Shinhan Securities

Real estate

Unleashing legal pathways



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Content

Real estate – Unleashing legal pathways

1. Update on real estate sector

   The real estate sector in 9M2024 has shown many positive signs as (1) it continues to attract strong foreign direct investment (FDI), (2) consumer credit for real estate grows, (3) the payment ability of the corporate bond market has significantly improved, and (4) the number of licensed projects continues to increase. However, we still see challenges in the market as (1) although overall supply and demand have grown, it remains uneven between the South and the North, and (2) the activity of issuing real estate corporate bonds has been lackluster in the second half of the year.

2. Listed Real Estate Companies Updates

   In 9M2024, major listed residential real estate companies showed: (1) divergent presales, (2) weak revenue and profit, and (3) slight increases in inventory and debt compared to the beginning of the year.

3. Prospects of the real estate industry in 2025

   We remain optimistic that the real estate market will continue its recovery in 2025, driven by (1) improved legal frameworks and (2) attractive interest rates supporting ample supply.

4. Real Estate Stock Pick

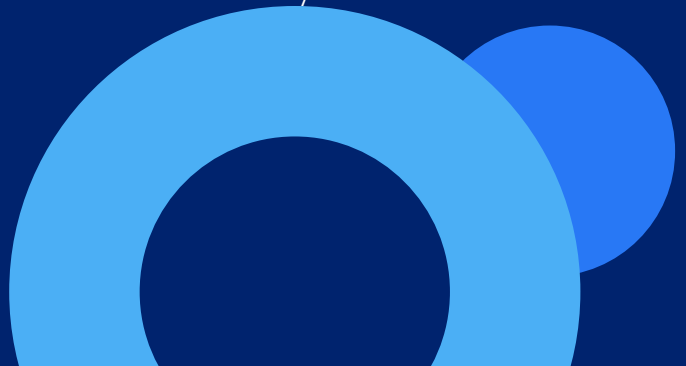
   VHM, NLG, KDH & DXG

5. Appendix

01

Update on real estate industry

The real estate sector has shown many positive signs as (1) it continues to attract strong foreign direct investment (FDI), (2) consumer credit for real estate grows, (3) the payment ability of the corporate bond market has significantly improved, and (4) the number of licensed projects continues to increase. However, we still see challenges in the market as (1) although overall supply and demand have grown, it remains uneven between the South and the North, and (2) the activity of issuing real estate corporate bonds has been lackluster in the second half of the year.

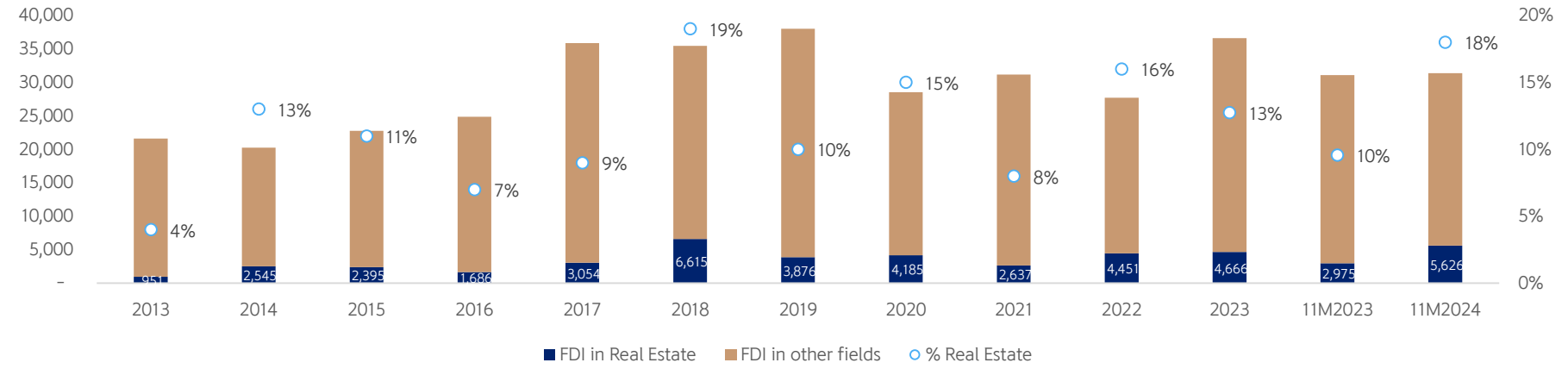


1.1 - Update on real estate industry – FDI

The real estate sector continues to strongly attract FDI

The real estate business sector continues to maintain its position as the second most attractive field for registered FDI. However, its share has significantly increased to **18%**, compared to just **10%** during the same period last year. In the first 11 months of 2024, the total investment in real estate reached **USD 5,626 million (+89.1% YoY),** accounting for **18%** of the total registered investment, second only to the manufacturing and processing industry, which attracted **USD 20,197 million**, representing **64.4%**.

Real estate continues to maintain its position as the second most attractive sector for FDI (million USD)



Source: FiinPro, Shinhan Securities Vietnam

1.2 – Update on real estate industry – Interest Rate

Mortgage loan interest rates remain attractive

According to Batdongsan.com.vn, as of November 2024, a few banks have slightly increased interest rates; however, the majority of banks are still maintaining attractive low interest rates for home loans.

Currently, home loan structures commonly include two types of interest rates: (1) preferential interest rates and (2) post-preferential interest rates. The adjustment margin between these two rates ranges from **1.9% to 4.0%.** Specifically, preferential interest rates for purchasing commercial housing at banks range from **5.50% to 7.90%** per year. After the preferential period ends, interest rates range from **7.40% to 11.90%** per year.

Changes in commercial home loan interest rates at some major banks

Bank	01/2024			11/2024		
	Preferential rate (%/year)	Maximum loan rate (%)	Maximum tenor (year)	Preferential IR (%/year)	Maximum loan rate (%)	Maximum tenor (year)
Vietcombank	6.7	70	20	5.5	70	20
Shinhan bank	6.6	70	30	7.0	70	30
Techcombank	10.5	70	35	6.7	80	35

Source: Batdongsan.com.vn, Shinhan Securities Vietnam

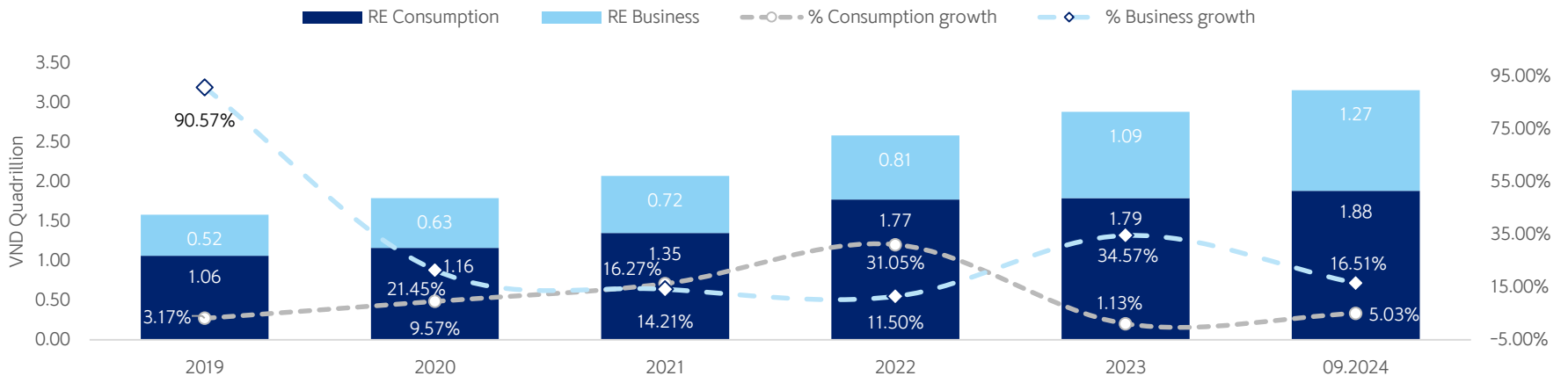
1.3 – Update on real estate industry – Credit

Positive signs from credit for real estate consumption

Credit for the real estate sector in the first nine months of 2024 followed the overall trend of credit across the economy. As of September 31, 2024, total credit for the entire economy reached **VND 14.79 quadrillion (+9.0% YTD)**, with credit for the real estate sector increasing by **9.15% YTD** to reach **VND 3.15 quadrillion**.

Specifically, by purpose of use: credit for real estate business reached **VND 1.27 quadrillion (+16.51% YTD),** while credit for real estate consumption rose by **5.03% YTD** to **VND 1.88 quadrillion**. Although the growth in real estate consumption credit remains modest, it is still a significant and positive signal. During the same period last year, the indicator even recorded negative growth of **–2.7% YTD**, reflecting the market's negative sentiment at the time. Coupled with a recovery in transaction values, this indicates a more optimistic sentiment and increasing demand in the real estate market.

The credit for real estate shows positive signs



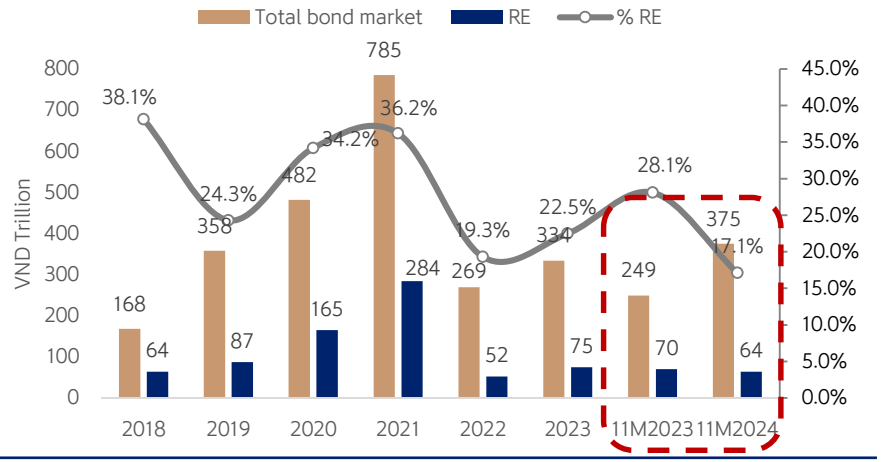
Source: Ministry of Construction, State Bank of Vietnam, Shinhan Securities Vietnam

1.4 – Update on real estate industry – Bonds

The activity of issuing real estate corporate bonds has been less active in the 2H2024

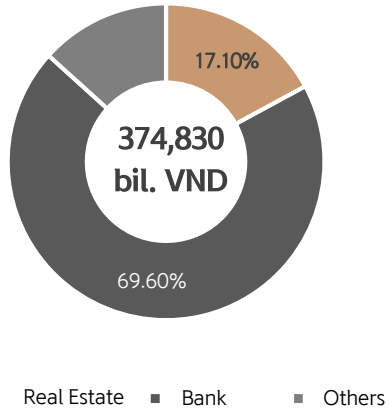
More positive than the banking credit channel, the corporate bond market in the first 11 months of 2024 saw impressive growth in issuance value, particularly driven by the banking sector. Specifically, the total cumulative value of corporate bonds issued in the 11-month period reached **374,830 billion VND (+50.3% YoY),** with the banking sector leading, accounting for **69.6**% of the total, equivalent to **260,882 billion VND (+113% YoY).** However, in the real estate sector, companies were not actively issuing bonds in the latter half of the year, resulting in a cumulative issuance value that recorded a negative growth of -9.2% YoY, reaching **64,096 billion VND**, in stark contrast to the strong growth seen in the first half of the year.

