

2024 Annual Report

SK reit

ANNUAL REPORT

2024



SK reit Co., Ltd.

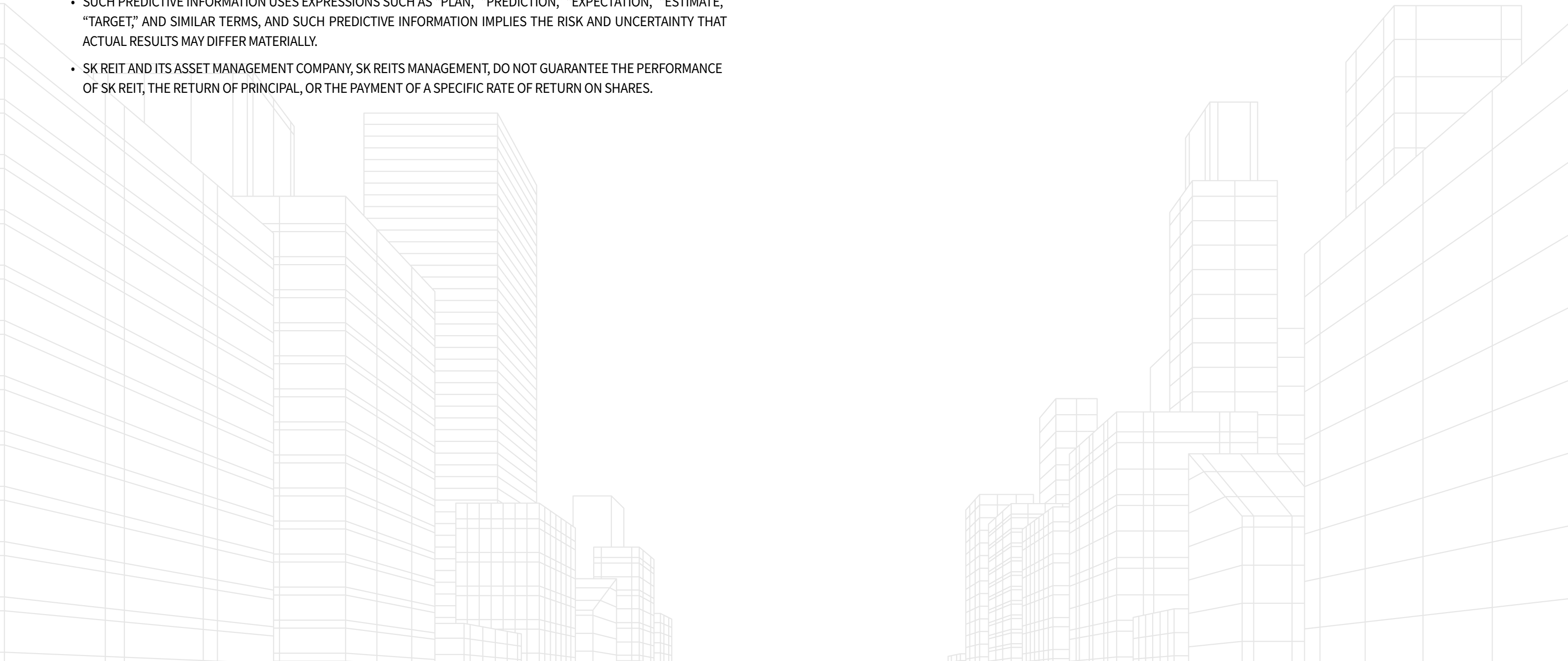
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DISCLAIMER

- THIS DATA ON THE SK REAL ESTATE INVESTMENT TRUST (HEREINAFTER “SK REIT”) WAS PREPARED BASED ON ITS STATUS AS OF THE END OF DECEMBER 2024, AND MATTERS REGARDING DIVIDENDS, SETTLEMENT OF ACCOUNTS, AND RELATED ITEMS WERE BASED ON THE FINANCIAL STATEMENTS FOR THE PERIOD FROM JANUARY 2024 TO THE END OF DECEMBER 2024, AS AUDITED BY AN EXTERNAL AUDITOR.
- THIS DATA WAS PREPARED IN ORDER TO HELP UNDERSTAND THE MANAGEMENT STATUS AND PLANS OF SK REIT. USING THIS DATA AS ADVERTISING MATERIAL 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 THAT ACTUAL RESULTS MAY DIFFER MATERIALLY.
- SK REIT AND ITS ASSET MANAGEMENT COMPANY, SK REITS MANAGEMENT, DO NOT GUARANTEE THE PERFORMANCE OF SK REIT, THE RETURN OF PRINCIPAL, OR THE PAYMENT OF A SPECIFIC RATE OF RETURN ON SHARES.



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SK Group-Sponsored REIT with Korea’s Highest Credit Rating (AA-)



The True Value of SK REIT, A Happy Future for All

SK REIT was listed on the Korea Exchange in September 2021. With the largest asset size in Korea at KRW 4.4 trillion and the nation’s highest credit rating of AA-, SK REIT is the first listed REIT in Korea to implement a quarterly dividend policy.

As of the end of December 2024, SK REIT’s portfolio consists of the SK Group’s corporate head office, the “SK Seorin Building”; 111 SK Energy gas stations; SK Hynix’s head office, “SK U-Tower”; SK Green Campus, “Jongno Tower”; SKC’s office building, “SK-C Tower”; and five water treatment centers at SK Hynix’s Icheon Campus. SK REIT will not rest on its laurels as the first, largest, and best, but will continue to grow as the most innovative and dynamic REIT, proactively responding to changes in the market.

KRW **4.4** trillion
The Largest Asset Portfolio Under
Management in Korea*



Quarterly Dividends

Korea’s First Listed REIT

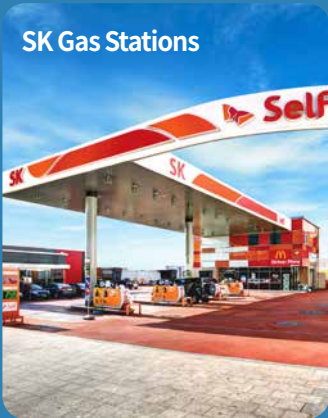


AA-
Highest Credit Rating
in Korea *

* As of December 31, 2024



Seorin Building



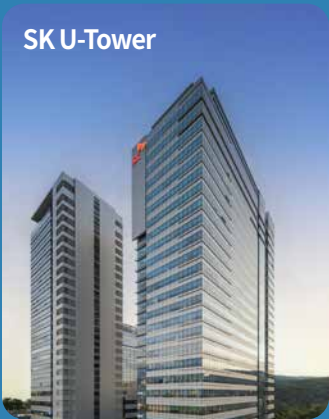
SK Gas Stations



Jongno Tower



Water Treatment Centers



SK U-Tower

SK REIT AT A GLANCE

INVESTMENT POINT 01

INVESTMENT POINT 02

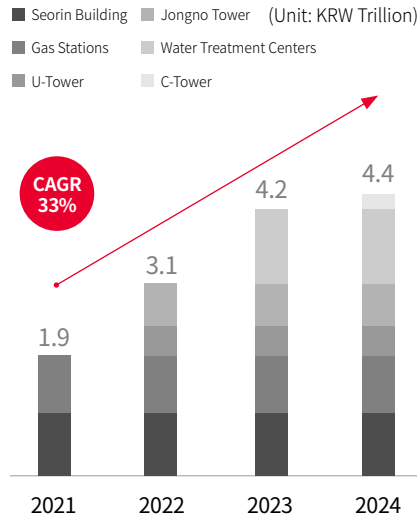
INVESTMENT POINT 03

KOREA’S LEADING MEGA-REIT WITH KRW 4.4 TRILLION IN AUM

Since its listing in 2021, SK REIT has achieved an average annual growth rate of 32% over just three years, establishing itself as Korea’s leading mega-size REIT with the largest AUM of KRW 4.4 trillion. SK REIT holds the industry’s highest and only credit rating of AA-, based on its portfolio of four prime office buildings owned by SK Group, 111 SK Energy gas stations located at key transportation hubs nationwide, and five water treatment centers at SK Hynix’s Icheon semiconductor plant. Additionally, SK REIT continues to enhance its value as a global REIT by being included in major global indices such as FTSE EPRA Nareit.



AUM Growth



Company Credit Rating

AA-
(NICE Investors Service, Korea Ratings Corporation)

Number of AUM

120개

4 office buildings
111 gas stations
5 water treatment centers

Global Index

FTSE EPRA Nareit
Global, Developed Asia, etc.

FTSE
All Cap, Developed, etc.

MSCI
All Cap, ACWI, etc.

Morningstar
Global Markets REIT, etc.

SK Seorin Building

Total Floor Area
83,828^m₂ (25,358 py)
Prime-level office space of at least 83,828 m² (25,358 py) on the highest floor within the Central Business District (CBD)



Jongno Tower

Total Floor Area
60,601^m₂ (18,332 py)
Core landmark office building in CBD Jonggak Station



SK U-Tower

Total Floor Area
86,804^m₂ (26,258 py)
Key landmark office within the Bundang (Pangyo) Business District (BBD)



SK-C Tower

Total Floor Area
21,641^m₂ (6,546 py)
New SKC office building in a strategic CBD location



SK Energy Gas Stations

Land Area
164,708^m₂ (49,821 py)
111 locations, 67% located in the Seoul metropolitan area and in commercial districts with high development potential (based on acquisition price)



Water Treatment Centers

Total Floor Area
146,714^m₂ (44,381 py)
Five water treatment centers, and the first REITs listed in Korea to invest in industrial facilities



SK REIT AT A GLANCE

INVESTMENT POINT 01

INVESTMENT POINT 02

INVESTMENT POINT 03

STABLE PROFIT GENERATION BASED ON BLUE-CHIP TENANTS

As a sponsor REIT, 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 a weighted average lease expiry of 5.1 years (extendable to 10.9 years with tenant extension options), and adopts a rental structure linked to the Consumer Price Index (CPI), enabling continuous and stable profit generation even during periods of rising interest rates.

Long-Term Master Lease by SK Group

100%

- SK Seorin Building, SK Energy Gas Stations, SK U-Tower, Water Treatment Centers
- 62% of office facilities in Jongno Tower are leased

Rent Increases

CPI linked

(Consumer Price Index)

- SK Seorin Building: Linked to Seoul CPI (adjusted annually)
- SK U-Tower, Water Treatment Centers: Linked to Gyeonggi CPI (adjusted annually, max 5.0%)
- Gas Stations: Linked to Nationwide CPI (fixed for the first 5 years, then adjusted annually)

Weighted Average Lease Expiry

5.1 years

(10.9 years with tenant extension options)

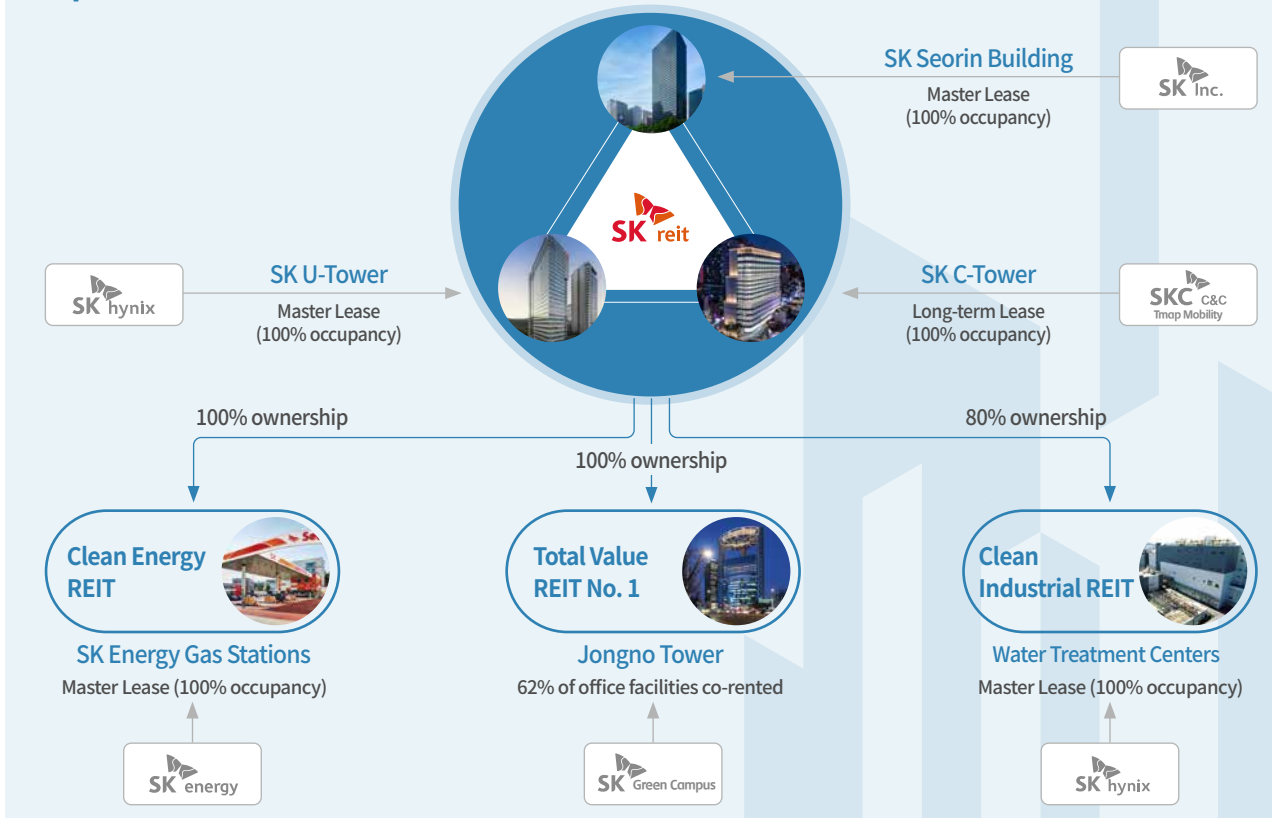
Cost Structure

Triple Net

- Tenants bear maintenance costs, insurance premiums, and public charges. Applicable to 100% master lease properties.



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 as the first in the industry to pay quarterly dividends. SK REIT’s operating revenue has significantly increased through continuous asset acquisitions, and operating revenue is expected to continue growing steadily in 2025 as well. Since its listing, SK REIT has consistently delivered on its promised dividend payments. In the second half of 2024, the capital gains from the sale of three gas stations will be distributed as a special dividend in June 2025. Going forward, SK REIT will further enhance profitability and dividend stability through various shareholder value enhancement measures, such as asset appreciation and strategic divestments.



First Listed REIT to Offer
Quarterly Dividends
(March, June, September, December)



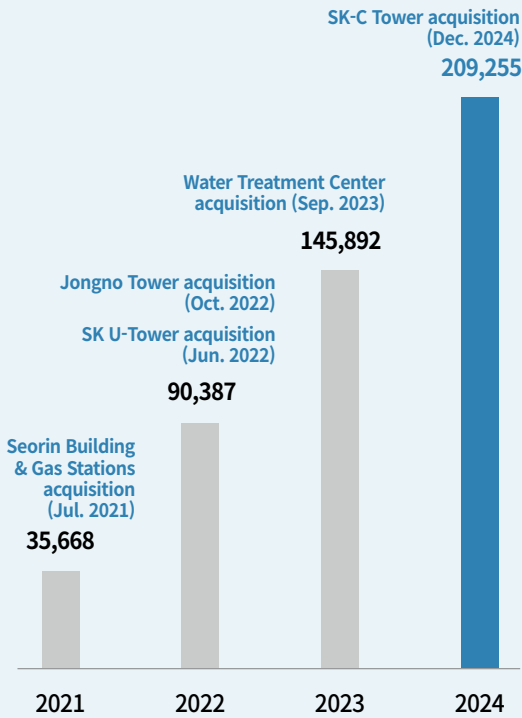
Dividend Yield*
5.97%
* Dividend yield based on full-year 2024 dividend and year-end 2024 market price
Closing price: KRW 4,425



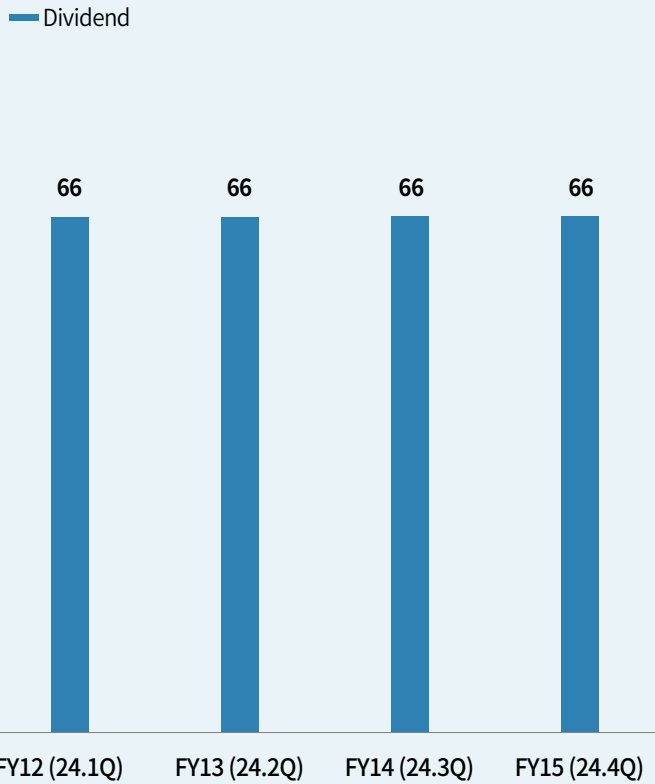
2024 Annual Dividend Per Share
KRW 264



Operating Revenue (Unit: KRW Million)



2024 Dividend Status (Unit: KRW)

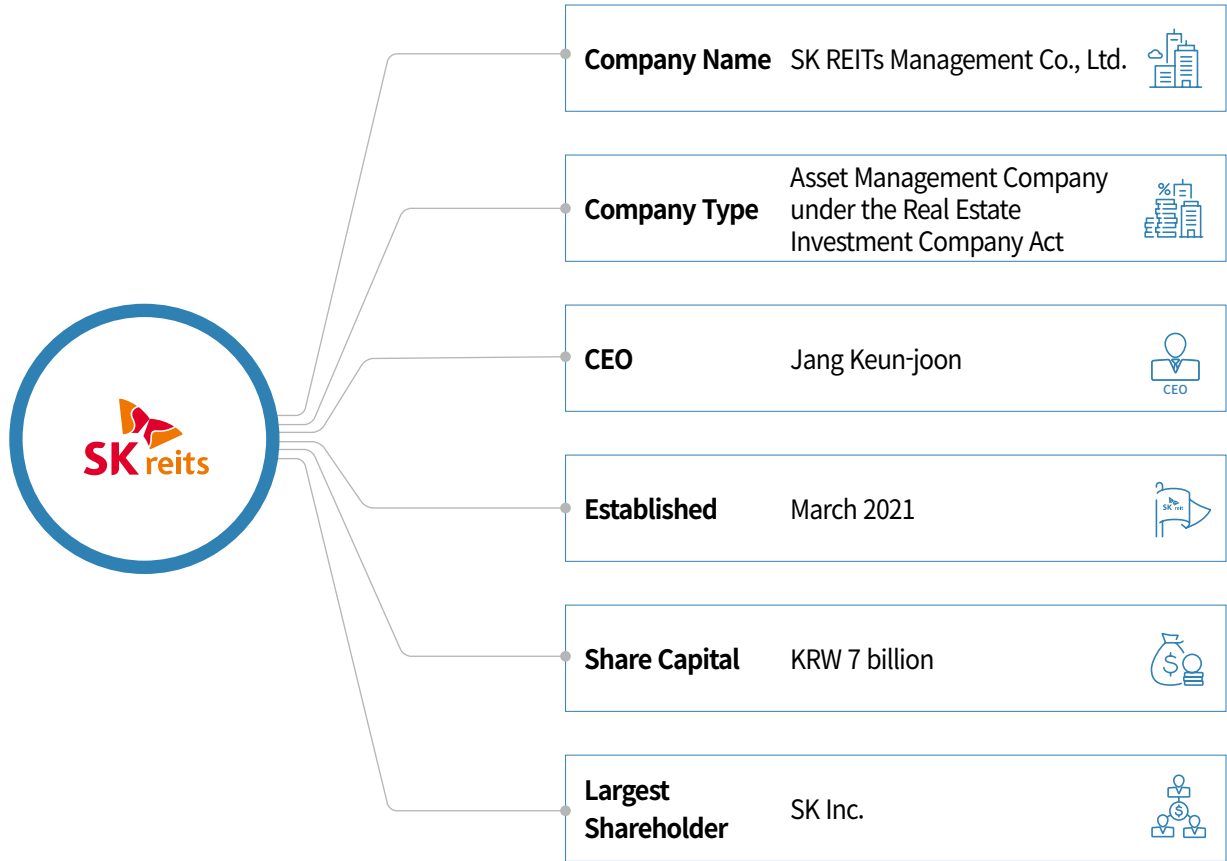


ABOUT SK REITS MANAGEMENT

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

SK REITs Management Co., Ltd. is an asset management company (AMC) established in March 2021 as a wholly owned subsidiary of SK Inc., and was authorized by the Ministry of Land, Infrastructure, and Transport in March 2021.

SK REITs Management is led by real estate experts responsible for the stable growth of SK REIT, leveraging an asset acquisition strategy that is closely linked to SK Group’s business both domestically and internationally.



Letter from the CEO

Dear valued shareholders!

Building on our strong track record in the Korean REIT market, I assure our shareholders that SK REIT will continue to pursue sustainable growth and development.

Throughout 2024, we have focused our efforts on strengthening our financial structure and enhancing shareholder value. Leveraging our unique AA credit rating in the domestic REIT market, we successfully issued KRW 500 billion in corporate bonds over three rounds, significantly reducing interest expenses. In February of this year, we also achieved the largest-ever REIT corporate bond issuance of KRW 270 billion, and in May, we once again proved our funding competitiveness by raising KRW 210 billion in public corporate bonds at an interest rate in the 3% range. In addition, the strategic acquisition of SK-C Tower in Chungmuro in December 2024 has further reinforced our asset portfolio and contributed to the enhancement of shareholder value. Looking ahead, we will continue to prioritize financial soundness and shareholder returns. We plan to pursue additional reductions in funding costs and execute capital recycling strategies, including the divestment of select gas station assets. These initiatives will support the development of new growth engines and ensure that we continue to meet the expectations of our shareholders. SK REIT has firmly established itself as Korea’s leading mega-size REIT, distinguished by its unrivaled asset base and market capitalization among listed REITs. However, we will not rest on our achievements. Everyone at SK REIT is dedicated to driving continuous growth and further enhancing shareholder value. I wish all our shareholders good health and prosperity in the coming year. Thank you.

Sincerely, Jang Keun-joon
CEO, SK REITs Management

ABOUT OUR SPONSOR

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

Overview of SK Group

SK Group is a prominent company that ranked No. 100 on the 2024 Fortune Global 500 and is the second largest business group in Korea by total assets.*

SK creates value for the happiness of its stakeholders across all business domains, including green, digital, advanced materials, bio, and other sectors that drive global growth.

*Based on total assets of 88 Korean company groups subject to disclosure announced by the Fair Trade Commission in May 2025.

Investment strategy

We establish long-term investment strategies centered on core businesses from an ESG-oriented perspective.

Advanced Materials

Technologies and materials that drive industrial innovation

Green

Solutions that address climate change and environmental pollution

Digital

AI and digital technologies that enrich industries and society

Bio

Life sciences and bio platforms that enhance human health

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

We are building a virtuous cycle where the financial resources we obtain by improving asset efficiency are invested in promising companies.

Profitability-Focused Asset Transformation

Low-efficiency Tangible Assets

Securitization
SK REIT, etc.

High Value Portfolio

Investment Philosophy

➕ Sustainability

Sustainable Happiness
Goal

➕ Investment Attractiveness

IRR 15% ↑

➕ Alignment

Advanced Materials

Bio

Core Sector

Green

Digital

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.

Harvest, Dividends

Realization of profits and return to shareholders

ABOUT OUR TENANTS

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

As a sponsor REIT, SK REIT holds high-quality assets of SK Group, and generates stable income based on rental payments from creditworthy SK Group affiliates, which lease 100% of the properties.



A Professional Value Investor Creating a Sustainable Future

SK Inc. generates profit from subsidiaries with global competitiveness in various business domains, including energy, chemicals, information and communication materials, and logistics services. Based on this, SK Inc. has selected advanced materials, green, bio, and digital businesses as its four core business areas, and plans to actively foster new growth investment companies in these fields.

Total Assets	Sales	Operating Income	Credit Rating
KRW215.0trillion	KRW124.7trillion	KRW2.4trillion	AA+

(As of December 31, 2024, on a consolidated basis)



A Global Top-Tier Company Contributing to Humanity and Society Through Technology

SK Hynix is the world’s second-largest company in the DRAM and NAND semiconductor sectors, recording consolidated sales of KRW 66.2 trillion in 2024. Through its global tech leadership, SK Hynix strives to become a leading solution provider in the global ICT ecosystem, delivering greater value to stakeholders, including customers, partners, investors, local communities, and employees.

Total Assets	Sales	Operating Income	Credit Rating
KRW119.9trillion	KRW66.2trillion	KRW23.5trillion	AA

(As of December 31, 2024, on a consolidated basis)



Venturing into new markets to connect with customers anytime and anywhere

Established in 1962 as Korea’s first oil refiner, SK Energy is the nation’s No. 1 oil company, operating the Ulsan Complex with a crude oil refining capacity of 840,000 barrels per day and producing a wide range of petroleum products. As of the end of 2023, SK Energy operates Korea’s largest gas station network with 2,843 locations. By innovating its profit structure through speedy and flexible process operations and strengthening market leadership, SK Energy aims to evolve its business model and become a top energy company in the Asia-Pacific region.

Total Assets	Sales	Operating Income	Credit Rating
KRW17.3trillion	KRW43.4trillion	KRW53.76trillion	AA

(As of December 31, 2024, on a consolidated basis)



Strengthening future eco-friendly industries with 6 SK Green Campus affiliates

In May 2022, SK Group launched the “SK Green Campus” to strengthen its eco-friendly business initiatives, bringing together six affiliates specializing in various green businesses. SK E&S, SK Ecoplant, SK Energy, SK Geocentric, SK On, and SK Forest have all moved into Jongno Tower to maximize business synergies. SK REIT acquired Jongno Tower in October 2022, securing stable income by leasing to these leading SK Group affiliates that comprise the Green Campus.

 SK Energy P&M Eco-friendly Energy Platforms	 SK E&S P&ES Renewable Energy and Hydrogen	 SK Geo Centric Eco-friendly Chemicals
 ECO Lab Center Environmental and Renewable Energy	 SK On Electric Vehicle Batteries	 SK Forest Carbon Offsetting Through Forestry

SK REIT MILESTONES

(As of December 31, 2024)

2021

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**
SK REIT 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.

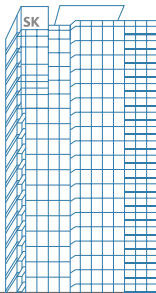
Sep **Record-breaking IPO Subscription Prior to Its Listing**
SK REIT received subscription deposits totaling KRW 19.3 trillion, setting a record for the highest IPO subscription amount among REITs, along with the highest oversubscription ratio of 552:1.

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.

2022

March **Affirmed credit rating of AA-, the highest among all the listed REITs in Korea**
SK REIT became the first in the industry to obtain an AA- corporate credit rating (ICR) from NICE Investors Service. By obtaining the highest credit rating among listed REITs, SK REIT demonstrated top-tier financial soundness within the industry and further enhanced its funding competitiveness.

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. Through this acquisition, SK REIT became the No. 1 REIT in Korea with assets under management totaling KRW 2.4 trillion.



2023

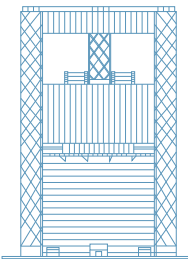
September **Special Dividend from Sale of Two Gas Stations**
SK REIT paid a full special dividend in 2023 using the proceeds from the sale of two gas stations. (KRW 91 per share paid in both Q3 and Q4 2023)

Acquisition of Water Treatment Centers
SK REIT acquired five water treatment centers at SK Hynix' s Icheon Campus – a core hub for semiconductor production – for KRW 1.12 trillion. With this acquisition, SK REIT' s assets under management reached KRW 4.2 trillion, making it the largest REIT in Korea.

June **SK REIT and SK Energy Sign Agreement to Joint Develop Eco-friendly Gas Stations**
SK REIT and SK Energy signed an agreement to jointly develop the Siwha Industrial Gas Station in Siheung-si as a platform integrating urban logistics and eco-friendly energy. This marks the beginning of a full-scale effort to enhance the value of SK REIT' s gas station assets.

December **Included in the FTSE EPRA Nareit Index**
SK REIT was included in the FTSE EPRA Nareit Index (Developed Asia Series), the world' s only global REIT index that determines inclusion through individual REIT assessments based on global standards. Following its inclusion in the index, SK REIT' s foreign ownership ratio more than doubled compared to previous levels.

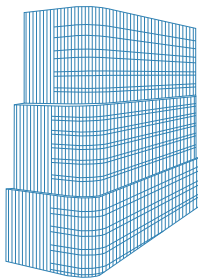
October **Acquisition of Jongno Tower**
SK REIT further solidified its position as the industry leader by acquiring Jongno Tower, a landmark office building in central Seoul, increasing its assets under management to KRW 3.1 trillion. The primary tenants are six SK Group affiliates engaged in eco-friendly businesses, collectively known as the "SK Green Campus" (SK on, SK Energy, SK E&S, SK Geocentric, SK Ecoplant, and SK Forest).



2024

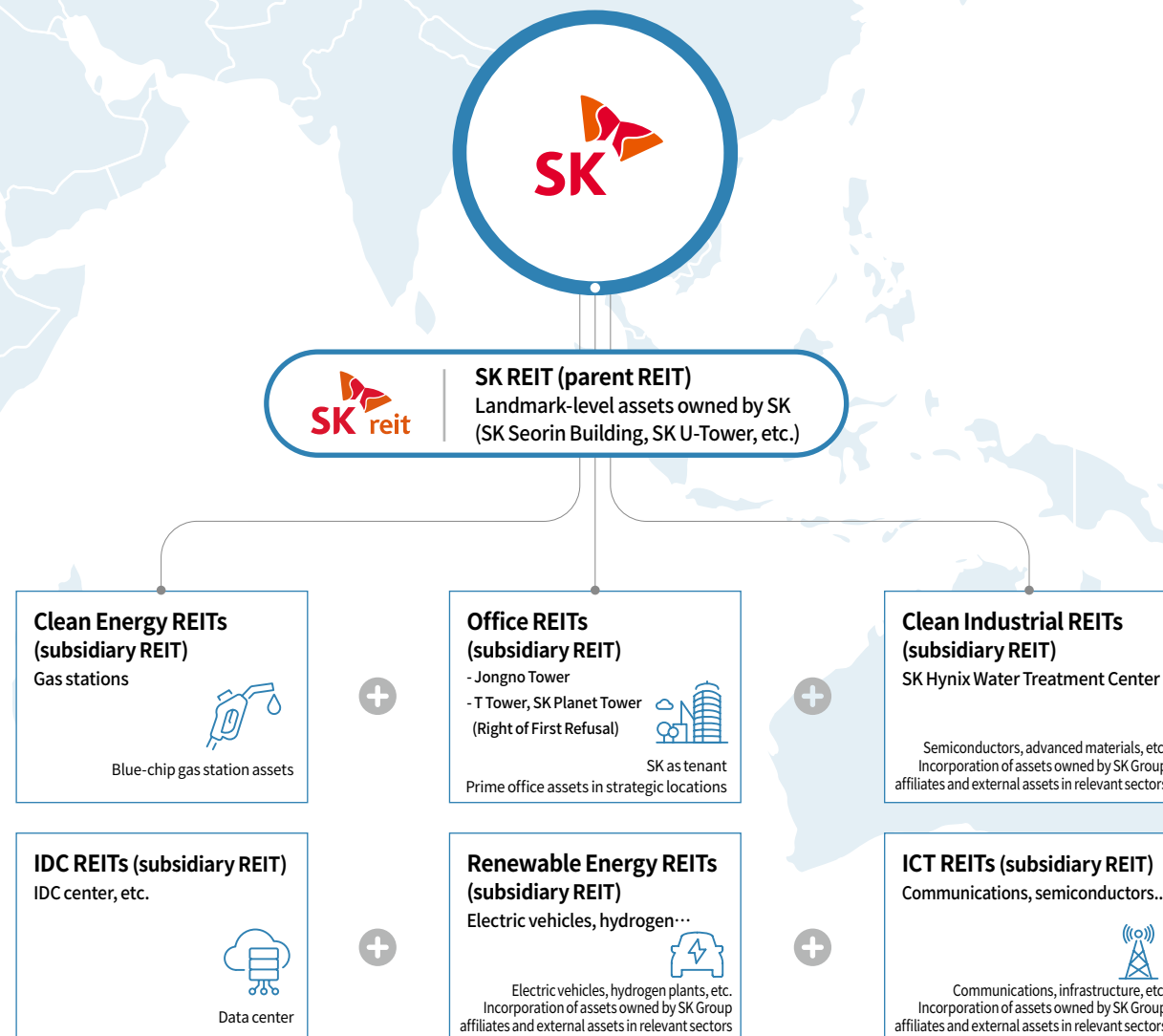
October **Issued KRW 499.0 Billion in Corporate Bonds in 2024**
Based on its AA-grade credit rating, SK REIT successfully issued corporate bonds totaling KRW 500 billion in three tranches, achieving a significant reduction in interest expenses.

December **Acquisition of SK-C Tower**
SK REIT successfully acquired SK-C Tower, the SKC headquarters building, located in a strategic CBD location. The cap rate for this asset is 5.7%, raising the weighted average cap rate of the entire portfolio from 4.91% to 4.97%. As a result, annual dividend income is expected to increase by approximately KRW 2.7 billion on average. (AUM: KRW 4.4 trillion)

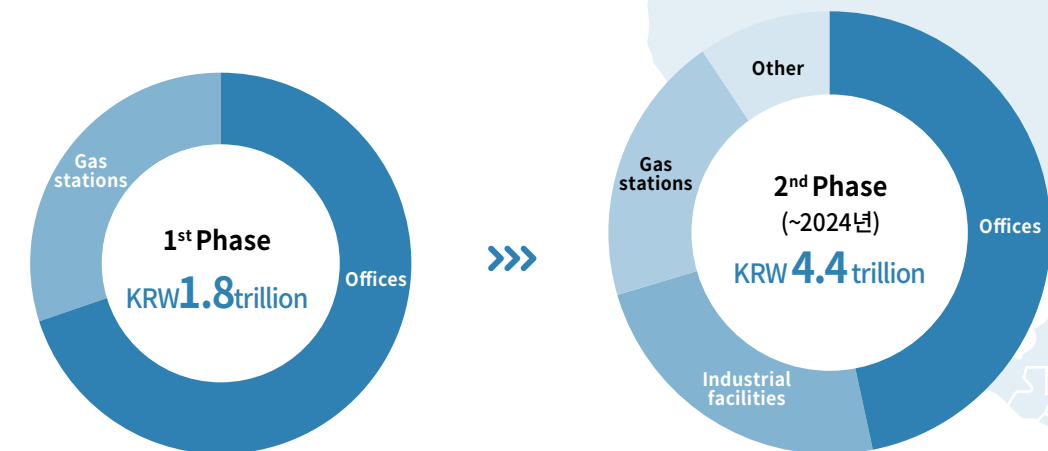


VISION & STRATEGY

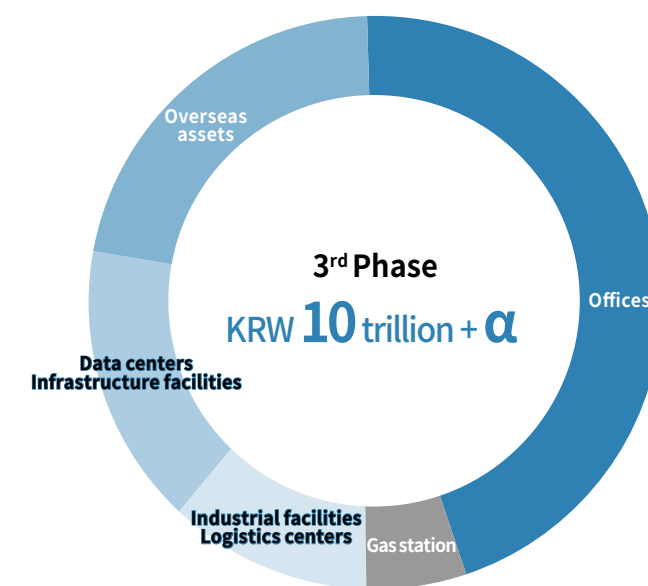
SK REIT is a multi-sponsor REIT that continues to grow by incorporating a diverse range of high-quality assets from SK Group affiliates. Building on this foundation, SK REIT plans to expand its portfolio with outstanding domestic and overseas assets, aiming to become a global top-tier REIT.



Continued addition of new, highly profitable “blue chip” assets



Market leadership through new asset acquisitions linked to SK Group businesses

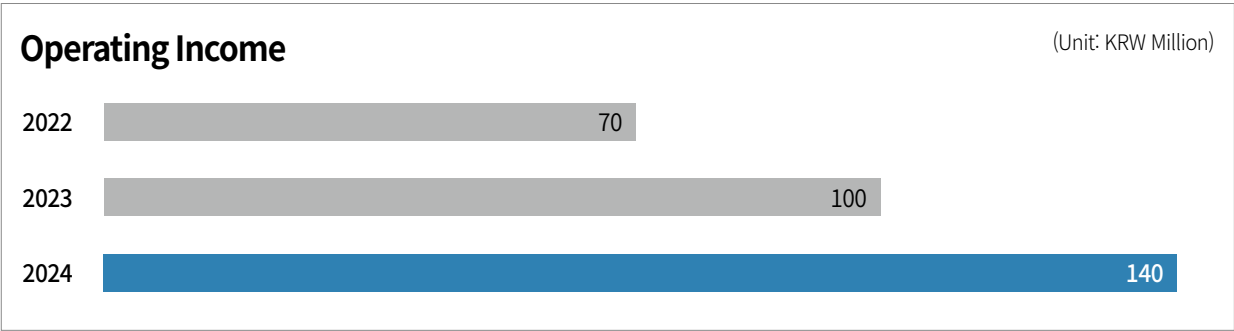
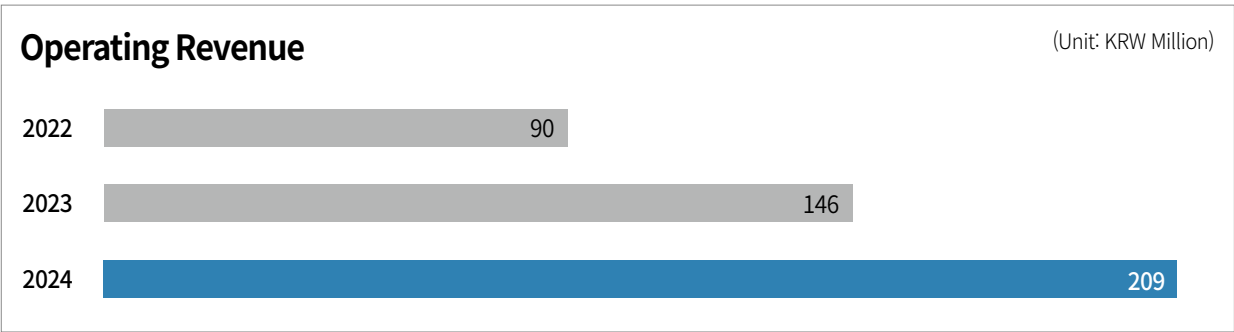
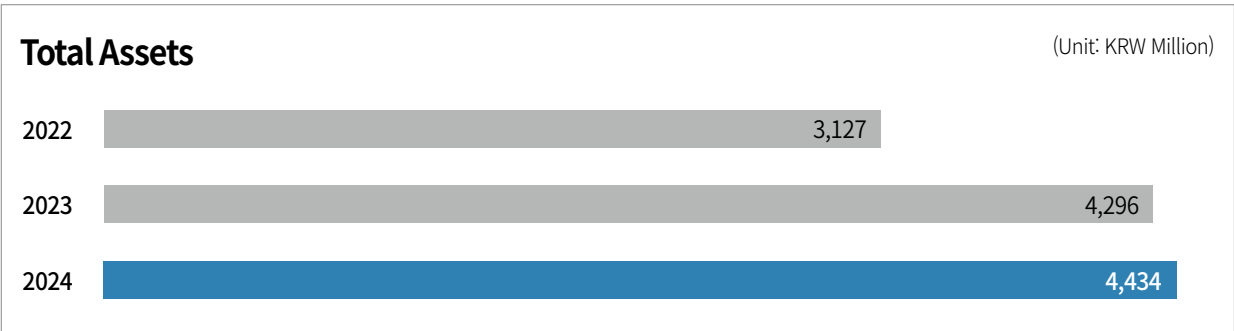


* The sector allocation in future strategies is provided as a simple example and does not represent a specific plan.

FINANCIAL HIGHLIGHTS

With the successful acquisition of SK-C Tower in the second half of 2024, SK REIT’s assets under management increased by 5% year-on-year to a total of KRW 4.4 trillion.

SK REIT has achieved both quantitative and qualitative growth, as well as strong profitability, by incorporating not only prime real estate held by SK Group affiliates but also assets from a diverse range of business sectors into its portfolio. As a result, SK REIT’s operating revenue and operating income recorded significant year-on-year growth, increasing by 43% and 40%, respectively.



Summary of Consolidated Statements of Financial Position (Unit: KRW Million)

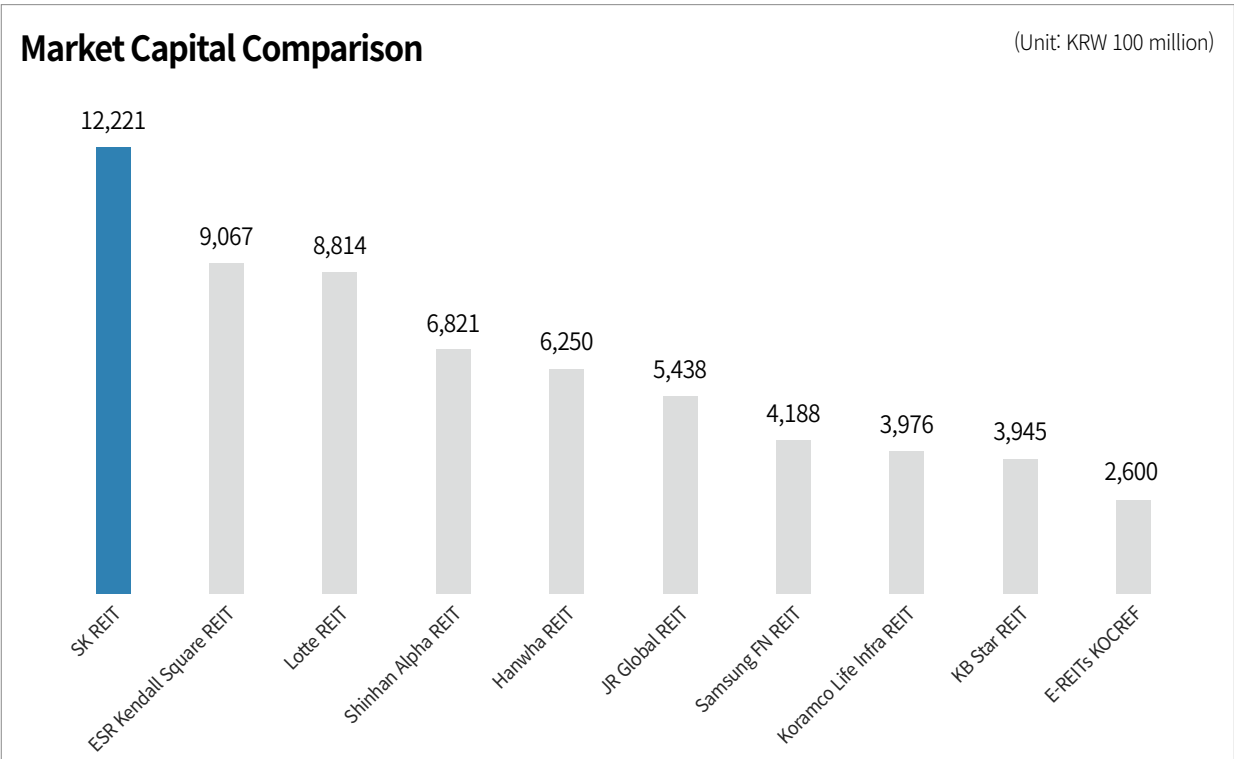
	FY7 (As of December 31, 2022)	FY11 (As of December 31, 2023)	FY15 (As of December 31, 2023)
Current Assets	80,692	111,928	100,540
Non-current Assets	3,046,675	4,183,699	4,333,002
Total Assets	3,127,367	4,295,627	4,433,542
Current Liabilities	727,100	1,513,928	1,161,820
Non-current Liabilities	1,431,547	1,460,298	2,006,906
Total Liabilities	2,158,647	2,974,226	3,168,726
Share Capital	98,277	135,066	136,394
Other Paid-in Capital	870,121	1,116,476	1,113,216
Retained Earnings	322	(11,436)	(65,981)
Total Equity	968,720	1,321,400	1,264,816
Total Liabilities and Equity	3,127,367	4,295,626	4,433,542

Summary of Consolidated Statements of Income (Unit: KRW Million)

	FY4 ~ FY7 (January 1, 2022~ December 31, 2022)	FY8 ~ FY11 (January 1, 2023~ December 31, 2023)	FY12 ~ FY15 (January 1, 2023~ December 31, 2023)
Operating Revenue	90,387	145,892	209,255
Operating Expenses	20,147	45,439	68,777
Operating Income	70,240	100,454	140,478
Profit Before Income Tax Expenses	28,932	25,987	13,396
Net Income	28,932	25,987	13,396

SHAREHOLDERS' INFORMATION

Listed on the KOSPI market in September 2021, SK REIT has established itself as a market leader in shareholder value as well as asset size, recording the largest market capitalization among the REITs included in the ‘KRX REITs TOP 10’ index, which was launched in May 2022 to represent the sector.



