The Real Estate Law Review

Fourth Edition

Editor
David Waterfield

Law Business Research

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THE LAW REVIEWS

THE MERGERS AND ACQUISITIONS REVIEW

THE RESTRUCTURING REVIEW

THE PRIVATE COMPETITION ENFORCEMENT REVIEW

THE DISPUTE RESOLUTION REVIEW

THE EMPLOYMENT LAW REVIEW

THE PUBLIC COMPETITION ENFORCEMENT REVIEW

THE BANKING REGULATION REVIEW

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THE REAL ESTATE LAW REVIEW

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THE ENERGY REGULATION AND MARKETS REVIEW

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EDITOR'S PREFACE

The fourth edition of *The Real Estate Law Review* is testament to the book's success and the significance of real estate as a global asset class. A great deal has happened since the first edition appeared in 2012, and this fourth edition coincides with renewed confidence in the real estate market. The real estate market is often described as cyclical, and there is no doubt that we are now seeing positive investor sentiment in a market enjoying upward momentum.

The fourth edition of *The Real Estate Law Review* features 35 jurisdictions, and we are delighted to welcome a number of new notable practitioners who have helped bolster the strength and depth of this invaluable publication. Each chapter of *The Real Estate Law Review* has been updated to focus on key developments in that jurisdiction and their impact on the relevant domestic and wider global real estate market. *The Real Estate Law Review* offers real estate practitioners and their clients an immediate and accessible summary of the position in the many countries covered, as well as the global real estate market as a whole. The globalisation of the real estate market continues apace, and it is fundamentally important to develop an understanding of the legal and commercial opportunities and challenges pertinent to each country, and how each local market forms an integral part of the global picture.

This fourth edition seeks to provide an overview of the state of the global real estate investment market. Although there is without question significantly more good news around, the financial and economic turmoil of recent years serves as a reminder of how fragile markets can be, and a number of obstacles remain on what may prove to be a bumpy road to global recovery. Sustainable growth across the eurozone remains illusory, Japan continues to flirt with recession, the fear of a hard landing in China and other developing economies remains, there is continuing instability in Ukraine and the Middle East, and the Ebola outbreak in West Africa is a global concern.

Once again, I wish to express my deep and sincere thanks to all my distinguished colleagues who have contributed to this edition and the success of *The Real Estate Law Review*. I would also like to thank Gideon Roberton and his publishing team for their tireless work in coordinating the contributions and compiling this fourth edition.

David Waterfield
Slaughter and May
London
February 2015

Chapter 4

CAMBODIA

Sophealeak Ing[1]

I INTRODUCTION TO THE LEGAL FRAMEWORK

i Ownership of real estate

As defined in Article 138 of the Civil Code, which became enforceable in late 2011 (Civil Code), ownership is the lawful right to freely use, enjoy and alienate property. In principle, there is no distinction between ownership of land and ownership of the buildings on the land. However, for a specific period of time, land ownership does not cover any buildings erected thereon by any rights holders (other than the owner), based on their lawful rights in respect of the land (e.g., a lessee under a perpetual lease) (see Section VI, *infra*).

Immoveable property ownership can be categorised into different forms, such as co-owned buildings and boreys (gated housing communities each comprising lots, residences, other constructions, public spaces and infrastructures), which are subject to different legal regimes. For example, the owners of private units of co-owned buildings are entitled to exclusive ownership of their respective private units, as well as to undivided ownership of the common areas of the building.

According to the current land administration system, a landowner's definitive ownership over immoveable property is only legally recognisable in respect of property that is duly registered in the Land Register (i.e., property in which the title certificate, known as the hard title, is issued by the relevant cadastral office). Ownership data on registered immoveable properties is managed by the state by way of the Land Register, which is maintained at the cadastral office. Any transfer, change, rectification or termination of immoveable property ownership is required to be recorded in the Land Register.

