

365550 KS

ESR KENDALL SQUARE

1H 2023(FY7) Results

For the half year ended 31 May 2023

August 2023

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CONTENTS	1H 2023 Results Highlights	4
	Consolidated Financial Statement	5
	ESR KS REIT Investment Structure	6
	Key Highlights	7
	Diversified Tenants and Stable Lease Agreement	8
	Borrowings details	9
	Growth Strategy – Capital Recycling	10
	Appendix – Portfolio details	12
	Appendix – Icheon1 disposition	13
	Appendix – Asset Class of 2020	14
	Appendix – Asset Class of 2021	15

1H 2023 Results Highlights

Unit: KRW 100mn	FY 7 (2022.11.30 ~ 2023.05.31)	YoY
Operating Revenue(consolidated)	495	↑ 5.9 %
Net Operating Income(consolidated)	261	↑ 9.6 %
Avg. Rent per Month ⁽¹⁾	106	↑ 7.7 %

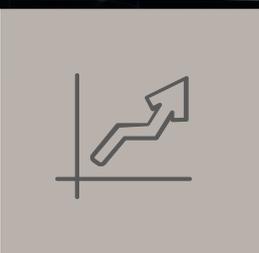


Note:
 1) Operating revenue sum of Sub1., Sub2 & REFs (17 assets), 12 month rolling average
 2) As of 2023/7/31



Solid Results Continue

- Operating Revenue: +5.8% YoY thanks to higher rents from IPO assets (Dec 2020) & new assets (Dec 2021)
- NOI: +9.6% YoY, exceeds top-line growth through effective cost & operating-expense control
- Avg. Rent: +7.7% YoY consists of annual rent escalation of c.2% & lease contract renewals that took place in 1H 2023 (rent increased by avg. c.18%)



Outlook

- ESR KS REIT expects solid fundamentals to continue in 2H 2023, as well as in 2024 contrary to market & macro jitters. Steady demand specifically witnessed at ESR KS REIT to provide tailwind support as company has procured nation's top tenants with a stable long-term lease.
- Debt refinancing – company to fully leverage its industry leading position and successfully conduct its refinancing practice at market leading rates.
- Thanks to these firm fundamentals company's annual DPS increase to continue in 2023e as well as in 2024e

Consolidated Financial Statements

Consolidated Financial Position (For 6 months periods ended)

Unit: KRWmn	1H2023 May 31, 2023	1H2022 May 31, 2022	YoY(%)	
Current assets	52,005	56,714		
Non-current assets	2,325,648	2,211,329		
Total Assets	2,377,653	2,268,043	+5.2%	Both total assets & liabilities increased due to acquisition of Icheon LP #7
Current liabilities	281,751	15,755		
Non-current liabilities	962,075	1,101,703		
Total Liabilities	1,243,826	1,117,458	+11.3%	
Share Capital	213,089	213,089		
Other paid-in-capital	900,187	900,187		
Retained earning	20,551	37,309		
Total Equity	1,133,827	1,150,585	-1.5%	

Consolidated Income Statement (For 6 months periods ended)

