

## VIS Rating assigns first-time BBB+ issuer rating to Saigon Real Estate Group Joint Stock Company, stable outlook

Hanoi, 05 December 2025 - VIS Rating has assigned a long-term issuer rating of BBB+ to Saigon Real Estate Group Joint Stock Company (SGR). The outlook for SGR's BBB+ issuer rating is stable. This is the first time VIS Rating has assigned a rating to SGR.

### RATING RATIONALE

SGR's BBB+ long-term issuer rating incorporates its 'Average' business profile, 'Weak' scale, 'Very Strong' profitability and efficiency, and 'Average' leverage and coverage profile.

Established in 1983, SGR is a real estate developer specializing in mid-range and affordable housing development. Over the past 25 years, the company has completed more than 10 mid- and small-scale high-rise residential projects in Ho Chi Minh City and surrounding provinces, including Binh Duong, Dong Nai, and Vung Tau. The company's noteworthy projects include Saigonres Plaza Complex; Saigon Riverside Residential Area; An Phu Dong Apartment – all in Ho Chi Minh City (HCM); Saigonres Tower in Vung Tau; Le Gia Plaza Residential Area in Binh Duong. Besides developing new housing projects for sale to homebuyers, the company also sells its acquired land plots and projects under development to other developers.

SGR's 'Average' Business Profile incorporates our view of its 'Average' Industry Profile and 'Average' Competitive Position and Diversification. We assign an 'Average' score for the residential real estate sector to reflect the sector's high barrier to entry, average levels of competition and volatility, and a moderate growth outlook. Developers in the sector operate in a highly regulated environment and undertake project development work that is both time-consuming and highly capital-intensive. We view the sector growth to be moderate, underpinned by strong housing demand in major cities and a significant increase in project approvals.

SGR's 'Average' Competitive Position and Diversification based on its 'Average' market position, competitive advantage, operational efficiency, and 'Below-Average' business diversification and corporate execution.

With annual revenues ranging from VND 100–600 billion during 2019–9M2025, SGR's operating scale remains small within the real estate development sector.

The company demonstrates an average competitive position, supported by its history of successfully delivering high-rise residential projects between 2000 and 2018. SGR follows a conservative business model on long-term land accumulation using internal resources rather than debt. This strategy involves acquiring agricultural land at a low cost, converting it for residential use, and navigating lengthy legal and regulatory processes without the short-term cash flow pressure typically faced by highly leveraged developers. By avoiding aggressive leverage, SGR limits financial risk while maintaining moderate operational efficiency. Over the next two years, the company will continue to focus on the mid- and affordable housing segments in resilient demand areas, where selling costs are low and competition from other developers is limited, supporting stable sales performance.

We assess SGR's business diversification as below average, given its residential real estate portfolio in the last 10 years concentration in HCM and nearby provinces, despite recent efforts to expand. The company's remaining land reserves are depleting, while opportunities to secure attractively priced land in HCM and adjacent areas have become increasingly scarce. Consequently, SGR is currently diversifying into tier-2 cities in Central and Northern regions – such as new residential projects in Binh Thuan, Thai Nguyen, and Hoa Binh – moving beyond its traditional market. These projects require significantly larger capital than previous developments and combined with the risk of slower-than-expected sales, will likely lengthen the cash conversion cycle and increase reliance on debt financing.



SGR's 'Very Strong' Profitability and Efficiency is underpinned by its track record of above industry-average EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization) margins. Over 2016 – 9M2025 period, SGR maintained EBITDA margins in the range of 30% to 80%, primarily driven by its low land acquisition costs, which enabled it to boost profits from the sale of completed projects or land plots at prevailing market prices.

We expect the company to maintain EBITDA margins of above 40% over the next 12-18 months. According to management, the company's revenue and profits over the next two to three years will be driven by the sale of land plots and projects to developers. We note that the company has already collected partial payments from buyers for these land transactions and expects to complete the legal transfers over 2026 – 2027. Between 2019 and 2025, the company did not complete any real estate projects for sale to homebuyers due to prolonged delays in obtaining legal approvals for projects within its land bank, compounded by the market freeze during the COVID-19 period (2020–2022).

