VINCOM RETAIL

Vincom Retail Joint Stock Company

2Q2020 Performance

28 July 2020

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VINCOM RETAIL

1. Key Highlights

Financial Performance – 2Q2020 and 1H2020

Pro-forma 1H2020 leasing revenue excluding Covid impact would have increased 11% YoY

Revenue from Leasing

2Q2020: **VND1,307** billion ▼ **9.8% QoQ** ▼ **21.2% YoY**

1H2020: **VND2,756** billion ▼ **15.4% YoY**

Gross Profit

2Q2020: **VND646** billion ▼ **14.9% QoQ** ▼ **32.7% YoY**

1H2020: **VND1,405** billion ▼ **27.3% YoY**

Leasing NOI (1)

2Q2020: **VND931** billion ▼ **6.3% QoQ** ▼ **18.9% YoY**

1H2020: **VND1,924** billion ▼ **16.6% YoY**

EBITDA

2Q2020: **VND910** billion ▼ **14.8% QoQ** ▼ **26.9% YoY**

1H2020: **VND1,978** billion ▼ **19.1% YoY**

Impact of Covid-19

Indicator	March	April	May
Average occupancy/ month	83.6%	84.0%	83.7%
Effective occupancy / month(2)	64.0%	27.0%	80.0%
Impact of Covid-19	(19.0%)	(57.0%)	(3.0%)

Note: Based on VAS Consolidated Financial Statements for 2Q2020

(1) NOI for leasing investment properties and rendering of related services is calculated by taking total income from leasing activities and from other property-related services less any property-related operating expenses which include land lease costs but exclude management expenses allocated from parent company

(2) Effective occupancy takes into consideration the operational NLA instead of leased NLA during the lockdown period in April 2020

Key Operational Metrics

Retail GFA

('000 sqm)	1H2019	1H2020	Change (%)
Vincom Center	280	280	-
Vincom Mega Mall[(1)]	395	388	▼ 1.8
Vincom Plaza	766	858	▲ 12.0
Vincom+	63	72	▲ 15.0
Total	**1,503**	**1,598**	▲ **6.2**

Occupancy rate

	1H2019	1H2020	Change (ppts)
Vincom Center	90.0%	92.3%	▲ 2.3
Vincom Mega Mall	90.6%	87.4%	▼ 3.2
Vincom Plaza	88.6%	82.3%	▼ 6.3
Vincom+	85.2%	76.2%	▼ 9.0
Total	**89.2%**	**85.0%**	▼ **4.2**

	1Q2020	2Q2020	Change (ppts)
Vincom Center	92.1%	92.5%	▲ 0.4
Vincom Mega Mall	87.6%	87.2%	▼ 0.4
Vincom Plaza	82.2%	82.5%	▲ 0.3
Vincom+	76.5%	76.0%	▼ 0.5
Total	**84.9%**	**85.0%**	▲ **0.1**

Note: As at 30 June 2020

(1) Due to re-categorizing some shop-offices from Investment Property to Inventory for sales as such area was outright sales

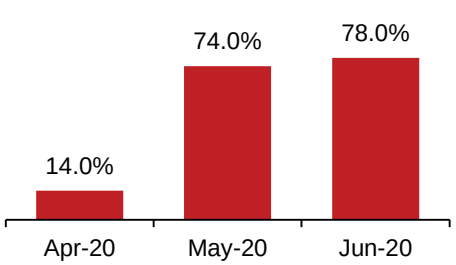
Tenants Recovery After Covid-19

1 Footfall

Phases	Hanoi malls		HCMC malls	
	% effective operation[1]	Footfall as % of pre Covid[2]	% effective operation	Footfall as % of pre Covid
Phase 1: Relaxed social distancing (23 April – 8 May)	87%	60%	85%	45%
Phase 2: Entertainment industry reopened (9 May – 31 May)	98%	85%	95%	65%
Phase 3: All stores reopened and activities resumed (1 June – 30 June)	100%	95%	100%	75%

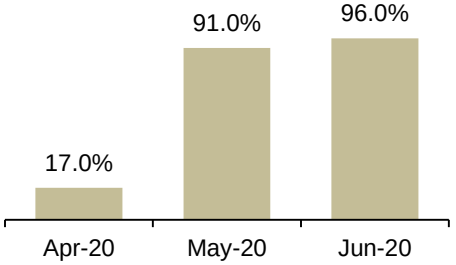
2 Tenants' sales as % of 2019 sales

F&B



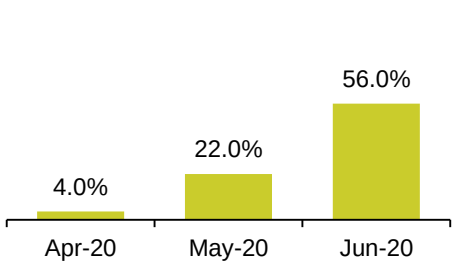
- Good recovery in Hanoi and HCMC

Fashion



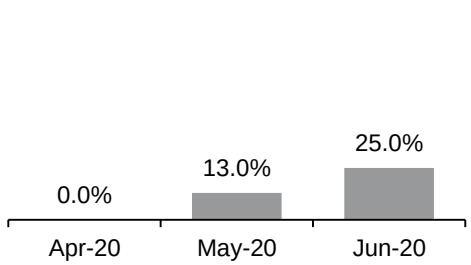
- Good recovery in Hanoi and HCMC

Entertainment



- Relatively more impacted sector
- Good recovery in Hanoi and HCMC

Cinema



- Most impacted sector
- Gradual recovery in Hanoi and HCMC

3 Support initiative

Supported tenants with VND 675bn package

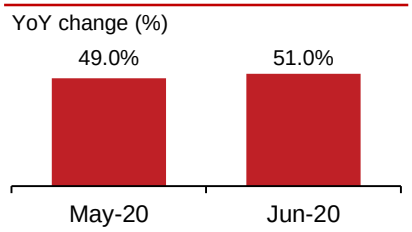
Note: As at 30 June 2020
(1) Operational NLA as % of leased NLA
(2) Pre-Covid level is defined as the different periods between 1 and 31 Jan 2020