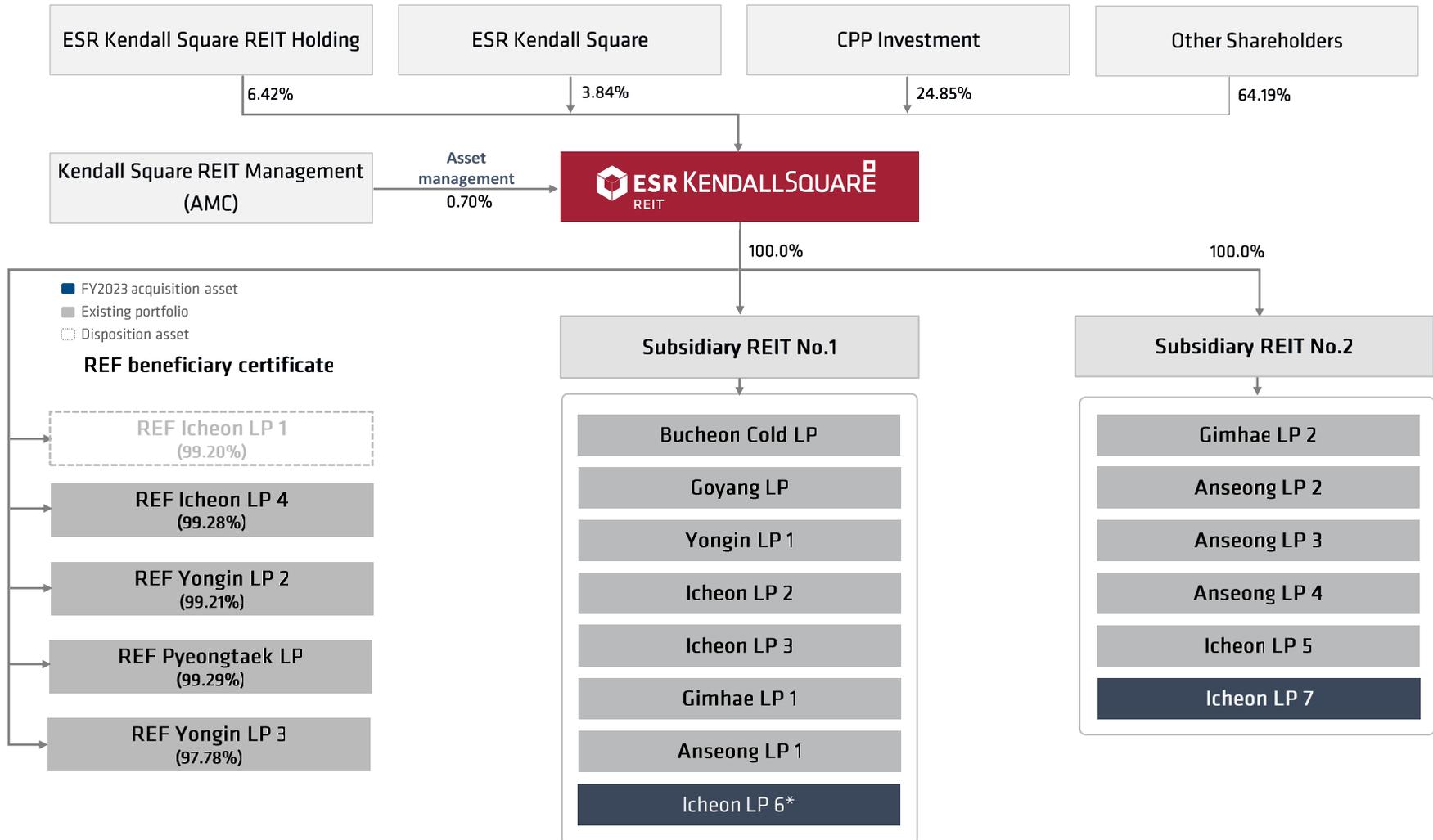
Unit: KRWmn	1H2023 May 31, 2023	1H2022 May 31, 2022	YoY(%)	
Operating Revenue	49,482	46,743	+5.9%	Higher Rents + More Assets vs. IPO + Effective Cost Control
Operating Expense	23,403	22,954		
Net Operating Income	26,079	23,789	+9.6%	
Non-operating Income	17,863	22,082		
Non-operating expense	15,928	15,696		
Profit before tax	28,014	30,175		Fluctuation in "Gains on valuation" at REF assets (non-cash item)
Profit for period	28,014	30,175	-7%	

Dividend Yield



Fiscal Year	Total Dividend Unit: KRW 100 mn	DPS(KRW)	Payment Date
FY 3, May 31, 2021	193	134	2021-09-15
FY 4, Nov 30, 2021	192	134	2022-03-11
FY 5, May 31, 2022	285	134	2022-09-08
FY 6, Nov 30, 2022	290	136	2023-03-09
FY 7, May 31, 2023	287	135	Sep. 2023
FY 8, Nov 30, 2023	292	-	Mar. 2024

