

ESR Kendall Square REIT Co., Ltd.
and Subsidiary

Consolidated Interim Financial Statements

**For the three-month period ended February 28, 2021
with Report on Review of Interim Financial Statements**

ESR Kendall Square REIT Co., Ltd. and Subsidiary

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February 28, 2021

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Report on Review of Interim Financial Statements
(English Translation of a Report Originally Issued in Korean)

To the Shareholders and the Board of Directors of ESR Kendall Square REIT Co., Ltd.:

Report on the Interim Condensed Financial Statements

We have reviewed the accompanying consolidated interim financial statements of ESR Kendall Square REIT Co., Ltd. and its subsidiary (collectively referred to as the “Group”). These financial statements consist of the consolidated interim statement of financial position of the Group as at February 28, 2021, and the related consolidated interim statements of comprehensive income, changes in equity and cash flows for the three-month period ended February 28, 2021, and a summary of significant accounting policies and other explanatory notes, expressed in Korean won.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated interim financial statements in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (Korean IFRS) 1034 Interim Financial Reporting, and for such internal control as management determines is necessary to enable the preparation of consolidated interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to issue a report on these consolidated interim financial statements based on our review.

We conducted our review in accordance with quarterly or semi-annual review standards established by the Securities and Futures Commission of the Republic of Korea. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Korean Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe the accompanying consolidated interim financial statements are not presented fairly, in all material respects, in accordance with Korean IFRS 1034 *Interim Financial Reporting*.

Emphasis of Matter

Without modifying our conclusion, we draw attention to Note 3 to the consolidated interim financial statements which describes uncertainty relating to the impact of Coronavirus Disease 19 (“COVID-19”) on the Group’s production capacity, its ability to perform orders from customers, and others. Our opinion is not modified with respect to this matter.

Other Matters

The consolidated interim statements of comprehensive income, changes in equity and cash flows for the three-month period ended August 31, 2020, presented herein for comparative purposes, were not reviewed.

The consolidated statement of financial position as at November 30, 2020, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, not presented herein, were audited by another auditor who expressed an unqualified opinion in accordance with Korean Standards on Auditing on December 15, 2020. The consolidated statement of financial position as at November 30, 2020, presented herein for comparative purposes, is consistent, in all material respects, with the above audited statement of financial position as at November 30, 2020.

Review standards and their application in practice vary among countries. The procedures and practices used in the Republic of Korea to review such financial statements may differ from those generally accepted and applied in other countries.

April 13, 2021

This report is effective as of April 13, 2021, the review report date. Certain subsequent events or circumstances, which may occur between the review report date and the time of reading this report, could have a material impact on the accompanying consolidated interim financial statements and notes thereto. Accordingly, the readers of the review report should understand that there is a possibility that the above review report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

ESR Kendall Square REIT Co., Ltd. and Subsidiary

Consolidated Interim Financial Statements for the three-month periods ended February 28, 2021 and August 31, 2020

“The accompanying consolidated interim financial statements, including all footnotes and disclosures, has been prepared by, and are the responsibility of, the Group.”

Rae-Ik Park
Chief Executive Officer
ESR Kendall Square REIT Co., Ltd.

(Address) 35 Three IFC, 10 Gukjegeumyung-Ro Yeongdeungpo-Gu, Seoul, Republic of Korea
(Contact) 02-6205-0468

ESR Kendall Square REIT Co., Ltd. and Subsidiary
Consolidated Interim Statements of Financial Position
As at February 28, 2021 and November 30, 2020

<i>(In won)</i>	<u>Note</u>	<u>February 28, 2021</u>	<u>November 30, 2020</u>
Assets			
Current assets			
Cash and cash equivalents	4,22,23	₩ 16,414,827,235	358,278,355,762
Other financial assets	6,22,23	3,208,847,693	501,205
Other current assets	7	673,049,224	-
Current tax assets		7,870,660	916,710
Non-current assets			
Long-term financial assets	5,22,23	21,373,453,740	-
Investments in associates	8	158,255,555,520	-
Investment properties	9	978,946,385,784	-
Intangible assets	10	4,058,026	4,058,026
Other non-current assets	6,22,23	643,300,000	-
Total assets		₩ 1,179,527,347,882	358,283,831,703
Liabilities			
Current liabilities			
Other financial liabilities	11,22,23	₩ 6,300,260,545	375,746,057
Financial liabilities measured at FVTPL	12,23	-	118,660,328,000
Other current liabilities	13	3,742,438,032	-
Non-current liabilities			
Long-term borrowings	14,22	446,011,807,763	-
Other non-current financial liabilities	11,22,23	19,700,657,621	-
Total liabilities		475,755,163,961	119,036,074,057
Equity			
Capital stock	1,15	143,259,000,000	48,200,000,000
Share premium	15	541,850,342,670	192,541,961,760
Retained earnings (deficit)	16	18,662,841,251	(1,494,204,114)
Equity attributable to owners of the parent company		703,772,183,921	239,247,757,646
Non-controlling interests		-	-
Total equity		703,772,183,921	239,247,757,646
Total equity and liabilities		₩ 1,179,527,347,882	358,283,831,703

Above consolidated interim statements of financial position should be read in conjunction with the accompanying notes.

ESR Kendall Square REIT Co., Ltd. and Subsidiary
Consolidated Interim Statements of Comprehensive Income
For the three-month periods ended February 28, 2021 and August 31, 2020

<i>(In won)</i>	<u>Note</u>	<u>February 28, 2021</u>	<u>August 31, 2020</u> <u>(Unreviewed)</u>
Operating revenues	19	₩ 10,976,258,799	-
Operating expenses	20	10,220,420,827	195,317,350
Operating profit(loss)		<u>755,837,972</u>	<u>(195,317,350)</u>
Non-operating income			
Financial income	21	730,091,866	3,468,727
Other income		43	10,000
Gains on investments accounted for using equity method	8	<u>17,540,784</u>	-
		<u>747,632,693</u>	<u>3,478,727</u>
Non-operation expense			
Financial expenses	21	3,004,425,289	-
Other expenses		<u>11</u>	-
		<u>3,004,425,300</u>	-
Losses before income tax expenses		<u>(1,500,954,635)</u>	<u>(191,838,623)</u>
Income tax expenses	17	-	-
Losses for the period		<u>₩ (1,500,954,635)</u>	<u>(191,838,623)</u>
Owners of the parent company		(1,500,954,635)	(191,838,623)
Non-controlling interests		-	-
Other comprehensive losses		-	-
Total comprehensive losses for the period		<u>₩ (1,500,954,635)</u>	<u>(191,838,623)</u>
Controlling interests		(1,500,954,635)	(191,838,623)
Non-controlling interests		-	-
Earnings per share			
Basic and diluted earnings per share	18	<u>₩ (11)</u>	<u>(213)</u>

Above consolidated interim statements of comprehensive income should be read in conjunction with the accompanying notes.