In contrast, ownership is not legally recognised in respect of property that remains unregistered. Only a possessory right, known as a right to actual occupation

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of the property, is held by the possessor of the land. In current practice, unregistered property can be identified through certain land-related documents issued by the local administrative authorities known as soft titles. Consequently, through a lawful possessory right existing for a specific period, this may lead to the formation of ownership and the necessity for the possessors to register their ownership in the Land Register.

ii Systems of registration

The existence of different land registration systems in Cambodia is historical. Following the destruction of land records during the 1975–1979 political regime, Cambodia decided in its legal framework not to legally recognise the distribution of land that existed before 1979. Until 1992, legal ownership was only recognised for residential land and houses, while ownership over agricultural land was seen as a possessory right. However, since 1992, ownership has been legally recognised for both residential houses and agricultural land, and registration of this ownership can be done through the sporadic land registration process, which is defined below. Considering both the importance of land registration for determining people's legal rights and the fact that most land parcels are unregistered, the state formerly decided to establish another land registration system in 2000, followed by a revision of its legal framework in 2002.

Sporadic land registration

Sporadic land registration is a registration process for individual land parcels. The process is initiated by an interested applicant, who is responsible for all costs and expenses incurred in connection with the process. Despite it being concerned with individual land parcels, the process of sporadic land registration requires proper cooperation and assistance from the neighbours of the surrounding properties of the target land and the competent local authorities, especially in order to conduct boundary demarcation. Therefore, the success and length of the registration process may also depend on their availability. At the end of the procedure, the cadastral office provides the applicant with an ownership certificate for the residential house and a possession certificate for any agricultural land. The sporadic land registration process still exists at present, regardless of the establishment of the new land registration system (i.e., the systemic land registration process).

Systemic land registration

Systemic land registration is a collective land registration process that involves simultaneously registering numerous land parcels in a defined adjudicative area. The process begins with the identification and determination of the adjudicative area by the cadastral administration followed by the collection and publication of data of land parcels collected in such adjudicative area, through which any claims or disputes in the area can be raised to the officials and thereafter resolved. The procedure is completed by the issuance and distribution of ownership certificates for the immoveable property (land management and administration project certificates (LMAP certificates), which are the latest form of land ownership certificates). Following the completion of registration for land and houses that have been registered under the sporadic land registration process, landowners have to exchange their existing land title certificates for LMAP certificates.

In addition, for those who have failed to participate in the systemic land registration process, they may apply for registration of the properties on a separate and individual basis and at their own cost and expense, through the sporadic land registration process.

iii Choice of law

The Cambodian legal system adopts a general principle according to which most of the legal provisions relating to property are of a public order nature. Therefore, except if otherwise provided by a specific legal provision itself, the Cambodian legal provisions on real property, such as those related to real security rights and the enforcement thereof, constitute the minimum provisions that govern transactions concerning immoveable property.

II OVERVIEW OF REAL ESTATE ACTIVITY

During the first nine months of 2014, permits for 1,478 construction projects worth US$2.03 billion were issued, and that figure is expected to increase significantly as some major development projects are in the pipeline to being approved. Property prices in Phnom Penh, Takhmao, Sihanouk Ville and Siem Reap have also seen a significant increase (up 30 per cent) due to an increase in foreign investment, strong economic growth and political stability and maturity. On the financing front, one of the largest commercial banks in Cambodia, in line with the general trend, increased its loan portfolio by 25 per cent for the real estate industry in 2014.

Aeon Mall, a Japanese-funded giant shopping mall, and Vattanac Capital Tower, a 39-storey skyscraper, were completed in the first half of the year, adding 71,000 square metres of prime retail space to Phnom Penh's retail sector. The second quarter of 2014 saw the soft launch of Vattanac Capital's retail space, offering some major international brands. In 2015, Parkson mall and department store will open, adding a further 70,000 square metres.

In September 2013, Hongkong Land (HKL) launched a US$100 million mixed-use development project in Phnom Penh's financial district. The Landmark building will be situated on a 10,700 square metre area. HKL entered into the Cambodian property market in 2013 with the launch of Central Mansions, again in Phnom Penh.

Large construction projects in 2014 included The Bridge, Casa Meridian, Diamond One, Embassy Residences and Sky Villa, along with smaller residential projects including boreys, hotels, guesthouses, warehouses, factories, rice mills and business hubs. Under the 2014–2020 master plan, ING City's entire project covers 2,572 hectares, including a 520-hectare water reservoir.

