COMPANY UPDATE

2026. 4. 3

Alternative Investment Team

Kyungja Lee
Team Leader
kyungja.lee@samsung.com

Jumi Hong
Research Associate
jumi14.hong@samsung.com

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SK REIT (395400)

Corporate day takeaways: Dividend increase driven by lower financing costs and inclusion of P-Tower

- Following the acquisition of SK-P Tower, SK REIT's AUM surpassed KRW5t and annual NOI is set to rise 8%.
- Its profits should be driven by rent increases of around 3% and potentially lower refinancing rates for its water treatment facilities.
- It has finally shed its reliance on capital transfer in 4Q25, and is poised to begin raising dividends in 2026. We revise up our target price.

▶ AT A GLANCE

BUY

Target price	**KRW7,500**	**17.2%**
Current price	**KRW6,400**	
Market cap	KRW1.9t/USD1.3b	
Shares (float)	301,017,620 (70.9%)	
52-week high/low	KRW6,540/KRW4,525	
Avg daily trading value (60-day)	KRW2.3b/ USD1.5m	

▶ ONE-YEAR PERFORMANCE

	1M	6M	12M
SK REIT (%)	8.3	27.0	29.4
Vs Kospi (%pts)	29.2	-13.9	-38.0

▶ KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	7,500	7,500	0.0%
2026E EPS	310	310	0.0%
2027E EPS	327	327	0.0%

▶ SAMSUNG vs THE STREET

No of estimates	3
Target price	6,900
Recommendation	4.0

※ Rating: 4 < → BUY, 3 = HOLD, 2 > → SELL

WHAT'S THE STORY?

External growth: Following the acquisition of SK-P Tower in November, SK REIT's AUM reached KRW5.3t and NOI is set to rise 8%.

- **Incremental NOI of KRW16.5b:** The transaction added KRW0.4t to AUM. Back in early 2025, SK REIT completed a KRW50b third-party allotment, raising funds without impacting the share price. Consequently, even though SK-P Tower acquisition was funded through a combination of borrowings and cash holdings (without equity issuance), its LTV remains stable at 58.9%.
- **Gas station divestments:** Since its IPO, SK REIT has sold 11 gas stations. It is currently in the process of disposing six low-efficiency gas stations located in provincial areas. It is also seeking to redevelop some gas stations into high-growth properties such as rental housing and data centers.

Internal growth: Sustained rise in rents and a declining weighted average funding rate support DPS expansion.

- **Rising rents:** Rents across assets are rising around 3% annually. Notably, 96% of occupancy is comprised of affiliated companies, ensuring exceptional lease stability

(Continued on the next page)

SUMMARY FINANCIAL DATA

	2025	2026E	2027E	2028E
Revenue (KRWb)	271	238	242	247
Operating profit (KRWb)	246	209	209	210
Net profit (adj) (KRWb)	119	93	98	114
EPS (adj) (KRW)	417	310	327	380
EPS (adj) growth (% y-y)	1,201.0	-25.5	5.4	16.1
EBITDA margin (%)	90.7	87.8	86.4	85.0
ROE (%)	7.6	4.8	5.0	5.8
P/E (adj) (x)	13.9	20.6	19.6	16.9
P/B (x)	0.9	1.0	1.0	1.0
P/FFO (x)	13.9	20.6	19.6	16.9
Dividend yield (%)	4.6	4.2	4.3	4.4

Source: Company data, Samsung Securities estimates

- **Potentially lower refinancing rate for water treatment facilities:** Loans of KRW700b secured by water treatment facilities are maturing in 3Q. The company expects to refinance the loans at a rate below the current weighted average funding cost of 4.8%, given: 1) improved market understanding of infrastructure assets—the loans were originally issued in 2023 at a premium rate due to its novelty as the first-ever water treatment facility deal; and 2) tenant SK Hynix's strengthened earnings and credit profile. So, even if KRW200b in corporate bonds maturing this year face slightly higher refinancing costs, the weighted average funding rate will likely remain stable through 2026.