In 2026 and 2027, the company plans to commence pre-sales for an affordable condominium project (Phu Dinh Riverside in Ho Chi Minh city) and three low-rise residential projects (Sai Gon An Phu in Binh Duong, Nam Tien 2 in Thai Nguyen, and Viet Xanh Hoa Binh in Hoa Binh). Management indicates that projected selling prices will be set below current market survey levels, with strong demand expected for these products. We anticipate that the launch of Phu Dinh Riverside and Sai Gon An Phu in 2026 will begin contributing meaningfully to revenue from 2028 onward, while the two northern projects will start sales in 2027 and generate revenue from 2029.

We assess SGR's Leverage and Coverage profile to be 'Average', reflecting the company's 'Strong' leverage and 'Average' coverage level.

SGR has maintained a consistently low leverage ratio during 2019–9M2025, with Debt/EBITDA at 2x–3x and Debt/Equity at 30% - 50%, stronger than the industry average and broader Vietnamese corporate universe. This low debt level is driven by the company's limited reliance on borrowings for land acquisition and the absence of new project development over the period. As of 9M2025, 47% of total debt comprised bank loans for projects and land acquisition from Agribank, BIDV, and Indovina. The remaining 53% consisted of loans from company executives and related parties, primarily used for working capital and land bank expansion.

We expect the leverage ratio to rise in 2026–2027, with Debt/EBITDA projected at 3x–5x, because the company plans to increase additional borrowings, including VND 200 billion through private bond issuance and VND 1,100 billion via bank loans, to finance four projects—Sai Gon An Phu, Phu Dinh Riverside, Viet Xanh – Hoa Binh, and Nam Tien 2 in 2026 - 2027. Despite this increase, SGR's Leverage score remains within the 'Strong' range relative to peers and the broader Vietnamese corporate universe. In addition, SGR has already raised approximately VND 400 billion through equity in May 2025 to finance for Viet Xanh – Hoa Binh project and pay back existing debt, which partially offsets the impact of additional borrowings and helps moderate the projected increase in leverage.

Looking ahead, we expect the company's debt expansion to weaken both cash flow and interest coverage. We anticipate that SGR's operating cash flow (CFO) will be negative in 2025–2026, driven by higher capital expenditures for inventory buildup in large-scale projects in Hoa Binh and Thai Nguyen. As these projects are still in the early stages of investment, CFO is expected to turn positive only from 2027 onward, once cash inflows from these projects begin. We also expect Interest Coverage, measured by EBIT/Interest expense ratio, to decline from 4x–6x to 3x–4x as a result of higher borrowing costs from new debt.

We assess SGR's liquidity risks over the next 12–18 months as manageable, supported by its available cash resources and expected cash inflows from land plot transfers and pre-sales of new projects (Phu Dinh Riverside and Sai Gon An Phu), enough to cover its payment duties. The company is estimated to pay over VND 600 billion in debt maturities during 2026–2027, while projected cash inflows amount to approximately VND 1,150 billion. The key risk to this assumption lies in potential delays in land transfers and weaker-than-expected sales progress in new residential projects, which could reduce operating cash flow. In such a scenario, the company could mitigate liquidity pressure by deferring capital expenditure, liquidating existing land reserves, and accessing additional collateralized loans from banks to meet payment obligations.

We do not incorporate any affiliate support or government support in SGR's issuer rating.

The outlook on SGR's long-term issuer rating is stable, reflecting our view that its credit fundamentals will remain stable over the next 12-18 months.

### **Factors that could lead to an upgrade**

SGR's BBB+ issuer rating could be upgraded if the company:

- Demonstrates a consistent track record of strong revenue and earnings growth in its core residential business, supported by a robust pipeline of new projects for sales;
- Achieves material and sustained improvements in key credit metrics, including CFO/Debt ratio maintained above 23%, and EBIT/Interest Expense ratio maintained above 10x.

### **Factors that could lead to a downgrade**

SGR's BBB+ issuer rating could be downgraded if the company:

- Increases borrowings significantly to finance new projects while cash collections from these projects are delayed, resulting in weaker coverage and leverage metrics. For example, Debt/EBITDA ratio exceeds 6x, or EBIT/Interest Expense ratio falls below 2.3x;
- Experiences substantial delays in its planned land transfers in Ho Chi Minh City, causing revenue and cash flow to fall materially short of management's expectations and triggering liquidity pressures;
- Faces heightened liquidity risk due to restricted access to bank financing or difficulties in refinancing at market rates.

