

Spotlight on Alternatives Platform

Q1-2024





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.

2023 in Review

Vietnam's energy market started to reorient in reaction to the Prime Minister's approval of the much-anticipated Power Development Plan 8 (PDP8).

With respect to utility-scale renewable projects, we continue to progress with our partner, EDFR, to develop up to 500MW of wind power in Vietnam. All of our pipeline projects have been included in the final provincial priority list that was submitted to the Ministry of Industry and Trade (MOIT) for approval. We are actively sourcing new high-quality projects to be added to the pipeline.

Under PDP8, we also expect that Direct Power Purchase Agreements (DPPA) will be a key priority for the government in the near term as it creates path for FDI companies to purchase clean energy. In 2023, we secured partnerships with two major foreign companies in Vietnam to collaborate on DPPA initiatives. We expect clearer guidelines on DPPA implementation in 2024, which will enable us to consolidate and realize the partnership we have with these FDI corporations.

Our Long An LNG project has reached several key development milestones following the PDP8 release. The project is on track to meet its commercial operation date in 2030 and will become one of the largest power plants in Vietnam upon completion.

2024 Outlook

We believe PDP8 reinforces our investment strategy, and we are well-positioned to grow our renewable platform to 1GW by 2025, with a strong pipeline for further development to 2030. Our focus will continue to align with the investments we have made to date.

With PDP8 now approved, we are now waiting for a detailed PDP8 implementation plan on each of the items including DPPA, self-consumption mechanism, offshore wind, and price framework for future renewable projects. These guidelines will allow investors to reconcentrate on the huge potential of the power market in Vietnam. 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.

ESG Perspectives

As our Energy division represents the thrust of VinaCapital's ESG-thematic investments, our work has been focused on low-carbon emission energy projects that will assist Vietnam in transitioning to a net-zero nation by 2050. Our investments follow international compliance standards to maintain the highest integrity during the development process. Pivoting energy projects is core to our pipeline, and we are actively looking for potential peripheral investments within the climate investment space to diversify our platform.





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.

Reflections on 2023

The real estate market experienced a significant correction in 2023, after the unprecedented boom of 2021-2022. Although the market has not reached the same level of transactions and prices as before, there was a noticeable improvement in sentiment and liquidity in the last quarter of the year.

During 2023, the government played a significant role in facilitating the market's recovery by introducing various measures including regulatory reforms, credit loosening and restructuring, and massive spending on infrastructure projects. These actions have helped to restore confidence and stability in the real estate sector.

The Year Ahead

To kick off the new year, we have begun to hand over finished villas in The Ocean Villas Quy Nhon (TOV) to buyers. The finished villas and the overall project have received praise from our customers for the lush landscapes, high finishing quality, minimal yet functional design, and timely delivery (actual site images below).

This year is a crucial one for our company. We have plans to launch a mid-scale residential project in Ba Ria-Vung Tau and commence rental-pool-operations in TOV during Q1 and Q2 / 2024. In addition, we aim to complete the design phase and secure the necessary approvals to kick off our 40-hectare waterfront township in Long An and ready our next hospitality in Quy Nhon, Cat Hai Bay, for launch in the second half of the year. These projects will allow us to capitalize on the market recovery and expand our presence in these regions and will generate steady income and continued customer satisfaction.

ESG Commitment

VinaLiving is committed to environmental principles in all aspects of our projects, from design to construction to operation. We strive to minimize the environmental impact of our construction and to preserve the natural environments at our projects. We select green and renewable materials and design spaces that are energy-efficient, and we implement best practices to reduce waste and emissions during construction.

VinaLiving's Development team efforts to design more sustainable products for our clients has resulted in EDGE Preliminary Certification for two projects: Maia Quy Nhon and Cat Hai Bay. Our projects will save at least 25% energy, 22% water consumption and 46% embodied energy in materials. VinaLiving is the fifth developer in the world and the fourth in Vietnam to be recognized by the IFC/World Bank as an EDGE Champion.





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

On October 23, VinaCapital Ventures invested in Singapore-based cyber Insurtech company Protos Labs, which delivers threat-based cyber risk quantification solutions.

With the investment, Protos Labs will speed-up its global expansion and product development to revolutionize cyber insurance and risk management. The company is entering the Vietnamese market to offer customized cybercrime insurance to businesses.

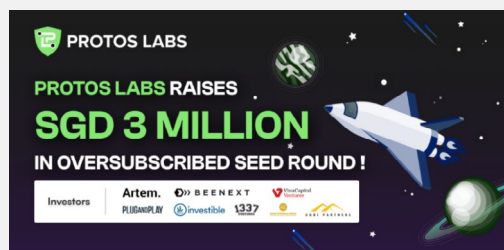


Portfolio Companies Highlights

On December 04, Dutycast, an AI e-commerce software company, announce its recent membership in NVIDIA Inception, a program that nurtures startups revolutionizing industries with technological advancements. The move reflects Dutycast's commitment to harnessing cutting-edge technology to transform the e-commerce logistics industry with innovative solutions.

