



Annual Report 2024

# Building the future of investment

Your trusted investment partner, **LOTTE REIT**

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Korea's Leading  
Publicly-Listed REIT



Listed on the Korea Exchange in October 2019, LOTTE REIT has established itself as Korea's leading publicly-listed REIT. As of the end of 2024, LOTTE REIT has an AUM of KRW 2.6 trillion, consisting of 16 key investment assets – one hotel&office(mixed), six department stores, five marts, three outlets, and one logistics center.



LOTTE REIT is dedicated to delivering strong growth, underpinned by long-term lease agreements signed with LOTTE Group, including its major shareholder, LOTTE Shopping. LOTTE REIT will strive to boost its competitiveness and is committed to maximizing shareholder value as Korea's leading publicly-listed REIT.



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Key Highlights 01

# Korea's Leading Mega REIT ///

01 The REIT with mega-scale AUM and market cap in Korea

02 Strong pipeline of blue-chip assets within LOTTE Group, including major shareholder of LOTTE REIT, LOTTE Shopping, as well as Hotel LOTTE and LOTTE Global Logistics

03 Steady flow of supply and demand owing to an inflow of passive funds since its inclusion in global indices

## AUM

**KRW 2,637.6 billion**

(in billion of KRW)

◆ IPO ('19.10)	1,487.8
◆ First Rights Issue ('21.03)	778.2
◆ Additional Acquisitions ('21.12)	34.6
◆ Second Rights Issue ('24.11)	330.0
◆ Preferred Shares ('24.05 - DF Tower)	7.0



## Market Cap

**KRW 881.4 billion**

## Portfolio

**16 properties**

Department Stores 6	Mart Branches 5
Outlet Branches 3	Logistics Center 1
Hotel/Office 1	

## Global Index

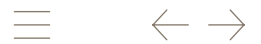
FTSE Russell EPRA Nareit  
Global, Developed Asia etc.

FTSE Russell  
All Cap

MSCI  
EM MARKETS etc.

\* as of the end of Dec. 2024





Key Highlights 02

## Solid Profit Structure

**01 Strong profit-generating structure** built on high-quality tenants and long-term lease agreements

**02 Leveraging a high credit rating** to employ diverse financing strategies and take advantage of favorable borrowing terms for new investments.

Remaining Lease Period

**5.1 years on average**

Credit Rating

Competitive interest rates when raising funds thanks to superior credit ratings

**AA- Stable**

(based on secured bonds)

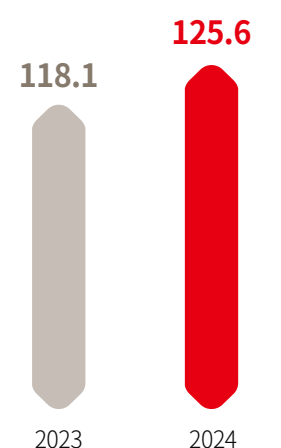
Average Interest Rate on Financing

**4.214%**

Revenue

**KRW 125.6 billion**

(in billion of KRW)

LTV<sup>1</sup>

**40.9%**

(Total borrowings / Collateral appraised value)

**49.6%**

(Total borrowings / Asset acquisition value)

1) LTV: Loan-to-Value Ratio  
\* as of the end of Dec. 2024





## Key Highlights 03

# Diversified portfolio that includes high-quality LOTTE Group assets

**01 Strengthened the sponsor deal pipeline** by acquiring L7 Hotel Gangnam Tower (with plans to further expand into the hotel and office sectors)

**02 Continued portfolio diversification** by acquiring high-quality assets from LOTTE Group and external assets

## Acquisition of L7 Hotel Gangnam Tower

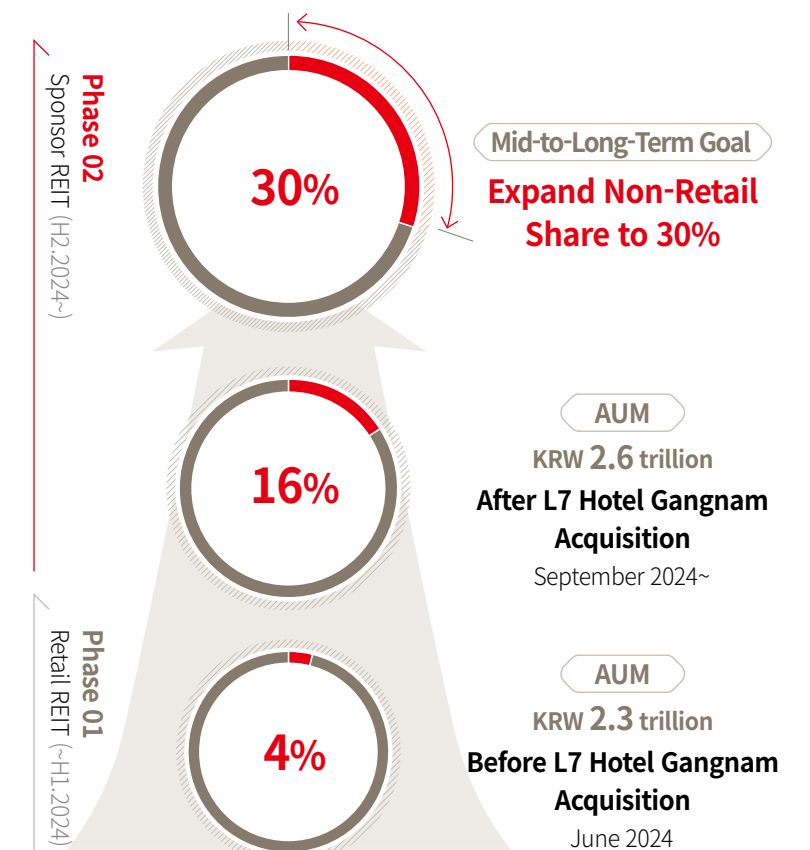
Secured an additional KRW 330 billion in assets.  
(financed through a KRW 147.2 billion rights issue)  
Accelerated portfolio diversification by integrating non-retail assets, thereby mitigating market volatility risks.



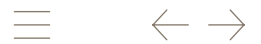
## Strengthening the Group's Asset Pipeline for High-Quality Acquisitions

Expanded asset acquisition pipeline by deepening collaborations with key LOTTE Group affiliates, including LOTTE Shopping, LOTTE Global Logistics, Hotel LOTTE and LOTTE Property & Development.

● Non-Retail ● Retail







## Key Highlights 04

# Establishing a virtuous cycle through high-potential asset portfolio

**01 Enhanced borrowing capacity** by leveraging the increased valuation of existing assets.

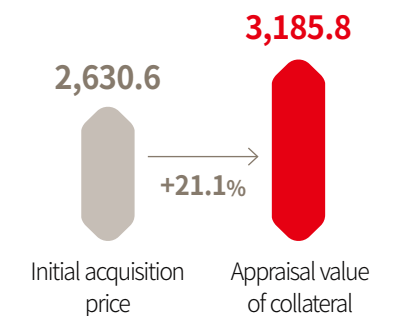
**02 Focused on acquiring high-growth potential assets** to ensure sustainable value appreciation.

## Assets acquired increased by 21.1% in value

Asset value rose by 26.5% at the time of IPO and by 20.1% following the first rights issue.  
(Based on collateral appraisal value)

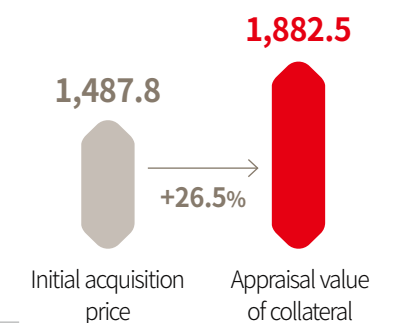
### Total Asset Value

Asset value increased by KRW 555.2 billion  
(in billion of KRW)



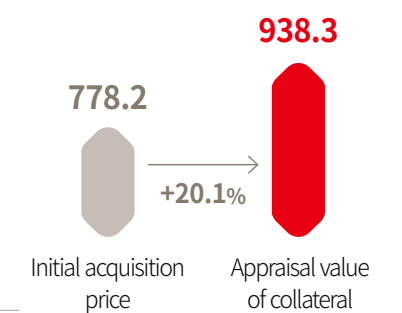
### Asset Value at IPO

Asset value increased by KRW 394.7 billion  
(in billion of KRW)



### Asset Value at First Rights issue

Asset value increased by KRW 160.1 billion  
(in billion of KRW)



※ Note: The asset value of LOTTE Mart Gyeonggi Yangpyeong branch increased by KRW 0.4 billion (Acquisition price: KRW 34.6 billion, Collateral appraisal value: KRW 35.0 billion), The recently acquired L7 Hotel Gangnam Tower has been reflected with an acquisition price of KRW 330 billion, aligning with its asset value.

## Additional borrowing capacity secured through asset valuation growth

By leveraging appraisal-based valuations of its premium assets, LOTTE REIT has secured additional borrowing capacity. This will support the acquisition of new assets and drive further portfolio expansion.



Key Highlights 05

## Enhancing shareholder value and responsible management

01 **Commitment to responsible management**  
based on a transparent governance structure

02 **Maintained a high yield** through stable asset management  
and a strong rental income base

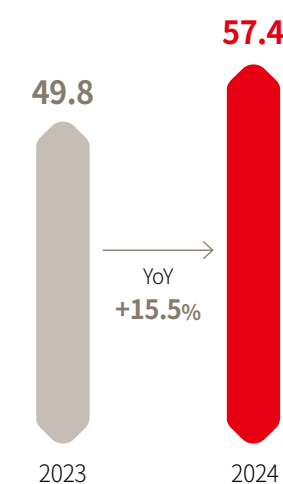
Dividend Yield

**7.06%<sup>1</sup>**

Amount of total dividend

**KRW 57.4 billion**

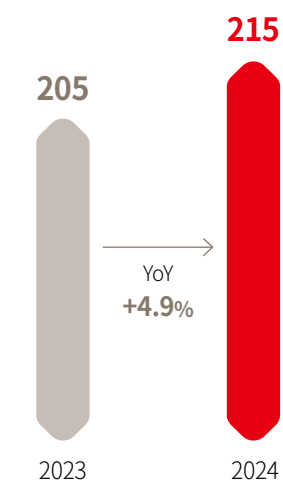
(in billion of KRW)



Annual Dividend Per Share

**KRW 215**

(in KRW)



1) 2024 Annual Dividend per Share (KRW 215) ÷ 2024 Year-end Closing Price (KRW 3,050)  
\* as of the end of Dec. 2024





Leading the future of  
**real estate investment**  
and new values

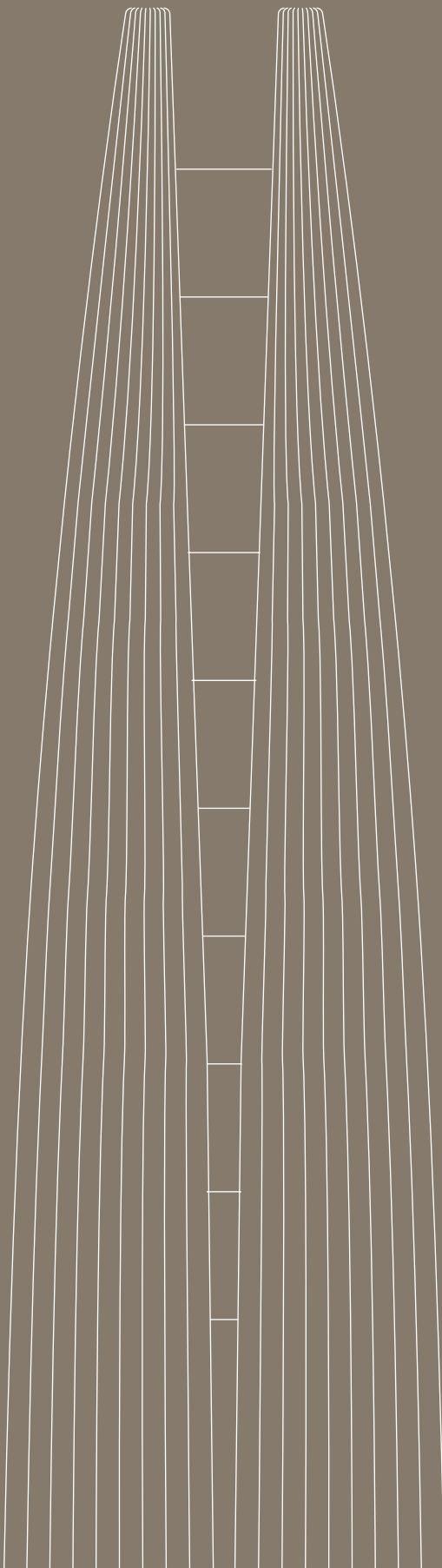


# Building the future of investment

## OVERVIEW

LOTTE REIT continues to generate stable returns through efficient asset management, even in a rapidly changing market environment. Additionally, by leveraging LOTTE Group’s diverse asset pipeline, LOTTE REIT maintains sustained growth momentum.

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## 2024 Highlights

01

### Strengthening strategy as a sponsor REIT, Securing Additional Investor (LOTTE P&D) Within the Group

- Promoting the improvement of a retail-concentrated asset portfolio (96% retail as of the end of 2023) and actively leveraging LOTTE Group's pipeline across various sectors, including hotels and logistics centers
- Projected to secure additional investors and gain synergy in development/operation as LOTTE Property & Development Co., Ltd. (P&D), LOTTE Group's developer, participated in rights issue.



02

### Two case of New Investments in the Non-Retail Sector & Completed Portfolio Diversification

- Indirect investment in DF Tower's preference shares (KRW 7 billion) and direct investment in L7 Gangnam (KRW 330 billion) to enhance portfolio and to expand sectors for investment
- Planning to increase non-retail sector by 30%+ in the mid-to-long term Group's developer, participated in rights issue.



03

### Secured Low-Rate Refinancing through High Credit Rating

- Successful refinancing with the lowest level of interest rates in the REIT sector for corporate bonds (around 3.45% as of Aug. '24)
- Early repayment of 6 months of secured loans to reduce high-interest expenses in advance. (previous rate: CD + 1.91% → refinancing rate: CD + 1.00%, 0.91%p ↓)



## LOTTE AMC at a Glance

LOTTE AMC was established in March 2019 as an asset manager wholly owned by LOTTE Corporation in conformity with the Real Estate Investment Company Act, and engages in investment and operation of the real estate properties consigned by REITs.

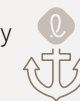
### Selective investments made by professionals 01

Take the most efficient and optimal approach to each phase of REIT business from development to operation and management



### Leveraging LOTTE Group as the anchor investor 02

Continuously acquire high-quality real estate assets of LOTTE Group as a wholly-owned subsidiary of LOTTE Corporation

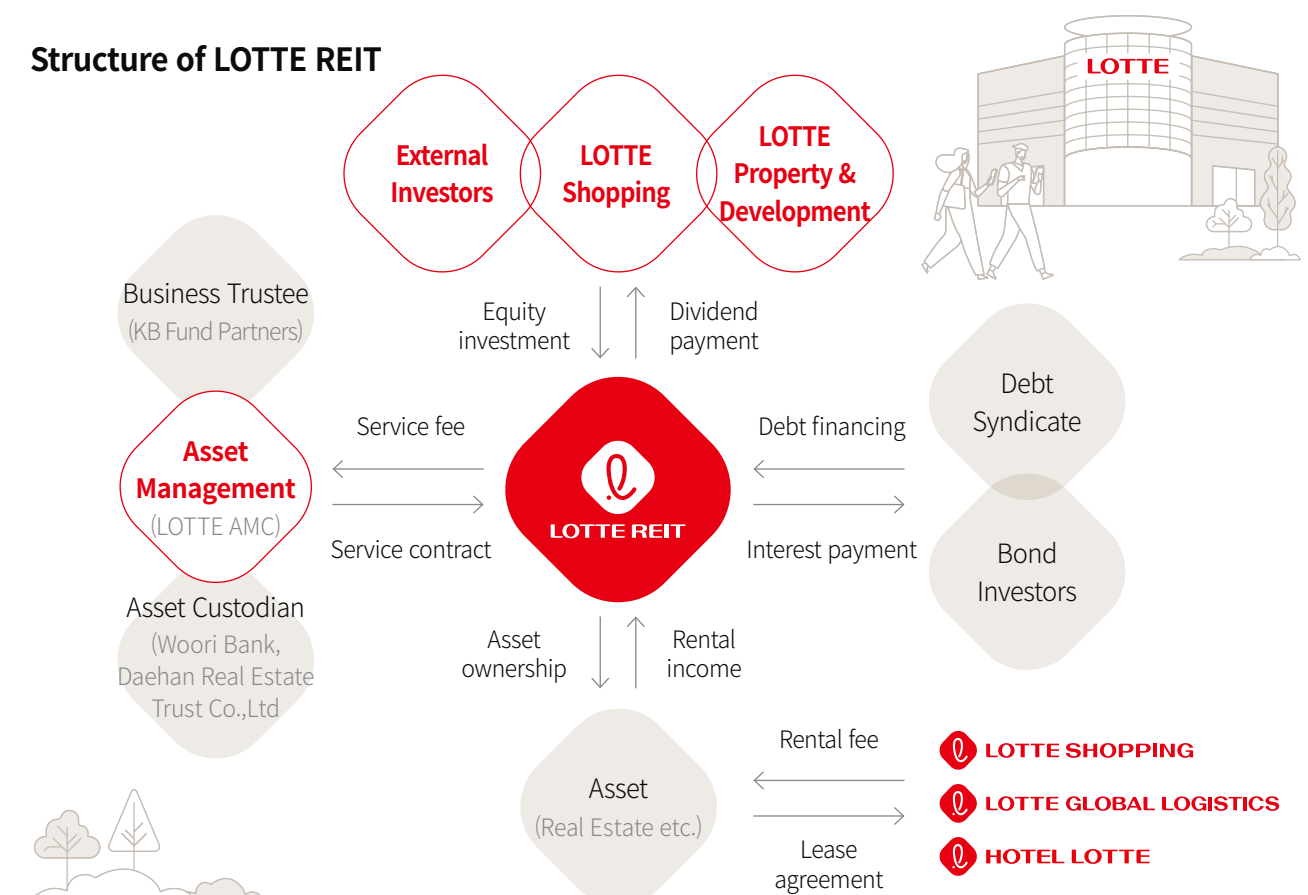


### Optimal risk management 03

Improve investor trust through transparent internal investment decision-making and optimal risk management



### Structure of LOTTE REIT





History





# About LOTTE Group



As Korea’s sixth largest business group in terms of assets, LOTTE continues to build on its success of sustained growth backed by a strong financial structure.

LOTTE Group was founded as LOTTE Confectionery back in 1967 and has since expanded its business territory into wide-ranging sectors, including food, retail, chemical and construction, and tourism and service, establishing a successful business portfolio along the way. LOTTE prides itself on being a company that opens horizons to new lifestyles for customers while generating steady corporate value and building a strong foundation for sustainable growth.

With its vibrant business presence established in more than 30 countries across Asia and Europe, LOTTE

Group is now expanding mainly into the Americas and emerging markets to achieve more robust and stable growth, delivering top-notch products and services across its global network. For over half a century, LOTTE has relentlessly pushed boundaries and pursued transformation to provide products and services that customers love and trust, staying true to its commitment to enrich people’s lives.

LOTTE Group, Korea’s sixth largest business as of 2024, is gearing up for yet another chapter of growth in its journey to become a centennial company.

LOTTE World Tower



Business Ranking in Korea	Assets KRW	Debt-to-Equity Ratio	Sales KRW	No. of Subsidiaries
6th	138 trillion	125.7%	68 trillion	96

Source: LOTTE Group, Fair Trade Commission (released in May 2024)

## Business Portfolio

F&B

LOTTE Wellfood  
LOTTE Chilsung Beverage  
LOTTE GRS  
LOTTE R&D Center  
LOTTE Asahi Liquor  
LOTTE-Nestlé Korea  
LOTTE People Networks

Chemical / Construction / Manufacturing

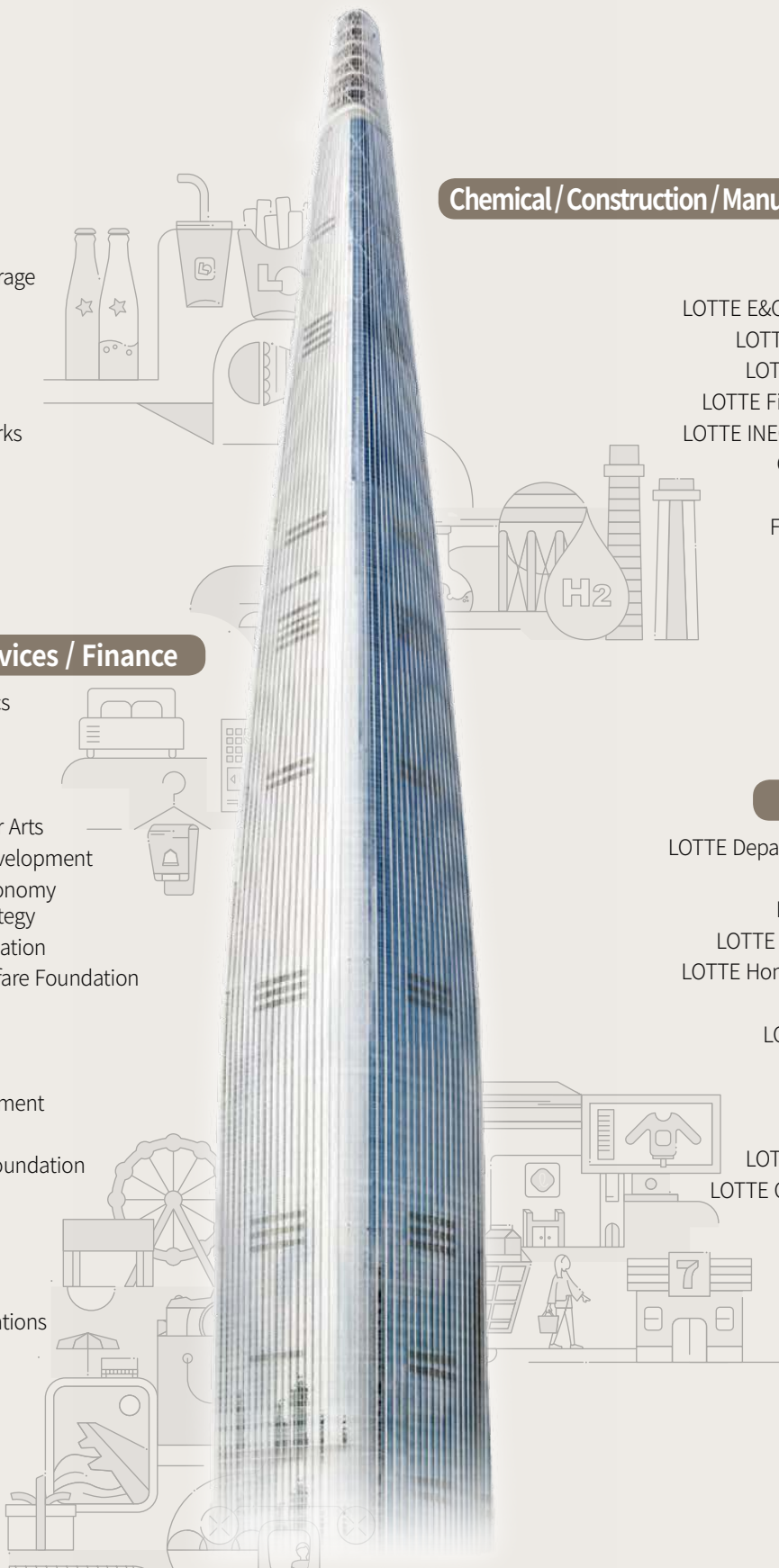
LOTTE MCC  
LOTTE E&C  
LOTTE E&C CM Division  
LOTTE Aluminum  
LOTTE Chemical  
LOTTE Fine Chemical  
LOTTE INEOS Chemical  
Canon Korea  
KP Camtech  
Fujifilm Korea

Tourism / Services / Finance

LOTTE Global Logistics  
LOTTE Rental  
LOTTE Resorts  
LOTTE Duty Free  
LOTTE Foundation for Arts  
LOTTE Property & Development  
LOTTE Institute of Economy & Businss Strategy  
LOTTE Welfare Foundation  
LOTTE Samdong Welfare Foundation  
LOTTE Skyhill CC  
LOTTE World  
LOTTE Academy  
LOTTE Asset Development  
LOTTE Giants  
LOTTE Scholarship Foundation  
LOTTE Innovate  
LOTTE JTB  
LOTTE Capital  
Hotel LOTTE  
Daehong Communications  
Busan LOTTE Hotel  
LOTTE International

Retail

LOTTE Department Store  
LOTTE Mart  
LOTTE Super  
LOTTE e-commerce  
LOTTE Home Shopping  
Korea Seven  
LOTTE Hi-Mart  
LOTTE GFR  
FRL Korea  
STL Korea  
LOTTE Members  
LOTTE Cultureworks





# About Our Sponsor



## LOTTE Shopping

Korea’s leading global retailer shaping the future of retail

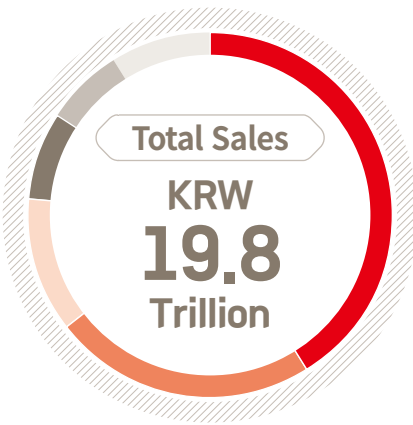
Over the past five decades since its foundation in 1970, LOTTE Shopping has been a trailblazer in the retail industry, delivering new value to customers through its advanced infrastructure and systems. LOTTE Shopping has expanded its footprint ranging from department stores to discount stores, consumer electronics stores, supermarkets, home shopping, culture works, H&B stores and e-commerce to become Korea’s No. 1 retailer.

Since its establishment in 1979, LOTTE Department Store has been the undisputed No. 1 department store in Korea, pioneering Korea’s retail industry and shopping culture. LOTTE Department Store is actively expanding not only domestically but also overseas, operating stores in Vietnam and Indonesia to strengthen its global competitiveness. Based on the capabilities accumulated thus far, LOTTE Department Store aims to establish itself as the top department store in Asia, offering customers joyful experiences and abundant lifestyles.

Since its first store opened in 1998, LOTTE Mart has been providing differentiated products and customer experiences. Currently, it is a global discount store with a total of 175 stores both domestically and internationally. LOTTE Mart aims to continue leading as pioneers of future-oriented marts, injecting fresher and newer values into offline stores, and actively expanding them to enhance competitiveness.

### Sales Breakdown by Business

● Department Stores	42.6%
● Discount Stores (Domestic)	23.5%
● HIMART	12.2%
● Discount Stores (Overseas)	7.6%
● Supermarkets	6.8%
● etc.	7.3%



LOTTE Department Store Gangnam  
(The Conran Shop)



Source: LOTTE Shopping  
1) 59 locations in Korea (including 22 outlets and 6 shopping malls), 4 locations overseas  
2) 110 locations in Korea (marts), 63 locations overseas  
\* as of the end of Dec. 2024



## LOTTE Property & Development

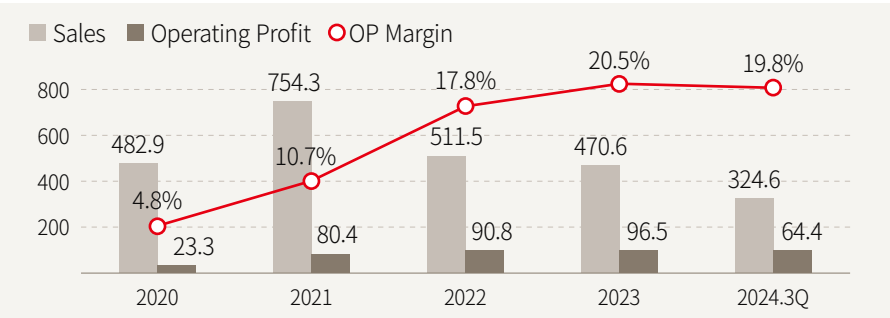
A global real estate company specializing in high-rise buildings and large-scale mixed-use developments

Established in 1982, LOTTE Property & Development has been a key player in urban development. After acquiring land in 1987, the company focused on the Jamsil Complex Development Project, successfully opening LOTTE World Mall in 2014 and LOTTE World Tower in 2017. Today, LOTTE World Tower and LOTTE World Mall welcome over 50 million visitors annually, solidifying their status as major landmarks. The company continues to diversify its real estate portfolio through asset management and development projects.

Building on a strong foundation of stable operations, LOTTE Property & Development is actively expanding its business domains and enhancing its specialized capabilities to establish itself as a leading global real estate company. Moving forward, the company remains committed to maximizing asset efficiency and pursuing strategic business expansion.