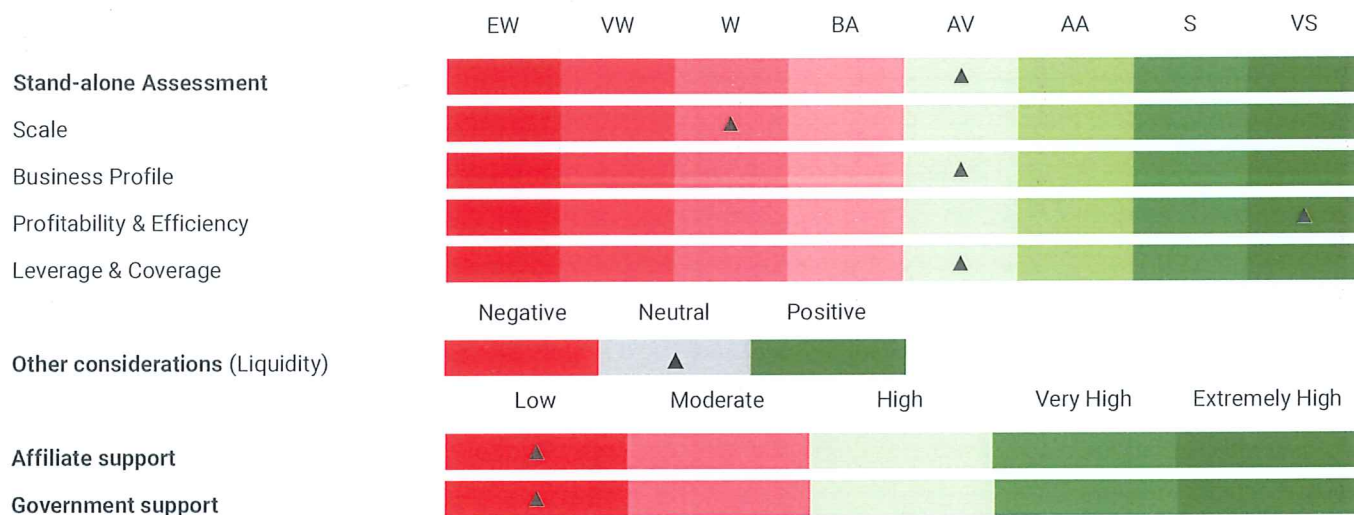
## RATING METHODOLOGY

Rating Methodology: Non-Financial Corporates.

For detailed information, please see our full methodologies at:

<https://visrating.com/wpcontent/uploads/2024/04/VIS-Rating-Rating-Methodology-Non-financial-Corporates-EN.pdf>

## SUMMARY OF KEY FACTORS



Source: VIS Rating

Note: EW- Extremely Weak, VW- Very Weak, W- Weak, BA Below-Average, AV- Average, AA Above-Average, S- Strong, VS- Very Strong

## CREDIT RATING HISTORY

Date	Rating type	Rating	Outlook	Action
05 December 2025	Long-term Issuer	BBB+	Stable	First-time assignment



## RATING SCALE

### Long-Term Rating

AAA	Issuers or debt instruments demonstrate the <b>strongest</b> creditworthiness relative to other domestic entities and transactions.
AA	Issuers or debt instruments demonstrate <b>very strong</b> creditworthiness relative to other domestic entities and transactions.
A	Issuers or debt instruments demonstrate <b>above-average</b> creditworthiness relative to other domestic entities and transactions.
BBB	Issuers or debt instruments demonstrate <b>average</b> creditworthiness relative to other domestic entities and transactions.
BB	Issuers or debt instruments demonstrate <b>below-average</b> creditworthiness relative to other domestic entities and transactions.
B	Issuers or debt instruments demonstrate <b>weak</b> creditworthiness relative to other domestic entities and transactions and may be approaching default, with strong recovery prospects.
CCC	Issuers or debt instruments demonstrate <b>very weak</b> creditworthiness relative to other domestic entities and transactions and are likely in or near default, typically with moderate recovery prospects.
CC	Issuers or debt instruments demonstrate <b>extremely weak</b> creditworthiness relative to other domestic entities and transactions and are typically in default, typically with poor recovery prospects.
C	Issuers or debt instruments demonstrate the <b>weakest</b> creditworthiness relative to other domestic entities and transactions and are typically in default, with very poor recovery prospects.

*Note: VIS Rating appends the modifiers + and – to each generic rating classification from AA through CCC. The modifier + indicates that the obligation ranks in the higher end of its generic rating category; no modifier indicates a mid-range ranking; and the modifier – indicates a ranking in the lower end of that generic rating category*

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### Vietnam Investors Service and Credit Rating Agency Joint Stock Company

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