

ESR Group Sponsor & REITs Day

Presentation by ESR KendallSquare REIT

27 June 2023



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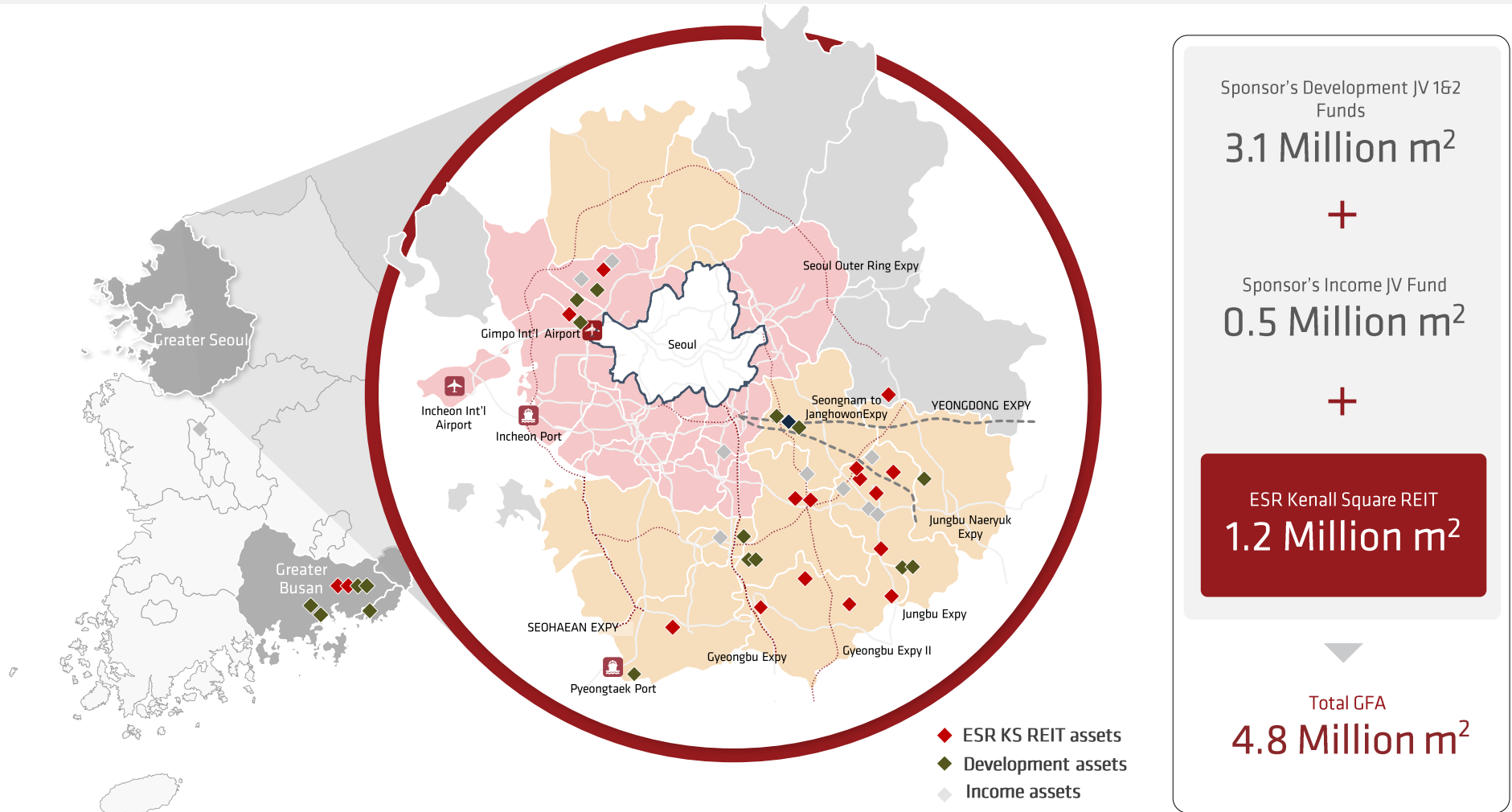
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Introducing our Sponsor – ESR Kendall Square

- + ESR Kendall Square (KS) is Korea's No.1 Real Estate Platform that specializes in developing and operating 'New Economy Assets' (including logistic parks & data centers) in Korea.
- + ESR KS services encompass site selection, regulatory affairs (permit), design, finance, construction supervision, and operation and asset management for modern logistics centers.