The US$1.1 billion Booyoung Town project, owned by South Korean conglomerate Booyoung Group and including commercial buildings, residential buildings, a school and sports facilities, was launched in 2013 and is expected to be completed within seven years. Cambodia has also experienced a surge of strong interest from foreign investors in agro-industrial sectors. A number of economic land concession projects have been approved and have been in active development during the past five years. Amid significant reform by the government on economic land concessions (ELCs), there are signs of considerable interest among major international companies in the agro-industrial sector, and especially in the rubber plantation business.

III FOREIGN INVESTMENT

Under Article 44 of the Constitution and Article 8 of the Land Law 2001 (Land Law), a foreigner is prohibited from owning any land parcel in Cambodia. However, a foreigner may own any private units of co-owned buildings that are established in accordance with the laws and regulations on co-owned buildings.

Other than owning land, foreign investors may operate any business activities in the real estate and construction sectors, such as a real estate service or construction and property development, if they have themselves invested 100 per cent into the activity, or have jointly invested with local stakeholders.

As a general principle, investment in real estate and construction *per se* does not qualify any investor to obtain any tax incentives under the national investment law. However, investment in certain projects that meet the criteria of qualified investment projects (e.g., construction of a mall or commercial centre, international exhibition centre, conference hall, luxury hotel) could mean that the individual is entitled to tax incentives under the national investment law.

IV STRUCTURING THE INVESTMENT

i Form of business

To invest in Cambodia, a foreign investor may establish a new company, subsidiary or branch office under the national laws. The new company or subsidiary may be in the form of a public limited company, private limited company or a single member private limited company. In accordance with the concept of limited liability, the parent of a subsidiary remains liable for its subsidiary's debts and liabilities only to the extent of its subscribed capital in the subsidiary. With regards to a branch, the same business activities in Cambodia can be carried out under the name of the principal as a foreign company: however, the principal of a branch cannot enjoy the limited liability of the parent company.

In addition, a foreign company may establish a representative office (RO) in Cambodia to facilitate certain limited activities and services of its principal for a specific period of time. However, an RO is not considered a separate legal entity from its parent company; therefore, it is prohibited from undertaking any profit-generating activities in Cambodia. Permitted activities of an RO include introducing customers to its principal, researching commercial information for its principal and conducting market research.

ii Share acquisition

A foreign investor may opt to acquire shares in an existing company (target company). In such case, a shareholding percentage of at least 51 per cent of the total voting shares in the target company must be held by a Cambodian individual or legal entity to ensure the validity of the target company's ownership over the land.

iii Land acquisition

A foreign investor may also opt to create a new company to acquire immoveable assets. In such case, only companies where 51 per cent or more of the total voting shares are held by a Cambodian individual or legal entity can own land in Cambodia. Proper arrangements have to be put in place to protect the interests of the foreign investor. In this regard, consultation with and advice from a highly qualified professional are strongly recommended. If the land acquisition is not necessary, there are certain ways for a foreign investor to use and enjoy land in Cambodia.

iv Acquisition of rights to use and enjoyment of land

The investor may lease immoveable properties for their investment purposes. The lease of an immoveable property for 15 years or more is considered a perpetual lease. A perpetual lease can be for a term of up to 50 years, renewable once for a duration not exceeding 50 years. The perpetual lease provides the tenant with extensive rights in terms of the use and development of the leased property, as well as special protection for the tenant (e.g., the tenant's right to cancel the perpetual lease in the event of unforeseeable circumstances or *force majeure*). A perpetual lease is required to be registered with the cadastral office. Once the perpetual lease is duly registered, a certificate is issued to the tenant as a certification of their lease rights. The tenant may use this certificate to secure any financing required.

The investor may also acquire an ELC, which provides a right to use and develop any specific state-owned land for the development of agro-industrial activities. An ELC is typically granted for 70 years, while the maximum term allowed under the law is 99 years. The maximum land area permitted for a concessionaire is 10,000 hectares. The use of the land is subject to various reporting obligations under the ELC contract and the project's master plan. Therefore, any change of use and activities relating to the land requires approval from the Contracting Authority, as defined in Sub-decree No. 146 on Economic Land Concessions (2005).