* KRX REITs Top 10 index items based on market capitalization as of December 30, 2024.

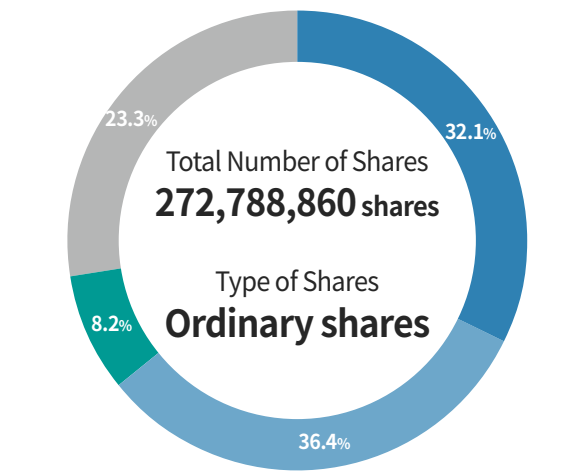
Stock Price		
Closing price	Highest/Lowest	Total market capital
KRW 4,425	KRW 5,560/KRW 3,710	KRW 1,222.1 billion

(As of December 30, 2024)

Major Shareholders

SK Inc. holds 32.1% (87,554,915 shares) of the total of 272,788,860 issued shares. The remainder, 67.9%, is held by major domestic and foreign institutions and individuals.

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



(As of December 30, 2024)

Credit Rating

SK REIT has secured the highest credit rating among domestic REITs, AA-, thanks to its prime asset competitiveness in core locations, growth potential through synergies with key SK Group affiliates, and the high quality of its leases under master lease and triple net agreements.



Stable

NICE Investors Service: September 23, 2023

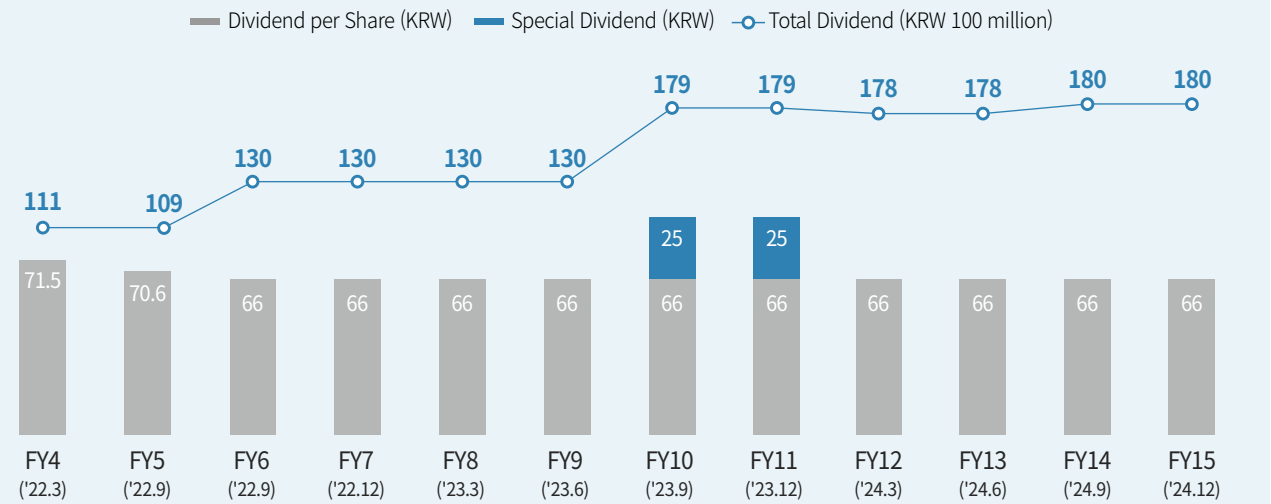


Stable

Korea Ratings Corporation: September 27, 2023

Dividends

SK REIT distributes dividends to shareholders four times a year, with payments made at the end of March, June, September, and December, based on rental income from its real estate holdings. As the first REIT in Korea to implement a quarterly dividend policy, SK REIT successfully completed the sale of three gas stations in 2024 and distributed an annual dividend of KRW 264 per share.



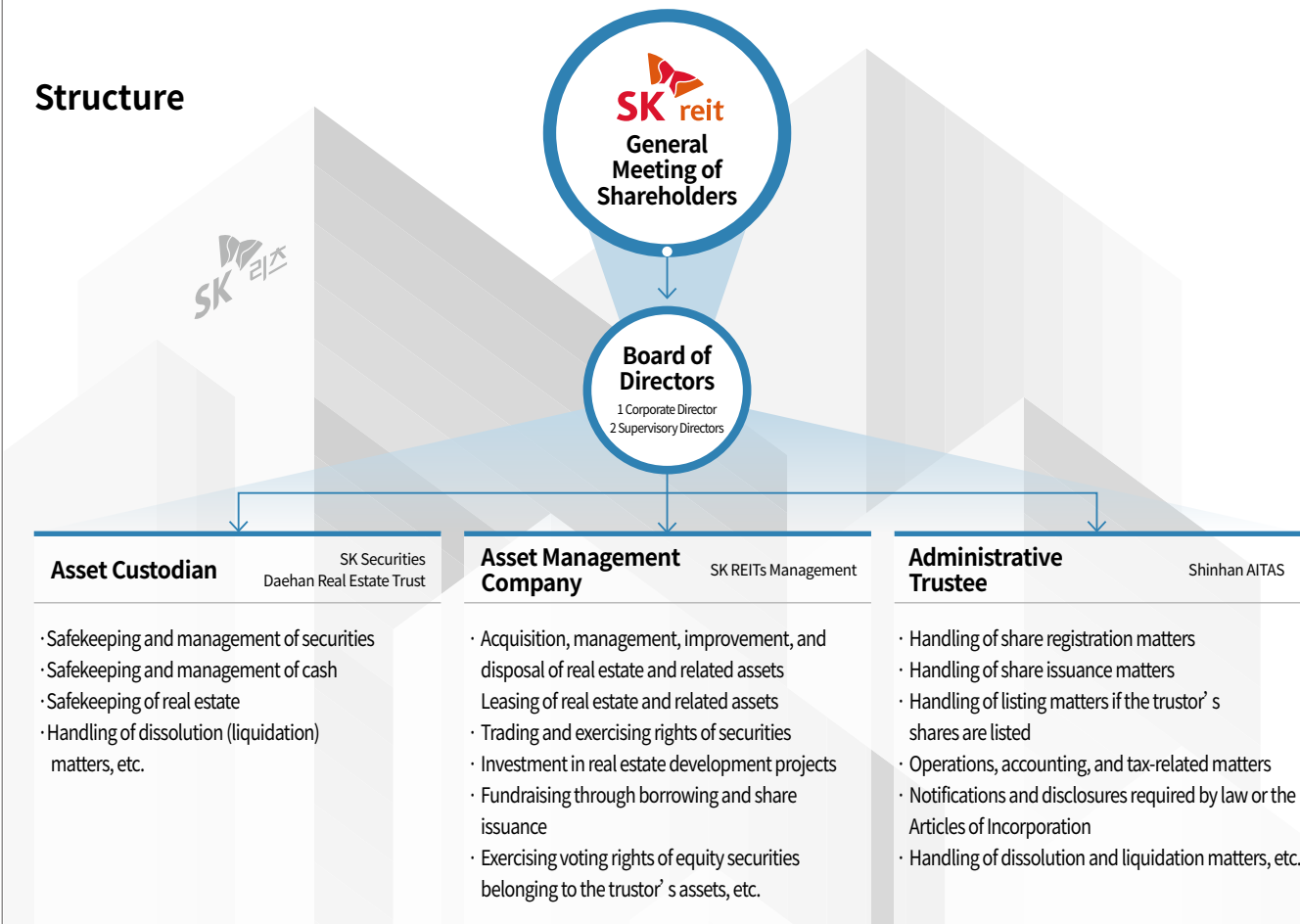
CORPORATE GOVERNANCE

Overview

SK REIT is structured as an entrusted-management real estate investment trust (REIT), and as such, is not permitted to have full-time employees. In accordance with the Commercial Act and the Real Estate Investment Company Act, SK REIT operates with a General Meeting of Shareholders and a Board of Directors as its internal governing bodies.

In compliance with the Real Estate Investment Company Act, SK REIT has appointed SK REITs Management as its corporate director and has also appointed two supervisory directors. The roles and authorities of the General Meeting of Shareholders and the Board of Directors are defined in the Real Estate Investment Company Act and the company’s Articles of Incorporation. Through the decision-making and oversight functions of these bodies, SK REIT is committed to transparent management, maximizing investment returns, and protecting investor interests.

Structure



Board of Directors

SK REITs Management Co., Ltd. Corporate Director	Kim Jae-jung Supervisory Director	Choi Jae-Young Supervisory Director
	<ul style="list-style-type: none">(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	<ul style="list-style-type: none">(Current) 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

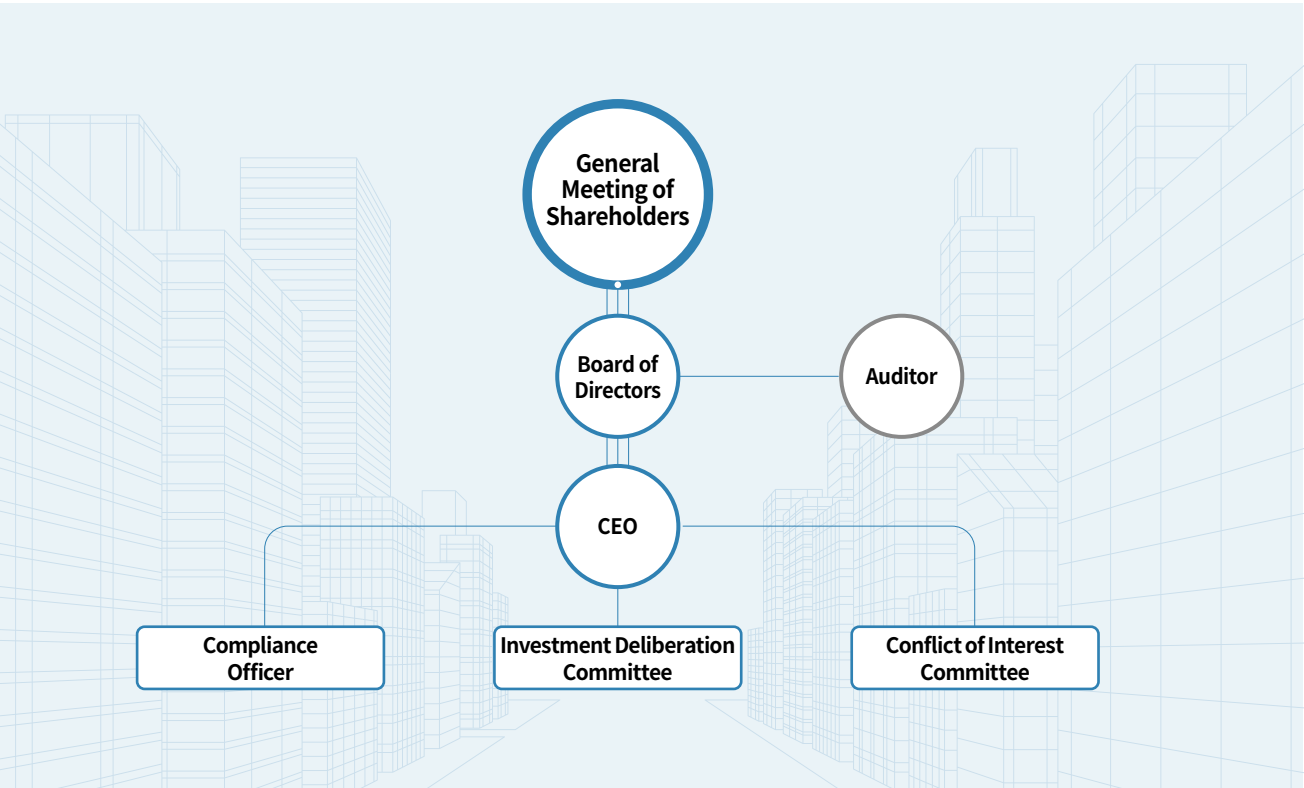
Jang Keun-joon CEO	Baek Min-Ju Head of Investment Division	Joo In-Kyoo Head of Operational Management Division
<ul style="list-style-type: none">(Former) SK SUPEX(Former) Finance Office at SK Inc.(Former) PE Division at SK Securities	<ul style="list-style-type: none">(Former) SK SUPEX(Former) SK Planet(Former) Samil PWC Accountings	<ul style="list-style-type: none">(Former) Business Management Chief at SK REITs Management(Former) Finance Office at SK Inc.(Former) Financial Group at SK Telecom

RISK MANAGEMENT

SK REIT has established itself as the most stable listed REIT in Korea, and to maintain this position, it not only ensures stable asset management and profitability but also operates a top-tier risk monitoring and response system to minimize volatility.

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.



Key Risk Management Methods

Agency Risk and Conflicts of Interest	To prevent agency risk, SK REIT has reflected the roles and authorities of the General Meeting of Shareholders and the Board of Directors in its Articles of Incorporation. This ensures smooth coordination among the company, the asset management company, the asset custodian, and the administration trustee, and helps manage the quality of services and potential conflicts of interest in accordance with contracts with each trustee. In particular, when engaging in transactions with related parties, SK REIT focuses on preventing conflicts of interest by requiring review and resolution by the Conflict of Interest Prevention Committee.
Profit Structure and Operating Expense Risk	SK REIT’s management objective is to generate rental income from its real estate assets and provide investors with stable and continuous dividend income. To increase the predictability of management performance and reduce rental income volatility, SK REIT has entered into long-term master lease agreements with SK Inc. and SK Energy as master tenants, thereby minimizing vacancy risk. Additionally, by adopting a triple net lease structure where tenants bear maintenance costs, insurance premiums, and taxes-SK REIT is able to minimize operating expenses.
Business Fluctuation Risk	SK REIT conducts quarterly internal reviews of its financial risks, regularly monitoring financial indicators such as debt ratio, debt service coverage ratio, and liquidity ratio. It also establishes mid-to long-term capital management plans and reviews actual cash inflow and outflow schedules on a regular basis, enabling systematic management of liquidity risk and timely identification and response to potential risks.

Key Risk Factors and Categories



The True Value of SK REIT, A Happy Future for All.

Listed on the Korea Exchange in September 2021,
SK REIT holds the largest portfolio of assets under management (AUM) in
Korea at KRW 4.4 trillion and the highest domestic credit rating of AA-.
It is also the first listed REIT in Korea to have adopted and implemented a
quarterly dividend policy.



REVIEW OF OPERATIONS

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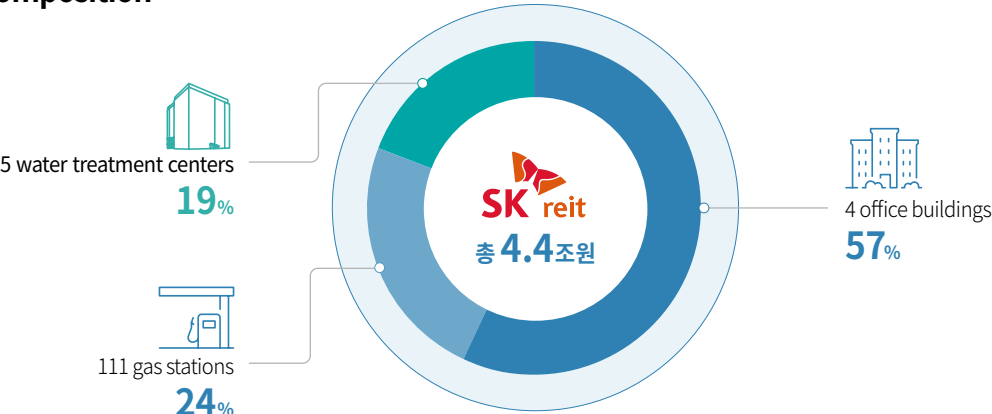


PERFORMANCE

Overview of Asset

As of the latest reporting period, SK REIT owns and operates four office buildings, 111 gas stations, and five integrated water treatment centers on a consolidated basis. The total assets under management amount to KRW 4.4 trillion, with the portfolio composition as follows: offices account for 57.6%, water treatment centers for 23.8%, and gas stations for 18.5%.

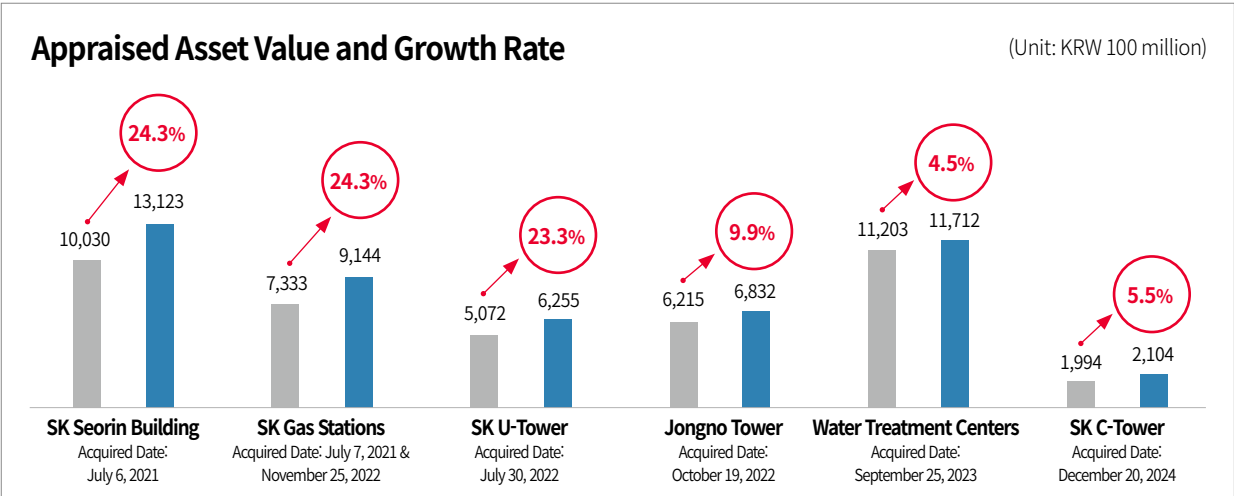
Asset Composition



* Based on acquisition cost of each asset

Asset Value

Since its establishment, SK REIT has acquired and successfully operated high-quality assets from SK Group companies, such as SK Seorin Building, SK gas stations, and SK U-Tower, resulting in a high appraised value compared to acquisition cost as of the end of 2024. By maximizing the strengths of a sponsor-backed REIT, SK REIT has secured both asset soundness and profitability. The company has also expanded its asset base and diversified its portfolio by acquiring Jongno Tower-a mixed-use office and retail facility-in 2022, and SK-C Tower in 2024, further establishing itself as a global multi-sponsor REIT.



* Appraised values are as of December 31, 2024 (Kyungil Appraisal Corporation)

Summary of Owned Assets

(As of December 31, 2024)

Sort	SK Seorin Building	Gas Stations (111 stations)	SK-U Tower	Jongno Tower	Water Treatment Centers (5 centers)	SK-C Tower
						
Key Features	SK Group Integrated Headquarters	SK Energy Gas Stations	SK Hynix Bundang office	SK Green Campus office	SK Hynix Icheon Campus Essential facility for semiconductor manufacturing	SKC Chungmuro Office
Address	Seorin-dong, Jongno-gu, Seoul	50% in the Seoul metropolitan area	Jeongja-dong, Bundang-gu, Seongnam-si	Jongno 2-ga, Jongno-gu, Seoul	Gajwa-ri, Bupal-eup, Icheon-si	43, Chungmuro 3-ga, Jung-gu, Seoul
Land Area	5,779㎡ (1,748py)	164,708㎡ (49,821py)	6,532㎡ (1,976py)	5,007.9㎡ (1,515py)	46,144㎡ (13,959py)	2,116㎡ (640py)
Total Floor Area	83,828㎡ (25,358py)	80,783㎡ (24,437py)	86,804㎡ (26,258py)	60,600.6㎡ (18,332py)	146,714㎡ (44,381py)	21,641㎡ (6,546py)
Acquisition Price	KRW 1,030 billion (July 6, 2021)	KRW 766.4 billion (July 7, 2021 & November 15, 2021)**	KRW 507.2 billion (June 30, 2022)	KRW 621.5 billion (October 19, 2022)	KRW 1,120.3 billion (September 22, 2023)	KRW 199.4 billion (December 20, 2024)
Appraised Value*	KRW 1,312.3 billion [+30.8%]	KRW 911.4 billion [+18.9%]	KRW 625.5 billion [+23.3%]	KRW 683.2 billion [+9.9%]	KRW 1,171.2 billion [4.5%]	KRW 210.4 billion [5.5%]
Master Tenant (Credit Rating)	SK Inc. (AA+, Sep 2022)	SK Energy (AA, May 2022)	SK Hynix (AA, June 2022)	Main Tenant: SK Green Campus (62% of office area co-leased)	SK Hynix (AA, June 2022)	SKC (A+)
Lease Term	5 years (+5 years)	10 years (+5 years)	5 years (+5 years)	Office WALE 3.1 years	10 years (+10 years)	7 years (for SKC)
Lease Expiry	June 29, 2026 (+5 years)	June 29, 2031 (+5 years)	June 29, 2027 (+5 years)	WALE 2.1 years	September 24, 2033 (+10 years)	March 31, 2032
Rent Yield (as of end-2024)	4.34%	4.00%	4.46%	3.89%	6.63%	(Initial Cap 5.7%)
CPI-linked Rent Increases	Linked to Seoul CPI, annually (+3.9% in July 2024)	Linked to national CPI, annually from year 6	Linked to Gyeonggi CPI, annually, max 5.0% (+3.5% in July 2024)	Average annual increase of 3% (varies by contract)	Linked to Gyeonggi CPI, annually, max 5.0% (+3.6% in October 2024)	3% increase
Other	• Master lease + Triple Net, CAPEX borne by tenant • Tenant holds right of first negotiation (ROFN)			• Market standard applied	• M/L + NNN • Tenant bears CAPEX and holds right of first negotiation	• In addition to SKC, C&C and T Mobility are also tenants

* Appraisal consulting conducted by Kyungil Appraisal Corporation (as of December 31, 2024)

** Excluding three gas stations sold in 2024

PORTFOLIO

- SK Seorin Building
- SK U-Tower
- Jongno Tower
- SK-C Tower
- SK Energy Gas Stations
- Water Treatment Centers

SK Seorin Building

SK Seorin Building is a prime office asset with high investment value and scarcity, located in the CBD area centered around Euljiro 1(il)-ga Station (Line 2) and Gwanghwamun Square. As a “triple station area” with subway lines 1, 2, and 5 all within a 400-meter radius, it offers excellent accessibility throughout the Seoul metropolitan area.

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

According to a valuation by Kyungil Appraisal Corporation, the asset value of SK Seorin Building was estimated at KRW 1.2921 trillion as of December 31, 2024, an increase of 28.8% since its acquisition in July 2021.



- Address**
26 Jongno, Jongno-gu, Seoul (Seorin-dong 99) and 1 additional lot
- Use Approval Date**
October 19, 1999 (Renovated in 2019)
- Zoning**
Urban area, General commercial area
- Main Use**
Office facilities
- Land Area**
5,779㎡ (1,748 py)
- Total Floor Area**
83,828㎡ (25,358 py)
- Floor Efficiency Ratio**
53.50%
- Building Scale**
B7 / 36F
- Master Tenant**
SK Inc. (NICE Investors Service AA+, May 24, 2021)
- Acquisition Price**
KRW 1,030 billion (July 6, 2021)
- Appraised Real Estate Value**
KRW 1,312.3 billion (December 30, 2024, Kyungil Appraisal Corporation)

An iconic building that has grown together with SK Group as its integrated headquarters

- Designed by architect Jong Soung Kim, the only Korean protégé of Mies van der Rohe, one of the world’s four greatest architects
- Inspired by the Seagram Building in New York, a symbol of modernist architecture
- Maximizes office efficiency with a rectilinear structure
- The tallest building (160m) in the core office area of the CBD, located at the very center of the district

Lease Overview

Asset SK Seorin Building	Rent Yield* 4.18% (KRW 43.5 billion)
Tenant** SK Inc.	Lease Agreement June 30, 2021
Lease Term*** 5 years	Rent Increase**** Linked to Seoul CPI, annually (+3.9% in July 2024)
Lease Deposit Equivalent to 10 months' rent	Operating Expenses***** Triple Net

- * Rental yield = gross annual rental income / acquisition price
- ** 100% master lease
- *** Extension possible upon tenant’s request (+5 years)
- **** Minimum rent increase rate of 1.5% applies
- ***** Triple Net Operating Expenses: Tenant is responsible for maintenance fees, insurance premiums, and public charges/taxes

SK REIT and SK Inc. signed a lease agreement for SK Seorin Building on June 30, 2021. The lease is a long-term master lease, with SK Inc. committing to a 5-year term plus a 5-year extension option. Rent is linked to the previous year’s CPI increase rate in the Seoul area, ensuring income growth even during periods of inflation. All operating costs are borne by the tenant under a Triple Net structure, resulting in low cost volatility.

Under its long-term management plan for SK Seorin Building, SK Inc. completed a comprehensive renovation project that began in 2018, transforming the property into a top-tier smart office building. After acquisition, SK REIT plans to continuously enhance the asset’s value through long-term cooperation with the tenant, SK Inc., and stable asset management.



PORTFOLIO

- SK Seorin Building
- SK U-Tower
- Jongno Tower
- SK-C Tower
- SK Energy Gas Stations
- Water Treatment Centers

SK U-Tower

In March 2022, SK REIT exercised its right of first negotiation for SK U-Tower, the SK Hynix office building in Bundang, and completed the acquisition on June 30. SK U-Tower offers excellent transportation convenience, being just a two-minute walk from Jeongja Station-a transfer station for the Bundang Suin Line and Shinbundang Line-in Jeongja District, where major corporate headquarters such as Doosan Tower, Naver’s second headquarters, and Hyundai Heavy Industries R&D Center are located.

The Bundang and Pangyo business districts, which are experiencing rapid growth comparable to the Seoul office area, are expected to further expand and solidify their status as major business hubs, supported by numerous ongoing and planned urban development projects.



Address
25-1, Jeongja-dong, Bundang-gu, Seongnam-si

Use Approval Date
June 27, 2005

Zoning
Central commercial area, District unit planning zone, Venture business promotion zone

Main Use
Office facilities / Collective building

Land Area
9,967㎡ (3,015 py)

Total Floor Area
86,803㎡ (26,258 py)

Floor Efficiency Ratio
55.49%

Building Scale
B6 / 28F

Master Tenant
SK Hynix Inc. (NICE Investors Service AA, June 29, 2021)

Acquisition Price
KRW 507.2 billion (June 30, 2022)

Appraised Real Estate Value
KRW 625.5 billion (December 30, 2024, Kyungil Appraisal Corporation)

A prime office and core R&D hub for SK Hynix, with dual subway-line access

- A landmark asset located in the central commercial area of Bundang
- High leasing and investment demand from major corporations and IT companies
- Excellent accessibility to the Gangnam Business District (GBD), Pangyo, and other key areas via the Shinbundang Line

Lease Overview

Asset U Tower	Rent Yield* 4.46% (KRW 22.6 billion)
Tenant** SK Hynix Inc.	Lease Agreement June 09, 2022
Lease Term*** 5 years	Rent Increase**** Linked to the increase in previous year’s Seoul CPI
Leasehold deposit Equivalent to 10 months’ rent	Operating Expenses***** Triple Net

* Rental yield = gross annual rental income / acquisition price
** 100% master lease
*** Extension possible upon tenant’s request (+5 years)
**** Annual increase rate: minimum 1.5%, maximum 5.0%
***** Triple Net Operating Expenses: Tenant is responsible for maintenance fees, insurance premiums, and public charges/taxes

SK U-Tower, serving as the office building for SK Hynix and other SK Group affiliates, offers both high tenant stability and scarcity, supporting further asset value appreciation. According to a valuation by Kyungil Appraisal Corporation, the asset value of SK U-Tower was estimated at KRW 611.1 billion as of December 31, 2023, an increase of 20.5% since its acquisition in June 2022.



PORTFOLIO

- SK Seorin Building
- SK U-Tower
- Jongno Tower
- SK-C Tower
- SK Energy Gas Stations
- Water Treatment Centers

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. The building was incorporated into the portfolio following 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 five additional subway stations are located within 600 meters, providing excellent accessibility for both office and retail tenants.



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

Use Approval Date
September 02, 1999

Zoning
General commercial area, Central scenic district

Main Use
Office facilities

Land Area
5,007.9m² (1,514.9 py)

Total Floor Area
60,600.6m² (18,332 py)

Floor Efficiency Ratio
51.4%

Building Scale
B6 / 33F

Master Tenant
SK Green Campus (6 eco-friendly SK Group companies including SK On)

Acquisition Price
KRW 621.5 billion (October 19, 2022)

Appraised Real Estate Value
KRW 683.2 billion (December 30, 2024, Kyungil Appraisal Corporation)

SK Green Campus, the hub of SK Group’s Green Business,

- A landmark CBD asset with a dynamic design by world-renowned architect Rafael Viñoly
- Space efficiency and rental stability enhanced through a single lease by six SK Group affiliates
- Direct underground connection to Jonggak Station (Subway Line 1) and proximity to five additional subway stations

Lease Overview

Asset		Jongno Tower
Tenant		SK Green Campus (SK On, SK Energy, SK E&S, SK Geocentric, SK Ecoplant, SK Forest) and retail tenants (Jongno Books, Starbucks Jongno R Branch, etc.)
Lease Agreement		October 19, 2022 (succession)
Lease period	5 years	
Rent Increase**	+3% year-on-year	

As of December 31, 2023, office and retail account for 74% and 21% of Jongno Tower’s total area, respectively, with an office vacancy rate of 0%. 62% of the office area is jointly leased by six SK Green Campus companies, established by SK Group to promote eco-friendly business, under contracts that stipulate annual increases of at least 3% in rent and management fees for a weighted average remaining lease term of 3.18 years. The retail section, spanning from the second basement floor to the second above-ground floor, includes long-standing tenants such as Jongno Books and Starbucks Jongno R Branch.

As of December 31, 2024, the appraised value of Jongno Tower was KRW 669.2 billion, a 7.7% increase since its acquisition in October 2022, with further value appreciation expected.



PORTFOLIO

- SK Seorin Building
- SK U-Tower
- Jongno Tower
- SK-C Tower
- SK Energy Gas Stations
- Water Treatment Centers

SK-C Tower

SK-C Tower is planned to be used as the office building for SKC and SK C&C, and is a newly renovated, near-new office property with a total floor area of 21,641m² (6,546 py). It is strategically located within the CBD, near Chungmuro Station (Lines 3 and 4) and Euljiro 3-ga Station (Lines 2 and 3).

SKC will lease 59% of the space, SK C&C 21%, and T Map Mobility 20%. The building will also include an SKC staff cafeteria and fitness facilities.

Office space accounts for 98.62% of the total area and generates 97.93% of total rental revenue. Lease terms and conditions differ by tenant, but the average E.NOC is approximately KRW 270,000. SKC has signed a 7-year lease, while SK C&C and T Map Mobility have each signed 5-year leases.



- Address**
43, Chungmuro 3-ga, Jung-gu, Seoul
- Use Approval Date**
May 29, 2024 (renovated)
- Zoning**
General commercial area
- Main Use**
Office facilities, Class 2 neighborhood living facilities
- Land Area**
2,116m² (640 py)
- Total Floor Area**
21,641m² (6,546 py)
- Floor Efficiency Ratio**
61.3%
- Building Scale**
B4/15F
- Master Tenant**
SKC, SK Inc. C&C, T Map Mobility
- Acquisition Price**
KRW 199.4 billion
- Appraised Real Estate Value**
KRW 210.4 billion (December 30, 2024, Kyungil Appraisal Corporation)

SKC’s new office building located in the expanded CBD area

- A mid-sized office building with a total floor area of 6,546.44 pyeong, situated in the Chungmuro district of Seoul’s central business district
- Newly renovated in May 2024, offering near-new office quality
- High potential for value appreciation due to numerous urban redevelopment projects underway in the Euljiro and Chungmuro areas
- 0% vacancy rate based on SK-C Tower’s lease agreements

Lease Overview

Asset		SK-C Tower
Tenant		SKC, SK Inc. C&C, T Map Mobility
Lease Agreement		December 20, 2024
Lease period	7 years (for SKC)	
Rent Increase**	+3% year-on-year	

According to a valuation appraisal by Kyungil Appraisal Corporation as of December 31, 2024, the asset value of SK-C Tower was estimated at KRW 205.5 billion, representing a 5.5% increase since its acquisition in December 2024.

Located in the Euljiro and Chungmuro districts, where numerous urban renewal and redevelopment projects are underway, SK-C Tower is a rare mid-sized asset, offices under 10,000 pyeong (33,000m²) account for only 5.73% of upcoming supply in the area, offering both stable rental income and significant potential for value appreciation



PORTFOLIO

- SK Seorin Building
- SK U-Tower
- Jongno Tower
- SK-C Tower
- SK Energy Gas Stations
- Water Treatment Centers

SK Energy Gas Stations

SK Energy, Korea’s leading oil refiner, operates 111 gas stations under a 10-year master lease (with a 5-year extension option). These assets are strategically located in areas with a robust flow of traffic and convenient transportation. Thanks to their excellent accessibility, these gas stations offer opportunities for value creation through ancillary businesses such as rest-area restaurants, minor maintenance, car washes, as well as utilizing idle space for services like space sharing, parcel delivery, and logistics. As such, the gas station portfolio features high rental stability and strong potential for future land utilization.

Clean Energy REIT, a wholly-owned subsidiary of SK REIT, acquired 116 gas stations for a total of KRW 766.4 billion on July 6 and November 25, 2021. Following the successful sale of two stations on September 27, 2023, and three more on December 20, 2024, the asset value of the remaining 111 gas stations was estimated at KRW 911.4 billion as of December 31, 2024, marking a 24.3% increase since acquisition in July 2021.

According to the lease agreement covering all 111 gas stations, the contract is a long-term master lease for 10 years with a 5-year extension option. Rent is indexed to the previous year’s national CPI starting from the sixth year, ensuring stable rental income. The lease features a Triple Net structure, with all operating costs borne by the tenant, resulting in low cost volatility. Furthermore, all costs and liabilities related to potential environmental pollution are borne by SK Energy, as stipulated in the master lease agreement, thereby minimizing SK REIT’s risk related to soil contamination and other environmental issues.

Number of Assets

111 (land and buildings only; excludes dispensers, pipelines, and tanks)

Regional Distribution

16 in Seoul, 39 in Incheon and Gyeonggi-do, 25 in provincial metropolitan cities, 31 in other regions

Zoning

26 commercial zones, 55 residential zones, 18 industrial zones, 12 others

Land Area

164,708㎡ (49,821 py)

Master Tenant

SK Energy Co., Ltd.

Acquisition Price

KRW 766.4 billion (for 116 assets / acquired on July 7, 2021 and November 25, 2021)
KRW 733.3 billion (for 111 assets / sold on September 27, 2023 and December 20, 2024)

Appraised Real Estate Value

KRW 911.4 billion (December 30, 2024, Kyungil Appraisal Corporation)



Seoul Bakseokgogae Gas Station



Incheon Sky Park

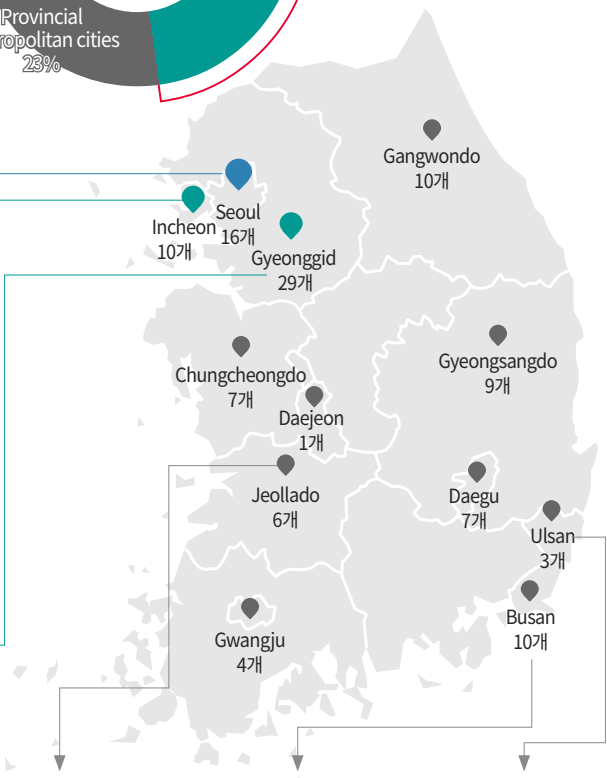
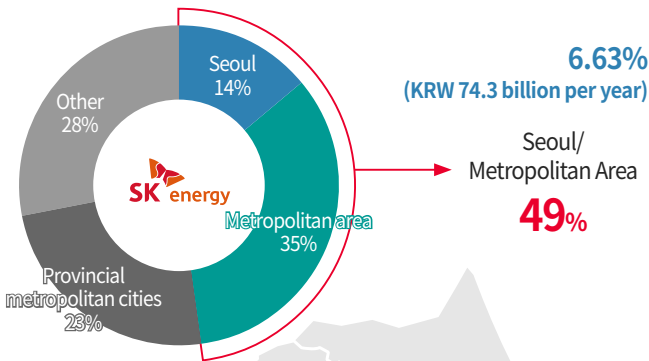


Gyeonggi Bisan Gas Station

SK Energy Gas Stations, Korea’s No. 1 Oil Refiner

- All gas stations in the portfolio are master-leased by SK Energy, Korea’s No.1 oil refiner
- All operations related to the gas stations, including leasing and maintenance of ancillary facilities, are the responsibility of the tenant, ensuring stable income
- Profitability is continuously maximized through flexible operations and facility optimization in response to an ever-changing external environment
- SK Energy is advancing eco-friendly business models to achieve Net Zero, leveraging its accumulated marketing expertise to pursue projects such as fuel cell demonstration at gas stations

Distribution of SK Energy Gas Stations (111)



Jeonju Seogok Gas Station



Busan Hyeonge Gas Station



Ulsan Daldongmaek Gas Station

Lease Overview

Asset	
111 gas stations nationwide	
Rent Yield*	Tenant**
4.2% (KRW 31.4 billion per year)	SK Energy Co., Ltd.
Lease Agreement	Lease Term***
June 30, 2021 and November 25, 2021	10 years
Rent Increase***	
Years 1-5	Fixed rent
Year 6 onward	Linked to previous year's national CPI increase rate

Leasehold deposit	Operating Expenses****
Equivalent to 10 months' rent	Triple Net

* Rental yield = gross annual rental income / acquisition price
** 100% master lease
*** Extension possible upon tenant's request (+5 years)
**** Annual increase is linked to the previous year's CPI, with a minimum increase of 1.0%
***** Triple Net Operating Expenses: Tenant is responsible for maintenance fees, insurance premiums, and public charges/taxes

PORTFOLIO

- SK Seorin Building
- SK U-Tower
- Jongno Tower
- SK-C Tower
- SK Energy Gas Stations
- Water Treatment Centers

Water Treatment Centers

In September 2023, SK REIT became the first in the industry to acquire five water treatment centers at SK Hynix’ s Icheon semiconductor plant for KRW 1.1203 trillion. With this acquisition, SK REIT’ s total AUM increased to KRW 4.2 trillion, further diversifying its asset portfolio and enhancing both stability and profitability.

These water treatment centers, invested in by Clean Industrial REIT, a wholly owned subsidiary of SK REIT, are leased in their entirety to SK Hynix under a 10-year master lease, covering one temperature-reducing building and four water treatment buildings. Located within SK Hynix’ s Icheon Semiconductor Plant Complex, the centers are key facilities for water resource management, utilizing advanced treatment methods for high-level processing, discharge, and recycling of wastewater from the semiconductor plant. Additionally, SK Hynix is enhancing asset value by practicing Water Stewardship, focusing on water reduction and reuse as part of its ESG management.

Address	1-17, Gajwa-ri, Bubal-eup, Icheon-si, Gyeonggi-do (and other locations)				
Total floor area (building area)	146,713.61㎡ (44,380.87 py)				
Zoning	2016 and later				
Building Names	W10	W11	W12A (extension of W11)	W12B	Low temperature building
Date of approval	June 03, 2016	December 21, 2017		August 11, 2022	November 06, 2022
Building area	6,275.49㎡ (1,898.34 py)	11,703.65㎡ (3,540.35 py)		6,810.37㎡ (2,060.14 py)	2,350.82㎡ (711.12 py)
Total floor area	29,580.32㎡ (8,948.05 py)	46,057.55㎡ (13,932.41 py)	26,087.86㎡ (7,891.58 py)	38,865.01㎡ (11,756.67 py)	6,112.87㎡ (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
Master Tenant	SK Hynix Inc.				
Acquisition Price	KRW 1,120.3 billion (September 25, 2023)				
Appraised Real Estate Value	KRW 1,171.2 billion (December 30, 2024, Kyungil Appraisal Corporation)				



First REITs Listed in Korea to Invest in Industrial Facilities

- The water treatment centers are statutory essential assets for the operation of SK Hynix’ s Icheon semiconductor plant
- State-of-the-art facilities comprising five buildings, completed with world-class technology and capital-raising capabilities
- High-yield asset with a strong cash flow generation capacity, evidenced by a high cap rate of 7.3%
- Residual value is expected to be maintained at or above current levels, and the asset is versatile for use by other industries in the future

Lease Overview

Asset SK Hynix Water Treatment Center	Rent Yield* 6.63% (KRW 74.3 billion per year)
Tenant** SK Hynix Inc.	Lease Agreement September 06, 2023
Lease period 10 years	Rent Increase*** Linked to the increase in previous year’ s Gyeonggi-do CPI
Leasehold deposit Equivalent to 24 months’ rent	Operating Expenses**** Triple Net

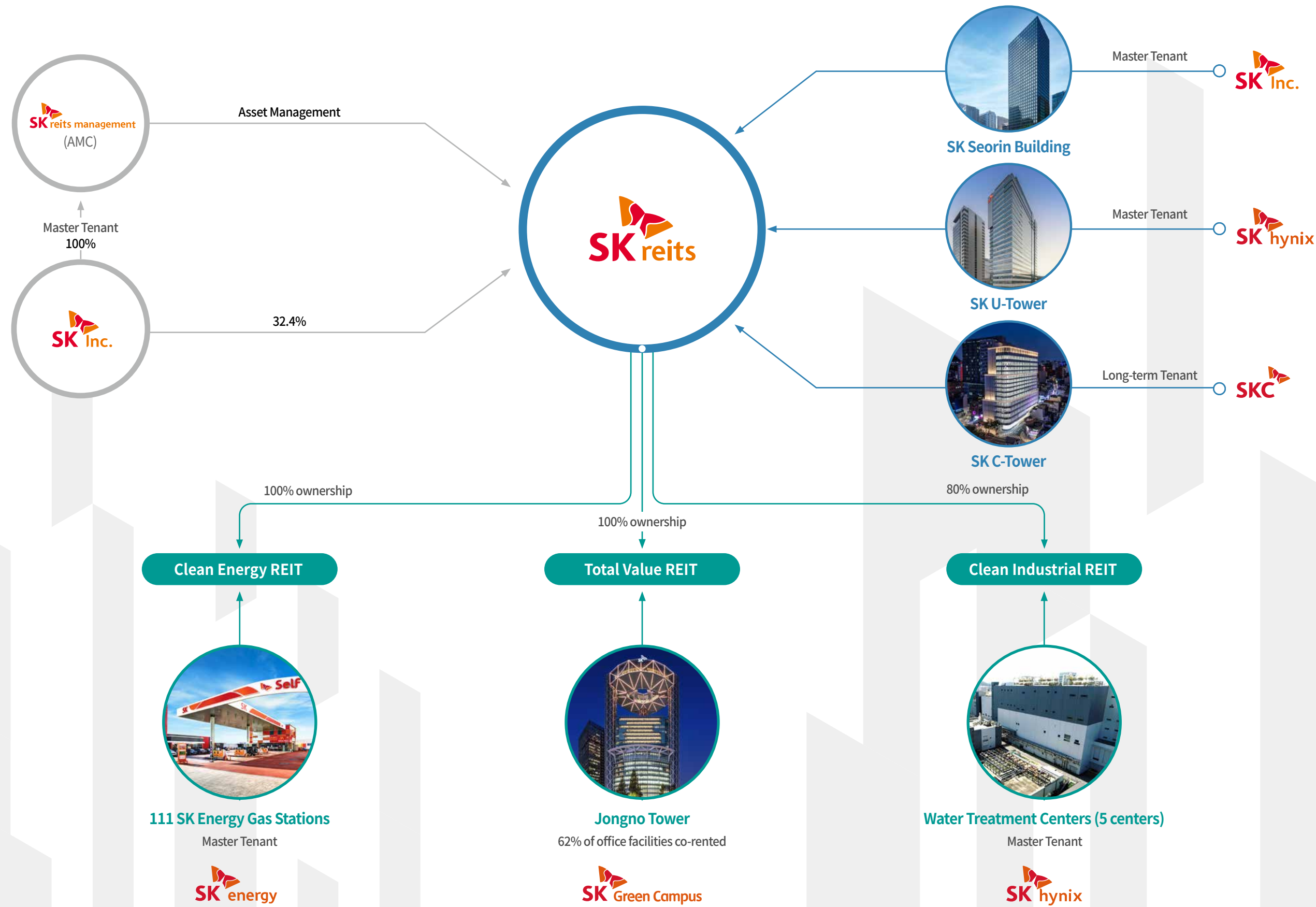
The lease agreement between Clean Industrial REIT and SK Hynix for the water treatment centers is a 10-year long-term master lease. The lease is structured as a Triple Net agreement, with all operating costs borne by the tenant, resulting in low cost variability and enabling stable income generation. Most of the five water treatment center buildings are state-of-the-art facilities that were recently completed. Given the essential role of water treatment centers in semiconductor production, the likelihood of tenant departure is very low, supporting long-term operational stability.