### Sales and Operating Profit

(in billion of KRW)



### Business Operations

✔ High-rise building and mixed-use shopping mall development & operations

Development and operation of LOTTE World Tower and LOTTE World Mall

Development and operation of Workflex, a shared office space, and SKY31 Convention, a multi-purpose cultural venue

✔ Real Estate Investment & Development

Ongoing logistics center development projects in Icheon and Anseong, Gyeonggi Province

Equity investments in prime assets (REITs, funds) across key metropolitan areas to generate capital gains, dividends, and provide asset management services

✔ Real Estate Asset Management

Leasing, financial administration, and consulting for 12 commercial properties, including Euljiro Signature Tower, Gangnam N Tower, Gwanghwamun Centerpoint, Pangyo H Square, and Gangdong ECT

✔ Global Business (Vietnam)

Entered the Vietnamese market in 2022 by acquiring a 77.5% stake in LOTTE Center Hanoi and establishing LOTTE P&D Vietnam

Comprehensive facility management (FM) and property management (PM/FM) for LOTTE Center Hanoi, LOTTE Mall West Lake, LOTTE Mall Aquarium, and Daewoo Starlake Villa Complex

### Financial Performance

Assets  
KRW 8,908.7 billion

Liabilities  
KRW 4,260.9 billion

Capital  
KRW 4,647.8 billion

Sales  
KRW 324.6 billion

Operating profit  
KRW 64.4 billion

Source: LOTTE Property & Development  
\* as of Q3 2024

# 2024 Summary

## 2024 Asset Acquisitions

### ① Newly acquired L7 Hotel Gangnam Tower (KRW 330 billion)

L7 Hotel Gangnam Tower is a mixed-use property located in a prime area within the GBD<sup>1</sup>.

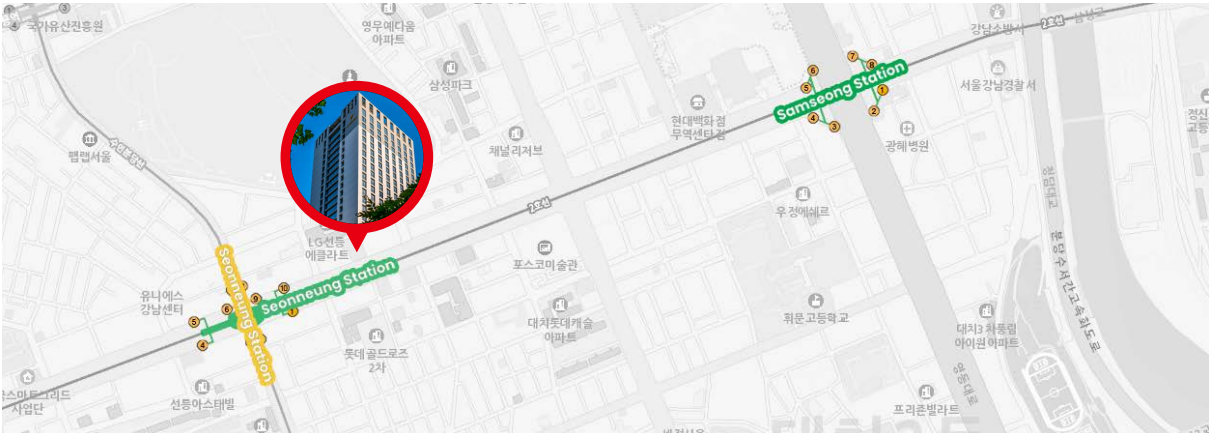
Category	Details
Location	415, Teheran-ro, Gangnam-gu, Seoul (3-minute walk from Seolleung Station)
Major Lease Tenant	Hotel LOTTE (occupies 62% of total area)
Lease term of hotel LOTTE	7 years 3 months
WALE <sup>2</sup> of hotel LOTTE	7 years
Primary Use	Hotel, Office, Commercial facilities
GFA (per building register)	33,584m <sup>2</sup> · Hotel 20,786m <sup>2</sup> (62%) · Office 11,947m <sup>2</sup> (35%) · Retail 851m <sup>2</sup> (3%)
Size	B6 / 27F · Hotel 1F, 9F - 27F · Office 2F - 8F · Retail B1F - 1F
Number of Hotel Rooms	333 rooms
Completion Date	November 2017

1) GBD: Gangnam Business District  
2) WALE was calculated as of the end of Dec. 2024



## Location Overview

- Prime location along Teheran-ro, attracting a diverse range of demand in the GBD, including tourism, business, and retail sectors
- Excellent transportation accessibility as a double-station asset, located just a 3-minute walk from Seolleung Station (Line 2 & Shinbundang Line)

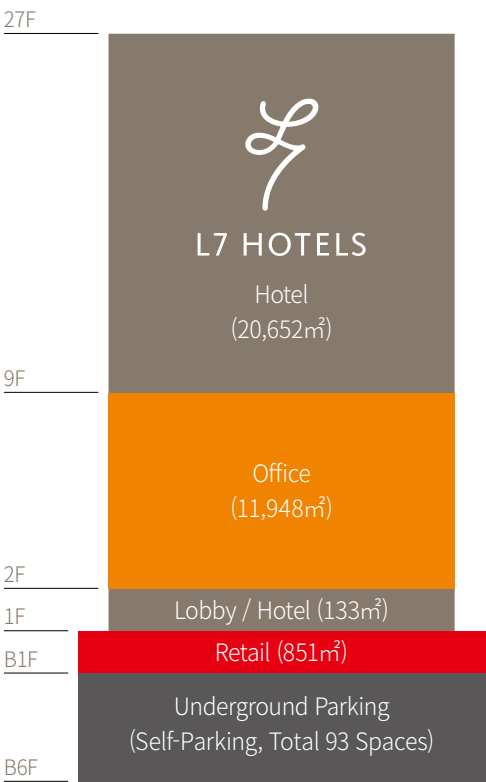


## Tenant Overview

LOTTE Hotel leases approximately 62% of the gross floor area under a long-term lease until the end of 2031. Lower-floor office spaces are leased to co-working spaces, IT companies, and multiple tenants, with some vacant units scheduled for lease commencement in early 2025.

Floor	Use	Leased Area (m <sup>2</sup> )	Tenant (Leasable Area Composition %)
9F ~ 27F	Hotel	20,652	Hotel LOTTE (61.5)
8F		1,739	Three Billion <sup>1</sup> (5.2)
7F		1,739	Haechi Labs (5.2)
6F		1,739	Negotiations underway for a contract with Global Company A (5.2)
5F	Office	1,739	Vacancy (5.2)
4F		1,739	
3F		1,667	Sparkplus (14.9)
2F		1,586	
1F	Lobby/Hotel	133	LOTTE Hotel (0.4)
B1F	Retail	851	7-Eleven (0.3), Haewoori (2.2)
Total		33,584	

1) Lease started in Jan. 2025

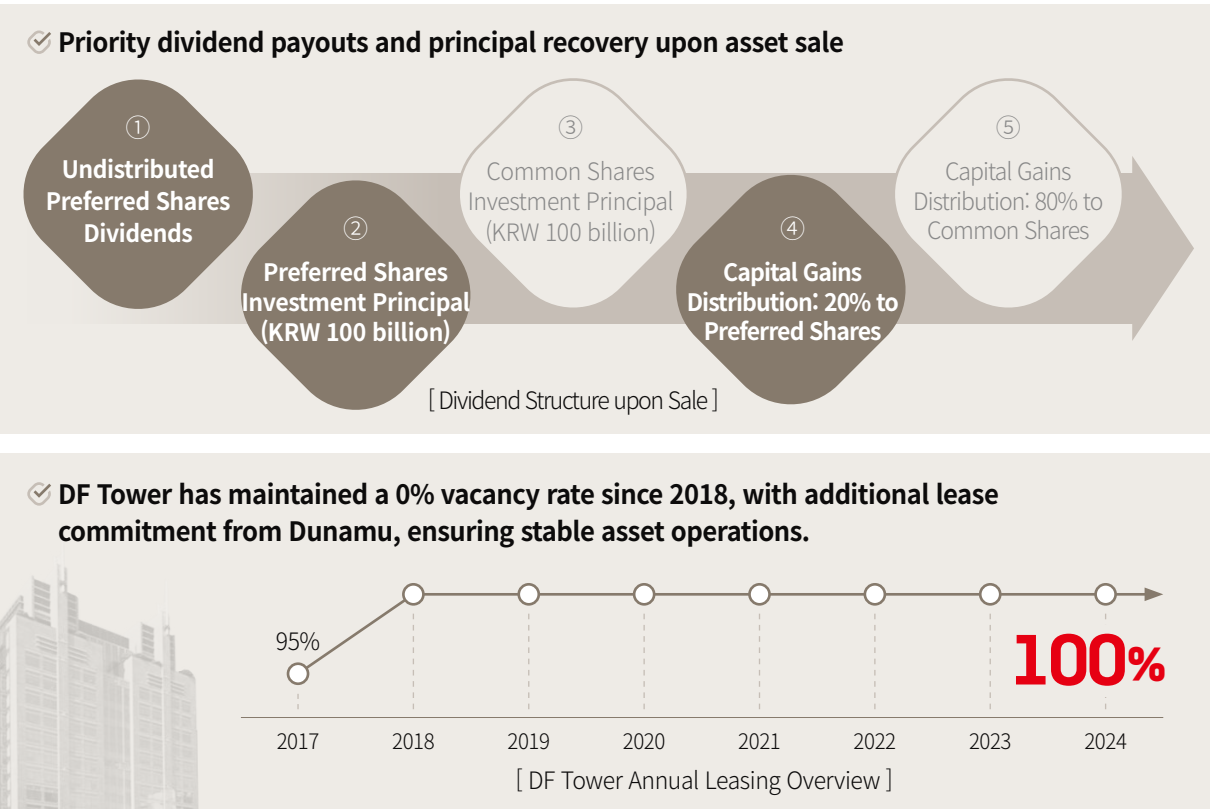




② Investment in Koramco The One Gangnam No.1 REITs Preferred Shares (KRW 7 billion)

Category	Details
Investment Amount	KRW 7 billion (1.4 million shares, 3.5% stake)
Investment Target	Preferred shares in Koramco The One Gangnam No.1 REIT - A REIT that acquired and operates DF Tower, located at 369, Gangnam-daero, Seocho-gu, Seoul
Expected Investment Period	May 2024 - May 2027 (Approx. 3 years)
Contracted Yield	6.1% per annum (Considering the investment period, the effective yield is 7.0%)

Investment Characteristics



DF Tower Preferred Shares: Expected Dividends and Performance



Financial Highlights

As of the end of 2024, LOTTE REIT has an AUM of KRW 2.6 trillion. LOTTE REIT posted KRW 125.6 billion in revenue, up 7.1% (net increase of approximately KRW 8.4 billion) from 2023, and recorded a net income of KRW 16.5 billion, which was a 83.3% increase year-on-year. Even in interest rate fluctuations, LOTTE REIT’s dividend yield stood at 7.06%

	(in billion of KRW)		
	FY2022	FY2023	FY2024
Total assets	2,363.9	2,313.7	2,623.6
Liabilities	1,256.1	1,258.2	1,454.2
Capital	1,107.7	1,055.4	1,169.5
Revenue	115.4	118.1	125.6
Operating expenses	47.5	47.2	46.0
Non-operating income	0.9	1.3	1.0
Non-operating expenses	35.6	63.1	64.2
Net income	33.1	9.0	16.5
Dividend yield	7.67% <sup>1</sup>	6.49% <sup>2</sup>	7.06% <sup>3</sup>

1) 2022 Annual Dividend per Share (KRW 306) ÷ 2022 Year-end Closing Price (KRW 3,990)  
2) 2023 Annual Dividend per Share (KRW 205) ÷ 2023 Year-end Closing Price (KRW 3,155)  
3) 2024 Annual Dividend per Share (KRW 215) ÷ 2024 Year-end Closing Price (KRW 3,050)

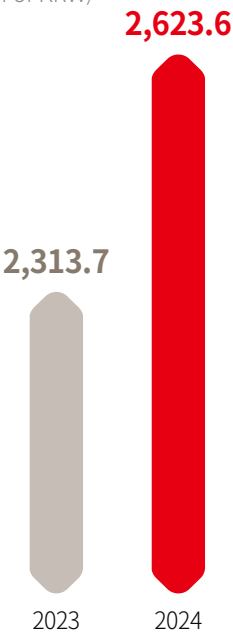


Total assets

KRW  
2,623.6 billion

As of the end of 2024, total assets amounted to KRW 2,623.6 billion, up 13.4% year-on-year (net increase of approximately KRW 309.9 billion) compared to KRW 2,313.7 billion at the end of 2023.

(in billion of KRW)

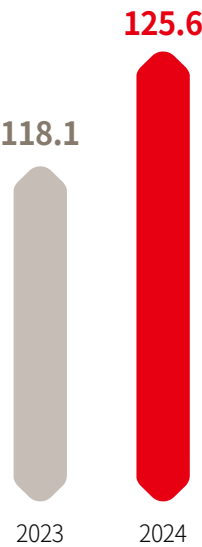


Revenue

KRW  
125.6 billion

As of the end of 2024, revenue amounted to KRW 125.6 billion, up 6.4% year-on-year (net increase of approximately KRW 7.5 billion) compared to KRW 118.1 billion at the end of 2023.

(in billion of KRW)



Net income

KRW  
16.5 billion

As of the end of 2024, net income stood at KRW 16.5 billion, up 83.3% year-on-year (net increase of approximately KRW 7.5 billion) compared to KRW 9.0 billion at the end of 2023.

(in billion of KRW)



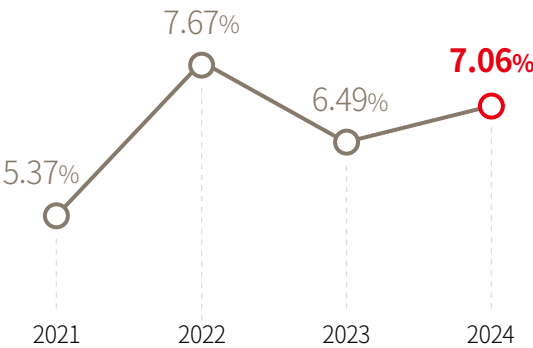
Annual dividends per share

KRW 215

(as of the end of Dec. 2024)

Dividend yield

7.06%<sup>1</sup>



1) 2024 Annual Dividend per Share (KRW 215) ÷ 2024 Year-end Closing Price (KRW 3,050)



Refinancing

Bonds

Aug. 2024

Refinanced KRW 240 billion

Existing 3-2nd Secured Bond: KRW 90 billion (2-year maturity, 4.67% interest), 3-3rd Secured Bond: KRW 80 billion (1-year maturity, 5.09% interest), 4th Secured Bond: KRW 70 billion (1.5-year maturity, 5.69% interest)

- ◆ Refinanced with 6-1st Secured Bond: KRW 80 billion (1-year maturity, 3.45% interest), 6-2nd Secured Bond: KRW 160 billion (2-year maturity, 3.45% interest)

Oct. 2024

Refinanced KRW 125 billion

Existing 5-2nd Secured Bond: KRW 125 billion (1.5-year maturity, 5.20% interest)

- ◆ Refinanced with 7-1st Secured Bond: KRW 50 billion (1-year maturity, 3.44% interest), 7-2nd Secured Bond: KRW 75 billion (2-year maturity, 3.48% interest)

Loans

Jan. 2024

Refinanced KRW 130 billion

Existing 4th Secured Loan (1-year maturity, CD benchmark rate (3-month) + 2.08%)

- ◆ Refinanced with 7th Secured Loan (2-year maturity, CD benchmark rate (3-month) + 1.20%)

Mar. 2024

Refinanced KRW 75 billion

Existing 5-1st Secured Bond (1-year maturity, 5.00% interest)

- ◆ Refinanced with 8th Secured Loan (2-year maturity, CD benchmark rate (3-month) + 1.00%)

Sep. 2024

Refinanced KRW 258 billion

Existing 5-1st Secured Loan: KRW 100 billion (1.5-year maturity, 5.33% interest), 5-2nd Secured Loan: KRW 158 billion (2-year maturity, CD benchmark rate (3-month) + 1.91%, early repayment of March 2025 maturity)

- ◆ Refinanced with 9th Secured Loan: KRW 258 billion (3-year maturity, CD benchmark rate (3-month) + 1.00%)

# CEO's Message

LOTTE REIT will take another leap forward and achieve sustainable growth to become a **world-class REIT** at the forefront of the Korean market ///

CEO **KIM SO YON**



**Dear Stakeholders,**  
**On behalf of everyone at LOTTE REIT, I sincerely appreciate your unwavering trust and support.**

In 2024, uncertainty in the market intensified due to shifts in monetary policy, including interest rate cuts, as well as global events such as the U.S. presidential election. The domestic REITs market also faced significant investment pressure from large-scale rights issues, which contributed to a general decline in stock prices. Despite these challenges, LOTTE REIT successfully navigated this complex environment, achieving sustainable growth and maintaining stable operations.

Through strategic asset acquisitions and rights issues, we expanded both quantitatively and qualitatively, while also successfully executing large-scale refinancing initiatives. I would like to express my deepest gratitude to our shareholders for their continued support and take this opportunity to highlight LOTTE REIT's key achievements in 2024.

**We successfully expanded our portfolio through the acquisition of new assets and successfully completed the rights issue with stability.**

LOTTE REIT expanded its portfolio in 2024 through the acquisition of L7 Hotel Gangnam Tower and KRW 7 billion in preferred shares of Koramco The One Gangnam No.1 REITs. (indirect investment in DF Tower) By diversifying beyond a retail-centric portfolio, we actively incorporated premium hotel and office assets from LOTTE Group, as well as high-quality external assets. This strategic shift strengthens our ability to adapt to market changes while securing long-term rental contracts with high-quality tenants to ensure a robust and stable income structure. In addition to these acquisitions, we successfully completed a KRW 147.2 billion rights issue, which was oversubscribed. Notably, LOTTE Property & Development participated in the rights issue, further strengthening our sponsor diversification strategy.

**We successfully secured KRW 1 trillion through refinancing and new loans.**

Of the company's total borrowings of KRW 1,139 billion, approximately KRW 828 billion, or 73%, was refinanced thanks to our strong credit ratings. In addition, we secured KRW 165 billion in new loans and issued KRW 10 billion in new short-term bonds to acquire L7 Hotel Gangnam Tower. We strategically distributed loan maturities over three years and optimized our capital structure to align with market conditions by leveraging various funding strategies, including corporate bonds and secured loans. Furthermore, we proactively reduced financial costs and mitigated risks associated with market volatility by prepaying KRW 158 billion in loans six months ahead of their March 2025 maturity.





Dear Valued Shareholders,

In 2025, LOTTE REIT will build upon the successes of the past year not only in asset acquisitions and rights issue but also in strengthening its long-term resilience. We will closely monitor shifts in interest rate policies, economic conditions, and financial market trends home and abroad, ensuring that our business remains steadfast amid market fluctuations. With a clear vision and strategic focus, we are committed to taking LOTTE REIT to new heights as Korea’s leading REIT.

We will pursue low-interest refinancing to lower interest expense and increase dividends per share.

In 2025, a total of KRW 451 billion in borrowings is set to mature. LOTTE REIT, backed by stable rental income from a high-credit sponsor, strong credit ratings (AA- for secured bonds, A+ for unsecured bonds, and A2+ for electronic short-term bonds), and a sound financial structure with low LTV and high land value, is well-positioned to secure competitive interest rates. We will secure stable funding through a diversified mix of bank loans and corporate bonds, adapting to interest rate fluctuations and other external factors. We also plan to implement proactive financial strategies, including early repayments as needed, to optimize our capital structure.

We will focus on strengthening our portfolio and deal pipeline to drive sustainable growth.

With the acquisition of L7 Hotel Gangnam Tower, the proportion of non-retail assets in our portfolio increased slightly from 4% to 16%. Moving forward, we aim to expand this share to 30% by focusing on strategic acquisitions in the hotel and logistics sectors, and other non-retail sectors.

In addition to assets secured under ROFO agreements, such as LOTTE Shopping and LOTTE Global Logistics properties, we will actively identify and invest in blue-chip assets with great locations and upside potential to expand our deal pipeline. As part of this strategy, we are carefully evaluating the acquisition of prime assets from LOTTE Hotel, given the post-endemic recovery of the hotel market and its increasing asset value. Furthermore, by collaborating with LOTTE Property & Development, which plays a key role in real estate development within LOTTE Group and is also an investor in LOTTE REIT, we aim to establish a sustainable cycle of development, operation, and redevelopment. We will continue expanding investments in high-quality external assets and acquiring blue-chip assets with strong sustainable growth prospects to a portfolio that aligns with market developments and investor needs.

As Korea’s leading publicly listed REIT, LOTTE REIT remains committed to enhancing the competitiveness of its assets and maximizing shareholder value. We deeply appreciate your continued trust and support.

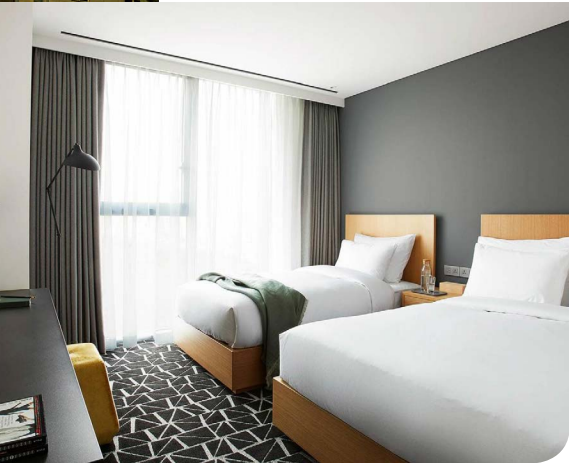
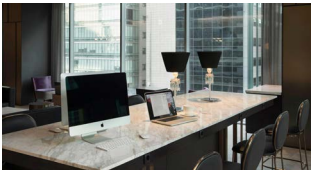
Thank you.

1) ROFO: Rights of First Offer



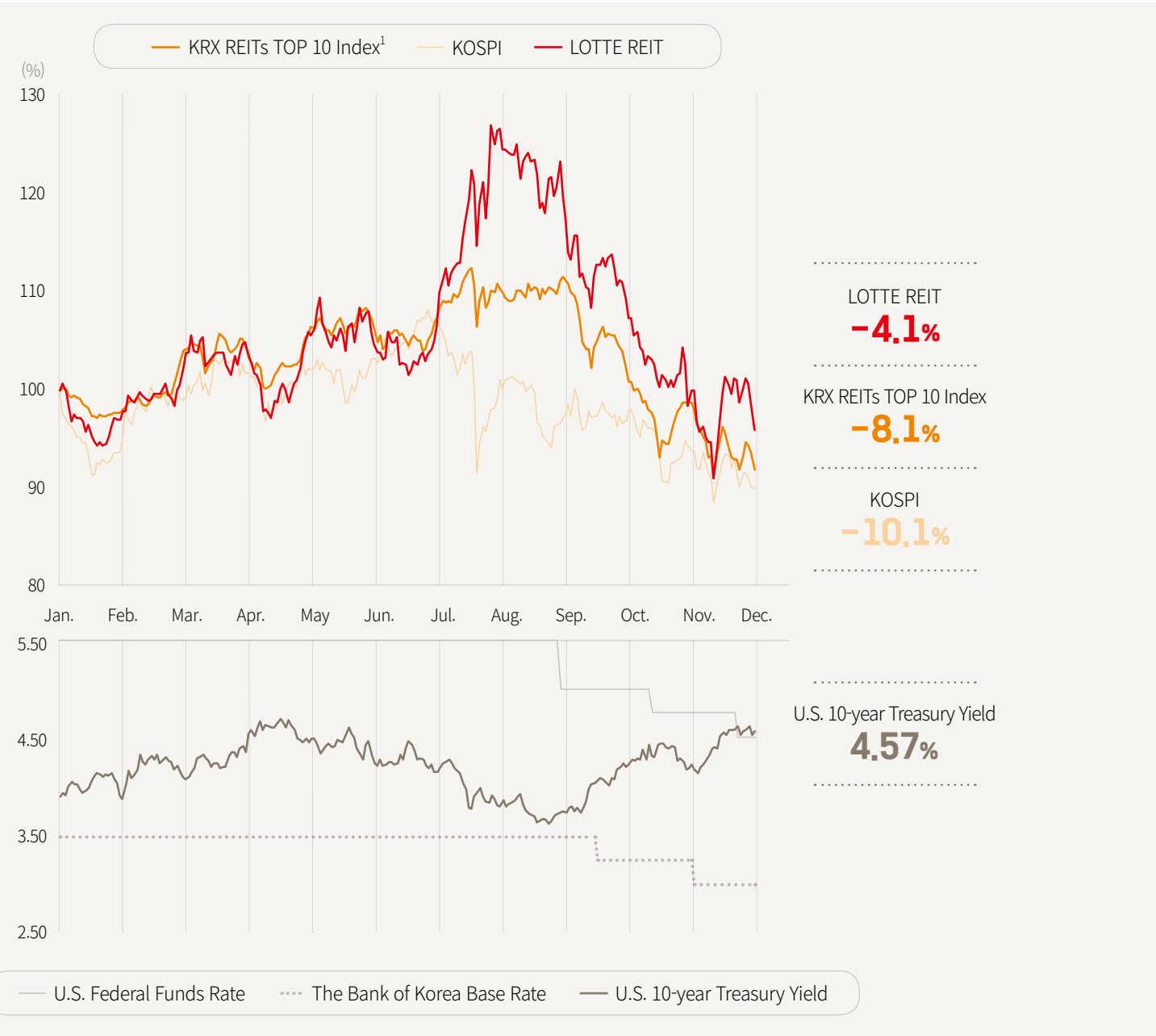
Building the future  
of investment

  
LOTTE AMC  
CEO **KIM SO YON**



# Market and Stock Information

## Listed REITs in Korea and Global Interest Rate Trends (2024)



1) The KRX REITs Top 10 Index represents a weighted index based on the floating market capitalization of the top 10 REITs listed in the Korean securities market, including LOTTE REIT

### Stock Price

High  
**KRW 4,040**  
(08/12)

Low  
**KRW 2,890**  
(12/09)

Year-end  
**KRW 3,050**

### 2024 Market Review

During the first half of the year, expectations of interest rate cuts and a decline in market rates drove REIT stock prices upward until August. However, starting in September, the concentration of rights issue among REITs and expectations about a more moderate pace to interest rate cuts led to weaker stock prices. Additionally, as the probability of Donald Trump’s election victory increased, U.S. Treasury yields surged from mid-September through year-end, coupled with domestic geopolitical risks that led to a downturn in the Korean stock market. As a result, investor sentiment weakened and kept the REIT sector in a downtrend until the end of the year.

### LOTTE REIT’s Key Investments and Stock Price Trends

In 1H 2024, LOTTE REIT invested 7 billion KRW in equity securities of DF Tower in May, our historic investment in an external asset in the non-retail sector. We also drove up stock prices through refinancing with low interest rates and stable operations.

In 2H 2024, we included “L7 Hotel Gangnam Tower,” a 330 billion KRW worth hotel / office complex property in our Portfolio in September, which included 147.2 billion KRW of rights issue. LOTTE P&D Co., Ltd. participated in the rights offerings as a new shareholder (by securing 40% of the total rights issued) and proclaimed that LOTTE REIT’s position is not limited to LOTTE Shopping Co., Ltd.’s retail REIT but rather the entire LOTTE Group’s sponsored REIT.

While the sector’s overall stock prices fell as the massive scale of rights offerings by several public REITs were concentrated in 2H 2024, LOTTE REIT concluded the year with a relatively limited price decrease compared to other REITs in Korea.

### LOTTE REIT vs. Other REITs That Conducted Rights Issues in 2024

	YTD	Rights issue Ratio (as % of Total Assets)	1H Performance	2H Performance
LOTTE REIT	-3.8%	18.9%	+2.5%	-6.2%
Average of REITs with rights issues	-15.1%	41.1%	-0.6%	-15.3%

When comparing YTD performance with the average of REITs that carried out rights issues, LOTTE REIT posted relatively strong stability, with a -3.8% change versus the sector average of -15.1%. From a rights issue standpoint, LOTTE REIT’s rights issue ratio stood at 18.9%, which is significantly lower than the sector average of 41.1%.

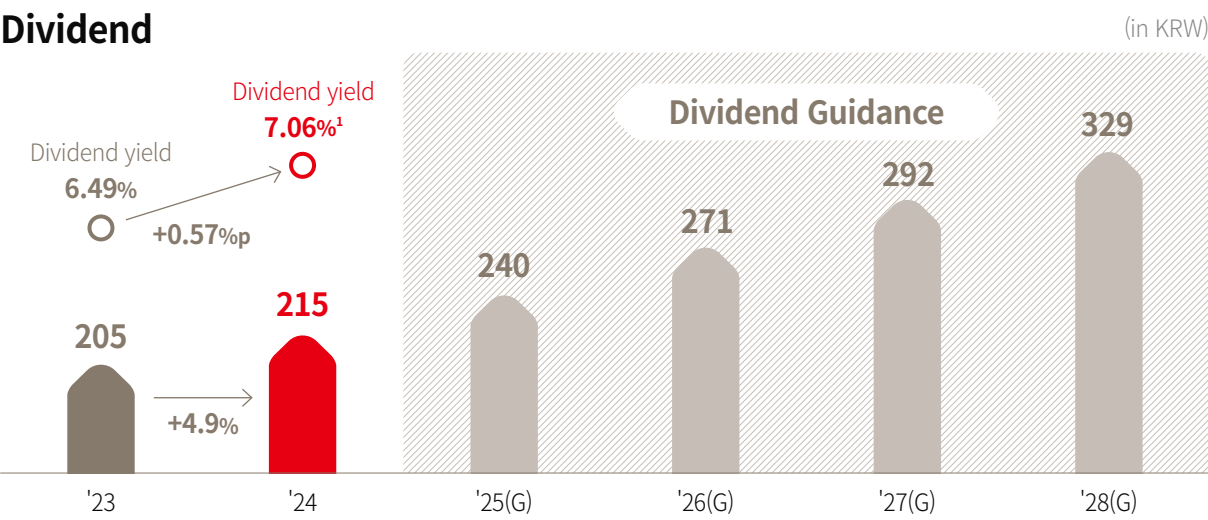
Due to the concentration of multiple REITs’ rights issues in the second half of 2024, stock prices of these REITs experienced a steeper decline compared to the first half.

over the past year has been asset location, with REITs holding domestic assets performing relatively better than those with a higher proportion of overseas assets. Other factors include differences in sector composition and dividend stability, both of which contribute to the divergence and differentiation. LOTTE REIT created a stable financial structure through proactive low-interest refinancing over the past two years. As a result, expectations for dividend normalization have grown, and a stock price rebound is anticipated from this year onwards after last year’s low.