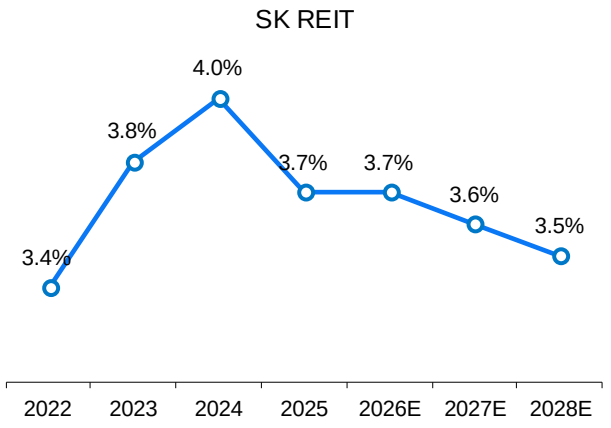
First year of dividend growth: After years of sustaining quarterly dividends of KRW 66—supported by capital transfers amid the 2023 rights offering and elevated interest rates—SK REIT has finally transitioned to paying dividends purely from operating cash flow in 4Q25 (shedding its reliance on capital transfers). The company expects DPS to rise to KRW 67 in in 1Q-2Q and KRW68 in 3Q-4Q. As the only REIT in Korea to conduct regular asset revaluations, it reassessed its assets in end-2025, which confirmed enhanced underlying property values, prompting us to raise our target price by 15.4% to KRW7,500. SK REIT's absolute dividend yield may appear modest, but its emerging identity as a dividend growth stock merits a premium valuation.

Valuation

		Seorin Building	Gas stations	U Tower	Jongno Tower	Water treatment facility	SK-C Tower	SK-P Tower	Total
NOI (KRWb)	NOI (2026F)	45	33	24	22	78	11	17	230
Land area (pyeong)		25,358	25,822	26,258	18,332	44,381	6,546	15,028	161,725
Cap rate	Acquisition price	3.9%	4.2%	4.1%	2.9%	6.4%	5.4%	4.6%	5.2%
	2025 NOI	4.4%	4.2%	4.6%	3.1%	6.8%	5.4%	4.6%	4.5%
	Appraised value	3.4%	3.7%	3.8%	3.2%	6.6%	5.1%	4.5%	4.3%
Asset value	Acquisition price	1,003	766	507	677	1,120	199	361	4,633
(KRWb)	Appraised value	1,319	903	632	684	1,187	215	381	5,321
Price per pyeong	Acquisition price	39.6	29.7	19.3	36.9	25.2	30.5	24.0	28.7
(KRWm)	Appraised value	52.0	35.0	24.1	37.3	26.7	32.8	25.4	32.9
Net debt		440	420	150	240	670	-	210	3,058
NAV		846	456	465	429	377	205	171	2,263
NAV per share (target price)		3,133	1,689	1,720	1,588	1396	759	633	7,600

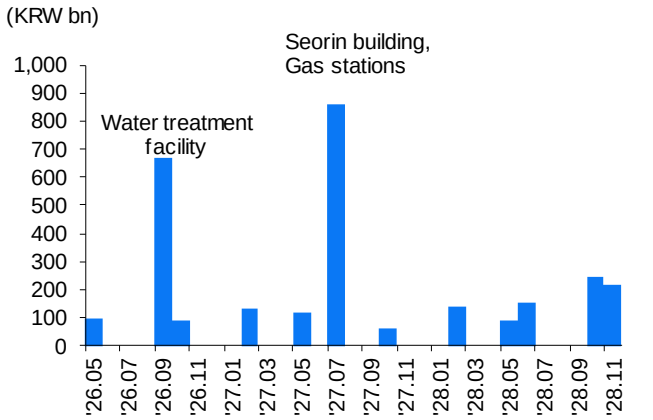
Source: Company data, Samsung Securities