Vincom Pham Ngoc Thach – New Shopping and Entertainment Destination in Hanoi

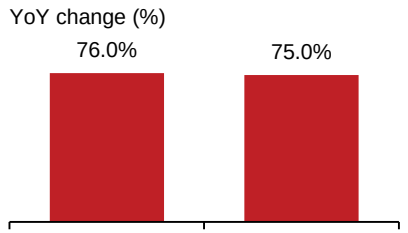
Revamp initiatives and results

- Renovation was from June 2019 to Mar 2020
- Internal and external renovation:
  - External renovation with golden theme color
  - Addition of big LED screen for positioning and advertising purpose
- Upgrade tenant mix with major brands:
  - Fashion: UNIQLO
  - F&B: Haidilao Hot Pot, Pizza 4P's, Marukame Udon, Koi Thé
  - Cosmetics: Innisfree
- Target customers:
  - Modern and active young generation, middle income customers

Footfall growth



Tenant sales



Pre and post renovation

Before

After

Upgraded Tenant mix

Uniqlo

Koi Thé

Haidilao Hot Pot

Pizza 4P's

Solidified Position As Dominant Retail Platform In Vietnam

Distinguished retail formats and focused on wide range of lifestyle oriented consumers

Prime Urban and High Growth Areas in Key Cities

43 Cities/ Provinces

79 Operational Malls

~1.6mm Retail GFA (sqm)

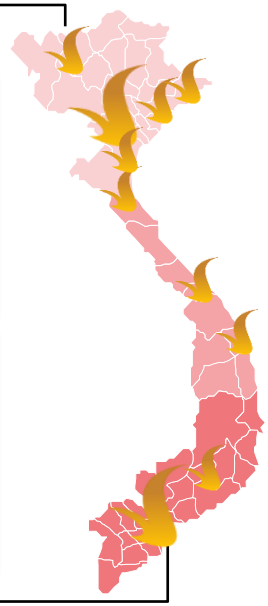
Key Cities

Hanoi

10	**Vincom Malls**
5	Vincom Centers
2	Vincom Mega Malls
3	Vincom Plazas

Ho Chi Minh City

13	**Vincom Malls**
2	Vincom Center
1	Vincom Mega Mall
7	Vincom Plazas
3	Vincom+



North Vietnam (ex. Hanoi)

19	**Vincom Malls**
16	Vincom Plazas
3	Vincom+

Central Vietnam

20	**Vincom Malls**
13	Vincom Plazas
7	Vincom+

South Vietnam (ex. HCMC)

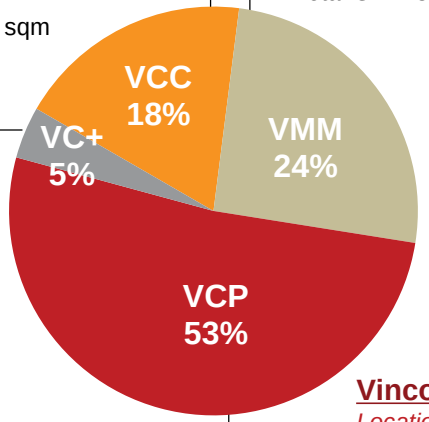
17	**Vincom Malls**
15	Vincom Plazas
2	Vincom+

Unique Multi-Format Retail Model

(Segmentation by GFA)

Vincom Center
Location: City-center, CBD
Retail GFA: 40,000 – 60,000 sqm
No. of Malls: 7
Total GFA: 280,026 sqm

Vincom Mega Mall
Location: In integrated, mixed-use projects
Retail GFA: 60,000 – 150,000+ sqm
No. of Malls: 3
Total GFA: 388,082 sqm



Vincom+
Location: Medium-density, non-CBD
Retail GFA: 3,000 – 5,000 sqm
No. of Malls: 15
Total GFA: 71,936 sqm

Vincom Plaza
Location: High-density, CDB of cities ex. Hanoi and HCMC
Retail GFA: 10,000 – 40,000 sqm
No. of Malls: 54
Total GFA: 857,517 sqm

✓ **4 retail formats**

✓ **Proven and scalable retail development platform**

Note: As at 30 June 2020

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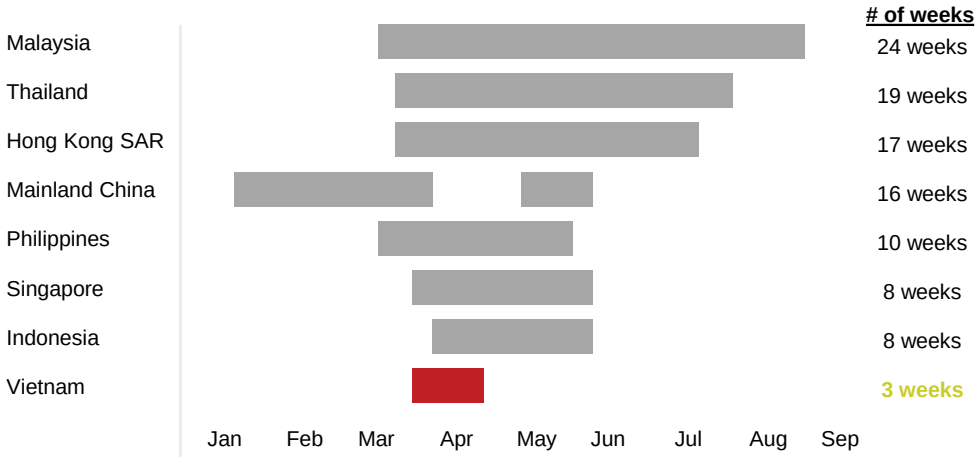
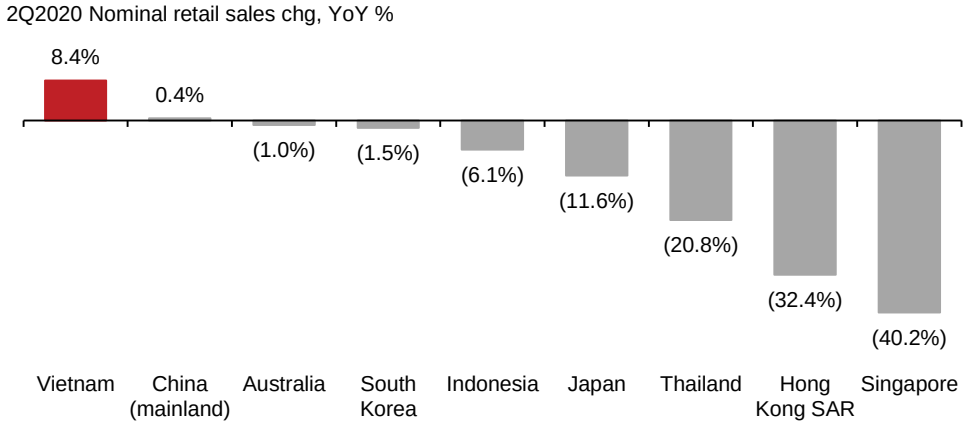
2. Market Update

