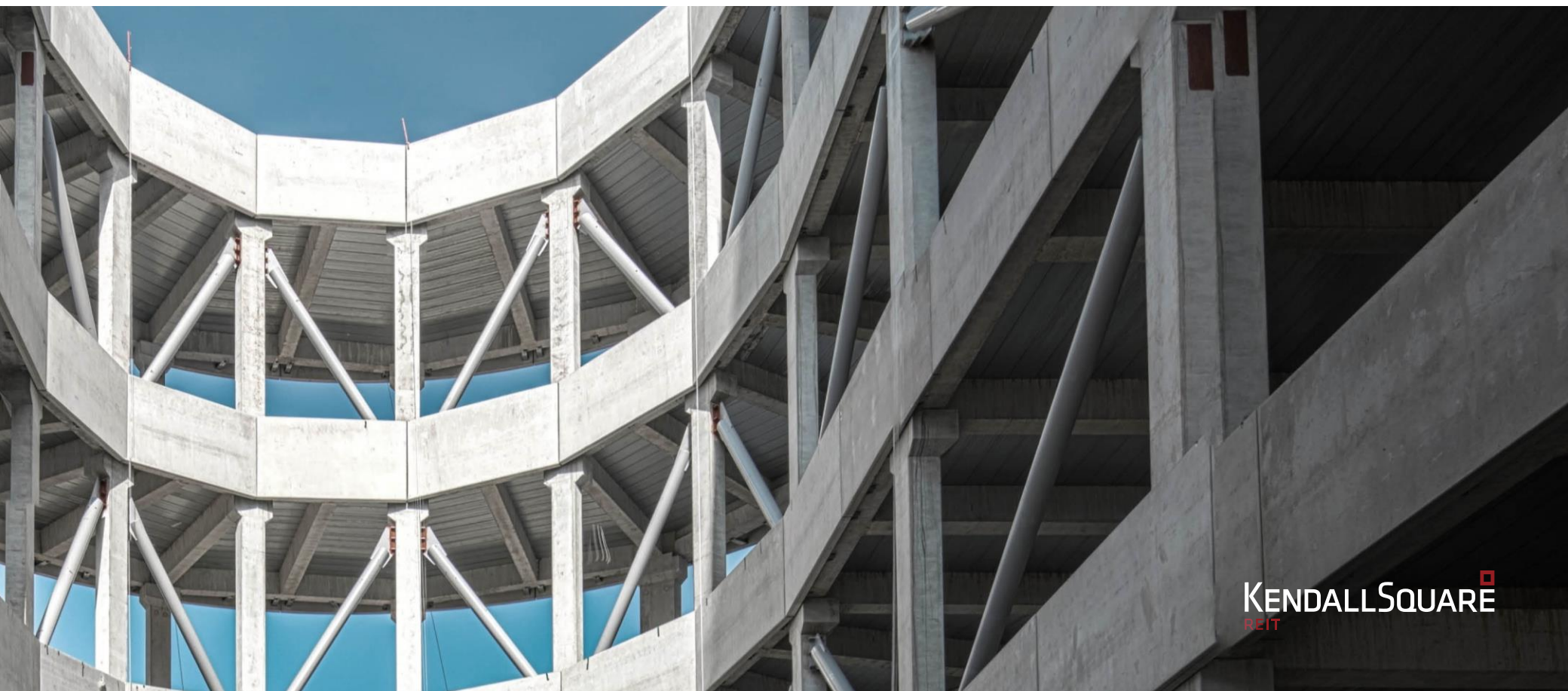


# ESR KendallSquare REIT

## 2H21 Asset Acquisition Presentation

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October 2021



KENDALL SQUARE  
REIT

# Legal Disclaimer

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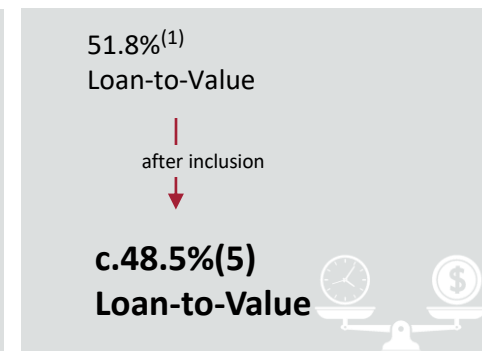
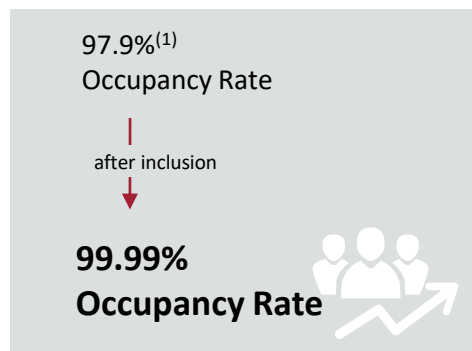
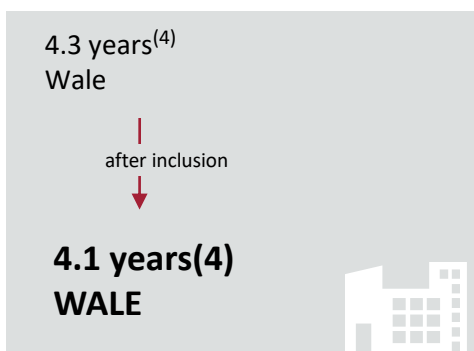
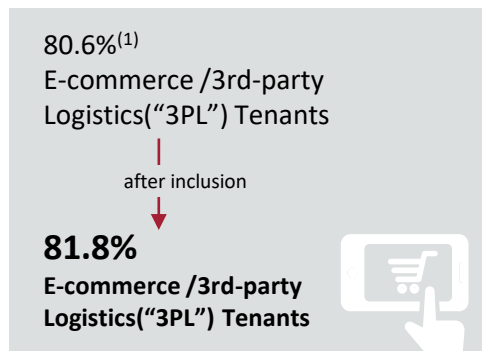
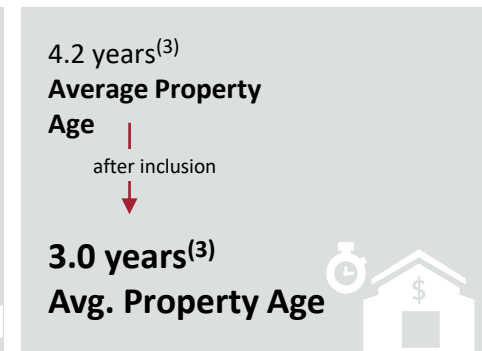
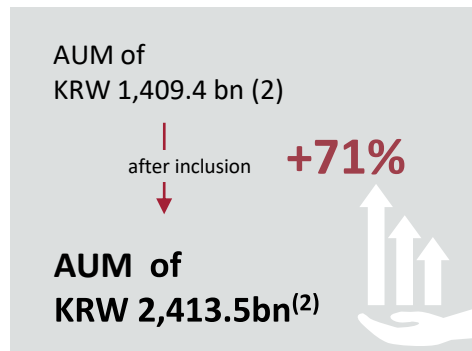
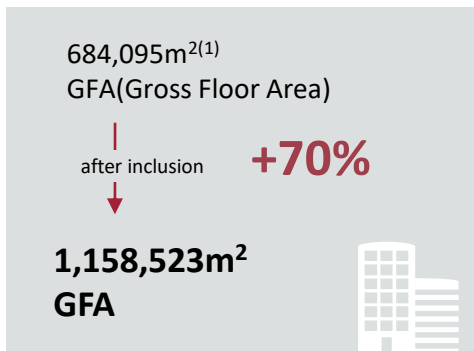
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## SECTION 1

