MARKETBEAT

INDUSTRIAL AND LOGISTICS
VIETNAM, H1 2022

JULY 2022

CUSHMAN & WAKEFIELD

NORTHERN INDUSTRIAL

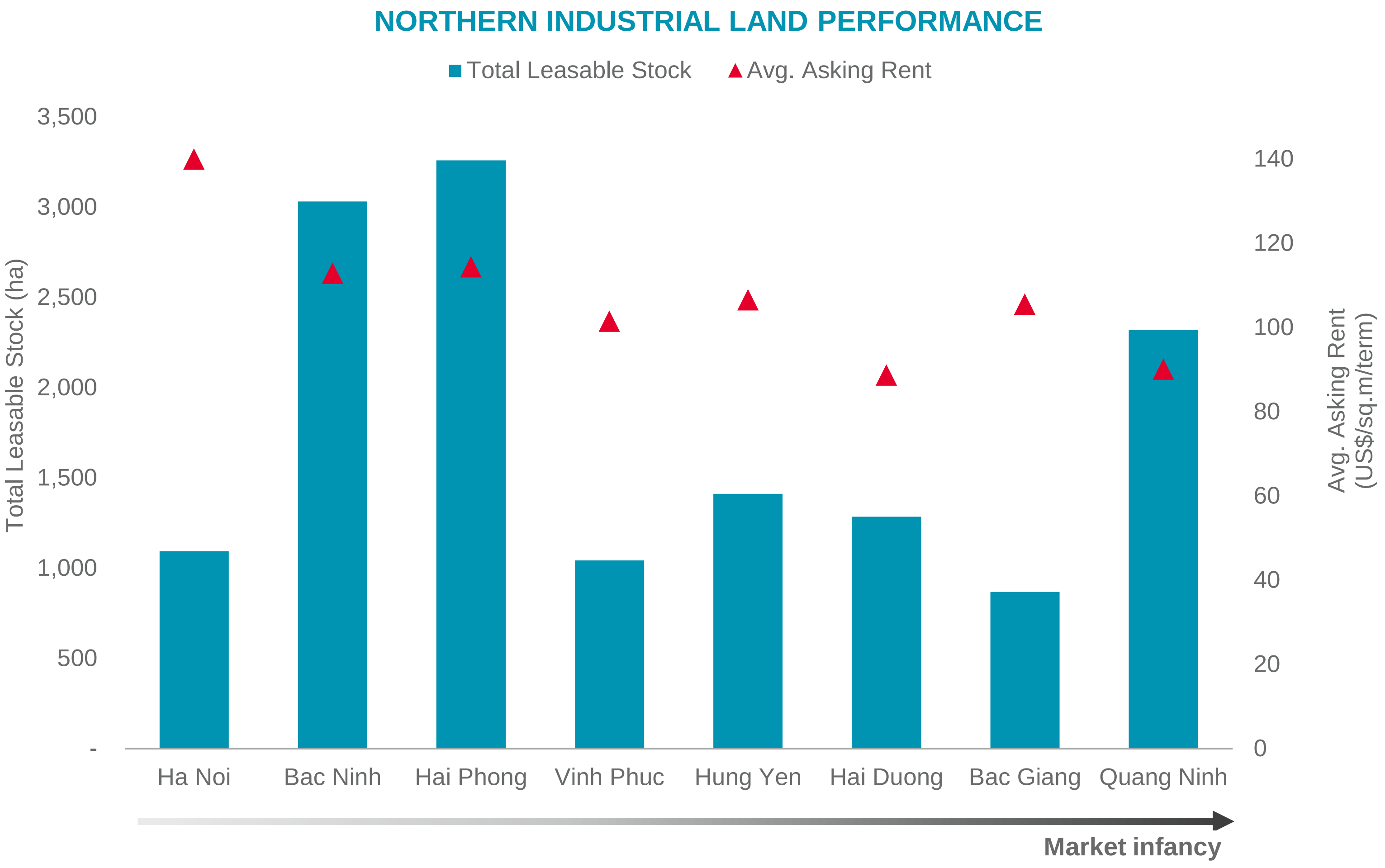
Q2 2022

Coverage sub-market: Hai Phong, Bac Ninh, Quang Ninh, Hung Yen, Hai Duong, Hanoi, Vinh Phuc, Bac Giang.