ESR Kendall Square REIT Co., Ltd. and Subsidiary
Consolidated Interim Statements of Changes in Equity
For the three-month periods ended February 28, 2021 and August 31, 2020

	Equity attributable to equity holders of the parent company			Non- controlling interests	Total Equity
	Capital stock	Other paid-in capital	Retained earnings		
<i>(In won)</i>					
Balance at June 1, 2020 (Unreviewed)	₩ 900,000,000	3,592,289,000	(125,133,733)	-	4,367,155,267
Loss for the period	-	-	(191,838,623)	-	(191,838,623)
Balance at August 31, 2020 (Unreviewed)	<u>900,000,000</u>	<u>3,592,289,000</u>	<u>(316,972,356)</u>	-	<u>4,175,316,644</u>
Balance at December 1, 2020	₩ 48,200,000,000	192,541,961,760	(1,494,204,114)	-	239,247,757,646
Increase in issued capital	71,459,000,000	277,064,431,350	-	-	348,523,431,350
Conversion of convertible bonds	23,600,000,000	93,901,949,560	-	-	117,501,949,560
Deficit recovery	-	(21,658,000,000)	21,658,000,000	-	-
Losses for the period	-	-	(1,500,954,635)	-	(1,500,954,635)
Balance at February 28, 2021	<u>143,259,000,000</u>	<u>541,850,342,670</u>	<u>18,662,841,251</u>	-	<u>703,772,183,921</u>

Above consolidated interim statements of changes in equity should be read in conjunction with the accompanying notes.

ESR Kendall Square REIT Co., Ltd. and Subsidiary
Consolidated Interim Statements of Cash Flows
For the three-month periods ended February 28, 2021 and August 31, 2020

<i>(In won)</i>	<u>Note</u>	<u>February 28, 2021</u>	<u>August 31, 2020</u> <u>(Unreviewed)</u>
Cash flows from operating activities:			
1. Cash flows from operating activities	₩	558,386,724	(179,563,950)
Losses before income tax expenses		(1,500,954,635)	(191,838,623)
Adjustments for:		4,843,466,740	(3,468,727)
Depreciation		2,691,163,403	-
Interest expenses		3,004,425,289	-
Interest income		(69,763,866)	(3,468,727)
Dividend income		(112,876)	-
Other income		(104,376,426)	-
Gains on valuation of financial liabilities measured at FVTPL		(660,328,000)	-
Gains on valuation using equity method		(17,540,784)	-
Changes in operating assets and liabilities:		(2,784,125,381)	15,743,400
Increase in advanced payment		-	(3,750,000)
Increase in other receivables		(2,933,013,692)	-
Increase in accrued income		(250,614,488)	-
Increase in prepaid expenses		(673,049,224)	-
Decrease in prepaid value added tax		-	11,769,400
Increase in other payables		755,787,106	7,724,000
Increase in withholdings		3,260,796	-
Increase in value added tax withholdings		313,504,121	-
2. Interest received		45,045,558	3,468,727
3. Income taxes paid		(6,953,950)	(534,180)
4. Interest paid		(2,227,927,932)	-
5. Dividends received		112,876	-
Net cash outflow from operating activities		<u>(1,631,336,724)</u>	<u>(176,629,403)</u>
Cash flows from investing activities:			
1. Cash inflows from investing activities	₩	-	-
2. Cash outflows from investing activities		(1,161,892,317,663)	-
Increase in long-term financial assets		(21,373,453,740)	-
Acquisition of investments in associates		(158,238,014,736)	-
Acquisition of investment properties (Land)		(343,796,871,884)	-
Acquisition of investment properties (Building)		(637,840,677,303)	-
Increase in other deposits		(643,300,000)	-
Net cash outflow from investing activities		<u>(1,161,892,317,663)</u>	<u>-</u>
Cash flows from financing activities:			
1. Cash inflows from financing activities	₩	883,058,176,300	-
Issuance of common shares		348,523,431,350	-
Increase in long-term borrowings		511,400,000,000	-
Increase in leasehold deposits received		23,134,744,950	-
2. Cash outflows from financing activities		(61,398,050,440)	-
Conversion of convertible bonds		(498,050,440)	-
Repayment for current portion of long-term borrowings		(60,900,000,000)	-
Net cash inflow from financing activities		<u>821,660,125,860</u>	<u>-</u>
Net decrease in cash and cash equivalents	₩	(341,863,528,527)	(176,629,403)
Cash and cash equivalents at the beginning of the period		358,278,355,762	4,354,097,597
Cash and cash equivalents at the end of the period	₩	<u>16,414,827,235</u>	<u>4,177,468,194</u>

Above consolidated interim statements of cash flows should be read in conjunction with the accompanying notes.

ESR Kendall Square REIT Co., Ltd. and Subsidiary
Notes to the Consolidated Interim Financial Statements
For the three-month period ended February 28, 2021 and August 31, 2020 (Unreviewed)

1. General Information

In accordance with Korean IFRS 1110 *Consolidated Financial Statements*, the consolidated financial statements were prepared for ESR Kendall Square REIT Co., Ltd. (the “Parent company” or the “Company”) and its subsidiary, ESR Kendall Square Asset 1st REIT Co., Ltd. (collectively referred to as the “Group”).

(1) Parent Company

ESR Kendall Square REIT Co., Ltd. was established on February 20, 2020 under the Real Estate Investment Companies Act of the Republic of Korea. The Company obtained approval of the business authorization from the Ministry of Land, Infrastructure and Transport of the Republic of Korea on August 24, 2020 and has obtained a change to the authorization as at October 19, 2020. The Company is mainly engaged in providing its shareholder with returns earned from investing and managing investment properties, including real estate acquisition, maintenance, improvement and disposal, development, and trade of real estate lease securities. The Company’s head office is located on the 35th floor, Gukjegeumyung-ro 10, Yeongdeungpo-Gu, Seoul.