# Overview

# 1. Key Changes



✓ Strong demand driven by e-commerce

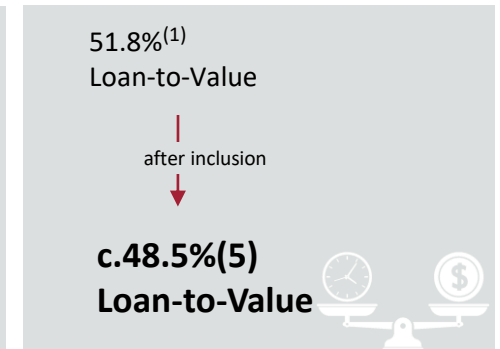
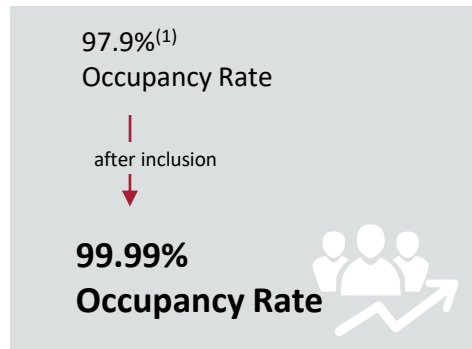
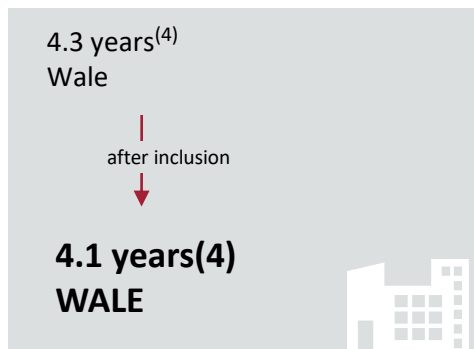
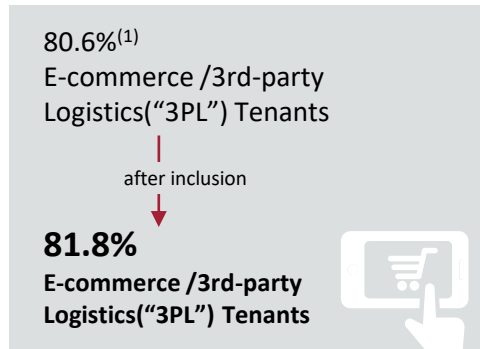
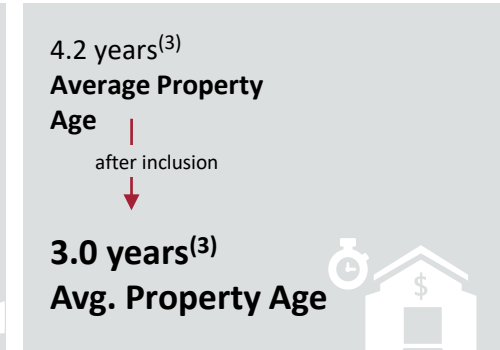
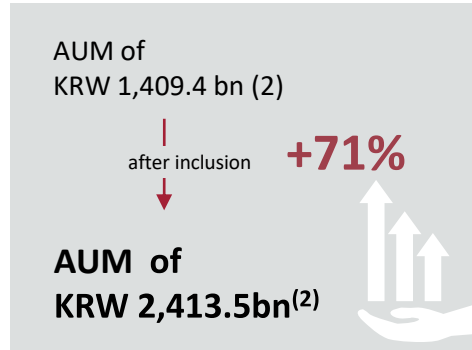
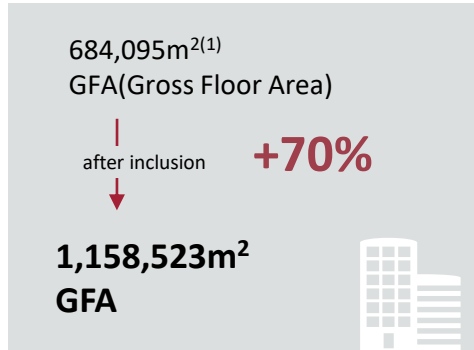
✓ Stable lease agreement

✓ External growth by 70%

✓ Robust capital structure

**Note:**  
 (1) As specified at the time of IPO  
 (2) Including Icheon Baeksa Logistics Park (Icheon LP 6) planned for inclusion; based on appraisal value according to the appraisal report prepared by Pacific Appraisal Co., Ltd.  
 (3) Calculated as weighted average by GFA and based on completion date of assets  
 (4) Calculated as WALE by contracted GFA as of 30 Nov 2021  
 (5) Based on market capitalization as of 18 Oct 2021

# 1. Key Changes



✓ Strong demand driven by e-commerce

✓ Stable lease agreement

✓ External growth by 70%

✓ Robust capital structure

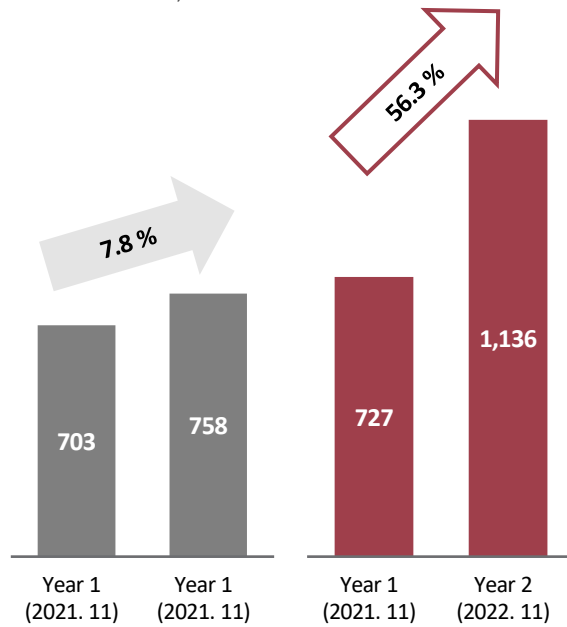
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 (4) Calculated as WALE by contracted GFA as of 30 Nov 2021  
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## 2. Financial Changes (Company Estimates)

### Quantum Jump in Profit

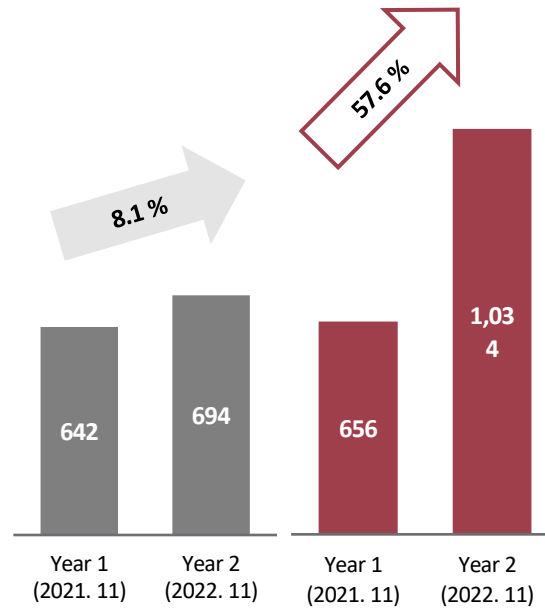
#### Gross Revenue

(unit: KRW 100 mn)



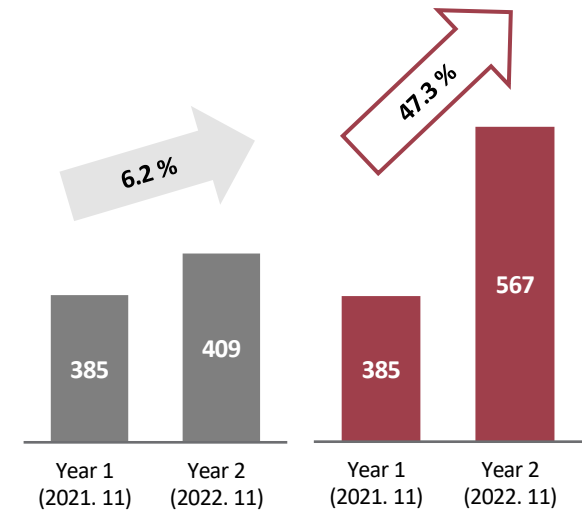
#### Net Operating Income(NOI)