- Industrial Land
- Ready-Built Factory
- Ready-Built Warehouse

Northern Industrial Land

ABUNDANT SUPPLY & COMPETITIVE PRICING



Source: Cushman & Wakefield

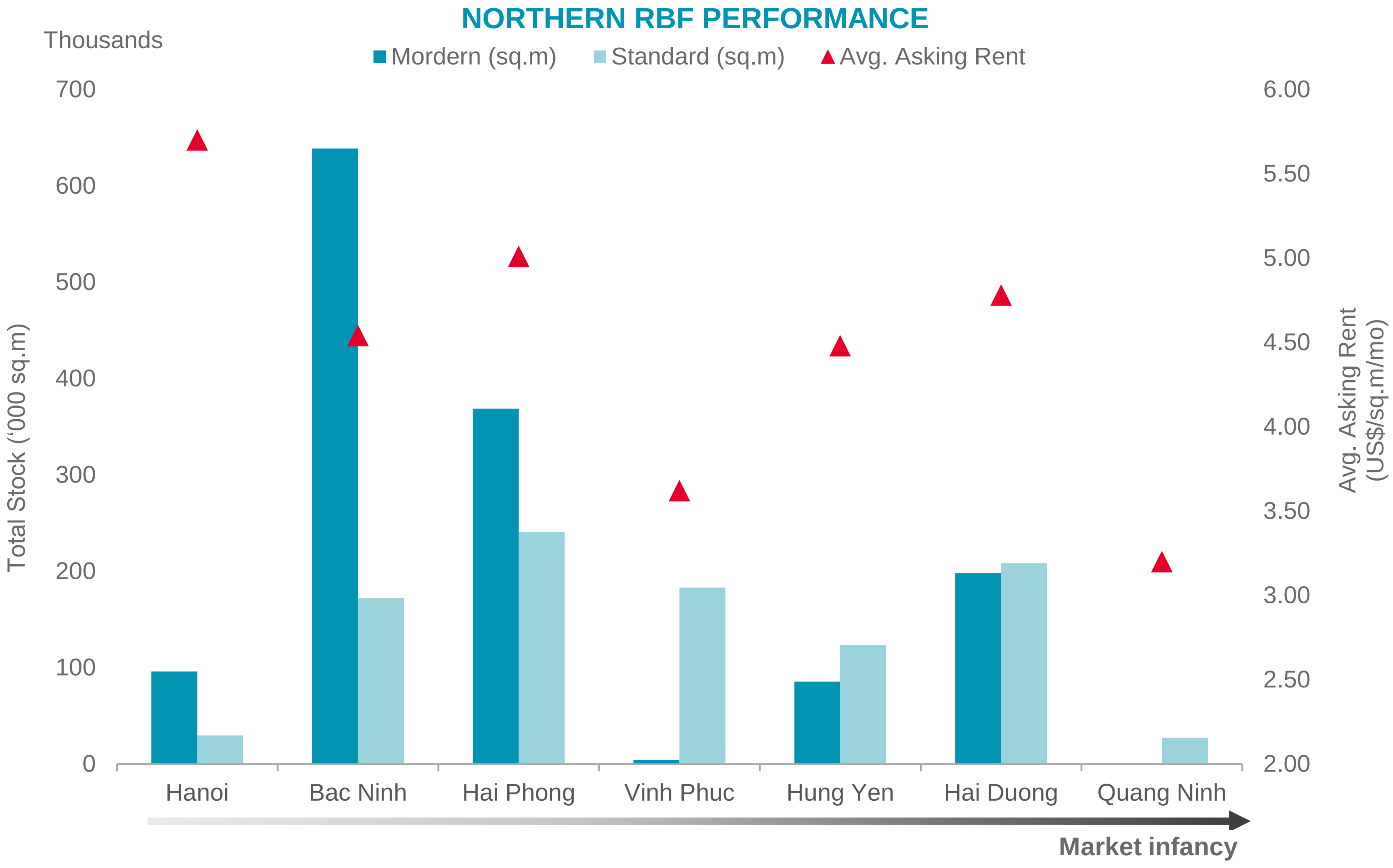
Industrial land supply moves to surrounding provinces

Aside from Hanoi, industrial land supply in surrounding provinces are available, with average regional occupancy at approximately 83%. The average asking price for industrial land of these provinces is approx. US$108/sq.m./mo.

Hai Phong & Quang Ninh recorded lower occupancy rate compared to other provinces in the region owing to newly launched supply (i.e., DEEP C Haiphong III, DEEP C Quang Ninh II; AMATA Song Khoai in Quang Ninh Province).

Northern Ready-Built Factory

SUPPLIERS BENEFIT FROM FOLLOWING KEY MANUFACTURERS



Source: Cushman & Wakefield

Locals participate in developing modern-grade assets

Hanoi has the highest avg. asking rent in the region. Bac Ninh benefited from major manufacturers (i.e., Samsung, Canon) and their suppliers, leading to a healthy stock of RBF, notably Modern Grade assets. Hai Phong is another key industrial hub in the North, with the second-largest stock of RBF and the second-highest asking rent in the region.

