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# ANNUAL REPORT

## 2023



## DISCLAIMER

- THIS DATA ON THE SK REAL ESTATE INVESTMENT TRUST (HEREINAFTER “SK REIT”) WAS WRITTEN BASED ON ITS STATUS AS OF THE LAST DAY OF DECEMBER 2023, AND THE MATTERS REGARDING DIVIDENDS, SETTLEMENT OF ACCOUNTS, ETC., WERE BASED ON THE FINANCIAL STATEMENTS FROM JANUARY 2023 TO THE END OF DECEMBER 2023 AUDITED BY AN EXTERNAL AUDITOR.
- THIS DATA WAS PREPARED IN ORDER TO HELP UNDERSTAND THE MANAGEMENT STATUS AND PLAN OF SK REIT. USING THIS DATA AS ADVERTISEMENT MATERIALS FOR INVESTMENT RECOMMENDATIONS IS PROHIBITED.
- WHILE THE CONTENT INCLUDED IN THIS DATA IS DERIVED FROM RELIABLE DATA AND INFORMATION, ITS ACCURACY AND THOROUGHNESS ARE NOT GUARANTEED, AND IT DOES NOT GUARANTEE FUTURE PERFORMANCE.
- THEREFORE, IT CANNOT BE USED AS EVIDENCE FOR LEGAL LIABILITY REGARDING INVESTMENT RESULTS IN ANY CASE. THIS DATA INCLUDES PREDICTIVE INFORMATION.
- SUCH PREDICTIVE INFORMATION USES EXPRESSIONS SUCH AS “PLAN,” “PREDICTION,” “EXPECTATION,” “ESTIMATE,” “TARGET,” AND SIMILAR TERMS, AND SUCH PREDICTIVE INFORMATION IMPLIES THE RISK AND UNCERTAINTY OF ACTUAL RESULTS BEING SIGNIFICANTLY DIFFERENT.
- SK REIT AND ITS ASSET-MANAGEMENT COMPANY SK REITS MANAGEMENT DO NOT GUARANTEE THE PERFORMANCE OF SK REIT, THE RETURN OF PRINCIPAL, OR A CERTAIN RATE OF PROFIT.



# 2023 Annual Report

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(With Independent Auditors' Report Thereon)

# SK Group Sponsoring REIT with Korea's Highest Credit Rating (AA-)

## The true value of SK REIT, a happy future for all

Listed on the Korea Stock Exchange in September 2021, SK REIT holds the largest AUM (at KRW 4.2 trillion) and the highest credit rating of (AA-) in Korea. It is also Korea's first listed REIT to have adopted and implemented the quarterly dividend policy.

As of the end of December 2023, our portfolio includes the SK Group's integrated head office building, 'SK Seorin Building,' SK Energy's 114 gas stations, SK Hynix's head office building, 'SK U-Tower,' SK Green Campus 'Jongno Tower' and 'five water treatment centers' at SK Hynix's Icheon Campus. SK REIT will not rest on its achievements as the first, largest, and best, but will continue to grow as the most innovative and dynamic REIT, responding to market changes.



\* Asset Under Management (As of December 31, 2023)

# SK REIT AT A GLANCE

INVESTMENT POINT 01

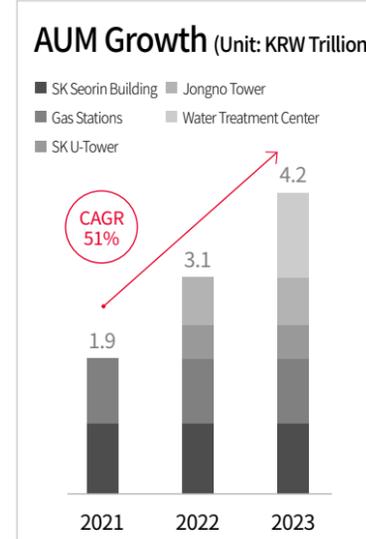
INVESTMENT POINT 02

INVESTMENT POINT 03

## KOREA'S LEADING MEGA-SIZE REIT WITH AUM OF KRW 4.2 TRILLION

Since its listing in 2021, SK REIT has achieved impressive annual average growth of 51% in just two years, positioning itself as a mega-size REIT with the largest AUM in Korea, amounting to KRW 4.2 trillion. SK REIT holds the industry's highest and the only credit rating of AA- based on its three prime offices of the SK Group's major offices, 114 SK Energy gas stations located in key transportation hubs across Korea, and five water treatment centers at SK Hynix's Icheon semiconductor plant. Additionally, SK REIT has enhanced its value as a global REIT by being included in global indices such as FTSE EPRA Nareit.

● ● ● SK Seorin Building



### Company Credit Rating

**AA-**  
(NICE Investors Service, Korea Ratings Corporation)

### Number of AUM

3 offices   114 gas stations   5 water treatment centers

**122개**

### Global Index

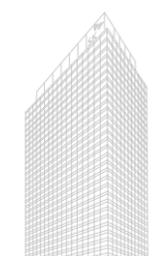
**FTSE EPRA Nareit** Global, Developed Asia, etc.  
**FTSE** All Cap, Developed, etc.

**MSCI** All Cap, ACWI, etc.  
**Morningstar** Global Markets REIT, etc.

\* As of December 31, 2023

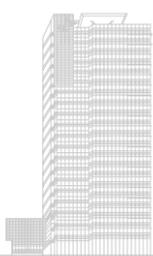
### SK Seorin Building

Total Floor Area  
**83,828m<sup>2</sup>** (25,358 py)  
Prime-level office space of at least 83,828 m<sup>2</sup> (25,358 py) on the highest floor within the Central Business District (CBD)



### SK U-Tower

Total Floor Area  
**86,804m<sup>2</sup>** (26,258 py)  
key landmark office within the Bundang (Pangyo) Business District (BBD)



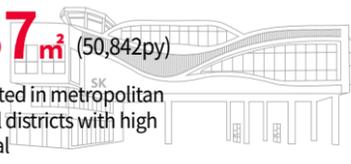
### Jongno Tower

Total Floor Area  
**60,601m<sup>2</sup>** (18,332 py)  
core landmark office building in CBD Jonggak Station



### SK Energy Gas Station

Land area  
**161,087m<sup>2</sup>** (50,842py)  
49% of which are located in metropolitan areas and commercial districts with high development potential



### Water Treatment Center

Total Floor Area  
**146,714m<sup>2</sup>** (44,381 py)  
First REITs listed in Korea to invest in industrial facilities with 5 units of water treatment center



# SK REIT AT A GLANCE

INVESTMENT POINT 01

INVESTMENT POINT 02

INVESTMENT POINT 03

## STABLE PROFIT GENERATION BASED ON BLUE-CHIP TENANTS

SK REIT leases its major assets to high-quality affiliates of SK Group under long-term agreements, ensuring consistent cash flow stability. The portfolio features an average lease duration of six years, extendable up to 12 years and four months with tenant renewal options.

○ ● ○ SK U-Tower



### SK Group as long-term master lease



**100%**

- SK Seorin Building, SK U-Tower, SK Energy Gas Station and Water Treatment Center (Jongno Tower makes up 62% of the office facilities)

### The weighted average lease expiry



**5.6 years**

(extendable to 11.3 years with tenant extension options)

### Rent Increase Rate



**CPI-linked**

- SK Seorin Building: Annual linkage to Seoul CPI
- SK U-Tower and Water Treatment Center: Annual linkage to Gyeonggi CPI, capped at 5.0% per year
- Gas stations: Fixed to nationwide CPI for the initial five years, adjusting annually thereafter

### Lease Structure



**Tiple Net**

- Tenants bear maintenance costs, insurance premiums, public charges, and taxes under a Triple Net (NNN) lease agreement.

### Operation Structure of SK REIT



# SK REIT AT A GLANCE

INVESTMENT POINT 01

INVESTMENT POINT 02

INVESTMENT POINT 03

## SHAREHOLDER-FRIENDLY DIVIDEND POLICY DRIVEN BY OPERATING REVENUE GROWTH

SK REIT is implementing a shareholder-friendly dividend policy by being the first in the industry to pay quarterly dividends. SK REIT's operating revenue has significantly increased through continuous asset acquisitions, and higher operating revenue is expected from 2024 onwards. Since its initial public offering, SK REIT has consistently delivered on its dividend commitments. In the latter half of 2023, the entire profit from selling two gas stations was used to pay an additional special dividend payment. Looking ahead, SK REIT aims to enhance profitability and dividend stability, focusing on strategies to increase shareholder value such as asset appreciation and strategic divestments.

○ ○ ● Jongno Tower



The First Listed REIT

Execute Quarterly Dividends

Dividend Yield\*

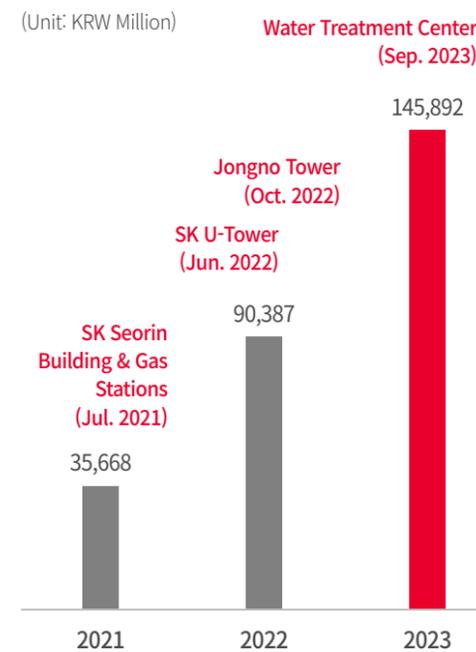
6.28%

2023 Dividend per Share

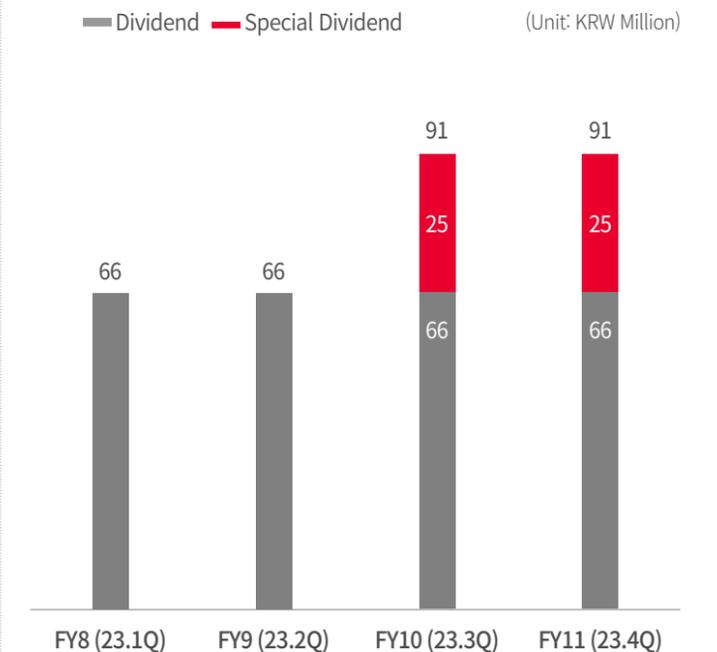
KRW 314

\* 2023 dividend per share/offering price per share of KRW 5,000

### Operating Revenues



### 2023 Dividend Status



# ABOUT SK REITS MANAGEMENT

ABOUT SK REITS MANAGEMENT

ABOUT OUR SPONSOR

ABOUT OUR TENANTS

**SK REITs Management is an asset-management company (AMC) authorized by the Ministry of Land, Infrastructure, and Transport. Established in March 2021, it operates as a wholly owned subsidiary of SK Inc.**

SK REITs Management is led by real estate experts who are responsible for stable growth of SK REIT.



<p><b>Company Name</b> SK REITs Management Co., Ltd.</p> 	<p><b>Company Type</b> Asset Management Company</p> 	<p><b>CEO</b> Shin Do-Chul</p> 
<p><b>Established</b> March 2021</p> 	<p><b>Share Capital</b> KRW 7 Billion</p> 	<p><b>Largest Shareholder</b> SK Inc.</p> 

## Letter from the CEO

**Dear Shareholders,**

Since entering the Korean REIT market in 2021 as SK Group's sponsor, SK REIT has grown its asset size to KRW 4.2 trillion in just two years, establishing itself as Korea's leading mega-size REIT with an unrivaled market cap and AUM among listed REITs. I extend my sincere gratitude to our investors for their invaluable support; becoming the largest REIT in Korea would not have been possible without you.



As the one and only listed REIT with the highest credit rating (AA-), SK REIT has tirelessly enhanced Korea's REIT market by implementing quarterly dividend payments for the first time as a domestic REITs, being included in the FTSE NAREIT Global Index and boldly trying diverse financing methods to overcome the high interest rate environment such as issuing convertible bonds, preferred stocks, and public offerings of corporate bonds.

In the first half of 2024, we once again demonstrated our competitive edge by successfully issuing corporate bonds through public offerings for the second consecutive time. This success will serve as a meaningful turning point in diversifying the funding pipeline and reducing financing costs. It is also expected to set a good precedent for other REITs entering the corporate bond issuance market.

The current REIT market is showing signs of recovery with expectations of declining interest

rates. Recognizing our role as Korea's largest REIT, we understand the increased importance of enhancing investor and market confidence. Therefore, we are implementing measures to enhance shareholder value, including distributing additional dividends through asset divestment, diversifying our funding structure, and appreciating asset values. We are also committed to strengthening the frequency and timeliness of our Investor Relations (IR) activities.

SK REIT is committed to growing alongside our shareholders' valuable assets as the most innovative and dynamic REIT responsive to market changes. Furthermore, we aim to lead the creation of a sustainable virtuous cycle ecosystem that advances the Korean REIT industry.

Thank you for your continued trust and support.  
Yours sincerely,

**Shin, Do-Chul**  
CEO, SK reits Management 

# ABOUT OUR SPONSOR

- ABOUT SK REITS MANAGEMENT
- ABOUT OUR SPONSOR**
- ABOUT OUR TENANTS

## General Information

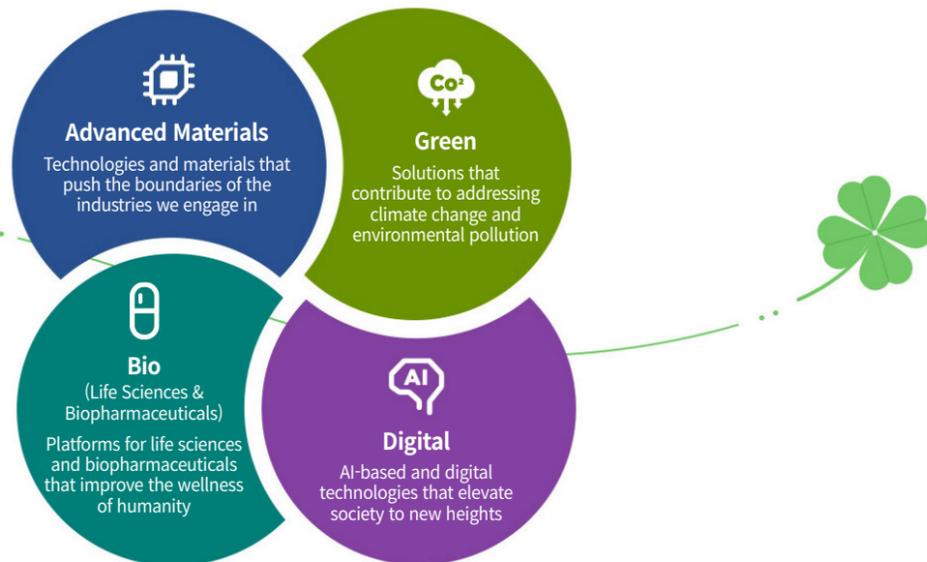
**SK Group is a prominent company that ranks No. 92 among Fortune’s 500 Global Companies of 2023 and No.2\* in Korea based on total assets.**

It creates value for the happiness of its stakeholders through all its business domains including green, digital, advanced materials and bio that lead global growth.

\* Based on total assets of 88 Korean company organizations subject to disclosure announced by the Fair Trade Commission in May 2023

## INVESTMENT STRATEGY

**We establish long-term investment strategies centering on core sectors from an ESG-oriented perspective.**



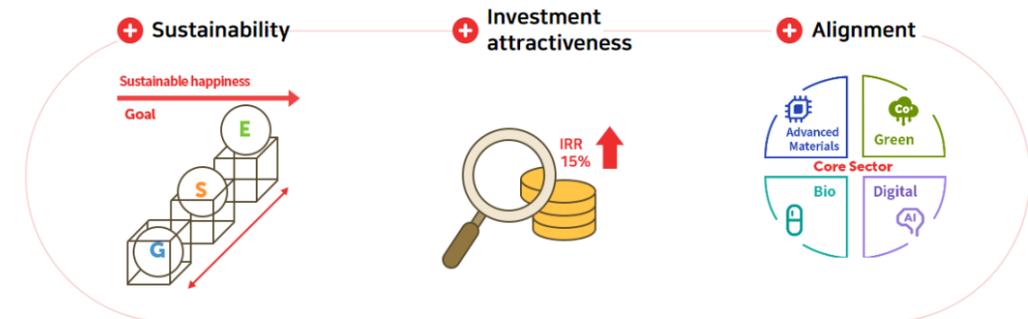
**We continue to advance our investment portfolio to maximize corporate value and accelerate the sustainable growth of our company.**

**We succeeded in building a virtuous cycle: financial resources obtained by improving asset efficiency are invested in promising companies.**

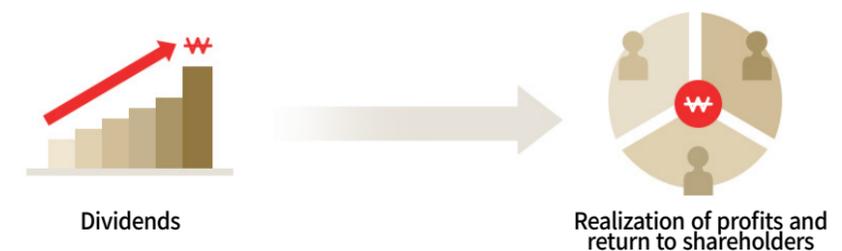
### Profitability-focused Asset Transformation



## INVESTMENT PHILOSOPHY



**We transparently share the outcomes of value creation from our investments with all of our stakeholders and strive to improve shareholder value by actively returning investment profits to our shareholders.**



# ABOUT OUR TENANTS

ABOUT SK REITS MANAGEMENT

ABOUT OUR SPONSOR

ABOUT OUR TENANTS

**SK REIT holds SK Group’s high-quality assets as a sponsor REIT and is generating stable profit based on the rental income paid by SK Group’s affiliates with high credit ratings as blue-chip tenants.**



**Professional value investor that creates a sustainable future**

SK Inc. generates profit from subsidiaries with global competitiveness in various business domains, including energy, chemistry, information and communication materials, logistics services, etc., selecting green, digital, advanced materials and bio business as the four key business domains, and based on this, is planning to actively promote new growth-investment companies in the field.

Total assets <b>KRW 207.0 trillion</b>	Sales <b>KRW 131.2 trillion</b>
Operating income <b>KRW 5.1 trillion</b>	Credit Rating <b>AA+</b>

(As of Dec. 31, 2023, Based on consolidated financial statements)



**Global top-tier company that contributes to humanity and society through technology**

SK Hynix ranks third globally in the DRAM and NAND semiconductor field, recording KRW 32.8 trillion in consolidated sales for 2023. SK Hynix provides greater value to its stakeholders, such as customers, cooperative companies, regional communities, members, etc., through global tech leadership. Additionally, it makes efforts to become a solution-provider that leads the global ICT ecosystem through hyper-cooperation that breaks the initial mold with global partners.

Total assets <b>KRW 100.3 trillion</b>	Sales <b>KRW 32.8 trillion</b>
Operating income <b>KRW -7.7 trillion</b>	Credit Rating <b>AA</b>

(As of Dec. 31, 2023, Based on consolidated financial statements)



**SK Energy is venturing into new markets to connect with customers anytime and anywhere.**

As the No.1 oil refinery that pioneered the industry back in 1962, SK Energy exports various oil products generated at its Ulsan crude-oil refining complex with a capacity of 840,000 barrels per day. SK Energy operates 2,843 gas stations as of the end of 2023, which represents Korea’s largest network. SK Energy is committed to company-wide innovations in its profit structure through speedy and flexible process operation and bolstered market leadership. While actively evolving our business model, we will position ourselves as a ‘top energy company in the Asia/Pacific region.’

Total assets <b>KRW 19.3 trillion</b>	Sales <b>KRW 43.6 trillion</b>
Operating income <b>KRW 40.9 billion</b>	Credit Rating <b>AA</b>

(As of Dec. 31, 2023, Based on consolidated financial statements)



**“Over 1,200 employees from six SK-affiliated companies leading environment-friendly, future business development.”**

In May 2023, SK Group established ‘SK Green Campus’ with the participation of six affiliated companies running various business initiatives to empower environment-friendly businesses. The participant companies are SK E&S, SK Ecoplant, SK Energy, SK Geo Centric, SK On, and SK Forest, all of whom are expected to maximize their business synergy effects with their combined presence in Jongno Tower. SK REIT completed the purchase of Jongno Tower in October 2022, securing stable profits with SK Group’s blue-chip affiliated companies as tenants at SK Green Campus.

- SK Energy P&M  
Environment-friendly energy platform
- SK E&S P&ES  
Renewable energy / hydrogen
- SK Geo Centric  
Environment-friendly chemistry
- SK Ecoplant  
Eco Lab Center in SK Ecoplant  
Environment / new renewable energy
- SK On  
Electric vehicle batteries
- SK Forest  
Carbon offset through forests

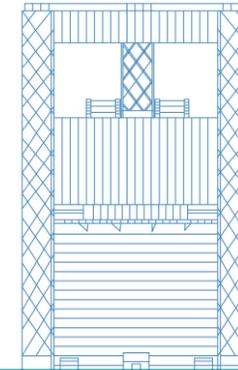
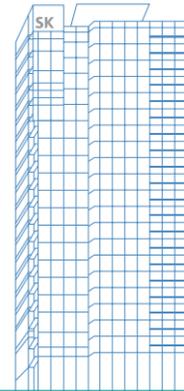


# SK REIT MILESTONES

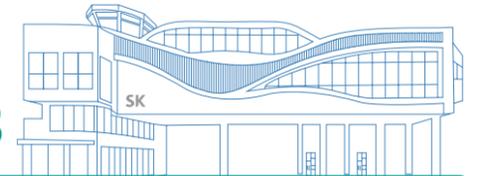
(As of Dec. 31, 2023)



2022



2023



June

## Approved by the Ministry of Land, Infrastructure, and Transport

Upon its incorporation on March 15, 2021, SK REIT applied for a business license in April, which the Ministry of Land, Infrastructure and Transport approved on June 7.

July

## Acquisition of SK Seorin Building and SK Energy Gas Stations

It acquired the SK Seorin Building, SK Group's main office complex, and secured a master lease with SK holdings listed as the lessee. SK REIT also acquired 116 SK Energy gas stations through its Clean Energy REIT, a subsidiary REIT, and signed a master lease with SK Energy as the lessee. With total assets managed in its portfolio now at KRW 1.8 trillion, SK REIT has embarked on a journey to ultimately list itself on the securities market.

September

## Record-breaking IPO Subscription Prior to Its Listing

SK REIT received subscription deposits totaling KRW 19.3 trillion, setting a record for the highest IPO subscription amount among REITs, along with the highest oversubscription ratio of 552:1.

## Listed on the Korea Stock Exchange

SK REIT was successfully listed on the Korea Stock Exchange within six months of its establishment on September 14, 2021. Its opening price was determined at KRW 5,340, a 6.8% increase from the initial offering price of KRW 5,000, with the highest intraday price recorded at KRW 6,380, a 19.5% increase from the opening price. Its first day of listing closed at KRW 5,780, a 6.8% increase. Subsequently, SK REIT recorded its highest price of KRW 7,290 on April 27, 2022.

March

## Affirmed credit rating of AA-, the highest among all the listed REITs in Korea

SK REIT was the first in the industry to obtain an ICR credit rating of AA- from NICE Investors Service.

SK REIT proved the highest level of financial solidity in the industry and increased its financing competitiveness by obtaining the highest credit rating as a listed REIT.

June

## Acquisition of SK U-Tower in June 2022 through the right of first offer

SK REIT entered into a real estate sale and leaseback agreement with SK Hynix to acquire SK U-Tower, for KRW 507.2 billion, and subsequently re-entered into a master-lease agreement with SK Hynix.

October

## Jongno Tower incorporation completed

SK REIT purchased the representative landmark trophy office building Jongno Tower, located at the center of Seoul's CBD. SK REIT's AUM total has increased from KRW 2.4 trillion to KRW 3.1 trillion, securing its position as No.1 in the industry.

December

## FTSE EPRA Nareit index admission completed

SK REIT has completed admission to the FTSE EPRA Nareit index (Developed Asia Series), which is corresponding to the only global Reit index that determines admission through individual evaluation of Reits in accordance with the global standard. Upon being admitted into the index, foreign ownership of SK REIT more than doubled compared to before.

June

## SK REIT and SK Energy sign agreement to develop eco-friendly gas station together

SK REIT and SK Energy signed agreement to develop Sihwa Industrial Gas Station (Siheung-si) into a platform with urban logistics and eco-friendly energy capabilities, and SK REIT plans to make a strong push to add value to its gas station assets.

September

## Special dividends on the sale of 2 gas stations

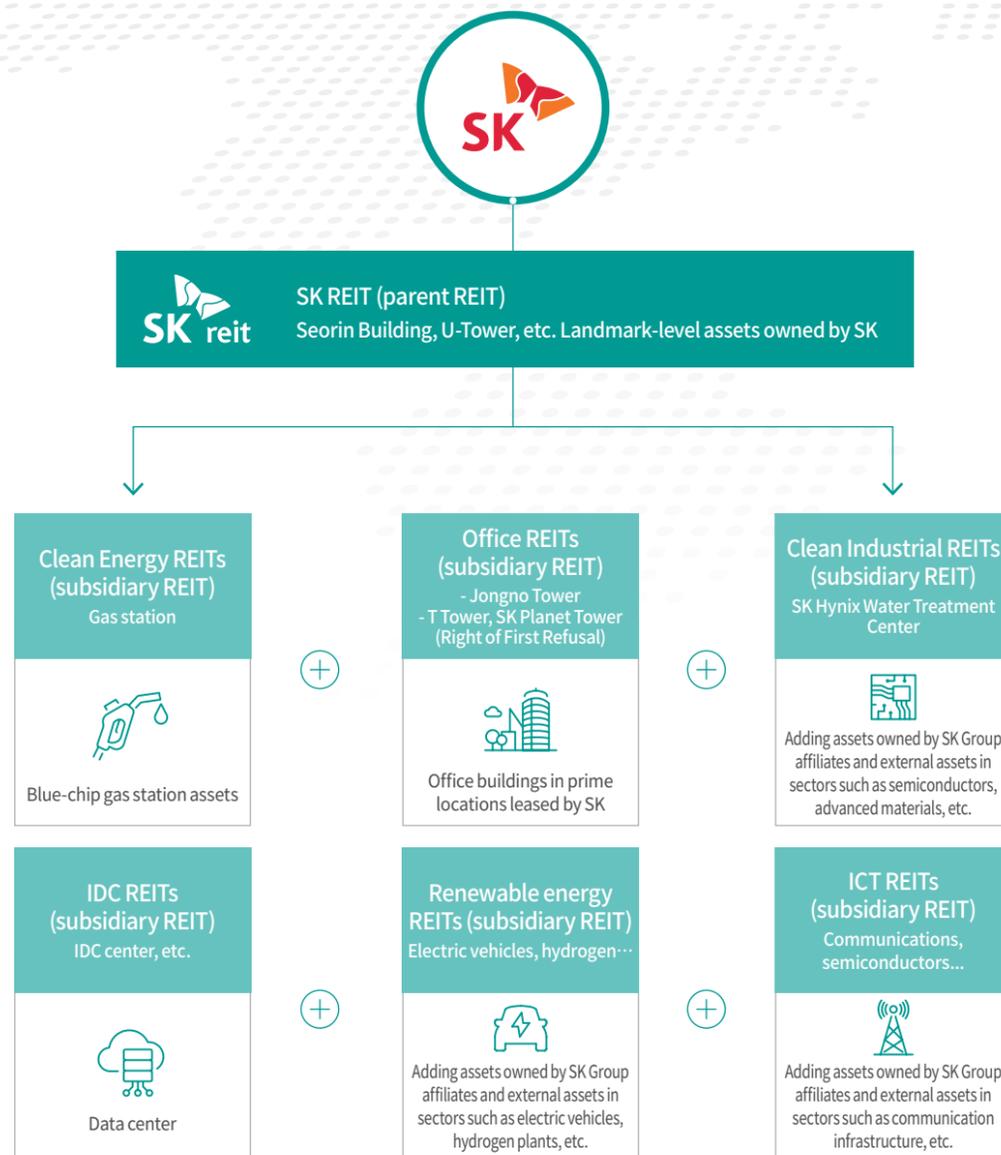
SK REIT paid net profits from the sale of two gas stations as special dividends in 2023. ('23.3Q: KRW 91 per share, '23.4Q: KRW 91 per share expected)

## Acquired water treatment center

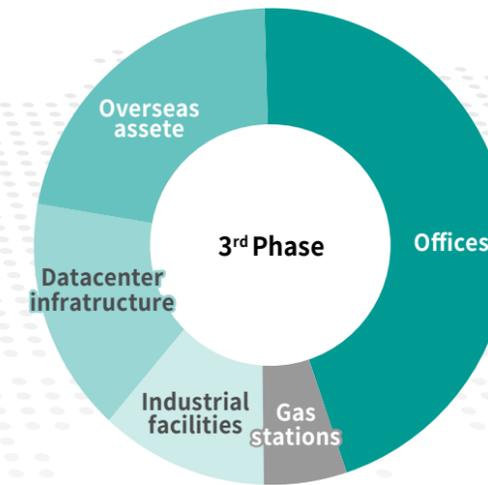
SK REIT acquired five water treatment centers at the Icheon campus, a key base for SK Hynix's semiconductor production, for 1.12 trillion won, and SK REIT jumped to the No. 1 REIT in Korea with 4.2 trillion won in terms of AUM (assets under management).

# VISION & STRATEGY

SK REIT will continue to incorporate new blue-chip assets with high profitability, create a diverse and balanced portfolio, adopt innovative management techniques, accomplish its vision as a 'Market Innovator,' and make full efforts to take a leap ahead as a global conglomerate REIT.



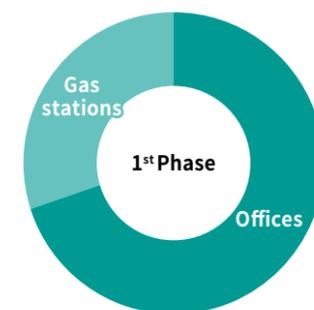
SK Reit leads market with acquisition of SK Group's business linked assets



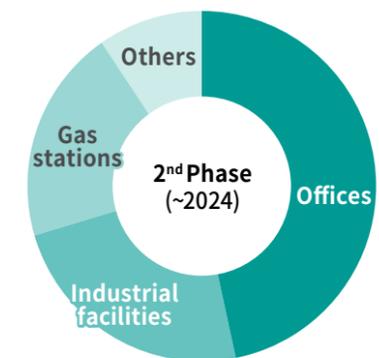
KRW 10 trillion + α

\* Each Sector is indicated as example based on the growth strategy.

Continued addition of new, highly profitable 'blue chip' assets



KRW 1.8 trillion

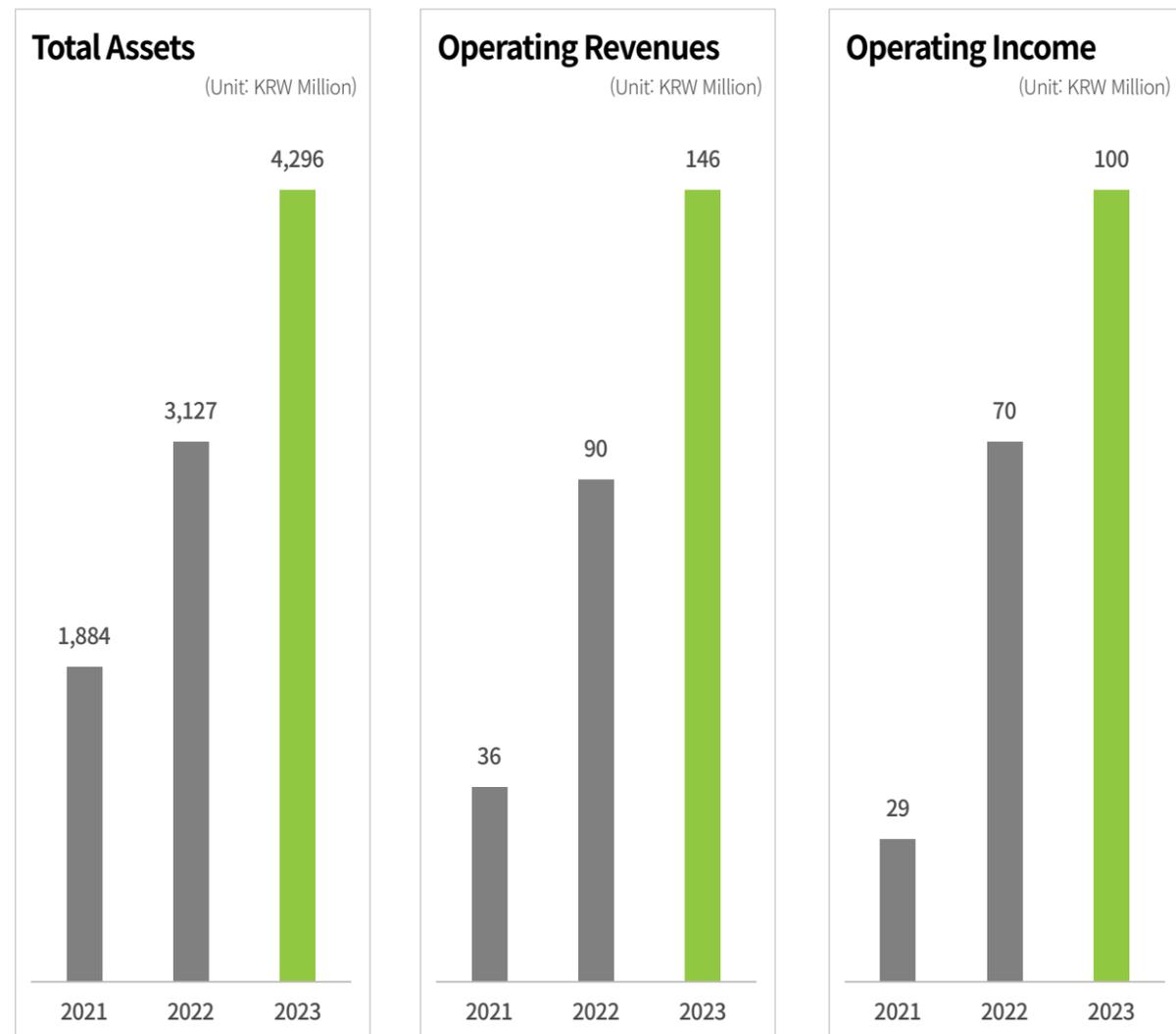


Approx. KRW 4 trillion

# FINANCIAL HIGHLIGHTS

**SK REIT's AUM figure increased by 37% year-over-year, reaching KRW 4.2 trillion, after incorporating the SK Hynix water treatment center in Icheon in the latter half of 2023.**

SK REIT achieved both quantitative and qualitative growth of its assets while achieving high profitability by incorporating into a portfolio identified sectors aligned with various businesses, including attractive real estate assets owned by SK Group's affiliates, which SK REIT sponsors. As a result, SK REIT's operating revenue and operating income recorded significant financial figures, rising 61% and 43% year-on-year, respectively.



## Summary of Consolidated Statements of Financial Position

(Unit: KRW Billion)

	2021 (Mar. 15, 2021 to Dec. 31, 2021)	2022 (Jan. 1, 2022 to Dec. 31, 2022)	2023 (Jan. 1, 2023 to Dec. 31, 2023)
Current Assets	24	81	112
Non-current Assets	1,860	3,047	4,184
<b>Total Assets</b>	<b>1,884</b>	<b>3,127</b>	<b>4,296</b>
Current Liabilities	4	727	1,514
Non-current Liabilities	1,104	1,432	1,460
<b>Total Liabilities</b>	<b>1,108</b>	<b>2,159</b>	<b>2,974</b>
Share Capital	78	98	135
Other Paid-in Capital	687	870	1,116
Retained Earnings	12	0.322	(11)
<b>Total Equity</b>	<b>777</b>	<b>969</b>	<b>1,321</b>
<b>Total Liabilities and Equity</b>	<b>1,884</b>	<b>3,127</b>	<b>4,296</b>

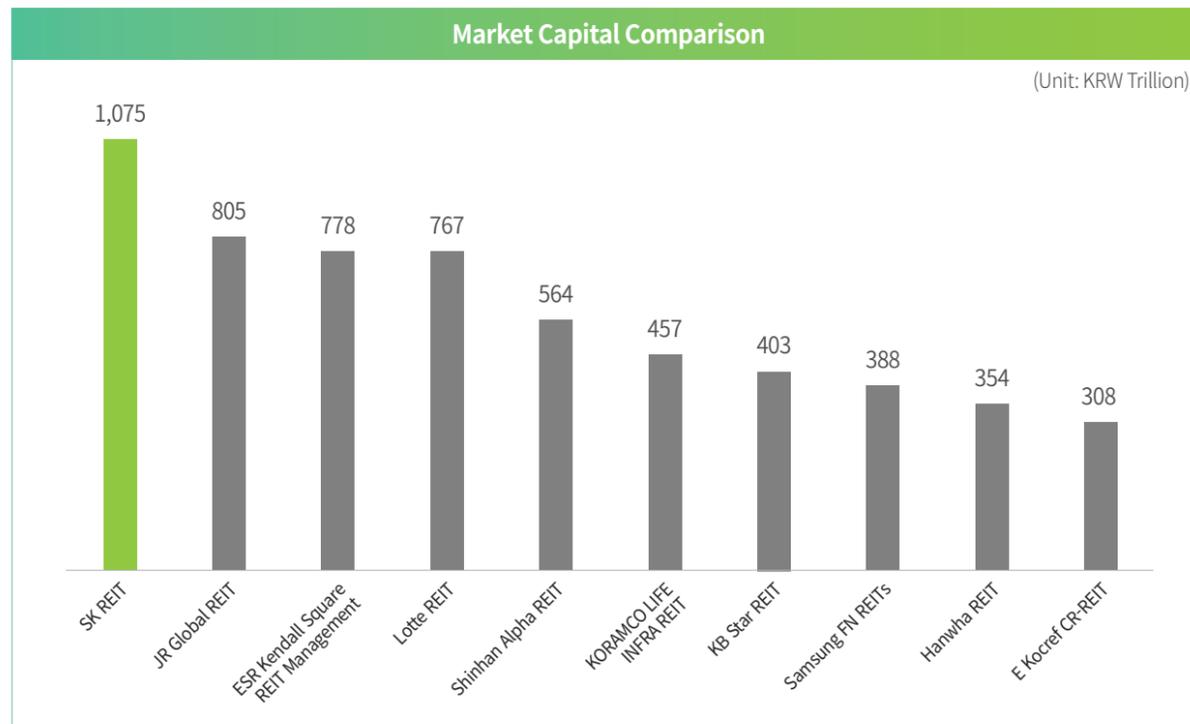
## Summary of Consolidated Financial Position

(Unit: KRW Billion)

	2021 (Mar. 15, 2021 to Dec. 31, 2021)	2022 (Jan. 1, 2022 to Dec. 31, 2022)	2023 (Jan. 1, 2023 to Dec. 31, 2023)
<b>Operating Revenues</b>	<b>36</b>	<b>90</b>	<b>146</b>
<b>Operating Expenses</b>	<b>7</b>	<b>20</b>	<b>45</b>
<b>Operating Income</b>	<b>29</b>	<b>70</b>	<b>100</b>
<b>Profit Before Income Tax Expense</b>	<b>15</b>	<b>29</b>	<b>26</b>
<b>Income Tax Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Income</b>	<b>15</b>	<b>29</b>	<b>26</b>

# SHAREHOLDERS' INFORMATION

Listed on the KOSPI market in September 2021, SK REIT recorded the highest market capitalization among the REITs comprising the industry's representative 'KRX REIT TOP 10' index launched in May 2022. SK REIT is not only No.1 in asset scale but also solidifying its position as a market-leading REIT in terms of shareholder value.



\* KRX Reit Top 10 index items based on market capitalization as of Dec. 28, 2023.

## Stock Price

Closing price	Highest/Lowest	Total market capital
<b>KRW 3,980</b>	<b>KRW 5,472/KRW 3,750</b>	<b>KRW 1,075 billion</b>

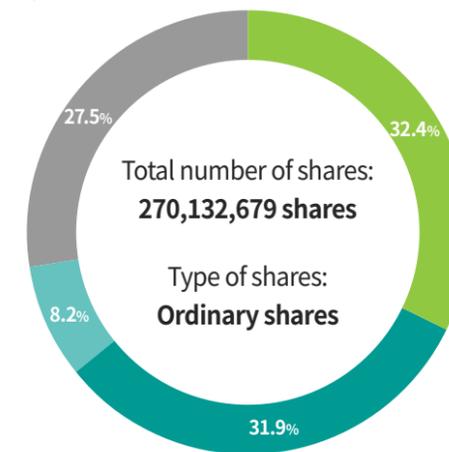
(As of Dec. 31, 2023)

## Major Shareholders

(As of Dec. 31, 2023)

SK Inc. holds 32.4% of the total of 270,132,679 issued shares. The remainder, 67.6%, is held by major domestic and foreign institutions and individuals.

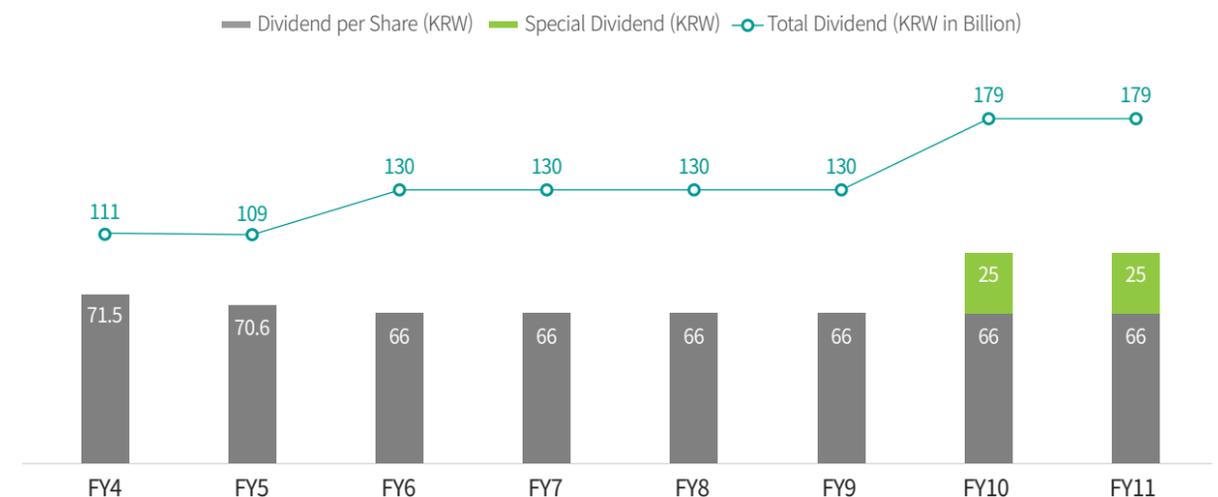
● SK Inc. ● Major Institutional Investors  
● Foreign Investors ● Others



(As of Dec. 31, 2023)

## Dividends

The majority of the earnings SK REIT gains from its real estate leasing are paid as dividends to shareholders four times a year, based on the end of March, June, September, and December. SK REIT pioneered quarterly dividends in Korea to enhance shareholder value. Following the successful sale of two gas stations in 2023, SK REIT paid a special dividend, bringing the annual dividend to KRW 314, a 15% increase from KRW 274 the previous year.



## Credit Rating

SK REIT obtained Korea's highest rating, AA-, though prime-level asset competitiveness located in key regions, synergy growth with major affiliates of SK Group, and the highly evaluated lease quality of triple-net master-lease agreements.



Stable



Stable

NICE Investors Service: Sep. 23, 2023  
Korea Ratings Corporation: Sep. 27, 2023

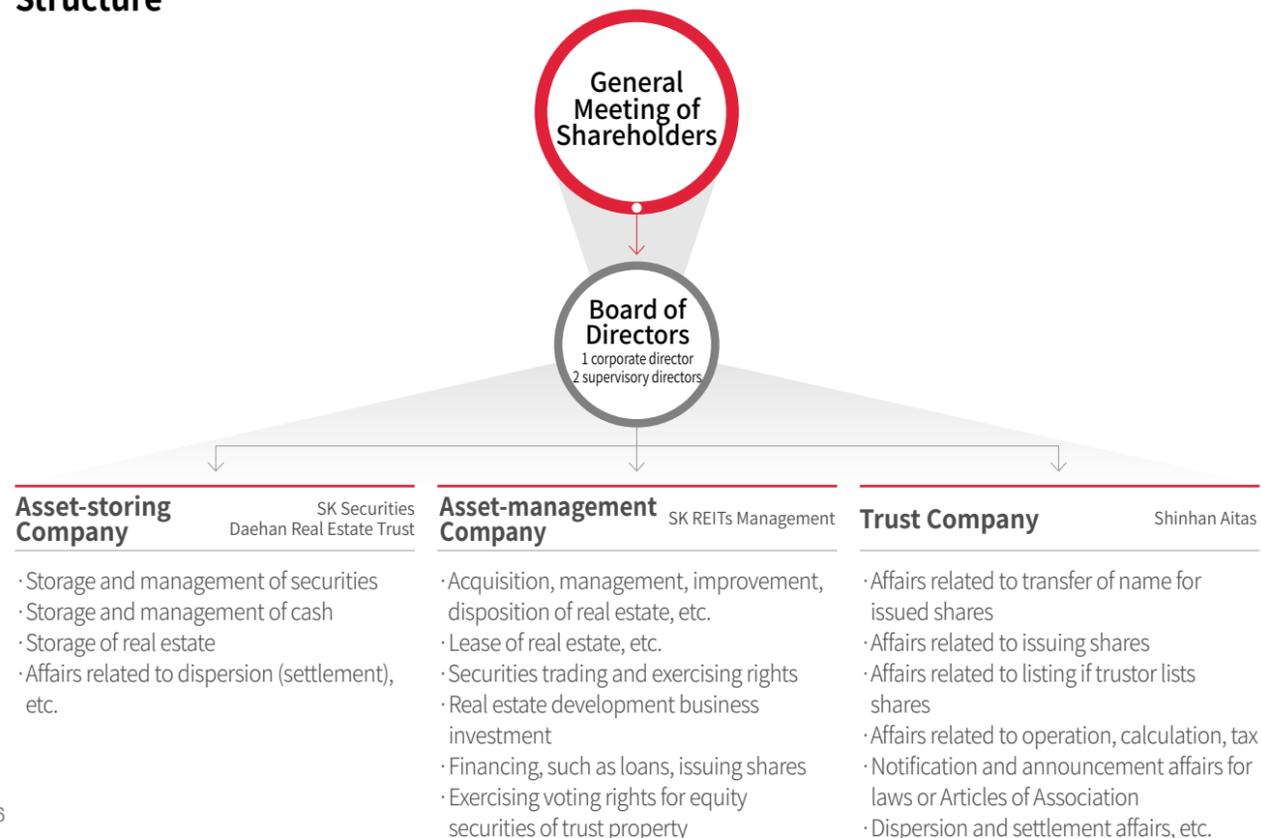
# CORPORATE GOVERNANCE

## Overview

**SK REIT is a paper company that cannot hire full-time employees as a trust-management real estate investment company. In compliance with the Commercial Act and the 'Real Estate Investment Company Act,' it holds a general meeting of shareholders and a board of directors as internal organizations.**

SK REIT has appointed SK REITs Management as the corporate director and two persons as supervisory directors in compliance with the 'Real Estate Investment Company Act.' The role and authority of the general meeting of shareholders and board of directors are prescribed by the 'Real Estate Investment Company Act,' and transparent management, investment yield management, and investor protection are assured through decision-making and surveillance of the general meeting of shareholders and board of directors.

## Structure



## Board of Directors

**SK REITs Management**  
Corporate Director



**Kim Jae-jung**  
Supervisory Director

- Current Advisor, Yoon & Yang LLC
- Former Advisor, HW Consulting
- Former Director General for Housing Policy, Director of Construction Policy, Chief of National and Urban Planning, Chief of Planning and Coordination, Ministry of Land, Infrastructure, and Transport
- Former Director General for Land Policy, Ministry of Land, Transport, and Maritime Affairs

**Choi Jae-Young**  
Supervisory Director

- Present Attorney, Kim & Chang
- Former Accounting Supervision Department at the Financial Supervisory Service
- Former Capital Market Investigation Department at the Financial Supervisory Service
- Former Tax Advisory Division at Deloitte Anjin LLC

## Managing Directors

**Shin Do-Chul**   
CEO

- Present CEO, SK REITs Management
- Former SK SUPEX
- Former SK Telecom
- Former Financing Affairs of SK Group



**Baek Min-Ju**   
General Manager

- Present Head of Investment Division, SK REITs Management
- Former SK SUPEX
- Former SK Planet
- Former Samil PWC Accountings



**Joo In-Kyoo**   
General Manager

- Present Head of Operational Management Division, SK REITs Management
- Former Business Management Chief at SK REITs Management
- Former Financial Group at SK Telecom
- Former Finance Office 1 at SK Inc.

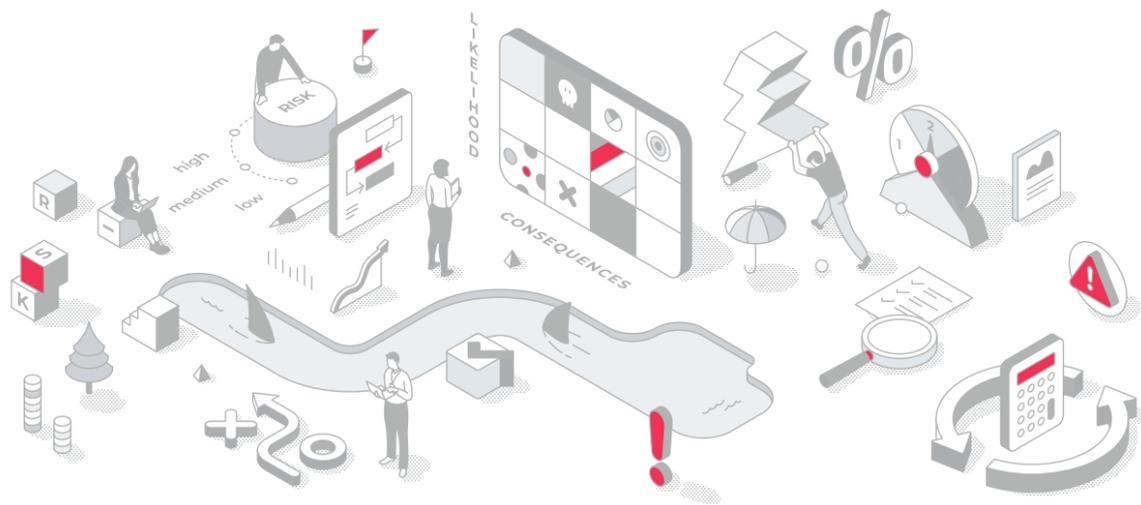


# RISK MANAGEMENT

**SK REIT has established itself as the most stable REIT among publicly listed REITs in South Korea and is operating the highest-standard of monitoring and response system in the risk-management sector to secure stable asset management and profitability while minimizing variability.**

## Policy and Purpose of Risk Management

The risk-management policy of SK REIT mainly focuses on identifying potential risks within the market risk, credit risk, and liquidity risk, including interest rates, prices, exchange rates, etc., that can impact financial performance to reduce, remove, and avoid, according to acceptable levels. The purpose of risk management is to enable creation of stable and consistent management performance for SK REIT while simultaneously contributing to enhancing the company's competitiveness by improving the financial structure and efficiency of asset management.



## Major Risk-Management Methods

### Risk Related to Principal-Agent Problem and Conflicts of Interest

SK REIT has applied the authority and function of the general meeting of shareholders and the board of directors in the Articles of Association to prevent the risk arising from the principal-agent problem. Hereby, stable coordination of affairs between the entrusted companies, asset-management company, asset-custody organization, and trust company is established, thus reducing concern for conflicts of interest by managing the quality of affairs and conflicts of interest following trust agreements with each company. In particular, in trading with related parties, the focus is on preventing the risk of conflicts of interest through consideration and resolution of the committee for prevention of conflicts of interest.