(unit: KRW 100 mn)



#### Profit Available Dividend<sup>(1)</sup>

(unit: KRW 100 mn)



■ Estimates as of Nov 2020   ■ Estimates as of Oct 2021

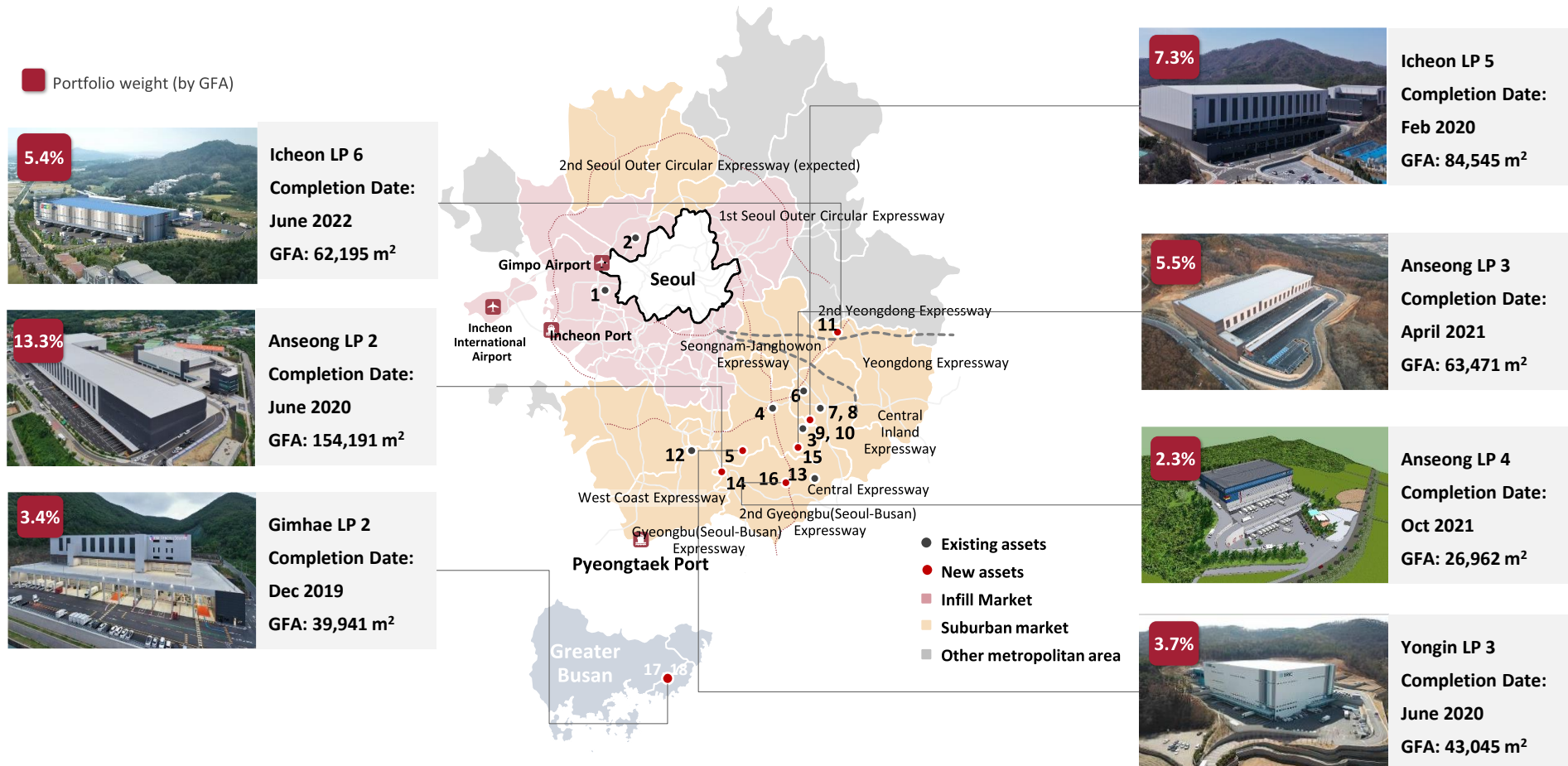
- Gross revenue and NOI are expected to increase by the 50% range and profit available for dividend by more than 40% through asset acquisition with paid-in capital increase

Notes:

(1) Estimated profit available for dividend includes the conversion of capital surplus.

### 3. Assets Planned for Acquisition

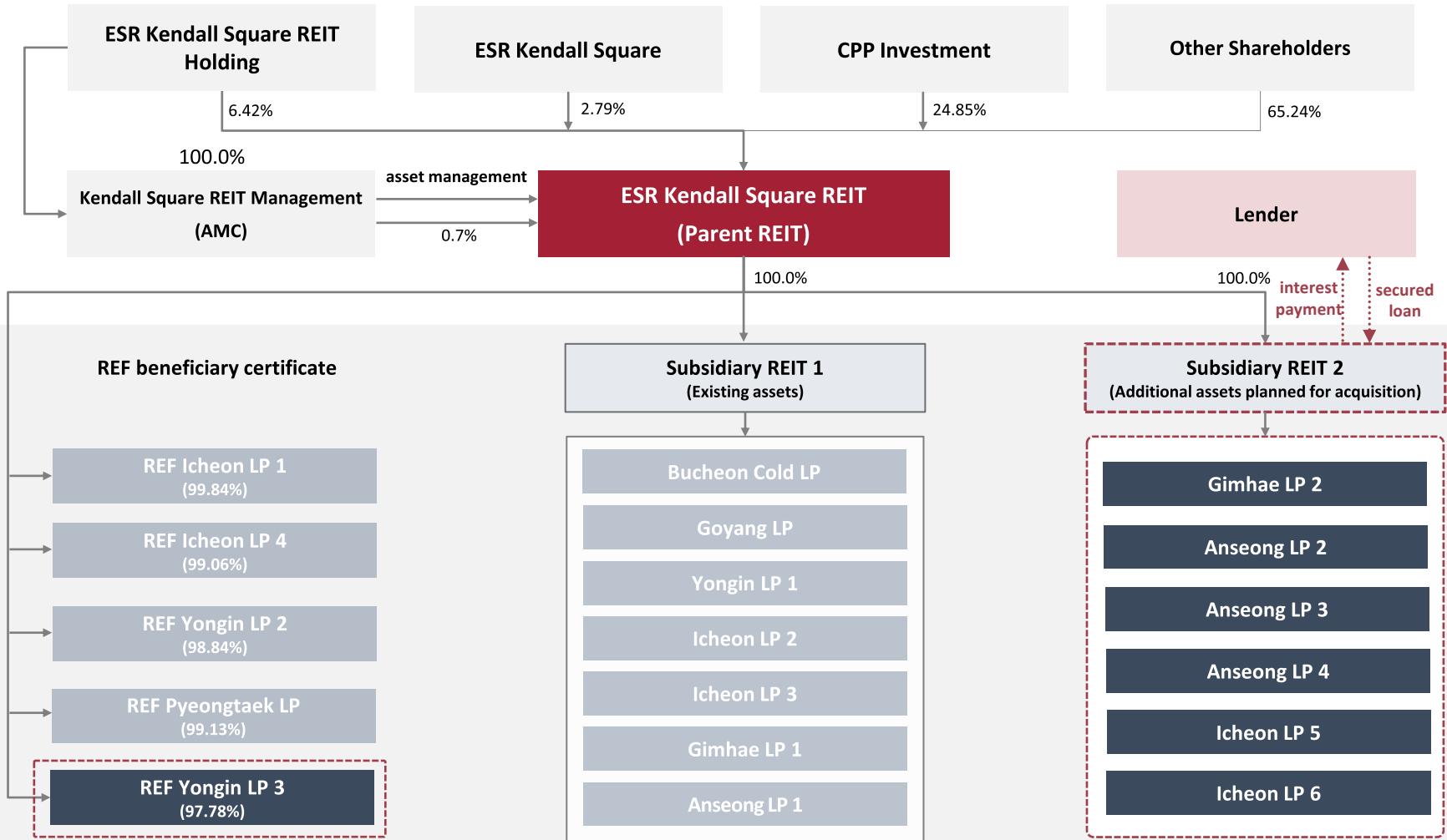
The assets planned for acquisition are prime logistics parks in 7 locations (6 in the Greater Seoul Area and 1 in the Busan Metropolitan Area), which would add 474,428 m<sup>2</sup> to the existing portfolio.



