

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



ESR GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1821)

**CONNECTED TRANSACTIONS IN RELATION TO
(1) SUBSCRIPTION OF SHARES IN BW
(2) FRAMEWORK AGREEMENT ON SERVICES AND
(3) DISPOSAL OF SHARES IN CERTAIN JOINT VENTURE COMPANIES
AND
TERMINATION OF CONTINUING CONNECTED TRANSACTIONS**

THE SUBSCRIPTION

On 12 January 2023 (after trading hours), the Company, through ESR V Investor 5 (a wholly owned subsidiary of the Company), has agreed to subscribe for 168,358,478 newly issued shares in BW Industrial Development Joint Stock Company (“**BW**”) and may, following the completion of the Subscription, elect to subscribe for such number of additional shares so that it will hold no less than 15.0% of the issued shares of BW (on a fully diluted basis) on completion of such Additional Subscription. BW is the largest and fastest-growing logistics/industrial New Economy real estate platform in Southeast Asia with an AUM of approximately US\$2.0 billion and a market leading presence in Vietnam. This investment further extends the strategic partnership between ESR and BW which commenced in April 2021 with a joint venture on the My Phuoc 4 Industrial Park project, an approximately 240,000 sqm development project that was successfully completed in August 2021.

The Subscription and any Additional Subscription (which will be subject to ESR V Investor 5 having obtained an approval from the Department of Planning and Investment of Binh Duong Province, Vietnam) (collectively, the “**Transaction**”) is part of a broader equity fundraising exercise by BW in which the Company has been informed by BW that BW has also entered into share subscription agreements with other third party investors whereby BW will raise additional equity investment from such investors at the same Subscription Price and on substantially the same terms as the Subscription. The Company had previously entered into a strategic partnership with BW and is participating as the lead investor in this equity fundraising exercise through the Transaction.

BW, which was founded in January 2018, has, as of August 2022, established a market leading footprint across 11 key industrial provinces in Vietnam with a total 815 hectares (251 hectares developed, 84 hectares under construction and 480 hectares to be developed) of logistics and industrial land bank, of which approximately 85% is located in the key tier 1 cities of Greater Hanoi and Ho Chi Minh City. BW's portfolio includes 1.6 million square metres of completed gross floor area, 0.7 million square metres under construction gross floor area of logistics and industrial facilities and 3.3 million square metres gross floor area to be developed. Since inception, BW has developed deep relationships with strategic anchor tenants and established its reputation as a trusted landlord with proven execution capabilities. BW is backed by an experienced management team with average industry experience of over 20 years.

As disclosed previously, in addition to strengthening its market leadership position in core markets, the Group has also sought to expand its footprint in Southeast Asia, one of the fastest growing regions in the world. In line with the Group's capital recycling strategy, its record divestment of over US\$1.4 billion of balance sheet investments in 1H 2022 puts it in a strong position to redeploy the capital into key strategic growth areas. The Directors consider that the Transaction in respect of BW, the leading platform in Southeast Asia, provides a good opportunity for the Group to widen its New Economy real estate portfolio and further cement its presence in Vietnam, a key market that is underpinned by strong growth fundamentals with good long term growth prospects. The Directors are of the view that the Transaction is in line with the Group's strategic development and its business strategy of being APAC's leading New Economy real estate platform.

THE SERVICES

In connection with the Subscription, on 12 January 2023 (after trading hours), ESR V Investor 5 and BW entered into the Framework Agreement which set out the terms governing certain services that may be provided by ESR V Investor 5 (itself or through one or more of its affiliates) to BW and its subsidiaries for which it will receive various fees as part of its market leading development and fund management platform.

THE DISPOSALS

As at the date of this announcement, BW (through VC3, a subsidiary of BW) indirectly holds 51% of the shareholding interest in each of BW JV 1 and BW JV 2 and the Company (through ESR V Investor 1 and ESR V Investor 2, each a wholly-owned subsidiary of the Company) indirectly holds the remaining 49% of the shareholding interest in each BW JV.

ESR V Investor 1 and ESR V Investor 2 have agreed to sell Disposal Shares 1 and Disposal Shares 2, respectively, to VC3 in consideration for the Consideration. On 12 January 2023 (after trading hours), ESR V Investor 1 and ESR V Investor 2 (as sellers) and ESR V Investment (as guarantor) entered into the Share Purchase Deed. Completion of the Subscription and the Disposals will take place on the same date.

The Disposals together with the Subscription will allow the Company to consolidate its ownership interest in the BW Group at the holding company level and the sale proceeds from the Disposals can be used as capital return to the Group.

Taking into account the sale proceeds of an aggregate amount equal to VND751,792,000,000 (equivalent to approximately US\$32,000,000) received by the Group for the Disposals, the net cash outlay by the Group for the Subscription and the Disposals will be approximately US\$175,777,778.

