

CITI 2023 Korea Investor Conference

# ESR KendallSquare REIT (365550 KS)

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Mar 2023

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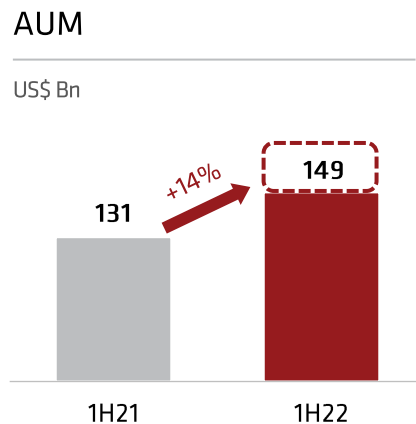
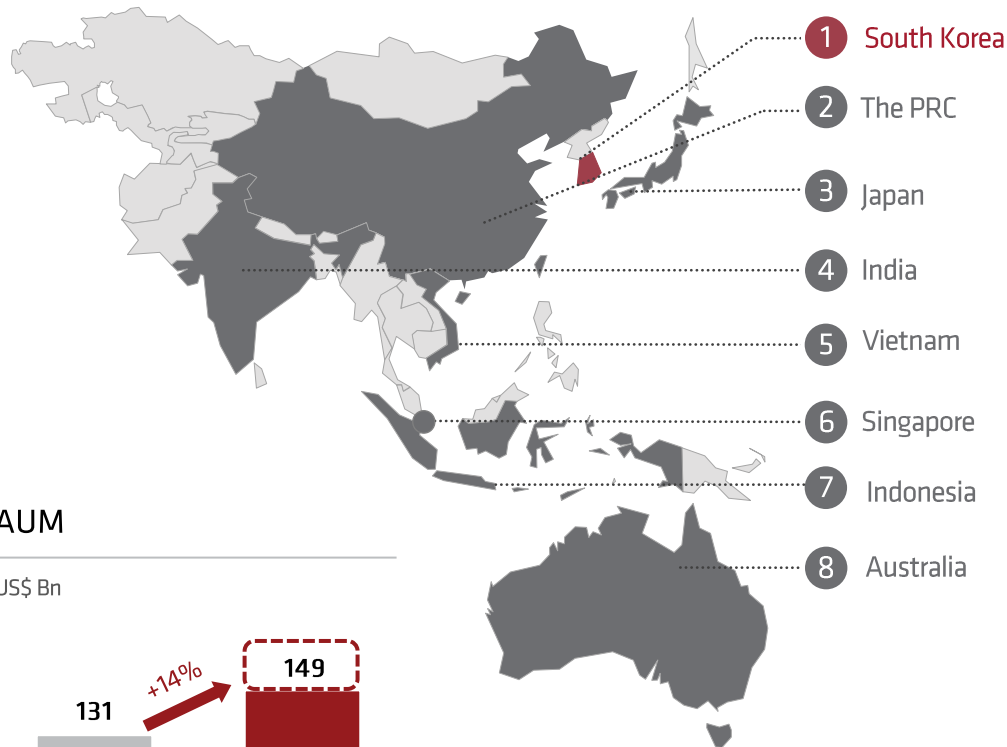
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# About ESR GROUP

+ ESR is APAC's largest real asset manager powered by the New Economy and the third largest listed real estate investment manager globally. With US\$149 billion in total assets under management (AUM), our fully integrated development and investment management platform extends across key APAC markets, including China, Japan, South Korea, Australia, Singapore, India, New Zealand and Southeast Asia, representing over 95% of GDP in APAC, and includes an expanding presence in Europe and the U.S.



### 1. South Korea Platform

- #1 largest logistics real estate GFA owner
- #1 development pipeline in the Seoul Metropolitan Area
- **US\$13.6 Bn** of AUM, **GFA 4.8 Mn** sqm

### 5. Vietnam

- US\$ 292 Mn of AUM, GFA 277,000 sqm

### 2. The PRC Platform

- E-commerce tenants
- Robust development pipeline
- Largest logistics asset portfolio
- US\$ 32 Bn of AUM, GFA 14.6 Mn sqm

### 6. Singapore Platform

- US\$14 Bn of AUM for ESR Group's portfolio with GFA 4.3 Mn sqm

### 3. Japan Platform

- Development pipeline centered in Tokyo and Greater Osaka regions
- US\$ 8.3 Bn of AUM, GFA 4.3 Mn sqm

