



KIRIN CAPITAL

HT.2023

KCREF
Kirin Capital Real Estate Fund

REAL ESTATE MARKET OVERVIEW

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TABLE OF CONTENT

- Vietnam and the world overview
- H1.2023 Market status and highlights
- H2.2023 Forecast (**Observe-Adjust-Expect**)



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PART 01

VIETNAM AND THE WORLD OVERVIEW

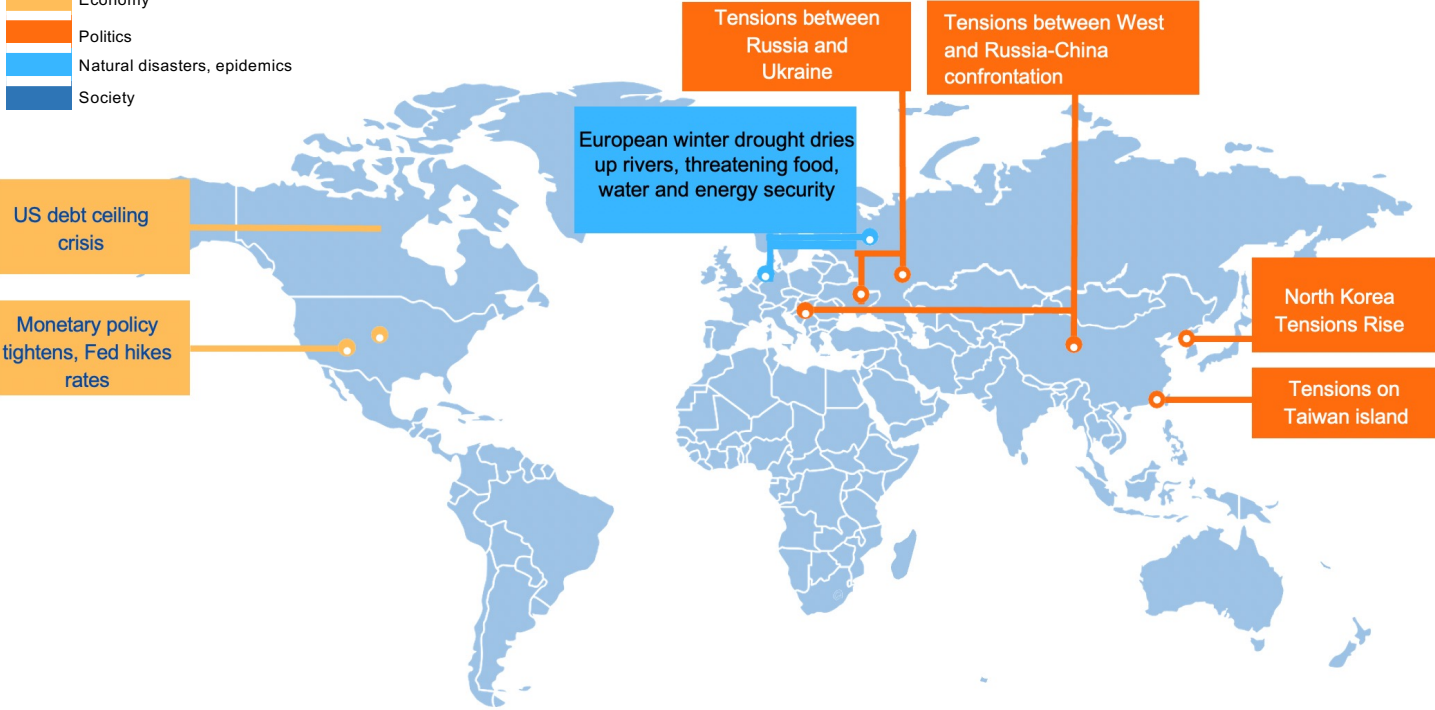


Q2 & H1 2023 THE WORLD SITUATION