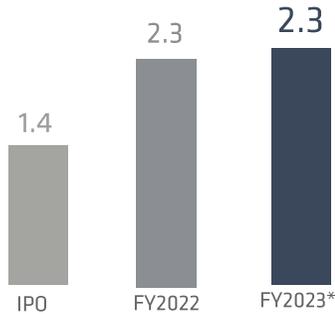
ESR KS REIT Investment Structure



Note : Shareholder composition as of May 31, 2023
 *Icheon LP 6 is expected to be acquired in 2023
 *Icheon LP 7 is acquired in 2023/05/09

ESR KS REIT Key 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.

*As of 2023/7/31 stabilized assets

Market Capitalization (Unit: KRW 100 million)



Occupancy Rate

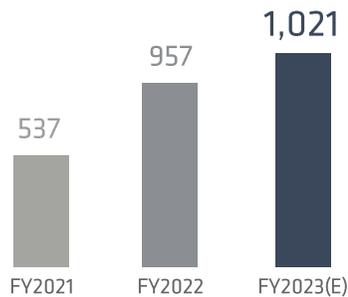


100%
As of 2023/7/31

GFA (Unit: 1000 m²)



Operating Revenue (Unit: KRW 100 million)



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

No. of stabilized Assets (As of 2023/7/31)

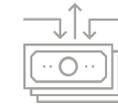
17 Assets

LTV (Unit: %)

56.8%

Based on 2023/8/11 audit report
Current + non-current long-term borrowings/ Investment properties

DPS expected in FY2023(Yield) (Unit: KRW)



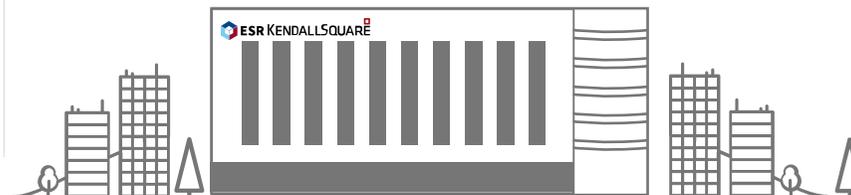
272(c.7%)

Annualized dividend per share in FY2023(E) based on closing price of 2023/8/10

Credit Rating (As of August 29, 2022)

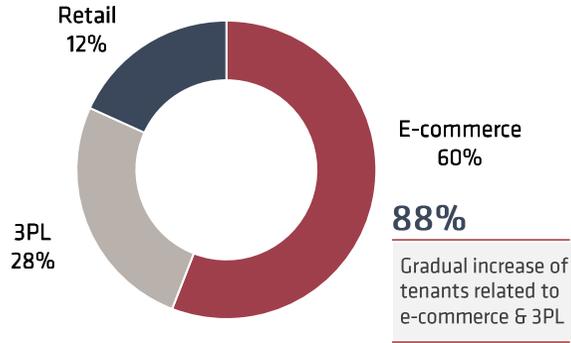
A-

Stable
Korea Investors Service
(Moody's Korea)