### 7. Indonesia Platform

- US\$861 Mn of AUM, GFA 795,000 sqm

### 4. India Platform

- Quickly emerged as one of the leading logistics developers in India
- US\$1.6 Bn of AUM
- Over 2 Mn sqm GFA with business agreements signed since 2017

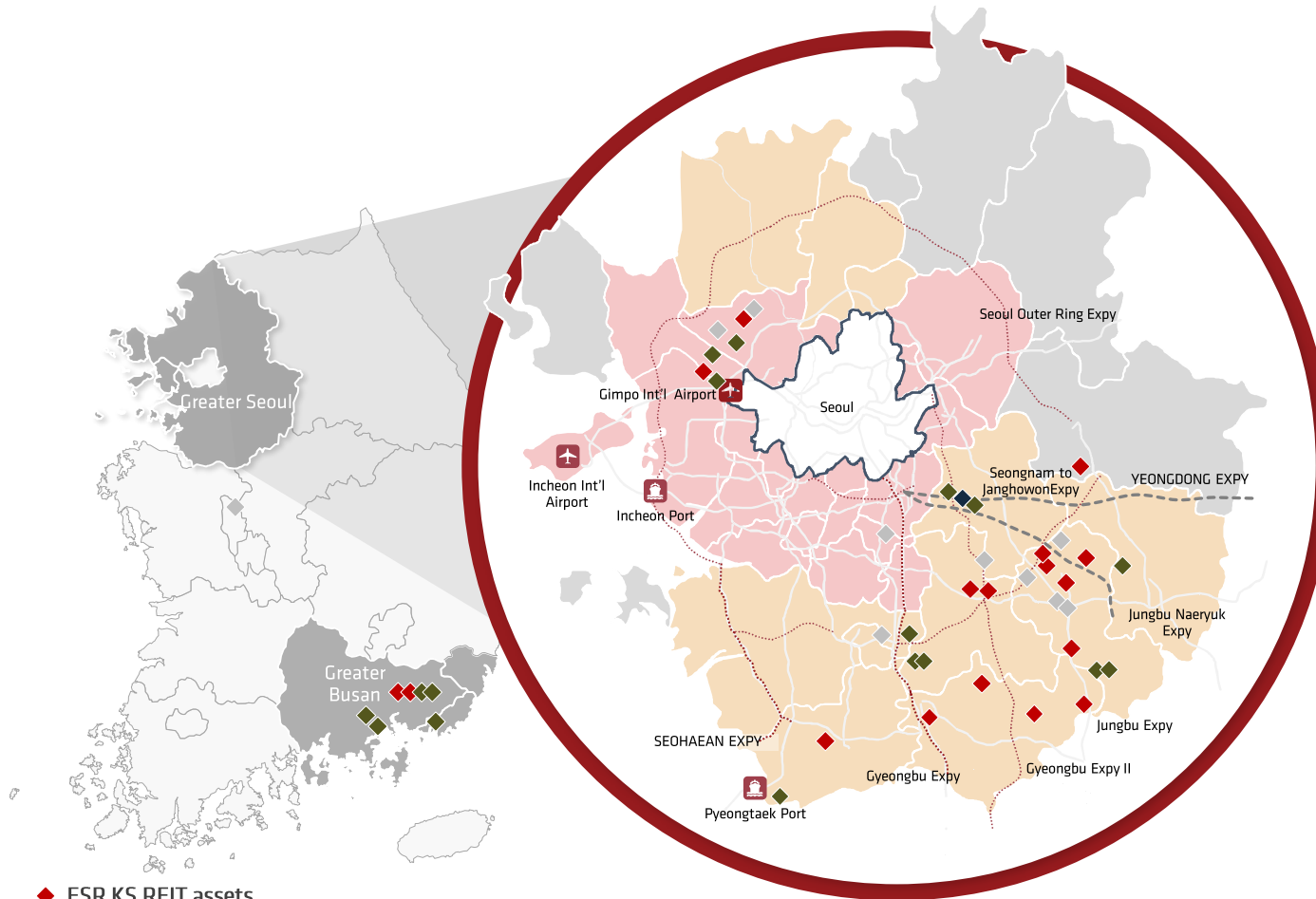
### 8. Australia Platform

- US\$ 19 Bn of AUM, GFA 8.6 Mn sqm
- Largest shareholder of Centuria, which has US\$6.5 Bn of AUM