The Parent Company’s major shareholders and their respective shareholdings as at February 28, 2021 are as follows:

Shareholders	Number of shares	Ownership (%)
CPP Investment Board Real Estate Holdings Inc.	35,600,000	24.85
ESR Kendall Square REIT Holding Pte. Ltd.	9,200,000	6.42
Igis REITs Portfolio 1st Co., Ltd.	6,000,000	4.19
ESR Kendall Square Co., Ltd.	4,000,000	2.79
Koramco IPO scheduled Reits 13th Co., Ltd.	4,000,000	2.79
The Military Mutual Aid Association	4,000,000	2.79
Korean Reinsurance Company	4,000,000	2.79
IBK (INDUSTRIAL BANK OF KOREA)	3,000,000	2.09
Fine Value IPO Plus 1st Co., Ltd.	1,000,000	0.70
ESR Kendall Square REIT Management Co., Ltd.	1,000,000	0.70
Others	71,459,000	49.89
	143,259,000	100.00

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Notes to the Consolidated Interim Financial Statements
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1. General Information, continued

(2) Subsidiary

1) Details of subsidiary

Details of subsidiary during the periods ended February 28, 2021 and November 30, 2020 are as follows:

	County of domicile	Business Type	Ownership (%)	
			February 28, 2021	November 30, 2020
ESR Kendall Square Asset 1st REIT Co., Ltd.	Korea	Real Estate	100	100

2) Financial information of subsidiary

(a) Financial information of subsidiary as at and for the period ended February 28, 2021 is as follows:

(In thousands of won)

Company	Assets	Liabilities	Equity	Revenue	Profit for the period	Total comprehensive income (loss)
ESR Kendall Square Asset 1st REIT Co., Ltd.	₩ 1,012,851,502	475,712,384	537,139,118	10,976,146	3,444,163	3,444,163

ESR Kendall Square REIT Co., Ltd. and Subsidiary
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2. Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated interim financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

2.1 Basis of preparation

The Group maintains its accounting records in Korean won and prepares statutory financial statements in the Korean language (Hangul) in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (Korean IFRS). The accompanying consolidated interim financial statements have been condensed, restructured and translated into English from the Korean language financial statements.

The Group's condensed consolidated interim financial statements for the three-month period ended February 28, 2021, have been prepared in accordance with Korean IFRS 1034 Interim Financial Reporting. These condensed consolidated interim financial statements have been prepared in accordance with Korean IFRS which is effective or early adopted as at February 28, 2021.

2.1.1 New and amended standard adopted by the Group

The Group has applied the following standards for the first time for their annual reporting period commencing December 1, 2020.

- Amendments to Korean IFRS 1001 Presentation of Financial Statements and Korean IFRS 1008 Accounting policies, changes in accounting estimates and errors – Definition of Material

The amendments clarify the explanation of the definition of material and amended Korean IFRS 1001 and Korean IFRS 1008 in accordance with the clarified definitions. Materiality is assessed by reference to omission or misstatement of material information as well as effects of immaterial information, and to the nature of the users when determining the information to be disclosed by the Group. The amendment does not have a significant impact on the consolidated interim financial statements.

- Amendments to Korean IFRS 1103 Business Combination – Definition of a Business

To consider the integration of the required activities and assets as a business, the amended definition of a business requires an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs and excludes economic benefits from the lower costs. An entity can apply a concentration test, an optional test, where substantially all of the fair value of gross assets acquired is concentrated in a single asset or a group of similar assets, the assets acquired would not represent a business. The amendment does not have a significant impact on the consolidated interim financial statements.

- Amendments to Korean IFRS 1109 Financial Instruments, Korean IFRS 1039 Financial Instruments: Recognition and Measurement and Korean IFRS 1107 Financial Instruments: Disclosure – Interest Rate Benchmark Reform

The amendments allow to apply the exceptions when forward-looking analysis is performed in relation the application of hedge accounting while uncertainties arising from interest rate benchmark reform exist. The exceptions require the Group assumes that the interest rate benchmark on which the hedged items and the hedging instruments are based on is not altered as a result of interest rate benchmark reform, when determining

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Notes to the consolidated financial statements

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whether the expected cash flows are highly probable, whether an economic relationship between the hedged item and the hedging instrument exists, and when assessing the hedging relationship is highly effective. The amendments do not have a significant impact on the consolidated interim financial statements.

- Amendments to Korean IFRS 1116 Lease – Practical expedient for COVID-19-Related Rent Exemption, Concessions, Suspension

The amendments introduce a practical expedient that simplifies how a lessee accounts for COVID-19 related rent concessions, and a lessee may elect not to assess whether rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications. A lease that makes this election shall account for any change in lease payments resulting from the rent concession the same way it would account for the change applying this standard if the change were not a lease modification. The amendments do not have a significant impact on the consolidated interim financial statements.

2.1.2 New and amended standards and interpretations not yet adopted by the Group

The following new accounting standards and interpretations have been published that are not mandatory for February 28, 2021 reporting periods and have not been early adopted by the Group.

- Amendments to Korean IFRS 1109 Financial Instruments, Korean IFRS 1039 Financial Instruments: Recognition and Measurement, Korean IFRS 1107 Financial Instruments: Disclosure, Korean IFRS 1104 Insurance Contracts and Korean IFRS 1116 Lease – Interest Rate Benchmark Reform

In relation to interest rate benchmark reform, the amendments provide exceptions including adjust effective interest rate instead of book amounts when interest rate benchmark of financial instruments at amortized costs is replaced, and apply hedge accounting without discontinuance although the interest rate benchmark is replaced in hedging relationship. The amendments should be applied for annual periods beginning on or after January 1, 2021, and earlier application is permitted. The Group does not expect that these amendments have a significant impact on the financial statements.

- Amendments to Korean IFRS 1103 Business Combination – Reference to the Conceptual Framework

The amendments update a reference of definition of assets and liabilities qualify for recognition in revised Conceptual Framework for Financial Reporting. However, the amendments add an exception for the recognition of liabilities and contingent liabilities within the scope of Korea IFRS 1037 Provisions, Contingent Liabilities and Contingent Assets, and Korean IFRS 2121 Levies. The amendments also confirm that contingent assets should not be recognized at the acquisition date. The amendments should be applied for annual periods beginning on or after January 1, 2022, and earlier application is permitted. The Group does not expect that these amendments have a significant impact on the financial statements.

- Amendments to Korean IFRS 1016 Property, Plant and Equipment - Proceeds before intended use

The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while the entity is preparing the asset for its intended use. Instead, the entity will recognize the proceeds from selling such items, and the costs of producing those items, in profit or loss. The amendments should be applied for annual periods beginning on or after January 1, 2022, and earlier application is permitted. The Group is in review for the impact of these amendments on the financial statements.

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- Amendments to Korean IFRS 1037 Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts: Cost of Fulfilling a Contract

The amendments clarify that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts when assessing whether the contract is onerous. The amendments should be applied for annual periods beginning on or after January 1, 2022, and earlier application is permitted. The Group does not expect that these amendments have a significant impact on the financial statements.

