

Spotlight on Alternatives Platform

Q3-2023





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.

Updates On The Power Sector

The second quarter of 2023 reignited excitement in the energy sector as the Prime Minister approved the long-awaited Power Development Plan 8 (PDP8). Under PDP8, an estimated USD119.8 billion (or USD12 billion per year) will be allocated to electricity generation projects between 2021 and 2030.

The finalized PDP8 has reinforced our existing platform strategy. We believe it fortifies the work we have been doing and we are well-positioned to grow our renewable platform to 1GW by 2025, with a strong pipeline for development further to 2030. Given there is no cap on self-consumed solar rooftop energy, we will focus on expanding our rooftop solar business, SkyX Solar, the capacity of which has doubled from 2021 to 2022 and is on track to grow over 100MWp of operating projects by the end of 2023. Similarly, our wind platform will focus on developing greenfield assets and we have secured a pipeline of over 1GW.

Development Highlights

Our team is also closely following the development of Direct Power Purchase Agreements (DPPA) with the expectation that the scheme will be introduced this year. DPPA will be the focus of the platform's growth onwards as it will enhance our credibility through a diversified portfolio of credit-worthy off takers.

The PDP8 also affirmed the development of our LNG Long An project. With the power plants included in the PDP8 and on track to reach commercial operations, VinaCapital is working tirelessly to ensure the project progresses on time and will be able to supply energy to important industrial regions in southern Vietnam.



The next step is for relevant ministries to complete a detailed implementation plan for the initiatives under the Master Plan, such as DPPAs, the self-consumption mechanism, offshore wind, and price guidelines for future renewable projects. These successive directives will ease uncertainties and help investors refocus on the huge potential of Vietnam's power market. VinaCapital is excited to be able to move forward with our investors and partners and play a role in helping Vietnam achieve its power development goals.





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

VinaLiving has been able to maintain the pace of our investment and development activities, and we have been actively scouting new acquisitions in the last few months. Some highlights are:

- Focused on the development progress of our key projects like The Ocean Villas Quy Nhon and fine-tuned our products and pipeline.
- Completed the four mock-up units to put into operation and commenced construction of the Hill Top Villa zone of The Cat Hai Bay, as well as wrapped up the design and secured master plan approval for the project. The hill villas of Phase 1 will hit the market by the end of 2023.
- We have secured sufficient funding for the clearance and development of Ben Luc Waterfront and also discovered several potential opportunities in Long An. Many local and offshore investors have shown tremendous interest in partnering with VinaLiving to acquire and develop these pipeline assets.

THE OCEAN VILLAS:

- Construction: Completed 100% concrete work and external plastering for villas and facilities, with solid progress on finishing works, and completed nearly 87% of underground work.
- Sales and Marketing Status: Two hundred and eighty-eight (288) villas of Phase 2 have been deposited as of May 2023.
- Approval Process: Construction License obtained in March 2023.



THE CAT HAI:

- Construction commenced for Hill Top Villas in mid-June 2023.
- Approval Process: Basic Design Approval is expected in July 2023.



Site progress



The Thon Village



Mock-up villas interior



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.

Investment Activities

Four new investments are anticipated to be announced this summer as the team works to close deals in critical sectors such as food tech, blockchain, and cyber security.

Leading Position Of Portfolio Companies

DutyCast provides a personalized cross-border e-commerce experience by offering a wide range of localisation features, including support for 80 different currencies and doorstep delivery to over 150 countries. In April 2023, DutyCast and Passport Shipping, an international eCommerce shipping carrier, announced a partnership to develop global shipping solutions to eliminate trade complexities and regional nuances for cross-border shopping.



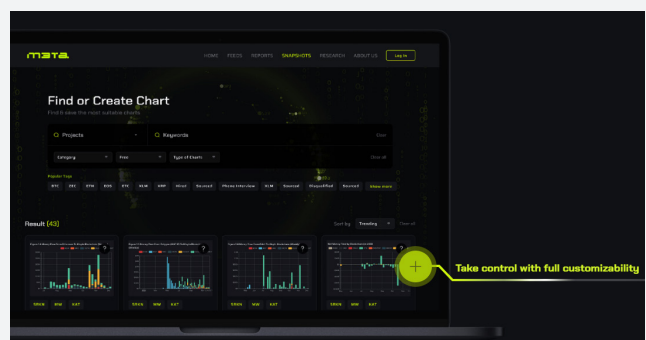
Partnering to Revolutionize Cross-Border eCommerce

