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ESR KENDALL SQUARE REIT

2H 2023 Earnings Call & Investor Day

February 2024



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Anseong Logistics Park 2

SECTION I

2H 2023 Earnings

FY 2023 Financial Results

For 6 Months Period

(In accordance with Korean IFRS)

Consolidated Income Statement (K-IFRS, YoY)

Unit: KRWbn	FY 8 (June 2023~Nov 2023)	FY 6 (June 2022~Nov 2022)	YoY(%)
Operating Revenues	53.0	49.0	+8.2%
Operating Expenses	28.8	26.5	
Operating Profit	24.2	22.5	+7.5%
Non-operating Income	6.5	5.9	
Non-operating expense	18.8	15.7	
Profit for the period	11.9	12.7	-6.2%

For 12 Months Period

(Non-GAAP* Measures included)

Non-GAAP Financials FY2023 Vs. FY2022

(REFs consolidated)

Unit: KRWbn	FY 2023 (Dec 2022~Nov 2023)	FY 2022 (Dec 2021~Nov 2022)	YoY(%)
Gross Revenue*	124.5	119.6	4.1%
Property Opex*	18.5	16.5	12.1%
Net Operating Income	105.9	103.1	3.0%
Net Profit (K-IFRS)*	39.9	42.9	-7.2%
FFO (Fund From Operation)*	56.3	52.9	
Adjusted FFO*	69.3	52.9	

Consolidated Balance Sheet (K-IFRS, 1H23 vs 2H23)

Unit: KRWbn	FY 8 (Nov 2023)	FY 7 (May 2023)	1H Vs. 2H (%)
Current assets	79	52	
Non-current assets	2,264	2,325	
Total assets	2,343	2,377	-1.4%
Current liabilities	270	281	
Non-current liabilities	957	962	
Total liabilities	1,227	1,243	-1.3%
Share capital	213	213	
Other paid-in-capital	900	900	
Retained earnings	3	20	
Total equity	1,116	1,133	1.5%

Consolidated Balance Sheet (K-IFRS, YoY)

Unit: KRWbn	FY 2023 (Nov 2023)	FY 2022 (Nov 2022)	YoY(%)
Current assets	79	57	
Non-current assets	2,264	2,196	
Total assets	2,343	2,253	+4.0%
Current liabilities	270	18	
Non-current liabilities	957	1,101	
Total liabilities	1,227	1,119	+9.6%
Share capital	213	213	
Other paid-in-capital	900	900	
Retained earnings	3	22	
Total equity	1,116	1,135	-1.7%

Rent increase & Acq. of New asset led to

- YoY Op. Revenue growth of c.KRW 4 bn
- Opex increase of c.KRW 2 bn from one-off Icheon LP 7 acquisition related expenses
- NOI increased c.KRW 2.9 bn YoY

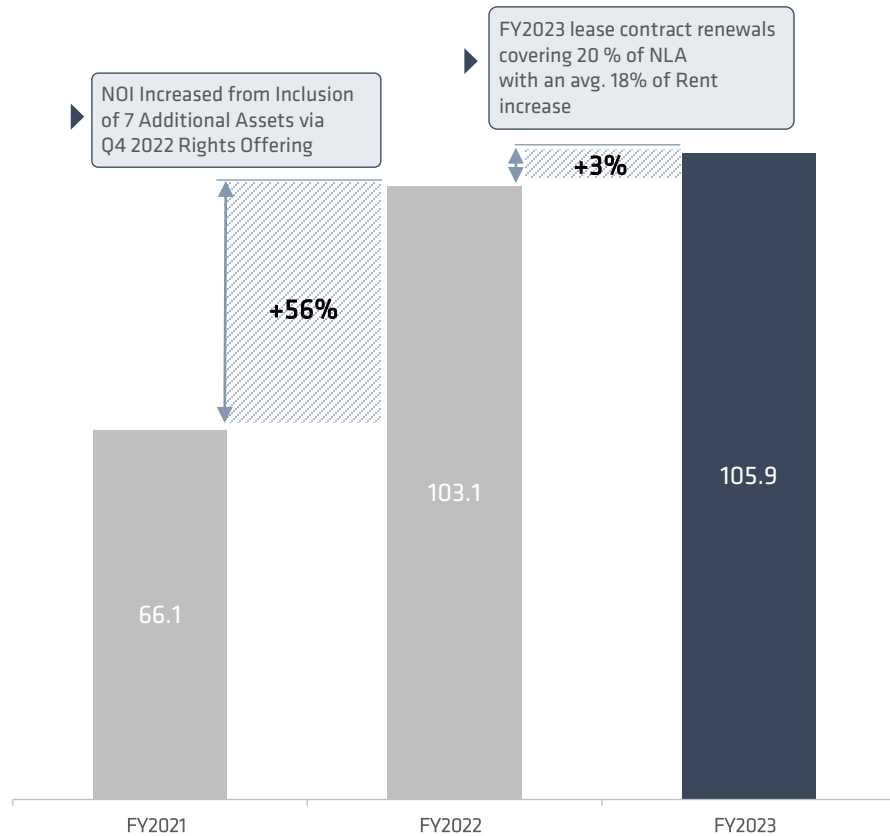
Despite the disposition of Icheon LP 1 in 1H 2023, net impact of Icheon LP 7 acquisition led to an increase in both total assets & liabilities on a full-year basis

Note : As a Non-GAAP financial metric, it includes the total revenue and expenses of the investment properties held by the REIT (taking into account REF's ownership percentage), which may differ from the figures in the financial statements. Net profit converted into annualized basis for the corresponding fiscal period financial statements(K-IFRS)