- Annual improvements to Korean IFRS 2018-2020

Annual improvements of Korean IFRS 2018-2020 Cycle should be applied for annual periods beginning on or after January 1, 2022, and earlier application is permitted. The Group does not expect that these amendments have a significant impact on the financial statements.

- Korean IFRS 1101 First time Adoption of Korean International Financial Reporting Standards - Subsidiary that are first-time adopters
- Korean IFRS 1109 Financial Instruments – Fees related to the 10% test for derecognition of financial liabilities
- Korean IFRS 1116 Leases – Lease incentives
- Korean IFRS 1041 Agriculture – Measuring fair value

- Amendments to Korean IFRS 1001 Presentation of Financial Statements - Classification of Liabilities as Current or Non-current

The amendments clarify that liabilities are classified as either current or non-current, depending on the substantive rights that exist at the end of the reporting period. Classification is unaffected by the likelihood that an entity will exercise right to defer settlement of the liability or the expectations of management. Also, the settlement of liability includes the transfer of the entity's own equity instruments, however, it would be excluded if an option to settle them by the entity's own equity instruments if compound financial instruments is met the definition of equity instruments and recognized separately from the liability. The amendments should be applied for annual periods beginning on or after January 1, 2023, and earlier application is permitted. The Group does not expect that these amendments have a significant impact on the financial statements.

2.2 Accounting Policies

Significant accounting policies and method of computation used in the preparation of the condensed consolidated interim financial statements are consistent with those of the consolidated financial statements for the year ended November 30, 2020, except for the changes due to the application of amendment and enactments of standards described in Note 2.1.1 and the ones described below.

2.2.1 Income Tax Expense

Income tax expense for the interim period is recognized based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate is applied to the pre-tax income.

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3. Critical Accounting Estimates and Assumptions

The preparation of financial statements requires the Group to make estimates and assumptions concerning the future. Management also needs to exercise judgement in applying the Group's accounting policies. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates may differ from the related actual results.

Significant accounting estimates and assumptions applied in the preparation of these condensed consolidated interim financial statements are the same as those applied to the consolidated financial statements for the year ended November 30, 2020, except for the estimates used to determine income tax expense.

During 2021, the spread of Coronavirus Disease 19 ("COVID-19") has an on-going material impact on domestic and foreign economy. It may have a negative impact; such as, decrease in productivity, decrease or delay in sales, collection of existing receivables and others. Accordingly, it may have an impact on the financial position and financial performance of the Group, and such impact is expected to continue on the consolidated financial statements in 2021.

Significant accounting estimates and assumptions applied in the preparation of the consolidated interim financial statements can be adjusted depending on the changes in the uncertainty from COVID-19. Also, the ultimate effect of COVID-19 to the Group's business, financial position and financial performance cannot be determined at this time.

4. Cash and cash equivalents

Cash and cash equivalents as at February 28, 2021 and November 30, 2020 are as follows:

		<i>(In thousands of Korean won)</i>	
		February 28, 2021	November 30, 2020
Bank Deposits	₩	16,414,827	358,278,356

5. Financial instruments restricted in use

Financial instruments that are restricted in use as at February 28, 2021 and November 30, 2020 are as follows:

		<i>(In thousands of Korean won)</i>	
		February 28, 2021	November 30, 2020
Long-term financial assets (*)	₩	21,373,454	-

(*) It is a pledge on the leasehold deposits as a time deposit.

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For the three-month period ended February 28, 2021 and August 31, 2020 (Unreviewed)

6. Other financial assets

Other financial assets as at February 28, 2021 and November 30, 2020 are as follows:

		<i>(In thousands of Korean won)</i>	
		February 28, 2021	November 30, 2020
Current assets:			
Other receivables	₩	2,933,014	-
Accrued income		275,834	501
		<u>3,208,848</u>	<u>501</u>
Non-current assets:			
Other leasehold deposits		643,300	-
		<u>643,300</u>	<u>-</u>

7. Other assets

Other assets as at February 28, 2021 and November 30, 2020 are as follows:

		<i>(In thousands of Korean won)</i>	
		February 28, 2021	November 30, 2020
Prepaid expenses	₩	673,049	-

8. Investments in associates

Investment in associates as at February 28, 2021 and November 30, 2020 are as follows:

	County of domicile	Ownership	Number of shares invested	Beginning balance	Acquisitions	Share of profit (loss)	Ending balance
Beneficiary certificates:							
KendallSquare Professional Investment Type Real Estate Investment Fund #6	Korea	98.84%	37,264,025,475	₩ -	37,264,026	181,103	37,445,129
KendallSquare Professional Investment Type Real Estate Investment Fund #7	Korea	99.06%	41,126,694,806	-	41,126,695	203,577	41,330,272
KendallSquare Professional Investment Type Real Estate Investment Fund #8	Korea	98.84%	37,743,009,474	-	37,743,009	(65,672)	37,677,337
KendallSquare Professional Investment Type Real Estate Investment Fund #11	Korea	99.13%	42,104,284,981	-	42,104,285	(301,467)	41,802,818
				<u>-</u>	<u>158,238,015</u>	<u>17,541</u>	<u>158,255,556</u>

The above revenue securities are classified as associates because the Group has more than 50% of their shares but has no de facto control under the Capital Markets Act and the trust agreement.

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For the three-month period ended February 28, 2021 and August 31, 2020 (Unreviewed)

9. Investment properties

Investment properties as at February 28, 2021 and November 30, 2020 are as follows:

(In thousands of Korean won)

	February 28, 2021			November 30, 2020		
	Cost	Accumulated depreciation	Book amount	Cost	Accumulated depreciation	Book amount
Land	₩ 343,796,872	-	343,796,872	-	-	-
Building	637,840,677	(2,691,163)	635,149,514	-	-	-
	<u>981,637,549</u>	<u>(2,691,163)</u>	<u>978,946,386</u>	<u>-</u>	<u>-</u>	<u>-</u>

Changes in investment properties for the periods ended February 28, 2021 and August 31, 2020 are as follows:

(In thousands of Korean won)

	February 28, 2021			August 31, 2020		
	Land	Building	Total	Land	Building	Total
Beginning balance	₩ -	-	-	-	-	-
Acquisitions/transfers	343,796,872	637,840,677	981,637,549	-	-	-
Depreciation	-	(2,691,163)	(2,691,163)	-	-	-
Ending balance	<u>343,796,872</u>	<u>635,149,514</u>	<u>978,946,386</u>	<u>-</u>	<u>-</u>	<u>-</u>

Details of acquisition for the periods ended February 28, 2021 are as follows:

(In thousands of Korean won)

	Purchase price (*)	Seller
Bucheon cold logistics park	₩ 197,000,000	Kendall square LP Bucheon cold Professional Investment Type Private Placement Real Estate Investment company
Goyang logistics park	478,000,000	Goyang PFV, Inc.
Yongin logistics park	129,000,000	Gachang Logistics Center PFV, INC.
Icheon logistics park 2	49,000,000	Kendall square Korea Logistics Professional Investment Type Private Placement Real Estate Investment Company
Icheon logistics park 3	28,500,000	Kendall square Korea Logistics Professional Investment Type Private Placement Real Estate Investment Company
Gimhae logistics park	46,000,000	Kendall square LP Gimhae Sangdong Professional Investment Type Private Placement Real Estate Investment company
	<u>927,500,000</u>	

(*) Amounts excluded the additional cost related to purchase.