The value of corporate bonds issued in 11M/2024



Source: VBMA, Shinhan Securities Vietnam

Real estate was the second largest issuer in 11M/2024



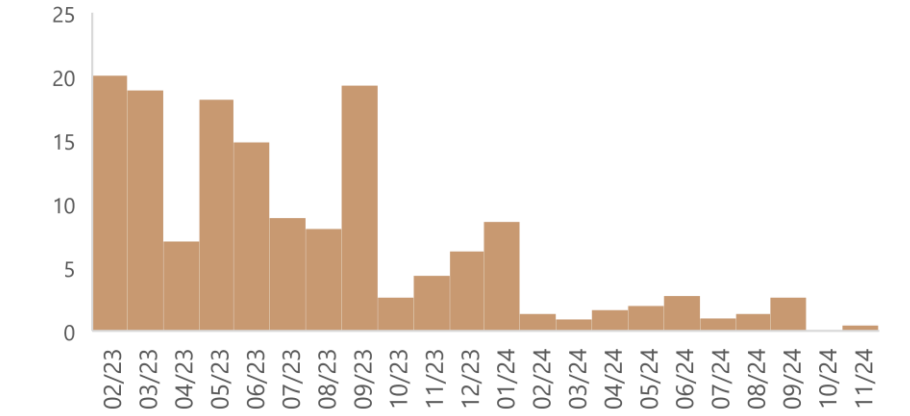
Source: VBMA, Shinhan Securities Vietnam

1.4 – Update on real estate industry – Bonds

The ability to pay on the corporate bond market has improved significantly

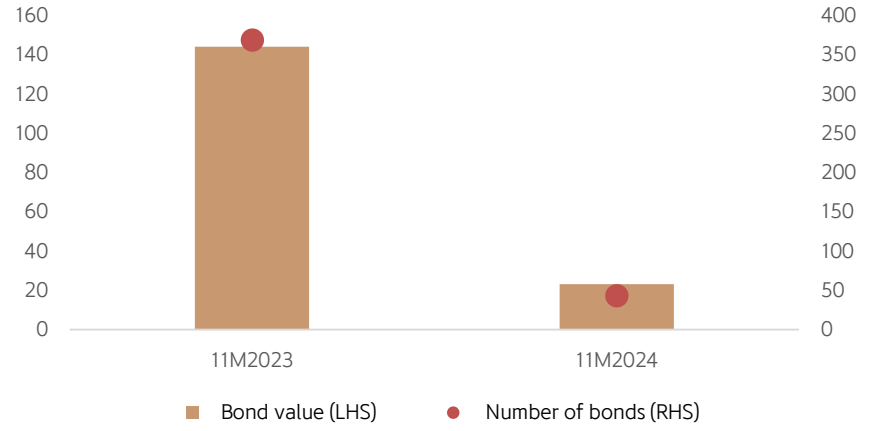
The ability to pay on the corporate bond market has shown signs of improvement, as reflected by the significant reduction in the number and value of delayed interest and principal payments in 2024. Some businesses have fully or partially settled overdue bond payments to investors. Specifically, the number of corporate bonds with delayed interest and principal payments for the first time has dropped sharply to **43** from **369** bonds in the same period, with the corresponding overdue value decreasing to **23.2 trillion VND** from **144.3 trillion VND.**

Value of overdue corporate bonds (trillion VND)



Source: VBMA, VIS Rating, Shinhan Securities Vietnam

Delayed corporate bond value drops sharply (trillion VND)



Source: VBMA, VIS Rating, Shinhan Securities Vietnam

1.5 – Update on real estate industry – Implementation of Laws

Real Estate Laws are being implemented concurrently, but their impact remains limited

In the first nine months of 2024, Vietnam's real estate market experienced significant policy shifts, including (1) the approval of the Land Law by the National Assembly in January 2024 and (2) the early implementation of three Real Estate Laws from August 1, 2024. However, the overall impact of these newly enacted real estate laws remains limited due to:

Limitations

- As of October 7, many localities have not yet issued the detailed regulatory documents required under their jurisdiction for the implementation of Laws. This has resulted in a lack of consistency in the enforcement and application of the Real Estate Laws.
- Many localities are facing challenges in issuing revised land price tables. As a result, developers must wait for the calculation of land use fees (LUF) to fulfill their financial obligations and proceed with project development.
- Many projects are still awaiting adjustments to their planning or decisions related to the requirement that 20% of the land banks must be designated for social housing.
- Businesses and local authorities will need time to understand and apply the new regulations.

Overall, after two months of the simultaneous enforcement of the three Real Estate Laws, their impact at the local level has been limited and uneven. While the northern market has seen a strong recovery in both new supply and the number of licensed projects, the southern market has been quieter.

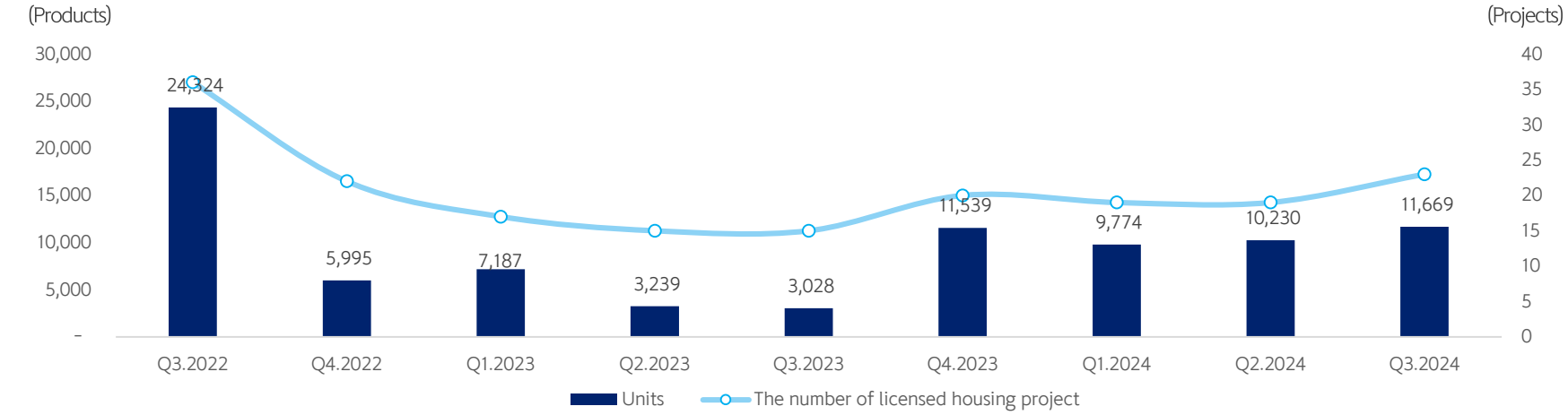
1.6 – Update on real estate industry– Supply and Demand

The number of approved projects continues to improve

The number of projects granted licenses in 9M 2024 has seen positive changes. Specifically, the total number of projects approved nationwide in 9M 2024 reached **61 projects (+29.8% YoY)**. This growth in the number of approved projects indicates greater diversification in the market for the upcoming period.

However, we observe that the Southern market remains sluggish, with only **three new projects** approved in the first nine months, mainly due to challenges related to LUF valuation and planning issues. In contrast, newly approved projects are primarily concentrated in the North and Central regions, accounting for **95.1% of the total approved projects**.

The number of approved projects continues to improve



Sources: Ministry of Construction, Shinhan Securities Vietnam

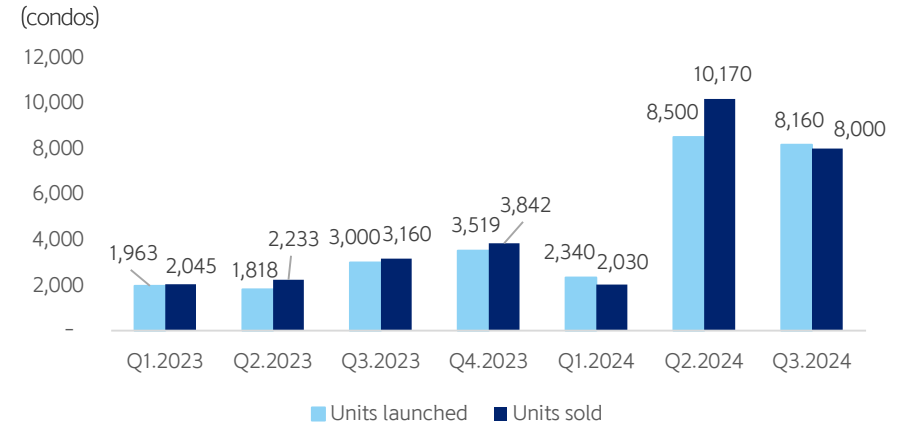
1.6 – Update on real estate industry – Supply and Demand

The new housing supply in Hanoi has experienced a strong recovery in 9M2024

In Hanoi, the supply of new residential properties has rebounded strongly. Specifically, new condominium supply in the first nine months of 2024 reached **19,000 units (2.8 times higher than the same period in 2023)**, the highest in the past five years, coming from **11 projects**. Although approximately 75% of these units are high-end, the absorption level has been high, with around **20,200 units sold** (**2.7 times higher than the same period**). This indicates a positive sentiment among homebuyers as the legal framework continues to improve.

