

Spotlight on Alternatives Platform

Q2-2024





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.



The Power Development Plan 8

Vietnam's energy sector is off to a great start in 2024 as the Government has made significant progress with respect to Power Development Plan 8 (PDP8), which sets out a roadmap for the sector's development and which was signed by the Prime Minister in May 2023.

On April 1, the government approved the PDP8 Implementation Plan (PDP8 IP) for 46 provinces in Vietnam. This plan includes guidelines to realize the Government's goals as well as a list of the energy projects for each province to be developed from 2023 to 2030. There will be two rounds of PDP8 IP approvals, with round two expected to occur in May 2024. Overall, the IP aligns with the PDP8 as it prioritizes onshore/nearshore wind (17GW additional capacity to 2030), offshore wind (6GW additional capacity to 2030), and LNG (22GW additional capacity to 2030). This certainly reinforces our investment strategy, with all of our renewable development projects included in the final approved PDP8 IP.

Our Long An LNG Project

After achieving several important milestones in 2023, our Long An LNG project continues to progress according to the expected timeline. On April 3rd, the Long An project was **officially designated by the Prime Minister's office as a National Strategic Importance Energy Project**. The list includes key mega-scale capacity power plants that will be prioritized to ensure Vietnam's national energy security in the years to come. The designation as a National Strategic Importance Energy Project is a monumental milestone for our project and will be a great catalyst as we commence negotiations on power purchasing agreements later this year.

All in all, VinaCapital is aligned with the Government's 2050 net-zero target. The Government has shown a strong commitment to renewable energy development over the long term while also working to ensure stable electricity supply in the near term and we are well-positioned to contribute to these important 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.

Q1/2024 Review

Vietnam's real estate market saw increasingly noticeable improvement in sentiment and liquidity in the first quarter of 2024, building on the momentum from the last quarter of 2023. Although the market is still a long way from its peak in 2020, the increased liquidity is certainly encouraging for developers and buyers alike.

The comprehensive regulatory reforms, including the New Land Law, Real Estate Trading Law, and Housing Law, together with the government's supportive monetary and fiscal measures, have also helped to restore confidence and stability in the sector.

In March 2024, the Formula 1 Powerboat World Championship, the highest level of powerboat racing in the world, was held at Thi Nai lagoon in Quy Nhon city. The event attracted thousands of spectators from Vietnam and beyond, and our Maia Quy Nhon Resort shined as the number one hospitality development in Binh Dinh Province, hosting many officials, athletes and organizers during the two-week event.

Q2/2024 Outlook

During the second quarter, the team will continue to hand over the remaining finished villas in **The Ocean Villas Quy Nhon** to buyers while also starting the rental-pool operation of The Ocean Resort. The handed-over villas have received very positive feedback from our valued customers for their quality designs and finishes.



Our next luxury resort in Quy Nhon, **Cat Hai Bay**, is scheduled for development in late 2024/early 2025. Quy Nhon is increasingly known for its natural beauty and growing tourism industry. By the time the project is launched, we will be able to tap into the rising demand for quality accommodations in the area.

The VinaLiving team is working on the launch campaign of the 7-hectare **Phu My Estates** in May. This is a mid-scale residential project targeting expats and professionals working in the many industrial and logistics hubs across Ba Ria-Vung Tau Province. In addition, we are focusing on securing the necessary approvals to kick off our 40-hectare **Ben Luc Waterfront Township** in Long An during the second half of 2024. As market sentiment improves, this project could be a significant revenue driver.



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



In March, VinaCapital Ventures announced that it invested in Quickcom, a Vietnam-based video conferencing communication provider with proprietary and U.S.-patented technology. VinaCapital Ventures led the USD 1.5 million seed funding round.

Quickcom was founded in 2021 by Dr. William H. Nguyen, a highly regarded Vietnamese technology pioneer and serial entrepreneur with a history of successful ventures in communications technology, education, and computer networking and data security, serving tens of millions of users worldwide. He currently holds three U.S. patents in the field of communication technology.