Panorama of world economy, politics and society

- Economy
- Politics
- Natural disasters, epidemics
- Society



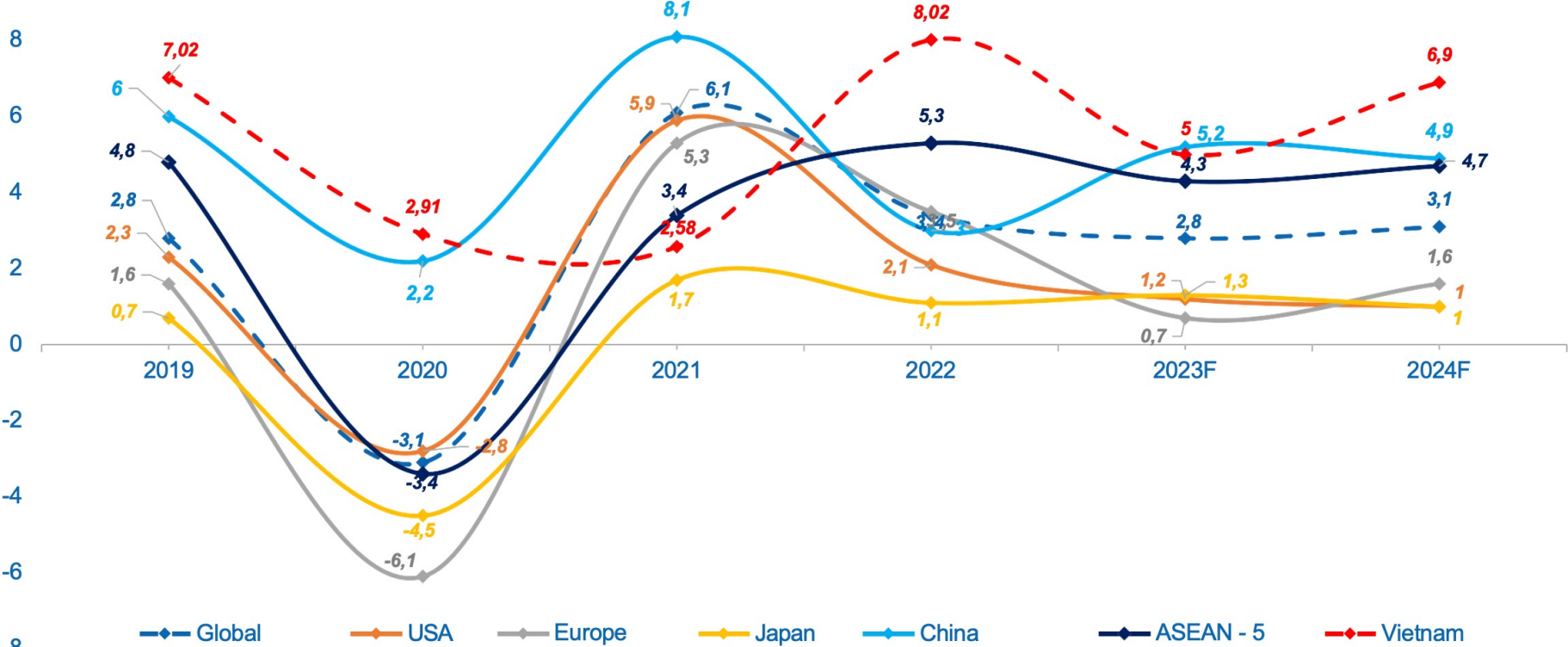
- Protest, riot
- High inflation
- Cybercrime spreads
- Unpredictable climate change and disease outbreaks





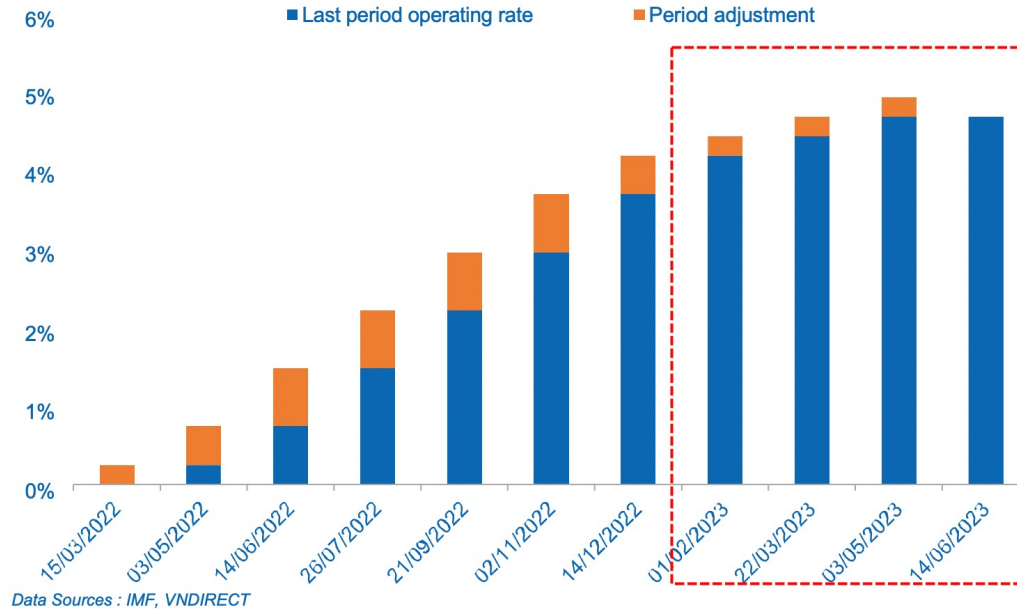
World Economic Growth Forecast

The world economy continues to face a number of challenges in 2023, which are expected to continue until 2024



