

# Sai Gon Thuong Tin Real Estate Joint Stock Company

TTC Tower, 253 Hoang Van Thu, Ward 2, Tan Binh Dist., Ho Chi Minh

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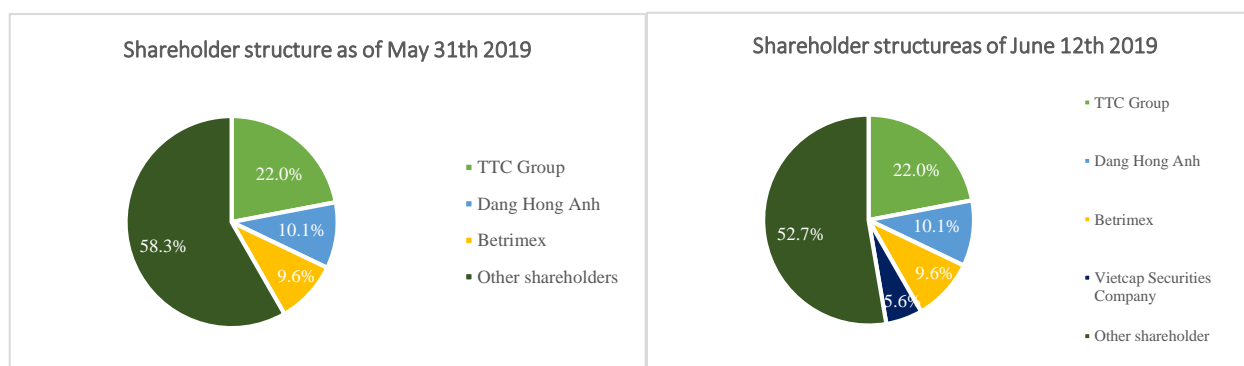
## VIETCAPITAL SECURITIES BECOMES A LARGE SHAREHOLDER OF TTC LAND

**VCI spent VND150 billion owning 19 million SCR shares, becoming the first independent major shareholder at TTC Land.**

Ending the trading session on June 12<sup>th</sup>, 2019, VietCapital Securities Joint Stock Company (HOSE: VCI) officially became a major shareholder of Saigon Thuong Tin Real Estate JSC (TTC Land, Company, HOSE: SCR) by taking the official ownership of 19 million SCR shares, equivalent to 5.6% of the outstanding shares. The transaction is conducted via put through on June 7<sup>th</sup>, June 11<sup>th</sup> and June 12<sup>th</sup>, respectively. With an agreement price of VND 8,000, about 7% higher than trading price of SCR VND 7,500, VCI has spent about VND 152 billion for this deal.

VCI being majority shareholder in TTC Land, this is the first step in the comprehensive restructuring process as announced by the new Chairman and CEO of TTC Land after the General Meeting of Shareholder in April 2019. The new strategic orientation will be the resonance from restructuring the organizational chart, streamlining the apparatus, ensuring the quality of human resources, promoting business operations, enhancing and operating effectively treasury, improving operational efficiency, creating a foundation for successful participation of domestic and foreign strategic investors. VCI as a reputable securities company among the Top 3 Vietnam stock markets will provide featured strategic support in investment banking activities in the capital market through financial instruments such as Equity, Debt, and Hybrid Instruments.

Stock price has risen rapidly from VND 7,000 to VND 7,500, equivalent to 7% in just 1 day and set a new price range thanks to this particularly important supportive information. In order to restructure the strategy to result the highest efficiency to the Shareholders and Investors (investors), TTC Land's Board of Directors is continuing to raise capital from other strategic investors, especially foreign investors like the investment funds, Real Estate Development Companies have the same reputation and brand as the VCI. These potential shareholders are expected to participate along with the comprehensive restructuring process of TTC Land, reducing the floating stocks rate in the market to roughly 31% compared to 46% before VCI officially becomes a major shareholder. TTC Land's orientation is 15% -20% of the number of shares that will be held by the organizations beside Thanh Thanh Cong Group.