NOI & Dividend Payments

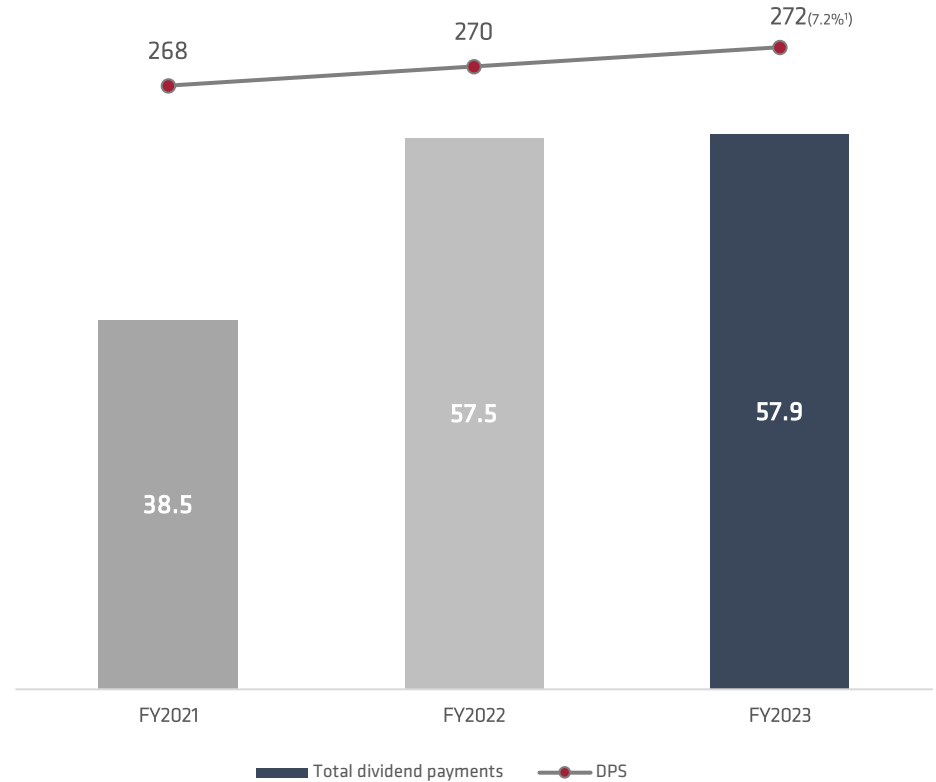
Net Operating Income (NOI)*

Unit: KRW bn



Total Dividend Payments & DPS History

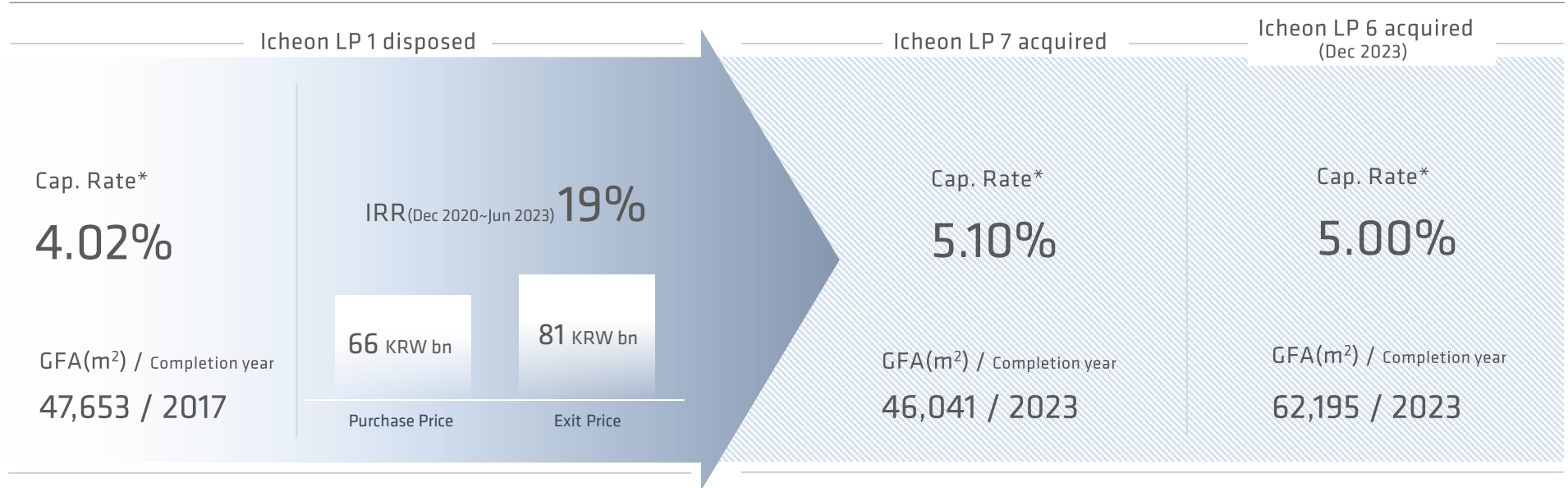
Unit: KRW bn/ Won



Note : As a Non-GAAP financial metric, it includes the total revenue and expenses of the investment properties held by the REIT (taking into account REF's ownership percentage), which may differ from the figures in the financial statements.
 1. Based on 2024/2/1 closing price

Capital Recycling & ESG Achievement

Realizing Real Estate Investment Gains and Rebalancing Portfolio with New High-Yield Quality Assets