Data Sources : IMF, GSO

Fed continues to raise operating rates



U.S. inflation continues to cool in May, Fed stops raising interest rates in June

There is a trend of raising interest rates in many place of the world



Australia tăng lãi suất lên mức cao nhất trong vòng 11 năm qua



Các ngân hàng Thái Lan tăng lãi suất để thu hút khách hàng gửi tiền

The Star Philippines central bank raises interest rates by 25 bps

Philippines central bank raises interest rates by 25 bps

The New York Times

Bank of England Raises Interest Rates to Highest Level in 15 Years

The central bank lifted its benchmark rate a quarter point, to 4.5 percent, as part of its aggressive policy to tame inflation, but forecast that Britain was likely to avoid a recession.



European Central Bank hikes rates by a quarter-percentage point

By Hanna Zlady, CNN
Updated 11:09 AM EDT, Thu May 4, 2023

Global factory activity slows on demand, shortage of new orders

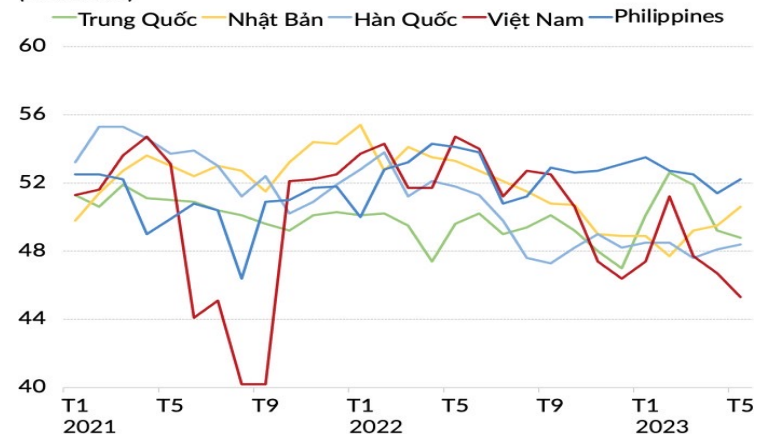
- **China:** Exports fell for three months as production and demand slowed, factory activity stalled. This has already increased the uncertainty of the post-epidemic recovery
- **South Korea:** Factory activity fell for the 10th straight month in April - the longest streak of declines in six years.
- **Europe:** The PMI index continued below 50 points, falling to 44.8 in May 2023.

European PMI Index



PMI in some Asian countries is on a downward trend

Chỉ số PMI sản xuất của một số nền kinh tế lớn tại châu Á
(đvt: điểm)



Global and New Expectations

- **Covid 19 outbreak:** Gradually seen as a common flu, quarantine procedures canceled in many countries
- **War:** Although the situation is heating up, war is increasingly seen as one of those things that is always possible to happen, either here or elsewhere.
- **Supply chain disruptions, shortages of raw materials and orders:** the market learns to adapt and looks for new options
- **Global climate change:** Countries learn to face, adapt and overcome.
- **Economic recession:** After the period of "austerity" policy, localities must think about new solutions, new models, technology applications, and the use of artificial intelligence to optimize work performance.