Source: TTC Land

### **Why VCI chose TTC Land to become a major shareholder with a 7% premium price for a share?**

After 15 years of operation, TTC Land is currently a reputable real estate developer in the mid-end segment. Besides residential real estate, TTC Land is currently diversifying its types of Commercial & Office Real

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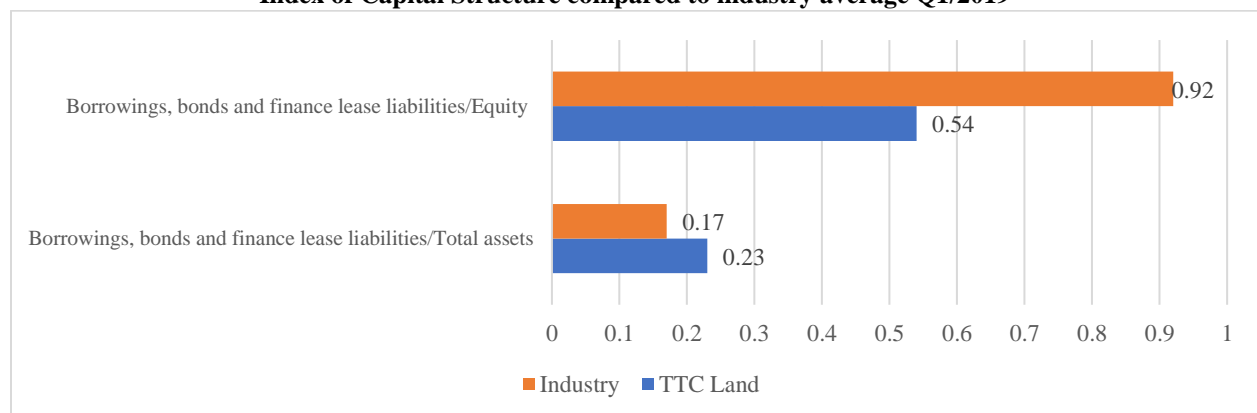
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Estate and Industrial Park real estate. TTC Land currently owns the majority of land bank concentrated in potential locations throughout Vietnam, including Ho Chi Minh City, Hai Phong, Da Nang, Dong Nai, Tay Ninh, Long An, Binh Duong and Phu Quoc. VCI considers that this land bank will generate practical benefits in terms of Revenue, Profit within 15 years, starting from 2020 onwards.

Recently, TTC Land focused on building brand image through 3 civilian product lines including Charmington Luxury apartment, Jamona high-end apartment complex and Carillon mid-end apartment. Total projects that TTC Land has been handed over and being implemented are 29 projects with 16,879 apartments; of which 43% is equivalent to 7,270 units sold and 38% equivalent to 6,459 units handed over to customers. The annual compound growth rate of the 2015-2018 DTT reaches 107% in the context of Vietnam's real estate market fluctuations. TTC Land plans to increase revenue and profit in 2019 by 2% and 6% respectively, although the Company is implementing a comprehensive restructuring. In Q1 / 2019, TTC Land's gross profit margin outperformed its peers, reaching 64% with NPAT surpassing 842% over the same period to VND 90 billion. The financial leverage ratio of TTC Land is well controlled when the Debt/Equity ratio is 0.54 times with the average level of the same industry in the market is 0.92 times. TTC Land's Debt/Total Assets ratio is 0.23 times, equivalent to the industry average.

**Index of Capital Structure compared to industry average Q1/2019**



Source: TTC Land

VCI recognizes that SCR shares are undervalued, and their trading prices are significantly lower than the book value of the Company when the P / B ratio is <1, at 0.54 times, only about 43%. Among the real estate industry, the potential and internal resources of TTC Land are highly recognized compared to competitors with enormous and diversified land bank, sufficient product types with various segments. In addition, VCI also believes in this comprehensive restructuring process that resonates with a new strategy from elected Board of Directors will create a momentum for sustainable development of the Company. TTC Land strives to fulfill its financial and legal obligations with unfinished projects to implement and enhance M&A to raise the ownership ratio in its member companies, especially companies that own industrial and tourism product lines. Regarding Macro issues, legal problems in the real estate market are showing signs of recovery in the second half of 2019; interest rates are stable and there are signs of a slight decrease when financial quantitative tools are eased, expected to begin in the US forecasting 70% probability that FED will lower interest rates within the last 6 months of fiscal year 2019. VCI expects the price growth in the future when the stock market as well as the real estate industry recover, the price of SCR shares will be considered as a potential investment of VCI.

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In the second quarter of 2019, the company expects to record an additional 66 billion dong of EBT. In the first 6 months of 2019, it is expected to complete 45% of the profit plan thanks to the contribution from the core business activities of the Company.

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