Weighted-average funding rate



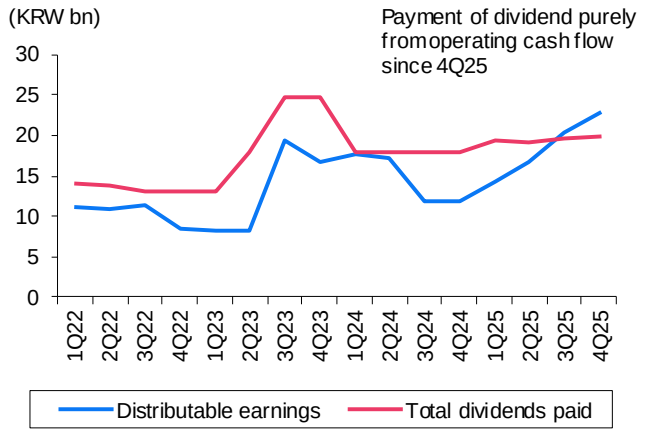
Source: Company data, Samsung Securities

Debt maturity profile



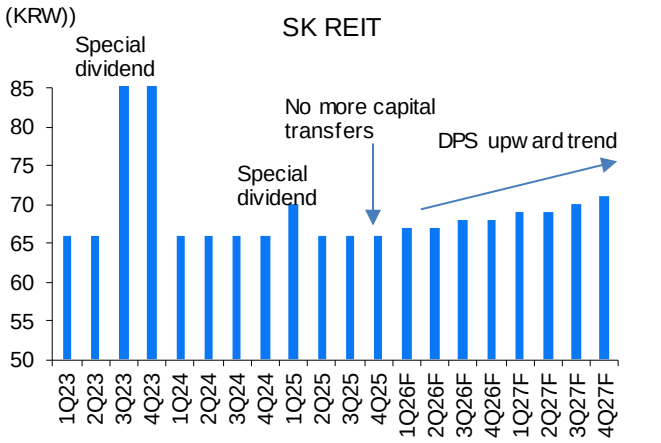
Source: Company data, Samsung Securities

Distributable earnings and total dividends paid



Source: Company data, Samsung Securities

DPS trends and forecasts



Source: Company data, Samsung Securities

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Sales	**209**	**271**	**238**	**242**	**247**
Cost of goods sold	0	0	0	0	0
Gross profit	**209**	**271**	**238**	**242**	**247**
Gross margin (%)	100.0	100.0	100.0	100.0	100.0
SG&A expenses	69	25	29	33	37
Operating profit	**140**	**246**	**209**	**209**	**210**
Operating margin (%)	67.1	90.7	87.8	86.4	85.0
Non-operating gains (losses)	**-127**	**-127**	**-116**	**-111**	**-96**
Financial profit	4	3	4	4	4
Financial costs	133	130	120	115	100
Equity-method gains (losses)	0	0	0	0	0
Other	2	0	0	0	0
Pre-tax profit	**13**	**119**	**93**	**98**	**114**
Taxes	0	0	0	0	0
Effective tax rate (%)	0.0	0.0	0.0	0.0	0.0
Profit from continuing operations	13	119	93	98	114
Profit from discontinued operations	0	0	0	0	0
Net profit	**13**	**119**	**93**	**98**	**114**
Net margin (%)	6.4	43.8	39.2	40.6	46.2
Net profit (controlling interests)	9	119	93	98	114
Net profit (non-controlling interests)	5	0	0	0	0
EBITDA	188	246	209	209	210
EBITDA margin (%)	89.9	90.7	87.8	86.4	85.0
EPS (parent-based) (KRW)	32	417	310	327	380
EPS (consolidated) (KRW)	49	417	310	327	380
Adjusted EPS (KRW)*	32	417	310	327	380