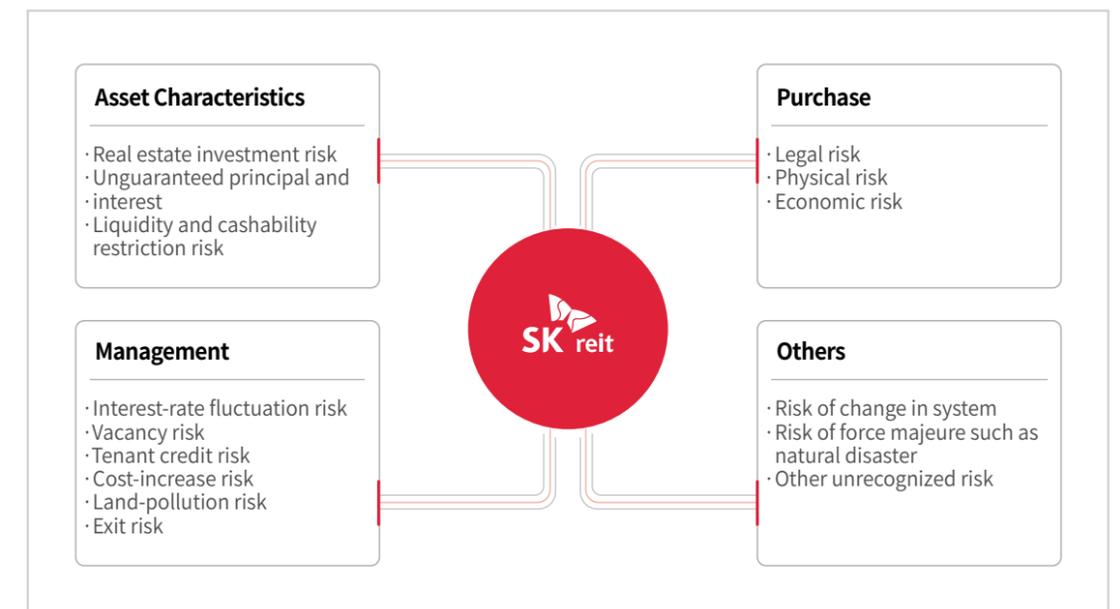
### Profit Structure and Operating Expense Risk

The management of SK REIT's target is to create a consistent and stable source of dividend yield for investors through lease income generated by real estate assets owned by a real estate investment company. In order to enhance the prediction of business performance and reduce the volatility of lease income, SK REIT managed long-term lease agreements with SK Inc. and SK Energy as master tenants in an effort to reduce vacancy risks as well as operational expenses through a triple net lease-agreement structure in which the tenant bears repair and maintenance costs, insurance premiums, and public charges and taxes.

### Business Fluctuation Risk

SK REIT regularly monitors financial risks, such as debt ratio, debt-redemption ratio, current ratio, etc., by self-inspecting the financial risks at each quarter. Additionally, potential risks are to be predicted and responded to immediately by systematically managing liquidity risks, such as periodically establishing mid- and long-term budget plans and scrutinizing actual cash inflow and outflow schedules.

## Risk factors and categories subject to intensive management

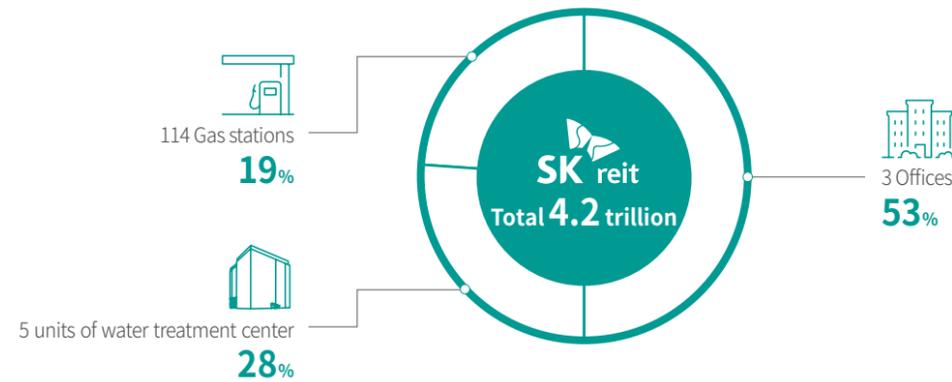


# PERFORMANCE

## Assets Overview

On a consolidated basis, SK REIT owns three office buildings, 114 gas stations, and five integrated water treatment centers as part of its AUM, totaling KRW 4.2 trillion. The office, water treatment center, and gas station properties account for 50%, 26.2%, and 23.8% of the AUM, respectively.

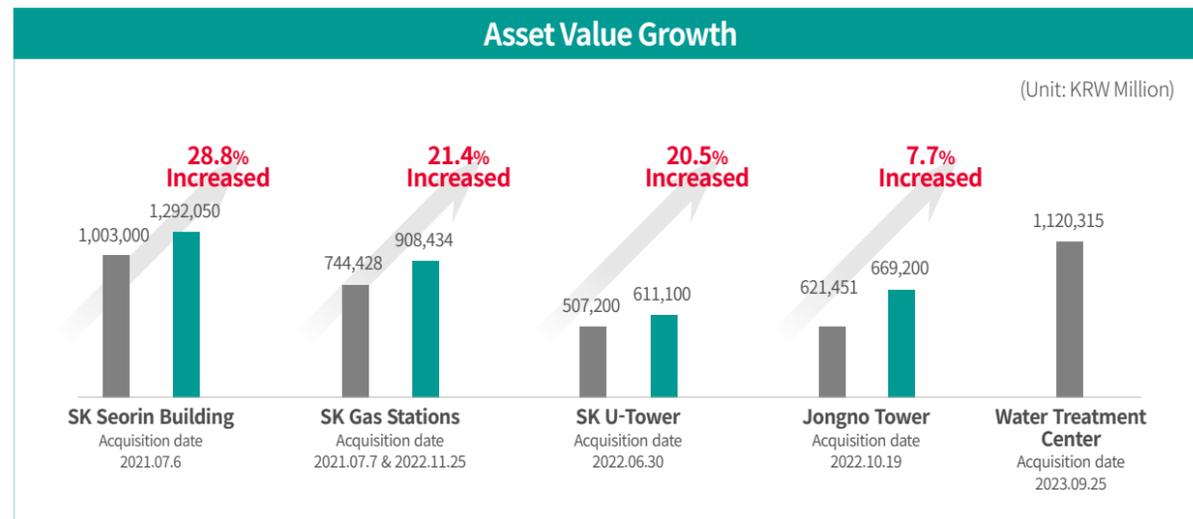
## Ratio Status of Assets



\* Based on purchase price of each asset

## Asset Value

Since its establishment, SK REIT has achieved a higher assessment value over its acquisition cost as of the end of 2023, through acquiring and successfully operating SK Group's blue-chip assets, such as SK Seorin Building, SK gas stations, and SK U-Tower. SK REIT secured asset soundness and profitability by maximizing its strength as a sponsor REIT. Additionally, SK REIT is evolving into a global conglomerate sponsor REIT by not only expanding its asset scale, such as acquiring the Jongno Tower in 2022, which includes both office and retail facilities, but also by diversifying its portfolio.



\*\* Appraisal consultation fulfilled by Kyungil Appraisal Corporation, as of December 31, 2023

## Summary Table of Assets

(as of December 31, 2023)

	SK Seorin Building	SK Energy Gas Stations	SK U-Tower	Jongno Tower	Water Treatment Centers
Key Features	- Headquarter of SK Group - Near Gwangwhamun Station (5 min.)	- Operated by SK Energy - Located in the metropolitan area (49%)	- Headquarter of SK Hynix - Near Jeongja Station (2 min.)	- Headquarter of SK Green Campus - Close to Jonggak Station (Linked to the station)	- SK Hynix Icheon Campus - 5 units of Essential facilities for semiconductor manufacturing
Location	99 Seorin-dong, Jongro-gu, Seoul	114 nationwide	25-1 Jeongja-dong, Bundang-gu, Seongnam-city	6, Jongno 2ga, Jongno-gu, Seoul	1-17 Gajwa-ri, Bubal-eup, Icheon-city
Total floor area	5,779㎡ (1,748 py)	161,087㎡ (50,842 py)	9,967.80㎡ (3,015 py)	5,007.9㎡ (1,514.9 py)	46,144㎡ (13,959 py)
Land area	83,828㎡ (25,358 py)	81,401㎡ (24,624 py)	86,804㎡ (26,258 py)	60,600.6㎡ (18,332 py)	146,713.61㎡ (44,381 py)
Purchase price (Purchase date)	KRW 1,003.0 Bn (July 6, 2021)	KRW 744.4 Bn** (July 7, 2021; Nov. 25, 2021)	KRW 507.2 Bn (June 9, 2022)	KRW 621.5 Bn (Dec. 19, 2022)	KRW 1,120.3 Bn (Sep. 25, 2023)
Appraisal-consultation value*	KRW 1,292.1 Bn [+28.8%]	KRW 908.5 Bn [+18.5%]	KRW 611.1 Bn [+20.5%]	KRW 669.2 Bn [+7.7%]	KRW 1,183.2 Bn [Book Value]
Tenant (Credit Rating)	SK Inc. (AA+)	SK Energy (AA)	SK Hynix (AA)	Major tenant: SK Green Campus	SK Hynix (AA)
Lease Period	5 years (+5 years)	10 years (+5 years)	5 years (+5 years)	5 years (SK Green Campus)	10 years (+10 years)
Lease expiry	Jun. 29, 2026 (+5 years)	Jun. 29, 2031 (+5 years)	Jun. 29, 2027 (+5 years)	Feb. 28, 2027 (SK Green Campus)	Sep. 24, 2033 (+10 years)
Rent Rate (As of Dec. 31, 2023)	4.18% (KRW 41.9 Bn/year)	4.22% (KRW 32.2 Bn/year)	4.31% (KRW 21.8 Bn/year)	4.30% (KRW 25.6 Bn/year)	6.40% (KRW 71.7 Bn/year)
Rental-escalation structure	Linked with CPI-increase rate for Seoul for previous year (Threshold: 1.5%)	(One to five years) Rental fixed (At least six years) Linked with nationwide CPI-increase rate for previous year	Linked with CPI-increase rate for Gyeonggi for previous year (Threshold: 1.5%, Cap: 5.0%)	3% rent/management cost compared to previous year	Linked with CPI-increase rate for Gyeonggi for previous year (Threshold: 2.0%, Cap: 5.0%)
Other Features	<ul style="list-style-type: none"> <li>• Master-Lease + Triple Net, Capex: tenant burden</li> <li>• Tenant Preferred Acquisition Negotiation Right</li> </ul>			<ul style="list-style-type: none"> <li>• Expenses, etc.: Market apply</li> <li>• External lease maturity or early redemption: SK increase leased space (-100%)</li> </ul>	<ul style="list-style-type: none"> <li>• M/L + Triple Net</li> <li>• Tenant Capex burden and holding ROFR</li> </ul>

\* Appraisal consultation fulfilled by Kyungil Appraisal Corporation, as of December 31, 2023

\*\* Excluded 2 gas stations after the completion of sale on September 27, 2023

# PORTFOLIO

- SK Seorin Building
- SK U-Tower
- Jongno Tower
- SK Energy Gas station
- Water Treatment Center

## SK Seorin Building

SK Seorin Building is a prime office asset with high investment value and scarcity in the CBD area centered around Euljiro 1(il)-ga Station on Line 2 of the Seoul Metropolitan Subway and Gwanghwamun Square. As a triple station zone with subway lines 1, 2, and 5 all within a 400-meter radius, the location provides excellent accessibility to all of Seoul metropolitan areas.

The SK Seorin Building, which serves as an iconic symbol of the SK Group, is 100% leased by SK Inc., and is also used as an integrated company building by SK Innovation, SK E&S, and other major affiliates of the SK Group.

According to a valuation consulting provided by Kyungil Appraisal Corporation, the asset value of SK Seorin Building is estimated to be KRW 1.2921 trillion, as of December 31, 2023, an increase of 28.8% since its acquisition in July 2021.



**Location**  
**26 Jong-ro, Jongno-gu, Seoul (Seorin-dong 99) and another site**

**Use approval date**  
**Oct. 19, 1999 (Renovated in 2019)**

**Service area**  
**Urban area, general commercial area**

**Main use**  
**Business facilities**

**Land area**  
**5,779m<sup>2</sup> (1,748 py)**

**Total floor area**  
**83,828m<sup>2</sup> (25,358 py)**

**Exclusive use ratio**  
**53.50%**

**Size**  
**B7 / 36F**

**Master tenant**  
**SK Inc.**

**Purchase price**  
**KRW 1,003.0 billion (July 6, 2021)**

**Estimated value of real estate**  
**KRW 1,292.1 billion (December 31, 2023, Kyungil Appraisal Corporation)**

## An Iconic Building that has been Grown alongside SK Group as its Integrated Corporate Headquarters

- The work of architect Jong Soung Kim, the only Korean apprentice of Mies van der Rohe, one of the world's four great architects
- Inspired by the Seagram Building in New York, a symbol of modernist architecture
- Maximize efficiency of office buildings with straight line structures
- The tallest building (160m) located in the core office area of Central Business District (CBD)

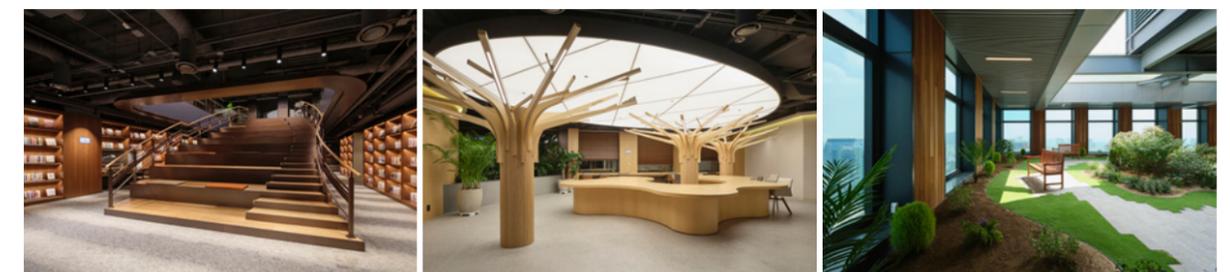
### Lease status

<b>Subject Asset</b> <b>SK Seorin Building</b>	<b>Rent Rate*</b> <b>4.18%</b> <b>(KRW 41.9 billion per year)</b>
<b>Tenant**</b> <b>SK Inc.</b>	<b>Lease Agreement</b> <b>June 30, 2021</b>
<b>Rent Increase Rate****</b> <b>5 years</b>	<b>Rent Increase Rate****</b> <b>Linked with CPI-increase rate for Seoul for previous year</b>
<b>Lease Deposit</b> <b>10-months' monthly rent</b>	<b>Management cost payment*****</b> <b>Triple Net</b>

SK REIT and SK Inc. signed a lease agreement for SK Seorin Building on June 30, 2021. The lease term is a long-term master lease agreement with SK Inc. committing to 5 years (+5 years), and the rent is linked to the previous year's CPI-increase rate in Seoul area, ensuring that income increases even during periods of inflation and operating costs are all borne by the tenant in a Triple-Net structure, characterized by low cost volatility.

SK Inc. has completed a comprehensive renovation work that began in 2018 to create a top-notch smart company building under its long-term management plan for SK Seorin Building. SK REIT plans to continuously enhance its asset value through long-term cooperation with the tenant, SK Inc., and stable asset management after acquisition.

\* Rent Rate = gross rental income/purchase price  
 \*\* 100% Master Lease  
 \*\*\* Extension available upon tenant's request (+5 years)  
 \*\*\*\* The threshold of 1.5%  
 \*\*\*\*\* Management cost Triple Net: Tenants bear maintenance costs, insurance premiums, public charges, and taxes



# PORTFOLIO

- SK Seorin Building
- SK U-Tower**
- Jongno Tower
- SK Energy Gas station
- Water Treatment Center

## SK U-Tower

In March 2022, SK REIT exercised its right of first offer for the SK U-Tower, the SK Hynix office building in Bundang, and completed the asset acquisition on June 30th. SK U-Tower offers excellent transportation convenience, located just a 2-minute walk from Jeongja Station, a transfer station for the Bundang Suin Line and Sinbundang Line within Jeongja District, where many Korea's leading conglomerate buildings, including Doosan Tower, Naver Corp.'s 2nd headquarters building, and Hyundai Heavy Industries R&D Center, are located.

The Bundang and Pangyo business districts, which are growing at a fast rate comparable to the Seoul office area, are expected to expand and solidify their status with a number of ongoing and upcoming urban development projects.



Location  
**25-1 Jeongja-dong, Bundang-gu, Seongnam-si**

Use approval date  
**June 27, 2005**

Service area  
**Central commercial area, district-unit planning zone, venture-company-promotion organizations**

Main use  
**Business facility / condominium building**

Land area  
**9,967m<sup>2</sup> (3,015 py)**

Total floor area  
**86,803m<sup>2</sup> (26,258 py)**

Exclusive use ratio  
**55.49%**

Size  
**B6 / 28F**

Master tenant  
**SK Hynix**

Purchase price  
**KRW 507.2 billion (June 30, 2022)**

Estimated value of real estate  
**KRW 611.1 billion (December 31, 2023, Kyungil Appraisal Corporation)**

### The Core Hub of SK Hynix's R&D and Prime Office in Two Station Influence Areas

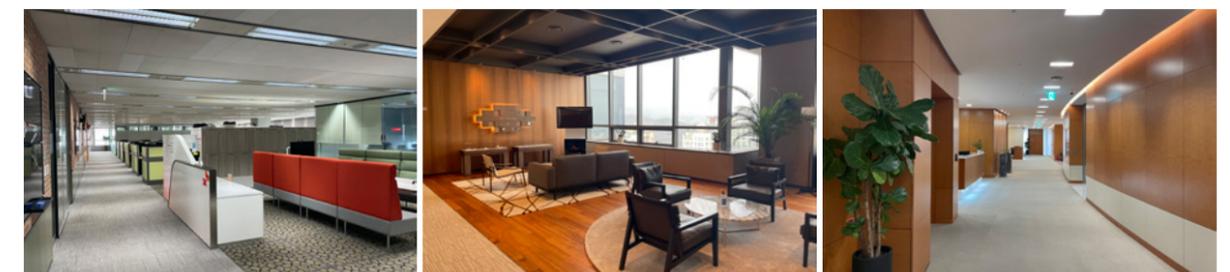
- A representative landmark property located in the central commercial area of Bundang district
- High demand for leasing and investment from large corporations and IT firms
- Excellent access to the Gangnam Business District (GBD), Pangyo, etc. via the Shinbundang DX Line

### Lease status

Subject Asset <b>U-Tower</b>	Rent Rate* <b>4.31%</b> <b>(KRW 21.8 billion per year)</b>
Tenant** <b>SK Hynix</b>	Lease Agreement <b>June 9, 2022</b>
Lease Term*** <b>Five years</b>	Rent Increase Rate**** <b>Linked with CPI-increase rate for Seoul for previous year</b>
Lease Deposit <b>10-months' monthly rent</b>	Management cost payment***** <b>Triple Net</b>

SK U-Tower, utilized as the company building for SK Hynix and other SK Group affiliates, has high tenant stability and scarcity simultaneously, thereby further enhancing asset value appreciation. According to a valuation consulting provided by Kyungil Appraisal Corporation, the asset value of SK U-Tower is estimated to be KRW 611.1 billion as of December 31, 2023, an increase of 20.5% since its acquisition in June 2022.

\* Rent Rate = gross rental income/purchase price  
 \*\* 100% Master lease  
 \*\*\* Extension available upon tenant's request (+5 years)  
 \*\*\*\* While being linked with CPI-increase rate for previous year, with the threshold of 1.5% and cap of 5.0%  
 \*\*\*\*\* Management cost Triple Net: Tenants bear maintenance costs, insurance premiums, public charges, and taxes



# PORTFOLIO

- SK Seorin Building
- SK U-Tower
- Jongno Tower
- SK Energy Gas station
- Water Treatment Center

## Jongno Tower

Located in the CBD area centered around Jongno and Gwanghwamun, Jongno Tower serves as a landmark in central Seoul with its dynamic exterior design. Jongno Tower was completely incorporated with the succession of the lease agreement by Total Value Reit No.1, a subsidiary of SK REIT, on October 19, 2022. With six basement floors and 33 above-ground floors, Jongno Tower is directly connected to Jonggak Station on Subway Line 1, and with five nearby subway stations within 600 meters, Jongno Tower provides an excellent location with a mix of office and retail tenants with convenient accessibility.



**Location**  
**51 Jongno, Jongno-gu, Seoul (connected to Jonggak Station)**

**Use approval date**  
**September 2, 1999**

**Service area**  
**General commercial district, metropolitan aesthetic district**

**Main use**  
**Office facility**

**Land area**  
**5,007.9m<sup>2</sup> (1,514.9 py)**

**Total floor area**  
**60,600.6m<sup>2</sup> (18,332 py)**

**Exclusive use ratio**  
**51.4%**

**Size**  
**B6 / 33F**

**Master tenant**  
**SK Green Campus (six environment-friendly companies, including SK On)**

**Purchase price**  
**KRW 621.5 billion (October 19, 2022)**

**Estimated value of real estate**  
**KRW 669.2 billion (December 31, 2023, Kyungil Appraisal Corporation)**

## SK Green Campus, the Hub of SK Group's Green Business

- A dynamic design landmark asset in the CBD, designed by world-renowned architect Rafael Viñoly
- Block- leased to six SK Group affiliates/subsidiaries to streamline space and increase lease stability
- Direct underground connection to Jonggak Station on Subway Line 1 and proximity to five nearby subway stations

### Tenant status

Subject asset	<b>Jongno Tower</b>
Tenant	<b>SK Green Campus</b> SK Green Campus (SK On, SK Energy, SK E&S, SK Gio Centric, SK Eco Plant, SK Forest (Jongno Books, Starbucks Jongno R Branch, etc.))
Lease Agreement	<b>October 19, 2022 (succession)</b>
Lease Term	<b>Five years, based on SK Green Campus</b>
Rent increase rate	<b>+3% compared to the previous year</b>

As of December 31, 2023, Jongno Tower comprises 74% office facilities and 21% retail shops in terms of area and the vacancy rate for office facilities is 0%. 62% of the office facilities are co-rented by six companies affiliated with SK Green Campus, established by SK Group to empower eco-friendly business, under the condition that the rent and management costs are raised by at least 3% every year for 3.18 years of the weighted average for the remaining contract period. The retail sector is rented by tenants including the time-honored Jongno Books and Starbucks Jongno R Branch from the second basement floor to the second above-ground floor.

As of December 31, 2023, the asset value of Jongno Tower is evaluated at KRW 669.2 billion, marking a 7.7% increase since its acquisition in October 2022 and expected to continue to increase in value.



# PORTFOLIO

- SK Seorin Building
- SK U-Tower
- Jongno Tower
- SK Energy Gas station
- Water Treatment Center

## SK Energy Gas station

SK Energy, the No.1 oil refiner in Korea, has 114 gas stations as a 10-year master lease for the entire area. These gas station assets have a locational characteristic of being in places with high floating population and convenient transportation. In particular, with their excellent accessibility, creating new additional value is expected through non-gas station businesses like rest-area restaurants, minor maintenance, and car-wash services, as well as utilizing the remaining idle spaces for space sharing services, parcel delivery services, and logistics services. As such, gas station assets are comprised of assets with high rental stability and high future land utilization value.

Clean Energy REIT, a wholly-owned subsidiary of SK REIT, acquired 116 gas station assets on July 6, 2021 and November 25, 2021, for a total of KRW 766.4 billion. Subsequently, a successful sale of two gas stations was completed on September 27, 2023 and the asset value of the remaining 114 gas stations is estimated to be KRW 908.4 billion as of December 31, 2023, reflecting a 21.4% increase since the acquisition in July 2021.

According to the lease agreement for all 114 gas stations, which is a long-term master-tenant lease agreement for 10 years with a five-year extension option, the lease would create stable rental income with a rent indexed to the previous year's national CPI starting from the sixth year. The lease agreement is also characterized by low cost variability due to the Triple-Net structure, in which all operating costs are borne by the tenants. Moreover, as all costs and liabilities related to potential environmental pollution caused by the gas station activities are borne by SK Energy, as stipulated in the master-tenant lease agreement, the risks of costs and liabilities assumed by SK REIT due to soil contamination, etc., have been minimized.

Number of assets	<b>114</b> (only land and buildings/does not include lubricators, plumbing, or tanks)
Region distribution	<b>16 in Seoul, 40 in Incheon and Gyeonggi-do, 27 in provincial metropolitan cities, 31 in other regions</b>
Service area	<b>26 commercial zones, 18 residential zones, 18 industrial zones, 52 others</b>
Land area	<b>161,087m<sup>2</sup></b> (50,842 py)
Average land area	<b>1,422m<sup>2</sup></b> (430 py)
Master tenant	<b>SK Energy</b>
Purchase price	<b>KRW 766.4 billion</b> (July 7, 2021, Nov. 25, 2021) <b>KRW 744.4 billion</b> (excluded 2 gas stations after the completion of sale on September 27, 2023)
Estimated value of real estate	<b>KRW 908.5 billion</b> (December 31, 2023, Kyungil Appraisal Corporation)



Bakseok Gogae Gas Station, Seoul



Sky Park, Incheon

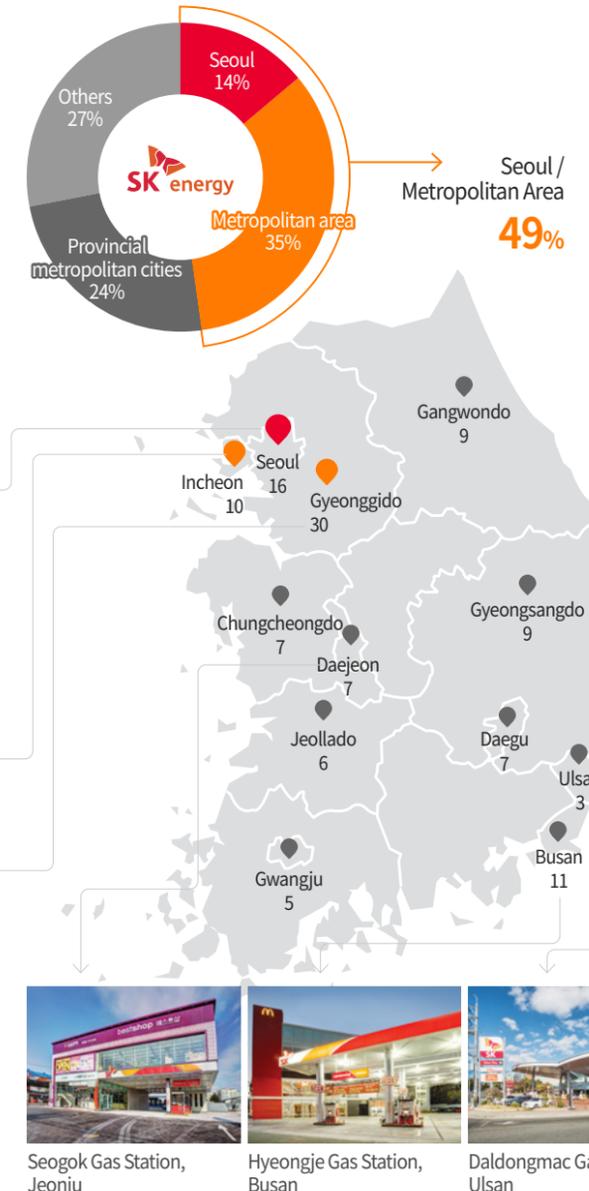


Bishan Gas Station, Gyeonggi

## SK Energy Gas Station, South Korea's No.1. Oil Refiner

- SK Energy, Korea's No. 1 oil refiner, entered master lease for all of the target gas stations to be acquired
- All operations related to gas stations, such as leasing and maintenance of auxiliary facilities, are expected to generate stable profits at the expense of the lessee
- Continue to maximize profitability through flexible operation, facility optimization, etc., while keeping up with constantly changing external environment.
- Concretize an eco-friendly business model to achieve Net Zero and promote gas station fuel cell demonstration projects by leveraging accumulated marketing capabilities

### Distribution of SK Energy Gas Stations (114)



### Lease status

Subject Asset	
<b>114 gas stations nationwide</b>	
Rent Rate*	Tenant*
<b>4.22%</b> (KRW 32.2 billion/year)	<b>SK Energy</b>
Lease Agreement	Lease Term**
<b>June 30, 2021 and November 25, 2021</b>	<b>10 years</b>
Rent Increase Rate***	
One to five years	<b>Rental fixed</b>
At least six years	<b>Linked with nationwide CPI-increase rate for previous year</b>
Lease Deposit	Management Cost Payment****
<b>10-month payment of monthly rent</b>	<b>Triple Net</b>

\* Rent Rate = gross rental income/purchase price  
 \*\* 100% Master lease  
 \*\*\* Extension available upon tenant's request (+5 years)  
 \*\*\*\* While being linked with CPI-increase rate for previous year, with the threshold of 1.0%  
 \*\*\*\*\* Management cost Triple Net: Tenants bear maintenance costs, insurance premiums, public charges, and taxes

# PORTFOLIO

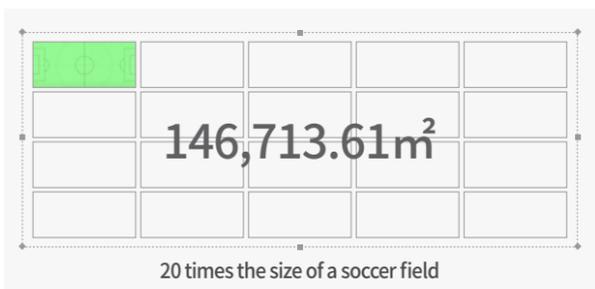
- SK Seorin Building
- SK U-Tower
- Jongno Tower
- SK Energy Gas station
- Water Treatment Center

## Water Treatment Center

In September 2023, SK REIT became the first in its industry to acquire five industrial facilities of water treatment centers of SK Hynix for KRW 1.1203 trillion. With this acquisition, SK REIT's total AUM increased to KRW 4.2 trillion, enhancing asset management stability and profitability as the asset portfolio diversified.

The water treatment center, a real estate asset invested in by Clean Industrial REIT, a wholly-owned subsidiary of SK REIT, is a 10-year lease for the entire area of five buildings, including one temperature-reducing building and four water treatment buildings, with SK Hynix leasing as the master tenant. The water treatment center is located within SK Hynix's Icheon Semiconductor Plant Complex. It is a key facility for water resource management, utilizing advanced treatment methods that handles high-level treatment, discharge, and recycling wastewater from the semiconductor plant. Additionally, SK Hynix is enhancing asset value by focusing on ESG management by practicing Water Stewardship, including the reduction and reuse of water resources through the water treatment center.

Location	1-17, Gajwa-ri, Bubal-eup, Icheon-si, Gyeonggi-do (and other locations)				
Total floor area (Land area)	146,713.61m <sup>2</sup> (44,380.87 py)				
Year of completion	2016 and later				
Building summary	W10	W11	W12A (extension of W11)	W12B	Low temperature building
Use approval date	June 03, 2016	December 21, 2017		August 11, 2022	November 06, 2022
Building area	6,275.49m <sup>2</sup> (1,898.34 py)	11,703.65m <sup>2</sup> (3,540.35 py)	6,810.37m <sup>2</sup> (2,060.14 py)	2,350.82m <sup>2</sup> (711.12 py)	
Total floor area	29,580.32m <sup>2</sup> (8,948.05 py)	46,057.55m <sup>2</sup> (13,932.41 py)	26,087.86m <sup>2</sup> (7,891.58 py)	38,865.01m <sup>2</sup> (11,756.67 py)	6,122.87m <sup>2</sup> (1,852.17 py)
No. of floors / height	2 underground floors ~ 6 above ground floors / 35.7m	2 underground floors ~ 8 above ground floors / 56.09m		9 above ground floors / 68.16m	2 underground floors ~ 2 above ground floors / 19.45m
Structure	Reinforced concrete	Precast concrete	Precast concrete	Reinforced concrete	
Master tenant	SK Hynix				
Purchase price	KRW 1,120.3 billion (Sep. 25, 2023)				



## The First REIT to Invest in Industrial Facilities among Korea's Listed REITs

- A statutory requirement for operating SK Hynix's Icheon Semiconductor Plant
- State-of-the-art facilities consisting of five buildings, constructed with world-class technology and capital-raising capacity
- A high-yielding asset with excellent cash flow generation with a capital rate as high as 7.3%
- A versatile asset that is highly utilized by other industries, with an expectation to maintain its residual value above the current level

### Lease status

Subject Asset <b>SK Hynix Water Treatment Center</b>	Rent Rate* <b>6.40%</b> (KRW 71.7 billion per year)
Tenant** <b>SK Hynix</b>	Lease Agreement <b>September 6, 2023</b>
Lease Term <b>10 years</b>	Rent Increase Rate*** <b>Linked with CPI-increase rate for Gyeonggi-do for previous year</b>
Lease Deposit <b>24-months' monthly rent</b>	Management Cost Payment**** <b>Triple Net</b>

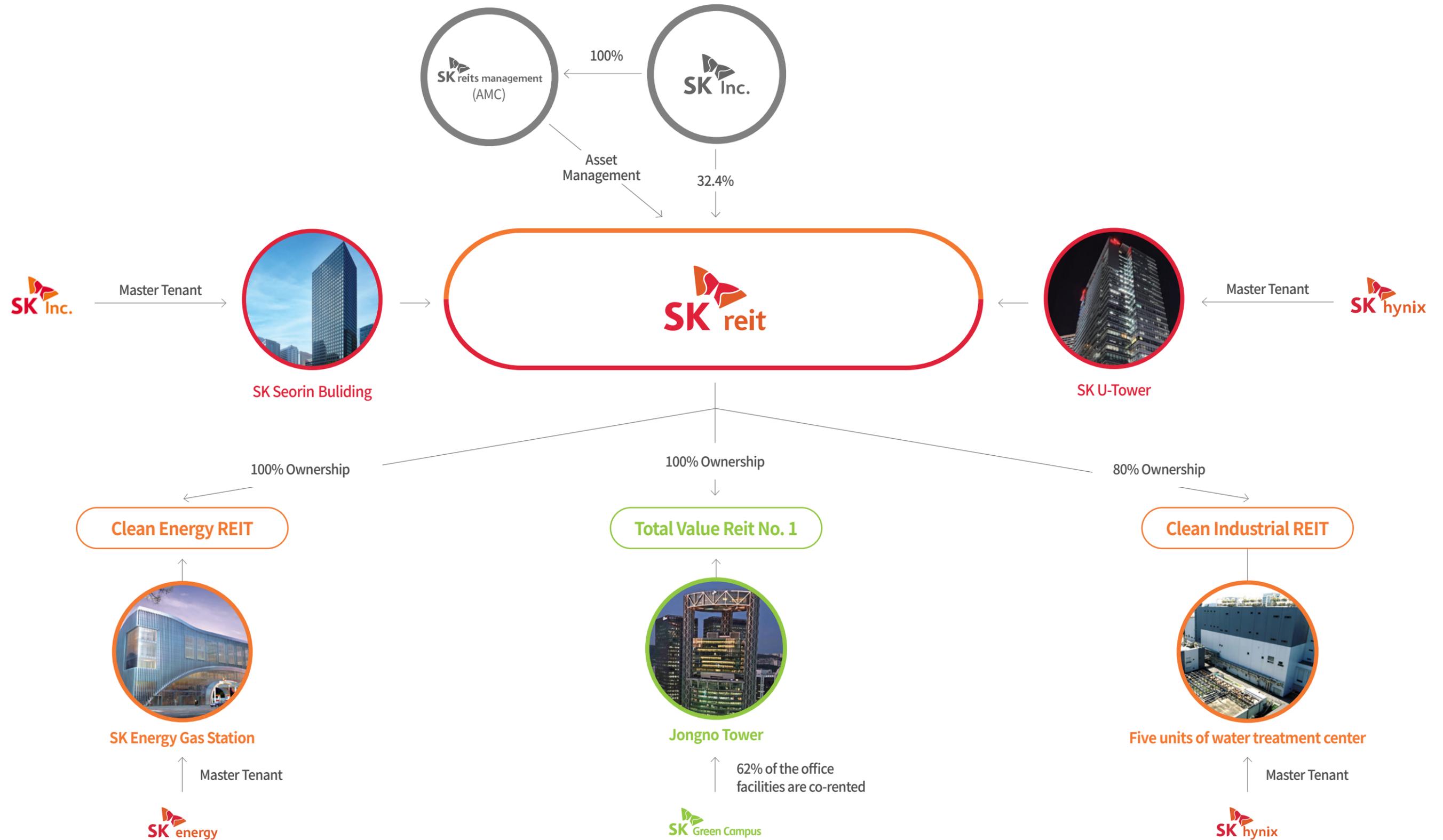
The lease term between Clean Industrial REIT and SK Hynix for the water treatment center is a long-term master lease of 10 years. It follows a Triple-Net structure, where the tenant accepts all operating costs, minimizing cost variability and thereby enabling stable profit generation. Moreover, most of the five water treatment center buildings are state-of-the-art facilities that were recently completed. Due to the essential nature of the water treatment center for semiconductor production, there is a low possibility of tenant departure, making long-term stable operation seem likely.



\* Rent Rate = gross rental income/purchase price  
 \*\* 100% Master Lease  
 \*\*\* While being linked with CPI-increase rate for previous year, with the threshold of 2.0% and cap of 5.0%  
 \*\*\*\* Management cost Triple Net: Tenants bear maintenance costs, insurance premiums, public charges, and taxes



# INVESTMENT STRUCTURE



# SK REIT CO., LTD. AND ITS SUBSIDIARIES

## SK REIT CO., LTD. AND SUBSIDIARIES Consolidated Statements of Financial Position

As of December 31, 2022 and December 31, 2022

### Consolidated Financial Statements December 31, 2023 and December 31, 2022

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(In Korean won)

	Notes	December 31, 2023	December 31, 2022
<b>Assets</b>			
<b>Current Assets</b>		<b>₩ 111,927,719,015</b>	<b>80,692,386,245</b>
Cash and cash equivalents	5, 6, 28	83,371,358,519	37,188,731,118
Short-term financial instruments	5, 28	18,000,000,000	38,053,334,575
Non-trade receivables	5, 7	26,148,076	4,464,321
Accrued income	5, 7, 24	6,562,273,756	2,362,685,354
Other current assets	11	3,967,938,664	3,083,170,877
<b>Non-current Assets</b>		<b>4,183,699,235,226</b>	<b>3,046,674,523,304</b>
Long-term financial instruments	5, 28	7,505,773,305	7,505,773,305
Investment properties	8, 9, 27	4,176,193,461,921	3,039,168,749,999
<b>Total assets</b>		<b>₩ 4,295,626,954,241</b>	<b>3,127,366,909,549</b>
<b>Liabilities</b>			
<b>Current liabilities</b>		<b>₩ 1,513,928,373,223</b>	<b>727,099,846,506</b>
Short-term borrowings	5, 10, 26, 27, 29	–	394,387,850,466
Current portion of long-term borrowings	5, 10, 26, 27, 29	1,037,276,882,751	–
Current portion of debentures	5, 10, 29	336,000,000,000	319,861,398,345
Current portion of convertible bonds	5, 10, 29	111,144,688,126	–
Non-trade payables	5, 29	7,242,181,622	2,134,766,546
Accrued expenses	5, 29	6,754,418,348	4,118,427,262
Short-term leasehold deposits received	5, 24, 27, 29	1,320,947,781	–
Other current liabilities	12, 24	14,189,254,595	6,597,403,887
<b>Non-current liabilities</b>		<b>1,460,298,269,441</b>	<b>1,431,547,467,494</b>
Long-term borrowing	5, 9, 10, 26, 27, 29	1,209,933,204,437	1,231,178,232,827
Convertible bonds	5, 10, 29	22,898,455,746	108,007,668,448
Long-term leasehold deposits received	5, 24, 27, 29	168,198,659,777	82,492,335,814
Other non-current liabilities	12	59,267,949,481	9,869,230,405
<b>Total liabilities</b>		<b>₩ 2,974,226,642,664</b>	<b>2,158,647,314,000</b>
<b>Equity</b>			
Capital and reserves attributable to owners of SK REIT CO., LTD.		<b>₩ 1,240,107,160,893</b>	<b>968,719,595,549</b>
Share Capital	13	135,066,339,500	98,277,039,500
Other paid-in capital	14	1,116,476,417,567	870,120,833,930
Retained earnings (Accumulated deficit)	15	(11,435,596,174)	321,722,119
Non-controlling interests		81,293,150,684	–
<b>Total equity</b>		<b>1,321,400,311,577</b>	<b>968,719,595,549</b>
<b>Total liabilities and equity</b>		<b>₩ 4,295,626,954,241</b>	<b>3,127,366,909,549</b>

The accompanying notes are an integral part of the consolidated financial statements.

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Consolidated Statements of Comprehensive Income

For the years ended December 31, 2023 and December 31, 2022

(In Korean won)

	Notes	For the year ended	
		December 31, 2023	December 31, 2022
Operating revenues	4, 8, 9, 17, 18, 24	₩ 145,892,035,699	90,387,428,845
Operating expenses	9, 19, 24	45,438,462,062	20,146,931,896
Operating profit		100,453,573,637	70,240,496,949
Finance income	5, 20	2,100,192,356	835,586,518
Finance costs	5, 20	91,265,873,625	42,131,183,805
Other non-operating income	21	14,727,368,461	38,117,999
Other non-operating expenses	21	27,834,370	50,832,294
<b>Profit before income tax expense</b>		<b>25,987,426,459</b>	<b>28,932,185,367</b>
Income tax expense	22	-	-
<b>Profit for the year</b>		<b>₩ 25,987,426,459</b>	<b>28,932,185,367</b>
Profit is attributable to:			
Owners of SK REIT CO., LTD.		28,932,185,367	15,052,477,140
Non-controlling interests		-	-
<b>Other comprehensive income for the year</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>₩ 25,987,426,459</b>	<b>28,932,185,367</b>
Total comprehensive income is attributable to:			
Owners of SK REIT CO., LTD.		24,694,275,775	28,932,185,367
Non-controlling interests		1,293,150,684	-
<b>Earnings per share</b>			
Basic and diluted earnings per share	23	115.34	169.13

The accompanying notes are an integral part of the consolidated financial statements.

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Consolidated Statements of Changes in Equity

For the years ended December 31, 2023 and December 31, 2022

(In Korean won)

		Attributable to owners of SK REIT CO., LTD.				Non-controlling interests	Total equity
		Share capital	Other paid-in capital	Retained earnings (Accumulated deficit)	Total		
Balance as of January 1, 2022	₩	77,510,266,000	687,262,384,420	11,827,649,303	776,600,299,723	-	776,600,299,723
<b>Total comprehensive income:</b>							
Profit for the year		-	-	28,932,185,367	28,932,185,367	-	28,932,185,367
<b>Transactions with owners:</b>							
Capital increase with consideration		20,766,773,500	187,503,914,323	-	208,270,687,823	-	208,270,687,823
Issuance of convertible bonds		-	2,649,817,836	-	2,649,817,836	-	2,649,817,836
Redemption of convertible bonds		-	(1,858,480,618)	-	(1,858,480,618)	-	(1,858,480,618)
Dividends		-	-	(45,874,914,582)	(45,874,914,582)	-	(45,874,914,582)
Transfer of share premium to retained earnings		-	(5,436,802,031)	5,436,802,031	-	-	-
<b>Balance as of December 31, 2022</b>	<b>₩</b>	<b>98,277,039,500</b>	<b>870,120,833,930</b>	<b>321,722,119</b>	<b>968,719,595,549</b>	<b>-</b>	<b>968,719,595,549</b>
<b>Balance as of January 1, 2023</b>	<b>₩</b>	<b>98,277,039,500</b>	<b>870,120,833,930</b>	<b>321,722,119</b>	<b>968,719,595,549</b>	<b>-</b>	<b>968,719,595,549</b>
<b>Total comprehensive income:</b>							
Profit for the year		-	-	24,694,275,775	24,694,275,775	1,293,150,684	25,987,426,459
<b>Transactions with owners:</b>							
Capital increase with consideration		36,789,300,000	266,011,757,660	-	302,801,057,660	-	302,801,057,660
Cost of issuance of stocks		-	(100,740,264)	-	(100,740,264)	-	(100,740,264)
Issuance of preferred stocks of the Group		-	-	-	-	80,000,000,000	80,000,000,000
Issuance of convertible bonds		-	797,101,004	-	797,101,004	-	797,101,004
Dividends		-	-	(56,804,128,831)	(56,804,128,831)	-	(56,804,128,831)
Transfer of share premium to retained earnings		-	(20,352,534,763)	20,352,534,763	-	-	-
<b>Balance as of December 31, 2023</b>	<b>₩</b>	<b>135,066,339,500</b>	<b>1,116,476,417,567</b>	<b>(11,435,596,174)</b>	<b>1,240,107,160,893</b>	<b>81,293,150,684</b>	<b>1,321,400,311,577</b>

The accompanying notes are an integral part of the consolidated financial statements.

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Consolidated Statements of Cash Flows

For the years ended December 31, 2023 and December 31, 2022

(In Korean won)

	Notes	For the year ended December 31, 2023	For the year ended December 31, 2022
<b>Cash flows from operating activities:</b>	<b>25</b>		
Profit for the year		₩ 25,987,426,459	28,932,185,367
Adjustment		97,119,250,069	52,634,118,717
Changes in operating assets and liabilities		10,132,288	1,659,276,373
Interest income received		1,421,413,731	709,163,233
Interest expenses paid		(77,694,104,867)	(35,867,147,186)
Income taxes paid		(30,648,100)	(89,806,910)
<b>Net cash inflow from operating activities</b>		<b>46,813,469,580</b>	<b>47,977,789,594</b>
<b>Cash flows from investing activities:</b>			
Disposal of short-term financial assets		121,053,334,575	44,032,942,558
Disposal of investment properties		37,700,000,000	-
Acquisition of short-term financial assets		(101,000,000,000)	(71,053,334,575)
Acquisition of long-term financial assets		-	(7,505,773,305)
Acquisition of investment properties	9	(1,183,356,058,200)	(1,192,016,465,304)
<b>Net cash (outflow) from investing activities</b>		<b>(1,125,602,723,625)</b>	<b>(1,226,542,630,626)</b>
<b>Cash flows from financing activities:</b>			
Increase in short-term borrowings		107,600,000,000	416,535,932,137
Increase in long-term borrowings		906,137,375,000	182,997,150,000
Issuance of debentures		1,568,000,000,000	887,867,780,000
Issuance of convertible bonds		23,074,011,760	137,514,855,520
Increase in leasehold deposits received		143,471,000,000	35,530,998,010
Capital increase with consideration		302,801,057,660	208,270,687,823
Issuance of preferred stocks of the Group		80,000,000,000	-
Repayment of short-term borrowings		(382,400,000,000)	(22,500,000,000)
Repayment of current portion of long-term borrowings		(13,305,190,879)	-
Repayment of debentures		(1,552,000,000,000)	(568,000,000,000)
Repayment of convertible bonds		-	(29,000,000,000)
Payment of loan extension fee		(782,200,000)	-
Decrease in leasehold deposits received		(719,303,000)	-
Cost of issuance of stocks		(100,740,264)	-
Dividends paid	16, 24	(56,804,128,831)	(45,874,914,582)
<b>Net cash inflow from financing activities</b>		<b>1,124,971,881,446</b>	<b>1,203,342,488,908</b>
<b>Net increase in cash and cash equivalents</b>		<b>46,182,627,401</b>	<b>24,777,647,876</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>37,188,731,118</b>	<b>12,411,083,242</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>₩ 83,371,358,519</b>	<b>37,188,731,118</b>

The accompanying notes are an integral part of the consolidated financial statements.

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements

As of December 31, 2023 and December 31, 2022

## 1. THE GROUP

The consolidated financial statements of SK REIT Co., Ltd. ("Controlling company") and its subsidiaries (collectively referred to as "the Group") have been prepared in accordance K-IFRS 1110, 'Consolidated financial statements'.

The Controlling company was established on March 15, 2021 under the Real Estate Investment Companies Act of the Republic of Korea. The Controlling company is mainly engaged in providing its shareholder with returns earned from investing and managing investment properties, including real estate acquisition, maintenance, improvement, disposal, development, and trade of real estate lease securities. The Controlling company's head office has located in 136, Sejong-daero, Jung-gu, Seoul, Korea, and listed to KRX KOSPI Market on September 14, 2021.

(1) The Controlling company's major shareholders and their respective shareholdings as of December 31, 2023, are as follows:

Name of Shareholders	Number of shares (in share)	Types of shares	Percentage of ownership (%)
SK Inc.	87,554,915	ordinary share	32.41
Korean Federation of Community Credit Cooperatives	16,710,807	ordinary share	6.19
KORAMCO NHUF REIT Co., Ltd.	13,458,091	ordinary share	4.98
Others	152,408,866	ordinary share	56.42
	<b>270,132,679</b>		<b>100.00</b>

(2) Consolidated subsidiaries and current status

The Group is engaged in real estate leasing. Meanwhile, the status of subsidiaries included in the consolidated financial statements as of December 31, 2023, and December 31, 2022, is as follows:

Name of Subsidiaries	Main business	Country of domicile	Percentage of Ownership (%)		Reporting period end
			December 31, 2023	December 31, 2022	
Clean Energy REIT Co., Ltd.	Real estate investment	Korea	100.00	100.00	End of March, June, September and December
Total Value 1 REIT Co., Ltd.	Real estate investment	Korea	100.00	100.00	End of March, June, September and December
Clean Industrial REIT Co., Ltd.	Real estate investment	Korea	80.15	-	End of March, June, September and December

(\*) Of the total 80.6 million issued shares of Clean Industrial REIT Co., Ltd., the Group holds 64.6 million shares, with an 80.15% stake. And of the total 72.6 million issued shares with voting rights, the Group holds 64.6 million shares, with an 88.98% stake in voting rights.

(3) Changes in the scope of consolidation

The new subsidiary company included in the scope of the consolidated financial statements during the current year is as follows, and no subsidiary company has been excluded from the scope of consolidated financial statements during the current year.

Name of Shareholders	Reasons for change
Clean Industrial REIT Co., Ltd.	New acquisition

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2023 and December 31, 2022

#### 1. THE GROUP (CONT'D)

##### (4) Summarized financial information of consolidated subsidiaries

The summarized financial statuses of the consolidated subsidiaries as of December 31, 2023 and December 31, 2022 are as follows:

(In thousands of Korean won)

Name of Subsidiaries	December 31, 2023				
	Assets	Liabilities	Equity	Operating revenues	Profit for the year
Clean Energy REIT Co., Ltd.	₩ 802,477,716	463,573,618	338,904,098	32,980,864	31,642,119
Total Value 1 REIT Co., Ltd.	684,522,047	269,966,974	414,555,073	25,594,163	1,860,719
Clean Industrial REIT Co., Ltd.	1,211,971,961	810,371,975	401,599,986	22,882,667	1,951,074
Clean Energy REIT Co., Ltd.	816,816,230	476,446,921	340,369,309	340,369,309	18,827,126
Total Value 1 REIT Co., Ltd.	689,439,382	267,793,120	421,646,262	421,646,262	309,478

##### (5) Information on important non-controlling interests for the group as of December 31, 2023 is as follows:

(In thousands of Korean won)

	December 31, 2023	
	Clean Industrial REIT Co., Ltd.	
Non-controlling interest ratio		19.85%
Current Assets	₩	7,357,596
Non-current Assets		233,218,838
Current liabilities		1,869,644
Non-current liabilities		158,989,194
Equity		79,717,596
Book value of non-controlling interests		81,293,151
Revenues		4,542,209
Profit for the year		387,288
Comprehensive income for the year		387,288
Profit, attributable to non-controlling interests		1,293,151
Comprehensive income, attributable to non-controlling interests		1,293,151
Cash flows from operating activities		2,173,015
Cash flows from investing activities		(234,733,297)
Cash flows from financing activities		239,452,115
Net increase(decrease) in cash and cash equivalents		6,891,833
Dividends paid to non-controlling interests		-

The financial information above is consolidated financial information of the subsidiary, and non-controlling interests are cumulative and non-participating preferred stocks, so the cumulative dividend amount is classified as non-controlling interests.

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2023 and December 31, 2022

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### (1) Basis of Preparation

The consolidated financial statements have been prepared in accordance with Korean International Financial Reporting Standards ("K-IFRS"), as prescribed under article 5 paragraph 1 item 1 of the Act on External Audit of Stock Companies. These are the standards, subsequent amendments and related interpretations issued by the International Accounting Standards Board (IASB) that have been adopted by the Republic of Korea. The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, except for the new and amended IFRS standards adopted by the Group and the following paragraphs below.

Consolidated financial statements are prepared based on historical cost, except for certain non-current assets and financial assets measured at the revalued amount or at fair value at the end of each reporting period as explained in the accounting policy below. Historical costs are generally measured at the fair value of consideration paid to acquire assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation method. In estimating the fair value of an asset or a liability, the Group considers the characteristics of the asset or liability that market participants would consider when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of K-IFRS 1102 'Share-Based Payment'; leasing transactions that are within the scope of K-IFRS 1116 'Leases'; and measurements that have some similarities to fair value, but are not fair value, such as net realizable value in K-IFRS 1002 'Inventories' or value in use in K-IFRS 1036 'Impairment of Assets'.

Management has a reasonable expectation that at the time of approval of the consolidated financial statements, the Group will have sufficient resources to survive as a going concern for the foreseeable future period. Therefore, the management prepared the consolidated financial statements on the premise of the going concern.

##### 1) The Group has newly applied the following revised standards from the fiscal year beginning January 1, 2023:

- K-IFRS 1001 'Accounting Policy Disclosure' (Amendment)

The amendment requires entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. Meanwhile, there is no significant impact on the consolidated financial statement of the group due to this amendment.

- K-IFRS 1001 'Accounting Policy Disclosure' (Amendment)

The amendment required disclosure of the carrying amount and associated gains or losses of a financial liability if all or part of a financial instrument whose exercise price is subject to changes in the issuer's share price is classified as a financial liability. Meanwhile, there is no significant impact on the consolidated financial statement of the group due to this amendment.

- K-IFRS 1008 'Accounting Policies, Changes in Accounting Estimates and Errors' (Amendment)

The amendment defines the accounting estimates in K-IFRS 1008 as the monetary amounts in financial statements that are subject to measurement uncertainty and clarifies how they are distinguished from changes in accounting policies. Meanwhile, there is no significant impact on the consolidated financial statement of the group due to this amendment.