Furthermore, any transfers and disposals of the ELC right are also subject to the terms of the ELC contract (e.g., a transfer of an ELC is possible upon completion of at least 30 per cent of the project) and to the approval of the Contracting Authority.

The investor is also allowed to acquire the right to use and enjoy any immoveable property through usufruct or an easement.

v Special economic zones (SEZs)

An SEZ is a special area for development of economic sectors, which brings together all industrial and other related activities. SEZs are production areas that may also include a free trade area, service area, residential area and tourist area. As determined by Article 3 of Sub-decree No. 148 on Establishment and Management of Special Economic Zones (2005), an SEZ can only be established in appropriate and strategic areas, as determined by the government and the Council for the Development of Cambodia. To form an SEZ, at least 50 hectares of land within a specific location is required, as well as, *inter alia*, geographic boundaries and a surrounding fence (for an export processing zone, a free trade area and premises for investors in each zone). The land area for an SEZ can be freehold or leasehold land.

V REAL ESTATE OWNERSHIP

i Planning

There are no specific laws and regulations regarding the planning of real estate ownership. Zoning is regulated on an *ad hoc* basis according to each municipal and provincial jurisdiction. Certain defined areas in Siem Reap are regulated by the APSARA Authority, which was specifically established to govern Angkor Archaeological Park. Protected areas, where natural resources are considered to be of the utmost importance, are under the jurisdiction of the Ministry of Environment (MOE).

The government is working hard to finalise the draft Law on Land Management and Urban Planning, the draft Law on Construction and many other implementing regulations and national policies with the aim of putting a better zoning system and regulations in place.

ii Environment: initial environmental impact assessment (IEIA) and environmental impact assessment (EIA) requirements

Infrastructure projects, whether pre-existing or new, are subject to an IEIA, an EIA or both. The project owner has to submit an IEIA report with the feasibility study of the project to the MOE for consideration and approval. The MOE may require the project owner to conduct an EIA, depending on the scope of the project and the extent to which the project would cause an environmental impact.

Infrastructure projects that require an IEIA, EIA (or both) include (without limitation) the following:

a all infrastructure projects of all sizes for urban development or in the industrial zones;
b construction of bridges and roads that weigh 30 tons or more;
c buildings with heights of 12 metres or higher, or an area of 8,000 square metres or more;
d restaurants with 500 or more seats;
e hotels with 60 or more rooms; and
f hotels adjacent to coastal areas with 40 or more rooms.

The MOE is working on finalising the draft Law on Environmental Impact Assessment and held a number of public consultations during 2014. The draft law is expected to be finalised by mid-2015, then passed on to the National Assembly for adoption.

iii Tax

The applicable tax rate is 4 per cent of the market value of the immoveable property for the transfer of ownership or possession rights, or capital contributions into a company in the form of immoveable property. Such tax collection shall be subject to exemption if:

a the ownership or possession rights to the land are in the form of a concession from the government;
b the ownership or possession rights of the immoveable property are recorded in the inventory listings of any institutions in Cambodia; or

c the ownership or possession rights of the immoveable property belongs to diplomatic officials, foreign consular officials, international organisations or technical cooperation agents of the government.

The above rate for tax collection shall also be subject to tax relief in cases of ownership or possession rights of immoveable property belonging to relatives, which shall be subject to tax deductions at the following rates: 200 million riel for succession, and 100 million riel for a donation.

iv Finance and security

Two common security forms of immoveable property include a pledge and a hypothec. The pledge of immoveable property is a form of security whereby the property owner creates a real security interest on the property by delivering the possession or occupation of the property to the creditor as security for any obligations. The pledge term cannot exceed five years, and the renewal period can also not exceed five years, and it must be registered with the cadastral office for full enforceability.

The hypothec, on the other hand, is a form of security whereby the property owner creates a real security interest over the property without delivering the possession or occupation to the creditor to secure any obligations. The perpetual lease, usufruct or concession rights can also be subject to the hypothec security form. The hypothec is created through an agreement between a creditor and the property owner and, like a pledge, it must be registered with the cadastral office for full enforceability.

Under the current regulations and practice, only immoveable property with a hard title certificate can legally be the subject matter of a pledge or hypothec. Therefore, non-registered immoveable properties cannot legally secure any obligation under the pledge or the hypothec.

