RENTS Average asking office rents decreased very slightly in 2009. Grade A rents softened by US$3 pasm between December 2008 and December 2009, falling from US$19 psm to US$16 psm per month. Grade B fell from US$17 to US$14.5 in the same period and Grade C from US$9.5 to US$9.0.

However, there is also a group of landlords who are prepared to offer incentives, including rent-free periods, in order to increase occupancy. Given these potential discounts it can be said that effective rents have fallen approximately 15%–20% from the end of 2008. Indochina Riverside Towers (IRT), the only grade A office building in Da Nang City, has maintained consistent headline rents since the first quarter of 2009, at US$16 to US$18 psm per month. However, with 1–3 months rent free periods often available, the effective rent has decreased by 10%–18%.

The majority of tenants occupy less than 100sm and are willing to pay in the region of US$8–$12 sm per month, inclusive of service charge. Tenants are keen to occupy premises that are already fitted out in order to save costs.

Office Asking Rents (US$ psm per month)



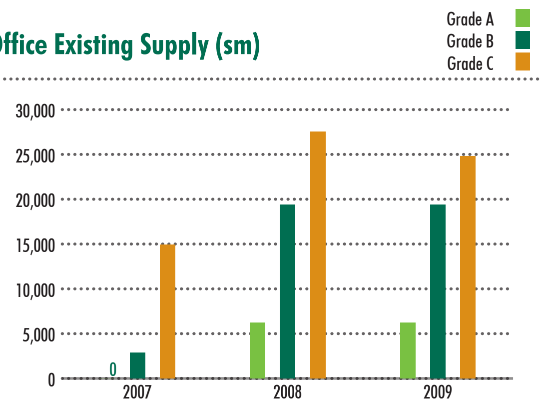
Source: CB Richard Ellis Vietnam

SUPPLY There was no new supply throughout 2009. The total NLA of office space, across all grades, was just over 50,000sm at the end of 2009. However, this was double the supply at the end of 2007 and ten times the supply at the end of 2002. The market is though still small in comparison with Hanoi and HCMC. For example, the Hanoi market is seven times larger.

There is only one Grade A building (IRT), four Grade B buildings (Vinh Trung Plaza, Green Plaza Hotel, Hoang Anh Da Nang Plaza and Softech Park Tower), and 16 Grade C buildings in Da Nang City.

New supply in 2008 was from two Grade B buildings: Green Plaza Hotel (2,700 sm) and Softech Park Tower (8,000 sm), and four Grade C buildings: EVN Building (5,000 sm), Sacombank Building (2,400 sm), Da Nang Bookstore (1,248 sm), and Nui Thanh Office Building (2,800 sm).

Office Existing Supply (sm)



Source: CB Richard Ellis Vietnam

Softech Park Tower (8,000 sm), which came online in the third quarter of 2008, is the largest supplier of Da Nang office space. Following are Vinh Trung Plaza (5,800 sm), IRT (5,548 sm) and EVN Building (4,500 sm). The office space at both the Hoang Anh Da Nang Plaza and Green Plaza Hotel is less than 3,000 sm, as they are hotels combined with office space for lease.

VACANCY At the end of 2009, across the three grades, Grade C buildings saw the lowest vacancy. Grade C average vacancy in the last quarter of 2009 was 33%, while vacancy at Grade A and Grade B was 64% and 58% respectively.

The final quarter of 2009 saw a slight decrease in vacancy at some offices, notably Hoang Anh Plaza. However demand at the Grade A IRT is still limited and occupancy is approximately 36%. The building attracted just one new tenant in the final quarter taking 85 sm.

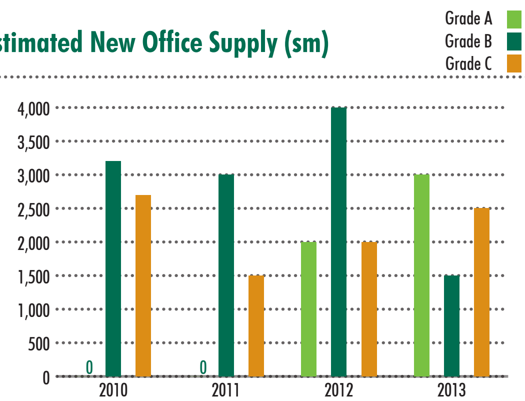
Notably, most grade B buildings, such as Vinh Trung Plaza and Softech Park Tower, had high vacancy rates. These are the newest buildings to the market and it is expected that they will fill with time.