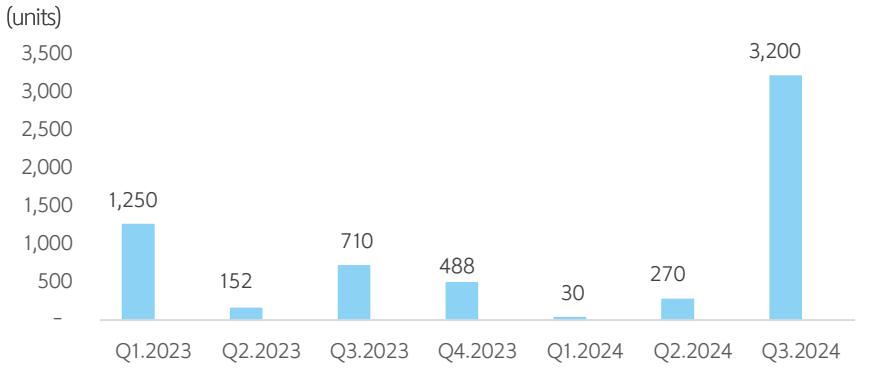
Meanwhile, landed properties in the first nine months of 2024 amounted to **3,500 units (1.5 times higher than the same period in 2023)**, primarily from one large-scale urban project in Dong Anh.

New condos supply in Hanoi surges



Source: CBRE, Shinhan Securities Vietnam

New supply of landed property has rebounded strongly



Source: CBRE, Shinhan Securities Vietnam

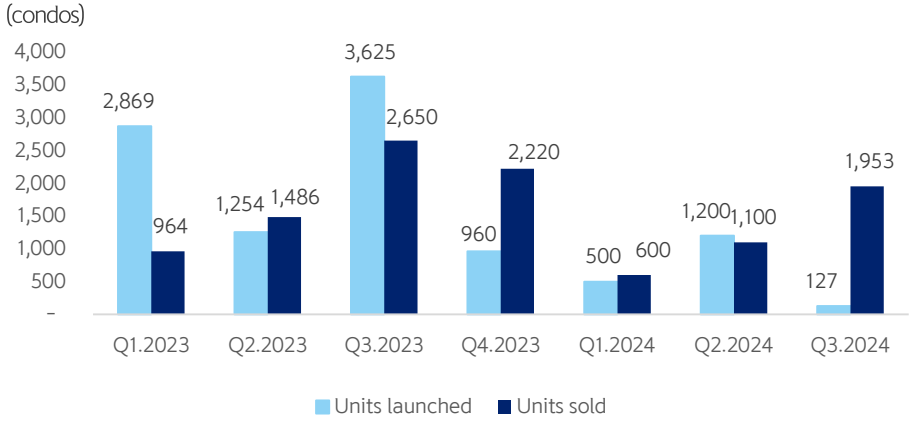
1.6 – Update on real estate industry – Supply and Demand

On the other hand, the housing market in Ho Chi Minh City is recovering slowly

In Ho Chi Minh City, the supply of new condos remains relatively weak in the first 9 months of 2024. Specifically, the total new condos supply reached only **1,827 units (-76% YoY)**. This trend contrasts with the growing supply in the Northern market, as the number of condos launched in HCMC in 9M 2024 accounted for just **10%** of the supply in Hanoi. Despite the ongoing supply shortage, a positive signal for the HCMC real estate market in Q3 was the **resolution of legal issues for over 300 units** in projects that had been halted 1-2 years ago (CBRE).

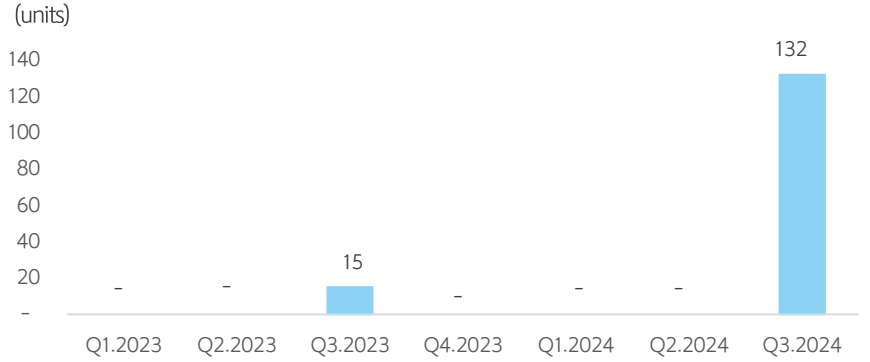
For landed property, the new supply reached **132 units**, after several consecutive quarters without new supply. These units mainly come from the The Meadow project by Gamuda Land, which has seen an absorption rate of over **90%.**

The new apartment supply in HCMC is recovering slowly



Source: CBRE, Shinhan Securities Vietnam

New supply of landed property in HCMC is returning



Source: CBRE, Shinhan Securities Vietnam

02

2. Listed Real Estate Companies Updates

In 9M2024, major listed residential real estate companies showed: (1) divergent presales, (2) weak revenue and profit, and (3) slight increases in inventory and debt compared to the beginning of the year.

2. Listed Real Estate Companies

Presales for the first 9 months of 2024 among major listed companies shows divergence

Presale is the basis for estimating revenue recognition in the subsequent periods. Generally, presales of major listed companies in 9M2024 have shown opposite trends. While some companies, such as VHM and NLG, experienced remarkable growth in their presales, others, including KDH and DXG, did not launch any new projects during the same period. The stagnation in presales could be due to (1) legal hurdles preventing the launch of projects or (2) companies waiting for market stability before launching. Specifically:

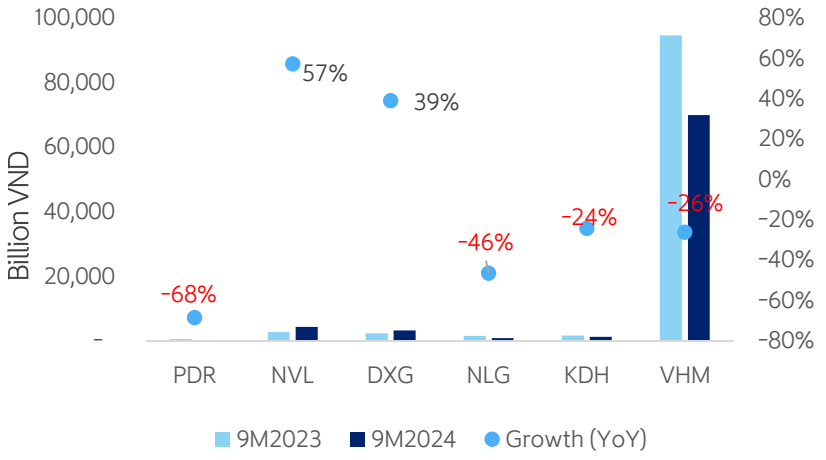
Company	Presales 9M2024 (Billion VND)	%YoY	Note
VHM	89,600	+58%	The sales launch event of Vinhomes Royal Island in Q2/2024 serves as a key growth driver for Vinhomes, generating over VND 60 trillion in presales.
NLG	3,523	+99%	Primarily driven by the Akari P2 project (accounting for 46% of presales) and the Southgate project (accounting for 32.5% of presales).
DXG	-	n/a	The GSW project has not yet reopened sales for the next phase, and therefore no presales value has been recorded.
KDH	-	n/a	KDH has not yet launched sales for the Binh Trung Dong project, a joint venture with Keppel. We anticipate that when sales commence in late 2024 or early 2025, KDH may recognize revenue early, as the project will have largely completed its infrastructure and be ready for handover.

2. Listed Real Estate Companies

Revenue and profit of major listed real estate companies remain underwhelming

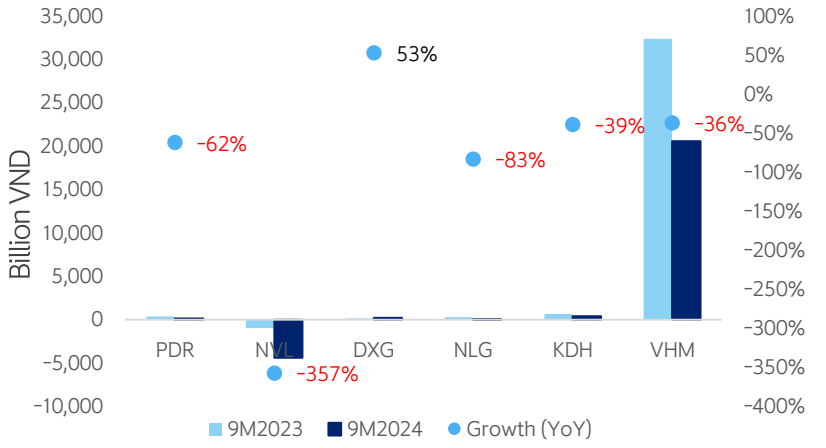
- The revenue of residential real estate companies in 9M 2024 has generally decreased compared to the same period last year. We estimate that the total industry revenue has **fallen by 11.8% YoY**, with net profit (NPAT) **dropping 34.3% YoY**. Excluding the impact of VHM and NVL, the industry's revenue **declined by 12.5% YoY**, while NPAT saw a slight **decrease of 0.4% YoY**.
- The low NPAT of large listed real estate companies in 9M 2024 is mainly due to:
  1) The handover schedules of many listed companies falling in Q4 (NLG, KDH).
  2) Companies having to provision for additional land rental and land use fees (NVL).
  3) Companies no longer having significant wholesale revenue like in previous years (VHM).
  4) Key projects are still in the process of legal finalization (PDR).