A key characteristic observed during the REIT sector downturn in Korea was the widening gap in stock performance, primarily driven by asset fundamentals. One of the most significant factors affecting Korean REITs



Dividend



1) 2024 Annual Dividend per Share (KRW 215) ÷ 2024 Year-end Closing Price (KRW 3,050)

Global Index

Since our listing in 2019, LOTTE REIT has been included in various global REIT / real estate indices. LOTTE REIT became the second publicly-listed REIT in Korea to be included in the FTSE EPRA Nareit Global index, FTSE EPRA Nareit Developed Asia index, which are leading global benchmark REIT indices. The inflow of passive funds resulting from this achievement will help attract foreign investors, increase our stock price, and mitigate future volatility.

Ticker	Index
ACDXUSR Index	FTSE DvXUSAllCapNTxUSRIC
BBAREIT Index	BLOOMBERG ASIA REIT
ENGLUHTR Index	FTSE E/N DVP 100 HUSD TR
ENXG Index	FTSE ENXG INDEX
KOSPI Index	KOSPI INDEX
KOSPMMKC Index	KOSPI MID CAP INDEX
MREIGRGG Index	Mstar GM REIT GR GBP
MREIGRGP Index	Mstar GM REIT NR GBP
MSGATMED Index	Ms Glb All Cap TME NR DK
MSGATMEU Index	Ms Glb AC TME NR USD
MXCXBLRR Index	MSCI EM MARKETS IMI ex T
NU137529 Index	EM IMI VRS Taxes NR USD
RRAHUTR Index	FTSE E/N DvR UHgdAUD NTR
RUGA Index	EPRA/NAREIT ASIA \$ TR
SAXU Index	S&P Asia Pac Ex-ANZ BMI
SBBCSKU Index	S&P SOUTH KOREA BMI
SBBMAJU Index	S&P Asia Pac Ex-Jpn BMI
SBBMEPU Index	S&P EPAC BMI USD
SBBMGLU Index	S&P Global BMI USD
SBBMGUU Index	S&P Global Ex-US BMI USD
SBBMWDU Index	S&P Developed BMI
SBERAPU Index	SP Asia Pacific SC \$
SBEREPU Index	S&P EPAC SmallCap USD
SBERGLU Index	S&P Global SmallCap
SBERGUU Index	SP Global xUS SC

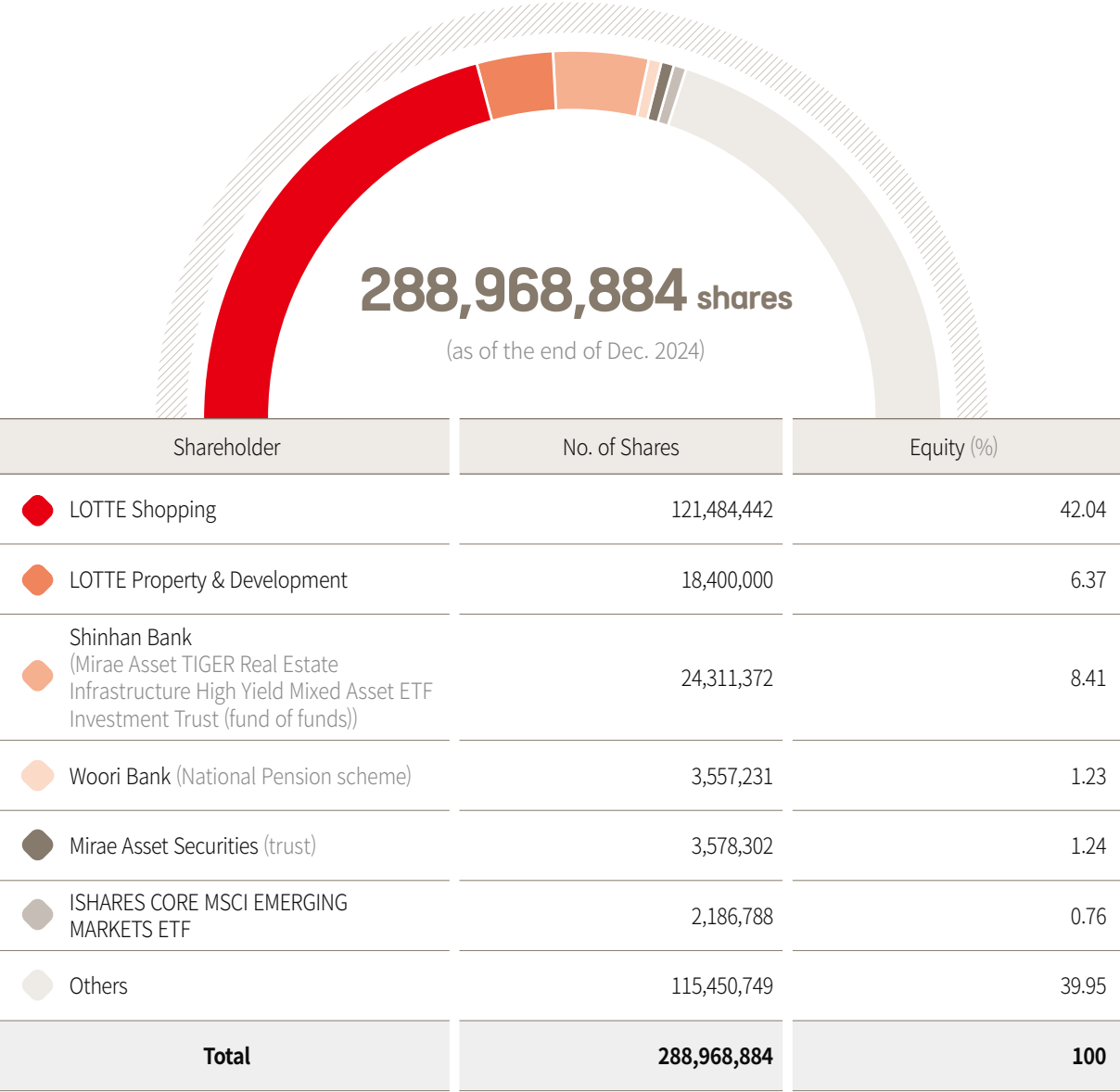
Ticker	Index
SBPRSWDU Index	S&P Dev MidSmall Cap USD
SBPRSWUU Index	S&P Dev exUS MdSmCp USD
SBVBREPU Index	S&P EPAC BMI Value \$
SBVRWUU Index	S&P Dev xUS BMI Value
SCRT2BWU Index	S&P Dev Ex-US <USD2Bil
SCRTAP Index	S&P Asia Pacific BMI
SCRTWU Index	S&P Developed Ex-US BMI
SCRU2BGU Index	S&P Global ex US<USD2Bil
SDLR6N Index	S&P DEV REIT RET NR LOC
SEMIASPD Index	S&P/IFC Invest Asia PD
SEMICMPD Index	S&P/IFC Invest C Mal PD
SEMICPPD Index	S&P/IFC Invest Comp PDD
SEMIKOPD Index	S&P/IFC Invest KO PD
SEMIKOPL Index	S&P/IFC Invest KO PL
SGU23B Index	SP Gbl BMI Real Estate
SGYU1 Index	SP Global MidSmallCap
SGYUR Index	S&P Glob Ex-Jap REIT USD
SPAU Index	SP Pan Asia BMI
SPAXANJP Index	S&P PAX-JpAuNzBMI USD
SPBMGPPU Index	S&P Global Prop USD
SPBMGUU Index	S&P Global x-US Prop USD
SPBMRWPP Index	S&P Dev xAP Prop USD
SPBMWDU Index	S&P Dev Property
SPBMWUU Index	S&P Dev X-USA USD
SPCMWEHN Index	SPCEMIRWDEURH.NTR

\* as of the end of Dec. 2024

Ticker	Index	Ticker	Index
SBERPAU Index	SP Pan Asia SC \$	SPEP2UP Index	S&P EPAC Under USD2 Bil
SBERWDU Index	S&P Dev SC USD	SPKLVKP Index	S&P Korea Low Vol KRW
SBERWUU Index	S&P Dev ex US SC	SPPARPU Index	S&P Pan Asia REIT USD
SBGBREPU Index	S&P EPAC BMI Growth \$	SREIT Index	S&P Developed REIT Index
SBGBRWUU Index	S&P Dev Ex-U.S. BMI Grw	SREITGL Index	S&P Global REIT
SBGERWUU Index	SP Dev XU.S. SC GW \$	SVGEUP Index	S&P Global BMI Value

Ownership Structure

LOTTE Shopping holds approximately 42.0% (121,484,442 shares) of the total issued shares, while LOTTE Property & Development holds approximately 6.4%. (18,400,000 shares) Not only major domestic institutional investors but also global asset management firms such as BlackRock and Vanguard have been continuously investing in LOTTE REIT through various funds.



# Building the future of investment

## STRATEGIC REPORT

LOTTE REIT will maintain a rate of return through strategic financing market conditions. Furthermore, we will pursue both quantitative and qualitative growth by investing actively in blue-chip assets within and outside of LOTTE Group.

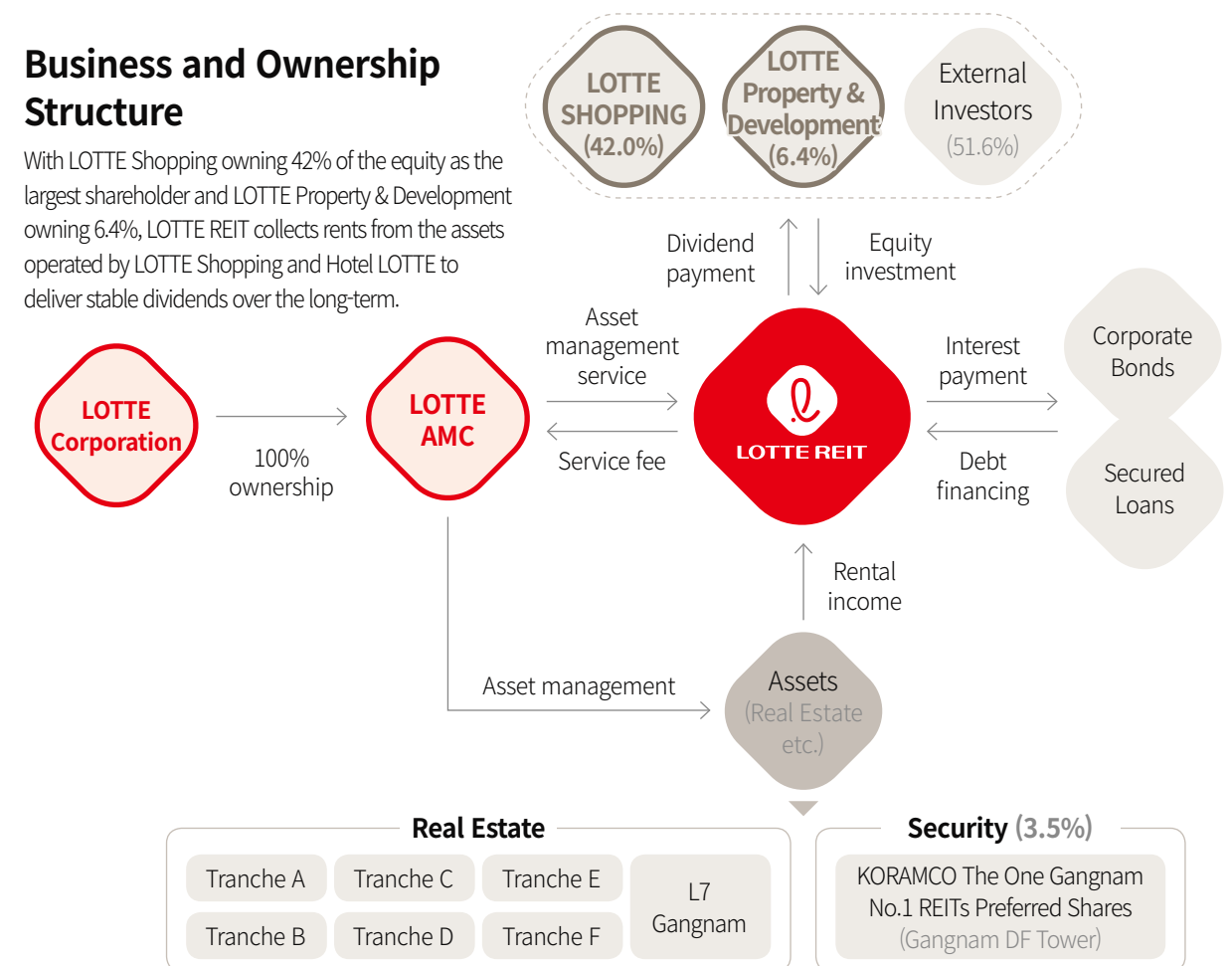
- 37p \_ Investment Structure
- 38p \_ Operational Review
- 42p \_ Financial Review
- 46p \_ Future Strategy
- 51p \_ Portfolio Details
- 62p \_ ESG Management



## Investment Structure

### Business and Ownership Structure

With LOTTE Shopping owning 42% of the equity as the largest shareholder and LOTTE Property & Development owning 6.4%, LOTTE REIT collects rents from the assets operated by LOTTE Shopping and Hotel LOTTE to deliver stable dividends over the long-term.



### Investment and Financing Structure

(in billion of KRW)

Total Investments		Financing	
Asset value	Real Estate: 2,630.6	Equity	1,340.3
	Preferred Share: 7.0	Secured bonds	375.0
Incidental costs of acquisition	164.9	Secured loans	939.0
		Deposits	133.8
		Other	14.4
<b>Total</b>	<b>2,802.5</b>	<b>Total</b>	<b>2,802.5</b>



# Operational Review

LOTTE REIT was listed on the KOSPI market in October 2019, backed by eight retail assets valued at KRW 1.5 trillion. Since then, it has expanded its portfolio by acquiring seven additional assets in 2021 and further enhancing its portfolio in 2024 with the inclusion of L7 Hotel Gangnam Tower.


As of December 2024, LOTTE REIT holds 16 assets with an AUM of KRW 2.6 trillion, solidifying its position as Korea’s leading REIT.

## Blue chip master tenants and stable rental income

In 2024, LOTTE REIT’s portfolio comprises department stores and hypermarkets (Tranches A - E) under a Master Lease agreement with LOTTE Shopping, the largest shareholder and a blue-chip tenant, logistics centers (Tranche F) under a Master Lease agreement with LOTTE Global Logistics, L7 Hotel Gangnam, under a long-term lease agreement with Hotel LOTTE, and preferred shares in DF Tower (Gangnam) which generate stable dividend income through equity investment.

LOTTE Shopping’s retail assets and LOTTE Global Logistics’ logistics centers operate with zero vacancy risk, ensuring stable occupancy across all the properties. Furthermore, long-term lease agreements, Triple-Net lease structures, and annual rent escalations generate a robust stream of rental income. In order to mitigate risks from simultaneous lease expirations, LOTTE REIT has a strategic asset management framework that categorizes properties into six tranches (Tranches A - F) based on asset size and lease contract terms to ensure stable operations.

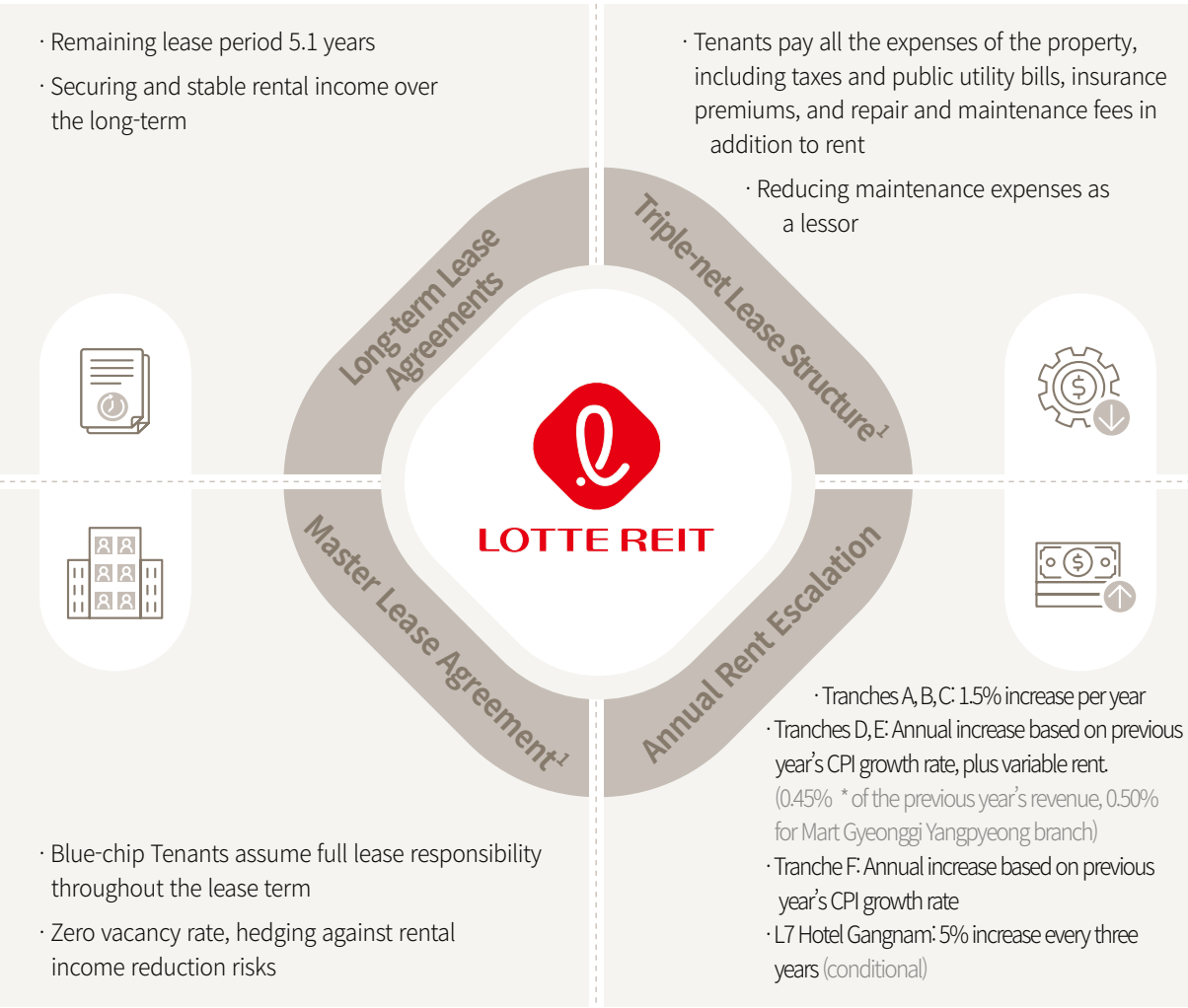
\* Triple-Net: A lease agreement on a property whereby the tenant pays all the expenses of the property, including taxes and public utility bills, insurance premiums, and repair and maintenance fees in addition to rent.  
The Triple-Net structure of the master lease agreements with LOTTE Shopping and LOTTE Global Logistics reduces management costs, which helps LOTTE REIT deliver a steady dividend yield.

	Main Business Areas	Credit Rating	Revenue
 <b>LOTTE Shopping</b>	Department stores, discount stores, electronics specialty stores, etc.	<b>AA-</b> (As of 2024, rated by Korea Ratings, Korea Investors Service, and NICE Investors Service)	<b>KRW 19.8 trillion</b> (As of 2024)
 <b>LOTTE Property &amp; Development</b>	Development and operation of high-rise buildings and mixed-use shopping malls, Real estate asset management	<b>AA-</b> (2024, Korea Ratings & NICE Investors Service)   <b>A+</b> (2024, Korea Investors Service)	<b>KRW 470.6 billion</b> (As of 2023)
 <b>Hotel LOTTE</b>	Hotel	<b>AA-</b> (As of 2024, rated by Korea Ratings, Korea Investors Service, and NICE Investors Service)	<b>KRW 4.8 trillion</b> (As of 2023)

Source: LOTTE Property & Development, Hotel LOTTE (As privately held companies, full-year 2024 financial results have not been disclosed as of the preparation date of this report)



Tranche	Asset
Tranche A	LOTTE Department Store Changwon Branch LOTTE Mart Uiwang Branch, LOTTE Mart Jangyu Branch
Tranche B	LOTTE Department Store Guri Branch LOTTE Mart / Outlet (West) Cheongju Branch, Daegu Yulha Branch
Tranche C	LOTTE Department Store Gangnam Branch, Gwangju Branch
Tranche D	LOTTE Department Store Jungdong Branch, Ansan Branch LOTTE Mart Gyeyang Branch, Gyeonggi Yangpyeong Branch
Tranche E	LOTTE Premium Outlet Icheon Branch LOTTE Mart Chuncheon Branch
Tranche F	LOTTE Logistics Center Gimpo
L7 Hotel Gangnam	L7 Hotel Gangnam



1) Based on Tranches A - F

Summary of Operating Performance

(in billion of KRW)

Category	2023	2024	Change (%)
Revenue	118.1	125.6	6.40
Operating expenses	47.2	46.0	(2.41)
Operating profit	70.9	79.6	12.26
Net income before tax	9.0	16.5	81.96
Income tax	-	-	-
Net income	9.0	16.5	81.96

Despite global interest rate fluctuations, LOTTE REIT posted a steady stream of rental income thanks to blue-chip tenants and strong lease agreements. In 2024, LOTTE REIT posted a revenue of approximately KRW 125.6 billion, 6.4% increase (net increase of approximately KRW 7.6 billion) year-on-year, and generated an operating profit of approximately

KRW 79.6 billion, up 12.3% (net increase of approximately KRW 8.7 billion) year-on-year. LOTTE REIT's net income reached KRW 16.5 billion, up 82.0% YoY. (approx. KRW 7.4 billion increase) This was driven by proactive cost management strategies focused on reducing borrowing costs to mitigate the impact of rising interest rates.

Dividends

(in billion of KRW)

Category	2023	2024	Change (%)
Dividends	49.8	57.4	15.41
Dividend yield	6.49% <sup>1</sup>	7.06% <sup>2</sup>	+0.57%p

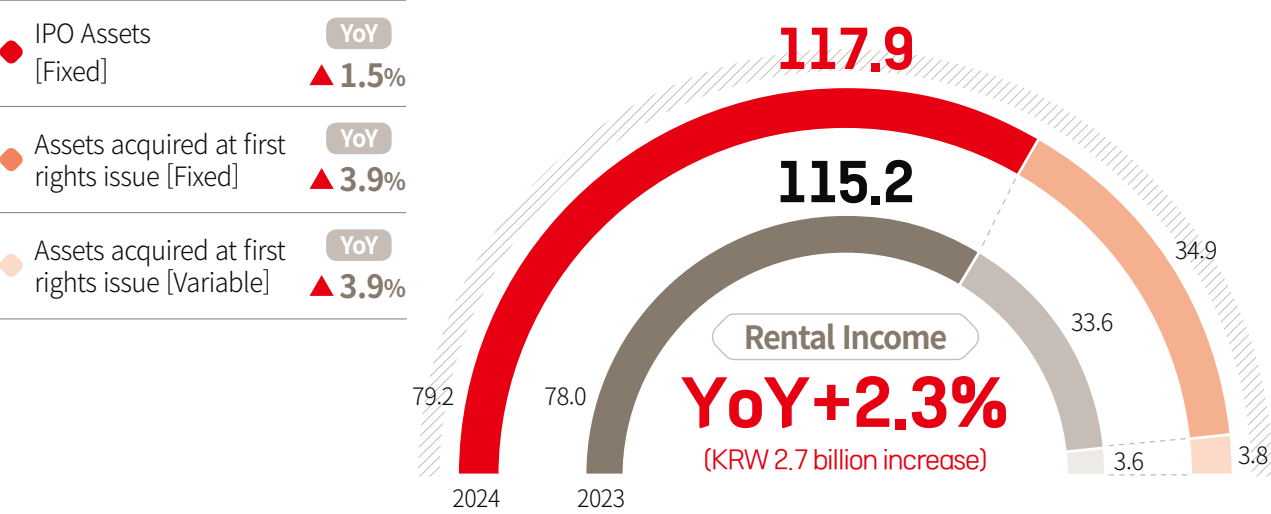
1) 2023 Annual Dividend per Share (KRW 205) ÷ 2023 Year-end Closing Price (KRW 3,155)  
2) 2024 Annual Dividend per Share (KRW 215) ÷ 2024 Year-end Closing Price (KRW 3,050)

LOTTE REIT has paid KRW 57.4 billion in dividends in 2024, which is a 15.5% increase (approximately KRW 7.7 billion net increase) year-on-year. The annualized dividend yield for 2024 reflects the investment period for equity stands at 7.06%. (increased 0.57%p)



Rental income

Rent by Contract Type (in billion of KRW)



\* The figures below exclude security deposit income and are based on lease agreements with LOTTE Shopping and LOTTE Global Logistics. (Income from DF Tower equity securities and L7 Hotel Gangnam is not included)

The rent status by rent terms and conditions shows that fixed monthly rent for retail properties acquired at the time of IPO increased by 1.5%. Lease agreements on properties acquired at the first rights issue are hybrid formats applying a mix of fixed rent pegged to the preceding year's CPI and variable rent based on store sales. CPI-adjusted fixed rent and variable rent based

on store sales on properties acquired at the first rights issue increased by approximately 3.9% (KRW 1.3 billion net increase) and 3.9% (KRW 0.1 billion net increase), respectively. As a result, the total rental income for 2024 increased by approximately 2.3% (KRW 2.7 billion), reaching approximately KRW 117.9 billion.

Rental and Dividend Income

(in billion of KRW)

Category		2023		2024	
		Amount	Composition Ratio (%)	Amount	Composition Ratio (%)
Rental income	LOTTE Shopping	110.7	96.0	113.2	93.1
	LOTTE Global Logistics	4.6	4.0	4.8	3.9
	Hotel LOTTE	-	-	3.6 <sup>1</sup>	3.0
	<b>Total</b>	<b>115.3</b>	<b>100.0</b>	<b>121.6</b>	<b>100.0</b>
Dividend Income	DF Tower	-	-	0.2	-

\* The above rental income figures do not include income from lease deposits  
1) For Hotel LOTTE, rental income from September 30 to December 31 (Rental income from the inclusion of L7 Hotel Gangnam Tower until the end of the year)

LOTTE REIT maintains stable rental and dividend income through its Master Lease agreements with LOTTE Shopping and LOTTE Global Logistics (Tranches A - F), long-term lease agreements with Hotel LOTTE (L7 Hotel

Gangnam), and equity investments in DF Tower preferred shares. Reduced interest expenses thanks to successful low-interest refinancing in 2024 are expected to further increase dividend payouts in 2025.



# Financial Review

## Financial Summary

(in billion of KRW)

Category	2023	2024	Change (%)
Assets			
Current Assets	47	41	(13.34)
Non-Current Assets	2,266	2,583	13.96
Total Assets	2,314	2,624	13.40
Liabilities			
Current Liabilities	685	471	(31.34)
Non-Current Liabilities	573	984	71.72
Total Liabilities	1,258	1,454	15.57
Equity			
Share capital	121	144	18.93
Capital Surplus	1,061	1,180	11.18
Retained Earnings	(127)	(155)	21.74
Total Equity	1,055	1,169	10.80
Total Liabilities & Equity	2,314	2,624	13.40

Since the acquisition of six new assets financed by a KRW 780 billion rights issue in March 2021, LOTTE REIT acquired an additional KRW 34.6 billion asset in December 2021 utilizing internal funds and corporate bond issuances. In 2024, LOTTE REIT acquired L7 Hotel Gangnam through rights issue and additional loans, making 2024 a pivotal year in the company’s transformation into a full-fledged group-sponsored REIT.

In 2024, total assets increased by 13.4% YoY, total liabilities increased by 15.6% YoY, and total equity increased by 10.8% YoY, and the debt-to-equity ratio at the end of 2024 was 124.3%, up 5.1%p YoY. In addition, as of the end of December 2024, our LTV was kept stable at 49.6%, which is superior to the average LTV of Korean REITs and funds.