Sponsor's Development JV 1&2 Funds
3.1 Million m²

+

Sponsor's Income JV Fund
0.5 Million m²

+

ESR Kendall Square REIT
1.2 Million m²

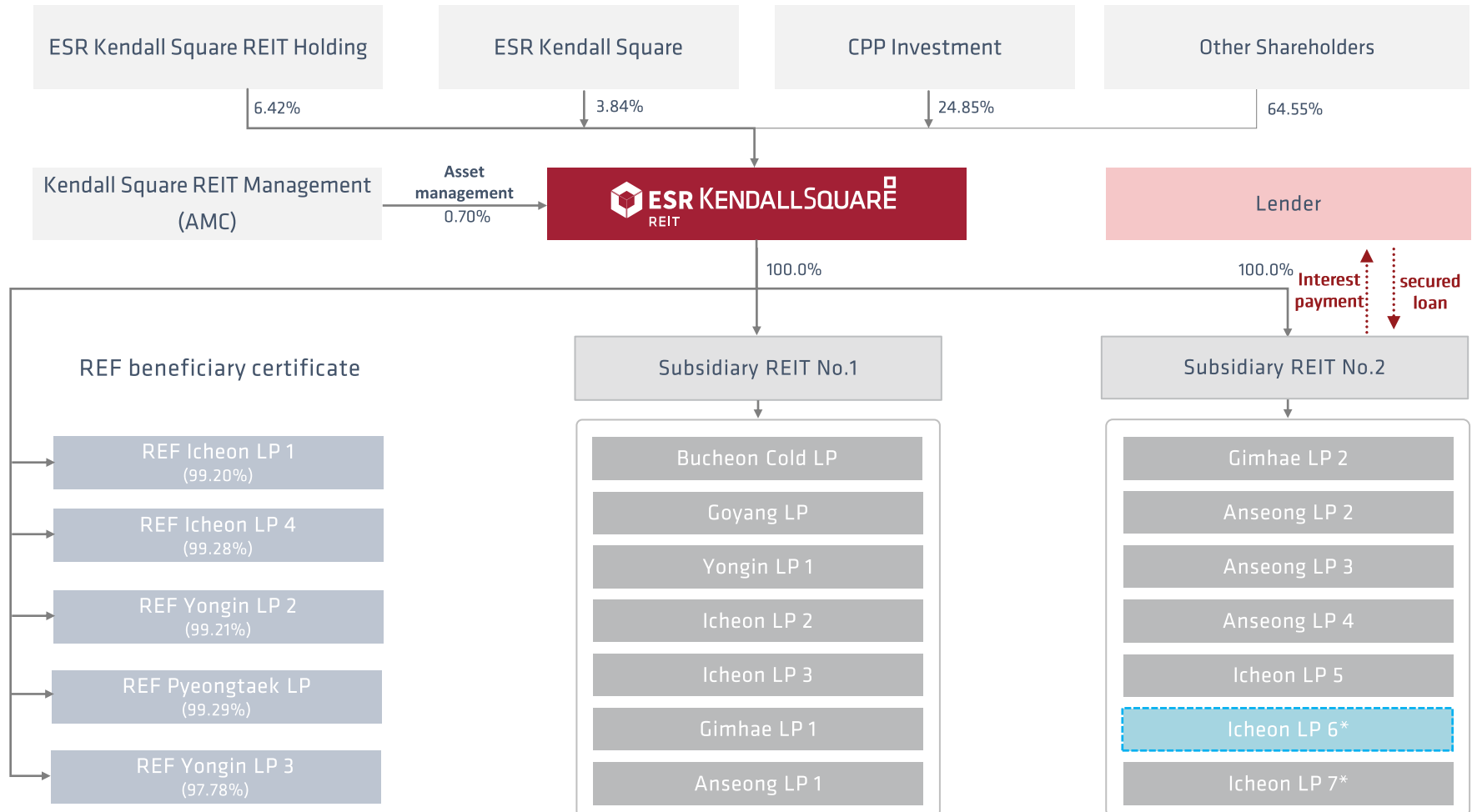


Total GFA
4.8 Million m²

Notes: Based on domestic asset portfolio as of 2023/5/31

ESR KendallSquare REIT - Investment Structure

+ Robust investment structure with esteemed support from Institutional investors and ESR Group



Note : Shareholder composition as of Feb 28, 2023

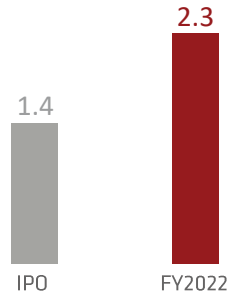
*Icheon LP 6 is expected to be acquired in 2023

*Icheon LP 7 is acquired in 2023/05/09

ESR KendallSquare REIT – FY2022 Highlights

AUM

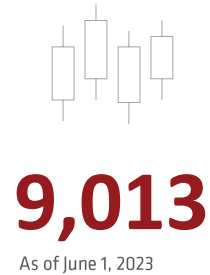
(Unit: KRW trillion)



AUM is a measure of the total value of assets and investments managed by a fund or investment management company. It considers factors such as the market value of the assets and the fund's ownership stake in them. It may differ from the total assets reported on the company's financial statements.

Market Capitalization

(Unit: KRW 100 million)



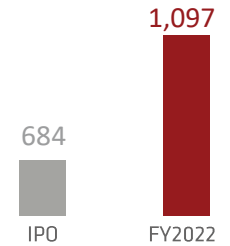
Occupancy Rate



100%
As of Feb 28, 2023

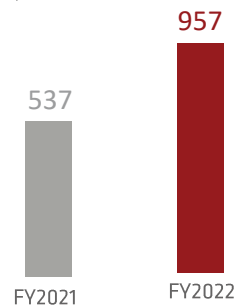
GFA

(Unit: 1000 m²)



Operating Revenue

(Unit: KRW 100 million)



Operating revenue converted into annualized basis for the corresponding fiscal period financial statements. The incomes from REFs are classified as non-operating income since they represent investments in trust securities and do not entail substantial control

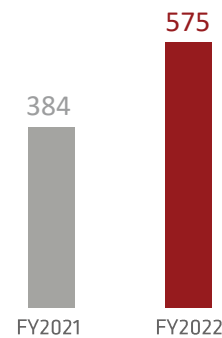
No. of stabilized Assets

18 Assets

Icheon LP 6 is expected to be acquired in 2023

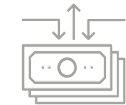
Total Dividend Amount

(Unit: KRW 100 million)



DPS

(Unit: KRW)



270

Annualized dividend per share in FY2022

Dividend Yield

(Unit: KRW)

6.38%

Annualized dividend per share as of 2022
Based on closing price as of As of June 1, 2023

ESR KendallSquare REIT – Highlights

Credit Rating

(As of August 29, 2022)

Stable cash flows generated by robust capital structure and high-quality tenants are highly appreciated

A-

Stable
Korea Investors Service
(Moody's Korea)

Global Index

(As of March 21, 2022)

**FTSE EPRA Global Nareit
Developed**
**FTSE EPRA Global Nareit
Developed Asia**

First Korean listed REIT to be included in global representative REIT indexes

Environmentally Certified Assets

(Unit: KRW 100 million)

87%

LEED BD+C
LEED O+M
WELL HEALTH
SAFETY RATING

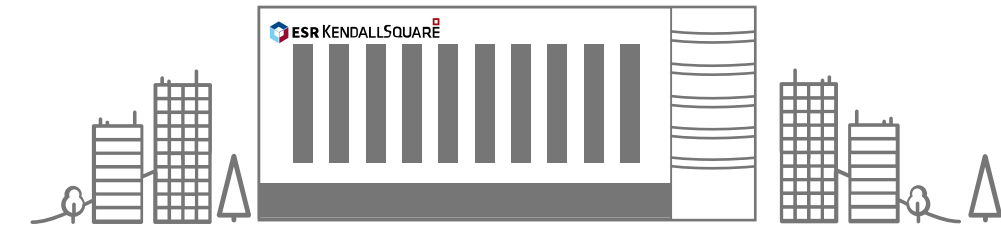
GFA of certified assets /
Total GFA of completed assets

LTV

(Unit: %)