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9. Investment properties, continued

Revenues and expenses related to investment properties for the periods ended February 28, 2021 and August 31, 2020 are as follows:

		<i>(In thousands of Korean won)</i>	
		February 28, 2021	August 31, 2020
Operating income (*)	₩	10,865,365	-
Operating expenses (*)		4,083,333	-

(*) Operating income consists of rental income and management income.

(*) Operating expenses consist of depreciation expenses, asset management consignment fees, asset custody consignment fees, general affairs consignment fees, and real estate consignment management fees.

Fair value of investment properties for the periods ended February 28, 2021 and August 31, 2020 are as follows:

		<i>(In millions of Korean won)</i>			
		February 28, 2021		August 31, 2020	
		Book amount	Fair value	Book amount	Fair value
Land and building	₩	978,946	932,800	-	-

Fair value assessment of investment properties are as follows:

		Details
Valuation		Pacific Appraisal Corporation
Basic date of valuation		October 15, 2020
Valuation methods		The fair value of an investment property was measured using the Yield capitalization method, Cost method and Sales comparison approach. To estimate future cash flows, some assumptions are used that are not based on observable market prices or ratios, such as rent increase rate, vacancy rates and discounts rate for future cash flows. Fair value of an investment property will increase if rent increases, and vacancy rates and discount rates fall. The Group classified the fair value measurement of an investment property as a Level 3 item within the fair value hierarchy since the Group determined that the key assumptions and estimates have significant effects on the fair value of investment property.

The fair value of investment property was determined based on an assessment performed by an external independent real estate appraiser with appropriate qualifications and experience in relation to the real estate appraisal, and there was no significant change for the periods ended February 28, 2021.

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9. Investment properties, continued

The Group has provided collateral rights for the underlying mortgage on the land and buildings and the insurance coverage rights of the property all risks insurance in relation to long-term borrowings and details are as follows:

		<i>(In thousands of Korean won)</i>	
		Contract amount	Maximum amount of bonds (120%)
Tranche A	₩	255,000,000	306,000,000
Tranche B&C		364,200,000	437,040,000

The Group subscribes to the property all risks insurance (insured amount: ₩ 413,370 million) in relation to investment property.

10. Intangible assets

Intangible assets as at February 28, 2021 and November 30, 2020 are as follows:

		<i>(In thousands of Korean won)</i>	
		February 28, 2021	November 30, 2020
Goodwill (*)	₩	4,058	4,058

(*) Recognized due to acquisition of the subsidiary during the year ended November 30, 2020.

11. Other financial liabilities

Other financial liabilities as at February 28, 2021 and November 30, 2020 are as follows:

		<i>(In thousands of Korean won)</i>	
		February 28, 2021	November 30, 2020
Other payables	₩	4,076,382	375,595
Accrued Expense		2,223,879	151
Current liabilities		6,300,261	375,746
Leasehold deposits		23,134,745	-
Discount account on present value		(3,434,087)	-
Non-current liabilities		19,700,658	-

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12. Financial liabilities measured at Fair value through profit and loss (FVTPL)

Details of financial liabilities measured at FVTPL as at February 28, 2021 and November 30, 2020 are as follows:

	Issued date	Maturity Date	Annual Interest Rate (%)	<i>(In thousands of Korean won)</i>	
				February 28, 2021	November 30, 2020
Convertible bond ₩	Oct. 27, 2020	Oct. 27, 2025	-	-	118,660,328

The convertible bond was converted to common stock due to the exercise of the conversion right for the period ended February 28, 2021.

Changes in financial liabilities measured at FVTPL for the periods ended February 28, 2021 and August 31, 2020 are as follows:

		<i>(In thousands of Korean won)</i>	
		February 28, 2021	August 31, 2020
Beginning balance	₩	118,660,328	-
Gain (Loss)		(660,328)	-
Conversion		(118,000,000)	-
Ending balance		-	-

13. Other liabilities

Other liabilities as at February 28, 2021 and November 30, 2020 are as follows:

		<i>(In thousands of Korean won)</i>	
		February 28, 2021	August 31, 2020
Withholdings	₩	3,412	-
Value added tax withholdings		313,504	-
Unearned revenue		3,425,522	-
		3,742,438	-

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14. Borrowings

Details of borrowings as at February 28, 2021 and November 30, 2020 are as follows:

				<i>(In thousands of Korean won)</i>	
	Financial institution	Annual Interest Rate (%)	Maturity Date	February 28, 2021	November 30, 2020
Tranche A (*)	Hanwha General Insurance Co., Ltd.	2.22%	December 14, 2023	₩ 50,000,000	-
	IBK (Industrial Bank of Korea)	2.22%	December 14, 2023	15,000,000	-
	IBK (Industrial Bank of Korea)	2.22%	December 14, 2023	140,000,000	-
	Bank of China	2.22%	December 14, 2023	50,000,000	-
Tranche B (*)	IBK (Industrial Bank of Korea)	2.50%	December 14, 2023	155,500,000	-
	Nong Hyup Life Insurance Co., Ltd.	2.50%	December 14, 2023	40,000,000	-
Sub total				450,500,000	-
Less: Discount account on present value				(4,488,192)	-
Total				446,011,808	-

(*) The Group provided the investment properties and leasehold deposits as collateral for the borrowing. (See Note 27)

15. Capital stock and other paid in capital

Details of capital stock as at February 28, 2021 are as follows:

<i>(In Korean won, except for number of shares)</i>				
Types of share	Total number of authorized shares	Total number of issued shares	Par value per share	Capital stock
Common Stock	2,000,000,000 shares	143,259,000 shares	1,000	143,259,000,000

Details of other paid in capital as at February 28, 2021 and November 30, 2020 are as follows:

				<i>(In thousands of Korean won)</i>	
		February 28, 2021	November 30, 2020		
Additional paid in capital	₩	541,850,343	192,541,962		

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15. Capital stock and other paid in capital, continued

Changes in capital stock for the periods ended February 28, 2021 and August 31, 2020 are as follows:

	<i>(In millions of Korean won)</i>			
	February 28, 2021		August 31, 2020	
	Number of shares	Amount	Number of shares	Amount
Beginning balance	48,200,000 ₩	48,200,000	900,000 ₩	900,000
Increase in issued capital	71,459,000	71,459,000	-	-
Conversion of convertible bonds	23,600,000	23,600,000	-	-
Ending balance	143,259,000	143,259,000	900,000	900,000

16. Retained earnings (Deficits)

Details of retained earnings (deficits) as at February 28, 2021 and November 30, 2020 are as follows:

	<i>(In thousands of Korean won)</i>	
	February 28, 2021	November 30, 2020
Retained earnings (Deficits)	₩ 18,662,841	(1,494,204)

Changes in retained earnings (deficits) for the periods ended February 28, 2021 and August 31, 2020 are as follows:

	<i>(In millions of Korean won)</i>	
	February 28, 2021	August 31, 2020
Beginning balance	₩ (1,494,204)	(125,134)
Deficit recovery	21,658,000	-
Net losses for the period	(1,500,955)	(191,839)
Ending balance	18,662,841	(316,972)

17. Income tax expense

Income tax expense is the sum of income tax calculated at the amount expected to be paid to the taxation authorities under the Corporate Tax Laws and adding or subtracting the changes in deferred tax in the current period.

Under the Article 51-2 of Corporate Tax Law of the Republic of Korea, Income Deduction for Special Purpose Companies, etc., if the Group pay-outs 90% and more of its profit available for dividends as dividends, the Group shall be entitled to deduct such amount from its taxable income for the fiscal year. Since there was no corporate tax to be paid, the Group has not recognized any income tax expenses.

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18. Earnings (losses) per share

(1) Earnings (losses) per share for the periods ended February 28, 2021 and August 31, 2020 are as follows:

		<i>(In Korean won)</i>	
		February 28, 2021	August 31, 2020
Net loss attributable to controlling interests	₩	(1,500,954,635)	(191,838,623)
Weighted average number of common shares outstanding		133,490,878 shares	900,000 shares
Basic earnings (losses) per share		(11)	(213)

Weighted average number of common shares outstanding for the periods ended February 28, 2021 and August 31, 2020 are calculated as follows:

① February 28, 2021

		<i>(In shares)</i>	
		Accumulated	Accumulated
	Number of shares	number of days	number of common shares outstanding
Beginning	48,200,000	9 days	433,800,000
Increase in issued capital	119,659,000	1 days	119,659,000
Conversion of convertible bonds	143,259,000	80 days	11,460,720,000
Weighted average number of common shares outstanding			133,490,878

② August 31, 2020

		<i>(In shares)</i>	
		Accumulated	Accumulated
	Number of shares	number of days	number of common shares outstanding
Beginning	900,000	102 days	91,800,000
Weighted average number of common shares outstanding			900,000

(2) Diluted earnings per share

As there were no common shares issued for the period ended February 28, 2021, the basic earnings per share are identical to the diluted earnings per share.

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19. Operating income

Operating income for the periods ended February 28, 2021 and August 31, 2020 are as follows:

		<i>(In thousands of Korean won)</i>	
		February 28, 2021	August 31, 2020
Rental income	₩	10,608,562	-
Management income		256,803	-
Other income		110,781	-
Dividend income		113	-
		<u>10,976,259</u>	<u>-</u>

20. Operating expenses

Operating expenses for the periods ended February 28, 2021 and August 31, 2020 are as follows:

		<i>(In thousands of Korean won)</i>	
		February 28, 2021	August 31, 2020
Asset management consignment fees	₩	3,565,209	-
Other fees		3,315,209	195,317
Depreciation expenses		2,691,163	-
Real estate management consignment fees		324,015	-
Insurance expenses		162,295	-
Rental brokerage fees		60,733	-
Salaries		39,000	-
General affairs consignment fees		32,581	-
Asset custody consignment fees		21,204	-
Taxes and due		3,730	-
Deemed rent		2,874	-
Utilities expenses		2,408	-
		<u>10,220,421</u>	<u>195,317</u>

21. Financial income and expenses

Financial income and expenses for the periods ended February 28, 2021 and August 31, 2020 are as follows:

		<i>(In thousands of Korean won)</i>	
		February 28, 2021	August 31, 2020
Financial income:			
Interest income	₩	69,764	3,469
Gain on valuation of financial liabilities at FVTPL		660,328	-
		<u>730,092</u>	<u>3,469</u>
Financial expenses:			
Interest expenses	₩	3,004,425	-

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22. Financial Risk Management

(1) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so the Group can continue to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. The Group adopted debt-to-equity ratio for the capital management index, which is calculated by dividing total liabilities over total capital.

Debt-to-equity ratio as at February 28, 2021 and November 30, 2020 are as follows:

		February 28, 2021	November 30, 2020
		<i>(In thousands of Korean won)</i>	
Liabilities	₩	475,755,164	119,036,074
Equity		703,772,184	239,247,758
Debt-to-equity ratio		67.60%	49.75%

(2) Financial risk factors

The Group's financial assets and liabilities are exposed to various risks including market risk, credit risk and liquidity risk. The Group's financial risk management focuses on identifying the potential risks that may arise from operating activities and eliminating or minimizing these risks to an acceptable level.

1) Market risk

The Group has no assets or liabilities that are exposed to changes in foreign currency exchange rates or risk of interest rate fluctuations.

2) Credit risk

Credit risk refers to the risk that the customer or the counterparty will suffer financial losses due to failure to fulfil their contractual obligations in our ordinary transactions and investment activities.

① Level of exposure to credit risk

The carrying amount of the financial asset represents the maximum exposure to credit risk. The maximum exposure to credit risk as at February 28, 2021 and November 30, 2020 are as follows:

		February 28, 2021	November 30, 2020
		<i>(In thousands of Korean won)</i>	
Cash and cash equivalents	₩	16,414,827	358,278,356
Long-term financial instruments		21,373,454	-
Other financial assets		3,852,148	501

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22. Financial Risk Management, continued

(1) Capital risk management, continued

3) Liquidity risk

The Group has established a liquidity risk management framework to manage the Group's short- and medium-term financial assets and liabilities and continuously monitors forecasts and actual cash flows to respond to the maturity profiles of these financial assets and liabilities. Management assesses that financial liabilities can be repaid through cash flows from operating activities and cash inflows from financial assets.

