Shinhan Securities

Legal update

Legal solutions to unlock Real Estate potential

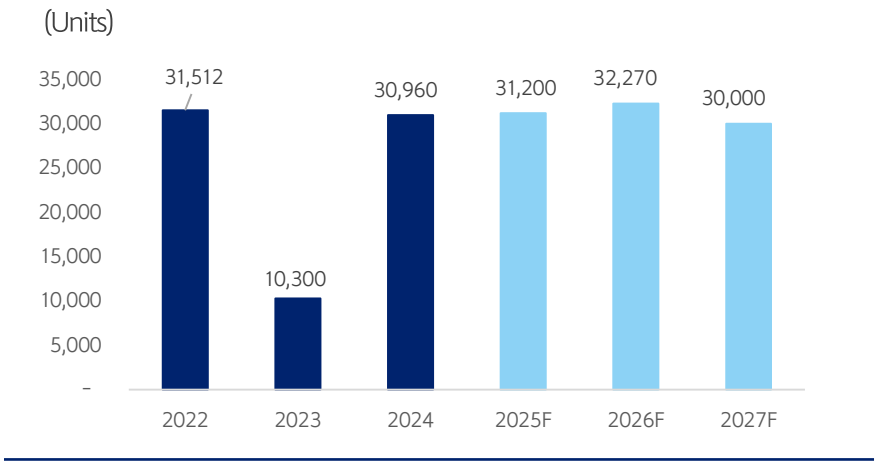


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Specific Resolution to Unlock Supply

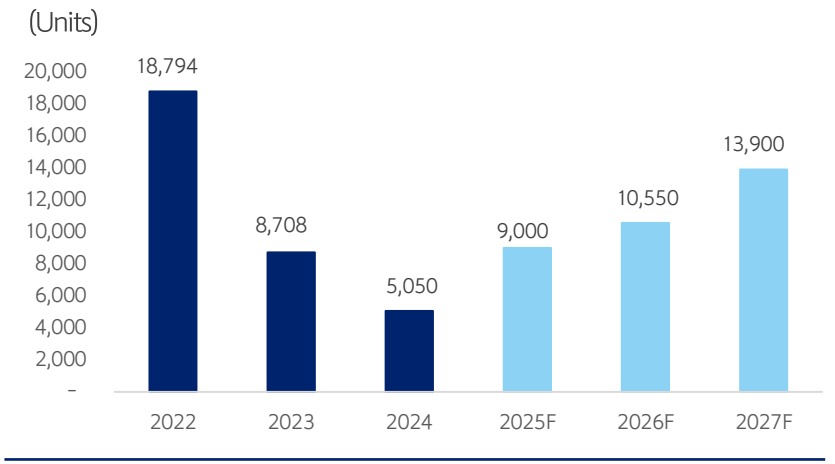
The two specific Resolutions, effective from April 1st, are expected to boost supply

New condos supply in Hanoi in 2024 increased by 20% YoY



Source: CBRE, Shinhan Securities Vietnam

New condos supply in HCMC decreased by 40% YoY



Source: CBRE, Shinhan Securities Vietnam

The year 2024 witnessed many changes in real estate-related policies as (1) the Land Law was issued in January 2024, (2) Three real estate laws were simultaneously implemented from August 2024, and (3) The basic implementing guidelines were completed by the end of 2024. We observed that **the impact of the 2024 policies on the market has not been even or clear (in the South)** due to the delay in finalizing the implementing guidelines and policy implementation.

Continuing the work of completing policies, in February 2025, the National Assembly issued specific Resolution No. 170/2024/QH15. At the same time, the Decree guiding Resolution 171/2024/QH15 is also gradually being completed. We expect that **the issuance and implementation of the specific Resolutions from April 1, 2025, can remove the obstacles that have existed for many years and release resources for businesses facing difficulties across the country.**

Specific Resolution to Unlock Supply

Resolution No. 170/2024/QH15, effective from April 1st, expected to unleash resources

In February 2025, Resolution No. 170/2024/QH15 on specific mechanisms and policies to remove difficulties and obstacles for projects and land within inspection and audit conclusions and court judgments in Ho Chi Minh City, Da Nang City, and Khanh Hoa Province was promulgated. **This Resolution will take effect from April 1, 2025.**

This Resolution was previously proposed in the National Assembly meeting in November 2024. However, this promulgation is a significant step forward in resolving obstacles for projects because it (1) clearly identifies the projects to be resolved and (2) presents the direction for resolution. Some solutions include:



For 11 projects where the Khanh Hoa Provincial People's Committee allocated land without auctions or bidding (investor appointment).