Vietnam Races Ahead of Its Regional Peers Amidst Covid-19

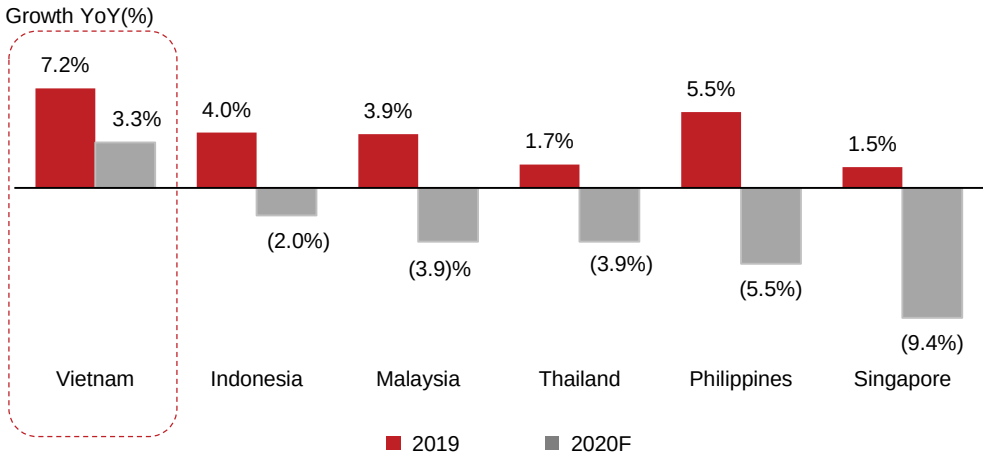
Vietnam Experienced The Shortest Lockdown Regionally



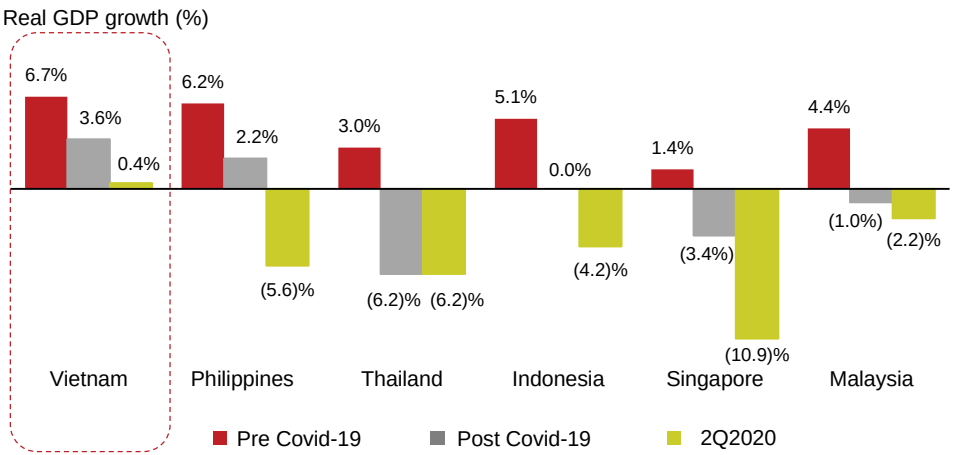
Vietnam's Retail Sales Grew Healthily As Compared to Its Counterparts



High Domestic Consumption Growth Signals Lower Reliance on International Trade



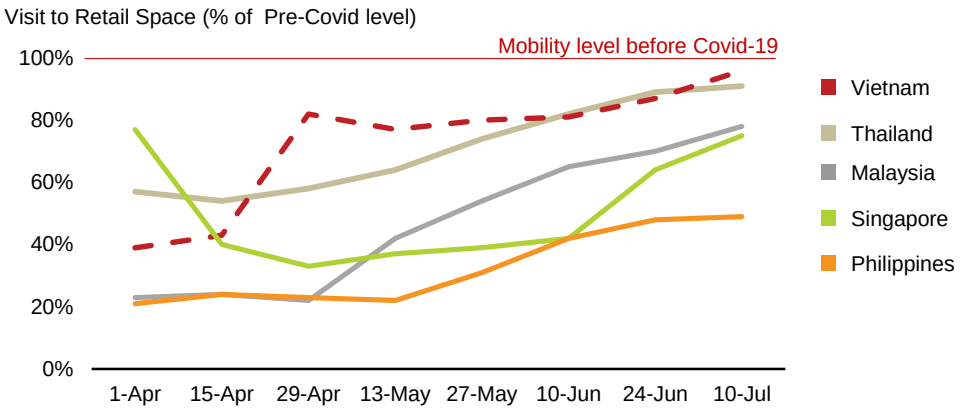
Fastest Growing Economy in Southeast Asia Pre and Post Covid-19