54.7%

As of Feb 28, 2023
Borrowings in BS / Investment properties



ESG Achievement & Report



G R E S B
★★★★★ 2022

ESR KENDALL SQUARE REIT
Sustainability Report 2022

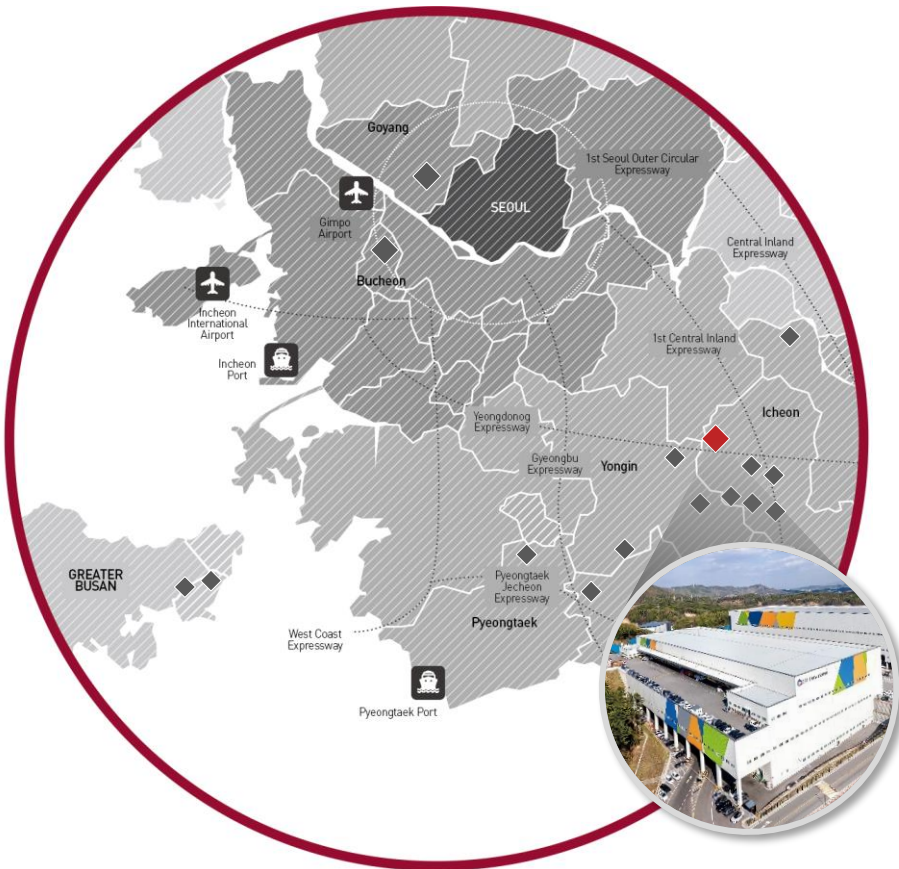


ESR KENDALL SQUARE
REIT

First Korean listed company to achieve the highest-grade. All seven assets in subsidiary REIT No.1 have undergone evaluation and have been awarded the highest rating in GRESB 2022, reaffirming our dedication to sustainable and responsible business practices. First K-REITs to publish Sustainability Report.

REIT Asset Portfolio - “Best Logistic Assets in Best Locations”

- + Setting the Benchmark in Korea logistics real estate market with 17 cutting-edge tech logistics centers under management (Icheon LPs 1, 6 excluded),
- + All assets are strategically presented within the key transportation networks of South Korea and garners high asset value & operational value thanks to its exceptional locations.
- + Goyang LP and Bucheon LP (Cold), due to its proximity to the center of Seoul city, are irreplaceable "Prime Core Assets" in the Korean logistics market.



#	Assets	GFA (m ²)	Completion Date	Occupancy Rate	Acquisition Cost ⁽²⁾ (In KRW bn)
1	Goyang LP	199,678	2019.01	100%	478
2	Anseong LP 2	154,990	2020.06	100%	324.5
3	Anseong LP 1	95,265	2020.02	100%	160
4	Icheon LP 5	84,545	2020.02	100%	198
5	Yongin LP 1	70,028	2017.11	100%	129
6	Anseong LP 3	63,471	2021.04	100%	127
7	Icheon LP 6 ⁽¹⁾	62,195	2023.01	100%	122
8	Bucheon LP (Cold)	58,264	2019.07	100%	197
9	Icheon LP 4	49,616	2018.06	100%	81
10	Icheon LP 1	47,653	2017.02	100%	65
11	Icheon LP 7	46,041	2023.05	100%	127
12	Pyeongtaek LP	43,212	Mixed	99.90%	84
13	Yongin LP 2	43,176	2017.01	100%	76
14	Yongin LP 3	43,045	2020.06	100%	92
15	Gimhae LP 2	39,941	2019.12	100%	71
16	Icheon LP 2	33,365	2018.04	100%	49
17	Anseong LP 4	27,040	2021.11	100%	59
18	Gimhae LP 1	25,733	2000.12	100%	46
19	Icheon LP 3	18,421	2018.12	100%	28.5
		1,205,679			2,514

Note:

(1)Icheon LP 6 to be acquired in 2023

(2)Acquisition cost of the asset is based on the purchase price for the pro rata equity stake in the REF being acquired by the REIT and includes the existing debt of the REF accordingly.

ICHEON Logistics Park (LP) 1 - Deal Highlights

IRR

(Purchase: Dec-2020 ~ Disposition Jun-2023)

19%



Unprecedented Exit

Cap. Rate (Purchase 4.93% vs. Disposition⁽¹⁾ 4.02%)

Disposition: 4.02%



Purchase : 4.93%

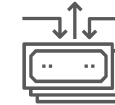
Disposition Yield – Based on the total amount (Purchase Px vs. Disposal Px(dividend included))



30%

Equity Multiple

(Total equity Investment vs. Return(dividend included))



1.5x

Purchase Price

KRW 66 bn

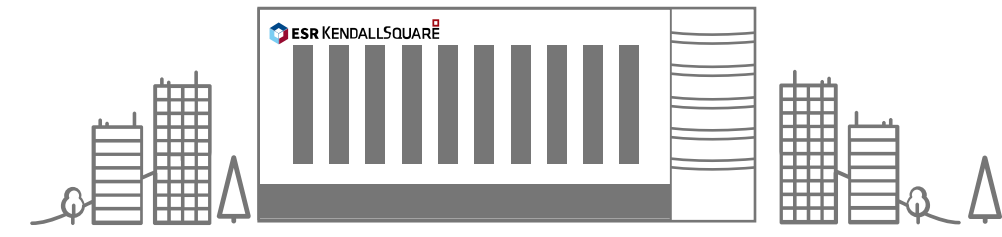
(4.6 KRW mn per py)