VinaCapital Venture Capital Fund III

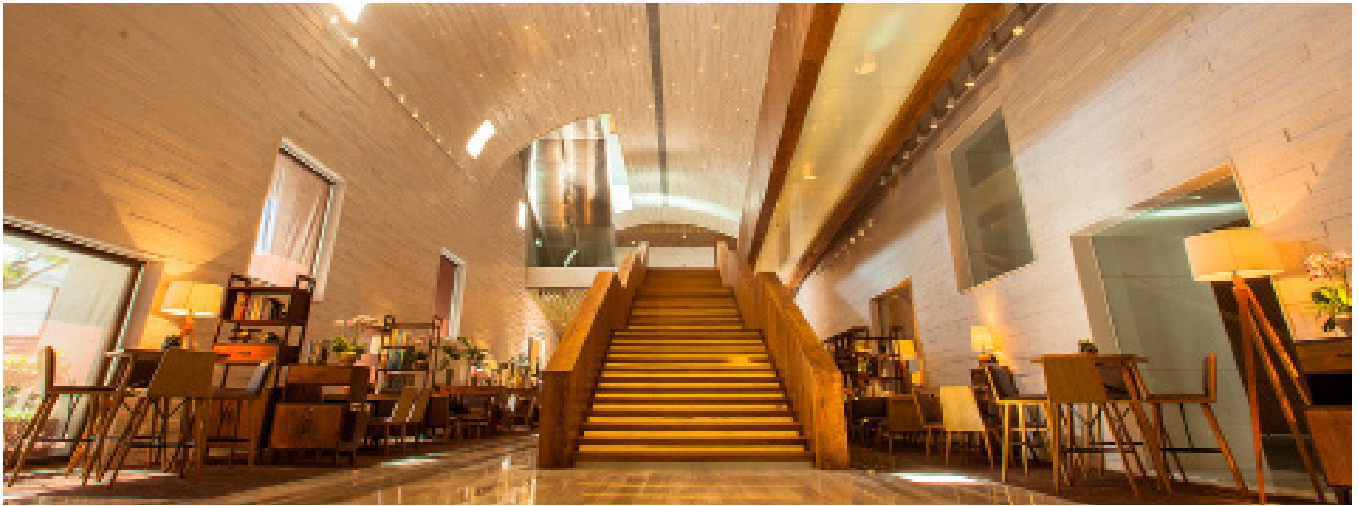
Seeing the need for growth-stage capital in Vietnam, VinaCapital Venture Capital Fund III ("VCVCF III") is expected to launch in Q3 2024 with a primary focus on providing growth capital for promising start-ups to achieve new breakthroughs and meet the demands of Vietnam's digital economy. VCVCF III's strategy is to invest in leading, asset-light digital technology companies that are providing unique solutions to industry pain points as well as creating an impact at scale across growth markets. We aim to be a trusted local partner for international investors in their venture in Vietnam, leveraging our deep knowledge and extensive network in Vietnam to scale promising start-ups and support them to become leaders in their sectors.

Community Activities

Generative AI Workshop, co-organized by Amazon Web Services (AWS) and VinaCapital Ventures, is an exclusive workshop designed to propel startups into the future of innovation using Generative AI. This forum offers an unparalleled opportunity for startups to gain cutting-edge insights from both business and technical perspectives on building with Generative AI.

Roundtable on startups ecosystem development, hosted on March 28th by Ho Chi Minh City's Party Secretary Nguyen Van Nen and People Committee Chairman Phan Van Mai, was attended by Directors from the Departments of Technology and Science, Planning and Investment, Information and Communications, Industry and Trade, and the Government's Digital Transformation Agency. Trung D. Hoang, Partner at VinaCapital Ventures, participated in the roundtable to share his views and experiences regarding the ecosystem's further growth.





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 Activities



During the first two months of 2024, Vietnam's exports grew 19.2% yoy, indicating a rise in global demand for the products manufactured in the country. Factories had already started re-hiring workers over the latter half of 2023 and manufacturing employment has now fully recovered, according to Vietnam's General Statistics Office. FDI continues to grow strongly with the highest disbursed numbers in 2M2024 compared to the last five years. Tourist arrivals are also back to pre-pandemic levels. These factors directly affect the consumption power of middle-class Vietnamese and should help drive a return in domestic demand over 2024. Bank lending, particularly to real estate, remains tight due to low interest rates and a variety of other factors. Overall, VinaCapital's Chief Economist foresees 6-6.5% GDP growth over 2024.