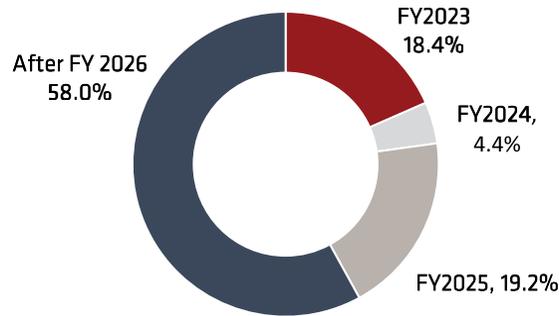


Diversified Tenant Base and Stable Lease Agreements

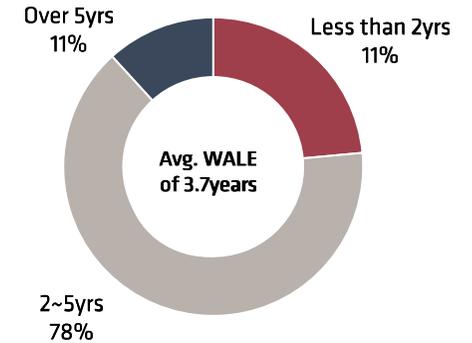
Diversified tenant portfolio ⁽¹⁾



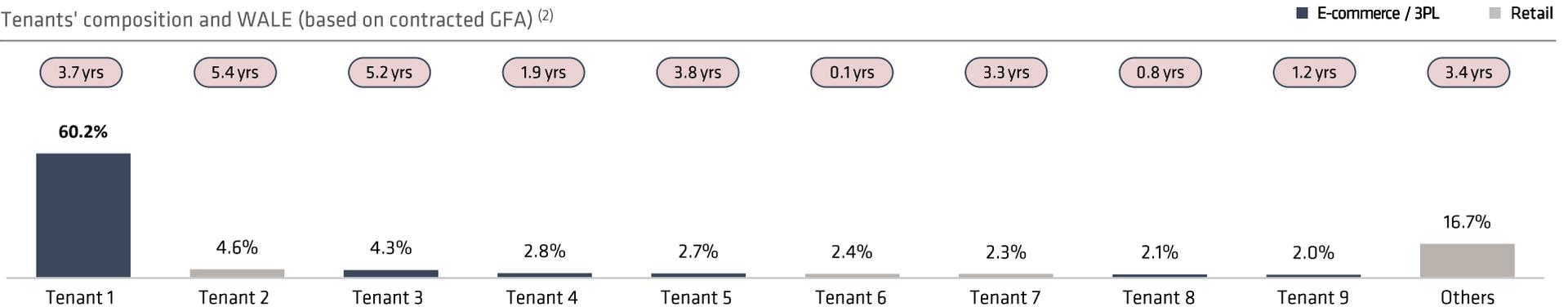
Expected Rent expiry



WALE of 17 Assets



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

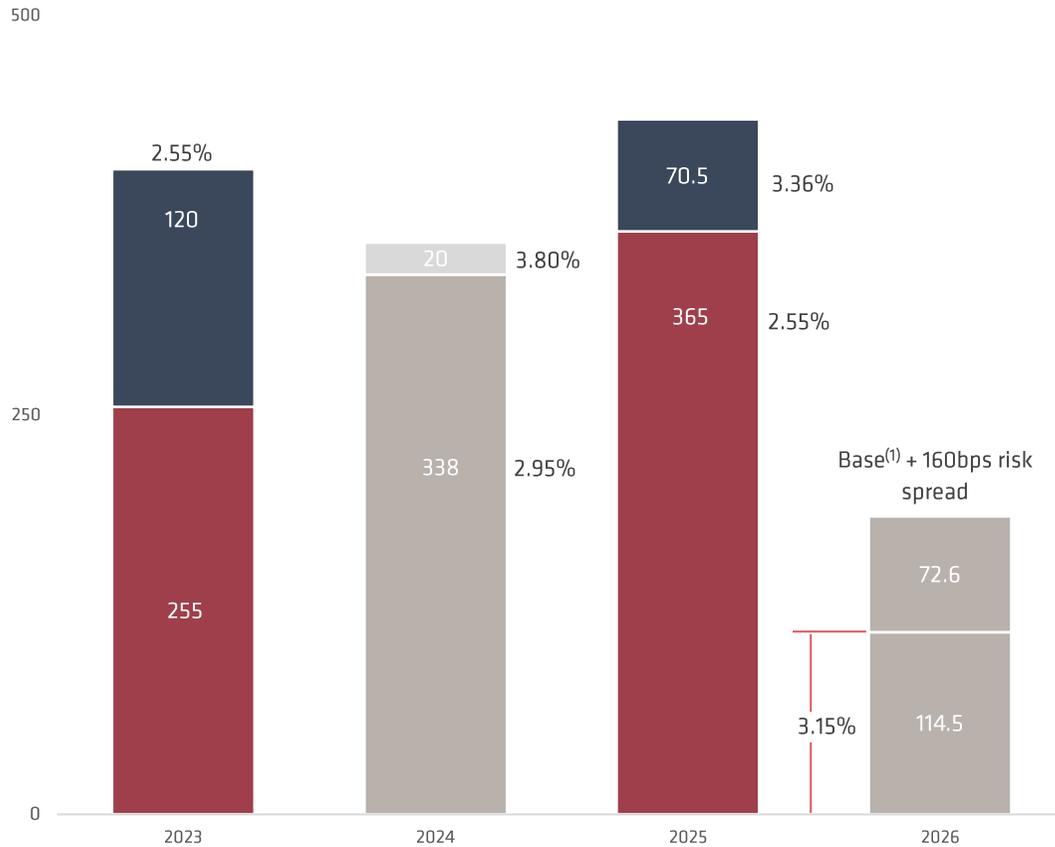