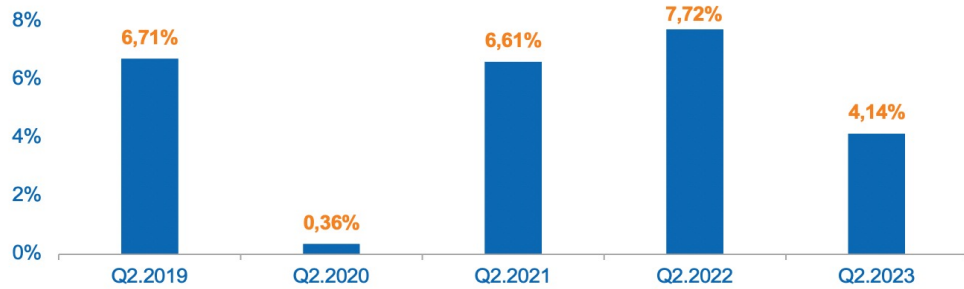


VIETNAM – NOTEWORTHY INDICATORS FOR Q2 & H1 2023



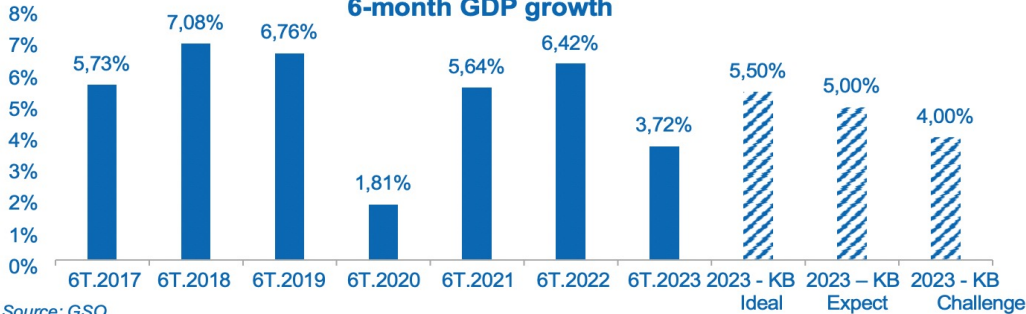
GDP growth slower than expected

Quarterly GDP growth



Source: GSO

6-month GDP growth

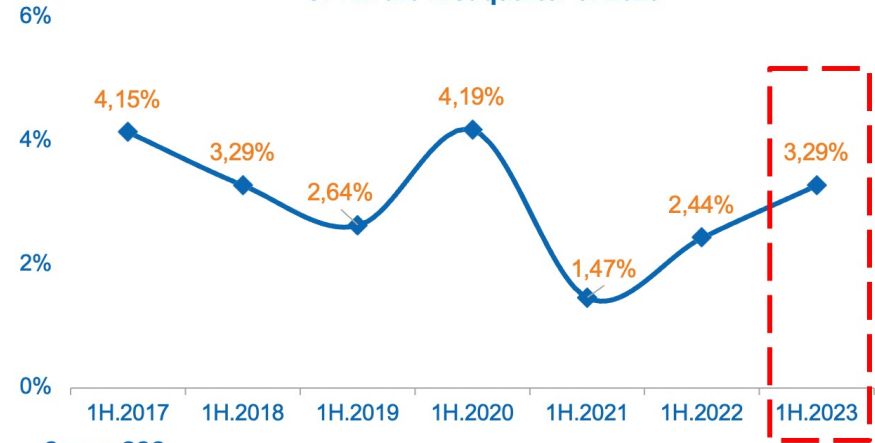


Source: GSO

- Against the background of the world economic recession, industry is facing many challenges.
- Positive changes in policies to stimulate domestic consumption, activate public investment, promote services and tourism.

2023 CPI target of 4% - 4.5%

CPI in the first quarter of 2023



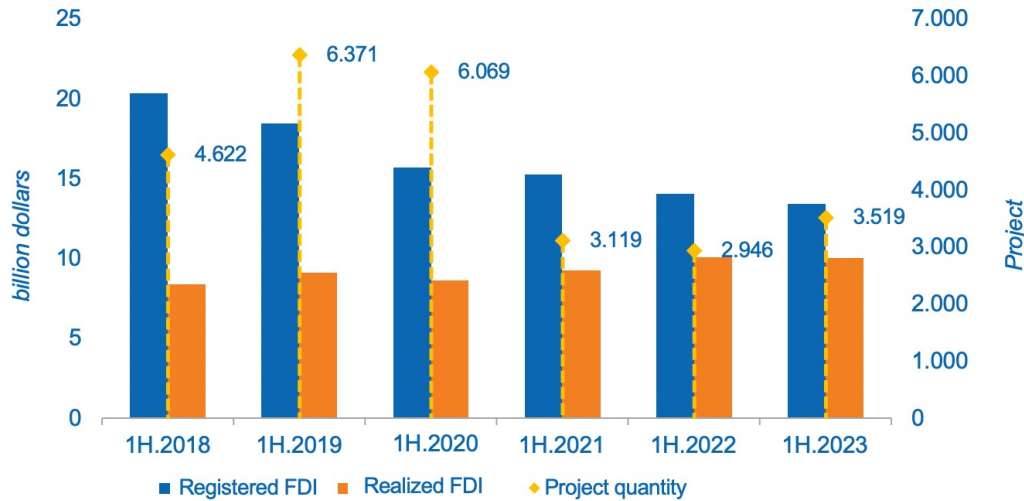
Source: GSO

- Education Group Growth **↑ 7,95%**
- Building materials growth **↑ 6,6%**
- Entertainment Tourism Group **↑ 6,6%**