CONNECTED TRANSACTIONS

To the best knowledge of the Company based on publicly available information, as at the date of this announcement, Alexandrite Gem and Athena Logistics in aggregate have an interest of approximately 13.37% of the shares in the Company. Both of Alexandrite Gem and Athena Logistics are wholly-owned by funds managed or advised by Warburg Pincus LLC or its affiliates. As BW and VC3 (a subsidiary of BW) are indirectly controlled by entities managed or advised by Warburg Pincus LLC or its affiliates, as are Alexandrite Gem and Athena Logistics, BW and VC3 are connected persons of the Company, and each of (a) the Transaction, (b) the Land Services and the Development Services under the Framework Agreement, and (c) the Disposals, constitute(s) a connected transaction of the Company under Chapter 14A of the Listing Rules, and the Leasing Services under the Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

LISTING RULE IMPLICATIONS

As the highest applicable percentage ratio (which for the purposes of this announcement shall be as defined under the Listing Rules) in respect of each of (a) the Transaction, (b) the aggregate fees for the provision of the Land Services and the Development Services under the Framework Agreement, and (c) the Disposals exceeds 0.1% but is less than 5%, each of (i) the Share Subscription Agreement, (ii) the Land Services and Development Services under the Framework Agreement and (iii) the Share Purchase Deed and the respective transactions contemplated thereunder are subject to the reporting and announcement requirements but are exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio in respect of the annual cap amounts for the Leasing Services under the Framework Agreement exceeds 0.1% but is less than 5%, the Leasing Services under the Framework Agreement are subject to the reporting, announcement and annual review requirements but are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Company will comply with the relevant requirements of the Listing Rules if and when the Additional Subscription Right is exercised.

TERMINATION OF CONTINUING CONNECTED TRANSACTIONS

Reference is made to the announcement of the Company dated 23 January 2022 in relation to the management agreements entered into by ESR V Investment, a wholly-owned subsidiary of the Company, with each of BW JV 1 and BW JV 2 pursuant to which each BW JV had appointed ESR V Investment to provide certain management services to that BW JV in relation to the business of that BW JV (each, a “**BW Management Agreement**”). As disclosed in the announcement of the Company dated 23 January 2022, the transactions under each BW Management Agreement are continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The Share Purchase Deed provides that on the completion of the Disposals, (a) ESR V Investor 1 and ESR V Investor 2 will enter into the Termination Deed with the BW Parties to terminate the subscription, joint venture and related agreements entered into between them and (b) ESR V Investment will enter into the Termination Agreements with each of the BW JVs to terminate the respective BW Management Agreement.

A. INTRODUCTION

On 12 January 2023 (after trading hours):

- (i) ESR V Investor 5 (a wholly-owned subsidiary of the Company) as investor and the Company as guarantor entered into the Share Subscription Agreement with BW, pursuant to which ESR V Investor 5 (a) agreed to subscribe for, and BW agreed to issue and allot, the Subscription Shares at the Subscription Price per Subscription Share and (b) may, at any time after the completion of the Subscription and before (but including) 30 September 2023, elect to subscribe for additional shares pursuant to the Additional Subscription Right (as defined below) which shall be subject to ESR V Investor 5 having obtained an approval from the Department of Planning and Investment of Binh Duong Province, Vietnam in respect of such Additional Subscription;
- (ii) in connection with the Subscription, ESR V Investor 5 and BW entered into the Framework Agreement which set out the terms governing certain services that may be provided by ESR V Investor 5 (itself or through one or more of its affiliates) to BW and its subsidiaries;
- (iii) ESR V Investor 1 and ESR V Investor 2 (each a wholly-owned subsidiary of the Company) as sellers and ESR V Investment (a wholly-owned subsidiary of the Company) as guarantor entered into the Share Purchase Deed with VC3, pursuant to which VC3 agreed to purchase and ESR V Investor 1 and ESR V Investor 2 agreed to sell Disposal Shares 1 and Disposal Shares 2, respectively, in consideration for the Consideration; and

- (iv) in connection with the Disposals, the Share Purchase Deed provides that (a) ESR V Investor 1 and ESR V Investor 2 will enter into the Termination Deed with the BW Parties to terminate the subscription, joint venture and related agreements entered into between them and (b) ESR V Investment will enter into the Termination Agreements with each of the BW JVs to terminate the respective BW Management Agreement.

B. THE SUBSCRIPTION

(1) Fundraising by BW

The Transaction is part of a broader equity fundraising exercise by BW in which the Company has been informed by BW that BW has also entered into share subscription agreements with other third party investors whereby BW will raise additional equity investment from such investors at the same Subscription Price and on substantially the same terms as the Subscription. The Company is participating as the lead investor in this equity fundraising exercise through the Transaction.

