

To : Mr. Lim Loong Seng, RHBIBL Country Head/Managing Director

CC : Mr. Yong Ching San, Head of Credit Management
Mr. Om Visal, Head of Business Development & Marketing
Mr. Thoo Kim Seng, RHBIBL Deputy Country Head

From : Srean Raksmeay, Senior Manager, Business Development & Marketing

Date : 10 March 2016

Subject : End Financing Package for Customers Purchasing Home/Property at Borey Maha Sen Sok Project (Developer – Maha Family Properties Co., Ltd)

M E M O R A N D U M

PURPOSE

The purpose of this paper is to seek approval from Managing Director/Country Head to launch the End Financing package for the customers purchasing home/property at Borey Maha Sen Sok.

DETAILS OF THE SPECIAL FINANCING PACKAGE

Name: Srean Raksmeay	Title: Senior Manager
Department: Business Development & Marketing	Tel: (855) 89 300 360
Country: Cambodia	Email: raksmeay.srean@rhbgroupp.com
Product: Housing Loan	Start Date: 15 March 2016
Business Line: Mortgage	End Date: 15 September 2017
Product Name: End Financing Package	Duration: Eighteen (18) months

1. Background

- a) Borey Maha Sen Sok is the second project of Singapore based Japanese real estate investment firm, Creed Asia (Cambodia) Co., Ltd, joining venture with Triple Gem Asset Co., Ltd, which is related with Seng Enterprise Co., Ltd, a local construction company.
- b) The project is located around 2.5km north of Phnom Penh International Airport in Sangkat Kraing Thnong, Khan Sen Sok, Phnom Penh, covering area of 12.1ha and divide in to 4 phases. While the infrastructure work is on going, the building construction will be started from April 2016 and is expected to complete in June 2017. Gross Development Value is projected at USD 39.9 million.

Phase	Start	Complete	No of Unit (Eo)	No of Unit (E1+E2)	Total
Phase 1	Apr 2016	Dec 2016	223	24	247
Phase 2	Jun 2016	Apr 2017	132	20	152
Phase 3	Jul 2016	May 2017	106	0	106
Phase 4	Aug 2016	Jun 2017	104	59	163
Total			565	103	668

- c) Developer of the Project is Maha Family Properties Co., Ltd, which is the sister's company of Torreya Asset Holding Co., Ltd, the developer of Bodaiju Residence, one of the largest condominium projects near Phnom Penh International Airport.

Current construction and sales status of Bodaiju Residence is reported as below:-

Block	Type of Construction	Total No of Units	Construction Status	Sales Status
A+B	Condominium	372	Piling Works is more than 90% completed	336 units sold
C	Condominium	186	Piling Works will start in the end of Feb	just launched since January 2016 in Taiwan

- d) Maha Family Properties Co., Ltd is formally registered with the Ministry of Commerce on 03 November 2014 with paid up capital of USD500K. The project's construction permit has been submitted to the Ministry of Land Management, Urban Planning and Construction and expected to obtain approval in April 2016. Developer License is expected to receive a month after. The company is currently issuing BG of USD360K with us for the developer license of the project.
- e) The developer has the following shareholders:-

Shareholder	No. of Share	Remarks
Creed Investment Pte., Ltd	49%	Represents by Mr. Toshihiko Muneyoshi
Triple Gem Assets Co., Ltd	30%	Represents by Mr. Kuoch Seng Heng
Mr. Toshihiko Muneyoshi	21%	

2. Developer Financials

The developer submit us a 2 years cash flow projection up to 2017, which sales will be generating from March 2016 to June 2017. The provided sales turnover, cost of goods sold and operating cost reveal gross profit margin, and net profit margin of 32.2% and 26.5% respectively, which is reasonable for real estate developer.

The company also plans to pay back investors and pay dividend a total sum of USD22.12 million, and will have a balance of USD1.43 million, which would provide comfort for buy-back guarantee.

DESCRIPTION (USD'000)	TOTAL	FY2015	FY2016	FY2017
BEGINNING CASH BALANCE		-	-	1,427.3
CASH INFLOW				
Cash from Sales of Houses	39,905.4	-	16,928.9	22,976.5
VAT Received	2,022.9	-	965.9	1,056.9
Cash injected from Investors	12,975.3	10,330.6	2,644.6	-
TOTAL CASH INFLOW	54,903.6	10,330.6	20,539.5	24,033.5
CASH OUTFLOW				