Disposal Price

KRW 81 bn

(5.6 KRW mn per py)



Solid return from an IPO asset that was included at the listed REIT for 2.5 years ago

Asset disposal reduces debt refinancing burdens of the REIT while serves as an upside risk for future dividend payouts

Unrivaled, market-leading portfolio management execution skills

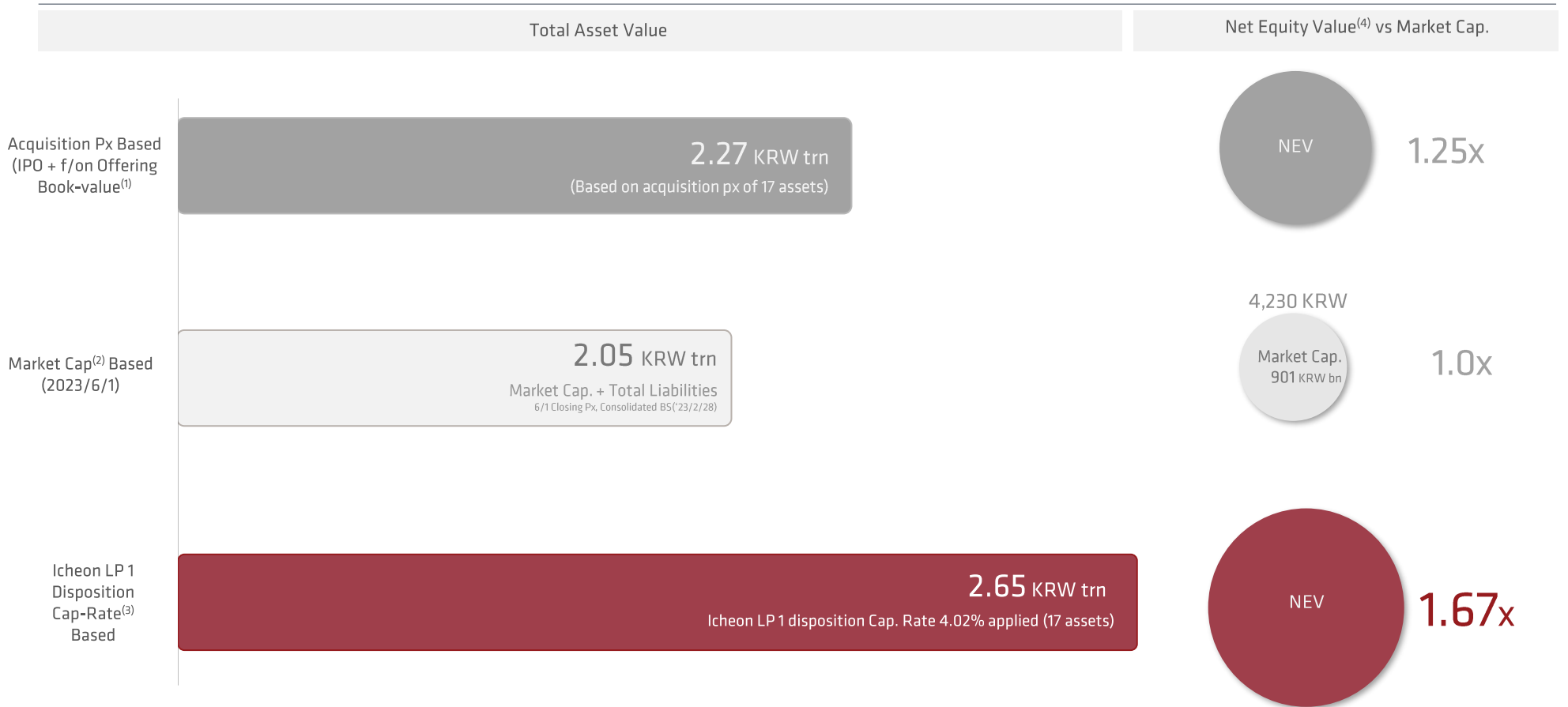
Note:

(1) Based on NOI of the time of acquisition

※ Above disposal price may differ from the actual amount received for the liquidation of Icheon LP 1(REF)

How we Value ourselves – Valuation based on Icheon LP 1 disposal

- + Portfolio asset value based on the acquisition costs of 17 logistic assets = KRW 2.27 trn /// Per share NAV = ~ 5270 KRW⁽⁵⁾
- + Market Cap. As of 1 June 2023 + Total liabilities on BS = KRW 2.05 trn /// Closing price of 2023/6/1 = 4230 KRW
- + Portfolio asset value calculated on Icheon LP 1 disposition Cap-rate of 4.02% = KRW 2.65 trn /// Total Asset Value per share = ~ 7200 KRW⁽⁵⁾



Note: Based on company data

(1) Asset acquisition px → Based on securities registration statement upon IPO and Following-on Offering (stakes of each REF accounted), Icheon LP 6,7 excluded

(2) Based on '23/6/1 Closing Price of 4230 KRW with Market capitalization of 901 KRW bn, total liabilities(1146 KRW bn) in consolidated financial report disclosed in '23/4/14

(3) NOI* of 17 assets / Icheon 1 disposition Cap.rate (4.02%) *This is non-GAAP financial measures include the total revenues and expenses of the investment properties owned by REITs(in case of REFs considering the stake ratio) and different from the financial statements

