

***ESR Kendall Square REIT Co., Ltd.
and its Subsidiaries***

Consolidated Financial Statements
November 30, 2021 and May 31, 2021

ESR Kendall Square REIT Co., Ltd. and its Subsidiaries

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Independent Auditor's Report

(English Translation of a Report Originally Issued in Korean)

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

Opinion

We have audited the accompanying consolidated financial statements of ESR Kendall Square REIT Co., Ltd. and its subsidiaries (collectively referred to as the "Group") which comprise the consolidated statements of financial position as at November 30 and May 31, 2021, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the six-month periods then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of ESR Kendall Square REIT Co., Ltd. and its subsidiaries as at November 30 and May 31, 2021, and its consolidated financial performance and its consolidated cash flows for the six-month periods then ended in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (Korean IFRS).

Basis for Opinion

We conducted our audits in accordance with Korean Standards on Auditing. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements of the Republic of Korea that are relevant to our audit of the consolidated financial statements and we have fulfilled our other ethical responsibilities in accordance with the ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

(1) Occurrence of the Rental Income

Why we determined this matter as Key Audit Matter

As described in Note 17 to the consolidated financial statements, rental income, which accounts for 97% of the Group's operating revenues, is recognized according to the contracts with customers, and terms and conditions of the transaction. As a result, we focused on this area because we determined that there is a significant risk in relation to the occurrence of the rental income.

How our audit addressed the key audit matter

To address the key audit matter, we performed the following audit procedures.

- Assessed of reasonableness of the Group's revenue recognition policies and accounting policies relevant to revenue cut-off
- Performed monthly trend analysis of rental income to verify the existence of unusual circumstance
- Performed recalculation of the amount to be recognized as rental income according to the terms and conditions of each rental contract transaction and reviewed the difference with rental income in the statements of comprehensive income on a sample basis
- Performed substantive test of each rental income transaction on the contract conclusion, determination of revenue amount, payment and accounting treatment on a sample basis

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 3 to the consolidated financial statements of the Group. As discussed in Note 3 to the consolidated financial statements, the world including South Korea is facing uncertainty for severe economic conditions and prolonged situation due to the spread of Coronavirus disease 2019 (COVID-19) since the beginning of 2020. However, the ultimate effect of the recession on the financial position of the Group cannot presently be determined and, accordingly, no adjustments related to such uncertainties have been reflected in the accompanying consolidated financial statements.

Other Matters

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

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Korean IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Korean Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Korean Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatements of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Heung-Su Lee, Certified Public Accountant.

Samuel PricewaterhouseCoopers

Seoul, Korea

February 14, 2022

This report is effective as of February 14, 2022, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying consolidated financial statements and notes thereto. Accordingly, the readers of the audit report should understand that there is a possibility that the above audit 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 its Subsidiaries
Consolidated Statements of Financial Position
November 30 and May 31, 2021

<i>(in Korean won)</i>	Notes	November 30, 2021	May 31, 2021
Assets			
Current assets			
Cash and cash equivalents	4,21,22	₩ 23,518,984,130	₩ 26,893,775,417
Other financial assets	6,21,22	1,962,712,170	5,201,481,632
Other assets	7	5,427,377,842	569,298,752
Current tax assets		934,859,080	6,957,770
		<u>31,843,933,222</u>	<u>32,671,513,571</u>
Non-current assets			
Long-term financial assets	5,21,22	26,715,879,351	21,373,453,740
Investments in associates and joint ventures	8	182,609,817,527	156,560,646,070
Investment properties	9	1,199,425,396,013	975,741,830,154
Intangible assets		4,058,026	4,058,026
Other non-current assets	6,21,22	2,546,515,281	1,269,836,220
		<u>1,411,301,666,198</u>	<u>1,154,949,824,210</u>
Total assets		<u>₩ 1,443,145,599,420</u>	<u>₩ 1,187,621,337,781</u>
Liabilities			
Current liabilities			
Other financial liabilities	10,21,22	₩ 12,629,407,224	₩ 6,920,386,381
Other current liabilities	11	1,866,350,058	3,833,019,222
Short-term borrowings	12,21,22	28,143,530,519	-
		<u>42,639,287,801</u>	<u>10,753,405,603</u>
Non-current liabilities			
Long-term borrowings	12,21,22	668,141,585,260	446,569,500,855
Other non-current financial liabilities	10,21,22	25,012,584,480	19,616,040,912
Other non-current liabilities	11	2,995,086,523	-
		<u>696,149,256,263</u>	<u>466,185,541,767</u>
Total liabilities		<u>738,788,544,064</u>	<u>476,938,947,370</u>
Equity			
Share capital	13	143,259,000,000	143,259,000,000
Other paid-in-capital	13	541,103,130,210	541,850,342,670
Retained earnings	14	16,494,915,146	25,573,047,741
Equity attributable to equity holders of the Parent Company		<u>700,857,045,356</u>	<u>710,682,390,411</u>
Non-controlling interests		<u>3,500,010,000</u>	<u>-</u>
Total equity		<u>704,357,055,356</u>	<u>710,682,390,411</u>
Total liabilities and equity		<u>₩ 1,443,145,599,420</u>	<u>₩ 1,187,621,337,781</u>

The above consolidated statements of financial position should be read in conjunction with the accompanying notes.

ESR Kendall Square REIT Co., Ltd. and its Subsidiaries
Consolidated Statements of Comprehensive Income
Six-Month Periods Ended November 30 and May 31, 2021

<i>(in Korean won)</i>	Notes	November 30, 2021		May 31, 2021	
Operating revenues	17	₩	30,062,669,527	₩	23,710,051,451
Operating expenses	18		<u>15,332,415,321</u>		<u>15,606,524,270</u>
Operating profit			<u>14,730,254,206</u>		<u>8,103,527,181</u>
Non-operating income					
Financial income	19,22		96,282,387		761,933,142
Other income	20		1,532,700		50
Gains on valuating using equity method	8		<u>4,335,196,130</u>		<u>2,629,803,163</u>
			<u>4,433,011,217</u>		<u>3,391,736,355</u>
Non-operating expense					
Financial expenses	19,22		8,944,217,143		6,086,011,670
Other expenses	20		-		11
Losses on valuating using equity method	8		<u>733,644,737</u>		-
			<u>9,677,861,880</u>		<u>6,086,011,681</u>
Profit before income tax expenses			9,485,403,543		5,409,251,855
Income tax expenses	15		-		-
Profit for the period			<u>₩ 9,485,403,543</u>		<u>₩ 5,409,251,855</u>
Owners of the Parent Company			9,485,403,543		5,409,251,855
Non-controlling interests			-		-
Other comprehensive income			-		-
Total comprehensive income for the period			<u>₩ 9,485,403,543</u>		<u>₩ 5,409,251,855</u>
Owners of the Parent Company			9,485,403,543		5,409,251,855
Non-controlling interests			-		-
Earnings per share					
Basic earnings per share	16	₩	66	₩	39
Diluted earnings per share	16	₩	66	₩	34

The above consolidated statements of comprehensive income should be read in conjunction with the accompanying notes.