VIETNAM – NOTEWORTHY INDICATORS FOR Q2 & H1 2023



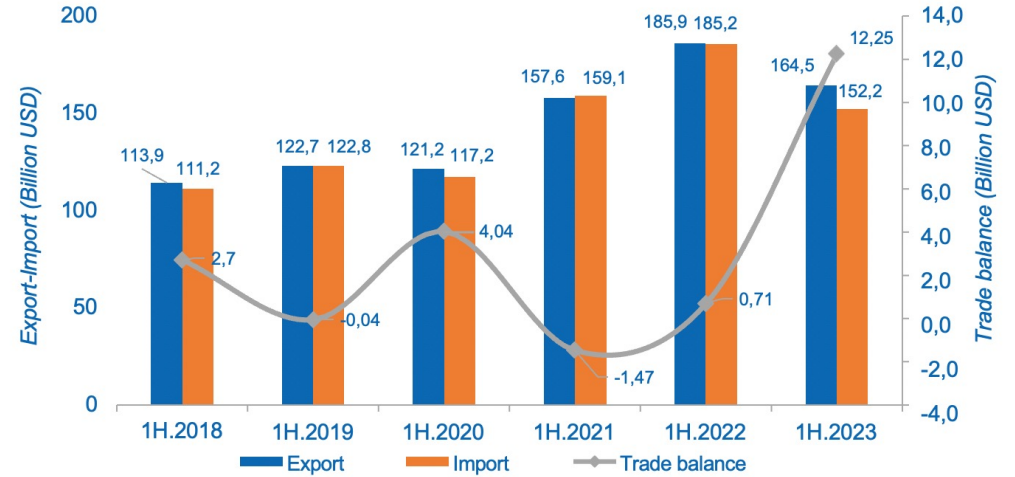
Foreign direct investment YoY



Data Sources : MPI

- The amount of FDI in the real estate sector fell by 43% year-on-year.
- The real estate industry ranked third in attracting foreign investment, with a total registered capital of US\$1.53 billion, a year-on-year decrease of 51.5%.

Trade balance year-on-year



Data Sources : GSO

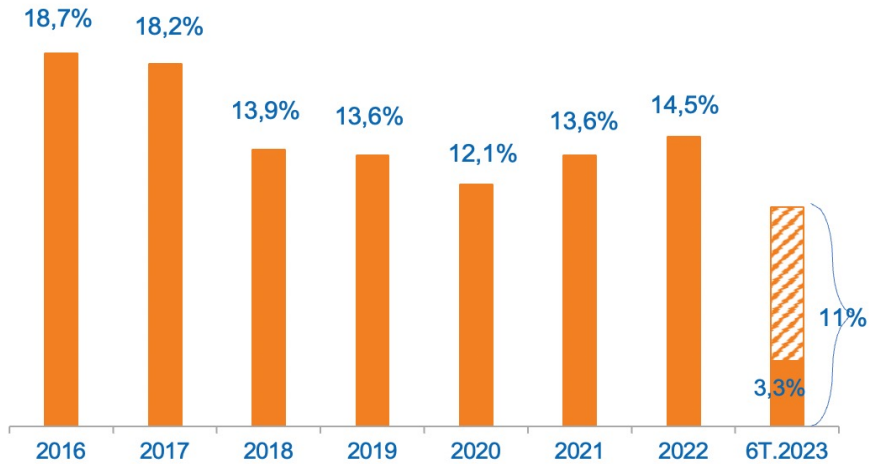
- Economic difficulties and the decline in the world's purchasing power have affected export turnover by 12.1% compared with the same period last year, and major export industries have experienced negative growth in the first six months of this year.
- The bright spot is that exports to China are recovering with growth improving in June.