VI LEASES OF BUSINESS PREMISES

i Types of lease

Two types of lease are available under the Cambodian regulatory framework: a normal lease and a perpetual lease. A normal lease is not required to be registered with the cadastral office to ensure its enforceability. In addition, the lessee may not transfer the lease rights to any third party if the lease agreement does not permit the lessee to do so: this is in accordance with Article 600 of the Civil Code.

A perpetual lease attached to immoveable property, on the other hand, holds for a term of at least 15 years. A perpetual lease constitutes a right *in rem*, which grants to the lessee extensive rights to use and enjoy the property. The perpetual lease is required to be registered with the cadastral office. The term of the perpetual lease cannot exceed 50 years, and can only be renewed once for another term not exceeding 50 years. Through constituting a right *in rem*, the perpetual lease can, unless otherwise specified by the agreement, be assigned or transferred with or without consideration, or alternatively be sub-let or the subject of inheritance. Another significant feature of the perpetual lease is that it can be used as collateral for security; it is currently the preferred collateral among banks and financial institutions.

ii Payment term

If there is no specified date for rent payment in the agreement, Article 610 of the Civil Code determines that the payment shall be made at the end of each month in the case of moveable properties and buildings, and at the end of each year in the case of land (or at the end of the harvest season, if applicable). The rent for a perpetual lease, in particular, shall be paid on a specified date as determined by the parties.

iii Termination

The lessor may terminate the perpetual lease in the event that the lessee fails to pay the rental fee for three years. Upon termination of the perpetual lease, unless otherwise agreed by the lessor and lessee, the lessor cannot demand that the lessee restores the leased property to its original condition, unless the lessee was responsible for destroying the property or fundamentally changing its nature. Under Article 254 of the Civil Code, the lessor is entitled to acquire ownership over any improvements and structures installed on the property without having to pay compensation to the lessee, unless otherwise agreed.

iv Renewal

In the case of a lease for immoveable property, the parties shall be deemed to have agreed to renew the terms of such a lease unless a party has declared his or her intention otherwise. This must be decided no later than three months prior to the expiration of the term of the lease, in the case of a building, and no later than one year, in the case of land. These conditions are valid provided that the renewed lease shall be without a fixed term, in accordance with Article 613 of the Civil Code.

VII DEVELOPMENTS IN PRACTICE

i Comprehensive procedures for real right registration

In early 2013, the Ministry of Land Management, Urban Planning and Construction (MLMUPC) and the Ministry of Justice (MOJ) issued an inter-ministerial regulation on procedures for registration of real rights pertaining to the Civil Code. The regulation established comprehensive procedures affecting the transfer, change, rectification and termination of:

a land ownership;
b a perpetual lease;
c usufruct; privilege;
d rights on pledge and hypothec; and
e an easement.

This regulation is a long-awaited legal instrument, designed to better implement the Civil Code's provisions regarding any immoveable property and related rights.

As a result of the issuance of such new regulation, there are new formalities and requirements to be complied with regarding the registration of a real right, and the cadastral offices need to change a number of their existing practices accordingly. Currently, it appears that for some relevant officials, a clear and correct understanding of the new rules and procedures is an issue. As a result, consultation or lobbying (or both) with the relevant officials is inevitable, especially for complex transactions such as the multiple registration of real rights for the same property. Furthermore, following the issuance of such new regulation, all previous transactions relating to real rights, such as a usufruct or an easement agreement that are not subject to registration due to the lack of rules or procedures, must be rectified in order to maintain their enforceability.

The MLMUPC is working on a number of implementing regulations, notably regarding the procedures for mortgage (i.e., hypothec), disposition, conservation (measures against) and confiscation of immoveable property that is not yet registered in the Land Register. Such regulation will significantly boost the real estate market and the financial and banking sector, and will inject much-needed cash flow into the economy and raise purchasing power.

The MLMUPC has recently finished reviewing the master plan for the development of costal areas. This effort will not only boost the real estate market and construction industry, but will also give a sense of direction to the tourism industry and other supporting economies.

ii Tentative registration of the management boards of co-owned buildings and boreys

According to the laws and regulations, the developer of a co-owned building or a borey must establish a management board for the property that is subject to separate registration with the MLMUPC. The MLMUPC has not yet established the register for such purpose.

