



ESR takes a strategic stake in Vietnam’s leading logistics and industrial player BW Industrial

- *BW Industrial selects ESR as the lead strategic investor as a part of a primary fundraising round of up to approximately US\$450 million that also includes other leading investors in Asia*
- *ESR has previously partnered with BW Industrial in a successful joint venture in Vietnam, one of the most attractive logistics and industrial markets in APAC*
- *Rare opportunity for ESR to invest in the largest and fastest-growing New Economy real estate platform in Vietnam to accelerate the company’s expansion in such a high growth market*



BW's e-commerce and last mile delivery logistics cluster in Tan Phu Trung (Ho Chi Minh City)

VIETNAM, HONG KONG, 12 January 2023 – ESR Group Limited (“ESR” or the “Company”, together with its subsidiaries as the “Group”; SEHK Stock Code: 1821), APAC’s largest real asset manager powered by the New Economy, through its wholly-owned subsidiary, has led a funding round to take a strategic equity stake in BW Industrial Development Joint Stock Company (“BW”) as a part of BW’s larger primary capital raise of up to approximately US\$450 million that includes other leading strategic and financial investors in Asia.

BW is Vietnam’s largest and fastest-growing pure-play logistics and industrial developer with approximately US\$2 billion of gross assets under management (“AUM”). Its current portfolio comprises the country’s largest land bank of more than 8 million sqm and more than 2 million sqm of gross floor area (“GFA”) in operation and under development with over 85% in key tier-1 cities of Greater Hanoi and Ho Chi Minh City. Since its inception in 2018, BW has developed entrenched relationships with close to 200 tenants from over 20 countries, majority of which are e-commerce, last-mile delivery and resilient high-tech manufacturing players. Additionally, BW has pioneered and currently operates

Vietnam's first and largest e-commerce and last-mile delivery logistics cluster in Ho Chi Minh City with several in the development pipeline across Vietnam's two key gateway cities.

Since ESR and BW entered into a development joint venture for the 240,000 sqm My Phuoc 4 project which marked ESR's maiden entry into Vietnam in 2021, both parties have closely collaborated across multiple key execution workstreams ranging from design and development to leasing and asset management. As a part of ESR's strategic investment in BW, ESR is appointing a representative to the board of BW to provide strategic guidance and facilitate the sharing of resources to further accelerate BW's growth trajectory. Furthermore, ESR has seconded Ms. Fion Ng, ESR's Head of Investment and Development for Southeast Asia, to take on the role of Chief Operating Officer and Head of North at BW.

Jeffrey Shen and Stuart Gibson, ESR Co-founders and Co-CEOs, said: "ESR's strategic investment in BW marks a significant milestone for our business in Southeast Asia. Underpinned by strong growth fundamentals including rapid urbanisation, a fast-rising consumer class and the exponential growth of e-commerce, Vietnam is witnessing robust demand for logistics and industrial space with limited available modern space. As we continue to extend ESR's leading New Economy footprint in APAC, Vietnam will be an important and valuable market as it offers a fast and dynamic growing economy, scale, velocity of development and strong institutional investor interest."

Propelled by its active capital recycling strategy and its strong balance sheet following the acquisition of ARA, ESR is well positioned to continue to invest in attractive New Economy avenues of growth across APAC. In fact, ESR divested a record US\$1.4 billion of its balance sheet investments (primarily in China) in 1H 2022 which recycled over US\$1.0 billion of net cash to the Group. As disclosed previously, in addition to strengthening its market leadership position in core markets, ESR has also sought to expand its footprint in Southeast Asia, one of the fastest growing regions in the world. Given the lack of modern logistics warehouse and industrial supply in key markets in Southeast Asia, ESR is well-positioned to grow and accelerate its New Economy development and fund management footprint.

The Co-CEOs further commented: "This is a rare opportunity for ESR to invest in the market leader in Vietnam and it will enable us to scale up at speed and reinforce our presence in a burgeoning market. We look forward to leveraging our deep customer ecosystem across APAC as well as best-in-class development, fund management and sustainability capabilities to accelerate the growth of BW and help to further consolidate its leading position in the market."