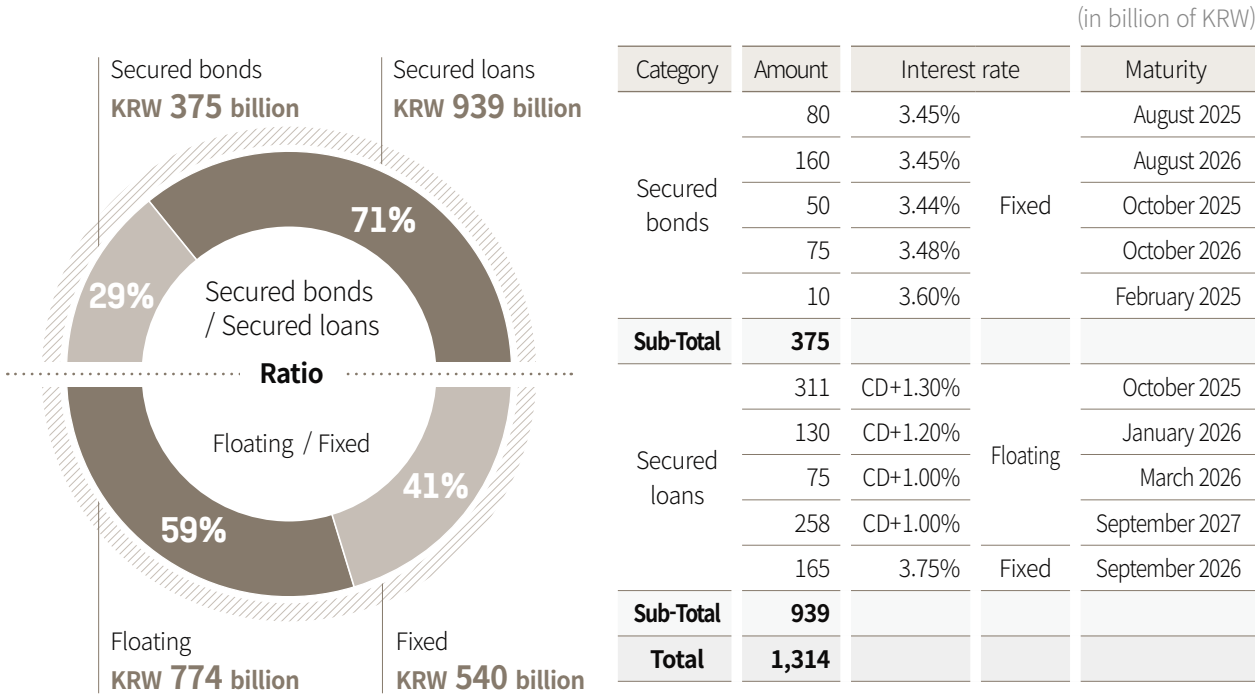
## Refinancing

Leveraging its strong credit rating, LOTTE REIT successfully refinanced and secured new loans amounting to KRW 1,003 billion in 2024, accounting for 76.1% of its total borrowings. creating a stable financing structure.

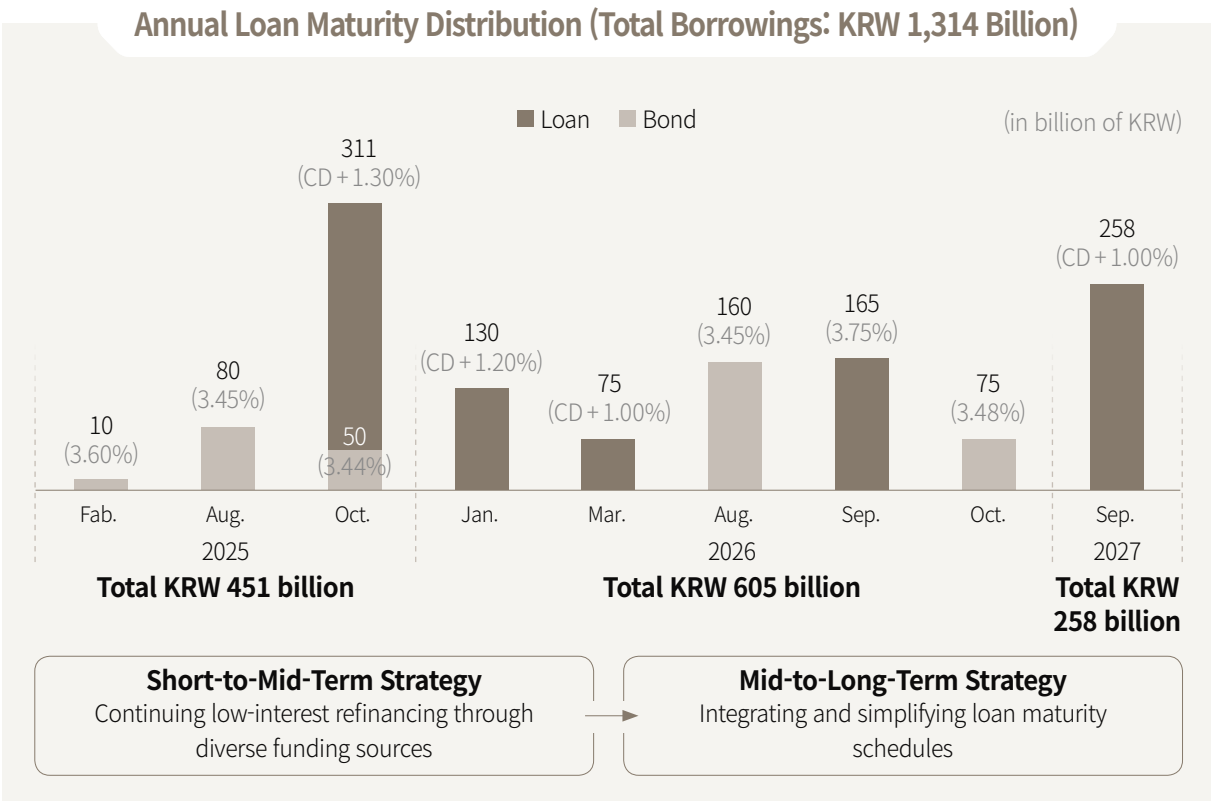
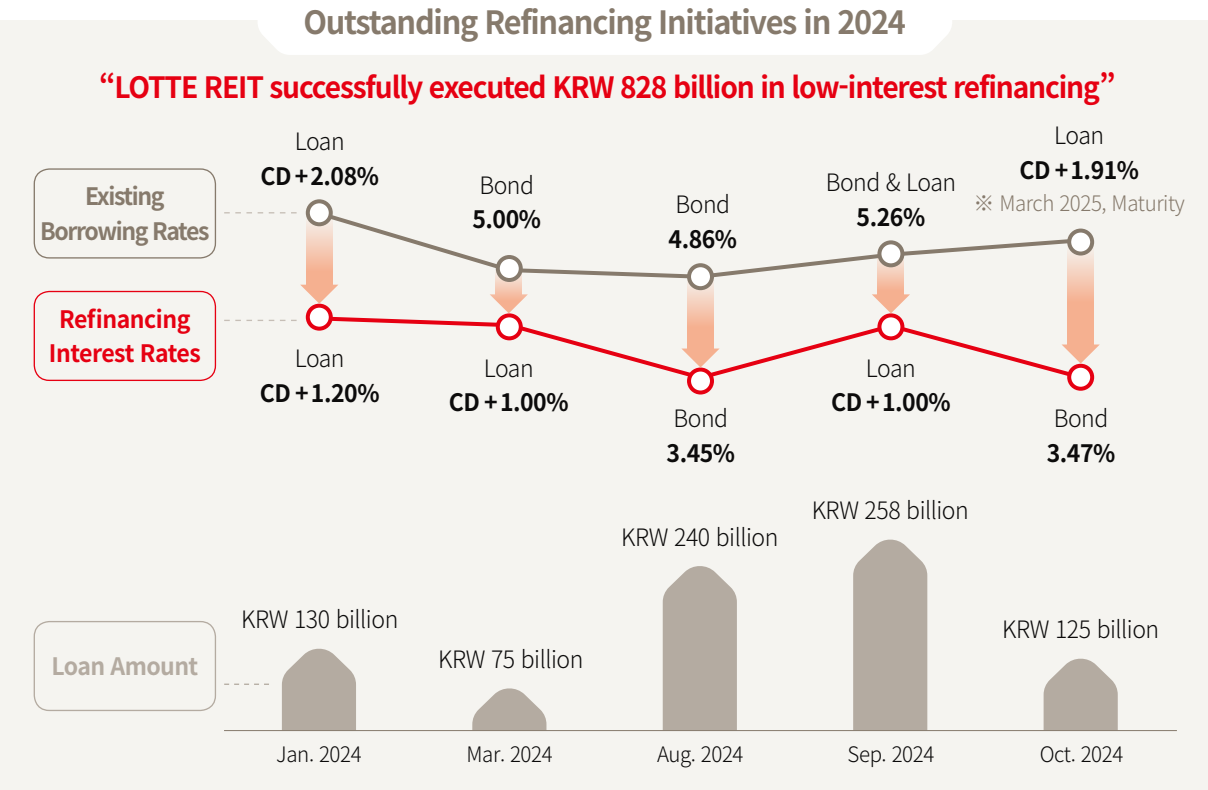


\* The KRW 158 billion loan originally set to mature in March 2025 was prepaid in Sep. 2024

LOTTE REIT’s Borrowing Structure (as of the end of Dec. 2024)



Financial Strategy



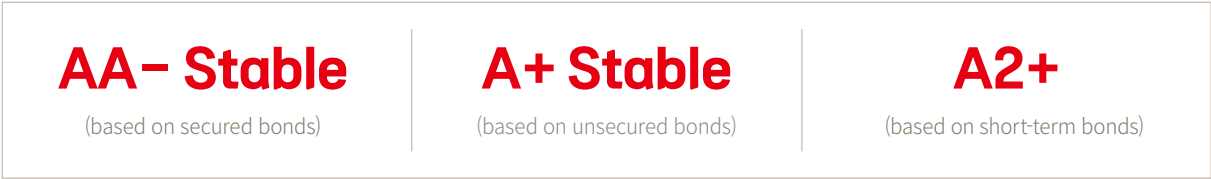
In 2024, LOTTE REIT successfully refinanced and secured new loans totaling KRW 1,003 billion, accounting for 76.1% of its total borrowings of KRW 1,314 billion. In 2025, approximately KRW 451 billion, representing 34.2% of total borrowings, will mature.

Throughout 2024, LOTTE REIT leveraged its low LTV ratio and strong credit ratings to secure competitive interest rates and successfully refinanced high-interest loans at lower rates. This included a total of KRW 828 billion in low-interest refinancing across January, March, August,

September, and October, significantly reducing interest expenses. (KRW 670 billion maturing in 2024 and KRW 158 billion maturing in March 2025)

In light of the recent rise in interest rate volatility, LOTTE REIT diversified its funding sources, including secured loans and corporate bonds. LOTTE REIT aims to minimize interest expenses by strategically managing debt maturities while expanding its asset portfolio in the mid-to-long term, consolidating and streamlining the company’s loan maturity schedule.

Securing competitive interest rates backed by high credit ratings



As a mega REIT in Korea, LOTTE REIT has competitive interest rates thanks to our excellent credit ratings. We will leverage the merits of being a large-scale REIT and pursue strategic financing methods, aligning decisions

on financing size and methods such as bank loans or corporate bonds with market interest rates and economic conditions.



# Future Strategy

## Investment Strategy

### Investment targets

LOTTE REIT is committed to acquiring blue-chip assets that will reinforce our sustained growth. In line with these efforts, we will carry out investment strategies flexible to changes in the real estate market and environment, utilizing not only deal pipelines within LOTTE Group, but also blue-chip assets outside the Group.

	High interest rates	Low interest rates
Market conditions	<ul style="list-style-type: none"><li>· Rising interest rates, increased required rate of return</li><li>· Subdued investor sentiment, decline in transaction volume</li></ul>	<ul style="list-style-type: none"><li>· Ample liquidity, decreased required rate of return</li><li>· Asset prices increase due to overheated competition among investors</li></ul>
Investment focus	<ul style="list-style-type: none"><li>· Increase investments in external assets that can deliver top-line growth</li><li>· More acquisitions of logistics centers, offices, etc.</li><li>· High-yield equity investment in parallel</li></ul>	<ul style="list-style-type: none"><li>· Secure competitive acquisition prices through LOTTE Group's deal pipeline</li><li>· Generate capital gains by disposing of assets that increased in value</li></ul>

### Investment Amount

We target new investment assets valued at least KRW 30 billion. We make reasonable decisions to invest in assets priced at fair market value in consultation with market stakeholders and pursue stable investment not to damage the value of the company and our shareholders. As to investments that may entail excessive price hikes amid intensifying competition over bidding, we will approach and review more prudently.

**KRW 30+ billion**  
(Minimum investment in asset deal)

### Investment criteria

We analyze criteria of real estate valuation to invest in assets that are well-located and in areas where properties can be strategically redeveloped in the future.

<b>Real Estate Valuation criteria</b>	<b>Size of assets</b> Assess estimated sale price	<b>Land value</b> Assess official individual land values	<b>Land price increase</b> Assess the location of asset based on growth rate of its official individual land value over the past 5 years
<b>Asset productivity</b> Assess the ratio of the highest sales in recent 5 years against the asset	<b>Asset efficiency</b> Assess the ratio of the highest sales in recent 5 years against gross floor area	<b>Securitization potential</b> Assess the ability to pay rents based on the highest EBITDA in recent 5 years	<b>Development value</b> Assess the possibility of rezoning, redevelopment and restrictions

## Investment Target Areas and Investment Assets by Type

	High Priority Investment (Seoul metropolitan area: Seoul, Gyeonggi, Incheon)	Other Investment Targets (Outside the Seoul metropolitan area)
Main Points of Investment	Strengthen the stability of the portfolio based on high population density, access to transport and the concentration of industries and jobs	Obtain business competitiveness and generate stable cash flow in the key locations of regional metropolitan cities
Investment Value	Market prices are high while investment risks are low as the market highly appreciates a contributing factor for the rise of real estate value	Cap rates <sup>1</sup> are relatively high compared to those of the Seoul metropolitan area and market prices are low while rental income is high, which lead to exceptional investment value
Type of Investment Assets	<div><b>Retail</b> Continuous increases in asset value, high value in use of land, prime locations to provide opportunities for rezoning and development</div> <div><b>Hotel</b> Backed by recovery in demand among international tourists, hotel performance (ADR<sup>2</sup>, OCC<sup>3</sup>) is strong and supply of new hotels in the vicinity is limited</div> <div><b>Office</b> Expected increases in asset value, stable rental demand</div> <div><b>Logistics Center</b> Located in logistics hub areas with transportation infrastructure and high traffic</div>	<div><b>Retail</b> Good business performance, abundant local demand, potential to continuously expand market dominance based on competitiveness in the local commercial district</div> <div><b>Hotel</b> An asset with strong tourism demand from both domestic and international visitors, solid hotel operational performance (ADR, OCC), and limited nearby supply</div> <div><b>Logistics Center</b> Regional key logistics centers with improved efficiency in the logistics and transport process in line with major e-commerce players broadening their logistics supply chain from the Seoul metropolitan area to the entire country</div>

1) Cap Rate: Capitalization rate  
2) ADR: Average Daily Rate  
3) OCC: Occupancy

Lease Terms & Conditions

We leverage master lease and Triple-Net lease agreements to create a stable rental income structure with minimum volatility.

A high proportion of fixed rent and conditions for rent escalation ensure stable rental growth, generating solid

cash flow even in the face of externalities. Furthermore, variable rents are aligned with the sales of tenants so that additional growth in rental income is made possible in line with the growing sales of tenants.

Major Lease Structure

We leverage master lease and Triple-Net lease agreements to create a stable rental income structure with minimum volatility.

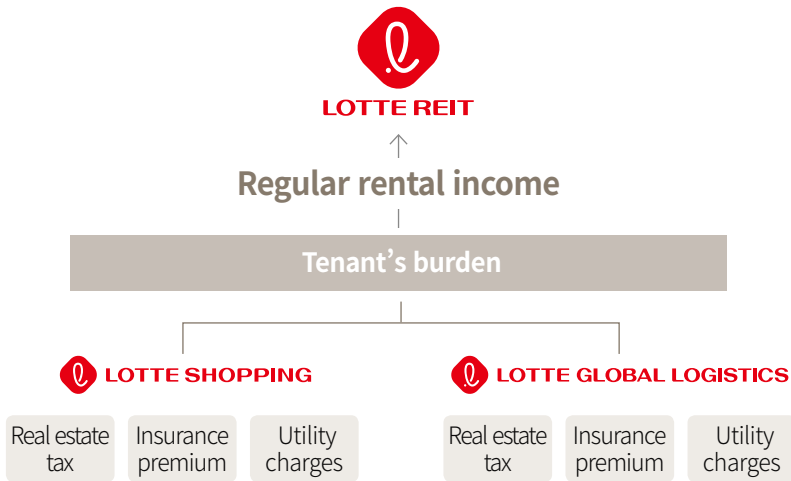
Master Lease

- Long-term master lease agreements ensure a 0% vacancy rate
- Hedges against rental income decline



Triple-Net

- Triple-Net lease agreement enable stable asset management and investment execution
- Minimize volatility while creating a stable rental income structure



\* Note: Does not include L7 Hotel Gangnam

Tenant Qualifications

Our top priority is to secure highly reliable master lease tenants. In addition to our blue-chip tenants including LOTTE Shopping and LOTTE Global Logistics, we plan to expand our pool of tenants and recruit tenants outside LOTTE Group who are able to pay rents reliably based

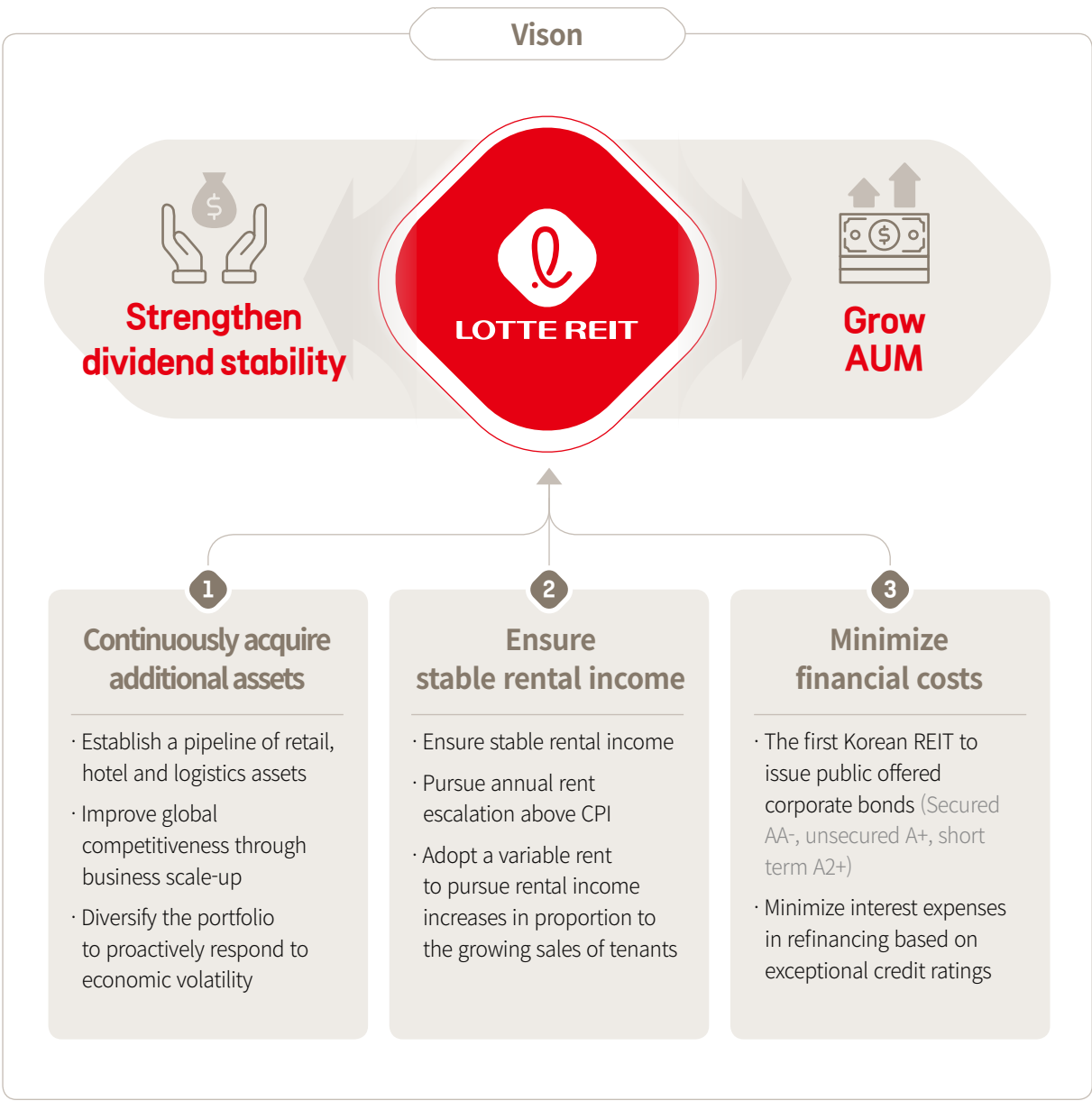
on their independent business competitiveness and financial stability. Attracting master tenants with high credit ratings paves the way to generate solid rental income and pursue growth in the long term.



Growth Starategy

LOTTE REIT signed ROFO (Right of First Offer) agreements on retail assets and logistics centers with LOTTE Shopping and LOTTE Global Logistics to secure long-term growth momentum. We also aim to proactively look into investing in blue-chip assets outside LOTTE Group with strong growth potential and stable businesses so that we can achieve both qualitative and quantitative growth and further strengthen our portfolio.

LOTTE REIT will steadily continue to acquire additional assets leveraging our excellent credit rating to bolster our global competitiveness and enhance company value and shareholder value.





Growth Roadmap

Strengthening the Group’s Asset Pipeline for High-Quality Acquisitions

Expanding the investment pipeline by deepening collaboration with LOTTE Shopping and LOTTE Global Logistics, while also strengthening partnerships with Hotel LOTTE and LOTTE Property & Development

Hotel LOTTE

- Post-endemic recovery in travel drives up occupancy rates  
→ Improved hotel operating performance
- LOTTE Group's assets will be evaluated based on location, scale and performance for potential acquisition at competitive prices

LOTTE Property & Development

Establishing a virtuous cycle where LOTTE REIT acquires and manages newly developed assets by LOTTE Property & Development, while aging assets under LOTTE REIT’s management are redeveloped by LOTTE Property & Development

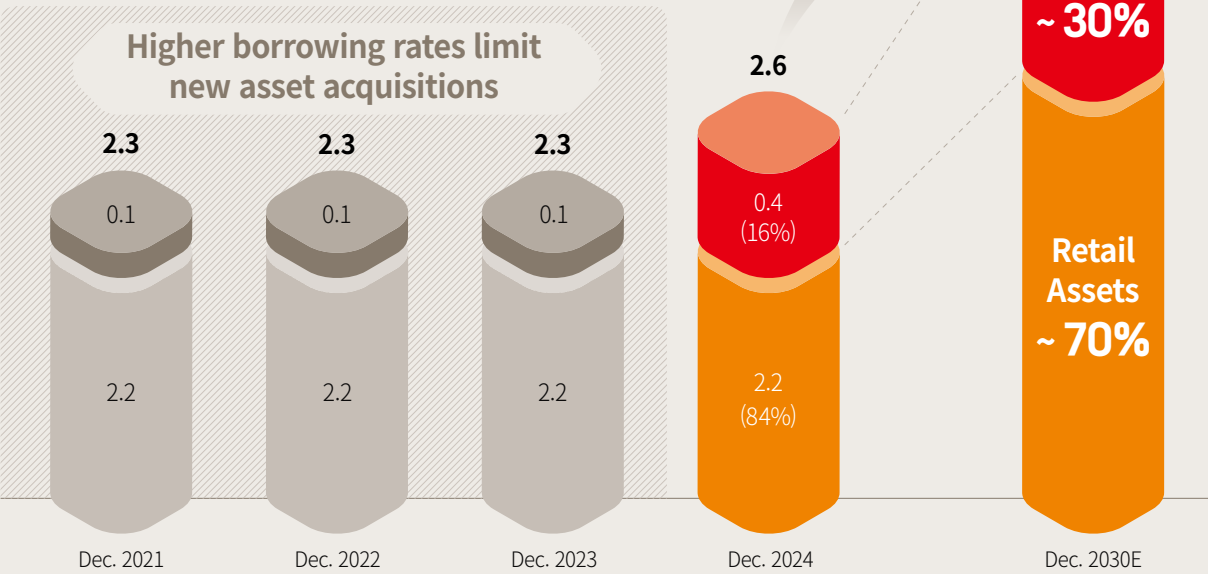
Portfolio Diversification Through Expansion of Non-Retail Investments

Investments in retail, offices, hotels, and logistics centers, with a mid-to-long-term goal of increasing the share of non-retail assets to 30% and enhancing portfolio diversification

Boosting asset management flexibility by investing in external assets located in prime areas

- Prioritizing acquisitions in Seoul's three major office districts and other prime metropolitan assets with strong appreciation potential
- Exploring high-cap rate opportunities in major regional cities to complement the portfolio and optimize returns

● Retail Asset Acquisition Value    ● Non-Retail Asset Acquisition Value  
(in trillion of KRW)



Targeting KRW 300 billion in annual new asset acquisitions

AUM of approximately KRW 4.5 trillion



Portfolio Details

Portfolio Map

1 L7 Hotel Gangnam Tower

2 LOTTE Department Store Gangnam Branch

3 LOTTE Mart Uiwang Branch

4 LOTTE Mart Jangyu Branch

5 LOTTE Department Store Guri Branch

6 LOTTE Mart/Outlet (West) Cheongju Branch

7 LOTTE Mart/Outlet Daegu Yulha Branch

8 LOTTE Department Store Changwon Branch

9 LOTTE Department Store Gwangju Branch

10 LOTTE Department Store Jungdong Branch

16 LOTTE Logistics Center Gimpo

15 LOTTE Mart Chuncheon Branch

14 LOTTE Premium Outlet Icheon Branch

13 LOTTE Mart Gyeonggi Yangpyeong Branch

12 LOTTE Mart Gyeonggi Gyeongju Branch

11 LOTTE Department Store Ansan Branch

01  
02  
03

Asset Portfolio

Tenant	Tranche	Asset	GFA (㎡)	Acquisition Price (₩R₩in billion)	Ratio (%)	Lease Expiry	Rental Rate			
							Fixed rent	Variable rent		
LOTTE Shopping	Trenche A	LOTTE Department Store Changwon Branch	140,977	246.8	9.4	Oct. 2028	5% of the acquisition price (1.5% annual escalation)			
		LOTTE Mart Uiwang Branch	36,879	137.6	5.2					
		LOTTE Mart Jangyu Branch	38,838	57.5	2.2					
		Sub-total		441.9	16.8					
	Trenche B	LOTTE Department Store Guri Branch	79,271	177.3	6.7	Oct. 2029				
		LOTTE Mart / Outlet (West) Cheongju Branch	81,616	139.2	5.3					
		LOTTE Mart / Outlet Daegu Yulha Branch	100,773	170.2	6.5					
		Sub-total		486.7	18.4					
	Trenche C	LOTTE Department Store Gangnam Branch	67,517	424.9	16.1	Oct. 2030				
		LOTTE Department Store Gwangju Branch	92,997	134.4	5.1					
		Sub-total		559.3	21.2					
	Trenche D	LOTTE Department Store Jungdong Branch	93,419	171.7	6.5	Mar. 2028	3.8% of the acquisition price (annual CPI-aligned escalation)	0.45% of the sales of the preceding year (※ 0.5% for the Gyeonggi Yangpyeong Branch)		
		LOTTE Department Store Ansan Branch	54,887	98.6	3.7					
		LOTTE Mart Gyeyang Branch	58,119	76.1	2.9					
		LOTTE Mart Gyeonggi Yangpyeong Branch	9,977	34.6	1.3					
		Sub-total		381.0	14.4					
		Trenche E	LOTTE Premium Outlet Icheon Branch	162,729	275.3				10.4	Mar. 2032
			LOTTE Mart Chuncheon Branch	40,570	61.0				2.3	
	Sub-total			336.3	12.8					
LOTTE Global Logistics	Trenche F	LOTTE Logistics Center Gimpo	30,870	95.5	3.6	Mar. 2036	4.5% of the acquisition price (annual CPI-aligned escalation)			
		Sub-total		95.5	3.6					
Hotel LOTTE etc.	L7 Hotels Gangnam Tower		33,584	330.0	12.5	Varies by tenant	KRW 7.3 billion/year <sup>1</sup>	KRW 3.9 billion/year <sup>1</sup>		
Dunamu etc.	DF Tower (Indirect investment)		-	7.0	0.3					
Total			1,123,023	2,637.7	100					

1) based on Hotel LOTTE's lease agreement

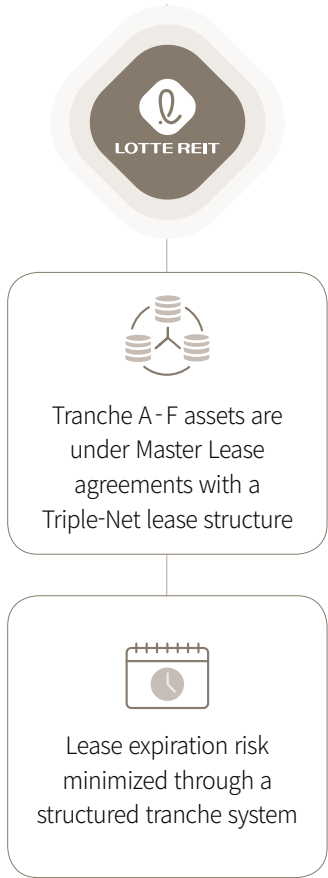
The regional breakdown of our assets shows that 69.4% of our assets are located in the Seoul metropolitan area and 30.6% outside the area. By use, department stores account for 47.5%, marts 13.9%, outlets 10.4%, mart + outlet (mixed) 11.7%, hotel + office (mixed) 12.5% and logistics centers 3.6%. As of the end of 2024, the weighted average lease expiry (WALE) of our assets in

their entirety amounted to 5 years and 1 month: the WALE is separated across a total of six tranches to spread the risk of lease agreements reaching their termination all at once. Our management goal is to deliver stable dividends by acquiring assets in prime locations, securing highly reliable tenants, and maintaining a rental income structure with minimum volatility.