* Rental yield = gross annual rental income / acquisition price
** 100% master lease
*** Annual increase is linked to the previous year’ s CPI, with a minimum increase of 2.0% and a maximum of 5.0%
**** Triple Net Operating Expenses: Tenant is responsible for maintenance fees, insurance premiums, and public charges/taxes



INVESTMENT STRUCTURE



SK REIT CO., LTD. AND ITS SUBSIDIARIES

SK REIT CO., LTD. AND ITS SUBSIDIARIES Consolidated Statements of Financial Position As of December 31, 2024 and December 31, 2023

Consolidated Financial Statements December 31, 2024 and December 31, 2023

Consolidated Statements of Financial Position	49p
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Notes to the Consolidated Financial Statements	53p

(In Korean won)

	Notes	December 31, 2024	December 31, 2023
Assets			
Current Assets		₩ 100,539,707,035	111,927,719,015
Cash and cash equivalents	5, 6, 26	53,574,663,869	83,371,358,519
Short-term financial instruments	5, 26	24,743,895,445	18,000,000,000
Non-trade receivables	5, 22	65,580,184	26,148,076
Accrued income	5, 22	13,616,150,439	6,562,273,756
Other current assets	10	8,539,417,098	3,967,938,664
Non-current Assets		4,333,002,498,959	4,183,699,235,226
Long-term financial instruments	5, 26	4,804,705,600	7,505,773,305
Investment properties	7, 8, 25	4,328,197,793,359	4,176,193,461,921
Total assets		₩ 4,433,542,205,994	4,295,626,954,241
Liabilities			
Current liabilities		₩ 1,161,820,069,560	1,513,928,373,223
Current portion of long-term borrowings	5, 9, 24, 25, 27	398,095,316,939	1,037,276,882,751
Current portion of debentures	5, 9, 27	621,687,665,540	336,000,000,000
Current portion of convertible bonds	5, 9, 27	110,229,357,376	111,144,688,126
Non-trade payables	5, 22, 27	10,299,445,017	7,242,181,622
Accrued expenses	5, 27	4,813,982,211	6,754,418,348
Short-term leasehold deposits received	5, 22, 25, 27	109,574,830	1,320,947,781
Other current liabilities	11, 22	16,584,727,647	14,189,254,595
Non-current liabilities		2,006,905,780,267	1,460,298,269,441
Long-term borrowing	5, 8, 9, 24, 25, 27	1,527,373,260,709	1,209,933,204,437
Debentures	5, 9, 27	254,103,979,994	—
Convertible bonds	5, 9, 27	—	22,898,455,746
Long-term leasehold deposits received	5, 22, 25, 27	174,397,962,611	168,198,659,777
Other non-current liabilities	11	51,030,576,953	59,267,949,481
Total liabilities		₩ 3,168,725,849,827	2,974,226,642,664
Equity			
Capital and reserves attributable to owners of SK REIT CO., LTD.		₩ 1,183,629,908,081	1,240,107,160,893
Share Capital	12	136,394,430,000	135,066,339,500
Other paid-in capital	13	1,113,216,303,315	1,116,476,417,567
Retained earnings (Accumulated deficit)	14	(65,980,825,234)	(11,435,596,174)
Non-controlling interests		81,186,448,086	81,293,150,684
Total equity		1,264,816,356,167	1,321,400,311,577
Total liabilities and equity		₩ 4,433,542,205,994	4,295,626,954,241

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, 2024 and December 31, 2023

(In Korean won)

	Notes	For the year ended December 31, 2024	For the year ended December 31, 2023
Operating revenues	4, 7, 8, 16, 22	₩ 209,255,452,322	145,892,035,699
Operating expenses	8, 17, 22, 24	68,777,003,482	45,438,462,062
Operating profit		140,478,448,840	100,453,573,637
Finance income	5, 18	4,048,646,598	2,100,192,356
Finance costs	5, 18	132,787,490,502	91,265,873,625
Other non-operating income	19	1,657,070,358	14,727,368,461
Other non-operating expenses	19	897,006	27,834,370
Profit before income tax expense		13,395,778,288	25,987,426,459
Income tax expense	20	—	—
Profit for the year	21	₩ 13,395,778,288	25,987,426,459
Profit is attributable to:			
Owners of SK REIT CO., LTD.		8,675,778,292	24,694,275,775
Non-controlling interests		4,719,999,996	1,293,150,684
Other comprehensive income for the year		—	—
Total comprehensive income for the year		₩ 13,395,778,288	25,987,426,459
Total comprehensive income is attributable to:			
Owners of SK REIT CO., LTD.		8,675,778,292	24,694,275,775
Non-controlling interests		4,719,999,996	1,293,150,684
Earnings per share			
Basic earnings per share	21	32.02	115.34
Diluted earnings per share	21	32.02	115.34

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, 2024 and December 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		
Balance as of January 1, 2023	₩ 98,277,039,500	870,120,833,930	321,722,119	968,719,595,549	—	968,719,595,549
Total comprehensive income:						
Profit for the year	—	—	24,694,275,775	24,694,275,775	1,293,150,684	25,987,426,459
Transactions with owners:						
Capital increase with consideration	36,789,300,000	266,011,757,660	—	302,801,057,660	—	302,801,057,660
Stock issuance costs	—	(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	—	—	—
Balance as of December 31, 2023	₩ 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
Balance as of January 1, 2024	₩ 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
Total comprehensive income:						
Profit for the year	—	—	8,675,778,292	8,675,778,292	4,719,999,996	13,395,778,288
Transactions with owners:						
Conversion of convertible bonds	1,328,090,500	11,762,530,573	—	13,090,621,073	—	13,090,621,073
Dividends	—	—	(78,243,652,177)	(78,243,652,177)	(4,826,702,594)	(83,070,354,771)
Transfer of share premium to retained earnings	—	(15,022,644,825)	15,022,644,825	—	—	—
Balance as of December 31, 2024	₩ 136,394,430,000	1,113,216,303,315	(65,980,825,234)	1,183,629,908,081	81,186,448,086	1,264,816,356,167

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, 2024 and December 31, 2023

(In Korean won)

	Notes	For the year ended December 31, 2024	For the year ended December 31, 2023
Cash flows from operating activities:	23		
Profit for the year		₩ 13,395,778,288	25,987,426,459
Adjustment		166,236,708,040	97,119,250,069
Changes in operating assets and liabilities		(4,269,887,923)	10,132,288
Interest income received		3,825,569,554	1,421,413,731
Interest expenses paid		(114,457,042,028)	(77,694,104,867)
Income taxes paid		(78,969,620)	(30,648,100)
Net cash inflow(outflow) from operating activities		64,652,156,311	46,813,469,580
Cash flows from investing activities:			
Disposal of short-term financial assets		95,300,000,000	121,053,334,575
Acquisition of short-term financial assets		(99,000,000,000)	(101,000,000,000)
Acquisition of long-term financial assets		(342,827,740)	—
Disposal of investment properties	8	13,027,806,595	37,700,000,000
Acquisition of investment properties	8, 23	(214,591,386,754)	(1,183,356,058,200)
Net cash inflow(outflow) from investing activities		(205,606,407,899)	(1,125,602,723,625)
Cash flows from financing activities:			
Increase in short-term borrowings		—	107,600,000,000
Increase in long-term borrowings		866,483,302,400	906,137,375,000
Issuance of debentures		1,545,954,436,800	1,568,000,000,000
Issuance of convertible bonds		—	23,074,011,760
Increase in leasehold deposits received		318,227,740	143,471,000,000
Increase in advances from customers		871,540,000	—
Capital increase with consideration		—	302,801,057,660
Issuance of preferred stocks of the Group		—	80,000,000,000
Repayment of short-term borrowings		—	(382,400,000,000)
Repayment of current portion of long-term borrowings		(1,188,594,809,121)	(13,305,190,879)
Repayment of long-term borrowings		(7,028,339,396)	—
Repayment of debentures		(1,007,000,000,000)	(1,552,000,000,000)
Repayment of convertible bonds		(14,440,776,000)	—
Payment of loan extension fee		—	(782,200,000)
Decrease in leasehold deposits received		(2,327,741,000)	(719,303,000)
Stock issuance costs		(7,929,714)	(100,740,264)
Dividends paid	15	(83,070,354,771)	(56,804,128,831)
Net cash inflow(outflow) from financing activities		111,157,556,938	1,124,971,881,446
Net increase(decrease) in cash and cash equivalents		(29,796,694,650)	46,182,627,401
Cash and cash equivalents at the beginning of the year		83,371,358,519	37,188,731,118
Cash and cash equivalents at the end of the year		₩ 53,574,663,869	83,371,358,519

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, 2024 and December 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 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, 2024, are as follows:

Name of Shareholders	Number of hares (in share)	Types of shares	Percentage of ownership (%)
SK Inc.	87,554,915	Ordinary shares	32.10
Korean Federation of Community Credit Cooperatives	16,710,807	Ordinary shares	6.13
SHINHAN BANK (Trustee of Mirae Asset TIGER REIT & Infrastructure Mixed Asset ETF (Fund of Funds Type))	16,339,576	Ordinary shares	5.99
Others	152,183,562	Ordinary shares	55.78
	272,788,860		100.00

(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, 2024 and December 31, 2023, is as follows:

Name of Subsidiaries	Main business	Country of domicile	Percentage of Ownership (%)		Reporting period end
			December 31, 2024	December 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
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 year and no subsidiary company has been excluded from the scope of consolidated financial statements during the current year.

SK REIT CO., LTD. AND ITS SUBSIDIARIES
Notes to the Consolidated Financial Statements, Continued
As of December 31, 2024 and December 31, 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, 2024 and December 31, 2023 are as follows:

(In thousands of Korean won)

Name of Subsidiaries	December 31, 2024					
		Assets	Liabilities	Equity	Operatingrevenues	Profit for the year
Clean Energy REIT Co., Ltd.	₩	790,573,856	454,307,239	336,266,617	32,357,260	14,644,110
Total Value 1 REIT Co., Ltd.		677,679,662	265,533,835	412,145,827	26,031,440	1,935,089
Clean Industrial REIT Co., Ltd.		1,184,868,738	811,377,851	373,490,887	84,720,939	10,347,837

(In thousands of Korean won)

Name of Subsidiaries	December 31, 2023					
		Assets	Liabilities	Equity	Operatingrevenues	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

(5) Information on important non-controlling interests for the group as of December 31, 2024 and December 31, 2023, is as follows:

(In thousands of Korean won)

	December 31, 2024		December 31, 2023
		Clean Industrial REIT Co., Ltd.	Clean Industrial REIT Co., Ltd.
Non-controlling interest ratio		19.85%	19.85%
Current Assets	₩	38,456,658	7,357,596
Non-current Assets		1,146,412,080	233,218,838
Current liabilities		9,424,785	1,869,644
Non-current liabilities		801,953,066	158,989,194
Equity		373,490,887	79,717,596
Book value of non-controlling interests		81,186,448	81,293,151
Revenues		50,866,189	4,542,209
Profit for the year		6,208,954	387,288
Comprehensive income for the year		6,208,954	387,288
Profit, attributable to non-controlling interests		4,720,000	1,293,151
Total Comprehensive income, attributable to non-controlling interests		4,720,000	1,293,151
Cash flows from operating activities		20,425,887	2,173,015
Cash flows from investing activities		(1,985,000)	(234,733,297)
Cash flows from financing activities		(23,081,396)	239,452,115
Net increase(decrease) in cash and cash equivalents		(4,640,509)	6,891,833
Dividends paid to non-controlling interests		(4,826,703)	—

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, 2024 and December 31, 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, 2024. 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): Classification of liabilities as current or non-current
- K-IFRS 1001 'Accounting Policy Disclosure' (Amendment): Disclosure of virtual assets
- K-IFRS 1007 'Statement of Cash Flows' and K-IFRS 1107 'Financial Instruments: Disclosures' (Amendment): Supplier Finance Arrangements
- K-IFRS 1116 'Leases' (Amendment): Lease liability in a sale and leaseback

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 a significant effect on the Group's financial statements.

- K-IFRS 1021 'The Effects of Changes in Foreign Exchange' and K-IFRS 1101 'First-time adoption of KIFRS' (Amendment): Lack of exchangeability

The amendments to K-IFRS 1021 and 1101 specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows. The amendments are applied for annual periods beginning on or after January 1, 2025, with early application permitted. The Group is assessing the impact of the amendments on the consolidated financial statements.

SK REIT CO., LTD. AND ITS SUBSIDIARIES
Notes to the Consolidated Financial Statements, Continued
As of December 31, 2024 and December 31, 2023

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

– K-IFRS 1109 'Financial Instruments' and K-IFRS 1107 'Financial Instruments: Disclosures' (Amendment): Classification and Measurement of Financial Instruments

The amendments to K-IFRS 1109 and 1107 include the following:

- clarify that a financial liability is derecognized on the settlement date and introduce an accounting policy choice to derecognize financial liabilities that are settled by using electronic payment system before the settlement date (if specific criteria are met);
- clarify what constitutes non-recourse features and the characteristics of contractually linked financial instruments; and
- introduce disclosures on financial instruments with contingent features and additional disclosure requirements for equity instruments measured at fair value through other comprehensive income.

The amendments will be effective for annual periods beginning on or after January 1, 2026, with early application permitted. The Group is assessing the impact of the amendments on the consolidated financial statements.

– Annual Improvements to KIFRS – Volume 11

Annual Improvements to KIFRS – Volume 11 have been announced for the purpose of improving consistency of requirements set out in each standard, enhancing clarity, and providing better understanding of the amendments.

- Amendments to KIFRS 1101 First-time adoption of KIFRS: Hedge accounting by a first-time adopter
- Amendments to KIFRS 1107 Financial Instruments: Disclosures: Gain or loss on derecognition, Guidance for application of amendments in practice
- Amendments to KIFRS 1109 Financial Instruments: Accounting for derecognition of lease liabilities and definition of transaction prices
- Amendments to KIFRS 1110 Consolidated Financial Statements: Determination of a 'de facto agent'
- Amendments to KIFRS 1007 Statement of Cash Flows: Cost Method

The amendments will be effective for annual periods beginning on or after January 1, 2026, with early application permitted. The Group is assessing the impact of the amendments on the consolidated financial statements.

(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 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.

SK REIT CO., LTD. AND ITS SUBSIDIARIES
Notes to the Consolidated Financial Statements, Continued
As of December 31, 2024 and December 31, 2023

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

AAcquisitions 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(Previously Held Interest) 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, 2024 and December 31, 2023

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 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.

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.

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(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).

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.

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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 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.

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.

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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 amounts 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, 2024.

(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
- 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.

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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

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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 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.

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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 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.

(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.

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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.

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, 2024 and December 31, 2023, are as follows:

(In thousands of Korean won)

Customer	For the year ended December 31, 2024		For the year ended December 31, 2023	
	Operating revenues	Rate on the Group's operating revenues	Operating revenues	Rate on the Group's operating revenues
SK hynix Inc. ^{(*)1}	₩ 101,174,103	48.35%	43,201,884	29.61%
SK Inc. ^{(*)2}	42,479,950	20.30%	41,363,364	28.35%
SK Energy Co., Ltd. ^{(*)3}	34,198,577	16.34%	33,058,386	22.66%

(*)1 KRW 6,568,860 thousand and 2,111,838 thousand reflected in the operating income of the unearned income have been excluded, respectively, during the current and prior years.

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

(*)3 KRW 559,065 thousand and 532,209 thousand reflected in the operating income of the unearned income have been excluded, respectively, during the current and prior years.

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Notes to the Consolidated Financial Statements, Continued

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5. FINANCIAL INSTRUMENTS BY CATEGORY

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

(In thousands of Korean won)

	December 31, 2024		December 31, 2023	
	Financial assets measured at amortized cost	Total	Financial assets measured at amortized cost	Total
Current assets:				
Cash and cash equivalents	₩ 53,574,664	53,574,664	83,371,359	83,371,359
Short-term financial instruments	24,743,895	24,743,895	18,000,000	18,000,000
Non-trade receivables	65,580	65,580	26,148	26,148
Accrued income	13,616,150	13,616,150	6,562,274	6,562,274
Subtotal	92,000,289	92,000,289	107,959,781	107,959,781
Non-current assets:				
Long-term financial instruments	4,804,706	4,804,706	7,505,773	7,505,773
Subtotal	4,804,706	4,804,706	7,505,773	7,505,773
	₩ 96,804,995	96,804,995	115,465,554	115,465,554

(2) Categorizations of financial liabilities as of December 31, 2024 and December 31, 2023, 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
Current liabilities:				
Current portion of long-term borrowings	₩ 398,095,317	398,095,317	1,037,276,883	1,037,276,883
Current portion of debentures	621,687,666	621,687,666	336,000,000	336,000,000
Current portion of convertible bonds	110,229,357	110,229,357	111,144,688	111,144,688
Non-trade payables	10,299,445	10,299,445	7,242,182	7,242,182
Accrued expenses	4,813,982	4,813,982	6,754,418	6,754,418
Short-term leasehold deposits received	109,575	109,575	1,320,948	1,320,948
Subtotal	1,145,235,342	1,145,235,342	1,499,739,119	1,499,739,119
Non-current liabilities:				
Long-term borrowings	1,527,373,261	1,527,373,261	1,209,933,204	1,209,933,204
Debentures	254,103,980	254,103,980	—	—
Convertible bonds	—	—	22,898,456	22,898,456
Long-term leasehold deposits received	174,397,963	174,397,963	168,198,660	168,198,660
Subtotal	1,955,875,204	1,955,875,204	1,401,030,320	1,401,030,320
	₩ 3,101,110,546	3,101,110,546	2,900,769,439	2,900,769,439

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Notes to the Consolidated Financial Statements, Continued

As of December 31, 2024 and December 31, 2023

(3) Net income on each category of financial assets and liabilities for the years ended December 31, 2024 and December 31, 2023 are as follows:

(In thousands of Korean won)

	For the year ended December 31, 2024			
	Financial assets		Financial liabilities	
	Financial assets measured at amortized cost	Total	Financial assets measured at amortized cost	Total
Net income				
Interest income (expenses)	₩ 4,048,647	4,048,647	(132,787,491)	(132,787,491)

(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
Net income				
Interest income (expenses)	₩ 2,100,192	2,100,192	(91,265,874)	(91,265,874)

(4) Classification by Fair Value Hierarchy

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

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)

The carrying amounts of financial assets and liabilities measured at amortized cost are reasonable approximations of their fair values, and accordingly, separate disclosure of fair values has not been provided.

(5) Transfers between levels of the fair value hierarchy are recognized by the Group at the time when the events or changes in circumstances leading to such transfers occur. During the current year, there were no material transfers between the levels of the fair value hierarchy

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6. CASH AND CASH EQUIVALENTS

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

(in thousands of Korean won)

	December 31, 2024	December 31, 2023	Note
Demand deposits, etc.	₩ 53,574,664	83,371,359	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 for the year are lost or restricted by majority of lenders with their rational judgments.

7. 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, 2024 and December 31, 2023 are as follows:

(in thousands of Korean won)

Gross investment in the lease	December 31, 2024							Total
	Within One year	One year ~ Two years	Two years ~ Three years	Three years ~ Four years	Four years ~ Five years	Over Five years		
SK Seorin Building	₩ 43,841,527	22,083,945	—	—	—	—		65,925,472
SK U–Tower	22,769,198	23,110,736	11,641,388	—	—	—		57,521,322
SK Energy Gas Station	31,398,948	31,555,943	31,871,502	32,190,217	32,512,119	49,337,546		208,866,275
Jongno Tower	22,660,693	21,146,450	7,280,457	2,562,041	973,869	—		54,623,510
Water Treatment Center	74,801,438	76,297,467	77,823,416	79,379,884	80,967,482	310,789,670		700,059,357
	₩ 195,471,804	174,194,541	128,616,763	114,132,142	114,453,470	360,127,216		1,086,995,936

(in thousands of Korean won)

Gross investment in the lease	December 31, 2023							Total
	Within One year	One year ~ Two years	Two years ~ Three years	Three years ~ Four years	Four years ~ Five years	Over Five 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
	₩ 190,708,868	190,249,293	169,064,344	124,799,181	111,656,040	467,556,514		1,254,034,240

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(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, 2024 and December 31, 2023, are as follows:

(in thousands of Korean won)

Rental revenues from operating leases	For the year ended December 31, 2024	For the year ended December 31, 2023
SK Seorin Building	₩ 43,119,874	42,003,288
SK U–Tower	23,022,024	22,431,056
SK Energy Gas Station	32,357,260	32,980,863
Jongno Tower	26,031,440	25,594,163
Water Treatment Center	84,720,941	22,882,666
	₩ 209,251,539	145,892,036

8. INVESTMENT PROPERTIES

(1) Investment properties as of December 31, 2024 and December 31, 2023, are as follows:

(in thousands of Korean won)

	December 31, 2024			December 31, 2023		
	Acquisition cost	Accumulated depreciation	Book value	Acquisition cost	Accumulated depreciation	Book value
Land	₩ 2,574,394,918	—	2,574,394,918	2,448,839,970	—	2,448,839,970
Buildings	1,844,825,217	(91,022,342)	1,753,802,875	1,770,786,121	(43,432,629)	1,727,353,492
	₩ 4,419,220,135	(91,022,342)	4,328,197,793	4,219,626,091	(43,432,629)	4,176,193,462

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

(in thousands of Korean won)

	For the year ended December 31, 2024				
	Beginning balance	Acquisitions	Depreciation	Disposal	Ending balance
Land	₩ 2,448,839,970	136,808,770	—	(11,253,822)	2,574,394,918
Buildings	1,727,353,492	74,476,384	(47,640,150)	(386,851)	1,753,802,875
	₩ 4,176,193,462	211,285,154	(47,640,150)	(11,640,673)	4,328,197,793

(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
	₩ 3,039,168,750	1,186,662,293	(26,521,770)	(23,115,811)	4,176,193,462

SK REIT CO., LTD. AND ITS SUBSIDIARIES
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8. INVESTMENT PROPERTIES (CONT'D)

(3) Revenues and expenses related to investment properties for the years ended December 31, 2024 and December 31, 2023, are as follows:

(in thousands of Korean won)

	For the year ended December 31, 2024		For the year ended December 31, 2023
Rent revenues ^{(*)1}	₩	209,255,453	145,892,036
Operating expenses (Related to investment properties where rental revenues have been generated) ^{(*)2}		60,378,252	37,876,050

(*)1 Rental 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.	₩	1,031,709,310	390,061,648	(*)1
Package Insurance	SK U-Tower			514,404,963	341,092,919	(*)2
Package Insurance	SK C-Tower			210,047,391	69,600,000	—
Package Insurance	SK Energy Gas Station			768,563,501	538,063,336	(*)3
Package Insurance	Jongno Tower	Meritz Fire & Marine Insurance CO., Ltd		657,060,548	149,821,289	(*)4
Package Insurance	Water Treatment Center	Hyundai Marine & Fire Insurance CO., LTD.		1,146,412,080	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 530,160,000 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 185,256,000 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 515,605,993 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.

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(5) Fair Value of Investment Properties

1) Among the investment properties, the fair values as of December 31, 2024 and December 31, 2023, of SK Seorin Building, which is provided for operating leases to SK Inc., are as follows:

(in thousands of Korean won)

	December 31, 2024		December 31, 2023	
	Book value	Fair value ^{(*)1}	Book value	Fair value ^{(*)2}
Land	₩ 779,333,004	976,351,200	779,333,004	831,008,350
Building	252,376,306	335,948,800	259,308,368	287,441,650
	₩ 1,031,709,310	1,312,300,000	1,038,641,372	1,118,450,000

(*)1 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, 2024) and there are no significant changes during current year.

(*)2 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 prior 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 property.

2) Among the investment properties, the fair values as of December 31, 2024 and December 31, 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, 2024		December 31, 2023	
	Book value	Fair value ^{(*)1}	Book value	Fair value ^{(*)2}
Land	₩ 297,117,047	352,782,000	297,117,047	306,667,400
Building	217,287,916	272,718,000	225,213,706	241,932,600
	₩ 514,404,963	625,500,000	522,330,753	548,600,000

(*)1 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, 2024) and there are no significant changes during current year.

(*)2 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 prior 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 property.

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8. INVESTMENT PROPERTIES (CONT'D)

3) Among the investment properties, the fair values as of December 31, 2024 and December 31, 2023, of SK C–Tower, which is provided for operating leases to SKC Ltd., are as follows:

(in thousands of Korean won)

	December 31, 2024		December 31, 2023	
	Book value	Fair value ^(*)	Book value	Fair value
Land	₩ 136,808,770	136,970,400	–	–
Building	73,238,621	73,429,600	–	–
	₩ 210,047,391	210,400,000	–	–

(*1) 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, 2024).

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 property.

4) Among the investment properties, the fair values as of December 31, 2024 and December 31, 2023, of the gas stations provided for operating leases to SK Energy Co., Ltd., are as follows.

(in thousands of Korean won)

	December 31, 2024		December 31, 2023	
	Book value	Fair value ^(*)	Book value	Fair value ^(*)
Land	₩ 731,728,508	866,480,679	742,982,330	864,396,134
Building	36,834,993	44,962,050	38,628,819	44,076,674
	₩ 768,563,501	911,442,729	781,611,149	908,472,808

(*1) 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, 2024) and there are no significant changes during current year.

(*2) 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 prior 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.

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5) Among the investment properties, the fair values as of December 31, 2024 and December 31, 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, 2024		December 31, 2023	
	Book value	Fair value ^(*)	Book value	Fair value ^(*)
Land	₩ 583,514,238	605,998,400	583,514,238	591,851,500
Building	73,546,310	77,201,600	75,189,963	73,898,500
	₩ 657,060,548	683,200,000	658,704,201	665,750,000

(*1) 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, 2024) and there are no significant changes during current year.

(*2) 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 prior 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.

6) Among the investment properties, the fair values as of December 31, 2024 and December 31, 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, 2024		December 31, 2023	
	Book value ^(*)	Fair value ^(*)	Book value ^(*)	Fair value ^(*)
Land	₩ 45,893,351	46,605,440	45,893,351	42,683,200
Building	1,100,518,729	1,124,611,578	1,129,012,635	1,074,523,000
	₩ 1,146,412,080	1,171,217,018	1,174,905,986	1,117,206,200

(*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 Kyung–il Appraisal Corporation, an independent external entity with appropriate qualifications and experience in relation to the local property assessment (Evaluation date: December 31, 2024) and there are no significant changes during current year.

(*3) 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 prior 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.

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8. 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:

- 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, 2024				
	Level 1	Level 2	Level 3	Total
Investment properties	₩ —	—	4,914,059,747	4,914,059,747

(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

(7) Valuation Methods and Input Variables

(In thousands of Korean won)

December 31, 2024					
	Fair value	Level	Valuation method	Unobservable input variable	Relationship between fair value and input variables
Investment properties	₩ 4,914,059,747	3	Income capitalization approach, etc.	Price per square meter and operating income	(*)

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

(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, etc.	Price per square meter and operating income	(*)

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

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9. DEBENTURES AND BORROWINGS

(1) Details of debentures as of December 31, 2024 and December 31, 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, 2024	December 31, 2023
Public-offering bonds	Korea Investment & Securities Co., Ltd.	KRW	February 23, 2024	February 21, 2025	4.13	Repayment at maturity	₩ 43,000,000	—
	SAMSUNG SECURITIES Co., Ltd.						6,000,000	—
	Shinhan Securities Co., Ltd.		February 23, 2024	August 22, 2025	4.17	Repayment at maturity	25,000,000	—
	SK SECURITIES Co., Ltd.						25,000,000	—
	SAMSUNG SECURITIES Co., Ltd.		May 22, 2024	May 22, 2025	3.94	Repayment at maturity	72,500,000	—
	SK SECURITIES Co., Ltd.						72,500,000	—
	Korea Investment & Securities Co., Ltd.		May 22, 2024	May 22, 2026	4.00	Repayment at maturity	85,000,000	—
	KB SECURITIES Co., Ltd.						5,000,000	—
	DAISHIN SECURITIES Co., Ltd.						5,000,000	—
	Korea Investment & Securities Co., Ltd.		October 4, 2024	October 2, 2026	3.43	Repayment at maturity	85,000,000	—
	NH INVESTMENT & SECURITIES Co., Ltd.						5,000,000	—
	SAMSUNG SECURITIES Co., Ltd.		October 4, 2024	October 1, 2027	3.51	Repayment at maturity	14,000,000	—
	Shinhan Securities Co., Ltd.						18,000,000	—
	SK SECURITIES Co., Ltd.						18,000,000	—
	DAISHIN SECURITIES Co., Ltd.						5,000,000	—
	KB SECURITIES Co., Ltd.						5,000,000	—
Private corporate bonds	SAMSUNG SECURITIES Co., Ltd.		February 28, 2024	February 26, 2027	4.33	Repayment at maturity	10,000,000	—
Short-term bonds	Korea Investment & Securities Co., Ltd.		December 20, 2023	March 20, 2024	—	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
	Korea Investment & Securities Co., Ltd.		December 18, 2024	March 18, 2025	3.65	Repayment at maturity	60,000,000	—
	SAMSUNG SECURITIES Co., Ltd.						35,000,000	—
	SK SECURITIES Co., Ltd.						30,000,000	—
	Shinhan Securities Co., Ltd.						22,000,000	—
	Korea Investment & Securities Co., Ltd.		December 19, 2024	February 21, 2025	3.61	Repayment at maturity	40,000,000	—
	NH INVESTMENT & SECURITIES Co., Ltd.						191,000,000	—

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9. DEBENTURES AND BORROWINGS (CONT'D)

(1) Details of debentures as of December 31, 2024 and December 31, 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, 2024	December 31, 2023
2nd Bearer-type Interest Unsecured Private Equity Convertible Bonds (*)	Standard Chartered Bank Korea Ltd., etc.	KRW	December 13, 2022	December 12, 2025	4.00	Repayment at maturity	82,500,000	109,000,000
3rd Bearer-type Interest Unsecured Private Equity Convertible Bonds	Korea Investment & Securities Co., Ltd., etc.		March 15, 2023	March 15, 2026	3.50	Repayment at maturity	23,100,000	23,100,000
Subtotal							982,600,000	468,100,000
Add: Premium on bonds							3,421,003	1,943,144
Less: Reclassification of the current portion of debentures							(731,917,023)	(447,144,688)
							₩ 254,103,980	22,898,456

(*) During current year, a portion of the convertible bonds with a face value of KRW 14,000,000 thousand was early redeemed.

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(2) Details of convertible bonds as of December 31, 2024, 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 82,500,000,000	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 4,706 per share	KRW 5,025 per share
Stocks to be issued due to Conversion	Stocks	Registered ordinary shares of SK REIT CO., LTD.	Registered ordinary shares of SK REIT CO., LTD.
	Number of shares (in shares)	17,530,811	4,597,014
	Percentage of Number of Shares Outstanding (%)	6.43	1.67
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)

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9. DEBENTURES AND BORROWINGS (CONT'D)

(3) Details of Borrowings as of December 31, 2024 and 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, 2024	December 31, 2023
Borrowings	Standard Chartered Bank Korea Ltd.	KRW	July 5, 2027	4.27	Facility funds	Repayment at maturity	₩ 76,800,000	—
	SK Office One Q No.2						45,000,000	—
	S Project parent REIT						60,000,000	—
	KOOKMIN BANK						115,000,000	—
	Sumitomo Mitsui Banking Corporation						85,000,000	—
	Mizuho Bank, Ltd.						60,000,000	—
	Standard Chartered Bank Korea Ltd.		July 5, 2024	—	Facility funds	Repayment at maturity	—	116,000,000
	SK Office One Q No.1						—	60,000,000
	S Tiger K Co., Ltd.						—	80,000,000
	KOOKMIN BANK						—	150,000,000
	Sumitomo Mitsui Banking Corporation						—	115,800,000
	Mizuho Bank, Ltd.						—	80,000,000
	Standard Chartered Bank Korea Ltd.		June 30, 2025	4.44	Facility funds	Repayment at maturity	18,958,947	37,380,000
	KOOKMIN BANK						34,996,452	69,000,000
	Sumitomo Mitsui Banking Corporation						19,780,603	39,000,000
	Mizuho Bank, Ltd.						19,780,603	39,000,000
	Standard Chartered Bank Korea Ltd.			4.59	Facility funds	Repayment at maturity	20,287,798	40,000,000
	Sumitomo Mitsui Banking Corporation						20,287,798	40,000,000
	Mizuho Bank, Ltd.						20,287,798	40,000,000
	Standard Chartered Bank Korea Ltd.		July 5, 2027	4.27	Facility funds	Repayment at maturity	134,499,922	—
	Clean Energy One Q No.2						54,114,819	—
	S Project subsidiary REIT						34,436,703	—
	KOOKMIN BANK						122,988,224	—
	Sumitomo Mitsui Banking Corporation						19,678,116	—
	Mizuho Bank, Ltd.						63,953,877	—

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Type	Financial institution	Issuing currency	Maturity date	Interest rate (%)	Funding Purpose	Repayment method	December 31, 2024	December 31, 2023
Borrowings	Standard Chartered Bank Korea Ltd.	KRW	July 5, 2024	—	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, Ltd.						—	67,930,763
	Standard Chartered Bank Korea Ltd.		October 13, 2025	4.45	Facility funds	Repayment at maturity	84,800,000	84,800,000
	Sumitomo Mitsui Banking Corporation						80,000,000	80,000,000
	Woori Bank						13,300,000	80,000,000
	Shinhan Capital Co., Ltd.						30,000,000	—
	Woori Bank (Trustee of CAPSTONE Loan Platform Private Investment Trust (Professional Investors Only))						36,700,000	—
	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 IN-SURANCE CO., LTD.						40,000,000	40,000,000
	Kyobo Life Insurance Co., Ltd.						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	4.80	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	40,000,000	40,000,000						
Suhyup Bank	10,000,000	10,000,000						
	Subtotal						1,940,951,660	2,258,074,809
	Less: discount account on present value						(15,483,082)	(10,864,722)
	Less: Reclassification of the current portion of long-term borrowings						(398,095,317)	(1,037,276,883)
							₩ 1,527,373,261	1,209,933,204

Investment properties of the Group are provided as collateral in relation to the above long-term borrowings (see note 25).

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10. OTHER ASSET

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

(in thousands of Korean won)

	Ordinary share	
	December 31, 2024	December 31, 2023
Current assets:	₩	
Prepayments	12,135	—
Prepaid expenses	2,992,711	3,845,543
Advanced tax	201,366	122,396
VAT receivables	5,333,205	—
	₩ 8,539,417	3,967,939

11. OTHER LIABILITIES

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

(in thousands of Korean won)

	Ordinary share	
	December 31, 2024	December 31, 2023
Current liabilities:		
Advances from customers	₩ 2,371,540	1,527,883
Unearned revenues	8,422,758	8,492,944
Withholdings	2,811,736	1,256
VAT payables	2,978,694	4,167,172
	₩ 16,584,728	14,189,255
Non-current liabilities:		
Unearned revenues	₩ 51,030,577	59,267,949
	₩ 51,030,577	59,267,949

12. 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, 2024 and December 31, 2023 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 (in Korean won)	KRW 500	KRW 500
Issued number of ordinary shares	272,788,860 shares	270,132,679 shares
Capital stock	KRW 136,394,430 thousand	KRW 135,066,340 thousand

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(2) Changes in the number of ordinary shares outstanding for the years ended December 31, 2024 and December 31, 2023 are as follows:

(In Shares)

	Ordinary share	
	For the year ended December 31, 2024	For the year ended December 31, 2023
Beginning balance	270,132,679	196,554,079
Capital increase with consideration	—	73,578,600
Conversion of convertible bonds	2,656,181	—
Ending balance	272,788,860	270,132,679

13. OTHER PAID-IN CAPITAL

(1) Details of other paid-in capital as of December 31, 2024 and December 31, 2023, are as follows:

(in thousands of Korean won)

	Ordinary share	
	December 31, 2024	December 31, 2023
Share premium	₩ 1,111,701,332	1,114,887,980
Value of conversion rights ^(*)	1,364,272	1,437,739
Other capital surplus	150,699	150,699
	₩ 1,113,216,303	1,116,476,418

(*)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.

(2) Changes in paid-in capital for the years ended December 31, 2024 and December 31, 2023, are as follows:

(in thousands of Korean won)

	For the year ended December 31, 2024			
	Share premium	Value of conversion rights	Other capital surplus	Total
Beginning balance	₩ 1,114,887,980	1,437,739	150,699	1,116,476,418
Transfer to retained earnings	(15,022,645)	—	—	(15,022,645)
Conversion of convertible bonds	11,835,997	(73,467)	—	11,762,530
Ending balance	₩ 1,111,701,332	1,364,272	150,699	1,113,216,303

(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
Stock issuance costs	(100,740)	—	—	(100,740)
Ending balance	₩ 1,114,887,980	1,437,739	150,699	1,116,476,418

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14. RETAINED EARNINGS (ACCUMULATED DEFICIT)

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

(in thousands of Korean won)

	December 31, 2024	December 31, 2023
Retained earnings before appropriations (Accumulated deficit before disposition)	₩ (65,980,825)	(11,435,596)

15. DIVIDENDS

Details of planned dividend payment as of December 31, 2024 and December 31, 2023, are as follows:

(in thousands of Korean won)

	Ordinary share	
	December 31, 2024	December 31, 2023
Total number of issued shares	272,788,860	270,132,679
Number of treasury shares	—	—
Number of dividend shares	272,788,860	270,132,679
Dividends per share	₩ 66	91
Total dividends	₩ 18,004,064,760	24,582,073,789

16. OPERATING REVENUES

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

(in thousands of Korean won)

	For the year ended December 31, 2024	For the year ended December 31, 2023
Rental revenues	₩ 199,084,452	135,908,559
Maintenance fee revenues	8,662,835	8,619,320
Other revenues	1,508,165	1,364,157
	₩ 209,255,452	145,892,036

SK REIT CO., LTD. AND ITS SUBSIDIARIES
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17. OPERATING EXPENSES

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

(in thousands of Korean won)

	For the year ended December 31, 2024	For the year ended December 31, 2023
Executive compensation	₩ 180,000	153,000
Insurance expenses	56,270	71,547
Depreciation	47,640,151	26,521,770
Asset management consignment fees	9,834,423	6,989,422
Asset management performance fees	—	1,759,610
Asset custody consignment fees	92,791	74,501
General affairs consignment fees	412,600	368,445
Real estate management consignment fees	2,810,888	2,530,748
Commission expenses	3,253,553	3,003,573
Taxes and due	1,129,697	1,116,831
Utility expenses	2,535,707	2,430,309
Deemed rent	830,923	386,706
Advertising expenses	—	32,000
	₩ 68,777,003	45,438,462

18. FINANCE INCOME AND COSTS

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

(in thousands of Korean won)

	For the year ended December 31, 2024	For the year ended December 31, 2023
Interest income	₩ 4,048,647	2,100,192

(2) Details of finance costs for the years ended December 31, 2024 and December 31, 2023, are as follows:

(in thousands of Korean won)

	For the year ended December 31, 2024	For the year ended December 31, 2023
Interest expenses	₩ 132,787,491	91,265,874

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19. OTHER NON-OPERATING INCOME AND EXPENSES

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

(in thousands of Korean won)

	For the year ended December 31, 2024	For the year ended December 31, 2023
Gain on disposal of investment properties	₩ 1,387,136	14,584,189
Miscellaneous gains	269,934	143,179
	₩ 1,657,070	14,727,368

(2) Details of other non-operating expenses for the years ended December 31, 2024 and December 31, 2023, are as follows:

(in thousands of Korean won)

	For the year ended December 31, 2024	For the year ended December 31, 2023
Miscellaneous losses	₩ 897	27,834

20. INCOME TAX EXPENSES

Income tax expenses are 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 recognize current tax expenses, as there is practically no corporate tax to be borne by the Group.

21. EARNINGS PER SHARE

(1) Basic earnings per share

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

(In Korean won, except for number of shares)

	For the year ended December 31, 2024	For the year ended December 31, 2023
Profit for the year	₩ 13,395,778,288	25,987,426,459
Profit for the year, attributable to ordinary equity holders of the parent entity	8,675,778,292	24,694,275,775
Weighted-average number of ordinary shares outstanding	270,975,516 shares	214,091,992 shares
Basic earnings per share of ordinary share, attributable to the owners of the parent entity	₩ 32.02	115.34

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As of December 31, 2024 and December 31, 2023

2) Calculation of weighted average number of ordinary shares outstanding

(in shares)

For the year ended December 31, 2024				
	Term	Number of shares in circulation	days	Accumulation
Beginning balance	January 1, 2024 ~ December 31, 2024	270,132,679	366	98,868,560,514
Conversion of convertible bonds	July 30, 2024 ~ December 31, 2024	42,498	155	6,587,190
Conversion of convertible bonds	August 30, 2024 ~ December 31, 2024	637,484	124	79,048,016
Conversion of convertible bonds	September 3, 2024 ~ December 31, 2024	1,168,720	120	140,246,400
Conversion of convertible bonds	September 19, 2024 ~ December 31, 2024	382,490	104	39,778,960
Conversion of convertible bonds	September 20, 2024 ~ December 31, 2024	106,247	103	10,943,441
Conversion of convertible bonds	September 23, 2024 ~ December 31, 2024	318,742	100	31,874,200
Subtotal				99,177,038,721
Weighted average number of ordinary shares outstanding				270,975,516

(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

(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, 2024, convertible bonds are the potential ordinary shares held by the group. Assuming that convertible bonds were converted to ordinary shares in the current year, the net income of ordinary shares was calculated by adding the after-tax interest on convertible bonds to net income.

Diluted earnings per share are the same as basic earnings per share because the convertible bonds are antidilutive as of December 31, 2024.

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22. RELATED-PARTY TRANSACTIONS

(1) Details of related parties as of December 31, 2024, are as follows:

Type	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., SK On 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 years ended December 31, 2024 and December 31, 2023, are as follows

(in thousands of Korean won)

Type	Name of the related party	Account headings	For the year ended December 31, 2024	For the year ended December 31, 2023
Controlling company	SK Inc.	Operating Revenues ^{(*)1}	₩ 42,479,950	41,363,364
		Commission expenses	128,796	96,758
Others	SK REITs Management Co., Ltd.	Asset management consignment fees	9,834,423	6,989,421
		Asset management performance fees ^{(*)5}	332,042	1,759,610
	SK Energy Co., Ltd.	Operating Revenues ^{(*)2}	31,870,423	32,484,775
	SK hynix Inc.	Operating Revenues ^{(*)3}	101,174,103	43,201,884
	SK shieldus Co., Ltd.	Real estate management consignment fees	58,800	57,600
	SK On Co., Ltd.	Operating revenues ^{(*)4}	5,356,792	5,167,312
	SK Geo Centric Co., Ltd.	Operating revenues ^{(*)4}	3,286,200	2,579,112
	SK Energy Co., Ltd.	Operating revenues ^{(*)4}	2,271,683	2,245,572
	SK Ecoplant Co., Ltd.	Operating revenues ^{(*)4}	328,062	903,697
	SK Innovation Co., Ltd.	Operating revenues ^{(*)4}	2,053,875	1,565,942
	SK Forest Co., Ltd.	Operating revenues ^{(*)4}	278,171	676,400
	SK Telecom Co., Ltd.	Other revenues	8,679	—

- (*)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 486,840 thousand and 496,089 thousand reflected in the operating income of the unearned income have been excluded, respectively, during the current and prior years.
- (*)3 KRW 6,568,860 thousand and 2,111,838 thousand reflected in the operating income of the unearned income have been excluded, respectively, during the current and prior years.
- (*)4 KRW 452,407 thousand and 556,413 thousand reflected in the operating income of the unearned income have been excluded, respectively, during the current and prior years.
- (*)5 The asset management performance fee was deducted from the gain on disposal of investment properties.

