



Spotlight on Alternatives Platform



Q1-2022



CLEAN ENERGY

Vietnam's energy sector is at an inflection point, with significant focus on sustainable energy solutions in the coming years. With a strong commitment to sustainability and ESG, VinaCapital aims to invest in a diverse portfolio of energy projects, providing both transitory and long-term solutions for Vietnam.

COP26 and Vietnam

During the COP26 event in Glasgow, Scotland in November 2021, Prime Minister Pham Minh Chinh committed Vietnam to reaching a net-zero carbon emission target by 2050. In line with COP26, Vietnam made a commitment to stop deforestation by 2030 and phase out coal-fuelled power generation by 2040. We believe this is ambitious but on the right track given the rapid development of clean energy sources in Vietnam. Although we are still waiting for the final release of the PDP8, we are confident that the master plan will reflect the government's determination to increase the contribution of renewable energy and LNG in Vietnam. In addition to our initiative in solar and LNG, we are working with partners on developing on- and offshore wind power projects, which we believe will be an important part of any new plan.



Partnership Highlights



VinaCapital and Novaland Group signed an MOU on 7 December to partner on using renewable energy across NovaWorld projects in Vietnam. The cooperation demonstrates the shared commitment of both VinaCapital and Novaland to support Vietnam's net-zero 2050 target.

On 4 November 2021, VinaCapital and EDF signed an MOU in Paris, France (with the Vietnamese Prime Minister as witness) to evaluate ways to deepen our partnership in wind power projects in Vietnam. EDF is the largest producer of renewable electricity in Europe and operates a diverse portfolio of 120+ gigawatts of generation capacity across the globe. EDF has invested in SkyX, VinaCapital's rooftop solar development subsidiary.



REAL ESTATE

VinaLiving is Vietnam's first lifestyle and tailored-living brand that caters to the new generation of Vietnamese homeowners. The VinaLiving collection of properties delivers customized living environments across a range of developments situated in premium locations. Our properties are developed to meet the growing demand in Vietnam for something above the normal. VinaLiving is not just about building houses, but about designing a lifestyle and a vision for the future.

VinaLiving homes and communities are supported by VinaCapital, one of Vietnam's leading real estate developers.

Investment Highlights

River Mansion

On 18 December 2021, VinaLiving and Novaland Group, one of Vietnam's leading real estate developers, officially announced their partnership to develop the River Mansion subdivision in the Aqua City smart eco-urban township. Under the terms of the agreement, the companies will jointly develop 200 high-end European-styled villas and townhouse on 11 hectares. Inheriting Aqua City's complete utility ecosystem, along with a prime riverside location, River Mansion aims to provide a luxurious living environment for future residents consistent with the brands' market reputations. The companies also appointed Fusion Hotel Group to manage and operate the Aqua City Resort by fusion in Aqua City.

The Ocean Villas Quy Nhon

On 3 Dec 2021, VinaLiving unveiled two mock-up villas at The Ocean Villas Quy Nhon and received very positive feedback about their outstanding design and high-quality end-products from customers and distribution agents. Looking out over landscaped gardens, the villas offer ample space inside and out, and are designed to complement the resort beach lifestyle.

VinaLiving hosted the kick-off event with its 9 sales agencies and interested customers reserved 130 of the 133 villas that were released in parcels 2A and 2B of the project.





VENTURE CAPITAL

VinaCapital Ventures is a Vietnam-focused venture capital platform committed to investing in and building world-class technology companies and incorporating them into a full digital ecosystem. Its mission is to help entrepreneurs build companies that make a significant impact on the lives of people in Vietnam and beyond.

Investment Highlights

The Vietnamese government is promoting the development of blockchain technology, recognizing its potential application across sectors such as financial services, supply chain, real estate, gaming, SaaS, and Big Data, and local start-ups are eager to participate in the potential growth of this sector. During Q4 2021, VinaCapital Ventures made two investments related to this exciting emerging technology.

First, it invested in Hub Global JSC, a blockchain eco-platform that is focused on three key areas: 1) incubator/accelerator; 2) blockchain community and sandbox, and 3) Blockchain Investment Fund, backed by 10 limited partners and several reputable entrepreneurs. VinaCapital Ventures became Hub Global's largest external shareholder and has a seat on its board of directors.

Second, VinaCapital Ventures joined a Series B fundraising round of Sygnum, a global digital asset financial services provider which empowers institutional and private qualified investors, corporate banks, and financial institutions. Sygnum enables these investors to participate in the digital asset economy with complete trust through its regulated banking and financial technology solutions that are independently controlled, scalable and future-proof.

Additionally, VinaCapital Ventures topped up its investment in UrBox, a digital gifting and loyalty platform for businesses with a vast network of online and offline partners, through UrBox's Series A funding round, together with other investors including Pavilion Capital and Touchstone Partners.

In November 2021, Homebase - an investee company of VinaCapital Ventures since 2020 – successfully raised an additional funding round of USD30 million in equity and debt. Homebase is a real estate technology company that provides innovative financing schemes for home buyers. The new funding solidifies Homebase's position as a market leader in Southeast Asia's proptech industry.





PRIVATE EQUITY

The VinaCapital Co-Investment Fund focuses on making private equity investments in Vietnam by co-investing with the London-listed USD1.3bn+ VinaCapital Vietnam Opportunity Fund. Investments are in a range of sectors benefitting from Vietnam's domestic growth story, such as health care, education, consumer staples, real estate, and materials. The strategy is to seek alignment with strong management teams, to obtain performance commitments and downside protections, and to achieve exits via strategic sales or IPOs over a 4–6-year horizon.

Investment Highlights

Since our first investment in Kinh Do Group in 2005, VinaCapital has developed a close relationship with the founder of that company and assisted its management to establish the company's brands as market leaders in the confectionary and mooncake segments. VinaCapital was granted a board seat and advised on governance measures as the company converted from a family-owned business into a successful listed corporation, which eventually acquired Unilever's ice cream business. The success of the business was built on a deep understanding of Vietnam's local consumers and by creating a powerful distribution network over 20 years of operation. This resulted in our successful exit in 2015 to Mondelez International, the global snacking powerhouse with brands such as Oreo, Ritz, and Cadbury.

In 2020, the business changed its name to KIDO Group (KDC) and re-entered the confectionary market with new brands, a strategy to roll-up several edible oil businesses, and create premium segments. Our Co-Investment Fund re-invested in July 2020 to support management's aggressive consolidation and expansion plans:

- Successfully consolidated leading cooking oil brands under Tuong An, Vocarimex and Kido-Nha Be, which has increased profitability and resulted in over 50% market share in the edible oil business in Vietnam.
- A joint venture with Vinamilk (called Vibev) to produce new drinks products. The first products under the brand Oh Fresh (corn milk and green bean milk) were launched in November 2021.
- Set up its own coffee and milk tea brand Chuk Chuk, with the goal of opening 300+ stores and kiosks in the next few years.
- Launch of KIDO's Bakery brand which provides bakery products in the company's network of 450,000 points of sale across Vietnam.



During the pandemic-enforced lockdowns in 2020 and 2021, KDC was able to continue operations at its factories around Ho Chi Minh City and captured the increased demand for packaged food which could be delivered efficiently.

The Co-Investment Fund's investment was structured as a private investment in a public company (PIPE) with collateral coverage, a minimum exit IRR, and potential upside based on share price appreciation. Since the time of our investment, KDC's share price has increased by 65%.





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