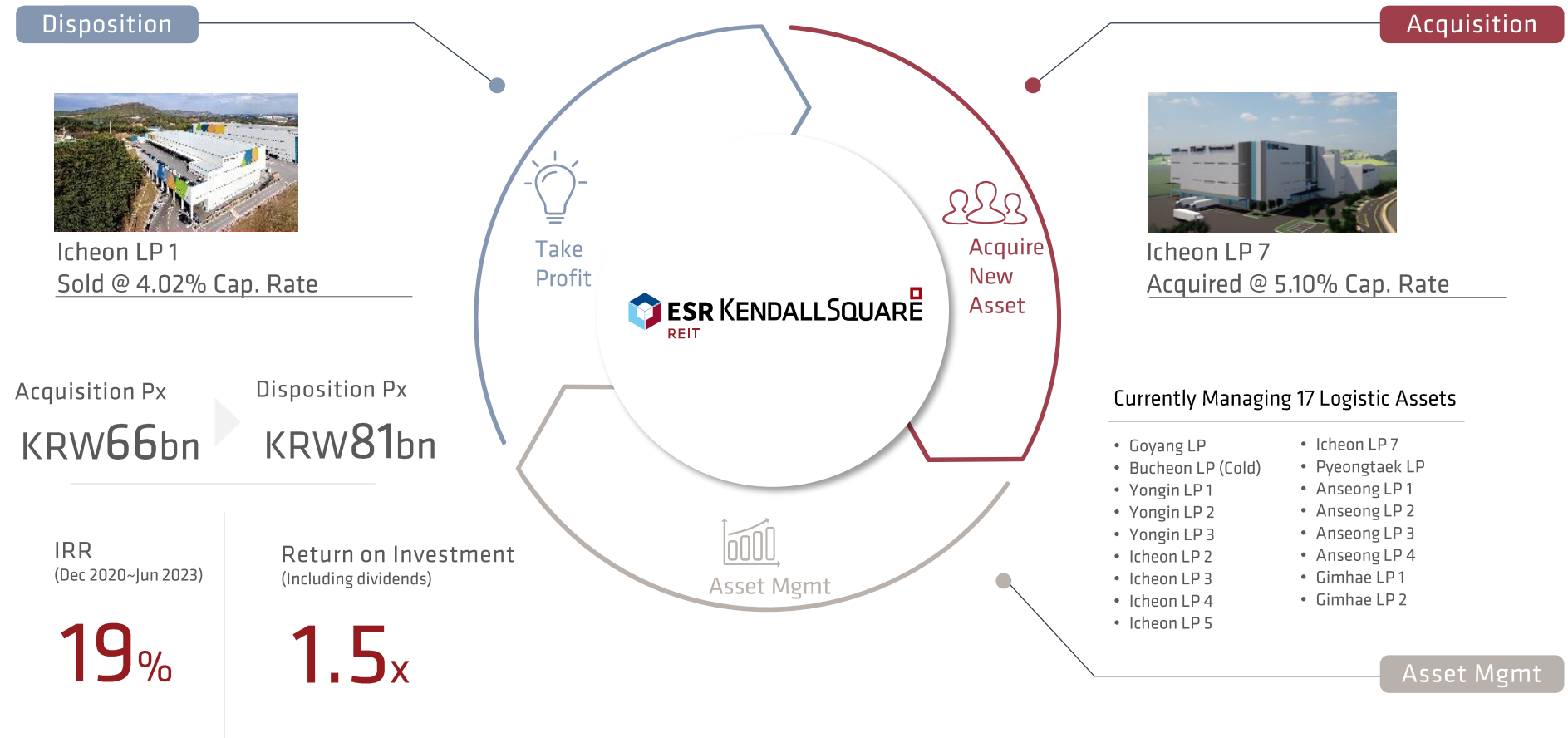
(4) Net Equity Value = Total Asset Value – Total Liabilities

(5) [Total Asset Value(accordingly) – Loan – deposit + incremental cost of acquisition] / No. of Stocks(213,089,000)

※ The above information is based on historical performance and has been prepared under certain assumptions. Actual operational performance may differ, and it does not guarantee investment results.

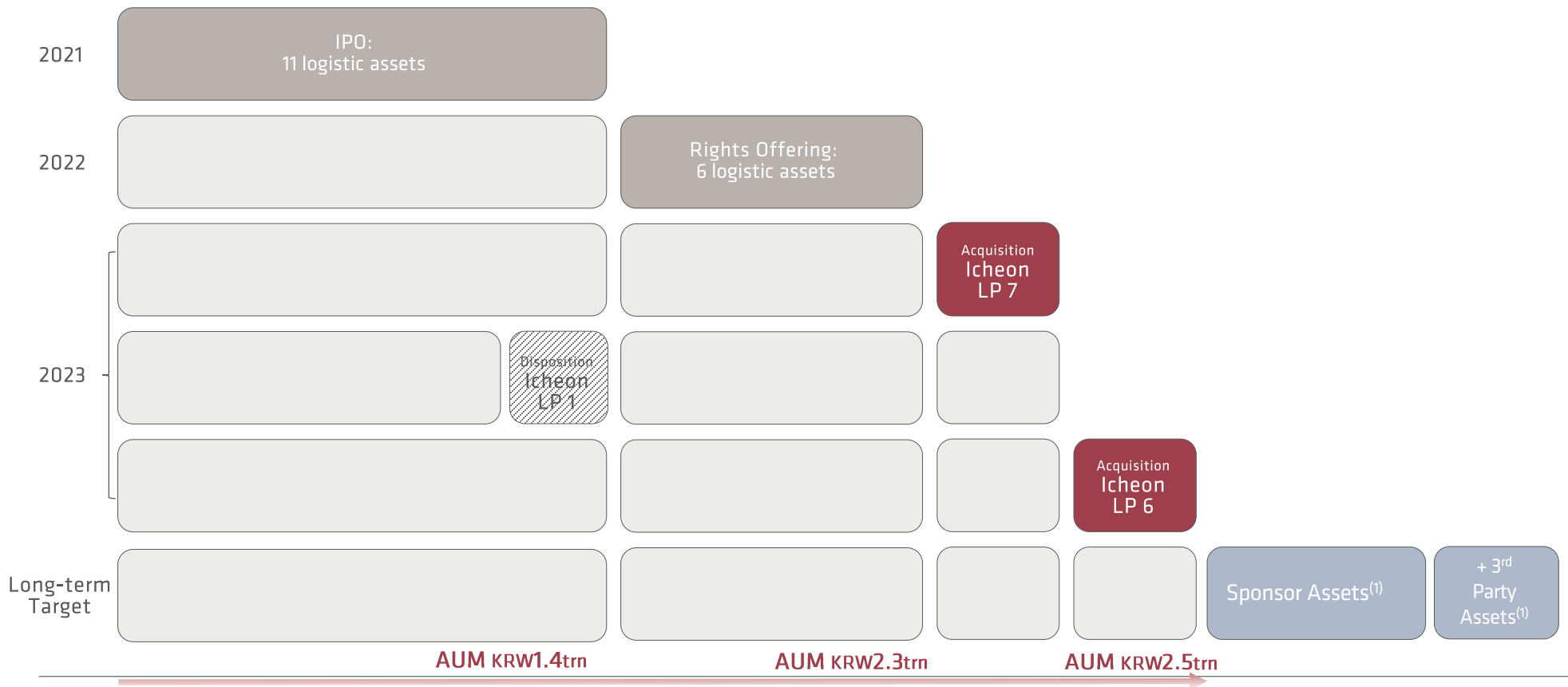
Efficient Capital Management – Capital Recycling