Notes: Source from ESR Group 1H2022 Interim report

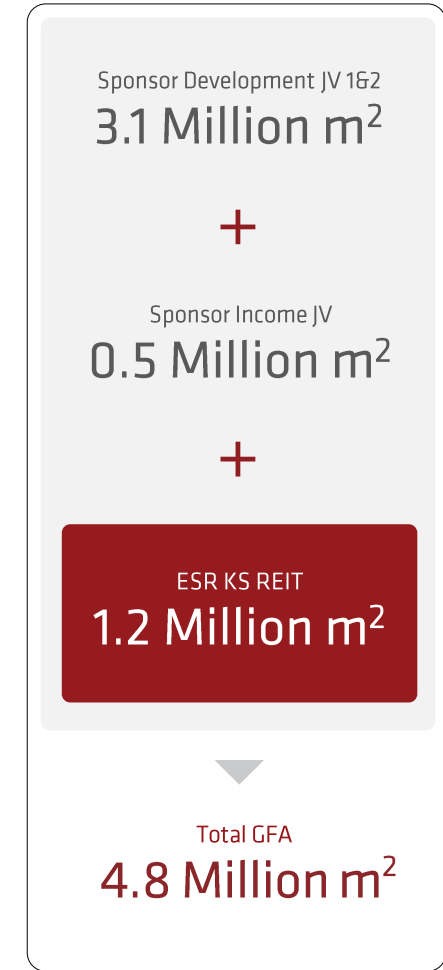
# ESR Kendall Square – Korea’s No.1 Real Estate Platform as a Sponsor

+ ESR Kendall Square is the leading developer and operator of logistics real estate in Korea. ESR KS services encompass site selection, regulatory affairs (permit), design, finance, construction supervision, and operation and asset management for modern logistics centers..



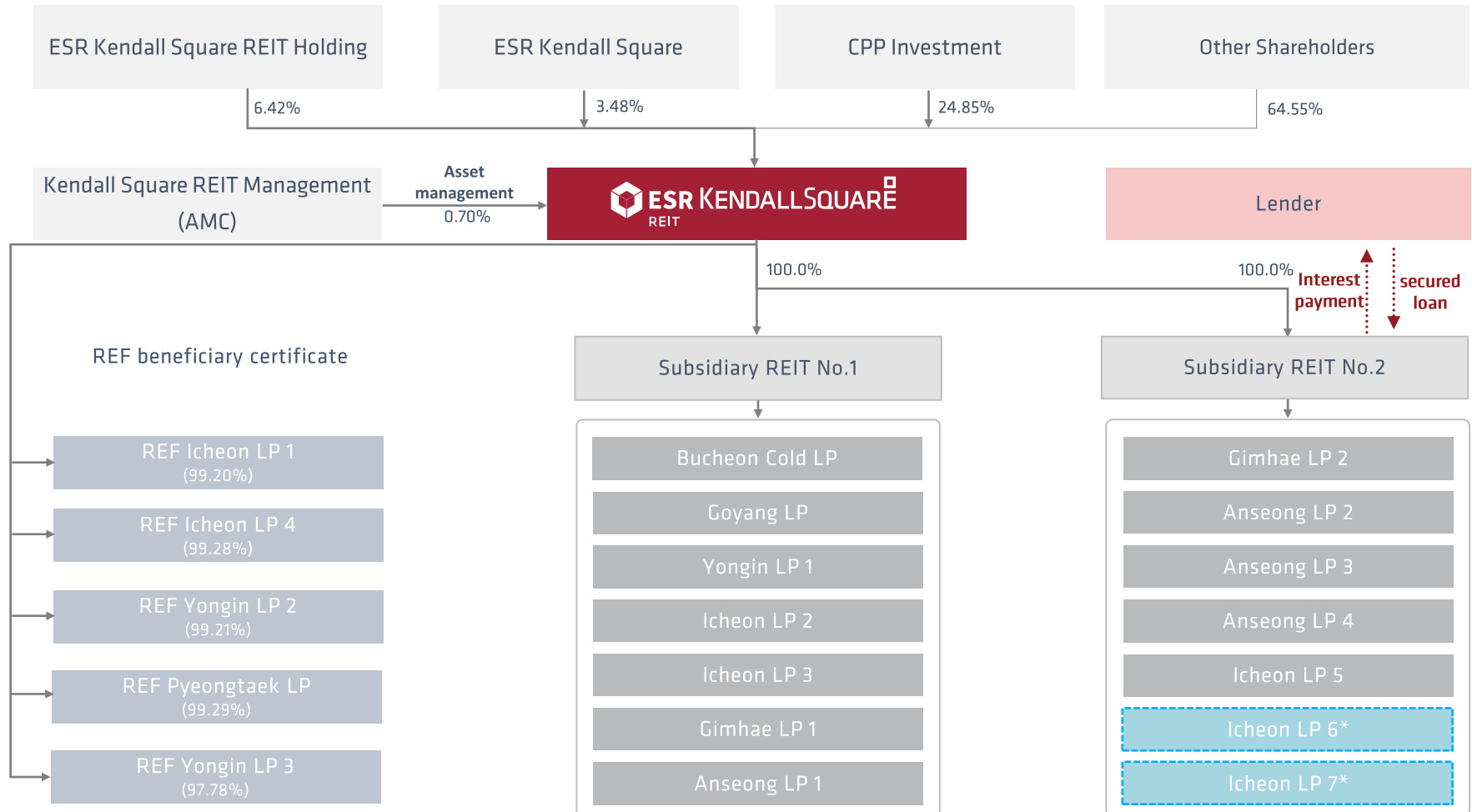
- ◆ ESR KS REIT assets
- ◆ Development assets
- ◆ Income assets