Taking into account the sale proceeds of an aggregate amount equal to VND751,792,000,000 (equivalent to approximately US\$32,000,000) received by the Group for the Disposals, the net cash outlay by the Group for the Subscription and the Disposals will be approximately US\$175,777,778.

(2) Principal Terms of the Share Subscription Agreement

Date: 12 January 2023

Parties:

- (i) BW;
- (ii) ESR V Investor 5; and
- (iii) the Company.

Subject Matter: Pursuant to the Share Subscription Agreement, ESR V Investor 5 agreed to subscribe for, and BW agreed to issue and allot the Subscription Shares comprising 168,358,478 ordinary shares in the charter capital of BW, representing 10.89% of the issued charter capital of BW immediately upon completion of the Subscription.

Subscription Price and Subscription Amount: The consideration for the Subscription is US\$1.2341 per Subscription Share, for an aggregate Subscription Amount of US\$207,777,778. The Subscription Price was determined after arm's length negotiation between the parties with reference to the valuation report on BW conducted by an independent valuer as at 4 July 2022 and is expected to be funded by internal financial resources of the Group.

The Subscription Amount will be paid by ESR V Investor 5 to BW at completion of the Subscription with existing cash resources and the proceeds that it will receive from the Disposals.

Guarantee: The Company has irrevocably and unconditionally agreed to guarantee the performance by ESR V Investor 5 of its payment obligations under the Share Subscription Agreement.

Completion: Completion of the Subscription and the Disposals will take place on the date of this Announcement.

Additional Subscription Right: ESR V Investor 5 may, at any time after the completion of the Subscription and before (but including) 30 September 2023, in its sole discretion elect to subscribe for such number of additional shares so that it will hold no less than 15.0% of the issued shares of BW (on a fully diluted basis) on completion of such subscription (such subscription, the “**Additional Subscription**”, and such right, the “**Additional Subscription Right**”).

Upon an exercise of the Additional Subscription Right and subject to ESR V Investor 5 having obtained an approval from the Department of Planning and Investment of Binh Duong Province, Vietnam in accordance with the Investment Law of Vietnam, ESR shall subscribe for: (i) 99,034,399 ordinary shares in the charter capital of BW at the same subscription price per share as the Subscription and for an aggregate subscription price of USD122,222,223; and (ii) (if BW has issued additional shares after the completion of the Subscription in the circumstances contemplated under the Share Subscription Agreement and if so elected by ESR V Investor 5 at its sole discretion), such number of additional ordinary shares in the charter capital of BW at a volume-weighted average price per share of such shares issued by BW after the completion of the Subscription so that ESR V Investor 5 shall hold 15.0% of the issued shares of BW (on a fully diluted basis) on completion of such Additional Subscription.

The Additional Subscription Right will lapse if completion of the Additional Subscription does not occur on or before 31 December 2023.

Immediately upon completion of the Subscription, the issued shares in BW will be owned as to approximately 10.89%, 26.73%, 4.37% and 58.01% by ESR V Investor 5, Becamex, WP8 and WP9, respectively.

In connection with the Subscription, certain key terms of the Subscription as set out in BW Resolutions were approved by resolutions of the existing shareholders of BW on 12 January 2023 which include, among others, the right of ESR V Investor 5 to nominate one candidate for appointment as a director of BW on completion of the Subscription.

(3) Reasons for, and Benefits of, the Transaction

BW is the largest and fastest-growing logistics/industrial New Economy real estate platform in Southeast Asia with an AUM of approximately US\$2.0 billion. BW has, as of August 2022, established its footprint across 11 key industrial provinces in Vietnam with total 815 hectares (251 hectares developed, 84 hectares under construction and 480 hectares to be developed) of industrial land bank, of which approximately 85% is located in the key tier 1 cities of Greater Hanoi and Ho Chi Minh City. BW's portfolio includes 1.6 million square metres of completed gross floor area, 0.7 million square metres under construction gross floor area of industrial and logistics facilities and 3.3 million square metres gross floor area to be developed. Since inception, BW has developed deep relationships with strategic anchor tenants and established its reputation as a trusted landlord with proven execution capabilities. BW is backed by an experienced management team with average industry experience of over 20 years.

As disclosed previously, in addition to strengthening its market leadership position in core markets, the Group has also sought to expand its footprint in Southeast Asia, one of the fastest growing regions in the world. In line with the Group's capital recycling strategy, its record divestment of over US\$1.4 billion of balance sheet investments in 1H 2022 puts it in a strong position to redeploy the capital into key strategic growth areas. The Directors consider that the Transaction in respect of BW, the leading platform in Southeast Asia, provides a good opportunity for the Group to widen its New Economy real estate portfolio and further cement its presence in Vietnam, a key market that is underpinned by strong growth fundamentals with good long term growth prospects. The Directors are of the view that the Transaction is in line with the Group's strategic development and its business strategy of being APAC's leading New Economy real estate platform.