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(3) Outstanding balances to related parties as of December 31, 2024 and December 31, 2023, are as follows:

(in thousands of Korean won)

Type	Name of the related party	Account headings	December 31, 2024	December 31, 2023
Controlling company	SK Inc.	Leasehold deposits received ^{(*)1}	₩ 32,711,600	32,711,600
		Accrued income ^{(*)2}	1,492,218	1,688,780
Others	SK REITs Management Co., Ltd.	Non-trade payables	2,729,354	2,794,193
	SK Energy Co. Ltd.	Leasehold deposits received ^{(*)3}	25,781,180	26,165,790
		Accrued income ^{(*)2}	1,611,758	1,125,396
	SK hynix Inc.	Leasehold deposits received ^{(*)4}	160,778,392	160,778,392
		Accrued income ^{(*)2}	9,613,875	3,072,875
	SK shieldus Co.,Ltd	Non-trade payables	5,500	5,280
	SK On Co., Ltd., etc.	Leasehold deposits received ^{(*)5}	10,085,285	10,085,285

- (*)1 These are nominal values that do not reflect the current value discounts of KRW 994,695 thousand and KRW 1,640,965 thousand, as of December 31, 2024 and December 31, 2023, respectively.
- (*)2 The Group recognized no loss allowance for accrued income as of December 31, 2024 and December 31, 2023.
- (*)3 These are nominal values that do not reflect the current value discounts of KRW 3,277,173 thousand and KRW 3,743,555 thousand, as of December 31, 2024 and December 31, 2023, respectively.
- (*)4 These are nominal values that do not reflect the current value discounts of KRW 55,260,293 thousand and KRW 60,551,987 thousand, as of December 31, 2024 and December 31, 2023, respectively.
- (*)5 These are nominal values that do not reflect the current value discounts of KRW 1,024,623 thousand and KRW 1,465,452 thousand, as of December 31, 2024 and December 31, 2023, respectively.

(4) Dividends paid to related parties for the years ended December 31, 2024 and December 31, 2023, are as follows:

(in thousands of Korean won)

Type	Name of the related party	For the year ended December 31, 2024	For the year ended December 31, 2023
Controlling company	SK Inc.	₩ 25,303,370	24,421,446

(5) Key management personnel compensations for the years ended December 31, 2024 and December 31, 2023, are as follows:

(in thousands of Korean won)

	For the year ended December 31, 2024	For the year ended December 31, 2023
Key management personnel compensation	₩ 180,000	153,000

(6) Details of significant commitments between the Group and related parties are described in note 24.

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23. CONSOLIDATED STATEMENTS OF CASH FLOWS

(1) Details of expenses and revenues without cash inflows and outflows for the years ended December 31, 2024 and December 31, 2023, are as follows:

(in thousands of Korean won)

	For the year ended December 31, 2024	For the year ended December 31, 2023
Depreciation	₩ 47,640,150	26,521,770
Interest expenses	132,787,491	91,265,874
Rental revenues	(8,516,865)	(4,011,647)
Interest income	(4,048,647)	(2,100,192)
Gain on disposal of investment properties	(1,387,136)	(14,584,189)
Miscellaneous losses(gains)	(238,285)	27,634
	₩ 166,236,708	97,119,250

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

(in thousands of Korean won)

	For the year ended December 31, 2024	For the year ended December 31, 2023
Non-trade receivables	₩ (39,432)	(21,685)
Accrued income	(6,830,799)	(3,520,810)
Prepayments	(12,135)	–
Prepaid expenses	(11,933)	14,599
VAT receivables	(5,333,205)	–
VAT payables	(1,188,478)	1,669,210
Non-trade payables	6,363,498	1,801,180
Advances from customers	(27,882)	66,823
Withholdings	2,810,478	815
	₩ (4,269,888)	10,132

(3) The significant non-cash transactions arising from investing and financing activities for the years ended December 31, 2024 and December 31, 2023, are as follows:

(in thousands of Korean won)

	For the year ended December 31, 2024	For the year ended December 31, 2023
Reclassification of the current portion of long-term unearned revenues	₩ 8,387,373	3,235,517
Transfer of retained earnings from capital surplus	15,022,644	20,352,535
Reclassification of current portion of long-term borrowings	547,252,281	929,465,718
Reclassification of current portion of debentures	49,861,414	–
Reclassification of current portion of convertible bonds	23,099,071	111,144,688
Conversion of convertible bonds	13,019,043	–
Reclassification of retained earnings with dividends payable	24,582,074	12,972,569
Changes in non-trade payables related to the acquisition of investment properties	(3,306,235)	3,306,235
Recognition of present value discount on leasehold deposits received	209,305	–
Reclassification of current portion of long-term financial instruments	960,764	–

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23. CONSOLIDATED STATEMENTS OF CASH FLOWS (CONT'D)

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

(in thousands of Korean won)

	For the year ended December 31, 2024				
	Beginning of year	Cashflows	Amortization	Non-cash transactions	End of year
Current portion of long-term borrowings	₩ 1,037,276,883	(1,188,594,809)	2,160,962	547,252,281	398,095,317
Long-term borrowings	1,209,933,204	859,454,963	5,237,375	(547,252,281)	1,527,373,261
Current portion of debentures	336,000,000	235,275,070	551,182	49,861,414	621,687,666
Debentures	–	303,679,367	286,027	(49,861,414)	254,103,980
Current portion of convertible bonds	111,144,688	(14,440,776)	3,683,702	9,841,743	110,229,357
Convertible bonds	22,898,456	–	200,615	(23,099,071)	–
Short-term leasehold deposits received	1,320,948	(1,943,131)	–	731,758	109,575
Long-term leasehold deposits received	168,198,660	(66,382)	7,206,749	(941,064)	174,397,963
	₩ 2,886,772,839	193,364,302	19,326,612	(13,466,634)	3,085,997,119

(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
Convertible bonds	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
	₩ 2,135,927,485	799,090,106	11,804,495	(61,370,195)	2,885,451,891

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24. COMMITMENTS AND CONTINGENCIES

(1) Details of commitments made with financial institutions As of December 31, 2024 and December 31, 2023, are as follows:

(in thousands of Korean won)

Financial institutions	December 31, 2024			
	Currency	Type	Limit of amount	Unexecuted amount
Standard Chartered Bank Korea Ltd. ⁽¹⁾	KRW	Loan agreement	₩ 76,800,000	—
SK Office One Q No.2 ⁽¹⁾			45,000,000	—
S Project parent REIT ⁽¹⁾			60,000,000	—
KOOKMIN BANK ⁽¹⁾			115,000,000	—
Sumitomo Mitsui Banking Corporation ⁽¹⁾			85,000,000	—
Mizuho Bank, Ltd. ⁽¹⁾			60,000,000	—
Standard Chartered Bank Korea Ltd. ⁽²⁾			20,287,798	—
Sumitomo Mitsui Banking Corporation ⁽²⁾			20,287,798	—
Mizuho Bank, Ltd. ⁽²⁾			20,287,798	—
Standard Chartered Bank Korea Ltd. ⁽³⁾			18,958,947	—
KOOKMIN BANK ⁽³⁾			34,996,452	—
Sumitomo Mitsui Banking Corporation ⁽³⁾			19,780,603	—
Mizuho Bank, Ltd. ⁽³⁾			19,780,603	—
Standard Chartered Bank Korea Ltd. ⁽⁴⁾			134,499,922	—
Clean Energy One Q No.2 ⁽⁴⁾			54,114,819	—
S Project subsidiary REIT ⁽⁴⁾			34,436,703	—
KOOKMIN BANK ⁽⁴⁾			122,988,224	—
Sumitomo Mitsui Banking Corporation ⁽⁴⁾			19,678,116	—
Mizuho Bank, Ltd. ⁽⁴⁾			63,953,877	—
Standard Chartered Bank Korea Ltd. ⁽⁵⁾			84,800,000	—
Sumitomo Mitsui Banking Corporation ⁽⁵⁾			80,000,000	—
Woori Bank ⁽⁵⁾			13,300,000	—
Shinhan Capital Co., Ltd. ⁽⁵⁾			30,000,000	—
Woori Bank (Trustee of CAPSTONE Loan Platform Private Investment Trust (Professional Investors Only)) ⁽⁵⁾			36,700,000	—
INDUSTRIAL BANK OF KOREA ⁽⁶⁾			150,000,000	—
KOOKMIN BANK ⁽⁶⁾			50,000,000	—
Water Stream 1st Co., Ltd. ⁽⁶⁾			45,000,000	—
HANWHA LIFE INSURANCE CO., LTD. ⁽⁶⁾			40,000,000	—
Kyobo Life Insurance Co., Ltd. ⁽⁶⁾			25,000,000	—
Heungkuk SK hynix co.Ltd ⁽⁶⁾			20,000,000	—
Standard Chartered Bank Korea Ltd. ⁽⁷⁾			100,300,000	—
Sumitomo Mitsui Banking Corporation ⁽⁷⁾			100,000,000	—
S Tiger clean Co., Ltd. ⁽⁷⁾			45,000,000	—
Woori Bank ⁽⁷⁾			45,000,000	—
China Construction Bank ⁽⁷⁾			40,000,000	—
Suhyup Bank ⁽⁷⁾			10,000,000	—
			₩ 1,940,951,660	—

(*1) The loan agreement related to the variable–rate borrowings for 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.

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24. COMMITMENTS AND CONTINGENCIES (CONT'D)

(in thousands of Korean won)

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

(*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.

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24. 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 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 (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

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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 parent REITs' asset management performance fee Others: (Total value of disposed assets + premium – purchase price) * disposal ratio * 10% – accumulated amount of parent 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 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 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 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)

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24. 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 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 8.75 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 2.5 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
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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 25,781,180 thousand and monthly rent of KRW 2,578,118 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 of SK U Tower 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 Inc.

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 properties of the Group, with Standard Chartered Bank Korea Ltd. and other fifteen preferred beneficiaries.

7) Brand use agreement

As of the end of the current year, 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.

(3) Details of payment guarantees provided by third parties as of December 31, 2024, are as follows:

(In thousands of Korean won)

Guarantor	Guaranteed Amount	Guarantee details
Seoul Guarantee Insurance Company	₩ 40,300	Performance Payment Guarantee
Seoul Guarantee Insurance Company	274,160	Deposit Surety Insurance

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25. ASSETS PLEDGED AS SECURITY

Details of investment properties that are pledged as security as of December 31, 2024, are as follows:

(in thousands of Korean won)

Provided Assets		Set-up Authority		Maximum Amount of Bonds	Carrying Amount	Related Liabilities
Investment properties (SK Seorin Building)	Land/ Buildings ^{(*)1}	Prior	Standard Chartered Bank Korea Ltd.	₩ 92,160,000	76,800,000	Long-term borrowings
			SK Office One Q No.2 ^{(*)2}	54,000,000	45,000,000	
			S Project parent REIT ^{(*)2}	72,000,000	60,000,000	
			KOOKMIN BANK	138,000,000	115,000,000	
			Sumitomo Mitsui Banking Corporation	102,000,000	85,000,000	
			Mizuho Bank, Ltd.	72,000,000	60,000,000	
			Subtotal	530,160,000	441,800,000	
		Subordinated	SK Inc.	39,253,920	32,711,600	Leasehold deposits
			Subtotal	39,253,920	32,711,600	
		Subtotal		569,413,920	474,511,600	
Investment properties (SK U-Tower)	Land/ Buildings ^{(*)1}	Prior	Standard Chartered Bank Korea Ltd.	47,096,094	39,246,745	Long-term borrowings
			KOOKMIN BANK	41,995,743	34,996,452	
			Sumitomo Mitsui Banking Corporation	48,082,081	40,068,401	
			Mizuho Bank, Ltd.	48,082,081	40,068,401	
			Subtotal	185,255,999	154,379,999	
		Subordinated	SK hynix Inc.	20,796,470	17,330,392	Leasehold deposits
			Subtotal	20,796,470	17,330,392	
		Subtotal		206,052,469	171,710,391	
		Prior	Standard Chartered Bank Korea Ltd.	161,399,906	134,499,922	Long-term borrowings
			Clean Energy One Q No.2 ^{(*)3}	64,937,783	54,114,819	
			S Project subsidiary REIT ^{(*)3}	41,324,044	34,436,703	
			KOOKMIN BANK	147,585,869	122,988,224	
			Sumitomo Mitsui Banking Corporation	23,613,739	19,678,116	
			Mizuho Bank, Ltd.	76,744,652	63,953,877	
			Subtotal	515,605,993	429,671,661	
Investment properties (SK Energy Gas Station)	Land/ Buildings ^{(*)1}	Subordinated	SK Energy Co., Ltd.	30,937,416	25,781,180	Leasehold deposits
			Subtotal	30,937,416	25,781,180	
		Subtotal		546,543,409	455,452,841	
Investment properties (Jongno Tower)	Land/ Buildings ^{(*)1}	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	15,960,000	13,300,000	
			Shinhan Capital Co., Ltd.	36,000,000	30,000,000	
			Woori Bank (Trustee of CAPSTONE Loan Platform Private Investment Trust (Professional Investors Only))	44,040,000	36,700,000	
			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	899,382	
			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	9,942,025	
		Subtotal		305,989,031	255,092,025	

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25. ASSETS PLEDGED AS SECURITY (CONT'D)

Details of investment properties that are pledged as security as of December 31, 2024, are as follows:

(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 ^{(*)1}	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.	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. ^{(*)4}	54,000,000	45,000,000	
			Woori Bank	54,000,000	45,000,000	
			China Construction Bank	48,000,000	40,000,000	
			SUHYUP BANK	12,000,000	10,000,000	
			Subtotal	804,360,000	670,300,000	Leasehold deposits
			SK hynix Inc.	172,137,600	143,448,000	
			Subtotal	172,137,600	143,448,000	
		Subtotal		976,497,600	813,748,000	
				₩ 2,604,496,429	2,170,514,857	

(*)1 The book values of land and buildings pledged as security by the Group are KRW 1,031,709,310 thousand for SK Seorin Building, KRW 514,404,963 thousand for SK U-Tower, KRW 768,563,501 thousand for SK Energy Gas Station, KRW 657,060,548 thousand for Jongno Tower and KRW 1,146,412,080 thousand for Water Treatment Center.

(*)2 Pursuant to the loan agreement, the nominal right to collateral is held by the securitized lenders, SK Office One Q No.2 and S Project parent REIT. However, under the credit support agreement between the securitized lenders and the credit support institutions, the substantive collateral holders are KEB Hana Bank and SHINHAN BANK.

(*)3 Pursuant to the loan agreement, the nominal right to collateral is held by the securitized lenders, Clean Energy One Q No.2 and S Project subsidiary REIT. However, under the credit support agreement between the securitized lenders and the credit support institutions, the substantive collateral holders are KEB Hana Bank and SHINHAN BANK.

(*)4 Pursuant to the loan agreement, the nominal right to collateral is held by the securitized lender, S Tiger clean Co., Ltd. However, under the credit support agreement between the securitized lender and the credit support institution, the substantive collateral holder is SHINHAN BANK.

26. RESTRICTED FINANCIAL INSTRUMENTS

Details of restricted financial instruments as of December 31, 2024 and December 31, 2023, are as follows:

(in thousands of Korean won)

Accounts	Financial institution	December 31, 2024	December 31, 2023	Details
Cash and cash equivalents	Standard Chartered Bank Korea Ltd., etc.	₩ 53,574,664	83,371,359	Pledged as security for lenders
Short-term financial instruments	Standard Chartered Bank Korea Ltd., etc.	24,743,895	18,000,000	Pledged as security for lenders and lessee
Long-term financial instruments	SK On Co., Ltd., etc.	4,804,706	—	Pledged as security for lessee
	Standard Chartered Bank Korea Ltd., etc.	—	7,505,773	Pledged as security for lenders

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27. 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, 2024, 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, short-term financial instruments, long-term financial instruments, non-trade receivables and accrued income. 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, 2024 and December 31, 2023, is as follows:

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(in thousands of Korean won)

	December 31, 2024				
	Within 3 months	3 months ~ 1 year	1 year ~ 5 years	Over 5 years	Total
Debentures	₩ 431,577,571	203,672,265	262,970,979	–	898,220,815
Non-trade payables	10,299,445	–	–	–	10,299,445
Accrued expenses	4,813,982	–	–	–	4,813,982
Borrowings	22,129,356	460,690,511	1,623,434,796	–	2,106,254,663
Convertible bonds	109,745,292	–	–	–	109,745,292
Leasehold deposits received	61,000	50,000	66,539,282	169,229,180	235,879,462
	₩ 578,626,646	664,412,776	1,952,945,057	169,229,180	3,365,213,659

(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
	₩ 1,577,055,801	1,393,548,387	169,613,790	3,140,217,978

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27. 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 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, 2024 and December 31, 2023, are as follows:

(in thousands of Korean won)

December 31, 2024			
	Interest rate type	Interest rate	Amount
Borrowings	Variable-rate	CD interest rate + 1.4%	₩ 340,300,000
		CD interest rate + 1.15%	60,863,394
		CD interest rate + 0.75%	871,471,661
		CD interest rate + 1.05%	244,800,000

(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

When all other variables are constant and the interest rate changes by 100 bp, the effect on profit before income tax expenses for the years ended December 31, 2024 and December 31, 2023, are as follows:

(in thousands of Korean won)

	For the year ended December 31, 2024		For the year ended December 31, 2023	
	1% increase	1% decrease	1% increase	1% decrease
Profit before income tax expenses	₩ (11,062,747)	11,062,747	(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.

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As of December 31, 2024 and December 31, 2023

(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, 2024 and December 31, 2023, are as follows:

(in thousands of Korean won)

	December 31, 2024	December 31, 2023
Total liabilities	₩ 3,168,725,850	2,974,226,643
Total equity	1,264,816,356	1,321,400,312
Debt ratio	251%	225%

28. EVENTS AFTER THE REPORTING PERIOD

The following events after the reporting period do not require adjustments to the consolidated financial statements.

(1) The Group resolved to issue debentures by a board resolution on February 5, 2025, and subsequently issued debentures amounting to KRW 270 billion on February 20, 2025.



SK REIT CO., LTD. AND ITS SUBSIDIARIES

INDEPENDENT AUDITORS' REPORT (Based on a report originally issued in Korean)

Consolidated Financial Statements March 31, 2024 and December 31, 2023 (With Independent Auditors' Report Thereon)

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Notes to the Consolidated Financial Statements	110p



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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 March 31, 2024 and December 31, 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 March 31, 2024 and December 31, 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.

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 March 31, 2024. 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 investment properties pledged as security amounted to KRW 4,164.6 billion (96.8% of total assets), and the maximum amount of bonds amounted to KRW 2,985.5 billion (71.7% 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.



INDEPENDENT AUDITORS' REPORT

(Based on a report originally issued in Korean)

(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.

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.

INDEPENDENT AUDITORS' REPORT

(Based on a report originally issued in Korean)

- 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.
- 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
June 12, 2024

This report is effective as of June 12, 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

For the three-month periods ended March 31, 2024 and December 31, 2023

(In Korean won)

	Notes	March 31, 2024	December 31, 2023
Assets			
Current assets		₩ 131,519,323,362	111,927,719,015
Cash and cash equivalents	5, 6, 28	91,104,656,478	83,371,358,519
Short-term financial instruments	5, 28	29,083,131,000	18,000,000,000
Non-trade receivables	5, 7	15,581,649	26,148,076
Accrued income	5, 7, 24	8,572,092,267	6,562,273,756
Other current assets	11	2,743,861,968	3,967,938,664
Non-current assets		4,169,982,817,873	4,183,699,235,226
Long-term financial instruments	5, 28	5,422,642,305	7,505,773,305
Investment properties	8, 9, 27	4,164,560,175,568	4,176,193,461,921
Total assets		₩ 4,301,502,141,235	4,295,626,954,241
Liabilities			
Current liabilities		₩ 1,504,103,199,896	1,513,928,373,223
Current portion of long-term borrowings	5, 10, 26, 27, 29	1,037,925,672,630	1,037,276,882,751
Current portion of debentures	5, 10, 29	275,764,876,463	336,000,000,000
Current portion of convertible bonds	5, 10, 29	135,045,089,454	111,144,688,126
Non-trade payables	5, 24, 29	30,872,686,082	7,242,181,622
Accrued expenses	5, 29	6,828,093,694	6,754,418,348
Short-term leasehold deposits received	5, 24, 27, 29	3,170,482,219	1,320,947,781
Other current liabilities	12, 24	14,496,299,354	14,189,254,595
Non-current liabilities		1,495,980,795,988	1,460,298,269,441
Long-term borrowing	5, 9, 10, 26, 27, 29	1,210,886,009,144	1,209,933,204,437
Debentures	5, 10, 29	59,779,369,848	—
Convertible bonds	5, 10, 29	—	22,898,455,746
Long-term leasehold deposits received	5, 24, 27, 29	168,169,607,125	168,198,659,777
Other non-current liabilities	12	57,145,809,871	59,267,949,481
Total liabilities		₩ 3,000,083,995,884	2,974,226,642,664
Equity			
Capital and reserves attributable to owners of SK REIT CO., LTD.		1,220,244,593,439	1,240,107,160,893
Share Capital	13	135,066,339,500	135,066,339,500
Other paid-in capital	14	1,114,789,891,172	1,116,476,417,567
Retained earnings (Accumulated deficit)	15	(29,611,637,233)	(11,435,596,174)
Non-controlling interests		81,173,551,912	81,293,150,684
Total equity		1,301,418,145,351	1,321,400,311,577
Total liabilities and equity		₩ 4,301,502,141,235	4,295,626,954,241

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 March 31, 2024 and December 31, 2023

(In Korean won)

	Notes	For the three-month period ended March 31, 2024	For the three-month period ended December 31, 2023
Operating revenues	4, 8, 9, 17, 18, 24	₩ 52,247,789,573	52,636,897,301
Operating expenses	9, 19, 24	16,862,299,716	16,827,955,577
Operating profit		35,385,489,857	35,808,941,724
Finance income	5, 20	1,083,548,055	594,090,826
Finance costs	5, 20	30,576,681,290	31,605,077,524
Other non-operating income	21	1,398,604	5,701,387
Other non-operating expenses	21	696,979	27,634,365
Profit before income tax expense		5,893,058,247	4,776,022,048
Income tax expenses	22	—	—
Profit for the period		5,893,058,247	4,776,022,048
Profit is attributable to:			
Owners of SK REIT CO., LTD.		4,719,506,335	3,586,323,419
Non-controlling interests		1,173,551,912	1,189,698,629
Other comprehensive income for the period		—	—
Total comprehensive income for the period		₩ 5,893,058,247	4,776,022,048
Total comprehensive income is attributable to:			
Owners of SK REIT CO., LTD.		4,719,506,335	3,586,323,419
Non-controlling interests		1,173,551,912	1,189,698,629
Earnings per share			
Basic earnings per share	23	17.47	13.48
Diluted earnings per share	23	17.47	12.42

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 March 31, 2024 and December 31, 2023

(In Korean won)

	Attributable to owners of SK REIT CO., LTD.					
	Share capital	Other paid-in capital	Retained earnings (Accumulated deficit)	Total	Non-controlling interests	Total equity
Balance as of October 1, 2023	W 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
Total comprehensive income:						
Profit for the period	–	–	3,586,323,419	3,586,323,419	1,189,698,629	4,776,022,048
Transactions with owners:						
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	–	–	–
Balance as of December 31, 2023	W 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
Balance as of January 1, 2024	W 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
Total comprehensive income:						
Profit for the period	–	–	4,719,506,335	4,719,506,335	1,173,551,912	5,893,058,247
Transactions with owners:						
Dividends	–	–	(24,582,073,789)	(24,582,073,789)	(1,293,150,684)	(25,875,224,473)
Transfer of share premium to retained earnings	–	(1,686,526,395)	1,686,526,395	–	–	–
Balance as of March 31, 2024	W 135,066,339,500	1,114,789,891,172	(29,611,637,233)	1,220,244,593,439	81,173,551,912	1,301,418,145,351

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 March 31, 2024 and December 31, 2023

(In Korean won)

	Notes	For the three-month period ended March 31, 2024	For the three-month period ended December 31, 2023
Cash flows from operating activities:			
Profit for the period	25	₩ 5,893,058,247	4,776,022,048
Adjustment		39,145,027,346	40,845,746,449
Changes in operating assets and liabilities		811,302,416	105,110,124,730
Interest income received		1,005,700,852	474,564,683
Interest expenses paid		(24,723,588,298)	(28,697,022,723)
Income taxes paid		(105,568,220)	(4,429,900)
Net cash inflow(outflow) from operating activities		22,025,932,343	122,505,005,287
Cash flows from investing activities:			
Disposal of short-term financial assets		18,000,000,000	31,053,334,575
Acquisition of short-term financial assets		(27,000,000,000)	(18,000,000,000)
Acquisition of investment properties	9, 25	(3,502,183,700)	(431,000,000)
Net cash inflow(outflow) from investing activities		(12,502,183,700)	12,622,334,575
Cash flows from financing activities:			
Increase in long-term borrowings		–	242,926,400,000
Issuance of debentures		335,502,700,000	560,000,000,000
Capital increase with consideration		–	302,801,057,660
Repayment of short-term borrowings		–	(352,400,000,000)
Repayment of debentures		(336,000,000,000)	(880,000,000,000)
Dividends paid	16	(1,293,150,684)	(17,886,421,189)
Net cash inflow(outflow) from financing activities		(1,790,450,684)	(144,558,963,529)
Net increase(decrease) in cash and cash equivalents		7,733,297,959	(9,431,623,667)
Cash and cash equivalents at the beginning of the period		83,371,358,519	92,802,982,186
Cash and cash equivalents at the end of the period		₩ 91,104,656,478	83,371,358,519

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 March 31, 2024 and December 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 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 March 31, 2024, are as follows:

Name of Shareholders	Number of shares (in share)	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
	270,132,679		100.00

(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 March 31, 2024 and December 31, 2023, is as follows:

Name of Subsidiaries	Main business	Country of domicile	Percentage of Ownership (%) (*)		Reporting period end
			March 31, 2024	December 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
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.

(4) Summarized financial information of consolidated subsidiaries

The summarized financial statuses of the consolidated subsidiaries as of March 31, 2024 and December 31, 2023 are as follows:

(In thousands of Korean won)

Name of Subsidiaries	March 31, 2024				
	Assets	Liabilities	Equity	Operating revenues	Profit for the period
Clean Energy REIT Co., Ltd.	807,715,790	469,253,859	338,461,931	8,093,037	4,517,124
Total Value 1 REIT Co., Ltd.	682,520,958	268,309,598	414,211,360	6,681,659	935,713
Clean Industrial REIT Co., Ltd.	1,214,632,953	820,095,245	394,537,708	21,119,619	2,518,313

SK REIT CO., LTD. AND ITS SUBSIDIARIES
Notes to the Consolidated Financial Statements, Continued
As of March 31, 2024 and December 31, 2023

1. THE GROUP (CONT'D)

(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

(5) Information on important non-controlling interests for the Group as of March 31, 2024 and December 31, 2023, is as follows:

(In thousands of Korean won)

	March 31, 2024	December 31, 2023
	Clean Industrial REIT Co., Ltd.	Clean Industrial REIT Co., Ltd.
Non-controlling interest ratio	19.85%	19.85%
Current Assets	₩ 9,292,086	7,357,596
Non-current Assets	231,812,555	233,218,838
Current liabilities	3,757,738	1,869,644
Non-current liabilities	159,031,168	158,989,194
Equity	78,315,735	79,717,596
Book value of non-controlling interests	81,173,552	81,293,151
Revenues	4,192,244	4,304,922
Profit for the period	499,885	382,885
Comprehensive income for the period	499,885	382,885
Profit, attributable to non-controlling interests	1,173,552	1,189,699
Total Comprehensive income, attributable to non-controlling interests	1,173,552	1,189,699
Cash flows from operating activities	1,842,498	23,371,362
Cash flows from investing activities	(1,985,000)	—
Cash flows from financing activities	(256,690)	(21,358,600)
Net increase(decrease) in cash and cash equivalents	(399,192)	2,012,762
Dividends paid to non-controlling interests	(1,293,151)	—

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 March 31, 2024 and December 31, 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, 2024. 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): Classification of liabilities as current or non-current
- K-IFRS 1001 'Accounting Policy Disclosure' (Amendment): Disclosure of virtual assets
- K-IFRS 1007 'Statement of Cash Flows' and K-IFRS 1107 'Financial Instruments: Disclosures' (Amendment): Supplier Finance Arrangements
- K-IFRS 1116 'Leases' (Amendment): Lease liability in a sale and leaseback

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 a significant effect on the Group's financial statements.

- K-IFRS 1021 'The Effects of Changes in Foreign Exchange' and K-IFRS 1101 'First-time adoption of KIFRS' (Amendment) : Lack of exchangeability

The amendments to K-IFRS 1021 and 1101 specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows. The amendments are applied for annual periods beginning on or after January 1, 2025, with early application permitted.

SK REIT CO., LTD. AND ITS SUBSIDIARIES
Notes to the Consolidated Financial Statements, Continued
As of March 31, 2024 and December 31, 2023

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

(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 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).

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

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(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.

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Notes to the Consolidated Financial Statements, Continued
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(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 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.

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

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 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.

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.

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(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 amounts 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 March 31, 2024.

(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").

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

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.

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.

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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.

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

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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.

(17) Approval of issuance of consolidated financial statements

These consolidated financial statements have been approved by the board of directors on May 8, 2024, and can be revised and approved at the shareholders' meeting on June 20, 2024.

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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.

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 March 31, 2024 and December 31, 2023, are as follows:

(In thousands of Korean won)

Customer	For the three-month period ended March 31, 2024		For the three-month period ended December 31, 2023	
	Operating revenues	Rate on the Group's operating revenues	Operating revenues	Rate on the Group's operating revenues
SK hynix Inc. ^{(*)1}	₩ 25,177,498	48.19%	25,745,146	48.91%
SK Inc. ^{(*)2}	10,493,400	20.08%	10,493,400	19.94%
SK Energy Co., Ltd. ^{(*)3}	8,536,367	16.34%	8,544,939	16.23%

(*)1 KRW 1,642,215 thousand and 1,642,215 thousand reflected in the operating income of the unearned revenues 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 revenues has been excluded, respectively, during the current and prior periods.
(*)3 KRW 140,085 thousand and 139,770 thousand reflected in the operating income of the unearned revenues have been excluded, respectively, during the current and prior periods.

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5. FINANCIAL INSTRUMENTS BY CATEGORY

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

(In thousands of Korean won)

	March 31, 2024		March 31, 2022	
	Financial assets measured at amortized cost	Total	Financial assets measured at amortized cost	Total
Current assets				
Cash and cash equivalents	₩ 91,104,656	91,104,656	83,371,359	83,371,359
Short-term financial instruments	₩ 29,083,131	29,083,131	18,000,000	18,000,000
Non-trade receivables	15,582	15,582	26,148	26,148
Accrued income	8,572,092	8,572,092	6,562,274	6,562,274
Subtotal	₩ 128,775,461	128,775,461	107,959,781	107,959,781
Non-current assets:				
Long-term financial instruments	5,422,642	5,422,642	7,505,773	7,505,773
Subtotal	5,422,642	5,422,642	7,505,773	7,505,773
	₩ 134,198,103	134,198,103	115,465,554	115,465,554

(2) Categorizations of financial liabilities as of March 31, 2024 and December 31, 2023, are as follows:

(In thousands of Korean won)

	March 31, 2024		December 31, 2023	
	Financial liabilities measured at amortized cost	Total	Financial liabilities measured at amortized cost	Total
Current liabilities				
Current portion of long-term borrowings	₩ 1,037,925,673	1,037,925,673	1,037,276,883	1,037,276,883
Current portion of debentures	₩ 275,764,876	275,764,876	336,000,000	336,000,000
Current portion of convertible bonds	135,045,089	135,045,089	111,144,688	111,144,688
Non-trade payables	30,872,686	30,872,686	7,242,182	7,242,182
Accrued expenses	6,828,094	6,828,094	6,754,418	6,754,418
Short-term leasehold deposits received	3,170,482	3,170,482	1,320,948	1,320,948
Subtotal	₩ 1,489,606,900	1,489,606,900	1,499,739,119	1,499,739,119
Non-current liabilities:				
Long-term borrowings	1,210,886,009	1,210,886,009	1,209,933,204	1,209,933,204
Debentures	59,779,370	59,779,370	—	—
Convertible bonds	—	—	22,898,456	22,898,456
Long-term leasehold deposits received	168,169,607	168,169,607	168,198,660	168,198,660
Subtotal	1,438,834,986	1,438,834,986	1,401,030,320	1,401,030,320
	₩ 2,928,441,886	2,928,441,886	2,900,769,439	2,900,769,439

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(3) Net income on each category of financial assets and liabilities for the three-month periods ended March 31, 2024 and December 31, 2023 are as follows:

(In thousands of Korean won)

	For the three-month period ended March 31, 2024			
	Financial assets		Financial liabilities	
	Financial assets measured at amortized cost	Total	Financial liabilities measured at amortized cost	Total
Net income				
Interest income (expenses)	₩ 1,083,548	1,083,548	(30,576,681)	(30,576,681)

5. FINANCIAL INSTRUMENTS BY CATEGORY (CONT'D)

(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
Net income				
Interest income (expenses)	₩ 594,091	594,091	(31,605,078)	(31,605,078)

(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 March 31, 2024 and December 31, 2023, are as follows:

(In thousands of Korean won)

	March 31, 2024		December 31, 2023	
	Book Value	Fair Value	Book Value	Fair Value
Current portion of long-term borrowings	₩ 1,037,925,673	1,037,925,673	1,037,276,883	1,037,276,883
Current portion of debentures	275,764,876	275,764,876	336,000,000	336,000,000
Current portion of convertible bonds	135,045,089	135,045,089	111,144,688	111,144,688
Short-term leasehold deposits received	3,170,482	3,170,482	1,320,948	1,320,948
Long-term borrowings	1,210,886,009	1,210,886,009	1,209,933,204	1,209,933,204
Debentures	59,779,370	59,779,370	—	—
Convertible bonds	—	—	22,898,456	22,898,456
Long-term leasehold deposits received	168,169,607	168,169,607	168,198,660	168,198,660

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.

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.

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5. FINANCIAL INSTRUMENTS BY CATEGORY (CONT'D)

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 March 31, 2024 and December 31, 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 March 31, 2024 and December 31, 2023, are as follows:

(In thousands of Korean won)

	March 31, 2024	December 31, 2023	Note
Demand deposits, etc.	₩ 91,104,656	83,371,359	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 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 March 31, 2024 and December 31, 2023, are as follows:

(In thousands of Korean won)

	March 31, 2024			December 31, 2023		
	Gross amount	Allowance for doubtful accounts	Carrying amount	Gross amount	Allowance for doubtful accounts	Carrying amount
Non-trade receivables	15,582	–	15,582	26,148	–	26,148
Accrued income	8,572,092	–	8,572,092	6,562,274	–	6,562,274
	₩ 8,587,674	–	8,587,674	6,588,422	–	6,588,422

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 March 31, 2024 and December 31, 2023 are as follows:

(In thousands of Korean won)

Gross investment in the lease	March 31, 2024						
	Within One year	One year ~ Two years	Two years ~ Three years	Three years ~ Four years	Four years ~ Five years	Over Five years	Total
SK Seorin Building	42,352,944	42,988,238	10,786,913	–	–	–	96,128,095
SK U–Tower	22,081,952	22,413,182	22,749,379	5,708,435	–	–	72,952,948
SK Energy Gas Station	31,398,948	31,398,948	31,634,440	31,950,785	32,270,292	73,762,073	232,415,486
Jongno Tower	22,384,591	19,499,407	16,912,440	1,756,682	914,016	–	61,467,136
Water Treatment Center	72,560,780	74,011,996	75,492,236	77,002,080	78,542,122	365,909,575	743,518,789
	₩ 190,779,215	190,311,771	157,575,408	116,417,982	111,726,430	439,671,648	1,206,482,454

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(In thousands of Korean won)

Gross investment in the lease	March 31, 2024						
	Within One year	One year ~ Two years	Two years ~ Three years	Three years ~ Four years	Four years ~ Five years	Over Five years	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
	₩ 190,708,868	190,249,293	169,064,344	124,799,181	111,656,040	467,556,514	1,254,034,240

(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 March 31, 2024 and December 31, 2023, are as follows:

(In thousands of Korean won)

Rental revenues from operating leases	For the three-month period ended March 31, 2024	For the three-month period ended December 31, 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	8,093,037
Jongno Tower	6,681,659	6,503,119
Water Treatment Center	21,119,619	21,687,266
	₩ 52,247,790	52,636,897

9. INVESTMENT PROPERTIES

(1) Investment properties as of March 31, 2024 and December 31, 2023, are as follows:

(In thousands of Korean won)

	March 31, 2024			December 31, 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	1,770,982,070	(55,261,864)	1,715,720,206	1,770,786,121	(43,432,629)	1,727,353,492
	₩ 4,219,822,040	(55,261,864)	4,164,560,176	4,219,626,091	(43,432,629)	4,176,193,462

(2) Changes in investment properties for the three-month periods ended March 31, 2024 and December 31, 2023, are as follows:

(In thousands of Korean won)

	For the three-month period ended March 31, 2024				
	Beginning balance	Acquisitions	Depreciation	Disposal	Ending balance
Land	W 2,448,839,970	–	–	–	2,448,839,970
Buildings	1,727,353,492	195,949	(11,829,235)	–	1,715,720,206
	₩ 4,176,193,462	195,949	(11,829,235)	–	4,164,560,176

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(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
	₩ 4,184,380,820	3,737,235	(11,924,593)	—	4,176,193,462

(3) Revenues and expenses related to investment properties for the three-month periods ended March 31, 2024 and December 31, 2023, are as follows:

(In thousands of Korean won)

	For the three-month period ended March 31, 2024	For the three-month period ended December 31, 2023
Rental revenues (*1)	₩ 52,247,790	52,636,897
Operating expenses (Related to investment properties where rental revenues have been generated) (*2)	14,995,316	15,109,660

- (*1) Rental 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.

9. INVESTMENT PROPERTIES (CONT'D)

(4) Details of insurance that the Group subscribes to the investment properties as of March 31, 2024, 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.	1,036,917,827	364,540,348	(*1)
Package Insurance	SK U-Tower		520,360,133	319,003,903	(*2)
Package Insurance	SK Energy Gas Station		781,261,218	510,548,104	(*3)
Package Insurance	Jongno Tower	KB Insurance Co., Ltd.	658,199,562	139,206,149	(*4)
Package Insurance	Water Treatment Center	Hyundai Marine & Fire Insurance CO., LTD.	1,167,821,436	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 524,153,771 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.

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(5) Fair Value of Investment Properties

1) Among the investment properties, the fair values as of March 31, 2024 and December 31, 2023, of SK Seorin Building, which is provided for operating leases to SK Inc., are as follows:

(In thousands of Korean won)

	March 31, 2024		December 31, 2023	
	Acquisition cost	Fair value (*)	Book value	Fair value (*)
Land	₩ 779,333,004	984,966,700	779,333,004	831,008,350
Building	257,584,823	305,943,300	259,308,368	287,441,650
	₩ 1,036,917,827	1,290,900,000	1,038,641,372	1,118,450,000

(*) The fair value of the investment property was determined based on an evaluation conducted by the Kyung-il Appraisal Corporation and Joong-ang Appraisal Corporation, independent external entities with appropriate qualifications and experience in relation to the local property assessment (Evaluation date: February 2, 2024) and there are no significant changes during current period.

The fair value was measured by the sales comparison approach. The sales comparison approach is an appraisal method based on the principle of marketability. It estimates the fair value of the subject property by comparing it with transaction cases of properties that are identical or similar. This process includes adjustments for differences in circumstances, time of transaction, and value-forming factors to reflect the current condition of the subject property.

2) Among the investment properties, the fair values as of March 31, 2024 and December 31, 2023, of SK U-Tower, which is provided for operating leases to SK hynix Inc., are as follows:

(In thousands of Korean won)

	March 31, 2024		December 31, 2023	
	Book value	Fair value (*)	Book value	Fair value (*)
Land	₩ 297,117,047	342,188,000	297,117,047	306,667,400
Building	223,243,086	268,862,000	225,213,706	241,932,600
	₩ 520,360,133	611,050,000	522,330,753	548,600,000

(*)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 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 property.

3) Among the investment properties, the fair values as of March 31, 2024 and December 31, 2023, of the gas stations provided for operating leases to SK Energy Co., Ltd., are as follows.

(In thousands of Korean won)

	March 31, 2024		December 31, 2023	
	Book value	Fair value (*)	Book value	Fair value (*)
Land	₩ 742,982,330	856,372,663	742,982,330	864,396,134
Building	38,278,888	43,732,330	38,628,819	44,076,674
	₩ 781,261,218	900,104,993	781,611,149	908,472,808

(*) The fair value of the investment property was determined based on an evaluation conducted by the Kyung-il Appraisal Corporation and Joong-ang Appraisal Corporation, independent external entities with appropriate qualifications and experience in relation to the local property assessment (Evaluation date: February 2, 2024) and there are no significant changes during current period.

The fair value was measured by the officially announced land price standard method. Since the estimated value calculated using the officially announced land price standard method falls within the range of values estimated by the sales comparison approach and is deemed reasonable, the estimated value derived from the method was adopted as the appraised value.

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9. INVESTMENT PROPERTIES (CONT'D)

4) Among the investment properties, the fair values as of March 31, 2024 and December 31, 2023, of Jongno Tower, which is provided for operating leases to SK On Co., Ltd., etc., are as follows:

(In thousands of Korean won)

	March 31, 2024		December 31, 2023	
	Book value	Fair value (*)	Book value	Fair value (*)
Land	₩ 583,514,238	592,911,000	583,514,238	591,851,500
Building	74,685,324	76,289,000	75,189,963	73,898,500
	₩ 658,199,562	669,200,000	658,704,201	665,750,000

(*) 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 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 March 31, 2024 and December 31, 2023, of Water Treatment Center, which is provided for operating leases to SK hynix Inc., etc., are as follows:

(In thousands of Korean won)

	March 31, 2024		December 31, 2023	
	Book value (*1)	Fair value (*2)	Book value (*1)	Fair value (*2)
Land	₩ 45,893,351	42,683,200	45,893,351	42,683,200
Building	1,121,928,085	1,074,523,000	1,129,012,635	1,074,523,000
	₩ 1,167,821,436	1,117,206,200	1,174,905,986	1,117,206,200

(*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 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 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.