To strengthen the effectiveness of the supervision of co-owned buildings and boreys, in late 2012, the MLMUPC prepared an initial draft circular on the management boards of co-owned buildings and boreys. However, the adoption of the circular is still pending. It is expected that the draft will significantly clarify all the important issues affecting the rights and obligations of people involved in co-owned buildings and boreys.

iii New tax compliance obligations affecting real estate transactions

In September 2013, the General Department of Taxation (GDT) notified the owners of boreys, flats, villas and buildings for sale that they must impose a VAT charge at a rate of 10 per cent on buyers when a property is sold. Such owners must declare a monthly 1 per cent prepayment of tax on profit to the tax administration on the property turnover; otherwise, said owners shall be subject to tax reassessments. In addition, the GDT has suggested that owners can obtain supplies from VAT-registered suppliers in order to receive the VAT input or credit to offset against the VAT output that is imposed on the property sale.

iv New measures affecting ELCs

To ensure and strengthen the effectiveness of the management of ELCs, the government has issued Order No. 01 (2012) (Order 01) to temporarily suspend the granting of new ELCs (i.e., ELCs whose applications had not been approved in principle by the government as of the issue date of Order 01). According to Order 01, non-developed or non-performing ELCs will be subject to withdrawal by the government. Furthermore, according to the practice developed under Order 01, the transfer of an ELC by the concessionaire to a third party will also be temporarily prohibited. At present, a transfer can only be made if it is in conformity with the conditions of the ELC contract and at least 30 per cent of the development has already been completed.

Faced with such new measures, concessionaires that need additional technical or financial support, or both, always collaborate with their investment partners (typically foreign investors) to implement their ELC projects. Collaborations can be in different forms, such as a joint venture in which interested investment partners implement the ELC project, or a transfer of shares in the concessionaire to potential shareholders, in order to generate capital to continue the investment project.

2014 has seen a number of new regulations regarding ELCs. The government, and specifically the Ministry of Agriculture, Forestry and Fisheries and the MOE, review, monitor and assess the development progress of ELC projects, and will eventually cancel the contracts for inactive ELC projects. For any new ELC project, the approved contract term will be limited to 50 years, compared with the previously common duration of 70 years.

The government has also restricted the transfer of ELC rights and is working on regulations specifically designed to cover the assignment and transfer of ELC rights. This regulation is expected to be adopted and enter into force in 2015.

v Increase in real estate and construction investment

Regarding real estate, at the time of writing, there are 81 licensed real estate companies operating in Cambodia, 38 of which are also members of the Cambodian Valuers and Estate Agents Association. Regarding the construction sector, from 2000 to 2014, 1,504 construction companies were licensed by the MLMUPC. 2014 saw an increase in applications by local and international investors for building construction permits from the MLMUPC of 23.58 per cent.

vi Construction and related compliance, norms and standards

For the past few years, both the public and private sectors have focused on strengthening compliance with the construction norms and standards. In June 2013, the Fire Prevention Law was promulgated. According to this Law, all construction projects shall have proper fire prevention and extinguishing systems in place prior to the commencement of work, and it is the duty of the government to identify the types of projects required to have these systems. At the time of writing, the government has not issued any regulations in respect of this subject.

Furthermore, the public is increasingly focused on safety norms and measures. A recent incident at a garment factory, where the roof of a building collapsed, obliged the factory to pay compensation for civil liability to the relatives of the deceased and to injured workers.

vii Prospective development of the legal framework in the sector

In 2014, some significant national policies and regulations were adopted, notably the National Housing Policy and a joint regulation (i.e., inter-ministerial regulation) with the MOJ on procedures for the registration of preservative relief and confiscation in respect of non-registered immoveable property.

There are high hopes that 2015 will also see some key legislation and regulations such as the White Paper on Land, being adopted, and amendments to the Land Law and the Law on Land Management, Urbanisation and Construction (currently the draft Law on Land Management and Urban Planning).