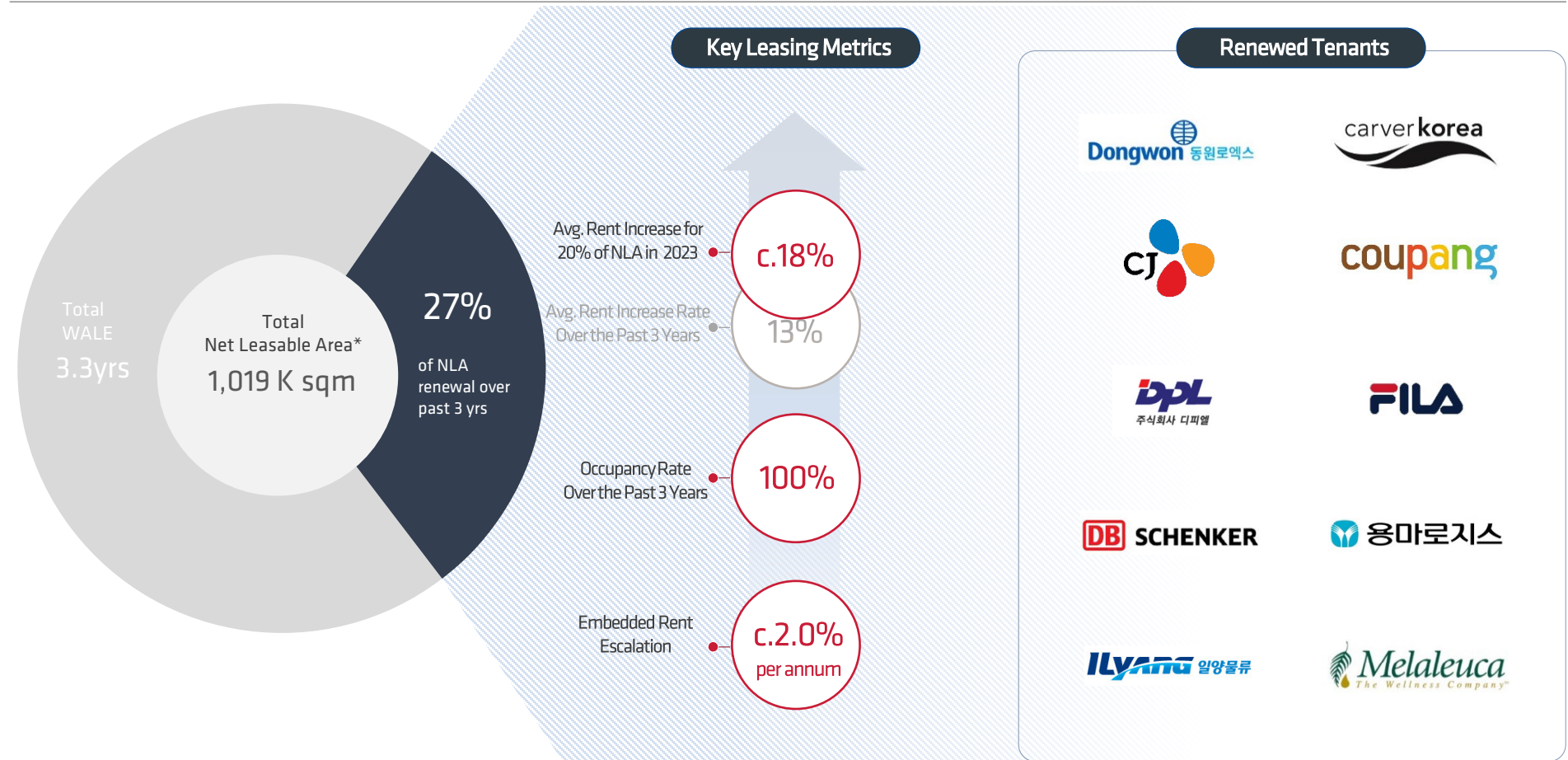
ESG Achievement



Note : *Data sourced from the company as of December 2023

Higher Rental Reversion & Diversified Tenants

Robust lease management and increased profitability based on prime tenants.



Note: *Data sourced from the company as of December 2023
 * Rent increase is NLA weighted average

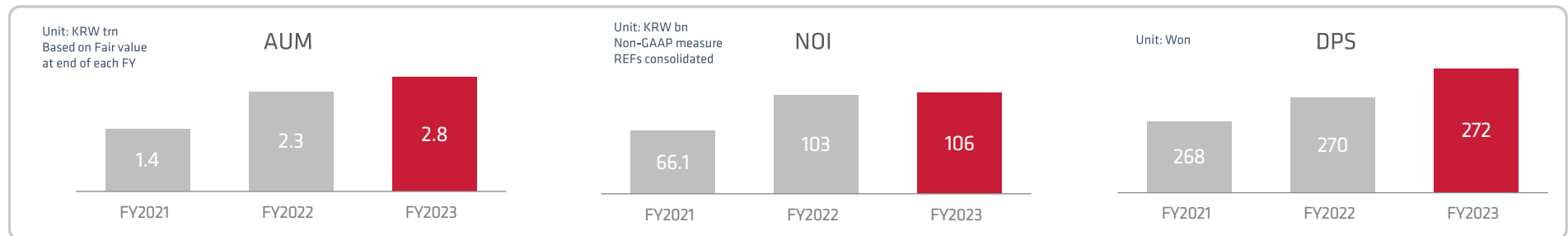
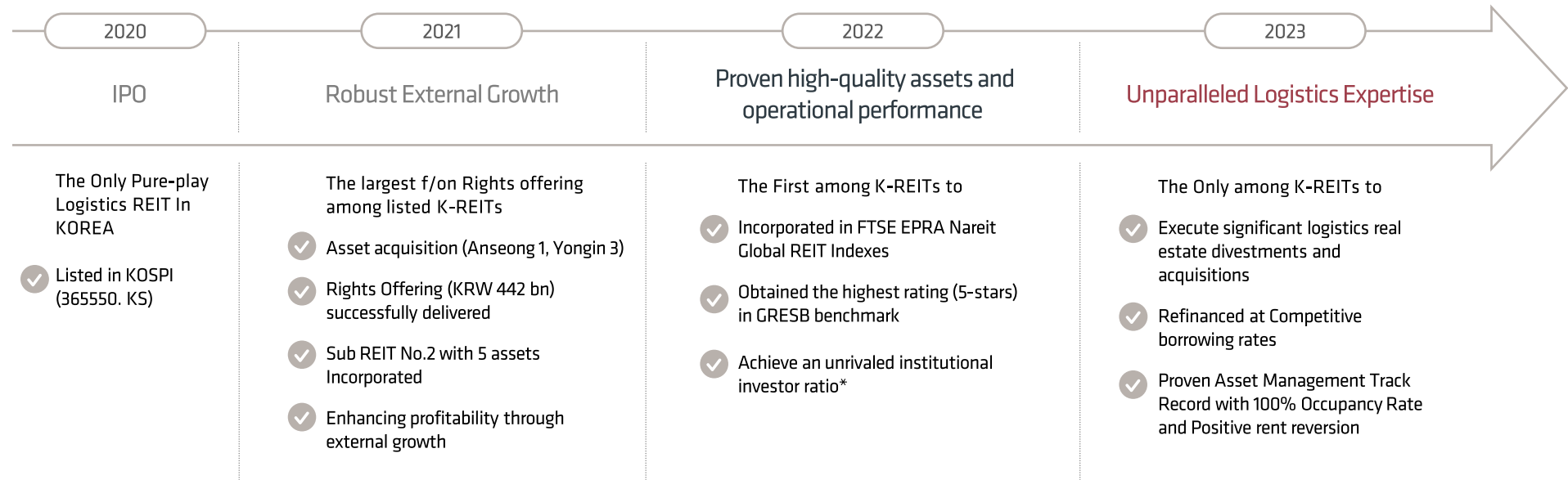


Yongin Logistics Park 1

SECTION II

CEO Investor Day

ESR KendallSquare REIT Key Milestones



Sustained quality growth and continuous enhancement of shareholder value

Note:
1) *Based on Shareholder composition as of Nov 30, 2023 except retail portion