Revenue among large listed companies is showing divergence



Sources: FiinProX, Shinhan Securities Vietnam

The profits are generally underwhelming

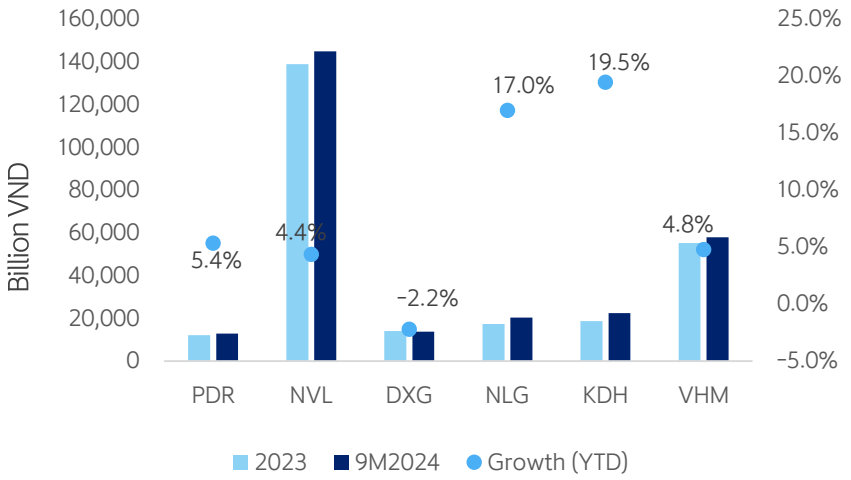


Sources: FiinProX, Shinhan Securities Vietnam

The inventory has slightly increased compared to the beginning of the year

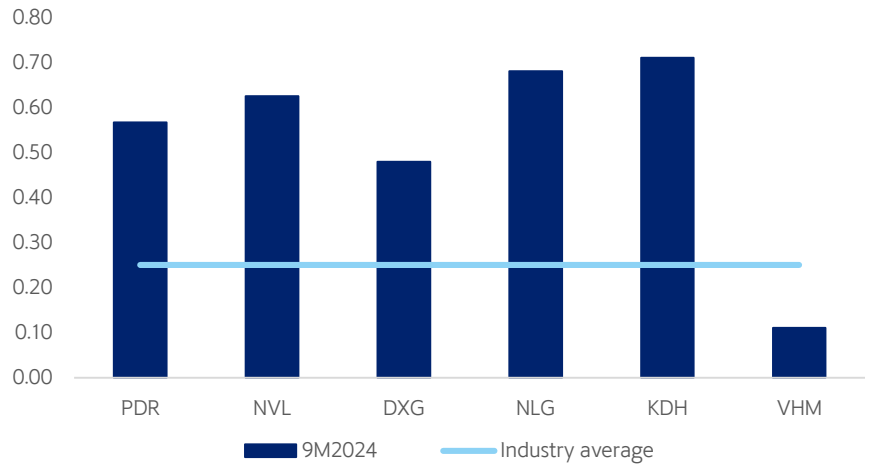
- The inventory of large listed companies has slightly increased compared to the beginning of the year **(+12% YTD)**. Among these, the inventory of Vin, NVL, and KDH accounts for **77.0%** of the total inventory.
- Some large listed companies have the capacity to deploy projects more quickly than the handover rate, which has resulted in continuous increases in inventory, such as NLG **(+17.0% YTD)** and KDH **(+19.4% YTD).** These companies are expected to have projects handover by Q4/2024, which will help release a large volume of inventory and free up resources for future project development.
- On the other hand, other large listed companies have relatively similar project handover and development speeds, causing their inventory to remain stable or trend downward compared to the beginning of the year. We expect that legal bottlenecks will be resolved, allowing companies to resume project launches and, in turn, increase inventory to sustain future revenue growth.

The inventory of large listed companies has slightly increased



Sources: FiinProX, Shinhan Securities Vietnam

The inventory/total assets of large listed companies



Sources: FiinProX, Shinhan Securities Vietnam

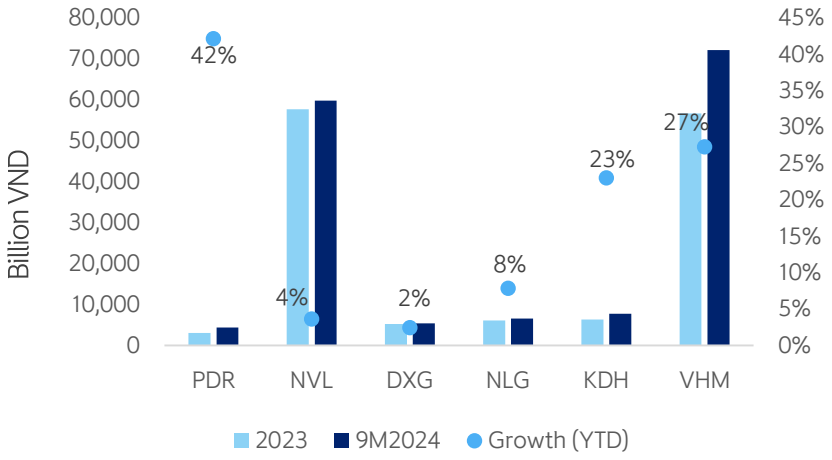
The debt of large listed companies is showing a slight upward trend

- The debt of listed residential real estate companies increased by **4% YTD**, with Vin and NVL accounting for **84.3%** of the sector's total debt.
- Analyzing the growth in debt relative to the growth in inventory, we observe two main trends:

1) Debt growth aligns with inventory growth: This group includes companies that (1) face difficulties in accessing loans and have stalled project development (e.g., NVL) or (2) demonstrate strong capital-raising capabilities and efficient project execution (e.g., NLG, KDH).

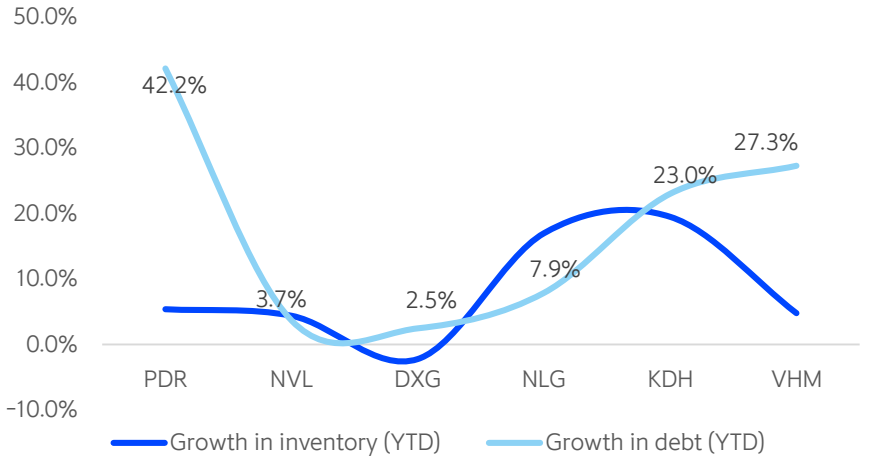
2) Debt growth exceeds inventory growth: This includes companies like PDR and VHM, where the increase in debt is primarily aimed at optimizing their capital structure by diversifying funding sources.

The outstanding debt of major listed companies grew in Q3 2024



Sources: FiinProX, Shinhan Securities Vietnam

Increase in debt compared to the increase in inventory ratio



Sources: FiinProX, Shinhan Securities Vietnam

03

3. Prospects of the real estate industry in 2025

We remain optimistic that the real estate market will continue its recovery in 2025, driven by (1) improved legal frameworks and (2) attractive interest rates supporting ample supply.

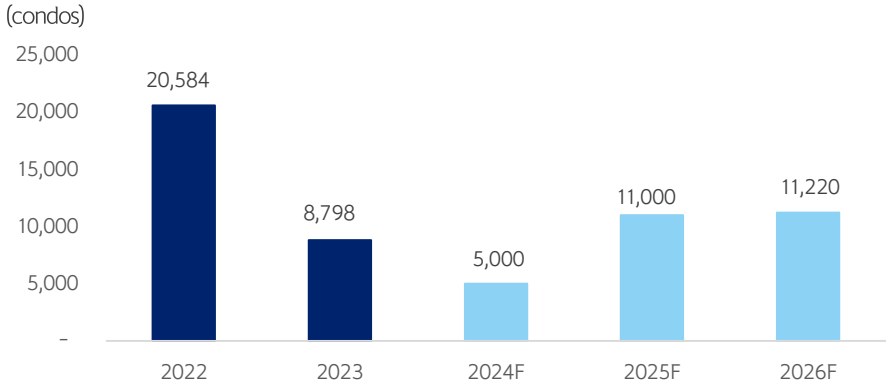
3. Prospects of the real estate industry in 2025

The legal framework is expected to be completed, which will help boost the supply of real estate

We expect that continued development of the legal framework and the issuance of specific resolutions will help address obstacles and increase the supply for the real estate market. Specifically:

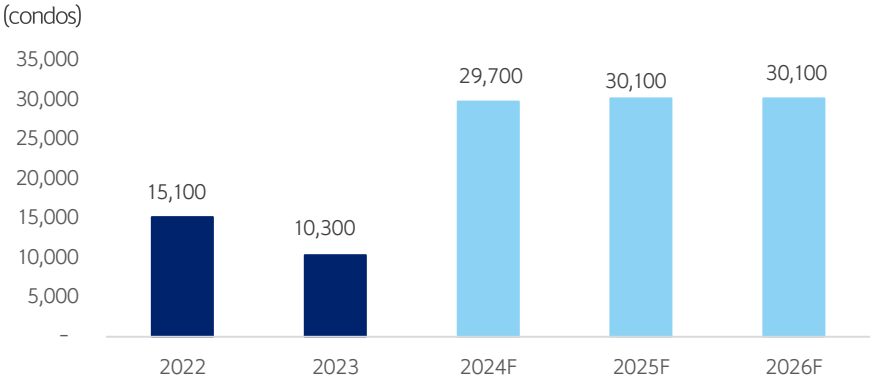
- Numerous resolutions and circulars guiding the implementation of Real Estate Laws have already been issued (detailed in Appendix 1). These documents provide a foundation for translating the laws into actionable policies, thereby unlocking market supply.
- Furthermore, during the 8th Session of the 15th National Assembly, several policies were approved to address challenges and support real estate market development. These include: (1) a Resolution on pilot projects for commercial housing development through agreements on land use rights acquisition or for projects already holding LUR **(Resolution No. 171/2024/QH15)** and (2) **Resolution No. 161/2024/QH15**, titled "Enhancing the effectiveness and efficiency of policies and laws governing real estate market management and social housing development" (detailed in Appendix 2).