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2023 and December 31, 2022

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### – K-IFRS 1012 'Income Tax' (Amendment)

The amendment was amended to address the practical diversity in the recognition of deferred tax assets and liabilities for transactions that give rise to equal taxable and deductible temporary differences. The amendments add requirements to the clues of paragraphs 15 and 24 of K-IFRS 1012 (the first recognition exception for deferred tax), requiring that deferred tax assets and liabilities be recognized if there is temporary difference between the same amount to be added and deducted at the initial recognition of an asset or liability. Meanwhile, there is no significant impact on the consolidated financial statement of the group due to this amendment.

### 2) The followings are new and revised K-IFRS Standards that have been issued but are neither effective nor early adopted by the Group. These standards do not have significant effect on the Group's financial statements.

### – K-IFRS 1001 'Accounting Policy Disclosure' (Amendment)

The amendments to K-IFRS 1001 affect only the presentation of liabilities as current or non-current in the statement of financial position and 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 management's intentions or expectations about whether an entity will exercise its right to defer settlement of a liability. And the amendments 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. The amendments are applied for annual periods beginning on or after 1 January 2024, with early application permitted.

### (2) Consolidated accounting standards

The Group prepares consolidated financial statements by consolidating the financial statements of the Controlling company and other entities controlled by the Controlling company (or its subsidiaries).

The Group determines that control exists when all three factors are satisfied: 1) power over the investee, 2) exposure, or rights, to variable returns from its involvement with the investee and 3) the ability to use its power over the investee to affect the amount of the investor's returns. In addition, if there are facts and circumstances that indicate that there is a change in one or more of the three elements of control, the entity reassesses whether it controls the investee.

Even if the Group holds less than a majority of the voting rights of the investee, it is determined that the Group has power over the investee if it has enough voting rights to have the practical ability to unilaterally direct the relevant activities of the investee. When assessing whether the voting rights held by the Group are sufficient to grant the power over the investee, all relevant facts and circumstances, including the following, are considered:

- The relative size of voting rights and the degree of share dispersion of shareholders
- Potential voting rights held by the Group, other voting rights holders or other parties
- Rights arising from contractual arrangements
- Additional facts and circumstances that indicate whether the Group has the current ability to direct the relevant activities at the time the decision is to be made, including voting patterns at past shareholders' meetings

The consolidation of subsidiaries begins when the Controlling company acquires control of the subsidiary and ceases when the Controlling company loses control of the subsidiary. In particular, the revenues and expenses related to subsidiaries acquired or disposed during the year are included in the consolidated statements of comprehensive income from the date when the acquisition is virtually completed or until the date when the disposal is substantially completed. The components of net profit and loss and other comprehensive income are attributed to the owners of the parent and the non-controlling interests, and total comprehensive income is attributed to the owners of the parent and the non-controlling interests even if the non-controlling interests have a negative balance.

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2023 and December 31, 2022

If an entity that comprises the Group uses a different accounting policy from the one adopted in the consolidated financial statements for the same transactions or events that occurred in similar circumstances, the consolidated financial statements are prepared by amending the financial statements of that entity.

All intragroup transactions, related assets and liabilities, income and expenses are eliminated in the preparation of consolidated financial statements.

Non-controlling interests in subsidiaries are identified separately from the Group's equity. If the element of a non-controlling interest in the acquiree at the acquisition date is its current interest and entitles the holder to a proportionate share of the entity's net assets at liquidation, such non-controlling interest can be measured either at fair value or by a proportionate share of the equity instruments currently recognized for the acquiree's identifiable net assets at the acquisition date. The choice of these metrics is made for each acquisition transaction. All other non-controlling interests are measured at their fair value at the acquisition date. The carrying amount of the non-controlling interest after the acquisition is the amount initially recognized and reflects the proportionate interest of the non-controlling interest in the changes in equity since the acquisition. Total comprehensive income is attributable to non-controlling interests even if the non-controlling interests have negative balances.

Changes in ownership interests in subsidiaries that do not lose control are accounted for as equity transactions. The carrying amount of the controlling and non-controlling interests of the Group is adjusted to reflect the relative changes in interest in the subsidiaries. The difference between the adjustment amount of the non-controlling interest and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the parent.

If the controlling company loses control of the subsidiary, it accounts for the difference between (i) the consideration received and the fair value of the equity interests held and (ii) the subsidiary's assets (including goodwill) and liabilities and the carrying amount of the non-controlling interests in disposal profit or loss. The Group accounts for the amounts previously recognized in other comprehensive income in relation to its subsidiaries on the same basis as if the related assets or liabilities were directly disposed of (i.e., reclassified to profit or loss or replaced directly with retained earnings). The fair value of an investment in a subsidiary before the date of loss of control is regarded as the fair value at initial recognition of a financial asset in accordance with K-IFRS 1109 'Financial Instruments' or, where appropriate, as cost at initial recognition of an investment in an associate or a joint venture.

### (3) Business combination

Acquisitions of subsidiaries or businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognized and measured in accordance with K-IFRS 1012 Income Taxes and K-IFRS 1019 Employee Benefits, respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with K-IFRS 1102 Share-Based Payment at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with K-IFRS 1105, Non-Current Assets Held for Sale and Discontinued Operations, are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of: a) the consideration transferred, b) the amount of any non-controlling interests in the acquiree and c) the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of a) the consideration transferred, b) the amount of any non-controlling interests in the acquiree and c) the fair value of the acquirer's PHI in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2023 and December 31, 2022

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

When the consideration transferred by the Group in a business combination includes contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement-period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement-period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement-period adjustments depend on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates, with changes in fair value recognized in profit or loss.

When a business combination is achieved in stages, the Group's PHIs in the acquired entity are remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that had previously been recognized in other comprehensive income are reclassified to profit or loss by the method that would be appropriate if those interests were disposed.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognized as of that date.

### (4) Current/non-current distinction

The Group presents current and non-current assets, and current and non-current liabilities, as separate classifications in its statement of financial position.

The Group classifies an asset as current when:

- it expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- it holds the asset primarily for the purpose of trading;
- it expects to realize the asset within twelve months after the reporting period; or
- the asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Group classifies all other assets as non-current.

The Group classifies a liability as current when:

- it expects to settle the liability in its normal operating cycle;
- it holds the liability primarily for the purpose of trading;
- the liability is due to be settled within twelve months after the reporting period; or
- it does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

### (5) Cash and cash equivalents

The Group is classifying cash on hand, bank deposits, and highly liquid short-term investment assets that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value with original maturities of up to three months on acquisition date as cash and cash equivalents.

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2023 and December 31, 2022

### (6) Revenue recognition

The Group, a real estate investment company under the Real Estate Investment Company Act, recognizes the lease income from the provision of operating lease for investment property systematically reflecting the utility elimination by using property over the lease period. Therefore, it is not within the scope of IFRS 15 Revenue from Contracts with Customers.

### (7) Lease

The Group classifies each lease as either an operating lease or a financial lease. Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying assets are classified as financial leases, and leases that do not transfer substantially all the risks and rewards incidental to ownership of an underlying assets are classified as operating leases.

If the Group is an intermediate lessor, the Group accounts for the head lease and the sublease as two separate contracts. The Group classifies all subleases as financial leases or operating leases by reference to the right-to-use assets arising from the head leases, rather than by reference to the underlying assets.

The Group recognizes the lease payment from the operating lease as income on either a straight-line basis or other systematic basis. The Group applies another systematic basis if that basis is more representative of the pattern in which benefits from the use of the underlying asset are diminished. The Group adds initial direct costs incurred in obtaining an operating lease to the carrying amount of the underlying asset and recognizes those costs as an expense over the lease term.

In case of a financial lease, the amount to receive from the lessee is recognized as a receivable as a net investment in the lease of the Group. The Group allocates financial income over the lease term, based on a pattern reflecting a constant periodic rate of return on The Group's net investment in the lease.

After initial recognition, the Group reviews regularly estimated unguaranteed residual value and applies the derecognition and impairment requirements in IFRS 9 to recognize the expected credit losses on lease receivables as a loss allowance.

Financial lease income is calculated by referring to the total carrying amount of the lease receivable. However, in case of financial lease receivable with damaged credit, financial income is calculated by referring to the amortized cost (i.e., the amount after deducting the loss allowance).

If a contract contains lease or non-lease components, The Group applies IFRS 15 to allocate the consideration in the contract to each component.

### (8) Foreign currency conversion

Consolidated financial statements are represented in the currency (functional currency) of the principal economic environment in which the entity operates. In order to prepare consolidated financial statements, companies' management performance and financial status are expressed in 'won', which is the functional currency of the consolidated entity and the presentation currency for preparing consolidated financial statements.

In preparing consolidated financial statements, transactions made in currency (foreign currency) other than the functional currency of the company are recorded at the exchange rate of the transaction date. Monetary foreign currency items as of the end of the current term are being converted into exchange rates as of the end of the current term. On the other hand, non-monetary foreign currency items measured at fair value are converted to the exchange rate at the date the fair value is determined, but non-monetary foreign currency items measured at historical costs are not converted again.

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2023 and December 31, 2022

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (9) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction, or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until they are substantially ready for their intended use or sale.

To the extent that variable-rate borrowings are used to finance a qualifying asset and are hedged in an effective cash flow hedge of interest rate risk, the effective portion of is recognized in other comprehensive income and reclassified to profit or loss when the qualifying asset impacts profit or loss. To the extent that fixed-rate borrowings are used to finance a qualifying asset and are hedged in an effective fair value hedge of interest rate risk, the capitalized borrowing costs reflect the hedged interest rate."

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the year in which they are incurred.

### (10) Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost, including transaction costs. After initial recognition, investment properties are reported at cost, less accumulated depreciation and accumulated impairment losses.

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

While land is not depreciated, all other investment property is depreciated based on the respective assets' useful lives ranging from 27 to 40 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.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from even the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year in which the property is derecognized.

### (11) Income tax and deferred tax

Income tax expense for the year consists of current and deferred tax. It is recognized directly in other comprehensive income or other equity items if related to themselves. Except for these items, it is recognized in profit or loss.

Corporate tax expenses are measured based on tax laws enacted or substantially enacted as of the end of reporting period.

The management periodically evaluates the tax policy applied by the Group when reporting tax in situations where applicable tax law regulations may vary depending on interpretation. The Group recognizes current corporate tax expenses based on the amount expected to be paid to the tax authorities.

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2023 and December 31, 2022

Deferred tax is recognized as the expected corporate tax effect when recovering or settling the carrying amount for a temporary difference between the carrying amount and the tax base amount of assets and liabilities. Deferred tax assets and liabilities that arise when assets and liabilities are first recognized in transactions other than business combinations are not recognized unless the transaction affects accounting income or taxable income.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax assets and liabilities are offset only if the Group has a legally enforceable right to set off current tax assets against current tax liabilities, and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority and The Group intend to settle current tax liabilities and assets on a net basis.

Under the Article 51-2 of Corporate Tax Law of the Republic of Korea, Income Deduction for Special Purpose Companies, etc., if the Group payouts 90% and more of its profit available for dividends as dividends, the Group shall be entitled to deduct such amount from its taxable income for the fiscal year.

In addition, due to the uncertainty of future taxable income, deferred tax assets for temporary differences to be deducted in the future were not recorded as of December 31, 2023.

### (12) Financial instruments

Financial assets and liabilities are recognized in the Group's consolidated statements of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are measured at fair value upon initial recognition, excluding trade receivables that do not contain a significant financial component.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

### (13) Financial assets

All regular-way purchases or sales of financial assets are recognized and derecognized on a trade-date basis. Regular-way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

#### 1) Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortized cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows.
- The contractual terms of the financial asset are cash flows that are Solely Payment Principal and Interest on the outstanding ("SPPI").

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income ("FVTOCI"):

- The financial asset is held within a business model of which objective is achieved by both collecting contractual cash flows and selling the financial assets
- he contractual terms of the financial asset are cash flows that are Solely Payment Principal and Interest on the outstanding ("SPPI").

Except for above, all other financial assets are measured subsequently at FVTPL.

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2023 and December 31, 2022

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Despite the above, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- The Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met).
- The Group may irrevocably designate a debt investment that meets the amortized cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

### 2) Gains(losses) on foreign currency translation

The carrying amount of financial assets expressed in foreign currency is calculated in foreign currency and converted into a spot exchange rate at the end of the current period.

- For financial assets measured at amortized cost (excluding the portion designated as a hedging relationship), the exchange rate difference is recognized in profit or loss in the 'other non-operating profit or loss' item.
- For debt instruments measured at fair value through other comprehensive income (excluding the portion designated as a hedging relationship), the difference in the exchange rate of amortized cost of the debt instrument is recognized in profit or loss in the 'other non-operating profit or loss' Because the foreign currency component recognized in profit or loss is the same as measured at amortized cost, the residual foreign currency component based on the translation of the carrying amount (fair value) is recognized in other comprehensive income in the cumulative valuation gain or loss item.
- For financial assets measured at fair value through profit or loss (excluding the portion designated as a hedging relationship), the exchange rate difference is recognized in profit or loss in the 'other non-operating profit or loss' item as part of the gain or loss due to changes in fair value.
- For equity instruments measured at fair value through other comprehensive income, the accumulated valuation gain or loss item is recognized in other comprehensive income.

### 3) Impairment of financial assets

The Group recognizes a loss allowance for Expected Credit Losses (ECL) on investments in debt instruments that are measured at amortized cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guaranteed contracts. The amount of ECLs is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognizes lifetime ECL for trade receivables, contract assets and lease receivables. The ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit-loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money, where appropriate.

For financial assets other than this, lifetime expected credit losses are recognized if credit risk increases significantly after initial recognition. However, if the credit risk of a financial asset has not increased significantly since initial recognition, the Group measures the expected credit loss of the financial instrument at the equivalent of a 12-month expected credit loss.

Lifetime expected credit losses refer to expected credit losses resulting from all possible default events in the expected life of a financial instrument. Conversely, 12-month expected credit losses refer to some of the expected lifetime expected credit losses due to defaults on financial instruments that may occur within 12 months after the end of the current term.

### 4) Derecognition of financial assets

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. If the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset and has retained control, it shall continue to recognize the financial asset to the extent of its continuing involvement in the financial asset. If the Group retains substantially all the risks and rewards of ownership of the transferred financial assets, the Group continues to recognize the financial assets, and the proceeds received are recognized as collateralized borrowings.

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2023 and December 31, 2022

Upon derecognizing financial asset that is measured at amortized cost, the difference between the carrying amount of the asset and the sum of the consideration received or to be received is recognized in profit or loss. Upon derecognizing investment in debt instruments measured at fair value through other comprehensive income, the accumulated gains and losses previously recognized are reclassified to profit or loss. On the other hand, investments in equity instruments designated as fair value items through other comprehensive income at initial recognition do not reclassify the accumulated gains or losses previously recognized in profit or loss, but are replace with retained earnings.

## (14) Financial liabilities and equity instruments

### 1) Classification as financial liabilities or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement and the definitions of financial liability and an equity instrument.

### 2) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Group's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

### 3) Financial liabilities

All financial liabilities are measured subsequently at amortized cost using the effective interest method or at FVTPL. However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Group, are measured in accordance with the specific accounting policies set out below.

### 4) Financial liabilities at FVTPL

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

### 5) Financial liabilities measured subsequently at amortized cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) designated as at FVTPL are measured subsequently at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments(including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2023 and December 31, 2022

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 6) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at FVTPL and do not arise from a transfer of an asset, are measured subsequently at the higher of:

- the amount of the loss allowance determined in accordance with the principles of IFRS 9 'Financial Instruments'
- the amount initial recognized less the cumulative amount of income recognized in accordance with the principles of IFRS 15 'Revenue from Contracts with Customers'

### 7) Derecognition of financial liabilities

The Group derecognizes financial liabilities only when the Group's obligations are discharged, canceled or have been expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

When the Group exchanges with the existing lender one debt instrument into another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate, are at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (i) the carrying amount of the liability before the modification and (ii) the present value of the cash flows after modification should be recognized in profit or loss as the modification gain or loss within other gains and losses.

### (15) Operating segment

Information for each operating segment is disclosed based on how it is reported internally to the chief operating decision maker (see note 4). The chief operating decision maker is responsible for assessing the resources to be allocated to the segment and for its performance, and the Group considers the board of directors that makes strategic decisions as the chief decision maker. The Group consists of a single operating segment of which main business purpose is the real estate rental business.

### (16) Application of special provisions under the Real Estate Investment Companies Act: Exclusion of the obligation to reserve profit reserves and extra dividends

The Group does not reserve profit reserves because Article 458 of the Commercial Act, which stipulates the obligation to reserve profit reserves at the time of profit distribution, is excluded by the Real Estate Investment Company Act in effect as of the closing date. In addition, Article 462 of the Commercial Act is excluded under the Real Estate Investment Company Act, and dividends may exceed annual profits within the limit of depreciation expenses for the relevant year.

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2023 and December 31, 2022

## 3. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The Group is estimating and assuming the future. Estimates and assumptions are continuously evaluated and considered future events that are reasonably predictable considering past experience and current circumstances. These accounting estimates may differ from the actual results. Estimates and assumptions of significant risks that may affect the adjustment of asset and liability carrying amounts in the next fiscal year are as follows:

### (1) Corporate tax

Since corporate tax on taxable income of the consolidated entity is calculated by applying the tax law and the decision of the tax authorities, there is uncertainty in calculating the final tax effect.

### (2) Fair value of investment properties

In order to estimate the fair value of investment properties, the Group uses a valuation method that utilizes non-observable inputs.

## 4. OPERATING SEGMENTS

### (1) Overview

The Group does not disclose information for each segment as the reportable segment in accordance with K-IFRS 1108 'Operating Segments' is a single segment. Reporting data regularly reviewed by the Group's chief operating decision maker is measured in a manner consistent with the financial statements.

### (2) Information about major customers

The Group's operating revenues were entirely domestic, and if revenues from transactions with a single external customer amount to 10 percent or more of the Group's revenues for the years ended December 31, 2023, and December 31, 2022, are as follows:

(In thousands of Korean won)

Customer	For the year ended December 31, 2023		For the year ended December 31, 2022	
	Operating revenues	Rate on the Group's operating revenues	Operating revenues	Rate on the Group's operating revenues
SK Inc. <sup>(1)</sup>	₩ 41,363,364	28.35%	40,621,608	44.94%
SK hynix Inc. <sup>(2)</sup>	43,201,884	29.61%	10,772,665	11.92%
SK Energy Co. Ltd. <sup>(3)</sup>	33,058,386	22.66%	32,696,444	36.17%

(\*1) KRW 639,924 thousand and 639,924 thousand reflected in the operating income of the unearned income have been excluded, respectively, during the current and prior years.

(\*2) KRW 2,111,838 thousand and 313,082 thousand reflected in the operating income of the unearned income has been excluded, respectively, during the current and prior years.

(\*3) KRW 532,209 thousand and 499,234 thousand reflected in the operating income of the unearned income have been excluded, respectively, during the current and prior years.

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2023 and December 31, 2022

## 5. FINANCIAL INSTRUMENTS BY CATEGORY

### (1) Fair Value by Type of Financial Instrument

(In thousands of Korean won)

	December 31, 2023		December 31, 2022	
	Financial assets measured at amortized cost	Total	Financial assets measured at amortized cost	Total
<b>Current assets:</b>				
Cash and cash equivalents	₩ 83,371,359	83,371,359	37,188,731	37,188,731
Short-term financial instruments	18,000,000	18,000,000	38,053,335	38,053,335
Non-trade receivables	26,148	26,148	4,464	4,464
Accrued income	6,562,274	6,562,274	2,362,685	2,362,685
Subtotal	107,959,781	107,959,781	77,609,215	77,609,215
<b>Non-current assets:</b>				
Long-term financial instruments	7,505,773	7,505,773	7,505,773	7,505,773
Subtotal	7,505,773	7,505,773	7,505,773	7,505,773
	₩ 115,465,554	115,465,554	85,114,988	85,114,988

### (2) Categorizations of financial liabilities as of December 31, 2023 and December 31, 2022, are as follows:

(In thousands of Korean won)

	December 31, 2023		December 31, 2022	
	Financial assets measured at amortized cost	Total	Financial assets measured at amortized cost	Total
<b>Current liabilities:</b>				
Short-term borrowings	₩ -	-	394,387,850	394,387,850
Current portion of long-term borrowings	1,037,276,883	1,037,276,883	-	-
Current portion of debentures	336,000,000	336,000,000	319,861,398	319,861,398
Current portion of convertible bonds	111,144,688	111,144,688	-	-
Non-trade payables	7,242,182	7,242,182	2,134,767	2,134,767
Accrued expenses	6,754,418	6,754,418	4,118,427	4,118,427
Short-term leasehold deposits received	1,320,948	1,320,948	-	-
Subtotal	1,499,739,119	1,499,739,119	720,502,442	720,502,442
<b>Non-current liabilities:</b>				
Long-term borrowings	1,209,933,204	1,209,933,204	1,231,178,233	1,231,178,233
Convertible bonds	22,898,456	22,898,456	108,007,669	108,007,669
Long-term leasehold deposits received	168,198,660	168,198,660	82,492,336	82,492,336
Subtotal	1,401,030,320	1,401,030,320	1,421,678,238	1,421,678,238
	₩ 2,900,769,439	2,900,769,439	2,142,180,680	2,142,180,680

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2023 and December 31, 2022

### (3) Net income on each category of financial assets and liabilities for the years ended December 31, 2023 and December 31, 2022 are as follows:

(In thousands of Korean won)

	For the year ended December 31, 2023			
	Financial assets		Financial liabilities	
	Financial assets measured at amortized cost	Total	Financial assets measured at amortized cost	Total
<b>Net income</b>				
Interest income (expenses)	₩ 2,100,192	2,100,192	(91,265,874)	(91,265,874)

(In thousands of Korean won)

	For the year ended December 31, 2022			
	Financial assets		Financial liabilities	
	Financial assets measured at amortized cost	Total	Financial assets measured at amortized cost	Total
<b>Net income</b>				
Interest income (expenses)	₩ 835,587	835,587	(42,131,184)	(42,131,184)

### (4) Classification by Fair Value Hierarchy

#### 1) The fair value and book value of financial instruments that are not measured at fair value as of December 31, 2023 and December 31, 2022, are as follows:

(In thousands of Korean won)

	December 31, 2023		December 31, 2022	
	Financial	Total	Financial	Total
Short-term borrowings	₩ -	-	394,387,850	394,387,850
Current portion of long-term borrowings	1,037,276,883	1,037,276,883	-	-
Current portion of debentures	336,000,000	336,000,000	319,861,398	319,861,398
Current portion of convertible bonds	111,144,688	111,144,688	-	-
Short-term Leasehold deposits received	1,320,948	1,320,948	-	-
Long-term borrowings	1,209,933,204	1,209,933,204	1,231,178,233	1,231,178,233
Convertible bonds	22,898,456	22,898,456	108,007,669	108,007,669
Long-term Leasehold deposits received	168,198,660	168,198,660	82,492,336	82,492,336

The fair value of debentures and borrowings was calculated by discounting the contractual cash flow at a discount rate (2.33% ~7.27%) and the discount rate was calculated by considering the residual risk in the market interest rate.

For financial assets and liabilities measured at amortized cost, the disclosure of fair value is omitted because the book value is a reasonable approximation of fair value.

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2023 and December 31, 2022

## 5. FINANCIAL INSTRUMENTS BY CATEGORY (CONT'D)

2) The Group classified financial instruments measured at fair value in the consolidated statement of financial position into the following fair value hierarchy according to the input variables used to measure fair value.

Fair Value Hierarchy	Significance of Input Variables
Level 1	Quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3	Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

## 6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of December 31, 2023 and December 31, 2022, are as follows:

(in thousands of Korean won)

	December 31, 2023	December 31, 2022	Note
Demand deposits, etc.	₩ 37,188,731	37,188,731	Pledged as security (*)

(\*) However, the deposit and withdrawal of the operating account among the accounts held by the group are allowed freely except in cases where profits of period are lost or restricted by majority of lenders with their rational judgements.

## 7. TRADE AND OTHER RECEIVABLES

Trade and other receivables as of December 31, 2023 and December 31, 2022, are as follows:

(in thousands of Korean won)

		December 31, 2023			December 31, 2022		
		Gross amount	Allowance for doubtful accounts	Carrying amount	Gross amount	Allowance for doubtful accounts	Gross amount
Non-trade receivables	₩	26,148	–	26,148	4,464	–	4,464
Accrued income		6,562,274	–	6,562,274	2,362,685	–	2,362,685
	₩	<b>6,588,422</b>	<b>–</b>	<b>6,588,422</b>	<b>2,367,149</b>	<b>–</b>	<b>2,367,149</b>

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2023 and December 31, 2022

## 8. LEASE AGREEMENT

(1) The Group has contracts to provide operating leases for investment properties, and the maturity analysis of the operating lease contracts provided by the Group as of December 31, 2023 and December 31, 2022 are as follows:

(in thousands of Korean won)

Gross investment in the lease		December 31, 2023						Total
		Within 1 year	1 year ~ 2 years	2 years ~ 3 years	3 years ~ 4 years	4 years ~ 5 years	Over 5 years	
SK Seorin Building	₩	42,195,887	42,828,825	21,573,825	–	–	–	106,598,537
SK U-Tower		22,000,066	22,330,067	22,665,019	11,416,870	–	–	78,412,022
SK Energy Gas Station		31,398,948	31,398,948	31,555,943	31,871,502	32,190,217	81,849,665	240,265,223
Jongno Tower		22,911,807	20,045,250	18,150,430	4,889,299	1,311,883	–	67,308,669
Water Treatment Center		72,202,160	73,646,203	75,119,127	76,621,510	78,153,940	385,706,849	761,449,789
	₩	<b>190,708,868</b>	<b>190,249,293</b>	<b>169,064,344</b>	<b>124,799,181</b>	<b>111,656,040</b>	<b>467,556,514</b>	<b>1,254,034,240</b>

(in thousands of Korean won)

Gross investment in the lease		December 31, 2022						Total
		Within 1 year	1 year ~ 2 years	2 years ~ 3 years	3 years ~ 4 years	4 years ~ 5 years	Over 5 years	
SK Seorin Building	₩	40,378,839	40,984,522	41,599,290	20,954,481	–	–	143,917,132
SK U-Tower		20,952,444	21,266,731	21,585,732	21,909,518	11,036,308	–	96,750,733
SK Energy Gas Station		32,147,040	32,147,040	32,147,040	32,307,775	32,630,853	116,756,926	278,136,674
Jongno Tower		22,663,680	22,383,633	19,533,349	17,742,693	4,633,215	1,212,445	88,169,015
	₩	<b>116,142,003</b>	<b>116,781,926</b>	<b>114,865,411</b>	<b>92,914,467</b>	<b>48,300,376</b>	<b>117,969,371</b>	<b>606,973,554</b>

(2) The amounts recognized as revenues and expenses from the operating leases for investment properties provided by the Group for the years ended December 31, 2023 and December 31, 2022 are as follows:

(in thousands of Korean won)

Rental revenues from operating leases		For the year ended December 31, 2023	For the year ended December 31, 2022
SK Seorin Building	₩	42,003,288	41,261,532
SK U-Tower		22,431,056	11,085,747
SK Energy Gas Station		32,980,863	33,195,678
Jongno Tower		25,594,163	4,844,472
Water Treatment Center		22,882,666	–
	₩	<b>145,892,036</b>	<b>90,387,429</b>

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2023 and December 31, 2022

## 9. INVESTMENT PROPERTIES

(1) Investment properties as of December 31, 2023 and December 31, 2022, are as follows:

(in thousands of Korean won)

	December 31, 2023			December 31, 2022		
	Acquisition cost	Accumulated depreciation	Book value	Acquisition cost	Accumulated depreciation	Book value
Land	₩ 2,448,839,970	–	2,448,839,970	2,425,641,485	–	2,425,641,485
Buildings	1,770,786,121	(43,432,629)	1,727,353,492	630,471,839	(16,944,574)	613,527,265
	<b>₩ 4,219,626,091</b>	<b>(43,432,629)</b>	<b>4,176,193,462</b>	<b>3,056,113,324</b>	<b>(16,944,574)</b>	<b>3,039,168,750</b>

(2) Changes in investment properties for the years ended December 31, 2023 and December 31, 2022, are as follows:

(in thousands of Korean won)

	For the year ended December 31, 2023				
	Beginning balance	Acquisitions	Depreciation	Disposal	Ending balance
Land	₩ 2,425,641,485	45,893,351	–	(22,694,866)	2,448,839,970
Buildings	613,527,265	1,140,768,942	(26,521,770)	(420,945)	1,727,353,492
	<b>₩ 3,039,168,750</b>	<b>1,186,662,293</b>	<b>(26,521,770)</b>	<b>(23,115,811)</b>	<b>4,176,193,462</b>

(in thousands of Korean won)

	For the year ended December 31, 2022			
	Beginning balance	Acquisitions	Depreciation	Ending balance
Land	₩ 1,545,010,200	880,631,285	–	2,425,641,485
Buildings	315,017,841	311,385,181	(12,875,757)	613,527,265
	<b>₩ 1,860,028,041</b>	<b>1,192,016,466</b>	<b>(12,875,757)</b>	<b>3,039,168,750</b>

(3) Revenues and expenses related to investment properties for the years ended December 31, 2023 and December 31, 2022, are as follows:

(in thousands of Korean won)

	For the year ended December 31, 2023	For the year ended December 31, 2022
Rent revenues <sup>(*)</sup>	₩ 145,892,036	90,387,429
Operating expenses (Related to investment properties where rental revenues have been generated) <sup>(*)</sup>	37,876,050	18,059,038

(\*) Rent revenues consist of rental revenues, management revenues, and other revenues.

(\*) Operating expenses consist of depreciation expense, asset custody consignment fees, asset management consignment fees, and real estate management consignment fees.

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2023 and December 31, 2022

(4) Details of insurance that the Group subscribes to investment properties as of December 31, 2023, are as follows:

(in thousands of Korean won)

Type of insurance	Assets	Company	Book Value	Indemnity amount	Pledged as security
Package Insurance	SK Seorin Building	Hyundai Marine & Fire	₩ 1,038,641,372	364,540,348	(*)1
Package Insurance	SK U-Tower	Insurance CO., LTD.	522,330,753	319,003,903	(*)2
Package Insurance	SK Energy Gas Station	KB Insurance Co., Ltd.	781,611,149	510,548,104	(*)3
Package Insurance	Jongno Tower	Hyundai Marine & Fire	658,704,201	139,206,149	(*)4
Package Insurance	Water Treatment Center	Insurance CO., LTD.	1,174,905,986	1,181,087,124	(*)5

(\*)1 The right to receive insurance claim for the above insurance is subjected to pledge of which amount is KRW 722,160,000 thousand with the limit of which is indemnity amount at Standard Chartered Bank Korea Co., Ltd., etc. in relation to long-term borrowings.

(\*)2 The right to receive insurance claim for the above insurance is subjected to pledge of which amount is KRW 365,256,000 thousand with the limit of which is indemnity amount at Standard Chartered Bank Korea Co., Ltd., etc. in relation to long-term borrowings.

(\*)3 The right to receive insurance claim for the above insurance is subjected to pledge of which amount is KRW 555,552,719 thousand with the limit of which is indemnity amount at Standard Chartered Bank Korea Co., Ltd., etc. in relation to long-term borrowings.

(\*)4 The right to receive insurance claim for the above insurance is subjected to pledge of which amount is KRW 293,760,000 thousand with the limit of which is indemnity amount at Standard Chartered Bank Korea Co., Ltd., etc. in relation to long-term borrowings.

(\*)5 The right to receive insurance claim for the above insurance is subjected to pledge of which amount is KRW 804,360,000 thousand with the limit of which is indemnity amount at INDUSTRIAL BANK OF KOREA, etc. in relation to long-term borrowings.

(5) Fair Value of Investment Properties

1) Among the investment properties, the fair values as of December 31, 2023 and December 31, 2022, of SK Seorin Building, which is provided for operating leases to SK Inc., are as follows:

(in thousands of Korean won)

	December 31, 2023		December 31, 2022	
	Book value	Fair value <sup>(*)</sup>	Book value	Fair value <sup>(*)</sup>
Land	₩ 779,333,004	831,008,350	779,333,004	814,407,000
Building	259,308,368	287,441,650	266,221,490	286,143,000
	<b>₩ 1,038,641,372</b>	<b>1,118,450,000</b>	<b>1,045,554,494</b>	<b>1,100,550,000</b>

(\*) The fair value of the investment property was determined based on an evaluation conducted by the Kyung-il Appraisal Corporation, an independent external entity with appropriate qualifications and experience in relation to the local property assessment (Evaluation date: June 30, 2023) and there are no significant changes during current year.

The fair value was measured by income capitalization approach. The income capitalization approach measures the fair value of investment properties at the present value of the net cash flows generated from the investment properties discounted at the risk-adjusted discount rate, reflecting the expected rental market growth rate, vacancy period, rental rate, and operating expense rate. The main inputs that are significant but not observable for fair value measurement are expected rental market growth rate, vacancy period, rental rate, risk-adjusted discount rate, and operating expense rate.

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2023 and December 31, 2022

#### 9. INVESTMENT PROPERTIES (CONT'D)

2) Among the investment properties, the fair values as of December 31, 2023 and December 31, 2022, of SK U-Tower, which is provided for operating leases to SK hynix Inc., are as follows:

(in thousands of Korean won)

	December 31, 2023		December 31, 2022	
	Book value	Fair value <sup>(*)</sup>	Book value	Fair value <sup>(*)</sup>
Land	₩ 297,117,047	306,667,400	297,117,047	301,002,800
Building	225,213,706	241,932,600	233,117,841	239,397,200
	<b>₩ 522,330,753</b>	<b>548,600,000</b>	<b>530,234,888</b>	<b>540,400,000</b>

(\*) The fair value of the investment property was determined based on an evaluation conducted by the Kyung-il Appraisal Corporation, an independent external entity with appropriate qualifications and experience in relation to the local property assessment (Evaluation date: June 30, 2023) and there are no significant changes during current year.

The fair value was measured by income capitalization approach. The income capitalization approach measures the fair value of investment properties at the present value of the net cash flows generated from the investment properties discounted at the risk-adjusted discount rate, reflecting the expected rental market growth rate, vacancy period, rental rate, and operating expense rate. The main inputs that are significant but not observable for fair value measurement are expected rental market growth rate, vacancy period, rental rate, risk-adjusted discount rate, and operating expense rate.

3) Among the investment properties, the fair values as of December 31, 2023 and December 31, 2022, of the gas stations provided for operating leases to SK Energy Co., Ltd., are as follows.

(in thousands of Korean won)

	December 31, 2023		December 31, 2022	
	Book value	Fair value <sup>(*)</sup>	Book value	Fair value <sup>(*)</sup>
Land	₩ 742,982,330	864,396,134	765,677,197	806,541,669
Building	38,628,819	44,076,674	40,464,502	45,789,011
	<b>₩ 781,611,149</b>	<b>908,472,808</b>	<b>806,141,699</b>	<b>852,330,680</b>

(\*) The fair value of the investment property was determined based on an evaluation conducted by the Kyung-il Appraisal Corporation, an independent external entity with appropriate qualifications and experience in relation to the local property assessment (Evaluation date: December 31, 2023) and there are no significant changes during current year.

The fair value was measured by cost approach. The cost approach measures the fair value of the target land by modifying the timing, comparing regional and individual factors, and correcting other factors according to the current status of the target land based on the official land price of the standard land. In the case of buildings, the fair value of the target building is measured by depreciating the cost of procurement.

4) Among the investment properties, the fair values as of December 31, 2023 and December 31, 2022, of Jongno Tower, which is provided for operating leases to SK On Co., Ltd, etc., are as follows:

(in thousands of Korean won)

	December 31, 2023		December 31, 2022	
	Book value	Fair value <sup>(*)</sup>	Book value	Fair value <sup>(*)</sup>
Land	₩ 583,514,238	591,851,500	583,514,238	569,276,600
Building	75,189,963	73,898,500	73,723,431	72,523,400
	<b>₩ 658,704,201</b>	<b>665,750,000</b>	<b>657,237,669</b>	<b>641,800,000</b>

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2023 and December 31, 2022

(\*) The fair value of the investment property was determined based on an evaluation conducted by the Kyung-il Appraisal Corporation, an independent external entity with appropriate qualifications and experience in relation to the local property assessment (Evaluation date: June 30, 2023) and there are no significant changes during current year.

The fair value was measured based on (1) cost-based method, (2) market-based comparison method, and (3) profit-based method, and the value was determined by comprehensively considering the purpose of appraisal and characteristics of the subject properties.

5) Among the investment properties, the fair values as of December 31, 2023 and December 31, 2022, of Water Treatment Center, which is provided for operating leases to SK hynix Inc., etc., are as follows:

(in thousands of Korean won)

	December 31, 2023		December 31, 2022	
	Book value <sup>(*)</sup>	Fair value <sup>(*)</sup>	Book value	Fair value
Land	₩ 45,893,351	42,683,200	-	-
Building	1,129,012,635	1,074,523,000	-	-
	<b>₩ 1,174,905,986</b>	<b>1,117,206,200</b>	<b>-</b>	<b>-</b>

(\*)1 The book value of the investment property includes KRW 62,220,704 thousand for acquisition costs.

(\*)2 The fair value of the investment property was determined based on an evaluation conducted by the Joong-ang Appraisal Co., Ltd, an independent external entity with appropriate qualifications and experience in relation to the local property assessment (Evaluation date: June 30, 2023) and there are no significant changes during current year.

The fair value was measured by cost approach. The cost approach measures the fair value of the target land by modifying the timing, comparing regional and individual factors, and correcting other factors according to the current status of the target land based on the official land price of the standard land. In the case of buildings, the fair value of the target building is measured by depreciating the cost of procurement.

#### (6) Fair Value Hierarchy of Investment properties

The followings are analyses of non-financial assets of which fair values measured by valuation methods are disclosed. The fair value hierarchy is as follows:

- The quoted price (unadjusted) in active markets for identical assets or liabilities that The Group can access at the measurement date (Level 1)
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (Level 2)
- Unobservable inputs for the asset or liability (Level 3)

(in thousands of Korean won)

	December 31, 2023			
	Level 1	Level 2	Level 3	Total
Investment properties	₩ -	-	4,358,479,008	4,358,479,008

(in thousands of Korean won)

	December 31, 2022			
	Level 1	Level 2	Level 3	Total
Investment properties	₩ -	-	3,135,080,680	3,135,080,680

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2023 and December 31, 2022

## 9. INVESTMENT PROPERTIES (CONT'D)

### (7) Valuation Methods and Input Variables

(In thousands of Korean won)

December 31, 2023					
	Fair value	Level	Valuation method	Unobservable input variable	Relationship between fair value and input variables
Investment properties	₩ 4,358,479,008	3	Income capitalization approach or Cost approach	Price per square meter and operating income	(*1)

(\*1) If the operating revenue increase, the fair value also increases.

(In thousands of Korean won)

December 31, 2022					
	Fair value	Level	Valuation method	Unobservable input variable	Relationship between fair value and input variables
Investment properties	₩ 3,135,080,680	3	(*1)	Price per square meter and operating income	(*2)

(\*1) Income capitalization approach was applied to the contract of providing operating leases to SK Inc. and SK hynix Inc., and the cost approach and revision approach based on standard land price were applied to the contract of providing operating leases to SK Energy Co., Ltd. In addition, to the contract of providing operating leases to SK On Co., Ltd. etc., the fair value of the land was measured by revising the official price of the land near the land to be measured, and the fair value of the building was measured based on the cost of procurement.

(\*2) If the price per square meter and operating revenue increase, the fair value also increases.

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2023 and December 31, 2022

## 10. DEBENTURES AND BORROWINGS

### (1) Details of debentures as of December 31, 2023 and December 31, 2022, are as follows:

(In thousands of Korean won)

Funding Purpose	Financial institution	Issuing currency	Issue date	Maturity date	Interest rate (%)	Repayment method	December 31, 2023	December 31, 2022
Public-offering bonds	SK SECURITIES Co., Ltd	KRW	October 7, 2022	October 6, 2023	5.06	Repayment at maturity	₩ -	38,400,000
	Korea Investment & Securities Co., Ltd						-	38,400,000
	SAMSUNG SECURITIES Co., Ltd						-	19,200,000
Short-term bonds	Korea Investment & Securities Co., Ltd	KRW	December 14, 2022	February 28, 2023	6.25	Repayment at maturity	-	100,000,000
	Korea Investment & Securities Co., Ltd		December 14, 2022	March 14, 2023	6.30		-	100,000,000
	SAMSUNG SECURITIES Co., Ltd						-	24,000,000
	Korea Investment & Securities Co., Ltd		December 20, 2023	March 20, 2024	4.52		136,000,000	-
	SAMSUNG SECURITIES Co., Ltd						82,000,000	-
	SK SECURITIES Co., Ltd						68,000,000	-
Shinhan Securities Co., Ltd.				50,000,000	-			
2nd Bearer-type Interest Unsecured Private Equity Convertible Bonds	Standard Chartered Bank Korea Ltd.	KRW	December 13, 2022	December 12, 2025	4.00	Repayment at maturity	50,000,000	50,000,000
	NH INVESTMENT & SECURITIES CO.,LTD.						6,000,000	6,000,000
	Shinhan Securities Co., Ltd.						38,000,000	38,000,000
	Korea Investment & Securities Co., Ltd						15,000,000	15,000,000
3rd Bearer-type Interest Unsecured Private Equity Convertible Bonds	Korea Investment & Securities Co., Ltd	KRW	March 15, 2023	March 15, 2026	3.50	Repayment at maturity	16,000,000	-
	SAMSUNG SECURITIES Co., Ltd						7,100,000	-
<b>Subtotal</b>							<b>468,100,000</b>	<b>429,000,000</b>
<b>Add (Less): Premium (Discount) on bonds</b>							<b>1,943,144</b>	<b>(1,130,933)</b>
<b>Less: Reclassification of the current portion of debentures</b>							<b>(447,144,688)</b>	<b>(319,861,398)</b>
							<b>₩ 22,898,456</b>	<b>108,007,669</b>

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2023 and December 31, 2022

## 10. DEBENTURES AND BORROWINGS (CONT'D)

(2) Details of convertible bonds as of December 31, 2023, are as follows:

Type	2nd Bearer-type Interest Unsecured Private Equity Convertible Bonds	3rd Bearer-type Interest Unsecured Private Equity Convertible Bonds
Issue date	December 13, 2022	March 15, 2023
Maturity	December 12, 2025	March 15, 2026
Par amount	KRW 109,000,000,000	KRW 23,100,000,000
Issuance amount	KRW 109,000,000,000	KRW 23,100,000,000
Outstanding amount	KRW 109,000,000,000	KRW 23,100,000,000
Coupon rate	4.00% annually	3.50% annually
Guaranteed maturity rate	5.50% annually	4.50% annually
Redemption method	The amount equivalent to the guaranteed maturity rate of 104.8516% of the debenture amount will be repaid at maturity	The amount equivalent to the guaranteed maturity rate of 103.1927% of the debenture amount will be repaid at maturity
Type of Bond	Private offering	Private offering
Conversion Rate (%)	100	100
Conversion Price	KRW 4,779 per share	KRW 5,103 per share
Stocks to be issued due to Conversion	Stocks	Registered ordinary shares of SK REIT CO., LTD.
	Number of shares	22,808,118
	Percentage of Number of Shares Outstanding (%)	10.40
Conversion Request Period	Start date	December 13, 2023
	End date	November 12, 2025
Option	Early Redemption Claim (Put Option)	The bond holders are entitled to early redemption right after 23 months of the issue date of this bond (February 15, 2025) and every three months thereafter. Early repayment may be requested before maturity for all or part of the amount corresponding to the principal amount.  Early Redemption Rate: 101.9964% of electronically registered amount (February 15, 2025), 102.2617% (May 15, 2025), 102.5372% (August 15, 2025), 102.8178% (November 15, 2025), 103.1047% (February 15, 2026)

(3) Details of short-term borrowings as of December 31, 2023 and December 31, 2022, are as follows:

(In thousands of Korean won)

Funding Purpose	Financial institution	Issuing currency	Issue date	Maturity date	Interest rate (%)	Repayment method	December 31, 2023	December 31, 2022
Borrowings from financial institutions	Standard Chartered Bank Korea Co., Ltd	KRW	June 30, 2023	3.49	Facility funds	Repayment at maturity	₩	40,000,000
	Sumitomo Mitsui Banking Corporation						–	40,000,000
	Mizuho Bank Co Ltd.						–	40,000,000
	Standard Chartered Bank Korea Co., Ltd		August 31, 2023	6.53	Unsecured	Repayment at maturity	–	30,000,000
	Standard Chartered Bank Korea Co., Ltd		October 13, 2023	5.07	Facility funds	Repayment at maturity	–	154,800,000
	Sumitomo Mitsui Banking Corporation						–	90,000,000
	<b>Subtotal</b>						<b>–</b>	<b>394,800,000</b>

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2023 and December 31, 2022

(4) Details of convertible bonds as of December 31, 2023, are as follows:

(In thousands of Korean won)

Type	Financial institution	Issuing currency	Maturity date	Interest rate (%)	Funding Purpose	Repayment method	December 31, 2023	December 31, 2022				
Borrowings	Standard Chartered Bank Korea Ltd.	KRW	July 5, 2024	2.08	Facility funds	Repayment at maturity	₩	116,000,000				
	SK Office One Q No.1						60,000,000	60,000,000				
	Clean Energy One Q No.1						–	60,000,000				
	S Tiger K Co., Ltd.						80,000,000	80,000,000				
	S Tiger Energy Co., Ltd.						–	40,000,000				
	KOOKMIN BANK						150,000,000	280,000,000				
	Sumitomo Mitsui Banking Corporation						115,800,000	135,800,000				
	Mizuho Bank Co Ltd.						80,000,000	150,000,000				
	Standard Chartered Bank Korea Ltd.						June 30, 2025	4.44	Facility funds	Repayment at maturity	37,380,000	37,380,000
	KOOKMIN BANK										69,000,000	69,000,000
	Sumitomo Mitsui Banking Corporation										39,000,000	39,000,000
	Mizuho Bank Co Ltd.										39,000,000	39,000,000
	Standard Chartered Bank Korea Ltd.		40,000,000	–								
	Sumitomo Mitsui Banking Corporation		40,000,000	–								
	Mizuho Bank Co Ltd.		40,000,000	–								
	Standard Chartered Bank Korea Ltd.		July 5, 2024	2.08	Facility funds	Repayment at maturity					126,254,176	–
	Clean Energy One Q No.1										58,226,369	–
	S Tiger Energy Co., Ltd.										38,817,579	–
	KOOKMIN BANK										126,157,132	–
	Sumitomo Mitsui Banking Corporation										19,408,790	–
	Mizuho Bank Co Ltd.						67,930,763	–				
	Standard Chartered Bank Korea Ltd.						October 13, 2025	4.87	Facility funds	Repayment at maturity	84,800,000	–
	Sumitomo Mitsui Banking Corporation										80,000,000	–
	Woori Bank										80,000,000	–
	INDUSTRIAL BANK OF KOREA										150,000,000	–
	KOOKMIN BANK										50,000,000	–
	Water Stream 1st Co.,Ltd.										45,000,000	–
	HANWHA LIFE INSURANCE CO., LTD.		September 23, 2026	5.49	Facility funds	Repayment at maturity	40,000,000	–				
	Kyobo Life Insurance Co., Ltd (*)						25,000,000	–				
	Heungkuk SK hynix co.Ltd						20,000,000	–				
	Standard Chartered Bank Korea Ltd.						100,300,000	–				
	Sumitomo Mitsui Banking Corporation						100,000,000	–				
S Tiger clean Co.,Ltd	45,000,000	–										
Woori Bank	45,000,000	–										
China Construction Bank (*)	40,000,000	–										
Suhyup Bank	10,000,000	–										
	<b>Subtotal</b>						<b>2,258,074,809</b>	<b>1,236,280,000</b>				
	<b>Less: discount account on present value</b>						<b>(10,864,722)</b>	<b>(5,101,767)</b>				
	<b>Less: Reclassification of the current portion of long-term borrowings</b>						<b>(1,037,276,883)</b>	<b>–</b>				
							<b>₩ 1,209,933,204</b>	<b>1,231,178,233</b>				

(\*) The collateral trust agreement with Mirae Asset Securities Co., Ltd., the existing lender, was amended as of November 21, 2023.

Investment of properties of the Group are provided as collateral in relation to the above long-term borrowings (see note 27).

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2023 and December 31, 2022

#### 11. OTHER ASSET

Other assets as of December 31, 2023 and December 31, 2022, are as follows:

(in thousands of Korean won)

	December 31, 2023	December 31, 2022
Current assets:	₩	
Prepaid expenses	3,845,543	2,991,423
Advanced tax	122,396	91,748
	₩ <b>3,967,939</b>	<b>3,083,171</b>

#### 12. OTHER LIABILITIES

Other liabilities as of December 31, 2023 and December 31, 2022, are as follows:

(in thousands of Korean won)

	December 31, 2023	December 31, 2022
Current liabilities:		
Advances from customers	₩ 1,527,883	1,527,060
Unearned revenues	8,492,944	2,571,941
Withholdings	1,256	441
VAT payables	4,167,172	2,497,962
	₩ 14,189,255	6,597,404
Non-current liabilities:		
Unearned revenues	₩ 59,267,949	9,869,230
	₩ <b>59,267,949</b>	<b>9,869,230</b>

#### 13. CAPITAL STOCK

(1) According to the Group's articles of association, the total number of shares to be issued, the amount of one share, the number of shares issued, and the capital stock as of December 31, 2023 and December 31, 2022 are as follows:

	Ordinary share	
	December 31, 2023	December 31, 2022
Authorized shares of capital stock	5,000,000,000 shares	5,000,000,000 shares
Par value	KRW 500	KRW 500
Issued number of ordinary shares	270,132,679 shares	196,554,079 shares
Capital stock:	KRW 135,066,340 thousand	KRW 98,277,040 thousand

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2023 and December 31, 2022

(2) Changes in the number of ordinary shares outstanding for the years ended December 31, 2023 and December 31, 2022 are as follows:

(In Shares)

	Ordinary share	
	For the year ended December 31, 2023	For the year ended December 31, 2022
Beginning balance	196,554,079	155,020,532
Capital increase with consideration (October 6, 2023)	73,578,600	41,533,547
Ending balance	270,132,679	196,554,079

#### 14. OTHER PAID-IN-CAPITAL

(1) Details of other paid-in capital as of December 31, 2023 and December 31, 2022, are as follows:

(in thousands of Korean won)

	December 31, 2023	December 31, 2022
Share premium	₩ 1,114,887,980	869,329,497
Value of conversion rights <sup>(*)</sup>	1,437,739	640,638
Other capital surplus	150,699	150,699
	₩ <b>1,116,476,418</b>	<b>870,120,834</b>

(\*1) The Group issued convertible bonds with an issuance price of KRW 132,100,000 thousand and a maturity of three years. The conversion rights of these convertible bonds were classified as equity and were recognised by subtracting the fair value of the financial liabilities from the fair value of the entire financial instruments.