Analysis of liquidity risk for the period ended February 28, 2021 and November 30, 2020 are as follows:

① February 28, 2021

<i>(In thousands of Korean won)</i>						
	Carrying amounts	Contractual cash flows	Within 1 year	1 year ~ 2 years	2 year ~ 5 years	Over 5 years
Other payables	₩ 4,076,381	4,076,381	4,076,381	-	-	-
Accrued expenses	2,223,879	2,223,879	2,223,879	-	-	-
Long-term borrowings	446,011,808	480,035,801	10,577,400	10,577,400	458,881,001	-
Leasehold deposits	19,700,658	23,134,745	494,624	50,000	6,468,329	16,121,792
	<u>472,012,726</u>	<u>509,470,806</u>	<u>17,372,284</u>	<u>10,627,400</u>	<u>465,349,330</u>	<u>16,121,792</u>

② November 30, 2020

<i>(In thousands of Korean won)</i>			
	Carrying amounts	Contractual cash flows	Within 1 year
Other payables	375,595	375,595	375,595
Financial liabilities at FVTPL	118,660,328	118,000,000	118,000,000
	<u>119,035,923</u>	<u>118,375,595</u>	<u>118,375,595</u>

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23. Financial instruments by category and fair value

(1) Categorizations of financial assets and liabilities as at February 28, 2021 and November 30, 2020 are as follows:

(In millions of Korean won)

	February 28, 2021		November 30, 2020	
	Book amount	Fair value	Book amount	Fair value
Financial assets:				
Cash and cash equivalents	₩ 16,414,827	16,414,827	358,278,356	358,278,356
Long-term financial instruments	21,373,454	21,373,454	-	-
Other financial assets	3,852,148	3,852,148	501	501
	<u>41,640,429</u>	<u>41,640,429</u>	<u>358,278,857</u>	<u>358,278,857</u>
Financial liabilities:				
Long-term borrowings	446,011,808	446,011,808	-	-
Other financial liabilities	26,000,918	26,000,918	375,595	375,595
Financial liabilities at FVTPL	-	-	118,660,328	118,660,328
	<u>472,012,726</u>	<u>472,012,726</u>	<u>119,035,923</u>	<u>119,035,923</u>

(2) Fair value hierarchy

Items that are measured at fair value are categorized by the fair value hierarchy levels, and the defined levels are as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- All inputs other than quoted prices included in level 1 that are observable (either directly that is, prices, or indirectly that is, derived from prices) for the asset or liability (Level 2).
- Unobservable inputs for the asset or liability (Level 3).

Fair value hierarchy classifications of the financial instruments that are measured at fair value or its fair value is disclosed as at February 28, 2021 and November 30, 2020 are as follows:

(In thousands of Korean won)

	February 28, 2021				November 30, 2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Liabilities								
Financial liabilities at FVTPL	₩ -	-	-	-	-	-	118,660,328	118,660,328

The Group determines that the acquisition or amortized costs of financial assets and liabilities other than the financial assets and liabilities measured at fair value are reasonable approximation of fair value.

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23. The carrying amount and fair value of financial instruments by category, continued

(2) Fair value hierarchy, continued

Changes in level 3 for recurring fair value measurements for the periods ended February 28, 2021 and August 31, 2020 are as follows:

	<i>(In millions of Korean won)</i>	
	February 28, 2021	August 31, 2020
	Financial liabilities at FVTPL	Financial liabilities at FVTPL
Beginning balance	₩ 118,660,328	-
Valuation	(660,328)	-
Transfer	(118,000,000)	-
Ending balance	-	-

(3) Valuation techniques and inputs

Valuation techniques and inputs used in measuring fair value of financial instruments classified as level 3 as at November 30, 2020 are as follows:

	Level	Valuation techniques	<i>(In thousands of Korean won)</i>
			Significant unobservable inputs
Financial liabilities at FVTPL	₩ 3	Binomial model, etc.	Expected volatility Weighted average cost of capital

(4) Net gains or losses on each category of financial instruments for the periods ended February 28, 2021 and August 31, 2020 are as follows:

	<i>(In millions of Korean won)</i>	
	February 28, 2021	August 31, 2020
Financial assets at amortized cost		
Interest income	₩ 69,764	3,469
Financial liabilities at amortized cost		
Interest expenses	3,004,425	-
Financial liabilities at FVTPL		
Gain on valuation of financial liabilities at FVTPL	660,328	-

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24. Cash flow information

(1) The significant non-cash transactions for the periods ended February 28, 2021 and August 31, 2020 are as follows:

		<i>(In thousands of Korean won)</i>	
		February 28, 2021	August 31, 2020
Increase in issued capital	₩	21,658,000	-
Conversion of convertible bonds		118,000,000	-
Reclassification of long-term borrowings		60,900,000	-
Transfer of other payables into discount account on present value		4,755,000	-
Transfer of unearned revenue into discount account on present value		3,529,898	-

(2) Changes in liabilities arising from financial activities for the periods ended February 28, 2021 are as follows:

		<i>(In millions of Korean won)</i>			
		Beginning balance	Cash flow from financial activities	Changes in non-cash transactions	Ending balance
Borrowings	₩	-	450,500,000	(4,488,192)	446,011,808
Leasehold deposits		-	23,134,745	-	23,134,745

25. Related Party Transactions

(1) Related parties as at February 28, 2021 and November 30, 2020 are as follows:

		February 28, 2021	November 30, 2020
Associates	KendallSquare Professional Investment Type Real Estate Investment Fund #6	-	
	KendallSquare Professional Investment Type Real Estate Investment Fund #7	-	
	KendallSquare Professional Investment Type Real Estate Investment Fund #8	-	
	KendallSquare Professional Investment Type Real Estate Investment Fund #11	-	
Other related parties	CPP Investment Board Real Estate Holdings Inc.		CPP Investment Board Real Estate Holdings Inc.
	Kendall Square REIT Management Co., Ltd.		Kendall Square REIT Management Co., Ltd.
	ESR Kendall Square REIT Holding PTE, LTD.		ESR Kendall Square REIT Holding PTE, LTD.
		-	ESR Kendall Square Co., Ltd.
		-	ESR Cayman Limited
	-	ESR Kendall Square Asset Management Co., Ltd.	