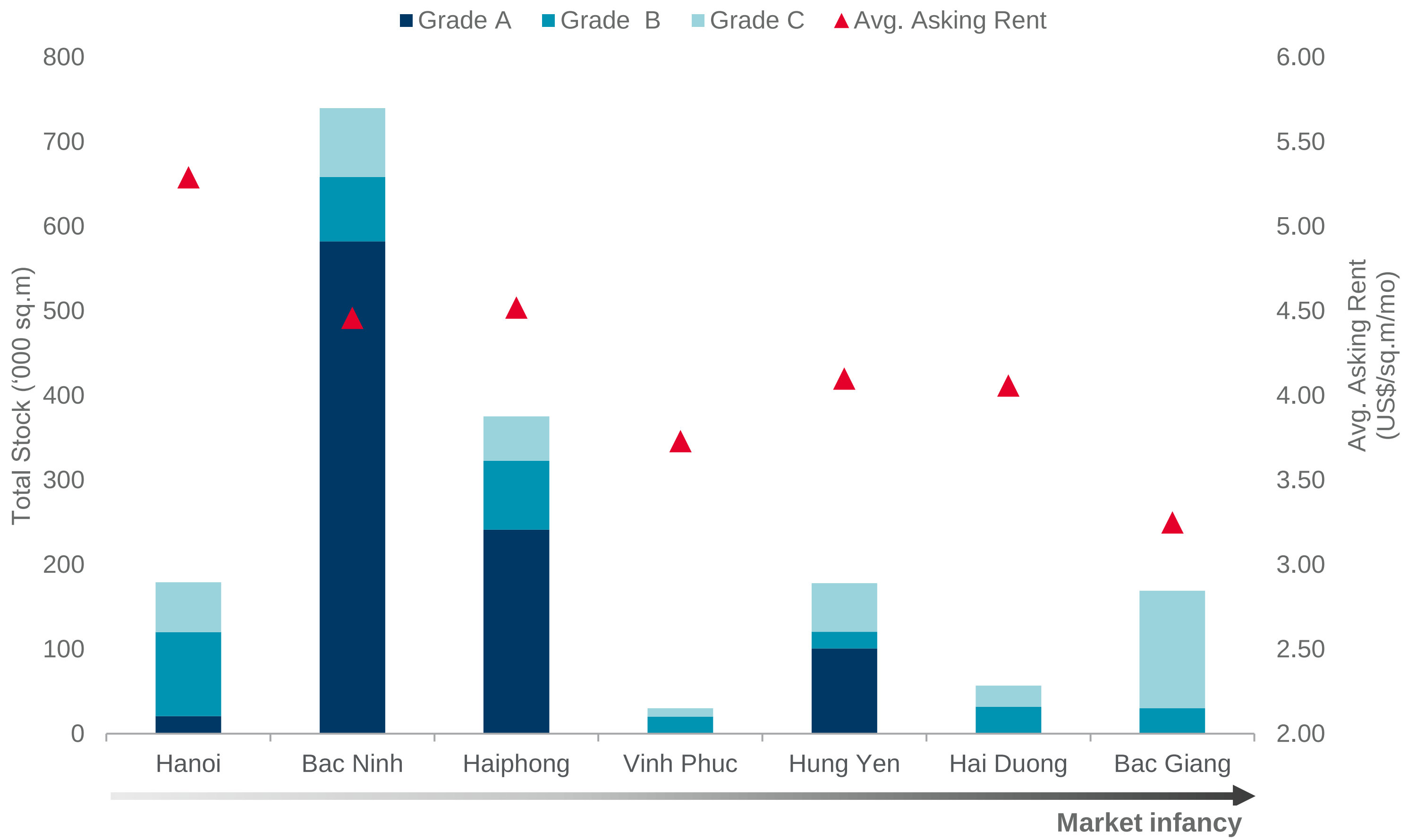
Local developers have been gaining expertise, offering similar quality products to those institutional & international developers at a competitive price.

Locals such as KTG Industrial, nPL, and KCN, have expanded their footprint and expect to introduce notable stock by year-end 2022.

Northern Ready-Built Warehouse

SIGNIFICANT INCREMENT IN GRADE A WAREHOUSE SUPPLY

NORTHERN RBW PERFORMANCE



Source: Cushman & Wakefield

Grade A supply outgrows in key industrial provinces

Hanoi has the highest avg. asking rent in the region. Bac Ninh has large grade A RBW stock to supply its leading manufacturing sector (i.e., Samsung, Lock & Lock). Haiphong, with its vibrant logistics & port activities, has the 2nd largest stock of RBW and 2nd highest asking rent in the region.

2022 saw a continued investment appetite of institutional funds & real estate developer in Northern Vietnam, targeting grade A segment. First half of 2022 witnessed a significant influx of new supply, where Grade A segment increased over 480,000 sq.m NLA (93% increment over 2021 year-end period).

Northern Industrial

MARKET OUTLOOK - EXTENDED SEGMENT GROWTH BY YEAR END

Industrial Land

The last 6 months of 2022 is expected to have a shortage of land supply due to demand outpaced infrastructure development ready for handover.

Similarly, by end of 2022, the average asking price is forecasted to grow 5% comparing to that in June, subject to new & expanding FDI manufacturers targeting Northern Vietnam.

~16.000 ha
FUTURE SUPPLY
H2 2022 – 2025+

~5%
RENTAL GROWTH
By end of 2022

Sub-development sector: RBF & RBW

RBF: Strong supply of new leasable area is looking to be available by year-end (approximately 240.000 sq.m) to support immediate manufacturing demands from suppliers.

RBW: New supply increment is expected to decelerate after a significant boom in stock (40% total supply growth in the region) during the first half of 2022.