Notes: As of the end of November 2022 business plan



# ESR KendallSquare REIT - Investment Structure

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

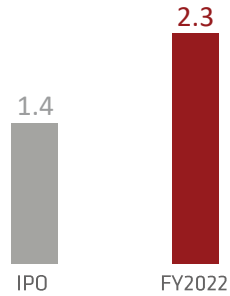


Note : Shareholder composition as of November 30, 2022  
 \*Icheon LP 6,7 are expected to be acquired in 2023

# 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)



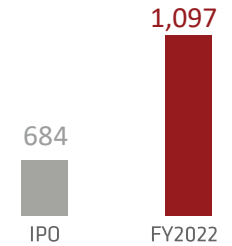
## Occupancy Rate



**100%**  
As of November 30, 2022

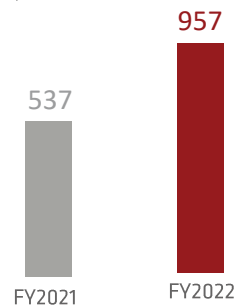
## GFA

(Unit: 1000 m<sup>2</sup>)



## 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 Assets

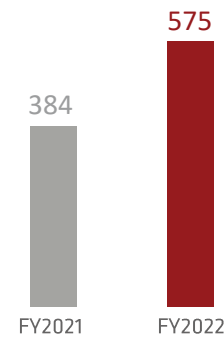
(As of November 30, 2022)

**19**assets

Icheon LP 6,7 are expected to be acquired in 2023

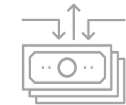
## Total Dividend Amount

(Unit: KRW 100 million)



## DPS

(Unit: KRW)



**270**

Annualized dividend per share in FY2022

## Dividend Yield

(Unit: KRW)

**6.70%**

Annualized dividend per share as of 2022  
Based on closing price as of November 30, 2022

# ESR KendallSquare REIT – FY2022 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

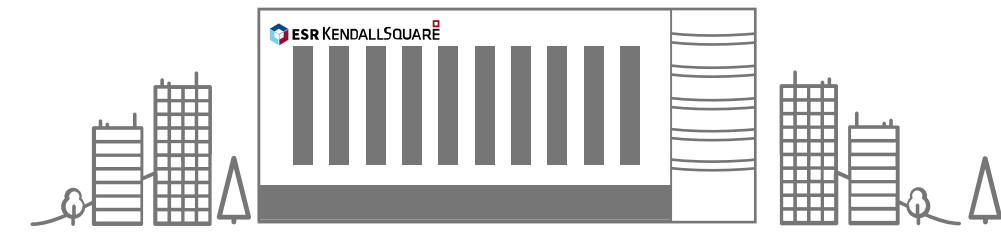
GFA of certified assets /  
Total GFA of completed assets

## LTV

(Unit: %)

# 54.5%

As of November 30, 2022  
Long-term borrowings / Investment properties



## ESG Achievement



G R E S B  
★★★★ 2022

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.