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(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)

	March 31, 2024			
	Level 1	Level 2	Level 3	Total
Investment properties	₩ -	-	4,588,461,193	4,588,461,193

(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

(7) Valuation Methods and Input Variables

(In thousands of Korean won)

	March 31, 2024				
	Fair value	Level	Valuation method	Unobservable input variable	Relationship between fair value and input variables
Investment properties	₩ 4,588,461,193	3	Income capitalization approach, etc.	Price per square meter and operating income	(*)

(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, etc.	Price per square meter and operating income	(*)

(*) If the price per square meter and operating income increase, the fair value also increases

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10. DEBENTURES AND BORROWINGS

(1) Details of debentures as of March 31, 2024 and December 31, 2023, are as follows:

(In thousands of Korean won)

Funding Purpose	Financial institution	Issuing currency	Issue date	Maturity date	Interest rate (%)	Repayment method	March 31, 2024	December 31, 2023	
Public-offering bonds	Korea Investment & Securities Co., Ltd.	KRW	February 23, 2024	February 21, 2025	4.13	Repayment at maturity	₩ 43,000,000	—	
	SAMSUNG SECURITIES Co., Ltd.						6,000,000	—	
	Shinhan Securities Co., Ltd.		February 23, 2024	August 22, 2025	4.17	Repayment at maturity	25,000,000	—	
	SK SECURITIES Co., Ltd.						25,000,000	—	
Private corporate bonds	SAMSUNG SECURITIES Co., Ltd.		February 28, 2024	February 26, 2027	4.33	Repayment at maturity	10,000,000	—	
Short-term bonds	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	
	Korea Investment & Securities Co., Ltd.		March 20, 2024	June 19, 2024	4.05	Repayment at maturity	92,000,000	—	
	SAMSUNG SECURITIES Co., Ltd.						55,000,000	—	
	SK SECURITIES Co., Ltd.						46,000,000	—	
	Shinhan Securities Co., Ltd.						34,000,000	—	
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	468,100,000	
Add: Premium on bonds							2,489,335	1,943,144	
Less: Reclassification of the current portion of debentures							(410,809,965)	(447,144,688)	
							₩ 59,779,370	22,898,456	

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10. DEBENTURES AND BORROWINGS (CONT'D)

(2) Details of convertible bonds as of March 31, 2024, 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 4,706 per share	KRW 5,025 per share
Stocks to be issued due to Conversion	Stocks	Registered ordinary shares of SK REIT CO., LTD.	Registered ordinary shares of SK REIT CO., LTD.
	Number of shares (in shares)	23,161,920	4,597,014
	Percentage of Number of Shares Outstanding (%)	7.90	1.67
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.	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: 103.1484% of electronically registered amount (December 13, 2024), 103.5667% (March 13, 2025), 103.9907% (June 13, 2025), 104.4206% (September 13, 2025)	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)

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10. DEBENTURES AND BORROWINGS (CONT'D)

(3) Details of long-term borrowings as of March 31, 2024 and December 31, 2023, are as follows:

(In thousands of Korean won)

Type	Financial institution	Issuing currency	Maturity date	Interest rate (%)	Funding Purpose	Repayment method	March 31, 2024	December 31, 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, 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, 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, Ltd.		July 5, 2024	4.79	Facility funds	Repayment at maturity	40,000,000	40,000,000					
	Standard Chartered Bank Korea Ltd.						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, Ltd.		July 5, 2024	2.08	Facility funds	Repayment at maturity	67,930,763	67,930,763					
	Standard Chartered Bank Korea Ltd.						84,800,000	84,800,000					
	Sumitomo Mitsui Banking Corporation						80,000,000	80,000,000					
	Woori Bank						80,000,000	80,000,000					
	INDUSTRIAL BANK OF KOREA						150,000,000	150,000,000					
	KOOKMIN BANK						50,000,000	50,000,000					
	Water Stream 1st Co.,Ltd.		September 23, 2026	5.49	Facility funds	Repayment at maturity	45,000,000	45,000,000					
	HANWHA LIFE IN-SURANCE CO., LTD.						40,000,000	40,000,000					
	Kyobo Life Insurance Co., Ltd.						25,000,000	25,000,000					
	Heungkuk SK hynix Co., Ltd.						20,000,000	20,000,000					
	Standard Chartered Bank Korea Ltd.						100,300,000	100,300,000					
	Sumitomo Mitsui Banking Corporation						100,000,000	100,000,000					
	S Tiger clean Co., Ltd.		September 23, 2026	5.05	Facility funds	Repayment at maturity	45,000,000	45,000,000					
	Woori Bank						45,000,000	45,000,000					
	China Construction Bank						40,000,000	40,000,000					
	Suhyup Bank						10,000,000	10,000,000					
	Subtotal						2,258,074,809	2,258,074,809					
	Less: discount account on present value						(9,263,127)	(10,864,722)					
	Less: Reclassification of the current portion of long-term borrowings						(1,037,925,673)	(1,037,276,883)					
							₩ 1,210,886,009	1,209,933,204					

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

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11. OTHER ASSETS

Other assets as of March 31, 2024 and December 31, 2023, are as follows:

(In thousands of Korean won)

	March 31, 2024	December 31, 2023
Current assets:		
Prepaid expenses	₩ 2,515,898	3,845,543
Advanced tax	227,964	122,396
	₩ 2,743,862	3,967,939

12. OTHER LIABILITIES

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

(In thousands of Korean won)

	March 31, 2024	December 31, 2023
Current liabilities:		
Advances from customers	₩ 1,527,093	1,527,883
Unearned revenues	8,437,743	8,492,944
Withholdings	954	1,256
VAT payables	4,530,509	4,167,172
	₩ 14,496,299	14,189,255
Non-current liabilities:		
Unearned revenues	₩ 57,145,810	59,267,949
	₩ 57,145,810	59,267,949

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 March 31, 2024 and December 31, 2023 are as follows:

	Ordinary share	
	March 31, 2024	December 31, 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	270,132,679 shares
Capital stock	KRW 135,066,340 thousand	KRW 135,066,340 thousand

(2) Changes in the number of ordinary shares outstanding for the three-month periods ended March 31, 2024 and December 31, 2023 are as follows:

(In Shares)

	Ordinary share	
	For the three-month period ended March 31, 2024	For the three-month period ended December 31, 2023
Beginning balance	270,132,679	196,554,079
Capital increase with consideration (October 6, 2023)	—	73,578,600
Ending balance	270,132,679	270,132,679

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14. OTHER PAID-IN CAPITAL

(1) Details of other paid-in capital as of March 31, 2024 and December 31, 2023, are as follows:

(In thousands of Korean won)

	March 31, 2024	December 31, 2023
Share premium	₩ 1,113,201,453	1,114,887,980
Value of conversion rights (*)	1,437,739	1,437,739
Other capital surplus	150,699	150,699
	₩ 1,114,789,891	1,116,476,418

(*) 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.

(2) Changes in paid-in capital for the three-month periods ended March 31, 2024 and December 31, 2023, are as follows:

(In thousands of Korean won)

	For the three-month period ended March 31, 2024			
	Share premium	Value of conversion rights	Other capital surplus	Total
Beginning balance	W 1,114,887,980	1,437,739	150,699	1,116,476,418
Transfer to retained earnings	(1,686,527)	—	—	(1,686,527)
Ending balance	W 1,113,201,453	1,437,739	150,699	1,114,789,891

(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	W 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	W 1,114,887,980	1,437,739	150,699	1,116,476,418

15. RETAINED EARNINGS (ACCUMULATED DEFICIT)

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

(In thousands of Korean won)

	March 31, 2024	December 31, 2023
Retained earnings before appropriations (Accumulated deficit before disposition)	(29,611,637)	(11,435,596)

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16. DIVIDENDS

Details of planned dividend payment as of March 31, 2024 and December 31, 2023, are as follows:

(In Korean won, Shares)

	Ordinary share	
	March 31, 2024	December 31, 2023
Total number of issued shares	270,132,679	270,132,679
Number of treasury shares	—	—
Number of dividend shares	270,132,679	270,132,679
Dividends per share	W 66	91
Total dividends	W 17,828,756,814	24,582,073,789

17. REVENUES FROM CONTRACTS WITH CUSTOMERS

Details of revenues from contracts with customers and categorized information for the three-month periods ended March 31, 2024 and December 31, 2023, are as follows:

(In thousands of Korean won)

	For the three-month period ended March 31, 2024	For the three-month period ended December 31, 2023
Goods and services transferred over time:		
Rental business	Rental revenues	₩ 52,247,790 52,636,897

18. OPERATING REVENUES

Details of operating revenues for the three-month periods ended March 31, 2024 and December 31, 2023, are as follows:

(In thousands of Korean won)

	For the three-month period ended March 31, 2024	For the three-month period ended December 31, 2023
Rental revenues	W 49,682,121	50,122,056
Maintenance fee revenues	2,194,064	2,176,318
Other revenues	371,605	338,523
	W 52,247,790	52,636,897

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19. OPERATING EXPENSES

Details of operating expenses for the three-month periods ended March 31, 2024 and December 31, 2023, are as follows:

(In thousands of Korean won)

		For the three-month period ended March 31, 2024	For the three-month period ended December 31, 2023
Executive compensation	₩	45,000	45,000
Insurance expenses		15,796	16,442
Depreciation		11,829,236	11,924,593
Asset management consignment fees		2,442,118	2,475,719
Asset custody consignment fees		21,541	20,895
General affairs consignment fees		103,028	103,383
Real estate management consignment fees		702,422	688,453
Commission expenses		811,638	636,309
Taxes and due		428	123,541
Utility expenses		684,328	587,941
Deemed rent		206,765	173,680
Advertising expenses		—	32,000
	₩	16,862,300	16,827,956

20. FINANCE INCOME AND COSTS

(1) Details of finance income for the three-month periods ended March 31, 2024 and December 31, 2023, are as follows:

(In thousands of Korean won)

		For the three-month period ended March 31, 2024	For the three-month period ended December 31, 2023
Interest income	₩	1,083,548	594,091

(2) Details of finance costs for the three-month periods ended March 31, 2024 and December 31, 2023, are as follows:

(In thousands of Korean won)

		For the three-month period ended March 31, 2024	For the three-month period ended December 31, 2023
Interest expenses	₩	30,576,681	31,605,078

21. OTHER NON-OPERATING INCOME AND EXPENSES

(1) Details of other non-operating income for the three-month periods ended March 31, 2024 and December 31, 2023, are as follows:

(In thousands of Korean won)

		For the three-month period ended March 31, 2024	For the three-month period ended December 31, 2023
Miscellaneous gains	₩	1,399	5,701

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(2) Details of other non-operating expenses for the three-month periods ended March 31, 2024 and December 31, 2023, are as follows:

(In thousands of Korean won)

		For the three-month period ended March 31, 2024	For the three-month period ended December 31, 2023
Miscellaneous losses	₩	697	27,634

22. INCOME TAX EXPENSES

Income tax expenses are 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 March 31, 2024 and December 31, 2023 are calculated as follows:

(In Korean won, except for number of shares)

		For the three-month period ended March 31, 2024	For the three-month period ended December 31, 2023
Profit for the period	₩	5,893,058,247	4,776,022,048
Dividends on preferred shares		1,173,551,912	1,189,698,629
Profit for the period, attributable to ordinary equity holders of the parent entity		4,719,506,335	3,586,323,419
Weighted-average number of ordinary shares outstanding		270,132,679 shares	266,133,842 shares
Basic earnings per share of ordinary share, attributable to the owners of the parent entity	₩	17.47	13.48

2) Calculation of weighted average number of ordinary shares outstanding

(In shares, except for number of days)

For the three-month period ended March 31, 2024				
	Term	Number of shares in circulation	days	Accumulation
Beginning balance	January 1, 2024 ~ March 31, 2024	270,132,679	91	24,582,073,789
Subtotal				24,582,073,789
Weighted average number of ordinary shares outstanding				270,132,679

(In shares, except for number of days)

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

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(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 March 31, 2024, 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 are the same as basic earnings per share because the convertible bonds are antidilutive as of March 31, 2024.

24. RELATED-PARTY TRANSACTIONS

(1) Details of related parties as of March 31, 2024, are as follows:

Type	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 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 as 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 March 31, 2024 and December 31, 2023, are as follows:

(In thousands of Korean won)

Type	Name of the related party	Account headings	For the three-month period ended March 31, 2024	For the three-month period ended December 31, 2023
Controlling company	SK Inc.	Operating Revenues ^{(*)1}	₩ 10,493,400	10,493,400
		Commission expenses	26,172	26,172
Others	SK REITs Management Co., Ltd.	Asset management consignment fees	2,442,118	2,475,719
	SK Energy Co., Ltd.	Operating Revenues ^{(*)2}	7,971,328	7,971,328
	SK hynix Inc.	Operating Revenues ^{(*)3}	25,177,498	25,745,146
	SK shieldus Co., Ltd.	Real estate management consignment fees	14,400	14,400
	SK On Co., Ltd.	Operating revenues ^{(*)4}	1,305,547	1,283,694
	SK Geo Centric Co., Ltd.		725,325	662,616
	SK Energy Co., Ltd.		565,039	573,611
	SK Ecoplant Co., Ltd.		166,922	231,014
	SK E&S Co., Ltd.		405,488	388,323
	SK Forest Co., Ltd.		160,051	170,190

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- (*)1 KRW 159,981 thousand and 159,981 thousand reflected in the operating income of the unearned revenues have been excluded, respectively, during the current and prior periods.
- (*)2 KRW 121,710 thousand and 121,710 thousand reflected in the operating income of the unearned revenues have been excluded, respectively, during the current and prior periods.
- (*)3 KRW 1,642,215 thousand and 1,642,215 thousand reflected in the operating income of the unearned revenues have been excluded, respectively, during the current and prior periods.
- (*)4 KRW 115,050 thousand and 113,139 thousand reflected in the operating income of the unearned revenues have been excluded, respectively, during the current and prior periods.

24. RELATED PARTIES TRANSACTIONS (CONT'D)

(3) Outstanding balances to related parties as of March 31, 2024 and December 31, 2023, are as follows:

(In thousands of Korean won)

Type	Name of the related party	Account headings	March 31, 2024	December 31, 2023
Controlling company	SK Inc.	Leasehold deposits received ^{(*)1}	₩ 32,711,600	32,711,600
		Accrued income ^{(*)2}	1,711,737	1,688,780
		Dividends payable	7,967,497	—
Others	SK REITs Management Co., Ltd.	Non-trade payables	5,480,522	2,794,193
	SK Energy Co., Ltd.	Leasehold deposits received ^{(*)3}	26,165,790	26,165,790
		Accrued income ^{(*)2}	1,246,986	1,125,396
	SK hynix Inc.	Leasehold deposits received ^{(*)4}	160,778,392	160,778,392
		Accrued income ^{(*)2}	4,860,299	3,072,875
	SK shieldus Co., Ltd.	Non-trade payables	5,280	5,280
	SK On Co., Ltd., etc.	Leasehold deposits received ^{(*)5}	10,085,285	10,085,285

- (*)1 These are nominal values that do not reflect the current value discounts of KRW 1,480,643 thousand and KRW 1,640,965 thousand, as of March 31, 2024 and December 31, 2023, respectively.
- (*)2 The Group recognized no loss allowance for accrued income as of March 31, 2024 and December 31, 2023.
- (*)3 These are nominal values that do not reflect the current value discounts of KRW 3,627,858 thousand and KRW 3,743,555 thousand, as of March 31, 2024 and December 31, 2023, respectively.
- (*)4 These are nominal values that do not reflect the current value discounts of KRW 59,254,703 thousand and KRW 60,551,987 thousand, as of March 31, 2024 and December 31, 2023, respectively.
- (*)5 These are nominal values that do not reflect the current value discounts of KRW 1,355,138 thousand and KRW 1,465,452 thousand, as of March 31, 2024 and December 31, 2023, respectively.

(4) Dividends paid to related parties for the three-month periods ended March 31, 2024 and December 31, 2023, are as follows:

(In thousands of Korean won)

Type	Name of the related party	For the three-month period ended March 31, 2024	For the three-month period ended December 31, 2023
Controlling company	SK Inc.	₩ —	7,689,798

(5) Key management personnel compensations for the three-month periods ended March 31, 2024 and December 31, 2023, are as follows:

(In thousands of Korean won)

	For the three-month period ended March 31, 2024	For the three-month period ended December 31, 2023
Key management personnel compensation	₩ 45,000	45,000

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

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25. CONSOLIDATED STATEMENTS OF CASH FLOWS

(1) Details of expenses and revenues without cash inflows and outflows for the three-month periods ended March 31, 2024 and December 31, 2023, are as follows:

(In thousands of Korean won)

	For the three-month period ended March 31, 2024		For the three-month period ended December 31, 2023
Depreciation	₩	11,829,236	11,924,593
Interest expenses		30,576,681	31,605,078
Miscellaneous losses		—	27,634
Rental revenues		(2,177,341)	(2,117,468)
Interest income		(1,083,549)	(594,091)
	₩	39,145,027	40,845,746

(2) Details of changes in assets and liabilities arising from operating activities for the three-month periods ended March 31, 2024 and December 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
Non-trade receivables	₩	10,566	108,487,872
Accrued income		(1,931,971)	(2,499,620)
Prepaid expenses		15,796	(8,562)
VAT payables		363,337	1,287,197
Non-trade payables		2,354,665	(2,157,425)
Advances from customers		(789)	34
Withholdings		(302)	629
	₩	811,302	105,110,125

(3) The significant non-cash transactions arising from investing and financing activities for the three-month periods ended March 31, 2024 and December 31, 2023, are as follows:

(In thousands of Korean won)

	For the three-month period ended March 31, 2024		For the three-month period ended December 31, 2023
Reclassification of the current portion of long-term unearned revenues	₩	2,122,140	1,911,572
Transfer of retained earnings from capital surplus		1,686,526	5,406,341
Reclassification of current portion of convertible bonds		23,099,071	111,144,688
Reclassification of retained earnings with dividends payable		24,582,074	—
Changes in non-trade payables related to the acquisition of investment properties		(3,306,235)	3,306,235

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25. CONSOLIDATED STATEMENTS OF CASH FLOWS (CONT'D)

(4) Reconciliation details of liabilities arising from financial activities for the three-month periods ended March 31, 2024 and December 31, 2023, are as follows:

(In thousands of Korean won)

	For the three-month period ended March 31, 2024				
	Beginning of period	Cashflows	Amortization	Non-cash transactions	End of period
Current portion of long-term borrowings	₩ 1,037,276,883	—	648,790	—	1,037,925,673
Long-term borrowings	1,209,933,204	—	952,805	—	1,210,886,009
Current portion of debentures	336,000,000	(60,261,810)	26,686	—	275,764,876
Debentures	—	59,764,510	14,860	—	59,779,370
Current portion of convertible bonds	111,144,688	—	801,330	23,099,071	135,045,089
Convertible bonds	22,898,456	—	200,615	(23,099,071)	—
Short-term leasehold deposits received	1,320,948	—	—	1,849,534	3,170,482
Long-term leasehold deposits received	168,198,660	—	1,820,481	(1,849,534)	168,169,607
	₩ 2,886,772,839	(497,300)	4,465,567	—	2,890,741,106

(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
Short-term leasehold deposits received	1,072,555	—	—	248,393	1,320,948
Long-term leasehold deposits received	166,599,113	—	1,738,184	(138,637)	168,198,660
	₩ 3,311,779,824	(429,473,600)	4,331,395	135,220	2,886,772,839

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26. COMMITMENTS AND CONTINGENCIES

(1) Details of commitments made with financial institutions as of March 31, 2024 and December 31, 2023, are as follows:

(In thousands of Korean won)

Financial institutions	March 31, 2024			
	Currency	Type	Limit of amount	Unexecuted amount
Standard Chartered Bank Korea Ltd. ^{(*)2}	KRW	Loan agreement	₩ 116,000,000	—
SK Office One Q No. 1 ^{(*)2}			60,000,000	—
S Tiger K Co., Ltd. ^{(*)2}			80,000,000	—
KOOKMIN BANK ^{(*)2}			150,000,000	—
Sumitomo Mitsui Banking Corporation ^{(*)2}			115,800,000	—
Mizuho Bank, Ltd. ^{(*)2}			80,000,000	—
Standard Chartered Bank Korea Ltd. ^{(*)3}			40,000,000	—
Sumitomo Mitsui Banking Corporation ^{(*)3}			40,000,000	—
Mizuho Bank, Ltd. ^{(*)3}			40,000,000	—
Standard Chartered Bank Korea Ltd. ^{(*)4}			37,380,000	—
KOOKMIN BANK ^{(*)4}			69,000,000	—
Sumitomo Mitsui Banking Corporation ^{(*)4}			39,000,000	—
Mizuho Bank, Ltd. ^{(*)4}			39,000,000	—
Standard Chartered Bank Korea Ltd. ^{(*)5}			130,100,000	3,845,824
Clean Energy One Q No.1 ^{(*)5}			60,000,000	1,773,631
S Tiger Energy Co., Ltd. ^{(*)5}			40,000,000	1,182,421
KOOKMIN BANK ^{(*)5}			130,000,000	3,842,868
Sumitomo Mitsui Banking Corporation ^{(*)5}			20,000,000	591,210
Mizuho Bank, Ltd. ^{(*)5}			70,000,000	2,069,237
Standard Chartered Bank Korea Ltd. ^{(*)6}			84,800,000	—
Sumitomo Mitsui Banking Corporation ^{(*)6}			80,000,000	—
Woori Bank ^{(*)6}			80,000,000	—
INDUSTRIAL BANK OF KOREA ^{(*)7}			150,000,000	—
KOOKMIN BANK ^{(*)7}			50,000,000	—
Water Stream 1st Co., Ltd. ^{(*)7}			45,000,000	—
HANWHA LIFE INSURANCE CO., LTD. ^{(*)7}			40,000,000	—
Kyobo Life Insurance Co., Ltd. ^{(*)1) (*)7}			25,000,000	—
Heungkuk SK hynix co,Ltd ^{(*)7}			20,000,000	—
Standard Chartered Bank Korea Ltd. ^{(*)8}			100,300,000	—
Sumitomo Mitsui Banking Corporation ^{(*)8}			100,000,000	—
S Tiger clean Co., Ltd. ^{(*)8}			45,000,000	—
Woori Bank ^{(*)8}			45,000,000	—
China Construction Bank ^{(*)1) (*)8}			40,000,000	—
Suhyup Bank ^{(*)8}			10,000,000	—
			₩ 2,271,380,000	13,305,191

(*)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 113 other 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.

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(In thousands of Korean won)

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

(*)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 113 other 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
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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 for leap year) * days (number of days of holding 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

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26. COMMITMENTS AND CONTINGENCIES (CONT'D)

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 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 parent REITs' asset management performance fee Others: (Total value of disposed assets + premium – purchase price) * disposal ratio * 10% – accumulated amount of parent 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)

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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)

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)

SK REIT CO., LTD. AND ITS SUBSIDIARIES
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26. COMMITMENTS AND CONTINGENCIES (CONT'D)

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
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26. COMMITMENTS AND CONTINGENCIES (CONT'D)

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 113 other 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 of SK U Tower 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 for providing operating lease of Water Treatment Center to SK hynix Inc.

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 properties 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.

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27. ASSETS PLEDGED AS SECURITY

Details of investment properties that are pledged as security as of March 31, 2024, are as follows:

(In thousands of Korean won)

Provided Assets		Set-up Authority		Maximum Amount of Bonds	Carrying Amount	Related Liabilities	
Investment properties (SK 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, 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 (*)	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, 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 □	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, 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	

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Notes to the Consolidated Financial Statements, Continued
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(In thousands of Korean won)

Provided Assets		Set-up Authority		Maximum Amount of Bonds	Carrying Amount	Related Liabilities	
Investment properties (Jongno Tower)	Land/ Buildings (*)	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		
		Subtotal			305,989,031	255,049,193	
Investment properties (Water Treatment Center)	Land/ Buildings (*)	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.	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	48,000,000	40,000,000		
			SUHYUP BANK	12,000,000	10,000,000		
			Subtotal	804,360,000	670,300,000		
			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	

(*) The book values of land and buildings pledged as security by the Group are KRW 1,036,917,827 thousand for SK Seorin Building, KRW 520,360,133 thousand for SK U-Tower, KRW 781,261,218 thousand for SK Energy Gas Station, KRW 658,199,562 thousand for Jongno Tower and KRW 1,167,821,436 thousand for Water Treatment Center.

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28. RESTRICTED FINANCIAL INSTRUMENTS

Details of restricted financial instruments as of March 31, 2024 and December 31, 2023, are as follows:

(In thousands of Korean won)

Accounts	Financial institution	March 31, 2024	December 31, 2023	Details
Cash and cash equivalents	Standard Chartered Bank Korea Ltd., etc.	₩ 91,104,656	83,371,359	Pledged as security for lenders
Short-term financial instruments	Standard Chartered Bank Korea Ltd., etc.	29,083,131	18,000,000	Pledged as security for lenders
Long-term financial instruments	SHINHAN BANK, etc.	5,422,642	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 March 31, 2024, 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.

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(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 March 31, 2024 and December 31, 2023, is as follows:

(In thousands of Korean won)

	March 31, 2024					Total
	Within 3 months	3 months ~ 1 year	1 year ~ 5 years	Over 5 years		
Debentures	₩ 228,132,416	52,193,515	61,642,730	–	341,968,661	
Non-trade payables	45,398,843	–	–	–	45,398,843	
Accrued expenses	6,828,093	–	–	–	6,828,093	
Long-term borrowings	20,736,235	1,086,952,849	1,282,236,321	–	2,389,925,405	
Convertible bonds	1,288,585	134,578,210	–	–	135,866,795	
Leasehold deposits received	–	3,250,708	65,024,477	169,613,790	237,888,975	
	₩ 302,384,172	1,276,975,282	1,408,903,528	169,613,790	3,157,876,772	

29. RISK MANAGEMENT (CONT'D)

(In thousands of Korean won)

	December 31, 2023					Total
	Within 3 months	3 months ~ 1 year	1 year ~ 5 years	Over 5 years		
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	

(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 exchange risk, interest rate risk, and other price risks.

1) Foreign exchange risk

Foreign 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.

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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 March 31, 2024 and December 31, 2023, are as follows:

(In thousands of Korean won)

	March 31, 2024		
	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
		CD interest rate + 1.05%	244,800,000

(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
		CD interest rate + 1.05%	244,800,000

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 March 31, 2024 and December 31, 2023, are as follows:

(In thousands of Korean won)

	For the three-month period ended March 31, 2024		For the three-month period ended December 31, 2023	
	1% increase	1% decrease	1% increase	1% decrease
Profit before income tax expenses	₩ (1,757,920)	1,757,920	(1,696,756)	1,696,756

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.

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(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 March 31, 2024 and December 31, 2023, are as follows:

(In thousands of Korean won, except for ratio)

	March 31, 2024	December 31, 2023
Total liabilities	₩ 3,000,083,996	2,974,226,643
Total equity	1,301,418,145	1,321,400,312
Debt ratio	231%	225%



SK REIT CO., LTD. AND ITS SUBSIDIARIES

Consolidated Financial Statements

for each of the three-month periods ended September 30, 2024 and June 30, 2024 with the independent auditor’s report

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INDEPENDENT AUDITOR’S REPORT

(English translation of 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 September 30, 2024 and June 30, 2024, 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 September 30, 2024 and June 30, 2024, and the notes to the consolidated financial statements, including 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 September 30, 2024 and June 30, 2024, and its consolidated financial performance and its consolidated cash flows for each of the three-month periods ended September 30, 2024 and June 30, 2024 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.

INDEPENDENT AUDITOR’S REPORT

(English translation of a report originally issued in Korean)

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 25 to the consolidated financial statements, among the assets recorded in the consolidated financial statements of the Group, the maximum pledged amount of assets provided as collateral is KRW 2,613,4 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 the financial decision-making of the Group’s stakeholders, and therefore, we have identified the disclosure of the Group’s assets provided as collateral as a key audit matter.

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

- Confirm details of collaterals established by financial institutions and others by sending to and collecting from them inquiry letters.
- Assess the amount of mortgage and pledge by checking loan agreements and contracts.
- Review the certified copies of the real estate register and the original book of trust to confirm the substantiality of major assets provided as collateral.
- Assess 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.

INDEPENDENT AUDITOR’S REPORT

(English translation of a report originally issued in Korean)

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.
- 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.

INDEPENDENT AUDITOR’S REPORT

(English translation of a report originally issued in Korean)

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.

Ernst & Young Han Young

Seoul, Korea
December 4, 2024

This audit report is effective as of December 4, 2024, 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 ITS SUBSIDIARIES
Consolidated Statements of Financial Position

As of September 30, 2024 and June 30, 2024

(In Korean won)

	Notes	As of September 30, 2024	As of June 30, 2024
Assets			
Current assets		₩ 86,268,256,458	264,728,941,490
Cash and cash equivalents	5, 6, 26	44,625,253,742	225,047,972,998
Short-term financial instruments	5, 26	27,083,131,000	27,083,131,000
Non-trade receivables	5, 22	1,573,751	51,802,321
Accrued income	5, 22	12,180,091,166	10,592,387,378
Other current assets	10	2,378,206,799	1,953,647,793
Non-current assets		4,146,297,322,804	4,158,214,467,565
Long-term financial instruments	5, 26	5,465,470,045	5,422,642,305
Investment properties	7, 8, 25	4,140,831,852,759	4,152,791,825,260
Total assets		₩ 4,232,565,579,262	4,422,943,409,055
Liabilities			
Current liabilities		₩ 844,139,114,413	1,847,418,823,927
Current portion of long-term borrowings	5, 9, 24, 25, 27	153,960,175,354	1,341,946,675,500
Current portion of debentures	5, 9, 27	540,469,491,514	340,415,794,846
Current portion of convertible bonds	5, 9, 27	124,087,040,371	136,065,004,658
Non-trade payables	5, 22, 27	3,368,605,750	4,373,979,114
Accrued expenses	5, 27	3,457,248,816	6,877,443,006
Short-term leasehold deposits received	5, 22, 25, 27	2,293,903,482	3,242,534,744
Other current liabilities	11, 22	16,502,649,126	14,497,392,059
Non-current liabilities		2,106,751,651,518	1,287,751,819,578
Long-term borrowing	5, 8, 9, 24, 25, 27	1,776,672,802,884	908,483,405,924
Debentures	5, 9, 27	104,450,861,553	154,325,015,378
Long-term leasehold deposits received	5, 22, 25, 27	172,563,909,028	169,884,011,356
Other non-current liabilities	11	53,064,078,053	55,059,386,920
Total liabilities		₩ 2,950,890,765,931	3,135,170,643,505
Equity			
Capital and reserves attributable to the owners of the Parent Company		₩ 1,200,488,365,245	1,206,599,213,638
Share capital	12	136,394,430,000	135,066,339,500
Other paid-in capital	13	1,119,409,937,014	1,113,702,359,179
Retained earnings (accumulated deficit)	14	(55,316,001,769)	(42,169,485,041)
Non-controlling interests		81,186,448,086	81,173,551,912
Total equity		1,281,674,813,331	1,287,772,765,550
Total liabilities and equity		₩ 4,232,565,579,262	4,422,943,409,055

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 each of the three-month periods ended September 30, 2024 and June 30, 2024

(In Korean won)

	Notes	For the three-month period ended September 30, 2024	For the three-month period ended June 30, 2024
Operating revenues	4, 7, 8, 16, 22	₩ 52,409,552,157	52,188,480,973
Operating expenses	8, 17, 22, 24	17,179,996,113	17,737,509,310
Operating profit		35,229,556,044	34,450,971,663
Finance income	5, 18	700,693,928	1,626,352,935
Finance costs	5, 18	36,120,902,372	30,721,898,204
Other non-operating income	19	940,634	1,502,531
Other non-operating expenses	19	100,000	—
Profit before income tax expenses		(189,811,766)	5,356,928,925
Income tax expenses	20	—	—
Profit (loss) for the period	21	₩ (189,811,766)	5,356,928,925
Profit attributable to:			
Owners of the Parent Company		(1,376,259,852)	4,183,377,013
Non-controlling interests		1,186,448,086	1,173,551,912
Other comprehensive income (loss) for the period		—	—
Total comprehensive income (loss) for the period		₩ (189,811,766)	5,356,928,925
Total comprehensive income attributable to:			
Owners of the Parent Company		(1,376,259,852)	4,183,377,013
Non-controlling interests		1,186,448,086	1,173,551,912
Earnings (losses) per share			
Basic earnings (losses) per share	21	(5.08)	15.49
Diluted earnings (losses) per share	21	(5.08)	15.49

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 each of the three-month periods ended September 30, 2024 and June 30, 2024

(In Korean won)

	Attributable to the owners of the Parent Company				Non-controlling interests	Total equity
	Share capital	Other paid-in capital	Retained earnings (Accumulated deficit)	Total		
Balance as of April 1, 2024	₩ 135,066,339,500	1,114,789,891,172	(29,611,637,233)	1,220,244,593,439	81,173,551,912	1,301,418,145,351
Total comprehensive income:						
Profit for the period	—	—	4,183,377,013	4,183,377,013	1,173,551,912	5,356,928,925
Transactions with the owners:						
Dividends	—	—	(17,828,756,814)	(17,828,756,814)	(1,173,551,912)	(19,002,308,726)
Transfer of share premium to retained earnings	—	(1,087,531,993)	1,087,531,993	—	—	—
Balance as of June 30, 2024	₩ 135,066,339,500	1,113,702,359,179	(42,169,485,041)	1,206,599,213,638	81,173,551,912	1,287,772,765,550
Balance as of July 1, 2024	₩ 135,066,339,500	1,113,702,359,179	(42,169,485,041)	1,206,599,213,638	81,173,551,912	1,287,772,765,550
Total comprehensive income:						
Loss for the period	—	—	(1,376,259,852)	(1,376,259,852)	1,186,448,086	(189,811,766)
Transactions with the owners:						
Conversion of convertible bonds	1,328,090,500	11,766,077,773	—	13,094,168,273	—	13,094,168,273
Dividends	—	—	(17,828,756,814)	(17,828,756,814)	(1,173,551,912)	(19,002,308,726)
Transfer of share premium to retained earnings	—	(6,058,499,938)	6,058,499,938	—	—	—
Balance as of September 30, 2024	₩ 136,394,430,000	1,119,409,937,014	(55,316,001,769)	1,200,488,365,245	81,186,448,086	1,281,674,813,331

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 each of the three-month periods ended September 30, 2024 and June 30, 2024

(In Korean won)

	Notes	For the three-month period ended September 30, 2024	For the three-month period ended June 30, 2024
Cash flows from operating activities:	23		
Profit (loss) for the period		₩ (189,811,766)	5,356,928,925
Adjustment		45,273,290,209	38,801,094,344
Changes in operating assets and liabilities		(541,358,357)	(3,859,397,281)
Interest income received		719,978,702	1,535,906,159
Interest expenses paid		(34,493,333,673)	(25,131,069,412)
Income taxes return (paid)		40,366,490	(163,443,900)
Net cash inflows from operating activities		10,809,131,605	16,540,018,835
Cash flows from investing activities:			
Decrease in short-term financial instruments		25,000,000,000	27,000,000,000
Increase in short-term financial instruments		(25,000,000,000)	(25,000,000,000)
Increase in long-term financial instruments		(42,827,740)	—
Acquisition of investment properties	8, 23	(30,112,900)	(31,579,800)
Net cash outflows from investing activities		(72,940,640)	1,968,420,200
Cash flows from financing activities:			
Increase in long-term borrowings		866,483,302,400	—
Issuance of debentures		296,898,860,000	386,019,260,000
Increase in leasehold deposits received		160,427,740	—
Decrease in current portion of long-term borrowings		(1,188,594,809,121)	—
Repayment of debentures		(147,000,000,000)	(227,000,000,000)
Decrease in leasehold deposits received		(100,000,000)	—
Stock issuance costs		(4,382,514)	—
Dividends paid	15	(19,002,308,726)	(43,584,382,515)
Net cash inflows (outflows) from financing activities		(191,158,910,221)	115,434,877,485
Net increase (decrease) in cash and cash equivalents		(180,422,719,256)	133,943,316,520
Cash and cash equivalents at the beginning of the period		225,047,972,998	91,104,656,478
Cash and cash equivalents at the end of the period		₩ 44,625,253,742	225,047,972,998

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 September 30, 2024 and June 30, 2024

1. THE GROUP

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

The Parent Company was established on March 15, 2021 under the Real Estate Investment Companies Act of the Republic of Korea. The business purpose of the Parent Company is to distribute its profits to its stockholders, which are generated from the revenue earned from acquisition, development, management, refurbishment and disposition of real estates and other properties.. The Parent 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 Parent Company’s major shareholders and their respective shareholdings as of September 30, 2024 are as follows:

Name of Shareholders	Number of shares (in share)	Types of shares	Percentage of ownership (%)
SK Inc.	87,554,915	Ordinary shares	32.10
Korean Federation of Community Credit Cooperatives	16,710,807	Ordinary shares	6.13
SHINHAN BANK (Trustee of Mirae Asset TIGER REIT & Infrastructure Mixed Asset ETF (Fund of Funds Type))	16,022,689	Ordinary shares	5.87
Others	152,500,449	Ordinary shares	55.90
Total	272,788,860		100.00

(2) Consolidated subsidiaries and their current status

The Group is engaged in real estate leasing. Meanwhile, details of subsidiaries included in the consolidated financial statements as of September 30, 2024 and June 30, 2024 are as follows:

Name of Subsidiaries	Main business	Country of domicile	Percentage of ownership (%) ^(*)		Reporting period end
			September 30, 2024	June 30, 2024	
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

None of subsidiary is newly included in or has been excluded from the scope of consolidated financial statements for the three-month period ended September 30, 2024.

SK REIT CO., LTD. AND ITS SUBSIDIARIES
Notes to the Consolidated Financial Statements, Continued
As of September 30, 2024 and June 30, 2024

(4) Summarized financial information of consolidated subsidiaries

The summarized financial position of the consolidated subsidiaries as of September 30, 2024 and June 30, 2024 is as follows:

(In thousands of Korean won)

Name of Subsidiaries		September 30, 2024				
		Assets	Liabilities	Equity	Operating revenues	Profit for the period
Clean Energy REIT Co., Ltd.	₩	795,443,747	460,120,189	335,323,558	8,093,037	2,078,613
Total Value 1 REIT Co., Ltd.		680,498,538	267,280,163	413,218,375	6,547,909	719,312
Clean Industrial REIT Co., Ltd.		1,191,269,826	811,038,611	380,231,215	21,051,131	2,380,920

1. THE GROUP (CONT'D)

(In thousands of Korean won)

Name of Subsidiaries		June 30, 2024				
		Assets	Liabilities	Equity	Operating revenues	Profit for the period
Clean Energy REIT Co., Ltd.	₩	802,370,821	464,103,021	338,267,800	8,093,037	4,672,924
Total Value 1 REIT Co., Ltd.		680,415,162	267,916,098	412,499,064	6,622,350	(75,994)
Clean Industrial REIT Co., Ltd.		1,198,314,599	810,734,146	387,580,453	21,119,619	2,645,608

SK REIT CO., LTD. AND ITS SUBSIDIARIES
Notes to the Consolidated Financial Statements, Continued
As of September 30, 2024 and June 30, 2024

(5) The information on important non-controlling interests for the Group as of September 30, 2024 and June 30, 2024 is as follows:

(In thousands of Korean won)

	September 30, 2024	June 30, 2024
	Clean Industrial REIT Co., Ltd.	Clean Industrial REIT Co., Ltd.
Non-controlling interest ratio	19.85%	19.85%
Current assets	₩ 7,482,526	7,459,176
Non-current assets	228,984,535	230,406,272
Current liabilities	1,860,834	1,852,950
Non-current liabilities	159,130,331	159,077,778
Equity	75,475,896	76,934,720
Book value of non-controlling interests	81,186,448	81,173,552
Revenues	4,178,650	4,192,244
Profit for the period	472,613	525,153
Comprehensive income for the period	472,613	525,153
Profit, attributable to non-controlling interests	1,186,448	1,173,552
Total comprehensive income, attributable to non-controlling interests	1,186,448	1,173,552
Cash flows from operating activities	1,642,064	1,375,807
Cash flows from investing activities	–	–
Cash flows from financing activities	(1,931,436)	(3,551,225)
Net decrease in cash and cash equivalents	(289,372)	(2,175,418)
Dividends paid to non-controlling interests	(1,173,552)	(1,173,552)

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 September 30, 2024 and June 30, 2024

2. SUMMARY OF MATERIAL 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 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 KIFRS 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 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 going concern.

1) There are no accounting standards and interpretations that were newly applied and changes in the Group's accounting policies for the three-month period ended September 30, 2024.

2) The followings are new and amended standards that have been issued but are neither effective nor early adopted by the Group. These standards do not have a material effect on the Group's financial statements.

– Amendments to KIFRS 1021 The Effects of Changes in Foreign Exchange and KIFRS 1101 First-time Adoption of KIFRS:
Lack of exchangeability

The amendments to KIFRS 1021 and 1101 specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows. The amendments are applied for annual periods beginning on or after January 1, 2025, with early application permitted. The Group is assessing the impact of the amendments on the consolidated financial statements.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

(2) Basis of consolidation

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

SK REIT CO., LTD. AND ITS SUBSIDIARIES
Notes to the Consolidated Financial Statements, Continued
As of September 30, 2024 and June 30, 2024

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; and
- 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 Parent Company acquires control of the subsidiary and ceases when the Parent 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 Parent 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.

SK REIT CO., LTD. AND ITS SUBSIDIARIES
Notes to the Consolidated Financial Statements, Continued
As of September 30, 2024 and June 30, 2024

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

(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
- 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 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.

SK REIT CO., LTD. AND ITS SUBSIDIARIES
Notes to the Consolidated Financial Statements, Continued
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(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 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 KIFRS 1115 Revenue from Contracts with Customers.

SK REIT CO., LTD. AND ITS SUBSIDIARIES
Notes to the Consolidated Financial Statements, Continued
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2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

(7) Lease

The Group classifies each lease as either an operating lease or a finance lease. Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying assets are classified as finance 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 finance 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 the case of a finance lease, the amount to be received from the lessee is recognized as receivable under the net investment from 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 KIFRS 1109 to recognize the expected credit losses on lease receivables as a loss allowance.

Finance lease income is calculated by referring to the total carrying amount of the lease receivable. However, in case of finance 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, 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
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(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.

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.

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Notes to the Consolidated Financial Statements, Continued
As of September 30, 2024 and June 30, 2024

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

(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.

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 income tax expenses based on the amount expected to be paid to the tax authorities.

Deferred tax is recognized as the expected income 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 either the same taxable entity or different taxable entities which intend to settle current tax liabilities and assets on a net basis.

Under Article 51-2 of the Corporate Tax Act of the Republic of Korea, Income Deduction for Special Purpose Companies, etc., if the Group pays out 90% and more of its distributable profit as dividends, the Group shall be entitled to deduct such amounts 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 September 30, 2024.

(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
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(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 SPPI.

Except for the 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 as other non-operating profit or loss.
- 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 as 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 as cumulative valuation gains or losses.
- 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 as other non-operating profit or loss 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 gains or losses recognized in other comprehensive income.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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, gains and losses under investments in equity instruments designated as fair value through other comprehensive income at initial recognition are not reclassified to 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
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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.

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 shall be the gain or loss due to the modification recognized as other non-operating profit or loss.

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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 Company 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 stipulating the obligation to reserve profit reserves at the time of profit distribution is not applicable to the Group pursuant to the Real Estate Investment Company Act in effect at the closing date. In addition, as Article 462 of the Commercial Act is not applicable to the Group pursuant to the Real Estate Investment Company Act, the Group may pay out dividends exceeding its earnings to the extent 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 October 30, 2024, and can be revised and approved at the shareholders' meeting on December 12, 2024.

3. MATERIAL 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) Income tax

Since income 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
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4. OPERATING SEGMENTS

(1) Overview

The Group does not disclose information for each segment as its reportable segment is a single segment in accordance with KIFRS 1108 Operating Segments. 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 arise entirely from the domestic region, and details of revenues from transactions with a single external customer incurring 10 percent or more of the Group's revenues for each of the three-month periods ended September 30, 2024 and June 30, 2024 are as follows:

(In thousands of Korean won)

Customer	For the three-month period ended September 30, 2024		For the three-month period ended June 30, 2024	
	Operating revenues	Rate on the Group's operating revenues	Operating revenues	Rate on the Group's operating revenues
SK hynix Inc. ^{(*)1}	₩ 25,219,834	48.12%	25,177,498	48.24%
SK Inc. ^{(*)2}	10,746,575	20.50%	10,493,400	20.11%
SK Energy Co. Ltd. ^{(*)3}	8,559,448	16.33%	8,593,042	16.47%

(*)1 KRW 1,642,215 thousand and 1,642,215 thousand reflected in the operating income of the unearned income have been excluded for each of the three-month periods ended September 30, 2024 and June 30, 2024, respectively.

(*)2 KRW 159,981 thousand and 159,981 thousand reflected in the operating income of the unearned income has been excluded for each of the three-month periods ended September 30, 2024 and June 30, 2024, respectively.

(*)3 KRW 139,725 thousand and 139,530 thousand reflected in the operating income of the unearned income have been excluded for each of the three-month periods ended September 30, 2024 and June 30, 2024, respectively.

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Notes to the Consolidated Financial Statements, Continued
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5. FINANCIAL INSTRUMENTS BY CATEGORY

(1) The categorizations of financial assets as of September 30, 2024 and June 30, 2024 are as follows:

(In thousands of Korean won)

	September 30, 2024		June 30, 2024	
	Financial assets measured at amortized cost	Total	Financial assets measured at amortized cost	Total
Current assets:				
Cash and cash equivalents	₩ 44,625,254	44,625,254	225,047,973	225,047,973
Short-term financial instruments	27,083,131	27,083,131	27,083,131	27,083,131
Non-trade receivables	1,574	1,574	51,802	51,802
Accrued income	12,180,091	12,180,091	10,592,387	10,592,387
Subtotal	83,890,050	83,890,050	262,775,293	262,775,293
Non-current assets:				
Long-term financial instruments	5,465,470	5,465,470	5,422,642	5,422,642
Subtotal	5,465,470	5,465,470	5,422,642	5,422,642
	₩ 89,355,520	89,355,520	268,197,935	268,197,935

(2) The categorizations of financial liabilities as of September 30, 2024 and June 30, 2024 are as follows:

(In thousands of Korean won)

	September 30, 2024		June 30, 2024	
	Financial liabilities measured at amortized cost	Total	Financial liabilities measured at amortized cost	Total
Current liabilities:				
Current portion of long-term borrowings	₩ 153,960,175	153,960,175	1,341,946,676	1,341,946,676
Current portion of debentures	540,469,492	540,469,492	340,415,795	340,415,795
Current portion of convertible bonds	124,087,040	124,087,040	136,065,005	136,065,005
Non-trade payables	3,368,606	3,368,606	4,373,979	4,373,979
Accrued expenses	3,457,249	3,457,249	6,877,443	6,877,443
Short-term leasehold deposits received	2,293,903	2,293,903	3,242,535	3,242,535
Subtotal	827,636,465	827,636,465	1,832,921,433	1,832,921,433
Non-current liabilities:				
Long-term borrowings	1,776,672,803	1,776,672,803	908,483,406	908,483,406
Debentures	104,450,862	104,450,862	154,325,015	154,325,015
Long-term leasehold deposits received	172,563,909	172,563,909	169,884,011	169,884,011
Subtotal	2,053,687,574	2,053,687,574	1,232,692,432	1,232,692,432
	₩ 2,881,324,039	2,881,324,039	3,065,613,865	3,065,613,865

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(3) Details of net income on assets and liabilities by category for each of the three-month periods ended September 30, 2024 and June 30, 2024 are as follows:

(In thousands of Korean won)

	For the three-month period ended September 30, 2024			
	Financial assets		Financial liabilities	
	Financial assets measured at amortized cost	Total	Financial liabilities measured at amortized cost	Total
Net income				
Interest income (expenses)	₩ 700,694	700,694	(36,120,902)	(36,120,902)

(In thousands of Korean won)

	For the three-month period ended June 30, 2024			
	Financial assets		Financial liabilities	
	Financial assets measured at amortized cost	Total	Financial liabilities measured at amortized cost	Total
Net income				
Interest income (expenses)	₩ 1,626,353	1,626,353	(30,721,898)	(30,721,898)

(4) Classification by Fair Value Hierarchy

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

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)

The carrying amounts of financial assets and liabilities measured at amortized cost are reasonable approximations of their fair values, and accordingly, the separate disclosure of fair values has not been provided.

(5) The transfers between levels of the fair value hierarchy are recognized by the Group at the time when any events or changes in circumstances leading to such transfers occur. For the three-month period ended September 30, 2024, there were no material transfers between the levels of the fair value hierarchy.