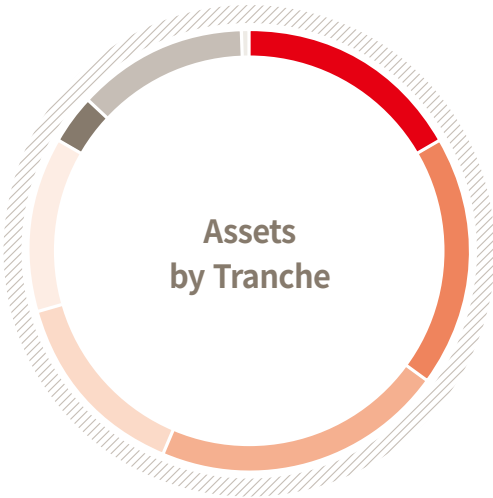
Portfolio Details

As of year-end 2024, LOTTE REIT's total AUM stood at KRW 2.6 trillion. The portfolio consists of 16 investment assets, including the newly acquired L7 Hotel Gangnam and DF Tower (preferred equity investment), alongside assets grouped into tranches for structured management: six department stores, five hypermarkets, three outlet malls, and one logistics center. The total gross floor area is 1,123,023㎡, with an average remaining lease term of 5 years and 1 month across all assets.

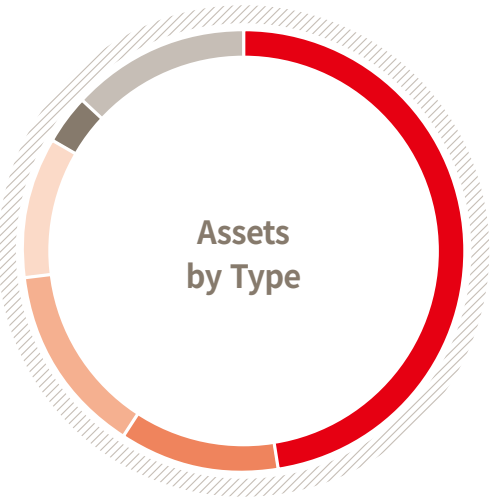
LOTTE REIT has LOTTE shopping, LOTTE Global Logistics and Hotel LOTTE as its sponsors and pursues stable growth based on the long-term lease agreements signed with these key tenants.



1) DF Tower preferred shares  
2) Including DF Tower preferred shares



Tranche A	16.8%	Tranche E	12.8%
Tranche B	18.4%	Tranche F	3.6%
Tranche C	21.2%	L7 Gangnam	12.5%
Tranche D	14.4%	DF Tower <sup>1</sup>	0.3%

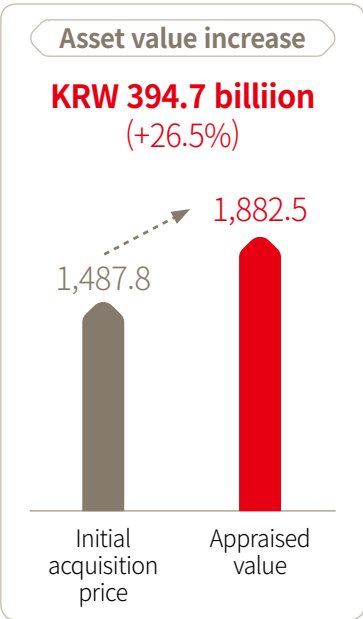


Department store	47.5%	Premium outlet	10.4%
Mart & outlet (mixed)	11.7%	Logistics	3.6%
Mart	13.9%	Hotel & Office <sup>2</sup> (mixed)	12.8%



Total value of assets acquired increased by 21.1% (KRW 555.2 billion)

Assets acquired at the time of IPO increased 26.5% in value

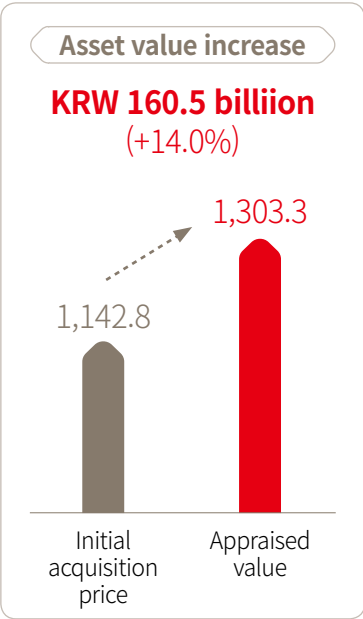


\* Asset revaluation is based on collateral appraisal and is not reflected in book value

(in billion of KRW)

	Initial acquisition price	Appraisal value of collateral	Spread	Growth rate (%)
LOTTE Department Store Gangnam Branch	424.9	610.0	185.0	43.6
LOTTE Department Store Guri Branch	177.3	216.8	39.5	22.3
Department Store Gwangju Branch	134.4	155.7	21.3	15.8
LOTTE Department Store Changwon Branch	246.8	285.2	38.4	15.6
LOTTE Outlet/Mart Yulha Branch	170.2	202.4	32.2	18.9
LOTTE Outlet/Mart Cheongju Branch	139.2	164.8	25.6	18.4
LOTTE Mart Uiwang Branch	137.6	178.4	40.8	29.7
LOTTE Mart Jangyu Branch	57.5	69.2	11.7	20.3
Total	1,487.8	1,882.5	394.7	26.5

Assets acquired after IPO increased in value by 14.0%

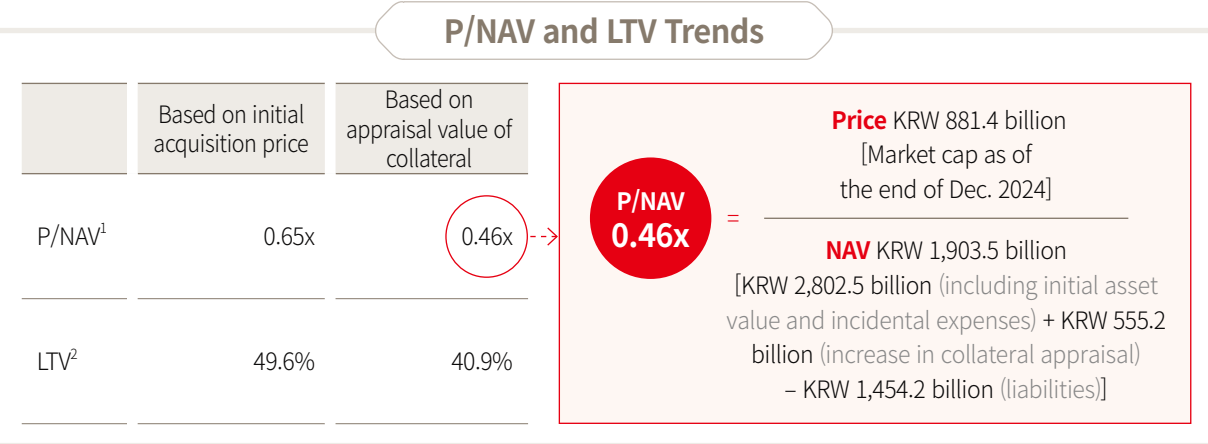


\* Asset revaluation is based on collateral appraisal and is not reflected in book value

(in billion of KRW)

	Initial acquisition price	Appraisal value of collateral	Spread	Growth rate (%)
LOTTE Mart Gyeonggi Yangpyeong Branch	34.6	35.0	0.4	1.3
LOTTE Department Store Ansan Branch	98.6	136.6	38.0	38.5
LOTTE Department Store Jungdong Branch	171.7	200.0	28.3	16.5
LOTTE Mart Gyeyang Branch	76.1	105.0	28.9	38.0
LOTTE Mart Chuncheon Branch	61.0	66.4	5.4	8.9
LOTTE Premium Outlet Icheon Branch	275.3	328.7	53.4	19.4
LOTTE Mart Mall Gimpo Logistics Center	95.5	101.6	6.1	6.4
L7 Hotel Gangnam	330.0	330.0	-	-
Total	1,142.8	1,303.3	160.5	14.0

Greater upside potential for stock price driven by asset value appreciation



※ Asset revaluation based on the collateral appraisal value (collateral appraisal dates): LOTTE Department Store Gangnam Jun. 2024, Gwangju / Yulha Sep. 2022, Changwon / Uiwang / Jangyu Aug. 2023, Guri / Cheongju Oct. 2023, Jungdong Feb. 2024, Gyeonggi Yangpyeong / Gyeyang / Gimpo Logistics Aug. 2024, Icheon Sep. 2024)

1) P/NAV: Asset/Net Asset Value, NAV: Net Asset Value  
P/NAV 0.65x = KRW 881.4 billion [market cap as of the end of Dec. 2024] ÷ (KRW 2,802.5 billion [initial asset value and incidental expenses] - KRW 1,454.2 billion [liabilities as of the end of Dec. 2024]),  
P/NAV 0.46x = KRW 881.4 billion [market cap as of the end of Dec. 2024] ÷ (KRW 2,802.5 billion [initial asset value and incidental expenses] + KRW 555.2 billion [Increase in collateral appraisal] - 1,454.2 billion won [liabilities as of the end of Dec. 2024])

2) LTV 49.6% = Based on initial purchase price, the secured debt KRW 1,304.0 billion ÷ initial purchase price KRW 2,630.6 billion  
LTV 40.9% = Based on the collateral appraisal value, secured debt KRW 1,304.0 billion ÷ collateral appraisal value KRW 3,185.8 billion

LOTTE REIT's key assets, including department stores, premium outlets, hypermarkets, and hotels, are strategically located in Seoul, the metropolitan area, and major regional cities, contributing to continuous asset value appreciation. (Over the past five years, the average annual increase in officially assessed land value has been 3.1%.)

From 2022 to 2024, the company conducted asset revaluations as part of its refinancing strategy. The value of the eight IPO-acquired assets, including LOTTE Department Store Gangnam, increased by 26.5% (KRW 394.7 billion), reaching a total of KRW 1,882.5 billion. The value of assets acquired through rights issues rose by 14.0% (KRW 160.5 billion), reaching KRW 1,303.3 billion.

Based on appraisal results, LOTTE REIT's NAV is KRW 1,903.5 billion with a market cap of KRW 881.4 billion (as of December 30, 2024), which comes down to a P/NAV of 0.46x and and LTV ratio of 40.9%.

P/NAV based on the collateral appraisal value of properties acquired through IPO and rights issue decreased compared to the initial acquisition price due to asset value growth, which has boosted the investment attractiveness of LOTTE REIT. In addition, LOTTE REIT will enjoy favorable financing conditions as the LTV resulting from the revaluation - among the industry's lowest figures - provides more room to borrow for future refinancing and additional acquisitions

Risk diversification through portfolio diversification

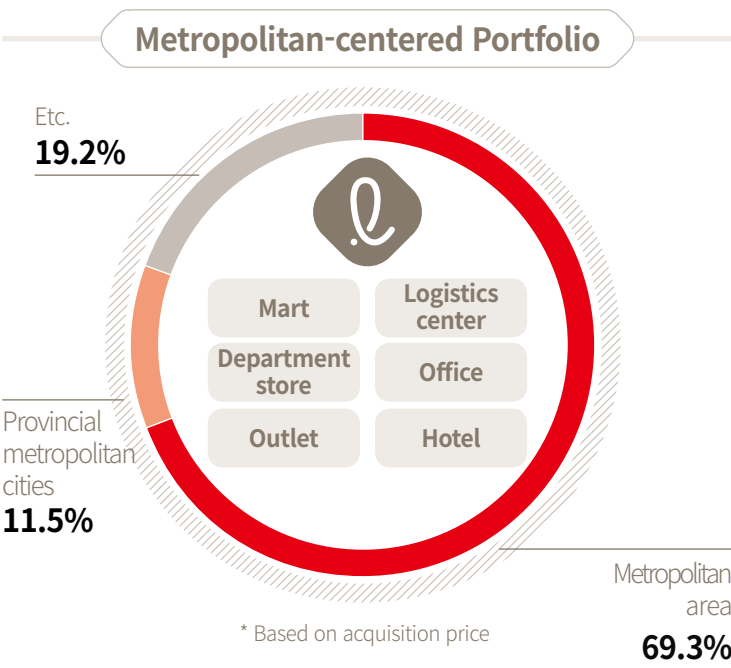
We acquired not only retail properties, but also logistics centers, offices, hotels and a wide range of other properties while concentrating on our asset portfolio in the metropolitan area to diversify risk and enhance company value and shareholder value.

LOTTE REIT initially launched with eight properties acquired through 2019 IPO. (worth approx. KRW 1.5 trillion) Seven additional properties through rights issue (worth approx. KRW 800 billion) including LOTTE Mart Mall and Gimpo Logistics Center in 2021. Furthermore, in 2024, LOTTE REIT continued its expansion by acquiring L7 Hotel Gangnam through another rights issue and preferred shares of DF Tower (KRW 7.0 billion), bringing the total investment asset size to KRW 2.6 trillion. This growth delivered strong top line growth as a large scale, blue-chip anchor REIT with a strengthened portfolio.

Building long-term growth momentum

As of the end of December 2024, the value of LOTTE Group assets for which we have secured the right of first offer is KRW 8.7 trillion, including LOTTE Shopping assets (KRW 8.2 trillion) and LOTTE Global Logistics assets. (KRW 0.5 trillion)

LOTTE REIT will not only continue to invest in the deal pipeline of various real estate owned by LOTTE Group, but will also secure long-term growth potential by actively investing in blue-chip assets outside the group such as logistics centers, offices, hotels.



Building a superior deal pipeline

- ROFO agreements with LOTTE Shopping and LOTTE Global Logistics
- Logistics centers, offices, hotels and other properties owned by LOTTE Group
- LOTTE Shopping's securitized / leased assets
- Assets newly developed by other LOTTE Group subsidiaries and non-LOTTE Group properties

Revaluation of real estate value



PORTFOLIOS



L7 HOTELS Gangnam Tower

A premium lifestyle hotel optimized for the growing demand from the MZ generation, ensuring continuous growth.



Location	415, Teheran-ro, Gangnam-gu, Seoul
Master Lease Tenant	LOTTE Hotel
GFA	33,584㎡
Acquisition Price	KRW 330 billion
Lease term of hotel LOTTE	7 years 3 months
WALE <sup>1</sup> of hotel LOTTE	7 years
Size	B1F / 27F (Office: 2F – 8F)

1) WALE was calculated as of the end of Dec. 2024





LOTTE Department Store  
Gangnam Branch

The only department store in the mid-southern part of the Gangnam District with access to local residents with high spending power

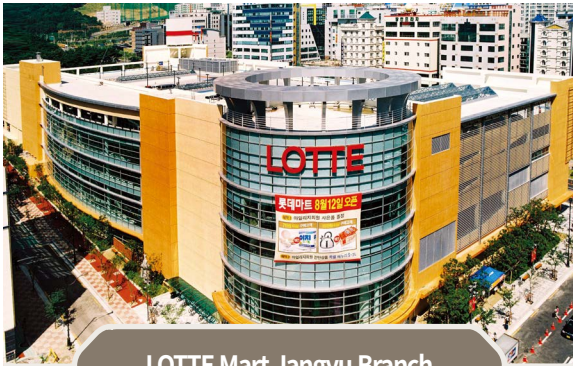
Location	401, Dogok-ro, Gangnam-gu, Seoul, Republic of Korea
Master Lease Tenant	LOTTE Shopping
GFA	67,517㎡
Acquisition Price	KRW 424.9 billion
Lease Term	11 years
WALE	5 years and 10 months
Size	Main building: B3F / 9F Annex building: B2F / 7F



LOTTE Mart Uiwang Branch

A hypermarket located in a densely populated residential area with development upsides and a sizeable population

Location	7, Gyewondaehak-ro, Uiwang-si, Gyeonggi-do, Republic of Korea
Master Lease Tenant	LOTTE Shopping
GFA	36,879㎡
Acquisition Price	KRW 137.6 billion
Lease Term	9 years
WALE	3 years and 10 months
Size	B1F / 6F



LOTTE Mart Jangyu Branch

A hypermarket located in a densely populated residential area occupied by local residents with high spending power

Location	15, Beonhwa 1-ro 56beon-gil, Gimhae-si, Gyeongsangnam-do, Republic of Korea
Master Lease Tenant	LOTTE Shopping
GFA	38,838㎡
Acquisition Price	KRW 57.5 billion
Lease Term	9 years
WALE	3 years and 10 months
Size	B1F / F5



LOTTE Department Store  
Guri Branch

The only department store in the eastern Gyeonggi area with development upsides and abundant local demand

Location	261, Gyeongchun-ro, Guri-si, Gyeonggi-do, Republic of Korea
Master Lease Tenant	LOTTE Shopping
GFA	79,271㎡
Acquisition Price	KRW 177.3 billion
Lease Term	10 years
WALE	4 years and 10 months
Size	B5F / 9F



LOTTE Mart/Outlet (West)  
Cheongju Branch

A mixed-use retail asset located in an emerging residential area occupied by local residents with high spending power

Location	1004, 2sunhwan-ro, Heungdeok-gu, Cheongju-si, Chungcheongbuk-do, Republic of Korea
Master Lease Tenant	LOTTE Shopping
GFA	81,616㎡
Acquisition Price	KRW 139.2 billion
Lease Term	10 years
WALE	4 years and 10 months
Size	B2F / 5F



LOTTE Mart/Outlet  
Daegu Yulha Branch

A mixed-use retail asset located in a subway station area with access to a large local population

Location	80, Ansim-ro, Dong-gu, Daegu, Republic of Korea
Master Lease Tenant	LOTTE Shopping
GFA	100,773㎡
Acquisition Price	KRW 170.2 billion
Lease Term	10 years
WALE	4 years and 10 months
Size	B2F / 6F

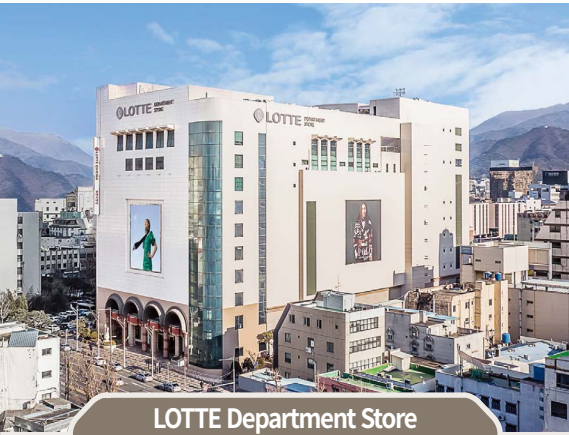


LOTTE Department Store  
Changwon Branch

Changwon's largest department store located in its key commercial area

Location	124, Jungang-daero, Seongsan-gu, Changwon-si, Gyeongsangnam-do, Republic of Korea
Master Lease Tenant	LOTTE Shopping
GFA	140,977㎡
Acquisition Price	KRW 246.8 billion
Lease Term	9 years
WALE	3 years and 10 months
Size	Main building: B5F / 6F Young Plaza: B6F / 9F

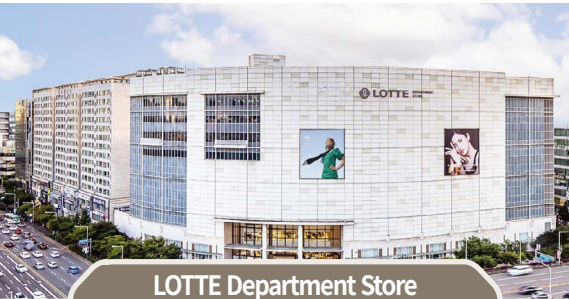




LOTTE Department Store  
Gwangju Branch

The largest department store in the region located in its largest commercial area and recognized for its competitiveness

Location	268, Dongnip-ro, Dong-gu, Gwangju, Republic of Korea
Master Lease Tenant	LOTTE Shopping
GFA	92,997㎡
Acquisition Price	KRW 134.4 billion
Lease Term	11 years
WALE	5 years and 10 months
Size	B6F / 12F



LOTTE Department Store  
Jungdong Branch

The largest department store in the region located in its major commercial area and recognized for its competitiveness

Location	300, Gilju-ro, Bucheon-si, Gyeonggi-do, Republic of Korea
Master Lease Tenant	LOTTE Shopping
GFA	93,419㎡
Acquisition Price	KRW 171.7 billion
Lease Term	7 years
WALE	3 years and 3 months
Size	B6F / 11F



LOTTE Department Store  
Ansan Branch

The only department store in Ansan-si located in its largest key commercial area

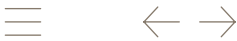
Location	12, Gojan 1-gil, Danwon-gu, Ansan-si, Gyeonggi-do, Republic of Korea
Master Lease Tenant	LOTTE Shopping
GFA	54,887㎡
Acquisition Price	KRW 98.6 billion
Lease Term	7 years
WALE	3 years and 3 months
Size	Main building: B5F / 6F Annex building: B6F / 5F



LOTTE Mart Gyeyang Branch

A hypermarket with development upsides and abundant local demand

Location	822, Jangje-ro, Gyeyang-gu, Incheon, Republic of Korea
Master Lease Tenant	LOTTE Shopping
GFA	58,119㎡
Acquisition Price	KRW 76.1 billion
Lease Term	7 years
WALE	3 years and 3 months
Size	B2F / 7F



LOTTE Mart Gyeonggi  
Yangpyeong Branch

A hypermarket supported by exceptional access to downtown Yangpyeong and a growing local population

Location	76, Nambuk-ro, Yangpyeong-eup, Yangpyeong-gun, Gyeonggi-do, Republic of Korea
Master Lease Tenant	LOTTE Shopping
GFA	9,977㎡
Acquisition Price	KRW 34.6 billion
Lease Term	7 years
WALE	3 years and 3 months
Size	B2F / 2F



LOTTE Premium Outlet  
Icheon Branch

The only premium outlet in Icheon with high growth potential

Location	177-74, Premium outlet-ro, Hobeop-myeon, Icheon-si, Gyeonggi-do, Republic of Korea
Master Lease Tenant	LOTTE Shopping
GFA	162,729㎡
Acquisition Price	KRW 275.3 billion
Lease Term	11 years
WALE	7 years and 3 months
Size	Baekjadong: B2F / 3F Cheongjadong: B2F / 2F



LOTTE Mart Chuncheon Branch

A hypermarket located in an emerging development zone occupied by residents with high spending power

Location	84, Bangsong-gil, Chuncheon-si, Gangwon-do, Republic of Korea
Master Lease Tenant	LOTTE Shopping
GFA	40,570㎡
Acquisition Price	KRW 61.0 billion
Lease Term	11 years
WALE	7 years and 3 months
Size	B1F / 4F



LOTTE Logistics Center Gimpo

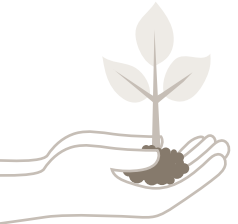
A top-tier logistics center equipped with great accessibility and cutting-edge facilities

Location	23, Arayuk-ro 182beon-gil, Gochon-eup, Gimpo-si, Gyeonggi-do, Republic of Korea
Master Lease Tenant	LOTTE Global Logistics
GFA	30,870㎡
Acquisition Price	KRW 95.5 billion
Lease Term	15 years
WALE	11 years and 3 months
Size	B1F / 6F



# ESG Management

LOTTE Group has adopted ESG (Environmental, Social, Governance) management as a core strategy to achieve sustainable business. LOTTE is accelerating, internalizing, and advancing ESG management, demonstrating a firm commitment to future sustainability, through efforts at various stages and times.



## Advancing ESG Management

LOTTE Group aims to respond proactively to the changing environment and perceives ESG regulations as an opportunity as they become tightened and legislated. Therefore, in preparation for the future, LOTTE Group is gearing up for ESG 3.0, through which LOTTE will continuously evolve its ESG management and pursue sustainable social value creation.

## ESG Management in full swing

LOTTE Group held the ESG Management Declaration Ceremony in July 2021, pledging to fully commit to ESG management. At this stage, LOTTE Group worked on building the foundation by establishing groundwork for ESG systems and undergoing organizational restructuring.



### Importance and Goals of ESG Management

LOTTE Group aims to become an ESG leader by 2025. To this end, LOTTE Group is establishing a carbon-neutral roadmap, pursuing growth strategies through ESG management, and implementing an integrated ESG system across the entire Group.

### Internalizing ESG Management

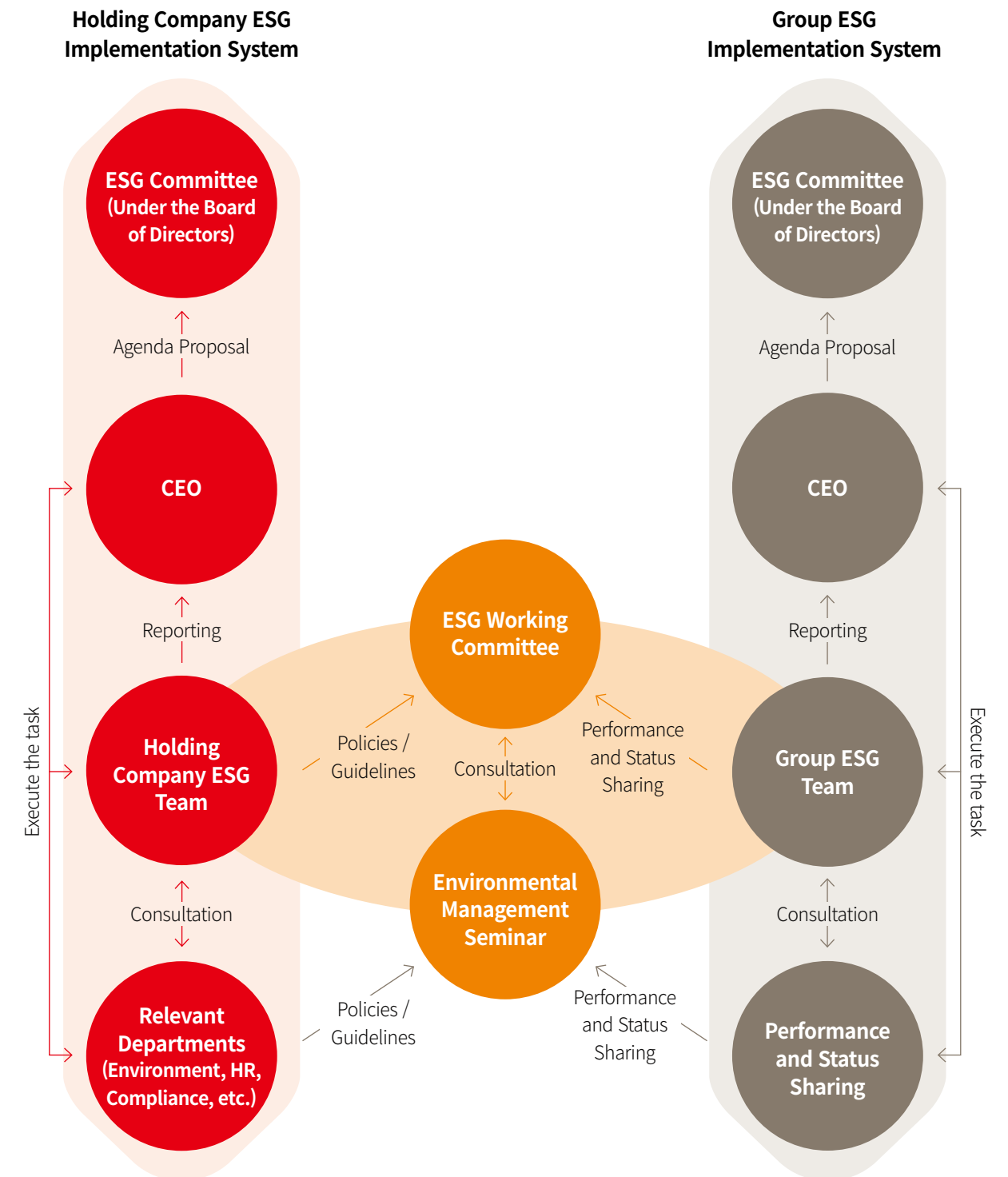
In 2022 ESG management became part and parcel of LOTTE Group's strategy and culture. In order to embed ESG management in corporate strategy and culture, LOTTE Group strived to strengthen ESG management internally by bolstering members' capability to execute ESG management and providing extensive information about ESG.



LOTTE Group is enhancing the sustainability of its businesses and social responsibility through ESG management, promoting employee engagement and cooperation. ESG management has become one of LOTTE's core values, enabling LOTTE to create a sustainable future.