DEMAND In the last quarter of 2009, there were no significant office leasing transactions observed in the Da Nang market. There are a number of growing companies in Da Nang, but at present this growth is small. Given the limited size and budgets of many of these companies, the majority are preferring to locate in townhouses with frontage or in a small, low-cost office space. At the present time, there is little significant demand for office space. Net absorption of Grade A and B office space totalled 350 sm during the fourth quarter; Grade C again posted a higher net absorption of 400 sm in the quarter.

The number of recorded enquiries has been low across the whole year, especially in Grade A and B markets. However, enquiries did increase in the final quarter showing signs of promise for 2010.

OUTLOOK It is anticipated that there will be 6,000 sm of new office supply in 2010. A notable new addition will be the ACB bank building that will provide 3,200 sm of office space. Other buildings will include the Thanh Loi Steel building and one

Estimated New Office Supply (sm)



Source: CB Richard Ellis Vietnam

unnamed building on the corner of Ong Ich Khiem Street and Le Duan Street. SCB building, with 3,000 sm of office space, is likely to come on stream in 2011. It is probable that ACB bank building and SCB building will be ranked as Grade B whilst the other developments will be considered Grade C. It is unlikely that any Grade A will come to the market in the next two years. Some projects, which had previously reserved space for office, such as Golden Square and Vien Dong Meridien, have changed their master plans and limited office space allocations given lack of demand.

In the final quarter of 2009, higher office enquiries signalled some increase in demand. However, it is important to note that it will take time for this demand to develop significantly.

In the short run, there is little opportunity for rental increases given the forces of demand and supply. Whilst headline rents may not decrease any further, tenants will be in a strong negotiating position and it is likely that landlords will continue to offer incentives, making effective rates lower.

DA NANG RETAIL MARKET

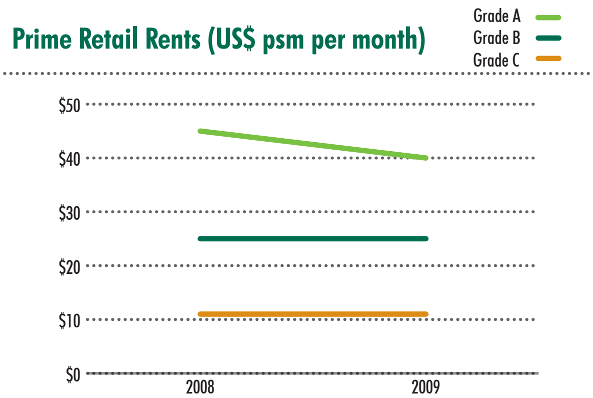
OVERVIEW Da Nang's position in the heart of the central economic region means that its retail facilities are developing quickly. Most department stores and shopping centres are located in Hai Chau District and Thanh Khe District. Although the market is developing there is nothing that is on par with the top-end luxury retail developments that can be found in both Hanoi and HCMC. The contrasts between Da Nang and Hanoi and HCMC can be observed when looking at the Indochina Riverside Tower (IRT) Shopping Mall. The IRT mall targets the top end of the Da Nang market but usually suffers from low foot traffic. Most of the Da Nang population still prefer to purchase goods from traditional markets and street side retail shops.

ASKING RENTS The highest retail rents in Da Nang are found at the Grade A IRT. Ground floor rents range between US$30 and US$55 psm per month. Rents on the first floor range between US$20 and US$30 and on the second floor rents can be as low as US$14 psm per month. The occupancy rate is currently below 65% and thus it is likely that the mall may review rents or offer incentives in order to increase the occupancy rate.

At the Big C Shopping Centre rental prices range from around US$10 psm per month up to around US$30 psm per month for a small space on Level 1 (ground floor).