Validus, a market-leading small-and-medium-enterprises (SME) supply-chain financing platform with operations in Indonesia, Singapore, Thailand and Vietnam secured a \$20 Million USD investment from Asian based PE Firm, highlighting its strength, growth potential and business model.

On Dec 19th, UrBox hosted the launching ceremony of UP, a card-linked loyalty program co-created by Visa, Asia Commercial Bank, and UrBox. As the first-of-its-kind in Vietnam, UP enables customers to pool reward points from multiple merchants and redeem vouchers from over 350 brands.



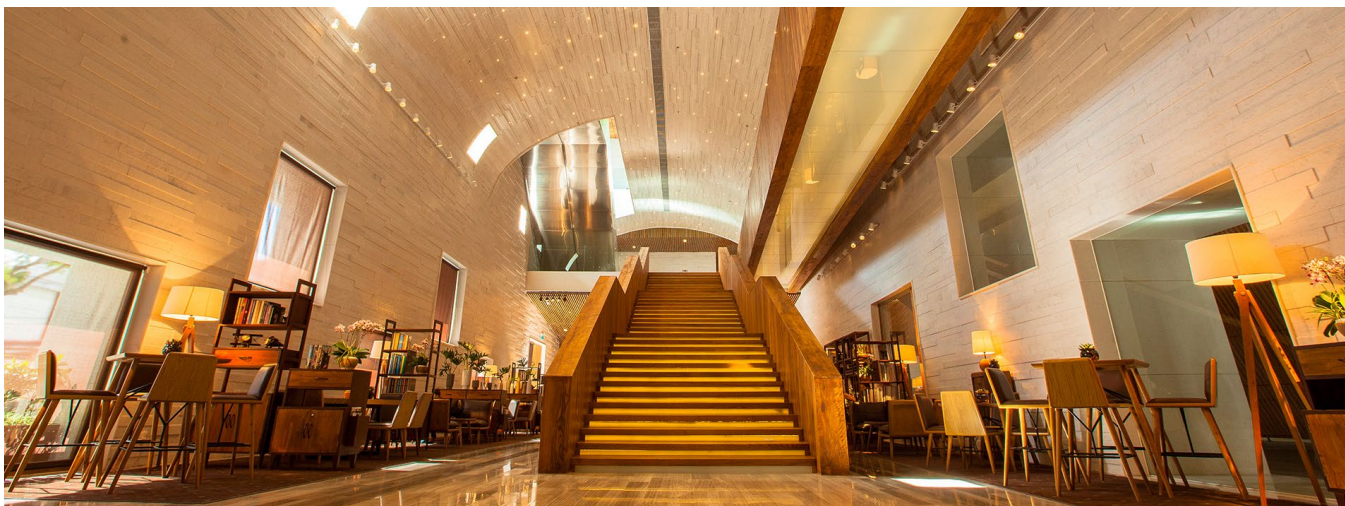
Community Activities

The Qualcomm Vietnam Innovation Challenge (QVIC) seeks to identify and promote innovative startups in exciting new technological sectors in Vietnam. The goal is for Vietnam to become a world-class center for technological innovation. Mr. Trung Hoang, Partner of VinaCapital Ventures, was invited to serve as a judge.

TECHFEST 2023 – Vietnam's largest annual startup event, brings together experts and reputable startup support organizations from Vietnam and abroad to guide ecosystem development. Ministry of Science and Technology organizes the event with other government agencies and startup ecosystem socio-political organizations. Mr. Thai Lam was invited to join as a mentor and a judge.

Looking Ahead at 2024

VinaCapital is launching a new USD 75 million technology fund with an expected soft-close by the first half of 2024. We have identified a noticeable funding gap in the growth segment of the capital stack and will target technology companies that have reached that point in terms of both development and funding cycle. As digital transformation continues across Vietnam, the fund will address real pain-points in traditional sectors that directly affect the domestic market. The new fund will help Vietnamese startups transition from early stage to growth stage and to eventually become major players on the international stage. We will continue to partner with founders to increase their chances of success by applying our extensive operational knowledge and providing market access through our network.



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.

2023 in Review

Commitments to FDI projects in Vietnam continued to grow strongly (up 32% to USD36 billion), demonstrating Vietnam's manufacturing strength and the effects of China-plus-one as supply chains are diversified. The number of mergers and acquisitions in Vietnam dropped year-on-year in the context of a slowdown in purchasing orders and a weak real estate market due to limited approvals for new projects and re-financing difficulties as interest rates rose. However, there were some large investments by foreign buyers into hospitals and real estate developments.