Vietnam was one most resilient economies through the COVID-19 pandemic, and one of the few globally that recorded positive GDP growth in both 2020 and 2021. Post COVID-19, its economy has rebounded strongly with a year-on-year GDP growth accelerating from 7.8% in the second quarter of 2022 to 13.7% in the third quarter, a record quarterly increase and the strongest performance in Asia this year. Additionally, foreign direct investment disbursements in the first nine months of 2022 were up 16.2% year-on-year marking another record high of US\$15.4 billion¹, driven by the processing and manufacturing sectors. This positive momentum is expected to continue with the economy on track to expand by more than 7.5% in 2022 and 6.7% in 2023². Vietnam's young population, skilled workforce, relatively low labour costs and strong government support is set to put the country in prime position to become Asia's next manufacturing powerhouse, particularly in the light of supply chain risk diversification. Since the COVID-19 pandemic, several global companies have announced that they are increasingly shifting production to Vietnam.

On the logistics front, the high demand for institutional grade logistics space in Vietnam is expected to continue, with e-commerce gross merchandise value projected to grow at a 32% CAGR from US\$13

¹ Ministry of Planning and Investment Vietnam

² World Bank

billion in 2021 to US\$39 billion in 2025³. At the same time, the market remains meaningfully underserved in terms of modern warehouse supply with an estimated 0.6 sq ft of warehouse stock per capita, a fraction of other countries such as Japan and Singapore.

Lance Li, CEO of BW, said: “We are delighted to mark a new milestone for BW and we are excited to build on our existing strategic relationship with ESR. With the transformative shift of the manufacturing base to Vietnam as well as the rise of domestic consumption especially via e-commerce, BW is incredibly well positioned to deliver the critical New Economy infrastructure to support the long-term growth of Vietnam. We are excited to partner with ESR where we can leverage our collective resources, experience, and relationships to cement our market leading position. Looking forward, we will continue to explore further collaborations, either greenfield developments, acquisitions, or joint ventures to accelerate our growth trajectory going forward.”

Since announcing its inaugural ESG 2025 roadmap in 2020, ESR has made significant progress across its key pillars and its investment in BW will extend its sustainability best practices to Vietnam. Similar to ESR, BW also has a clear ESG 2030 roadmap which aims to provide sustainable property in response to customer needs, while supporting well-being, diversity, gender equality, and clean and affordable energy. During the COVID-19 pandemic, BW sought to play an active role in its communities across the country. In particular, BW in partnership with ESR converted 80,000 sqm of its warehouse at My Phuoc 4 into Vietnam’s largest field treatment centre serving COVID-19 cases in the Binh Duong province in Greater Ho Chi Minh City and BW also spearheaded Ho Chi Minh City’s largest COVID-19 vaccination programme in its Tan Phu Trung facility.

About ESR

ESR is APAC’s largest real asset manager powered by the New Economy and the third largest listed real estate investment manager globally. With over US\$140 billion in total assets under management (AUM), our fully integrated development and investment management platform extends across key APAC markets, including China, Japan, South Korea, Australia, Singapore, India, New Zealand and Southeast Asia, representing over 95% of GDP in APAC, and also includes an expanding presence in Europe and the U.S. We provide a diverse range of real asset investment solutions and New Economy real estate development opportunities across our private funds business, which allow capital partners and customers to capitalise on the most significant secular trends in APAC. ESR is the largest sponsor and manager of REITs in APAC with a total AUM of US\$45 billion. Our purpose – *Space and Investment Solutions for a Sustainable Future* – drives us to manage sustainably and impactfully and we consider the environment and the communities in which we operate as key stakeholders of our business. Listed on the Main Board of The Stock Exchange of Hong Kong, ESR is a constituent of the FTSE Global Equity Index Series (Large Cap), Hang Seng Composite Index and MSCI Hong Kong Index.

For more information on ESR, please visit www.esr.com.

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³ e-Conomy SEA 2021 Report by Google-Temasek-Bain

About BW

BW is Vietnam's #1 New Economy player with over 8.15 million square meters of prime industrial land under control across more than 37 projects in 28 strategic economic locations across the country⁴. BW has been focused on developing light industrial and modern warehouses to capture the outsized manufacturing growth, increasing domestic consumption, and rapid growth in e-commerce. BW has secured equity commitments of more than USD800 million⁵ from shareholders, fund/JV partners and has formed strategic partnerships with 'Queen Bee' FDI, e-commerce, and logistics players to serve one of the fastest-growing markets in Asia. For more information about BW, please visit <https://bwindustrial.com/>.

⁴ As of Aug 2022

⁵ Equity commitment before transaction with ESR