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Current assets	**101**	**121**	**92**	**91**	**93**
Cash & equivalents	54	42	45	46	48
Accounts receivable	0	0	0	0	0
Inventories	0	0	0	0	0
Other current assets	47	79	47	45	45
Fixed assets	**4,333**	**5,310**	**5,310**	**5,310**	**5,310**
Investment assets	5	5	5	5	5
Tangible assets	0	0	0	0	0
Intangible assets	0	0	0	0	0
Other long-term assets	4,328	5,305	5,305	5,305	5,305
Total assets	**4,434**	**5,431**	**5,402**	**5,401**	**5,403**
Current liabilities	**1,162**	**1,195**	**1,052**	**1,004**	**1,002**
Accounts payable	0	0	0	0	0
Short-term debt	0	0	0	0	0
Other current liabilities	1,162	1,195	1,052	1,004	1,002
Long-term liabilities	**2,007**	**2,216**	**2,316**	**2,348**	**2,321**
Bonds & long-term debt	1,781	1,643	1,655	1,655	1,655
Other long-term liabilities	225	573	661	693	666
Total liabilities	**3,169**	**3,410**	**3,368**	**3,352**	**3,323**
Owners of parent equity	**1,184**	**1,939**	**1,952**	**1,968**	**1,998**
Capital stock	136	150	150	150	150
Capital surplus	1,113	1,229	1,229	1,229	1,229
Retained earnings	-66	560	573	589	619
Other	-0	-0	0	0	0
Non-controlling interests' equity	**81**	**81**	**81**	**81**	**81**
Total equity	**1,265**	**2,020**	**2,033**	**2,049**	**2,079**
Net debt	2,833	2,728	2,637	2,588	2,584

Cash flow statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash flow from operations	**65**	**478**	**130**	**142**	**125**
Net profit	13	119	93	98	114
Non-cash profit and expenses	195	12	-52	12	38
Depreciation	48	0	0	0	0
Amortization	0	0	0	0	0
Other	147	12	-52	12	38
Changes in A/L from operating activities	-4	347	88	32	-27
Cash flow from investments	**-206**	**-348**	**59**	**55**	**59**
Change in tangible assets	0	0	0	0	0
Change in financial assets	-4	11	20	15	13
Other	-202	-359	39	40	46
Cash flow from financing	**111**	**-130**	**-189**	**-198**	**-184**
Change in debt	194	-71	12	0	0
Change in equity	-2	129	0	0	0
Dividends	-83	-58	-81	-83	-84
Other	2	-130	-120	-115	-100
Change in cash	-30	-12	3	1	2
Cash at beginning of year	83	54	42	45	46
Cash at end of year	54	42	45	46	48
Gross cash flow	**208**	**131**	**41**	**110**	**152**
Free cash flow	**65**	**478**	**130**	**142**	**125**

Financial ratios

Year-end Dec 31	2024	2025	2026E	2027E	2028E
Growth (%)					
Sales	43.4	29.4	-11.9	1.7	2.0
Operating profit	39.8	74.8	-14.7	0.0	0.4
Net profit	-48.5	785.4	-21.2	5.4	16.1
Adjusted EPS**	-71.9	1,201.0	-25.5	5.4	16.1
Per-share data (KRW)					
EPS (parent-based)	32	417	310	327	380
EPS (consolidated)	49	417	310	327	380
Adjusted EPS**	32	417	310	327	380
BVPS	4,339	6,465	6,485	6,537	6,638
DPS (common)	264	268	270	278	280
Valuations (x)					
P/E***	138.2	13.9	20.6	19.6	16.9
P/B***	1.0	0.9	1.0	1.0	1.0
P/FFO (x)	21.3	13.9	20.6	19.6	16.9
Ratios (%)					
ROE	0.7	7.6	4.8	5.0	5.8
ROA	0.3	2.4	1.7	1.8	2.1
ROIC	-984.5	24,940.1	1,248.1	997.5	1,051.6
Payout ratio	826.0	67.8	87.0	85.0	73.7
Dividend yield (common)	6.0	4.6	4.2	4.3	4.4
Net debt to equity	224.0	135.0	129.7	126.3	124.3
Interest coverage (x)	1.1	1.9	1.7	1.8	2.1