The supply of condos in HCM is expected to continue recovering



Source: CBRE, Shinhan Securities Vietnam

The supply of new condos in Hanoi continues accelerating



Source: CBRE, Shinhan Securities Vietnam

3. Prospects of the real estate industry in 2025

The legal framework is expected to be completed, which will help boost the supply of real estate

We evaluate the impact of several major policies on the real estate market, such as:

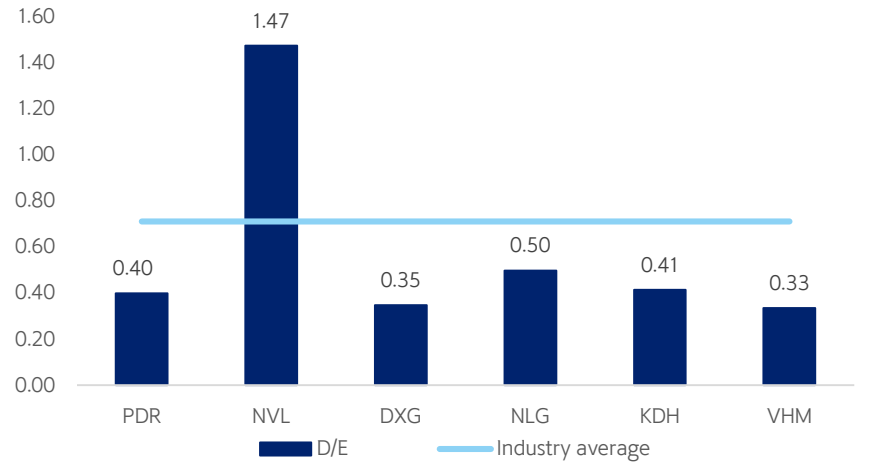
Documents	Content	Impact
Land Law	Replace the 5-year land price framework with an annual land price table that more closely aligns with market valuations.	The land price table is utilized for compensation and land clearance purposes. Therefore, adopting a new land price table that aligns more closely with market values could **expedite the land clearance process**. However, this approach may also **increase compensation costs for enterprises.**
Law on real estate trading	The law mandates a minimum equity capital requirement/total invesrment of 20% for projects with a land area below 20 hectares and 15% for projects with a land area exceeding 20 hectares.	Previously, the minimum equity ratio requirement was established under Decree 02/2022/ND-CP. However, its codification into law signifies a **stricter enforcement of this requirement.**
	Disclosure of information on real estate for business purposes.	Contributing to the **transparency of the real estate market and ensuring the protection of homebuyers.**
Decree No. 96/2024/ND-CP on real estate trading	The regulations impose stricter debt-to-equity ratio requirements for projects based on their land use scale. For projects utilizing land areas below 20 hectares, the maximum allowable debt-to-equity ratio is capped at 4x, while for projects exceeding 20 hectares, the ratio is set at 5.67x.	This regulation contributes to **maintaining the financial safety ratio of real estate enterprises and ensuring the overall health of the market**. Under these provisions, real estate companies that use leverage beyond the prescribed limits may face restrictions on further increasing their debt levels to finance ongoing or new projects.
Decree 71/2024/ND-CP on Land Prices	Additional costs to be included in the land development expenses include provisions for price escalation, interest expenses, consulting fees for investment and construction, project management costs, and other related expenditures.	We expect that incorporating additional costs incurred during the project development process into the land development costs for calculating land use fees will contribute to the **rationalization of land use fees for businesses, thereby stabilizing the real estate market.**
Resolution No. 171/2024/QH15	Land designated for projects can be expanded to include agricultural land, non-agricultural land that is not designated for residential use, residential land, or other land within the same parcel, in cases where there is an agreement regarding the right to transfer the land.	The specific resolutions are supplementary to the laws already enacted, aimed at addressing issues and difficulties in projects that have not been resolved by the Real Estate Laws. We anticipate that these resolutions, in conjunction with the Real Estate Laws, will **help alleviate bottlenecks in stalled projects, thereby stimulating market supply starting in 2025.**
Resolution No. 161/2024/QH15	Addressing the issuance of policies to resolve market obstacles in the real estate sector arising from the equitization process, changes in the legal framework, and other related factors.	

3. Prospects of the real estate industry in 2025

The legal framework is expected to be completed, which will help boost the supply of real estate

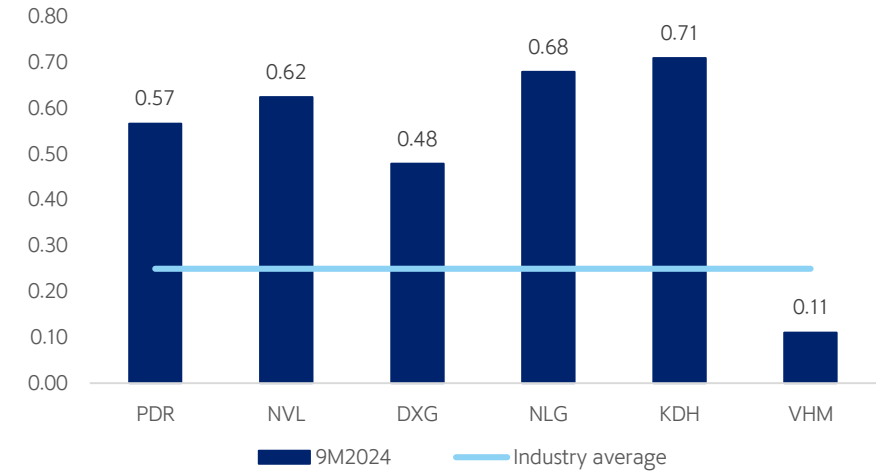
In general, we believe that real estate companies with strong capital, large land banks, and projects with clear legal standing, such as NLG, KDH, and VHM, are likely to benefit in the near future as project development costs are expected to rise, capital requirements become more stringent, and the market is anticipated to become more transparent.

The debt/equity ratio of large listed real estate companies (Q3/2024)



Source: FiinProX, Shinhan Securities Vietnam

The ratio of inventory/total assets of large listed companies

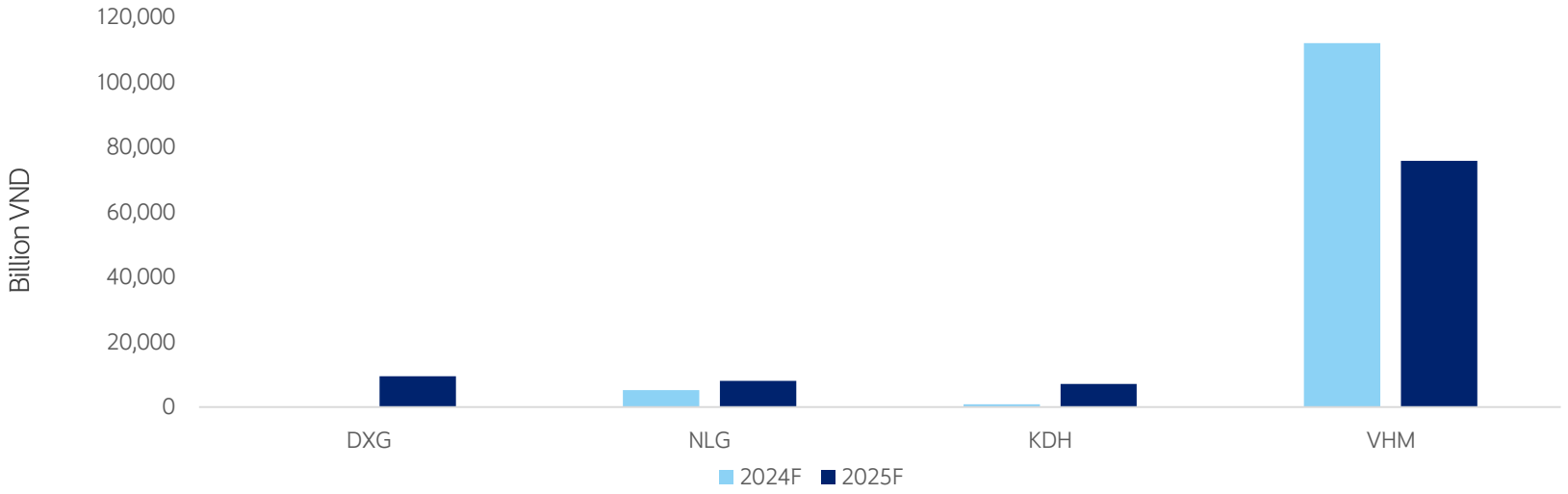


Source: FiinProX, Shinhan Securities Vietnam

The legal framework is expected to be completed, which will help boost the supply of real estate

In 2025, large listed companies are expected to continue selling projects that have been established and completed this year. Overall, we forecast that the presale value of most companies will improve compared to 2024 when (1) many projects have legal issues resolved and (2) buyer sentiment is more positive as the market recovers.

The presales for 2025 is expected to recover compared to 2024.

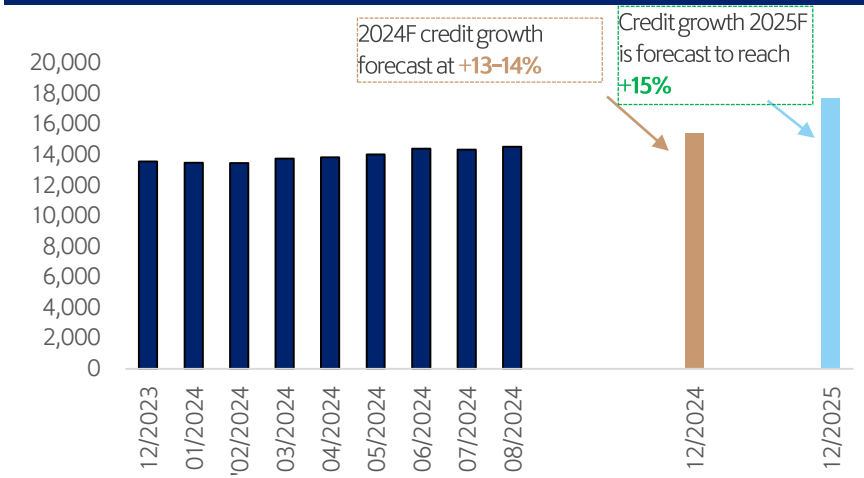


Source: Company Data, Shinhan Securities Vietnam

3. Prospects of the real estate industry in 2025

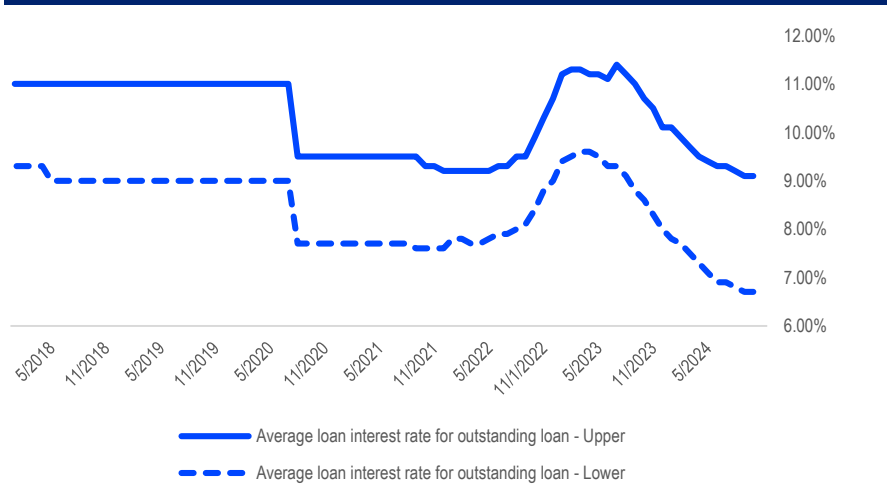
Interest rate environment remains favorable