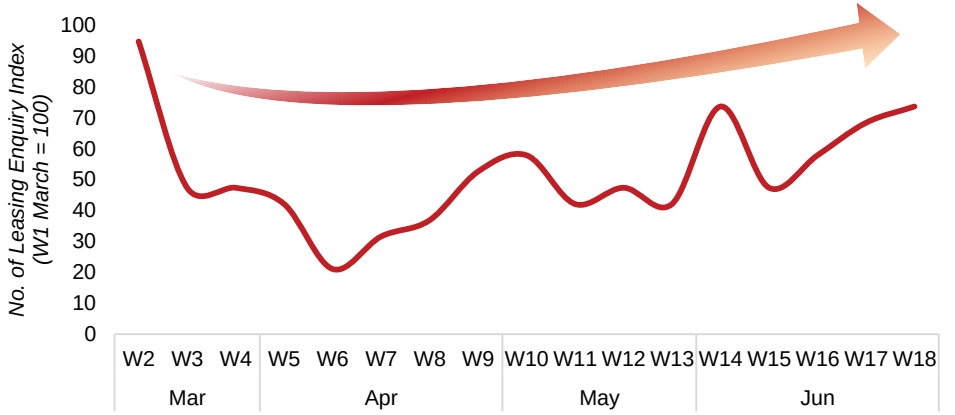
Source: : CBRE Research (APAC report 1H2020), FactSet, Fitch Solutions, EIU

Vietnam's Economic Outlook Remains Resilient Going Forward

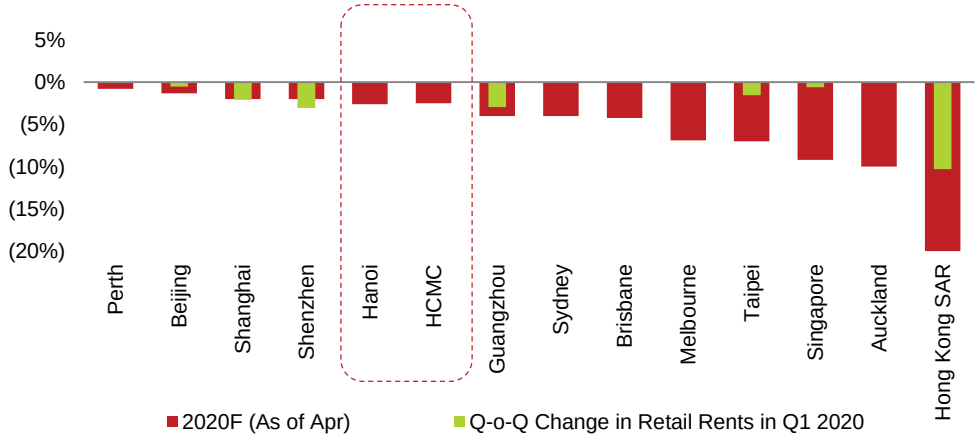
Vietnam Experiences Faster Footfall Recovery amongst its Peers[1]



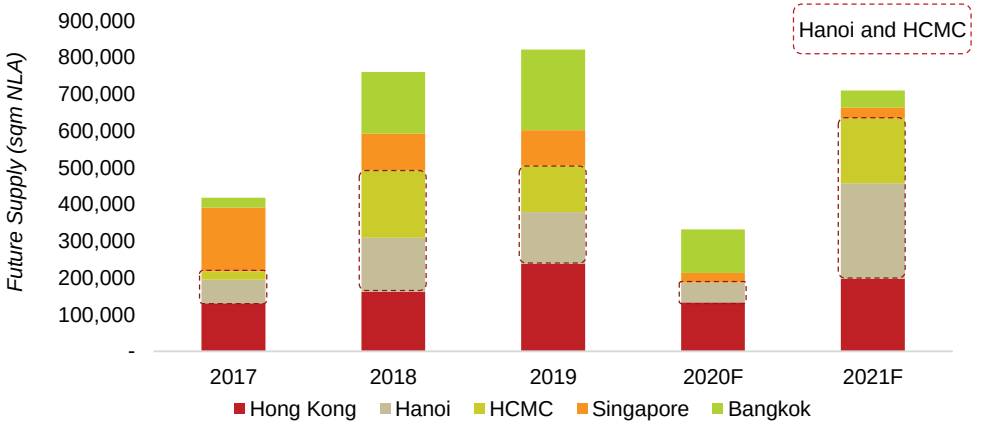
Retail leasing enquiry still shows positive trend during the pandemic[2]



Rental Outlook Remains Stable Regionally with One of The Lowest Decline



High NLA Supply in Vietnam Signifies Strong Potential Upside in Future Development

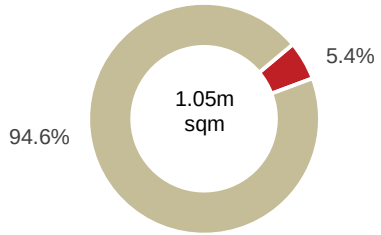


Source: CBRE Research (APAC report 1H2020 and HCMC Market Outlook 2Q2020)
Note:
(1) Visit to retail space compared with pre Covid level. The baseline for prior outbreak is the median value for the corresponding day of the week during the 5 week period Jan 3 – Feb 6, 2020
(2) Leasing enquiries collected by CBRE Vietnam in Hanoi & HCMC between March and June 2020

