



Regional: Exacta Asia Investment II, L.P.

Project Name	Exacta Asia Investment II, L.P.		
Project Number	52017-001		
Borrower/Company	Exacta Asia Investment II		
Country	RegionalIndonesiaMalaysiaPhilippinesSingaporeThailandViet Nam		
Location	Indonesia - Nation-wide; Malaysia - Nation-wide; Philippines - Nation-wide; Singapore - Nation-wide; Thailand - Nation-wide; Viet Nam - Nation-wide		
Approval Number	7561		
Type of ADB Assistance / Amount	Ordinary capital resources	USD 25.00 million	Approved
Strategic Agendas	Inclusive economic growth		
Drivers of Change	Partnerships Private sector development		
Sector / Subsector	Finance - Infrastructure finance and investment funds		
Gender Equity and Mainstreaming	No gender elements		
Responsible ADB Department	Private Sector Operations Department		
Responsible ADB Division	Private Sector Investment Funds & Special Initiatives Div		
Responsible ADB Officer	Teo, Yee Hean		
Project Sponsor(s)			
Description	The Fund aims primarily to deploy growth equity in lower middle-market companies (enterprise value of \$25 to \$125 million) in Southeast Asia (SEA): Indonesia, Malaysia, Philippines, Singapore, Thailand and Viet Nam. Exacta is one of the few pure-play Southeast Asia growth equity funds currently in the market. The general partner (GP) is the successor to Mizuho ASEAN Investment GP, and benefits from relationships with corporate Japan via Mizuho Financial Group. Mizuho Bank, Ltd is acting as an anchor, investing up to \$100 million on a pari passu basis with other limited partners (LPs). The Fund aims to create value-addition and potential exits by way of Japanese and ASEAN angle strategic initiatives.		
Objectives and Scope	An investment in Exacta II is in line with ADB's goal to address the unmet demand for private sector financing in Southeast Asia. Through this investment, ADB will help finance comparatively small to medium-sized companies in the region. Exacta II also aims to increase business efficiency, labor productivity, and overall employment. ADB's participation will, therefore, support the development of the private sector in countries where equity-related financing is limited and access to bank financing is difficult without hard assets as collateral. Moreover, through Exacta, ADB will foster regional cooperation through the knowledge transfer from Japan to Southeast Asia.		
Linkage to Country/Regional Strategy	Exacta II's investment goals align strongly with ADB strategies to enhance the efficiency and transparency of equity markets, removing barriers to financing for small and medium-sized enterprises, and promoting social and inclusive growth. Exacta II's investments are also consistent with ADB's plans for financial sector operations, which prioritize the need to enhance access to finance for small and medium-sized enterprises as part of the sector development agenda and the need to support the three pillars of the real economy: households, SMEs, and infrastructure. Exit strategies such as IPOs and trade sales will also help develop the local capital markets in the region.		

Safeguard Categories

Environment	FI
Involuntary Resettlement	FI
Indigenous Peoples	FI

Summary of Environmental and Social Aspects

Environmental Aspects	The potential environment and social impacts and risks associated with the fund's existing and/or likely future portfolio, its existing ESMS and its commitment and capacity for implementing the ESMS, have been assessed. The ESMS requires appraisal and management of investments in accordance with applicable national legal and regulatory requirements, internationally recognized standards, and other applicable industry specific guidelines. The ESMS requires the screening of investments against an exclusion list equivalent to ADB's Prohibited Investment Activity List. While potential fund investee's business activities are not expected to require major infrastructure development or generate significant, adverse, irreversible or diverse environmental impacts, the ESMS includes adequate procedures and requirements for screening, assessing, reviewing, implementing and monitoring investments that may be assessed as category A for environment. ADB provided guidance to Exacta to enhance its existing ESMS to ensure compliance with ADB's Safeguard Policy Statement. Exacta will adopt the enhanced ESMS before ADB's first disbursement. Investment risk screening and categorization and due diligence findings will be included in the fund investment committee proposal. Exacta will ensure that any corrective actions required to be undertaken by the investee are achievable, time-bound and agreed upon prior to the final investment decision. Exacta's environmental and social team will supervise all investees against environmental and social risks and any agreed time-bound action plans; and report the performance annually to ADB.
Involuntary Resettlement	The fund's existing and future portfolios are expected to be located within leased properties. If in case investment activities will require land acquisition or purchase of land, investees are not expected to have recourse to government expropriation and all transactions are expected to be on commercial terms on a willing buyer willing seller basis. The fund manager has an existing ESMS with an adequate procedure to screen investee business activity for potential involuntary resettlement impacts and will consult ADB early in its investment appraisal process for concurrence of proposed due diligence.
Indigenous Peoples	Potential fund investments are not expected to adversely or beneficially affect distinct and vulnerable Indigenous Peoples communities. The existing ESMS also has an adequate procedure in assessing potential investments that may affect the dignity, human rights, livelihood systems, or culture of ethnic minority groups, or affects the territories or natural or cultural resources that such groups own, use, occupy, or claim as an ancestral domain or asset.
Stakeholder Communication, Participation, and Consultation	The private commercial nature of investments limits the opportunities for stakeholder engagement. Conduct of consultation in relation to investees business activities, if required, will be carried out in accordance with applicable national laws and regulations and the Safeguard Policy Statement of the Asian Development Bank.

Timetable for assistance design, processing and implementation

Concept Clearance	06 Mar 2018
Due Diligence	
Credit Committee Meeting	30 May 2018 to 30 May 2018
Approval	12 Jul 2018
Last PDS Update	26 Jul 2018

Project Page	https://www.adb.org/projects/52017-001/main
Request for Information	http://www.adb.org/forms/request-information-form?subject=52017-001
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