(2) Changes in paid-in capital for the years ended December 31, 2023 and December 31, 2022, are as follows:

(in thousands of Korean won)

	For the year ended December 31, 2023			
	Share premium	Value of conversion rights	Other capital surplus	Total
Beginning balance	₩ 869,329,497	640,638	150,699	870,120,834
Capital increase with consideration	266,011,758	–	–	266,011,758
Transfer to retained earnings	(20,352,535)	–	–	(20,352,535)
Issuance of convertible bonds	–	797,101	–	797,101
Cost of issuance of stocks	(100,740)	–	–	(100,740)
Ending balance	₩ 1,114,887,980	1,437,739	150,699	1,116,476,418

(in thousands of Korean won)

	For the year ended December 31, 2022			
	Share premium	Value of conversion rights	Other capital surplus	Total
Beginning balance	₩ 687,262,384	–	–	687,262,384
Capital increase with consideration	187,503,914	–	–	187,503,914
Transfer to retained earnings	(5,436,801)	–	–	(5,436,801)
Issuance of convertible bonds	–	2,649,818	–	2,649,818
Redemption of convertible bonds	–	(2,009,180)	150,699	(1,858,481)
Ending balance	₩ 869,329,497	640,638	150,699	870,120,834

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2023 and December 31, 2022

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2023 and December 31, 2022

## 15. RETAINED EARNINGS (ACCUMULATED DEFICIT)

Details of retained earnings as of December 31, 2023 and December 31, 2022, are as follows:

(in thousands of Korean won)

	December 31, 2023		December 31, 2022	
Retained earnings before appropriations (Accumulated deficit before disposition)	₩	(11,435,596)		321,722,119

## 16. DIVIDENDS

Details of planned dividend payment as of December 31, 2023 and December 31, 2022, are as follows:

(in thousands of Korean won)

	Ordinary share			
	December 31, 2023		December 31, 2022	
Total number of issued shares		270,132,679		196,554,079
Number of treasury shares		—		—
Number of dividend shares		270,132,679		196,554,079
Dividends per share	₩	91		66
Par value		500		500
Dividends ratio		18.20%		13.20%
<b>Total dividends</b>	<b>₩</b>	<b>24,582,073,789</b>		<b>12,972,569,214</b>

## 17. REVENUE FROM CONTRACTS WITH CUSTOMERS

Details of revenue from contracts with customers and categorized information for the years ended December 31, 2023 and December 31, 2022, are as follows:

(in thousands of Korean won)

	For the year ended December 31, 2023		For the year ended December 31, 2022	
Goods and services transferred over time:				
Rental business	Rental revenues	₩ 145,892,036		90,387,429

## 18. OPERATING REVENUES

Details of operating revenues for the years ended December 31, 2023 and December 31, 2022, are as follows:

(in thousands of Korean won)

	For the year ended December 31, 2023		For the year ended December 31, 2022	
Rental revenues	₩	135,908,559		88,476,170
Maintenance fee revenues		8,619,320		1,699,506
Other revenues		1,364,157		211,753
	<b>₩</b>	<b>145,892,036</b>		<b>90,387,429</b>

## 19. OPERATING EXPENSES

Details of operating expenses for the years ended December 31, 2023 and December 31, 2022, are as follows:

(in thousands of Korean won)

	For the year ended December 31, 2023		For the year ended December 31, 2022	
Executive Compensation	₩	153,000		80,000
Insurance expenses		71,547		44,016
Depreciation		26,521,770		12,875,757
Asset management consignment fees		6,989,422		4,511,032
Asset management performance fees		1,759,610		—
Asset custody consignment fees		74,501		46,149
General affairs consignment fees		368,445		290,056
Real estate management consignment fees		2,530,748		626,102
Commission expenses		3,003,573		865,351
Taxes and due		1,116,831		289,158
Utility expenses		2,430,309		432,896
Deemed rent		386,706		86,415
Advertising expenses		32,000		—
	<b>₩</b>	<b>45,438,462</b>		<b>20,146,932</b>

## 20. FINANCE INCOME AND COSTS

(1) Details of finance income for the years ended December 31, 2023 and December 31, 2022, are as follows:

(in thousands of Korean won)

	For the year ended December 31, 2023		For the year ended December 31, 2022	
Interest income	₩	2,100,192		835,587

(2) Details of finance costs for the years ended December 31, 2023 and December 31, 2022, are as follows:

(in thousands of Korean won)

	For the year ended December 31, 2023		For the year ended December 31, 2022	
Interest expenses	₩	91,265,874		42,131,184

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2023 and December 31, 2022

## 21. OTHER NON-OPERATING INCOME AND EXPENSES

(1) Details of other non-operating income for the years ended December 31, 2023 and December 31, 2022, are as follows:

(in thousands of Korean won)

		For the year ended December 31, 2023	For the year ended December 31, 2022
Miscellaneous gains	₩	143,179	38,118
Gains on disposals of investment properties		14,584,189	—
	₩	14,727,368	38,118

(2) Details of other non-operating expenses for the year ended December 31, 2023 and December 31, 2022, are as follows:

(in thousands of Korean won)

		For the year ended December 31, 2023	For the year ended December 31, 2022
Miscellaneous losses	₩	27,834	—
Loss on redemption of debentures		—	50,832
	₩	27,834	50,832

## 22. INCOME TAXES EXPENSES

Income tax expense is recorded at the amount calculated by adding or subtracting changes in deferred income tax for the current year to the sum of corporate tax to be borne in the current fiscal year and tax added to corporate tax in accordance with laws such as the Corporate Tax Act. However, in the case of dividends of 90/100 or more of the profit available for dividends as prescribed by the Presidential Decree, The Group can deduct such amount from the taxable income for the fiscal year, pursuant to Article 51-2 of the Corporate Tax Act, Income Deduction for Specialized Company, etc., and therefore did not recognized current tax expense, as there is practically no corporate tax to be borne by the Group.

## 23. EARNINGS PER SHARE

(1) Basic earnings per share

1) Basic earnings per share for the years ended December 31, 2023 and December 31, 2022 are calculated as follows:

(in Korean won)

		For the year ended December 31, 2023	For the year ended December 31, 2022
Profit for the year	₩	25,987,426,459	28,932,185,367
Dividends on preferred shares		1,293,150,684	—
Profit for the year, attributable to ordinary equity holders of the parent entity		24,694,275,775	28,932,185,367
Weighted-average number of ordinary shares outstanding		214,091,992 shares	171,064,998 shares
Basic earnings per share of ordinary share, attributable to owners of the parent entity	₩	115,34	169,13

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2023 and December 31, 2022

2) Calculation of weighted average number of ordinary shares outstanding

(in shares)

For the year ended December 31, 2023				
	Term	Number of shares in circulation	days	Accumulation
Beginning balance	January 1, 2023 ~ December 31, 2023	196,554,079	365	71,742,238,835
Capital increase with consideration	October 6, 2023 ~ December 31, 2023	73,578,600	87	6,401,338,200
Subtotal				78,143,577,035
Weighted average number of ordinary shares outstanding				214,091,992

(in shares)

For the year ended December 31, 2022				
	Term	Number of shares in circulation	days	Accumulation
Beginning balance	January 1, 2022 ~ December 31, 2022	155,020,532	365	56,582,494,180
Capital increase with consideration	August 13, 2022 ~ December 31, 2022	41,533,547	141	5,856,230,127
Subtotal				62,438,724,307
Weighted average number of ordinary shares outstanding				171,064,998

(2) Diluted earnings per share

The Group has issued convertible bonds that are potential ordinary shares. However, diluted earnings per share are the same as basic earnings per share because the convertible bonds are antidilutive as of December 31, 2023 and December 31, 2022.

## 24. RELATED-PARTY TRANSACTIONS

(1) Details of related parties as of December 31, 2023, are as follows:

	Name of the related parties
Ultimate controlling company	SK Inc.
Others (*)	SK REITs Management Co., Ltd., SK Energy Co. Ltd., SK hynix Inc., SK shieldus Co.,Ltd and other SK business group affiliates

(\*) Within the 'Others', several companies are included that do not satisfy the definition of related parties based on the paragraph 9 of K-IFRS 1024 'Related Party Disclosure'. However, companies designated as Large Business Group Affiliates by the Fair Trade Commission are still classified as related parties according to the resolution of the Securities and Futures Commission. This is because these companies are considered related parties due to the substance of the relationship, as noted in paragraph 10 of K-IFRS 1024 'Related Party Disclosure'.

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2023 and December 31, 2022

## 24. RELATED-PARTY TRANSACTIONS (CONT'D)

(2) Significant transactions between the Group and related parties for the years ended December 31, 2023 and December 31, 2022, are as follows:

(in thousands of Korean won)

Type	Name of the related party	Account headings	For the year ended December 31, 2023	For the year ended December 31, 2022
Controlling company	SK Inc.	Operating Revenues <sup>(1)</sup>	₩ 41,363,364	40,621,608
		Commission expenses	96,758	42,978
Others	SK REITs Management Co., Ltd.	Asset management consignment fees	6,989,421	4,511,032
		Asset management performance fees	1,759,610	–
		Stock transfers	–	300,000
		Purchase fees	–	6,420,000
	SK Energy Co. Ltd.	Operating Revenues <sup>(2)</sup>	32,484,775	32,696,444
	SK hynix Inc.	Operating Revenues <sup>(3)</sup>	43,201,884	10,772,665
		Acquisition of investment property (land)	43,444,576	282,003,200
		Acquisition of investment property (building)	1,076,870,222	225,196,800
	SK shieldus Co.,Ltd	Real estate management consignment fees	57,600	28,960
		Due diligence fees	–	24,000
	SK On Co., Ltd.	Operating revenues <sup>(4)</sup>	5,167,312	1,036,952
	SK Geo Centric Co., Ltd.	Operating revenues <sup>(4)</sup>	2,579,112	482,879
	SK Energy Co. Ltd.	Operating revenues <sup>(4)</sup>	2,245,572	410,059
SK Ecoplant Co., Ltd.	Operating revenues <sup>(4)</sup>	903,697	207,831	
SK E&S Co., Ltd.	Operating revenues <sup>(4)</sup>	1,565,942	323,285	
SK Forest. Co., Ltd.	Operating revenues <sup>(4)</sup>	₩ 676,400	102,887	

(\*1) KRW 639,924 thousand and 639,924 thousand reflected in the operating income of the unearned income have been excluded, respectively, during the current and prior years.

(\*2) KRW 496,089 thousand and 499,234 thousand reflected in the operating income of the unearned income have been excluded, respectively, during the current and prior years.

(\*3) KRW 2,111,838 thousand and 313,082 thousand reflected in the operating income of the unearned income have been excluded, respectively, during the current and prior years.

(\*4) KRW 556,413 thousand and 74,896 thousand reflected in the operating income of the unearned income have been excluded, respectively, during the current and prior years.

Meanwhile, the Group was designated by SK REITs Management Co., Ltd., a related party, to negotiate the preferential purchase of Jongno Tower and acquired the building at fair value during the prior year.

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2023 and December 31, 2022

(3) Outstanding balances to related parties as of December 31, 2023 and December 31, 2022, are as follows:

(in thousands of Korean won)

Type	Name of the related party	Account headings	December 31, 2023	December 31, 2022
Controlling company	SK Inc.	Leasehold deposits received <sup>(1)</sup>	₩ 32,711,600	32,711,600
		Accrued income <sup>(2)</sup>	1,688,780	1,281,187
Others	SK REITs Management Co., Ltd.	Non-trade payables	2,794,193	1,304,907
		SK Energy Co. Ltd.	Leasehold deposits received <sup>(3)</sup>	26,165,790
		Accrued income <sup>(2)</sup>	1,125,396	627,331
	SK hynix Inc.	Leasehold deposits received <sup>(4)</sup>	160,778,392	17,330,392
		Accrued income <sup>(2)</sup>	3,072,875	316,662
	SK shieldus Co.,Ltd	Non-trade payables	5,280	5,280
SK On Co., Ltd., etc.	Leasehold deposits received <sup>(5)</sup>	10,085,285	9,546,249	

(\*1) These are nominal values that do not reflect the current value discounts of KRW 1,640,965 thousand and KRW 2,274,065 thousand, as of December 31, 2023 and December 31, 2022, respectively.

(\*2) The Group recognized no allowance for accrued income as of December 31, 2023 and December 31, 2022.

(\*3) These are nominal values that do not reflect the current value discounts of KRW 3,743,555 thousand and KRW 4,306,850 thousand, as of December 31, 2023 and December 31, 2022, respectively.

(\*4) These are nominal values that do not reflect the current value discounts of KRW 60,551,987 thousand and KRW 2,845,059 thousand, as of December 31, 2023 and December 31, 2022, respectively.

(\*5) These are nominal values that do not reflect the current value discounts of KRW 1,465,452 thousand and KRW 1,881,390 thousand, as of December 31, 2023 and December 31, 2022, respectively.

(4) Significant cash transactions between the Group and related parties for the years ended December 31, 2023 and December 31, 2022, are as follows:

(in thousands of Korean won)

Type	Name of the related party	Account headings	For the year ended December 31, 2023	For the year ended December 31, 2022
Controlling company	SK Inc.	Capital increase with consideration	₩ –	35,384,610

(5) Dividends paid to related parties for the years ended December 31, 2023 and December 31, 2022, are as follows:

(in thousands of Korean won)

Type	Name of the related party	For the year ended December 31, 2023	For the year ended December 31, 2022
Controlling company	SK Inc.	₩ 24,421,446	21,261,025

(6) Key management personnel compensations for the years ended December 31, 2023 and December 31, 2022, are as follows:

(in thousands of Korean won)

	For the year ended December 31, 2023	For the year ended December 31, 2022
Key management personnel compensation	₩ 153,000	80,000

(7) Details of significant commitments between the Group and related parties are described in note 26.

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2023 and December 31, 2022

## 25. CONSOLIDATED STATEMENTS OF CASH FLOWS

(1) Details of expenses and revenues without cash inflows and outflows for the years ended December 31, 2023 and December 31, 2022, are as follows:

(in thousands of Korean won)

	For the year ended December 31, 2023	For the year ended December 31, 2022
Depreciation	₩ 26,521,770	12,875,757
Interest expenses	91,265,874	42,131,184
Loss on redemption of debentures	–	50,832
Miscellaneous losses	27,634	–
Rental revenues	(4,011,647)	(1,588,067)
Interest income	(2,100,192)	(835,587)
Gains on disposals of investment properties	(14,584,189)	–
	<b>₩ 97,119,250</b>	<b>52,634,119</b>

(2) Details of changes in assets and liabilities arising from operating activities for the years ended December 31, 2023 and December 31, 2022, are as follows:

(in thousands of Korean won)

	For the year ended December 31, 2023	For the year ended December 31, 2022
Non-trade receivables	₩ (21,685)	(4,465)
Accrued income	(3,520,810)	(1,818,237)
Advance payments	–	–
Prepaid expenses	14,599	(114,518)
VAT payables	1,669,210	907,202
Non-trade payables	1,801,180	998,819
Advances from customers	66,823	1,527,060
Accrued expenses	–	163,018
Withholdings	815	397
	<b>₩ 10,132</b>	<b>1,659,276</b>

(3) The significant non-cash transactions for the years ended December 31, 2023 and December 31, 2022, are as follows:

(in thousands of Korean won)

	For the year ended December 31, 2023	For the year ended December 31, 2022
Reclassification of the current portion of long-term unearned revenues	₩ 3,235,517	2,211,533
Transfer of retained earnings from capital surplus	20,352,535	–
Reclassification of current portion of long-term borrowings	929,465,718	–
Transfer to dividends payable from retained earnings	12,972,569	–
Reclassification of long-term leasehold deposits received to unearned revenues	–	3,276,566
Increase in long-term unearned revenues	–	3,130,823
Reclassification of current portion of convertible bonds	111,144,688	–
Changes in non-trade payables related to the acquisition of investment properties	₩ 3,306,235	–

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2023 and December 31, 2022

(4) Reconciliation details of liabilities arising from financial activities for the years ended December 31, 2023 and December 31, 2022, are as follows:

(in thousands of Korean won)

	For the year ended December 31, 2023				
	Beginning of year	Cashflows	Amortization	Non-cash transactions	End of year
Short-term borrowings	₩ 394,387,850	(274,800,000)	412,150	(120,000,000)	–
Current portion of long-term borrowings	–	(13,305,191)	1,090,892	1,049,491,182	1,037,276,883
Long-term borrowings	1,231,178,233	905,355,175	2,865,513	(929,465,717)	1,209,933,204
Current portion of debentures	319,861,398	16,000,000	138,602	–	336,000,000
Current portion of convertible bonds	–	–	–	111,144,688	111,144,688
Leasehold deposits received	108,007,668	23,074,012	3,758,565	(111,941,789)	22,898,456
Leasehold deposits received	82,492,336	142,766,110	3,538,773	(60,598,559)	168,198,660
	<b>₩ 2,135,927,485</b>	<b>799,090,106</b>	<b>11,804,495</b>	<b>(61,370,195)</b>	<b>2,885,451,891</b>

(in thousands of Korean won)

	For the year ended December 31, 2022				
	Beginning of year	Cashflows	Amortization	Non-cash transactions	End of year
Short-term borrowings	₩ –	394,035,932	295,668	56,250	394,387,850
Long-term borrowings	1,045,415,163	182,997,150	2,765,920	–	1,231,178,233
Current portion of debentures	–	319,867,780	41,618	(48,000)	319,861,398
Convertible bonds	–	108,514,856	233,318	(740,506)	108,007,668
Leasehold deposits received	51,887,269	35,530,998	1,481,458	(6,407,389)	82,492,336
	<b>₩ 1,097,302,432</b>	<b>1,040,946,716</b>	<b>4,817,982</b>	<b>(7,139,645)</b>	<b>2,135,927,485</b>

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2023 and December 31, 2022

## 26. COMMITMENTS AND CONTINGENCIES

(1) Details of commitments made with financial institutions as of December 31, 2023 and December 31, 2022, are as follows:

(in thousands of Korean won)

Financial institutions	December 31, 2023			
	Currency	Type	Limit of amount	Unexecuted amount
Standard Chartered Bank Korea Ltd <sup>(2)</sup>	KRW	Loan agreement	₩ 116,000,000	—
SK Office OneQ No. 1 <sup>(2)</sup>			60,000,000	—
S Tiger K Co., Ltd. <sup>(2)</sup>			80,000,000	—
KOOKMIN BANK <sup>(2)</sup>			150,000,000	—
Sumitomo Mitsui Banking Corporation <sup>(2)</sup>			115,800,000	—
Mizuho Bank, Ltd. <sup>(2)</sup>			80,000,000	—
Standard Chartered Bank Korea Ltd <sup>(3)</sup>			40,000,000	—
Sumitomo Mitsui Banking Corporation <sup>(3)</sup>			40,000,000	—
Mizuho Bank, Ltd. <sup>(3)</sup>			40,000,000	—
Standard Chartered Bank Korea Ltd <sup>(4)</sup>			37,380,000	—
KOOKMIN BANK <sup>(4)</sup>			69,000,000	—
Sumitomo Mitsui Banking Corporation <sup>(4)</sup>			39,000,000	—
Mizuho Bank, Ltd. <sup>(4)</sup>			39,000,000	—
Standard Chartered Bank Korea Ltd <sup>(5)</sup>			130,100,000	3,845,824
Clean Energy One Q No.1 <sup>(5)</sup>			60,000,000	1,773,631
S Tiger Energy Co., Ltd. <sup>(5)</sup>			40,000,000	1,182,421
KOOKMIN BANK <sup>(5)</sup>			130,000,000	3,842,868
Sumitomo Mitsui Banking Corporation <sup>(5)</sup>			20,000,000	591,210
Mizuho Bank, Ltd. <sup>(5)</sup>			70,000,000	2,069,237
Standard Chartered Bank Korea Ltd <sup>(6)</sup>			84,800,000	—
Sumitomo Mitsui Banking Corporation <sup>(6)</sup>			80,000,000	—
Woori Bank <sup>(6)</sup>			80,000,000	—
INDUSTRIAL BANK OF KOREA <sup>(7)</sup>			150,000,000	—
KOOKMIN BANK <sup>(7)</sup>			50,000,000	—
Water Stream 1st Co.,Ltd. <sup>(7)</sup>			45,000,000	—
HANWHA LIFE INSURANCE CO., LTD. <sup>(7)</sup>			40,000,000	—
Kyobo Life Insurance Co., Ltd <sup>(1) (7)</sup>			25,000,000	—
Heungkuk SK hynix co.Ltd <sup>(7)</sup>	20,000,000	—		
Standard Chartered Bank Korea Ltd <sup>(8)</sup>	100,300,000	—		
Sumitomo Mitsui Banking Corporation <sup>(8)</sup>	100,000,000	—		
S Tiger clean Co.,Ltd <sup>(8)</sup>	45,000,000	—		
Woori Bank <sup>(8)</sup>	45,000,000	—		
China Construction Bank <sup>(1) (8)</sup>	40,000,000	—		
Suhyup Bank <sup>(8)</sup>	10,000,000	—		
	₩		2,271,380,000	13,305,191

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2023 and December 31, 2022

(\*1) The collateral trust agreement with Mirae Asset Securities Co., Ltd., the existing lender, was amended as of November 21, 2023.

(\*2) The loan agreement related to the Investment property, SK Seorin Building.

(\*3) The loan agreement related to the variable-rate borrowings for SK U-Tower.

(\*4) The loan agreement related to the fixed-rate borrowings for SK U-Tower.

(\*5) The loan agreement related to the Investment property, SK Energy Gayang gas Station and other 113 gas stations.

(\*6) The loan agreement related to the Investment property, Jongno Tower.

(\*7) The loan agreement related to the fixed-rate borrowings for SK hynix Inc. Water Treatment Center.

(\*8) The loan agreement related to the variable-rate borrowings for SK hynix Inc. Water Treatment Center.

(in thousands of Korean won)

Financial institutions	December 31, 2022					
	Currency	Type	Limit of amount	Unexecuted amount		
Standard Chartered Bank Korea Ltd <sup>(1)</sup>	KRW	Loan agreement	₩ 116,000,000	—		
SK Office OneQ No. 1 <sup>(1)</sup>			60,000,000	—		
S Tiger K Co., Ltd. <sup>(1)</sup>			80,000,000	—		
KOOKMIN BANK <sup>(1)</sup>			150,000,000	—		
Sumitomo Mitsui Banking Corporation <sup>(1)</sup>			115,800,000	—		
Mizuho Bank, Ltd. <sup>(1)</sup>			80,000,000	—		
Standard Chartered Bank Korea Ltd <sup>(2)</sup>			40,000,000	—		
Sumitomo Mitsui Banking Corporation <sup>(2)</sup>			40,000,000	—		
Mizuho Bank, Ltd. <sup>(2)</sup>			40,000,000	—		
Standard Chartered Bank Korea Ltd <sup>(2)</sup>			37,380,000	—		
KOOKMIN BANK <sup>(2)</sup>			69,000,000	—		
Sumitomo Mitsui Banking Corporation <sup>(2)</sup>			39,000,000	—		
Mizuho Bank, Ltd. <sup>(2)</sup>			39,000,000	—		
Standard Chartered Bank Korea Ltd <sup>(3)</sup>			130,100,000	—		
Clean Energy One Q No.1 <sup>(3)</sup>			60,000,000	—		
S Tiger Energy Co., Ltd. <sup>(3)</sup>			40,000,000	—		
KOOKMIN BANK <sup>(3)</sup>			130,000,000	—		
Sumitomo Mitsui Banking Corporation <sup>(3)</sup>			20,000,000	—		
Mizuho Bank, Ltd. <sup>(3)</sup>			70,000,000	—		
Standard Chartered Bank Korea Ltd <sup>(4)</sup>			154,800,000	—		
Sumitomo Mitsui Banking Corporation <sup>(4)</sup>			90,000,000	—		
Standard Chartered Bank Korea Ltd <sup>(5)</sup>			30,000,000	—		
			₩		1,631,080,000	—

(\*1) The loan agreement related to the Investment property, SK Seorin Building.

(\*2) The loan agreement related to the fixed-rate borrowings for SK U-Tower.

(\*3) The loan agreement related to the Investment property, SK Energy Gayang gas Station and other 115 gas stations.

(\*4) The loan agreement related to the Investment property, Jongno Tower.

(\*5) The loan agreement related to the unsecured loan.

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2023 and December 31, 2022

## 26. COMMITMENTS AND CONTINGENCIES (CONT'D)

### (2) Other Commitments

#### 1) Asset management contract

##### a. Contract to provide operating lease to SK Inc. and SK hynix Inc.

The Group has contracted with SK REITs Management Co., Ltd. for investment management of assets, such as real estate acquisition, management, improvement and disposal, real estate development, leasing and security trading, with paying the following asset management fees.

Type	Detail
Purchase fee	Purchase price * 0.5% (VAT not included)
Asset management fees	Purchase price * 0.2%/365(366 days in leap years) * days (Number of days of holding operating assets)
Asset management performance fee	(Dividend before commission – dividend before highest commission) * (average number of issued shares per day) * 25%
Disposal fee	Real property: 0.7% of disposal value Others: (Total Value + Premium of the Assets disposed) * Disposal Ratio * 0.7%
Disposal performance fee	Real property: (Disposal price – Purchase price – Disposal fee) * 10% – Accumulated amount of asset management performance fee Others: (Total value of disposed assets + premium – purchase price – disposal fee) * disposal ratio * 10% – accumulated amount of asset management performance fee

##### b. Contract to provide operating lease to SK Energy Co., Ltd.

The Group has contracted with SK REITs Management Co., Ltd. for investment management of assets such as real estate acquisition, management, improvement and disposal, real estate development, leasing and securities trading, with paying the following asset management fees.

Type	Detail
Purchase fee	Purchase price * 0.5% (VAT not included)
Management fees	Purchase price * 0.22%/365(366 days for leap year) * Days (number of days of holding the operating asset)
Disposal fee	Real property: 0.7% of disposal value Others: (Total Value + Premium of the Assets disposed) * Disposal Ratio * 0.7%
Disposal performance fee	Real property: (Disposal price – Purchase price – Disposal fee) * 10% – Accumulated amount of Parent REITs' asset management performance fee Others: (Total value of disposed assets + premium – purchase price – disposal fee) * disposal ratio * 10% – accumulated amount of Parent REITs' asset management performance fee

##### c. Contract to provide operating lease to SK On Co., Ltd., etc.

The Group has contracted with SK REITs Management Co., Ltd. for investment management of assets such as real estate acquisition, management, improvement and disposal, real estate development, leasing and securities trading, with paying the following asset management fees.

Type	Detail
Purchase fee	KRW 6,420,000,000
Management fees	Purchase price * 0.2%/365(366 days for leap year) * Days (number of days of holding the operating asset)
Disposal fee	Real property: 0.7% of disposal value Others: (Total Value + Premium of the Assets disposed) * Disposal Ratio * 0.7%
Disposal performance fee	Real property: (Disposal price – Purchase price – Disposal fee) * 10% – Accumulated amount of asset management performance fee Others: (Total value of disposed assets + premium – purchase price – disposal fee) * disposal ratio * 10% – accumulated amount of asset management performance fee

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2023 and December 31, 2022

#### d. Contract to provide operating lease of Water Treatment Center to SK hynix Inc.

The Group has contracted with SK REITs Management Co., Ltd. for investment management of assets such as real estate acquisition, management, improvement and disposal, real estate development, leasing and securities trading, with paying the following asset management fees.

Type	Detail
Purchase fee	Purchase price * 0.75%
Asset management fees	Purchase price * 0.35%/365(366 days in leap years) * days (Number of days of holding operating assets)
Disposal performance fee	Real property: (Disposal price – Purchase price) * 10% – Accumulated amount of Parents REITs' asset management performance fee Others: (Total value of disposed assets + premium – purchase price) * disposal ratio * 10% – accumulated amount of Parents REITs' asset management performance fee

#### 2) General affairs consignment contract

##### a. Contract to provide operating lease to SK Inc. and SK hynix Inc.

The Group has entered into a general business entrustment contract with SHINHAN FUND PARTNERS for business related to stock issuance, listing-related business, and management of the Group, with paying the following general affairs consignment fees.

Type	Detail
General affairs consignment fees	KRW 50 million for each closing period (VAT not included)

##### b. Contract to provide operating lease to SK Energy Co., Ltd.

The Group has entered into a general business entrustment contract with SHINHAN FUND PARTNERS for business related to stock issuance, listing-related business, and management of the Group, with paying the following general affairs consignment fees.

Type	Detail
General affairs consignment fees	KRW 15 million for each closing period (VAT not included)

##### c. Contract to provide operating lease to SK On Co., Ltd., etc.

The Group has entered into a general business entrustment contract with SHINHAN FUND PARTNERS for business related to stock issuance, listing-related business, and management of the Group, with paying the following general affairs consignment fees.

Type	Detail
General affairs consignment fees	KRW 13.5 million for each closing period (VAT not included)

##### d. Contract to provide operating lease of Water Treatment Center to SK hynix Inc.

The Group has entered into a general business entrustment contract with SHINHAN FUND PARTNERS for business related to stock issuance, listing-related business, and management of the Group, with paying the following general affairs consignment fees.

Type	Detail
General affairs consignment fees	KRW 15 million for each closing period (VAT not included)

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2023 and December 31, 2022

## 26. COMMITMENTS AND CONTINGENCIES (CONT'D)

### 3) Asset trust contract

#### a. Contract to provide operating lease to SK Inc. and SK hynix Inc.

The Group has entered into contracts with Daehan Real Estate Investment Trust INC. and SK Securities Co., Ltd. for storage and management of assets such as real estate, securities and cash, with paying the following custody consignment fees.

Type	Detail
Asset custody consignment fees	Real estate: KRW 1.25 million for each closing period (VAT not included) Securities, cash: KRW 5 million for each closing period (VAT not included)

#### b. Contract to provide operating lease to SK Energy Co., Ltd.

The Group has entered into a contract with Daehan Real Estate Investment Trust INC. and SK Securities Co., Ltd. for storage and management of assets such as real estate, securities and cash, with paying the following asset custody consignment fees.

Type	Detail
Asset custody consignment fees	Real estate: KRW 1.25 million for each closing period (VAT not included) Securities, cash: KRW 1.5 million for each closing period (VAT not included)

#### c. Contract to provide operating lease to SK On Co., Ltd., etc.

The Group has entered into contracts with Daehan Real Estate Investment Trust INC. and SK Securities Co., Ltd. for storage and management of assets such as real estate, securities and cash, with paying the following asset custody consignment fees.

Type	Detail
Asset custody consignment fees	Real estate: KRW 1.25 million for each closing period (VAT not included) Securities, cash: KRW 5 million for each closing period (VAT not included)

#### d. Contract to provide operating lease of Water Treatment Center to SK hynix Inc.

The Group has entered into contracts with Daehan Real Estate Investment Trust INC. and SK Securities Co., Ltd. for storage and management of assets such as real estate, securities and cash, with paying the following asset custody consignment fees.

Type	Detail
Asset custody consignment fees	Real estate: KRW 1.25 million for each closing period (VAT not included) Securities, cash: KRW 2.5 million for each closing period (VAT not included)

### 4) Negotiating rights for preferential purchase

The Group has the right to negotiate preferential purchase of real estates owned by SK Telecom Co., Ltd., etc. and the details are as follows:

Asset holder	Real estate
SK Telecom Co., Ltd	1) SKT Tower in Jung-gu 2) SK Telecom Training Center in Icheon 3) SK Planet Building in Seongnam
SK Planet Co., Ltd.	SK Planet Building in Seongnam

- In the case where the asset holder intends to dispose of the target real estate, the right to negotiate preferential purchase can be exercised.
- Terms of the sale and the lease shall be determined by mutual communication within the scope of compliance with relevant laws such as the Real Estate Investment Company Act.

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2023 and December 31, 2022

### 5) Lease agreement

#### a. Contract for providing operating lease to SK Inc.

Regarding the lease of SK Seorin Building, the Group has entered into a five-year lease agreement (rental deposit of KRW 32,711,600 thousand and monthly rent of KRW 3,271,160 thousand) with SK Inc. from July 6, 2021 to July 5, 2026.

#### b. Contract for providing operating lease to SK Energy Co., Ltd

Regarding the lease of SK Energy Gayang gas Station and other 113 gas stations, the Group has entered into a ten-year lease agreement (rental deposit of KRW 26,165,790 thousand and monthly rent of KRW 2,682,868 thousand) with SK Energy Co., Ltd. from July 7, 2021 to June 30, 2031.

On the other hand, SK Energy Co., Ltd. bears all costs and responsibilities related to environmental pollution that may be caused by the refueling business as stipulated in the liability lease contract, so the cost and responsibility that the Group should bear due to soil pollution will be limited.

#### c. Contract for providing operating lease to SK hynix Inc.

Regarding the lease of SK U Tower, the Group has entered into a five-year lease agreement (rental deposit of KRW 17,330,392 thousand and monthly rent of KRW 1,733,039 thousand) with SK hynix Inc. from June 30, 2022 to June 29, 2027.

#### d. Contract to provide operating lease of Water Treatment Center to SK hynix

Regarding the lease of Water Treatment Center, the Group has entered into a ten-year lease agreement (rental deposit of KRW 143,448,000 thousand and monthly rent of KRW 5,977,000 thousand) with SK hynix Inc. from September 25, 2023 to September 25, 2033.

### 6) Collateral trust contract

The Group has entered into a real estate collateral trust contract with Daehan Real Estate Investment Trust Co., Ltd. for the investment property of the Group, with Standard Chartered Bank Korea Ltd. and other thirteen preferred beneficiaries.

### 7) Brand use agreement

As of the end of the current period, the Group has entered into a brand use contract with SK Inc. and the amount equivalent to 0.2% of the Group's sales after deducting advertising expenses is paid in return for the agreement.

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2023 and December 31, 2022

## 27. ASSETS PLEDGED AS SECURITY

Details of investment properties that are pledged as security as of December 31, 2023, are as follows:

(in thousands of Korean won)

Provided Assets	Set-up Authority	Maximum Amount of Bonds	Carrying Amount	Related Liabilities					
Investment properties (Seorin Building)	Land/ Buildings <sup>(*)</sup>	Prior	Standard Chartered Bank Korea Ltd	₩ 139,200,000	116,000,000	Long-term borrowings			
			SK Office One Q No. 1	72,000,000	60,000,000				
			S Tiger K Co., Ltd.	96,000,000	80,000,000				
			KOOKMIN BANK	180,000,000	150,000,000				
			Sumitomo Mitsui Banking Corporation	138,960,000	115,800,000				
			Mizuho Bank Co Ltd.	96,000,000	80,000,000				
			Subtotal	722,160,000	601,800,000				
	Subordinated	SK Inc.	39,253,920	32,711,600	Leasehold deposits				
		Subtotal	39,253,920	32,711,600					
		Subtotal	761,413,920	634,511,600					
Investment properties (SK U-Tower)	Land/ Buildings <sup>(*)</sup>	Prior	Standard Chartered Bank Korea Ltd	92,856,000	77,380,000	Long-term borrowings			
			KOOKMIN BANK	82,800,000	69,000,000				
			Sumitomo Mitsui Banking Corporation	94,800,000	79,000,000				
			Mizuho Bank Co Ltd.	94,800,000	79,000,000				
			Subtotal	365,256,000	304,380,000				
	Subordinated	SK hynix Inc.	20,796,470	17,330,392	Leasehold deposits				
		Subtotal	20,796,470	17,330,392					
		Subtotal	386,052,470	321,710,392					
		Investment properties (SK Energy Gas Station)	Land/ Buildings <sup>(*)</sup>	Prior		Standard Chartered Bank Korea Ltd	151,505,011	126,254,176	Long-term borrowings
						Clean Energy One Q No.1	69,871,643	58,226,369	
S Tiger Energy Co., Ltd.	46,581,095				38,817,579				
KOOKMIN BANK	151,388,558				126,157,132				
Sumitomo Mitsui Banking Corporation	23,290,548				19,408,790				
Mizuho Bank Co Ltd.	81,516,916				67,930,763				
Subtotal	524,153,771		436,794,809						
Subordinated	SK Energy Co. Ltd.		31,398,948	26,165,790	Leasehold deposits				
	Subtotal		31,398,948	26,165,790					
	Subtotal		555,552,719	462,960,599					
	Investment properties (Jongno Tower)	Land/ Buildings <sup>(*)</sup>	Preferred beneficiary rights of collateral trust	Standard Chartered Bank Korea Ltd		101,760,000	84,800,000	Long-term borrowings	
Sumitomo Mitsui Banking Corporation				96,000,000	80,000,000				
Woori Bank				96,000,000	80,000,000				
Subtotal				293,760,000	244,800,000				
Leasehold		Starbucks coffee Korea	350,000	350,000	Leasehold deposits				
		Subtotal	350,000	350,000					
Collateral security		McDonald's Korea	2,400,000	2,000,000	Leasehold deposits				
		JT International Korea Inc	1,027,860	856,550					
		SECUi Corp.	2,400,000	2,000,000					
		SK On Co., Ltd. and 5 lessees	6,051,171	5,042,643					
	Subtotal	11,879,031	9,899,193						
Subtotal	305,989,031	255,049,193							

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2023 and December 31, 2022

(in thousands of Korean won)

Provided Assets	Set-up Authority	Maximum Amount of Bonds	Carrying Amount	Related Liabilities		
Investment properties (Water Treatment Center)	Land/ Buildings <sup>(*)</sup>	Preferred beneficiary rights of collateral trust	INDUSTRIAL BANK OF KOREA	₩ 180,000,000	150,000,000	Long-term borrowings
			KOOKMIN BANK	60,000,000	50,000,000	
			Water Stream 1st Co.,Ltd.	54,000,000	45,000,000	
			Hanwha Life Insurance Co.,Ltd.	48,000,000	40,000,000	
			Kyobo Life Insurance Co.,Ltd. (*2)	30,000,000	25,000,000	
			Heungkuk SK hynix co,Ltd	24,000,000	20,000,000	
			Standard Chartered Bank Korea Ltd	120,360,000	100,300,000	
			Sumitomo Mitsui Banking Corporation	120,000,000	100,000,000	
			S Tiger clean Co.,Ltd.	54,000,000	45,000,000	
			Woori Bank	54,000,000	45,000,000	
			China Construction Bank (*2)	48,000,000	40,000,000	
			SUHYUP BANK	12,000,000	10,000,000	
	Subtotal	804,360,000	670,300,000			
	Preferred beneficiary rights of collateral trust	SK hynix Inc.	172,137,600	143,448,000	Leasehold deposits	
		Subtotal	172,137,600	143,448,000		
		Subtotal	976,497,600	813,748,000		
		₩ 2,985,505,740	2,487,979,784			

(\*1) The book values of land and buildings pledged as security by the Group are KRW 1,038,641,372 thousand for SK Seorin Building, KRW 522,330,753 thousand for SK U-Tower, KRW 781,611,149 thousand for SK Energy Gas Station, KRW 658,704,201 thousand for Jongno Tower and KRW 1,174,905,986 thousand for Water Treatment Center.

(\*2) The collateral trust agreement with Mirae Asset Securities Co., Ltd., the existing lender, was amended as of November 21, 2023.

## 28. RESTRICTED FINANCIAL INSTRUMENTS

Details of restricted financial instruments as of December 31, 2023 and December 31, 2022 are as follows:

(in thousands of Korean won)

Accounts	Financial institution	December 31, 2023	December 31, 2022	Details
Cash and cash equivalents	Standard Chartered Bank Korea Ltd., etc.	₩ 83,371,359	37,188,731	Pledged as security for lenders
Short-term financial instruments	Standard Chartered Bank Korea Ltd., etc.	18,000,000	38,053,335	Pledged as security for lenders
Long-term financial instruments	Standard Chartered Bank Korea Ltd., etc.	7,505,773	7,505,773	Pledged as security for lenders

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2023 and December 31, 2022

## 29. RISK MANAGEMENT

### (1) Overview

The Group's major financial liabilities consist of borrowings, debentures, leasehold deposits received, non-trade payables and accrued expenses incurred to finance business activities. And, the Group has various financial assets, such as non-trade receivables and accrued income generated from business activities.

The main risks that may arise from the financial assets and liabilities of the Group are credit risk, liquidity risk and market risk. The Group's management team has a management policy for each risk, as described below, and is ensuring that its operation is consistent with the policy.

### (2) Credit risk

Credit risk represents the potential financial losses that may incur in the future when the counterparty fails to fulfill its contractual obligations. Credit risk mainly comes from non-trade receivable to clients.

Meanwhile, separate disclosures were omitted in case that the carrying amount of financial assets exposed to Group's credit risk is most representative of the maximum exposure to credit risk.

#### ① Non-trade receivables and contract assets

The Group applies an expedient that recognizes lifetime expected credit losses as loss allowance for non-trade receivables and contracted assets. To measure the expected credit losses, non-trade receivables and contract assets were categorized based on their credit risk characteristics and overdue dates. As of December 31, 2023, contract assets do not exist, and non-receivables are short-term receivables over the period such as rent, administrative expenses and etc., and there is no risk of credit risk or delinquency, so the loss allowance is not recognized.

#### ② Other financial assets measured at amortized cost

Other financial assets measured at amortized cost are cash and cash equivalents and other receivables (non-trade receivables and interest receivables on financial instruments). The Group does not recognize any loss allowance for those other financial assets measured at amortized cost.

### (3) Liquidity Risk

Liquidity risk is the risk that the Group will not be able to raise funds to fulfill all financial contractual agreements until maturity. To manage liquidity risk, the Group establishes short-term and mid- to long-term fund management plans and checks liquidity strategies and plans to manage the risk of lack of funds.

The contractual maturity of financial liabilities (including interest) as of December 31, 2023, and December 31, 2022, is as follows:

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2023 and December 31, 2022

(in thousands of Korean won)

	December 31, 2023			
	Within 1 year	1 year ~ 5 years	Over 5 years	Total
Debentures	₩ 336,000,000	–	–	336,000,000
Non-trade payables	7,242,183	–	–	7,242,183
Accrued expenses	6,754,419	–	–	6,754,419
Long-term borrowings	1,111,523,122	1,298,435,323	–	2,409,958,445
Convertible bonds	114,168,500	28,205,456	–	142,373,956
Leasehold deposits received	1,367,577	66,907,608	169,613,790	237,888,975
	<b>₩ 1,577,055,801</b>	<b>1,393,548,387</b>	<b>169,613,790</b>	<b>3,140,217,978</b>

(in thousands of Korean won)

	December 31, 2022			
	Within 1 year	1 year ~ 5 years	Over 5 years	Total
Short-term borrowings <sup>(*)</sup> <sup>(2)</sup>	₩ 407,889,225	–	–	407,889,225
Debentures <sup>(*)</sup> <sup>(2)</sup>	326,233,178	–	–	326,233,178
Non-trade payables	2,134,767	–	–	2,134,767
Accrued expenses	4,118,427	–	–	4,118,427
Long-term borrowings <sup>(*)</sup> <sup>(2)</sup>	30,065,992	1,259,701,278	–	1,289,767,270
Convertible bonds <sup>(*)</sup> <sup>(2)</sup>	4,360,000	117,493,041	–	121,853,041
Leasehold deposits received <sup>(2)</sup>	–	68,242,598	26,828,680	95,071,278
	<b>₩ 774,801,589</b>	<b>1,445,436,917</b>	<b>26,828,680</b>	<b>2,247,067,186</b>

(\*)1 The amount includes interest to be paid in the future.

(\*)2 The maturity amount under the remaining contract is the contractual cash flow that is not discounted.

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2023 and December 31, 2022

## 29. RISK MANAGEMENT (CONT'D)

### (4) Market Risk

Market risk is the risk that the fair value of a financial instrument will fluctuate due to fluctuations in market prices. Market risk consists of foreign currency risk, interest rate risk, and other price risks.

#### 1) Foreign currency risk

Exchange risk is the risk that the fair value of a financial instrument will change due to fluctuations in the exchange rate. The Group is not exposed to currency risk.

#### 2) Interest rate risk

Interest rate risk is the risk that the future cash flow of a financial instrument will fluctuate due to fluctuations in market interest rates. The Group maintains an appropriate balance between fixed-rate borrowings and variable-rate borrowings to manage interest rate risk, hedging activities are regularly evaluated to appropriately adjust interest rate status and defined risk propensity, and the Group ensures that the optimal hedging strategy is applied.

Major assets and liabilities exposed to interest rate risk as of December 31, 2023, are as follows:

(in thousands of Korean won)

	December 31, 2023		
	Interest rate type	Interest rate	Amount
Borrowings	Variable-rate	CD interest rate + 1.4%	₩ 340,300,000
		CD interest rate + 1.15%	120,000,000

The Group is not exposed to cash flow and fair value interest rate risk due to loans issued at fixed interest rates of KRW as of December 31, 2022.

When all other variables are constant and the interest rate changes by 100 bp, the effect on profit before income tax expense for the year ended December 31, 2023 is as follows:

(in thousands of Korean won)

	For the year ended December 31, 2023	
	1% increase	1% decrease
Profit before income tax expense	₩ (1,518,614)	1,518,614

#### 3) Other price risk

Other price risks are the risk of changes in the fair value or future cash flow of financial instruments due to changes in market prices other than interest rate risk or foreign currency risk, and the Group is not exposed to price fluctuation risk.

### (5) Capital management

The primary objective of the Group's capital management is to maintain its ability to continuously provide return to its shareholders and stakeholders and to optimize its capital structure to reduce capital costs. To maintain or modify capital structure, the Group manages dividends, returns the funds for shareholders, issues new shares and sells assets to reduce liabilities. Like other companies in the industry, the Group manages debt ratios, which are calculated by dividing total liabilities by total equity.

The debt ratios as of December 31, 2023 and December 31, 2022, are as follows:

(in thousands of Korean won)

	December 31, 2023	December 31, 2022
Total liabilities	₩ 2,974,226,643	2,158,647,314
Total equity	1,321,400,312	968,719,596
Debt ratio	225%	223%



# SK REIT CO., LTD. AND ITS SUBSIDIARIES

## Consolidated Financial Statements

for each of the three-month periods ended June 30, 2023 and March 31, 2023  
with the independent auditor's report

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## INDEPENDENT AUDITORS' REPORT

(Based on a report originally issued in Korean)



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### The Shareholders and Board of Directors SK REIT Co., Ltd.

#### Opinion

We have audited the consolidated financial statements of SK REIT Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statements of financial position as of June 30, 2023 and March 31, 2023, and the consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three-month periods ended June 30, 2023 and March 31, 2023, and the notes to the consolidated financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2023 and March 31, 2023, and its consolidated financial performance and its consolidated cash flows for each of the three-month periods ended June 30, 2023 and March 31, 2023 in accordance with International Financial Reporting Standards as adopted by the Republic of Korea ("KIFRS").

#### Basis for opinion

We conducted our audit in accordance with Korean Standards on Auditing ("KSA"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated 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 opinion.

#### Key audit matter

A key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

#### *Appropriateness of disclosure of assets provided as collateral*

As described in Note 15 to the consolidated financial statements, among the assets recorded in the consolidated financial statements of the Group, the maximum amount of receivables of assets provided as collateral is KRW 2,025.8 billion. For borrowings and leasehold deposits that are used for acquiring investment properties, the Group provides the investment properties acquired as collateral. In particular, the disclosure of assets provided as collateral is deemed as significant information required for financial decision-making of the Group's stakeholders, and therefore, we have identified the appropriateness of disclosure of the Group's assets provided as collateral as a key audit matter.

## INDEPENDENT AUDITOR'S REPORT, Continued

(English Translation of a Report Originally Issued in Korean)

The main audit procedures we have performed with regards to this key audit matter are as follows.

- Review to confirm details of collaterals established by financial institutions and others by sending to and collecting from them inquiry letters.
- Assess the appropriateness of the amount of mortgage and pledge by checking loan agreements and contracts.
- Review the certified copies of real estate register and the original book of trust to confirm the substantiality of major assets provided as collateral.
- Assess the appropriateness of the amount of collaterals established by financial institutions and others by comparing the Group's data with those of the Korea Federation of Banks.

### Responsibilities of management and those charged with governance for the consolidated financial statements

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

### Auditor's responsibilities for the audit of the consolidated financial statements

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

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

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

## INDEPENDENT AUDITOR'S REPORT, Continued

(English Translation of a Report Originally Issued in Korean)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Hyung-Beom Kim.



August 29, 2023

This audit report is effective as of August 29, 2023, the independent auditor's report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the date of the independent auditor's report to the time this report is used. Such events and circumstances could significantly affect the accompanying consolidated financial statements and may result in modifications to this report.

## SK REIT CO., LTD. AND SUBSIDIARIES

### Consolidated statements of financial position

As of June 30, 2023 and March 31, 2023

(In Korean won)

	Notes	June 30, 2023	March 31, 2023
<b>Assets</b>			
<b>Current assets</b>		<b>W 80,151,850,616</b>	<b>70,715,919,515</b>
Cash and cash equivalents	4, 5, 6, 7	33,517,277,674	35,537,061,641
Short-term financial instruments	4, 5, 6, 8	41,053,334,575	30,083,334,575
Trade and other receivables	4, 5, 6, 9	49,513,971	16,093,357
Other current financial assets	5, 6, 10, 30	3,521,422,328	3,043,797,027
Other current assets	11	2,010,302,068	2,035,632,915
<b>Non-current assets</b>		<b>3,037,494,715,170</b>	<b>3,041,987,167,262</b>
Long-term financial instruments	5, 6, 12	7,505,773,305	7,475,773,305
Investment properties	14, 15, 16, 19	3,029,988,941,865	3,034,511,393,957
<b>Total assets</b>		<b>W 3,117,646,565,786</b>	<b>3,112,703,086,777</b>
<b>Liabilities</b>			
<b>Current liabilities</b>		<b>W 590,904,945,111</b>	<b>697,462,480,077</b>
Short-term borrowings	4, 5, 6, 15, 16, 19, 31, 32	244,702,419,987	364,543,389,487
Debentures	4, 5, 6, 19, 32	319,950,679,303	319,905,502,618
Other current financial liabilities	4, 5, 6, 17, 30	19,237,092,185	6,219,440,858
Other current liabilities	18, 32	6,814,340,636	6,794,147,114
Current leasehold deposits received	4, 5, 6, 15, 20, 30, 32	200,413,000	–
<b>Non-current liabilities</b>		<b>1,576,018,745,642</b>	<b>1,455,033,174,587</b>
Long-term borrowings	4, 5, 6, 15, 16, 19, 31, 32	1,351,901,604,098	1,231,924,362,403
Convertible bonds	4, 5, 6, 15, 19, 32	132,065,603,100	130,789,099,969
Leasehold deposits received	4, 5, 6, 15, 20, 30, 32	83,445,520,960	83,080,574,107
Other non-current liabilities	18, 32	8,606,017,484	9,239,138,108
<b>Total liabilities</b>		<b>W 2,166,923,690,753</b>	<b>2,152,495,654,664</b>
<b>Equity</b>			
Capital and reserves attributable to owners of the parent		W 950,722,875,033	960,207,432,113
Share capital	21	98,277,039,500	98,277,039,500
Other paid-in capital	22	865,684,880,237	867,388,786,866
Accumulated deficit	23	(13,239,044,704)	(5,458,394,253)
Non-controlling interests		–	–
<b>Total equity</b>		<b>950,722,875,033</b>	<b>960,207,432,113</b>
<b>Total liabilities and equity</b>		<b>W 3,117,646,565,786</b>	<b>3,112,703,086,777</b>

The accompanying notes are an integral part of the consolidated financial statements.

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Consolidated Statements of profit or loss and other comprehensive income

For the three-month periods ended June 30, 2023 and March 31, 2023

(In Korean won)

	Notes	For the three-month period ended June 30, 2023	For the three-month period ended March 31, 2023
<b>Operating revenues</b>	<b>14, 26, 30</b>	<b>W 30,546,824,364</b>	<b>30,552,280,611</b>
<b>Operating expenses</b>	<b>14, 27, 30</b>	<b>8,078,718,059</b>	<b>8,054,645,344</b>
<b>Operating profit</b>		<b>22,468,106,305</b>	<b>22,497,635,267</b>
<b>Finance costs – net</b>	<b>6, 28</b>	<b>(19,014,342,031)</b>	<b>(18,899,035,967)</b>
Finance income		470,883,912	550,470,142
Finance costs		19,485,225,943	19,449,506,109
<b>Other gains – net</b>	<b>29</b>	<b>34,247,860</b>	<b>64,705,474</b>
Other income		34,447,860	64,705,474
Other expenses		200,000	–
<b>Profit before income tax expense</b>		<b>3,488,012,134</b>	<b>3,663,304,774</b>
<b>Income tax expense</b>	<b>24</b>	<b>–</b>	<b>–</b>
<b>Profit for the period</b>		<b>3,488,012,134</b>	<b>3,663,304,774</b>
Profit is attributable to:			
Owners of the parent		3,488,012,134	3,663,304,774
Non-controlling interests		–	–
<b>Other comprehensive income for the period</b>		<b>–</b>	<b>–</b>
<b>Total comprehensive income for the period</b>		<b>W 3,488,012,134</b>	<b>3,663,304,774</b>
Total comprehensive income is attributable to:			
Owners of the parent		3,488,012,134	3,663,304,774
Non-controlling interests		–	–
<b>Earnings per share</b>			
Basic and diluted earnings per share	25	17.75	18.64

The accompanying notes are an integral part of the consolidated financial statements.

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Consolidated statements of changes in equity

For the three-month periods ended June 30, 2023 and March 31, 2023

(In Korean won)

	Attributable to owners of SK REIT CO., LTD.					Non-controlling interests	Total equity
	Share capital	Other paid-in capital	Retained earnings (Accumulated deficit)	Total			
<b>Balance as of January 1, 2023</b>	₩	98,277,039,500	870,120,833,930	321,722,119	968,719,595,549	–	968,719,595,549
<b>Total comprehensive income:</b>							
Profit for the period		–	–	3,663,304,774	3,663,304,774	–	3,663,304,774
<b>Transactions with owners:</b>							
Issuance of convertible bonds		–	797,101,004	–	797,101,004	–	797,101,004
Dividends		–	–	(12,972,569,214)	(12,972,569,214)	–	(12,972,569,214)
Transfer of share premium to retained earnings		–	(3,529,148,068)	3,529,148,068	–	–	–
<b>Balance as of March 31, 2023</b>	₩	98,277,039,500	867,388,786,866	(5,458,394,253)	960,207,432,113	–	960,207,432,113
<b>Balance as of April 1, 2023</b>	₩	98,277,039,500	867,388,786,866	(5,458,394,253)	960,207,432,113	–	960,207,432,113
<b>Total comprehensive income:</b>							
Profit for the period		–	–	3,488,012,134	3,488,012,134	–	3,488,012,134
<b>Transactions with owners:</b>							
Dividends		–	–	(12,972,569,214)	(12,972,569,214)	–	(12,972,569,214)
Transfer of share premium to retained earnings		–	(1,703,906,629)	1,703,906,629	–	–	–
<b>Balance as of June 30, 2023</b>	₩	98,277,039,500	865,684,880,237	(13,239,044,704)	950,722,875,033	–	950,722,875,033

The accompanying notes are an integral part of the consolidated financial statements.

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Consolidated statements of cash flows

For the three-month periods ended June 30, 2023 and March 31, 2023

(In Korean won)

	Notes	For the three-month period ended June 30, 2023	For the three-month period ended March 31, 2023
<b>Cash flows from operating activities:</b>			
Cash generated from operating activities	32	₩ 26,259,516,678	26,393,326,993
Interest income received		304,739,835	321,899,262
Interest expenses paid		(16,575,470,040)	(16,449,216,428)
Income taxes paid		(7,370,440)	(19,121,850)
<b>Net cash flows provided by operating activities</b>		<b>9,981,416,033</b>	<b>10,246,887,977</b>
<b>Cash flows from investing activities:</b>			
Cash inflows from investing activities		27,000,000,000	35,000,000,000
Disposal of short-term financial assets		27,000,000,000	35,000,000,000
Cash outflows from investing activities		(38,187,000,000)	(27,000,000,000)
Acquisition of short-term financial assets		38,000,000,000	27,000,000,000
Acquisition of investment property (building)		187,000,000	–
<b>Net cash flows provided by (used in) investing activities</b>		<b>(11,187,000,000)</b>	<b>8,000,000,000</b>
<b>Cash flows from financing activities:</b>			
Cash inflows from financing activities		224,010,000,000	247,074,011,760
Issuance of debentures		224,000,000,000	224,000,000,000
Issuance of convertible bonds		–	23,074,011,760
Increase in leasehold deposits received		10,000,000	–
Cash outflows from financing activities		(224,824,200,000)	(266,972,569,214)
Repayment of short-term borrowings		–	30,000,000,000
Payment of loan extension fee		782,200,000	–
Repayment of debentures		224,000,000,000	224,000,000,000
Decrease in leasehold deposits received		42,000,000	–
Dividends paid	23	–	12,972,569,214
<b>Net cash flows used in financing activities</b>		<b>(814,200,000)</b>	<b>(19,898,557,454)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(2,019,783,967)</b>	<b>(1,651,669,477)</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>35,537,061,641</b>	<b>37,188,731,118</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>₩ 33,517,277,674</b>	<b>35,537,061,641</b>

The accompanying notes are an integral part of the consolidated financial statements.