The Co-Investment Fund has made eight investments over two vintages since 2019 in businesses spanning materials manufacturing, F&B brands, healthcare, and real estate. Over five years, VinaCapital has achieved three full exits and one 50% exit, reflecting the investment team's historically strong ability to divest and return capital to foreign investors from Vietnam. VinaCapital's growth strategy does not rely on leverage to generate returns at the portfolio company level. The team is currently evaluating several potential investments, including:

- F&B sector bolt-on transaction with a sponsor with whom we have made several private equity portfolio investments.
- Acquisition of a hospital by an existing hospital platform within our portfolio.
- Investment in a manufacturer of home appliance brands.
- Investment in a fintech payments businesses.





LOGISTICS

A.P. Moller Capital and VinaCapital Partner 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.



Investment Activities

With a strong start to import/export activity in 2024, international air cargo volume growth over the year is projected to be around 30% according to VinaCapital Research. Sea cargo volumes are also rising, with Gemalink port up 121% yoy in 2M24. Gemadept majority owns the port, which is in Cai Mep just south of HCMC and a key gateway for shipping volumes in the southern region of the country. We see multiple investment opportunities for our logistics platform to capture growing demand. The platform is targeting capital intensive, operating logistics businesses that can achieve the scale to be attractive targets for global logistics operators or strategic investors looking for supply chains in Vietnam.



The 2023 World Bank's Logistics Performance Index (LPI) ranked Vietnam 43rd, on a par with the Philippines; for comparison, Singapore placed 1st, the USA 17th, China 19th, Thailand 34th, and India 38th. This ranking places Vietnam in a group labelled the "consistent performers" by the LPI, although Vietnam dropped from 39th in the 2018 LPI. Challenges remain to be solved, requiring investment by both the government and the private sector. The logistics platform's strategy will focus on consolidation of complementary businesses to secure a supply chain, revamping or re-purposing existing facilities in good locations, and injecting growth capital to allow strong management teams to capture market share.

VinaCapital and AP Moller Capital are currently reviewing potential investments across the spectrum, including:

- Aviation logistics – manufacturing of electronics and other hi-tech products is growing (e.g., Apple, Samsung, Intel) as part of the China-plus-one supply chain diversification.
- Seaports – opportunities exist to re-purpose port facilities in strategic locations.





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.



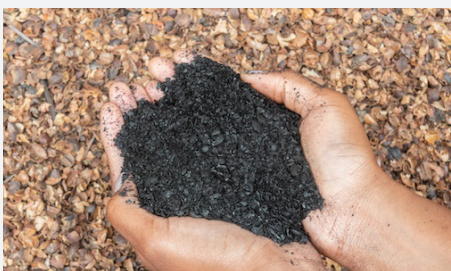
The VinaCarbon team had an active first quarter of 2024 as we continued to move forward in implementing our deal sourcing, fundraising, and sales strategies.

We are pursuing a few promising pipeline projects: biochar, sustainable forestry and plastic collection and recycling. Additionally, we are in discussions with local forestry companies and have completed initial technical feasibility evaluations to scale up biochar projects. We are also working with international companies to co-develop bio-energy projects in the short term.

We continue to discuss fundraising with a wide range of potential partners, including international and regional development institutions, embassies, banks, brokers, large Vietnamese manufacturers, and international project developers. We have also measured the appetites of different buyers for carbon credits.

Pipeline Projects

- **Biochar:** We are in discussions with a project partner about term sheet and collaboration structure and have completed discussions with a local partner.
- **Sustainable Forestry:** We continue to work with a global investment manager of nature-based real assets and natural capital strategies for the construction of a sustainable forestry management plan.
- **Plastic collection and recycling:** We have signed an MOU with our collection partner and are working toward signing an agreement with them on generating plastic credits.



Looking Ahead

In Q2 2024, we expect to sign agreements with respect to the projects mentioned above, as well as finalize implementation plans. We are also exploring opportunities in other sectors such as co-processing and waste management.

Our focus this year is to create an investible pipeline of carbon projects. We want to secure a high-integrity pipeline in terms of both quantity and quality. Fundraising efforts will follow shortly once pipeline development is completed. Meanwhile, we continue to maintain close contact with interested parties, including a number of asset managers, commercial banks, and a development financial institution within Vietnam and from developed countries. Our market-sounding exercise has garnered interest and support from various stakeholders, which further reaffirms positive sentiment for the carbon market from both the private and public sectors.





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