ESR Kendall Square REIT Co., Ltd. and its Subsidiaries
Consolidated Statements of Changes in Equity
Six-Month Periods Ended November 30 and May 31, 2021

(in Korean won)

	Equity attributable to equity holders of the Parent Company				Non-controlling interests	Total
	Share capital	Other paid-in-capital	Retained earnings (accumulated deficit)			
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
Integrity of deficit	-	(21,658,000,000)	21,658,000,000	-	-	-
Profit for the period	-	-	5,409,251,855	-	-	5,409,251,855
Balance at May 31, 2021	₩ 143,259,000,000	₩ 541,850,342,670	₩ 25,573,047,741	₩ -	₩ -	₩ 710,682,390,411
Balance at June 1, 2021	₩ 143,259,000,000	₩ 541,850,342,670	₩ 25,573,047,741	₩ -	₩ -	₩ 710,682,390,411
Transfer of other paid-in capital to retained earnings	-	(700,000,000)	700,000,000	-	-	-
Dividends paid	-	-	(19,263,536,138)	-	-	(19,263,536,138)
Increase in non-controlling interests	-	-	-	3,500,010,000	-	3,500,010,000
Stock issuance fee	-	(47,212,460)	-	-	-	(47,212,460)
Profit for the period	-	-	9,485,403,543	-	-	9,485,403,543
Balance at November 30, 2021	₩ 143,259,000,000	₩ 541,103,130,210	₩ 16,494,915,146	₩ 3,500,010,000	₩ -	₩ 704,357,055,356

The above consolidated statements of changes in equity should be read in conjunction with the accompanying notes.

ESR Kendall Square REIT Co., Ltd. and its Subsidiaries
Consolidated Statements of Cash Flows
Six-Month Periods Ended November 30 and May 31, 2021

<i>(in Korean won)</i>	November 30, 2021	May 31, 2021
Cash flows from operating activities		
Profit for the period	₩ 9,485,403,543	₩ 5,409,251,855
Adjustments for:		
Depreciation	7,682,730,245	5,906,579,420
Interest expense	8,944,217,143	6,086,011,670
Losses on valuation using equity method	733,644,737	-
Interest income	(96,282,387)	(101,605,142)
Rental income	(6,782,353)	-
Other income	(303,583,632)	(229,085,922)
Gains on valuation of financial liabilities at fair value through profit or loss	-	(660,328,000)
Gains on valuation using equity method	(4,335,196,130)	(2,629,803,163)
	<u>12,618,747,623</u>	<u>8,371,768,863</u>
Changes in operating assets and liabilities:		
Decrease (increase) in account receivables	20,615,323	(837,361,890)
Increase in accrued income	(1,276,679,061)	(626,536,220)
Increase in prepaid expenses	(669,925,686)	(569,298,752)
Decrease in prepaid value added tax	(4,188,153,404)	-
Increase in unearned revenue	1,011,355,739	-
Increase in trade payables	5,029,544,173	2,318,754,877
Increase in withholdings	6,645,812	532,055,603
Increase in value added tax withheld	101,931,793	-
	<u>35,334,689</u>	<u>817,613,618</u>
	<u>22,139,485,855</u>	<u>14,598,634,336</u>
Interest received	64,511,859	45,045,558
Income taxes paid	(927,901,310)	(6,041,060)
Interest paid	(10,701,189,066)	(5,779,279,865)
Dividends received	7,650,045,316	112,876
Net cash inflow from operating activities	<u>18,224,952,654</u>	<u>8,858,471,845</u>
Cash flows from investing activities		
Decrease in long-term financial assets	5,813,806,103	-
Increase in long-term financial assets	(11,156,231,714)	(21,373,453,740)
Acquisition of investments in associates	(26,200,000,000)	(158,238,014,736)
Acquisition of investment properties (Land)	(59,076,733,981)	(343,807,732,271)
Acquisition of investment properties (Building)	(171,276,323,554)	(637,840,677,303)
Increase in other deposits	-	(643,300,000)
Net cash outflow from investing activities	<u>(261,895,483,146)</u>	<u>(1,161,903,178,050)</u>
Cash flows from financing activities		
Increase in issued capital	-	357,295,000,000
Increase in short-term borrowings	28,143,530,519	-
Increase in long-term borrowings	223,000,000,000	511,400,000,000
Increase in non-controlling interests	3,500,010,000	-
Increase in leasehold deposits received	5,162,657,284	23,134,744,950
Dividends paid	(19,263,536,138)	-
Decrease in leasehold deposits received	(199,710,000)	-
Stock issuance fee	(47,212,460)	(9,269,619,090)
Repayment for current portion of long-term borrowings	-	(60,900,000,000)
Net cash inflow from financing activities	<u>240,295,739,205</u>	<u>821,660,125,860</u>
Net decrease in cash and cash equivalents	<u>(3,374,791,287)</u>	<u>(331,384,580,345)</u>
Cash and cash equivalents at the beginning of period	<u>26,893,775,417</u>	<u>358,278,355,762</u>
Cash and cash equivalents at the end of period	<u>₩ 23,518,984,130</u>	<u>₩ 26,893,775,417</u>

The above consolidated statements of cash flows should be read in conjunction with the accompanying notes.

ESR Kendall Square REIT Co., Ltd. and its Subsidiaries

Notes to the Consolidated Financial Statements

November 30, 2021 and May 31, 2021

1. Reporting Entity

In accordance with Korean IFRS 1110 *Consolidated Financial Statements*, the consolidated financial statements were prepared for ESR Kendall Square REIT Co., Ltd., the controlling company, and its subsidiaries ESR Kendall Square Asset 1st REIT Co., Ltd. and ESR Kendall Square Asset 2nd REIT Co., Ltd. included in consolidation (collectively referred to as the “Group”).

1.1 Controlling Company

ESR Kendall Square REIT Co., Ltd. (the “Company”) was established on February 20, 2020 under the Real Estate Investment Companies Act of the Republic of Korea. The Group obtained approval of the business authorization from the Ministry of Land, Infrastructure and Transport of the Republic of Korea on August 24, 2020. The Group 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 Group’s head office is located on the 35th floor, Gukjegeumyung-ro 10, Yeongdeungpo-Gu, Seoul.

The Group’s major shareholders and their respective shareholdings as at November 30, 2021, are as follows:

Shareholders	Number of shares	Percentage of ownership
ESR Kendall Square REIT Holding Pte. Ltd.	9,200,000	6.42%
ESR Kendall Square Co., Ltd.	4,000,000	2.79%
Kendall Square REIT Management Co., Inc.	1,000,000	0.70%
CPP Investment Board Real Estate Holdings Inc.	35,600,000	24.85%
Others	93,459,000	65.24%
	<u>143,259,000</u>	<u>100.00%</u>

1.2 Subsidiaries

Details of subsidiaries as at November 30 and May 31, 2021, are as follows:

	Country of domicile	Business type	Percentage of ownership	
			November 30, 2021	May 31, 2021
ESR Kendall Square Asset No. 1 REIT Co., Ltd.	Korea	Real estate	100%	100%
ESR Kendall Square Asset No. 2 REIT Co., Ltd. ¹	Korea	Real estate	100%	-

¹ It was newly established during the current period.