ESR KendallSquare REIT Overview



Market Cap. KRW 808 bn ('24/2/1)

IPO Date: 2020.12.23



KRW 2.78 trn (Dec. 2023)

Asset value (Fair market value)



7.2% ('24/2/1)

Dividend Yield *

No. of Properties : 18 Prime logistics Centers

GFA : 1,156,882 sqm

Freehold Land Tenure : 100%

Avg. Property Age: 5.5 years

(Dec. '23)



81.8%

E-commerce / 3rd-party
Logistics ("3PL")

Tenants (Dec. '23)



3.3yrs

WALE

(Dec. '23)



100% Occupancy Rate

Built-in Rental Step-ups

(2.5% per annum)

(Dec. '23)



Best-in-Class Modern Portfolio & Prime Locations



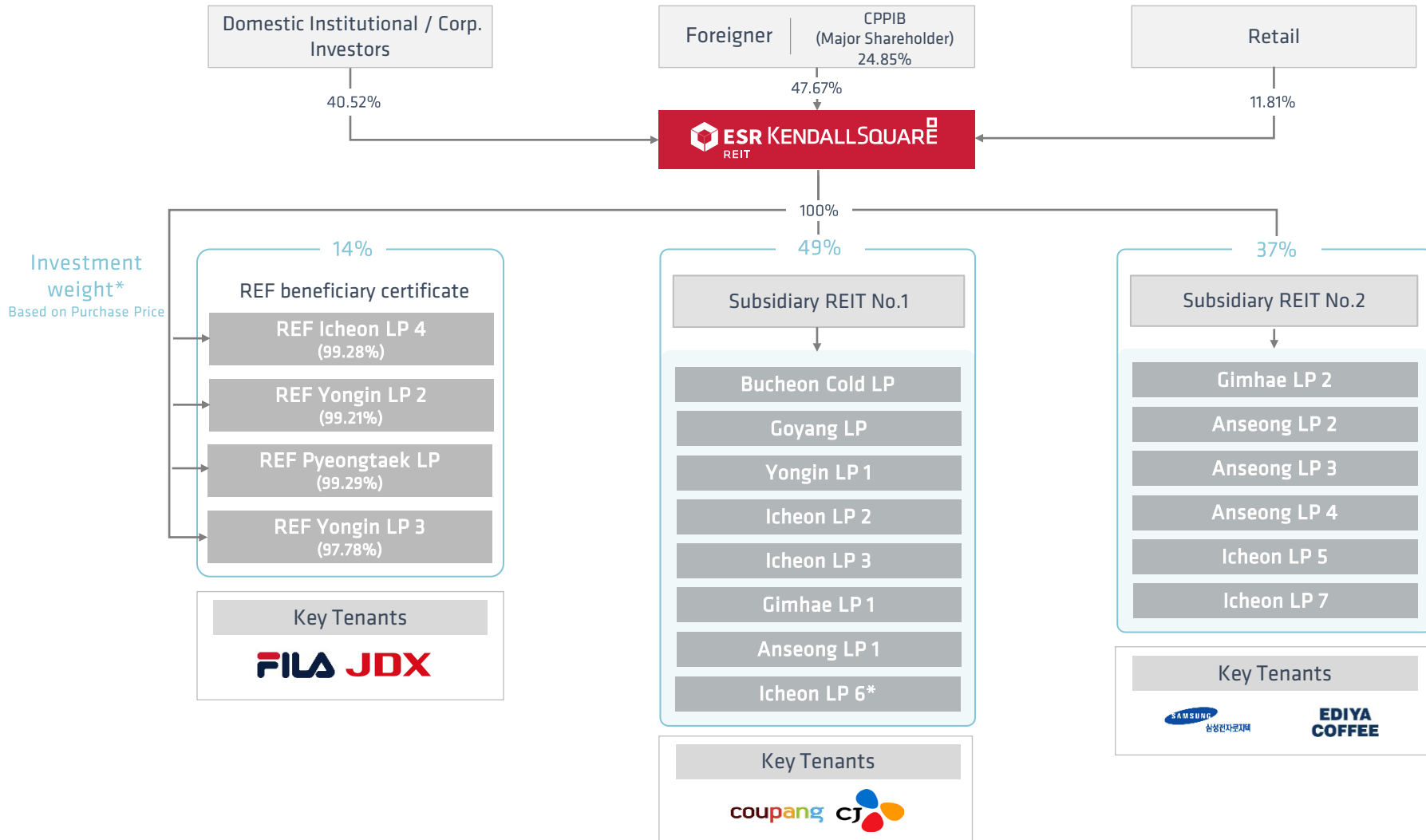
Targeted towards E-commerce & 3PL top tenants in burgeoning sectors



Exceptional logistics asset management capabilities and stable lease agreements

Note : Dividend yield is based on the aggregated DPS of FY7 (1H23) & FY 8 (2H23) , KRW 272

ESR KendallSquare REIT Investment Structure



Note : Based on 2023/11/30 Shareholder composition *Icheon LP 6 is acquired in Dec. 2023

FY2024 Business Plan & Long-term Goals

FY 2024 Business Plan

Asset Value Enhanced

- High Lease Mark to Market: Adjusting lease rates based on market analysis for continuous growth
- Maximizing Lease Occupancy: Maintaining 100% occupancy through vacancy minimization and attracting top-tier tenants
- Enhancing Long-Term Value: Diversifying tenant portfolio and implementing ESG initiatives for sustainable growth