The Directors (including independent non-executive Directors) are of the view that the Transaction, being part of a broader equity fundraising exercise by BW, have been entered into on normal commercial terms or better and in the ordinary and usual course of the business of the Group, and the terms are therefore fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Directors who attended the relevant board meeting have unanimously voted to approve the Share Subscription Agreement (including the Transaction contemplated thereunder). This paragraph should be read with section H (*Approval by the Directors*) of this announcement.

C. FRAMEWORK AGREEMENT ON SERVICES

(1) Principal Terms of the Framework Agreement

Date: 12 January 2023

Parties: (i) ESR V Investor 5; and
(ii) BW

Subject Matter and Duration: ESR V Investor 5 (itself or through one or more of its affiliates) may provide certain land acquisition brokerage services (“**Land Services**”), development, asset management, financing and treasury services (“**Development Services**”) and leasing agency services (“**Leasing Services**”) to BW and its subsidiaries (each, a “**Service**” and together, the “**Services**”), during a period of 18 months (in relation to the Land Services) or 24 months (in relation to the Development Services or Leasing Services) from completion of the Subscription.

Fees/Annual Caps and Basis of Consideration and Annual Caps:

(i) Land Services and Development Services: one-off fee of up to US\$5 million for each of the Land Services and the Development Services, in each case, as determined based on fees charged for similar services in the industrial real estate market in the Asia-Pacific region, taking into account the estimated potential number of land sites, assets or development projects, and the fees that the Group charges for similar services provided across the Asia-Pacific region.

(ii) Leasing Services: annual cap of up to US\$3 million for each one year period from the date of completion of the Subscription, up to a maximum period of two years, determined in accordance with the following pricing policy based on the gross floor area of the project, and provided that the retainer fee for any project shall not exceed 5% of the monthly revenue of the relevant project based on an assumed occupancy rate of 100% of net rentable area:

<u>Gross floor area of the project (square metres)</u>	<u>Retainer fee (US\$)</u>
100,000 or more	50,000 per month
50,000 or more but below 100,000	30,000 per month
50,000 square metres	10,000 per month

The aggregate service fees under the Framework Agreement payable to the Group for the provision of all Services shall not exceed US\$9,500,000 plus accrued interest.

Termination: The Framework Agreement will be terminated with immediate effect upon the termination of the Share Subscription Agreement.

ESR V Investor 5 (or its affiliates) and BW (or its subsidiaries) will negotiate in good faith the individual service contracts for the provision of the Services on and subject to the terms of the Framework Agreement.

The Directors (including the independent non-executive Directors) confirm that the Services will be conducted in the ordinary and usual course of business of the Group, on an arm's length basis and on normal commercial terms or better for the Group.

(2) Reasons for, and Benefits of, Entering into the Framework Agreement

The Framework Agreement will allow the Group to increase its fee income as a leading real estate manager and service provider, by leveraging on its extensive experience in the logistics and industrial sector in the Asia-Pacific region, particularly in the areas of land acquisition, development and tenant network.

The Directors (including independent non-executive Directors) are of the view that the Framework Agreement has been entered into on normal commercial terms or better and in the ordinary and usual course of the business of the Group, and the terms (including the annual cap amounts for the Leasing Services) are therefore fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Directors who attended the relevant board meeting have unanimously voted to approve the Framework Agreement (including the Services contemplated thereunder). This paragraph should be read with section H (*Approval by the Directors*) of this announcement.

D. THE DISPOSALS

Reference is made to the announcement of the Company dated 23 January 2022 in relation to the BW Management Agreements entered into by ESR V Investment, a wholly-owned subsidiary of the Company, with each of BW JV 1 and BW JV 2 pursuant to which each BW JV had appointed ESR V Investment to provide certain management services to that BW JV in relation to the business of that BW JV. Each BW JV is a company incorporated in Vietnam with limited liability and is principally engaged in developing, managing, operating and leasing modern logistics warehouses and/or ready built factories in Vietnam.

As at the date of this announcement, VC3 (a subsidiary of BW) indirectly holds 51% of the shareholding interest in each BW JV. The Company, through ESR V Investor 1, holds 49% of the issued share capital in Disposal Company 1 (which in turn holds 100% of BW JV 1) and, through ESR V Investor 2, holds 49% of the issued share capital in Disposal Company 2 (which in turn holds 100% of BW JV 2).