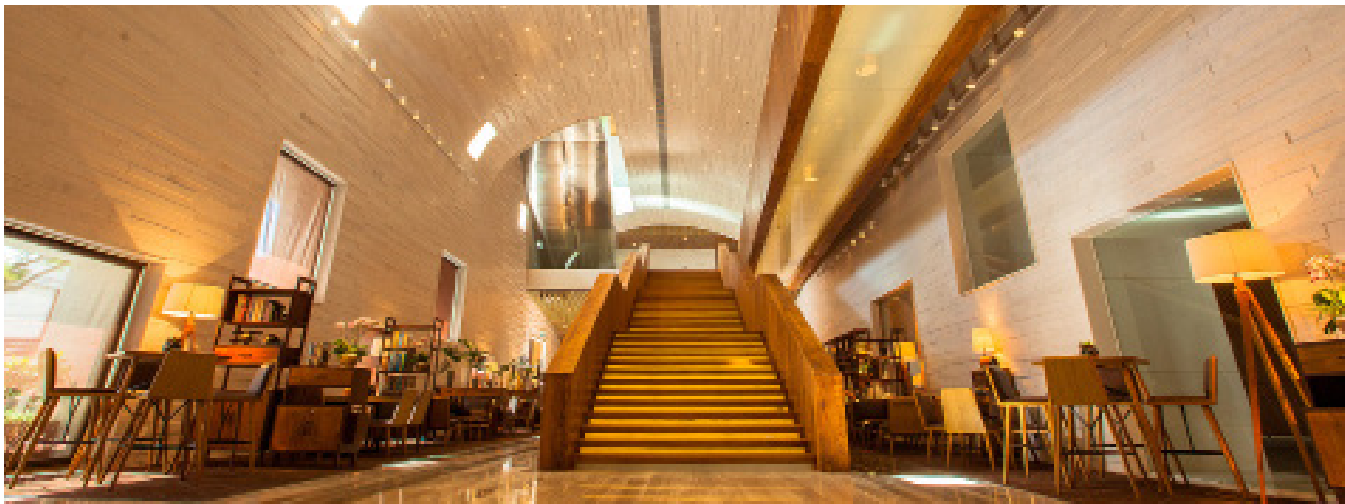


On May 8, **Urbox** and Saigon Co.op signed a strategic cooperation agreement to digitize Co.opmart's purchase vouchers to improve the customer shopping experience.

On May 12, MM Mega Market Vietnam announced that it selected UrBox to issue MM Mega Market E-vouchers (including the UrBox mobile app - UrBox App) through over 600 corporate partners using the UrBox gift service, its first such partner in the market.

M3TA, a Web3 data analytics platform, received funding from Kakao Ventures, a leading South Korean venture capital firm, in a seed round led by VinaCapital Ventures on May 9. This investment will allow M3TA to focus on product development and customer solutions, accelerate blockchain customer growth, and expand its offerings.





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

As part of NovaGroup's financial restructuring activities, VinaCapital recently helped transfer Nova F&B to a Singaporean Investor and enlisted the expertise of IN Hospitality to manage all the restaurants in the Nova F&B portfolio. The portfolio of restaurants will be managed by IN Dining, a subsidiary of IN Hospitality. IN Hospitality's long-term vision is to build an F&B stable of brands targeting the mid to high segment in Vietnam.

Over the last 20 years, IN Hospitality has built a successful banquet and conference centre business. IN Hospitality's focus on the mid to upper segment in terms of pricing has allowed them to post gross margins of 50%+. GEM Centre, The Log Restaurant, and two White Palace locations are popular venues for weddings, corporate events, and other functions. This is principally due to the quality that management is able to deliver over the whole experience, across venue, entertainment and food, at a price that is suited to the growing middle-class population.



A strategic plan for IN Dining is being built to target a similar customer base in the mid to high segment. Management are formulating a growth strategy for the current 18 F&B brands, including these initiatives:

- Selecting the team to lead each core brand as we recognise that success factors may be quite different for each F&B brand.
- Reviewing each restaurant's break-even sales, to set new targets and KPIs.
- Focusing on cost control, via streamlining purchase and preparation of food inputs, ensuring labour cost is flexible and rent supports growth plans.
- Upgrading systems and processes, such as order management and daily sales reporting.





LOGISTICS

Investment Highlights



A.P. Moller Capital and VinaCapital Partner have launched a Vietnam-focused Transportation and Logistics Infrastructure Platform

VinaCapital and A.P. Moller Capital intend to co-invest in opportunities in seaport terminals, inland ports, cold storage and distribution, bonded warehouses, and integrated logistics. A.P. Moller Capital, which is part of the A.P. Moller Group, is a value-add infrastructure fund manager with unique expertise, networks and people focused on the logistics and transportation sectors.

Vietnam's manufacturing sector is growing dramatically, as high-tech firms like Apple and Samsung diversify their production outside of China, and this growth is helping fuel the rapid growth of the country's middle class because workers' wages are increasing as the products produced in Vietnam's factories move up the value chain.

These two parallel developments, the growth of high-tech manufacturing, plus the on-going increase in sophisticated, discerning consumers – who are driving circa 25% annual growth in the country's ecommerce sales – are propelling the growth of the country's logistics industry. Vietnam's logistics industry grew around 15% annually in recent years – making it one of the fastest growing logistics sectors in the world, and attractive business opportunities abound in the sector for a variety of reasons.

First and foremost, logistics costs in Vietnam are over 20% of GDP - which is high by global standards – in which is attributable in-part to inefficiencies that present attractive opportunities for local firms that can achieve economies of scale and adopt international best practices. For example, 80% of trucking firms in Vietnam have a fleet size of less than five trucks and it is estimated that for 70% of the deliveries those trucks make, the truck returned to its home base empty.

Furthermore, middlemen get paid an estimated ~30% commission on the final service fees that those trucking companies earn. Even in cold storage transport, which is one of the most promising segments of Vietnam's logistics industry and which is dominated by foreign-invested firms, it is estimated that 70% of firms have fewer than 10 trucks.

The industry's biggest immediate challenge is increasing the quality and reliability of its services given that growth is being driven by discerning ecommerce customers and foreign high-tech manufactures and both are willing and able to pay premium prices for reliable logistics services. For example, high-quality logistics are essential to the handling of high-value consumer electronics items, but logistics costs account for just over 1% of the final price of those items (versus circa 30% for agriculture products like rice, for example).



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