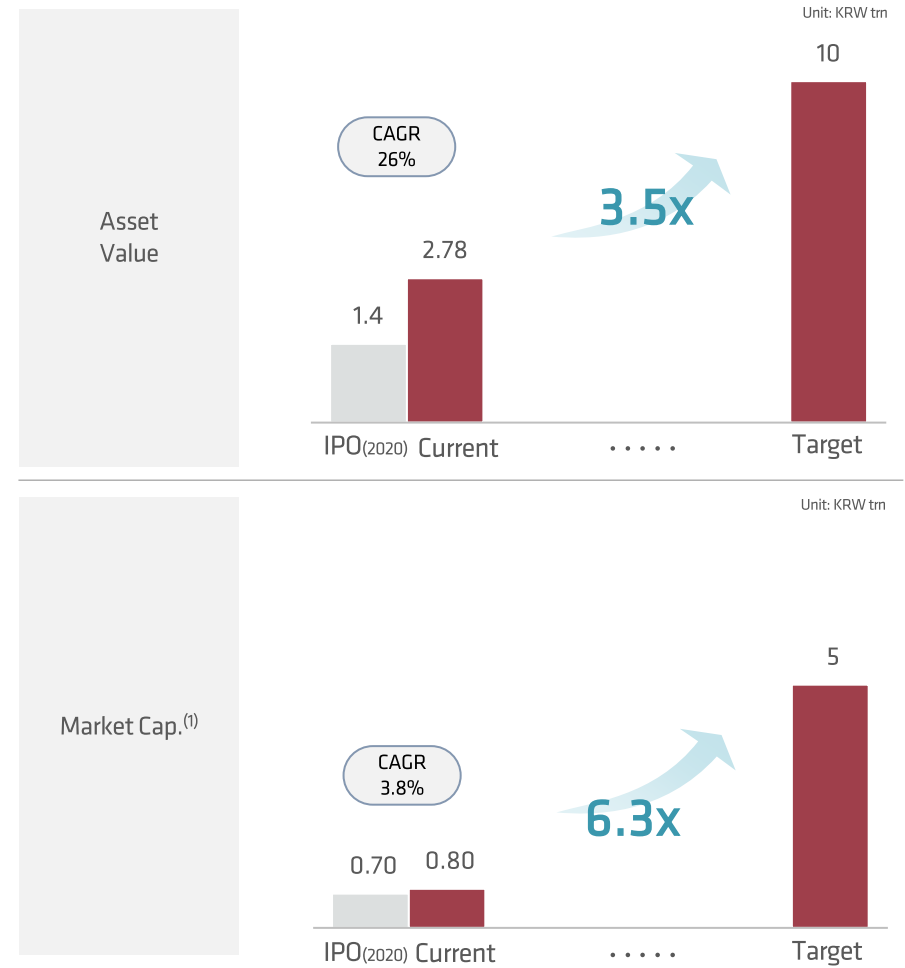
Portfolio Growth Strategy

- Continued Capital Recycling: Strategically divesting and acquiring logistics real estate
- Profitability and Portfolio Growth: Enhancing returns and expanding through investments in new logistics facilities targeting sponsors and third-party assets.

Enhancing Financial Stability

- Sub REIT No. 2 expects Refinancing(KRW 338 bn) Dec '24
- Securing Competitive Borrowing Rates
- Managing stable loan-to-value (LTV) ratios

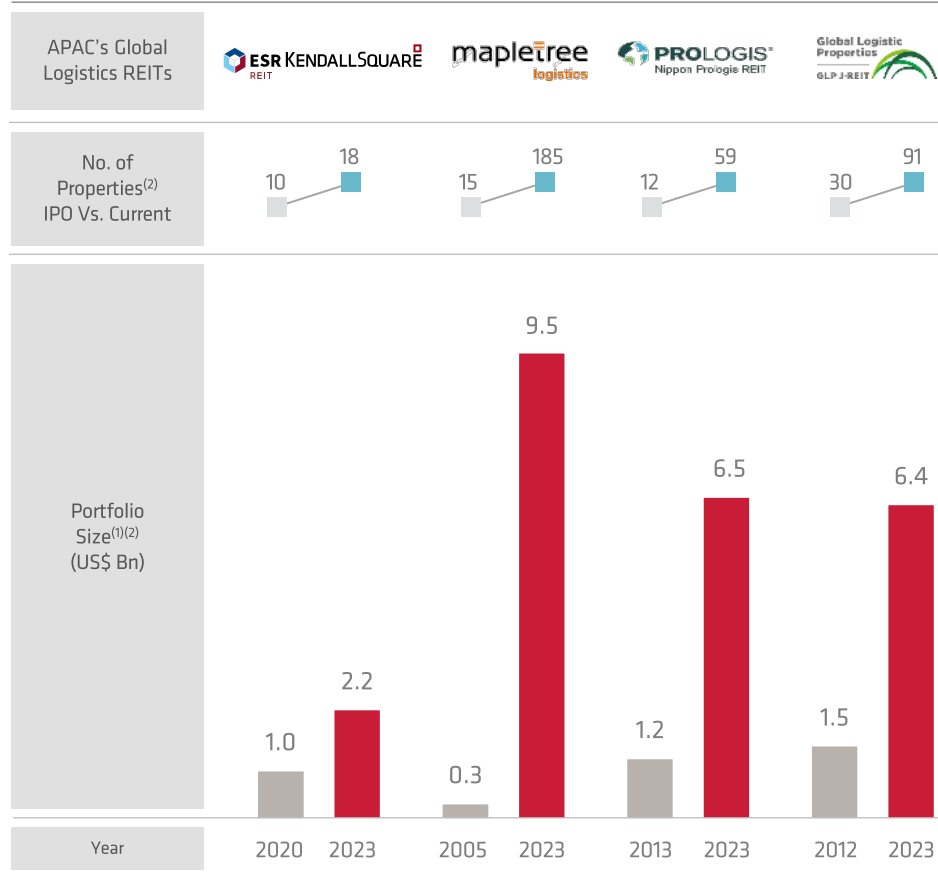
Long-term Goals



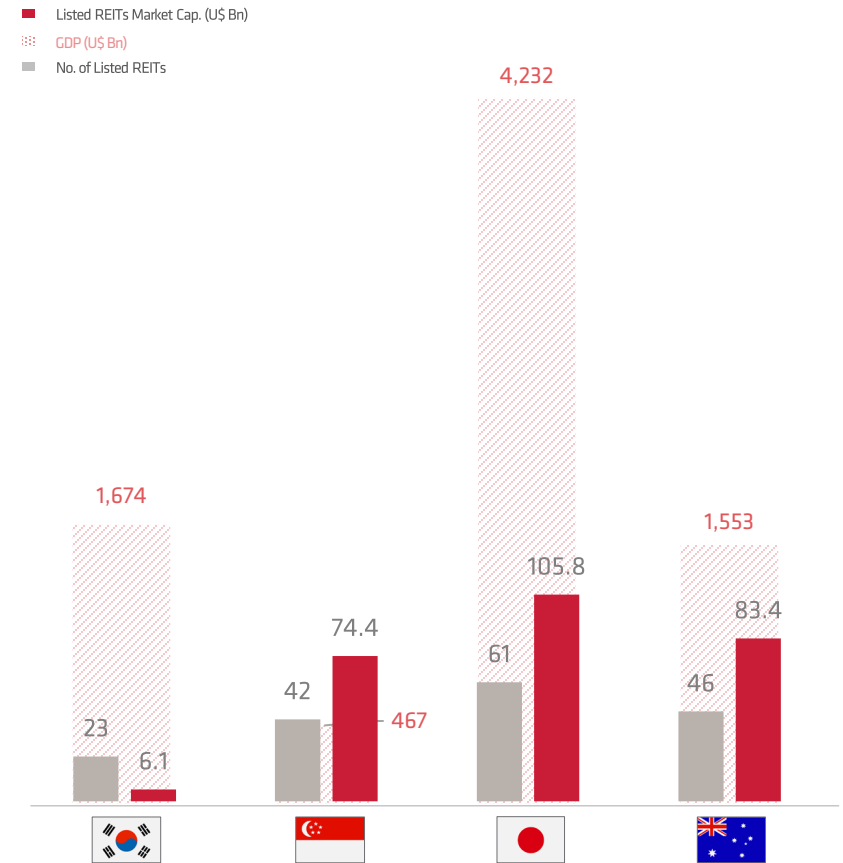
Note:
 1) IPO Price(5000) * Outstanding No. of shrs at IPO(14,259,000) / 1/31 Closing Price(3760) * No.of shrs (213,089,000)