- + Implementing the 'High Cap-rate Acquisition & Low Cap-rate Disposition' strategy leveraging ESR KS REIT's dominant position in the logistic assets market.
- + Lower external capital reliance of raising high-cost equity & high-cost borrowing
- + Maximize shareholder return through unlocking value among asset disposition



Long-term Growth Plans

- + Maintaining 'Growth' as our core value which will further solidify our status as the leading operator of pure-play logistics assets in Korea.
- + Asset disposition is an integral component of our capital recycling strategy, aimed at rebalancing the asset portfolio to enhance earnings potential.
- + Leveraging economies of scale to gain an upper hand in negotiations for favorable financing terms, asset disposition & acquisition prices.



Note:

(1) Long-term target assets include 'ESR KS' sponsor assets & 3rd party assets, which are not fixed or decided

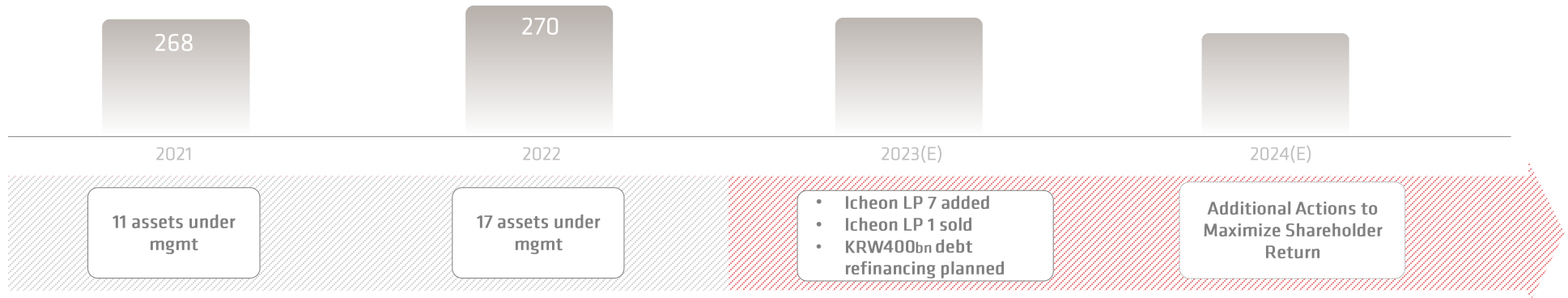
Dividend Guidance

- + Latest asset disposition provides 'best-in-class' DPS visibility for FY2023e & FY2024e
- + Capital gains from asset disposal lifts the downside risk of future DPS downgrades
- + Execute best effort to maintain long-term DPS growth plans which was originally shared upon IPO (Dec 2020)

DPS

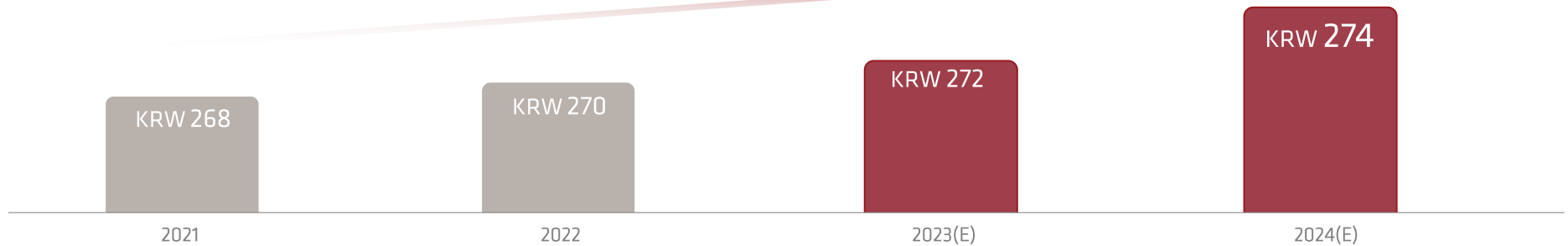
unit: KRW

Bearish Scenario (Market view)



Capital Recycle Strategy

Stable & Sustainable growth in Dividends



Note: As of 2023/5/31 business plan

※ The past performance does not guarantee future returns, and future financial condition or operational results may differ from past figures.