**Notes:**

(1) Acquired c.83% stake in June 2021; plan to acquire additional c.14% stake post rights offering

# 4. Investment Structure







## SECTION 2

# Investment Highlights

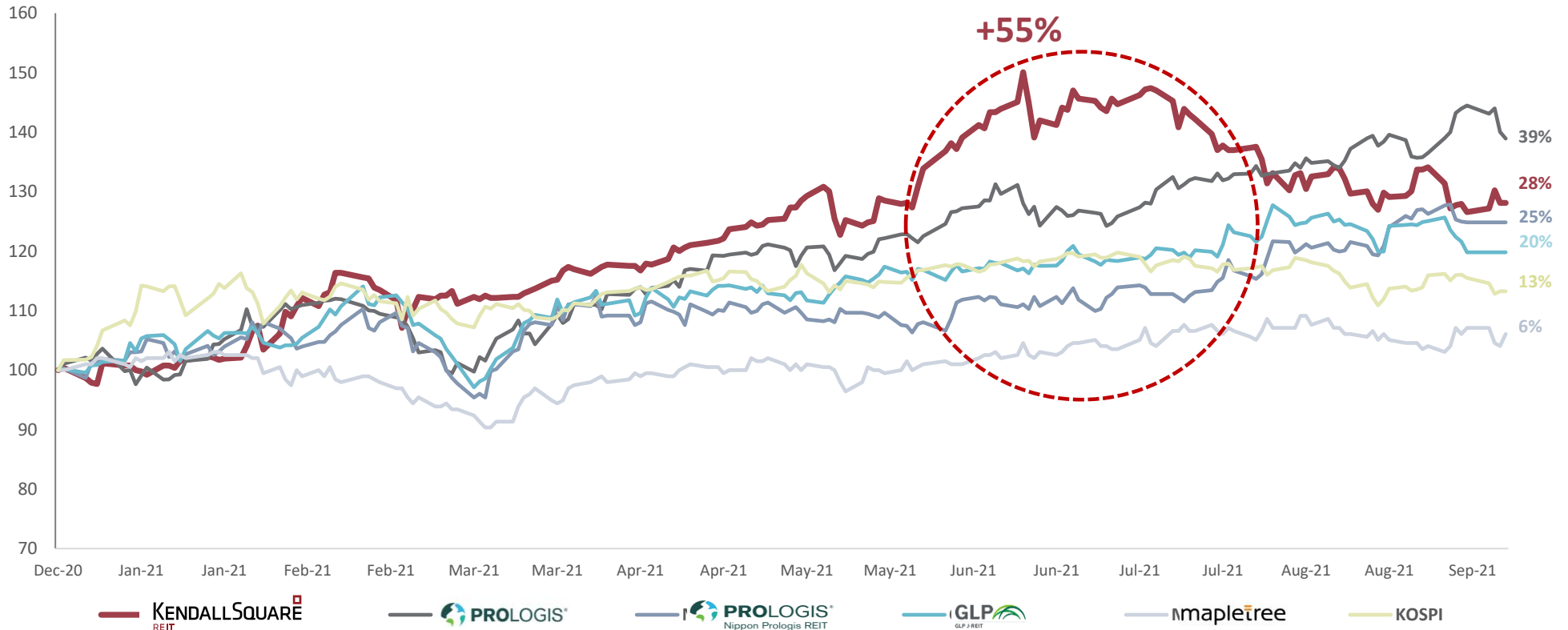
## Investment Highlights

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- 1 Korea's First Mover dedicated as a logistics pure-play REIT**
- 2 Sponsor-backed and market-dominant pipeline of prime assets**
- 3 Class of 2021 new assets in prime locations**
- 4 Modern facilities and ESG design**
- 5 High-quality tenant base and stable lease agreements**
- 6 Robust capital structure**
- 7 Dividend Income Likely to Increase Over Time**

# 1-1. First Mover - Outperforming the market

Since its listing, ESR Kendall Square REIT has outperformed the market and has achieved growth higher than that of representative logistics-focused REITs in other countries.



- As Korea's first mover, as a pure-play logistics-focused REIT, ESR Kendall Square REIT has secured a dominant position in the market and is expected to outperform the market as well.

Source: Capital IQ (as of 10 Sept 2021)

## 1-2. First Mover - expected to be included in the FTSE index

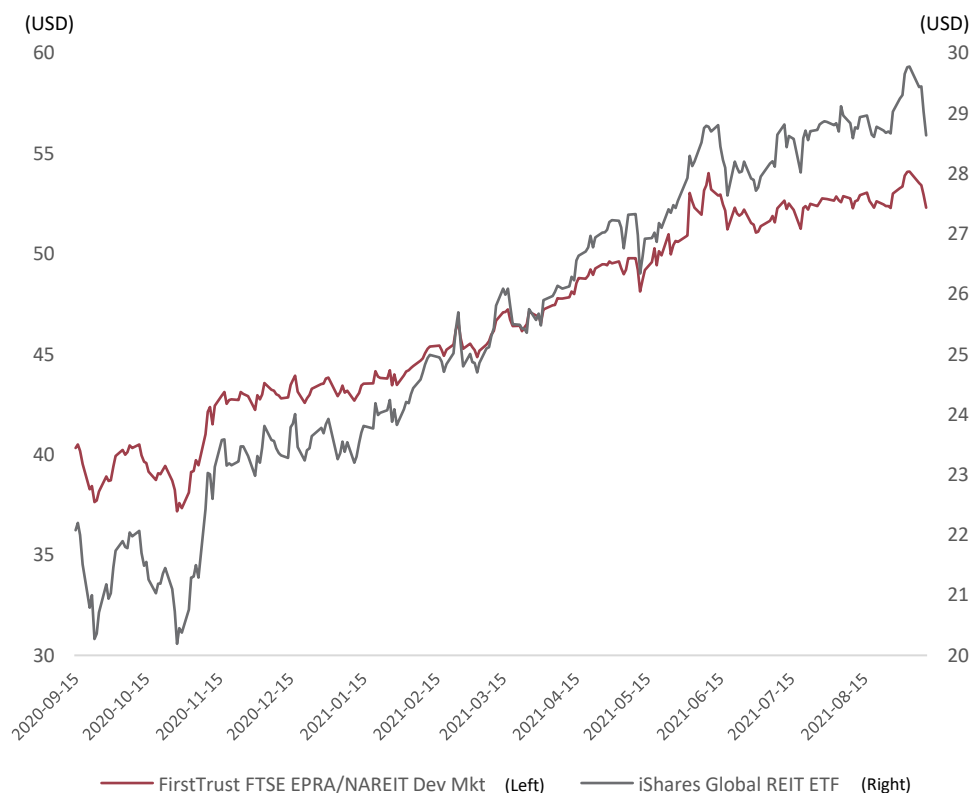
After the inclusion of assets planned for acquisition, ESRKSREIT is highly likely to be Korea's first stock to be included in the FTSE EPRA NAREIT index. Once included, our trading volume is expected to increase with the influx of passive fund.