Bai Tho Plaza, has been asking for higher rents from US$11.5 to US$21 on the ground floor (1st floor) and 2nd floor. The 3rd and 4th floors offer only five-year lease terms, with payments made quarterly or as a one-off payment. Asking rents on these floors range from US$4 to US$6. Despite a tenant strike in June 2009 against high rents, prices remained unchanged. From the third quarter of 2009, under a joint-venture between Nguyen Kim JSC and Bai Tho Da Nang Ltd., the operation of the building has been closed and it is targeted for redevelopment.

Prime Retail Rents (US$ psm per month)



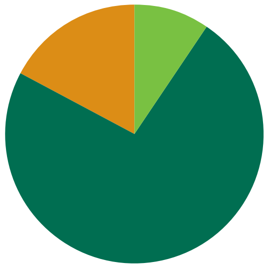
Source: CB Richard Ellis Vietnam

SUPPLY In the final quarter of 2009, there was no new supply of modern retail space brought to the market in Da Nang. Whilst the Nhat Linh Supermarket was taken back for internal use and Bai Tho Plaza has stopped operations, the retail market remains small with only one Grade A commercial centre (IRT), two Grade B (Vinh Trung Plaza and Metro Cash & Carry) and three Grade C commercial areas.

Not taking the hypermarket Metro Cash & Carry (30,000 sm) into account, the total market size was 37,970 sm, with Vinh Trung Plaza being the largest at 20,000 sm. IRT has a total NLA of 6,500 sm.

The three Grade C commercial areas in Da Nang currently contribute 11,567 sm to total supply.

Retail Existing Supply, 2009 (sm)



Source: CB Richard Ellis Vietnam

DEMAND Retail sales in the last quarter reached VND21.89 trillion, an increase of 6% q-o-q, and 2% increase in comparison to the same period in 2008. It is however noticeable that the rates of sales growth has declined since mid-2008, when it was at a peak, a reflection of the slowing of the economy. Some signs of recovery within the retail market have however been noted in the final quarter of 2009, with new net absorption of 160 sm, an increase of 50% q-o-q.

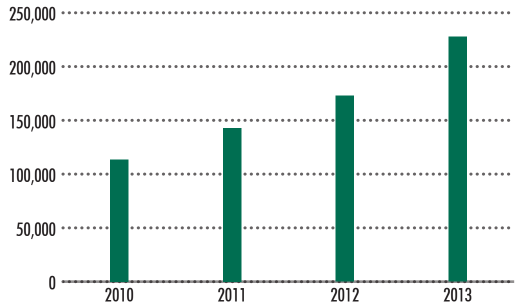
Demand continued to focus on space in the city centre, particularly Hai Chau and Thanh Khe Districts. Consumer purchasing power is low and the market is looking for low- to mid-end facilities, not top-end.

OUTLOOK There is expected to be no new Grade A or Grade B retail space coming to the market in Da Nang during 2010. Grade C space is expected to increase significantly with the launch of the VDA centre in the first quarter of 2010. VDA will provide retail space over four floors and will be operated by Saigon Co-op. VDA will provide 17,000 sm GFA of retail floor space. Other low grade developments could contribute as much as 100,000 sm GFA to the retail supply in 2010.

In 2011, it is likely that the market will see an increase in Grade A and Grade B space, as Golden Square and Blooming Tower come on stream. Other projects that feature retail space, which are currently pending, include VinaCapital Square, Vien Dong Meridien and Da Nang Centre.

Demand will increase slowly in 2010. Consumer purchasing power is low in comparison with Hanoi and HCMC, but is to date relatively untapped. As living standards and incomes continue to increase in Da Nang City, the retail market is expected to develop over time. Market development is however dependent on developers providing suitable, affordable space for retailers to grow their current concepts.