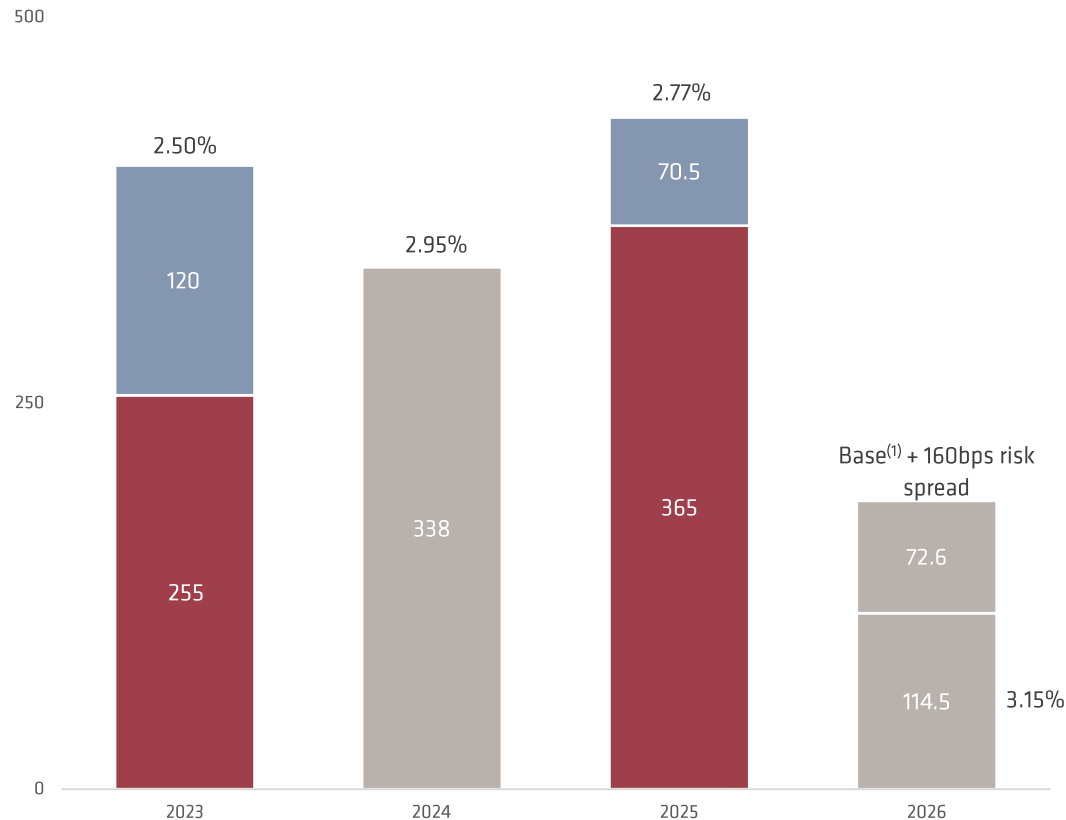
Appendix

Appendix – Long-term Borrowing details

- + All current outstanding debt are senior bank loans borrowed at a fixed rate → Maturity: 2023 (KRW 375bn @2.50%) / 2024 (KRW 338bn@2.95%)
- + Real Estate Fund(REF) assets are shown as a NAV based net value base ‘investment asset’ on ESR KS REIT financial statements

Borrowing - Maturity

Unit: In KRW Bn, Avg. weighted Interest rate (%)



Note:
(1)Base rate= Certificate of deposit(CD) 91days

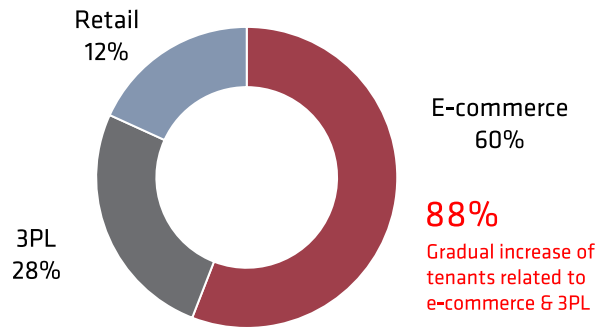
Borrowing - Investment type

Investment type	Financial Institution	Annual interest rate (%) All-In	Maturity date	Amount
Subsidiary REIT No. 1	H General Insurance	2.53	2023-12-14	50
	C Bank	2.53	2023-12-14	50
	S Bank	2.53	2023-12-14	50
	B Bank	2.53	2023-12-14	105
	B Bank	2.66	2025-12-14	156
	N Life Insurance	2.66	2025-12-14	40
	B Bank	2.66	2025-12-14	29
	H General Insurance	2.66	2025-12-14	50
	N Life Insurance	2.66	2025-12-14	40
Subsidiary REIT No. 2	T Life Insurance	2.66	2025-12-14	50
	K Insurance	2.95	2024-11-30	34
	K Bank	2.95	2024-12-20	33
	K Insurance	2.95	2024-12-20	9
	K Bank	2.95	2024-12-20	147
	K Insurance	2.95	2024-12-20	41
	K Bank	2.95	2024-12-20	58
	K Insurance	2.95	2024-12-20	16
	K Bank	3.15	2026-12-20	114.5
REF	N Bank	Base ⁽¹⁾ + 160bps	2026-05-10	72.6
	D Bank	2.22	2023-12-11	40
	D Bank	2.22	2023-12-11	38
	D Bank	2.22	2023-12-11	42
S Bank	S Bank	3.36	2025-07-09	70.5
Total				1,335

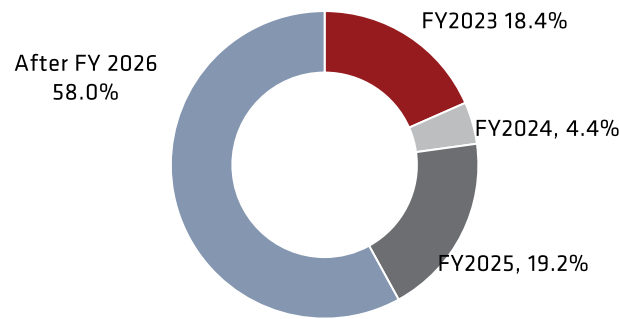
Diversified Tenant Base and Stable Lease Agreements

+ Lease contract renewal risk is reduced through heavy facility investment made by major e-commerce tenants