~7.000.000 sq.m
FUTURE SUPPLY
H2 2022 – 2025+

~3-5%
RENTAL GROWTH
By end of 2022

Source: Cushman & Wakefield

(*) Future supply is subject to change depend on developer's plan

SOUTHERN INDUSTRIAL

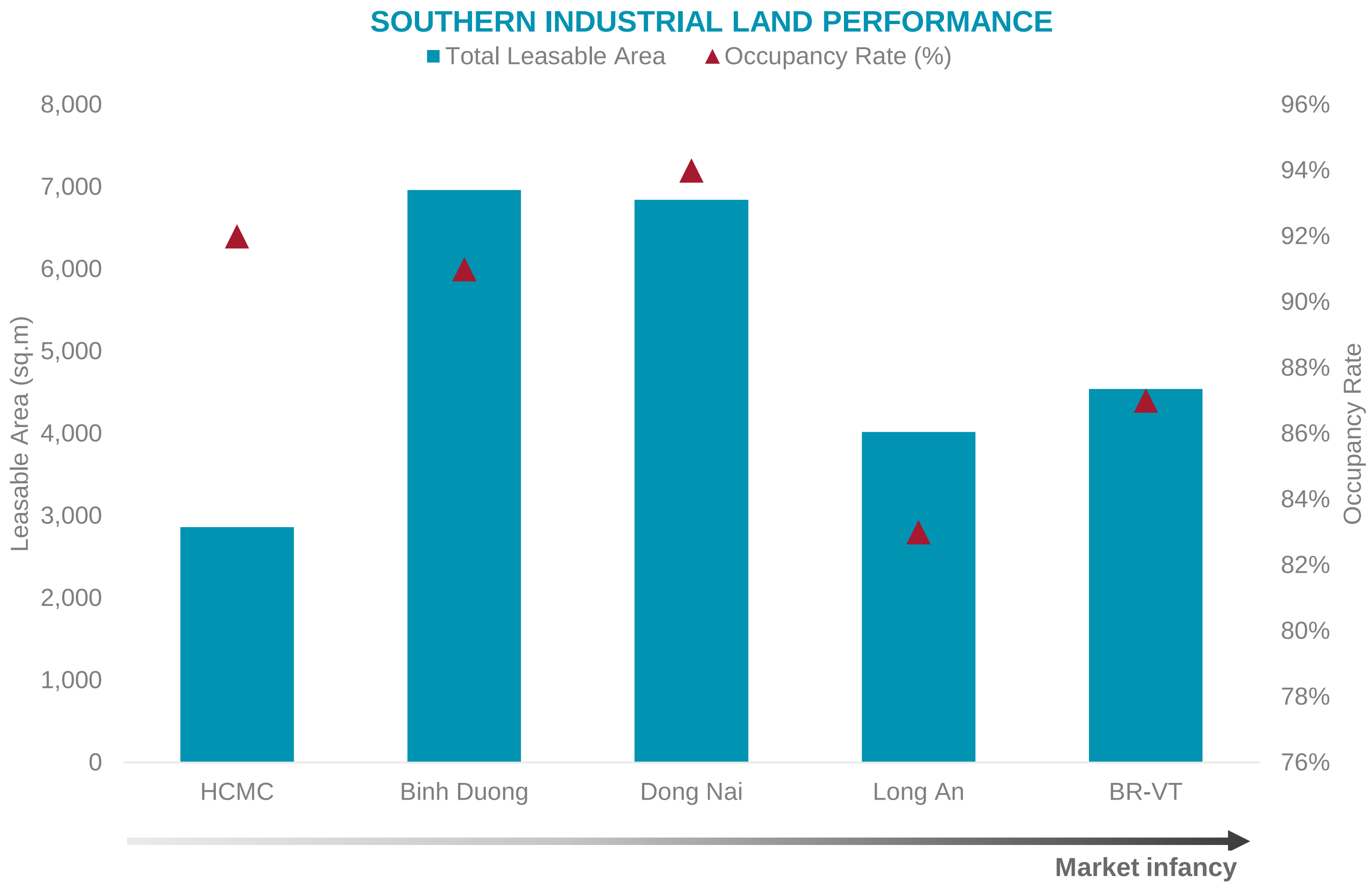
Q1 2022

Coverage sub-market: HCMC, Binh Duong, Dong Nai, Long An, and Ba Ria – Vung Tau (BR-VT).

- Industrial Land
- Ready-Built Factory
- Ready-Built Warehouse

Southern Industrial Land

EMERGING MARKETS EXPERIENCE NOTABLE GROWTH



Source: Cushman & Wakefield

Healthy demand growth amid limited supply

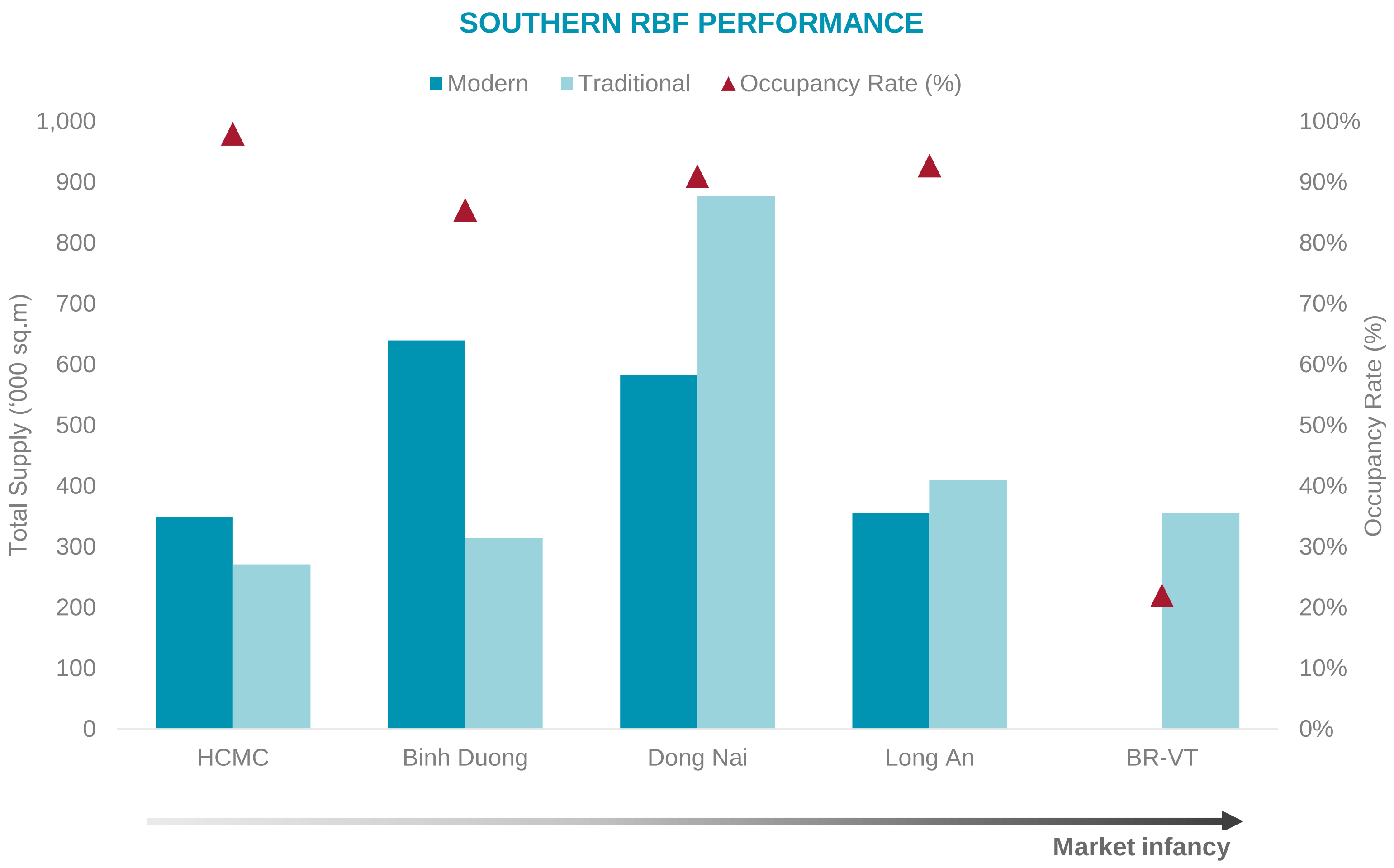
There is a limited new supply of industrial land that emerged in the market, with the majority being in the expansion phase from existing projects in 2021.