# Portfolio Details – High Quality Assets at Prime Locations

- + Our portfolio comprises of 19 A-grade logistics centers, with a combined GFA of over 1 million sqm
- + ESR KendallSquare REIT’s competitive advantages include prime locations, high-quality tenants in high-growth sectors, and cutting-edge assets



- ◆ Subsidiary REIT No. 1 Asset
- ◆ Subsidiary REIT No. 2 Asset
- ◆ Beneficiary Securities Assets

\* In 2023, we plan to acquire Icheon LP 6,7 and have received letters of comfort from prospective tenants for the release agreement

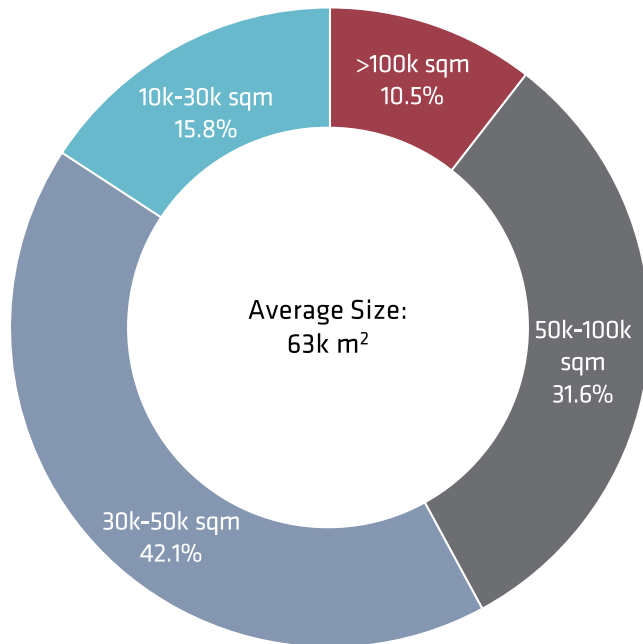
Region	#	Assets	GFA (m <sup>2</sup> )	Completion Date	Occupancy rate	Tenants Sector
Infill Market	1	Bucheon LP	58,264	2019.07	100%	E-Commerce
	2	Goyang LP	199,678	2019.01	100%	E-Commerce
	3	Yongin LP 1	70,028	2017.11	100%	3PL/Retail
	4	Yongin LP 2	43,176	2017.01	100%	3PL
	5	Yongin LP 3	43,045	2020.06	100%	3PL
	6	Icheon LP 1	47,653	2017.02	100%	Retail
	7	Icheon LP 2	33,365	2018.04	100%	3PL
	8	Icheon LP 3	18,421	2018.12	100%	3PL/Retail
	9	Icheon LP 4	49,616	2018.06	100%	Retail
	10	Icheon LP 5	84,545	2020.02	100%	Retail
	11	Icheon LP 6*	62,195	2023.01	100%	3PL
Suburban Market	12	Icheon LP 7*	46,041	2023.05(E)	100%	3PL
	13	Pyeongtaek LP	43,212	2012.08 2017.05	99.9%	Retail
	14	Anseong LP 1	95,265	2020.02	100%	E-Commerce
	15	Anseong LP 2	154,990	2020.06	100%	E-Commerce
	16	Anseong LP 3	63,471	2021.04	100%	E-Commerce
	17	Anseong LP 4	27,040	2021.11	100%	3PL
	18	Gimhae LP 1	25,733	2000.12	100%	3PL/Retail
	19	Gimhae LP 2	39,941	2019.12	100%	E-Commerce
Greater Busan						
Total			1,205,679			