VinaCapital's private equity team considered close to 30 potential investments during the year, with five transactions proceeding to preliminary term sheet discussions. Two investments were closed in 2023, into Chicilon Media (the market leader for in-building digital advertising) and the purchase of F&B brands by In Holdings (a leading conference center operator). Several current investments in the real estate sector are being re-structured due to credit market difficulties and we expect that these will emerge in a relatively healthy position over 2024.



Looking Ahead at 2024

Banks and real estate are two sectors to watch in 2024. The government recently granted a 15% credit growth target for banks this year with the ability to disburse immediately (rather than staged quarterly as in the past). An expected stable, low interest rate environment should also support Vietnam's economic growth via credit creation, making loans more accessible to business, homebuyers, and consumers. A key factor in the real estate rebound will be how fast regulatory approvals for projects are obtained and the effectiveness of new laws to give clarity on real estate regulations. During Q4 2023, exports began recovering and this should drive an increase in consumer demand as more workers regain jobs over 2024.

Our private equity strategy is to provide growth capital to strong sponsors with sustainable business models. This will continue to make us selective in terms of pulling the trigger on investments. The team has developed particular expertise in healthcare. We continue to build out our hospitals portfolio as it offers high growth opportunities with high barriers to entry. We also see opportunities in private credit and have observed foreign firms looking to target this area. The opportunities to structure private credit transactions arise due to strict regulations for banks and bond issuances, and we believe these opportunities will only grow due to Vietnam's need for foreign capital and low debt to GDP ratio.





LOGISTICS

VinaCapital and A.P. Moller Capital have launched a Vietnam-focused transportation and logistics infrastructure platform in 2023, with the intent to co-invest in opportunities in seaport terminals, in-land 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.



Overview

There is growing demand for logistics services in Vietnam to support the transport of manufactured goods and food exports and move ecommerce and social commerce deliveries within cities. The government has recognised the need to improve public infrastructure, and in 2023, public spending on infrastructure rose to over USD27 billion. Across roads, airports, seaports, and railways there are plans to spend billions of dollars to upgrade infrastructure. This is important for logistics enterprises because connectivity between logistics modes is a major factor in delivering efficiency.

Even during the 2023 slowdown in global shipping volumes, local and international transport and logistics firms continued to invest:

- A.P. Moller - Maersk is exploring opportunities to increase its warehouse footprint in Binh Duong province just outside Ho Chi Minh City.
 - APM Terminals (part of A.P. Moller – Maersk) announced a partnership with HATECO Group involving the development of two new deep-water berths at Lach Huyen Port in Haiphong in northern Vietnam.
 - Lineage set up a joint venture with SK Logistics which operates two cold storage facilities in northern Vietnam.
 - PSA Cargo from Singapore purchased nearly a 25% stake in Sotrans, which operates warehouses and freight forwarding around Ho Chi Minh City.
 - Gemadept sold its stake in the seaport at Nam Hai Dinh Vu to Viconship and other investors.
 - Transimex Corporation established a cold storage facility in Long An province, to the south of Ho Chi Minh City.
- VinaCapital and A.P. Moller Capital have been jointly sourcing logistics investment opportunities and have reviewed close to 20 transactions so far. Four opportunities across warehousing, ports and cargo are being actively progressed. We are looking to launch a \$150 million fund with an expected close by Q1 2024.





VinaCarbon Climate Impact Platform

VinaCarbon was established in 2023 to invest in a diversified carbon projects portfolio with an aim of creating a bank of high integrity carbon credits and positively impacting the community and the environment.



The VinaCarbon team had a busy Q4 in advance of a year in which it expects to fully launch and commence public activities.

Our focus was on deal sourcing, with the team concentrating on three pipeline projects: cookstoves, biochar, and sustainable forestry. We are also working with one of Vietnam's largest recycling companies on a partnership regarding a plastic collection and recycling project, which we expect to sign in January 2024. Additionally, we have met with one of Vietnam's largest agribusiness companies on a biochar project which would use 500,000 tons of rice husk annually, while discussions are underway with an Australian technical partner on a biomass-to-power project with biochar production.

We have completed our fundraising and sales strategies and followed up with various potential partners, including international and regional development institutions, embassies, brokers, a large Vietnamese manufacturer, and a bank. We have also identified a list of targeted buyers.

Pipeline Projects

- Cookstoves: We met with representatives of the Central Youth Union and received positive feedback about a potential collaboration and are working toward signing an agreement with them in Q1 2024.
- Biochar: We have completed background work for a biochar project and are in discussions with a partner on a term sheet.
- Sustainable Forestry: We continue to work with a partner to finalize a project's structure.



Looking Ahead

In Q1 2024, we expect to sign agreements with respect to the projects mentioned above, as well as finalize implementation plans.

We also continue to actively meet with financing partners to firm up their initial commitments as well as with potential buyers to gauge their interest. There is a lot of work ahead of us to formally launch one of Vietnam's first carbon funds and we are excited by the responses from potential partners we have received to date.





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