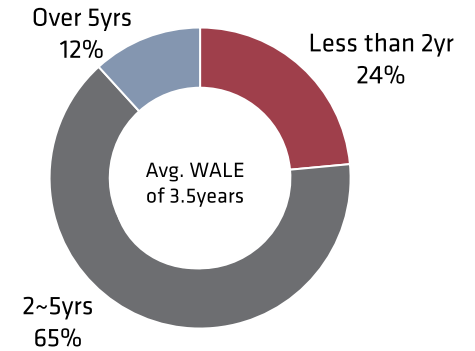
Diversified tenant portfolio ⁽¹⁾



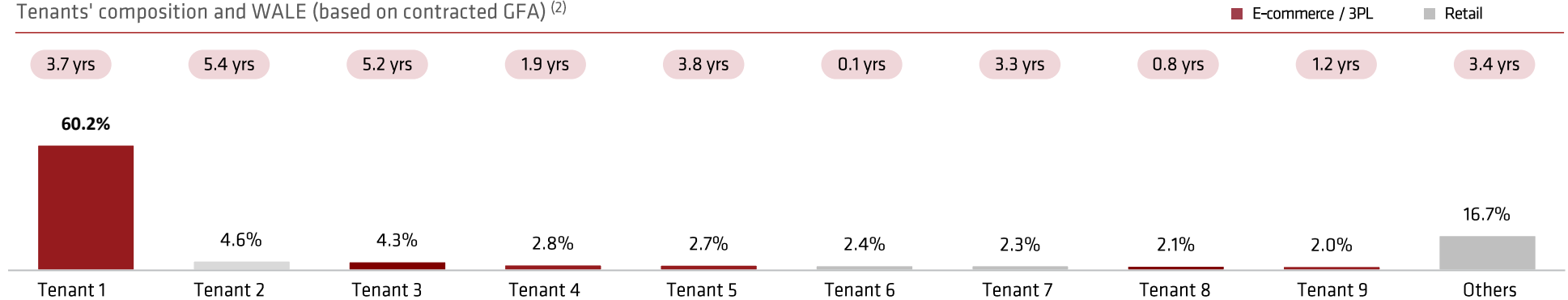
Expected Rent expiry



WALE of 17 Assets



Tenants' composition and WALE (based on contracted GFA) ⁽²⁾



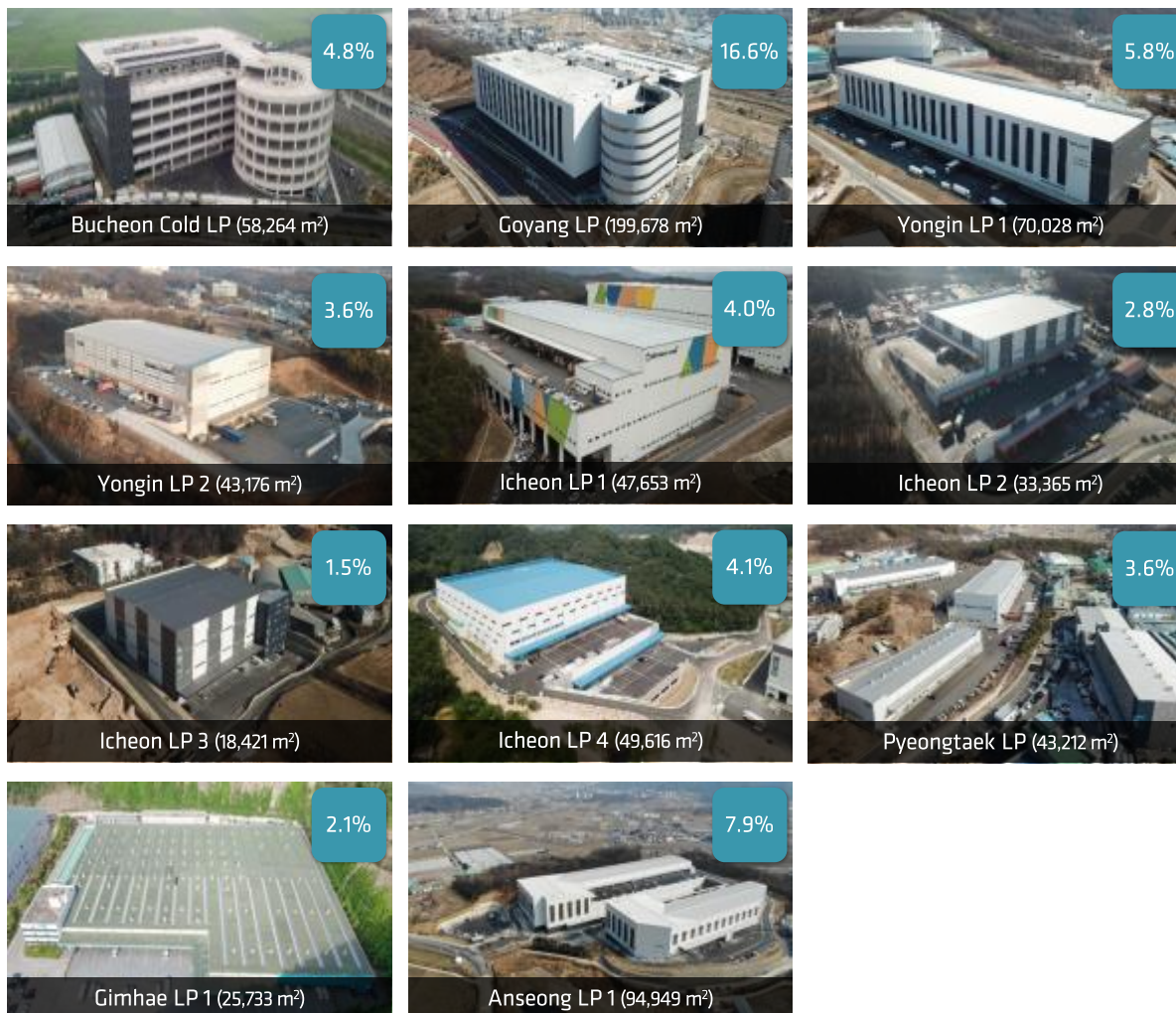
Note:

(1) Including additional assets planned for acquisition

(2) Calculated as WALE by contracted GFA as of the end of Feb 2023

Asset Class of 2020 (Seed Assets)

Area by GFA
 % of Portfolio by GFA



Asset	Completion date	WALE (Y)	Occupancy rate	Main Tenant
Bucheon Cold LP	2019.07.24	4.1	100 %	Coupage
Goyang LP	2019.01.25	6.6	100 %	Coupage
Yongin LP 1	2017.02.27	3.5	100 %	LF
Yongin LP 2	2017.01.23	2.1	100 %	Assist
Icheon LP 1	2017.02.27	1.9	100 %	Dongwon
Icheon LP 2	2018.04.25	2.1	100 %	CJ
Icheon LP 3	2018.12.20	2.8	100 %	DL
Icheon LP 4	2018.06.05	0.6	100 %	Fila
Pyeongtaek LP	2012.08.08	1.2	99.9 %	JDX
Gimhae LP 1	2000.12.30	3.4	100 %	GS
Anseong LP 1	2020.02.20	2.7	100 %	Coupage

Note: As of Rentroll of May 2023, assumed Icheon 6 included for GFA(%) calculation

Asset Class of 2021 (Follow-on Offering) and Target Asset

Area by GFA
 % of Portfolio by GFA



Target Assets

Asset	Completion date	WALE (Y)	Occupancy rate	Main Tenant
Yongin LP 3	2020.06.15	3.2	100 %	Korea Food
Anseong LP 2	2020.06.11	3.0	100 %	Coupang
Anseong LP 3	2021.04.09	4.0	100 %	Coupang
Anseong LP 4	2021.11.22	4.0	100 %	Samsung Logitech
Incheon LP 5	2020.02.14	0.9	100 %	Coupang
Gimhae LP 2	2019.12.13	0.3	100 %	Coupang
Icheon LP 6*	2023.01.27	3.0	100 %	Dakonet
Icheon LP 7	2023.04	5.0	100 %	Team Fresh

* Icheon 6 is planned to be acquired by the end of 2023

Note:
As of Rentroll of May 2023, assumed Icheon 6 included for GFA(%) calculation