Note: *Excluding one-off items
**Fully diluted, excluding one-off items
***From companies subject to equity-method valuation

Source: Company data, Samsung Securities estimates

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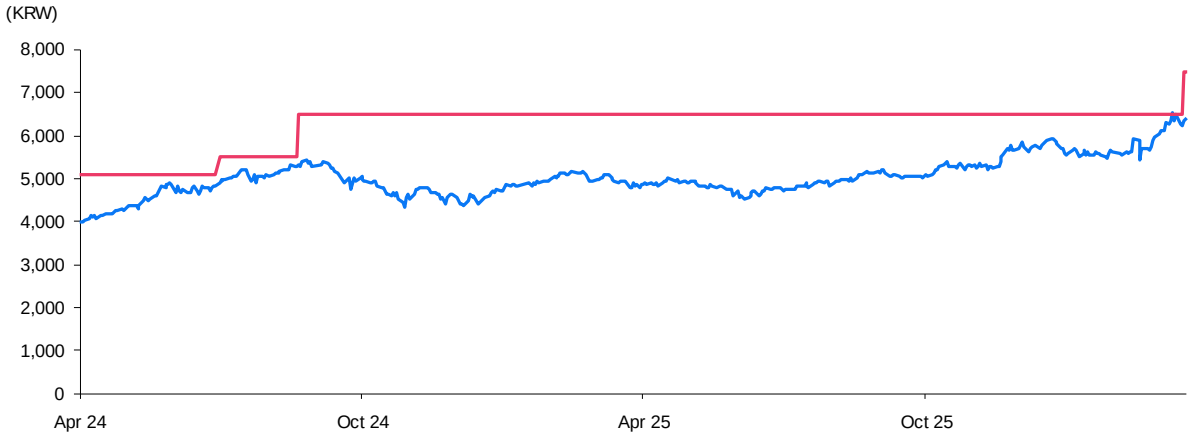
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2024/1/25	7/15	9/4	2026/4/1
Recommendation	BUY	BUY	BUY	BUY
Target price (KRW)	5100	5500	6500	7500
Gap* (average)	-16.44	-7.19	-25.30	
(max or min)**	-4.12	-3.09	-16.15	

Note: * [(average, maximum, or minimum share price over duration of target price minus target price) / target price] x 100%
** Maximum/minimum share price if new target is higher/lower than market close on the business day prior to target price change

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Industry

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Percentage of ratings in 12 months prior to 2026.03.31

BUY(85.2%)·HOLD(14.8%)·SELL(0%)

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Samsung Electronics Bldg., 11, 74-gil,
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Tel: 02 2020 8000 / www.samsungpop.com

Family Center: 1588 2323

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For more information,
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Samsung Securities Europe Limited
1st Floor, 30 Gresham Street, London EC2V 7PG UK
Tel. 44-207-776-4311
Fax. 44-203-837-9219

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Samsung Securities America Limited
1330 Avenue of the Americas. 10th Floor. New York,
NY 10019
Tel: 1-212-972-2454
Fax: 1-212-972-2704

HONG KONG

Samsung Securities (Asia) Limited
Suite 4511, Two International Finance Center,
8 Finance Street, Central, Hong Kong
Tel: 852-3411-3608
Fax: 852-2114-0290

BEIJING

Samsung Securities Beijing Representative Office
Rm. 910, The Exchange Building No 118 JianGuo Lu, Chao Yang District, Beijing, China
Tel: 86-10-6522-1855 (extension 7891)
Fax: 86-10-6522-1855 (extension 7889)

TOKYO

Samsung Securities Tokyo Representative Office
#106-8532 19F, Roppongi T-Cube 3-1-1,
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