VIETNAM – NOTEWORTHY INDICATORS FOR Q2 & H1 2023



Credit growth

Credit growth in 6 months of 2023 is lower than the same period in 2022 (8.5%)

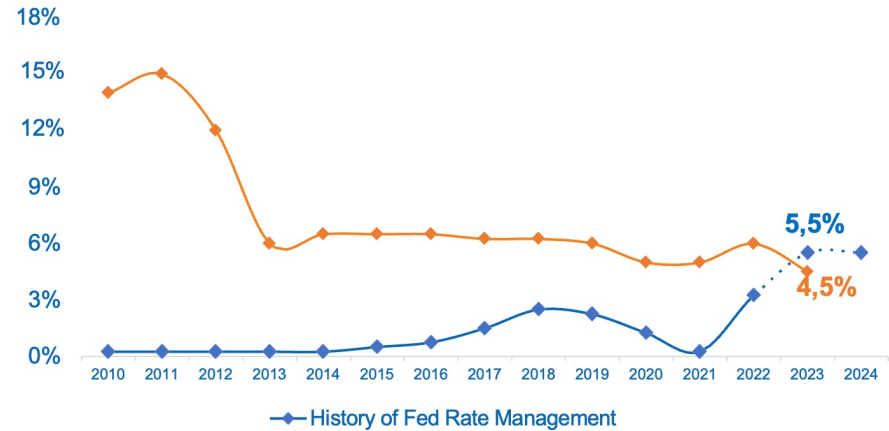


Sources: SBV

Reasons for the slowdown in credit growth:

- Loan interest rates are still at a high level, and enterprises are more cautious in new loans;
- Import and export enterprises lack new orders and do not expand new investment;
- Real estate businesses still have legal issues, unable to sell new projects.

Change in interest



Sources: SBV, Newspaper General

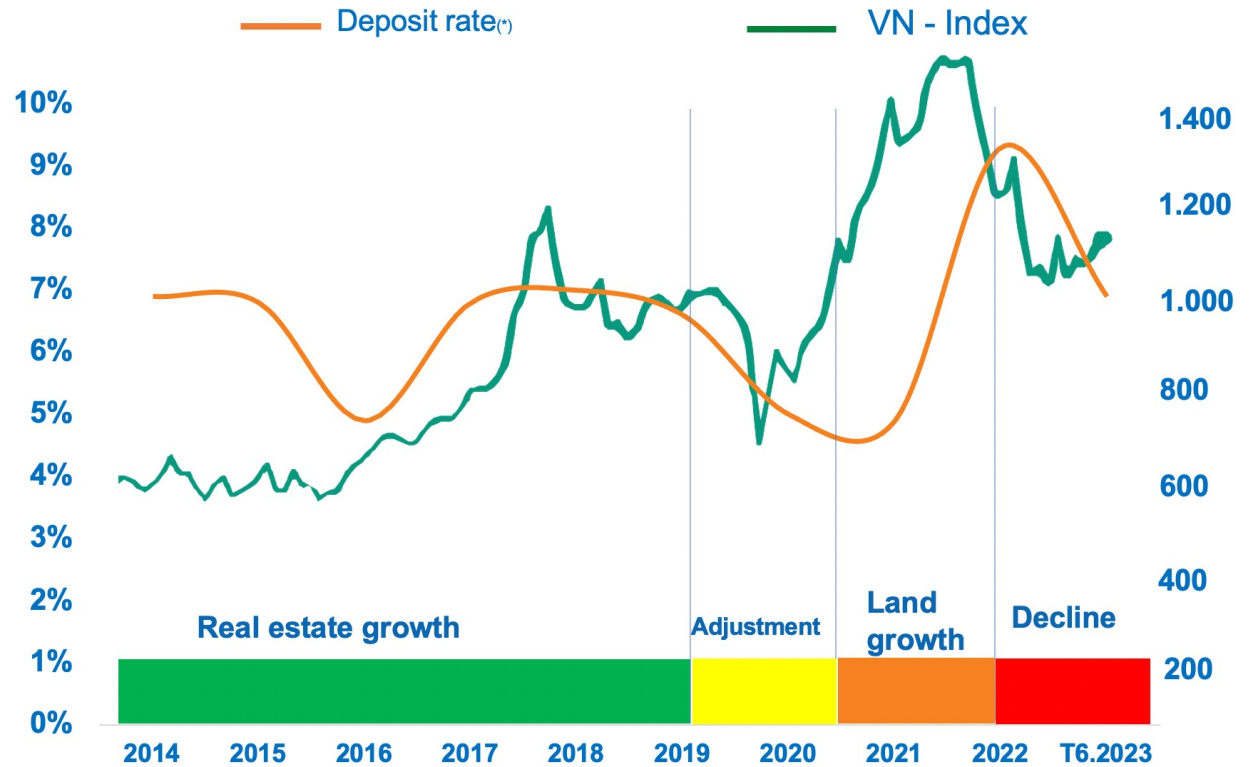
The loan interest rate in the second quarter decreased by about 0.9% on average compared with the first quarter