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25. Related Party Transactions, continued

(2) Transactions with related parties for the periods ended February 28, 2021 and August 31, 2020 are as follows:

		<i>(In thousands of Korean won)</i>	
		For the period ended February 28, 2021	As at February 28, 2021
	Related party	Asset management consignment fees	Other payables
Other related parties	ESR Kendall Square REIT Management Co., Ltd.	3,565,209	1,035,118

		<i>(In thousands of Korean won)</i>	
		For the period ended August 31, 2020	As at August 31, 2020
	Related party	-	Financial liabilities at FVTPL
Other related parties	CPP Investment Board Real Estate Holdings Inc.	-	118,660,328

(3) Fund transactions with related parties for the periods ended February 28, 2021 and August 31, 2020 are as follows:

		<i>(In millions of Korean won)</i>	
		February 28, 2021	August 31, 2020
	Related party	Details	
Associates	KendallSquare Professional Investment Type Real Estate Investment Fund #6	Contributions in cash	₩ 11,700,000
	KendallSquare Professional Investment Type Real Estate Investment Fund #7	Contributions in cash	9,600,000
	KendallSquare Professional Investment Type Real Estate Investment Fund #8	Contributions in cash	12,100,000
	KendallSquare Professional Investment Type Real Estate Investment Fund #11	Contributions in cash	7,800,000

(4) The convertible bond held by CPP Investment Board Real Estate Holdings Inc. was converted to common stocks for the period ended February 28, 2021 (23,600,000 common shares, conversion value ₩ 5,000).

(5) Compensation for key management of the Group for the periods ended February 28, 2021 and August 31, 2020, consists of:

		<i>(In thousands of Korean won)</i>	
		February 28, 2021	August 31, 2020
Short-term employee benefits	₩	39,000	-

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26. Operating segments

The Group operates as a single reporting segment, considering the nature of the services that generate operating profits. Therefore, disclosure of operating income, net income before income tax expense, and total assets and liabilities by reporting sector was omitted in these reports.

27. Contingencies and Commitments

(1) Contract for the asset management services

The Group entered into a contract of the asset management services such as acquisition, management, development, improvement and disposal of real estate, lease, and sales of securities with ESR Kendall Square REIT Management Co., Ltd. Details of fees as follows:

	Details
Management fees	a. Real estates: (Purchase price + additional cost related to purchase) X 0.5% (Annual Percentage Rate)
	b. Assets except real estate such as collective investment securities and equity securities: (The amount of real estate that is the underlying asset at the time the consigner purchase + additional cost related to purchase) X 0.5% X consigner's ratio of shareholding
Operation performance fees	(Amounts of dividends before deduction of operating performance fee per share for the current year + the maximum amounts of dividends before deducting operating performance fees per share in the past) X Weighted average total number of shares issued for the current year X 25%
	(However, if the calculated amount is negative (-) or no dividend for the previous year (clearly, if the current year is the year in which the first dividend was incurred), the operation performance fee would not be paid.)
Purchase fee	a. Real estates: Purchase price X 1.0% (*) 0.75%, in the case of real estate held by the asset manager's affiliated company is a collective investment business operator that is a collective investment scheme or a project finance investment company that is an asset management company pursuant to Article 51-2 of the Corporate Tax Act and Article 86-2 of the Enforcement Decree of the Corporate Tax Act.
	b. Assets except real estate such as collective investment securities and equity securities: The amount of real estate that is the underlying asset of assets for purchase X 1.0% (*) X Consigner's ratio of shareholding (*) 0.75%, in the cases of (i) the assets for purchased are shares of a real estate investment company under the Real Estate Investment Company Act and the asset manager or an affiliate of the asset manager is an asset management company of the relevant real estate investment company, (ii) the assets for purchased are collective investment securities issued by a real estate collective investment scheme and the asset manager's affiliated company is a collective investment business operator that is a collective investment scheme.
Basic sales commission	0.5% of the sales amount calculated when each asset is sold

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27. Contingencies and Commitments, continued

(1) Contract for the asset management services, continued

	Details
Development fee	5% of the amounts that included acquisition tax (excluding land-related expenses, financial expenses, and operating expenses) and all expenses incurred from the completion date of land purchase to the date of approval of the building (temporary) use included in the acquisition tax table
	In consultation with the asset management company, the consigner decides to calculate and pay the fees based on the total estimated amount of development fees reasonably determined. And also, it is decided to settle according to the difference between the estimated total development fee and the actual total development fee for the fiscal year in which the date of approval of the building (temporary) use belongs.

(2) General affairs consignment contract

The Group entered into a general affairs consignment contract with Shinhan AITAS Co., Ltd. for affairs related to the issuance of shares, the operation, accounting and disclosure of the Group, and the Board of Directors and shareholder's meetings. Fees are paid ₩ 75 million per every fiscal year.

(3) Asset custody consignment contract

The Group entered into a consignment contract for custody and management of assets such as real estate, securities, and cash with Shinhan Bank. Fees are paid ₩ 45 million per every fiscal year.

(4) Loan agreement

Details of the loan agreement as at February 28, 2021 are as follows:

		<i>(In thousands of Korean won)</i>	
		Contract amounts	Loan amounts
Tranche A (Hanwha General Insurance Co., Ltd., etc.)	₩	255,000,000	255,000,000
Tranche B&C (NH Bank, etc.)		364,200,000	195,500,000
Tranche D (Industrial Bank of Korea)		20,000,000	-
Tranche E-1&E-2 (Hanwha General Insurance Co., Ltd., etc.) (*)		73,200,000	-
		712,400,000	450,500,000

(*) Tranche E-1 loan agreement was executed and repaid for the period ended February 28, 2021.

Regarding the loan agreements, the Group provided the investment property (Buchon cold logistics park and 3 others) to Tranche A (up to amount of ₩ 306,000 million), and the investment property (Goyang logistics park) to Tranche B&C (up to amount of ₩ 437,040 million) as collateral.

Among the Tranche A, the leasehold deposits of ₩ 310,684 thousand is reserved as leasehold rights.

The Group entered into the loan agreement with a value-added tax commitment on December 14, 2020 and completed the repayment of Tranche E-1 (₩ 40,000 million for Hanwha General Insurance Co., Ltd. and ₩ 20,900 million for the Korea Development Bank 'trustee of Stonebridge VAT Private Special Asset Investment Trust 1st') on February 19, 2021.

ESR Kendall Square REIT Co., Ltd. and Subsidiary

Notes to the consolidated financial statements

For the three-month period ended February 28, 2021 and August 31, 2020 (Unreviewed)

27. Contingencies and Commitments, continued

(5) Contract for the sale of real estate

The Group has completed a contract to acquire the ownership of Anseong logistics park (total purchase amount of ₩160 billion) on October 21, 2020, which will be transferred to the Group on June 1, 2021.

(6) Contract for the sale of beneficiary securities

The Group acquired beneficiary certificates by participating in the issuance of new shares of Kendall Square Professional Investment Type Real Estate Investment Fund #6 and three others (amounts approximately ₩ 41,200 million) on December 10, 2020 and additionally acquired these beneficiary certificates (amounts approximately ₩ 117,038 million) on December 11, 2020 from Kendall Square Tera Professional Investment Type Private Placement Real Estate Investment Trust No.1.