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Financial information of subsidiaries as at and for the six-month periods ended November 30 and May 31, 2021, are as follows:

		November 30, 2021					Total
<i>(in thousands of Korean won)</i>	Assets	Liabilities	Equity	Operating revenues	Profit (loss) for the period	comprehensive income (loss)	
ESR Kendall Square Asset No. 1 REIT Co., Ltd.	₩ 1,181,943,033	₩ 648,904,180	₩ 533,038,853	₩ 30,055,260	₩ 6,738,841	₩ 6,738,841	
ESR Kendall Square Asset No. 2 REIT Co., Ltd.	74,898,135	68,961,993	5,936,142	7,409	(57,723)	(57,723)	

		May 31, 2021					Total
<i>(in thousands of Korean won)</i>	Assets	Liabilities	Equity	Operating revenues	Profit for the period	comprehensive income	
ESR Kendall Square Asset No. 1 REIT Co., Ltd.	₩ 1,018,448,615	₩ 476,868,401	₩ 541,580,214	₩ 23,710,051	₩ 7,885,259	₩ 7,885,259	

2. Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years 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 (Hangeul) in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (Korean IFRS). The accompanying consolidated financial statements have been condensed, restructured and translated into English from the Korean language financial statements.

Certain information attached to the Korean language financial statements, but not required for a fair presentation of the Group's financial position, financial performance or cash flows, is not presented in the accompanying consolidated financial statements.

The consolidated financial statements of the Group have been prepared in accordance with Korean IFRS. These are the standards, subsequent amendments and related interpretations issued by the International Accounting Standards Board (IASB) that have been adopted by the Republic of Korea. The financial statements have been prepared on a historical cost basis, except for the following:

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- Certain financial assets and liabilities, certain classes of investment property – measured at fair value
- assets held for sale – measured at fair value less costs to sell, and
- defined benefit pension plans – plan assets measured at fair value

The preparation of financial statements requires the use of critical accounting estimates. Management also needs to exercise judgement in applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

2.2 Changes in Accounting Policies and Disclosures

2.2.1 New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing June 1, 2021.

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

As a practical expedient, a lessee may elect not to assess whether a rent concession occurring as a direct consequence of the COVID-19 pandemic is a lease modification. A lessee 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 amendment does not have a significant impact on the consolidated financial statements.

(b) 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 (Phase 2 amendments)

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 amendment does not have a significant impact on the consolidated financial statements.

2.2.2 New standards and interpretations not yet adopted by the Group

The following new accounting standards and interpretations have been published that are not mandatory for November 30, 2021 reporting period and have not been early adopted by the Group.

(a) 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

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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 consolidated financial statements.

(b) 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 consolidated financial statements.

(c) 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 consolidated financial statements.

(d) 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 is in review for the impact of these amendments on the consolidated financial statements.

(e) New Standard: Korean IFRS 1117 Insurance Contract

Korean IFRS 1117 *Insurance Contracts* replaces Korean IFRS 1104 *Insurance Contracts*. This Standard estimates future cash flows of an insurance contract and measures insurance liabilities using discount rates applied with assumptions and risks at the measurement date. The entity recognizes insurance revenue on an accrual basis including services (insurance coverage) provided to the policyholder by each annual period. In addition, investment components (Refunds

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due to termination/maturity) repaid to a policyholder even if an insured event does not occur, are excluded from insurance revenue, and insurance financial income or expense and the investment income or expense are presented separately to enable users of the information to understand the sources of income or expenses. This Standard should be applied for annual periods beginning on or after January 1, 2023, and earlier application is permitted for entities that applied Korean IFRS 1109 Financial Instruments. The Group is in review for the impact of this new standard on the consolidated financial statements.

(f) Korean IFRS 1001 Presentation of Financial Statements - Disclosure of Accounting Policies

The amendments to Korean IFRS 1001 define and require entities to disclose their material accounting policies. The IASB amended IFRS Practice Statement 2 *Disclosure of Accounting Policies* to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

The amendments should be applied for annual periods beginning on or after January 1, 2023, and earlier application is permitted. The Group is in review for the impact of these amendments on the consolidated financial statements.

(g) Korean IFRS 1008 Accounting policies, changes in accounting estimates and errors - Definition of Accounting Estimates

The amendments define accounting estimates and clarify how to distinguish them from changes in accounting policies. 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 consolidated financial statements.

(h) Korean IFRS 1012 Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments include an additional condition to the exemption to initial recognition of an asset or liability that a transaction does not give rise to equal taxable and deductible temporary differences at the time of the transaction. 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 consolidated financial statements.

(i) Amendment to Korean IFRS 1116 - Covid-19 - Related Rent Concessions beyond June 30, 2021

The application of the practical expedient, a lessee may elect not to assess whether a rent concession occurring as a direct consequence of the COVID-19 pandemic is a lease modification, is extended to lease payments originally due on or before June 30, 2022. The amendment should be applied for annual periods beginning on or after April 1, 2021, and earlier application is permitted. The Group does not expect that these amendments have a significant impact on the consolidated financial statements.

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(j) 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 consolidated financial statements.

- Korean IFRS 1101 *First time Adoption of Korean International Financial Reporting Standards* – Subsidiaries 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

2.3 Consolidated Financial Statements

(a) Subsidiaries

The subsidiaries are entities controlled by the Group. The Group controls an entity when it has the power to govern the financial and operating policies of an investee so as to obtain benefit from its activities. When assessing control, the Group considers its potential voting rights that can be exercised or converted, to determine whether it has power. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to its financial statements in preparing the consolidated financial statements.

(b) Transactions eliminated in consolidation

Intra-group balances and transactions, including income and expenses and any unrealized income and expenses arising from intragroup transactions, are eliminated. Unrealized losses arising from intra-group transactions are recognized as profit or loss in the case of evidence of impairment that is recognized in the consolidated financial statements.

(c) Non-controlling interests

Non-controlling interest that is defined as the equity interest in a subsidiary not attributable to a parent should be presented separately from the equity interest of the shareholders of the parent. The Group shall attribute the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests. The Group shall also attribute total comprehensive income to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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(d) Changes in ownership interests in subsidiaries

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In this situation, the carrying amounts of the controlling and non-controlling interests were adjusted to reflect the changes in their relative interests in the subsidiary. The Group shall recognize directly in equity any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received, and attribute it to the owners of the parent.

(e) Associates

Associates are entities over which the Group has significant influence but not control or joint control. Investments in associates are accounted for using the equity method of accounting, after initially being recognized at cost. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. If the Group's share of losses of an associate equals or exceeds its interest in the associate (including long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. After the Group's interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. If there is an objective evidence of impairment for the investment in the associate, the Group recognizes the difference between the recoverable amount of the associate and its book amount as impairment loss. The Group has not adjusted the accounting policies of the associates, measured at fair value after initial recognition of investment properties, to those of the Group in consideration of the characteristics of the associates.

2.4 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. Equity investments are excluded from cash equivalents unless they are, in substance, cash equivalents, for example in the case of preferred shares when they have a short maturity with a specified redemption date.

2.5 Financial Assets

The Group classifies its financial assets in the following measurement categories:

- those to be measured at fair value through profit or loss
- those to be measured at fair value through other comprehensive income
- those to be measured at amortized cost.

(a) Classification

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For financial assets measured at fair value, gains and losses will either be recorded in profit or

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loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. The Group reclassifies debt investments when and only when its business model for managing those assets changes. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. In case of investments in equity instruments for which the Group has not elected to present changes in fair value in other comprehensive income, the changes in fair value are recognized in profit or loss.

(b) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

- Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its debt instruments into one of the following three measurement categories:

- Financial assets measured at Amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in 'financial income' using the effective interest rate method.

- Financial assets measured at Fair value through other comprehensive income (FVOCI)

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment loss (reversal of impairment loss), interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. Interest income from these financial assets is included in 'financial income' using the effective interest rate method. Foreign exchange gains and losses are presented in 'other income or other expenses' and impairment loss in 'other expenses'.