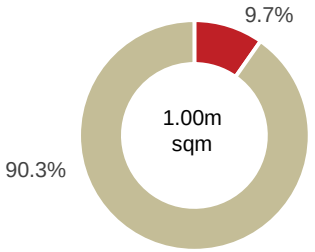
Domestic Market Overview 2Q2020

Current NLA

Hanoi

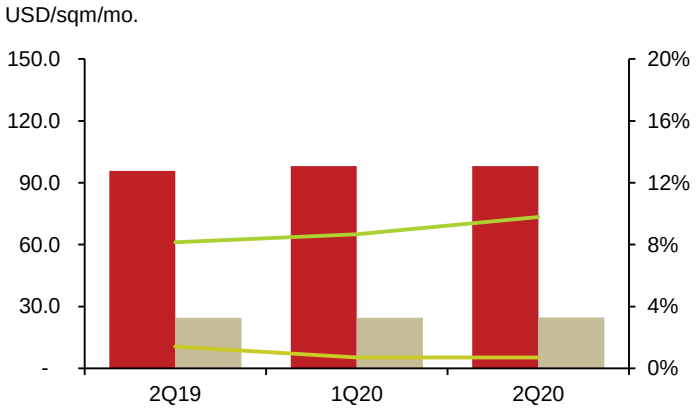


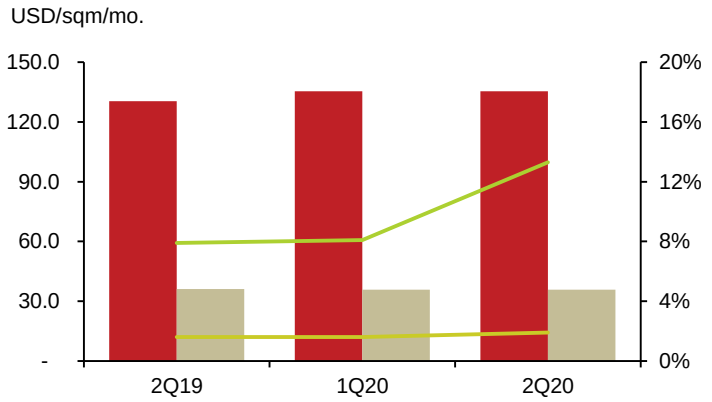
HCMC



CBD Non CBD

Rent and vacancy rate





Rent (CBD) Rent (Non CBD) Vacancy rate (CBD) Vacancy rate (Non CBD)

- **Asking rent** in 2Q2020 is more stable in CBD compared to 1Q, 2.5 – 3.8% increase YoY, gaining momentum from end of 2019. Non-CBD areas saw slight decrease of 0.7-0.9% in rental rate
- **Occupancy rate** in 2Q2020 is stable in CBD, mostly decline in non-CBD, larger reduction in HCMC than Hanoi (5.2% vs. 1.63%) compared to 1Q2020

Source: CBRE Hanoi and HCMC Forum, Market Insights reports 1H2020

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3. Operational Update

Business Highlight 2Q2020 – Recovery Post-Pandemic

Events

- **26 May: 2020 AGM** of Vincom Retail
- **2Q2020: Finished go-live CRM/FM** phase 1
- **2 June: Haidilao opened for the first time in Hanoi** at VCC Pham Ngoc Thach
- **5 June: UNIQLO opened at** VCC Landmark 81

Leasing plan VMM Ocean Park

70% has been leased, of which all anchor tenants have been secured

- Leading international fashion chain
- International fashion portfolio with leading and popular brands
- Popular international F&B chain

Secured chain tenants in Vincom malls in 2Q2020

Fashion	**+3** projects +3,700 sqm	Fashion	**+3** projects +5,300 sqm
Popular international F&B chain	**+5** projects +4,600 sqm		
CHEERS	**+4** projects +2,800 sqm		
TANVIET **Bookstore chain Tan Viet**	**+6** projects +8,300 sqm		

New Tenants

Popular international brand

Japan home appliances retailer

Japan's largest pharmacy-cosmetics store chain for the first time in Vietnam – secured and expected to open in **Aug 2020** at VCC Dong Khoi

Area dedicated to **experience and promote Korean culture and products** – secured **2,500 sqm**

Note: name of some tenants are censored as they are finalizing their contracts with Vincom Retail

Marketing Activities in 2Q2020

After social distancing measures were lifted at the end of April 2020, several marketing activities were successfully launched to welcome back customers to the malls

Reunification Day & Labor Day Campaign (30 Apr – 3 May)

Safe Shopping – Plenty Promotions

- Vincom implemented safety measures which allows customers to meet up and shop comfortably
- Customers enjoyed exclusive offers and promotions from retail stores
- Social media contest “Come to Vincom – Hunt Good Deals” boosted customers’ demand with discount up to 80%

Summer Campaign 2020 (1 – 14 June 2020)

Glorious Summer – Plenty Happiness

- Creative **Rainbow Land** Festival offered playing area for children to stimulate creativity and interaction, and encouraged reading habits during the summer
- Customers enjoyed exclusive offers and latest summer collections from famous brands

Footfall	↑ 52% Compared with before social distance	↑ 23% Compared with before the campaign
Media reach	~ 23 million	~ 82 million

3Q2020 Plan

Sales

1 **Finalize key and anchor tenants following chain development strategy. Expected to accomplish at end of 3Q2020**

Large international tenants in discussion

Leading fashion chain	Popular home appliances retailer	Popular beauty brand
+7 projects	**+1 project**	**+5 projects**
+15,000 sqm	**+2,000 sqm**	

Chain tenants in negotiation to expand

Vincom Retail is in negotiation with multiple fashion, F&B, entertainment chains and health/beauty brands who express their interest to expand their network in Vincom retail malls

2 **Continue leasing plan for Vincom Mega Malls Ocean Park, Smart City and Grand Park**

VMM Ocean Park: Launch in November

VMM Smart City: Finalize and secure all key tenants / anchor tenants; commence fit-out

Note: name of some tenants are censored as they are finalizing their contracts with Vincom Retail

3Q2020 Plan (cont.)