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6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of September 30, 2024 and June 30, 2024 are as follows:

(In thousands of Korean won)

September 30, 2024		June 30, 2024	Note
Demand deposits, etc.	₩ 44,625,254	225,047,973	Pledged as security ^(*)

(*) However, among the accounts held by the Group, the operating accounts can be deposited or withdrawn freely except in cases of the loss of benefits of the time or the restriction on the use of accounts subject to the reasonable determination decided by the majority of lenders.

7. 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 September 30, 2024 and June 30, 2024 is as follows:

(In thousands of Korean won)

Gross investment in the lease	September 30, 2024							Total
	Within a year	1 year ~ 2 years	2 years ~ 3 years	3 years ~ 4 years	4 years ~ 5 years	Over 5 years		
SK Seorin Building	₩ 43,678,345	33,125,918	—	—	—	—		76,804,263
SK U–Tower	22,684,449	23,024,716	17,462,082	—	—	—		63,171,247
SK Energy Gas Station	31,398,948	31,477,445	31,792,220	32,110,142	32,431,243	57,506,013		216,716,011
Jongno Tower	22,396,101	21,844,193	11,252,571	2,668,595	1,321,816	30,893		59,514,169
Water Treatment Center	74,429,907	75,918,506	77,436,876	78,985,613	80,565,325	331,299,646		718,635,873
	₩ 194,587,750	185,390,778	137,943,749	113,764,350	114,318,384	388,836,552		1,134,841,563

(In thousands of Korean won)

Gross investment in the lease	June 30, 2024							Total
	Within a year	1 year ~ 2 years	2 years ~ 3 years	3 years ~ 4 years	4 years ~ 5 years	Over 5 years		
SK Seorin Building	₩ 42,510,000	43,147,650	—	—	—	—		85,657,650
SK U–Tower	22,163,839	22,496,296	22,833,741	—	—	—		67,493,876
SK Energy Gas Station	31,398,948	31,398,948	31,712,937	32,030,067	32,350,368	65,674,481		224,565,749
Jongno Tower	21,675,996	19,086,161	12,656,987	1,555,099	538,667	—		55,512,910
Water Treatment Center	72,919,400	74,377,788	75,865,344	77,382,651	78,930,304	346,112,302		725,587,789
	₩ 190,668,183	190,506,843	143,069,009	110,967,817	111,819,339	411,786,783		1,158,817,974

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(2) The amounts recognized as revenues and expenses from the operating leases for investment properties provided by the Group for each of the three–month periods ended September 30, 2024 and June 30, 2024 are as follows:

(In thousands of Korean won)

Rental revenues from operating leases	For the three-month period ended September 30, 2024		For the three-month period ended June 30, 2024
SK Seorin Building	₩	10,906,556	10,653,381
SK U–Tower		5,810,918	5,700,094
SK Energy Gas Station		8,093,037	8,093,037
Jongno Tower		6,547,909	6,622,350
Water Treatment Center		21,051,132	21,119,619
	₩	52,409,552	52,188,481

8. INVESTMENT PROPERTIES

(1) Investment properties as of September 30, 2024 and June 30, 2024 are as follows:

(In thousands of Korean won)

	September 30, 2024			June 30, 2024		
	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	1,771,043,763	(79,051,880)	1,691,991,883	1,771,043,500	(67,091,645)	1,703,951,855
	₩ 4,219,883,733	(79,051,880)	4,140,831,853	4,219,883,470	(67,091,645)	4,152,791,825

(2) Changes in investment properties for each of the three–month periods ended September 30, 2024 and June 30, 2024 are as follows:

(In thousands of Korean won)

	For the three-month period ended September 30, 2024				
	Beginning balance	Acquisitions	Depreciation	Disposal	Ending balance
Land	₩ 2,448,839,970	—	—	—	2,448,839,970
Buildings	1,703,951,855	263	(11,960,235)	—	1,691,991,883
	₩ 4,152,791,825	263	(11,960,235)	—	4,140,831,853

(In thousands of Korean won)

	For the three-month period ended June 30, 2024				
	Beginning balance	Acquisitions	Depreciation	Disposal	Ending balance
Land	₩ 2,448,839,970	—	—	—	2,448,839,970
Buildings	1,715,720,206	61,430	(11,829,781)	—	1,703,951,855
	₩ 4,164,560,176	61,430	(11,829,781)	—	4,152,791,825

SK REIT CO., LTD. AND ITS SUBSIDIARIES
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As of September 30, 2024 and June 30, 2024

(3) Revenues and expenses related to investment properties for each of the three-month periods ended September 30, 2024 and June 30, 2024 are as follows:

(In thousands of Korean won)

		For the three-month period ended September 30, 2024	For the three-month period ended June 30, 2024
Rental revenues ^{(*)1}	₩	52,409,552	52,188,481
Operating expenses (Related to investment properties where rental revenues have been generated) ^{(*)2}		15,155,962	14,998,071

(*)1) Rental 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.

8. INVESTMENT PROPERTIES (CONT'D)

(4) Details of insurance that the Group subscribes to investment properties as of September 30, 2024 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.	₩ 1,033,451,796	390,061,648	(*)1
Package Insurance	SK U-Tower		516,397,238	341,092,919	(*)2
Package Insurance	SK Energy Gas Station		780,557,510	538,063,336	(*)3
Package Insurance	Jongno Tower	KB Insurance Co., Ltd.	656,850,826	139,206,149	(*)4
Package Insurance	Water Treatment Center	Hyundai Marine & Fire Insurance CO., LTD.	1,153,574,483	1,181,087,124	(*)5

(*)1) The claim for the above insurance is subjected to pledge of KRW 530,160,000 thousand to Standard Chartered Bank Korea Co., Ltd. and others in relation to long-term borrowings with the limit to the extent of insured amount.

(*)2) The claim for the above insurance is subjected to pledge of KRW 185,256,000 thousand to Standard Chartered Bank Korea Co., Ltd. and others in relation to long-term borrowings with the limit to the extent of insured amount.

(*)3) The claim for the above insurance is subjected to pledge of KRW 524,040,000 thousand to Standard Chartered Bank Korea Co., Ltd. and others in relation to long-term borrowings with the limit to the extent of insured amount.

(*)4) The claim for the above insurance is subjected to pledge of KRW 293,760,000 thousand to Standard Chartered Bank Korea Co., Ltd. and others in relation to long-term borrowings with the limit to the extent of insured amount.

(*)5) The claim for the above insurance is subjected to pledge of KRW 804,360,000 thousand to Industrial Bank of Korea and others in relation to long-term borrowings with the limit to the extent of insured amount

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(5) Fair Value of Investment Properties

1) Among the investment properties, the fair values of SK Seorin Building, which is provided for operating leases to SK Inc., as of September 30, 2024 and June 30, 2024 are as follows:

(In thousands of Korean won)

		September 30, 2024		June 30, 2024	
		Book Value	Fair value ^{(*)1}	Book Value	Fair value ^{(*)2}
Land	₩	779,333,004	970,101,600	779,333,004	970,101,600
Building		254,118,792	333,798,400	255,861,277	333,798,400
	₩	1,033,451,796	1,303,900,000	1,035,194,281	1,303,900,000

(*)1) The fair value of the investment property was determined based on an evaluation conducted by Kyung-il Appraisal Corporation, an independent external entity with appropriate qualifications and experience in relation to the local property assessment (Evaluation date: June 30, 2024) and there are no significant changes for the three-month period ended September 30, 2024.

(*)2) The fair value of the investment property was determined based on an evaluation conducted by Kyung-il Appraisal Corporation, an independent external entity with appropriate qualifications and experience in relation to the local property assessment (Evaluation date: June 30, 2024) and there are no significant changes for the three-month period ended June 30, 2024.

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 property.

2) Among the investment properties, the fair values of SK U-Tower, which is provided for operating leases to SK hynix Inc., as of September 30, 2024 and June 30, 2024 are as follows:

(In thousands of Korean won)

		September 30, 2024		June 30, 2024	
		Book Value	Fair value ^{(*)1}	Book Value	Fair value ^{(*)2}
Land	₩	297,117,047	349,172,600	297,117,047	349,172,600
Building		219,280,191	271,027,400	221,272,466	271,027,400
	₩	516,397,238	620,200,000	518,389,513	620,200,000

(*)1) The fair value of the investment property was determined based on an evaluation conducted by Kyung-il Appraisal Corporation, an independent external entity with appropriate qualifications and experience in relation to the local property assessment (Evaluation date: June 30, 2024) and there are no significant changes for the three-month period ended September 30, 2024.

(*)2) The fair value of the investment property was determined based on an evaluation conducted by Kyung-il Appraisal Corporation, an independent external entity with appropriate qualifications and experience in relation to the local property assessment (Evaluation date: June 30, 2024) and there are no significant changes for the three-month period ended June 30, 2024.

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 property.

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8. INVESTMENT PROPERTIES (CONT'D)

(5) Fair Value of Investment Properties (cont'd)

3) Among the investment properties, the fair values of the gas stations provided for operating leases to SK Energy Co., Ltd., as of September 30, 2024 and June 30, 2024 are as follows.

(In thousands of Korean won)

	September 30, 2024		June 30, 2024	
	Book Value	Fair value ^(*)	Book Value	Fair value ^(*)
Land	₩ 742,982,330	874,752,251	742,982,330	874,752,251
Building	37,575,180	45,197,925	37,928,956	45,197,925
	₩ 780,557,510	919,950,176	780,911,286	919,950,176

- (*1) The fair value of the investment property was determined based on an evaluation conducted by Kyung-il Appraisal Corporation, an independent external entity with appropriate qualifications and experience in relation to the local property assessment (Evaluation date: June 30, 2024) and there are no significant changes for the three-month period ended September 30, 2024.
- (*2) The fair value of the investment property was determined based on an evaluation conducted by Kyung-il Appraisal Corporation, an independent external entity with appropriate qualifications and experience in relation to the local property assessment (Evaluation date: June 30, 2024) and there are no significant changes for the three-month period ended June 30, 2024.

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 Jongno Tower, which is provided for operating leases to SK On Co., Ltd., etc., as of September 30, 2024 and June 30, 2024 are as follows:

(In thousands of Korean won)

	September 30, 2024		June 30, 2024	
	Book Value	Fair value ^(*)	Book Value	Fair value ^(*)
Land	₩ 583,514,238	603,337,400	583,514,238	603,337,400
Building	73,336,588	76,862,600	74,045,621	76,862,600
	₩ 656,850,826	680,200,000	657,559,859	680,200,000

- (*1) The fair value of the investment property was determined based on an evaluation conducted by Kyung-il Appraisal Corporation, an independent external entity with appropriate qualifications and experience in relation to the local property assessment (Evaluation date: June 30, 2024) and there are no significant changes for the three-month period ended September 30, 2024.
- (*2) The fair value of the investment property was determined based on an evaluation conducted by Kyung-il Appraisal Corporation, an independent external entity with appropriate qualifications and experience in relation to the local property assessment (Evaluation date: June 30, 2024) and there are no significant changes for the three-month period ended June 30, 2024.

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.

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5) Among the investment properties, the fair values of Water Treatment Center, which is provided for operating leases to SK hynix Inc., etc., as of September 30, 2024 and June 30, 2024 are as follows:

(In thousands of Korean won)

	September 30, 2024		June 30, 2024	
	Book value ^(*)	Fair value ^(*)	Book value ^(*)	Fair value ^(*)
Land	₩ 45,893,351	46,074,784	45,893,351	46,074,784
Building	1,107,681,132	1,118,524,200	1,114,843,535	1,118,524,200
	₩ 1,153,574,483	1,164,598,984	1,160,736,886	1,164,598,984

- (*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 Kyung-il Appraisal Corporation, an independent external entity with appropriate qualifications and experience in relation to the local property assessment (Evaluation date: June 30, 2024) and there are no significant changes for the three-month period ended September 30, 2024.
- (*3) The fair value of the investment property was determined based on an evaluation conducted by Kyung-il Appraisal Corporation, an independent external entity with appropriate qualifications and experience in relation to the local property assessment (Evaluation date: June 30, 2024) and there are no significant changes for the three-month period ended June 30, 2024.

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.

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9. DEBENTURES AND BORROWINGS (CONT'D)

(1) Details of debentures as of September 30, 2024 and June 30, 2024 are as follows: (cont'd)

(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
2nd Bearer-type Interest Unsecured Private Equity Convertible Bonds (*)	Standard Chartered Bank Korea Ltd., etc.	KRW	December 13, 2022	December 12, 2025	4.00	Repayment at maturity	96,500,000	109,000,000
3rd Bearer-type Interest Unsecured Private Equity Convertible Bonds	Korea Investment & Securities Co., Ltd., etc.		March 15, 2023	March 15, 2026	3.50	Repayment at maturity	23,100,000	23,100,000
Subtotal							765,600,000	628,100,000
Add: premium on bonds							3,407,394	2,705,815
Less: current portion of debentures							(664,556,532)	(476,480,800)
							₩ 104,450,862	154,325,015

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As of September 30, 2024 and June 30, 2024

(2) Details of convertible bonds as of September 30, 2024 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 96,500,000,000	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 issuance		Private offering	Private offering
Conversion rate (%)		100	100
Conversion price		KRW 4,706 per share	KRW 5,025 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 (in shares)	20,505,737	4,597,014
	Percentage of shares outstanding (%)	7.52	1.67
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% (December 13, 2024), 103.5667% (March 13, 2025), 103.9907% (June 13, 2025), 104.4206% (September 13, 2025) of electronically registered 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% (February 15, 2025), 102.2617% (May 15, 2025), 102.5372% (August 15, 2025), 102.8178% (November 15, 2025), 103.1047% (February 15, 2026) of electronically registered amount

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9. DEBENTURES AND BORROWINGS (CONT'D)

(3) Details of Borrowings as of September 30, 2024 and June 30, 2024 are as follows:

(In thousands of Korean won)

Type	Financial institution	Issuing currency	Maturity date	Interest rate (%)	Funding Purpose	Repayment method	September 30, 2024	June 30, 2024
Borrowings	Standard Chartered Bank Korea Ltd.	KRW	July 5, 2027	4.33	Facility funds	Lump-sum payment	₩ 76,800,000	—
	SK Office One Q No.2						45,000,000	—
	S Project Mo Reits Co., Ltd.						60,000,000	—
	KOOKMIN BANK						115,000,000	—
	Sumitomo Mitsui Banking Corporation						85,000,000	—
	Mizuho Bank, Ltd.						60,000,000	—
	Standard Chartered Bank Korea Ltd.						—	116,000,000
	SK Office One Q No.1		July 5, 2024	—	Facility funds	Lump-sum payment	—	60,000,000
	S Tiger K Co., Ltd.						—	80,000,000
	KOOKMIN BANK						—	150,000,000
	Sumitomo Mitsui Banking Corporation						—	115,800,000
	Mizuho Bank, Ltd.						—	80,000,000
	Standard Chartered Bank Korea Ltd.		June 30, 2025	4.44	Facility funds	Lump-sum payment	18,958,947	37,380,000
	KOOKMIN BANK						34,996,452	69,000,000
	Sumitomo Mitsui Banking Corporation						19,780,603	39,000,000
	Mizuho Bank, Ltd.						19,780,603	39,000,000
	Standard Chartered Bank Korea Ltd.			4.68	Facility funds	Lump-sum payment	20,287,798	40,000,000
	Sumitomo Mitsui Banking Corporation						20,287,798	40,000,000
	Mizuho Bank, Ltd.						20,287,798	40,000,000
	Standard Chartered Bank Korea Ltd.		July 5, 2027	4.33	Facility funds	Lump-sum payment	136,700,000	—
	Clean Energy One Q No.2						55,000,000	—
	S Project Ja Reits Co., Ltd						35,000,000	—
	KOOKMIN BANK						125,000,000	—
	Sumitomo Mitsui Banking Corporation						20,000,000	—
	Mizuho Bank, Ltd.						65,000,000	—
	Standard Chartered Bank Korea Ltd.		July 5, 2024	—	Facility funds	Lump-sum payment	—	126,254,176
	Clean Energy One Q No.1						—	58,226,369
	S Tiger K Co., Ltd.						—	38,817,579
	KOOKMIN BANK						—	126,157,132
	Sumitomo Mitsui Banking Corporation						—	19,408,790
	Mizuho Bank, Ltd.						—	67,930,763
	Standard Chartered Bank Korea Ltd.		October 13, 2025	4.60	Facility funds	Lump-sum payment	84,800,000	84,800,000
	Sumitomo Mitsui Banking Corporation						80,000,000	80,000,000
	Woori Bank						80,000,000	80,000,000

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(In thousands of Korean won)

Type	Financial institution	Issuing currency	Maturity date	Interest rate (%)	Funding Purpose	Repayment method	September 30, 2024	June 30, 2024		
Borrowings	INDUSTRIAL BANK OF KOREA	KRW	September 23, 2026	5.49	Facility funds	Lump-sum payment	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 IN-SURANCE CO., LTD.						40,000,000	40,000,000		
	Kyobo Life Insurance Co., Ltd.						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	4.93	Facility funds	Lump-sum payment	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						40,000,000	40,000,000		
	Suhyup Bank						10,000,000	10,000,000		
	Subtotal							1,947,979,999	2,258,074,809	
	Less: present value discount							(17,347,021)	(7,644,727)	
Less: current portion of long-term borrowings							(153,960,175)	(1,341,946,676)		
							₩ 1,776,672,803	908,483,406		

Investment properties of the Group are provided as collateral in relation to the above borrowings (see note 25).

10. OTHER ASSETS

Other assets as of September 30, 2024 and June 30, 2024 are as follows:

(In thousands of Korean won)

September 30, 2024		June 30, 2024
Current assets:		
Prepaid expenses	₩ 2,027,165	1,562,240
Advanced tax	351,042	391,408
	₩ 2,378,207	1,953,648

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11. OTHER LIABILITIES

Other liabilities as of September 30, 2024 and June 30, 2024 are as follows:

(In thousands of Korean won)

	September 30, 2024	June 30, 2024
Current liabilities:		
Advances from customers	₩ 1,611,093	1,540,293
Unearned revenues	8,407,245	8,399,935
Withholdings	1,532,967	1,622
VAT payables	4,951,344	4,555,542
	₩ 16,502,649	14,497,392
Non-current liabilities:		
Unearned revenues	₩ 53,064,078	55,059,387
	₩ 53,064,078	55,059,387

12. 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 September 30, 2024 and June 30, 2024 are as follows:

	Ordinary share	
	September 30, 2024	June 30, 2024
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	272,788,860 shares	270,132,679 shares
Capital stock	KRW 136,394,430 thousand	KRW 135,066,340 thousand

(2) Changes in the number of ordinary shares outstanding for each of the three-month periods ended September 30, 2024 and June 30, 2024 are as follows:

(In Shares)

	Ordinary share	
	For the three-month period ended September 30, 2024	For the three-month period ended June 30, 2024
Beginning balance	270,132,679	270,132,679
Conversion of convertible bonds	2,656,181	—
Ending balance	272,788,860	270,132,679

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As of September 30, 2024 and June 30, 2024

13. OTHER PAID-IN CAPITAL

(1) Details of other paid-in capital as of September 30, 2024 and June 30, 2024 are as follows:

(In thousands of Korean won)

	September 30, 2024	June 30, 2024
Share premium	1,117,894,966	1,112,113,921
Value of conversion rights ^(*)	₩ 1,364,272	1,437,739
Other capital surplus	150,699	150,699
	₩ 1,119,409,937	1,113,702,359

(*) The Group issued convertible bonds with an issuance price of KRW 132,100,000 thousand and a maturity of three years prior to the three-month period ended June 30, 2024. The conversion rights of these convertible bonds were classified as an equity and were recognised at the fair value of the entire financial instruments less the fair value of the financial liabilities.

(2) Changes in paid-in capital for each of the three-month periods ended September 30, 2024 and June 30, 2024 are as follows:

(In thousands of Korean won)

	For the three-month period ended September 30, 2024			
	Share premium	Value of conversion rights	Other capital surplus	Total
Beginning balance	₩ 1,112,113,921	1,437,739	150,699	1,113,702,359
Transfer to retained earnings	(6,058,500)	—	—	(6,058,500)
Conversion of convertible bonds	11,839,545	(73,467)	—	11,766,078
Ending balance	₩ 1,117,894,966	1,364,272	150,699	1,119,409,937

(In thousands of Korean won)

	For the three-month period ended June 30, 2024			
	Share premium	Value of conversion rights	Other capital surplus	Total
Beginning balance	₩ 1,113,201,453	1,437,739	150,699	1,114,789,891
Transfer to retained earnings	(1,087,532)	—	—	(1,087,532)
Ending balance	₩ 1,112,113,921	1,437,739	150,699	1,113,702,359

14. RETAINED EARNINGS (ACCUMULATED DEFICIT)

Details of retained earnings (accumulated deficit) as of September 30, 2024 and June 30, 2024 are as follows:

(In thousands of Korean won)

	September 30, 2024	June 30, 2024
Retained earnings before appropriations (Accumulated deficit before disposition)	₩ (55,316,002)	(42,169,485)

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15. DIVIDENDS

Details of planned dividend payment as of September 30, 2024 and June 30, 2024 are as follows:

(In Korean won, Shares)

	Ordinary share	
	September 30, 2024	June 30, 2024
Total number of issued shares	272,788,860	270,132,679
Number of treasury shares	—	—
Number of dividend shares	272,788,860	270,132,679
Dividends per share	₩ 66	66
Total dividends	₩ 18,004,064,760	17,828,756,814

16. OPERATING REVENUES

Details of operating revenues for each of the three-month periods ended September 30, 2024 and June 30, 2024 are as follows:

(In thousands of Korean won)

	For the three-month period ended September 30, 2024	For the three-month period ended June 30, 2024
Rental revenues	₩ 49,739,849	49,643,254
Maintenance fee revenues	2,235,494	2,223,210
Other revenues	434,209	322,017
	₩ 52,409,552	52,188,481

17. OPERATING EXPENSES

Details of operating expenses for each of the three-month periods ended September 30, 2024 and June 30, 2024 are as follows:

(In thousands of Korean won)

	For the three-month period ended September 30, 2024	For the three-month period ended June 30, 2024
Executive compensation	₩ 45,000	45,000
Insurance expenses	13,978	14,253
Depreciation	11,960,235	11,829,781
Asset management consignment fees	2,468,955	2,442,118
Asset custody consignment fees	23,750	23,750
General affairs consignment fees	103,028	103,028
Real estate management consignment fees	703,022	702,422
Commission expenses	785,540	864,578
Taxes and due	130,225	987,526
Utility expenses	736,925	518,038
Deemed rent	209,338	207,015
	₩ 17,179,996	17,737,509

SK REIT CO., LTD. AND ITS SUBSIDIARIES
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18. FINANCE INCOME AND COSTS

(1) Details of finance income for each of the three-month periods ended September 30, 2024 and June 30, 2024 are as follows:

(In thousands of Korean won)

	For the three-month period ended September 30, 2024	For the three-month period ended June 30, 2024
Interest income	₩ 700,694	1,626,353

(2) Details of finance costs for each of the three-month periods ended September 30, 2024 and June 30, 2024 are as follows:

(In thousands of Korean won)

	For the three-month period ended September 30, 2024	For the three-month period ended June 30, 2024
Interest expenses	₩ 36,120,902	30,721,898

19. OTHER NON-OPERATING INCOME AND EXPENSES

(1) Details of other non-operating income for each of the three-month periods ended September 30, 2024 and June 30, 2024 are as follows:

(In thousands of Korean won)

	For the three-month period ended September 30, 2024	For the three-month period ended June 30, 2024
Miscellaneous gains	₩ 941	1,503

(2) Details of other non-operating expenses for each of the three-month periods ended September 30, 2024 and June 30, 2024 are as follows:

(In thousands of Korean won)

	For the three-month period ended September 30, 2024	For the three-month period ended June 30, 2024
Miscellaneous losses	₩ 100	—

20. INCOME TAX EXPENSES

Income tax expenses are recorded at the amount calculated by adding or subtracting changes in deferred income tax for the current period to the sum of income tax to be borne in the current fiscal year and tax added to income tax in accordance with laws such as the Corporate Tax Act. However, pursuant to Article 51-2 of the Corporate Tax Act, Income Deduction for Specialized Company, etc., if the Group dtributes at least 90 percent of distributable profits prescribed by Presidential Decree, such amount shall be deducted from the amount of income for the relevant business year and therefore the Group did not recognize current tax expenses, as there is practically no income tax to be borne by the Group.

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21. EARNINGS (LOSSES) PER SHARE

(1) Basic earnings (losses) per share

1) Basic earnings (losses) per share for each of the three-month periods ended September 30, 2024 and June 30, 2024 are calculated as follows:

(In Korean won, except for number of shares)

	For the three-month period ended September 30, 2024		For the three-month period ended June 30, 2024	
Profit (loss) for the period	₩	(189,811,766)		5,356,928,925
Profit (loss) for the period, attributable to ordinary equity holders of the parent entity		(1,376,259,852)		4,183,377,013
Weighted-average number of ordinary shares outstanding		270,829,522 shares		270,132,679 shares
Basic earnings (losses) per share of ordinary share, attributable to the owners of the Parent Company	₩	(5.08)		15.49

2) Calculation of weighted average number of ordinary shares outstanding

(In shares)

For the three-month period ended September 30, 2024				
	Term	Number of shares in circulation	days	Accumulation
Beginning balance	July 1, 2024 ~ September 30, 2024	270,132,679	92	24,852,206,468
Conversion of convertible bonds	July 30, 2024 ~ September 30, 2024	42,498	63	2,677,374
Conversion of convertible bonds	August 30, 2024 ~ September 30, 2024	637,484	32	20,399,488
Conversion of convertible bonds	September 3, 2024 ~ September 30, 2024	1,168,720	28	32,724,160
Conversion of convertible bonds	September 19, 2024 ~ September 30, 2024	382,490	12	4,589,880
Conversion of convertible bonds	September 20, 2024 ~ September 30, 2024	106,247	11	1,168,717
Conversion of convertible bonds	September 23, 2024 ~ September 30, 2024	318,742	8	2,549,936
Subtotal				24,916,316,023
Weighted average number of ordinary shares outstanding				270,829,522

(In shares)

For the three-month period ended June 30, 2024				
	Term	Number of shares in circulation	days	Accumulation
Beginning balance	April 1, 2024 ~ June 30, 2024	270,132,679	91	24,582,073,789
Subtotal				24,582,073,789
Weighted average number of ordinary shares outstanding				270,132,679

(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 September 30, 2024, convertible bonds are treated as the potential ordinary shares held by the Group. Assuming that convertible bonds were converted to ordinary shares for the three-month period ended September 30, 2024, the net income of ordinary shares was calculated by adding the after-tax interest on convertible bonds to net income.

Diluted earnings per share are the same as basic earnings per share because the convertible bonds are antidilutive as of September 30, 2024.

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Notes to the Consolidated Financial Statements, Continued
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22. RELATED-PARTY TRANSACTIONS

(1) Details of the Group's related parties as of September 30, 2024 are as follows:

Type	Name of the related parties
Ultimate Parent Company	SK Inc.
Others ^(*)	SK REITs Management Co., Ltd., SK Energy Co., Ltd., SK hynix Inc., SK shieldus Co., Ltd., SK On 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 KIFRS 1024 Related Party Disclosure. However, companies designated as Large-scale Business Group Affiliates by the Fair Trade Commission are still classified as related parties according to the resolution of the Securities and Futures Commission that requires to consider the substance of the relationship as noted in paragraph 10 of KIFRS 1024.

(2) Significant transactions between the Group and the related parties for each of the three-month periods ended September 30, 2024 and June 30, 2024 are as follows:

(In thousands of Korean won)

Type	Name of the related party	Account headings	For the three-month period ended September 30, 2024	For the three-month period ended June 30, 2024
Ultimate Parent Company	SK Inc.	Operating Revenues ^{(*)1}	₩ 10,746,575	10,493,400
		Commission expenses	32,199	38,226
Others	SK REITs Management Co., Ltd. SK Energy Co., Ltd. SK hynix Inc. SK shieldus Co., Ltd. SK On Co., Ltd. SK Geo Centric Co., Ltd. SK Energy Co., Ltd. SK Ecoplant Co., Ltd. SK E&S Co., Ltd. SK Forest Co., Ltd. SK Telecom Co., Ltd.	Asset management consignment fees	2,468,955	2,442,118
		Operating Revenues ^{(*)2}	7,971,328	7,971,328
		Operating Revenues ^{(*)3}	25,219,834	25,177,498
		Real estate management consignment fees	15,000	14,400
		Operating revenues ^{(*)4}	1,353,644	1,338,439
		Operating revenues ^{(*)4}	865,773	810,792
		Operating revenues ^{(*)4}	588,120	565,243
		Operating revenues ^{(*)4}	64,958	92,012
		Operating revenues ^{(*)4}	549,330	482,607
		Operating revenues ^{(*)4}	3,449	110,901
		Other revenues	8,679	—

(*)1 KRW 159,981 thousand and 159,981 thousand reflected in the operating income of the unearned income have been excluded for each of the three-month periods ended September 30, 2024 and June 30, 2024, respectively.

(*)2 KRW 121,710 thousand and 121,710 thousand reflected in the operating income of the unearned income have been excluded for each of the three-month periods ended September 30, 2024 and June 30, 2024, respectively.

(*)3 KRW 1,642,215 thousand and 1,642,215 thousand reflected in the operating income of the unearned income have been excluded for each of the three-month periods ended September 30, 2024 and June 30, 2024, respectively.

(*)4 KRW 112,861 thousand and 111,635 thousand reflected in the operating income of the unearned income have been excluded for each of the three-month periods ended September 30, 2024 and June 30, 2024, respectively.

SK REIT CO., LTD. AND ITS SUBSIDIARIES
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22. RELATED-PARTY TRANSACTIONS (CONT'D)

(3) Outstanding balances for the related parties as of September 30, 2024 and June 30, 2024 are as follows:

(In thousands of Korean won)

Type	Name of the related party	Account headings	September 30, 2024	June 30, 2024
Ultimate Parent Company	SK Inc.	Leasehold deposits received ^{(*)1}	₩ 32,711,600	32,711,600
		Accrued income ^{(*)2}	1,624,433	1,734,694
Others	SK REITs Management Co., Ltd.	Non-trade payables	2,715,850	2,686,331
	SK Energy Co. Ltd.	Leasehold deposits received ^{(*)3}	26,165,790	26,165,790
		Accrued income ^{(*)2}	1,490,168	1,368,577
	SK hynix Inc.	Leasehold deposits received ^{(*)4}	160,778,392	160,778,392
		Accrued income ^{(*)2}	8,241,259	6,645,599
		Non-trade receivables	–	37,006
	SK shieldus Co.,Ltd	Non-trade payables	5,500	5,280
	SK On Co., Ltd., etc.	Leasehold deposits received ^{(*)5}	10,085,285	10,085,285

(*)1 These are nominal values that do not reflect the present value discounts of KRW 1,157,512 thousand and KRW 1,319,493 thousand as of September 30, 2024 and June 30, 2024, respectively.

(*)2 The Group recognized no loss allowance for accrued income as of September 30, 2024 and June 30, 2024.

(*)3 These are nominal values that do not reflect the present value discounts of KRW 3,394,670 thousand and KRW 3,511,564 thousand as of September 30, 2024 and June 30, 2024, respectively.

(*)4 These are nominal values that do not reflect the present value discounts of KRW 56,609,081 thousand and KRW 57,940,476 thousand as of September 30, 2024 and June 30, 2024, respectively.

(*)5 These are nominal values that do not reflect the present value discounts of KRW 1,136,565 thousand and KRW 1,247,124 thousand as of September 30, 2024 and June 30, 2024, respectively.

(4) Dividends paid to the related parties for each of the three-month periods ended September 30, 2024 and June 30, 2024 are as follows:

(In thousands of Korean won)

Type	Name of the related party	For the three-month period ended September 30, 2024	For the three-month period ended June 30, 2024
Ultimate Parent Company	SK Inc.	₩ 5,778,624	13,746,122

(5) Key management personnel compensations for each of the three-month periods ended September 30, 2024 and June 30, 2024 are as follows:

(In thousands of Korean won)

	For the three-month period ended September 30, 2024	For the three-month period ended June 30, 2024
Key management personnel compensation	₩ 45,000	45,000

(6) Details of significant commitments between the Group and related parties are described in note 24.

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23. CONSOLIDATED STATEMENTS OF CASH FLOWS

(1) Details of expenses and revenues without cash inflows and outflows for each of the three-month periods ended September 30, 2024 and June 30, 2024 are as follows:

(In thousands of Korean won)

	For the three-month period ended September 30, 2024	For the three-month period ended June 30, 2024
Depreciation	₩ 11,960,235	11,829,781
Interest expenses	36,120,902	30,721,898
Rental revenues	(2,107,153)	(2,124,232)
Interest income	(700,694)	(1,626,353)
	₩ 45,273,290	38,801,094

(2) Details of changes in assets and liabilities arising from operating activities for each of the three-month periods ended September 30, 2024 and June 30, 2024 are as follows:

(In thousands of Korean won)

	For the three-month period ended September 30, 2024	For the three-month period ended June 30, 2024
Non-trade receivables	₩ 50,229	(36,221)
Accrued income	(1,606,989)	(1,929,848)
Prepaid expenses	(7,022)	14,254
VAT payables	395,801	25,034
Non-trade payables	(975,523)	(1,946,483)
Advances from customers	70,800	13,200
Withholdings	1,531,346	667
	₩ (541,358)	(3,859,397)

(3) The significant non-cash transactions arising from investing and financing activities for each of the three-month periods ended September 30, 2024 and June 30, 2024 are as follows:

(In thousands of Korean won)

	For the three-month period ended September 30, 2024	For the three-month period ended June 30, 2024
Reclassification of the current portion of long-term unearned revenues	₩ 2,074,364	2,086,424
Transfer of retained earnings from capital surplus	6,058,500	1,087,532
Reclassification of current portion of long-term borrowings	–	303,368,441
Reclassification of current portion of debentures	49,861,414	–
Conversion of convertible bonds	13,019,043	–
Changes in non-trade payables related to the acquisition of investment properties	(29,850)	29,850
Recognition of present value discount on leasehold deposits received	119,155	–

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23. CONSOLIDATED STATEMENTS OF CASH FLOWS (CONT'D)

(4) Reconciliation details of liabilities arising from financial activities for each of the three-month periods ended September 30, 2024 and June 30, 2024 are as follows:

(In thousands of Korean won)

	For the three-month period ended September 30, 2024				
	Beginning of period	Cashflows	Amortization	Non-cash transactions	End of period
Current portion of long-term borrowings	₩ 1,341,946,676	(1,188,594,809)	608,308	—	153,960,175
Long-term borrowings	908,483,406	866,483,302	1,706,095	—	1,776,672,803
Current portion of debentures	340,415,795	150,000,000	192,283	49,861,414	540,469,492
Debentures	154,325,015	(101,140)	88,401	(49,861,414)	104,450,862
Current portion of convertible bonds	136,065,005	—	1,041,078	(13,019,043)	124,087,040
Short-term leasehold deposits received	3,242,535	(100,000)	—	(848,632)	2,293,903
Long-term leasehold deposits received	169,884,011	160,428	1,789,994	729,476	172,563,909
	₩ 3,054,362,443	(172,152,219)	5,426,159	(13,138,199)	2,874,498,184

(In thousands of Korean won)

	For the three-month period ended June 30, 2024				
	Beginning of period	Cashflows	Amortization	Non-cash transactions	End of period
Current portion of long-term borrowings	1,037,925,673	—	652,562	303,368,441	1,341,946,676
Long-term borrowings	1,210,886,009	—	965,838	(303,368,441)	908,483,406
Current portion of debentures	275,764,876	64,536,880	114,039	—	340,415,795
Debentures	59,779,370	94,482,380	63,265	—	154,325,015
Current portion of convertible bonds	135,045,089	—	1,019,916	—	136,065,005
Short-term leasehold deposits received	3,170,482	—	—	72,053	3,242,535
Long-term leasehold deposits received	168,169,607	—	1,786,457	(72,053)	169,884,011
	2,890,741,106	159,019,260	4,602,077	—	3,054,362,443

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24. COMMITMENTS AND CONTINGENCIES

(1) Details of commitments made with financial institutions as of September 30, 2024 and June 30, 2024 are as follows:

(In thousands of Korean won)

Financial institutions	September 30, 2024			
	Currency	Type	Limit of amount	Unexecuted amount
Standard Chartered Bank Korea Ltd. ^(*1)	KRW	Loan agreement	₩ 76,800,000	—
SK Office One Q No.2 ^(*1)			45,000,000	—
S Project Mo Reits Co., Ltd ^(*1)			60,000,000	—
KOOKMIN BANK ^(*1)			115,000,000	—
Sumitomo Mitsui Banking Corporation ^(*1)			85,000,000	—
Mizuho Bank, Ltd. ^(*1)			60,000,000	—
Standard Chartered Bank Korea Ltd. ^(*2)			20,287,798	—
Sumitomo Mitsui Banking Corporation ^(*2)			20,287,798	—
Mizuho Bank, Ltd. ^(*2)			20,287,798	—
Standard Chartered Bank Korea Ltd. ^(*3)			18,958,947	—
KOOKMIN BANK ^(*3)			34,996,452	—
Sumitomo Mitsui Banking Corporation ^(*3)			19,780,603	—
Mizuho Bank, Ltd. ^(*3)			19,780,603	—
Standard Chartered Bank Korea Ltd. ^(*4)			136,700,000	—
Clean Energy One Q No.2 ^(*4)			55,000,000	—
S Project Ja Reits Co., Ltd ^(*4)			35,000,000	—
KOOKMIN BANK ^(*4)			125,000,000	—
Sumitomo Mitsui Banking Corporation ^(*4)			20,000,000	—
Mizuho Bank, Ltd. ^(*4)			65,000,000	—
Standard Chartered Bank Korea Ltd. ^(*5)			84,800,000	—
Sumitomo Mitsui Banking Corporation ^(*5)			80,000,000	—
Woori Bank ^(*5)			80,000,000	—
INDUSTRIAL BANK OF KOREA ^(*6)			150,000,000	—
KOOKMIN BANK ^(*6)			50,000,000	—
Water Stream 1st Co.,Ltd. ^(*6)			45,000,000	—
HANWHA LIFE INSURANCE CO., LTD. ^(*6)			40,000,000	—
Kyobo Life Insurance Co., Ltd. ^(*6)			25,000,000	—
Heungkuk SK hynix co.,Ltd ^(*6)			20,000,000	—
Standard Chartered Bank Korea Ltd. ^(*7)			100,300,000	—
Sumitomo Mitsui Banking Corporation ^(*7)			100,000,000	—
S Tiger clean Co., Ltd. ^(*7)			45,000,000	—
Woori Bank ^(*7)			45,000,000	—
China Construction Bank ^(*7)			40,000,000	—
Suhyup Bank ^(*7)			10,000,000	—
			₩ 1,947,979,999	—

(*1) The loan agreement related to the variable-rate borrowings for 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 borrowings for investment properties of SK Energy Gayang gas station and 113 others.

(*5) The loan agreement related to the borrowings for investment properties of 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.

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24. COMMITMENTS AND CONTINGENCIES (CONT'D)

(In thousands of Korean won)

Financial institutions	Currency	Type	June 30, 2024	
			Limit of amount	Unexecuted amount
Standard Chartered Bank Korea Ltd. ^{(*)1}	KRW	Loan agreement	₩ 116,000,000	—
SK Office One Q No. 1 ^{(*)1}			60,000,000	—
S Tiger K Co., Ltd. ^{(*)1}			80,000,000	—
KOOKMIN BANK ^{(*)1}			150,000,000	—
Sumitomo Mitsui Banking Corporation ^{(*)1}			115,800,000	—
Mizuho Bank, Ltd. ^{(*)1}			80,000,000	—
Standard Chartered Bank Korea Ltd. ^{(*)2}			40,000,000	—
Sumitomo Mitsui Banking Corporation ^{(*)2}			40,000,000	—
Mizuho Bank, Ltd. ^{(*)2}			40,000,000	—
Standard Chartered Bank Korea Ltd. ^{(*)3}			37,380,000	—
KOOKMIN BANK ^{(*)3}			69,000,000	—
Sumitomo Mitsui Banking Corporation ^{(*)3}			39,000,000	—
Mizuho Bank, Ltd. ^{(*)3}			39,000,000	—
Standard Chartered Bank Korea Ltd. ^{(*)4}			126,254,176	—
Clean Energy One Q No.1 ^{(*)4}			58,226,369	—
S Tiger Energy Co., Ltd. ^{(*)4}			38,817,579	—
KOOKMIN BANK ^{(*)4}			126,157,132	—
Sumitomo Mitsui Banking Corporation ^{(*)4}			19,408,790	—
Mizuho Bank, Ltd. ^{(*)4}			67,930,763	—
Standard Chartered Bank Korea Ltd. ^{(*)5}			84,800,000	—
Sumitomo Mitsui Banking Corporation ^{(*)5}			80,000,000	—
Woori Bank ^{(*)5}			80,000,000	—
INDUSTRIAL BANK OF KOREA ^{(*)6}			150,000,000	—
KOOKMIN BANK ^{(*)6}			50,000,000	—
Water Stream 1st Co.,Ltd. ^{(*)6}			45,000,000	—
HANWHA LIFE INSURANCE CO., LTD. ^{(*)6}			40,000,000	—
Kyobo Life Insurance Co., Ltd. ^{(*)6}			25,000,000	—
Heungkuk SK hynix co.Ltd ^{(*)6}			20,000,000	—
Standard Chartered Bank Korea Ltd. ^{(*)7}			100,300,000	—
Sumitomo Mitsui Banking Corporation ^{(*)7}			100,000,000	—
S Tiger clean Co., Ltd. ^{(*)7}			45,000,000	—
Woori Bank ^{(*)7}			45,000,000	—
China Construction Bank ^{(*)7}			40,000,000	—
Suhyup Bank ^{(*)7}			10,000,000	—
			₩ 2,258,074,809	—

(*)1 The loan agreement related to the fixed-rate borrowings for 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 borrowings for investment properties of SK Energy Gayang gas station and 113 others.
(*)5 The loan agreement related to the borrowings for investment properties of 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 September 30, 2024 and June 30, 2024

(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 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
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24. COMMITMENTS AND CONTINGENCIES (CONT'D)

(2) Other Commitments (cont'd)

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 parent REITs' asset management performance fee Others: (Total value of disposed assets + premium – purchase price) * disposal ratio * 10% – accumulated amount of parent 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 September 30, 2024 and June 30, 2024

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 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 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 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, by 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 8.75 million for each closing period (VAT not included)

SK REIT CO., LTD. AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

As of September 30, 2024 and June 30, 2024

24. COMMITMENTS AND CONTINGENCIES (CONT'D)

(2) Other Commitments (cont'd)

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 2,5 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

- if the asset holder intends to dispose of the target real estate, the right to negotiate preferential purchase can be exercised; and
- the 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 September 30, 2024 and June 30, 2024

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 2,616,579 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 of SK U Tower 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 Inc.

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 properties of the Group, with Standard Chartered Bank Korea Ltd. and other thirteen preferred beneficiaries.

7) Brand use agreement

As of September 30, 2024, 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.