## Group-Wide ESG Governance Framework





# Building the future of investment

## GOVERNANCE

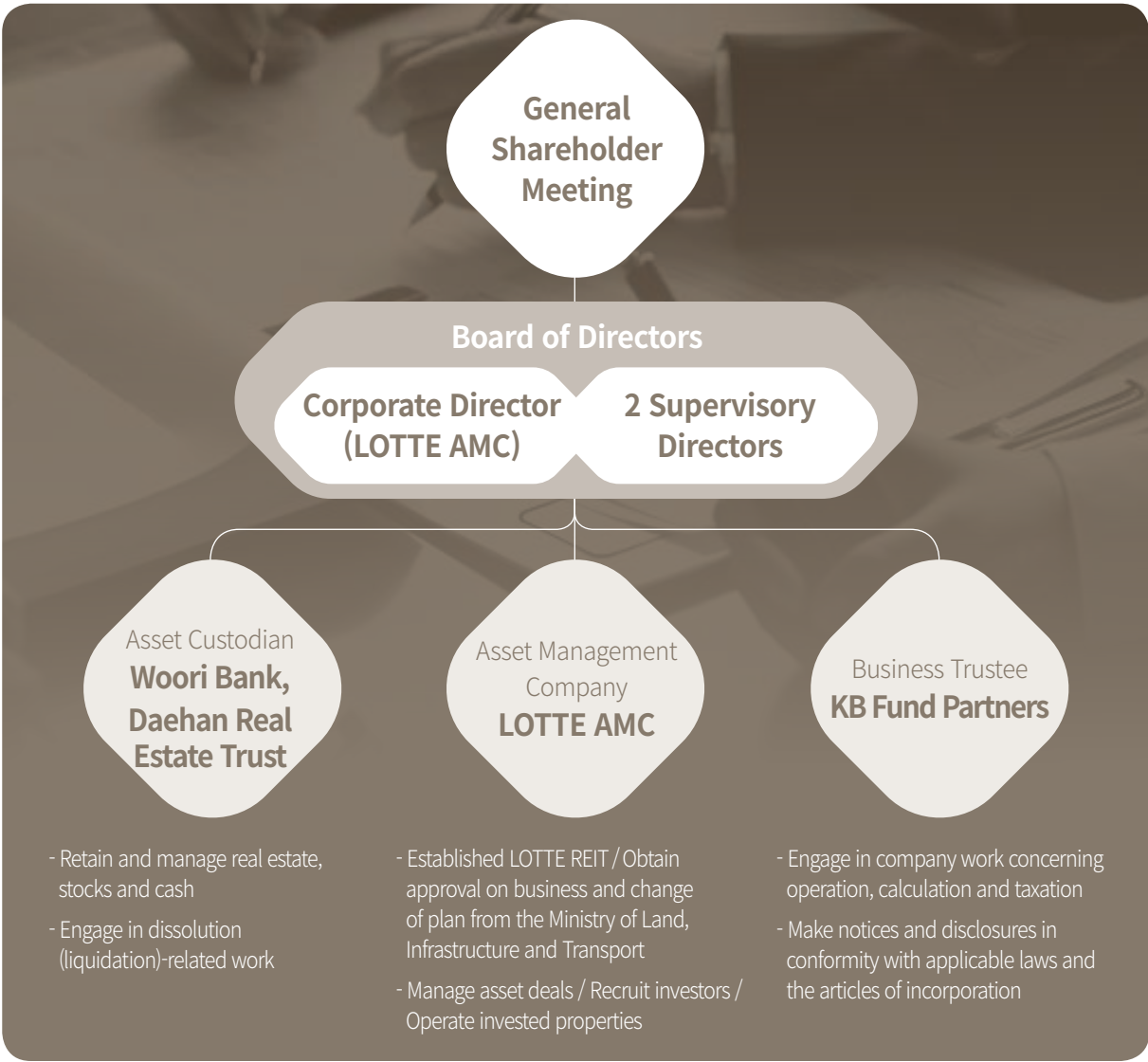
LOTTE REIT is committed to responsible corporate management underpinned by a transparent governance structure. Furthermore, LOTTE REIT has doubled down on risk management to deliver consistent performance.

- 65p \_ Governance
- 66p \_ Board of Directors & Executives
- 67p \_ Risk Management

## Governance

### Promoting management accountability based on transparent governance

At LOTTE REIT, the general shareholder meeting and the board of directors serve as the highest decision-making body as stipulated in the Real Estate Investment Company Act and the Commercial Law. Our asset manager, asset custodian and business trustee are all committed to transparent business conduct by fulfilling their role and responsibility pursuant to applicable laws and regulations.





# Board of Directors & Executives

## Board of Directors

Category	Name	Tenure	Current Post
Corporate Director	LOTTE AMC	No specific tenure	LOTTE AMC
Supervisory Director	Kim, Shin Hee	Mar. 2025	DR & AJU Law Firm LLC (Attorney)
Supervisory Director	Kang, Kyung Jin	Mar. 2025	Korea Listed Companies Association (Managing Director, Certified Public Accountant)

## Key Executives

### Kim, So Yon CEO

- CEO, LOTTE AMC (2024 - Present)
- CEO, HL REITs AMC (2020 - 2023)
- CEO, RIFA Asset Management (2014 - 2020)
- M.S. in Architectural Engineering, Yonsei University (1993)
- B.S. in Architectural Engineering, Yonsei University (1991)



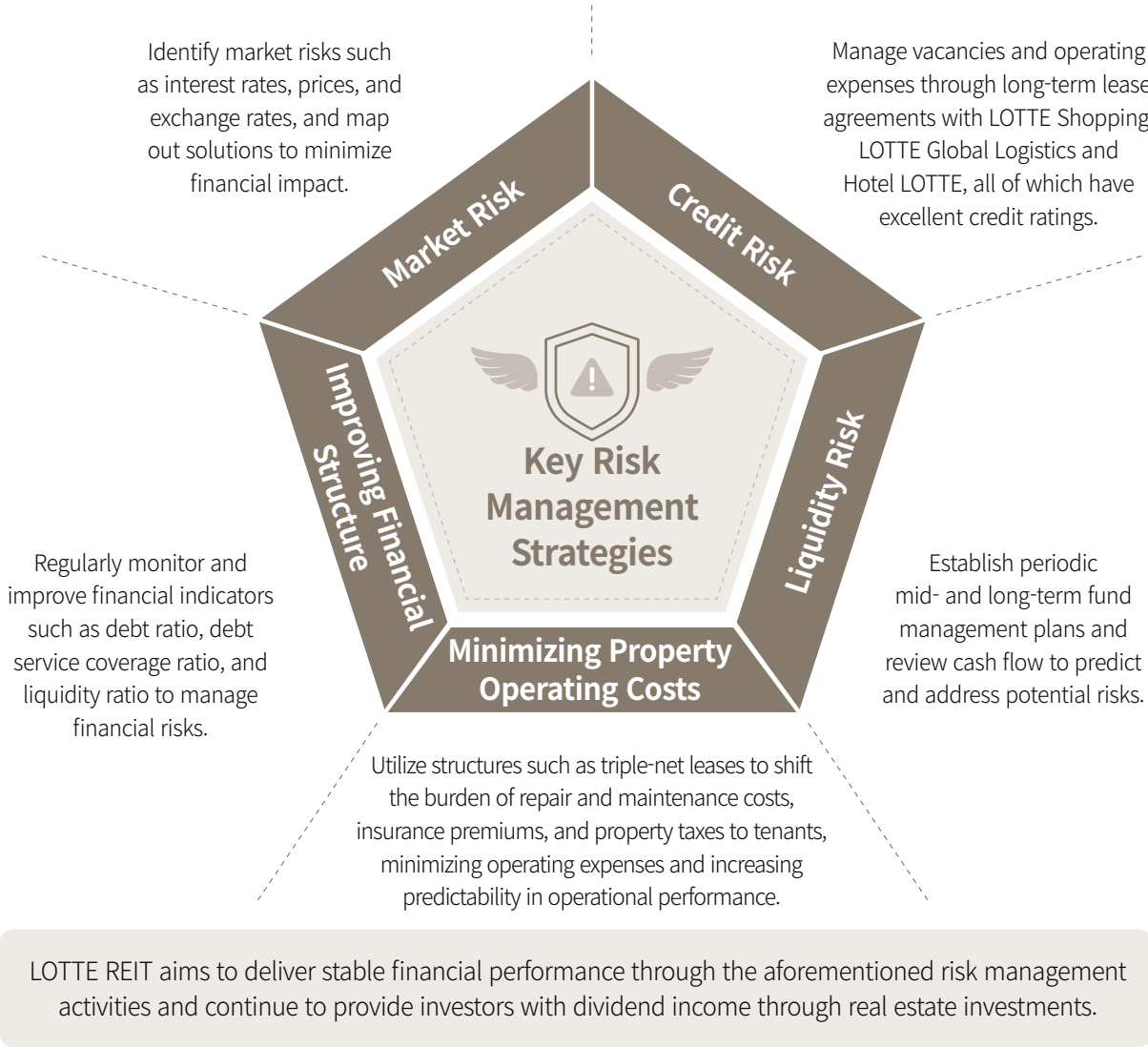
### Hyun, Jun Ho Head of REITs Division

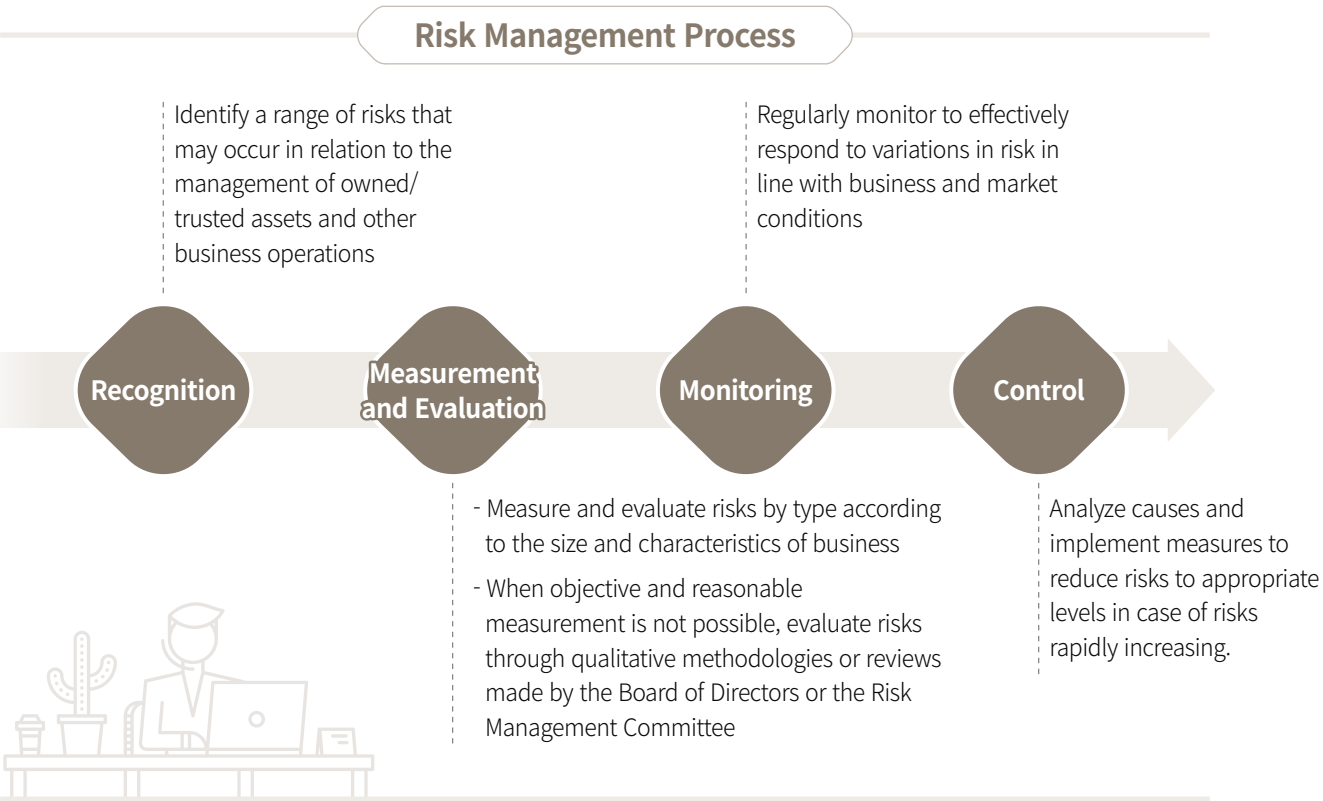
- LOTTE AMC (2019 – Present)
- LOTTE Holdings, Financial Innovation Office (2017 – 2019)
- LOTTE Shopping, Policy Headquarters (2013 – 2017)
- LOTTE Engineering & Construction, Housing Business Division (2006 – 2013)
- Bachelor’s Degree in Urban Engineering, Pusan National University



# Risk Management

Our risk management objectives and policies primarily focus on market risks, interest rates, prices, exchange rates, and other credit and liquidity risks that impact financial performance. The purpose of these activities is to identify potential risks and to eliminate, avoid or reduce them to an acceptable level required in delivering robust and sustainable business performance.





# Building the future of investment



## FINANCIALS

As of the end of 2024, LOTTE REIT posted a revenue of KRW 125.6 billion, 6.4% increase YoY, and recorded an operating profit of KRW 79.6 billion, 12.3% increase YoY.

- 70p \_ Independent Auditor's Report
- 72p \_ Statement of Financial Position
- 73p \_ Statement of Comprehensive Income
- 74p \_ Statement of Changes in Equity
- 75p \_ Statement of Cash Flows
- 76p \_ Notes to the Financial Statements



# INDEPENDENT AUDITOR’S REPORT

## To the Shareholders and the Board of Directors of LOTTE REIT Co., Ltd.

### Audit Opinion

We have audited the financial statements of LOTTE REIT Co., Ltd. (the “Company”), which comprise the statement of financial position as at December 31, 2024 and December 31, 2023, respectively, and the statement of comprehensive income, statement of changes in equity and statement of cash flows, for the years then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024 and December 31, 2023, respectively, and its financial performance and its cash flows for the years then ended in accordance with Korean International Financial Reporting Standards. (“K-IFRS”)

### Basis for Audit Opinion

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

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

Management is responsible for the preparation of the accompanying financial statements in accordance with K-IFRS, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management of the Company is responsible for assessing the Company’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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company’s financial reporting process.

### Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 KSAs 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 audit 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 Company’s 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 Company’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 the 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 Company’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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Deloitte Anjin

March 12, 2025

Deloitte Anjin LLC

This report is effective as at March 12, 2025, the auditor’s report date. Certain subsequent events or circumstances may have occurred between the auditor’s report date and the time the auditor’s report is read. Such events or circumstances could significantly affect the financial statements and may result in modifications to the auditor’s report.

Statements of Financial Position

As of December 31, 2024 and 2023

LOTTE REIT Co., Ltd.

(in Korean won)

	Notes	December 31, 2024	December 31, 2023
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	3,4,20,23	13,266,817,358	7,571,009,099
Trade and other receivables	3,5,22,23	11,249,997,764	10,679,800,063
Other financial assets	3,6,23	16,258,950,353	28,864,679,221
Other non-financial assets	7,22	63,503,740	4,027,969
Income tax refund receivables		79,013,670	96,861,900
		<b>40,918,282,885</b>	<b>47,216,378,252</b>
<b>Non-current assets</b>			
Investment properties	8,9,21,22	2,574,862,447,809	2,266,434,860,446
Other financial assets	3,6	7,867,916,500	-
		<b>2,582,730,364,309</b>	<b>2,266,434,860,446</b>
<b>Total assets</b>		<b>2,623,648,647,194</b>	<b>2,313,651,238,698</b>
<b>Liabilities and Equity</b>			
<b>Liabilities</b>			
<b>Current liabilities</b>			
Borrowings and debentures	3,8,9,20,21,23	449,667,255,001	668,846,616,088
Other financial liabilities	3,10,21,22,23	12,578,711,711	10,460,716,079
Other non-financial liabilities	11,22	8,381,891,423	6,124,421,473
		<b>470,627,858,135</b>	<b>685,431,753,640</b>
<b>Non-current liabilities</b>			
Borrowings and debentures	3,8,9,20,21,23	856,563,307,030	466,671,705,731
Other financial liabilities	3,10,21,22,23	111,130,781,589	92,008,084,715
Other non-financial liabilities	11,22	15,828,917,215	14,078,287,416
		983,523,005,834	572,758,077,862
<b>Total liabilities</b>		<b>1,454,150,863,969</b>	<b>1,258,189,831,502</b>
<b>Equity</b>			
Share capital	12,22	144,484,442,000	121,484,442,000
Capital surplus	12,22	1,179,575,978,788	1,060,934,641,668
Retained earnings	13	(154,562,637,563)	(126,957,676,472)
<b>Total equity</b>		<b>1,169,497,783,225</b>	<b>1,055,461,407,196</b>
<b>Total liabilities and equity</b>		<b>2,623,648,647,194</b>	<b>2,313,651,238,698</b>

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

Statements of Comprehensive Income

For the year ended December 31, 2024 and 2023

LOTTE REIT Co., Ltd.

(in Korean won)

	Notes	2024	2023
<b>Revenue</b>	8,15,22,24	<b>125,636,820,177</b>	<b>118,079,875,588</b>
<b>Operating expenses</b>	8,16,22	<b>46,044,470,783</b>	<b>47,180,909,443</b>
<b>Operating profit</b>		<b>79,592,349,394</b>	<b>70,898,966,145</b>
Finance income	3,18	1,029,693,426	1,274,160,614
Finance costs	3,18	64,177,851,729	63,129,763,234
Other income	17	19,381,294	35,323
Other expenses	17	8,540,253	221
<b>Profit before income tax expense</b>		<b>16,455,032,132</b>	<b>9,043,398,627</b>
Income tax expense	19	-	-
<b>Profit for the year</b>		<b>16,455,032,132</b>	<b>9,043,398,627</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income</b>		<b>16,455,032,132</b>	<b>9,043,398,627</b>
<b>Earnings per share</b>			
Basic/diluted earnings per share	14	66	37

\* The above statements of comprehensive income should be read in conjunction with the accompanying notes to financial statements.



# Statements of Changes in Equity

For the year ended December 31, 2024 and 2023

LOTTE REIT Co., Ltd.

	Share capital	Capital surplus	Retained earnings	(in Korean won) Total equity
Balance at January 1, 2023	121,484,442,000	1,060,934,641,668	(74,695,700,872)	1,107,723,382,796
Transactions with owners of the Company, recognized directly in equity				
Dividends	-	-	(61,305,374,227)	(61,305,374,227)
Total transaction with owners of the Company	-	-	(61,305,374,227)	(61,305,374,227)
Total comprehensive income				
Profit for the year			9,043,398,627	9,043,398,627
Total comprehensive income			9,043,398,627	9,043,398,627
Balance at December 31, 2023	121,484,442,000	1,060,934,641,668	(126,957,676,472)	1,055,461,407,196
Balance at January 1, 2024	121,484,442,000	1,060,934,641,668	(126,957,676,472)	1,055,461,407,196
Transactions with owners of the Company, recognized directly in equity				
Dividends	-	-	(48,259,993,223)	(48,259,993,223)
Transfer from capital surplus to retained earnings	-	(4,200,000,000)	4,200,000,000	-
Paid-in capital increase	23,000,000,000	122,841,337,120	-	145,841,337,120
Total transaction with owners of the Company	23,000,000,000	118,641,337,120	(44,059,993,223)	97,581,343,897
Total comprehensive income				
Profit for the year	-	-	16,455,032,132	16,455,032,132
Total comprehensive income	-	-	16,455,032,132	16,455,032,132
Balance at December 31, 2024	144,484,442,000	1,179,575,978,788	(154,562,637,563)	1,169,497,783,225

\* The above statements of changes in equity should be read in conjunction with the accompanying notes to financial statements.



# Statements of Cash Flows

For the year ended December 31, 2024 and 2023

LOTTE REIT Co., Ltd.

	Notes	2024	(in Korean won) 2023
Cash flows from operating activities			
Profit for the year		16,455,032,132	9,043,398,627
Adjustments to income and expenses	20	98,912,405,983	99,782,626,328
Changes in operating assets and liabilities	20	25,554,389,466	(61,398,078)
Dividend received		213,500,000	-
Income taxes return (paid)		17,848,230	(13,774,000)
Net cash provided by operating activities		141,153,175,811	108,750,852,877
Cash flows from investing activities			
Interest received		1,169,022,294	1,049,073,645
Proceeds from sale of short-term financial assets		51,500,000,000	165,000,000,000
Purchase of short-term financial assets		(39,033,600,000)	(169,500,000,000)
Purchase of long-term financial assets		(867,916,500)	-
Purchase of financial assets measured at fair value through other comprehensive income		(7,000,000,000)	-
Acquisition of investment property		(347,252,077,628)	-
Net cash used in investing activities		(341,484,571,834)	(3,450,926,355)
Cash flows from financing activities			
Proceeds from short-term borrowings		-	128,708,667,000
Proceeds from long-term borrowings		621,118,649,050	566,046,811,279
Proceeds from issue of share capital		147,200,000,000	-
Issuance of debentures		905,254,299,943	348,098,254,328
Reversal of payment related to issuance of debentures		4,116,974	7,011,731
Repayment of short-term borrowings		(130,000,000,000)	(280,000,000,000)
Repayment of current portion of long-term borrowings		(258,000,000,000)	(458,000,000,000)
Repayment of debentures		(972,000,000,000)	(311,000,000,000)
Payment for the issue of shares		(1,358,662,880)	-
Interest paid		(57,931,205,582)	(51,760,424,569)
Dividends paid		(48,259,993,223)	(61,305,374,227)
Net cash provided by financing activities		206,027,204,282	(119,205,054,458)
Net increase (decrease) in cash and cash equivalents		5,695,808,259	(13,905,127,936)
Cash and cash equivalents at the beginning of the year	4	7,571,009,099	21,476,137,035
Cash and cash equivalents at the end of the year	4	13,266,817,358	7,571,009,099

\* The above statements of cash flows should be read in conjunction with the accompanying notes to financial statements.

# Notes to Financial Statements

As of and for the years ended December 31, 2024 and 2023

## LOTTE REIT Co., Ltd.

### 1. GENERAL INFORMATION

LOTTE REIT Co., Ltd. (the “Company”) was established on March 29, 2019, as a real estate investment trust company with limited liability under the laws of the Republic of Korea. On May 14, 2019, the Company obtained the requisite authorization to conduct business as a management-entrusted REIT from the Ministry of Land, Infrastructure and Transportation of Korea.

The Company's main purpose of business is to distribute to shareholders the profits earned from investing and operating assets through acquisition, management, improvement and disposal of real estate; leasing of real estate; and development of real estate. The Company’s headquarters is located at 30F, LOTTE World Tower, 300, Olympic-ro, Songpa-gu, Seoul 05551, Korea, and was listed on the Korea Stock Exchange as of October 30, 2019.

The Company’s shareholders as of December 31, 2024, are as follows:

Shareholders	Number of Shares Owned	Percentage of Ownership (%)
LOTTE Shopping Co., Ltd.	121,484,442	42.04
LOTTE Property & Development	18,400,000	6.37
Others	149,084,442	51.59
Total	288,968,884	100.00

### 2. BASIS OF ACCOUNTING AND MATERIAL ACCOUNTING POLICIES

#### (1) Basis of Preparation

The Company's financial statements have been prepared in accordance with Korean International Financial Reporting Standards (“K-IFRSs”) established in accordance with the 'Act on External Audit of Corporations, etc.'

Material accounting policies applied to the preparation of financial statements are described below, and material accounting policies applied to the preparation of current financial statements are the same as those adopted in the previous year, except for the introduction of standards or interpretations described below.

The directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going-concern basis of accounting in preparing the financial statements.

#### (2) New and amended K-IFRSs and new interpretations that are effective for the current year

In the current year, the Company has applied a number of new and amended K-IFRSs and new interpretations issued that are effective accounting periods beginning on or after January 1, 2024.

#### - K-IFRS 1001 Presentation of Financial Statements - Classification of Liabilities as Current or Non-current (Amendment)

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of ‘settlement’ to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

#### - K-IFRS 1001 Presentation of Financial Statements - Non-current Liabilities with Covenants (Amendment)

The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity’s right to defer settlement of a liability for at least twelve months after the reporting date.

The amendments also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity’s right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

#### - K-IFRS 1007 Statement of Cash Flows and K-IFRS 1107 Financial Instruments: Disclosures - Supplier Finance Arrangements (Amendment)

The amendments add a disclosure objective to K-IFRS 1007 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity’s liabilities and cash flows. In addition, K-IFRS 1107 was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity’s exposure to concentration of liquidity risk.



- K-IFRS 1116 Leases - Lease Liability in a Sale and Leaseback (Amendment)

The amendments to K-IFRS 1116 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in K-IFRS 1115 to be accounted for as a sale. The amendments require the seller-lessee to determine ‘lease payments’ or ‘revised lease payments’ such that the seller-lessee does not recognise a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date.

A seller-lessee applies the amendments retrospectively in accordance with K-IFRS 1008 to sale and leaseback transactions entered into after the date of initial application, which is defined as the beginning of the annual reporting period in which the entity first applied K-IFRS 1116.

- K-IFRS 1001 Presentation of Financial Statements - Disclosure of Virtual Assets (Amendment)

The amendments to K-IFRS 1001 add additional disclosure requirements required by other standards for transactions related to virtual assets, setting out disclosure requirement for each case of 1) holding virtual assets, 2) holding virtual assets on behalf of customer, and 3) issuing virtual assets.

When holding a virtual asset, disclosure on the general information about virtual assets, the accounting policy applied and each virtual asset’s acquisition method, cost and the fair value at the end of the reporting period is required. Also, when issuing a virtual asset, the entity’s obligations and status of fulfilment of the obligation related to the issued virtual asset, the timing and amount of the recognized revenue of the sold virtual asset, the number of virtual assets held after issuance, and important contract details shall be disclosed.

The application of the amendments does not have a significant impact on the Company’s financial statements.

(3) New and revised K-IFRSs in issue but not yet effective

At the date of authorization of these financial statements, the Company has not applied the following new and revised K-IFRSs that have been issued, but are not yet effective:

- K-IFRS 1021 The Effects of Changes in Foreign Exchange Rates and K-IFRS 1101 First-time adoption of Korean International Financial Reporting Standards - Lack of Exchangeability

The amendments specify how to assess whether a currency is exchangeable, and how to determine the exchange rate when it is not.

The amendments state that a currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.

The amendments are effective for annual reporting periods beginning on or after January 1, 2025, with earlier application permitted. An entity is not permitted to apply the amendments retrospectively. Instead, an entity is required to apply the specific transition provisions included in the amendments.

- K-IFRS 1109 Financial Instruments and K-IFRS 1107 Financial Instruments: Disclosures - Classification and measurement requirements of financial instruments

The amendments clarify the conditions related to the discharge of a financial liability before the settlement date when settling such financial liabilities using an electronic payment system. They further specify an interest feature, a contingent feature, financial assets with non-recourse features and contractually linked instruments which should be considered in assessing whether contractual cash flows of a financial asset are consistent with a basic lending arrangement. Furthermore, the amendments include additional disclosure requirements for investments in equity instruments designated at fair value through other comprehensive income and contractual terms that could change the timing or amount of contractual cash flows. The amendments are applied retrospectively for annual reporting periods beginning on or after January 1, 2026, with earlier application permitted.

- K-IFRS 1109 Financial Instruments - Derecognition of lease liabilities and Transaction price

The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with K-IFRS 1109, the lessee is required to recognise any resulting gain or loss in profit or loss. Additionally, the amendments have replaced ‘their transaction price (as defined in K-IFRS 1115)’ in K-IFRS 1109:5.1.3 with ‘the amount determined by applying K-IFRS 1115’ to remove an inconsistency between K-IFRS 1109 and the requirements in K-IFRS 1115.

The amendments are effective for annual reporting periods beginning on or after January 1, 2026, with earlier application permitted.

- K-IFRS 1110 Consolidated Financial Statements - Determination of ‘de facto agent’

The amendments have amended IFRS 10:B74 to use less conclusive language and to clarify that the relationship described in IFRS 10:B74 is just one example of a circumstance in which judgement is required to determine whether a party is acting as a de facto agent.

The amendments are effective for annual reporting periods beginning on or after January 1, 2026, with earlier application permitted.

- K-IFRS 1101 First-time adoption of Korean International Financial Reporting Standards - Hedging accounting by a first-time adopter

The amendments have improved the consistency of the wording of K-IFRS 1101:B6 with the requirements for hedge accounting in K-IFRS 1109 and added cross-references to K-IFRS 1109:6.4.1 to improve the understandability of K-IFRS 1101.

The amendments are effective for annual reporting periods beginning on or after January 1, 2026, with earlier application permitted.

- K-IFRS 1107 Financial Instruments: Disclosures - Gain or loss on derecognition

The amendments have updated the obsolete cross-reference in K-IFRS 1107:B38 and aligned the wording of this paragraph with the terms used in K-IFRS.

The amendments are effective for annual reporting periods beginning on or after January 1, 2026, with earlier application permitted.

- K-IFRS 1007 Statement of Cash Flows: Cost method

The amendments have replaced the term ‘cost method’ with ‘at cost’ in K-IFRS 1007:37.

The amendments are effective for annual reporting periods beginning on or after January 1, 2026, with earlier application permitted.

The Company does not anticipate that the application of the enactment and amendments will have a significant impact on the its financial statements.

(4) Material Accounting Policies

1) Leases

The Company determines whether the contract itself is a lease or includes a lease at the inception of the lease, considering whether it transfers the right to control the use of the identified asset for a period of time in exchange for consideration in the contract.

1.1) Lessor

Leases where the Company assumes substantially all of the risks and rewards of ownership are classified as finance leases. All other leases are classified as operating leases. Revenue from leases is recognized on a straight-line basis over the lease term and is included in operating income in the statement of income depending on the nature of the business. Direct costs for lease opening in the process of entering into an operating lease are added to the carrying amount of the underlying asset, and are recognized as an expense over the lease term on the same basis as the revenue recognition of operating leases.

2) Financial instruments - initial recognition and subsequent measurement

Financial instruments are any contract that creates financial assets for one of the parties to a transaction and financial liabilities or equity instruments for the other party to the transaction.

2.1) Financial Assets

2.1.1) Initial recognition and measurement

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

- Financial assets measured at fair value through profit or loss
- Financial assets measured at fair value through other comprehensive income
- Financial assets measured at amortized cost

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

With the exception of trade receivables that do not contain a significant financial component or for which the practical expedient is applied, the Company initially measures financial assets at fair value

and adds or subtracts transaction costs, unless it is a financial asset that is measured at fair value through profit or loss. Trade receivables that do not include a significant financing component or that apply the practical expedient are measured at the transaction price determined in accordance with K-IFRS 1115.