Marketing

Red Sale 2020

Co-operate with Ministry of Industry and Trade to hold "**Vincom 2020 Red Sale**" (4 – 12 July 2020) with slogan "Proudly Red – Search For Gold Promotions", being part of **Vietnam Grand Sale** launched nationwide in July offering up to 100% discounts

2020 Mid-autumn Festival

August: Prepare to launch Mid-Autumn Festival campaign with large decoration activities, highlight events, and gifts for families

Independence Day Campaign

2 Sep: Celebrates Vietnam Independence Day with promotions and entertainment activities for customers

Roadshow – free double decker trip to Vincom malls in Hanoi and HCMC (2020)

Mid autumn festival (2019)

Independence Day campaign (2019)

Technology

Initiate CRM Phase 2

Manage marketing activities; manage retail leasing space on Digital Twins software; develop "Tenant Portal" to complete entire CRM system

Select contractors

Develop Vincom Retail's website/app

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4. Financial Update

Financial Performance in 2Q2020 vs 2Q2019

Figures in VND billion	2Q2019	2Q2020	YoY (%)	Commentary	QoQ (%)	Commentary
Leasing of Investment Properties and Rendering of Related Services	1,659	1,307	▼ *21.2*	- Issue additional VND375 billion (USD16.3m) of support package for tenants - Decreased ancillary revenue, including utilities revenue and parking during mandatory lockdown	▼ 9.8	- Slightly higher support compared to 1Q - Decreased ancillary revenue, including utilities revenue and parking during mandatory lockdown
Sale of Inventory Properties	302	294	▼ *2.4*		▲ 46.6	
Other revenue	22	29	▲ *32.6*		▼ 18.1	
Total Revenue	**1,983**	**1,630**	▼ ***17.8***		▼ **3.3**	
Gross Profit[(1)]	959	646	▼ *32.7*	- Revenue reduction from Covid impact, partially offset by cost reduction, albeit at a smaller degree	▼ 14.8	Same reason
Operating Profit / (Loss)	788	467	▼ *40.7*		▼ 18.8	
Profit / (Loss) before Tax	788	446	▼ *43.4*		▼ 28.0	
Profit / (Loss) after Tax for the Period	640	343	▼ *46.4*		▼ *30.3*	
Profit / (Loss) after Tax and Minority Interest	**639**	**343**	▼ ***46.3***		▼ **30.3**	

Note: VAS Consolidated Financial Statements for 2Q2020
(1) Gross profit already subtracted D&A relating to investment properties under VAS.

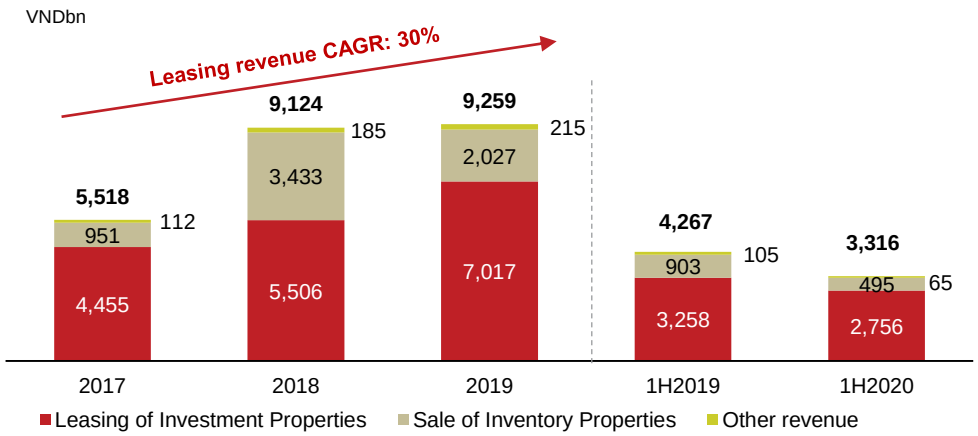
Financial Performance in 1H2020 vs 1H2019

Figures in VND billion	1H2019	1H2020	Change (%)	Commentary
Leasing of Investment Properties and Rendering of Related Services	3,258	2,756	▼ *15.4*	In 1H2020 VRE issued a supporting package of VND675bn (USD29.3m) for tenants affected by Covid-19. Ancillary revenue from utilities and parking also decreased ~ VND 42bn in 2Q due to lockdown
Sale of Inventory Properties	903	495	▼ *45.2*	In 1H2019, VRE delivered more units in a big project Shophouse Ca Mau
Other revenue	105	65	▼ *38.5*	Entertainment business and operation of Condotel Da Nang were heavily impacted by Covid-19
Total Revenue	4,267	3,316	▼ *22.3*	
Gross Profit(1)	1,931	1,405	▼ 27.3	Revenue reduction from Covid impact, partially offset by cost reduction, albeit at a smaller degree
Operating Profit / (Loss)	1,559	1,043	▼ *33.1*	
Profit / (Loss) before Tax	1,566	1,065	▼ *32.0*	
Profit / (Loss) after Tax for the Period	1,251	835	▼ *33.2*	
Profit / (Loss) after Tax and Minority Interest	1,251	835	▼ *33.3*	

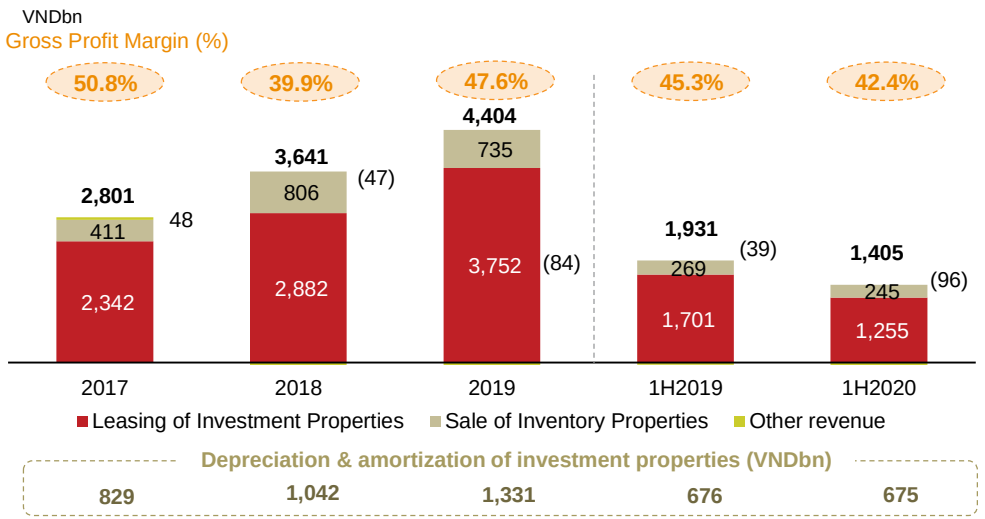
Note: VAS Consolidated Financial Statements for 2Q2020
(1) Gross profit already subtracted D&A relating to investment properties under VAS.