(3) Details of payment guarantees provided by third parties as of September 30, 2024 are as follows:

(In thousands of Korean won)

Guarantor	Guaranteed amount	Guarantee details
Seoul Guarantee Insurance Company	₩ 40,300	Performance Payment Guarantee
Seoul Guarantee Insurance Company	138,220	Deposit Surety Insurance

SK REIT CO., LTD. AND ITS SUBSIDIARIES
Notes to the Consolidated Financial Statements, Continued
As of September 30, 2024 and June 30, 2024

25. ASSETS PLEDGED AS SECURITY

Details of investment properties that are pledged as security as of September 30, 2024 are as follows:

(in thousands of Korean won)

Provided Assets		Set-up Authority		Maximum Amount of Bonds	Carrying Amount	Related Liabilities
Investment properties (SK Seorin Building)	Land/ Buildings ^{(*)1}	Prior	Standard Chartered Bank Korea Ltd.	₩ 92,160,000	76,800,000	Long-term borrowings
			SK Office One Q No.2 ^{(*)2}	54,000,000	45,000,000	
			S Project Mo Reits Co., Ltd. ^{(*)2}	72,000,000	60,000,000	
			KOOKMIN BANK	138,000,000	115,000,000	
			Sumitomo Mitsui Banking Corporation	102,000,000	85,000,000	
			Mizuho Bank, Ltd.	72,000,000	60,000,000	
			Subtotal	530,160,000	441,800,000	
		Subordinated	SK Inc.	39,253,920	32,711,600	Leasehold deposits
			Subtotal	39,253,920	32,711,600	
		Subtotal		569,413,920	474,511,600	
Investment properties (SK U-Tower)	Land/ Buildings ^{(*)1}	Prior	Standard Chartered Bank Korea Ltd.	47,096,094	39,246,745	Long-term borrowings
			KOOKMIN BANK	41,995,743	34,996,452	
			Sumitomo Mitsui Banking Corporation	48,082,081	40,068,401	
			Mizuho Bank, Ltd.	48,082,081	40,068,401	
			Subtotal	185,255,999	154,379,999	
		Subordinated	SK hynix Inc.	20,796,470	17,330,392	Leasehold deposits
			Subtotal	20,796,470	17,330,392	
		Subtotal		206,052,469	171,710,391	
Investment properties (SK Energy Gas Station)	Land/ Buildings ^{(*)1}	Prior	Standard Chartered Bank Korea Ltd.	164,040,000	136,700,000	Long-term borrowings
			Clean Energy One Q No.2 ^{(*)3}	66,000,000	55,000,000	
			S Project Ja Reits Co., Ltd. ^{(*)3}	42,000,000	35,000,000	
			KOOKMIN BANK	150,000,000	125,000,000	
			Sumitomo Mitsui Banking Corporation	24,000,000	20,000,000	
			Mizuho Bank, Ltd.	78,000,000	65,000,000	
			Subtotal	524,040,000	436,700,000	
		Subordinated	SK Energy Co., Ltd.	31,398,948	26,165,790	Leasehold deposits
			Subtotal	31,398,948	26,165,790	
		Subtotal		555,438,948	462,865,790	

SK REIT CO., LTD. AND ITS SUBSIDIARIES
Notes to the Consolidated Financial Statements, Continued
As of September 30, 2024 and June 30, 2024

(in thousands of Korean won)

Provided Assets		Set-up Authority		Maximum Amount of Bonds	Carrying Amount	Related Liabilities
Investment properties (Jongno Tower)	Land/ Buildings ^{(*)1}	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	899,382	
			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	9,942,025	
		Subtotal		305,989,031	255,092,025	

25. ASSETS PLEDGED AS SECURITY (CONT'D)

Provided Assets		Set-up Authority		Maximum Amount of Bonds	Carrying Amount	Related Liabilities
Investment properties (Water Treatment Center)	Land/ Buildings ^{(*)1}	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.	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. ^{(*)4}	54,000,000	45,000,000	
			Woori Bank	54,000,000	45,000,000	
			China Construction Bank	48,000,000	40,000,000	
			SUHYUP BANK	12,000,000	10,000,000	
			Subtotal	804,360,000	670,300,000	
			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	
				₩ 2,613,391,968	2,177,927,806	

SK REIT CO., LTD. AND ITS SUBSIDIARIES
Notes to the Consolidated Financial Statements, Continued
As of September 30, 2024 and June 30, 2024

- (*1) The book values of land and buildings pledged as security by the Group are KRW 1,033,451,796 thousand for SK Seorin Building, KRW 516,397,238 thousand for SK U–Tower, KRW 780,557,510 thousand for SK Energy Gas Station, KRW 656,850,826 thousand for Jongno Tower and KRW 1,153,574,483 thousand for Water Treatment Center.
- (*2) Pursuant to the loan agreement, the nominal right to collateral is held by the securitized lenders, SK Office One Q No.2 and S Project Mo Reits Co., Ltd.. However, under the credit support agreement between the securitized lenders and the credit support institutions, the substantive collateral holders are KEB Hana Bank and SHINHAN BANK.
- (*3) Pursuant to the loan agreement, the nominal right to collateral is held by the securitized lenders, Clean Energy One Q No.2 and S Project Ja Reits Co., Ltd.. However, under the credit support agreement between the securitized lenders and the credit support institutions, the substantive collateral holders are KEB Hana Bank and SHINHAN BANK.
- (*4) Pursuant to the loan agreement, the nominal right to collateral is held by the securitized lender, S Tiger clean Co., Ltd. However, under the credit support agreement between the securitized lender and the credit support institution, the substantive collateral holder is Shinhan Bank.

26. FINANCIAL INSTRUMENTS WITH RESTRICTION ON USE

Details of financial instruments with restriction on use as of September 30, 2024 and June 30, 2024 are as follows:

(in thousands of Korean won)

Accounts	Financial institution	September 30, 2024	June 30, 2024	Details
Cash and cash equivalents	Standard Chartered Bank Korea Ltd., etc.	₩ 44,625,254	225,047,973	Pledged as security for lenders
Short–term financial instruments	Standard Chartered Bank Korea Ltd., etc.	27,083,131	27,083,131	Pledged as security for lenders and lessee
Long–term financial instruments	SK On Co., Ltd., etc.	5,465,470	5,422,642	Pledged as security for lessee

SK REIT CO., LTD. AND ITS SUBSIDIARIES
Notes to the Consolidated Financial Statements, Continued
As of September 30, 2024 and June 30, 2024

27. 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 September 30, 2024, 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, short–term financial instruments, long–term financial instruments, non–trade receivables and accrued income. 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 September 30, 2024 and June 30, 2024

27. RISK MANAGEMENT

(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 September 30, 2024 and June 30, 2024 is as follows:

(in thousands of Korean won)

	September 30, 2024				
	Within 3 months	3 months ~ 1 year	1 year ~ 5 years	Over 5 years	Total
Debentures	₩ 300,503,552	251,024,453	108,033,579	–	659,561,584
Non-trade payables	3,368,606	–	–	–	3,368,606
Accrued expenses	3,457,249	–	–	–	3,457,249
Borrowings	22,811,551	220,970,401	1,895,626,127	–	2,139,408,079
Convertible bonds	97,473,571	28,619,196	–	–	126,092,767
Leasehold deposits received	2,188,154	111,000	66,036,459	169,613,790	237,949,403
	₩ 429,802,683	500,725,050	2,069,696,165	169,613,790	3,169,837,688

27. RISK MANAGEMENT (CONT'D)

(in thousands of Korean won)

	June 30, 2024				
	Within 3 months	3 months ~ 1 year	1 year ~ 5 years	Over 5 years	Total
Debentures	₩ 150,503,552	203,202,639	159,397,446	–	513,103,637
Non-trade payables	4,373,979	–	–	–	4,373,979
Accrued expenses	6,877,443	–	–	–	6,877,443
Borrowings	1,053,954,108	349,538,118	962,160,469	–	2,365,652,695
Convertible bonds	1,288,585	139,313,232	–	–	140,601,817
Leasehold deposits received	–	3,285,708	64,989,477	169,613,790	237,888,975
	₩ 1,216,997,667	695,339,697	1,186,547,392	169,613,790	3,268,498,546

SK REIT CO., LTD. AND ITS SUBSIDIARIES
Notes to the Consolidated Financial Statements, Continued
As of September 30, 2024 and June 30, 2024

(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 September 30, 2024 and June 30, 2024 are as follows:

(in thousands of Korean won)

	September 30, 2024		
	Interest rate type	Interest rate	Amount
Borrowings	Variable-rate	CD interest rate + 1.4%	₩ 340,300,000
		CD interest rate + 1.15%	60,863,394
		CD interest rate + 0.75%	878,500,000
		CD interest rate + 1.05%	244,800,000

(in thousands of Korean won)

	June 30, 2024		
	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
		CD interest rate + 1.05%	244,800,000

When all other variables are constant and the interest rate changes by 100 bp, the effect on profit before income tax expenses for each of the three-month periods ended September 30, 2024 and June 30, 2024 are as follows:

(in thousands of Korean won)

	For the three-month period ended September 30, 2024		For the three-month period ended June 30, 2024	
	1% increase	1% decrease	1% increase	1% decrease
Profit before income tax expenses	₩ (3,722,140)	3,722,140	(1,757,920)	1,757,920

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 September 30, 2024 and June 30, 2024

SK REIT CO., LTD. AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

As of September 30, 2024 and June 30, 2024

27. 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 adjusts dividends, returns the funds for shareholders and issues new shares and sells assets for reducing 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 September 30, 2024 and June 30, 2024 are as follows:

(In thousands of Korean won, except for ratio)

	September 30, 2024	June 30, 2024
Total liabilities	₩ 2,950,890,766	3,135,170,644
Total equity	1,281,674,813	1,287,772,766
Debt ratio	230%	243%

28. EVENTS AFTER THE REPORTING PERIOD

The following events occurring after the reporting period do not require adjustments to the consolidated financial statements.

- (1) The Group resolved to issue debentures by the resolution of the Board of Directors on September 19, 2024, and subsequently issued debentures amounting to KRW 150 billion on October 4, 2024.
- (2) The Group entered into a contract on October 10, 2024, to dispose of six gas stations for a total consideration of KRW 25,958,225,500.



SK REIT CO., LTD. AND ITS SUBSIDIARIES

Consolidated Financial Statements

for each of the three-month periods ended December 31, 2024 and September 30, 2024 with the independent auditor’s report

Independent auditor’s report	219p
Consolidated statements of financial position	223p
Consolidated statements of profit or loss and other comprehensive income	224p
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INDEPENDENT AUDITOR’S REPORT

(English translation of 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 December 31, 2024 and September 30, 2024, 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 December 31, 2024 and September 30, 2024, and the notes to the consolidated financial statements, including 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 December 31, 2024 and September 30, 2024, and its consolidated financial performance and its consolidated cash flows for each of the three-month periods ended December 31, 2024 and September 30, 2024 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.



INDEPENDENT AUDITOR’S REPORT

(English translation of a report originally issued in Korean)

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 25 to the consolidated financial statements, among the assets recorded in the consolidated financial statements of the Group, the maximum pledged amount of assets provided as collateral is KRW 2,604,5 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 the financial decision-making of the Group’s stakeholders, and therefore, we have identified the appropriateness of the disclosure of the Group’s assets provided as collateral as a key audit matter.

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

- 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 the real estate register and the original book of trust to confirm the substantiality of major assets provided as collateral.
- Assess 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.

INDEPENDENT AUDITOR’S REPORT

(English translation of a report originally issued in Korean)

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.
- 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.

INDEPENDENT AUDITOR’S REPORT

(English translation of a report originally issued in Korean)

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.

Ernst & Young Han Young

Seoul, Korea
March 12, 2025

This audit report is effective as of March 12, 2025, 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 ITS SUBSIDIARIES
Consolidated Statements of Financial Position

As of December 31, 2024 and September 30, 2024

(In Korean won)

	Notes	As of December 31, 2024	As of September 30, 2024
Assets			
Current assets		₩ 100,539,707,035	86,268,256,458
Cash and cash equivalents	5, 6, 26	53,574,663,869	44,625,253,742
Short-term financial instruments	5, 26	24,743,895,445	27,083,131,000
Non-trade receivables	5, 22	65,580,184	1,573,751
Accrued income	5, 22	13,616,150,439	12,180,091,166
Other current assets	10	8,539,417,098	2,378,206,799
Non-current assets		4,333,002,498,959	4,146,297,322,804
Long-term financial instruments	5, 26	4,804,705,600	5,465,470,045
Investment properties	7, 8, 25	4,328,197,793,359	4,140,831,852,759
Total assets		₩ 4,433,542,205,994	4,232,565,579,262
Liabilities			
Current liabilities		₩ 1,161,820,069,560	844,139,114,413
Current portion of long-term borrowings	5, 9, 24, 25, 27	398,095,316,939	153,960,175,354
Current portion of debentures	5, 9, 27	621,687,665,540	540,469,491,514
Current portion of convertible bonds	5, 9, 27	110,229,357,376	124,087,040,371
Non-trade payables	5, 22, 27	10,299,445,017	3,368,605,750
Accrued expenses	5, 27	4,813,982,211	3,457,248,816
Short-term leasehold deposits received	5, 22, 25, 27	109,574,830	2,293,903,482
Other current liabilities	11, 22	16,584,727,647	16,502,649,126
Non-current liabilities		2,006,905,780,267	2,106,751,651,518
Long-term borrowing	5, 8, 9, 24, 25, 27	1,527,373,260,709	1,776,672,802,884
Debentures	5, 9, 27	254,103,979,994	104,450,861,553
Long-term leasehold deposits received	5, 22, 25, 27	174,397,962,611	172,563,909,028
Other non-current liabilities	11	51,030,576,953	53,064,078,053
Total liabilities		₩ 3,168,725,849,827	2,950,890,765,931
Equity			
Capital and reserves attributable to the owners of the Parent Company		₩ 1,183,629,908,081	1,200,488,365,245
Share capital	12	136,394,430,000	136,394,430,000
Other paid-in capital	13	1,113,216,303,315	1,119,409,937,014
Retained earnings (accumulated deficit)	14	(65,980,825,234)	(55,316,001,769)
Non-controlling interests		81,186,448,086	81,186,448,086
Total equity		1,264,816,356,167	1,281,674,813,331
Total liabilities and equity		₩ 4,433,542,205,994	4,232,565,579,262

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 each of the three-month periods ended December 31, 2024 and September 30, 2024

(In Korean won)

	Notes	For the three-month period ended December 31, 2024	For the three-month period ended September 30, 2024
Operating revenues	4, 7, 8, 16, 22	₩ 52,409,629,619	52,409,552,157
Operating expenses	8, 17, 22, 24	16,997,198,343	17,179,996,113
Operating profit		35,412,431,276	35,229,556,044
Finance income	5, 18	638,051,680	700,693,928
Finance costs	5, 18	35,368,008,636	36,120,902,372
Other non-operating income	19	1,653,228,589	940,634
Other non-operating expenses	19	100,027	100,000
Profit before income tax expenses		2,335,602,882	(189,811,766)
Income tax expenses	20	—	—
Profit (loss) for the period	21	₩ 2,335,602,882	(189,811,766)
Profit attributable to:			
Owners of the Parent Company		1,149,154,796	(1,376,259,852)
Non-controlling interests		1,186,448,086	1,186,448,086
Other comprehensive income (loss) for the period		—	—
Total comprehensive income (loss) for the period		₩ 2,335,602,882	(189,811,766)
Total comprehensive income attributable to:			
Owners of the Parent Company		1,149,154,796	(1,376,259,852)
Non-controlling interests		1,186,448,086	1,186,448,086
Earnings (losses) per share			
Basic earnings (losses) per share	21	4.21	(5.08)
Diluted earnings (losses) per share	21	4.21	(5.08)

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 each of the three-month periods ended December 31, 2024 and September 30, 2024

(In Korean won)

	Attributable to the owners of the Parent Company				Non-controlling interests	Total equity
	Share capital	Other paid-in capital	Retained earnings (Accumulated deficit)	Total		
Balance as of July 1, 2024	₩ 135,066,339,500	1,113,702,359,179	(42,169,485,041)	1,206,599,213,638	81,173,551,912	1,287,772,765,550
Total comprehensive income:						
Profit (loss) for the period	—	—	(1,376,259,852)	(1,376,259,852)	1,186,448,086	(189,811,766)
Transactions with the owners:						
Conversion of convertible bonds	1,328,090,500	11,766,077,773	—	13,094,168,273	—	13,094,168,273
Dividends	—	—	(17,828,756,814)	(17,828,756,814)	(1,173,551,912)	(19,002,308,726)
Transfer of share premium to retained earnings	—	(6,058,499,938)	6,058,499,938	—	—	—
Balance as of September 30, 2024	₩ 136,394,430,000	1,119,409,937,014	(55,316,001,769)	1,200,488,365,245	81,186,448,086	1,281,674,813,331
Balance as of October 1, 2024	₩ 136,394,430,000	1,119,409,937,014	(55,316,001,769)	1,200,488,365,245	81,186,448,086	1,281,674,813,331
Total comprehensive income:						
Profit for the period	—	—	1,149,154,796	1,149,154,796	1,186,448,086	2,335,602,882
Transactions with the owners:						
Conversion of convertible bonds	—	(3,547,200)	—	(3,547,200)	—	(3,547,200)
Dividends	—	—	(18,004,064,760)	(18,004,064,760)	(1,186,448,086)	(19,190,512,846)
Transfer of share premium to retained earnings	—	(6,190,086,499)	6,190,086,499	—	—	—
Balance as of December 31, 2024	₩ 136,394,430,000	1,113,216,303,315	(65,980,825,234)	1,183,629,908,081	81,186,448,086	1,264,816,356,167

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 each of the three-month periods ended December 31, 2024 and September 30, 2024

(In Korean won)

	Notes	For the three-month period ended December 31, 2024	For the three-month period ended September 30, 2024
Cash flows from operating activities:	23		
Profit (loss) for the period		₩ 2,335,602,882	(189,811,766)
Adjustment		43,017,296,141	45,273,290,209
Changes in operating assets and liabilities		(680,434,701)	(541,358,357)
Interest income received		563,983,841	719,978,702
Interest expenses paid		(30,109,050,645)	(34,493,333,673)
Income taxes return		149,676,010	40,366,490
Net cash inflows from operating activities		15,277,073,528	10,809,131,605
Cash flows from investing activities:			
Decrease in short-term financial assets		25,300,000,000	25,000,000,000
Increase in short-term financial instruments		(22,000,000,000)	(25,000,000,000)
Increase in long-term financial instruments		(300,000,000)	(42,827,740)
Disposal of investment properties	8	13,027,806,595	—
Acquisition of investment properties	8, 23	(211,027,510,354)	(30,112,900)
Net cash outflows from investing activities		(194,999,703,759)	(72,940,640)
Cash flows from financing activities:			
Increase in long-term borrowings		—	866,483,302,400
Issuance of debentures		527,533,616,800	296,898,860,000
Increase in leasehold deposits received		157,800,000	160,427,740
Increase in advances from customers		871,540,000	—
Decrease in current portion of long-term borrowings		—	(1,188,594,809,121)
Decrease in long-term borrowings		(7,028,339,396)	—
Repayment of debentures		(297,000,000,000)	(147,000,000,000)
Repayment of convertible bonds		(14,440,776,000)	—
Decrease in leasehold deposits received		(2,227,741,000)	(100,000,000)
Stock issuance costs		(3,547,200)	(4,382,514)
Dividends paid	15	(19,190,512,846)	(19,002,308,726)
Net cash inflows (outflows) from financing activities		188,672,040,358	(191,158,910,221)
Net increase (decrease) in cash and cash equivalents		8,949,410,127	(180,422,719,256)
Cash and cash equivalents at the beginning of the period		44,625,253,742	225,047,972,998
Cash and cash equivalents at the end of the period		₩ 53,574,663,869	44,625,253,742

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, 2024 and September 30, 2024

1. THE GROUP

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

The Parent Company was established on March 15, 2021 under the Real Estate Investment Companies Act of the Republic of Korea. The business purpose of the Parent Company is to distribute its profits to its stockholders, which are generated from the revenue earned from acquisition, development, management, refurbishment and disposition of real estates and other properties. The Parent 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 Parent Company’s major shareholders and their respective shareholdings as of December 31, 2024 are as follows:

Name of Shareholders	Number of shares (in share)	Types of shares	Percentage of ownership (%)
SK Inc.	87,554,915	Ordinary shares	32.10
Korean Federation of Community Credit Cooperatives	16,710,807	Ordinary shares	6.13
SHINHAN BANK (Trustee of Mirae Asset TIGER REIT & Infrastructure Mixed Asset ETF (Fund of Funds Type))	16,339,576	Ordinary shares	5.99
Others	152,183,562	Ordinary shares	55.78
	272,788,860		100.00

(2) Consolidated subsidiaries and their current status

The Group is engaged in real estate leasing. Meanwhile, details of subsidiaries included in the consolidated financial statements as of December 31, 2024 and September 30, 2024 are as follows:

Name of Subsidiaries	Main business	Country of domicile	Percentage of ownership (%) ^(*)		Reporting period end
			December 31, 2024	September 30, 2024	
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, 2024 and September 30, 2024

1. THE GROUP

(4) Summarized financial information of consolidated subsidiaries

The summarized financial position of the consolidated subsidiaries as of December 31, 2024 and September 30, 2024 is as follows:

(In thousands of Korean won)

Name of Subsidiaries		December 31, 2024				
		Assets	Liabilities	Equity	Operating revenues	Profit for the period
Clean Energy REIT Co., Ltd.	₩	790,573,856	454,307,239	336,266,617	8,078,149	3,375,449
Total Value 1 REIT Co., Ltd.		677,679,662	265,533,835	412,145,827	6,179,522	356,058
Clean Industrial REIT Co., Ltd.		1,184,868,738	811,377,851	373,490,887	21,430,570	2,802,996

(In thousands of Korean won)

Name of Subsidiaries		September 30, 2024				
		Assets	Liabilities	Equity	Operating revenues	Profit for the period
Clean Energy REIT Co., Ltd.	₩	795,443,747	460,120,189	335,323,558	8,093,037	2,078,613
Total Value 1 REIT Co., Ltd.		680,498,538	267,280,163	413,218,375	6,547,909	719,312
Clean Industrial REIT Co., Ltd.		1,191,269,826	811,038,611	380,231,215	21,051,131	2,380,920

SK REIT CO., LTD. AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

As of December 31, 2024 and September 30, 2024

1. THE GROUP (CONT'D)

(5) The information on important non-controlling interests for the Group as of December 31, 2024 and September 30, 2024 is as follows:

(In thousands of Korean won)

	December 31, 2024	September 30, 2024
	Clean Industrial REIT Co., Ltd.	Clean Industrial REIT Co., Ltd.
Non-controlling interest ratio	19.85%	19.85%
Current assets	₩ 38,456,658	37,695,343
Non-current assets	1,146,412,080	1,153,574,483
Current liabilities	9,424,785	9,374,476
Non-current liabilities	801,953,066	801,664,135
Equity	373,490,887	380,231,215
Book value of non-controlling interests	81,186,448	81,186,448
Revenues	21,430,570	21,051,131
Profit for the period	2,802,996	2,380,920
Comprehensive income for the period	2,802,996	2,380,920
Profit, attributable to non-controlling interests	1,186,448	1,186,448
Total comprehensive income, attributable to non-controlling interests	1,186,448	1,186,448
Cash flows from operating activities	8,935,219	8,272,363
Cash flows from investing activities	—	—
Cash flows from financing activities	(9,543,323)	(9,730,158)
Net decrease in cash and cash equivalents	(608,104)	(1,457,795)
Dividends paid to non-controlling interests	(1,186,448)	(1,173,552)

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, 2024 and September 30, 2024

2. SUMMARY OF MATERIAL 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 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 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 going concern.

1) There are no accounting standards and interpretations that were newly applied and changes in the Group's accounting policies for the three-month period ended December 31, 2024.

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.

– Amendments to KIFRS 1021 The Effects of Changes in Foreign Exchange and KIFRS 1101 First-time Adoption of KIFRS: Lack of exchangeability

The amendments to K-IFRS 1021 and 1101 specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows. The amendments are applied for annual periods beginning on or after January 1, 2025, with early application permitted. The Group is assessing the impact of the amendments on the consolidated financial statements.

– Amendments to KIFRS 1109 Financial Instruments and KIFRS 1107 Financial Instruments: Disclosures: Classification and Measurement of Financial Instruments

The amendments to KIFRS 1109 Financial Instruments and KIFRS 1107 Financial Instruments: Disclosures – Classification and Measurement of Financial Instruments include the following:

SK REIT CO., LTD. AND ITS SUBSIDIARIES
Notes to the Consolidated Financial Statements, Continued
As of December 31, 2024 and September 30, 2024

- clarifying that a financial liability is derecognized on the settlement date and introducing an accounting policy choice to derecognize financial liabilities that are settled by using electronic payment system before the settlement date (if specific criteria are met);
- providing additional guidance as to how to assess contractual cash flows of financial assets that include environmental, social and governance (ESG)-linked features and similar features;
- clarifying what constitutes non-recourse features and the characteristics of contractually linked financial instruments; and
- introducing new disclosures for financial instruments with contingent features and adding a disclosure requirement for equity instruments measured at fair value through other comprehensive income.

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

– Annual Improvements to KIFRS – Volume 11

Annual Improvements to KIFRS – Volume 11 have been announced for the purpose of improving consistency of requirements set out in each standard, enhancing clarity, and providing better understanding of the amendments.

- Amendments to KIFRS 1101 First-time adoption of KIFRS: Hedge accounting by a first-time adopter
- Amendments to KIFRS 1107 Financial Instruments: Disclosures: Gain or loss on derecognition, Guidance for application of amendments in practice
- Amendments to KIFRS 1109 Financial Instruments: Accounting for derecognition of lease liabilities and definition of transaction prices
- Amendments to KIFRS 1110 Consolidated Financial Statements: Determination of a "de facto agent"
- Amendments to KIFRS 1007 Statement of Cash Flows: Cost Method

The amendments will be effective for annual periods beginning on or after January 1, 2026, with early application permitted. The Group is assessing the impact of the amendments on the consolidated financial statements.

(2) Basis of consolidation

The Group prepares consolidated financial statements by consolidating the financial statements of the Parent Company and other entities controlled by the Parent 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; and
- 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 Parent Company acquires control of the subsidiary and ceases when the Parent 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.

SK REIT CO., LTD. AND ITS SUBSIDIARIES
Notes to the Consolidated Financial Statements, Continued
As of December 31, 2024 and September 30, 2024

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

(2) Basis of consolidation (cont'd)

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 Parent 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 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
- 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.

SK REIT CO., LTD. AND ITS SUBSIDIARIES
Notes to the Consolidated Financial Statements, Continued
As of December 31, 2024 and September 30, 2024

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 PH(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.

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.

SK REIT CO., LTD. AND ITS SUBSIDIARIES
Notes to the Consolidated Financial Statements, Continued
As of December 31, 2024 and September 30, 2024

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

(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 KIFRS 1115 Revenue from Contracts with Customers.

(7) Lease

The Group classifies each lease as either an operating lease or a finance lease. Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying assets are classified as finance 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 finance 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 the case of a finance lease, the amount to be received from the lessee is recognized as receivable under the net investment from 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 KIFRS 1109 to recognize the expected credit losses on lease receivables as a loss allowance.

Finance lease income is calculated by referring to the total carrying amount of the lease receivable. However, in case of finance 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.

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Notes to the Consolidated Financial Statements, Continued
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(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.

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.

SK REIT CO., LTD. AND ITS SUBSIDIARIES
Notes to the Consolidated Financial Statements, Continued
As of December 31, 2024 and September 30, 2024

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

(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.

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 income tax expenses based on the amount expected to be paid to the tax authorities.

Deferred tax is recognized as the expected income 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 either the same taxable entity or different taxable entities which intend to settle current tax liabilities and assets on a net basis.

Under Article 51-2 of the Corporate Tax Act of the Republic of Korea, Income Deduction for Special Purpose Companies, etc., if the Group pays out 90% and more of its distributable profit as dividends, the Group shall be entitled to deduct such amounts 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, 2024.

(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.

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Notes to the Consolidated Financial Statements, Continued
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(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 SPPI.

Except for the 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 as other non-operating profit or loss.
- 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 as 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 as cumulative valuation gains or losses.
- 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 as other non-operating profit or loss 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 gains or losses are recognized in other comprehensive income.

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Notes to the Consolidated Financial Statements, Continued
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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, gains and losses under investments in equity instruments designated as fair value through other comprehensive income at initial recognition are not reclassified to 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
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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.

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 shall be the gain or loss due to the modification recognized as other non-operating profit or loss.

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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 Company 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 stipulating the obligation to reserve profit reserves at the time of profit distribution is not applicable to the Group pursuant to the Real Estate Investment Company Act in effect at the closing date. In addition, as Article 462 of the Commercial Act is not applicable to the Group pursuant to the Real Estate Investment Company Act, the Group may pay out dividends exceeding its earnings to the extent 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 5, 2025, and can be revised and approved at the shareholders' meeting on March 20, 2025.

3. MATERIAL 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) Income tax

Since income 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
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4. OPERATING SEGMENTS

(1) Overview

The Group does not disclose information for each segment as its reportable segment is a single segment in accordance with KIFRS 1108 Operating Segments. 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 arise entirely from the domestic region, and details of revenues from transactions with a single external customer incurring 10 percent or more of the Group's revenues for each of the three-month periods ended December 31, 2024 and September 30, 2024 are as follows:

(In thousands of Korean won)

Customer	For the three-month period ended December 31, 2024		For the three-month period ended September 30, 2024	
	Operating revenues	Rate on the Group's operating revenues	Operating revenues	Rate on the Group's operating revenues
SK hynix Inc. ^{(*)1}	₩ 25,599,273	48.84%	25,219,834	48.12%
SK Inc. ^{(*)2}	10,746,575	20.50%	10,746,575	20.50%
SK Energy Co. Ltd. ^{(*)3}	8,509,720	16.24%	8,559,448	16.33%

(*)1) KRW 1,642,215 thousand and 1,642,215 thousand reflected in the operating income of the unearned income have been excluded for each of the three-month periods ended December 31, 2024 and September 30, 2024, respectively.

(*)2) KRW 159,981 thousand and 159,981 thousand reflected in the operating income of the unearned income has been excluded for each of the three-month periods ended December 31, 2024 and September 30, 2024, respectively.

(*)3) KRW 139,725 thousand and 139,725 thousand reflected in the operating income of the unearned income have been excluded for each of the three-month periods ended December 31, 2024 and September 30, 2024, respectively.

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Notes to the Consolidated Financial Statements, Continued
As of December 31, 2024 and September 30, 2024

5. FINANCIAL INSTRUMENTS BY CATEGORY

(1) The categorizations of financial assets as of December 31, 2024 and September 30, 2024 are as follows:

(In thousands of Korean won)

	December 31, 2024		September 30, 2024	
	Financial assets measured at amortized cost	Total	Financial assets measured at amortized cost	Total
Current assets:				
Cash and cash equivalents	₩ 53,574,664	53,574,664	44,625,254	44,625,254
Short-term financial instruments	24,743,895	24,743,895	27,083,131	27,083,131
Non-trade receivables	65,580	65,580	1,574	1,574
Accrued income	13,616,150	13,616,150	12,180,091	12,180,091
Subtotal	92,000,289	92,000,289	83,890,050	83,890,050
Non-current assets:				
Long-term financial instruments	4,804,706	4,804,706	5,465,470	5,465,470
Subtotal	4,804,706	4,804,706	5,465,470	5,465,470
	₩ 96,804,995	96,804,995	89,355,520	89,355,520

(2) The categorizations of financial liabilities as of December 31, 2024 and September 30, 2024 are as follows:

(In thousands of Korean won)

	December 31, 2024		September 30, 2024	
	Financial liabilities measured at amortized cost	Total	Financial liabilities measured at amortized cost	Total
Current liabilities:				
Current portion of long-term borrowings	₩ 398,095,317	398,095,317	153,960,175	153,960,175
Current portion of debentures	621,687,666	621,687,666	540,469,492	540,469,492
Current portion of convertible bonds	110,229,357	110,229,357	124,087,040	124,087,040
Non-trade payables	10,299,445	10,299,445	3,368,606	3,368,606
Accrued expenses	4,813,982	4,813,982	3,457,249	3,457,249
Short-term leasehold deposits received	109,575	109,575	2,293,903	2,293,903
Subtotal	1,145,235,342	1,145,235,342	827,636,465	827,636,465
Non-current liabilities:				
Long-term borrowings	1,527,373,261	1,527,373,261	1,776,672,803	1,776,672,803
Debentures	254,103,980	254,103,980	104,450,862	104,450,862
Long-term leasehold deposits received	174,397,963	174,397,963	172,563,909	172,563,909
Subtotal	1,955,875,204	1,955,875,204	2,053,687,574	2,053,687,574
	₩ 3,101,110,546	3,101,110,546	2,881,324,039	2,881,324,039

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(3) Details of net income on financial assets and liabilities by category for each of the three-month periods ended December 31, 2024 and September 30, 2024 are as follows:

(In thousands of Korean won)

	For the three-month period ended December 31, 2024			
	Financial assets		Financial liabilities	
	Financial assets measured at amortized cost	Total	Financial liabilities measured at amortized cost	Total
Net income				
Interest income (expenses)	₩ 638,052	638,052	(35,368,009)	(35,368,009)

(In thousands of Korean won)

	For the three-month period ended September 30, 2024			
	Financial assets		Financial liabilities	
	Financial assets measured at amortized cost	Total	Financial liabilities measured at amortized cost	Total
Net income				
Interest income (expenses)	₩ 700,694	700,694	(36,120,902)	(36,120,902)

(4) Classification by Fair Value Hierarchy

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

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)

The carrying amounts of financial assets and liabilities measured at amortized cost are reasonable approximations of their fair values, and accordingly, the separate disclosure of fair values has not been provided.

(5) The transfers between levels of the fair value hierarchy are recognized by the Group at the time when the events or changes in circumstances leading to such transfers occur. For the three-month period ended December 31, 2024, there were no material transfers between the levels of the fair value hierarchy.

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6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of December 31, 2024 and September 30, 2024 are as follows:

(In thousands of Korean won)

December 31, 2024		September 30, 2024	Note
Demand deposits, etc.	₩ 53,574,664	44,625,254	Pledged as security ^(*)

(*) However, among the accounts held by the Group, the operating accounts can be deposited or withdrawn freely except in cases of the loss of benefits of the time or the restriction on the use of accounts subject to the reasonable determination decided by the majority of lenders.

7. 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, 2024 and September 30, 2024 is as follows:

(In thousands of Korean won)

Gross investment in the lease	December 31, 2024						
	Within a year	1 year ~ 2 years	2 years ~ 3 years	3 years ~ 4 years	4 years ~ 5 years	Over 5 years	Total
SK Seorin Building	₩ 43,841,527	22,083,945	—	—	—	—	65,925,472
SK U-Tower	22,769,198	23,110,736	11,641,388	—	—	—	57,521,322
SK Energy Gas Station	31,398,948	31,555,943	31,871,502	32,190,217	32,512,119	49,337,546	208,866,275
Jongno Tower	22,660,693	21,146,450	7,280,457	2,562,041	973,869	—	54,623,510
Water Treatment Center	74,801,438	76,297,467	77,823,416	79,379,884	80,967,482	310,789,670	700,059,357
	₩ 195,471,804	174,194,541	128,616,763	114,132,142	114,453,470	360,127,216	1,086,995,936

(In thousands of Korean won)

Gross investment in the lease	September 30, 2024						
	Within a year	1 year ~ 2 years	2 years ~ 3 years	3 years ~ 4 years	4 years ~ 5 years	Over 5 years	Total
SK Seorin Building	₩ 43,678,345	33,125,918	—	—	—	—	76,804,263
SK U–Tower	22,684,449	23,024,716	17,462,082	—	—	—	63,171,247
SK Energy Gas Station	31,398,948	31,477,445	31,792,220	32,110,142	32,431,243	57,506,013	216,716,011
Jongno Tower	22,396,101	21,844,193	11,252,571	2,668,595	1,321,816	30,893	59,514,169
Water Treatment Center	74,429,907	75,918,506	77,436,876	78,985,613	80,565,325	331,299,646	718,635,873
	₩ 194,587,750	185,390,778	137,943,749	113,764,350	114,318,384	388,836,552	1,134,841,563

SK REIT CO., LTD AND ITS SUBSIDIARIES
Notes to the Consolidated Financial Statements, Continued
As of December 31, 2024 and September 30, 2024

(2) The amounts recognized as revenues and expenses from the operating leases for investment properties provided by the Group for each of the three–month periods ended December 31, 2024 and September 30, 2024 are as follows:

(In thousands of Korean won)

Rental revenues from operating leases	For the three-month period ended December 31, 2024		For the three-month period ended September 30, 2024
SK Seorin Building	₩	10,906,556	10,906,556
SK U–Tower		5,810,918	5,810,918
SK Energy Gas Station		8,078,149	8,093,037
Jongno Tower		6,179,522	6,547,909
Water Treatment Center		21,430,571	21,051,132
	₩	52,405,716	52,409,552

8. INVESTMENT PROPERTIES

(1) Investment properties as of December 31, 2024 and September 30, 2024 are as follows:

(In thousands of Korean won)

	December 31, 2024			September 30, 2024		
	Acquisition cost	Accumulated depreciation	Book value	Acquisition cost	Accumulated depreciation	Book value
Land	₩ 2,574,394,918	—	2,574,394,918	2,448,839,970	—	2,448,839,970
Buildings	1,844,825,217	(91,022,342)	1,753,802,875	1,771,043,763	(79,051,880)	1,691,991,883
	₩ 4,419,220,135	(91,022,342)	4,328,197,793	4,219,883,733	(79,051,880)	4,140,831,853

(2) Changes in investment properties for each of the three–month periods ended December 31, 2024 and September 30, 2024 are as follows:

(In thousands of Korean won)

	For the three-month period ended December 31, 2024				
	Beginning balance	Acquisitions	Depreciation	Disposal	Ending balance
Land	₩ 2,448,839,970	136,808,770	—	(11,253,822)	2,574,394,918
Buildings	1,691,991,883	74,218,742	(12,020,899)	(386,851)	1,753,802,875
	₩ 4,140,831,853	211,027,512	(12,020,899)	(11,640,673)	4,328,197,793

(In thousands of Korean won)

	For the three-month period ended September 30, 2024				
	Beginning balance	Acquisitions	Depreciation	Disposal	Ending balance
Land	₩ 2,448,839,970	—	—	—	2,448,839,970
Buildings	1,703,951,855	263	(11,960,235)	—	1,691,991,883
	₩ 4,152,791,825	263	(11,960,235)	—	4,140,831,853

SK REIT CO., LTD. AND ITS SUBSIDIARIES
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8. INVESTMENT PROPERTIES

(3) Revenues and expenses related to investment properties for each of the three-month periods ended December 31, 2024 and September 30, 2024 are as follows:

(In thousands of Korean won)

	For the three-month period ended December 31, 2024	For the three-month period ended September 30, 2024
Rental revenues ^{(*)1}	₩ 52,409,630	52,409,552
Operating expenses (Related to investment properties where rental revenues have been generated) ^{(*)2}	15,228,903	15,155,962

- (*)1 Rental 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.

8. INVESTMENT PROPERTIES (CONT'D)

(4) Details of insurance that the Group subscribes to investment properties as of December 31, 2024 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.	₩ 1,031,709,310	390,061,648	(*)1
Package Insurance	SK U-Tower		514,404,963	341,092,919	(*)2
Package Insurance	SK C-Tower		210,047,391	69,600,000	—
Package Insurance	SK Energy Gas Station		768,563,501	538,063,336	(*)3
Package Insurance	Jongno Tower	Meritz Fire & Marine Insurance CO., Ltd	657,060,548	149,821,289	(*)4
Package Insurance	Water Treatment Center	Hyundai Marine & Fire Insurance CO., LTD.	1,146,412,080	1,181,087,124	(*)5

- (*)1 The claim for the above insurance is subjected to pledge of KRW 530,160,000 thousand to Standard Chartered Bank Korea Co., Ltd. and others in relation to long-term borrowings with the limit to the extent of insured amount. .
(*)2 The claim for the above insurance is subjected to pledge of KRW 185,256,000 thousand to Standard Chartered Bank Korea Co., Ltd. and others in relation to long-term borrowings with the limit to the extent of insured amount.
(*)3 The claim for the above insurance is subjected to pledge of KRW 515,605,993 thousand to Standard Chartered Bank Korea Co., Ltd. and others in relation to long-term borrowings with the limit to the extent of insured amount.
(*)4 The claim for the above insurance is subjected to pledge of KRW 293,760,000 thousand to Standard Chartered Bank Korea Co., Ltd. and others in relation to long-term borrowings with the limit to the extent of insured amount.
(*)5 The claim for the above insurance is subjected to pledge of KRW 804,360,000 thousand to Industrial Bank of Korea and others in relation to long-term borrowings with the limit to the extent of insured amount

SK REIT CO., LTD AND ITS SUBSIDIARIES
Notes to the Consolidated Financial Statements, Continued
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(5) Fair Value of Investment Properties

1) Among the investment properties, the fair values of SK Seorin Building, which is provided for operating leases to SK Inc., as of December 31, 2024 and September 20 2024 are as follows:

(In thousands of Korean won)

	December 31, 2024		September 30, 2024	
	Book Value	Fair value ^{(*)1}	Book Value	Fair value ^{(*)2}
Land	₩ 779,333,004	976,351,200	779,333,004	970,101,600
Building	252,376,306	335,948,800	254,118,792	333,798,400
	₩ 1,031,709,310	1,312,300,000	1,033,451,796	1,303,900,000

- (*)1 The fair value of the investment property was determined based on an evaluation conducted by Kyung-il Appraisal Corporation, an independent external entity with appropriate qualifications and experience in relation to the local property assessment (Evaluation date: December 31, 2024) and there are no significant changes for the three-month period ended December 31, 2024.
(*)2 The fair value of the investment property was determined based on an evaluation conducted by Kyung-il Appraisal Corporation, an independent external entity with appropriate qualifications and experience in relation to the local property assessment (Evaluation date: June 30, 2024) and there are no significant changes for the three-month period ended September 30, 2024.

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 property.

2) Among the investment properties, the fair values of SK U-Tower, which is provided for operating leases to SK hynix Inc., as of December 31, 2024 and September 30 2024 are as follows:

(In thousands of Korean won)

	December 31, 2024		September 30, 2024	
	Book Value	Fair value ^{(*)1}	Book Value	Fair value ^{(*)2}
Land	₩ 297,117,047	352,782,000	297,117,047	349,172,600
Building	217,287,916	272,718,000	219,280,191	271,027,400
	₩ 514,404,963	625,500,000	516,397,238	620,200,000

- (*)1 The fair value of the investment property was determined based on an evaluation conducted by Kyung-il Appraisal Corporation, an independent external entity with appropriate qualifications and experience in relation to the local property assessment (Evaluation date: December 31, 2024) and there are no significant changes for the three-month period ended December 31, 2024.
(*)2 The fair value of the investment property was determined based on an evaluation conducted by Kyung-il Appraisal Corporation, an independent external entity with appropriate qualifications and experience in relation to the local property assessment (Evaluation date: June 30, 2024) and there are no significant changes for the three-month period ended September 30 2024.

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 property.

SK REIT CO., LTD. AND ITS SUBSIDIARIES
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8. INVESTMENT PROPERTIES (CONT'D)

(5) Fair Value of Investment Properties (cont'd)

3) Among the investment properties, the fair values of SK C–Tower, which is provided for operating leases to SKC Ltd., as of December 31, 2024 and September 20 2024 are as follows:

(In thousands of Korean won)

	December 31, 2024		September 30, 2024	
	Book Value	Fair value ^(*)	Book Value	Fair value
Land	₩ 136,808,770	136,970,400	–	–
Building	73,238,621	73,429,600	–	–
	₩ 210,047,391	210,400,000	–	–

(*1) The fair value of the investment property was determined based on an evaluation conducted by Kyung–il Appraisal Corporation, an independent external entity with appropriate qualifications and experience in relation to the local property assessment (Evaluation date: December 31, 2024).

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 property.

4) Among the investment properties, the fair values of the gas stations provided for operating leases to SK Energy Co., Ltd., as of December 31, 2024 and September 30, 2024 are as follows.

(In thousands of Korean won)

	December 31, 2024		September 30, 2024	
	Book Value	Fair value ^(*)	Book Value	Fair value ^(*)
Land	₩ 731,728,508	866,480,679	742,982,330	874,752,251
Building	36,834,993	44,962,050	37,575,180	45,197,925
	₩ 768,563,501	911,442,729	780,557,510	919,950,176

(*1) The fair value of the investment property was determined based on an evaluation conducted by Kyung–il Appraisal Corporation, an independent external entity with appropriate qualifications and experience in relation to the local property assessment (Evaluation date: December 31, 2024) and there are no significant changes for the three–month period ended December 31, 2024.

(*2) The fair value of the investment property was determined based on an evaluation conducted by Kyung–il Appraisal Corporation, an independent external entity with appropriate qualifications and experience in relation to the local property assessment (Evaluation date: June 30, 2024) and there are no significant changes for the three–month period ended September 30, 2024.

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.

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5) Among the investment properties, the fair values of Jongno Tower, which is provided for operating leases to SK On Co., Ltd., etc., as of December 31, 2024 and September 30, 2024 are as follows:

(In thousands of Korean won)

	December 31, 2024		September 30, 2024	
	Book value	Fair value ^(*)	Book value	Fair value ^(*)
Land	₩ 583,514,238	605,998,400	583,514,238	603,337,400
Building	73,546,310	77,201,600	73,336,588	76,862,600
	₩ 657,060,548	683,200,000	656,850,826	680,200,000

(*1) The fair value of the investment property was determined based on an evaluation conducted by Kyung–il Appraisal Corporation, an independent external entity with appropriate qualifications and experience in relation to the local property assessment (Evaluation date: December 31, 2024) and there are no significant changes for the three–month period ended December 31, 2024.

(*2) The fair value of the investment property was determined based on an evaluation conducted by Kyung–il Appraisal Corporation, an independent external entity with appropriate qualifications and experience in relation to the local property assessment (Evaluation date: June 30, 2024) and there are no significant changes for the three–month period ended September 30, 2024.

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.

6) Among the investment properties, the fair values of Water Treatment Center, which is provided for operating leases to SK hynix Inc., etc., as of December 31, 2024 and September 30, 2024 are as follows:

(In thousands of Korean won)

	December 31, 2024		September 30, 2024	
	Book value ^(*)	Fair value ^(*)	Book value ^(*)	Fair value ^(*)
Land	₩ 45,893,351	46,605,440	45,893,351	46,074,784
Building	1,100,518,729	1,124,611,578	1,107,681,132	1,118,524,200
	₩ 1,146,412,080	1,171,217,018	1,153,574,483	1,164,598,984

(*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 Kyung–il Appraisal Corporation, an independent external entity with appropriate qualifications and experience in relation to the local property assessment (Evaluation date: December 31, 2024) and there are no significant changes for the three–month period ended December 31, 2024.

(*3) The fair value of the investment property was determined based on an evaluation conducted by Kyung–il Appraisal Corporation, an independent external entity with appropriate qualifications and experience in relation to the local property assessment (Evaluation date: June 30, 2024) and there are no significant changes for the three–month period ended September 30, 2024.

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.