(1) The investor can continue to use the land if they meet the planning conditions, [...]. At the same time, it clearly stipulates the time to determine the land price for the project.

(2) If the investor does not meet the conditions to continue implementing the project, the land will be revoked.



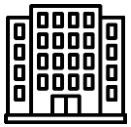
Regarding the 16 projects where land use fees in Da Nang need to be settled.

Determine land prices according to the time the State allocates land or allows land use purpose conversion.

Specific Resolution to Unlock Supply

Resolution No. 170/2024/QH15, effective from April 1st, expected to unleash resources

Among the 64 projects with handling plans, we pay attention to 2 projects of NVL. Specifically:



Regarding the project at 39-39B Ben Van Don Street, District 4

Following administrative resolution, the investor is permitted to resume land use for project execution.



For the LakeView project (located within the 30.1ha Nam Rach Chiec land area in the Resolution)

(1) For the **portion of land swap corresponding to the investor's investment amount** in the 30.2ha Binh Khanh land area until 2008 -> determine the land price at the time of completion of compensation for the 30.2ha Binh Khanh land area **(year 2008).**

(2) Regarding **the area for which land use fees have not been paid**, determine the land price at the time the State issued the decision to allocate the 30.1ha Nam Rach Chiec land plot **(in 2017).**

Regarding the Lakeview project, this is an NVL's project **swapped** with the 30.2ha Binh Khanh. **In 2016**, the HCMC People's Committee approved a land price determination plan for both projects, based on 2008 values, with the difference that NVL had to pay an additional **VND 52.7 billion. However, in 2020**, the HCMC People's Committee issued a decision to determine the land price for the Lakeview project at the 2017 timeframe. Subsequently, the HCMC Tax Department notified NVL that it had to pay land rent and LUR of approximately **VND 5,176 billion**. This provision for additional LUF led to an after-tax loss of VND 4,351 billion in 2024.

We believe that NVL could benefit from this new Resolution as the company may be able to reverse a portion of the land fees that have been provisioned. According to NVL, the company is currently awaiting further guidance to implement the Resolution and expects the reversal to take place in 2025.

Specific Resolution to Unlock Supply

Finalize the draft Decree guiding the implementation of Resolution 171/2024/QH15

By the end of 2024, the National Assembly (QH) issued Resolution 171/2024/QH15 on piloting commercial housing projects through agreements on receiving land use rights or existing land use rights. Essentially, this Resolution addresses obstacles arising from the lack of residential land as stipulated by the Land Law (2013 & 2024).

The Resolution includes several key provisions, such as:

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 guidance decree is still in the process of being finalized. We hope that the decree will be completed in time to put the Resolution into effect from April 1, 2025.

➡ **We believe that some developers, such as HDG, NBB, and DXG, could benefit when the Resolution is implemented.** For instance, two projects of HDG, Minh Long and Green Lane, are facing obstacles due to the lack of residential land within the projects. If selected for pilot implementation, the company could resume these projects, thereby potentially recovering resources in the future. However, due to the time lag from project approval to implementation and sales, we forecast that this Resolution may have noticeable impacts on these enterprises from the second half of 2026.

References

Resolution No. 170/2024/QH15 of the National Assembly on specific mechanisms and policies to remove difficulties and obstacles for projects and land in inspection conclusions, inspections, and judgments in Ho Chi Minh City, Da Nang City, and Khanh Hoa Province.

https://tinyurl.com/y3mdztjk

Real estate businesses are struggling with land-use fees.

https://tinyurl.com/3k3dbn92

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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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