ESR V Investor 1 and ESR V Investor 2 have agreed to sell Disposal Shares 1 and Disposal Shares 2, respectively, to VC3 in consideration for the Consideration. On 12 January 2023 (after trading hours), ESR V Investor 1 and ESR V Investor 2 (as sellers) and ESR V Investment (as guarantor) entered into the Share Purchase Deed.

(1) Principal Terms of the Share Purchase Deed

Date: 12 January 2023

Parties:

- (i) VC3;
- (ii) ESR V Investor 1;
- (iii) ESR V Investor 2; and
- (iv) ESR V Investment.

Subject Matter: Pursuant to the Share Purchase Deed,

- (i) VC3 agreed to purchase and ESR V Investor 1 agreed to sell Disposal Shares 1, comprising 49% of the equity interests of Disposal Company 1; and
- (ii) VC3 agreed to purchase and ESR V Investor 2 agreed to sell Disposal Shares 2, comprising 49% of the equity interests of Disposal Company 2.

Consideration: The consideration for the Disposal Shares 1 is VND524,276,000,000 and the consideration for the Disposal Shares 2 is VND227,516,000,000.

The Consideration was determined after arm's length negotiation between the parties with reference to the valuation reports on each of Disposal Company 1 and Disposal Company 2 conducted by an independent valuer as at 4 July 2022.

The Consideration shall be paid by VC3 to ESR V Investor 1 and ESR V Investor 2 at completion of the Disposals, and is expected to be funded by internal financial resources of BW.

- Guarantee:** ESR V Investment has irrevocably and unconditionally agreed to guarantee the performance by ESR V Investor 1 and ESR V Investor 2 of their payment obligations under the Share Purchase Deed in connection with any breach of certain representations and warranties given by ESR V Investor 1 and ESR V Investor 2.
- Completion:** Completion of the Disposals and the Subscription will take place on the same date.
- Termination:** If the Share Subscription Agreement is terminated, the Share Purchase Deed will be terminated with immediate effect.

(2) Reasons for, and Benefits of, the Disposals

The Disposals together with the Subscription will allow the Company to consolidate its ownership interest in BW Group at the holding company level and the sale proceeds from the Disposals can be applied by the Group in partial satisfaction of the Subscription Amount. Accordingly, the Company and BW agreed that ESR V Investor 1 and ESR V Investor 2 would sell the Disposal Shares 1 and Disposal Shares 2 to VC3.

The Directors (including independent non-executive Directors) are of the view that the Disposals have been entered into on normal commercial terms or better and in the ordinary and usual course of the business of the Group, and the terms are therefore fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Directors who attended the relevant board meeting have unanimously voted to approve the Share Purchase Deed (including the Disposals contemplated thereunder). This paragraph should be read with section H (*Approval by the Directors*) of this announcement.

E. CONNECTED TRANSACTIONS

To the best knowledge of the Company based on publicly available information, as at the date of this announcement, Alexandrite Gem and Athena Logistics in aggregate have an interest of approximately 13.37% of the shares in the Company. Both of Alexandrite Gem and Athena Logistics are wholly-owned by funds managed or advised by Warburg Pincus LLC or its affiliates.

As BW and VC3 (a subsidiary of BW) are indirectly controlled by entities managed or advised by Warburg Pincus LLC or its affiliates, as are Alexandrite Gem and Athena Logistics, BW and VC3 are connected persons of the Company, and each of (a) the Transaction, (b) the Land Services and the Development Services, and (c) the Disposals, constitute(s) a connected transaction of the Company under Chapter 14A of the Listing Rules, and the Leasing Services constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

F. LISTING RULE IMPLICATIONS

As the highest applicable percentage ratio (which for the purposes of this announcement shall be as defined under the Listing Rules) in respect of each of (a) the Transaction, (b) the aggregate fees for the provision of the Land Services and the Development Services under the Framework Agreement, and (c) the Disposals exceeds 0.1% but is less than 5%, each of (i) the Share Subscription Agreement, (ii) the Land Services and Development Services under the Framework Agreement and (iii) the Share Purchase Deed and the respective transactions contemplated thereunder are subject to the reporting and announcement requirements but are exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio in respect of the annual cap amounts for the Leasing Services under the Framework Agreement exceeds 0.1% but is less than 5%, the Leasing Services under the Framework Agreement are subject to the reporting, announcement and annual review requirements but are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Company will comply with the relevant requirements of the Listing Rules if and when the Additional Subscription Right is exercised.

G. TERMINATION OF CONTINUING CONNECTED TRANSACTIONS

(1) Termination of the BW Management Agreements

As disclosed in the announcement of the Company dated 23 January 2022, the transactions under each BW Management Agreement are continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The Share Purchase Deed provides that on the completion of the Disposals:

- (i) ESR V Investor 1 and ESR V Investor 2 will enter into the Termination Deed with the BW Parties to terminate the subscription, joint venture and related agreements entered into between them; and
- (ii) ESR V Investment will enter into the Termination Agreements with each of the BW JVs to terminate the respective BW Management Agreement.