# Portfolio Details – High Quality Assets at Prime Locations

+ Portfolio assets are large-scale properties with top modern specifications

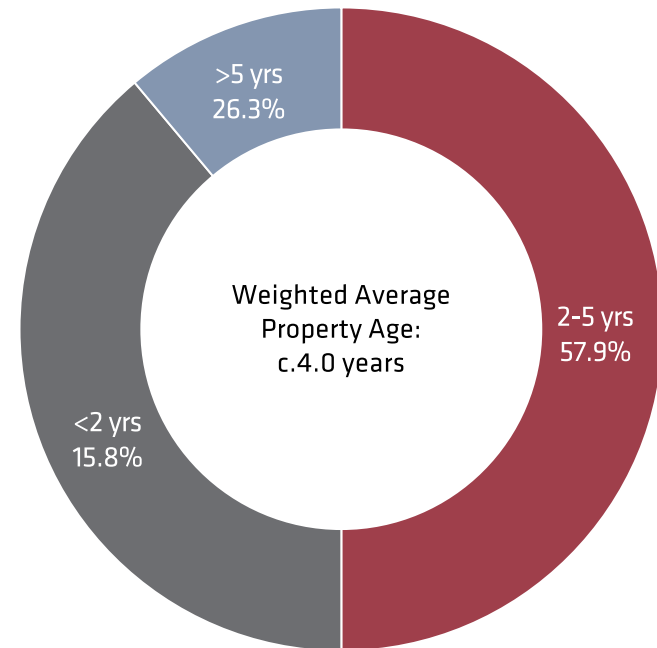
## Focused on Large Scale Properties

By GFA



## Comprising New Properties

By Completion year

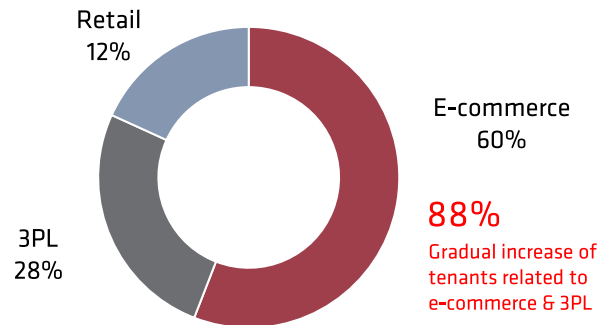


Notes: as of the end of February 2022, Including additional assets planned for acquisition

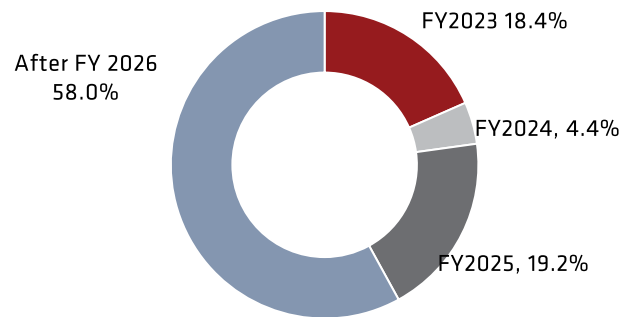
# Diversified Tenant Base and Stable Lease Agreements

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

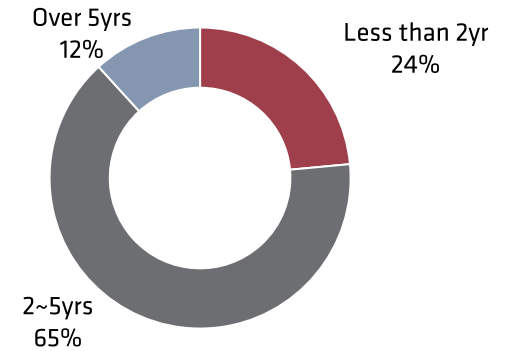
Diversified tenant portfolio <sup>(1)</sup>