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements

As of June 30, 2023 and March 31, 2023

## 1. THE GROUP

The consolidated financial statements of SK REIT Co., Ltd. ("Controlling company") and its subsidiaries (collectively referred to as "the Group") have been prepared in accordance KIFRS 1110 *Consolidated Financial Statements*.

The Controlling company was established on March 15, 2021 under the Real Estate Investment Companies Act of the Republic of Korea. The Controlling company is mainly engaged in providing its shareholder with returns earned from investing and managing investment properties, including real estate acquisition, maintenance, improvement, disposal, development, and trade of real estate lease securities. The Controlling company's head office has located in 136, Sejong-daero, Jung-gu, Seoul, Korea, and listed to KRX KOSPI Market on September 14, 2021.

The Controlling company's major shareholders and their respective shareholdings as of June 30, 2023 are as follows:

Name of Shareholders	Number of Shares (in shares)	Types of shares	Percentage of ownership (%)
SK Inc.	84,503,272	ordinary share	42.99
Korean Federation of Community Credit Cooperatives	16,710,807	ordinary share	8.50
SAMSUNG SECURITIES Co., Ltd (Trustee of KORAMCO Pre-IPO REITs Trust NO.19)	9,900,643	ordinary share	5.04
Others	85,439,357	ordinary share	43.47
	<b>196,554,079</b>		<b>100.00</b>

### Consolidated subsidiaries and current status

The Group is engaged in real estate leasing. Meanwhile, the status of subsidiaries included in the consolidated financial statements as of June 30, 2023 and March 31, 2023, is as follows.

Name of Subsidiaries	Main business	Country of domicile	Percentage of Ownership (%)		Reporting period end
			June 30, 2023	March 31, 2023	
Clean Energy REIT Co., Ltd	Real estate investment	Korea	100.00	100.00	End of March, June, September and December
Total Value 1 REIT Co., Ltd.	Real estate investment	Korea	100.00	100.00	End of March, June, September and December

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (1) Basis of Preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the Republic of Korea ("KIFRS"), as prescribed under article 5 paragraph 1-1 of the *Act on External Audit of Stock Companies*. These are the standards, subsequent amendments and related interpretations issued by the International Accounting Standards Board (IASB) that have been adopted by the Republic of Korea. The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, except for the new and amended IFRS standards adopted by the Group and the following paragraphs below. The accompanying consolidated financial statements have been translated into English from Korean financial statements. In the event of any differences in interpreting the financial statements or the independent auditor's report thereon, Korean version, which is used for regulatory reporting purposes, shall prevail.

Consolidated financial statements are prepared based on historical cost, except for certain non-current assets and financial assets measured at the revalued amount or at fair value at the end of each reporting period as explained in the accounting policy below. Historical costs are generally measured at the fair value of consideration paid to acquire assets.

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of June 30, 2023 and March 31, 2023

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation method. In estimating the fair value of an asset or a liability, the Group considers the characteristics of the asset or liability that market participants would consider when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of KIFRS 1102 *Share-Based Payment*; leasing transactions that are within the scope of KIFRS 1116 *Leases*; and measurements that have some similarities to fair value, but are not fair value, such as net realizable value in KIFRS 1002 *Inventories* or value in use in KIFRS 1036 *Impairment of Assets*.

Management has a reasonable expectation that at the time of approval of the consolidated financial statements, the Group will have sufficient resources to survive as a going concern for the foreseeable future period. Therefore, the management prepared the consolidated financial statements on the premise of the going concern.

**1) There are no accounting standards and interpretations that were newly applied and changes in the Group's accounting policies for the period ended June 30, 2023.**

**2) The followings are new and revised KIFRS Standards that have been issued but are neither effective nor early adopted by the Group. These standards do not have significant effect on the Group's financial statements.**

– Amendments to KIFRS 1001 *Accounting Policy Disclosure*

The amendments to KIFRS 1001 affect only the presentation of liabilities as current or non-current in the statement of financial position and 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 management's intentions or expectations about whether an entity will exercise its right to defer settlement of a liability. And the amendments 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. The amendments are applied for annual periods beginning on or after January 1, 2024, with early application permitted.

### (2) Basis of consolidation

The Group prepares consolidated financial statements by consolidating the financial statements of the Controlling company and other entities controlled by the Controlling company (or its subsidiaries).

The Group determines that control exists when all three factors are satisfied: 1) power over an investee, 2) exposure or rights to fluctuating profits due to involvement in the investee and 3) the ability to use its power against an investee to affect the investor's profit. In addition, if there are facts and circumstances that indicate that there is a change in one or more of the three elements of control, the entity reassesses whether it controls the investee.

Even if the Group holds less than a majority of the voting rights of the investee, it is determined that the Group has power over the investee if it has enough voting rights to have the practical ability to unilaterally direct the relevant activities of the investee. When assessing whether the voting rights held by the Group are sufficient to grant the power over the investee, all relevant facts and circumstances, including the following, are considered:

- The relative size of voting rights and the degree of share dispersion of shareholders
- Potential voting rights held by the Group, other voting rights holders or other parties
- Rights arising from contractual arrangements
- Additional facts and circumstances that indicate whether the Group has the current ability to direct the relevant activities at the time the decision is to be made, including voting patterns at past shareholders' meetings

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of June 30, 2023 and March 31, 2023

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The consolidation of subsidiaries begins when the Controlling company acquires control of the subsidiary and ceases when the Controlling company loses control of the subsidiary. In particular, the revenues and expenses related to subsidiaries acquired or disposed during the period are included in the consolidated statements of comprehensive income from the date when the acquisition is virtually completed or until the date when the disposal is substantially completed. The components of net profit and loss and other comprehensive income are attributed to the owners of the parent and the non-controlling interests, and total comprehensive income is attributed to the owners of the parent and the non-controlling interests even if the non-controlling interests have a negative balance.

If an entity that comprises the Group uses a different accounting policy from the one adopted in the consolidated financial statements for the same transactions or events that occurred in similar circumstances, the consolidated financial statements are prepared by amending the financial statements of that entity.

All intragroup transactions, related assets and liabilities, income and expenses are eliminated in the preparation of consolidated financial statements.

Non-controlling interests in subsidiaries are identified separately from the Group's equity. If the element of a non-controlling interest in the acquiree at the acquisition date is its current interest and entitles the holder to a proportionate share of the entity's net assets at liquidation, such non-controlling interest can be measured either at fair value or by a proportionate share of the equity instruments currently recognized for the acquiree's identifiable net assets at the acquisition date. The choice of these metrics is made for each acquisition transaction. All other non-controlling interests are measured at their fair value at the acquisition date. The carrying amount of the non-controlling interest after the acquisition is the amount initially recognized and reflects the proportionate interest of the non-controlling interest in the changes in equity since the acquisition. Total comprehensive income is attributable to non-controlling interests even if the non-controlling interests have negative balances.

Changes in ownership interests in subsidiaries that do not lose control are accounted for as equity transactions. The carrying amount of the controlling and non-controlling interests of the Group is adjusted to reflect the relative changes in interest in the subsidiaries. The difference between the adjustment amount of the non-controlling interest and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the parent.

If the controlling company loses control of the subsidiary, it accounts for the difference between (i) the consideration received and the fair value of the equity interests held and (ii) the subsidiary's assets (including goodwill) and liabilities and the carrying amount of the non-controlling interests in disposal profit or loss. The Group accounts for the amounts previously recognized in other comprehensive income in relation to its subsidiaries on the same basis as if the related assets or liabilities were directly disposed of (i.e., reclassified to profit or loss or replaced directly with retained earnings). The fair value of an investment in a subsidiary before the date of loss of control is regarded as the fair value at initial recognition of a financial asset in accordance with KIFRS 1109 *Financial Instruments* or, where appropriate, as cost at initial recognition of an investment in an associate or a joint venture.

### (3) Business combination

Acquisitions of subsidiaries or businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognized and measured in accordance with KIFRS 1012 *Income Taxes* and KIFRS 1019 *Employee Benefits*, respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with KIFRS 1102 *Share-Based Payment* at the acquisition date; and

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of June 30, 2023 and March 31, 2023

- assets (or disposal groups) that are classified as held for sale in accordance with KIFRS 1105 *Non-Current Assets Held for Sale and Discontinued Operations*, are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of: a) the consideration transferred, b) the amount of any non-controlling interests in the acquiree and c) the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of a) the consideration transferred, b) the amount of any non-controlling interests in the acquiree and c) the fair value of the acquirer's PHL in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement-period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement-period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement-period adjustments depend on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates, with changes in fair value recognized in profit or loss.

When a business combination is achieved in stages, the Group's PHLs in the acquired entity are remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that had previously been recognized in other comprehensive income are reclassified to profit or loss by the method that would be appropriate if those interests were disposed.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognized as of that date.

### (4) Current/non-current classification

The Group presents current and non-current assets, and current and non-current liabilities, as separate classifications in its statement of financial position.

An asset is current when it is:

- expected to be realized or intended to be sold or consumed in the normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realized within twelve months after the reporting period; or
- cash or a cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current

A liability is current when:

- it is expected to be settled in the normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of June 30, 2023 and March 31, 2023

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (5) Cash and cash equivalents

The Group is classifying cash on hand, bank deposits, and highly liquid short-term investment assets that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value with original maturities of up to three months on acquisition date as cash and cash equivalents.

### (6) Revenue recognition

The Group, a real estate investment company under the Real Estate Investment Company Act, recognizes the lease income from the provision of operating lease for investment property systematically reflecting the utility elimination by using property over the lease period. Therefore, it is not within the scope of KIFRS 1115 *Revenue from Contracts with Customers*.

### (7) Lease

The Group classifies each lease as either an operating lease or a financial lease. Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying assets are classified as financial leases, and leases that do not transfer substantially all the risks and rewards incidental to ownership of an underlying assets are classified as operating leases.

If the Group is an intermediate lessor, the Group accounts for the head lease and the sublease as two separate contracts. The Group classifies all subleases as financial leases or operating leases by reference to the right-to-use assets arising from the head leases, rather than by reference to the underlying assets.

The Group recognizes the lease payment from the operating lease as income on either a straight-line basis or other systematic basis. The Group applies another systematic basis if that basis is more representative of the pattern in which benefits from the use of the underlying asset is diminished. The Group adds initial direct costs incurred in obtaining an operating lease to the carrying amount of the underlying asset and recognizes those costs as an expense over the lease term.

In case of a financial lease, the amount to receive from the lessee is recognized as a receivable as a net investment in the lease of the Group. The Group allocates financial income over the lease term, based on a pattern reflecting a constant periodic rate of return on The Group's net investment in the lease.

After initial recognition, the Group reviews regularly estimated unguaranteed residual value and applies the derecognition and impairment requirements in KIFRS 1109 to recognize the expected credit losses on lease receivables as a loss allowance.

Financial lease income is calculated by referring to the total carrying amount of the lease receivable. However, in case of financial lease receivable with damaged credit, financial income is calculated by referring to the amortized cost (i.e., the amount after deducting the loss allowance).

If a contract contains lease or non-lease components, The Group applies KIFRS 1115 to allocate the consideration in the contract to each component.

### (8) Foreign currency conversion

The Group's consolidated financial statements are represented in the currency of the principal economic environment in which the entity operates (i.e., functional currency). In order to prepare consolidated financial statements, financial performance and position of each entity in the consolidation is presented in Korean won (KRW or ₩), which is the functional currency of the Group and the presentation currency for preparing consolidated financial statements.

In preparing consolidated financial statements, transactions made in currency other than the functional currency of the applicable entity (i.e., foreign currency) are recorded at the exchange rate of the transaction date. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rates of exchange at the reporting date. Meanwhile, non-monetary items measured at fair

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of June 30, 2023 and March 31, 2023

value in a foreign currency are translated using the exchange rate at the date when the fair value is determined, but non-monetary that are measured in terms of historical cost in a foreign currency are not retranslated.

### (9) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction, or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until they are substantially ready for their intended use or sale.

To the extent that variable-rate borrowings are used to finance a qualifying asset and are hedged in an effective cash flow hedge of interest rate risk, the effective portion of is recognized in other comprehensive income and reclassified to profit or loss when the qualifying asset impacts profit or loss. To the extent that fixed-rate borrowings are used to finance a qualifying asset and are hedged in an effective fair value hedge of interest rate risk, the capitalized borrowing costs reflect the hedged interest rate.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they incur.

### (10) Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost, including transaction costs. After initial recognition, investment properties are reported at cost, less accumulated depreciation and accumulated impairment losses.

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

While land is not depreciated, all other investment property is depreciated based on the respective assets' estimated useful lives ranging from 30 to 40 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.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from even the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

### (11) Income tax and deferred tax

Income tax expense consists of current and deferred tax. Income tax relating to items recognized directly in other comprehensive income or equity is recognized directly in other comprehensive income or other equity items. Otherwise, income tax is recognized in profit of loss.

Income tax expenses are measured based on tax laws enacted or substantially enacted as of the end of reporting period.

The management periodically evaluates the tax policy applied by the Group when reporting tax in situations where applicable tax law regulations may vary depending on interpretation. The Group recognizes current corporate tax expenses based on the amount expected to be paid to the tax authorities.

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of June 30, 2023 and March 31, 2023

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Deferred tax is recognized as the expected corporate tax effect when recovering or settling the carrying amount for a temporary difference between the carrying amount and the tax base amount of assets and liabilities. Deferred tax assets and liabilities that arise when assets and liabilities are first recognized in transactions other than business combinations are not recognized unless the transaction affects accounting income or taxable income. Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on the taxable entity which intend to settle current tax liabilities and assets on a net basis.

The Group, however, pursuant to Article 51-2 of *Corporate Tax Act* of the Republic of Korea, *Income Deduction for Special Purpose Companies, etc.*, shall deduct its taxable income to the extent of dividends it has paid for the applicable fiscal year if the Group pays at least 90% of its distributable income prescribed by Presidential Decree as dividends. In this case, the amount of taxes the Group has to pay is nil, and accordingly, the Group does not record any current tax for the period.

In addition, due to the uncertainty of future taxable income, deferred tax assets for temporary differences to be deducted in the future were not recorded as of June 30, 2023.

### (12) Financial instruments

Financial assets and liabilities are recognized in the Group's consolidated statements of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are measured at fair value upon initial recognition, excluding trade receivables that do not contain a significant financing component.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

### (13) Financial assets

All regular-way purchases or sales of financial assets are recognized and derecognized on a trade-date basis. Regular-way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

#### 1) Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortized cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset are cash flows that are Solely Payment Principal and Interest on the outstanding ("SPPI").

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model of which objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset are cash flows that are Solely Payment Principal and Interest on the outstanding ("SPPI").

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of June 30, 2023 and March 31, 2023

Except for above, all other financial assets are measured subsequently at FVTPL.

Despite the above, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met); and
- the Group may irrevocably designate a debt investment that meets the amortized cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

#### 2) Gains(losses) on foreign currency translation

The carrying amount of financial assets expressed in foreign currency is calculated in foreign currency and converted into a spot exchange rate at the end of the current period.

- For financial assets measured at amortized cost (excluding the portion designated as a hedging relationship), the exchange rate difference is recognized in profit or loss in the 'other non-operating profit or loss' item.
- For debt instruments measured at fair value through other comprehensive income (excluding the portion designated as a hedging relationship), the difference in the exchange rate of amortized cost of the debt instrument is recognized in profit or loss in the 'other non-operating profit or loss' Because the foreign currency component recognized in profit or loss is the same as measured at amortized cost, the residual foreign currency component based on the translation of the carrying amount (fair value) is recognized in other comprehensive income in the cumulative valuation gain or loss item.
- For financial assets measured at fair value through profit or loss (excluding the portion designated as a hedging relationship), the exchange rate difference is recognized in profit or loss in the 'other non-operating profit or loss' item as part of the gain or loss due to changes in fair value.
- For equity instruments measured at fair value through other comprehensive income, the accumulated valuation gain or loss item is recognized in other comprehensive income.

#### 3) Impairment of financial assets

The Group recognizes a loss allowance for Expected Credit Losses (ECL) on investments in debt instruments that are measured at amortized cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guaranteed contracts. The amount of ECLs is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognizes lifetime ECL for trade receivables, contract assets and lease receivables. The ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit-loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money, where appropriate.

For financial assets other than this, lifetime expected credit losses are recognized if credit risk increases significantly after initial recognition. However, if the credit risk of a financial asset has not increased significantly since initial recognition, the Group measures the expected credit loss of the financial instrument at the equivalent of a 12-month expected credit loss.

Lifetime expected credit losses refer to expected credit losses resulting from all possible default events in the expected life of a financial instrument. Conversely, 12-month expected credit losses refer to some of the expected lifetime expected credit losses due to defaults on financial instruments that may occur within 12 months after the end of the current term.

#### 4) Derecognition of financial assets

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. If the entity neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset and has retained control, it shall continue to recognize the financial asset to the extent of its continuing involvement in the financial asset. If the entity retains substantially all the risks and rewards of ownership of the financial asset, the entity shall continue to recognize the financial assets and liabilities for received considerations.

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of June 30, 2023 and March 31, 2023

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Upon derecognizing financial asset that is measured at amortized cost, the difference between the carrying amount of the asset and the sum of the consideration received or to be received is recognized in profit or loss. Upon derecognizing investment in debt instruments measured at fair value through other comprehensive income, the accumulated gains and losses previously recognized are reclassified to profit or loss. On the other hand, investments in equity instruments designated as fair value items through other comprehensive income at initial recognition do not reclassify the accumulated gains or losses previously recognized in profit or loss, but are replaced with retained earnings.

### (14) Financial liabilities and equity instruments

#### 1) Classification as financial liabilities or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement and the definitions of financial liability and an equity instrument.

#### 2) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Group's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

#### 3) Financial liabilities

All financial liabilities are measured subsequently at amortized cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Group, are measured in accordance with the specific accounting policies set out below.

#### 4) Financial liabilities at FVTPL

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

#### 5) Financial liabilities measured subsequently at amortized cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) designated as at FVTPL are measured subsequently at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

#### 6) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at FVTPL and do not arise from a transfer of an asset, are measured subsequently at the higher of:

- the amount of the loss allowance determined in accordance with the principles of KIFRS 1109 *Financial Instruments*; or
- the amount initial recognized less the cumulative amount of income recognized in accordance with the principles of KIFRS 1115 *Revenue from Contracts with Customers*.

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of June 30, 2023 and March 31, 2023

### 7) Derecognition of financial liabilities

The Group derecognizes financial liabilities only when the Group's obligations are discharged, canceled or have been expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

When the Group exchanges with the existing lender one debt instrument into another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate, are at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (i) the carrying amount of the liability before the modification and (ii) the present value of the cash flows after modification should be recognized in profit or loss as the modification gain or loss within other gains and losses.

### (15) Operating segment

Information for each operating segment is disclosed based on how it is reported internally to the chief operating decision maker (see note 33). The chief operating decision maker is responsible for assessing the resources to be allocated to the segment and for its performance, and the Group considers the board of directors that makes strategic decisions as the chief decision maker. The Group consists of a single operating segment of which main business purpose is the real estate rental business.

### (16) Application of special provisions under the Real Estate Investment Companies Act: Exclusion of the obligation to reserve profit reserves and extra dividends

The Group does not reserve profit reserves because Article 458 of the Commercial Act, which stipulates the obligation to reserve profit reserves at the time of profit distribution, is excluded by the Real Estate Investment Company Act in effect as of the closing date. In addition, Article 462 of the Commercial Act is excluded under the Real Estate Investment Company Act, and dividends may exceed annual profits within the limit of depreciation expenses for the relevant year.

### (17) Approval of issuance of consolidated financial statements

These consolidated financial statements have been approved by the Board of Directors on July 25, 2023, and can be revised and approved at the shareholders' meeting on September 6, 2023.

## 3. MATERIAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The Group is estimating and assuming the future. Estimates and assumptions are continuously evaluated and considered future events that are reasonably predictable considering past experience and current circumstances. These accounting estimates may differ from the actual results. Estimates and assumptions of significant risks that may affect the adjustment of asset and liability carrying amounts in the next fiscal year are as follows:

### (1) Corporate Tax

Since corporate tax on taxable income of the consolidated entity is calculated by applying the tax law and the decision of the tax authorities, there is uncertainty in calculating the final tax effect.

### (2) Fair value of investment properties

In order to estimate the fair value of investment properties, the Group uses a valuation method that utilizes non-observable inputs.

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of June 30, 2023 and March 31, 2023

## 4. FINANCIAL RISK MANAGEMENT

### (1) Financial risk management factors

The Group's financial assets and liabilities are exposed to various risks including market risk (foreign exchange risk, price risk, and cash flow or fair value risk), credit risk and liquidity risk. The Group's financial risk management focuses on minimizing these risks that may have negative impact on financial performance.

Risk management is carried out by asset management companies in accordance with the risk management policy approved by the board of directors and identifies, evaluates, and avoids financial risks.

#### 1) Market risk

As the Group's interest-bearing assets are not material, the income and operating cash flows of the Group are substantially independent of the market interest rate. The risk of interest rate fluctuations for the Group mainly comes from its borrowings. However, the Group is not exposed to cash flow and fair value interest rate risk due to loans issued at fixed interest rates of KRW.

#### 2) Credit risk

The Group is exposed to credit risk when counterparties fail to pay the following amounts within their maturity;

- Payment of accounts receivable within 60 days from invoice issuance
- Contractual cash flows of debt instruments measured at amortized costs
- Contractual cash flows of debt instruments measured at fair values through other comprehensive income

On the other hand, separate disclosures were omitted in case that the carrying amount of financial assets exposed to Group's credit risk is most representative of the maximum exposure to credit risk.

##### ① Trade receivable and contract assets

The Group applies an expedient that recognizes lifetime expected credit losses as loss allowance for trade receivables and contracted assets. To measure the expected credit losses, trade receivables and contract assets were categorized based on their credit risk characteristics and overdue dates. Trade receivables and contract assets do not exist as of June 30, 2023. Accordingly, the loss allowance is not recognized.

##### ② Other financial assets measured at amortized cost

Other financial assets measured at amortized cost are cash and cash equivalents and other receivables (non-trade receivables and interest receivables on financial instruments). The Group does not recognize any loss allowance for those other financial assets measured at amortized cost.

#### 3) Liquidity risk

Liquidity risk management includes the maintenance of sufficient cash and marketable securities, the financial capacity by appropriately agreed lines of credit and ability to settle market positions. Through active operating activities, The Group maintains its financial capacity flexibly within the Group's credit limit.

Details of financial liabilities classified by residual maturity as of June 30, 2023 and March 31, 2023, are as follows:

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of June 30, 2023 and March 31, 2023

(In thousands of Korean won)

Segments	June 30, 2023			
	Within 1 year	1 year ~ 5 years	Over 5 years	Total
Short-term borrowings <sup>(*)</sup> <sup>(2)</sup>	₩ 248,370,391	-	-	248,370,391
Debentures <sup>(*)</sup> <sup>(2)</sup>	322,762,318	-	-	322,762,318
Non-trade payables	15,180,410	-	-	15,180,410
Accrued expenses	4,056,683	-	-	4,056,683
Long-term borrowings <sup>(*)</sup> <sup>(2)</sup>	35,945,992	1,370,671,841	-	1,406,617,833
Convertible bonds <sup>(*)</sup> <sup>(2)</sup>	5,168,500	139,810,947	-	144,979,447
Leasehold deposits received <sup>(2)</sup>	200,413	68,010,185	26,828,680	95,039,278
	<b>₩ 631,684,707</b>	<b>1,578,492,973</b>	<b>26,828,680</b>	<b>2,237,006,360</b>

(\*1) The amount includes interest to be paid in the future.

(\*2) The maturity amount under the remaining contract is the contractual cash flow that is not discounted.

(In thousands of Korean won)

Segments	March 31, 2023			
	Within 1 year	1 year ~ 5 years	Over 5 years	Total
Short-term borrowings <sup>(*)</sup> <sup>(2)</sup>	₩ 372,497,388	-	-	372,497,388
Debentures <sup>(*)</sup> <sup>(2)</sup>	323,996,357	-	-	323,996,357
Non-trade payables	2,189,896	-	-	2,189,896
Accrued expenses	4,029,545	-	-	4,029,545
Long-term borrowings <sup>(*)</sup> <sup>(2)</sup>	30,065,992	1,252,287,746	-	1,282,353,738
Convertible bonds <sup>(*)</sup> <sup>(2)</sup>	5,168,500	141,099,532	-	146,268,032
Leasehold deposits received <sup>(2)</sup>	-	68,242,598	26,828,680	95,071,278
	<b>₩ 737,947,678</b>	<b>1,461,629,876</b>	<b>26,828,680</b>	<b>2,226,406,234</b>

(\*1) The amount includes interest to be paid in the future.

(\*2) The maturity amount under the remaining contract is the contractual cash flow that is not discounted.

### (2) Capital risk management

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

The Group adopted debt-to-equity ratio for the capital management index, which is calculated by dividing total liabilities over total capital. To maintain or modify capital structure, the Group manages dividends, returns the funds for shareholders, issues new shares and sells assets to reduce liabilities.

Like other comparable companies within the same industry, the Group monitors capital using a gearing ratio, which is net debt divided by total equity. Net debt is the amount of total borrowings and debentures less cash and cash equivalents and short-term financial instruments in the statement of financial position. Total equity is the amount of total capital plus net debt in the statement of financial position.

Capital funding ratios as of June 30, 2023 and March 31, 2023, are as follows:

(In thousands of Korean won)

	June 30, 2023	March 31, 2023
Borrowings and debentures	₩ 2,048,620,306	2,047,162,354
Less: cash and cash equivalents and short-term financial instruments	74,570,612	65,620,396
Net debt	1,974,049,694	1,981,541,958
Total equity	2,924,772,569	2,941,749,390
Gearing ratio	67.49%	67.40%

**SK REIT CO., LTD AND ITS SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements, Continued**  
As of June 30, 2023 and March 31, 2023

## 5. FINANCIAL INSTRUMENTS FAIR VALUE

Details of the fair value of financial instruments as of June 30, 2023 and March 31, 2023, are as follows:

### (1) Fair value by type of financial instruments

(In thousands of Korean won)

Segments	June 30, 2022		March 31, 2022	
	Book value	Fair value	Book value	Fair value
<b>Financial assets</b>				
Cash and cash equivalents (*)	₩ 27,013,462	27,013,462	12,983,945	12,983,945
Short-term financial instruments (*)	₩ 27,013,462	27,013,462	12,983,945	12,983,945
Trade and other receivables (non-trade receivables) (*)	16,000,000	16,000,000	11,000,000	11,000,000
Other current financial assets (accrued income) (*)	142,084	142,084	–	–
Long-term financial instruments (*)	1,355,656	1,355,656	888,711	888,711
	<b>₩ 44,511,202</b>	<b>44,511,202</b>	<b>24,872,656</b>	<b>24,872,656</b>
<b>Financial liabilities</b>				
Short-term borrowings <sup>(1)</sup>	244,702,420	244,702,420	364,543,389	364,543,389
Debentures <sup>(2)</sup>	319,950,679	319,950,679	319,905,503	319,905,503
Other current financial liabilities (non-trade payables) <sup>(3)</sup>	15,180,410	15,180,410	2,189,896	2,189,896
Other current financial liabilities (accrued expense) <sup>(4)</sup>	4,056,682	4,056,682	4,029,545	4,029,545
Long-term borrowings <sup>(5)</sup>	1,351,901,604	1,351,901,604	1,231,924,362	1,231,924,362
Convertible bonds <sup>(6)</sup>	132,065,603	132,065,603	130,789,100	130,789,100
Leasehold deposits received <sup>(7)</sup>	83,645,935	83,645,935	83,080,574	83,080,574
	<b>₩ 2,151,503,333</b>	<b>2,151,503,333</b>	<b>2,136,462,369</b>	<b>2,136,462,369</b>

(\*) The book value of a financial instrument is judged to be similar to its fair value.

### (2) Fair value hierarchy of financial instruments

Financial instruments measured at fair value are categorized according to the fair value hierarchy and defined levels are as follows:

- the quoted price (unadjusted) in active markets for identical assets or liabilities that The Group can access at the measurement date (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (Level 2); and
- unobservable inputs for the asset or liability (Level 3).

As of June 30, 2023, the Group's financial instruments are cash and cash equivalents, other receivables, loans and rent deposits, which are excluded from the disclosure of the fair value hierarchy because their book values were estimated to be reasonable approximations of fair values.

(3) The Group recognizes transfers between levels at the time when the events or changes in circumstances that cause the transfers between levels. There is no significant transfer between the levels of each fair value hierarchy during the current period.

**SK REIT CO., LTD AND ITS SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements, Continued**  
As of June 30, 2023 and March 31, 2023

## 6. FINANCIAL INSTRUMENTS

(1) Book value by category of Financial instruments as of June 30, 2023 and March 31, 2023, are as follows:

### 1) Financial Assets

(In thousands of Korean won)

Segments	Financial assets measured at amortized cost	
	June 30, 2023	March 31, 2023
Cash and cash equivalents	₩ 33,517,278	35,537,062
Short-term financial instruments	41,053,335	30,083,335
Trade and other receivables (non-trade receivables)	49,514	16,093
Other current financial assets (accrued income)	3,521,422	3,043,797
Long-term financial instruments	7,505,773	7,475,773
	<b>₩ 85,647,322</b>	<b>76,156,060</b>

### 2) Financial Liabilities

(In thousands of Korean won)

Segments	Financial liabilities measured at amortized cost	
	June 30, 2022	March 31, 2022
Short-term borrowings	₩ 244,702,420	364,543,389
Debentures	319,950,679	319,905,503
Other current financial liabilities (non-trade payables)	15,180,410	2,189,896
Other current financial liabilities (accrued expenses)	4,056,682	4,029,545
Long-term borrowings	1,351,901,604	1,231,924,362
Convertible bonds	132,065,603	130,789,100
Leasehold deposits received	83,645,935	83,080,574
	<b>₩ 2,151,503,333</b>	<b>2,136,462,369</b>

(2) Net income by category of financial instruments as of June 30, 2023 and March 31, 2023, are as follows:

(In thousands of Korean won)

	For the three-month period ended June 30, 2023	For the three-month period ended March 31, 2023
Financial assets measured at amortized cost		
Interest income	₩ 470,884	550,470
Financial liabilities measured at amortized cost		
Interest expenses	19,485,226	19,449,506

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of June 30, 2023 and March 31, 2023

## 7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of June 30, 2023 and March 31, 2023, are as follows:

(in thousands of Korean won)

	Financial institution	June 30, 2023		March 31, 2023		Note
		Current	Non-Current	Current	Non-Current	
Cash and cash equivalents	Standard Chartered Bank Korea Ltd., etc.	₩	33,517,278		35,537,062	Pledged as security <sup>(*)</sup>

(\*) However, the Group is allowed to deposit or withdraw the operating account among the accounts held by the Group, except for the event of default or the case where the use of deposit is restricted subject to reasonable decision agreed by the majority of lenders.

## 8. SHORT-TERM FINANCIAL INSTRUMENTS

Short-term financial instruments as of June 30, 2023 and March 31, 2023, are as follows:

(in thousands of Korean won)

	Financial institution	June 30, 2023		March 31, 2023		Note
		Current	Non-Current	Current	Non-Current	
Time deposits	Standard Chartered Bank Korea Ltd., etc.	₩	41,053,335		30,083,335	Pledged as security <sup>(*)</sup>

(\*) The time deposits above are pledged as security for Standard Chartered Bank Korea Ltd., etc.

## 9. TRADE AND OTHER RECEIVABLES

Trade and other receivables as of June 30, 2023 and March 31, 2023, are as follows:

(in thousands of Korean won)

	June 30, 2023		March 31, 2023	
	Current	Non-Current	Current	Non-Current
Non-trade receivables		49,514		16,093
Less: allowance for doubtful accounts		-		-
	₩	49,514		16,093

## 10. OTHER FINANCIAL ASSET

Other financial assets as of June 30, 2023 and March 31, 2023, are as follows:

(in thousands of Korean won)

	June 30, 2023		March 31, 2023	
	Current	Non-Current	Current	Non-Current
Accrued income	₩	3,521,422		3,043,797

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of June 30, 2023 and March 31, 2023

## 11. OTHER ASSET

Other assets as of June 30, 2023 and March 31, 2023, are as follows:

(in thousands of Korean won)

	June 30, 2023		March 31, 2023	
	Current	Non-Current	Current	Non-Current
Advanced payment	₩	30,665		-
Prepaid expenses		1,861,397		1,924,763
Advanced tax		118,240		110,870
	₩	2,010,302		2,035,633

## 12. LONG-TERM FINANCIAL INSTRUMENTS

Long-term financial instruments as of June 30, 2023 and March 31, 2023, are as follows:

(in thousands of Korean won)

	Financial institution	June 30, 2023		March 31, 2023		Note
		Current	Non-Current	Current	Non-Current	
Time deposits	SHINHAN BANK, etc.	₩	7,505,773		7,475,773	Pledged as security <sup>(*)</sup>

(\*) The time deposits above are pledged as security for lessees of Jong-ro Tower.

## 13. SUBSIDIARIES

(1) Details of the Group's investments in subsidiaries as of June 30, 2023 and March 31, 2023, are as follows:

(in thousands of Korean won)

Company name	Main business	Country	Percentage of Ownership(%)		Reporting period end
			June 30, 2022	March 31, 2022	
Clean Energy REIT Co., Ltd.	Real estate investment	Korea	100	100	End of March, June, September, and December
Total Value 1 REIT Co., Ltd.	Real estate investment	Korea	100	100	End of March, June, September, and December

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of June 30, 2023 and March 31, 2023

### 13. SUBSIDIARIES (CONT'D)

#### (2) Summary of financial positions of the subsidiaries as of June 30, 2023 and March 31, 2023, is as follows:

(In thousands of Korean won)

	Clean Energy REIT Co., Ltd.		Total Value 1 REIT Co., Ltd.	
	June 30, 2023	March 31, 2023	June 30, 2023	March 31, 2023
Current assets	₩ 11,290,420	11,117,706	20,683,801	23,750,798
Non-current assets	805,438,167	805,791,876	663,614,902	664,059,478
Total assets	816,728,587	816,909,582	684,298,703	687,810,276
Current liabilities	1,772,178	1,771,676	251,134,041	250,763,859
Non-current liabilities	475,203,694	474,932,443	17,114,837	17,362,856
Total liabilities	476,975,872	476,704,119	268,248,878	268,126,715
Capital and reserves attributable to the Controlling company	339,752,715	340,205,463	416,049,825	419,683,561
Non-controlling interests	–	–	–	–
<b>Total equity</b>	<b>₩ 339,752,715</b>	<b>340,205,463</b>	<b>416,049,825</b>	<b>419,683,561</b>

The above summary of financial positions presents the amounts before intragroup transactions are eliminated.

#### (3) Summary of financial performances of the subsidiaries for each of the three-month periods ended June 30, 2023 and March 31, 2023, is as follows:

(In thousands of Korean won)

	Clean Energy REIT Co., Ltd.		Total Value 1 REIT Co., Ltd.	
	For the three-month period ended June 30, 2023	For the three-month period ended March 31, 2023	For the three-month period ended June 30, 2023	For the three-month period ended March 31, 2023
Sales	₩ 8,298,888	8,298,888	6,382,796	6,391,140
Operating profit	7,416,146	7,403,256	4,037,454	3,977,490
Net income	4,742,991	4,845,916	904,707	884,481
Other comprehensive income	–	–	–	–
<b>Total comprehensive income</b>	<b>₩ 4,742,991</b>	<b>4,845,916</b>	<b>904,707</b>	<b>884,481</b>

The above summary of financial performances presents the amounts before intragroup transactions are eliminated.

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of June 30, 2023 and March 31, 2023

#### (4) Summary of financial cash flows of the subsidiaries for each of the three-month periods ended June 30, 2023 and March 31, 2023, is as follows:

(In thousands of Korean won)

	Clean Energy REIT Co., Ltd.		Total Value 1 REIT Co., Ltd.	
	For the three-month period ended June 30, 2023	For the three-month period ended March 31, 2023	For the three-month period ended June 30, 2023	For the three-month period ended March 31, 2023
Cash flows from operating activities	₩ 5,272,799	5,266,812	1,668,226	1,671,093
Cash flows from investing activities	1,000,000	(7,000,000)	(12,187,000)	–
Cash flows from financing activities	(5,195,739)	(5,009,762)	(4,570,444)	(2,847,181)
Net increase (decrease) in cash and cash equivalents	1,077,060	(6,742,950)	(15,089,218)	(1,176,088)
Cash and cash equivalents, beginning of the period	3,126,081	9,869,031	20,350,038	21,526,126
<b>Cash and cash equivalents, end of the period</b>	<b>₩ 4,203,141</b>	<b>3,126,081</b>	<b>5,260,820</b>	<b>20,350,038</b>

The above summary of financial cash flows presents the amounts before intragroup transactions are eliminated.

### 14. INVESTMENT PROPERTIES

#### (1) Investment properties as of June 30, 2023 and March 31, 2023, are as follows:

(In thousands of Korean won)

	June 30, 2023			March 31, 2023		
	Acquisition cost	Accumulated depreciation	Carrying value	Acquisition cost	Accumulated depreciation	Carrying value
Land	₩ 2,425,641,485	–	2,425,641,485	2,425,641,485	–	2,425,641,485
Buildings	630,658,839	(26,311,382)	604,347,457	630,471,839	(21,601,930)	608,869,909
	<b>₩ 3,056,300,324</b>	<b>(26,311,382)</b>	<b>3,029,988,942</b>	<b>3,056,113,324</b>	<b>(21,601,930)</b>	<b>3,034,511,394</b>

#### (2) Changes in investment properties for each of the three-month periods ended June 30, 2023 and March 31, 2023, are as follows:

(In thousands of Korean won)

	For the three-month period ended June 30, 2023			
	Beginning balance	Acquisitions	Depreciation	Ending balance
Land	₩ 2,425,641,485	–	–	2,425,641,485
Buildings	608,869,909	187,000	(4,709,452)	604,347,457
	<b>₩ 3,034,511,394</b>	<b>187,000</b>	<b>(4,709,452)</b>	<b>3,029,988,942</b>

(In thousands of Korean won)

	For the three-month period ended March 31, 2023			
	Beginning balance	Acquisitions	Depreciation	Ending balance
Land	₩ 2,425,641,485	–	–	2,425,641,485
Buildings	613,527,265	–	(4,657,356)	608,869,909
	<b>₩ 3,039,168,750</b>	<b>–</b>	<b>(4,657,356)</b>	<b>3,034,511,394</b>

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of June 30, 2023 and March 31, 2023

#### 14. INVESTMENT PROPERTIES (CONT'D)

##### (3) Revenues and expenses related to investment properties for each of the three month periods ended June 30, 2023 and March 31, 2023, are as follows:

(in thousands of Korean won)

	For the three-month period ended June 30, 2023		For the three-month period ended March 31, 2023	
Operating revenues <sup>(*)</sup>	₩	28,399,216		28,424,609
Operating expenses <sup>(**)</sup>		6,809,321		6,721,157

(\*1) Operating revenues consist of rental revenues and other revenues.

(\*2) Operating expenses consist of depreciation expense, asset custody consignment fees, asset management consignment fees, and real estate management consignment fees.

##### (4) Fair Value of Investment Properties

##### 1) Among the investment properties, the fair value of SK Seorin Building, which is provided for operating leases to SK Inc., as of June 30, 2023 and March 31, 2023 is as follows:

(in thousands of Korean won)

	June 30, 2023		March 31, 2023	
	Book value	Fair value <sup>(*)</sup>	Book value	Fair value <sup>(*)</sup>
Land	₩ 779,333,004	831,008,350	779,333,004	814,407,000
Building	262,793,339	287,441,650	264,516,885	286,143,000
	<b>₩ 1,042,126,343</b>	<b>1,118,450,000</b>	<b>1,043,849,889</b>	<b>1,100,550,000</b>

(\*) The fair value of the investment property was determined based on an evaluation conducted by the Kyung-il Appraisal Corporation, an independent external entity with appropriate qualifications and experience in relation to the local property assessment (Evaluation date: June 30, 2023) and there are no significant changes in the fair value for the three-month period ended June 30, 2023.

The fair value was measured by income capitalization approach. The income capitalization approach measures the fair value of investment properties at the present value of the net cash flows generated from the investment properties discounted at the risk-adjusted discount rate, reflecting the expected rental market growth rate, vacancy period, rental rate, and operating expense rate. The main inputs that are significant but not observable for fair value measurement are expected rental market growth rate, vacancy period, rental rate, risk-adjusted discount rate, and operating expense rate.

##### 2) Among the investment properties, the fair value of SK U-Tower, which is provided for operating leases to SK ynix Inc., as of June 30, 2023 and March 31, 2023 is as follows:

(in thousands of Korean won)

	June 30, 2023		March 31, 2023	
	Book value	Fair value <sup>(*)</sup>	Book value	Fair value <sup>(*)</sup>
Land	₩ 297,117,047	306,667,400	297,117,047	301,002,800
Building	229,198,257	241,932,600	231,168,876	239,397,200
	<b>₩ 526,315,304</b>	<b>548,600,000</b>	<b>528,285,923</b>	<b>540,400,000</b>

(\*) The fair value of the investment property was determined based on an evaluation conducted by the Kyung-il Appraisal Corporation, an independent external entity with appropriate qualifications and experience in relation to the local property assessment (Evaluation date: June 30, 2023) and there are no significant changes in the fair value for the three-month period ended June 30, 2023.

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of June 30, 2023 and March 31, 2023

The fair value was measured by income capitalization approach. The income capitalization approach measures the fair value of investment properties at the present value of the net cash flows generated from the investment properties discounted at the risk-adjusted discount rate, reflecting the expected rental market growth rate, vacancy period, rental rate, and operating expense rate. The main inputs that are significant but not observable for fair value measurement are expected rental market growth rate, vacancy period, rental rate, risk-adjusted discount rate, and operating expense rate.

##### 3) Among the investment properties, the fair values of the gas stations provided for operating leases to SK Energy Co., Ltd., as of June 30, 2023 and March 31, 2023 are as follows.

(in thousands of Korean won)

	June 30, 2023		March 31, 2023	
	Book value	Fair value <sup>(*)</sup>	Book value	Fair value <sup>(*)</sup>
Land	₩ 765,677,197	822,378,869	765,677,197	806,541,669
Building	39,760,970	46,864,395	40,114,679	45,789,011
	<b>₩ 805,438,167</b>	<b>869,243,264</b>	<b>805,791,876</b>	<b>852,330,680</b>

(\*) The fair value of the investment property was determined based on an evaluation conducted by the Kyung-il Appraisal Corporation, an independent external entity with appropriate qualifications and experience in relation to the local property assessment (Evaluation date: June 30, 2023) and there are no significant changes in the fair value for the three-month period ended June 30, 2023.

The fair value was measured by cost approach. The cost approach measures the fair value of the target land by modifying the timing, comparing regional and individual factors, and correcting other factors according to the current status of the target land based on the official land price of the standard land. In the case of buildings, the fair value of the target building is measured by depreciating the cost of procurement.

##### 4) Among the investment properties, the fair values of Jong-ro Tower, which is provided for operating leases to SK On Co., Ltd. Etc., as of June 30, 2023 and March 31, 2023 are as follows:

(in thousands of Korean won)

	June 30, 2023		March 31, 2023	
	Book value	Fair value <sup>(*)</sup>	Book value	Fair value <sup>(*)</sup>
Land	₩ 583,514,238	591,851,500	583,514,238	569,276,600
Building	72,594,891	73,898,500	73,069,468	72,523,400
	<b>₩ 656,109,129</b>	<b>665,750,000</b>	<b>656,583,706</b>	<b>641,800,000</b>

(\*) The fair value of the investment property was determined based on an evaluation conducted by the Sam-chang Appraisal Corporation, an independent external entity with appropriate qualifications and experience in relation to the local property assessment (Evaluation date: June 30, 2023) and there are no significant changes in the fair value for the three-month period ended June 30, 2023.

The fair value was measured based on (1) cost-based method, (2) market-based comparison method, and (3) profit-based method, and the value was determined by comprehensively considering the purpose of appraisal and characteristics of the subject properties.

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of June 30, 2023 and March 31, 2023

## 14. INVESTMENT PROPERTIES (CONT'D)

### (5) Operational lease Provision Details

#### 1) Details of provision to SK Inc.

The Group has a contract with SK Inc. to provide operating leases for SK Seorin Building, and the depreciation expenses of the operating lease assets are KRW 1,723,546 thousand and KRW 1,704,605 thousand, respectively, during the current and prior periods.

Details of the estimated minimum lease fee that the Group expects to receive for the above investment property as of June 30, 2023 and March 31 2023 are as follows:

(in thousands of Korean won)

		June 30, 2023	March 31, 2023
Within 1 year	₩	40,679,426	40,529,133
1 year ~ 2 years		41,289,617	41,137,070
2 years ~ 3 years		41,908,962	41,754,126
3 years ~ 4 years		–	10,477,240
4 years ~ 5 years		–	–
	₩	123,878,005	133,897,569

In addition, the rental revenues recognized in relation to the operating lease during the three-month periods ended June 30, 2023 and March 31, 2023 are as follows:

(in thousands of Korean won)

		For the three-month period ended June 30, 2023	For the three-month period ended March 31, 2023
Rental revenues	₩	10,348,262	10,348,262

#### 2) Details of provision to SK hynix Inc.

The Group has a contract with SK hynix Inc. to provide operating leases for SK U-Tower, and the depreciation expenses of the operating lease asset are KRW 1,970,620 thousand and KRW 1,948,965 thousand, respectively, during the current and prior periods.

Details of the estimated minimum lease fee that the Group expects to receive for the above investment property as of June 30, 2023 and March 31 2023 are as follows:

(in thousands of Korean won)

		June 30, 2023	March 31, 2023
Within 1 year	₩	21,108,418	21,030,431
1 year ~ 2 years		21,425,044	21,345,887
2 years ~ 3 years		21,746,420	21,666,076
3 years ~ 4 years		22,072,616	21,991,067
4 years ~ 5 years		–	5,518,154
	₩	86,352,498	91,551,615

In addition, the rental revenues recognized in relation to the operating lease during each of the three-month periods ended June 30, 2023 and March 31, 2023 are as follows:

(in thousands of Korean won)

		For the three-month period ended June 30, 2023	For the three-month period ended March 31, 2023
Rental revenues	₩	5,516,878	5,513,990

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of June 30, 2023 and March 31, 2023

### 3) Details of provision to SK Energy Co., Ltd

The Group has a contract with SK Energy Co., Ltd. to provide operating leases for Gayang gas station and other gas stations, and the depreciation expenses of the operating lease assets are KRW 353,710 thousand and KRW 349,823 thousand, respectively, during the current and prior periods.

Details of the estimated minimum lease fee that the Group expects to receive for the above investment property as of June 30, 2023 and March 31 2023 are as follows:

(in thousands of Korean won)

		June 30, 2023	March 31, 2023
Within 1 year	₩	32,194,416	32,147,040
1 year ~ 2 years		32,194,416	32,147,040
2 years ~ 3 years		32,194,416	32,147,040
3 years ~ 4 years		32,516,360	32,388,143
4 years ~ 5 years		32,841,524	32,712,024
Over 5 years		100,508,232	108,558,627
	₩	262,449,364	270,099,914

In addition, the rental revenues recognized in relation to the operating lease during each of the three-month periods ended June 30, 2023 and March 31, 2023 are as follows:

(in thousands of Korean won)

		For the three-month period ended June 30, 2023	For the three-month period ended March 31, 2023
Rental revenues	₩	8,298,888	8,298,888

#### 4) Details of provision to SK On Co., Ltd., etc.

The Group has a contract with SK On Co., Ltd., etc. to provide operating leases for Jongno Tower, and the depreciation expenses of the operating lease asset are KRW 661,577 thousand and KRW 653,963 thousand, respectively, during the current and prior periods.

Details of the estimated minimum lease fee that the Group expects to receive for the above investment property as of June 30, 2023 and March 31 2023 are as follows:

(in thousands of Korean won)

		June 30, 2023	March 31, 2023
Within 1 year	₩	22,715,380	22,638,110
1 year ~ 2 years		21,150,058	21,849,812
2 years ~ 3 years		18,590,403	18,987,546
3 years ~ 4 years		12,349,159	16,564,954
4 years ~ 5 years		1,344,420	1,512,674
Over 5 years		532,480	872,463
	₩	76,681,900	82,425,559

In addition, the rental revenues recognized in relation to the operating lease during each of the three-month periods ended June 30, 2023 and March 31, 2023 are as follows:

(in thousands of Korean won)

		For the three-month period ended June 30, 2023	For the three-month period ended March 31, 2023
Rental revenues	₩	3,938,565	3,938,700
Maintenance fee revenues	₩	2,147,609	2,127,672
Other revenues	₩	296,621	324,768
	₩	6,382,795	6,391,140

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of June 30, 2023 and March 31, 2023

#### 14. INVESTMENT PROPERTIES (CONT'D)

##### (6) Fair Value hierarchy of investment properties

The followings are analyses of non-financial assets of which fair values measured by valuation methods are disclosed. The fair value hierarchy is as follows:

(in thousands of Korean won)

June 30, 2023					
	Level 1	Level 2	Level 3	Total	
Investment properties	₩	–	–	3,202,043,264	3,202,043,264

(in thousands of Korean won)

March 31, 2023					
	Level 1	Level 2	Level 3	Total	
Investment properties	₩	–	–	3,135,080,680	3,135,080,680

##### (7) Valuation Methods and Input Variables

(in thousands of Korean won)

June 30, 2023					
	Fair value	Level	Valuation method	Unobservable input variable	Relationship between fair value and input variables
Investment properties	₩	3,202,043,264	3	(*)	Price per square meter and operating income (*)

(\*1) Income capitalization approach was applied to the contract of providing operating leases to SK Inc. and SK hynix Inc., and the cost approach and revision approach based on standard land price were applied to the contract of providing operating leases to SK Energy Co., Ltd. In addition, in relation to the contract of providing operating leases to SK On Co., Ltd. etc., the fair value was measured by the weighted average of the market-based comparison method and the profit-based method.

(\*2) If the price per square meter and operating revenue increase, the fair value also increases.

(in thousands of Korean won)

March 31, 2023					
	Fair value	Level	Valuation method	Unobservable input variable	Relationship between fair value and input variables
Investment properties	₩	3,135,080,680	3	(*)	Price per square meter and operating income (*)

(\*1) Income capitalization approach was applied to the contract of providing operating leases to SK Inc. and SK hynix Inc., and the cost approach and revision approach based on standard land price were applied to the contract of providing operating leases to SK Energy Co., Ltd. In addition, in relation to the contract of providing operating leases to SK On Co., Ltd. etc., the fair value of the land was measured by revising the official price of the land near the land to be measured, and the fair value of the building was measured based on the cost of procurement.

(\*2) If the price per square meter and operating revenue increase, the fair value also increases.

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of June 30, 2023 and March 31, 2023

#### 15. ASSETS PLEDGED AS SECURITY

Details of investment properties that are pledged as security as of June 30, 2023 are as follows:

(in thousands of Korean won)

Provided Assets	Set-up Authority	Maximum Amount of Bonds	Carrying Amount	Related Liabilities			
Investment properties (Seorin Building)	Land/Buildings (*)	Prior	Standard Chartered Bank Korea Ltd	₩ 139,200,000	116,000,000	Long-term borrowings	
			SK Office One Q No. 1	72,000,000	60,000,000		
			S Tiger K Co., Ltd.	96,000,000	80,000,000		
			KOOKMIN BANK	180,000,000	150,000,000		
			Sumitomo Mitsui Banking Corporation	138,960,000	115,800,000		
			Mizuho Bank Co Ltd.	96,000,000	80,000,000		
			Subtotal	722,160,000	601,800,000		
	Subordinated		SK Inc.	39,253,920	32,711,600	Leasehold deposits	
			Subtotal	39,253,920	32,711,600		
			<b>Subtotal</b>	<b>761,413,920</b>	<b>634,511,600</b>		
	Investment property (SK U Tower)	Land/Buildings (*)	Prior	Standard Chartered Bank Korea Ltd	92,856,000	77,380,000	Long-term borrowings
				KOOKMIN BANK	82,800,000	69,000,000	
			Sumitomo Mitsui Banking Corporation	94,800,000	79,000,000		
			Mizuho Bank Co Ltd.	94,800,000	79,000,000		
		Subtotal	365,256,000	304,380,000			
Subordinated			SK hynix Inc.	20,796,470	17,330,392	Leasehold deposits	
			Subtotal	20,796,470	17,330,392		
		<b>Subtotal</b>	<b>386,052,470</b>	<b>321,710,392</b>			

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of June 30, 2023 and March 31, 2023

#### 15. ASSETS PLEDGED AS SECURITY (CONT'D)

(in thousands of Korean won)

Provided Assets	Set-up Authority	Maximum Amount of Bonds	Carrying Amount	Related Liabilities			
Investment properties (Gayang gas station and other gas stations)	Land/ Buildings (*)	Prior	Standard Chartered Bank Korea Ltd	₩ 156,120,000	130,100,000	Long-term borrowings	
			Clean Energy One Q No.1	72,000,000	60,000,000		
			S Tiger Energy Co., Ltd.	48,000,000	40,000,000		
			KOOKMIN BANK	156,000,000	130,000,000		
			Sumitomo Mitsui Banking Corporation	24,000,000	20,000,000		
			Mizuho Bank Co Ltd.	84,000,000	70,000,000		
			Subtotal	540,120,000	450,100,000		
	Subordinated	SK Energy Co. Ltd.	32,194,416	26,828,680	Leasehold deposits		
		Subtotal	32,194,416	26,828,680			
	<b>Subtotal</b>		<b>572,314,416</b>	<b>476,928,680</b>			
	Investment properties (Jongno Tower)	Land/ Buildings (*)	Preferred beneficiary rights of collateral trust	Standard Chartered Bank Korea Ltd	185,760,000	154,800,000	Short-term borrowings
				Sumitomo Mitsui Banking Corporation	108,000,000	90,000,000	
				Subtotal	293,760,000	244,800,000	
Leasehold		Starbucks coffee Korea	350,000	350,000	Leasehold deposits		
		Subtotal	350,000	350,000			
Collateral security		McDonald's Korea	2,400,000	2,000,000	Leasehold deposits		
		JT International Korea Inc	1,027,860	856,550			
		SECUi Corp.	2,400,000	2,000,000			
		SK On Co., Ltd. and 5 lessees	6,051,171	5,042,643			
		Subtotal	11,879,031	9,899,193			
<b>Subtotal</b>		<b>305,989,031</b>	<b>255,049,193</b>				
		<b>2,025,769,837</b>	<b>1,688,199,865</b>				

(\*) The book values of land and buildings pledged as security by the Group are KRW 1,042,126,343 thousand for Seorin Building, KRW 526,315,304 thousand for SK U-Tower, KRW 805,438,167 thousand for Gayang gas station and other gas stations and KRW 656,109,129 thousand for Jongno Tower.