(2) Reasons for the Termination of the BW Management Agreements

As the Group will cease to have a direct interest in the BW JVs following the completion of the Disposals (other than through the interests it holds through BW), any management services to be provided by the Group to the BW JVs will be considered under the service contracts to be executed pursuant to the Framework Agreement.

The Directors (including independent non-executive Directors) are of the view that the Termination Agreements are entered into on normal commercial terms after arm's length negotiations and the terms are fair and reasonable and in the interests of the Company and Shareholders as a whole. The Directors who attended the relevant board meeting have unanimously voted to approve the Termination Agreements (including the transactions contemplated thereunder). This paragraph should be read with section H (*Approval by the Directors*) of this announcement.

H. APPROVAL BY THE DIRECTORS

As Mr. Jeffrey David Perlman (a Director of the Company) is also an employee of affiliates of the shareholders of BW he is deemed due to his employee relationship to have an interest in each of (a) the Share Subscription Agreement, (b) the Framework Agreement, (c) Share Purchase Deed and (d) the Termination Agreements, and the transactions contemplated thereunder. He has therefore not been involved in the discussions relating to, and has abstained from voting on the board resolutions of the Company approving such transactions in his capacity as a Director of the Company. Save as disclosed above, none of the Directors had a material interest in any of the (a) the Share Subscription Agreement, (b) the Framework Agreement, (c) Share Purchase Deed and (d) the Termination Agreements and the transactions contemplated thereunder.

I. INFORMATION ON THE PARTIES

(a) BW

BW is the largest and fastest-growing logistics/industrial New Economy real estate platform in Southeast Asia with an AUM of approximately US\$2.0 billion. BW has, as of August 2022, established its footprint across 11 key industrial provinces in Vietnam with total 815 hectares (251 hectares developed, 84 hectares under construction and 480 hectares to be developed) of industrial land bank, of which approximately 85% is located in the key tier 1 cities of Greater Hanoi and Ho Chi Minh City. BW's portfolio includes 1.6 million square metres of completed gross floor area, 0.7 million square metres under construction gross floor area of industrial and logistics facilities and 3.3 million square metres gross floor area to be developed. Since inception, BW has developed deep relationships with strategic anchor tenants and established its reputation as a trusted landlord with proven execution capabilities. BW is backed by an experienced management team with average industry experience of over 20 years.

As at the date of this announcement, the shares in BW are held as to approximately 30%, 4.9% and 65.1% by Becamex, WP8 and WP9, respectively.

Becamex is a Vietnam-based company that is listed on the Ho Chi Minh Stock Exchange and primarily engaged in the industrial real estate development sector. Becamex's main business activities include the development, construction and leasing of industrial park infrastructure, as well as the construction of highways, bridges and other civil engineering infrastructures. Becamex is also involved in the development of residential and commercial real properties with the investment in urban areas and residential areas.

WP8 and WP9 are indirectly controlled by entities managed or advised by Warburg Pincus LLC or its affiliates.

The table below sets out selected financial information on BW based on the audited consolidated financial statements of BW prepared in accordance with International Financial Reporting Standards for the two years ended 31 December 2020 and 31 December 2021:

	For the year ended 31 December	
	2020	2021
	VND	VND
Net profit before tax	2,751,378,763,292	2,223,376,093,254
Net profit after tax	2,354,743,296,863	1,592,689,118,686

The unaudited consolidated net asset value of BW as at 30 November 2022 was approximately VND20,505,718,487,907.

(b) Disposal Company 1 and Disposal Company 2

Each of Disposal Company 1 and Disposal Company 2 is a joint stock company incorporated in Vietnam with limited liability principally engaged in the investment holding of the BW JVs. As at the date of this announcement, the shares in Disposal Company 1 are held as to approximately 51% and 49% by VC3 and ESR V Investor 1, respectively, and the shares in Disposal Company 2 are held as to approximately 51% and 49% by VC3 and ESR V Investor 2, respectively.

Disposal Company 1 was incorporated on 22 November 2021. Based on the unaudited consolidated financial statements of Disposal Company 1 prepared in accordance with International Financial Reporting Standards for the year ended 31 December 2021, the net profit before tax of Disposal Company 1 was VND134,391,633,923 and the net profit after tax of Disposal Company 1 was VND98,934,803,454.

The unaudited consolidated net asset value of Disposal Company 1 as at 30 November 2022 was approximately VND955,213,019,464.

Disposal Company 2 was incorporated on 22 November 2021. Based on the unaudited consolidated financial statements of Disposal Company 2 prepared in accordance with International Financial Reporting Standards for the year ended 31 December 2021, the net profit before tax of Disposal Company 2 was VND97,368,350,501 and the net profit after tax of Disposal Company 2 was VND78,386,188,736.