Demand for industrial land remains strong, where this quarter witnessed increasing inquiries in emerging industrial provinces, such as Long An and BR-VT.

The asking price is stable, despite an increase in supply and occupancy, indicating that occupiers are moving to Long An & BR-VT provinces with the lower asking price.

Southern Ready-Built Factory

MANUFACTURING SUPPLY BOUNCE BACK FROM COVID-19



Source: Cushman & Wakefield

Significant growth in supply for manufacturing assets

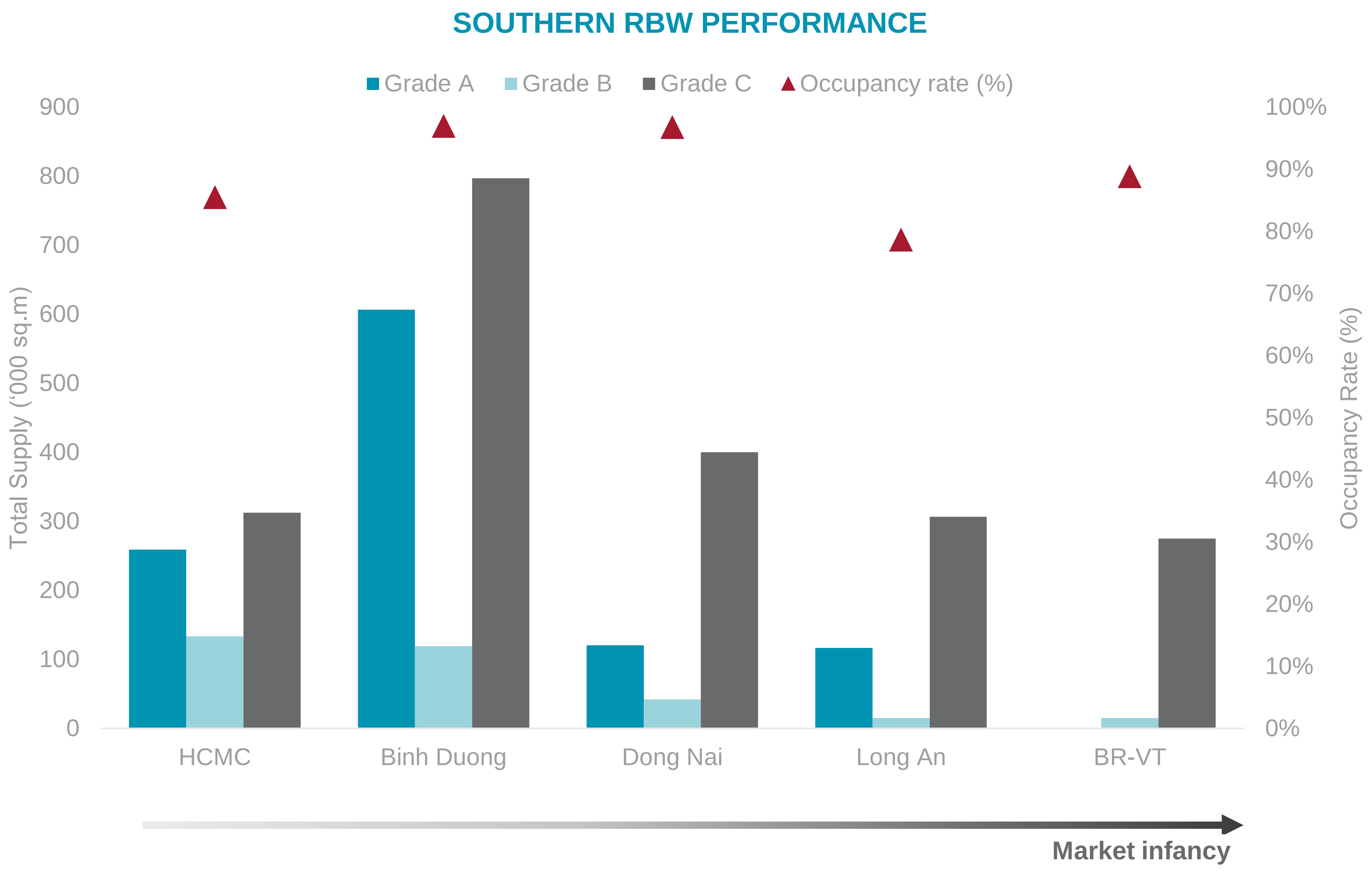
Ready-built factory sector continue to perform well in recent years despite the negative impact of the Covid-19 Pandemic. The surge of supply came earlier in the first half of 2022 due to completing assets from delayed projects since last year.