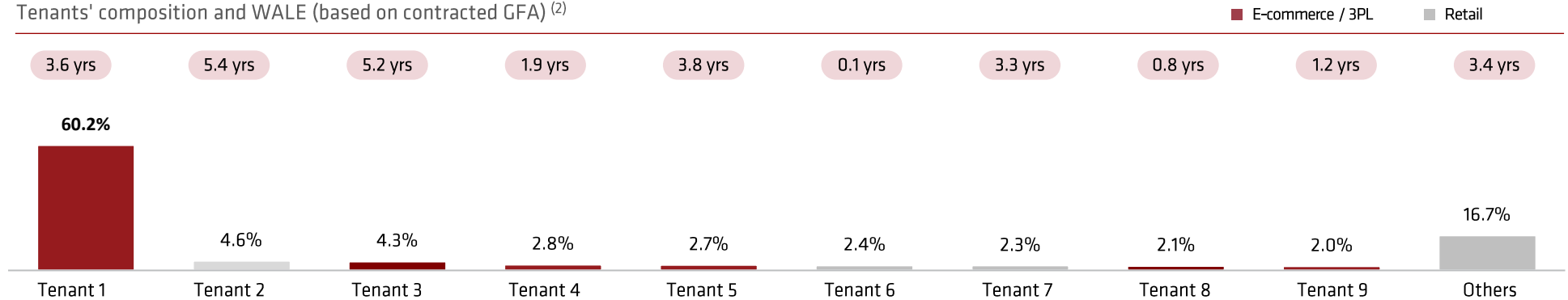
Expected Rent expiry



WALE of 17 Assets



Tenants' composition and WALE (based on contracted GFA) <sup>(2)</sup>



Notes: as of the end of February 2022

(1) Including additional assets planned for acquisition

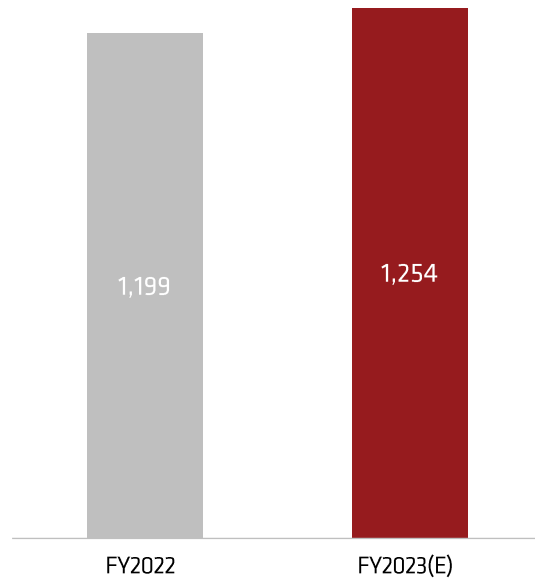
(2) Calculated as WALE by contracted GFA as of the end of Feb 2022

# Financial Highlights

- + We expect stable cash flow generation from the 17 stabilized assets
- + Average built-in rental escalations of 1~4% every 2 years, average 1.5% per annum

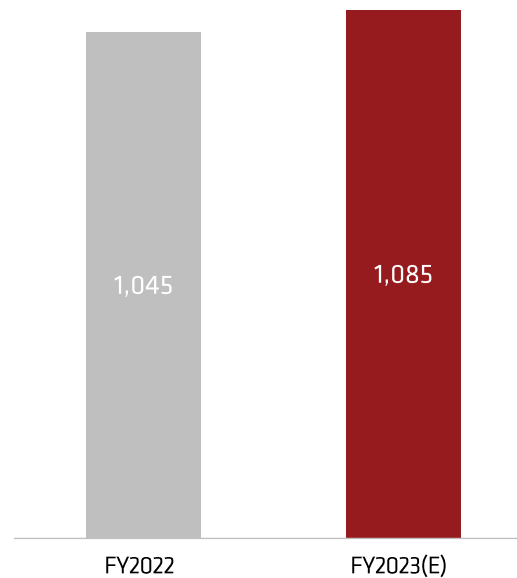
## Effective Gross Revenue\* (1)

unit: KRW 100 mn



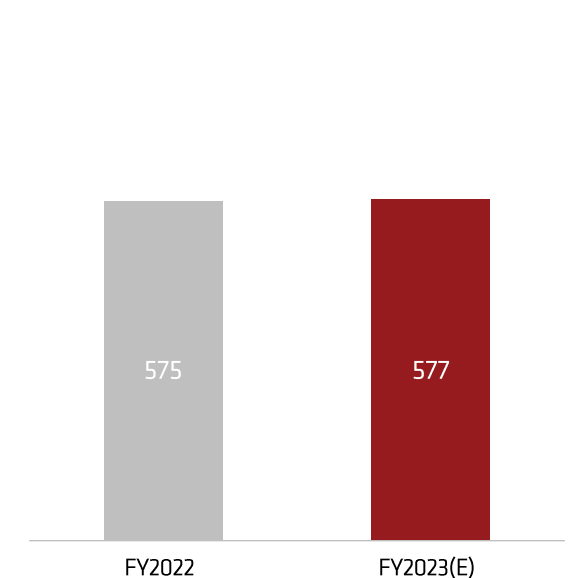
## Net Operating Income(NOI)\* (2)

unit: KRW 100 mn



## Profit Available for Dividend Payout(3)

unit: KRW 100 mn



Note:

\*These 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. .  
Based on business plan as of the end of November 2022, FY6 figures and the forecasted FY7 figures are being considered in the estimation of the FY2023

1) Includes rent, CAM and other incomes

2) Includes PM, FM, utility, insurance and tax expenses

3) Estimated profit available for dividend includes the conversion of capital surplus