- Financial assets measured at Fair value through profit and loss (FVTPL)

Assets that do not meet the criteria for amortized cost or fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a debt investment that

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is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and presented net in the consolidated statements of comprehensive income within 'finance income or finance expenses' in the period in which it arises.

(c) Impairment

The Group assesses on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortized cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade and other receivables, the Group applies the simplified approach, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

- Trade receivables

The Group applies the simplified approach for trade receivables which requires the expected lifetime losses to be recognized from initial recognition of the receivables.

- Financial assets measured at amortized cost

Financial assets measured at amortized costs are considered to have low credit risk if the risk of default is low and the issuer has sufficient ability to pay contractual cash flows in a short period of time. Therefore, any loss allowance is recognized as 12-month expected credit losses.

- Debt instruments measured at fair value through other comprehensive income

Debt instruments measured at fair value through other comprehensive income include government bonds, corporate bonds and trade receivables subject to discount. Loss allowances for debt instruments measured at fair value through other comprehensive income are recognized in profit or loss and reduces the amount that would have been recognized in other comprehensive income due to fair value valuation losses.

(d) Recognition and derecognition

Purchases or sales of financial assets in an active market are recognized or derecognized on trade date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. If a transfer does not result in derecognition because the Group has retained substantially all the risks and rewards of ownership of the transferred asset, the Group continues to recognize the transferred asset in its entirety and recognizes a financial liability for the consideration received. The Group classified the financial liability as "borrowings" in the consolidated statements of financial position.

(e) Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated statements of financial position where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the assets and settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

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2.6 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable is estimated for each individual asset or for each cash-generating unit to which the asset belongs if the recoverable amount cannot be estimated. The recoverable amount is the higher of the asset's or cash-generating unit's value in use or fair value less costs of disposal. Value in use is determined by discounting the future cash flows expected to be generated by the asset or cash-generating unit at an appropriate discount rate that reflects the current market assessment of the unadjusted asset's specific risk when estimating the time value of money and future cash flows.

Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in profit or loss.

2.7 Financial liabilities

(a) Classification and measurement

The Group classifies non-derivative financial liabilities, except for financial liabilities at fair value through profit or loss, financial guarantee contracts and financial liabilities that arise when a transfer of financial assets does not qualify for derecognition, as financial liabilities carried at amortized cost in the consolidated statements of financial position.

(b) Derecognition

Financial liabilities are removed from the consolidated statement of financial position when they are extinguished; for example, when the obligation specified in the contract is discharged or cancelled or expired or when the terms of an existing financial liability are substantially modified. The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

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

Financial liabilities are classified as at FVTPL when a financial liability is (i) a contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing in the near term;
- on initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

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A financial liability other than a financial liability held for trading or a contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and Korean IFRS 1109 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognized in profit or loss to the extent that they are not part of a designated hedging relationship (see hedge accounting policy). The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in the 'financial income and expenses' line item.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognized in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognized in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Gains or losses on financial guarantee contracts issued by the Group that are designated by the Group as at FVTPL are recognized in profit or loss.

Fair value is measured by the method described in note 22.

2.9 Investment Property

Investment property is a property held to earn rentals or for capital appreciation, or both. Investment property is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is reported at cost, less accumulated depreciation and accumulated impairment losses.

Subsequent costs are recognized in the carrying amount of an asset or as a separate asset if it is probable that future economic benefits associated with the assets will flow into the Group and the cost of an asset can be measured reliably. Routine maintenance and repairs are expensed as incurred.

While land is not depreciated, all other investment property is depreciated based on the respective assets' estimated useful lives of 50 years using the straight-line method.

The depreciation method, the residual value and the useful life of an asset are reviewed at the end of each reporting period and, if management judges that previous estimates should be adjusted,

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the change is accounted for as a change in an accounting estimate.

2.10 Capital stock and share issuance expenses

Proceeds from issuance of common shares are classified as capital stock in equity. Incremental costs directly attributable to the issuance of common shares are deducted against capital stock net of tax.

2.11 Revenue recognition

Rental income under operating leases is recognized in profit or loss on a straight-line basis during the term of the lease. The service falls under Korean IFRS 1116 'Leases' and is not subject to Korean IFRS 1115 'Revenue from Contracts with Customers' and there is no service identified as a performance obligation.

2.12 Financial income and financial costs

Financial income comprises of interest income. Interest income is recognized as it accrues in profit or loss, using the effective interest method.

Financial costs comprise of interest expenses on borrowings and losses on valuation of financial liabilities measured at FVTPL. Interest expenses are recognized in profit or loss as incurred using the effective interest method.

2.13 Income tax

Income tax expense for the period consists of current and deferred tax and is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity.

Under the Article 51-2 of Corporate Tax Law of the Republic of Korea, Income Deduction for Special Purpose Companies, etc., if the Group payouts 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.

2.14 Approval of Issuance of the consolidated financial statements

The Group's consolidated financial statements as at and for the six-month period ended November 30, 2021 were approved for issue by the Board of Directors on January 12, 2022 and are to be approved at the Annual General Meeting scheduled on February 25, 2022.

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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. As the resulting accounting estimates will, by definition, seldom equal the related actual results, it can contain a significant risk of causing a material adjustment.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. Additional information of significant judgement and assumptions of certain items are included in relevant notes.

During 2020, the spread of Coronavirus disease 2019 ("COVID-19") has a material impact on the global 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 a negative impact on the financial position and financial performance of the Group.

Significant accounting estimates and assumptions applied in the preparation of the consolidated financial statements can be adjusted depending on 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 presently be determined.

4. Cash and Cash Equivalents

Cash and cash equivalents as at November 30 and May 31, 2021, are as follows:

<i>(in thousands of Korean won)</i>	November 30, 2021	May 31, 2021
Bank deposits	₩ 23,518,984	₩ 26,893,775

5. Financial Instruments Restricted in Use

Financial instruments that are restricted in use as at November 30 and May 31, 2021, are as follows:

<i>(in thousands of Korean won)</i>	November 30, 2021	May 31, 2021
Long-term financial assets ¹	₩ 26,715,879	₩ 21,373,454

¹ Consist of bank deposit and time deposit and are pledged on the leasehold deposits.

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6. Other Financial Assets

Other financial assets as at November 30 and May 31, 2021, are as follows:

<i>(in thousands of Korean won)</i>	November 30, 2021		May 31, 2021	
Current assets				
Account receivables	₩	816,747	₩	837,362
Accrued income		1,145,966		4,364,120
	₩	<u>1,962,713</u>	₩	<u>5,201,482</u>
Non-current assets				
Other leasehold deposits	₩	643,300	₩	643,300
Accrued income		1,903,215		626,536
	₩	<u>2,546,515</u>	₩	<u>1,269,836</u>

7. Other Assets

Other assets as at November 30 and May 31, 2021, are as follows:

<i>(in thousands of Korean won)</i>	November 30, 2021		May 31, 2021	
Prepaid expenses	₩	1,239,224	₩	569,299
Prepaid value added tax		4,188,153		-
	₩	<u>5,427,377</u>	₩	<u>569,299</u>

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8. Investment in Associates

Investment in associates as at November 30, 2021, are as follows:

<i>(in thousands of Korean won)</i>	Country of domicile	Percentage of ownership	Number of shares invested	Beginning balance	Acquisitions	Share of profit	Dividends	Ending balance
Beneficiary certificates:								
KendallSquare Professional Investment Type Real Estate Investment Fund #6	Korea	99.20%	37,264,025,475	₩ 37,039,302	₩ -	₩ 973,830	₩ (962,253)	₩ 37,050,880
KendallSquare Professional Investment Type Real Estate Investment Fund #7	Korea	99.28%	41,126,694,806	40,716,670	-	1,261,367	(1,111,889)	40,866,148
KendallSquare Professional Investment Type Real Estate Investment Fund #8	Korea	99.21%	37,743,009,474	37,096,914	-	1,097,381	(843,297)	37,350,998
KendallSquare Professional Investment Type Real Estate Investment Fund #11	Korea	99.29%	42,104,284,981	41,707,759	-	1,002,618	(973,067)	41,737,311
KendallSquare Professional Investment Type Real Estate Investment Fund #18	Korea	83.54%	26,398,138,840	-	26,847,741	(733,645)	(509,614)	25,604,482
				₩ 156,560,645	₩ 26,847,741	₩ 3,601,551	₩ (4,400,120)	₩ 182,609,819

Although percentage of ownership of the above beneficiary certificates exceed 50%, the beneficiary certificates are classified as associates because they are trust type beneficiary certificates that are determined to have no de facto control in accordance with the Capital Market Act and trust contract.

9. Investment Properties

Investment properties as at November 30 and May 31, 2021, are as follows:

	November 30, 2021			May 31, 2021		
	Acquisition cost	Accumulated depreciation	Book amount	Acquisition cost	Accumulated depreciation	Book amount
Land	₩ 403,120,961	₩ -	₩ 403,120,961	₩ 343,807,732	₩ -	₩ 343,807,732
Buildings	809,893,745	(13,589,310)	796,304,435	637,840,677	(5,906,579)	631,934,098
	₩ 1,213,014,706	₩ (13,589,310)	₩ 1,199,425,396	₩ 981,648,410	₩ (5,906,579)	₩ 975,741,830

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Changes in investment properties for the periods ended November 30 and May 31, 2021, are as follows:

<i>(in thousands of Korean won)</i>	November 30, 2021			May 31, 2021		
	Land	Building	Total	Land	Building	Total
Beginning balance	₩ 343,807,732	₩ 631,934,098	₩ 975,741,830	₩ -	₩ -	₩ -
Acquisitions/transfers	59,313,229	172,053,067	231,366,296	343,807,732	637,840,677	981,648,410
Depreciation	-	(7,682,730)	(7,682,730)	-	(5,906,579)	(5,906,579)
Ending balance	<u>₩ 403,120,961</u>	<u>₩ 796,304,435</u>	<u>₩ 1,199,425,396</u>	<u>₩ 343,807,732</u>	<u>₩ 631,934,098</u>	<u>₩ 975,741,830</u>

Details of acquisition for the six-month periods ended November 30, 2021, are as follows:

<i>(in thousands of Korean won)</i>	Purchase price¹	Seller
Anseong logistics park	₩ 160,000,000	Juksan PFV, Inc.
Anseongsamjuk	59,000,000	KLD&I Inc.
	<u>₩ 219,000,000</u>	

¹ The amount excludes the additional cost related to purchase.

Revenues and expenses related to investment properties for the periods ended November 30 and May 31, 2021, are as follows:

<i>(in thousands of Korean won)</i>	November 30, 2021	May 31, 2021
Operating revenues ¹	₩ 29,759,086	₩ 23,474,561
Operating expenses ²	11,641,432	9,040,442

¹ Operating revenues consist of rental income and management income.

² Operating expenses consist of depreciation expense, asset management consignment fees, asset custody consignment fees, general affairs consignment fees, real estate consignment management fees and facility maintenance & administrative expenses.

Fair value of investment properties as at November 30, 2021 has no significant difference with the book amount.

The Group has provided collateral rights for the underlying mortgage on 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:

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<i>(in thousands of Korean won)</i>	Book value of the assets provided as collateral	Contract amount	Maximum amount of bonds (120%)
Tranche A (The Industrial Bank of Korea and 3 others)	₩ 469,550,741	₩ 255,000,000	₩ 306,000,000
Tranche B (The Industrial Bank of Korea and others)	667,263,972	364,200,000	437,040,000
Tranche C			
Tranche A (KB Insurance Co., Ltd.)	62,610,683	34,300,000	41,160,000
Tranche B (KB Capital and another)		24,000,000	28,800,000

The Group subscribes to the property all risks insurance (insured amount: ₩ 518,275 million) in relation to investment property.

10. Other Financial Liabilities

Other financial liabilities as at November 30 and May 31, 2021, are as follows:

<i>(in thousands of Korean won)</i>	November 30, 2021	May 31, 2021
Current liabilities		
Trade payables	₩ 9,247,652	₩ 4,437,576
Accrued expense	3,331,755	2,283,100
Leasehold deposits	50,000	199,710
	<u>₩ 12,629,407</u>	<u>₩ 6,920,386</u>
Non-current liabilities		
Leasehold deposits	₩ 28,682,701	₩ 22,935,035
Discount account on present value	(3,670,116)	(3,318,994)
	<u>₩ 25,012,585</u>	<u>₩ 19,616,041</u>

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11. Other Liabilities

Other liabilities as at November 30 and May 31, 2021, are as follows:

<i>(in thousands of Korean won)</i>	November 30, 2021	May 31, 2021
Current liabilities		
Withholdings	₩ 7,435	₩ 789
Value added tax withholdings	633,350	531,418
Advance received	218,850	-
Unearned revenue	1,006,716	3,300,812
	<u>₩ 1,866,351</u>	<u>₩ 3,833,019</u>
Non-current liabilities		
Unearned revenue	₩ 2,995,087	-
	<u>₩ 2,995,087</u>	<u>-</u>

12. Short-term and Long-term Borrowings

Details of short-term borrowings as at November 30, 2021, are as follows:

<i>(in thousands of Korean won)</i>	Financial institution	Annual interest rate	Maturity date	November 30, 2021
Tranche B	KB Capital Co., Ltd.	4.25%	November 30, 2022	₩ 18,000,000
	KB Savings Bank Co., Ltd.	4.25%	November 30, 2022	6,000,000
Tranche E	KB Insurance Co., Ltd.	3.50%	February 28, 2022	4,143,531
				<u>₩ 28,143,531</u>

Details of long-term borrowings as at November 30 and May 31, 2021, are as follows:

<i>(in thousands of Korean won)</i>	Financial institution	Annual interest rate	Maturity date	November 30, 2021	May 31, 2021
Tranche A ¹	Hanwha General Insurance Co., Ltd.	2.22%	December 14, 2023	₩ 50,000,000	₩ 50,000,000
	Bank of China	2.22%	December 14, 2023	50,000,000	50,000,000
	Shinhan Bank	2.22%	December 14, 2023	50,000,000	50,000,000
	Industrial Bank of Korea	2.22%	December 14, 2023	105,000,000	105,000,000
Tranche B ¹	KB Insurance Co., Ltd.	2.50%	November 30, 2024	34,300,000	-
	Industrial Bank of	2.50%	December 14,	155,500,000	155,500,000

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	Korea		2025		
	NongHyup Life Insurance Co., Ltd.	2.50%	December 14, 2025	40,000,000	40,000,000
	Industrial Bank of Korea	2.50%	December 14, 2025	28,700,000	-
	Hanwha General Insurance Co., Ltd.	2.50%	December 14, 2025	50,000,000	-
Tranche C ¹	NongHyup Life Insurance Co.,Ltd.	2.50%	December 14, 2025	40,000,000	-
	TONGYANG Life Insurance Co.,Ltd.	2.50%	December 14, 2025	50,000,000	-
Tranche D ¹	Industrial Bank of Korea	3.80%	December 14, 2025	20,000,000	-
				673,500,000	450,500,000
	Less: discount account on present value			(5,358,415)	(3,930,499)
				₩ 668,141,585	₩ 446,569,501

¹ The Group provided the investment properties and leasehold deposits as collateral for the borrowing (Note 26).