The average asking rent in the sector is on a rising trend. In Q1 2022, the average asking rent has bounced back to the pre-lock down period and earned a nearly 5% rise YoY.

However, it faced a slight decrease since year-end 2021 (by 1% QoQ). The slight drop in asking rent was a result of several sub-developers looking to stabilize their delayed projects since the Covid-19 lockdown in 2021.

Southern Ready-Built Warehouse

SIGNIFICANT INCREMENT IN GRADE A RBW SUPPLY



Source: Cushman & Wakefield

Surge in Grade A supply positively affects average asking price

RBW is a relatively new sub-market in Vietnam's industrial sector since it follows the upward trend of manufacturer performance. However, the Covid-19 logistics blockage positively influence the RBW supply, where it experienced a growth of 25% y-o-y.

Rising average rent was also subjected to the market's appetite for higher quality warehouse projects in recent quarters to match demands from international logistics operators, namely Cainiao (a RBW project in Phu An Thanh IP in Long An Province).

Southern Industrial

MARKET OUTLOOK – EXPECTED PROLONG SEGMENT GROWTH

Industrial Land

Southern Key Economic Zone (SKEZ) expects to surge in supply between the 2022 - 2025+ period. Particularly, SKEZ looks to welcome 23.000 ha to the market, which doubles the current stock. This large quantity of future industrial land expects to meet the incoming demand from the manufacturing & logistics sectors. Although facing an influx of future stock, the average asking price is expected to continue growing, indicating a strong market performance from the sector.

~23.000 ha
FUTURE SUPPLY
H2 2022 – 2025+

~3-5%
RENTAL GROWTH
By end of 2022

Sub-development sector: RBF & RBW

RBF: Southern Key Economic Zone (SKEZ) looks to welcome an additional over 4.000.000 sq.m of new supply in the 2022-2025+ period. The surge looks to match the incoming supply following the entrance of notable international manufacturers (or Queen Bees) such as LEGO in VSIP 3.

RBW: Positive Vietnam industrial prospects in the next few years influence the large influx of supply that looks to match the incoming industrial demands from both international & local manufacturers - where local manufacturers are developing a stronger appetite for logistics use.