Emerging K-REITs Market

Asia-Pacific Major Comparable Logistics REITs: IPO Vs. Present



Size of Developed Asia-Pacific Countries' GDP & REIT Market



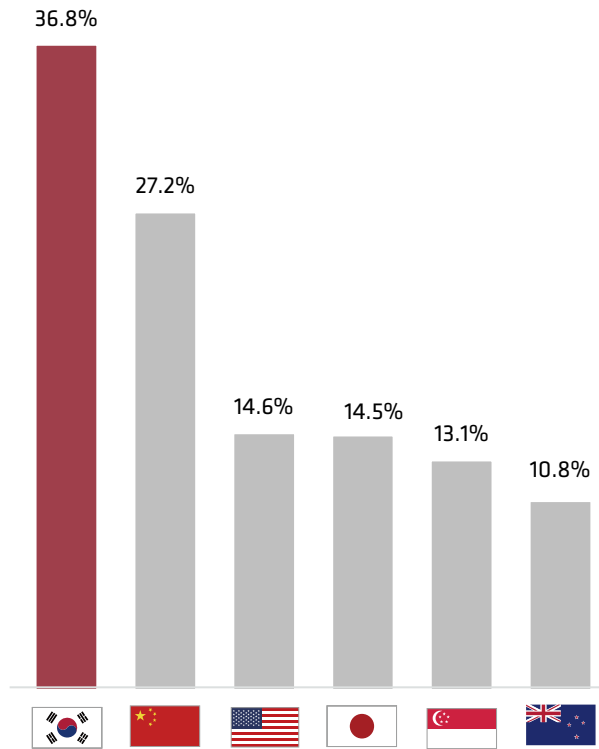
Notes:
 (1) FX rate: US\$ 1 = JPY 140 / US\$ 1 = S\$ 1.35 / US\$ 1: KRW 1,250
 (2) Based on companies' disclosures, acquisition costs
 (3) Source from REITAS, JPX J-REIT Guidebook, KAREIT, ASX

Korea E-Commerce Market Overview

+ Increasing penetration of E-Commerce demand with limited modern warehouse supply underpins powerful growth drivers.

Significant Prevalence of Online Retail

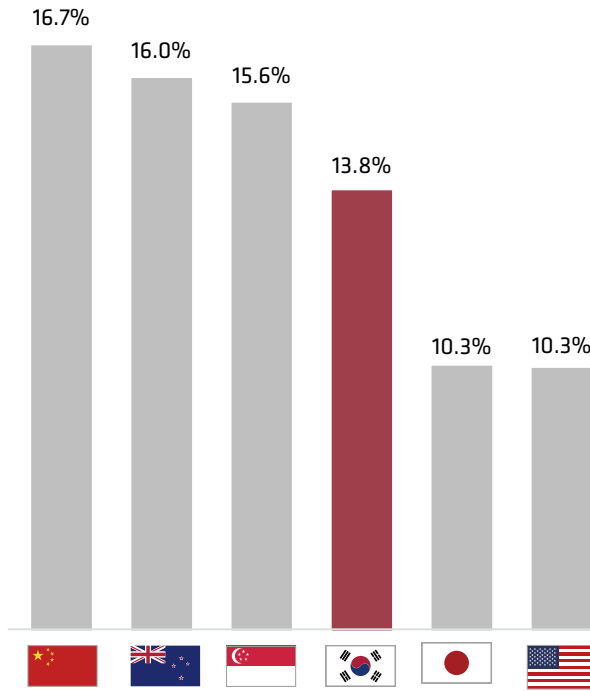
Online Retail as % of Total Retail Sales (2022)



Source: CBRE Research, Macrobond, GlobalData, 2023

One of the Fastest Growing E-Commerce Markets

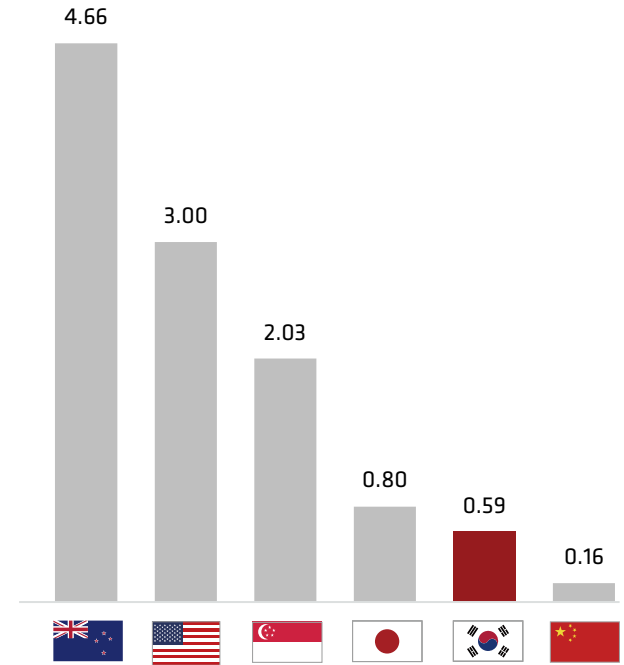
Online Retail Growth (2018 to 2026F CAGR%)