### Overview of the FTSE EPRA NAREIT Developed Asia index (as of end-August)



Category	Details	Category	Details
Number of constituents	97	Australia	15
Market cap	≈ KRW 470 tn	Hong Kong	13
Dividend yield	3.9%	Japan	49
Average market cap	≈ KRW 5 tn	New Zealand	3
Index weight of top 10 constituents	37%	Singapore	17
		Total	97

Category	Details	Sector	Market cap	Weight
MitsuiFudosan	Japan	Diversified	≈ KRW 24 tn	5.1%
Sun hung Kai Props	Hong Kong	Diversified	≈ KRW 23 tn	4.8%
Link Real Estate Investment Trust	Hong Kong	Retail	≈ KRW 22 tn	4.6%
Mitsubishi Estate	Japan	Diversified	≈ KRW 20 tn	4.3%
CK Asset Holdings	Hong Kong	Diversified	≈ KRW 18 tn	3.7%
Sumitomo Realty & Development	Japan	Diversified	≈ KRW 15 tn	3.1%
Scentre Group	Australia	Retail	≈ KRW 12 tn	2.6%
Nippon Building Fund Inc	Japan	Office	≈ KRW 11 tn	2.3%
Mirvac Group	Australia	Diversified	≈ KRW 10 tn	2.2%
Dexus Property Group	Australia	Office	≈ KRW 9 tn	2.0%



Source: Capital IQ (as of 10 Sept 2021)

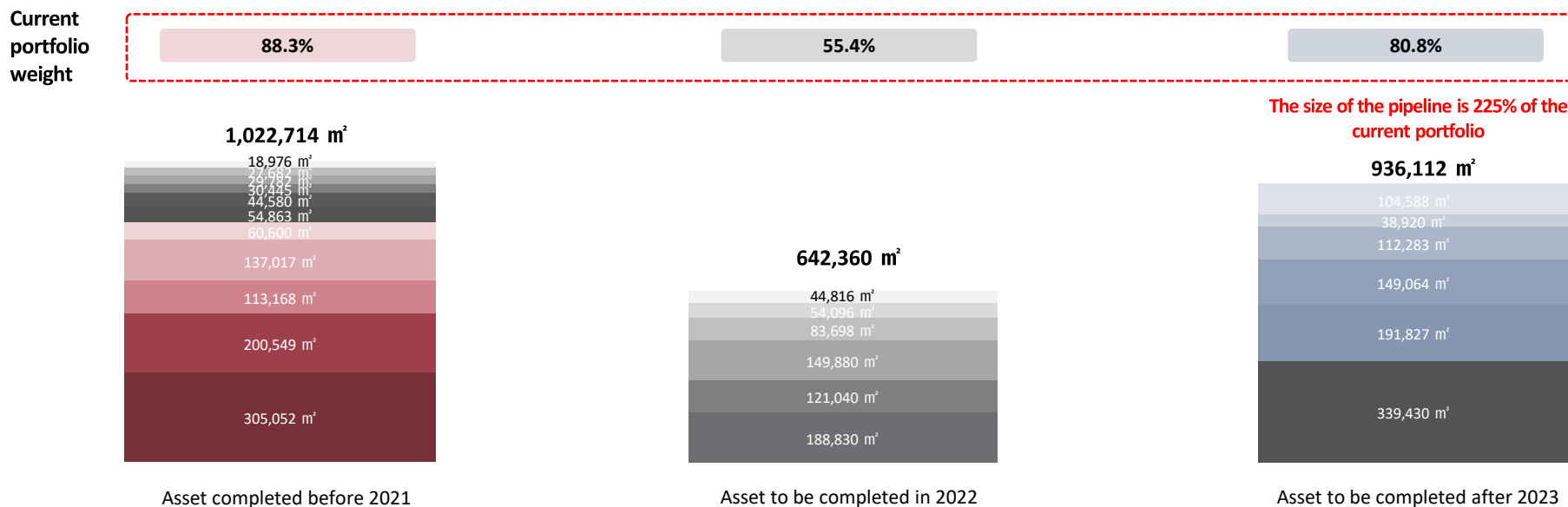
## 2. Sponsor-backed and Market-dominant Pipeline of High-quality Assets

With restrictions imposed on the development of prime locations, ESR Kendall Square has already secured distinctive competitiveness and robust future growth engine based on this market-dominant pipeline of high-quality assets.

### Restricted supply of additional logistics parks in the Greater Seoul Area

- |          |  |          |   |
|----------|--|----------|---|
| <b>1</b> | Lack of land intended for logistics development under the current urban planning | <b>3</b> | Takes more time for obtaining permits   |
| <b>2</b> | Less likely to win city permits  | <b>4</b> | Restricted accessibility to key infrastructure (i.e. Expressway interchanges) |

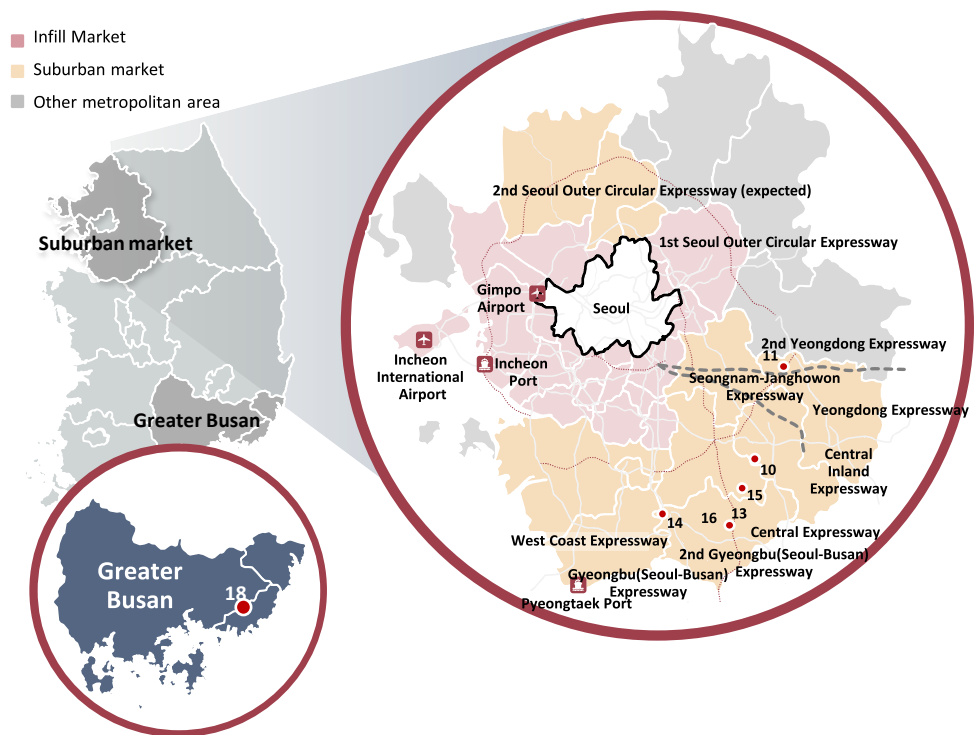
### Assets owned and operated by ESR Kendall Square - pipeline of assets likely to be included in our REIT portfolio



Notes:  
 (1) Acquisition is subject to change depending on portfolio performance (a firm contract yet to be signed)  
 (2) Based on GFA