To measure financial assets at amortized cost or fair value through other comprehensive income, contractual cash flows where those cash flows represent solely payments of principal and interest only. (“SPPI”) This assessment is called the SPPI test and is performed at the individual product level.

The Company’s business model for the management of financial assets relates to how financial assets are managed to generate cash flows. The business model determines whether the source of cash flows is the receipt, transfer or both of the contractual cash flows of a financial asset.

Regular-way purchases and sales of financial assets (standardized transaction) that are required to transfer the financial assets within a time frame established by market agreements or regulations are recognized on trade date, the date on which the Company commits to purchase or sell the asset.

2.1.2) Subsequent measurement

The Company classifies financial assets into the following four categories for subsequent measurement:

- Financial assets measured at amortized cost (Debt instruments)
- Financial assets measured at fair value through other comprehensive income for which accumulated gains and losses are recirculated to profit or loss (Debt instruments)
- Financial assets measured at fair value through other comprehensive income that do not recirculate accumulated gains or losses to profit or loss upon derecognition (Equity instruments)
- Financial assets measured at fair value through profit or loss

2.1.3) Financial assets measured at amortized cost (Debt instruments)

Financial assets measured at amortized cost are subsequently measured using the effective interest rate (“EIR”) method and impairment is recognized. Profits and losses arising from the derecognition, change or impairment of an asset are recognized in profit or loss.

Financial assets measured at amortized cost include trade receivables and deposits included in short-term financial assets.

2.1.4) Financial assets measured at fair value through other comprehensive income (Debt instruments)

The Company measures debt instruments that satisfy all of the following criteria of financial assets at fair value through other comprehensive income.

- Assets that are held for collection of contractual cash flows and for selling the financial assets
- Assets’ cash flows represent SPPI

For debt instruments measured at fair value through other comprehensive income, interest income, foreign currency translation gains and losses and impairment or reversal are calculated in the same



way as financial assets measured at amortized cost and recognized in profit or loss. The remaining changes in fair value are recognized in other comprehensive income. When financial assets are derecognized, the accumulated change in fair value recognized in other comprehensive income is recirculated to profit or loss.

There are no financial instruments that the Company classifies as debt instruments measured at fair value through other comprehensive income.

2.1.5) Financial assets measured at fair value through other comprehensive income (Equity instruments)

At initial recognition, the Company has made an irrevocable choice to measure equity instruments that meet the definition of equity in K-IFRS 1032 'Financial Instruments Presentation' and are not held for investment purposes at fair value through other comprehensive income.

Profits and losses from these financial assets are not recirculated to profit or loss. Dividends are recognized in the statements of income as other income and treated in other comprehensive income when the right to receive dividends is established, except when the Company obtains a profit by recovering a portion of the cost of the financial asset. Impairment loss on equity investments measured at fair value through other comprehensive income is not recognized.

The Company can make irrevocable choices even for unlisted equity instruments.

2.1.6) Financial assets measured at fair value through profit or loss

Financial assets measured at fair value through profit or loss include short-term trading items, financial assets designated for measurement at fair value through profit or loss upon initial recognition or financial assets that are required to be measured at fair value. Financial assets acquired for the purpose of selling or repurchasing within a short period of time are classified as short-term trading items. Derivatives, including segregated embedded derivatives, are classified as held for trading, unless designated as an effective hedging instrument. Financial assets whose cash flows do not consist solely principal and interest payments are classified and measured as financial assets measured at fair value through profit or loss, regardless of business model. To measure a debt instrument at fair value through profit or loss, if, as described in the paragraph above, the accounting mismatch can be eliminated or significantly reduced despite the fact that the instrument is classified as financial assets at amortized cost or at fair value through other comprehensive income, it can be specified.

Financial assets measured at fair value through profit or loss are presented at fair value in the statements of financial position, and net changes in fair value are recognized in profit or loss in the statements of income.

This category includes derivatives and publicly traded equity instruments that do not have an irrevocable option to treat changes in fair value in other comprehensive income. Dividends on listed equity instruments are recognized in profit or loss when rights are established.

In a hybrid contract where its host contract is a financial asset, its embedded derivative is not separately accounted for. A financial asset and its embedded derivative are classified as financial assets measured at fair value through profit or loss in their entirety.

2.1.7) Derecognition

Financial assets (or part of a financial asset or part of a group of similar financial assets) are primarily derecognized in the following circumstances.

- Expiration of the right to receive cash flows from financial assets
- The Company has an obligation to transfer the right to receive cash flows of financial assets or to pay the entire cash flows received under a pass-through contract to a third party without significant delay. In this case, the Company neither transfers most of the risks and rewards of holding financial assets nor transfers most of the risks and rewards of holding financial assets, but transfers control of the assets.

When the Company transfers the right to receive the cash flows of a financial asset or enters into a pass-through agreement, it assesses whether it retains the risks and rewards of owning the asset. If the Company has neither retained nor transferred substantially all of the risks and rewards of a financial asset, it continues to recognize the financial asset to the extent that it continues to be involved. In this case, the Company recognizes an associated liability. Liabilities related to transferred assets are measured by reflecting the rights and obligations that the Company has.

Continuing involvement, which provides a guarantee, is measured as the lower of the carrying amount of the assets transferred and the maximum amount of potential repayment in the future.

2.1.8) Impairment

Detailed disclosures related to impairment of financial assets are provided in the notes below.

- Disclosures on significant assumptions
- Debt instruments measured at fair value through other comprehensive income
- Trade receivables including contract assets

The Company recognizes an allowance for expected credit losses (“ECLs”) for all debt instruments, except for items at fair value through profit or loss. ECLs are estimated by discounting the difference between the contractually agreed cash flows and all cash flows expected to be received, discounted at the initial EIR. Expected cash flows include cash flows from the disposal of collateral held or from other credit enhancements that are essential terms of the contract.

ECLs are recognized in two stages. For credit exposures with no significant increase in credit risk since initial recognition, ECLs reflect credit loss (12-month ECL) arising from default events that are likely to occur within the next 12 months. For credit exposures for which there is a significant increase in credit risk since initial recognition, the loss allowance is required to measure ECL for the remaining life of the exposure (full-period ECL) regardless of when a default event occurs.

For trade receivables and contract assets, the Company may apply the simplified approach to the calculation of ECL. Accordingly, the Company does not track changes in credit risk, but recognizes loss allowance at the end of each reporting period in an amount equivalent to lifetime ECL. The Company establishes a provisioning rate table based on past credit losses experience adjusted to reflect future prospects for specific debtors and economic environment.

For debt instruments measured at fair value through other comprehensive income, the Company applies the low credit risk expedient method. At the end of each reporting period, the Company evaluates the credit risk of its debt instruments using all reasonable and supportable information available without undue cost or effort. For this evaluation, the Company re-evaluates the internal credit rating of debt instruments. In addition, the Company considers whether there is a significant increase in credit risk when the contractual payment exceeds 30 days.

If the Company's debt instruments measured at fair value through other comprehensive income consist only of listed bonds with the highest credit ratings, they are considered low-credit risk investments. The Company's policy is to measure these instruments at 12-month ECL. However, if there is a significant increase in credit risk after initial recognition, the loss allowance is calculated based on the total period ECL. The Company uses ratings from credit rating agencies to determine whether the credit risk of debt instruments has significantly increased and to measure ECLs.

The Company treats the contractual payment as default if it is overdue for more than 90 days. However, in certain circumstances, the Company may be deemed to have defaulted on a financial asset when internal or external information indicates that the Company will not be able to receive its full contractual principal until all credit enhancements by the Company have been taken into account. Financial assets are derecognized when there is no reasonable expectation to recover contractual cash flows.

2.2) Financial liabilities

2.2.1) Initial recognition and measurement

Financial liabilities are appropriately classified on initial recognition as financial liabilities measured at fair value through profit or loss, loans and borrowings, payables or derivatives designated as an effective hedging instrument.

All financial liabilities are initially recognized at fair value and directly related transaction costs are deducted for loans, borrowings and payables.

The Company's financial liabilities include trade and other payables, borrowings and debentures.

2.2.2) Subsequent measurement

The measurement of financial liabilities follows the classifications as mentioned below.

2.2.3) Financial liabilities measured at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss include financial liabilities for short-term trading and financial liabilities designated to be measured at fair value through profit or loss on initial recognition.

Financial liabilities are classified as short-term trading if they are repurchased within a short period of time. This category also includes derivatives that are not designated as hedging instruments in a hedging relationship as defined in K-IFRS 1109. In addition, segregated embedded derivatives are

classified as held for trading, unless they are designated as effective hedging instruments. Gains or losses on financial liabilities that are short-term trading items are recognized in profit or loss.

Financial liabilities designated at fair value through profit or loss are designated only at the time of initial recognition if the criteria in K-IFRS 1109 are met. The Company does not designate any financial liabilities at fair value through profit or loss.

2.2.4) Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains or losses on derecognition of liabilities or amortization using the EIR method are recognized in profit or loss. Amortized cost is calculated by taking into account any discounts or premiums on fees or costs that are an integral part of the EIR. This category generally applies to interest-bearing loans or borrowings.

2.2.5) Derecognition

Financial liabilities are derecognized when payment obligations are discharged, canceled or expired. If an existing financial liability is exchanged for a financial liability with the same borrower, but with substantially different terms, or if the terms of the existing liability are materially changed, such exchange or change results in the derecognition of the original liability and the recognition of a new liability. Any difference in the carrying amount is recognized in profit or loss.

2.2.6) Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement 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 liability simultaneously.

3) Investment Property

Investment property is measured at acquisition cost, plus related transaction costs, and includes replacement cost that meets the criteria for recognition as an asset when incurred. However, costs incurred in day-to-day management activities are recognized as expenses when incurred. The Company applies the cost model when measuring investment property.

While land is not depreciated, all other investment property is depreciated based on the respective assets estimated useful lives ranging from 15 to 48 years using the straight-line method.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Investment property is derecognized from the statement of financial position when the investment property is disposed of (i.e., the date when the acquirer gains control of the property) or when it is expected that future economic benefits will no longer be obtained from its use. The difference between the net disposal consideration and the carrying amount of investment property is recognized in profit or loss at the time of derecognition. The consideration (amount) to be included in the profit or loss arising from the derecognition of investment property is calculated in accordance with



K-IFRS 1115, the transaction price calculation requirements.  
In addition, only when the purpose of use of the asset is changed, investment property is transferred to another account or from another account to investment property. When investment property is transferred to self-used property (tangible assets), amortized cost at the time the purpose of use is changed is applied as deemed cost.

4) Impairment of Non-financial Assets

The carrying amounts of the Company’s non-financial assets are reviewed at the end of the reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated. For assets other than goodwill, the Company evaluates whether previous impairment losses on assets are no longer present or have decreased at the end of each reporting period, and if there are such indications, the recoverable amount is estimated. When there is a change in the estimate used to determine the recoverable amount of the asset since the recognition of previous impairment losses, the maximum amount of impairment losses that can be reversed is limited to the amount necessary to restore the asset to its preimpairment carrying amount, less any subsequent depreciation or amortization that would have been recognized. If the asset's carrying amount exceeds its recoverable amount, the asset is deemed impaired and its carrying amount is reduced to its recoverable amount.

Value in use is determined by discounting the estimated future cash flows expected to be generated by the asset at a pre-tax discount rate that reflects the market’s assessment of the time value of money and the risks specific to the asset. The fair value, less costs to sell, takes into account the most recent transaction price. If no such transaction is identified, it is determined using an appropriate valuation model. Valuation multiples, market price of listed stocks or other fair value indicators are used in these calculations.

The Company calculates the amount of impairment based on specific financial budgets or forecasts prepared for each CGU to which individual assets are allocated. Financial budgeting or forecasting generally covers a period of five years, and for longer periods, long-term growth rates are calculated and applied to periods beyond five years.

Impairment loss is recognized in profit or loss as an expense account consistent with the function of the impaired asset. However, if there is a previously recognized revaluation surplus as an asset to which the revaluation model is applied, it is offset against the revaluation surplus to the limit of the previous revaluation amount.

For assets other than goodwill, the Company evaluates whether previous impairment losses on assets are no longer present or have decreased at the end of each reporting period, and if there are such indications, the recoverable amount is estimated. When there is a change in the estimate used to determine the recoverable amount of the asset since the recognition of previous impairment losses, the maximum amount of impairment losses that can be reversed is limited to the amount necessary to restore the asset to its pre-impairment carrying amount, less any subsequent depreciation or amortization that would have been recognized.

5) Measurement of fair value

The Company discloses non-financial assets, such as investment property, at their fair values as of the end of the reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an arm’s-length transaction between market participants at the measurement date. Fair value measurement assumes that a transaction to sell an asset or transfer a liability takes place in one of the following markets:

- The main market for assets or liabilities
- The most advantageous market if there is no main market for assets or liabilities

The Company must have access to the main (or most advantageous) market.

The fair value of an asset or liability is measured based on the assumptions market participants use when pricing the asset or liability under the assumption that market participants make their best efforts for the economic benefit.

When measuring the fair value of a non-financial asset, the market participant's ability to best use the asset or sell the asset to another market participant who will best use the asset to generate economic benefits is taken into account.

The Company uses valuation methods that are appropriate to the circumstances and for which sufficient data is available to measure fair value while maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date
- Level 2: All inputs other than quoted prices included in Level 1 that are observable (either directly, that is, prices or indirectly, that is, derived from prices) for the asset or liability
- Level 3: Unobservable inputs for the asset or liability

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest-level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Disclosures on the fair values of financial instruments and non-financial assets that are measured or disclosed at fair value are described in the note below.

- Note 8 - Investment Property
- Note 3 - Financial instruments by Category

6) Dividends

The Company recognizes a liability when the distribution is authorized to pay the dividend and the Company no longer has the discretion to pay the dividend. Distributions to shareholders require approval by the shareholders. Dividends are recognized directly in equity.

In accordance with the Real Estate Investment Company Act in force as of the end of the reporting period, Article 458 of the Commercial Act, which stipulates the obligation to accumulate profit reserves when dividends are distributed, is excluded. In addition, as Article 462 of the Commercial Act is excluded by the Real Estate Investment Company Act, dividends in excess of profits may be distributed within the scope of depreciation for the current year.

7) Income Taxes

If the Company decide to pay dividends at least 90% of the distributable profits in accordance with Corporate Tax Act Article 51-2 Income Deductions for Special Purpose Companies, etc., the Company can deduct such amount of dividends when calculating the taxable profit for the fiscal year. Therefore, the current tax expense has not occurred because there is no corporate tax to be paid by the Company in fact.

8) Cash and Cash Equivalents

Cash and cash equivalents on the statements of financial position consist of ordinary deposits and short-term deposits with maturities of less than three months at the time of acquisition.

9) Use of Significant Accounting Judgments, Estimates and Assumptions

In the application of the Company’s accounting policies, which are described in Note 2, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually reviewed. Revisions to accounting estimates are recognized in the period in which the change is made if the effect of the change is only for that period, and in the period in which the change is made and in future periods if the effect of the change is on both current and future periods.

3. FINANCIAL INSTRUMENTS BY CATEGORY

(1) Financial assets by category as of December 31, 2024 and 2023, are as follows:

		(in thousands of Korean won)	
		December 31, 2024	December 31, 2023
Financial assets measured at amortized cost <sup>1</sup>	Cash and cash equivalents	13,266,817	7,571,009
	Trade and other receivables <sup>2</sup>	11,249,997	10,679,800
	Other financial assets <sup>3</sup>	17,126,867	28,864,679
		41,643,681	47,115,488
Financial assets measured at fair value through other comprehensive income	Other financial assets <sup>4</sup>	7,000,000	-
		7,000,000	-
Total		48,643,681	47,115,488

1) Differences between fair value and carrying amount of financial assets of amortized cost are immaterial.  
2) Trade and other receivables measured at amortized cost consist of trade receivables and other receivables.  
3) Other financial assets measured at amortized cost consist of short-term financial instruments, long-term financial instruments and accrued income.  
4) Other financial assets measured at fair value through other comprehensive income consist of equity securities.

(2) Financial liabilities that are measured at amortized cost as of December 31, 2024 and 2023, are as follows:

		(in thousands of Korean won)	
		December 31, 2024	December 31, 2023
Financial liabilities measured at amortized cost <sup>1</sup>	Borrowings and debentures	1,306,230,562	1,135,518,322
	Other financial liabilities <sup>2</sup>	123,709,493	102,468,801
	Total	1,429,940,055	1,237,987,123

1) Differences between fair value and carrying amount of financial liabilities of amortized cost are immaterial.  
2) Other financial liabilities consist of accrued expenses and leasehold deposits received.

(3) Details of finance income and finance expense by financial instruments category for the years ended December 31, 2024 and 2023, are as follows:

	2024			2023	
	Financial assets measured at amortized cost	Financial assets measured at fair value through OCI <sup>2</sup>	Financial liabilities measured at amortized cost	Financial assets measured at amortized cost	Financial liabilities measured at amortized cost
Dividend income <sup>1</sup>	-	213,500	-	-	-
Interest income	1,029,694	-	-	1,274,161	-
Interest expense	-	-	64,177,851	-	63,129,763

1) Dividend income is included in operating revenue  
2) Financial assets measured at fair value through other comprehensive income

(4) Measurement of fair value

The Company classifies financial instruments measured at fair value into the following fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date
- Level 2: All inputs other than quoted prices included in Level 1 that are observable (either directly, that is, prices or indirectly, that is, derived from prices) for the asset or liability
- Level 3: Unobservable inputs for the asset or liability



The fair value measurements classified by fair value hierarchy as of December 31, 2024, are as follows:

< December 31, 2024 >	(in thousands of Korean won)			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through other comprehensive income	-	-	7,000,000	7,000,000

< December 31, 2023 >	(in thousands of Korean won)			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through other comprehensive income	-	-	-	-

(5) As of December 31, 2024, the valuation methods and input variables for financial assets classified as Level 3 of the fair value hierarchy are as follows:

(in thousands of Korean won)				
	Financial assets measured at fair value through other comprehensive income			
	Types of financial assets	Book amount	Valuation method	Input variables
Unlisted stocks	(*1)	7,000,000	(*2)	-

1) Special-class shares of real estate investment trust company  
2) The Company determined that acquisition cost may be an appropriate estimate of fair value.

(6) Changes in Level 3 fair values for the years ended December 31, 2024 and 2023, are as follows:

(in thousands of Korean won)		
	2024	2023
Beginning balance	-	-
Total profit or loss	-	-
Amount recognized in profit or loss	-	-
Amount recognized in other comprehensive income	-	-
Purchases	7,000,000	-
Disposal, etc.	-	-
Ending balance	7,000,000	-



4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of December 31, 2024 and 2023, are as follows:

(in thousands of Korean won)		
	December 31, 2024	December 31, 2023
Woori Bank, etc.	13,266,817	7,571,009

5. TRADE AND OTHER RECEIVABLES

(1) Trade and other receivables as of December 31, 2024 and 2023, are as follows:

< December 31, 2024 >	(in thousands of Korean won)		
	Trade receivables	Other receivables	Total
Carrying amount	11,243,041	6,956	11,249,997
Loss allowance	-	-	-
Net carrying amount	11,243,041	6,956	11,249,997

< December 31, 2023 >	(in thousands of Korean won)		
	Trade receivables	Other receivables	Total
Carrying amount	10,679,800	-	10,679,800
Loss allowance	-	-	-
Net carrying amount	10,679,800	-	10,679,800

(2) There is no change in the loss allowance of trade and other receivables during the current and previous years.

6. OTHER FINANCIAL ASSETS

(1) Other financial assets as of December 31, 2024 and 2023, are as follows:

(in thousands of Korean won)		
	December 31, 2024	December 31, 2023
Current assets:		
Accrued income	225,350	364,679
Short-term financial instruments <sup>1</sup>	16,033,600	28,500,000
	<b>16,258,950</b>	<b>28,864,679</b>
Non-current assets:		
Short-term financial instruments <sup>1</sup>	867,917	-
Equity instruments	7,000,000	-
	<b>7,867,917</b>	<b>-</b>
<b>Total</b>	<b>24,126,867</b>	<b>28,864,679</b>

1) As of December 31, 2024, short-term financial instruments and long-term financial instruments are provided as collateral by ₩33,600 thousand and ₩867,917 thousand, respectively.

(2) Financial assets measured at fair value through other comprehensive income as of December 31, 2024 and 2023, are as follows:

(in thousands of Korean won)					
	December 31, 2024				December 31, 2023
	Number of shares	share ratio (%)	Acquisition cost	Book amount	Book amount
Non-marketable equity securities:					
KORAMCO THE ONE GANGNAM 1 REIT	1,400,000	3.50	7,000,000	7,000,000	-
<b>Total</b>			<b>7,000,000</b>	<b>7,000,000</b>	<b>-</b>

The Company designates equity securities that are not invested for short-term trading purposes and that are not contingent consideration recognized by the acquirer in a business combination applying K-IFRS 1103 as financial assets measured at fair value through other comprehensive income.

(3) The changes in financial assets measured at fair value through other comprehensive income during the current and previous years are as follows:

(in thousands of Korean won)						
	2024			2023		
	Beginning book amount	Acquisitions	Ending book amount	Beginning book amount	Acquisitions	Ending book amount
KORAMCO THE ONE GANGNAM 1 REIT	-	7,000,000	7,000,000	-	-	-
<b>Total</b>	<b>-</b>	<b>7,000,000</b>	<b>7,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>



7. OTHER NON-FINANCIAL ASSETS

Other non-financial assets as of December 31, 2024 and 2023, are as follows:

(in thousands of Korean won)		
	December 31, 2024	December 31, 2023
Other receivables	-	4,028
Prepaid expenses	63,504	-
<b>Total</b>	<b>63,504</b>	<b>4,028</b>

8. INVESTMENT PROPERTY

(1) Investment property as of December 31, 2024 and 2023, is as follows:

(in thousands of Korean won)						
	December 31, 2024			December 31, 2023		
	Acquisition cost	Accumulated depreciation	Book value	Acquisition cost	Accumulated depreciation	Book value
Land <sup>1</sup>	1,709,774,092	-	1,709,774,092	1,427,084,774	-	1,427,084,774
Buildings <sup>1</sup>	1,054,104,721	(189,016,365)	865,088,356	989,541,961	(150,191,875)	839,350,086
<b>Total</b>	<b>2,763,878,813</b>	<b>(189,016,365)</b>	<b>2,574,862,448</b>	<b>2,416,626,735</b>	<b>(150,191,875)</b>	<b>2,266,434,860</b>

1) As of December 31, 2024, the above land and buildings are provided as collateral in relation to borrowings and debentures, and a part of the land is for the use of nearby subway passageways, protection of intercepting pipes and manholes. The superficies have been established. (refer to Note 21)

(2) Changes in investment property for the years ended December 31, 2024 and 2023, are as follows:

< 2024 > (in thousands of Korean won)				
	Beginning balance	Acquisitions	Depreciation	Ending balance
Land	1,427,084,774	282,689,318	-	1,709,774,092
Buildings	839,350,086	64,562,760	(38,824,490)	865,088,356
<b>Total</b>	<b>2,266,434,860</b>	<b>347,252,078</b>	<b>(38,824,490)</b>	<b>2,574,862,448</b>

< 2023 > (in thousands of Korean won)				
	Beginning balance	Acquisitions	Depreciation	Ending balance
Land	1,427,084,774	-	-	1,427,084,774
Buildings	880,068,921	-	(40,718,835)	839,350,086
<b>Total</b>	<b>2,307,153,695</b>	<b>-</b>	<b>(40,718,835)</b>	<b>2,266,434,860</b>





(3) Income and expense from investment property

Details of income and expense from investment property for the years ended December 31, 2024 and 2023, are as follows:

	(in thousands of Korean won)	
	2024	2023
Rental income	125,423,320	118,079,876
Direct operating expenses <sup>1</sup>	44,855,541	45,981,903

1) Direct operating expenses include depreciation, asset management fee, asset custody fee, business trustee fee and asset trustee fee.

(4) Fair value of investment property as of December 31, 2024 and 2023, is as follows:

	(in thousands of Korean won)			
	December 31, 2024		December 31, 2023	
	Book value	Fair value	Book value	Fair value
Land and buildings (Daechi-Dong 937, etc., Gangnam-gu, Seoul)	2,574,862,448	3,185,800,000	2,266,434,860	2,780,300,000

(5) The fair value of investment properties is measured using Income Approach Method, Cost Approach Method and Market Approach Method, and some assumptions that are not based on observable market prices or indicators are used to estimate future cash flows, such as assumptions or estimates for rent increase rates, vacancy rates and discount rates for calculating the present value of future cash flows. If the rent increase rate rises and the vacancy rate and discount rate fall, the fair value of the investment property will increase. The Company classified the fair value measurement of investment property as Level 3 in the fair value hierarchy as it determined that the above-mentioned major assumptions and estimates had a significant effect on the fair value of investment real estate.

The fair value of the real estate is determined by an external independent real estate appraisal firm with appropriate qualifications and experience in relation to real estate appraisal in the area.

The fair value of the real estate used by Gangnam branch, Guri branch, Gwangju branch, Changwon branch, Daegu Yulha branch, Cheongju branch, Uiwang branch and Jangyu branch acquired in 2019 has changed based on the valuations conducted by Samchang Appraisal Co., LTD. (Appraisal date of Gwangju branch and Daegu Yulha branch: September 20, 2022) and Pacific Appraisal Co., LTD. (Appraisal date of Changwon Branch, Uiwang Branch and Jangyu Branch: August 31, 2023 / Appraisal date of Guri Branch and Cheongju Branch: October 20, 2023 / Appraisal date of Gangnam branch: June 10, 2024)

The fair value of the real estate used by Ansan branch, Jungdong branch, Icheon branch, Chuncheon branch, Gyeyang branch and Gimpo Logistics center acquired in 2021 has changed based on the valuations conducted by Pacific Appraisal Co., LTD. (Appraisal date of Ansan branch and Gimpo Logistics center: August 23, 2024 / Appraisal date of Icheon branch: September 12, 2024), Samchang Appraisal Co., LTD. (Appraisal date of Jungdong branch: February 22, 2024), and Kyungil Appraisal Co., LTD. (Appraisal date of Chuncheon branch and Gyeyang branch: August 16, 2024)

The fair value of the real estate used by Gyeonggi Yangpyeong branch additionally acquired in 2021 has changed based on the valuation conducted by Pacific Appraisal Co., LTD. (Appraisal date: August 23, 2024)

Meanwhile, the fair value of Lotte Hotel L7 Gangnam acquired in 2024 is determined based on the appraisal conducted by Nara Appraisal Co., LTD. (Appraisal date: August 20, 2024) and Kaaram Appraisal Co., LTD. (Appraisal date: August 20, 2024)

(6) Provision of operating leases

The Company has entered into operating lease agreements with Lotte Shopping Co., Ltd., Lotte Global Logistics Co., Ltd. and Hotel Lotte Co., Ltd. for investment properties, and depreciation expenses incurred from assets for operating leases in 2024 and 2023 are ₩38,824,490 thousand and ₩40,718,835 thousand, respectively.

As of for the years ended December 31, 2024 and 2023, the rental income expected to be received by the Company under the operating lease agreement for the above investment properties is described in Note 15.

9. BORROWINGS AND DEBENTURES

Borrowings and debentures as of December 31, 2024 and 2023, are as follows:

			(in thousands of Korean won)	
Description	Maturity	Annual interest rate(%)	December 31, 2024	December 31, 2023
Current:				
Short-term borrowings	-	-	-	130,000,000
Current portion of discount on short-term borrowings			-	(56,356)
Current portion of long-term borrowings	-	-	-	100,000,000
Current portion of discount on long-term borrowings			-	(113,609)
Current portion of long-term borrowings <sup>1,2</sup>				
KEB Hana Bank, etc.	2025.10.17	CD+1.30	311,000,000	
Current portion of discount on long-term borrowings			(914,726)	
Short-term debentures	2025.02.14	3.60	10,000,000	
Current portion of discount on short-term debentures			(5,891)	
Current portion of long-term debentures (3rd-2)	-	-	-	90,000,000
Current portion of discount on long-term debentures (3rd-2)			-	(203,589)
Current portion of long-term debentures (3rd-3)	-	-	-	80,000,000
Current portion of discount on long-term debentures (3rd-3)			-	(135,096)
Current portion of long-term debentures (4th)	-	-	-	70,000,000
Current portion of discount on long-term debentures (4th)			-	(171,062)

Description	Maturity	Annual interest rate(%)	December 31, 2024	December 31, 2023
Current portion of long-term debentures (5th-1)	-	-	-	75,000,000
Current portion of discount on long-term debentures (5th-1)			-	(99,067)
Current portion of long-term debentures (5th-2)	-	-	-	125,000,000
Current portion of discount on long-term debentures (5th-2)			-	(374,605)
Current portion of long-term debentures (6th-1) <sup>1,2</sup>	2025.08.06	3.45	80,000,000	-
Current portion of discount on long-term debentures (6th-1)	-	-	(205,421)	-
Current portion of long-term debentures (7th-1) <sup>1,2</sup>	2025.10.02	3.44	50,000,000	-
Current portion of discount on long-term debentures (7th-1)	-	-	(206,707)	-
Total			449,667,255	668,846,616
Non-current:				
Long-term borrowings	-	-	-	158,000,000
Long-term borrowings	-	-	-	311,000,000
Long-term borrowings <sup>1,2</sup>				
KOOKMIN Bank, etc.	2026.01.16	CD+1.20	130,000,000	-
Standard Chartered Bank, etc.	2026.03.18	CD+1.00	75,000,000	-
Mizuho Bank, etc.	2027.09.19	CD+1.00	258,000,000	-
Standard Chartered Bank, etc.	2026.09.30	3.75	165,000,000	-
Discount on long-term borrowings			(5,552,389)	(2,328,294)
Long-term debentures (6th-2) <sup>1,2</sup>	2026.08.06	3.45	160,000,000	-
Discount on debentures			(558,820)	-
Long-term debentures (7th-2) <sup>1,2</sup>	2026.10.07	3.48	75,000,000	-
Discount on debentures			(325,484)	-
Total			856,563,307	466,671,706

1) The Company's investment properties are provided as collateral for the above borrowings and debentures. (refer to Note 21)  
According to the agreement, the Company is subject to restrictions, such as restrictions on the establishment of security rights and restrictions on the disposal of assets, until the obligation to pay the principal and interest of borrowings and debentures is completed.