Note:
 (1) Including additional assets planned for acquisition
 (2) Calculated as WALE by contracted GFA as of the end of June 2023

Long-term Borrowing details

Borrowing - Maturity

Unit: In KRW Bn, Interest rate (%)



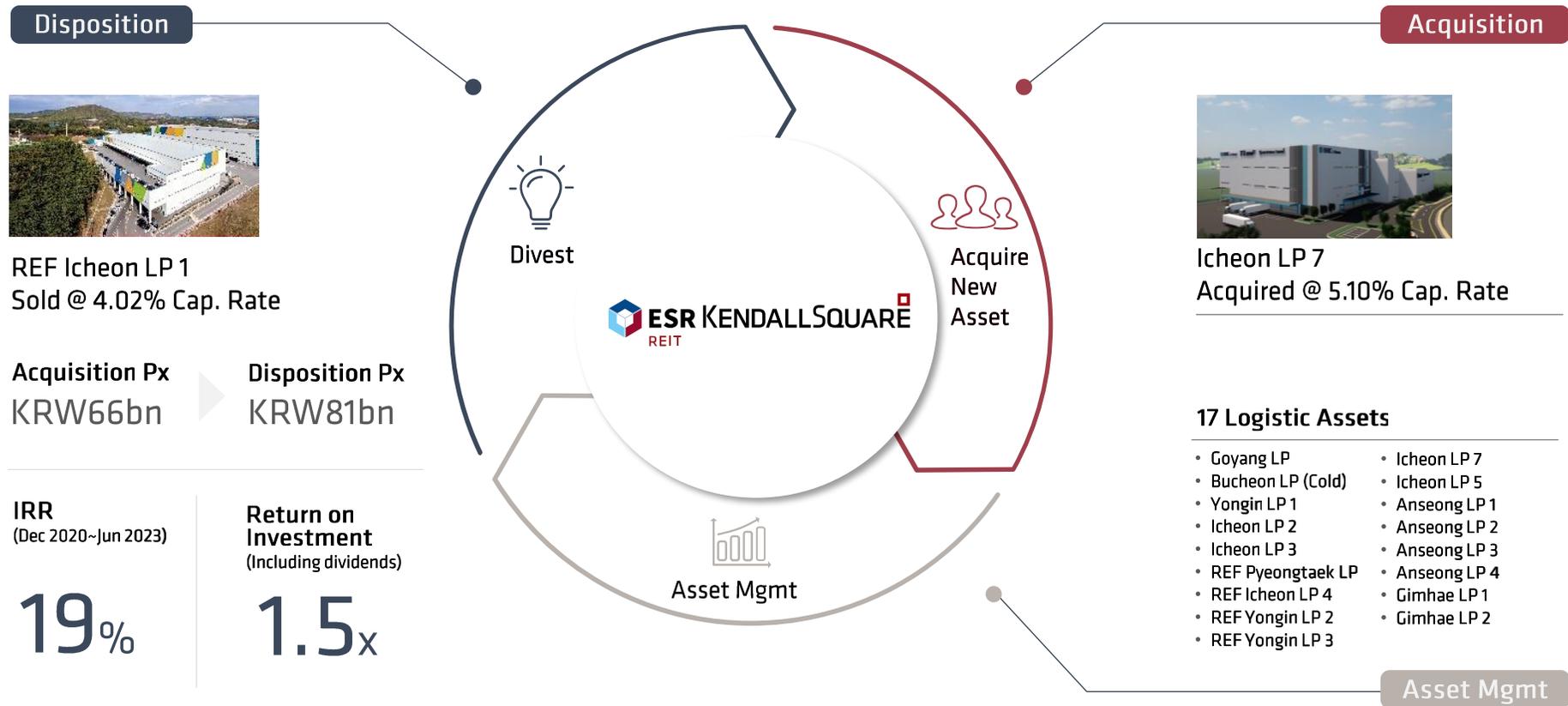
Note: As of 2023/07/31
 (1) Base rate = Certificate of deposit (CD) 91 days