### 3. Planned Acquisition of Assets in Prime Locations

#### Locations of assets to be added to our portfolio

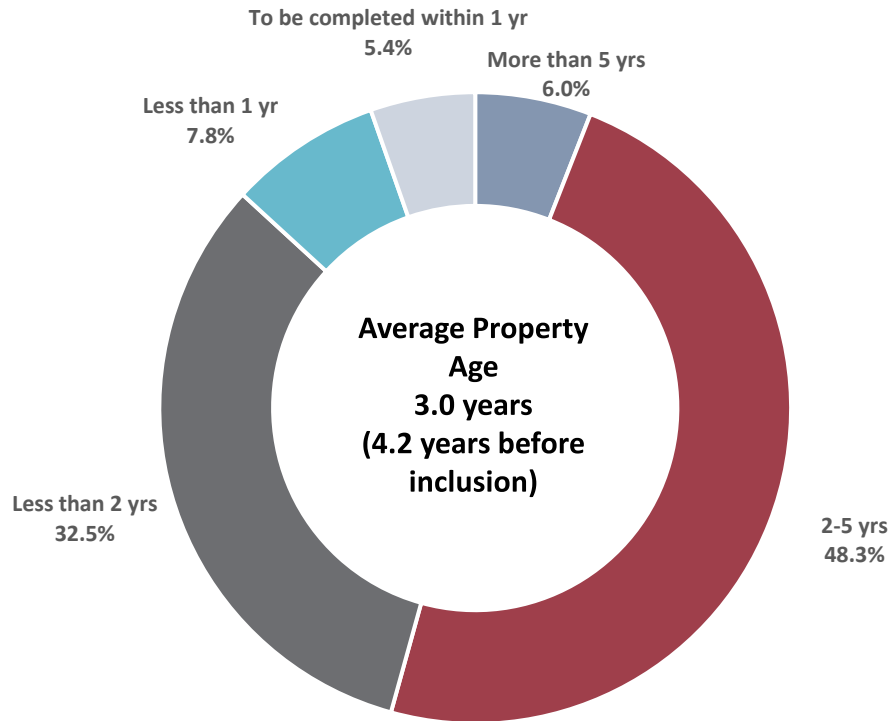


Location (% weight by GFA)	#	Region	Accessibility to transportation infra	Adjacent city	Travel distance
Southeastern	10	Icheon LP 5	<ul style="list-style-type: none"> <li>Central Expressway</li> <li>Yeongdong Expressway</li> <li>Deokpyeong IC</li> </ul>	Icheon	4.4 km to Deokpyeong IC 7 km to Hobeop IC 7 km to Yangji IC
	11	Icheon LP 6	<ul style="list-style-type: none"> <li>Central Inland Expressway</li> <li>Central Expressway</li> <li>North Yeosu IC</li> <li>Sindun IC</li> </ul>	Icheon	2.5 km to Baeksa IC
Southern	14	Anseong LP 2	<ul style="list-style-type: none"> <li>Gyeongbu(Seoul-Busan) Expressway</li> <li>Pyeongtaek-Jechon Expressway</li> <li>Anseong JC</li> </ul>	Anseong	1.6 km to West Anseong IC
	15	Anseong LP 3	<ul style="list-style-type: none"> <li>Central Expressway</li> <li>Iljuk IC</li> </ul>	Anseong	5 km to Iljuk IC
	16	Anseong LP 4	<ul style="list-style-type: none"> <li>Central Expressway</li> <li>Iljuk IC</li> </ul>	Anseong	6.8 km to Iljuk IC
Greater Busan	18	Gimhae LP 2	<ul style="list-style-type: none"> <li>Jungang Expressway (Busan-Daegu)</li> <li>Busan Outer Ring Expressway</li> <li>Sangdong IC</li> <li>Gwangjae IC</li> </ul>	Anseong	0.2 km to Sangdong IC

- Our portfolio is comprised of high-quality assets in prime locations with easy access to key highways in the Greater Seoul Area and the Busan Metropolitan Area with the potential of higher asset values in the long term.
- Every asset in our portfolio is in a logistics hub with easy access to highways and close to areas serving heavy volume of logistic goods.

## 4. Modern Facilities and ESG Design

Consisted of cutting-edge modern facilities with more recent completion date



Notes:  
(1) As of 30 Nov 2021



US Green Building Council LEED Gold (2019)



Green Building Certification Grade 2



Building Energy Efficiency Grade 1

Case study of ESG facilities at Goyang LP



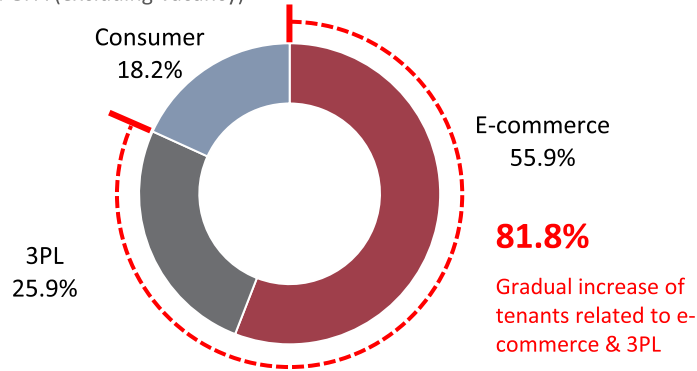
- 1 Water-saving facilities: water supply and shower facilities, toilets, etc.
- 2 High efficiency LED lights
- 3 Energy-saving ventilation system for waste heat recovery
- 4 High thermal efficiency design: Low-E coating windows
- 5 Resource and material: Storage and collection of recyclable items
- 6 No emissions of freon gases (CFCs)
- 7 Site design ensuring efficient water use
- 8 Alternative eco-friendly means of transportation: bicycle racks, carpool, etc.
- 9 Emissions reduction and fuel-efficient parking space/carpool area

Mostly consisted of recently completed assets with cutting-edge facilities along with various accolades and certifications recognized for our ESG efforts

## 5. High-quality Tenant Base and Stable Lease Agreements

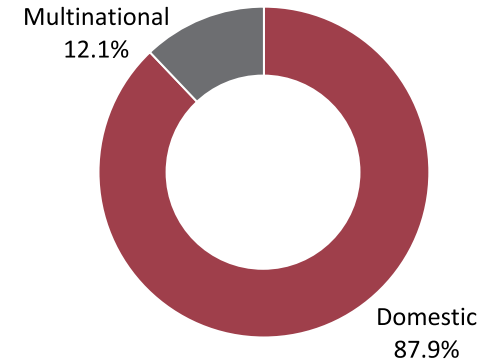
### Diversified tenant portfolio (1)

Based on contracted GFA (excluding vacancy)



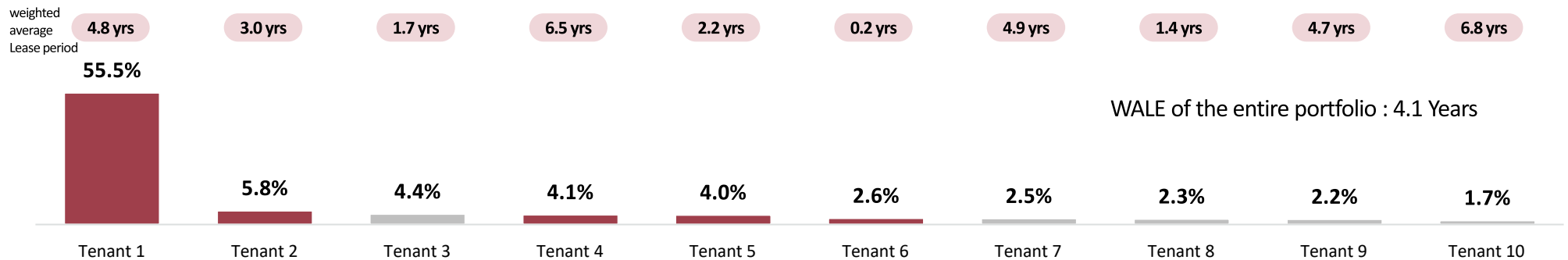
### Tenant base comprised of domestic and multinational companies (1)

Based on contracted GFA (excluding vacancy)