	Bank	Preferential Loan Interest March 2023	Preferential Loan Interest June 2023	-/+
Domestic bank	VPBank	12,2%	11,8%	-0,4%
	TPBank	12,5%	12%	-0,5%
	MSB	13,75%	12,99%	-0,76%
	ACB	10,5%	9,5%	-1%
	PVcomBank	12%	12%	-
Foreign bank	Standard Chartered	10%	8,99%	-1,01%
	Hongleong	10,7%	9,9%	-0,8%
	UOB	10,98%	9,49%	-1,49%

Sources: Fina

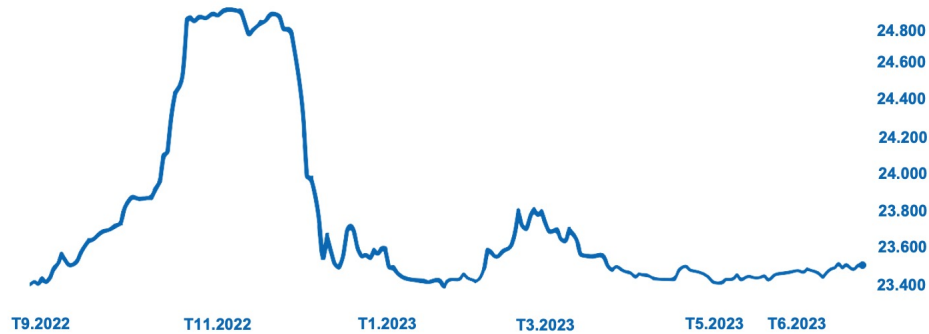
The correlation between deposit interest rate ceiling, VN index and real estate market

- 2014-2020: Deposit interest rates are lowered, VN-Index rises, and real estate growth gradually stabilizes.
- During the 2020-2021 epidemic, interest rates fell deeply, the VN-Index hit new highs many times and reached a peak of 1500 points (November 2021). VN-Index continues to peak, and real estate tends to grow well.
- 2022: In the second half of 2022, interest rate is adjusted and raised, VN-Index drop strongly. At this time, real estate also recorded a deep drop to freezing point.
- **2023: From March 2023, the deposit interest rate continue to be reduced, but the loan interest rate remain at a high level. The VN-Index only start to rise slightly again in the last month of the second quarter of 2023, and the real estate market is waiting for a gradual recovery.**



(*) Group analysis data of 10 banks

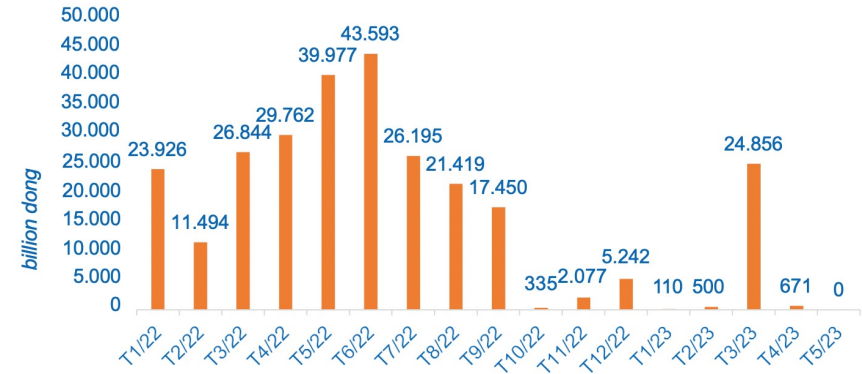
USD/Vietnamese Dong exchange rate changes



Source: Tradingview

- The country's exchange rate management policy is more reasonable
- Notable move: The State Bank of Vietnam adjusted the USD bid price for the first time since December 2022, lowering the exchange's USD bid price from 23,450 VND to 23,400 VND

Individual Corporate Bonds Issued Monthly



Source: VNDIRECT

- The issuance of corporate bonds continues to be cold, and the total amount of non-public corporate bonds issued in the first five months of 2023 is only about 20% compared with the same period last year.