Borrowing - Investment type

Investment type	Financial Institution	Annual interest rate (%) All-In	Maturity date	Amount
Subsidiary REIT No. 1	H General Insurance	2.55	2023-12-14	50
	C Bank	2.55	2023-12-14	50
	S Bank	2.55	2023-12-14	50
	B Bank	2.55	2023-12-14	105
	B Bank	2.70	2025-12-14	156
	N Life Insurance	2.70	2025-12-14	40
	B Bank	2.70	2025-12-14	29
	H General Insurance	2.70	2025-12-14	50
	N Life Insurance	2.70	2025-12-14	40
Subsidiary REIT No. 2	T Life Insurance	2.70	2025-12-14	50
	K Insurance	2.95	2024-11-30	34
	K Bank	2.95	2024-12-20	33
	K Insurance	2.95	2024-12-20	9
	K Bank	2.95	2024-12-20	147
	K Insurance	2.95	2024-12-20	41
	K Bank	2.95	2024-12-20	58
	K Insurance	2.95	2024-12-20	16
	K Bank	3.15	2026-12-20	114.5
REF	N Bank	Base ⁽¹⁾ + 160 bps	2026-05-10	72.6
	D Bank	2.55	2023-12-11	40
	D Bank	2.55	2023-12-11	38
	D Bank	2.55	2023-12-11	42
Parent (RCF)	S Bank	3.36	2025-07-09	70.5
	I Bank	3.80	2024-12-20	20
Total				1,356

Efficient Capital Management – Capital Recycling

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





Appendix

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

- + Setting the Benchmark in Korea logistics real estate market with 17 cutting-edge tech logistics centers under management (Icheon1, 6 LPs excluded).
- + All assets are strategically presented within the key transportation networks of South Korea and garners high asset value & operational value thanks to its exceptional locations.
- + Goyang LP and Bucheon LP (Cold), due to its proximity to the center of Seoul city, are irreplaceable "Prime Core Assets" in the Korean logistics market.