13. Share Capital and Other Paid-in-Capital

Details of share capital as at November 30, 2021, are as follows:

<i>(in Korean won)</i>	Total number of authorized shares	Total number of issued shares	Par value per share	Share capital
Common shares	2,000,000,000 shares	143,259,000 shares	₩ 1,000	₩ 143,259,000,000

Details of other paid-in-capital as at November 30 and May 31, 2021, are as follows:

<i>(in thousands of Korean won)</i>	November 30, 2021	May 31, 2021
Additional paid-in-capital	₩ 541,103,130	₩ 541,850,343

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Changes in share capital for the six-month periods ended November 30 and May 31, 2021, are as follows:

<i>(in thousands of Korean won)</i>	November 30, 2021		May 31, 2021	
	Number of shares	Amount	Number of shares	Amount
Beginning balance	143,259,000	₩ 143,259,000	48,200,000	₩ 48,200,000
Increase in issued capital	-	-	71,459,000	71,459,000
Conversion of convertible bonds	-	-	23,600,000	23,600,000
Ending balance	<u>143,259,000</u>	<u>₩ 143,259,000</u>	<u>143,259,000</u>	<u>₩ 143,259,000</u>

14. Retained Earnings

Details of retained earnings as at November 30 and May 31, 2021, are as follows:

<i>(in thousands of Korean won)</i>	November 30, 2021		May 31, 2021	
Retained earnings	₩	16,494,915	₩	25,573,048

Changes in retained earnings (accumulated deficit) for the periods ended November 30 and May 31, 2021, are as follows:

<i>(in thousands of Korean won)</i>	November 30, 2021		May 31, 2021	
Beginning balance	₩	25,573,048	₩	(1,494,204)
Integrity of deficit		-		21,658,000
Transfer of other paid-in capital to retained earnings		700,000		-
Dividends paid		(19,263,536)		-
Profit for the period		9,485,404		5,409,252
Ending balance	₩	<u>16,494,915</u>	₩	<u>25,573,048</u>

Dividends for the six-month periods ended November 30, 2021, are calculated as follows:

<i>(in Korean won)</i>	Common shares	
1. Dividends	₩	19,196,706,000
2. Total number of shares issued		143,259,000
3. Dividend per share (1./2.)	₩	134
4. Par value	₩	1,000
5. Dividend rate per share (3./4.)		13.40%

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15. 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.

16. Earnings per Share

Basic earnings per share for the periods ended November 30 and May 31, 2021, are as follows:

<i>(in Korean won)</i>	November 30, 2021		May 31, 2021	
Profit for the period attributable to owners of the Parent Company	₩	9,485,403,543	₩	5,409,251,855
Weighted average number of common shares outstanding		143,259,000 shares		138,298,940 shares
Basic earnings per share	₩	66	₩	39

Weighted average number of common shares outstanding for the periods ended November 30 and May 31, 2021, are calculated as follows:

<i>(in shares)</i>	November 30, 2021		
	Number of shares	Accumulated number of days	Accumulated number of common shares outstanding
Beginning	143,259,000	183	26,216,397,000
Weighted average number of common shares outstanding			143,259,000

<i>(in shares)</i>	May 31, 2021		
	Number of shares	Accumulated number of days	Accumulated number of common shares outstanding
Beginning	48,200,000	9	433,800,000
Increase in issued capital	119,659,000	2	239,318,000
Conversion of convertible bonds	143,259,000	171	24,497,289,000
Weighted average number of common shares outstanding			138,298,940

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Diluted earnings (losses) per share

As at November 30, 2021, the Group did not issue any potential ordinary shares. Therefore, basic earnings per share is identical to diluted earnings per share.

Diluted earnings per share for the period ended May 31, 2021 is as follows:

<i>(in Korean won)</i>	May 31, 2021	
Profit for the period attributable to owners of the Parent Company	₩	5,409,251,855
Loss on convertible bond (net of tax)		(660,328,000)
Profit used to determine diluted earnings per share		4,748,923,855
Weighted average number of ordinary shares for diluted earnings per share		139,725,313
Diluted earnings per share:	₩	<u>34</u>

17. Operating Revenues

Operating revenues for the periods ended November 30 and May 31, 2021, are as follows:

<i>(in thousands of Korean won)</i>	November 30, 2021		May 31, 2021	
Rental income	₩	29,180,557	₩	22,930,389
Management income		578,529		544,172
Other income		303,584		235,491
	₩	<u>30,062,670</u>	₩	<u>23,710,052</u>

The future minimum lease payments expected to be received in relation to the operating lease agreement as at November 30 and May 31, 2021, are as follows:

<i>(in thousands of Korean won)</i>	November 30, 2021		May 31, 2021	
Within one year	₩	51,332,795	₩	49,000,608
Between 1 and 2 years		60,533,202		49,453,319
Between 2 and 3 years		59,286,123		47,192,146
Between 3 and 4 years		58,073,552		39,099,680
Between 4 and 5 years		44,030,559		31,127,356
Later than five years		113,678,190		100,637,670
	₩	<u>386,934,421</u>	₩	<u>316,510,779</u>

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18. Operating Expenses

Operating expenses for the periods ended November 30 and May 31, 2021, are as follows:

<i>(in thousands of Korean won)</i>	November 30, 2021		May 31, 2021	
Depreciation	₩	7,682,730	₩	5,906,579
Asset management consignment fees		2,884,741		4,802,674
Taxes and due		2,008,224		3,932
Real estate management consignment fees		934,481		770,594
Other fees		515,602		3,454,509
Insurance expenses		718,094		382,382
Rental brokerage fees		250,627		60,734
Advertising expenses		99,000		-
Salaries		85,000		78,000
General affairs consignment fees		86,730		70,493
Asset custody consignment fees		52,750		43,951
Deemed rent		8,762		5,951
Utilities expenses		5,675		5,725
Facility maintenance & administrative expenses		-		21,000
	₩	15,332,416	₩	15,606,524

19. Finance Income and Expenses

Financial income and expenses for the periods ended November 30 and May 31, 2021, are as follows:

<i>(in thousands of Korean won)</i>	November 30, 2021		May 31, 2021	
Financial income				
Interest income	₩	96,282	₩	101,605
Gains on valuation of financial liabilities at fair value through profit or loss		-		660,328
	₩	96,282	₩	761,933
Financial expenses				
Interest expenses	₩	8,944,217	₩	6,086,012

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20. Other Income and Expenses

Other income and expenses for the periods ended November 30 and May 31, 2021, are as follows:

<i>(in thousands of Korean won)</i>	November 30, 2021	May 31, 2021
Other income		
Miscellaneous income	₩ 1,533	₩ -
Other expenses	-	-

21. Financial Risk Management

21.1 Capital risk management

The primary objective of The Group's capital management is to maintain its ability to continuously provide return to its shareholders and stakeholders and to optimize its capital structure to reduce capital expenses.