Financial Performance

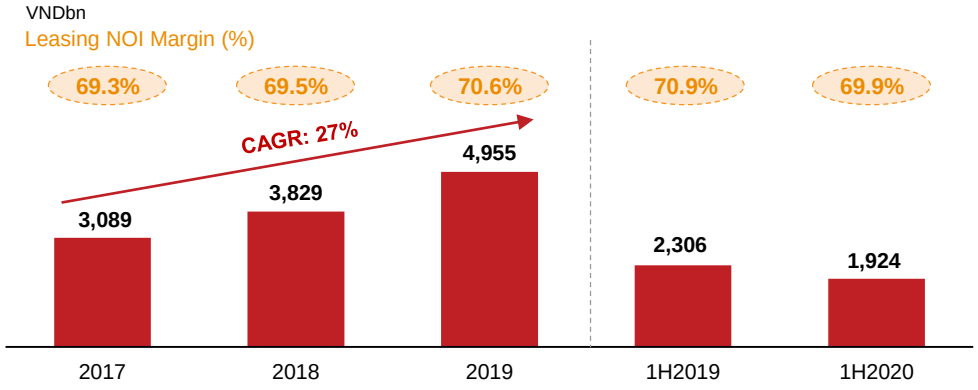
Total Revenue



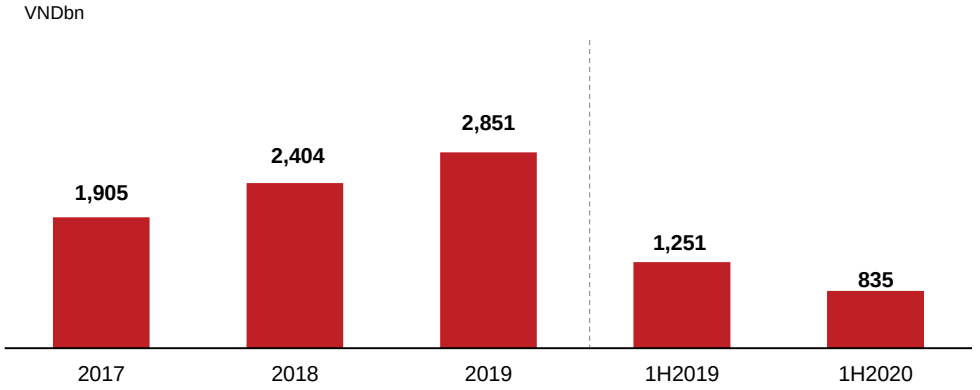
Gross Profit [1]



Leasing Net Operating Income (NOI) [2]



Profit After Tax and Minority Interest



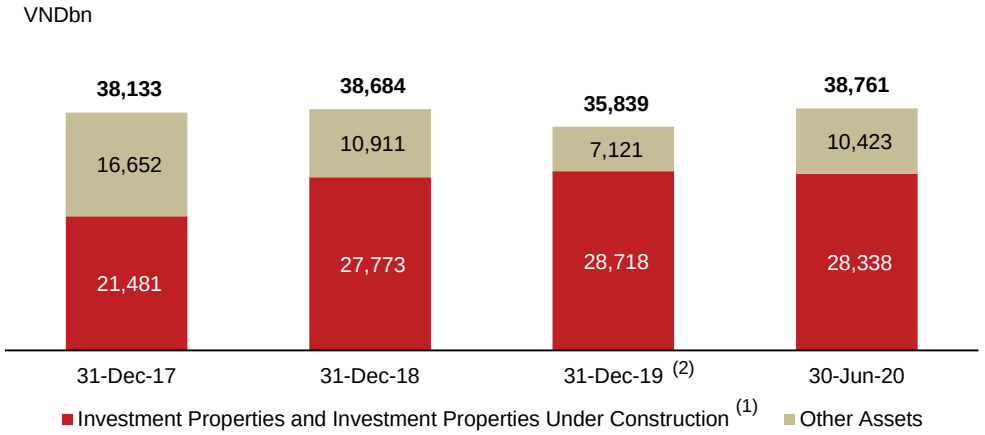
Note: Based on VAS Audited Consolidated Financial Statements for respective years and VAS Consolidated Financial Statements for 2Q2020

(1) Depreciation and amortization relating to investment properties is below the graph and should be added back (to Gross Profit) under IFRS. Since 2018, "Other" segment includes results from management of Da Nang condotels which was incurring loss as the property was still ramping up after launch in May 2018.

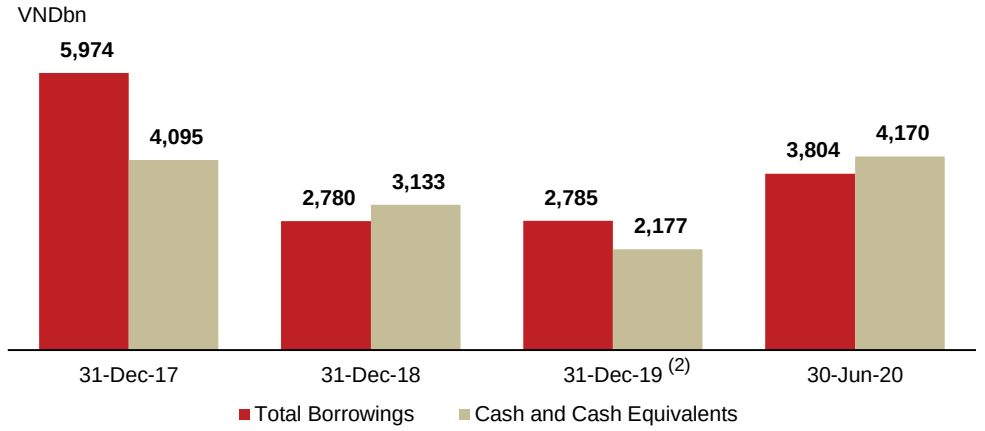
(2) NOI for leasing investment properties and rendering of related services is calculated by taking total income from leasing activities and from other property-related services less any property-related operating expenses which include land lease costs but exclude management expenses allocated from parent company.