Estimated New Retail Supply (sm)



Source: CB Richard Ellis Vietnam

NEW INFRASTRUCTRE IN DA NANG CITY

1. Da Nang International Airport

Da Nang International Airport is currently undergoing an expansion and modernisation program. A new terminal, with investment capital of US$84 million, will be able to welcome six million passengers per year and is expected to open in 2011. The government has also passed approval for the airport to be expanded and upgrade its runways from a current length of 3,048m to 3,500m, with an investment of VND500 billion from the airport. The four-lane road accessing the airport is also due for upgrading.

2. Da Nang Port

Da Nang Port (consisting of two areas: Tien Sa Seaport and Han River port) is the third largest commercial port in Vietnam, after the ports of Saigon and Hai Phong. From 2008 to 2011, in addition to US$25 million of ODA, Da Nang Port will invest VND29 billion in logistic yards and warehouses, installing two 40 tonne wharf cranes with a height of 29.5m, and initiating the Son Tra Port project, with total funding of VND586 billion. These improvements will enhance the port's capacity and facilitate the docking of larger container ships.

3. Dragon Bridge

The 666-metre-long Dragon Bridge will have six traffic lanes. It will be separated by a six-metre-wide partition and will include two sidewalks, each 2.5 metres in width. Construction, which began in 2009, is estimated to cost VND1,498 billion (US$88 million) and is under the consultancy of US-based Louis Berger Group. The Dragon Bridge will be the sixth bridge over the Han River, adding to the famous rotating Han River Bridge, Tuyen Son Bridge, Thuan Phuoc Bridge, Tran Thi Ly Bridge and Nguyen Van Troi Bridge, which span the river's estuary into Son Tra Peninsula. This bridge will help to ease the traffic between the two sides of the Han River and connect Da Nang International Airport to Da Nang beach via one single road.

4. Nguyen Van Troi – Tran Thi Ly Bridge

This new bridge will replace two current bridges, Nguyen Van Troi bridge and Tran Thi Ly bridge. The bridge was designed by WSP Finland Company. The new six-lane bridge capable of withstanding level-6 earthquakes, has a navigational clearance of 7 metre, a total length of 731 metres, 22.5 metres of roadway, a 5 metre wide central divider and two 3.5 metre sidewalks. Construction began in 2009 and is expected to be completed in 2011.

5. Prolonged Nguyen Van Linh street

Together with Dragon Bridge Project, this highway will help to provide more convenient access to Da Nang beach from the airport. Once this four-lane, 4 km length highway is completed, travellers will be able to leave Da Nang International Airport on Nguyen Van Linh Highway and cross the Han River by Dragon Bridge and connect to the coastal highway of Son Tra-Dien Ngoc. At the end of 2009 approximately half of the site clearance and compensation had been completed.

6. Bach Dang Street (Phase 2)

The extension of Bach Dang Street, with a width of 15 m and length of 1,846m, will help to connect Street 3/2 and Nguyen Tat Thanh Street. Its location along the Da Nang River will make it one of the most picturesque roads in Da Nang. The road will offer 37,239 sm more of land to develop projects along the Han River. It would also support the development of D-City project, Blooming Tower and the residential areas to the north of the city. At the end of 2009 the road was approximately 70% complete.

7. Da Nang – Hoi An road expansion project

Da Nang – Hoi An road expansion project (from Le Van Hien street to Tran Dai Nghia street), with a length of 7.6 km, will improve transit between Da Nang and Hoi An. Construction started in October 2008 and is expected to be completed in 2010.

8. National Highway Da Nang – Quang Ngai

The highway is designed to be 133 km long, 25 m wide and is being constructed by Nippon Koei (Japan), with a total investment capital of US$2.4 billion. The national highway is to pass over 140 bridges, running from Da Nang, through Quang Nam to Quang Ngai. The project is expected to start construction by 2011.

The highway will help to ease traffic on National Road 1A and will cross almost many industrial parks located between Da Nang and Quang Ngai such as Lien Chieu IP, Hoa Khanh IP, Chu Lai open economic zone and Dung Quat IP.

In the future, the highway will connect National Highway No. 24 to Kontum, Laos and Thailand, forming an international traffic route along East–West Economic Corridor of Thailand – Laos – Cambodia and Vietnam.

Resort/Residential Projects in Da Nang - Hoi An Coastal

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