The unaudited consolidated net asset value of Disposal Company 2 as at 30 November 2022 was approximately VND479,659,754,287.

Based on the difference between the Consideration and the Group's share of the net asset values of Disposal Company 1 and Disposal Company 2 as at 30 November 2022, the Group expects to recognise a gain on disposal of approximately VND48,704,000,000 (equivalent to approximately HK\$16,176,000 based on an exchange rate of HK\$1: VND3,011) in connection with the Disposals. The sale proceeds to be received by the Group pursuant to the Share Purchase Deed will predominantly be used as capital return to the Group.

The original acquisition costs of the Disposal Shares 1 held by ESR V Investor 1 was VND454,878,699,187 and the original acquisition costs of the Disposal Shares 2 held by ESR V Investor 2 was VND198,518,566,868.

(c) VC3, the BW Parties and the BW JVs

Each of VC3, Hanoi Industrial Management Services Limited Liability Company, Industrial Real Estate Consultancy and Management Limited Liability Company and the BW JVs is a company incorporated in Vietnam with limited liability. These entities are principally directly and indirectly engaged in developing, managing, operating and leasing modern logistics warehouses and/or ready built factories in Vietnam. Each of VC3 and the other BW Parties (other than Disposal Company 1 and Disposal Company 2) is indirectly controlled by entities managed or advised by Warburg Pincus LLC or its affiliates. As at the date of this announcement, VC3 and the Company indirectly hold approximately 51% and 49% of the shareholding interest in each BW JV, respectively.

J. INFORMATION ON THE GROUP

The Group is largest real asset manager in Asia-Pacific powered by the new economy and the third largest listed real estate investment manager globally. The Group's fully integrated development and investment management platform extends across key Asia-Pacific markets, including China, Japan, South Korea, Australia, Singapore, India, New Zealand and Southeast Asia and also includes an expanding presence in Europe and the U.S. The Group provides a diverse range of real asset investment solutions and new economy real estate development opportunities across its private funds business, which allow capital partners and customers to capitalise on the most significant secular trends in APAC.

K. DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“Additional Subscription Right”	has the meaning as defined in “ <i>B. The Subscription – (2) Principal Terms of the Share Subscription Agreement – Additional Subscription Right</i> ” of this announcement
“Alexandrite Gem”	Alexandrite Gem Holdings Limited, a company incorporated in the British Virgin Islands with limited liability
“Athena Logistics”	Athena Logistics Holding Ltd., a company incorporated in the Cayman Islands with limited liability
“Becamex”	Investment and Industrial Development Joint Stock Corporation, a company incorporated in Vietnam with limited liability

“Board”	the board of directors of the Company
“BW JVs”	BW JV 1 and BW JV 2
“BW JV 1”	BW Industrial Development Thoi Hoa One Member Limited Liability Company, a company incorporated in Vietnam with limited liability
“BW JV 2”	BW Industrial Development Thoi Hoa (Project 02) One Member Limited Liability Company, a company incorporated in Vietnam with limited liability
“BW”	BW Industrial Development Joint Stock Company, a joint stock company incorporated in Vietnam with limited liability
“BW Group”	BW and its subsidiaries
“BW Resolutions”	the shareholders’ resolutions of BW approving, among others, the right of ESR V Investor 5 to nominate one candidate for appointment as a director of BW on completion of the Subscription.
“BW Management Agreements”	the management agreements dated 17 January 2022 entered into between ESR V Investment and each of BW JV 1 and BW JV 2, respectively, in relation to certain management services provided by ESR V Investment to each of BW JV 1 and BW JV 2
“BW Parties”	collectively: <ul style="list-style-type: none"> (i) Disposal Company 1; (ii) Disposal Company 2; (iii) Hanoi Industrial Management Services Limited Liability Company, a company incorporated in Vietnam with limited liability; (iv) Industrial Real Estate Consultancy and Management Limited Liability Company, a company incorporated in Vietnam with limited liability;

	(v) VC3; and
	(vi) Cong Ty Co Phan Sao Tho Toan Quoc, a joint stock company incorporated in Vietnam with limited liability
“Company”	ESR Group Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1821)
“Consideration”	the aggregate consideration for the Disposal Shares 1 and the consideration for the Disposal Shares 2
“Directors”	the directors of the Company
“Disposal Company 1”	TH1 Holdco Joint Stock Company, a joint stock company incorporated in Vietnam with limited liability
“Disposal Company 2”	TH2 Holdco Joint Stock Company, a joint stock company incorporated in Vietnam with limited liability
“Disposals”	the disposals of the Disposal Shares 1 by ESR V Investor 1 and Disposal Shares 2 by ESR V Investor 2 to VC3 pursuant to the Share Purchase Deed
“Development Services”	the services as described in “ <i>Framework Agreement on Services – Principal Terms of the Framework Agreement – Subject Matter and Duration</i> ” in this announcement
“Disposal Shares 1”	3,458,820 shares of Disposal Company 1 representing 49% of the equity interests of Disposal Company 1
“Disposal Shares 2”	1,345,100 shares of Disposal Company 2 representing 49% of the equity interests of Disposal Company 2