Balance Sheet

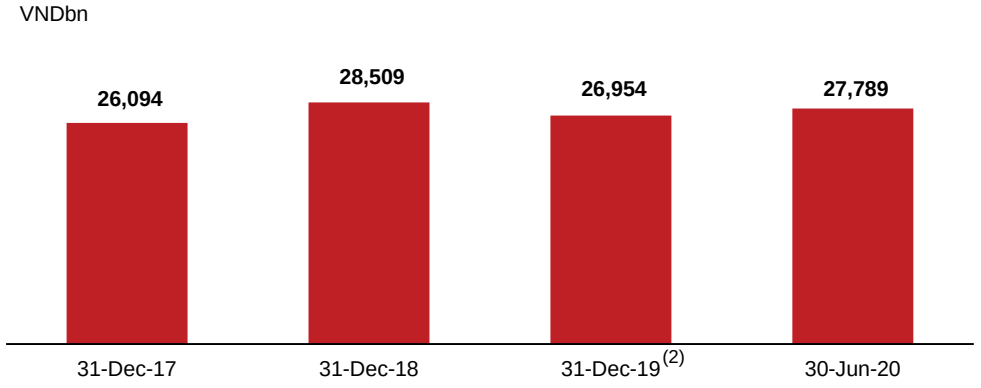
Total Assets



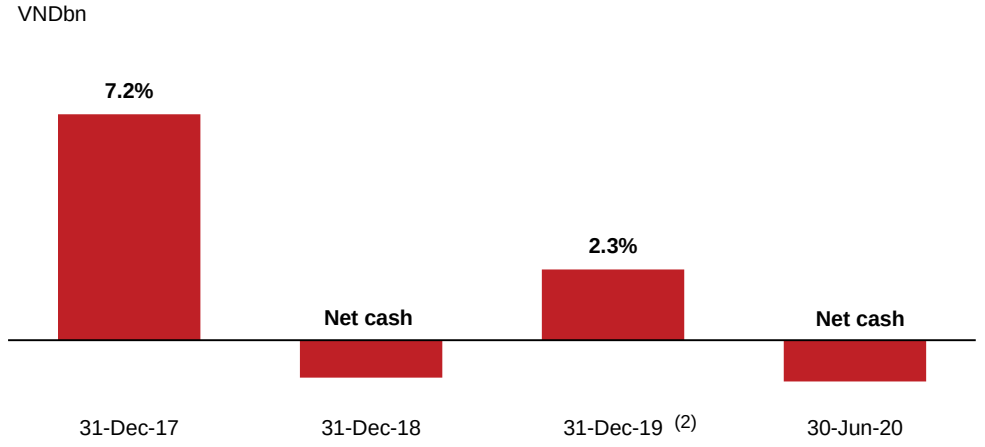
Total Borrowings, Cash and Cash Equivalents



Total Equity



(Net Debt / (Net Cash))(3) / Equity



Note: Based on VAS Audited Consolidated Financial Statements for respective years and VAS Consolidated Financial Statements for 2Q2020

(1) Investment Properties and Investment Properties Under Construction (IP/IPUC) are valued at development cost minus depreciation and amortization and are not fair valued

(2) Decline in other assets, cash and cash equivalents, total equity as well as increase in gearing ratio as of 31 December 2019 was due to the payment of cash dividends of VND 2,445bn in June 2019 and buy back 56.5 mil treasury shares completed in December 2019

(3) Net Debt / (Cash) = (Short-term Borrowings + Long-term Borrowings) – (Cash & Cash Equivalents + ST Investments).

VINCOM RETAIL

Appendix

Bridging VAS to IFRS

Unit: VND Billion

	VAS 1H2020	Adj.	IFRS 1H2020	Commentary on Adjustments
Leasing revenue and other related services	2,756	66	2,822	Realized unearned revenue of deposit from customer in relation to amortization of deposit
Sale of inventory properties	495		495	
Other revenue	65		65	
Total revenue	**3,316**	**66**	**3,382**	
Cost of leasing activities and other related services	(1,501)	679	(822)	Mostly depreciation of malls included in VAS; excluded under IFRS
Cost of inventory properties sold	(250)		(250)	
Others	(160)		(160)	
Cost of goods & services	**(1,911)**	**679**	**(1,232)**	
Gross profit	**1,405**	**745**	**2,149**	
Gain/loss from recording FV of IP/IPUC		1,629	1,629	Gain in fair valuation of the investment properties and investment properties under construction ("IP/IPUCs") based on management's estimate as of 30 June 2020
Selling expenses	(105)		(105)	
General and administrative expenses	(182)	36	(146)	Amortization of goodwill included in VAS; excluded under IFRS
Other income	27		27	
Other expense	(5)		(5)	
Finance expense	(179)	(172)	(351)	Amortization of deposit from customer
Finance income	105	(16)	89	Amortisation of deposit under BCC and deposit from customer
Profit before tax	**1,065**	**2,222**	**3,287**	
Tax expense	(230)	(460)	(690)	Mainly deferred tax arising from fair value adjustment of IP/IPUC
Profit after tax	**835**	**1,762**	**2,598**	

THANK YOU!