~6.500.000 sq.m
FUTURE SUPPLY
H2 2022 – 2025+

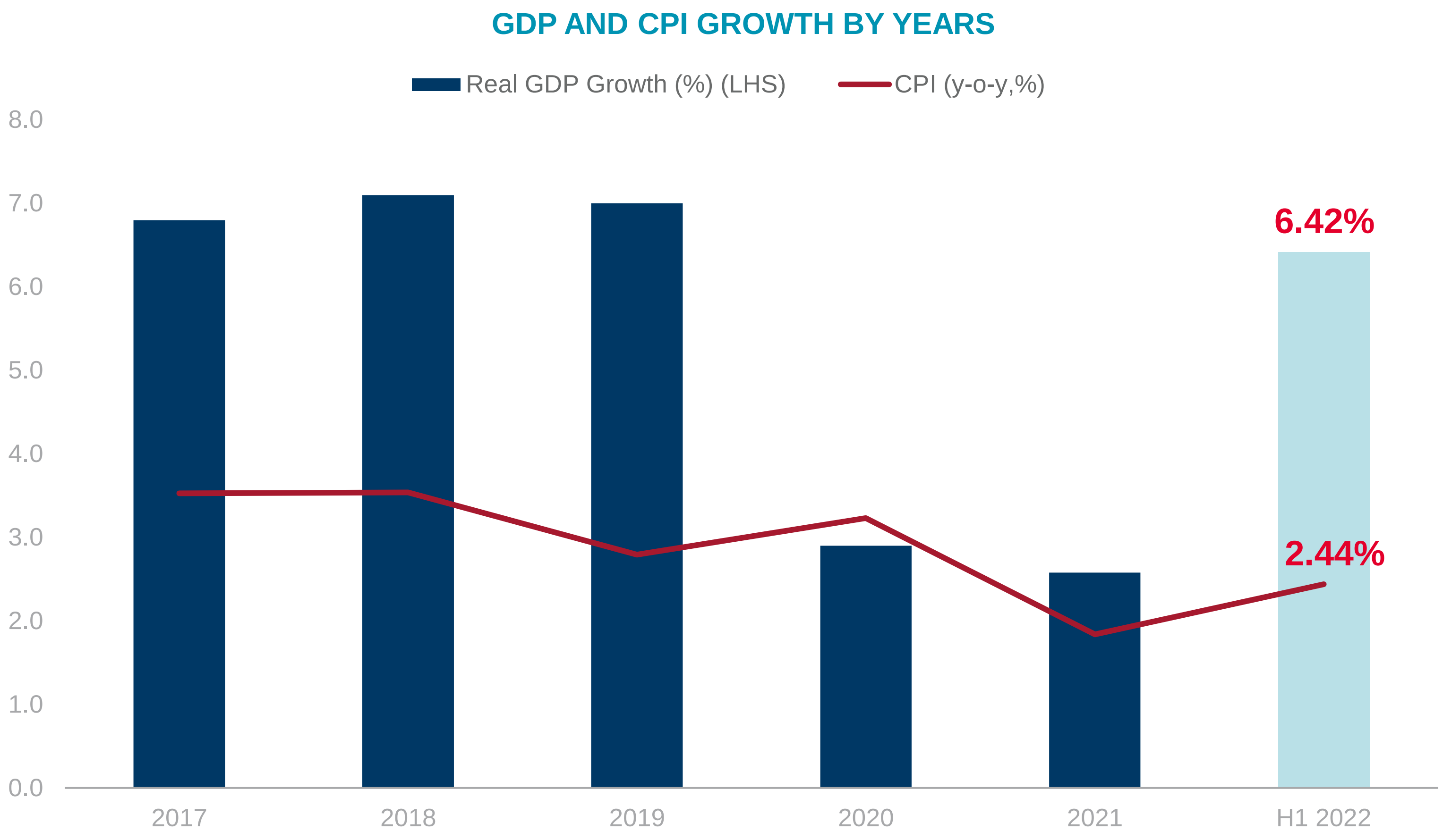
~1-3%
RENTAL GROWTH
By end of 2022

Source: Cushman & Wakefield

(*) Future supply is subject to change depending on developer's plan

Vietnam Economy Highlights

ECONOMICS INDICATORS



Source: General Statistics Office

Vietnam's economy grows at the fastest pace for 11 years in Q2 2022

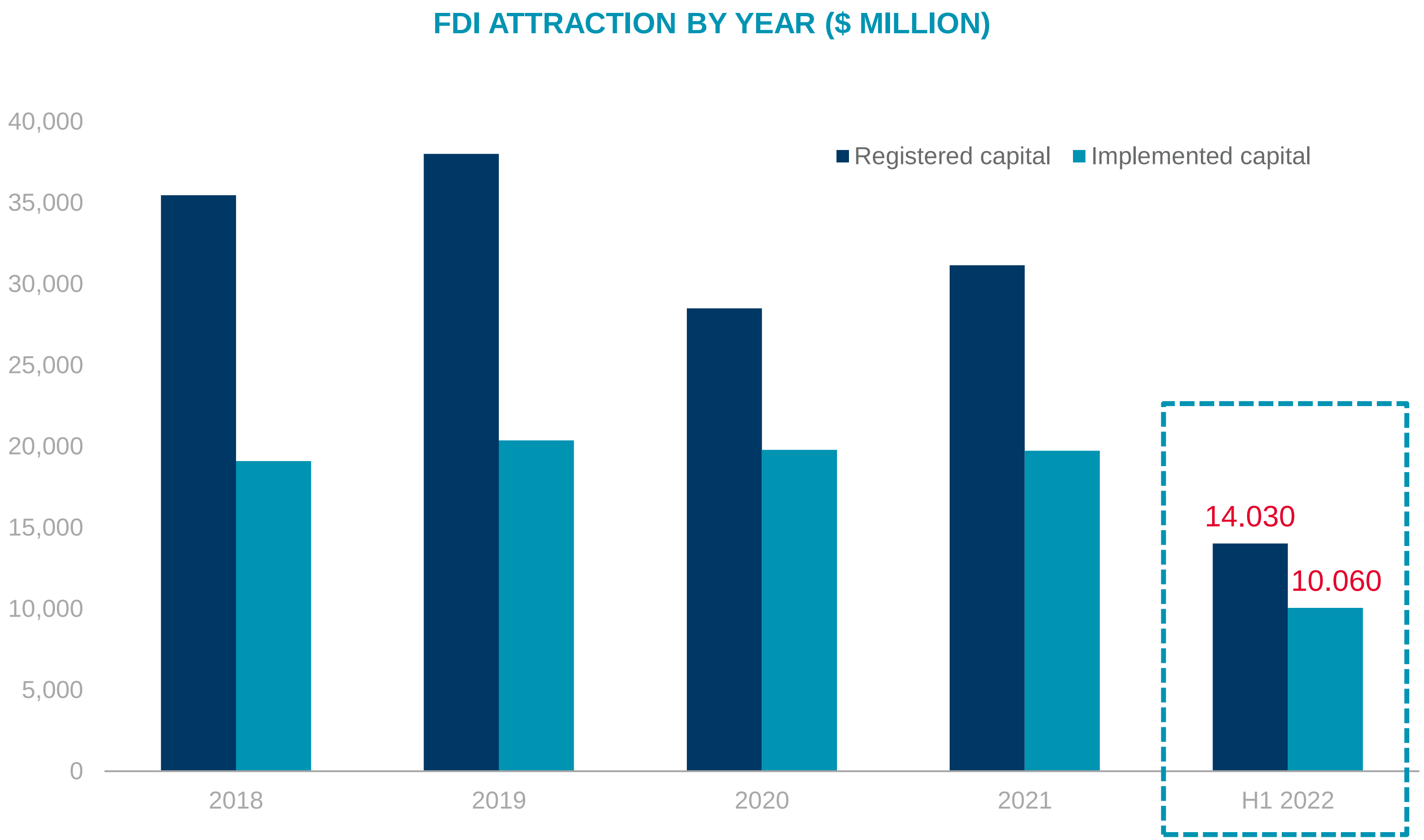
GDP grew 7.72 percent on year in April-June, its best performance since 2011. In terms of GDP structure:

- Agriculture, Forestry, and Fishery: 11.05%
- Industrial & Construction: 39.30%
- Services: 40.63%
- Tax & subsidies: 9.02%

CPI in Q2 2022 increased 2.96% YoY and 2.44% YoY in H1 2022.