The MLMUPC has set 2015 as the target year to finalise the pending draft Law on Construction (previously known as the Construction Code). The draft amendment to the Sub-decree on construction permits is also expected to be finalised and adopted in 2015.

The draft Law on (Immoveable Property) Leases is currently in the pipeline, and may also be adopted in 2015 thanks to strong political support from the government.

In addition to their joint effort in drafting regulations on the assignment and transfer of ELC rights, the Ministry of Agriculture, Forestry and Fisheries and the Ministry of Environment are also making efforts to finalise the draft Law on Agricultural Land and the draft Law on Environmental Impact Assessment, respectively.

VIII OUTLOOK AND CONCLUSIONS

The future of Cambodia's real estate sector looks bright. According to a draft national housing policy, the soaring population and increased migration to urban areas will create demand for more than a million new homes by 2030. Together with consistent economic growth, political maturity, tax and investment incentives and the country's impending integration into the ASEAN community, Cambodia's real estate industry is set on an upward trend. A range of international retail brands has entered Cambodia's market, setting a new standard of lifestyle and raising demands for quality. Such international brands are benefiting from a youthful workforce's stronger purchasing powers and retail demand.

According to the IMF, Cambodia's projected economic growth remains at 7.2 per cent for 2014 and is expected to grow up to 7.3 per cent in 2015. Such growth is essentially being driven by garment exports, tourism, agriculture and construction. Five million tourists are expected to visit Cambodia in 2015, with Siem Reap (the city of temples) and Sihanoukville (which is best known for its beautiful beaches) remaining Cambodia's most popular destinations for both global and domestic tourists.

With its forthcoming integration into the ASEAN Economic Community in 2015, Cambodia anticipates reaching the regional market beyond its own population of 14 million, and enjoying the geographical advantages that will come from the movement of people and commodities across borders. Cambodia sits in a strategic location for real estate investments, including residential, commercial and hospitality properties. Under the 2014–2020 master plan, the first stage of ING City covers 571 hectares, but the entire project will eventually cover 2,572 hectares and border the Chamkarmon, Meanchey and Dongkor districts, as well as Ta Khmao, the capital of Kandal Province. Phnom Penh will see stronger retail space supply within the next few years: additional supply is in the pipeline through to 2017, with both Olympia City (by OCIC) and The Bridge (by Oxley) under construction. The construction of a second Aeon mall is also being discussed. This will generate a great deal of investment interest and significantly boost the real estate industry in Phnom Penh over the next decade.

In the future, the government will focus more attention on new infrastructural investments, such as international airports, roads, bridges and property development, for both commercial and residential use. These investments are expected to boost the construction sector, as well as increase the investment appetite of foreign investors. Banks and insurance companies will continue to play a significant role in real estate investment and financing, while the influx of foreign investment will further stimulate the entire real estate market.

The agro-industrial sector will also be an area of strong development interest, as it remains one of the government's priority areas.

On the legal front, along with recent regulations aimed at promoting the security of real rights, the government will continue to modernise its legal framework, beginning with the construction sector, general investment and the insurance sector.

All of this will undoubtedly have an impact on Cambodia's real estate market.

Appendix 1

ABOUT THE AUTHORS

SOPHEALEAK ING
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Sophealeak Ing is the firm's practice leader in the real estate, commercial contracts and intellectual property practices. His recent work includes securing the acquisition of multi-million dollar properties for foreign-based clients, as well as securing long-term lease agreements on behalf of a number of multinational companies for their multi-million dollar investments within the Phnom Penh Special Economic Zone. He has also assisted foreign investors on a number of economic land concessions, particularly in the area of palm oil and rubber plantations. He provides advice on land holding structures and related issues and distributorship, as well as business licensing. He previously counselled a leading engineering firm, with regional presence, on major onshore and offshore construction projects, assisted Cambodia's largest premium rice exporter in securing a multi-million dollar equity participation from a foreign investment fund, and facilitated the acquisition of prominent businesses in the food and beverage sector. Mr Ing also previously counselled an international petroleum company on its intellectual property infringement matters. He is described in *Chambers & Partners' Asia Pacific 2013* by his clients as 'fast-thinking and very responsive, and gives clear and precise explanations'. He is fluent in Khmer, English and French.

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