### Top 10 tenants (based on contracted GFA)

■ E-commerce / 3PL ■ Consumer goods



WALE of the entire portfolio : 4.1 Years

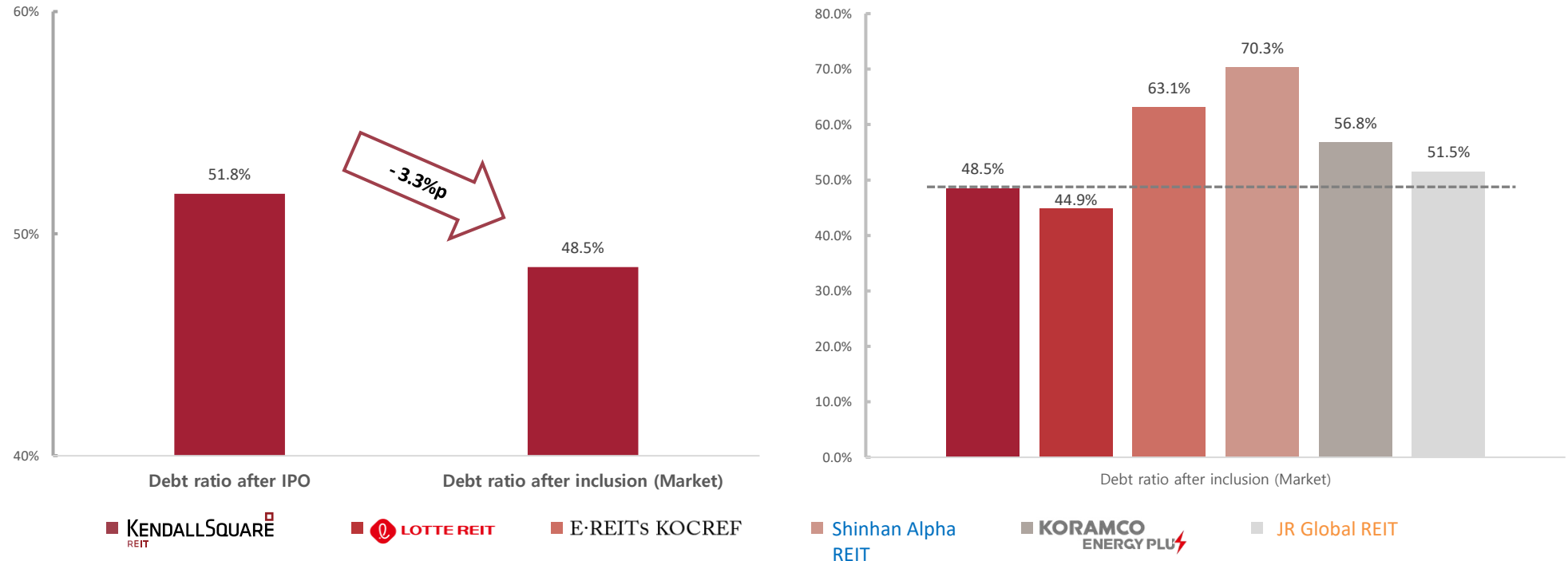
- Lease contract renewal risk is reduced through heavy facility investment made by major e-commerce tenants

Notes:  
(1) Including additional assets planned for acquisition



## 6. Stable Capital Structure

### Debt ratio & net debt ratio



- Compared to other listed domestic peers (market cap over KRW 300 bn), the capital structure of ESR Kendall Square REIT ensures robust capital adequacy.
- With the stable capital structure in place, we carry financial flexibility and access to extra borrowed capital in case of urgency. We may also facilitate borrowed capital to increase shareholder's dividend income, which can improve shareholder value as well.

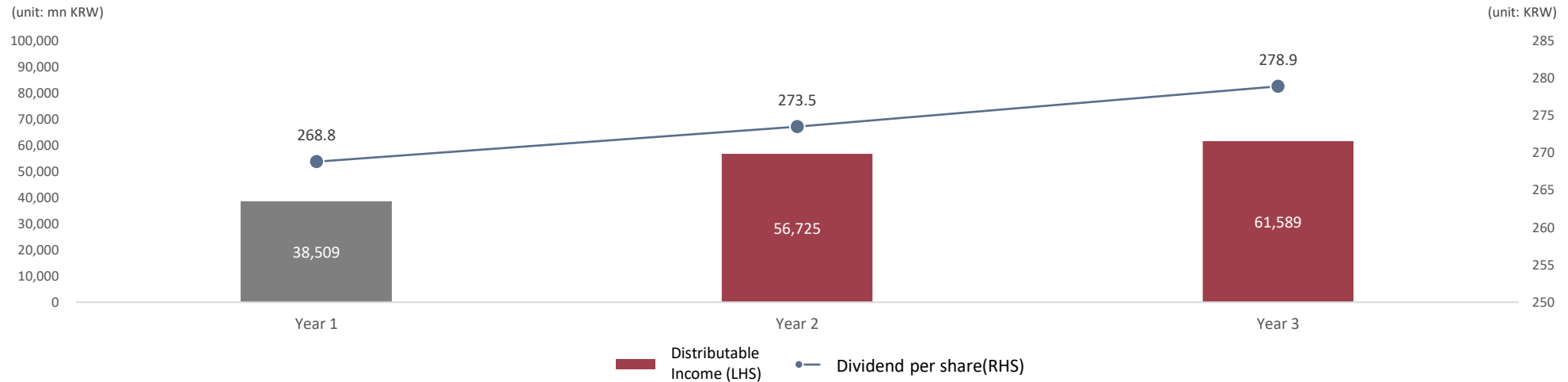
Notes:

(1) Based on financial statement recently reported (consolidated)

(2) Debt ratio(Market) = liabilities / (liabilities+market cap) (as of Oct 2021. Close price KRW 6,440)

## 7. Dividend Income Likely to Increase Over Time

### Dividend increase per share



Note: The weighted average number of shares outstanding during the period was used for the calculation of dividend per share in Year 2.

### Estimated dividend income & dividend per share

Period	Total dividend expected (unit: mn KRW)	Dividend per share (unit: KRW)
Year 1 (1 Dec 2020 - 30 Nov 2021)	38,509	268.8
Year 2 (1 Dec 2021 - 30 Nov 2022)	56,725	273.5
Year 3 (1 Dec 2022 - 30 Nov 2023)	61,589	278.9

Source: Company data (filings of securities registration statement)  
Note: Business year and expected dividend are stated on a yearly basis.



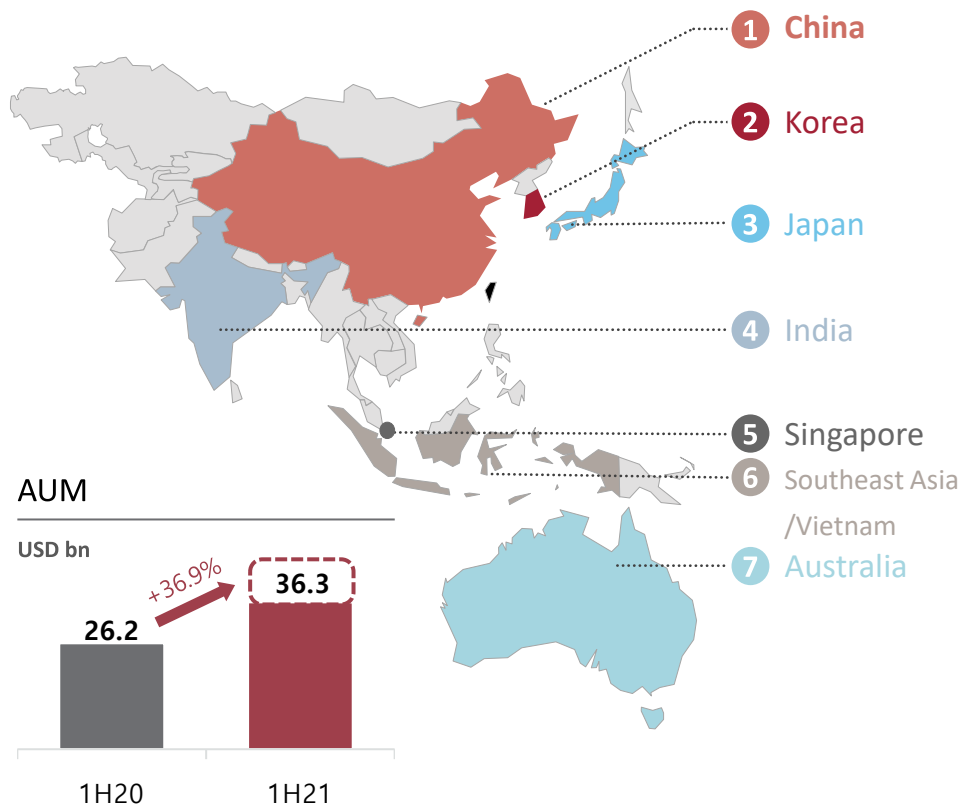
**SECTION 3**

# ESR KendallSquare REIT Overview

# 1. AMC Group Overview - Largest Logistics Real Estate Platform in APAC

ESR has GFA of over 22.6 million m<sup>2</sup> in operation and under development<sup>(1)</sup>.