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8. 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:

- 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, 2024				
	Level 1	Level 2	Level 3	Total
Investment properties	₩ –	–	4,914,059,747	4,914,059,747

(In thousands of Korean won)

September 30, 2024				
	Level 1	Level 2	Level 3	Total
Investment properties	₩ –	–	4,688,849,160	4,688,849,160

(7) Valuation Methods and Input Variables

(In thousands of Korean won)

December 31, 2024					
	Fair value	Level	Valuation method	Unobservable input variable	Relationship between fair value and input variables
Investment properties	₩ 4,914,059,747	3	Income capitalization approach or Cost approach	Price per square meter and operating income	(*)

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

(In thousands of Korean won)

September 30, 2024					
	Fair value	Level	Valuation method	Unobservable input variable	Relationship between fair value and input variables
Investment properties	₩ 4,688,849,160	3	Income capitalization approach or Cost approach	Price per square meter and operating income	(*)

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

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9. DEBENTURES AND BORROWINGS

(1) Details of debentures as of December 31, 2024 and September 30, 2024 are as follows:

(In thousands of Korean won)

Funding Purpose	Financial institution	Issuing currency	Issue date	Maturity date	Interest rate (%)	Repayment method	December 31, 2024	September 30, 2024
Public-offering bonds	Korea Investment & Securities Co., Ltd.	KRW	February 23, 2024	February 21, 2025	4.13	Repayment at maturity	₩ 43,000,000	43,000,000
	SAMSUNG SECURITIES Co., Ltd.						6,000,000	6,000,000
	Shinhan Securities Co., Ltd.		February 23, 2024	August 22, 2025	4.17	Repayment at maturity	25,000,000	25,000,000
	SK SECURITIES Co., Ltd.						25,000,000	25,000,000
	SAMSUNG SECURITIES Co., Ltd.		May 22, 2024	May 22, 2025	3.94	Repayment at maturity	72,500,000	72,500,000
	SK SECURITIES Co., Ltd.						72,500,000	72,500,000
	Korea Investment & Securities Co., Ltd.		May 22, 2024	May 22, 2026	4.00	Repayment at maturity	85,000,000	85,000,000
	KB SECURITIES Co., Ltd.						5,000,000	5,000,000
	DAISHIN SECURITIES Co., Ltd.						5,000,000	5,000,000
	Korea Investment & Securities Co., Ltd.		October 4, 2024	October 2, 2026	3.43	Repayment at maturity	85,000,000	–
	NH INVESTMENT & SECURITIES Co., Ltd.						5,000,000	–
	SAMSUNG SECURITIES Co., Ltd.		October 4, 2024	October 1, 2027	3.51	Repayment at maturity	14,000,000	–
	Shinhan Securities Co., Ltd.						18,000,000	–
	SK SECURITIES Co., Ltd.						18,000,000	–
	DAISHIN SECURITIES Co., Ltd.						5,000,000	–
	KB SECURITIES Co., Ltd.						5,000,000	–
Private corporate bonds	SAMSUNG SECURITIES Co., Ltd.		February 28, 2024	February 26, 2027	4.33	Repayment at maturity	10,000,000	10,000,000
Short-term bonds	Korea Investment & Securities Co., Ltd.		September 19, 2024	December 18, 2024	–	Repayment at maturity	–	60,000,000
	SAMSUNG SECURITIES Co., Ltd.						–	35,000,000
	SK SECURITIES Co., Ltd.						–	30,000,000
	Shinhan Securities Co., Ltd.						–	22,000,000
	Korea Investment & Securities Co., Ltd.		September 30, 2024	October 4, 2024	–	Repayment at maturity	–	75,000,000
	Shinhan Securities Co., Ltd.						–	75,000,000
	Korea Investment & Securities Co., Ltd.		December 18, 2024	March 18, 2025	3.65	Repayment at maturity	60,000,000	–
	SAMSUNG SECURITIES Co., Ltd.						35,000,000	–
	SK SECURITIES Co., Ltd.						30,000,000	–
	Shinhan Securities Co., Ltd.						22,000,000	–

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9. DEBENTURES AND BORROWINGS (CONT'D)

(1) Details of debentures as of December 31, 2024 and September 30, 2024 are as follows: (cont'd)

(In thousands of Korean won)

Funding Purpose	Financial institution	Issuing currency	Issue date	Maturity date	Interest rate (%)	Repayment method	December 31, 2024	September 30, 2024	
Short-term bonds	Korea Investment & Securities Co., Ltd.	KRW	December 19, 2024	February 21, 2025	3.61	Repayment at maturity	40,000,000	—	
	NH INVESTMENT & SECURITIES Co., Ltd.						191,000,000	—	
2nd Bearer-type Interest Unsecured Private Equity Convertible Bonds ^(*)	Standard Chartered Bank Korea Ltd., etc.		December 13, 2022	December 12, 2025	4.00	Repayment at maturity	82,500,000	96,500,000	
3rd Bearer-type Interest Unsecured Private Equity Convertible Bonds	Korea Investment & Securities Co., Ltd., etc.		March 15, 2023	March 15, 2026	3.50	Repayment at maturity	23,100,000	23,100,000	
Subtotal							982,600,000	765,600,000	
Add: premium on bonds							3,421,003	3,407,394	
Less: current portion of debentures							(731,917,023)	(664,556,532)	
							₩ 254,103,980	104,450,862	

(*) During current period, a portion of the convertible bonds with a face value of KRW 14,000,000 thousand was early redeemed.

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(2) Details of convertible bonds as of December 31, 2024 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 82,500,000,000	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 issuance		Private offering	Private offering
Conversion rate (%)		100	100
Conversion price		KRW 4,706 per share	KRW 5,025 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 (in shares)	17,530,811	4,597,014
	Percentage of shares Outstanding (%)	6.43	1.67
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)	<p>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.</p> <p>Early Redemption Rate: 103.1484% (December 13, 2024), 103.5667% (March 13, 2025), 103.9907% (June 13, 2025), 104.4206% (September 13, 2025) of electronically registered amount</p>	<p>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.</p> <p>Early Redemption Rate: 101.9964% (February 15, 2025), 102.2617% (May 15, 2025), 102.5372% (August 15, 2025), 102.8178% (November 15, 2025), 103.1047% (February 15, 2026) of electronically registered amount</p>

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9. DEBENTURES AND BORROWINGS (CONT'D)

(3) Details of Borrowings as of December 31, 2024 and September 30, 2024, are as follows:

(In thousands of Korean won)

Type	Financial institution	Issuing currency	Maturity date	Interest rate (%)	Funding Purpose	Repayment method	December 31, 2024	September 30, 2024
Borrowings	Standard Chartered Bank Korea Ltd.	KRW	July 5, 2027	4.27	Facility funds	Lump-sum payment	₩ 76,800,000	76,800,000
	SK Office One Q No.2						45,000,000	45,000,000
	S Project Mo Reits Co., Ltd.						60,000,000	60,000,000
	KOOKMIN BANK						115,000,000	115,000,000
	Sumitomo Mitsui Banking Corporation						85,000,000	85,000,000
	Mizuho Bank, Ltd.						60,000,000	60,000,000
	Standard Chartered Bank Korea Ltd.		June 30, 2025	4.44	Facility funds	Lump-sum payment	18,958,947	18,958,947
	KOOKMIN BANK						34,996,452	34,996,452
	Sumitomo Mitsui Banking Corporation						19,780,603	19,780,603
	Mizuho Bank, Ltd.						19,780,603	19,780,603
	Standard Chartered Bank Korea Ltd.			4.59	Facility funds	Lump-sum payment	20,287,798	20,287,798
	Sumitomo Mitsui Banking Corporation						20,287,798	20,287,798
	Mizuho Bank, Ltd.						20,287,798	20,287,798
	Standard Chartered Bank Korea Ltd.		July 5, 2027	4.27	Facility funds	Lump-sum payment	134,499,922	136,700,000
	Clean Energy One Q No.2						54,114,819	55,000,000
	S Project Ja Reits Co., Ltd.						34,436,703	35,000,000
	KOOKMIN BANK						122,988,224	125,000,000
	Sumitomo Mitsui Banking Corporation						19,678,116	20,000,000
	Mizuho Bank, Ltd.						63,953,877	65,000,000
	Standard Chartered Bank Korea Ltd.		October 13, 2025	4.45	Facility funds	Lump-sum payment	84,800,000	84,800,000
	Sumitomo Mitsui Banking Corporation						80,000,000	80,000,000
	Woori Bank						13,300,000	80,000,000
	Shinhan Capital Co., Ltd.						30,000,000	—
	Woori Bank (Trustee of CAPSTONE Loan Platform Private Investment Trust (Professional Investors Only))						150,000,000	150,000,000
	INDUSTRIAL BANK OF KOREA		September 23, 2026	5.49	Facility funds	Lump-sum payment	50,000,000	50,000,000
	KOOKMIN BANK						45,000,000	45,000,000
	Water Stream 1st Co.,Ltd.						40,000,000	40,000,000
	HANWHA LIFE IN-SURANCE CO., LTD.						25,000,000	25,000,000
	Kyobo Life Insurance Co., Ltd.						20,000,000	20,000,000
	Heungkuk SK hynix Co., Ltd.						100,300,000	100,300,000

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Type	Financial institution	Issuing currency	Maturity date	Interest rate (%)	Funding Purpose	Repayment method	December 31, 2024	September 30, 2024
Borrowings	Standard Chartered Bank Korea Ltd.	KRW	September 23, 2026	4.80	Facility funds	Lump-sum payment	100,000,000	100,000,000
	Sumitomo Mitsui Banking Corporation						45,000,000	45,000,000
	S Tiger clean Co.,Ltd						45,000,000	45,000,000
	Woori Bank						40,000,000	40,000,000
	China Construction Bank						10,000,000	10,000,000
	Suhyup Bank						10,000,000	10,000,000
Subtotal							1,940,951,660	1,947,979,999
Less: present value discount							(15,483,082)	(17,347,021)
Less: current portion of long-term borrowings							(398,095,317)	(153,960,175)
							₩ 1,527,373,261	1,776,672,803

Investment properties of the Group are provided as collateral in relation to the above long-term borrowings (see note 25).

10. OTHER ASSET

Other assets as of December 31, 2024 and September 30, 2024 are as follows:

(In thousands of Korean won)

December 31, 2024		September 30, 2024
Current assets:		
Prepayments	₩ 12,135	—
Prepaid expenses	2,992,711	2,027,165
Advanced tax	201,366	351,042
VAT receivables	5,333,205	—
	₩ 8,539,417	2,378,207

11. OTHER LIABILITIES

Other liabilities as of December 31, 2024 and September 30, 2024 are as follows:

(In thousands of Korean won)

December 31, 2024		September 30, 2024
Current liabilities:		
Advances from customers	₩ 2,371,540	1,611,093
Unearned revenues	8,422,758	8,407,245
Withholdings	2,811,736	1,532,967
VAT payables	2,978,694	4,951,344
	₩ 16,584,728	16,502,649
Non-current liabilities:		
Unearned revenues	₩ 51,030,577	53,064,078
	₩ 51,030,577	53,064,078

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12. 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, 2024 and September 30, 2024 are as follows:

	Ordinary share	
	December 31, 2024	September 30, 2024
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	272,788,860 shares	272,788,860 shares
Capital stock	KRW 136,394,430 thousand	KRW 136,394,430 thousand

(2) Changes in the number of ordinary shares outstanding for each of the three-month periods ended December 31, 2024 and September 30, 2024 are as follows:

(In Shares)

	Ordinary share	
	For the three-month period ended December 31, 2024	For the three-month period ended September 30, 2024
Beginning balance	272,788,860	270,132,679
Conversion of convertible bonds	—	2,656,181
Ending balance	272,788,860	272,788,860

13. OTHER PAID-IN CAPITAL

(1) Details of other paid-in capital as of December 31, 2024 and September 30, 2024, are as follows:

(In thousands of Korean won)

	December 31, 2024	September 30, 2024
Share premium	1,111,701,332	1,117,894,966
Value of conversion rights ^(*)	₩ 1,364,272	1,364,272
Other capital surplus	150,699	150,699
	₩ 1,113,216,303	1,119,409,937

(*) The Group issued convertible bonds with an issuance price of KRW 132,100,000 thousand and a maturity of three years prior to the three-month period ended June 30, 2024. The conversion rights of these convertible bonds were classified as an equity and were recognised at the fair value of the entire financial instruments less the fair value of the financial liabilities.

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(2) Changes in paid-in capital for each of the three-month periods ended December 31, 2024 and September 30, 2024 are as follows:

(In thousands of Korean won)

	For the three-month period ended December 31, 2024			
	Share premium	Value of conversion rights	Other capital surplus	Total
Beginning balance	₩ 1,117,894,966	1,364,272	150,699	1,119,409,937
Transfer to retained earnings	(6,190,086)	—	—	(6,190,086)
Conversion of convertible bonds	(3,548)	—	—	(3,548)
Ending balance	₩ 1,111,701,332	1,364,272	150,699	1,113,216,303

(In thousands of Korean won)

	For the three-month period ended September 30, 2024			
	Share premium	Value of conversion rights	Other capital surplus	Total
Beginning balance	₩ 1,112,113,921	1,437,739	150,699	1,113,702,359
Transfer to retained earnings	(6,058,500)	—	—	(6,058,500)
Conversion of convertible bonds	11,839,545	(73,467)	—	11,766,078
Ending balance	₩ 1,117,894,966	1,364,272	150,699	1,119,409,937

14. RETAINED EARNINGS (ACCUMULATED DEFICIT)

Details of retained earnings (accumulated deficit) as of December 31, 2024 and September 30, 2024 are as follows:

(In thousands of Korean won)

	December 31, 2024	September 30, 2024
Retained earnings before appropriations (Accumulated deficit before disposition)	₩ (65,980,825)	(55,316,002)

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15. DIVIDENDS

Details of planned dividend payment as of December 31, 2024 and September 30, 2024 are as follows:

(In Korean won, Shares)

	Ordinary share	
	December 31, 2024	September 30, 2024
Total number of issued shares	272,788,860	272,788,860
Number of treasury shares	—	—
Number of dividend shares	272,788,860	272,788,860
Dividends per share	₩ 66	66
Total dividends	₩ 18,004,064,760	18,004,064,760

16. OPERATING REVENUES

Details of operating revenues for each of the three-month periods ended December 31, 2024 and September 30, 2024 are as follows:

(In thousands of Korean won)

	For the three-month period ended December 31, 2024	For the three-month period ended September 30, 2024
Rental revenues	₩ 50,019,228	49,739,849
Maintenance fee revenues	2,010,067	2,235,494
Other revenues	380,335	434,209
	₩ 52,409,630	52,409,552

17. OPERATING EXPENSES

Details of operating expenses for each of the three-month periods ended December 31, 2024 and September 30, 2024 are as follows:

(In thousands of Korean won)

	For the three-month period ended December 31, 2024	For the three-month period ended September 30, 2024
Executive compensation	₩ 45,000	45,000
Insurance expenses	12,243	13,978
Depreciation	12,020,899	11,960,235
Asset management consignment fees	2,481,232	2,468,955
Asset custody consignment fees	23,750	23,750
General affairs consignment fees	103,516	103,028
Real estate management consignment fees	703,022	703,022
Commission expenses	791,797	785,540
Taxes and due	11,518	130,225
Utility expenses	596,416	736,925
Deemed rent	207,805	209,338
	₩ 16,997,198	17,179,996

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18. FINANCE INCOME AND COSTS

(1) Details of finance income for each of the three-month periods ended December 31, 2024 and September 30, 2024 are as follows:

(In thousands of Korean won)

	For the three-month period ended December 31, 2024	For the three-month period ended September 30, 2024
Interest income	₩ 638,052	700,694

(2) Details of finance costs for each of the three-month periods ended December 31, 2024 and September 30, 2024 are as follows:

(In thousands of Korean won)

	For the three-month period ended December 31, 2024	For the three-month period ended September 30, 2024
Interest expenses	₩ 35,368,009	36,120,902

19. OTHER NON-OPERATING INCOME AND EXPENSES

(1) Details of other non-operating income for each of the three-month periods ended December 31, 2024 and September 30, 2024 are as follows:

(In thousands of Korean won)

	For the three-month period ended December 31, 2024	For the three-month period ended September 30, 2024
Gain on disposal of investment properties	₩ 1,387,136	—
Miscellaneous gains	266,093	941
	₩ 1,653,229	941

(2) Details of other non-operating expenses for each of the three-month periods ended December 31, 2024 and September 30, 2024 are as follows:

(In thousands of Korean won)

	For the three-month period ended December 31, 2024	For the three-month period ended September 30, 2024
Miscellaneous losses	₩ 100	100

20. INCOME TAX EXPENSES

Income tax expenses are recorded at the amount calculated by adding or subtracting changes in deferred income tax for the current period to the sum of income tax to be borne in the current fiscal year and tax added to income tax in accordance with laws such as the Corporate Tax Act. However, pursuant to Article 51-2 of the Corporate Tax Act, Income Deduction for Specialized Company, etc., if the Group attributes at least 90 percent of distributable profits prescribed by Presidential Decree, such amount shall be deducted from the amount of income for the relevant business year and therefore the Group did not recognize current tax expenses, as there is practically no income tax to be borne by the Group.

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21. EARNINGS PER SHARE

(1) Basic earnings per share

1) Basic earnings per share for each of the three-month periods ended December 31, 2024 and September 30, 2024 are calculated as follows:

(In Korean won, except for number of shares)

	For the three-month period ended December 31, 2024		For the three-month period ended September 30, 2024	
Profit (loss) for the period	₩	2,335,602,882		(189,811,766)
Profit (loss) for the period, attributable to ordinary equity holders of the parent entity		1,149,154,796		(1,376,259,852)
Weighted-average number of ordinary shares outstanding		272,788,860 shares		270,829,522 shares
Basic earnings (losses) per share of ordinary share, attributable to the owners of the Parent Company	₩	4,21		(5,08)

2) Calculation of weighted average number of ordinary shares outstanding

(In shares)

For the three-month period ended December 31, 2024				
	Term	Number of shares in circulation	days	Accumulation
Beginning balance	October 1, 2024 ~ December 31, 2024	272,788,860	92	25,096,575,120
Subtotal				25,096,575,120
Weighted average number of ordinary shares outstanding				272,788,860

(In shares)

For the three-month period ended September 30, 2024				
	Term	Number of shares in circulation	days	Accumulation
Beginning balance	July 1, 2024 ~ September 30, 2024	270,132,679	92	24,852,206,468
Conversion of convertible bonds	July 30, 2024 ~ September 30, 2024	42,498	63	2,677,374
Conversion of convertible bonds	August 30, 2024 ~ September 30, 2024	637,484	32	20,399,488
Conversion of convertible bonds	September 3, 2024 ~ September 30, 2024	1,168,720	28	32,724,160
Conversion of convertible bonds	September 19, 2024 ~ September 30, 2024	382,490	12	4,589,880
Conversion of convertible bonds	September 20, 2024 ~ September 30, 2024	106,247	11	1,168,717
Conversion of convertible bonds	September 23, 2024 ~ September 30, 2024	318,742	8	2,549,936
Subtotal				24,916,316,023
Weighted average number of ordinary shares outstanding				270,829,522

(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, 2024, convertible bonds are treated as the potential ordinary shares held by the Group. Assuming that convertible bonds were converted to ordinary shares for the three-month period ended December 31, 2024, the net income of ordinary shares was calculated by adding the after-tax interest on convertible bonds to net income.

Diluted earnings per share are the same as basic earnings per share because the convertible bonds are antidilutive as of December 31, 2024.

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22. RELATED-PARTY TRANSACTIONS

(1) Details of the Group's related parties as of December 31, 2024 are as follows:

Type	Name of the related parties
Ultimate Parent Company	SK Inc.
Others ^(*)	SK REITs Management Co., Ltd., SK Energy Co., Ltd., SK hynix Inc., SK shieldus Co., Ltd., SK On 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 KIFRS 1024 Related Party Disclosure. However, companies designated as Large-scale Business Group Affiliates by the Fair Trade Commission are still classified as related parties according to the resolution of the Securities and Futures Commission that requires to consider the substance of the relationship, as noted in paragraph 10 of KIFRS 1024.

(2) Significant transactions between the Group and the related parties for each of the three-month periods ended December 31, 2024 and September 30, 2024 are as follows:

(In thousands of Korean won)

Type	Name of the related party	Account headings	For the three-month period ended December 31, 2024	For the three-month period ended September 30, 2024
Ultimate Parent Company	SK Inc.	Operating Revenues ^{(*)1}	₩ 10,746,575	10,746,575
		Commission expenses	32,199	32,199
Others	SK REITs Management Co., Ltd.	Asset management consignment fees	2,481,232	2,468,955
		Asset management performance fees ^{(*)5}	332,042	—
	SK Energy Co., Ltd.	Operating Revenues ^{(*)2}	7,956,439	7,971,328
	SK hynix Inc.	Operating Revenues ^{(*)3}	25,599,273	25,219,834
	SK shieldus Co., Ltd.	Real estate management consignment fees	15,000	15,000
	SK On Co., Ltd.	Operating revenues ^{(*)4}	1,359,162	1,353,644
	SK Geo Centric Co., Ltd.	Operating revenues ^{(*)4}	884,310	865,773
	SK Energy Co., Ltd.	Operating revenues ^{(*)4}	553,281	588,120
	SK Ecoplant Co., Ltd.	Operating revenues ^{(*)4}	4,170	64,958
	SK Innovation Co., Ltd.	Operating revenues ^{(*)4}	616,450	549,330
	SK Forest Co., Ltd.	Operating revenues ^{(*)4}	3,770	3,449
	SK Telecom Co., Ltd.	Other revenues	—	8,679

(*)1 KRW 159,981 thousand and 159,981 thousand reflected in the operating income of the unearned income have been excluded, respectively for each of the three-month periods ended December 31, 2024 and September 30, 2024, respectively.

(*)2 KRW 121,710 thousand and 121,710 thousand reflected in the operating income of the unearned income have been excluded, respectively for each of the three-month periods ended December 31, 2024 and September 30, 2024, respectively.

(*)3 KRW 1,642,215 thousand and 1,642,215 thousand reflected in the operating income of the unearned income have been excluded for each of the three-month periods ended December 31, 2024 and September 30, 2024, respectively.

(*)4 KRW 112,861 thousand and 112,861 thousand reflected in the operating income of the unearned income have been excluded for each of the three-month periods ended December 31, 2024 and September 30, 2024, respectively.

(*)5 The asset management performance fee was deducted from the gain on disposal of investment properties.

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22. RELATED-PARTY TRANSACTIONS (CONT'D)

(3) Outstanding balances for the related parties as of December 31, 2024 and September 30, 2024 are as follows:

(In thousands of Korean won)

Type	Name of the related party	Account headings	December 31, 2024	September 30, 2024
Ultimate Parent Company	SK Inc.	Leasehold deposits received ^{(*)1}	₩ 32,711,600	32,711,600
		Accrued income ^{(*)2}	1,492,218	1,624,433
Others	SK REITs Management Co., Ltd.	Non-trade payables	2,729,354	2,715,850
	SK Energy Co. Ltd.	Leasehold deposits received ^{(*)3}	25,781,180	26,165,790
		Accrued income ^{(*)2}	1,611,758	1,490,168
	SK hynix Inc.	Leasehold deposits received ^{(*)4}	160,778,392	160,778,392
		Accrued income ^{(*)2}	9,613,875	8,241,259
	SK shieldus Co.,Ltd	Non-trade payables	5,500	5,500
	SK On Co., Ltd., etc.	Leasehold deposits received ^{(*)5}	10,085,285	10,085,285

- (*)1 These are nominal values that do not reflect the present value discounts of KRW 994,695 thousand and KRW 1,157,512 thousand, as of December 31, 2024 and September 30, 2024, respectively.
- (*)2 The Group recognized no loss allowance for accrued income as of December 31, 2024 and September 30, 2024.
- (*)3 These are nominal values that do not reflect the present value discounts of KRW 3,277,173 thousand and KRW 3,394,670 thousand, as of December 31, 2024 and September 30, 2024, respectively.
- (*)4 These are nominal values that do not reflect the present value discounts of KRW 55,260,293 thousand and KRW 56,609,081 thousand, as of December 31, 2024 and September 30, 2024, respectively.
- (*)5 These are nominal values that do not reflect the present value discounts of KRW 1,024,623 thousand and KRW 1,136,565 thousand, as of December 31, 2024 and September 30, 2024, respectively.

(4) Dividends paid to the related parties for each of the three-month periods ended December 31, 2024 and September 30, 2024 are as follows:

(In thousands of Korean won)

Type	Name of the related party	For the three-month period ended December 31, 2024	For the three-month period ended September 30, 2024
Ultimate Parent Company	SK Inc.	₩ 5,778,624	5,778,624

(5) Key management personnel compensations for each of the three-month periods ended December 31, 2024 and September 30, 2024 are as follows:

(In thousands of Korean won)

	For the three-month period ended December 31, 2024	For the three-month period ended September 30, 2024
Key management personnel compensation	₩ 45,000	45,000

(6) Details of significant commitments between the Group and related parties are described in note 24.

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23. CONSOLIDATED STATEMENTS OF CASH FLOWS

(1) Details of expenses and revenues without cash inflows and outflows for each of the three-month periods ended December 31, 2024 and September 30, 2024 are as follows:

(In thousands of Korean won)

	For the three-month period ended December 31, 2024	For the three-month period ended September 30, 2024
Depreciation	₩ 12,020,899	11,960,235
Interest expenses	35,368,009	36,120,902
Rental revenues	(2,108,139)	(2,107,153)
Interest income	(638,052)	(700,694)
Gain on disposal of investment properties	(1,387,136)	—
Miscellaneous gains	(238,285)	—
	₩ 43,017,296	45,273,290

(2) Details of changes in assets and liabilities arising from operating activities for each of the three-month periods ended December 31, 2024 and September 30, 2024 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	₩ (64,006)	50,229
Accrued income	(1,361,991)	(1,606,989)
Prepayments	(12,135)	—
Prepaid expenses	(34,961)	(7,022)
VAT receivables	(5,333,205)	—
VAT payables	(1,972,650)	395,801
Non-trade payables	6,930,839	(975,523)
Advances from customers	(111,093)	70,800
Withholdings	1,278,767	1,531,346
	₩ (680,435)	(541,358)

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23. CONSOLIDATED STATEMENTS OF CASH FLOWS

(3) The significant non-cash transactions arising from investing and financing activities for each of the three-month periods ended December 31, 2024 and September 30, 2024 are as follows:

(In thousands of Korean won)

	For the three-month period ended December 31, 2024	For the three-month period ended September 30, 2024
Reclassification of the current portion of long-term unearned revenues	₩ 2,104,445	2,074,364
Transfer of retained earnings from capital surplus	6,190,086	6,058,500
Reclassification of current portion of long-term borrowings	243,883,840	—
Reclassification of current portion of debentures	—	49,861,414
Conversion of convertible bonds	—	13,019,043
Changes in non-trade payables related to the acquisition of investment properties	—	(29,850)
Recognition of present value discount on leasehold deposits received	90,150	119,155
Reclassification of current portion of long-term financial instruments	960,764	—

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23. CONSOLIDATED STATEMENTS OF CASH FLOWS (CONT'D)

(4) Reconciliation details of liabilities arising from financial activities for each of the three-month periods ended December 31, 2024 and September 30, 2024 are as follows:

(In thousands of Korean won)

	For the three-month period ended December 31, 2024				
	Beginning of period	Cashflows	Amortization	Non-cash transactions	End of period
Current portion of long-term borrowings	₩ 153,960,175	—	251,302	243,883,840	398,095,317
Long-term borrowings	1,776,672,803	(7,028,339)	1,612,637	(243,883,840)	1,527,373,261
Current portion of debentures	540,469,492	81,000,000	218,174	—	621,687,666
Debentures	104,450,862	149,533,617	119,501	—	254,103,980
Current portion of convertible bonds	124,087,040	(14,440,776)	821,378	(238,285)	110,229,357
Short-term leasehold deposits received	2,293,903	(1,843,131)	—	(341,197)	109,575
Long-term leasehold deposits received	172,563,909	(226,810)	1,809,817	251,047	174,397,963
	₩ 2,874,498,184	206,994,561	4,832,809	(328,435)	3,085,997,119

(In thousands of Korean won)

	For the three-month period ended December 31, 2024				
	Beginning of period	Cashflows	Amortization	Non-cash transactions	End of period
Current portion of long-term borrowings	₩ 1,341,946,676	(1,188,594,809)	608,308	—	153,960,175
Long-term borrowings	908,483,406	866,483,302	1,706,095	—	1,776,672,803
Current portion of debentures	340,415,795	150,000,000	192,283	49,861,414	540,469,492
Debentures	154,325,015	(101,140)	88,401	(49,861,414)	104,450,862
Current portion of convertible bonds	136,065,005	—	1,041,078	(13,019,043)	124,087,040
Short-term leasehold deposits received	3,242,535	(100,000)	—	(848,632)	2,293,903
Long-term leasehold deposits received	169,884,011	160,428	1,789,994	729,476	172,563,909
	₩ 3,054,362,443	(172,152,219)	5,426,159	(13,138,199)	2,874,498,184

SK REIT CO., LTD. AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

As of December 31, 2024 and September 30, 2024

24. COMMITMENTS AND CONTINGENCIES

(1) Details of commitments made with financial institutions as of December 31, 2024 and September 30, 2024 are as follows:

(In thousands of Korean won)

Financial institutions	December 31, 2024			
	Currency	Type	Limit of amount	Unexecuted amount
Standard Chartered Bank Korea Ltd. ^{(*)1}	KRW	Loan agreement	₩ 76,800,000	—
SK Office One Q No.2 ^{(*)1}			45,000,000	—
S Project Mo Reits Co., Ltd. ^{(*)1}			60,000,000	—
KOOKMIN BANK ^{(*)1}			115,000,000	—
Sumitomo Mitsui Banking Corporation ^{(*)1}			85,000,000	—
Mizuho Bank, Ltd. ^{(*)1}			60,000,000	—
Standard Chartered Bank Korea Ltd. ^{(*)2}			20,287,798	—
Sumitomo Mitsui Banking Corporation ^{(*)2}			20,287,798	—
Mizuho Bank, Ltd. ^{(*)2}			20,287,798	—
Standard Chartered Bank Korea Ltd. ^{(*)3}			18,958,947	—
KOOKMIN BANK ^{(*)3}			34,996,452	—
Sumitomo Mitsui Banking Corporation ^{(*)3}			19,780,603	—
Mizuho Bank, Ltd. ^{(*)3}			19,780,603	—
Standard Chartered Bank Korea Ltd. ^{(*)4}			134,499,922	—
Clean Energy One Q No.2 ^{(*)4}			54,114,819	—
S Project Ja Reits Co., Ltd. ^{(*)4}			34,436,703	—
KOOKMIN BANK ^{(*)4}			122,988,224	—
Sumitomo Mitsui Banking Corporation ^{(*)4}			19,678,116	—
Mizuho Bank, Ltd. ^{(*)4}			63,953,877	—
Standard Chartered Bank Korea Ltd. ^{(*)5}			84,800,000	—
Sumitomo Mitsui Banking Corporation ^{(*)5}			80,000,000	—
Woori Bank ^{(*)5}			13,300,000	—
Shinhan Capital Co., Ltd. ^{(*)5}			30,000,000	—
Woori Bank (Trustee of CAPSTONE Loan Platform Private Investment Trust (Professional Investors Only)) ^{(*)5}			36,700,000	—
INDUSTRIAL BANK OF KOREA ^{(*)6}			150,000,000	—
KOOKMIN BANK ^{(*)6}			50,000,000	—
Water Stream 1st Co.,Ltd. ^{(*)6}			45,000,000	—
HANWHA LIFE INSURANCE CO., LTD. ^{(*)6}			40,000,000	—
Kyobo Life Insurance Co., Ltd. ^{(*)6}			25,000,000	—
Heungkuk SK hynix Co., Ltd. ^{(*)6}			20,000,000	—
Standard Chartered Bank Korea Ltd. ^{(*)7}			100,300,000	—
Sumitomo Mitsui Banking Corporation ^{(*)7}			100,000,000	—
S Tiger clean Co., Ltd. ^{(*)7}			45,000,000	—
Woori Bank ^{(*)7}			45,000,000	—
China Construction Bank ^{(*)7}			40,000,000	—
Suhyup Bank ^{(*)7}			10,000,000	—
			₩ 1,940,951,660	—

(*1) The loan agreement related to the variable–rate borrowings for 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 borrowings for investment properties of SK Energy Gayang gas station and 113 others.
(*5) The loan agreement related to the borrowings for investment properties of 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, 2024 and September 30, 2024

24. COMMITMENTS AND CONTINGENCIES (CONT'D)

(In thousands of Korean won)

Financial institutions	September 30, 2024			
	Currency	Type	Limit of amount	Unexecuted amount
Standard Chartered Bank Korea Ltd. ^{(*)1}	KRW	Loan agreement	₩ 76,800,000	—
SK Office One Q No.2 ^{(*)1}			45,000,000	—
S Project Mo Reits Co., Ltd. ^{(*)1}			60,000,000	—
KOOKMIN BANK ^{(*)1}			115,000,000	—
Sumitomo Mitsui Banking Corporation ^{(*)1}			85,000,000	—
Mizuho Bank, Ltd. ^{(*)1}			60,000,000	—
Standard Chartered Bank Korea Ltd. ^{(*)2}			20,287,798	—
Sumitomo Mitsui Banking Corporation ^{(*)2}			20,287,798	—
Mizuho Bank, Ltd. ^{(*)2}			20,287,798	—
Standard Chartered Bank Korea Ltd. ^{(*)3}			18,958,947	—
KOOKMIN BANK ^{(*)3}			34,996,452	—
Sumitomo Mitsui Banking Corporation ^{(*)3}			19,780,603	—
Mizuho Bank, Ltd. ^{(*)3}			19,780,603	—
Standard Chartered Bank Korea Ltd. ^{(*)4}			136,700,000	—
Clean Energy One Q No.2 ^{(*)4}			55,000,000	—
S Project Ja Reits Co., Ltd. ^{(*)4}			35,000,000	—
KOOKMIN BANK ^{(*)4}			125,000,000	—
Sumitomo Mitsui Banking Corporation ^{(*)4}			20,000,000	—
Mizuho Bank, Ltd. ^{(*)4}			65,000,000	—
Standard Chartered Bank Korea Ltd. ^{(*)5}			84,800,000	—
Sumitomo Mitsui Banking Corporation ^{(*)5}			80,000,000	—
Woori Bank ^{(*)5}			80,000,000	—
INDUSTRIAL BANK OF KOREA ^{(*)6}			150,000,000	—
KOOKMIN BANK ^{(*)6}			50,000,000	—
Water Stream 1st Co., Ltd. ^{(*)6}			45,000,000	—
HANWHA LIFE INSURANCE CO., LTD. ^{(*)6}			40,000,000	—
Kyobo Life Insurance Co., Ltd. ^{(*)6}			25,000,000	—
Heungkuk SK hynix Co., Ltd. ^{(*)6}			20,000,000	—
Standard Chartered Bank Korea Ltd. ^{(*)7}			100,300,000	—
Sumitomo Mitsui Banking Corporation ^{(*)7}			100,000,000	—
S Tiger clean Co., Ltd. ^{(*)7}			45,000,000	—
Woori Bank ^{(*)7}			45,000,000	—
China Construction Bank ^{(*)7}			40,000,000	—
Suhyup Bank ^{(*)7}			10,000,000	—
			₩ 1,947,979,999	—

(*1) The loan agreement related to the variable–rate borrowings for 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 borrowings for investment properties of SK Energy Gayang gas station and other 113 gas stations.
(*5) The loan agreement related to the borrowings for investment properties of 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, 2024 and September 30, 2024

24. 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 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 December 31, 2024 and September 30, 2024

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, by 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 parent REITs' asset management performance fee Others: (Total value of disposed assets + premium – purchase price) * disposal ratio * 10% – accumulated amount of parent 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
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24. 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 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 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 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 8.75 million for each closing period (VAT not included)

SK REIT CO., LTD AND ITS SUBSIDIARIES
Notes to the Consolidated Financial Statements, Continued
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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 2.5 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

- if the asset holder intends to dispose of the target real estate, the right to negotiate preferential purchase can be exercised; and
- the 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, 2024 and September 30, 2024

24. COMMITMENTS AND CONTINGENCIES (CONT'D)

(2) Other Commitments (cont'd)

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 25,781,180 thousand and monthly rent of KRW 2,578,118 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 of SK U Tower 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 Inc.

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 properties of the Group, with Standard Chartered Bank Korea Ltd. and other fifteen preferred beneficiaries.

7) Brand use agreement

As of December 31, 2024, 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.

(3) Details of payment guarantees provided by third parties as of December 31, 2024 are as follows:

(In thousands of Korean won)

Guarantor	Guaranteed amount	Guarantee details
Seoul Guarantee Insurance	₩ 40,300	Performance Payment Guarantee
Seoul Guarantee Insurance	274,160	Deposit Surety Insurance

SK REIT CO., LTD AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

As of December 31, 2024 and September 30, 2024

25. ASSETS PLEDGED AS SECURITY

Details of investment properties that are pledged as security as of December 31, 2024 are as follows:

(In thousands of Korean won)

Provided Assets		Set-up Authority		Maximum Amount of Bonds	Carrying Amount	Related Liabilities
Investment properties (SK Seorin Building)	Land/ Buildings ^{(*)1}	Prior	Standard Chartered Bank Korea Ltd.	₩ 92,160,000	76,800,000	Long-term borrowings
			SK Office One Q No.2 ^{(*)2}	54,000,000	45,000,000	
			S Project Mo Reits Co., Ltd. ^{(*)2}	72,000,000	60,000,000	
			KOOKMIN BANK	138,000,000	115,000,000	
			Sumitomo Mitsui Banking Corporation	102,000,000	85,000,000	
			Mizuho Bank, Ltd.	72,000,000	60,000,000	
			Subtotal	530,160,000	441,800,000	
		Subordinated	SK Inc.	39,253,920	32,711,600	Leasehold deposits
			Subtotal	39,253,920	32,711,600	
		Subtotal		569,413,920	474,511,600	
Investment properties (SK U-Tower)	Land/ Buildings ^{(*)1}	Prior	Standard Chartered Bank Korea Ltd.	47,096,094	39,246,745	Long-term borrowings
			KOOKMIN BANK	41,995,743	34,996,452	
			Sumitomo Mitsui Banking Corporation	48,082,081	40,068,401	
			Mizuho Bank, Ltd.	48,082,081	40,068,401	
			Subtotal	185,255,999	154,379,999	
		Subordinated	SK hynix Inc.	20,796,470	17,330,392	Leasehold deposits
			Subtotal	20,796,470	17,330,392	
		Subtotal		206,052,469	171,710,391	
Investment properties (SK Energy Gas Station)	Land/ Buildings ^{(*)1}	Prior	Standard Chartered Bank Korea Ltd.	161,399,906	134,499,922	Long-term borrowings
			Clean Energy One Q No.2 ^{(*)3}	64,937,783	54,114,819	
			S Project Ja Reits Co., Ltd. ^{(*)3}	41,324,044	34,436,703	
			KOOKMIN BANK	147,585,869	122,988,224	
			Sumitomo Mitsui Banking Corporation	23,613,739	19,678,116	
			Mizuho Bank, Ltd.	76,744,652	63,953,877	
			Subtotal	515,605,993	429,671,661	
		Subordinated	SK Energy Co., Ltd.	30,937,416	25,781,180	Leasehold deposits
			Subtotal	30,937,416	25,781,180	
		Subtotal		546,543,409	455,452,841	

SK REIT CO., LTD. AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

As of December 31, 2024 and September 30, 2024

25. 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)	Land/ Buildings ^{(*)1}	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		15,960,000	13,300,000		
			Shinhan Capital Co., Ltd.		36,000,000	30,000,000		
			Woori Bank (Trustee of CAPSTONE Loan Platform Private Investment Trust (Professional Investors Only))		44,040,000	36,700,000		
			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	899,382		
			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	9,942,025		
		Subtotal				305,989,031	255,092,025	
Investment properties (Water Treatment Center)	Land/ Buildings ^{(*)1}	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.		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. ^{(*)4}		54,000,000	45,000,000		
			Woori Bank		54,000,000	45,000,000		
			China Construction Bank		48,000,000	40,000,000		
			SUHYUP BANK		12,000,000	10,000,000		
			Subtotal		804,360,000	670,300,000		
			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	
						₩	2,604,496,429	2,170,514,857

SK REIT CO., LTD AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

As of December 31, 2024 and September 30, 2024

- (*1) The book values of land and buildings pledged as security by the Group are KRW 1,031,709,310 thousand for SK Seorin Building, KRW 514,404,963 thousand for SK U-Tower, KRW 768,563,501 thousand for SK Energy Gas Station, KRW 657,060,548 thousand for Jongno Tower and KRW 1,146,412,080 thousand for Water Treatment Center.
- (*2) Pursuant to the loan agreement, the nominal right to collateral is held by the securitized lenders, SK Office One Q No.2 and S Project Mo Reits Co., Ltd. However, under the credit support agreement between the securitized lenders and the credit support institutions, the substantive collateral holders are KEB Hana Bank and SHINHAN BANK.
- (*3) Pursuant to the loan agreement, the nominal right to collateral is held by the securitized lenders, Clean Energy One Q No.2 and S Project Ja Reits Co., Ltd. However, under the credit support agreement between the securitized lenders and the credit support institutions, the substantive collateral holders are KEB Hana Bank and SHINHAN BANK.
- (*4) Pursuant to the loan agreement, the nominal right to collateral is held by the securitized lender, S Tiger clean Co., Ltd. However, under the credit support agreement between the securitized lender and the credit support institution, the substantive collateral holder is SHINHAN BANK.

26. FINANCIAL INSTRUMENTS WITH RESTRICTION ON USE

Details of financial instruments with restriction on use as of December 31, 2024 and September 30, 2024 are as follows:

(in thousands of Korean won)

Accounts	Financial institution	December 31, 2024	September 30, 2024	Details
Cash and cash equivalents	Standard Chartered Bank Korea Ltd., etc.	₩ 53,574,664	44,625,254	Pledged as security for lenders
Short-term financial instruments	Standard Chartered Bank Korea Ltd., etc.	24,743,895	27,083,131	Pledged as security for lenders and lessee
Long-term financial instruments	SK On Co., Ltd., etc.	4,804,706	5,465,470	Pledged as security for lessee

SK REIT CO., LTD. AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

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27. 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, 2024, 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, short-term financial instruments, long-term financial instruments, non-trade receivables and accrued income. The Group does not recognize any loss allowance for those other financial assets measured at amortized cost.

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(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, 2024 and September 30, 2024 is as follows:

(in thousands of Korean won)

	December 31, 2024				
	Within 3 months	3 months ~ 1 year	1 year ~ 5 years	Over 5 years	Total
Debentures	₩ 431,577,571	203,672,265	262,970,979	–	898,220,815
Non-trade payables	10,299,445	–	–	–	10,299,445
Accrued expenses	4,813,982	–	–	–	4,813,982
Borrowings	22,129,356	460,690,511	1,623,434,796	–	2,106,254,663
Convertible bonds	109,745,292	–	–	–	109,745,292
Leasehold deposits received	61,000	50,000	66,539,282	169,229,180	235,879,462
	₩ 578,626,646	664,412,776	1,952,945,057	169,229,180	3,365,213,659

(in thousands of Korean won)

	September 30, 2024				
	Within 3 months	3 months ~ 1 year	1 year ~ 5 years	Over 5 years	Total
Debentures	₩ 300,503,552	251,024,453	108,033,579	–	659,561,584
Non-trade payables	3,368,606	–	–	–	3,368,606
Accrued expenses	3,457,249	–	–	–	3,457,249
Borrowings	22,811,551	220,970,401	1,895,626,127	–	2,139,408,079
Convertible bonds	97,473,571	28,619,196	–	–	126,092,767
Leasehold deposits received	2,188,154	111,000	66,036,459	169,613,790	237,949,403
Leasehold deposits received	429,802,683	500,725,050	2,069,696,165	169,613,790	3,169,837,688
	₩ 368,838,508	1,767,378,772	1,262,537,214	169,613,790	3,568,368,284

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27. 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 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, 2024 and September 30, 2024 are as follows:

(in thousands of Korean won)

December 31, 2024			
	Interest rate type	Interest rate	Amount
Borrowings	Variable-rate	CD interest rate + 1.4%	₩ 340,300,000
		CD interest rate + 1.15%	60,863,394
		CD interest rate + 0.75%	871,471,661
		CD interest rate + 1.05%	244,800,000

(in thousands of Korean won)

September 30, 2024			
	Interest rate type	Interest rate	Amount
Borrowings	Variable-rate	CD interest rate + 1.4%	₩ 340,300,000
		CD interest rate + 1.15%	60,863,394
		CD interest rate + 0.75%	878,500,000
		CD interest rate + 1.05%	244,800,000

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, 2024 and September 30, 2024 are as follows:

(in thousands of Korean won)

For the three-month period ended December 31, 2024		For the three-month period ended September 30, 2024	
	1% increase	1% decrease	
Profit before income tax expenses	₩ (3,824,767)	3,824,767	(3,722,140) 3,722,140

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.

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As of December 31, 2024 and September 30, 2024

(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, 2024 and September 30, 2024 are as follows:

(In thousands of Korean won, except for ratio)

	December 31, 2024	September 30, 2024
Total liabilities	₩ 3,168,725,850	2,950,890,766
Total equity	1,264,816,356	1,281,674,813
Debt ratio	251%	230%

28. EVENTS AFTER THE REPORTING PERIOD

The following events occurring after the reporting period do not require adjustments to the consolidated financial statements.

(1) The Group resolved to issue debentures by the resolution of the Board of Directors on February 5, 2025, and subsequently issued debentures amounting to KRW 270 billion on February 20, 2025.