Source: CBRE Research, Euromonitor, 2023

Under Penetration of Logistics Facilities

Logistics Space Per Capita (SQM) (2022)¹



Source: CBRE Research, China National Bureau of Statistics, Oxford Economics, CEIC Data, 2023

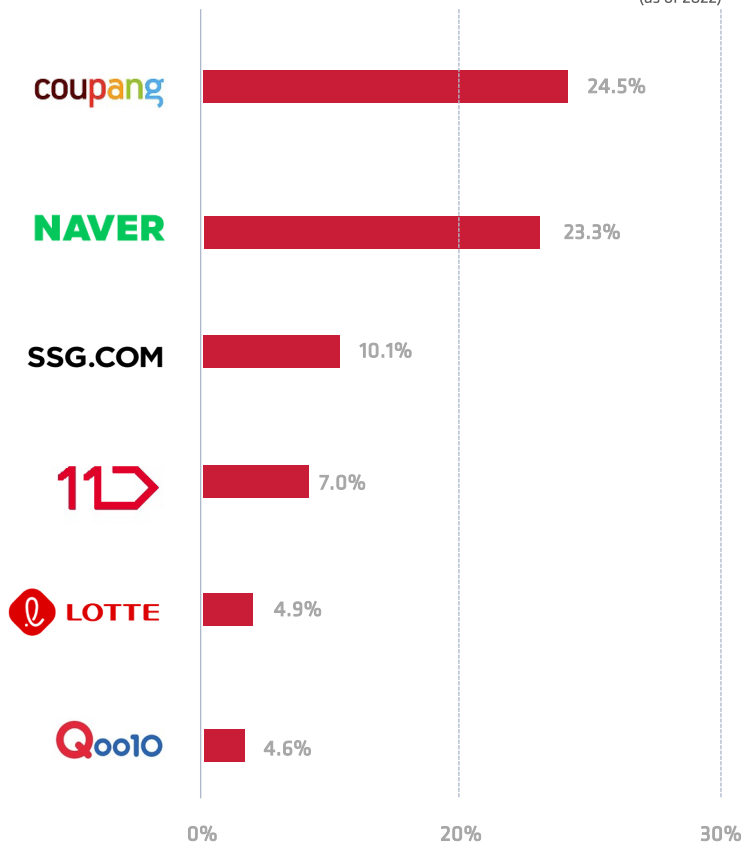
¹ Population and logistics space in China covers cities such as Beijing, Tianjin, Langfang, Dalian, Shenyang, Qingdao, Shanghai, Jiaxing, Nanjing, Hangzhou, Ningbo, Suzhou, Kunshan, Taicang, Changshu, Wuxi, Guangzhou, Shenzhen, Foshan, Dongguan, Huizhou, Chengdu, Chongqing, Wuhan. For Japan, it includes Tokyo-to, Osaka-fu, Fukuoka-ken and Aichi-ken. For Korea, it includes Seoul and Greater Seoul (Gyeonggi-do).

Korea E-Commerce Market Overview

+ Expected Growth Drivers: Coupang's Expansion and Rising Demand from New Global Entrants

Market Share by GMV for Key Players

(as of 2022)

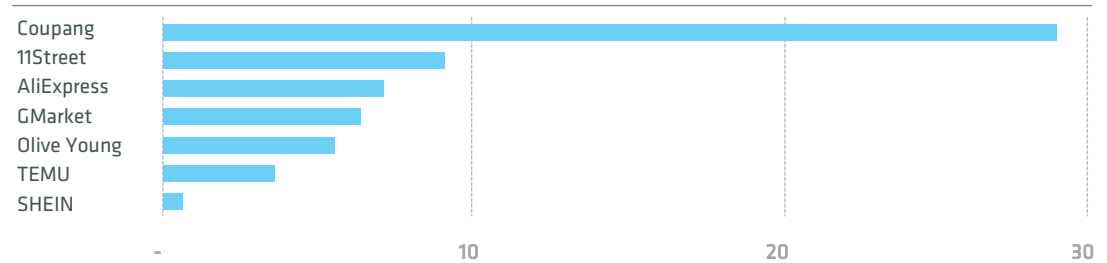


Overview of New Entrants in the E-Commerce Market

KOR		<ul style="list-style-type: none"> 2023 Year-End: Online App revamp to expand Product selection Launched Nationwide Next-Day Delivery
		<ul style="list-style-type: none"> 2023: Online Sector Sales Surpass KRW 1 trn 2024: Plans to Build Additional Urban Logistics Hubs (MFCs)
Foreign	AliExpress	<ul style="list-style-type: none"> Broadening Domestic F&B and Household Product brands Exploring Local Logistics Hubs for Next-Day Delivery
		<ul style="list-style-type: none"> Official Entry into South Korea in July 2023 Threefold Increase in Domestic Users 1 Month after App launch
	SHEIN	<ul style="list-style-type: none"> Chinese Fast Fashion Platform Selling Women's Apparel Expanding Domestic Presence in South Korea