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 November 30 and May 31, 2021, are as follows:

<i>(in thousands of Korean won)</i>	November 30, 2021	May 31, 2021
Liabilities	₩ 738,788,544	₩ 476,938,947
Equity	704,357,055	710,682,390
Debt-to-equity ratio	104.89%	67.11%

21.2 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.

(a) 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.

(b) 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.

- Level of exposure to credit risk

The carrying amount of the financial asset represents the maximum exposure to credit risk. The

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degree of exposure to credit risk as at November 30 and May 31, 2021, are as follows:

<i>(in thousands of Korean won)</i>		November 30, 2021		May 31, 2021
Cash and cash equivalents	₩	23,518,984	₩	26,893,775
Long-term financial instruments		26,715,879		21,373,454
Other financial assets		4,509,227		6,471,318

(c) Liquidity risk

The Group has established a liquidity risk management framework for the management of 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 as at November 30 and May 31, 2021, are as follows:

(in thousands of Korean won)

	November 30, 2021					
	Book amount	Contractual cash flows	Within 1 year	1 year ~ 2 years	2 years ~ 5 years	Over 5 years
Trade payables	₩ 9,247,652	₩ 9,247,652	₩ 9,247,652	₩ -	₩ -	₩ -
Accrued expenses	3,331,755	3,331,755	3,331,755	-	-	-
Short-term borrowings	28,143,531	29,199,290	29,199,290	-	-	-
Long-term borrowings	668,141,585	727,450,018	16,383,500	16,383,500	694,683,018	-
Leasehold deposits	25,062,584	28,732,701	50,000	1,263,829	10,844,809	16,574,063
	<u>₩ 733,927,107</u>	<u>₩ 797,961,416</u>	<u>₩ 58,212,197</u>	<u>₩ 17,647,329</u>	<u>₩ 705,527,827</u>	<u>₩ 16,574,063</u>

(in thousands of Korean won)

	May 31, 2021					
	Book amount	Contractual cash flows	Within 1 year	1 year ~ 2 years	2 years ~ 5 years	Over 5 years
Trade payables	₩ 4,437,576	₩ 4,437,576	₩ 4,437,576	₩ -	₩ -	₩ -
Accrued expenses	2,283,100	2,283,100	2,283,100	-	-	-
Long-term borrowings	446,569,501	487,065,300	10,548,500	10,548,500	465,968,300	-
Leasehold deposits	19,815,751	23,134,745	199,710	1,163,829	6,161,859	15,609,347
	<u>₩ 473,105,928</u>	<u>₩ 516,920,721</u>	<u>₩ 17,468,886</u>	<u>₩ 11,712,329</u>	<u>₩ 472,130,159</u>	<u>₩ 15,609,347</u>

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22. Financial Instruments by Category and Fair Value

(a) Financial instruments by category and fair value as at November 30 and May 31, 2021, are as follows:

(in thousands of Korean won)

	November 30, 2021		May 31, 2021	
	Book amount	Fair value	Book amount	Fair value
Financial assets				
Cash and cash equivalents	₩ 23,518,984	₩ 23,518,984	₩ 26,893,775	₩ 26,893,775
Long-term financial instruments	26,715,879	26,715,879	21,373,454	21,373,454
Other financial assets	4,509,227	4,509,227	6,471,318	6,471,318
	<u>₩ 54,744,090</u>	<u>₩ 54,744,090</u>	<u>₩ 54,738,547</u>	<u>₩ 54,738,547</u>
Financial liabilities				
Short-term borrowings	₩ 28,143,531	₩ 28,143,531	₩ -	₩ -
Long-term borrowings	668,141,585	668,141,585	446,569,501	446,569,501
Other financial liabilities	37,641,992	37,641,992	26,536,427	26,536,427
	<u>₩ 733,927,108</u>	<u>₩ 733,927,108</u>	<u>₩ 473,105,928</u>	<u>₩ 473,105,928</u>

(b) Net gains or losses on each category of financial instruments for the periods ended November 30 and May 31, 2021, are as follows:

(in thousands of Korean won)

	November 30, 2021	May 31, 2021
Financial assets at amortized cost		
Interest income	₩ 96,282	₩ 101,605
Financial liabilities at amortized cost		
Interest expenses	8,944,217	6,086,012
Financial liabilities at fair value through profit or loss		
Gains on valuation of financial liabilities at fair value through profit or loss	-	660,328

23. Cash flow

The significant non-cash transactions for the periods ended November 30 and May 31, 2021, are as follows:

(in thousands of Korean won)

	November 30, 2021	May 31, 2021
Deficit set-off	₩ -	₩ 21,658,000
Conversion of convertible bonds	-	118,000,000
Reclassification to current portion of long-term borrowings	-	60,900,000
Transfer of trade payables into discount account on present value	1,773,773	4,505,000
Transfer of other paid-in capital to retained	700,000	-

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earnings		
Transfer of accrued income into investments in associates	1,057,134	-
Transfer of trade payables into investments in associates	647,741	-
Reclassification to current portion of leasehold deposits received	50,000	-
Transfer of trade payables and other into land	236,495	-
Transfer of trade payables and other into buildings	776,744	-

Changes in liabilities arising from financial activities for the six-month periods ended November 30, 2021, are as follows:

<i>(in thousands of Korean won)</i>	Beginning balance	Cash flow from financial activities	Changes in non-cash transactions¹	Ending balance
Short-term borrowings	₩ -	₩ 28,143,531	₩ -	28,143,531
Long-term borrowings	446,569,501	223,000,000	(1,427,916)	668,141,585
Leasehold deposits	19,815,751	4,962,947	283,886	25,062,584

¹ Changes in non-cash transactions include non-cash movements and interest payments which are presented as operating cash flows in the statement of cash flows when paid.

24. Related Party Transactions

Related parties as at November 30 and May 31, 2021, are as follows:

	November 30, 2021	May 31, 2021
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 KendallSquare Professional Investment Type Real Estate Investment Fund #18	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 party ¹	Kendall Square REIT Management Co., Ltd. CPP Investment Board Real Estate Holdings Inc. ESR Kendall Square REIT Holding PTE, LTD.	Kendall Square REIT Management Co., Ltd. CPP Investment Board Real Estate Holdings Inc. ESR Kendall Square REIT Holding PTE, LTD.

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¹ As the shareholders agreement of the Group was terminated, the right to appoint a director granted to ESR KENDALL SQUARE REIT HOLDING PTE, LTD., CPP INVESTMENT BOARD REAL ESTATE HOLDINGS INC. and the parties (3 persons in total) with the largest amount of share capital has expired, however, the directors have been appointed as at November 30, 2021 according to the right to nominate a director.

Transactions with related parties for the periods ended November 30 and May 31, 2021, are as follows:

(in thousands of Korean won)

	Related party	November 30, 2021	
		Asset management consignment fees and others ¹	
Other related party	Kendall Square REIT Management Co., Ltd. ¹	₩	5,322,482

(in thousands of Korean won)

	Related party	May 31, 2021	
		Asset management consignment fees	Gains on valuation of financial liabilities measured at FVTPL
Other related party	CPP Investment Board Real Estate Holdings Inc.	₩	- ₩ 660,328
	Kendall Square REIT Management Co., Ltd. ¹	11,758,924	-
		₩ 11,758,924	₩ 660,328

¹ Asset management consignment fees for ESR Kendall Square REIT Management Co., Ltd. includes acquisition cost of investments in associates amounting to ₩ 648 million and asset purchase fee amounting to ₩ 1,790 million (May 31, 2021: ₩ 6,956 million), which is included in the acquisition cost of investment properties.