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of June 30, 2023 and March 31, 2023

#### 16. INSURANCE SUBSCRIPTION STATUS

(1) Details of insurance that the Group subscribes to SK Seorin Building among investment properties as of June 30, 2023 are as follows.

(in thousands of Korean won)

	Assets	Indemnity amount	Company
Comprehensive property risk	Buildings etc.	₩ 349,492,037	Hyundai Marine & Fire Insurance CO., LTD.
Risk of corporate suspension	N/A	80,757,678	
Risk of liability for indemnity		10,000,000 per accident and for people and property collectively.	

The right to receive insurance claim for the above insurance is subjected to pledge amounting to KRW 722,160,000 thousand with the limit of indemnity amount at Standard Chartered Bank Korea Co., Ltd. and others in relation to long-term borrowings.

(2) Details of insurance that the Group subscribes to SK U-Tower among investment properties as of June 30, 2023 are as follows.

(in thousands of Korean won)

	Assets	Indemnity amount	Company
Comprehensive property risk	Buildings etc.	₩ 229,285,000	Hyundai Marine & Fire Insurance CO., LTD.
Risk of corporate suspension	N/A	41,904,888	
Risk of liability for indemnity		10,000,000 per accident and for people and property collectively.	

The right to receive insurance claim for the above insurance is subjected to pledge amounting to KRW 365,256,000 thousand with the limit of indemnity amount at Standard Chartered Bank Korea Co., Ltd. and others in relation to borrowings.

(3) Details of insurance that SK Energy Co., Ltd., the lessee of the Group, subscribes to the Group as the insured as of June 30, 2023 are as follows.

(in thousands of Korean won)

	Assets	Indemnity amount	Company
Comprehensive property risk	Buildings etc.	₩ 385,558,308	Hyundai Marine & Fire Insurance CO., LTD.
Risk of corporate suspension	N/A	127,022,242	
Risk of liability for indemnity		3,000,000 per accident and for people and property collectively.	

The right to receive insurance claim for the above insurance is subjected to pledge amounting to KRW 540,120,000 thousand with the limit of indemnity amount at Standard Chartered Bank Korea Co., Ltd. and others in relation to long-term borrowings.

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of June 30, 2023 and March 31, 2023

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of June 30, 2023 and March 31, 2023

## 16. INSURANCE SUBSCRIPTION STATUS (CONT'D)

(4) Details of insurance that the Group subscribes to Jong-ro Tower among investment properties as of June 30, 2023 are as follows.

(in thousands of Korean won)

	Assets	Indemnity amount	Company
Comprehensive property risk	Buildings etc.	₩ 139,138,024	KB Insurance Co., Ltd.
Machinery risk	Machinery	139,138,024	
Risk of corporate suspension	Buildings etc.	53,253,851	
	Machinery	53,253,851	
Risk of liability for indemnity	N/A	6,510,000.	
Liability for gas accident	Buildings etc.	300,000 per accident, 80,000 per person	
Liability for elevator accident	Buildings etc.	10,000 per accident, 80,000 per person	

The right to receive insurance claim for the above insurance is subjected to pledge amounting to KRW 293,760,000 thousand with the limit of indemnity amount at Standard Chartered Bank Korea Co., Ltd. and others in relation to short-term borrowings.

## 17. OTHER FINANCIAL LIABILITIES

Other financial liabilities as of June 30, 2023 and March 31, 2023 are as follows:

(in thousands of Korean won)

	June 30, 2023		March 31, 2023	
	Current	Non-Current	Current	Non-Current
Non-trade payables	₩ 15,180,410	–	2,189,896	–
Accrued expenses	4,056,682	–	4,029,545	–
	<b>₩ 19,237,092</b>	<b>–</b>	<b>6,219,441</b>	<b>–</b>

## 18. OTHER LIABILITIES

Other liabilities as of June 30, 2023 and March 31, 2023 are as follows:

(in thousands of Korean won)

	June 30, 2023		March 31, 2023	
	Current	Non-Current	Current	Non-Current
Unearned revenues	₩ 2,574,498	8,606,017	2,573,694	9,239,138
VAT payables	2,656,100	–	2,692,715	–
Withholdings	1,134	–	678	–
Advances from customers	1,582,609	–	1,527,060	–
	<b>₩ 6,814,341</b>	<b>8,606,017</b>	<b>6,794,147</b>	<b>9,239,138</b>

## 19. DEBENTURES AND BORROWINGS

(1) Details of debentures as of June 30, 2023 and March 31, 2023 are as follows:

(in thousands of Korean won)

Financial institution	Funding Purpose	June 30, 2023	March 31, 2023	Interest rate (%)	Maturity date	Repayment method
SK SECURITIES Co., Ltd	Public-offering bonds	₩ 38,400,000	38,400,000	5.06	October 6, 2023	Repayment at maturity
Korea Investment & Securities Co., Ltd		38,400,000	38,400,000			
SAMSUNG SECURITIES Co., Ltd		19,200,000	19,200,000			
Korea Investment & Securities Co., Ltd	Short-term bonds	–	100,000,000	4.39	May 26, 2023	Repayment at maturity
Korea Investment & Securities Co., Ltd		–	100,000,000	4.46	May 26, 2023	Repayment at maturity
SAMSUNG SECURITIES Co., Ltd		–	24,000,000	4.36	August 25, 2023	Repayment at maturity
Korea Investment & Securities Co., Ltd		200,000,000	–			
SAMSUNG SECURITIES Co., Ltd		24,000,000	–			
Standard Chartered Bank Korea Ltd.		Convertible bonds	50,000,000	50,000,000	4.00	December 12, 2025
NH INVESTMENT & SECURITIES CO.,LTD.	6,000,000		6,000,000			
Shinhan Securities Co., Ltd.	38,000,000		38,000,000			
Korea Investment & Securities Co., Ltd	15,000,000		15,000,000	3.50	March 15, 2026	Repayment at maturity
Korea Investment & Securities Co., Ltd	16,000,000		16,000,000			
SAMSUNG SECURITIES Co., Ltd	7,100,000		7,100,000			
<b>Subtotal</b>		<b>452,100,000</b>	<b>452,100,000</b>			
<b>Less: present value discount</b>		<b>(83,718)</b>	<b>(1,405,397)</b>			
		<b>₩ 452,016,282</b>	<b>450,694,603</b>			

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of June 30, 2023 and March 31, 2023

## 19. DEBENTURES AND BORROWINGS (CONT'D)

(2) Details of convertible bonds as of June 30, 2023, are as follows:

Type	2nd Bearer-type Interest Unsecured Private Equity Convertible Bonds	3rd Bearer-type Interest Unsecured Private Equity Convertible Bonds	
Issue date	December 13, 2022	March 15, 2023	
Maturity	December 12, 2025	March 15, 2026	
Face value	KRW 109,000,000,000	KRW 23,100,000,000	
Issuance amount	KRW 109,000,000,000	KRW 23,100,000,000	
Total amount	KRW 109,000,000,000	KRW 23,100,000,000	
Coupon rate	4.00% annually	3.50% annually	
Guaranteed maturity rate	5.50% annually	4.50% annually	
Redemption method	The amount equivalent to the guaranteed maturity rate of 104.8516% of the debenture amount will be repaid at maturity	The amount equivalent to the guaranteed maturity rate of 103.1927% of the debenture amount will be repaid at maturity	
Type of bond	Private offering	Private offering	
Conversion rate (%)	100	100	
Conversion price	KRW 4,779 per share	KRW 5,103 per share	
Stocks to be issued due to Conversion	Type	Registered ordinary shares of SK REIT CO., LTD.	Registered ordinary shares of SK REIT CO., LTD.
	Number of shares	22,808,118	4,526,748
	Percentage of Number of Shares Outstanding (%)	10.40	2.25
Conversion Request Period	Start date	December 13, 2023	March 15, 2024
	End date	November 12, 2025	February 15, 2026
Option	Early redemption claim (Put Option)	The bond holders are entitled to early redemption right after 24 months of the issue date of this bond (December 13, 2024) and every three months thereafter. Early repayment may be requested before maturity for all or part of the amount corresponding to the principal amount.  Early redemption rate: 103.1484% of electronically registered amount (December 13, 2024), 103.5667% (March 13, 2025), 103.9907% (June 13, 2025), 104.4206% (September 13, 2025)	The bond holders are entitled to early redemption right after 23 months of the issue date of this bond (February 15, 2025) and every three months thereafter. Early repayment may be requested before maturity for all or part of the amount corresponding to the principal amount.  Early redemption rate: 101.9964% of electronically registered amount (February 15, 2025), 102.2617% (May 15, 2025), 102.5372% (August 15, 2025), 102.8178% (November 15, 2025), 103.1047% (February 15, 2026)

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of June 30, 2023 and March 31, 2023

(3) Details of short-term borrowings as of June 30, 2023 and March 31, 2023 are as follows:

(in thousands of Korean won)

Financial institution	Funding Purpose	June 30, 2023	March 31, 2023	Interest rate (%)	Maturity date	Repayment method
Standard Chartered Bank Korea Co., Ltd	Facility funds	₩ -	40,000,000	3.49	June 30, 2023	Repayment at maturity
Sumitomo Mitsui Banking Corporation		-	40,000,000			
Mizuho Bank Co Ltd.		-	40,000,000			
Standard Chartered Bank Korea Co., Ltd	Facility funds (Tr.A)	154,800,000	154,800,000	5.07	October 13, 2023	Repayment at maturity
Sumitomo Mitsui Banking Corporation		90,000,000	90,000,000			
<b>Subtotal</b>		<b>244,800,000</b>	<b>364,800,000</b>			
<b>Less: present value discount</b>		<b>(97,580)</b>	<b>(256,611)</b>			
		<b>₩ 244,702,420</b>	<b>364,543,389</b>			

Investment properties of the Group are provided as collateral in relation to the above short-term borrowings (see note 15).

(4) Details of long-term borrowings as of June 30, 2023 and March 31, 2023 are as follows:

(in thousands of Korean won)

Financial institution	Funding Purpose	June 30, 2023	March 31, 2023	Interest rate (%)	Maturity date	Repayment method			
Standard Chartered Bank Korea Co., Ltd	Facility funds	₩ 246,100,000	246,100,000	2.08	July 5, 2024	Repayment at maturity			
SK Office One Q No.1		60,000,000	60,000,000						
Clean Energy One Q No.1		60,000,000	60,000,000						
S Tiger K Co., Ltd.		80,000,000	80,000,000						
S Tiger Energy Co., Ltd.		40,000,000	40,000,000						
KOOKMIN BANK		280,000,000	280,000,000						
Sumitomo Mitsui Banking Corporation		135,800,000	135,800,000						
Mizuho Bank Co Ltd.		150,000,000	150,000,000						
Standard Chartered Bank Korea Co., Ltd		37,380,000	37,380,000				4.44	June 30, 2025	Repayment at maturity
KOOKMIN BANK		69,000,000	69,000,000						
Sumitomo Mitsui Banking Corporation	39,000,000	39,000,000							
Mizuho Bank Co Ltd.	39,000,000	39,000,000	4.90						
Standard Chartered Bank Korea Co., Ltd	40,000,000	-							
Sumitomo Mitsui Banking Corporation	40,000,000	-							
Mizuho Bank Co Ltd.	40,000,000	-							
<b>Subtotal</b>		<b>1,356,280,000</b>	<b>1,236,280,000</b>						
<b>Less: present value discount</b>		<b>(4,378,396)</b>	<b>(4,355,638)</b>						
		<b>₩ 1,351,901,604</b>	<b>1,231,924,362</b>						

Investment of properties of the Group are provided as collateral in relation to the above long-term borrowings (see note 15).

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of June 30, 2023 and March 31, 2023

## 20. LEASEHOLD DEPOSITS RECEIVED

Details of leasehold deposits received as of June 30, 2023 and March 31, 2023 are as follows:

(in thousands of Korean won)

	June 30, 2023		March 31, 2023	
Nominal value	₩	95,039,278		95,071,278
Less: present value discount		(11,393,344)		(11,990,704)
<b>Book value</b>	<b>₩</b>	<b>83,645,934</b>		<b>83,080,574</b>

## 21. CAPITAL STOCK

Details of capital stock as of June 30, 2023 and March 31, 2023 are as follows:

	June 30, 2023		March 31, 2023	
Authorized shares of capital stock		5,000,000,000 shares		5,000,000,000 shares
Par value		KRW 500		KRW 500
Issued number of ordinary shares		196,554,079 shares		196,554,079 shares
Capital stock		KRW 98,277,040 thousand		KRW 98,277,040 thousand

## 22. OTHER PAID-IN CAPITAL

(1) Details of other paid-in capital as of June 30, 2023 and March 31, 2023 are as follows:

(in thousands of Korean won)

	June 30, 2023		March 31, 2023	
Share premium	₩	864,096,442		865,800,349
Value of conversion rights <sup>(*)</sup>		1,437,739		1,437,739
Other capital surplus		150,699		150,699
	<b>₩</b>	<b>865,684,880</b>		<b>867,388,787</b>

(\*) The Group issued three-year convertible bonds with an issue price of KRW 109,000,000 thousand and KRW 23,100,000 thousand, respectively, in the previous period and before the previous period. The conversion rights of these convertible bonds were classified as equity and were recognised by subtracting the fair value of the financial liabilities from the fair value of the entire financial instruments.

(2) Changes in other paid-in capital for each of the three-month periods ended June 30, 2023 and March 31, 2023, are as follows:

(in thousands of Korean won)

	For the three-month period ended June 30, 2023		For the three-month period ended March 31, 2023	
Beginning balance	₩	867,388,787		870,120,834
Transfer to retained earnings		(1,703,907)		(3,529,148)
Issuance of convertible bonds		–		797,101
<b>Ending balance</b>	<b>₩</b>	<b>865,684,880</b>		<b>867,388,787</b>

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of June 30, 2023 and March 31, 2023

## 23. DIVIDENDS

Details of planned dividend payment as of June 30, 2023 and March 31, 2023, are as follows:

(in thousands of Korean won)

	June 30, 2023		March 31, 2023	
Total dividends	₩	12,972,569,214		12,972,569,214
Issued number of ordinary shares (in shares)		196,554,079		196,554,079
Dividends per share		66		66
Par value		500		500
Dividends ratio		13.20%		13.20%

## 24. INCOME TAXES EXPENSES

Income tax expense is recorded at the amount calculated by adding or subtracting changes in deferred income tax for the current period to the sum of corporate tax to be borne in the current fiscal year and tax added to corporate tax in accordance with laws such as the Corporate Tax Act. The Group, however, pursuant to Article 51-2 of Corporate Tax Act of the Republic of Korea, Income Deduction for Special Purpose Companies, etc., shall deduct its taxable income to the extent of dividends it has paid for the applicable fiscal year if the Group pays at least 90% of its distributable income prescribed by Presidential Decree as dividends. In this regard, the amount of taxes the Group has to pay is nil, and accordingly, the Group did not record any current tax for the period.

## 25. EARNINGS PER SHARE

Earnings per share for each of the three-month periods ended June 30, 2023 and March 31, 2023, are as follows:

(1) Basic earnings per share of ordinary shares

(in Korean won, shares)

	For the three-month period ended June 30, 2023		For the three-month period ended March 31, 2023	
Profit for the period, attributable to the owners of the parent entity	₩	3,488,012,134		3,663,304,774
Profit for the period, attributable to ordinary equity holders of the parent entity		3,488,012,134		3,663,304,774
Weighted-average number of ordinary shares outstanding (in shares)		196,554,079		196,554,079
Basic earnings per share		17.75		18.64

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of June 30, 2023 and March 31, 2023

## 25. EARNINGS PER SHARE (CONT'D)

### (2) Calculation of weighted average number of ordinary shares outstanding

(in shares)

For the three-month period ended June 30, 2023				
	Term	Number of shares in circulation	days	Accumulation
Beginning balance	April 1, 2023 ~ June 30, 2023	196,554,079	91	17,886,421,189
				17,886,421,189
Weighted average number of ordinary shares outstanding				196,554,079

(in shares)

For the three-month period ended June 30, 2023				
	Term	Number of shares in circulation	days	Accumulation
Beginning balance	January 1, 2023 ~ March 31, 2023	196,554,079	90	17,689,867,110
				17,689,867,110
Weighted average number of ordinary shares outstanding				196,554,079

### (3) Diluted earnings per share

The Group has issued convertible bonds that are potential ordinary shares. However, diluted earnings per share are the same as basic earnings per share because the convertible bonds are antidilutive as of June 30, 2023 and March 31, 2023.

## 26. OPERATING REVENUES

Details of operating revenues for each of the three-month periods ended June 30, 2023 and March 31, 2023 are as follows:

(in thousands of Korean won)

		For the three-month period ended June 30, 2023	For the three-month period ended March 31, 2023
Rental revenues	₩	28,102,594	28,099,841
Maintenance fee revenues		2,147,609	2,127,672
Other revenues		296,621	324,768
	₩	30,546,824	30,552,281

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of June 30, 2023 and March 31, 2023

## 27. OPERATING EXPENSES

Details of operating expenses for each of the three-month periods ended June 30, 2023 and March 31, 2023 are as follows:

(in thousands of Korean won)

		For the three-month period ended June 30, 2023	For the three-month period ended March 31, 2023
Salaries	₩	36,000	36,000
Insurance expenses		18,260	17,964
Depreciation		4,709,452	4,657,356
Asset management consignment fees		1,483,259	1,466,959
Asset custody consignment fees		17,791	17,791
General affairs consignment fees		88,028	88,028
Real estate management consignment fees		598,820	579,052
Commission expenses		700,532	381,036
Taxes and due		68	482
Utility expenses		357,789	741,996
Deemed rent		68,719	67,981
	₩	8,078,718	8,054,645

## 28. FINANCE INCOME AND COSTS

Details of finance income and costs for each of the three-month periods ended June 30, 2023 and March 31, 2023 are as follows:

(in thousands of Korean won)

		For the three-month period ended December 31, 2023	For the three-month period ended September 30, 2023
Finance income	Interest income	₩ 470,884	550,470
Finance costs	Interest expenses	19,485,226	19,449,506
		₩ (19,014,342)	(18,899,036)

## 29. OTHER INCOME AND EXPENSES

Details of other income and expenses for each of the three-month periods ended June 30, 2023 and March 31, 2023 are as follows:

(in thousands of Korean won)

		For the three-month period ended June 30, 2023	For the three-month period ended March 31, 2023
Other income	Miscellaneous gains	₩ 34,448	64,705
Other expenses	Miscellaneous losses	200	—
		₩ 34,248	64,705

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of June 30, 2023 and March 31, 2023

### 30. RELATED-PARTY TRANSACTIONS

(1) Details of related parties as of June 30, 2023 are as follows:

Type	Name of the related parties
Controlling company	SK Inc.
Others	SK REITs Management Co., Ltd.
Large business group affiliates	SK Energy Co. Ltd., SK hynix Inc., SK On Co., Ltd. and other affiliates of SK business group

(2) Significant transactions between the Group and related parties for each of the three-month periods ended June 30, 2023 and March 31, 2023 are as follows:

(in thousands of Korean won)

Type	Name of the related party	Account headings	For the three-month period ended June 30, 2023	For the three-month period ended March 31, 2023
Controlling company	SK Inc.	Rental revenues <sup>(*)1</sup>	₩ 10,188,282	10,188,282
		Commission expenses	32,447	11,967
Others	SK REITs Management Co., Ltd.	Asset management consignment fees	1,483,258	1,466,959
Large business group affiliates	SK Energy Co. Ltd.	Rental revenues <sup>(*)2</sup>	8,174,095	8,174,095
	SK hynix Inc.	Rental revenues <sup>(*)3</sup>	5,360,337	5,357,448
	SK shieldus Co.,Ltd	Real estate management consignment fees	14,400	14,400
	SK On Co., Ltd.	Operating revenues <sup>(*)4</sup>	1,295,109	1,299,148
	SK Geo Centric Co., Ltd.	Operating revenues <sup>(*)4</sup>	648,352	607,864
	SK Energy Co. Ltd.	Operating revenues <sup>(*)4</sup>	571,976	517,850
	SK Ecoplant Co., Ltd.	Operating revenues <sup>(*)4</sup>	207,902	253,490
	SK E&S Co., Ltd.	Operating revenues <sup>(*)4</sup>	384,328	400,563
SK Forest. Co., Ltd.	Operating revenues <sup>(*)4</sup>	183,956	134,653	

(\*1) KRW 159,981 thousand and 159,981 thousand reflected in the operating income of the unearned income have been excluded, respectively, during the current and prior periods.

(\*2) KRW 124,793 thousand and 124,793 thousand reflected in the operating income of the unearned income have been excluded, respectively, during the current and prior periods.

(\*3) KRW 156,541 thousand and 156,541 thousand reflected in the operating income of the unearned income have been excluded, respectively, during the current and prior periods.

(\*4) KRW 140,387 thousand and 110,679 thousand reflected in the operating income of the unearned income have been excluded, respectively, during the current and prior periods.

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of June 30, 2023 and March 31, 2023

(3) Outstanding balances to related parties as of June 30, 2023 and March 31, 2023 are as follows:

(in thousands of Korean won)

Type	Name of the related party	Account headings	June 30, 2023	March 31, 2023
Controlling company	SK Inc.	Leasehold deposits received <sup>(*)1</sup>	₩ 32,711,600	32,711,600
		Accrued income <sup>(*)2</sup>	1,618,625	1,449,906
		Unpaid dividends	5,577,216	–
Others	SK REITs Management Co., Ltd.	Non-trade payables	1,631,584	1,613,655
Large business group affiliates	SK Energy Co. Ltd.	Leasehold deposits received <sup>(*)3</sup>	26,828,680	26,828,680
		Accrued income <sup>(*)2</sup>	878,314	752,823
	SK hynix Inc.	Leasehold deposits received <sup>(*)1</sup>	17,330,392	17,330,392
		Accrued income <sup>(*)2</sup>	633,324	474,993
	SK shieldus Co.,Ltd	Non-trade payables	5,280	5,280
	SK On Co., Ltd., etc.	Leasehold deposits received <sup>(*)4</sup>	10,085,285	10,085,285

(\*1) These are nominal values that do not reflect the current value discounts of KRW 4,512,688 thousand and KRW 4,817,037 thousand, respectively.

(\*2) The Group recognized no allowances for accrued income as of June 30, 2023 and March 31, 2023.

(\*3) These are nominal values that do not reflect the current value discounts of KRW 4,073,828 thousand and KRW 4,306,850 thousand, respectively.

(\*4) These are nominal values that do not reflect the current value discounts of KRW 1,677,701 thousand and KRW 1,780,732 thousand, respectively.

4) Key management personnel compensations for the three-month periods ended June 30, 2022 and March 31, 2022, are as follows:

(5) Key management personnel compensations for each of the three-month periods ended June 30, 2023 and March 31, 2023 are as follows:

(in thousands of Korean won)

	For the three-month period ended June 30, 2023	For the three-month period ended March 31, 2023
Key management personnel compensation	₩ 36,000	36,000

(6) Dividends paid to related parties for each of the three-month periods ended June 30, 2023 and March 31, 2023 are as follows:

(in thousands of Korean won)

Type	Name of the related party	For the three-month period ended June 30, 2023	For the three-month period ended March 31, 2023
Controlling company	SK Inc.	₩ 5,577,216	5,577,216

(7) Details of significant commitments between the Group and related parties are described in Note 31.

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of June 30, 2023 and March 31, 2023

## 31. COMMITMENTS

### (1) Asset management contract

#### 1) Contract to provide operating lease to SK Inc. and SK hynix Inc.

The Group has contracted with SK REITs Management Co., Ltd. for investment management of assets, such as real estate acquisition, management, improvement and disposal, real estate development, leasing, and security trading, with paying the following asset management fees (see note 30).

Type	Detail
Purchase fee	Purchase price * 0.5% (VAT not included)
Asset management fees	Purchase price * 0.2%/365(366 days in leap years) * days (Number of days of holding operating assets)
Asset management performance fee	(Dividend before commission – dividend before highest commission) * (average number of issued shares per day) * 25%
Disposal fee	Real property: 0.7% of disposal value Others: (Total Value + Premium of the Assets disposed) * Disposal Ratio * 0.7%
Disposal performance fee	Real property: (Disposal price – Purchase price – Disposal fee) * 10% – Accumulated amount of asset management performance fee Others: (Total value of disposed assets + premium – purchase price – disposal fee) * disposal ratio * 10% – accumulated amount of asset management performance fee

#### 2) Contract to provide operating lease to SK Energy Co., Ltd.

The Group has contracted with SK REITs Management Co., Ltd. for investment management of assets such as real estate acquisition, management, improvement and disposal, real estate development, leasing, and securities trading, with paying the following asset management fees (see note 30).

Type	Detail
Purchase fee	Purchase price * 0.5% (VAT not included)
Management fees	Purchase price * 0.22%/365(366 days for leap year) * Days (number of days of holding the operating asset)
Disposal fee	Real property: 0.7% of disposal value Others: (Total Value + Premium of the Assets disposed) * Disposal Ratio * 0.7%
Disposal performance fee	Real property: (Disposal price – Purchase price – Disposal fee) * 10% – Accumulated amount of Parent REITs' asset management performance fee Others: (Total value of disposed assets + premium – purchase price – disposal fee) * disposal ratio * 10% – accumulated amount of Parent REITs' asset management performance fee

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of June 30, 2023 and March 31, 2023

#### 3) Contract to provide operating lease to SK On Co., Ltd., etc.

The Group has contracted with SK REITs Management Co., Ltd. For investment management of assets such as real estate acquisition, management, improvement and disposal, real estate development, leasing, and securities trading, with paying the following asset management fees (see note 30).

Type	Detail
Purchase fee	KRW 6,420,000,000
Management fees	Purchase price * 0.2%/365(366 days for leap year) * Days (number of days of holding the operating asset)
Asset management performance fee	(Dividend before commission – dividend before highest commission) * (average number of issued shares per day) * 25%
Disposal fee	Real property: 0.7% of disposal value Others: (Total Value + Premium of the Assets disposed) * Disposal Ratio * 0.7%
Disposal performance fee	Real property: (Disposal price – Purchase price – Disposal fee) * 10% – Accumulated amount of asset management performance fee Others: (Total value of disposed assets + premium – purchase price – disposal fee) * disposal ratio * 10% – accumulated amount of asset management performance fee

### (2) General affairs consignment contract

#### 1) Contract to provide operating lease to SK Inc. and SK hynix Inc.

The Group has entered into a general business consignment contract with Shinhan Aitas, for business related to stock issuance, listing-related business, and management of the Group, with paying the following general affairs consignment fees.

Type	Detail
General affairs consignment fees	KRW 50 million for each closing period (VAT not included)

#### 2) Contract to provide operating lease to SK Energy Co., Ltd.

The Group has entered into a general business consignment contract with Shinhan Aitas, for business related to stock issuance, listing-related business, and management of the Group, with paying the following general affairs consignment fees.

Type	Detail
General affairs consignment fees	KRW 15 million for each closing period (VAT not included)

#### 3) Contract to provide operating lease to SK On Co., Ltd., etc.

The Group has entered into a general business consignment contract with Shinhan Aitas, for business related to stock issuance, listing-related business, and management of the Group, with paying the following general affairs consignment fees.

Type	Detail
General affairs consignment fees	KRW 13.5 million for each closing period (VAT not included)

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of June 30, 2023 and March 31, 2023

### 31. COMMITMENTS (CONT'D)

#### (3) Asset trust contract

##### 1) Contract to provide operating lease to SK Inc. and SK hynix Inc.

The Group has entered into contracts with Daehan Real Estate Investment Trust INC. and SK Securities Co., Ltd. for storage and management of assets such as real estate, securities and cash, with paying the following asset custody consignment fees.

Type	Detail
Asset trust fees	Real estate: KRW 1,25 million for each closing period (VAT not included) Securities, cash: KRW 5 million for each closing period (VAT not included)

##### 2) Contract to provide operating lease to SK Energy Co., Ltd.

The Group has entered into a contract with Daehan Real Estate Investment Trust INC. and SK Securities Co., Ltd. for storage and management of assets such as real estate, securities and cash, with paying the following asset custody consignment fees.

Type	Detail
Asset trust fees	Real estate: KRW 1,25 million for each closing period (VAT not included) Securities, cash: KRW 1.5 million for each closing period (VAT not included)

##### 3) Contract to provide operating lease to SK On Co., Ltd., etc.

The Group has entered into contracts with Daehan Real Estate Investment Trust INC. and SK Securities Co., Ltd. for storage and management of assets such as real estate, securities and cash, with paying the following asset custody consignment fees.

Type	Detail
Asset trust fees	Real estate: KRW1,25 million for each closing period (VAT not included) Securities, cash: KRW 5 million for each closing period (VAT not included)

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of June 30, 2023 and March 31, 2023

#### (4) Negotiating rights for preferential purchase

The Group has the right to negotiate preferential purchase of real estates owned by SK Telecom Co., Ltd., etc. and the details are as follows.

Asset holder	Real estate
SK Telecom Co., Ltd	1) SKT Tower in Jung-gu 2) SK Telecom Training Center in Icheon 3) SK Planet Building in Seongnam
SK Planet Co., Ltd.	SK Planet Building in Seongnam

- In the case where the asset holder intends to dispose of the target real estate, the right to negotiate preferential purchase can be exercised.
- Terms of the sale and the lease shall be determined by mutual communication within the scope of compliance with relevant laws such as the Real Estate Investment Company Act.

#### (5) Lease agreement

##### 1) Contract for providing operating lease to SK Inc.

Regarding the lease of SK Seorin Building, the Group has entered into a five-year lease agreement (rental deposit of KRW 32,711,600 thousand and monthly rent of KRW 3,271,160 thousand) with SK Inc. from July 6, 2021 to July 5, 2026 (see Note 30).

##### 2) Contract for providing operating lease to SK Energy Co., Ltd.

Regarding the lease of SK Energy Gayang gas Station and other 115 gas stations, the Group has entered into a ten-year lease agreement (rental deposit of KRW 26,828,680 thousand and monthly rent of KRW 2,682,868 thousand) with SK Energy Co., Ltd. from July 7, 2021 to June 30, 2031 (see Note 30).

On the other hand, SK Energy Co., Ltd. bears all costs and responsibilities related to environmental pollution that may be caused by the refueling business as stipulated in the liability lease contract, so the cost and responsibility that the Group should bear due to soil pollution will be limited.

##### 3) Contract for providing operating lease to SK hynix Inc.

Regarding the lease of SK U Tower, the Group has entered into a five-year lease agreement (rental deposit of KRW 17,330,392 thousand and monthly rent of KRW 1,733,039 thousand) with SK hynix Inc. from June 30, 2022 to June 29, 2027 (see note 30).

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of June 30, 2023 and March 31, 2023

## 31. COMMITMENTS (CONT'D)

### (6) Loan agreement

Details of the loan agreement as of June 30, 2023 are as follows:

(in thousands of Korean won)

	Financial institutions	Contract amount	Loan amount	Annual interest rate(%)	Maturity	Repayment method
Prior (SK Seorin Building)	Standard Chartered Bank Korea Ltd	₩ 116,000,000	116,000,000	2.08	July 5, 2024	Repayment at maturity
	SK Office OneQ No. 1	60,000,000	60,000,000			
	S Tiger K Co., Ltd.	80,000,000	80,000,000			
	KOOKMIN BANK	150,000,000	150,000,000			
	Sumitomo Mitsui Banking Corporation	115,800,000	115,800,000			
	Mizuho Bank, Ltd.	80,000,000	80,000,000			
	Subtotal	601,800,000	601,800,000			
Prior (SK U-Tower)	Standard Chartered Bank Korea Ltd	40,000,000	40,000,000	4.90	June 30, 2025	Repayment at maturity
	Sumitomo Mitsui Banking Corporation	40,000,000	40,000,000			
	Mizuho Bank, Ltd.	40,000,000	40,000,000			
	Subtotal	120,000,000	120,000,000			
Prior (SK U-Tower)	Standard Chartered Bank Korea Ltd	37,380,000	37,380,000	4.44	June 30, 2025	Repayment at maturity
	KOOKMIN BANK	69,000,000	69,000,000			
	Sumitomo Mitsui Banking Corporation	39,000,000	39,000,000			
	Mizuho Bank, Ltd.	39,000,000	39,000,000			
	Subtotal	184,380,000	184,380,000			
Prior (Gayang gas station and other 115 gas stations)	Standard Chartered Bank Korea Ltd	130,100,000	130,100,000	2.08	July 5, 2024	Repayment at maturity
	Clean Energy OneQ No. 1	60,000,000	60,000,000			
	S Tiger Energy Co., Ltd.	40,000,000	40,000,000			
	KOOKMIN BANK	130,000,000	130,000,000			
	Sumitomo Mitsui Banking Corporation	20,000,000	20,000,000			
	Mizuho Bank, Ltd.	70,000,000	70,000,000			
	Subtotal	450,100,000	450,100,000			
Prior (Jongno Tower)	Standard Chartered Bank Korea Ltd	154,800,000	154,800,000	5.07	October 13, 2023	Repayment at maturity
	Sumitomo Mitsui Banking Corporation	90,000,000	90,000,000			
	Subtotal	244,800,000	244,800,000			
		<b>₩ 1,601,080,000</b>	<b>1,601,080,000</b>			

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of June 30, 2023 and March 31, 2023

### (7) Collateral trust contract

The Group has entered into a real estate collateral trust contract with Daehan Real Estate Investment Trust Co., Ltd. for the investment property of the Group, with Standard Chartered Bank Korea Ltd. and other seven preferred beneficiaries.

### (8) Brand use agreement

As of June 30, 2023, the Group has entered into a brand use contract with SK Inc. and the amount equivalent to 0.2% of the Group's sales after deducting advertising expenses is paid in return for the agreement (see note 30).

## 32. SUPPLEMENTAL CASH FLOW INFORMATION

(1) Details of Cash flows from operating activities for each of the three-month periods ended June 30, 2023 and March 31, 2023 are as follows:

(in thousands of Korean won)

	For the three-month period ended June 30, 2023	For the three-month period ended March 31, 2023
<b>Profit for the period</b>	<b>₩ 3,488,012</b>	<b>3,663,305</b>
<b>Adjustment:</b>	<b>23,091,477</b>	<b>22,928,053</b>
Depreciation	4,709,452	4,657,356
Interest expenses	19,485,226	19,449,506
Rental revenues	(632,317)	(628,339)
Interest income	(470,884)	(550,470)
<b>Changes in operating assets and liabilities:</b>	<b>(319,972)</b>	<b>(198,031)</b>
Increase in other accounts receivable	(33,421)	(11,629)
Increase in accrued income	(311,481)	(452,541)
Increase in advanced payment	(30,665)	–
Decrease in prepaid expenses	18,260	16,020
Increase (decrease) in VAT payables	(36,615)	194,753
Increase in other payables	17,945	55,129
Increase in advances from customers	55,549	–
Increase in withholdings	456	237
<b>Cash flows from operating activities</b>	<b>26,259,517</b>	<b>26,393,327</b>

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of June 30, 2023 and March 31, 2023

### 32. SUPPLEMENTAL CASH FLOW INFORMATION (CONT'D)

(2) The significant non-cash transactions for each of the three-month periods ended June 30, 2023 and March 31, 2023 are as follows:

(in thousands of Korean won)

		For the three-month period ended June 30, 2023	For the three-month period ended March 31, 2023
Reclassification of the current portion of long-term unearned revenues	₩	441,315	441,315
Transfer of retained earnings from capital surplus		1,703,907	3,529,148
Reclassification of current portion of long-term borrowings		120,000,000	–
Reclassification of retained earnings with unpaid dividends		12,972,569	–

(3) Reconciliation details of liabilities arising from financial activities for each of the three-month periods ended June 30, 2023 and March 31, 2023 are as follows:

(in thousands of Korean won)

		For the three-month period ended June 30, 2023				
		Beginning of period	Cash flows	Amortization	Non-cash transactions	End of period
Short-term borrowings	₩	364,543,389	–	159,031	(120,000,000)	244,702,420
Long-term borrowings		1,231,924,363	(782,200)	759,441	120,000,000	1,351,901,604
Debentures		319,905,503	–	45,176	–	319,950,679
Convertible bonds		130,789,100	–	1,276,503	–	132,065,603
Leasehold deposits received		83,080,574	(32,000)	597,360	(200,413)	83,445,521

(in thousands of Korean won)

		For the three-month period ended March 31, 2023				
		Beginning of period	Cashflows	Amortization	Non-cash transactions	End of period
Short-term borrowings	₩	394,387,850	(30,000,000)	155,539	–	364,543,389
Long-term borrowings		1,231,178,233	–	746,129	–	1,231,924,362
Debentures		319,861,398	–	44,105	–	319,905,503
Convertible bonds		108,007,668	23,074,012	504,521	(797,101)	130,789,100
Leasehold deposits received		82,492,336	–	588,238	–	83,080,574

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of June 30, 2023 and March 31, 2023

### 33. OPERATING SEGMENTS

The Group does not disclose information for each segment as the reportable segment in accordance with KIFRS 1108 Operating Segments is a single segment. Reporting data regularly reviewed by the Group's chief operating decision maker is measured in a manner consistent with the financial statements.

The Group's operating revenues were entirely domestic, and information related to external customers with whom the Group conducts transactions that amount to 10% or more of the Group's operating revenues for the three-month periods ended June 30, 2023, and March 31, 2023 are as follows:

(in thousands of Korean won)

Customer	Type		For the three-month period ended June 30, 2023	For the three-month period ended March 31, 2023
SK Inc.	Operating revenues <sup>(*)1</sup>	₩	10,188,282	10,188,282
SK hynix Inc.	Operating revenues <sup>(*)2</sup>		5,360,337	5,357,448
SK Energy Co. Ltd.	Operating revenues <sup>(*)3</sup>		8,174,095	8,174,095
		₩	<b>23,722,714</b>	<b>23,719,825</b>

(\*)1 KRW 159,981 thousand and KRW 159,981 thousand reflected in the operating income of the unearned income have been excluded, respectively, during the current and prior periods.

(\*)2 KRW 156,541 thousand and KRW 156,541 thousand reflected in the operating income of the unearned income have been excluded, respectively, during the current and prior periods.

(\*)3 KRW 124,793 thousand and KRW 124,793 thousand reflected in the operating income of the unearned income have been excluded, respectively, during the current and prior periods.

### 34. EVENTS AFTER THE REPORTING PERIOD

The events occurring after the reporting period that does not affect the financial statements as of June 30, 2023, are as follows:

#### (1) Capital increase with consideration

On July 27, 2023, the Group decided to increase capital with consideration by the resolution of the Board of Directors. The capital increase shall be conducted by public offering subscription for forfeited shares after the allotment to shareholders, and the expected number of new shares to be issued is 73,578,600 common shares, and the total amount of capital increase is KRW 313.4 billion.

# SK REIT CO., LTD. AND ITS SUBSIDIARIES

## Consolidated Financial Statements

December 31, 2023 and September 30, 2023

(With Independent Auditors' Report Thereon)

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## INDEPENDENT AUDITORS' REPORT

(Based on a report originally issued in Korean)



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**To the Shareholders and Board of Directors of  
SK REIT Co., Ltd.**

### Opinion

We have audited the consolidated financial statements of SK REIT Co., Ltd. and its subsidiaries ("the Group"), which comprise the consolidated statements of financial position as of December 31, 2023 and September 30, 2023, and the consolidated statements of comprehensive income, changes in equity and cash flows for the three-month periods then ended, and notes, comprising of material accounting policy information and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and September 30, 2023, and its consolidated financial performance and its consolidated cash flows for the three-month periods then ended in accordance with Korean International Financial Reporting Standards ("K-IFRS").

### Basis for Opinion

We conducted our audits in accordance with Korean Standards on Auditing ("KSAs"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in 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 opinion.

## INDEPENDENT AUDITOR'S REPORT, Continued

(Based on a report originally issued in Korean)

### Key Audit Matters

Key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements as of and for the three-month periods ended December 31, 2023 and September 30, 2023, this matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Appropriateness of disclosure of assets pledged as security

(1) Why it is determined to be a key audit matter:

Investment properties of the Group are pledged as security in relation to the borrowings and leasehold deposits used for acquiring investment properties. As described in Note 27 to the consolidated financial statements, among the assets recorded in the consolidated financial statements of the Group, the book values of assets pledged as security amounted to KRW 4,176.2 billion (97.2% of total assets), and the maximum amount of bonds amounted to KRW 2,985.5 billion (71.5% of assets pledged as security).

The disclosure of assets pledged as security is deemed as significant information for financial decision-making by financial statements users considering the size of assets pledged as security and the fact that proportion of maximum amount of bonds to the total assets of the Group is significantly high. Therefore, we identified the appropriateness of disclosure of the Group's assets pledged as security as a key audit matter.

(2) How our audit addressed the key audit matter:

The main audit procedures we performed to address this key audit matter included followings.

- We assessed the appropriateness of the amount of assets pledged as security by inspecting loan agreements and lease agreements.
- We assessed the existence and rights of investment properties and completeness of the disclosure of assets pledged as security by inspecting certified copies of real estate registration statements.
- We confirmed details of assets pledged as security provided to financial institutions and others, carrying amount of debt and commitments by obtaining confirmation letters to financial institutions and others.
- We assessed the completeness of the amount of assets pledged as security provided to financial institutions and others by comparing with information provided by the Korea Federation of Banks.

### Other Matter

The procedures and practices utilized in the Republic of Korea to audit such consolidated financial statements may differ from those generally accepted and applied in other countries.

## INDEPENDENT AUDITOR'S REPORT, Continued

(Based on a report originally issued in Korean)

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

### Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 consolidated 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used in the preparation of the consolidated financial statements and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

## INDEPENDENT AUDITOR'S REPORT, Continued

(Based on a report originally issued in Korean)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditors' report is Dae-Chul Shin.

*KPMG Samjong Accounting Corp.*

Seoul, Korea  
March 20, 2024

This report is effective as of March 20, 2024, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying consolidated financial statements and notes thereto. Accordingly, the readers of the audit report should understand that the above audit report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

## SK REIT CO., LTD. AND ITS SUBSIDIARIES Consolidated Statements of Financial Position

As of December 31, 2023 and September 30, 2023

(In Korean won)

	Notes	December 31, 2022	September 30, 2022
<b>Assets</b>			
<b>Current Assets</b>		<b>₩ 111,927,719,015</b>	<b>240,332,958,052</b>
Cash and cash equivalents	5, 6, 28	83,371,358,519	92,802,982,186
Short-term financial instruments	5, 28	18,000,000,000	31,053,334,575
Non-trade receivables	5, 7	26,148,076	108,514,020,500
Accrued income	5, 7, 24	6,562,273,756	3,943,128,064
Other current assets	11	3,967,938,664	4,019,492,727
<b>Non-current Assets</b>		<b>4,183,699,235,226</b>	<b>4,191,886,593,615</b>
Long-term financial instruments	5, 28	7,505,773,305	7,505,773,305
Investment properties	8, 9, 27	4,176,193,461,921	4,184,380,820,310
<b>Total assets</b>		<b>₩ 4,295,626,954,241</b>	<b>4,432,219,551,667</b>
<b>Liabilities</b>			
<b>Current liabilities</b>		<b>₩ 1,513,928,373,223</b>	<b>2,073,325,419,586</b>
Short-term borrowings	5, 10, 26, 27, 29	–	352,387,825,953
Current portion of long-term borrowings	5, 10, 26, 27, 29	1,037,276,882,751	1,036,597,538,480
Current portion of debentures	5, 10, 29	336,000,000,000	655,996,955,322
Current portion of convertible bonds	5, 10, 29	111,144,688,126	–
Non-trade payables	5, 29	7,242,181,622	6,093,371,924
Accrued expenses	5, 29	6,754,418,348	8,242,304,220
Short-term leasehold deposits received	5, 24, 27, 29	1,320,947,781	1,072,554,700
Other current liabilities	12, 24	14,189,254,595	12,934,868,987
<b>Non-current liabilities</b>		<b>1,460,298,269,441</b>	<b>1,327,184,479,023</b>
Long-term borrowing	5, 9, 10, 26, 27, 29	1,209,933,204,437	966,080,370,984
Convertible bonds	5, 10, 29	22,898,455,746	133,045,466,158
Long-term leasehold deposits received	5, 24, 27, 29	168,198,659,777	166,599,112,582
Other non-current liabilities	12	59,267,949,481	61,459,529,299
<b>Total liabilities</b>		<b>₩ 2,974,226,642,664</b>	<b>3,400,509,898,609</b>
<b>Equity</b>			
Capital and reserves attributable to owners of SK REIT CO., LTD.		₩ 1,240,107,160,893	951,606,201,003
Share Capital	13	135,066,339,500	98,277,039,500
Other paid-in capital	14	1,116,476,417,567	855,871,000,662
Retained earnings (Accumulated deficit)	15	(11,435,596,174)	(2,541,839,159)
Non-controlling interests		81,293,150,684	80,103,452,055
<b>Total equity</b>		<b>1,321,400,311,577</b>	<b>1,031,709,653,058</b>
<b>Total liabilities and equity</b>		<b>₩ 4,295,626,954,241</b>	<b>4,432,219,551,667</b>

The accompanying notes are an integral part of the consolidated financial statements.

## SK REIT CO., LTD. AND ITS SUBSIDIARIES

### Consolidated Statements of Comprehensive Income

For the three-month periods ended December 31, 2023 and September 30, 2023

(In Korean won)

	Notes	For the three-month period ended December 31, 2023	For the three-month period ended September 30, 2023
<b>Operating revenues</b>	4, 8, 9, 17, 18, 24	₩ 52,636,897,301	32,156,033,423
<b>Operating expenses</b>	9, 19, 24	16,827,955,577	12,477,143,082
<b>Operating profit</b>		35,808,941,724	19,678,890,341
Finance income	5, 20	594,090,826	484,747,476
Finance costs	5, 20	31,605,077,524	20,726,064,049
Other non-operating income	21	5,701,387	14,622,513,740
Other non-operating expenses	21	27,634,365	5
<b>Profit before income tax expenses</b>		4,776,022,048	14,060,087,503
<b>Income tax expenses</b>	22	-	-
<b>Profit for the period</b>		₩ 4,776,022,048	14,060,087,503
Profit is attributable to:			
Owners of SK REIT CO., LTD.		3,586,323,419	13,956,635,448
Non-controlling interests		1,189,698,629	103,452,055
<b>Other comprehensive income for the period</b>		-	-
<b>Total comprehensive income for the period</b>		₩ 4,776,022,048	14,060,087,503
Total comprehensive income is attributable to:			
Owners of SK REIT CO., LTD.		3,586,323,419	13,956,635,448
Non-controlling interests		1,189,698,629	103,452,055
<b>Earnings per share</b>			
Basic and diluted earnings per share	23	13.48	71.01
Diluted earnings per share	23	12.42	71.01

The accompanying notes are an integral part of the consolidated financial statements.

## SK REIT CO., LTD. AND ITS SUBSIDIARIES

### Consolidated Statements of Changes in Equity

For the three-month periods ended December 31, 2023 and September 30, 2023

(In Korean won)

	Attributable to owners of SK REIT CO., LTD.				Non-controlling interests	Total equity
	Share capital	Other paid-in capital	Retained earnings (Accumulated deficit)	Total		
<b>Balance as of July 1, 2023</b>	₩ 98,277,039,500	865,684,880,237	(13,239,044,704)	950,722,875,033	-	950,722,875,033
<b>Total comprehensive income:</b>						
Profit for the period	-	-	13,956,635,448	13,956,635,448	103,452,055	14,060,087,503
<b>Transactions with owners:</b>						
Cost of issuance of stocks	-	(100,740,264)	-	(100,740,264)	-	(100,740,264)
Issuance of preferred stocks of the Group	-	-	-	-	80,000,000,000	80,000,000,000
Dividends	-	-	(12,972,569,214)	(12,972,569,214)	-	(12,972,569,214)
Transfer of share premium to retained earnings	-	(9,713,139,311)	9,713,139,311	-	-	-
<b>Balance as of September 30, 2023</b>	₩ 98,277,039,500	855,871,000,662	(2,541,839,159)	951,606,201,003	80,103,452,055	1,031,709,653,058
<b>Balance as of October 1, 2023</b>	₩ 98,277,039,500	855,871,000,662	(2,541,839,159)	951,606,201,003	80,103,452,055	1,031,709,653,058
<b>Total comprehensive income:</b>						
Profit for the period	-	-	3,586,323,419	3,586,323,419	1,189,698,629	4,776,022,048
<b>Transactions with owners:</b>						
Capital increase with consideration	36,789,300,000	266,011,757,660	-	302,801,057,660	-	302,801,057,660
Dividends	-	-	(17,886,421,189)	(17,886,421,189)	-	(17,886,421,189)
Transfer of share premium to retained earnings	-	(5,406,340,755)	5,406,340,755	-	-	-
<b>Balance as of December 31, 2023</b>	₩ 135,066,339,500	1,116,476,417,567	(11,435,596,174)	1,240,107,160,893	81,293,150,684	1,321,400,311,577

The accompanying notes are an integral part of the consolidated financial statements.

## SK REIT CO., LTD. AND ITS SUBSIDIARIES

### Consolidated Statements of Cash Flows

For the three-month periods ended December 31, 2023 and September 30, 2023

(In Korean won)

	Notes	For the three-month period ended December 31, 2023	For the three-month period ended September 30, 2023
<b>Cash flows from operating activities:</b>	<b>25</b>		
Profit for the period		₩ 4,776,022,048	14,060,087,503
Adjustment		40,845,746,449	10,253,973,156
Changes in operating assets and liabilities		105,110,124,730	(104,581,988,741)
Interest income received		474,564,683	320,209,951
Interest expenses paid		(28,697,022,723)	(15,972,395,676)
Income taxes return(paid)		(4,429,900)	274,090
<b>Net cash inflow(outflow) from operating activities</b>		<b>122,505,005,287</b>	<b>(95,919,839,717)</b>
<b>Cash flows from investing activities:</b>			
Disposal of short-term financial assets		31,053,334,575	28,000,000,000
Disposal of investment properties		–	37,700,000,000
Acquisition of short-term financial assets		(18,000,000,000)	(18,000,000,000)
Acquisition of investment properties	9	(431,000,000)	(1,182,738,058,200)
<b>Net cash inflow(outflow) from investing activities</b>		<b>12,622,334,575</b>	<b>(1,135,038,058,200)</b>
<b>Cash flows from financing activities:</b>			
Increase in short-term borrowings		–	107,600,000,000
Increase in long-term borrowings		242,926,400,000	663,210,975,000
Issuance of current portion of debentures		560,000,000,000	560,000,000,000
Increase in leasehold deposits received		–	143,461,000,000
Capital increase with consideration		302,801,057,660	–
Issuance of preferred stocks		–	80,000,000,000
Repayment of short-term borrowings		(352,400,000,000)	–
Repayment of current portion of long-term borrowings		–	(13,305,190,879)
Repayment of current portion of debentures		(880,000,000,000)	(224,000,000,000)
Decrease in leasehold deposits received		–	(677,303,000)
Cost of issuance of stocks		–	(100,740,264)
Dividends paid	16, 24	(17,886,421,189)	(25,945,138,428)
<b>Net cash inflow(outflow) from financing activities</b>		<b>(144,558,963,529)</b>	<b>1,290,243,602,429</b>
<b>Net increase(decrease) in cash and cash equivalents</b>		<b>(9,431,623,667)</b>	<b>59,285,704,512</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>92,802,982,186</b>	<b>33,517,277,674</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>₩ 83,371,358,519</b>	<b>92,802,982,186</b>

The accompanying notes are an integral part of the consolidated financial statements.

## SK REIT CO., LTD. AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements

As of December 31, 2023 and September 30, 2023

## 1. THE GROUP

The consolidated financial statements of SK REIT Co., Ltd. ("Controlling company") and its subsidiaries (collectively referred to as "the Group") have been prepared in accordance K-IFRS 1110, 'Consolidated financial statements'.