Land Cost	9,159.9	9,150.9	9.1	-
Building Cost	17,913.3	892.3	12,744.2	4,276.8
Sales & Marketing Cost	1,391.3	179.4	1,020.3	191.7
Corporate Tax	860.9	-	169.3	691.6
VAT Paid	2,022.9	108.1	1,377.3	537.5
Repayment/Dividend	22,128.0	-	3,792.0	18,336.0
TOTAL CASH OUTFLOW	53,476.2	10,330.6	19,112.2	24,033.5
ENDING BALANCE	1,427.3	-	1,427.3	1,427.3

3. Project Feasibility

The housing complex is easily accessible through a paved road connecting to Russian Blvd at the south. The project is mainly targeting to Cambodian middle-income families and investors. The average price of USD50K for the single-storey house would be attractive to middle income families who can earn more than USD610 per month. On the other hand, the average price of USD75K would be purchasable by the higher income family who can earn more than USD914 per month.

Type of Property	Average Price	Loan (60%)	Monthly Commitment*	Required Income (2x)
Single Story House	50,000	30,000	305	610
Double Story House	75,000	45,000	457	914

*Calculated as per proposed Terms & Conditions

Within 3km radius of the projects there are very few competitors. Borey New World Boeung Chhouk is the nearest completed project. With total unit of 1979, the Borey New World has been completely sold out. However, there are around 50 units is putting on sales buy its owner, offering around USD60K for Single Story House and USD90K for the Double Story House. Another Borey named Varina is at nearer location to the city, and has around 100 units, is sold out around 90% and offering around USD110K per unit.

4. End Financing Limit

Based on the Addendum to End Financing Assessment and Grading Guidelines for Cambodia approved on 16th October 2015 by Group Capital and Risk Committee, RHBIBL is allowed up to 10% of the total number of unit launched due to the developer has zero project completion. We would target equally for the type of property to be sold.

The following table shows the total number of properties to be built and available for us to provide End Financing package to the buyers.

Items	Type of Property	Total No of Units	Average Purchase Price/Unit (USD) (A)	Target No of Units (Max 10%) (B)	Target Sales (USD) (C) = (A) x (B) x 70% (MoA 70%)
1	Single Story House	565	50,000	✓ 33	1,155,000
2	Double Story House	103	75,000	✓ 33	1,732,500
	Total	668		✓ 66	2,887,500

5. Competitor Banks

Having confirmed with Mr. Takashi Eguchi, The General Manager of the Developer, the developer has yet to discuss or contact other financial institutions for the end financing package for their prospects/customers.

6. Terms & Conditions on the End Financing Package

Items	Terms & Conditions	This Proposal
1.	Campaign Period	15 March 2016 - 15 September 2017 (18 months)
2.	Margin of Finance	Up to 70% of purchase price
3.	Interest Rate	9.00% p.a for LTV ≤ 60% (LTV > 60% will subject to higher interest rate up to 10.00% p.a)
4.	Processing Fee	1.00% of Approved Limit
5.	Legal Fees / Valuation Fees	Paid by customer
6.	Loan Tenure	Up to 15 years (180 months)
7.	Locking Period	a) Within 5 years at 3% b) Year 6 onwards at 1%
8.	Security Type	1/ Before Ownership Transfer <ul style="list-style-type: none">- Buy back guarantee from Developer- Deed of Assignment on SPA from buyer- Undertaking not to charge or encumber the master title without bank's express consent- Undertaking to sub-divide the master title 2/ Post Ownership Transfer (Hard Tittle Deed) <p>Hypothetic registration of the Tittle Deed under buyer name are to be dully made within 6 month from completion and handing over of financed property</p>
9.	Disbursement Method	<ul style="list-style-type: none">• Progressive release as per SPA terms and conditions after satisfactory submission of evidence of initial sum of deposits paid to developer together with the site visit report from branch assuring the on-going of the project.• Remaining ^{Final} 10% of SPA upon full completion of the financed property
12.	Fire Insurance	Compulsory after completed house with the Bank's panels.

5. Approval

We seek the approval in principal from Managing Director/Country Head to offer the End Financing package for the customers purchasing home/property at the Borey Maha Sen Sok project as per above Terms and Conditions, targeting 66 customers and loan portfolio of USD2.88 million from the project.

Prepared by:



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Senior Manager,
Business
Development &
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Date: 10/03

Recommended by:



Om Visal
Head, Business
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Date: 10/03

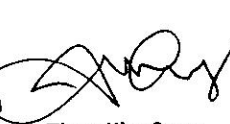
Concurred by:



Yong Ching San
Head, Credit
Management

Date: 14/03

Concurred by:



Thoo Kim Seng
Deputy Country
Head

Date: 14/03

Approved by:



Lim Loong Seng
Managing Director/
Country Head

Date:
14/03

*subject to
necessary
regulatory
approval from
local authorities*