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Outstanding balances to related parties as at November 30 and May 31, 2021, are as follows:

<i>(in thousands of Korean won)</i>		Related party	November 30, 2021		May 31, 2021				
			Accrued income	Trade payables	Accrued income	Trade payables			
Associates	KendallSquare Professional Investment Type Real Estate Investment Fund #6	₩	267,844	₩	-	₩	1,021,774	₩	-
	KendallSquare Professional Investment Type Real Estate Investment Fund #7		317,683		-		1,350,151		-
	KendallSquare Professional Investment Type Real Estate Investment Fund #8		-		-		1,309,591		-
	KendallSquare Professional Investment Type Real Estate Investment Fund #11		129,080		-		625,543		-
	KendallSquare Professional Investment Type Real Estate Investment Fund #18		342,528		-		-		-
Other related party	Kendall Square REIT Management Co., Ltd.		-		4,469,957		-		2,272,583
		₩	1,057,135	₩	4,469,957	₩	4,307,059	₩	2,272,583

Fund transactions with related parties for the periods ended November 30 and May 31, 2021, are as follows:

<i>(in thousands of Korean won)</i>		Related party	November 30, 2021			May 31, 2021					
			Contributions in cash	Dividends received	Dividends paid	Contributions in cash	Dividends received				
Associates	KendallSquare Professional Investment Type Real Estate Investment Fund #6	₩	-	₩	1,716,184	₩	-	₩	11,700,000	₩	27
	KendallSquare Professional Investment Type Real Estate Investment Fund #7		-		2,144,358		-		9,600,000		29
	KendallSquare Professional Investment Type Real Estate Investment Fund #8		-		2,152,888		-		12,100,000		27
	KendallSquare Professional Investment Type Real Estate Investment Fund #11		-		1,469,529		-		7,800,000		30
	KendallSquare Professional Investment Type Real Estate Investment Fund #18		1,500,000		167,087		-		-		-
Other related party ¹	Kendall Square REIT Management Co., Ltd.		-		-		134,466		-		-
	CPP INVESTMENT BOARD REAL ESTATE HOLDINGS INC		-		-		4,787,007		-		-

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ESR Kendall Square REIT Holding PTE, LTD.	-	-	1,237,092	-	-
	<u>₩ 1,500,000</u>	<u>₩ 7,650,046</u>	<u>₩ 6,158,565</u>	<u>₩ 41,200,000</u>	<u>₩ 113</u>

¹ Dividends of ₩6,830,898 thousands were paid to ESR KENDALL SQUARE REIT HOLDING PTE, LTD., CPP INVESTMENT BOARD REAL ESTATE HOLDINGS INC. and the parties (3 persons in total) with the largest amount of share capital who appointed directors as at November 30, 2021 according to the right to appoint a director granted under the shareholders agreement.

Compensation for key management of the Group for the periods ended November 30 and May 31, 2021, consists of:

<i>(in thousands of Korean won)</i>	November 30, 2021	May 31, 2021
Short-term employee benefits	₩ 57,000	₩ 60,000

25. 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.

Revenues of approximately ₩ 22,224million (2020: ₩ 16,535million), over 10% of the Group's revenue, are derived from a single external customer. These revenues are attributed to Buchon cold logistics park and 2 others.

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26. Commitments

(a) 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 Kendall Square REIT Management Co., Ltd. Details of fees as follows:

Details

Management fees	<p>a. Real estates:</p> <p>(Purchase price + additional cost related to purchase) X 0.5% (Annual Percentage Rate)</p> <p>b. Assets except real estate such as collective investment securities and equity securities:</p> <p>(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</p>
Operation performance fees	<p>(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%</p> <p>(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.)</p>
Purchase fee	<p>a. Real estates:</p> <p>Purchase price X 1.0%</p> <p>(*) 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.</p> <p>b. Assets except real estate such as collective investment securities and equity securities:</p> <p>The amount of real estate that is the underlying asset of assets for purchase X 1.0% (*) X Consigner's ratio of shareholding</p> <p>(*) 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.</p>

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Basic sales commission	0.5% of the sales amount calculated when each asset is sold
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.

(b) General affairs consignment contract

The Group entered 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 ₩ 105 million per every fiscal year. In addition, for the assets that the Group additionally purchase, the defined fee rate (0.005%~0.01%) of the weighted average purchase price of the additionally acquired assets is paid.

(c) Asset custody consignment contract

The Group entered 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. The Group entered a consignment contract for custody and management of securities, cash and other assets except for real estate with Woori Bank. Fees are paid ₩ 15 million per every fiscal year. The Group entered a consignment contract for custody and management of real estate with KB Real Estate Trust Co., Ltd. Separate fees are determined according to the "real estate collateral trust contract", and the trust fee amounts to ₩ 200 million for 5 assets.

(d) Loan agreement

Details of the loan agreement as at November 30, 2021, are as follows:

<i>(in thousands of Korean won)</i>	Contract amount	Loan amount
Tranche A (Hanwha General Insurance Co., Ltd., etc.)	₩ 289,300,000	₩ 289,300,000
Tranche B&C (Industrial Bank of Korea, etc.)	806,200,000	388,200,000
Tranche E (KB Insurance Co., Ltd, etc.)	133,300,000	4,143,531
Tranche D (Industrial Bank of Korea)	20,000,000	20,000,000
Tranche D (KB Bank)	30,000,000	-
	<u>₩ 1,278,800,000</u>	<u>₩ 701,643,531</u>

Regarding the loan agreements, the Group provided the investment property as collateral and details are as follows:

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<i>(in thousands of Korean won)</i>	Collateral	Book value	Secured amount	Related borrowings	Financial institutions
Investment properties	Buchon cold logistics park and 4 others	₩ 469,550,741	₩ 306,000,000	Tranche A	Industrial Bank of Korea, etc.
	Goyang logistics park	499,797,207	437,040,000	Tranche B&C	Industrial Bank of Korea, etc.
	Anseong logistics park	167,466,765		Tranche A	KB Insurance Co., Ltd
	Anseongsamjuk	62,610,683	41,160,000	Tranche B	KB Capital Co., Ltd., KB Savings Bank Co., Ltd.
		<u>₩ 1,199,425,397</u>	<u>₩ 813,000,000</u>		

Among the Tranche A, the leasehold deposits of ₩ 310,684 thousand and ₩ 353,897 thousand are reserved as leasehold rights and senior collateral, respectively.

27.Events After the Reporting Period

(a) Decision on increase in issued capital

After the reporting period, the Group increased its capital amounting to ₩ 442,023,900 thousand and acquired beneficiary certificates of Kendall Square Professional Investment Type Real Estate Investment Fund #18.

(b) Repayment of Borrowings

The Group fully repaid Tranche D borrowings amounting to ₩ 20 billion after the reporting period.

(c) Acquisition investment property

The Group plans to acquire the Gimhae logistics park and other three investment properties additionally.

<i>(in thousands of Korean won)</i>	Expected date of purchase	Purchase price
Gimhae logistics park 2	2021-12-20	₩ 71,200,000
Icheon logistics park 5	2021-12-20	198,300,000
Anseong logistics park 2	2021-12-20	324,500,000
Anseong logistics park 3	2021-12-20	127,000,000
		<u>₩ 721,000,000</u>

(d) Reduction in class shares

After the reporting period, the Group decided to reduce the total amount for 116,667 class shares which correspond to non-controlling interests.