The Controlling company was established on March 15, 2021 under the Real Estate Investment Companies Act of the Republic of Korea. The Controlling company is mainly engaged in providing its shareholder with returns earned from investing and managing investment properties, including real estate acquisition, maintenance, improvement, disposal, development, and trade of real estate lease securities. The Controlling company's head office has located in 136, Sejong-daero, Jung-gu, Seoul, Korea, and listed to KRX KOSPI Market on September 14, 2021.

(1) The Controlling company's major shareholders and their respective shareholdings as of December 31, 2023, are as follows:

Name of Shareholders	Number of shares	Types of shares	Percentage of ownership (%)
SK Inc.	87,554,915	Ordinary shares	32.41
Korean Federation of Community Credit Cooperatives	16,710,807	Ordinary shares	6.19
KORAMCO NHUF REIT Co., Ltd.	13,458,091	Ordinary shares	4.98
Others	152,408,866	Ordinary shares	56.42
	<b>270,132,679</b>		<b>100.00</b>

(2) Consolidated subsidiaries and current status

The Group is engaged in real estate leasing. Meanwhile, the status of subsidiaries included in the consolidated financial statements as of December 31, 2023 and September 30, 2023, is as follows:

Name of Subsidiaries	Main business	Country of domicile	Percentage of Ownership (%) <sup>(*)</sup>		Reporting period end
			December 31, 2023	September 30, 2023	
Clean Energy REIT Co., Ltd.	Real estate investment	Korea	100.00	100.00	End of March, June, September and December
Total Value 1 REIT Co., Ltd.	Real estate investment	Korea	100.00	100.00	End of March, June, September and December
Clean Industrial REIT Co., Ltd.	Real estate investment	Korea	80.15	80.15	End of March, June, September and December

(\*) Of the total 80.6 million issued shares of Clean Industrial REIT Co., Ltd., the Group holds 64.6 million shares, with an 80.15% stake, and of the total 72.6 million issued shares with voting rights, the Group holds 64.6 million shares, with an 88.98% stake in voting rights.

(3) Changes in the scope of consolidation

No new subsidiary company is included in the scope of consolidated financial statements during the current period and no subsidiary company has been excluded from the scope of consolidated financial statements during the current period.

## SK REIT CO., LTD. AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2023 and September 30, 2023

#### 1. THE GROUP (CONT'D)

##### (4) Summarized financial information of consolidated subsidiaries

The summarized financial statuses of the consolidated subsidiaries as of December 31, 2023 and September 30, 2023 are as follows:

(In thousands of Korean won)

Name of Subsidiaries	December 31, 2023				
	Assets	Liabilities	Equity	Operating revenues	Profit for the period
Clean Energy REIT Co., Ltd.	₩ 802,477,716	463,573,618	338,904,098	8,093,037	4,605,514
Total Value 1 REIT Co., Ltd.	684,522,047	269,966,974	414,555,073	6,503,119	605,774
Clean Industrial REIT Co., Ltd.	1,211,971,961	810,371,975	401,599,986	21,687,267	1,928,891

(In thousands of Korean won)

Name of Subsidiaries	September 30, 2023				
	Assets	Liabilities	Equity	Operating revenues	Profit for the period
Clean Energy REIT Co., Ltd.	₩ 816,669,318	464,565,606	352,103,712	8,290,050	17,447,698
Total Value 1 REIT Co., Ltd.	683,022,581	269,073,282	413,949,299	6,317,109	(534,242)
Clean Industrial REIT Co., Ltd.	1,315,138,658	915,467,563	399,671,095	1,195,400	22,184

## SK REIT CO., LTD. AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2023 and September 30, 2023

##### (5) Information on important non-controlling interests for the group as of December 31, 2023 and September 30, 2023, is as follows:

(In thousands of Korean won)

	December 31, 2023	September 30, 2023
	Clean Industrial REIT Co., Ltd.	Clean Industrial REIT Co., Ltd.
Non-controlling interest ratio	19.85%	19.85%
Current Assets	₩ 7,357,596	26,414,448
Non-current Assets	233,218,838	234,640,575
Current liabilities	1,869,644	22,771,018
Non-current liabilities	158,989,194	158,949,293
Equity	79,717,596	79,334,712
Book value of non-controlling interests	81,293,151	80,103,452
Revenues	4,304,922	237,287
Profit for the period	382,885	4,403
Comprehensive income for the period	382,885	4,403
Profit, attributable to non-controlling interests	1,189,699	103,452
Total Comprehensive income, attributable to non-controlling interests	1,189,699	103,452
Cash flows from operating activities	23,371,362	(21,198,347)
Cash flows from investing activities	–	(234,733,297)
Cash flows from financing activities	(21,358,600)	260,810,715
Net increase(decrease) in cash and cash equivalents	2,012,762	4,879,071
Dividends paid to non-controlling interests	–	–

The financial information above is consolidated financial information of the subsidiary, and non-controlling interests are cumulative non-participating preferred stocks. Thus, the cumulative dividend amount is classified as non-controlling interests.

## SK REIT CO., LTD. AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2023 and September 30, 2023

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (1) Basis of Preparation

The consolidated financial statements have been prepared in accordance with Korean International Financial Reporting Standards ("K-IFRS"), as prescribed under Article 5 Paragraph 1 Item 1 of the Act on External Audit of Stock Companies. These are the standards, subsequent amendments and related interpretations issued by the International Accounting Standards Board (IASB) that have been adopted by the Republic of Korea.

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, except for the new and amended K-IFRS standards adopted by the Group and the following paragraphs below.

Consolidated financial statements are prepared based on historical cost, except for certain non-current assets and financial assets measured at the revalued amount or at fair value at the end of each reporting period as explained in the accounting policy below. Historical costs are generally measured at the fair value of consideration paid to acquire assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation method. In estimating the fair value of an asset or a liability, the Group considers the characteristics of the asset or liability that market participants would consider when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of K-IFRS 1102 'Share-Based Payment'; leasing transactions that are within the scope of K-IFRS 1116 'Leases'; and measurements that have some similarities to fair value, but are not fair value, such as net realizable value in K-IFRS 1002 'Inventories' or value in use in K-IFRS 1036 'Impairment of Assets'.

Management has a reasonable expectation that at the time of approval of the consolidated financial statements, the Group will have sufficient resources to survive as a going concern for the foreseeable future period. Therefore, the management prepared the consolidated financial statements on the premise of going concern.

#### 1) The Group has newly applied the following revised standards from the fiscal year beginning January 1, 2023:

– K-IFRS 1001 'Accounting Policy Disclosure' (Amendment)

The amendment requires entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. Meanwhile, there is no significant impact on the consolidated financial statement of the group due to this amendment.

– K-IFRS 1001 'Accounting Policy Disclosure' (Amendment)

The amendment requires disclosure of the carrying amount and associated gains or losses of a financial liability if all or part of a financial instrument whose exercise price is subject to changes in the issuer's share price is classified as a financial liability. Meanwhile, there is no significant impact on the consolidated financial statement of the group due to this amendment.

– K-IFRS 1008 'Accounting Policies, Changes in Accounting Estimates and Errors' (Amendment)

The amendment defines the accounting estimates in K-IFRS 1008 as the monetary amounts in financial statements that are subject to measurement uncertainty and clarifies how they are distinguished from changes in accounting policies. Meanwhile, there is no significant impact on the consolidated financial statement of the group due to this amendment.

## SK REIT CO., LTD. AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2023 and September 30, 2023

– K-IFRS 1012 'Income Tax' (Amendment)

The amendment was introduced to address the practical diversity in the recognition of deferred tax assets and liabilities for transactions that give rise to equal taxable and deductible temporary differences. The amendments add requirements to the clues of paragraphs 15 and 24 of K-IFRS 1012 (the first recognition exception for deferred tax), requiring that deferred tax assets and liabilities be recognized if there is temporary difference between the same amount to be added and deducted at the initial recognition of an asset or liability. Meanwhile, there is no significant impact on the consolidated financial statement of the group due to this amendment.

#### 2) The followings are new and revised K-IFRS Standards that have been issued but are neither effective nor early adopted by the Group. These standards do not have significant effect on the Group's financial statements.

– K-IFRS 1001 'Accounting Policy Disclosure' (Amendment)

The amendments to K-IFRS 1001 affect only the presentation of liabilities as current or non-current in the statement of financial position and 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 management's intentions or expectations about whether an entity will exercise its right to defer settlement of a liability. And the amendments 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. The amendments are applied for annual periods beginning on or after 1 January 2024, with early application permitted.

### (2) Consolidated accounting standards

The Group prepares consolidated financial statements by consolidating the financial statements of the Controlling company and other entities controlled by the controlling company (or its subsidiaries).

The Group determines that control exists when all three factors are satisfied: 1) power over the investee, 2) exposure, or rights, to variable returns from its involvement with the investee and 3) the ability to use its power over the investee to affect the amount of the investor's returns. In addition, if there are facts and circumstances that indicate that there is a change in one or more of the three elements of control, the entity reassesses whether it controls the investee.

Even if the Group holds less than a majority of the voting rights of the investee, it is determined that the Group has power over the investee if it has enough voting rights to have the practical ability to unilaterally direct the relevant activities of the investee. When assessing whether the voting rights held by the Group are sufficient to grant the power over the investee, all relevant facts and circumstances, including the following, are considered:

- The relative size of voting rights and the degree of share dispersion of shareholders
- Potential voting rights held by the Group, other voting rights holders or other parties
- Rights arising from contractual arrangements
- Additional facts and circumstances that indicate whether the Group has the current ability to direct the relevant activities at the time the decision is to be made, including voting patterns at past shareholders' meetings

## SK REIT CO., LTD. AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2023 and September 30, 2023

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (2) Consolidated accounting standards (cont'd)

The consolidation of subsidiaries begins when the controlling company acquires control of the subsidiary and ceases when the controlling company loses control of the subsidiary. In particular, the revenues and expenses related to subsidiaries acquired or disposed during the period are included in the consolidated statements of comprehensive income from the date when the acquisition is virtually completed or until the date when the disposal is substantially completed. The components of net profit and loss and other comprehensive income are attributed to the owners of the parent and the non-controlling interests, and total comprehensive income is attributed to the owners of the parent and the non-controlling interests even if the non-controlling interests have a negative balance.

If an entity that comprises the Group uses a different accounting policy from the one adopted in the consolidated financial statements for the same transactions or events that occurred in similar circumstances, the consolidated financial statements are prepared by amending the financial statements of that entity.

All intragroup transactions, related assets and liabilities, income and expenses are eliminated in the preparation of consolidated financial statements.

Non-controlling interests in subsidiaries are identified separately from the Group's equity. If the element of a non-controlling interest in the acquiree at the acquisition date is its current interest and entitles the holder to a proportionate share of the entity's net assets at liquidation, such non-controlling interest can be measured either at fair value or by a proportionate share of the equity instruments currently recognized for the acquiree's identifiable net assets at the acquisition date. The choice of these metrics is made for each acquisition transaction. All other non-controlling interests are measured at their fair value at the acquisition date. The carrying amount of the non-controlling interest after the acquisition is the amount initially recognized and reflects the proportionate interest of the non-controlling interest in the changes in equity since the acquisition. Total comprehensive income is attributable to non-controlling interests even if the non-controlling interests have negative balances.

Changes in ownership interests in subsidiaries that do not lose control are accounted for as equity transactions. The carrying amount of the controlling and non-controlling interests of the Group is adjusted to reflect the relative changes in interest in the subsidiaries. The difference between the adjustment amount of the non-controlling interest and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the parent.

If the controlling company loses control of the subsidiary, it accounts for the difference between (i) the consideration received and the fair value of the equity interests held and (ii) the subsidiary's assets (including goodwill) and liabilities and the carrying amount of the non-controlling interests in disposal profit or loss. The Group accounts for the amounts previously recognized in other comprehensive income in relation to its subsidiaries on the same basis as if the related assets or liabilities were directly disposed of (i.e., reclassified to profit or loss or replaced directly with retained earnings). The fair value of an investment in a subsidiary before the date of loss of control is regarded as the fair value at initial recognition of a financial asset in accordance with K-IFRS 1109 'Financial Instruments' or, where appropriate, as cost at initial recognition of an investment in an associate or a joint venture.

### (3) Business combination

Acquisitions of subsidiaries or businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value at the acquisition date, except that:

## SK REIT CO., LTD. AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2023 and September 30, 2023

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognized and measured in accordance with K-IFRS 1012 'Income Taxes' and K-IFRS 1019 'Employee Benefits', respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with K-IFRS 1102 'Share-Based Payment' at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with K-IFRS 1105 'Non-Current Assets Held for Sale and Discontinued Operations', are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of: a) the consideration transferred, b) the amount of any non-controlling interests in the acquiree and c) the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of a) the consideration transferred, b) the amount of any non-controlling interests in the acquiree and c) the fair value of the acquirer's PHI (Previously Held Interest) in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement-period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement-period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement-period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates, with changes in fair value recognized in profit or loss.

When a business combination is achieved in stages, the Group's PHIs in the acquired entity are remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that had previously been recognized in other comprehensive income are reclassified to profit or loss by the method that would be appropriate if those interests were disposed.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognized as of that date.

### (4) Current/non-current distinction

The Group presents current and non-current assets, and current and non-current liabilities, as separate classifications in its statement of financial position.

The Group classifies an asset as current when:

- it expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- it holds the asset primarily for the purpose of trading;
- it expects to realize the asset within twelve months after the reporting period; or
- the asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Group classifies all other assets as non-current.

## SK REIT CO., LTD. AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2023 and September 30, 2023

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (4) Current/non-current distinction (cont'd)

The Group classifies a liability as current when:

- it expects to settle the liability in its normal operating cycle;
- it holds the liability primarily for the purpose of trading;
- the liability is due to be settled within twelve months after the reporting period; or
- it does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

### (5) Cash and cash equivalents

The Group classifies cash on hand, bank deposits, and highly liquid short-term investment assets that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value with original maturities of up to three months on acquisition date as cash and cash equivalents.

### (6) Revenue recognition

The Group, a real estate investment company under the Real Estate Investment Company Act, recognizes the lease income from the provision of operating lease for investment property systematically reflecting the utility consumed by using property over the lease period. Therefore, it is not within the scope of K-IFRS 1115 'Revenue from Contracts with Customers'.

### (7) Lease

The Group classifies each lease as either an operating lease or a financial lease. Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying assets are classified as financial leases, and leases that do not transfer substantially all the risks and rewards incidental to ownership of an underlying assets are classified as operating leases.

If the Group is an intermediate lessor, the Group accounts for the head lease and the sublease as two separate contracts. The Group classifies all subleases as financial leases or operating leases by reference to the right-to-use assets arising from the head leases, rather than by reference to the underlying assets.

The Group recognizes the lease payment from the operating lease as income on either a straight-line basis or other systematic basis. The Group applies another systematic basis if that basis is more representative of the pattern in which benefits from the use of the underlying asset are diminished. The Group adds initial direct costs incurred in obtaining an operating lease to the carrying amount of the underlying asset and recognizes those costs as an expense over the lease term.

In case of a financial lease, the amount to be received from the lessee is recognized as a receivable as a net investment in the lease of the Group. The Group allocates financial income over the lease term, based on a pattern reflecting a constant periodic rate of return on The Group's net investment in the lease.

After initial recognition, the Group regularly reviews estimated unguaranteed residual value and applies the derecognition and impairment requirements in K-IFRS 1109 to recognize the expected credit losses on lease receivables as a loss allowance.

Financial lease income is calculated by referring to the total carrying amount of the lease receivable. However, in case of financial lease receivable with damaged credit, financial income is calculated by referring to the amortized cost (i.e., the amount after deducting the loss allowance).

## SK REIT CO., LTD. AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2023 and September 30, 2023

If a contract contains lease or non-lease components, The Group applies K-IFRS 1115 to allocate the consideration in the contract to each component.

### (8) Foreign currency conversion

Consolidated financial statements are presented in the currency (functional currency) of the principal economic environment in which the entity operates. In order to prepare consolidated financial statements, companies' management performance and financial status are expressed in 'won', which is the functional currency of the consolidated entity and the presentation currency for preparing consolidated financial statements.

In preparing consolidated financial statements, transactions made in currency (foreign currency) other than the functional currency of the company are recorded at the exchange rate of the transaction date. Monetary foreign currency items as of the end of the current term are being converted into exchange rates as of the end of the current term. On the other hand, non-monetary foreign currency items measured at fair value are converted to the exchange rate at the date the fair value is determined, but non-monetary foreign currency items measured at historical costs are not converted again.

### (9) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction, or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until they are substantially ready for their intended use or sale.

To the extent that variable-rate borrowings are used to finance a qualifying asset and are hedged in an effective cash flow hedge of interest rate risk, the effective portion of is recognized in other comprehensive income and reclassified to profit or loss when the qualifying asset impacts profit or loss. To the extent that fixed-rate borrowings are used to finance a qualifying asset and are hedged in an effective fair value hedge of interest rate risk, the capitalized borrowing costs reflect the hedged interest rate."

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

### (10) Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost, including transaction costs. After initial recognition, investment properties are reported at cost, less accumulated depreciation and accumulated impairment losses.

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

While land is not depreciated, all other investment property is depreciated based on the respective assets' useful lives ranging from 27 to 40 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.

## SK REIT CO., LTD. AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2023 and September 30, 2023

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (10) Investment properties (cont'd)

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from even the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

### (11) Income tax and deferred tax

Income tax expenses for the period consists of current and deferred tax. It is recognized directly in other comprehensive income or other equity items if related to them. Except for these items, it is recognized in profit or loss.

Corporate tax expenses are measured based on tax laws enacted or substantially enacted as of the end of reporting period.

The management periodically evaluates the tax policy applied by the Group when reporting tax in situations where applicable tax law regulations may vary depending on interpretation. The Group recognizes current corporate tax expenses based on the amount expected to be paid to the tax authorities.

Deferred tax is recognized as the expected corporate tax effect when recovering or settling the carrying amount for a temporary difference between the carrying amount and the tax base amount of assets and liabilities. Deferred tax assets and liabilities that arise when assets and liabilities are first recognized in transactions other than business combinations are not recognized unless the transaction affects accounting income or taxable income.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax assets and liabilities are offset only if the Group has a legally enforceable right to set off current tax assets against current tax liabilities, and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority and the Group intends to settle current tax liabilities and assets on a net basis.

Under the Article 51-2 of Corporate Tax Law of the Republic of Korea, Income Deduction for Special Purpose Companies, etc., if the Group pays out 90% and more of its profit available for dividends as dividends, the Group shall be entitled to deduct such amount from its taxable income for the fiscal year.

In addition, due to the uncertainty of future taxable income, deferred tax assets for temporary differences to be deducted in the future were not recorded as of December 31, 2023.

### (12) Financial instruments

Financial assets and liabilities are recognized in the Group's consolidated statements of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are measured at fair value upon initial recognition, excluding trade receivables that do not contain a significant financial component.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

## SK REIT CO., LTD. AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2023 and September 30, 2023

### (13) Financial assets

All regular-way purchases or sales of financial assets are recognized and derecognized on a trade-date basis. Regular-way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

#### 1) Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortized cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows.
- The contractual terms of the financial asset are cash flows that are solely payment principal and interest on the outstanding ("SPPI").

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income ("FVTOCI"):

- The financial asset is held within a business model of which objective is achieved by both collecting contractual cash flows and selling the financial assets
- The contractual terms of the financial asset are cash flows that are solely payment principal and interest on the outstanding ("SPPI").

Except for above, all other financial assets are measured subsequently at FVTPL.

Despite the above, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- The Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met).
- The Group may irrevocably designate a debt investment that meets the amortized cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

#### 2) Gains(losses) on foreign currency translation

The carrying amount of financial assets expressed in foreign currency is calculated in foreign currency and converted into a spot exchange rate at the end of the current period.

- For financial assets measured at amortized cost (excluding the portion designated as a hedging relationship), the exchange rate difference is recognized in profit or loss in the 'other non-operating profit or loss' item.
- For debt instruments measured at fair value through other comprehensive income (excluding the portion designated as a hedging relationship), the difference in the exchange rate of amortized cost of the debt instrument is recognized in profit or loss in the 'other non-operating profit or loss' Because the foreign currency component recognized in profit or loss is the same as measured at amortized cost, the residual foreign currency component based on the translation of the carrying amount (fair value) is recognized in other comprehensive income in the cumulative valuation gain or loss item.
- For financial assets measured at fair value through profit or loss (excluding the portion designated as a hedging relationship), the exchange rate difference is recognized in profit or loss in the 'other non-operating profit or loss' item as part of the gain or loss due to changes in fair value.
- For equity instruments measured at fair value through other comprehensive income, the accumulated valuation gain or loss item is recognized in other comprehensive income.

## SK REIT CO., LTD. AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2023 and September 30, 2023

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (13) Financial assets (cont'd)

#### 3) Impairment of financial assets

The Group recognizes a loss allowance for Expected Credit Losses (ECL) on investments in debt instruments that are measured at amortized cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guaranteed contracts. The amount of ECLs is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognizes lifetime ECL for trade receivables, contract assets and lease receivables. The ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit-loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money, where appropriate.

For financial assets other than this, lifetime expected credit losses are recognized if credit risk increases significantly after initial recognition. However, if the credit risk of a financial asset has not increased significantly since initial recognition, the Group measures the expected credit loss of the financial instrument at the equivalent of a 12-month expected credit loss.

Lifetime expected credit losses refer to expected credit losses resulting from all possible default events in the expected life of a financial instrument. Conversely, 12-month expected credit losses refer to some of the expected lifetime expected credit losses due to defaults on financial instruments that may occur within 12 months after the end of the current term.

#### 4) Derecognition of financial assets

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. If the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset and has retained control, it shall continue to recognize the financial asset to the extent of its continuing involvement in the financial asset. If the Group retains substantially all the risks and rewards of ownership of the transferred financial assets, the Group continues to recognize the financial assets, and the proceeds received are recognized as collateralized borrowings.

Upon derecognizing financial asset that is measured at amortized cost, the difference between the carrying amount of the asset and the sum of the consideration received or to be received is recognized in profit or loss. Upon derecognizing investment in debt instruments measured at fair value through other comprehensive income, the accumulated gains and losses previously recognized are reclassified to profit or loss. On the other hand, investments in equity instruments designated as fair value items through other comprehensive income at initial recognition do not reclassify the accumulated gains or losses previously recognized in profit or loss, but are replaced with retained earnings.

### (14) Financial liabilities and equity instruments

#### 1) Classification as financial liabilities or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement and the definitions of financial liability and an equity instrument.

#### 2) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Group's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

## SK REIT CO., LTD. AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2023 and September 30, 2023

### 3) Financial liabilities

All financial liabilities are measured subsequently at amortized cost using the effective interest method or at FVTPL. However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Group, are measured in accordance with the specific accounting policies set out below.

### 4) Financial liabilities at FVTPL

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

### 5) Financial liabilities measured subsequently at amortized cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) designated as at FVTPL are measured subsequently at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

### 6) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at FVTPL and do not arise from a transfer of an asset, are measured subsequently at the higher of:

- the amount of the loss allowance determined in accordance with the principles of K-IFRS 1109 'Financial Instruments'
- the amount initial recognized less the cumulative amount of income recognized in accordance with the principles of K-IFRS 1115 'Revenue from Contracts with Customers'

### 7) Derecognition of financial liabilities

The Group derecognizes financial liabilities only when the Group's obligations are discharged, canceled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

When the Group exchanges with the existing lender one debt instrument into another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate, are at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (i) the carrying amount of the liability before the modification and (ii) the present value of the cash flows after modification should be recognized in profit or loss as the modification gain or loss within other gains and losses.

## SK REIT CO., LTD. AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2023 and September 30, 2023

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (15) Operating segment

Information for each operating segment is disclosed based on how it is reported internally to the chief operating decision maker (see note 4). The chief operating decision maker is responsible for assessing the resources to be allocated to the segment and for its performance, and the Group considers the board of directors that makes strategic decisions as the chief decision maker. The Group consists of a single operating segment of which main business purpose is the real estate rental business.

### (16) Application of Special Provisions under the Real Estate Investment Companies Act: Exclusion of the Obligation to Reserve Profit Reserves and Extra Dividends

The Group does not reserve profit reserves because Article 458 of the Commercial Act, which stipulates the obligation to reserve profit reserves at the time of profit distribution, is excluded by the Real Estate Investment Company Act in effect as of the closing date. In addition, Article 462 of the Commercial Act is excluded under the Real Estate Investment Company Act, and dividends may exceed annual profits within the limit of depreciation expenses for the relevant year.

### (17) Approval of issuance of consolidated financial statements

These consolidated financial statements have been approved by the board of directors on February 14, 2024, and can be revised and approved at the shareholders' meeting on March 28, 2024.

## 3. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The Group estimates and assumes the future. Estimates and assumptions are continuously evaluated and considered future events that are reasonably predictable considering past experience and current circumstances. These accounting estimates may differ from the actual results. Estimates and assumptions of significant risks that may affect the adjustment of asset and liability carrying amounts in the next fiscal year are as follows:

### (1) Corporate tax

Since corporate tax on taxable income of the consolidated entity is calculated by applying the tax law and the decision of the tax authorities, there is uncertainty in calculating the final tax effect.

### (2) Fair value of investment properties

In order to estimate the fair value of investment properties, the Group uses a valuation method that utilizes non-observable inputs.

## SK REIT CO., LTD. AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2023 and September 30, 2023

## 4. OPERATING SEGMENTS

### (1) Overview

The Group does not disclose information for each segment as the reportable segment in accordance with K-IFRS 1108 'Operating Segments' is a single segment. Reporting data regularly reviewed by the Group's chief operating decision maker is measured in a manner consistent with the financial statements.

### (2) Information about major customers

The Group's operating revenues were entirely domestic, and if revenues from transactions with a single external customer amount to 10 percent or more of the Group's revenues for the three-month periods ended December 31, 2023 and September 30, 2023, are as follows:

(In thousands of Korean won)

Customer	For the three-month period ended December 31, 2023		For the three-month period ended September 30, 2023	
	Operating revenues	Rate on the Group's operating revenues	Operating revenues	Rate on the Group's operating revenues
SK hynix Inc. <sup>(*)1</sup>	₩ 25,745,146	48.91%	6,738,953	20.96%
SK Inc. <sup>(*)2</sup>	10,493,400	19.94%	10,493,400	32.63%
SK Energy Co. Ltd. <sup>(*)3</sup>	8,544,939	16.23%	8,747,392	27.20%

(\*1) KRW 1,642,215 thousand and 156,541 thousand reflected in the operating income of the unearned income have been excluded, respectively, during the current and prior periods.

(\*2) KRW 159,981 thousand and 159,981 thousand reflected in the operating income of the unearned income has been excluded, respectively, during the current and prior periods.

(\*3) KRW 139,770 thousand and 142,853 thousand reflected in the operating income of the unearned income have been excluded, respectively, during the current and prior periods.

## SK REIT CO., LTD. AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2023 and September 30, 2023

## 5. FINANCIAL INSTRUMENTS BY CATEGORY

(1) Categorizations of financial assets as of December 31, 2023 and September 30, 2023, are as follows:

(In thousands of Korean won)

	December 31, 2023		September 30, 2023	
	Financial assets measured at amortized cost	Total	Financial assets measured at amortized cost	Total
<b>Current assets:</b>				
Cash and cash equivalents	₩ 83,371,359	83,371,359	92,802,982	92,802,982
Short-term financial instruments	18,000,000	18,000,000	31,053,335	31,053,335
Non-trade receivables	26,148	26,148	108,514,021	108,514,021
Accrued income	6,562,274	6,562,274	3,943,128	3,943,128
Subtotal	107,959,781	107,959,781	236,313,466	236,313,466
<b>Non-current assets:</b>				
Long-term financial instruments	7,505,773	7,505,773	7,505,773	7,505,773
Subtotal	7,505,773	7,505,773	7,505,773	7,505,773
	<b>₩ 115,465,554</b>	<b>115,465,554</b>	<b>243,819,239</b>	<b>243,819,239</b>

(2) Categorizations of financial liabilities as of December 31, 2023 and September 30, 2023, are as follows:

(In thousands of Korean won)

	December 31, 2023		September 30, 2023	
	Financial liabilities measured at amortized cost	Total	Financial liabilities measured at amortized cost	Total
<b>Current liabilities:</b>				
Short-term borrowings	₩ –	–	352,387,826	352,387,826
Current portion of long-term borrowings	1,037,276,883	1,037,276,883	1,036,597,538	1,036,597,538
Current portion of debentures	336,000,000	336,000,000	655,996,955	655,996,955
Current portion of convertible bonds	111,144,688	111,144,688	–	–
Non-trade payables	7,242,182	7,242,182	6,093,372	6,093,372
Accrued expenses	6,754,418	6,754,418	8,242,304	8,242,304
Short-term leasehold deposits received	1,320,948	1,320,948	1,072,555	1,072,555
Subtotal	1,499,739,119	1,499,739,119	2,060,390,550	2,060,390,550
<b>Non-current liabilities:</b>				
Long-term borrowings	1,209,933,204	1,209,933,204	966,080,371	966,080,371
Convertible bonds	22,898,456	22,898,456	133,045,466	133,045,466
Long-term leasehold deposits received	168,198,660	168,198,660	166,599,112	166,599,112
Subtotal	1,401,030,320	1,401,030,320	1,265,724,949	1,265,724,949
	<b>₩ 2,900,769,439</b>	<b>2,900,769,439</b>	<b>3,326,115,499</b>	<b>3,326,115,499</b>

## SK REIT CO., LTD. AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2023 and September 30, 2023

(3) Net income on each category of financial assets and liabilities for the three-month periods ended December 31, 2023 and September 30, 2023 are as follows:

(In thousands of Korean won)

	For the three-month period ended December 31, 2023			
	Financial assets		Financial liabilities	
	Financial assets measured at amortized cost	Total	Financial liabilities measured at amortized cost	Total
<b>Net income</b>				
Interest income (expenses)	₩ 594,091	594,091	(31,605,078)	(31,605,078)

(In thousands of Korean won)

	For the three-month period ended December 31, 2023			
	Financial assets		Financial liabilities	
	Financial assets measured at amortized cost	Total	Financial liabilities measured at amortized cost	Total
<b>Net income</b>				
Interest income (expenses)	₩ 484,747	484,747	(20,726,064)	(20,726,064)

(4) Classification by Fair Value Hierarchy

1) The fair value and book value of financial instruments that are not measured at fair value as of December 31, 2023 and September 30, 2023, are as follows:

(In thousands of Korean won)

	December 31, 2023		September 30, 2023	
	Book Value	Fair Value	Book Value	Fair Value
Short-term borrowings	₩ –	–	352,387,826	352,387,826
Current portion of long-term borrowings	1,037,276,883	1,037,276,883	1,036,597,538	1,036,597,538
Current portion of debentures	336,000,000	336,000,000	655,996,955	655,996,955
Current portion of convertible bonds	111,144,688	111,144,688	–	–
Short-term leasehold deposits received	1,320,948	1,320,948	1,072,555	1,072,555
Long-term borrowings	1,209,933,204	1,209,933,204	966,080,371	966,080,371
Convertible bonds	22,898,456	22,898,456	133,045,466	133,045,466
Long-term leasehold deposits received	168,198,660	168,198,660	166,599,112	166,599,112

The fair value of debentures and borrowings was calculated by discounting the contractual cash flow at a discount rate (2.33% ~7.27%) and the discount rate was calculated by considering the residual risk in the market interest rate.

For financial assets and liabilities measured at amortized cost, the disclosure of fair value is omitted because the book value is a reasonable approximation of fair value.

## SK REIT CO., LTD. AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2023 and September 30, 2023

## 5. FINANCIAL INSTRUMENTS BY CATEGORY (CONT'D)

### (4) Classification by Fair Value Hierarchy (cont'd)

2) The group classified financial instruments measured at fair value in the consolidated statement of financial position into the following fair value hierarchy according to the input variables used to measure fair value.

Fair Value Hierarchy	Significance of Input Variables
Level 1	Quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3	Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

As of December 31, 2023 and September 30, 2023, the group's financial instruments do not contain fair value information for financial assets and liabilities whose book value is a reasonable approximation of fair value and which do not measure fair value.

## 6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of December 31, 2023 and September 30, 2023, are as follows:

(In thousands of Korean won)

Fair Value Hierarchy	December 31, 2023	September 30, 2023	Note
Demand deposits, etc.	₩ 83,371,359	92,802,982	Pledged as security <sup>(*)</sup>

(\*) However, the deposit and withdrawal of the operating account among the accounts held by the group are allowed freely except in cases where profits for the period are lost or restricted by majority of lenders with their rational judgments.

## 7. TRADE AND OTHER RECEIVABLES

Trade and other receivables as of December 31, 2023 and September 30, 2023, are as follows:

(In thousands of Korean won)

	December 31, 2023			September 30, 2023		
	Gross amount	Allowance for doubtful accounts	Carrying amount	Gross amount	Allowance for doubtful accounts	Carrying amount
Non-trade receivables	W 26,148	–	26,148	108,514,021	–	108,514,021
Accrued income	6,562,274	–	6,562,274	3,943,128	–	3,943,128
	<b>W 6,588,422</b>	<b>–</b>	<b>6,588,422</b>	<b>112,457,149</b>	<b>–</b>	<b>112,457,149</b>

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2023 and September 30, 2023

## 8. LEASE AGREEMENT

(1) The Group has contracts to provide operating leases for investment properties, and the maturity analysis of the operating lease contracts provided by the Group as of December 31, 2023 and September 30, 2023 are as follows:

(In thousands of Korean won)

Gross investment in the lease	December 31, 2023						
	Within One year	One year ~ Two year	Two year ~ Three year	Three year ~ Four year	Four years ~ Five year	Over Five year	Total
SK Seorin Building	₩ 42,195,887	42,828,825	21,573,825	–	–	–	106,598,537
SK U-Tower	22,000,066	22,330,067	22,665,019	11,416,870	–	–	78,412,022
SK Energy Gas Station	31,398,948	31,398,948	31,555,943	31,871,502	32,190,217	81,849,665	240,265,223
Jongno Tower	22,911,807	20,045,250	18,150,430	4,889,299	1,311,883	–	67,308,669
Water Treatment Center	72,202,160	73,646,203	75,119,127	76,621,510	78,153,940	385,706,849	761,449,789
	<b>₩ 190,708,868</b>	<b>190,249,293</b>	<b>169,064,344</b>	<b>124,799,181</b>	<b>111,656,040</b>	<b>467,556,514</b>	<b>1,254,034,240</b>

(In thousands of Korean won)

Gross investment in the lease	September 30, 2023						
	Within One year	One year ~ Two year	Two year ~ Three year	Three year ~ Four year	Four years ~ Five year	Over Five year	Total
SK Seorin Building	₩ 42,038,830	42,669,413	32,360,738	–	–	–	117,068,981
SK U-Tower	21,918,180	22,246,953	22,580,657	17,125,305	–	–	83,871,095
SK Energy Gas Station	32,194,416	32,194,416	32,274,902	32,597,651	32,923,628	92,215,747	254,400,760
Jongno Tower	22,713,343	20,285,340	18,417,314	8,243,019	1,354,323	192,498	71,205,837
Water Treatment Center	71,843,540	73,280,411	74,746,019	76,240,939	77,765,758	405,504,122	779,380,789
	<b>₩ 190,708,309</b>	<b>190,676,533</b>	<b>180,379,630</b>	<b>134,206,914</b>	<b>112,043,709</b>	<b>497,912,367</b>	<b>1,305,927,462</b>

## SK REIT CO., LTD. AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2023 and September 30, 2023

## 8. LEASE AGREEMENT (CONT'D)

(2) The amounts recognized as revenues and expenses from the operating leases for investment properties provided by the Group for the three-month periods ended December 31, 2023 and September 30, 2023, are as follows:

(In thousands of Korean won)

Rental revenues from operating leases		For the three-month period ended December 31, 2023	For the three-month period ended September 30, 2023
SK Seorin Building	₩	10,653,381	10,653,381
SK U-Tower		5,700,094	5,700,094
SK Energy Gas Station		8,093,037	8,290,050
Jongno Tower		6,503,119	6,317,109
Water Treatment Center		21,687,266	1,195,399
	₩	<b>52,636,897</b>	<b>32,156,033</b>

## 9. INVESTMENT PROPERTIES

(1) Investment properties as of December 31, 2023 and September 30, 2023, are as follows:

(In thousands of Korean won)

	December 31, 2023			September 30, 2023		
	Acquisition cost	Accumulated depreciation	Book value	Acquisition cost	Accumulated depreciation	Book value
Land	₩ 2,448,839,970	–	2,448,839,970	2,448,839,970	–	2,448,839,970
Buildings	1,770,786,121	(43,432,629)	1,727,353,492	1,767,048,887	(31,508,037)	1,735,540,850
	₩ <b>4,219,626,091</b>	<b>(43,432,629)</b>	<b>4,176,193,462</b>	<b>4,215,888,857</b>	<b>(31,508,037)</b>	<b>4,184,380,820</b>

(2) Changes in investment properties for the three-month periods ended December 31, 2023 and September 30, 2023, are as follows:

(In thousands of Korean won)

	For the three-month period ended December 31, 2023				
	Beginning balance	Acquisitions	Depreciation	Disposal	Ending balance
Land	₩ 2,448,839,970	–	–	–	2,448,839,970
Buildings	1,735,540,850	3,737,235	(11,924,593)	–	1,727,353,492
	₩ <b>4,184,380,820</b>	<b>3,737,235</b>	<b>(11,924,593)</b>	<b>–</b>	<b>4,176,193,462</b>

(In thousands of Korean won)

	For the three-month period ended September 30, 2023				
	Beginning balance	Acquisitions	Depreciation	Disposal	Ending balance
Land	₩ 2,425,641,485	45,893,351	–	(22,694,866)	2,448,839,970
Buildings	604,347,457	1,136,844,707	(5,230,369)	(420,945)	1,735,540,850
	₩ <b>3,029,988,942</b>	<b>1,182,738,058</b>	<b>(5,230,369)</b>	<b>(23,115,811)</b>	<b>4,184,380,820</b>

## SK REIT CO., LTD. AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2023 and September 30, 2023

(3) Revenues and expenses related to investment properties for the three-month periods ended December 31, 2023 and September 30, 2023, are as follows:

(In thousands of Korean won)

		For the three-month period ended December 31, 2023	For the three-month period ended September 30, 2023
Rent revenues <sup>(*)1</sup>	₩	52,636,897	29,988,312
Operating expenses (Related to investment properties where rental revenues have been generated) <sup>(*)2</sup>		15,109,660	9,235,912

(\*)1 Rent revenues consist of rental revenues, management revenues, and other revenues.

(\*)2 Operating expenses consist of depreciation expense, asset custody consignment fees, asset management consignment fees, and real estate management consignment fees.

(4) Details of insurance that the Group subscribes to investment properties as of December 31, 2023, are as follows:

(In thousands of Korean won)

Type of insurance	Assets	Company	Book Value	Indemnity amount	Pledged as security
Package Insurance	SK Seorin Building	Hyundai Marine & Fire Insurance CO., LTD.	₩ 1,038,641,372	364,540,348	<sup>(*)1</sup>
Package Insurance	SK U-Tower		522,330,753	319,003,903	<sup>(*)2</sup>
Package Insurance	SK Energy Gas Station		781,611,149	510,548,104	<sup>(*)3</sup>
Package Insurance	Jongno Tower	KB Insurance Co., Ltd.	658,704,201	139,206,149	<sup>(*)4</sup>
Package Insurance	Water Treatment Center	Hyundai Marine & Fire Insurance CO., LTD.	1,174,905,986	1,181,087,124	<sup>(*)5</sup>

(\*)1 The right to receive insurance claim for the above insurance is subjected to pledge of which amount is KRW 722,160,000 thousand with the limit of which is indemnity amount at Standard Chartered Bank Korea Co., Ltd., etc. in relation to long-term borrowings.

(\*)2 The right to receive insurance claim for the above insurance is subjected to pledge of which amount is KRW 365,256,000 thousand with the limit of which is indemnity amount at Standard Chartered Bank Korea Co., Ltd., etc. in relation to long-term borrowings.

(\*)3 The right to receive insurance claim for the above insurance is subjected to pledge of which amount is KRW 555,552,719 thousand with the limit of which is indemnity amount at Standard Chartered Bank Korea Co., Ltd., etc. in relation to long-term borrowings.

(\*)4 The right to receive insurance claim for the above insurance is subjected to pledge of which amount is KRW 293,760,000 thousand with the limit of which is indemnity amount at Standard Chartered Bank Korea Co., Ltd., etc. in relation to long-term borrowings.

(\*)5 The right to receive insurance claim for the above insurance is subjected to pledge of which amount is KRW 804,360,000 thousand with the limit of which is indemnity amount at INDUSTRIAL BANK OF KOREA, etc. in relation to long-term borrowings.

## SK REIT CO., LTD. AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2023 and September 30, 2023

## 9. INVESTMENT PROPERTIES (CONT'D)

### (5) Fair Value of Investment Properties

1) Among the investment properties, the fair values as of December 31, 2023 and September 30, 2023, of SK Seorin Building, which is provided for operating leases to SK Inc., are as follows:

(In thousands of Korean won)

	December 31, 2023		September 30, 2023	
	Book Value	Fair value (*)	Book Value	Fair value (*)
Land	₩ 779,333,004	831,008,350	779,333,004	831,008,350
Building	259,308,368	287,441,650	261,050,853	287,441,650
	<b>₩ 1,038,641,372</b>	<b>1,118,450,000</b>	<b>1,040,383,857</b>	<b>1,118,450,000</b>

(\*) The fair value of the investment property was determined based on an evaluation conducted by the Kyung-il Appraisal Corporation, an independent external entity with appropriate qualifications and experience in relation to the local property assessment (Evaluation date: June 30, 2023) and there are no significant changes during current period.

The fair value was measured by income capitalization approach. The income capitalization approach measures the fair value of investment properties at the present value of the net cash flows generated from the investment properties discounted at the risk-adjusted discount rate, reflecting the expected rental market growth rate, vacancy period, rental rate, and operating expense rate. The main inputs that are significant but not observable for fair value measurement are expected rental market growth rate, vacancy period, rental rate, risk-adjusted discount rate, and operating expense rate.

2) Among the investment properties, the fair values as of December 31, 2023 and September 30, 2023, of SK U-Tower, which is provided for operating leases to SK hynix Inc., are as follows:

(In thousands of Korean won)

	December 31, 2023		September 30, 2023	
	Book Value	Fair value (*)	Book Value	Fair value (*)
Land	₩ 297,117,047	306,667,400	297,117,047	306,667,400
Building	225,213,706	241,932,600	227,205,982	241,932,600
	<b>₩ 522,330,753</b>	<b>548,600,000</b>	<b>524,323,029</b>	<b>548,600,000</b>

(\*) The fair value of the investment property was determined based on an evaluation conducted by the Kyung-il Appraisal Corporation, an independent external entity with appropriate qualifications and experience in relation to the local property assessment (Evaluation date: June 30, 2023) and there are no significant changes during current period.

The fair value was measured by income capitalization approach. The income capitalization approach measures the fair value of investment properties at the present value of the net cash flows generated from the investment properties discounted at the risk-adjusted discount rate, reflecting the expected rental market growth rate, vacancy period, rental rate, and operating expense rate. The main inputs that are significant but not observable for fair value measurement are expected rental market growth rate, vacancy period, rental rate, risk-adjusted discount rate, and operating expense rate.

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2023 and September 30, 2023

3) Among the investment properties, the fair values as of December 31, 2023 and September 30, 2023, of the gas stations provided for operating leases to SK Energy Co., Ltd., are as follows.

(In thousands of Korean won)

	December 31, 2023		September 30, 2023	
	Book Value	Fair value (*)	Book Value	Fair value (*)
Land	₩ 742,982,330	864,396,134	742,982,330	822,378,869
Building	38,628,819	44,076,674	38,982,595	46,864,395
	<b>₩ 781,611,149</b>	<b>908,472,808</b>	<b>781,964,925</b>	<b>869,243,264</b>

(\*) The fair value of the investment property was determined based on an evaluation conducted by the Kyung-il Appraisal Corporation, an independent external entity with appropriate qualifications and experience in relation to the local property assessment (Evaluation date: December 31, 2023) and there are no significant changes during current period.

The fair value was measured by the cost approach. The cost approach measures the fair value of the target land by modifying the timing, comparing regional and individual factors, and correcting other factors according to the current status of the target land based on the official land price of the standard land. In the case of buildings, the fair value of the target building is measured by depreciating the cost of procurement.

4) Among the investment properties, the fair values as of December 31, 2023 and September 30, 2023, of Jongno Tower, which is provided for operating leases to SK On Co., Ltd. etc., are as follows:

(In thousands of Korean won)

	December 31, 2023		September 30, 2023	
	Book Value	Fair value (*)	Book Value	Fair value (*)
Land	₩ 583,514,238	591,851,500	583,514,238	591,851,500
Building	75,189,963	73,898,500	72,126,382	73,898,500
	<b>₩ 658,704,201</b>	<b>665,750,000</b>	<b>655,640,620</b>	<b>665,750,000</b>

(\*) The fair value of the investment property was determined based on an evaluation conducted by the Kyung-il Appraisal Corporation, an independent external entity with appropriate qualifications and experience in relation to the local property assessment (Evaluation date: June 30, 2023) and there are no significant changes during current period.

The fair value was measured based on (1) cost-based method, (2) market-based comparison method, and (3) profit-based method, and the value was determined by comprehensively considering the purpose of appraisal and characteristics of the subject properties.

## SK REIT CO., LTD. AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2023 and September 30, 2023

## 9. INVESTMENT PROPERTIES (CONT'D)

### (5) Fair Value of Investment Properties (cont'd)

5) Among the investment properties, the fair values as of December 31, 2023 and September 30, 2023, of Water Treatment Center, which is provided for operating leases to SK hynix Inc., etc. are as follows:

(In thousands of Korean won)

	December 31, 2023		September 30, 2023	
	Book value <sup>(*)</sup>	Fair value <sup>(*)</sup>	Book value <sup>(*)</sup>	Fair value <sup>(*)</sup>
Land	₩ 45,893,351	42,683,200	45,893,351	42,683,200
Building	1,129,012,635	1,074,523,000	1,136,175,038	1,074,523,000
	<b>₩ 1,174,905,986</b>	<b>1,117,206,200</b>	<b>1,182,068,389</b>	<b>1,117,206,200</b>

(\*1) The book value of the investment property includes KRW 62,220,704 thousand for acquisition costs.

(\*2) The fair value of the investment property was determined based on an evaluation conducted by the Joong-ang Appraisal Co., Ltd. an independent external entity with appropriate qualifications and experience in relation to the local property assessment (Evaluation date: June 30, 2023) and there are no significant changes during current period.

The fair value was measured by cost approach. The cost approach measures the fair value of the target land by modifying the timing, comparing regional and individual factors, and correcting other factors according to the current status of the target land based on the official land price of the standard land. In the case of buildings, the fair value of the target building is measured by depreciating the cost of procurement.

### (6) Fair Value Hierarchy of Investment properties

The followings are analyses of non-financial assets of which fair values measured by valuation methods are disclosed. The fair value hierarchy is as follows:

- The quoted price (unadjusted) in active markets for identical assets or liabilities that The Group can access at the measurement date (Level 1)
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (Level 2)
- Unobservable inputs for the asset or liability (Level 3)

(In thousands of Korean won)

	December 31, 2023			
	Level 1	Level 2	Level 3	Total
Investment properties	₩ -	-	4,358,479,008	4,358,479,008

(In thousands of Korean won)

	September 30, 2023			
	Level 1	Level 2	Level 3	Total
Investment properties	₩ -	-	4,319,249,464	4,319,249,464

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2023 and September 30, 2023

### (7) Valuation Methods and Input Variables

(In thousands of Korean won)

	December 31, 2023				
	Fair value	Level	Valuation method	Unobservable input variable	Relationship between fair value and input variables
Investment properties	₩ 4,358,479,008	3	Income capitalization approach or Cost approach	Price per square meter and operating income	(*)

(In thousands of Korean won)

	September 30, 2023				
	Fair value	Level	Valuation method	Unobservable input variable	Relationship between fair value and input variables
Investment properties	₩ 4,319,249,464	3	Income capitalization approach or Cost approach	Price per square meter and operating income	(*)

(\*1) If the operating revenue increase, the fair value also increases.

## SK REIT CO., LTD. AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2023 and September 30, 2023

## 10. DEBENTURES AND BORROWINGS

(1) Details of debentures as of December 31, 2023 and September 30, 2023, are as follows:

(In thousands of Korean won)

Funding Purpose	Financial institution	Issuing currency	Issue date	Maturity date	Interest rate (%)	Repayment method	December 31, 2023	September 30, 2023
Public-offering bonds	SK SECURITIES Co., Ltd	KRW	October 7, 2022	October 6, 2023	5.06	Repayment at maturity	₩ -	38,400,000
	Korea Investment & Securities Co., Ltd						-	38,400,000
	SAMSUNG SECURITIES Co., Ltd						-	19,200,000
Short-term bonds	Korea Investment & Securities Co., Ltd		August 25, 2023	October 5, 2023	4.42	Repayment at maturity	-	200,000,000
	SAMSUNG SECURITIES Co., Ltd						-	24,000,000
	Korea Investment & Securities Co., Ltd		September 21, 2023	December 20, 2023	4.52	Repayment at maturity	-	136,000,000
	SAMSUNG SECURITIES Co., Ltd						-	68,000,000
	SK SECURITIES Co., Ltd						-	68,000,000
	Shinhan Securities Co., Ltd.						-	64,000,000
	Korea Investment & Securities Co., Ltd		December 20, 2023	March 20, 2024	4.52	Repayment at maturity	136,000,000	-
	SAMSUNG SECURITIES Co., Ltd	82,000,000					-	
	SK SECURITIES Co., Ltd	68,000,000					-	
	Shinhan Securities Co., Ltd.	50,000,000					-	
2nd Bearer-type Interest Unsecured Private Equity Convertible Bonds	Standard Chartered Bank Korea Ltd.	December 13, 2022	December 12, 2025	4.00	Repayment at maturity	50,000,000	50,000,000	
	NH INVESTMENT & SECURITIES CO., LTD.					6,000,000	6,000,000	
	Shinhan Securities Co., Ltd.					38,000,000	38,000,000	
	Korea Investment & Securities Co., Ltd					15,000,000	15,000,000	
3rd Bearer-type Interest Unsecured Private Equity Convertible Bonds	Korea Investment & Securities Co., Ltd	March 15, 2023	March 15, 2026	3.50	Repayment at maturity	16,000,000	16,000,000	
	SAMSUNG SECURITIES Co., Ltd					7,100,000	7,100,000	
Subtotal							468,100,000	788,100,000
Add: Premium on bonds							1,943,144	942,421
Less: Reclassification of the current portion of debentures							(447,144,688)	(655,996,955)
							<b>₩ 22,898,456</b>	<b>133,045,466</b>

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2023 and September 30, 2023

(2) Details of convertible bonds as of December 31, 2023, are as follows:

(In Korean won)

Type	2nd Bearer-type Interest Unsecured Private Equity Convertible Bonds	3rd Bearer-type Interest Unsecured Private Equity Convertible Bonds
Issue date	December 13, 2022	March 15, 2023
Maturity	December 12, 2025	March 15, 2026
Face amount	KRW 109,000,000,000	KRW 23,100,000,000
Issuance amount	KRW 109,000,000,000	KRW 23,100,000,000
Outstanding amount	KRW 109,000,000,000	KRW 23,100,000,000
Coupon rate	4.00% annually	3.50% annually
Guaranteed maturity rate	5.50% annually	4.50% annually
Redemption method	The amount equivalent to the guaranteed maturity rate of 104.8516% of the debenture amount will be repaid at maturity	The amount equivalent to the guaranteed maturity rate of 103.1927% of the debenture amount will be repaid at maturity
Type of Bond	Private offering	Private offering
Conversion Rate (%)	100	100
Conversion Price	KRW 4,779 per share	KRW 5,103 per share
Stocks to be issued due to Conversion	Stocks	Registered ordinary shares of SK REIT CO., LTD.
	Number of shares (in shares)	22,808,118
	Percentage of Number of Shares Outstanding (%)	10.40
Conversion Request Period	Start date	December 13, 2023
	End date	November 12, 2025
Option	Early Redemption Claim (Put Option)	The bond holders are entitled to early redemption right after 24 months of the issue date of this bond (December 13, 2024) and every three months thereafter. Early repayment may be requested before maturity for all or part of the amount corresponding to the principal amount.
		The bond holders are entitled to early redemption right after 23 months of the issue date of this bond (February 15, 2025) and every three months thereafter. Early repayment may be requested before maturity for all or part of the amount corresponding to the principal amount.
		Early Redemption Rate: 101.9964% of electronically registered amount (February 15, 2025), 102.2617% (May 15, 2025), 102.5372% (August 15, 2025), 102.8178% (November 15, 2025), 103.1047% (February 15, 2026)

(3) Details of short-term borrowings as of December 31, 2023 and September 30, 2023, are as follows:

(In thousands of Korean won)

Funding Purpose	Financial institution	Issuing currency	Issue date	Maturity date	Interest rate (%)	Repayment method	December 31, 2023	September 30, 2023
Borrowings from financial institutions	Standard Chartered Bank Korea Co., Ltd	KRW	October 13, 2023	5.07	Facility funds	Repayment at maturity	₩ -	154,800,000
	Sumitomo Mitsui Banking Corporation						-	90,000,000
	Korea Investment & Securities Co., Ltd. (*)		December 23, 2023	6.33	VAT loan	Repayment at maturity	-	50,000,000
	Standard Chartered Bank Korea Co., Ltd. (*)						-	57,600,000
Subtotal							-	352,400,000
Less: discount account on present value							-	(12,174)
							<b>₩ -</b>	<b>352,387,826</b>

(\*) It was repaid early on November 14, 2023.

