

# Spotlight on Alternatives Platform

Q4-2022 |







## CLEAN ENERGY & INFRASTRUCTURE

Vietnam's energy sector is at an inflection point. The country is focused on developing sustainable energy solutions, and VinaCapital is at the forefront of private sector investment across a diverse portfolio of energy projects, providing both transitory and long-term solutions for Vietnam.

### Investment Highlights

The Energy Infrastructure team participated in two productive sessions at VinaCapital's annual Investor Conference on October 6, 2022. We hosted two breakout sessions on Sustainable Infrastructure and Clean Energy's Contribution to National Energy Security, inviting guests from Bechtel, CIP and EDFR. It was a great opportunity for foreign investors to gain first-hand knowledge from energy experts with established presences in Vietnam.

The last quarter also marked several achievements for VinaCapital's Energy team. On greenfield development, the team added c. 600MW to our renewable development pipeline. The wind platform with EDFR is on-going and we are looking to further expand our pipeline with our partner.

On the M&A side, the team has seen credit tightening affecting many local developers, creating ample opportunities for investors. There are currently many large renewable platforms that are open for acquisition and we are exploring options with some of the largest portfolios in Vietnam.

All in all, we are seeking to establish a balanced platform consisting of both greenfield and brownfield projects to maximise investors' returns with a suitable risk profile.





## 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". It's not simply about building houses, but about designing a lifestyle and a vision for the future.

### Development Highlights

#### Vinh Hoi project: construction of Hilltop show villas begins



The construction of the Hilltop show villas has started in advance of the planned launch of the 11.8-ha Hill zone comprising 145 two-to-four-bedroom villas in Q1/2023. All villas are perched on the hillside and most enjoy stunning views of the ocean and the golf course.

Nestled in the finest integrated resort, residents of the Hill zone will enjoy a host of top-tier facilities, from the branded hotel, spas, restaurants, and clubhouses, to a cultural village. These high-quality villas are considered some of the "best-price-to-value-ratio" properties in the market and are certain to be the pride of many investors.



*Artist's impressions*

Another highlight is The Thon, a brand-new check-in hot spot for tourists and local residents located within the Vinh Hoi project that is set to open in Q1 2023. It will offer local dining, shopping, and entertainment experiences. This is a CSR initiative by VinaLiving to create business opportunities for area residents by offering free-of-charge booths and kiosk rentals.

About the Vinh Hoi project: The 236-ha Vinh Hoi project stretches along the 2.7 km pristine coastline within the verdant embrace of mountains, forming a magnificent valley from above. The site is 27 km from Phu Cat International Airport and 28 km from Quy Nhon City and is expected to turn Vinh Hoi into an iconic tourist destination in Binh Dinh province.





## VENTURE CAPITAL

VinaCapital Ventures is a Vietnam-focused venture capital platform that invests in and builds world-class technology companies with the goal of 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.

### Portfolio Highlights

#### GlobalCare

Global Care is an insurance technology company that provides all-in-one solutions for insurance agencies and business partners selling non-life insurance policies.

This allows insurers to perform tasks such as monitoring transaction history and processing claims more easily, while giving customers an access point for their non-life insurance needs. The company has recently expanded the number of agents:

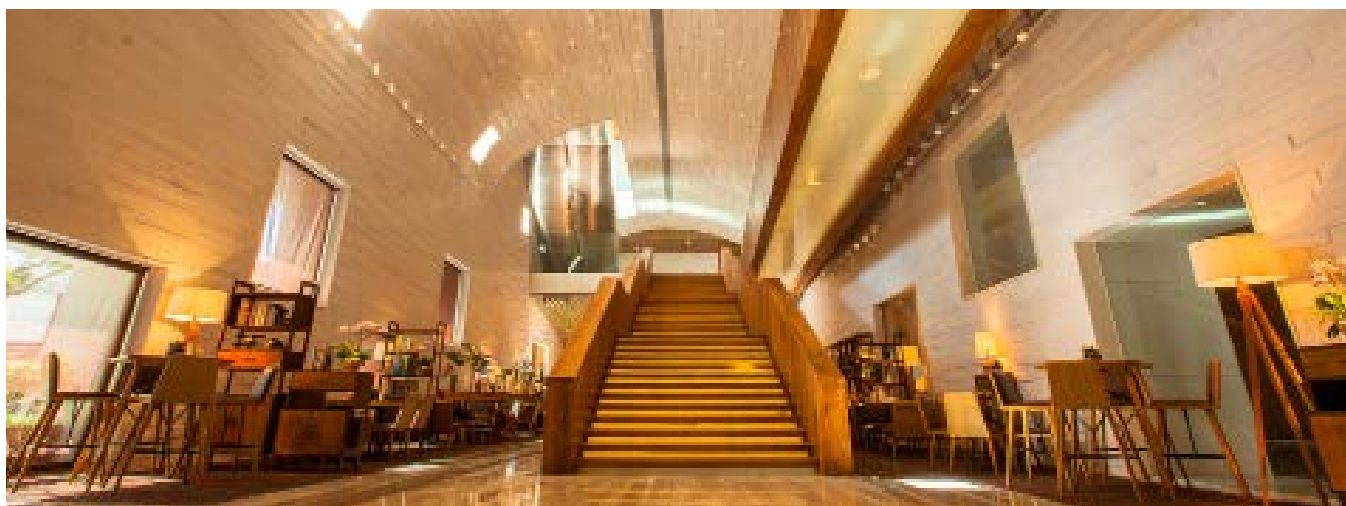
- Ahamove: successfully onboarded 30,000 drivers as GlobalCare agents in early October 2022, and expects to onboard up to 60,000 drivers by year-end
- Industrial University of Ho Chi Minh City (IUH): onboarded 30,000 IUH students as GlobalCare agents. These 60,000 agents can now use the GlobalCare application GSale to buy and sell all GlobalCare products.