Credit of Vietnam's economy **2023-2025 (VND trillion)**



Source: Fiinpro, Shinhan Securities Vietnam

Lending rates have returned to low levels and may increase slightly in 2025



Source: SBV, Shinhan Securities Vietnam

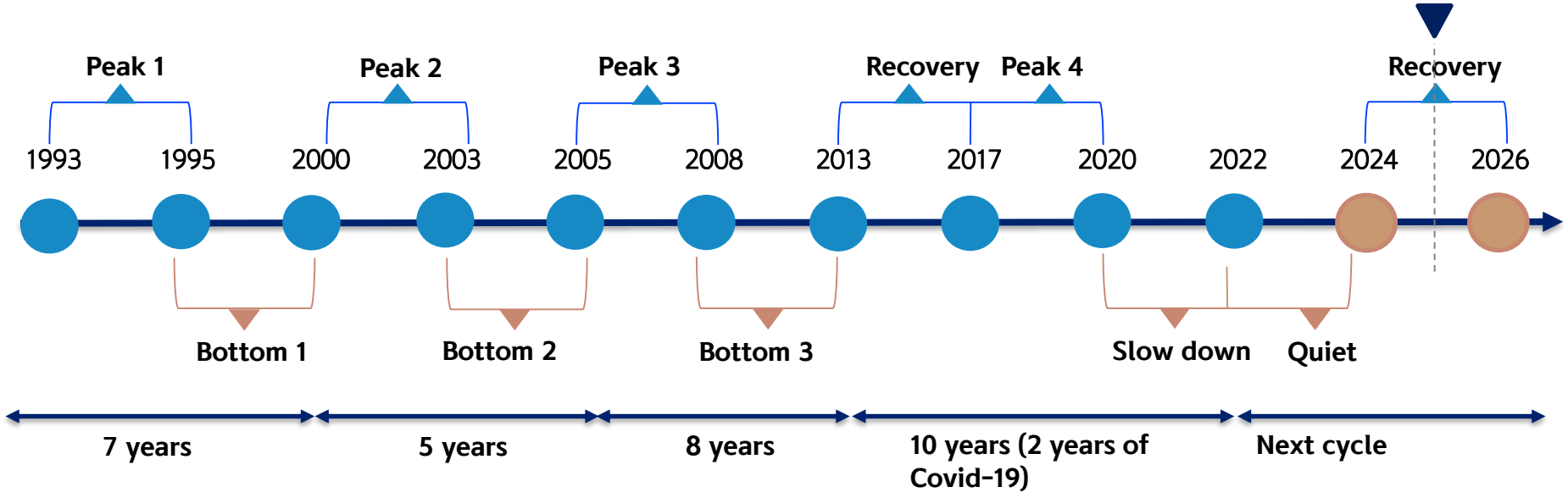
With expectations of: (1) credit growth maintaining a level of +15% YoY, driven by the retail credit segment, and (2) average lending rates slightly increasing from the current low levels (6.7-9.1% in October 2024), we believe 2025 will continue to feature a favorable interest rate environment, boosting real estate consumption demand. This will be further amplified compared to 2024 by several positively shifting fundamentals, including: (1) specific impacts from recently completed legal frameworks, (2) an anticipated revival of market supply, and (3) a positive market sentiment.

3. Prospects of the real estate industry in 2025

We maintain our view that the real estate industry entered a recovery phase in the 2H2024

In short, we maintain the view expressed in the 2024 Real Estate Industry Outlook Report that the most challenging period for the real estate industry has passed and that real estate industry entered a recovery phase, with expectations that:

- ❖ Interest rates will remain attractive;
- ❖ Legal completions will drive up the supply of real estate.



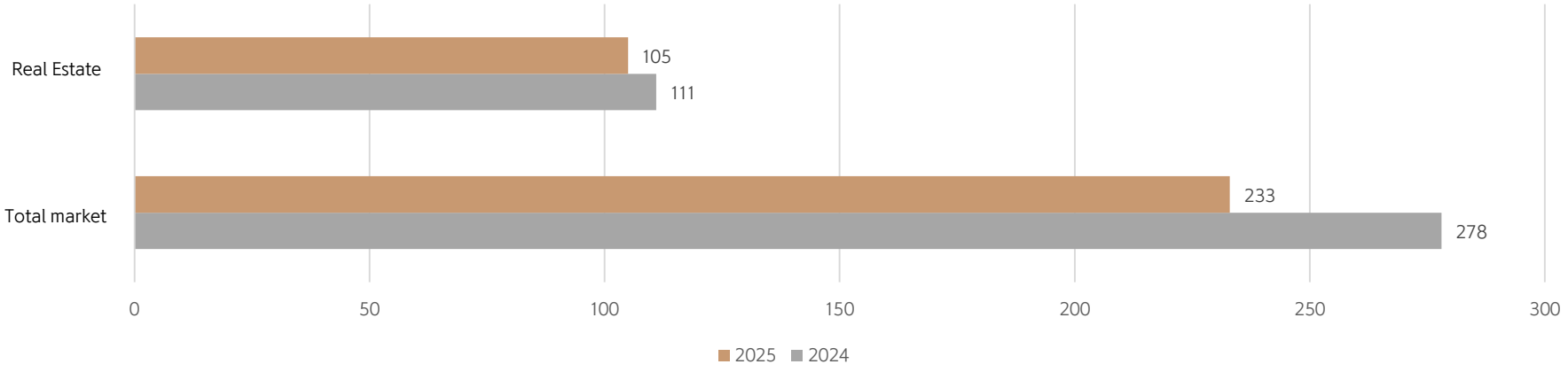
Source: Cushman &Wakefield, Shinhan Securities Vietnam

3. Prospects of the real estate industry in 2025

The risk is still present but has been better controlled

The pressure of corporate bond maturities in general and the real estate sector in particular in 2025 does not show significant changes compared to 2024, with the maturity value at **VND 105 trillion**, a decline of about **6% YoY.** However, with several positive factors, including (1) increased transaction values in the real estate market, (2) recovery of real estate consumption credit, and (3) improved legal frameworks, we believe that the risks associated with bond maturity pressure in 2025 will be better managed thanks to the recovery in business activities of enterprises. This has been partly reflected in the sharp reduction of overdue interest and principal payments on corporate bonds in 2024.

The value of maturing bonds in 2025 will slightly decrease (trillion VND)



Source: VBMA, VIS Rating, Shinhan Securities Vietnam

3. Prospects of the real estate industry in 2025

The risk is still present but has been better controlled

Similar to the general picture of the corporate bond market, the corporate bond repayments of listed real estate companies in 2025 will not change significantly compared to 2024. However, with expectations for positive changes in business operations, we believe that the risks will be better controlled than during the 2023-2024 period.

Value of maturing corporate bonds (VND billion)	Short-term (next 12 months)	Long-term(>12 months)	Total
NVL	23,746	15,135	38,881
VHM	3,770	27,491	31,261
NLG	980	2,635	3,615
DXG	449	940	1,389
KDH	1,100	0	1,100
PDR	0	0	0
Total	30,045	46,201	76,246

Source: FS at Q3/2024, Shinhan Securities Vietnam

04 Real Estate Stock Pick

VHM, NLG, KDH & DXG

Large listed companies

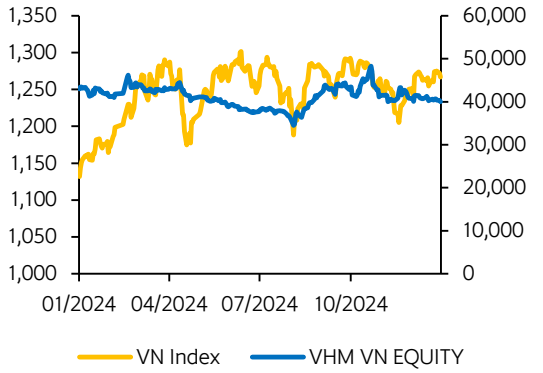
Stock	Mkt.Cap (VND bn)	Current price (VND)	Targer price* (VND)	Upside (%)	Forecasted revenue in 2025 (VND bn)	% YoY (%)	Forecasted NPAT in 2025 (VND bn)	% YoY (%)	Debt/Equity	Inventory/ Total assets	P/B (TTM)	P/E (TTM)
VHM	164,296	40,000	51,700	29.3%	102,589	0.7%	33,093	6.6%	0.33	11%	0.83	8.52
NLG	14,064	36,550	46,400	26.9%	6,842	29.9%	1,338	24.6%	0.50	68%	1.52	45.80
KDH	36,502	36,100	37,100	2.8%	5,277	33.5%	1,709	79.3%	0.41	71%	2.17	69.45
DXG	11,243	15,600	20,900	34.0%	4,671	7.9%	567	52.8%	0.35	48%	1.07	76.30
NVL	19,989	10,250	N/A	N/A	5,312	-16%	N/A	N/A	1.47	62%	0.59	N/A
PDR	18,074	20,700	N/A	N/A	1,418	+488.4%	489	-28.6%	0.40	57%	1.67	37.04
VRE	38,970	17,150	N/A	N/A	9,153	0.0%	4,127	-6.4%	0.10	1%	0.95	9.56
	Total				**135,262**	**3.1%**	**41,323**	**7.2%**				

Profit excluding Novaland.
(*) Target price (fair value) for the next 12 months
Source: Fiinpro, Shinhan Securities Vietnam
Data as of December 31th, 2024

Vinhomes JSC (HOSE: VHM)

Target price (12 months)	VND 51,700
Current price (12/31/24)	VND 40,000
Return (%)	29.3%
VNINDEX	1,267
Market P/E (x)	12.0
Market cap (billion VND)	164,296
Outstanding shares (mil shares)	4,107
Free-float (mil shares)	871
52-week high/low (VND)	48,550/34,000
90-day avg. trading volume (mil shares)	11.98
90-day avg. turnover (bn VND)	506
Major SHDs (%) VIC	69.34
Major SHDs (%) Government of Singapore	4.99

Performance	3M	6M	12M
Absolute (%)	-6.5	6.2	-7.4
Rel.to VN-Index (%)	-4.9	4.5	-19.5



Strong long-term position

Vinhomes is a leading real estate company in Vietnam. Vinhomes possesses several overwhelming advantages, including: (1) a large and high-quality land bank that continues to grow, (2) an outstanding track record with many effective investment projects, and (3) a high-value, reputable brand in the market.

Investment Thesis

- **The large, clean, and continually expanding land bank provides long-term growth potential.** Vinhomes owns some of the most prime land in the market, with key projects like Vinhomes Long Beach Can Gio, Vinhomes Ha Long Xanh, and Vinhomes Cam Ranh driving long-term growth.
- **Vinhomes is well-positioned to benefit from the new phase of the real estate market,** with strong financial capabilities, exceptional legal expertise, and high-quality projects, making the company well-positioned to benefit from new laws.