## SK REIT CO., LTD. AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2023 and September 30, 2023

## 10. DEBENTURES AND BORROWINGS (CONT'D)

(4) Details of long-term borrowings as of December 31, 2023 and September 30, 2023, are as follows:

(In thousands of Korean won)

Type	Financial institution	Issuing currency	Maturity date	Interest rate (%)	Funding Purpose	Repayment method	December 31, 2023	September 30, 2023
Borrowings	Standard Chartered Bank Korea Ltd.	KRW	July 5, 2024	2.08	Facility funds	Repayment at maturity	₩ 116,000,000	116,000,000
	SK Office One Q No.1						60,000,000	60,000,000
	S Tiger K Co., Ltd.						80,000,000	80,000,000
	KOOKMIN BANK						150,000,000	150,000,000
	Sumitomo Mitsui Banking Corporation						115,800,000	115,800,000
	Mizuho Bank Co Ltd.						80,000,000	80,000,000
	Standard Chartered Bank Korea Ltd.		June 30, 2025	4.44	Facility funds	Repayment at maturity	37,380,000	37,380,000
	KOOKMIN BANK						69,000,000	69,000,000
	Sumitomo Mitsui Banking Corporation						39,000,000	39,000,000
	Mizuho Bank Co Ltd.						39,000,000	39,000,000
	Standard Chartered Bank Korea Ltd.						40,000,000	40,000,000
	Sumitomo Mitsui Banking Corporation						40,000,000	40,000,000
	Mizuho Bank Co Ltd.		40,000,000	40,000,000				
	Standard Chartered Bank Korea Ltd.		July 5, 2024	2.08	Facility funds	Repayment at maturity	126,254,176	126,254,176
	Clean Energy One Q No.1						58,226,369	58,226,369
	S Tiger K Co., Ltd.						38,817,579	38,817,579
	KOOKMIN BANK						126,157,132	126,157,132
	Sumitomo Mitsui Banking Corporation						19,408,790	19,408,790
	Mizuho Bank Co Ltd.						67,930,763	67,930,763
	Standard Chartered Bank Korea Ltd.		October 13, 2025	4.87	Facility funds	Repayment at maturity	84,800,000	–
	Sumitomo Mitsui Banking Corporation						80,000,000	–
	Woori Bank						80,000,000	–
	INDUSTRIAL BANK OF KOREA		September 23, 2026	5.49	Facility funds	Repayment at maturity	150,000,000	150,000,000
	KOOKMIN BANK						50,000,000	50,000,000
	Water Stream 1st Co.,Ltd.						45,000,000	45,000,000
	HANWHA LIFE INSURANCE CO., LTD.						40,000,000	40,000,000
	Kyobo Life Insurance Co., Ltd. <sup>(*)</sup>						25,000,000	25,000,000
	Heungkuk SK hynix Co., Ltd.						20,000,000	20,000,000
	Standard Chartered Bank Korea Ltd.		September 23, 2026	5.23	Facility funds	Repayment at maturity	100,300,000	100,300,000
	Sumitomo Mitsui Banking Corporation						100,000,000	100,000,000
	S Tiger clean Co.,Ltd						45,000,000	45,000,000
	Woori Bank						45,000,000	45,000,000
China Construction Bank <sup>(*)</sup>	40,000,000	40,000,000						
Suhyup Bank	10,000,000	10,000,000						
<b>Subtotal</b>							<b>2,258,074,809</b>	<b>2,013,274,809</b>
<b>Less: discount account on present value</b>							<b>(10,864,722)</b>	<b>(10,596,900)</b>
<b>Less: Reclassification of the current portion of long-term borrowings</b>							<b>(1,037,276,883)</b>	<b>(1,036,597,538)</b>
							<b>₩ 1,209,933,204</b>	<b>966,080,371</b>

(\*) The collateral trust agreement with Mirae Asset Securities Co., Ltd., the existing lender, was amended as of November 21, 2023. Investment of properties of the Group are provided as collateral in relation to the above long-term borrowings (see note 27).

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2023 and September 30, 2023

## 11. OTHER ASSET

Other assets as of December 31, 2023 and September 30, 2023, are as follows:

(In thousands of Korean won)

	December 31, 2023	September 30, 2023
Current assets:		
Prepaid expenses	₩ 3,845,543	3,901,527
Advanced tax	122,396	117,966
	₩ 3,967,939	4,019,493

## 12. OTHER LIABILITIES

Other liabilities as of December 31, 2023 and September 30, 2023, are as follows:

(In thousands of Korean won)

	December 31, 2023	September 30, 2023
Current liabilities:		
Advances from customers	₩ 1,527,883	1,539,849
Unearned revenues	8,492,944	8,514,418
Withholdings	1,256	628
VAT payables	4,167,172	2,879,974
	₩ 14,189,255	12,934,869
Non-current liabilities:		
Unearned revenues	₩ 59,267,949	61,459,529
	₩ 59,267,949	61,459,529

## SK REIT CO., LTD. AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2023 and September 30, 2023

### 13. CAPITAL STOCK

(1) According to the Group's articles of association, the total number of shares to be issued, the amount of one share, the number of shares issued, and the capital stock as of December 31, 2023 and September 30, 2023 are as follows:

	Ordinary share	
	December 31, 2023	September 30, 2023
Authorized shares of capital stock	5,000,000,000 shares	5,000,000,000 shares
Par value (In Korean won)	KRW 500	KRW 500
Issued number of ordinary shares	270,132,679 shares	196,554,079 shares
Capital stock	KRW 135,066,340 thousand	KRW 98,277,040 thousand

(2) Changes in the number of ordinary shares outstanding for the three-month periods ended December 31, 2023 and September 30, 2023 are as follows:

(In Shares)

	Ordinary share	
	For the three-month period ended December 31, 2023	For the three-month period ended September 30, 2023
Beginning balance	196,554,079	196,554,079
Capital increase with consideration (October 6, 2023)	73,578,600	–
Ending balance	270,132,679	196,554,079

### 14. OTHER PAID-IN CAPITAL

(1) Details of other paid-in capital as of December 31, 2023 and September 30, 2023, are as follows:

(In thousands of Korean won)

	December 31, 2023	September 30, 2023
Share premium	1,114,887,980	854,282,563
Value of conversion rights <sup>(*)</sup>	₩ 1,437,739	1,437,739
Other capital surplus	150,699	150,699
	₩ 1,116,476,418	855,871,001

(\*1) The Group issued convertible bonds with an issuance price of KRW 132,100,000 thousand and a maturity of three years. The conversion rights of these convertible bonds were classified as an equity and were recognised by subtracting the fair value of the financial liabilities from the fair value of the entire financial instruments.

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2023 and September 30, 2023

(2) Changes in paid-in capital for the three-month periods ended December 31, 2023 and September 30, 2023, are as follows:

(In thousands of Korean won)

	For the three-month period ended December 31, 2023			
	Share premium	Value of conversion rights	Other capital surplus	Total
Beginning balance	₩ 854,282,563	1,437,739	150,699	855,871,001
Capital increase with consideration	266,011,758	–	–	266,011,758
Transfer to retained earnings	(5,406,341)	–	–	(5,406,341)
Ending balance	₩ 1,114,887,980	1,437,739	150,699	1,116,476,418

(In thousands of Korean won)

	For the three-month period ended September 30, 2023			
	Share premium	Value of conversion rights	Other capital surplus	Total
Beginning balance	₩ 864,096,442	1,437,739	150,699	865,684,880
Capital increase with consideration	(100,740)	–	–	(100,740)
Transfer to retained earnings	(9,713,139)	–	–	(9,713,139)
Ending balance	₩ 854,282,563	1,437,739	150,699	855,871,001

### 15. RETAINED EARNINGS (ACCUMULATED DEFICIT)

Details of retained earnings as of December 31, 2023 and September 30, 2023, are as follows:

(In thousands of Korean won)

	December 31, 2023	September 30, 2023
Retained earnings before appropriations (Accumulated deficit before disposition)	₩ (11,435,596)	(2,541,839)

## SK REIT CO., LTD. AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2023 and September 30, 2023

## 16. DIVIDENDS

Details of planned dividend payment as of December 31, 2023 and September 30, 2023, are as follows:

(In Korean won, Shares)

	Ordinary share	
	December 31, 2023	September 30, 2023
Total number of issued shares	270,132,679	196,554,079
Number of treasury shares	–	–
Number of dividend shares	270,132,679	196,554,079
Dividends per share	₩ 91	91
Par value	500	500
Dividends ratio	18.20%	18.20%
Total dividends	₩ 24,582,073,789	17,886,421,189

## 17. REVENUE FROM CONTRACTS WITH CUSTOMERS

Details of revenue from contracts with customers and categorized information for the three-month periods ended December 31, 2023 and September 30, 2023, are as follows:

(In thousands of Korean won)

		For the three-month period ended December 31, 2023	For the three-month period ended September 30, 2023
Goods and services transferred over time:			
Rental business	Rental revenues	₩ 52,636,897	32,156,033

## 18. OPERATING REVENUES

Details of operating revenues for the three-month periods ended December 31, 2023 and September 30, 2023, are as follows:

(In thousands of Korean won)

	For the three-month period ended December 31, 2023	For the three-month period ended September 30, 2023
Rental revenues	₩ 50,122,056	29,584,068
Maintenance fee revenues	2,176,318	2,167,721
Other revenues	338,523	404,244
	₩ 52,636,897	32,156,033

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2023 and September 30, 2023

## 19. OPERATING EXPENSES

Details of operating expenses for the three-month periods ended December 31, 2023 and September 30, 2023, are as follows:

(In thousands of Korean won)

	For the three-month period ended December 31, 2023	For the three-month period ended September 30, 2023
Executive compensation	₩ 45,000	36,000
Insurance expenses	16,442	18,881
Depreciation	11,924,593	5,230,369
Asset management consignment fees	2,475,719	1,563,485
Asset management performance fees	–	1,759,610
Asset custody consignment fees	20,895	18,024
General affairs consignment fees	103,383	89,006
Real estate management consignment fees	688,453	664,423
Commission expenses	636,309	1,285,696
Taxes and due	123,541	992,740
Utility expenses	587,941	742,583
Deemed rent	173,680	76,326
Advertising expenses	32,000	–
	₩ 16,827,956	12,477,143

## 20. FINANCE INCOME AND COSTS

(1) Details of finance income for the three-month periods ended December 31, 2023 and September 30, 2023, are as follows:

(In thousands of Korean won)

	For the three-month period ended December 31, 2023	For the three-month period ended September 30, 2023
Interest income	₩ 594,091	484,747

(2) Details of finance costs for the three-month periods ended December 31, 2023 and September 30, 2023, are as follows:

(In thousands of Korean won)

	For the three-month period ended December 31, 2023	For the three-month period ended September 30, 2023
Interest expenses	₩ 31,605,078	20,726,064

## SK REIT CO., LTD. AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2023 and September 30, 2023

## 21. OTHER NON-OPERATING INCOME AND EXPENSES

(1) Details of other non-operating income for the three-month periods ended December 31, 2023 and September 30, 2023, are as follows:

(In thousands of Korean won)

		For the three-month period ended December 31, 2023	For the three-month period ended September 30, 2023
Miscellaneous gains	₩	5,701	38,325
Gains on disposals of investment properties		–	14,584,189
	₩	5,701	14,622,514

(2) Details of other non-operating expenses for the three-month periods ended December 31, 2023 and September 30, 2023, are as follows:

(In thousands of Korean won)

		For the three-month period ended December 31, 2023	For the three-month period ended September 30, 2023
Miscellaneous losses	₩	27,634	–

## 22. INCOME TAX EXPENSES

Income tax expenses is recorded at the amount calculated by adding or subtracting changes in deferred income tax for the current period to the sum of corporate tax to be borne in the current fiscal year and tax added to corporate tax in accordance with laws such as the Corporate Tax Act. However, in the case of dividends of 90/100 or more of the profit available for dividends as prescribed by the Presidential Decree, the Group can deduct such amount from the taxable income for the fiscal year, pursuant to Article 51-2 of the Corporate Tax Act, Income Deduction for Specialized Company, etc., and therefore did not recognize current tax expenses, as there is practically no corporate tax to be borne by the Group.

## 23. EARNINGS PER SHARE

(1) Basic earnings per share

1) Basic earnings per share for the three-month periods ended December 31, 2023 and September 30, 2023 are calculated as follows:

(In Korean won, except for number of shares)

		For the three-month period ended December 31, 2023	For the three-month period ended September 30, 2023
Profit for the period	₩	4,776,022,048	14,060,087,503
Dividends on preferred shares		1,189,698,629	103,452,055
Profit for the period, attributable to ordinary equity holders of the parent entity		3,586,323,419	13,956,635,448
Weighted-average number of ordinary shares outstanding		266,133,842 shares	196,554,079 shares
Basic earnings per share of ordinary share, attributable to the owners of the parent entity	₩	13.48	71.01

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2023 and September 30, 2023

2) Calculation of weighted average number of ordinary shares outstanding

(In shares)

	For the three-month period ended December 31, 2023			
	Term	Number of shares in circulation	days	Accumulation
Beginning balance	October 1, 2023 ~ December 31, 2023	196,554,079	92	18,082,975,268
Capital increase with consideration	October 6, 2023 ~ December 31, 2023	73,578,600	87	6,401,338,200
Subtotal				24,484,313,468
Weighted average number of ordinary shares outstanding				266,133,842

(In shares)

	For the three-month period ended September 30, 2023			
	Term	Number of shares in circulation	days	Accumulation
Beginning balance	July 1, 2023 ~ September 30, 2023	196,554,079	92	18,082,975,268
Subtotal				18,082,975,268
Weighted average number of ordinary shares outstanding				196,554,079

(2) Diluted earnings per share

Diluted earnings per share are calculated by applying the weighted average number of ordinary shares outstanding adjusted on the assumption that all diluted potential ordinary shares will be converted into ordinary shares.

As of December 31, 2023, convertible bonds are the potential ordinary shares held by the group. Assuming that convertible bonds were converted to ordinary shares in the current period, the net income of ordinary shares was calculated by adding the after-tax interest on convertible bonds to net income.

Diluted earnings per share for the three-month period ended December 31, 2023 is calculated as follows:

(In Korean won, except for number of shares)

		For the three-month period ended December 31, 2023
Profit for the period, attributable to ordinary equity holders of the parent entity	₩	3,586,323,418
Interest expense on convertible bonds (after deducting corporate tax effect)		59,945,046
Profit for calculating diluted earnings per share		3,646,268,464
Weighted-average number of ordinary shares outstanding		266,133,842 shares
Adjustment		
Assumption of conversion of convertible bonds		27,334,866 shares
Weighted average number of ordinary shares outstanding for calculating diluted earnings per share		293,468,708 shares
Diluted earnings per share, attributable to the owners of the parent entity	₩	12.42

## SK REIT CO., LTD. AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2023 and September 30, 2023

## 24. RELATED-PARTY TRANSACTIONS

(1) Details of related parties as of December 31, 2023, are as follows:

Type	Name of the related parties
Ultimate controlling company	SK Inc.
Others <sup>(*)</sup>	SK REITs Management Co., Ltd., SK Energy Co. Ltd., SK hynix Inc., SK shieldus Co.,Ltd and other SK business group affiliates

(\*) Within the 'Others', several companies are included that do not satisfy the definition of related parties based on paragraph 9 of K-IFRS 1024 'Related Party Disclosure'. However, companies designated as Large Business Group Affiliates by the Fair Trade Commission are still classified as related parties according to the resolution of the Securities and Futures Commission. This is because these companies are considered related parties due to the substance of the relationship, as noted in paragraph 10 of K-IFRS 1024 'Related Party Disclosure'.

(2) Significant transactions between the Group and related parties for the three-month periods ended December 31, 2023 and September 30, 2023, are as follows:

(In thousands of Korean won)

Type	Name of the related party	Account headings	For the three-month period ended December 31, 2023	For the three-month period ended September 30, 2023
Controlling company	SK Inc.	Operating Revenues <sup>(*)1</sup>	₩ 10,493,400	10,493,400
		Commission expenses	26,172	26,172
Others	SK REITs Management Co., Ltd.	Asset management consignment fees	2,475,719	1,563,485
		Asset management performance fees	–	1,759,610
	SK Energy Co. Ltd.	Operating Revenues <sup>(*)2</sup>	7,971,328	8,165,257
		Operating Revenues <sup>(*)3</sup>	25,745,146	6,738,953
	SK hynix Inc.	Acquisition of investment property (land)	–	43,444,576
		Acquisition of investment property (building)	–	1,076,870,222
	SK shieldus Co.,Ltd	Real estate management consignment fees	14,400	14,400
	SK On Co., Ltd.	Operating revenues <sup>(*)4</sup>	1,283,694	1,289,361
	SK Geo Centric Co., Ltd.		662,616	660,280
	SK Energy Co. Ltd.		573,611	582,135
SK Ecoplant Co., Ltd.	231,014		211,291	
SK E&S Co., Ltd.	388,323		392,728	
SK Forest. Co., Ltd.	170,190		187,601	

(\*)1 KRW 159,981 thousand and 159,981 thousand reflected in the operating income of the unearned income have been excluded, respectively, during the current and prior periods.

(\*)2 KRW 121,710 thousand and 124,793 thousand reflected in the operating income of the unearned income have been excluded, respectively, during the current and prior periods.

(\*)3 KRW 1,642,215 thousand and 156,541 thousand reflected in the operating income of the unearned income have been excluded, respectively, during the current and prior periods.

(\*)4 KRW 113,139 thousand and 192,208 thousand reflected in the operating income of the unearned income have been excluded, respectively, during the current and prior periods.

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2023 and September 30, 2023

(3) Outstanding balances to related parties as of December 31, 2023 and September 30, 2023, are as follows:

(In thousands of Korean won)

Type	Name of the related party	Account headings	December 31, 2023	September 30, 2023
Controlling company	SK Inc.	Leasehold deposits received <sup>(*)1</sup>	₩ 32,711,600	32,711,600
		Accrued income <sup>(*)2</sup>	1,688,780	1,665,823
Others	SK REITs Management Co., Ltd.	Non-trade payables	2,794,193	1,713,388
	SK Energy Co. Ltd.	Leasehold deposits received <sup>(*)3</sup>	26,165,790	26,165,790
		Accrued income <sup>(*)2</sup>	1,125,396	1,003,805
	SK hynix Inc.	Leasehold deposits received <sup>(*)4</sup>	160,778,392	160,778,392
		Accrued income <sup>(*)2</sup>	3,072,875	717,803
	SK shieldus Co.,Ltd	Non-trade payables	5,280	5,280
SK On Co., Ltd., etc.	Leasehold deposits received <sup>(*)5</sup>	10,085,285	10,085,285	

(\*)1 These are nominal values that do not reflect the current value discounts of KRW 1,640,965 thousand and KRW 1,800,464 thousand, as of December 31, 2023 and September 30, 2023, respectively.

(\*)2 The Group recognized no loss allowance for accrued income as of December 31, 2023 and September 30, 2023.

(\*)3 These are nominal values that do not reflect the current value discounts of KRW 3,743,555 thousand and KRW 3,956,415 thousand, as of December 31, 2023 and September 30, 2023, respectively.

(\*)4 These are nominal values that do not reflect the current value discounts of KRW 60,551,987 thousand and KRW 61,832,548 thousand, as of December 31, 2023 and September 30, 2023, respectively.

(\*)5 These are nominal values that do not reflect the current value discounts of KRW 1,465,452 thousand and KRW 1,572,238 thousand, as of December 31, 2023 and September 30, 2023, respectively.

(4) Dividends paid to related parties for the three-month periods ended December 31, 2023 and September 30, 2023, are as follows:

(In thousands of Korean won)

Type	Name of the related party	For the three-month period ended December 31, 2023	For the three-month period ended September 30, 2023
Controlling company	SK Inc.	₩ 7,689,798	5,577,216

(5) Key management personnel compensations for the three-month periods ended December 31, 2023 and September 30, 2023, are as follows:

(In thousands of Korean won)

	For the three-month period ended December 31, 2023	For the three-month period ended September 30, 2023
Key management personnel compensation	₩ 45,000	36,000

(6) Details of significant commitments between the Group and related parties are described in note 26.

## SK REIT CO., LTD. AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2023 and September 30, 2023

## 25. CONSOLIDATED STATEMENTS OF CASH FLOWS

(1) Details of expenses and revenues without cash inflows and outflows for the three-month periods ended December 31, 2023 and September 30, 2023, are as follows:

(In thousands of Korean won)

		For the three-month period ended December 31, 2023	For the three-month period ended September 30, 2023
Depreciation	₩	11,924,593	5,230,369
Interest expenses		31,605,078	20,726,064
Miscellaneous losses		27,634	–
Rental revenues		(2,117,468)	(633,523)
Interest income		(594,091)	(484,747)
Gains on disposals of investment properties		–	(14,584,190)
	₩	40,845,746	10,253,973

(2) Details of changes in assets and liabilities arising from operating activities for the three-month periods ended December 31, 2023 and September 30, 2023, are as follows:

(In thousands of Korean won)

		For the three-month period ended December 31, 2023	For the three-month period ended September 30, 2023
Non-trade receivables	₩	108,487,872	(108,464,507)
Accrued income		(2,499,620)	(257,168)
Advance payments		–	30,665
Prepaid expenses		(8,562)	(11,119)
VAT payables		1,287,197	223,875
Non-trade payables		(2,157,425)	3,885,531
Advances from customers		34	11,240
Withholdings		629	(506)
	₩	105,110,125	(104,581,989)

## SK REIT CO., LTD. AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2023 and September 30, 2023

(3) The significant non-cash transactions arising from investing and financing activities for the three-month periods ended December 31, 2023 and September 30, 2023, are as follows:

(In thousands of Korean won)

		For the three-month period ended December 31, 2023	For the three-month period ended September 30, 2023
Reclassification of the current portion of long-term unearned revenues	₩	1,911,572	441,315
Transfer of retained earnings from capital surplus		5,406,341	9,713,139
Reclassification of current portion of long-term borrowings		–	1,049,465,718
Reclassification of current portion of convertible bonds		111,144,688	–
Changes in non-trade payables related to the acquisition of investment properties		3,306,235	–

(4) Reconciliation details of liabilities arising from financial activities for the three-month periods ended December 31, 2023 and September 30, 2023, are as follows:

(In thousands of Korean won)

	For the three-month period ended December 31, 2023				
	Beginning of period	Cashflows	Amortization	Non-cash transactions	End of period
Short-term borrowings	₩ 352,387,826	(352,400,000)	12,174	–	–
Current portion of long-term borrowings	1,036,597,538	–	653,881	25,464	1,037,276,883
Long-term borrowings	966,080,371	242,926,400	926,433	–	1,209,933,204
Current portion of debentures	655,996,955	(320,000,000)	3,045	–	336,000,000
Current portion of convertible bonds	–	–	–	111,144,688	111,144,688
Convertible bonds	133,045,466	–	997,678	(111,144,688)	22,898,456
Leasehold deposits received	166,599,113	–	1,738,184	(138,637)	168,198,660
	₩ 3,310,707,269	(429,473,600)	4,331,395	(113,173)	2,885,451,891

(In thousands of Korean won)

	For the three-month period ended December 31, 2023				
	Beginning of period	Cashflows	Amortization	Non-cash transactions	End of period
Short-term borrowings	244,702,420	107,600,000	85,406	–	352,387,826
Current portion of long-term borrowings	–	(13,305,191)	437,011	1,049,465,718	1,036,597,538
Long-term borrowings	1,351,901,604	663,210,975	433,510	(1,049,465,718)	966,080,371
Current portion of debentures	319,950,679	336,000,000	46,276	–	655,996,955
Convertible bonds	132,065,603	–	979,863	–	133,045,466
Leasehold deposits received	83,445,521	142,798,110	614,991	(60,259,509)	166,599,113
	2,132,065,827	1,236,303,894	2,597,057	(60,259,509)	3,310,707,269

## SK REIT CO., LTD. AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2023 and September 30, 2023

## 26. COMMITMENTS AND CONTINGENCIES

(1) Details of commitments made with financial institutions as of December 31, 2023 and September 30, 2023, are as follows:

(In thousands of Korean won)

Financial institutions	December 31, 2023			
	Currency	Type	Limit of amount	Unexecuted amount
Standard Chartered Bank Korea Ltd <sup>(*)2</sup>	KRW	Loan agreement	₩ 116,000,000	–
SK Office One Q No. 1 <sup>(*)2</sup>			60,000,000	–
S Tiger K Co., Ltd. <sup>(*)2</sup>			80,000,000	–
KOOKMIN BANK <sup>(*)2</sup>			150,000,000	–
Sumitomo Mitsui Banking Corporation <sup>(*)2</sup>			115,800,000	–
Mizuho Bank, Ltd. <sup>(*)2</sup>			80,000,000	–
Standard Chartered Bank Korea Ltd <sup>(*)3</sup>			40,000,000	–
Sumitomo Mitsui Banking Corporation <sup>(*)3</sup>			40,000,000	–
Mizuho Bank, Ltd. <sup>(*)3</sup>			40,000,000	–
Standard Chartered Bank Korea Ltd <sup>(*)4</sup>			37,380,000	–
KOOKMIN BANK <sup>(*)4</sup>			69,000,000	–
Sumitomo Mitsui Banking Corporation <sup>(*)4</sup>			39,000,000	–
Mizuho Bank, Ltd. <sup>(*)4</sup>			39,000,000	–
Standard Chartered Bank Korea Ltd <sup>(*)5</sup>			130,100,000	3,845,824
Clean Energy One Q No.1 <sup>(*)5</sup>			60,000,000	1,773,631
S Tiger Energy Co., Ltd. <sup>(*)5</sup>			40,000,000	1,182,421
KOOKMIN BANK <sup>(*)5</sup>			130,000,000	3,842,868
Sumitomo Mitsui Banking Corporation <sup>(*)5</sup>			20,000,000	591,210
Mizuho Bank, Ltd. <sup>(*)5</sup>			70,000,000	2,069,237
Standard Chartered Bank Korea Ltd <sup>(*)6</sup>			84,800,000	–
Sumitomo Mitsui Banking Corporation <sup>(*)6</sup>			80,000,000	–
Woori Bank <sup>(*)6</sup>			80,000,000	–
INDUSTRIAL BANK OF KOREA <sup>(*)7</sup>			150,000,000	–
KOOKMIN BANK <sup>(*)7</sup>			50,000,000	–
Water Stream 1st Co.,Ltd. <sup>(*)7</sup>			45,000,000	–
HANWHA LIFE INSURANCE CO., LTD. <sup>(*)7</sup>			40,000,000	–
Kyobo Life Insurance Co., Ltd <sup>(*)1)(*)7</sup>			25,000,000	–
Heungkuk SK hynix co.,Ltd <sup>(*)7</sup>			20,000,000	–
Standard Chartered Bank Korea Ltd <sup>(*)8</sup>			100,300,000	–
Sumitomo Mitsui Banking Corporation <sup>(*)8</sup>			100,000,000	–
S Tiger clean Co.,Ltd <sup>(*)8</sup>	45,000,000	–		
Woori Bank <sup>(*)8</sup>	45,000,000	–		
China Construction Bank <sup>(*)1)(*)8</sup>	40,000,000	–		
Suhyup Bank <sup>(*)8</sup>	10,000,000	–		
	<b>₩ 2,271,380,000</b>	<b>13,305,191</b>		

(\*1) The collateral trust agreement with Mirae Asset Securities Co., Ltd., the existing lender, was amended as of November 21, 2023.

(\*2) The loan agreement related to the Investment property, SK Seorin Building.

(\*3) The loan agreement related to the variable-rate borrowings for SK U-Tower.

(\*4) The loan agreement related to the fixed-rate borrowings for SK U-Tower.

(\*5) The loan agreement related to the Investment property, SK Energy Gayang gas station and other 113 gas stations.

(\*6) The loan agreement related to the Investment property, Jongno Tower.

(\*7) The loan agreement related to the fixed-rate borrowings for SK hynix Inc. Water Treatment Center.

(\*8) The loan agreement related to the variable-rate borrowings for SK hynix Inc. Water Treatment Center.

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2023 and September 30, 2023

(In thousands of Korean won)

Financial institutions	September 30, 2023			
	Currency	Type	Limit of amount	Unexecuted amount
Standard Chartered Bank Korea Ltd <sup>(*)1</sup>	KRW	Loan agreement	₩ 116,000,000	–
SK Office One Q No. 1 <sup>(*)1</sup>			60,000,000	–
S Tiger K Co., Ltd. <sup>(*)1</sup>			80,000,000	–
KOOKMIN BANK <sup>(*)1</sup>			150,000,000	–
Sumitomo Mitsui Banking Corporation <sup>(*)1</sup>			115,800,000	–
Mizuho Bank, Ltd. <sup>(*)1</sup>			80,000,000	–
Standard Chartered Bank Korea Ltd <sup>(*)2</sup>			40,000,000	–
Sumitomo Mitsui Banking Corporation <sup>(*)2</sup>			40,000,000	–
Mizuho Bank, Ltd. <sup>(*)2</sup>			40,000,000	–
Standard Chartered Bank Korea Ltd <sup>(*)3</sup>			37,380,000	–
KOOKMIN BANK <sup>(*)3</sup>			69,000,000	–
Sumitomo Mitsui Banking Corporation <sup>(*)3</sup>			39,000,000	–
Mizuho Bank, Ltd. <sup>(*)3</sup>			39,000,000	–
Standard Chartered Bank Korea Ltd <sup>(*)4</sup>			130,100,000	3,845,824
Clean Energy One Q No.1 <sup>(*)4</sup>			60,000,000	1,773,631
S Tiger Energy Co., Ltd. <sup>(*)4</sup>			40,000,000	1,182,421
KOOKMIN BANK <sup>(*)4</sup>			130,000,000	3,842,868
Sumitomo Mitsui Banking Corporation <sup>(*)4</sup>			20,000,000	591,210
Mizuho Bank, Ltd. <sup>(*)4</sup>			70,000,000	2,069,237
Standard Chartered Bank Korea Ltd <sup>(*)5</sup>			154,800,000	–
Sumitomo Mitsui Banking Corporation <sup>(*)5</sup>			90,000,000	–
INDUSTRIAL BANK OF KOREA <sup>(*)6</sup>			150,000,000	–
KOOKMIN BANK <sup>(*)6</sup>			50,000,000	–
Water Stream 1st Co.,Ltd. <sup>(*)6</sup>			45,000,000	–
HANWHA LIFE INSURANCE CO., LTD. <sup>(*)6</sup>			40,000,000	–
Mirae Asset Securities Co., Ltd. <sup>(*)6</sup>			25,000,000	–
Heungkuk SK hynix Co.,Ltd <sup>(*)6</sup>			20,000,000	–
Standard Chartered Bank Korea Ltd <sup>(*)7</sup>			100,300,000	–
Sumitomo Mitsui Banking Corporation <sup>(*)7</sup>			100,000,000	–
S Tiger clean Co.,Ltd <sup>(*)7</sup>			45,000,000	–
Woori Bank <sup>(*)7</sup>	45,000,000	–		
Mirae Asset Securities Co., Ltd. <sup>(*)7</sup>	40,000,000	–		
Suhyup Bank <sup>(*)7</sup>	10,000,000	–		
	<b>₩ 2,271,380,000</b>	<b>13,305,191</b>		

(\*1) The loan agreement related to the Investment property, SK Seorin Building.

(\*2) The loan agreement related to the variable-rate borrowings for SK U-Tower.

(\*3) The loan agreement related to the fixed-rate borrowings for SK U-Tower.

(\*4) The loan agreement related to the Investment property, SK Energy Gayang gas station and other 113 gas stations.

(\*5) The loan agreement related to the Investment property, Jongno Tower.

(\*6) The loan agreement related to the fixed-rate borrowings for SK hynix Inc. Water Treatment Center.

(\*7) The loan agreement related to the variable-rate borrowings for SK hynix Inc. Water Treatment Center.

## SK REIT CO., LTD. AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2023 and September 30, 2023

## 26. COMMITMENTS AND CONTINGENCIES (CONT'D)

### (2) Other Commitments

#### 1) Asset management contract

##### a. Contract to provide operating lease to SK Inc. and SK hynix Inc.

The Group has contracted with SK REITs Management Co., Ltd. for investment management of assets, such as real estate acquisition, management, improvement and disposal, real estate development, leasing and security trading, with paying the following asset management fees.

Type	Detail
Purchase fee	Purchase price * 0.5% (VAT not included)
Asset management fees	Purchase price * 0.2%/365(366 days in leap years) * days (number of days of holding operating assets)
Asset management performance fee	(Dividend before commission – dividend before highest commission) * (average number of issued shares per day) * 25%
Disposal fee	Real property: 0.7% of disposal value Others: (Total value + premium of the assets disposed) * disposal ratio * 0.7%
Disposal performance fee	Real property: (Disposal price – purchase price – disposal fee) * 10% – accumulated amount of asset management performance fee Others: (Total value of disposed assets + premium – purchase price – disposal fee) * disposal ratio * 10% – accumulated amount of asset management performance fee

##### b. Contract to provide operating lease to SK Energy Co., Ltd.

The Group has contracted with SK REITs Management Co., Ltd. for investment management of assets such as real estate acquisition, management, improvement and disposal, real estate development, leasing and securities trading, with paying the following asset management fees.

Type	Detail
Purchase fee	Purchase price * 0.5% (VAT not included)
Asset management fees	Purchase price * 0.22%/365(366 days in leap year) * days (number of days of holding the operating asset)
Disposal fee	Real property: 0.7% of disposal value Others: (Total value + premium of the assets disposed) * disposal ratio * 0.7%
Disposal performance fee	Real property: (Disposal price – purchase price – disposal fee) * 10% – accumulated amount of parent REITs' asset management performance fee Others: (Total value of disposed assets + premium – purchase price – disposal fee) * disposal ratio * 10% – accumulated amount of Parent REITs' asset management performance fee

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2023 and September 30, 2023

#### c. Contract to provide operating lease to SK On Co., Ltd., etc.

The Group has contracted with SK REITs Management Co., Ltd. for investment management of assets such as real estate acquisition, management, improvement and disposal, real estate development, leasing and securities trading, with paying the following asset management fees.

Type	Detail
Purchase fee (In Korean won)	KRW 6,420,000,000
Asset management fees	Purchase price * 0.2%/365(366 days for leap year) * days (number of days of holding the operating asset)
Disposal fee	Real property: 0.7% of disposal value Others: (Total value + premium of the assets disposed) * disposal Ratio * 0.7%
Disposal performance fee	Real property: (Disposal price – purchase price – disposal fee) * 10% – Accumulated amount of asset management performance fee Others: (Total value of disposed assets + premium – purchase price – disposal fee) * disposal ratio * 10% – accumulated amount of asset management performance fee

#### d. Contract to provide operating lease of Water Treatment Center to SK hynix Inc.

The Group has contracted with SK REITs Management Co., Ltd. for investment management of assets such as real estate acquisition, management, improvement and disposal, real estate development, leasing and securities trading, with paying the following asset management fees.

Type	Detail
Purchase fee	Purchase price * 0.75%
Asset management fees	Purchase price * 0.35%/365(366 days in leap years) * days (number of days of holding operating assets)
Disposal performance fee	Real property: (Disposal price – purchase price) * 10% – accumulated amount of parents REITs' asset management performance fee Others: (Total value of disposed assets + premium – purchase price) * disposal ratio * 10% – accumulated amount of parents REITs' asset management performance fee

#### 2) General affairs consignment contract

##### a. Contract to provide operating lease to SK Inc. and SK hynix Inc.

The Group has entered into a general business entrustment contract with SHINHAN FUND PARTNERS for business related to stock issuance, listing-related business, and management of the Group, with paying the following general affairs consignment fees.

Type	Detail
General affairs consignment fees	KRW 50 million for each closing period (VAT not included)

## SK REIT CO., LTD. AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2023 and September 30, 2023

## 26. COMMITMENTS AND CONTINGENCIES (CONT'D)

### b. Contract to provide operating lease to SK Energy Co., Ltd.

The Group has entered into a general business entrustment contract with SHINHAN FUND PARTNERS for business related to stock issuance, listing-related business, and management of the Group, with paying the following general affairs consignment fees.

Type	Detail
General affairs consignment fees	KRW 15 million for each closing period (VAT not included)

### c. Contract to provide operating lease to SK On Co., Ltd., etc.

The Group has entered into a general business entrustment contract with SHINHAN FUND PARTNERS for business related to stock issuance, listing-related business, and management of the Group, with paying the following general affairs consignment fees.

Type	Detail
General affairs consignment fees	KRW 13.5 million for each closing period (VAT not included)

### d. Contract to provide operating lease of Water Treatment Center to SK hynix Inc.

The Group has entered into a general business entrustment contract with SHINHAN FUND PARTNERS for business related to stock issuance, listing-related business, and management of the Group, with paying the following general affairs consignment fees.

Type	Detail
General affairs consignment fees	KRW 15 million for each closing period (VAT not included)

## 3) Asset trust contract

### a. Contract to provide operating lease to SK Inc. and SK hynix Inc.

The Group has entered into contracts with Daehan Real Estate Investment Trust INC. and SK Securities Co., Ltd. for storage and management of assets such as real estate, securities and cash, with paying the following asset custody consignment fees.

Type	Detail
Asset custody consignment fees	Real estate: KRW 1,25 million for each closing period (VAT not included) Securities, cash: KRW 5 million for each closing period (VAT not included)

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2023 and September 30, 2023

### b. Contract to provide operating lease to SK Energy Co., Ltd.

The Group has entered into a contract with Daehan Real Estate Investment Trust INC. and SK Securities Co., Ltd. for storage and management of assets such as real estate, securities and cash, with paying the following asset custody consignment fees.

Type	Detail
Asset custody consignment fees	Real estate: KRW 1,25 million for each closing period (VAT not included) Securities, cash: KRW 1.5 million for each closing period (VAT not included)

### c. Contract to provide operating lease to SK On Co., Ltd., etc.

The Group has entered into contracts with Daehan Real Estate Investment Trust INC. and SK Securities Co., Ltd. for storage and management of assets such as real estate, securities and cash, with paying the following asset custody consignment fees.

Type	Detail
Asset custody consignment fees	Real estate: KRW 1,25 million for each closing period (VAT not included) Securities, cash: KRW 5 million for each closing period (VAT not included)

### d. Contract to provide operating lease of Water Treatment Center to SK hynix Inc.

The Group has entered into contracts with Daehan Real Estate Investment Trust INC. and SK Securities Co., Ltd. for storage and management of assets such as real estate, securities and cash, with paying the following asset custody consignment fees.

Type	Detail
Asset custody consignment fees	Real estate: KRW 1,25 million for each closing period (VAT not included) Securities, cash: KRW 2.5 million for each closing period (VAT not included)

## 4) Negotiating rights for preferential purchase

The Group has the right to negotiate preferential purchase of real estates owned by SK Telecom Co., Ltd., etc. and the details are as follows:

Type	Detail
SK Telecom Co., Ltd	1) SKT Tower in Jung-gu 2) SK Telecom Training Center in Icheon 3) SK Planet Building in Seongnam
SK Planet Co., Ltd.	SK Planet Building in Seongnam

- In the case where the asset holder intends to dispose of the target real estate, the right to negotiate preferential purchase can be exercised.
- Terms of the sale and the lease shall be determined by mutual communication within the scope of compliance with relevant laws such as the Real Estate Investment Company Act.

## SK REIT CO., LTD. AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2023 and September 30, 2023

#### 5) Lease agreement

##### a. Contract for providing operating lease to SK Inc.

Regarding the lease of SK Seorin Building, the Group has entered into a five-year lease agreement (rental deposit of KRW 32,711,600 thousand and monthly rent of KRW 3,271,160 thousand) with SK Inc. from July 6, 2021 to July 5, 2026.

##### b. Contract for providing operating lease to SK Energy Co., Ltd

Regarding the lease of SK Energy Gayang gas station and other 113 gas stations, the Group has entered into a ten-year lease agreement (rental deposit of KRW 26,165,790 thousand and monthly rent of KRW 2,682,868 thousand) with SK Energy Co., Ltd. from July 7, 2021 to June 30, 2031.

On the other hand, SK Energy Co., Ltd. bears all costs and responsibilities related to environmental pollution that may be caused by the refueling business as stipulated in the liability lease contract, so the cost and responsibility that the Group should bear due to soil pollution will be limited.

##### c. Contract for providing operating lease to SK hynix Inc.

Regarding the lease of SK U Tower, the Group has entered into a five-year lease agreement (rental deposit of KRW 17,330,392 thousand and monthly rent of KRW 1,733,039 thousand) with SK hynix Inc. from June 30, 2022 to June 29, 2027.

##### d. Contract to provide operating lease of Water Treatment Center to SK hynix

Regarding the lease of Water Treatment Center, the Group has entered into a ten-year lease agreement (rental deposit of KRW 143,448,000 thousand and monthly rent of KRW 5,977,000 thousand) with SK hynix Inc. from September 25, 2023 to September 25, 2033.

#### 6) Collateral trust contract

The Group has entered into a real estate collateral trust contract with Daehan Real Estate Investment Trust Co., Ltd. for the investment property of the Group, with Standard Chartered Bank Korea Ltd. and other thirteen preferred beneficiaries.

#### 7) Brand use agreement

As of the end of the current period, the Group has entered into a brand use contract with SK Inc. and the amount equivalent to 0.2% of the Group's sales after deducting advertising expenses is paid in return for the agreement.

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2023 and September 30, 2023

## 27. ASSETS PLEDGED AS SECURITY

Details of investment properties that are pledged as security as of December 31, 2023, are as follows:

(in thousands of Korean won)

Provided Assets		Set-up Authority	Maximum Amount of Bonds	Carrying Amount	Related Liabilities	
Investment properties (Seorin Building)	Land/Buildings <sup>(*)</sup>	Prior	Standard Chartered Bank Korea Ltd	₩ 139,200,000	116,000,000	Long-term borrowings
			SK Office One Q No. 1	72,000,000	60,000,000	
			S Tiger K Co., Ltd.	96,000,000	80,000,000	
			KOOKMIN BANK	180,000,000	150,000,000	
			Sumitomo Mitsui Banking Corporation	138,960,000	115,800,000	
			Mizuho Bank Co Ltd.	96,000,000	80,000,000	
			Subtotal	722,160,000	601,800,000	
	Subordinated	SK Inc.	39,253,920	32,711,600	Leasehold deposits	
		Subtotal	39,253,920	32,711,600		
	<b>Subtotal</b>			<b>761,413,920</b>	<b>634,511,600</b>	
Investment properties (SK U-Tower)	Land/Buildings <sup>(*)</sup>	Prior	Standard Chartered Bank Korea Ltd	92,856,000	77,380,000	Long-term borrowings
			KOOKMIN BANK	82,800,000	69,000,000	
			Sumitomo Mitsui Banking Corporation	94,800,000	79,000,000	
			Mizuho Bank Co Ltd.	94,800,000	79,000,000	
	Subtotal	365,256,000	304,380,000			
	Subordinated	SK hynix Inc.	20,796,470	17,330,392	Leasehold deposits	
		Subtotal	20,796,470	17,330,392		
<b>Subtotal</b>			<b>386,052,470</b>	<b>321,710,392</b>		
Investment properties (SK Energy Gas Station)	Land/Buildings <sup>(*)</sup>	Prior	Standard Chartered Bank Korea Ltd	151,505,011	126,254,176	Long-term borrowings
			Clean Energy One Q No.1	69,871,643	58,226,369	
			S Tiger Energy Co., Ltd.	46,581,095	38,817,579	
			KOOKMIN BANK	151,388,558	126,157,132	
			Sumitomo Mitsui Banking Corporation	23,290,548	19,408,790	
			Mizuho Bank Co Ltd.	81,516,916	67,930,763	
	Subtotal	524,153,771	436,794,809			
	Subordinated	SK Energy Co. Ltd.	31,398,948	26,165,790	Leasehold deposits	
		Subtotal	31,398,948	26,165,790		
	<b>Subtotal</b>			<b>555,552,719</b>	<b>462,960,599</b>	

## SK REIT CO., LTD. AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2023 and September 30, 2023

## 27. ASSETS PLEDGED AS SECURITY (CONT'D)

(in thousands of Korean won)

Provided Assets		Set-up Authority	Maximum Amount of Bonds	Carrying Amount	Related Liabilities	
Investment properties (Jongno Tower)	Preferred beneficiary rights of collateral trust	Standard Chartered Bank Korea Ltd	₩ 101,760,000	84,800,000	Long-term borrowings	
		Sumitomo Mitsui Banking Corporation	96,000,000	80,000,000		
		Woori Bank	96,000,000	80,000,000		
		Subtotal	293,760,000	244,800,000		
	Leasehold	Starbucks coffee Korea	350,000	350,000	Leasehold deposits	
		Subtotal	350,000	350,000		
	Collateral security	McDonald's Korea	2,400,000	2,000,000	Leasehold deposits	
		JT International Korea Inc	1,027,860	856,550		
		SECUi Corp.	2,400,000	2,000,000		
		SK On Co., Ltd. and five lessees	6,051,171	5,042,643		
	Subtotal	11,879,031	9,899,193			
	<b>Subtotal</b>			<b>305,989,031</b>	<b>255,049,193</b>	
	Investment properties (Water Treatment Center)	Preferred beneficiary rights of collateral trust	INDUSTRIAL BANK OF KOREA	180,000,000	150,000,000	Long-term borrowings
KOOKMIN BANK			60,000,000	50,000,000		
Water Stream 1st Co.,Ltd.			54,000,000	45,000,000		
Hanwha Life Insurance Co.,Ltd.			48,000,000	40,000,000		
Kyobo Life Insurance Co.,Ltd. (*2)			30,000,000	25,000,000		
Heungkuk SK hynix Co.,Ltd			24,000,000	20,000,000		
Standard Chartered Bank Korea Ltd			120,360,000	100,300,000		
Sumitomo Mitsui Banking Corporation			120,000,000	100,000,000		
S Tiger clean Co.,Ltd.			54,000,000	45,000,000		
Woori Bank			54,000,000	45,000,000		
China Construction Bank (*2)		48,000,000	40,000,000			
SUHYUP BANK		12,000,000	10,000,000			
Subtotal		804,360,000	670,300,000			
Preferred beneficiary rights of collateral trust		SK hynix Inc.	172,137,600	143,448,000	Leasehold deposits	
	Subtotal	172,137,600	143,448,000			
<b>Subtotal</b>			<b>976,497,600</b>	<b>813,748,000</b>		
			<b>₩ 2,985,505,740</b>	<b>2,487,979,784</b>		

(\*1) The book values of land and buildings pledged as security by the Group are KRW 1,038,641,372 thousand for SK Seorin Building, KRW 522,330,753 thousand for SK U-Tower, KRW 781,611,149 thousand for SK Energy Gas Station, KRW 658,704,201 thousand for Jongno Tower and KRW 1,174,905,986 thousand for Water Treatment Center.

(\*2) The collateral trust agreement with Mirae Asset Securities Co., Ltd., the existing lender, was amended as of November 21, 2023.

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2023 and September 30, 2023

## 28. RESTRICTED FINANCIAL INSTRUMENTS

Details of restricted financial instruments as of December 31, 2023 and September 30, 2023, are as follows:

(in thousands of Korean won)

Accounts	Financial institution	December 31, 2023	September 30, 2023	Details
Cash and cash equivalents	Standard Chartered Bank Korea Ltd., etc.	₩ 83,371,359	92,802,982	Pledged as security for lenders
Short-term financial instruments	Standard Chartered Bank Korea Ltd., etc.	18,000,000	31,053,335	Pledged as security for lenders
Long-term financial instruments	Standard Chartered Bank Korea Ltd., etc.	7,505,773	7,505,773	Pledged as security for lenders

## 29. RISK MANAGEMENT

### (1) Overview

The Group's major financial liabilities consist of borrowings, debentures, leasehold deposits received, non-trade payables and accrued expenses incurred to finance business activities. And, the Group has various financial assets, such as non-trade receivables and accrued income generated from business activities.

The main risks that may arise from the financial assets and liabilities of the Group are credit risk, liquidity risk and market risk. The Group's management team has a management policy for each risk, as described below, and is ensuring that its operation is consistent with the policy.

### (2) Credit risk

Credit risk represents the potential financial losses that may be incurred in the future when the counterparty fails to fulfill its contractual obligations. Credit risk mainly comes from non-trade receivables to clients.

Meanwhile, separate disclosures were omitted in case that the carrying amount of financial assets exposed to Group's credit risk is most representative of the maximum exposure to credit risk.

#### a. Non-trade receivables and contract assets

The Group applies an expedient that recognizes lifetime expected credit losses as loss allowance for non-trade receivables and contracted assets. To measure the expected credit losses, non-trade receivables and contract assets were categorized based on their credit risk characteristics and overdue dates. As of December 31, 2023, contract assets do not exist, and non-receivables are short-term receivables over the period such as rent, administrative expenses and etc., and there is no risk of credit risk or delinquency, so the loss allowance is not recognized.

#### b. Other financial assets measured at amortized cost

Other financial assets measured at amortized cost are cash and cash equivalents and other receivables (non-trade receivables and interest receivables on financial instruments). The Group does not recognize any loss allowance for those other financial assets measured at amortized cost.

## SK REIT CO., LTD. AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2023 and September 30, 2023

## 29. RISK MANAGEMENT (CONT'D)

### (3) Liquidity Risk

Liquidity risk is the risk that the Group will not be able to raise funds to fulfill all financial contractual agreements until maturity. To manage liquidity risk, the Group establishes short-term and mid- to long-term fund management plans and checks liquidity strategies and plans to manage the risk of lack of funds.

The contractual maturity of financial liabilities (including interest) as of December 31, 2023 and September 30, 2023, is as follows:

(in thousands of Korean won)

	December 31, 2023				
	Within 3 months	3 months ~ 1 year	1 year ~ 5 years	Over 5 years	Total
Debentures	₩ 336,000,000	–	–	–	336,000,000
Non-trade payables	7,242,183	–	–	–	7,242,183
Accrued expenses	6,754,419	–	–	–	6,754,419
Long-term borrowings	20,701,794	1,090,821,328	1,298,435,323	–	2,409,958,445
Convertible bonds	1,288,585	112,879,915	28,205,456	–	142,373,956
Leasehold deposits received	–	1,367,577	66,907,608	169,613,790	237,888,975
	₩ 371,986,981	1,205,068,820	1,393,548,387	169,613,790	3,140,217,978

(in thousands of Korean won)

	September 30, 2023				
	Within 3 months	3 months ~ 1 year	1 year ~ 5 years	Over 5 years	Total
Short-term borrowings	₩ 109,260,784	–	–	–	109,260,784
Debentures	–	656,066,529	–	–	656,066,529
Non-trade payables	6,093,372	–	–	–	6,093,372
Accrued expenses	8,242,304	–	–	–	8,242,304
Long-term borrowings	245,242,048	1,105,071,188	1,056,838,383	–	2,407,151,619
Convertible bonds	–	5,168,500	138,508,201	–	143,676,701
Leasehold deposits received	–	1,072,555	67,190,630	169,613,790	237,876,975
	₩ 368,838,508	1,767,378,772	1,262,537,214	169,613,790	3,568,368,284

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2023 and September 30, 2023

### (4) Market Risk

Market risk is the risk that the fair value of a financial instrument will fluctuate due to fluctuations in market prices. Market risk consists of foreign currency risk, interest rate risk, and other price risks.

#### 1) Foreign exchange risk

Exchange risk is the risk that the fair value of a financial instrument will change due to fluctuations in the exchange rate. The Group is not exposed to exchange risk.

#### 2) Interest rate risk

Interest rate risk is the risk that the future cash flow of a financial instrument will fluctuate due to fluctuations in market interest rates. The Group maintains an appropriate balance between fixed-rate borrowings and variable-rate borrowings to manage interest rate risk, hedging activities are regularly evaluated to appropriately adjust interest rate status and defined risk propensity, and the Group ensures that the optimal hedging strategy is applied.

Major assets and liabilities exposed to interest rate risk as of December 31, 2023 and September 30, 2023, are as follows:

(in thousands of Korean won)

	December 31, 2023		
	Interest rate type	Interest rate	Amount
Borrowings	Variable-rate	CD interest rate + 1.4%	₩ 340,300,000
		CD interest rate + 1.15%	120,000,000

(in thousands of Korean won)

	September 30, 2023		
	Interest rate type	Interest rate	Amount
Borrowings	Variable-rate	CD interest rate + 1.4%	₩ 340,300,000
		CD interest rate + 1.15%	120,000,000

When all other variables are constant and the interest rate changes by 100 bp, the effect on profit before income tax expenses for the three-month periods ended December 31, 2023 and September 30, 2023, are as follows:

(in thousands of Korean won)

	For the three-month period ended December 31, 2023		For the three-month period ended September 30, 2023	
	1% increase	1% decrease	1% increase	1% decrease
Profit before income tax expenses	₩ (1,160,208)	1,160,208	(358,406)	358,406

#### 3) Other price risk

Other price risks are the risk of changes in the fair value or future cash flow of financial instruments due to changes in market prices other than interest rate risk or foreign currency risk, and the Group is not exposed to price fluctuation risk.

## SK REIT CO., LTD. AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2023 and September 30, 2023

#### 29. RISK MANAGEMENT (CONT'D)

##### (5) Capital management

The primary objective of the Group's capital management is to maintain its ability to continuously provide return to its shareholders and stakeholders and to optimize its capital structure to reduce capital costs. To maintain or modify capital structure, the Group manages dividends, returns the funds for shareholders, issues new shares and sells assets to reduce liabilities. Like other companies in the industry, the Group manages debt ratios, which are calculated by dividing total liabilities by total equity.

The debt ratios as of December 31, 2023 and September 30, 2023, are as follows:

(in thousands of Korean won)

		December 31, 2023	September 30, 2023
Total liabilities	₩	2,974,226,643	3,400,509,899
Total equity		1,321,400,312	1,031,709,653
Debt ratio		225%	330%