Serious dissolution of real estate enterprises – almost no new establishment

Source: GSO

Dissolved real estate business


30,4% per year

Newly established real estate business

61,4% per year




The main challenges faced by Vietnamese enterprises




Difficult finding markets, customers and orders



Difficult access to capital



Difficult maintaining stable revenue streams and profits



Difficult in fulfilling administrative procedures and complying with legal requirements



Enterprise restructuring, downsizing, reduction of personnel, production and operation activities

According to the Private Economy Research and Development Council:

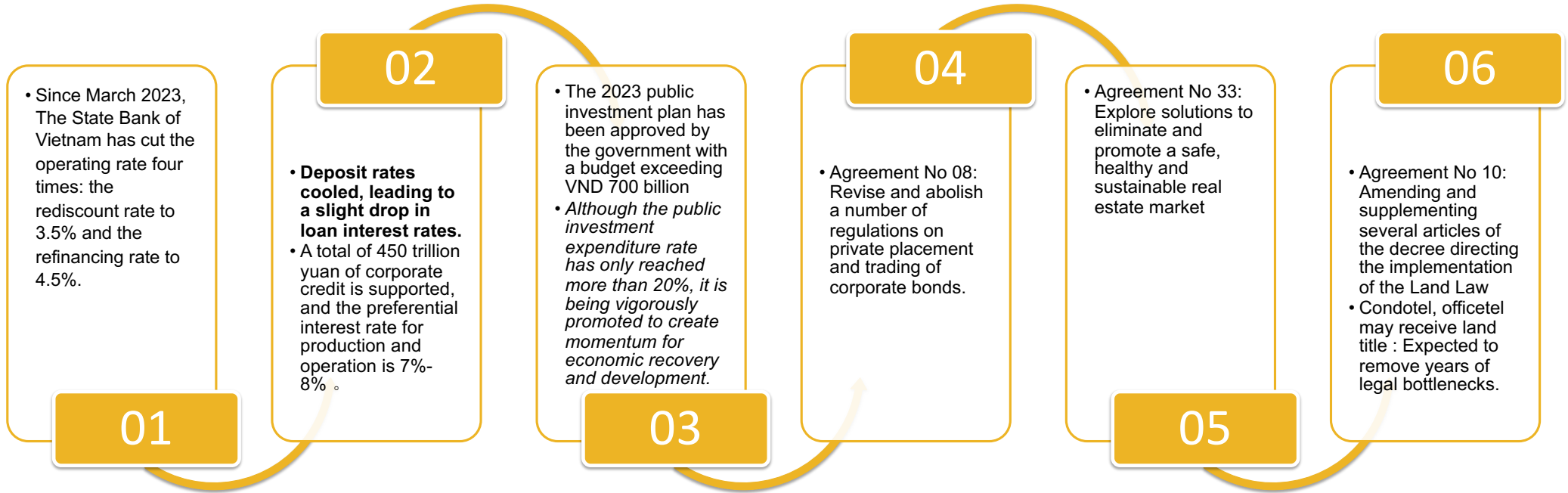
- ❑ **82,3** of the companies surveyed expect to downsize or go out of business in the remaining months of 2023.
- ❑ **83,7%** Businesses rated the economic outlook for 2023 as negative.
- ❑ **80,7%** Businesses expect lower revenues in 2023.

Reduce labor costs through salary cuts and reduced benefits

A lot of businesses are forced to implement a number of solutions to optimize costs:

- ❑ Closure of offices and branches;
- ❑ Clean up the stores
- ❑ Downsizing;
- ❑ Cutting salaries and employee benefits, etc...





The above is only part of the H1.2023 REAL ESTATE MARKET OVERVIEW by Kirin Capital Real Estate Fund. To view the full report or have cooperation and investment needs, please contact:



Ms. Dzung Ngo Head of Kirin Real Estate Fund

Has nearly 10 years of investment and working experience in Vietnam real estate industry, mainly responsible for real estate projects invested by foreigners in Vietnam. Familiar with Vietnam's real estate market conditions, relevant regulations and policies with rich operating experience, she also has good cooperative relations with many developers and related stakeholders.

Ms. Dzung Ngo currently manages real estate assets worth more than \$15 million for clients and also is the General Manager of Diamond Home Real Estate Company.



Mr. Dzung Bui Analyst

Graduated from the National Economic University-one of the most famous university in Vietnam, majoring in finance.

He has 10 years of experience in real estate investment analyst in Vietnam. He used to be the director of Sunshine Group investment planning department - the third largest real estate developer in Vietnam.



Ms. Giang Nguyen Head of Legal Affairs

Graduated from Hanoi Law University, she has been in charge of legal counsel for foreign-funded enterprises for 18 years, currently mainly responsible for corporate M&A, real estate projects, and financial companies' re-investment matters.

THANKS FOR WATCHING

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