Update

- **Business Performance in 9M2024: presales reached VND 89.6 trillion (+58% YoY),** with over 10,300 new contracts signed (compared to 9,200 in the same period last year), mainly driven by the Vinhomes Vu Yen project, which accounted for 67% of presales. **Unbilled revenue grew to VND 123 trillion,** with Vinhomes Vu Yen contributing the highest share at **41%.**
- **Valuation:** Adjustments due to (1) new economic benefits from key projects such as Wonder Park and Global Gate, and (2) increased discount rate to account for group risks, the new target price for VHM shares is **VND 51,700.**

Outlook for 2025

- Projected revenue for 2025 is **VND 102.59 trillion (+0.7% YoY),** driven by the delivery of new products at Vinhomes Royal Island and continued handovers at The Crown and The Empire.
- Net profit is expected to reach **VND 33.09 trillion (+6.6% YoY).**

Risks: (1) Legal bottlenecks; (2) Credit scarcity; (3) Low absorption rate.

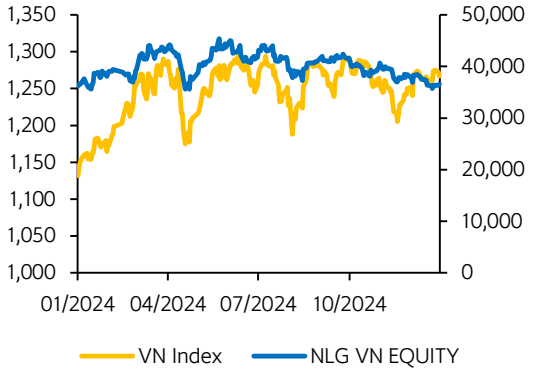
Year	2021	2022	2023	2024E	2025F
Revenue (bil VND)	84,986	62,393	103,334	101,895	102,589
Operating Income (bil VND)	48,460	30,696	35,707	34,160	34,152
NP (bil VND)	38,825	28,831	33,125	31,044	33,093
EPS (VND)	8,904	6,611	7,597	7,163	8,057
OPM	57.0	49.2	34.5	33.5	33.3
NPM	45.8	46.7	32.2	30.5	32.2
ROE (%)	29.6%	19.6%	18.3%	17.5%	16.1%
P/E (x)	4.6	6.2	5.4	7.2	6.4
P/B (x)	1.4	1.3	1.0	0.9	0.8

Source: Company data, Shinhan Securities Vietnam

Nam Long Investment Corporation (HOSE: NLG)

Target price (12 months)	**VND 46,400**
Current price (12/31/24)	VND 36,550
Return (%)	26.9%
VNINDEX	1,267
Market P/E (x)	12.0
Market cap (billion VND)	14,064
Outstanding shares (mil shares)	385
Free-float (mil shares)	218
52-week high/low (VND)	46,150/35,600
90-day avg. trading volume (mil shares)	1.40
90-day avg. turnover (bn VND)	54
Major SHDs (%) BOD and related parties	18.9
Major SHDs (%) Ibeworth Pte.Ltd	8.2

Performance	3M	6M	12M
Absolute (%)	-12.0	-11.7	-0.3
Rel.to VN-Index (%)	-10.4	-13.4	-12.4



Steady growth driven by a large backlog

Nam Long Investment Corporation (HOSE: NLG) is one of Vietnam's leading affordable real estate developers. The company also owns a large land bank of 684 hectares with excellent infrastructure connectivity. We expect (1) the focus on the affordable segment and (2) the ownership of a land bank ready for project development to help NLG take the lead in the real estate market recovery.

Investment Thesis

- **NLG is a reputable real estate developer, owning a clean land bank of up to 684 hectares, with potential for long-term development.** NLG's land bank is typically ahead of the market by 10-15 years, giving it an advantage as large clean land areas around Ho Chi Minh City become increasingly scarce and land prices rise. According to the leadership, NLG's land bank is sufficient to develop projects for the next 5 years.

- **The revenue of NLG in 2025 reached VND 6,842 billion (+29.9% YoY) and NPAT was VND 1,338 billion (+24.6% YoY),** mainly due to the continued handover of the Akari project and the Southgate project.

Update

- **Business Performance in 9M2024:** NLG's net revenue reached VND 828 billion (-46.5% YoY), and NPAT was VND 54 billion (-82.9% YoY). Thus, NLG has achieved 12% of its revenue target and 7% of its profit target. The poor performance in revenue and profit during the first 9 months of 2024 is due to NLG's focus on handover mainly in Q4.

- **Valuation:** Adjusting based on (1) Q3/2024 financial data and (2) adjusting the discount rate to 10% with the expectation that legal risks for NLG will be mitigated as laws are uniformly enforced, we set a new target price for NLG shares at **46,400 VND per share.**

Outlook for 2025

We project NLG's revenue in 2025 to reach **VND 6,842 billion (+29.9% YoY)** and NPAT to be **VND 1,338 billion (+24.6% YoY).** Of this, two projects are expected to contribute about 70% of NLG's revenue in 2025: the Akari Phase 2 project (VND 3,424 billion) and Southgate (VND 1,373 billion).

Risks: (1) Legal bottlenecks; (2) Credit scarcity; (3) Low absorption rate.

Year	2021	2022	2023	2024F	2025F
Revenue (bil VND)	5,206	4,339	3,181	5,267	6,842
Operating Income (bil VND)	782	829	582	1,008	1,557
NP (bil VND)	1,479	866	801	1,074	1,338
EPS (VND)	3,099	1,345	1,187	1,771	2,271
OPM	15.0	19.1	18.3	19.1	22.8
NPM	28.4	20.0	25.2	20.4	19.6
ROE (%)	10.9	6.5	5.9	7.6	8.8
P/E (x)	9.8	27.3	31.8	26.2	20.4
P/B (x)	1.13	1.69	1.56	1.8	1.7

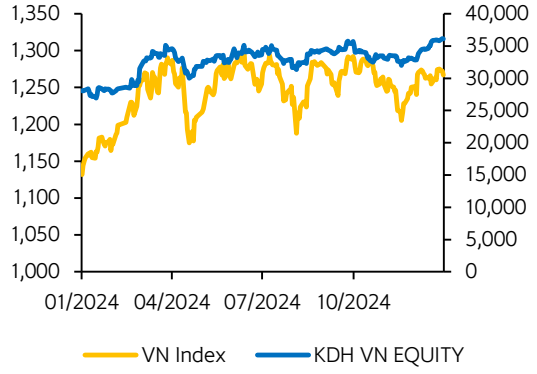
Source: Company data, Shinhan Securities Vietnam

Khang Dien House Trading And Investment JSC (HOSE: KDH)

KHANG ĐIỀN

Target price (12 months)	**VND 37,100**
Current price (12/31/24)	VND 36,100
Return (%)	2.8%
VNINDEX	1,267
Market P/E (x)	12.0
Market cap (billion VND)	36,502
Outstanding shares (mil shares)	1,011
Free-float (mil shares)	638
52-week high/low (VND)	36,364/26,545
90-day avg. trading volume (mil shares)	2.78
90-day avg. turnover (bn VND)	86
Major SHDs (%) Tien Loc Investment JSC	13.0
Major SHDs (%) Gam Ma Investment Consultancy JSC	8.8

Performance	3M	6M	12M
Absolute (%)	2.1	7.6	26.5
Rel.to VN-Index (%)	3.7	5.9	14.4



Strong growth thanks to the handover of low-rise projects in 2025

Khang Dien House Trading and Investment JSC (HOSE: KDH) is one of the few developers that holds a substantial land bank within Ho Chi Minh City (HCMC – over 600 hectares). KDH is also a leading listed company in the development of mid- to high-end residential projects. The revenue and NPAT of KDH will increase in the future because: (1) KDH is among the top reputable developers and owns a substantial land bank in HCMC; (2) KDH can lead the recovery of the landed property market from 2025 to 2026 by launching Emeria and Clarita; and (3) having strong financial potential, with a high inventory-to-total assets ratio.

Investment Thesis

-**KDH is one of the top reputable developers in Vietnam and owns a large land bank in HCMC (over 600 hectares) with long-term development potential.** Most of KDH's land has been compensated for many years ago. This provides KDH with an advantage as large land plots in this area are increasingly scarce and land prices continue to rise. We project that KDH's current land bank is sufficient to develop projects for the next 7-9 years.

-**We forecast KDH's revenue in 2025 to reach VND 5,277 billion (+33.5% YoY) and NPAT to be VND 1,709 billion (+79.3% YoY),** mainly driven by the handover of the Emeria and Clarita projects.

Update

- **9M2024 Financial Performance:** KDH's revenue reached VND 1,231 billion (-24.2% YoY), and NPAT was VND 410 billion (-38.5% YoY), mainly due to (1) the continued handover of the remaining part of the Classia project and (2) restructuring of some individual land plots.

- **Valuation:** Adjusted based on (1) Q3 2024 financial data, (2) cautious delay in the sales of the Emeria and Clarita projects to 2025, and (3) KDH's dividend distribution for 2023 in shares, at a ratio of 100:10 on October 17, 2024, we set a new target price for KDH shares at **VND 37,100 per share.**

Outlook for 2025

We forecast KDH's revenue in 2025 to reach **VND 5,277 billion (+33.5% YoY)** and NPAT to be **VND 1,709 billion (+79.3% YoY),** mainly from the handover of the low-rise projects Emeria and Clarita. NPATAMI is expected to be VND 846 billion (-11.2% YoY).

Risk: (1) Risk of increased compensation costs when the new land price table is applied from 2026, (2) risk of delays in administrative procedures and the implementation of new laws, (3) risk of lower absorption rates than expected.