Monthly Active Users of Online Apps by E-Commerce Brand

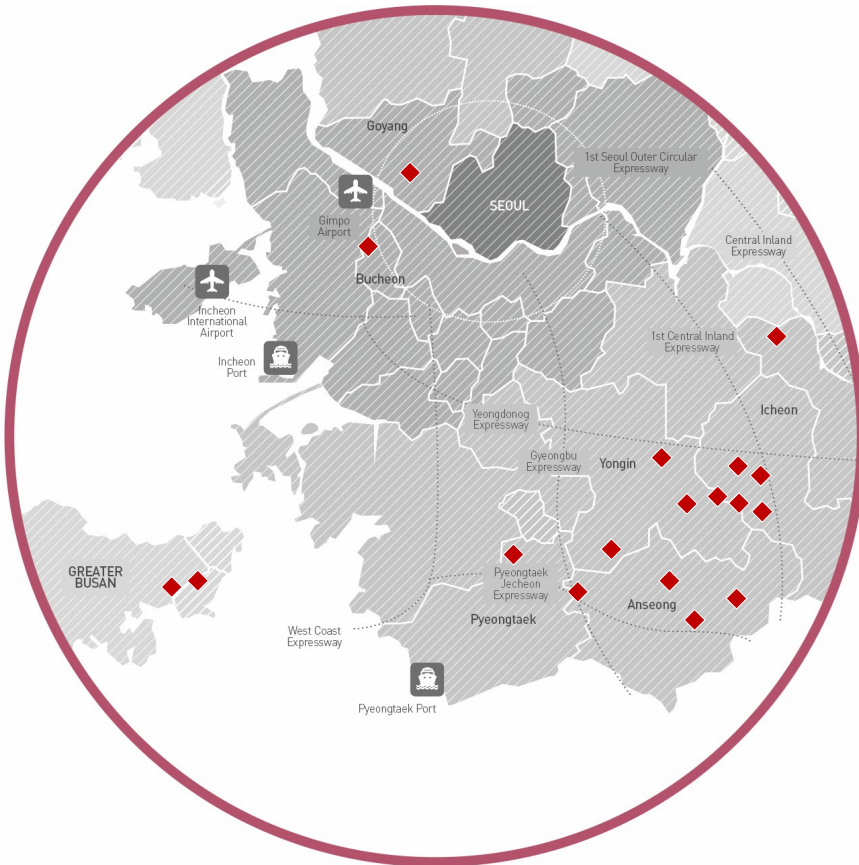
Unit: million users



Source: KPMG Research, Open Survey Online Shopping Trend Report 2023, CBRE Research, January 2024

ESR KendallSquare REIT Portfolio

- + Setting the Benchmark in Korea logistics real estate market with 18 cutting-edge tech logistics centers under management
- + 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 ⁽¹⁾ (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	62,195	2023.01	100%	114
8	Bucheon Cold LP	58,264	2019.07	100%	197
9	REF Icheon LP 4	49,616	2018.06	100%	81
10	Icheon LP 7	46,041	2023.04	100%	127
11	REF Pyeongtaek LP	43,212	2012.08	99.90%	84
12	REF Yongin LP 2	43,176	2017.01	100%	76
13	REF Yongin LP 3	43,045	2020.06	100%	92
14	Gimhae LP 2	39,941	2019.12	100%	71
15	Icheon LP 2	33,365	2018.04	100%	49
16	Anseong LP 4	27,040	2021.11	100%	59
17	Gimhae LP 1	25,733	2000.12	100%	46
18	Icheon LP 3	18,421	2018.12	100%	28.5
		1,156,821			2,446

Note:

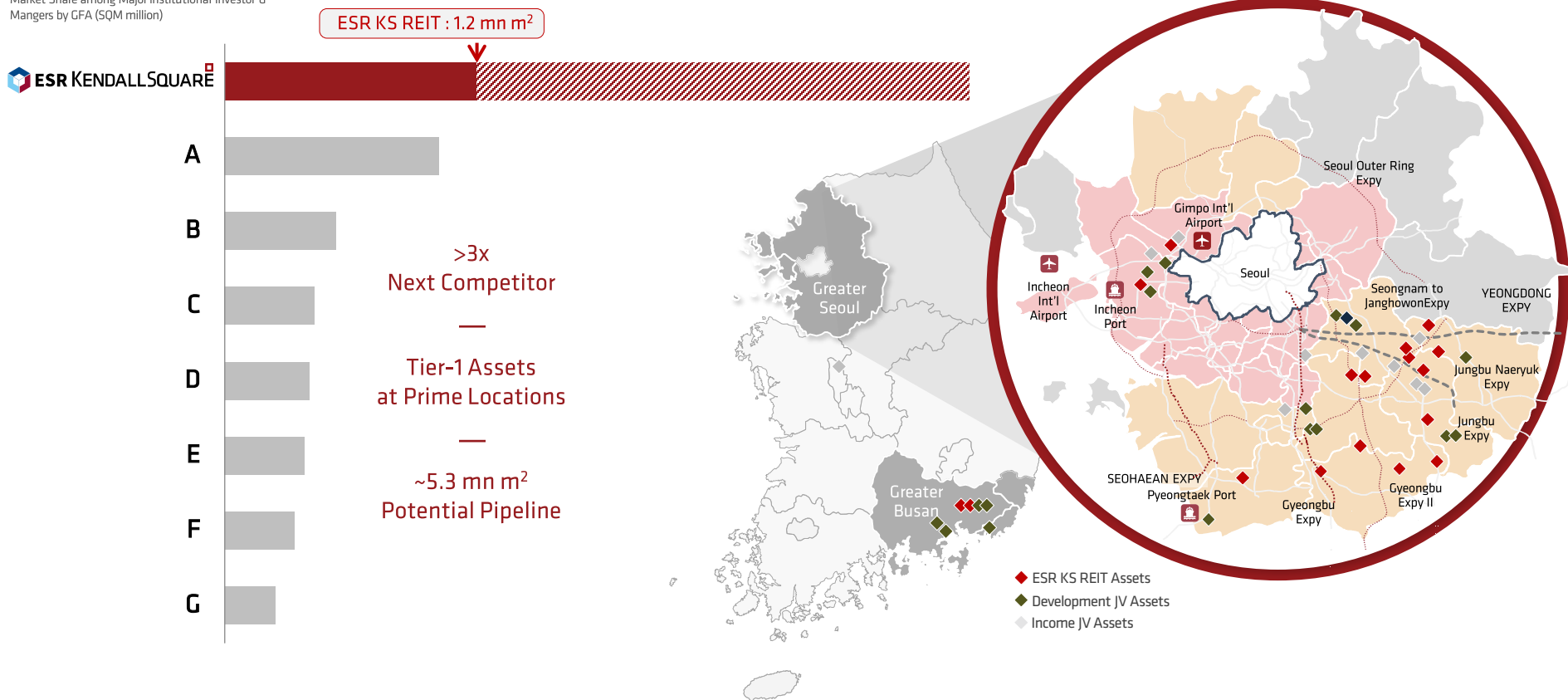
(1) As the acquisition prices of assets, real estates which Subsidiary REITs acquire are in actual contractual price and which REFs retain are priced based on our company's acquiring REF trading price and equity ratio of business structure.

REIT Sponsor – Korea’s No.1 New Economy Platform

- + ESR Kendall Square(Sponsor) remains the No.1 developer and manager of Korean logistics, with a substantial and widening gap to its nearest major competitor
- + ESR Kendall Square REIT: Leveraging a Market dominant Sponsor Pipeline and an Experienced Management Team for distinctive competitive edge and sustainable growth

Estimated Logistics Stock and Future Pipeline by 2023, Owned or Managed by Affiliates of the Sponsor in Korea by GFA ('000 m²)

Market Share among Major institutional Investor & Mangers by GFA (SQM million)



Source: ESR Kendall Square Research



SECTION III

Q & A