#	Assets	GFA (m ²)	Completion Date	Occupancy Rate	Acquisition Cost ⁽²⁾ (In KRW bn)
1	Goyang LP	199,678	2019.01	100%	478
2	Anseong LP 2	154,990	2020.06	100%	324.5
3	Anseong LP 1	95,265	2020.02	100%	160
4	Icheon LP 5	84,545	2020.02	100%	198
5	Yongin LP 1	70,028	2017.11	100%	129
6	Anseong LP 3	63,471	2021.04	100%	127
7	Icheon LP 6 ⁽¹⁾	62,195	2023.01	100%	122
8	Bucheon LP (Cold)	58,264	2019.07	100%	197
9	Icheon LP 4	49,616	2018.06	100%	81
10	REF Icheon LP 1	47,653	2017.02	100%	65
11	Icheon LP 7	46,041	2023.04	100%	127
12	REF Pyeongtaek LP	43,212	2012.08	99.90%	84
13	REF Yongin LP 2	43,176	2017.01	100%	76
14	REF Yongin LP 3	43,045	2020.06	100%	92
15	Gimhae LP 2	39,941	2019.12	100%	71
16	Icheon LP 2	33,365	2018.04	100%	49
17	Anseong LP 4	27,040	2021.11	100%	59
18	Gimhae LP 1	25,733	2000.12	100%	46
19	Icheon LP 3	18,421	2018.12	100%	28.5
		1,205,679			2,514

Note: As of 2023/05/31

(1)Icheon LP 6 to be acquired in 2023

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

ICHEON Logistics Park (LP) 1 - Deal Highlights

IRR

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

19%



Unprecedented Exit

Cap. Rate

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



Disposition Yield – Based on the total amount

(Purchase Px vs. Disposal Px(dividend included))



Equity Multiple

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



Purchase Price

KRW 66 bn

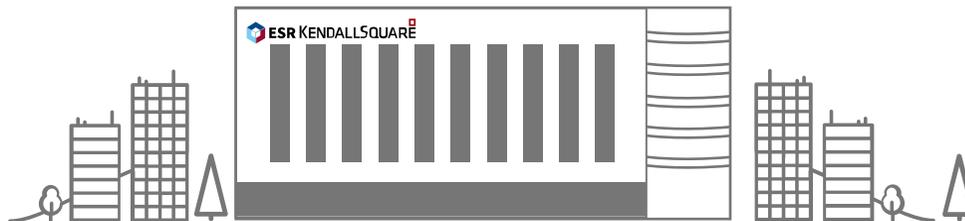
(4.6 KRW mn per py)



Disposal Price

KRW 81 bn

(5.6 KRW mn per py)



Solid return from an IPO asset that was included at the listed REIT for 2.5 years ago
Asset disposal reduces debt refinancing burdens of the REIT while serves as an upside risk for future dividend payouts

Unrivalled, market-leading portfolio management execution skills

Note:

(1) Based on NOI of the time of acquisition

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

Asset Class of 2020(Seed Asset)

■ Area by GFA ■ % of Portfolio by GFA



Asset	Completion date	WALE (Y)	Occupancy rate	Main Tenant
Bucheon Cold LP	2019.07.24	3.7	100 %	Coupang
Goyang LP	2019.01.25	6.2	100 %	Coupang
Yongin LP 1	2017.11	4.9	100 %	Maersk
REF Yongin LP 2	2017.01.23	2.5	100 %	Assist
Icheon LP 2	2018.04.25	1.6	100 %	CJ
Icheon LP 3	2018.12.20	3.2	100 %	DL
REF Icheon LP 4	2018.06.05	5.1	100 %	Fila
REF Pyeongtaek LP	2012.08.08	1.3	99.9 %	JDX
Gimhae LP 1	2000.12.30	3.0	100 %	GS
Anseong LP 1	2020.02.20	2.3	100 %	Coupang

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

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

■ Area by GFA ■ % of Portfolio by GFA



Asset	Completion date	WALE (Y)	Occupancy rate	Main Tenant
REF Yongin LP 3	2020.06.15	2.8	100 %	Korea Food
Anseong LP 2	2020.06.11	2.6	100 %	Coupang
Anseong LP 3	2021.04.09	3.5	100 %	Coupang
Anseong LP 4	2021.11.22	3.6	100 %	Samsung Logitech
Incheon LP 5	2020.02.14	3.0	100 %	Coupang
Gimhae LP 2	2019.12.13	3.2	100 %	Coupang
Icheon LP 6*	2023.01.27	5.0	100 %	Dakonet
Icheon LP 7	2023.04	5.0	100 %	Team Fresh

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

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