2) In relation to the above borrowings and debentures, the Company is subject to restrictions, such as maintaining the financial ratio (debt ratio of 200% or less), until the obligation to pay principal and interest of the borrowings and debentures is completed according to the agreement.

10. OTHER FINANCIAL LIABILITIES

Other financial liabilities as of December 31, 2024 and 2023, are as follows:

(in thousands of Korean won)

	December 31, 2024	December 31, 2023
Current:		
Accrued expenses	10,585,191	10,460,716
Leasehold deposits received <sup>1</sup>	2,077,124	-
Less: present-value discount	(83,603)	-
Total	12,578,712	10,460,716
Non-current:		
Leasehold deposits received <sup>1</sup>	131,218,232	109,576,032
Less: present-value discount	(20,087,450)	(17,567,947)
Total	111,130,782	92,008,085

1) The superficies above the leasehold deposits received have been established. (refer to Note 21)

11. OTHER NON-FINANCIAL LIABILITIES

Other non-financial liabilities as of December 31, 2024 and 2023, are as follows:

(in thousands of Korean won)

	December 31, 2024	December 31, 2023
Current:		
Unearned rental income	3,413,229	2,657,914
Advance from customers	867,917	-
Accrued expense	-	7,273
Other accounts payable	7,119	-
Other withholdings	3,611	-
VAT withholdings	4,090,016	3,459,235
Total	8,381,892	6,124,422
Non-current:		
Unearned rental income	15,828,917	14,078,287
Total	15,828,917	14,078,287



12. SHARE CAPITAL AND CAPITAL SURPLUS

(1) The share capital of the Company as of December 31, 2024 and 2023, is as follows:

(in thousands of Korean won, except for number of shares)		
	December 31, 2024	December 31, 2023
Authorized shares (shares)	2,000,000,000	2,000,000,000
Par value per share	₩ 500	₩ 500
Number of shares issued (shares)	288,968,884	242,968,884
Share capital	144,484,442	121,484,442

(2) Capital surplus as of December 31, 2024 and 2023, consists of the following:

(in thousands of Korean won)		
	December 31, 2024	December 31, 2023
Additional paid-in capital	1,179,575,979	1,060,934,642

(3) Changes in share capital and capital surplus for the years ended December 31, 2024 and 2023, are as follows:

(in thousands of Korean won)					
	Number of shares	Par value	Share capital	Capital surplus	Total
Balance at January 1, 2023	242,968,884	₩500	121,484,442	1,060,934,642	1,182,419,084
Balance at December 31, 2023	242,968,884	₩500	121,484,442	1,060,934,642	1,182,419,084
Balance at January 1, 2024	242,968,884	₩500	121,484,442	1,060,934,642	1,182,419,084
Transfer from capital surplus to retained earnings	-	-	-	(4,200,000)	(4,200,000)
Paid-in capital increase	46,000,000	₩500	23,000,000	122,841,337	145,841,337
Balance at December 31, 2024	288,968,884	₩500	144,484,442	1,179,575,979	1,324,060,421

13. RETAINED EARNINGS:

(1) Details of retained earnings as of December 31, 2024 and 2023, are as follows:

(in thousands of Korean won)		
	December 31, 2024	December 31, 2023
Retained earnings	(154,562,638)	(126,957,676)



(2) The appropriation of retained earnings for the years ended December 31, 2024 and 2023, is as follows:

(in thousands of Korean won)		
	2024	2023
I. Unappropriated retained earnings carried over from prior year	(150,191,874)	(109,473,040)
Interim dividend <sup>1</sup>	(25,025,796)	(26,528,035)
Transfer from capital surplus to retained earnings	4,200,000	-
Profit for the year	16,455,032	9,043,399
	(154,562,638)	(126,957,676)
II. Appropriation of retained earnings	32,364,515	23,234,198
III. Unappropriated retained earnings to be carried forward	(186,927,153)	(150,191,874)

1) The fiscal year of the Company begins on January 1 and ends on June 30, and the next fiscal year begins on July 1 and ends on December 31. Accordingly, the Company paid dividends in September 2024 and September 2023, respectively.

(3) Details of dividend payment (planned) for the years ended December 31, 2024 and 2023, are as follows:

(in Korean won, except for number of shares)		
	2024	2023
Amount of total dividend	57,390,310,060	49,762,233,027
Number of shares issued (shares)	288,968,884	242,968,884
Dividend per share	215	205
Par value	500	500
Dividend rate	43.00%	41.00%

14. EARNINGS PER SHARE

(1) Basic earnings per share

Basic earnings per share for the years ended December 31, 2024 and 2023, are as follows:

(in Korean won, except for number of shares)		
	2024	2023
Profit attributable to the ordinary equity holders	16,455,032,132	9,043,398,627
Weighted-average number of ordinary shares outstanding (shares)	249,127,354	242,968,884
Basic earnings per share	66	37



(2) Weighted-average number of ordinary shares outstanding (shares)

Weighted-average number of ordinary shares outstanding (shares) is calculated as follows:

< 2024 >			(number of shares)
	Number of shares	Day	Accumulated number of shares
Weighted-average number of ordinary shares outstanding (shares) carried over from prior year	242,968,884	366	88,926,611,544
Paid-in capital increase	46,000,000	49	2,254,000,000
Weighted-average number of ordinary shares outstanding (shares)	-	-	249,127,354

< 2023 >			(number of shares)
	Number of shares	Day	Accumulated number of shares
Weighted-average number of ordinary shares outstanding (shares) carried over from prior year	242,968,884	365	88,683,642,660
Weighted-average number of ordinary shares outstanding (shares)	-	-	242,968,884

(3) Diluted earnings per share

The Company did not issue any potential ordinary shares. Therefore, basic earnings per share are identical to diluted earnings per share.

15. REVENUE

(1) Details of operating income for the years ended December 31, 2024 and 2023, are as follows:

(in thousands of Korean won)		
	2024	2023
Rental income <sup>1</sup>	124,406,496	118,079,876
Management fee profit	443,620	-
Dividend income	213,500	-
Other income	573,204	-
Total	125,636,820	118,079,876

1) The Company has entered into operating lease contracts with LOTTE Shopping Co., Ltd., LOTTE Global Logistics Co., Ltd. and Hotel LOTTE Co., Ltd., etc., for the investment properties it owns. The Company's operating income comes from operating lease rentals with LOTTE Shopping Co., Ltd., LOTTE Global Logistics Co., Ltd. and Hotel LOTTE Co., Ltd., etc.

(2) The Company operates a single operating segment and does not disclose information by each operating segment. In addition, since operating income is generated only in Korea, analysis data on regional information is not disclosed separately.

(3) As of December 31, 2024 and 2023, the rental income plan due to the operating lease contracts is as follows:

(in thousands of Korean won)		
	2024	2023
Within 1 year	133,422,059	117,200,407
1 – 5 years	474,597,246	466,279,343
More than 5 years	111,142,839	162,465,295
Total	719,162,144	745,945,045

16. OPERATING EXPENSES

Details of operating expenses for the years ended December 31, 2024 and 2023, are as follows:

(in thousands of Korean won)		
	2024	2023
Salaries	96,000	96,000
Depreciation	38,824,490	40,718,835
Asset management fee	4,805,524	4,601,212
Asset custody fee	71,534	69,018
Business trustee fee	214,602	207,055
Asset consignment management fee	932,850	385,783
Commission expenses	556,736	698,702
Others	542,735	404,304
Total	46,044,471	47,180,909



17. OTHER INCOME AND EXPENSE

Details of other income and other expense for the years ended December 31, 2024 and 2023, are as follows:

(in thousands of Korean won)

	2024	2023
Other income:		
Miscellaneous income	19,381	35
Other expense:		
Miscellaneous expense	8,540	-

18. FINANCIAL INCOME AND FINANCIAL EXPENSE

Details of financial income and financial expense for the years ended December 31, 2024 and 2023, are as follows:

(in thousands of Korean won)

	2024	2023
Finance income:		
Interest income calculated using the effective interest method	1,029,693	1,274,161
Finance expense:		
Interest expense calculated using the effective interest method	64,177,852	63,129,763

19. INCOME TAXES

Income tax expense comprises current and deferred taxes. However, since the Company has decided to pay dividends of at least 90% of the distributable profits in accordance with Corporate Tax Act Article 51-2 Income Deductions for special-purpose companies, etc., the Company can deduct such amount of dividends when calculating the taxable profit for the fiscal year. Therefore, the current tax expense has not occurred because there is no corporate tax to be paid by the Company in fact.



20. STATEMENTS OF CASH FLOWS

(1) As of December 31, 2024 and 2023, details of cash and cash equivalents are as follows:

(in thousands of Korean won)

	December 31, 2024	December 31, 2023
Deposits	13,266,817	7,571,009

(2) Adjustments for cash flows from operating activities and changes in operating assets and liabilities for the years ended December 31, 2024 and 2023, are as follows:

1) Adjustments

	2024	2023
Depreciation	38,824,490	40,718,835
Interest expense	64,177,852	63,129,763
Rental income (amortization of discount on leasehold deposit received)	(2,846,743)	(2,791,811)
Interest income	(1,029,693)	(1,274,161)
Dividend income	(213,500)	-
<b>Total</b>	<b>98,912,406</b>	<b>99,782,626</b>

2) Changes in operating assets and liabilities

(in thousands of Korean won)

	2024	2023
Increase in trade receivables	(563,241)	(236,660)
Decrease in other receivables	-	250
Increase in prepaid expenses	(19,120)	-
Increase in other payables	10	-
Increase in advance from customers	867,917	-
Increase in other withholdings	3,611	-
Increase in accrued expenses	914,590	12,796
Increase in VAT withholdings	631,298	162,216
Leasehold deposits received	24,213,764	-
Leasehold deposits return	(494,440)	-
<b>Total</b>	<b>25,554,389</b>	<b>(61,398)</b>

(3) Non-cash transactions for the years ended December 31, 2024 and 2023, are as follows:

(in thousands of Korean won)

	2024	2023
Transfer of long-term unearned revenue to liquid liabilities	2,846,743	2,791,811
Unearned revenue recognition	755,316	75,290
Long-term unearned revenue recognition	4,597,372	752,904
Transfer of long-term borrowings to liquid liabilities	467,768,264	556,086,639
Transfer of debentures to current liabilities	-	283,851,235
Transfer of leasehold deposits received to current liabilities	2,487,961	-
Transfer from capital surplus to retained earnings	4,200,000	-

(4) Changes in liabilities arising from financial activities for the years ended December 31, 2024 and 2023, are as follows:

< 2024 > (in thousands of Korean won)

	Beginning balance	Amortization	Reclassification	Cash inflow from financing activities	Cash outflow from financing activities	Ending balance
Borrowings	696,501,741	2,912,495	-	621,118,649	(388,000,000)	932,532,885
Debentures	439,016,581	1,422,680	-	905,258,416	(972,000,000)	373,697,677
Total	1,135,518,322	4,335,175	-	1,526,377,065	(1,360,000,000)	1,306,230,562

< 2023 > (in thousands of Korean won)

	Beginning balance	Amortization	Reclassification	Cash inflow from financing activities	Cash outflow from financing activities	Ending balance
Borrowings	736,694,438	3,051,825	-	694,755,478	(738,000,000)	696,501,741
Debentures	400,020,696	1,911,368	(20,749)	348,105,266	(311,000,000)	439,016,581
Total	1,136,715,134	4,963,193	(20,749)	1,042,860,744	(1,049,000,000)	1,135,518,322

21. CONTINGENCIES AND COMMITMENTS

(1) Master Lease Agreement and Lease Agreement

As of December 31, 2024, the Company entered into the Master Lease Agreement with LOTTE Shopping Co., Ltd. and LOTTE Global Logistics Co., Ltd., and entered into a Lease Agreement with Hotel LOTTE Co., Ltd. for the lease of all in-kind investment assets.

The main terms and conditions of the agreement are as follows:

(in millions of Korean won)

Type	Tenants	Leasehold deposit	Monthly rental fee <sup>1)</sup>	Lease term	Rental fee increase rate, etc.	Management fee, etc.
Tranche A	LOTTE Department Store - Changwon LOTTE Mart - Uiwang LOTTE Mart - Jangyu	21,761	1,954	9 years		
Tranche B	LOTTE Department Store - Guri LOTTE Outlet - Cheongju LOTTE Outlet - Daegu Yulha LOTTE Mart - Seochyeongju LOTTE Mart - Daegu Yulha	24,929	2,238	10 years	<sup>3)</sup>	
Tranche C	LOTTE Department Store - Gangnam LOTTE Department Store - Gwangju	27,700	2,487	11 years		Tenant's burden <sup>2)</sup>
Tranche D	LOTTE Department Store - Ansan LOTTE Department Store - Jungdong LOTTE Mart - Gyeyang	15,064	1,391	7 years	<sup>4)</sup>	
	LOTTE Mart - Yangpyeong, Gyeonggi	1,487	134	6 years 3 months	<sup>5)</sup>	
Tranche E	LOTTE Premium Outlet - Icheon LOTTE Mart - Chuncheon	14,337	1,326	11 years	<sup>4)</sup>	
Tranche F	LOTTE Mart Mall - Gimpo Logistics Center	4,298	400	15 years	<sup>6)</sup>	
Tranche G	LOTTE Hotel L7 Gangnam	21,500	936	7 years 3 months	<sup>7)</sup>	Landlord's burden
	Others	2,219	227	-	-	
Total		133,295	11,093			

1) As of December 31, 2024, this is the monthly rent.  
2) The tenant bears the full cost of management, insurance and taxes.  
3) The monthly rental fee is increased by 1.5% every year from the date of commencement of lease.  
4) The monthly rental fee is determined by adding the rental fee linked to monthly sales (0.45% of the previous year's total sales amount divided by 12) to the fixed monthly rental fee. The monthly rental fee is increased every year from the day following the day after one year has elapsed from the date of commencement of the lease, in conjunction with the previous year's consumer price index ("CPI") growth rate.  
5) The monthly rental fee is determined by adding the monthly rental fee (0.5% of the previous year's total sales amount divided by 12) to the fixed monthly rental fee. From March 17, 2023, the monthly rental fee will be increased every year in relation to the previous year's annual rental fee in conjunction with the previous year's CPI growth rate.  
6) The monthly fixed rental fee is increased every year from the day following the day after one year has elapsed from the date of commencement of the lease in conjunction with the previous year's CPI growth rate.  
7) The monthly rental fee is determined by adding the monthly variable rental fee to the monthly fixed rental fee. The monthly fixed rental fee will remain the same from the lease commencement date until the end of 2027, and the monthly variable rental fee will remain the same from the lease commencement date until the end of 2025. After 2025, the monthly variable rental fee will change every six months based on the room sales performance of the previous six months.



(2) Asset Management Consignment Agreement

The Company entered into the Asset Management Consignment Agreement with LOTTE AMC for investment management of assets, such as real estate acquisition, management, improvement, disposal, leasing and securities trading, and the fee rates for each service are as follows:

	Terms and conditions
Asset acquisition service fee	0.4% of the acquisition price of the managed assets acquired (including contribution in kind)
Asset management service fee	0.2% per year of the acquisition price of the managed assets (including contribution in kind) during the period in which each managed asset is operated
Basic commission for sales	0.7% of the sales price of each managed asset
Performance commission for sales	10% of the difference between the sales price and the acquisition price of each managed asset

(3) General Corporate Services Agreement

The Company entered into General Corporate Services Agreement with KB Fund Partners Co, Ltd. for the affairs of stock issuance, stock listing and general administrative, and the fee rates are as follows:

	Terms and conditions
General administrative service fee	- 0.5 bp per year of the acquisition price of the managed assets until just before the day the Company’s shares are listed on the Korea Stock Exchange - 0.9 bp per year of the acquisition price of the managed assets from the day of the Company’s shares are listed on the Korea Stock Exchange

(4) Asset custody consignment agreement

The Company entered into the Asset Custody Consignment Agreement with Daehan Real Estate Trust and Woori Bank for the custody and management of assets such as real estate, securities and cash, and the fee rates are as follows:

	Terms and conditions
Asset custody fee	<b>Real Estate (Daehan Real Estate Trust):</b> As of December 31, 2024, there is no asset custody fee. However, if real estate asset custody method is agreed upon in the real estate collateral trust method in the future, fees will be incurred according to the real estate collateral trust contract. <b>Securities and cash (Woori Bank):</b> 0.3 bp per year of the acquisition price of the managed assets

(5) Insurance contracts of the Company as of December 31, 2024, are as follows:

(in thousands of Korean won)

Insurance type	Insured amount	Insurance Company
Package insurance:		
Property all risks cover <sup>1</sup>	2,617,514,722	
Machinery breakdown cover		
Business interruption cover	300,074,151	
Facility ownership liability cover	LOTTE Shopping Co., Ltd. 10,000,000 LOTTE Global Logistics Co., Ltd. 5,000,000 LOTTE Hotel L7 Gangnam 5,000,000 (per person/per accident)	LOTTE Insurance Co., Ltd., DB Insurance Co., Ltd., etc.
Parking lot liability cover	LOTTE Shopping Co., Ltd. 300,000 LOTTE Hotel L7 Gangnam 300,000 (per accident and total limit)	
Legal liability for fire damage to property (specific building) cover	LOTTE Shopping Co., Ltd. 1,000,000 LOTTE Hotel L7 Gangnam 1,000,000 (per accident)	

1) The right to claim insurance money in the above insurance contract is provided as collateral for borrowings.  
(the amount of collateral is ₩1,126,800,000 thousand)

In addition, as of December 31, 2024, the Company subscribes to gas accident liability insurance, etc., other than the above.

(6) Collateral provision

As of December 31, 2024, details of investment properties provided as collateral are as follows:

(in thousands of Korean won)

Secured assets	Secured amount	Provided by	Related liabilities	Type of security right
	594,000,000	Daehan Real Estate Trust	Debentures	Right of collateral security
	84,000,000	Korea Development Bank	Borrowings	Preferred right to benefit
	276,000,000	Mizuho Bank	Borrowings	Preferred right to benefit
	240,000,000	Kookmin Bank	Borrowings	Preferred right to benefit
	97,200,000	KEB Hana Bank	Borrowings	Preferred right to benefit
	24,000,000	Suhyup Bank	Borrowings	Preferred right to benefit
	117,600,000	Nonghyup Bank	Borrowings	Preferred right to benefit
	288,000,000	Standard Chartered Bank	Borrowings	Preferred right to benefit
	105,278,532			Right of lease
	136,862,092	LOTTE Shopping Co., Ltd.	Leasehold deposit	Right of collateral security and Preferred right to benefit
	4,297,500	LOTTE Global Logistics Co., Ltd.	Leasehold deposit	Right of lease
	5,586,750			Preferred right to benefit
	21,500,000	Hotel LOTTE Co., Ltd.	Leasehold deposit	Right of lease
	1,442,285	SPARKPLUS Co., Ltd.	Leasehold deposit	Right of collateral security
	1,009,944	Haechi Labs Co., Ltd.	Leasehold deposit	Right of collateral security

(7) Brand license agreement, etc.

As of December 31, 2024, the Company has entered into a brand license agreement and a disclosure support system using contract with LOTTE Corporation., and for this, 0.2% of the amount obtained by deducting advertising costs from revenue is paid.

(8) As of December 31, 2024, Seoul Metropolitan City, Daegu Metropolitan City, Changwon City, Gimhae City and Bucheon City have separate surface rights on some of land owned by the Company for the use of nearby subway passageways and protection of intercepting pipes and manholes.

(9) As of December 31, 2024, there are no pending cases in litigation for the Company.

22. RELATED PARTY TRANSACTIONS

(1) As of December 31, 2023, the Company’s parent company and other related parties are as follows:

	Related company
Parent company	LOTTE Shopping Co., Ltd.
	LOTTE Corporation
	LOTTE AMC Co., Ltd.
Other related parties <sup>1</sup>	LOTTE Property & Development
	LOTTE Global Logistics Co., Ltd.
	Hotel LOTTE Co., Ltd.
	Korea Seven Co., Ltd.
	Affiliates belongs to LOTTE Group

1) Although other related parties are not related parties under K-IFRS 1024, the entities are considered to be part of the Large Enterprise Group in accordance with the Monopoly Regulation and Fair Trade Act.

(2) Significant transactions with related parties for the years ended December 31, 2024 and 2023, are as follows:

< 2024 >		(in thousands of Korean won)	
Related parties		Operating revenue <sup>1</sup>	Operating expenses
Parent company:	LOTTE Shopping Co., Ltd.	113,151,661	-
	LOTTE Corporation	-	275,680
	LOTTE AMC Co., Ltd.	-	4,814,614
Others:	LOTTE Property & Development	-	559,909
	LOTTE Global Logistics Co., Ltd.	4,761,309	-
	Hotel LOTTE Co., Ltd.	3,029,779	-
	Korea Seven Co., Ltd.	13,675	-
Total		120,956,424	5,650,203

1) Operating revenue does not include the amount of ₩2,838,804 thousand, which is recognised as rental income from unearned revenue.



< 2023 > (in thousands of Korean won)

Related parties		Operating revenue <sup>1</sup>	Operating expenses
Parent company:	LOTTE Shopping Co., Ltd.	110,705,580	-
	LOTTE Corporation	-	268,725
Others:	LOTTE AMC Co., Ltd.	-	4,601,212
	LOTTE Property & Development	-	352,431
	LOTTE Global Logistics Co., Ltd.	4,582,485	-
Total		115,288,065	5,222,368

1) Operating revenue does not include the amount of ₩2,582,624 thousand, which is recognized as rental income from unearned revenue.

(3) Account balances with related companies as of December 31, 2024 and 2023, are summarized as follows:

< December 31, 2024 > (in thousands of Korean won)

Related parties		Receivables		Payables	
		Trade receivables	Other receivables	Leasehold deposits <sup>1</sup>	Non-trade payables
Parent company:	LOTTE Shopping Co., Ltd.	10,482,988	6,956	105,278,532	-
	LOTTE Corporation	-	-	-	2,421
	LOTTE AMC Co., Ltd.	-	-	-	2,487,921
Others:	LOTTE Property & Development	-	-	-	27,225
	LOTTE Global Logistics Co., Ltd.	439,657	-	4,297,500	-
	Hotel LOTTE Co., Ltd.	86,181	-	21,500,000	-
	Korea Seven Co., Ltd.	524	-	33,600	-
Total		11,009,350	6,956	131,109,632	2,517,567

1) Leasehold deposits are of the nominal value that does not reflect present-value discount of ₩20,071,706 thousand.

< December 31, 2023 > (in thousands of Korean won)

Related parties		Receivables		Payables	
		Trade receivables	Other receivables	Leasehold deposits <sup>1</sup>	Non-trade payables
Parent company:	LOTTE Shopping Co., Ltd.	10,255,421	4,028	105,278,532	-
	LOTTE Corporation	-	-	-	2,972
Others:	LOTTE AMC Co., Ltd.	-	-	-	2,319,515
	LOTTE Property & Development	-	-	-	87,761
	LOTTE Global Logistics Co., Ltd.	424,379	-	4,297,500	-
Total		10,679,800	4,028	109,576,032	2,410,248

1) Leasehold deposits are of the nominal value that does not reflect present-value discount of ₩17,567,947 thousand.



(4) Financial transactions with related parties for the years ended December 31, 2024 and 2023, are as follows:

(in thousands of Korean won)

Related parties	2024		2023	
	Capital increase	Cash dividend	Capital increase	Cash dividend
Parent company:				
LOTTE Shopping Co., Ltd.	-	24,129,982	-	30,652,669
Other related parties:				
LOTTE Property & Development	58,880,000	-	-	-

(5) The Company has entered into an agreement with LOTTE Shopping Co., Ltd., LOTTE Global Logistics Co., LTD. and Hotel LOTTE Co., Ltd., etc. to provide operating leases, and has granted LOTTE Shopping Co., Ltd., LOTTE Global Logistics Co., LTD. and Hotel LOTTE Co., Ltd. the right of first offer to negotiate the purchase of the investment property.

(6) Key management personnel compensation for the years ended December 31, 2024 and 2023, is as follows:

(in thousands of Korean won)

	2024	2023
Short-term employee benefits	96,000	96,000

(7) As of December 31, 2024, the Company provides investment properties as collateral for leasehold deposits to LOTTE Shopping Co., Ltd., LOTTE Global Logistics Co., LTD. and Hotel LOTTE Co., Ltd., etc., which are related parties. (refer to Note 21) Meanwhile, as of December 31, 2024, there are no collateral or payment guarantees provided by the relevant parties.

23. RISK MANAGEMENT

(1) Management of Financial Risks

1) Objectives and Policies of the Company

Risk management activities of the Company identify credit risk, liquidity risk, market risk and any other potential risk that may affect financial performance and by eliminating, avoiding and abating the possible risk level to an acceptable range and to support to a stable and consistent business performance with the intention to contribute to strengthening the Company’s competitiveness by reducing costs of finance through improving the financial structure and enhancing the efficiency of its capital operations.

In order to install and implement the financial risk management system, the Company is complying with the risk management policies and procedures by strictly performing control and review of internal managers.

2) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations in an ordinary transaction or investment activity.

Most of the Company’s revenue is rental income generated from related parties, and the management believes that credit risks are very limited.

① Exposure to credit risk

The book value of a financial asset represents the maximum exposure to credit risk. The maximum exposures to credit risk as of December 31, 2024 and 2023, are as follows:

(in thousands of Korean won)

	December 31, 2024	December 31, 2023
Cash equivalent	13,266,817	7,571,009
Trade receivables <sup>1</sup>	11,243,041	10,679,800
Other receivables <sup>1</sup>	6,956	-
Accrued income <sup>1</sup>	225,350	364,679
Short-term financial instruments <sup>1</sup>	16,033,600	28,500,000
Long-term financial instruments <sup>1</sup>	867,917	-
Total	41,643,681	47,115,488

1) Trade receivable, accrued income, short-term financial instruments and long-term financial instruments are not overdue or impaired.

3) Liquidity Risks

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset due to an adverse managerial or external environment.

In order to systematically manage liquidity risk, the Company predicts and corresponds to potential risks through consistently analyzing the schedule of cash flow and establishing short-term and long-term capital management plans.

Aggregate maturities of financial liabilities, including estimated interest, as of December 31, 2024 and 2023, are as follows:

< December 31, 2024 >		(in thousands of Korean won)	
	3 months or less	3 months – 1 year	More than 1 year
Accrued expenses	3,515,410	-	-
Leasehold deposits received <sup>1</sup>	841,620	1,235,504	131,218,232
Debentures <sup>2</sup>	13,146,653	138,729,382	241,747,000
Borrowing <sup>2</sup>	10,321,285	342,048,615	654,736,813
Total	27,824,968	482,013,501	1,027,702,045

1) The above schedule is prepared based on the undiscounted nominal amounts.  
2) The above schedule is prepared based on the undiscounted nominal amounts and includes interest expenses.

< December 31, 2023 >		(in thousands of Korean won)	
	3 months or less	3 months – 1 year	More than 1 year
Accrued expenses	2,604,720	-	-
Leasehold deposits received <sup>1</sup>	-	-	109,576,032
Debentures <sup>2</sup>	80,624,750	374,385,650	-
Borrowing <sup>2</sup>	139,494,449	121,431,204	487,190,500
Total	222,723,919	495,816,854	596,766,532

1) The above schedule is prepared based on the undiscounted nominal amounts.  
2) The above schedule is prepared based on the undiscounted nominal amounts and includes interest expenses.

The Company does not expect these cash flows to occur significantly earlier or at significantly different amounts.

(2) Capital Management

The objective of the Company’s capital management is maximizing shareholders’ profit through maintaining a sound capital structure. The Company makes necessary improvements to the capital structure through monthly monitoring of financial ratios, such as liabilities to equity ratios and net borrowings to equity ratios in order to achieve an optimal capital structure.

The liabilities to equity ratios and net borrowings to equity ratios as of December 31, 2024 and 2023, are as follows:

	(in thousands of Korean won)	
	December 31, 2024	December 31, 2023
Liabilities (a)	1,454,150,864	1,258,189,832
Equity (b)	1,169,497,783	1,055,461,407
Financial instruments (c)	13,266,817	7,571,009
Borrowings and debentures (d)	1,306,230,562	1,135,518,322
Liabilities to equity ratio (a/b)	124%	119%
Net borrowings to equity ratio ((d-c)/b)	111%	107%

24. SEGMENT REPORTING

(1) Information of segment

The Company does not disclose information of each operating segment because the reporting segment is a single segment in accordance with K-IFRS 1108. (Operating segment) The internal business segment reporting materials regularly reviewed by the Company's chief operating decision-maker are measured in a manner consistent with the financial statements.

(2) Disclosure at the Company-wide level

The Company's operating income is rental income, and it came from LOTTE Shopping Co., Ltd., LOTTE Global Logistics Co., LTD. and Hotel LOTTE Co., Ltd., etc. (refer to Note 22)

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