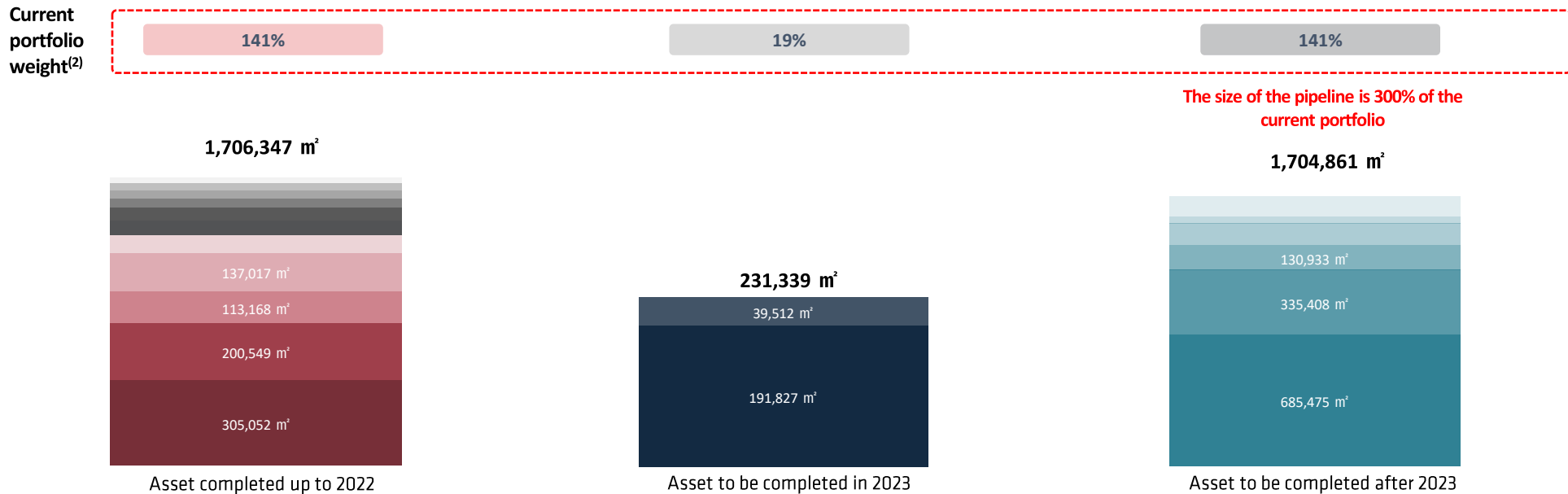
# Sponsor-backed Market-dominant Pipeline

+ With rising restrictions for new logistic developments at prime locations, ESR Kendall Square has already secured distinctive competitiveness and robust future growth engine based on 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 in obtaining permits  |
| <b>2</b> | Difficult 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<sup>(1)</sup>



Notes:  
 (1) Acquisition is subject to change depending on portfolio performance (a firm contract yet to be signed)  
 (2) Based on GFA compared to 19 assets

## Appendix – Long-term Borrowing details

- + All current outstanding debt are senior bank loans borrowed at a fixed rate → Maturity: 2023 (KRW 405bn @2.55%) / 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

Investment type	Financial Institution	Annual interest rate (%)	Maturity date	Amount
Subsidiary REIT No. 1	H General Insurance	2.22	2023-12-14	50,000
	C Bank	2.22	2023-12-14	50,000
	S Bank	2.22	2023-12-14	50,000
	B Bank	2.22	2023-12-14	105,000
	B Bank	2.5	2025-12-14	155,500
	N Life Insurance	2.5	2025-12-14	40,000
	B Bank	2.5	2025-12-14	28,700
	H General Insurance	2.5	2025-12-14	50,000
	N Life Insurance	2.5	2025-12-14	40,000
	T Life Insurance	2.5	2025-12-14	50,000
Subsidiary REIT No. 2	K Insurance	2.5	2024-11-30	34,300
	K Bank	2.5	2024-12-20	32,751
	K Insurance	2.5	2024-12-20	9,049
	K Bank	2.5	2024-12-20	147,225
	K Insurance	2.5	2024-12-20	40,675
	K Bank	2.5	2024-12-20	57,824
	K Insurance	2.5	2024-12-20	15,976
REF	K Bank	2.7	2026-12-20	114,500
	D Bank	2.22	2023-12-11	28,000
	D Bank	2.22	2023-12-11	40,787
	D Bank	2.22	2023-12-11	38,000
	D Bank	2.22	2023-12-11	42,700
Total	S Bank	3.36	2025-07-09	70,500
		Avg. 2.48%		1,291,487