Year	2021	2022	2023	2024F	2025F
Revenue (bil VND)	3,738	2,912	2,088	3,953	5,277
Operating Income (bil VND)	1,406	1,066	1,220	1,362	2,313
NP (bil VND)	1,204	1,084	729	953	1,709
EPS (VND)	1,777	1,539	895	894	787
OPM	37.6	36.6	58.4	34.5	43.8
NPM	32.2	37.2	34.9	24.1	32.4
ROE (%)	11.8	9.8	5.3	5.6	8.7
P/E (x)	14.8	20.2	36.8	41.7	47.6
P/B (x)	1.7	1.9	2.0	2.3	2.1

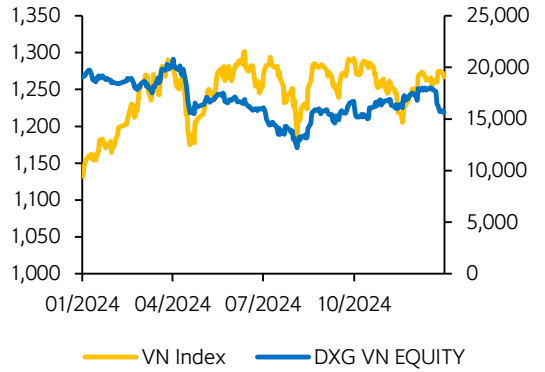
Source: Company data, Shinhan Securities Vietnam

Dat Xanh Group JSC (HOSE: DXG)

DAT XANH GROUP

Target price (12 months)	**VND 20,900**
Current price (12/31/24)	VND 15,600
Return (%)	34.0%
VNINDEX	1,267
Market P/E (x)	12.0
Market cap (billion VND)	11,243
Outstanding shares (mil shares)	721
Free-float (mil shares)	575
52-week high/low (VND)	20,850/12,050
90-day avg. trading volume (mil shares)	15.96
90-day avg. turnover (bn VND)	271
Major SHDs (%) BOD and related parties	18.1
Major SHDs (%) Prusix Asian Smaller Companies Fund	4.8

Performance	3M	6M	12M
Absolute (%)	-6.6	-2.5	-19.4
Rel.to VN-Index (%)	-4.9	-4.2	-31.5



Datxanhhomes Riverside unlocks presales for 2025

Dat Xanh Group JSC (HOSE: DXG) is a major listed company in the mid-range property segment. Additionally, DXG holds a leading market share in the brokerage sector nationwide (33%). The company's revenue and profit are expected to grow in the near future due to: (1) DXG being a key developer in the mid-range segment with a land bank exceeding 100 hectares; (2) The relaunch of DatxanhHomes Riverside and Gem Sky World (GSW) is anticipated to boost sales growth for DXG during 2025-2026; (3) The brokerage segment is expected to thrive alongside the recovery of the real estate market.

Investment Thesis

-**DXG is one of the largest developers in the mid-range segment, owning a land bank of over 100 hectares.** The company is actively seeking new land to expand its long-term land banks.

-**Presales in 2025: Expected to reach VND 9,507 billion, significantly higher than 2024 (when no projects were launched).** This will primarily come from the relaunch of the two outstanding projects. Specifically, presales from DatxanhHomes Riverside are estimated at VND 6,653 billion, and GSW at VND 2,854 billion.

Update

-**9M2024 Business Performance:** DXG reported net revenue of VND 3,204 billion (+38.9% YoY). This positive result stems from (1) the delivery of subsequent products from two projects, Opal Skyline and GSW and (2) strong growth in the brokerage segment (+109.3% YoY) due to the recovery of the northern real estate market.

-**Valuation:** Based on the RNAV method, we recommend DXG stock with a target price of **VND 20,900.**

Outlook for 2025

We project DXG's revenue in 2025 to reach **VND 4,671 billion (+7.9% YoY),** primarily driven by (1) continued handover of the GSW project and (2) strong growth in the brokerage segment due to the ongoing recovery of the market.

Risks: (1) Lower-than-expected absorption rates at the DatxanhHomes Riverside project due to concerns over the cancellation of preliminary agreements signed with customers (from 2018); (2) delays in the relaunch of the Gem Sky World project; (3) Administrative delays and challenges in implementing new legal regulations.

Year	2021	2022	2023	2024F	2025F
Revenue (bil VND)	10,089	5,512	3,725	4,331	4,671
Operating Income (bil VND)	2,712	830	734	829	1,369
NP (bil VND)	1,594	534	151	371	567
EPS (VND)	1,942	355	273	390	596
OPM	26.9	15.1	19.7	19.1	29.3
NPM	15.8	9.7	4.1	8.6	12.1
ROE (%)	11.9	3.8	1.1	2.5	3.8
P/E (x)	6.9	53.4	60.0	53.8	35.2
P/B (x)	0.9	1.2	1.1	1.5	1.6

Source: Company data, Shinhan Securities Vietnam

05 Appendix

Appendix 1 – List of some guiding documents for implementation

No.	Document	Content	Date of Issue	Effective Date
1	Decree 123/2024/NĐ-CP	Regulations on administrative sanctions in the land sector	4/10/2024	4/10/2024
2	Decree 112/2024/NĐ-CP	Guidelines on rice land management	11/9/2024	11/9/2024
3	Decree 104/2024/NĐ-CP	Regulations on Land Development Fund	31/07/2024	1/8/2024
4	Decree 103/2024/NĐ-CP	Regulations on land use fees and land rental fees	30/07/2024	1/8/2024
5	Decree 102/2024/NĐ-CP	Detailed implementation regulations of the 2024 Land Law	30/07/2024	1/8/2024
6	Decree 101/2024/NĐ-CP	Regulations on land data systems; registration, issuance of certificates, and information systems	29/07/2024	1/8/2024
7	Decree 88/2024/NĐ-CP	Regulations on compensation, support, and resettlement for state land recovery	15/07/2024	1/8/2024
8	Decree 71/2024/NĐ-CP	Regulations on land prices	27/06/2024	1/8/2024
9	Circular 11/2024/TT-BNV	Regulations on the preparation and management of administrative boundary records issued by the Ministry of Home Affairs	18/10/2024	18/10/2024
10	Circular 12/2024/TT-BTNMT	Guidelines for training, education, and knowledge updates for professionals in the land management sector	31/07/2024	1/8/2024
11	Circular 08/2024/TT-BTNMT	Regulations on data systems, statistics, and mapping of land use status issued by the Ministry of Natural Resources and Environment	31/07/2024	1/8/2024
12	Circular 09/2024/TT-BTNMT	Regulations on content, structure, and technical standards for land database systems and national data integration software issued by the Ministry of Natural Resources and Environment	31/07/2024	1/8/2024

Source: Legal Library, Shinhan Securities Vietnam

Appendix 1 – List of some guiding documents for implementation

No.	Document	Content	Date of Issue	Effective Date
13	Circular 10/2024/TT-BTNMT	Regulations on cadastral records, land use rights certificates, and property ownership rights issued by the Ministry of Natural Resources and Environment	31/07/2024	1/8/2024
14	Circular 11/2024/TT-BTNMT	Regulations on valuation techniques, protection, and restoration of land issued by the Ministry of Natural Resources and Environment	31/07/2024	1/8/2024
15	Circular 56/2024/TT-BTC	Regulations on fees, collection, submission, management, and use of national land database data issued by the Ministry of Finance	31/07/2024	1/8/2024
16	Decree 94/2024/NĐ-CP	Guidelines on the Law on Real Estate Business regarding project construction and management of information systems and data on real estate markets	24/07/2024	1/8/2024
17	Decree 96/2024/NĐ-CP	Guidelines on the Law on Real Estate Business	24/07/2024	1/8/2024
18	Circular 04/2024/TT-BXD	Guidelines on training framework and knowledge updates for real estate brokerage professionals issued by the Ministry of Construction	30/07/2024	1/8/2024
19	Circular 49/2024/TT-NHNN	Amendments to Circular 11/2022/TT-NHNN dated 30/09/2022 on foreign currency credit management	25/10/2024	10/12/2024
20	Decree 95/2024/NĐ-CP	Guidelines on the Law on Housing	27/06/2024	1/8/2024
21	Decree 98/2024/NĐ-CP	Guidelines on housing renovation, reconstruction, and apartment buildings	26/07/2024	1/8/2024
22	Decree 100/2024/NĐ-CP	Guidelines on the development and management of social housing	26/07/2024	1/8/2024
23	Circular 05/2024/TT-BXD	Guidelines issued by the Ministry of Construction	31/07/2024	1/8/2024

Source: Legal Library, Shinhan Securities Vietnam

Annex 2 – Special Resolution for resolving projects

The legal framework is expected to be completed, which will help boost the supply of real estate

Resolution No. 171/2024/QH15 and Resolution No. 161/2024/QH15 are supplements to the existing laws to address the issues and difficulties in projects that have not been resolved by the Real Estate Laws. Specifically:

Three Real Estate Laws

The land for the commercial housing project must have residential land (according to the amended Land Law).

Resolution No. 171/2024/QH15

The land for the project is expanded to include agricultural land, non-agricultural land that is not residential land, residential land, or other land within the same plot in the case of an agreement on land use rights transfer.

The pilot project in **urban areas or areas designated for urban development nationwide.**

The total residential land area in the pilot projects [...] does not exceed 30% of the additional residential land area in the planning period...

The resolution will be effective from **April 1, 2025**, and will be implemented for a period of **5 years**.

According to the report from the Ministry of Natural Resources and Environment, between 2014 and 2023, there were about **189 projects in Hanoi** and **126 projects in HCMC** facing issues related to the requirement of having "residential land." Therefore, we expect that the pilot program allowing other types of land to be used for projects can help resolve **some of the projects** that have been stuck in legal limbo for many years.

Annex 2 – Special Resolution for resolving projects

The legal framework is expected to be completed, which will help boost the supply of real estate

Three Real Estate Laws

- There are no regulations for resolving issues related to the project or land that are entangled in inspection, audit conclusions, or judgments.

Resolution No. 161/2024/QH15

- There is a suitable solution to **resolve the real estate projects facing difficulties, legal obstacles, and delays** due to the prolonged implementation process and changes in the law over time.
- "There are specific solutions and guidelines for ministries, sectors, and localities to **resolve obstacles related to land management and usage during the equitization of state-owned enterprises** and the divestment of state capital in enterprises [...]."
- Urgently issue all detailed regulatory documents and organize effective implementation of the Resolution on specific mechanisms and policies to **resolve difficulties and obstacles related to projects, land issues in inspection, audit conclusions, and judgments** in HCMC, Da Nang City, and Khanh Hoa Province.

A series of obstacles have been highlighted in the resolution, along with a strong determination to resolve long-standing bottlenecks. For example, in Da Nang, the city is currently carrying out four conclusions from the Government Inspectorate (three court rulings from various levels of courts) with thousands of projects "stuck." Among them are cases dating back nearly 20 years, which were concluded by inspections in 2013, and Da Nang is still implementing them. Therefore, we hope that once the specific policies to resolve these issues are enacted, they can unlock the supply for the market.

Important Disclosure

Stock

- **BUY:** Expected 12-month gain of 15% or more
- **HOLD:** Expected 12-month loss of 15% to gain of 15%
- **SELL:** Expected 12-month loss of 15% or more

Sector

- **OVERWEIGHT:** Based on market cap, largest share of sector stocks under coverage is rated BUY
- **NEUTRAL:** Based on market cap, largest share of sector stocks under coverage is rated HOLD
- **UNDERWEIGHT:** Based on market cap, largest share of sector stocks under coverage is rated SELL



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