#### Validus

Validus is Southeast Asia's leading digital SME financial services provider with a leadership position across four ASEAN markets. By using data analytics and AI to provide growth financing to underserved SMEs, Validus looks to drive inclusive growth for SMEs and economies in the ASEAN region.

Group level	Regional level
<ul style="list-style-type: none"> <li>• Completed acquisition of Citibank Singapore's SME loan portfolio and successfully cross-sold products amounting to 25% of portfolio value.</li> <li>• Partnership with Sembcorp Industries finalized, with discussions underway to develop an automated working capital offering.</li> <li>• Neo bank product launched with accounts, cards, and basic spend control tools, and fully integrated with SME customer platform; this is being piloted with internal entities and existing customers first.</li> </ul>	<ul style="list-style-type: none"> <li>• Partnership agreement signed with a Tier 1 Distributor of Sabeco Group, launched with total sales funnel of 3,000+ distributors.</li> <li>• Partnership with Maritime Bank for offshore lending established to facilitate balance sheet lending.</li> </ul>



## PRIVATE EQUITY

The VinaCapital Co-Investment Fund focuses on making private equity investments in Vietnam by co-investing with VinaCapital Vietnam Opportunity Fund, which is listed on the Main Market of the London Stock Exchange. Investments are in companies across a range of sectors benefitting from Vietnam's domestic growth story, such as healthcare, education, consumer staples, real estate, and materials. Its 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

#### Focus on Exits

VinaCapital's private equity team focuses on a growth capital strategy by taking minority stakes in Vietnamese businesses and has consistently delivered exits over the past 19 years. Since the start of 2020, even in challenging conditions, the team has achieved eight full exits. The minority terms and conditions VinaCapital negotiates enable us to exert the influence needed to bring about an exit for our investors, and often the majority shareholder as well.

There are three forms of influence we can exert as a minority investor.

1. Business Enhancements	2. Growth	3. Strategy
<p>This is normally done through providing management and the sponsors with:</p> <ul style="list-style-type: none"> <li>a) Ideas to grow the business and/or enhance enterprise value</li> <li>b) Identifying/recommending /hiring talent that can help the business grow to the next level. Typically, the CFO and Product Development roles.</li> <li>c) Third-party advisors to help the business strengthen key identified weaknesses, including those related to ESG.</li> </ul>	<p>This is where the company needs us to help bring about changes, in the absence of which the company will have a going concern problem. This typically involves helping the business recapitalise or refinance, and identifying key individuals to help change business direction or undertake a corporate restructuring.</p>	<p>Through our standard 23 contractual veto rights, we typically prevent the business and management from doing things that can be detrimental to its growth path or to our investment. Examples include restrictions on taking on debt financing or restrictions on the sale of key assets.</p>

How do we implement these forms of influence?

1. Conditions precedent – carried out before we invest. Example: amending the company's charter.
2. Conditions subsequent and associated post-investment penalties. Example: a revenue/profit commitment which is backed by share top-up and drag-along rights.
3. Holding key positions like Board membership, Supervisory Board membership and/or CFO.

The contractual rights and commitments we agree with the sponsor give us a roadmap to achieving an exit. These rights also set out the expected minimum financial return our investors seek when achieving a trade sale or IPO. That being said, over the course of all our exits in 19 years, it is rare that we have had to enforce these contractual terms. The understanding and alignment we develop with sponsors help ensure that all parties seek a win-win outcome when exit negotiations are underway.



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