“ESR V Investment”	ESR V Investment Holding Pte. Ltd., a company incorporated in Singapore with limited liability and a wholly-owned subsidiary of the Company
“ESR V Investor 1”	ESR V Investor 1 Pte. Ltd., a company incorporated in Singapore with limited liability and a wholly-owned subsidiary of the Company
“ESR V Investor 2”	ESR V Investor 2 Pte. Ltd., a company incorporated in Singapore with limited liability and a wholly-owned subsidiary of the Company
“ESR V Investor 5”	ESR V Investor 5 Pte. Ltd., a company incorporated in Singapore with limited liability and a wholly-owned subsidiary of the Company
“Framework Agreement”	the framework agreement dated 12 January 2023 entered into between ESR V Investor 5 and BW in relation to the Services
“Group”	the Company and its subsidiaries
“Investment Law of Vietnam”	the Law on Investment No. 61/2020/QH14 passed by the National Assembly of Vietnam on 17 June 2020 (as amended from time to time)
“Land Services”	the services as described in “ <i>Framework Agreement on Services – Principal Terms of the Framework Agreement – Subject Matter and Duration</i> ” in this announcement
“Leasing Services”	the services as described in “ <i>Framework Agreement on Services – Principal Terms of the Framework Agreement – Subject Matter and Duration</i> ” in this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended and supplemented from time to time)

“Services”	the services as described in “ <i>Framework Agreement on Services – Principal Terms of the Framework Agreement – Subject Matter and Duration</i> ” in this announcement
“Shareholders”	the holders of the shares of the Company
“Share Purchase Deed”	the share purchase deed dated 12 January 2023 entered into between VC3, ESR V Investor 1, ESR V Investor 2 and ESR V Investment in relation to the Disposals
“Share Subscription Agreement”	the share subscription agreement dated 12 January 2023 entered into between BW, ESR V Investor 5 and the Company in relation to the Subscription
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription by ESR V Investor 5 for the Subscription Shares pursuant to the Share Subscription Agreement
“Subscription Amount”	the aggregate consideration for the Subscription
“Subscription Price”	US\$1.2341 per Subscription Share for the Subscription
“Subscription Shares”	168,358,478 ordinary shares in the charter capital of BW representing 10.89% of the enlarged issued charter capital of BW immediately upon completion of the Subscription
“Termination”	the termination of certain agreements entered into between ESR V Investor 1, ESR V Investor 2 and the BW Parties pursuant to the Termination Deed and the termination of the BW Management Agreements pursuant to the Termination Agreements
“Termination Agreements”	the termination agreements to be entered into between ESR V Investment and each of the BW JVs on the completion of the Disposals in relation to the termination of the BW Management Agreements

“Termination Deed”	the termination deed to be entered into between ESR V Investor 1 and ESR V Investor 2 and the BW Parties on the completion of the Disposals in relation to the termination of certain agreements entered into between ESR V Investor 1, ESR V Investor 2 and the BW Parties
“US\$”	United States Dollars, the lawful currency of the United States of America
“VC3”	Cong Ty Co Phan Sao Hoa Toan Quoc, a joint stock company incorporated in Vietnam with limited liability
“VND”	Vietnamese Dong, the lawful currency of the Socialist Republic of Vietnam
“WP8”	WP Investments VIII B.V., a company incorporated in The Netherlands
“WP9”	WP Investments IX B.V., a company incorporated in The Netherlands
“%”	per cent.

By order of the Board
ESR Group Limited
Jinchu Shen
Director

Hong Kong, 12 January 2023

As at the date of this announcement, the Board of Directors of the Company comprises Mr. Jinchu Shen and Mr. Stuart Gibson as Executive Directors, Mr. Jeffrey David Perlman as the Chairman and Non-executive Director, Mr. Charles Alexander Portes, Mr. Wei Hu, Mr. Hwee Chiang Lim, Dr. Kwok Hung Justin Chiu and Mr. Rajeev Veeravalli Kannan as Non-executive Directors, Mr. Brett Harold Krause, Mr. Simon James McDonald, Ms. Jingsheng Liu, Ms. Serene Siew Noi Nah and Ms. Wei-Lin Kwee as Independent Non-executive Directors.