Vietnam Economy Highlights

ECONOMICS INDICATORS



Source: General Statistics Office

Highest FDI growth in the last 5 years

Total FDI value in H1 2022 reached USD10.06 billion, up 8.9% YoY with key sectors:

- Manufacturing & Processing: 58%
- Real Estate: 26%
- Technology, Electricity & Others: 16%

Top FDI countries:

Vietnam Economy Highlights

ECONOMICS NEWS

Gasoline prices continue getting new peaks

In H1 2022, gasoline prices had the highest increase in the last 8 years and reached around VND32,000 per liter.

Inflation sneaks into daily life

According to GSO, prices of goods have been adjusted, including foods, services, beverages, textiles, footwear, transportation, entertainment, etc.

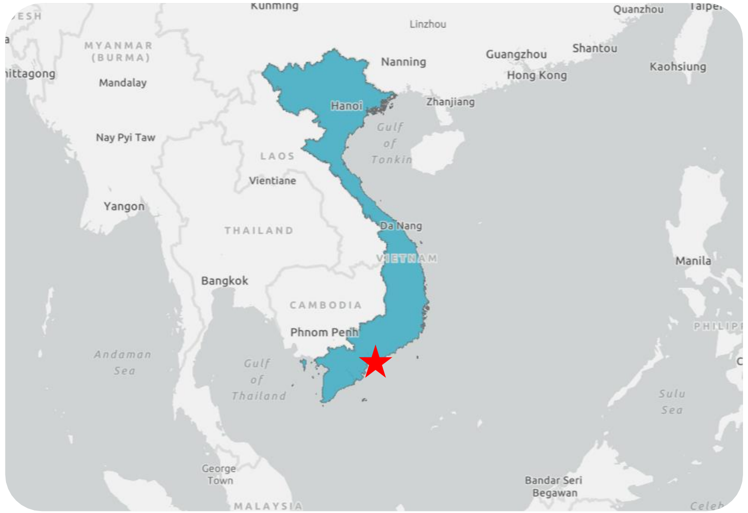
Commercial banks compete to raise deposit interest rate

Due to rising inflation rate, commercial banks continued raising their deposit interest rate with a range from 0.1% to 0.5% per year, or even up to 0.8%.

Source: Cushman & Wakefield

Infrastructure Highlights

REMARKABLE INFRASTRUCTURE PROJECTS



Thu Thiem 2 Bridge opened to traffic

The bridge spans 1.5km, featuring 6 lanes and 2 pedestrian paths. It crosses Saigon river to link downtown District 1 and Thu Duc city.

Additionally, the project spurs the development of Thu Thiem peninsula and relieves traffic pressure on other urban arteries connecting the rest of the city to Thu Thiem.

Investment approval of HCMC's Ring Road 3

The project length is 76.34km and connects within the Southern Economic Hub (Dong Nai, Binh Duong and Long An provinces).

Total investment in Phase 1 is approximately USD3.2 billion, to be implemented in H2 2022.

HCMC seeks to build Vietnam's largest port in Can Gio

The project is expected to be breakthrough in the development of the marine economy of the city and whole country, create a competitive advantage among the region.

The port has a dock over 7km long to receive 24.000TEU containers, with a throughput capacity of 10-15 million TEUs per year.

Regulation Highlights

DECREE NO. 35/2022/NĐ-CP - NEW REGULATIONS FOR INDUSTRIAL PARKS

Clearly classified the types of industrial zones

- Supporting industrial zones
- Specialized industrial zones
- High-tech industrial zones
- Urban - Service industrial zones
- Eco-industrial zones

Save implementation time

- Specified types of master plans of IPs (if necessary):
  - General masterplan
  - Zoning masterplan
  - Detailed masterplan
- Allowed cases which planning tasks are not required

Assigned provincial authority the right to decide to approve

Location and size of the planning area for the construction of industrial parks for specific cases:

- Not more than 2% and not more than 6 hectares as that determined in the industrial parks list of the province.
- Not more than 10% and not more than 30 hectares of that as determined in the industrial parks list, after obtaining written opinions from the Ministry of Construction, the Ministry of Natural Resources and Environment, and the Ministry of Planning and Investment.

Reserve development space for SMEs

Industrial parks and economic zones must reserve at least 5 ha or 3% of industrial land area for the development of:

- Small and medium enterprises (SMEs)
- Supporting industry enterprises
- Innovative enterprises

Source: Cushman & Wakefield

Investment Highlights

Warburg Pincus leads **US$250 million** investment in **Novaland**

TROPICANA ZONE, NOVAWORLD HO TRAM

Dragon Capital & VinaCapital invested **US$103 million** in **Hung Thinh Land**

A PROJECT DEVELOPED BY HUNG THINH LAND

AT THE CENTER OF WHAT'S NEXT

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THANK YOU

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