MOUs have been signed with high-quality tenants across top tier markets for development pipeline comprised of assets with additional GFA of c. 7.2 million m<sup>2</sup>.



### 1. China Platform

- #1 e-commerce tenants<sup>(4)</sup>
- #1 development pipeline<sup>(5)</sup>
- #2 largest logistics real estate portfolio<sup>(6)</sup>

### 4. India Platform

- Established US\$ 750 million JV with GIC to be seeded with a ~2.2 million m<sup>2</sup> build-to-core asset
- 1.6 million m<sup>2</sup> GFA in development pipeline<sup>(8)</sup>

### 2. South Korea Platform

- #1 owner of the largest logistics facility<sup>(7)</sup>
- #1 development pipeline focused on the Greater Seoul Area<sup>(7)</sup>

### 5. Singapore Platform

- #1 non-Temasek affiliated industrial REIT platform<sup>(9)</sup> of 76 properties<sup>(10)</sup>

### 6. Southeast Asia and Vietnam

- Secured initial projects in Vietnam and Indonesia

### 3. Japanese platform

- #1 development pipeline focused on Tokyo and Osaka<sup>(7)</sup>
- USD 0.7bn expansion underway for RJL3, a development JV with APG in July 2021

### 7. Australia platform


- AUM of USD 6.1mn and 1.2 million m<sup>2</sup> (including development pipeline)
- Acquisition of USD 2.9mn milestone portfolio and management platform

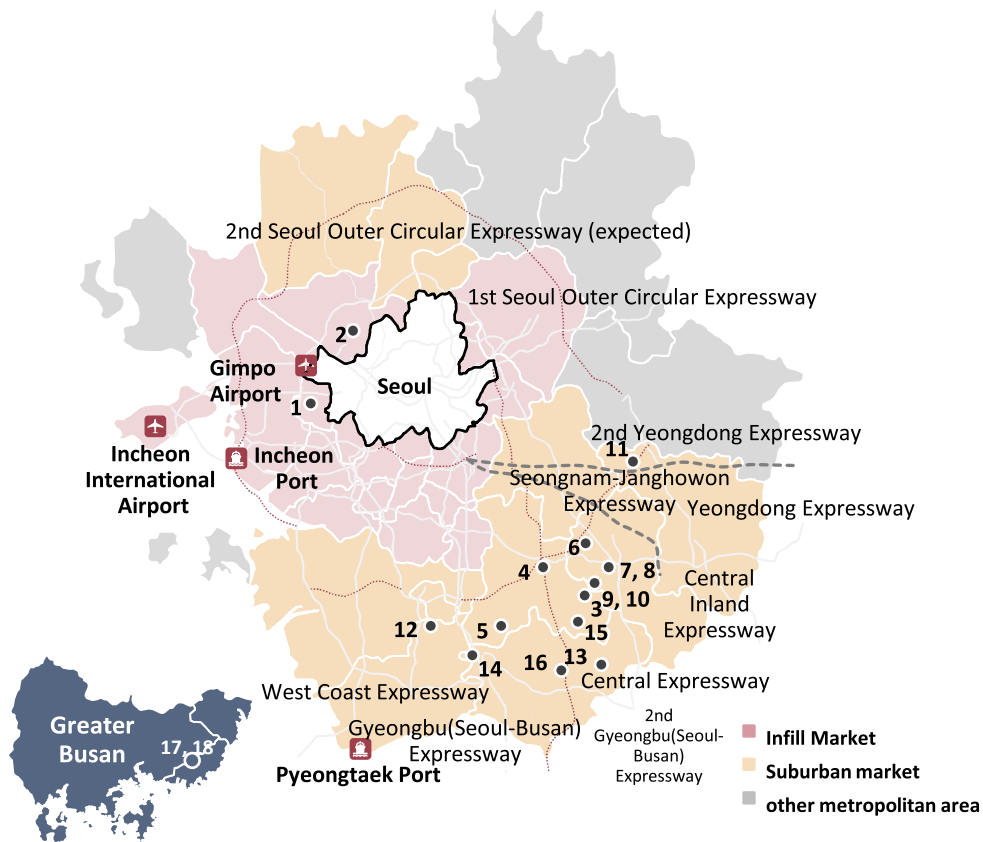
**Notes:**

(1) Consisting of approximately 14.2 million m<sup>2</sup> of GFA of completed properties, approximately 5.5 million m<sup>2</sup> of GFA of properties under construction and approximately 2.9 million m<sup>2</sup> of GFA to be built on land held for future development as of 30 June 2021  
 (2) MOU signed in June 2021  
 (3) As of 31 July 2020  
 (4) In terms of proportion of total area occupied in China in comparison to only GLP as of September 2017 when GLP was privatized  
 (5) In Greater Shanghai, Greater Beijing and Greater Guangzhou from 2020 to 2021

(6) As of 4Q 2019, in Greater Shanghai, Greater Beijing and Greater Guangzhou as measured by GFA  
 (7) By GFA from 2019 to 2020  
 (8) MOU signed in June 2021  
 (9) In terms of number of assets  
 (10) Including 58 properties in ESR REIT and 18 properties in Sabana REIT as of 30 June 2021

## 2. Detailed Asset Overview

 (Additional assets planned for acquisition)



- A total of 18 logistics assets included in ESR Kendall Square REIT with GFA of 1,158,445m<sup>2</sup> (additional assets to be included; currently 2 in infill market, 14 in suburban market and 2 in Greater Busan)
- Acquired Yongin LP 3 (c.83% stake of beneficiary certificates) in June 2021, and will acquire additional c.14% stake upon rights offering
- Acquisition of Gimhae LP 2, Icheon LP 5, Anseong LP 2, Anseong LP 3 and Anseong LP 4 to be completed by the end of 2021
- Acquisition of Icheon LP 6 to be finalized in end-2022 after asset stabilization upon its construction completion in June 2022

**Note:**

(1) Down payment of 10 billion KRW, of the purchase amount of Icheon LP 6 to be paid through this rights offering and the balance for acquisition to be paid through additional financing in 2022

Region	#	Name	GFA (m <sup>2</sup> )	Completion Date	Purchase Price (KRW 100mn)	
Infill Market	1	Bucheon Cold LP	58,264	2019.07	1,970	
	2	Goyang LP	199,678	2019.01	4,780	
Suburban market	3	Yongin LP 1	70,028	2017.11	1,290	
	4	Yongin LP 2	43,176	2017.01	761	
	5	Yongin LP 3	43,045	2020.06	940	
	6	Icheon LP 1	47,653	2017.02	652	
	7	Icheon LP 2	33,365	2018.04	490	
	8	Icheon LP 3	18,421	2018.12	285	
	9	Icheon LP 4	49,616	2018.06	807	
	10	Icheon LP 5	84,545	2020.02	1,983	
	11	Icheon LP 6	62,195	2022.06 (est)	1,223 <sup>(1)</sup>	
	12	Pyeongtaek LP	43,212	2013.07	838	
	13	Anseong LP 1	94,949	2020.02	1,600	
	14	Anseong LP 2	154,191	2020.06	3,245	
	15	Anseong LP 3	63,471	2021.04	1,270	
	16	Anseong LP 4	26,962	2021.10 (est)	590	
	Greater Busan	17	Gimhae LP 1	25,733	2000.12	460
		18	Gimhae LP 2	39,941	2019.12	712
<b>Total</b>			<b>1,158,445</b>			